Fortum Corporation

Financial statements bulletin January–December 2014

4 February 2015

Fortum Corporation
Domicile Espoo
Business ID 1463611-4

Contents

Tables to the financial statements bulletin

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

Strong results close a challenging year – Dividend proposal EUR 1.10 per share, and in addition extra dividend EUR 0.20 per share for 2014

October−December 2014

- Comparable operating profit EUR 436 (423) million, +3%
- Operating profit EUR 650 (507) million, of which EUR 213 (83) million relates to items affecting comparability and sales gains; mainly from the divestment of Gasum shares
- Earnings per share EUR 0.64 (0.52), +23%, of which EUR 0.25 (0.07) per share relates to items affecting comparability and sales gains; mainly from the divestment of Gasum shares
- Cash flow from operating activities totalled EUR 452 (398) million, +14%
- Efficiency programme 2013-2014 successfully finalised
- Fortum announced its plans to increase its hydro portfolio by 60% through the restructuring of its Russian TGC-1 ownership. Subject to successful restructuring of TGC-1, Fortum is ready to take a minority stake in the Finnish Fennovoima nuclear project

January−December 2014

- Comparable operating profit EUR 1,351 (1,403) million, -4%
- Operating profit EUR 3,428 (1,508) million, of which EUR 2,077 (106) million relates to items affecting comparability, i.e. mainly to the divestment of the electricity distribution business in Finland
- Earnings per share EUR 3.55 (1.36), +161%, of which EUR 2.36 (0.10) per share relates to items affecting comparability. The main effect relates to the divestment of the Finnish electricity distribution business, totalling EUR 2.08 per share
- Efficiency programme 2013-2014 successfully finalised
- Divestments of the Finnish and Norwegian electricity distribution businesses finalised
- Cash flow from operating activities totalled EUR 1,762 (1,548) million, +14%
- Fortum's Board proposes a dividend of EUR 1.10 per share, and in addition extra dividend of EUR 0.20 per share

Key figures	IV/14	IV/13*	2014	2013*
Sales, EUR million	1,285	1,390	4,751	5,309
Operating profit, EUR million	650	507	3,428	1,508
Comparable operating profit, EUR million	436	423	1,351	1,403
Profit before taxes, EUR million	639	493	3,360	1,398
Earnings per share, EUR	0.64	0.52	3.55	1.36
Net cash from operating activities, EUR million	452	398	1,762	1,548
Shareholders' equity per share, EUR			12.23	11.28

Interest-bearing net debt (at end of period), EUR million			4,217	7,793
Interest-bearing net debt without Värme financing			3,664	6,658

Key financial ratios	2014	2013*
Return on capital employed, %	19.5	9.0
Return on shareholders' equity, %	30.0	12.0
Net debt/EBITDA	1.1	3.7
Comparable net debt/EBITDA	2.3	3.9
Comparable net debt/EBITDA without Värme financing	2.0	3.4

*) Comparative period figures for 2013 presented in the financial statements bulletin are restated due to an accounting change for Fortum Värme and segment reporting changes (Notes 2 and 4).

Summary of outlook

- Fortum continues to expect the annual electricity demand to grow in the Nordic countries on average approximately 0.5% in the coming years
- Power and Technology Segment's Nordic generation hedges: for the 2015 calendar year, approx. 50% hedged at EUR 40 per MWh; and for 2016, approx. 10% hedged at EUR 39 per MWh
- The run-rate operating profit (EBIT) target for the Russia Segment, RUB 18.2 billion, is expected to be reached during 2015. The euro-denominated result level will be volatile, mainly due to the translation effect

Fortum's President and CEO Tapio Kuula

(till 31 January 2015)

2014 was a challenging year for Fortum. Power prices and global macro economic performance as well as the rouble weakness were obviously disappointing. In addition, the decline in commodity prices during the fourth quarter was unforeseen. Though commodity prices declined during the year, power prices declined less, one reason being the positive development of CO_2 emission allowances market price.

Fortum's internal transformation continued to further increase our efficiency and flexibility. Fortum was able to reach a strong result largely due to its successful execution of both the efficiency programme and divestments according to plan. Fortum's 2014 results were good in a market dominated by negative drivers: low spot prices, a very weak rouble and warm weather. In the Nordic countries, electricity demand declined only somewhat, and demand in Russia was at the same level as in 2013. Comparable operating profit was EUR 1,351 million and cash flow was strong at EUR 1,762 million in 2014.

In Russia, Fortum finalised the third unit of the Nyagan power plant; the most extensive part of the investment programme is now complete. The run-rate operating profit (EBIT) target for the Russia Segment, RUB 18.2 billion, is to be reached during 2015, while the euro-denominated result level will be volatile, mainly due to the translation effect.

In March 2014, we broadened the management team as the divestment of the electricity distribution business strategically put the company in a new position; major divestment and investment programmes are still ongoing; and the company is reorganising and preparing for the changing European power markets in order to capture growth. This means that we need a wide range of competences covering strategy, M&A and corporate relations in the management team. In addition, after successfully finalising our 2013-2014 efficiency programme, we see that there is internal improvement potential to be reached.

With the restructured management team, we are able to further improve our performance and efficiency, unlock further synergies between various businesses and staff functions, and scrutinise our investment programmes in a way that gives the best returns in line with our strategy.

Preparations for future growth are starting to take shape. The Finnish and Norwegian electricity distribution businesses were divested during 2014, and the divestment of the Swedish electricity distribution business is being prepared and evaluated. Furthermore, we announced in December that we aim to increase our hydro portfolio by 60% through the restructuring of TGC-1, Territorial Generating Company, in Russia. Provided that we obtain more than 75% ownership in TGC-1 hydro assets, we would also be ready to participate with a minority stake (max. 15%) in the Finnish Fennovoima nuclear power project on the same terms and conditions as the other Finnish companies currently participating in the project.

Increasing the share of hydropower is in line with our mission and strategy: We are committed to create energy that improves life for current and future generations. Therefore, we want to take a responsible approach not only short term but also long term. Through sustainable solutions and operations, we aim to deliver excellent value to our shareholders. This approach gives us a unique opportunity to be even more competitive. We believe that sustainable operations lead to good financial results, and give us a solid platform to increase shareholder value.

Fortum's strategy is based on CO_2-free production: hydro, nuclear and CHP being our core competencies. In order to grow in these areas, we strive to create added value through restructuring and acquisitions.

In addition to CO_2-free production, we also consider the retail business important, and are committed to growth also in this area.

In order to continue to build on our strong Nordic core, an integrated European-wide market is a key priority – in hydro, in nuclear and in CHP. Creating a solid earnings base and growth in Russia continues to be equally important.

We also aim to build a platform for future growth. Solar technology offers a clearly interesting and sustainable, CO_2-free production form; we are currently researching and developing our solar technology competencies in India. In addition, we are, for example, studying and developing pyrolysis in Finland.

Even though the wholesale market prices for electricity have continued to decrease, various taxes, fees and subsidies are increasing end-consumers' energy costs. An predictable electricity market built on consumer participation and the utilisation of all the different energy value components as well as different producers is vital. The setup should be market-driven, commercial, predictable and harmonised in as big a geographical area as possible, and it should have enough physical transmission capacity as well as good cooperation between transmission system operators, grid companies, power exchanges etc. Giving environmental consequences the right price through CO_2 would create an energy market that provides security of supply, competitiveness and environmental sustainability.

The key criteria and parameters for the European power market in the future are complex. Instead of promoting any single technology solution or innovation, it is most important to have a well-functioning, competitive market that gives producers and consumers access to competitive energy solutions.

The supply and demand balance is very critical on the power market. It is important to realise that there are different values associated with electricity, values like energy, capacity and how different production types contribute to peak capacity. The supply-demand balance requires the ability to respond; obviously, hydropower is excellent for this. For this reason flexible hydro is very attractive for Fortum.

There are many important market developments ongoing in the EU. A market stability reserve (EU MSR) is under discussion and preparation, but it will take some time before it can be implemented. The capacity remuneration mechanism is also under discussion; if and when that mechanism were implemented, it is important that it would be a technology-neutral, cross-border mechanism and that it would include both old and new assets. In addition, the CO_2 reduction target for 2030 was accepted as 40%. This is the framework Fortum is actively working for in Europe, Brussels, and with key decision makers.

Another big issue – in addition to the energy market development and the energy market model – is climate change. Unfortunately, it seems that we are clearly headed towards a global warming of more than 2 degrees Celsius. Some indicators show that we are actually heading towards a three to four-degree Celsius increase. The situation is hence extremely serious and will be much more so in ten years. We at Fortum have taken environmental issues and sustainability very seriously for several years. We are committed to climate change mitigation and give it a high priority on the company agenda.

Fortum is already in a very strong competitive position – whether measured by CO_2-free production, competencies, portfolio, asset flexibility, cost structure, sustainability or safety. We have a solid view on how to develop the company – both in terms of the near future and long-term sustainability – in order to achieve value creation, improving earnings per share growth, and, through that, a continued good platform for stable, sustainable and over time increasing dividends.

As of 1 February 2015, I have been on disability pension, and Fortum's Board of Directors has started the search process for a new CEO, covering both internal and external candidates. In the meanwhile, Timo Karttinen, CFO of Fortum, will also act as interim President and CEO. He has the support of a very well-functioning management team. It is of course sad to leave my CEO responsibilities in this interesting stage of Fortum's development, but if I get chosen to Fortum's Board of Directors, I will continue to work for the company and contribute to its success in this new role.

I would like express my gratitude to all Fortum employees for their engagement, hard work and cooperation during a year filled with challenges and changes. I have enjoyed our cooperation very much. Thank you!

Restructuring according to strategy in Russia

In December, Fortum and Gazprom Energoholding signed a protocol to start a restructuring process of their ownership of TGC-1, a Territorial Generating Company in Russia. TGC-1 owns and operates hydro and thermal power plants in north-western Russia as well as heat distribution networks in St. Petersburg. Currently, Gazprom Energoholding owns 51.8% of the TGC-1 shares and Fortum 29.5%.

As part of the restructuring, Fortum will establish a company together with Rosatom to own the hydro assets of TGC-1, while Gazprom Energoholding will continue with the heat and thermal power businesses of TGC-1. By utilising our present stake in TGC-1, Fortum would obtain a more than 75% ownership in the hydro power company. Rosatom would have a less than 25% minority holding in the hydro power company. The company would be consolidated to Fortum Group as a subsidiary.

Provided that Fortum obtains a more than 75% ownership in TGC-1 hydro assets, Fortum would be ready to participate with a minority stake (max. 15%) in the Finnish Fennovoima nuclear power project on the same terms and conditions as the other Finnish companies currently participating in the project.

Efficiency programme 2013-2014

The efficiency programme was successfully finished during the fourth quarter of 2014.

Fortum started the efficiency programme in 2012 in order to maintain and strengthen its strategic flexibility and competitiveness and to enable the company to reach its financial targets in the future.

The aim was to improve the company’s cash flow by more than approximately EUR 1 billion during 2013–2014 by reducing capital expenditures (capex) by EUR 250–350 million, divesting approximately EUR 500 million of non-core assets, reducing fixed costs and focusing on working capital efficiency.

Assessment of the electricity distribution business

The decision to start a strategic assessment of future alternatives for Fortum’s electricity distribution business was made in 2013.

In March 2014, Fortum completed the divestment of its Finnish electricity distribution business. In May, Fortum finalised its sale of the Norwegian electricity distribution business. The sales gains from the both transactions were booked in Fortum's Distribution Segment in the first and second quarter of 2014, respectively (Note 6).

Fortum is continuing to prepare and evaluate possibilities to divest its distribution business in Sweden.

Restatement related to IFRS changes and the new reporting structure

As of 1 January 2014, Fortum has applied the new IFRS 10 Consolidated Financial Statements and 11 Joint Arrangements standards. The major effect of this reassessment relates to Fortum Värme, which is treated as a joint venture and thus consolidated with the equity method (Note 2). Comparative information for 2013 presented in this financial statements bulletin have been restated accordingly.

The segment information for 2013 has been restated due to the change in the organisation from 1 March 2014.

In addition, as of 2014, presented figures have been rounded and consequently the sum of individual figures may deviate from the sum presented.

Financial results

October–December 2014

In the fourth quarter of 2014, Group sales were EUR 1,285 (1,390) million. Comparable operating profit totalled EUR 436 (423) million and the reported operating profit totalled EUR 650 (507) million. Fortum's operating profit for the period was affected by non-recurring items. Sales gains as well as an IFRS accounting treatment (IAS 39) of derivatives, mainly used for hedging Fortum's power production, and nuclear fund adjustments amounted to EUR 213 (83) million (Note 4).

Sales by segment

EUR million	IV/14	IV/13	2014	2013
Power and Technology	588	543	2,156	2,252
Heat, Electricity Sales and Solutions	393	422	1,332	1,516
Russia	281	314	1,055	1,119
Distribution	173	280	751	1,064
Other	15	20	58	63
Netting of Nord Pool transactions	-121	-122	-422	-478
Eliminations	-45	-67	-179	-228
Total	**1,285**	**1,390**	**4,751**	**5,309**

Comparable operating profit by segment

EUR million	IV/14	IV/13	2014	2013
Power and Technology	276	207	877	859
Heat, Electricity Sales and Solutions	49	42	104	109
Russia	59	110	161	156
Distribution	67	76	266	332
Other	-14	-12	-57	-54
Total	**436**	**423**	**1,351**	**1,403**

Operating profit by segment

EUR million	IV/14	IV/13	2014	2013
Power and Technology	318	278	855	922
Heat, Electricity Sales and Solutions	221	51	337	134
Russia	59	111	161	156
Distribution	66	75	2,132	349
Other	-14	-8	-58	-53
Total	**650**	**507**	**3,428**	**1,508**

January−December 2014

In 2014, Group sales were EUR 4,751 (5,309) million. Comparable operating profit totalled EUR 1,351 (1,403) million, and the reported operating profit totalled EUR 3,428 (1,508) million. Fortum's operating profit for the period was affected by non-recurring items, mainly the divestment of the Finnish electricity distribution business, as well as an IFRS accounting treatment (IAS 39) of derivatives, mainly used for hedging Fortum's power production, and nuclear fund adjustments amounting to EUR 2,077 (106) million (Note 4).

The share of profit from associates was EUR 149 (178) million, of which Fortum Värme represents EUR 67 (73) million. The share of profit from Hafslund and TGC-1 are based on the companies' published third-quarter 2014 interim reports (Note 12).

The Group's net financial expenses were EUR 217 (289) million. Net financial expenses include changes in the fair value of financial instruments of EUR -5 (-16) million.

Profit before taxes was EUR 3,360 (1,398) million.

Taxes for the period totalled EUR 199 (186) million. The tax rate according to the income statement was 5.9% (13.3%). In Finland, the corporate tax rate was decreased from 24.5% to 20.0% starting 1 January 2014; the decrease impacted approximately EUR 0.09 per share the fourth quarter of 2013. In 2014, the tax rate, excluding the impact of the share of profit from associated companies and joint ventures as well as non-taxable capital gains, was 18.8% (22.7%).

The profit for the period was EUR 3,161 (1,212) million. Fortum's earnings per share were EUR 3.55 (1.36), of which EUR 2.36 (0.10) per share relates to items affecting comparability. The earnings per share impact from the divestment of the Finnish electricity distribution business was EUR 2.08 per share (Note 6).

Financial position and cash flow

Cash flow

In 2014, total net cash from operating activities increased by EUR 214 million to EUR 1,762 (1,548) million, mainly due to the EUR 300 million positive impact of realised foreign exchange differences, which were offset by changes in working capital EUR -125 million. Realised foreign exchange gains and losses of EUR 352 (52) million were related to the rollover of foreign exchange contract hedging loans to Fortum's Swedish and Russian subsidiaries. Capital expenditures decreased by EUR 236 million to EUR 768 (1,004) million. Proceeds from divestments of shares totalled EUR 3,062 (122) million, mainly from the divestment of the Finnish distribution business and Gasum shares (Note 6). Proceeds from interest-bearing receivables included EUR 534 million paid by Fortum Värme. Total net cash used in investing activities was positive EUR 2,816 (-944) million. Cash flow before financing activities, i.e. financing, increased by EUR 3,974 million to EUR 4,578 (604) million.

The proceeds were partially used to pay dividends totalling EUR 977 million in April 2014 as well as payments of interest-bearing debt amounting to EUR 2,079 million. Liquid funds at year-end 2014 were EUR 2,766 (1,265) million.

Assets and capital employed

Total assets decreased by EUR 1,973 million to EUR 21,375 (23,348) million, which includes the decrease of non-current assets, EUR 2,412 million. Translation differences decreased intangible assets, property, plant and equipment as well as participation in associates and joint ventures by EUR 2,015 million and divestments by EUR 433 million.

Assets of the Finnish distribution business, amounting to EUR 1,173 million, were presented as Assets held for sale at the end of 2013. Liquid funds increased by EUR 1,501 million.

Capital employed was EUR 17,918 (19,183) million, a decrease of EUR 1,265 million.

Equity

Total equity was EUR 10,935 (10,124) million, of which equity attributable to owners of the parent company totalled EUR 10,864 (10,024) million. The increase in equity attributable to owners of the parent company totalled EUR 840 million and was mainly from the net profit of EUR 3,154 million for the period, offset by translation differences of EUR -1,320 million and paid dividends of EUR 977 million.

Financing

Net debt decreased during 2014 by EUR 3,576 million to EUR 4,217 (7,793) million. Net debt without Värme financing was EUR 3,664 million (6,658).

At the end of December 2014, the Group’s liquid funds totalled EUR 2,766 (1,265) million. Liquid funds include cash and bank deposits held by OAO Fortum amounting to EUR 134 (113) million. In addition to the liquid funds, Fortum had access to approximately EUR 2.2 billion of undrawn committed credit facilities.

The Group's net financial expenses in 2014 were EUR 217 (289) million. Net financial expenses include changes in the fair value of financial instruments of EUR -5 (-16) million.

Fortum Corporation's long-term credit rating with both S&P and Fitch remained unchanged during 2014 and is A- (negative outlook).

Key figures

At year-end 2014, net debt to EBITDA was 1.1 (3.7) and comparable net debt to EBITDA 2.3 (3.9). Fortum is currently financing Fortum Värme, and these loans, EUR 553 (1,135) million, are presented as interest-bearing loan receivables in Fortum’s balance sheet. However, the aim is to refinance the loans during 2015. If these loans are deducted from the net debt, the last-twelve-months comparable net debt to EBITDA is 2.0 (3.4).

Gearing was 39% (77%) and the equity-to-assets ratio 51% (43%). Equity per share was EUR 12.23 (11.28). Return on capital employed totalled 19.5% (9.0%) and return on shareholders’ equity 30.0% (12.0%). Both return on capital employed and return on equity were positively affected by the capital gain from the divestment of the Finnish electricity distribution business as well as the divestment of the Norwegian electricity distribution and heat businesses.

Market conditions

Nordic countries

According to preliminary statistics, electricity consumption in the Nordic countries was 104 (103) terawatt-hours (TWh) during the fourth quarter of 2014. In 2014, according to preliminary statistics, electricity consumption in the Nordic countries was 378 (386) TWh. Industrial consumption was nearly unchanged, while non-industrial consumption decreased due to the exceptionally warm weather particularly during the first half of the year.

At the beginning of 2014, the Nordic water reservoirs were at 82 TWh, 1 TWh below the long-term average and 3 TWh lower than a year earlier. By the beginning of the fourth quarter, the reservoirs were 10 TWh below the long-term average, which corresponded to the level a year earlier. The year 2014 ended with reservoirs at 80 TWh, 3 TWh below the long-term average and 2 TWh below the level at the end of 2013. Precipitation during the fourth quarter was below the long-term average and well below the level the year before.

In the fourth quarter of 2014, the average system spot price of electricity in Nord Pool was EUR 30.7 (35.9) per megawatt-hour (MWh). The decline was driven by decreased cost of coal condense, which typically is the benchmark price in the Nordic market. Prices were also affected by high wind power generation volumes. The intense precipitation early in the quarter caused price volatility. High net exports continued, but imports from Russia increased. The average area price in Finland was EUR 36.4 (39.9) per MWh and in Sweden SE3 (Stockholm) EUR 31.3 (37.5) per MWh. The difference in area prices compared to the spot price was mainly due to the fact that Finland continued exporting power to Estonia, while high Swedish hydropower volumes and good availability of the Swedish nuclear power plants kept Swedish area prices close to the system level.

In 2014, the average system spot price was EUR 29.6 (38.1) per MWh. In Finland, the average area price was EUR 36.0 (41.2) per MWh and in Sweden SE3 (Stockholm) EUR 31.6 (39.4) per MWh.

In Germany, the average spot price during the fourth quarter of 2014 was EUR 34.8 (37.5) per MWh and in 2014 EUR 32.8 (37.8) per MWh.

The market price of CO_2 emission allowances (EUA) was at approximately EUR 4.8 per tonne at the beginning of the year and approximately EUR 7.3 per tonne by the end of December 2014. In 2014, the EUA daily close ranged between EUR 4.4 and EUR 7.5 per tonne.

Russia

Fortum operates in the Urals and Western Siberia in the Tyumen and Khanty-Mansiysk area, where industrial production is dominated by the oil and gas industries, and in the Chelyabinsk area, which is dominated by the metal industry.

According to preliminary statistics, Russia consumed 282 (274) TWh of electricity during the fourth quarter of 2014. The corresponding figure in Fortum's operating area in the First price zone (European and Urals part of Russia) was 214 (209) TWh. In 2014, Russia consumed 1,021 (1,026) TWh of electricity. The corresponding figure in Fortum's operating area in the First price zone (European and Urals part of Russia) was 777 (772) TWh.

In the fourth quarter of 2014, the average electricity spot price, excluding capacity price, decreased by 1% to RUB (Russian rouble) 1,120 (1,136) per MWh in the First price zone. In 2014, the average electricity spot price, excluding capacity price, increased by 5% to RUB 1,163 (1,104) per MWh in the First price zone.

More detailed information about the market fundamentals is included in the tables at the end of the report (page 59).

European business environment and carbon market

EU 2030 climate and energy policy framework

The European Council agreed in October 2014 on the following energy and climate targets for 2030: at least 40% cut in domestic greenhouse gas emissions, at least 27% share of renewable energy as an EU-level binding target, and at least 27% improvement in energy efficiency as an EU-level indicative target.

An additional target for electricity transmission infrastructure investment was included in the framework. The EU Commission will prepare legislative proposals to implement the agreed 2030 framework during 2015-2016.

Fortum considers the framework as a good foundation, and it should enforce the role of emissions trading as the main instrument for emissions reduction.

EU's emissions trading scheme (ETS) reform

The Commission launched a stakeholder consultation on revision of the Emissions Trading Directive in December 2014. A decision on the market stability reserve (MSR) of the EU ETS is expected during the first half of 2015.

EU power market development

The Commission has indicated that it is in the process of developing a reference target model for capacity remuneration mechanisms (CRM). The first preliminary proposals are expected from the Commission during the first half of 2015. Countries choosing to implement CRMs should follow these principles. This would be important in terms of avoiding fragmentation in the internal electricity market.

However, a common EU-wide, competitive and strongly networked internal energy market, where also renewable energy is developed on a market basis, would not just improve competitiveness and mitigate environmental impacts, it would also improve the EU’s internal energy availability and security of supply.

EU Commission work programme

In December 2014, the newly nominated EU Commission published its strategic work programme for 2015. The first major initiative will be a Communication on the EU Energy Union in late February 2015. Among other issues, it should explain in more concrete terms how the Commission aims to tackle security of supply challenges.

In Sweden an agreement between the government and the opposition

In order to avoid a new election, the new government alliance reached an agreement with the former government. The “December Agreement” is valid until 2022 and will establish a new praxis enabling minority governments to get state budgets through the Parliament. The agreement also covers cooperation in three areas: energy, pensions and military defence.

Finnish nuclear decisions

In September 2014, the government issued a positive decision-in-principle (DIP) for the Fennovoima nuclear power plant. In the DIP, the government set an important precondition according to which Fennovoima has to have a domestic ownership (i.e. EU/EEA) of at least 60% at the time of submitting the construction license.

Ukraine crisis and EU sanctions

As a consequence of the situation in Ukraine, an amended list of EU restrictive measures against Russia entered into force during the autumn; the gas industry and nuclear energy were not included.

Lima climate conference

The United Nation's climate conference (COP20) in Lima, Peru, in December, made modest progress in international climate negotiations. The meeting agreed on the scope and format of the pledges, which countries will present during the first quarter of 2015, and compiled the elements of the Paris Agreement. The outcome, called Lima Call for Climate Action, also includes some references to carbon pricing and markets. In order to speed up the deployment of low-carbon solutions, market mechanisms and carbon pricing should be at the core of the future agreement.

Segment reviews

Power and Technology

Power and Technology consists of Fortum's hydro, nuclear and thermal power generation, Power Solutions with expert services, portfolio management and trading, as well as technology and R&D functions. The segment incorporates two divisions: the Hydro Power and Technology Division and the Nuclear and Thermal Power Division.

EUR million	IV/14	IV/13	2014	2013
Sales	588	543	2,156	2,252
- power sales	560	500	2,026	2,117
of which Nordic power sales*	520	455	1,845	1,866
- other sales	29	42	130	135
Operating profit	318	278	855	922
Comparable operating profit	276	207	877	859
Comparable EBITDA	306	242	998	1,007
Net assets (at period-end)			6,001	6,355
Return on net assets, %			13.6	14.5
Comparable return on net assets, %			14.2	13.8
Capital expenditure and gross investments in shares	60	63	198	181
Number of employees			1,639	1,723

Power generation by source, TWh	IV/14	IV/13	2014	2013
Hydro and wind power, Nordic	6.0	3.9	22.4	18.1
Nuclear power, Nordic	6.9	6.0	23.8	23.7
Thermal power, Nordic	0.1	0.3	0.9	1.9
Total in the Nordic countries	**13.0**	**10.2**	**47.1**	**43.7**
Thermal power in other countries	0.0	0.1	0.7	1.0
Total	**13.0**	**10.3**	**47.9**	**44.7**

Nordic sales volumes, TWh	IV/14	IV/13	2014	2013
Nordic sales volume	13.4	10.6	48.6	45.3
of which Nordic power sales volume*	12.4	9.4	44.6	40.2

* The Nordic power sales income and volume does not include thermal generation, market price-related purchases or minorities (i.e. Meri-Pori, Inkoo and imports from Russia).

Sales price, EUR/MWh	IV/14	IV/13	2014	2013
Power and Technology's Nordic power price**	41.9	48.1	41.4	46.4

** Power and Technology's Nordic power price does not include sales income from thermal generation, market price-related purchases or minorities (i.e. Meri-Pori, Inkoo and imports from Russia).

October–December 2014

In the fourth quarter of 2014, Power and Technology's comparable operating profit was EUR 276 (207) million, i.e. EUR 69 million higher than in the corresponding period in 2013. The increase in hydro and nuclear production volumes offset the negative effect from a clearly lower achieved power price.

Operating profit, EUR 318 (278) million, was affected by sales gains totalling EUR 46 (7) million and by the IFRS accounting treatment (IAS 39) of derivatives, mainly used for hedging Fortum's power production, and by nuclear fund adjustments amounting to EUR -3 (64) million (Note 4).

Power and Technology's achieved Nordic power price was EUR 41.9 (48.1) per MWh, or EUR 6.1 per MWh lower than in the corresponding period in 2013. The system and all area prices were clearly lower during the fourth quarter of 2014 compared to the same period in 2013. The average system spot price of electricity in Nord Pool was EUR 30.7 (35.9) per MWh. The average area price in Finland was EUR 36.4 (39.9) per MWh and in Sweden SE3 (Stockholm) EUR 31.3 (37.5) per MWh.

The segment's total power generation in the Nordic countries was 13.0 (10.2) TWh. Hydropower production volumes were 2.2 TWh higher compared to the corresponding period in 2013, due to increased inflow. Nuclear production was 0.9 TWh higher, mainly due to higher availabilities in Oskarshamn 1 and 3. Thermal production totalled 0.1 (0.3) TWH. CO_2-free production amounted to 99% (96%).

January–December 2014

In 2014, Power and Technology's comparable operating profit was EUR 877 (859) million, i.e. EUR 18 million higher than in 2013. This was mainly due to the higher hydropower production volumes, lower operating costs and SEK development, which offset the negative impact from the lower achieved price as well as lower thermal volumes and Grangemouth divestment. In addition, an impairment loss totalling EUR 20 million in 2013, was booked due to the decision to discontinue electricity production at Fortum’s Inkoo coal-fired power plant in Finland.

Operating profit, EUR 855 (922) million, was affected by sales gains totalling EUR 52 (25) million and by the IFRS accounting treatment (IAS 39) of derivatives, mainly used for hedging Fortum's power production, and by nuclear fund adjustments amounting to EUR -73 (38) million (Note 4).

Power and Technology's achieved Nordic power price was EUR 41.4 (46.4) per MWh, or EUR 5.0 per MWh lower than in 2013. The system and all area prices were clearly lower during 2014 compared to 2013. The average system spot price of electricity in Nord Pool was EUR 29.6 (38.1) per MWh. The average area price in Finland was EUR 36.0 (41.2) per MWh and in Sweden SE3 (Stockholm) EUR 31.6 (39.4) per MWh.

The segment's total power generation in the Nordic countries was 47.1 (43.7) TWh. Due to normalised hydro inflow and reservoir levels, hydropower production was 4.3 TWh higher during 2014 compared to 2013. Nuclear volumes were 0.2 TWh higher due to improved availability. Overall nuclear availability was at a high level in Fortum’s fully owned and co-owned reactors, except in Oskarshamn 2. Availability in Forsmark and Olkiluoto nuclear plants were at all time high in 2014. Oskarshamn 2 has been shut down since 1 June 2013 for an extensive safety modernisation. Thermal production was 0.9 (1.9) TWh in the Nordic countries. The CO_2-free production amounted to 97% (94%).

Heat, Electricity Sales and Solutions

Heat, Electricity Sales and Solutions consists of combined heat and power (CHP) production as well as heat and electricity sales and development of customer-oriented solutions. The business operations are located in the Nordics, the Baltic countries, Poland and India. The segment also includes Fortum's 50% holding in Fortum Värme, which is a joint venture and is accounted for using the equity method.

EUR million	IV/14	IV/13	2014	2013
Sales	393	422	1,332	1,516
- heat sales	137	146	430	492
- power sales	224	245	783	900
- other sales	32	31	119	124
Operating profit	221	51	337	134
Comparable operating profit	49	42	104	109
of which Electricity Sales	13	8	48	47
Comparable EBITDA	75	69	204	211
Net assets (at period-end)			2,112	2,295
Return on net assets, %			19.1	9.7
Comparable return on net assets, %			8.7	8.7
Capital expenditure and gross investments in shares	38	26	124	134
Number of employees			1,807	1,968

As of 2014, the former Heat Division and Electricity Sales and Solutions business area are reported as one segment (Note 4). In addition, Fortum Värme, which earlier was consolidated as a subsidiary under the Heat Division, is treated as a joint venture and thus consolidated with the equity method. The effect of Fortum Värme is hence included in the share of profits in associates and joint ventures. In January-December 2014, this represented EUR 67 (73) million (Note 2).

October–December 2014

In the fourth quarter of 2014, heat sales volumes of Heat, Electricity Sales and Solutions amounted to 2.7 (3.3) TWh. During the same period, power sales volumes from CHP production totalled 0.8 (1.0) TWh. Despite the new capacity, heat and power sales volumes were lower, mainly due to the divestments made in 2013 and 2014.

Comparable operating profit was EUR 49 (42) million. More efficient new CHP capacity, lower fuel costs and electricity sales were main drives behind the improvement.

Operating profit totalled EUR 221 (51) million and was affected by sales gains totalling EUR 192 (9) million (Note 4).

January–December 2014

In 2014, heat sales volumes of Heat, Electricity Sales and Solutions amounted to 7.9 (10.7) TWh. Power sales volumes from CHP production totalled 2.8 (3.5) TWh. Despite the new capacity and lower fuel costs, heat and power sales volumes were lower, mainly due to the warmer weather during the first and third quarter of 2014 and to the divestments made in 2013 and 2014. The warm weather also burdened retail sales, especially during the first quarter of 2014.

Comparable operating profit was EUR 104 (109) million. The result decreased, mainly due to the lower volumes and lower power prices, despite new capacity and lower fuel costs.

Operating profit totalled EUR 337 (134) million and was affected by sales gains totalling EUR 254 (18) million (Note 4).

At the end of December 2014, Fortum's customer base in Electricity Sales exceeded 1.3 million.

Heat sales by country, TWh	IV/14	IV/13	2014	2013
Finland	1.0	1.5	3.2	5.4
Poland	1.2	1.3	3.4	4.1
Other countries	0.4	0.5	1.3	1.2
Total	**2.7**	**3.3**	**7.9**	**10.7**

Power sales, TWh	IV/14	IV/13	2014	2013
CHP	0.8	1.0	2.8	3.5
Electricity Sales	4.1	3.7	13.8	13.6
Total	**4.9**	**4.7**	**16.5**	**17.1**

Russia

The Russia Segment consists of power and heat generation and sales in Russia. The segment also includes Fortum's over 25% holding in TGC-1, which is an associated company and is accounted for using the equity method.

EUR million	IV/14	IV/13	2014	2013
Sales	281	314	1,055	1,119
- power sales	182	214	758	822
- heat sales	91	98	285	290
- other sales	8	2	11	7
Operating profit	59	111	161	156
Comparable operating profit	59	110	161	156
Comparable EBITDA	87	115	304	258
Net assets (at period-end)			2,597	3,846
Return on net assets, %			5.6	5.2
Comparable return on net assets, %			5.6	5.2
Capital expenditure and gross investments in shares	106	141	367	435
Number of employees			4,213	4,162

The liberalisation of the Russian wholesale power market has been completed since the beginning of 2011. However, all generating companies continue to sell a part of their electricity and capacity – an amount equalling the consumption of households and a few special groups of consumers – under regulated prices. During January-December 2014, Fortum sold approximately 80% of its power production in Russia at a liberalised electricity price.

The capacity selection for generation built prior to 2008 (CCS – "old capacity") for 2014 was held in September 2013. All of Fortum's capacity was allowed to participate in the selection for 2014, and the majority of Fortum's power plants were also selected. The volume of Fortum's installed capacity not selected in the auction totalled 132 MW, which represents 4.6% of Fortum's total old capacity in Russia.

The generation capacity built after 2007 under the Russian Government's capacity supply agreements (CSA – "new capacity") receives guaranteed payments for a period of 10 years. The period and the prices for capacity under CSA were defined to ensure a sufficient return on investments. At the time of the acquisition in 2008, Fortum made a provision, as penalty clauses are included in the CSA agreement in case of possible delays. If the new capacity is delayed or if the agreed major terms of the capacity supply agreement are not otherwise fulfilled, possible penalties can be claimed. The effect of changes in the timing of commissioning of new units is assessed at each balance sheet date and the provision is changed accordingly (Note 16).

Received capacity payments differ depending on the age, location, type and size of the plant as well as seasonality and availability. The CSA payments can also vary somewhat annually because they are linked to the Russian Government long-term bonds with 8 to 10 years maturity. In addition, the regulator will review the guaranteed CSA payments by re-examining earnings from the electricity-only market three and six years after the commissioning of a unit and could revise the CSA payments accordingly.

October–December 2014

In the fourth quarter of 2014, the Russia Segment's power sales volumes amounted to 7.9 (6.4) TWh. Heat sales totalled 9.0 (7.8) TWh during the same period.

The Russia Segment’s comparable operating profit was EUR 59 (110) million. The positive effect from the new units receiving CSA payments amounted to approximately EUR 43 (79) million, including EUR -17 million due to the weaker rouble. Better electricity and heat spreads as well as income from heat connections had a positive effect on the result. Overall, the weakened Russian rouble affected the Russian result negatively by EUR 20 (-6) million. Note for comparison that 2013 figures included a reversal of the CSA provision totalling EUR 38 million and EUR 40 million in compensation for CSA penalties.

Operating profit was EUR 59 (111) million.

January–December 2014

In 2014, the Russia Segment's power sales volumes amounted to 26.5 (25.6) TWh. Heat sales totalled 26.0 (24.1) TWh during the same period.

The Russia Segment’s comparable operating profit was EUR 161 (156) million. The positive effect from the new units receiving CSA payments amounted to approximately EUR 165 (163) million, including EUR -35 million due to the weaker rouble, a reversal of the CSA provisions totalling EUR 4 (48) million. In addition, better electricity and heat spreads, income from heat connections, improved bad-debt collections and increased efficiency positively affected the result. Overall, the weakened Russian rouble affected the result negatively by approximately EUR 34 million. Note for comparison that 2013 figures included a reversal of the CSA provision totalling EUR 48 million and EUR 40 million in compensation for CSA penalties.

Operating profit was EUR 161 (156) million.

In late September, the third unit at Fortum's Nyagan Power Plant passed the comprehensive and certification tests that precede commissioning. Fortum started the commercial operation of the unit at the end of 2014. Capacity payments under the Russian Government's capacity supply agreement for 418 megawatts (MW) started as of 1 January 2015.

Key electricity, capacity and gas prices for Fortum Russia	IV/14	IV/13	2014	2013
Electricity spot price (market price), Urals hub, RUB/MWh	1,041	1,043	1,089	1,021
Average regulated gas price, Urals region, RUB/1000 m3	3,362	3,423	3,362	3,131
Average capacity price for CCS "old capacity", tRUB/MW/month*	180	181	167	163
Average capacity price for CSA "new capacity", tRUB/MW/month*	603	635	552	576
Average capacity price, tRUB/MW/month	331	326	304	276
Achieved power price for OAO Fortum, EUR/MWh	28.0	33.3	30.4	32.1

*Capacity prices paid for the capacity volumes, excluding unplanned outages, repairs and own consumption

Distribution

Fortum owns and operates electricity distribution and regional networks, and distributes electricity to a total of 0.9 million customers in Sweden.

EUR million	IV/14	IV/13	2014	2013
Sales	173	280	751	1,064
- distribution network transmission	138	234	590	896
- regional network transmission	26	33	120	129
- other sales	9	13	41	39
Operating profit	66	75	2,132	349
Comparable operating profit	67	76	266	332
Comparable EBITDA	99	132	416	548
Net assets (at period-end)			2,615	3,745
Return on net assets, %			73.6	9.3
Comparable return on net assets, %			9.3	8.8
Capital expenditure and gross investments in shares	58	91	147	255
Number of employees			390	805

October–December 2014

In the fourth quarter of 2014, the volume of distribution and regional network transmissions totalled 3.9 (7.1) TWh and 3.5 (4.3) TWh, respectively. Volumes in Sweden were in line with last year.

The Distribution Segment's comparable operating profit was EUR 67 (76) million.

Operating profit totalled EUR 66 (75) million.

The lower volume in total, compared to the same period in 2013, was due to the divestment of the Finnish electricity distribution business in the first quarter and the Norwegian distribution business in the second quarter of 2014.

January–December 2014

In 2014, the volume of distribution and regional network transmissions totalled 17.6 (26.1) TWh and 13.8 (16.3) TWh, respectively. Volumes were lower due to warmer weather, especially during the first quarter of 2014. The lower total volume was mainly due to the divestment of the Finnish and Norwegian distribution businesses.

The Distribution Segment's comparable operating profit was EUR 266 (332) million. The decrease was mainly due to the very mild weather during the first quarter and to the divestment of the electricity distribution business in Finland that was finalised at the end of March.

Operating profit totalled EUR 2,132 (349) million and was affected by sales gains totalling approximately EUR 1,865 billion from the Finnish and Norwegian electricity distribution businesses (Note 6).

Volume of distributed electricity in distribution network, TWh	IV/14	IV/13	2014	2013
Sweden	3.9	3.8	13.7	14.1
Finland	0.0	2.6	2.8	9.5
Norway	0.0	0.7	1.1	2.5
Total	**3.9**	**7.1**	**17.6**	**26.1**

Number of electricity distribution customers by area, thousands	30 December 2014	30 December 2013
Sweden	906	903
Finland	-	642
Norway	-	103
Total	**906**	**1,648**

Capital expenditures, divestments and investments in shares

Capital expenditures and investments in shares totalled EUR 262 (330) million in the fourth quarter of 2014 (Note 4).

In 2014, capital expenditures and investments in shares totalled EUR 843 (1,020) million (Note 4). Investments, excluding acquisitions, were EUR 774 (1,005) million.

Fortum expects to start the supply of power and heat from new power plants and to upgrade existing plants as follows:

	Type	Electricity capacity, MW	Heat capacity, MW	Supply starts
Power and Technology				
Hydro refurbishment	Hydropower	14		2015
Russia*				
Chelyabinsk 1	Gas (CCGT)	248	175	1H 2015
Chelyabinsk 2	Gas (CCGT)	248	175	1H 2015

*) Start of commercial operation.

Power and Technology

Through its interest in Teollisuuden Voima Oyj (TVO), Fortum is participating in the building of Olkiluoto 3 (OL3), a 1,600-MW nuclear power plant unit in Finland. The start of commercial electricity production of the plant is expected to take place in late 2018, according to the plant supplier AREVA-Siemens Consortium. TVO has withdrawn a EUR 200 million shareholder loan from the total EUR 600 million commitment. Fortum's share of the EUR 200 million withdrawals is approximately EUR 50 million. Fortum’s remaining commitment for OL3 is EUR 100 million (Note 13).

In March 2014, Fortum started an extensive refurbishment of two of the Imatra hydropower plant’s seven units. The refurbishment will increase the capacity of the power plant by 14 MW to 192 MW and will improve safety and reliability. After the refurbishment, the Imatra plant will be Finland’s largest hydropower plant in terms of capacity and production.

In May 2014, Fortum and the Areva-Siemens Consortium agreed on the discontinuation of the current automation modernisation project agreement at the Loviisa nuclear power plant in Finland. The Areva-Siemens Consortium will complete the ongoing agreed and resized work in cooperation with Fortum. Furthermore, Fortum signed an agreement with Rolls-Royce for the continued modernisation of the power plant's automation. The modernisation will be carried out over several years.

In September 2014, the Finnish Government rejected TVO’s application to extend the period of validity of the existing decision-in-principle of the Olkiluoto 4 nuclear power plant. The decision-in-principle is still in force, and the deadline for submitting the construction license application is 30 June 2015.

In October 2014, Fortum sold its UK-based subsidiary Grangemouth CHP Limited to INEOS Industries Holdings Ltd. Grangemouth CHP Limited owns and operates a natural gas-fired CHP plant located at Grangemouth in Scotland (Note 6).

In December 2014, Fortum announced that provided that the company would obtain a more than 75% ownership in Russian TGC-1 hydro assets, it would be ready to participate with a minority stake (max 15%) in the Finnish Fennovoima nuclear power project on the same terms and conditions as the other Finnish companies currently participating in the project.

Heat, Electricity Sales and Solutions

Through Fortum’s interests in Fortum Värme, Fortum's joint venture with the City of Stockholm, the company is investing in a new biofuelled combined heat and power (CHP) plant in Värtan, Stockholm. The new CHP plant will replace some existing heat production and is planned to be commissioned in 2016. The new plant will have a production capacity of 280 MW heat and 130 MW electricity.

In addition, Fortum is participating in its joint venture Turun Seudun Energiantuotanto Oy’s (TSE) new CHP plant in Naantali, Finland, which will replace the old existing plant. The plan is to commission the new power plant in 2017. The plant’s production capacity will be 244 MW heat and 142 MW electricity.

In June 2014, Fortum completed the divestment of its Norwegian heat business to the iCON Infrastructure Partners II, L.P. fund (Note 6).

In September 2014, Fortum finalized the acquisitions of E.ON Ruhrgas International GmbH's shareholding of 33.66% in the Estonian natural gas import, sales and distribution company AS Eesti Gaas and a similar shareholding in the gas transmission service company AS Võrguteenus Valdus. The acquired shares increased Fortum's holding in both companies to approximately 51%. Fortum continues to account for its holdings in the Estonian natural gas businesses using the equity method.

In November, Fortum agreed to sell its 51.4% shareholding in the associated company AS Võrguteenus Valdus. Fortum finalised the transaction in early January of 2015. The sale is expected to have a minor impact on Fortum's result.

In addition, in November, Fortum announced the divestment of its shareholding in the Finnish natural gas company Gasum Oy to the Finnish State (Note 6). The sales price for the total amount of Fortum's shares was approximately EUR 310 million. Fortum booked a gain of roughly EUR 190 million in the fourth quarter 2014 results of Fortum's Heat, Electricity Sales and Solutions segment.

Russia

In December 2014, Fortum and Gazprom Energoholding signed a protocol to start a restructuring process of their ownership of TGC-1, a Territorial Generating Company in Russia. TGC-1 owns and operates hydro and thermal power plants in north-western Russia as well as heat distribution networks in St. Petersburg. Currently Gazprom Energoholding owns 51.8% of the TGC-1 shares and Fortum 29.5%.

As part of the restructuring, Fortum will establish a company 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 more than 75% ownership in the hydro power company. Rosatom would have a less than 25% minority holding in the hydropower company.

Distribution

In March 2014, Fortum completed the divestment of its Finnish electricity distribution business to Suomi Power Networks Oy. The total consideration was EUR 2.55 billion on a debt- and cash-free basis. Fortum's one-time sales gain of approximately EUR 1.85 billion corresponds to EUR 2.08 per share. The sales gain is booked in Fortum's Distribution Segment in the first quarter of 2014 (Note 6).

In May 2014, Fortum completed the divestment of its Norwegian electricity distribution business to the Hafslund Group (Note 6).

Shares and share capital

Fortum Corporation is listed on the Nasdaq Helsinki. In 2014, a total of 454.8 (465.0) million Fortum Corporation shares, totalling EUR 8,134 million, were traded. The highest quotation of Fortum Corporation shares during the reporting period was EUR 20.32, the lowest EUR 15.13, and the volume-weighted average EUR 17.89. The closing quotation on the last trading day of 2014 was EUR 17.97 (16.63). Fortum's market capitalisation, calculated using the closing quotation of the last trading day of the review period, was approximately EUR 15,964 million.

In addition to the Nasdaq Helsinki, Fortum shares were traded on several alternative market places, for example Boat, BATS Chi-X and Turquoise, and on the OTC market. In 2014, approximately 58% of Fortum's shares were traded on markets other than the Nasdaq Helsinki.

At the end of 2014, Fortum Corporation’s share capital was EUR 3,046,185,953 and the total number of registered shares was 888,367,045. Fortum Corporation did not own its own shares. The number of registered shareholders was 109,403. The Finnish State's holding in Fortum was 50.8%, and the proportion of nominee registrations and direct foreign shareholders was 32.3% at the end of the review period.

Fortum Corporation received on 5 April 2014 notification under Chapter 2 Section 9 of the Securities Markets Act that Capital Group Companies Inc's ("CGC") holding in Fortum was above the threshold of 5 per cent on 3 April 2014.

The Board of Directors has no unused authorisations from the Annual General Meeting of Shareholders to issue convertible loans or bonds with warrants or to issue new shares.

Group personnel

Fortum's operations are mainly based in the Nordic countries, Russia and the Baltic Rim area. The total number of employees at the end of December was 8,592 (9,186 at the end of 2013).

At the end of December 2014, Power and Technology had 1,639 (1,723) employees; Heat, Electricity Sales and Solutions 1,807 (1,968); Russia 4,213 (4,162); Distribution 390 (805); and Other 543 (528).

Headcount reductions were mainly due to the divestment of the Finnish and Norwegian distribution businesses and Fortum's efficiency programme. Reductions related to the efficiency programme have been implemented on a unit level by using natural rotation, rearrangement of vacancies and by retirement. Vacant jobs have primarily been filled internally. The possibilities for internal rotation have been improved. By rotating staff between different countries and divisions, the company improves know-how and develops the exchange of competencies throughout the organisation.

Research and development

Sustainability is at the core of Fortum's strategy, and Fortum's research and development (R&D) activities promote environmentally-benign energy solutions. Investments in the development of renewable energy production, like solar power, are an important part of Fortum's strategy implementation.

In 2014, Fortum, UPM and Valmet joined forces to develop a new technology to produce advanced, high-value lignocellulosic fuels, such as transportation fuels, or higher value bio liquids in order to develop catalytic pyrolysis technology for upgrading bio-oil and to commercialise the new technology.

Fortum also signed an agreement with Cleantech Invest Plc on partnership with regard to business development activities, potential future cleantech investments as well as information sharing. The company also started a collaboration with St1 to build Finland's first industrial-scale geothermal pilot heat plant. St1 will begin planning the pilot production plant, which is estimated to be completed in 2016.

Furthermore, Fortum's leasing agreement signed during the period with the UK-based Wave Hub provides Fortum with an opportunity to study advanced, full-scale wave power converters in ocean conditions. Fortum also acquired a minority share in the Finnish wave energy developer Wello Oy.

The Group reports its R&D expenditure on a yearly basis. In 2014, Fortum's R&D expenditure was EUR 41 (49) million or 0.9% (0.9%) of sales.

Sustainability

Fortum strives for balanced management of economic, social and environmental responsibility in the company's operations. Fortum's sustainability targets consist of Group-level key indicators and division-level indicators.

The Group-level sustainability targets emphasise Fortum's role in society and measure not only environmental and safety targets, but also Fortum's reputation, customer satisfaction, and the security of supply of power and heat.

The achievement of the sustainability targets is monitored through monthly, quarterly and annual reporting. Sustainability target-setting and follow-up as well as the approval of Fortum's Sustainability policy and the review of Fortum's Sustainability Report are included in the working order of the Board of Directors.

The company is listed on STOXX Global ESG Leaders, the NASDAQ OMX, OMX GES Sustainability Finland and ECPI® indices. Fortum is also included in the Carbon Disclosure Project's Nordic Climate Index and has received Prime Status (B-) rating by the German oekom research AG.

Fortum's sustainability targets and performance

Targets		IV/14	2014	Five-year average
Specific CO_2 emissions from power generation in the EU as a five-year average, g/kWh	< 80	27	39	60
Specific CO_2 emissions from total energy production (electricity and heat) as a five-year average, g/kWh	< 200	183	189	198
Overall efficiency of fuel use as a five-year average, %	> 70	69	64	63
Major EHS incidents	< 35	6	27	-
Energy availability of CHP plants, %	> 95	92.4	94.7	-
SAIDI, (minutes), Sweden	< 100	24	97	-
Lost workday injury frequency (LWIF) for own personnel	< 1.0	1.2	1.0	-
Lost workday injury frequency (LWIF) for contractors	< 3.5	3.6	3.2	-

Targets for reputation and customer satisfaction are monitored annually. Company reputation among the key stakeholders in the One Fortum Survey in 2014 improved to 70.4 (2013: 69.8) i.e. slightly below the target of 70.8. Customer satisfaction improved in all Divisions, and the Group target (70-74 points) was achieved in the Heat and Power Solutions business areas.

Economic responsibility

In the area of economic responsibility, the focus is on competitiveness, performance excellence and market-driven production. The aim is to create long-term economic value and enable profitable growth and added value for shareholders, customers, employees, suppliers, and other key stakeholders in the company's operating areas. Fortum's goal is to achieve excellent financial performance in strategically selected core areas through strong competence and responsible ways of operating. The key figures by which Fortum measures its financial success include return on capital employed (target: 12%), return on shareholders' equity (target: 14%) and capital structure (target: net debt/EBITDA around 3). In addition, as of January 1, 2014, Fortum had used the applicable Global Reporting Initiative (GRI) G4 indicators for reporting economic responsibility.

Environmental responsibility

Fortum's environmental responsibility emphasises mitigation of climate change, efficient use of resources as well as management of the impacts of our energy production, distribution and supply chain. Our know-how in CO_2-free hydro and nuclear power production and in energy-efficient CHP production is highlighted in environmental responsibility. Fortum’s Group-level environmental targets are related to CO_2 emissions, energy efficiency as well as major environmental, health and safety (EHS) incidents. At the end of December 2014, ISO 14001 certification covered 100% of Fortum's power and heat production and distribution operations worldwide.

Fortum’s climate targets over the next five years are: specific CO_2 emissions from power generation in the EU below 80 grams per kilowatt-hour (g/kWh) and total specific CO_2 emissions from both electricity and heat production in all countries below 200 g/kWh. Both targets are calculated as a five-year average. At the end of December 2014, the five-year average for specific CO_2 emissions from power generation in the EU was at 60 (60) g/kWh and the total specific CO_2 emissions from energy production was at 198 (197) g/kWh, both better than the target level.

Fortum's total CO_2 emissions in 2014 amounted to 20.2 (20.5) million tonnes (Mt), of which 3.6 (5.1) Mt were within the EU's emissions trading scheme (ETS). Since 2013, electricity production has not received free allowances in the EU ETS. The amount of free allowances for heat will gradually decrease during 2013-2020 as well. Fortum's free allowances in 2014 totalled 1.4 Mt.

Fortum’s total CO_2 emissions (million tonnes, Mt)	IV/14	IV/13	2014	2013
Total emissions	5.8	5.3	20.2	20.5
Emissions subject to ETS	0.8	1.1	3.6	5.1
Free emissions allocation			1.4	1.8
Emissions in Russia	5.0	4.2	16.6	15.3

Fortum's energy-efficiency target was to raise the overall efficiency of fuel use to 70% as a five-year average. In 2014, the overall efficiency of fuel use was 64% (59%) and the five-year average after December 2014 was 63% (64%), meaning the target level was not met.

Fortum's target is for fewer than 35 major EHS incidents annually. In 2014, a total of 27 (35) major EHS incidents took place in Fortum's operations. This includes 15 environmental permit non-compliances, four explosions, four oil leaks into the environment, three fires and one International Nuclear Event Scale1 incident (INES). These EHS incidents did not have significant environmental or financial impacts, but the explosion in the Pyrolysis unit in Joensuu in March 2014 caused a prolonged interruption in the production of pyrolysis oil. The cause of the explosion has been indentified, and work to restart production is ongoing.

Social responsibility

In the area of social responsibility, Fortum's innovations and the secure supply of low-carbon power and heat support the development of society and increase well-being. Good corporate citizenship, reliable energy supply and ensuring a safe working environment for all employees and contractors at Fortum sites are emphasised. At the end of December 2014, OHSAS 18001 certification covered 75% of Fortum's power and heat production and distribution operations worldwide.

In 2014, the average energy availability of Fortum's CHP plants was 94.7%, which is slightly below the annual target level of 95%. In electricity distribution in Sweden, the cumulative SAIDI (System Average Interruption Duration Index) was 97 (103) minutes, while the annual target is less than 100 minutes.

The lost workday injury frequency (LWIF) for Fortum employees was 1.0 (1.0), in 2014. This complies with the Group-level frequency target of less than one per million working hours for own personnel. The lost-workday injury frequency for contractors has improved and was 3.2 (3.9). Unfortunately, there were three fatal accidents for contractors in Fortum's operations, two in Sweden and one in Russia. Additionally, in Fortum Värme's CHP8 project, there was a serious accident in

November in which two contractors' employees perished. Implementation of agreed actions to improve contractor safety continues with a specific focus on construction projects. Fortum's categorical target is to avoid serious injuries.

Fortum wants to conduct business with viable companies that act responsibly and comply with the Fortum Code of Conduct and the Fortum Supplier Code of Conduct. In January-December 2014, Fortum audited altogether 13 suppliers located in Bulgaria, China, Czech Republic, Poland, Russia and Sweden.

Changes in Fortum’s Management

Fortum renewed its business structure as of 1 March 2014. The target of the reorganisation is to strengthen Fortum's capability to execute the company's strategy in the fast-developing operating environment.

Matti Ruotsala was appointed Chief Operating Officer (COO) and Timo Karttinen CFO. New Executive Management Team members are Tiina Tuomela, who was appointed Executive Vice President (EVP), Nuclear and Thermal Power; Kari Kautinen, Senior Vice President (SVP), Strategy, Mergers and Acquisitions; and Esa Hyvärinen, Senior Vice President, Corporate Relations.

In the new structure, Fortum has four reporting segments:
- Power and Technology (reporting to COO)
    - Hydro Power and Technology, Per Langer, EVP
    - Nuclear and Thermal Power, Tiina Tuomela, EVP
- Heat, Electricity Sales and Solutions (reporting to COO), Markus Rauramo, EVP
- Russia, Alexander Chuvaev, EVP
- Distribution, Timo Karttinen, CFO

Fortum's six staff functions are:
- Finance, Timo Karttinen, CFO
- Strategy and Mergers & Acquisitions, Kari Kautinen, SVP
- Legal, Sirpa-Helena Sormunen, General Counsel (as of September 2014)
- Human Resources and IT, Mikael Frisk, SVP
- Communications, Helena Aatinen, SVP
- Corporate Relations, Esa Hyvärinen, SVP

COO Matti Ruotsala, CFO Timo Karttinen and Alexander Chuvaev, EVP of Russia Division, as well as the heads of the staff functions report to President and CEO.

The company's General Counsel and Executive Team member Kaarina Ståhlberg left her position as General Counsel and member of Fortum's Executive Management as of 8 April 2014, due to family reasons.

In June 2014, Sirpa-Helena Sormunen, LL.M., 54, was appointed General Counsel and member of Fortum Corporation's Executive Management as of 1 September 2014. She reports to President and CEO.

Annual General Meeting 2014

Fortum Corporation’s Annual General Meeting, which was held in Helsinki on 8 April 2014, adopted the financial statements of the parent company and the Group for the financial period 1 January-31 December 2013 and discharged the members of Fortum's Board of Directors as well as the President and CEO and his deputy from liability for the year 2013.

The Annual General Meeting decided to pay a dividend of EUR 1.10 per share for the financial year that ended 31 December 2013. The record date for the dividend payment was 11 April 2014, and the dividend payment date was 22 April 2014.

The Annual General Meeting confirmed the number of members in the Board of Directors to be eight. Ms Sari Baldauf was re-elected as Chairman, Mr Kim Ignatius was elected as Deputy Chairman, Ms Minoo Akhtarzand, Mr Heinz-Werner Binzel, Ms Ilona Ervasti-Vaintola, and Mr Christian Ramm-Schmidt were re-elected as members, and Mr Petteri Taalas and Mr Jyrki Talvitie were elected as new members.

The Annual General Meeting confirmed the compensation of EUR 75,000 per year to the Chairman, EUR 57,000 per year to the Deputy Chairman and EUR 40,000 per year to each member of the Board, as well as EUR 57,000 per year to the Board member acting as the Chairman of the Audit and Risk Committee if he or she is not at the same time acting as Chairman or Deputy Chairman of the Board. In addition, a EUR 600 meeting fee is paid for Board meetings as well as for committee meetings. The meeting fee is doubled for Board members who live outside Finland in Europe and tripled for members living outside Europe.

The Annual General Meeting also resolved to amend the Articles of Association as follows. Firstly, in accordance with the stand of the Ownership Steering of the Finnish State, the age limit of Board member elects is removed from § 6. Secondly, the possibility to deliver the notice to a General Meeting by publishing the notice on the company's website is added to § 12; and thirdly, certain linguistic and technical amendments are made to § 3 and 4, i.a. by removing the par value of shares referred to in the Finnish Companies Act.

In addition, Authorised Public Accountant Deloitte & Touche Ltd was re-elected as auditor, and the auditor's fee is paid pursuant to an invoice approved by the company.

In September 2014, Eero Heliövaara, Director General of the Government Ownership Steering Department, Prime Minister's Office, and Liisa Hyssälä, Director General, The Social Insurance Institution of Finland, KELA, were appointed to Fortum's Shareholders' Nomination Board. In addition, the Chairman of Fortum's Board of Directors Sari Baldauf is a member.

Events after the balance sheet date

On 22 January 2015, it was announced that Tapio Kuula, President and CEO of Fortum Corporation, will go on a disability pension starting 1 February 2015. Tapio Kuula has been the President and CEO of Fortum Corporation since 2009. Fortum's Board has started the search process for a new CEO covering internal and external candidates. In the meanwhile Timo Karttinen, CFO of Fortum will also act as interim President and CEO.

On 22 January, Fortum's Nomination Board proposed to the Annual General Meeting that the Board consists of eight (8) members and that the following persons be elected to the Board of Directors for a term ending at the end of the Annual General Meeting 2016. To be re-elected: Ms Sari Baldauf as Chairman, Mr Kim Ignatius as Deputy Chairman, and as members; Ms Minoo Akhtarzand, Mr Heinz-Werner Binzel, Mr Petteri Taalas and Mr Jyrki Talvitie. To be elected as new board members; Ms Eva Hamilton and Mr Tapio Kuula.

In addition, the Shareholders' Nomination Board will propose that the annual fees paid for the term to be as follows: Chairman: EUR 90,000, Deputy Chairman: EUR 65,000, and members: EUR 45,000. The Chairman of the Audit and Risk Committee, if he/she is not simultaneously acting as Chairman or Deputy Chairman of the Board: EUR 65,000/year.

Outlook

Key drivers and risks

Fortum's financial results are exposed to a number of economic, strategic, political, financial and operational risks. One of the key factors influencing Fortum's business performance is the wholesale price of electricity in the Nordic region. The key drivers behind the wholesale price development in the Nordic region are the supply-demand balance, fuel and CO_2 emissions allowance prices as well as the hydrological situation. The completion of Fortum's investment programme in Russia is also one key driver to the company's result growth, due to the increase in production volumes and CSA payments.

The continued global economic uncertainty and Europe's sovereign-debt crisis has kept the outlook for economic growth unpredictable. The overall economic uncertainty impacts commodity and CO_2 emissions allowance prices, and this could maintain downward pressure on the Nordic wholesale price for electricity. In Fortum's Russian business, the key factors are economic growth, the rouble exchange rate, the regulation around the heat business, and further development of electricity and capacity markets. Operational risks related to the investment projects in the current investment programme are still valid. In all regions, fuel prices and power plant availability also impact profitability. In addition, increased volatility in exchange rates due to financial turbulence could have both translation and transaction effects on Fortum's financials, especially through the Russian rouble (RUB) and Swedish krona (SEK). In the Nordic countries, also the regulatory and fiscal environment for the energy sector has added risks for utility companies.

Nordic market

Despite macroeconomic uncertainty, electricity is expected to continue to gain a higher share of the total energy consumption. Fortum continues to expect the annual growth rate in electricity consumption to be on average approximately 0.5%, while the growth rate for the nearest years will largely be determined by macroeconomic development in Europe and especially in the Nordic countries.

During January-December 2014, the price of European Union emissions allowances (EUA) appreciated, whereas the oil and coal prices declined. The price of electricity for the upcoming twelve months declined in the Nordic area as well as in Germany.

In late January 2015, the future quotation for coal (ICE Rotterdam) for the rest of 2015 was around USD 58 per tonne, and the price for CO_2 emission allowances for 2015 was about EUR 7 per tonne. The electricity forward price in Nord Pool for the rest of 2015 was around EUR 28 per MWh and for 2016 around EUR 29 per MWh. In Germany, the electricity forward price for the rest of 2015 EUR was around 32 per MWh and for 2016 around EUR 32 per MWh. Nordic water reservoirs were about 1 TWh below the long-term average and 1 TWh below the corresponding level of 2014.

Restructuring according to strategy in Russia

In December, Fortum and Gazprom Energoholding signed a protocol to start a restructuring process of their ownership of TGC-1, a Territorial Generating Company in Russia. TGC-1 owns and operates hydro and thermal power plants in north-western Russia as well as heat distribution networks in St. Petersburg. Currently, Gazprom Energoholding owns 51.8% of the TGC-1 shares and Fortum 29.5%.

As part of the restructuring, Fortum will establish a company 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 more than 75 - per cent ownership in the hydro power company. Rosatom would have a less than 25% minority holding in the hydro power company. The company would be consolidated to Fortum Group as a subsidiary.

Provided that Fortum obtains a more than 75% ownership in TGC-1 hydro assets, Fortum would be ready to participate with a minority stake (max. 15%) in the Finnish Fennovoima nuclear power project on the same terms and conditions as the other Finnish companies currently participating in the project.

Power and Technology

The Power and Technology Segments Nordic power price typically depends on factors such as hedge ratios, hedge prices, spot prices, availability and utilisation of Fortum's flexible production portfolio, and currency fluctuations. Excluding the potential effects from changes in the power generation mix, a 1 EUR/MWh change in the Power and Technology Segment’s Nordic power sales (achieved) price will result in an approximately EUR 45 million change in Fortum's annual comparable operating profit. In addition, the comparable operating profit of the Power and Technology Segment will be affected by the possible thermal power generation volumes and its profits.

The ongoing, multi-year Swedish nuclear investment programmes are expected to enhance safety, improve long term availability and increase the capacity of the current nuclear fleet. The implementation of the investment programmes could, however, affect availability. Fortum’s power procurement costs from co-owned nuclear companies are affected by these investment programmes through increased depreciation and finance costs of associated companies.

As a result of the nuclear stress tests in the EU, the Swedish nuclear safety authority (SSM) has decided to propose new regulations for Swedish nuclear reactors. The process is ongoing. Fortum emphasises that maintaining a high level of nuclear safety is the highest priority, but considers EU-level harmonisation of nuclear safety requirements to be of utmost importance.

In 2014, the Swedish Government decided to increase the nuclear waste fund fee from approximately 0.022 to approximately 0.04 SEK/kWh for the period 2015 to 2017. The estimated impact on Fortum would be approximately EUR 25 million annually. The process to review the Swedish nuclear waste fees is done in a three-year cycle.

The previously announced Swedish Government state budget proposal to increase the tax on the installed effect in nuclear power plants by 17% is currently on hold.

Russia

The generation capacity built after 2007 under the Russian Government's capacity supply agreements (CSA – “new capacity”) receives guaranteed capacity payments for a period of 10 years. Prices for capacity under CSA are defined in order to ensure a sufficient return on investments. The issue of prolonged CSA payments from 10 to 15 years has been under discussion in the Russian Government; however, no official decisions have yet been made.

The capacity selection for generation built prior to 2008 (CCS – “old capacity”) for 2015 was held in September 2014. All of Fortum’s capacity was allowed to participate in the selection for 2015, and the majority of Fortum’s plants were also selected. The volume of Fortum’s installed capacity not selected in the auction totalled 195 MW (approximately 3.7% of Fortum’s total old capacity in Russia) for which Fortum plans to obtain forced mode status.

The Russia Segment's new capacity will be a key driver for earnings growth in Russia, as it is expected to bring income from new volumes sold and to also receive considerably higher capacity payments than the old capacity. The received capacity payment will differ depending on the age, location, size and type of the plants as well as on seasonality and availability. The return on the new capacity is guaranteed, as regulated in the CSA. CSA payments can vary somewhat annually because they are linked to Russian Government long-term bonds with 8 to 10 years maturity. In addition, the regulator will review the earnings from the electricity-only market three years and six years after the commissioning of a unit and could revise the CSA payments accordingly.

The value of the remaining part of the investment programme, calculated at the exchange rates prevailing at the end of December 2014, is estimated to be approximately EUR 0.2 billion, as of December 2014.

The Russian result is impacted by seasonal volatility caused by the nature of the heat business, with the first and last quarter being clearly the strongest.

At the time of the acquisition of the Russian subsidiary OAO Fortum in 2008, the EUR 500 million run-rate level in operating profit (EBIT) target set to be reached during 2015 in the Russia Segment corresponded to approximately RUB 18.2 billion at the then prevailing euro-rouble exchange rates. As earlier communicated, the segment’s profits are mainly impacted by changes in currency exchange rates as well as power demand, gas prices and other regulatory development. Fortum is keeping its rouble-denominated target intact, but, mainly due to the translation effect, the euro-denominated result level will be volatile. The income statements of non-euro subsidiaries are translated into the Group reporting currency using the average exchange rates. Currently, the unfavourable exchange balance converts into a lower profit level in euros. However, every effort to mitigate the negative impacts is continuously being made.

In 2014, the Ministry of Energy proposed a new heat market model (for public discussion), which is supposed to ensure a transition to economically justified heat tariffs by 2020 and attract investments into the heat sector. In September 2014, the heat market reform roadmap was approved by the Russian Government; according to the roadmap, the reform shall give heat market liberalisation by 2020 or, in some specific areas, by 2023.

As forecasted by the Russian Ministry of Economic Development, Russian gas price indexation did not take place in October 2014. However, year-on-year gas price growth is estimated to be 3.5% in 2015.

Distribution

Fortum continues to prepare and evaluate for a possible sale of the Swedish electricity distribution business.

In Sweden, legal processes are under way concerning the appeal filed regarding the network income regulatory period 2012-2015. The Administrative Court in Sweden ruled in favour of the network companies in November 2013. The Energy Market Inspectorate decided to appeal the decision to the next final-law court, the Supreme Administrative Court, which still needs to decide on granting a leave to appeal.

The work to define the Swedish network income regulation model for the next regulatory period 2016-2019 is ongoing. In September 2014, the Swedish Government made a decision regarding the capital base ordinance; however, the details will be decided by the Energy Market Inspectorate. Decisions are expected to be made during the spring 2015.

Capital expenditure and divestments

Fortum currently expects its capital expenditure in 2015 to be approximately EUR 0.9 billion, excluding potential acquisitions (including Distribution segment). The annual maintenance capital expenditure (excluding Distribution segment) is estimated to be about EUR 300-350 million in 2015, below the level of depreciation.

Fortum will gradually decrease its financing to Fortum Värme, the co-owned power and heat company operating in the capital area in Sweden, during 2014–2015. At the end of December 2014, Fortum Värme's remaining interest-bearing liability to Fortum is approximately EUR 0.6 billion.

Taxation

The effective corporate income tax rate for Fortum in 2015 is estimated to be 19–21%, excluding the impact of the share of profits of associated companies and joint ventures, non-taxable capital gains and non-recurring items.

The Finnish Government decided in June 2014 that it will not, after all, introduce a power plant tax (windfall tax) on nuclear, hydro and wind power built before 2004. The final decision to revoke the tax was made by the Parliament in November 2014, and the revocation entered into force on 1 January 2015.

In August, the Finnish Board of Adjustment of the Large Taxpayers' Office had unanimously approved Fortum Corporation's appeal of the income tax assessment imposed on Fortum for the year 2007 in December 2013. The Tax Recipients' Legal Services Unit has appealed in the matter (Note 21). In December 2014, Fortum received a non-taxation decision regarding its financing companies for the remaining years 2008-2011,based on the same audit. This is in line with the Supreme Administrative Court's (SAC) precedent decision. The Tax Recipients' Legal Services unit within the tax authorities has the right to appeal the decision.

The new Swedish Government proposed to increase the tax on installed nuclear capacity by 17% as of 2015 is currently on hold. Fortum's position is that the tax issue should be referred to an upcoming parliamentary energy commission in order to get a broadly established view on how the needs of energy and effect can be resolved. If implemented, the estimated impact on Fortum would be approximately EUR 15 million annually, however Corporate tax-deductable.

Hedging

At the end of December 2014, approximately 50% of Power and Technology's estimated Nordic power sales volume was hedged at approximately EUR 40 per MWh for the calendar year 2015. The corresponding figures for the calendar year 2016 were approximately 10% at approximately EUR 39 per MWh.

The hedge price for Power and Technology's Nordic generation excludes hedging of the condensing power margin. In addition, the hedge ratio excludes the financial hedges and physical volume of Fortum's coal-condensing generation as well as the segment's imports from Russia.

The reported hedge ratios may vary significantly, depending on Fortum's actions on the electricity derivatives markets. Hedges are mainly financial contracts, most of them Nord Pool forwards.

Dividend distribution proposal

The distributable funds of Fortum Oyj on 31 December 2014 amounted to EUR 5,438,689,036.90 including the profit of the period of EUR 2,264,863,648.81. After the end of the financial period there have been no material changes in the financial position of the Company.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.10 per share be paid for 2014. In addition, the Board of Directors proposes to the Annual General Meeting an extra dividend of EUR 0.20 per share be paid for 2014.

Based on the number of registered shares as of 3 February 2015 the total amount of dividend proposed to be paid is EUR 1,154,877,158.50. The Board of Directors proposes that the remaining part of the profit be retained in the company's unrestricted equity. The dividend and the extra dividend are proposed to be paid on 14 April 2015.

Annual General Meeting 2015

Fortum Corporation’s Annual General Meeting will take place at 14:00 on Tuesday, 31 March 2015, at the Finlandia Hall, Mannerheimintie 13, in Helsinki, Finland.

Espoo, 3 February 2015
Fortum Corporation
Board of Directors

Further information:
Timo Karttinen, CFO, Interim President and CEO, tel. +358 10 453 6555

Fortum’s Investor Relations, Sophie Jolly, tel. +358 10 453 2552 and Rauno Tiihonen, tel. +358 10 453 6150, and investors@fortum.com

The Board of Directors has approved Fortum's 2014 financial statements and Fortum's auditors have issued their unqualified audit report for 2014 on 3 February 2015. The financial statements bulletin have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU.

Fortum’s Financial statements and Operating and financial review for 2014 will be published during week 10 at the latest.

Fortum will publish three interim reports in 2015:
- January-March on 29 April 2015 at approximately 9.00 EEST
- January-June on 17 July 2015 at approximately 9.00 EEST
- January-September on 22 October 2015 at approximately 9.00 EEST

Fortum's Annual General Meeting will take place on 31 March 2015 and the possible dividend related dates planned for 2015 are:
- Ex-dividend date 1 April 2015
- Record date for dividend payment 2 April 2015
- Dividend payment date 14 April 2015

Distribution:
Nasdaq Helsinki
Key media
www.fortum.com

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

Fortum Corporation
January-December 2014
The Interim Statement is based on the audited 2014 Financial Statements approved by the Board of Directors on 3 February 2015

Condensed consolidated income statement

EUR million	Note	Q4 2014	Q4 2013 restated*	2014	2013 restated*
Sales	4	**1,285**	1,390	**4,751**	5,309
Other income		**39**	53	**75**	93
Materials and services		**-495**	-545	**-1,939**	-2,270
Employee benefits		**-101**	-123	**-413**	-460
Depreciation, amortisation and impairment charges	4,10,11	**-119**	-162	**-526**	-621
Other expenses		**-172**	-191	**-596**	-648
Comparable operating profit	4	**436**	423	**1,351**	1,403
Items affecting comparability		**213**	83	**2,077**	106
Operating profit	**4**	**650**	507	**3,428**	1,508
Share of profit/loss of associates and joint ventures	4, 12	**38**	63	**149**	178
Interest expense		**-63**	-75	**-256**	-301
Interest income		**19**	19	**84**	75
Fair value gains and losses on financial instruments		**5**	-8	**-5**	-16
Other financial expenses - net		**-9**	-12	**-40**	-47
Finance costs - net		**-48**	-77	**-217**	-289
Profit before income tax		**639**	493	**3,360**	1,398
Income tax expense	8	**-64**	-29	**-199**	-186
Profit for the period		**575**	465	**3,161**	1,212
Attributable to:					
Owners of the parent		**571**	458	**3,154**	1,204
Non-controlling interests		**4**	6	**7**	8
		575	465	**3,161**	1,212
Earnings per share (in € per share)					
Basic		**0.64**	0.52	**3.55**	1.36
Diluted		**0.64**	0.52	**3.55**	1.36

EUR million	Q4 2014	Q4 2013 restated*	2014	2013 restated*
Comparable operating profit	**436**	423	**1,351**	1,403
Non-recurring items (capital gains and losses)	**238**	17	**2,171**	61
Changes in fair values of derivatives hedging future cash flow	**-27**	69	**-91**	21
Nuclear fund adjustment	**3**	-3	**-3**	23
Items affecting comparability	**213**	83	**2,077**	106
Operating profit	**650**	507	**3,428**	1,508

**Comparative period information for 2013 presented in this interim statement has been restated due to the accounting change for Fortum Värme, see Note 2.*

Condensed consolidated statement of comprehensive income

EUR million	Q4 2014	Q4 2013 restated	2014	2013 restated
Profit for the period	**575**	465	**3,161**	1,212
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods				
Cash flow hedges				
Fair value gains/losses in the period	**41**	81	**17**	96
Transfers to income statement	**-12**	-4	**-70**	-51
Transfers to inventory/fixed assets	**0**	-1	**-4**	-8
Tax effect	**-6**	-16	**12**	-6
Net investment hedges				
Fair value gains/losses in the period	**114**	10	**149**	28
Tax effect	**-22**	-2	**-28**	-7
Exchange differences on translating foreign operations	**-1,033**	-152	**-1,343**	-478
Share of other comprehensive income of associates	**-8**	22	**-3**	42
Other changes	**0**	0	**-3**	0
	-926	-62	**-1,273**	-384
Items that will not be reclassified to profit or loss in subsequent periods				
Actuarial gains/losses on defined benefit plans	**-43**	31	**-77**	44
Actuarial gains/losses on defined benefit plans in associates	**-5**	-12	**-13**	9
	-48	19	**-90**	53
Other comprehensive income for the period, net of tax	**-974**	-43	**-1,363**	-331
Total comprehensive income for the year	**-398**	422	**1,799**	882
Total comprehensive income attributable to				
Owners of the parent	**-384**	417	**1,815**	881
Non-controlling interests	**-14**	5	**-16**	1
	-398	422	**1,799**	882

Condensed consolidated balance sheet

EUR million	Note	Dec 31 2014	Dec 31 2013 restated
ASSETS			
Non-current assets			
Intangible assets	10	**276**	384
Property, plant and equipment	11	**11,195**	12,849
Participations in associates and joint ventures	4, 12	**2,027**	2,341
Share in State Nuclear Waste Management Fund	15	**774**	744
Other non-current assets		**68**	77
Deferred tax assets		**98**	126
Derivative financial instruments	5	**595**	367
Long-term interest-bearing receivables	13	**2,041**	2,598
Total non-current assets		**17,074**	19,486
Current assets			
Inventories		**256**	264
Derivative financial instruments	5	**448**	307
Trade and other receivables		**830**	869
Bank deposits		**757**	0
Cash and cash equivalents	14	**2,009**	1,250
Liquid funds		**2,766**	1,250
Assets held for sale	6	**0**	1,173
Total current assets		**4,301**	3,863
Total assets		**21,375**	23,348
EQUITY			
Equity attributable to owners of the parent			
Share capital		**3,046**	3,046
Share premium		**73**	73
Retained earnings		**7,708**	6,851
Other equity components		**36**	54
Total		**10,864**	10,024
Non-controlling interests		**71**	101
Total equity		**10,935**	10,124
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	14	**5,881**	6,936
Derivative financial instruments	5	**247**	181
Deferred tax liabilities		**1,159**	1,338
Nuclear provisions	15	**774**	744
Other provisions	16	**17**	94
Pension obligations		**140**	50
Other non-current liabilities		**154**	148
Total non-current liabilities		**8,373**	9,492
Current liabilities			
Interest-bearing liabilities	14	**1,103**	2,103
Derivative financial instruments	5	**76**	95
Trade and other payables		**888**	994
Liabilities related to assets held for sale	6	**0**	540
Total current liabilities		**2,067**	3,732
Total liabilities		**10,440**	13,224
Total equity and liabilities		**21,375**	23,348

Condensed consolidated statement of changes in total equity

EUR million	Share capital	Share premium	Retained earnings: Retained earnings and other funds	Retained earnings: Translation of foreign operations	Other equity components: Cash flow hedges	Other equity components: Other OCI items	Other equity components: OCI items associated companies	Owners of the parent	Non-controlling interests	Total equity
Total equity 31 December 2013	**3,046**	**73**	**7,500**	**-649**	**66**	**-51**	**38**	**10,024**	**101**	**10,124**
Net profit for the period			3,154					3,154	7	3,161
Translation differences				-1,319	-3	2	0	-1,320	-23	-1,343
Other comprehensive income			-3		-43	44	-17	-19	0	-19
Total comprehensive income for the period			3,151	-1,319	-47	46	-16	1,815	-16	1,799
Cash dividend			-977					-977		-977
Dividends to non-controlling interests								0	-2	-2
Changes due to business combinations			6					6	-11	-5
Other			-4					-4	-1	-4
Total equity 31 December 2014	**3,046**	**73**	**9,676**	**-1,968**	**19**	**-5**	**22**	**10,864**	**71**	**10,935**
Total equity 31 December 2012, as previously reported	**3,046**	**73**	**7,193**	**-173**	**34**	**-133**	**0**	**10,040**	**603**	**10,643**
Change in accounting policy (Note 2)					2	15	-17	-1	-495	-496
Total equity 1 January 2013	**3,046**	**73**	**7,193**	**-173**	**36**	**-118**	**-17**	**10,039**	**108**	**10,147**
Net profit for the period			1,204					1,204	8	1,212
Translation differences				-476	-1	2	4	-471	-7	-478
Other comprehensive income					31	65	51	148	0	148
Total comprehensive income for the period			1,204	-476	30	67	55	881	1	882
Cash dividend			-888					-888		-888
Dividends to non-controlling interests								0	-3	-3
Changes due to business combinations			1					1		1
Other			-10					-10	-5	-15
Total equity 31 December 2013	**3,046**	**73**	**7,500**	**-649**	**66**	**-51**	**38**	**10,024**	**101**	**10,124**

Translation differences

Translation differences impacted equity attributable to owners of the parent company with EUR -1,320 million during 2014 (2013: -471). Translation differences are mainly related to RUB. Part of this translation exposure has been hedged and the hedge result, amounting to EUR 149 million, is included in the other OCI items.

Translation of financial information from subsidiaries in foreign currency is done using average rate for the income statement and end rate for the balance sheet. The exchange rate differences occurring from translation to EUR are booked to equity. For information regarding exchange rates used, see Note 7 Exchange rates.

Cash flow hedges

The impact on equity attributable to owners of the parent from fair valuation of cash flow hedges, EUR -47 million during 2014 (2013: 30), mainly relates to cash flow hedges hedging electricity price for future transactions, where hedge accounting is applied. When electricity price is lower/higher than the hedging price, the impact on equity is positive/negative.

Cash dividends

A dividend for 2013 of EUR 1.10 per share, amounting to a total of EUR 977 million, was decided at the Annual General Meeting on 8 April 2014. The dividend was paid on 22 April 2014.

A dividend for 2012 of EUR 1.00 per share, amounting to a total of EUR 888 million, was decided at the Annual General Meeting on 9 April 2013. The dividend was paid on 19 April 2013.

Condensed consolidated cash flow statement

EUR million	Q4 2014	Q4 2013 restated	2014	2013 restated
Cash flow from operating activities				
Net profit for the period	**575**	465	**3,161**	1,212
Adjustments:				
Income tax expenses	**64**	29	**199**	186
Finance costs - net	**48**	77	**217**	289
Share of profit of associates and joint ventures	**-38**	-63	**-149**	-178
Depreciation, amortisation and impairment charges	**119**	162	**526**	621
Operating profit before depreciations (EBITDA)	**769**	668	**3,954**	2,129
Non-cash flow items and divesting activities	**-209**	-158	**-2,111**	-262
Interest received	**37**	26	**99**	62
Interest paid	**-49**	-70	**-330**	-371
Dividends received	**0**	3	**58**	74
Realised foreign exchange gains and losses and other financial items	**136**	96	**349**	47
Taxes	**-47**	-61	**-211**	-210
Funds from operations	**638**	503	**1,808**	1,469
Change in working capital	**-186**	-106	**-46**	79
Total net cash from operating activities	**452**	398	**1,762**	1,548
Cash flow from investing activities				
Capital expenditures	**-244**	-334	**-768**	-1,004
Acquisitions of shares	**-10**	-3	**-69**	-15
Proceeds from sales of fixed assets	**8**	50	**26**	66
Divestments of shares	**376**	15	**3,062**	122
Proceeds from interest-bearing receivables from sold subsidiaries	**0**	0	**131**	22
Shareholder loans to associated companies and joint ventures	**6**	-176	**425**	-136
Change in other interest-bearing receivables	**3**	3	**8**	2
Total net cash used in investing activities	**139**	-446	**2,816**	-944
Cash flow before financing activities	**591**	-49	**4,578**	604
Cash flow from financing activities				
Proceeds from long-term liabilities	**3**	6	**50**	781
Payments of long-term liabilities	**-30**	-542	**-1,499**	-636
Change in short-term liabilities	**87**	747	**-580**	438
Dividends paid to the owners of the parent	**0**	0	**-977**	-888
Other financing items	**-10**	12	**-1**	22
Total net cash used in financing activities	**50**	223	**-3,007**	-284
Total net increase(+) / decrease(-) in liquid funds	**641**	174	**1,571**	320
Liquid funds at the beginning of the period	**2,178**	1,094	**1,265**	961
Foreign exchange differences in liquid funds	**-53**	-3	**-70**	-17
Liquid funds at the end of the period [1]	**2,766**	1,265	**2,766**	1,265

[1] Including cash balances of EUR 15 million relating to assets held for sale as of 31 December 2013.

Non-cash flow items and divesting activities

Non-cash flow items and divesting activities mainly consist of capital gains EUR -2,171 million (2013: -61) and adjustments for unrealised fair value changes of derivatives EUR 88 million (2013: -22). The actual proceeds for divestments are shown under cash flow from investing activities.

Realised foreign exchange gains and losses and other financial items

Realised foreign exchange gains and losses and other financial items include foreign exchange gains and losses of EUR 352 million for 2014 (2013: 52) related mainly to financing of Fortum's Swedish and Russian subsidiaries and the fact that the Group's main external financing currency is EUR. The foreign exchange gains and losses arise from rollover of foreign exchange contracts hedging the internal loans as major part of these forwards is entered into with short maturities i.e. less than twelve months.

Additional cash flow information

Change in working capital

EUR million	Q4 2014	Q4 2013 restated	2014	2013 restated
Change in interest-free receivables, decrease (+)/increase (-)	**-288**	-240	**-82**	92
Change in inventories, decrease (+)/increase (-)	**-15**	21	**-13**	24
Change in interest-free liabilities, decrease (-)/increase (+)	**117**	113	**49**	-37
Total	**-186**	-105	**-46**	79

Capital expenditure in cash flow

EUR million	Q4 2014	Q4 2013 restated	2014	2013 restated
Capital expenditure	**252**	328	**774**	1,005
Change in not yet paid investments, decrease(+)/increase(-)	**4**	19	**41**	60
Capitalised borrowing costs	**-12**	-12	**-47**	-60
Total	**244**	334	**768**	1,004

Capital expenditures for intangible assets and property, plant and equipment were in 2014 EUR 774 million (2013: 1,005). Capital expenditure in cash flow in 2014 EUR 768 million (2013: 1,004) is without not yet paid investments i.e. change in trade payables related to investments EUR 41 million (2013: 60) and capitalised borrowing costs EUR -47 million (2013: -60), which are presented in interest paid.

Acquisition of shares in cash flow

Acquisition of shares, net of cash acquired, amounted to EUR 69 million during 2014 (2013: 15).

Divestment of shares in cash flow

EUR million	Q4 2014	Q4 2013 restated	2014	2013 restated
Proceeds from sales of subsidiaries, net of cash disposed	**65**	4	**2,750**	22
Proceeds from interest-bearing receivables from sold subsidiaries	**0**	0	**131**	22
Proceeds from sales of associates	**310**	10	**311**	100
Proceeds from available for sale financial assets	**0**	0	**1**	0
Total	**376**	15	**3,193**	144

Gross divestment of shares totalled EUR 3,196 million in 2014 (2013: 142), see Note 6.

Change in net debt

EUR million	Q4 2014	Q4 2013 restated	2014	2013 restated
Net debt beginning of the period	**4,790**	7,834	**7,793**	7,757
Foreign exchange rate differences	**-13**	-63	**-81**	-106
EBITDA	**769**	668	**3,954**	2,129
Paid net financial costs, taxes and adjustments for non-cash and divestment items	**-132**	-164	**-2,147**	-660
Change in working capital	**-186**	-106	**-46**	79
Capital expenditures	**-244**	-334	**-768**	-1,004
Acquisitions	**-10**	-3	**-69**	-15
Divestments	**384**	65	**3,089**	188
Proceeds from the interest-bearing receivables relating to divestments	**0**	0	**131**	22
Shareholder loans to associated companies	**6**	-176	**425**	-136
Change in other interest-bearing receivables	**3**	3	**8**	2
Dividends	**0**	0	**-977**	-888
Other financing activities	**-10**	12	**-1**	22
Net cash flow (- increase in net debt)	**581**	-35	**3,600**	-261
Fair value change of bonds, amortised cost valuation and other	**21**	-13	**105**	-119
Net debt end of the period	**4,217**	7,793	**4,217**	7,793

Key ratios

	Dec 31 2014	Dec 31 2013 restated
EBITDA, EUR million	**3,954**	2,129
Comparable EBITDA, EUR million	**1,873**	1,975
Earnings per share (basic), EUR	**3.55**	1.36
Capital employed, EUR million	**17,918**	19,183
Interest-bearing net debt, EUR million	**4,217**	7,793
Interest-bearing net debt without Värme financing, EUR million	**3,664**	6,658
Capital expenditure and gross investments in shares, EUR million	**843**	1,020
Capital expenditure, EUR million	**774**	1,005
Return on capital employed, %	**19.5**	9.0
Return on shareholders' equity, %	**30.0**	12.0
Net debt / EBITDA	**1.1**	3.7
Comparable net debt / EBITDA	**2.3**	3.9
Comparable net debt / EBITDA without Värme financing	**2.0**	3.4
Interest coverage	**19.9**	6.7
Interest coverage including capitalised borrowing costs	**15.7**	5.3
Funds from operations/interest-bearing net debt, %	**42.9**	18.8
Funds from operations/interest-bearing net debt without Värme financing, %	**49.3**	22.1
Gearing, %	**39**	77
Equity per share, EUR	**12.23**	11.28
Equity-to-assets ratio, %	**51**	43
Number of employees	**8,592**	9,186
Average number of employees	**8,821**	9,532
Average number of shares, 1 000 shares	888,367	888,367
Diluted adjusted average number of shares, 1 000 shares	888,367	888,367
Number of registered shares, 1 000 shares	888,367	888,367

For definitions, see Note 24.

Notes to the condensed consolidated interim financial statements

1. Basis of preparation

The condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU. The condensed interim financial report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2013.

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

2. Accounting policies

The same accounting policies and presentation have been followed in these condensed interim financial statements as were applied in the preparation of the consolidated financial statements for the year ended 31 December 2013 except for the policies and presentation described below.

Adoption of new IFRS standards from 1 Jan 2014

Change in accounting for Fortum Värme

Fortum has applied the new IFRS 10 Consolidated financial statements and IFRS 11 Joint arrangements from 1 January 2014 onwards. IFRS 10 builds on the principle of identifying the concept of control as the determining factor whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 11 replaces IAS 31 Interests in joint ventures. Joint control under IFRS 11 is defined as the contractual sharing of control of an arrangement, which exists only when the decisions about the relevant activities require unanimous consent of the parties sharing control.

The effect of applying the new standards to Fortum Group financial information relates to AB Fortum Värme samägt med Stockholm Stad (Fortum Värme), that is treated as a joint venture and thus consolidated with equity method from 1 January 2014 onwards. Fortum Värme is a district heating company producing heat and power with CHP plants in Stockholm area. Before the change the company was consolidated as a subsidiary with 50% minority interest.

More information of the impact from the restatement can be found in Q1/2014 interim report (Note 2 and separate attachment).

3. Critical accounting estimates and judgements

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

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013.

4. Segment information

Fortum renewed its business structure as of 1 March 2014. The reorganisation lead to a change in Fortum's external financial reporting structure as previously separately reported segments Heat and Electricity Sales are now combined into one segment: Heat, Electricity Sales and Solutions. Reorganisation had also some minor changes to the composition of the segments mainly due to the transfer of certain centralised functions to the business areas. Fortum reports its 2014 first quarter financial results according to the new structure. The reportable segments under IFRS have been renamed correspondingly.

The four reporting segments and their business divisions are as follows:
- Power and Technology consists of Fortum's hydro, nuclear and thermal power generation, Power solutions with expert services, portfolio management and trading as well as technology and R&D functions. The segment incorporates two divisions Hydro Power and Technology and Nuclear and Thermal Power.
- Heat, Electricity Sales and Solutions comprises of Fortum's combined heat and power (CHP) production, district heating activities and business to business heating solutions, solar business, electricity sales and related customer offering and corporate sustainability.
- Russia comprises of Fortum's activities in Russia.
- Distribution comprises of Fortum's electricity distribution activities.

Please see the attachment to Q1/2014 interim report for the quarterly segment information 2013 revised based on the new business structure.

The divested distribution and heat operations have been included in the segment information until the closing of the transactions. See additional information relating to distribution operations by country in the Quarterly information excel published with this interim report.

Sales EUR million	**Q4 2014**	Q4 2013	**2014**	2013
Power sales excluding indirect taxes	**824**	803	**3,057**	3,284
Heating sales	**228**	253	**753**	828
Network transmissions	**164**	266	**710**	1,024
Other sales	**69**	69	**230**	173
Total	**1,285**	1,390	**4,751**	5,309

Sales by segment EUR million	**Q4 2014**	Q4 2013	**2014**	2013
Power and Technology [1)]	**588**	543	**2,156**	2,252
- of which internal	***22***	*24*	***85***	*69*
Heat, Electricity Sales and Solutions [1)]	**393**	422	**1,332**	1,516
- of which internal	***8***	*20*	***34***	*87*
Russia	**281**	314	**1,055**	1,119
- of which internal	***0***	*0*	***0***	*0*
Distribution	**173**	280	**751**	1,064
- of which internal	***4***	*5*	***17***	*19*
Other [1)]	**15**	20	**58**	63
- of which internal	***11***	*17*	***44***	*54*
Netting of Nord Pool transactions [2)]	**-121**	-122	**-422**	-478
Eliminations	***-45***	*-67*	***-179***	*-228*
Total	**1,285**	1,390	**4,751**	5,309

[1)] Sales, both internal and external, includes effects from realised hedging contracts. Effect on sales can be negative or positive depending on the average contract price and realised spot price.
[2)] Sales and purchases with Nord Pool Spot is netted on Group level on an hourly basis and posted either as revenue or cost depending on if Fortum is a net seller or net buyer during any particular hour.

Comparable operating profit by segment EUR million	**Q4 2014**	Q4 2013	**2014**	2013
Power and Technology	**276**	207	**877**	859
Heat, Electricity Sales and Solutions	**49**	42	**104**	109
Russia	**59**	110	**161**	156
Distribution	**67**	76	**266**	332
Other	**-14**	-12	**-57**	-54
Total	**436**	423	**1,351**	1,403

Operating profit by segment EUR million	**Q4 2014**	Q4 2013	**2014**	2013
Power and Technology	**318**	278	**855**	922
Heat, Electricity Sales and Solutions	**221**	51	**337**	134
Russia	**59**	111	**161**	156
Distribution	**66**	75	**2,132**	349
Other	**-14**	-8	**-58**	-53
Total	**650**	507	**3,428**	1,508

Non-recurring items by segment EUR million	**Q4 2014**	Q4 2013	**2014**	2013
Power and Technology	**46**	7	**52**	25
Heat, Electricity Sales and Solutions	**192**	9	**254**	18
Russia	**0**	0	**0**	0
Distribution	**0**	0	**1,865**	17
Other	**0**	1	**0**	1
Total	**238**	17	**2,171**	61

Non-recurring items in forth quarter 2014 includes mainly gains from sale of shares in Gasum and Grangemouth. See additional information in Note 6.

Other items affecting comparability by segment EUR million	**Q4 2014**	Q4 2013	**2014**	2013
Power and Technology [1]	**-3**	64	**-73**	38
Heat, Electricity Sales and Solutions	**-20**	0	**-20**	7
Russia	**0**	0	**0**	0
Distribution	**-1**	-1	**0**	0
Other	**0**	3	**0**	1
Total	**-24**	66	**-94**	45

[1] Including effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund with (EUR million):	3	-3	**-3**	23

Other items affecting comparability mainly include effects from financial derivatives hedging future cash-flows where hedge accounting is not applied according to IAS 39. Other segment includes mainly the effect arising from changes in hedge accounting status on group level. In Power and Technology segment there are also effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund where the asset in the balance sheet cannot exceed the related liabilities according to IFRIC interpretation 5.

Comparable EBITDA by segment EUR million	**Q4 2014**	Q4 2013	**2014**	2013
Power and Technology	**306**	242	**998**	1,007
Heat, Electricity Sales and Solutions	**75**	69	**204**	211
Russia	**87**	115	**304**	258
Distribution	**99**	132	**416**	548
Other	**-10**	-11	**-49**	-49
Total	**556**	547	**1,873**	1,975

EBITDA is calculated by adding back depreciation, amortisation and impairment charges to operating profit. Comparable EBITDA does not include items affecting comparability and net release of CSA provision.

Depreciation, amortisation and impairment charges by segment EUR million	**Q4 2014**	Q4 2013	**2014**	2013
Power and Technology [1]	**30**	35	**121**	148
Heat, Electricity Sales and Solutions	**26**	27	**100**	102
Russia	**28**	43	**147**	150
Distribution	**32**	55	**150**	216
Other	**4**	1	**8**	5
Total	**119**	162	**526**	621

[1] Including EUR 20 million impairment loss relating to the closure of Inkoo power plant in Q3/2013.

Share of profit/loss in associates and joint ventures by segment EUR million	**Q4 2014**	Q4 2013	**2014**	2013
Power and Technology [1], [2]	**12**	27	**-14**	4
Heat, Electricity Sales and Solutions	**25**	27	**88**	91
Russia	**-1**	-1	**35**	46
Distribution	**0**	1	**3**	4
Other	**2**	9	**37**	32
Total	**38**	63	**149**	178

[1] Including effects from the accounting of Fortum's associates part of Finnish and Swedish Nuclear Waste Management Funds with (EUR million):	**1**	-1	**-1**	-6

[2] The main part of the associated companies in Power and Technology are power production companies from which Fortum purchases produced electricity at production costs including interest costs, production taxes and income taxes.

Participation in associates and joint ventures by segment EUR million	Dec 31 2014	Dec 31 2013
Power and Technology	**859**	896
Heat, Electricity Sales and Solutions	**523**	592
Russia	**326**	463
Distribution	**0**	52
Other	**319**	339
Total	**2,027**	2,341

See Note 12 for information on participation in associates and joint ventures and Note 6 for information on associated company divestments.

Capital expenditure by segment EUR million	Q4 2014	Q4 2013	2014	2013
Power and Technology	**59**	62	**197**	179
Heat, Electricity Sales and Solutions	**30**	26	**86**	123
Russia	**106**	141	**340**	435
Distribution	**58**	91	**147**	255
Other	**-2**	8	**3**	12
Total	**252**	328	**774**	1,005
Of which capitalised borrowing costs	**12**	12	**47**	60

Gross investments in shares by segment EUR million	Q4 2014	Q4 2013	2014	2013
Power and Technology	**1**	1	**2**	2
Heat, Electricity Sales and Solutions	**8**	0	**37**	11
Russia	**0**	0	**27**	0
Distribution	**0**	0	**0**	0
Other	**1**	2	**4**	2
Total	**10**	2	**69**	15

Gross divestments of shares by segment EUR million	Q4 2014	Q4 2013	2014	2013
Power and Technology	**66**	4	**67**	79
Heat, Electricity Sales and Solutions	**309**	11	**446**	11
Russia	**0**	0	**0**	0
Distribution	**0**	0	**2,681**	52
Other	**0**	0	**2**	0
Total	**375**	15	**3,196**	142

See Note 6 and additional cash flow information for more information about gross divestment in shares.

Net assets by segment EUR million	Dec 31 2014	Dec 31 2013
Power and Technology	**6,001**	6,355
Heat, Electricity Sales and Solutions	**2,112**	2,295
Russia	**2,597**	3,846
Distribution	**2,615**	3,745
Other	**496**	295
Total	**13,820**	16,537

Comparable return on net assets by segment %	Dec 31 2014	Dec 31 2013
Power and Technology	**14.2**	13.8
Heat, Electricity Sales and Solutions	**8.7**	8.7
Russia	**5.6**	5.2
Distribution	**9.3**	8.8
Other	**-5.8**	-6.9

Return on net assets by segment %	Dec 31 2014	Dec 31 2013
Power and Technology	**13.6**	14.5
Heat, Electricity Sales and Solutions	**19.1**	9.7
Russia	**5.6**	5.2
Distribution [1)]	**73.6**	9.3
Other	**-5.3**	-8.5

[1)] LTM figure impacted by capital gain (see Note 6).

Return on net assets is calculated by dividing the sum of operating profit and share of profit of associated companies and joint ventures with average net assets. Average net assets are calculated using the opening balance and end of each quarter values.

Assets by segments EUR million	Dec 31 2014	Dec 31 2013
Power and Technology	**7,064**	7,366
Heat, Electricity Sales and Solutions	**2,650**	2,860
Russia	**2,769**	4,150
Distribution	**2,707**	4,271
Other	**643**	437
Eliminations	**-186**	-293
Assets included in net assets	**15,647**	18,791
Interest-bearing receivables	**2,045**	2,477
Deferred taxes	**98**	126
Other assets [1)]	**818**	704
Liquid funds	**2,766**	1,250
Total assets	**21,375**	23,348

[1)]Other assets 31 December 2013 includes cash, EUR 15 million, included in assets held for sale.

Liabilities by segments EUR million	Dec 31 2014	Dec 31 2013
Power and Technology	**1,063**	1,010
Heat, Electricity Sales and Solutions	**538**	565
Russia	**172**	304
Distribution	**92**	526
Other	**147**	142
Eliminations	**-186**	-293
Liabilities included in net assets	**1,827**	2,254
Deferred tax liabilities	**1,159**	1,338
Other liabilities	**470**	573
Total liabilities included in capital employed	**3,456**	4,166
Interest-bearing liabilities [1)]	**6,983**	9,058
Total equity	**10,935**	10,124
Total equity and liabilities	**21,375**	23,348

[1)] Interest-bearing liabilities 31 December 2013 includes interest-bearing liabilities, EUR 20 million, included in Liabilities related to assets held for sale.

Other assets and Other liabilities not included in segments' Net assets consists mainly of income tax receivables and liabilities, accrued interest expenses, derivative receivables and liabilities qualifying as hedges and receivables and liabilities for interest rate derivatives.

Number of employees	Dec 31 2014	Dec 31 2013
Power and Technology	**1,639**	1,723
Heat, Electricity Sales and Solutions	**1,807**	1,968
Russia	**4,213**	4,162
Distribution	**390**	805
Other	**543**	528
Total	**8,592**	9,186

Average number of employees	2014	2013
Power and Technology	**1,685**	1,900
Heat, Electricity Sales and Solutions	**1,913**	2,051
Russia	**4,196**	4,245
Distribution	**492**	786
Other	**536**	550
Total	**8,821**	9,532

Average number of employees is based on a monthly average for the whole period in question.

5. Financial risk management

The Group has not made any significant changes in policies regarding risk management during the period. Aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2013.

Fair value hierarchy information

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

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

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

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

See also accounting policies in the consolidated financial statements 2013, in Note 17 Financial assets and liabilities by fair value hierarchy

Financial assets

	Level 1		Level 2		Level 3		Netting [2)]		Total	
EUR million	**Dec 31 2014**	Dec 31 2013	**Dec 31 2014**	Dec 31 2013	**Dec 31 2014**	Dec 31 2013	**Dec 31 2014**	Dec 31 2013	**Dec 31 2014**	Dec 31 2013
In non-current assets										
Available for sale financial assets [1)]	**1**	1			**29**	30			**30**	31
Derivative financial instruments										
Electricity derivatives										
Hedge accounting			**6**	54			**-5**	-12	**1**	42
Non-hedge accounting			**66**	71			**-17**	-28	**49**	43
Interest rate and currency derivatives										
Hedge accounting			**335**	94					**335**	94
Non-hedge accounting			**206**	186					**206**	186
Oil and other futures and forward contracts										
Hedge accounting									**0**	0
Non-hedge accounting	**1**	34	**6**				**-3**		**3**	3
Total in non-current assets	**2**	35	**619**	405	**29**	30	**-25**	-40	**625**	399
In current assets										
Derivative financial instruments										
Electricity derivatives										
Hedge accounting			**79**	127			**-11**	-23	**67**	104
Non-hedge accounting		4	**153**	250			**-106**	-164	**47**	88
Interest rate and currency derivatives										
Hedge accounting			**48**	5					**48**	5
Non-hedge accounting			**274**	80					**274**	80
Oil and other futures and forward contracts										
Hedge accounting		2						-1	**0**	0
Non-hedge accounting	**30**	171	**9**	2			**-26**	-32	**12**	29
Total in current assets	**30**	177	**563**	464	**0**	0	**-143**	-220	**448**	307
Total	**32**	212	**1,182**	869	**29**	30	**-168**	-260	**1,073**	706

Financial liabilities

EUR million	Level 1 Dec 31 2014	Level 1 Dec 31 2013	Level 2 Dec 31 2014	Level 2 Dec 31 2013	Level 3 Dec 31 2014	Level 3 Dec 31 2013	Netting [2] Dec 31 2014	Netting [2] Dec 31 2013	Total Dec 31 2014	Total Dec 31 2013
In non-current liabilities										
Interest-bearing liabilities [3]			**1,454**	1,299					**1,454**	1,299
Derivative financial instruments										
Electricity derivatives										
Hedge accounting			**11**	19			**-5**	-12	**7**	7
Non-hedge accounting			**62**	58			**-17**	-28	**45**	30
Interest rate and currency derivatives										
Hedge accounting			**96**	72					**96**	72
Non-hedge accounting			**96**	71					**96**	71
Oil and other futures and forward contracts										
Non-hedge accounting	**5**	19	**2**				**-3**		**3**	2
Total in non-current liabilities	**5**	19	**1,721**	1,519	**0**	0	**-25**	-40	**1,701**	**1,480**
In current liabilities										
Derivative financial instruments										
Electricity derivatives										
Hedge accounting			**12**	23			**-11**	-23	**1**	0
Non-hedge accounting		5	**134**	192			**-106**	-164	**27**	31
Interest rate and currency derivatives										
Hedge accounting			**22**	5					**22**	5
Non-hedge accounting			**22**	48					**22**	48
Oil and other futures and forward contracts										
Hedge accounting		5						-1	**0**	1
Non-hedge accounting	**29**	153	**2**				**-26**	-32	**4**	10
Total in current liabilities	**29**	163	**192**	268	**0**	0	**-143**	-220	**76**	95
Total	**34**	182	**1,913**	1,787	**0**	0	**-168**	-260	**1,778**	1,575

[1] Available for sale financial assets, i.e. shares which are not classified as associated companies or joint ventures, consists mainly of shares in unlisted companies of EUR 29 million (Dec 31 2013: 30), for which the fair value cannot be reliably determined. These assets are measured at cost less possible impairment. Available for sale financial assets include listed shares at fair value of EUR 1 million (Dec 31 2013: 1). The cumulative fair value change booked in Fortum's equity was EUR -3 million (Dec 31 2013: -3).

[2] Receivables and liabilities against electricity, oil and other commodity exchanges arising from standard derivative contracts with same delivery period are netted.
[3] Fair valued part of bonds when hedge accounting is applied (fair value hedge).

Net fair value amount of interest rate and currency derivatives is EUR 626 million, assets EUR 863 million and liabilities EUR 237 million. Fortum has cash collaterals based on Credit Support Annex agreements with some counterparties. At the end of December 2014 Fortum had received EUR 286 million from Credit Support Annex agreements. The received cash has been booked as short term liability.

Regarding the relevant interest-bearing liabilities, see Note 14 Interest-bearing liabilities and Note 17 Pledged assets.

6. Acquisitions, disposals and assets held for sale

Acquisitions

In July 2014, Fortum acquired E.ON Ruhrgas International GmbH's shareholding of 33.66% in the Estonian natural gas import, sales and distribution company AS Eesti Gaas and a similar shareholding in the gas transmission service company AS Võrguteenus Valdus. For additional information see Note 12.

There were no material acquisitions during 2013.

Disposals

Disposals during 2014

In November 2014 Fortum sold its 31 %-shareholding in the Finnish natural gas company Gasum Oy to the Finnish State. The sales price for the total amount of Fortum's shares was approximately EUR 310 million. Fortum booked a gain of roughly EUR 190 million, corresponding to approximately EUR 0.22 per share. The sales gain is booked in 2014 fourth quarter results of Fortum's Heat, Electricity Sales and Solutions segment.

In October 2014 Fortum sold its UK-based subsidiary Grangemouth CHP Limited to its long term customer INEOS Industries Holdings Ltd. Grangemouth CHP Limited owns and operates a natural gas-fired combined heat and power (CHP) plant located at Grangemouth in Scotland. The total sales price was approximately GBP 54 million (corresponding to approximately EUR 70 million). Fortum booked a gain in 2014 fourth quarter results of Fortum's Power and Technology segment.

In April 2014 Fortum agreed to sell its Norwegian electricity distribution to the Hafslund Group, listed on the Oslo Stock Exchange, and its heat businesses in Norway to iCON Infrastructure Partners II, L.P. fund. In addition, Fortum agreed to sell its shareholding in Fredrikstad Energi AS (49%) and Fredrikstad Energi Nett AS (35%) to the Hafslund Group. The divestments were completed during the second quarter after the necessary regulatory approvals and customary closing conditions were met.

The total consideration is approximately EUR 340 million on a debt- and cash-free basis. The sales gains are booked in Fortum's Distribution segment, EUR 16 million, and Heat and Electricity Sales and Solutions segment, EUR 52 million in the second quarter 2014 results. The one time sales gains correspond to approximately EUR 0.08 per share.

In January 2014, Fortum agreed to sell its Tohkoja wind power project located in Kalajoki, in western Finland, to wpd europe GmbH, part of the international wpd group. The transaction was completed during the second quarter of 2014 and had a minor positive impact on Power and Technology segment’s results.

In January 2014 Fortum agreed to sell its 30%-stake in the Swedish power company Karlshamns Kraft AB to the company's majority owner E.ON. The sale has a minor impact on Power and Technology segment’s first quarter 2014 results.

In December 2013 Fortum announced that it had agreed to sell its Finnish electricity distribution business to Suomi Power Networks Oy, owned by a consortium of Finnish and international investors.

The total consideration is EUR 2.55 billion on a debt- and cash-free basis. Fortum booked a one-time sales gain of EUR 1.85 billion corresponding to EUR 2.08 per share. The sales gain was reported in Fortum's Distribution segment in the first quarter of 2014.

Disposals during 2013

During 2013 Fortum divested small hydropower plants in Sweden and a minor gain was recognised in Power and Technology segment.

In June 2013, Fortum agreed to sell its 47.9% ownership in the Swedish energy company Härjeåns Kraft AB to the Finnish energy company Oy Herrfors Ab, a subsidiary of Katternö Group. The sales price was SEK 445 million (approximately EUR 51 million). The transaction was completed in July and a capital gain of EUR 17 million was booked to Distribution segment's third quarter results.

In July 2013 Fortum completed the divestment of its 33% holding in Infratek ASA to a fund managed by Triton. The sales price was NOK 295 million (approximately EUR 38 million). A capital gain of EUR 11 million was booked in Power and Technology segment's third quarter results.

During fourth quarter there were several divestments that had a minor effect to Fortum’s Heat, Electricity Sales and Solutions segment's results. In November 2013 Fortum sold its 50% ownership in the Finnish district heating company Riihimäen Kaukolämpö Oy to the City of Riihimäki (40%) and to Riihimäen Kaukolämpö Oy (10%).

In December 2013 Fortum sold its Kauttua combined heat and power (CHP) plant in Eura, Finland to the Finnish energy company Adven Oy. Also in December 2013 Fortum sold its CHP plant as well as its natural gas and district heating network in the town of Nokia to Leppäkosken Sähkö Oy. Furthermore Fortum’s Uimaharju CHP plant ownership was transferred to Stora Enso on 31 December 2013 according to an earlier agreement signed in 1990.

Gross divestments of shares

EUR million	Q4 2014	Q4 2013	2014	2013
Proceeds settled in cash	**65**	4	**2,750**	22
Interest bearing debt in sold subsidiaries	**-1**	-	**131**	22
Change in receivables relating to divestments	**0**	-	**2**	-2
Gross divestments of shares in subsidiaries	**65**	4	**2,884**	42
Gross divestment of associates	**310**	11	**311**	100
Gross divestment of available for sale financial assets	**0**	-	**1**	-
Total	**375**	15	**3,196**	142

Assets held for sale at the balance sheet date

As of 31 December 2014 there were no Assets held for sale. The assets, EUR 1,173 million, and liabilities, EUR 540 million, relating to Finnish distribution business were classified as assets held for sale in the balance sheet as of 31 December 2013. The sale was completed in March 2014.

Impact on Distribution segment information

The divested distribution operations are included in the segment information until the closing of the transactions. See additional information by country in the Quarterly information excel published with this interim report.

7. Exchange rates

The balance sheet date rate is based on exchange rate published by the European Central Bank for the closing date. The average exchange rate is calculated as an average of each months ending rate from the European Central Bank during the year and ending rate previous year. Key exchange rates for Fortum Group applied in the accounts:

Average rate	Jan-Dec 2014	Jan-Sept 2014	Jan-June 2014	Jan-March 2014	Jan-Dec 2013	Jan-Sept 2013	Jan-June 2013	Jan-March 2013
Sweden (SEK)	**9.1004**	9.0380	8.9774	8.8777	8.6624	8.6040	8.5599	8.5043
Norway (NOK)	**8.3940**	8.2893	8.3174	8.3510	7.8266	7.6958	7.5555	7.4456
Poland (PLN)	**4.1909**	4.1807	4.1776	4.1857	4.2027	4.2097	4.1954	4.1501
Russia (RUB)	**51.4243**	48.0976	47.8497	47.9490	42.4441	41.7516	40.8468	40.2378

Balance sheet date rate	Dec 31 2014	Sept 30 2014	June 30 2014	March 31 2014	Dec 31 2013	Sept 30 2013	June 30 2013	March 31 2013
Sweden (SEK)	**9.3930**	9.1465	9.1762	8.9483	8.8591	8.6575	8.7773	8.3553
Norway (NOK)	**9.0420**	8.1190	8.4035	8.2550	8.3630	8.1140	7.8845	7.5120
Poland (PLN)	**4.2732**	4.1776	4.1568	4.1719	4.1543	4.2288	4.3376	4.1804
Russia (RUB)	**72.3370**	49.7653	46.3779	48.7800	45.3246	43.8240	42.8450	39.7617

8. Income tax expense

Tax rate according to the income statement for 2014 was 5.9% (2013: 13.3%). The main impact on the tax rate related to tax exempt capital gain in Finland, Norway and Great Britain. The tax rate used in the income statement is also always impacted by the fact that the share of profits of associates and joint ventures is recorded based on Fortum's share of profits after tax. Tax rate for 2014, excluding the impact of share of profits of associated companies and joint ventures, non-taxable capital gains was 18.8% (2013: 22.7%).

In Finland, the corporate tax rate was decreased to 20.0% from 24.5% starting 1 January 2014. In Q4 2013, the one-time positive effect from the tax rate change was approximately EUR 79 million.

9. Dividend per share

A dividend in respect of 2013 of EUR 1.10 per share, amounting to a total dividend of EUR 977 million, was decided at the Annual General Meeting on 8 April 2014. The dividend was paid on 22 April 2014.

A dividend in respect of 2012 of EUR 1.00 per share, amounting to a total dividend of EUR 888 million, was decided at the Annual General Meeting on 9 April 2013. The dividend was paid on 19 April 2013.

10. Changes in intangible assets

EUR million	Dec 31 2014	Dec 31 2013
Opening balance	**384**	427
Capital expenditures	**22**	46
Changes of emission rights	**-1**	7
Disposals	**0**	0
Depreciation, amortisation and impairment	**-25**	-26
Divestments	**-23**	-3
Reclassifications	**21**	2
Moved to assets held for sale[1)]	**0**	-35
Translation differences and other adjustments	**-102**	-34
Closing balance	**276**	384

Goodwill included in closing balance	**170**	275
Change in goodwill during the period due to translation differences	**-101**	-34

11. Changes in property, plant and equipment

EUR million	Dec 31 2014	Dec 31 2013
Opening balance	**12,849**	14,235
Acquisitions	**0**	10
Capital expenditures	**752**	959
Changes of nuclear asset retirement cost	**-3**	45
Disposals	**-7**	-47
Depreciation, amortisation and impairment	**-502**	-594
Divestments	**-229**	-27
Reclassifications	**-21**	-2
Moved to assets held for sale [1)]	**0**	-1,081
Translation differences and other adjustments	**-1,643**	-649
Closing balance	**11,195**	12,849

[1)] Finnish Distribution business which was classified as assets held for sale at the end of 2013.

12. Changes in participations in associates and joint ventures

EUR million	Dec 31 2014	Dec 31 2013
Opening balance	**2,341**	2,373
Acquisitions	**62**	0
Share of profits of associates and joint ventures	**149**	178
Dividend income received	**-57**	-73
OCI items associated companies	**-16**	55
Translation differences and other adjustments	**-270**	-128
Divestments	**-181**	-65
Closing balance	**2,027**	2,341

Share of profits from associates and joint ventures

Fortum's share of profit from associates and joint ventures in Q4 2014 was EUR 38 million (Q4 2013: 63), of which Hafslund represented EUR 2 million (Q4 2013: 8), Territorial Generating Company 1 (TGC-1) EUR -1 million (Q4 2013: -1) and Fortum Värme EUR 25 million (Q4 2013: 24).

According to Fortum Group accounting policies the share of profits from Hafslund and TGC-1 is included in Fortum Group figures based on the previous quarter information since updated interim information is not normally available. Hafslund published their interim report for Q4 2014 on 4 February 2015. The effect of Hafslund's Q4 is not included in Fortum's Q4 results.

Fortum's share of profit for the year 2014 amounted to EUR 149 million (2013: 178), of which Fortum Värme represented EUR 67 million (2013: 73), Hafslund EUR 36 million (2013: 31), TGC-1 EUR 35 million (2013: 46) and Gasum EUR 7 million (2013: 8).

Acquisitions and divestments

During the fourth quarter Fortum’s Heat, Electricity Sales and Solutions segment sold its 31% shareholding in the Finnish natural gas company Gasum Oy. During the first quarter Fortum's Power and Technology segment divested its 30% shareholding in Karlshamn Kraft AB.

In July 2014, Fortum acquired E.ON Ruhrgas International GmbH's shareholding of 33.66% in the Estonian natural gas import, sales and distribution company AS Eesti Gaas and a similar shareholding in the gas transmission service company AS Võrguteenus Valdus. During 2014 Fortum has also acquired additional shares in its associated company, TGC 1.

See note 6 Acquisitions, disposals and assets held for sale for additional information.

Dividends received

During 2014 Fortum has received EUR 57 million (2013: 73) in dividends from associates of which EUR 22 million (2013: 23) was received from Fortum Värme and EUR 20 million (2013: 21) from Hafslund.

13. Interest-bearing receivables

EUR million	Carrying amount Dec 31 2014	Fair value Dec 31 2014	Carrying amount Dec 31 2013	Fair value Dec 31 2013
Long-term loan receivables	**2,044**	**2,216**	2,600	2,702
Leasing receivables	**0**	**0**	2	4
Total long-term interest-bearing receivables [1)]	**2,044**	**2,216**	2,602	2,706
Other current receivables	**0**	**0**	1	1
Total	**2,045**	**2,216**	2,603	2,707

[1)] Carrying amount including current portion of long-term receivables EUR 3 million (Dec 31 2013: 5).

Long-term loan receivables include receivables from associated companies and joint ventures EUR 2,041 million (Dec 31 2013 EUR 2,587). These receivables include EUR 1,310 million (Dec 31 2013: 1,312) from Swedish nuclear companies, OKG AB and Forsmarks Kraftgrupp AB, which are mainly funded with shareholder loans, pro rata each shareholder’s ownership. Long-term loan receivables include also receivables from Fortum Värme, EUR 553 (Dec 31 2013: 1,135) and Teollisuuden Voima Oyj (TVO), EUR 110 million (Dec 31 2013: 85).

TVO is building Olkiluoto 3, the nuclear power plant, which is funded through external loans, share issues and shareholder loans according to shareholders' agreement between the owners of TVO. At end of December 2014 Fortum has EUR 95 million outstanding receivables regarding Olkiluoto 3 and is additionally committed to provide at maximum EUR 100 million. A subordinated shareholder loan EUR 15 million has also been given to fund planning of Olkiluoto 4, to which Fortum has additionally committed to provide EUR 57 million.

14. Interest-bearing liabilities and cash and cash equivalents

Interest-bearing debt EUR million	Carrying amount Dec 31 2014	Fair value Dec 31 2014	Carrying amount Dec 31 2013	Fair value Dec 31 2013
Bonds	**4,748**	**5,093**	5,839	6,232
Loans from financial institutions	**722**	**777**	854	912
Other long term interest-bearing debt [1]	**1,226**	**1,296**	1,494	1,515
Total long term interest-bearing debt [2]	**6,696**	**7,166**	8,187	8,659
Commercial paper	**0**	**0**	718	719
Other short term interest-bearing debt	**287**	**287**	154	154
Total short term interest-bearing debt	**287**	**287**	871	873
Total [3]	**6,983**	**7,453**	9,058	9,532

[1] Including loans from Finnish State Nuclear Waste Fund and Teollisuuden Voima EUR 1,040 million (Dec 31 2013: 995), loans from Fortum´s Finnish pension institutions EUR 78 million (Dec 31 2013: 198) and other loans EUR 108 million (Dec 31 2013: 301).

[2] Including current portion of long-term debt.

[3] Including interest-bearing liabilities, EUR 20 million, in Liabilities related to assets held for sale at 31 December 2013.

In March Fortum increased the amount of re-borrowing from the Finnish nuclear waste fund and Teollisuuden Voima by EUR 45 million to EUR 1,040 million. During the first quarter Fortum repaid a maturing EUR 750 million bond.

In the second quarter Fortum repaid two bonds equivalent to EUR 350 million (SEK 2 600 million and NOK 500 million) and EUR 95 million of pension loans.

In the third quarter OAO Fortum repaid bilateral debt RUB 2 bn (41 MEUR). Fortum Värme Holding prepaid SEK 1,67 bn (182 MEUR) to Fortum Oyj who prepaid the same amount to the City of Stockholm. Both loans were orginally due in December 2015.

At the end of December 2014, the amount of short term financing was EUR 287 million (Dec 31 2013: 872). The interest-bearing debt increased during the last quarter by EUR 14 million from EUR 6,969 million to EUR 6,983 million.

Total liquid funds increased by EUR 588 million from EUR 2,178 million to EUR 2,766 million during the quarter. At the end of the year liquid funds held by OAO Fortum amounted to EUR 134 (Dec 31 2013: 113) million.

15. Nuclear related assets and liabilities

EUR million	Dec 31 2014	Dec 31 2013
Carrying values in the balance sheet		
Nuclear provisions	**774**	744
Share in the State Nuclear Waste Management Fund	**774**	744
Legal liability and actual share of the State Nuclear Waste Management Fund		
Liability for nuclear waste management according to the Nuclear Energy Act	**1,084**	1,059
Funding obligation target	**1,074**	1,039
Fortum's share of the State Nuclear Waste Management Fund	**1,039**	1,005

Nuclear related provisions

According to Nuclear Energy Act Fortum submits the proposal for the nuclear waste management liability regarding the Loviisa nuclear power plant to the Ministry of Employement and Economy by end of June every third year. The liability is based on nuclear waste management plan which is also updated every third year. The cost estimates related to the new nuclear waste management plan were completed in Q2 2013. The overall future cost estimate increased mainly due to higher costs for interim and final storage of spent fuel and decommissioning of the power plant. The liability was decided by the Ministry of Employment and Economy at the end of year 2014.

The legal liability on 31 December 2014, decided by the the Ministry of Employment and Economy in December 2014, was EUR 1,084 million. The provision in the balance sheet related to nuclear waste management is based on cash flows for future costs which uses the same basis as the legal liability. The carrying value of the nuclear provision, calculated according to IAS 37, increased by EUR 30 million compared to 31 December 2013, totalling EUR 774 million on 31 December 2014. The main reason for the difference between the carrying value of the provision and the legal liability is the fact that the legal liability is not discounted to net present value.

Fortum's share in the State Nuclear Waste Management Fund

Fortum contributes funds to the Finnish State Nuclear Waste Management Fund based on the yearly funding obligation target decided by the governmental authorities in December in connection with the decision of size of the legal liability. The current funding obligation target decided in December 2014 is EUR 1,074 million. According to Nuclear Energy Act, Fortum is obligated to contribute fund in full to the State Nuclear Waste Management Fund to cover legal liability. Based on the law, Fortum applied for periodising of the payments to the fund over three years, due to proposed increase in the legal liability. The application was approved by the Ministry of the Employment and the Economy in December 2013. The Fund is from an IFRS perspective overfunded with EUR 265 million, since Fortum's share of the Fund on 31 December 2014 was EUR 1,039 million and the carrying value in the balance sheet was EUR 774 million.

Effects to comparable operating profit and operating profit

Operating profit in Power and Technology segment is affected by the accounting principle for Fortum's share of the Finnish Nuclear Waste Management Fund, since the carrying value of the Fund in Fortum's balance sheet can in maximum be equal to the amount of the provisions according to IFRS. As long as the Fund is overfunded from an IFRS perspective, the effects to operating profit from this adjustment will be positive if the provisions increase more than the Fund and negative if actual value of the fund increases more than the provisions. This accounting effect is not included in Comparable operating profit in Fortum financial reporting, see Other items affecting comparability in Note 4. Fortum had an effect from this adjustment in Q4 2014 of EUR 3 million, compared to EUR -43million in Q4 2013. The cumulative effect 2014 was EUR -3 million compared to EUR +23 million in 2013.

Associated companies

Fortum has minority shareholdings in associated Finnish and Swedish nuclear production companies. Fortum has for these companies accounted for its share of the effects from nuclear related assets and provisions according to Fortum accounting principles.

16. Other provisions

	CSA provisions		Other provisions	
EUR million	**Dec 31 2014**	Dec 31 2013	**Dec 31 2014**	Dec 31 2013
Opening balance	**103**	178	**14**	28
Unused provisions reversed	**-4**	-48	**-3**	-10
Increase in the provisions	**0**	0	**22**	9
Provisions used	**-14**	-24	**-4**	-13
Unwinding of discount	**6**	12	**0**	0
Exchange rate differences	**-35**	-16	**-3**	0
Closing balance	**56**	103	**26**	14
Current provisions [1]	**56**	20	**10**	3
Non-current provisions	**0**	83	**17**	12

[1] Included in trade and other payables in the balance sheet.

Fortum's investment programme in Russia is subject to possible penalties that can be claimed if the new capacity is substantially delayed or agreed major terms of the capacity supply agreement (CSA) are not otherwise fulfilled. The provision made for possible penalties is assessed at each balance sheet date and the assessment is based on changes in estimated risks and timing related to commissioning of the remaining power plants in the investment programme.

The remaining CSA provision at the end of Q4 2014 amounts to EUR 56 million (at year end 2013: 103). During 2014 EUR 4 million of the provision was reversed to the income statement relating to the lower penalties for Nyagan 2. Paid penalties during 2014 amounted to EUR 14 million (2013: 24). The provision increases due to unwinding of the discounting of potential future penalty payments, which during 2014 resulted in an increase of the provision with EUR 6 million (2013: 12). The unwinding effect is recognised in other financial expenses.

17. Pledged assets

EUR million	Dec 31 2014	Dec 31 2013
On own behalf		
For debt		
Pledges	**292**	301
Real estate mortgages	**137**	137
For other commitments		
Real estate mortgages	**137**	103
On behalf of associated companies and joint ventures		
Pledges and real estate mortgages	**0**	3

Pledged assets for debt

Participants in the Finnish State Nuclear Waste Management Fund are allowed to borrow from the Fund. Fortum has pledged shares in Kemijoki Oy as a security. As of 31 December 2014 the value of the pledged shares amounted to EUR 269 million (Dec 31 2013: 269).

Pledges also include bank deposits as trading collateral of EUR 3 million (Dec 31 2013: 12) for trading of electricity and CO_2 emission allowances in Nasdaq OMX Commodities Europe, in Intercontinental Exchange (ICE) and European Energy Exchange (EEX).

Fortum Tartu in Estonia (60% owned by Fortum) has given real estate mortgages for a value of EUR 96 million (Dec 31 2013: 96) as a security for an external loan. Real estate mortgages have also been given for loans from Fortum's pension fund for EUR 41 million (Dec 31 2013: 41).

Regarding the relevant interest-bearing liabilities, see Note 14 Interest-bearing liabilities and cash and cash equivalents.

Pledged assets for other commitments

Fortum has given real estate mortgages in power plants in Finland, total value of EUR 137 million in December 2014 (Dec 31 2013: 103), as a security to the Finnish State Nuclear Waste Management Fund for the uncovered part of the legal liability and unexpected events relating to future costs for decomissioning and disposal of spent fuel in Loviisa nuclear power plant. The size of the securities given is updated yearly in Q2 based on the decisions regarding the legal liabilities and the funding target which take place around year end every year.

18. Operating lease commitments

EUR million	Dec 31 2014	Dec 31 2013
Due within a year	**24**	27
Due after one year and within five years	**43**	47
Due after five years	**76**	108
Total	**142**	181

19. Capital commitments

EUR million	Dec 31 2014	Dec 31 2013
Property, plant and equipment	**458**	524
Intangible assets	**3**	6
Total	**461**	530

20. Contingent liabilities

EUR million	Dec 31 2014	Dec 31 2013
On own behalf		
Other contingent liabilities	**64**	77
On behalf of associated companies and joint ventures		
Guarantees	**459**	514
Other contingent liabilities	**125**	125
On behalf of others		
Guarantees	**0**	3

Guarantees on behalf of associated companies

Guarantees and other contingent liabilities on behalf of associated companies and joint ventures mainly consist of guarantees relating to Fortum's associated nuclear companies (Teollisuuden Voima Oyj, Forsmarks Kraftgrupp AB and OKG AB). The guarantees given on behalf of Forsmarks Kraftgrupp AB and OKG AB amounted to SEK 3,696 million (EUR 393 million) at 31 December 2014 (Dec 31 2013: EUR 417 million). The guarantee given on behalf of Teollisuuden Voima Oyj to the Finnish State Nuclear Waste Management Fund amounted to EUR 41 million at 31 December 2014 (Dec 31 2013: 40).

21. Legal actions and official proceedings

Group companies

The Swedish Energy Authority (EI), which regulates and supervises the distribution network tariffs in Sweden, has issued a decision concerning the allowed income frame for the years 2012-2015. EI has based its decision on a model with a transition rule stating that it takes 18 years to reach the allowed level of income. The EI decision has been appealed to the County Administrative Court by more than 80 distribution companies, including Fortum Distribution AB. The basis for Fortum Distribution AB's appeal is that the model is not compatible with the existing legislation and that EI has applied an incorrect method for the calculation of Weighted Average Cost of Capital (WACC). In December 2013, the court decided in favor of the industry on all major topics. However, the decision has been appealed by EI to the next level, the Administrative Court of Appeal. In November 2014, the Administrative Court of Appeal, the second law-court, ruled in favour of the Swedish network companies. In December 2014, however, EI decided to appeal this decision to the next and final law-court, the Supreme Administrative Court. For the case to be reconsidered, it is required that the Supreme Administrative Court grants a leave to appeal. A decision whether to grant such a leave will be made during the spring 2015.

Fortum received income tax assessments in Sweden for the years 2009, 2010, 2011 and 2012 in December 2011, December 2012, December 2013 and October 2014, respectively. According to the tax authorities, Fortum would have to pay additional income taxes for the years 2009, 2010, 2011 and 2012 for the reallocation of loans between the Swedish subsidiaries in 2004-2005, as well as additional income taxes for the years 2010, 2011 and 2012 for financing of the acquisition of TGC 10 (current OAO Fortum) in 2008. The claims are based on a change in tax regulation as of 2009. Fortum considers the claims unjustifiable and has appealed the decisions. The cases are pending before the Administrative Court. In January 2015 the Swedish tax authority announced to the Administrative Court that it has abandoned its claim regarding the year 2010 with respect to financing the acquisition of TGC 10.

Based on legal analysis supporting legal opinions, no provision has been recognised in the financial statements. If the decisions by the tax authority remain final despite the appeals processes, the impact on net profit would be approximately SEK 425 million (EUR 45 million) for the year 2009, approximately SEK 379 million (EUR 40 million) for the year 2010, approximately SEK 511 million (EUR 54 million) for the year 2011 and approximately SEK 173 million (EUR 18 million) for the year 2012.

Fortum has received income tax assessments in Belgium for the years 2008, 2009, 2010 and 2011. Tax authorities disagree with the tax treatment of Fortum EIF NV. Fortum finds the tax authorities' interpretation not to be based on the local regulation and has appealed the decisions. The court of First instance in Antwerpen rejected Fortum's appeal for the years 2008 and 2009 in June 2014. Fortum finds the decision unjustifiable and has appealed to the Court of Appeal. Based on legal analysis and a supporting legal opinion, no provision has been accounted for in the financial statements. If the decision of the tax authorities remain final despite the appeal process, the impact on the net profit would be approximately EUR 36 million for the year 2008, approximately EUR 27 million for the year 2009, approximately EUR 15 million for the year 2010 and approximately EUR 21 million for the year 2011.The tax has already been paid. If the appeal is approved, Fortum will receive a 7% interest on the amount.

Fortum received an income tax assessment in Finland for 2007 in December 2013. Tax authorities claim in the transfer pricing audit, that detailed business decisions are done by Fortum Oyj and therefore re-characterize the equity Fortum has injected to its Belgium subsidiary Fortum Project Finance NV not to be equity, but funds to be available for the subsidiary. Tax authorities' view is that the interest income that Fortum Project Finance NV received from its loans should be taxed in Finland, not Belgium. Fortum considered the claims unjustifiable both for legal grounds and interpretation. Fortum appealed the decision.

The Board of Adjustment of the Large Taxpayers' Office approved Fortum's appeal for the year 2007 on 21 August 2014. The Board of Adjustment's decision is in line with the principle adopted in the Supreme Administrative Court's precedent in June 2014, according to which, under transfer pricing rules, the nature of business cannot be re-characterized for tax purposes, but can only adjust the pricing of goods or services. Despite the new precedent, the Tax Recipients' Legal Services Unit within the tax authorities has appealed this decision to the Administrative Court in Helsinki. If the appeal of the Tax Recipients' Legal Services Unit would be successful in court, the impact on net profit would be approximately EUR 136 million for the year 2007. Based on legal analysis and a supporting legal opinion, no provision has been accounted for in the financial statements.

In December 2014 Fortum Oyj received a non-taxation decision from the large Taxpayers' office for the years 2008-2011 regarding the activities in the Belgian and Dutch financing companies. The decision was given due to the transfer pricing audit carried out in 2013-2014 and was in line with the Board of Adjustment's decision with respect to Fortum for the year 2007. The Tax Recipients' Legal Services Unit has the right to appeal the decisions.

Associated companies

In Finland Fortum is participating in the country's fifth nuclear power plant unit, Olkiluoto 3 (OL3), through the shareholding in Teollisuuden Voima Oyj (TVO) with an approximately 25% share representing some 400 MW in capacity. The civil construction works of the Olkiluoto 3 plant unit have been mainly completed, and the reactor main components are installed. Reactor containment pressure and leak-tightness tests have been completed. Instrumentation and control system tests in the test bay in Erlangen, Germany continued alongside planning and licensing. In September 2014 TVO received additional data about the schedule for the OL3 project from the Supplier, AREVA-Siemens. According to this data, the start of regular electricity production of the plant unit will take place in late 2018. Detailed evaluation of the received data is ongoing.

In December 2008 the OL3 Supplier initiated the International Chamber of Commerce (ICC) arbitration proceedings and submitted a claim concerning the delay and the ensuing costs incurred at the Olkiluoto 3 project. The updated quantification which the Supplier submitted in October 2014 and corrected in November 2014 brings the total amount claimed by the Supplier for events occurring during the construction period ending June 2011 to approximately EUR 3.4 billion.

In 2012, TVO submitted a counter-claim and defense in the matter. The quantification estimate of TVO's costs and losses updated in October 2014 is approximately EUR 2.3 billion until the end of 2018, which according to the schedule submitted by the OL3 Supplier in September 2014, is the estimated start of the regular electricity production of OL3.

The companies belonging to the Plant Supplier Consortium (AREVA GmbH, AREVA NP SAS and Siemens) are jointly and severally liable of the Plant Contract obligations.

The arbitration proceedings may continue for several years and the claimed amounts may change.

In addition to the litigations described above, some Group companies are involved in other routine tax and other disputes incidental to their normal conduct of business. Based on the information currently available, management does not consider the liabilities arising out of such litigations likely to be material to the Group's financial position.

22. Related party transactions

Related parties are described in the annual financial statements as of the year ended 31 December 2013. No material changes have occurred during 2014.

At the year-end 2014 the Finnish State owned 50.76% of the shares in Fortum. There has been no change in the shareholding during 2014.

In November 2014 Fortum sold its 31 %-shareholding in the Finnish natural gas company Gasum Oy to the Finnish State.
See further information on the disposal in note 6 Acquisitions and disposals

Transactions with associated companies and joint ventures

EUR million	2014	2013
Sales	**83**	94
Interest on loan receivables	**59**	62
Purchases	**568**	652

Associated company and joint ventures balances

EUR million	Dec 31 2014	Dec 31 2013
Long-term interest-bearing loan receivables	**2,041**	2,587
Trade receivables	**17**	28
Other receivables	**15**	33
Long-term loan payables	**262**	248
Trade payables	**7**	15
Other payables	**4**	3

23. Events after the balance sheet date

On 22 January 2015, it was announced that Tapio Kuula, President and CEO of Fortum Corporation, will go on a disability pension starting 1 February 2015. Tapio Kuula has been the President and CEO of Fortum Corporation since 2009. Fortum's Board has started the search process for a new CEO covering internal and external candidates. In the meanwhile Timo Karttinen, CFO of Fortum will also act as interim President and CEO.

24. Definition of key figures

EBITDA (Earnings before interest, taxes, depreciation and amortisation)	=	Operating profit + Depreciation, amortisation and impairment charges
Comparable EBITDA	=	EBITDA - items affecting comparability - Net release of CSA provision
Items affecting comparability	=	Non-recurring items + other items affecting comparability
Comparable operating profit	=	Operating profit - non-recurring items - other items affecting comparability
Non-recurring items	=	Mainly capital gains and losses
Other items affecting comparability	=	Includes effects from financial derivatives hedging future cash-flows where hedge accounting is not applied according to IAS 39 and effects from the accounting of Fortum´s part of the Finnish Nuclear Waste Fund where the asset in the balance sheet cannot exceed the related liabilities according to IFRIC interpretation 5.
Funds from operations (FFO)	=	Net cash from operating activities before change in working capital
Capital expenditure	=	Capitalised investments in property, plant and equipment and intangible assets including maintenance, productivity, growth and investments required by legislation including borrowing costs capitalised during the construction period. Maintenance investments expand the lifetime of an existing asset, maintain useage/availability and/or maintains reliability. Productivity investments improve productivity in an existing asset. Growth investments' purpose is to build new assets and/or to increase customer base within existing businesses. Legislation investments are done at certain point of time due to legal requirements.
Gross investments in shares	=	Investments in subsidiary shares, shares in associated companies and other shares in available for sale financial assets. Investments in subsidiary shares are net of cash and grossed with interest-bearing liabilities in the acquired company.
Return on shareholders' equity, %	=	$\frac{\text{Profit for the year}}{\text{Total equity average}} \times 100$
Return on capital employed, %	=	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Capital employed average}} \times 100$
Return on net assets, %	=	$\frac{\text{Operating profit + Share of profit (loss) in associated companies and joint ventures}}{\text{Net assets average}} \times 100$
Comparable return on net assets, %	=	$\frac{\text{Comparable operating profit + Share of profit (loss) in associated companies and joint ventures (adjusted for IAS 39 effects, nuclear fund adjustments and major sales gains or losses)}}{\text{Comparable net assets average}} \times 100$
Capital employed	=	Total assets - non-interest bearing liabilities - deferred tax liabilities - provisions
Net assets	=	Non-interest bearing assets + interest-bearing assets related to the Nuclear Waste Fund - non-interest bearing liabilities - provisions (non-interest bearing assets and liabilities do not include finance related items, tax and deferred tax and assets and liabilities from fair valuations of derivatives where hedge accounting is applied)

24. Definition of key figures

Comparable net assets	=	Net assets adjusted for non-interest bearing assets and liabilities arising from financial derivatives hedging future cash flows where hedge accounting is not applied according to IAS 39	
Interest-bearing net debt	=	Interest-bearing liabilities - liquid funds	
Gearing, %	=	Interest-bearing net debt / Total equity	x 100
Equity-to-assets ratio, %	=	Total equity including non-controlling interest / Total assets	x 100
Net debt / EBITDA	=	Interest-bearing net debt / Operating profit + Depreciation, amortisation and impairment charges	
Comparable net debt / EBITDA	=	Interest-bearing net debt / Comparable EBITDA	
Interest coverage	=	Operating profit / Net interest expenses	
Interest coverage including capitalised borrowing costs	=	Operating profit / Net interest expenses - capitalised borrowing costs	
Earnings per share (EPS)	=	Profit for the period - non-controlling interest / Average number of shares during the period	
Equity per share	=	Shareholder's equity / Number of shares at the end of the period	
Last twelve months (LTM)	=	Twelve months preceding the reporting date	

Market conditions and achieved power prices

Power consumption TWh	Q4 2014	Q4 2013	2014	2013
Nordic countries	**104**	103	**378**	386
Russia	**282**	274	**1,021**	1,026
Tyumen	**25**	24	**93**	87
Chelyabinsk	**10**	9	**36**	36
Russia Urals area	**70**	69	**260**	257

Average prices	Q4 2014	Q4 2013	2014	2013
Spot price for power in Nord Pool power exchange, EUR/MWh	**30.7**	35.9	**29.6**	38.1
Spot price for power in Finland, EUR/MWh	**36.4**	39.9	**36.0**	41.2
Spot price for power in Sweden, SE3, Stockholm EUR/MWh	**31.3**	37.5	**31.6**	39.4
Spot price for power in Sweden, SE2, Sundsvall EUR/MWh	**31.0**	37.0	**31.4**	39.2
Spot price for power in European and Urals part of Russia, RUB/MWh [1)]	**1,120**	1,136	**1,163**	1,104
Average capacity price, tRUB/MW/month	**331**	326	**304**	276
Spot price for power in Germany, EUR/MWh	**34.8**	37.5	**32.8**	37.8
Average regulated gas price in Urals region, RUB/1000 m^3	**3,362**	3,423	**3,362**	3,131
Average capacity price for old capacity, tRUB/MW/month [2)]	**180**	181	**167**	163
Average capacity price for new capacity, tRUB/MW/month [2)]	**603**	635	**552**	576
Spot price for power (market price), Urals hub, RUB/MWh [1)]	**1,041**	1,043	**1,089**	1,021
CO_2, (ETS EUA), EUR/tonne CO_2	**7**	5	**6**	5
Coal (ICE Rotterdam), USD/tonne	**72**	84	**75**	82
Oil (Brent Crude), USD/bbl	**77**	109	**99**	109

[1)] Excluding capacity tariff.

[2)] Capacity prices paid only for the capacity available at the time.

Water reservoirs TWh	Dec 31 2014	Dec 31 2013
Nordic water reservoirs level	**80**	82
Nordic water reservoirs level, long-term average	**83**	83

Export/import TWh (+ = import to, - = export from Nordic area)	Q4 2014	Q4 2013	2014	2013
Export / import between Nordic area and Continental Europe+Baltics	**-4**	-1	**-14**	-3
Export / import between Nordic area and Russia	**2**	1	**4**	5
Export / import Nordic area, Total	**-2**	0	**-10**	-2

Power market liberalisation in Russia %	Q4 2014	Q4 2013	2014	2013
Share of power sold at the liberalised price by OAO Fortum	**83**	83	**81**	81

Achieved power prices EUR/MWh	Q4 2014	Q4 2013	2014	2013
Power's Nordic power price	**41.9**	48.1	**41.4**	46.4
Achieved power price for OAO Fortum	**28.0**	33.3	**30.4**	32.1

Fortum's production and sales volumes

Power generation TWh	Q4 2014	Q4 2013	2014	2013
Fortum power generation in the EU and Norway	**13.4**	11.2	**50.1**	47.4
Fortum power generation in Russia	**7.0**	5.5	**23.3**	20.0
Total	**20.5**	16.7	**73.4**	67.4

Heat production TWh	Q4 2014	Q4 2013	2014	2013
Heat production in the EU and Norway	**2.2**	3.1	**8.2**	10.4
Heat production in Russia	**9.2**	8.0	**26.4**	24.2
Total	**11.4**	11.1	**34.6**	34.6

Power generation capacity by segment MW	Dec 31 2014	Dec 31 2013
Power	**9,063**	9,475
Heat, Electricity Sales and Solutions	**803**	793
Russia	**4,758**	4,250
Total	**14,624**	14,518

Heat production capacity by segment MW	Dec 31 2014	Dec 31 2013
Power	**0**	250
Heat, Electricity Sales and Solutions	**3,936**	4,317
Russia	**13,466**	13,466
Total	**17,402**	18,033

Power generation by source in the Nordic area TWh	Q4 2014	Q4 2013	2014	2013
Hydro and wind power	**6.0**	3.9	**22.4**	18.1
Nuclear power	**6.9**	6.0	**23.8**	23.7
Thermal power	**0.4**	0.7	**1.8**	3.4
Total	**13.3**	10.6	**48.0**	45.2

Power generation by source in the Nordic area %	Q4 2014	Q4 2013	2014	2013
Hydro and wind power	**45**	37	**46**	40
Nuclear power	**52**	56	**50**	52
Thermal power	**3**	7	**4**	8
Total	**100**	100	**100**	100

Power sales EUR million	Q4 2014	Q4 2013	2014	2013
Power sales in the EU and Norway	**642**	589	**2,299**	2,462
Power sales in Russia	**182**	214	**758**	822
Total	**824**	803	**3,057**	3,284

Fortum's production and sales volumes

Heat sales **EUR million**	**Q4 2014**	Q4 2013	**2014**	2013
Heat sales in the EU and Norway	**137**	155	**468**	538
Heat sales in Russia	**91**	98	**285**	290
Total	**228**	253	**753**	828

Power sales by area **TWh**	**Q4 2014**	Q4 2013	**2014**	2013
Finland	**5.6**	5.4	**21.6**	23.4
Sweden	**8.3**	5.1	**28.2**	23.3
Russia	**7.9**	6.4	**26.5**	25.6
Other countries	**0.9**	1.3	**3.8**	4.3
Total	**22.7**	18.2	**80.1**	76.6

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

Heat sales by area **TWh**	**Q4 2014**	Q4 2013	**2014**	2013
Russia	**9.0**	7.8	**26.0**	24.1
Finland	**1.0**	1.6	**3.2**	5.5
Poland	**1.2**	1.3	**3.4**	4.1
Other countries[1)]	**0.4**	0.8	**2.8**	3.1
Total	**11.6**	11.5	**35.4**	36.8

[1)] Including the UK, which is reported in the Power and Technology segment, other sales.