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# Fortum Corporation

## Interim Report

### January-September 2018

Fortum Corporation  
Domicile Espoo  
Business ID 1463611-4

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

## Historically low hydro volumes impacted the results, partly offset by higher power prices

### July-September 2018

- Comparable EBITDA was EUR 230 (210) million, +10%, including EUR 26 million profit from selling a 54% share of Fortum's Indian solar power plants
- Comparable operating profit was EUR 96 (94) million, +2%, including EUR 26 million Indian solar profit
- Earnings per share were EUR 0.05 (0.40), of which EUR -0.01 (0.34) related to items affecting comparability
- Cash flow from operating activities totalled EUR 133 (185) million

### January-September 2018

- Comparable EBITDA was EUR 1,051 (852) million, +23%
- Comparable operating profit was EUR 654 (516) million, +27%
- Earnings per share were EUR 0.73 (0.70), of which EUR 0.17 (0.37) related to items affecting comparability, including capital gains of EUR 0.09 from the sale of the 10% stake in Hafslund Produksjon. In 2017, the impact from a Swedish income tax case was EUR -0.14
- Cash flow from operating activities totalled EUR 767 (699) million

### Summary of outlook

- The Generation segment's Nordic generation hedges: approximately 80% hedged at EUR 30 per MWh for the remainder of 2018, approximately 65% at EUR 30 per MWh for 2019, and approximately 35% hedged at EUR 28 per MWh for 2020
- Capital expenditure, including maintenance but excluding acquisitions, expected to be in the range of EUR 600-700 million in 2018

### Key financial ratios

	2017	LTM
Return on capital employed, %	7.1	7.0
Comparable net debt/EBITDA	0.8	3.6

## Key figures

EUR million or as indicated	III/18	III/17	I-III/18	I-III/17	2017	LTM
Sales	971	919	3,643	3,088	4,520	5,075
Comparable EBITDA	230	210	1,051	852	1,275	1,474
Comparable operating profit	96	94	654	516	811	949
Operating profit	91	387	829	843	1,158	1,144
Share of profits of associates and joint ventures	12	21	82	114	148	116
Profit before income taxes	45	351	779	811	1,111	1,079
Earnings per share, EUR	0.05	0.40	0.73	0.70	0.98	1.01
Net cash from operating activities	133	185	767	699	993	1,061
Shareholders' equity per share, EUR			13.49	14.59	14.69	
Interest-bearing net debt (at the end of the period)			5,244	1,075	988	

## Fortum's President and CEO Pekka Lundmark:

"The third quarter 2018 was characterised by warm and dry weather. Following the dry weather in previous quarters, the Nordic hydro reservoirs further declined compared to the normal level, and the deficit was most prominent in the Swedish reservoirs. This heavily affected Fortum's hydro production volumes, which were historically low, and burdened the results. During the last weeks of the quarter the reservoir levels increased only in Norway.

Power, emission, and commodity prices were volatile during the quarter. Nordic power prices increased on the dry weather and rising commodity and emissions prices, but decreased at the end of the quarter on the increasing precipitation. The Generation division's achieved power price rose, but it was not enough to compensate for the all-time low hydro volumes. The operative performance of City Solutions and Consumer Solutions was at last year's level, while the performance of the Russia division improved.

Since becoming the largest shareholder in Uniper, Fortum aims to create shareholder value for both companies. Fortum's CFO Markus Rauramo has taken on his position in the Supervisory Board of Uniper and has been elected as Vice Chairman.

In October the Intergovernmental Panel on Climate Change published its report on limiting global warming to 1.5 °C, highlighting the urgency of determined actions to curb emissions. The message is clear: we need to reach global carbon neutrality by 2050, the power sector should reduce emissions by 100% well before 2050, 70-85% of electricity should come from renewables, and nuclear will play a bigger role. Fortum calls for an ambitious EU climate strategy. A stable, visionary, and long-term political framework for the economy is a prerequisite for European businesses investing in low-carbon technologies to remain competitive in the global market. We continue to be committed to investing in new emission-reducing energy production, as demonstrated by our inauguration of a multi-fuel CHP plant in Zabrze, Poland, and the Solberg wind power park in Sweden during the third quarter.

Finally, I would like to wish a warm welcome to Arun Aggarwal, our new member of the Fortum Executive Management. Arun has an impressive track record in digital transformation and IT leadership and will help Fortum become a digital winner in the ongoing transformation of the energy sector."

# Uniper investment

In September 2017, Fortum announced it had signed a transaction agreement with E.ON under which E.ON had the right to decide to tender its 46.65% shareholding in Uniper SE into Fortum's public takeover offer (PTO). In November 2017, Fortum launched a voluntary public takeover offer to all Uniper shareholders at a total value of EUR 22 per share, implying a premium of 36% to the price prior to intense market speculation on a potential transaction at the end of May 2017. In February 2018, Fortum announced that shareholders representing 47.12% of the shares in Uniper had accepted the offer.

The PTO was conditional to regulatory and merger control approvals in several countries. During the second quarter 2018, Fortum received the required clearances in Russia under the Strategic Investment Law as well as Competition Law. The clearances allow Fortum the acquisition of up to 50% of shares and voting rights in Uniper. During the second quarter, Fortum also received an unconditional merger clearance decision from the European Commission. Clearances in the United States and South Africa had already been granted earlier.

On 26 June 2018, Fortum closed the offer and became the largest shareholder in Uniper with 47.35% of the shares. Fortum paid a total consideration of EUR 3.7 billion for all shares tendered (EUR 21.31 per share). The total consideration was financed with existing cash resources of EUR 1.95 billion and bridge loan financing from committed credit facilities of EUR 1.75 billion.

The share of Uniper's profit will contribute to the EPS and dividends to the cash flow of Fortum. As a result of this transaction, Fortum's leverage rose above Fortum's long-term target level for net debt/EBITDA ratio of around 2.5x. Over time, however, Fortum expects its cash generation in combination with the dividend from Uniper to reduce this ratio towards the stated target.

Fortum consolidated Uniper as an associated company from 30 June 2018. The total acquisition cost, including direct costs relating to the acquisition, is reported in 'Participations in associated companies and joint ventures'. The purchase price allocation will be completed within the one-year window from the acquisition date, according to IFRS. As Uniper publishes its interim reports later than Fortum, Fortum's share of Uniper's results will be accounted for with a time-lag of one quarter, with potential adjustments. Fortum's third-quarter 2018 interim report does not include any share of results from Uniper. Fortum's Financial Statements 2018 will only include Fortum's share of Uniper's third-quarter results (Note 6). Uniper will report its third-quarter results on 13 November 2018.

## Financial results

### Sales by segment

EUR million	III/18	III/17	I-III/18	I-III/17	2017	LTM
Generation	359	367	1,282	1,243	1,677	1,716
City Solutions	174	179	736	674	1,015	1,077
Consumer Solutions	332	238	1,204	644	1,097	1,657
Russia	200	200	764	786	1,101	1,079
Other Operations	30	25	94	72	102	124
Netting of Nord Pool transactions	-105	-73	-358	-264	-367	-461
<i>Eliminations</i>	-18	-17	-78	-69	-103	-112
<b>Total</b>	<b>971</b>	<b>919</b>	<b>3,643</b>	<b>3,088</b>	<b>4,520</b>	<b>5,075</b>

## Comparable EBITDA by segment

EUR million	III/18	III/17	I-III/18	I-III/17	2017	LTM
Generation	103	134	538	412	603	729
City Solutions	21	21	171	152	262	281
Consumer Solutions	22	10	79	32	57	104
Russia	76	61	291	317	438	412
Other Operations	10	-17	-26	-61	-83	-48
<b>Total</b>	<b>230</b>	<b>210</b>	<b>1,051</b>	<b>852</b>	<b>1,275</b>	<b>1,474</b>

## Comparable operating profit by segment

EUR million	III/18	III/17	I-III/18	I-III/17	2017	LTM
Generation	70	104	442	317	478	603
City Solutions	-22	-20	44	37	98	105
Consumer Solutions	7	5	36	23	41	54
Russia	40	26	182	211	296	267
Other Operations	1	-21	-49	-73	-102	-78
<b>Total</b>	<b>96</b>	<b>94</b>	<b>654</b>	<b>516</b>	<b>811</b>	<b>949</b>

## Operating profit by segment

EUR million	III/18	III/17	I-III/18	I-III/17	2017	LTM
Generation	45	74	554	338	501	717
City Solutions	-23	-20	52	38	102	116
Consumer Solutions	26	15	64	14	39	89
Russia	41	26	183	211	295	267
Other Operations	1	293	-25	242	221	-46
<b>Total</b>	<b>91</b>	<b>387</b>	<b>829</b>	<b>843</b>	<b>1,158</b>	<b>1,144</b>

## July-September 2018

Fortum's sales increased by 6%, mainly due to the consolidation of Hafslund. Comparable operating profit increased by 2%, as a result of the higher achieved power price, lower real-estate and capacity taxes in Swedish hydro and nuclear power plants, as well as the profit from the sale of a 54% share of Fortum's Indian solar power plants. The results were heavily burdened by the all-time low hydropower volumes.

Operating profit for the period decreased due to EUR -5 (293) million of items affecting comparability, including the fair value change of non-hedge accounted derivatives and nuclear fund adjustments. In 2017, the items affecting comparability included a one-time capital gain of EUR 324 million from the divestment of Hafslund ASA (Note 4).

The share of profit from associates and joint ventures was EUR 12 (21) million, of which Stockholm Exergi (formerly Fortum Värme) accounted for EUR 3 (-5) million and TGC-1 accounted for EUR 9 (8) million. The share of profit from TGC-1 is based on the company's published second-quarter 2018 interim report (Note 11). In the comparison period, the share of profit from Hafslund ASA, divested in August 2017, amounted to EUR 9 million.

## January-September 2018

Fortum's sales increased by 18%, mainly reflecting the consolidation of Hafslund. Comparable operating profit increased by 27%, mainly as a result of the higher achieved power price, the positive impact from the consolidation of the acquired Hafslund businesses, lower real-estate and capacity taxes in Swedish hydro and nuclear power plants, higher received Capacity Supply Agreement (CSA) payments in Russia, as well as the profit from the sale of a 54% share of Fortum's Indian solar power plants. The result improvement was partly offset by the very low hydro production volumes in the third quarter and the weaker Russian rouble.

Operating profit for the period was positively impacted by EUR 175 (327) million of items affecting comparability, including the fair value change of non-hedge accounted derivatives, capital gains, and nuclear fund adjustments. In 2017, the items affecting comparability included a one-time capital gain of EUR 324 million from the divestment of Hafslund ASA (Note 4).

The share of profit from associates and joint ventures was EUR 82 (114) million, of which Stockholm Exergi (formerly Fortum Värme) accounted for EUR 40 (40) million and TGC-1 accounted for EUR 38 (28) million. The share of profit from TGC-1 is based on the company's published fourth-quarter 2017 and first- and second-quarter 2018 interim reports (Note 11). In the comparison period, the share of profit from Hafslund ASA, divested in August 2017, amounted to EUR 40 million.

Net finance costs amounted to EUR 132 (146) million.

Profit before income taxes was EUR 779 (811) million.

Taxes for the period totalled EUR 118 (186) million. The effective income tax rate according to the income statement was 15.1% (22.9%). The comparable effective income tax rate, excluding the impact of the share of profit from associated companies and joint ventures, non-taxable capital gains, tax rate changes and other major one-time income tax effects was 21.2% (19.1%) (Note 7).

The profit for the period was EUR 661 (625) million. Earnings per share were EUR 0.73 (0.70), of which EUR 0.17 (0.37) per share was related to items affecting comparability, including capital gains of EUR 0.09 from the sale of the 10% stake in Hafslund Produksjon. In the comparison period in 2017, the impact from a Swedish income tax case was EUR -0.14.

## Financial position and cash flow

### Cash flow

In January-September 2018, net cash from operating activities increased by EUR 68 million to EUR 767 (699) million, mainly due to an increase in comparable EBITDA of EUR 199 million and an increase of realised foreign exchange gains and losses of EUR 277 million, partly offset by the negative effect of a EUR 389 million increase in working capital. The foreign exchange gains and losses of EUR 205 (-72) million relate to the rollover of foreign exchange contract hedging loans to Russian and Swedish subsidiaries. The EUR -263 (126) million change in working capital was mainly due to the effect of the daily cash settlements for futures in Nasdaq OMX Commodities Europe (Additional cash flow information).

Capital expenditure decreased by EUR 76 million to EUR 394 (470) million. Acquisition of shares was EUR 3,913 (929) million, mainly related to the Uniper transaction (Note 6). The impact of divestment of shares was EUR 258 (740) million resulting from the sale of the 10% stake in Hafslund Produksjon and a 54% share of solar plants in India. Acquisitions and divestments in 2017 were mainly related to the Hafslund transaction. Net cash used in investing activities increased to EUR 4,107 (611) million and included the EUR 87 (24) million impact from the increase in cash collaterals given as trading collaterals to commodity exchanges and other restricted cash.

Cash flow before financing activities was EUR -3,340 (88) million.

Proceeds from long-term liabilities were EUR 1,764 (35) million, including the bridge loan financing from committed credit facilities for the acquisition of Uniper shares. Payments of long-term liabilities totalled EUR 553 (467) million, including the repayment of bonds of EUR 413 million. The dividend payment for 2017 was EUR 977 million. The net decrease in liquid funds was EUR 3,138 (1,261) million.

## Assets and capital employed

At the end of the reporting period, total assets amounted to EUR 22,082 million (end of 2017: EUR 21,753 million). Liquid funds at the end of the period amounted to EUR 731 million (end of 2017: EUR 3,897 million). Capital employed was EUR 18,201 million (end of 2017: EUR 18,172 million).

## Equity

Equity attributable to owners of the parent company totalled EUR 11,986 million (end of 2017: EUR 13,048 million). The decrease of EUR 1,062 million was mainly due to the dividend payment for 2017 of EUR 977 million, the impact from fair valuation of cash flow hedges of EUR -374 million and translation differences of EUR -390 million, partly offset by the net profit for the period of EUR 651 million. The dividend for 2017 of EUR 1.10 per share was approved by the Annual General Meeting on 28 March 2018 and paid on 10 April 2018.

## Financing

Net debt increased by EUR 4,256 million to EUR 5,244 million (end of 2017: EUR 988 million), mainly due to the closing of the Uniper offer in the latter part of the second quarter.

At the end of the reporting period, the Group's liquid funds totalled EUR 731 million (end of 2017: EUR 3,897 million). Liquid funds include cash and bank deposits held by PAO Fortum amounting to EUR 289 million (end of 2017: EUR 246 million). In addition to liquid funds, Fortum's undrawn committed credit facilities totalled EUR 1.8 billion (Note 13).

Net financial expenses totalled EUR 132 (146) million, of which net interest expenses were EUR 84 (96) million.

On 12 September 2018, Fortum received information from Nasdaq Commodities that it had closed-out the positions of a clearing member and that the funds from the commodity member default fund had been utilised to cover the loss. Fortum is trading on Nasdaq Commodities and is a member of the default fund. On 13 September, Nasdaq requested the members of the default fund to replenish their contribution in the fund. Fortum's participation in the default fund was approximately EUR 30 million and the requested replenishment was approximately EUR 20 million. Consequently, Fortum booked approximately EUR 20 million in its third quarter results as a financing cost.

In January 2018, Standard & Poor's downgraded Fortum's long-term credit rating from BBB+ to BBB with Negative Outlook. The short-term rating was affirmed at level A-2. In June 2018, Fitch Ratings downgraded Fortum's long-term credit rating from BBB+ to BBB with Stable Outlook. The short-term rating was downgraded to level F3.



## Key figures

At the end of the reporting period, the comparable net debt to EBITDA ratio for the last 12 months was 3.6x (end of 2017: 0.8x), which is above the long-term over-the-cycle target of approximately 2.5x.

Gearing was 43% (end of 2017: 7%) and the equity-to-assets ratio 55% (end of 2017: 61%). Equity per share was EUR 13.49 (end of 2017: 14.69). Return on capital employed (ROCE) for the last twelve months was 7.0% (end of 2017: 7.1). Fortum targets a long-term over-the-cycle return on capital employed of at least 10%.

## Segment reviews

### Generation

The Generation segment comprises power production in the Nordics, including nuclear, hydro, and thermal power production, power portfolio optimisation, trading, industrial intelligence, as well as nuclear services globally.

EUR million	III/18	III/17	I-III/18	I-III/17	2017	LTM
Sales	359	367	1,282	1,243	1,677	1,716
- power sales	348	358	1,253	1,221	1,649	1,681
of which Nordic power sales*	251	299	1,006	992	1,342	1,356
- other sales	11	10	29	22	28	35
Comparable EBITDA	103	134	538	412	603	729
Comparable operating profit	70	104	442	317	478	603
Operating profit	45	74	554	338	501	717
Share of profits from associates and joint ventures (Note 11)**	1	5	-5	-2	-1	-4
Comparable net assets (at period-end)			5,912	5,727	5,672	
Comparable return on net assets, %					8.4	10.3
Capital expenditure and gross investments in shares	47	141	123	207	264	180
Number of employees			1,121	1,065	1,035	

\* The Nordic power sales income and volume includes hydro and nuclear generation. It does not include thermal generation, minorities, customer business, or other purchases.

\*\* Power plants are often built jointly with other power producers, and owners purchase electricity at cost, including interest cost and production taxes. The share of profit/loss is mainly IFRS adjustments (e.g. accounting for nuclear-related assets and liabilities) and depreciations on fair-value adjustments from historical acquisitions (Note 18 in the consolidated financial statements 2017).

### Power generation by source

TWh	III/18	III/17	I-III/18	I-III/17	2017	LTM
Hydropower, Nordic	2.9	5.0	14.5	15.2	20.9	20.2
Nuclear power, Nordic	4.7	4.6	16.6	17.4	23.0	22.2
Thermal power, Nordic	0.0	0.0	0.1	0.5	0.5	0.1
<b>Total</b>	<b>7.6</b>	<b>9.5</b>	<b>31.0</b>	<b>32.9</b>	<b>44.2</b>	<b>42.3</b>

### Nordic sales volumes

TWh	III/18	III/17	I-III/18	I-III/17	2017	LTM
Nordic sales volume	9.2	11.3	35.6	38.6	51.8	48.9
of which Nordic power sales volume*	7.3	9.2	29.9	31.3	42.2	40.8

\* The Nordic power sales income and volume includes hydro and nuclear generation. It does not include thermal generation, minorities, customer business, or other purchases.

## Achieved power price

EUR/MWh	III/18	III/17	I-III/18	I-III/17	2017	LTM
Generation's Nordic power price*	34.6	32.5	33.7	31.7	31.8	33.2

\* Generation's Nordic power price includes hydro and nuclear generation. It does not include thermal generation, minorities, customer business, or other purchases.

### July-September 2018

The Generation segment's total power generation in the Nordic countries decreased clearly due to 2.1 TWh lower hydro generation caused by very low inflows and reservoir levels. The hydro generation volumes were the lowest in Fortum's history with the current asset base. Nuclear power generation increased slightly. The CO<sub>2</sub>-free production accounted for 100% (100%) of the total power production.

The achieved power price in the Generation segment increased by 6% due to higher spot and hedge prices.

Comparable operating profit decreased by 33% due to the very low hydropower production volumes, partly offset by the higher achieved power price and lower real-estate tax in the Swedish hydro power plants.

Operating profit was affected by EUR -25 (-30) million of fair value change of non-hedge accounted derivatives and nuclear fund adjustments (Note 4).

### January-September 2018

The Generation segment's total power generation in the Nordic countries decreased due to lower hydropower volumes in the third quarter and the lower nuclear power generation resulting from the closure of Oskarshamn 1 in June 2017. The CO<sub>2</sub>-free production accounted for 100% (98%) of the total power production.

The achieved power price in the Generation segment increased by 6% due to higher spot and hedge prices.

Comparable operating profit increased by 39%, driven by the higher achieved power price and lower real-estate and capacity taxes in Swedish hydro and nuclear power plants, partly offset by lower hydro and nuclear production volumes.

Operating profit was positively affected by EUR 112 (21) million of capital gains, fair value change of non-hedge accounted derivatives, and nuclear fund adjustments (Note 4).

In June 2018, Fortum sold its 10% ownership in Hafslund Produksjon and booked a one-time tax-free capital gain of EUR 77 million in the Generation segment's results.

## City Solutions

City Solutions develops sustainable solutions for urban areas into a growing business for Fortum. The segment comprises heating and cooling, waste-to-energy, operation and maintenance services, biomass, and other circular economy solutions. The business operations are located in the Nordics, the Baltic countries, and Poland. The segment also includes Fortum's 50% holding in Stockholm Exergi (formerly Fortum Värme), which is a joint venture and is accounted for using the equity method.

EUR million	III/18	III/17	I-III/18	I-III/17	2017	LTM
Sales	174	179	736	674	1,015	1,077
- heat sales	60	64	410	330	523	603
- power sales	19	19	69	87	121	103
- waste treatment sales*	52	48	149	136	195	208
- other sales**	43	48	108	122	175	161
Comparable EBITDA	21	21	171	152	262	281
Comparable operating profit	-22	-20	44	37	98	105
Operating profit	-23	-20	52	38	102	116
Share of profits from associates and joint ventures (Note 11)	6	-1	50	49	80	81
Comparable net assets (at period-end)			3,688	3,705	3,728	
Comparable return on net assets, %					5.5	5.0
Capital expenditure and gross investments in shares	59	422	142	485	556	213
Number of employees			1,932	1,925	1,907	

\* Waste treatment sales comprise gate fees at waste treatment plants and environmental construction services.

\*\* Other sales comprise mainly operation and maintenance services and fuel sales.

### Heat sales by country

TWh	III/18	III/17	I-III/18	I-III/17	2017	LTM
Finland	0.4	0.4	2.6	2.7	3.9	3.8
Poland	0.2	0.2	2.2	2.4	3.7	3.5
Norway	0.1	0.1	1.1	0.1	0.7	1.6
Other countries	0.2	0.2	1.2	1.2	1.8	1.8
<b>Total</b>	<b>0.9</b>	<b>1.0</b>	<b>7.2</b>	<b>6.4</b>	<b>10.0</b>	<b>10.7</b>

### Power sales by country

TWh	III/18	III/17	I-III/18	I-III/17	2017	LTM
Finland	0.1	0.1	0.9	1.1	1.5	1.5
Poland	0.1	0.0	0.3	0.3	0.4	0.5
Other countries	0.2	0.2	0.5	0.5	0.7	0.6
<b>Total</b>	<b>0.4</b>	<b>0.4</b>	<b>1.7</b>	<b>1.8</b>	<b>2.6</b>	<b>2.5</b>

On 4 August 2017, Fortum concluded the restructuring of its ownership in Hafslund. As of 1 August 2017, Fortum's 50% ownership in Fortum Oslo Varme (the combined company of Hafslund's Heat business area and Klemetsrudanlegget) has been consolidated as a subsidiary to Fortum in the results of City Solutions.

### July-September 2018

The heat sales volume decreased by 10% due to the warmer weather in all heating areas.

Comparable operating loss increased slightly due to the change to seasonal heat pricing in Finland. The third quarter is typically a weaker quarter for City Solutions, as heating volumes are low. The effect of the consolidation of Fortum Oslo Varme was EUR -11 (-6) million. These negative impacts were partly compensated by improved operative results.

The consolidation of Fortum Oslo Varme had an effect of EUR -3 (-1) million on the comparable EBITDA.

Operating profit was affected by EUR -1 (0) million of fair value change of non-hedge accounted derivatives (Note 4).

## January-September 2018

The heat sales volume increased by 13% mainly due to the consolidation of Fortum Oslo Varme. The negative impact of the warm weather in the second quarter offset the positive effects of the cold weather in the first quarter.

Comparable operating profit increased by 19%. The positive effect of EUR 19 (-6) million of the consolidation of Fortum Oslo Varme and the good result in the first quarter was partly offset by higher fuel prices in the first quarter, the lower second-quarter heat and power sales volumes, the change to seasonal heat pricing in Finland, and a weaker result in the recycling and waste business in the second quarter.

The seasonality of the City Solutions business has increased due to the consolidation of Fortum Oslo Varme and the new seasonal pricing. The annual effect of the seasonal pricing is expected to be neutral.

The consolidation of Fortum Oslo Varme had a positive effect of EUR 43 (-1) million on the comparable EBITDA.

Operating profit was positively affected by EUR 8 (1) million of fair value change of non-hedge accounted derivatives (Note 4).

## Consumer Solutions

*Consumer Solutions comprises electricity and gas retail businesses in the Nordics and Poland, including the customer service, invoicing, and debt collection business. Fortum is the largest electricity retailer in the Nordics with approximately 2.5 million customers across different brands in Finland, Sweden, Norway, and Poland. The business provides electricity and related value-added products as well as new digital customer solutions.*

EUR million	III/18	III/17	I-III/18	I-III/17	2017	LTM
Sales	332	238	1,204	644	1,097	1,657
- power sales	285	190	1,045	481	862	1,426
- other sales	46	48	159	163	235	231
Comparable EBITDA	22	10	79	32	57	104
Comparable operating profit	7	5	36	23	41	54
Operating profit	26	15	64	14	39	89
Comparable net assets (at period-end)			631	661	638	
Capital expenditure and gross investments in shares	12	488	33	491	493	35
Number of employees			1,406	1,525	1,543	

## Sales volumes

TWh	III/18	III/17	I-III/18	I-III/17	2017	LTM
Electricity*	4.8	4.1	21.4	10.1	18.8**	30.1
Gas*	0.7	0.7	2.8**	2.8	4.0	4.0**

\* Not including wholesale volumes.

\*\* Corrected figure. Incorrect figures were published in the 2018 half-year financial report. The gas sales volume in the second quarter 2018 was 0.7 TWh.

## Number of customers

Thousands*	III/18	III/17	2017
Electricity	2,450	2,470	2,470
Gas	20	10	20
<b>Total</b>	<b>2,470</b>	<b>2,480</b>	<b>2,490</b>

\* Rounded to the nearest 10,000.

On 4 August 2017, Fortum concluded the restructuring of its ownership in Hafslund. As of 1 August 2017, Hafslund Markets has been consolidated into the results of Consumer Solutions.

## July-September 2018

The electricity sales volume increased by 17% mainly due to the consolidation of Hafslund. Sales increased mainly because of the increasing spot prices. The competition and customer churn in the Nordic market continued to be a challenge.

Comparable operating profit increased slightly. The effect of the consolidation of Hafslund was EUR 4 (1) million.

The consolidation of Hafslund had a positive effect of EUR 14 (5) million on the comparable EBITDA. The implementation of IFRS 15 had a positive effect of EUR 9 million on the comparable EBITDA due to the capitalisation of sales commissions. EUR 6 million of the IFRS 15 effect was related to the Hafslund operations.

Operating profit was positively affected by EUR 19 (10) million of fair value change of non-hedge accounted derivatives (Note 4).

## January-September 2018

The consolidation of Hafslund and the cold weather in February and March increased the electricity sales volume and, consequently, sales for the segment. The competition and customer churn in the Nordic market continued to be a challenge.

Comparable operating profit increased by 57%. The effect of the consolidation of Hafslund was EUR 24 (1) million. The profitability was burdened by lower sales margins and the amended service agreements for the divested electricity distribution companies.

The consolidation of Hafslund had a positive effect of EUR 54 (5) million on the comparable EBITDA. Due to the capitalisation of sales commissions, the implementation of IFRS 15 had a positive effect of EUR 23 million on the comparable EBITDA. EUR 16 million of the IFRS 15 effect was related to the Hafslund operations.

Operating profit was positively affected by EUR 28 (-9) million of fair value change of non-hedge accounted derivatives (Note 4).

## Russia

The Russia segment comprises power and heat generation and sales in Russia. The segment also includes Fortum's over 29% holding in TGC-1, which is an associated company and is accounted for using the equity method.

EUR million	III/18	III/17	I-III/18	I-III/17	2017	LTM
Sales	200	200	764	786	1,101	1,079
- power sales	192	183	635	611	837	861
- heat sales	8	15	129	171	258	216
- other sales	0	2	1	5	6	2
Comparable EBITDA	76	61	291	317	438	412
Comparable operating profit	40	26	182	211	296	267
Operating profit	41	26	183	211	295	267
Share of profits from associates and joint ventures (Note 11)	5	8	36	28	31	39
Comparable net assets (at period-end)			2,853	3,117	3,161	
Comparable return on net assets, %					10.1	10.1
Capital expenditure and gross investments in shares	11	37	51	110	277	218
Number of employees			3,471	3,738	3,495	

### Russian power generation and heat production

TWh	III/18	III/17	I-III/18	I-III/17	2017	LTM
Russian power generation	6.5	6.1	21.5	19.1	26.3	28.7
Russian heat production	1.5	1.7	14.0	13.0	20.0	21.0

### Key electricity, capacity, and gas prices for Fortum Russia

	III/18	III/17	I-III/18	I-III/17	2017	LTM
Electricity spot price (market price), Urals hub, RUB/MWh	1,059	1,080	1,025	1,042	1,041	1,028
Average regulated gas price, Urals region, RUB/1000 m <sup>3</sup>	3,812	3,755	3,774	3,661	3,685	3,769
Average capacity price for CCS and other, tRUB/MW/month* **	138	139	144	145	148	147
Average capacity price for CSA, tRUB/MW/month**	993	808	1,033	870	899	1,021
Average capacity price, tRUB/MW/month	556	484	585	521	535	583
Achieved power price for Fortum in Russia, RUB/MWh	1,884	1,790	1,854	1,801	1,813	1,852
Achieved power price for Fortum in Russia, EUR/MWh***	24.8	25.8	25.4	27.6	27.5	25.8

\* Including capacity receiving payments under "forced mode status", regulated tariffs, and bilateral agreements.

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

\*\*\* Translated using the average exchange rate.

The Chelyabinsk GRES unit 3 was commissioned in November 2017. Fortum's 35-MW wind power plant was commissioned in January 2018, and the 35-MW solar plants have been consolidated since December 2017.

### July-September 2018

The power generation volumes increased due to the commissioning of the Chelyabinsk GRES unit 3 and good availability.

Sales remained stable. The negative effect of the weaker Russian rouble was compensated by higher received CSA payments and higher power sales volumes. For further information on CSA payments, see Key drivers and risks and Outlook.

Comparable operating profit increased by 54%. The result increased due to higher CSA payments, improved bad-debt collection, and new production units, partly offset by the change in the Russian rouble exchange rate and lower electricity margins. The increase in CSA payments was related to Nyagan 1 and Nyagan 2 receiving higher payments for the last years of the CSA period, positive spot market corrections, and contributions from renewable generation. The increase in CSA payments was partly offset by the corrections due to lower bond yields. The effect of the change in the Russian rouble exchange rate was EUR -4 million.

### January-September 2018

The power generation volumes increased due to the commissioning of the Chelyabinsk GRES unit 3 and good availability. Heat production volumes increased due to cold weather. Power generation volumes in the first quarter of 2017 were lower due to a maintenance outage at the Nyagan power plant.

Sales decreased due to the weaker Russian rouble, partly offset by higher received CSA payments and higher power and heat sales volumes.

Comparable operating profit decreased by 14%. The new production units and higher received CSA payments had a positive effect on the results. The result was negatively impacted by bad-debt provisions and lower electricity margins. The increase in CSA payments was related to Nyagan 1 and Nyagan 2 receiving higher payments for the last years of the CSA period, positive spot market corrections, and contributions from renewable generation. The increase in CSA payments was partly offset by the corrections due to lower bond yields. The result for the comparison period in 2017 was positively affected by a one-time item from improved bad-debt collections. The effect of the change in the Russian rouble exchange rate was EUR -22 million.

### Other Operations

*Other Operations comprises the two development units 'M&A and Solar & Wind Development' and 'Technology and New Ventures' as well as corporate functions. Other Operations also includes Fortum's shareholding in Uniper, which is consolidated as an associated company as of 30 June 2018 (Note 6).*

The total acquisition cost for Uniper, including direct costs relating to the acquisition, is reported in 'Participations in associated companies and joint ventures'. The purchase price allocation will be completed within the one-year window from the acquisition date, according to IFRS. As Uniper publishes its interim reports later than Fortum, Fortum's share of Uniper's results will be accounted for with a time-lag of one quarter, with potential adjustments. Fortum's third-quarter 2018 interim report does not include any share of results from Uniper. Fortum's Financial Statements 2018 will only include Fortum's share of Uniper's third-quarter results (Note 6). Uniper will report its third quarter results on 13 November 2018.

In June 2018, Fortum agreed to sell a 54% share of its solar power company operating four solar power plants in India. The transaction was closed in August 2018. The total consideration from the divestment on a debt- and cash-free basis, including the effect of deconsolidating Fortum's minority part of the net debt, was EUR 147 million. The positive impact on Fortum's third quarter comparable operating profit was EUR 26 million. Fortum's capital recycling business model enables Fortum to efficiently utilise its key competences to develop, construct and operate power plants while utilising partnerships and other forms of cooperation to create a more asset-light structure and thereby enable more investments into building new renewable capacity. Profits from the capital recycling business model are presented in comparable operating profit because the business results are realised through divesting the shareholding, either partially or totally.

## Capital expenditures, divestments, and investments in shares

In the third quarter of 2018, capital expenditures and investments in shares totalled EUR 316 (1,124) million, including the purchase of Uniper shares (Note 6). Capital expenditures were EUR 160 (174) million (Note 4).

In January-September 2018, capital expenditures and investments in shares totalled EUR 4,305 (1,484) million, mainly due to the purchase of Uniper shares. Capital expenditures were EUR 385 (482) million (Note 4).

Fortum expects to start power and heat production capacity of new power plants and to upgrade existing plants as follows:

	Type	Electricity capacity, MW	Heat capacity, MW	Supply starts/started
<b>Generation</b>				
Loviisa, Finland	Nuclear	6		2018
Hydro plants in Sweden and Finland	Hydro	~12		2018
<b>City Solutions</b>				
Zabrze, Poland	CHP	75	145	Q4/2018
Kivenlahti, Finland	Bio HOB*		58	2020
<b>Russia</b>				
Ulyanovsk	Wind	35		Jan 2018
Solar**	Solar	110		2021-2022
<b>Other Operations</b>				
Ånstadblåheia, Norway	Wind	50		Q4/2018
Sørfjord, Norway	Wind	97		2019
Pavagada 2, India	Solar	250		2019

\* Biofuel-fired heat-only boiler (HOB).

\*\* Separate investment decision needed.

### Generation

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. According to the time plan updated by plant supplier Areva-Siemens Consortium in June 2018, the plant is expected to start regular electricity production in September 2019. According to TVO, the time plan will be further updated by the supplier in December 2018. TVO cannot estimate whether or not the schedule will influence the start of regular



electricity production. OL3 is funded through external loans, share issues and shareholder loans according to shareholder agreements between the owners and TVO. As a 25% shareholder in OL3, Fortum has committed to funding of the project pro rata. At the end of September 2018, Fortum's outstanding receivables regarding OL3 were EUR 170 million and the outstanding commitment was EUR 63 million (Note 12). In March 2018, TVO and the supplier consortium companies signed a comprehensive settlement agreement whereby the arbitration concerning the delay of OL3 is settled by financial compensation of EUR 450 million to be paid to TVO. Based on the project schedule and the effect of the settlement agreement, TVO estimated the total investment in OL3 to be approximately EUR 5.5 billion.

In June 2018, Fortum sold its 10% ownership in Hafslund Produksjon Holding AS to Svartisen Holding AS. As part of the restructuring of the Hafslund ownership in 2017, Fortum acquired the ownership in Hafslund Produksjon. The sales price for the shares was EUR 160 million. Fortum booked a capital gain of EUR 77 million in the Generation segment in the second-quarter 2018 results.

## City Solutions

On 23 October 2018, Fortum announced it is replacing part of its fossil-based heat production by building a biofuel-fired heating facility in Kivenlahti, Finland. The value of the investment is over EUR 40 million. The new facility will have a maximum heat output of 58 MW. The construction of the plant is a significant step towards carbon neutral district heating production in Espoo, as the plant will allow for the decommissioning of the old coal-fired heating boiler in Suomenoja. Construction of the new facility starts in November 2018, and heat production is scheduled to begin in 2020.

The joint venture Kauno Kogeneracinė Jėgainė, owned by Fortum and Lietuvos Energija, is building a waste-to-energy combined heat and power (CHP) plant in Kaunas, Lithuania. The electricity capacity of the Kaunas plant will be 24 MW and the thermal capacity approximately 70 MW. Fortum's ownership in the joint venture is 49%. The CHP plant is expected to be commissioned in mid-2020.

In 2015, Fortum decided to build a new multi-fuel CHP plant in Zabrze, Poland, which primarily will be fuelled by refuse derived fuel (RDF) and coal but can also use biomass and a mixture of fuels. The new plant replaces the existing purely coal-fired units in Zabrze and Bytom. It will have a production capacity of 145 MW of heat and 75 MW of electricity, and the planned start of commercial operations is by the end of 2018.

## Russia

In June 2018, Fortum won the right to build 110 MW of solar capacity in a CSA auction. The power plants are to be commissioned during the years 2021-2022.

In June 2018, the Fortum-Rusnano wind investment fund (Fortum's ownership 50%) won the right to build 823 MW of wind capacity in a CSA auction. The wind parks are to be commissioned during the years 2019-2023.

In June 2017, the Fortum-Rusnano wind investment fund won the right to build 1,000 MW of wind capacity in a CSA auction. The wind parks were to be commissioned during the years 2018-2022. In October 2017 and October 2018, the wind investment fund made investment decisions for the first 50-MW and second 200-MW wind farms. Power production is expected to start during the first half of 2019 and the first half of 2020, respectively.

The investment decisions related to the renewable capacities won by Fortum and the Fortum-Rusnano wind investment fund in 2017 and 2018 are made on a case-by-case basis. Fortum's maximum equity commitment is RUB 15 billion. In the longer term, Fortum seeks to maintain an asset-light structure by forming potential partnerships and other forms of co-operation.

## Other Operations

In June 2018, Fortum won the right to build a 250-MW solar power plant in the Pavagada solar park in Karnataka, India. The capital expenditure is estimated to be approximately EUR 120 million. Commissioning of the plant is expected in 2019. Fortum already operates a 100-MW plant in the Pavagada solar park.

In June 2018, Fortum signed an agreement to sell a 54% share of its solar power company operating four solar power plants in India to UK Climate Investments (40%) and Elite Alfred Berg (14%). Elite Alfred Berg has the option to buy up to an additional 16% from Fortum. The total capacity of this portfolio is 185 MW. Fortum aims to retain a significant minority ownership in the solar power company and to continue to provide operation and maintenance services based on a long-term agreement. The total consideration from the divestment on a debt- and cash-free basis, including the effect of deconsolidating Fortum's minority part of the net debt, was EUR 147 million. The positive impact on Fortum's third quarter comparable operating profit was EUR 26 million. The transaction was closed in August 2018.

In January 2017, Fortum finalised the acquisition of three wind power projects from the Norwegian company Nordkraft. The transaction consists of the already operational Nygårdstjøfjellet wind farm as well as the fully-permitted Ånstadblåheia and Sørfjord projects. The wind farms are expected to be commissioned in 2018 and 2019. When built, the total installed capacity of the three wind farms will be approximately 180 MW. In March and September 2017, Fortum announced the decisions to start the building of the Ånstadblåheia and Sørfjord wind farms, respectively.

In 2016, Fortum made the final investment decision on the 75-MW Solberg wind park project in northern Sweden. Skellefteå Kraft is participating in the project with a 50% share. The wind park was taken into operation in the first quarter of 2018.

## Operating and regulatory environment

### Nordic countries

According to preliminary statistics, electricity consumption in the Nordic countries was 82 (82) TWh during the third quarter of 2018. During January-September 2018, electricity consumption in the Nordic countries was 291 (283) TWh. The higher consumption was mainly driven by colder weather during the first quarter of 2018 and the somewhat higher industrial consumption.

At the beginning of 2018, the Nordic water reservoirs were at 86 TWh, which is 3 TWh above the long-term average and 11 TWh higher than one year earlier. At the end of the third quarter of 2018, the reservoirs were at 89 TWh, which is 13 TWh below the long-term average and 10 TWh lower than one year earlier. The Swedish precipitation was below the normal level in the third quarter of 2018, whereas precipitation in Norway was clearly above the normal level.

In the third quarter of 2018, the average system spot price in Nord Pool was EUR 50.5 (28.5) per MWh. The average area price in Finland was EUR 53.5 (35.9) per MWh and in Sweden (SE3, Stockholm) EUR 52.2 (33.6) per MWh. The dry hydrological situation combined with the clearly higher marginal cost for coal condense were the main reasons for the price increase. In January-September 2018, the average system spot price in Nord Pool was EUR 42.8 (29.0) per MWh, the average area price in Finland was EUR 45.9 (33.3) per MWh and in Sweden SE3 (Stockholm) EUR 43.3 (30.3) per MWh.

In Germany, the average spot price increased to EUR 53.5 (32.7) per MWh in the third quarter of 2018. In January-September 2018, the average spot price was EUR 41.7 (34.6) per MWh.

The market price of CO<sub>2</sub> emission allowances (EUA) increased from EUR 15 per tonne at the beginning of the third quarter to EUR 21 per tonne at the end of the third quarter of 2018, peaking at EUR 25 per tonne in mid-September.

## Russia

Fortum operates mainly in the Tyumen and Khanty-Mansiysk area of Western Siberia, where industrial production is dominated by the oil and gas industries, and in the Chelyabinsk area of the Urals, which is dominated by the metal industry. The Russian market is divided into two price zones and Fortum operates in the First Price Zone (European and Urals part of Russia).

According to preliminary statistics, Russian electricity consumption was 238 (235) TWh during the third quarter of 2018. The corresponding figure for the First Price Zone was 184 (182) TWh. In January-September 2018, Russian electricity consumption was 770 (756) TWh and the corresponding figure for the First Price Zone was 591 (587) TWh.

In the third quarter of 2018, the average electricity spot price, excluding capacity prices, increased to RUB 1,302 (1,269) per MWh in the First Price Zone. The spot price in the Urals hub decreased and was RUB 1,059 (1,080) per MWh. In January-September 2018, the average electricity spot price, excluding capacity price, increased to RUB 1,227 (1,198) per MWh in the First Price Zone and decreased to RUB 1,025 (1,042) per MWh in the Urals hub.

More detailed information about the market fundamentals is included in the tables at the end of the report (pages 64-66).

## European regulatory environment

### IPCC's special report

In early October, the United Nations International Panel on Climate Change (IPCC) released its special report on limiting global warming to 1.5 °C. According to the IPCC, this requires “rapid and far-reaching transitions” including carbon dioxide removal from the atmosphere. Global net CO<sub>2</sub> emissions have to decline by 45% from 2010 to 2030 and be net-zero by 2050. According to the report, the power sector should reduce emissions by 100% well before 2050. 70-85% of electricity should be produced from renewable sources and the contribution of nuclear power increases in all scenarios. The IPCC makes explicit references to carbon pricing as a tool to help balance out the impact of higher energy prices in a carbon-constrained world.

### EU's long-term climate strategy to be published in November

The European Commission is expected to publish its strategy for long-term greenhouse gas (GHG) emission reductions in November 2018. The strategy will provide a holistic analysis of various pathways to reach a balance between GHG emissions and carbon sinks across all key sectors of the economy. However, it is not expected to include concrete emission reduction targets or proposals for policy measures. Fortum urges the EU to align its long-term climate ambition with the Paris Agreement, targeting to be carbon neutral by 2050. In Fortum's view, carbon pricing will be the key measure for reaching carbon neutrality, and the EU should develop a market mechanism to reward also the capture of CO<sub>2</sub> directly from the air or from flue gases.

### Price development of EU emission allowances

The EUA has experienced a significant price increase during the past twelve months. The EUA price has more than tripled to reach the level of that in 2008. Given the recent price surge, there has been increasing attention to Article 29 of the EU Emission Trading Scheme (ETS) Directive specifying measures in the event of excessive price fluctuations. According to Article 29, the Commission shall start investigating the

issue if, for more than six consecutive months, the allowance price is more than three times the average price of allowances during the two preceding years. If the price evolution does not correspond to changing market fundamentals, the Commission may take measures. In September, Poland officially requested an investigation by the Commission on the EUA price increase, but the Commission has not yet responded to the request. By mid-October, the average EUA price had not exceeded three times the 24-month average price for six consecutive months. Furthermore, in Fortum's view, the price development is predominately based on market fundamentals.

### **Changes in Finnish energy taxation from the beginning of 2019**

In the 2019 budget preparation, the Finnish Government decided on several tax changes, mainly targeting fossil heating fuels. The currently applicable 50% CO<sub>2</sub> tax reduction for CHP production will be abolished and the structure of the fuel tax will be changed with the aim to improve the competitiveness of gas against coal. At the same time, the Government decided to increase the tax of heating fuels, including peat. As part of the proposal, the Government also intends to abolish the double taxation of electricity storages. The main part of the changes will be applicable from 1 January 2019. The changes are expected to have a minor impact on Fortum's results.

### **Finnish coal phase-out legislation**

The Finnish Government has proposed a ban on the energy use of coal from May 2029. Fortum uses coal in the Suomenoja CHP plant for district heating. Fortum has already earlier made a decision to move towards carbon-neutral district heating in Espoo during the 2020s. Although phasing out coal is justified for climate reasons, Fortum considers national laws banning individual technologies or fuels as problematic.

### **The Norwegian Government allocated financing for Fortum's carbon capture and storage pilot project**

In August 2018, the Norwegian Government decided to finance Fortum Oslo Varme's project for carbon capture and storage as part of the Front End Engineering and Design study. This includes the construction and operation of a pilot unit for the testing of CO<sub>2</sub> capture from flue gases at the Klemetsrud plant in Oslo. The study is to be finalised by the end of August 2019. In 2020, the Norwegian Parliament is expected to decide on support for the investment in a full-scale carbon capture and storage plant at Klemetsrud.

## **Key drivers and risks**

Fortum's financial results are exposed to a number of economic, strategic, energy policy and regulation, 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 short-term drivers behind the wholesale price development in the Nordic region are the prices of fuels and CO<sub>2</sub> emission allowances, the hydrological situation, temperature, economic development, and the electricity import-export balance.

Global economic growth impacts commodity and CO<sub>2</sub> emission allowance prices, which, in turn, impact the Nordic wholesale price of electricity. In all regions, fuel prices and power plant availability also impact profitability. In addition, increased volatility in exchange rates could have both translation and transaction effects on Fortum's financials, especially through the Russian rouble and Swedish krona.

In the Nordic countries, changes in the regulatory and fiscal environment add risks for the energy and environmental management sectors. The main strategic risk is that the regulatory and market environment develops in a way that we have not been able to foresee and prepare for. In response to these uncertainties, Fortum has analysed and assessed a number of future energy market and regulation scenarios, including the impact of these on different generation forms and technologies. As a result,

Fortum's strategy was renewed in 2016 to include broadening of the revenue base and diversification into new businesses, technologies, and markets. The environmental management business is based on the framework and opportunities created by environmental regulation. Being able to respond to customer needs created by the tightening regulation is a key success factor.

For Fortum's Russian business, the key drivers are economic growth, the rouble exchange rate, regulation of the heat business, and the further development of the electricity and capacity markets. A key profitability driver is the received capacity payment based on the CSA contracts and Competitive Capacity Selection (CCS) auctions. The main part of Fortum's generation capacity built after 2007 is entitled to CSA payments for approximately 10 years after commissioning of each new unit (approximately 15 years for renewable generation). The received capacity payments vary, depending on the age, location, type, and size of the plant as well as on seasonality and availability. The CSA payments are adjusted for, among other factors, the weighted average cost of capital (WACC), the consumer price index (CPI), and re-examination of earnings from the electricity-only (spot) market (done every three and six years after commissioning of a unit). In addition, thermal power plants are entitled to clearly higher CSA payments starting approximately six years after commissioning.

For further information about the risks, see Fortum's Annual Report.

## Outlook

### Hedging

At the end of September 2018, approximately 80% of the Generation segment's estimated Nordic power sales volume was hedged at EUR 30 per MWh for the rest of 2018 (75% at EUR 29 per MWh at the end of the second quarter), approximately 65% at EUR 30 per MWh for 2019 (60% at EUR 28 per MWh at the end of the second quarter), and approximately 35% at EUR 28 per MWh for 2020.

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 electricity derivatives quoted on Nasdaq Commodities.

### Capital expenditure and divestments

Fortum currently estimates its capital expenditure, including maintenance but excluding acquisitions, to be in the range of EUR 600-700 million in 2018. The maintenance capital expenditure in 2018 is estimated at approximately EUR 300 million, well below the level of depreciation.

### Nordic market

Electricity is expected to continue to gain a higher share of total energy consumption. Electricity demand in the Nordic countries is expected to grow by approximately 0.5% on average, while the growth rate for the next few years will largely be determined by the macroeconomic development in Europe and especially in the Nordic countries.

During the third quarter of 2018, oil, coal, and EUA prices increased. In mid-October 2018, the forward quotation for coal (ICE Rotterdam) for the remainder of 2018 was around USD 100 per tonne and the market price for EUAs for 2018 at the level of EUR 20 per tonne. The Nordic system electricity forward price at Nasdaq Commodities for the remainder of 2018 was around EUR 45 per MWh, for 2019 around EUR 37 per MWh, and for 2020 around EUR 34 per MWh. In Germany, the electricity forward price for the remainder of 2018 was around EUR 57 per MWh and for 2019 around EUR 53 per MWh. The Nordic water reservoirs were about 11 TWh below the long-term average and were 10 TWh lower than one year earlier.

## Generation

The Generation segment's achieved Nordic power price typically depends on factors such as hedge ratios, hedge prices, spot prices, availability and utilisation of Fortum's flexible production portfolio, as well as currency fluctuations. Excluding the potential effects from changes in the power generation mix, a 1 EUR/MWh change in the Generation segment's Nordic power sales achieved price will result in an approximately EUR 45 million change in Fortum's annual comparable operating profit. The achieved power price also includes the results of optimisation of Fortum's hydro and nuclear production as well as operations in the physical and financial commodity markets.

As a result of the nuclear stress tests in the EU, the Swedish Radiation Safety Authority (SSM) has decided on new regulations for Swedish nuclear reactors. For the operators, this means that safety investments should be in place no later than 2020.

The process to review the Swedish nuclear waste fees is done in a three-year cycle. In March 2017, the Swedish Government decided on the new nuclear waste fees for years 2018-2020. In October 2017, the Swedish Parliament decided on changes in the legal framework, impacting calculations of nuclear waste fees and the investment of the nuclear waste fund. In the revised legal framework, the assumed operating time for calculating the waste fee is 50 years, as opposed to the previous assumption of 40 years. The fund is now also allowed to invest in other financial instruments in addition to bonds. Based on these changes, the annual waste fees for Fortum are expected to increase by approximately EUR 8 million.

On 11 June 2018, the Swedish Administrative Court of Appeal gave its decisions on Fortum Sverige AB's hydro production-related real-estate tax assessments for the years 2009-2014. The court decisions were not in Fortum's favour and are contrary to the Administrative Court's earlier decision. Fortum has applied for the right to appeal from the Supreme Administrative Court. The disputed amount, including interest for the time period, totalled SEK 520 million (EUR 51 million). In case the Administrative Court of Appeal's ruling becomes final, there will be no impact on Fortum's results. In Sweden, hydropower plants have earlier been subject to a real-estate tax that has resulted in a per-kWh real-estate tax that was approximately 12 times higher compared to any other production form due to different tax rates and different valuation factors.

On 12 April 2018, the Swedish Government proposed legislation to the parliament regarding the future of hydropower following last year's parliamentary Energy Commission. The proposed legislation states that all hydropower should have modernised permits, but also clearly states that existing hydropower needs to be protected to be able to play a key role in the future energy system. The proposed legislation also points to the classification of water bodies, demanding that they shall be done in a manner that protects hydropower and other infrastructure. The Government proposal also states that the industry should create a common hydropower fund to finance large parts of the environmental actions needed. According to the Energy Commission, the fund has a total financial cap of SEK 10 billion to be paid over a 20-year period, and the largest operators will contribute to the fund proportionately based on their respective market share of hydropower production. Fortum's share is expected to be 20-25% of the fund's total financing. On 19 June 2018, the legislation was adopted by the parliament, supported by a broad majority of six parties that agreed on the Energy Commission results.

In September 2016, the Swedish Government presented the budget proposal for the coming years, according to which the nuclear capacity tax will be reduced to 1,500 SEK/MW per month from 1 July 2017 and abolished on 1 January 2018. In 2017, Fortum's Swedish nuclear capacity tax was EUR 44 million. In 2018, there is no capacity tax. Further, the Swedish hydropower real-estate tax will decrease from 2.8% to 0.5%. The tax is being reduced in four steps: in January 2017 to 2.2%; in January 2018 to 1.6%; in January 2019 to 1.0%; and in January 2020 to 0.5%. In 2017, the tax for Fortum decreased by EUR 20 million to EUR 95 million. In addition to the decrease in the tax rate, the hydropower real-estate tax values,

which are linked to electricity prices, will be updated in 2019. The real-estate tax values are updated every six years. With the current electricity prices, the tax values for the 2019-2024 period would be lower than they are today.

In 2015, the Swedish OKG AB decided to permanently discontinue electricity production at Oskarshamn's nuclear plant units 1 and 2. Unit 1 was shut down on 17 June 2017 and unit 2 has been out of operation since June 2013. The closing processes for both units are estimated to take several years.

## City Solutions

In City Solutions, stable growth, cash flow and earnings are achieved through investments in new plants and through acquisitions. Fuel cost, availability, flexibility, efficiency, as well as gate fees are key drivers for profitability, but also the power supply/demand balance, electricity prices, and weather conditions affect profitability.

The development of Fortum Oslo Varme's business operations is estimated to require integration-related one-time costs and increased investments over the coming years. The realisation of cost synergies is estimated to gradually start materialising from 2019 onwards, with targeted annual synergies of EUR 5-10 million expected to be achieved by the end of 2020.

## Consumer Solutions

After the acquisition of Hafslund Markets in August 2017, a new business strategy for Consumer Solutions was approved by the Fortum Board of Directors in December 2017. The strategic objective is to establish Consumer Solutions as the leading consumer business in the Nordics, with a customer-centric, multi-brand structure.

Competition in the Nordic electricity retail market is expected to remain challenging, with continued pressure on sales margins and customer churn. To counter the market challenges and create a solid foundation for competitive operations, Consumer Solutions will continue its cost spend in developing new digital services for consumers.

The combined Hafslund Markets and Fortum Markets business, while largely complementary, has identified synergy potential, in terms of both revenue and costs. The short-term priority will be on achieving identified revenue synergies by leveraging established best practices and providing additional products and services to the whole customer base. The realisation of cost synergies will start materialising once the integration of Hafslund Markets is completed, expected in 2019, with cost synergy realisation gradually increasing over the coming years and targeted annual synergies of approximately EUR 10 million to be achieved by the end of 2020.

## Russia

In the Russia segment, capacity payments based on CSA contracts are a key driver for earnings growth, as it receives considerably higher capacity payments than through the CCS auctions. Currently Fortum's CSA capacity amounts to 2,368 MW. In February 2018, the System Administrator of the wholesale market published data on the WACC and the CPI for 2017, which were used to calculate the 2018 CSA price. The CSA payments were revised downwards accordingly to reflect the lower bond rates. The regulator also reviewed the guaranteed CSA payments by re-examining earnings from the electricity-only market and revised the CSA payments upwards due to the lower earnings from the electricity-only market.

Fortum's other Russian generation capacity, totalling 2,544 MW, is allowed to participate in the CCS auctions. The long-term CCS for the years 2017-2019 was held at the end of 2015, the CCS for the year 2020 in September 2016, and the CCS for the year 2021 in September 2017. All Fortum plants offered in the auction were selected. Fortum also obtained "forced mode status", i.e. it receives payments for the

capacity at a higher rate for some of the units at the Argayash power plant. For the years 2017-2019, "forced mode status" was obtained for 195 MW; for the year 2020 for 175 MW, and for the year 2021 for 105 MW. The date of the CCS auction for 2022 has been postponed from 15 September to 15 December 2018.

In June 2018, Fortum won the right to build 110 MW of solar capacity in a CSA auction. The power plants are to be commissioned during the years 2021-2022 and will receive a guaranteed CSA price corresponding to approximately RUB 14,000 per MWh for a period of 15 years.

In June 2018, the Fortum-Rusnano wind investment fund (Fortum's ownership 50%) won the right to build 823 MW of wind capacity in a CSA auction. The wind parks are to be commissioned during the years 2019-2023 and will receive a guaranteed CSA price corresponding to approximately RUB 7,000-8,000 per MWh for a period of 15 years.

As of January 2018, Fortum's Ulyanovsk wind farm is listed in the registry of capacity. The 35-MW power plant is Russia's first industrial wind park. It will receive CSA payments for a period of approximately 15 years after commissioning. The CSA price currently corresponds to approximately RUB 11,000 per MWh.

In December 2017, Fortum acquired three solar power companies. All three power plants are operational and will receive CSA payments for approximately 15 years after commissioning. The CSA price currently corresponds to approximately RUB 21,000 per MWh. The plants were commissioned in 2016 and 2017.

In June 2017, the Fortum-Rusnano wind investment fund won the right to build 1,000 MW of wind capacity in a CSA auction. The wind parks were to be commissioned during the years 2018-2022 and will receive a guaranteed CSA price corresponding to approximately RUB 7,000-9,000 per MWh for a period of 15 years. In October 2017 and October 2018, the wind investment fund made investment decisions for the first 50-MW and second 200-MW wind farms. Power production is expected to start during the first half of 2019 and the first half of 2020, respectively.

The Russian annual average gas price growth was 2% in 2017. Fortum estimates the Russian annual average gas price growth to be 3.1% in 2018.

## Other Operations

For information on the financial impact of the Uniper shareholding, please see the Uniper investment section of this interim report and Note 6.

In June 2018, Fortum won the right to build a 250-MW solar power plant in the Pavagada solar park in Karnataka, India. The capital expenditure is estimated to be approximately EUR 120 million, and the solar park will be entitled to a fixed tariff of 2.85 INR/kWh for 25 years. Commissioning of the plant is expected in 2019.

## Income taxation

In 2018, the effective corporate income tax rate for Fortum is estimated to be 19-21%, excluding the impact of the share of profits of associated companies and joint ventures, as well as non-taxable capital gains.

On 11 May 2017, the Administrative Court in Stockholm gave its decisions related to Fortum's income tax assessments for the year 2013. The court's rulings were not in Fortum's favour and Fortum appealed the decisions. Fortum did not make any provision for this. On 18 October, the Administrative Court of Appeal in Stockholm ruled in favour of Fortum related to Fortum's income tax assessments in Sweden for the year 2013. The assessment concerns Fortum's right to deduct interest relating to intra-group loans. The court confirmed that Fortum had sufficient business reasons for the loans and accepted Fortum's appeal. In July 2017, Fortum paid the additional taxes including interest for 2013, in total SEK 273 million (EUR 26 million)



and booked them as a receivable. The repayment of this receivable will have a positive cash flow effect for Fortum. Fortum estimates to receive the payment during 2018. The Swedish tax authorities may apply for the right to appeal from the Supreme Administrative Court (Note 19). The court's decision was mainly based on Swedish legislative differences between the 2013 and 2009 legislations.

In June 2018, the Swedish government decided to lower the Swedish corporate tax in two steps, from the current 22.0% to 21.4% from January 2019 and to 20.6% from January 2021.

In March 2018, the Swedish Supreme Administrative Court decided not to grant leave to appeal to Fortum with respect to the interest deduction cases relating to the years 2009-2012. The unfavourable decision of the Administrative Court of Appeal from June 2017 therefore remains in force. The additional tax and interest, in total SEK 1,175 million (EUR 122 million), was booked as a cost in the second-quarter 2017 results and was paid already in 2016. There are strong grounds to argue that these decisions of the Administrative Court of Appeal and the Supreme Administrative Court violate EU law and fundamental rights under EU law. Fortum plans to make use of legal remedies which are available for breaches of EU law (Note 19).

## Shares and share capital

### Fortum shares on Nasdaq Helsinki

January-September 2018	No. of shares traded	Total value EUR	High EUR	Low EUR	Average* EUR	Last EUR
FORTUM	375,206,672	7,145,983,142	22.91	16.43	19.03	21.59

\* Volume weighted average.

	30 September 2018	30 September 2017
Market capitalisation, EUR million	19,180	15,005
Number of shareholders	122,715	130,933
Finnish State holding, %	50.8	50.8
Nominee registrations and direct foreign shareholders, %	30.6	29.8
Households, %	9.5	10.7
Financial and insurance corporations, %	1.7	1.4
Other Finnish investors, %	7.5	7.3

In addition to Nasdaq Helsinki, Fortum shares were traded on several alternative market places, for example Boat, Cboe and Turquoise, and on the OTC market. In January-September 2018, approximately 67% of Fortum's shares were traded on markets other than Nasdaq Helsinki.

On 30 September 2018, Fortum Corporation's share capital was EUR 3,046,185,953 and the total number of registered shares was 888,367,045. Fortum Corporation owned 72,580 of its own shares.

On 28 March 2018, the Annual General Meeting decided to authorise the Board of Directors to decide on the repurchase and disposal of the company's own shares up to a maximum of 20,000,000 shares, which corresponds to approximately 2.25% of all the shares in the company. The authorisation will be effective until the next Annual General Meeting and, in any event, for a period no longer than 18 months. The authorisation had not been used by 24 October 2018.

## Group personnel

Fortum's operations are mainly based in the Nordic countries, Russia, Poland and the Baltic Rim area. The total number of employees at the end of September 2018 was 8,829 (end of 2017: 8,785).

At the end of September 2018, the Generation segment had 1,121 (end of 2017: 1,035) employees, City Solutions 1,932 (end of 2017: 1,907), Consumer Solutions 1,406 (end of 2017: 1,543), Russia 3,471 (end of 2017: 3,495), and Other Operations 899 (end of 2017: 805).

## Changes in Fortum's Management

On 29 August 2018, Fortum announced that Mr Kari Kautinen, Senior Vice President, Solar & Wind Development and M&A, had resigned. He left Fortum at the end of September 2018.

On 3 September 2018, Fortum announced that Mr Arun Aggarwal, M.Sc. (Eng.), 49, was appointed Senior Vice President, Business Technology and member of Fortum's Executive Management. This is a new position at Fortum. Mr Aggarwal will have Group-wide responsibility to lead Fortum's strategic IT as well as digital innovation and transformation. He assumed this position in mid-October 2018 and reports to the President and CEO.

## Research and development

Sustainability is at the core of Fortum's strategy and, alongside Fortum's current businesses, the company is carefully exploring and developing new sources of growth within renewable energy production.

Fortum's goal is to be at the forefront of energy technology and application development. To accelerate innovation and the commercialisation of new offerings, Fortum is strengthening its in-house innovation and digitalisation efforts and building partnerships with leading global suppliers, technology and service companies, and research institutions. Fortum makes direct and indirect investments in start-ups that have promising new innovations focused on connectivity, have disruptive potential and accelerate the transition towards a circular economy. Fortum also invests in technologies that support better utilisation of the current asset base and that can create new markets and products for Fortum. The company is continuously looking for emerging clean energy solutions and for solutions that increase resource and system efficiency.

The Group reports its R&D expenditure on a yearly basis. In 2017, Fortum's R&D expenditure was EUR 53 (52) million, or 1.2% (1.4%) of sales.

## Sustainability

Fortum strives for balanced management of economic, social, and environmental responsibility in the company's operations, emphasising the following focus areas:

<b>Economic responsibility</b>	<b>Social responsibility</b>	<b>Environmental responsibility</b>
Economic benefits to our stakeholders	Operational and occupational safety	Energy and resource efficiency
Long-term value and growth	Secure energy supply for customers	Reduction of environmental impacts
Sustainable supply chain	Personnel wellbeing	Climate-benign energy production and systems
Customer satisfaction	Business ethics and compliance	Solutions for sustainable cities

The Group-level sustainability targets are linked to the main sustainability focus areas and emphasise Fortum's role in society. They measure not only environmental and safety targets, but also Fortum's reputation, customer satisfaction, employee wellbeing, and the security of power and heat production. Targets are set annually and are based on continuous operational improvement. Regarding safety, the target indicators in 2018 are the number of severe occupational accidents and the combined own personnel and contractor lost workday injury frequency (LWIF). A new indicator in 2018 is the GAP index measuring how well the Group's Environmental, Health, and Safety (EHS) minimum requirements are realised at the power plant level.

The achievement of the sustainability targets is monitored in monthly, quarterly, and annual reporting. Fortum publishes a yearly Sustainability Report with additional information on the company's sustainability performance.

### Group sustainability targets and performance 2018\*

	Target	III/18	I-III/18	2017	Five-year average
<b>Environmental responsibility</b>					
Specific CO <sub>2</sub> emissions from total energy production as a five-year average, g/kWh	< 200	222	192	188	186
Major EHS incidents, no.	≤ 20	5	17	20	-
<b>Social responsibility</b>					
Energy availability of CHP plants, %	> 95.0	95.3	96.0	96.1	-
LWIF, own personnel and contractors	≤ 2.1	2.3	1.9	2.4	-
Severe occupational accidents, no.	0	0	1	1	-
Quality of investigation process of occupational accidents, major EHS incidents and near misses	Level 3.0	Level 2.0	Level 3.0	Level 2.0**	-
Sickness-related absences, %	≤ 2.2	2.4***	2.7***	2.2****	-

\* Group targets for reputation index, customer satisfaction, energy efficiency and GAP index are monitored annually.

\*\* Scaling revised.

\*\*\* Sickness-related absences in January-August 2018.

\*\*\*\* Excluding DUON and Hafslund.

Fortum is listed on the Nasdaq Helsinki exchange and is included in the STOXX Global ESG Leaders, OMX GES Sustainability Finland, and ECPI® and Euronext Vigeo Eurozone 120 indices. Fortum is also ranked in category A- in the annual CDP (formerly the Carbon Disclosure Project) rating 2017, and it has received a Prime Status (B-) rating by the German oekom research AG.

Fortum's sustainability reporting covers all functions under Fortum's operational control, including subsidiaries in all countries of operation.

### Economic responsibility

Fortum's goal is to achieve excellent financial performance in strategically selected core areas through strong competence and responsible ways of operating. Fortum measures financial performance with return on capital employed (long-term target: at least 10%) and capital structure (long-term target: comparable net debt/EBITDA around 2.5x).

Fortum expects its business partners to act responsibly and to comply with the Fortum Code of Conduct and the Fortum Supplier Code of Conduct. Fortum assesses the performance of its business partners with supplier qualification and supplier audits. In January-September 2018, Fortum conducted a total of eight supplier audits in Finland, Poland, Russia, Vietnam, and India. In addition, one of Fortum's Russian coal suppliers was audited against the Bettercoal Code by a third party.

## Environmental responsibility

Fortum's Group-level environmental targets are related to CO<sub>2</sub> emissions, energy efficiency, and major EHS incidents. Operational-level activities follow the requirements set forth in the ISO 14001 environmental management standard; 99.8% (99.8%) of Fortum's power and heat production worldwide has ISO 14001 certification.

Fortum's aim is to promote resource efficiency improvements and the transition towards a more extensive circular economy.

Fortum's energy production is primarily based on carbon dioxide-free hydropower and nuclear power and on energy-efficient CHP. In line with the strategy, Fortum is targeting a gigawatt-scale solar and wind portfolio. Fortum expects the concern about climate change to increase the demand for low-carbon production and energy-efficient solutions and products. Fortum aims to mitigate climate change by investing in CO<sub>2</sub>-free energy production and by improving energy and resource efficiency.

In January-September 2018, Fortum's direct CO<sub>2</sub> emissions were 14.5 (13.2) Mt. Of the total CO<sub>2</sub> emissions, 1.8 (1.7) Mt were within the EU's ETS. The estimate for Fortum's free emission allowances in 2018 is 0.8 (1.0) Mt.

Fortum's total CO <sub>2</sub> emissions (million tonnes, Mt)	III/18	III/17	I-III/18	I-III/17	2017	LTM
Total emissions	3.8	3.4	14.5	13.2	18.4*	19.7
Emissions subject to ETS	0.4	0.2	1.8	1.7	2.4*	2.4
Free emission allowances	-	-	-	-	1.0	-
Emissions in Russia	3.3	3.1	12.2	11.0	15.4	16.6

\* The figure has been revised from the one presented in the Financial Statements bulletin 2017, Financials 2017 and Sustainability 2017.

In January-September 2018, Fortum's specific carbon dioxide emissions from total energy production were 192 (185) g/kWh. The specific CO<sub>2</sub> emissions from total energy production as a five-year average were 186 (188) g/kWh, which is better than Fortum's Group target of 200 g/kWh.

Fortum's target regarding major EHS incidents is to have no more than 20 major EHS incidents annually. Major EHS incidents are monitored, reported and investigated, and corrective actions are implemented. In January-September 2018, there were 17 (16) major EHS incidents in Fortum's operations. The major EHS incidents included 11 fires, two environmental non-compliances, three leaks, and one dam safety incident. The major EHS incidents did not have significant environmental impacts.

## Social responsibility

Fortum's social responsibility targets are related to the secure supply of electricity and heat for customers, operational and occupational safety, as well as employee wellbeing.

For Fortum, excellence in safety is the foundation of the company's business and an absolute prerequisite for efficient and interruption-free production. Fortum strives to be a safe workplace for the employees and for the contractors and service providers who work for the company. A certified OHSAS 18001 safety management system covers 98.4% (99.5%) of Fortum's power and heat production worldwide.

In January-September 2018, the combined LWIF for own personnel and contractors was 1.9 (2.0), which was better than the set target level ( $\leq 2.1$ ). In January-September 2018, one occupational accident leading to a fatality took place in the company's operations in Sweden, thus the number of severe occupational accidents was 1 (0). The Group target in 2018 is zero severe occupational accidents.

In January-September 2018, the quality of investigation process of occupational accidents, major EHS incidents, and serious near misses was at the level of 3.0, achieving the set target level of 3.0. In 2018,

Fortum is implementing new tools to assess contractor safety performance as part of the supplier qualification process and is also evaluating their safety practices in a more systematic manner during the work.

In January-August 2018, the percentage of sickness-related absences was 2.7 (2.1), which did not meet the target level of  $\leq 2.2$ .

An uninterrupted and reliable energy supply is critical for society to function. The energy availability of the company's CHP plants in January-September 2018 was, on average, 96.0% (95.7%), outperforming the target of  $>95.0\%$ .

## Events after the balance sheet date

On 22 October, the Fortum-Rusnano wind investment fund made the investment decision for a 200-MW wind power project in Russia. The wind farm is expected to start production during the first half of 2020.

On 18 October, the Administrative Court of Appeal in Stockholm ruled in favour of Fortum related to Fortum's income tax assessments in Sweden for the year 2013. The assessment concerns Fortum's right to deduct interest relating to intra-group loans. The court confirmed that Fortum had sufficient business reasons for the loans and accepted Fortum's appeal. In July 2017, Fortum paid the additional taxes including interest for 2013, in total SEK 273 million (EUR 26 million) and booked them as a receivable. The repayment of this receivable will have a positive cash flow effect for Fortum. Fortum estimates to receive the payment during 2018. The Swedish tax authorities may apply for the right to appeal from the Supreme Administrative Court (Note 19).

Espoo, 23 October 2018

Fortum Corporation  
Board of Directors

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The condensed Interim Report has been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU. The interim financials have not been audited.

## **Fortum's Capital Markets Day**

Fortum's Capital Markets Day 2018 will be held on 13 November 2018 at Fortum's Headquarters in Espoo, Finland. Details and registration at [www.fortum.com/cmd](http://www.fortum.com/cmd).

## **Financial calendar in 2019**

Fortum Corporation's Financial Statements Bulletin for the year 2018 will be published on 1 February 2019 at approximately 9:00 EET.

Fortum's Financial Statements and Operating and Financial Review for 2018 will be published during week 8 at the latest.

Fortum will publish three interim reports in 2019:

- January-March on 26 April 2019 at approximately 9:00 EEST
- January-June on 19 July 2019 at approximately 9:00 EEST
- January-September on 24 October 2019 at approximately 9:00 EEST

Fortum's Annual General Meeting 2019 is planned to take place on 26 March 2019, and the possible dividend related dates planned are:

- Ex-dividend date 27 March 2019
- Record date for dividend payment 28 March 2019
- Dividend payment date 4 April 2019

## **Distribution:**

Nasdaq Helsinki

Key media

[www.fortum.com](http://www.fortum.com)

More information, including detailed quarterly information, is available on Fortum's website at [www.fortum.com/investors](http://www.fortum.com/investors)

## Condensed consolidated income statement

EUR million	Note	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
Sales	4	971	919	3,643	3,088	4,520	5,075
Other income		47	8	89	26	55	118
Materials and services		-545	-466	-1,925	-1,554	-2,301	-2,672
Employee benefits		-105	-102	-340	-300	-423	-463
Depreciation and amortisation	4,9,10	-134	-116	-397	-336	-464	-525
Other expenses		-138	-150	-417	-408	-576	-585
<b>Comparable operating profit</b>	4	<b>96</b>	<b>94</b>	<b>654</b>	<b>516</b>	<b>811</b>	<b>949</b>
Items affecting comparability		-5	293	175	327	347	195
<b>Operating profit</b>	4	<b>91</b>	<b>387</b>	<b>829</b>	<b>843</b>	<b>1,158</b>	<b>1,144</b>
Share of profit/loss of associates and joint ventures	4, 11	12	21	82	114	148	116
Interest expense		-35	-39	-112	-122	-164	-154
Interest income		10	9	28	26	32	34
Fair value gains and losses on financial instruments		-1	-3	-3	-9	-12	-6
Other financial expenses - net		-32	-25	-45	-40	-50	-55
Finance costs - net		-58	-58	-132	-146	-195	-181
<b>Profit before income tax</b>		<b>45</b>	<b>351</b>	<b>779</b>	<b>811</b>	<b>1,111</b>	<b>1,079</b>
Income tax expense	7	1	4	-118	-186	-229	-161
<b>Profit for the period</b>		<b>46</b>	<b>355</b>	<b>661</b>	<b>625</b>	<b>882</b>	<b>918</b>
<b>Attributable to:</b>							
Owners of the parent		51	357	651	622	866	895
Non-controlling interests		-5	-2	10	3	16	23
		<b>46</b>	<b>355</b>	<b>661</b>	<b>625</b>	<b>882</b>	<b>918</b>
<b>Earnings per share for profit attributable to the equity owners of the company (EUR per share)</b>							
Basic		<b>0.05</b>	0.40	<b>0.73</b>	0.70	0.98	1.01

As Fortum currently has no dilutive instruments outstanding, diluted earnings per share is the same as basic earnings per share.

EUR million	Note	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
<b>Comparable operating profit</b>		<b>96</b>	<b>94</b>	<b>654</b>	<b>516</b>	<b>811</b>	<b>949</b>
Impairment charges	4	0	0	0	0	6	6
Capital gains and other	4, 6	1	317	103	318	326	111
Changes in fair values of derivatives hedging future cash flow	4	-8	-19	96	9	14	101
Nuclear fund adjustment	4, 14	2	-5	-24	0	1	-23
Items affecting comparability		-5	293	175	327	347	195
<b>Operating profit</b>		<b>91</b>	<b>387</b>	<b>829</b>	<b>843</b>	<b>1,158</b>	<b>1,144</b>

Condensed consolidated statement of comprehensive income

EUR million	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
<b>Profit for the period</b>	<b>46</b>	<b>355</b>	<b>661</b>	<b>625</b>	<b>882</b>	<b>918</b>
<b>Other comprehensive income</b>						
<b>Items that may be reclassified to profit or loss in subsequent periods:</b>						
Cash flow hedges						
Fair value gains/losses in the period	164	-13	-478	22	22	-478
Transfers to income statement	-11	8	4	58	76	22
Transfers to inventory/fixed assets	0	0	-2	-4	-4	-2
Deferred taxes	-32	1	98	-16	-19	95
Net investment hedges						
Fair value gains/losses in the period	4	4	22	0	23	45
Deferred taxes	-1	-1	-4	0	-5	-9
Exchange differences on translating foreign operations	-32	-31	-387	-203	-372	-556
Share of other comprehensive income of associates and joint ventures	3	-12	4	-11	-10	5
Other changes	0	-10	0	-11	-2	9
	<b>95</b>	<b>-54</b>	<b>-744</b>	<b>-165</b>	<b>-291</b>	<b>-870</b>
<b>Items that will not be reclassified to profit or loss in subsequent periods:</b>						
Actuarial gains/losses on defined benefit plans	-2	13	-1	13	-13	-27
Actuarial gains/losses on defined benefit plans in associates and joint ventures	-2	14	-2	12	6	-8
	<b>-4</b>	<b>27</b>	<b>-3</b>	<b>25</b>	<b>-7</b>	<b>-35</b>
<b>Other comprehensive income for the period, net of deferred taxes</b>	<b>91</b>	<b>-27</b>	<b>-747</b>	<b>-140</b>	<b>-298</b>	<b>-905</b>
<b>Total comprehensive income for the period</b>	<b>137</b>	<b>327</b>	<b>-86</b>	<b>486</b>	<b>584</b>	<b>12</b>
<b>Total comprehensive income attributable to</b>						
Owners of the parent	136	330	-94	484	571	-7
Non-controlling interests	1	-3	8	1	13	20
	<b>137</b>	<b>327</b>	<b>-86</b>	<b>486</b>	<b>584</b>	<b>12</b>



## Condensed consolidated balance sheet

EUR million	Note	Sept 30 2018	Sept 30 2017	Dec 31 2017
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	9	1,097	1,076	1,064
Property, plant and equipment	10	9,969	10,603	10,510
Participations in associates and joint ventures	4, 11	5,862	1,858	1,900
Share in State Nuclear Waste Management Fund	14	854	851	858
Other non-current assets		137	147	140
Deferred tax assets		64	51	73
Derivative financial instruments	5	233	310	281
Long-term interest-bearing receivables	12	778	965	1,010
<b>Total non-current assets</b>		<b>18,994</b>	<b>15,860</b>	<b>15,835</b>
<b>Current assets</b>				
Inventories		252	233	216
Derivative financial instruments	5	417	161	240
Short-term interest-bearing receivables	12	461	417	395
Income tax receivables		168	180	172
Trade and other receivables		1,060	732	997
Deposits and securities (maturity over three months)		31	1,023	715
Cash and cash equivalents		699	2,853	3,182
Liquid funds	13	731	3,877	3,897
<b>Total current assets</b>		<b>3,088</b>	<b>5,600</b>	<b>5,918</b>
<b>Total assets</b>		<b>22,082</b>	<b>21,460</b>	<b>21,753</b>
<b>EQUITY</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital		3,046	3,046	3,046
Share premium		73	73	73
Retained earnings		9,168	9,801	9,875
Other equity components		-302	44	54
<b>Total</b>		<b>11,986</b>	<b>12,963</b>	<b>13,048</b>
<b>Non-controlling interests</b>		<b>241</b>	<b>239</b>	<b>239</b>
<b>Total equity</b>		<b>12,227</b>	<b>13,202</b>	<b>13,287</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Interest-bearing liabilities	13	5,027	4,155	4,119
Derivative financial instruments	5	302	216	214
Deferred tax liabilities		741	793	819
Nuclear provisions	14	854	851	858
Other provisions	15	85	133	100
Pension obligations		104	81	102
Other non-current liabilities		172	174	175
<b>Total non-current liabilities</b>		<b>7,285</b>	<b>6,403</b>	<b>6,388</b>
<b>Current liabilities</b>				
Interest-bearing liabilities	13	948	796	766
Derivative financial instruments	5	705	211	200
Trade and other payables		917	848	1,112
<b>Total current liabilities</b>		<b>2,571</b>	<b>1,855</b>	<b>2,078</b>
<b>Total liabilities</b>		<b>9,856</b>	<b>8,258</b>	<b>8,466</b>
<b>Total equity and liabilities</b>		<b>22,082</b>	<b>21,460</b>	<b>21,753</b>

## Condensed consolidated statement of changes in total equity

EUR million	Share capital	Share premium	Retained earnings		Other equity components			Owners of the parent	Non-controlling interests	Total equity
			Retained earnings	Translation of foreign operations	Cash flow hedges	Other OCI items	OCI items associated companies and joint ventures			
<b>Total equity 31 December 2017</b>	<b>3,046</b>	<b>73</b>	<b>12,062</b>	<b>-2,187</b>	<b>-40</b>	<b>70</b>	<b>24</b>	<b>13,048</b>	<b>239</b>	<b>13,287</b>
Impact from change in accounting principle (IFRS 9 and 15)			7					7		7
<b>Total equity 1 January 2018</b>	<b>3,046</b>	<b>73</b>	<b>12,069</b>	<b>-2,187</b>	<b>-40</b>	<b>70</b>	<b>24</b>	<b>13,055</b>	<b>239</b>	<b>13,295</b>
Net profit for the period			651					651	10	661
Translation differences				-390	0	1	-1	-389	2	-387
Other comprehensive income			0		-374	16	2	-356	-4	-360
Total comprehensive income for the period			651	-390	-374	18	1	-94	8	-86
Cash dividend			-977					-977	-6	-983
Other			2					2	-1	1
<b>Total equity 30 September 2018</b>	<b>3,046</b>	<b>73</b>	<b>11,745</b>	<b>-2,577</b>	<b>-413</b>	<b>87</b>	<b>25</b>	<b>11,986</b>	<b>241</b>	<b>12,227</b>
<b>Total equity 31 December 2016</b>	<b>3,046</b>	<b>73</b>	<b>12,186</b>	<b>-1,817</b>	<b>-115</b>	<b>58</b>	<b>27</b>	<b>13,459</b>	<b>84</b>	<b>13,542</b>
Net profit for the period			622					622	3	625
Translation differences				-202	0	0	0	-201	-2	-203
Other comprehensive income			-9		61	11	1	63	0	63
Total comprehensive income for the period			613	-202	61	11	1	484	1	486
Cash dividend			-977					-977	-2	-979
Other			-3					-3	156	154
<b>Total equity 30 September 2017</b>	<b>3,046</b>	<b>73</b>	<b>11,819</b>	<b>-2,019</b>	<b>-53</b>	<b>69</b>	<b>28</b>	<b>12,963</b>	<b>239</b>	<b>13,202</b>
<b>Total equity 31 December 2016</b>	<b>3,046</b>	<b>73</b>	<b>12,186</b>	<b>-1,817</b>	<b>-115</b>	<b>58</b>	<b>27</b>	<b>13,459</b>	<b>84</b>	<b>13,542</b>
Net profit for the period			866					866	16	882
Translation differences				-369	1	1	-1	-369	-3	-372
Other comprehensive income			-9		74	11	-2	73	0	74
Total comprehensive income for the period			857	-369	75	11	-3	571	13	584
Cash dividend			-977					-977	-2	-979
Other			-4					-4	145	141
<b>Total equity 31 December 2017</b>	<b>3,046</b>	<b>73</b>	<b>12,062</b>	<b>-2,187</b>	<b>-40</b>	<b>70</b>	<b>24</b>	<b>13,048</b>	<b>239</b>	<b>13,287</b>

### Translation differences

Translation differences impacted equity attributable to owners of the parent company with EUR -389 million during Q1-Q3 2018 (Q1-Q3 2017: -201). Translation differences in Q1-Q3 2018 are mainly related to RUB and SEK (Q1-Q3 2017: RUB). Part of this translation exposure has been hedged and the foreign currency hedge result amounting to EUR 19 million during Q1-Q3 2018 (Q1-Q3 2017: 3), 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 2 Accounting policies.

### Cash flow hedges

The impact on equity attributable to owners of the parent from fair valuation of cash flow hedges, EUR -374 million during Q1-Q3 2018 (Q1-Q3 2017: 61), 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 2017 was decided in the Annual General Meeting on 28 March 2018. See Note 8 Dividend per share.

### Non-controlling interests

Non-controlling interests increased with EUR 155 million during 2017 mainly due to the acquisition of Fortum Oslo Varme AS which is consolidated as a subsidiary with 50% non-controlling interest. See also Note 6 Acquisitions and disposals.

## Condensed consolidated cash flow statement

EUR million	Note	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
<b>Cash flow from operating activities</b>							
<b>Profit for the period</b>		<b>46</b>	<b>355</b>	<b>661</b>	<b>625</b>	<b>882</b>	<b>918</b>
<b>Adjustments:</b>							
Income tax expenses	7	-1	-4	118	186	229	161
Finance costs - net		58	58	132	146	195	181
Share of profit of associates and joint ventures	11	-12	-21	-82	-114	-148	-116
Depreciation and amortisation	9, 10	134	116	397	336	464	525
<b>Operating profit before depreciations (EBITDA)</b>		<b>225</b>	<b>503</b>	<b>1,225</b>	<b>1,179</b>	<b>1,623</b>	<b>1,669</b>
Items affecting comparability	4	5	-293	-175	-327	-347	-195
<b>Comparable EBITDA</b>		<b>230</b>	<b>210</b>	<b>1,051</b>	<b>852</b>	<b>1,275</b>	<b>1,474</b>
Non-cash flow items		-42	-22	-68	-55	-76	-89
Interest received		8	10	18	28	35	25
Interest paid		-21	-13	-155	-148	-187	-194
Dividends received		0	5	53	58	58	53
Realised foreign exchange gains and losses		72	-8	205	-72	-83	194
Income taxes paid		-23	-41	-69	-71	-83	-81
Other items		-3	-17	-6	-19	-28	-15
<b>Funds from operations</b>		<b>222</b>	<b>124</b>	<b>1,030</b>	<b>573</b>	<b>912</b>	<b>1,369</b>
Change in working capital		-89	61	-263	126	81	-308
<b>Total net cash from operating activities</b>		<b>133</b>	<b>185</b>	<b>767</b>	<b>699</b>	<b>993</b>	<b>1,061</b>
<b>Cash flow from investing activities</b>							
Capital expenditures	9, 10	-142	-162	-394	-470	-657	-581
Acquisitions of shares	6	-163	-878	-3,913	-929	-972	-3,956
Proceeds from sales of fixed assets	9, 10	2	2	37	7	8	38
Divestments of shares and capital returns	6	88	740	258	740	741	259
Shareholder loans to associated companies and joint ventures	12	-25	-27	-29	36	43	-22
Change in cash collaterals and restricted cash	12	89	-97	-87	-24	-3	-66
Change in other interest-bearing receivables	12	4	10	23	29	34	28
<b>Total net cash from investing activities</b>		<b>-147</b>	<b>-412</b>	<b>-4,107</b>	<b>-611</b>	<b>-807</b>	<b>-4,303</b>
<b>Cash flow before financing activities</b>							
		<b>-14</b>	<b>-227</b>	<b>-3,340</b>	<b>88</b>	<b>187</b>	<b>-3,241</b>
<b>Cash flow from financing activities</b>							
Proceeds from long-term liabilities	13	0	-1	1,764	35	35	1,764
Payments of long-term liabilities	13	-2	-2	-553	-467	-543	-629
Change in short-term liabilities	13	-6	8	-22	68	68	-22
Dividends paid to the owners of the parent	8	0	0	-977	-977	-977	-977
Other financing items		-8	-4	-9	-8	-12	-13
<b>Total net cash used in financing activities</b>		<b>-16</b>	<b>1</b>	<b>202</b>	<b>-1,348</b>	<b>-1,428</b>	<b>122</b>
<b>Total net increase(+)/decrease(-) in liquid funds</b>		<b>-31</b>	<b>-226</b>	<b>-3,138</b>	<b>-1,261</b>	<b>-1,241</b>	<b>-3,118</b>
<b>Liquid funds at the beginning of the period <sup>1)</sup></b>	13	<b>770</b>	<b>4,106</b>	<b>3,896</b>	<b>5,155</b>	<b>5,155</b>	<b>3,877</b>
Foreign exchange differences in liquid funds		-8	-3	-27	-17	-16	-26
<b>Liquid funds at the end of the period</b>	13	<b>731</b>	<b>3,877</b>	<b>731</b>	<b>3,877</b>	<b>3,897</b>	<b>731</b>

1) Opening balance 1 January 2018 adjusted EUR -1 million due to adoption of IFRS 9, see Note 2.1 Adoption of new IFRS standards.

### Realised foreign exchange gains and losses

Realised foreign exchange gains and losses relate mainly to financing of Fortum's Russian and Swedish 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 these internal loans as major part of the forwards are entered into with short maturities i.e. less than twelve months.

## Additional cash flow information

### Change in working capital

EUR million	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
Change in settlements for futures, decrease(+)/increase(-)	-8	30	-298	124	141	-281
Change in interest-free receivables, decrease(+)/increase(-)	-67	23	194	168	-94	-68
Change in inventories, decrease(+)/increase(-)	-9	6	-25	2	19	-8
Change in interest-free liabilities, decrease(-)/increase(+)	-6	1	-134	-168	15	49
<b>Total</b>	<b>-89</b>	<b>61</b>	<b>-263</b>	<b>126</b>	<b>81</b>	<b>-308</b>

In Fortum's cash flow statement the daily cash settlements for futures are shown as change in working capital whereas the changes in cash collaterals for forwards are included in cash flow from investing activities. The cash collaterals are included in the short-term interest-bearing receivables, see Note 12.

### Capital expenditure in cash flow

EUR million	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
Capital expenditure	160	174	385	482	690	593
Change in not yet paid investments, decrease(+)/increase(-)	-13	-9	17	0	-17	0
Capitalised borrowing costs	-4	-3	-7	-12	-16	-11
<b>Total</b>	<b>142</b>	<b>162</b>	<b>394</b>	<b>470</b>	<b>657</b>	<b>581</b>

Capital expenditures for intangible assets and property, plant and equipment were in Q1-Q3 2018 EUR 385 million (Q1-Q3 2017: 482). Capital expenditure in cash flow in Q1-Q3 2018 EUR 394 million (Q1-Q3 2017: 470) is including payments related to capital expenditure made in previous year i.e. change in trade payables related to investments EUR 17 million (Q1-Q3 2017: 0) and excluding capitalised borrowing costs EUR -7 million (Q1-Q3 2017: -12), which are presented in interest paid.

### Acquisition of shares in cash flow

Acquisition of shares, net of cash acquired, amounted to EUR 3,913 million during Q1-Q3 2018 (Q1-Q3 2017: 929). Acquisition of shares during Q3 2018 include mainly the acquisition of shares in Uniper SE. For additional information, see note 6 Acquisitions and disposals.

### Divestment of shares in cash flow

EUR million	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
Proceeds from sales of subsidiaries, net of cash disposed	88	53	88	53	54	89
Proceeds from sales and capital returns of associates and joint ventures	0	687	169	687	687	169
<b>Total</b>	<b>88</b>	<b>740</b>	<b>258</b>	<b>740</b>	<b>741</b>	<b>259</b>

During Q3 2018 Fortum sold a 54% share of its solar power company operating four solar power plants in India. For further information, see note 6 Acquisitions and disposals.

## Capital structure and key figures

Financial targets give guidance on Fortum's view of the company's long-term value creation potential, its growth strategy and business activities. The long-term over-the-cycle financial targets (published in Feb 2016) are Return on capital employed, ROCE at least 10% and Comparable net debt to EBITDA around 2.5 times.

### Change in net debt

EUR million	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
<b>Net debt, beginning of the period</b>	<b>5,271</b>	<b>605</b>	<b>988</b>	<b>-48</b>	<b>-48</b>	<b>1,075</b>
Impact from change in accounting principle (IFRS 9)			1			1
Foreign exchange rate differences	13	-6	10	-3	-15	-2
Comparable EBITDA	230	210	1,051	852	1,275	1,474
Non-cash flow items	-41	-22	-68	-55	-76	-89
Paid net financial costs	57	-23	117	-153	-199	71
Income taxes paid	-23	-41	-69	-71	-83	-81
Change in working capital	-89	61	-263	126	81	-308
Capital expenditures	-142	-162	-394	-470	-657	-581
Acquisitions	-163	-878	-3,913	-929	-972	-3,956
Divestments	90	742	294	747	749	296
Shareholder loans to associated companies	-25	-27	-29	36	43	-22
Change in other interest-bearing receivables	93	-86	-64	5	31	-38
Dividends	0	0	-977	-977	-977	-977
Other financing activities	-9	-4	-9	-8	-17	-18
Net cash flow (- increase in net debt)	-23	-231	-4,326	-898	-802	-4,230
Fair value change of bonds, amortised cost valuation, acquired debt and other	-62	246	-80	229	248	-61
<b>Net debt, end of the period</b>	<b>5,244</b>	<b>1,075</b>	<b>5,244</b>	<b>1,075</b>	<b>988</b>	<b>5,244</b>

### Comparable Net debt/EBITDA ratio

EUR million	Last twelve months	2017
Interest-bearing liabilities	5,975	4,885
- Liquid funds <sup>1)</sup>	731	3,897
<b>Net debt</b>	<b>5,244</b>	<b>988</b>
Operating profit	1,144	1,158
+ Depreciation and amortisation	525	464
<b>EBITDA</b>	<b>1,669</b>	<b>1,623</b>
- Items affecting comparability	195	347
<b>Comparable EBITDA</b>	<b>1,474</b>	<b>1,275</b>
<b>Comparable net debt/EBITDA</b>	<b>3.6</b>	<b>0.8</b>

1) Net debt is calculated as interest-bearing liabilities minus liquid funds without deducting interest-bearing receivables amounting to EUR 1,239 million (Dec 31 2017: 1,406).

## Return on capital employed, %

EUR million	Last twelve months	2017
<b>Profit before income tax</b>	<b>1,079</b>	<b>1,111</b>
Interest expenses	154	164
Other financial expenses <sup>1)</sup>	31	25
<b>+Interest and other financial expenses</b>	<b>185</b>	<b>189</b>
<b>Profit before taxes + interest and other financial expenses</b>	<b>1,264</b>	<b>1,300</b>
1) Other financial expenses as disclosed in note 11 Finance costs-net in Financial statements 2017		
<b>Capital employed</b>		
<b>Total assets</b>	<b>22,082</b>	<b>21,753</b>
Total liabilities	9,856	8,466
- Interest-bearing liabilities	5,975	4,885
<b>- Total interest-free liabilities</b>	<b>3,881</b>	<b>3,581</b>
<b>Capital employed</b>	<b>18,201</b>	<b>18,172</b>
<b>Capital employed at the end of previous period</b>	<b>18,153</b>	<b>18,649</b>
<b>Average capital employed</b>	<b>18,177</b>	<b>18,411</b>
<b>Return on capital employed, %</b>	<b>7.0 %</b>	<b>7.1 %</b>

## Key ratios

Definition of key figures are presented in Note 22.

	Sept 30 2018	Sept 30 2017	Dec 31 2017	Last twelve months
Comparable EBITDA, EUR million	1,051	852	1,275	<b>1,474</b>
Earnings per share (basic), EUR	0.73	0.70	0.98	<b>1.01</b>
Capital employed, EUR million	18,201	18,153	18,172	<b>18,201</b>
Interest-bearing net debt, EUR million	5,244	1,075	988	
Capital expenditure and gross investments in shares, EUR million	4,305	1,484	1,815	<b>4,636</b>
Capital expenditure, EUR million	385	482	690	<b>593</b>
Return on capital employed, % <sup>1)</sup>			7.1	<b>7.0</b>
Return on shareholders' equity, % <sup>1)</sup>			6.6	<b>7.2</b>
Comparable net debt / EBITDA <sup>1)</sup>			0.8	<b>3.6</b>
Interest coverage			8.7	<b>9.5</b>
Interest coverage including capitalised borrowing costs			7.8	<b>8.7</b>
Funds from operations/interest-bearing net debt, %			83.9	<b>26.1</b>
Gearing, %	43	8	7	<b>43</b>
Equity per share, EUR	13.49	14.59	14.69	
Equity-to-assets ratio, %	55	62	61	<b>55</b>
Number of employees	8,829	9,045	8,785	
Average number of employees	8,843	8,387	8,507	
Average number of shares, 1,000 shares	888,312	888,367	888,367	
Diluted adjusted average number of shares, 1,000 shares	888,312	888,367	888,367	
Number of registered shares, 1,000 shares	888,367	888,367	888,367	
Number of registered shares excluding Treasury shares, 1,000 shares <sup>2)</sup>	888,294	-	-	

1) Quarterly figures are annualised except items affecting comparability.

2) At the end of September 2018 Fortum had Treasury shares amounting to 72,580 due to the decision made in the Annual General Meeting held on 28 March 2018. It was decided, that the rights to all such shares entered in the Joint Account and to the rights attached to such shares that had not been requested to be registered in the book-entry system to the decision by the Annual General Meeting, were forfeited. In the merger of Länsivoima Oyj (former Lounais-Suomen Sähkö Oy) to Fortum Corporation in 2000, those shareholders of Länsivoima Oyj that had not produced their share certificates and had not requested their rights to be registered in the book-entry system, received their respective shares of Fortum Corporation as merger consideration to a joint book-entry account opened on their behalf. The provisions applicable to treasury shares held by the company will apply to the forfeited shares.

## 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 2017.

The 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.

According to the ESMA Guidelines on Alternative Performance Measures, an Alternative Performance Measure (APM) is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Fortum uses Alternative performance measures (APMs) in the financial target setting and forecasting, management's follow up of financial performance of segments and the group as well as allocation of resources in the group's performance management process. The business performance of the operations cannot be compared from one period to another without adjusting for items affecting comparability and therefore they are excluded from Comparable operating profit and Comparable EBITDA. The main business performance measurements have been used consistently since 2005.

Fortum's financial targets for capital structure and long-term value creation and profitability are measured with Comparable net debt to EBITDA (long-term over-the-cycle target: around 2.5 times) and Return on capital employed, (long-term over-the-cycle target: at least 10%).

Definitions and reconciliation tables are presented in the section 'Capital structure and key figures' after cash flow statement and in Note 22.

### 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 2017 except for the two new IFRS standards (IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers) and amendment to IFRS 2 Share-based payment that were adopted 1 January 2018. The accounting policies updated due to IFRS 9 and IFRS 15 are presented in the Q1 2018 interim report.

#### 2.1 Adoption of the new IFRS standards

IFRS 9 Financial Instruments -standard has been adopted as of 1 January 2018. The standard has new requirements for the classification and measurement of financial assets and liabilities, hedge accounting and impairment of financial assets. Fortum has applied the new rules retrospectively, but utilises the transition relief for not restating the comparative figures and thus the transition effect is recognised as an adjustment to the retained earnings as of 1 January 2018. Changes to hedge accounting requirements are however implemented prospectively and have no impact on the prior year figures nor presentation.

IFRS 15 Revenue from Contracts with Customers introduces a comprehensive five-step model for recognising revenue. As a result of applying the five steps, revenue will be recognised when goods are transferred or services performed at the price that the company expects to be entitled to. Fortum has adopted the new standard from 1 January 2018 onwards by applying the modified retrospective approach, which means that comparative information from 2017 is not restated. In the modified retrospective approach the cumulative effect of transition is booked as an adjustment to the retained earnings as of 1 January 2018.

The IFRS 9 and IFRS 15 impacts to opening balance as of 1 January 2018 are disclosed in the Q1 2018 interim report.

#### 2.2 IFRS 9 - Transition impacts

##### Hedging

IFRS 9 simplifies the hedge accounting requirements and aligns them with the company's risk management strategy and objectives. Fortum's profit and loss volatility from commodity derivatives hedging future cash flows will be reduced as all fair value changes of the hedge accounted commodity derivatives are fully recognised in other comprehensive income. Income statement volatility will be reduced gradually due to prospective implementation.

##### Impairment

The new impairment requirements are based on an expected credit loss ("ECL") model and replace the incurred loss model of IAS 39. The new impairment model is applied to financial assets such as trade receivables, loan receivables and liquid funds. The effects from implementation of new ECL models are minor.

### 2.3 IFRS 15 - Transition impacts

IFRS 15 transition does not have a significant impact to Fortum's financial statements. The biggest change relates to treatment of sales commission costs for obtaining customers in Consumer Solutions segment. Under IFRS 15 the sales commissions are capitalised and depreciated over the expected contract term. Before adoption of IFRS 15 the sales commissions were mostly expensed and the adoption of the new accounting standard will thus impact the timing and classification of expenses. The change is mainly impacting Comparable EBITDA and capital expenditure of Consumer Solutions segment.

In addition to the changed treatment of sales commissions, there are certain reclassification changes in income statement and balance sheet, which mostly arise from IFRS 15 scope and principal versus agent considerations.

Impact to the Q3/2018 income statement and balance sheet is presented below:

Impact to income statement					Impact to balance sheet				
EUR million	Q3 2018 without IFRS 15	Sales com- missions	Reclassi- fications	Q3 2018 as reported	September 30 2018 without IFRS 15	Sales com- missions	Reclassi- fications	September 30 2018 as reported	
Sales	1,043		-72	971	1,075	22		1,097	
Other income	40		7	47	144	-6		137	
Materials and services	-609		65	-545	246		5	252	
Depreciation and amortisation	-127	-8	0	-134	1,069	-3	-5	1,060	
Other expenses	-147	9	0	-138	22,070	12	0	22,082	
<b>Comparable operating profit</b>	<b>95</b>	<b>1</b>	<b>0</b>	<b>96</b>	<b>9,159</b>	<b>9</b>	<b>0</b>	<b>9,168</b>	
Income tax expense	2	0		1	743	-1		741	
<b>Profit for the period</b>	<b>46</b>	<b>0</b>	<b>0</b>	<b>46</b>	<b>913</b>	<b>4</b>	<b>0</b>	<b>917</b>	
<b>Comparable EBITDA</b>	<b>221</b>	<b>9</b>	<b>0</b>	<b>230</b>	<b>22,070</b>	<b>12</b>	<b>0</b>	<b>22,082</b>	

### 2.4 Amendment to IFRS 2 Share-based payment

Amendment to IFRS 2 clarifies the classification of share-based payment transactions between equity and liabilities. The amendment did not have material effect on Fortum's financial statements.

### 2.5 IFRS 16 Leases

IFRS 16 Leases is effective for financial periods starting on 1 January 2019 or later. Currently under IAS 17, lessees recognize leases either as operating leases or finance leases. The new standard no longer distinguishes between operating and finance leases from a lessees point of view, and most right-of-use assets are recognized in the balance sheet. For lessors, there are no significant changes. In brief, IFRS 16 requirements contain the following:

- A lessee shall recognize all leases, except for short-term and low value leases, in the balance sheet.
- For lessees, both the value of the right-of-use asset and the corresponding liability shall be recognized in the balance sheet.

Currently, Fortum is assessing the impact of the new standard to its statement of financial position. Assessment includes:

- Reviewing current lease contracts reported as operating lease commitments
- Going through supplier lists and identifying potential lease arrangements
- Determining incremental borrowing rates
- Calculation of accounting impacts
- Implementing and integrating the new IFRS 16 software

Most of the contracts have been gathered and reviewed. No material new leases have been identified so far. Majority of the current operating leases are for the use of land and office buildings. The total future lease obligations amount to EUR 183 million at the end of the reporting period, so the impact of IFRS 16 to the consolidated financial statements is not expected to be material. The assessment will be completed during 2018.

Fortum plans to apply the standard using the modified retrospective method, which means the comparative figures will not be restated. Right-of-use assets will be initially recognized equal to the value of lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet before the initial application.



## 2.6 The key exchange rates applied in the Fortum Group accounts

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 month's 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-Sept 2018	Jan-June 2018	Jan-Mar 2018	Jan-Dec 2017	Jan-Sept 2017	Jan-June 2017	Jan-Mar 2017
Sweden (SEK)	10.2392	10.1722	9.9962	9.6392	9.5803	9.5900	9.5257
Norway (NOK)	9.6121	9.6294	9.6737	9.3497	9.2343	9.1923	9.0030
Poland (PLN)	4.2467	4.2316	4.1790	4.2556	4.2707	4.2707	4.3189
Russia (RUB)	72.9249	71.5430	69.7770	66.0349	65.1995	63.4507	62.6996
Balance sheet date rate	Sept 30 2018	June 30 2018	Mar 31 2018	Dec 31 2017	Sept 30 2017	June 30 2017	Mar 31 2017
Sweden (SEK)	10.3090	10.4530	10.2843	9.8438	9.6490	9.6398	9.5322
Norway (NOK)	9.4665	9.5115	9.6770	9.8403	9.4125	9.5713	9.1683
Poland (PLN)	4.2774	4.3732	4.2106	4.1770	4.3042	4.2259	4.2265
Russia (RUB)	76.1422	73.1582	70.8897	69.3920	68.2519	67.5449	60.3130

## 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. Provisions for present obligations require management to assess the best estimate of the expenditure needed to settle the present obligation at the end of the reporting period.

In preparing these interim financial statements, the significant judgements made by management 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 for the year ended 31 December 2017.

#### 4. Segment information

Fortum's reportable segments under IFRS are Generation, City Solutions, Consumer Solutions and Russia. Fortum's investment in Uniper, M&A and Solar & Wind Development, Technology and New Ventures as well as corporate functions are reported under Other Operations.

Due to the seasonal nature of Fortum's operations the comparable operating profits are usually higher for the first and fourth quarter of the year. Columns labelled as "LTM" or "last twelve months" are presenting figures for twelve months preceding the reporting date.

Quarter	Note	Generation <sup>1)</sup>		City Solutions <sup>1)</sup>		Consumer Solutions		Russia		Other Operations		Total	
		Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017
<b>Income statement data by segment</b>													
Power sales		348	358	19	19	285	190	192	183	5	4	849	754
Heat sales		0	0	60	64	0	0	8	15	0	0	67	79
Waste treatment sales		0	0	52	48	0	0	0	0	0	0	52	48
Other sales		11	10	43	48	46	48	0	2	25	21	125	128
<b>Sales</b>		<b>359</b>	<b>367</b>	<b>174</b>	<b>179</b>	<b>332</b>	<b>238</b>	<b>200</b>	<b>200</b>	<b>30</b>	<b>25</b>	<b>1,094</b>	<b>1,009</b>
Internal eliminations		10	0	-8	-1	-1	0	0	0	-19	-16	-19	-17
Netting of Nord Pool transactions <sup>2)</sup>												-105	-73
External sales		369	367	167	178	331	238	200	200	11	8	971	919
<b>Comparable EBITDA</b>		<b>103</b>	<b>134</b>	<b>21</b>	<b>21</b>	<b>22</b>	<b>10</b>	<b>76</b>	<b>61</b>	<b>10</b>	<b>-17</b>	<b>230</b>	<b>210</b>
Depreciation and amortisation		-33	-30	-43	-41	-15	-5	-36	-35	-9	-4	-134	-116
<b>Comparable operating profit</b>		<b>70</b>	<b>104</b>	<b>-22</b>	<b>-20</b>	<b>7</b>	<b>5</b>	<b>40</b>	<b>26</b>	<b>1</b>	<b>-21</b>	<b>96</b>	<b>94</b>
Impairment charges		0	0	0	0	0	0	0	0	0	0	0	0
Capital gains and other	6	0	0	0	0	0	2	1	0	0	315	1	317
Changes in fair values of derivatives hedging future cash-flow		-27	-25	-1	-1	19	8	0	0	0	-1	-8	-19
Nuclear fund adjustment	14	2	-5	0	0	0	0	0	0	0	0	2	-5
Items affecting comparability		-25	-30	-1	0	19	10	1	0	0	314	-5	293
<b>Operating profit</b>		<b>45</b>	<b>74</b>	<b>-23</b>	<b>-20</b>	<b>26</b>	<b>15</b>	<b>41</b>	<b>26</b>	<b>1</b>	<b>293</b>	<b>91</b>	<b>387</b>
Share of profit/loss of associates and joint ventures	11	1	5	6	-1	0	0	5	8	0	8	12	21
Finance costs - net												-58	-58
Income taxes	7											1	4
<b>Profit for the period</b>												<b>46</b>	<b>355</b>
<b>Gross investments / divestments by segment</b>													
Gross investments in shares	6	4	85	7	375	0	486	1	5	145	0	156	950
Capital expenditure	9, 10	43	56	52	47	12	2	10	32	43	37	160	174
of which capitalised borrowing costs		2	0	1	0	0	0	0	2	2	0	4	3
Gross divestments of shares	6	0	0	0	0	0	54	0	0	147	687	146	741
<b>Year-to-date</b>													
Year-to-date	Note	Generation <sup>1)</sup>		City Solutions <sup>1)</sup>		Consumer Solutions		Russia		Other Operations		Total	
		Q1-Q3 2018	Q1-Q3 2017	Q1-Q3 2018	Q1-Q3 2017	Q1-Q3 2018	Q1-Q3 2017	Q1-Q3 2018	Q1-Q3 2017	Q1-Q3 2018	Q1-Q3 2017	Q1-Q3 2018	Q1-Q3 2017
<b>Income statement data by segment</b>													
Power sales		1,253	1,221	69	87	1,045	481	635	611	23	10	3,025	2,410
Heat sales		0	0	410	330	0	0	129	171	0	0	539	501
Waste treatment sales		0	0	149	136	0	0	0	0	0	0	149	136
Other sales		29	22	108	122	159	163	1	5	71	62	367	374
<b>Sales</b>		<b>1,282</b>	<b>1,243</b>	<b>736</b>	<b>674</b>	<b>1,204</b>	<b>644</b>	<b>764</b>	<b>786</b>	<b>94</b>	<b>72</b>	<b>4,080</b>	<b>3,421</b>
Internal eliminations		8	-12	-25	-8	-3	-1	0	0	-58	-48	-78	-69
Netting of Nord Pool transactions <sup>2)</sup>												-358	-264
External sales		1,290	1,231	711	667	1,201	643	764	786	36	24	3,643	3,088
<b>Comparable EBITDA</b>		<b>538</b>	<b>412</b>	<b>171</b>	<b>152</b>	<b>79</b>	<b>32</b>	<b>291</b>	<b>317</b>	<b>-26</b>	<b>-61</b>	<b>1,051</b>	<b>852</b>
Depreciation and amortisation		-96	-94	-126	-115	-43	-9	-109	-105	-23	-13	-397	-336
<b>Comparable operating profit</b>		<b>442</b>	<b>317</b>	<b>44</b>	<b>37</b>	<b>36</b>	<b>23</b>	<b>182</b>	<b>211</b>	<b>-49</b>	<b>-73</b>	<b>654</b>	<b>516</b>
Impairment charges		0	0	0	0	0	0	0	0	0	0	0	0
Capital gains and other	6	77	1	0	1	0	2	1	0	25	315	103	318
Changes in fair values of derivatives hedging future cash-flow		59	20	8	0	28	-11	0	0	0	0	96	9
Nuclear fund adjustment	14	-24	0	0	0	0	0	0	0	0	0	-24	0
Items affecting comparability		112	21	8	1	28	-9	1	0	25	315	175	327
<b>Operating profit</b>		<b>554</b>	<b>338</b>	<b>52</b>	<b>38</b>	<b>64</b>	<b>14</b>	<b>183</b>	<b>211</b>	<b>-25</b>	<b>242</b>	<b>829</b>	<b>843</b>
Share of profit/loss of associates and joint ventures	11	-5	-2	50	49	0	0	36	28	1	39	82	114
Finance costs - net												-132	-146
Income taxes	7											-118	-186
<b>Profit for the period</b>												<b>661</b>	<b>625</b>
<b>Gross investments / divestments by segment</b>													
Gross investments in shares	6	4	87	14	384	0	486	21	5	3,881	39	3,920	1,002
Capital expenditure	9, 10	119	120	128	101	33	5	30	105	75	151	385	482
of which capitalised borrowing costs		2	2	3	1	0	0	0	7	2	2	7	12
Gross divestments of shares	6	160	0	0	0	0	54	0	0	147	687	306	741

1) Sales, both internal and external, include 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 are 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.

#### 4. Segment information

Last twelve months	Note	Generation <sup>1)</sup>		City Solutions <sup>1)</sup>		Consumer Solutions		Russia		Other Operations		Total	
		LTM	2017	LTM	2017	LTM	2017	LTM	2017	LTM	2017	LTM	2017
<b>Income statement data by segment</b>													
Power sales		1,681	1,649	103	121	1,426	862	861	837	28	15	4,098	3,483
Heat sales		0	0	603	523	0	0	216	258	0	0	820	782
Waste treatment sales		0	0	208	195	0	0	0	0	0	0	208	195
Other sales		35	28	161	175	231	235	2	6	96	87	524	531
<b>Sales</b>		<b>1,716</b>	<b>1,677</b>	<b>1,077</b>	<b>1,015</b>	<b>1,657</b>	<b>1,097</b>	<b>1,079</b>	<b>1,101</b>	<b>124</b>	<b>102</b>	<b>5,650</b>	<b>4,991</b>
Internal eliminations		5	-15	-36	-19	-5	-3	0	0	-77	-67	-112	-103
Netting of Nord Pool transactions <sup>2)</sup>												-461	-367
External sales		1,721	1,662	1,040	996	1,652	1,094	1,079	1,101	47	35	5,075	4,520
<b>Comparable EBITDA</b>		<b>729</b>	<b>603</b>	<b>281</b>	<b>262</b>	<b>104</b>	<b>57</b>	<b>412</b>	<b>438</b>	<b>-48</b>	<b>-83</b>	<b>1,474</b>	<b>1,275</b>
Depreciation and amortisation		-127	-125	-174	-163	-50	-16	-146	-142	-28	-18	-525	-464
<b>Comparable operating profit</b>		<b>603</b>	<b>478</b>	<b>105</b>	<b>98</b>	<b>54</b>	<b>41</b>	<b>267</b>	<b>296</b>	<b>-78</b>	<b>-102</b>	<b>949</b>	<b>811</b>
Impairment charges		6	6	0	0	0	0	0	0	0	0	6	6
Capital gains and other	6	77	1	0	1	0	2	1	0	32	322	111	326
Changes in fair values of derivatives hedging future cash flow		54	15	11	3	35	-4	0	0	0	0	101	14
Nuclear fund adjustment	14	-23	1	0	0	0	0	0	0	0	0	-23	1
Items affecting comparability		114	23	11	4	35	-2	1	0	32	322	195	347
<b>Operating profit</b>		<b>717</b>	<b>501</b>	<b>116</b>	<b>102</b>	<b>89</b>	<b>39</b>	<b>267</b>	<b>295</b>	<b>-46</b>	<b>221</b>	<b>1,144</b>	<b>1,158</b>
Share of profit/loss of associates and joint ventures	11	-4	-1	81	80	0	0	39	31	0	38	116	148
Finance costs - net												-181	-195
Income taxes	7											-161	-229
<b>Profit for the period</b>												<b>918</b>	<b>882</b>

#### Gross investments / divestments by segment

Gross investments in shares	6	7	90	16	386	0	486	141	125	3,881	39	4,043	1,125
Capital expenditure	9, 10	173	174	197	170	35	7	77	152	111	187	593	690
of which capitalised borrowing costs		3	3	4	2	0	0	0	7	4	4	11	16
Gross divestments of shares	6	160	0	0	0	1	55	0	0	147	687	307	742

1) Sales, both internal and external, include 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 are 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.

#### Segment assets and liabilities

	Note	Generation		City Solutions		Consumer Solutions		Russia		Other Operations		Total	
		Sept 30 2018	Dec 31 2017	Sept 30 2018	Dec 31 2017	Sept 30 2018	Dec 31 2017	Sept 30 2018	Dec 31 2017	Sept 30 2018	Dec 31 2017	Sept 30 2018	Dec 31 2017
<b>Non-interest bearing assets</b>													
Participations in associated companies and joint ventures	11	876	785	586	611	0	0	482	472	3,918	32	5,862	1,900
Eliminations												-38	-19
<b>Total segment assets</b>		<b>7,080</b>	<b>6,882</b>	<b>4,059</b>	<b>4,128</b>	<b>906</b>	<b>923</b>	<b>2,943</b>	<b>3,284</b>	<b>4,272</b>	<b>483</b>	<b>19,222</b>	<b>15,682</b>
Interest-bearing receivables	12											1,239	1,406
Deferred tax assets												64	73
Other assets												827	696
Liquid funds												731	3,897
<b>Total assets</b>												<b>22,082</b>	<b>21,753</b>
<b>Segment liabilities</b>													
Eliminations												-38	-19
<b>Total segment liabilities</b>		<b>1,169</b>	<b>1,210</b>	<b>371</b>	<b>400</b>	<b>275</b>	<b>285</b>	<b>89</b>	<b>124</b>	<b>146</b>	<b>207</b>	<b>2,050</b>	<b>2,227</b>
Deferred tax liabilities												741	819
Other liabilities												1,127	554
<b>Total liabilities included in capital employed</b>												<b>3,881</b>	<b>3,581</b>
Interest-bearing liabilities	13											5,975	4,885
Total equity												12,227	13,287
<b>Total equity and liabilities</b>												<b>22,082</b>	<b>21,753</b>
Number of employees		1,121	1,035	1,932	1,907	1,406	1,543	3,471	3,495	899	805	8,829	8,785
Average number of employees <sup>1)</sup>		1,086	1,036	1,941	1,807	1,494	1,180	3,439	3,710	883	774	8,843	8,507

1) Average number of employees is based on a monthly average for the period in review.

#### 4. Segment information

##### Comparable operating profit including share of profits from associates and joint ventures and Comparable return on net assets

EUR million	Note	Generation		City Solutions		Consumer Solutions		Russia		Other Operations	
		LTM	Dec 31 2017	LTM	Dec 31 2017	LTM	Dec 31 2017	LTM	Dec 31 2017	LTM	Dec 31 2017
<b>Comparable operating profit</b>		<b>603</b>	<b>478</b>	<b>105</b>	<b>98</b>	<b>54</b>	<b>41</b>	<b>267</b>	<b>296</b>	<b>-78</b>	<b>-102</b>
Share of profit of associated companies and joint ventures	11	-4	-1	81	80	0	0	39	31	0	38
Adjustment for Share of profit of associated companies and joint ventures		-3	0	0	0	0	0	0	0	0	0
<b>Comparable operating profit including share of profits from associates and joint ventures</b>		<b>595</b>	<b>482</b>	<b>186</b>	<b>178</b>	<b>54</b>	<b>41</b>	<b>306</b>	<b>327</b>	<b>-78</b>	<b>-63</b>
Segment assets at the end of the period		7,080	6,882	4,059	4,128	906	923	2,943	3,284	4,272	483
Segment liabilities at the end of the period		1,169	1,210	371	400	275	285	89	124	146	207
<b>Comparable net assets</b>		<b>5,912</b>	<b>5,672</b>	<b>3,688</b>	<b>3,728</b>	<b>631</b>	<b>638</b>	<b>2,853</b>	<b>3,161</b>	<b>4,126</b>	<b>276</b>
<b>Comparable net assets average <sup>1)</sup></b>		<b>5,755</b>	<b>5,753</b>	<b>3,692</b>	<b>3,218</b>	<b>673</b>	<b>348</b>	<b>3,041</b>	<b>3,248</b>	<b>1,829</b>	<b>475</b>
<b>Comparable return on net assets, %</b>		<b>10.3</b>	<b>8.4</b>	<b>5.0</b>	<b>5.5</b>	<b>8.0</b>	<b>11.7</b>	<b>10.1</b>	<b>10.1</b>	<b>-4.2</b>	<b>-13.3</b>

## 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 2017.

### 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 2017, in Note 15 Financial assets and liabilities by fair value hierarchy.

### Financial assets

EUR million	Level 1			Level 2			Level 3			Netting <sup>2)</sup>			Total		
	Sept 30 2018	Sept 30 2017	Dec 31 2017	Sept 30 2018	Sept 30 2017	Dec 31 2017	Sept 30 2018	Sept 30 2017	Dec 31 2017	Sept 30 2018	Sept 30 2017	Dec 31 2017	Sept 30 2018	Sept 30 2017	Dec 31 2017
<b>In non-current assets</b>															
Other investments <sup>1)</sup>	0	0	0				52	63	65				52	63	65
Derivative financial instruments															
Electricity derivatives															
Hedge accounting				23	3	5				-23	-3	-5	0	1	0
Non-hedge accounting			0	182	95	66				-142	-44	-30	40	51	35
Interest rate and currency derivatives															
Hedge accounting				144	173	153							144	173	153
Non-hedge accounting				4	78	85							4	78	85
Other commodity future and forward contracts															
Non-hedge accounting	120	17	8	0	0	0				-76	-10	-1	45	7	7
Interest-bearing receivables							55		76				55		76
<b>Total in non-current assets</b>	<b>120</b>	<b>17</b>	<b>8</b>	<b>353</b>	<b>349</b>	<b>309</b>	<b>107</b>	<b>63</b>	<b>141</b>	<b>-241</b>	<b>-57</b>	<b>-36</b>	<b>340</b>	<b>373</b>	<b>422</b>
<b>In current assets</b>															
Derivative financial instruments															
Electricity derivatives															
Hedge accounting				76	11	28				-67	-4	-7	9	6	21
Non-hedge accounting	47	8	8	480	198	253				-427	-151	-192	100	55	69
Interest rate and currency derivatives															
Hedge accounting				32	37	85							32	37	85
Non-hedge accounting				82	22	29							82	22	29
Other commodity future and forward contracts															
Non-hedge accounting	484	120	186	1	2	1				-293	-80	-151	192	41	36
Interest-bearing receivables							30		32				30		32
<b>Total in current assets</b>	<b>531</b>	<b>128</b>	<b>194</b>	<b>671</b>	<b>270</b>	<b>396</b>	<b>30</b>	<b>0</b>	<b>32</b>	<b>-787</b>	<b>-235</b>	<b>-350</b>	<b>445</b>	<b>161</b>	<b>272</b>
<b>Total</b>	<b>651</b>	<b>145</b>	<b>202</b>	<b>1,024</b>	<b>619</b>	<b>705</b>	<b>137</b>	<b>63</b>	<b>173</b>	<b>-1,028</b>	<b>-292</b>	<b>-386</b>	<b>786</b>	<b>534</b>	<b>694</b>

Financial liabilities

EUR million	Level 1			Level 2			Level 3			Netting <sup>2)</sup>			Total		
	Sept 30 2018	Sept 30 2017	Dec 31 2017	Sept 30 2018	Sept 30 2017	Dec 31 2017	Sept 30 2018	Sept 30 2017	Dec 31 2017	Sept 30 2018	Sept 30 2017	Dec 31 2017	Sept 30 2018	Sept 30 2017	Dec 31 2017
<b>In non-current liabilities</b>															
Interest-bearing liabilities <sup>3)</sup>				934	1,235	1,037							934	1,235	1,037
Derivative financial instruments															
Electricity derivatives															
Hedge accounting				232	24	28				-23	-3	-5	209	22	23
Non-hedge accounting				181	152	131				-142	-44	-30	39	108	100
Interest rate and currency derivatives															
Hedge accounting				30	42	45							30	42	45
Non-hedge accounting				2	42	43							2	42	43
Other commodity future and forward contracts															
Non-hedge accounting	96	13	3	0	1	1				-74	-10	-1	22	3	3
<b>Total in non-current liabilities</b>	<b>96</b>	<b>13</b>	<b>3</b>	<b>1,379</b>	<b>1,496</b>	<b>1,285</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-239</b>	<b>-57</b>	<b>-36</b>	<b>1,236</b>	<b>1,452</b>	<b>1,251</b>
<b>In current liabilities</b>															
Derivative financial instruments															
Electricity derivatives															
Hedge accounting				468	39	39				-67	-4	-7	401	35	31
Non-hedge accounting	57	0	7	465	251	315				-427	-151	-192	95	101	131
Interest rate and currency derivatives															
Hedge accounting				3	10	12							3	10	12
Non-hedge accounting				65	29	12							65	29	12
Other commodity future and forward contracts															
Non-hedge accounting	423	114	160	3	3	4				-284	-80	-151	142	36	13
<b>Total in current liabilities</b>	<b>480</b>	<b>114</b>	<b>167</b>	<b>1,004</b>	<b>332</b>	<b>382</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-778</b>	<b>-235</b>	<b>-350</b>	<b>706</b>	<b>211</b>	<b>200</b>
<b>Total</b>	<b>576</b>	<b>127</b>	<b>170</b>	<b>2,383</b>	<b>1,828</b>	<b>1,667</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,017</b>	<b>-292</b>	<b>-386</b>	<b>1,942</b>	<b>1,663</b>	<b>1,451</b>

1) Other investments i.e. shares which are not classified as associated companies or joint ventures, consist mainly of shares in unlisted companies of EUR 52 million (Dec 31 2017: 65), for which fair value cannot be reliably determined. This includes Fortum's indirect shareholding in Fennovoima of EUR 29 million (Dec 31 2017: 25).

2) Receivables to and liabilities from electricity 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 163 million, including assets EUR 262 million and liabilities EUR 99 million. Fortum has cash collaterals based on Credit Support Annex agreements with some counterparties. At the end of September 2018 Fortum had received EUR 106 million from Credit Support Annex agreements. The received cash has been booked as short-term liability.

Regarding the interest-bearing receivables and liabilities, see Note 12 Interest-bearing receivables, Note 13 Interest-bearing net debt and Note 18 Pledged assets and contingent liabilities.

## 6. Acquisitions and disposals

### 6.1 Acquisitions

EUR million	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
Gross investments in shares in subsidiary companies	7	860	19	902	982	99
Gross investments in shares in associated companies and joint ventures	145	87	3,895	94	135	3,936
Gross investments in other shares	4	3	6	6	8	8
<b>Gross investments in shares</b>	<b>156</b>	<b>950</b>	<b>3,920</b>	<b>1,002</b>	<b>1,125</b>	<b>4,043</b>

#### Acquisitions during 2018

In September 2017, Fortum signed a transaction agreement with E.ON under which E.ON had the right to decide to tender its 46.65% shareholding in Uniper SE into Fortum's public takeover offer. In November 2017, Fortum launched a voluntary public takeover offer ("offer") to all Uniper shareholders. On 8 January 2018, E.ON decided to tender its shares to Fortum's offer. In February 2018, Fortum announced that shareholders representing 47.12% of the shares in Uniper had accepted the offer. The completion of Fortum's offer was subject to several competition and regulatory approvals. The final regulatory decisions were received 15 June 2018. In line with the Russian regulatory approvals, Fortum is allowed to purchase additional shares up to the 50% of shares and voting rights in Uniper. The final settlement of the offer took place on 26 June 2018.

The shareholders who tendered their shares to Fortum's offer were paid EUR 21.31 per share. The shareholders also benefitted from Uniper's dividend that was paid following the Annual General Meeting in early June. Fortum paid a total consideration of EUR 3.7 billion for all shares tendered. The total consideration was financed with existing cash resources of EUR 1.95 billion and bridge loan financing from committed credit facilities of EUR 1.75 billion. On 26 June 2018, Fortum closed the Uniper offer and became the company's largest shareholder with 47.35% of the shares.

Uniper is an international energy company with activities in Europe, Russia and other markets worldwide. Uniper's businesses are well aligned with Fortum's core competencies. The company operates power plants in Europe and Russia, with a total installed generation capacity of around 36 gigawatts, and it runs extensive energy trading operations as well as maintains gas storage facilities in Germany, Austria and the UK.

In 2017, Uniper's sales totaled EUR 72.2 billion and adjusted EBITDA was EUR 1.7 billion. The company employs around 12,000 people and had total assets of EUR 43 billion at the end of 2017. Uniper is listed on the Frankfurt stock exchange.

Fortum consolidates Uniper as an associated company from 30 June 2018. The total acquisition cost including direct costs relating to the acquisition, approximately EUR 3.9 billion as of 30 September 2018, is reported in the 'Participations in associated companies and joint ventures'.

Fortum uses Uniper's balance sheet as of 30 June 2018 (published 7 August 2018) as the starting point for the purchase price allocation. Purchase price allocation is still on-going and Fortum is evaluating potential fair value adjustments for the acquired assets and liabilities and identifying potential differences in order to align the accounting principles. The purchase price allocation will take time due to the size of transaction and will be completed within the one-year window from the acquisition date according to IFRS.

As Uniper publishes its interim reports later than Fortum, Fortum's share of Uniper's results will be accounted for with a time-lag of one quarter with potential adjustments. Fortum's third quarter interim report 2018 will not include any share of results from Uniper. Fortum's fourth quarter interim report 2018 will only include Fortum's share of Uniper's third quarter results (will be published 13 November 2018).

In August 2018 Fortum acquired all shares of three independent Latvian heat producers SIA BK Energija, SIA Energy & Communication and SIA Sprino as well as the shares of SIA Lake Development. The acquired production companies will continue to deliver heat to Daugavpils municipal district heating company PAS Daugavpils Siltumtikli.

There were no other material acquisitions during Q1-Q3 2018.

#### Acquisitions during 2017

In January 2017 Fortum completed the acquisition of 100% of the shares in three wind power companies from the Norwegian company Nordkraft. The transaction consists of the Nygårdstjøllet wind farm, which is already operational, as well as the fully-permitted Ånstadblåheia and Sørfjord projects. Fortum has started the construction of the Ånstadblåheia and Sørfjord projects, expected to be commissioned in 2018 and 2019. When built the installed capacity of the three wind farms would total approximately 180 MW.

Fortum started a redemption process for the remaining shares of Ekokem Corporation (renamed as Fortum Waste Solution Oy) in October 2016. The process was finalized in March 2017 after which Fortum owns 100% of the shares in the company.

In April 2017, Fortum and RUSNANO, a Russian state-owned development company, signed a 50/50 investment partnership in order to secure the possibility of a Russian Capacity Supply Agreement (CSA) wind portfolio in Russia. The wind investment fund 50/50 owned by Fortum and RUSNANO was awarded 1,000 MW wind capacity in Russian wind CSA auction in June 2017. The investments decisions will be made on a case-by-case basis within the total mandate of the wind investment fund. Fortum's equity stake in the wind investment fund totals a maximum of RUB 15 billion. The amount is invested over time (within approximately 5 years) as it is subject to positive investment decisions.

On 4 August Fortum concluded the restructuring of the ownership in Hafslund together with City of Oslo. Fortum sold its 34.1% stake in Hafslund ASA to the City of Oslo. Fortum acquired 100% of Hafslund Markets AS, 50% of Hafslund Varme AS including the City of Oslo's waste-to-energy company Klemetsrudanlegget AS (KEA), currently Fortum Oslo Varme AS, and 10% of Hafslund Produksjon Holding AS. The total debt-free price of the acquisition was approximately EUR 940 million.

The combined net cash investment of the transactions, including the dividend received in May 2017, was approximately EUR 230 million.

Hafslund Markets and Fortum Oslo Varme are consolidated into Fortum Group from 1 August 2017. Hafslund Markets is consolidated as a part of the Consumer Solutions segment. Fortum has operational responsibility of Fortum Oslo Varme, which is consolidated as a subsidiary with 50% non-controlling interest into the results of City Solutions segment. Hafslund Produksjon Holding was treated as an associated company and reported in the Generation segment until the divestment in June 2018, see further information in 6.2 below.

The initial purchase price allocation as of 31 July 2017 was finalised during Q3 2018. No material changes were made compared to the information disclosed in the consolidated financial statements for 2017.

In October 2017 Fortum and SUENKO established a joint venture, JSC Ural-Siberian Heat and Power Company (YUSTEK), for the heat supply in Tyumen, Russia. Fortum will continue as CHP owner and selling heat to YUSTEK.

In December 2017 Fortum acquired three solar power companies from Hevel Group. The Pleshanovskaya (10 MW) and Grachevskaya (10 MW) solar power plants are located in the Orenburg region and the Bugulchanskaya (15 MW) solar power plant in the Republic of Bashkortostan. All three power plants are operational and will receive capacity Supply Agreement (CSA) payments for approximately 15 years after commissioning at an average CSA price corresponding to approximately EUR 400/MWh. The plants were commissioned in 2016 and 2017.

2017	Hafslund Markets AS	Fortum Oslo Varme AS	Other	Fortum total
EUR million				
Consideration paid in cash	589	152	70	811
Unpaid consideration	0	0	9	9
<b>Total consideration</b>	<b>589</b>	<b>152</b>	<b>79</b>	<b>820</b>
Fair value of the acquired net assets	374	84	77	535
Translation difference	1	0	2	2
<b>Goodwill</b>	<b>215</b>	<b>69</b>	<b>1</b>	<b>286</b>

EUR million	Hafslund Markets AS			Fortum Oslo Varme AS			Fortum total <sup>1)</sup>		
	Acquired book values	Allocated fair values	Total fair value	Acquired book values	Allocated fair values	Total fair value	Acquired book values	Allocated fair values	Total fair value
Fair value of the acquired net identifiable assets									
Cash and cash equivalents	158		158	37		37	201		201
Intangible assets	12	284	296	0		0	17	334	352
Property, plant and equipment	5		5	526	207	733	604	208	811
Other assets	179		179	21		21	206		206
Deferred tax liabilities	-19	-68	-88	-21	-50	-71	-46	-129	-175
Other non-interest bearing liabilities	-176		-176	-39		-39	-217		-217
Interest-bearing liabilities	0		0	-445		-445	-489		-489
<b>Net identifiable assets</b>	<b>158</b>	<b>216</b>	<b>374</b>	<b>79</b>	<b>157</b>	<b>237</b>	<b>275</b>	<b>413</b>	<b>688</b>
Non-controlling interests	0	0	0	51	102	153	51	102	153
<b>Total</b>	<b>158</b>	<b>216</b>	<b>374</b>	<b>29</b>	<b>55</b>	<b>84</b>	<b>225</b>	<b>310</b>	<b>535</b>

1) Including acquired book values and allocated fair values from the acquisition of Norwegian wind park companies, Russian solar power companies as well as other smaller acquisitions.



EUR million	Hafslund Markets AS	Fortum Oslo Varme AS	Other	Fortum total
<b>Gross investment</b>				
Purchase consideration settled in cash	589	152	70	811
Cash and cash equivalents in acquired subsidiaries	158	37	6	201
Translation difference	1	0	2	3
<b>Cash outflow in acquisition</b>	<b>432</b>	<b>116</b>	<b>65</b>	<b>613</b>
Unpaid consideration			9	9
Interest-bearing debt in acquired subsidiaries		445	44	489
of which loans given by Fortum		-213		-213
Transaction adjustments to debt-like items	54	26	0	80
Translation difference	0	1	2	4
<b>Total gross investment in acquired subsidiaries</b>	<b>486</b>	<b>375</b>	<b>121</b>	<b>982</b>

## 6.2 Disposals

EUR million	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
Gross divestments of shares in subsidiary companies	147	54	146	54	55	147
Gross divestments of shares in associated companies and joint ventures	0	687	160	687	687	160
<b>Gross divestments of shares</b>	<b>147</b>	<b>741</b>	<b>306</b>	<b>741</b>	<b>742</b>	<b>307</b>

### Disposals during 2018

In June 2018 Fortum sold its 10% ownership in Hafslund Produksjon Holding AS to Svartisen Holding AS, a Norwegian company owned by the Finnish energy companies Vantaan Energia Oy, Oy Turku Energia – Åbo Energi Ab and Oulun Seudun Sähkö. As part of the restructuring of the Hafslund ownership in 2017, Fortum acquired the ownership in Hafslund Produksjon. The sales price for the shares was EUR 160 million and Fortum booked a sales gain of EUR 77 million in the Generation segment in the second quarter 2018 results.

On 31 August 2018, Fortum sold a 54% share of its solar power company operating four solar power plants in India to UK Climate Investments (40%) and Elite Alfred Berg (14%). In line with Fortum's 'capital recycling' business model, the result from the transaction, EUR 26 million, is recognized in Other operations' Comparable operating profit. The total consideration from the divestment on a debt- and cash-free basis, including the effect of deconsolidating Fortum's minority part of the net debt, is EUR 147 million. In addition, Elite Alfred Berg has an option to buy up to an additional 16% from Fortum.

There were no other material disposals during Q1-Q3 2018.

### Disposals during 2017

On 3 August 2017 Fortum sold its 34.1% stake in Hafslund ASA to the City of Oslo in connection with the restructuring of the ownership in Hafslund. Fortum booked a one-time tax-free sales gain in Other segment in the third quarter 2017 results totalling approximately EUR 324 million including transaction costs, corresponding EUR 0.36 earnings per share.

In November 2017 Fortum sold its 51% stake in the Norwegian electricity sales company Røyken Kraft AS to the minority shareholder Røyken Energiverk AS. The company was acquired as part of the Hafslund Markets AS group in the restructuring of the ownership in Hafslund.

In July 2017 Fortum sold 100% of its shares in the Polish gas infrastructure company DUON Dystrybucja S.A. to Infracapital, the infrastructure investment arm of M&G Investments. DUON Dystrybucja S.A. is transporting grid gas and LNG in Poland. The company was acquired as part of the acquisition of the electricity and gas sales company Grupa DUON S.A. (currently Fortum Markets Polska S.A.) in 2016. Fortum booked in the third quarter of 2017 a one-time pre-tax sales gain in Consumer Solution segment totalling EUR 2 million.

## 7. Income taxes

Taxes for the period totalled EUR 118 (Q1-Q3 2017: 186) million. The effective income tax rate according to the income statement was 15.1% (Q1-Q3 2017: 22.9%). The comparable effective income tax rate, excluding the impact of the share of profit from associated companies, joint ventures as well as non-taxable capital gains, tax rate changes and other major one time income tax effects, was 21.2% (Q1-Q3 2017: 19.1%).

The major one time income tax effect in Q2 2017 was related to decision from the Administrative Court of Appeal in Sweden. For the years 2009-2012, Fortum had to pay additional tax and interest, in total SEK 1,175 million (EUR 122 million).

Fortum has paid taxes in previous years regarding ongoing tax disputes. The appeal processes are ongoing and based on legal analysis and legal opinions the payments are booked as a receivable, EUR 141 (31 Dec 2017: 142) million, included in Income tax receivables. For additional information see Note 20 Legal actions and official proceedings.

## 8. Dividend per share

A dividend for 2017 of EUR 1.10 per share, amounting to a total of EUR 977 million, was decided in the Annual General Meeting on 28 March 2018 and the dividend was paid on 10 April 2018.

A dividend for 2016 of EUR 1.10 per share, amounting to a total of EUR 977 million, was decided in the Annual General Meeting on 4 April 2017. The dividend was paid on 13 April 2017.

## 9. Changes in intangible assets

EUR million	Sept 30 2018	Sept 30 2017	Dec 31 2017
<b>Closing balance 31 Dec</b>	<b>1,064</b>	<b>467</b>	<b>467</b>
Impact from change in accounting principle (IFRS 15) <sup>1)</sup>	20	0	0
<b>Opening balance 1 Jan</b>	<b>1,083</b>	<b>467</b>	<b>467</b>
Acquisitions	16	638	637
Capital expenditures	36	10	18
Changes in emission rights	-3	-6	0
Depreciation and amortisation	-60	-20	-30
Divestments	-6	0	0
Reclassifications	32	10	14
Translation differences and other adjustments	0	-22	-41
<b>Closing balance</b>	<b>1,097</b>	<b>1,076</b>	<b>1,064</b>

1) See additional information in Note 2 Accounting policies in the Q1/2018 interim report.

EUR million	Sept 30 2018	Sept 30 2017	Dec 31 2017
<b>Goodwill included in opening balance</b>	<b>613</b>	<b>353</b>	<b>353</b>
Acquisitions <sup>1)</sup>	0	291	286
Translation differences and other adjustments	-4	-12	-27
<b>Goodwill included in closing balance</b>	<b>609</b>	<b>633</b>	<b>613</b>

1) See additional information in Note 6 Acquisitions and disposals.

## 10. Changes in property, plant and equipment

EUR million	Sept 30 2018	Sept 30 2017	Dec 31 2017
<b>Opening balance</b>	<b>10,510</b>	<b>9,930</b>	<b>9,930</b>
Acquisitions	10	796	811
Capital expenditures	348	472	672
Changes of nuclear asset retirement cost	-16	-5	-6
Disposals	-2	-6	-8
Depreciation and amortisation	-336	-316	-434
Divestments	-136	-53	-53
Reclassifications	-32	-10	-14
Translation differences and other adjustments	-378	-206	-389
<b>Closing balance</b>	<b>9,969</b>	<b>10,603</b>	<b>10,510</b>

## 11. Changes in participations in associates and joint ventures

EUR million	Sept 30 2018	Sept 30 2017	Dec 31 2017
<b>Closing balance 31 Dec</b>	<b>1,900</b>	<b>2,112</b>	<b>2,112</b>
Impact from change in accounting principle (IFRS 9) <sup>1)</sup>	166	-	-
<b>Opening balance 1 Jan</b>	<b>2,066</b>	<b>2,112</b>	<b>2,112</b>
Acquisitions	3,895	94	135
Share of profits from associates and joint ventures	82	114	148
Dividend income received	-53	-58	-58
Divestments	-83	-365	-363
Change in shareholder loans classified as participations in joint ventures	25	-	-
Reclassifications	20	-	-
Capital returns	-10	0	0
OCI items associated companies	1	1	-3
Translation differences and other adjustments	-80	-40	-71
<b>Closing balance</b>	<b>5,862</b>	<b>1,858</b>	<b>1,900</b>

1) See additional information in Note 2 Accounting policies in the Q1/2018 interim report.

### Participations in associates and joint ventures

Teollisuuden Voima Oyj (TVO) is building Olkiluoto 3, a nuclear power plant, which is funded through external loans, share issues and shareholder loans according to shareholders' agreement between the owners of TVO. As of January 1, 2018 TVO shareholder loans EUR 145 million has been classified as participation in joint ventures, which is described in note 2 Accounting policies in the Q1/2018 interim report. At the end of September 2018 Fortum had EUR 170 million outstanding receivables regarding Olkiluoto 3 and is additionally committed to provide at maximum totally EUR 63 million.

On 31 August 2018, Fortum sold a 54% share of its solar power company and as a consequence the subsidiary was reclassified as a joint venture.

For information about acquisitions, see note 6 Acquisitions and disposals.

### Share of profits from associates and joint ventures

Fortum's share of profit from associates and joint ventures in Q3 2018 was EUR 12 million (Q3 2017: 21), of which Territorial Generating Company (TGC-1) represented EUR 9 million (Q3 2017: 8) and Stockholm Exergi (previously named Fortum Värme) EUR 3 million (Q3 2017: -5). Q3 2017 share of profits include EUR 9 million from Hafslund ASA, which was divested in Q3 2017.

According to Fortum Group accounting policies the share of profits from Uniper SE and TGC-1 (Hafslund ASA in 2017) are included in Fortum Group figures based on the previous quarter information since updated interim information is not normally available. For additional information about the Uniper investment, see Note 6 Acquisitions and disposals.

Fortum's share of profit from associates and joint ventures for the period January-September 2018 was EUR 82 million (Q1-Q3 2017: 114), of which Territorial Generating Company (TGC-1) represented EUR 38 million (Q1-Q3 2017: 28) and Stockholm Exergi EUR 40 million (Q1-Q3 2017: 40). Q1-Q3 2017 share of profits include EUR 40 million from Hafslund ASA, which was divested in Q3 2017.

For additional information about divestments of shares in associates and joint ventures see Note 6.2 Disposals.

### Dividends received

During Q1-Q3 2018 Fortum received EUR 53 million (Q1-Q3 2017: 58) in dividends from associates and joint ventures of which EUR 39 million (Q1-Q3 2017: 21) was received from Stockholm Exergi. Dividends received during Q1-Q3 2017 include EUR 23 million from Hafslund ASA.

## 12. Interest-bearing receivables

EUR million	Carrying amount Sept 30 2018	Fair value Sept 30 2018	Carrying amount Dec 31 2017	Fair value Dec 31 2017
Long-term loan receivables from associated companies	632	655	656	689
Long-term loan receivables from joint ventures	59	68	208	229
Finance lease receivables from joint ventures	37	37	41	41
Other long-term interest-bearing receivables	50	50	106	111
<b>Total long-term interest-bearing receivables</b>	<b>778</b>	<b>810</b>	<b>1,010</b>	<b>1,071</b>
Short-term interest bearing receivables	461	461	395	395
<b>Total interest-bearing receivables</b>	<b>1,239</b>	<b>1,271</b>	<b>1,406</b>	<b>1,466</b>

Long-term loan receivables include receivables from associated companies and joint ventures EUR 729 million (Dec 31 2017: 905). These receivables include EUR 615 million (Dec 31 2017: 638) from Swedish nuclear companies, OKG AB and Forsmarks Kraftgrupp AB, which are mainly funded with shareholder loans, pro rata each shareholder's ownership.

Finance lease receivables relate to heat pipelines in Tyumen area, which are leased to joint venture YUSTEK.

Interest-bearing receivables includes also EUR 78 million (Dec 31 2017: 102) receivable from SIBUR, a Russian gas processing and petrochemicals company regarding divested shares of OOO Tobolsk CHP.

Short-term interest-bearing receivables include EUR 430 million (Dec 31 2017: 363) restricted cash mainly given as collateral for commodity exchanges. The European Market Infrastructure Regulation (EMIR) requires fully-backed guarantees.

In the end of 2016 Nasdaq's market making for forwards ended and the trading moved from forwards with cash collaterals to futures with daily cash settlements. In Fortum's cash flow statement the daily cash settlements for futures are shown as change in working capital whereas the changes in cash collaterals for forwards are included in cash flow from investing activities.

### 13. Interest-bearing net debt

Net debt	Sept 30 2018	Sept 30 2017	Dec 31 2017
<b>EUR million</b>			
Interest-bearing liabilities	5,975	4,951	4,885
Liquid funds	731	3,877	3,897
<b>Net debt</b>	<b>5,244</b>	<b>1,075</b>	<b>988</b>

Net debt is calculated as interest-bearing liabilities less liquid funds without deducting interest-bearing receivables amounting to EUR 1,239 million (Dec 31 2017: 1,406). Interest-bearing receivables mainly consist of shareholder loans to partly owned nuclear companies regarded as long-term financing. For more information see Note 12 Interest-bearing receivables.

Interest-bearing debt	Carrying amount Sept 30 2018	Fair value Sept 30 2018	Carrying amount Dec 31 2017	Fair value Dec 31 2017
<b>EUR million</b>				
Bonds	2,493	2,630	2,943	3,143
Loans from financial institutions	1,874	1,935	283	303
Reborrowing from the Finnish State Nuclear Waste Management Fund	1,158	1,217	1,129	1,192
Other long term interest-bearing debt <sup>1)</sup>	324	369	324	373
<b>Total long term interest-bearing debt <sup>2)</sup></b>	<b>5,849</b>	<b>6,151</b>	<b>4,679</b>	<b>5,011</b>
Short term interest-bearing debt	126	126	206	207
<b>Total</b>	<b>5,975</b>	<b>6,277</b>	<b>4,885</b>	<b>5,218</b>

1) Including loans from Finnish pension institutions EUR 43 million (Dec 31 2017: 48) and other loans EUR 281 million (Dec 31 2017: 276).

2) Including current portion of long-term debt EUR 822 million (Dec 31 2017: 560).

The reborrowing from the Finnish State Nuclear Waste Management Fund includes the part relating to Loviisa nuclear power plant as well as borrowing done through TVO.

During the first quarter of 2018 Fortum increased the amount of reborrowing from the Finnish State Nuclear Waste Management Fund and TVO by EUR 29 million to EUR 1,158 million. In March Fortum repaid two SEK bonds equivalent to EUR 413 million (SEK 4.15 billion). In June Fortum Oyj made a bridge loan drawdown of EUR 1.75 billion from existing committed credit facilities for Fortum's offer for Uniper shares.

At the end of September 2018, the amount of short term financing included 106 million (Dec 31 2017: 113) from Credit Support Annex agreements. The interest-bearing debt decreased during the third quarter by EUR 66 million from EUR 6,041 million to EUR 5,975 million.

The average interest rate for the portfolio consisting mainly of EUR and SEK loans was 1.6% at the balance sheet date (Dec 31 2017: 2.4%). Part of the external loans, EUR 716 million (Dec 31 2017: 773) have been swapped to RUB and the average interest cost for these loans including cost for hedging the RUB was 7.9% at the balance sheet date (Dec 31 2017: 9.5%). The average interest rate on total loans and derivatives at the balance sheet date was 2.4% (Dec 31 2017: 3.6%).

Maturity of interest-bearing liabilities		Sept 30 2018
EUR million		
2018 <sup>1)</sup>		160
2019		803
2020		67
2021		2,266
2022		1,039
2023 and later		1,640
<b>Total</b>		<b>5,975</b>

1) The cash received as collateral based on Credit Support Annex agreements, amounting to EUR 106 million, has been booked as short-term liability.

Liquid funds			
EUR million	Sept 30 2018	Sept 30 2017	Dec 31 2017
Deposits and securities with maturity more than 3 months	31	1,023	715
Cash and cash equivalents	699	2,853	3,182
<b>Total</b>	<b>731</b>	<b>3,877</b>	<b>3,897</b>

Total liquid funds decreased by EUR 39 million from EUR 770 million to EUR 731 million during Q3 2018.

Liquid funds consist of deposits and cash in bank accounts amounting to EUR 527 million and commercial papers EUR 204 million. Deposits and securities include fixed term deposits and commercial papers with maturity more than three months but less than twelve months. The average interest rate on deposits and securities excluding Russian deposits on 30 September 2018 was -0.03% (Dec 31 2017: -0.27%). Liquid funds held by PAO Fortum amounted to EUR 289 million (Dec 31 2017: 246), of which EUR 252 million (Dec 31 2017: 231) was held as bank deposits. The average interest rate for this portfolio was 7.2% at the balance sheet date.

Liquid funds totaling EUR 268 million (Dec 31 2017: 3,348) are placed with counterparties that have an investment grade credit rating. In addition, EUR 463 million (Dec 31 2017: 549) have been placed with counterparties separately reviewed and approved by the Group's credit control department.

At the end of September 2018, the committed and undrawn credit facilities amounted to EUR 1.8 billion (Dec 31 2017: 1.8). At the year end, in relation to offer for Uniper shares, Fortum had commitments from 10 relationship banks to provide credit facilities at the request of Fortum. In February 2018 the original amount of EUR 12.0 billion was reduced to EUR 3.8 billion and after EUR 1.75 billion drawdown in June 2018 the total facilities for Fortum's offer for Uniper shares has been cancelled.

#### 14. Nuclear related assets and liabilities

Fortum owns Loviisa nuclear power plant in Finland. In Fortum's consolidated balance sheet, Share in the State Nuclear Waste Management Fund and the Nuclear provisions relate to Loviisa nuclear power plant.

Fortum also has minority interests in nuclear power companies, i.e. Teollisuuden Voima Oyj (TVO) in Finland and OKG Aktiebolag (OKG) and Forsmarks Kraftgrupp AB (Forsmark) in Sweden. The minority shareholdings are classified as associated companies and joint ventures and are consolidated with equity method. Both the Finnish and the Swedish companies are non-profit making, i.e. electricity production is invoiced to the owners at cost including depreciations, interest costs and production taxes accounted for according to local GAAP.

Both in Finland and in Sweden nuclear operators are legally obligated for the decommissioning of the plants and the disposal of spent fuel (nuclear waste management). In both countries the nuclear operators are obligated to secure the funding of nuclear waste management by paying to government operated nuclear waste funds. The nuclear operators also have to give securities to guarantee that sufficient funds exist to cover future expenses of decommissioning of the power plant and disposal of spent fuel.

##### 14.1 Nuclear related assets and liabilities for 100% owned nuclear power plant, Loviisa

EUR million	Sept 30 2018	Sept 30 2017	Dec 31 2017
<b>Carrying values in the balance sheet</b>			
Nuclear provisions	854	851	858
Fortum's share of the State Nuclear Waste Management Fund	854	851	858
<b>Legal liability and actual share of the State Nuclear Waste Management Fund</b>			
Liability for nuclear waste management according to the Nuclear Energy Act	1,161	1,141	1,161
Funding obligation target	1,153	1,125	1,153
Fortum's share of the State Nuclear Waste Management Fund	1,153	1,125	1,125
Share of the fund not recognised in the balance sheet	299	274	267

### Legal liability for Loviisa nuclear power plant

The legal liability on 30 September 2018, decided by the Ministry of Economic Affairs and Employment in December 2017, was EUR 1,161 million.

The legal liability is based on a cost estimate, which is done every year, and a technical plan, which is made every third year. The current technical plan was updated in 2016. Following the update of the technical plan in 2016, the liability increased due to updated cost estimates related to interim and final storage of spent fuel. The legal liability is determined by assuming that the decommissioning would start at the beginning of the year following the assessment year.

### Fortum's share in the State Nuclear Waste Management Fund

According to Nuclear Energy Act, Fortum is obligated to contribute funds in full to the State Nuclear Waste Management Fund to cover the legal liability. 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 2017 is EUR 1,153 million.

### Nuclear provision and fund accounted for according to IFRS

Nuclear provisions include the provision for decommissioning and the provision for disposal of spent fuel. The carrying value of the nuclear provisions, calculated according to IAS 37, decreased by EUR 4 million compared to 31 December 2017, totaling EUR 854 million on 30 September 2018. The provisions are based on the same cash flows for future costs as the legal liability, but the legal liability is not discounted to net present value.

Fortum's share of the Finnish Nuclear Waste Management Fund is from an IFRS perspective overfunded with EUR 299 million, since Fortum's share of the Fund on 30 September 2018 was EUR 1,153 million and the carrying value in the balance sheet was EUR 854 million. The Fund in Fortum's balance sheet can at maximum be equal to the amount of the provisions according to IFRS. As long as the Fund is overfunded from an IFRS perspective, the operating profit is adjusted positively if the provisions increase more than the Fund and negatively 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 Note 4 Segment information.

### Borrowing from the State Nuclear Waste Management Fund

Participants in the Finnish State Nuclear Waste Management Fund are allowed to borrow from the fund according to certain rules. Fortum uses the right to borrow back and has pledged shares in Kemijoki Oy as security for the loans. The loans are renewed yearly. See Note 13 Interest-bearing net debt and Note 18 Pledged assets and contingent liabilities.

## 14.2 Nuclear power plants in associated companies and joint ventures

OKG, Forsmark and TVO are non-profit making companies, i.e. electricity production is invoiced to the owners at cost including depreciations, interest costs and production taxes. Invoiced cost is accounted according to local GAAP. In addition to the invoiced electricity production cost, Fortum makes IFRS adjustments to comply with Fortum's accounting principles. These adjustments include also Fortum's share of the companies' nuclear waste funds and nuclear provisions.

The tables below present the 100% figures relating to nuclear funds and provisions for the companies as well as Fortum's net share.

TVO's total nuclear related assets and liabilities (100%)			
EUR million	Sept 30 2018	Sept 30 2017	Dec 31 2017
<b>Carrying values in TVO's balance sheet</b>			
Nuclear provisions	975	973	953
Share of the State Nuclear Waste Management Fund	975	973	953
<b>of which Fortum's net share consolidated with equity method</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TVO's legal liability and actual share of the State Nuclear Waste Management Fund</b>			
Liability for nuclear waste management according to the Nuclear Energy Act	1,482	1,450	1,482
Share of the State Nuclear Waste Management Fund	1,471	1,428	1,437
Share of the fund not recognised in the balance sheet	496	455	484

TVO's legal liability and contribution to the fund are based on same principles as described above for Loviisa nuclear power plant.

TVO's share of the Finnish State Nuclear Waste Management Fund is from an IFRS perspective overfunded with EUR 496 million (of which Fortum's share EUR 132 million), since TVO's share of the Fund on 30 September 2018 was EUR 1,471 million and the carrying value in the balance sheet was EUR 975 million.

Participants in the Finnish State Nuclear Waste Management Fund are allowed to borrow from the fund according to certain rules. Fortum is using the right to reborrow funds through TVO based on its ownership. See more information in Note 13 Interest-bearing net debt.

OKG's and Forsmark's total nuclear related assets and liabilities (100%)			
EUR million	Sept 30 2018	Sept 30 2017	Dec 31 2017
<b>OKG's and Forsmark's nuclear related assets and liabilities <sup>1)</sup></b>			
Nuclear provisions	3,253	3,423	3,398
Share in the State Nuclear Waste Management Fund	3,037	3,131	3,105
<b>Net amount</b>	<b>-216</b>	<b>-293</b>	<b>-293</b>
<b>of which Fortum's net share consolidated with equity method</b>	<b>-89</b>	<b>-116</b>	<b>-114</b>

1) Accounted for according to Fortum's accounting principles. The companies' statutory financial statements are not prepared according to IFRS.

In Sweden Svensk Kärnbränslehantering AB (SKB), a company owned by the nuclear operators, takes care of all nuclear waste management related activities on behalf of nuclear operators. SKB receives its funding from the Swedish State Nuclear Waste Management Fund, which in turn is financed by the nuclear operators.

In addition to nuclear waste fees nuclear power companies provide guarantees for any uncovered liability and unexpected events. Fortum's guarantees given on behalf of nuclear associated companies are presented in Note 18 Pledged assets and contingent liabilities.

Nuclear waste fees and guarantees are updated every third year by governmental decision after a proposal from Swedish Radiation Safety Authority (SSM). The proposal is based on cost estimates done by SKB. A new technical plan for nuclear waste management was decided by SKB during 2016. In 2017 SKB submitted the cost estimates based on the revised technical plan to SSM. In December 2017 the Swedish government decided the waste fees and guarantees for years 2018-2020. Nuclear waste fees are currently based on future costs with the assumed lifetime of 50 years (40 years in previous decision) for each unit of a nuclear power plant.

## 15. Other provisions

EUR million	Environmental provisions			Other provisions		
	Sept 30 2018	Sept 30 2017	Dec 31 2017	Sept 30 2018	Sept 30 2017	Dec 31 2017
<b>Opening balance</b>	<b>43</b>	<b>47</b>	<b>47</b>	<b>79</b>	<b>82</b>	<b>82</b>
Acquisitions	0	0	0	0	0	7
Increase in the provisions	0	1	0	6	27	31
Provisions used	0	0	0	-21	-13	-35
Unused provisions reversed	0	0	0	-2	-3	-10
Unwinding of discount	0	0	0	0	0	0
Exchange rate differences and other changes	-1	-3	-4	-3	3	4
<b>Closing balance</b>	<b>42</b>	<b>45</b>	<b>43</b>	<b>60</b>	<b>95</b>	<b>79</b>
<b>Current provisions <sup>1)</sup></b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>17</b>	<b>6</b>	<b>22</b>
<b>Non-current provisions</b>	<b>42</b>	<b>43</b>	<b>43</b>	<b>43</b>	<b>89</b>	<b>57</b>

1) Included in trade and other payables in the balance sheet.

Environmental provisions include mainly provisions for obligations to cover and monitor landfills as well as to clean contaminated land areas. Main part of the provisions are estimated to be used within 10-15 years.

Dismantling provision for the Finnish coal fired power plant Inkoo is included in Other provisions.

## 16. Operating lease commitments

EUR million	Sept 30 2018	Sept 30 2017	Dec 31 2017
Due within a year	30	17	23
Due after one year and within five years	76	66	72
Due after five years	77	59	65
<b>Total</b>	<b>183</b>	<b>142</b>	<b>160</b>

## 17. Capital commitments

EUR million	Sept 30 2018	Sept 30 2017	Dec 31 2017
Property, plant and equipment	361	426	362

### Other commitments

Fortum has committed to provide a maximum of EUR 89 million to Voimaosakeyhtiö SF, for its participation in the Fennovoima nuclear power project in Finland. Furthermore, Fortum's remaining direct commitment regarding the construction of a waste-to-energy combined heat and power plant (CHP) in Kaunas, Lithuania is EUR 7 million at maximum. The investment is made through Kauno Kogeneracinė Jėgainė (KKJ), a joint venture owned together with Lietuvos Energija.

Fortum has also committed to provide a maximum of EUR 13 million to a joint venture with Numaligarh Refinery Limited (NRL) and Chempolis to build and operate a biorefinery in Assam, India.

For information regarding shareholder loan commitments related to associated companies and joint ventures, see Note 12 Interest-bearing receivables.

In June 2018 the Swedish Government approved the legislation regarding Sweden's national strategy for implementation of the EU's Water Framework Directive. The largest hydro industry companies will create a common hydro-power fund to finance large parts of the environmental actions needed. The fund will have a total financial cap of SEK 10 billion to be paid over a 20-year period, and the largest operators will contribute to the fund proportionately based on their respective market share of hydro-power production. Fortum's share is expected to be 20-25% of the funds' total financing.

## 18. Pledged assets and contingent liabilities

EUR million	Sept 30 2018	Sept 30 2017	Dec 31 2017
Pledged assets on own behalf			
For debt			
Pledges	288	288	300
Real estate mortgages	137	137	177
For other commitments			
Pledges	393	390	346
Real estate mortgages	21	141	141
Pledged assets on behalf of others			
Pledges	34	11	12
Contingent liabilities on own behalf			
Other contingent liabilities	161	173	161
Contingent liabilities on behalf of associated companies and joint ventures			
Guarantees	562	609	598

### 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 30 September 2018 the value of the pledged shares amounted to EUR 269 million (Dec 31 2017: 269).

Fortum Tartu in Estonia (60% owned by Fortum) has given real estate mortgages for a value of EUR 96 million (Dec 31 2017: 96) as a security for an external loan. Real estate mortgages have also been given for loan from Fortum's pension fund for EUR 41 million (Dec 31 2017: 41).

During Q1 2018 mortgage for loans of Russian solar plants was released (Dec 31 2017: 41).

Regarding the relevant interest-bearing liabilities, see Note 13 Interest-bearing net debt.

### Pledged assets for other commitments

Pledges also include restricted cash given as trading collateral of EUR 393 million (Dec 31 2017: 346) for trading of electricity, gas and CO<sub>2</sub> emission allowances in Nasdaq Commodities Europe, Intercontinental Exchange (ICE), European Energy Exchange (EEX) and Polish Power Exchange (TGE). See also note 12 Interest-bearing receivables.

Fortum has given real estate mortgages in power plants in Finland, total value of EUR 21 million in September 2018 (Dec 31 2017: 141), 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 decommissioning and disposal of spent fuel in Loviisa nuclear power plant. According to the Nuclear Energy Act, Fortum is obligated to contribute the funds in full to the State Nuclear Waste Management Fund to cover the legal liability. Any uncovered legal liability relates to periodising of the payments to the fund. 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.

See more information in Note 14 Nuclear related assets and liabilities.



### Pledged assets on behalf of others

Pledged assets on behalf of others consist of restricted cash posted as collateral toward Nasdaq Clearing AB covering Fortum's required contribution to the Commodity Market Default Fund (default fund). The default fund is a mutualized fund whereby all participants on the Nordic power exchange (OMX Nasdaq Commodities) post collateral in relation to their exposure on the market in order to cover potential defaults by members which may cause losses exceeding the members' own collateral. The increase in the pledged amount is due to the replenishment given in September 2018. See also Note 12 Interest-bearing receivables.

### Contingent liabilities on own behalf

Fortum owns the coal condensing power plant Meri-Pori in Finland. Teollisuuden Voima Oyj (TVO) has the contractual right to participate in the plant with 45.45%. Based on the participation agreement Fortum has to give a guarantee to TVO against breach in contract. The amount of the guarantee is set to EUR 125 million (Dec 31 2017: 125).

### Contingent liabilities on behalf of associated companies

Guarantees 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). Guarantees have been given on behalf of Forsmarks Kraftgrupp AB and OKG AB amounting to SEK 5,393 million (EUR 523 million) at 30 September 2018 (Dec 31 2017: EUR 548 million). There are two types of guarantees given. The Financing Amount is given to compensate for the current deficit in the Nuclear Waste Fund, assuming that no further nuclear waste fees are paid in. This deficit is calculated as the difference between the expected costs and the funds to cover these costs at the time of the calculation. The Supplementary Amount constitutes a guarantee for deficits that can arise as a result of unplanned events. The Financing Amount given by Fortum on behalf of Forsmark Kraftgrupp AB and OKG AB was SEK 3,843 million (EUR 373 million) and the Supplementary Amount was SEK 1,550 million (EUR 150 million) at 30 September 2018.

The guarantee given on behalf of Teollisuuden Voima Oyj to the Finnish State Nuclear Waste Management Fund amounted to EUR 36 million at 30 September 2018 (Dec 31 2017: 50). The guarantee covers the unpaid legal liability due to periodisation as well as risks for unexpected future costs.

Fortum has minority shares in legal companies owning nuclear power plants in Finland and Sweden. Fortum consolidates these companies according to the equity method meaning that Fortum's share of the assets and liabilities are netted to the balance sheet. For information regarding nuclear related assets and liabilities of Loviisa nuclear power plant as well as Swedish and Finnish nuclear production companies where Fortum has a minority shareholding see Note 14 Nuclear related assets and liabilities.

### Other contingent liabilities

Fortum's 100% owned subsidiary Fortum Heat and Gas Oy has a collective contingent liability with Neste Oyj of the in 2004 demerged Fortum Oil and Gas Oy's liabilities based on the Finnish Companies Act's (734/1978) Chapter 14a Paragraph 6.

## 19. Legal actions and official proceedings

### Tax cases in Finland

No tax cases with material impact in Finland.

### Tax cases in Sweden

#### Cases relating to Swedish interest deductions

In March 2018 the Swedish Supreme Administrative Court decided not to grant leave to appeal to Fortum with respect to the interest deduction cases relating to the years 2009-2012. The unfavourable decision of the Administrative Court of Appeal from June 2017 therefore remains in force. For the years 2009-2012, Fortum had to pay additional tax and interest, in total SEK 1,175 million (EUR 122 million) which was booked as a cost in the second quarter 2017 results and paid already in 2016. There are strong grounds to argue that the aforementioned decisions of the Administrative Court of Appeal and the Supreme Administrative Court violate EU law and fundamental rights under EU law. Fortum plans to make use of legal remedies which are available for breaches of EU law. Moreover, Fortum has filed a request to initiate a mutual agreement procedure between Sweden and the Netherlands for the year 2012.

In addition Fortum has received income tax assessments in Sweden for the years 2013, 2014 and 2015 in December 2015, December 2016 and October 2017, respectively. The assessments concern the loans given in 2013, 2014 and 2015 by Fortum's Dutch financing company to Fortum's subsidiaries in Sweden. The interest income for these loans was taxed in the Netherlands. The tax authorities consider over a half of the interest relating to each loan as deductible, i.e. deriving from business needs. The rest of the interest is seen as non-deductible. The decision is based on the changes in the Swedish tax regulation in 2013. Fortum considered that the claims were unjustifiable and appealed the decisions. In May 2017 the Administrative Court in Stockholm, Sweden rejected Fortum's appeal relating to the income tax assessment for the year 2013. Fortum disagreed with the argumentation of the court and filed an appeal to the Administrative Court of Appeal in Stockholm. On 18 October 2018 the Administrative Court of Appeal in Stockholm, Sweden announced its decision relating to the income tax assessment for the year 2013. The decision was favourable to Fortum. The Administrative Court of Appeal confirmed that Fortum had sufficient business reasons for the loans and accepted Fortum's appeal. The Swedish tax authority may apply for the right to appeal from the Supreme Administrative Court. The cases regarding the year 2014 and the year 2015 are still pending before the Administrative Court.

The amount of additional tax claimed by the Swedish tax authority has been SEK 239 million (EUR 24 million) for the year 2013, SEK 242 million (EUR 24 million) for the year 2014, and SEK 179 million, (EUR 17 million) for the year 2015. The additional tax cost for 2013 has already been paid in 2017 and it will be refunded to Fortum due to the decision from the Administrative Court of Appeal. Additional taxes and interest for the years 2014 and 2015 have not been paid.

#### Cases relating to the Swedish hydro real estate tax

Fortum Sverige AB has received a negative decision from the Administrative Court of Appeal in Stockholm in June 2018 relating to the Swedish hydro real estate tax regarding years 2009-2014. The decision is contrary to the Administrative Court's earlier decision. Fortum has applied for leave to appeal from the Supreme Administrative Court. The disputed amount for the five years totalled SEK 508 million tax and SEK 12 million interest (EUR 50 million tax and EUR 1 million interest). If the decision of the Administrative Court of Appeal becomes final despite the appeal process, there will be no impact on Fortum's results.

#### Tax cases in Belgium

Fortum has received income tax assessments in Belgium for the years 2008, 2009, 2010 and 2011. The 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 found the decision unjustifiable and appealed to the Court of Appeal.

In January 2016 Fortum received a favourable decision from the Court of Appeal in which the Court disagreed with the tax authorities' interpretation and the tax assessment for 2008 was nullified. The tax authorities disagreed with the decision and filed an appeal to Hof van Cassatie (Supreme Court) in March 2016. Fortum's appeals concerning 2009-2011 are still pending and Fortum expects the remaining years to follow the final decision for 2008. Based on legal analysis and a supporting legal opinion, no provision has been accounted for in this interim report. The amount of additional tax claimed is 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.

In November 2015 Fortum received an income tax assessment from the Belgian tax authorities for the year 2012. The tax authorities disagree with the tax treatment of Fortum Project Finance NV. Fortum finds the tax authorities' interpretation not to be based on the local regulation and has filed an objection against the tax adjustment. In line with treatment of the cases concerning 2008-2011, no provision has been accounted for in the financial statements. The amount of additional tax claimed is approximately EUR 15 million for the year 2012. The tax has already been paid.

#### Litigations in 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 construction work of the plant unit is mainly finished. Electrical, instrumentation and control (I&C) and mechanical installations are still partly in progress.

In April 2016 TVO submitted to the Ministry of Economic Affairs and Employment (TEM) an application for an operating license. The simulator training for operating personnel commenced in February 2017. The hot functional testing was completed in May 2018. In the hot functional tests, the nuclear and turbine island operated for the first time together as an entity. In the hot functional tests it turned out that the pressurizer surge line vibrates. Vibrations will be corrected by modifying surge lines supporting structures. After approved testing and disquisition of the solution, TVO will have the prerequisites to receive statement from Radiation and Nuclear Safety Authority (STUK) on OL3 unit's operating license, which would allow Finnish government to give a decision on it.

OL3 was procured as a fixed-price turnkey project from a consortium (Supplier) formed by AREVA GmbH, AREVA NP SAS and Siemens AG. As stipulated in the plant contract, the consortium companies have joint and several liability for the contractual obligations. In accordance with the Supplier's schedule updated in June 2018, regular electricity generation at the plant unit will commence in September 2019. According to the Supplier, fuel will be loaded into the reactor in January 2019, and the first connection to the grid will take place in May 2019. According to the Supplier's plant ramp-up program, the unit will produce 2-4 TWh of electricity, at varying power levels, during the period of time between the first connection to the grid and the start of regular electricity production.

According to the comprehensive settlement agreement signed in March 2018, TVO and the Supplier jointly withdrew the pending arbitration proceedings under the International Chamber of Commerce (ICC) rules with respect to costs and losses incurred in relation to delays in the construction of the OL3 EPR project. In June 2018, the ICC tribunal confirmed the arbitration settlement by a consent award, and the arbitration proceedings were terminated. The parties also withdrew the pending appeals in the General Court of the European Union.

The settlement agreement between TVO and the plant supplier consortium companies Areva NP, Areva GmbH and Siemens AG as well as with Areva Group parent company Areva SA, a company wholly owned by the French State, concerning the completion of the OL3 EPR project and related disputes entered into force late March.

The settlement agreement stipulates that:

In order to provide and maintain adequate and competent technical and human resources for the completion of the OL3 EPR project, Areva will source the necessary additional resources from Framatome S.A.S., whose majority owner is Electricité de France (EDF). The supplier consortium companies undertake that the funds dedicated to the completion of the OL3 EPR project will be adequate and will cover all applicable guarantee periods, including setting up a trust mechanism funded by Areva companies to secure the financing of the costs of completion of the OL3 EPR project.

The turnkey principle of the OL3 EPR plant contract and the joint and several liability of the supplier consortium companies remain in full force. The agreement also noted the plant supplier's schedule at the time the agreement was signed, according to which regular electricity production in the unit will commence in May 2019. The ICC arbitration concerning the costs and losses caused by the delay of the OL3 EPR project is settled by financial compensation of EUR 450 million to be paid to TVO in two installments by the supplier consortium companies.

The parties withdraw all on-going legal actions related to OL3 EPR, including the ICC arbitration and appeals in the General Court of the European Union.

The supplier consortium companies are entitled to receive an incentive payment, in a maximum amount of EUR 150 million, upon timely completion of the OL3 EPR project. In the event that the supplier consortium companies fail to complete the OL3 EPR project by the end of 2019, they will pay a penalty to TVO for such delay in an amount which will depend on the actual time of completion of the OL3 EPR project and may not exceed EUR 400 million.

TVO received the first payment of EUR 328 million of the settlement amount in March at the entry into force of the settlement agreement. The second payment of EUR 122 million is payable upon completion of the OL3 EPR project or, in any event, on 31 December 2019 at the latest. In the first quarter of 2018, TVO made a provision of EUR 150 million reflecting the maximum amount of the incentive payment payable to the supplier consortium companies for timely completion of the OL3 EPR project. In June 2018, TVO received from Areva-Siemens Consortium an updated schedule for the commissioning of the OL3 plant unit. According to the received information, the regular electricity generation at OL3 will start in September 2019, so, in the second quarter of 2018, the provision was withdrawn by EUR 50 million. These settlement payments to TVO, any incentive payment by TVO and any penalty payable to TVO due to any additional project delay have all been taken into account in calculating the final cost of the OL3 EPR project. The amount corresponding to the settlement amount and the incentive fee to be paid by TVO have been entered as property, plant and equipment in the TVO Group balance sheet.

After the period under review 3 October TVO published a stock exchange release announcing, that the plant supplier Areva-Siemens Consortium will perform a schedule review on OL3 project and provide TVO an overall rebaseline schedule for the final phases of the project in December, after the end of the interim report period. TVO cannot estimate whether or not the schedule will influence the start of the regular electricity production.

The business restructuring plan announced by Areva in 2016 was implemented at the beginning of 2018. The majority of Areva NP's business was transferred to a company named Framatome, of which 75.5 percent is owned by Electricité de France (EDF). The OL3 EPR project and the means required to complete the project, as well as certain other liabilities remained within Areva NP and Areva GmbH, within the scope of Areva SA.

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.

## 20. Related party transactions

Related parties are described in the consolidated financial statements for the year ended 31 December 2017. There has been no material changes except for the acquisition of the shares in Uniper SE, see note 6 Acquisitions and disposals.

At year-end 2017 the Finnish State owned 50.76% of the shares in Fortum. There has been no change in the shareholding during 2018.

### Transactions with associated companies and joint ventures

EUR million	Q1-Q3 2018	Q1-Q3 2017	2017
Sales	42	78	110
Purchases	286	388	472
Interest income on loan receivables	10	12	13

### Balances with associated companies and joint ventures

EUR million	Sept 30 2018	Sept 30 2017	Dec 31 2017
Long-term interest-bearing loan receivables	692	885	864
Finance lease receivable from joint ventures	37		41
Trade receivables	14	22	24
Other receivables	19	17	17
Long-term loan payables	293	288	287
Trade payables	7	3	19
Other payables	5	4	7

## 21. Events after the balance sheet date

On 18 October, the Administrative Court of Appeal in Stockholm ruled in favour of Fortum related to Fortum's income tax assessments in Sweden for the year 2013. For additional information, see note 19 Legal actions and official proceedings

## 22. Definitions of key figures

### Alternative performance measures

Business performance	Definition	Reason to use the measure	Reference to reconciliation
Comparable EBITDA	Operating profit + depreciations and amortisations - items affecting comparability	Comparable EBITDA is representing the underlying cash flow generated by the total Group and segments. Used as a component in the capital structure target of Comparable net debt /EBITDA.	Capital structure and key ratios after cash flow statement
Comparable operating profit	Operating profit - items affecting comparability	Comparable operating profit is used in financial target setting and forecasting, management's follow up of financial performance and allocation of resources in the group's performance management process.	Income statement
Items affecting comparability	Impairment charges + capital gains and transaction costs + changes in fair values of derivatives hedging future cash flow + nuclear fund adjustment	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement
Impairment charges	Impairment charges and related provisions (mainly dismantling), which are adjusted from depreciation and amortisation.	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement
Capital gains and transaction costs	Capital gains and transaction costs from acquisitions, which are adjusted from other income and other expenses respectively. Profits from the capital recycling business model are presented in comparable operating profit because the business results are realised through divesting the shareholding, either partially or totally.	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement
Changes in fair values of derivatives hedging future cash flow	Effects from financial derivatives hedging future cash-flows where hedge accounting is not applied according to IFRS 9, which are adjusted from other income.	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement
Nuclear fund adjustment	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, which is adjusted from materials and services.	Component used in calculating comparable operating profit and comparable EBITDA.	Income statement

## 22. Definitions of key figures

Business performance	Definition	Reason to use the measure	Reference to reconciliation
Comparable return on net assets, %	Comparable operating profit + share of profit (loss) in associated companies and joint ventures + adjustment for share of profit of associated <u>companies and joint ventures</u> Comparable net assets average	x 100 Comparable return on net assets is used in financial target setting and forecasting, management's follow up of financial performance and allocation of resources in the group's performance management process.	Note 4 Segment information
Adjustment for Share of profit of associated companies and joint ventures	Adjustment for IFRS 9 effects, major sales gains and impairment charges.	Share of profit of associates and joint ventures is included in profit component in the comparable RONA calculation and the adjustments are done based on similar components as in Items affecting comparability.	Note 4 Segment information
Comparable 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 used for hedging future cash flows).	Comparable net assets is a component in Comparable return on net assets calculation where return on capital allocated directly to the businesses is measured.	Note 4 Segment information
Capital structure	Definition	Reason to use the measure	Reconciliation
Comparable net debt / EBITDA	<u>Interest-bearing net debt</u> Comparable EBITDA	Financial targets give guidance on Fortum's view of the company's long-term value creation potential, its growth strategy and business activities. Comparable net debt to EBITDA is one of the Fortum's long-term over-the-cycle financial targets measuring the capital structure of the Group.	Capital structure and key ratios after cash flow statement
Interest-bearing net debt	Interest-bearing liabilities - liquid funds	Interest-bearing net debt is used in the follow-up of the indebtedness of the group i.e. capital structure especially as a component in the long-term over-the-cycle financial target of Comparable net debt / EBITDA in the Group.	Note 13 Interest-bearing net debt

## 22. Definitions of key figures

Capital structure	Definition	Reason to use the measure	Reconciliation
Return on capital employed, %	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Capital employed average}} \times 100$	Return on capital employed (ROCE) is a long-term over the cycle financial ratio measuring the profitability and how efficiently invested capital is used. It gives guidance on company's long-term value creation potential, its growth strategy and business activities.	Capital structure and key ratios after cash flow statement
Capital employed	Total assets - total non-interest bearing liabilities	Capital employed is the book value of the invested capital and it is used as a component when calculating the Return of capital employed in the group.	Capital structure and key ratios after cash flow statement
<b>Other key figures</b>			
<b>Share based key figures</b>			
Earnings per share (EPS)	$\frac{\text{Profit for the period - non-controlling interests}}{\text{Average number of shares during the period}}$		
Equity per share	$\frac{\text{Shareholder's equity}}{\text{Number of shares at the end of the period}}$		
<b>Other key figures</b>			
FFO/Net debt, %	$\frac{\text{Funds from operations (FFO)}}{\text{Interest-bearing net debt}} \times 100$		
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. Investments in subsidiary shares are net of cash and grossed with interest-bearing liabilities in the acquired company.		
Return on shareholders'	$\frac{\text{Profit for the year}}{\text{Total equity average}} \times 100$		
Gearing, %	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}} \times 100$		
Equity-to-assets ratio, %	$\frac{\text{Total equity including non-controlling interest}}{\text{Total assets}} \times 100$		

## 22. Definitions of key figures

Interest coverage  $\frac{\text{Operating profit}}{\text{Net interest expenses}}$

Interest coverage including capitalised  $\frac{\text{Operating profit}}{\text{Net interest expenses - capitalised borrowing costs}}$

### Definitions for tax reporting

Effective income tax rate  $\frac{\text{Income tax expense}}{\text{Profit before income tax}}$

Comparable effective income tax rate  $\frac{\text{Income tax expense - effects from tax rate changes and major one time tax effects}}{\text{Profit before income tax decreased by profits from associated companies and joint ventures as well as tax exempt capital gains or losses}}$

Last twelve months (LTM) Twelve months preceding the reporting date

Market conditions and achieved power prices

Power consumption						
TWh	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
Nordic countries	82	82	291	283	392	399
Russia	238	235	767	756	1,038	1,049
Tyumen	22	23	68	68	94	92
Chelyabinsk	8	7	26	24	35	35
Russia Urals area	60	61	190	191	260	260

Average prices						
	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
Spot price for power in Nord Pool power exchange, EUR/MWh	50.5	28.5	42.8	29.0	29.4	39.7
Spot price for power in Finland, EUR/MWh	53.5	35.9	45.9	33.3	33.2	42.6
Spot price for power in Sweden, SE3, Stockholm EUR/MWh	52.2	33.6	43.3	31.3	31.2	40.2
Spot price for power in Sweden, SE2, Sundsvall EUR/MWh	51.9	33.0	43.1	31.1	30.8	39.9
Spot price for power in the First Price Zone of Russia, RUB/MWh <sup>1)</sup>	1,302	1,269	1,227	1,198	1,204	1,225
Average capacity price, tRUB/MW/month	556	484	585	521	535	583
Spot price for power in Germany, EUR/MWh	53.5	32.7	41.7	34.6	34.2	39.5
Average regulated gas price in Urals region, RUB/1000 m <sup>3</sup>	3,812	3,755	3,774	3,661	3,685	3,769
Average capacity price for CCS, tRUB/MW/month <sup>2)</sup>	138	139	144	145	148	147
Average capacity price for CSA, tRUB/MW/month <sup>2)</sup>	993	808	1,033	870	899	1,021
Spot price for power (market price), Urals hub, RUB/MWh <sup>1)</sup>	1,059	1,080	1,025	1,042	1,041	1,028
CO <sub>2</sub> , (ETS EUA), EUR/tonne CO <sub>2</sub>	19	6	14	5	6	13
Coal (ICE Rotterdam), USD/tonne	99	87	92	81	84	92
Oil (Brent Crude), USD/bbl	76	52	73	53	55	70

1) Excluding capacity tariff.

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

Water reservoirs				
TWh	Sept 30 2018	Sept 30 2017	Dec 31 2017	
Nordic water reservoirs level	89	99	86	
Nordic water reservoirs level, long-term average	101	101	83	

Export/import						
TWh (+ = import to, - = export from Nordic area)	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
Export / import between Nordic area and Continental Europe + Baltics	-1	-3	-6	-11	-15	-9
Export / import between Nordic area and Russia	2	1	6	4	6	7
Export / import Nordic area, Total	1	-2	0	-7	-9	-2

Power market liberalisation in Russia						
%	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
Share of power sold at the liberalised price	80%	81%	80%	80%	81%	81%

Achieved power prices						
	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
Generation segment's Nordic power price, EUR/MWh	34.6	32.5	33.7	31.7	31.8	33.2
Russia segment's power price, RUB/MWh	1,884	1,790	1,854	1,801	1,813	1,852
Russia segment's power price, EUR/MWh <sup>1)</sup>	24.8	25.8	25.4	27.6	27.5	25.8

1) Translated using average exchange rate.



### Fortum's production and sales volumes

Power generation						
TWh	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
Power generation in Europe	7.9	9.9	32.8	34.6	46.6	44.8
Power generation in Russia	6.5	6.1	21.5	19.1	26.3	28.7
Power generation in other countries	0.1	0.1	0.3	0.2	0.3	0.4
<b>Total</b>	<b>14.6</b>	<b>16.1</b>	<b>54.7</b>	<b>53.9</b>	<b>73.2</b>	<b>74.0</b>

Heat production						
TWh	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
Heat production in Europe	0.9	1.3	6.2	5.6	8.6	9.2
Heat production in Russia	1.5	1.7	13.9	13.0	20.0	20.9
<b>Total</b>	<b>2.4</b>	<b>3.0</b>	<b>20.1</b>	<b>18.6</b>	<b>28.6</b>	<b>30.1</b>

Power generation capacity by segment					
MW	Sept 30 2018	Sept 30 2017	Dec 31 2017		
Generation <sup>1)</sup>	7,861	7,847	7,862		
City Solutions	778	775	775		
Russia	4,913	4,512	4,794		
Other	107	155	292		
<b>Total</b>	<b>13,658</b>	<b>13,288</b>	<b>13,722</b>		

1) Including 308 MW of Meri-Pori power plant, which will be under reserve capacity agreement during period July 2017 - June 2020. Capacity decreases due to closure of unit 1 (205 MW) in Oskarshamn in end of June 2017.

Heat production capacity by segment			
MW	Sept 30 2018	Sept 30 2017	Dec 31 2017
City Solutions	4,739	4,860	4,671
Russia	10,229	9,920	10,094
<b>Total</b>	<b>14,968</b>	<b>14,780</b>	<b>14,765</b>

Power generation by source in the Nordic area						
TWh	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
Hydro and wind power	2.9	5.0	14.5	15.2	20.9	20.2
Nuclear power	4.7	4.6	16.6	17.4	23.0	22.2
Thermal power	0.2	0.1	1.0	1.2	1.6	1.4
<b>Total</b>	<b>7.8</b>	<b>9.7</b>	<b>32.1</b>	<b>33.8</b>	<b>45.4</b>	<b>43.7</b>

Power generation by source in the Nordic area						
%	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
Hydro and wind power	38	51	45	45	46	46
Nuclear power	60	48	52	52	51	51
Thermal power	2	1	3	3	3	3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Power sales						
EUR million	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
Power sales in Europe	556	496	2,009	1,513	2,244	2,740
Power sales in Russia	192	183	635	611	837	861
Power sales in other countries	3	2	15	5	9	19
<b>Total</b>	<b>751</b>	<b>681</b>	<b>2,659</b>	<b>2,129</b>	<b>3,089</b>	<b>3,619</b>

### Fortum's production and sales volumes

Heat sales						
EUR million	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
Heat sales in Europe	60	64	410	331	524	603
Heat sales in Russia	8	15	129	171	258	216
<b>Total</b>	<b>67</b>	<b>79</b>	<b>539</b>	<b>501</b>	<b>782</b>	<b>820</b>

Power sales by area						
TWh	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
Finland	4.6	5.1	16.9	16.5	22.5	22.9
Sweden	5.1	6.5	21.7	22.3	30.8	30.2
Russia	7.8	7.1	25.0	22.1	30.5	33.4
Norway	2.3	1.9	10.6	2.7	7.2	15.1
Other countries	0.4	0.6	1.3	2.0	2.9	2.2
<b>Total</b>	<b>20.2</b>	<b>21.2</b>	<b>75.5</b>	<b>65.5</b>	<b>93.9</b>	<b>103.9</b>

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

Heat sales by area						
TWh	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	2017	Last twelve months
Russia	1.1	1.6	13.0	13.1	19.8	19.7
Finland	0.4	0.4	2.6	2.7	3.9	3.8
Poland	0.2	0.2	2.2	2.4	3.7	3.5
Other countries	0.3	0.3	2.3	1.3	2.5	3.5
<b>Total</b>	<b>2.0</b>	<b>2.6</b>	<b>20.1</b>	<b>19.5</b>	<b>29.9</b>	<b>30.5</b>