Fortum Corporation

Financial statements bulletin January–December 2015

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Fortum Corporation
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Contents

Tables to the financial statements bulletin

Financial results discussed in this financial statements bulletin are for the continuing operations of Fortum Group. The Distribution segment has been reclassified as discontinued operations in the tables including the comparative period information. As a result, continuing operations and discontinued operations are presented separately for Fortum Group. Comparative period information for 2014 has been restated accordingly and can be found in the stock exchange release published on 15 April 2015. For further information, see notes 2 and 7.

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

Low electricity prices and write-downs burdened continuing results – Dividend proposal EUR 1.10 per share

October−December 2015, continuing operations

- Comparable operating profit EUR 243 (370) million, -34%
- Operating profit EUR 38 (584) million, of which EUR -205 (214) million relates to items affecting comparability
- Earnings per share EUR 0.02 (0.59), -97%, of which EUR -0.20 (0.25) items effecting comparability. Earnings per share including the effect from discontinued operations are EUR 0.02 (0.64)
- Cash flow from operating activities totalled EUR 332 (394) million, -16%
- Operating profit impacted by EUR -119 million write-downs and provisions for mainly Finnish coal-fired plants and Oskarshamn nuclear units 1 and 2 (O1 and O2) in Sweden

January−December 2015, continuing operations

- Comparable operating profit EUR 808 (1,085) million, -26%
- Operating profit EUR -150 (1,296) million, of which EUR -958 (211) million relates to items affecting comparability
- Earnings per share EUR -0.26 (1.22), -121%, of which EUR -0.97 (0.26) per share relates to items affecting comparability including total effect from Oskarshamn nuclear units 1 and 2. Earnings per share including the effect from discontinued operations are EUR 4.66 (3.55)
- Cash flow from operating activities totalled EUR 1,228 (1,406) million, -13%
- Distribution business treated as discontinued operations from Q1/2015, consistent with IFRS 5, divestment completed in June 2015
- Fortum's Board proposes a dividend of EUR 1.10 per share

Summary of outlook

- Fortum continues to expect the annual electricity demand to grow in the Nordic countries by approximately 0.5% on average in the coming years
- Power and Technology segment's Nordic generation hedges: for 2016, approximately 50% hedged at approximately EUR 33 per MWh; for 2017, approximately 20% hedged at approximately EUR 30 per MWh
- The operating profit level (EBIT) for the Russia segment, RUB 18.2 billion, is targeted to be reached during 2017-2018. The euro-denominated result level will be volatile, due to the translation effect

Key financial ratios *	2015	2014
Return on capital employed, %	22.7	19.5
Net debt/EBITDA	-0.5	1.1
Comparable net debt/EBITDA	-1.7	2.3
Comparable net debt/EBITDA without Värme financing	n/a	2.0

* Key figure financial ratios are based on total Fortum, including discontinued operations

Key figures	IV/15	IV/14	2015	2014
Sales, EUR million	964	1,133	3,459	4,088
Operating profit, EUR million				
continuing operations	38	584	-150	1,296
discontinued operations	-	66	4,395	2,132
total Fortum	38	650	4,245	3,428
Comparable operating profit, EUR million				
continuing operations	243	370	808	1,085
discontinued operations	-	67	114	266
total Fortum	243	436	922	1,351
Profit before taxes, EUR million				
continuing operations	20	574	-305	1,232
discontinued operations	-	65	4,393	2,128
total Fortum	20	639	4,088	3,360
Earnings per share, EUR				
continuing operations	0.02	0.59	-0.26	1.22
discontinued operations	0.00	0.05	4.92	2.33
total Fortum	0.02	0.64	4.66	3.55
Net cash from operating activities, EUR million, continuing operations	332	394	1,228	1,406
Shareholders' equity per share, EUR			15.53	12.23
Interest-bearing net debt (at end of period), EUR million			-2,195	4,217
Interest-bearing net debt without Värme financing			n/a	3,664

Fortum's President and CEO Pekka Lundmark:

"Fortum's performance from continuing operations in 2015 was not satisfactory. Profitability declined and remained depressed throughout the year due to the very low electricity prices mainly driven by extreme hydro conditions and low commodity prices. The weak market in combination with an increasing cost burden, especially the nuclear capacity tax increase in Sweden, forced early closures of nuclear capacity. This led to extensive write-downs that further burdened our results. Fortum's total operating profit, however, increased clearly due to the sale of the Swedish distribution business that completed the divestment of Distribution started in 2013.

2015 demonstrated again that Finland and Europe are not isolated islands unaffected by global economic cycles. The rapid decline in commodity prices (coal, oil) and increase of subsidised renewable production created an urgent need for the whole utility industry to transform and improve the industry's competitiveness.

Fortum’s balance sheet is strong. At the end of 2015, net debt to EBITDA was -0.5 as Fortum was net cash positive by more than EUR 2 billion. Net debt decreased by approximately EUR 6.5 billion during 2015 as a result of the Distribution divestment. A strong balance sheet and good profitability are important to Fortum – they ensure flexible implementation of our strategy, create the capability to carry out our investments and provide the readiness to seize new opportunities as they arise.

In Russia, the multi-year investment programme is nearing completion with the commissioning of two units in Chelyabinsk. The first of the two was finalised in December 2015 and the last unit is planned to be commissioned during the first quarter of 2016.

Given the demanding market, I am, however, very pleased with the continued positive development in Fortum's stakeholder satisfaction last year. According to a survey the company conducted, Fortum’s reputation has improved and our investments in sustainability have received recognition. We now have a good base to continue building on. Our customers are – and will continue to be – our key focus area. As a result, both our customer base in electricity sales and heat has steadily increased.

In 2016, my priority in my role as Fortum’s CEO will be to lead the implementation of our new vision and strategy that we will present in more detail today. In order to further strengthen Fortum’s position in the utility sector, we will carefully analyse and seize the opportunities our strong balance sheet enables. We will also work on an agile, lean and efficient organisation in order to operate more competitively and flexibly as the forerunner of the industry.

Finally, I would like to thank our employees for their dedication and willingness to make Fortum an even better company in the current challenging operating environment.”

Fortum’s Distribution divestment completed

In June 2015, Fortum completed the divestment of its Swedish electricity distribution business.

The total consideration was approximately SEK 60.6 billion on a debt- and cash-free basis, corresponding to approximately EUR 6.4 billion. Fortum booked a one-time sales gain of approximately EUR 4.3 billion, corresponding to EUR 4.82 per share, in the second-quarter 2015 results.

The transaction concluded the divestment of Fortum's Distribution business, a process that began in 2013. The total consideration from the divestments in Finland, Sweden and Norway is approximately EUR 9.3 billion on a debt- and cash-free basis and approximately EUR 6.2 billion in non-taxable sales gains booked during 2014 and 2015.

IFRS restatement relating to discontinued operations

After the divestment of the Swedish distribution business, Fortum has no distribution operations. Therefore, as of the first-quarter 2015 interim report, the Distribution segment has been treated as discontinued operations, consistent with IFRS 5 "Non-current assets held for sale and Discontinued operations". The income statement, including other comprehensive income, cash flow statement and certain key ratios has been restated for the 2014 comparative period. In the segment information, the Distribution segment is reclassified as discontinued operations.

Financial results discussed in this financial statements bulletin are for the continuing operations of Fortum Group.

Financial results

October–December 2015

In the fourth quarter of 2015, sales were EUR 964 (1,133) million, the decrease was mainly due to weak power prices and the Russian rouble. Comparable operating profit totalled EUR 243 (370) million and the reported operating profit totalled EUR 38 (584) million. Fortum's operating profit for the period was affected by approximately EUR -119 million from impairments and provisions, as well as non-recurring items EUR 1 (238) million, an IFRS accounting treatment (IAS 39) of derivatives mainly used for hedging Fortum's power production, and nuclear fund adjustments for continuing operations amounting to EUR -87 (-24) million (Note 4).

Sales by segment

EUR million	IV/15	IV/14	2015	2014
Power and Technology	440	588	1,722	2,156
Heat, Electricity Sales and Solutions	352	393	1,187	1,332
Russia	266	281	893	1,055
Other	28	15	114	58
Netting of Nord Pool transactions	-97	-121	-336	-422
Eliminations	-26	-24	-122	-91
Total continuing operations	**964**	**1,133**	**3,459**	**4,088**
Discontinued operations	-	173	274	751
Eliminations	-	-21	-31	-89
Total Fortum	**964**	**1,285**	**3,702**	**4,751**

Comparable operating profit by segment

EUR million	IV/15	IV/14	2015	2014
Power and Technology	142	276	561	877
Heat, Electricity Sales and Solutions	53	49	108	104
Russia	69	59	201	161
Other	-21	-14	-63	-57
Total continuing operations	**243**	**370**	**808**	**1,085**
Discontinued operations	-	67	114	266
Total Fortum	**243**	**436**	**922**	**1,351**

Operating profit by segment

EUR million	IV/15	IV/14	2015	2014
Power and Technology	-65	318	-396	855
Heat, Electricity Sales and Solutions	54	221	105	337
Russia	69	59	203	161
Other	-21	-14	-62	-58
Total continuing operations	**38**	**584**	**-150**	**1,296**
Discontinued operations	-	66	4,395	2,132
Total Fortum	**38**	**650**	**4,245**	**3,428**

January–December 2015

In 2015, sales were EUR 3,459 (4,088) million, the decrease was mainly due to weak power prices and the Russian rouble. Comparable operating profit totalled EUR 808 (1,085) million and the reported operating profit totalled EUR -150 (1,296) million. Fortum's operating profit for the period was affected by EUR -794 million impact from the early closure of Oskarshamn nuclear units 1 and 2 (O1 and O2) in Sweden (Note 6), other impairments and provisions EUR -124 (0) million as well as non-recurring items EUR 22 (305) million, an IFRS accounting treatment (IAS 39) of derivatives mainly used for hedging Fortum's power production and nuclear fund adjustments for continuing operations amounting to EUR -62 (-94) million (Note 4). Total Fortum’s operating profit EUR 4,245 (3,428) million includes the sales gain from the divestment of the Swedish electricity distribution business, approximately EUR 4.3 billion (approximately EUR 1.9 billion from Finnish and Norwegian operations in 2014).

The share of profit from associates was EUR 20 (146) million, the negative impact came mainly from the write-down of Oskarshamn nuclear units 1 and 2, in Sweden. The impact on earnings per share from the early closure of nuclear units O1 and O2 was EUR -0.82 per share. Fortum Värme represented EUR 47 (67) million, the decrease was mainly due to the paid compensation for refinancing the interest-bearing loans from Fortum. The share of profit from Hafslund and TGC-1 are based on the companies' published third-quarter 2015 interim reports (Note 14).

The net financial expenses were EUR -175 (-210) million. Net financial expenses include changes in the fair value of financial instruments of EUR -18 (-5) million.

Profit before taxes was EUR -305 (1,232) million.

Taxes for the period totalled EUR 78 (-143) million. Taxes for the period are positive as the group is in loss position. This is mainly due to the write-down related to early closure of nuclear units O1 and O2 units in Sweden. The tax rate according to the income statement was 25.4% (11.6%). The tax rate, excluding the impact of the share of profit from associated companies, joint ventures as well as non-taxable capital gains, was 23.5% (2014: 18.0%) (Note 10).

The profit for the period for continuing operations was EUR -228 (1,089) million. Earnings per share for continuing operations were EUR -0.26 (1.22), of which EUR -0.97 (0.26) per share relates to items affecting comparability, including total effect related to early closure of nuclear units O1 and O2. Earnings per share for total Fortum, including the effect from discontinued operations, were EUR 4.66 (3.55), including the EUR 4.82 gain from the sale of the Swedish electricity distribution business. Earnings per share for total Fortum in 2014 were impacted by EUR 2.08 per share from the sale of the Finnish electricity distribution business (Note 7).

Financial position and cash flow

Cash flow

In 2015, net cash from operating activities from continuing operations decreased by EUR 178 million to EUR 1,228 (1,406) million, mainly due to lower EBITDA. Realised foreign exchange gains and losses of EUR 292 (352) million were related to the rollover of foreign exchange contract hedging loans to Fortum's Swedish and Russian subsidiaries. Total net cash from operating activities including discontinued operations amounted to EUR 1,381 (1,762) million.

Capital expenditures for continuing operations decreased by EUR 95 million to EUR 527 (622) million. Net cash from investing activities for total Fortum was EUR 6,268 (2,816) million, including the impact from discontinued operations amounting to EUR 6,303 (2,574) million. Cash flow before financing activities for total Fortum increased by EUR 3,072 million to EUR 7,650 (4,578) million, including the net impact of discontinued operations of EUR 6,457 (2,930) million.

Fortum paid dividends totalling EUR 1,155 million in April 2015. The net increase in liquid funds during the period was EUR 5,490 million.

Assets and capital employed

Total assets increased by EUR 1,392 million to EUR 22,767 (21,375) million.

Liquid funds increased by EUR 5,436 million to EUR 8,202 (2,766) million, and property, plant and equipment decreased by EUR 2,485 million, both arising mainly from the divestment of the Swedish distribution business. The long-term interest-bearing receivables decreased by EUR 1,268 million to EUR 773 (2,041) million mainly due to the early closure of Oskarshamn units 1 and 2 in Sweden and repayments by Fortum Värme. At the end of 2015 Fortum did not have any loan receivables from Fortum Värme.

Capital employed for total Fortum was EUR 19,870 (17,918) million, an increase of EUR 1,952 million.

Equity

Total equity attributable to owners of the parent company totalled EUR 13,794 (10,864) million.

The increase in equity attributable to owners of the parent company totalled EUR 2,930 million and was mainly from the gain on the divestment of Swedish distribution business of approximately EUR 4.3 billion, partly offset by the dividend payment of EUR -1,155 million for 2014.

Financing

Fortum was net cash positive at the end of the period as net debt decreased by EUR 6,412 million during 2015 from net debt EUR 4,217 million to net cash EUR 2,195 million.

At the end of 2015, the Group's liquid funds totalled EUR 8,202 (2,766) million. Liquid funds include cash and bank deposits held by OAO Fortum amounting to EUR 76 (134) million. In addition to liquid funds, Fortum had access to approximately EUR 2.2 billion of undrawn committed credit facilities (Note 16).

The net financial expenses were EUR -175 (-210) million of which net interest expenses were EUR -152 (-165) million. Net financial expenses include compensation from prepayment of loans by Fortum Värme EUR 37 million and changes in the fair value of financial instruments of EUR -18 (-5) million.

On 5 June 2015, Standard & Poor's downgraded Fortum's long-term rating to BBB+ from A- and affirmed the A-2 short-term rating. The outlook is stable. The long-term corporate credit rating was removed from CreditWatch, where it had been placed since 18 March 2015. On 17 November 2015, Fitch Ratings downgraded Fortum's long-term Issuer Default Rating (IDR) and senior unsecured rating to BBB+ from A-, while affirming the short-term IDR at F2 with a stable outlook.

Key figures

At year-end 2015, net debt to EBITDA was -0.5 (1.1) and comparable net debt to EBITDA -1.7 (2.3). At year-end 2015, Fortum was no longer financing Fortum Värme.

Gearing was -16% (39%) and the equity-to-assets ratio 61% (51%). Equity per share was EUR 15.53 (12.23). For the year 2015, return on capital employed totalled 22.7% (19.5%).

Market conditions

Nordic countries

According to preliminary statistics, electricity consumption in the Nordic countries was 103 (104) terawatt-hours (TWh) during the fourth quarter of 2015. In January-December 2015, it was 381 (378) TWh. The full-year increase was mainly driven by higher industrial consumption in Sweden and Norway.

At the beginning of 2015, the Nordic water reservoirs were at 80 TWh, which is 3 TWh below the long-term average and 2 TWh lower than a year earlier. By the end 2015, reservoirs were at 98 TWh, which is 15 TWh above the long-term average and 18 TWh higher than at the end of 2014. Reservoir surplus compared to the long-term average increased further during the fourth quarter due to high precipitation and mild weather, which delayed snow accumulation. Snow reservoirs were approximately normal at year-end.

In the fourth quarter of 2015, the average system spot price of electricity in Nord Pool was EUR 21.9 (30.7) per megawatt-hour (MWh). Mild weather reduced consumption and high water reservoirs put pressure on prices. In Finland, the average area price was EUR 30.6 (36.4) per MWh and in Sweden SE3 (Stockholm) EUR 23.0 (31.3) per MWh.

During January–December 2015, the average system spot price was EUR 21.0 (29.6). The decline was due to the highest annual inflow ever reported and correspondingly very high hydro production volumes as well as mild weather and low commodity prices. In addition, wind power production increased during the year, impacting spot prices negatively. The average area price in Finland was EUR 29.7 (36.0) and in Sweden SE3 (Stockholm) EUR 22.0 (31.6).

In Germany the average spot price during the fourth quarter of 2015 was EUR 33.2 (34.8) per MWh and during January-December 2015 EUR 31.6 (32.8) per MWh.

The market price of CO_2 emission allowances (EUA) was at approximately EUR 7.1 per tonne at the beginning of the year and EUR 8.3 at the end of 2015.

Russia

Fortum operates 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.

According to preliminary statistics, Russia consumed 275 (282) TWh of electricity during the fourth quarter of 2015. The corresponding figure in Fortum's operating area in the First price zone (European and Urals part of Russia) was 211 (214) TWh. In January-December 2015, Russia consumed 1,007 (1,021) TWh of electricity. The corresponding figure in Fortum's operating area in the First price zone was 772 (777) TWh.

In the fourth quarter of 2015, the average electricity spot price, excluding capacity price, increased by 5% to RUB (Russian rouble) 1,178 (1,120) per MWh in the First price zone. In January-December 2015, the average electricity spot price, excluding capacity price, decreased by 0.8% to RUB 1,154 (1,163) per MWh in the First price zone.

More detailed information about the market fundamentals is included in the tables at the end of the report (pages 59-61).

European business environment and carbon market

Paris Agreement

In December 2015, a global climate agreement for the post-2020 period was adopted. All countries are obligated to prepare national contributions, including mitigation, adaptation and financing, to be reviewed every five years. The long-term goal is to keep the temperature increase well below 2°C above pre-industrial levels with efforts to limit it to 1.5°C.

The agreement increases long-term stability and predictability, encourages market-driven actions and reduces the risk of carbon leakage. Potentially, it can result in an accelerated low-carbon energy transition and new business opportunities. However, there will be no direct impact on CO2 price unless the EU decides to increase its 2030 target. The EU Heads of States will discuss the results of Paris and the possible consequences on EU targets and policies in March 2016.

EU emissions trading reform

In 2015, the EU Council formally adopted the European Commission's proposal to create a reserve to hold surplus CO2 permits under the EU Emissions Trading System. This means that the proposed Market Stability Reserve will become operational in January 2019 and will remove 12% of the net surplus each year, as long as it remains above 833 million tonnes. The EU Environment Council adopted the legislation on behalf of the wider EU Council.

EU power market development

The public consultation on the new EU electricity market design was closed in 2015. Although the aim of the consultation is to collect input from different stakeholders, the European Commission has already stated quite clearly that its preference is to focus on further development of the current energy-only market design rather than going towards capacity markets. In particular, fixed capacity payments are not favoured because of their highly distortive nature. The Commission will put forward proposals for a comprehensive revision of the energy market-related legislation in the autumn 2016.

State of the Energy Union Report

In November 2015, the European Commission published the first edition of the annual "State of the EU Energy Union" report. It included reports on each member states' progress in implementing the EU energy and climate targets, and the key principles for the governance system to ensure implementation of the Energy Union in a transparent and predictable way. The report also underlines the EU's ambition to continue the EU leadership in the transition to a low-carbon economy after COP21, and to ensure that the transition is socially fair and consumer-centred. Continuing geopolitical challenges are also noted in the report.

Circular Economy Package

In December 2015, the EU Commission also proposed a Circular Economy package aiming at better resource efficiency and high-quality reuse of products and recycling of waste. The proposal includes amendments to several waste-related directives and ambitious EU targets for reuse and recycling of all waste streams. The Commission is proposing a ban on the landfilling of separately collected waste and limiting the share of landfilled municipal waste to a maximum of 10% by 2030.

When waste cannot be prevented or recycled, using it for energy is preferred to landfilling. 'Waste to energy' can therefore play a bigger role in the EU energy and climate policy. The Commission will examine how the energy potential can best be exploited and will adopt a waste-to-energy initiative in the framework of the Energy Union during 2016.

Segment reviews

Power and Technology

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

EUR million	IV/15	IV/14	2015	2014
Sales	440	588	1,722	2,156
- power sales	418	560	1,625	2,026
of which Nordic power sales*	390	520	1,526	1,845
- other sales	22	29	97	130
Operating profit	-65	318	-396	855
Comparable operating profit	142	276	561	877
Comparable EBITDA	173	306	680	998
Net assets (at period-end)			5,913	6,001
Return on net assets, %			-8.5	13.6
Comparable return on net assets, %			9.5	14.2
Capital expenditure and gross investments in shares	81	60	203	198
Number of employees			1,341	1,639

Power generation by source, TWh	IV/15	IV/14	2015	2014
Hydro and wind power, Nordic	5.8	6.0	25.1	22.4
Nuclear power, Nordic	5.9	6.9	22.7	23.8
Thermal power, Nordic	0.1	0.1	0.3	0.9
Total in the Nordic countries	**11.9**	**13.0**	**48.1**	**47.1**
Thermal power in other countries	0.0	0.0	0.0	0.7
Total	**11.9**	**13.0**	**48.1**	**47.9**

Nordic sales volumes, TWh	IV/15	IV/14	2015	2014
Nordic sales volume	12.6	13.4	50.5	48.6
of which Nordic power sales volume*	11.4	12.4	46.3	44.6

* The Nordic power sales income and volume does not include thermal generation, market price-related purchases or minorities.

Sales price, EUR/MWh	IV/15	IV/14	2015	2014
Power and Technology's Nordic power price**	34.2	41.9	33.0	41.4

** Power and Technology's Nordic power price does not include sales income from thermal generation, market price-related purchases or minorities.

October–December 2015

In the fourth quarter of 2015, the Power and Technology segment's comparable operating profit was EUR 142 (276) million, i.e. EUR 134 million lower than in the corresponding period in 2014. The main reason for the decrease was the lower achieved power price. However, also nuclear volumes were lower than in the corresponding period in 2014 mainly due to unplanned outages in Forsmark unit 3 and Oskarshamn unit 3 in Sweden.

Operating profit, EUR -65 (318) million, was effected by items affecting comparability, EUR -207 (43) million. These include EUR -116 (0) million arising mainly from a provision for the dismantling of the Inkoo coal-fired plant and an impairment loss for Fortum's share of its Meri-Pori (coal-fired) assets, both situated in Finland, as well as from an additional negative impact regarding closure of Oskarshamn nuclear plant units 1 and 2 in Sweden. The items affecting comparability also include non-recurring items EUR 0 (46) million and the IFRS accounting treatment (IAS 39) of derivatives, mainly used for hedging Fortum's power production and nuclear fund adjustments amounting to EUR -91 (-3) million.

Power and Technology's achieved Nordic power price was EUR 34.2 (41.9) per MWh, EUR 7.7 per MWh lower than in the corresponding period in 2014. The system price and all area prices were lower during the fourth quarter of 2015 compared to the same period in 2014. The average system spot price of electricity in Nord Pool was EUR 21.9 (30.7) per MWh. The average area price in Finland was EUR 30.6 (36.4) per MWh and in Sweden SE3 (Stockholm) EUR 23.0 (31.3) per MWh.

Fortum’s fully-owned Loviisa nuclear power plant had a successful production year in 2015, generating a total of 8.47 TWh of electricity. The power plant's production accounted for approximately 13% of all power generation in Finland. On an international scale, the Loviisa nuclear power plant's 92.9% load factor was among the best in the world for pressurised water reactor power plants. Loviisa unit 1’s load factor was 92.7% and Loviisa unit 2’s 93.1%. Loviisa 1’s production output was the fourth highest in the history of the plant.

The segment's total power generation in the Nordic countries was 11.9 (13.0) TWh. Thermal production totalled 0.1 (0.1) TWh in the Nordic countries. CO_2-free production amounted to 99% (99%) of the total production.

January–December 2015

In 2015, the Power and Technology segment's comparable operating profit was EUR 561 (877) million, i.e. EUR 316 million lower than in 2014 mainly due to a lower achieved power price. Hydro volumes were historically high, 2.7 TWh, higher than in 2014, while nuclear volumes were 0.9 TWh lower due to unplanned outages in Swedish co-owned nuclear power plants.

Operating profit, EUR -396 (855) million, was affected by write-downs and provisions regarding the closure of Oskarshamn nuclear plant units 1 and 2 in Sweden and of the Finnish coal-fired power plants Inkoo and Meri-Pori, as well as the cancelled Olkiluoto 4 nuclear power project in Finland totalling approximately EUR -915 (0) million, and by sales gains from the sale of property, plant and equipment totalling approximately EUR 18 (52) million (Note 4), as well as by the IFRS accounting treatment (IAS 39) of derivatives, mainly used for hedging Fortum's power production, and by nuclear fund adjustments amounting to EUR -60 (-73) million.

Power and Technology's achieved Nordic power price was EUR 33.0 (41.4) per MWh, EUR 8.4 per MWh lower than in the corresponding period in 2014. The system price and all area prices were clearly lower in 2015 compared to 2014. The average system spot price of electricity in Nord Pool was EUR 21.0 (29.6) per MWh. The average area price in Finland was EUR 29.7 (36.0) per MWh and in Sweden SE3 (Stockholm) EUR 22.0 (31.6) per MWh. The weather during the year was extraordinary and impacted the electricity price level: the first quarter of 2015 was exceptionally mild and the second quarter was characterised by among the highest precipitation in recent history. Mild weather in the fourth quarter reduced consumption and increased inflows. In addition, high wind-power generation limited the use of hydropower.

The segment's total power generation in the Nordic countries was 48.1 (47.1) TWh, 1.0 TWh higher than in 2014 due to very high hydro volumes. Thermal production totalled 0.3 (0.9) TWh in the Nordic countries. CO_2-free production amounted to 99% (97%) of the total production.

Heat, Electricity Sales and Solutions

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

EUR million	IV/15	IV/14	2015	2014
Sales	352	393	1,187	1,332
- heat sales	130	137	423	430
- power sales	198	224	682	783
- other sales	24	32	83	119
Operating profit	54	221	105	337
Comparable operating profit	53	49	108	104
of which Electricity Sales	20	13	55	48
Comparable EBITDA	80	75	209	204
Net assets (at period-end)			2,170	2,112
Return on net assets, %			7.7	19.1
Comparable return on net assets, %			7.9	8.7
Capital expenditure and gross investments in shares	61	38	128	124
Number of employees			1,417	1,807

October–December 2015

In the fourth quarter of 2015, heat sales volumes of the Heat, Electricity Sales and Solutions segment amounted to 2.6 (2.7) TWh. During the same period, power sales volumes from CHP production totalled 0.8 (0.8) TWh.

Comparable operating profit was EUR 53 (49) million. The increase is mainly attributable to the more accurate consumption estimates in Electricity Sales, enabled by the real-time hourly metering used in Finland. The lower CHP electricity power price was only partly offset by lower fuel costs.

Operating profit totalled EUR 54 (221) million, mainly sales gains and the IFRS accounting treatment (IAS 39) of derivatives totalling EUR 1 (172) million (Note 4).

January–December 2015

Heat sales volumes of the Heat, Electricity Sales and Solutions segment amounted to 7.8 (7.9) TWh in 2015. During the same period, power sales volumes from CHP production totalled 2.5 (2.8) TWh.

Comparable operating profit was EUR 108 (104) million. The main reasons for the improvement were the more accurate consumption estimates in Electricity Sales and lower fuel costs during the year. In retail electricity sales, the customer base continued to grow in 2015.

Operating profit totalled EUR 105 (337) million, including mainly sales gains and losses and the IFRS accounting treatment (IAS 39) of derivatives totalling -4 (234) (Note 4).

Heat sales by country, TWh	IV/15	IV/14	2015	2014
Finland	1.0	1.0	3.1	3.2
Poland	1.2	1.2	3.4	3.4
Other countries	0.4	0.4	1.2	1.3
Total	**2.6**	**2.7**	**7.8**	**7.9**

Power sales, TWh	IV/15	IV/14	2015	2014
CHP	0.8	0.8	2.5	2.8
Electricity Sales	3.9	4.1	14.2	13.8
Total	**4.7**	**4.9**	**16.7**	**16.5**

Russia

The Russia segment consists of 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	IV/15	IV/14	2015	2014
Sales	266	281	893	1,055
- power sales	182	182	661	758
- heat sales	82	91	228	285
- other sales	2	8	4	11
Operating profit	69	59	203	161
Comparable operating profit	69	59	201	161
Comparable EBITDA	81	87	267	304
Net assets (at period-end)			2,561	2,597
Return on net assets, %			8.3	5.6
Comparable return on net assets, %			8.2	5.6
Capital expenditure and gross investments in shares	87	106	285	367
Number of employees			4,126	4,213

The liberalisation of the Russian wholesale power market was completed in the beginning of 2011. However, all generating companies continue to sell a part of their electricity and capacity – an amount equalling the consumption of households and a few special groups of consumers – under regulated prices. During 2015, Fortum sold approximately 83% of its power production in Russia at a liberalised electricity price.

All of Fortum's capacity was allowed to participate in the capacity selection for generation built prior to 2008 (CCS – "old capacity") for 2015, and the majority of Fortum's plants were also selected. The volume of Fortum's installed capacity not selected in the auction totalled 195 MW (approximately 7% of Fortum's total old capacity in Russia), for which Fortum has obtained forced mode status, i.e. it has received payments for the capacity.

The generation capacity built after 2007 under the Russian Government's capacity supply agreement (CSA – "new capacity") receives guaranteed payments for a period of 10 years. The period and the prices for capacity under CSA were defined to ensure a sufficient return on investments. At the time of the acquisition in 2008, Fortum made a provision, as penalty clauses are included in the CSA in case of possible delays. If the new capacity is delayed or if the agreed major terms of the capacity supply agreement are not otherwise fulfilled, possible penalties can be claimed. The effect of changes in the timing of commissioning of new units is assessed at each balance sheet date and the provision is changed accordingly (Note 18).

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

In February 2015, the System Administrator of the wholesale market published data on the weighted average cost of capital (WACC) and the consumer price index (CPI) for 2014, which was used to calculate the capacity price on CSA in 2015. The CSA payments were revised upwards accordingly to reflect the higher bond rates.

October–December 2015

In the fourth quarter of 2015, the Russia segment's power sales volumes amounted to 8.5 (7.9) TWh and heat sales volumes totalled 8.8 (9.0) TWh.

The Russia segment's comparable operating profit was EUR 69 (59) million. The positive effect from the new units receiving CSA payments amounted to approximately EUR 74 (43) million, including a EUR 20 (0) million CSA provision release. Lower heat volumes due to warm weather and lower income from heat connections impacted the result negatively compared to the comparison period. The weakened Russian rouble affected the Russia segment's fourth-quarter result negatively by EUR 16 million.

Operating profit was EUR 69 (59) million.

January–December 2015

The Russia segment's power sales volumes amounted to 29.4 (26.5) TWh and heat sales volumes totalled 25.4 (26.0) TWh in 2015.

The Russia segment's comparable operating profit was EUR 201 (161) million. The positive effect from the new units receiving CSA payments amounted to approximately EUR 244 (165) million, including a EUR 52 (4) million CSA provision release. Lower heat volumes due to warm weather, lower income from heat connections and lower electricity prices impacted the result negatively compared to 2014. The weakened Russian rouble affected the Russia segment's 2015 result negatively by EUR 71 million.

Operating profit was EUR 203 (161) million.

The third unit of Fortum's Nyagan power plant started commercial operation at the end of 2014 and started receiving capacity payments under the Russian Government's capacity supply agreement for 418 megawatts (MW) as of 1 January 2015.

In November 2015, Fortum commissioned unit 1 of its Chelyabinsk GRES combined heat and power plant in Russia. Fortum started receiving capacity payments for Chelyabinsk 1 under the Russian Government's capacity supply agreement (CSA) as of 1 December 2015. Fortum's extensive investment programme in Russia that started in 2008 is now nearly completed, as unit 2 of Chelyabinsk GRES is estimated to start commercial operation in early 2016. The slight postponement is due to delays in construction.

Key electricity, capacity and gas prices for Fortum Russia	IV/15	IV/14	2015	2014
Electricity spot price (market price), Urals hub, RUB/MWh	1,064	1,041	1,047	1,089
Average regulated gas price, Urals region, RUB/1000 m3	3,614	3,362	3,488	3,362
Average capacity price for CCS “old capacity”, tRUB/MW/month*	157	180	149	167
Average capacity price for CSA “new capacity”, tRUB/MW/month*	701	603	641	552
Average capacity price, tRUB/MW/month	396	331	359	304
Achieved power price for Fortum in Russia, RUB/MWh	1,552	1,448	1,555	1,508
Achieved power price for Fortum in Russia, EUR/MWh**	21.3	28.0	22.5	30.4

*Capacity prices paid for the capacity volumes, excluding unplanned outages, repairs and own consumption
** Translated using average exchange rate

Discontinued operations (Distribution)

EUR million	IV/15	IV/14	2015	2014
Sales	-	173	274	751
- distribution network transmission	-	26	40	590
- regional network transmission	-	138	229	120
- other sales	-	9	7	41
Operating profit	-	66	4,395	2,132
Comparable operating profit	-	67	114	266
Comparable EBITDA	-	99	163	416
Net assets (at period-end)			-	2,615
Capital expenditure and gross investments in shares	-	58	44	147
Number of employees			-	390

The table above includes Swedish electricity distribution business for January-May 2015, the Finnish electricity distribution business for January-March 2014, the Norwegian electricity distribution business for January-May 2014, as well as the Swedish electricity distribution business for the full-year 2014.

January–December 2015

In June 2015, Fortum completed the divestment of its Swedish electricity distribution business.

The transaction concluded the divestment of Fortum's Distribution, a process that began in 2013. The total consideration from the divestments in Finland, Sweden and Norway is approximately EUR 9.3 billion on a debt- and cash-free basis and approximately EUR 6.2 billion in non-taxable sales gains booked during 2014 and 2015.

The comparable operating profit from the discontinued operations was EUR 114 (266) million, and operating profit totalled EUR 4,395 (2,132) million, including the approximately EUR 4.3 billion sales gain from the divestment of the Swedish electricity distribution business, (approximately EUR 1.9 billion from Finnish and Norwegian operations in 2014).

Capital expenditures, divestments and investments in shares

Capital expenditures and investments in shares for continuing operations totalled EUR 234 (204) million in the fourth quarter of 2015.

Capital expenditures and investments in shares for continuing operations totalled EUR 625 (695) million in 2015. Investments, excluding acquisitions, were EUR 582 (626) million (Note 4).

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

	Type	Electricity capacity, MW	Heat capacity, MW	Supply starts
Power and Technology				
Blaiken	Wind	12		2016
Hydro refurbishment	Hydro	12		2016
Loviisa 1 and 2 refurbishment	Nuclear	11		2016
Heat, Electricity Sales and Solutions				
Zabrze	CHP	75	145	2018
Russia*				
Chelyabinsk 2	CHP (CCGT)	248	175	Q1 2016
Ulyanovsk	Wind	35		2017

* Start of commercial operation.

Power and Technology

Through its interest in Teollisuuden Voima Oyj (TVO), Fortum is participating in the building of Olkiluoto 3 (OL3), a 1,600-MW nuclear power plant unit in Finland. The start of commercial electricity production of the plant is expected to take place in late 2018, according to the plant supplier AREVA-Siemens Consortium. TVO has withdrawn a EUR 300 million shareholder loan from the total EUR 600 million commitments. Fortum's share of the EUR 300 million withdrawals is approximately EUR 75 million. Fortum’s remaining commitment for OL3 is EUR 75 million (Note 15).

In 2015, the Extraordinary General Meeting of TVO decided not to apply for a construction licence for the Olkiluoto 4 (OL4) nuclear power plant during the validity of the decision-in-principle made in 2010 (Note 15). In addition, the Finnish Government granted a license to Posiva for the construction of a final disposal facility for spent nuclear fuel. The final disposal of the spent fuel generated in the Olkiluoto and Loviisa nuclear power plants into the Finnish bedrock is planned to start in the early 2020's.

In 2015 Fortum also decided to participate in the Fennovoima nuclear power project in Finland with a 6.6% share on the same terms and conditions as the other Finnish companies currently participating in the project. Participation will be carried out through Voimaosakeyhtiö SF.

Fortum’s associated company OKG AB's Extraordinary shareholders' meeting in 2015 decided on an early closure of Oskarshamn nuclear power plant units 1 and 2 in Sweden. For unit 1, it means that the unit will be taken out of operation and transferred into service mode after the applied environmental permit has been received, approximately during 2017-2019. For unit 2, which has been out of operation since June 2013 due to an extensive safety modernisation, it means that the unit will not be put back into operation. The closing process for both units is estimated to take several years.

Heat, Electricity Sales and Solutions

Fortum is investing in a new biofuel CHP plant through Fortum Värme, its joint venture with the City of Stockholm. The new CHP plant, located in Värtan, Stockholm, Sweden, will replace some of the existing heat production, and it is planned to be commissioned in 2016. The new plant will have a production capacity of 280 MW heat and 130 MW electricity.

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

In 2015, Fortum launched a greenfield solar PV plant Kapeli, in Madhya Pradesh, India. This solar plant is Fortum's second solar energy project in the country. The 10-MW solar plant will offset more than 18,000 tonnes of CO_2 emissions equivalent annually.

Fortum also decided to build a new multifuel CHP plant in Zabrze, Poland. The total value of the investment is approximately EUR 200 million. The new plant is planned to start commercial operation by the end of 2018. The plant’s production capacity will be 145 MW heat and 75 MW electricity.

Russia

In December 2015 Fortum announced a EUR 65 million investment to start wind farm project in Ulyanovsk, Russia with a total capacity of 35 MW. The wind farm is expected to start production in 2017. The renewable generation capacity under Capacity Supply Agreement (CSA) receives guaranteed payments for 15 years in order to ensure sufficient return on investment.

Shares and share capital

Fortum Corporation is listed on the Nasdaq Helsinki. In 2015, a total of 541.9 (454.8) million Fortum Corporation shares, totalling EUR 8,828 million, were traded. The highest quotation of Fortum Corporation shares during the reporting period was EUR 21.59, the lowest EUR 12.92, and the volume-weighted average EUR 16.26. The closing quotation on the last trading day of 2015 was EUR 13.92 (17.97). Fortum's market capitalisation, calculated using the closing quotation of the last trading day of the review period, was approximately EUR 12,366 million.

In addition to the Nasdaq Helsinki, Fortum shares were traded on several alternative market places, for example Boat, BATS, Chi-X and Turquoise, and on the OTC market. In 2015, approximately 58% of Fortum's shares were traded on markets other than the Nasdaq Helsinki.

At the end of 2015, Fortum Corporation’s share capital was EUR 3,046,185,953 and the total number of registered shares was 888,367,045. Fortum Corporation did not own its own shares. The number of registered shareholders was 136,259. The Finnish State's holding in Fortum was 50.8%, and the proportion of nominee registrations and direct foreign shareholders was 25.5% at year-end.

On 25 March 2015, Fortum Corporation received notification pursuant to Chapter 9, Section 5, of the Securities Markets Act that Capital Group Companies Inc's ("CGC") holding in Fortum was below the threshold of 5% on 18 March 2015.

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

Group personnel

Fortum’s operations are mainly based in the Nordic countries, Russia and the Baltic Rim area. The total number of employees at the end of 2015 was 7,835 (8,202 at the end of 2014).

At the end of December 2015, Power and Technology had 1,341 (1,639) employees; Heat, Electricity Sales and Solutions 1,417 (1,807); Russia 4,126 (4,213); and Other 951 (543).

At the beginning of 2015, Fortum centralised its IT and customer service functions. As a result of the centralisation, a total of 464 employees transferred from the Heat, Electricity Sales and Solutions and Power and Technology segments to Other.

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 is particularly interested in developing environmentally-benign energy solutions (CO2-free) and new CHP concepts, such as pyrolysis. The company is also researching and developing its solar energy competences and is involved in wave power pilot projects. In addition, Fortum is developing new customer solutions in electricity and heat to improve user experiences and demand-response services.

The Group reports its R&D expenditure on a yearly basis. In 2015, Fortum's R&D expenditure was EUR 47 (41) million or 1.4% (1.0%) of sales.

Sustainability

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

The Group-level sustainability targets emphasise Fortum's role in society and measure not only environmental and safety targets, but also Fortum's reputation, customer satisfaction, and the security of production of power and heat. At the beginning of 2015, Group-level target setting was changed by taking the energy savings yielded by energy-efficiency measures as an indicator in energy efficiency, and total recordable injury frequency (TRIF) as an indicator in occupational safety for Fortum employees. Moreover, a new target of reducing serious injuries by 50% as compared to 2014 was added to Group-level target setting.

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

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

Fortum's sustainability targets and performance[1]

Targets		IV/15	2015	Five-year average
Specific CO_2 emissions from power generation in the EU as a five-year average, g/kWh	< 80	27	21	50
Specific CO_2 emissions from total energy production (electricity and heat) as a five-year average, g/kWh	< 200	187	181	191
Energy Efficiency Improvement target, by year 2020, base line year 2012, GWh/a	> 1,400	-	1,240	-
Number of major EHS incidents[1]	≤ 27	3	18	-
Energy availability of CHP plants, %	> 95	94.9	96.4	-
Total recordable injury frequency (TRIF) for own personnel [1]	≤ 2.5	0.8	1.6	-
Lost workday injury frequency (LWIF) for contractors [1]	≤ 3.2	1.3	2.7	-
Number of serious accidents[1]	≤ 8	4	16	-

[1] Includes the Distribution segment until divested.

Targets for reputation and customer satisfaction are monitored annually. Company reputation among the key stakeholders in the One Fortum Survey in 2015 improved to 71.75 points (on a scale of 1-100 points) and was above the target of 70.8 points. Customer satisfaction improved, and the Group target (70-74 points) was achieved in all business areas except in electricity sales for business customers.

Economic responsibility

In the area of economic responsibility, the focus is on competitiveness, performance excellence and market-driven production. The aim is to create long-term economic value and enable profitable growth and added value for shareholders, customers, employees, suppliers, and other key stakeholders in the company's operating areas. Fortum's goal is to achieve excellent financial performance in strategically selected core areas through strong competence and responsible ways of operating. In 2015, Fortum measured financial performance with return on capital employed (target: 12%) and capital structure (target: comparable net debt/EBITDA around 2.5). In addition, as of 1 January 2014, Fortum has used the applicable Global Reporting Initiative (GRI) G4 indicators for reporting economic responsibility.

Environmental responsibility

Fortum's environmental responsibility emphasises mitigation of climate change, efficient use of resources as well as management of the impacts of its energy production and supply chain. The company's know-how in carbon-free hydro and nuclear power production and in energy-efficient CHP production is highlighted in environmental responsibility. Fortum's Group-level environmental targets are related to CO_2 emissions, energy efficiency as well as major environmental, health and safety (EHS) incidents. At the end of 2015, ISO 14001 certification covered 99.9% of Fortum's power and heat production worldwide.

Fortum's climate targets over the next five years are: specific CO_2 emissions from power generation in the EU below 80 grams per kilowatt-hour (g/kWh) and total specific CO_2 emissions from both electricity and heat production in all countries below 200 g/kWh. Both targets are calculated as a five-year average. At the end of 2015, the five-year average for specific CO_2 emissions from power generation in the EU was at 50 (60) g/kWh and the total specific CO_2 emissions from energy production were at 191 (198) g/kWh, both better than the target level.

Fortum's total CO_2 emissions in 2015 amounted to 19.2 (20.3) million tonnes (Mt), of which 2.1 (3.6) Mt were within the EU's emissions trading scheme (ETS). Since 2013, electricity production has not received free allowances in the EU ETS. The amount of free allowances for heat will also gradually decrease during 2013-2020. Fortum's free allowances 2015 were 1.3 Mt.

Fortum's total CO_2 emissions (million tonnes, Mt)	IV/15	IV/14	2015	2014
Total emissions	5.7	5.8	19.2	20.3
Emissions subject to ETS	0.7	0.8	2.1	3.6
Free emissions allocation			1.3	1.4
Emissions in Russia	5.0	5.0	17.0	16.7

By 2020, Fortum's target is to improve energy efficiency of the existing power plants and heat distribution networks by over 1,400 GWh annually, as compared with 2012. At the end of 2015, about 1,240 GWh of this target was achieved. In 2015, Fortum commissioned the Suomenoja heat pump facility and the flue gas condenser at the Joensuu power plant in Finland and improved performance of the turbine plants at the Argayash and Chelyabinsk CHP 3 power plants in Russia. The projects in 2015 result in an annual energy savings of approximately 560 GWh.

Fortum's target was fewer than 27 major EHS incidents annually. In January-December 2015, 18 (27) major EHS incidents took place in Fortum's operations: one explosion, two leaks into the environment and 15 non-compliances with environmental permits. These incidents did not have significant environmental or financial impact.

Social responsibility

In the area of social responsibility, Fortum's innovations and the secure production of low-CO_2 power and heat support the development of society and increase well-being. Good corporate citizenship and ensuring a safe working environment for all employees and contractors at Fortum’s sites are emphasised. At the end of 2015, OHSAS 18001 certification covered 99.9% of Fortum's power and heat production worldwide.

In 2015, the average energy availability of Fortum's CHP plants was 96.4% (94.7%), which is clearly above the annual target level of 95%.

At the end of 2015, the total recordable injury frequency (TRIF) for Fortum employees was 1.6 (2.0) per one million working hours, which complies with the Group-level frequency target (< 2.5). The lost-workday injury frequency for contractors was 2.7 (3.2), which is below the set target level of 3.2. The number of serious occupational accidents was 16, which is too many and means that the set 50% reduction target for 2015 (8 serious accidents) was not met. Implementation of the agreed actions to improve contractor safety continues with a specific focus on construction projects. Fortum's target is to eliminate serious injuries by 2020. No fatalities occurred during the year.

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 pre-selection and supplier audits. In 2015, Fortum audited 9 suppliers in Poland, the Czech Republic, Russia, Kazakhstan and India.

Changes in Fortum’s Management

Tapio Kuula, President and CEO, retired on 1 February 2015. Tapio Kuula had been President and CEO of Fortum Corporation since 2009.

On 2 April 2015, Pekka Lundmark, M.Sc. (Eng.), 51, was appointed President and CEO of Fortum Corporation. Mr. Lundmark started at Fortum on 7 September 2015.

Until Mr. Lundmark joined Fortum, CFO Timo Karttinen acted as interim President and CEO of Fortum.

Annual General Meeting 2015

Fortum Corporation’s Annual General Meeting, which was held in Helsinki on 31 March 2015, adopted the financial statements of the parent company and the Group for the financial period 1 January - 31 December 2014 and discharged the members of Fortum's Board of Directors as well as the President and CEO and his deputy from liability for the year 2014.

The Annual General Meeting decided to pay a dividend of EUR 1.10 per share and an extra dividend of EUR 0.20 per share, i.e. a total amount of EUR 1.30 per share, for the financial year that ended 31 December 2014. The record date for the dividend payment was 2 April 2015, and the dividend payment date was 14 April 2015.

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

The Annual General Meeting confirmed the remuneration of EUR 75,000 per year to the Chairman, EUR 57,000 per year to the Deputy Chairman and EUR 40,000 per year to each member of the Board, as well as EUR 57,000 per year to the Board member acting as the Chairman of the Audit and Risk Committee if he or she is not at the same time acting as Chairman or Deputy Chairman of the Board. In addition, a EUR 600 meeting fee is paid for Board meetings as well as for committee meetings. The meeting fee is doubled for Board members who live outside Finland in Europe and tripled for members living outside Europe. For Board members living in Finland, the fee for each Board and Board Committee meeting will be doubled for meetings held outside Finland, and tripled for meetings outside Europe. For Board and Committee meetings held as a telephone conference, the basic meeting fee will be paid to all members. No fee will be paid for decisions made without a separate meeting.

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

After the Annual General Meeting, Fortum’s Board of Directors elected from among its members to the Nomination and Remuneration Committee Sari Baldauf as Chairman, and Eva Hamilton, Tapio Kuula and Petteri Taalas as members.

Furthermore, the Board elected to the Audit and Risk Committee Kim Ignatius as Chairman, and Minoo Akhtarzand, Heinz-Werner Binzel and Jyrki Talvitie as members.

In September 2015, Eero Heliövaara (Chairman), Director General of Finnish Government Ownership Steering Department, Prime Minister's Office, Reima Rytsölä, Executive Vice President, Investments, Varma Mutual Pension Insurance Company and Liisa Hyssälä, Director General, The Social Insurance Institution of Finland KELA were appointed to Fortum’s Shareholders’ Nomination Board. In addition, the Chairman of Fortum's Board of Directors, Sari Baldauf, is a member of the Shareholders' Nomination Board.

Events after balance sheet date

On 8 January 2016, Fortum made a public tender offer in Poland to purchase all shares in Grupa Duon SA, an electricity and gas sales company listed on the Warsaw Stock Exchange. Fortum will carry out the acquisition if it receives at least 51% of the shares by the end of the offer period. The offer period commences on 28 January 2016 and is estimated to close on 26 February 2016. The offer has been made in compliance with the Polish legislation and rules of the Warsaw Stock Exchange, and it is subject to clearance of the Polish competition authority.

On 22 January 2016, Fortum's Nomination Board proposed to the Annual General Meeting that the Board consists of eight (8) members and that the following persons be elected to the Board of Directors for a term ending at the end of the Annual General Meeting 2017: to be re-elected Ms Sari Baldauf as Chairman, Mr Kim Ignatius as Deputy Chairman, and as members; Ms Minoo Akhtarzand, Mr Heinz-Werner Binzel, Ms Eva Hamilton, Mr Tapio Kuula and Mr Jyrki Talvitie; and to be elected as new board member; Mr Veli-Matti Reinikkala.

In addition, the Shareholders' Nomination Board will propose that the annual fees paid for the term to be as follows: Chairman: EUR 75,000, Deputy Chairman: EUR 57,000, and members: EUR 40,000. The Chairman of the Audit and Risk Committee, if he/she is not simultaneously acting as Chairman or Deputy Chairman of the Board: EUR 57,000/year.

Outlook

Key drivers and risks

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

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

Nordic market

Despite macroeconomic uncertainty, electricity is expected to continue to gain a higher share of the total energy consumption. Electricity demand is expected to grow in the Nordic countries by approximately 0.5% on average in the coming years.

During January-December 2015, the price of the European Union emissions allowances appreciated, whereas oil and coal prices declined. The price of electricity for the upcoming twelve months declined in the Nordic area as well as in Germany.

In late-January 2016 the quotation for coal (ICE Rotterdam) for the rest of 2016 was around USD 42 per tonne, and for CO_2 emission allowances for 2016 about EUR 6 per tonne. The Nordic system electricity forward price in Nasdaq Commodities for the rest of 2016 was around EUR 19 per MWh and for 2017 around EUR 18 per MWh. In Germany, the electricity forward price for the rest of 2016 was around EUR 25 per MWh and for 2017 around EUR 24 per MWh. Nordic water reservoirs were about 9 TWh above the long-term average and 8 TWh above the corresponding level of 2015.

Power and Technology

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

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

In 2015, the Swedish Government increased the nuclear waste fund fee for the period 2015-2017 from approximately 0.022 to approximately 0.04 SEK/kWh. The estimated impact on Fortum is approximately EUR 25 million annually. The process to review the Swedish nuclear waste fees is done in a three-year cycle. However, as a result of the decision on early closure of nuclear power plants, the Swedish Radiation Safety Authority, SSM, recalculated the waste fees for the Oskarshamn and Ringhals power plants. The new assessment needs the approval of the Swedish Government.

In addition, the Swedish Parliament decided to approve the proposed tax increase of 17% on installed nuclear capacity. The tax was implemented as of 1 August 2015. The estimated impact on Fortum is approximately EUR 15 million in 2016, albeit corporate tax-deductible. The future of the nuclear tax is subject to active political debate in Sweden.

In October 2015, OKG AB's extraordinary shareholders' meeting decided on the closure of Oskarshamn nuclear power plant units 1 and 2 in Sweden. For unit 1, it means that the unit will be taken out of operation and transferred into service mode after the applied environmental permit has been received, approximately during 2017-2019. For unit 2, which has been out of operation since June 2013 due to an extensive safety modernisation, it means that the unit will not be put back into operation. The closing process for both units is estimated to take several years.

In August 2015, Fortum decided to participate in the Fennovoima nuclear power project in Finland with a 6.6%-share and on the same terms and conditions as the other Finnish companies currently participating in the project. Participation will be carried out through Voimaosakeyhtiö SF.

Russia

The Russia segment's new capacity generation built after 2007 under the Russian Government's capacity supply agreement (CSA) is a key driver for earnings growth in Russia, as it is expected to bring income from new volumes sold and also to receive considerably higher capacity payments than the old capacity. It receives guaranteed capacity payments currently for a period of 10 years. A draft regulation related to the time frame (in the future 10 or 15 years) regarding the calculation has been submitted for review to the federal executive authorities, and a decision is expected during first half of 2016. Prices for capacity under CSA are defined in order to ensure a sufficient return on investments. The received capacity payment will vary depending on the age, location, size and type of the plants as well as on seasonality and availability. The return on the new capacity is guaranteed, as regulated in the CSA. CSA payments can vary somewhat annually because they are linked to Russian Government long-term bonds with 8 to 10 years maturity. In addition, the regulator will review the earnings from the electricity-only market three years and six years after the commissioning of a unit and could revise the CSA payments accordingly.

In February 2016, the System Administrator of the wholesale market is planning to publish data on the weighted average cost of capital (WACC) and the consumer price index (CPI) for 2015, which is used to calculate the capacity price on CSA in 2016.

The value of the remaining part of Fortum's investment programme, calculated at the exchange rates prevailing at the end of December 2015, is estimated to be approximately EUR 100 million, as of January 2016.

According to the new rules approved by the Russian Government in 2015, the competitive capacity selection for generation built prior to 2008 (CCS, without capacity supply agreements) takes place annually. At the end of 2015, the CCS for 2016 and the long-term CCS for 2017-2019 were held. The majority of Fortum’s plants were selected. The volume of Fortum’s installed capacity not selected in the auction totalled 195 MW for which Fortum has obtained forced mode status, i.e. it will receive payments for the capacity. In 2016, the CCS for year 2020 will take place.

The targeted operating profit (EBIT) level of RUB 18.2 billion in the Russia segment is targeted to be reached during 2017-2018. The segment’s profits are impacted by changes in power demand, gas prices and other regulatory development. The economic sanctions, currency crisis, oil price and the surge in inflation have impacted overall demand. As a result, gas prices and electricity prices have not developed favourably as expected. Previously, the run-rate operating profit level (EBIT) was targeted to be reached during 2015 after finalising the investment programme.

The euro-denominated result level will be volatile due to the translation effect. The income statements of non-euro subsidiaries are translated into the Group reporting currency using the average exchange rates. The Russia segment's result is also impacted by seasonal volatility caused by the nature of the heat business, with the first and last quarter being clearly the strongest.

In 2014, the new heat market model roadmap proposed by the Ministry of Energy was approved by the Russian Government; if implemented the reform should give heat market liberalisation by 2020 or, in some specific areas, by 2023.

As forecasted by the Russian Ministry of Economic Development, Russian annual average gas price growth is estimated to be 4.9% in 2016.

Restructuring of TGC-1 according to strategy in Russia

In December 2014, Fortum, Gazprom Energoholding LLC and Rosatom State Corporation signed a protocol to start a restructuring process of the ownership of TGC-1 in Russia. The discussions have not yet come to a conclusion. It is not possible to estimate the timetable.

Capital expenditure and divestments

Fortum currently expects its capital expenditure for its continuing operations in 2016 to be approximately EUR 650 million. The annual maintenance capital expenditure is estimated to be about EUR 300-350 million in 2016, below the level of depreciation.

Taxation

The effective corporate income tax rate for Fortum in 2016 is estimated to be 19–21%, excluding the impact of the share of profits of associated companies and joint ventures, non-taxable capital gains and non-recurring items.

In August 2014, the Finnish Board of Adjustment of the Large Taxpayers' Office approved Fortum Corporation's appeal of the income tax assessment imposed on Fortum for the year 2007 in December 2013. The Tax Recipients' Legal Services Unit appealed the matter (Note 23). In December 2014, Fortum received a non-taxation decision regarding its financing companies for the remaining years 2008−2011, based on the same audit. This is in line with the Supreme Administrative Court's (SAC) precedent decision. The Tax Recipients' Legal Services Unit has appealed the decisions in February 2015, and the cases for years 2008−2011 are now pending the Board of Adjustment of the Large Taxpayers' Office decision. In line with the 2007 case, Fortum considers the claims unjustifiable.

In June, the Swedish Parliament approved the 17% increase on the tax on installed nuclear capacity, re-proposed by the Swedish Government. The tax was implemented as of 1 August 2015. The estimated impact on Fortum is approximately EUR 15 million in 2016, albeit corporate tax-deductible.

Hedging

At the end of December 2015, approximately 50% of Power and Technology's estimated Nordic power sales volume was hedged at approximately EUR 33 per MWh for the year 2016. The corresponding figures for the 2017 calendar year were approximately 20% at approximately EUR 30 per MWh.

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 Nasdaq Commodities forwards.

Dividend distribution proposal

The distributable funds of Fortum Oyj as at 31 December 2015 amounted to EUR 5,417,422,951.23 including the profit of the period of EUR 1,133,611,072.83. After the end of the financial period there have been no material changes in the financial position of the Company.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.10 per share be paid for 2015.

Based on the number of registered shares as of 2 February 2016 the total amount of dividend proposed to be paid is EUR 977,203,749.50. The Board of Directors proposes that the remaining part of the profit be retained in shareholders’ equity.

Annual General Meeting 2016

Fortum's Annual General Meeting is planned to take place at 14:00 on Tuesday, 5 April 2016, at the Finlandia Hall, Mannerheimintie 13, in Helsinki, Finland.

Espoo, 2 February 2016
Fortum Corporation
Board of Directors

Further information:
Pekka Lundmark, President and CEO, tel. +358 10 452 4112
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Fortum’s Investor Relations, Sophie Jolly, tel. +358 10 453 2552, Rauno Tiihonen, tel. +358 10 453 6150, Marja Mäkinen +358 10 452 3338 and investors@fortum.com

The Board of Directors has approved Fortum's 2015 financial statements and Fortum's auditors issued their unqualified audit report for 2015 on 2 February 2016. The financial statements bulletin has been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU.

Reporting, AGM, and Capital Markets Day in 2016*:*

Fortum’s Financial statements and the Operating and financial review for 2015 will be published during week 10 at the latest.

Fortum will publish three interim reports in 2016:
- January-March on 28 April 2016 at approximately 9:00 a.m. EEST
- January-June on 20 July 2016 at approximately 9:00 a.m. EEST
- January-September on 25 October 2016 at approximately 9:00 a.m. EEST

Fortum's Annual General Meeting is planned to take place on 5 April 2016 and the possible dividend related dates planned for 2016 are:
- Ex-dividend date 6 April 2016
- Record date for dividend payment 7 April 2016
- Dividend payment date 14 April 2016

Fortum's Capital Markets Day is planned to take place on 16 November in Helsinki.

Distribution:
Nasdaq Helsinki
Key media
www.fortum.com

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

Condensed consolidated income statement

EUR million	Note	Q4 2015	Q4 2014 restated*	2015	2014 restated*
Continuing operations:					
Sales	4	**964**	1,133	**3,459**	4,088
Other income		**9**	34	**38**	60
Materials and services		**-408**	-473	**-1,515**	-1,825
Employee benefits		**-95**	-92	**-351**	-369
Depreciation and amortisation	4,12,13	**-92**	-87	**-346**	-377
Other expenses		**-135**	-144	**-477**	-492
Comparable operating profit	4	**243**	370	**808**	1,085
Items affecting comparability		**-205**	214	**-958**	211
Operating profit	4	**38**	584	**-150**	1,296
Share of profit/loss of associates and joint ventures	4, 14	**35**	38	**20**	146
Interest expense		**-47**	-62	**-203**	-249
Interest income		**10**	19	**51**	84
Fair value gains and losses on financial instruments		**-5**	5	**-18**	-5
Other financial expenses - net		**-10**	-9	**-4**	-40
Finance costs - net		**-52**	-47	**-175**	-210
Profit before income tax		**20**	574	**-305**	1,232
Income tax expense	10	**-2**	-51	**78**	-143
Profit for the period from continuing operations		**19**	523	**-228**	1,089
Discontinued operations:					
Profit for the period from discontinued operations	7	**-**	52	**4,369**	2,073
Profit for the period		**19**	575	**4,142**	3,161
Attributable to:					
Owners of the parent		**14**	571	**4,138**	3,154
Non-controlling interests		**5**	4	**4**	7
		19	575	**4,142**	3,161
Earnings per share for profit attributable to the equity owners of the company (EUR per share)					
Total Fortum		**0.02**	0.64	**4.66**	3.55
Continuing operations		**0.02**	0.59	**-0.26**	1.22
Discontinued operations		**0.00**	0.05	**4.92**	2.33

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

EUR million	Note	Q4 2015	Q4 2014 restated*	2015	2014 restated*
Comparable operating profit		**243**	370	**808**	1,085
Impairment charges	4, 6	**-119**	0	**-918**	0
Non-recurring items (mainly capital gains)	4	**1**	238	**22**	305
Changes in fair values of derivatives hedging future cash flow	4	**-95**	-26	**-78**	-91
Nuclear fund adjustment	4	**7**	3	**16**	-3
Items affecting comparability		**-205**	214	**-958**	211
Operating profit		**38**	584	**-150**	1,296

The decision made by the Extraordinary shareholders' meeting of OKG AB to close Oskarshamn nuclear power plant units 1 and 2 in Sweden impacted the 2015 net result attributable to the owners of the parent by EUR -729 million. The impact is recognised on several rows of the income statement, but major part is included in Impairment charges, in Items effecting comparability. See more information in Note 6.

**Comparative period information for the income statement and cash flow for 2014 in this interim statement has been restated as Distribution segment has been treated as discontinued operations according to IFRS 5. For further information, see Notes 2 Accounting policies and 7 Discontinued operations.*

Condensed consolidated statement of comprehensive income

EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Profit for the period	**19**	575	**4,142**	3,161
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods:				
Cash flow hedges				
Fair value gains/losses in the period	**30**	41	**124**	17
Transfers to income statement	**-8**	-12	**-48**	-70
Transfers to inventory/fixed assets	**-1**	0	**-6**	-4
Deferred taxes	**-3**	-6	**-14**	12
Net investment hedges				
Fair value gains/losses in the period	**4**	114	**-8**	149
Deferred taxes	**0**	-22	**2**	-28
Exchange differences on translating foreign operations	**-87**	-1,024	**-191**	-1,323
Share of other comprehensive income of associates and joint ventures	**0**	-8	**3**	-3
Other changes	**0**	0	**3**	-3
	-65	-917	**-135**	-1,253
Items that will not be reclassified to profit or loss in subsequent periods:				
Actuarial gains/losses on defined benefit plans	**33**	-41	**76**	-77
Actuarial gains/losses on defined benefit plans in associates and joint ventures	**0**	-5	**0**	-13
	33	-46	**76**	-90
Other comprehensive income for the period from continuing operations, net of deferred taxes	**-32**	-964	**-59**	-1,344
Other comprehensive income for the period from discontinued operations, net of deferred taxes	**0**	-9	**0**	-19
Total comprehensive income for the year	**-13**	-398	**4,082**	1,799
Total comprehensive income attributable to				
Owners of the parent	**-16**	-384	**4,081**	1,815
Non-controlling interests	**2**	-14	**1**	-16
	-13	-398	**4,082**	1,799

Condensed consolidated balance sheet

EUR million	Note	Dec 31 2015	Dec 31 2014
ASSETS			
Non-current assets			
Intangible assets	12	**222**	276
Property, plant and equipment	13	**8,710**	11,195
Participations in associates and joint ventures	4, 14	**1,959**	2,027
Share in State Nuclear Waste Management Fund	17	**810**	774
Other non-current assets		**93**	68
Deferred tax assets		**80**	98
Derivative financial instruments	5	**509**	595
Long-term interest-bearing receivables	15	**773**	2,041
Total non-current assets		**13,157**	17,074
Current assets			
Inventories		**231**	256
Derivative financial instruments	5	**355**	448
Trade and other receivables		**822**	830
Deposits and securities (maturity over three months)		**4,913**	757
Cash and cash equivalents		**3,289**	2,009
Liquid funds	16	**8,202**	2,766
Total current assets		**9,610**	4,301
Total assets		**22,767**	21,375
EQUITY			
Equity attributable to owners of the parent			
Share capital		**3,046**	3,046
Share premium		**73**	73
Retained earnings		**10,507**	7,708
Other equity components		**168**	36
Total		**13,794**	10,864
Non-controlling interests		**69**	71
Total equity		**13,863**	10,935
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	16	**4,965**	5,881
Derivative financial instruments	5	**290**	247
Deferred tax liabilities		**483**	1,159
Nuclear provisions	17	**810**	774
Other provisions	18	**81**	17
Pension obligations		**65**	140
Other non-current liabilities		**168**	154
Total non-current liabilities		**6,863**	8,373
Current liabilities			
Interest-bearing liabilities	16	**1,042**	1,103
Derivative financial instruments	5	**121**	76
Trade and other payables		**879**	888
Total current liabilities		**2,042**	2,067
Total liabilities		**8,904**	10,440
Total equity and liabilities		**22,767**	21,375

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 and other funds	Translation of foreign operations	Cash flow hedges	Other OCI items	OCI items associated companies and joint ventures			
Total equity 31 December 2014	**3,046**	**73**	**9,676**	**-1,968**	**19**	**-5**	**22**	**10,864**	**71**	**10,935**
Net profit for the period			4,138					4,138	4	4,142
Translation differences				-189	-1	-1	2	-188	-3	-191
Other comprehensive income					55	73	3	132		132
Total comprehensive income for the period			4,139	-189	54	72	5	4,081	1	4,082
Cash dividend			-1,155					-1,155		-1,155
Dividends to non-controlling interests									-2	-2
Other			3					3	-1	3
Total equity 31 December 2015	**3,046**	**73**	**12,663**	**-2,156**	**74**	**67**	**27**	**13,794**	**69**	**13,863**
Total equity 31 December 2013	**3,046**	**73**	**7,500**	**-649**	**66**	**-51**	**38**	**10,024**	**101**	**10,124**
Net profit for the period			3,154					3,154	7	3,161
Translation differences				-1,299	-3	2	0	-1,300	-23	-1,323
Other comprehensive income			-3		-43	44	-17	-19	0	-20
OCI related to discontinued operations				-20				-19		-19
Total comprehensive income for the period			3,151	-1,319	-47	46	-16	1,815	-16	1,799
Cash dividend			-977					-977		-977
Dividends to non-controlling interests									-2	-2
Changes due to business combinations			6					6	-11	-5
Other			-4					-4	-1	-4
Total equity 31 December 2014	**3,046**	**73**	**9,676**	**-1,968**	**19**	**-5**	**22**	**10,864**	**71**	**10,935**

Translation differences

Translation differences impacted equity attributable to owners of the parent company with EUR -188 million during 2015 (2014: -1,300). Translation differences are mainly related to RUB. Part of this translation exposure has been hedged and the foreign currency hedge result amounting to EUR 8 million during 2015 (2014: 122), 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 9 Exchange rates.

Cash flow hedges

The impact on equity attributable to owners of the parent from fair valuation of cash flow hedges, EUR 54 million during 2015 (2014: -47), 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 2014 of EUR 1.10 per share and an extra dividend of EUR 0.20 per share, amounting to a total of EUR 1,155 million, was decided at the Annual General Meeting on 31 March 2015. The dividend and the extra dividend were paid on 14 April 2015.

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

Condensed consolidated cash flow statement

EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Cash flow from operating activities				
Profit for the period from continuing operations	**19**	523	**-228**	1,089
Adjustments:				
Income tax expenses	**2**	51	**-78**	143
Finance costs - net	**52**	47	**175**	210
Share of profit of associates and joint ventures	**-35**	-38	**-20**	-146
Depreciation and amortisation	**92**	87	**346**	377
Operating profit before depreciations	**130**	672	**196**	1,673
Non-cash flow items and divesting activities	**188**	-210	**891**	-244
Interest received	**15**	37	**52**	99
Interest paid	**-33**	-48	**-263**	-323
Dividends received	**0**	0	**52**	58
Realised foreign exchange gains and losses and other financial items	**53**	136	**336**	349
Taxes	**10**	-52	**-65**	-163
Funds from operations	**363**	535	**1,199**	1,447
Change in working capital	**-31**	-141	**29**	-42
Net cash from operating activities continuing operations	**332**	394	**1,228**	1,406
Net cash from operating activities discontinued operations	**0**	58	**154**	356
Total net cash from operating activities	**331**	452	**1,381**	1,762
Cash flow from investing activities				
Capital expenditures	**-180**	-200	**-527**	-622
Acquisitions of shares	**-37**	-10	**-43**	-69
Proceeds from sales of fixed assets	**2**	8	**28**	26
Divestments of shares	**0**	376	**27**	473
Shareholder loans to associated companies and joint ventures	**180**	6	**481**	425
Change in other interest-bearing receivables	**0**	3	**-1**	8
Net cash used in investing activities continuing operations	**-35**	183	**-35**	241
Net cash used in investing activities discontinued operations	**-**	-44	**6,303**	2,574
Total net cash from investing activities	**-35**	139	**6,268**	2,816
Cash flow before financing activities	**296**	591	**7,650**	4,578
Cash flow from financing activities				
Proceeds from long-term liabilities	**-1**	3	**37**	50
Payments of long-term liabilities	**-76**	-30	**-956**	-1,480
Change in short-term liabilities	**-46**	87	**-84**	-580
Dividends paid to the owners of the parent	**0**	0	**-1,155**	-977
Other financing items	**-2**	-10	**-2**	-1
Net cash used in financing activities continuing operations	**-124**	50	**-2,160**	-2,988
Net cash used in financing activities discontinued operations	**-**	0	**0**	-19
Total net cash used in financing activities	**-124**	50	**-2,160**	-3,007
Total net increase(+) / decrease(-) in liquid funds	**173**	641	**5,490**	1,571
Liquid funds at the beginning of the period	**8,032**	2,178	**2,766**	1,265
Foreign exchange differences in liquid funds	**-3**	-54	**-54**	-70
Liquid funds at the end of the period	**8,202**	2,766	**8,202**	2,766

Non-cash flow items and divesting activities

Non-cash flow items and divesting activities during 2015 mainly consist of reversal of non-recurring items EUR -896 million (2014: 305), unrealised fair value changes of derivatives EUR -78 million (2014: -88) and changes in provisions EUR 80 million (2014: 27). The actual proceeds for divestments are shown under cash flow from investing activities.

Realised foreign exchange gains and losses and other financial items

Realised foreign exchange gains and losses and other financial items include foreign exchange gains and losses of EUR 292 million for 2015 (2014: 352) related mainly to financing of Fortum's Swedish and Russian subsidiaries and the fact that the Group's main external financing currency is EUR. The foreign exchange gains and losses arise from rollover of foreign exchange contracts hedging these internal loans as major part of the forwards is entered into with short maturities i.e. less than twelve months.

Additional cash flow information for continuing operations

Change in working capital

EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Change in interest-free receivables, decrease (+)/increase (-)	**-320**	-237	**-121**	4
Change in inventories, decrease (+)/increase (-)	**24**	-15	**24**	-13
Change in interest-free liabilities, decrease (-)/increase (+)	**265**	112	**126**	-33
Total	**-31**	-141	**29**	-42

Capital expenditure in cash flow

EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Capital expenditure	**197**	194	**582**	626
Change in not yet paid investments, decrease(+)/increase(-)	**-8**	18	**-11**	44
Capitalised borrowing costs	**-9**	-12	**-44**	-47
Total	**180**	200	**527**	622

Capital expenditures for intangible assets and property, plant and equipment were in 2015 EUR 582 million (2014: 626). Capital expenditure in cash flow in 2015 EUR 527 million (2014: 622) is without not yet paid investments i.e. change in trade payables related to investments EUR -11 million (2014: 44) and capitalised borrowing costs EUR -44 million (2014: -47), which are presented in interest paid.

Acquisition of shares in cash flow

Acquisition of shares, net of cash acquired, amounted to EUR 43 million during 2015 (2014: 69).

Divestment of shares in cash flow

EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Proceeds from sales of subsidiaries, net of cash disposed	**0**	66	**0**	160
Proceeds from sales of associates	**0**	310	**27**	311
Proceeds from available for sale financial assets	**0**	0	**0**	1
Total	**0**	376	**27**	473

Change in net debt, total Fortum

EUR million	Q4 2015	Q4 2014	2015	2014
Net debt beginning of the period	**-1,936**	4,790	**4,217**	7,793
Foreign exchange rate differences	**34**	-13	**89**	-81
EBITDA	**130**	769	**4,640**	3,954
Paid net financial costs, taxes and adjustments for non-cash and divestment items	**233**	-132	**-3,330**	-2,147
Change in working capital	**-32**	-186	**71**	-46
Capital expenditures	**-180**	-244	**-592**	-768
Acquisitions	**-37**	-10	**-43**	-69
Divestments	**2**	384	**6,217**	3,089
Proceeds from the interest-bearing receivables relating to divestments	**0**	0	**207**	131
Shareholder loans to associated companies	**180**	6	**481**	425
Change in other interest-bearing receivables	**0**	3	**-1**	8
Dividends	**0**	0	**-1,155**	-977
Other financing activities	**-2**	-10	**-2**	-1
Net cash flow (- increase in net debt)	**294**	581	**6,493**	3,600
Fair value change of bonds, amortised cost valuation and other	**0**	21	**-8**	105
Net debt end of the period	**-2,195**	4,217	**-2,195**	4,217

Key ratios

	Dec 31 2015	Dec 31 2014
EBITDA total Fortum, EUR million	**4,640**	3,954
EBITDA continuing operations, EUR million	**196**	1,673
Comparable EBITDA total Fortum, EUR million	**1,265**	1,873
Comparable EBITDA continuing operations, EUR million	**1,102**	1,457
Earnings per share total Fortum (basic) EUR	**4.66**	3.55
Earnings per share continuing operations (basic), EUR	**-0.26**	1.22
Earnings per share discontinued operations (basic), EUR	**4.92**	2.33
Capital employed, EUR million	**19,870**	17,918
Interest-bearing net debt, EUR million	**-2,195**	4,217
Interest-bearing net debt without Värme financing, EUR million	**N/A**	3,664
Capital expenditure and gross investments in shares total Fortum, EUR million	**669**	843
Capital expenditure total Fortum, EUR million	**626**	774
Capital expenditure and gross investments in shares continuing operations, EUR million	**625**	695
Capital expenditure continuing operations, EUR million	**582**	626
Return on capital employed total Fortum, %	**22.7**	19.5
Return on shareholders' equity total Fortum, %	**33.4**	30.0
Net debt / EBITDA total Fortum	**-0.5**	1.1
Comparable net debt / EBITDA total Fortum	**-1.7**	2.3
Comparable net debt / EBITDA without Värme financing total Fortum	**N/A**	2.0
Interest coverage total Fortum	**27.6**	19.9
Interest coverage including capitalised borrowing costs total Fortum	**21.5**	15.7
Funds from operations/interest-bearing net debt total Fortum, %	**-59.7**	42.9
Funds from operations/interest-bearing net debt without Värme financing total Fortum, %	**N/A**	49.3
Gearing, %	**-16**	39
Equity per share, EUR	**15.53**	12.23
Equity-to-assets ratio, %	**61**	51
Number of employees continuing operations	**7,835**	8,202
Average number of employees continuing operations	**8,009**	8,329
Average number of shares, 1 000 shares	**888,367**	888,367
Diluted adjusted average number of shares, 1 000 shares	**888,367**	888,367
Number of registered shares, 1 000 shares	**888,367**	888,367

For definitions, see Note 26 Definition of key figures.

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 2014.

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

2. Accounting policies

The same accounting policies and presentation have been followed in these condensed interim financial statements as were applied in the preparation of the consolidated financial statements for the year ended 31 December 2014.

Discontinued operations

On 15 April 2015 Fortum published a stock exchange release regarding the IFRS 5 restatement of income statement and cash flow for 2014. As described in the release, Distribution segment is treated as discontinued operations from the first quarter interim report 2015 onwards. The income statement and cash flow for the comparative period 2014 have been restated accordingly. Reclassification of discontinued operations does not impact the balance sheet.

More information on the impact of the reclassification can be found in Note 7 Discontinued operations and the stock exchange release published on 15 April 2015.

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 Q3/2015 and Q4/2015 interim releases Fortum has estimated the impact of the early closure of nuclear power plant units 1 and 2 in Fortum's associated company OKG Aktiebolag (OKG) located in Oskarshamn, Sweden. The closing process will take several years and Fortum will monitor the impacts.

In all other aspects when 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 2014.

4. Segment information

As of January 1 2015 Fortum centralised IT and customer service functions. As a result of this centralisation a total of 464 employees transferred from Heat, Electricity Sales and Solutions and Power and Technology segments to Other segment. The comparable segment information has not been restated due to the reorganisation.

The distribution operations have been classified as discontinued operations from the first quarter interim report 2015 onwards. See further information on the reclassification in Note 7 Discontinued operations and in the stock exhange release on 15 April 2015.

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.

Sales **EUR million**	**Q4 2015**	Q4 2014 restated	**2015**	2014 restated
Power sales excluding indirect taxes	**692**	834	**2,582**	3,102
Heating sales	**212**	228	**651**	753
Other sales	**61**	70	**226**	233
Total for continuing operations	**964**	1,133	**3,459**	4,088
Discontinued operations (Distribution)	**-**	152	**244**	662
Total	**964**	1,285	**3,702**	4,751

Sales by segment EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Power and Technology [1)]	**440**	588	**1,722**	2,156
- of which internal	***18***	*22*	***83***	*85*
Heat, Electricity Sales and Solutions [1)]	**352**	393	**1,187**	1,332
- of which internal	***-8***	*8*	***-13***	*34*
Russia	**266**	281	**893**	1,055
- of which internal	***0***	*0*	***0***	*0*
Other [1)]	**28**	15	**114**	58
- of which internal	***16***	*11*	***75***	*44*
Netting of Nord Pool transactions [2)]	**-97**	-121	**-336**	-422
Eliminations	***-26***	*-24*	***-122***	*-91*
Total for continuing operations	**964**	1,133	**3,459**	4,088
Discontinued operations (Distribution)	**-**	173	**274**	751
Eliminations [3)]	**-**	*-21*	***-31***	*-89*
Total	**964**	1,285	**3,702**	4,751

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

Comparable operating profit by segment EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Power and Technology	**142**	276	**561**	877
Heat, Electricity Sales and Solutions	**53**	49	**108**	104
Russia	**69**	59	**201**	161
Other	**-21**	-14	**-63**	-57
Total for continuing operations	**243**	370	**808**	1,085
Discontinued operations (Distribution)	**-**	67	**114**	266
Total	**243**	436	**922**	1,351

Operating profit by segment EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Power and Technology	**-65**	318	**-396**	855
Heat, Electricity Sales and Solutions	**54**	221	**105**	337
Russia	**69**	59	**203**	161
Other	**-21**	-14	**-62**	-58
Total for continuing operations	**38**	584	**-150**	1,296
Discontinued operations (Distribution)	**-**	66	**4,395**	2,132
Total	**38**	650	**4,245**	3,428

Impairment charges by segment EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Power and Technology	**-116**	0	**-915**	0
Heat, Electricity Sales and Solutions	**-3**	0	**-3**	0
Russia	**0**	0	**0**	0
Other	**0**	0	**0**	0
Total for continuing operations	**-119**	0	**-918**	0
Discontinued operations (Distribution)	**-**	0	**0**	0
Total	**-119**	0	**-918**	0

Impairment charges in 2015 in Power and Technology segment, EUR -915 million, consists mainly of the effects from the Swedish nuclear company, OKG Aktiebolag (OKG AB) EUR -794 million. The effect from OKG AB is booked mostly in the third quarter, see Note 6 for additional information. The effect in the fourth quarter arises mainly from a dismantling provision for the Finnish coal-fired power plant Inkoo, impairment loss for Fortum's share of the Finnish coal-fired power plant Meri-Pori, as well as from an additional negative impact regarding OKG AB. Impairment charges also include EUR -15 million effect of the cancelled Olkiluoto 4 nuclear power project in Finland, booked in the second quarter.

Non-recurring items by segment (mainly capital gains)				
EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Power and Technology	**0**	46	**18**	52
Heat, Electricity Sales and Solutions	**0**	192	**3**	254
Russia	**0**	0	**1**	0
Other	**0**	0	**0**	0
Total for continuing operations	**1**	238	**22**	305
Discontinued operations (Distribution)	**-**	0	**4,282**	1,865
Total	**1**	238	**4,304**	2,171

In 2015 the non-recurring items of Power and Technology segment, EUR 18 million, mainly relates to capital gains from the sale of property, plant and equipment.

Sales gain from the Swedish electricity distribution business of approximately EUR 4.3 billion (in 2014 Finnish and Norwegian electricity distribution business of approximately EUR 1.9 billion) is included in the non-recurring items in Discontinued operations, see Note 7 Discontinued operations and 8 Acquisitions and disposals.

Other items affecting comparability by segment				
EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Power and Technology [1)]	**-91**	-3	**-60**	-73
Heat, Electricity Sales and Solutions	**4**	-20	**-4**	-20
Russia	**0**	0	**1**	0
Other	**0**	0	**1**	0
Total for continuing operations	**-87**	-24	**-62**	-94
Discontinued operations (Distribution)	**-**	-1	**-1**	0
Total	**-87**	-24	**-63**	-94

[1)] Including effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund with (EUR million):	7	3	16	-3

Other items affecting comparability mainly include effects from financial derivatives hedging future cash-flows where hedge accounting is not applied according to IAS 39. Other segment includes mainly the effect arising from changes in hedge accounting status on group level. In Power and Technology segment there are also effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund where the asset in the balance sheet cannot exceed the related liabilities according to IFRIC interpretation 5. See more information in Note 17 Nuclear related assets and liabilities.

Comparable EBITDA by segment				
EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Power and Technology	**173**	306	**680**	998
Heat, Electricity Sales and Solutions	**80**	75	**209**	204
Russia	**81**	87	**267**	304
Other	**-18**	-10	**-53**	-49
Total for continuing operations	**315**	458	**1,102**	1,457
Discontinued operations (Distribution)	**-**	99	**163**	416
Total	**315**	556	**1,265**	1,873

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

Depreciation and amortisation				
EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Power and Technology	**31**	30	**118**	121
Heat, Electricity Sales and Solutions	**27**	26	**101**	100
Russia	**31**	28	**117**	147
Other	**2**	4	**10**	8
Total for continuing operations	**92**	87	**346**	377
Discontinued operations (Distribution)	**-**	32	**50**	150
Total	**92**	119	**395**	526

Share of profit/loss in associates and joint ventures by segment EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Power and Technology [1), 2), 3)]	4	12	-111	-14
Heat, Electricity Sales and Solutions	25	25	59	88
Russia	-2	-1	32	35
Other	8	2	40	37
Total for continuing operations	35	38	20	146
Discontinued operations (Distribution)	-	0	0	3
Total	35	38	20	149

[1)] Including effects from the accounting of Fortum's associates part of Finnish and Swedish Nuclear Waste Management Funds with (EUR million):	2	1	4	-1

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

[3)] 2015 includes impairment charges EUR -116 million, see Note 6 Effects from early closure of unit 1 and 2 in OKG AB.

Participation in associates and joint ventures by segment EUR million	Dec 31 2015	Dec 31 2014
Power and Technology	758	859
Heat, Electricity Sales and Solutions	559	523
Russia	316	326
Other	326	319
Total	1,959	2,027

See Note 14 Changes in participations in associates and joint ventures for information on participation in associates and joint ventures and Note 8 Acquisitions and disposals for information on divestments of associated company shares.

Capital expenditure by segment EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Power and Technology	70	59	187	197
Heat, Electricity Sales and Solutions	39	30	105	86
Russia	87	106	285	340
Other	2	-2	6	3
Total for continuing operations	197	194	582	626
Discontinued operations (Distribution)	-	58	44	147
Total	197	252	626	774
Of which capitalised borrowing costs	9	12	44	47

Gross investments in shares by segment EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Power and Technology	11	1	16	2
Heat, Electricity Sales and Solutions	22	8	23	37
Russia	0	0	0	27
Other	4	1	4	4
Total for continuing operations	37	10	43	69

Gross divestments of shares by segment EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Power and Technology	0	66	0	67
Heat, Electricity Sales and Solutions	0	309	27	446
Russia	0	0	0	0
Other	0	0	0	2
Total for continuing operations	0	376	27	515
Discontinued operations (Distribution)	-	-	6,369	2,681
Total	0	376	6,395	3,196

See Note 7 Discontinued operations for additional information regarding capital gains related to Discontinued operations and Note 8 Acquisitions and disposals and additional cash flow information for more information about gross divestments in shares.

Net assets by segment **EUR million**	**Dec 31 2015**	Dec 31 2014
Power and Technology	**5,913**	6,001
Heat, Electricity Sales and Solutions	**2,170**	2,112
Russia	**2,561**	2,597
Other	**291**	496
Net assets related to discontinued operations (Distribution)	**-**	2,615
Total	**10,934**	13,820

Comparable return on net assets by segment **%**	Dec 31 2015	Dec 31 2014 restated
Power and Technology	9.5	14.2
Heat, Electricity Sales and Solutions	7.9	8.7
Russia	8.2	5.6
Other	-8.5	-5.8

Return on net assets by segment **%**	Dec 31 2015	Dec 31 2014 restated
Power and Technology	-8.5	13.6
Heat, Electricity Sales and Solutions	7.7	19.1
Russia	8.3	5.6
Other	-7.6	-5.3

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

Assets by segments **EUR million**	**Dec 31 2015**	Dec 31 2014
Power and Technology	**7,289**	7,064
Heat, Electricity Sales and Solutions	**2,674**	2,650
Russia	**2,663**	2,769
Other	**524**	643
Discontinued operations (Distribution)	**-**	2,707
Eliminations	**-179**	-186
Assets included in net assets	**12,972**	15,647
Interest-bearing receivables	**773**	2,045
Deferred taxes	**80**	98
Other assets	**740**	818
Liquid funds	**8,202**	2,766
Total assets	**22,767**	21,375

Liabilities by segments **EUR million**	**Dec 31 2015**	Dec 31 2014
Power and Technology	**1,377**	1,063
Heat, Electricity Sales and Solutions	**504**	538
Russia	**102**	172
Other	**233**	147
Discontinued operations (Distribution)	**-**	92
Eliminations	**-179**	-186
Liabilities included in net assets	**2,038**	1,827
Deferred tax liabilities	**483**	1,159
Other liabilities	**377**	470
Total liabilities included in capital employed	**2,898**	3,456
Interest-bearing liabilities	**6,007**	6,983
Total equity	**13,863**	10,935
Total equity and liabilities	**22,767**	21,375

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

Number of employees	Dec 31 2015	Dec 31 2014
Power and Technology	**1,341**	1,639
Heat, Electricity Sales and Solutions	**1,417**	1,807
Russia	**4,126**	4,213
Other	**951**	543
Total for continuing operations	**7,835**	8,202
Discontinued operations (Distribution)		390
Total		8,592

Average number of employees	2015	2014 restated
Power and Technology	**1,389**	1,685
Heat, Electricity Sales and Solutions	**1,458**	1,913
Russia	**4,180**	4,196
Other	**983**	536
Total for continuing operations	**8,009**	8,329
Discontinued operations (Distribution)		492
Total		8,821

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

IT and customer service functions were centralised in January 2015.

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 2014.

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 2014, in Note 17 Financial assets and liabilities by fair value hierarchy

Financial assets

	Level 1		Level 2		Level 3		Netting [2]		Total	
EUR million	Dec 31 2015	Dec 31 2014	Dec 31 2015	Dec 31 2014	Dec 31 2015	Dec 31 2014	Dec 31 2015	Dec 31 2014	Dec 31 2015	Dec 31 2014
In non-current assets										
Available for sale financial assets [1]	1	1			42	29			43	30
Derivative financial instruments										
Electricity derivatives										
Hedge accounting			40	6			-9	-5	30	1
Non-hedge accounting			175	66			-70	-17	105	49
Interest rate and currency derivatives										
Hedge accounting			254	335					254	335
Non-hedge accounting			115	206					115	206
Oil and other futures and forward contracts										
Non-hedge accounting	7	1		6			-2	-3	5	3
Total in non-current assets	8	2	584	619	42	29	-81	-25	552	625
In current assets										
Derivative financial instruments										
Electricity derivatives										
Hedge accounting			117	79			-16	-11	101	67
Non-hedge accounting	1		251	153			-196	-106	55	47
Interest rate and currency derivatives										
Hedge accounting			67	48					67	48
Non-hedge accounting			114	274					114	274
Oil and other futures and forward contracts										
Non-hedge accounting	47	30		9			-31	-26	16	12
Total in current assets	48	30	549	563	0	0	-243	-143	355	448
Total	56	32	1,133	1,182	42	29	-324	-168	907	1,073

Financial liabilities

EUR million	Level 1		Level 2		Level 3		Netting [2]		Total	
	Dec 31 2015	Dec 31 2014	**Dec 31 2015**	Dec 31 2014	**Dec 31 2015**	Dec 31 2014	**Dec 31 2015**	Dec 31 2014	**Dec 31 2015**	Dec 31 2014
In non-current liabilities										
Interest-bearing liabilities [3]			**1,268**	1,454					**1,268**	1,454
Derivative financial instruments										
Electricity derivatives										
Hedge accounting			**13**	11			**-9**	-5	**4**	7
Non-hedge accounting			**192**	62			**-70**	-17	**122**	45
Interest rate and currency derivatives										
Hedge accounting			**93**	96					**93**	96
Non-hedge accounting			**60**	96					**60**	96
Oil and other futures and forward contracts										
Non-hedge accounting	**14**	5		2			**-2**	-3	**12**	3
Total in non-current liabilities	**14**	5	**1,626**	1,721	**0**	0	**-81**	-25	**1,559**	1,701
In current liabilities										
Derivative financial instruments										
Electricity derivatives										
Hedge accounting			**18**	12			**-16**	-11	**1**	1
Non-hedge accounting	**1**		**277**	134			**-196**	-106	**81**	27
Interest rate and currency derivatives										
Hedge accounting			**4**	22					**4**	22
Non-hedge accounting			**28**	22					**28**	22
Oil and other futures and forward contracts										
Non-hedge accounting	**37**	29		2			**-31**	-26	**6**	4
Total in current liabilities	**38**	29	**327**	192	**0**	0	**-243**	-143	**121**	76
Total	**52**	34	**1,953**	1,913	**0**	0	**-324**	-168	**1,680**	1,778

[1] Available for sale financial assets, i.e. shares which are not classified as associated companies or joint ventures, consists mainly of shares in unlisted companies of EUR 42 million (Dec 31 2014: 29), for which the fair value cannot be reliably determined. This includes Fortum's indirect shareholding in Fennovoima of EUR 11 million. These assets are measured at cost less any impairment costs. Available for sale financial assets include listed shares at fair value of EUR 1 million (Dec 31 2014: 1). The cumulative fair value change booked in Fortum's equity was EUR -3 million (Dec 31 2014: -3).

[2] Receivables and liabilities against electricity, oil and other commodity exchanges arising from standard derivative contracts with same delivery period are netted.

[3] Fair valued part of bonds when hedge accounting is applied (fair value hedge).

Net fair value amount of interest rate and currency derivatives is EUR 367 million, assets EUR 551 million and liabilities EUR 184 million. Fortum has cash collaterals based on Credit Support Annex agreements with some counterparties. At the end of December 2015 Fortum had received EUR 202 million from Credit Support Annex agreements. The received cash has been booked as short term liability.

Regarding the relevant interest-bearing liabilities, see Note 16 Interest-bearing liabilities, liquid funds and net debt and Note 19 Pledged assets.

6. Effects from early closure of unit 1 and 2 in OKG AB

The financial impacts of the decision made in the Extraordinary shareholder's meeting of OKG AB on 14 October 2015 to close early units 1 and 2 in Oskarshamn, Sweden was recognised in third quarter interim report. An additional write-down was recognised based on information received during the fourth quarter. E.ON is the majority owner of OKG and did unilaterally decide on the closing of units.

OKG is a non profit making company and sells produced electricity at production costs to its owners in proportion to the ownership. OKG is funded entirely by its shareholders. Fortum's part of the funding is recognised as long-term interest bearing receivables, which are increased when OKG needs additional funds and decreased when OKG invoices Fortum for the produced electricity.

OKG's impairment charges in Fortum income statement		
EUR million	Q4 2015	2015
Comparable operating profit	**0**	**0**
Items affecting comparability - Impairment charges	-9	-794
Operating profit	**-9**	**-794**
Share of profit/loss of associates and joint ventures	-12	-116
Profit before income tax	**-21**	**-910**
Income tax expenses	2	175
Profit for the period from continuing operations	**-19**	**-735**
Attributable to:		
Owners of the parent	**-19**	**-729**
Non-controlling interests	**0**	**-5**

Earnings per share effect of the closing of Oskarshamn 1 and 2 nuclear units in Sweden is EUR -0.82 per share in 2015.

Items affecting comparability include EUR -566 million which mainly relates to write-down of existing assets in OKG and a provision of EUR -228 million, which relates to additional future costs due to the early closure of units 1 and 2 as well as to future committed investments. These future costs and investments will have an impact on Fortum's net cash when they occur. The total amount of EUR -794 million has been netted against the shareholder loans to OKG. Main part of the netted amount has already been invoiced to Fortum, the remaining part will be invoiced when the costs occur.

Share of profit/loss in associates and joint ventures includes the impairment of IFRS adjustments related to units 1 and 2 for OKG in Fortum's consolidated financial statements, mainly related to write-down of asset retirement obligations and capitalised borrowing costs. These adjustments are recognised net of taxes. The asset retirement obligation represents the future costs for decommissioning of the nuclear power plant. The initial net present value of the provision for decommissioning (at the time of commissioning the nuclear power plant) has been included in the investment cost and is depreciated over the estimated operating time of the nuclear power plant.

Income tax expenses relates to the items affecting comparability.

7. Discontinued operations

In March 2015 Fortum signed a binding agreement to sell the Swedish Distribution business. The transaction was completed in June 2015. In 2014 Fortum divested both the Finnish and Norwegian Distribution operations. For information regarding the divestments see Note 8 Acquisitions and disposals.

After the divestment of the Swedish Distribution business Fortum does not have any distribution operations and therefore Distribution segment has been treated as discontinued operations since the first quarter of 2015 according to IFRS 5 Non-current Assets held for Sale and Discontinued operations. Discontinued operations are disclosed on one line, net of tax, in the face of the income statement. In the cash flow statement the net cash flows attributable to the operating, investing and financing activities of the discontinued operations are disclosed separately. In accordance with IFRS 5 the 2014 comparable information for income statement and cash flow statement has been restated.

Discontinued operations include the distribution operations in Fortum, including sales gains from the divestment of Swedish operations in June 2015 and Finnish and Norwegian distribution operations in 2014, and effects from internal sales and purchases have also been included. The net financial costs allocated to discontinued operations are based on the fact that the financing activities and risk management have been centralised on group level and subsidiaries have been funded with intra-group loans. No corporate overhead costs have been allocated to the discontinued operations. The assets relating to Distribution businesses have continued to be depreciated until the businesses were disposed.

Cash flow from discontinued operations include cash flow from distribution operations and allocated taxes, impact from sale of shares in Distribution companies and proceeds from interest-bearing receivables from sold subsidiaries.

Results of discontinued operations

EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Sales	-	152	**243**	662
Other income	-	5	**2**	15
Materials and services	-	-22	**-34**	-114
Employee benefits	-	-9	**-14**	-44
Depreciation and amortisation	-	-32	**-50**	-150
Other expenses	-	-28	**-34**	-104
Comparable operating profit	-	67	**114**	266
Changes in fair values of derivatives	-	-1	**-1**	0
Capital gains [1)]	-	0	**4,282**	1,865
Operating profit	-	66	**4,395**	2,132
Share of profit/loss of associates and joint ventures	-	0	**0**	3
Finance costs - net	-	-1	**-1**	-7
Profit before income tax	-	65	**4,393**	2,128
Income tax expenses	-	-14	**-24**	-56
Profit for the year from discontinued operations attributable to the owners of the parent	-	52	**4,369**	2,073

[1)] Including gains on sale of shares of Swedish Distribution in Q2 2015 and Finnish and Norwegian Distribution in 2014. All gains are tax exempt.

Net cash flows attributable to the discontinued operations

EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Net cash from operating activities	-	58	**154**	356
Net cash used in investing activities	-	-44	**6,303**	2,574
Net cash from financing activities	-	0	**0**	-19
Total net increase in liquid funds	-	14	**6,457**	2,911

8. Acquisitions and disposals

Acquisitions

Fortum has decided to participate in the Fennovoima nuclear power project in Finland with an indirect owning of 6.6 % at the commercial date of the power plant, planned to be in operation in 2024. Fortum has in 2015 invested EUR 11 million in Fennovoima, with an indirect ownership of 4.1% at the end of 2015. Participation is carried out through Voimaosakeyhtiö SF. The indirect investment in Fennovoima is classified as Available for sale financial assets.

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

There were no other material acquisitions during 2015 or 2014.

Disposals

Disposals during 2015

In March 2015 Fortum signed a binding agreement to sell the Swedish Distribution business to a consortium comprising Swedish national pension funds Första AP-Fonden (12.5%) and Tredje AP-Fonden (20.0%), Swedish mutual insurance and pension savings company Folksam (17.5%) and the international infrastructure investor, Borealis Infrastructure Management Inc. (50%). The divestment was completed on 1 June 2015. The total consideration from the divestment is SEK 60.6 billion on a debt- and cash-free basis corresponding to approximately EUR 6.5 billion. Fortum recognised a one-time sales gain of approximately EUR 4.3 billion corresponding to close to EUR 5 per share. The sales gain is reported as part of the second quarter 2015 results of the discontinued operations. Distribution segment has been presented as discontinued operations since the first quarter of 2015.

In Q1 Fortum sold its 51.4%-shareholding in the associated company AS Võrguteenus Valdus to the Estonian electricity transmission system operator Elering AS.

Disposals during 2014

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

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

In April 2014 Fortum agreed to sell its Norwegian electricity distribution business to the Hafslund Group, listed on the Oslo Stock Exchange, and its heat businesses in Norway to iCON Infrastructure Partners II, L.P. fund. In addition, Fortum agreed to sell its shareholding in Fredrikstad Energi AS (49%) and Fredrikstad Energi Nett AS (35%) to the Hafslund Group. The divestments were completed during the second quarter after the necessary regulatory approvals and customary closing conditions were met. The total consideration was approximately EUR 340 million on a debt- and cash-free basis. The sales gains were booked in Fortum's Distribution segment, EUR 16 million, and Heat and Electricity Sales and Solutions segment, EUR 52 million in the second quarter 2014 results. The one time sales gains correspond to approximately EUR 0.08 per share.

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

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

In December 2013 Fortum announced that it had agreed to sell its Finnish electricity distribution business to Suomi Power Networks Oy, owned by a consortium of Finnish and international investors. The total consideration was EUR 2.55 billion on a debt- and cash-free basis. Fortum booked a one-time sales gain of EUR 1.85 billion corresponding to EUR 2.08 per share. The sales gain was reported in Fortum's Distribution segment in the first quarter of 2014.

Gross divestments of shares, Fortum total operations

EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Gross divestments in subsidiary companies [1)	-	65	**6,369**	2,884
Gross divestments in associated companies	-	310	**27**	311
Gross divestments of available for sale financial assets	-	0	**0**	1
Gross divestment of shares	-	375	**6,395**	3,196

Divestments of shares in subsidiaries - Impact on financial position

EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated [2)
Gross divestments in subsidiary companies [1)	-	65	**6,369**	2,884
Proceeds from interest-bearing receivables	-	-1	**207**	134
Sales price for the shares (net of cash)	-	66	**6,162**	2,750
Liquid funds in sold subsidiaries	-	1	**12**	10
Sales price received	-	68	**6,174**	2,761
Intangible assets and property, plant and equipment	-	23	**2,577**	1,342
Other non-current and current assets	-	19	**120**	204
Liquid funds	-	1	**12**	10
Interest-bearing loans	-	4	**-207**	-131
Other liabilities and provisions	-	-19	**-611**	-622
Net assets divested	-	28	**1,891**	803
Gain on sale	-	41	**4,282**	1,958

1) In addition to the proceeds from shares and repayments of interest-bearing debt in sold subsidiary, totalling approximately EUR 6.4 billion, Swedish distribution paid group contribution liability net of cash amounting to approximately EUR 0.1 billion as a part of the total consideration of the divestment of Swedish distribution.
2) Divestments of subsidiaries in 2014 include assets and liabilities that were classified as Assets held for sale in the balance sheet as of December 2013.

9. Exchange rates

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

Average rate	Jan-Dec 2015	Jan-Sept 2015	Jan-June 2015	Jan-March 2015	Jan-Dec 2014	Jan-Sept 2014	Jan-June 2014	Jan-March 2014
Sweden (SEK)	9.3414	9.3656	9.3260	9.3534	9.1004	9.0380	8.9774	8.8777
Norway (NOK)	8.9953	8.8749	8.6949	8.7883	8.3940	8.2893	8.3174	8.3510
Poland (PLN)	4.1909	4.1682	4.1521	4.1796	4.1909	4.1807	4.1776	4.1857
Russia (RUB)	69.0427	67.6327	65.9096	70.9755	51.4243	48.0976	47.8497	47.9490

Balance sheet date rate	**Dec 31 2015**	Sept 30 2015	June 30 2015	March 31 2015	Dec 31 2014	Sept 30 2014	June 30 2014	March 31 2014
Sweden (SEK)	9.1895	9.4083	9.2150	9.2901	9.3930	9.1465	9.1762	8.9483
Norway (NOK)	9.6030	9.5245	8.7910	8.7035	9.0420	8.1190	8.4035	8.2550
Poland (PLN)	4.2639	4.2448	4.1911	4.0854	4.2732	4.1776	4.1568	4.1719
Russia (RUB)	80.6736	73.2416	62.3550	62.4400	72.3370	49.7653	46.3779	48.7800

10. Income tax expense

Taxes for 2015 totalled EUR 78 (2014: -143) million. Taxes for the period are positive as the group is in loss position. This is mainly due to the write-down related to early closure of O1 and O2 units in Oskarshamn. Deferred tax asset is booked on this loss and the tax asset can be used against future profits. The tax rate according to the income statement was 25.4% (11.6%). The tax rate used in the income statement is always impacted by the fact that the share of profits of associates and joint ventures is recorded based on Fortum's share of profits after tax. Tax rate for 2015, excluding the impact of share of profits of associated companies and joint ventures as well as non-taxable capital gains, was 23.5% (2014: 18.0%).

11. Dividend per share

A dividend for 2014 of EUR 1.10 per share and an extra dividend of EUR 0.20 per share, amounting to a total of EUR 1,155 million, was decided at the Annual General Meeting on 31 March 2015. The dividend and the extra dividend were paid on 14 April 2015.

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

12. Changes in intangible assets

EUR million	**Dec 31 2015**	Dec 31 2014
Opening balance	**276**	384
Acquisitions	**1**	0
Capital expenditures	**8**	22
Changes of emission rights	**-8**	-1
Disposals	**0**	0
Depreciation and amortisation [1)]	**-22**	-25
Divestments [2)]	**-30**	-23
Reclassifications	**14**	21
Translation differences and other adjustments	**-16**	-102
Closing balance	**222**	276
Goodwill included in closing balance	**152**	170
Change in goodwill during the period due to translation differences	**-18**	-101

[1)] Including depreciations related to discontinued operations (see Note 7 Discontinued operations).

[2)] Divestment of assets related to Finnish Distribution business are not included in the comparative period figure as they were presented as 'Assets held for sale' in balance sheet of 31 December 2013. For more information for divestments of subsidiaries, see Note 8 Acquisitions and disposals.

13. Changes in property, plant and equipment

EUR million	**Dec 31 2015**	Dec 31 2014
Opening balance	**11,195**	12,849
Acquisitions	**1**	0
Capital expenditures	**619**	752
Changes of nuclear asset retirement cost	**0**	-3
Disposals	**-6**	-7
Depreciation and amortisation [1)]	**-416**	-502
Divestments [2)]	**-2,533**	-229
Reclassifications	**-14**	-21
Translation differences and other adjustments	**-135**	-1,643
Closing balance	**8,710**	11,195

[1)] Including depreciations related to discontinued operations (see Note 7 Discontinued operations), as well as impairment loss for Fortum's share of the Finnish coal-fired power plant Meri-Pori.

[2)] Divestment of assets related to Finnish Distribution business are not included in the comparative period figure as they were presented as 'Assets held for sale' in balance sheet of 31 December 2013. For more information for divestments of subsidiaries, see Note 8 Acquisitions and disposals.

14. Changes in participations in associates and joint ventures

EUR million	Dec 31 2015	Dec 31 2014
Opening balance	**2,027**	2,341
Acquisitions	**27**	62
Share of profits of associates and joint ventures 1), 2)	**20**	149
Dividend income received	**-52**	-57
OCI items associated companies	**5**	-16
Translation differences and other adjustments	**-41**	-270
Divestments	**-26**	-181
Closing balance	**1,959**	2,027

1) Including share of profits related to discontinued operations

2) Including impairment charges of EUR -116 million, see more information in Note 6 Effects from early closure of unit 1 and 2 in OKG AB.

Share of profits from associates and joint ventures

Fortum's share of profit from associates and joint ventures in Q4 2015 was EUR 35 million (Q4 2014: 38), of which Hafslund represented EUR 8 million (Q4 2014: 2), TGC-1 EUR -2 million (Q4 2014: -1) and Fortum Värme EUR 24 million (Q4 2014: 25). Share of profits from associates and joint ventures includes impairment charges of EUR -12 million related to the Swedish nuclear associated company OKG AB. For additional information see Note 6 Effects from early closure of unit 1 and 2 in OKG AB.

According to Fortum Group accounting policies the share of profits from Hafslund and TGC-1 are included in Fortum Group figures based on the previous quarter information since updated interim information is not normally available.

Fortum's share of profit for the year 2015 amounted to EUR 20 million (2014: 149), of which Hafslund represented EUR 39 million (2014: 36), TGC-1 EUR 32 million (2014: 35), and Fortum Värme EUR 47 million (2014: 67). Share of profits from associates and joint ventures includes impairment charges of EUR -116 million related to the Swedish nuclear associated company OKG AB. For additional information see Note 6 Effects from early closure of unit 1 and 2 in OKG AB.

Dividends received

During 2015 Fortum has received EUR 52 million (2014: 57) in dividends from associates and joint ventures of which EUR 21 million (2014: 22) was received from Fortum Värme and EUR 18 million (2014: 20) from Hafslund.

15. Interest-bearing receivables

EUR million	Carrying amount Dec 31 2015	Fair value Dec 31 2015	Carrying amount Dec 31 2014	Fair value Dec 31 2014
Long-term loan receivables from associated companies	**601**	**616**	1,327	1,407
Long-term loan receivables from joint ventures	**172**	**196**	714	805
Other long-term loan receivables	**1**	**1**	4	4
Total long-term loan receivables 1)	**773**	**813**	2,045	2,216

1) Carrying amount including current portion of long-term receivables EUR 0 million (Dec 31 2014: 3).

Long-term loan receivables include receivables from associated companies and joint ventures EUR 773 million (Dec 31 2014: 2,041). These receivables include EUR 582 million (Dec 31 2014: 1,310) from Swedish nuclear companies, OKG AB and Forsmarks Kraftgrupp AB, which are mainly funded with shareholder loans, pro rata each shareholder’s ownership. The impairment charges in OKG AB due to the decision to close down nuclear power units 1 and 2 will be invoiced from the shareholders when the costs occur. Fortum has estimated the impact to be EUR 794 million and netted that against the shareholder loan. Main part of the netted amount has already been invoiced to Fortum, the remaining part will be invoiced when the costs occur. For additional information see Note 6 Effects from early closure of unit 1 and 2 in OKG AB. Long-term loan receivables include also receivables from Teollisuuden Voima Oyj (TVO), EUR 120 million (Dec 31 2014: 110). Fortum Värme has repaid all receivables to Fortum (Dec 31 2014: 553).

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. At the end of December 2015 Fortum has EUR 120 million outstanding receivables regarding Olkiluoto 3 and is additionally committed to provide at maximum EUR 75 million.

TVO's Extraordinary General Meeting made a decision on 24 June 2015 not to apply for a construction license for Olkiluoto 4. The incurred costs relating to the project were invoiced from TVO's shareholders in June and Fortum's share of these costs was EUR 15 million. The invoice was netted against the subordinated shareholder loan that Fortum has given to TVO for funding the planning of Olkiluoto 4. The additional committment related to Olkiluoto 4, EUR 57 million, has been cancelled and Fortum does not have any further commitments related to Olkiluoto 4.

16. Interest-bearing liabilities, liquid funds and net debt

Interest-bearing debt EUR million	Carrying amount Dec 31 2015	Fair value Dec 31 2015	Carrying amount Dec 31 2014	Fair value Dec 31 2014
Bonds	**4,094**	**4,375**	4,748	5,093
Loans from financial institutions	**490**	**531**	722	777
Reborrowing from the Finnish State Nuclear Waste Management Fund	**1,074**	**1,132**	1,040	1,104
Other long term interest-bearing debt [1]	**145**	**155**	186	192
Total long term interest-bearing debt [2]	**5,803**	**6,193**	6,696	7,166
Short term interest-bearing debt	**204**	**204**	287	287
Total	**6,007**	**6,397**	6,983	7,453

[1] Including loans from Finnish pension institutions EUR 68 million (Dec 31 2014: 78) and other loans EUR 77 million (Dec 31 2014: 108).

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

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.

In March 2015 Fortum increased the amount of reborrowing from the Finnish State Nuclear Waste Management Fund and TVO by EUR 34 million to EUR 1,074 million. In the second quarter Fortum repaid bilateral loans of EUR 164 million and in the third quarter two SEK bonds equivalent to EUR 664 million (SEK 6,200 million) and EUR 50 million bilateral loan.

At the end of December 2015, the amount of short term financing EUR 204 million (Dec 31 2014: 287) included 202 million (2014: 286) from Credit Support Annex agreements. The interest-bearing debt decreased during the last quarter by EUR 89 million from EUR 6,096 million to EUR 6,007 million.

The average interest rate for the portfolio consisting mainly of EUR and SEK loans was 2.6% at the balance sheet date (Dec 31 2014: 2.9%). Part of the external loans EUR 641 million (Dec 31 2014: 681) have been swapped to RUB and the average interest cost for these loans including cost for hedging the RUB was 12.8% at the balance sheet date (Dec 31 2014: 11.3%). The average interest rate on total loans and derivatives at the balance sheet date was 3.7% (Dec 31 2014: 3.7%).

Maturity of interest-bearing liabilities EUR million	Dec 31 2015
2016	**1,042**
2017	**513**
2018	**602**
2019	**804**
2020	**70**
2021 and later	**2,976**
Total	**6,007**

Liquid funds EUR million	Dec 31 2015	Dec 31 2014
Deposits and securities with maturity more than 3 months	**4,913**	757
Cash and cash equivalents	**3,289**	2,009
Total	**8,202**	2,766

Total liquid funds increased by EUR 170 million from EUR 8,032 million to EUR 8,202 million during the last quarter.

Liquid funds consists of deposits and cash in bank accounts amounting to EUR 7,218 million and commercial papers EUR 984 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 investments excl. Russian deposits on 31 December 2015 was 0.1% (2014: 0.2%). Liquid funds held by OAO Fortum amounted to EUR 76 million (Dec 31 2014: 134) and the average interest rate for this portfolio was 5.9% at the balance sheet date.

Liquid funds totaling EUR 7,521 million (Dec 31 2014: 2,636) are placed with counterparties that have an investment credit rating. In addition, EUR 628 million (Dec 31 2014: 63) have been placed with counterparties separately reviewed and approved by the Group's credit control department.

Net debt EUR million	Dec 31 2015	Dec 31 2014
Interest-bearing liabilities	**6,007**	6,983
Liquid funds	**8,202**	2,766
Net debt	**-2,195**	4,217
Net debt without Värme financing		3,664

17. 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.

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

EUR million	Dec 31 2015	Dec 31 2014
Carrying values in the balance sheet		
Nuclear provisions	**810**	774
Fortum's share of the State Nuclear Waste Management Fund	**810**	774
Legal liability and actual share of the State Nuclear Waste Management Fund		
Liability for nuclear waste management according to the Nuclear Energy Act	**1,094**	1,084
Funding obligation target	**1,094**	1,074
Fortum's share of the State Nuclear Waste Management Fund	**1,083**	1,039
Share of the fund not recognised in the balance sheet	**273**	265

Legal liability for Loviisa nuclear power plant

The legal liability on 31 December 2015, decided by the Ministry of Employment and Economy in December 2015, was EUR 1,094 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 2013. Following the update of the technical plan in 2013, 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 2015 is EUR 1,094 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, increased by EUR 36 million compared to 31 December 2014, totaling EUR 810 million on 31 December 2015. The provisions are based on the same cash flows for future costs as the legal liability, but based on the estimated future timing of the expenditures. The main reason for the difference between the carrying value of the provision and the legal liability is the fact that the legal liability is not discounted to net present value.

The carrying value of the Fund in the balance sheet cannot exceed the carrying value of the nuclear provisions according to IFRIC Interpretation 5. The Fund is from an IFRS perspective overfunded with EUR 273 million, since Fortum's share of the Fund on 31 December 2015 was EUR 1,083 million and the carrying value in the balance sheet was EUR 810 million.

Fortum's share of the Finnish Nuclear Waste Management Fund in Fortum's balance sheet can in maximum be equal to the amount of the provisions according to IFRS. As long as the Fund is overfunded from an IFRS perspective, the effects to operating profit from this adjustment will be positive if the provisions increase more than the Fund and negative if actual value of the fund increases more than the provisions. This accounting effect is not included in Comparable operating profit in Fortum financial reporting, see Other items affecting comparability in Note 4 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 16 Interest-bearing liabilities, liquid funds and net debt and Note 19 Pledged assets).

17.2 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	Dec 31 2015	Dec 31 2014
Carrying values in TVO's balance sheet		
Nuclear provisions	**971**	930
Share of the State Nuclear Waste Management Fund	**971**	930
of which Fortum's net share consolidated with equity method	**0**	0
TVO's legal liability and actual share of the State Nuclear Waste Management Fund		
Liability for nuclear waste management according to the Nuclear Energy Act	**1,369**	1,349
Share of the State Nuclear Waste Management Fund	**1,358**	1,345
Share of the fund not recognised in the balance sheet	**387**	415

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 387 million (of which Fortum's share EUR 103 million), since TVO's share of the Fund on 31 December 2015 was EUR 1,358 million and the carrying value in the balance sheet was EUR 971 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 16 Interest-bearing liabilities, liquid funds and net debt.

OKG's and Forsmark's total nuclear related assets and liabilities (100%) EUR million	Dec 31 2015	Dec 31 2014
OKG's and Forsmark's nuclear related assets and liabilities [1)]		
Nuclear provisions	**3,210**	3,143
Share in the State Nuclear Waste Management Fund	**3,025**	2,790
Net amount	**-185**	-353
of which Fortum's net share consolidated with equity method	**-71**	-138

[1)] Accounted for according to Fortum's accounting principles. 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 22 Contingent liabilities.

Nuclear waste fees and guarantees are updated every third year by governmental decision after a proposal from Swedish Radiation Safety Authority (SSM). Proposal is based on cost estimates done by SKB. Currently the fees and guarantees are decided for years 2015-2017. Nuclear waste fees are based on future costs with the assumed lifetime of 40 years for each unit of a nuclear power plant.

18. Other provisions

	CSA provisions		Other provisions	
EUR million	**Dec 31 2015**	Dec 31 2014	**Dec 31 2015**	Dec 31 2014
Opening balance	**56**	103	**26**	14
Unused provisions reversed	**-50**	-4	**-3**	-3
Increase in the provisions	**0**	0	**84**	22
Provisions used	**0**	-14	**-16**	-4
Unwinding of discount	**1**	6	**0**	0
Exchange rate differences	**1**	-35	**-1**	-3
Closing balance	**8**	56	**91**	26
Current provisions [1]	**8**	56	**9**	10
Non-current provisions	**0**	0	**81**	17

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

Total Other provisions amounts to EUR 98 million at the end of 2015 (2014: 82).

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

In Q1 2015 EUR 30 million of the provision was reversed to the income statement after the finalisation of Nyagan 3, and in Q4 2015 EUR 20 million was reversed after the finalisation of Chelyabinsk GRES unit 1. The remaining CSA provision at the end of 2015 amounts to EUR 8 million (at year end 2014: 56) and includes provision for Chelyabinsk GRES unit 2 for 2016 as well as unpaid penalties for 2015 for both Chelyabinsk GRES units.

The increase in other provisions during 2015 mainly arises from a dismantling provision for the Finnish coal-fired power plant Inkoo.

19. Pledged assets

EUR million	**Dec 31 2015**	Dec 31 2014
On own behalf		
For debt		
Pledges	**294**	292
Real estate mortgages	**137**	137
For other commitments		
Real estate mortgages	**118**	137

Pledged assets for debt

Participants in the Finnish State Nuclear Waste Management Fund are allowed to borrow from the Fund. Fortum has pledged shares in Kemijoki Oy as a security. As of 31 December 2015 the value of the pledged shares amounted to EUR 269 million (Dec 31 2014: 269).

Fortum Tartu in Estonia (60% owned by Fortum) has given real estate mortgages for a value of EUR 96 million (Dec 31 2014: 96) as a security for an external loan. Real estate mortgages have also been given for loans from Fortum's pension fund for EUR 41 million (Dec 31 2014: 41).

Regarding the relevant interest-bearing liabilities, see Note 16 Interest-bearing liabilities, liquid funds and net debt.

Pledged assets for other commitments

Fortum has given real estate mortgages in power plants in Finland, total value of EUR 118 million in December 2015 (Dec 31 2014: 137), as a security to the Finnish State Nuclear Waste Management Fund for the uncovered part of the legal liability and unexpected events relating to future costs for decomissioning and disposal of spent fuel in Loviisa nuclear power plant. 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, see more information in Note 17 Nuclear related assets and liabilities. 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.

20. Operating lease commitments

EUR million	**Dec 31 2015**	Dec 31 2014
Due within a year	**14**	24
Due after one year and within five years	**23**	43
Due after five years	**24**	76
Total	**60**	142

21. Capital commitments

EUR million	**Dec 31 2015**	Dec 31 2014
Property, plant and equipment	**426**	458
Intangible assets	**2**	3
Total	**428**	461

In addition Fortum has committed to provide a maximum of EUR 107 million to Voimaosakeyhtiö SF, for its participation in the Fennovoima nuclear power project in Finland.

For information regarding commitments related to associated companies and joint ventures, see Note 15 Interest-bearing receivables.

22. Contingent liabilities

EUR million	**Dec 31 2015**	Dec 31 2014
On own behalf		
Other contingent liabilities	**192**	189
On behalf of associated companies and joint ventures		
Guarantees	**624**	459

Contingencies 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 (2014: 125).

Contingencies 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). New guarantees for the period of 2015-2017 has been given on behalf of Forsmarks Kraftgrupp AB and OKG AB amounting to SEK 5,393 million (EUR 587 million) at 31 December 2015 (Dec 31 2014: EUR 393 million). There are two types of guarantees given on behalf of Forsmark Kraftgrupp AB and OKG AB. 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 418 million) and the Supplementary Amount was SEK 1,550 million (EUR 169 million) at 31 December 2015.

The guarantee given on behalf of Teollisuuden Voima Oyj to the Finnish State Nuclear Waste Management Fund amounted to EUR 37 million at 31 December 2015 (Dec 31 2014: 41). 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 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 17 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 Oil 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.

23. Legal actions and official proceedings

Tax cases in Sweden

Fortum received income tax assessments in Sweden for the years 2009, 2010, 2011 and 2012 in December 2011, December 2012, December 2013 and October 2014, respectively. According to the tax authorities, Fortum would have to pay additional income taxes for the years 2009, 2010, 2011 and 2012 for the reallocation of loans between the Swedish subsidiaries in 2004-2005, as well as additional income taxes for the years 2010, 2011 and 2012 for financing of the acquisition of TGC 10 (current OAO Fortum) in 2008. The claims are based on a change in tax regulation as of 2009. Fortum considers the claims unjustifiable and has appealed the decisions. The cases are pending before the Administrative Court. In January 2015 the Swedish tax authority announced to the Administrative Court that it has abandoned its claim regarding the year 2010 with respect to financing the acquisition of TGC 10. Moreover, in December 2015 the Swedish tax authority abandoned a part of the claims (total tax effect SEK 142 million) relating to the reallocation of loans in 2004-2005, as a part of the interest had been paid on capitalized accrued interest.

In addition Fortum has received income tax assessments in Sweden for the year 2013 in December 2015. The assessments concern the loans given in 2013 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 authority considers just 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 considers the claims unjustifiable and has appealed the decisions. The cases are pending before the Administrative Court.

Based on legal analysis supporting legal opinions, no provision has been recognised in the financial statements for the above mentioned Swedish tax cases. If the decisions by the tax authority remain final despite the appeals processes, the impact on net profit would be approximately SEK 389 million (EUR 42 million) for the year 2009, approximately SEK 347 million (EUR 38 million) for the year 2010, approximately SEK 467 million (EUR 51 million) for the year 2011, approximately SEK 143 million (EUR 16 million) for the year 2012 and SEK 273 million (EUR 30 million) for the year 2013.

Tax cases in Belgium

Fortum has received income tax assessments in Belgium for the years 2008, 2009, 2010 and 2011. Tax authorities disagree with the tax treatment of Fortum EIF NV. Fortum finds the tax authorities' interpretation not to be based on the local regulation and has appealed the decisions. The court of First instance in Antwerpen rejected Fortum's appeal for the years 2008 and 2009 in June 2014. Fortum found the decision unjustifiable and appealed to the Court of Appeal.

In January 2016 Fortum received a favorable decision from the Court of Appeal in which the Court disagreed with the tax authorities' interpretation and the tax assessment for 2008 was nullified. Fortum appeals concerning 2009-2011 are still pending and Fortum expects the remaining years to follow the decision from the Court of Appeal for 2008. The tax authorities can still file an appeal to Hof van Cassatie (Supreme Court) in the case for 2008. Based on legal analysis and a supporting legal opinion, no provision has been accounted for in the financial statements. 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. When the tax is repaid to Fortum, Fortum will receive a 7% interest on the amount.

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 will file 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.

Tax cases in Finland

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

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

In December 2014 Fortum Oyj received a non-taxation decision from the large Taxpayers’ office for the years 2008-2011 regarding the activities in the Belgian and Dutch financing companies. The decision was given due to the transfer pricing audit carried out in 2013-2014 and was in line with the Board of Adjustment's decision with respect to Fortum for the year 2007. The Tax Recipients' Legal Services Unit has appealed the decisions in February 2015 and the cases are now pending before the Board of Adjustment of the Large Taxpayers' Office. According to the claim of correction, the non-taxation decision of the Large Taxpayers' office should be reversed and the interest income that Fortum Project Finance NV has received from its loans in 2008-2011 should be taxed in Finland, not in Belgium. If the claim of correction of the Tax Recipients' Legal Services Unit would be successful, the negative impact on net profit would be approximately EUR 140 million for the year 2008, EUR 99 million for the year 2009, EUR 76 million for the year 2010 and EUR 90 million for the year 2011. Moreover, Fortum Oyj would be liable to pay penalty interest. In line with the 2007 case Fortum considers the claims unjustifiable. Based on legal analysis and a supporting legal opinion, no provision has been accounted for in the financial statements.

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 civil construction works of the Olkiluoto 3 plant unit have been mainly completed. The installation of the electrical systems, the instrumentation and control system (I&C), and mechanical systems is still in progress. Factory acceptance testing of the process I&C system was completed, and the system was transferred to Olkiluoto in August. The factory testing of the safety I&C systems was completed in December. The first phase of the turbine plant commissioning is completed. Some of the systems and components will be kept in operation; the rest will be preserved in accordance with a separate plan. According to the schedule updated by the AREVA-Siemens in September 2014, regular electricity production in the unit will commence at the end of 2018.

In December 2008 the OL3 Supplier initiated the International Chamber of Commerce (ICC) arbitration proceedings and submitted a claim concerning the delay and the ensuing costs incurred at the Olkiluoto 3 project. The Supplier’s monetary claim, updated in July 2015, is approximately EUR 3.4 billion in total. The claim covers events that occurred during the construction period until the end of June 2011.

In 2012, TVO submitted a counter-claim and defense in the matter. In July 2015, TVO updated its quantification estimate of its costs and losses to amount to approximately EUR 2.6 billion until December 2018, which is the estimated start of the regular electricity production of OL3.

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

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

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

24. Related party transactions

Related parties are described in the annual financial statements as of the year ended 31 December 2014. No material changes have occurred during 2015.

At the year-end 2014 the Finnish State owned 50.76% of the shares in Fortum. There has been no change in the shareholding during 2015.

Transactions with associated companies and joint ventures

EUR million	2015	2014 restated
Sales	**81**	76
Interest on loan receivables	**27**	59
Purchases	**509**	564
Other financial income	**37**	1

Associated company and joint ventures balances

EUR million	Dec 31 2015	Dec 31 2014
Long-term interest-bearing loan receivables	**773**	2,041
Trade receivables	**11**	17
Other receivables	**14**	15
Long-term loan payables	**270**	262
Trade payables	**9**	7
Other payables	**166**	4

25. Events after the balance sheet date

On 8 January 2016, Fortum made a public tender offer in Poland to purchase all shares in Grupa Duon SA, an electricity and gas sales company listed on the Warsaw Stock Exchange. Fortum will carry out the acquisition if it receives at least 51% of the shares by the end of the offer period.

The offer period commences on 28 January 2016 and is estimated to close on 26 February 2016. The offer has been made in compliance with the Polish legislation and rules of the Warsaw Stock Exchange, and it is subject to clearance of the Polish competition authority.

26. Definition of key figures

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

26. Definition of key figures

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

Market conditions and achieved power prices

Power consumption **TWh**	**Q4 2015**	Q4 2014	**2015**	2014
Nordic countries	**103**	104	**381**	378
Russia	**275**	282	**1,007**	1,021
Tyumen	**25**	25	**93**	93
Chelyabinsk	**9**	10	**35**	36
Russia Urals area	**70**	70	**258**	260

Average prices	**Q4 2015**	Q4 2014	**2015**	2014
Spot price for power in Nord Pool power exchange, EUR/MWh	**21.9**	30.7	**21.0**	29.6
Spot price for power in Finland, EUR/MWh	**30.6**	36.4	**29.7**	36.0
Spot price for power in Sweden, SE3, Stockholm EUR/MWh	**23.0**	31.3	**22.0**	31.6
Spot price for power in Sweden, SE2, Sundsvall EUR/MWh	**21.6**	31.0	**21.2**	31.4
Spot price for power in European and Urals part of Russia, RUB/MWh [1)]	**1,178**	1,120	**1,154**	1,163
Average capacity price, tRUB/MW/month	**396**	331	**359**	304
Spot price for power in Germany, EUR/MWh	**33.2**	34.8	**31.6**	32.8
Average regulated gas price in Urals region, RUB/1000 m^3	**3,614**	3,362	**3,488**	3,362
Average capacity price for old capacity, tRUB/MW/month [2)]	**157**	180	**149**	167
Average capacity price for new capacity, tRUB/MW/month [2)]	**701**	603	**641**	552
Spot price for power (market price), Urals hub, RUB/MWh [1)]	**1,064**	1,041	**1,047**	1,089
CO_2, (ETS EUA), EUR/tonne CO_2	**8**	7	**8**	6
Coal (ICE Rotterdam), USD/tonne	**51**	72	**57**	75
Oil (Brent Crude), USD/bbl	**45**	77	**54**	99

[1)] Excluding capacity tariff.

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

Water reservoirs **TWh**	Dec 31 2015	Dec 31 2014
Nordic water reservoirs level	**98**	80
Nordic water reservoirs level, long-term average	**83**	83

Export/import **TWh (+ = import to, - = export from Nordic area)**	**Q4 2015**	Q4 2014	**2015**	2014
Export / import between Nordic area and Continental Europe+Baltics	**-4**	-4	**-18**	-14
Export / import between Nordic area and Russia	**1**	2	**4**	4
Export / import Nordic area, Total	**-3**	-2	**-14**	-10

Power market liberalisation in Russia **%**	**Q4 2015**	Q4 2014	**2015**	2014
Share of power sold at the liberalised price	**82**	83	**83**	81

Achieved power prices	**Q4 2015**	Q4 2014	**2015**	2014
Power segment's Nordic power price, EUR/MWh	**34.2**	41.9	**33.0**	41.4
Russia segment's power price, RUB/MWh	**1,552**	1,448	**1,555**	1,508
Russia segment's power price, EUR/MWh [1)]	**21.3**	28.0	**22.5**	30.4

[1)] Translated using average exchange rate.

Fortum's production and sales volumes

Power generation TWh	Q4 2015	Q4 2014	2015	2014
Power generation in the EU and Norway	**12.5**	13.4	**50.2**	50.1
Power generation in Russia	**7.5**	7.0	**25.7**	23.3
Total	**20.1**	20.5	**75.9**	73.4

Heat production TWh	Q4 2015	Q4 2014	2015	2014
Heat production in the EU and Norway	**2.0**	2.2	**6.4**	8.2
Heat production in Russia	**9.0**	9.2	**25.8**	26.4
Total	**11.0**	11.4	**32.2**	34.6

Power generation capacity by segment MW	Dec 31 2015	Dec 31 2014
Power [1)]	**8,046**	9,063
Heat, Electricity Sales and Solutions	**743**	803
Russia [2)]	**4,903**	4,758
Total	**13,692**	14,624

[1)] Excluding 750MW mothballed capacity of Inkoo power plant of which preparations for permanent dismantling has started. Capacities includes unit 1 (205 MW) in Oskarshamn that will be transferred into service mode after the applied environmental permit is received.
[2)] Including 43 MW mothballed capacity.

Heat production capacity by segment MW	Dec 31 2015	Dec 31 2014
Power	**0**	0
Heat, Electricity Sales and Solutions	**3,915**	3,936
Russia [1)]	**12,696**	13,466
Total	**16,611**	17,402

[1)] of which 240 MW mothballed

Power generation by source in the Nordic area TWh	Q4 2015	Q4 2014	2015	2014
Hydro and wind power	**5.8**	6.0	**25.1**	22.4
Nuclear power	**5.9**	6.9	**22.7**	23.8
Thermal power	**0.4**	0.4	**1.0**	1.8
Total	**12.1**	13.3	**48.8**	48.0

Power generation by source in the Nordic area %	Q4 2015	Q4 2014	2015	2014
Hydro and wind power	**48**	45	**51**	46
Nuclear power	**49**	52	**47**	50
Thermal power	**3**	3	**2**	4
Total	**100**	100	**100**	100

Power sales EUR million	Q4 2015	Q4 2014 restated	2015	2014 restated
Power sales in the EU and Norway	**510**	652	**1,921**	2,344
Power sales in Russia	**182**	182	**661**	758
Total	**692**	834	**2,582**	3,102

Fortum's production and sales volumes

Heat sales **EUR million**	**Q4 2015**	Q4 2014	**2015**	2014
Heat sales in the EU and Norway	**130**	137	**423**	468
Heat sales in Russia	**82**	91	**228**	285
Total	**212**	228	**651**	753

Power sales by area **TWh**	**Q4 2015**	Q4 2014 restated	**2015**	2014 restated
Finland	**5.8**	5.6	**22.3**	21.6
Sweden	**7.2**	8.3	**29.8**	28.2
Russia	**8.5**	7.9	**29.4**	26.5
Other countries	**0.8**	0.9	**2.8**	3.8
Total	**22.4**	22.7	**84.3**	80.1

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

Heat sales by area **TWh**	**Q4 2015**	Q4 2014	**2015**	2014
Russia	**8.8**	9.0	**25.4**	26.0
Finland	**1.0**	1.0	**3.1**	3.2
Poland	**1.2**	1.2	**3.4**	3.4
Other countries[1)]	**0.4**	0.4	**1.2**	2.8
Total	**11.3**	11.6	**33.2**	35.4

[1)] Until October 2014 including the UK, which is reported in the Power and Technology segment, other sales.