

# Fortum's Annual Report 2014

*Fortum is an energy company highly committed to sustainability. We strive to respond to the needs of our customers by generating, selling and distributing low-carbon electricity and heat and by offering energy-sector expert services.*

## Capital expenditure, divestments & investments in shares

EUR million	2014	2013
<b>Capital expenditure</b>		
Intangible assets	22	46
Property, plant and equipment	752	959
<b>Total</b>	<b>774</b>	<b>1,005</b>
<b>Gross investments in shares</b>		
Subsidiaries	7	11
Associated companies	60	0
Available for sale financial assets	2	4
<b>Total</b>	<b>69</b>	<b>15</b>

In 2014, capital expenditures and investments in shares totalled EUR 843 million (2013: 1,020). Investments, excluding

acquisitions, were EUR 774 million (2013: 1,005).

See also [Note 19.2 Capital expenditure](#).



In addition, in November, Fortum announced the divestment of its 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 in the fourth quarter 2014 results of Fortum's Heat, Electricity Sales and Solutions segment.

## Russia

In December 2014, Fortum and Gazprom Energoholding signed a protocol to start a restructuring process of their ownership of TGC-1, a Territorial Generating Company in Russia. TGC-1 owns and operates hydro and

thermal power plants in north-western Russia as well as heat distribution networks in St. Petersburg. Currently Gazprom Energoholding owns 51.8% of the TGC-1 shares and Fortum 29.5%.

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

## Distribution

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

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