
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.

7 Fair value changes of derivatives and underlying items in income statement

Fair value changes in operating profit presented below are arising from financial derivatives hedging future cash flows where hedge accounting is not applied according to IAS 39 and the ineffectiveness from cash flow hedges.

Fair value changes of currency derivatives in net financial expenses are arising mainly from balance sheet hedges without hedge accounting status according to IAS 39, because they are natural hedges of loans and receivables. Fair value change of interest rate hedges without hedge accounting is EUR -13 million (2013: -16). The net effect of fair value changes of hedging derivative and hedged bonds are EUR 1 million (2013: 1).

EUR million	2014	2013
In operating profit		
Fair value changes from derivatives not getting hedge accounting status		
Electricity derivatives	-56	-2
Currency derivatives	8	15
Coal and CO ₂ derivatives	-15	-8
Ineffectiveness from cash flow hedges	-28	16
Total effect in operating profit	-91	21
Fair value changes of derivatives not getting hedge accounting included in share of profit of associated companies	0	3
In finance costs		
Exchange gains and losses on loans and receivables	-574	-214
Fair value changes of derivatives not getting hedge accounting status		
Cross currency interest rate derivatives	39	19
Foreign currency derivatives	536	195
Rate difference on forward contracts	8	-1
Currency derivatives	583	213
Interest rate derivatives	-13	-16
Fair value change of hedging derivatives in fair value hedge relationship	67	25
Fair value change of hedged items in fair value hedge relationship	-66	-24
Total ¹⁾	571	198
Total effect in finance costs	-3	-16
Total effect on profit before income tax	-94	8

1) Including fair value gains and losses on financial instruments and exchange gains and losses on derivatives.