

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.

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	2014	2013	Change 14/13
Sales	2,156	2,252	-4%
- power sales	2,026	2,117	-4%
- other sales	130	135	-4%
Operating profit	855	922	-7%
Comparable operating profit	877	859	2%
Comparable EBITDA	998	1,007	-1%
Net assets (at period-end)	6,001	6,355	-6%
Return on net assets, %	13.6	14.5	-6%
Comparable return on net assets, %	14.2	13.8	3%
Capital expenditure and gross investments in shares	198	181	9%
Number of employees	1,639	1,723	-5%

In 2014, Power and Technology's comparable operating profit was EUR 877 million (2013: 859), i.e. EUR 18 million higher than in 2013. This was mainly due to the higher hydropower production volumes, lower operating costs and SEK development, which offset the negative impact from the lower achieved price as well as lower thermal volumes and

Grangemouth divestment. In addition, an impairment loss totalling EUR 20 million in 2013 was booked due to the decision to discontinue electricity production at Fortum's Inkoo coal-fired power plant in Finland.

Operating profit, EUR 855 million (2013: 922), was affected by sales gains totalling

EUR 52 million (2013: 25) and by the IFRS accounting treatment (IAS 39) of derivatives, mainly used for hedging Fortum's power production, and by nuclear fund adjustments amounting to EUR -73 million (2013: 38).

Power generation by source

TWh	2014	2013	Change 14/13
Hydro and wind power	22.4	18.1	24%
Nuclear power	23.8	23.7	0%
Thermal power	0.9	1.9	-53%
Total in the Nordic countries	47.1	43.7	8%
Thermal in other countries	0.7	1.0	-30%
Total	47.9	44.7	7%

Nordic sales volume

TWh	2014	2013	Change 14/13
Nordic sales volume	48.6	45.3	7%
of which Nordic Power sales volume ¹⁾	44.6	40.2	11%

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

Sales price

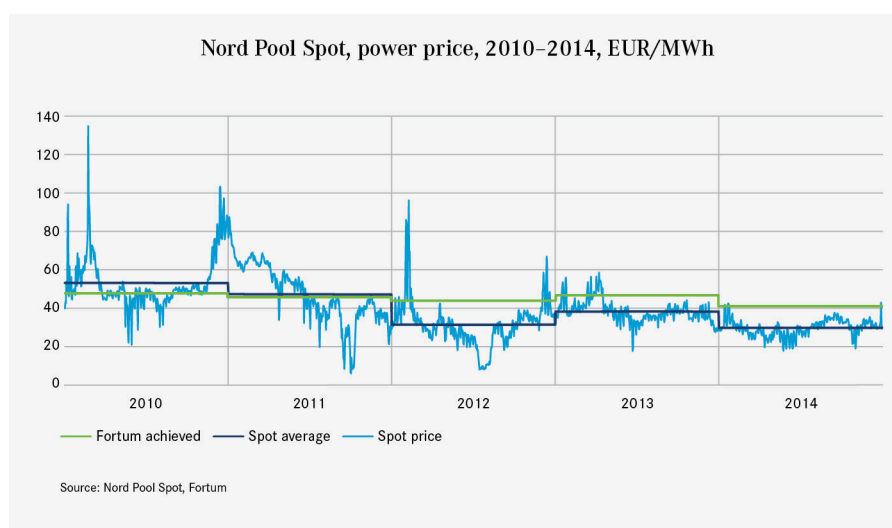
EUR/MWh	2014	2013	Change 14/13
Power and Technology's Nordic power price ²⁾	41.4	46.4	-11%

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

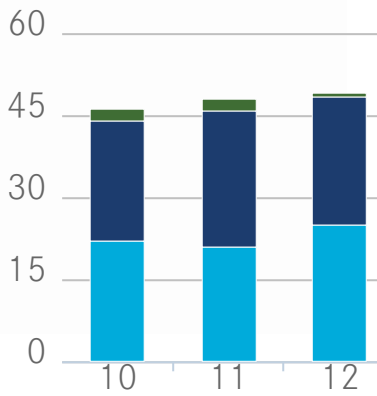
Power and Technology's achieved Nordic power price was EUR 41.4 per MWh (2013: 46.4), or EUR 5.0 per MWh lower than in 2013. The system and all area prices were clearly lower during 2014 compared to 2013. The average system spot price of electricity in Nord Pool was EUR 29.6 per MWh (2013: 38.1). The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

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

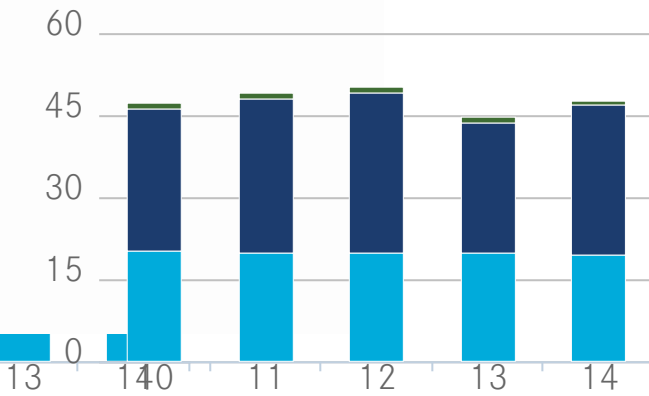
Thermal production was 0.9 TWh (2013: 1.9) in the Nordic countries. The CO₂-free production amounted to 97% (2013: 94%).



Power and Technology segment's power generation in the Nordic area by source, TWh



Power and Technology segment's power generation by area, TWh



■ Thermal ■ Nuclear
■ Hydro and wind power

■ UK ■ Sweden ■ Finland