# Contents



## Tables to the interim financial statements

The Annual General Meeting confirmed the compensation 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.

The Annual General Meeting also resolved to amend the Articles of Association as follows. Firstly, in accordance with the stand of the Ownership Steering of the Finnish State, the age limit of Board member elects is removed from § 6. Secondly, the possibility to deliver the notice to a General Meeting by publishing the notice on the company’s website is added to § 12; and thirdly, certain linguistic and technical amendments are made to § 3 and 4, i.a. by removing the par value of shares referred to in the Finnish Companies Act.

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.

# 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, fuel and $CO_2$ emissions allowance prices as well as the hydrological situation. The completion of Fortum’s investment programme in Russia is also one key driver to the company’s result growth, due to the increase in production volumes and CSA payments.

The continued global economic uncertainty and Europe's sovereign-debt crisis 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 for electricity in the short term. In Fortum's Russian business, the key factors are economic growth, 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 SEK and RUB. 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. Fortum continues to expect the annual growth rate in electricity consumption to be on average 0.5%, while the growth rate for the nearest years will largely be determined by macroeconomic development in Europe and especially in the Nordic countries. The new 650-MW Estlink-2 interconnector between Finland and Estonia increased market coupling between the Nordic and Baltic countries.

During the first quarter of 2014, the price of oil appreciated, whereas coal and EUA ended close to their opening levels. The price of electricity for the upcoming twelve months clearly decreased in the Nordic area, whereas in Germany it was largely unchanged.

In late April 2014, the future quotation for coal (ICE Rotterdam) for the rest of 2014 was around USD 78 per tonne, and the price for CO2 for 2014 was about EUR 6 per tonne.

In late April 2014, the electricity forward price in Nord Pool for the rest of 2014 was around EUR 28 per MWh. For 2015, the price was around EUR 30 per MWh, and, for 2016, around EUR 30 per MWh. In Germany, the electricity forward price for the rest of 2014 was around EUR 34 per MWh and for 2015 EUR 35 per MWh.

In late April 2014, Nordic water reservoirs were about 4 TWh above the long-term average and 10 TWh above the corresponding level of 2013.

## Power and Technology

The Power and Technology's 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 the 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 Tehnology will be affected by the possible thermal power generation volumes and its profits.

The ongoing, multi-year Swedish nuclear investment programmes are expected to enhance safety, improve availability and increase the capacity of the current nuclear fleet. The implementation of the investment programmes could, however, affect availability. Fortum’s power procurement costs from co-owned nuclear companies are affected by these investment programmes through increased depreciation and finance costs of associated companies.

## Russia

The generation capacity built after 2007 under the Russian Government's Capacity Supply Agreements (CSA – “new capacity”) receives guaranteed capacity payments for a period of 10 years. Prices for capacity under CSA are defined in order to ensure a sufficient return on investments. The issue of prolonged CSA payments from 10 to 15 years have been under discussion in the Russian government; however, no official decisions have yet been made.

Capacity not under CSA competes in the competitive capacity selection (CCS – “old capacity”). The capacity selection for generation built prior to 2008 (CCS – “old capacity”) for 2014 was held in September 2013. All of Fortum’s capacity was allowed to participate in the selection for 2014 and the majority of Fortum’s power plants were also selected. The volume of Fortum’s installed capacity not selected in the auction totalled 132 MW, which is approximately 4.6% of Fortum’s total old capacity in Russia.

The Russia Segment's new capacity will be a key driver for earnings growth in Russia as it is expected to bring income from new volumes sold and also receive considerably higher capacity payments than the old capacity. However, the received capacity payment will differ depending on the age, location, size and type of the plants as well as 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.

The value of the remaining part of the investment programme, calculated at the exchange rates prevailing at the end of March 2014, is estimated to be approximately EUR 0.4 billion, as of April 2014.

The Russian result is impacted by seasonal volatility caused by the heat business' characteristics, with the first and last quarter being clearly the strongest.

After completing the on-going investment programme by mid-2015, Fortum's goal is to achieve an operating profit level (EBIT) of about EUR 500 million run-rate in its Russia Segment during 2015 and to create positive economic added value in Russia. The segment's profits are impacted by possible changes in gas prices, currency exchange rates and other regulations. The currently suggested gas price development and the weaker Russian rouble make the approximately EUR 500 million operating profit level (EBIT) goal more challenging for the Russia Segment, but the company is making every effort to mitigate the negative impacts. Fortum is evaluating its targets on a continuing basis, and will do so also once the political and economic situation stabilises. The company will then estimate if there still are possibilities to achieve the current target or if a new target level should be set.

In 2013, the Ministry of Energy stated that heat reform should be developed before changing the current electricity and capacity market model. Therefore, at the end of the year, the Ministry of Energy proposed a new heat market model (for public discussion), which is supposed to ensure transition to economically justified heat tariffs by 2020 and attract investments into the heat sector. The new regulation concept is at an early stage and expected to be further developed during 2014.

According to a forecast made by the Russian Ministry of Economic Development, Russian gas price indexation will not take place as of July 2014. However, year-on-year gas price growth is estimated to be 7.6% in 2014.

## Distribution

In April, Fortum agreed to sell its Norwegian electricity distribution business. The decision to divest the electricity distribution business in Norway is linked to the 2013 strategic assessment of the further alternatives for the company's electricity distribution business. Fortum expects to complete the divestment during the second quarter of 2014. after the necessary regulatory approvals as well as customary closing conditions have been met.

Fortum is preparing for a possible sale of the Swedish electricity distribution businesses. The decision to complete the process is dependent on market development and development of national regulation, among other factors.

The work to define the Swedish network income regulation model for the next regulatory period 2016-2019 has been ongoing, and a first proposal from the Energy Market Inspectorate was given in March. Details, however, is expected to be set during the autumn 2014.

## Capital expenditure and divestments

Fortum currently expects its capital expenditure in 2014 to be approximately EUR 0.9-1.1 billion, excluding potential acquisitions. The Finnish distribution business is included in the figure until the end of the first quarter 2014. The annual maintenance capital expenditure is estimated to be about EUR 400-500 million in 2014, below the level of depreciation. Capex for electricity distribution in Finland has been approximately EUR 150 million annually.

Fortum will gradually decrease its financing to Värme during 2014-2015. At the end of 2013, Värme's share of debt totalled approximately EUR 1 billion.

## Taxation

The effective corporate tax rate for Fortum in 2014 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 Finland, the corporate tax rate was reduced from 24.5% to 20% as of 1 January 2014.

The Finnish Parliament approved the power plant tax (the so-called windfall tax) in December 2013. It will be enacted later and will be applied from the beginning of 2014, provided that the EU

Commission approves it. Fortum has filed a complaint on the tax to the Commission, arguing that it is not in line with general tax principles in Finland and that it constitutes illegal state aid for those plants that are not subject to the tax. If implemented, the estimated impact on Fortum would be approximately EUR 25 million annually.

## Hedging

At the end of March 2014, approximately 55% of Power and Technology's estimated Nordic power sales volume was hedged at approximately EUR 44 per MWh for the rest of 2014. The corresponding figures for the calendar year 2015 were approximately 25% at approximately EUR 42 per MWh.

The hedge price for the Power and Technology's Nordic generation excludes hedging of the condensing power margin. In addition, the hedge ratio excludes the financial hedges and physical volume of Fortum's coal-condensing generation as well as the segment’s imports from Russia.

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 Nord Pool forwards.

# Dividend payment

The Annual General Meeting 2014 decided to pay a dividend of EUR 1.10 per share for 2013. The record date for the dividend was 11 April 2014, and the dividend payment date was 22 April 2014.

*Espoo, 28 April 2014*
*Fortum Corporation*
*Board of Directors*

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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 interim financials have not been audited.

Publication of financial results in 2014:
- Interim Report January-June on 18 July 2014 at approximately 9.00 EEST
- Interim Report January-September on 23 October 2014 at approximately 9.00 EEST

Distribution:
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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 | Q1 2014 | Q1 2013 restated* | 2013 restated* | 2013 old | Last twelve months |
|---|---|---|---|---|---|---|
| **Sales** | 4 | **1,473** | 1,654 | 5,309 | 6,056 | 5,128 |
| Other income | | **7** | 13 | 93 | 94 | 87 |
| Materials and services | | **-600** | -738 | -2,270 | -2,533 | -2,132 |
| Employee benefits | | **-115** | -120 | -460 | -529 | -455 |
| Depreciation, amortisation and impairment charges | 4,10,11 | **-150** | -140 | -621 | -740 | -631 |
| Other expenses | | **-139** | -144 | -648 | -741 | -643 |
| **Comparable operating profit** | | **477** | 524 | 1,403 | 1,607 | 1,356 |
| Items affecting comparability | | **1,856** | -47 | 106 | 105 | 2,009 |
| **Operating profit** | | **2,333** | 477 | 1,508 | 1,712 | 3,364 |
| Share of profit/loss of associates and joint ventures | 4, 12 | **72** | 78 | 178 | 105 | 172 |
| Interest expense | | **-71** | -70 | -301 | -295 | -302 |
| Interest income | | **19** | 18 | 75 | 42 | 76 |
| Fair value gains and losses on financial instruments | | **-3** | -2 | -16 | -16 | -17 |
| Other financial expenses - net | | **-11** | -12 | -47 | -49 | -46 |
| Finance costs - net | | **-64** | -65 | -289 | -318 | -288 |
| **Profit before income tax** | | **2,341** | 490 | 1,398 | 1,499 | 3,249 |
| Income tax expense | 8 | **-86** | -86 | -186 | -220 | -186 |
| **Profit for the period** | | **2,255** | 404 | 1,212 | 1,279 | 3,063 |
| | | | | | | |
| **Attributable to:** | | | | | | |
| Owners of the parent | | **2,251** | 401 | 1,204 | 1,204 | 3,054 |
| Non-controlling interests | | **4** | 3 | 8 | 75 | 9 |
| | | **2,255** | 404 | 1,212 | 1,279 | 3,063 |
| | | | | | | |
| **Earnings per share (in € per share)** | | | | | | |
| Basic | | **2.53** | 0.45 | 1.36 | 1.36 | 3.44 |
| Diluted | | **2.53** | 0.45 | 1.36 | 1.36 | 3.44 |

| EUR million | Q1 2014 | Q1 2013 restated* | 2013 restated* | 2013 old | Last twelve months |
|---|---|---|---|---|---|
| **Comparable operating profit** | **477** | 524 | 1,403 | 1,607 | 1,356 |
| Non-recurring items (capital gains and losses) | **1,851** | 4 | 61 | 61 | 1,908 |
| Changes in fair values of derivatives hedging future cash flow | **9** | -48 | 21 | 21 | 78 |
| Nuclear fund adjustment | **-4** | -3 | 23 | 23 | 22 |
| Items affecting comparability | **1,856** | -47 | 106 | 105 | 2,009 |
| **Operating profit** | **2,333** | 477 | 1,508 | 1,712 | 3,364 |

**Comparative period information for 2013 presented in this interim statement has been restated due to the accounting change for Fortum Värme, see Note 2.*

## Condensed consolidated statement of comprehensive income

| EUR million | Q1 2014 | Q1 2013 restated | 2013 restated | 2013 old | Last twelve months |
|---|---|---|---|---|---|
| | | | | | |
| **Profit for the period** | **2,255** | 404 | 1,212 | 1,279 | 3,063 |
| | | | | | |
| **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 | **57** | -36 | 96 | 105 | 189 |
| Transfers to income statement | **-13** | -1 | -51 | -51 | -63 |
| Transfers to inventory/fixed assets | **-2** | 0 | -8 | -8 | -10 |
| Tax effect | **-9** | 9 | -6 | -8 | -24 |
| Net investment hedges | | | | | 0 |
| Fair value gains/losses in the period | **36** | 0 | 28 | 28 | 64 |
| Tax effect | **-7** | 0 | -7 | -7 | -14 |
| Available for sale financial assets | | | | | 0 |
| Fair value changes in the period | **0** | 0 | 0 | 0 | 0 |
| Exchange differences on translating foreign operations | **-235** | 63 | -478 | -496 | -776 |
| Share of other comprehensive income of associates | **1** | -2 | 42 | 39 | 45 |
| Other changes | **0** | 0 | 0 | 0 | 0 |
| | **-172** | 33 | -384 | -398 | -589 |
| **Items that will not be reclassified to profit or loss in subsequent periods** | | | | | |
| Actuarial gains/losses on defined benefit plans | **0** | 1 | 44 | 58 | 43 |
| Actuarial gains/losses on defined benefit plans in associates | **0** | 34 | 9 | 2 | -25 |
| | **0** | 35 | 53 | 60 | 18 |
| | | | | | |
| **Other comprehensive income for the period, net of tax** | **-172** | 68 | -331 | -338 | -571 |
| **Total comprehensive income for the year** | **2,083** | 473 | 882 | 941 | 2,492 |
| | | | | | |
| **Total comprehensive income attributable to** | | | | | |
| Owners of the parent | **2,083** | 469 | 881 | 881 | 2,495 |
| Non-controlling interests | **0** | 4 | 1 | 60 | -3 |
| | **2,083** | 473 | 882 | 941 | 2,492 |

## Condensed consolidated balance sheet

| EUR million | Note | March 31 2014 | March 31 2013 restated | Dec 31 2013 restated | Dec 31 2013 old | Jan 1 2013 restated |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| **Non-current assets** | | | | | | |
| Intangible assets | 10 | **381** | 428 | 384 | 392 | 427 |
| Property, plant and equipment | 11 | **12,536** | 14,480 | 12,849 | 15,201 | 14,235 |
| Participations in associates and joint ventures | 4, 12 | **2,374** | 2,504 | 2,341 | 1,905 | 2,373 |
| Share in State Nuclear Waste Management Fund | 15 | **750** | 684 | 744 | 744 | 678 |
| Other non-current assets | | **67** | 69 | 77 | 75 | 68 |
| Deferred tax assets | | **118** | 119 | 126 | 130 | 169 |
| Derivative financial instruments | 5 | **461** | 379 | 367 | 363 | 452 |
| Long-term interest-bearing receivables | 13 | **2,526** | 2,511 | 2,598 | 1,463 | 2,555 |
| **Total non-current assets** | | **19,213** | 21,175 | 19,486 | 20,273 | 20,958 |
| **Current assets** | | | | | | |
| Inventories | | **237** | 244 | 264 | 375 | 298 |
| Derivative financial instruments | 5 | **382** | 208 | 307 | 297 | 233 |
| Trade and other receivables | | **852** | 1,054 | 869 | 1,048 | 1,044 |
| Cash and cash equivalents | 14 | **2,989** | 1,716 | 1,250 | 1,254 | 961 |
| Assets held for sale | 6 | **0** | 0 | 1,173 | 1,173 | 0 |
| **Total current assets** | | **4,460** | 3,224 | 3,863 | 4,147 | 2,537 |
| **Total assets** | | **23,673** | 24,398 | 23,348 | 24,420 | 23,495 |
| **EQUITY** | | | | | | |
| **Equity attributable to owners of the parent** | | | | | | |
| Share capital | | **3,046** | 3,046 | 3,046 | 3,046 | 3,046 |
| Share premium | | **73** | 73 | 73 | 73 | 73 |
| Retained earnings | | **8,874** | 7,477 | 6,851 | 6,851 | 7,020 |
| Other equity components | | **116** | -94 | 54 | 54 | -99 |
| **Total** | | **12,109** | 10,502 | 10,024 | 10,024 | 10,039 |
| **Non-controlling interests** | | **97** | 111 | 101 | 638 | 108 |
| **Total equity** | | **12,207** | 10,613 | 10,124 | 10,662 | 10,147 |
| **LIABILITIES** | | | | | | |
| **Non-current liabilities** | | | | | | |
| Interest-bearing liabilities | 14 | **6,903** | 7,291 | 6,936 | 6,960 | 7,647 |
| Derivative financial instruments | 5 | **198** | 180 | 181 | 177 | 182 |
| Deferred tax liabilities | | **1,332** | 1,517 | 1,338 | 1,648 | 1,561 |
| Nuclear provisions | 15 | **750** | 684 | 744 | 744 | 678 |
| Other provisions | 16 | **95** | 193 | 94 | 103 | 199 |
| Pension obligations | | **49** | 121 | 50 | 65 | 120 |
| Other non-current liabilities | | **148** | 461 | 148 | 151 | 467 |
| **Total non-current liabilities** | | **9,475** | 10,446 | 9,492 | 9,848 | 10,854 |
| **Current liabilities** | | | | | | |
| Interest-bearing liabilities | 14 | **924** | 1,801 | 2,103 | 2,138 | 1,071 |
| Derivative financial instruments | 5 | **109** | 345 | 95 | 85 | 271 |
| Trade and other payables | | **958** | 1,191 | 994 | 1,147 | 1,152 |
| Liabilities related to assets held for sale | 6 | **0** | 0 | 540 | 540 | 0 |
| **Total current liabilities** | | **1,991** | 3,338 | 3,732 | 3,910 | 2,494 |
| **Total liabilities** | | **11,466** | 13,784 | 13,224 | 13,758 | 13,348 |
| **Total equity and liabilities** | | **23,673** | 24,398 | 23,348 | 24,420 | 23,495 |

## 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 | | | |
| **Total equity 31 December 2013** | **3,046** | **73** | **7,500** | **-649** | **66** | **-51** | **38** | **10,024** | **101** | **10,124** |
| Net profit for the period | | | 2,251 | | | | | 2,251 | 4 | 2,255 |
| Translation differences | | | | -230 | -1 | | | -231 | -4 | -235 |
| Other comprehensive income | | | | | 33 | 29 | 1 | 63 | | 63 |
| Total comprehensive income for the period | | | 2,251 | -230 | 32 | 29 | 1 | 2,083 | 0 | 2,083 |
| Other | | | 2 | | | | | 2 | -3 | -1 |
| **Total equity 31 March 2014** | **3,046** | **73** | **9,753** | **-879** | **98** | **-22** | **40** | **12,109** | **97** | **12,207** |
| | | | | | | | | | | |
| **Total equity 1 January 2013** | **3,046** | **73** | **7,193** | **-173** | **36** | **-118** | **-17** | **10,039** | **108** | **10,147** |
| Net profit for the period | | | 401 | | | | | 401 | 3 | 404 |
| Translation differences | | | | 62 | | -2 | 2 | 62 | 1 | 63 |
| Other comprehensive income | | | | | -28 | 1 | 32 | 6 | 0 | 6 |
| Total comprehensive income for the period | | | 401 | 62 | -28 | -1 | 34 | 469 | 4 | 473 |
| Other | | | -6 | | | | | -6 | -1 | -7 |
| **Total equity 31 March 2013** | **3,046** | **73** | **7,588** | **-111** | **8** | **-119** | **17** | **10,502** | **111** | **10,613** |
| | | | | | | | | | | |
| **Total equity 31 December 2012, as previously reported** | **3,046** | **73** | **7,193** | **-173** | **34** | **-133** | **0** | **10,040** | **603** | **10,643** |
| Change in accounting policy (Note 2) | | | | | 2 | 15 | -17 | -1 | -495 | -496 |
| **Total equity 1 January 2013** | **3,046** | **73** | **7,193** | **-173** | **36** | **-118** | **-17** | **10,039** | **108** | **10,147** |
| Net profit for the period | | | 1,204 | | | | | 1,204 | 8 | 1,212 |
| Translation differences | | | | -476 | -1 | 2 | 4 | -471 | -7 | -478 |
| Other comprehensive income | | | | | 31 | 65 | 51 | 148 | 0 | 148 |
| Total comprehensive income for the period | | | 1,204 | -476 | 30 | 67 | 55 | 881 | 1 | 882 |
| Cash dividend | | | -888 | | | | | -888 | | -888 |
| Dividends to non-controlling interests | | | | | | | | 0 | -3 | -3 |
| Changes due to business combinations | | | 1 | | | | | 1 | | 1 |
| Other | | | -10 | | | | | -10 | -5 | -15 |
| **Total equity 31 December 2013** | **3,046** | **73** | **7,500** | **-649** | **66** | **-51** | **38** | **10,024** | **101** | **10,124** |

### Translation differences

Translation differences impacted equity attributable to owners of the parent company with EUR -231 million during Q1 2014 (Q1 2013: 62). Translation differences are mainly related to RUB amounting to EUR -230 million in Q1 2014 (Q1 2013 mainly related to RUB and SEK: 77).

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 7 Exchange rates.

### Cash flow hedges

The impact on equity attributable to owners of the parent from fair valuation of cash flow hedges, EUR 32 million during Q1 2014 (Q1 2013: -28), 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 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. These Financial statements do not reflect this dividend. The dividend was paid on 22 April 2014.

The dividend in respect of 2012 of EUR 1.00 per share, amounting to a total of EUR 888 million, was decided at the Annual General Meeting on 9 April 2013. The dividend was paid on 19 April 2013.

## Condensed consolidated cash flow statement

| EUR million | Q1 2014 | Q1 2013 restated | 2013 restated | 2013 old | Last twelve months restated |
|---|---|---|---|---|---|
| **Cash flow from operating activities** | | | | | |
| **Net profit for the period** | **2,255** | 404 | 1,212 | 1,279 | 3,063 |
| **Adjustments:** | | | | | |
| Income tax expenses | **86** | 86 | 186 | 220 | 186 |
| Finance costs - net | **64** | 65 | 289 | 318 | 288 |
| Share of profit of associates and joint ventures | **-72** | -78 | -178 | -105 | -172 |
| Depreciation, amortisation and impairment charges | **149** | 140 | 620 | 740 | 629 |
| **Operating profit before depreciations (EBITDA)** | **2,483** | 617 | 2,129 | 2,452 | 3,995 |
| Non-cash flow items and divesting activities | **-1,864** | 26 | -262 | -260 | -2,152 |
| Interest received | **27** | 12 | 62 | 28 | 77 |
| Interest paid | **-128** | -115 | -371 | -374 | -384 |
| Dividends received | **1** | 2 | 74 | 50 | 73 |
| Realised foreign exchange gains and losses and other financial items | **76** | -109 | 47 | 46 | 232 |
| Taxes | **-29** | -31 | -210 | -229 | -208 |
| **Funds from operations** | **567** | 402 | 1,469 | 1,713 | 1,634 |
| Change in working capital | **0** | 65 | 79 | 123 | 14 |
| **Total net cash from operating activities** | **566** | 467 | 1,548 | 1,836 | 1,647 |
| | | | | | |
| **Cash flow from investing activities** | | | | | |
| Capital expenditures | **-162** | -210 | -1,004 | -1,271 | -956 |
| Acquisitions of shares | **-1** | -1 | -15 | -15 | -15 |
| Proceeds from sales of fixed assets | **2** | 2 | 66 | 66 | 66 |
| Divestments of shares | **2,425** | 13 | 122 | 122 | 2,534 |
| Proceeds from the interest-bearing receivables relating to divestments | **77** | 22 | 22 | 22 | 77 |
| Shareholder loans to associated companies and joint ventures | **46** | 107 | -136 | -136 | -197 |
| Change in other interest-bearing receivables | **1** | 0 | 2 | 2 | 3 |
| **Total net cash used in investing activities** | **2,387** | -67 | -944 | -1,210 | 1,510 |
| | | | | | |
| **Cash flow before financing activities** | **2,953** | 400 | 604 | 626 | 3,157 |
| | | | | | |
| **Cash flow from financing activities** | | | | | |
| Proceeds from long-term liabilities | **47** | 379 | 781 | 790 | 449 |
| Payments of long-term liabilities | **-773** | -3 | -636 | -642 | -1,406 |
| Change in short-term liabilities | **-494** | -22 | 438 | 438 | -34 |
| Dividends paid to the owners of the parent | **0** | 0 | -888 | -888 | -888 |
| Other financing items | **-1** | -1 | 22 | -2 | 22 |
| **Total net cash used in financing activities** | **-1,220** | 353 | -284 | -304 | -1,857 |
| | | | | | |
| **Total net increase(+) / decrease(-) in cash and cash equivalents** | **1,734** | 752 | 320 | 322 | 1,302 |
| | | | | | |
| **Cash and cash equivalents at the beginning of the period** | **1,265** | 961 | 961 | 963 | 1,265 |
| **Foreign exchange differences in cash and cash equivalents** | **-10** | 3 | -17 | -16 | -30 |
| **Cash and cash equivalents at the end of the period** [1)] | **2,989** | 1,716 | 1,265 | 1,269 | 2,538 |

[1)] Including cash balances of EUR 15 million relating to assets held for sale as of 31 December 2013.

### Non-cash flow items and divesting activities

Non-cash flow items and divesting activities mainly consist of capital gains EUR -1,851 million (Q1 2013: -4) and adjustments for unrealised fair value changes of derivatives EUR -11 million (Q1 2013: 47). 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 74 million for Q1 2014 (Q1 2013: -108) 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 for rollover of foreign exchange contracts hedging the internal loans as major part of these forwards is entered into with short maturities i.e. less than twelve months.

## Additional cash flow information

### Change in working capital

| EUR million | Q1 2014 | Q1 2013 restated | 2013 restated | 2013 old | Last twelve months |
|---|---|---|---|---|---|
| Change in interest-free receivables, decrease (+)/increase (-) | **-49** | -26 | 92 | 123 | 69 |
| Change in inventories, decrease (+)/increase (-) | **24** | 54 | 24 | 39 | -6 |
| Change in interest-free liabilities, decrease (-)/increase (+) | **25** | 36 | -37 | -39 | -48 |
| **Total** | **0** | 65 | 79 | 123 | 14 |

### Capital expenditure in cash flow

| EUR million | Q1 2014 | Q1 2013 restated | 2013 restated | 2013 old | Last twelve months |
|---|---|---|---|---|---|
| Capital expenditure | **134** | 181 | 1,005 | 1,284 | 958 |
| Change in not yet paid investments, decrease(+)/increase(-) | **38** | 52 | 60 | 56 | 46 |
| Capitalised borrowing costs | **-10** | -23 | -60 | -69 | -47 |
| **Total** | **162** | 210 | 1,004 | 1,271 | 956 |

Capital expenditures for intangible assets and property, plant and equipment were in Q1 2014 EUR 134 million (Q1 2013: 181). Capital expenditure in cash flow in Q1 2014 EUR 162 million (Q1 2013: 210) is without not yet paid investments i.e. change in trade payables related to investments EUR -38 million (Q1 2013: -52) and capitalised borrowing costs EUR 10 million (Q1 2013: 23), which are presented in interest paid.

### Acquisition of shares in cash flow

Acquisition of shares, net of cash acquired, amounted to EUR 1 million during Q1 2014 (Q1 2013: 1).

### Divestment of shares in cash flow

| EUR million | Q1 2014 | Q1 2013 restated | 2013 restated | 2013 old | Last twelve months |
|---|---|---|---|---|---|
| Proceeds from sales of subsidiaries, net of cash disposed | **2,424** | 13 | 22 | 22 | 2,433 |
| Proceeds from sales of associates | **1** | 0 | 100 | 100 | 101 |
| Proceeds from available for sale financial assets | **0** | 0 | 0 | 0 | 0 |
| **Total** | **2,425** | 13 | 122 | 122 | 2,534 |

Gross divestment of shares totalled EUR 2,502 million in Q1 2014 (Q1 2013: 35) including interest-bearing debt in sold subsidiaries of EUR 77 million (Q1 2013: 22), see Note 6. Proceeds from divestments of shares totalled EUR 2,425 million in Q1 2014 (Q1 2013: 13) relating mostly to divestment of Finnish electricity distribution business.

## Change in net debt

| EUR million | Q1 2014 | Q1 2013 restated | 2013 restated | 2013 old | Last twelve months |
|---|---|---|---|---|---|
| **Net debt beginning of the period** | **7,793** | 7,757 | 7,757 | 7,814 | 7,376 |
| Foreign exchange rate differences | **-23** | 56 | -106 | -110 | -185 |
| EBITDA | **2,483** | 617 | 2,129 | 2,452 | 3,995 |
| Paid net financial costs, taxes and adjustments for non-cash and divestment items | **-1,917** | -215 | -660 | -739 | -2,362 |
| Change in working capital | **0** | 65 | 79 | 123 | 14 |
| Capital expenditures | **-162** | -210 | -1,004 | -1,271 | -956 |
| Acquisitions | **-1** | -1 | -15 | -15 | -15 |
| Divestments | **2,427** | 15 | 188 | 188 | 2,600 |
| Proceeds from the interest-bearing receivables relating to divestments | **77** | 22 | 22 | 22 | 77 |
| Shareholder loans to associated companies | **46** | 107 | -136 | -136 | -197 |
| Change in other interest-bearing receivables | **1** | 0 | 2 | 2 | 3 |
| Dividends | **0** | 0 | -888 | -888 | -888 |
| Other financing activities | **-1** | -1 | 22 | -2 | 22 |
| Net cash flow (- increase in net debt) | **2,953** | 399 | -261 | -264 | 2,293 |
| Fair value change of bonds, amortised cost valuation and other | **21** | -38 | -119 | -119 | -60 |
| **Net debt end of the period** | **4,838** | 7,376 | 7,793 | 7,849 | 4,838 |

## Key ratios

| | March 31 2014 | March 31 2013 restated | Dec 31 2013 restated | Dec 31 2013 old | Last twelve months |
|---|---|---|---|---|---|
| EBITDA, EUR million | 2,483 | 617 | 2,129 | 2,452 | **3,995** |
| Comparable EBITDA, EUR million | 627 | 664 | 1,975 | 2,299 | **1,938** |
| Earnings per share (basic), EUR | 2.53 | 0.45 | 1.36 | 1.36 | **3.44** |
| Capital employed, EUR million | 20,033 | 19,705 | 19,183 | 19,780 | **20,033** |
| Interest-bearing net debt, EUR million | 4,838 | 7,376 | 7,793 | 7,849 | **4,838** |
| Interest-bearing net debt without Värme financing, EUR million | 3,765 | 6,275 | 6,658 | | **3,765** |
| Capital expenditure and gross investments in shares, EUR million | 135 | 182 | 1,020 | 1,299 | **973** |
| Capital expenditure, EUR million | 134 | 181 | 1,005 | 1,284 | **958** |
| Return on capital employed, % [1)] | 20.8 | 12.4 | 9.0 | 9.2 | **17.9** |
| Return on shareholders' equity, % [1)] | 30.9 | 16.9 | 12.0 | 12.0 | **26.8** |
| Net debt / EBITDA [1)] | 1.1 | 2.8 | 3.7 | 3.2 | **1.2** |
| Comparable net debt / EBITDA [1)] | 1.9 | 2.8 | 3.9 | 3.4 | **2.5** |
| Comparable net debt / EBITDA without Värme financing [1)] | 1.5 | 2.4 | 3.4 | | **1.9** |
| Interest coverage | 45.6 | 9.3 | 6.7 | 6.8 | **14.9** |
| Interest coverage including capitalised borrowing costs | 38.1 | 6.4 | 5.3 | 5.3 | **12.3** |
| Funds from operations/interest-bearing net debt, % [1)] | 42.3 | 26.2 | 18.8 | 21.8 | **33.8** |
| Funds from operations/interest-bearing net debt without Värme financing, % [1)] | 54.4 | 30.8 | 22.1 | | **43.4** |
| Gearing, % | **40** | 69 | 77 | 74 | |
| Equity per share, EUR | **13.63** | 11.82 | 11.28 | 11.28 | |
| Equity-to-assets ratio, % | **52** | 43 | 43 | 44 | |
| Number of employees | **8,770** | 9,591 | 9,186 | 9,886 | |
| Average number of employees | **9,054** | 9,606 | 9,532 | 10,246 | |
| Average number of shares, 1 000 shares | **888,367** | 888,367 | 888,367 | 888,367 | |
| Diluted adjusted average number of shares, 1 000 shares | **888,367** | 888,367 | 888,367 | 888,367 | |
| Number of registered shares, 1 000 shares | **888,367** | 888,367 | 888,367 | 888,367 | |

1) Quarterly figures are annualised except items affecting comparability.
For definitions, see Note 24.

# 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 2013.

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 2013 except for the policies and presentation described below.

### Adoption of new IFRS standards from 1 Jan 2014

***Change in accounting for Fortum Värme***

As disclosed in the consolidated financial statements for the year 2013 Fortum has applied the new *IFRS 10 Consolidated financial statements* and *IFRS 11 Joint arrangements* from 1 January 2014 onwards. IFRS 10 builds on the principle of identifying the concept of control as the determining factor whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 11 replaces IAS 31 Interests in joint ventures. Joint control under IFRS 11 is defined as the contractual sharing of control of an arrangement, which exists only when the decisions about the relevant activities require unanimous consent of the parties sharing control.

The effect of applying the new standards to Fortum Group financial information relates to AB Fortum Värme samägt med Stockholm Stad (Fortum Värme), that is treated as a joint venture and thus consolidated with equity method from 1 January 2014 onwards. Fortum Värme is a district heating company producing heat and power with CHP plants in Stockholm area. Before the change the company was consolidated as a subsidiary with 50% minority interest.

In the restated income statement for 2013 the effect of Fortum Värme is included in the share of profits in associates and joint ventures amounting to EUR 73 million and in the restated balance sheet for 2013 the participation in Fortum Värme is included in the participations in associates and joint ventures. At the year-end Fortum Oyj and its subsidiaries had given loans to Fortum Värme which are presented as long-term interest-bearing receivables, approximately EUR 1.1 billion, in the restated balance sheet. There is a plan targeting to gradually refinance those shareholder loans with external financing by the end of 2015.

Restatement does not have any or only limited effect on Fortum's key ratios such as earnings per share, return on capital employed and return on shareholders' equity. The current financing arrangement effects the restated comparable net debt to EBITDA ratio negatively, increase from 3.4 to 3.9 at the end of 2013, due to Fortum's definition of net debt where interest-bearing receivables are not deducted from net debt. The effect will decrease as Fortum's shareholder loans are replaced with external financing. Comparable net debt to EBITDA ratio at December 2013 would have been 3.4, if the interest-bearing receivables from Fortum Värme were deducted from net debt.

Restated quarterly information for 2013 (including effects for primary statements and segment information) is presented in the attachement to this interim report. The following tables, included also in  the consolidated financial statements for the year ended 31 December 2013, summarize the impact of restatement to income statement, balance sheet and key ratios.

***Impact on income statement for 2013***

| EUR million | Fortum Group with Värme as subsidiary | Fortum Group restated Värme as joint venture | Change |
|---|---|---|---|
| Sales | 6,056 | 5,309 | -747 |
| Other income | 94 | 93 | -1 |
| Materials and services | -2,533 | -2,270 | 263 |
| Employee benefit costs | -529 | -460 | 69 |
| Depreciation, amortisation and impairment charges | -740 | -621 | 119 |
| Other expenses | -741 | -648 | 93 |
| **Comparable operating profit** | **1,607** | **1,403** | **-204** |
| Items affecting comparability | 105 | 106 | 1 |
| **Operating profit** | **1,712** | **1,508** | **-204** |
| Share of profits in associates and joint ventures | 105 | 178 | 73 |
| Finance costs - net | -318 | -289 | 29 |
| **Profit before income taxes** | **1,499** | **1,398** | **-101** |
| Income taxes | -220 | -186 | 34 |
| **Profit for the period** | **1,279** | **1,212** | **-67** |
| Non-controlling interests | -75 | -8 | 67 |
| **Net profit for the period, owners of the parent** | **1,204** | **1,204** | **0** |
| | | | |
| **Earnings per share, EUR** | **1.36** | **1.36** | 0 |

***Impact on balance sheet as of 31 December 2013***

| EUR million | Fortum Group with Värme as subsidiary | Fortum Group restated Värme as joint venture | Change |
|---|---|---|---|
| **ASSETS** | | | |
| Intangible assets | 392 | 384 | -8 |
| Property, plant and equipement | 15,201 | 12,849 | -2,352 |
| Shares in associated companies and joint ventures | 1,905 | 2,341 | 436 |
| Long-term interest-bearing receivables | 1,463 | 2,598 | 1,135 |
| Other non-current assets | 1,312 | 1,314 | 2 |
| **Total non-current assets** | **20,273** | **19,486** | **-787** |
| Inventories, total | 375 | 264 | -111 |
| Trade and other receivables | 2,518 | 2,349 | -169 |
| Liquid funds | 1,254 | 1,250 | -4 |
| **Total current assets** | **4,147** | **3,863** | **-284** |
| **Total assets** | **24,420** | **23,348** | **-1,072** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | 3,046 | 3,046 | 0 |
| Other equity | 6,978 | 6,978 | 0 |
| **Total** | **10,024** | **10,024** | **0** |
| Non-controlling interests | 638 | 101 | -537 |
| **Total equity** | **10,662** | **10,124** | **-538** |
| Interest-bearing liabilities | 9,098 | 9,039 | -59 |
| Deferred tax liabilities | 1,648 | 1,338 | -310 |
| Other interest-free liabilities | 3,012 | 2,847 | -165 |
| **Total liabilities** | **13,758** | **13,224** | **-534** |
| **Total liabilities and equity** | **24,420** | **23,348** | **-1,072** |

*Impact on key ratios for 2013*

| EUR million | Fortum Group with Värme as subsidiary | Fortum Group restated Värme as joint venture | Change |
|---|---|---|---|
| Comparable EBITDA, EUR million | 2,299 | 1,975 | -324 |
| Earnings per share (basic), EUR | 1.36 | 1.36 | 0.00 |
| | | | |
| Capital expenditure, EUR million | 1,284 | 1,005 | -279 |
| | | | |
| Capital employed, EUR million | 19,780 | 19,183 | -597 |
| Interest-bearing net debt, EUR million | 7,849 | 7,793 | -56 |
| Interest-bearing net debt without Värme financing, EUR million | 7,849 | 6,658 | -1,191 |
| | | | |
| Return on capital employed, % | 9.2 | 9.0 | -0.2 |
| Return on shareholders' equity, % | 12.0 | 12.0 | 0.0 |
| Comparable net debt / EBITDA | 3.4 | 3.9 | 0.5 |
| Comparable net debt / EBITDA without Värme financing | 3.4 | 3.4 | 0.0 |

## 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.

In preparing these interim financial statements, the significant judgements made by management in 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 as at and for the year ended 31 December 2013.

## 4. Segment information

Fortum renewed its business structure as of 1 March 2014. The reorganisation lead to a change in Fortum's external financial reporting structure as previously separately reported segments Heat and Electricity Sales are now combined into one segment: Heat, Electricity Sales and Solutions. Reorganisation had also some minor changes to the composition of the segments mainly due to the transfer of certain centralised functions to the business areas. Fortum reports its 2014 first quarter financial results according to the new structure.  The reportable segments under IFRS have been renamed correspondingly.

The four reporting segments and their business divisions are as follows:
- 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 Hydro power and technology and Nuclear and thermal power.
- Heat, Electricity Sales and Solutions comprises of Fortum's combined heat and power (CHP) production, district heating activities and business to business heating solutions, solar business, electricity sales and related customer offering and corporate sustainability.
- Russia comprises of Fortum's activities in Russia.
- Distribution comprises of Fortum's electricity distribution activities.

Please see the attachment to this interim report for the quarterly segment information 2013 revised based on the new business structure.

| Sales<br>EUR million | Q1 2014 | Q1 2013 | 2013 | Last twelve months |
|---|---|---|---|---|
| Power sales excluding indirect taxes | **843** | 972 | 3,284 | 3,155 |
| Heating sales | **289** | 324 | 828 | 793 |
| Network transmissions | **287** | 332 | 1,024 | 979 |
| Other sales | **54** | 26 | 173 | 201 |
| **Total** | **1,473** | 1,654 | 5,309 | 5,128 |

| Sales by segment<br>EUR million | Q1<br>2014 | Q1<br>2013 | 2013 | Last twelve months |
|---|---|---|---|---|
| Power and Technology[1)] | **586** | 665 | 2,252 | 2,173 |
| *- of which internal* | ***39*** | *22* | *69* | *86* |
| Heat, Electricity Sales and Solutions[1)] | **446** | 531 | 1,516 | 1,431 |
| *- of which internal* | ***18*** | *31* | *87* | *74* |
| Russia | **333** | 344 | 1,119 | 1,108 |
| *- of which internal* | ***0*** | *0* | *0* | *0* |
| Distribution | **300** | 339 | 1,064 | 1,025 |
| *- of which internal* | ***4*** | *4* | *19* | *19* |
| Other [1)] | **14** | 15 | 63 | 62 |
| *- of which internal* | ***12*** | *12* | *54* | *54* |
| Netting of Nord Pool transactions [2)] | **-133** | -171 | -478 | -440 |
| *Eliminations* | ***-72*** | *-70* | *-228* | -230 |
| **Total** | **1,473** | 1,654 | 5,309 | 5,128 |

[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.

| Comparable operating profit by segment<br>EUR million | Q1<br>2014 | Q1<br>2013 | 2013 | Last twelve months |
|---|---|---|---|---|
| Power and Technology | **251** | 303 | 859 | 807 |
| Heat, Electricity Sales and Solutions | **48** | 57 | 109 | 100 |
| Russia | **73** | 41 | 156 | 188 |
| Distribution | **119** | 137 | 332 | 314 |
| Other | **-14** | -14 | -54 | -54 |
| **Total** | **477** | 524 | 1,403 | 1,356 |

| Operating profit by segment<br>EUR million | Q1<br>2014 | Q1<br>2013 | 2013 | Last twelve months |
|---|---|---|---|---|
| Power and Technology | **262** | 263 | 922 | 921 |
| Heat, Electricity Sales and Solutions | **45** | 51 | 134 | 128 |
| Russia | **73** | 40 | 156 | 189 |
| Distribution | **1,968** | 136 | 349 | 2,181 |
| Other | -14 | -14 | -53 | -53 |
| **Total** | **2,333** | 477 | 1,508 | 3,364 |

| Non-recurring items by segment<br>EUR million | Q1<br>2014 | Q1<br>2013 | 2013 | Last twelve months |
|---|---|---|---|---|
| Power and Technology | **1** | 5 | 25 | 21 |
| Heat, Electricity Sales and Solutions | **1** | 0 | 18 | 19 |
| Russia | **0** | 0 | 0 | 0 |
| Distribution | **1,850** | 0 | 17 | 1,867 |
| Other | **0** | 0 | 1 | 1 |
| **Total** | **1,851** | 4 | 61 | 1,908 |

Non-recurring items in Distribution segment in Q1 include a gain of approximately EUR 1.85 billion from the sale of Finnish electricity distribution business.

## Other items affecting comparability by segment

| EUR million | Q1 2014 | Q1 2013 | 2013 | Last twelve months |
|---|---|---|---|---|
| Power and Technology [1)] | **10** | -45 | 38 | 93 |
| Heat, Electricity Sales and Solutions | **-4** | -6 | 7 | 9 |
| Russia | **0** | 0 | 0 | 0 |
| Distribution | **-1** | -1 | 0 | 0 |
| Other | **0** | 1 | 1 | 0 |
| **Total** | **5** | -51 | 45 | 101 |
| [1)] Including effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund with (EUR million): | **-4** | -3 | 23 | 22 |

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.

## Comparable EBITDA by segment

| EUR million | Q1 2014 | Q1 2013 | 2013 | Last twelve months |
|---|---|---|---|---|
| Power and Technology | **282** | 334 | 1,007 | 955 |
| Heat, Electricity Sales and Solutions | **74** | 81 | 211 | 204 |
| Russia | **113** | 71 | 258 | 300 |
| Distribution | **171** | 191 | 548 | 528 |
| Other | **-13** | -13 | -49 | -49 |
| **Total** | **627** | 664 | 1,975 | 1,938 |

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

## Depreciation, amortisation and impairment charges by segment

| EUR million | Q1 2014 | Q1 2013 | 2013 | Last twelve months |
|---|---|---|---|---|
| Power and Technology [1)] | **31** | 31 | 148 | 148 |
| Heat, Electricity Sales and Solutions | **25** | 23 | 102 | 104 |
| Russia | **40** | 31 | 150 | 159 |
| Distribution | **52** | 54 | 216 | 214 |
| Other | **1** | 1 | 5 | 5 |
| **Total** | **150** | 140 | 621 | 631 |

[1)] Including EUR 20 million impairment loss relating to Inkoo power plant in 2013.

## Share of profit/loss in associates and joint ventures by segment

| EUR million | Q1 2014 | Q1 2013 | 2013 | Last twelve months |
|---|---|---|---|---|
| Power and Technology [1), 2)] | **-10** | -11 | 4 | 5 |
| Heat, Electricity Sales and Solutions | **57** | 58 | 91 | 90 |
| Russia | **14** | 19 | 46 | 41 |
| Distribution | **3** | 3 | 4 | 4 |
| Other | **9** | 10 | 32 | 31 |
| **Total** | **72** | 78 | 178 | 172 |
| [1)] Including effects from the accounting of Fortum's associates part of Finnish and Swedish Nuclear Waste Management Funds with (EUR million): | **-2** | -2 | -6 | -6 |

[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.

**Participation in associates and joint ventures by segment**

| EUR million | March 31 2014 | March 31 2013 | Dec 31 2013 |
|---|---|---|---|
| Power and Technology | **882** | 913 | 896 |
| Heat, Electricity Sales and Solutions | **532** | 620 | 592 |
| Russia | **444** | 502 | 463 |
| Distribution | **54** | 97 | 52 |
| Other | **463** | 371 | 339 |
| **Total** | **2,374** | 2,504 | 2,341 |

See Note 12 for information on participation in associates and joint ventures and Note 6 for information on associated company divestments.

**Capital expenditure by segment**

| EUR million | Q1 2014 | Q1 2013 | 2013 | Last twelve months |
|---|---|---|---|---|
| Power and Technology | **35** | 26 | 179 | 188 |
| Heat, Electricity Sales and Solutions | **13** | 33 | 123 | 103 |
| Russia | **58** | 71 | 435 | 422 |
| Distribution | **25** | 49 | 255 | 231 |
| Other | **3** | 1 | 12 | 14 |
| **Total** | **134** | 181 | 1,005 | 958 |
| | | | | |
| Of which capitalised borrowing costs | **10** | 23 | 60 | 47 |

**Gross investments in shares by segment**

| EUR million | Q1 2014 | Q1 2013 | 2013 | Last twelve months |
|---|---|---|---|---|
| Power and Technology | **0** | 0 | 2 | 2 |
| Heat, Electricity Sales and Solutions | **0** | 0 | 11 | 11 |
| Russia | **1** | 0 | 0 | 1 |
| Distribution | **0** | 0 | 0 | 0 |
| Other | **0** | 0 | 2 | 2 |
| **Total** | **1** | 1 | 15 | 15 |

**Gross divestments of shares by segment**

| EUR million | Q1 2014 | Q1 2013 | 2013 | Last twelve months |
|---|---|---|---|---|
| Power and Technology | **1** | 35 | 79 | 45 |
| Heat, Electricity Sales and Solutions | **0** | 0 | 11 | 11 |
| Russia | **0** | 0 | 0 | 0 |
| Distribution | **2,501** | 0 | 52 | 2,553 |
| Other | **0** | 0 | 0 | 0 |
| **Total** | **2,502** | 35 | 142 | 2,609 |

See Note 6 and additional cash flow information for more information about gross divestment in shares.

**Net assets by segment**

| EUR million | March 31 2014 | March 31 2013 | Dec 31 2013 |
|---|---|---|---|
| Power and Technology | **6,276** | 6,421 | 6,355 |
| Heat, Electricity Sales and Solutions | **2,365** | 2,408 | 2,295 |
| Russia | **3,619** | 3,998 | 3,846 |
| Distribution | **2,872** | 3,941 | 3,745 |
| Other | **374** | 115 | 295 |
| **Total** | **15,505** | 16,882 | 16,537 |

| Comparable return on net assets by segment<br>% | Last twelve months | Dec 31 2013 |
|---|---|---|
| Power and Technology | 13.0 | 13.8 |
| Heat, Electricity Sales and Solutions | 8.2 | 8.7 |
| Russia | 6.0 | 5.2 |
| Distribution | 8.8 | 8.8 |
| Other | -30.2 | -6.9 |

| Return on net assets by segment<br>% | Last twelve months | Dec 31 2013 |
|---|---|---|
| Power and Technology | 14.6 | 14.5 |
| Heat, Electricity Sales and Solutions | 9.4 | 9.7 |
| Russia | 6.0 | 5.2 |
| Distribution[1)] | 60.5 | 9.3 |
| Other | -7.6 | -8.5 |

[1)] LTM figure impacted by capital gain (see Note 6).

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<br>EUR million | **March 31 2014** | March 31 2013 | Dec 31 2013 |
|---|---|---|---|
| Power and Technology | **7,300** | 7,508 | 7,366 |
| Heat, Electricity Sales and Solutions | **2,962** | 3,017 | 2,860 |
| Russia | **3,893** | 4,450 | 4,150 |
| Distribution | **3,012** | 4,485 | 4,271 |
| Other | **485** | 475 | 437 |
| Eliminations | **-244** | -348 | -293 |
| **Assets included in net assets** | **17,407** | 19,587 | 18,791 |
| Interest-bearing receivables | **2,531** | 2,506 | 2,477 |
| Deferred taxes | **118** | 119 | 126 |
| Other assets [1)] | **628** | 470 | 704 |
| Cash and cash equivalents | **2,989** | 1,716 | 1,250 |
| **Total assets** | **23,673** | 24,398 | 23,348 |

[1)]Other assets 31 December 2013 includes cash, EUR 15 million, included in assets held for sale.

| Liabilities by segments<br>EUR million | **March 31 2014** | March 31 2013 | Dec 31 2013 |
|---|---|---|---|
| Power and Technology | **1,024** | 1,088 | 1,010 |
| Heat, Electricity Sales and Solutions | **597** | 609 | 565 |
| Russia | **275** | 452 | 304 |
| Distribution | **140** | 544 | 526 |
| Other | **111** | 360 | 142 |
| Eliminations | **-244** | -348 | -293 |
| **Liabilities included in net assets** | **1,902** | 2,705 | 2,254 |
| Deferred tax liabilities | **1,332** | 1,517 | 1,338 |
| Other liabilities | **406** | 470 | 573 |
| **Total liabilities included in capital employed** | **3,640** | 4,691 | 4,166 |
| Interest-bearing liabilities[1)] | **7,827** | 9,092 | 9,058 |
| Total equity | **12,207** | 10,613 | 10,124 |
| **Total equity and liabilities** | **23,673** | 24,398 | 23,348 |

[1)]Interest-bearing liabilities 31 December 2013 includes interest-bearing liabilities, EUR 20 million, included in Liabilities related to assets held for sale.

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 | March 31 2014 | March 31 2013 | Dec 31 2013 |
|---|---|---|---|
| Power and Technology | **1,672** | 1,899 | 1,723 |
| Heat, Electricity Sales and Solutions | **1,960** | 2,086 | 1,968 |
| Russia | **4,169** | 4,284 | 4,162 |
| Distribution | **466** | 765 | 805 |
| Other | **503** | 557 | 528 |
| **Total** | **8,770** | 9,591 | 9,186 |

| Average number of employees | Q1 2014 | Q1 2013 | 2013 |
|---|---|---|---|
| Power and Technology | **1,695** | 1,922 | 1,900 |
| Heat, Electricity Sales and Solutions | **1,952** | 2,095 | 2,051 |
| Russia | **4,165** | 4,268 | 4,245 |
| Distribution | **719** | 761 | 786 |
| Other | **524** | 560 | 550 |
| **Total** | **9,054** | 9,606 | 9,532 |

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

## 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 2013.

### 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 2013, in Note 17 Financial assets and liabilities by fair value hierarchy*

### Financial assets

| | Level 1 | | | Level 2 | | | Level 3 | | | Netting [2] | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EUR million | Mar 31 2014 | Mar 31 2013 | Dec 31 2013 | Mar 31 2014 | Mar 31 2013 | Dec 31 2013 | Mar 31 2014 | Mar 31 2013 | Dec 31 2013 | Mar 31 2014 | Mar 31 2013 | Dec 31 2013 | Mar 31 2014 | Mar 31 2013 | Dec 31 2013 |
| **In non-current assets** | | | | | | | | | | | | | | | |
| Available for sale financial assets [1] | **1** | 1 | 1 | | | | **29** | 30 | 30 | | | | **30** | 31 | 31 |
| Derivative financial instruments | | | | | | | | | | | | | | | |
| Electricity derivatives | | | | | | | | | | | | | | | |
| Hedge accounting | | | | **64** | 46 | 54 | | | | **-12** | -18 | -12 | **52** | 28 | 42 |
| Non-hedge accounting | | | | **110** | 54 | 71 | | | | **-44** | -23 | -28 | **66** | 32 | 43 |
| derivatives | | | | | | | | | | | | | | | |
| Hedge accounting | | | | **165** | 169 | 94 | | | | | | | **165** | 169 | 94 |
| Non-hedge accounting | | | | **171** | 129 | 186 | | | | | | | **171** | 129 | 186 |
| Oil and other futures and forward contracts | | | | | | | | | | | | | | | |
| Hedge accounting | | | | | | | | | | | | | **0** | 0 | 0 |
| Non-hedge accounting | **7** | 35 | 3 | **1** | 1 | | | | | | -14 | | **8** | 21 | 3 |
| **Total in non-current assets** | **8** | 36 | 4 | **511** | 399 | 405 | **29** | 30 | 30 | **-56** | -55 | -40 | **492** | 410 | 399 |
| **In current assets** | | | | | | | | | | | | | | | |
| Derivative financial instruments | | | | | | | | | | | | | | | |
| Electricity derivatives | | | | | | | | | | | | | | | |
| Hedge accounting | | | | **165** | 46 | 127 | | | | **-25** | -32 | -23 | **140** | 14 | 104 |
| Non-hedge accounting | **2** | 17 | 2 | **278** | 146 | 250 | | | | **-177** | -103 | -164 | **103** | 60 | 88 |
| derivatives | | | | | | | | | | | | | | | |
| Hedge accounting | | | | **6** | 8 | 5 | | | | | | | **6** | 8 | 5 |
| Non-hedge accounting | | | | **72** | 43 | 80 | | | | | | | **72** | 43 | 80 |
| Oil and other futures and forward contracts | | | | | | | | | | | | | | | |
| Hedge accounting | | 3 | 1 | | | | | | | **0** | | -1 | **0** | 3 | 0 |
| Non-hedge accounting | **64** | 235 | 59 | | | 2 | | | | **-2** | -154 | -32 | **62** | 81 | 29 |
| **Total in current assets** | **66** | 255 | 62 | **521** | 243 | 464 | **0** | 0 | 0 | **-204** | -289 | -220 | **382** | 208 | 307 |
| **Total** | **74** | 291 | 66 | **1,032** | 642 | 869 | **29** | 30 | 30 | **-260** | -344 | -260 | **874** | 618 | 706 |

## Financial liabilities

| | Level 1 | | | Level 2 | | | Level 3 | | | Netting [2] | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EUR million** | Mar 31 2014 | Mar 31 2013 | Dec 31 2013 | Mar 31 2014 | Mar 31 2013 | Dec 31 2013 | Mar 31 2014 | Mar 31 2013 | Dec 31 2013 | Mar 31 2014 | Mar 31 2013 | Dec 31 2013 | Mar 31 2014 | Mar 31 2013 | Dec 31 2013 |
| **In non-current liabilities** | | | | | | | | | | | | | | | |
| Interest-bearing liabilities [3] | | | | **1,196** | 1,766 | 1,299 | | | | | | | **1,196** | 1,766 | 1,299 |
| Derivative financial instruments | | | | | | | | | | | | | | | |
| Electricity derivatives | | | | | | | | | | | | | | | |
| Hedge accounting | | | | **20** | 24 | 19 | | | | **-12** | -18 | -12 | **8** | 6 | 7 |
| Non-hedge accounting | | 1 | | **97** | 33 | 58 | | | | **-44** | -23 | -28 | **53** | 11 | 30 |
| Interest rate and currency derivatives | | | | | | | | | | | | | | | |
| Hedge accounting | | | | **69** | 60 | 72 | | | | | | | **69** | 60 | 72 |
| Non-hedge accounting | | | | **63** | 98 | 71 | | | | | | | **63** | 98 | 71 |
| Oil and other futures and forward contracts | | | | | | | | | | | | | | | |
| Non-hedge accounting | **5** | 19 | 2 | | | | | | | | -14 | | **5** | 5 | 2 |
| **Total in non-current liabilities** | **5** | 20 | 2 | **1,445** | 1,981 | 1,519 | **0** | 0 | 0 | **-56** | -55 | -40 | **1,394** | 1,946 | 1,480 |
| | | | | | | | | | | | | | | | |
| **In current liabilities** | | | | | | | | | | | | | | | |
| Derivative financial instruments | | | | | | | | | | | | | | | |
| Electricity derivatives | | | | | | | | | | | | | | | |
| Hedge accounting | | | | **25** | 40 | 23 | | | | **-25** | -32 | -23 | **0** | 8 | 0 |
| Non-hedge accounting | **3** | 15 | 3 | **208** | 109 | 192 | | | | **-177** | -103 | -164 | **34** | 21 | 31 |
| Interest rate and currency derivatives | | | | | | | | | | | | | | | |
| Hedge accounting | | | | **6** | 5 | 5 | | | | | | | **6** | 5 | 5 |
| Non-hedge accounting | | | | **27** | 228 | 48 | | | | | | | **27** | 228 | 48 |
| Oil and other futures and forward contracts | | | | | | | | | | | | | | | |
| Hedge accounting | | 5 | 2 | | | | | | | | | -1 | **0** | 5 | 1 |
| Non-hedge accounting | **45** | 231 | 41 | | 1 | | | | | **-2** | -154 | -32 | **43** | 78 | 10 |
| **Total in current liabilties** | **48** | 251 | 46 | **266** | 383 | 268 | **0** | 0 | 0 | **-204** | -289 | -220 | **109** | 345 | 95 |
| **Total** | **53** | 271 | 48 | **1,711** | 2,364 | 1,787 | **0** | 0 | 0 | **-260** | -344 | -260 | **1,503** | 2,291 | 1,575 |

[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 30 million (Dec 31 2013: 30), for which the fair value cannot be reliably determined. These assets are measured at cost less possible impairment. Available for sale financial assets include listed shares at fair value of EUR 1 million (Dec 31 2013: 1). The cumulative fair value change booked in Fortum's equity was EUR -3 million (Dec 31 2013: -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 249 million, assets EUR 414 million and liabilities EUR 165 million. Fortum has cash collaterals based on Credit Support Annex agreements with some counterparties. At the end of March 2014 Fortum had received EUR 165 million from Credit Support Annex agreements. The received cash has been booked as short term liability.

Regarding the relevant interest-bearing liabilities, see Note 14 Interest-bearing liabilities and Note 17 Pledged assets.

## 6. Acquisitions, disposals and assets held for sale

### Acquisitions
There were no material acquisitions during Q1 2014 nor during 2013.

### Disposals

#### *Disposals for Q1 2014*
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 will be implemented in phases and is expected to be completed during the second quarter of 2014. The transaction will have 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 has 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 transaction has all the necessary regulatory approvals and the customary closing conditions have been met.

The total consideration is 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.

#### *Disposals for 2013*
During 2013 Fortum divested small hydropower plants in Sweden and a minor gain was recognised in Power and Technology segment.

In June 2013, Fortum agreed to sell its 47.9% ownership in the Swedish energy company Härjeåns Kraft AB to the Finnish energy company Oy Herrfors Ab, a subsidiary of Katternö Group. The sales price was SEK 445 million (approximately EUR 51 million). The transaction was completed in July and a capital gain of EUR 17 million was booked to Distribution segment's third quarter results.

In July 2013 Fortum completed the divestment of its 33% holding in Infratek ASA to a fund managed by Triton. The sales price was NOK 295 million (approximately EUR 38 million). A capital gain of EUR 11 million was booked in Power and Technology segment's third quarter results.

During fourth quarter there were several divestments that had a minor effect to Fortum's Heat, Electricity Sales and Solutions segment's results. In November 2013 Fortum sold its 50% ownership in the Finnish district heating company Riihimäen Kaukolämpö Oy to the City of Riihimäki (40%) and to Riihimäen Kaukolämpö Oy (10%).

In December 2013 Fortum sold its Kauttua combined heat and power (CHP) plant in Eura, Finland to the Finnish energy company Adven Oy. Also in December 2013 Fortum sold its CHP plant as well as its natural gas and district heating network in the town of Nokia to Leppäkosken Sähkö Oy. Furthermore Fortum's Uimaharju CHP plant ownership was transferred to Stora Enso on 31 December 2013 according to an earlier agreement signed in 1990.

#### *Gross divestments of shares*

| EUR million | Q1 2014 | Q1 2013 | 2013 | Last twelve months |
|---|---|---|---|---|
| Proceeds settled in cash | **2,424** | 13 | 22 | 2,433 |
| Interest bearing debt in sold subsidiaries | **77** | 22 | 22 | 77 |
| Change in receivables relating to divestments | **0** | 0 | -2 | -2 |
| Gross divestments of shares in subsidiaries | **2,501** | 35 | 42 | 2,508 |
| Gross divestment of associates | **1** | 0 | 100 | 101 |
| Gross divestment of available for sale financial assets | **0** | 0 | 0 | 0 |
| **Total** | **2,502** | 35 | 142 | 2,609 |

### Assets held for sale at the balance sheet date
As of 31 March 2014 there were no Assets held for sale. The assets and liabilities relating to Finnish distribution business were classified as assets held for sale in the balance sheet as of 31 December 2013. The sale was completed in March 2014.