

# Fortum Corporation

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## Interim Report January-June 2013

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19 July 2013

## Good operational performance in the second quarter

### April–June 2013

- Comparable operating profit EUR 298 (284) million, +5%
- Operating profit EUR 438 (286) million, of which EUR 140 (2) million relates to items affecting comparability
- Earnings per share EUR 0.35 (0.21), +67%, of which EUR 0.12 (0.00) per share relates to items affecting comparability

### January–June 2013

- Comparable operating profit EUR 948 (938) million, +1%
- Operating profit EUR 1,041 (1,025) million, of which EUR 93 (87) million relates to items affecting comparability
- Earnings per share EUR 0.80 (0.77), +4%, of which EUR 0.08 (0.10) per share relates to items affecting comparability
- Efficiency programme progressed well and according to plan
- Assessment of the electricity distribution business continued

Key figures	II/13	II/12*	I-II/13	I-II/12*	2012*	LTM**
Sales, EUR million	1,327	1,284	3,318	3,185	6,159	6,292
Operating profit, EUR million	438	286	1,041	1,025	1,874	1,890
Comparable operating profit, EUR million	298	284	948	938	1,752	1,762
Profit before taxes, EUR million	388	238	947	893	1,586	1,640
Earnings per share, EUR	0.35	0.21	0.80	0.77	1.59	1.63
Net cash from operating activities, EUR million	400	319	1,046	872	1,382	1,556
Shareholders' equity per share, EUR			10.89	10.50	11.30	N/A
Interest-bearing net debt (at end of period), EUR million			8,035	7,420	7,814	N/A
Average number of shares, 1,000s			888,367	888,367	888,367	888,367

Key financial ratios	2012*	LTM**
Return on capital employed, %	10.2	10.5
Return on shareholders' equity, %	14.6	15.4
Net debt/EBITDA	3.1	3.1
Comparable net debt/EBITDA	3.2	3.3

\*) Comparative period figures for 2012 presented in the interim report are restated due to an accounting change for pensions; see page 4 as well as Note 2.

\*\*\*) Last twelve months

## Outlook

- Fortum currently expects the annual electricity demand growth in the Nordic countries to be on average 0.5% in the coming years.
- Capital expenditure guidance: EUR 1.1-1.4 billion in 2013 and EUR 0.9-1.1 billion in 2014.
- Power Division's Nordic generation hedges: For the rest of the calendar year 2013, 75% hedged at EUR 45 per MWh, and for the 2014 calendar year, 50% hedged at EUR 42 per MWh.
- Fortum's goal is to achieve an operating income (EBIT level) of about EUR 500 million run-rate in its Russia division during 2015.

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## Fortum's CFO Markus Rauramo

"Fortum's second-quarter operational performance was good in all divisions. Total comparable operating profit amounted to EUR 298 million and net cash flow from operating activities to EUR 400 million. The ongoing efficiency programme has proceeded well according to plan - our costs have reduced, working capital improved and we have divested a number of non-core assets. This gives additional support to our operations going forward.

Europe's challenging economic situation has continued. Industrial demand has continued to decline, however, this has been offset by an increase in non-industrial consumption. The present low electricity prices and forwards have also narrowed the energy sector's operating field.

In the beginning of July, the European Parliament approved the so-called backloading proposal, i.e. the decision to withhold the auctioning of excess carbon credits concerning the EU Emissions Trading Scheme (EU ETS). The decision making process is now continuing and the Council and the Parliament will have to find a final agreement before all the details are known and backloading can be executed. It is assumed that this will take the rest of the year and that execution can take place during the first half of 2014. This is the first step in strengthening the European carbon market and establishing a clear price signal for CO<sub>2</sub>-free energy production. However, Fortum considers a more profound renovation of emissions trading necessary. The carbon market has to be strengthened by setting an ambitious emissions reduction target for 2030 in order to support the long-term investment environment, and by making a structural reform of the scheme, e.g. by establishing an allowance supply adjustment mechanism.

With regard to the Swedish hydro tax, at the end of April Fortum filed a complaint with the EU Commission to find out whether the construction of the tax is in line with the EU tax and state aid regulations. Taxes on electricity should not be levied for production, and different tax rates for different production technologies may constitute state aid – just as the so-called windfall tax would in Finland. The EU Commission informed Fortum in June that it will investigate the Swedish case more in detail.

Fortum continues to explore future alternatives for its electricity distribution business. The assessment is progressing as planned, and our aim is to complete it by the end of 2013. In addition, we announced that Fortum is assessing the future alternatives for its coal-fired condensing power plant in Inkoo, Finland.

New investments were formally finalised with the inaugurations of the first waste-to-energy CHP plant in the Baltics in Klaipeda, Lithuania, and the biofuel-fired CHP plant in Järvenpää, Finland. We also aim to gain experience in different solar technologies and in operating in the Indian power market. This ambition progressed with the acquisition of a 5-MW photo-voltaic solar power plant in Rajasthan, India. Fortum also agreed to extend its district heating network in Tartu, Estonia. We now own the whole district heating network of Tartu.

In the coming months, we will continue to emphasise customers, sustainability and safety as the cornerstones in our daily operations, and we will continue to work together in our ambition to reach our strategic goal as the next generation energy company."

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## Efficiency programme 2013-2014

Fortum started an efficiency programme in 2012 in order to maintain and strengthen its strategic flexibility and competitiveness and to enable the company to reach its financial targets in the future.

The aim is to improve the company's cash flow by more than approximately EUR 1 billion during 2013–2014 by reducing capital expenditures (capex) by EUR 250–350 million, divesting approximately EUR 500 million of non-core assets, reducing fixed costs and focusing on working capital efficiency.

Capex in 2013 will be EUR 1.1–1.4 billion and in 2014 EUR 0.9–1.1 billion. At the end of 2014, the cost run-rate will be approximately EUR 150 million lower compared to 2012, including growth projects.

If headcount reductions are needed, Fortum seeks to limit redundancies by using natural rotation and retirement whenever possible. The assessments will therefore be done at a unit level.

The programme has proceeded well and according to plan. During January-June, additional cost reductions were achieved. The divestments of small power plants in Sweden were also completed. In addition, as part of the efficiency programme's disposals, Fortum disclosed in June that it will sell its minority holding in Härjeåns Kraft Ab and Infratek ASA.

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## Restatement related to IFRS changes in pension accounting

Fortum is applying an amended IFRS standard for pensions as of 1 January 2013. Adoption of the new standard is done retrospectively and comparative information for 2012 is therefore restated to reflect the change (Note 2). The change had only a minor impact on Fortum's financial results and financial position; however, it reduced the equity by EUR 124 million as of 1 January 2012. The restated comparative figures for the year 2012 are presented in the attachment to the first-quarter interim report.

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## Financial results

### April–June

In the second quarter of 2013, Group sales were EUR 1,327 (1,284) million. Comparable operating profit totalled EUR 298 (284) million and the reported operating profit totalled EUR 438 (286) million. Fortum's operating profit for the period was affected by non-recurring items, an IFRS accounting treatment (IAS 39) of derivatives mainly used for hedging Fortum's power production and nuclear fund adjustments amounting to EUR 140 (2) million (Note 4).

The share of profits from associates in the second quarter was EUR 33 (26) million. The share of profits from Hafslund and TGC-1 are based on the companies' published first-quarter interim reports; however, the share of profits for TGC-1 fourth-quarter 2011 results were also included in the second quarter of 2012 (Note 12).

## Sales by division

EUR million	II/13	II/12	I-II/13	I-II/12	2012	LTM
Power	547	535	1,211	1,190	2,415	2,436
Heat	283	321	912	946	1,628	1,594
Russia	251	198	595	508	1,030	1,117
Distribution*	230	223	572	531	1,070	1,111
Electricity Sales*	153	135	415	382	722	755
Other	15	29	31	73	137	95
Netting of Nord Pool transactions	-98	-88	-286	-276	-503	-513
Eliminations	-54	-69	-132	-169	-340	-303
<b>Total</b>	<b>1,327</b>	<b>1,284</b>	<b>3,318</b>	<b>3,185</b>	<b>6,159</b>	<b>6,292</b>

\* Part of the Electricity Solutions and Distribution Division

## Comparable operating profit by division

EUR million	II/13	II/12	I-II/13	I-II/12	2012	LTM
Power	210	222	513	564	1,146	1,095
Heat	11	24	181	186	271	266
Russia	20	4	61	52	68	77
Distribution*	60	51	197	161	320	356
Electricity Sales*	13	11	28	20	39	47
Other	-16	-28	-32	-45	-92	-79
<b>Total</b>	<b>298</b>	<b>284</b>	<b>948</b>	<b>938</b>	<b>1,752</b>	<b>1,762</b>

\* Part of the Electricity Solutions and Distribution Division

## Operating profit by division

EUR million	II/13	II/12	I-II/13	I-II/12	2012	LTM
Power	337	214	600	582	1,175	1,193
Heat	8	21	183	235	344	292
Russia	21	15	61	63	79	77
Distribution*	61	52	197	169	331	359
Electricity Sales*	26	11	31	22	39	48
Other	-15	-27	-31	-46	-94	-79
<b>Total</b>	<b>438</b>	<b>286</b>	<b>1,041</b>	<b>1,025</b>	<b>1,874</b>	<b>1,890</b>

\* Part of the Electricity Solutions and Distribution Division

## January–June

In January–June, Group sales were EUR 3,318 (3,185) million. Comparable operating profit totalled EUR 948 (938) million and the reported operating profit totalled EUR 1,041 (1,025) million. Fortum's operating profit for the period was affected by non-recurring items, an IFRS accounting treatment (IAS 39) of derivatives mainly used for hedging Fortum's power production and nuclear fund adjustments amounting to EUR 93 (87) million (Note 4).

The share of profits of associates and joint ventures was EUR 62 (19) million. The increase comes mainly from TGC-1. The share of profits from Hafslund and TGC-1 are based on the companies' published fourth-quarter 2012 and first-quarter 2013 interim reports (Note 12).

The Group's net financial expenses increased to EUR 156 (151) million. Net financial expenses were negatively affected by changes in the fair value of financial instruments of EUR 6 (8) million.

Profit before taxes was EUR 947 (893) million.

Taxes for the period totalled EUR 181 (166) million. The tax rate according to the income statement was 19.2% (18.5%). The tax rate, excluding mainly the impact of the share of profits of associated companies and joint ventures as well as non-taxable capital gains, was 20.6% (21.1%).

The profit for the period was EUR 766 (727) million. Fortum's earnings per share were EUR 0.80 (0.77), of which EUR 0.08 (0.10) per share relates to items affecting comparability.

Non-controlling (minority) interests amounted to EUR 51 (43) million. These are mainly attributable to Fortum Värme Holding AB, in which the city of Stockholm has a 50% economic interest.

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## Financial position and cash flow

### Cash flow

In January-June 2013, total net cash from operating activities increased by EUR 174 (8) million to EUR 1,046 (872) million, mainly due to a decrease in working capital. Capital expenditures decreased by EUR 30 million to EUR 547 (577) million. Proceeds from divestments totalled EUR 40 (310) million. Cash flow before financing activities, i.e. dividend distributions and financing, decreased by EUR 59 million to EUR 520 (579) million. The strong SEK (Swedish krona) during the first half of the year had a negative impact on the cash flow through realised net foreign exchange losses related to the rollover of foreign exchange contract hedging loans to Fortum's Swedish subsidiaries. Realised foreign exchange gains and losses were EUR -139 (-113) million.

During the reporting period, dividends totalling EUR 888 million were paid on 19 April 2013 using the cash and cash equivalents.

### Assets and capital employed

Total assets decreased by EUR 587 million to EUR 23,974 (24,561 at year-end 2012) million. Non-current assets decreased by EUR 425 million from EUR 21,677 million to EUR 21,252 million. The majority, EUR 246 million, was a result of the decreased value of property, plants and equipment due to the weakening Russian rouble, Swedish krona and other currencies. The decrease in current assets was EUR 162 million, totalling EUR 2,722 million. The decrease relates mainly to the decrease in trade and other receivables, totalling EUR 445 million, which is offset by an increase of EUR 217 million in derivative financial instruments, and an increase of EUR 65 million in cash and cash equivalents and an increase of EUR 57 million in assets held for sale relating to contracted divestments.

Capital employed was EUR 19,348 (19,420 at year-end 2012) million, a decrease of EUR 72 million. The decrease was due to the lower amount of total assets, EUR 587 million, and a EUR 515 million decrease in interest-free liabilities.

### Equity

Total equity was EUR 10,285 (10,643 at year-end 2012) million, of which equity attributable to owners of the parent company totalled EUR 9,671 (10,040) million and non-controlling interests EUR 614 (603) million.

The decrease in equity attributable to owners of the parent company totalled EUR 369 million and is mainly due to the payment of the dividends totalling EUR 888 million, net profit of EUR 715 million for the period and translation differences of EUR -268 million.

## Financing

Net debt increased during January-June by EUR 221 million to EUR 8,035 (7,814 at year-end 2012) million mainly as a result of the dividend payment of EUR 888 million in April.

During the second quarter Fortum issued three new bonds with a total value of about 330 million. The amount of Fortum's Revolving Credit Facility (RCF) was lowered from EUR 2,5 billion to 2,0 billion and a majority of the facility was extended from 2016 to 2017.

At the end of June 2013, the Group's liquid funds totalled EUR 1,028 (963 at year-end 2012) million. Liquid funds include cash and bank deposits held by OAO Fortum amounting to EUR 162 (128 at year-end 2012) million. In addition to the liquid funds, Fortum had access to approximately EUR 2.2 billion of undrawn committed credit facilities.

The Group's net financial expenses during January-June 2013 were EUR 156 (151) million. Net financial expenses include changes in the fair value of financial instruments of EUR -6 (-8) million.

Fortum Corporation's long-term credit rating with S&P was A- (negative outlook).

In February, Fortum decided to terminate the rating relationship with Moody's Investors Service. Moody's had an A2 rating with a negative outlook. As of April, Fortum and Fitch Ratings entered into an agreement. Fitch will provide a rating of Fortum Corporation and any subsequently issued securities issued under Fortum's EMTN programme. Fitch's current long-term issuer default rating of Fortum Corporation is A- (negative outlook).

## Key figures

For the last twelve months, net debt to EBITDA was 3.1 (3.1 at year-end 2012) and comparable net debt to EBITDA 3.3 (3.2), impacted by EUR 888 million in dividend payments. Gearing was 78% (73%) and the equity-to-assets ratio 43% (43%). Equity per share was EUR 10.89 (11.30). For the last twelve months, return on capital employed was 10.5% (10.2%) and return on equity 15.4% (14.6%).

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## Market conditions

### Nordic countries

According to preliminary statistics, electricity consumption in the Nordic countries during the second quarter was 86 (87) terawatt-hours (TWh). The decrease in industrial demand was to a large extent offset by an increase in non-industrial consumption. In January–June, electricity consumption in the Nordic countries was 203 (201) TWh.

At the beginning of the year, the Nordic water reservoirs were at 85 TWh, i.e. 2 TWh above the long-term average. By the beginning of the second quarter, the reservoirs had declined to 35 TWh, i.e. 6 TWh below the long-term average and 21 TWh below the corresponding level in 2012. At the end of the quarter, the reservoirs were up, at 82 TWh, which is 2 TWh below the long-term average and 4 TWh below the corresponding level in 2012. High precipitation during the second quarter of 2013 contributed to normalising of the reservoir levels, particularly in Norway.

During the second quarter, the average system spot price of electricity in Nord Pool was EUR 38.7 (28.4) per megawatt-hour (MWh). The average area price in Finland was EUR 39.9 (32.4) per MWh and in Sweden (SE3) 38.3 (29.6) per MWh. For Finland, the somewhat higher area price was mainly

due to the period in early June when import capacity from Sweden was limited due to a failure in the Fenno-Skan connection that occurred while annual maintenance in Olkiluoto was under way.

During January–June 2013, the average system spot price was EUR 40.4 (33.3) per MWh. In Finland, the average area price was EUR 41.0 (37.5) per MWh and in Sweden (SE3) EUR 40.1 (34.3) per MWh.

In Germany, the average spot price during the second quarter of 2013 was EUR 32.6 (40.4) per MWh and during January–June 2013 EUR 37.4 (42.7) per MWh.

The market price of CO<sub>2</sub> emission allowances (EUA) moved from approximately EUR 6.6 per tonne at the beginning of the year to approximately EUR 4.8 per tonne at the beginning of the second quarter and further to approximately EUR 4.2 per tonne by the quarter-end. During January–June, EUA traded between EUR 2.8 and EUR 6.7 per tonne. The volatility in prices has largely been due to the ongoing EU process on whether to implement the so-called backloading of allowances to support the EU Emissions Trading Scheme (ETS).

At the beginning of July, the European Parliament finally approved the amendment of the emissions trading directive regarding the backloading of allowances. The approved backloading will mean a temporary withdrawal of 900 million allowances from the market in 2013-2015 and returning them towards the end of the 2013-2020 period.

## Russia

Fortum operates in Urals and Western Siberia. Both in the Tyumen and Khanty-Mansiysk area, where industrial production is dominated by the oil and gas industries, and in the Chelyabinsk area, which is dominated by the metal industry, electricity demand increased marginally in the second quarter compared to the same period of the previous year.

According to preliminary statistics, Russia consumed 235 (232) TWh of electricity during the second quarter of 2013. The corresponding figure in Fortum's operating area in the First price zone (European and Urals part of Russia) was 175 (172) TWh. In January-June, Russia consumed 523 (524) TWh of electricity. The corresponding figure in Fortum's operating area in the First price zone (European and Urals part of Russia) was 388 (389) TWh.

In the second quarter of 2013, the average electricity spot price, excluding capacity price, increased by 13% to RUB (Russian rouble) 1,043 (925) per MWh in the First price zone.

In January-June, the average electricity spot price, excluding capacity price, increased by 11% to RUB 1,020 (920) 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 (page 53).



## Division reviews

### Power

The Power Division consists of Fortum's power generation, power trading and power capacity development as well as expert services for power producers.

EUR million	II/13	II/12	I-II/13	I-II/12	2012	LTM
Sales	547	535	1,211	1,190	2,415	2,436
- power sales	517	508	1,148	1,139	2,282	2,291
of which Nordic power sales*	450	473	1,002	1,042	2,086	2,046
- other sales	30	27	63	51	133	145
Operating profit	337	214	600	582	1,175	1,193
Comparable operating profit	210	222	513	564	1,146	1,095
Comparable EBITDA	240	250	574	620	1,260	1,214
Net assets (at period-end)			6,374	6,199	6,389	
Return on net assets, %					18.7	18.7
Comparable return on net assets, %					18.5	17.5
Capital expenditure and gross investments in shares	43	36	70	60	190	200
Number of employees			1,994	2,019	1,846	

Power generation by source, TWh	II/13	II/12	I-II/13	I-II/12	2012	LTM
Hydropower, Nordic	4.5	5.7	10.3	11.8	25.2	23.7
Nuclear power, Nordic	5.9	5.4	12.6	11.9	23.4	24.1
Thermal power, Nordic	0.5	0.0	1.2	0.2	0.6	1.6
<b>Total in the Nordic countries</b>	<b>10.9</b>	<b>11.1</b>	<b>24.1</b>	<b>23.9</b>	<b>49.2</b>	<b>49.4</b>
Thermal power in other countries	0.3	0.3	0.6	0.6	1.1	1.1
<b>Total</b>	<b>11.2</b>	<b>11.4</b>	<b>24.7</b>	<b>24.5</b>	<b>50.3</b>	<b>50.5</b>

Nordic sales volumes, TWh	II/13	II/12	I-II/13	I-II/12	2012	LTM
Nordic sales volume	11.2	11.5	24.9	24.7	50.7	50.9
of which Nordic power sales volume*	10.0	10.8	22.1	22.8	46.8	46.1

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

Sales price, EUR/MWh	II/13	II/12	I-II/13	I-II/12	2012	LTM
Power's Nordic power price**	44.7	43.9	45.2	45.7	44.6	44.1

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

### April–June

In the second quarter of 2013, the Power Division's comparable operating profit was EUR 210 (222) million, i.e. EUR 12 million lower than in the corresponding period in 2012.

The operating profit, EUR 337 (214) million, was affected by non-recurring items, an IFRS accounting treatment (IAS 39) of derivatives mainly used for hedging Fortum's power production and nuclear fund adjustments amounting to EUR 127 (-8) million (Note 4).

The system and all area prices were higher during the second quarter of 2013 compared to the same period in 2012. The average system spot price of electricity in Nord Pool was EUR 38.7 (28.4) per MWh. The average area price in Finland was EUR 39.9 (32.4) per MWh and in Stockholm, Sweden, (SE3) EUR 38.3 (29.6) per MWh. Power's achieved Nordic power price was EUR 44.7 (43.9) per MWh, or EUR 0.8 per MWh higher than in the corresponding period in 2012.

Nuclear power production improved and availabilities were high except in Oskarshamn 1. The unit was restarted in May after a long outage for a test period. The Power Division's result was burdened by lower hydro power production (-1.2 TWh) compared to record-high production in 2012. The hydro availability remained very high, but production was affected by lower reservoir levels. During April–June 2013, Fortum had 0.5 TWh of thermal production in the Nordic countries. Hence, the CO<sub>2</sub>-free production amounted to 93% (97%).

The combined effect of increased nuclear and thermal volumes, a higher achieved Nordic power price as well as the lower hydro volumes had a negative impact of approximately EUR 10 million in the second quarter of 2013 compared to the corresponding period in 2012. Operating costs remained roughly at the same level as in April–June 2012. The higher SEK (EUR 5 million) and estimated higher taxation values (EUR 10 million) on Swedish hydro assets increased the cost level, but the negative impact was offset by the timing of costs and the savings achieved through the efficiency programme.

In the second quarter of 2013, the division's total power generation in the Nordic countries was 10.9 (11.1) TWh, which corresponds to an approximately 2% decrease compared to the same period in 2012.

## January–June

In January–June 2013, the Power Division's comparable operating profit was EUR 513 (564) million, i.e. EUR 51 million lower than in the corresponding period in 2012.

Operating profit was EUR 600 (582) million. A gain of EUR 4 million, related to the divestments of small hydro plants in Sweden, was booked into the first quarter of 2013. The operating profit was also affected by the IFRS accounting treatment (IAS 39) of derivatives used mainly for hedging Fortum's power production and nuclear fund adjustments amounting to EUR 83 (-29) million (Note 4).

The achieved Nordic power price was EUR 45.2 per MWh, or EUR 0.5 per MWh lower than in January–June in 2012. Despite higher spot prices in the first half of 2013 than in the same period in 2012, the lower average price of hedges resulted in a lower achieved Nordic power price. The average system spot price was EUR 40.4 (33.3) per MWh, and the average area price in Finland EUR 41.0 (37.5) per MWh and in Stockholm, Sweden, (SE3) EUR 40.1 (34.3) per MWh.

Low water reservoir levels and lower inflow decreased hydro generation significantly compared to the comparable period in the previous year. Nuclear availability was at a high level in all reactors except in Oskarshamn 1. The total nuclear volume was thus higher than during the corresponding period in 2012. During the first half of 2013, Fortum had 1.2 TWh of thermal production in the Nordic countries. Hence, the CO<sub>2</sub>-free production amounted to 93% (97%).

The effect of increased nuclear and thermal volumes combined with lower hydro volumes and a lower achieved Nordic power price had a negative impact of approximately EUR 40 million during the first half of 2013 compared to the corresponding period in 2012. During January–June 2013, operating costs increased by approximately EUR 10 million, mainly due to the higher SEK (EUR 11 million) and estimated higher taxation values (EUR 20 million) on Swedish hydro assets. The cost increases were partly offset by the timing of costs and by savings resulting from the efficiency programme.

In January–June 2013, the division's total power generation in the Nordic countries was 24.1 (23.9) TWh, which corresponds to an approximately 1% increase compared to the same period in 2012.

Fortum has two fully-owned reactors in Loviisa, Finland, and the company is also a co-owner in eight reactors at the Olkiluoto, Oskarshamn and Forsmark nuclear power plants in Finland and Sweden. Nuclear availability was at a high level in all of the reactors except Oskarshamn 1, which was shut down on December 2012 due to a failure in an emergency diesel generator. Oskarshamn 1 was started at the end of May 2013 for a test period. Also in May, commissioning tests at Forsmark 2 were finished according to the plan and the unit has been running at the new nominal value of 1,120 MW, an increase of 120 MW.

In June, Fortum announced that it will assess future alternatives for its Inkoo coal-fired power plant (1,000 MW) located on the south coast of Finland. The alternatives assessed include the partial closure of the power plant or even discontinuing the entire production operations, among others. Consequently, Fortum started employee co-determination negotiations affecting all Inkoo power plant personnel. The negotiations began on 12 June 2013 and will last at least six weeks. There are a total of 90 employees at the power plant.

The Swedish State has increased the real-estate tax for hydropower as of 2013. The tax is based on the production volumes and, according to preliminary information, is estimated to increase Fortum's costs by approximately EUR 40 million annually. Fortum has filed a complaint with the European Commission and, according to a notification to Fortum, the European Commission has decided to investigate the matter and has asked for further information from the Swedish authorities.

Fortum's preparations for the French hydro concession bidding have progressed as planned.

## Heat

*The Heat Division consists of combined heat and power (CHP) generation, district heating activities and business-to-business heating solutions in the Nordic countries and other parts of the Baltic Rim.*

EUR million	II/13	II/12	I-II/13	I-II/12	2012	LTM
Sales	283	321	912	946	1,628	1,594
- heat sales	191	193	703	658	1,158	1,203
- power sales	48	44	132	140	232	224
- other sales	44	84	77	148	238	167
Operating profit	8	21	183	235	344	292
Comparable operating profit	11	24	181	186	271	266
Comparable EBITDA	64	73	286	285	481	482
Net assets (at period-end)			4,144	4,027	4,286	
Return on net assets, %					8.8	7.5
Comparable return on net assets, %					7.0	6.8
Capital expenditure and gross investments in shares	96	99	170	166	474	478
Number of employees			2,221	2,439	2,212	

## April–June

The Heat Division's heat sales volumes amounted to 3.2 (3.3) TWh during the second quarter of 2013. During the same period, power sales volumes from CHP production totalled 1.0 (0.9) TWh.

The Heat Division's comparable operating profit in the second quarter was EUR 11 (24) million, EUR 13 million lower than in the corresponding period of 2012. The main reasons for the decline were a change in fuel inventories and lower heat volumes in Sweden due to warmer weather and less income from electricity certificates sales.

The operating profit in the second quarter totalled EUR 8 (21) million.

## January–June

Heat sales volumes during January-June 2013 amounted to 11.4 (11.4) TWh. During the same period, power sales volumes from CHP production totalled 2.7 (2.5) TWh.

The Heat Division's comparable operating profit in January-June 2013 was EUR 181 (186) million, i.e. EUR 5 million lower than in the corresponding period of 2012. The decrease in the result was mainly due lower power sales price and a change in fuel inventories.

Operating profit in January-June 2013 totalled EUR 183 (235) million. Sales gains related to divestments totalled EUR 0 (58) million (Note 4).

Heat sales by area, TWh	II/13	II/12	I-II/13	I-II/12	2012	LTM
Finland	1.1	1.0	3.1	3.2	5.8	5.7
Sweden	1.4	1.6	5.2	4.9	8.5	8.8
Poland	0.5	0.6	2.5	2.6	4.3	4.2
Other countries	0.2	0.1	0.6	0.7	1.1	1.0
<b>Total</b>	<b>3.2</b>	<b>3.3</b>	<b>11.4</b>	<b>11.4</b>	<b>19.7</b>	<b>19.7</b>
Power sales, TWh	II/13	II/12	I-II/13	I-II/12	2012	LTM
<b>Total</b>	<b>1.0</b>	<b>0.8</b>	<b>2.7</b>	<b>2.5</b>	<b>4.2</b>	<b>4.4</b>

## Russia

The Russia Division consists of power and heat generation and sales in Russia. The division also includes Fortum's over 25% holding in TGC-1, which is an associated company and is accounted for using the equity method.

EUR million	II/13	II/12	I-II/13	I-II/12	2012	LTM
Sales	251	198	595	508	1,030	1,117
- power sales	202	150	428	331	713	810
- heat sales	48	47	164	173	300	291
- other sales	1	1	3	4	17	16
Operating profit	21	15	61	63	79	77
Comparable operating profit	20	4	61	52	68	77
Comparable EBITDA	49	36	120	113	189	196
Net assets (at period-end)			3,793	3,439	3,848	
Return on net assets, %					3.0	3.3
Comparable return on net assets, %					2.7	3.3
Capital expenditure and gross investments in shares	98	126	169	207	568	530
Number of employees			4,297	4,272	4,253	

Fortum operates in the well-developed industrial regions of the Urals and in the oil-producing Western Siberia.

The liberalisation of the Russian wholesale power market has been complete since 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 the second quarter of 2013, Fortum sold approximately 81% of its power production in Russia at a liberalised electricity price.

The capacity selection for generation built prior to 2008 (CCS -“old capacity”) for 2013 was held at the end of 2012. In the selection auction, the majority of Fortum’s power plants were selected, with a price level close to the level received in 2012. Approximately 10% (265 MW) of the old capacity was not allowed to participate in the selection for 2013, due to tightened technical requirements. It will, however, receive capacity payments at the capacity market price during 2013.

The generation capacity built after 2007 under the government capacity supply agreements (CSA – “new capacity”) receives guaranteed payments for a period of 10 years. The period and the prices for capacity under CSA are 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 agreement 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 16).

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

The company’s extensive investment programme, due to be completed by the end of 2014, is a key driver of growth in Russia. After the completion of the investment programme, the power generation capacity of the Russia Division will have nearly doubled and will exceed 5,100 MW. Fortum’s goal is to achieve an annual operating profit level (EBIT) of about EUR 500 million in its Russia Division and to create positive economic value added in Russia.

## April–June

The Russia Division's power sales volumes amounted to 6.4 (5.1) TWh during the second quarter of 2013. Heat sales totalled 4.1 (4.2) TWh during the same period.

The Russia Division’s comparable operating profit was EUR 20 (4) million in the second quarter of 2013. The positive effect from the new units, receiving CSA payments, amounted to approximately EUR 34 (17) million in the second quarter, and included a reversal of the CSA provisions totalling EUR 10 million for the commissioning of the Nyagan 1 plant in April.

The operating profit was EUR 21 (15) million in the second quarter of 2013.

Key electricity, capacity and gas prices for Fortum Russia	II/13	II/12	I-II/13	I-II/12	2012	LTM
Electricity spot price (market price), Urals hub, RUB/MWh	970	888	950	869	956	997
Average regulated gas price, Urals region, RUB/1000 m <sup>3</sup>	2,836	2,548	2,880	2,548	2,736	2,902
Average capacity price for CCS “old capacity”, tRUB/MW/month*	146	136	162	151	152	158
Average capacity price for CSA “new capacity”, tRUB/MW/month*	513	470	575	523	539	567
Average capacity price, tRUB/MW/month	252	202	262	223	227	247
Achieved power price for Fortum Russia, EUR/MWh	31.1	29.4	30.8	29.3	30.6	31.3

\*Capacity prices paid for the capacity volumes excluding unplanned outages, repairs and own consumption

## January–June

The Russia Division's power sales volumes amounted to 13.8 (11.3) TWh during January-June 2013. Heat sales totalled 13.8 (15.5) TWh during the same period.

The Russia Division's comparable operating profit was EUR 61 (52) million in January-June 2013. The positive effect from the commissioning of the new units amounted to approximately EUR 63 (41) million including a reversal of the CSA provision totalling EUR 10 million. Lower heat volumes due to an exceptionally warm winter in 2013 in the Chelyabinsk area, and the divestment of the heating network assets in Surgut in 2012 impacted negatively.

Operating profit was EUR 61 (63) million in January-June 2013. In 2012, the operating profit included a gain of EUR 11 million relating to the divestment of heating network assets in Surgut.

In late March, Fortum finished the final stages in the construction of its Nyagan power plant unit 1. Accordingly, the company started receiving capacity payments for the unit from 1 April 2013 onwards. The unit capacity was certified to exceed 420 MW and is one of the most energy-efficient plants in Russia.

Nyagan is the first and largest greenfield thermal power plant project in Russia since 1990 and the most significant part of Fortum's investment programme. The Nyagan project, comprising three 418-MW combined-cycle gas units, is being constructed in the northern Urals, northeast of Moscow. When completed, the power production capacity of the natural gas-fuelled power plant will be approximately 1,250 MW.

Fortum estimates that the commissioning of Nyagan unit 2 will take place at the end of 2013. Nyagan 3 will be finalised at the end of 2014, at the latest, and will optimise the investment with regard to both capital and operational expenditures, received electricity sales and capacity payments. The capacity payments for the Nyagan unit 3 will start as of 1 January 2015. In accordance with the CSA terms, no penalties for unit 3 can be claimed before 1 January 2016.

There have been no changes in the overall schedule or financial targets of the investment programme: construction to be completed by the end of 2014 and reaching about EUR 500 million in run-rate in operating profit (EBIT) during 2015.

In 2008, Fortum made a provision for penalties caused by possible commissioning delays. In addition, according to the agreement with the contractor, Fortum is also entitled to adequate remedies in case of damages caused by contractor delays. The process with the main contractor continues.

## Electricity Solutions and Distribution

*The division is responsible for Fortum's electricity sales and distribution activities and consists of two business areas: Distribution and Electricity Sales.*

## Distribution

Fortum owns and operates distribution and regional networks and distributes electricity to a total of 1.6 million customers in Sweden, Finland and Norway.

EUR million	II/13	II/12	I-II/13	I-II/12	2012	LTM
Sales	230	223	572	531	1,070	1,111
- distribution network transmission	190	183	485	444	877	918
- regional network transmission	29	28	66	63	125	128
- other sales	11	12	21	24	68	65
Operating profit	61	52	197	169	331	359
Comparable operating profit	60	51	197	161	320	356
Comparable EBITDA	114	103	305	262	529	572
Net assets (at period-end)			3,774	3,678	3,889	
Return on net assets, %					9.1	9.6
Comparable return on net assets, %					8.8	9.5
Capital expenditure and gross investments in shares	61	79	111	123	324	312
Number of employees			882	907	870	

### April–June

The volume of distribution and regional network transmissions during the second quarter of 2013 totalled 5.6 (5.6) TWh and 3.8 (3.9) TWh, respectively.

The Distribution business area's comparable operating profit was EUR 60 (51) million. The increase was mainly due to an increased amount of relocation of cables and parts of the network, but cost savings and the stronger SEK also contributed positively. In addition, storm costs impacted the comparison period negatively.

Operating profit in the second quarter of 2013 totalled EUR 61 (52).

### January–June

In January-June 2013, the volume of distribution and regional network transmissions totalled 14.2 (13.9) TWh and 8.6 (8.8) TWh, respectively.

The Distribution business area's comparable operating profit was EUR 197 (161) million. The increased profits are mainly attributable to higher volumes in the first quarter of 2013 (cold weather), due to an increased amount of relocation of cables and parts of the network, a stronger SEK and the costs related to the massive storm at the end of 2011 that burdened the first- and second-quarter results in 2012.

Operating profit in January-June 2013 totalled EUR 197 (169).

The rollout of smart metering with hourly measurement capabilities to network customers in Finland continued according to plan. By the end of the second quarter of 2013, 582,500 customers had received new electricity meters (434,000 at the end of 2012). By the end of 2013, a total of approximately 620,000 Finnish network customers will have smart metering. After the installations, customers will be invoiced based on actual electricity consumption, providing them with better control of their electricity usage. The new legislation on hourly meter reading in Finland will become effective on 1 January 2014.

In January, Fortum announced that it has decided to assess the strategic position of its electricity distribution business. The assessment has no impact on Fortum's electricity distribution customers and excludes the company's electricity retail business. Fortum expects to conclude the assessment during 2013.

In March 2013, the Finnish government made a proposal for the renewal of the electricity market act. The proposal includes implementation of the 3rd electricity market directive into national legislation and functional demands on electricity grids. According to the proposal, the maximum length of outages should be limited to six hours for urban areas and 36 hours for rural areas after a 15-year transition period. The legislation is expected to be in force from 1 September 2013. Also, gradual increases in customer compensation for long outages have been proposed; 150% of the annual grid fee after 8 days of outage and 200% of the annual grid fee for outages longer than 12 days. The maximum amount would be increased from 700 euros to 2,000 euros by 2015.

Both in Finland and Sweden, legal processes are under way concerning the appeals filed regarding the network income regulatory period 2012-2015, which came into force on 1 January 2012. In Finland, the national grid company Fingrid's appeal is being processed in the Supreme Administrative Court; in Sweden, court negotiations will be held at the beginning of the fourth quarter 2013 and a decision to the appeals is expected by end of the year.

Volume of distributed electricity in distribution network, TWh	II/13	II/12	I-II/13	I-II/12	2012	LTM
Sweden	3.1	3.1	7.7	7.5	14.4	14.6
Finland	2.0	2.0	5.1	5.1	9.8	9.8
Norway	0.5	0.5	1.4	1.3	2.4	2.5
<b>Total</b>	<b>5.6</b>	<b>5.6</b>	<b>14.2</b>	<b>13.9</b>	<b>26.6</b>	<b>26.9</b>

Number of electricity distribution customers by area, thousands	30 June 2013	30 June 2012
Sweden	903	898
Finland	636	629
Norway	102	102
<b>Total</b>	<b>1,641</b>	<b>1,629</b>

## Electricity Sales

*The Electricity Sales business area is responsible for retail sales of electricity as well as smart electricity solutions and services to a total of 1.2 million private customers. In addition, standardised products are offered for large corporate customers (Sales Trading). Fortum is a leading seller of CO<sub>2</sub>-free electricity in the Nordic countries. Electricity Sales buys its electricity from the Nordic power exchange.*



EUR million	II/13	II/12	I-II/13	I-II/12	2012	LTM
Sales	153	135	415	382	722	755
- power sales	148	129	404	369	697	732
- other sales	5	6	11	13	25	23
Operating profit	26	11	31	22	39	48
Comparable operating profit	13	11	28	20	39	47
Comparable EBITDA	14	11	29	20	40	49
Net assets (at period-end)			19	22	51	
Return on net assets, %					152.3	146.3
Comparable return on net assets, %					203.1	157.6
Capital expenditure and gross investments in shares	0	0	0	0	1	1
Number of employees			519	528	509	

## April–June

During the second quarter of 2013, the business area's electricity volume sales to retail customers totalled 2.4 (2.4) TWh and Sales Trading 0.4 (0.6) TWh (reported until 2012 in the Other segment). The sales volume to retail customers increased due to a higher customer base, but at the same time decreased due to warmer than average weather.

Electricity Sales' comparable operating profit in the second quarter of 2013 totalled EUR 13 (11) million. The increase was mainly a result of an increased customer base (that offset lower volumes caused by warm temperatures), favourable wholesale market conditions and Sales Trading.

The operating profit totalled EUR 26 (11) million and was affected by an IFRS accounting treatment (IAS 39) of derivatives (Note 4).

## January–June

During January–June 2013, the business area's electricity volume sales to retail customers totalled 6.7 (6.4) TWh and Sales Trading 0.9 (1.2) TWh (reported until 2012 in the Other segment). The higher volume to retail customers was due to colder than average weather in the first quarter and a higher customer base.

Electricity Sales' comparable operating profit in January-June 2013 totalled EUR 28 (20) million. The increase was mainly due to cold weather in the first quarter, an increased customer base, favourable wholesale market conditions and Sales Trading.

The operating profit totalled EUR 31 (22) million and was affected by an IFRS accounting treatment (IAS 39) of derivatives (Note 4).

## Capital expenditures, divestments and investments in shares

Capital expenditures and investments in shares totalled EUR 311 (348) million in the second quarter of 2013. Investments, excluding acquisitions, were EUR 300 (343) million.

In January-June 2013, capital expenditures and investments in shares totalled EUR 533 (566) million. Investments, excluding acquisitions, were EUR 521 (561) million.

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 *
<b>Power</b>				
Hydro refurbishment	Hydropower	10		2013
<b>Heat</b>				
Jelgava, Latvia	Biofuel (CHP)	23	45	Q3 2013
Brista, Sweden	Waste (CHP)	20	57	Q4 2013
Värtan, Sweden	Biofuel (CHP)	130	280	Q2 2016
<b>Russia*</b>				
Nyagan 2	Gas (CCGT)	418		2H 2013
Nyagan 3	Gas (CCGT)	418		2H 2014
Chelyabinsk 1	Gas (CCGT)	248	175	2H 2014
Chelyabinsk 2	Gas (CCGT)	248	175	Q4 2014/Q1 2015

\*) Start of commercial operation.

## Power

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. Based on the recent progress reports received from the plant supplier, AREVA-Siemens Consortium, TVO is preparing for the possibility that the start of regular electricity production at OL3 may be postponed until 2016.

The Board of Directors of TVO proposed in February a new EUR 300 million shareholder loan commitment to the company's B-series shareholders. By means of the shareholder loan, TVO will prepare to maintain a sufficient level of equity in the OL3 project and cope with possible additional delays and costs in finalising the project. In June, all the B-series shareholders signed the loan agreement in accordance with the proposal made by the Board of Directors. Fortum's share of the new shareholder loan is 25% (EUR 75 million). In addition, Fortum has earlier committed to another EUR 300 million shareholder loan in the OL3 project; Fortum's share of that shareholder loan is 25% as well.

In June, TVO withdrew EUR 100 million from the first EUR 300 million shareholder loan commitment for the OL3 project; Fortum's share was EUR 25 million.

Also in June, Fortum announced that it has agreed to sell its 33% holding in the Norwegian company Infratek ASA to a fund managed by Triton. The sales price is approximately EUR 37 million. The divestment is planned to be completed during the third quarter of 2013. Fortum will book a sales gain of approximately EUR 10 million in the Power Division's third-quarter 2013 results. The transaction is subject to the approval of the relevant competition authorities.

Wind power production was started at the Blaiken wind power park (75 MW) in the first quarter of the year. The first 30 wind mills underwent test runs in February and commercial production was started in the second quarter. The Blaiken wind power park is co-owned by Skellefteå Kraft (60%) and Fortum (40%).

## Heat

In January, the cornerstone was laid in Stockholm (Värtan), Sweden, for the new EUR 500 million, biofuel-fired CHP plant that will be ready in 2016. This project is the largest ongoing investment in the Heat Division.

In addition, in the first quarter of 2013, Heat launched a new commercial concept for bio-oil in Finland. Besides heat and electricity, bio-oil will be produced in the future CHP+ plants, where

pyrolysis is integrated into the production process. The first commercial scale CHP+ plant is under construction in Joensuu, Finland.

In May, Fortum's new waste-fuelled CHP plant was inaugurated in Klaipeda, Lithuania. Commercial operation started at the end of the first quarter. The Klaipeda CHP plant has a capacity of 60 MW heat and 20 MW electricity. With an efficiency of almost 90%, it is able to incinerate 230,000 tonnes of waste and biomass annually and by replacing gas-fired capacity it reduces CO<sub>2</sub> emissions by approximately 100,000 tons annually.

In June, a new bio-fuelled CHP plant was inaugurated in Järvenpää, Finland. Commercial operation started in May. The plant's capacity is 63 MW of heat and 23 MW of electricity. Also in June, Fortum announced that it is acquiring district heating operations from the Estonian company Eraküte in the city of Tartu. Eventually, Fortum plans to connect the acquired network area to Fortum's current network supplied by the company's biomass and peat-fired Tartu CHP plant. This will enable a larger use of biomass, reduce CO<sub>2</sub> emissions and increase efficiency of heat production. After the acquisition, Fortum owns the whole district heating network of Tartu.

## Russia

In late March, Fortum finished the final stages in the construction of its Nyagan power plant unit 1. Accordingly, the company started receiving capacity payments for the unit as of 1 April 2013 onwards. The unit's capacity was certified to exceed 420 MW and is one of the most energy-efficient plants in Russia.

## Distribution

In June, 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 52 million). The transaction was completed in July and Fortum will book a sales gain of approximately EUR 15 million to Distribution's third-quarter 2013 financial result.

## Other

In June, Fortum acquired a solar power plant in the state of Rajasthan, north-western India. The company's short-term ambition is to build a small photo-voltaic (PV) solar portfolio in order to gain experience in different solar technologies and in operating in the Indian power market. The power plant's nominal peak capacity is 5.4 MW and its annual production is approximately 9 gigawatt-hours. The plant will receive a higher, guaranteed electricity price for 25 years. The period and the prices for power generation under the government's power purchase agreement are defined to ensure a sufficient return on investment. In the short term, Fortum is looking to invest some tens of millions of euros – including this acquisition – in developing its PV solar competence and operations in India.

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## Shares and share capital

Fortum Corporation is listed on the NASDAQ OMX Helsinki Ltd. During January-June 2013, a total of 298.4 (274.5) million Fortum Corporation shares, totalling EUR 4,355 million, were traded on the NASDAQ OMX Helsinki Ltd. The highest quotation of Fortum Corporation shares during the reporting period was EUR 16.49, the lowest EUR 13.10, and the volume-weighted average EUR 14.59. The closing quotation on the last trading day of the second quarter of 2013 was EUR 14.40 (14.97). Fortum's market capitalisation, calculated using the closing quotation of the last trading day of the quarter, was EUR 12,792 million.

In addition to the NASDAQ OMX Helsinki Ltd., Fortum shares were traded on several alternative market places, for example at Boat, BATS Chi-X and Turquoise, and on the OTC market. During January-June 2013, approximately 60% of Fortum's traded shares were traded on markets other than the NASDAQ OMX Helsinki Ltd.

At the end of June 2013, 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 133,200. The Finnish State's holding in Fortum was 50.8% and the proportion of nominee registrations and direct foreign shareholders was 25.5% at the end of the review period.

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.

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## Group personnel

Fortum's operations are mainly based in the Nordic countries, Russia and Baltic Rim area. The total number of employees at the end of the period was 10,506 (10,371 at the end of 2012).

At the end of the period, the Power Division had 1,994 (1,846) employees, the Heat Division 2,221 (2,212), the Russia Division 4,297 (4,253), the Distribution business area 882 (870), the Electricity Sales business area 519 (509) and Other 593 (681).

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## Research and development

Sustainability is at the core of Fortum's strategy, and Fortum's research and development activities promote environmentally-benign energy solutions. Investments in developing renewable energy production, like wave and solar power, are an important part of Fortum's strategy implementation.

During the reporting period, Fortum announced that it will participate in the Sustainable Bioenergy Solutions for Tomorrow (BEST) research programme established by two Strategic Centres for Science, Technology and Innovation (SHOK), CLEEN Oy and FIBIC Oy, in Finland and India. The programme is the first joint programme of the two SHOKs, and its goal is to encompass a completely new kind of collaboration between forest and energy know-how. TERI (The Energy and Resources Institute) is the main partner from India during the first phase of the programme.

In addition, Fortum has acquired a solar power plant in the state of Rajasthan, north-western India. The company's short-term ambition is to build a small photo-voltaic (PV) solar portfolio in order to gain experience in different solar technologies and in operating in the Indian power market.

The Group reports its R&D expenditure on a yearly basis. In 2012, Fortum's R&D expenditure was EUR 41 (38) million or 0.7% (0.6%) of sales.

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## 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 achievements of the sustainability targets are monitored through monthly, quarterly and annual reporting. As of the beginning of 2013, results of the sustainability indicators are also regularly

reported to Fortum's Board of Directors. In June 2013, the Board of Directors decided on a more systematic handling of sustainability issues and supplemented their working order with the approval of Fortum Corporation's Sustainability Policy, sustainability target setting as well as follow-up and review of Fortum's Sustainability Report.

The renewed sustainability targets since the beginning of 2013 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 supply of power and heat.

The company is listed on the Dow Jones Sustainability Index World, Carbon Disclosure Leadership Index and the STOXX Global ESG Leaders, the NASDAQ OMX and OMX GES Sustainability Finland indices.

Fortum's Sustainability Report 2012 was published in March 2013 and is available on the company's website.

### Sustainability target setting and performance\*

Sustainability targets		II/13	I-II/13	Five-year average
Specific CO <sub>2</sub> emissions from power generation in the EU as a five-year average, g/kWh	< 80	65	72	63
Specific CO <sub>2</sub> emissions from total energy production (electricity and heat) as a five-year average, g/kWh	< 200	206	194	182
Overall efficiency of fuel use as a five-year average, %	> 70	52	62	66
Environmental incidents	< 40	10	21	-
Energy availability of CHP plants in the EU, %	> 92	96.4	94.7	-
SAIDI, minutes in 2013	< 110	-	35**	-
Lost workday injury frequency (LWIF) for own personnel	< 1.0	1.6	1.2	-

\*Targets for the reputation and customer satisfaction are monitored annually.

\*\* In January-May 2013

### 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. The key figures by which Fortum measures its financial success include return on capital employed (target: 12%), return on shareholders' equity (target: 14%) and capital structure (target: comparable net debt/EBITDA around 3). In addition, Fortum also uses the applicable Global Reporting Initiative (GRI) G3.1 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 our energy production, distribution and supply chain. Our know-how in CO<sub>2</sub>-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<sub>2</sub> emissions, energy efficiency as well as environmental incidents and non-compliances. At the end of June 2013, ISO 14001 certification covered 96% of Fortum's power and heat production and distribution operations worldwide.

Fortum's climate targets over the next five years are: specific CO<sub>2</sub> emissions from power generation in the EU below 80 grams per kilowatt-hour (g/kWh) and total specific CO<sub>2</sub> 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 June 2013, the five-year average for specific CO<sub>2</sub> emissions from power generation in the EU was at 63 (63) g/kWh and the total specific CO<sub>2</sub> emissions from energy production was at 182 (173) g/kWh, both better than the target level.

Fortum's total CO<sub>2</sub> emissions in January–June 2013 amounted to 12.1 (10.7) million tonnes (Mt), of which 3.6 (2.6) Mt were within the EU's emissions trading scheme (ETS). Since 2013, electricity production does not receive free allowances in the EU ETS. The amount of free allowances for heat will gradually decrease during 2013-2020 as well. The European Commission has not yet confirmed the free allocation for 2013. The preliminary estimate for Fortum is about 2.9 Mt, which is clearly less than the 5.4 Mt in 2012.

Fortum's total CO <sub>2</sub> emissions (million tonnes, Mt)	II/13	II/12	I-II/13	I-II/12	2012	LTM
Total emissions	5.1	4.1	12.1	10.7	20.7	22.1
Emissions subject to ETS	1.3	0.7	3.6	2.6	4.8	5.8
Free emissions allocation					5.4	
Emissions in Russia	3.7	3.2	8.5	7.9	15.6	16.1

Fortum's energy efficiency target is to raise the overall efficiency of fuel use to 70% as a five-year average. In January–June 2013 the overall efficiency of fuel use was 62% (67%) and the five-year average after June was 66% (68%), meaning that the target level was not met.

Fortum's target is to have less than 40 environmental incidents annually. In January–June 2013, altogether 21 (18) environmental incidents took place in Fortum's operations. This includes nine leaks or spills of oil into the environment, seven fires, one explosion, one International Nuclear Event Scale 1 incident (INES) and three environmental non-compliances. None of these incidents had significant environmental or financial impacts.

## Social responsibility

In the area of social responsibility, Fortum's innovations and the secure supply of low-carbon power and heat support the development of society and increase well-being. Good corporate citizenship, reliable energy supply and ensuring a safe working environment for all employees and contractors at Fortum sites are emphasised. At the end of June 2013, OHSAS 18001 certification covered 71% of Fortum's power and heat production and distribution operations worldwide.

During the first half of 2013, the average energy availability of Fortum's European CHP plants was 94.1% (95.8%), which is above the annual target level of 92%. In electricity distribution, the cumulative SAIDI (System Average Interruption Duration Index) was 35 (44) minutes in January–May, while the annual target is less than 110 minutes.

In January–June 2013, the Group-level lost workday injury frequency (LWIF) was 1.2 (1.7), which is close to the target level of less than one per million working hours for Fortum's own personnel. In contrast to Fortum's own employees, contractor safety has not developed as desired. A fatal



contractor accident took place in Fortum's Russian operations in May. Several safety improvements will be implemented as a result of the accident; Fortum's defined target is to avoid serious injuries.

Fortum wants to conduct business with viable companies that act responsibly and comply with the Fortum Code of Conduct and Fortum Supplier Code of Conduct. In January–June 2013, Fortum audited three suppliers: a biofuel supplier in Brazil, a partner in Poland and a contractor in Sweden.

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## Changes in Fortum's Management

In March, Fortum Corporation's President and CEO Tapio Kuula was diagnosed with a condition requiring medical treatment. He started his sick leave immediately.

During Tapio Kuula's leave of absence, Fortum's CFO Markus Rauramo assumes responsibility for the duties of President and CEO.

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## Annual General Meeting 2013

Fortum Corporation's Annual General Meeting, which was held in Helsinki on 9 April 2013, adopted the financial statements of the parent company and the Group for 2012 and discharged the members of Fortum's Board of Directors as well as the President and CEO from liability for 2012.

The Annual General Meeting decided to pay a dividend of EUR 1.00 per share for 2012. The record date for the dividend payment was 12 April 2013 and the dividend payment date was 19 April 2013.

The Annual General Meeting confirmed the number of members in the Board of Directors to be seven. Sari Baldauf was re-elected as Chairman and Christian Ramm-Schmidt as Deputy Chairman, and members Minoo Akhtarzand, Heinz-Werner Binzel, Ilona Ervasti-Vaintola, Kim Ignatius and Joshua Larson were re-elected.

The Annual General Meeting confirmed the annual 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 Chairman of the Audit and Risk Committee if he or she is not at the same time acting as Chairman or Deputy Chairman. In addition, a EUR 600 fee is paid for Board meetings as well as for committee meetings. The meeting fee is doubled for Board members who live outside Finland but in Europe and tripled for members living elsewhere outside Finland. Members of the Board of Directors are compensated for travel expenses in accordance with the company's travel policy.

The Annual General Meeting also resolved to appoint a permanent Shareholders' Nomination Board to prepare proposals concerning Board members and their remuneration to the Annual General Meeting, and, if necessary, to an Extraordinary General Meeting. The Nomination Board will consist of four members, three of which shall be appointed by the Company's three largest shareholders, who will appoint one member each. The Chairman of the Company's Board of Directors serves as the fourth member. The Chairman of the Board of Directors shall convene the first meeting of the Nomination Board. The Nomination Board shall elect a Chairman from its members and the Nomination Board's Chairman shall be responsible for convening subsequent meetings. The Nomination Board is established to exist and serve until the General Meeting of the Company decides otherwise. The members shall be nominated annually and their term of office shall end when new members are nominated to replace them. The Nomination Board shall forward its proposals for the Annual General Meeting to the Company's Board of Directors by 31 January each year. Proposals intended for an Extraordinary General Meeting shall be forwarded to the Company's Board of Directors in time for them to be included in the notice to the General Meeting.

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

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## Updated dividend policy

In April 2013, Fortum's Board of Directors decided to update the company's dividend policy. The new dividend policy ensures that shareholders receive a fair remuneration for their entrusted capital, supported by the company's long-term strategy that aims at increasing earnings per share and thereby the dividend. When proposing the dividend, the Board of Directors looks at a range of factors, including the macro environment, balance sheet strength as well as future investment plans. Fortum Corporation's target is to pay a stable, sustainable and over time increasing dividend in the range of 50-80% of earnings per share excluding one-off items.

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## Outlook

### Key drivers and risks

Fortum's financial results are exposed to a number of strategic, political, financial and operational risks. The key factor 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<sub>2</sub> 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.

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<sub>2</sub> emission allowance prices, and this could maintain downward pressure on the Nordic wholesale price for electricity in the short term. In the Russian business, the key factors are 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 the 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 will continue to gain a higher share of the total energy consumption. Fortum currently expects the average annual growth rate in electricity consumption to be 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.

During the second quarter of 2013, the prices of coal, oil and CO<sub>2</sub> weakened. The forward prices of electricity for the upcoming twelve months in the Nordic area and in Germany decreased as well.

In mid-July 2013, the future quotation for coal (ICE Rotterdam) for the rest of 2013 was around USD 79 per tonne, and the price for CO<sub>2</sub> for year 2013 about EUR 4 per tonne.

In mid-July 2013, the electricity forward price in Nord Pool for the rest of 2013 was around EUR 39 per MWh. For 2014, the price was around EUR 36 per MWh and for 2015 around EUR 34 per MWh. In Germany, the electricity forward price for the rest of 2013 was around EUR 39 per MWh and for 2014 EUR 38 per MWh.



In mid-July 2013, Nordic water reservoirs were about 5 TWh below the long-term average and 12 TWh below the corresponding level of 2012.

## Power

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

The ongoing Swedish nuclear investment programmes, lasting for several years, will 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.

Capacity not under CSA competes in the competitive capacity selection (CCS – “old capacity”). The capacity selection for 2013 was held at the end of 2012. The majority of Fortum's power plants were selected in the auction, with a capacity price level close to the level received in 2012. Approximately 10% (265 MW) of the old capacity was not allowed to participate in the selection for 2013, due to tightened technical requirements. It will, however, receive capacity payments at the capacity market price for 2013.

The Russia Division's new capacity will be a key driver for earnings growth in Russia as it will 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. The regulator will review the earnings from the electricity-only market after three years and six years, after the commissioning of a unit, and could revise the CSA payments accordingly. CSA payments can vary somewhat annually because they are linked to Russian Government long-term bonds with 8 to 10 years maturity.

Fortum estimates that the commissioning of the Nyagan unit 2 will take place at the end of 2013 and that Nyagan 3 will be finalised at the end of 2014 at the latest. This will optimise the investment with regard to both capital and operational expenditures, received electricity sales and capacity payments. The capacity payments for Nyagan unit 3 will start as of 1 January 2015. In accordance with the CSA terms, no penalties for unit 3 will be claimed before 1 January 2016.

The last two units of Fortum's Russian investment programme that are also under construction will be built in Chelyabinsk instead of Tyumen, as originally planned. The units are to be constructed at the Chelyabinsk GRES power plant. These last new units of the CSA agreement are planned to be constructed by the end of 2014. In addition, Fortum plans to modernise and upgrade the existing equipment of the power plant.

The value of the remaining part of the investment programme, calculated at the exchange rates prevailing at the end of June 2013, is estimated to be approximately EUR 490 million as of July 2013. The main reasons for why the value has not changed compared to the end of March are the

cost increases related to construction work and equipment purchases at the Chelyabinsk GRES power plant.

After completing the on-going investment programme by the end of 2014, Fortum's goal is to achieve an operating profit level (EBIT) of about EUR 500 million run-rate in its Russia Division during 2015 and to create positive economic added value in Russia.

A commission for heat business development has been set up by the Russian Government. The top priorities will be issues regarding heat regulation, centralised district heating and co-generation efficiency.

In February 2013, the Board of Russia's Federal Tariff Service (FTS) adopted a decision according to which the wholesale gas price for industrial consumers is to be decreased by 3% as of the second quarter 2013, compared to first quarter. Since the beginning of 2013, wholesale gas prices (except private household and industrial consumers) have been reviewed quarterly. The Russian Government decided to increase the gas prices as of the beginning 1 July 2013; the increase in 2013 is expected to be approximately 15% compared to 2012.

## Capital expenditure and divestments

Fortum currently expects its capital expenditure in 2013 to be EUR 1.1–1.4 billion and in 2014 EUR 0.9–1.1 billion, excluding potential acquisitions. The annual maintenance capital expenditure is estimated to be about EUR 500–550 million in 2013, somewhat below the level of depreciation.

## Taxation

The effective corporate tax rate for Fortum in 2013 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, a plan to reduce the corporate tax rate from 24.5% to 20% as of 1 January 2014 has been presented. The decrease would cause a one-time positive effect that would be booked in the fourth quarter 2013. In Sweden, the corporate tax rate was decreased from 26.3% to 22% as of 1 January 2013.

The process to update the real estate taxation values for the year 2013 is ongoing in Sweden and is expected to be finalised in the third quarter 2013. Based on the latest Swedish Government budget proposal, it is estimated that Fortum's costs would increase by approximately EUR 40 million in 2013 compared to 2012. The update is done on a six-year cycle. At the end of April, Fortum filed a complaint with the EU Commission on the Swedish hydro tax to find out whether the construction of the tax is in line with the EU tax and state aid regulations. The EU Commission informed Fortum in June that it will investigate the case in more detail.

In March 2013, the Finnish Government announced that the planned so-called windfall tax, to be introduced in 2014, will be cut to EUR 50 million from EUR 170 million.

## Hedging

At the end of June 2013, approximately 75% of the Power Division's estimated Nordic power sales volume was hedged at approximately EUR 45 per MWh for the rest of the calendar year 2013. The corresponding figures for the calendar year 2014 were about 50% at approximately EUR 42 per MWh.

The hedge price for the Power Division'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 division'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.

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## Dividend Payment

The Annual General Meeting 2013 decided to pay a dividend of EUR 1.00 per share for 2012. The record date for the dividend was 12 April 2013, and the dividend payment date was 19 April 2013.

*Espoo, 18 July 2013  
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 2013:

- Interim Report January – September on 23 October 2013 at approximately 9:00 EEST

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More information, including detailed quarterly information, is available on Fortum's website at [www.fortum.com/investors](http://www.fortum.com/investors).

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## Condensed consolidated income statement

EUR million	Note	Q2 2013	Q2 2012 *	Q1-Q2 2013	Q1-Q2 2012 *	2012 *	Last twelve months
<b>Sales</b>	4	<b>1,327</b>	1,284	<b>3,318</b>	3,185	6,159	6,292
Other income		<b>20</b>	16	<b>32</b>	30	109	111
Materials and services		<b>-554</b>	-532	<b>-1,439</b>	-1,333	-2,548	-2,654
Employee benefits		<b>-135</b>	-140	<b>-275</b>	-275	-543	-543
Depreciation, amortisation and impairment charges	4,10,11	<b>-179</b>	-163	<b>-348</b>	-321	-664	-691
Other expenses		<b>-181</b>	-181	<b>-340</b>	-348	-761	-753
<b>Comparable operating profit</b>		<b>298</b>	284	<b>948</b>	938	1,752	1,762
Items affecting comparability		<b>140</b>	2	<b>93</b>	87	122	128
<b>Operating profit</b>		<b>438</b>	286	<b>1,041</b>	1,025	1,874	1,890
Share of profit/loss of associates and joint ventures	4, 12	<b>33</b>	26	<b>62</b>	19	23	66
Interest expense		<b>-78</b>	-75	<b>-147</b>	-151	-300	-296
Interest income		<b>10</b>	14	<b>20</b>	28	54	46
Fair value gains and losses on financial instruments		<b>-4</b>	-1	<b>-6</b>	-8	-23	-21
Other financial expenses - net		<b>-11</b>	-12	<b>-23</b>	-20	-42	-45
Finance costs - net		<b>-83</b>	-74	<b>-156</b>	-151	-311	-316
<b>Profit before income tax</b>		<b>388</b>	238	<b>947</b>	893	1,586	1,640
Income tax expense	8	<b>-74</b>	-47	<b>-181</b>	-166	-74	-89
<b>Profit for the period</b>		<b>314</b>	191	<b>766</b>	727	1,512	1,551
<b>Attributable to:</b>							
Owners of the parent		<b>314</b>	187	<b>715</b>	684	1,416	1,447
Non-controlling interests		<b>0</b>	4	<b>51</b>	43	96	104
		<b>314</b>	191	<b>766</b>	727	1,512	1,551
<b>Earnings per share (in €per share)</b>							
Basic		<b>0.35</b>	0.21	<b>0.80</b>	0.77	1.59	1.63
Diluted		<b>0.35</b>	0.21	<b>0.80</b>	0.77	1.59	1.63

EUR million	Q2 2013	Q2 2012 *	Q1-Q2 2013	Q1-Q2 2012 *	2012 *	Last twelve months
<b>Comparable operating profit</b>	<b>298</b>	284	<b>948</b>	938	1,752	1,762
Non-recurring items (capital gains and losses)	<b>0</b>	11	<b>4</b>	121	155	38
Changes in fair values of derivatives hedging future cash flow	<b>106</b>	-2	<b>58</b>	-18	-2	74
Nuclear fund adjustment	<b>34</b>	-7	<b>31</b>	-16	-31	16
Items affecting comparability	<b>140</b>	2	<b>93</b>	87	122	128
<b>Operating profit</b>	<b>438</b>	286	<b>1,041</b>	1,025	1,874	1,890

\*Comparative period information has been restated, see Note 2.

## Condensed consolidated statement of comprehensive income

EUR million	Q2 2013	Q2 2012 *	Q1-Q2 2013	Q1-Q2 2012 *	2012 *	Last twelve months
<b>Profit for the period</b>	<b>314</b>	191	<b>766</b>	727	1,512	1,551
<b>Other comprehensive income</b>						
<b>Items that may be reclassified to profit or loss in subsequent periods</b>						
Cash flow hedges						
Fair value gains/losses in the period	113	17	73	83	15	5
Transfers to income statement	-24	-56	-25	-88	-152	-89
Transfers to inventory/fixed assets	1	-2	1	-4	-5	0
Tax effect	-26	11	-17	2	33	14
Net investment hedges						
Fair value gains/losses in the period	12	0	12	-	0	12
Tax effect	-3	0	-3	-	0	-3
Available for sale financial assets						
Fair value changes in the period	0	0	0	0	0	0
Exchange differences on translating foreign operations	-361	-144	-283	70	204	-149
Share of other comprehensive income of associates	0	1	1	-11	-23	-11
Other changes	0	1	0	0	0	0
	-288	-172	-241	52	72	-221
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>						
Actuarial gains/losses on defined benefit plans	2	-2	2	-1	-24	-21
Actuarial gains/losses on defined benefit plans in associates	0	-1	34	-36	-36	34
	2	-3	36	-37	-60	13
<b>Other comprehensive income for the period, net of tax</b>	<b>-286</b>	-175	<b>-205</b>	15	12	-208
<b>Total comprehensive income for the period</b>	<b>28</b>	16	<b>561</b>	742	1,524	1,343
<b>Total comprehensive income attributable to</b>						
Owners of the parent	55	12	524	693	1,412	1,243
Non-controlling interests	-27	4	37	49	112	100
	28	16	561	742	1,524	1,343

\*Comparative period information has been restated, see Note 2.

## Condensed consolidated balance sheet

EUR million	Note	June 30 2013	June 30 2012 *	Dec 31 2012 *
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	10	410	411	442
Property, plant and equipment	11	16,251	15,625	16,497
Participations in associates and joint ventures	4, 12	1,925	1,976	1,979
Share in State Nuclear Waste Management Fund	15	729	664	678
Other non-current assets		69	65	69
Deferred tax assets		138	170	177
Derivative financial instruments	5	370	403	451
Long-term interest-bearing receivables		1,360	1,250	1,384
<b>Total non-current assets</b>		<b>21,252</b>	<b>20,564</b>	<b>21,677</b>
<b>Current assets</b>				
Inventories		372	470	428
Derivative financial instruments	5	440	358	223
Trade and other receivables		825	745	1,270
Cash and cash equivalents	14	1,028	404	963
Assets held for sale	6	57	-	-
<b>Total current assets</b>		<b>2,722</b>	<b>1,977</b>	<b>2,884</b>
<b>Total assets</b>		<b>23,974</b>	<b>22,541</b>	<b>24,561</b>
<b>EQUITY</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital		3,046	3,046	3,046
Share premium		73	73	73
Retained earnings		6,574	6,177	7,020
Other equity components		-22	30	-99
<b>Total</b>		<b>9,671</b>	<b>9,326</b>	<b>10,040</b>
<b>Non-controlling interests</b>		<b>614</b>	<b>540</b>	<b>603</b>
<b>Total equity</b>		<b>10,285</b>	<b>9,866</b>	<b>10,643</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Interest-bearing liabilities	14	7,077	7,266	7,699
Derivative financial instruments	5	123	160	182
Deferred tax liabilities		1,846	2,021	1,879
Nuclear provisions	15	729	664	678
Other provisions	16	174	211	207
Pension obligations		148	121	152
Other non-current liabilities		464	464	472
<b>Total non-current liabilities</b>		<b>10,561</b>	<b>10,907</b>	<b>11,269</b>
<b>Current liabilities</b>				
Interest-bearing liabilities	14	1,986	558	1,078
Derivative financial instruments	5	128	324	264
Trade and other payables		1,014	886	1,307
<b>Total current liabilities</b>		<b>3,128</b>	<b>1,768</b>	<b>2,649</b>
<b>Total liabilities</b>		<b>13,689</b>	<b>12,675</b>	<b>13,918</b>
<b>Total equity and liabilities</b>		<b>23,974</b>	<b>22,541</b>	<b>24,561</b>

\*Comparative period information has been restated, see Note 2.

## Condensed consolidated statement of changes in total equity

	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			
<b>EUR million</b>										
<b>Total equity 31 December 2012</b>	<b>3,046</b>	<b>73</b>	<b>7,193</b>	<b>-173</b>	<b>34</b>	<b>-133</b>	<b>0</b>	<b>10,040</b>	<b>603</b>	<b>10,643</b>
Net profit for the period			715					715	51	766
Translation differences				-268	-1	2	2	-265	-16	-281
Other comprehensive income					30	9	35	74	2	76
Total comprehensive income for the period			715	-268	29	11	37	524	37	561
Cash dividend			-888					-888		-888
Dividends to non-controlling interests								0	-26	-26
Other			-5					-5		-5
<b>Total equity 30 June 2013</b>	<b>3,046</b>	<b>73</b>	<b>7,015</b>	<b>-441</b>	<b>63</b>	<b>-122</b>	<b>37</b>	<b>9,671</b>	<b>614</b>	<b>10,285</b>
<b>Total equity 1 January 2012</b>	<b>3,046</b>	<b>73</b>	<b>6,670</b>	<b>-352</b>	<b>136</b>	<b>-108</b>	<b>56</b>	<b>9,521</b>	<b>516</b>	<b>10,037</b>
Net profit for the period			684					684	43	727
Translation differences				63	1	-1	1	64	7	71
Other comprehensive income					-6	-1	-48	-55	-1	-56
Total comprehensive income for the period			684	63	-5	-2	-47	693	49	742
Cash dividend			-888					-888		-888
Dividends to non-controlling interests								0	-26	-26
Changes due to business combinations								0	1	1
<b>Total equity 30 June 2012</b>	<b>3,046</b>	<b>73</b>	<b>6,466</b>	<b>-289</b>	<b>131</b>	<b>-110</b>	<b>9</b>	<b>9,326</b>	<b>540</b>	<b>9,866</b>
<b>Total equity 31 December 2011, as previously reported</b>	<b>3,046</b>	<b>73</b>	<b>6,670</b>	<b>-352</b>	<b>136</b>	<b>-2</b>	<b>61</b>	<b>9,632</b>	<b>529</b>	<b>10,161</b>
<b>Change in accounting policy*</b>						<b>-106</b>	<b>-5</b>	<b>-111</b>	<b>-13</b>	<b>-124</b>
<b>Total equity 1 January 2012</b>	<b>3,046</b>	<b>73</b>	<b>6,670</b>	<b>-352</b>	<b>136</b>	<b>-108</b>	<b>56</b>	<b>9,521</b>	<b>516</b>	<b>10,037</b>
Net profit for the period			1,416					1,416	96	1,512
Translation differences				179	4	-3	3	183	21	204
Other comprehensive income					-106	-22	-59	-187	-5	-192
Total comprehensive income for the period			1,416	179	-102	-25	-56	1,412	112	1,524
Cash dividend			-888					-888		-888
Dividends to non-controlling interests								0	-26	-26
Changes due to business combinations								0	2	2
Other			-5					-5	-1	-6
<b>Total equity 31 December 2012</b>	<b>3,046</b>	<b>73</b>	<b>7,193</b>	<b>-173</b>	<b>34</b>	<b>-133</b>	<b>0</b>	<b>10,040</b>	<b>603</b>	<b>10,643</b>

\*Comparative period information has been restated, see Note 2.

### Translation differences

Translation differences impacted equity attributable to owners of the parent company with EUR -265 million during Q1-Q2 2013 (Q1-Q2 2012: 64) mainly relating to RUB, SEK and NOK amounting to EUR -243 million in Q1-Q2 2013 (Q1-Q2 2012: 56).

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 29 million during Q1-Q2 2013 (Q1-Q2 2012: -5), 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 dividend

A dividend for 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.

The dividend in respect of 2011 of EUR 1.00 per share, amounting to a total dividend of EUR 888 million, was decided at the Annual General Meeting on 11 April 2012. The dividend was paid on 23 April 2012.

## Condensed consolidated cash flow statement

EUR million	Q2 2013	Q2 2012 *	Q1-Q2 2013	Q1-Q2 2012 *	2012 *	Last twelve months
<b>Cash flow from operating activities</b>						
<b>Net profit for the period</b>	<b>314</b>	191	<b>766</b>	727	1,512	1,551
<b>Adjustments:</b>						
Income tax expenses	74	46	181	166	74	89
Finance costs-net	83	75	156	151	311	316
Share of profit of associates and joint ventures	-33	-26	-62	-19	-23	-66
Depreciation, amortisation and impairment charges	179	163	348	321	664	691
<b>Operating profit before depreciations (EBITDA)</b>	<b>617</b>	449	<b>1,389</b>	1,346	2,538	2,581
Non-cash flow items and divesting activities	-188	-18	-161	-119	-192	-234
Interest received	6	9	13	23	59	49
Interest paid	-138	-143	-253	-213	-352	-392
Dividends received	33	32	34	32	45	47
Realised foreign exchange gains and losses and other financial items	-32	-30	-141	-116	-274	-299
Taxes	-58	-89	-82	-167	-269	-184
<b>Funds from operations</b>	<b>240</b>	210	<b>799</b>	786	1,555	1,568
Change in working capital	160	109	247	86	-173	-12
<b>Total net cash from operating activities</b>	<b>400</b>	319	<b>1,046</b>	872	1,382	1,556
<b>Cash flow from investing activities</b>						
Capital expenditures	-260	-305	-547	-577	-1,422	-1,392
Acquisitions of shares	-11	-3	-12	-3	-14	-23
Proceeds from sales of fixed assets	1	9	3	9	13	7
Divestments of shares	2	3	15	132	239	122
Proceeds from the interest-bearing receivables relating to divestments	0	22	22	169	181	34
Shareholder loans to associated companies	-12	-3	-6	-27	-138	-117
Change in other interest-bearing receivables	-1	1	-1	4	13	8
<b>Total net cash used in investing activities</b>	<b>-281</b>	-276	<b>-526</b>	-293	-1,128	-1,361
<b>Cash flow before financing activities</b>	<b>119</b>	43	<b>520</b>	579	254	195
<b>Cash flow from financing activities</b>						
Proceeds from long-term liabilities	395	56	774	374	1,375	1,775
Payments of long-term liabilities	-17	-530	-21	-542	-669	-148
Change in short-term liabilities	-268	180	-290	158	168	-280
Dividends paid to the owners of the parent	-888	-888	-888	-888	-888	-888
Other financing items	-17	-19	-18	-26	-33	-25
<b>Total net cash used in financing activities</b>	<b>-795</b>	-1,201	<b>-443</b>	-924	-47	434
<b>Total net increase(+)/decrease(-) in cash and cash equivalents</b>	<b>-676</b>	-1,158	<b>77</b>	-345	207	629
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,719</b>	1,574	<b>963</b>	747	747	404
<b>Foreign exchange differences in cash and cash equivalents</b>	<b>-15</b>	-12	<b>-12</b>	2	9	-5
<b>Cash and cash equivalents at the end of the period</b>	<b>1,028</b>	404	<b>1,028</b>	404	963	1,028

### Non-cash flow items and divesting activities

Non-cash flow items and divesting activities consist mainly of changes in provisions (including nuclear) EUR -98 million (Q1-Q2/2012: -19), adjustments for unrealised fair value changes of derivatives EUR -59 million (Q1-Q2/2012: 21) and capital gains EUR -4 million (Q1-Q2/2012: -121). 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 of EUR -139 million for Q1-Q2/2013 (Q1-Q2/2012: -113) related mainly to financing of Fortum's Swedish 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.

\*Comparative period information has been restated, see Note 2.



## Additional cash flow information

### Change in working capital

EUR million	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Change in interest-free receivables, decrease (+)/increase (-)	446	314	386	251	-226	-91
Change in inventories, decrease (+)/increase (-)	-56	8	46	62	109	93
Change in interest-free liabilities, decrease (-)/increase (+)	-230	-213	-185	-226	-56	-15
<b>Total</b>	<b>160</b>	<b>109</b>	<b>247</b>	<b>87</b>	<b>-173</b>	<b>-13</b>

Positive effect from change in working capital during Q1-Q2 2013, EUR 247 million (Q1-Q2 2012: 87) is mainly due to decrease in receivables.

### Capital expenditure in cash flow

EUR million	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Capital expenditure	301	343	522	561	1,558	1,519
Change in not yet paid investments	-26	-19	64	53	-56	-45
Capitalised borrowing costs	-15	-19	-39	-37	-80	-82
<b>Total</b>	<b>260</b>	<b>305</b>	<b>547</b>	<b>577</b>	<b>1,422</b>	<b>1,392</b>

Capital expenditures for intangible assets and property, plant and equipment were in Q1-Q2 2013 EUR 522 million (Q1-Q2 2012: 561). Capital expenditure in cash flow in Q1-Q2 2013 EUR 547 million (Q1-Q2 2012: 577) is without not yet paid investments i.e. change in trade payables related to investments EUR 64 million (Q1-Q2 2012: 53) and capitalised borrowing costs EUR -39 million (Q1-Q2 2012: -37), which are presented in interest paid.

### Acquisition of shares in cash flow

EUR million	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Acquisition of subsidiaries, net of cash acquired	11	3	11	3	3	11
Acquisition of associates <sup>1)</sup>	-	0	-	0	10	10
Acquisition of available for sale financial assets	-	0	1	0	1	2
<b>Total</b>	<b>11</b>	<b>3</b>	<b>12</b>	<b>3</b>	<b>14</b>	<b>23</b>

<sup>1)</sup> Acquisition of associates includes share issues and other capital contributions.

### Acquisition of shares in subsidiaries, net of cash acquired

EUR million	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Gross investments of shares	11 <sup>1)</sup>	5	11	5	5	11
Interest bearing debt in acquired subsidiaries	-	-2	-	-2	-2	0
<b>Total</b>	<b>11</b>	<b>3</b>	<b>11</b>	<b>3</b>	<b>3</b>	<b>11</b>

<sup>1)</sup> Includes refinancing of interest bearing debt of 7 MEUR in acquired company

### Acquisition of shares in associates

EUR million	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Gross investments of shares	-	0	-	0	10	10
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>10</b>

### Divestment of shares in cash flow

EUR million	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Proceeds from sales of subsidiaries, net of cash disposed	2	0	15	126	223	112
Proceeds from sales of associates	-	3	-	6	13	7
Proceeds from available for sale financial assets	-	0	-	0	3	3
<b>Total</b>	<b>2</b>	<b>3</b>	<b>15</b>	<b>132</b>	<b>239</b>	<b>122</b>

Gross divestment of shares totalled EUR 35 million in Q1-Q2 2013 (Q1-Q2 2012: 295) including interest-bearing debt in sold subsidiaries of EUR 22 million (Q1-Q2 2012: 169), see Note 6. Proceeds from divestments of shares totalled EUR 15 million in Q1-Q2 2013 (Q1-Q2 2012: 132) relating mainly to divestment of small hydropower plants in Sweden.

## Change in net debt

EUR million	Q2 2013	Q2 2012 *	Q1-Q2 2013	Q1-Q2 2012 *	2012 *	Last twelve months
<b>Net debt beginning of the period</b>	<b>7,433</b>	6,523	<b>7,814</b>	7,023	7,023	7,420
Foreign exchange rate differences	<b>-142</b>	13	<b>-85</b>	42	89	-38
EBITDA	<b>617</b>	449	<b>1,389</b>	1,346	2,538	2,581
Paid net financial costs, taxes and adjustments for non-cash and divestment items	<b>-377</b>	-239	<b>-590</b>	-560	-983	-1,013
Change in working capital	<b>160</b>	109	<b>247</b>	86	-173	-12
Capital expenditures	<b>-260</b>	-305	<b>-547</b>	-577	-1,422	-1,392
Acquisitions	<b>-11</b>	-3	<b>-12</b>	-3	-14	-23
Divestments	<b>3</b>	12	<b>18</b>	141	252	129
Proceeds from the interest-bearing receivables relating to divestments	<b>0</b>	22	<b>22</b>	169	181	34
Shareholder loans to associated companies	<b>-12</b>	-3	<b>-6</b>	-27	-138	-117
Change in other interest-bearing receivables	<b>-1</b>	1	<b>-1</b>	4	13	8
Dividends	<b>-888</b>	-888	<b>-888</b>	-888	-888	-888
Other financing activities	<b>-17</b>	-19	<b>-18</b>	-26	-45	-37
Net cash flow (- increase in net debt)	<b>-786</b>	-864	<b>-386</b>	-335	-679	-730
Fair value change of bonds, amortised cost valuation and other	<b>-42</b>	20	<b>-80</b>	20	23	-77
<b>Net debt end of the period</b>	<b>8,035</b>	7,420	<b>8,035</b>	7,420	7,814	8,035

## Key ratios

	June 30 2013	June 30 2012 *	Dec 31 2012 *	Last twelve months
EBITDA, EUR million	1,389	1,346	2,538	<b>2,581</b>
Comparable EBITDA, EUR million	1,286	1,259	2,416	<b>2,443</b>
Earnings per share (basic), EUR	0.80	0.77	1.59	<b>1.63</b>
Capital employed, EUR million	19,348	17,690	19,420	<b>N/A</b>
Interest-bearing net debt, EUR million	8,035	7,420	7,814	<b>N/A</b>
Capital expenditure and gross investments in shares, EUR million	533	566	1,574	<b>1,541</b>
Capital expenditure, EUR million	521	561	1,558	<b>1,518</b>
Return on capital employed, % <sup>1)</sup>	10.8	11.3	10.2	<b>10.5</b>
Return on shareholders' equity, % <sup>1)</sup>	13.7	13.7	14.6	<b>15.4</b>
Net debt / EBITDA <sup>1)</sup>	3.0	2.8	3.1	<b>3.1</b>
Comparable net debt / EBITDA <sup>1)</sup>	3.1	2.9	3.2	<b>3.3</b>
Interest coverage	8.2	8.3	7.6	<b>7.6</b>
Interest coverage including capitalised borrowing costs	6.3	6.4	5.7	<b>5.7</b>
Funds from operations/interest-bearing net debt, % <sup>1)</sup>	21.6	22.7	19.9	<b>19.5</b>
Gearing, %	78	75	73	<b>N/A</b>
Equity per share, EUR	10.89	10.50	11.30	<b>N/A</b>
Equity-to-assets ratio, %	43	44	43	<b>N/A</b>
Number of employees	10,506	10,848	10,371	<b>N/A</b>
Average number of employees	10,368	10,644	10,600	<b>N/A</b>
Average number of shares, 1 000 shares	888,367	888,367	888,367	<b>888,367</b>
Diluted adjusted average number of shares, 1 000 shares	888,367	888,367	888,367	<b>888,367</b>
Number of registered shares, 1 000 shares	888,367	888,367	888,367	<b>888,367</b>

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

\*Comparative period information has been restated, see Note 2.

## 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 2012.

### 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 2012 except for the policies and presentation described below.

#### Changes in accounting policies for pensions

Fortum has applied the amended IAS19 *Employee benefits* -standard starting from 1 January 2013. The amendment changes the accounting for defined benefit plans by eliminating the corridor approach. Accordingly actuarial gains and losses are immediately recognised in the period they occur in equity. The change did not have a material effect on Fortum's financial results or financial position, however it impacted equity through other comprehensive income.

Amendments in IAS19 entail that the financial information for 2012 is recalculated. More information about the impact from the recalculation can be found in the Q1/2013 report.

#### New disclosures for financial assets and liabilities

Fortum has applied the new IFRS 13 *Fair value measurement* -standard and amended IFRS 7 *Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities* -standard from 1 January 2013 onwards. IFRS 13 establishes guidance under IFRS for all fair value measurements. IFRS 13 does not change when to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by Fortum. IFRS 13 also requires specific disclosures on fair value hierarchy. These disclosures are given in Note 5.

IFRS 7 as amended requires disclosures for financial instruments such as fair value and carrying amount disclosures for each class of financial assets and liabilities as well as information on collaterals. This information is disclosed in Notes 5, 13, 14 and 17.

### 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 2012.

### 4. Segment information

Sales	Q2	Q2	Q1-Q2	Q1-Q2		Last twelve
EUR million	2013	2012	2013	2012	2012	months
Power sales excluding indirect taxes	810	755	1,806	1,703	3,413	3,516
Heating sales	252	251	893	855	1,501	1,539
Network transmissions	219	211	551	507	1,002	1,046
Other sales	46	67	68	120	243	191
<b>Total</b>	<b>1,327</b>	<b>1,284</b>	<b>3,318</b>	<b>3,185</b>	<b>6,159</b>	<b>6,292</b>

Sales by segment						
EUR million	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Power <sup>1)</sup>	547	535	1,211	1,190	2,415	2,436
- of which internal	13	79	36	126	296	206
Heat <sup>1)</sup>	283	321	912	946	1,628	1,594
- of which internal	2	2	5	11	18	12
Russia	251	198	595	508	1,030	1,117
- of which internal	-	-	-	-	-	-
Distribution	230	223	572	531	1,070	1,111
- of which internal	8	7	17	17	37	37
Electricity Sales <sup>1)</sup>	153	135	415	382	722	755
- of which internal	16	6	43	32	55	66
Other <sup>1)</sup>	15	29	31	73	137	95
- of which internal	15	-25	31	-17	-66	-18
Netting of Nord Pool transactions <sup>2)</sup>	-98	-88	-286	-276	-503	-513
Eliminations	-54	-69	-132	-169	-340	-303
<b>Total</b>	<b>1,327</b>	<b>1,284</b>	<b>3,318</b>	<b>3,185</b>	<b>6,159</b>	<b>6,292</b>

<sup>1)</sup> 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.

<sup>2)</sup> 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						
EUR million	Q2 2013	Q2 2012*	Q1-Q2 2013	Q1-Q2 2012*	2012*	Last twelve months
Power	210	222	513	564	1,146	1,095
Heat	11	24	181	186	271	266
Russia	20	4	61	52	68	77
Distribution	60	51	197	161	320	356
Electricity Sales	13	11	28	20	39	47
Other	-16	-28	-32	-45	-92	-79
<b>Total</b>	<b>298</b>	<b>284</b>	<b>948</b>	<b>938</b>	<b>1,752</b>	<b>1,762</b>

Operating profit by segment						
EUR million	Q2 2013	Q2 2012*	Q1-Q2 2013	Q1-Q2 2012*	2012*	Last twelve months
Power	337	214	600	582	1,175	1,193
Heat	8	21	183	235	344	292
Russia	21	15	61	63	79	77
Distribution	61	52	197	169	331	359
Electricity Sales	26	11	31	22	39	48
Other	-15	-27	-31	-46	-94	-79
<b>Total</b>	<b>438</b>	<b>286</b>	<b>1,041</b>	<b>1,025</b>	<b>1,874</b>	<b>1,890</b>

Non-recurring items by segment						
EUR million	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Power	0	0	4	47	57	14
Heat	0	0	0	58	80	22
Russia	0	11	0	11	11	0
Distribution	0	0	0	5	5	0
Electricity Sales	-	-	-	-	1	1
Other	0	0	0	0	1	1
<b>Total</b>	<b>0</b>	<b>11</b>	<b>4</b>	<b>121</b>	<b>155</b>	<b>38</b>

Non-recurring items in Power segment in Q1 2013 includes a gain of EUR 4 million from divestment of small hydropower plants in Sweden.

\*Comparative period information has been restated, see Note 2.

Other items affecting comparability by segment						
EUR million	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Power <sup>1)</sup>	127	-8	83	-29	-28	84
Heat	-3	-3	2	-9	-7	4
Russia	1	-	0	-	0	0
Distribution	1	1	0	3	6	3
Electricity Sales	13	0	3	2	-1	0
Other	1	1	1	-1	-3	-1
<b>Total</b>	<b>140</b>	<b>-9</b>	<b>89</b>	<b>-34</b>	<b>-33</b>	<b>90</b>

<sup>1)</sup> Including effects from the accounting of Fortum's part of the Finnish State Nuclear Waste Management Fund with (EUR million):

	34	-7	31	-16	-31	16
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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 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	Q2 2013	Q2 2012*	Q1-Q2 2013	Q1-Q2 2012*	2012*	Last twelve months
Power	240	250	574	620	1,260	1,214
Heat	64	73	286	285	481	482
Russia	49	36	120	113	189	196
Distribution	114	103	305	262	529	572
Electricity Sales	14	11	29	20	40	49
Other	-14	-26	-28	-41	-83	-70
<b>Total</b>	<b>467</b>	<b>447</b>	<b>1,286</b>	<b>1,259</b>	<b>2,416</b>	<b>2,443</b>

Depreciation, amortisation and impairment charges by segment						
EUR million	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Power	30	28	61	56	114	119
Heat	53	49	105	99	210	216
Russia	39	32	69	61	121	129
Distribution	54	52	108	101	209	216
Electricity Sales	1	0	1	0	1	2
Other	2	2	4	4	9	9
<b>Total</b>	<b>179</b>	<b>163</b>	<b>348</b>	<b>321</b>	<b>664</b>	<b>691</b>

Share of profit/loss in associates and joint ventures by segment						
EUR million	Q2 2013	Q2 2012*	Q1-Q2 2013	Q1-Q2 2012*	2012*	Last twelve months
Power <sup>1), 2)</sup>	2	-7	-9	-14	-12	-7
Heat	3	1	12	10	20	22
Russia	22	21	41	21	27	47
Distribution	-1	1	2	2	8	8
Electricity Sales	0	0	0	0	0	0
Other	7	10	16	0	-20	-4
<b>Total</b>	<b>33</b>	<b>26</b>	<b>62</b>	<b>19</b>	<b>23</b>	<b>66</b>

<sup>1)</sup> Including effects from the accounting of Fortum's associates part of Finnish and Swedish Nuclear Waste Management Funds with (EUR million):

	0	-2	-2	-4	-9	-7
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<sup>2)</sup> The main part of the associated companies in Power are power production companies from which Fortum purchases produced electricity at production costs including interest costs, production taxes and income taxes.

\*Comparative period information has been restated, see Note 2.

Participation in associates and joint ventures by segment			
EUR million	June 30 2013	June 30 2012 *	2012*
Power	902	892	903
Heat	166	167	157
Russia	487	467	476
Distribution	101	102	109
Electricity Sales	0	0	0
Other	326	347	334
<b>Total<sup>1)</sup></b>	<b>1,982</b>	<b>1,975</b>	<b>1,979</b>

<sup>1)</sup> Including participations in associates relating to Assets held for sale EUR 57 million (2012: 0 million), see Note 6.

Capital expenditure by segment						
EUR million	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Power	43	36	69	60	190	199
Heat	96	99	170	166	464	468
Russia	98	126	169	207	568	530
Distribution	61	79	111	123	324	312
Electricity Sales	0	0	0	0	1	1
Other	2	3	2	5	11	8
<b>Total</b>	<b>300</b>	<b>343</b>	<b>521</b>	<b>561</b>	<b>1,558</b>	<b>1,518</b>
Of which capitalised borrowing costs	15	19	39	37	80	82

Gross investments in shares by segment						
EUR million	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Power	0	0	1	0	-	1
Heat	0	0	0	0	10	10
Russia	-	0	-	0	-	0
Distribution	-	-	-	-	-	-
Electricity Sales	-	-	-	-	-	-
Other	11	5	11	5	6	12
<b>Total</b>	<b>11</b>	<b>5</b>	<b>12</b>	<b>5</b>	<b>16</b>	<b>23</b>

Gross divestments in shares by segment						
EUR million	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Power	0	0	35	63	102	74
Heat	0	0	0	195	269	74
Russia	-	0	-	0	-	-
Distribution	0	0	0	37	37	0
Electricity Sales	-	-	-	-	2	2
Other	-	0	-	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>295</b>	<b>410</b>	<b>150</b>

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

Net assets by segment			
EUR million	June 30 2013	June 30 2012 *	Dec 31 2012*
Power	6,374	6,199	6,389
Heat	4,144	4,027	4,286
Russia	3,793	3,439	3,848
Distribution	3,774	3,678	3,889
Electricity Sales	19	22	51
Other	438	159	158
<b>Total</b>	<b>18,542</b>	<b>17,524</b>	<b>18,621</b>

\*Comparative period information has been restated, see Note 2.

Comparable return on net assets by segment		
%	Last twelve months	Dec 31 2012*
Power	17.5	18.5
Heat	6.8	7.0
Russia	3.3	2.7
Distribution	9.5	8.8
Electricity Sales	157.6	203.1
Other	-24.3	-34.1

Return on net assets by segment		
%	Last twelve months	Dec 31 2012*
Power	18.7	18.7
Heat	7.5	8.8
Russia	3.3	3.0
Distribution	9.6	9.1
Electricity Sales	146.3	152.3
Other	-44.4	-68.8

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	June 30 2013	June 30 2012 *	Dec 31 2012*
Power	7,424	7,183	7,380
Heat	4,503	4,389	4,785
Russia	4,193	3,840	4,309
Distribution	4,275	4,172	4,428
Electricity Sales	241	230	292
Other	572	790	660
Eliminations	-231	-504	-403
<b>Assets included in Net assets</b>	<b>20,977</b>	<b>20,100</b>	<b>21,451</b>
Interest-bearing receivables	1,368	1,274	1,393
Deferred taxes	138	170	177
Other assets	463	593	577
Cash and cash equivalents	1,028	404	963
<b>Total assets</b>	<b>23,974</b>	<b>22,541</b>	<b>24,561</b>

Liabilities by segments			
EUR million	June 30 2013	June 30 2012 *	Dec 31 2012*
Power	1,050	984	991
Heat	359	362	499
Russia	400	401	461
Distribution	501	494	539
Electricity Sales	222	208	241
Other	134	631	502
Eliminations	-231	-504	-403
<b>Liabilities included in Net assets</b>	<b>2,435</b>	<b>2,576</b>	<b>2,830</b>
Deferred tax liabilities	1,846	2,021	1,879
Other liabilities	345	254	432
<b>Total liabilities included in Capital employed</b>	<b>4,626</b>	<b>4,851</b>	<b>5,141</b>
Interest-bearing liabilities	9,063	7,824	8,777
Total equity	10,285	9,866	10,643
<b>Total equity and liabilities</b>	<b>23,974</b>	<b>22,541</b>	<b>24,561</b>

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.

\*Comparative period information has been restated, see Note 2.

Number of employees			
	June 30 2013	June 30 2012	Dec 31 2012
Power	1,994	2,019	1,846
Heat	2,221	2,439	2,212
Russia	4,297	4,272	4,253
Distribution	882	907	870
Electricity Sales	519	528	509
Other	593	683	681
<b>Total</b>	<b>10,506</b>	10,848	10,371

Average number of employees			
	Q1-Q2 2013	Q1-Q2 2012	2012
Power	1,922	1,883	1,896
Heat	2,204	2,388	2,354
Russia	4,279	4,337	4,301
Distribution	868	870	873
Electricity Sales	508	517	515
Other	587	649	661
<b>Total</b>	<b>10,368</b>	10,644	10,600

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 2012.

### 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 Note 1 Accounting policies, 1.30 Fair value estimation in the consolidated financial statements for 2012.

### Financial assets

EUR million	Level 1		Level 2		Level 3		Netting <sup>3)</sup>		Total	
	June 30 2013	Dec 31 2012	June 30 2013	Dec 31 2012	June 30 2013	Dec 31 2012	June 30 2013	Dec 31 2012	June 30 2013	Dec 31 2012
<b>In non-current assets</b>										
Available for sale financial assets <sup>1)</sup>	1	1			30	31			31	32
Derivative financial instruments										
Electricity derivatives										
Hedge accounting			69	56			-16	-14	53	42
Non-hedge accounting	1	1	90	55		2 <sup>2)</sup>	-35	-24	56	34
Interest rate and currency derivatives										
Hedge accounting			130	183					130	183
Non-hedge accounting			110	175					110	175
Oil and other futures and forward contracts										
Non-hedge accounting	34	10		17			-13	-10	21	17
<b>Total in non-current assets</b>	<b>36</b>	<b>12</b>	<b>399</b>	<b>486</b>	<b>30</b>	<b>33</b>	<b>-64</b>	<b>-48</b>	<b>401</b>	<b>483</b>
<b>In current assets</b>										
Derivative financial instruments										
Electricity derivatives										
Hedge accounting			94	96			-30	-41	64	55
Non-hedge accounting	15	18	213	175			-116	-114	112	79
Interest rate and currency derivatives										
Hedge accounting			4	4					4	4
Non-hedge accounting			176	38					176	38
Oil and other futures and forward contracts										
Hedge accounting	3			2					3	2
Non-hedge accounting	220	125		60			-139	-140	81	45
<b>Total in current assets</b>	<b>238</b>	<b>143</b>	<b>487</b>	<b>375</b>	<b>0</b>	<b>0</b>	<b>-285</b>	<b>-295</b>	<b>440</b>	<b>223</b>
<b>Total</b>	<b>274</b>	<b>155</b>	<b>886</b>	<b>861</b>	<b>30</b>	<b>33</b>	<b>-349</b>	<b>-343</b>	<b>841</b>	<b>706</b>

## Financial liabilities

EUR million	Level 1		Level 2		Level 3		Netting <sup>3)</sup>		Total	
	June 30 2013	Dec 31 2012	June 30 2013	Dec 31 2012	June 30 2013	Dec 31 2012	June 30 2013	Dec 31 2012	June 30 2013	Dec 31 2012
<b>In non-current liabilities</b>										
Interest-bearing liabilities <sup>4)</sup>			1,637	1,895					1,637	1,895
Derivative financial instruments										
Electricity derivatives										
Hedge accounting			23	17		1 <sup>2)</sup>	-16	-14	7	4
Non-hedge accounting	1	12	53	22			-35	-24	19	10
Interest rate and currency derivatives										
Hedge accounting			47	57					47	57
Non-hedge accounting			42	108					42	108
Oil and other futures and forward contracts										
Non-hedge accounting	21	3		10			-13	-10	8	3
<b>Total in non-current liabilities</b>	<b>22</b>	<b>15</b>	<b>1,802</b>	<b>2,109</b>	<b>0</b>	<b>1</b>	<b>-64</b>	<b>-48</b>	<b>1,760</b>	<b>2,077</b>
<b>In current liabilities</b>										
Derivative financial instruments										
Electricity derivatives										
Hedge accounting			31	42			-30	-41	1	1
Non-hedge accounting	19	23	117	109			-116	-114	20	18
Interest rate and currency derivatives										
Hedge accounting			2	4					2	4
Non-hedge accounting			30	197					30	197
Oil and other futures and forward contracts										
Hedge accounting	6			4					6	4
Non-hedge accounting	208	116		64			-139	-140	69	40
<b>Total in current liabilities</b>	<b>233</b>	<b>139</b>	<b>180</b>	<b>420</b>	<b>0</b>	<b>0</b>	<b>-285</b>	<b>-295</b>	<b>128</b>	<b>264</b>
<b>Total</b>	<b>255</b>	<b>154</b>	<b>1,982</b>	<b>2,529</b>	<b>0</b>	<b>1</b>	<b>-349</b>	<b>-343</b>	<b>1,888</b>	<b>2,341</b>

<sup>1)</sup> 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 2012: 31), 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 2012: 1). The cumulative fair value change booked in Fortum's equity was EUR -3 million (Dec 31 2012: -3).

<sup>2)</sup> In 2012 NASDAQ OMX Commodities Europe quoted the closest 5 years and in 2013 for the closest 10 years, for years beyond a systematic price estimate made by Fortum is used. Reason for transferring electricity derivatives from level 3 to level 2 is the maturity of contracts.

<sup>3)</sup> Receivables and liabilities against electricity, oil and other commodity exchanges arising from standard derivative contracts with same delivery period are netted.

<sup>4)</sup> Fair valued part of bond when hedge accounting is applied (fair value hedge).

Net fair value amount of interest rate and currency derivatives is EUR 299 million, assets EUR 420 million and liabilities EUR 121 million. Fortum has cash collateral based on Credit Support Annex agreements with some counterparties. At the end of June 2013 Fortum has received EUR 136 from the 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-Q2 2013 nor 2012.

### Disposals

#### Disposals for Q1-Q2 2013

During Q1 2013 Fortum divested small hydropower plants in Sweden and a minor gain was recognised in the Power segment.

#### Disposals for 2012

In December 2012 Fortum sold its shares in Fortum Heat Naantali Oy to Turun Seudun Energiantuotanto Oy (TSE) in which Fortum has 49.5% interest. The total sales price (less liquid funds in the sold company) was approximately EUR 74 million, of which EUR 2 million was paid during Q2 2013. Fortum's capital gain EUR 21 million was recognised in Heat segment. In connection with the sale Fortum participated in a share issue in TSE with EUR 10 million and gave a shareholder loan to the company amounting to EUR 13 million.

Fortum closed its divestment of Fortum Energiaratkaisut Oy and Fortum Termest AS to EQT Infrastructure Fund as of January 31, 2012. The total sales price, including net debt, was approximately EUR 200 million. Fortum's capital gain was EUR 58 million.

In January 2012 Fortum sold Distribution's Estonian subsidiary Fortum Elekter AS to Imatran Seudun Sähkö. In connection with the sale, Fortum also sold its ownership in Imatran Seudun Sähkö Oy.

During Q1 2012 Fortum divested small hydropower plants in Finland with the sale of a 60% share in Killin Voima Oy to Koillis-Satakunnan Sähkö Oy and sale of 14 small hydropower plants in Finland to Koskienergia Oy. Capital gain from these transactions was EUR 47 million booked in the Power segment's first-quarter results. During Q4 2012 Fortum divested also small hydropower plants in Sweden and a minor gain was recognised in the Power segment.

## Gross divestments of shares

EUR million	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Proceeds settled in cash	2	0	15	126	223	112
Interest bearing debt in sold subsidiaries	-	-	22	169	181	34
Change in receivables relating to divestments	-2	0	-2	0	2	0
Gross divestments of shares in subsidiaries <sup>1)</sup>	0	0	35	295	406	146
Gross divestment of associates	-	0	-	0	1	1
Gross divestment of available for sale financial assets	-	0	-	0	3	3
<b>Total</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>295</b>	<b>410</b>	<b>150</b>

<sup>1)</sup> Cash and cash equivalents in sold subsidiaries EUR 0 million (Q1-Q2 2012: 9) are netted from gross divestments.

### Assets held for sale

In June 2013 Fortum signed agreements to sell Fortum's 47.9% shareholding in Härjeåns Kraft AB to the Finnish energy company Oy Herrfors Ab, a subsidiary of Katternö Group. The transaction was completed in July and a sales gain will be included in the Distribution segment in the third quarter. The assets are included in Assets held for sale.

In June 2013 Fortum signed agreements to sell Fortum's 33% shareholding in Infratek ASA to a fund managed by Triton. The transaction is planned to be completed during the third quarter and a sales gain will be included in the Power segment in the third quarter. The assets are included in Assets held for sale.

## 7. 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-June 2013	Jan-March 2013	Jan-Dec 2012	Jan-Sept 2012	Jan-June 2012	Jan-March 2012
Sweden (SEK)	8.5599	8.5043	8.7015	8.7275	8.8756	8.8658
Norway (NOK)	7.5555	7.4456	7.4840	7.5182	7.5855	7.6136
Poland (PLN)	4.1954	4.1501	4.1900	4.2152	4.2524	4.2389
Russia (RUB)	40.8468	40.2378	40.2354	40.1847	40.1999	39.9714

Balance sheet date rate	June 30 2013	March 31 2013	Dec 31 2012	Sept 30 2012	June 30 2012	March 31 2012
Sweden (SEK)	8.7773	8.3553	8.5820	8.4498	8.7728	8.8455
Norway (NOK)	7.8845	7.5120	7.3483	7.3695	7.5330	7.6040
Poland (PLN)	4.3376	4.1804	4.0740	4.1038	4.2488	4.1522
Russia (RUB)	42.8450	39.7617	40.3295	40.1400	41.3700	39.2950

## 8. Income tax expense

Tax rate according to the income statement for Q1-Q2 2013 was 19.2% (Q1-Q2 2012: 18.5%). Tax rate for the Q1-Q2 2013, excluding the impact of share of profits of associated companies and joint ventures as well as non-taxable capital gains was 20.6% (Q1-Q2 2012: 21.1%). 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.

In Sweden, the corporate tax rate was decreased to 22.0% from 26.3% starting 1 January 2013. In 2012, the one-time positive effect from the tax rate change was approximately EUR 230 million of which EUR 34 million is attributable to non-controlling interests. The tax rate for the year 2012, excluding the tax rate change in Sweden, the impact of share of profits of associated companies and joint ventures as well as non-taxable capital gains was 21.2% (2011: 21.4%).

## 9. Dividend per share

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

A dividend in respect of 2011 of EUR 1.00 per share, amounting to a total dividend of EUR 888 million, was decided at the Annual General Meeting on 11 April 2012. The dividend was paid on 23 April 2012.

## 10. Changes in intangible assets

EUR million	June 30 2013	June 30 2012	Dec 31 2012
Opening balance	442	433	433
Increase through acquisition of subsidiary companies	-	2	2
Capital expenditures	14	14	35
Changes of emission rights	-15	-37	-25
Depreciation, amortisation and impairment	-12	-10	-22
Reclassifications	0	2	6
Translation differences and other adjustments	-19	7	13
<b>Closing balance</b>	<b>410</b>	<b>411</b>	<b>442</b>
Goodwill included in closing balance	291	301	309
Change in goodwill during the period due to translation differences	-18	7	15

## 11. Changes in property, plant and equipment

EUR million	June 30 2013	June 30 2012	Dec 31 2012
Opening balance	16,497	15,234	15,234
Increase through acquisition of subsidiary companies	10	0	0
Capital expenditures	507	547	1,523
Changes of nuclear asset retirement cost	46	-1	-1
Disposals	0	-12	-15
Depreciation, amortisation and impairment	-336	-311	-642
Sale of subsidiary companies	-27	-18	-84
Reclassifications	0	-2	-6
Translation differences and other adjustments	-446	188	488
<b>Closing balance</b>	<b>16,251</b>	<b>15,625</b>	<b>16,497</b>

**12. Changes in participations in associates and joint ventures**

EUR million	June 30 2013	June 30 2012*	Dec 31 2012*
Opening balance	1,979	2,014	2,014
Share of profits of associates and joint ventures	62	20	23
Investments	-	-	10
Dividend income received	-33	-31	-45
OCI items associated companies	37	-47	-56
Translation differences and other adjustments	-63	20	33
Moved to Assets held for sale	-57	-	-
<b>Closing balance</b>	<b>1,925</b>	<b>1,976</b>	<b>1,979</b>

\*Comparative period information has been restated, see Note 2.

**Share of profits from associates and joint ventures**

Share of profits from associates in Q2 2013 was EUR 33 million (Q2 2012: 27) of which Hafslund ASA represented EUR 7 million (Q2 2012: 10) and TGC-1 EUR 22 million (Q2 2012: 21).

According to Fortum Group accounting policies the share of profits from Hafslund and TGC-1 will be included in Fortum Group figures based on the previous quarter information since updated interim information is not normally available. Hafslund published their interim report for Q2 2013 on 10 July 2013. The effect of Hafslund's Q2 is not included in Fortum's Q2 results.

Fortum's share of profit for the period January-June 2013 amounted to 62 million (Q1-Q2 2012: 20), of which Hafslund represented EUR 16 million (Q1-Q2 2012: 1), TGC-1 EUR 41 million (Q1-Q2 2012: 21) and Gasum EUR 6 million (Q1-Q2 2012: 7).

Fortum's share of profits for the full year 2012 amounted to EUR 23 million, of which Hafslund represented EUR -20 million, TGC-1 EUR 27 million, and Gasum EUR 15 million.

**Investments, divestments and share issues**

There were no investments or share issues in associated companies during the first half of 2013.

Fortum has signed agreements to sell its 47.9% shareholding in Härjeåns Kraft AB and its 33% shareholding in Infratek ASA. The assets are reclassified as Assets held for sale at the end of June 2013. See note 6 Acquisitions, disposals and assets held for sale.

**Dividends received**

During Q1-Q2 2013 Fortum had received EUR 33 million (Q1-Q2 2012: 31) in dividends from associates of which EUR 22 million (Q1-Q2 2012: 22) was received from Hafslund and EUR 4 million (Q1-Q2 2012: 4) from Infratek ASA.

**13. Interest-bearing receivables**

EUR million	Carrying amount June 30 2013	Fair value June 30 2013	Carrying amount Dec 31 2012	Fair value Dec 31 2012
Long term loan receivables	1,362	1,403	1,389	1,440
Leasing receivables	3	5	3	5
Total long term interest-bearing receivables <sup>1)</sup>	1,365	1,408	1,392	1,445
Other current receivables	3	3	1	1
<b>Total</b>	<b>1,368</b>	<b>1,411</b>	<b>1,393</b>	<b>1,446</b>

<sup>1)</sup> Carrying amount including current portion of long-term receivables EUR 5 million (Dec 31 2012: 8).

Long-term loan receivables include receivables from associated companies EUR 1,309 million (Dec 31 2012: 1,332), mainly from Swedish nuclear companies, OKG AB and Forsmarks Kraftgrupp AB, EUR 1,200 million (Dec 31 2012: 1,249). These companies are mainly funded with shareholder loans, pro rata each shareholder's ownership. The decrease is mainly due to weakening of Swedish krona.

Long-term loan receivables also include receivables from the associated company Teollisuuden Voima Oyj (TVO) amounting to EUR 85 million (Dec 31 2012: 58). Olkiluoto 3, the nuclear power plant being built by TVO, is funded through external loans, share issues and shareholder loans according to shareholders' agreement between the owners of TVO. In March 2009, TVO's shareholders committed to providing a EUR 300 million subordinated shareholders' loan to TVO. The facility will be available until the end of 2015. Fortum's share of this commitment is at maximum EUR 75 million of which EUR 25 was outstanding at end of June 2013. In March 2012 a subordinated shareholder loan was given to fund planning of Olkiluoto 4, where Fortum's share of the commitment is EUR 72 million of which EUR 15 was outstanding at end of June 2013. In June 2013, TVO's shareholders committed to providing additional EUR 300 million subordinated shareholders' loan related to Olkiluoto 3. The facility will be available until the end of 2018. Fortum's share of this commitment is at maximum EUR 75 million. At end of June 2013 no drawdowns were done on this facility.

## 14. Interest-bearing liabilities and cash and cash equivalents

Interest-bearing debt	Carrying	Fair	Carrying	Fair
	amount	value	amount	value
EUR million	June 30	June 30	Dec 31	Dec 31
	2013	2013	2012	2012
Bonds	6,402	6,823	5,841	6,239
Loans from financial institutions	962	1,026	983	1,062
Other long term interest-bearing debt <sup>1)</sup>	1,560	1,576	1,521	1,566
Total long term interest-bearing debt <sup>2)</sup>	8,924	9,425	8,345	8,867
Commercial paper	-	-	228	228
Other short term interest-bearing debt	139	139	204	204
Total short term interest-bearing debt	139	139	432	432
<b>Total</b>	<b>9,063</b>	<b>9,564</b>	<b>8,777</b>	<b>9,299</b>

<sup>1)</sup> Including loan from Finnish State Nuclear Waste Fund and Teollisuuden Voima EUR 995 million (Dec 31 2012: 940), loans from Fortum's Finnish pension institutions EUR 213 million (Dec 31 2012: 228), financial leases EUR 24 million (Dec 31 2012: 25) and other loans EUR 328 million (Dec 31 2012: 328).

<sup>2)</sup> Carrying amounts include current portion of long-term debt of EUR 1,847 million as of 30 June 2013 (Dec 31 2012: 646).

On 13 March 2013, Fortum issued two 5 year bonds under its existing Euro Medium Term Note programme. The total nominal value of the bonds is SEK 3,150 million (approximately EUR 376 million) consisting of SEK 2,000 million at floating rate and SEK 1,150 million at 2.75% fixed rate. In April Fortum increased the amount of re-borrowing from the Finnish nuclear waste fund and Teollisuuden Voima by EUR 55 million to EUR 995 million. In the second quarter Fortum issued three new bonds: one 30 year EUR 100 million bond at fixed interest rate 3.5% and two SEK denominated bonds of 1 billion each (in total approximately EUR 231 million) at floating rate maturing 2018 and 2023. In June the amount of Fortum's Revolving Credit Facility (RCF) was lowered from EUR 2.5 billion to 2.0 billion. Parallel with the reduction of the facility amount, the majority of the facility was extended one year. The amount of the facility is 2 billion until July 2016 and 1.9 billion until July 2017. In connection with the acquisition of solar assets in India in June, Fortum raised INR 515 million (approximately EUR 6.7 million) from local bank financing.

At the end of June 2013, the amount of short term financing was EUR 139 million (Dec 31 2012: 432). The interest-bearing debt decreased during the second quarter by EUR 89 million from EUR 9,152 million to EUR 9,063 million. Total cash and cash equivalent decreased by EUR 691 million from EUR 1,719 million to EUR 1,028 million during the quarter.

## 15. Nuclear related assets and liabilities

EUR million	June 30	June 30	Dec 31
	2013	2012	2012
<b>Carrying values in the balance sheet</b>			
Nuclear provisions	729	664	678
Share in the State Nuclear Waste Management Fund	729	664	678
<b>Legal liability and actual share of the State Nuclear Waste Management Fund</b>			
Liability for nuclear waste management according to the Nuclear Energy Act	996	968	996
Funding obligation target	996	941	996
Fortum's share of the State Nuclear Waste Management Fund	996	941	956

## Nuclear related provisions

According to Nuclear Energy Act Fortum submits the proposal for the nuclear waste management liability regarding the Loviisa nuclear power plant to the Ministry of Employment and Economy by end of June every third year. The liability is based on nuclear waste management plan which is also updated every third year. The cost estimates related to the new nuclear waste management plan were completed in Q2 2013. The overall future costs are estimated to increase mainly due to higher costs for interim and final storage of spent fuel and decommissioning of the power plant. The liability will be decided by the Ministry of Employment and Economy by end of year 2013.

The legal liability on 30 June 2013, decided by the the Ministry of Employment and Economy in December 2012, was EUR 996 million. The legal liability at the end of 2013, based on the proposal to the Ministry of Employment and Economy, is expected to increase to EUR 1,059 million. The provision in the balance sheet related to nuclear waste management is based on cash flows for future costs which uses the same basis as the legal liability. The carrying value of the nuclear provision, calculated according to IAS 37, increased due to the new cost estimates by EUR 51 million compared to 31 December 2012, totalling EUR 729 million on 30 June 2013. 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.

### Fortum's share in the State Nuclear Waste Management Fund

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 2012 is EUR 996 million. Fortum has in Q2 paid the fee of EUR 40 million whereafter Fortum's share of the State Nuclear Waste Management Fund is fully funded. The Fund is from an IFRS perspective overfunded with EUR 267 million, since Fortum's share of the Fund on 30 June 2013 was EUR 996 million and the carrying value in the balance sheet was EUR 729 million.

### Effects to comparable operating profit and operating profit

Following the updated cost estimates, Fortum had in Q2 2013 a one-time effect to Comparable operating profit of EUR +4 million in Power segment due to lower forecasted nuclear waste management costs related to already spent fuel. Any cost change which is related to already spent fuel is always recognized immediately in Comparable operating profit.

Operating profit in Power segment is affected by the accounting principle for Fortum's share of the Finnish Nuclear Waste Management Fund, since the carrying value of the 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. Fortum had an effect from this adjustment in Q2 2013 of EUR +34 million, compared to EUR -7 million in Q2 2012. The cumulative effect 2013 was EUR +31 million compared to EUR -16 million in 2012.

### Associated companies

Fortum has minority shareholdings in associated Finnish and Swedish nuclear production companies. Fortum has for these companies accounted for its share of the effects from nuclear related assets and provisions according to Fortum accounting principles.

## 16. Other provisions

EUR million	CSA provisions			Other provisions		
	June 30 2013	June 30 2012	Dec 31 2012	June 30 2013	June 30 2012	Dec 31 2012
Opening balance	178	180	180	36	29	29
Unused provisions reversed	-10	-	-	-3	-1	-2
Change in the provision	-	-	-	4	2	15
Provisions used	-16	-4	-23	-8	-2	-7
Unwinding of discount	7	7	15	0	0	-
Exchange rate differences	-9	2	6	0	-1	1
<b>Closing balance</b>	<b>150</b>	<b>185</b>	<b>178</b>	<b>29</b>	<b>27</b>	<b>36</b>
<b>Current provisions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>2</b>	<b>7</b>
<b>Non-current provisions</b>	<b>150</b>	<b>185</b>	<b>178</b>	<b>24</b>	<b>25</b>	<b>29</b>

Fortum's extensive 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 for possible penalties amounts to EUR 150 million (Dec 31 2012: 178). The effect on the provision from changes in the timing of commissioning of new power plants is assessed at each balance sheet date and provision is adjusted accordingly. During Q2 EUR 10 million of the provision was reversed to the income statement relating to the finalisation of Nyagan 1. The increase in the provision due to the unwinding of the discounting during Q1-Q2 2013 amounted to EUR 7 million (Q1-Q2 2012: 7). This amount was recognised in other financial expenses. Paid penalties during Q1-Q2 2013 amounted to EUR 16 million (Q1-Q2 2012: 4).

## 17. Pledged assets

EUR million	June 30 2013	June 30 2012	Dec 31 2012
On own behalf			
For debt			
Pledges	296	292	293
Real estate mortgages	137	137	137
For other commitments			
Real estate mortgages	103	124	124
On behalf of associated companies and joint ventures			
Pledges and real estate mortgages	3	3	3

### 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 30 June 2013 the value of the pledged shares amounts to EUR 269 million (Dec 31 2012: 269).

Pledges also include bank deposits as trading collateral of EUR 7 million (Dec 31 2012: 4) for trading of electricity and CO<sub>2</sub> emission allowances in Nasdaq OMX Commodities Europe, in Intercontinental Exchange (ICE) and European Energy Exchange (EEX). Fortum Tartu in Estonia (60% owned by Fortum) has given real estate mortgages for a value of EUR 96 million (Dec 31 2012: 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 2012: 41).

Regarding the relevant interest-bearing liabilities, see Note 14 Interest-bearing liabilities.

### Pledged assets for other commitments

Fortum has given real estate mortgages in power plants in Finland, total value of EUR 103 million in June 2013 (Dec 31 2012: 124), 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 decommissioning and disposal of spent fuel in Loviisa nuclear power plant. 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.

## 18. Operating lease commitments

EUR million	June 30 2013	June 30 2012	Dec 31 2012
Due within a year	29	32	32
Due after one year and within five years	70	71	73
Due after five years	162	153	176
<b>Total</b>	<b>261</b>	<b>256</b>	<b>281</b>

## 19. Capital commitments

EUR million	June 30 2013	June 30 2012	Dec 31 2012
Property, plant and equipment	1,192	968	1,168
Intangible assets	4	7	4
<b>Total</b>	<b>1,196</b>	<b>975</b>	<b>1,172</b>

Capital commitments relates mainly to OAO Fortum's investment programme, nuclear related investments in Finland, as well as CHP investments in Joensuu, Finland, in Stockholm, Sweden and in Jelgava, Latvia.



## 20. Contingent liabilities

EUR million	June 30 2013	June 30 2012	Dec 31 2012
On own behalf			
Other contingent liabilities	56	69	67
On behalf of associated companies and joint ventures			
Guarantees	477	347	487
Other contingent liabilities	125	125	125
On behalf of others			
Guarantees	0	1	0

### Guarantees on behalf of associated companies

Guarantees and other contingent liabilities 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). The guarantees given on behalf of Forsmarks Kraftgrupp AB and OKG AB amount to SEK 3,696 million (EUR 421 million) at 30 June 2013 (Dec 31 2012: 431).

The guarantee given on behalf of Teollisuuden Voima Oyj (TVO) to the Finnish State Nuclear Waste Management Fund amount to EUR 40 million at 30 June 2013 (Dec 31 2012: 39).

## 21. Legal actions and official proceedings

The legal actions and official proceedings presented below should be read in conjunction with the consolidated financial statements for the year ended 31 December 2012. No other material changes have occurred during Q1-Q2 2013 compared to the year-end 2012.

The Swedish Energy Authority (EI), which regulates and supervises the distribution network tariffs in Sweden, has issued a decision concerning the allowed income frame for the years 2012-2015. EI has based its decision on a model with a transition rule stating that it takes 18 years to reach the allowed level of income according to the new model. The EI decision has been appealed to the County Administrative Court by more than 80 distribution companies, including Fortum Distribution AB. The basis for Fortum Distribution AB's appeal is that the model is not compatible with the existing legislation and that EI has applied an incorrect method for the calculation of Weighted Average Cost of Capital (WACC).

Fortum received income tax assessments in Sweden for the year 2009 in December 2011. The appeal process is ongoing and based on legal analysis, no provision has been accounted for in the financial statements.

Fortum Sweden AB, Fortum Nordic AB and Fortum 1 AB have received income tax assessments for the year 2010 in December 2012 from the Swedish tax authorities. According to the tax authorities, Fortum would have to pay additional income taxes for the reallocation of the loans between the Swedish subsidiaries in 2004-2005 and for financing of the acquisition of TGC 10 (current OAO Fortum) in 2008. The claims are based on the change in tax regulation as of 2009. Fortum considers the claims unjustifiable and has appealed the decisions. No provision has been recognised in the financial statements. If the decision by the tax authority remains final despite the appeals process, the impact on the net profit for the period would be approximately SEK 444 million (EUR 51 million). Years 2009 and 2010 assessments are totally SEK 869 million (EUR 99 million).

Fortum has 2012 received an income tax assessment in Belgium for the year 2008. 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. No provision has been accounted for in the financial statements. If the decision by the tax authorities remains final despite the appeal process, the impact on the net profit for the period would be approximately EUR 36 million. The tax is already paid. If the appeal is approved, Fortum will receive a 7% interest on the amount.

Fortum has on-going tax audits in Finland, Belgium and some other countries.

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, and the reactor main components are installed. Installation of the other components and engineering of the plant automation system continued. Based on the progress reports of AREVA-Siemens Consortium, TVO estimates that the start of the regular electricity production of the plant unit may be postponed until year 2016. The supplier is responsible for the time schedule.

In 2012 TVO submitted a claim and defense in the International Chamber of Commerce (ICC) arbitration proceedings concerning the delay and the ensuing costs incurred at the Olkiluoto 3 project. The quantification estimate of TVO's costs and losses was approximately EUR 1.8 billion, which included TVO's actual claim and estimated part. The arbitration proceedings may continue for several years and TVO's claimed amounts will be updated. The proceedings were initiated in December 2008 by the OL3 supplier, AREVA-Siemens. The supplier's latest monetary claim including indirect items and interest is approximately EUR 1.9 billion. TVO has considered and found the claim by the supplier to be without merit.

In addition to the litigations described above, some Group companies are involved in tax and other disputes incidental to their business. In management's opinion the outcome of such disputes will not have material effect on the Group's financial position.

## 22. Related party transactions

Related parties are described in the annual financial statements as of the year ended 31 December 2012. No material changes have occurred during year 2013.

The Finnish State owned 50.76% of the shares in Fortum 30 June 2013. There has been no change in the shareholding during 2013.

### Transactions with associated companies and joint ventures

EUR million	Q1-Q2 2013	Q1-Q2 2012	2012
Sales	28	74	123
Interest on loan receivables	15	21	42
Purchases	373	345	679

Sales during 2012 include sales of inventory to Turun Seudun Energiantuotanto Oy (TSE).

For information regarding the sale of Fortum Heat Naantali Oy shares to TSE in 2012, see Note 6.

### Associated company and joint ventures balances

EUR million	June 30 2013	June 30 2012	Dec 31 2012
Long-term interest-bearing loan receivables	1,347	1,231	1,370
Trade receivables	21	13	15
Other receivables	20	22	16
Long-term loan payables	248	234	234
Trade payables	4	5	23
Other payables	5	6	7

## 23. Events after the balance sheet date

The sale of 47.9% shareholding in Härjeåns Kraft AB to Oy Herrfors Ab was completed in July and a sales gain will be included in the Distribution segment in the third quarter.

## 24. Definition of key figures

EBITDA (Earnings before interest, taxes, depreciation and amortisation)	=	Operating profit + Depreciation, amortisation and impairment charges
Comparable EBITDA	=	EBITDA - items affecting comparability - Net release of CSA provision
Items affecting comparability	=	Non-recurring items + other items affecting comparability
Comparable operating profit	=	Operating profit - non-recurring items - other items affecting comparability
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)

## 24. 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 - cash and cash equivalents
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	=	$\frac{\text{Interest-bearing net debt}}{\text{Operating profit} + \text{Depreciation, amortisation and impairment charges}}$
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	=	$\frac{\text{Operating profit}}{\text{Net interest expenses} - \text{capitalised borrowing costs}}$
Earnings per share (EPS)	=	$\frac{\text{Profit for the period} - \text{non-controlling interest}}{\text{Average number of shares during the period}}$
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						Last twelve months
TWh	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	
Nordic countries	86	87	203	201	391	393
Russia	235	232	523	524	1,037	1,036
Tyumen	21	19	44	42	83	85
Chelyabinsk	8	8	18	18	36	36
Russia Urals area	59	58	128	127	252	253

Average prices						Last twelve months
	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	
Spot price for power in Nord Pool power exchange, EUR/MWh	38.7	28.4	40.4	33.3	31.2	34.7
Spot price for power in Finland, EUR/MWh	39.9	32.4	41.0	37.5	36.6	38.4
Spot price for power in Sweden, SE3, Stockholm EUR/MWh	38.3	29.6	40.1	34.3	32.3	35.2
Spot price for power in Sweden, SE2, Sundsvall EUR/MWh	38.3	29.0	40.1	33.5	31.8	35.0
Spot price for power in European and Urals part of Russia, RUB/MWh <sup>1)</sup>	1,043	925	1,020	920	1,001	1,052
Average capacity price, tRUB/MW/month	252	202	262	223	227	247
Spot price for power in Germany, EUR/MWh	32.6	40.4	37.4	42.7	42.6	39.9
Average regulated gas price in Urals region, RUB/1000 m <sup>3</sup>	2,836	2,548	2,880	2,548	2,736	2,902
Average capacity price for old capacity, tRUB/MW/month <sup>2)</sup>	146	136	162	151	152	158
Average capacity price for new capacity, tRUB/MW/month <sup>2)</sup>	513	470	575	523	539	567
Spot price for power (market price), Urals hub, RUB/MWh <sup>1)</sup>	970	888	950	869	956	997
CO <sub>2</sub> , (ETS EUA), EUR/tonne CO <sub>2</sub>	4	7	4	7	7	6
Coal (ICE Rotterdam), USD/tonne	80	90	84	96	93	87
Oil (Brent Crude), USD/bbl	103	109	108	114	112	109

<sup>1)</sup> Excluding capacity tariff.

<sup>2)</sup> Capacity prices paid only for the capacity available at the time.

Water reservoirs			
TWh	June 30 2013	June 30 2012	Dec 31 2012
Nordic water reservoirs level	82	86	85
Nordic water reservoirs level, long-term average	84	84	83

Export/import						Last twelve months
TWh (+ = import to, - = export from Nordic area)	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	
Export / import between Nordic area and Continental Europe+Baltics	0	-5	-1	-10	-19	-10
Export / import between Nordic area and Russia	1	1	3	3	5	5
Export / import Nordic area, Total	1	-4	2	-7	-14	-5

Power market liberalisation in Russia						Last twelve months
%	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	
Share of power sold at the liberalised price by OAO Fortum	81	83	82	83	82	82

Achieved power prices						Last twelve months
EUR/MWh	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	
Power's Nordic power price	44.7	43.9	45.2	45.7	44.6	44.4
Achieved power price for OAO Fortum	31.1	29.4	30.8	29.3	30.6	31.3

## Fortum's production and sales volumes

Power generation						
TWh	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Fortum power generation in the EU and Norway	12.0	12.2	26.9	26.7	53.9	54.1
Fortum power generation in Russia	4.8	4.2	10.3	9.6	19.2	19.9
<b>Total</b>	<b>16.8</b>	<b>16.4</b>	<b>37.2</b>	<b>36.3</b>	<b>73.1</b>	<b>74.0</b>

Heat production						
TWh	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Heat production in the EU and Norway	3.5	3.3	10.8	10.6	18.5	18.7
Heat production in Russia	4.1	3.7	13.7	13.9	24.8	24.6
<b>Total</b>	<b>7.6</b>	<b>7.0</b>	<b>24.5</b>	<b>24.5</b>	<b>43.3</b>	<b>43.3</b>

Power generation capacity by division			
MW	June 30 2013	June 30 2012	Dec 31 2012
Power	9,696	9,742	9,702
Heat	1,502	1,565	1,569
Russia	3,825	3,404	3,404
Other (solar in India)	5	-	-
<b>Total</b>	<b>15,028</b>	<b>14,711</b>	<b>14,675</b>

Heat production capacity by division			
MW	June 30 2013	June 30 2012	Dec 31 2012
Power	250	250	250
Heat	8,247	8,884	8,785
Russia	13,466	13,618	13,396
<b>Total</b>	<b>21,963</b>	<b>22,752</b>	<b>22,431</b>

Power generation by source in the Nordic area						
TWh	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Hydropower	4.5	5.7	10.3	11.8	25.2	23.7
Nuclear power	5.9	5.4	12.6	11.9	23.4	24.1
Thermal power	1.1	0.5	2.8	1.8	3.0	4.0
<b>Total</b>	<b>11.5</b>	<b>11.6</b>	<b>25.7</b>	<b>25.5</b>	<b>51.6</b>	<b>51.8</b>

Power generation by source in the Nordic area						
%	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Hydropower	39	49	40	46	49	46
Nuclear power	51	47	49	47	45	46
Thermal power	10	4	11	7	6	8
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Power sales						
EUR million	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Power sales in the EU and Norway	608	606	1,378	1,373	2,700	2705
Power sales in Russia	202	149	428	330	713	811
<b>Total</b>	<b>810</b>	<b>755</b>	<b>1,806</b>	<b>1,703</b>	<b>3,413</b>	<b>3,516</b>

## Fortum's production and sales volumes

Heat sales						
EUR million	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Heat sales in the EU and Norway	204	204	729	682	1,201	1248
Heat sales in Russia	48	47	164	173	300	291
<b>Total</b>	<b>252</b>	<b>251</b>	<b>893</b>	<b>855</b>	<b>1,501</b>	<b>1,539</b>

Power sales by area						
TWh	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Finland	6.0	3.8	13.1	11.1	21.6	23.6
Sweden	5.9	6.5	13.7	14.4	30.1	29.4
Russia	6.4	5.1	13.8	11.3	23.3	25.8
Other countries	0.9	0.9	2.3	2.0	3.8	4.1
<b>Total</b>	<b>19.2</b>	<b>16.3</b>	<b>42.9</b>	<b>38.8</b>	<b>78.8</b>	<b>82.9</b>

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

Heat sales by area						
TWh	Q2 2013	Q2 2012	Q1-Q2 2013	Q1-Q2 2012	2012	Last twelve months
Russia	4.1	4.2	13.8	15.5	26.4	24.7
Finland	1.1	1.0	3.1	3.2	5.8	5.7
Sweden	1.3	1.6	5.1	4.9	8.5	8.7
Poland	0.5	0.6	2.5	2.6	4.3	4.2
Other countries <sup>1)</sup>	0.8	0.6	1.8	1.7	2.9	3.0
<b>Total</b>	<b>7.8</b>	<b>8.0</b>	<b>26.3</b>	<b>27.9</b>	<b>47.9</b>	<b>46.3</b>

<sup>1)</sup> Including the UK, which is reported in the Power division, other sales.