



Stock exchange release

Fortum January–June 2024 Half-year Financial Report: Resilient performance in Nordic power generation despite seasonally lower prices

Feedback

August 15, 2024 at 08:00 AM

FORTUM CORPORATION HALF-YEAR FINANCIAL REPORT 15 AUGUST 2024 AT 9:00 EEST

This release is a summary of Fortum's January–June 2024 Half-year Financial Report. The complete report is attached to this release as a PDF file. It is also available on the company's website at www.fortum.com/investors

Resilient performance in Nordic power generation despite seasonally lower prices

April–June 2024

- Comparable EBITDA was EUR 326 (344) million.

- Comparable operating profit was EUR 233 (262) million.
- Operating profit was EUR 240 (267) million. Items affecting comparability included fair value changes in non-hedge-accounted derivatives of EUR 4 (5) million.
- Comparable earnings per share were EUR 0.20 (0.16).
- Earnings per share were EUR 0.24 (0.42).
- Cash flow from operating activities totalled EUR 338 (657) million.
- Fortum recorded in the comparable operating profit a sales gain of EUR 16 million from the divestment of its remaining share of its Indian solar power portfolio.

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January–June 2024

- Comparable EBITDA was EUR 948 (1,125) million.
- Comparable operating profit was EUR 763 (960) million.
- Operating profit was EUR 812 (1,036) million. Items affecting comparability included fair value changes in non-hedge-accounted derivatives of EUR 43 (67) million.
- Comparable earnings per share were EUR 0.68 (0.70).
- Earnings per share were EUR 0.77 (1.02).
- Cash flow from operating activities totalled EUR 876 (1,132) million.

Summary of outlook

- The Generation segment's Nordic outright generation hedges: approximately 75% at 43 EUR/MWh for the remainder of 2024, and approximately 60% at 42 EUR/MWh for 2025. As of the first quarter of 2024, the hedge ratios and prices also include the Group's wind generation volumes.
- The current annual outright portfolio amounts to approximately 47 TWh, an increase of approximately 2 TWh due to the commissioning of Olkiluoto

nuclear power plant's third unit and the Pjelax wind farm.

- Capital expenditure in 2024 is expected to be approximately EUR 550 million, of which the maintenance capital expenditure is EUR 300 million.
- UPDATED (18 JULY 2024): From 2025 onwards, the Group's annual maintenance capital expenditure is expected to be EUR 250 million (previously: EUR 300 million). Due to the lower annual maintenance capital expenditure, Fortum's capital expenditure (excluding acquisitions) for 2024–2026 is expected to be up to EUR 1.6 billion (previously: up to EUR 1.7 billion).

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Key figures, continuing operations

EUR million or as indicated	II/2024	II/2023	I- II/2024	I- II/2023
Reported				
Sales	1,255	1,368	3,270	3,632
Operating profit	240	267	812	1,036
Share of profit/loss of associates and joint ventures	2	-42	23	-20
Net profit	215	374	689	916

Net profit (after non- controlling interests)	217	376	688	916
Earnings per share, EUR	0.24	0.42	0.77	1.02
Net cash from operating activities	338	657	876	1,132
EUR million or as indicated	II/2024	II/2023	I- II/2024	I- II/2023
Comparable				
EBITDA	326	344	948	1,125
Operating profit	233	262	763	960
Share of profit/loss of associates and joint ventures	-1	-42	11	-32
Net profit (after non-	184	147	614	629

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controlling
interests)

Earnings per share, EUR	0.20	0.16	0.68	0.70
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EUR million or as indicated			LTM	2023
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Financial position

Financial net debt (at period-end)			851	942
Financial net debt/comparable EBITDA	0.5	0.5		

Key figures, total of continuing and discontinued operations

Fortum’s condensed consolidated income statement and consolidated cash flow statement include the Russia segment as discontinued operations in 2023.

EUR million or as indicated	II/2024	II/2023	I- II/2024	II/2023
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Reported

Net profit (after non- controlling interests)	217	-3,232	688	-2,667
Earnings per share, EUR	0.24	-3.60	0.77	-2.97
Net cash from operating activities	338	658	876	1,241

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Comparable

Net profit (after non- controlling interests)	184	147	614	665
Earnings per share, EUR	0.20	0.16	0.68	0.74

Fortum's President and CEO Markus Rauramo:

“During the second quarter of 2024, Nordic spot prices were under pressure especially in May when the large snowpack combined with warm weather caused strong inflows. Simultaneously, lower than normal wind power generation limited the Nordic spot price decline. The spot power price volatility continued in Finland amid transmission constraints and prolonged nuclear

outages due to technical issues at the Olkiluoto plant. An improved hydrological balance resulted in declining Nordic futures towards the end of the quarter.

The lower Nordic spot price is reflected in our second-quarter result and specifically in the Generation segment's declined result. However, due to our competitive and versatile CO₂-free generation fleet, our achieved power price reached a good level through successful hedging and physical optimisation. Compared to the second quarter of 2023, the main reason for the lower Generation result was the lower achieved power price, but this was partly offset by higher hydro volumes and improved results in the renewables and decarbonisation businesses. The result improved in the Consumer Solutions and Other Operations segments.

In July, after the reporting period, we signed an agreement to sell our recycling and waste business to Summa Equity for approximately EUR 800 million. Based on the balance sheet available at signing, we would record a tax-exempt capital gain of approximately EUR 110 million; however, the final capital gain will depend on the balance sheet value at closing, expected to take place in the fourth quarter. Following this divestment, we continue with our priorities for capital allocation. We have a very strong balance sheet with very low leverage; the Financial net debt-to-Comparable EBITDA ratio is 0.5. In the current investment climate, our investment outlook for upcoming years is limited while we continue to build preparedness for future growth. We continue to apply shareholder returns based on our dividend policy with a payout ratio of 60-90% of comparable EPS.

During the second quarter, we continued to implement our strategy determinedly. One of our strategic priorities is to deliver reliable and clean energy, and we focus on optimising and strengthening our core operations for power generation. This includes investments like Loviisa nuclear power plant's low-pressure turbine modernisation as part of the plant's lifetime extension. The modernisation, announced in May, increases both the total capacity of the plant and the output during its lifetime. As part of the Espoo Clean Heat programme, we closed down our last coal-fired unit used for district heat

production in Suomenoja in Finland. Hence, Fortum's Heating and Cooling business phased out coal in Finland one year earlier than expected. Our wind farm in Pjela, the third-largest in Finland, was inaugurated in May and it started its commercial operations through the power purchase agreement (PPA) with the Finnish Hela at the beginning of July.

Our second strategic priority is to drive decarbonisation of industries. During the second quarter, we announced the development of several potential new sites across Finland that can be offered to our customers for data centre or industrial use. We also started preparations for a 2-MW hydrogen pilot production plant to be built in Loviisa, scheduled to be commissioned in late 2025.

Within the scope of our third strategic priority to transform and develop, we continued our efficiency improvement programme with the target to gradually lower annual fixed costs by EUR 100 million (excluding inflation) by the end of 2025 with a full run-rate from the beginning of 2026. Fortum expects to reduce its recurring fixed cost base by more than EUR 50 million by the end of 2024. In addition, we successfully divested of our stake in the 185-MW solar portfolio, our last operational renewables business in India, and recorded a sales gain of EUR 16 million.

In May, the Finnish Government issued a new resolution on ownership policy. There were no changes to Fortum's strategic position as a company securing the adequate supply of electricity even under emergency conditions. The updated policy supports well Fortum's strategic priorities and focus on the energy transition.

During the EU elections the competitiveness of European industries was extensively addressed. As a result, the new Commission is expected to focus on this topic during its five-year term. Fortum has been pushing, and will continue to push, this agenda in both national and EU contexts. We signed the Antwerp Declaration, currently backed by over 1,200 organisations spanning more than 25 sectors. To complement the EU Green Deal, the Declaration calls for a

European Industrial Deal to safeguard the competitiveness and retention of competences of European companies. Such an approach would be necessary, as Europe needs investments both in clean industrial and energy assets to enhance decarbonisation and economic growth. Increased clean power supply through ambitious deployment of all low-carbon electricity sources is a necessity for competitive decarbonisation of Europe’s industries.”

Espoo, 14 August 2024

Fortum Corporation

Board of Directors

Webcast/teleconference

A combined live webcast/teleconference for media, investors, and analysts will be arranged online on 14 August 2024 at 11:00 EEST at

<https://fortum.videosync.fi/q2-2024-result> .

To ask questions, please join the teleconference by registering using the following link: <https://palvelu.flik.fi/teleconference/?id=50047356> .

After the registration you will be provided with phone numbers and a conference ID to access the conference. To ask a question, please press *5 on your telephone keypad to enter the queue.

A recording of the webcast, as well as the transcript will be published after the event.

Further information:

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Financial calendar

Fortum's January–September 2024 Interim Report will be published on 29 October 2024 at approx. 9.00 EET.

Fortum's Financial Statements Bulletin for the year 2024 will be published on 11 February 2025 at approximately 9.00 EET. The Financial Statements and Operating and Financial Review for 2024 will be published during week 8, starting on 17 February 2025, at the latest.

Fortum will publish three interim reports in 2025:

- January–March Interim Report on 29 April 2025 at approximately 9.00 EEST
- January–June Half-year Financial Report on 15 August 2025 at approximately 9.00 EEST
- January–September Interim Report on 29 October 2025 at approximately 9.00 EET

The Annual General Meeting 2025 of Fortum Corporation is planned to be held on 1 April 2025. The Board of Directors will summon the Annual General Meeting and publish the dates related to a possible dividend at a later date.

Distribution:

Nasdaq Helsinki

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Our mission

The Nordic Fortum of the new age is a unifying force that acts as a bridge builder and creator of new connections in industry and society. The direction of the green transition will be decided in the coming years.

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