Fortum Corporation

Interim Report
January-September 2017

26 October 2017

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Fortum Corporation
Interim Report January-September 2017
26 October 2017 at 9:00 EEST

Improved results, Hafslund transactions concluded, investment in Uniper

July−September 2017

- Comparable EBITDA EUR 210 (151) million, +39%
- Comparable operating profit EUR 94 (58) million, +62%
- Operating profit EUR 387 (-6) million, of which EUR 293 (-65) million related to items affecting comparability
- Earnings per share EUR 0.40 (-0.03), of which EUR 0.34 (-0.06) related to items affecting comparability, including sales gains of approximately EUR 0.36 related to the Hafslund transactions
- Cash flow from operating activities totalled EUR 185 (101) million
- Fortum and City of Oslo concluded Hafslund ownership restructuring
- Fortum signed transaction agreement with E.ON regarding their 46.65% ownership in Uniper

January−September 2017

- Comparable EBITDA EUR 852 (717) million, +19%
- Comparable operating profit EUR 516 (455) million, +13%
- Operating profit EUR 843 (430) million, of which EUR 327 (-25) million related to items affecting comparability
- Earnings per share EUR 0.70 (0.40), of which EUR -0.14 related to a Swedish income tax case and EUR 0.37 (-0.03) related to items affecting comparability
- Cash flow from operating activities totalled EUR 699 (471) million
- City Solutions division divided into City Solutions and Consumer Solutions to support strategy implementation
- Operating profit target level (EBIT) of RUB 18.2 billion for the Russia segment was reached in the first quarter of 2017

Summary of outlook

- Fortum continues to expect the annual electricity demand to grow in the Nordic countries by approximately 0.5% on average
- Generation segment's Nordic generation hedges: approximately 65% hedged at EUR 30 per MWh for the rest of 2017, approximately 50% hedged at EUR 28 per MWh for 2018 and approximately 30% hedged at EUR 24 per MWh for 2019

Key financial ratios

	2016	LTM
Return on capital employed, %	4.0	6.4
Comparable net debt/EBITDA	0.0	0.9

Key figures

EUR million or as indicated	III/17	III/16	I-III/17	I-III/16	2016	LTM
Sales	919	732	3,088	2,489	3,632	4,231
Comparable EBITDA	210	151	852	717	1,015	1,150
Comparable operating profit	94	58	516	455	644	705
Operating profit	387	-6	843	430	633	1,046
Share of profits of associates and joint ventures	21	11	114	116	131	129
Profit before income taxes	351	-40	811	411	595	995
Earnings per share, EUR	0.40	-0.03	0.70	0.40	0.56	0.86
Net cash from operating activities	185	101	699	471	621	849
Shareholders' equity per share, EUR			14.59	14.75	15.15	
Interest-bearing net debt (at end of period)			1,075	-137	-48	

Fortum's President and CEO Pekka Lundmark:

"The third quarter 2017 was a good quarter for Fortum. Our businesses are showing strong performance, market prices show signs of improving and we have taken substantial steps in our capital redeployment strategy.

Following the divestment of our Distribution businesses, we have been working hard to position Fortum for the future. At the beginning of August, we closed the Hafslund transaction that increased our presence in the Nordic heat and retail market, especially in Norway. Towards the end of September, we signed a transaction agreement with E.ON, currently the largest shareholder in Uniper. Our offer to E.ON, and all other shareholders in Uniper, provides an attractive opportunity to capitalise on the strong performance of Uniper since its spin-off. At the same time this is an attractive proposition to Fortum. Uniper and Fortum are a good strategic fit and our investment opens up many opportunities for close cooperation. We are investing in a successful company that has strong cash flow, operates close to our home markets, and has businesses that are well aligned with our core competencies. The investment will contribute toward a stable and sustainable dividend to our shareholders.

Over the years Fortum has been advocating for a sustainable transition to a low-carbon energy system. This means focusing on reducing emissions, without forgetting security of supply and affordability of energy. Large investments in flexibility, storage, and transmission capacity are needed to cope with the growing share of intermittent renewable energy production, and this will not happen overnight. Flexible power production, especially hydro and gas assets, is key to ensuring security of supply during the transition. Fortum and Uniper both possess such assets and are well positioned to take an active role in driving the European energy transition forward.

The third quarter showed an increase in EBITDA of 39%. Higher hydro volumes and achieved power price improved the financial performance of the Generation segment. The Russia segment continued on their quarterly upward trend, especially thanks to higher CSA payments. The third quarter is seasonally challenging for City Solutions. However, the results improved from last year especially due to the contribution from our Recycling and Waste Solutions unit (formerly Ekokem). The results of the Consumer Solutions segment are somewhat burdened by the tough competitive situation. After the closing of the Hafslund transaction we have put a lot of focus on working together with our new colleagues to further develop our retail strategy and offering. Our aim is to create a competitive service portfolio including digital solutions for our customer base of 2.5 million homes and businesses.

We have come a long way on our capital redeployment strategy. Between 2012-2017 we have, already before the Uniper investment, invested around 4 billion euros into renewables, circular economy and sustainable city solutions. The positive impact of these investments can already be seen in our improving results. We believe our investments in both Hafslund and Uniper will further strengthen our results and competencies for the future."

Uniper investment

On 26 September 2017, Fortum announced it had signed a transaction agreement with E.ON under which E.ON has the right to decide to tender its 46.65% shareholding in Uniper SE into the public takeover offer in early 2018 for the same consideration as offered to all shareholders. The agreement further provides that if E.ON does not tender its Uniper stake, Fortum will have the right to sell to E.ON any Uniper shares acquired in connection with the offer and in addition receive a compensation payment from E.ON of at least 20% of the total equity value of E.ON's stake in Uniper. Fortum will launch a voluntary public takeover offer to all Uniper shareholders at a total value of EUR 22 per share. The total value implies a premium of 36% to the price prior to intense market speculation on a potential transaction at the end of May. The offer will be subject to competition and regulatory approvals.

On 24 October 2017, Fortum submitted the offer document to the German Federal Financial Supervision Authority (BaFin). Fortum will publish the offer document following BaFin approval, expected in early November 2017. In October 2017, Fortum received approval from the US competition authorities. Fortum expects to finalise the transaction in mid-2018.

The investment in Uniper delivers on Fortum's previously announced capital redeployment strategy and investment criteria. Uniper’s businesses are well aligned with Fortum's core competencies, are close to Fortum's home markets and are highly cash generative. Fortum expects the investment to deliver an attractive return that will support the company in accelerating the development and implementation of sustainable energy technologies, without sacrificing a competitive dividend.

The offer will be financed with existing cash resources and committed credit facilities, with Barclays Bank PLC originally underwriting 100% of credit facilities, including ongoing liquidity requirements. In October the credit facilities were syndicated to selected relationship banks of Fortum. Dividends received from the stake in Uniper will contribute towards a stable and sustainable dividend for Fortum's shareholders. Fortum will account for Uniper as an associated company unless control according to IFRS is attained; as such, EBITDA and cash flow contribution, as well as the EPS effect on Fortum's results, will depend on the final outcome of the offer. Whilst leverage at Fortum will increase as a result of this transaction to above our guidance net debt/EBITDA level of around 2.5x, Fortum expects its ongoing cash generation together with the dividend from Uniper to reduce this position toward our stated target.

Financial results

Sales by segment

EUR million	III/17	III/16	I-III/17	I-III/16	2016	LTM
Generation	367	371	1,243	1,222	1,657	1,678
City Solutions	179	116	674	466	782	990
Consumer Solutions	238	126	644	447	668	865
Russia	200	175	786	606	896	1,076
Other	25	22	72	68	92	96
Netting of Nord Pool transactions	-73	-66	-264	-255	-384	-393
Eliminations	-17	-14	-69	-66	-79	-82
Total	**919**	**732**	**3,088**	**2,489**	**3,632**	**4,231**

Comparable EBITDA by segment

EUR million	III/17	III/16	I-III/17	I-III/16	2016	LTM
Generation	134	104	412	410	527	529
City Solutions	21	5	152	95	186	243
Consumer Solutions	10	11	32	40	55	47
Russia	61	43	317	212	312	417
Other	-17	-12	-61	-40	-64	-85
Total	**210**	**151**	**852**	**717**	**1,015**	**1,150**

Comparable operating profit by segment

EUR million	III/17	III/16	I-III/17	I-III/16	2016	LTM
Generation	104	77	317	330	417	404
City Solutions	-20	-25	37	14	64	87
Consumer Solutions	5	9	23	35	48	36
Russia	26	12	211	125	191	277
Other	-21	-16	-73	-50	-77	-100
Total	**94**	**58**	**516**	**455**	**644**	**705**

Operating profit by segment

EUR million	III/17	III/16	I-III/17	I-III/16	2016	LTM
Generation	74	18	338	261	338	415
City Solutions	-20	-33	38	23	86	101
Consumer Solutions	15	12	14	37	59	36
Russia	26	12	211	159	226	278
Other	293	-17	242	-51	-77	216
Total	**387**	**-6**	**843**	**430**	**633**	**1,046**

July-September 2017

In the third quarter of 2017, sales were EUR 919 (732) million. The increase was mainly due to higher hydro volumes, the strengthening Russian rouble and the consolidation of Ekokem and Hafslund. Comparable EBITDA totalled EUR 210 (151) million. Comparable operating profit totalled EUR 94 (58) million. The comparable operating profit increased mainly due to higher hydro volumes, higher power prices, higher CSA payments and the consolidation of Ekokem. The operating profit totalled EUR 387 (-6) million. Fortum's operating profit for the period was impacted by items affecting comparability, including sales gains, transaction costs and the IFRS accounting treatment (IAS 39) of derivatives mainly used for hedging, as well as nuclear fund adjustments, amounting to EUR 293 (-65) million (Note 4). The sales gains include a one-time tax-free sales gain from the divestment of the 34.1% stake in Hafslund ASA, approximately EUR 324 million (Note 6).

The share of profit from associates and joint ventures was EUR 21 (11) million, of which Hafslund represented EUR 9 (10), TGC-1 EUR 8 (7) and Fortum Värme EUR -5 (-4) million. The share of profit from Hafslund and TGC-1 are based on the companies' published second-quarter 2017 interim reports (Note 12).

January-September 2017

In January-September 2017, sales were EUR 3,088 (2,489) million. The increase was mainly due to the strengthening Russian rouble and the consolidation of Ekokem, DUON and Hafslund. Comparable EBITDA totalled EUR 852 (717) million. Comparable operating profit totalled EUR 516 (455) million and operating profit totalled EUR 843 (430) million. Fortum's operating profit for the period was impacted by items affecting comparability, including sales gains, transaction costs and the IFRS accounting treatment (IAS 39) of derivatives mainly used for hedging, as well as nuclear fund adjustments, amounting to EUR 327 (-25) million (Note 4). The sales gains include a one-time tax-free sales gain from the divestment of the 34.1% stake in Hafslund ASA, approximately EUR 324 million (Note 6).

The share of profit from associates and joint ventures was EUR 114 (116) million, of which Hafslund represented EUR 40 (42), TGC-1 EUR 28 (34) and Fortum Värme EUR 40 (40) million. The share of profit from Hafslund and TGC-1 are based on the companies' published fourth-quarter 2016 and first- and second-quarter 2017 interim reports (Note 12).

Net finance costs were EUR 146 (135) million, including costs relating to financing arrangements of the Uniper transaction.

Profit before income taxes was EUR 811 (411) million.

Taxes for the period totalled EUR 186 (54) million. The effective income tax rate according to the income statement was 22.9% (13.1%). The comparable effective income tax rate, excluding the impact of the share of profit from associated companies and joint ventures as well as non-taxable capital gains and other major one-time income tax effects, was 19.1% (19.0%) (Note 8).

The profit for the period was EUR 625 (357) million. Earnings per share were EUR 0.70 (0.40), of which EUR -0.14 per share were related to a Swedish income tax case and EUR 0.37 (-0.03) per share to items affecting comparability.

Financial position and cash flow

Cash flow

In January-September 2017, net cash from operating activities increased by EUR 228 million to EUR 699 (471) million, due to a EUR 135 million increase in comparable EBITDA, a EUR 184 million decrease in realised foreign exchange gains and losses, and a EUR 140 million decrease in income taxes paid. The foreign exchange gains and losses of EUR -72 (112) million relate to the rollover of foreign exchange contracts hedging loans to Russian and Swedish subsidiaries. In June 2016, Fortum paid income taxes in Sweden totalling EUR 127 million regarding an ongoing tax dispute. The change in working capital increased by EUR 92 million to EUR 126 (34) million, which includes the effect of the daily cash settlements for futures in Nasdaq OMX Commodities Europe (Additional cash flow information).

Investments, excluding acquisitions, increased from the previous year by EUR 103 million to EUR 470 (367) million. Acquisition of shares amounted to EUR 929 (666) million arising mainly from the Hafslund transaction. The impact of divestment of shares was EUR 740 million (39) also resulting mainly from Hafslund transaction. Net cash used in investing activities decreased to EUR 611 (1,439) million. The change included the increase in cash collaterals given as trading collaterals to commodity exchanges of EUR 24 (391) million.

Cash flow before financing activities was EUR 88 (-968) million.

Fortum paid dividends totalling EUR 977 (977) million in April 2017. Payments of long-term liabilities totalled EUR 467 (899) million, including the repayment of bonds of EUR 343 million and other loan repayments of EUR 124 million. The net decrease in liquid funds was EUR 1,261 (2,887) million.

Assets and capital employed

Total assets decreased by EUR 504 million to EUR 21,460 (21,964 at the end of 2016) million.

Liquid funds at the end of the period were EUR 3,877 (5,155 at the end of 2016) million.

Capital employed was EUR 18,153 (18,649 at the end of 2016) million, a decrease of EUR 496 million.

Equity

Equity attributable to owners of the parent company totalled EUR 12,963 (13,459 at the end of 2016) million.

The decrease in equity attributable to owners of the parent company totalled EUR 496 million and was mainly due to the net profit for the period of EUR 622 million, translation differences of EUR -201 million and dividend payment of EUR 977 million.

Financing

Net debt increased by EUR 1,123 million to EUR 1,075 (-48 at the end of 2016) million.

At the end of September, the Group’s liquid funds totalled EUR 3,877 (5,155 at the end of 2016) million. Liquid funds include cash and bank deposits held by PAO Fortum amounting to EUR 268 (105 at the end of 2016) million. In addition to liquid funds, Fortum had access to EUR 1.9 billion of undrawn committed credit facilities (Note 14).

Net financial expenses were EUR 146 (135) million, of which net interest expenses were EUR 122 (132) million.

In September, Standard & Poor's and Fitch Ratings placed both Fortum's long-term and short-term credit ratings on credit watch negative on possible adverse impacts of the planned Uniper investment. Standard & Poor's has rated Fortum's long-term credit rating at level BBB+ and the short-term rating at level A-2. Fitch Ratings has rated Fortum's long-term credit rating at level BBB+ and the short-term rating at level F2.

Key figures

At the end of September, the comparable net debt to EBITDA for the last 12 months was 0.9 (0.0 at the end of 2016).

Gearing was 8% (0% at the end of 2016) and the equity-to-assets ratio 62% (62% at the end of 2016). Equity per share was EUR 14.59 (15.15 at the end of 2016). Return on capital employed for the last 12 months totalled 6.4% (4.0% at the end of 2016).

Market conditions

Nordic countries

According to preliminary statistics, electricity consumption in the Nordic countries was 82 (80) terawatt-hours (TWh) during the third quarter of 2017. In January-September 2017, electricity consumption was 283 (283) TWh.

At the beginning of 2017, the Nordic water reservoirs were at 75 TWh, which is 8 TWh below the long-term average and 23 TWh lower than a year earlier. By the end of September, reservoirs were 2 TWh below the long-term average and 1 TWh higher than a year earlier. The Nordic precipitation during the third quarter was close to normal after a wetter-than-average first half of 2017.

In the third quarter of 2017, the average system spot price in Nord Pool was EUR 28.5 (25.2) per MWh. The main driver for the price increase during 2017 has been the clearly higher marginal cost of coal condensing power than a year earlier, which has contributed to stronger continental prices and increased exports from the Nordics. The average area price in Finland was EUR 35.9 (31.6) per MWh and in Sweden SE3 (Stockholm) EUR 33.6 (29.6) per MWh. In addition to the nuclear maintenances, the limitations in transmission capacity from Norway to Sweden contributed to the higher area prices in Finland and Sweden.

During January-September 2017, the average system spot price in Nord Pool was EUR 29.0 (24.4) per MWh, and the average area price in Finland was EUR 33.3 (30.8) per MWh and in Sweden SE3 (Stockholm) EUR 31.3 (26.7) per MWh.

In Germany, the average spot price during the third quarter of 2017 was EUR 32.7 (28.3) per MWh and during January-September 2017 EUR 34.6 (26.1) per MWh.

The market price of CO_2 emission allowances (EUA) was EUR 6.5 per tonne at the beginning of the year and EUR 7.0 per tonne at the end of September 2017.

Russia

Fortum operates both in the Tyumen and Khanty-Mansiysk area of Western Siberia, where industrial production is dominated by the oil and gas industries, and in the Chelyabinsk area of the Urals, which is dominated by the metal industry.

According to preliminary statistics, Russian electricity consumption was 235 (231) TWh during the third quarter of 2017. The corresponding figure for the First price zone (European and Urals part of Russia), where Fortum operates, was 182 (179) TWh. In January-September 2017, Russian electricity consumption was 756 (740) TWh and the corresponding figure for the First price zone was 587 (567) TWh.

In the third quarter of 2017, the average electricity spot price, excluding capacity price, decreased by 2.2% to RUB 1,269 (1,298) per MWh in the First price zone. In January-September 2017, the average electricity spot price, excluding capacity price, decreased by 0.5% to RUB 1,198 (1,204) 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 (pages 60-62).

European business environment and carbon market

Swedish corporate tax

The proposal for a revised corporate tax covers implementation of the EU and OECD regulation, and it proposes changes to e.g. rules concerning interest deduction, compensation for non-deductibility of interest costs in the form of lowering the general corporate tax rate from 22 to 20 percent. The proposal includes some revisions to the current rules and the introduction of a profitability test. This would have a negative impact on capital-intensive businesses. Also the proposed targeted interest deduction limitation rule has been criticised, as the treatment of interest deductions would be unclear.

Fortum's response emphasises the need to reform the proposal to ensure more predictable rules and to harmonise the rules with other countries.

Swedish hydropower legislation

The proposal for revised hydro legislation covers changes in the Environmental Act. This is a follow-up to the Swedish energy agreement in June 2016 and includes adjustments to meet requirements based on the EU Water Framework Directive. The aim is to mitigate environmental impacts and facilitate a more efficient power production. According to the proposal, environmental permits for hydropower should be revised during a 20-year period in accordance with a national plan for prioritisation. The ministry aims at having the revisions in place by 1 March 2018.

Fortum's response emphasises the need to reform the Swedish system for hydro management. The proposal fails in ensuring a fair balance between environmental improvements and power production.

Swedish nuclear waste fund fee

In December 2017, the Swedish Government will decide on the waste fund fees for the years 2018-2020. The fees will be based on the new structure with a calculated lifetime of 50 years and on parts of the funds capital being invested in shares. On 20 October 2017 the Swedish Radiation Safety Authority (SSM) published their proposal. The Parliament will decide on a new regulatory framework for the fund at the end of 2017.

Finnish renewable electricity tendering scheme

In September 2017, a draft proposal for a new renewable electricity support scheme was released for consultation. According to the proposal, Finland will arrange auctions for 2 TWh of renewable electricity during 2018-2020. Tendering will be based on a premium that is paid for a maximum of 12 years. The first auction will be organised in autumn 2018 at the earliest. The scheme is open to new installations of all renewables technologies, excluding hydropower.

Fortum views the proposed scheme as fairly market-based, but would prefer a fully fixed premium. Also the duration of the scheme should be shorter. After this transitional phase, renewable electricity investments should be fully market-based.

Segment reviews

As of 1 March 2017, the City Solutions division was divided into two divisions: City Solutions and Consumer Solutions, both reported as separate reporting segments. City Solutions comprises heating and cooling, waste-to-energy, biomass and other circular economy solutions. Consumer Solutions comprises electricity sales and customer services in the Nordics and in Poland, as well as gas sales in Poland (Nordic customer services previously reported under the Other segment). Comparison figures in accordance with the new organisational structure were published on 11 April 2017.

Generation

Generation is responsible for Nordic power production. The segment comprises nuclear, hydro and thermal power production, portfolio management, and trading and industrial intelligence, as well as nuclear services globally.

EUR million	III/17	III/16	I-III/17	I-III/16	2016	LTM
Sales	367	371	1,243	1,222	1,657	1,678
- power sales	358	367	1,221	1,206	1,635	1,650
of which Nordic power sales*	299	303	992	1,022	1,339	1,309
- other sales	10	5	22	16	22	28
Comparable EBITDA	134	104	412	410	527	529
Comparable operating profit	104	77	317	330	417	404
Operating profit	74	18	338	261	338	415
Share of profits from associates and joint ventures**	5	-4	-2	-9	-34	-27
Comparable net assets (at period-end)			5,727	5,685	5,815	
Comparable return on net assets, %					6.9	6.7
Capital expenditure and gross investments in shares	141	46	207	124	203	286
Number of employees			1,065	1,024	979	

* The Nordic power sales income and volume includes hydro and nuclear generation, excluding minorities. It does not include thermal generation, minorities, customer business or other purchases.
** Power plants are often built jointly with other power producers, and owners purchase electricity at cost, including interest cost and production taxes. The share of profit/loss is mainly IFRS adjustments (e.g. accounting for nuclear-related assets and liabilities) and depreciations on fair-value adjustments from historical acquisitions (Note 20 in the consolidated financial statements 2016).

Power generation by source

TWh	III/17	III/16	I-III/17	I-III/16	2016	LTM
Hydro power, Nordic	4.9	4.3	15.0	16.5	20.7	19.2
Nuclear power, Nordic	4.6	5.6	17.4	17.8	24.1	23.7
Thermal power, Nordic	0.0	0.1	0.5	0.2	0.5	0.8
Total	**9.5**	**10.0**	**32.9**	**34.5**	**45.3**	**43.7**

Nordic sales volumes

TWh	III/17	III/16	I-III/17	I-III/16	2016	LTM
Nordic sales volume	11.3	11.4	38.6	39.4	52.4	51.6
of which Nordic power sales volume*	9.2	9.6	31.3	33.1	43.2	41.4

* The Nordic power sales income and volume includes hydro and nuclear generation, excluding minorities. It does not include thermal generation, minorities, customer business or other purchases.

Sales price

EUR/MWh	III/17	III/16	I-III/17	I-III/16	2016	LTM
Generation's Nordic power price*	32.5	31.6	31.7	30.9	31.0	31.6

* Generation's Nordic power price includes hydro and nuclear generation, excluding minorities. It does not include thermal generation, minorities, customer business or other purchases.

July-September 2017

In the third quarter of 2017, the Generation segment's total power generation in the Nordic countries decreased to 9.5 (10.0) TWh. Lower nuclear and thermal volumes were partly offset by higher hydro volumes. CO_2-free production accounted for 100% (99%) of the total production.

Comparable EBITDA was EUR 134 (104) million. Comparable operating profit was EUR 104 (77) million. The increase was mainly due to higher hydro volumes, a higher achieved power price and lower real-estate and capacity taxes in Swedish hydro and nuclear power plants, partly offset by lower nuclear volumes due to the timing of the outages.

Operating profit of EUR 74 (18) million was affected by the IFRS accounting treatment (IAS 39) of derivatives, mainly used for hedging Fortum's power production, and by nuclear fund adjustments, amounting to EUR -30 (-59) million (Note 4).

The share of profits from associated companies and joint ventures totalled EUR 5 (-4) million (Note 12).

Generation's achieved Nordic power price was EUR 32.5 (31.6) per MWh, EUR 0.9 per MWh higher than in the corresponding period of 2016, due to higher spot prices. The average system spot price of electricity in Nord Pool was EUR 28.5 (25.2) per MWh. The average area price in Finland was EUR 35.9 (31.6) per MWh and in Sweden SE3 (Stockholm) EUR 33.6 (29.6) per MWh.

The annual outages at the Loviisa Nuclear Power Plant were completed during August and September. The outage of Unit 1 lasted for approximately 22 days and Unit 2 approximately 17 days. This year both units underwent a refuelling outage. In conjunction with the annual outages, about one quarter of the fuel in both units was replaced.

In addition to the normal periodic maintenance tasks and refueling, the most significant work on both units this year was the renewal of the high-pressure safety injection pump motors. At Loviisa Unit 1, also a modernised high-pressure turbine was installed and at Unit 2, two turbine moisture separators were replaced.

January-September 2017

In January-September 2017, the Generation segment's total power generation in the Nordic countries was 32.9 (34.5) TWh. CO_2-free production accounted for 98% (99%) of the total production.

Comparable EBITDA was EUR 412 (410) million. Comparable operating profit was EUR 317 (330) million. The decline was mainly due to lower hydro and nuclear volumes and was partly offset by the higher achieved power price and lower real-estate and capacity taxes in Swedish hydro and nuclear power plants.

Operating profit of EUR 338 (261) million was affected by sales gains and the IFRS accounting treatment (IAS 39) of derivatives, mainly used for hedging Fortum's power production, and by nuclear fund adjustments, amounting to EUR 21 (-69) million (Note 4).

The share of profits from associated companies and joint ventures totalled EUR -2 (-9) million (Note 12).

Generation's achieved Nordic power price was EUR 31.7 (30.9) per MWh, EUR 0.8 per MWh higher than in the corresponding period of 2016. The average system spot price of electricity in Nord Pool was EUR 29.0 (24.4) per MWh. The average area price in Finland was EUR 33.3 (30.8) per MWh and in Sweden SE3 (Stockholm) EUR 31.3 (26.7) per MWh.

City Solutions

City Solutions is responsible for developing sustainable city solutions into a growing business for Fortum. The segment comprises heating and cooling, waste-to-energy, biomass and other circular economy solutions. The business operations are located in the Nordics, the Baltic countries and Poland. The segment also includes Fortum's 50% holding in Fortum Värme, which is a joint venture and is accounted for using the equity method.

EUR million	III/17	III/16	I-III/17	I-III/16	2016	LTM
Sales	179	116	674	466	782	990
- heat sales	64	50	330	293	448	485
- power sales	19	15	87	80	122	129
- other sales	96	51	258	93	212	377
Comparable EBITDA	21	5	152	95	186	243
Comparable operating profit	-20	-25	37	14	64	87
Operating profit	-20	-33	38	23	86	101
Share of profits from associates and joint ventures	-1	-2	49	50	76	75
Comparable net assets (at period-end)			3,705	2,798	2,873	
Comparable return on net assets, %					5.9	5.4
Capital expenditure and gross investments in shares	422	715	485	753	807	539
Number of employees			1,925	1,724	1,701	

On 4 April 2017, Ekokem was rebranded to Fortum. The rebranded Ekokem forms City Solutions' Recycling and Waste Solutions unit.

On 4 August 2017, Fortum concluded the restructuring of its ownership in Hafslund. Fortum's 50% ownership in Fortum Oslo Varme (the combined company of Hafslunds Heat business area and Klemetsrudanlegget) has been consolidated as a subsidiary to Fortum into the results of City Solutions from 1 August 2017.

July-September 2017

In the third quarter of 2017, heat sales volumes of the City Solutions segment amounted to 1.0 (0.7) TWh. Power sales volumes from CHP production totalled 0.4 (0.3) TWh.

Sales increased to EUR 179 (116) million, mainly due to the consolidation of Ekokem and Fortum Oslo Varme.

Comparable EBITDA increased and totalled EUR 21 (5) million. Comparable operating profit was EUR -20 (-25) million. The increase is mainly due to higher heat sales due to cold weather, higher power prices and the consolidation of Ekokem. The consolidation of Fortum Oslo Varme had a negative effect on the third-quarter results.

Operating profit of EUR -20 (-33) million was impacted by items affecting comparability EUR 0 (-8) million (Note 4).

The share of profits from associated companies and joint ventures totalled EUR -1 (-2) million, including mainly the share of profit from Fortum Värme (Note 12).

January-September 2017

In January-September 2017, heat sales volumes of the City Solutions segment amounted to 6.4 (5.4) TWh. Power sales volumes from CHP production totalled 1.8 (1.9) TWh.

Sales increased to EUR 674 (466) million, mainly due to the consolidation of Ekokem and Fortum Oslo Varme.

Comparable EBITDA increased and totalled EUR 152 (95) million. Comparable operating profit was EUR 37 (14) million. The increase is mainly due to higher heat sales, higher power prices, a favourable fuel mix in the beginning of the year and the consolidation of Ekokem.

Operating profit of EUR 38 (23) million was impacted by items affecting comparability EUR 1 (9) million (Note 4), mainly sales gains.

The share of profits from associated companies and joint ventures totalled EUR 49 (50) million, including mainly the share of profit from Fortum Värme (Note 12).

Heat sales by country

TWh	III/17	III/16	I-III/17	I-III/16	2016	LTM
Finland	0.4	0.4	2.7	2.3	3.6	4.0
Poland	0.2	0.2	2.4	2.2	3.6	3.8
Other countries	0.3	0.1	1.3	0.9	1.5	1.9
Total	**1.0**	**0.7**	**6.4**	**5.4**	**8.7**	**9.7**

Power sales by country

TWh	III/17	III/16	I-III/17	I-III/16	2016	LTM
Finland	0.1	0.1	1.1	1.0	1.5	1.6
Poland	0.0	0.1	0.3	0.4	0.7	0.6
Other countries	0.2	0.1	0.5	0.4	0.6	0.7
Total	**0.4**	**0.3**	**1.8**	**1.9**	**2.8**	**2.7**

Consumer Solutions

Consumer Solutions provides electricity and gas products, and develops new digital services and solutions for consumers. The segment comprises electricity sales and customer services in the Nordics and in Poland, as well as gas sales in Poland.

EUR million	III/17	III/16	I-III/17	I-III/16	2016	LTM
Sales	238	126	644	447	668	865
- power sales	190	89	481	363	528	646
- other sales	48	37	163	85	139	217
Comparable EBITDA	10	11	32	40	55	47
Comparable operating profit	5	9	23	35	48	36
Operating profit	15	12	14	37	59	36
Share of profits from associates and joint ventures	0	0	0	0	0	0
Comparable net assets (at period-end)			661	113	154	
Capital expenditure and gross investments in shares	488	1	491	118	120	493
Number of employees			1,525	976	961	

On 8 November 2016, DUON was rebranded to Fortum. The rebranded DUON forms the Consumer Solutions' Poland unit.

On 4 August 2017, Fortum concluded the restructuring of its ownership in Hafslund. Hafslund Markets has been consolidated into the results of Consumer Solutions from 1 August 2017.

July-September 2017

In the third quarter of 2017, electricity and gas sales volumes totalled 5.2 (2.6) TWh. The total customer base at the end of the period was 2.48 (1.36) million. The increase in electricity and gas volume, as well as in the customer base was mainly due to the consolidation of Hafslund.

Sales increased to EUR 238 (126) million, mainly due to the consolidation of Hafslund and increased electricity market prices in the Nordics.

Comparable EBITDA was EUR 10 (11) million and comparable operating profit was EUR 5 (9) million. The decrease in the average margin in electricity and gas products and the increased focus and spend on the development of new digital services continued to impact the result negatively. The consolidation of Hafslund had a positive effect of EUR 5 million on the comparable EBITDA and EUR 1 million on the comparable operating profit.

Operating profit of EUR 15 (12) million was affected by sales gains and the IFRS accounting treatment (IAS 39) of derivatives, mainly used for hedging, EUR 10 (3) million.

January-September 2017

In January-September 2017, electricity and gas sales volume totalled 14.0 (10.0) TWh.

Sales increased to EUR 644 (447) million, mainly due to the consolidation of DUON and Hafslund.

Comparable EBITDA was EUR 32 (40) million and comparable operating profit was EUR 23 (35) million. The decrease in the average margin in electricity and gas products and the increased focus and spend on the development of new digital services impacted the result negatively. The consolidation of Hafslund had a positive effect of EUR 5 million on the comparable EBITDA and EUR 1 million on the comparable operating profit.

Operating profit of EUR 14 (37) million was affected by sales gains and the IFRS accounting treatment (IAS 39) of derivatives, mainly used for hedging, EUR -9 (2) million.

Sales volumes

TWh	III/17	III/16	I-III/17	I-III/16	2016	LTM
Electricity	4.5	2.0	11.2	8.7	12.3	14.8
Gas*	0.7	0.6	2.8	1.3	2.5	4.0

* Not including wholesale volumes.

Number of customers

Thousands*	III/17	III/16
Electricity	2,470	1,350
Gas	10	10
Total	**2,480**	**1,360**

* Rounded to the nearest 10,000.

Russia

The Russia segment comprises power and heat generation and sales in Russia. The segment also includes Fortum's over 29% holding in TGC-1, which is an associated company and is accounted for using the equity method.

EUR million	III/17	III/16	I-III/17	I-III/16	2016	LTM
Sales	200	175	786	606	896	1,076
- power sales	183	157	611	485	691	817
- heat sales	15	17	171	118	199	252
- other sales	2	1	5	4	6	7
Comparable EBITDA	61	43	317	212	312	417
Comparable operating profit	26	12	211	125	191	277
Operating profit	26	12	211	159	226	278
Share of profits from associates and joint ventures	8	7	28	34	38	32
Comparable net assets (at period-end)			3,117	2,916	3,284	
Comparable return on net assets, %					8.0	9.7
Capital expenditure and gross investments in shares	37	41	110	133	201	178
Number of employees			3,738	3,732	3,745	

After the completion of the multi-year investment programme in March 2016, Fortum has a total of 4,512 MW of capacity in Russia.

The new capacity is 2,298 MW. This is generation capacity built after 2007, which under the Russian Capacity Supply Agreement (CSA – "new capacity") receives guaranteed payments for a period of 10 years after the commissioning of each new unit. The received capacity payments vary depending on the age, location, type and size of the plant, as well as on seasonality and availability. The CSA payments can also vary somewhat annually, as they are linked to Russian Government long-term bonds with 8 to 10 years maturity. In March 2017, the System Administrator of the wholesale market published data on the weighted average cost of capital (WACC) and the consumer price index (CPI) for 2016, which was used to calculate the capacity price on CSA in 2017. The CSA payments were revised slightly downwards accordingly to reflect the lower bond rates. The regulator also reviewed the guaranteed CSA payments by re-examining earnings from the electricity-only market (done every three and six years after the commissioning of a unit), and revised the CSA payments upwards due to the lower earnings from the electricity-only market.

All of Fortum's capacity generation built prior to 2008 (Competitive Capacity Selection, CCS – "old capacity"), totalling 2,214 MW in December 2016, was allowed to participate in the CCS for 2017, and all Fortum's plants were selected. For 195 MW, Fortum has obtained forced mode status, i.e. it receives payments for the capacity at a higher rate.

July-September 2017

In the third quarter of 2017, the Russia segment's power sales volumes amounted to 7.1 (6.4) TWh and heat sales volumes totalled 1.6 (1.5) TWh. The power volumes increased due to the revision at the Nyagan power plant taking place in the second quarter of 2017 (third quarter of 2016). Cold weather and the change in the heat supply scheme in Tyumen increased the heat volumes.

Sales increased to EUR 200 (175) million, mainly due to higher received CSA payments and the change in the heat supply scheme in Tyumen.

The Russia segment’s comparable EBITDA was EUR 61 (43) million. Comparable operating profit was EUR 26 (12) million. The higher received CSA payments, higher power volumes, as well as improved bad-debt collection positively affected the result. The Russian rouble had a negative effect of EUR 3 million.

Operating profit was EUR 26 (12) million.

The share of profits from associated companies and joint ventures totalled EUR 8 (7) million (Note 12).

January-September 2017

In January-September 2017, the Russia segment's power sales volumes amounted to 22.1 (21.6) TWh and heat sales volumes totalled 13.1 (12.9) TWh.

Sales increased to EUR 786 (606) million, mainly due to the strengthening of the Russian rouble, higher received CSA payments, and the change in the heat supply scheme in Tyumen.

The Russia segment’s comparable EBITDA was EUR 317 (212) million. Comparable operating profit was EUR 211 (125) million. The commissioning of the new units, higher received CSA payments, higher power and heat volumes, as well as improved bad-debt collections positively affected the result. The Russian rouble had a positive effect of EUR 30 million.

Operating profit was EUR 211 (159) million, including sales gains of EUR 0 (34) million (Note 4).

The share of profits from associated companies and joint ventures totalled EUR 28 (34) million (Note 12).

Key electricity, capacity and gas prices for Fortum Russia

	III/17	III/16	I-III/17	I-III/16	2016	LTM
Electricity spot price (market price), Urals hub, RUB/MWh	1,080	1,125	1,042	1,052	1,055	1,047
Average regulated gas price, Urals region, RUB/1000 m^3	3,755	3,614	3,661	3,614	3,614	3,649
Average capacity price for CCS “old capacity”, tRUB/MW/month*	139	130	145	136	140	147
Average capacity price for CSA “new capacity”, tRUB/MW/month*	808	724	870	777	815	884
Average capacity price, tRUB/MW/month	484	433	521	456	481	529
Achieved power price for Fortum in Russia, RUB/MWh	1,790	1,796	1,801	1,704	1,734	1,806
Achieved power price for Fortum in Russia, EUR/MWh**	25.8	24.6	27.6	22.5	23.5	27.2

* Capacity prices paid for the capacity volumes, excluding unplanned outages, repairs and own consumption.
** Translated using the average exchange rate.

Capital expenditures, divestments and investments in shares

In the third quarter of 2017, capital expenditures and investments in shares totalled EUR 1,124 (825) million. Investments, excluding acquisitions, were EUR 174 (141) million (Note 4).

In January-September 2017, capital expenditures and investments in shares totalled EUR 1,484 (1,172) million. Investments, excluding acquisitions, were EUR 482 (356) million (Note 4).

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/started
Generation				
Loviisa, Finland	Nuclear	6		Q4 2017
Several hydro plants in Sweden and Finland	Hydro	~10		2017
City Solutions				
Zabrze, Poland	CHP	75	145	2018
Russia				
Ulyanovsk	Wind	35		Q1 2018
Other				
Solberg, Sweden	Wind	75*		Q4 2017
Ånstadblåheia, Norway	Wind	50		2018
Sørfjord, Norway	Wind	97		2019
Karnataka, India	Solar	100		Q4 2017

* Skellefteå Kraft AB (SKAB) is participating in the project with a 50% (37.5 MW) share.

Hafslund transaction

On 26 April 2017, Fortum and the City of Oslo entered into an agreement to restructure their ownership in Hafslund ASA, one of the largest listed power groups in the Nordic region. On 4 August 2017, Fortum concluded the restructuring of the ownership in Hafslund together with the City of Oslo. Fortum sold its 34.1% stake in Hafslund ASA to the City of Oslo, acquired 100% of Hafslund Markets AS, 50% of Hafslund Varme AS (currently Fortum Oslo Varme AS) including the City of Oslo's waste-to-energy company Klemetsrudanlegget AS (KEA), and 10% of Hafslund Produksjon Holding AS.

The total debt-free price of the acquisitions is approximately EUR 940 million. The combined net cash investment of the transactions, including the dividend received in May 2017, was approximately EUR 230 million. Fortum booked a one-time tax-free sales gain in its third-quarter 2017 results, totalling approximately EUR 324 million, which corresponds to EUR 0.36 earnings per share. The estimated transaction costs for the acquisitions of approximately EUR 5 million were included in Items affecting comparability for the third quarter of 2017. The acquired businesses are consolidated into Fortum Group from 1 August 2017 (Note 6).

Generation

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. The plant’s start of regular electricity production is expected to take place in May 2019, according to the plant supplier AREVA-Siemens Consortium. TVO has withdrawn a EUR 400 million shareholder loan from the total EUR 600 million commitments. Fortum's share of the EUR 400 million withdrawal is approximately EUR 100 million. Fortum’s remaining commitment for OL3 is EUR 50 million (Note 13).

City Solutions

The final decision regarding the minority redemption process of Ekokem Oyj shares was made by the arbitration court on 30 March 2017, bringing Fortum’s ownership up to 100%.

Consumer Solutions

In May 2017, Fortum agreed to sell 100% of its shares in the Polish gas infrastructure company DUON Dystrybucja S.A. to Infracapital, the infrastructure investment arm of M&G Investments. DUON Dystrybucja S.A. is transporting grid gas and LNG in Poland. The company was acquired as part of the acquisition of the electricity and gas sales company Grupa DUON S.A. (currently Fortum Markets Polska S.A.) in 2016. The divestment was concluded on 28 July 2017. The parties have agreed not to disclose the sales price. The sale had a minor positive impact on Fortum's third-quarter results.

Russia

On 27 April 2017, Fortum and RUSNANO, a Russian state-owned development company, signed a 50/50 investment partnership in order to secure the possibility of a Russian Capacity Supply Agreement (CSA) wind portfolio in Russia. In June, 1,000 MW of the bids of the Fortum-RUSNANO wind investment fund were selected in the Russian renewable energy auction. The bids were for projects to be commissioned during 2018-2022 with a price corresponding to approximately EUR 115-135 per MWh. The projects will be covered by Capacity Supply Agreements (CSA) for a period of 15 years. The investment decisions will be made on a case-by-case basis within the total mandate of the wind investment fund. Fortum’s equity stake in the wind investment fund totals a maximum of RUB 15 billion (currently approximately EUR 220 million). The amount is to be invested over time (approx. 5 years), as it is subject to positive investment decisions. The investment fund has selected Vestas as the supplier of wind turbines in Russia.

Other

In January 2017, Fortum finalised the acquisition of three wind power projects from the Norwegian company Nordkraft. The transaction consists of the Nygårdsfjellet wind farm, which is already operational, as well as the fully-permitted Ånstadblåheia and Sørfjord projects. The wind farms are expected to be commissioned in 2018 and 2019. When built, the total installed capacity of the three wind farms will be approximately 170 MW. On 29 September 2017, Fortum announced the decision to invest in the Sørfjord wind farm in Northern Norway. The Sørfjord wind park will have 23 wind turbines with a total capacity of 97 megawatts. The wind turbines for Sørfjord will be delivered by Siemens Gamesa Renewable Energy. Each wind turbine will have a nominal effect of 4.2 megawatts and a rotor diameter of 130 meters.

In late March 2017, Fortum commissioned the 70-MW solar plant at Bhadla solar park in Rajasthan, India. Fortum won a reverse auction for the project in January 2016 and the building of the solar plant was conducted on schedule. The power plant will operate based on a Power Purchase Agreement (PPA), with a fixed tariff for 25 years. The Power Purchase Agreement has been made with National Thermal Power Corporation Limited (NTPC), India's largest power utility.

Shares and share capital

Fortum shares on Nasdaq Helsinki

January-September 2017	No. of shares traded	Total value EUR	High EUR	Low EUR	Average* EUR	Last EUR
FORTUM**	446,214,800	6,496,484,305	17.28	12.69	14.56	16.89

* Volume weighted average.
** FUM1V until 25 January 2017.

	30 September 2017	30 September 2016
Market capitalisation, EUR million	15,005	12,775
Number of shareholders	130,933	134,532
Finnish State holding, %	50.8	50.8
Nominee registrations and direct foreign shareholders, %	29.8	27.7
Households, %	10.7	11.2
Financial and insurance corporations, %	1.4	1.6
Other Finnish investors, %	7.3	8.7

In addition to Nasdaq Helsinki, Fortum shares were traded on several alternative market places, for example Boat, BATS Chi-X and Turquoise, and on the OTC market. In January-September 2017, approximately 62% of Fortum's shares were traded on markets other than Nasdaq Helsinki.

On 30 September 2017, 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.

On 4 April 2017, the Annual General Meeting decided to authorise the Board of Directors to decide on the repurchase and disposal of the company's own shares up to a maximum number of 20,000,000 shares, which corresponds to approximately 2.25 per cent of all the shares in the company. The authorisation will be effective until the next Annual General Meeting and in any event no longer than for a period of 18 months. The authorisation had not been used by 26 October 2017.

Group personnel

Fortum’s operations are mainly based in the Nordic countries, Russia, Poland and the Baltic Rim area. The total number of employees at the end of September 2017 was 9,045 (8,108 at the end of 2016). The increase was mainly due to the consolidation of Hafslund.

At the end of September 2017, the Generation segment had 1,065 (979 at the end of 2016) employees; City Solutions 1,925 (1,701 at the end of 2016); Consumer Solutions 1,525 (961 at the end of 2016); Russia 3,738 (3,745 at the end of 2016); and Other 792 (722 at the end of 2016).

Research and development

Sustainability is at the core of Fortum’s strategy and, alongside Fortum’s current businesses, the company is carefully exploring and developing new sources of growth within renewable energy production.

Fortum's goal is to be at the forefront of energy technology and application development. To accelerate innovation and the commercialisation of new offerings, Fortum is strengthening its in-house innovation and digitalisation efforts and building partnerships with leading global suppliers, promising technology and service companies, and research institutions. Fortum makes direct and indirect investments in start-ups that have promising new innovations focused on connectivity, have disruptive potential and accelerate the transition towards a circular economy. Fortum also invests in technologies that support better utilisation of the current asset base and that can create new markets and products for Fortum. The company is continuously looking for emerging clean energy solutions and for solutions that increase resource and system efficiency.

The Group reports its R&D expenditure on a yearly basis. In 2016, Fortum's R&D expenditure was EUR 52 (47 in 2015) million, or 1.4% (1.4% in 2015) of sales.

Sustainability

Fortum strives for balanced management of economic, social and environmental responsibility in the company's operations. Fortum's sustainability targets consist both of Group-level key indicators and division-level indicators.

The Group-level sustainability targets emphasise Fortum's role in society and measure not only environmental and safety targets, but also Fortum's reputation, customer satisfaction, employee wellbeing, and the security of power and heat production. Targets are set annually and they are based on continuous operational improvement.

The achievement of the sustainability targets is monitored in monthly, quarterly and annual reporting. Sustainability target-setting and follow-up, the approval of Fortum's Sustainability Policy, and the review of Fortum's Sustainability Reporting are included in the working order of the Board of Directors. Complete data on Fortum's sustainability performance is published in Fortum's annual reporting.

The company is listed on the Nasdaq Helsinki exchange and is included in the STOXX Global ESG Leaders, OMX GES Sustainability Finland, ECPI® and Euronext Vigeo Eurozone 120 indices. Fortum is also ranked in category A- and as the top Nordic company in the utilities sector in the annual CDP (formerly the Carbon Disclosure Project) rating 2016, and it has received a Prime Status (B-) rating by the German oekom research AG.

The integration of Fortum Oslo Varme's operations into Fortum's sustainability approach and data compilation systems was initiated in August 2017. Sustainability information relating to Fortum Oslo Varme's operations is included in Fortum's reporting in August-September 2017.

Fortum's sustainability targets and performance*

Targets		III/17	I-III/17	2016	Five-year average
Specific CO_2 emissions from total energy production (electricity and heat), as a five-year average, g/kWh	< 200	174	182	184	188
Number of major EHS incidents	≤ 21	5	16	22	-
Energy availability of CHP plants, %	> 95	86.6	95.7	97.4	-
Total recordable injury frequency (TRIF) for own personnel	≤ 2.5	1.7	1.7	1.9	-
Lost workday injury frequency (LWIF) for own personnel	≤ 1.0	0.8	0.8	1.0	-
Lost workday injury frequency (LWIF) for contractors	≤ 3.5	2.5	3.7	3.0	-
Number of severe occupational accidents	≤ 5	0	0	5	-
Sickness-related absences, %	≤ 2.3	1.9**	2.1**	2.3	-

* Group-targets for reputation, customer satisfaction, energy efficiency and the quality of incident investigations are monitored annually. Fortum Oslo Varme is included in sustainability figures in August-September 2017.
** Sickness-related absences until August 2017.

Economic responsibility

For Fortum, economic responsibility means competitiveness, performance excellence and market-driven production, which create long-term value for our stakeholders and enable profitable growth. Satisfied customers are key to Fortum's success. Fortum aims to manage its supply chain in a responsible manner.

Fortum's goal is to achieve excellent financial performance in strategically selected core areas through strong competence and responsible ways of operating. Fortum measures financial performance with return on capital employed (target: 10%) and capital structure (target: comparable net debt/EBITDA around 2.5). In addition, Fortum has used the applicable Global Reporting Initiative (GRI) G4 indicators for reporting economic responsibility since 1 January 2014.

Fortum expects its business partners to act responsibly and to comply with the Fortum Code of Conduct and the Fortum Supplier Code of Conduct. Fortum assesses the performance of its business partners with supplier qualification and supplier audits. In January-September 2017, Fortum audited seven suppliers in China, India, Russia and Estonia.

Environmental responsibility

Fortum's aim is to provide its customers with environmentally benign products and services. A circular economy, resource and energy efficiency, and maximising the added value of waste and biomass are key priorities in Fortum's environmental approach. In addition, climate change mitigation and the reduction of environmental impacts are emphasised in Fortum's environmental responsibility. The company's know-how in CO_2-free hydro and nuclear power production and in energy-efficient combined heat and power production, investments in solar and wind power, as well as solutions for sustainable cities play a key role in this.

Fortum's Group-level environmental targets are related to CO_2 emissions, energy efficiency, and major environmental, health and safety (EHS) incidents. At the end of September 2017, 99.8% of Fortum's power and heat production worldwide had ISO 14001 certification.

Fortum's climate target over the next five years is for total specific CO_2 emissions, from both electricity and heat production, to be below 200 g/kWh in all countries in which Fortum operates. The target is calculated as a five-year average. At the end of September 2017, the total specific CO_2 emissions from energy production as a five-year average were at 188 (188) g/kWh, which is better than the target level.

Fortum's total CO_2 emissions in January-September 2017 amounted to 12.9 (12.6) million tonnes (Mt), of which 1.7 (1.6) Mt were within the EU's emissions trading scheme (ETS). Fortum's free emission allowances in 2016 were 1.0 Mt, and the estimate for 2017 is 0.9 Mt.

Fortum's total CO_2 emissions*

Million tonnes, Mt	III/17	III/16	I-III/17	I-III/16	2016	LTM
Total emissions	3.2	3.3	12.9	12.6	18.6	18.8
Emissions subject to ETS	0.2	0.3	1.7	1.6	2.7	2.8
Free emission allowances	-	-	-	-	1.0	-
Emissions in Russia	2.9	3.0	10.8	10.9	15.5	15.4

* Fortum Oslo Varme is included in sustainability figures in August-September 2017.

By 2020, Fortum's target is to achieve an energy savings of more than 1,400 GWh annually, compared to 2012. At the end of 2016, about 1,372 GWh had been achieved. Ongoing projects include, among others, hydropower plant refurbishments in Finland and Sweden, and a new CHP plant in Zabrze, Poland.

Fortum's target is fewer than 21 major EHS incidents annually. In January-September 2017, 16 (13) major EHS incidents took place in Fortum's operations: the incidents included 6 leaks, 5 fires, 2 explosions, 2 environmental non-compliances, and 1 INES (International Nuclear and Radiological Event Scale) event exceeding level 0. These incidents did not have significant environmental or financial impacts.

Social responsibility

Fortum’s social responsibility emphasises the secure supply of electricity and heat, creating solutions for sustainable cities, operational and occupational safety, employee wellbeing, as well as ethical business operations and compliance with regulations. At the end of September 2017, OHSAS 18001 certification covered 99.5% of Fortum's power and heat production worldwide. The coverage of certification decreased due to the acquisition of Fortum Oslo Varme (the combined company of Hafslunds Heat business area and Klemetsrudanlegget).

The average energy availability of Fortum's CHP plants in January-September 2017 was 95.7% (98.0%), which is above the annual target level of 95%.

The total recordable injury frequency (TRIF) for Fortum employees in January-September 2017 was 1.7 (1.6) per one million working hours, which is better than the Group-level frequency target (≤ 2.5). The lost-workday injury frequency (LWIF) for own personnel was 0.8 (0.9), which is below the set target level (≤1.0). The lost-workday injury frequency for contractors was 3.7 (2.7), which is above the set target level (≤3.5). A project focusing on the purchasing processes has been launched with the aim of improving contractor safety. The number of severe occupational accidents was 0 (5).

Implementation of the agreed actions to improve safety will continue with a specific focus on contractor safety and the integration of the acquired operations. As of 1 January 2017, Fortum has changed the definition of the severity of work-related accidents and is focusing on the accidents that have serious consequences, rather than the length of the sick-leave. The Group target for 2017 is ≤ 5 severe occupational accidents. Our target is to reduce severe accidents to zero by 2020.

The percentage of sickness-related absences in January-August 2017 was 2.1 (2.3), which is below the target level (≤2.3).

Changes in Fortum’s Management

On 8 February 2017, Markus Rauramo, Executive Vice President, City Solutions, was appointed Chief Financial Officer of the company as of 1 March 2017 following Timo Karttinen's resignation from his CFO duties. At the same time, Per Langer, Senior Vice President, Technology and New Ventures, was appointed Executive Vice President, City Solutions, also as of 1 March 2017.

On 20 March 2017, Mikael Rönnblad, M.Sc. (Econ.), was appointed Executive Vice President, Consumer Solutions, and member of Fortum’s Executive Management. Rönnblad started in his position on 15 May 2017.

Annual General Meeting 2017

Fortum Corporation’s Annual General Meeting, which was held in Helsinki on 4 April 2017, adopted the financial statements of the parent company and the Group for the financial period 1 January - 31 December 2016, and discharged the members of Fortum's Board of Directors and the President and CEO from liability for the year 2016.

The Annual General Meeting decided to pay a dividend of EUR 1.10 per share for the financial year that ended on 31 December 2016. The record date for the dividend payment was 6 April 2017, and the dividend payment date was 13 April 2017.

The Annual General Meeting confirmed the remuneration of EUR 75,000 per year to the Chairman, EUR 57,000 per year to the Deputy Chairman, EUR 40,000 per year to each member of the Board, as well as EUR 57,000 per year to the Board member acting as the Chairman of the Audit and Risk Committee if he or she is not at the same time acting as Chairman or Deputy Chairman of the Board. In addition, a EUR 600 meeting fee is paid for Board meetings as well as for committee meetings. The meeting fee is doubled for Board members who live outside Finland in Europe and tripled for members living outside Europe. For Board members living in Finland, the fee for each Board and Board Committee meeting is doubled for meetings held outside Finland and tripled for meetings outside Europe. For Board and Committee meetings held as a telephone conference, the basic meeting fee is paid to all members. No fee is paid for decisions made without a separate meeting.

The Annual General Meeting also confirmed the number of members in the Board of Directors to be eight. Ms Sari Baldauf was re-elected as Chairman, Mr Matti Lievonen was elected as a new member and Deputy Chairman, Mr Heinz-Werner Binzel, Ms Eva Hamilton, Mr Kim Ignatius, Mr Tapio Kuula and Mr Veli-Matti Reinikkala were re-elected as members, and Ms Anja McAlister was elected as a new member.

In addition, Authorised Public Accountant Deloitte & Touche Ltd (Deloitte Ltd as of 1 June 2017) was re-elected as auditor, with Authorised Public Accountant Ms Reeta Virolainen as the principal auditor. The auditor’s fee is paid pursuant to an invoice approved by the company.

The Annual General Meeting authorised the Board of Directors to decide on the repurchase and disposal of the company's own shares up to a maximum number of 20,000,000 shares, which corresponds to approximately 2.25 per cent of all the shares in the company. It was also decided that own shares could be repurchased or disposed of in connection with acquisitions, investments or other business transactions, or be retained or cancelled. The repurchases or disposals could not be made for the purposes of the company's incentive and remuneration schemes. The authorisation cancelled the authorisation resolved by the Annual General Meeting of 2016 and it will be effective until the next Annual General Meeting and, in any event, for a period of no longer than 18 months.

At the meeting held after the Annual General Meeting, Fortum’s Board of Directors elected from among its members to the Nomination and Remuneration Committee Matti Lievonen as Chairman and Sari Baldauf, Eva Hamilton, and Tapio Kuula as members. Furthermore, the Board elected to the Audit and Risk Committee Kim Ignatius as Chairman and Heinz-Werner Binzel, Anja McAlister and Veli-Matti Reinikkala as members.

Events after the balance sheet date

On 9 October 2017, Pekka Timonen (Chairman), Director General of the Ministry of Economic Affairs and Employment, Timo Ritakallio, President and CEO, Ilmarinen Mutual Pension Insurance Company, and Elli Aaltonen, Director General, The Social Insurance Institution of Finland KELA, were appointed to Fortum’s Shareholders’ Nomination Board. In addition, Chairman of Fortum's Board of Directors Sari Baldauf is a member of the Shareholders' Nomination Board.

Key drivers and risks

Fortum's financial results are exposed to a number of economic, strategic, political, financial and operational risks.

One of the key factors influencing Fortum's business performance is the wholesale price of electricity in the Nordic region. The key drivers behind the wholesale price development in the Nordic region are the supply-demand balance, the prices of fuel and CO_2 emission allowances, and the hydrological situation.

The world economy has recently been growing at an increasing pace. The overall economic growth impacts commodity and CO_2 emission allowance prices, which has an effect on the Nordic wholesale price of electricity. In Fortum's Russian business, the key drivers are economic growth, the rouble exchange rate, regulation around the heat business, and the further development of the electricity and capacity markets. In all regions, fuel prices and power plant availability also impact profitability. In addition, increased volatility in exchange rates due to financial turbulence could have both translation and transaction effects on Fortum's financials, especially through the Russian rouble and Swedish krona.

In the Nordic countries, the regulatory and fiscal environment for the energy and environmental management sectors has also added risks for companies. The main strategic risk is that the regulatory and market environment develops in a way that we have not been able to foresee and prepare for. In response to these uncertainties, Fortum has analysed and assessed a number of future energy market and regulation scenarios, including the impact of these on different generation forms and technologies. As a result, Fortum’s strategy was renewed in 2016 to include broadening the base of revenues and diversification into new businesses, technologies and markets. The environmental management business is based on the framework and opportunities created by the environmental regulation. Being able to respond to the customer needs created by the tightening regulation is a key success factor.

Outlook

Nordic market

Electricity is expected to continue to gain a higher share of total energy consumption. Electricity demand in the Nordic countries is expected to grow by approximately 0.5% on average, while the growth rate for the next few years will largely be determined by macroeconomic developments in Europe, and especially in the Nordic countries.

During January-September 2017, the oil price has remained on a clearly higher level than the previous year. The coal price has continued to increase. The price of CO_2 emission allowances (EUA) increased during the third quarter of 2017. The price of electricity for the upcoming twelve months increased both in the Nordic area and in Germany.

In mid-October 2017, the quotation for coal (ICE Rotterdam) for the remainder of 2017 was around USD 92 per tonne and for CO_2 emission allowances for 2017 around EUR 7.6 per tonne. The Nordic system electricity forward price in Nasdaq Commodities for the rest of 2017 was around EUR 30 per MWh and for 2018 around EUR 27 per MWh. In Germany, the electricity forward price for the rest of 2017 was around EUR 38 per MWh and for 2018 around EUR 37 per MWh. Nordic water reservoirs were about 1 TWh below the long-term average, close to the levels one year ago.

Generation

The Generation segment’s achieved Nordic power price typically depends on such factors as the hedge ratios, hedge prices, spot prices, availability and utilisation of Fortum's flexible production portfolio, and currency fluctuations. Excluding the potential effects from changes in the power generation mix, a 1 EUR/MWh change in the Generation segment’s Nordic power sales achieved price will result in an approximately EUR 45 million change in Fortum's annual comparable operating profit.

As a result of the nuclear stress tests in the EU, the Swedish Radiation Safety Authority (SSM) has decided on new regulations for Swedish nuclear reactors. For the operators, this means safety investments that should be in place no later than 2020.

The process to review the Swedish nuclear waste fees is done in a three-year cycle. The Swedish Nuclear Fuel and Waste Management Co (SKB) has updated the new technical plan for the SSM to review. The final decision on the new nuclear waste fees for years 2018-2020 will be made by the Swedish Government in December 2017. Based on SSM's proposal the annual waste fees for Fortum would increase by approximately EUR 8 million. On 1 June 2017, the Swedish Government submitted a proposal to the Parliament regarding the calculations of nuclear waste fees and the investment of the nuclear waste fund. According to the proposal the operating time for calculating the waste fee will be 50 years, as opposed to the current 40 years. The fund would also be allowed to invest in other financial instruments in addition to government bonds. The Parliament will decide on a new regulatory framework for the fund at the end of 2017.

On 3 July 2017, Fortum announced the decision by the Administrative Court in Stockholm, Sweden, related to Fortum Sverige AB's hydro production-related real-estate tax assessments for the years 2009–2014. The Court decisions were in Fortum's favour. The disputed amount for the five years was a total of SEK 510 million (EUR 53 million). Fortum will book the tax income (subject to income tax) only after the legal decision has entered into force. Hydropower plants have been subject to a real-estate tax rate that has resulted in an approximately 12 times higher real-estate tax per kWh compared to any other production, due to different tax rates and different valuation factors. The tax authority has appealed the decision.

In October 2016, the Swedish Energy Agency presented a concrete proposal on how to increase the production of renewable electricity by 18 TWh in 2020-2030 within the electricity certificate system, as part of the Energy Agreement. In April 2017, the Swedish Government decided that the increase will be carried out in a linear manner.

In September 2016, the Swedish Government presented the budget proposal for the coming years. One of the key elements was the proposal that taxation of different energy production forms should be more equal, and the tax burden of nuclear and hydro should be taken to the level of other production technologies. The budget states that the nuclear capacity tax will be reduced to 1,500 SEK/MW per month from 1 July 2017 and abolished on 1 January 2018. In 2017, the tax for Fortum is estimated to decrease by approximately EUR 32 million to EUR 52 million, due to the tax decrease, and by another EUR 5 million, due to the premature closure of Oskarshamn 1 in the middle of the year. In 2018, there is no capacity tax. The hydropower real-estate tax will decrease over a four-year period beginning in 2017, from today's 2.8% to 0.5%. The real-estate tax on hydro will, as stated in the Government's budget, be reduced in four steps: in January 2017 to 2.2%; in January 2018 to 1.6%; in January 2019 to 1.0%; and in January 2020 to 0.5%. In 2017, the tax for Fortum is estimated to decrease by approximately EUR 20 million to approximately EUR 95 million. In addition to the decrease in the tax rate, the hydropower real-estate tax values, which are linked to electricity prices, will be updated in 2019. The real-estate tax values are updated every six years. With the current low electricity prices, the tax values in 2019 will be clearly lower than today. The process for renewing existing hydro permits will also be reformed.

In 2015, Swedish OKG AB decided to permanently discontinue electricity production at Oskarshamn's nuclear plant units 1 and 2. Unit 1 was shut down on 17 June 2017, approximately 2 weeks earlier than planned, and unit 2 has been out of operation since June 2013. The closing processes for both units are estimated to take several years.

City Solutions

In City Solutions, steady growth, cash flow and earnings are achieved through investments in new plants and through acquisitions. Fuel cost, availability, flexibility and efficiency as well as gate fees are key drivers in profitability, but also the power supply/demand balance, electricity price and the weather affect profitability.

In May 2016, the Finnish Government decided to increase the tax on heating fuels by EUR 90 million annually from 2017 onwards. The negative impact on Fortum is estimated to be approximately EUR 5 million per year.

Consumer Solutions

In Consumer Solutions, profitability is achieved through competitive product and service offerings, efficient operations, scale benefits in systems and operations as well as prudent risk management. As the Consumer Solutions segment hedges most of the market risk exposure, it is typically more exposed to short-term variations in power prices and demand than to long-term price trends. Short-term volatility, often caused by temperature, can have a substantial impact on power prices and on power demand.

The competitive environment affects the Consumer Solutions segment both through the sales margins of the products sold and the size of the customer base. The competition in the Nordic electricity retail market is expected to remain challenging, continuing to put pressure on sales margins. We have increased our focus and spend on developing new digital services for consumers, to reduce the effects of the challenging market conditions and to create a solid foundation for competitive operations in the future.

Russia

The Russia segment's new capacity generation built after 2007 under the Russian Capacity Supply Agreement (CSA) is a key driver for earnings growth in Russia, as it is expected to bring income from new volumes sold and also to receive considerably higher capacity payments than the old capacity. Fortum will receive guaranteed capacity payments for a period of approximately 10 years from the commissioning of a plant. The received CSA payment will vary depending on the age, location, size and type of the plants, as well as on seasonality and availability. CSA payments can vary somewhat annually because they are linked to Russian Government long-term bonds with 8 to 10 years maturity. In addition, the regulator will review the earnings from the electricity-only market three and six years after the commissioning of a unit and could revise the CSA payments accordingly. In addition, the level of the CSA payments increases starting from the seventh year of the 10-year period.

In June 2017, 1,000 MW of the bids of the 50/50-owned Fortum-RUSNANO wind investment fund were selected in the Russian wind auction. The bids are for projects to be commissioned during the years 2018-2022 with a price corresponding to approximately EUR 115-135 per MWh. The projects will be covered by Capacity Supply Agreements (CSA) for a period of 15 years.

The long-term Competitive Capacity Selection (CCS) for the years 2017-2019 was held at the end of 2015, the CCS for the year 2020 in September 2016, and the CCS for the year 2021 in September 2017. All Fortum’s plants were selected. Fortum has also obtained forced mode status, i.e. it receives payments for the capacity at a higher rate for some of the "old capacity". For the years 2017-2019, 195 MW obtained forced mode status; for 2020, 175 MW; and for 2021, 105 MW.

The Russian gas price was increased by 3.9% in July 2017, which is expected to increase the annual average gas price for 2017 by 2.0%.

Capital expenditure and divestments

Fortum currently expects its capital expenditure, excluding acquisitions, to be approximately EUR 800 million in 2017. The annual maintenance capital expenditure is estimated to be less than EUR 300 million in 2017, well below the level of depreciation.

Taxation

The effective corporate income tax rate for Fortum in 2017 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 a Swedish income tax case.

On 11 May 2017, the Administrative Court in Stockholm, Sweden, gave its decisions related to Fortum’s income tax assessments for the year 2013. The Court decisions were not in Fortum’s favour. Fortum will appeal the decisions. If the decisions remain in force despite the appeal, the impact on the net profit would be approximately EUR 28 million (approximately SEK 273 million). Fortum has not made a provision as, based on legal analysis, the EU Commission’s view and supporting legal opinions, the cases should be ruled in Fortum’s favour. The assessments concern the loans given in 2013 by Fortum’s Dutch financing company to Fortum’s subsidiaries in Sweden. The interest income for these loans was taxed in the Netherlands. The Swedish tax authority considers just over a half of the interest relating to each loan as deductible, i.e. deriving from business needs. The rest of the interest is seen as non-deductible. The decisions are based on the changes in the Swedish tax regulation in 2013.

On 30 June 2017, the Court of Appeal in Stockholm, Sweden, ruled against Fortum related to Fortum's income tax assessments in Sweden for the years 2009-2012. Due to the decision of the Court of Appeal, Fortum booked a tax cost of 1,175 MSEK (EUR 123 million) in the second-quarter 2017 results. The booking did not have any cash flow effect for Fortum, as the additional taxes and interest have already been paid in 2016. The case concerns Fortum’s right to deduct intra-group interest expenses in Sweden in the years 2009-2012. Fortum restructured its operations and reallocated loans in 2004-2005 to ensure future operations. Fortum does not agree with the Court's decision and has applied for the right to appeal from the Supreme Administrative Court.

Hedging

At the end of September 2017, approximately 65% of Generation's estimated Nordic power sales volume was hedged at EUR 30 per MWh for the rest of 2017, approximately 50% at EUR 28 per MWh for 2018, and approximately 30% at EUR 24 per MWh for 2019.

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 electricity derivatives quoted on Nasdaq Commodities.

Change of Fortum Corporation's trading and issuer codes

As of 25 January 2017, Fortum Corporation changed its trading and issuer codes. The trading code of Fortum Corporation's share changed from FUM1V to FORTUM, and Fortum's issuer code was changed from FUM to FORTUM.

Dividend payment

The Annual General Meeting 2017 decided to pay a dividend of EUR 1.10 per share for the financial year that ended 31 December 2016. The record date for the dividend was 6 April 2017 and the dividend payment date was 13 April 2017.

Espoo, 25 October 2017

Fortum Corporation
Board of Directors

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The condensed Interim Report has 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.

Financial calendar in 2018

Fortum Corporation’s financial statements bulletin for the year 2017 will be published on 2 February 2018 at approximately 9.00 EET.

Fortum’s Financial statements and Operating and financial review for 2017 will be published during week 8 at the latest.

Fortum will publish three interim reports in 2018:

- January-March on 26 April 2018, at approximately 9.00 EEST
- January-June on 19 July 2018, at approximately 9.00 EEST
- January-September on 24 October 2018, at approximately 9.00 EEST

Fortum's Annual General Meeting 2018 is planned to take place on 28 March 2018, and the possible dividend related dates planned for 2018 are:

- The ex-dividend date 29 March 2018
- The record date for dividend payment 3 April 2018
- The dividend payment date 10 April 2018

Distribution:

Nasdaq Helsinki
Key media
www.fortum.com

More information, including detailed quarterly information, is available on Fortum’s website at www.fortum.com/investors

Condensed consolidated income statement

EUR million	Note	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Sales	4, 7	919	732	3,088	2,489	3,632	4,231
Other income		8	8	26	27	34	33
Materials and services		-466	-394	-1,554	-1,230	-1,830	-2,154
Employee benefits		-102	-75	-300	-235	-334	-399
Depreciation and amortisation	4,10,11	-116	-93	-336	-264	-373	-445
Other expenses		-150	-119	-408	-331	-485	-562
Comparable operating profit	4	**94**	**58**	**516**	**455**	**644**	**705**
Items affecting comparability		293	-65	327	-25	-11	341
Operating profit	4	**387**	**-6**	**843**	**430**	**633**	**1,046**
Share of profit/loss of associates and joint ventures	4, 12	21	11	114	116	131	129
Interest expense		-39	-38	-122	-132	-169	-159
Interest income		9	7	26	23	30	33
Fair value gains and losses on financial instruments		-3	-2	-9	0	-2	-11
Other financial expenses - net		-25	-12	-40	-26	-29	-43
Finance costs - net		-58	-44	-146	-135	-169	-180
Profit before income tax		**351**	**-40**	**811**	**411**	**595**	**995**
Income tax expense	8	4	9	-186	-54	-90	-222
Profit for the period		**355**	**-31**	**625**	**357**	**504**	**772**
Attributable to:							
Owners of the parent		357	-31	622	352	496	766
Non-controlling interests		-2	0	3	6	8	5
		355	**-31**	**625**	**357**	**504**	**772**
Earnings per share for profit attributable to the equity owners of the company (EUR per share)							
Basic		**0.40**	-0.03	**0.70**	0.40	0.56	**0.86**

As Fortum currently has no dilutive instruments outstanding, diluted earnings per share is the same as basic earnings per share.

EUR million	Note	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Comparable operating profit		**94**	**58**	**516**	**455**	**644**	**705**
Impairment charges	4	0	0	0	0	27	27
Capital gains and other	4, 6	317	-10	318	36	38	320
Changes in fair values of derivatives hedging future cash flow	4	-19	-57	9	-64	-65	8
Nuclear fund adjustment	4, 15	-5	2	0	3	-11	-14
Items affecting comparability		293	-65	327	-25	-11	341
Operating profit		**387**	**-6**	**843**	**430**	**633**	**1,046**

Condensed consolidated statement of comprehensive income

EUR million	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Profit for the period	**355**	**-31**	**625**	**357**	**504**	**772**
Other comprehensive income						
Items that may be reclassified to profit or loss in subsequent periods:						
Cash flow hedges						
Fair value gains/losses in the period	-13	-58	22	-99	-142	-21
Transfers to income statement	8	-29	58	-77	-85	50
Transfers to inventory/fixed assets	0	-1	-4	-8	-10	-6
Deferred taxes	1	19	-16	39	51	-4
Net investment hedges						
Fair value gains/losses in the period	4	25	0	34	-2	-36
Deferred taxes	-1	-5	0	-7	0	7
Exchange differences on translating foreign operations	-31	-50	-203	78	342	61
Share of other comprehensive income of associates and joint ventures	-12	-2	-11	-12	-9	-8
Other changes	-10	0	-11	-1	0	-10
	-54	**-103**	**-165**	**-52**	**145**	**32**
Items that will not be reclassified to profit or loss in subsequent periods:						
Actuarial gains/losses on defined benefit plans	13	-24	13	-23	-7	29
Actuarial gains/losses on defined benefit plans in associates and joint ventures	14	-2	12	7	12	17
	27	**-25**	**25**	**-16**	**5**	**46**
Other comprehensive income for the period, net of deferred taxes	**-27**	**-128**	**-140**	**-68**	**150**	**78**
Total comprehensive income for the period	**327**	**-159**	**486**	**290**	**654**	**850**
Total comprehensive income attributable to						
Owners of the parent	330	-159	484	281	639	842
Non-controlling interests	-3	0	1	9	15	7
	327	**-159**	**486**	**290**	**654**	**850**

Condensed consolidated balance sheet

EUR million	Note	Sept 30 2017	Sept 30 2016	Dec 31 2016
ASSETS				
Non-current assets				
Intangible assets	10	1,076	432	467
Property, plant and equipment	11	10,603	9,563	9,930
Participations in associates and joint ventures	4, 12	1,858	2,042	2,112
Share in State Nuclear Waste Management Fund	15	851	836	830
Other non-current assets		147	105	113
Deferred tax assets		51	66	66
Derivative financial instruments	5	310	467	415
Long-term interest-bearing receivables	13	965	933	985
Total non-current assets		**15,860**	**14,445**	**14,918**
Current assets				
Inventories		233	241	233
Derivative financial instruments	5	161	146	130
Short-term interest-bearing receivables	13	417	423	395
Income tax receivables		180	261	290
Trade and other receivables		732	501	844
Deposits and securities (maturity over three months)		1,023	3,561	3,475
Cash and cash equivalents		2,853	1,762	1,679
Liquid funds	14	3,877	5,322	5,155
Total current assets		**5,600**	**6,894**	**7,046**
Total assets		**21,460**	**21,338**	**21,964**
EQUITY				
Equity attributable to owners of the parent				
Share capital		3,046	3,046	3,046
Share premium		73	73	73
Retained earnings		9,801	9,965	10,369
Other equity components		44	16	-29
Total		**12,963**	**13,100**	**13,459**
Non-controlling interests		**239**	**78**	**84**
Total equity		**13,202**	**13,178**	**13,542**
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities	14	4,155	4,515	4,468
Derivative financial instruments	5	216	263	262
Deferred tax liabilities		793	561	616
Nuclear provisions	15	851	836	830
Other provisions	16	133	117	116
Pension obligations		81	95	76
Other non-current liabilities		174	170	179
Total non-current liabilities		**6,403**	**6,556**	**6,546**
Current liabilities				
Interest-bearing liabilities	14	796	670	639
Derivative financial instruments	5	211	314	396
Trade and other payables		848	621	841
Total current liabilities		**1,855**	**1,605**	**1,876**
Total liabilities		**8,258**	**8,161**	**8,422**
Total equity and liabilities		**21,460**	**21,338**	**21,964**

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
EUR million			Retained earnings	Translation of foreign operations	Cash flow hedges	Other OCI items	OCI items associated companies and joint ventures			
Total equity 31 December 2016	**3,046**	**73**	**12,186**	**-1,817**	**-115**	**58**	**27**	**13,459**	**84**	**13,542**
Net profit for the period			622					622	3	625
Translation differences				-202	0	0	0	-201	-2	-203
Other comprehensive income			-9		61	11	1	63	0	63
Total comprehensive income for the period			613	-202	61	11	1	484	1	486
Cash dividend			-977					-977	-2	-979
Other			-3					-3	156	154
Total equity 30 Sept 2017	**3,046**	**73**	**11,819**	**-2,019**	**-53**	**69**	**28**	**12,963**	**239**	**13,202**
Total equity 31 December 2015	**3,046**	**73**	**12,663**	**-2,156**	**74**	**67**	**27**	**13,794**	**69**	**13,863**
Net profit for the period			352					352	6	357
Translation differences				80	-3	1	-3	75	4	78
Other comprehensive income			1		-144	3	-5	-146		-146
Total comprehensive income for the period			353	80	-147	3	-8	281	9	290
Cash dividend			-977					-977		-977
Other			3					3	-1	2
Total equity 30 Sept 2016	**3,046**	**73**	**12,041**	**-2,076**	**-74**	**71**	**19**	**13,100**	**78**	**13,178**
Total equity 31 December 2015	**3,046**	**73**	**12,663**	**-2,156**	**74**	**67**	**27**	**13,794**	**69**	**13,863**
Net profit for the period			496					496	8	504
Translation differences				339	-2	1	-3	335	7	342
Other comprehensive income			1		-186	-10	3	-192		-192
Total comprehensive income for the period			497	339	-188	-9	0	639	15	654
Cash dividend			-977					-977		-977
Other			3					3	-1	2
Total equity 31 December 2016	**3,046**	**73**	**12,186**	**-1,817**	**-115**	**58**	**27**	**13,459**	**84**	**13,542**

Translation differences

Translation differences impacted equity attributable to owners of the parent company with EUR -201 million during Q1-Q3 2017 (Q1-Q3 2016: 75). Translation differences are mainly related to RUB. Part of this translation exposure has been hedged and the foreign currency hedge result amounting to EUR 3 million during Q1-Q3 2017 (Q1-Q3 2016: 39), is included in the other OCI items.

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 2 Accounting policies.

Cash flow hedges

The impact on equity attributable to owners of the parent from fair valuation of cash flow hedges, EUR 61 million during Q1-Q3 2017 (Q1-Q3 2016: -147), mainly relates to cash flow hedges hedging electricity price for future transactions, where hedge accounting is applied. When electricity price is lower/higher than the hedging price, the impact on equity is positive/negative.

Cash dividends

A dividend for 2016 was decided in the Annual General Meeting on 4 April 2017. See Note 9 Dividend per share.

Non-controlling interests

Non-controlling interests have increased with EUR 156 million during Q3 2017 mainly due to the acquisition of Fortum Oslo Varme AS (former Hafslund Varme AS) which is consolidated as a subsidiary with 50% non-controlling interest. See also Note 6 Acquisitions and disposals.

Condensed consolidated cash flow statement

EUR million	Note	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Cash flow from operating activities							
Profit for the period		**355**	**-31**	**625**	**357**	**504**	**772**
Adjustments:							
Income tax expenses	8	-4	-9	186	54	90	222
Finance costs - net		58	44	146	135	169	180
Share of profit of associates and joint ventures	12	-21	-11	-114	-116	-131	-129
Depreciation and amortisation	10, 11	116	93	336	264	373	445
Operating profit before depreciations (EBITDA)		**503**	**87**	**1,179**	**694**	**1,006**	**1,491**
Items affecting comparability	4	-293	65	-327	25	11	-341
Net release of CSA provision	4	0	0	0	-2	-2	0
Comparable EBITDA		**210**	**151**	**852**	**717**	**1,015**	**1,150**
Non-cash flow items		-22	-27	-55	-61	-49	-43
Interest received		10	8	28	31	39	36
Interest paid		-13	-20	-148	-187	-214	-175
Dividends received		5	4	58	54	54	58
Realised foreign exchange gains and losses		-8	-16	-72	112	110	-74
Income taxes paid		-41	-11	-71	-211	-216	-76
Other items		-17	-15	-19	-17	-18	-20
Funds from operations		**124**	**74**	**573**	**437**	**723**	**859**
Change in working capital		61	26	126	34	-102	-10
Total net cash from operating activities		**185**	**101**	**699**	**471**	**621**	**849**
Cash flow from investing activities							
Capital expenditures	10, 11	-162	-124	-470	-367	-599	-702
Acquisitions of shares	6	-878	-553	-929	-666	-695	-958
Proceeds from sales of fixed assets	10, 11	2	1	7	7	10	10
Divestments of shares	6	740	0	740	39	39	740
Shareholder loans to associated companies and joint ventures	13	-27	-6	36	-74	-117	-7
Change in cash collaterals	13	-97	-122	-24	-391	-359	8
Change in other interest-bearing receivables	13	10	5	29	13	20	36
Total net cash from investing activities		**-412**	**-798**	**-611**	**-1,439**	**-1,701**	**-873**
Cash flow before financing activities		**-227**	**-697**	**88**	**-968**	**-1,080**	**-24**
Cash flow from financing activities							
Proceeds from long-term liabilities	14	-1	0	35	27	32	40
Payments of long-term liabilities	14	-2	-90	-467	-899	-934	-502
Change in short-term liabilities	14	8	-35	68	-63	-97	34
Dividends paid to the owners of the parent	9	0	0	-977	-977	-977	-977
Other financing items		-4	-2	-8	-8	-8	-8
Total net cash used in financing activities		**1**	**-127**	**-1,348**	**-1,919**	**-1,984**	**-1,413**
Total net increase(+)/decrease(-) in liquid funds		**-226**	**-825**	**-1,261**	**-2,887**	**-3,064**	**-1,438**
Liquid funds at the beginning of the period	14	**4,106**	**6,150**	**5,155**	**8,202**	**8,202**	**5,322**
Foreign exchange differences in liquid funds		**-3**	**-2**	**-17**	**8**	**18**	**-7**
Liquid funds at the end of the period	14	**3,877**	**5,322**	**3,877**	**5,322**	**5,155**	**3,877**

Realised foreign exchange gains and losses

Realised foreign exchange gains and losses relate mainly to financing of Fortum's Russian and Swedish subsidiaries and the fact that the Group's main external financing currency is EUR. The foreign exchange gains and losses arise from rollover of foreign exchange contracts hedging these internal loans as major part of the forwards are entered into with short maturities i.e. less than twelve months.

Additional cash flow information

Change in working capital

EUR million	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Change in settlements for futures, decrease(+)/increase(-)	30	1	**124**	-56	-138	42
Change in interest-free receivables, decrease(+)/increase(-)	23	34	**168**	325	92	-65
Change in inventories, decrease(+)/increase(-)	6	7	**2**	3	14	13
Change in interest-free liabilities, decrease(-)/increase(+)	1	-15	**-168**	-239	-70	1
Total	**61**	**26**	**126**	**34**	**-102**	**-10**

In Fortum's cash flow statement the daily cash settlements for futures are shown as change in working capital whereas the changes in cash collaterals for forwards are included in cash flow from investing activities. In the end of 2016 Nasdaq's market making for forwards ended and the trading moved from forwards with cash collaterals to futures with daily cash settlements. The cash collaterals are included in the short-term interest-bearing receivables, see note 13.

Capital expenditure in cash flow

EUR million	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Capital expenditure	174	141	**482**	356	591	717
Change in not yet paid investments, decrease(+)/increase(-)	-9	-14	**0**	21	24	3
Capitalised borrowing costs	-3	-4	**-12**	-10	-16	-18
Total	**162**	**124**	**470**	**367**	**599**	**702**

Capital expenditures for intangible assets and property, plant and equipment were in Q1-Q3 2017 EUR 482 million (Q1-Q3 2016: 356). Capital expenditure in cash flow in Q1-Q3 2017 EUR 470 million (Q1-Q3 2016: 367) is including payments related to capital expenditure made in previous year i.e. change in trade payables related to investments EUR 0 million (Q1-Q3 2016: 21) and excluding capitalised borrowing costs EUR -12 million (Q1-Q3 2016: -10), which are presented in interest paid.

Acquisition of shares in cash flow

Acquisition of shares, net of cash acquired, amounted to EUR 929 million during Q1-Q3 2017 (Q1-Q3 2016: 666). Acquisition of shares during Q3 2017, EUR 878 million, include mainly the acquisition of subsidiary shares in Hafslund Markets and Fortum Oslo Varme as well as associated company shares in Hafslund Production business area. For further information see note 6 Acquisitions and disposals.

Divestment of shares in cash flow

EUR million	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Proceeds from sales of subsidiaries, net of cash disposed	53	0	**53**	6	6	53
Proceeds from sales of associates and joint ventures	687	0	**687**	34	34	687
Total	**740**	**0**	**740**	**39**	**39**	**740**

Proceeds from sales of subsidiaries during Q3 2017 include the sale of the Polish gas infrastructure company DUON Dystrybucja S.A. Proceeds from sales of associated companies and joint ventures during Q3 2017 include the sale of Hafslund ASA shares. For further information see note 6 Acquisitions and disposals.

Change in net debt

EUR million	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Net debt, beginning of the period	**605**	**-934**	**-48**	**-2,195**	**-2,195**	**-137**
Foreign exchange rate differences	-6	-22	-3	-70	-70	-3
Comparable EBITDA	210	151	852	717	1,015	1,150
Non-cash flow items	-22	-27	-55	-61	-49	-43
Paid net financial costs	-23	-39	-153	-7	-29	-175
Income taxes paid	-41	-11	-71	-211	-216	-76
Change in working capital	61	26	126	34	-102	-10
Capital expenditures	-162	-124	-470	-367	-599	-702
Acquisitions	-878	-553	-929	-666	-695	-958
Divestments	742	1	747	47	49	749
Shareholder loans to associated companies	-27	-6	36	-74	-117	-7
Change in other interest-bearing receivables	-86	-117	5	-378	-340	43
Dividends	0	0	-977	-977	-977	-977
Other financing activities	-4	-2	-8	-8	-8	-8
Net cash flow (- increase in net debt)	-231	-699	-898	-1,953	-2,065	-1,010
Fair value change of bonds, amortised cost valuation, acquired debt and other	246	120	229	176	152	205
Net debt, end of the period	**1,075**	**-137**	**1,075**	**-137**	**-48**	**1,075**

Capital structure

Fortum wants to have a prudent and efficient capital structure which at the same time allows the implementation of its strategy. Maintaining a strong balance sheet and the flexibility of the capital structure is a priority. The Group monitors the capital structure based on Comparable net debt to EBITDA ratio. Net debt is calculated as interest-bearing liabilities minus liquid funds without deducting interest-bearing receivables amounting to EUR 1,382 million (Dec 31 2016: 1,380). EBITDA is calculated by adding back depreciation and amortisation to operating profit, whereas Comparable EBITDA is calculated by deducting items affecting comparability and the net release of CSA provision from EBITDA. Fortum's comparable net debt to EBITDA target is around 2.5.

Comparable Net debt/EBITDA ratio

EUR million	Last twelve months	2016
Interest-bearing liabilities	4,951	5,107
Less: Liquid funds	3,877	5,155
Net debt	**1,075**	**-48**
Operating profit	1,046	633
Add: Depreciation and amortisation	445	373
EBITDA	1,491	1,006
Less: Items affecting comparability	341	-11
Less: Net release of CSA provision		2
Comparable EBITDA	**1,150**	**1,015**
Comparable net debt/EBITDA	**0.9**	**0.0**

Key ratios

Definition of key figures are presented in Note 23.

	Sept 30 2017	Sept 30 2016	Dec 31 2016	Last twelve months
Comparable EBITDA, EUR million	852	717	1,015	**1,150**
Earnings per share (basic), EUR	0.70	0.40	0.56	**0.86**
Capital employed, EUR million	18,153	18,362	18,649	
Interest-bearing net debt, EUR million	1,075	-137	-48	
Capital expenditure and gross investments in shares, EUR million	1,484	1,172	1,435	**1,747**
Capital expenditure, EUR million	482	356	591	**717**
Return on capital employed, % 1)	6.3	3.9	4.0	**6.4**
Return on shareholders' equity, % 1)	5.4	3.6	3.7	**5.9**
Comparable net debt / EBITDA 1)	0.9	-0.1	0.0	**0.9**
Interest coverage	8.7	3.9	4.6	**8.3**
Interest coverage including capitalised borrowing costs	7.8	3.6	4.1	**7.3**
Funds from operations/interest-bearing net debt, % 1)	73.3	-397.1	-1,503.4	**79.9**
Gearing, %	8	-1	0	
Equity per share, EUR	14.59	14.75	15.15	
Equity-to-assets ratio, %	62	62	62	
Number of employees	9,045	8,185	8,108	
Average number of employees	8,387	7,959	7,994	
Average number of shares, 1 000 shares	888,367	888,367	888,367	
Diluted adjusted average number of shares, 1 000 shares	888,367	888,367	888,367	
Number of registered shares, 1 000 shares	888,367	888,367	888,367	

1) Quarterly figures are annualised except items affecting comparability.

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 2016.

The figures in the consolidated interim financial statements have been rounded and consequently the sum of individual figures may deviate from the sum presented. Key figures have been calculated using exact figures.

2. Accounting policies

The same accounting policies and presentation have been followed in these condensed interim financial statements as were applied in the preparation of the consolidated financial statements for the year ended 31 December 2016.

Fortum will adopt two new IFRS standards in 2018 (IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers) and one in 2019 (IFRS 16 Leases). Below is information of the on-going implementation projects. Additional information will be published in the upcoming interim releases.

IFRS 9 Financial instruments

Fortum has continued with the implementation and testing phase including model validations, process and system updates and preparation of the new disclosures including possible opening balance sheet adjustments.
The interpretations taken are:
• Classification and measurement of financial assets - Most financial assets will be classified under "Hold-to-Collect" business model and accounted for as amortised cost when they meet the SPPI criteria.
• Fortum's commodity derivative hedging will benefit from the possibility to apply hedge accounting for one or several risk components separately or in aggregation. In the Nordic area Fortum considers system and electricity price area differential (EPAD) products perfect hedges for corresponding electricity price risk components. This will reduce the volatility in Fortum's profit and loss currently recognized as items affecting comparability.
• Implementation of expected credit loss (“ECL”) model is ongoing. Fortum will implement counterparty specific ECL models to be used on individual contract basis for deposits, shareholder loans and trade receivables with large customers whereas portfolio models will be used for trade receivables with consumers and small business customers.

IFRS 15 Revenue from Contracts with Customers

Fortum does not expect material changes from IFRS 15 implementation, however some conclusions are still being analysed together with business. Analysis includes the following main steps:
• Identification and assessment of the main revenue streams,
• Determining key areas of potential differences between old and new revenue recognition principles and
• Reviewing a sample of contracts.

The analysis completed so far includes most of the Nordic operations. The analysis also cover most of the operations in Russia, Poland and Baltic countries, but certain interpretations and conclusions are still being finalized. The conclusions requiring the greatest degree of management judgement are as follows:
• Electricity sales to wholesale market: Physical electricity trades to Nord Pool or other wholesale markets are made either during the same day or day before the delivery and the duration of the contract is thus very short. The transaction price is the spot price and there are no variable elements. Electricity sales continue to be recognized upon delivery and hence there are no changes identified compared to the current recognition principles.
• District heating: In many areas the district heating service covers both the distribution and sale of heat. Even if the heat is produced by a third party, Fortum is usually responsible for delivering the whole service and is acting as a principal for the heat sales as well. Fortum has concluded that the distribution and sale of heat are not separate performance obligations and are both covered by the promise to stand-ready to supply heat to the customer. Also the fees charged for connecting the customer to the district heat network are part of the same performance obligation. The fees charged from the customer generally comprise a fixed monthly charge and a variable component that is determined based on the volume of heat supplied. In accordance to the IFRS15 principles, the fixed charge and the variable heat volume charge are allocated and recognised in line with the fees chargeable from the customer. The fee received for connecting the client is recognised, once the connection is ready, as the contracts are open-ended with short termination period. In Russia, Baltics and Poland there are also areas, where Fortum operates only the heat production facilities while some third party is responsible for the distribution of heat. In these areas the performance obligation is to supply heat. There are no changes identified compared to the current revenue recognition principles.
• Waste management services: Majority of the revenues from waste management services arises from the fees charged for receiving the waste from customers (i.e. gate fees). The fee is usually determined based on the volume of waste received and there are no variable elements in the pricing. Fortum is required to treat the waste and this performance obligation is satisfied when the treatment is performed. Transportation of the waste form another performance obligation, which is recognized once the service is performed. There are no changes identified to the current practices.

• Electricity sales to retail customers: Fortum's contracts with the consumer and business customers cover the electricity sales, while the distribution service is delivered by the transmission company operating the local network. There is only one performance obligation, which is to stand-ready to supply electricity to the customer. The transaction price generally includes both a fixed monthly fee and a variable fee that depends on the volume of electricity supplied. As with the district heating business, the fixed and variable components are to be recognized as revenue based on the fees chargeable from the customer. Potential changes to the current accounting include the treatment of sales commissions, which are currently expensed in Finland and Sweden. The impact is being further analyzed but it is not expected to be significant.

The analysis will be completed during the fourth quarter of 2017. Fortum is not expecting any significant impacts from the new standard. Fortum will use the transition relief for not to restate the comparative information at the date of initial application.

IFRS 16 Leases

Currently under IAS 17, lessees recognize leases either as operating leases or finance leases. The new standard no longer distinguishes between operating and finance leases from a lessees point of view, and most right-of-use assets are recognized in the balance sheet. For lessors, there are no significant changes. In brief, IFRS 16 requirements contain the following:
• A lessee shall recognize all leases, except for short-term and low value leases, in the balance sheet.
• For lessees, both the value of the right-of-use asset and the corresponding liability shall be recognized in the balance sheet.

IFRS 16 is effective for financial periods starting on 1 January 2019 or later. EU endorsement to be expected to be made by the end of 2017.

Currently, Fortum has mainly operating leases with varying lease terms and prolongation rights. The majority of the operating leases are for the use of land, office buildings and parking lots. Total future lease obligations amounted to EUR 142 million at the end of the reporting period (Dec 31 2016: 74). Hence, the impacts of the standard to the consolidated financial statements are not expected to be material.

The key exchange rates applied in the Fortum Group accounts

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-Sept 2017	Jan-June 2017	Jan-March 2017	Jan-Dec 2016	Jan-Sept 2016	Jan-June 2016	Jan-March 2016
Sweden (SEK)	9.5803	9.5900	9.5257	9.4496	9.3673	9.2813	9.2713
Norway (NOK)	9.2343	9.1923	9.0030	9.2888	9.3614	9.4060	9.5016
Poland (PLN)	4.2707	4.2707	4.3189	4.3659	4.3570	4.3621	4.3289
Russia (RUB)	65.1995	63.4507	62.6996	73.8756	75.8412	77.2497	80.6173

Balance sheet date rate	Sept 30 2017	June 30 2017	March 31 2017	Dec 31 2016	Sept 30 2016	June 30 2016	March 31 2016
Sweden (SEK)	9.6490	9.6398	9.5322	9.5525	9.6210	9.4242	9.2253
Norway (NOK)	9.4125	9.5713	9.1683	9.0863	8.9865	9.3008	9.4145
Poland (PLN)	4.3042	4.2259	4.2265	4.4103	4.3192	4.4362	4.2576
Russia (RUB)	68.2519	67.5449	60.3130	64.3000	70.5140	71.5200	76.3051

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. Provisions for present obligations require management to assess the best estimate of the expenditure needed to settle the present obligation at the end of the reporting period.

In preparing these interim financial statements, the significant judgements made by management 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 for the year ended 31 December 2016.

4. Segment information

As of 1 March 2017, the City Solutions division was divided into two divisions: City Solutions and Consumer Solutions, both reported as separate reporting segments. City Solutions comprises heating and cooling, waste-to-energy, biomass and other circular economy solutions. Consumer Solutions comprises electricity sales in the Nordics, electricity and gas sales in Poland, as well as Nordic customer services (previously reported under the Other segment).

The new organisation consists of the following segments: Generation, City Solutions, Consumer Solutions, Russia and Other. M&A and Solar & Wind Development as well as Technology and New Ventures will continue to be reported under Other.

Fortum has restated its 2016 comparison segment reporting figures in accordance with the new organisation structure. The restated and previously communicated quarterly information for 2016 were published on 11 April 2017 and can be found in the Interim reports section in Fortum's webpage.

Due to the seasonal nature of Fortum's operations the comparable operating profits are usually higher for the first and fourth quarter of the year. Columns labelled as "LTM" or "last twelve months" are presenting figures for twelve months preceding the reporting date.

Quarter		Generation 1)		City Solutions 1)		Consumer Solutions		Russia		Other		Total	
EUR million	Note	Q3 2017	Q3 2016	Q3 2017	Q3 2016	Q3 2017	Q3 2016	Q3 2017	Q3 2016	Q3 2017	Q3 2016	Q3 2017	Q3 2016
Income statement data by segment													
External sales		367	371	178	116	238	126	200	175	8	7	992	797
Internal sales		0	0	1	0	0	0	0	0	16	15	17	14
Netting of Nord Pool transactions 2)												-73	-66
Eliminations 2)												-17	-14
Sales	7	**367**	**371**	**179**	**116**	**238**	**126**	**200**	**175**	**25**	**22**	**919**	**732**
Comparable EBITDA		**134**	**104**	**21**	**5**	**10**	**11**	**61**	**43**	**-17**	**-12**	**210**	**151**
Net release of CSA provision								0	0			0	0
Depreciation and amortisation		-30	-27	-41	-30	-5	-2	-35	-31	-4	-3	-116	-93
Comparable operating profit		**104**	**77**	**-20**	**-25**	**5**	**9**	**26**	**12**	**-21**	**-16**	**94**	**58**
Impairment charges		0	0	0	0	0	0	0	0	0	0	0	0
Capital gains and other	6	0	0	0	-11	2	0	0	0	315	0	317	-10
Changes in fair values of derivatives hedging future cash-flow		-25	-62	-1	3	8	3	0	0	-1	-1	-19	-57
Nuclear fund adjustment	15	-5	2	0	0	0	0	0	0	0	0	-5	2
Items affecting comparability		-30	-59	0	-8	10	3	0	0	314	-1	293	-65
Operating profit		**74**	**18**	**-20**	**-33**	**15**	**12**	**26**	**12**	**293**	**-17**	**387**	**-6**
Share of profit/loss of associates and joint ventures	12	5	-4	-1	-2	0	0	8	7	8	9	21	11
Finance costs - net												-58	-44
Income taxes	8											4	9
Profit for the period												**355**	**-31**
Gross investments / divestments by segment													
Gross investments in shares	6	85	2	375	681	486	0	5	0	0	0	950	683
Capital expenditure	10, 11	56	44	47	34	2	1	32	41	37	22	174	141
of which capitalised borrowing costs		0	1	0	0	0	0	2	2	0	1	3	4
Gross divestments of shares	6	0	0	0	0	54	0	0	2	687	0	741	2

1) Sales, both internal and external, include effects from realised hedging contracts. Effect on sales can be negative or positive depending on the average contract price and realised spot price.
2) Netting and eliminations include eliminations of internal sales and netting of Nord Pool transactions. Sales and purchases with Nord Pool Spot are 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.

Year-to-date		Generation 1)		City Solutions 1)		Consumer Solutions		Russia		Other		Total	
EUR million	Note	Q1-Q3 2017	Q1-Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Q1-Q3 2017	Q1-Q3 2016	Q1-Q3 2017	Q1-Q3 2016
Income statement data by segment													
External sales		1,231	1,202	667	466	643	446	786	606	24	23	3,352	2,744
Internal sales		12	20	8	0	1	1	0	0	48	45	69	66
Netting of Nord Pool transactions 2)												-264	-255
Eliminations 2)												-69	-66
Sales	7	**1,243**	**1,222**	**674**	**466**	**644**	**447**	**786**	**606**	**72**	**68**	**3,088**	**2,489**
Comparable EBITDA		**412**	**410**	**152**	**95**	**32**	**40**	**317**	**212**	**-61**	**-40**	**852**	**717**
Net release of CSA provision								0	2			0	2
Depreciation and amortisation		-94	-80	-115	-81	-9	-5	-105	-89	-13	-9	-336	-264
Comparable operating profit		**317**	**330**	**37**	**14**	**23**	**35**	**211**	**125**	**-73**	**-50**	**516**	**455**
Impairment charges		0	0	0	0	0	0	0	0	0	0	0	0
Capital gains and other	6	1	1	1	1	2	1	0	32	315	0	318	36
Changes in fair values of derivatives hedging future cash-flow		20	-73	0	8	-11	1	0	0	0	-1	9	-64
Nuclear fund adjustment	15	0	3	0	0	0	0	0	0	0	0	0	3
Items affecting comparability		21	-69	1	9	-9	2	0	34	315	-1	327	-25
Operating profit		**338**	**261**	**38**	**23**	**14**	**37**	**211**	**159**	**242**	**-51**	**843**	**430**
Share of profit/loss of associates and joint ventures	12	-2	-9	49	50	0	0	28	34	39	42	114	116
Finance costs - net												-146	-135
Income taxes	8											-186	-54
Profit for the period												**625**	**357**
Gross investments / divestments by segment													
Gross investments in shares	6	87	5	384	686	486	117	5	0	39	8	1,002	815
Capital expenditure	10, 11	120	119	101	67	5	1	105	133	151	36	482	356
of which capitalised borrowing costs		2	1	1	1	0	0	7	8	2	1	12	10
Gross divestments of shares	6	0	0	0	33	54	1	0	124	687	0	741	158

1) Sales, both internal and external, include effects from realised hedging contracts. Effect on sales can be negative or positive depending on the average contract price and realised spot price.
2) Netting and eliminations include eliminations of internal sales for continuing operations and netting of Nord Pool transactions. Sales and purchases with Nord Pool Spot are 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.

Last twelve months		Generation[1]		City Solutions[1]		Consumer Solutions		Russia		Other		Total	
EUR million	Note	LTM	2016	LTM	2016	LTM	2016	LTM	2016	LTM	2016	LTM	2016
Income statement data by segment													
External sales		1,672	1,643	981	780	863	666	1,076	896	32	31	4,624	4,016
Internal sales		7	15	9	1	2	2	0	0	64	61	82	79
Netting of Nord Pool transactions [2]												-393	-384
Eliminations [2]												-82	-79
Sales	7	**1,678**	**1,657**	**990**	**782**	**865**	**668**	**1,076**	**896**	**96**	**92**	**4,231**	**3,632**
Comparable EBITDA		**529**	**527**	**243**	**186**	**47**	**55**	**417**	**312**	**-85**	**-64**	**1,150**	**1,015**
Net release of CSA provision								0	2			0	2
Depreciation and amortisation		-124	-110	-155	-121	-11	-7	-139	-123	-17	-13	-445	-373
Comparable operating profit		**404**	**417**	**87**	**64**	**36**	**48**	**277**	**191**	**-100**	**-77**	**705**	**644**
Impairment charges [3]		27	27	0	0	0	0	0	0	0	0	27	27
Capital gains and other	6	1	1	0	0	1	0	3	35	317	2	320	38
Changes in fair values of derivatives hedging future cash flow		-3	-96	14	22	-1	11	0	0	-1	-2	8	-65
Nuclear fund adjustment	15	-14	-11	0	0	0	0	0	0	0	0	-14	-11
Items affecting comparability		11	-79	14	22	0	11	1	35	316	0	341	-11
Operating profit		**415**	**338**	**101**	**86**	**36**	**59**	**278**	**226**	**216**	**-77**	**1,046**	**633**
Share of profit/loss of associates and joint ventures	12	-27	-34	75	76	0	0	32	38	48	51	129	131
Finance costs - net												-180	-169
Income taxes	8											-222	-90
Profit for the period												**772**	**504**
Gross investments / divestments by segment													
Gross investments in shares	6	89	7	396	698	486	117	5	0	53	22	1,031	844
Capital expenditure	10, 11	197	196	143	109	7	3	173	201	198	83	717	591
of which capitalised borrowing costs		4	3	1	1	0	0	9	10	3	2	18	16
Gross divestments of shares	6	0	0	0	33	54	1	3	127	687	0	744	161

1) Sales, both internal and external, include effects from realised hedging contracts. Effect on sales can be negative or positive depending on the average contract price and realised spot price.
2) Netting and eliminations include eliminations of internal sales and netting of Nord Pool transactions. Sales and purchases with Nord Pool Spot are 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.
3) No impairment charges have been made during Q1-Q3 2017. The provision for the early closure of units 1 and 2 in OKG Aktiebolag was updated during fourth quarter 2016 resulting in a positive impairment charge of EUR 22 million in Generation segment.

Segment assets and liabilities

		Generation		City Solutions		Consumer Solutions		Russia		Other		Total	
EUR million	Note	Sept 30 2017	Dec 31 2016	Sept 30 2017	Dec 31 2016	Sept 30 2017	Dec 31 2016	Sept 30 2017	Dec 31 2016	Sept 30 2017	Dec 31 2016	Sept 30 2017	Dec 31 2016
Non-interest bearing assets		**6,109**	**6,206**	**3,452**	**2,672**	**877**	**348**	**2,777**	**2,967**	**425**	**240**	**13,640**	**12,432**
Participations in associated companies and joint ventures	12	793	711	593	573	0	0	437	436	35	392	1,858	2,112
Eliminations												-1	-18
Total segment assets		**6,902**	**6,917**	**4,045**	**3,245**	**877**	**348**	**3,214**	**3,402**	**460**	**632**	**15,496**	**14,526**
Interest-bearing receivables	13											1,382	1,380
Deferred tax assets												51	66
Other assets												654	838
Liquid funds												3,877	5,155
Total assets												**21,460**	**21,964**
Segment liabilities		**1,174**	**1,102**	**340**	**371**	**216**	**194**	**97**	**119**	**146**	**117**	**1,974**	**1,903**
Eliminations												-1	-18
Total segment liabilities												**1,972**	**1,885**
Deferred tax liabilities												793	616
Other liabilities												541	814
Total liabilities included in capital employed												**3,307**	**3,315**
Interest-bearing liabilities	14											4,951	5,107
Total equity												13,202	13,542
Total equity and liabilities												**21,460**	**21,964**
Number of employees		1,065	979	1,925	1,701	1,525	961	3,738	3,745	792	722	9,045	8,108
Average number of employees [1]		1,036	1,064	1,776	1,529	1,071	877	3,739	3,814	766	711	8,387	7,994

1) Average number of employees is based on a monthly average for the period in review.

Comparable operating profit including share of profits from associates and joint ventures and Comparable return on net assets

		Generation		City Solutions		Consumer Solutions		Russia		Other	
EUR million	Note	LTM	Dec 31 2016	LTM	Dec 31 2016	LTM	Dec 31 2016	LTM	Dec 31 2016	LTM	Dec 31 2016
Comparable operating profit		**404**	**417**	**87**	**64**	**36**	**48**	**277**	**191**	**-100**	**-77**
Share of profit of associated companies and joint ventures	12	-27	-34	75	76	0	0	32	38	48	51
Adjustment for Share of profit of associated companies and joint ventures		7	16	0	0	0	0	0	0	0	0
Comparable operating profit including share of profits from associates and joint ventures		**384**	**399**	**163**	**140**	**36**	**48**	**310**	**229**	**-51**	**-26**
Segment assets at the end of the period		6,902	6,917	4,045	3,245	877	348	3,214	3,402	460	632
Segment liabilities at the end of the period		1,174	1,102	340	371	216	194	97	119	146	117
Comparable net assets		**5,727**	**5,815**	**3,705**	**2,873**	**661**	**154**	**3,117**	**3,284**	**314**	**514**
Comparable net assets average [1)]		**5,755**	**5,820**	**3,032**	**2,384**	**243**	**109**	**3,198**	**2,857**	**517**	**422**
Comparable return on net assets, %		**6.7**	**6.9**	**5.4**	**5.9**	**14.7**	**44.3**	**9.7**	**8.0**	**-9.9**	**-6.1**

1) Average net assets are calculated using the opening balance and end of each quarter values.

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 2016.

Fair value hierarchy information

Financial instruments that are measured in the balance sheet at fair value are presented according to following fair value measurement hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that is not based on observable market data (unobservable inputs).

See also accounting policies in the consolidated financial statements 2016, in Note 17 Financial assets and liabilities by fair value hierarchy.

Financial assets

	Level 1			Level 2			Level 3			Netting [2]			Total		
EUR million	Sept 30 2017	Sept 30 2016	Dec 31 2016	Sept 30 2017	Sept 30 2016	Dec 31 2016	Sept 30 2017	Sept 30 2016	Dec 31 2016	Sept 30 2017	Sept 30 2016	Dec 31 2016	Sept 30 2017	Sept 30 2016	Dec 31 2016
In non-current assets															
Available for sale financial assets [1]	0	0	0				63	49	58				63	49	58
Derivative financial instruments															
Electricity derivatives															
Hedge accounting				3	10	4				-3	-9	-3	1	1	1
Non-hedge accounting			0	95	136	98				-44	-47	-31	51	89	67
Interest rate and currency derivatives															
Hedge accounting				173	269	240							173	269	240
Non-hedge accounting				78	106	103							78	106	103
Oil and other futures and forward contracts															
Non-hedge accounting	17	13	7	0	1	0				-10	-12	-2	7	2	5
Total in non-current assets	**17**	**13**	**7**	**349**	**522**	**445**	**63**	**49**	**58**	**-57**	**-68**	**-36**	**373**	**516**	**473**
In current assets															
Derivative financial instruments															
Electricity derivatives															
Hedge accounting				11	9	9				-4	-9	-9	6	1	0
Non-hedge accounting	8	2	0	198	174	381				-151	-130	-293	55	46	88
Interest rate and currency derivatives															
Hedge accounting				37	27	16							37	27	16
Non-hedge accounting				22	10	7							22	10	7
Oil and other futures and forward contracts															
Non-hedge accounting	120	119	106	2	4	2				-80	-62	-90	41	61	18
Total in current assets	**128**	**121**	**106**	**270**	**224**	**415**	**0**	**0**	**0**	**-235**	**-201**	**-392**	**161**	**146**	**130**
Total	**145**	**134**	**113**	**619**	**746**	**860**	**63**	**49**	**58**	**-292**	**-269**	**-428**	**534**	**661**	**603**

Financial liabilities

EUR million	Level 1 Sept 30 2017	Level 1 Sept 30 2016	Level 1 Dec 31 2016	Level 2 Sept 30 2017	Level 2 Sept 30 2016	Level 2 Dec 31 2016	Level 3 Sept 30 2017	Level 3 Sept 30 2016	Level 3 Dec 31 2016	Netting [2)] Sept 30 2017	Netting [2)] Sept 30 2016	Netting [2)] Dec 31 2016	Total Sept 30 2017	Total Sept 30 2016	Total Dec 31 2016
In non-current liabilities															
Interest-bearing liabilities [3)]				1,235	1,302	1,280							1,235	1,302	1,280
Derivative financial instruments															
Electricity derivatives															
Hedge accounting				24	30	51				-3	-9	-3	22	21	48
Non-hedge accounting				152	157	121				-44	-47	-31	108	110	90
Interest rate and currency derivatives															
Hedge accounting				42	72	70							42	72	70
Non-hedge accounting				42	54	51							42	54	51
Oil and other futures and forward contracts															
Non-hedge accounting	13	16	5	1	2	0				-10	-12	-2	3	5	3
Total in non-current liabilities	**13**	**16**	**5**	**1,496**	**1,617**	**1,573**	**0**	**0**	**0**	**-57**	**-68**	**-36**	**1,452**	**1,564**	**1,542**
In current liabilities															
Derivative financial instruments															
Electricity derivatives															
Hedge accounting				39	52	92				-4	-9	-9	35	43	83
Non-hedge accounting	0	2	0	251	235	448				-151	-130	-293	101	107	155
Interest rate and currency derivatives															
Hedge accounting				10	7	10							10	7	10
Non-hedge accounting				29	83	130							29	83	130
Oil and other futures and forward contracts															
Non-hedge accounting	114	133	106	3	3	2				-80	-62	-90	36	74	18
Total in current liabilities	**114**	**135**	**106**	**332**	**380**	**682**	**0**	**0**	**0**	**-235**	**-201**	**-392**	**211**	**314**	**396**
Total	**127**	**151**	**111**	**1,828**	**1,997**	**2,255**	**0**	**0**	**0**	**-292**	**-269**	**-428**	**1,663**	**1,878**	**1,938**

1) Available for sale financial assets, i.e. shares which are not classified as associated companies or joint ventures, consists mainly of shares in unlisted companies of EUR 63 million (Dec 31 2016: 58), for which the fair value cannot be reliably determined. This includes Fortum's shareholding in Fennovoima of EUR 23 million (Dec 31 2016: 18). These assets are measured at cost less any impairment costs.

2) Receivables to and liabilities from electricity, oil and other commodity exchanges arising from standard derivative contracts with same delivery period are netted.

3) Fair valued part of bonds when hedge accounting is applied (fair value hedge).

Net fair value amount of interest rate and currency derivatives is EUR 187 million, including assets EUR 310 million and liabilities EUR 123 million. Fortum has cash collaterals based on Credit Support Annex agreements with some counterparties. At the end of September 2017 Fortum had received EUR 113 million from Credit Support Annex agreements. The received cash has been booked as short-term liability.

Regarding the relevant interest-bearing liabilities, see Note 14 Interest-bearing net debt and Note 19 Pledged assets and contingent liabilities.

6. Acquisitions and disposals

6.1 Acquisitions

EUR million	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Gross investments in shares in subsidiary companies	860	681	902	801	813	914
Gross investments in shares in associated companies and joint ventures	87	0	94	10	17	101
Gross investments in available for sale financial assets	3	3	6	5	14	15
Gross investments in shares	**950**	**683**	**1,002**	**815**	**844**	**1,031**

Acquisitions during 2017

In January 2017 Fortum completed the acquisition of 100% shares in three wind power companies from the Norwegian company Nordkraft. The transaction consists of the Nygårdsfjellet wind farm, which is already operational, as well as the fully-permitted Ånstadblåheia and Sørfjord projects. Fortum is preparing for the construction of the Ånstadblåheia and Sørfjord projects, expected to be commissioned in 2018 and 2019. When built the installed capacity of the three wind farms would total approximately 170 MW.

Fortum started a redemption process for the remaining shares of Ekokem Corporation (renamed as Fortum Waste Solution Oy) in October 2016. The process was finalized in March 2017 after which Fortum owns 100% of the shares in the company.

In April 2017, Fortum and RUSNANO, a Russian state-owned development company, signed a 50/50 investment partnership in order to secure the possibility of a Russian Capacity Supply Agreement (CSA) wind portfolio in Russia. The wind investment fund 50/50 owned by Fortum and RUSNANO was awarded 1,000 MW wind capacity in Russian wind CSA auction in June 2017. The investments decisions will be made on a case-by-case basis within the total mandate of the wind investment fund. Fortum's equity stake in the wind investment fund totals a maximum of RUB 15 billion (currently approximately EUR 220 million). The amount is invested over time (within approximately 5 years) as it is subject to positive investment decisions.

On 4 August Fortum concluded the restructuring of the ownership in Hafslund together with City of Oslo. Fortum sold its 34.1% stake in Hafslund ASA to the City of Oslo. Fortum acquired 100% of Hafslund Marked AS, 50% of Hafslund Varme AS including the City of Oslo's waste-to-energy company Klemetsrudanlegget AS (KEA), currently Fortum Oslo Varme AS, and 10% of Hafslund Produksjon Holding AS.

The total debt-free price of the acquisition is approximately EUR 940 million. The final settlement of the transaction is subject to adjustments according to final closing accounts of acquired entities. Estimated transaction costs for the acquisitions of approximately EUR 5 million were included in Items affecting comparability for the third quarter of 2017 (Capital gains and other).

The combined net cash investment of the transactions, including the dividend received in May 2017, is approximately EUR 230 million.

Hafslund Marked and Fortum Oslo Varme are fully consolidated into Fortum Group from 1 August 2017. Hafslund Marked is consolidated as a part of the Consumer Solutions segment. Fortum has operational responsibility of Fortum Oslo Varme, which is consolidated as a subsidiary with 50% non-controlling interest into the results of City Solutions segment. Hafslund Produksjon Holding is treated as an associated company and reported in the Generation segment. Fortum is currently preparing the purchase price allocation and additional disclosures will be published in the fourth quarter interim report.

The impact on sales in the Consumer Solutions segment was EUR 102 million, comparable operating profit EUR 1 million and comparable EBITDA EUR 5 million. The impact on sales in the City Solutions segment was EUR 8 million, comparable operating profit EUR -6 million and comparable EBITDA EUR -1 million. The impact includes the results for two months and reflects the seasonality of businesses.

On 26 September 2017, Fortum announced it had signed a transaction agreement with E.ON under which E.ON has the right to tender its 46.65% shareholding in Uniper in early 2018. Fortum will launch a voluntary public takeover offer to all Uniper shareholders at a total value of EUR 22 per share.

Acquisitions during 2016

The acquisition of approximately 81% of the shares in the Nordic circular economy company Ekokem Corporation (renamed as Fortum Waste Solutions Oy) was finalised on 31 August 2016. The debt and cash-free purchase price for 100% of the company was approximately EUR 680 million. Fortum also made a tender offer valid until end of September to the remaining shareholders at the same price of 165 EUR per share. By the end of December Fortum's total shareholding was 98.2%.

The initial purchase price allocation as of 31 August 2016 was finalised during Q3/2017. No material changes were made to the initial purchase price allocation.

Fortum Waste Solutions Oy is fully consolidated into Fortum Group from the end of August 2016 and has been integrated as a business area into the City Solutions segment. The comparative numbers in this interim report include the income statement effect of Fortum Waste Solutions from 1 September 2016 onwards. The consolidated sales for Q1-Q3 2017 included in the City Solutions segment was EUR 201 million (Sept to Dec 2016: 105), comparable operating profit EUR 11 million (Sept to Dec 2016: 7) and comparable EBITDA EUR 48 million (Sept to Dec 2016: 26). The consolidated sales for the third quarter 2017 was EUR 69 million, comparable operating profit EUR 4 million and comparable EBITDA EUR 16 million.

On 8 January 2016, Fortum made a public tender offer in Poland to purchase all shares in Grupa DUON S.A. (renamed as Fortum Markets Polska S.A.), an electricity and gas sales company listed on the Warsaw Stock Exchange. During the subscription period that ended on 26 February 2016 Fortum received subscriptions from shareholders representing altogether 93.35% shares in the company at the offered price PLN 3.85 per share. The remaining shares were purchased from shareholders under the mandatory squeeze-out procedure at the same price per share. In April Fortum obtained 100% of shares in Fortum Markets Polska S.A. and in June the company was delisted.

The comparative numbers in this interim report include the income statement effect of Fortum Markets Polska S.A. from 1 April 2016 onwards. The consolidated sales for Q1-Q3 2017 included in the Consumer Solutions segment was EUR 193 million (April-Dec 2016: 155), comparable operating profit EUR 1 million (April-Dec 2016: 4) and comparable EBITDA EUR 4 million (April-Dec 2016: 8). The consolidated sales for the third quarter 2017 was EUR 48 million, comparable operating profit EUR -1 million and comparable EBITDA EUR 0 million.

The initial purchase price allocation as of 31 March 2016 was finalised during Q1/2017. No material changes were made compared to the information disclosed in the consolidated financial statements for 2016.

On 1 April 2016 Fortum acquired 100% of the shares in the Swedish IT company Info24 AB (renamed as Tingcore AB), a company specialised in the development of business solutions within the IoT, Internet of Things. On 21 December 2016 Fortum acquired 100% of the shares in Turebergs Recycling AB, a Swedish company with main business in environmental construction, recycling and processing of bottom ash from waste-to-energy plants.

2016 EUR million	Fortum Waste Solutions Oy	Fortum Markets Polska S.A.	Other	Fortum total
Consideration paid in cash	570	106	15	691
Unpaid consideration	10		3	13
Total consideration	**580**	**106**	**17**	**703**
Fair value of the acquired net assets	440	86	17	543
Translation difference	0	2	0	2
Goodwill	**141**	**22**	**0**	**163**

EUR million	Fortum Waste Solutions Oy			Fortum Markets Polska S.A.			Fortum total [1)]		
Fair value of the acquired net identifiable assets	Acquired book values	Allocated fair values	Total fair value	Acquired book values	Allocated fair values	Total fair value	Acquired book values	Allocated fair values	Total fair value
Cash and cash equivalents	17		17	8		8	26		**26**
Tangible and intangible assets	315	387	702	49	34	83	366	438	**804**
Other assets	67		67	37		37	108		**108**
Deferred tax liabilities	-34	-77	-112	-1	-7	-7	-35	-88	**-123**
Other non-interest bearing liabilities	-117		-117	-16		-16	-135		**-135**
Interest-bearing liabilities	-117		-117	-19		-19	-136		**-136**
Net identifiable assets	**131**	**309**	**441**	**58**	**28**	**86**	**194**	**351**	**545**
Non-controlling interests	1	0	1	1		1	2		**2**
Total	**131**	**309**	**440**	**58**	**28**	**86**	**192**	**351**	**543**
Gross investment									
Purchase consideration settled in cash			570			106			**691**
Cash and cash equivalents in acquired subsidiaries			17			8			**26**
Cash outflow in acquisition			**553**			**98**			**664**
Unpaid consideration			10						**13**
Interest-bearing debt in acquired subsidiaries			117			19			**136**
Total gross investment in acquired subsidiaries			**680**			**117**			**813**

1) Including acquired book values and allocated fair values from the acquisition of Tingcore AB and Turebergs Recycling AB.

6.2 Disposals

EUR million	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Gross divestments of shares in subsidiary companies	54	2	54	124	127	57
Gross divestments of shares in associated companies and joint ventures	687	1	687	34	34	687
Gross divestments of shares	**741**	**2**	**741**	**158**	**161**	**744**

Disposals during 2017

Fortum sold its 34.1% stake in Hafslund ASA to the City of Oslo in connection with the restructuring of the ownership in Hafslund. Fortum booked a one-time tax-free sales gain in Other segment in the third quarter 2017 results totalling approximately EUR 324 million including estimated transaction costs, corresponding EUR 0.36 earnings per share.

In May 2017, Fortum agreed to sell 100% of its shares in the Polish gas infrastructure company DUON Dystrybucja S.A. to Infracapital, the infrastructure investment arm of M&G Investments. DUON Dystrybucja S.A. is transporting grid gas and LNG in Poland. The company was acquired as part of the acquisition of the electricity and gas sales company Grupa DUON S.A. (currently Fortum Markets Polska S.A.) in 2016. Fortum booked in the third quarter of 2017 a one-time pre-tax sales gain in Consumer Solution segment totalling EUR 2 million.

Disposals during 2016

Fortum sold its 100% shareholding in its Russian subsidiary OOO Tobolsk CHP to SIBUR, Russia's largest integrated gas processing and petrochemicals company in February 2016. OOO Tobolsk CHP owns and operates the combined heat and power (CHP) plant in the city of Tobolsk in Western Siberia. Fortum booked in Q1 2016 a one-time pre-tax sales gain in Russia segment totalling EUR 32 million.

In March 2016 Fortum concluded the divestment of its 51.4%-shareholding in the Estonian natural gas import, sales and distribution company AS Eesti Gaas. Fortum sold its shareholding to Trilini Energy OÜ. The sale resulted in a one-time pre-tax sales gain in City Solutions segment totalling EUR 11 million in the first quarter 2016 results.

7. Sales

EUR million	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Power sales excluding indirect taxes	681	566	2,129	1,866	2,587	2,850
Heating sales	79	67	501	410	648	739
Other sales	158	98	458	213	398	643
Total	**919**	**732**	**3,088**	**2,489**	**3,632**	**4,231**

8. Income taxes

Taxes for the period totalled EUR 186 (Q1-Q3 2016: 54) million. The effective income tax rate according to the income statement was 22.9% (Q1-Q3 2016: 13.1%). The comparable effective income tax rate, excluding the impact of the share of profit from associated companies, joint ventures as well as non-taxable capital gains and other major one time income tax effects, was 19.1% (Q1-Q3 2016: 19.0%).

The major one time income tax effect in Q2 2017 was related to decision from the Administrative court of appeal in Sweden and was totaling EUR 115 million. It did not have any cash flow effect as the additional taxes have already been paid in June 2016.

Fortum has paid taxes regarding ongoing tax disputes. The appeal processes are ongoing and based on legal analysis and legal opinions the payments are booked as a receivable, EUR 142 (31 Dec 2016: 237) million, included in Income tax receivables. For additional information see Note 20 Legal actions and official proceedings.

9. Dividend per share

A dividend for 2016 of EUR 1.10 per share, amounting to a total of EUR 977 million, was decided in the Annual General Meeting on 4 April 2017. The dividend was paid on 13 April 2017.

A dividend for 2015 of EUR 1.10 per share, amounting to a total of EUR 977 million, was decided in the Annual General Meeting on 5 April 2016. The dividend was paid on 14 April 2016.

10. Changes in intangible assets

EUR million	Sept 30 2017	Sept 30 2016	Dec 31 2016
Opening balance	**467**	**222**	**222**
Acquisitions	638	202	216
Capital expenditures	10	1	3
Changes in emission rights	-6	-5	0
Depreciation and amortisation	-20	-14	-19
Reclassifications	10	3	4
Translation differences and other adjustments	-22	23	39
Closing balance	**1,076**	**432**	**467**

Of which goodwill EUR million	Sept 30 2017	Sept 30 2016	Dec 31 2016
Goodwill included in opening balance	**353**	**152**	**152**
Acquisitions 1)	291	162	163
Translation differences	-12	21	38
Goodwill included in closing balance	**633**	**336**	**353**

1) See additional information in Note 6 Acquisitions and disposals.

11. Changes in property, plant and equipment

EUR million	Sept 30 2017	Sept 30 2016	Dec 31 2016
Opening balance	**9,930**	**8,710**	**8,710**
Acquisitions	796	744	747
Capital expenditures	472	355	588
Changes of nuclear asset retirement cost	-5	4	-6
Disposals	-6	-4	-7
Depreciation and amortisation	-316	-250	-355
Divestments	-53	-90	-92
Reclassifications	-10	-3	-4
Translation differences and other adjustments	-206	98	348
Closing balance	**10,603**	**9,563**	**9,930**

12. Changes in participations in associates and joint ventures

EUR million	Sept 30 2017	Sept 30 2016	Dec 31 2016
Opening balance	**2,112**	**1,959**	**1,959**
Acquisitions	94	9	17
Share of profits of associates and joint ventures	114	116	131
Dividend income received	-58	-54	-54
OCI items associated companies	1	-8	0
Divestments	-365	-22	-22
Translation differences and other adjustments	-40	42	81
Closing balance	**1,858**	**2,042**	**2,112**

Share of profits from associates and joint ventures

Fortum's share of profit from associates and joint ventures in Q3 2017 was EUR 21 million (Q3 2016: 11), of which Hafslund ASA represented EUR 9 million (Q3 2016: 10), Territorial Generating Company (TGC-1) EUR 8 million (Q3 2016: 7) and Fortum Värme EUR -5 million (Q3 2016: -4).

According to Fortum Group accounting policies the share of profits from Hafslund and TGC-1 are included in Fortum Group figures based on the previous quarter information since updated interim information is not normally available.

Fortum's share of profit from associates and joint ventures for the period January-September 2017 amounted to EUR 114 million (Q1-Q3 2016: 116), of which Hafslund represented EUR 40 million (Q1-Q3 2016: 42), Territorial Generating Company (TGC-1) EUR 28 million (Q1-Q3 2016: 34) and Fortum Värme EUR 40 million (Q1-Q3 2016: 40). Due to the restructuring of Hafslund ASA and the divestment of Fortum's 34.1% share in the company, Fortum will no longer in the future have share of profits from Hafslund ASA.

Dividends received

During Q1-Q3 2017 Fortum has received EUR 58 million (Q1-Q3 2016: 54) in dividends from associates of which EUR 21 million (Q1-Q3 2016: 22) was received from Fortum Värme and EUR 23 million (Q1-Q3 2016: 21) from Hafslund.

13. Interest-bearing receivables

EUR million	Carrying amount Sept 30 2017	Fair value Sept 30 2017	Carrying amount Dec 31 2016	Fair value Dec 31 2016
Long-term loan receivables from associated companies	673	703	704	744
Long-term loan receivables from joint ventures	212	236	182	206
Other long-term interest-bearing receivables	79	80	99	99
Total long-term interest-bearing receivables	**965**	**1,019**	**985**	**1,049**
Short-term interest bearing receivables	417	417	395	395
Total interest-bearing receivables	**1,382**	**1,436**	**1,380**	**1,444**

Long-term loan receivables include receivables from associated companies and joint ventures EUR 885 million (Dec 31 2016: 886). These receivables include EUR 654 million (Dec 31 2016: 686) from Swedish nuclear companies, OKG AB and Forsmarks Kraftgrupp AB, which are mainly funded with shareholder loans, pro rata each shareholder’s ownership.

TVO is building Olkiluoto 3, a nuclear power plant, which is funded through external loans, share issues and shareholder loans according to shareholders' agreement between the owners of TVO. At the end of September 2017 Fortum has EUR 145 million (Dec 31 2016: 120) outstanding receivables regarding Olkiluoto 3 and is additionally committed to provide at maximum EUR 50 million.

Interest-bearing receivables includes also EUR 109 million (Dec 31 2016: 131) receivable from SIBUR, a Russian gas processing and petrochemicals company regarding divested shares of OOO Tobolsk CHP.

Short-term interest-bearing receivables include EUR 385 million (Dec 31 2016: 360) restricted cash mainly given as collateral for commodity exchanges. The new European Market Infrastructure Regulation (EMIR) came into force in 2016 requiring fully-backed guarantees.

In the end of 2016 Nasdaq’s market making for forwards ended and the trading moved from forwards with cash collaterals to futures with daily cash settlements. In Fortum's cash flow statement the daily cash settlements for futures are shown as change in working capital whereas the changes in cash collaterals for forwards are included in cash flow from investing activities.

14. Interest-bearing net debt

Net debt EUR million	Sept 30 2017	Sept 30 2016	Dec 31 2016
Interest-bearing liabilities	4,951	5,185	5,107
Liquid funds	3,877	5,322	5,155
Net debt	**1,075**	**-137**	**-48**

Net debt is calculated as interest-bearing liabilities less liquid funds without deducting interest-bearing receivables amounting to EUR 1,382 million (Dec 31 2016: 1,380). Interest-bearing receivables mainly consist of shareholder loans to partly owned nuclear companies regarded as long-term financing. For more information see Note 13 Interest-bearing receivables.

Interest-bearing debt EUR million	Carrying amount Sept 30 2017	Fair value Sept 30 2017	Carrying amount Dec 31 2016	Fair value Dec 31 2016
Bonds	2,962	3,151	3,329	3,609
Loans from financial institutions	295	319	393	425
Reborrowing from the Finnish State Nuclear Waste Management Fund	1,129	1,187	1,094	1,156
Other long term interest-bearing debt [1)]	362	421	151	157
Total long term interest-bearing debt [2)]	**4,748**	**5,078**	**4,967**	**5,348**
Short term interest-bearing debt	203	204	140	140
Total	**4,951**	**5,282**	**5,107**	**5,488**

1) Including loans from Finnish pension institutions EUR 53 million (Dec 31 2016: 58) and other loans EUR 309 million (Dec 31 2016: 93).

2) Including current portion of long-term debt EUR 593 million (Dec 31 2016: 499).

The reborrowing from the Finnish State Nuclear Waste Management Fund includes the part relating to Loviisa nuclear power plant as well as borrowing done through TVO.

During the first quarter of 2017 Fortum increased the amount of reborrowing from the Finnish State Nuclear Waste Management Fund and TVO by EUR 35 million to EUR 1,129 million. In March Fortum repaid two SEK bonds equivalent to EUR 290 million (SEK 2,750 million). During the second quarter Fortum repaid a NOK bond equivalent to EUR 53 million (NOK 500 million) and a bilateral SEK loan to NIB equivalent to EUR 78 million (SEK 750 million). Change in other long term interest-bearing debt during the third quarter includes mainly the shareholder loan given by the City of Oslo to Fortum Oslo Varme AS as a part of the whole Hafslund restructuring amounting to EUR 217 million (NOK 2,000 million). Fortum Oslo Varme is financed on pro rata basis.

At the end of September 2017, the amount of short term financing included 113 million (Dec 31 2016: 135) from Credit Support Annex agreements. The interest-bearing debt increased during the third quarter by EUR 240 million from EUR 4,711 million to EUR 4,951 million.

The average interest rate for the portfolio consisting mainly of EUR and SEK loans was 2.3% at the balance sheet date (Dec 31 2016: 2.1%). Part of the external loans, EUR 742 million (Dec 31 2016: 805) have been swapped to RUB and the average interest cost for these loans including cost for hedging the RUB was 10.2% at the balance sheet date (Dec 31 2016: 11.4%). The average interest rate on total loans and derivatives at the balance sheet date was 3.5% (Dec 31 2016: 3.5%).

Maturity of interest-bearing liabilities EUR million	Sept 30 2017
2017 [1)]	230
2018	613
2019	803
2020	69
2021	536
2022 and later	2,700
Total	**4,951**

1) The cash received as collateral based on Credit Support Annex agreements, amounting to EUR 113 million, has been booked as short-term liability.

Liquid funds EUR million	Sept 30 2017	Sept 30 2016	Dec 31 2016
Deposits and securities with maturity more than 3 months	1,023	3,561	3,475
Cash and cash equivalents	2,853	1,762	1,679
Total	**3,877**	**5,322**	**5,155**

Total liquid funds decreased by EUR 229 million from EUR 4,106 million to EUR 3,877 million during the third quarter.

Liquid funds consist of deposits and cash in bank accounts amounting to EUR 3,394 million and commercial papers EUR 483 million. Deposits and securities include fixed term deposits and commercial papers with maturity more than three months but less than twelve months. The average interest rate on deposits and securities excluding Russian deposits on 30 September 2017 was -0.17% (Dec 31 2016: -0.01%). Liquid funds held by PAO Fortum amounted to EUR 268 million (Dec 31 2016: 105) and the average interest rate for this portfolio was 6.8% at the balance sheet date.

Liquid funds totaling EUR 3,209 million (Dec 31 2016: 4,663) are placed with counterparties that have an investment grade credit rating. In addition, EUR 668 million (Dec 31 2016: 377) have been placed with counterparties separately reviewed and approved by the Group's credit control department.

15. Nuclear related assets and liabilities

Fortum owns Loviisa nuclear power plant in Finland. In Fortum's consolidated balance sheet, Share in the State Nuclear Waste Management Fund and the Nuclear provisions relate to Loviisa nuclear power plant.

Fortum also has minority interests in nuclear power companies, i.e. Teollisuuden Voima Oyj (TVO) in Finland and OKG Aktiebolag (OKG) and Forsmarks Kraftgrupp AB (Forsmark) in Sweden. The minority shareholdings are classified as associated companies and joint ventures and are consolidated with equity method. Both the Finnish and the Swedish companies are non-profit making, i.e. electricity production is invoiced to the owners at cost including depreciations, interest costs and production taxes accounted for according to local GAAP.

Both in Finland and in Sweden nuclear operators are legally obligated for the decommissioning of the plants and the disposal of spent fuel (nuclear waste management). In both countries the nuclear operators are obligated to secure the funding of nuclear waste management by paying to government operated nuclear waste funds. The nuclear operators also have to give securities to guarantee that sufficient funds exist to cover future expenses of decommissioning of the power plant and disposal of spent fuel.

15.1 Nuclear related assets and liabilities for 100% owned nuclear power plant, Loviisa

EUR million	Sept 30 2017	Sept 30 2016	Dec 31 2016
Carrying values in the balance sheet			
Nuclear provisions	851	836	830
Fortum's share of the State Nuclear Waste Management Fund	851	836	830
Legal liability and actual share of the State Nuclear Waste Management Fund			
Liability for nuclear waste management according to the Nuclear Energy Act	1,141	1,094	1,141
Funding obligation target	1,125	1,094	1,125
Fortum's share of the State Nuclear Waste Management Fund	1,125	1,094	1,094
Share of the fund not recognised in the balance sheet	274	258	264

Legal liability for Loviisa nuclear power plant

The legal liability on 30 September 2017, decided by the Ministry of Economic Affairs and Employment in December 2016, was EUR 1,141 million.

The legal liability is based on a cost estimate, which is done every year, and a technical plan, which is made every third year. The current technical plan was updated in 2016. Following the update of the technical plan in 2016, the liability increased due to updated cost estimates related to interim and final storage of spent fuel. The legal liability is determined by assuming that the decommissioning would start at the beginning of the year following the assessment year.

Fortum's share in the State Nuclear Waste Management Fund

According to Nuclear Energy Act, Fortum is obligated to contribute funds in full to the State Nuclear Waste Management Fund to cover the legal liability. 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 2016 is EUR 1,125 million.

Nuclear provision and fund accounted for according to IFRS

Nuclear provisions include the provision for decommissioning and the provision for disposal of spent fuel. The carrying value of the nuclear provisions, calculated according to IAS 37, increased by EUR 21 million compared to 31 December 2016, totaling EUR 851 million on 30 September 2017. The provisions are based on the same cash flows for future costs as the legal liability, but the legal liability is not discounted to net present value.

Fortum's share of the Finnish Nuclear Waste Management Fund is from an IFRS perspective overfunded with EUR 274 million, since Fortum's share of the Fund on 30 September 2017 was EUR 1,125 million and the carrying value in the balance sheet was EUR 851 million. The Fund in Fortum's balance sheet can at maximum be equal to the amount of the provisions according to IFRS. As long as the Fund is overfunded from an IFRS perspective, the operating profit is adjusted positively if the provisions increase more than the Fund and negatively 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 Note 4 Segment information.

Borrowing from the State Nuclear Waste Management Fund

Participants in the Finnish State Nuclear Waste Management Fund are allowed to borrow from the fund according to certain rules. Fortum uses the right to borrow back and has pledged shares in Kemijoki Oy as security for the loans. The loans are renewed yearly. (See Note 14 Interest-bearing net debt and Note 19 Pledged assets and contingent liabilities).

15.2 Nuclear power plants in associated companies and joint ventures

OKG, Forsmark and TVO are non-profit making companies, i.e. electricity production is invoiced to the owners at cost including depreciations, interest costs and production taxes. Invoiced cost is accounted according to local GAAP. In addition to the invoiced electricity production cost, Fortum makes IFRS adjustments to comply with Fortum's accounting principles. These adjustments include also Fortum's share of the companies' nuclear waste funds and nuclear provisions.

The tables below present the 100% figures relating to nuclear funds and provisions for the companies as well as Fortum's net share.

TVO's total nuclear related assets and liabilities (100%) EUR million	Sept 30 2017	Sept 30 2016	Dec 31 2016
Carrying values in TVO's balance sheet			
Nuclear provisions	973	962	955
Share of the State Nuclear Waste Management Fund	973	962	955
of which Fortum's net share consolidated with equity method	**0**	**0**	**0**
TVO's legal liability and actual share of the State Nuclear Waste Management Fund			
Liability for nuclear waste management according to the Nuclear Energy Act	1,450	1,369	1,450
Share of the State Nuclear Waste Management Fund	1,428	1,369	1,380
Share of the fund not recognised in the balance sheet	455	407	425

TVO's legal liability and contribution to the fund are based on same principles as described above for Loviisa nuclear power plant.

TVO's share of the Finnish State Nuclear Waste Management Fund is from an IFRS perspective overfunded with EUR 455 million (of which Fortum's share EUR 121 million), since TVO's share of the Fund on 30 September 2017 was EUR 1,428 million and the carrying value in the balance sheet was EUR 973 million.

Participants in the Finnish State Nuclear Waste Management Fund are allowed to borrow from the fund according to certain rules. Fortum is using the right to reborrow funds through TVO based on its ownership. See more information in Note 14 Interest-bearing net debt.

OKG's and Forsmark's total nuclear related assets and liabilities (100%) EUR million	Sept 30 2017	Sept 30 2016	Dec 31 2016
OKG's and Forsmark's nuclear related assets and liabilities [1]			
Nuclear provisions	3,423	3,125	3,297
Share in the State Nuclear Waste Management Fund	3,131	2,976	3,068
Net amount	**-293**	**-149**	**-229**
of which Fortum's net share consolidated with equity method	**-116**	**-61**	**-106**

1) Accounted for according to Fortum's accounting principles. The companies' statutory financial statements are not prepared according to IFRS.

In Sweden Svensk Kärnbränslehantering AB (SKB), a company owned by the nuclear operators, takes care of all nuclear waste management related activities on behalf of nuclear operators. SKB receives its funding from the Swedish State Nuclear Waste Management Fund, which in turn is financed by the nuclear operators.

In addition to nuclear waste fees nuclear power companies provide guarantees for any uncovered liability and unexpected events. Fortum's guarantees given on behalf of nuclear associated companies are presented in Note 19 Pledged assets and contingent liabilities.

Nuclear waste fees and guarantees are updated every third year by governmental decision after a proposal from Swedish Radiation Safety Authority (SSM). The proposal is based on cost estimates done by SKB. Currently the fees and guarantees are decided for years 2015-2017. A new technical plan for nuclear waste management has been decided by SKB during 2016. During 2017 SKB will submit the cost estimates based on the revised technical plan to SSM, after which the Swedish government will decide the waste fees and guarantees for years 2018-2020. Nuclear waste fees are currently based on future costs with the assumed lifetime of 40 years for each unit of a nuclear power plant.

16. Other provisions

EUR million	Environmental provisions			Other provisions		
	Sept 30 2017	Sept 30 2016	Dec 31 2016	Sept 30 2017	Sept 30 2016	Dec 31 2016
Opening balance	**47**	**2**	**2**	**82**	**96**	**96**
Acquisitions	0	35	44	0	7	4
Increase in the provisions	1	0	1	27	6	14
Provisions used	0	0	0	-13	-14	-25
Unused provisions reversed	0	0	0	-3	-8	-9
Unwinding of discount	0	0	0	0	0	0
Exchange rate differences and other changes	-3	0	0	3	1	2
Closing balance	**45**	**37**	**47**	**95**	**88**	**82**
Current provisions [1)]	**1**	**0**	**1**	**6**	**7**	**11**
Non-current provisions	**43**	**37**	**46**	**89**	**80**	**70**

1) Included in trade and other payables in the balance sheet.

Environmental provisions include mainly provisions for obligations to cover and monitor landfills as well as to clean contaminated land areas. Main part of the provisions are estimated to be used within 10-15 years. The increase in environmental provisions in 2016 was mainly arising from the acquisition of Ekokem (see Note 6 Acquisitions and disposals).

Dismantling provision for the Finnish coal fired power plant Inkoo is included in Other provisions.

17. Operating lease commitments

EUR million	Sept 30 2017	Sept 30 2016	Dec 31 2016
Due within a year	17	16	16
Due after one year and within five years	66	32	31
Due after five years	59	28	27
Total	**142**	**75**	**74**

Increase in operating lease commitments arises mainly from the new lease agreement relating to the head office in Espoo.

18. Capital commitments

EUR million	Sept 30 2017	Sept 30 2016	Dec 31 2016
Property, plant and equipment	426	490	467
Intangible assets	0	0	0
Total	**426**	**491**	**467**

In addition Fortum has committed to provide a maximum of EUR 95 million (Dec 31 2016: 100) to Voimaosakeyhtiö SF, for its participation in the Fennovoima nuclear power project in Finland. Furthermore, Fortum's remaining direct commitment regarding the construction of a waste-to-energy combined heat and power plant (CHP) in Kaunas, Lithuania is EUR 15 million at maximum. The investment is made through Kauno Kogeneracinė Jėgainė (KKJ), a joint venture owned together with Lietuvos Energija.

For information regarding shareholder loan commitments related to associated companies and joint ventures, see Note 13 Interest-bearing receivables.

19. Pledged assets and contingent liabilities

EUR million	Sept 30 2017	Sept 30 2016	Dec 31 2016
Pledged assets on own behalf			
For debt			
Pledges	288	336	291
Real estate mortgages	137	137	137
For other commitments			
Pledges	390	351	379
Real estate mortgages	141	99	99
Contingent liabilties on own behalf			
Other contingent liabilities	173	174	205
Contingent liabilties on behalf of associated companies and joint ventures			
Guarantees	609	599	603

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 September 2017 the value of the pledged shares amounted to EUR 269 million (Dec 31 2016: 269).

Fortum Tartu in Estonia (60% owned by Fortum) has given real estate mortgages for a value of EUR 96 million (Dec 31 2016: 96) as a security for an external loan. Real estate mortgages have also been given for loan from Fortum's pension fund for EUR 41 million (Dec 31 2016: 41).

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

Pledged assets for other commitments

Pledges also include restricted cash given as trading collateral of EUR 370 million (Dec 31 2016: 345) for trading of electricity, gas and CO_2 emission allowances in Nasdaq Commodities Europe, Intercontinental Exchange (ICE), European Energy Exchange (EEX) and Polish Power Exchange (TGE) and EUR 10 million (Dec 31 2016: 21) for windfarm construction in Russia. See also note 13 Interest-bearing receivables.

Fortum has given real estate mortgages in power plants in Finland, total value of EUR 141 million in September 2017 (Dec 31 2016: 99), 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 decomissioning and disposal of spent fuel in Loviisa nuclear power plant. According to the Nuclear Energy Act, Fortum is obligated to contribute the funds in full to the State Nuclear Waste Management Fund to cover the legal liability. Any uncovered legal liability relates to periodising of the payments to the fund, see more information in Note 15 Nuclear related assets and liabilities. 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.

Contingent liabilities on own behalf

Fortum owns the coal condensing power plant Meri-Pori in Finland. Teollisuuden Voima Oyj (TVO) has the contractual right to participate in the plant with 45.45%. Based on the participation agreement Fortum has to give a guarantee to TVO against breach in contract. The amount of the guarantee is set to EUR 125 million (Dec 31 2016: 125).

Contingent liabilities on behalf of associated companies

Guarantees 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). Guarantees for the period of 2015-2017 have been given on behalf of Forsmarks Kraftgrupp AB and OKG AB amounting to SEK 5 393 million (EUR 559 million) at 30 September 2017 (Dec 31 2016: EUR 565 million). There are two types of guarantees given on behalf of Forsmark Kraftgrupp AB and OKG AB. The Financing Amount is given to compensate for the current deficit in the Nuclear Waste Fund, assuming that no further nuclear waste fees are paid in. This deficit is calculated as the difference between the expected costs and the funds to cover these costs at the time of the calculation. The Supplementary Amount constitutes a guarantee for deficits that can arise as a result of unplanned events. The Financing Amount given by Fortum on behalf of Forsmark Kraftgrupp AB and OKG AB was SEK 3 843 million (EUR 398 million) and the Supplementary Amount was SEK 1 550 million (EUR 161 million) at 30 September 2017.

The guarantee given on behalf of Teollisuuden Voima Oyj to the Finnish State Nuclear Waste Management Fund amounted to EUR 50 million at 30 September 2017 (Dec 31 2016: 38). The guarantee covers the unpaid legal liability due to periodisation as well as risks for unexpected future costs.

Fortum has minority shares in legal companies owning nuclear power plants in Finland and Sweden. Fortum consolidates these companies according to equity method meaning that Fortum's share of the assets and liabilities are netted to the balance sheet. For information regarding nuclear related assets and liabilities of Loviisa nuclear power plant as well as Swedish and Finnish nuclear production companies where Fortum has a minority shareholding see Note 15 Nuclear related assets and liabilities.

Other contingent liabilities

Fortum's 100% owned subsidiary Fortum Heat and Gas Oy has a collective contingent liability with Neste Oyj of the in 2004 demerged Fortum Oil and Gas Oy's liabilities based on the Finnish Companies Act's (734/1978) Chapter 14a Paragraph 6.

20. Legal actions and official proceedings

Tax cases in Finland

No tax cases with material impact in Finland.

Tax cases in Sweden

Fortum received income tax assessments in Sweden for the years 2009, 2010, 2011 and 2012 in December 2011, December 2012, December 2013 and October 2014, respectively. According to the tax authorities, Fortum would have to pay additional income taxes for the years 2009, 2010, 2011 and 2012 for the reallocation of loans between the Swedish subsidiaries in 2004-2005, as well as additional income taxes for the years 2010, 2011 and 2012 for financing of the acquisition of TGC 10 (current PAO Fortum) in 2008. The claims are based on a change in tax regulation as of 2009. Fortum considered the claims unjustifiable and appealed the decisions.

In April 2016 the Administrative Court in Stockholm, Sweden, announced its decisions relating to the income tax assessments for 2009-2012. A part of the decisions were positive. The Court repealed the income assessments relating to the financing of the acquisition of PAO Fortum for the years 2010-2012. However, with respect to the reallocation of the loans between the Swedish subsidiaries in 2004-2005, the Court mainly rejected the appeals of Fortum for the years 2009-2012. Fortum disagreed with the argumentation of the Court in those cases which were ruled in the favor of the Swedish tax authorities. Fortum therefore filed an appeal to the Court of Appeal in Stockholm in these cases in June 2016. In June 2017 the Court of Appeal in Stockholm, Sweden announced its decision relating to the income tax assessments for 2009-2012. The decisions were unfavorable to Fortum. Fortum disagrees with the interpretation of the Court of Appeal and has applied for the right to appeal from the Supreme Administrative Court. Due to the unfavorable decisions from the Court of Appeal Fortum has booked a tax cost of SEK 1,106 million (EUR 115 million) and interest expense of SEK 69 million (EUR 7 million), in total SEK 1,175 million (EUR 122 million) in the second quarter 2017 results. The additional taxes and interest for 2009-2012 have already been paid in June 2016.

In addition Fortum has received income tax assessments in Sweden for the years 2013, 2014 and 2015 in December 2015, December 2016 and October 2017, respectively. The assessments concern the loans given in 2013, 2014 and 2015 by Fortum's Dutch financing company to Fortum's subsidiaries in Sweden. The interest income for these loans was taxed in the Netherlands. The tax authority considers just over a half of the interest relating to each loan as deductible, i.e. deriving from business needs. The rest of the interest is seen as non-deductible. The decision is based on the changes in the Swedish tax regulation in 2013. Fortum considers that the claims are unjustifiable and has appealed the decisions regarding 2013 and 2014. In May 2017 the Administrative Court in Stockholm, Sweden, announced its decisions relating to the income tax assessment for the year 2013. The decisions were unfavorable to Fortum. Fortum disagrees with the argumentation of the court and has filed an appeal to the Court of Appeal in Stockholm in July 2017. The cases regarding the year 2014 are pending before the Administrative Court. With respect to 2015, Fortum will file an appeal to the Administrative Court.

Based on legal analysis supporting legal opinions, no provision has been recognised in the interim report for the Swedish tax cases regarding the year 2013, 2014 and 2015. If the decisions by the tax authority remain final despite the appeals processes, the impact on net profit would be SEK 273 million (EUR 28 million) for the year 2013, SEK 282 million (EUR 29 million) for the year 2014 and SEK 200 million (EUR 21 million) for the year 2015. Moreover, for the year 2013 an interest cost would impact the net profit with SEK 9 million (EUR 1 million). The additional taxes and interest for 2013, in total SEK 282 million (EUR 29 million) have been paid in July 2017 and based on the legal opinion booked as receivables.

Tax cases in Belgium

Fortum has received income tax assessments in Belgium for the years 2008, 2009, 2010 and 2011. 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 and has appealed the decisions. The court of First instance in Antwerpen rejected Fortum's appeal for the years 2008 and 2009 in June 2014. Fortum found the decision unjustifiable and appealed to the Court of Appeal.

In January 2016 Fortum received a favorable decision from the Court of Appeal in which the Court disagreed with the tax authorities' interpretation and the tax assessment for 2008 was nullified. The tax authorities disagreed with the decision and filed an appeal to Hof van Cassatie (Supreme Court) in March 2016. Fortum appeals concerning 2009-2011 are still pending and Fortum expects the remaining years to follow the final decision for 2008. Based on legal analysis and a supporting legal opinion, no provision has been accounted for in this interim report. The amount of additional tax claimed is approximately EUR 36 million for the year 2008, approximately EUR 27 million for the year 2009, approximately EUR 15 million for the year 2010 and approximately EUR 21 million for the year 2011.The tax has already been paid. If the tax is repaid to Fortum, Fortum will receive a 7% interest on the amount.

In November 2015 Fortum received an income tax assessment from the Belgian tax authorities for the year 2012. The tax authorities disagree with the tax treatment of Fortum Project Finance NV. Fortum finds the tax authorities' interpretation not to be based on the local regulation and has filed an objection against the tax adjustment. In line with treatment of the cases concerning 2008-2011, no provision has been accounted for in the interim report. The amount of additional tax claimed is approximately EUR 15 million for the year 2012. The tax has already been paid.

Litigations in associated companies

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 OL3 plant unit have been mainly completed. The installation of the electrical systems, the instrumentation and control system (I&C), and mechanical systems is still in progress.

In April 2016 TVO submitted to the Ministry of Economic Affairs and Employment (TEM) an application for an operating license. The simulator training for operating personnel commenced in February 2017. In June, the cold functional testing to ensure the integrity of the primary circuit started and it was completed in early July. The first phase of the turbine plant commissioning is completed. Some of the systems and components will be kept in operation; the rest will be preserved in accordance with a separate plan. In January 2017, de-preservation was started at the turbine plant.

OL3 was procured as a fixed-price turnkey project from a consortium (Supplier) formed by AREVA GmbH, AREVA NP SAS and Siemens AG. As stipulated in the plant contract, the consortium companies have joint and several liability for the contractual obligations. According to the schedule updated by the Supplier in September 2014, regular electricity production in the unit was to commence at the end of 2018. TVO received information on the Supplier's schedule rebase line review for the OL3 EPR project completion after the reporting period in October 2017. According to the information the start of regular electricity production at the OL3 EPR will take place in May 2019. The Supplier's schedule review for the project completion had reached a phase where the Supplier confirmed the main milestones. According to the Supplier, the first connection to the grid takes place in December 2018, and the start of regular electricity production will take place in May 2019. According to the Supplier's plant ramp-up program the unit will produce 2–4 TWh of electricity, at varying power levels, during the period of time between the first connection to the grid and the start of regular electricity production.

In December 2008 the OL3 Supplier initiated the International Chamber of Commerce (ICC) arbitration proceedings and submitted a claim concerning the delay and the ensuing costs incurred at the Olkiluoto 3 project. The Supplier has submitted claims to the ICC for an aggregate amount of approximately EUR 3.59 billion, which includes a total amount of approximately EUR 1.58 billion in penalty interest (calculated up to 30 June 2017) and payments allegedly delayed by TVO under the Plant Contract, as well as approximately EUR 132 million of alleged loss of profit.

In 2012, TVO submitted a counter-claim and defense in the matter. In July 2015, TVO updated its quantification estimate of its costs and losses to the amount of approximately EUR 2.6 billion until December 2018, which according to the schedule submitted by the OL3 supplier in September 2014 was the estimated start of regular electricity production of OL3.

In November 2016, the ICC Tribunal made a final and binding partial award. In the partial award, the ICC Tribunal addressed the early period of the project (time schedule, licensing and licensability, and system design). This comprised many of the facts and matters that TVO relies upon in its main claims against the supplier, as well as certain key matters that the supplier relies upon in its claims against TVO. In doing so, the partial award finally resolved the great majority of these facts and matters in favour of TVO, and conversely rejected the great majority of the supplier's contentions in this regard. The partial award did not take a position on the claimed monetary amounts.

The ICC Tribunal made another final and binding partial award in July 2017. This partial award addresses the preparation, submittal, review, and approval of design and licensing documents on the project. This comprises the key facts and matters that the supplier relies upon in its main claims against TVO, as well as certain matters that TVO relies upon in its claims against the Supplier. In doing so, the partial award has finally resolved the great majority of these facts and matters in favour of TVO. Conversely, it has also rejected the great majority of the Supplier's contentions in this regard. Although the partial award did not take a position on the claimed monetary amounts, it has conclusively rejected the analytical method used by the Supplier to support its principal monetary claims against TVO.
The arbitration proceeding is still going on with at least one partial award to come before the final award where the Tribunal will declare liabilities to pay compensation.

In 2016, Areva announced a restructuring of its business. The restructuring plan involves a transfer of the operations of Areva NP to a company called NEW NP, the majority owner of which is going to be EDF. The transaction is aimed to be completed by the end of 2017, and thereafter more than half of the shares of New NP would be transferred to EDF. OL3 EPR project and the means required to complete the project, as well as certain other liabilities will remain within AREVA NP and AREVA GmbH, within the scope of AREVA SA. In January 2017, the EU Commission made a decision on the state aid, and in May 2017, the Commission accepted the merger. In September 2017, TVO filed an appeal to the General Court of the European Union of the Commission decision on French state aid to the AREVA Group. TVO requires that the restructuring of the French nuclear industry will not compromise the completion of the OL3 EPR project within the Supplier's schedule and that all liabilities of the plant contract are respected.

In addition to the litigations described above, some Group companies are involved in other routine tax and other disputes incidental to their normal conduct of business. Based on the information currently available, management does not consider the liabilities arising out of such litigations likely to be material to the Group's financial position.

21. Related party transactions

Related parties are described in the annual financial statements as of the year ended 31 December 2016. No material changes have occurred during 2017.

On 4 August 2017 Fortum concluded the restructuring of the ownership in Hafslund together with City of Oslo. Fortum sold its 34.1% stake in Hafslund ASA to the City of Oslo. Fortum acquired 100% of Hafslund Marked AS, 50% of Hafslund Varme AS including the City of Oslo's waste-to-energy company Klemetsrudanlegget AS (KEA), currently Fortum Oslo Varme AS, and 10% of Hafslund Produksjon Holding AS. For more information see Note 6 Acquisitions and disposals.

On 31 August 2016 Fortum finalised the acquisition of Ekokem Corporation (renamed as Fortum Waste Solutions Oy) with the four biggest owners, representing approximately 81% of the shares. The Finnish State was among the biggest owners with a 34%-shareholding in Ekokem.

At the year-end 2016 the Finnish State owned 50.76% of the shares in Fortum. There has been no change in the shareholding during 2017.

Transactions with associated companies and joint ventures

EUR million	Q1-Q3 2017	Q1-Q3 2016	2016
Sales	78	57	105
Purchases	388	399	536
Interest on loan receivables	12	12	16

Associated company and joint ventures balances

EUR million	Sept 30 2017	Sept 30 2016	Dec 31 2016
Long-term interest-bearing loan receivables	885	838	886
Trade receivables	22	20	20
Other receivables	17	18	17
Long-term loan payables	288	273	278
Trade payables	3	3	6
Other payables	4	4	6

22. Events after the balance sheet date

In October 2017 Fortum received an income tax assessment from the Swedish tax authority related to the interests on intra-group loans for the year 2015. Fortum will appeal the decision to the Swedish Administrative Court. See more information in Note 20 Legal actions and official proceedings.

23. Definition of key figures

EBITDA (Earnings before interest, taxes, depreciation and amortisation)	=	Operating profit + depreciation and amortisation
Comparable EBITDA	=	EBITDA - items affecting comparability - net release of CSA provision
Items affecting comparability	=	Impairment charges + capital gains and other + changes in fair values of derivatives hedging future cash flow + nuclear fund adjustment
Comparable operating profit	=	Operating profit - items affecting comparability
Impairment charges	=	Impairment charges and related provisions (mainly dismantling)
Capital gains and other	=	Capital gains, transaction costs from acquisitions and other
Changes in fair values of derivatives hedging future cash flow	=	Effects from financial derivatives hedging future cash-flows where hedge accounting is not applied according to IAS 39.
Nuclear fund adjustment	=	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.
Adjustment for Share of profit of associated companies and joint ventures	=	Adjustment for IAS 39 effects, major sales gains and impairment charges
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, %	=	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Capital employed average}} \times 100$
Comparable return on net assets, %	=	$\frac{\text{Comparable operating profit + share of profit (loss) in associated companies and joint ventures + adjustment for Share of profit of associated companies and joint ventures}}{\text{Comparable net assets average}} \times 100$
Capital employed	=	Total assets - non-interest bearing liabilities - deferred tax liabilities - provisions

23. Definition of key figures

Comparable 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 used for hedging future cash flows)
Interest-bearing net debt	=	Interest-bearing liabilities - liquid funds
Gearing, %	=	Interest-bearing net debt / Total equity x 100
Equity-to-assets ratio, %	=	Total equity including non-controlling interest / Total assets x 100
Comparable net debt / EBITDA	=	Interest-bearing net debt / Comparable EBITDA
Interest coverage	=	Operating profit / Net interest expenses
Interest coverage including capitalised borrowing costs	=	Operating profit / Net interest expenses - capitalised borrowing costs
Earnings per share (EPS)	=	Profit for the period - non-controlling interests / Average number of shares during the period
Equity per share	=	Shareholder's equity / Number of shares at the end of the period
Effective income tax rate	=	Income tax expense / Profit before income tax
Comparable effective income tax rate	=	Income tax expense - effects from tax rate changes / Profit before income tax decreased by profits from associated companies and joint ventures as well as tax exempt capital gains or losses and major one time income tax effects
Last twelve months (LTM)	=	Twelve months preceding the reporting date

Market conditions and achieved power prices

Power consumption TWh	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Nordic countries	82	80	283	283	390	390
Russia	235	231	756	740	1,027	1,043
Tyumen	23	22	68	69	86	85
Chelyabinsk	7	8	24	25	35	34
Russia Urals area	61	59	191	187	259	263

Average prices	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Spot price for power in Nord Pool power exchange, EUR/MWh	28.5	25.2	29.0	24.4	26.9	30.4
Spot price for power in Finland, EUR/MWh	35.9	31.6	33.3	30.8	32.4	34.3
Spot price for power in Sweden, SE3, Stockholm EUR/MWh	33.6	29.6	31.3	26.7	29.2	32.7
Spot price for power in Sweden, SE2, Sundsvall EUR/MWh	33.0	29.5	31.1	26.4	29.0	32.5
Spot price for power in European and Urals part of Russia, RUB/MWh [1)]	1,269	1,298	1,198	1,204	1,197	1,199
Average capacity price, tRUB/MW/month	484	433	521	456	481	529
Spot price for power in Germany, EUR/MWh	32.7	28.3	34.6	26.1	29.0	35.3
Average regulated gas price in Urals region, RUB/1000 m^3	3,755	3,614	3,661	3,614	3,614	3,649
Average capacity price for old capacity, tRUB/MW/month [2)]	139	130	145	136	140	147
Average capacity price for new capacity, tRUB/MW/month [2)]	808	724	870	777	815	884
Spot price for power (market price), Urals hub, RUB/MWh [1)]	1,080	1,125	1,042	1,052	1,055	1,047
CO_2, (ETS EUA), EUR/tonne CO_2	6	5	5	5	5	5
Coal (ICE Rotterdam), USD/tonne	87	60	81	51	59	68
Oil (Brent Crude), USD/bbl	52	47	53	43	45	52

1) Excluding capacity tariff.

2) Capacity prices paid only for the capacity available at the time.

Water reservoirs TWh	Sept 30 2017	Sept 30 2016	Dec 31 2016
Nordic water reservoirs level	99	98	75
Nordic water reservoirs level, long-term average	101	101	83

Export/import TWh (+ = import to, - = export from Nordic area)	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Export / import between Nordic area and Continental Europe + Baltics	-3	-2	-11	-8	-10	-13
Export / import between Nordic area and Russia	1	1	4	4	6	6
Export / import Nordic area, Total	-2	-1	-7	-4	-4	-7

Power market liberalisation in Russia %	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Share of power sold at the liberalised price	81%	80%	80%	81%	81%	80%

Achieved power prices	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Generation segment's Nordic power price, EUR/MWh	32.5	31.6	31.7	30.9	31.0	31.6
Russia segment's power price, RUB/MWh	1,790	1,796	1,801	1,704	1,734	1,806
Russia segment's power price, EUR/MWh [1)]	25.8	24.6	27.6	22.5	23.5	27.2

[1)] Translated using average exchange rate.

Fortum's production and sales volumes

Power generation TWh	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Power generation in Europe	9.9	10.3	34.6	36.1	47.5	46.0
Power generation in Russia	6.1	5.5	19.1	18.6	25.5	26.0
Power generation in other countries	0.1	0.0	0.2	0.0	0.0	0.2
Total	**16.1**	**15.8**	**53.9**	**54.7**	**73.1**	**72.3**

Heat production TWh	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Heat production in Europe	1.3	0.9	5.6	4.5	7.1	8.2
Heat production in Russia	1.7	1.5	13.0	12.8	20.7	20.9
Total	**3.0**	**2.4**	**18.6**	**17.3**	**27.8**	**29.1**

Power generation capacity by segment MW	Sept 30 2017	Sept 30 2016	Dec 31 2016
Generation [1)]	7,847	8,016	8,039
City Solutions	775	760	760
Russia	4,512	4,440	4,482
Other	155	45	53
Total	**13,288**	**13,261**	**13,334**

1) Including 308 MW of Meri-Pori power plant, which will be under reserve capacity agreement during period July 2017 - June 2020. Capacity decreases due to closure of unit 1 (205 MW) in Oskarshamn in end of June 2017.

Heat production capacity by segment MW	Sept 30 2017	Sept 30 2016	Dec 31 2016
City Solutions	4,860	3,884	3,818
Russia	9,920	9,920	9,920
Total	**14,780**	**13,804**	**13,738**

Power generation by source in the Nordic area TWh	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Hydro and wind power	5.0	4.3	15.2	16.5	20.8	19.5
Nuclear power	4.6	5.6	17.4	17.8	24.1	23.7
Thermal power	0.1	0.1	1.2	0.8	1.4	1.8
Total	**9.7**	**10.0**	**33.8**	**35.1**	**46.2**	**44.9**

Power generation by source in the Nordic area %	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Hydro and wind power	51	43	45	47	45	44
Nuclear power	48	56	52	51	52	53
Thermal power	1	1	3	2	3	3
Total	**100**	**100**	**100**	**100**	**100**	**100**

Power sales EUR million	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Power sales in Europe	496	408	1,513	1,379	1,893	2,027
Power sales in Russia	183	157	611	485	691	817
Power sales in other countries	2	1	5	2	3	6
Total	**681**	**566**	**2,129**	**1,866**	**2,587**	**2,850**

Fortum's production and sales volumes

Heat sales EUR million	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Heat sales in Europe	64	50	331	293	449	487
Heat sales in Russia	15	17	171	118	199	252
Total	**79**	**67**	**501**	**410**	**648**	**739**

Power sales by area TWh	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Finland	5.1	4.9	16.5	16.9	22.8	22.4
Sweden	6.5	6.0	22.3	21.9	28.8	29.2
Russia	7.1	6.4	22.1	21.6	29.5	30.0
Norway	1.9	0.2	2.7	1.0	1.5	3.2
Other countries	0.6	0.5	2.0	1.4	2.1	2.7
Total	**21.2**	**18.0**	**65.5**	**62.7**	**84.7**	**87.5**

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

Heat sales by area TWh	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016	Last twelve months
Russia	1.6	1.5	13.1	12.9	20.7	20.9
Finland	0.4	0.4	2.7	2.2	3.6	4.1
Poland	0.2	0.2	2.4	2.2	3.6	3.8
Other countries	0.3	0.1	1.3	0.9	1.5	1.9
Total	**2.6**	**2.2**	**19.5**	**18.3**	**29.4**	**30.6**