

# Fortum's Annual Report 2013

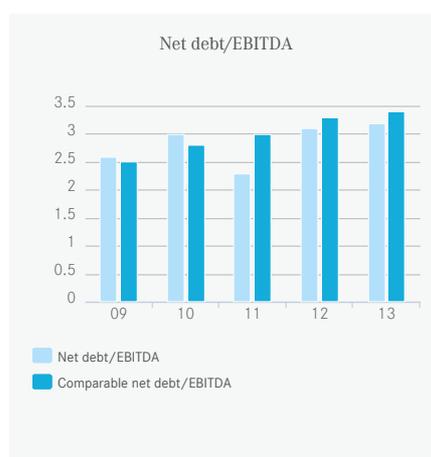
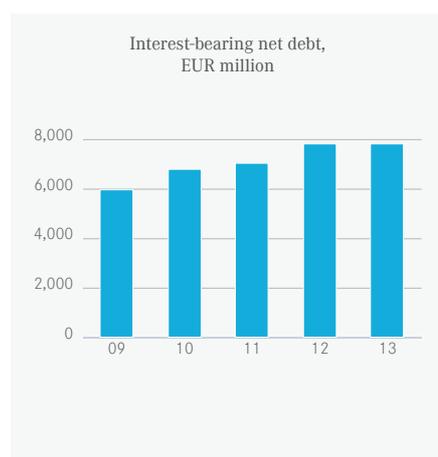
Fortum is an energy company highly committed to sustainability. Catering to the versatile needs of our customers, we generate, distribute and sell electricity and heat and offer related expert services.

## Financial position and cash flow

EUR million	2013	2012	2011	Change 13/12
Interest expense	-295	-300	-284	-2%
Interest income	42	54	56	-22%
Fair value gains and losses	-16	-23	5	-30%
Other financial expenses	-49	-42	-42	17%
<b>Finance costs - net</b>	<b>-318</b>	<b>-311</b>	<b>-265</b>	<b>2%</b>
Interest-bearing liabilities <sup>1)</sup>	9,118	8,777	7,770	4%
Less: Cash and cash equivalents <sup>2)</sup>	1,269	963	747	32%
<b>Interest-bearing net debt</b>	<b>7,849</b>	<b>7,814</b>	<b>7,023</b>	<b>0%</b>

<sup>1)</sup> 2013 includes EUR 20 million presented as asset held for sale.

<sup>2)</sup> 2013 includes EUR 15 million and 2011 EUR 16 million presented as asset held for sale.



million which were offset with a lower EBITDA. Capital expenditures decreased by EUR 151 million to EUR 1,271 million (2012: 1,422). Proceeds from divestments totalled EUR 210 million (2012: 433). Total net cash used in investing activities was EUR -1,210 million (2012: -1,128). Cash flow before financing activities, i.e. dividend distributions and financing, increased by EUR 372 million to EUR 626 million (2012: 254). Realised foreign exchange gains and losses of EUR 52 million (2012: -268) were related to the rollover of foreign exchange contract hedging loans to Fortum's Swedish and Russian subsidiaries.

Dividends totalling EUR 888 million were paid on 19 April 2013 using cash and cash equivalents.

### Cash flow

In 2013, total net cash from operating activities increased by EUR 454 million to EUR 1,836 million (2012: 1,382), mainly due to a decrease in working capital of EUR 296 million and realised foreign exchange differences turning to positive EUR 320

### Assets and capital employed

Total assets decreased by EUR 141 million to EUR 24,420 million (24,561 at year-end 2012). The net change in total assets was

negative, even though capital expenditures and gross investments in shares (EUR 1,299 million) were higher than depreciation during the year (EUR 740 million). The total impact of translation differences on intangible assets, property plant and equipment as well as participations in associates and joint ventures was negative EUR 861 million. Cash and cash equivalents increased by EUR 291 million.

Presenting the Finnish distribution business as assets held for sale impacted the structure of the balance sheet, because all assets and liabilities belonging to those operations were presented separately on one line both in assets and liabilities.

For further information, see [Note 9 Assets held for sale](#).

Capital employed was EUR 19,780 (19,420 at year-end 2012) million, an increase of EUR 360 million. The increase was due to the lower amount of total assets, EUR 141 million, and a EUR 501 million decrease in interest-free liabilities.

## Equity

Total equity was EUR 10,662 (10,643 at year-end 2012) million, of which equity attributable to owners of the parent company totalled EUR 10,024 million (2012: 10,040

and non-controlling interests EUR 638 million (2012: 603).

The decrease in equity attributable to owners of the parent company totalled EUR 16 million and is mainly arising from the payment of dividends totalling EUR -888 million, net profit of EUR 1,204 million for the period and translation differences of EUR -471 million.

## Financing

Net debt increased during 2013 by EUR 35 million to EUR 7,849 (7,814 at year-end 2012) million.

During 2013 Fortum Corporation issued new long term debt in SEK and EUR amounting to approximately EUR 760 million.

At the end of December 2013, the Group's liquid funds totalled EUR 1,269 million (963 at year-end 2012). Liquid funds include cash and bank deposits held by OAO Fortum amounting to EUR 113 million (128 at year-end 2012). In addition to the liquid funds, Fortum had access to approximately EUR 2.2 billion of undrawn committed credit facilities.

The Group's net financial expenses during 2013 were EUR 318 million (2012: 311). Net financial expenses include changes in the fair value of financial instruments of EUR -16 million (2012: -23).

Fortum Corporation's long-term credit rating with S&P was reaffirmed at A- (negative outlook) in December 2013. As of April 2013, Fitch Ratings provides a rating of Fortum Corporation and any subsequently issued securities issued under Fortum's EMTN programme. Fitch's current long-term issuer default rating of Fortum Corporation is A- (negative outlook), which was also reaffirmed in December 2013. Fortum decided to terminate the rating relationship with Moody's Investors Service in February. At that time, Moody's had assigned an A2 rating with a negative outlook.

## Key figures

At year-end 2013, net debt to EBITDA was 3.2 (3.1 at year-end 2012) and comparable net debt to EBITDA 3.4 (2012: 3.2), impacted by EUR 888 million in dividend payments. Gearing was 74% (2012: 73%) and the equity-to-assets ratio 44% (2012: 43%). Equity per share was EUR 11.28 (2012: 11.30). Return on capital employed totalled 9.2% (2012: 10.2%) and return on shareholders' equity 12.0% (2012: 14.6%).