

Electric Utilities, Finland

# Fortum

## Focus on CO<sub>2</sub>-free generation

- Uniper to be consolidated in 2020
- Heat divestments highlight the value in district heating
- Reiterate BUY and our target price of EUR 24

### Uniper boosts CO<sub>2</sub>-free generation by 60%

Fortum is increasing its shareholding in Uniper to more than 70.5% and its total investment in Uniper to EUR 6.2bn. We believe that Fortum will consolidate Uniper from Q2 2020 and that it should be able to realise significant synergies as a result, particularly in the Swedish and Russian operations. Fortum's CO<sub>2</sub>-free generation increases by 60% as a result of the transaction. To help fund the acquisition, Fortum divested its district heating operations in Joensuu for EUR 530m, or EV/EBITDA of 26.5x. Further district heating divestments with EBITDA of EUR 120m are in progress.

### Warm and windy Q1

Q1 is the most important quarter for Fortum. In addition to being unseasonably warm, the weather has also been windy. Abundant wind power supply has led to lower hydro volumes and an increasing hydro balance, and lower spot and forward pricing. While 2020 generation is 75% hedged at EUR 34/MWh, the earnings impact from lower prices is limited. In addition, 2021 is 40% hedged at EUR 33/MWh.

### More value in district heating

Fortum offers an attractive dividend yield, which from 2019 is funded from cash flow. We see significant value in the core hydro assets and, with the ongoing divestment of non-core district heating assets, the value of the core assets in Stockholm, Oslo and Espoo is highlighted. We reiterate our BUY recommendation and our target price of EUR 24.

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#### Company page on Handelsbanken's REON

EURm	2017	2018	2019	2020e	2021e
Sales	4,520	5,242	5,447	60,485	85,556
Sales growth (%)	30.9	16.0	3.9	>900	41.4
EBITDA adj	1,275	1,523	1,766	2,915	3,529
margin (%)	28.2	29.1	32.4	4.8	4.1
EBIT adj	810	987	1,191	1,872	2,493
margin (%)	17.9	18.8	21.9	3.1	2.9
EBT	1,111	1,040	1,727	2,406	2,446
EPS rep (EUR)	0.97	0.95	1.67	1.87	1.85
EPS adj (EUR)	0.73	0.80	1.74	1.39	1.85
Y-o-y growth (%)	9	9	117	-20	33
EPS adj revisions (%)	n.m	n.m	n.m	0	-1
P/E adj (x)	22.5	23.8	12.7	15.9	12.0
P/BV (x)	1.1	1.4	1.5	1.4	1.4
ROE adj (%)	4.9	5.7	12.4	9.2	11.7
EV/EBIT (x)	17.3	17.0	15.7	13.0	9.9
EV/EBITDA (x)	11.0	11.0	10.6	8.4	7.0
EV/sales (x)	3.1	3.2	3.4	0.40	0.29
FCF adj yield (%)	2.3	1.3	6.8	6.8	3.5
Tot DPS (EUR)	1.10	1.10	1.10	1.10	1.10
Totdiv yield (%)	6.7	5.8	5.0	5.0	5.0
Net debt/equity (%)	7.4	45.6	39.7	50.5	49.9

Source: Handelsbanken Capital Markets

## Estimate changes



Sell



Hold



BUY

Results Comment Q4 2019 February 06, 2020, 18:21 CET

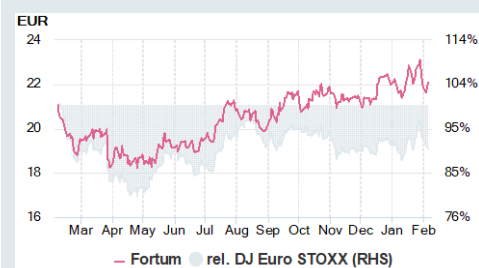
Share price (EUR) Feb 05, 00:00 CET	22.09
Market cap (EURm)	19,624
No of shares (m)	888
Free float (%)	48.3
Avg daily volume ('000)	1,545
Avg daily value (EURm)	34
Bloomberg	FORTUM FH
Reuters	FORTUM.HE
Next event	29/04/2020: Q1 report
Web address:	<a href="#">Link to company website</a>
IR web address:	<a href="#">Link to IR website</a>

<b>12m target return</b>	
Target price, inc. div. (EUR)	24.0
Expected total return (%)	8.6
Expected total dividend yield (%)	5.0
DCF value (EUR)	31

<b>Balance sheet 2019</b>	
Net debt (EURm)	5,260
Net debt/equity (%)	39.7
ROE (%)	11.9
ROIC (%)	6.2

2020-02-05	Votes (%)	Capital (%)
Government Of Finland	50.8	50.8
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1.5	1.5
Keskinäinen Työeläkevakuutusyhtiö Varma	1.5	1.5
The Vanguard Group, Inc.	1.4	1.4
Norges Bank Investment Management	1.2	1.2
Total number of shares (m)		888.3
Free float (%)		48.3

## Absolute and relative performance



Share performance (%)	-1m	-3m	-12m
Absolute:	0.13	4.5	5.7
Absolute EUR:	0.13	4.5	5.7
Relative DJStoxx:	-1.4	1.2	-8.7
52w range (EUR):		23.12 / 18.23	

Source: FactSet

## P&amp;L outcome, Q4

Q4 exceeded consensus expectations

EURm	Actual	Growth %		Deviation %	
		Y-o-y	Q-o-q	HCM	Cons
Sales	1,553	-2.9	46.5	-4.7	-4.5
EBIT adj	398.0	19.2	160	-2.4	9.1
margin (%)	25.6				
EBT	454.0	73.9	129	-2.5	28.2
Net income	356.0	85.4	100	-8.2	26.0
EPS reported (EUR)	0.40	85.4	100	-8.2	21.4
EPS adj (EUR)	0.35	43.0	49.2	-18.2	5.3

Source: Company data, Handelsbanken Capital Markets and FactSet

## Trend analysis

We expect earnings to continue to increase y-o-y in Q1

%	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20e
Sales y-o-y	11.7	6.6	5.2	9.2	-2.9	0.25
EBITDA adj y-o-y	2.7	-0.55	21.9	26.3	27.0	6.1
EBITDA adj margin	27.2	32.2	32.6	27.9	35.5	34.1
EBIT adj y-o-y	13.2	0.74	52.6	59.4	19.2	7.8
EBIT adj margin	20.9	24.1	20.3	14.4	25.6	26.0
EPS adj (EUR)	0.24	0.42	0.74	0.23	0.35	0.42
EPS adj y-o-y	-1.4	14.7	475	270	43.0	-0.35

Source: Company data, Handelsbanken Capital Markets

## Business area breakdown

Q1 is seasonally strongest for Fortum

EURm	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20e
<b>Sales</b>						
Generation	561.0	601.0	500.0	458.0	583.0	499.0
City Solutions	375.0	405.0	200.0	200.0	394.0	380.0
Consumer Solutions	555.0	669.0	311.0	311.0	545.0	670.0
Russia	305.0	298.0	239.0	229.0	306.0	342.4
<b>Total</b>	<b>1,599</b>	<b>1,690</b>	<b>1,144</b>	<b>1,060</b>	<b>1,553</b>	<b>1,694</b>
<b>Y-o-y sales growth (%)</b>						
Generation	29.6	20.9	17.6	27.6	3.9	-17.0
City Solutions	10.3	8.0	7.0	14.9	5.1	-6.2
Consumer Solutions	22.5	22.3	-4.6	-6.3	-1.8	0.15
Russia	-2.9	-11.3	4.8	14.5	0.33	14.9
<b>Total</b>	<b>11.7</b>	<b>6.6</b>	<b>5.2</b>	<b>9.2</b>	<b>-2.9</b>	<b>0.3</b>
<b>EBIT adj</b>						
Generation	189.0	223.0	191.0	140.0	239.0	221.0
City Solutions	68.0	92.0	-15.0	-36.0	80.0	95.0
Consumer Solutions	17.0	26.0	19.0	16.0	19.0	25.2
Russia	89.0	99.0	69.0	53.0	94.0	123.7
Other	-51.0	-32.0	-32.0	-21.0	-34.0	-25.0
<b>Total</b>	<b>312</b>	<b>408</b>	<b>232</b>	<b>152</b>	<b>398</b>	<b>440</b>
<b>EBIT adj margin (%)</b>						
Generation	33.7	37.1	38.2	30.6	41.0	44.3
City Solutions	18.1	22.7	-7.5	-18.0	20.3	25.0
Consumer Solutions	3.1	3.9	6.1	5.1	3.5	3.8
Russia	29.2	33.2	28.9	23.1	30.7	36.1
Other	26.3	11.3	18.9	15.2	16.0	12.7
<b>Total</b>	<b>19.5</b>	<b>24.1</b>	<b>20.3</b>	<b>14.3</b>	<b>25.6</b>	<b>26.0</b>

Source: Handelsbanken Capital Markets

## What has changed

EURm	HCM Q1 20e	chg (%)	HCM 2020e	chg (%)	HCM 2021e	chg (%)
Sales	1,694	1	60,485	0	85,556	0
EBITDA adj	578.2	0	2,915	0	3,529	0
margin (%)	34.1	0	4.8	0	4.1	0
EBIT adj	439.8	0	1,872	0	2,493	-1
margin (%)	26.0	-1	3.1	0	2.9	-1
EBT	982.9	0	2,406	0	2,446	-1
Net income	802.7	0	1,663	0	1,640	-1
EPS (EUR)	0.90	0	1.87	0	1.85	-1
EPS adj (EUR)	0.42	0	1.39	0	1.85	-1

Source: Handelsbanken Capital Markets

## HCM vs. consensus

EURm	Cons Q1 20e	diff (%)	Cons 2020e	diff (%)	Cons 2021e	diff (%)
Sales	22,776	-93	80,613	-25	85,480	0
EBITDA adj	576.0	0	3,373	-14	3,549	-1
margin (%)	2.5	32	4.2	1	4.2	0
EBIT adj	439.2	0	2,189	-14	2,301	8
margin (%)	1.9	24	2.7	0	2.7	0
EBT	982.2	0	2,253	7	1,930	27
Net income	944.0	-15	1,451	15	1,425	15
EPS (EUR)	0.90	0	1.58	18	1.60	15
EPS adj (EUR)	0.47	-11	1.56	-11	1.61	15

Source: Handelsbanken Capital Markets and FactSet

## Investment case

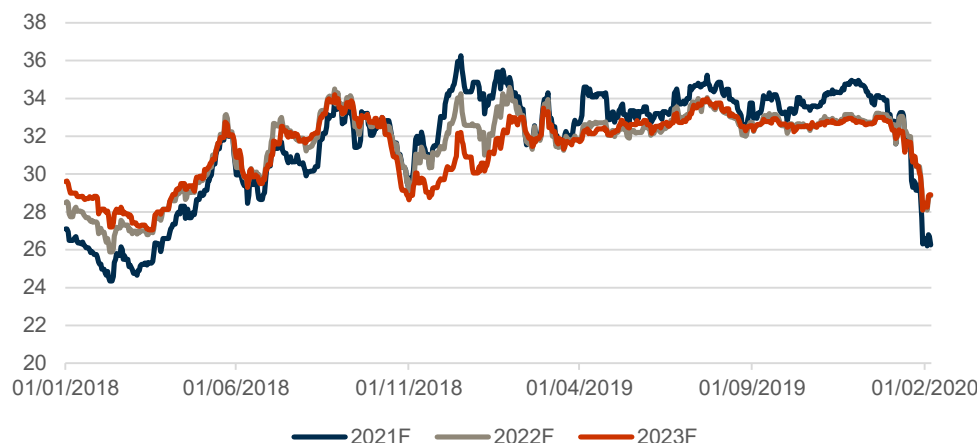
Fortum is consolidating Uniper in Q1, we believe. Divestment of non-core district heating operations highlights the value of core assets. Power prices are down as a result of the weather, but hedging protects earnings.

Unseasonably warm and windy weather

### Generation

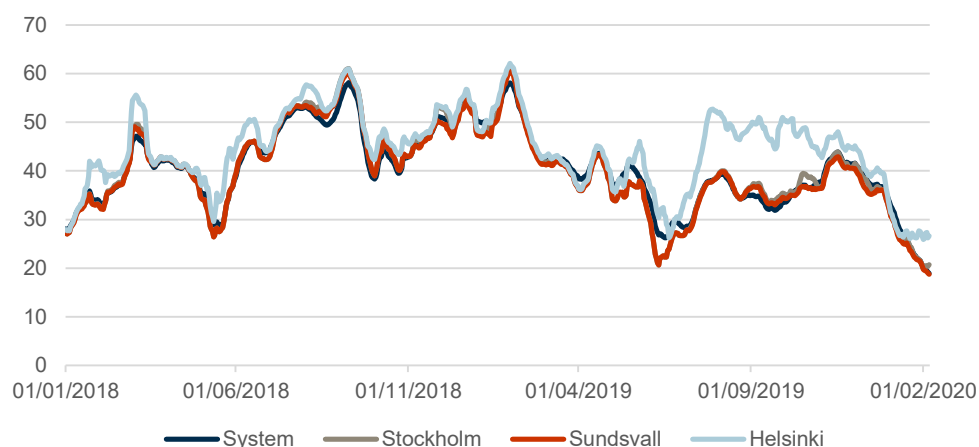
Q1 is the most important quarter for Fortum. In 2020 so far, the weather has been unseasonably warm and windy. In Sweden, wind generation over the first four weeks of 2020 has been almost double that in the same period of January 2019, rising from 1.8 TWh in 2019 to 3.6 TWh (+96%). Abundant wind power supply has led to lower hydro volumes, down from 5.5 TWh in the same period of 2019 to 5.0 TWh in 2020 (-11%). While lower hydro generation has not been driven by lack of availability, the hydro balance has increased. Spot and forward pricing have developed unfavourably, system forward is down EUR 6-7/MWh since the end of 2019. While 2020 generation is 75% hedged at EUR 34/MWh, earnings impact from lower prices is limited. 2021 is 40% hedged at EUR 33/MWh and if the current conditions persist, the hedged price level could come under pressure.

**Figure 1: System forward power prices, EUR/MWh**



Source: Handelsbanken Capital Markets, Bloomberg

**Figure 2: Spot power prices, EUR/MWh**



Source: Handelsbanken Capital Markets, Bloomberg

Significant synergies should be realised

### Uniper to be consolidated in 2020

Fortum is increasing its shareholding in Uniper to more than 70.5% and its total investment in Uniper to EUR 6.2bn. We believe that Fortum will consolidate Uniper from Q2 2020 and that it should be able to realise significant synergies as a result, particularly in the Swedish and Russian operations. We expect Fortum to get clearance in Russia during Q1 and to get control of the board of Uniper at the AGM in June. We expect Fortum to complete the process by the end of 2021. We do not expect any synergies to materialise in 2020 or 2021 prior to full control being achieved. We also expect any Uniper asset review to happen from 2022 at the earliest. Fortum's CO<sub>2</sub>-free generation increases by 60% as a result of the transaction, which is a primary motivating factor.

Espoo, Oslo and Stockholm will not be divested

### Divestment of non-core district heating operations

In part to help fund the acquisition of Uniper, Fortum divested its district heating operations in Joensuu for EUR 530m, or EV/EBITDA of 26.5x. In addition to the Estonian operations, a strategic review of which was announced at the same time as the Joensuu divestment in June, further district heating divestments with EBITDA of EUR 90m were announced in conjunction with Q4 earnings, for a total of EUR 120m. Fortum is now considering possible divestment of its district heating and cooling businesses in Poland, Estonia, Lithuania, Latvia, and Järvenpää in Finland. If multiples reach levels even close to that in Joensuu, divestments will be highly attractive. Fortum ruled out divesting the crown jewels of district heating in Espoo, Oslo and Stockholm (50% owned). However, the transactions to follow will highlight the value of these assets, which are effectively local monopolies.

### Valuation

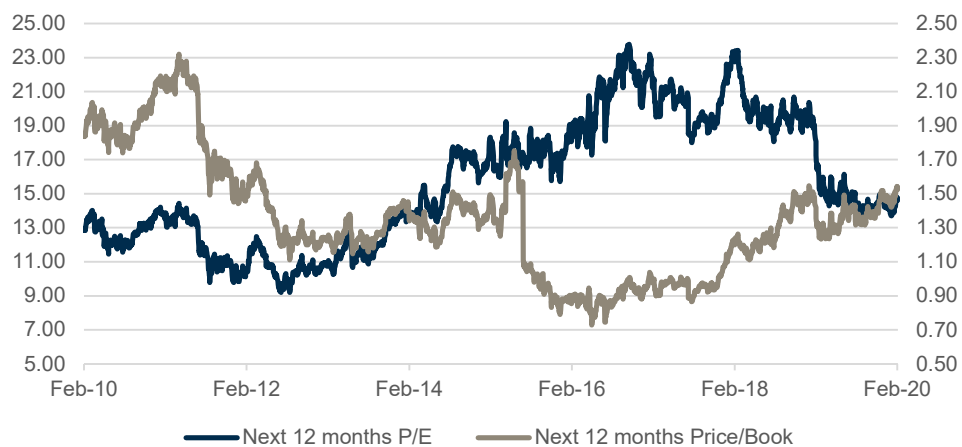
Fortum's valuation looks attractive vs. peer group and historical numbers, but 2020 estimates will remain in flux until there is further clarity on consolidation of Uniper.

**Table 1: Peer group**

Companies	EV/Sales		Ebit marg (%)		P/E		P/B	ROE	Div (%)
	2019	2020e	2019	2020e	2019	2020e	2019	2019	2019
UPM-Kymmene	1.6	1.7	13.7	12.4	14.6	17.3	1.6	11.1	4.3
VERBUND	5.1	4.8	24.7	26.8	29.1	23.8	2.9	10.2	1.5
Electricite de France	1.0	1.1	9.0	10.1	17.7	14.3	0.8	4.4	2.7
E.ON	1.5	0.9	10.1	6.2	16.1	16.3	3.4	22.7	4.4
Enel	1.5	1.6	14.2	14.9	17.2	15.2	2.6	15.0	4.1
RWE	1.0	1.5	9.0	10.2	18.0	18.6	1.7	10.6	2.5
CEZ	2.0	1.9	13.9	15.1	14.9	12.2	1.1	7.8	5.5
Iberdrola	2.6	2.6	16.1	16.5	19.3	17.9	1.7	8.9	3.8
Inter RAO	0.3	0.3	9.8	9.8	5.8	5.8	0.8	15.2	3.1
Orsted	4.7	4.6	14.8	15.9	50.0	41.7	4.1	8.5	1.5
innogy	1.1	1.2	6.2	6.6	29.7	28.8	3.6	11.2	3.2
Uniper	0.2	0.2	0.7	1.2	20.2	19.2	0.9	4.8	3.6
<b>Median</b>	<b>1.5</b>	<b>1.5</b>	<b>11.9</b>	<b>11.3</b>	<b>17.9</b>	<b>17.6</b>	<b>1.7</b>	<b>10.4</b>	<b>3.4</b>
<b>Fortum (HCM)</b>	<b>3.4</b>	<b>0.4</b>	<b>21.9</b>	<b>3.1</b>	<b>12.6</b>	<b>16.0</b>	<b>1.5</b>	<b>12.4</b>	<b>5.0</b>
Diff. to Median	126%	-74%	84%	-73%	-30%	-9%	-11%	20%	47%
<b>Historical multiples</b>									
5y		3.8				18.6	1.2		
10y		3.8				15.6	1.4		

Source: Handelsbanken Capital Markets

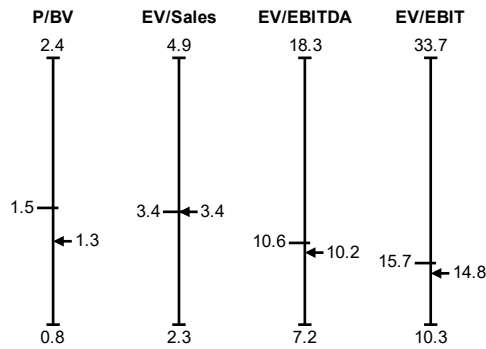
Figure 3: P/E and P/B close to long-term averages



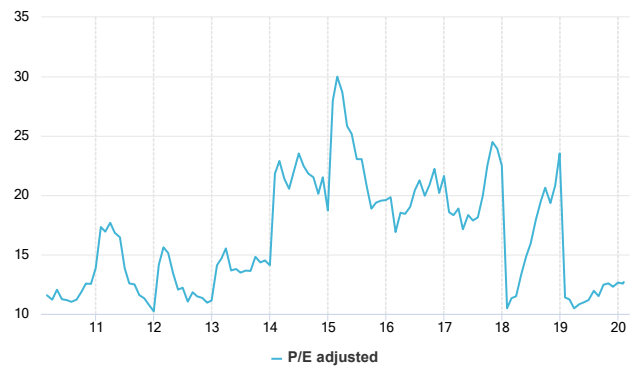
Source: Handelsbanken Capital Markets

## Valuation charts

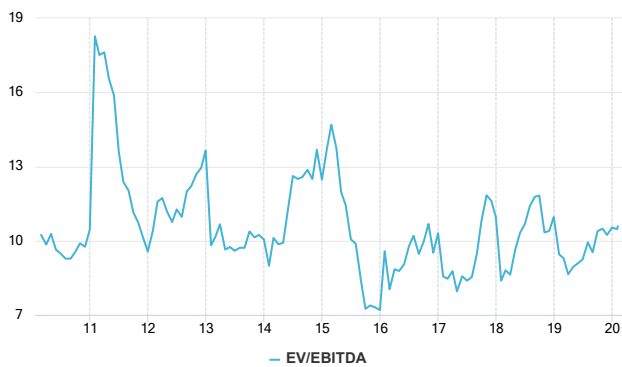
## Current vs. high/low/median, 10 years \*



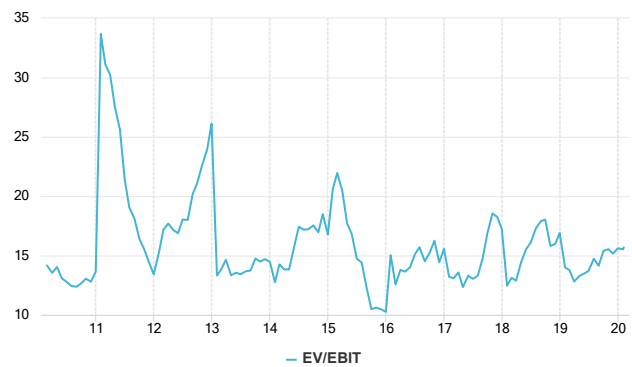
## P/E x



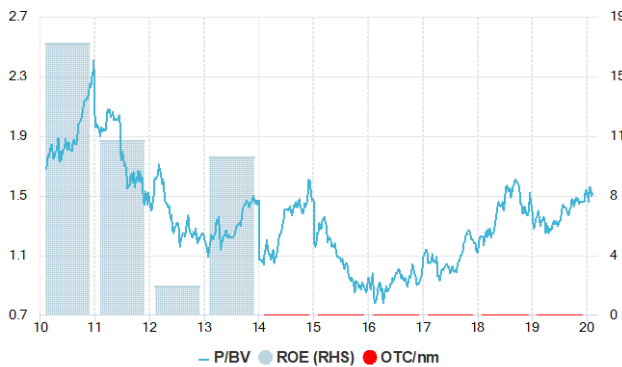
## EV/EBITDA x



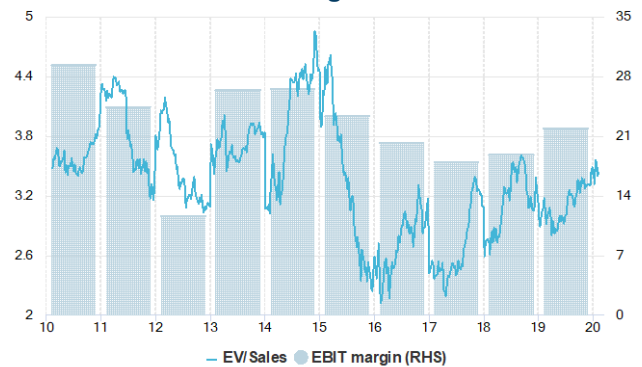
## EV/EBIT x



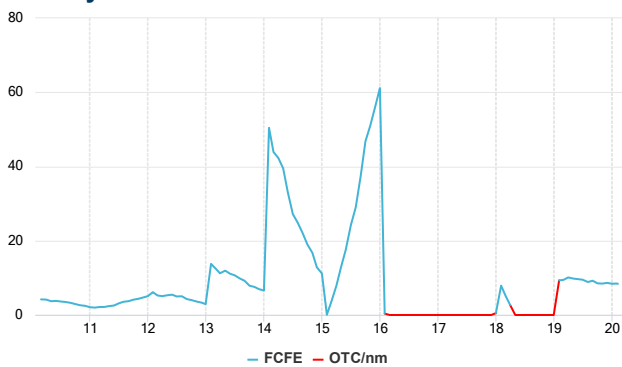
## P/BV x and ROE %



## EV/sales x and EBIT margin %



## FCFE yield %



## Dividend (ordinary) and 10-year bond yield %

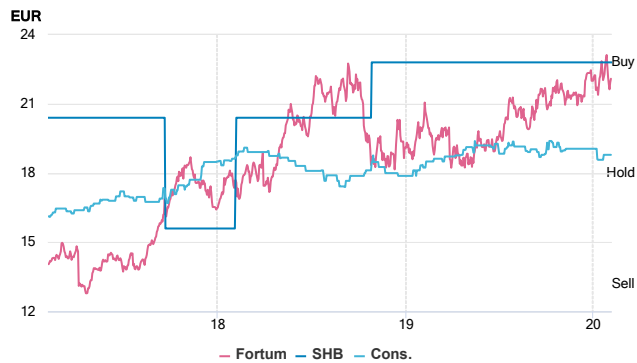


Source: Handelsbanken Capital Markets and company fundamentals

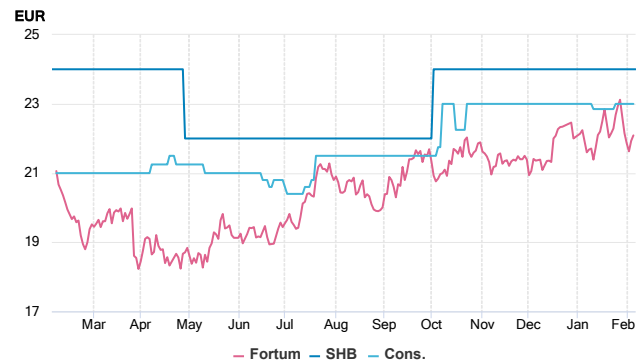
Note: The median value is the figure on left-hand side and the current value is shown by the arrow on the right-hand side.

## Momentum

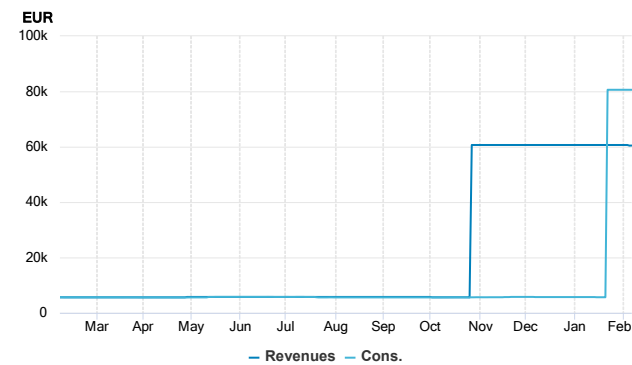
### Share price and recommendation



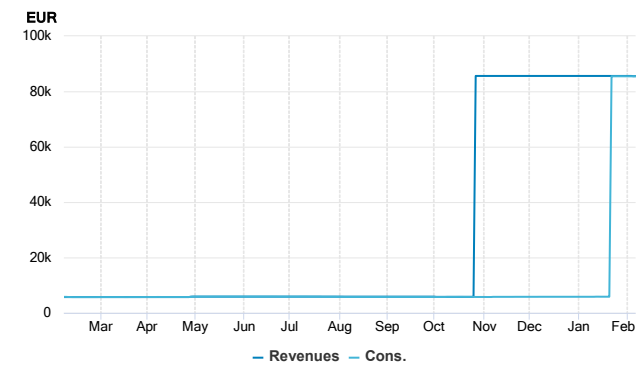
### Target and share price



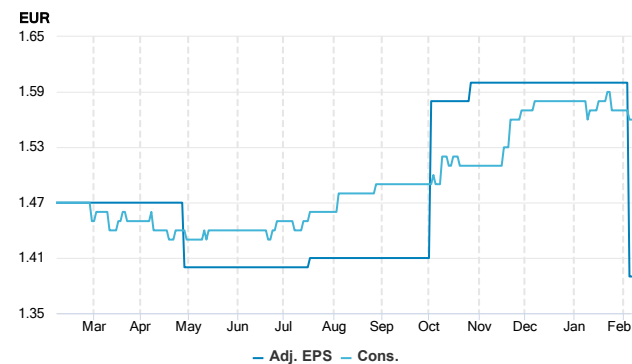
### Revenues 2019 estimate revisions



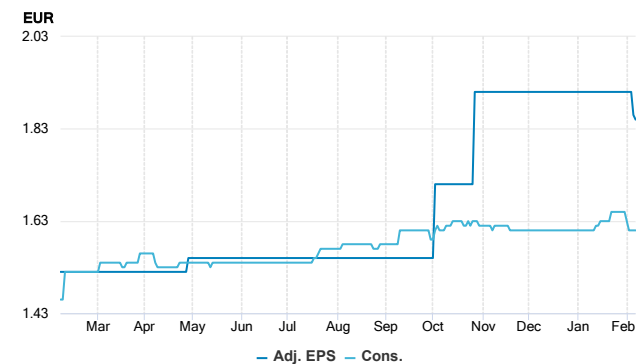
### Revenues 2020 estimate revisions



### EPS 2019 estimate revisions



### EPS 2020 estimate revisions



Source: Handelsbanken Capital Markets and FactSet

### Opportunities

- Russian presence is a growth option for Fortum
- Nordic electricity prices still lower than Central European prices
- Increased interconnection capacity can support pricing

Source: Handelsbanken Capital Markets

### Risks

- Political risks in EU, Finland, Sweden and Russia
- Influx of intermittent renewable capacity
- Power market reform is derailed in Russia

Source: Handelsbanken Capital Markets

## Valuation data

EUR	2013	2014	2015	2016	2017	2018	2019	2020e
Share price year-end/current	16.6	18.0	13.9	14.6	16.5	19.1	22.1	22.1
Share price high	18.2	20.3	21.6	15.7	18.9	22.9	22.5	23.5
Share price low	13.1	15.1	12.9	11.0	12.7	16.4	18.1	21.1
Market cap (m)	14,774	15,964	12,366	12,944	14,658	16,968	19,624	19,624
Net debt (m)	7,789	4,218	-2,195	-47.0	988.0	5,509	5,260	7,045
MV associates (m)	2,341	2,027	1,959	2,112	1,900	5,978	6,435	2,574
MV minorities (m)	100.0	71.0	69.0	83.0	239.0	236.0	252.0	280.2
EV (m)	20,322	18,226	8,281	10,868	13,985	16,735	18,701	24,375
P/E reported (x)	12.3	5.1	3.0	35.4	16.9	20.1	13.3	11.8
P/E adj (x)	14.1	18.7	19.6	21.6	22.5	23.8	12.7	15.9
P/CEPS (x)	9.0	12.2	>99	22.7	12.4	12.7	15.0	9.0
P/BV (x)	1.47	1.47	0.90	0.96	1.12	1.43	1.51	1.44
ROE adj (%)	10.1	-31.2	-65.4	4.4	5.0	5.7	12.4	10.1
Pre-tax ROIC (%)	8.3	7.8	-1.1	3.7	8.3	7.1	6.2	11.7
EV/sales (x)	3.8	4.5	2.4	3.1	3.1	3.2	3.4	0.4
EV/EBITDA (x)	10.0	12.5	7.2	10.3	11.0	11.0	10.6	8.4
EV/EBITA (x)	14.5	16.8	10.2	15.6	17.3	17.0	15.7	13.0
EV/EBIT (x)	14.5	16.8	10.2	15.6	17.3	17.0	15.7	13.0
EBIT adj margin (%)	26.4	26.5	23.4	20.2	17.9	18.8	21.9	3.1
EBITDA adj margin (%)	38.1	35.7	33.3	30.5	28.2	29.1	32.4	4.8
FCF adj yield (%)	6.6	4.9	5.7	0.17	2.3	1.3	6.8	6.8
Tot div yield (%)	6.6	7.2	7.9	7.5	6.7	5.8	5.0	5.0
Payout ratio (%)	81.2	36.6	23.6	267	113	116	66.0	58.8

Source: Handelsbanken Capital Markets

## Peer group valuation

	CCY	Price (EUR)	Mcap (EURbn)	EV/S (x)	EV/EBITDA (x)	P/E (x)	EPS growth (%)	Div yield - tot (%)
				2020e	2020e	2020e	2020e	2020e
<b>Fortum</b>	EUR	22.1	19.6	0.4	8.4	11.8	-20.2	5.0
Hafslund	NOK	-	n.m	n.m	n.m	n.m	n.m	n.m
RWE	EUR	31.6	19.4	1.5	7.6	18.2	-2.9	2.9
Électricité de France	EUR	11.5	35.7	1.1	4.5	12.8	23.4	3.3
Verbund	EUR	47.2	16.4	4.8	13.0	23.6	22.3	2.0
Iberdrola	EUR	8.0	2.4	0.4	5.3	6.9	42.7	6.3
E.On	EUR	10.6	27.9	0.9	8.1	17.1	-0.9	4.6
Endesa	EUR	24.8	26.3	1.6	8.7	16.0	9.0	7.1
Enel	EUR	8.1	82.0	1.6	6.9	15.2	12.8	4.6
<b>Average</b>				<b>1.5</b>	<b>7.8</b>	<b>15.2</b>	<b>10.8</b>	<b>4.5</b>
<b>Median</b>				<b>1.3</b>	<b>7.8</b>	<b>15.6</b>	<b>10.9</b>	<b>4.6</b>
<b>Average excl. Fortum</b>				<b>1.7</b>	<b>7.7</b>	<b>15.7</b>	<b>15.2</b>	<b>4.4</b>
<b>Median excl. Fortum</b>				<b>1.5</b>	<b>7.6</b>	<b>16.0</b>	<b>12.8</b>	<b>4.6</b>

Source: Handelsbanken Capital Markets and FactSet



## DCF model assumptions

EURm	2019	2020e	2021e	2022e	2023e	2024e	2029e	2034e	2039e
Sales	5,447	60,485	85,556	85,652	86,038	86,434	87,302	88,179	89,064
EBITDA - Reported	1,685	3,345	3,529	3,690	3,671	3,692	3,783	3,615	3,198
EBITA2 - Reported (=EBITA bef gw amort) (use: IS)	1,110	2,302	2,493	2,481	2,489	2,504	2,619	2,557	2,227
Sales CAGR (%)	3.9	>900	41.4	0.1	0.5	0.5	0.2	0.2	0.2
EBITDA growth (%)	16.0	65.1	21.1	4.6	-0.5	0.6	0.5	-0.9	-2.4
EBITA growth (%)	20.7	57.2	33.2	-0.5	0.3	0.6	0.9	-0.5	-2.7
EBITDA margin (%)	32.4	4.8	4.1	4.3	4.3	4.3	4.3	4.1	3.6
EBITA margin (%)	21.9	3.1	2.9	2.9	2.9	2.9	3.0	2.9	2.5
Capex/sales (%)	12.4	1.9	1.3	1.2	1.2	1.2	1.2	1.2	1.2
Capex/depreciation (x)	1.2	1.1	1.1	0.83	0.85	0.84	0.90	1.0	1.1
Networking cap/sales (%)	20.5	1.9	2.3	2.3	2.3	2.3	5.3	5.3	5.3

WACC assumptions (%)		Calculation of DCF (EURm)		DCF checkpoints (%)	
Risk-free interest rate	2.0	NPV FCFF	31,903	5y hist sales growth	5.9
Equity market risk premium	4.5	ND inc off-BS & Hybrids	5,260	5y exp sales growth	73.8
Equity beta (x)	0.90	Market value Preferred stock	0.0	Sustainable growth	0.50
Implicit asset beta (x)	0.77	Market value Associates	2,574	Sust EBITDA margin	3.6
Cost of equity	6.1	Market value Minorities	280	Sust EBITA margin	2.5
Pre-tax cost of debt	3.5	Surplus values	0.0	Sust after-tax ROIC	7.7
Equity weight	78.0	Other adjustments	-1,000	Terminal value/DCF	36.8
<b>WACC</b>	<b>5.3</b>	DCF value	27,938	Implicit equity weight	85.8
		DCF value/share (EUR)	31.4	Share price potential to DCF value	42.4

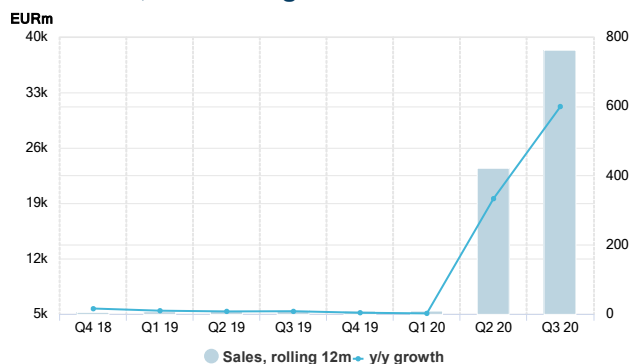
Source: Handelsbanken Capital Markets

## P&amp;L accounts – quarterly data

EURm	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20e	Q2 20e	Q3 20e
<b>P&amp;L</b>								
Sales	1,599	1,690	1,144	1,060	1,553	1,694	19,139	16,009
Total op expenses	-1,189	-1,195	-819.0	-793.0	-955.0	-686.1	-18,399	-15,557
EBITDA	409.6	495.0	325.0	267.0	598.0	1,008	740.0	452.6
Depreciation & impairment	-100.6	-137.0	-141.0	-143.0	-154.0	-138.4	-301.8	-300.8
<b>EBIT</b>	<b>309.0</b>	<b>358.0</b>	<b>184.0</b>	<b>124.0</b>	<b>444.0</b>	<b>869.8</b>	<b>438.2</b>	<b>151.8</b>
Net financials	-4.0	-46.0	7.0	-32.0	-55.0	-39.0	-59.3	-59.3
Associated income	-44.0	111.0	461.0	106.0	65.0	152.0	15.0	15.0
<b>EBT</b>	<b>261.0</b>	<b>423.0</b>	<b>652.0</b>	<b>198.0</b>	<b>454.0</b>	<b>982.9</b>	<b>393.9</b>	<b>107.5</b>
Reported tax	-64.0	-65.0	-45.0	-25.0	-86.0	-166.2	-129.0	-24.3
tax rate (%)	24.5	15.4	6.9	12.6	18.9	16.9	32.7	22.6
Minorities	-5.0	-19.0	0.0	5.0	-10.0	-14.0	-37.3	-1.1
<b>Net income</b>	<b>192.0</b>	<b>339.0</b>	<b>607.0</b>	<b>178.0</b>	<b>356.0</b>	<b>802.7</b>	<b>227.6</b>	<b>82.1</b>
<b>Growth (%)</b>								
Sales	11.7	6.6	5.2	9.2	-2.9	0.3	>900	>900
Total expenses	20.1	24.5	21.0	6.9	-19.7	-42.6	2,147	1,862
EBITDA	-7.3	-20.8	-20.7	16.4	46.0	103.7	127.7	69.5
EBIT	-1.6	-25.7	-28.1	36.3	43.7	143.0	138.1	22.4
EBT	-12.7	-14.2	170.5	340.0	73.9	132.4	-39.6	-45.7
Net income	-21.3	-11.5	179.7	249.0	85.4	136.8	-62.5	-53.9
<b>of sales (%)</b>								
EBITDA margin	25.6	29.3	28.4	25.2	38.5	59.5	3.9	2.8
EBIT margin	19.3	21.2	16.1	11.7	28.6	51.3	2.3	0.95
EBT margin	16.3	25.0	57.0	18.7	29.2	58.0	2.1	0.67
Net margin	12.3	21.2	53.1	16.3	23.7	48.2	1.4	0.52
<b>Adjusted values</b>								
Total adjustments to net inc	-24.0	-35.0	-48.0	-29.0	47.2	430.0	0.0	0.0
EBITDA	434.6	545.0	373.0	296.0	552.0	578.2	740.0	452.6
margin (%)	27.2	32.2	32.6	27.9	35.5	34.1	3.9	2.8
EBIT	334.0	408.0	232.0	153.0	398.0	439.8	438.2	151.8
margin (%)	20.9	24.1	20.3	14.4	25.6	26.0	2.3	0.95
EBT	286.0	473.0	700.0	227.0	408.0	552.9	393.9	107.5
Net income	216.0	374.0	655.0	207.0	308.8	372.7	227.6	82.1

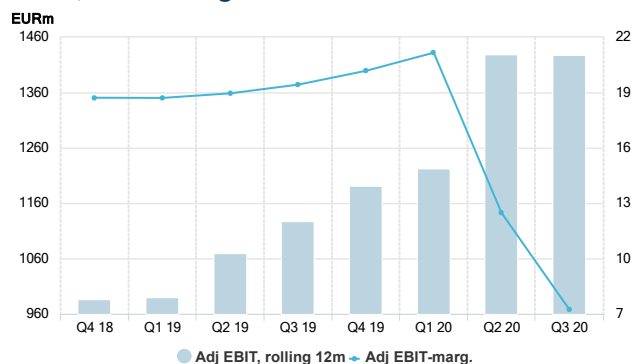
Source: Handelsbanken Capital Markets

## Revenues, 12m rolling



Source: Handelsbanken Capital Markets

## EBIT, 12m rolling



Source: Handelsbanken Capital Markets

## Business areas – quarterly data

EURm	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20e	Q2 20e	Q3 20e
<b>Sales</b>								
Generation	561.0	601.0	500.0	458.0	583.0	499.0	437.7	354.4
City Solutions	375.0	405.0	200.0	200.0	394.0	380.0	218.8	179.3
Consumer Solutions	555.0	669.0	311.0	311.0	545.0	670.0	340.0	340.0
Russia	305.0	298.0	239.0	229.0	306.0	342.4	259.0	250.5
Uniper	-	-	-	-	-	0.0	18,000	15,000
<b>Total</b>	<b>1,599</b>	<b>1,690</b>	<b>1,144</b>	<b>1,060</b>	<b>1,553</b>	<b>1,694</b>	<b>19,139</b>	<b>16,009</b>
<b>Y-o-y sales growth (%)</b>								
Generation	29.6	20.9	17.6	27.6	3.9	-17.0	-12.5	-22.6
City Solutions	10.3	8.0	7.0	14.9	5.1	-6.2	9.4	-10.3
Consumer Solutions	22.5	22.3	-4.6	-6.3	-1.8	0.15	9.3	9.3
Russia	-2.9	-11.3	4.8	14.5	0.33	14.9	8.4	9.4
<b>Total</b>	<b>11.7</b>	<b>6.6</b>	<b>5.2</b>	<b>9.2</b>	<b>-2.9</b>	<b>0.3</b>	<b>&gt;900</b>	<b>&gt;900</b>
<b>EBIT adj</b>								
Generation	189.0	223.0	191.0	140.0	239.0	221.0	184.9	84.7
City Solutions	68.0	92.0	-15.0	-36.0	80.0	95.0	-11.0	-20.0
Consumer Solutions	17.0	26.0	19.0	16.0	19.0	25.2	15.6	12.2
Russia	89.0	99.0	69.0	53.0	94.0	123.7	73.7	59.8
Other	-51.0	-32.0	-32.0	-21.0	-34.0	-25.0	-25.0	-25.0
Uniper	-	-	-	-	-	0.0	200.0	40.0
<b>Total</b>	<b>312</b>	<b>408</b>	<b>232</b>	<b>152</b>	<b>398</b>	<b>440</b>	<b>438</b>	<b>152</b>
<b>EBIT adj margin (%)</b>								
Generation	33.7	37.1	38.2	30.6	41.0	44.3	42.2	23.9
City Solutions	18.1	22.7	-7.5	-18.0	20.3	25.0	-5.0	-11.2
Consumer Solutions	3.1	3.9	6.1	5.1	3.5	3.8	4.6	3.6
Russia	29.2	33.2	28.9	23.1	30.7	36.1	28.5	23.9
Other	26.3	11.3	18.9	15.2	16.0	12.7	-0.14	-0.17
Uniper	n.m	n.m	n.m	n.m	n.m	n.m	1.1	0.27
<b>Total</b>	<b>19.5</b>	<b>24.1</b>	<b>20.3</b>	<b>14.3</b>	<b>25.6</b>	<b>26.0</b>	<b>2.3</b>	<b>0.9</b>

Source: Handelsbanken Capital Markets

**P&L accounts – annual data**

EURm	2014	2015	2016	2017	2018	2019	2020e	2021e
<b>Income statement</b>								
Sales	4,088	3,459	3,453	4,520	5,242	5,447	60,485	85,556
Total op expenses	-2,416	-3,264	-2,629	-2,898	-3,568	-3,762	-57,140	-82,027
EBITDA	1,672	195.0	824.0	1,622	1,674	1,685	3,345	3,529
Depreciation & impairment	-376.0	-345.0	-356.0	-465.0	-536.0	-575.0	-1,043	-1,036
<b>EBIT</b>	<b>1,296</b>	<b>-150</b>	<b>468</b>	<b>1,157</b>	<b>1,138</b>	<b>1,110</b>	<b>2,302</b>	<b>2,493</b>
Net interest expenses	-210.0	-175.0	-187.0	-195.0	-137.0	-126.0	-216.8	-230.0
Net financials	-210.0	-175.0	-187.0	-195.0	-137.0	-126.0	-216.8	-230.0
Associated income	145.0	20.0	151.0	149.0	39.0	743.0	320.0	183.0
<b>EBT</b>	<b>1,231</b>	<b>-305</b>	<b>432</b>	<b>1,111</b>	<b>1,040</b>	<b>1,727</b>	<b>2,406</b>	<b>2,446</b>
Paid tax	-211.0	77.0	-90.0	-240.0	-181.0	-221.0	-599.7	-565.8
Deferred tax	-	-	-	11.0	-	-	-	-
Reported tax	-143.0	78.0	-56.0	-229.0	-182.0	-221.0	-599.7	-565.8
tax rate (%)	11.6	25.6	13.0	20.6	17.5	12.8	24.9	23.1
Discontinued ops	2,072	4,369	-	-	-	-	-	-
Minorities	-7.0	-5.0	-11.0	-15.0	-15.0	-24.0	-143.2	-240.4
<b>Net income</b>	<b>3,154</b>	<b>4,138</b>	<b>366.0</b>	<b>866.0</b>	<b>843.0</b>	<b>1,480</b>	<b>1,663</b>	<b>1,640</b>
<b>Growth (%)</b>								
Sales	-23.0	-15.4	-0.2	30.9	16.0	3.9	>900	41.4
Total expenses	-24.0	35.1	-19.5	10.2	23.1	5.4	1,419	43.6
EBITDA	-21.5	-88.3	322.6	96.8	3.2	0.7	98.5	5.5
EBIT	-14.1	n.m	n.m	147.2	-1.6	-2.5	107.4	8.3
EBT	-11.9	n.m	n.m	157.2	-6.4	66.1	39.3	1.7
Net income	162.0	31.2	-91.2	136.6	-2.7	75.6	12.3	-1.4
<b>of sales (%)</b>								
EBITDA margin	40.9	5.6	23.9	35.9	31.9	30.9	5.5	4.1
EBIT margin	31.7	-4.3	13.6	25.6	21.7	20.4	3.8	2.9
EBT margin	30.1	-8.8	12.5	24.6	19.8	31.7	4.0	2.9
Net margin	77.3	120	10.9	19.5	16.4	27.6	3.0	2.2
<b>Profitability (%)</b>								
ROE reported	10.4	-1.9	2.7	6.5	6.8	11.9	12.5	11.7
ROE adj	-11.7	-30.3	4.4	4.9	5.7	12.4	9.2	11.7
ROCE	5.9	4.3	3.6	4.4	5.4	6.3	8.8	11.0
Pre-tax ROIC	7.8	-1.1	3.7	8.3	7.1	6.2	11.7	11.6
After tax ROIC	6.5	-0.84	2.9	6.5	5.9	5.4	8.8	8.9
Sales/employee (EURm)	0.5	0.4	0.4	0.5	0.6	0.6	7	10
Sales/capital invested (x)	0.25	0.26	0.27	0.33	0.33	0.30	3.1	4.0
Sales/total assets (x)	0.18	0.16	0.15	0.21	0.24	0.24	1.6	1.6
<b>Adjusted values</b>								
Total adjustments to net inc	2,300	3,507	-232.0	215.0	131.0	-64.8	430.0	-
EBITDA	1,461	1,153	1,054	1,275	1,523	1,766	2,915	3,529
margin (%)	35.7	33.3	30.5	28.2	29.1	32.4	4.8	4.1
EBIT	1,085	808.0	698.0	810.0	987.0	1,191	1,872	2,493
margin (%)	26.5	23.4	20.2	17.9	18.8	21.9	3.1	2.9
EBT	1,020	757.0	662.0	764.0	889.0	1,808	1,976	2,446
<b>Net income</b>	<b>854.0</b>	<b>631.0</b>	<b>598.0</b>	<b>651.0</b>	<b>712.0</b>	<b>1,545</b>	<b>1,233</b>	<b>1,640</b>

Source: Handelsbanken Capital Markets

**Business areas – annual data**

EURm	2014	2015	2016	2017	2018	2019	2020e	2021e
<b>Sales</b>								
Generation	2,156	1,721	1,657	1,676	1,842	2,142	1,828	2,088
City Solutions	1,332	1,187	781	1,014	1,111	1,199	1,133	1,110
Consumer Solutions	-	-	668	1,097	1,760	1,836	1,950	1,960
Russia	1,055	894	895	1,101	1,069	1,072	1,183	1,166
Uniper	-	-	-	-	-	-	55,000	79,843
<b>Total</b>	<b>4,088</b>	<b>3,459</b>	<b>3,453</b>	<b>4,520</b>	<b>5,242</b>	<b>5,447</b>	<b>60,485</b>	<b>85,556</b>
<b>Sales growth (%)</b>								
Generation	-4	-20	-4	1	10	16	-15	14
City Solutions	-12	-11	-34	30	10	8	-6	-2
Consumer Solutions	n.m	n.m	n.m	64	60	4	6	1
Russia	-6	-15	0	23	-3	0	10	-1
Uniper	n.m	n.m	n.m	n.m	n.m	n.m	n.m	45
<b>Total</b>	<b>-23.0</b>	<b>-15.4</b>	<b>-0.17</b>	<b>30.9</b>	<b>16.0</b>	<b>3.9</b>	<b>&gt;900</b>	<b>41.4</b>
<b>EBIT adj</b>								
Generation	459	203	417	478	631	793	709	859
City Solutions	-	-	64	98	112	121	138	151
Consumer Solutions	-	-	48	41	52	80	74	77
Russia	161	201	191	295	270	315	374	348
Other	-57	-63	-77	-101	-100	-119	-100	-100
Uniper	-	-	-	-	-	-	678	1,158
<b>Total</b>	<b>563</b>	<b>341</b>	<b>643</b>	<b>811</b>	<b>965</b>	<b>1,190</b>	<b>1,872</b>	<b>2,493</b>
<b>EBIT adj margin (%)</b>								
Generation	21.3	11.8	25.2	28.5	34.3	37.0	38.8	41.2
City Solutions	0	0	8.2	9.7	10.1	10.1	12.2	13.6
Consumer Solutions	n.m	n.m	7.2	3.7	3.0	4.4	3.8	3.9
Russia	15.2	22.5	21.3	26.8	25.3	29.4	31.6	29.8
Other	12.5	18.3	20.8	27.5	18.6	14.8	16.4	16.4
Uniper	n.m	n.m	n.m	n.m	n.m	n.m	1.2	1.5
<b>Total</b>	<b>13.8</b>	<b>9.9</b>	<b>18.6</b>	<b>17.9</b>	<b>18.4</b>	<b>21.8</b>	<b>3.1</b>	<b>2.9</b>

Source: Handelsbanken Capital Markets

**Forecast balance sheet – annual data**

EURm	2015	2016	2017	2018	2019	2020e	2021e
Accounts receivable	822	844	997	1,620	1,176	13,059	18,471
Inventory	231	233	216	233	230	2,554	3,613
Other current assets	355	815	808	907	959	10,649	15,063
Cash & other interest-bearing	8,202	5,154	3,897	584	1,428	1,643	858
<b>Current assets</b>	<b>9,610</b>	<b>7,046</b>	<b>5,918</b>	<b>3,344</b>	<b>3,793</b>	<b>27,905</b>	<b>38,005</b>
Other intangible	222	467	1,064	1,087	1,143	1,143	1,143
Tangible assets	8,710	9,930	10,510	9,981	10,123	16,469	16,533
Shares associates	1,959	2,112	1,900	5,978	6,435	2,574	2,693
Oth non-IB fixed assets	2,266	2,409	2,361	2,019	1,870	1,870	1,870
<b>Total assets</b>	<b>22,767</b>	<b>21,964</b>	<b>21,753</b>	<b>22,409</b>	<b>23,364</b>	<b>49,961</b>	<b>60,245</b>
Equity	13,794	13,459	13,048	11,841	12,983	13,668	14,331
Minorities	69	83	239	236	252	280	369
Shareholder equity	13,863	13,542	13,287	12,077	13,235	13,949	14,700
Pension provisions	65	76	102	98	125	125	125
Deferred tax liabilities	483	616	819	1,264	1,168	1,168	1,168
LT interest-bearing debt	4,965	4,468	4,119	5,007	6,118	8,118	7,618
ST interest-bearing debt	1,042	639	766	1,086	570	570	570
Provisions	1,350	1,386	1,348	989	900	900	900
Trade payables	879	841	1,112	1,058	943	21,170	29,560
Other current liabilities	120	396	200	830	305	3,962	5,604
<b>Current liabilities</b>	<b>2,041</b>	<b>1,876</b>	<b>2,078</b>	<b>2,974</b>	<b>1,818</b>	<b>25,702</b>	<b>35,734</b>
<b>Total equity &amp; liabilities</b>	<b>22,767</b>	<b>21,964</b>	<b>21,753</b>	<b>22,409</b>	<b>23,364</b>	<b>49,961</b>	<b>60,245</b>
Net interest bearing debt	-2,195	-47	988	5,509	5,260	7,045	7,330

Source: Handelsbanken Capital Markets

## Forecast cash flow

EURm	2014	2015	2016	2017	2018	2019	2020e	2021e
<b>EBIT before associates</b>	<b>1,296</b>	<b>-150.0</b>	<b>468.0</b>	<b>1,157</b>	<b>1,138</b>	<b>1,110</b>	<b>2,302</b>	<b>2,493</b>
+ Net financials	-217.0	-174.5	-169.0	-152.0	-136.0	-132.0	-216.8	-230.0
- Paid tax	-199.0	77.0	-90.0	-83.0	-181.0	-165.0	-599.7	-565.8
+ Dividends from associates	-	-	-	58.0	61.0	239.0	112.7	64.0
- Change in NWC	-46.0	29.0	-102.0	81.0	-670.0	-33.0	-13.1	-853.4
+ Depreciation/impairment	526.0	346.0	373.0	464.0	536.0	575.0	1,043	1,036
- Dividends paid to minorities	-149.0	-	-	-	-	-	-115.1	-151.6
+ Other adjustment	194.0	1,101	141.0	-532.0	56.0	421.0	n.m	n.m
<b>Cash flow from operations (CFFO)</b>	<b>1,405</b>	<b>1,228</b>	<b>621.0</b>	<b>993.0</b>	<b>804.0</b>	<b>2,015</b>	<b>2,513</b>	<b>1,792</b>
- Net recurring capex	-622.0	-527.0	-599.0	-657.0	-579.0	-675.0	-1,171	-1,100
<b>FCF bef Acq. &amp; Div. (FCF)</b>	<b>783.0</b>	<b>701.0</b>	<b>22.0</b>	<b>336.0</b>	<b>225.0</b>	<b>1,340</b>	<b>1,342</b>	<b>692.5</b>
- Acquisitions	-69.0	-43.0	-695.0	-972.0	-4,088	-107.0	-6,218	-
+ Divestments	1,048	6,992	49.0	741.0	259.0	433.0	4,068	-
<b>FCF to equity (FCFE)</b>	<b>1,762</b>	<b>7,650</b>	<b>-624.0</b>	<b>105.0</b>	<b>-3,604</b>	<b>1,666</b>	<b>-807.9</b>	<b>692.5</b>
- Paid dividends to shareholders	-977.2	-1,155	-977.2	-977.2	-977.2	-977.2	-977.2	-977.2
+ Other adjustments	2,786	-82.1	-546.8	-162.8	60.2	-439.8	-	-
<b>NET cash flow/change in NIBD</b>	<b>3,571</b>	<b>6,413</b>	<b>-2,148</b>	<b>-1,035</b>	<b>-4,521</b>	<b>249.0</b>	<b>-1,785</b>	<b>-284.7</b>
Funds from operations (FFO)	1,302	1,199	723.0	854.0	1,413	1,809	2,298	2,430
Cash flow from operations (CFFO)	1,405	1,228	621.0	993.0	804.0	2,015	2,513	1,792
FCF bef Acquisitions & Divestments (FCF)	783.0	701.0	22.0	336.0	225.0	1,340	1,342	692.5
FCF to equity (FCFE)	1,762	7,650	-624.0	105.0	-3,604	1,666	-807.9	692.5

Source: Handelsbanken Capital Markets

## Financial ratios – annual data

%	2014	2015	2016	2017	2018	2019	2020e	2021e
Equity/total assets	51.2	60.9	61.7	61.1	53.9	56.6	27.9	24.4
Net debt/equity	38.6	-15.8	-0.35	7.4	45.6	39.7	50.5	49.9
Net debt/EBITDA (x)	2.5	n.m	n.m	0.6	3.3	3.1	2.1	2.1
Net cash flow/capex	>500	>500	<-200	-158	<-200	36.9	-152	-25.9
EBITDA net interest cover(x)	8.0	1.1	4.4	8.3	12.2	13.4	15.4	15.3
EBIT net interest cover(x)	6.2	n.m	2.5	5.9	8.3	8.8	10.6	10.8
FCFF/total debt	10.1	10.9	3.0	6.9	4.1	16.1	11.5	6.6
Total debt/capital	39.0	30.2	27.4	26.9	33.5	33.6	38.4	35.8
Short-term debt/capital	6.2	5.2	3.4	4.2	6.0	2.9	2.5	2.5
Long-term debt/capital	32.8	25.0	24.0	22.7	27.6	30.7	35.9	33.3
Inventory/sales	6.3	6.7	6.7	4.8	4.4	4.2	4.2	4.2
Receivables/sales	31.3	34.0	48.0	39.9	48.2	39.2	39.2	39.2
Accounts payable/sales	52.8	67.9	76.0	58.8	54.9	39.4	43.0	42.2
Working capital/sales	14.0	11.8	19.0	15.7	16.6	20.5	1.9	2.3
Current ratio	208	471	376	285	112	209	109	106
Quick ratio	196	460	363	274	105	196	98.6	96.2

Source: Handelsbanken Capital Markets

## Per share data

m	2014	2015	2016	2017	2018	2019	2020e	2021e
Nr of shares, year-end	888.4	888.4	888.4	888.4	888.4	888.4	888.4	888.4
Nr of shares, average	888.4	888.4	888.4	888.4	888.4	888.4	888.4	888.4
EPS reported (EUR)	3.55	4.66	0.41	0.97	0.95	1.67	1.87	1.85
Y-o-y growth (%)	162.0	31.2	-91.2	136.6	-2.7	75.6	12.3	-1.4
EPS adj (EUR)	0.96	0.71	0.67	0.73	0.80	1.74	1.39	1.85
Y-o-y growth (%)	-18.5	-26.1	-5.2	8.9	9.4	117.0	-20.2	33.1
Cash earnings (EUR)	1.48	0.11	0.64	1.33	1.51	1.48	2.46	2.42
DPS - ordinary (EUR)	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
Payout ratio (%)	31.0	23.6	267.0	112.8	115.9	66.0	58.8	59.6
DPS - EO (EUR)	0.20	-	-	-	-	-	-	-
Payout ratio (%)	5.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tot cash payout ratio (%)	31.0	27.9	267.0	112.8	115.9	66.0	58.8	59.6
Book value (EUR)	12.2	15.5	15.2	14.7	13.3	14.6	15.4	16.1
Y-o-y growth (%)	8.4	27.0	-2.4	-3.1	-9.3	9.6	5.3	4.8
Net debt (EUR)	4.75	-2.47	-0.05	1.11	6.2	5.9	7.9	8.3
NAV (EUR)	11.9	15.3	14.6	13.5	12.1	13.3	14.1	14.8

Source: Handelsbanken Capital Markets

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### Ratings: definitions and allocations

HCM rating	R <sub>TP</sub> is expected to be <sup>1</sup>	HCM Universe <sup>2</sup>	IB services <sup>3</sup>
Buy	above 10%	39%	10%
Hold	between 0% and +10%	41%	16%
Sell	below 0%	19%	26%

<sup>1</sup> R<sub>TP</sub> is defined as the expected share price appreciation or depreciation including dividends over the next 12 months

<sup>2</sup> Percentage of companies under coverage within each recommendation

<sup>3</sup> Percentage of companies within each recommendation for which investment banking services have been provided in the past 12 months

Source: Handelsbanken Capital Markets, as per 6/2 2020

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Feb 06, 2020:

Fortum

- Handelsbanken's analyst Markku Järvinen has no position in Fortum or a related instrument.

On 2018-10-25 the recommendation Accumulate, which was set on 2018-02-05 at the share price of EUR 17.70, was changed to the current recommendation Buy at a share price of EUR 18.35.

Share prices mentioned in this report refer to the intraday price on 2020-02-05 at 00:00 CET.

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## Company overview

EURm	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	
P&L																				
Sales	11,392	11,665	3,877	4,491	4,479	5,636	5,435	6,296	6,161	6,159	5,309	4,088	3,459	3,453	4,520	5,242	5,447	60,485	85,556	
growth (%)	2	2	-67	16	-0.3	26	-4	16	-2	0.0	-14	-23	-15	-0.2	31	16	4	>900	41	
EBITDA	1,917	2,355	1,754	1,881	2,298	2,478	2,292	2,271	2,530	1,494	2,130	1,672	195	824	1,622	1,674	1,685	3,345	3,529	
margin (%)	16.8	20.2	45.2	41.9	51.3	44.0	42.2	36.1	41.1	24.3	40.1	40.9	5.6	23.9	35.9	31.9	30.9	5.5	4.1	
EBITA	1,379	1,844	1,347	1,455	1,847	1,963	1,782	1,708	1,924	830	1,509	1,296	-150	468	1,157	1,138	1,110	2,302	2,493	
margin (%)	12.1	15.8	34.7	32.4	41.2	34.8	32.8	27.1	31.2	13.5	28.4	31.7	-4.3	13.6	25.6	21.7	20.4	3.8	2.9	
EBIT	1,420	1,914	1,347	1,455	1,847	1,963	1,782	1,708	1,924	830	1,509	1,296	-150	468	1,157	1,138	1,110	2,302	2,493	
margin (%)	12.5	16.4	34.7	32.4	41.2	34.8	32.8	27.1	31.2	13.5	28.4	31.7	-4.3	13.6	25.6	21.7	20.4	3.8	2.9	
Netincome	769	1,227	1,358	1,071	1,552	1,542	1,312	1,300	1,769	1,409	1,204	3,154	4,138	366	866	843	1,480	1,663	1,640	
growth (%)	15.5	59.6	10.7	-21.1	44.9	-0.64	-14.9	-0.91	36.1	-20.4	-14.5	162	31.2	-91.2	137	-2.7	75.6	12.3	-1.4	
Adj netincome	722	1,168	356	1,038	1,089	1,424	1,419	1,439	1,432	1,128	1,048	854	631	598	651	712	1,545	1,233	1,640	
growth (%)	77.0	61.8	-69.5	192	4.9	30.8	-0.35	1.4	-0.49	-21.2	-7.1	-18.5	-26.1	-5.2	8.9	9.4	117	-20.2	33.1	
Balance sheet																				
Tangible assets	11,632	11,824	10,176	12,022	11,958	12,138	12,855	14,621	15,234	16,497	12,849	11,195	8,710	9,930	10,510	9,981	10,123	16,469	16,533	
Current assets	2,390	2,106	2,055	2,416	2,622	3,761	2,549	2,529	2,788	2,884	3,862	4,301	9,610	7,046	5,918	3,344	3,793	27,905	38,005	
Cash	439	146	788	157	427	1,321	890	858	731	963	1,250	2,766	8,202	5,154	3,897	584	1,428	1,643	858	
Total assets	16,562	16,704	15,130	16,839	17,674	20,278	19,841	21,964	22,998	24,628	23,348	21,375	22,767	21,964	21,753	22,409	23,364	49,961	60,245	
Equity	6,406	7,394	7,151	7,908	8,359	7,954	8,034	8,210	9,632	10,205	10,024	10,864	13,794	13,459	13,048	11,841	12,983	13,668	14,331	
Minority	-	-	260	253	292	457	532	529	616	100	71	69	83	83	239	236	252	280	369	
LT intbearing debt	6,065	4,257	3,946	4,060	4,288	6,520	6,412	6,758	7,575	7,699	6,936	5,881	4,965	4,468	4,119	5,007	6,118	8,118	7,618	
ST intbearing debt	-	785	-	442	605	980	1,133	1,819	1,144	1,078	2,103	1,103	1,042	639	766	1,086	570	570	570	
Currentliab	1,809	2,354	1,220	2,187	2,388	2,090	2,133	3,384	2,438	2,649	3,732	2,067	2,041	1,876	2,078	2,974	1,818	25,702	35,734	
Total liabilities	16,562	16,704	15,130	16,839	17,674	20,278	19,841	21,964	22,998	24,628	23,348	21,375	22,767	21,964	21,753	22,409	23,364	49,961	60,245	
Netintbearing debt	3,232	2,234	339	4,242	4,457	5,687	5,969	6,829	7,023	7,814	7,789	4,218	-2,195	-47	988	5,509	5,260	7,045	7,330	
Cash flow																				
FFO	1,577	1,748	1,404	1,151	1,670	2,002	2,264	1,437	1,613	1,563	1,980	1,405	1,228	621	993	804	2,015	2,513	1,792	
Capex	-408	-562	-316	-402	-578	-981	-797	-1,127	-1,270	-1,422	-1,004	-622	-527	-599	-657	-579	-675	-1,171	-1,100	
Free cash flow	1,169	1,186	1,088	749	1,092	1,021	1,467	310	343	141	976	783	701	22	336	225	1,340	1,342	692	
Acquisitions	-543	-182	-126	-878	-281	-1,242	-87	-28	-62	-14	-	-69	-43	-695	-972	-4,088	-107	-6,218	-	
Divestments	1,218	18	1,170	41	304	78	14	147	492	252	-	1,048	6,992	49	741	259	433	4,068	-	
FCF to equity	1,844	1,022	2,132	-88	1,115	-143	1,394	429	773	379	976	1,762	7,650	-624	105	-3,604	1,666	-808	692	
Ratios (%)																				
Pre-tax ROIC	13.1	18.7	15.3	14.4	14.5	14.4	12.5	11.4	11.7	4.6	8.3	7.8	-1.1	3.7	8.3	7.1	6.2	11.7	11.6	
ROE reported	12.5	17.8	12.2	14.2	19.1	18.9	16.4	16.0	19.8	14.2	11.9	10.4	-1.9	2.7	6.5	6.8	11.9	12.5	11.7	
ROCE	10.4	14.6	6.9	11.8	11.9	12.4	11.7	10.9	8.2	3.7	7.2	5.9	4.3	3.6	4.4	5.4	6.3	8.8	11.0	
Capex to sales	3.6	4.8	8.2	9.0	12.9	17.4	14.7	17.9	20.6	23.1	18.9	15.2	15.2	17.3	14.5	11.0	12.4	1.9	1.3	
NWC to sales	1.2	3.4	1.2	11.4	9.2	23.6	12.1	1.7	12.4	5.7	18.5	14.0	11.8	19.0	15.7	16.6	20.5	1.9	2.3	
Sales/assets (EURx)	0.66	0.70	0.24	0.28	0.26	0.30	0.27	0.30	0.27	0.26	0.22	0.18	0.16	0.15	0.21	0.24	0.24	1.65	1.55	
Sales/IC (x)	1.08	1.18	0.44	0.45	0.35	0.41	0.38	0.42	0.38	0.34	0.29	0.25	0.26	0.27	0.33	0.33	0.30	3.06	3.98	
Netdebt/equity	48.7	29.2	4.6	52.0	51.5	67.6	70.3	78.1	69.1	72.2	76.9	38.6	-15.8	-0.3	7.4	45.6	39.7	50.5	49.9	
Equity/total assets	40.1	45.8	49.0	48.5	48.9	41.5	42.8	39.8	44.2	43.9	43.4	51.2	60.9	61.7	61.1	53.9	56.6	27.9	24.4	
Share data (EUR)																				
Avg no shares (m)	846	849	859	887	890	887	887	887	887	887	888	888	888	888	888	888	888	888	888	
change (%)	0.0	0.4	1	3	0.3	-0.3	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Avg diluted shares (m)	846	849	859	887	890	887	887	887	887	887	888	888	888	888	888	888	888	888	888	
change (%)	0.0	0.4	1.2	3.3	0.3	-0.3	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Share price YE	6.4	10.7	15.8	21.6	30.8	15.2	19.0	22.5	16.5	14.2	16.6	18.0	13.9	14.6	16.5	19.1	22.1	22.1	22.1	
Market cap (m)	5,440	9,090	13,735	19,132	27,317	13,519	16,838	19,998	14,637	12,570	14,774	15,964	12,366	12,944	14,658	16,968	19,624	19,624	19,624	
EV (m)	8,904	11,585	14,334	21,430	29,213	17,551	21,076	25,198	20,170	18,981	20,322	18,226	8,281	10,868	13,985	16,735	18,701	24,375	24,629	
Netdebt/share	3.8	2.6	0.4	4.8	5.0	6.4	6.7	7.7	7.9	8.8	8.8	4.7	-2.5	0	1.1	6.2	5.9	7.9	8.3	
EPS reported	0.91	1.45	1.58	1.21	1.74	1.74	1.48	1.47	1.99	1.59	1.36	3.55	4.66	0.41	0.97	0.95	1.67	1.87	1.85	
growth (%)	15	59	9	-24	44	-0.3	-15	-0.9	36	-20	-15	162	31	-91	137	-3	76	12	-1	
EPS adj	0.85	1.38	0.41	1.17	1.22	1.60	1.60	1.62	1.61	1.27	1.18	0.96	0.71	0.67	0.73	0.80	1.74	1.39	1.85	
growth (%)	77	61	-70	182	5	31	-0.4	1	-0.5	-21	-7	-19	-26	-5	9	9	117	-20	33	
BVPS	7.6	8.7	8.2	8.9	9.4	9.0	9.1	9.2	10.9	11.5	11.3	12.2	15.5	15.2	14.7	13.3	14.6	15.4	16.1	
DPS - Ordinary	0.42	0.58	0.58	0.73	0.77	1.00	1.00	1.00	1.00	1.00	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	
DPS - Extraordinary	-	-	0.54	0.53	0.58	-	-	-	-	-	-	0.20	-	-	-	-	-	-	-	
Total cash distr./share	0.31	0.42	0.58	1.12	1.26	1.35	1.00	1.00	1.00	1.00	1.00	1.10	1.30	1.10	1.10	1.10	1.10	1.10	1.10	
Valuation (x)																				
P/E reported	7.1	7.4	10.0	17.9	17.7	8.8	12.8	15.4	8.3	8.9	12.3	5.1	3.0	35.4	16.9	20.1	13.3	11.8	12.0	
P/E adjusted	7.5	7.8	38.2	18.4	25.2	9.5	11.9	13.9	10.2	11.1	14.1	18.7	19.6	21.6	22.5	23.8	12.7	15.9	12.0	
P/CEPS	4.3	5.4	11.0	13.4	15.6	7.0	9.3	11.1	6.4	6.1	9.0	12.2	>99	22.7	12.4	12.7	15.0	9.0	9.1	
EV/EBITDA	4.8	5.0	11.6	11.6	14.5	7.4	8.8	10.5	9.5	13.7	10.0	12.5	7.2	10.3	11.0	11.0	10.6	8.4	7.0	
EV/sales	0.78	0.99	3.7	4.8	6.5	3.1	3.9	4.0	3.3	3.1	3.8	4.5	2.4	3.1	3.1	3.2	3.4	0.40	0.29	
EBIT margin (%)	12.1	15.8	34.7	32.4	41.2	34.8	32.8	27.1	31.2	13.5	28.4	31.7	-4.3	13.6	25.6	21.7	20.4	3.8	2.9	
P/sales	0.48	0.78	3.5	4.3	6.1	2.4	3.1	3.2	2.4	2.0	2.8	3.9	3.6	3.7	3.2	3.2	3.6	0.32	0.23	
P/BV	0.8	1.2	1.9	2.4	3.3</															