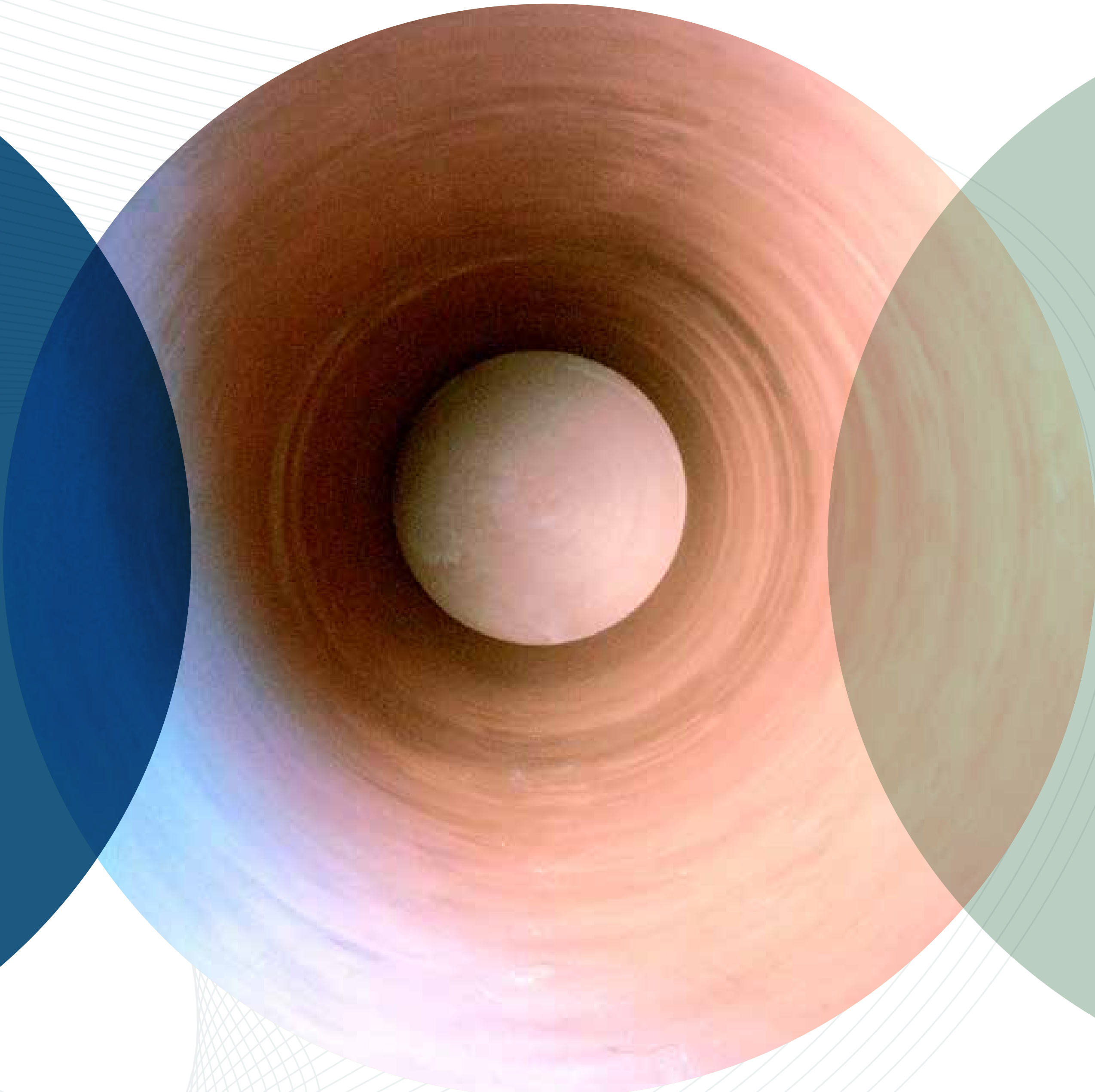
WELL-BEING WITH
NUCLEAR ELECTRICITY



Interim Report

January–March 2018

Teollisuuden Voima Oyj’s Interim Report January 1–March 31, 2018

Teollisuuden Voima’s (TVO) electricity generation at Olkiluoto 1 and Olkiluoto 2 plant units continued safely and reliably through the first quarter of 2018. At Olkiluoto 3 EPR, the installation works, process system tests and hot functional testing continued. In March, TVO and the plant supplier consortium companies signed and brought into force a comprehensive settlement agreement concerning the completion of the OL3 EPR project and related disputes. The excavation works of Posiva’s final disposal facility proceeded according to plan.

Operating Environment

From January to February, the electricity consumption in Finland increased by 5.0 percent compared to the corresponding period of the previous year.

In January 2018, the Ministry of Finance requested an opinion on a draft bill aimed at amending the provision in the legislation on taxation of business income, which limits the right to deduct interest. In its opinion, TVO has proposed amendments to the draft bill to avoid additional burden to nuclear power. The bill is to enter into force at the beginning of 2019.

A set of legislative measures on energy, so called “Clean Energy for all Europeans” package published by the European Commission in November 2016 is currently being dealt with by the European Parliament and the Council. From the nuclear industry’s perspective, the most relevant legislative proposals of the Clean Energy package are energy efficiency directive, renewable energy directive, electricity directive & regulation, and regulation on the governance of the Energy Union. An agreement on the legislative package was reached by the Council in December 2017 and by the European Parliament in January 2018. The trilogue negotiations between the Commission, Parliament and Council started in February 2018. The legislative process is estimated to last until early 2019.

Financial Performance

TVO operates on a cost-price principle (Mankala principle). TVO's goal is not to make profit or pay dividends. The shareholders are charged incurred costs on the price of electricity and thus in principle the profit/loss for the period under review is zero, unless specific circumstances dictate otherwise. The shareholders pay variable costs based on the volumes of energy supplied and fixed costs in proportion to their ownership, regardless of whether they have made any use of their share of the output or not. Because of the Company's operating principle, key indicators based on financial performance will not be presented.

The consolidated turnover for the period under review January 1–March 31, 2018 was EUR 89.1 (January 1–March 31, 2017: EUR 82.4 million). The amount of electricity delivered to shareholders was 4,095.9 (3,827.5) GWh. The slightly higher delivery volume to shareholders was mainly due to higher delivery volume of the Meri-Pori coal-fired power plant compared to the previous year.

The consolidated profit/loss was EUR 5.0 (-0.7) million.

Financing and Liquidity

TVO's financial situation has developed as planned.

TVO's liabilities (non-current and current) at the end of the period in review, excluding the loan from the Finnish State Nuclear Waste Management Fund relent to shareholders, totaled EUR 4,577.0 (December 31, 2017: 4,412.0) million, of which EUR 579.3 (579.3) million were subordinated shareholder loans. During the period under review, no new non-current liabilities were raised (EUR 100.0 million) and no repayments were made (EUR 160.7 million). A total of EUR 165.0 (0.0) million in current liabilities were raised during the period under review.

In February, Japan Credit Rating Agency downgraded TVO’s long term rating from AA- to A+ and assessed the outlook as stable. In October 2017, Standard & Poor’s (S&P) placed TVO’s long term issuer rating (BB+) on CreditWatch with negative outlook. In March 2018, S&P removed the rating from CreditWatch Negative and assessed TVO’s outlook as stable.

The OL3 EPR project's share of financing costs has been capitalized in the balance sheet.

TVO uses its right to borrow funds back from the Finnish State Nuclear Waste Management Fund within the framework of legal regulations. On March 31, 2018 the amount of the loan was EUR 666.2 (December 31, 2017: 655.5) million and it has been relent to the Company's A-series shareholders. On March 31, 2018, the loan from the Finnish State Nuclear Waste Management Fund was increased by EUR 10.7 (-371.5) million.

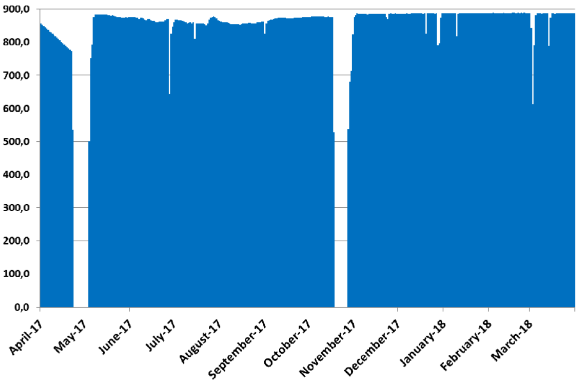
Nuclear Power

Olkiluoto 1 and Olkiluoto 2

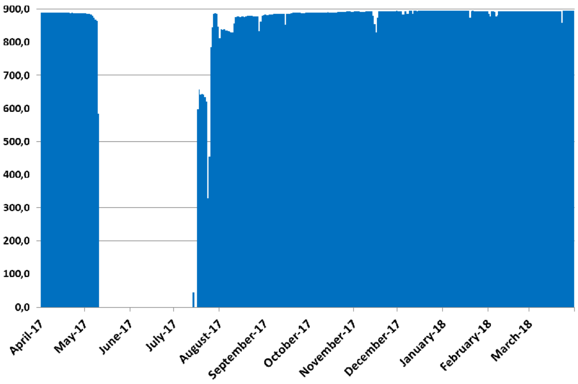
The electricity production of the Olkiluoto power plant units Olkiluoto 1 (OL1) and Olkiluoto 2 (OL2) during the period under review was 3,829 (3,804) GWh. The total load factor was 100.0 (100.0) %.

The plant units operated safely and reliably during the period under review. OL1’s net production was 1,902 (1,886) GWh and the load factor 100.0 (99.5) %. OL2’s net production was 1,928 (1,918) GWh and the load factor 100.0 (100.0) %.

Olkiluoto 1
Average electrical power MW
April 1, 2017–March 31, 2018



Olkiluoto 2
Average electrical power MW
April 1, 2017–March 31, 2018



In January 2017, TVO filed with the Ministry of Economic Affairs and Employment an application for the renewal of the operating license of OL1 and OL2. The renewal of the operating license is applied for until the end of 2038. The 20-year operating license currently in force must be renewed by the end of 2018.

Olkiluoto 3 EPR

Olkiluoto 3 EPR (OL3 EPR), currently under construction, 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.

In accordance with the Supplier’s schedule updated in October 2017, regular electricity generation at the plant unit will commence 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.

After the reporting period under review, in April 2018 the Supplier informed that due to some delays in the hot functional testing phase it will perform a schedule review in a few weeks' time and provide TVO with an overall rebaseline schedule for the final phases of the project. TVO cannot estimate whether or not the schedule will influence the start of the regular electricity production in May 2019 or the preceding production of electricity with varying power levels during the test program currently scheduled to start in December 2018.

Most of the construction works for the plant unit have been completed. The installation of the electrical systems, the instrumentation and control system (I&C), and mechanical systems is still in progress. Simulator training for the operating personnel commenced in February 2017. The commissioning of the plant unit has now reached the hot functional testing phase that will take several months during which time the plant systems are tested as a whole, but without the fuel. In the hot functional testing, the first integrated systems tests of the reactor and turbine plant are carried out. The workforce at the site at the end of the period under review was about 2,100 persons. Occupational safety at the site remained at a good level.

The business restructuring plan announced by Areva in 2016 was implemented at the beginning of 2018. The majority of Areva NP’s business was transferred to a company named Framatome, of which 75.5 percent is owned by Electricité de France (EDF). The OL3 EPR project and the means required to complete the project, as well as certain other liabilities remained within Areva NP and Areva GmbH, within the scope of Areva SA.

A comprehensive settlement agreement between TVO and the OL3 EPR plant supplier consortium companies was signed and came into force in March 2018. The settlement agreement concerns the completion of the OL3 EPR project and related disputes.

The pending disputes concerning the plant unit are described in the paragraph “Pending Court Cases and Disputes”.

All realized costs of the OL3 EPR project that can be recognized in the cost of the asset have been entered as property, plant and equipment in the Group balance sheet.

Nuclear Fuel

During the period under review, nuclear fuel purchases amounted to EUR 28.0 (15.2) million and the amount consumed to EUR 15.3 (14.0) million.

The nuclear fuel and uranium stock carrying value on March 31, 2018 was EUR 254.4 (December 31, 2017: 241.7) million.

Nuclear Waste Management

Under the Finnish Nuclear Energy Act, the Company is responsible for the measures related to nuclear waste management and the related costs.

The liabilities in the consolidated financial statement show a provision related to nuclear waste management liability of EUR 959.7 (December 31, 2017: 953.1) million, calculated according to the international IFRS accounting principles. A corresponding amount, under assets, represents the Company’s share in the Finnish State Nuclear Waste Management Fund.

In order to cover the costs of nuclear waste management, TVO makes contributions to the Finnish State Nuclear Waste Management Fund. In December 2017, MEAE set TVO's liability for nuclear waste management at EUR 1,481.6 (1,450.1) million to the end of 2017 and the Company's funding target for 2018 at EUR 1,470.8 (1,428.4) million.

In March 2018, the Finnish State Nuclear Management Fund confirmed TVO’s nuclear waste management fee for 2017 at EUR 33.6 (49.1) million, which was paid into the Fund on March 31, 2018 (March 31, 2017). The nuclear waste management fee for 2018 will be confirmed in March 2019.

Final Disposal of Spent Nuclear Fuel

Posiva Oy is in charge of executing in Olkiluoto the final disposal of the spent nuclear fuel generated by its owners, TVO at its power plant in Olkiluoto and Fortum at its power plant in Loviisa.

The excavation works to prepare the ground for the encapsulation plant that were started in October 2016 were completed in autumn 2017. Light masts have been erected in the encapsulation site and their connections are under way. The underground HVAC works of the ventilation building's second phase are in progress. Tests of work method for the reinforcement of the personnel shaft have been conducted, and the reinforcement solution is still under investigation.

The excavation work of the final disposal facility itself was launched in December 2016 and is progressing with excavations of the vehicle access tunnels leading to the final disposal facility as well as with excavation of the central tunnel of the integrated systems test. The first excavation works of the final disposal facility are estimated to take two and a half years. The raise boring of the canister shaft has been started. Preparation for the full-scale in-situ system test (FISST) has been going on during the first part of the year.

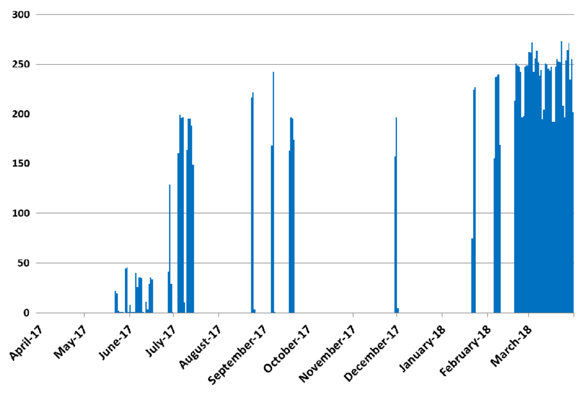
At the end of March, Posiva's owners submitted the Nuclear Waste Management Annual Report for 2017 to the Ministry of Economic Affairs and Employment (MEAE).

Coal Power

Meri-Pori

The amount of electricity produced by TVO's share at the Meri-Pori coal-fired power plant on January 1–March 31, 2018 was 273.1 (29.3) GWh requiring 98.8 (10.1) thousand tons of coal and 222.1 (24.3) thousand tons of carbon dioxide emission rights.

TVO's share of Meri-Pori's production
Average electrical power MW
April 1, 2017–March 31, 2018



Acquisitions of Tangible and Intangible Assets and Shares

Investments during the period under review were EUR 103.4 (67.7) million. Investments of the parent company were EUR 103.00 (66.3) million, of which EUR 91.4 (55.2) million were allocated to the OL3 project.

At present, several plant modifications are planned and implemented in Olkiluoto to prepare the OL1 and OL2 plant units for the renewal of the operating license in 2018.

During the period under review, emission rights were acquired worth EUR 2.3 (0.1) million. The Company's need for carbon dioxide emission rights for the period under review are covered by acquired emission rights.

Pending Court Cases and Disputes

TVO was a party to arbitration proceedings under the International Chamber of Commerce (ICC) rules with respect to costs and losses incurred in relation to delays in the construction of the OL3 EPR project. The arbitration had begun in December 2008 at the Supplier's initiative.

TVO's estimated quantum of costs and losses in respect of the period ending in late 2018 (which was the Supplier's earlier estimate for the start of regular electricity production at OL3 EPR), which it had counter-claimed from the Supplier, was approximately EUR 2.6 billion, including TVO's actual claim and an estimated part.

The Supplier had submitted claims to the ICC for an aggregate amount of approximately EUR 3.59 billion, which included 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 2016 and 2017, the ICC tribunal made three final and binding partial awards on the initial key issue areas in the arbitration. The partial awards resolved the great majority of the facts and matters covered in these proceedings in favor of TVO, and rejected the great majority of the Supplier's contentions in this regard. The partial awards did not take a position on the claimed monetary amounts.

TVO signed a comprehensive settlement agreement with the plant supplier consortium companies Areva NP, Areva GmbH and Siemens AG as well as with Areva Group parent company Areva SA, a company wholly owned by the French State. The settlement agreement concerns the completion of the OL3 EPR project and related disputes, and it entered into force late March.

The settlement agreement stipulates that:

In order to provide and maintain adequate and competent technical and human resources for the completion of the OL3 EPR project, Areva will source the necessary additional resources from Framatome S.A.S., whose majority owner is Electricité de France (EDF).

The supplier consortium companies undertake that the funds dedicated to the completion of the OL3 EPR project will be adequate and will cover all applicable guarantee periods, including setting up a trust mechanism funded by Areva companies to secure the financing of the costs of completion of the OL3 EPR project.

The turnkey principle of the OL3 EPR plant contract and the joint and several liability of the supplier consortium companies remain in full force.

The agreement also notes the plant supplier’s most recent schedule according to which regular electricity production in the unit will commence in May 2019.

The ICC arbitration concerning the costs and losses caused by the delay of the OL3 EPR project is settled by financial compensation of EUR 450 million to be paid to TVO in two installments by the supplier consortium companies.

The parties withdraw all on-going legal actions related to OL3 EPR, including the ICC arbitration and appeals in the General Court of the European Union.

The supplier consortium companies are entitled to receive an incentive payment, in a maximum amount of EUR 150 million, upon timely completion of the OL3 EPR project. In the event that the supplier consortium companies fail to complete the OL3 EPR project by the end of 2019, they will pay a penalty to TVO for such delay in an amount which will depend on the actual time of completion of the OL3 EPR project and may not exceed EUR 400 million.

TVO received the first payment of EUR 328 million of the settlement amount in March at the entry into force of the settlement agreement. The second payment of EUR 122 million is payable upon completion of the OL3 EPR project or, in any event, on 31 December 2019 at the latest. TVO has made a provision of EUR 150 million reflecting the maximum amount of the incentive payment payable to the supplier consortium companies for timely completion of the OL3 EPR project. These settlement payments to TVO, any incentive payment by TVO and any penalty payable to TVO due to any additional project delay have all been taken into account in calculating the final cost of the OL3 EPR project. The amount corresponding to the settlement amount and the incentive fee to be paid by TVO have been entered as property, plant and equipment in the Group balance sheet.

Personnel

The total number of personnel in the Group at the end of the period under review was 832 (December 31, 2017: 807, March 31, 2017: 759). The number of permanent employees in the Group at the end of the period under review was 800 (December 31, 2017: 784, March 31, 2017: 740).

As the operating phase of OL3 EPR is approaching, electricity production organization is being strengthened with several dozens of technical professionals.

The Group's management and operational culture is being developed with the help of the *Better workplace* project. The goals of the project include improving efficiency of operations and securing good preconditions for operations by developing issues related to the work of each individual, the immediate work community and the entire Group. The progress of the project is monitored on a regular basis and the project's effectiveness is measured with e.g. regular personnel surveys.

The collective agreements for different groups of personnel in the energy industry ended on January 31, 2018, and new agreements are in force in accordance with the so called framework agreement of labor confederations until March 2020/January 2021 depending on the personnel group.

Annual General Meeting

TVO's Annual General Meeting on March 31, 2018 approved the financial statements for 2017, confirmed the consolidated income statement and balance sheet, and discharged the members of the Board of Directors and the President and CEO from liability.

All Board members were re-elected. At its organization meeting, the Board elected Matti Ruotsala as Chairman and Lauri Virkkunen as Deputy Chairman. The Board also chose from among its members the members and chairmen of the Board Committees.

Auditing

The Interim Report is unaudited.

Risks and Uncertainty Factors in the Near Future

The major risks and uncertainty factors in TVO's operations have been presented in the 2017 Report of the Board of Directors.

During the period under review, no remarkable new risks connected with the Company's operation have arisen.

Assessment of Year-End Developments

Electricity production is expected to continue as in previous years. The prerequisites for nuclear power production at Olkiluoto are good. Nuclear fuel availability is guaranteed by long-term agreements.

Realization of the OL3 EPR nuclear power plant project and preparing the plant unit for production will be continued. The hot functional testing launched in December 2017 will take several months. Following successful completion of the hot functional testing, OL3 has the prerequisites to receive an operating license and proceed to nuclear commissioning. TVO will continue to support the Supplier to complete the project.

The Meri-Pori coal-fired power plant capacity will be used in 2018 in accordance with the former principles. Fortum's share of the Meri-Pori power plant has been accepted into the reserve capacity.

The concept and cost optimization phase of Posiva's final disposal project will continue until the end of 2018. The full-scale in-situ system test (FISST) in ONKALO is to be conducted during 2018.

Events after the Period under Review

In April 2018, the Supplier informed that due to some delays in the hot functional testing phase it will perform a schedule review in a few weeks' time and provide TVO with an overall rebaseline schedule for the final phases of the project. TVO cannot estimate whether or not the schedule will influence the start of the regular electricity production in May 2019 or the preceding production of electricity with varying power levels during the test program currently scheduled to start in December 2018.

April 20, 2018

Teollisuuden Voima Oyj
Board of Directors

KEY FIGURES OF TVO GROUP

TVO GROUP (IFRS) (M€)	1.1. - 31.3.2018	1.1. - 31.3.2017	1.1. - 31.12.2017
Turnover	89	82	321
Profit/loss for the period	5	-1	-9
Investments [1)]	103	68	299
Equity	1 665	1 590	1 667
Subordinated shareholder loans (hybrid equity) (included in the former) [3)]	579	479	579
Non-current and current interest-bearing liabilities (excluding loan from VYR) [2)]	4 079	4 053	3 923
Loan from VYR [2)]	666	656	656
Provision related to nuclear waste management	960	959	953
Obligatory provisions	150	0	0
Balance sheet total	7 628	7 373	7 374
Equity ratio % [4)]	27,7	27,6	28,9
Average number of personnel	821	754	801

[1)] Acquisitions of property, plant and equipment, intangible assets and shares are based on gross investments.
[2)] The Finnish State Nuclear Waste Management Fund (VYR)
[3)] Subordinated loans

[4)] Equity ratio %

$$=100 \times \frac{\text{equity}}{\text{balance sheet total - provision related to nuclear waste management - loan from the Finnish State Nuclear Waste Management Fund}}$$

KEY FIGURES OF TEOLLISUUDEN VOIMA OYJ

TEOLLISUUDEN VOIMA OYJ (FAS) (M€)	1.1. - 31.3.2018	1.1. - 31.3.2017	1.1. - 31.12.2017
Parent company's interim financial statement has been made in accordance with the Finnish Accounting Standards (FAS).			
Turnover	88	82	316
Profit/loss before appropriations	6	2	6
Fuel costs	28	15	57
Nuclear waste management costs	14	19	64
Capital expenditure (depreciation and financial income and expenses)	13	13	51
Investments [1]	103	66	298
Equity	863	858	863
Appropriations	191	185	185
Obligatory provisions	150	0	0
Non-current and current interest-bearing liabilities (excluding loan from VYR and shareholder loans) [2]	3 998	3 934	3 833
Loans from equity holders of the company [3]	579	479	579
Loan from VYR [2]	666	656	656
Balance sheet total	6 556	6 228	6 292
Equity ratio % [4]	27,7	27,3	28,9
Average number of personnel	820	753	800

[1] Acquisitions of tangible and intangible assets and shares are based on gross investments.
[2] The Finnish State Nuclear Waste Management Fund (VYR)
[3] Subordinated loans

[4] Equity ratio % $= 100 \times \frac{\text{equity + appropriations + loans from equity holders of the company}}{\text{balance sheet total - loan from the Finnish State Nuclear Waste Management Fund}}$

ELECTRICITY DELIVERED TO EQUITY HOLDERS OF THE COMPANY (GWh)	1.1. - 31.3.2018	1.1. - 31.3.2017	1.1. - 31.12.2017
Nuclear power	3 823	3 798	13 385
Coal-fired power	273	29	131
Total	4 096	3 827	13 516

TVO GROUP

CONSOLIDATED FINANCIAL STATEMENT IN BRIEF AND NOTES

CONSOLIDATED INCOME STATEMENT

EUR 1 000	1.1. - 31.3.2018	1.1. - 31.3.2017	1.1. - 31.12.2017
Turnover	**89 130**	**82 428**	**320 928**
Work performed for own purposes	3 716	2 966	12 888
Other income	3 025	2 870	11 844
Materials and services	-32 933	-28 794	-120 911
Personnel expenses	-13 899	-13 013	-57 728
Depreciation and impairment charges	-13 545	-13 694	-54 385
Other expenses	-20 950	-23 049	-92 717
Operating profit/loss	**14 544**	**9 714**	**19 919**
Finance income	4 274	3 139	12 239
Finance expenses	-13 914	-13 709	-42 881
Total finance income and expenses	-9 640	-10 570	-30 642
Share of the profit/loss of joint ventures	92	108	1 290
Profit/loss before income tax	**4 996**	**-748**	**-9 433**
Income taxes	0	0	2
Profit/loss for the period	**4 996**	**-748**	**-9 431**
Profit/loss for the period attributable to:			
Equity holders of the company	4 996	-748	-9 431

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1 000	1.1. - 31.3.2018	1.1. - 31.3.2017	1.1. - 31.12.2017
Profit/loss for the period	4 996	-748	-9 431
Other comprehensive items			
Items that may be reclassified to profit or loss in subsequent periods:			
Changes in fair values of the available-for-sale investments	0	171	-14
Cash flow hedges	-5 974	2 412	-9 181
Total other comprehensive profit/loss items for the period	-5 974	2 583	-9 195
Total comprehensive profit/loss for the period	**-978**	**1 835**	**-18 626**
Total comprehensive profit/loss for the period attributable to:			
Equity holders of the company	-978	1 835	-18 626

TVO GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1 000	**31.3.2018**	**31.3.2017**	**31.12.2017**
Assets			
Non-current assets			
Property, plant and equipment	5 348 019	5 089 113	5 261 866
Intangible assets	6 666	7 635	4 662
Loans and other receivables	791 403	658 776	658 679
Investments in joint ventures	4 694	3 420	4 602
Investments in shares	1 934	1 934	1 934
Derivative financial instruments	23 920	83 978	35 291
Share in the Finnish State Nuclear Waste Management Fund	959 687	958 885	953 136
Total non-current assets	**7 136 323**	**6 803 741**	**6 920 170**
Current assets			
Inventories	263 547	251 394	257 090
Trade and other receivables	121 844	42 352	41 373
Derivative financial instruments	11 517	6 420	14 670
Fund units	0	150 185	0
Cash and cash equivalents	94 671	119 077	140 239
Total current assets	**491 579**	**569 428**	**453 372**
Total assets	**7 627 902**	**7 373 169**	**7 373 542**
Equity and liabilities			
Capital and reserves attributable to equity holders of the company			
Share capital	606 193	606 193	606 193
Share premium reserve and statutory reserve	242 383	242 383	242 383
Fair value and other reserves	-10 449	7 303	-4 475
Subordinated shareholder loans (hybrid equity)	579 300	479 300	579 300
Retained earnings	247 236	254 968	243 293
Total equity	**1 664 663**	**1 590 147**	**1 666 694**
Liabilities			
Non-current liabilities			
Provision related to nuclear waste management	959 687	958 885	953 136
Obligatory provisions	150 000	0	0
Loan from the Finnish State Nuclear Waste Management Fund	666 242	655 518	655 518
Bonds	2 016 149	2 746 467	2 525 834
Other financial liabilities	941 760	1 151 093	943 997
Derivative financial instruments	30 126	52 132	24 360
Total non-current liabilities	**4 763 964**	**5 564 095**	**5 102 845**
Current liabilities			
Current financial liabilities	1 048 286	101 575	392 540
Derivative financial instruments	42 382	1 570	35 934
Advance payments received	40 397	41 609	40 178
Trade payables	12 846	9 178	6 160
Other current liabilities	55 364	64 995	129 191
Total current liabilities	**1 199 275**	**218 927**	**604 003**
Total liabilities	**5 963 239**	**5 783 022**	**5 706 848**
Total equity and liabilities	**7 627 902**	**7 373 169**	**7 373 542**

TVO GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1 000	Share capital	Share premium reserve and statutory reserve	Fair value and other reserves	Subordinated shareholder loans (hybrid equity)	Retained earnings	Attributable to equity holders of the company	Total equity
Equity 1.1.2018	**606 193**	**242 383**	**-4 475**	**579 300**	**243 293**	**1 666 694**	**1 666 694**
Profit/loss for the period	0	0	0	0	4 996	4 996	4 996
Other comprehensive items:							
Changes in fair values of the available-for-sale investments	0	0	0	0	0	0	0
Cash flow hedges	0	0	-5 974	0	0	-5 974	-5 974
Subordinated shareholder loans (hybrid equity)	0	0	0	0	0	0	0
Interest paid of subordinated shareholder loans (hybrid equity)	0	0	0	0	-1 053	-1 053	-1 053
Equity 31.3.2018	**606 193**	**242 383**	**-10 449**	**579 300**	**247 236**	**1 664 663**	**1 664 663**

EUR 1 000	Share capital	Share premium reserve and statutory reserve	Fair value and other reserves	Subordinated shareholder loans (hybrid equity)	Retained earnings	Attributable to equity holders of the company	Total equity
Equity 1.1.2017	**606 193**	**242 383**	**4 720**	**479 300**	**256 656**	**1 589 252**	**1 589 252**
Profit/loss for the period	0	0	0	0	-748	-748	-748
Other comprehensive items:							
Changes in fair values of the available-for-sale investments	0	0	171	0	0	171	171
Cash flow hedges	0	0	2 412	0	0	2 412	2 412
Subordinated shareholder loans (hybrid equity)	0	0	0	0	0	0	0
Interest paid of subordinated shareholder loans (hybrid equity)	0	0	0	0	-940	-940	-940
Equity 31.3.2017	**606 193**	**242 383**	**7 303**	**479 300**	**254 968**	**1 590 147**	**1 590 147**

TVO GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1 000	31.3.2018	31.3.2017	31.12.2017
Operating activities			
Profit/loss for the period	4 996	-748	-9 431
Adjustments:			
Income tax expenses	0	0	-2
Finance income and expenses	9 640	10 570	30 642
Depreciation and impairment charges	13 545	13 694	54 385
Share of the profit/loss of joint ventures	-92	-108	-1 290
Other non-cash flow income and expenses	-9 661	-8 480	-15 683
Sales profit/loss of property, plant and equipment and shares	0	-81	-224
Change in working capital:			
Increase (-) or decrease (+) in non-interest-bearing receivables	-83 306	187	4 097
Increase (-) or decrease (+) in inventories	-6 408	-720	-7 666
Increase (+) or decrease (-) in short-term non-interest-bearing liabilities	-36 731	-51 335	-26 366
Interest paid and other finance expenses	-651	-1 504	-562
Interest received	3 790	5 700	5 734
Taxes paid	0	0	2
Cash flow from operating activities	**-104 878**	**-32 825**	**33 636**
Investing activities			
Acquisition of property, plant and equipment	-104 450	-100 814	-290 893
Proceeds from sale of property, plant and equipment	0	0	41
Acquisition of intangible assets	0	-104	-143
Acquisition of shares	0	0	-6
Investments in fund units	0	0	200 000
Proceeds from sale of shares	0	108	486
Loan receivables granted	-10 725	-15 517	-15 603
Repayments of loans granted	0	387 049	387 278
Cash flow from investing activities	**-115 175**	**270 722**	**281 160**
Financing activities			
Withdrawals of subordinated shareholder loans (hybrid equity)	0	100 000	100 000
Withdrawals of long-term loans	10 725	-533 103	100 000
Repayment of long-term loans	-858	50 000	-632 135
Interest paid of subordinated shareholder loans (hybrid equity)	-368	0	-3 710
Increase (+) or decrease (-) in current financial liabilities	164 986	-47 953	-50 948
Cash flow from financing activities	**174 485**	**-431 056**	**-486 793**
Change in cash and cash equivalents	**-45 568**	**-193 159**	**-171 997**
Cash and cash equivalents at the beginning of period	140 239	312 236	312 236
Cash and cash equivalents at the end of period	**94 671**	**119 077**	**140 239**

TVO GROUP

NOTES TO THE INTERIM REPORT

ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting -standard. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended on 31 December 2017. Additionally the changes according to the revised IAS/IFRS standards have been adopted.

MANAGEMENT'S CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of Interim Report requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The actual results may differ from these estimates. Significant assumptions made by the management in applying Group's accounting policies and crucial uncertainties were the same as the ones applied to the annual financial statements as for the year ended on 31 December 2017.

TVO GROUP

SEGMENT REPORTING

Segment structure in TVO
The Group has two reportable segments; nuclear power and coal power.

The electricity of the nuclear power segment is produced at two nuclear power plant units, Olkiluoto 1 and Olkiluoto 2 (OL1 and OL2). A new unit, Olkiluoto 3 (OL3), is under construction at Olkiluoto. The subsidiary of TVO, TVO Nuclear Services Oy (TVONS), of which operation is related to nuclear power, is also included in the nuclear power segment.

The electricity of coal-fired power segment is produced by TVO share at the Meri-Pori coal-fired power plant.

Segment calculation principles
TVO Group discloses in the segment information; turnover, profit/loss for the period and assets, which the chief operation decision maker follows.

The chief operation decision maker follows reporting according to Finnish Accounting Standards (FAS). Adjustments made under IFRS accounting policies are reported in group level.

TURNOVER BY SEGMENTS

EUR 1 000	**31.3.2018**	**31.3.2017**	**31.12.2017**
Nuclear power	77 317	79 279	307 561
Coal-fired power	11 813	3 149	13 367
Total	**89 130**	**82 428**	**320 928**

PROFIT/LOSS FOR THE PERIOD BY SEGMENTS

EUR 1 000	**31.3.2018**	**31.3.2017**	**31.12.2017**
Nuclear power	6 877	2 836	10 597
Coal-fired power	-1 191	-680	-3 402
Profit/loss before appropriations (FAS)	5 686	2 156	7 195
The impact of the nuclear waste management obligation	-813	-3 305	-19 032
The impact of financial instruments	-151	24	37
Other IFRS adjustments	182	269	1 079
Share of the profit/loss of joint ventures	92	108	1 290
Total (IFRS)	**4 996**	**-748**	**-9 431**

ASSETS BY SEGMENTS

EUR 1 000	**31.3.2018**	**31.3.2017**	**31.12.2017**
Nuclear power	6 549 587	6 211 747	6 286 732
Coal-fired power	6 500	16 253	5 744
Total (FAS)	6 556 087	6 228 000	6 292 476
The impact of the nuclear waste management obligation	1 035 587	1 051 326	1 029 849
The impact of financial instruments	-1 867	52 073	12 348
The impact of finance leases	54 892	56 606	54 889
Other IFRS adjustments	-20 480	-17 245	-19 611
Share of the profit/loss of joint ventures	3 683	2 409	3 591
Total (IFRS)	**7 627 902**	**7 373 169**	**7 373 542**

TVO GROUP

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR 1 000	31.3.2018	31.3.2017	31.12.2017
Opening net book amount	**5 261 866**	**5 040 266**	**5 040 266**
Increase	101 048	67 514	298 600
Decrease	-1 662	-5 376	-31 063
Depreciation and impairment charges	-13 233	-13 381	-53 130
Accumulated depreciation from deduction	0	90	7 193
Closing net book amount	**5 348 019**	**5 089 113**	**5 261 866**

CHANGES IN INTANGIBLE ASSETS

EUR 1 000	31.3.2018	31.3.2017	31.12.2017
Opening net book amount	**4 662**	**7 758**	**7 758**
Increase	2 316	190	821
Decrease	0	0	-2 662
Depreciation and impairment charges	-312	-313	-1 255
Closing net book amount	**6 666**	**7 635**	**4 662**

TVO GROUP

FINANCIAL RISK MANAGEMENT

The objectives of financial risk management and finance policy are the same as those applied to the annual financial statement for the year ended 31 December 2017.

DERIVATIVE FINANCIAL INSTRUMENTS

Nominal values of the derivative financial instruments *

EUR 1 000	31.3.2018	31.3.2017	31.12.2017
Interest rate swaps	2 549 518	2 449 518	2 499 518
Forward foreign exchange contracts and swaps [1)]	130 942	155 678	142 709
Cross-currency swaps	642 418	696 181	642 395
Total	**3 322 877**	**3 301 377**	**3 284 622**

[1)] Forward contracts are mainly used for hedging fuel purchases against currency risk. The opposite forward contracts, which have been acquired to adjust these hedging amounts are netted in the table with each other, whereby the nominal describes the protected position.

Fair values of the derivative financial instruments *

EUR 1 000	Positive	Negative	31.3.2018 Total	Positive	Negative	31.3.2017 Total	Positive	Negative	31.12.2017 Total
Interest rate swaps									
Cash flow hedges	372	-13 399	-13 027		-21 767	-21 767	382	-14 738	-14 356
Fair value hedges	17 266	-1 608	15 657	25 926	-1 696	24 230	19 155	-1 565	17 591
Non-hedges									
Forward foreign exchange contracts and swaps									
Cash flow hedges	4 917	-2 888	2 029	26 391	-2	26 389	12 033	-2 663	9 370
Non-hedges	424	-263	161	612	-194	418	715	-224	491
Cross-currency swaps									
Non-hedges	12 458	-54 349	-41 891	37 468	-30 042	7 426	17 676	-41 105	-23 429
Total	**35 437**	**-72 508**	**-37 071**	**90 398**	**-53 702**	**36 696**	**49 961**	**-60 294**	**-10 333**

* Cross-currency swaps related to Private Placements included.

TVO GROUP DEBT STRUCTURE

31.3.2018

EUR 1 000	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027-	Total
Loans from financial institutes	94 413	44 413	144 413	135 213	405 413	30 413					854 276
Public bonds	228 519	558 267	131 955	500 000	153 000	500 000	20 000	500 000		163 000	2 754 740
Loans from other sources	88 446		79 114		56 117						223 677
Finance lease liabilities	860	1 726	1 735	1 744	1 752	1 761	1 770	43 544			54 892
Commercial papers	164 985										164 985
Total	577 224	604 406	357 216	636 956	616 282	532 174	21 770	543 544		163 000	4 052 572

TVO GROUP

MATURITY OF TVO GROUP'S CREDIT COMMITMENTS

31.3.2018 **EUR 1 000**	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027-	Total
Syndicated revolving credit facility				300 000		1 000 000					1 300 000
Bilateral revolving credit facility			80 000								80 000
Bilateral bank loan		100 000									100 000
Total		100 000	80 000	300 000		1 000 000					1 480 000

Both syndicated and bilateral facilities are undrawn.

The average interest rate on loans and derivatives on 31 March 2018 was 2.10 % (2017: 2.15 %).

On March 31, 2018, the Group's had undrawn credit facilities amounting to EUR 1,480 million (2017: EUR 1,680 million). In addition, the Group's had subordinated shareholder loan (hybrid equity) commitments totaling EUR 350 million (2017: EUR 350 million) and cash and cash equivalents amounting to EUR 95 million (2017: EUR 140 million).

Cash and cash equivalents consist of cash on hand, demand deposits and other current, liquid investments. Fund units consist of fund unit investments that are valued at fair value.

TVO Group

DISCLOSURE OF FAIR VALUE MEASUREMENTS BY THE LEVEL OF FAIR VALUE MEASUREMENT HIERARCHY

			31.3.2018			31.12.2017
EUR 1 000	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair value						
Derivative financial instruments at fair value through profit or loss		12 882			18 391	
Derivative financial instruments designated as cash flow hedges		5 290			12 414	
Derivative financial instruments designated as fair value hedges		17 266			19 155	
Equity and fund units investments						
Investments in other shares [1)]			1 934			1 934
Total		**35 437**	**1 934**		**49 961**	**1 934**
Financial liabilities at fair value						
Derivative financial instruments at fair value through profit or loss		54 612			41 329	
Derivative financial instruments designated as cash flow hedges		16 287			17 401	
Derivative financial instruments designated as fair value hedges		1 608			1 565	
Total		**72 508**			**60 294**	

[1)] On 31 March 2018, TVO has unquoted shares worth EUR 1,934 (2017:1,934) thousand. Direct market prices are not available for unquoted shares and therefore their fair value is determined using methods based on management judgement.

Fair value estimation

The derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently measured at fair value. The fair values are determined using a variety of methods and financial valuation techniques, and assumptions are based on market quotations at the balance sheet date (Level 2). The fair value of the interest rate swaps is the present value of the estimated future cash flows. The forward contracts are measured using the market quotes at the closing date.

BOOK VALUES OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES

			31.3.2018			31.12.2017
EUR 1 000	Financial liabilities measured at amortized cost	Book Value	Fair value	Financial liabilities measured at amortized cost	Book Value	Fair value
Non-current liabilities						
Other financial liabilities*	2 957 909	2 957 909	3 079 351	3 469 831	3 469 831	3 581 560

*Bonds and EUR-fixed loans included

For other financial assets and liabilities than the ones presented in the table, the book value corresponds to their fair value.

TVO GROUP

ASSETS AND PROVISION RELATED TO NUCLEAR WASTE MANAGEMENT OBLIGATION

The balance sheet contains assets and liabilities concerning the nuclear waste management obligation

EUR 1 000	31.3.2018	31.3.2017	31.12.2017
The carrying value of TVO's share in the Finnish State Nuclear Waste Management Fund (non-current assets)	959 687	958 885	953 136
Provision related to nuclear waste management (non-current liabilities)	959 687	958 885	953 136

TVO's legal liability as stated in the Nuclear Energy Act and the Company's share in the Finnish State Nuclear Waste Management Fund

EUR 1 000	31.3.2018	31.3.2017	31.12.2017
Liability for nuclear waste management according to the Nuclear Energy Act	1 481 600	1 450 100	1 481 600
Funding target obligation	1 470 800	1 428 400	1 470 800
TVO's share in the Finnish State Nuclear Waste Management Fund	1 470 800	1 428 400	1 436 600
Difference between the liability and TVO's share of the fund	10 800	21 700	45 000

The costs of decommissioning of the power plant and disposal of spent fuel are covered by the provision related to the nuclear waste management obligation. Cost estimates are updated annually and the technical plans and total cost estimates every third year.

TVO contributes funds to the Finnish State Nuclear Waste Management Fund to cover future obligations based on the legal liability calculated according to the Nuclear Energy Act. The difference between the funding obligation target decided by the Ministry of Economic Affairs and Employment (MEAE) and TVO's actual share of the Finnish State Nuclear Waste Management Fund is paid in Q1 each year. TVO's share in the Finnish State Nuclear Waste Management Fund on March 31, 2018 is EUR 1,470.8 million. The carrying amount in the balance sheet is EUR 959.7 million. The difference is due to the fact that IFRIC 5 limits the carrying amount of TVO's interest in the Finnish State Nuclear Waste Management Fund to the amount of the related liability since TVO does not have control over the Finnish State Nuclear Waste Management Fund.

The Ministry of Economic Affairs and Employment (MEAE) has adopted the procedure mentioned in the Nuclear Energy Act (section 40, subsection 3) and specified in the Government Decision 1339/1996 for a temporary reduction of the funding target when confirming Teollisuuden Voima Oyj's funding target obligation for 2018.

TVO has issued the State the shareholders' guarantees as security to cover the unexpected events as determined in the Nuclear Energy Act. The guarantees are presented in the note Obligations and other commitments.

TVO GROUP

OBLIGATIONS AND OTHER COMMITMENTS

Pledged promissory notes and financial guarantees

EUR 1 000	31.3.2018	31.3.2017	31.12.2017
Pledged promissory notes to the Finnish State Nuclear Waste Management Fund	666 242	655 518	655 518
Guarantees given by shareholders related to the nuclear waste management obligation	187 500	144 530	187 500

Investment commitments

Agreement-based commitments regarding the acquisition of property, plant and equipment:

EUR 1 000	31.3.2018	31.3.2017	31.12.2017
OL1 and OL2	100 000	122 000	95 000
OL3	371 000	727 000	697 000
Total	**471 000**	**849 000**	**792 000**

Pending Court Cases and Disputes

Pending Court Cases and Disputes are to be found on page 7.