My Account

FitchRatings

RATING ACTION COMMENTARY

Fitch Affirms TVO at 'BBB-'; Outlook Stable

Fri 23 Oct, 2026 - 4:38 AM ET

Fitch Ratings - Madrid - 23 Oct 2026: Fitch Ratings has affirmed Teollisuuden Voima Oyj's (TVO) Long-Term Issuer Default Rating (IDR) and senior unsecured rating at 'BBB-'. The Outlook on the IDR is Stable. A full list of rating actions is below.

The affirmation reflects TVO's shareholders' solid average credit profile. Its largest underlying corporate shareholders are in the 'BBB' category. TVO sells baseload electricity to shareholders at stable prices under the Mankala structure, which supports predictable cash flow. The affirmation also reflects Fitch's expectation that TVO will reduce debt consistently in 2026-2030, supported by projected positive free cash flow.

TVO's electricity production has been lower than expected since 2024 due to grid limitations and rotor issues. This has moderately reduced shareholders' expected value-creation. However, wholesale electricity prices are expected to remain well above TVO's production costs, mitigating this effect. Fitch expects the solid shareholder base to remain engaged, which supports the Stable Outlook.

KEY RATING DRIVERS

Progressive Debt Reduction: Fitch forecasts adjusted net debt will decline to about EUR4 billion by 2030 from EUR4.6 billion at end-2025. TVO's selling price is set through a full cost coverage mechanism. This includes costs related to the Olkiluoto 3 nuclear plant (OL3), which began operations in May 2023, including depreciation and financial charges. Limited maintenance capex of around EUR100 million-EUR150million a year is expected to support cumulative FCF of about EUR620 million in 2026-2030, based on Fitch's forecast.

We consider the gradual debt reduction under the Mankala principles consistent with the three units' remaining weighted average useful life of about 35 years. Extending the asset life of OL1 and OL2 by up to 20 years or expanding their capacity by up to 160 MW could improve the alignment between debt and the assets' remaining useful life.

Solid Shareholder Credit Quality: TVO is a not-for-profit Finnish nuclear generator. It produces electricity at cost, including capital costs, for its five shareholders. Its largest shareholder, Pohjolan Voima Oyj (58.5% stake) is a not-for-profit electricity generator owned by a consortium of Finnish industrial companies, mainly from the mainly pulp and paper sector, and utilities. Its largest industrial shareholders include UPM-Kymmene Oyj, through its 100% owned subsidiary UPM Energy Oy, and Stora Enso Oyj (BBB-/Stable). Fortum Power & Heat O is its second-largest shareholder, with a 25.8% stake. It is a wholly owned subsidiary of Fortum Oyj (BBB+/Stable).

Large Baseload Production for Shareholders: TVO produces almost 30% of Finland's electricity. It supplies shareholders with baseload electricity at stable prices under the Mankala structure. TVO has a solid asset base and produces no direct CO2 emissions. It also plays a critical role in maintaining grid frequency stability. Its strategic importance increased after Finland stopped importing electricity from Russia. Shareholder support and the Mankala structure mitigate the impact of high leverage relative to other utilities in the 'BBB' rating category.

Operational Issues, but Solid Value Creation: Electricity production in 2024 through 2026 to date was below Fitch's previous expectations. Longer-than-expected outages, turbine failures and transmission constraints imposed by Fingrid Oyj (A/Stable), the transmission system operator, reduced production. OL2 has operated at a reduced level since 2024 because of rotor turbine issues. These issues are expected to affect operations until end-2027. However, Fitch estimates TVO's production costs, including capital costs, at EUR37-41/MWh for TVO in 2026-2028. NordPool prices are currently substantially above this level, at about EUR70/MWh for 2026.

Good Cost Predictability Adds Value: TVO's predictable generation and pricing provide increasing benefits to shareholders as Nord Pool prices become more volatile. This volatility reflects the market's dependence on hydropower and the growing share of renewable generation. Security of supply is also increasingly important amid rising geopolitical tensions.

Mankala Principles: TVO has no direct exposure to wholesale electricity prices or volumes because its shareholders purchase the electricity produced at cost. If a shareholder does not cover its share of annual fixed and variable costs based on its offtake, TVO can reduce that shareholder's supply. TVO can then sell the electricity to another shareholder or on the Nord Pool exchange.

PEER ANALYSIS

As TVO is a not-for-profit company, Fitch considers traditional leverage or coverage ratios less relevant to its ratings than for fully commercial utilities. These ratios are weak relative to European electricity generators including Fortum Oyj, RWE AG (BBB+/Stable), Orsted A/S (BBB/Stable) or Statkraft AS (BBB+/Stable). Statkraft's rating includes a one-notch uplift for state support from its Standalone Credit Profile of 'bbb'.

Fitch rates Finnish electricity generation companies operating under the Mankala principle using the same analytical framework applied to commercial utilities. This framework is set out in Fitch's Corporate Rating Criteria and Sector Navigator for Global Electricity Generation.

However, Fitch places greater emphasis on shareholder links and the value created for shareholders because of the Mankala companies' not-for-profit business model. Fitch assesses company-specific factors, including diversification and asset quality, in the same way as for typical utilities. It also assesses the alignment of shareholder cash flow, outstanding debt and the asset base's remaining useful life.

FITCH'S KEY RATING-CASE ASSUMPTIONS

- Fitch calculates projected EBITDA and credit ratios assuming TVO sells electricity to shareholders at cost, consistent with its not-for-profit principle. This differs from the approach used during the OL3 construction and shortly after its completion. Fitch then calculated projected EBITDA and credit ratios under a profit-making scenario. This assumed TVO could sell electricity at market prices to assess shareholder value creation.

- Average production cost of TVO on average at EUR39/MWh in 2026-2030

- Production volumes lower by 3% than in management assumptions for 2026-2030

CORPORATE RATING TOOL INPUTS AND SCORES

Fitch scored the issuer as follows, using our Corporate Rating Tool (CRT) to produce the Standalone Credit Profile (SCP):

Business and financial profile factors (assessment, relative importance): management ('bbb', Lower), sector characteristics ('bb+', Moderate), market and competitive positioning ('bbb+', Moderate), diversification and asset quality ('bb+', Higher), company operational characteristics ('bbb', Higher), profitability ('bbb', Moderate), financial structure ('ccc-', Lower), and financial flexibility ('a-', Moderate).

The quantitative financial subfactors are based on custom CRT financial period parameters: 10% weight for the historical year 2025, 20% for the forecast year 2026, 20% for the forecast year 2027, 20% for the forecast year 2028, 15% for the forecast year 2029 and 15% for the forecast year 2030.

The governance assessment of 'good' has no impact.

The operating environment assessment of 'aa-' has no impact.

The SCP is 'bbb-'.

To derive the Long-Term IDR:

Fitch made no adjustments to the SCP, resulting in an IDR of 'BBB-'.

RATING SENSITIVITIES

Factors That Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

- Weaker shareholder credit quality or support, or structural changes to the Mankala principle that weaken shareholder support;

- Material technical issues that increase TVO's costs and are not covered by shareholders;

- TVO's production costs significantly exceeding Finnish area electricity prices on a sustained basis, reducing value for TVO shareholders; or

- Adverse regulatory or fiscal changes.

Factors That Could Individually or Collectively Lead to Positive Rating Action/Upgrade:

- Rating upside is limited over the medium term. However, a sustained record of solid OL3 operations, continued value creation for shareholders and progressive debt reduction consistent with the assets' remaining average useful life could support positive rating action. Shareholder credit quality and support would also need to remain unchanged.

LIQUIDITY AND DEBT STRUCTURE

TVO has good access to external funding, a well-spread debt maturity profile and solid liquidity. Liquidity was supported by EUR142 million cash and EUR890 million of undrawn committed facilities at end-June 2026. This included a EUR800 million green revolving credit facility, renewed in May 2026 and expiring in May 2029. The facility has two one-year extension options. At end-June 2026, debt maturing by end-2027 totaled EUR530 million. Fitch projects cumulative positive FCF of about EUR190 million in 2026-2027.

ISSUER PROFILE

TVO has OL1, OL2 and OL3 nuclear power plants in Olkiluoto with more than 3GW capacity in its key assets, generating 27.5% of electricity production in Finland in 2025.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

Click here to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

CLIMATE VULNERABILITY SIGNALS

The results of our Climate.VS screener did not indicate an elevated risk for TVO.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

RATING ACTIONS

ENTITY / DEBT	RATING TYPE	RATING	RATING ACTION	PRIOR
Teollisuuden Voima Oyj (TVO)	LT IDR	BBB- Rating Outlook Stable	Affirmed	BBB- Rating Outlook Stable
	ST IDR	F3	Affirmed	F3
senior unsecured	LT	BBB-	Affirmed	BBB-

VIEW ADDITIONAL RATING DETAILS

FITCH RATINGS ANALYSTS

Jaime Sierra
Director
Primary Rating Analyst
+49 69 768076 275
jaime.sierrapuerta@fitchratings.com
Fitch Ratings Ireland Spanish Branch, Sucursal en España
Pza de Pablo Ruiz Picasso 1 Torre Picasso 19th floor Madrid 28020

Arkadiusz Wicik, CFA
Senior Director
Secondary Rating Analyst
+48 22 103 3016
arkadiusz.wicik@fitchratings.com

Antonio Totaro
Managing Director
Committee Chairperson
+39 02 9475 8280
antonio.totaro@fitchratings.com

MEDIA CONTACTS

Pilar Perez
Barcelona
+34 93 323 8414
pilar.perez@fitchratings.com

Tahmina Pinnington-Mannan
London
+44 20 3530 1128
tahmina.pinnington-mannan@thefitchgroup.com

Additional information is available on www.fitchratings.com

PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

APPLICABLE CRITERIA

Corporates Recovery Ratings and Instrument Ratings Criteria (pub. 02 Aug 2024) (including rating assumption sensitivity)

Corporate Rating Criteria (pub. 09 Jan 2026) (including rating assumption sensitivity)

Sector Navigators – Addendum to the Corporate Rating Criteria (pub. 09 Jan 2026)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 (1)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Teollisuuden Voima Oyj (TVO)	EU Issued, UK Endorsed

DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: https://www.fitchratings.com/understandingcreditratings. In addition, the following https://www.fitchratings.com/rating-definitions-document details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. ESMA and the FCA are required to publish historical default rates in a central repository in accordance with Articles 11(2) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 and The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 respectively.

Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at https://www.fitchratings.com/site/regulatory. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third- party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. Fitch Ratings makes routine, commonly-accepted adjustments to reported financial data in accordance with the relevant criteria and/or industry standards to provide financial metric consistency for entities in the same sector or asset class.

The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see Best- and Worst-Case Measures under the Rating Performance page on Fitch's website.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and

presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the “NRSRO”). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see https://www.fitchratings.com/site/regulatory), other credit rating subsidiaries are not listed on Form NRSRO (the “non-NRSROs”) and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

dv01, a Fitch Solutions company, and an affiliate of Fitch Ratings, may from time to time serve as loan data agent on certain structured finance transactions rated by Fitch Ratings.

Copyright © 2026 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.

READ LESS

SOLICITATION STATUS

The ratings above were solicited and assigned or maintained by Fitch at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

Fitch's solicitation status policy can be found at www.fitchratings.com/ethics.

ENDORSEMENT POLICY

Fitch’s international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU Regulation or the UK Regulation, as the case may be. Fitch’s approach to endorsement in the EU and the UK can be found on Fitch’s Regulatory Affairs page on Fitch’s website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.