



Financial year 2008

Conference call

5 February 2009

Disclaimer

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Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

A good year

- Good results
 - A challenging environment – huge swings in power and commodity prices during the year
- Significant presence in the growing power markets of Russia through the acquisition of TGC-10
- 92% (89%) of the generated power in the EU was CO2-free
- 65% of Fortum's Nordic power sales for the rest of 2009 hedged at EUR 53 per MWh
- Strong balance sheet and liquidity – Fortum in a stable position to weather the turbulence

Good results

- Comparable operating profit EUR 1,845 (1,564) million, +18%
- Earnings per share EUR 1.74 (1.74)
- Net cash from operating activities remained strong at EUR 2,002 (1,670) million
- Good performance in Power Generation
- Proposed dividend of EUR 1.00 per share

Decision-in-Principle application for Loviisa 3

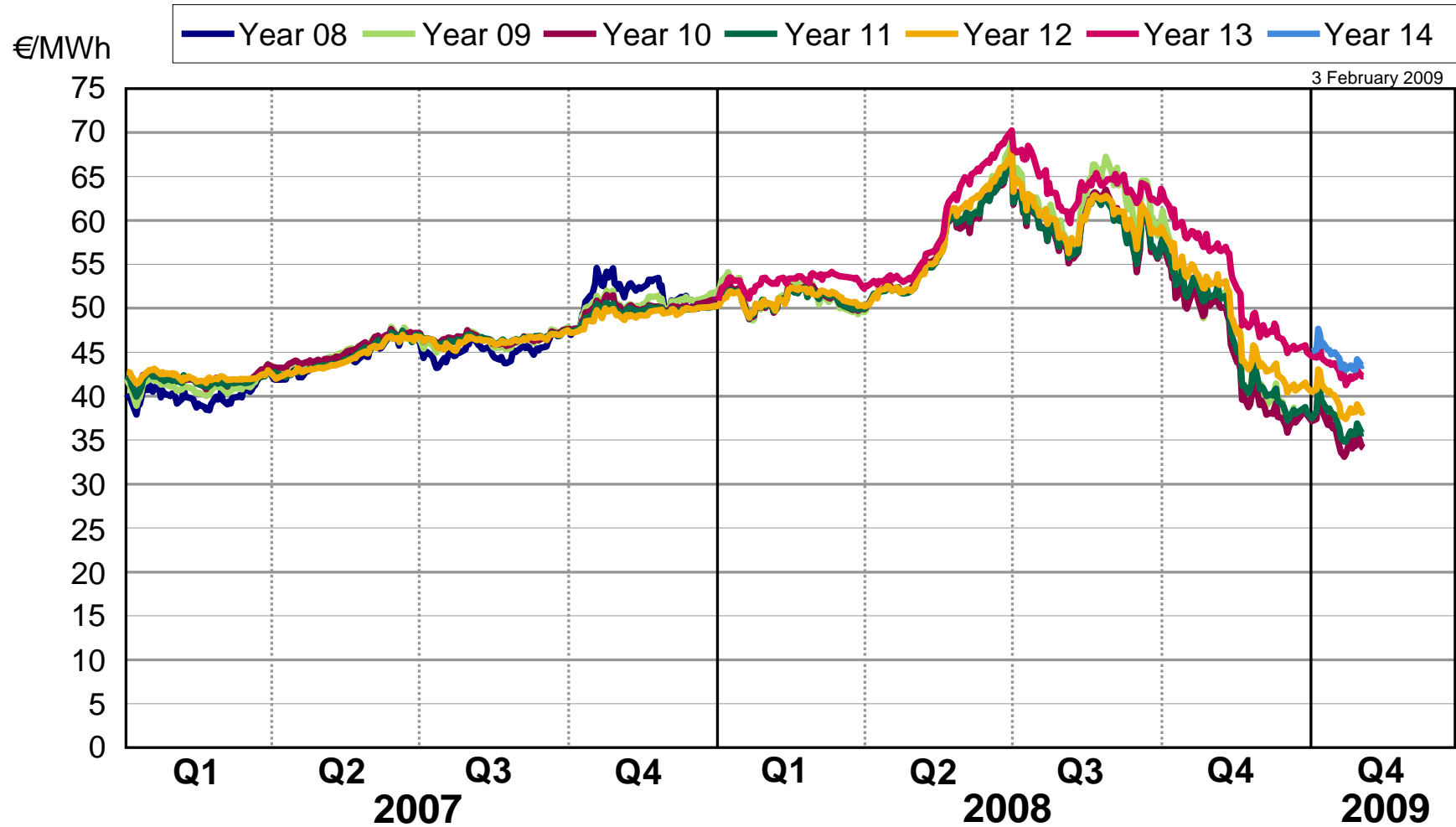
- A Decision-in-Principle application for the construction of a new 1000-1800 MW nuclear power plant unit in Loviisa
- Designed service life of the unit at least 60 years
- Fortum already has two nuclear power plant units in Loviisa
- The power plant unit will be designed to allow for combined heat and power production
- Five reactor alternatives
- The investment cost of one nuclear unit is EUR 4-6 billion
- The plant site and its basic infrastructure ready, the basic investments in nuclear waste management have been made



Planned schedule for the implementation of Loviisa 3

Stage	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Infrastructure	■										
Preparations for construction			■								
Construction						■					
Commercial use											➔

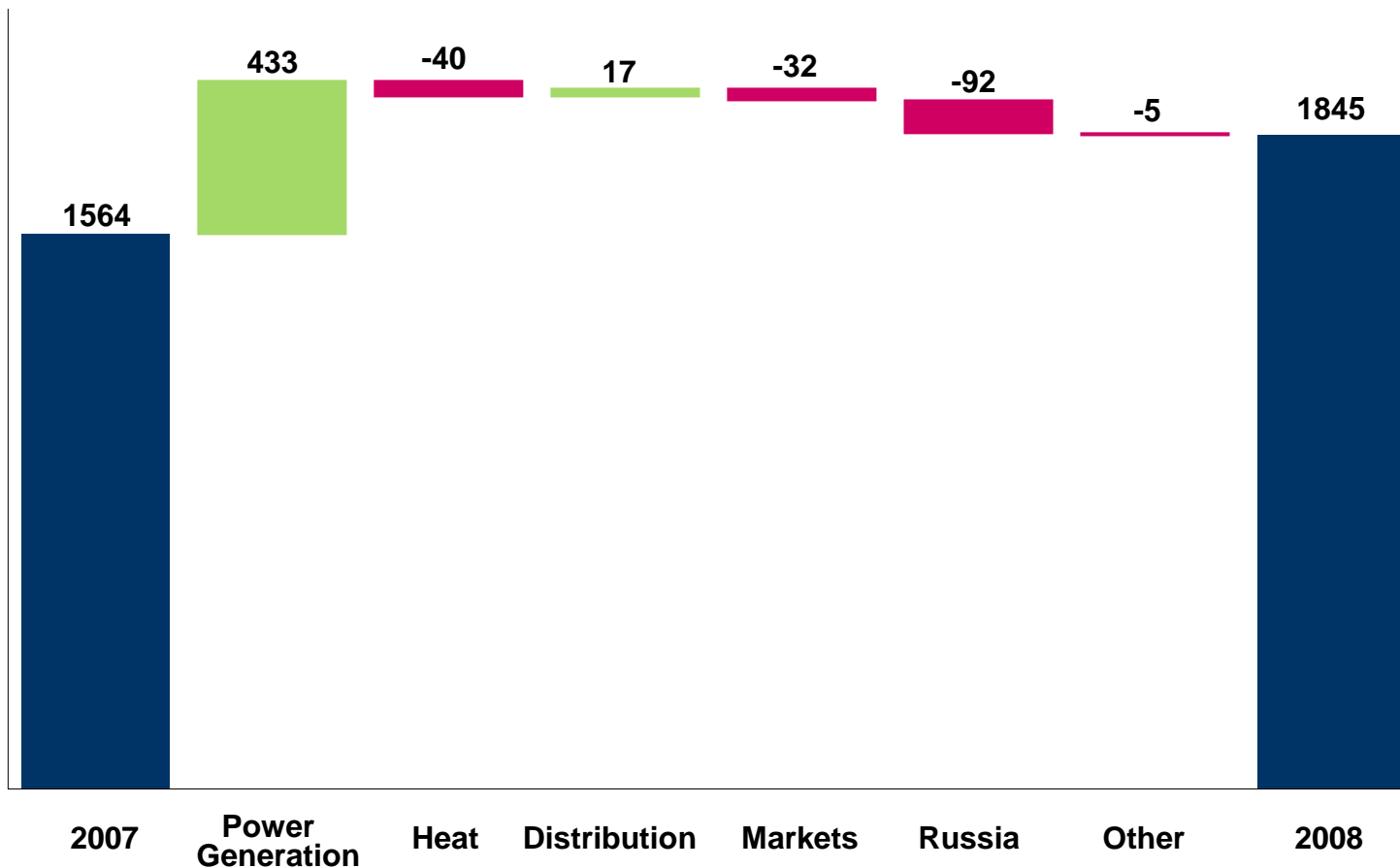
Nord Pool year forwards



Operational performance improved by 18%

Comparable operating profit

MEUR



Higher achieved price and higher hydro power production in Power Generation

Higher fuel and CO₂ costs in Heat

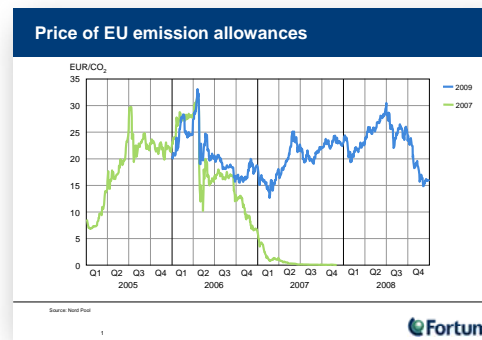
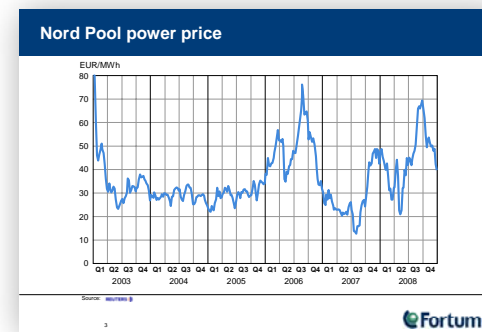
Distribution – one-time costs in 2007

Low sales margin in Markets

The first year of integration in Russia

Price development

- Nord Pool wholesale price in:
 - Q4 increased 19% to 50.8 EUR/MWh (42.7 EUR/MWh)
 - 2008 increased 60% to 44.7 EUR/MWh (27.9 EUR/MWh)
- Power Generation's achieved Nordic power price in:
 - Q4 increased 14% to 49.1 EUR/MWh (43.0 EUR/MWh)
 - 2008 increased 24% to 49.3 EUR/MWh (39.7 EUR/MWh)
- Exceptional area price differences in third quarter



SEGMENTS

Power Generation

- Higher achieved Nordic power price
- High hydro volume

MEUR	2008	2007
Sales	2 892	2 350
Comparable operating profit	1 528	1 095
Net Assets	5 331	5 599
Comparable RONA, %	28.0	18.9
Gross Investments	134	145



Heat

- Higher fuel prices
- Increase in CO₂ and other costs

MEUR	2008	2007
Sales	1 466	1 356
Comparable operating profit	250	290
Net Assets	3 468	3 507
Comparable RONA, %	7.3	9.2
Gross Investments	431	327



Distribution

- Stable results
- One-time items lowered 2007 results

MEUR	2008	2007
Sales	789	769
Comparable operating profit	248	231
Net Assets	3 032	3 239
Comparable RONA, %	8.2	7.6
Gross Investments	296	237



Markets

- Weak sales margin – high procurement costs

MEUR	2008	2007
Sales	1 922	1 683
Comparable operating profit	-33	-1
Net Assets	188	247
Comparable RONA, %	-15.3	-0.6
Gross Investments	3	3



Russia

- TGC-10 comparable stand-alone loss EUR 33 million

MEUR	2008*	2007
Sales	489	-
Comparable operating profit	-92	-
Net Assets	2 205	456
Comparable RONA, %	-3.8	0.0
Gross Investments	1 748	245

* 9 months; consolidated from 1.4.2008 onwards



FINANCIALS

Income statement

MEUR	IV/2008	IV/2007	2008	2007
Sales	1 602	1 320	5 636	4 479
Expenses	-991	-800	-3 673	-2 632
Operating profit	611	520	1 963	1 847
Share of profit of associates and jv's	48	18	126	241
Financial expenses, net	-54	-37	-239	-154
Profit before taxes	605	501	1 850	1 934
Income tax expense	2	-108	-254	-326
Net profit for the period	607	393	1 596	1 608
Minority interest	44	25	54	56
EPS, basic (EUR)	0.64	0.41	1.74	1.74
EPS, diluted (EUR)	0.64	0.41	1.74	1.74

Cash flow statement

MEUR	IV/2008	IV/2007	2008	2007
Operating profit before depreciations	743	635	2 478	2 298
Non-cash flow items and divesting activities	-237	-18	-275	-286
Financial items and taxes	273	-162	-99	-393
Funds from operations (FFO)	779	455	2 104	1 619
Change in working capital	-217	-110	-102	51
Total net cash from operating activities	562	345	2 002	1 670
Paid capital expenditures	-338	-251	-1 018	-592
Acquisition of shares	-28	-28	-1 243	-285
Other investing activities	23	10	-21	268
Cash flow before financing activities	219	76	-280	1 061

Comparable and reported operating profit

	Operating profit IV/2008		Operating profit IV/2007		Operating profit 2008		Operating profit 2007	
	Comparable	Reported	Comparable	Reported	Comparable	Reported	Comparable	Reported
Power Generation	378	470	363	351	1 528	1 599	1 095	1 115
Heat	109	155	120	121	250	307	290	294
Distribution	63	61	50	51	248	248	231	233
Markets	0	-29	-1	2	-33	-35	-1	12
Russia	-20	-19	-	12	-92	-91	-	244
Other	-22	-27	-16	-17	-56	-65	-51	-51
Total	508	611	516	520	1 845	1 963	1 564	1 847

Key ratios

MEUR	2008	2007	2006
EBITDA	2 478	2 298	1 884
Cash flow from operations	2 002	1 670	1 151
Interest-bearing net debt	6 179	4 466	4 345
Equity	8 411	8 651	8 161
Balance sheet total	20 278	17 674	16 839
Net debt/EBITDA*	2.5	2.2	2.3
Return on capital employed (%)*	15.0	14.0	13.4
Return on shareholders' equity (%)*	18.7	15.8	14.4

*2007 adjusted for REC and Lenenergo gains

Good liquidity

MEUR

SHORT TERM FINANCING

Commercial Paper Programmes

	Available	Outstanding	Total amount
Finnish CP Programme	328	172	500
SEK 5.000 M Swedish CP Programme	175	285	460
	503	457	960

LIQUID FUNDS AND COMMITTED CREDIT LINES

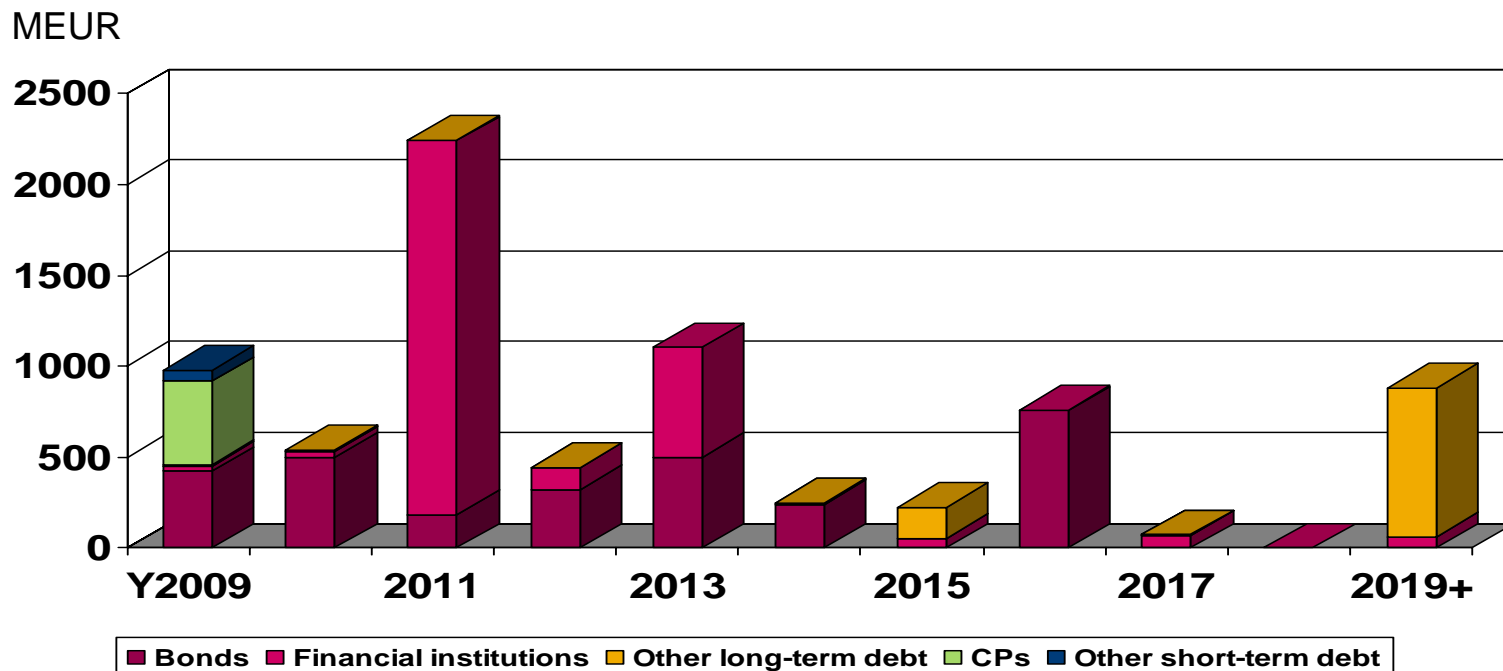
Committed Credit Lines

Short Term	206	0	206
Long Term	2 100	600	2 700
	2 306	600	2 906

Liquid Funds

Cash and cash equivalents	733		
Bank Deposits over 3 months	588		
	1 321		
of which in Russia	1 020	(~ 50% in euros, ~ 50% in roubles)	
Total Available Cash and Committed Financing	3 627		

Debt maturity profile



	<u>MEUR</u>
2009:	980
2010:	543
2011:	2.242
2012:	445
2013:	1.104
2014:	246
2015:	225
2016:	759
2017:	74
2018:	1
2019+:	881

	31 Dec, 2008	31 Dec, 2007
Duration (years)	1,6	1,3
Average interest rate (incl. swaps and forwards)	4,7 %	4,6 %
Portion of floating / fixed debt	64 / 36 %	67 / 33 %

OUTLOOK

Market fundamentals

- Nordic water reservoirs about 4 TWh below the long-term average in late January 2009
- Forward power prices in late January 2009:
 - rest of 2009 ~ 38-39 EUR/MWh
 - 2010 ~ 34-36 EUR/MWh
- CO₂ prices in late January 2009:
 - for 2009 and 2010 ~ EUR 12 per tonne

Hedging of Power Generation's Nordic sales

Status at the end of January 2009

(Status at the beginning of October 2008)

	<u>Hedge ratio</u>	<u>Hedge price</u>
rest of 2009	~ 65% (~55%)	~ EUR 53 per MWh (~ EUR 53 per MWh)
2010	~ 50% (~20%)	~ EUR 46 per MWh (~ EUR 55 per MWh)

Fortum in a stable position

- Flexible and climate-benign production portfolio
- Integration of Russian TGC-10 proceeding
- Growth through investment programmes in Russia and Baltic Rim countries
- Two new CHP plants to be commissioned in 2009
- Strong balance sheet and liquidity
- Good hedging positions

- Fortum in a stable position to weather the turbulence, despite lower visibility beyond 2009



Q & A

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