



**Interim Report
January - June 2007**

Conference call

18 July 2007

Disclaimer

This presentation does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any Fortum shares.

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

Good performance continued

- Good second quarter results
- Very strong cash flow
- Clearly improved performance in Markets in the second quarter
- Improved hedging positions

Strong financial performance

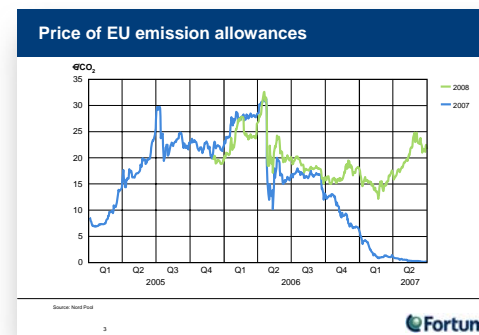
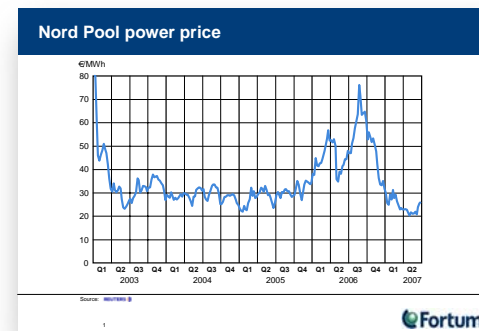
- Comparable operating profit EUR 810 (772) million, + 5%
- Earnings per share EUR 0.85 (0.64), + 33%
- Net cash from operating activities EUR 1,070 (786) million
- Fortum's net debt increased to EUR 4,610 (4,345 at year end) million

Comparable operating profit

<i>MEUR</i>	II/2007	II/2006	I-II/2007	I-II/2006	2006	LTM
Power Generation	218	208	546	501	985	1 030
Heat	36	35	173	161	253	265
Distribution	53	53	131	134	250	247
Markets	3	2	-11	2	-4	-17
Other	-12	-12	-29	-26	-47	-50
Comparable operating profit	298	286	810	772	1 437	1 475

Price development

- Nord Pool whole sale price in:
 - Q2 decreased 49% to 22.5 EUR/MWh (44.4 EUR/MWh)
 - H1 decreased 45% to 24.6 EUR/MWh (44.9 EUR/MWh)
- Power Generation's achieved Nordic power price in:
 - Q2 increased 4% to 36.0 EUR/MWh (34.7 EUR/MWh)
 - H1 increased 5% to 37.8 EUR/MWh (36.0 EUR/MWh)
- CO₂ price for 2007 in:
 - Q2 decreased 98% to 0.4 EUR/MWh (18.7 EUR/MWh)
 - H1 decreased 94% to 1.3 EUR/MWh (22.7 EUR/MWh)



SEGMENTS



Power Generation

- Higher achieved price
- Slightly lower volumes

MEUR	I-II/2007	I-II/2006	LTM
Sales	1 163	1 203	2 399
Comparable operating profit	546	501	1 030
Net Assets	6 818	6 359	
Comparable RONA, %			16.1



Business units: Generation, Portfolio Management and Trading, Service

Heat

- Increased profits mainly from Fortum Espoo

MEUR	I-II/2007	I-II/2006	LTM
Sales	731	709	1 290
Comparable operating profit	173	161	265
Net Assets	3 333	3 186	
Comparable RONA, %			8.6



Business units: Heat, Värme

Distribution

- Fortum Espoo contributed positively
- Storms caused extra costs

MEUR	I-II/2007	I-II/2006	LTM
Sales	397	381	769
Comparable operating profit	131	134	247
Net Assets	3 351	3 275	
Comparable RONA, %			7.9



Business units: Distribution

Markets

- Lower electricity sales
- Lower procurement prices of electricity and clearly improved performance in the second quarter
- Costs due to the new customer and billing system in Sweden

MEUR	I-II/2007	I-II/2006	LTM
Sales	870	947	1 835
Comparable oper.profit/loss	-11	2	-17
Net Assets	149	244	
Comparable RONA, %			-7.7



FINANCIALS

Income statement

MEUR	II/2007	II/2006	I-II/2007	I-II/2006	2006	LTM
Sales	959	948	2 299	2 291	4 491	4 499
Expenses	-632	-636	-1 482	-1 507	-3 036	-3 011
Operating profit	327	312	817	784	1 455	1 488
Share of profit of associates and joint ventures	15	6	217	41	69	245
Financial expenses, net	-41	-31	-72	-46	-103	-129
Profit before taxes	301	287	962	779	1 421	1 604
Income tax expense	-65	-60	-174	-180	-301	-295
Net profit for the period	236	227	788	599	1 120	1 309
Of which minority interest	5	8	35	34	49	50
EPS, basic (EUR)	0.26	0.25	0.85	0.64	1.22	1.42
EPS, diluted (EUR)	0.26	0.24	0.84	0.63	1.21	1.42

Comparable and reported operating profit

	Operating profit II/2007		Operating profit II/2006		Operating profit I-II/2007		Operating profit I-II/2006	
	Comparable	Reported	Comparable	Reported	Comparable	Reported	Comparable	Reported
Power Generation	218	244	208	222	546	542	501	506
Heat	36	33	35	41	173	175	161	160
Distribution	53	53	53	55	131	132	134	136
Markets	3	7	2	3	-11	-5	2	6
Other	-12	-10	-12	-9	-29	-27	-26	-24
Total	298	327	286	312	810	817	772	784

Cash flow statement

MEUR	II/2007	II/2006	I-II/2007	I-II/2006	2006	LTM
Operating profit before depreciations	438	409	1 040	979	1 884	1 945
Non-cash flow items and divesting activities	-6	-47	-5	-23	-92	-74
Financial items and taxes	14	-60	-142	-170	-463	-435
Funds from operations (FFO)	446	302	893	786	1 329	1 436
Change in working capital	127	181	177	0	-178	-1
Total cash from operating activities	573	483	1 070	786	1 151	1 435
Paid capital expenditures	-113	-103	-213	-174	-485	-524
Acquisition of shares	-2	-707	-10	-750	-899	-159
Other investing activities	5	25	-24	9	78	45
Cash flow before financing activities	463	-302	823	-129	-155	797

Balance sheet

MEUR	Jun 30 2007	Mar 31 2007	Dec 31 2006
Non-current assets	15 227	14 958	15 103
Current assets	2 224	2 781	1 736
ASSETS	17 451	17 739	16 839
Total equity	8 014	7 594	8 161
of which minority interest	278	271	253
Interest-bearing liabilities	5 489	4 999	4 502
Non-interest bearing liabilities	3 948	5 146	4 176
EQUITY AND LIABILITIES	17 451	17 739	16 839
Equity per share (EUR)	8.68	8.22	8.91
Net debt, (MEUR)	4 610	3 932	4 345
	LTM		Dec 31 2006
Net debt/EBITDA	2.4		2.3

OUTLOOK

Market fundamentals

- Water reservoirs about 7 TWh above the long term average in mid July 2007
- Annual Nordic electricity consumption to increase about 1%
- Forward power prices in mid July 2007:
 - rest of 2007 ~ 30-32 EUR/MWh
 - 2008 ~ 43-44 EUR/MWh
- CO₂ prices in mid July 2007:
 - for 2007 ~ EUR 0.1 per tonne
 - for 2008 ~ EUR 19-21 per tonne

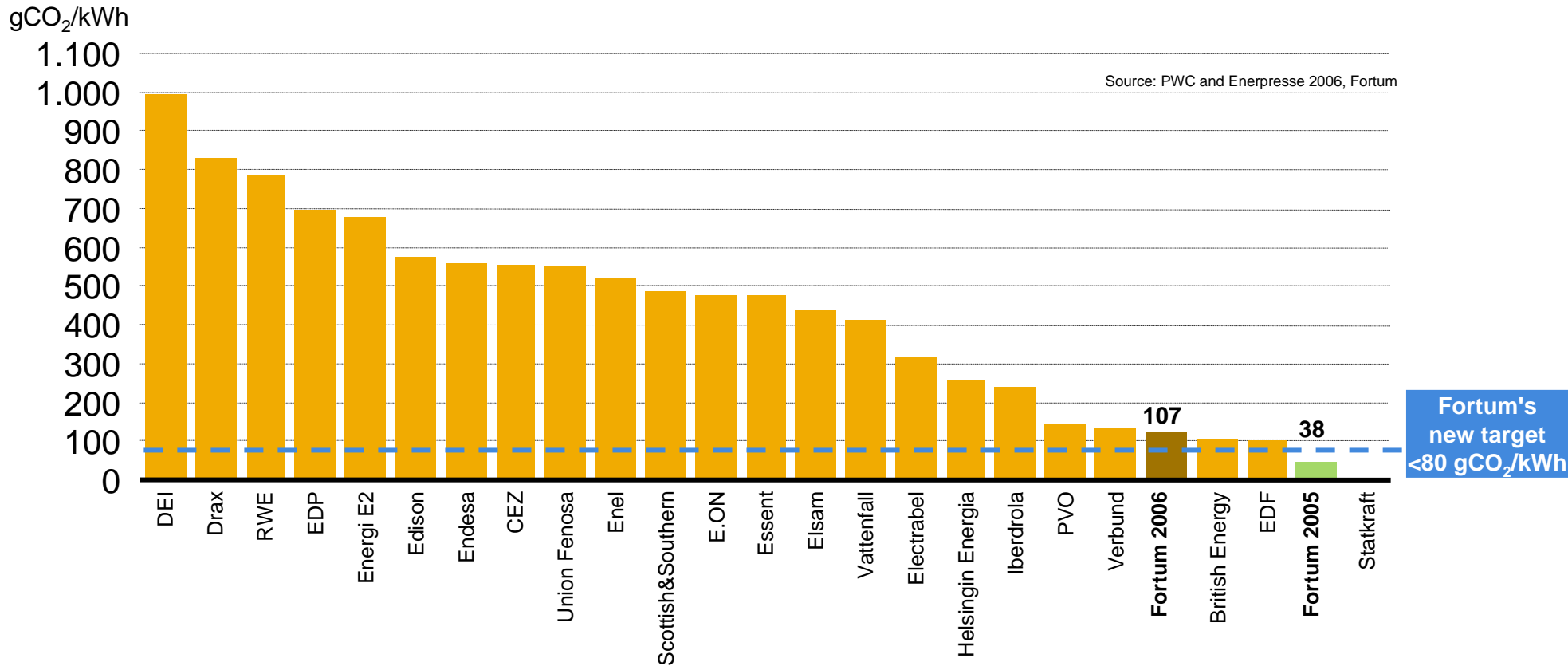
Hedging of Power Generation's Nordic sales

Status at the beginning of July 2007:

(Status at the beginning of April 2007:)

	<u>Hedge ratio</u>	<u>Hedge price</u>
Rest of 2007	~ 80% (~70%)	~ EUR 40 per MWh (~ EUR 40 per MWh)
Calendar year 2008	~ 50% (~40%)	~ EUR 43 per MWh (~ EUR 42 per MWh)

Sustainability: even stricter CO₂ targets



- In heat production, Fortum's aim is to reduce the specific emissions in each district heating area by at least 10% from 2006 until 2020
- Outside the EU, Fortum is committed to reduce specific emissions and increase efficiency

- Fortum intends to maintain its current, slightly over 25% stake in TGC-1
 - new shares for a total of approximately EUR 240 million
- Fortum is negotiating the sale of its ~1/3 position in Lenenergo
 - Fortum's strategy to focus on the power generation in Russia
- Fortum is evaluating opportunities in the Russian power generation sector

Fortum is well positioned

- Focus on the Nordic and Baltic areas, Poland and Russia
- Good hedging positions
- Flexible and climate-benign production portfolio
- Strong financial position
- Attractive opportunities in Russia



Q&A

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