



**Interim Report
January - March 2009**

Conference call

28 April 2009

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.

A strong start for the year

- Good results
 - Challenging market conditions
 - Nordic year-on-year demand decline at the same level as in Q4/2008
- TGC-10 integration is proceeding in line with plans
- 90% (90%) of the generated power in the EU CO₂-free
- Net debt decreased by EUR 545 million to EUR ~5.6 billion
- 75% of Fortum's Nordic power sales volume for the rest of 2009 hedged at EUR 51 per MWh

Good results

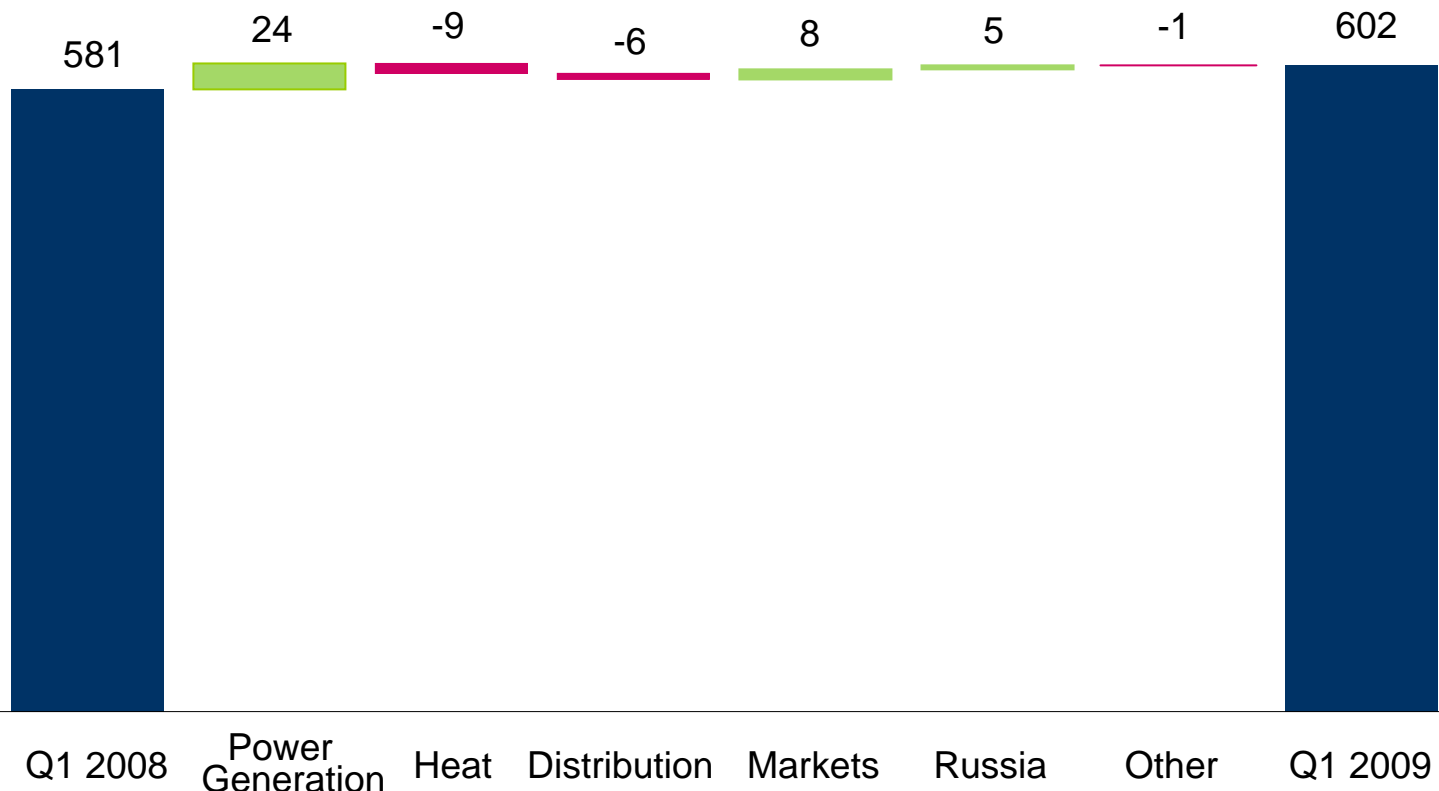
- Comparable operating profit EUR 602 (581) million, +4%
 - SEK translation effect EUR -50 million
- Earnings per share EUR 0.46 (0.51)
 - Lower contribution from associates EUR -0.08
- Net cash from operating activities increased to EUR 822 (542) million

Comparison: Q1/2008 financial results

Improvement in operational performance

Comparable operating profit

EUR million



Higher achieved price, lower hydro and nuclear production in Power Generation

Heat – weaker SEK and PLN, and unavailability in Sweden

Distribution – weaker SEK

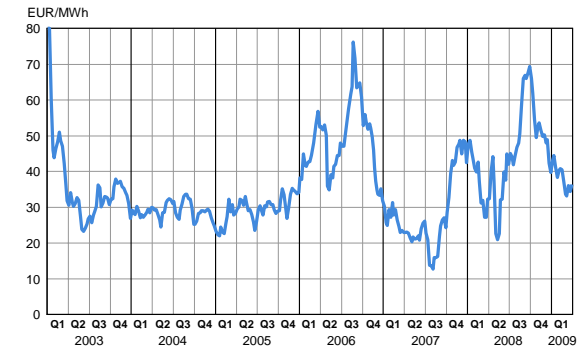
Markets – Improvement in sales margin

Operating profit at the same level as last year in Russia

Price development in Nordic

- Nord Pool wholesale price in:
 - Q1 remained stable at 38.2 EUR/MWh (38.0 EUR/MWh)
- Power Generation's achieved Nordic power price in:
 - Q1 increased 11% to 49.6 EUR/MWh (44.6 EUR/MWh)
- CO₂ price in:
 - Q1 decreased to 11.5 EUR/tonne CO₂ (21.4 EUR/tonne CO₂)

Nord Pool power price



3



Price of EU emission allowances



1



SEGMENTS

Power Generation

- Higher achieved Nordic power price
- Lower volumes
- Weaker SEK

MEUR	I/2009	I/2008	LTM
Sales	705	717	2 880
Comparable operating profit	419	395	1 552
Net Assets	5 392	5 633	
Comparable RONA, %			28.7
Gross Investments	52	18	168



Heat

- Weaker currencies and unavailability in Sweden

MEUR	I/2009	I/2008	LTM
Sales	513	493	1 486
Comparable operating profit	112	121	241
Net Assets	3 484	3 617	
Comparable RONA, %			7.0
Gross Investments	70	112	389



Distribution

- Weaker SEK

MEUR	I/2009	I/2008	LTM
Sales	229	232	786
Comparable operating profit	81	87	242
Net Assets	3 090	3 332	
Comparable RONA, %			7.9
Gross Investments	36	61	271



Markets

- Improved sales margin through restructuring

MEUR	I/2009	I/2008	LTM
Sales	469	519	1 872
Comparable operating profit	-2	-10	-25
Net Assets	128	169	
Comparable RONA, %			-12.4
Gross Investments	1	1	3



Russia

- Challenging market conditions
- EBITDA EUR 24 million
- TGC-10's comparable stand-alone operating profit EUR 18 million, same level as last year

MEUR	I/2009	I/2008*	LTM
Sales	184	-	673
Comparable operating profit	5	-	-87
Net Assets	2 000	2 264	
Comparable RONA, %			-3.0
Gross Investments	21	1 031	738



* Income statement consolidated from 1.4.2008 onwards

FINANCIALS

Income statement

MEUR	I/2009	I/2008	2008	LTM
Sales	1 632	1 440	5 636	5 828
Expenses	-1 033	-831	-3 673	-3 875
Operating profit	599	609	1 963	1 953
Share of profit of associates and jv's	-33	34	126	59
Financial expenses, net	-32	-45	-239	-226
Profit before taxes	534	598	1 850	1 786
Income tax expense	-111	-122	-254	-243
Net profit for the period	423	476	1 596	1 543
Non-controlling interests	17	24	54	47
EPS, basic (EUR)	0.46	0.51	1.74	1.69
EPS, diluted (EUR)	0.46	0.51	1.74	1.69

Cash flow statement

MEUR	I/2009	I/2008	2008	LTM
Operating profit before depreciations	721	720	2 478	2 479
Non-cash flow items and divesting activities	1	-37	-275	-237
Financial items and taxes	125	-122	-99	148
Funds from operations (FFO)	847	561	2 104	2 390
Change in working capital	-25	-19	-102	-108
Total net cash from operating activities	822	542	2 002	2 282
Paid capital expenditures	-180	-164	-1 018	-1 034
Acquisition of shares	-50	-772	-1 243	-521
Other investing activities	-7	-26	-21	-2
Cash flow before financing activities	585	-420	-280	725

Comparable and reported operating profit

	Operating profit I/2009		Operating profit I/2008	
	Comparable	Reported	Comparable	Reported
Power Generation	419	423	395	431
Heat	112	113	121	130
Distribution	81	81	87	86
Markets	-2	-11	-10	-20
Russia	5	5	-	-
Other	-13	-12	-12	-18
Total	602	599	581	609

Currency translation effects

Effects on comparable operating profit in Q1/2009 compared to Q1/2008

	I/2009		
	SEK	Other	Total
Power Generation	-33	-2	-35
Heat	-10	-2	-12
Distribution	-7	-1	-8
Markets	0	0	0
Russia	0	-2	-2
Other	0	0	0
Total	-50	-7	-57

Average rates:	Q1/2009	Q1/2008
SEK	10.968	9.426
RUB	44.393	36.466
NOK	9.103	8.000
PLZ	4.502	3.568

Key ratios

MEUR	LTM in Q1 '09	2008	2007
EBITDA	2 479	2 478	2 298
Cash flow from operations	2 282	2 002	1 670
Interest-bearing net debt	5 634	6 179	4 466
Equity	8 729	8 411	8 651
Balance sheet total	21 709	20 278	17 674
Net debt/EBITDA*	2.3	2.5	2.2
Return on capital employed (%)*	12.6	15.0	14.0
Return on shareholders' equity (%)*	17.0	18.7	15.8

*2007 adjusted for REC and Lenenergo gains

Good liquidity

MEUR

SHORT TERM FINANCING

Commercial Paper Programmes

Finnish CP Programme

SEK 5.000 M Swedish CP Programme

Available	Outstanding	Total amount
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290	210	500
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182	275	457
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472	485	957
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LIQUID FUNDS AND COMMITTED CREDIT LINES

Committed Credit Lines

Short Term

Long Term

207	0	207
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2 700	0	2 700
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2 907	0	2 907
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Liquid Funds

*Cash and cash equivalents **

Bank Deposits over 3 months

659

441

1 100

of which in Russia

841

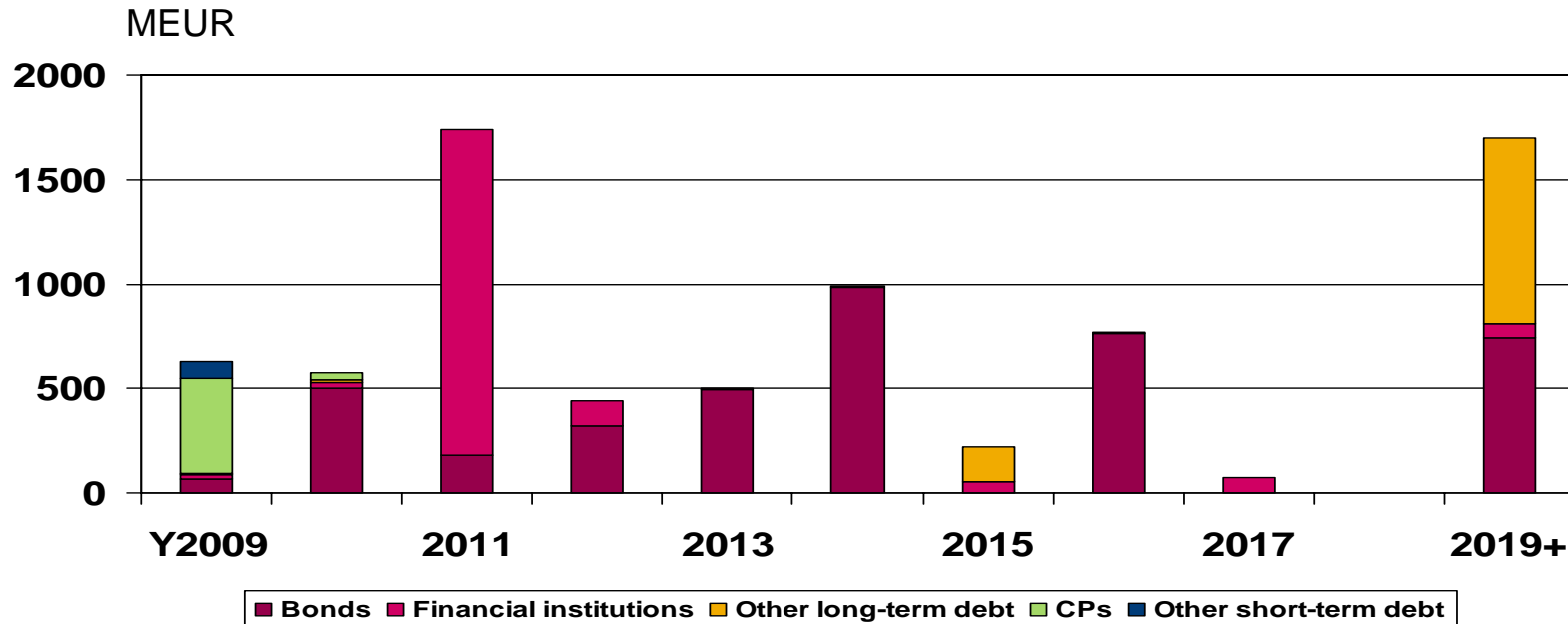
Total Available Cash and Committed Financing

4 007

* Approximate figure after loan and dividend payments in April

Note: Situation after repayments in April

Debt maturity profile after repayments in April



	<u>MEUR</u>
2009:	630
2010:	574
2011:	1,741
2012:	440
2013:	505
2014:	992
2015:	224
2016:	768
2017:	73
2018:	1
2019+:	1,698

	31 March, 2009	31 Dec, 2008
Duration (years)*	2.0	1.6
Average interest rate(incl. swaps and forwards)	3.3 %	4.7 %
Portion of floating / fixed debt	66 / 34 %	64 / 36 %

*Duration is calculated on the Group's total interest bearing net debt incl. long-term receivables

OUTLOOK

Market fundamentals in late April 2009

- Nordic water reservoirs about 4 TWh below the long-term average
- Forward power prices:
 - rest of 2009 ~ 36-37 EUR/MWh
 - 2010 ~ 37-39 EUR/MWh
 - 2011 ~ 38-40 EUR/MWh
- CO₂ prices:
 - for 2009 and 2010 ~ EUR 13-14 per tonne CO₂

Hedging of Power Generation's Nordic sales

Status in mid-April 2009

(Status at the end of January 2009)

	<u>Hedge ratio</u>	<u>Hedge price</u>
rest of 2009	~ 75% (~65%)	~ EUR 51 per MWh (~ EUR 53 per MWh)
2010	~ 65% (~50%)	~ EUR 43 per MWh (~ EUR 46 per MWh)
2011	~ 30%	~ EUR 42 per MWh

Fortum in a strong position

- Flexible and climate-benign production portfolio
- Integration of Russian TGC-10 proceeding as planned
- Growth through investment programmes in Nordic and Baltic Rim countries and in Russia
 - Capital expenditure for the next 4-5 years expected to be within EUR 0.8-1.2 billion
- Good hedging positions
- Strong balance sheet and liquidity



Q & A

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