



**Interim Report
January - March 2009**

28 April 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 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

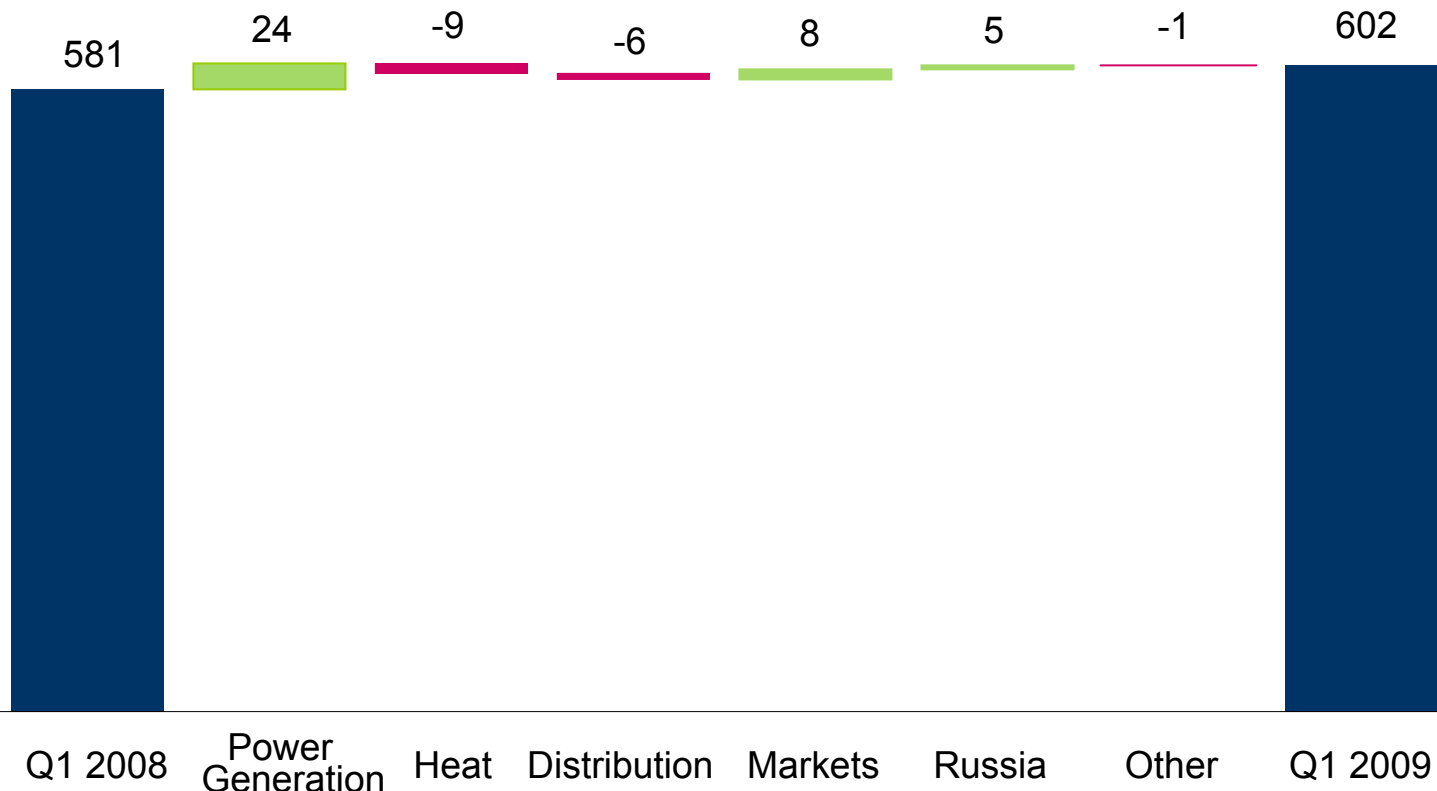
- Comparable operating profit EUR 602 (581) million, +4%
 - SEK translation effect EUR -50 million
- Earnings per share EUR 0.46 (0.51)
 - Lower contribution from associates EUR -0.08
- Net cash from operating activities increased to EUR 822 (542) million

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

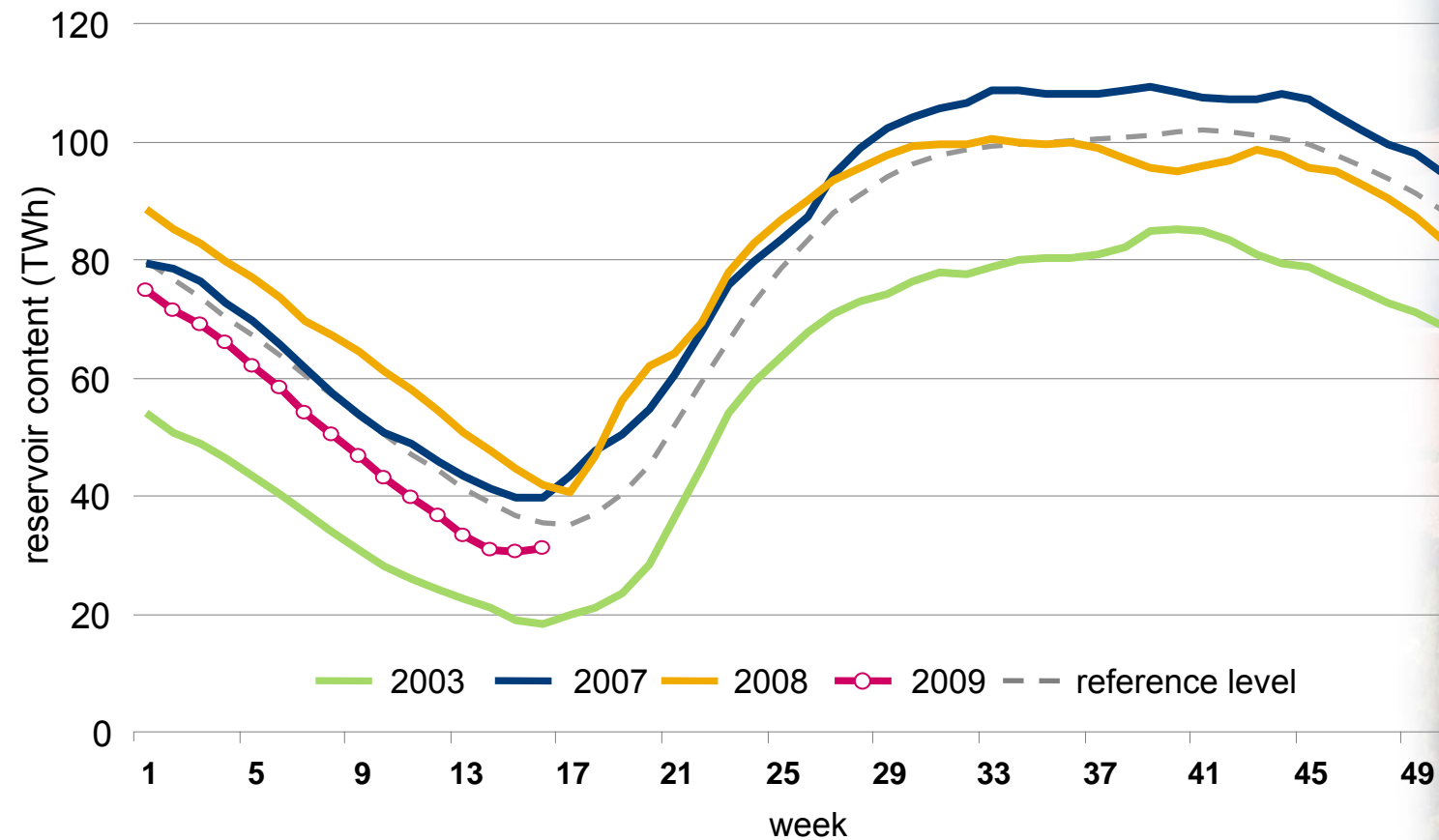
Heat – weaker SEK and PLN, and unavailability in Sweden

Distribution – weaker SEK

Markets – Improvement in sales margin

Operating profit at the same level as last year in Russia

Nordic water reservoirs

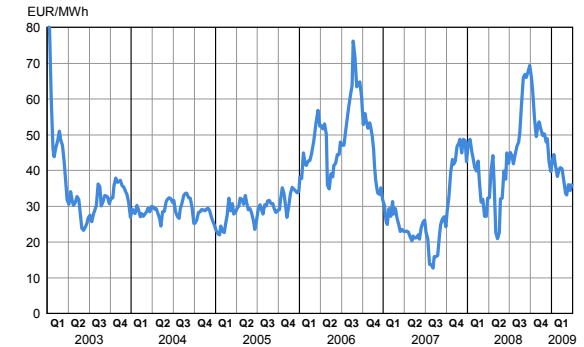


Source: Nord Pool

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



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Price of EU emission allowances



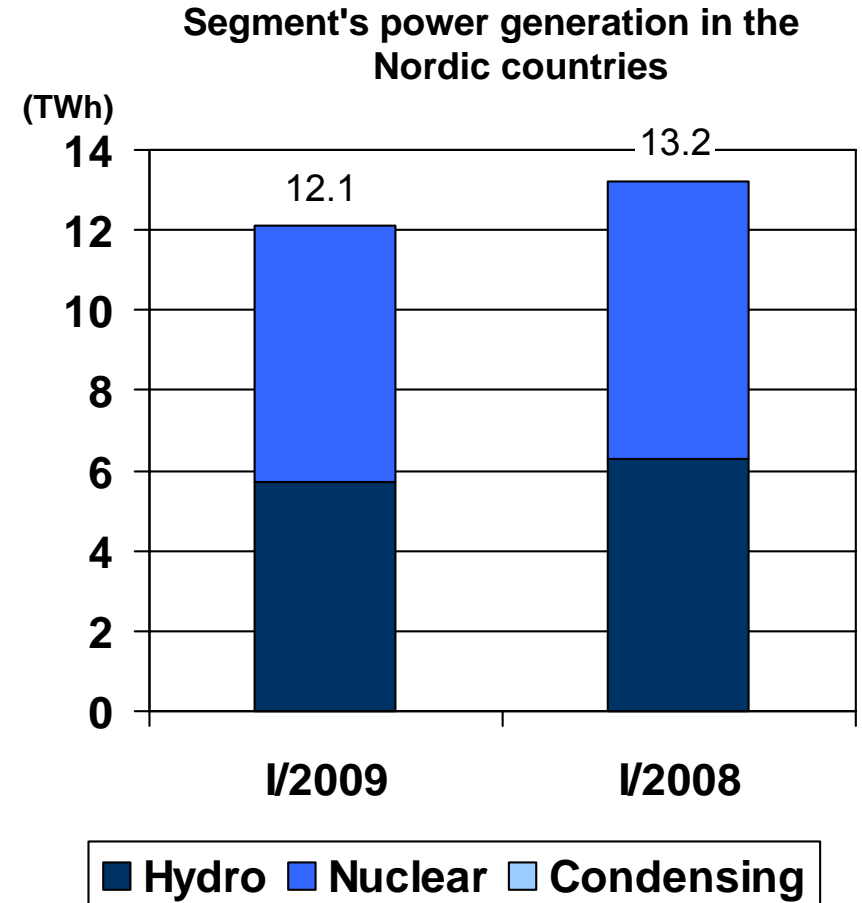
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SEGMENTS

Power Generation

- Lower hydro volume, -0.6 TWh
- Lower nuclear volume, -0.5 TWh
- CO₂-free production of the segment 98%



Power Generation

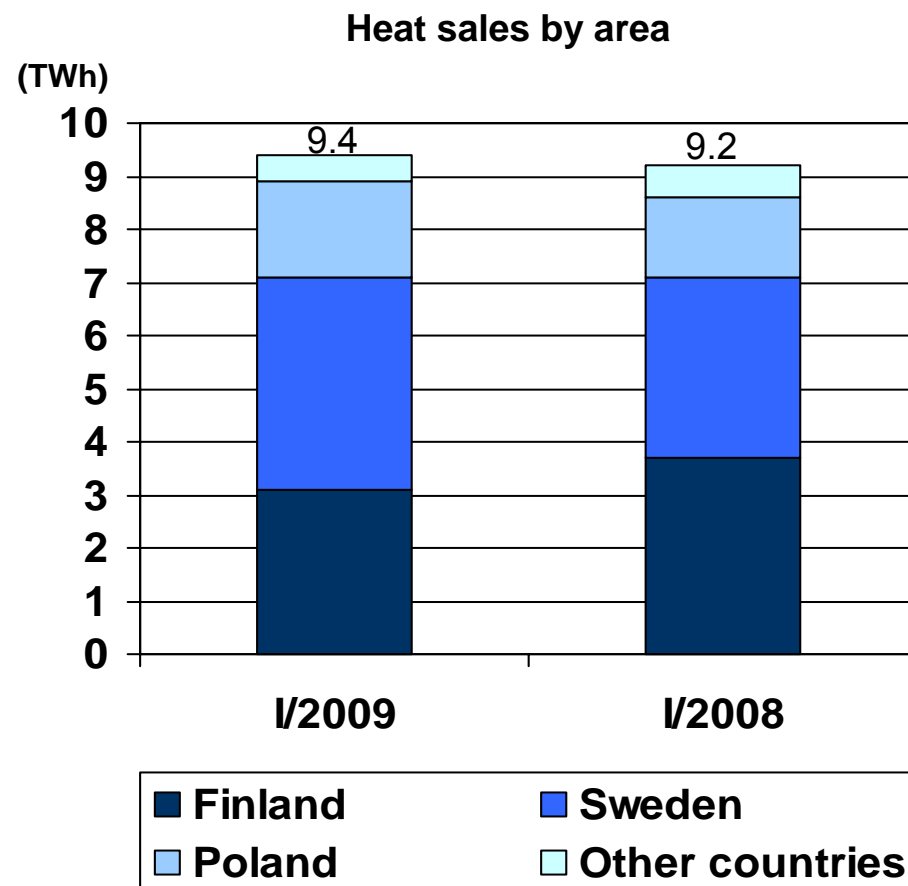
- Higher achieved Nordic power price
- Lower volumes
- Weaker SEK

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

- New plant in Tartu, Estonia into commercial use
- Investments in CHP plants ongoing:
 - Suomenoja, Finland (2009)
 - Częstochowa, Poland (2010)
 - Pärnu, Estonia (2010)



Heat

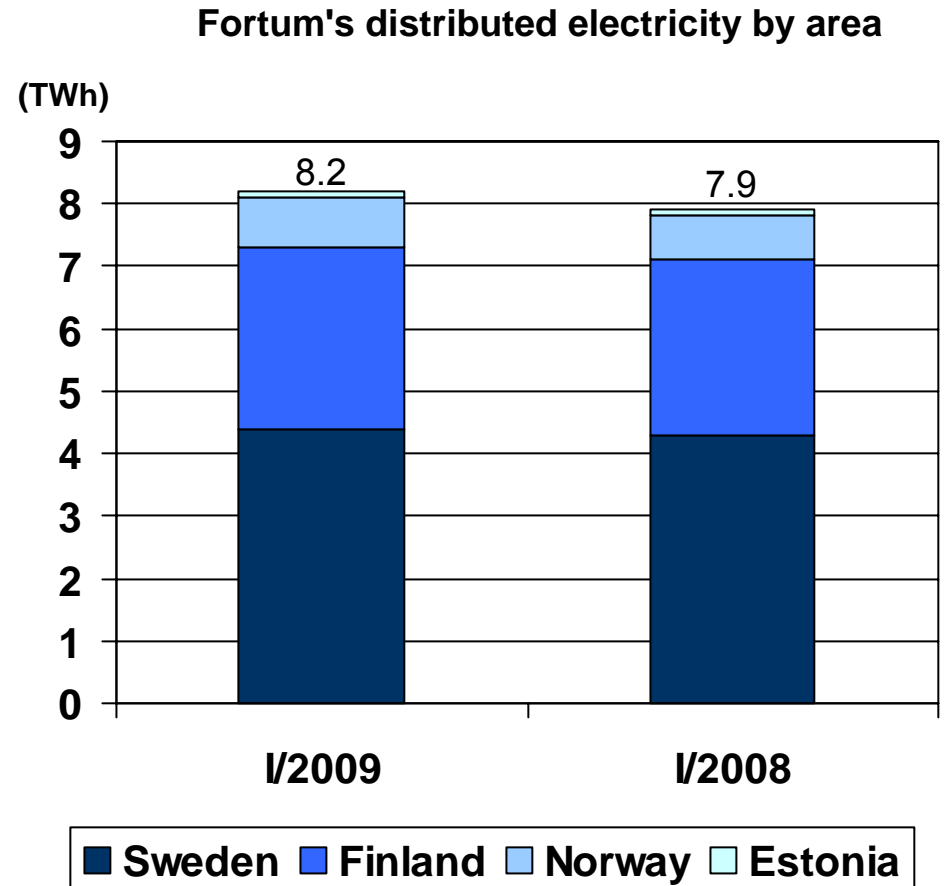
- Weaker currencies and unavailability in Sweden

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

- Stable business
- The installation of automatic meters in Sweden continues, ~820,000 meters already installed



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

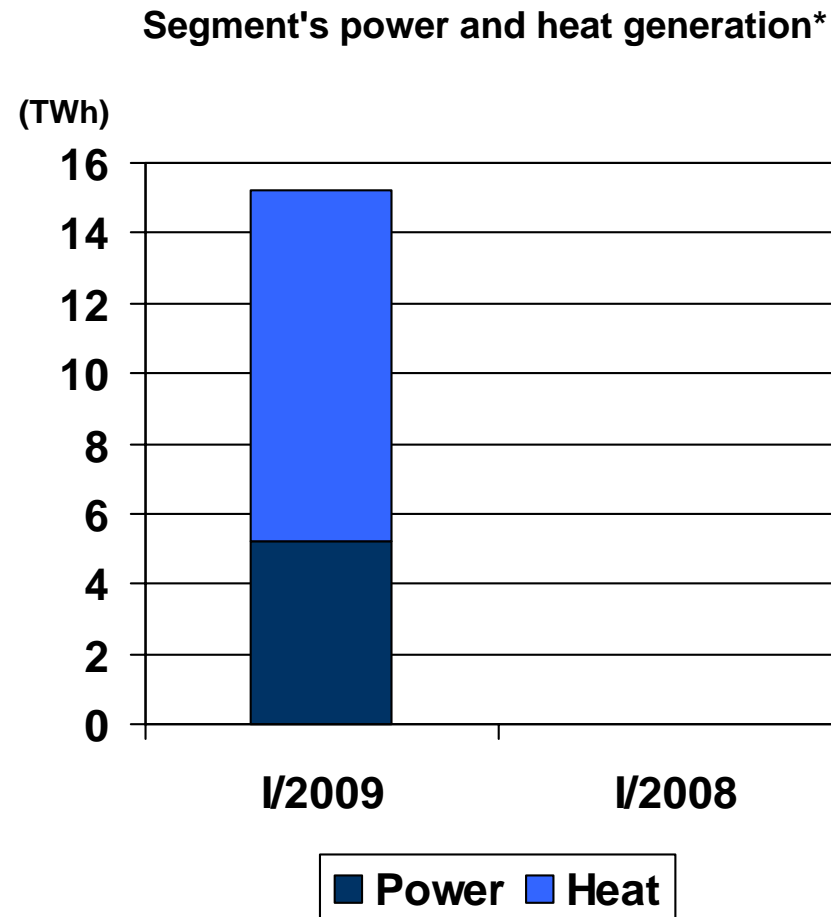
- Improved sales margin through restructuring

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

- Power sector reform proceeds:
Competitive market
30% from 1 January 2009,
50% from 1 July 2009
- Integration proceeds as planned
- 2/3 of the volumes sold in Tyumen and other oil and gas producing areas
- Demand increase in Tyumen area (1-2%), decrease in Chelyabinsk (-15%)



* Income statement consolidated from 1.4.2008 onwards

Price development in Russia

Key electricity, capacity and gas prices for TGC-10

	I/2009	I/2008	Change, %
Electricity spot price (market price), Urals hub, RUB/MWh	535	705	-24
Average regulated electricity price for TGC-10, RUB/MWh	541	479	+13
Average regulated capacity price, RUB/MW/month	189,500	157,900	+20
Average limit gas price in Urals region, RUB/1000 m ³	1,750	1,660	+5

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

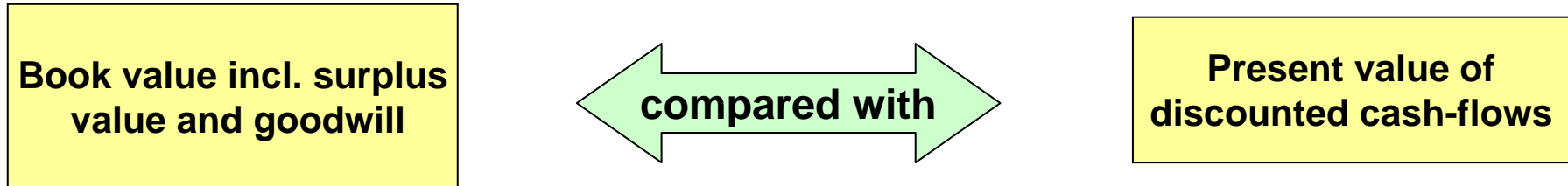
Average rates:	Q1/2009	Q1/2008
SEK	10.968	9.426
RUB	44.393	36.466
NOK	9.103	8.000
PLZ	4.502	3.568

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

IFRS technique for impairment testing



Valuation of TGC-10

- Valuation is based on present value of future cash flows
- Valuation is in roubles

Key assumptions:

- Expected development of Russia power market
 - Utilization of power plants and other assets
 - Forecasted maintenance and refurbishment investments
 - Discount rate
- Translation differences are booked directly to equity

Good liquidity

MEUR

SHORT TERM FINANCING

Commercial Paper Programmes

Finnish CP Programme

SEK 5.000 M Swedish CP Programme

	Available	Outstanding	Total amount
	290	210	500
	182	275	457
	472	485	957

LIQUID FUNDS AND COMMITTED CREDIT LINES

Committed Credit Lines

Short Term

Long Term

	207	0	207
	2 700	0	2 700
	2 907	0	2 907

Liquid Funds

*Cash and cash equivalents **

Bank Deposits over 3 months

	659
	441
	1 100

of which in Russia

	841
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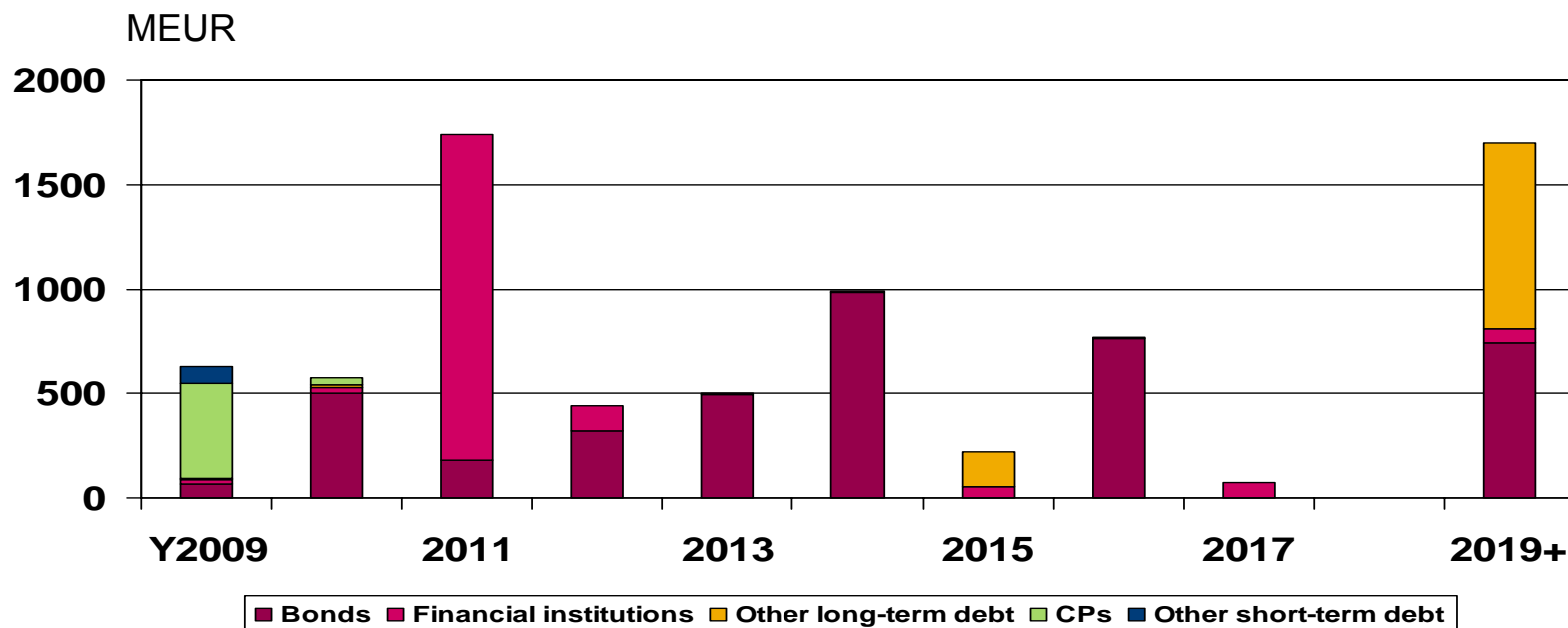
Total Available Cash and Committed Financing

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* 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

Fuel and CO₂ allowance prices

Crude oil price (Brent)



CO₂ price (EUA)



Coal price (API2)



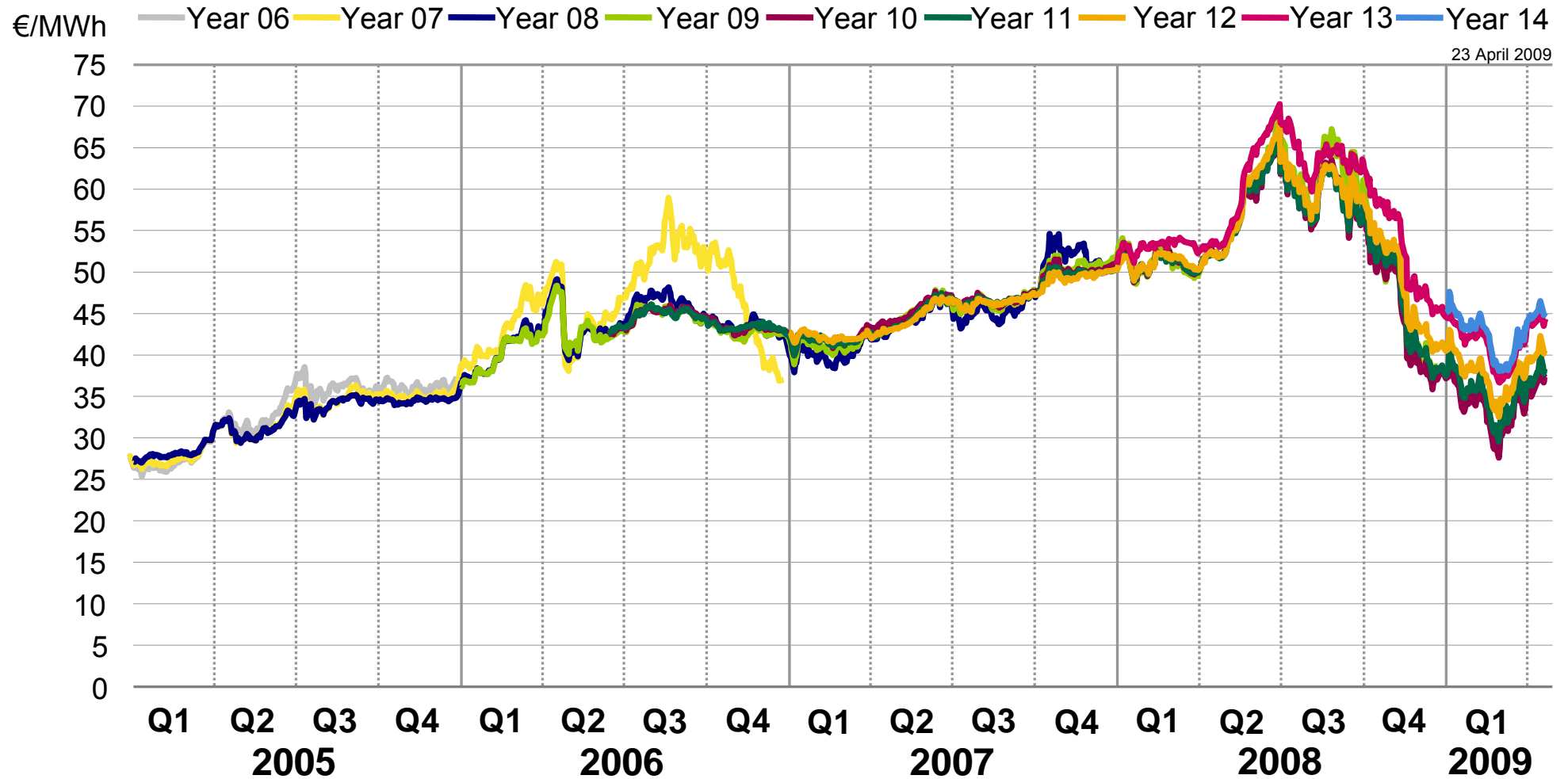
Gas price (NBP)



Source:  POWERED BY THOMSON REUTERS

Market prices 22 April 2009; 2009-2010 future quotations

Nord Pool year forwards



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

