



Fortum Corporation Interim report January-March 2010

27 April 2010

Disclaimer

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

Business environment improving

- Nordic power consumption up by 7%
- Tight supply demand balance in the Nordic area resulted in price peaks
 - Cold winter; exceptional low temperature periods
 - Availability of Nuclear in Sweden still affected by modernisations
 - Average Nord Pool system spot price up by 56% from a year ago
- Russian power consumption increased by about 6%
 - Electricity spot price in Russia up by 53% from a year ago

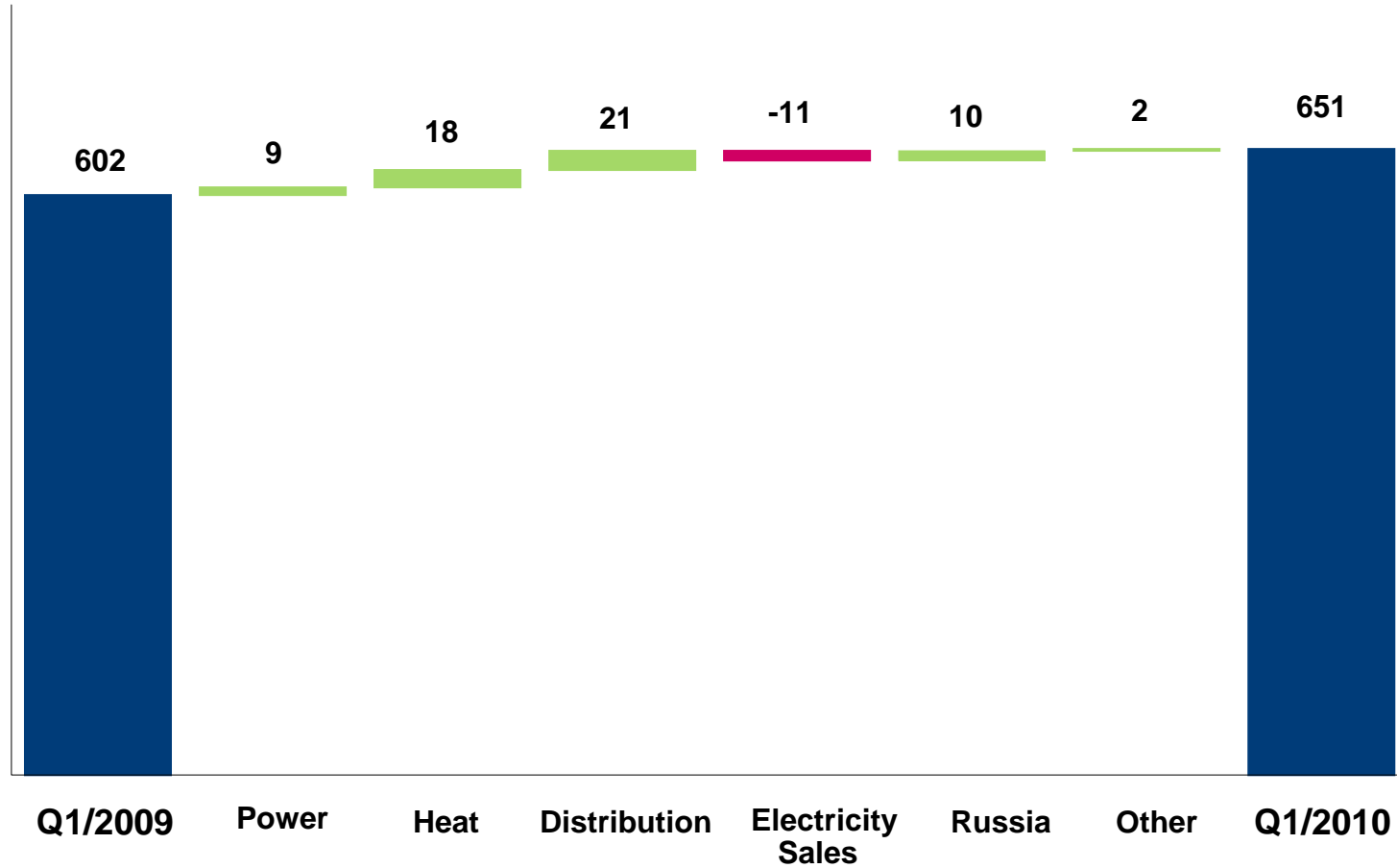
A strong start for the year

- Comparable operating profit, EUR 651 (602) million
 - Higher achieved Nordic sales price in Power
 - Improvement in Russia
 - SEK translation effect EUR +33 million
- Earnings per share EUR 0.63 (0.46)
 - Sales gains from Swedegas, Karlskoga Energi & Miljö, Kurgan and Federal grid company shares
- Net cash from operating activities EUR 521 (822) million
 - Decline due to financial items and SEK appreciation

Better performance, except Electricity Sales

Comparable operating profit

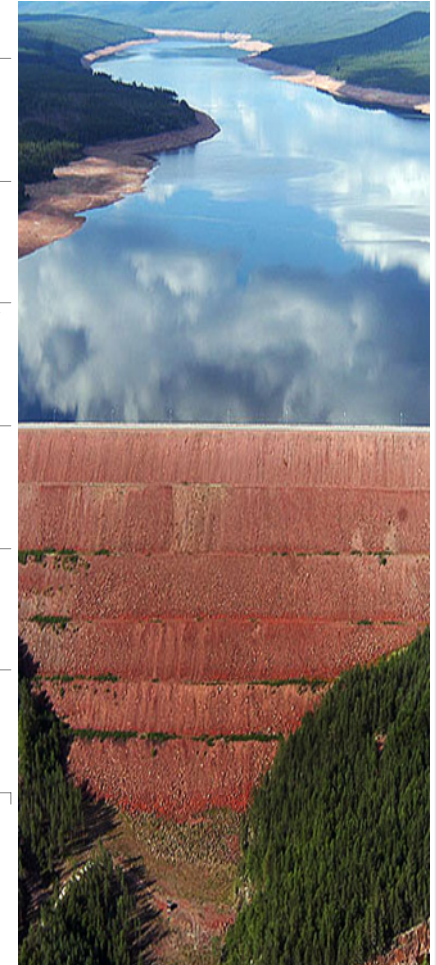
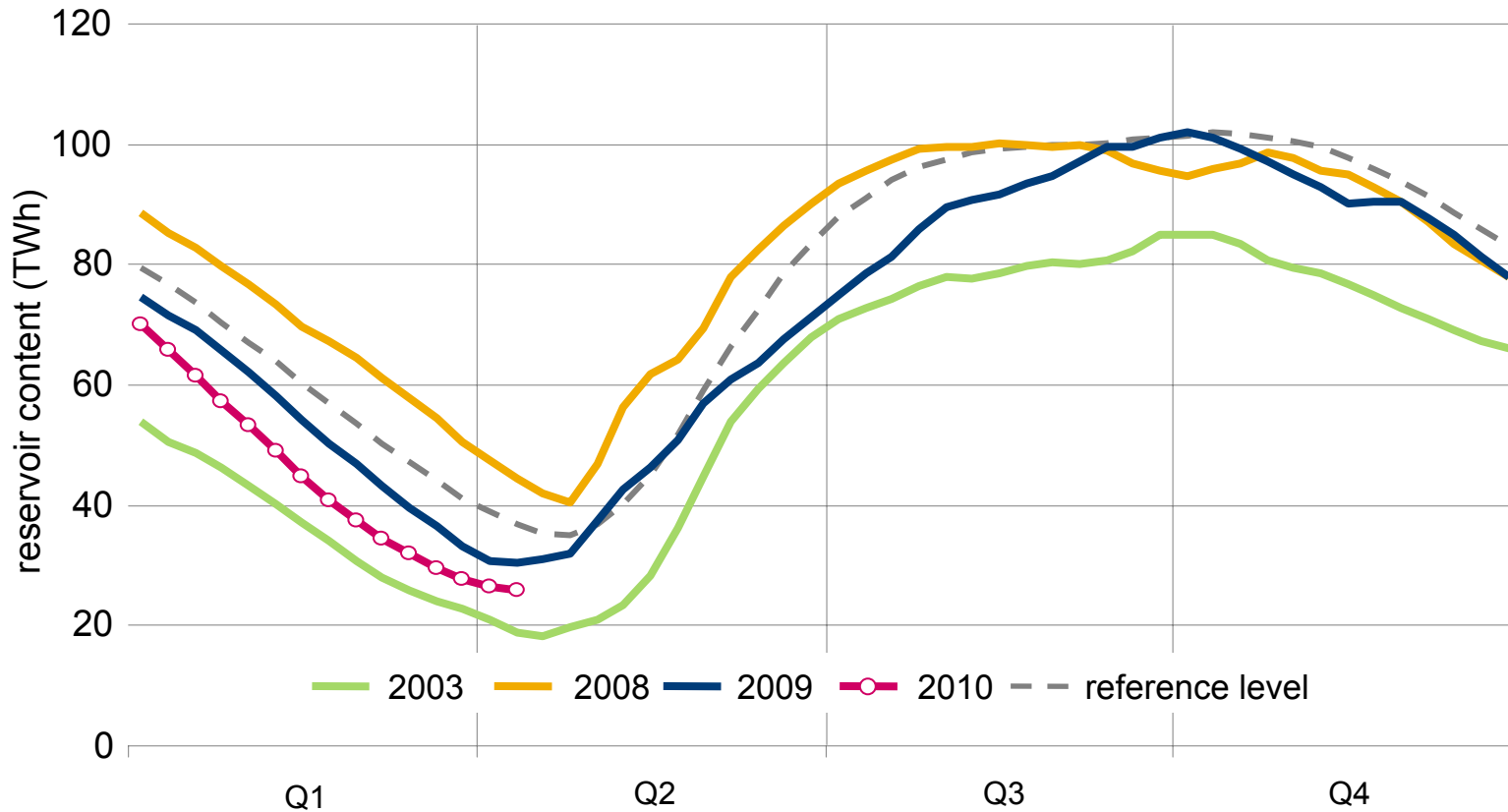
EUR million



Key events and highlights

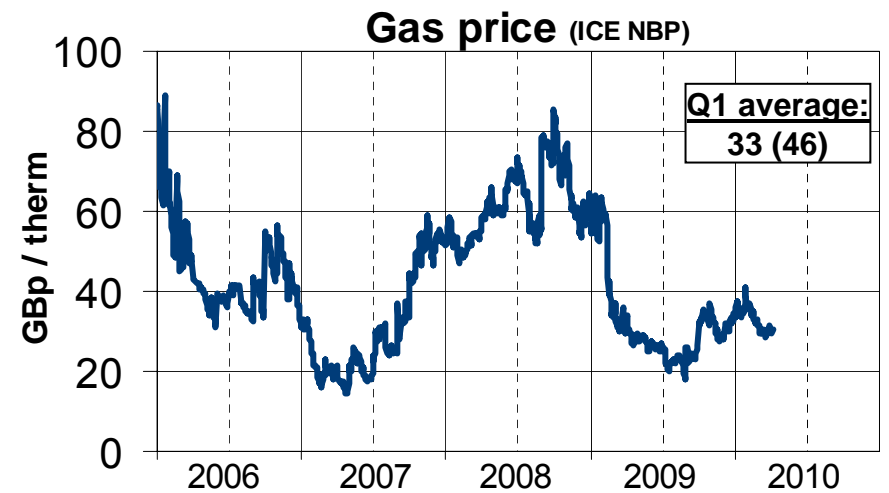
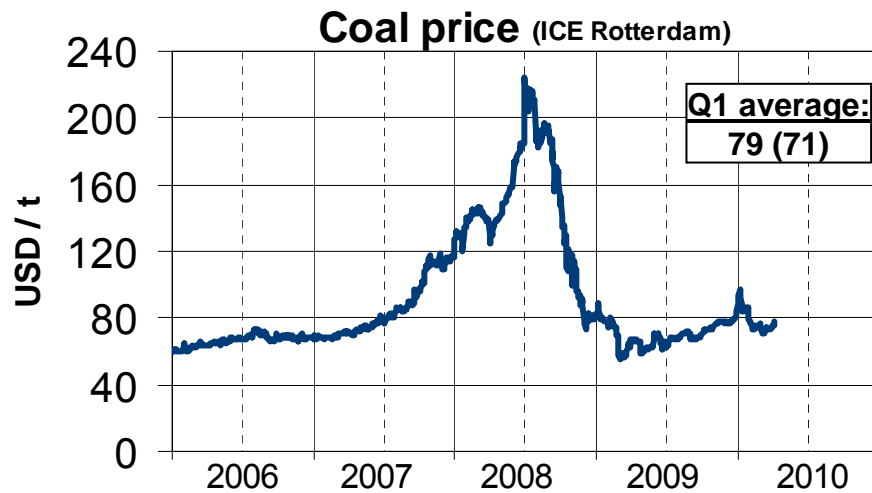
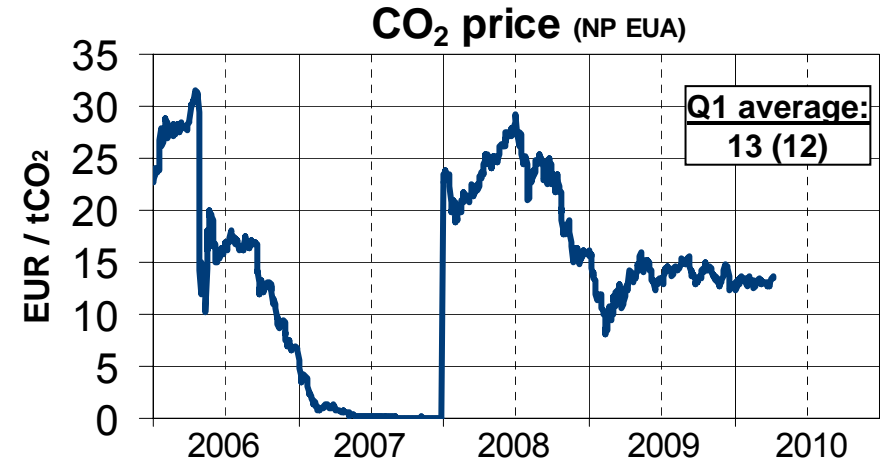
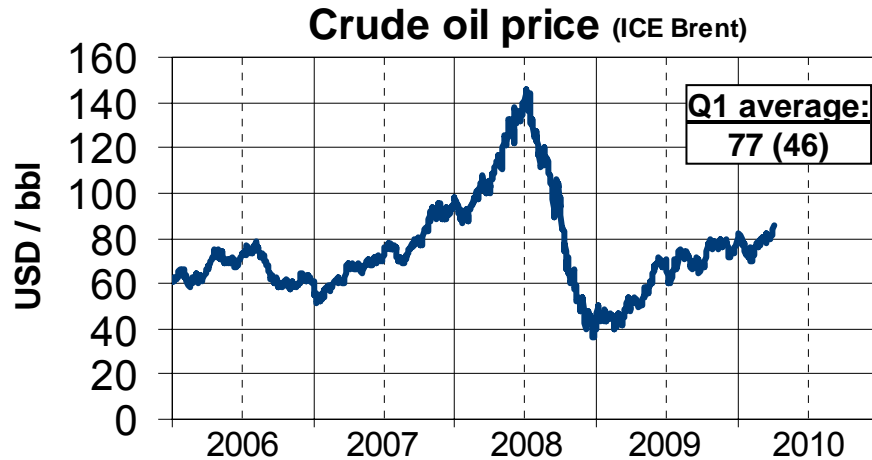
- Performance development in Russia on track
 - Russian power reform proceeded as planned
 - OAO Fortum's productivity improved
 - Rules and price parameters for capacity market approved
- Suomenoja CHP plant in full operation
- Work continuing to improve efficiency, accountability and simplicity
 - Restructuring of the Business Market segment in Electricity Sales
- 82% (90%) of the generated power CO₂-free in the EU
 - Higher thermal condensing generation due to cold weather
- The Government did not approve Fortum's application for Loviisa 3

Nordic water reservoirs below normal



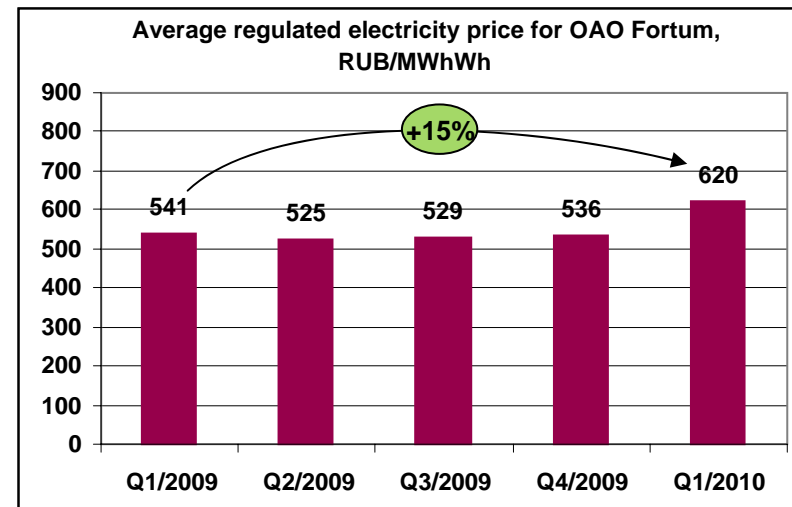
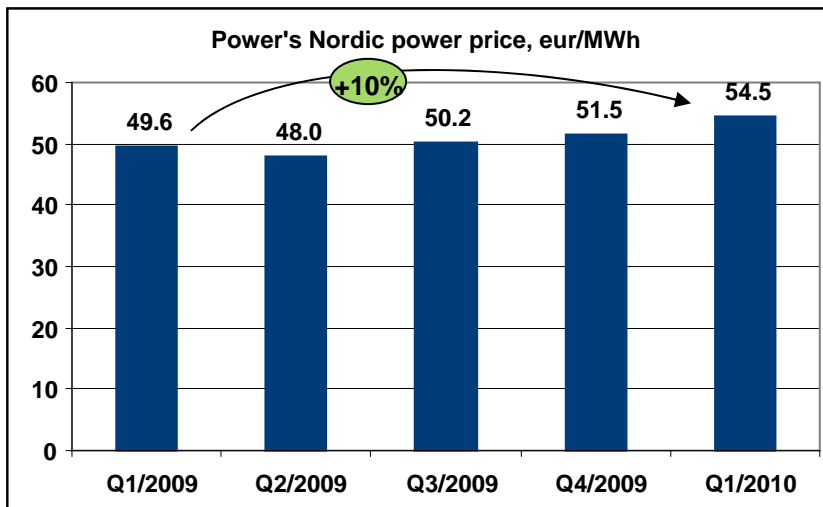
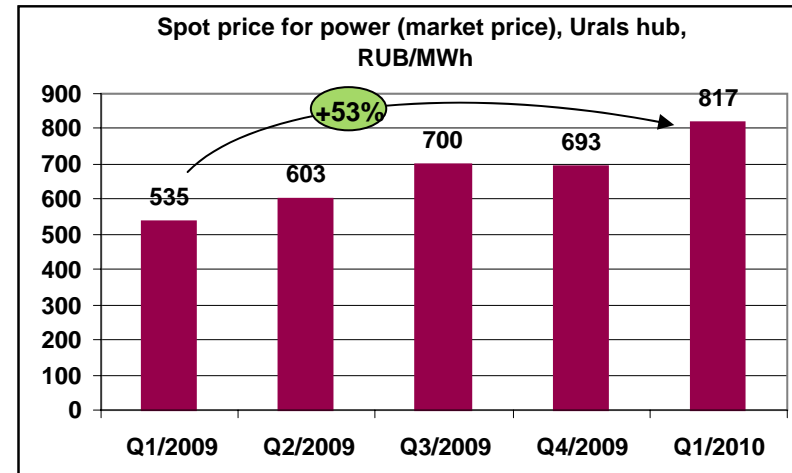
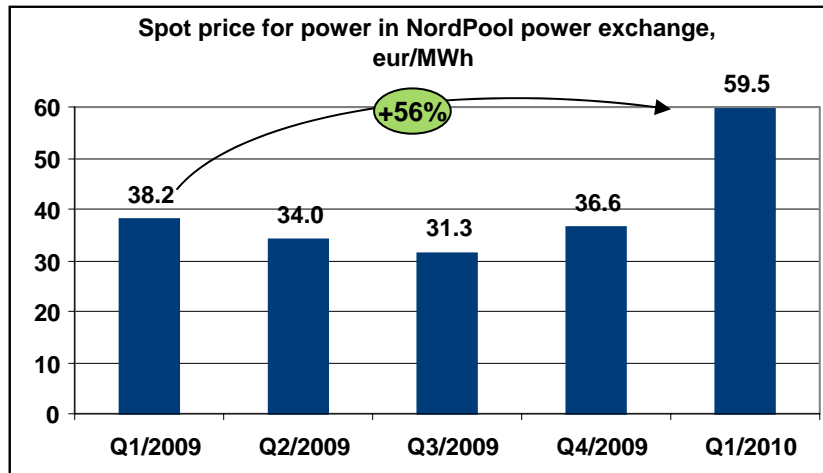
Source: Nord Pool

Commodity prices



Source: ICE, Nord Pool

Price development in the Nordic region and Russia



Financials



Power

- Higher achieved price supported by higher spot prices
- Lower hydro and nuclear volumes
- Increased thermal generation
- Stronger SEK

MEUR	I/2010	I/2009	LTM
Sales	769	688	2 612
Comparable operating profit	424	415	1 463
Net Assets	5 591	5 351	
Comparable RONA, %			26.3
Gross Investments	33	52	134



Heat

- Suomenoja CHP plant in operation
- Higher heat volumes due to cold weather
- Higher power volumes and higher Nord Pool spot price

MEUR	I/2010	I/2009	LTM
Sales	651	514	1 536
Comparable operating profit	132	114	249
Net Assets	3 955	3 482	
Comparable RONA, %			8.0
Gross Investments	62	70	351



Distribution

- Higher volumes
- Stronger SEK
- Automatic meter rollout in Finland to start in 2010

MEUR	I/2010	I/2009	LTM
Sales	280	229	851
Comparable operating profit	102	81	283
Net Assets	3 419	3 090	
Comparable RONA, %			9.1
Gross Investments	29	36	186



Electricity Sales

- Higher purchase price of power; Nord Pool price peaks
- Restructuring provision for the Business Market segment

MEUR	I/2010	I/2009	LTM
Sales	637	469	1 617
Comparable operating profit	-13	-2	11
Net Assets	163	90	
Comparable RONA, %			7.3
Gross Investments	0	1	0



Russia

- Efficiency improvement programme on track
- Slightly higher electricity and heat sales margins
- The price parameters for the capacity market approved in April 2010

MEUR	I/2010	I/2009	LTM
Sales	244	186	690
Comparable operating profit	16	6	-10
Net Assets	2 489	2 018	
Comparable RONA, %			0.5
Gross Investments	91	21	288



Income statement

MEUR	I/2010	I/2009	2009	LTM
Sales	1 947	1 632	5 435	5 750
Expenses	-1 223	-1 033	-3 653	-3 843
Operating profit	724	599	1 782	1 907
Share of profit of associates and jv's	16	-33	21	70
Financial expenses, net	-27	-32	-167	-162
Profit before taxes	713	534	1 636	1 815
Income tax expense	-130	-111	-285	-304
Net profit for the period	583	423	1 351	1 511
Non-controlling interests	24	17	39	46
EPS, basic (EUR)	0.63	0.46	1.48	1.65
EPS, diluted (EUR)	0.63	0.46	1.48	1.65

Comparable and reported operating profit

	Operating profit I/2010		Operating profit I/2009		Operating profit 2009	
	Comparable	Reported	Comparable	Reported	Comparable	Reported
Power	424	467	415	432	1 454	1 363
Heat	132	159	114	115	231	252
Distribution	102	113	81	81	262	263
Electricity Sales	-13	-29	-2	-21	22	29
Russia	16	32	6	6	-20	-20
Other	-10	-18	-12	-14	-61	-105
Total	651	724	602	599	1 888	1 782

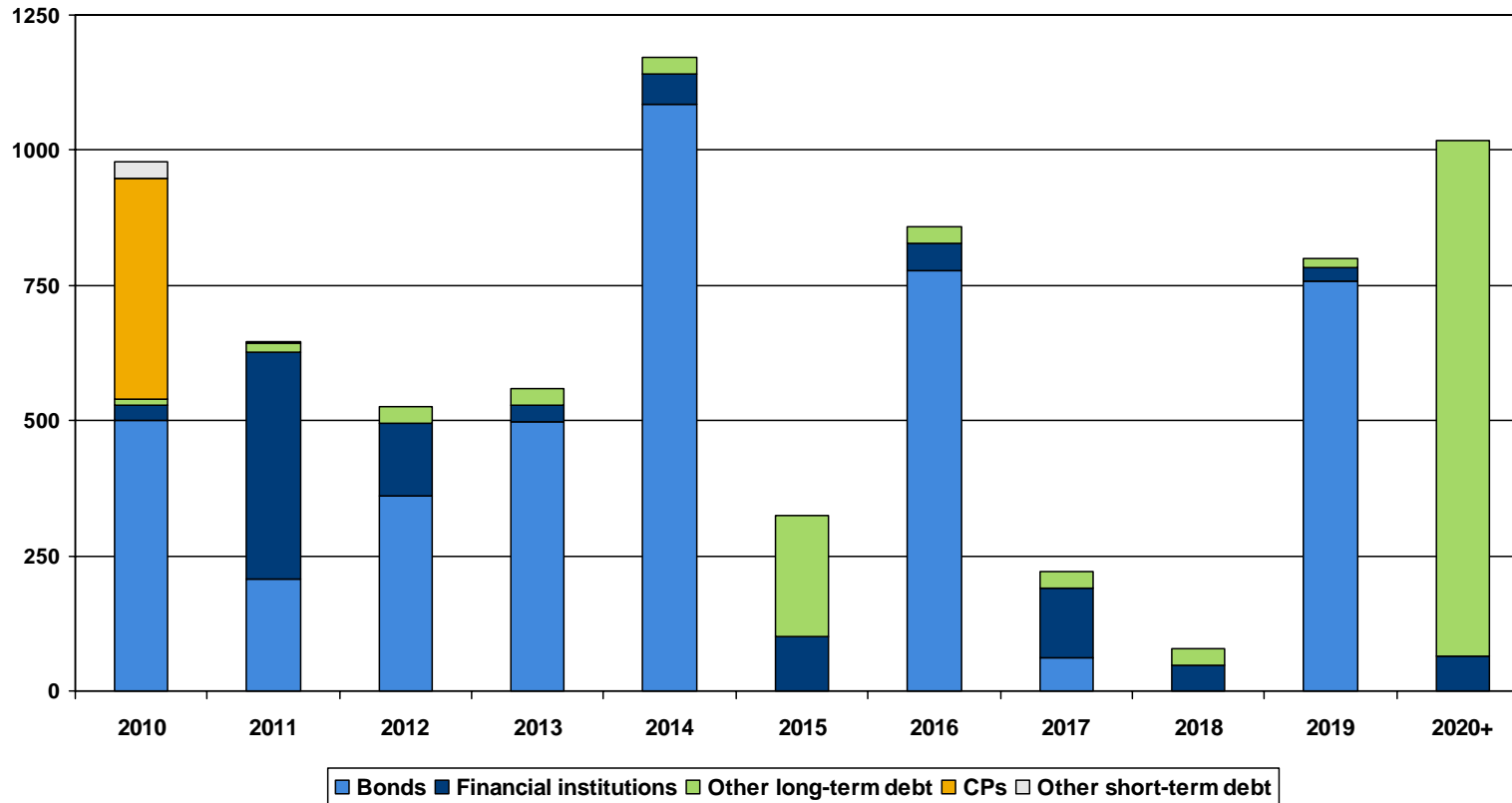
Cash flow statement

MEUR	I/2010	I/2009	2009	LTM
Operating profit before depreciations	861	721	2 292	2 432
Non-cash flow items and divesting activities	-67	1	46	-22
Financial items and fx gains/losses	-177	139	146	-170
Taxes	-82	-14	-239	-307
Funds from operations (FFO)	535	847	2 245	1 933
Change in working capital	-14	-25	19	30
Total net cash from operating activities	521	822	2 264	1 963
Paid capital expenditures	-223	-180	-845	-888
Acquisition of shares	0	-50	-85	-35
Other investing activities	88	-7	-44	51
Cash flow before financing activities	386	585	1 290	1 091

Key ratios

MEUR	LTM in Q1 '10	2009	2008
EBITDA	2 432	2 292	2 478
Net cash flow from operations	1 963	2 264	2 002
Interest-bearing net debt	5 679	5 969	6 179
Equity	8 465	8 491	8 411
Balance sheet total	21 318	19 841	20 278
Net debt/EBITDA	2.3	2.6	2.5
Return on capital employed (%)	12.3	12.1	15.0
Return on shareholders' equity (%)	17.6	16.0	18.7

Debt maturity profile



	<u>MEUR</u>
2010	980
2011	645
2012	525
2013	560
2014	1,172
2015	322
2016	858
2017	220
2018	78
2019	799
2020+	1,018

Duration (years)	<i>per 31 March, 2010</i>	<i>per 31 December, 2009</i>
Average interest rate (incl. swaps and forwards)	1.8	1.8
Portion of floating / fixed debt	3.0 %	3.4 %
	63 / 37 %	62 / 38 %

Outlook

Fuel and CO₂ allowance prices

Crude oil price (ICE Brent)



CO₂ price (NP EUA)



Coal price (ICE Rotterdam)

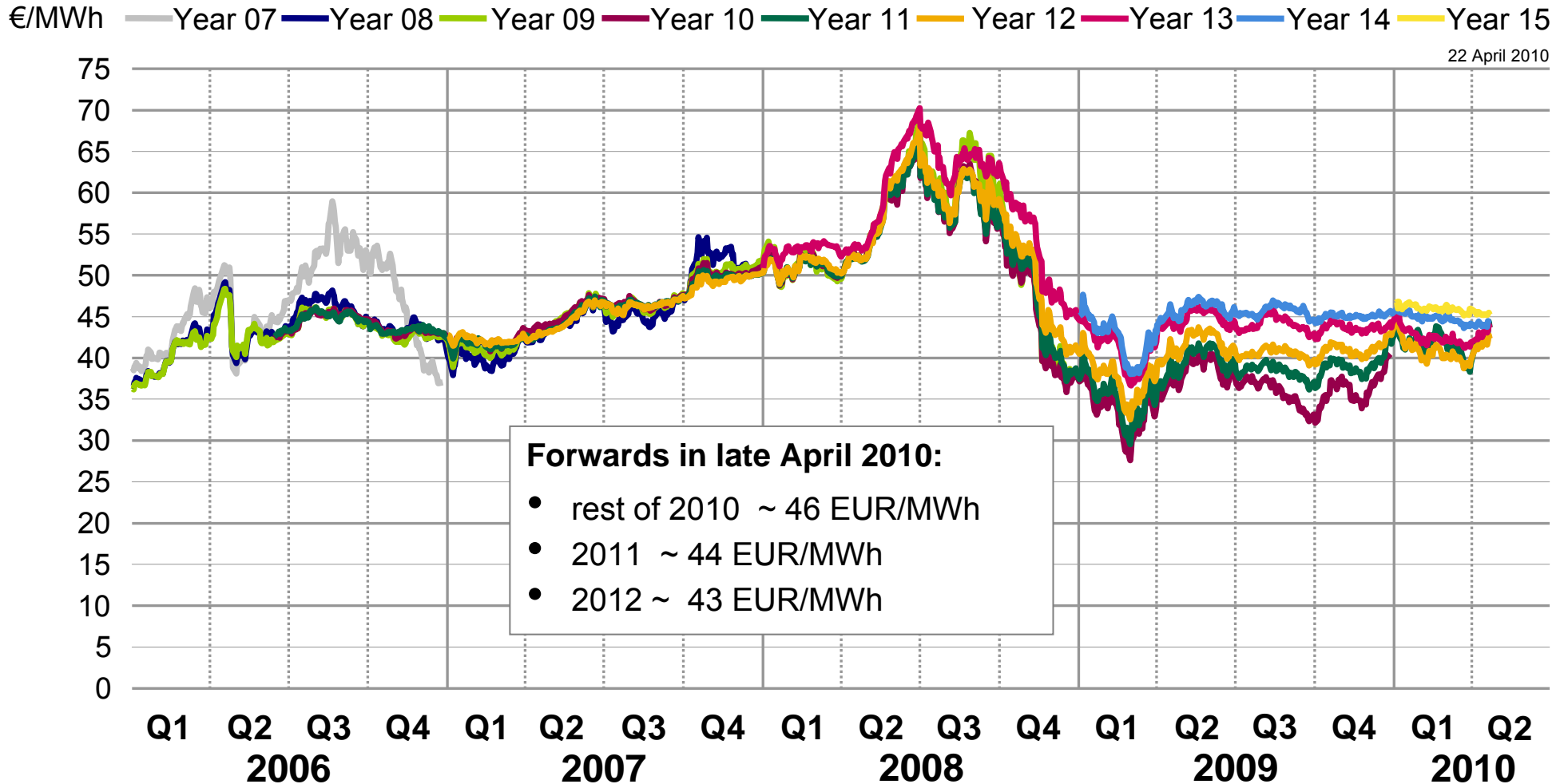


Gas price (ICE NBP)



Source: ICE, Nord Pool

Nord Pool year forwards



Hedging of Power division's Nordic sales

Status at the end of March 2010

(Status at the end of Dec 2009)

	<u>Hedge ratio</u>	<u>Hedge price</u>
rest of 2010	~ 75% (~70%)	~ EUR 44 per MWh (~ EUR 44 per MWh)
2011	~ 45% (~40%)	~ EUR 43 per MWh (~ EUR 42 per MWh)

New capacity to be commissioned in 2010

	Type	Capacity electricity, MW	Capacity heat, MW	Available
Heat				
Częstochowa, Poland	CHP bio, coal	65	120	Q3/2010
Pärnu, Estonia	CHP bio, peat	20	45	end of 2010
Power				
Hydro refurbishment	Hydropower	20-30		2010
Russia				
Tyumen 1	CCGT, gas	230		Q3/2010
Tobolsk	CCGT, gas	200		Q3/2010
Chelyabinsk 3	CCGT, gas	220		Q4/2010

Fortum in a strong position

- A strong start for the year
- Flexible, cost-efficient and climate-benign generation portfolio
- Russian power reform proceeding and the results of OAO Fortum improving as planned
- Nordic power demand recovering
 - back to 2008 level by 2012-2014
- Strong financial position and liquidity

