



**Interim Report
January - June 2009**

17 July 2009

Disclaimer

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

Solid half year 2009

- Good results
 - Higher achieved Nordic sales price at Power Generation, while Nord Pool average system price was similar to last year
- Very strong cash flow
- 94% (92%) of the generated power CO₂-free in the EU
- 80% of Fortum's Nordic power sales volume for the rest of 2009 hedged at EUR 50 per MWh, hedges for 2010-2011 unchanged from Q1

Good results

- Comparable operating profit EUR 1,002 (984) million, +2%
 - SEK translation effect EUR -78 million
- Earnings per share EUR 0.78 (0.78)
 - Higher reported operating profit, lower interest and income tax expenses
 - Lower contribution from associates
- Net cash from operating activities increased to EUR 1,526 (1,039) million

Comparison: I-II/2008 financial results

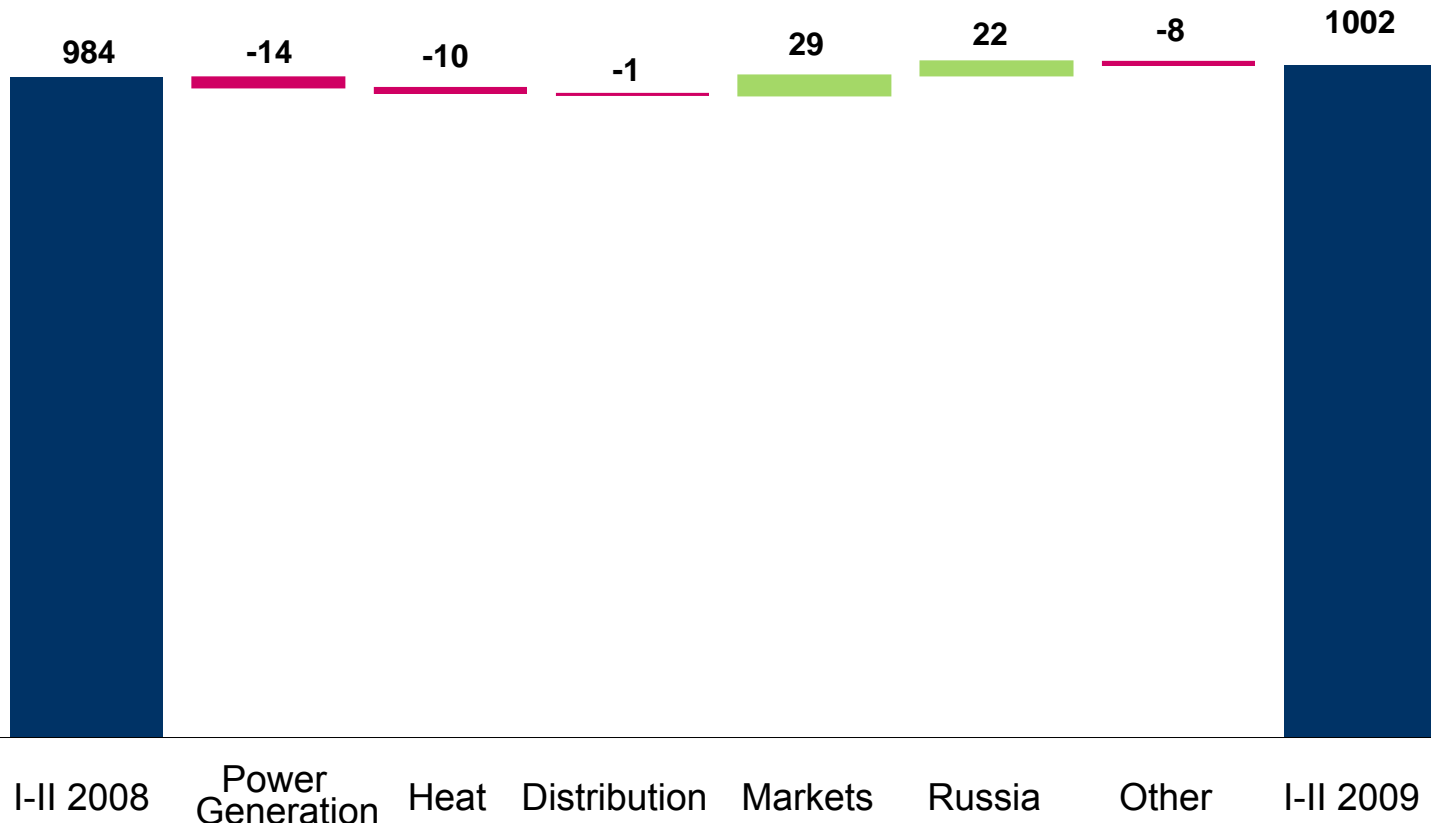
Key events and highlights

- Russian power reform proceeded
 - The share of wholesale power sold at a competitive price from 30% to 50%
- Market's turnaround programme led to a strong improvement in results
- Preparations for the sale of Fingrid shares initiated
- EUR 888 million dividend paid, (1.00 € / share)

Improvement in Markets and Russia

Comparable operating profit

EUR million



Lower hydro and nuclear production in Power Generation

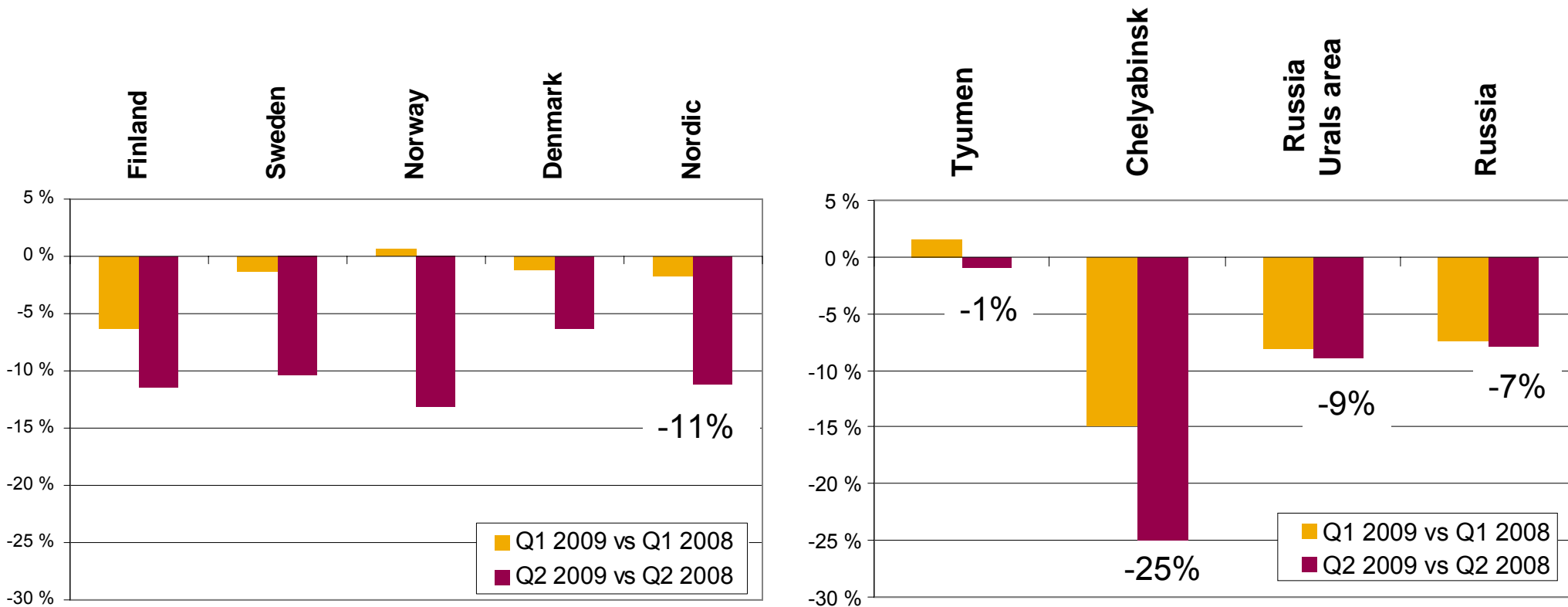
Heat – weaker SEK

Distribution – weaker SEK

Markets – Strong improvement from turnaround programme

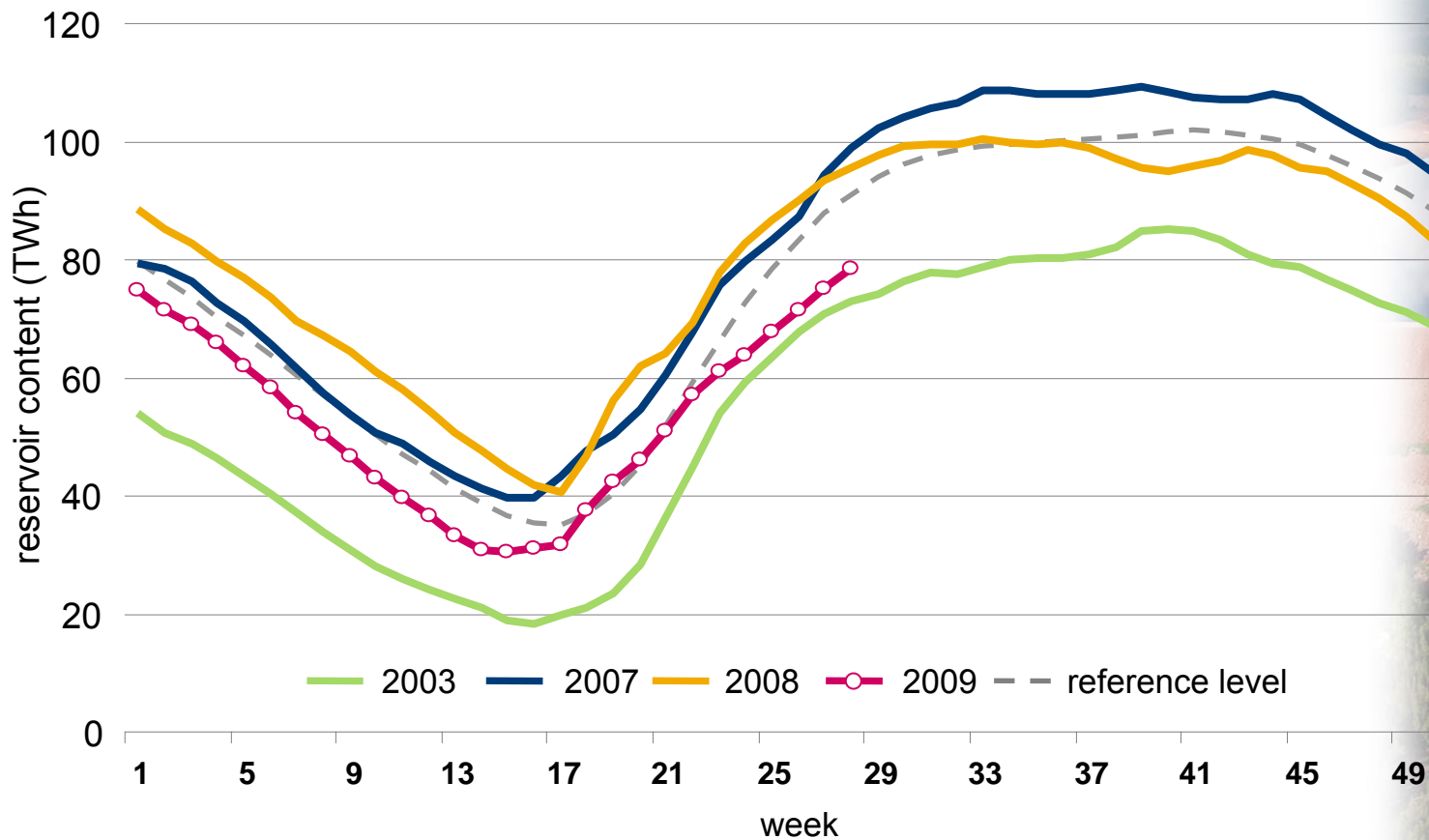
Operational improvement in Russia

Electricity demand development



Change in actual consumption (not temperature corrected), according to preliminary statistics

Nordic water reservoirs



Source: Nord Pool

Commodity prices

Crude oil price (ICE Brent)



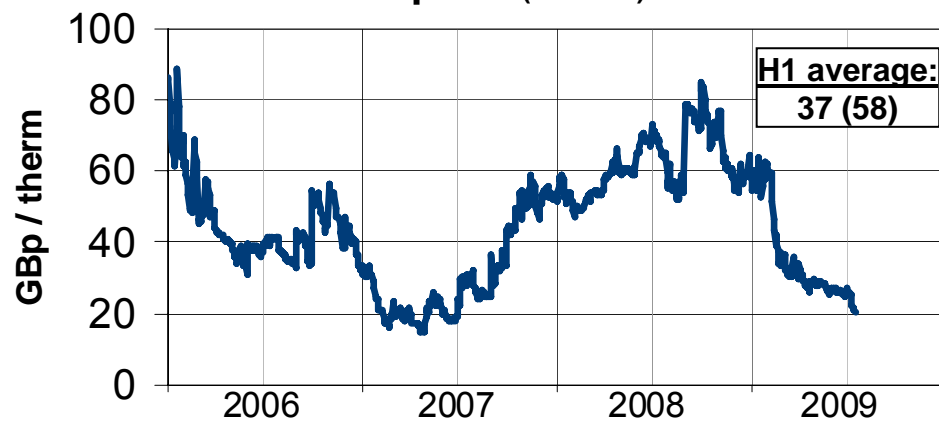
CO₂ price (NP EUA)



Coal price (ICE Rotterdam)



Gas price (ICE NBP)



Source: ICE, Nord Pool

Price development in Nordic and Russia

- Nord Pool wholesale price in:
 - Q2: decreased 2% to 34.0 (34.6) EUR/MWh
 - H1: decreased 1% to 36.1 (36.3) EUR/MWh
- Power Generation's achieved Nordic power price in:
 - Q2: increased to 48.0 (47.9) EUR/MWh
 - H1: increased 6% to 48.8 (46.2) EUR/MWh
- Russian power prices:
 - Market price (Urals hub):
 - Q2: decreased 5% to 603 (634) RUB/MWh
 - H1: decreased 15% to 569 (669) RUB/MWh
 - Regulated price (OAO Fortum)
 - Q2: increased 12% to 525 (469) RUB/MWh
 - H1: increased 12% to 534 (475) RUB/MWh

FINANCIALS

Power Generation

- Higher achieved Nordic power price
- Lower volumes; hydro and nuclear
- Weaker SEK

MEUR	I-II/2009	I-II/2008	LTM
Sales	1 330	1 438	2 784
Comparable operating profit	765	779	1 514
Net Assets	5 384	5 524	
Comparable RONA, %			28.3
Gross Investments	100	50	184



Heat

- Weaker SEK
- Lower volumes – divested CHP assets
- Ongoing CHP investments: Suomenoja, Finland (2009); Częstochowa, Poland (2010); Pärnu, Estonia (2010)

MEUR	I-II/2009	I-II/2008	LTM
Sales	761	777	1 450
Comparable operating profit	138	148	240
Net Assets	3 503	3 599	
Comparable RONA, %			7.3
Gross Investments	167	191	407



Distribution

- Weaker SEK
- Main Automatic Meter Management rollout in Sweden completed

MEUR	I-II/2009	I-II/2008	LTM
Sales	405	412	782
Comparable operating profit	135	136	247
Net Assets	3 106	3 330	
Comparable RONA, %			8.2
Gross Investments	79	133	242



Markets

- Improved results – the turnaround programme; new product pricing model in Finland, renegotiated agreements, cost savings

MEUR	I-II/2009	I-II/2008	LTM
Sales	767	930	1 759
Comparable operating profit	4	-25	-4
Net Assets	106	236	
Comparable RONA, %			0.7
Gross Investments	1	3	1



Russia

- Efficiency improvements
- Clearly better Q2/09 compared to Q2/08 (+EUR 17 million)

MEUR	I-III/2009	I-III/2008*	LTM
Sales	320	152	657
Comparable operating profit	-11	-33	-70
Net Assets	2 049	2 329	
Comparable RONA, %			-2.9
Gross Investments	62	1 074	736



* Income statement consolidated from 1.4.2008 onwards

Comparable and reported operating profit

	Operating profit II/2009		Operating profit II/2008		Operating profit I-II/2009		Operating profit I-II/2008	
	Comparable	Reported	Comparable	Reported	Comparable	Reported	Comparable	Reported
Power Generation	346	304	384	260	765	727	779	691
Heat	26	39	27	37	138	152	148	167
Distribution	54	54	49	51	135	135	136	137
Markets	6	7	-15	31	4	-4	-25	11
Russia	-16	-16	-33	-33	-11	-11	-33	-33
Other	-16	-13	-9	2	-29	-25	-21	-16
Total	400	375	403	348	1 002	974	984	957

Currency translation effects

Effects on comparable operating profit in I-II/2009 compared to I-II/2008

	I-II/2009		
	SEK	Other	Total
Power Generation	-55	-3	-58
Heat	-12	-3	-15
Distribution	-11	-1	-12
Markets	-1	0	-1
Russia	0	1	1
Other	1	0	1
Total	-78	-6	-84

Average rates:	I-II/2009	I-II/2008
SEK	10.863	9.409
RUB	44.109	36.635
NOK	9.005	7.984
PLZ	4.476	3.493

Income statement

MEUR	II/2009	II/2008	I-II/2009	I-II/2008	2008	LTM
Sales	1 194	1 322	2 826	2 762	5 636	5 700
Expenses	-819	-974	-1 852	-1 805	-3 673	-3 720
Operating profit	375	348	974	957	1 963	1 980
Share of profit of associates and jv's	29	36	-4	70	126	52
Financial expenses, net	-49	-74	-81	-119	-239	-201
Profit before taxes	355	310	889	908	1 850	1 831
Income tax expense	-61	-65	-172	-187	-254	-239
Net profit for the period	294	245	717	721	1 596	1 592
Non-controlling interests	5	2	22	26	54	50
EPS, basic (EUR)	0.32	0.27	0.78	0.78	1.74	1.74
EPS, diluted (EUR)	0.32	0.27	0.78	0.78	1.74	1.74

Cash flow statement

MEUR	II/2009	II/2008	I-II/2009	I-II/2008	2008	LTM
Operating profit before depreciations	499	483	1 220	1 203	2 478	2 495
Non-cash flow items and divesting activities	18	55	19	18	-275	-274
Financial items and fx gains/losses	160	-35	299	-80	233	612
Taxes	-117	-123	-131	-200	-332	-263
Funds from operations (FFO)	560	380	1 407	941	2 104	2 570
Change in working capital	144	117	119	98	-102	-81
Total net cash from operating activities	704	497	1 526	1 039	2 002	2 489
Paid capital expenditures	-171	-215	-351	-379	-1 018	-990
Acquisition of shares	-4	-1	-54	-773	-1 243	-524
Other investing activities	-2	-19	-9	-45	-21	15
Cash flow before financing activities	527	262	1 112	-158	-280	990

Key ratios

MEUR	LTM in Q2 '09	2008	2007
EBITDA	2 495	2 478	2 298
Net cash flow from operations	2 489	2 002	1 670
Interest-bearing net debt	6 004	6 179	4 466
Equity	7 903	8 411	8 651
Balance sheet total	19 473	20 278	17 674
Net debt/EBITDA*	2.4	2.5	2.2
Return on capital employed (%)*	14.1	15.0	14.0
Return on shareholders' equity (%)*	19.9	18.7	15.8

*2007 adjusted for REC and Lenenergo gains

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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373	127	500
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275	187	462
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648	314	962
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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

1 008

432

1 440

of which in Russia

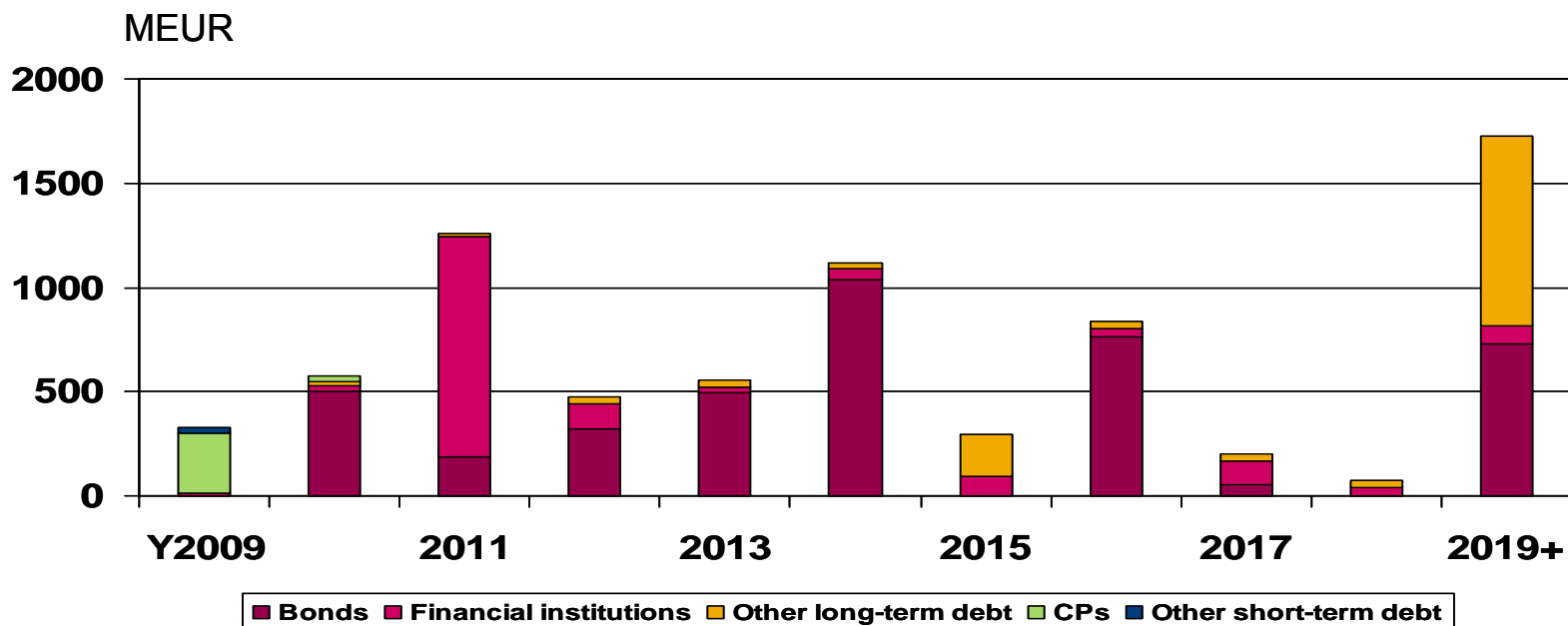
753

Total Available Cash and Committed Financing

4 347

* EUR 1.2 billion revolving credit facility (RCF) due 2011 and EUR 1.5 billion RCF due 2013

Debt maturity profile



	<u>MEUR</u>
2009:	332
2010:	576
2011:	1,258
2012:	476
2013:	556
2014:	1,119
2015:	297
2016:	835
2017:	200
2018:	73
2019+	1,722
:	

	30 June, 2009	31 Dec, 2008
Duration (years)	2.0	1.5
Average interest rate (incl. swaps and forwards)	3.3 %	4.7 %
Portion of floating / fixed debt	56 / 44 %	64 / 36 %

OUTLOOK

Commodity prices

Crude oil price (ICE Brent)



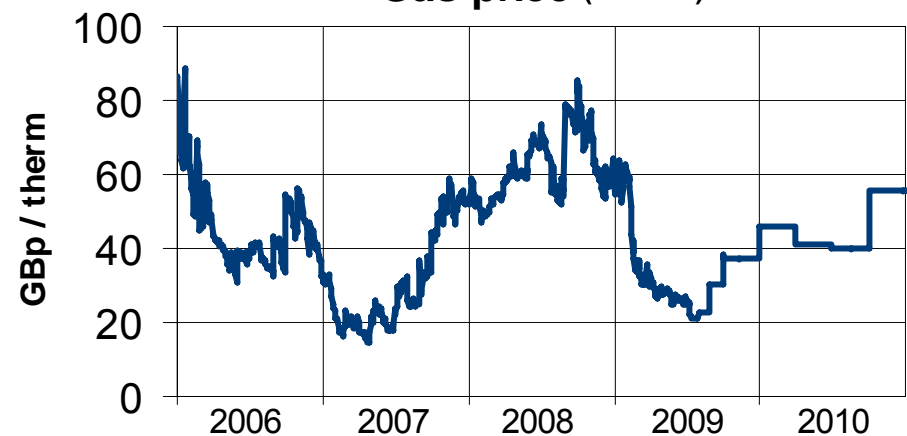
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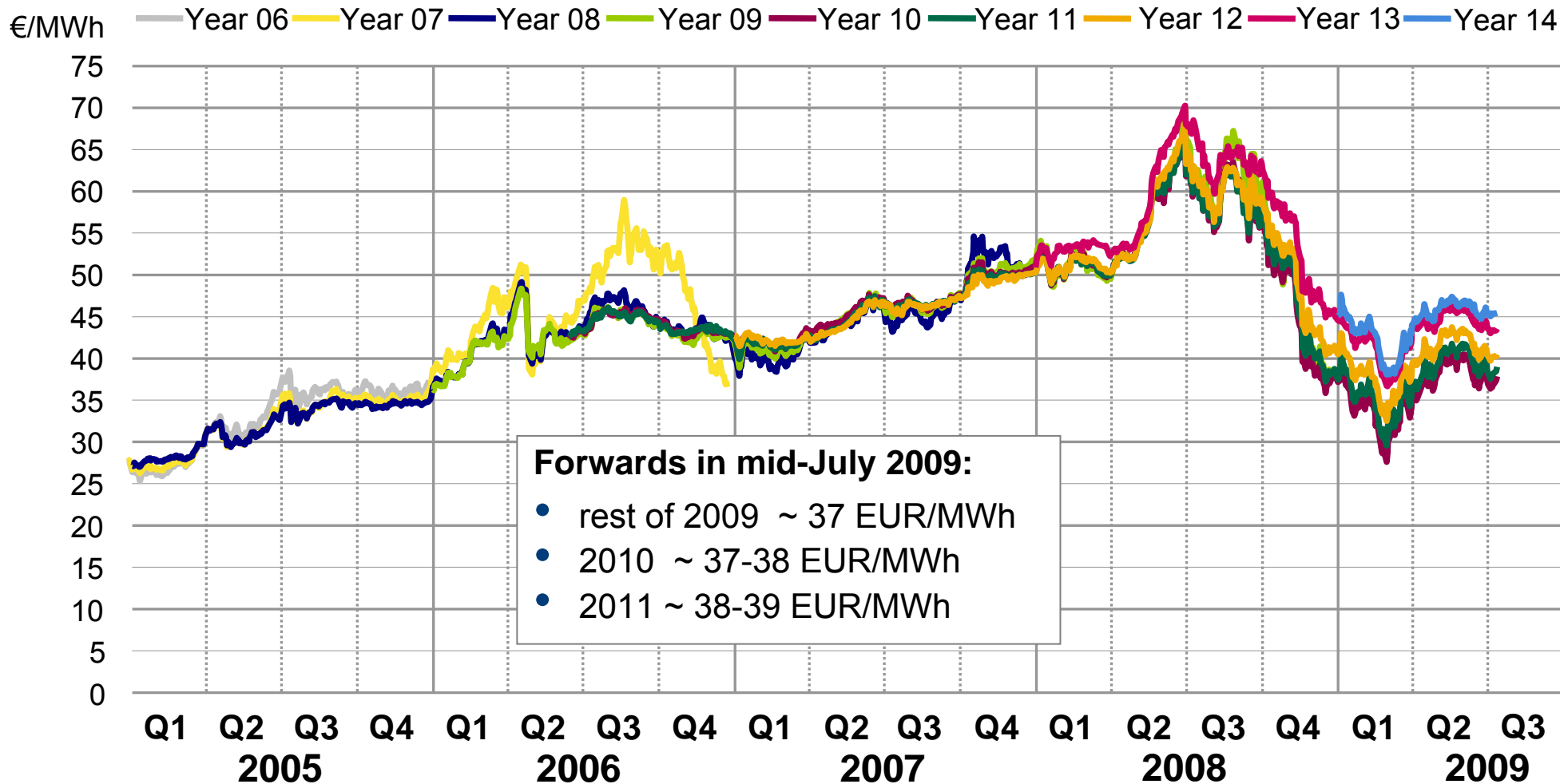


Gas price (ICE NBP)



Source: ICE, Nord Pool

Nord Pool year forwards



Hedging of Power Generation's Nordic sales

Status at the end of June 2009

(Status at mid-April 2009)

	<u>Hedge ratio</u>	<u>Hedge price</u>
rest of 2009	~ 80% (~75%)	~ EUR 50 per MWh (~ EUR 51 per MWh)
2010	~ 65% (~65%)	~ EUR 43 per MWh (~ EUR 43 per MWh)
2011	~ 30% (~30%)	~ EUR 42 per MWh (~ EUR 42 per MWh)

Fortum in a strong position

- Flexible, low cost and climate-benign production portfolio
- Russian power reform and the integration of OAO Fortum proceeding as planned
- Good hedging positions
- Strong balance sheet and liquidity

