



**Interim Report
January - September 2009**

Conference call

22 October 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.

Consistent performance in a challenging environment

- Challenging environment
 - Nordic power consumption 7% below last year in January-September
 - Key currencies significantly weaker than last year
- Comparable operating profit still very close to last year's level
 - Stable achieved Nordic sales price in Power Generation through hedging
 - Improvement in Markets and Russia
- 2009 to be the low point in Nordic electricity demand

Results

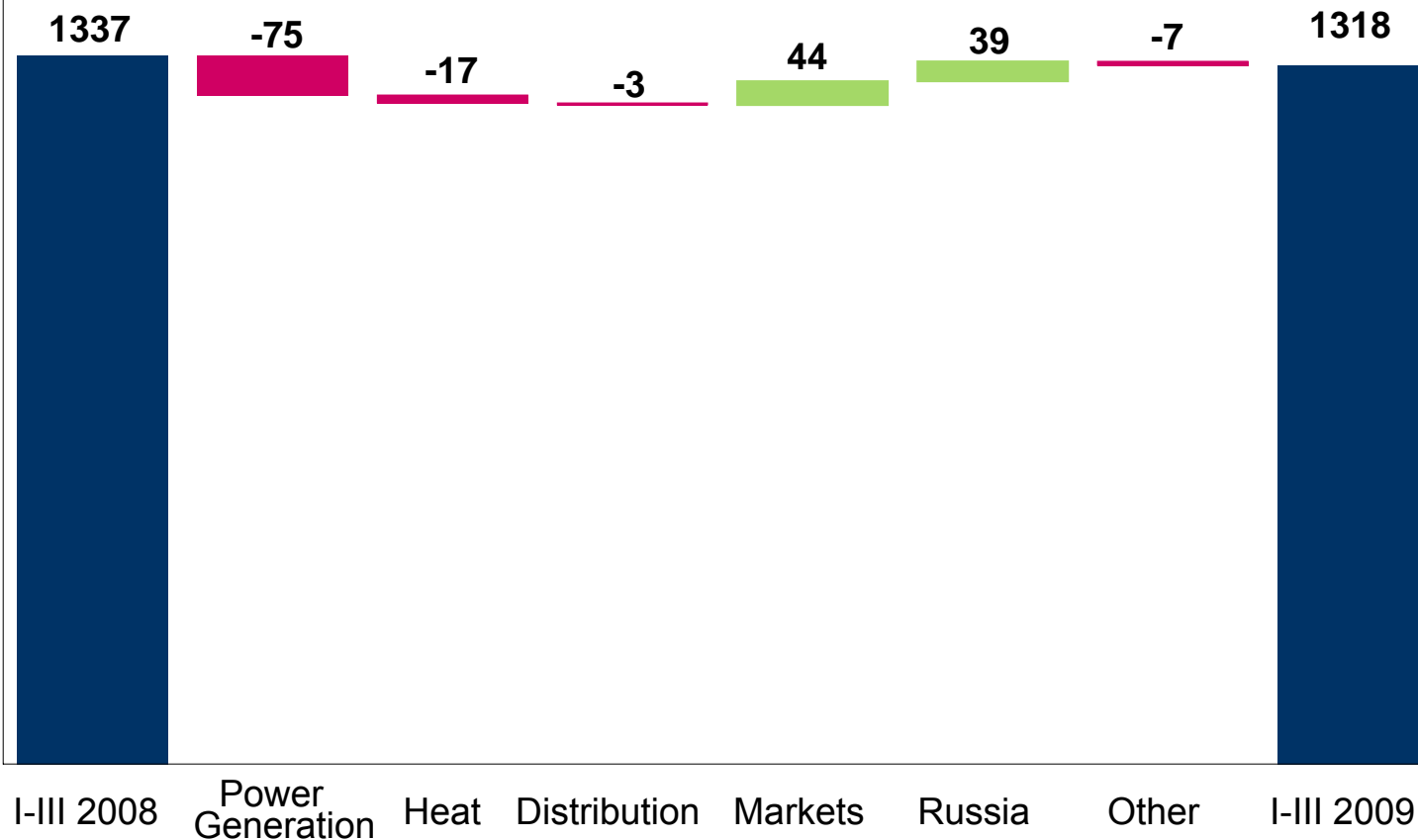
- Comparable operating profit EUR 1,318 (1,337) million, -1%
 - SEK translation effect EUR -91 million
- Earnings per share EUR 1.02 (1.10)
 - Lower contribution from associates
- Strong cash flow: net cash from operating activities increased to EUR 1,868 (1,440) million

Comparison: I-III/2008 financial results

Improvement in Markets and Russia

Comparable operating profit

EUR million



Power Generation - lower generation volumes, weaker SEK

Heat – weaker SEK and PLN, higher fuel costs

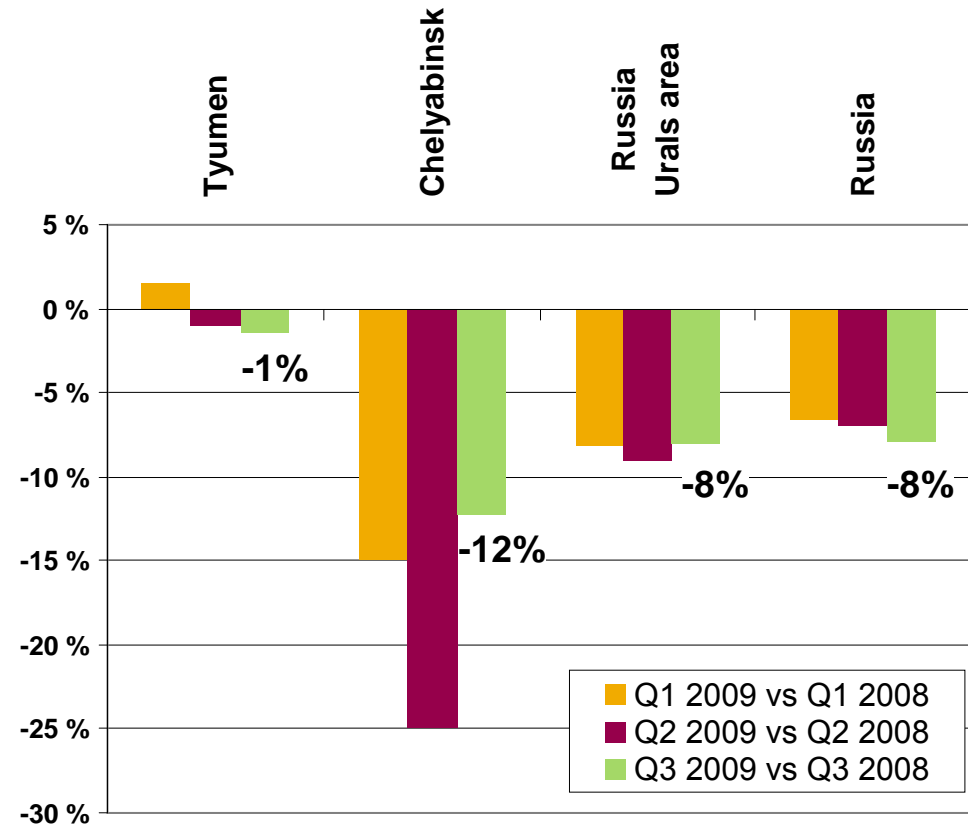
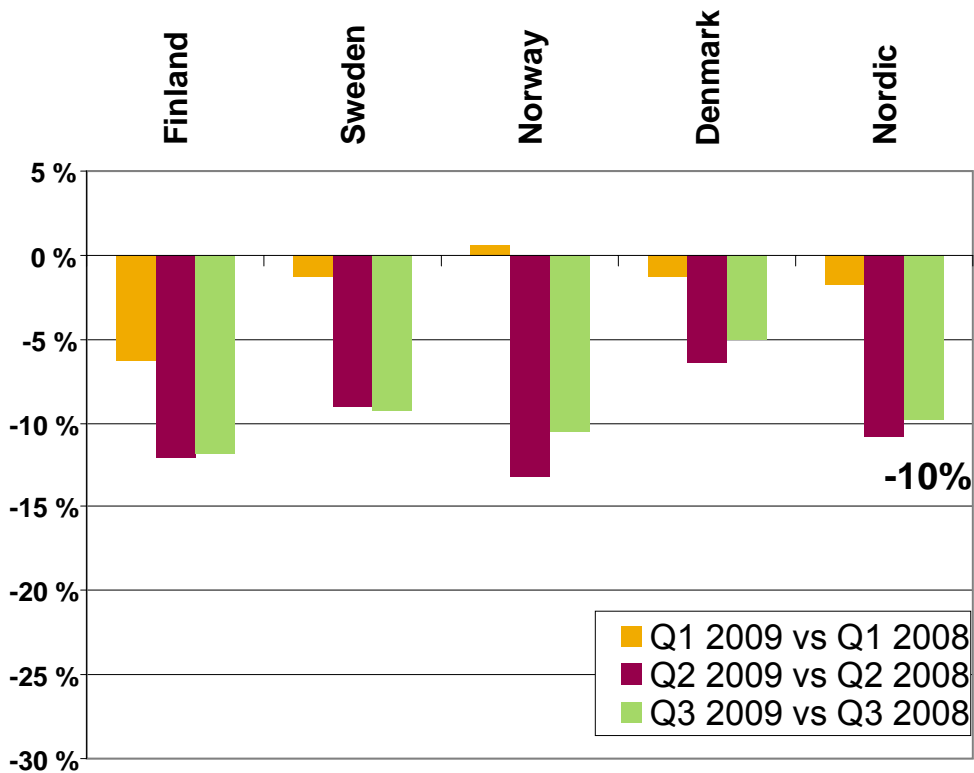
Markets – Strong improvement from turnaround programme

Operational improvement in Russia

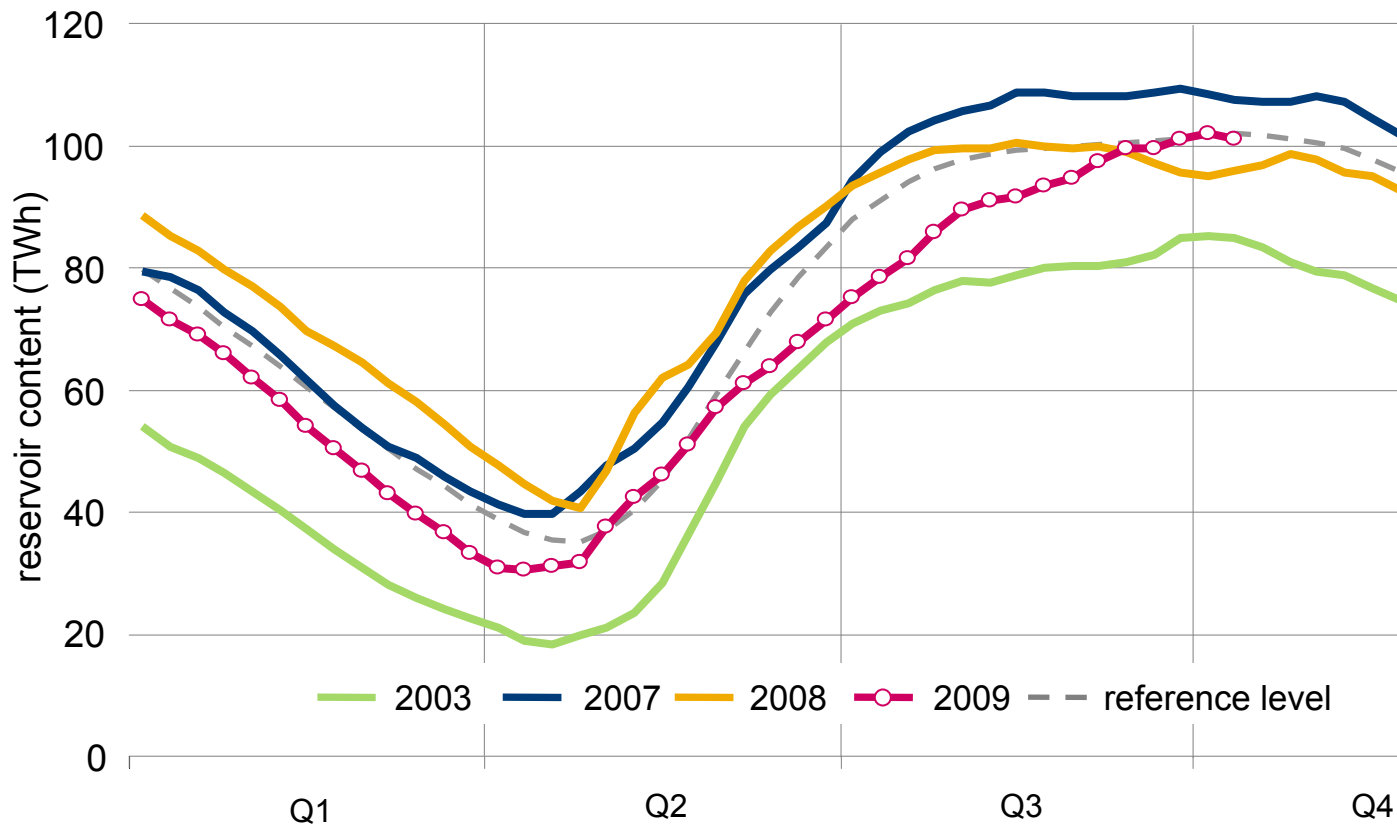
Key events and highlights

- Progress in Russia according to plan
- Markets' turnaround programme led to a strong improvement in results
- Fortum is investigating alternatives for the sale of the Fingrid shares
- 92% (92%) of the generated power CO2-free in the EU
- Good hedging positions – no major changes

Electricity demand development



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 the Nordic region and Russia

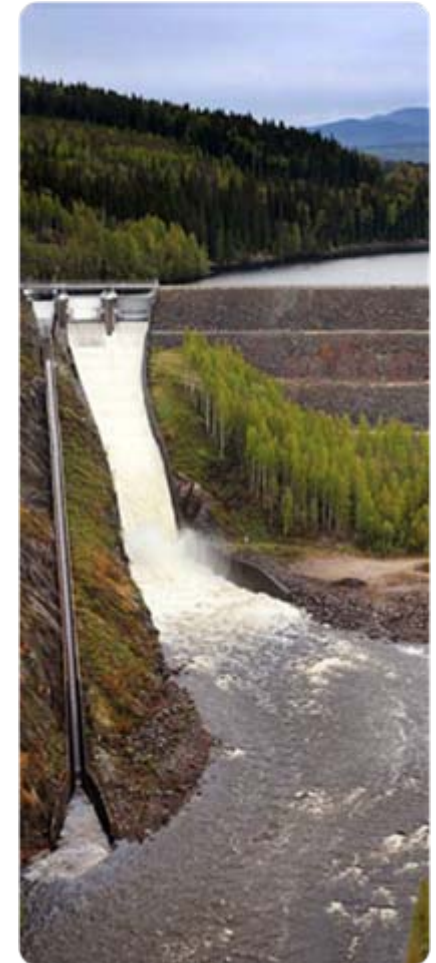
- Nord Pool wholesale price in:
 - Q3: decreased 44% to 31.3 (55.4) EUR/MWh
 - Q1-Q3: decreased 19% to 34.5 (42.7) EUR/MWh
- Power Generation's achieved Nordic power price in:
 - Q3: decreased 12% to 50.2 (57.0) EUR/MWh
 - Q1-Q3: decreased to 49.2 (49.3) EUR/MWh
- Russian power prices:
 - Market price (Urals hub):
 - Q3: decreased 13% to 700 (809) RUB/MWh
 - Q1-Q3: decreased 14% to 613 (716) RUB/MWh
 - Regulated price (OAO Fortum)
 - Q3: increased 12% to 529 (473) RUB/MWh
 - Q1-Q3: increased 12% to 533 (474) RUB/MWh

FINANCIALS

Power Generation

- Successful hedging
- Lower nuclear volume
- Weaker SEK

MEUR	I-III/2009	I-III/2008	LTM
Sales	1 917	2 156	2 653
Comparable operating profit	1 075	1 150	1 453
Net Assets	5 527	5 396	
Comparable RONA, %			27.2
Gross Investments	120	85	169



Heat

- Lower volumes and weaker SEK
- Ongoing CHP investments: Suomenoja, Finland (2009); Częstochowa, Poland (2010); Pärnu, Estonia (2010)

MEUR	I-III/2009	I-III/2008	LTM
Sales	937	1 003	1 400
Comparable operating profit	124	141	233
Net Assets	3 655	3 595	
Comparable RONA, %			7.2
Gross Investments	258	287	402



Distribution

- Stable results
- Sweden; automatic meter rollout completed, a contract for meters in Finland

MEUR	I-III/2009	I-III/2008	LTM
Sales	573	583	779
Comparable operating profit	182	185	245
Net Assets	3 248	3 265	
Comparable RONA, %			8.1
Gross Investments	130	203	223



Markets

- Improved results from the turnaround programme
- Lower volumes

MEUR	I-III/2009	I-III/2008	LTM
Sales	1 039	1 391	1 570
Comparable operating profit	11	-33	11
Net Assets	85	229	
Comparable RONA, %			9.3
Gross Investments	1	3	1



Russia

- Efficiency improvement programme proceeding
- Clearly better comparable operating profit in Q3 compared to last year (EUR +17 million)

MEUR	I-III/2009	I-III/2008*	LTM
Sales	429	292	626
Comparable operating profit	-33	-72	-53
Net Assets	2 098	2 420	
Comparable RONA, %			-2.1
Gross Investments	120	1 622	246



* Income statement consolidated from 1.4.2008 onwards

Comparable and reported operating profit

	Operating profit III/2009		Operating profit III/2008		Operating profit I-III/2009		Operating profit I-III/2008	
	Comparable	Reported	Comparable	Reported	Comparable	Reported	Comparable	Reported
Power Generation	310	278	371	438	1 075	1 005	1 150	1 129
Heat	-14	-12	-7	-15	124	140	141	152
Distribution	47	47	49	50	182	182	185	187
Markets	7	7	-8	-17	11	3	-33	-6
Russia	-22	-22	-39	-39	-33	-33	-72	-72
Other	-12	-12	-13	-22	-41	-37	-34	-38
Total	316	286	353	395	1 318	1 260	1 337	1 352

Income statement

MEUR	III/2009	III/2008	I-III/2009	I-III/2008	2008	LTM
Sales	1 046	1 272	3 872	4 034	5 636	5 474
Expenses	-760	-877	-2 612	-2 682	-3 673	-3 603
Operating profit	286	395	1 260	1 352	1 963	1 871
Share of profit of associates and jv's	3	8	-1	78	126	47
Financial expenses, net	-47	-66	-128	-185	-239	-182
Profit before taxes	242	337	1 131	1 245	1 850	1 736
Income tax expense	-39	-69	-211	-256	-254	-209
Net profit for the period	203	268	920	989	1 596	1 527
Non-controlling interests	-8	-16	14	10	54	58
EPS, basic (EUR)	0.24	0.32	1.02	1.10	1.74	1.65
EPS, diluted (EUR)	0.24	0.32	1.02	1.10	1.74	1.65

Cash flow statement

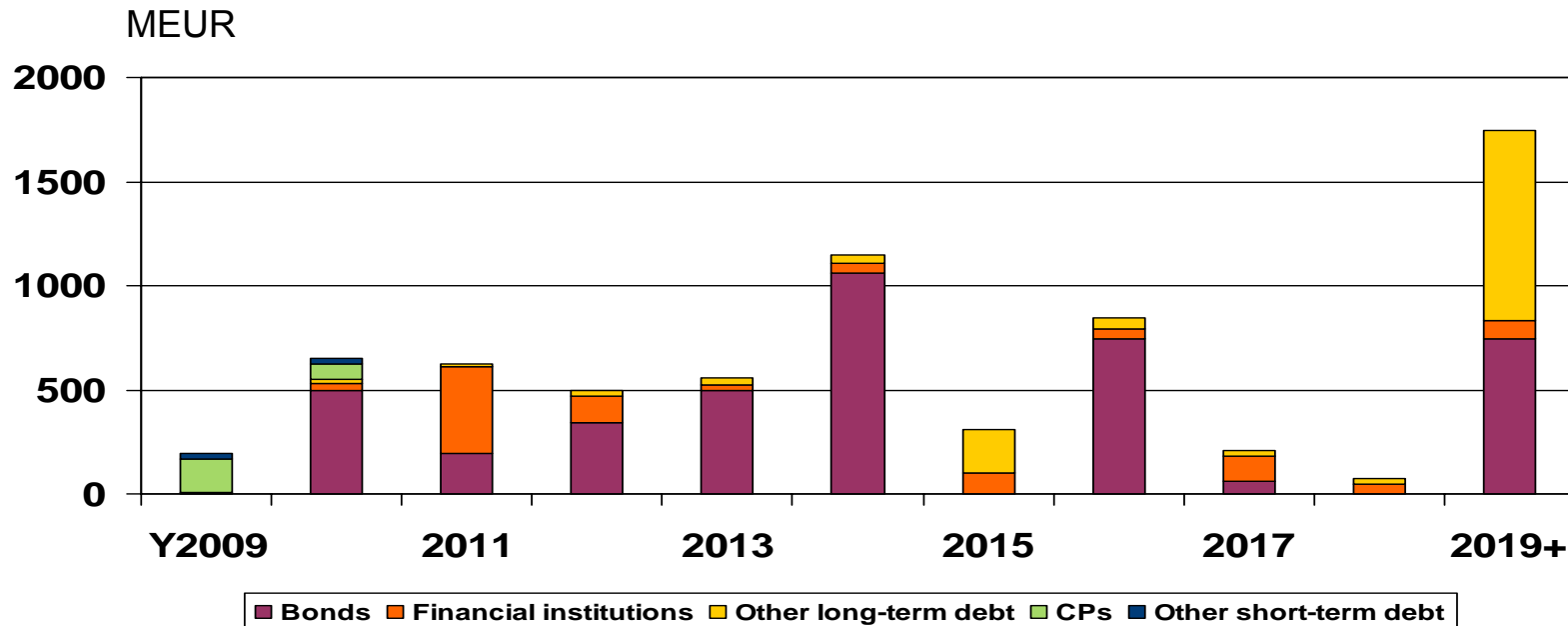
MEUR	III/2009	III/2008	I-III/2009	I-III/2008	2008	LTM
Operating profit before depreciations	414	532	1 634	1 735	2 478	2 377
Non-cash flow items and divesting activities	31	-56	50	-38	-275	-187
Financial items and fx gains/losses	-51	-13	248	-93	233	574
Taxes	-74	-79	-205	-279	-332	-258
Funds from operations (FFO)	320	384	1 727	1 325	2 104	2 506
Change in working capital	22	17	141	115	-102	-76
Total net cash from operating activities	342	401	1 868	1 440	2 002	2 430
Paid capital expenditures	-228	-301	-579	-680	-1 018	-917
Acquisition of shares	-5	-442	-59	-1 215	-1 243	-87
Other investing activities	-6	1	-15	-44	-21	8
Cash flow before financing activities	103	-341	1 215	-499	-280	1 434

Key ratios

MEUR	LTM in Q3 '09	2008	2007
EBITDA	2 377	2 478	2 298
Net cash flow from operations	2 430	2 002	1 670
Interest-bearing net debt	6 041	6 179	4 466
Equity	8 328	8 411	8 651
Balance sheet total	19 559	20 278	17 674
Net debt/EBITDA*	2.5	2.5	2.2
Return on capital employed (%)*	13.2	15.0	14.0
Return on shareholders' equity (%)*	18.6	18.7	15.8

*2007 adjusted for REC and Lenenergo gains

Debt maturity profile



	<u>MEUR</u>
2009:	193
2010:	650
2011:	625
2012:	500
2013:	558
2014:	1.145
2015:	310
2016:	844
2017:	210
2018:	75
2019+:	1.746

	30 September, 2009	31 Dec, 2008
Duration (years)	1.9	1.5
Average interest rate (incl. swaps and forwards)	3.7 %	4.7 %
Portion of floating / fixed debt	53 / 47 %	64 / 36 %

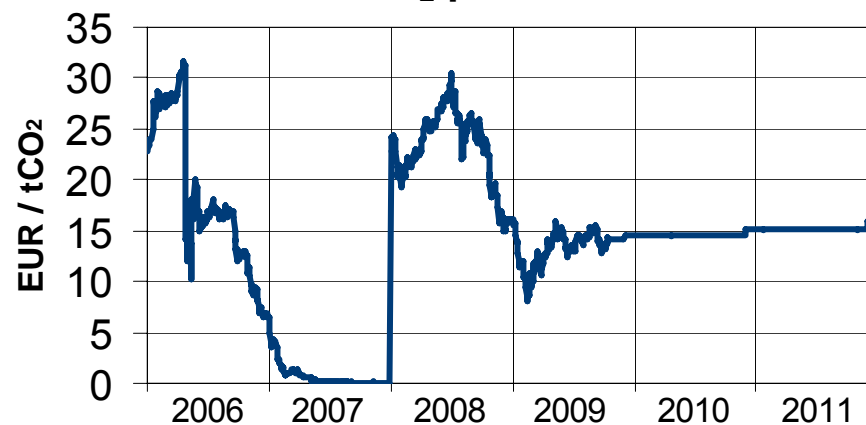
OUTLOOK

Commodity prices

Crude oil price (ICE Brent)



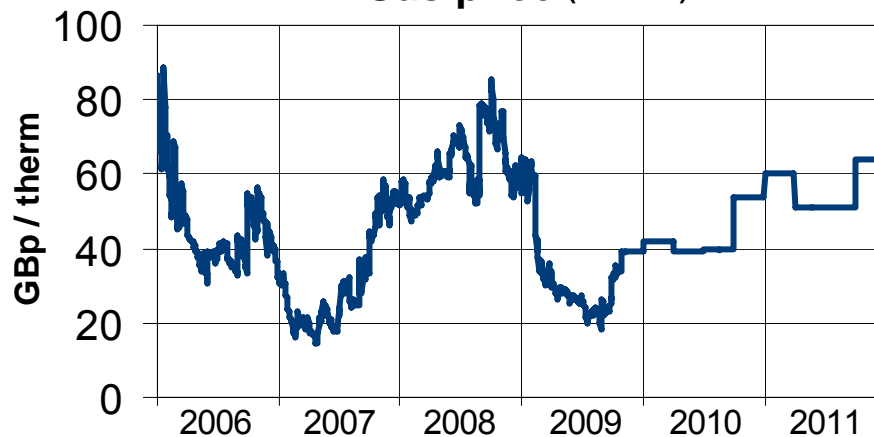
CO₂ price (NP EUA)



Coal price (ICE Rotterdam)



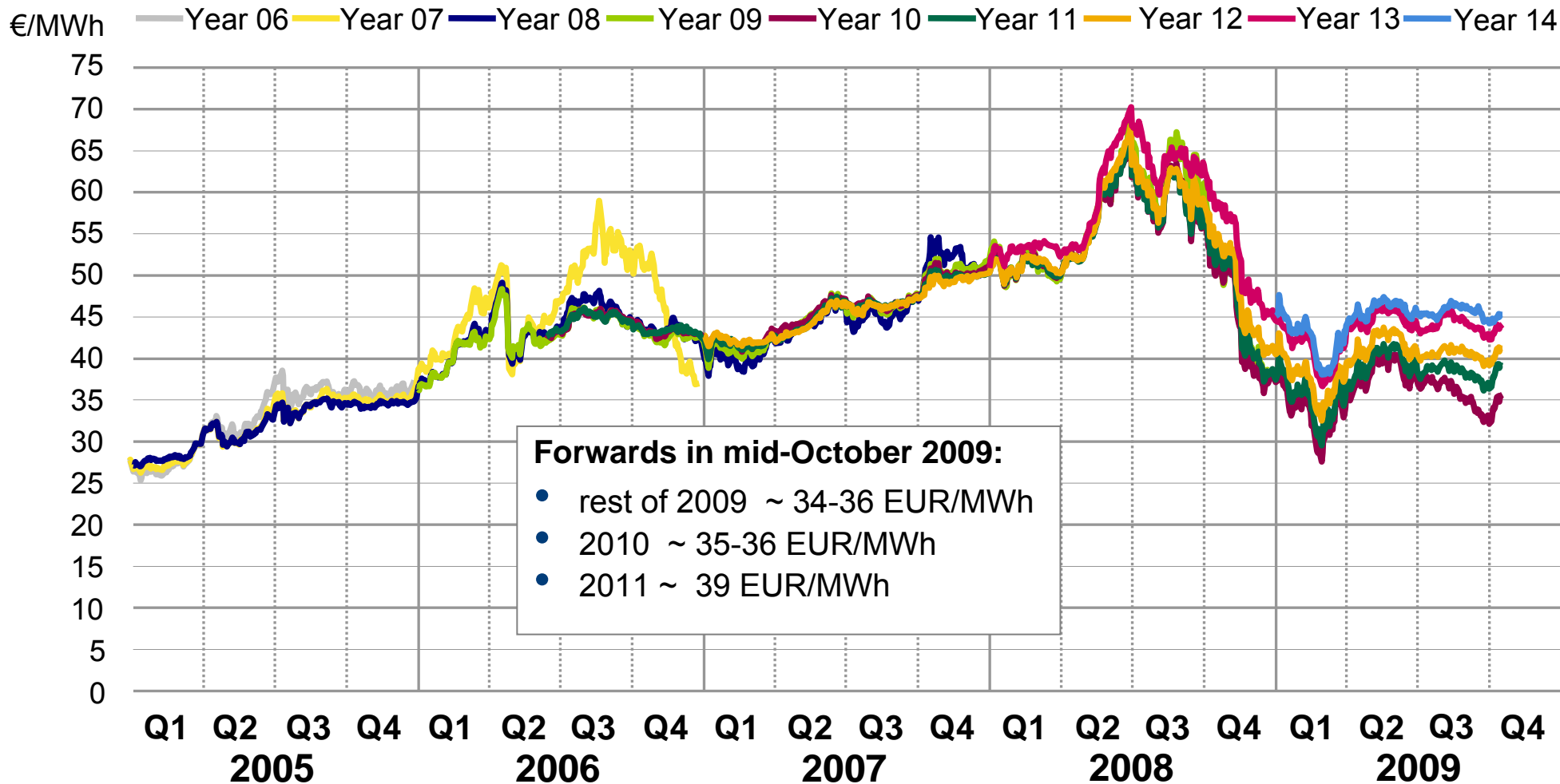
Gas price (ICE NBP)



Source: ICE, Nord Pool

Market prices 19 October 2009; 2009-2011 future quotations

Nord Pool year forwards



Hedging of Power Generation's Nordic sales

Status at the end of September 2009

(Status at the end of June 2009)

	<u>Hedge ratio</u>	<u>Hedge price</u>
rest of 2009	~ 75% (~80%)	~ EUR 50 per MWh (~ EUR 50 per MWh)
2010	~ 65% (~65%)	~ EUR 44 per MWh (~ EUR 43 per MWh)
2011	~ 35% (~30%)	~ EUR 42 per MWh (~ EUR 42 per MWh)

Fortum in a strong position

- Flexible, low cost and climate-benign generation portfolio
- Russian power reform and the integration of OAO Fortum proceeding as planned
- Good hedging positions
- Strong financial position and liquidity
- Investments for the future



Q & A

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