



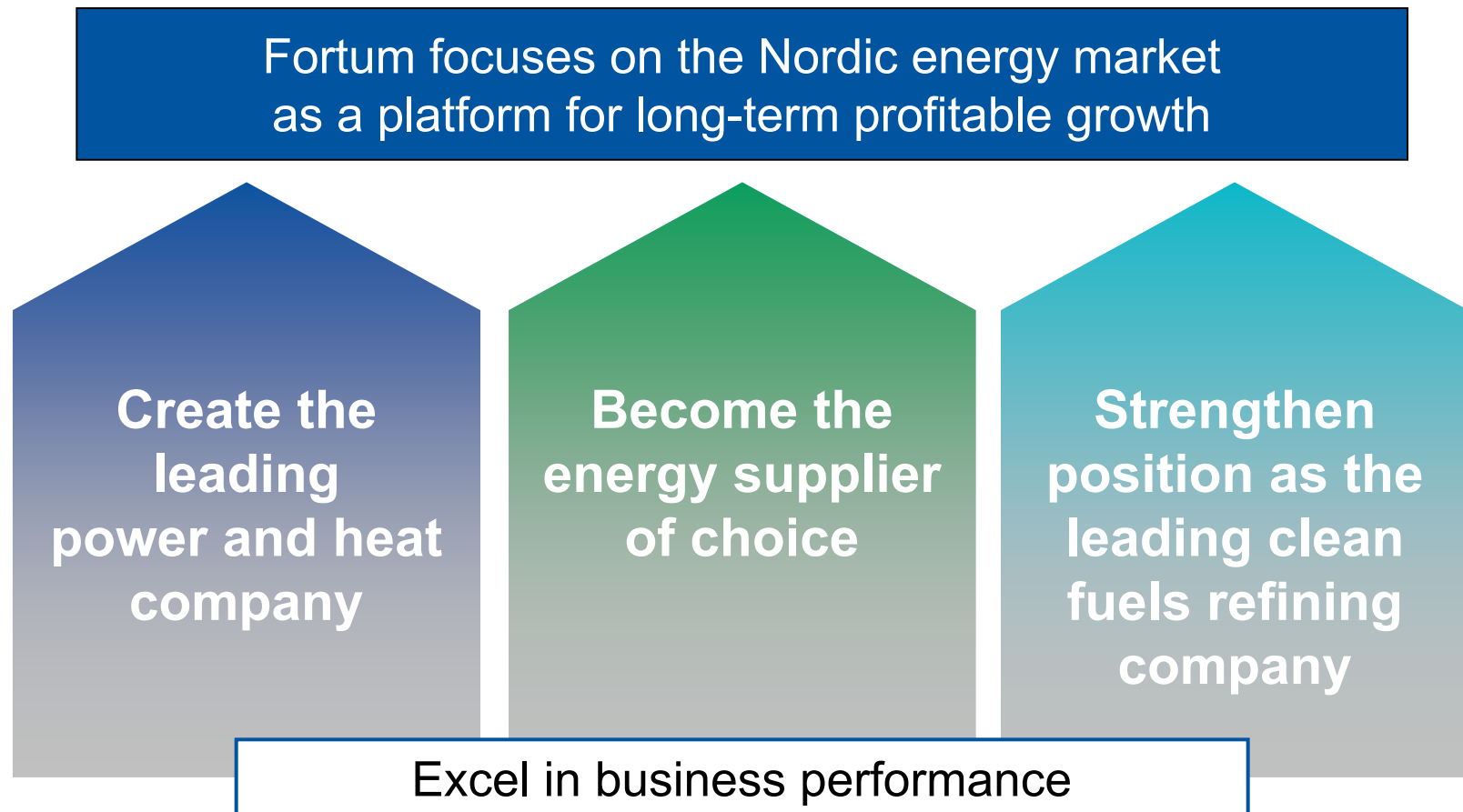
Fortum

- a leading energy company
in the Nordic area

Investor Meetings

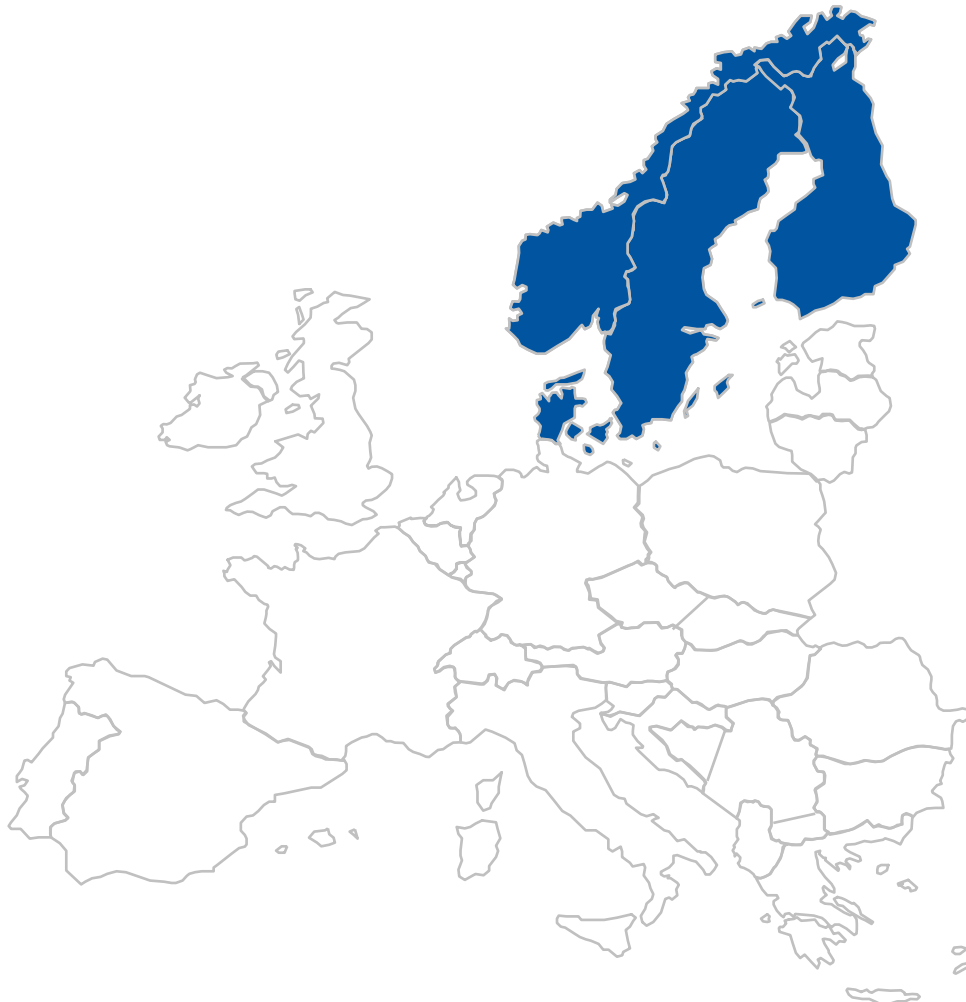
November 2004

Fortum's strategy



Consistent delivery of strategy

Restructuring worth 9 billion 2000 -



Strengthened position in the Nordic market

- increased share of hydro generation
- strengthened position in electricity distribution and retail
- foothold in Norway and NW Russia

Disposal of non-core businesses

- power and heat businesses outside Nordic focus market
- power plant and transmission engineering businesses
- gas retail and trading businesses
- North Sea and Middle East oil exploration and production

Becoming the leading Nordic energy company

1 Power and Heat



Heat



Distribution

2



Sales of electricity



Power generation

Oil



Clean fuels refining



Oil retail in Finland

1



Wholesale*


2

* One of the two biggest wholesalers

Financial performance

Q304 - Continued strong financial performance

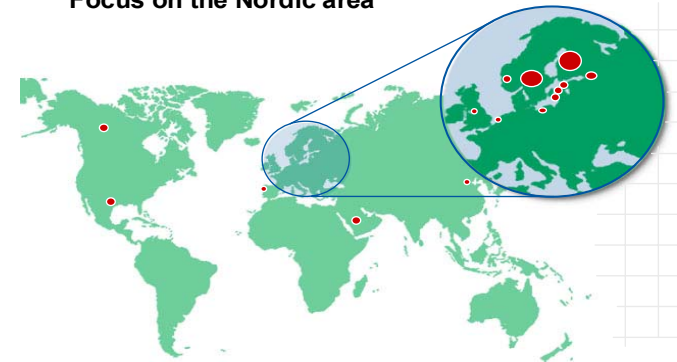
- Operating profit EUR **1,350** (1,000) million
- Earnings per share EUR **1.03** (0.64)
- Net cash from operating activities EUR **1,299** (1,381) million
- Net debt EUR **5,229** (5,626 at the end of 2003) million



Return on capital employed **14.2%** (LTM)
Return on shareholders' equity **15.4%** (LTM)
Gearing **73%** (85% at the end of 2003)

Further strategic steps

Focus on the Nordic area



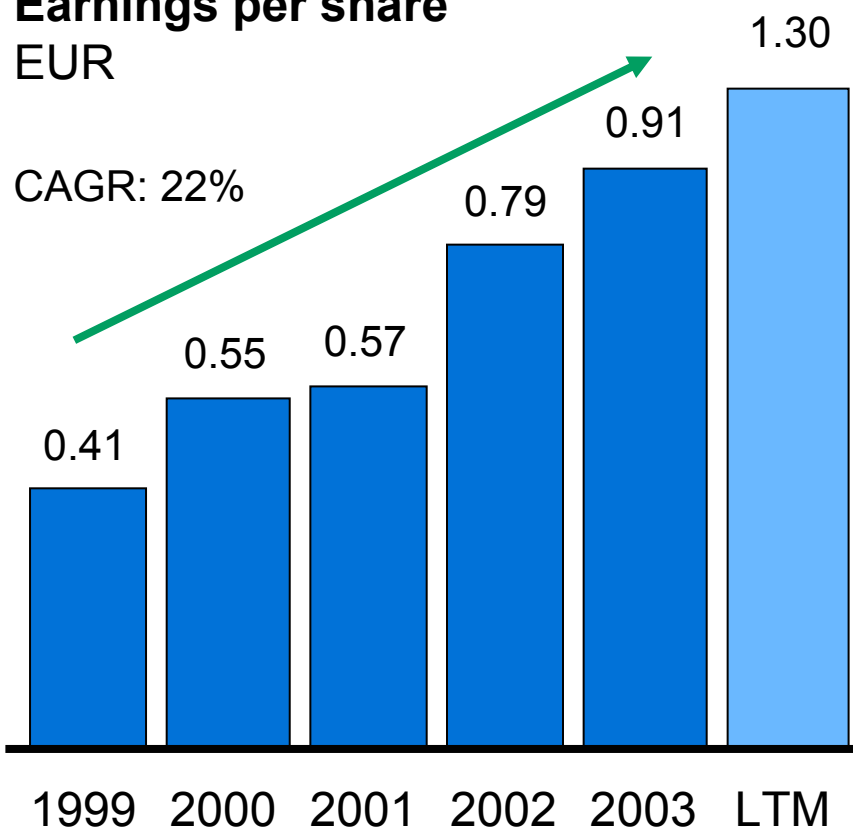
24 July 2003

Fortum

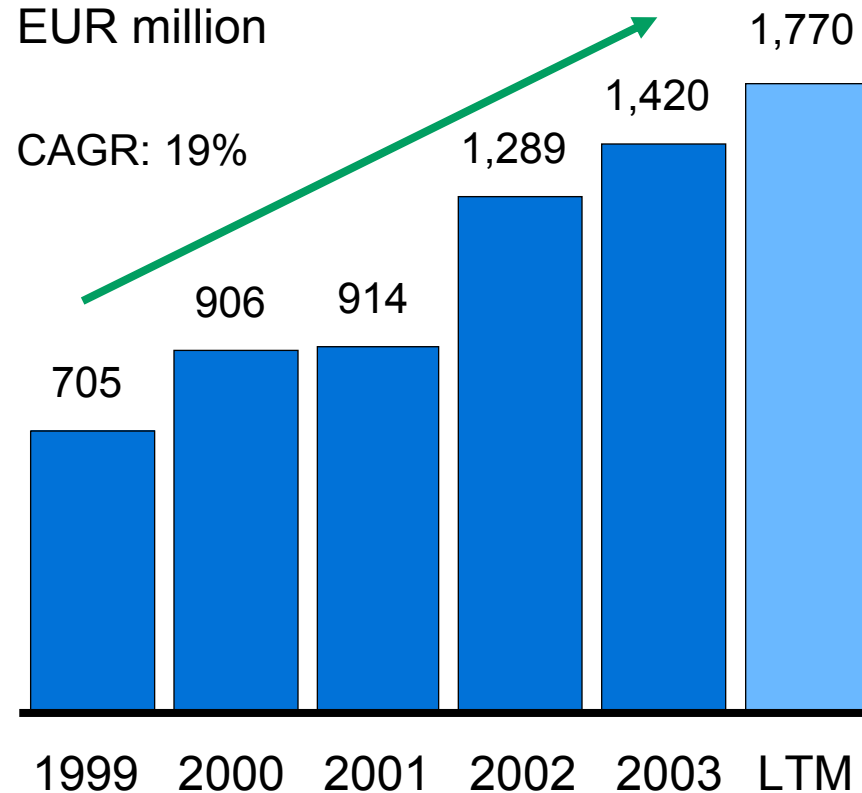
- Proposal to separate the oil businesses through a share dividend (~85%) and a sale of shares (~15%) in spring 2005
- Purchase of additional shares in Lenenergo. The current holding in share capital is 30.7% and share of voting rights 29.6%.
- On-going investment to increase sulphur-free diesel production by one million tonnes

Strong financial track record

Earnings per share
EUR

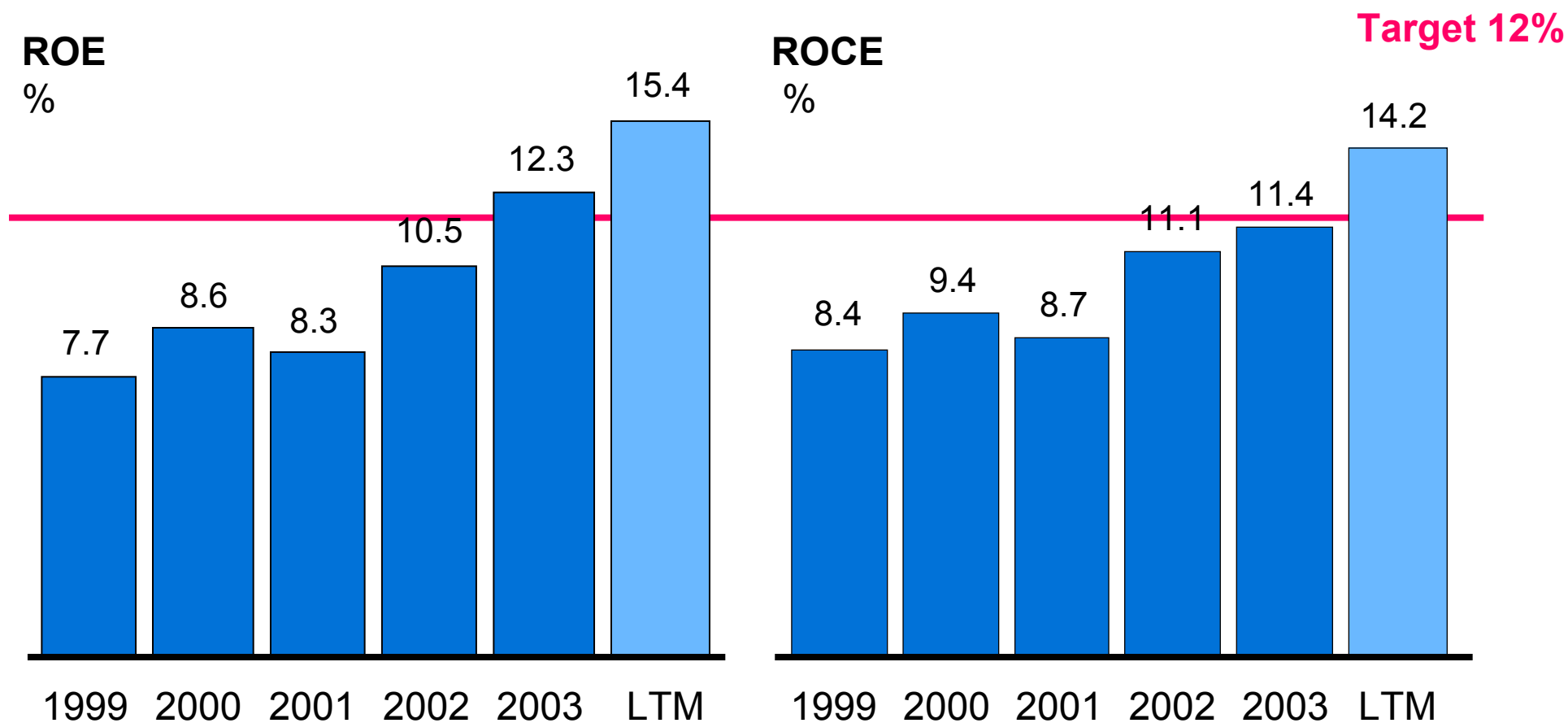


Operating profit
EUR million



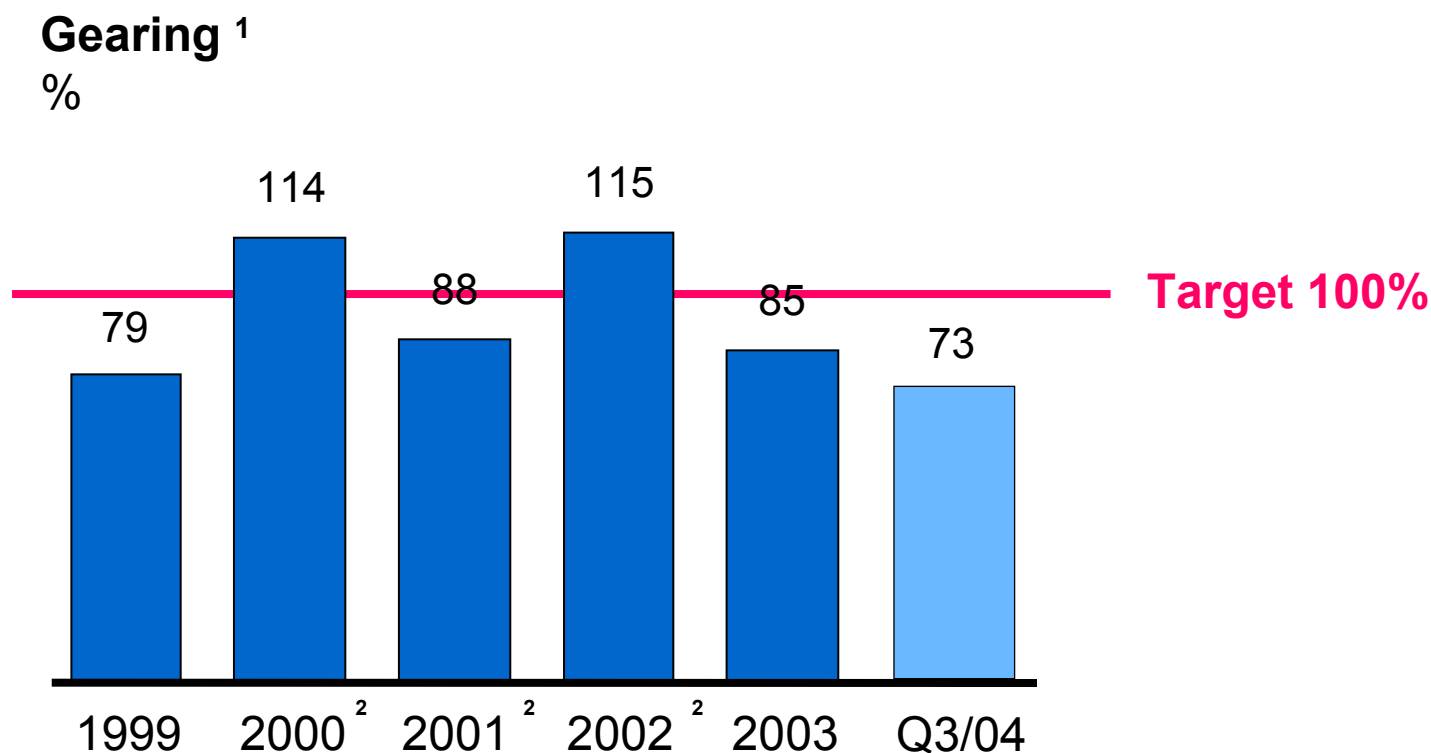
LTM = 1 October 2003 - 30 September 2004

Strong financial track record, cont'd



LTM = 1 October 2003 - 30 September 2004

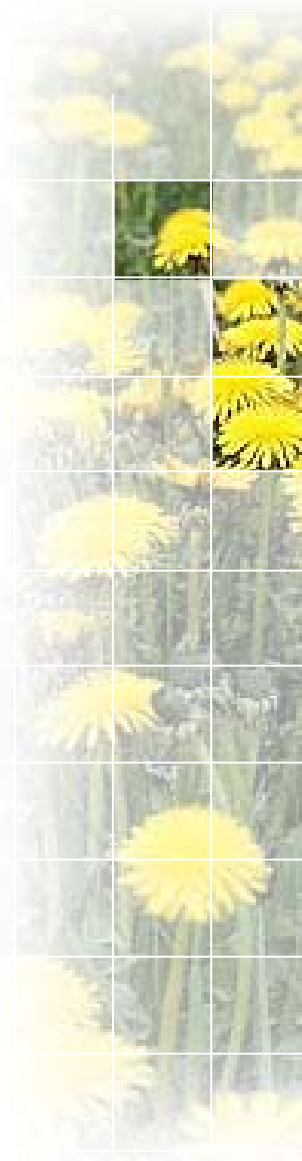
Strong financing capacity



1. Gearing (%) defined as interest-bearing net debt / (shareholder's equity + minority interests).
2. The minority interest related to the preference shares amounting to EUR 1.2 billion and carrying fixed income dividend of 6.7 percent, issued by Fortum Capital Ltd, is treated as interest-bearing debt in 2000-2002.

Outlook for power and heat businesses

- Annual Nordic electricity consumption predicted to increase by about 1% over the next years
- Improved operational efficiency in Fortum
- Fortum's hedging
 - approximately 70% for the next 12 months
 - approximately 60% for 2005, the average price being approximately at the level achieved during the first 9 months 2004
- Good position considering possible impacts of emissions trading



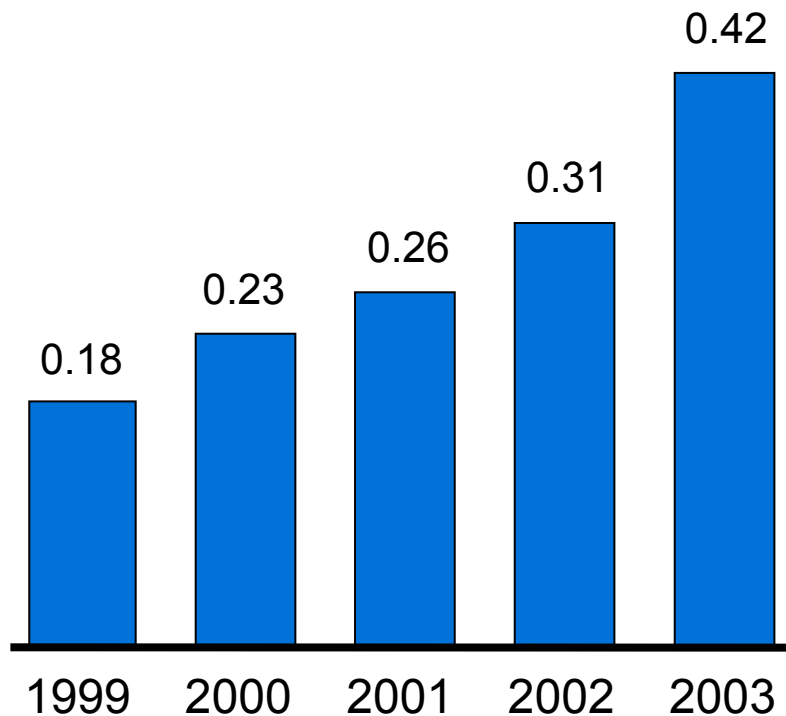
Outlook for oil businesses

- The October average oil refining reference margin has been at the level of USD 4.2 /bbl.
- Fortum's premium margin is expected to remain at the strong levels of previous years.
- The next major maintenance shutdown at the Porvoo refinery is planned to take place in the fall of 2005.
- Hedging mitigates the negative impact of weakened US dollar.
- Tanker freight futures indicate an increase during Q4 and the beginning of 2005.



Good dividend payer

Dividend per share
EUR



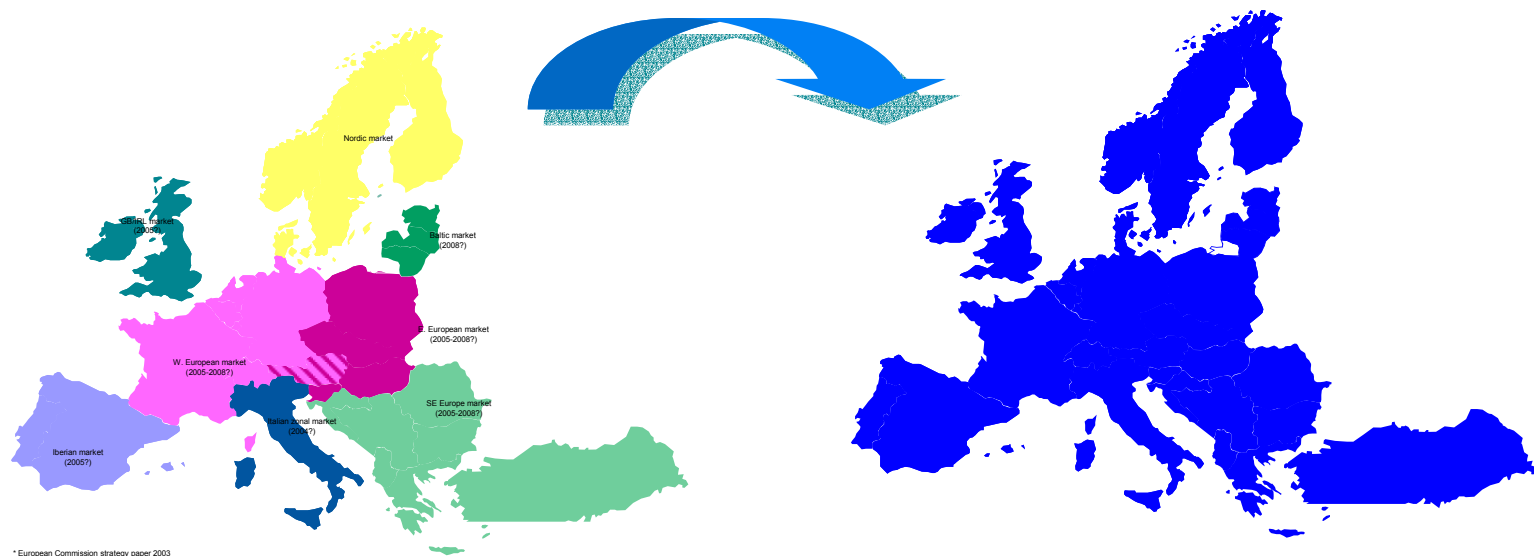
- Consistent increase in dividends paid
- Dividend policy to be reviewed after completion of Oil separation

The way forward

Continuing on a high performance track

- Structural development
- Customer value management
- Improving operational efficiency

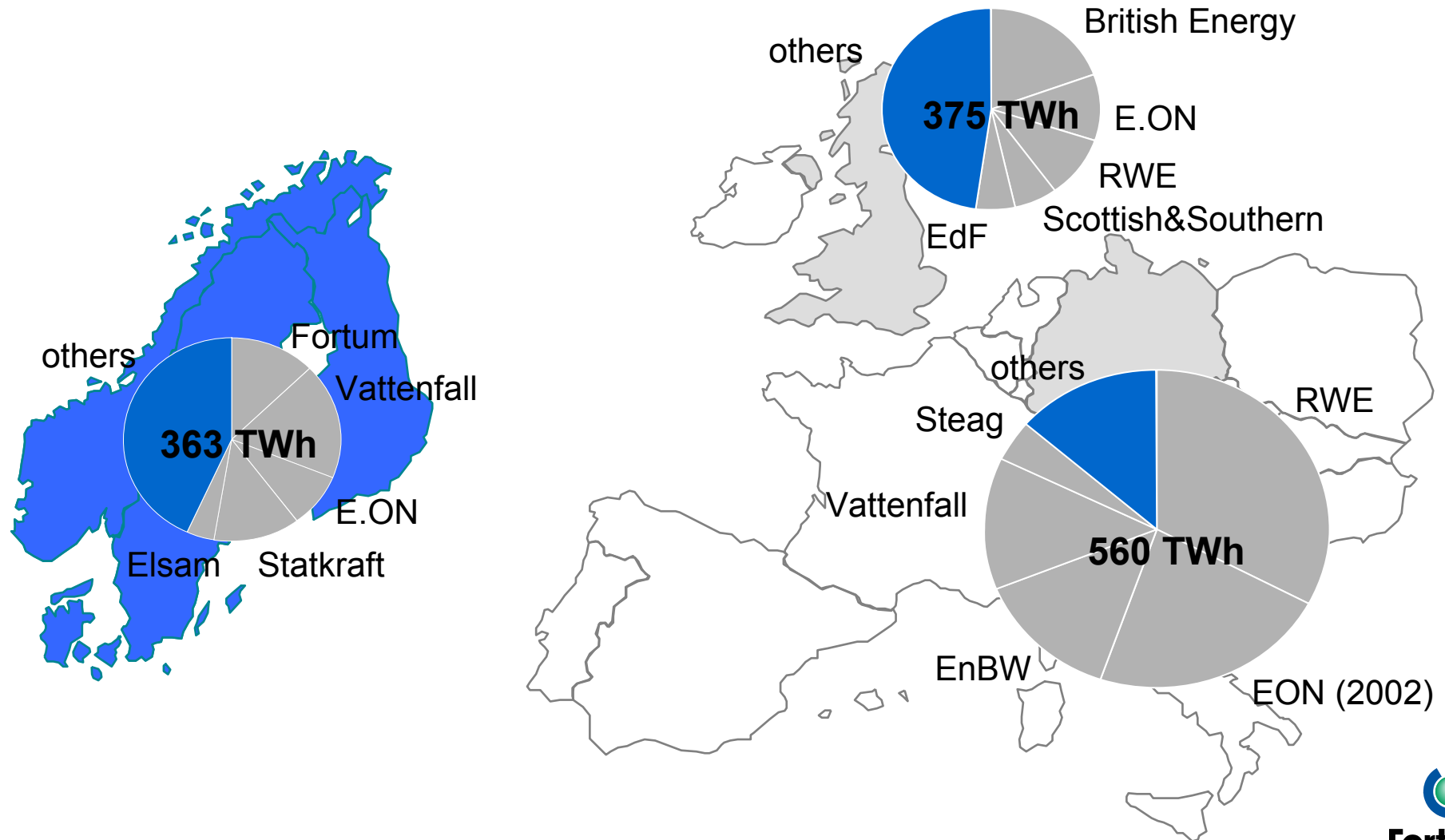
The Nordic market – a forerunner



- The Nordic market is the only regional integrated market in the EU today
 - transmission capacity available for the whole market, some internal restrictions, however
 - liquid power exchange for spot and financial trade

A large and fragmented Nordic market

Generation, 2003



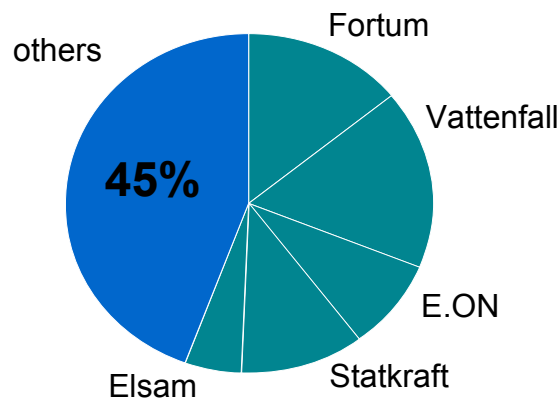
Source: Eurelectric, Fortum, Company data

A competitive market - hundreds of actors

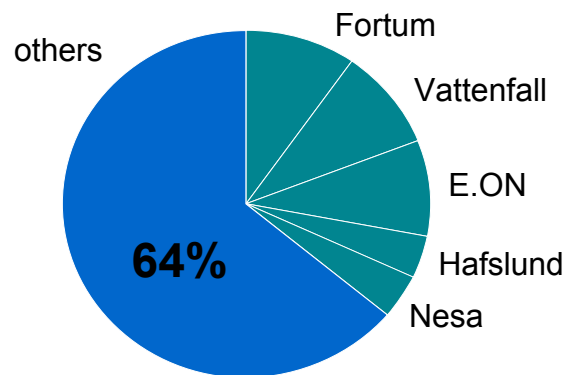
2003

Top 5 players' market share

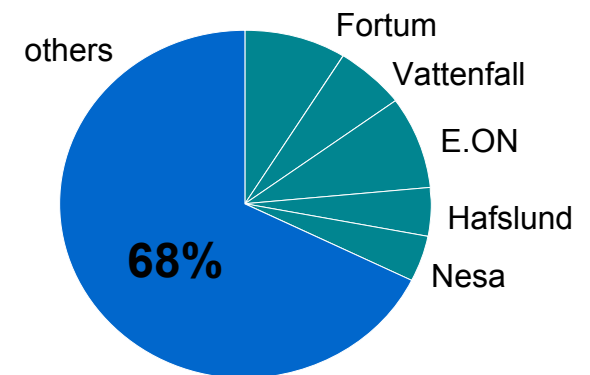
Generation 363 TWh



Distribution 14 million customers

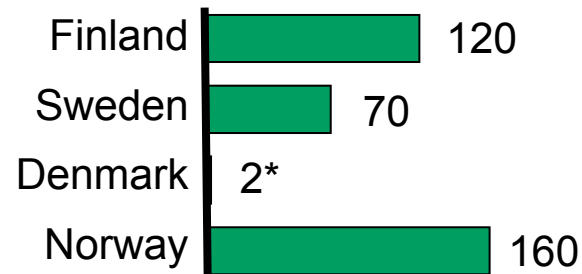


Retail 14 million customers

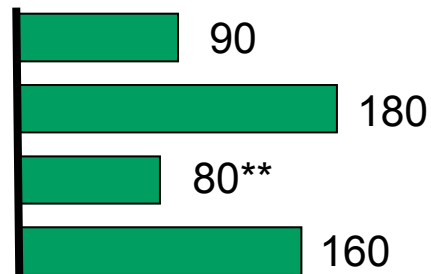


Number of companies

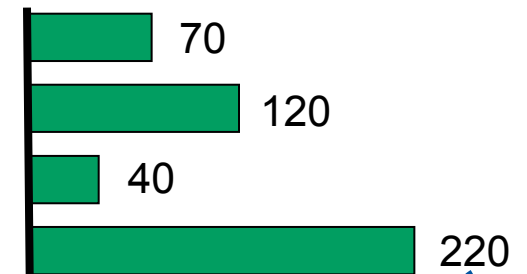
>350 companies



>500 companies



~450 companies



* 2 major generators; in addition hundreds of small CHP and wind generators

** excl. 40 minor transformer associations

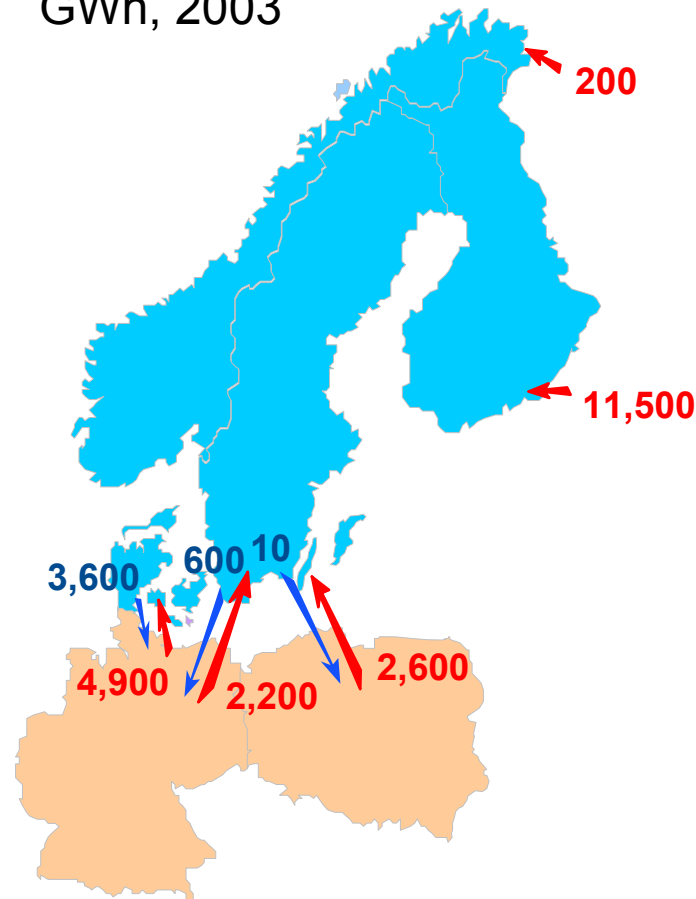
Source: Fortum, Company data

Today only limited interconnection capacity

Regional integrated market
with limited import capacities

- 17 TWh net power imports to the Nordic countries in 2003
- only ~5% of Nordic demand can currently be met by imports due to limited interconnection capacity

Power flows to and from the
Nordic market
GWh, 2003



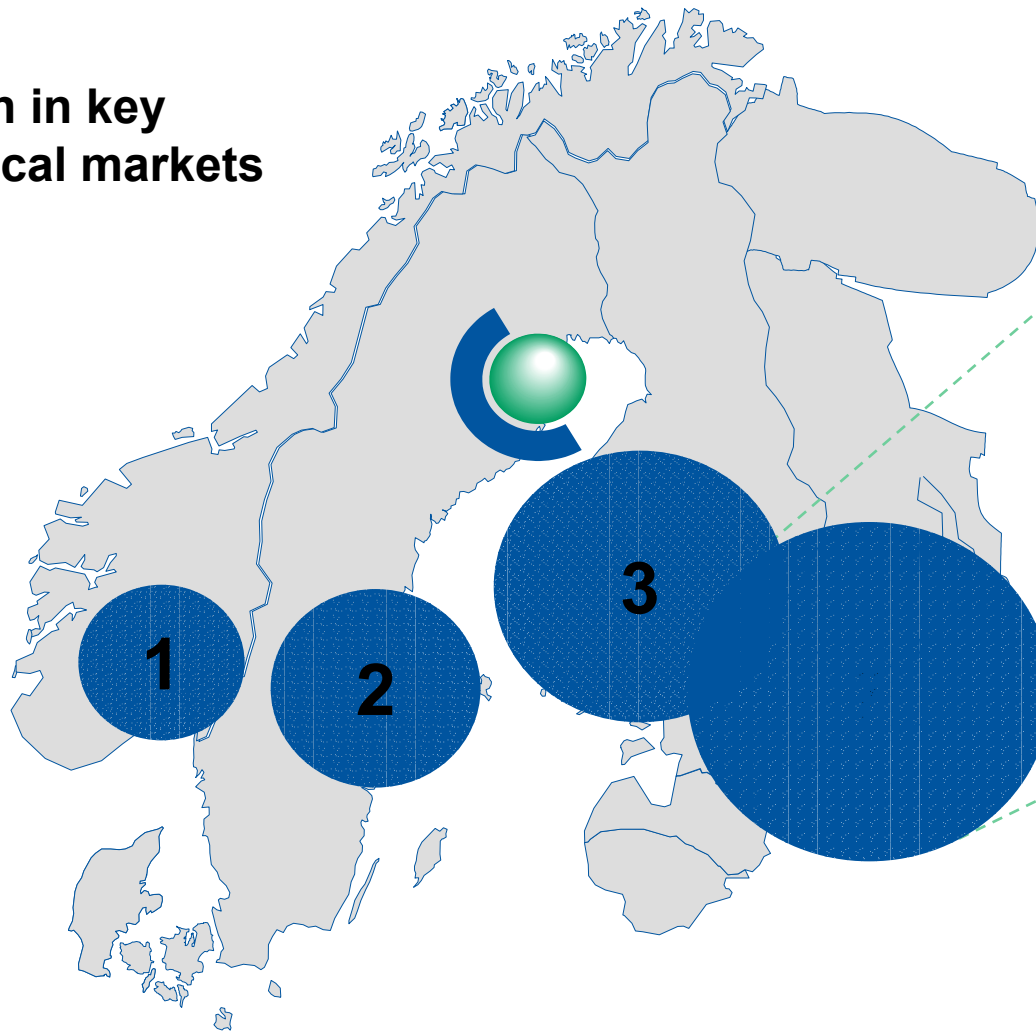
Russia is an emerging opportunity

- Power and heat sector reform
- Strong growth potential
- Need for investments
- Low valuations
- Efficiency improvement potential



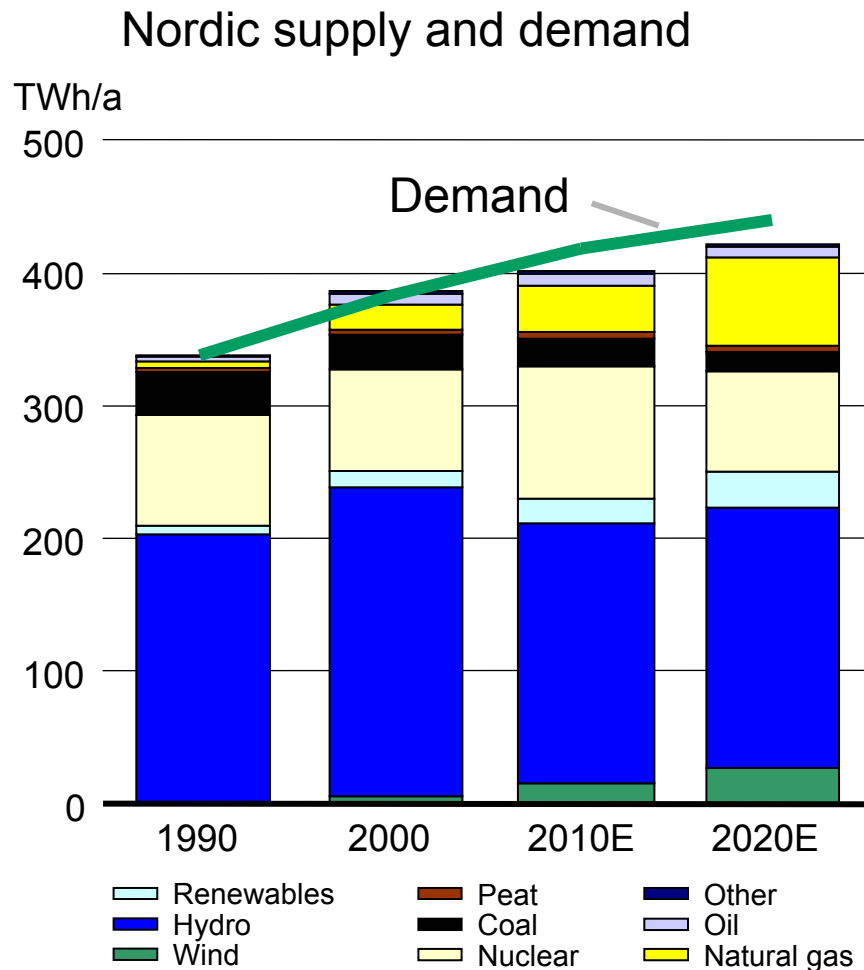
Lenenergo – a strong foothold in NW Russia

Population in key
geographical markets
Million



- Largest utility in north-western Russia
- 10 thermal and 6 hydro plants
- Power generation capacity ~ 3,250 MW
- Fortum's share 30%

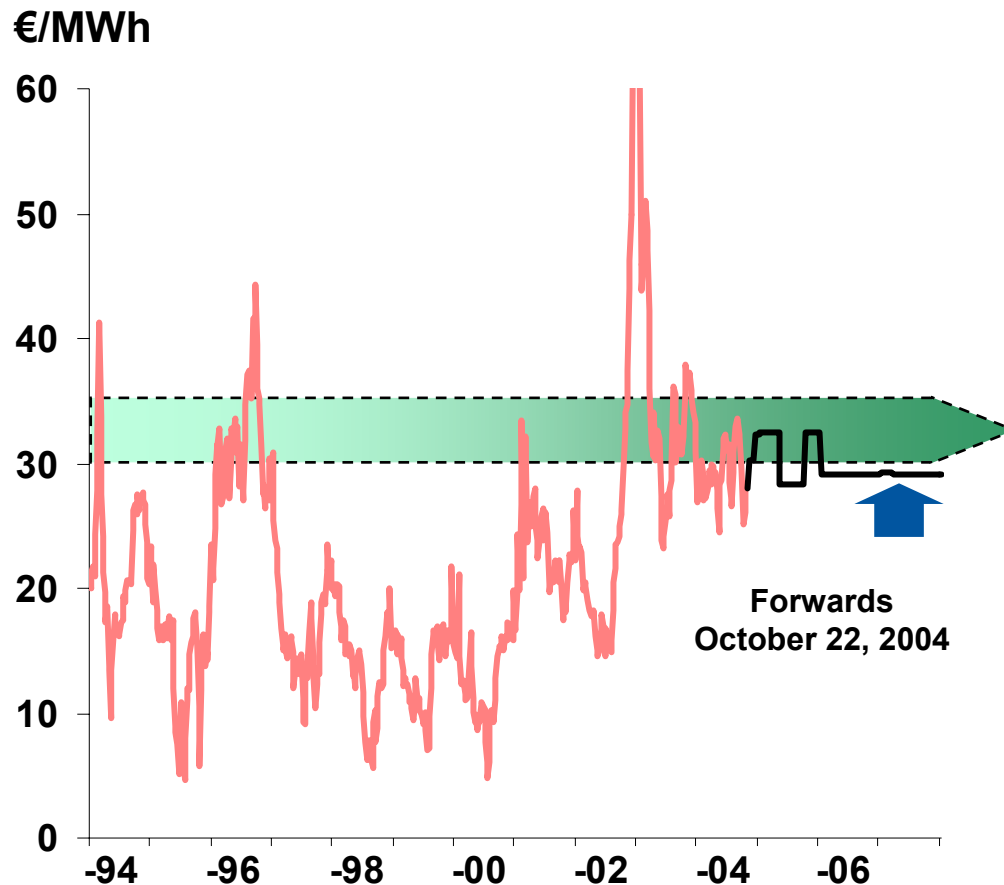
New capacity will be required



- Replacement of ageing capacity
- Increasing demand
- In order to ensure
 - long term supply security
 - highest efficiency

Stable and predictable
development in investment
environment required

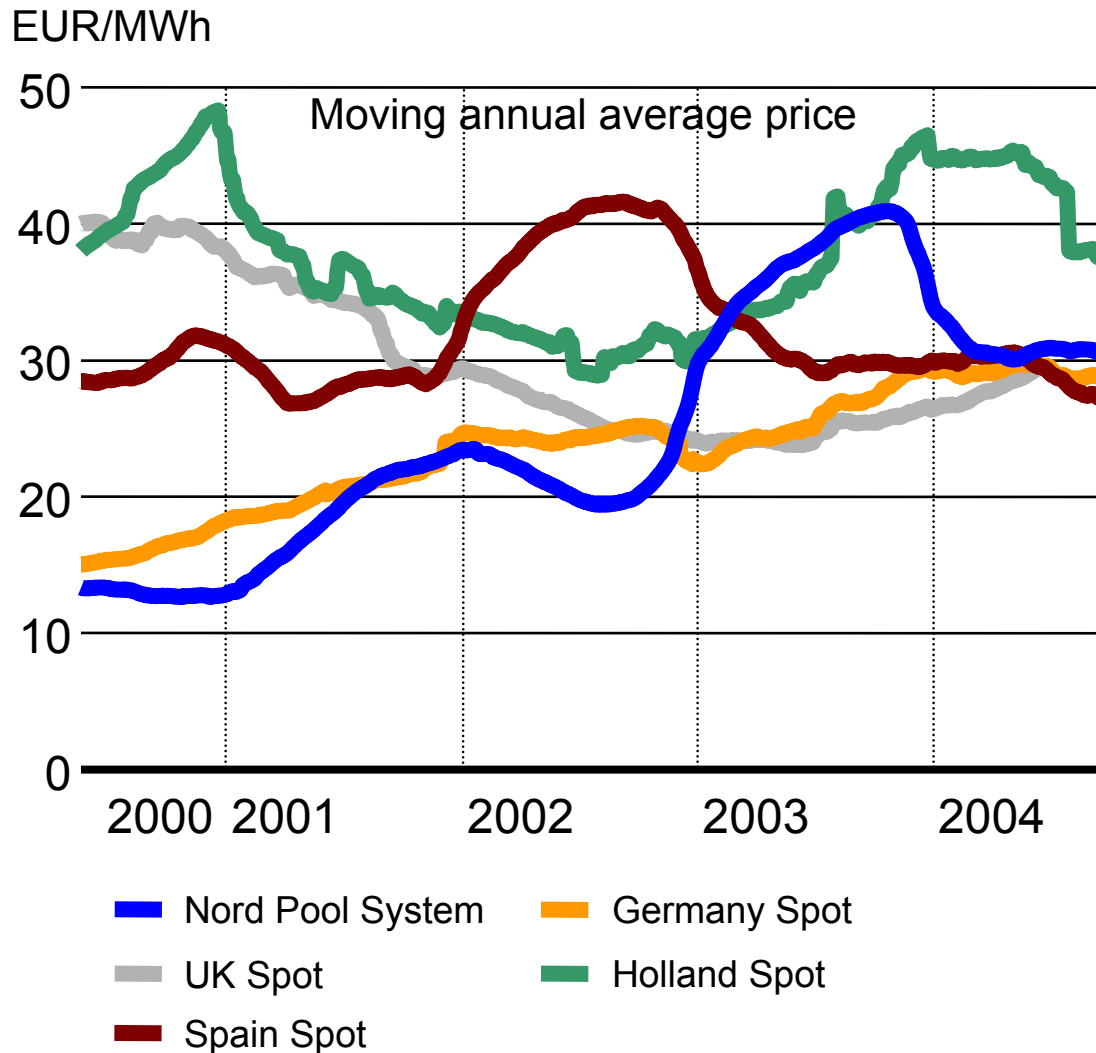
Price signals guide new capacity investments



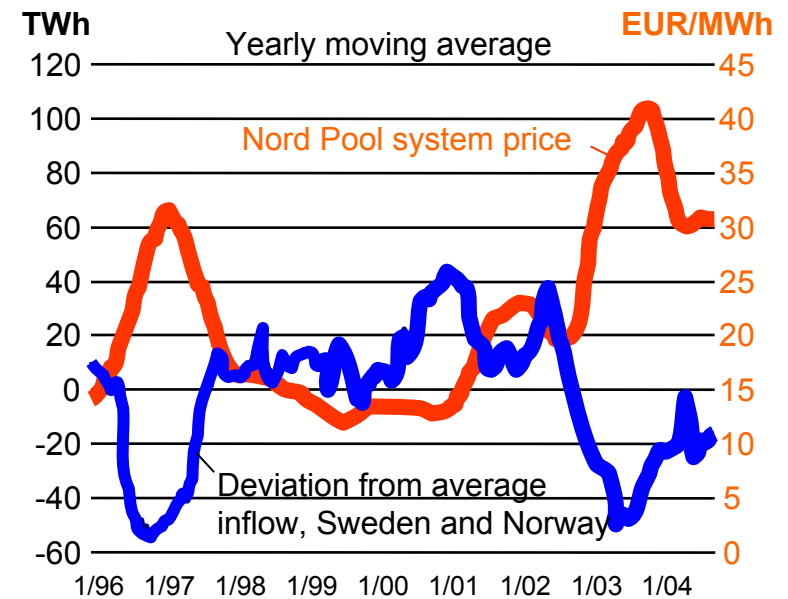
- Investments are made on rational financial basis
- New capacity requires a long-term price of 30-35 €/MWh
- Price signals are necessary for generators' decisions on new capacity

Source: Nord Pool, Fortum

Normally the lowest power prices in Europe

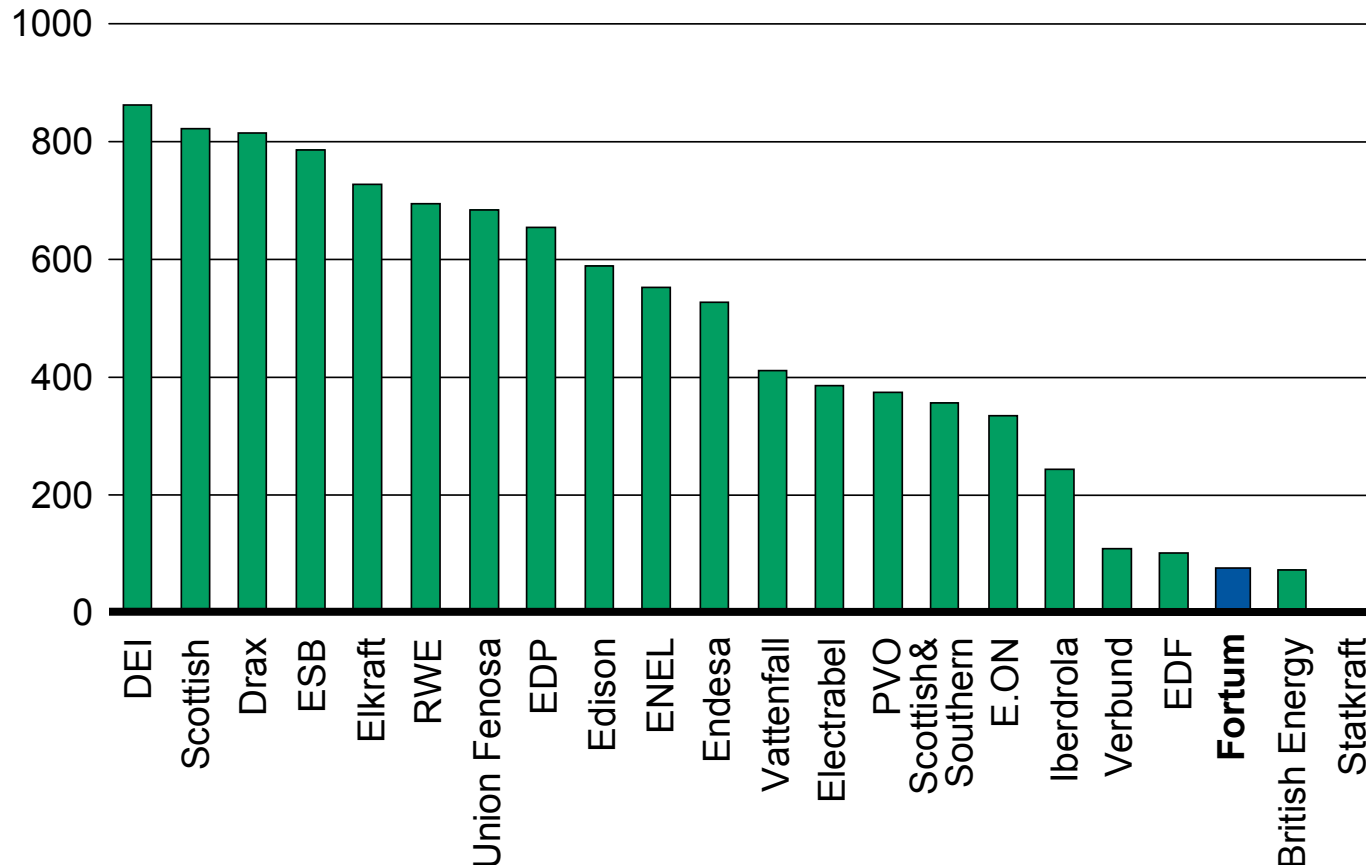


In the short term market fundamentals drive spot price development in the Nordic market



Fortum is well-positioned for CO₂ emissions

Carbon exposure – power companies
kgCO₂/MWh, 2002



- Large share of hydro and nuclear production
- Organisational capability for CO₂ trading in place

Source: PricewaterhouseCoopers
Climate Change and the Power Industry
European Carbon factors
Benchmarking of CO₂ Emissions by the
largest European Power Producers
November 2003



Fortum

Structural development is key to retaining a shaper position

- Consolidation will continue
- Proactive moves will be required for retaining a leadership position
- Structural development is a main growth engine and a means to shape the portfolio



Power & Heat, Markets

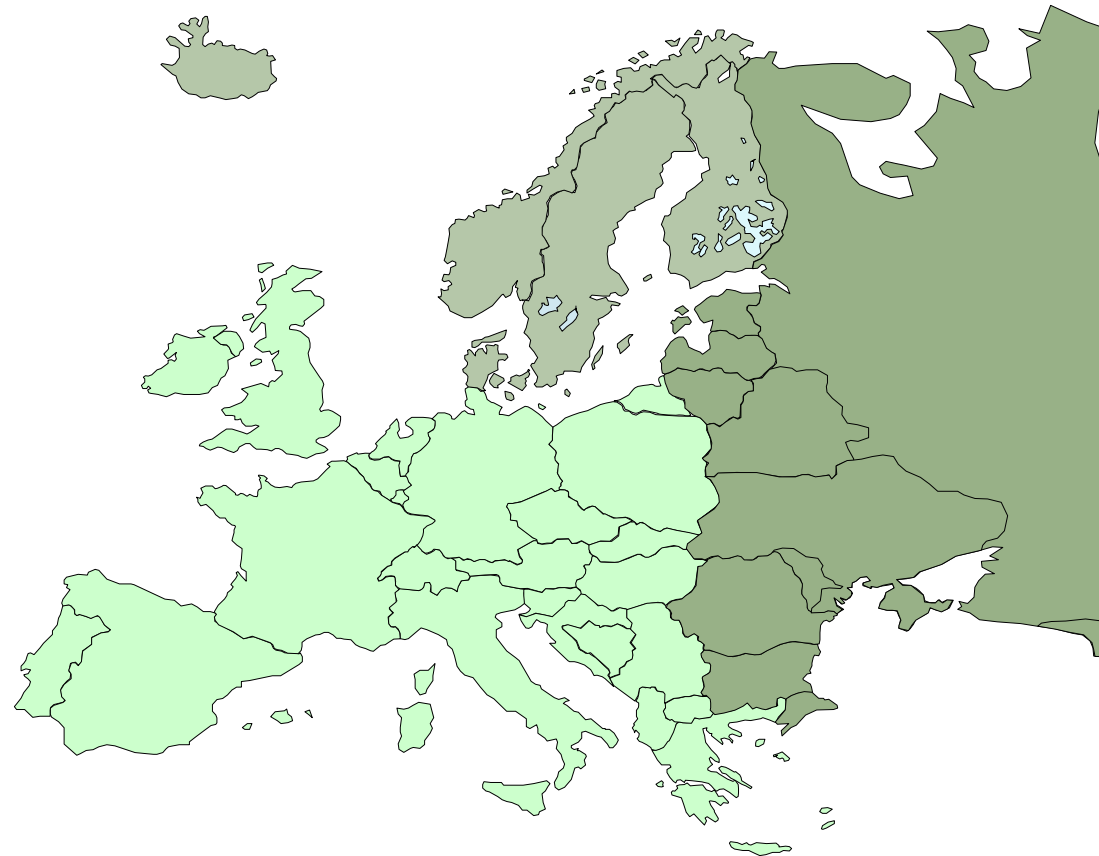
- Maintain the Nordic focus
- Pursue the value creative consolidator and shaper role
- Capture the Russian growth opportunity

Oil

- Successfully complete the separation

European oil industry is facing changes

- Industry consolidation and privatisation will continue
- New environmental requirements
- Transition from gasoline to sulfur-free diesel in traffic fuels
- Refinery upgrades to meet upcoming product specifications

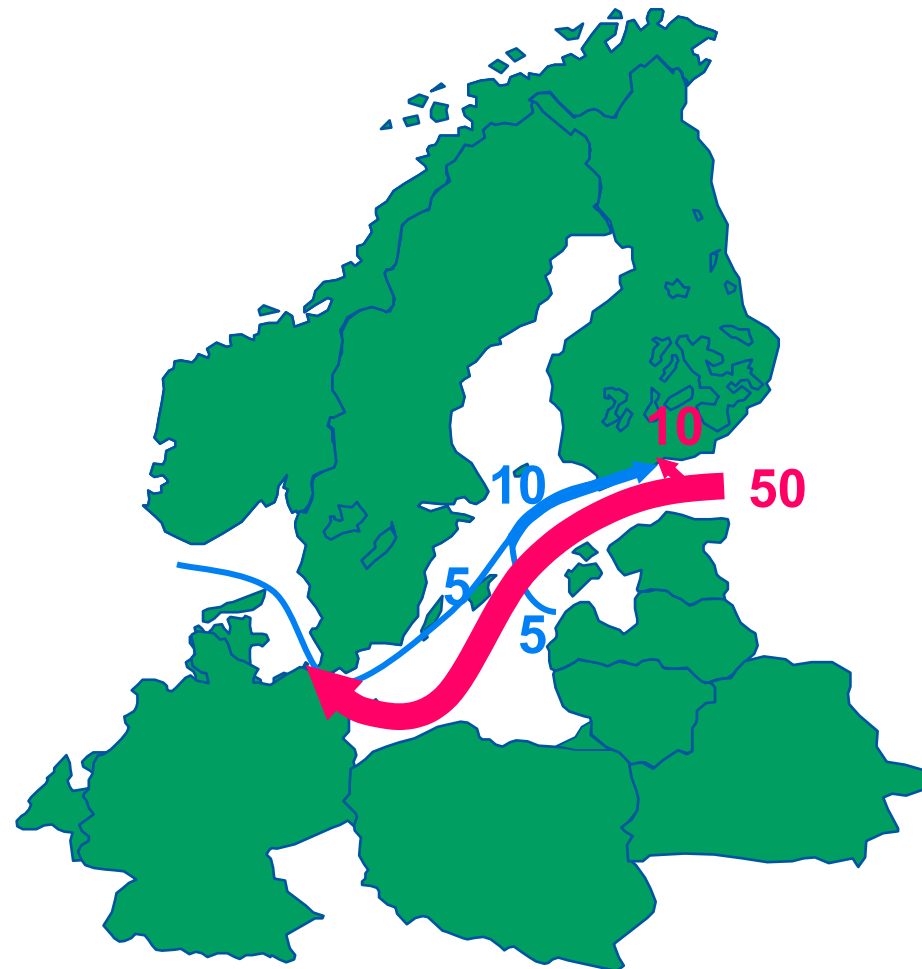


Increasing importance of Russian crude

- Declining North Sea production
- Increasing volumes of crude oil and feedstocks from Russia

Transportation flows
Mt/a

— Historical
— Now



Our businesses will have better opportunities independently

Oil separation will

- Enable Fortum to further increase its focus on its Nordic utility strategy
- Allow Fortum's oil business to take full advantage of attractive market developments

Transaction Highlights

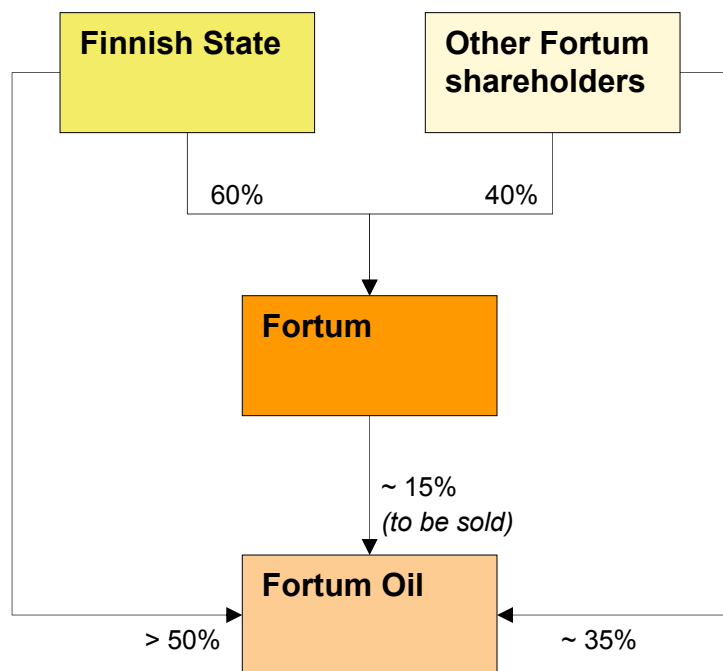
- As a result of strong operating performance in both Power & Heat and Oil, the separation of Fortum Oil is to be implemented through a combination of:
 - Distribution of ~ 85% of Fortum Oil shares as a dividend to the shareholders of Fortum Corporation
 - A sale of ~ 15% of Fortum Oil shares to investors through a marketed offering



- Opportunity for Fortum shareholders to join the future of Fortum Oil and for specialized oil investors to buy Fortum Oil shares
- Enables Fortum Oil to seek a listing of its shares
- Dividend distribution and sale of the remaining shares planned for April 2005

Transaction Structure Overview

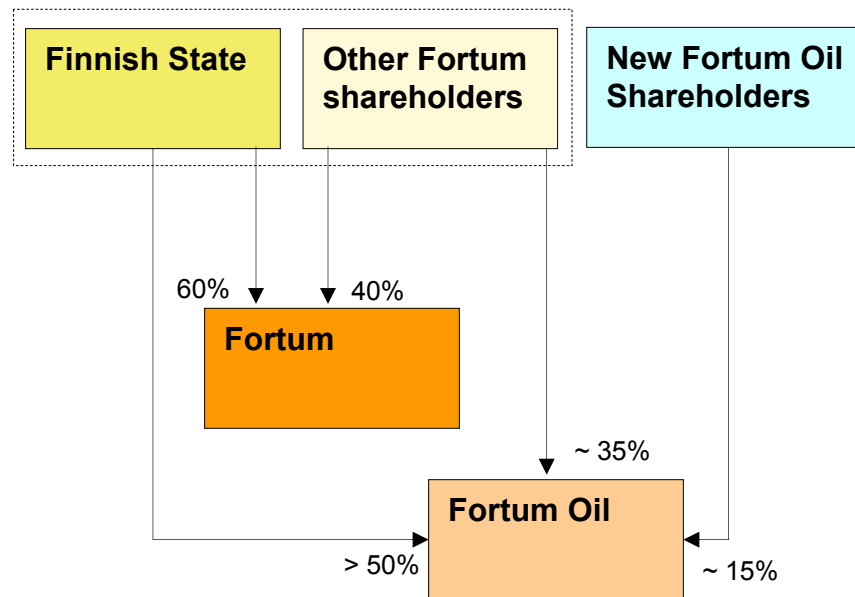
Step 1: Dividend Distribution



- Fortum distributes ~ 85% of Fortum Oil's shares through a dividend to its shareholders
- Finnish State maintains a direct majority interest (>50%)
 - Finnish State receives Fortum Oil shares in proportion to its holding in Fortum (currently ~ 60%)

Step 2: Sale of the Remaining Shares

Fortum's current shareholders



- Concurrently with the dividend distribution, Fortum sells the remaining ~ 15% of Fortum Oil shares to investors by a way of a marketed offering
 - Provides an opportunity for Fortum Oil to market itself to investors
 - Fortum receives proceeds to strengthen its balance sheet after deconsolidating Fortum Oil cash flows

The Best Outcome for Fortum

- Dividend distribution will leave Fortum with ample financial strength to implement its utility consolidation strategy:
 - Fortum has had strong operating performance over the past 12 months and the near term outlook remains positive
 - Uncompleted acquisition of Hafslund has left Fortum with a stronger balance sheet than expected
 - Sale of Fortum Oil shares provides proceeds to Fortum
- Approximately EUR 1 billion of net debt (including EUR 130 million of shipping leases) will be transferred to Fortum Oil

Potential to excel

- Structures in place
- Well performing businesses
- Strong cash flow
- Well prepared for market changes
- New opportunities by separating the oil businesses



Strong confidence in the future

Supplementary material

Income statement

MEUR	<u>Q1-Q3/04</u>	<u>Q1-Q3/03</u>	<u>2003</u>
Net sales	8,490	8,555	11,392
Expenses	-7,140	-7,555	-9,972
Operating profit	1,350	1,000	1,420
Financial expenses, net	-199	-189	-236
Profit before taxes	1,151	811	1,184
Income taxes total	-259	-212	-325
Minority interests	-15	-57	-90
Net profit for the period	877	542	769
EPS (EUR)	1.03	0.64	0.91
Return on capital employed,(%)	14.5	10.6	11.4
Return on shareholders equity,(%)	17.1	10.5	12.3

Operating profit

MEUR	Q1-Q3/04	Q1-Q3/03	2003
Power Generation	490	410	603
Heat	142	93	173
Distribution	196	189	247
Markets	26	18	35
Oil Refining	411	224	281
Oil Retail	41	46	44
Shipping and Oil other	83	55	79
Other	-39	-35	-42
Fortum Group	1,350	1,000	1,420

Balance sheet

MEUR

	Sep 30 2004	Sep 30 2003	Dec 31 2003
Fixed assets and other long-term investments	14,348	14,189	14,172
Current assets	2,143	1,975	2,390
ASSETS	16,491	16,164	16,562
Shareholders' equity	6,956	6,173	6,406
Minority interests	245	1,449	232
Interest-bearing liabilities	5,451	4,696	6,065
Interest-free liabilities	3,839	3,846	3,859
EQUITY AND LIABILITIES	16,491	16,164	16,562
Gearing (%)	73	58	85
Equity per share (EUR)	8.18	7.30	7.55

Cash flow statement

MEUR

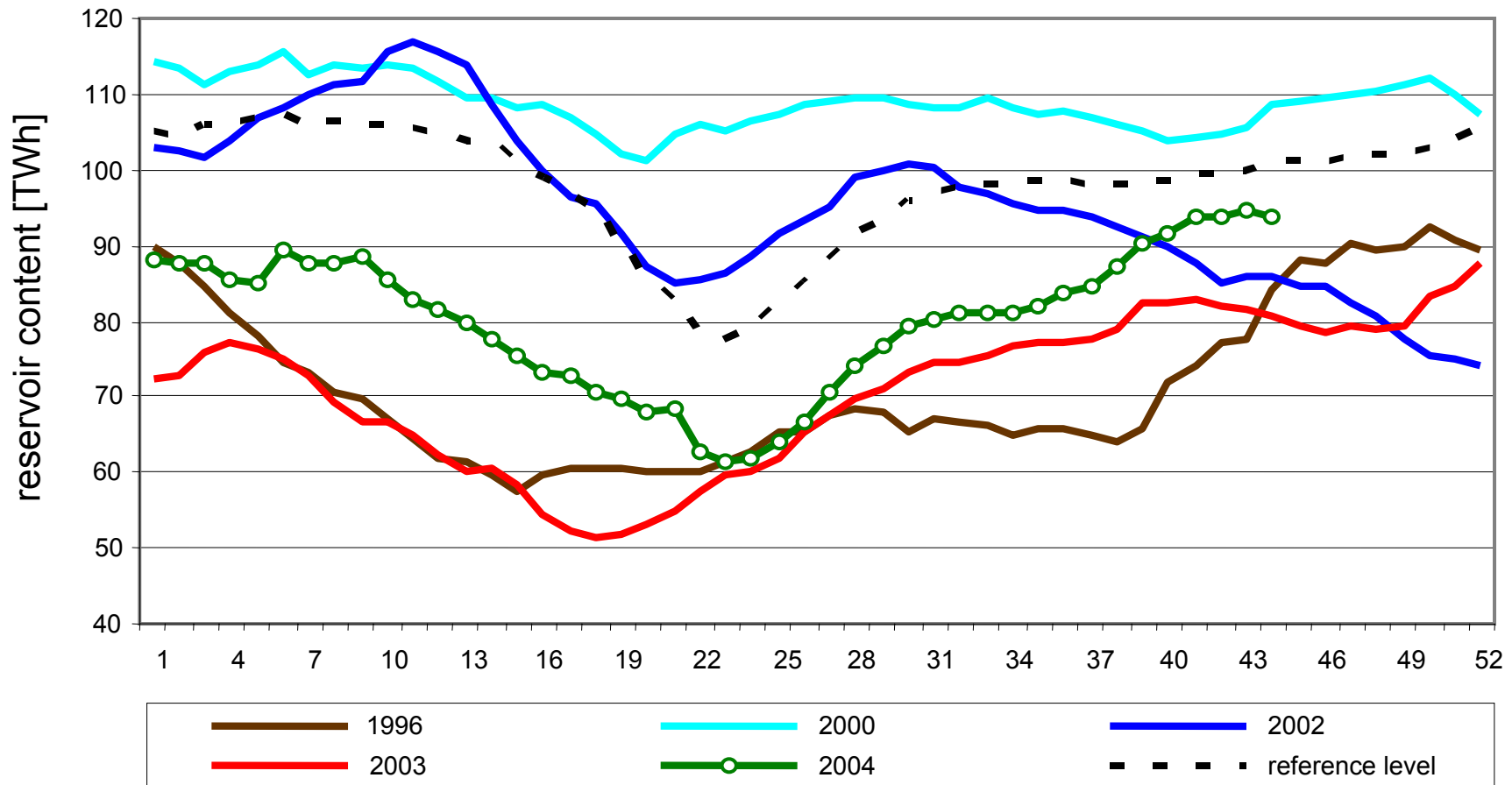
	Sep 30 2004	Sep 30 2003	Dec 31 2003
Net cash from operating activities	1,299	1,381	1,577
Capital expenditures	-399	-370	-550
Acquisition of shares	-108	-504	-570
Proceeds from sales of fixed assets	34	101	142
Proceeds from sales of shares	16	1,221	1,227
Change in other investments	-97	-53	-67
Cash flow before financing activities	745	1,776	1,759
Net change in loans	-612	-1,791	-399
Dividends paid	-359	-264	-264
Other financing items	8	-40	-1,245
Net cash from financing activities	-963	-2,095	-1,908
Net increase (+)/decrease (-) in cash and marketable securities	-218	-319	-149



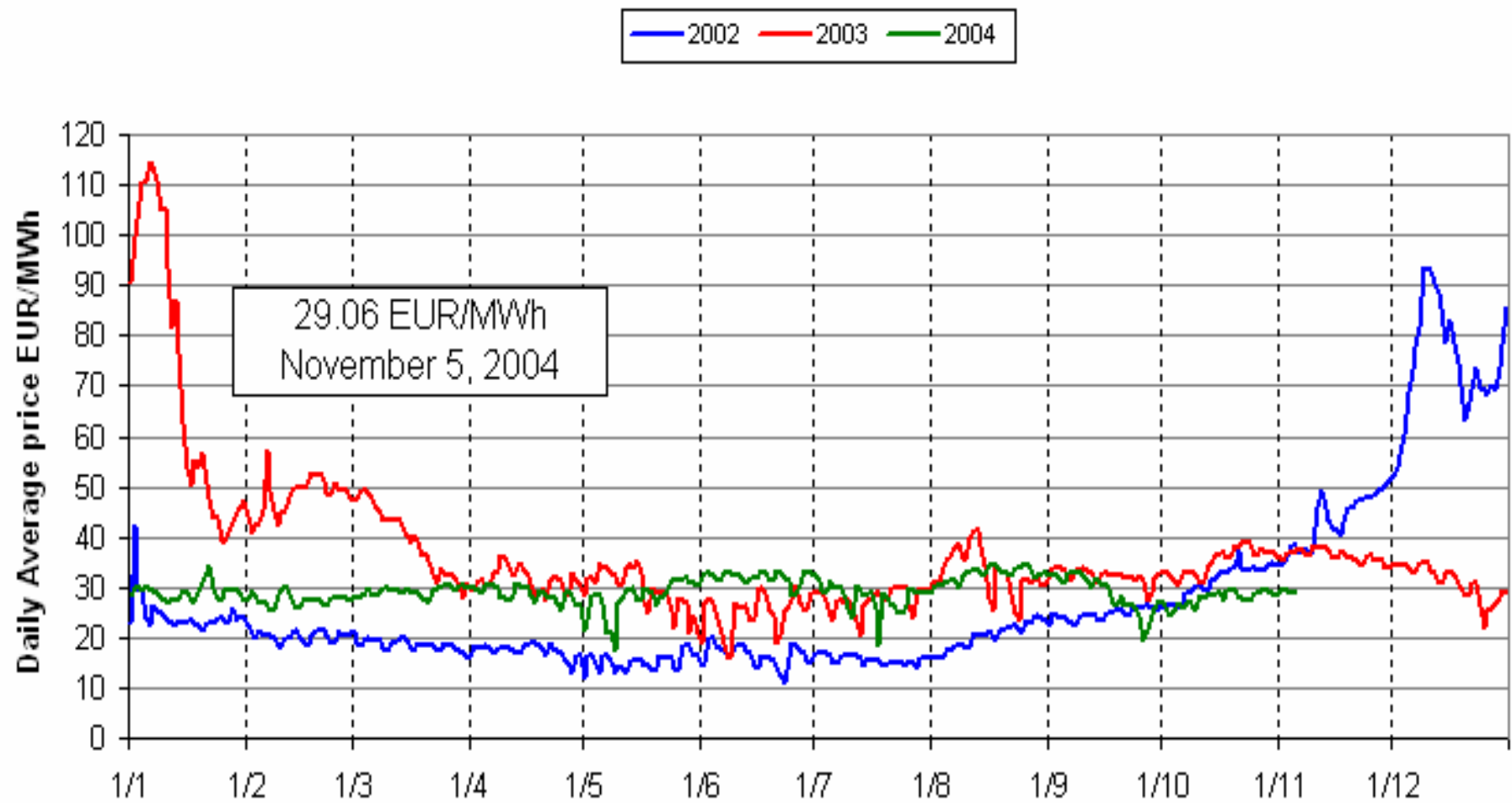
Fortum

Water & snow reservoirs in Norway & Sweden

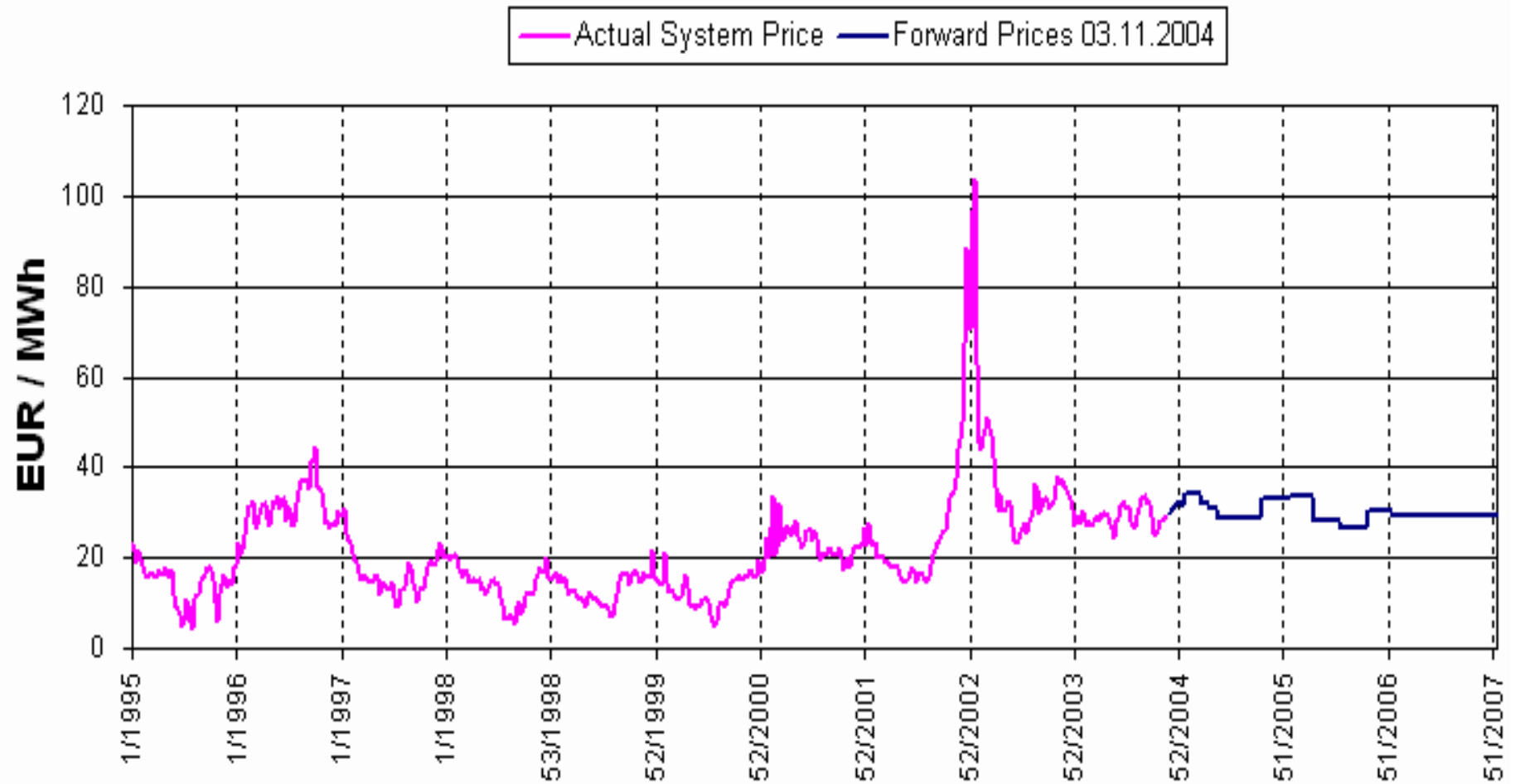
week 44/2004



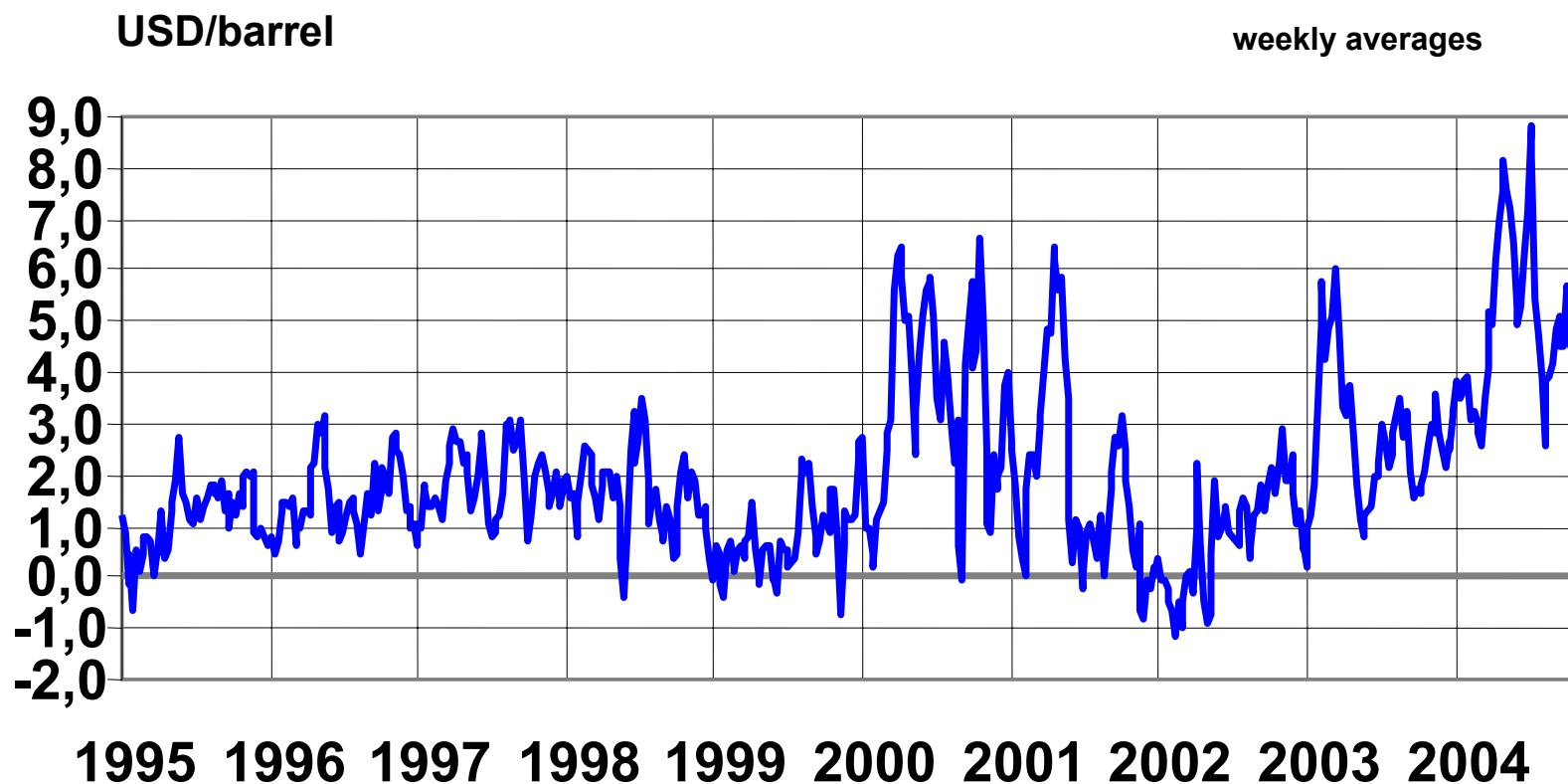
NordPool System Spot Price (EUR)



Nordic Power Market Prices (EUR)



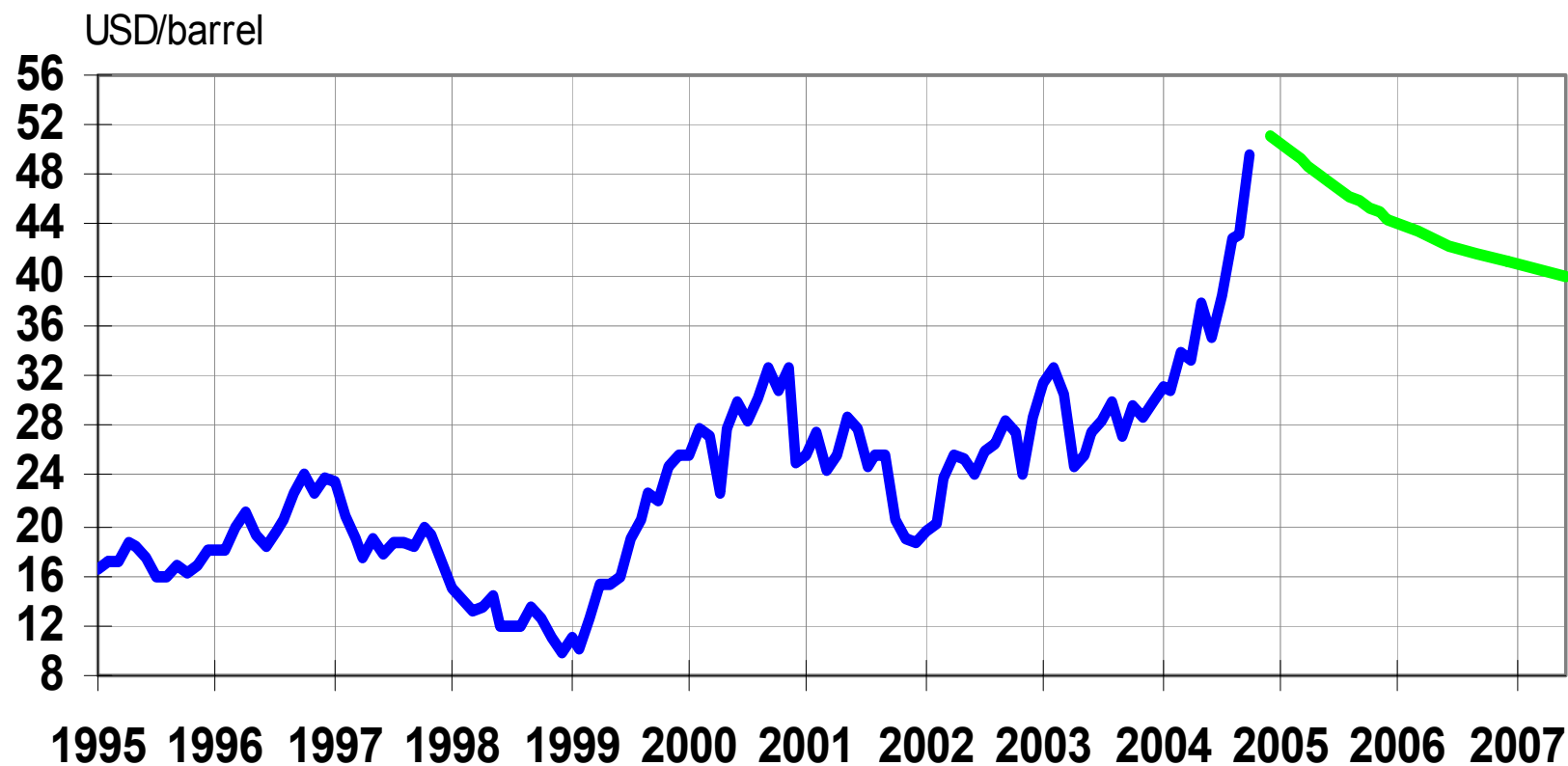
Refining margin in North West Europe



Average complex Brent refinery in North West Europe

Product prices: cargoes NWE FOB

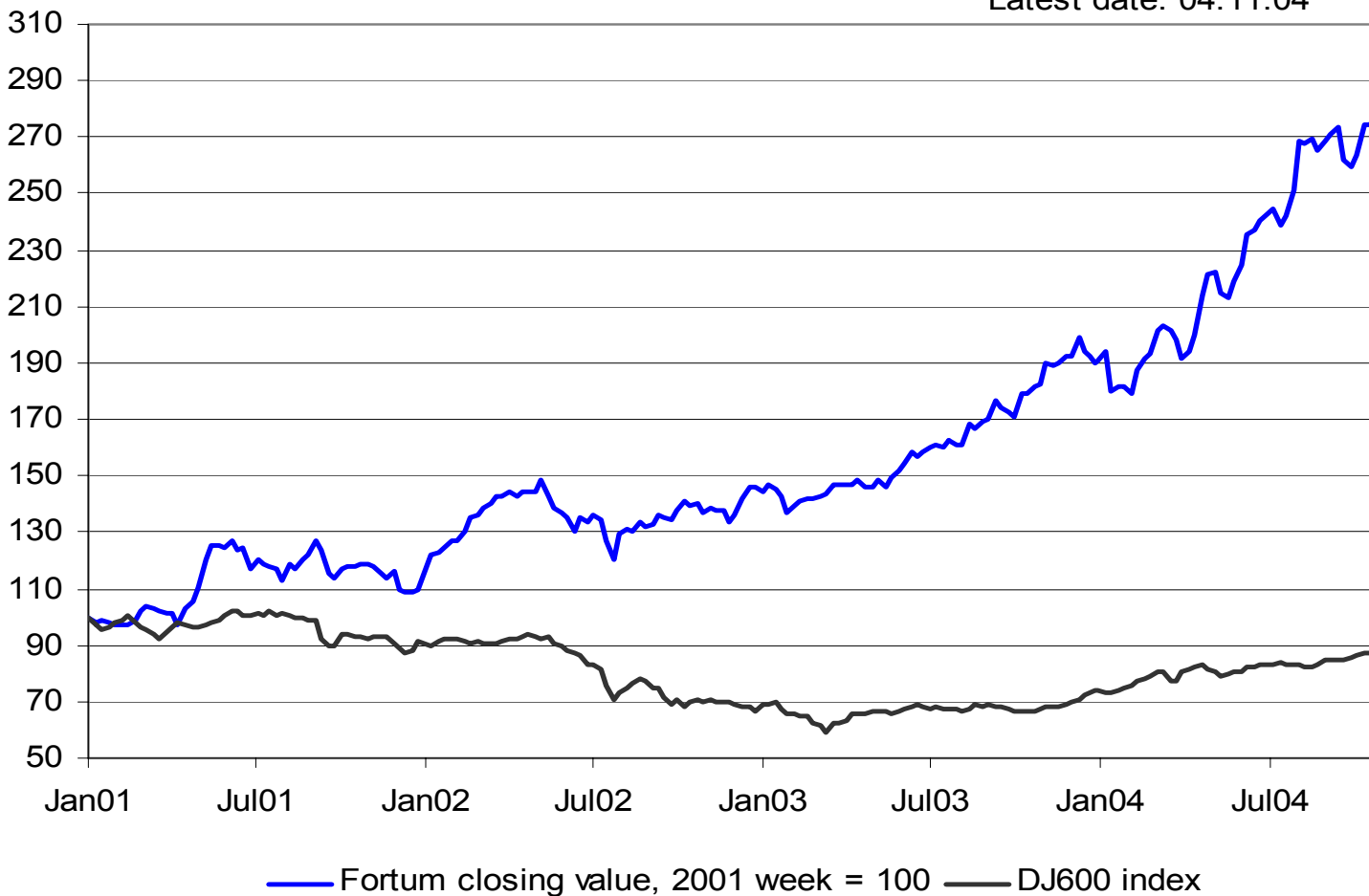
Brent crude price ja IPE Brent futures



— Brent dated monthly — IPE futures 15.10.2004

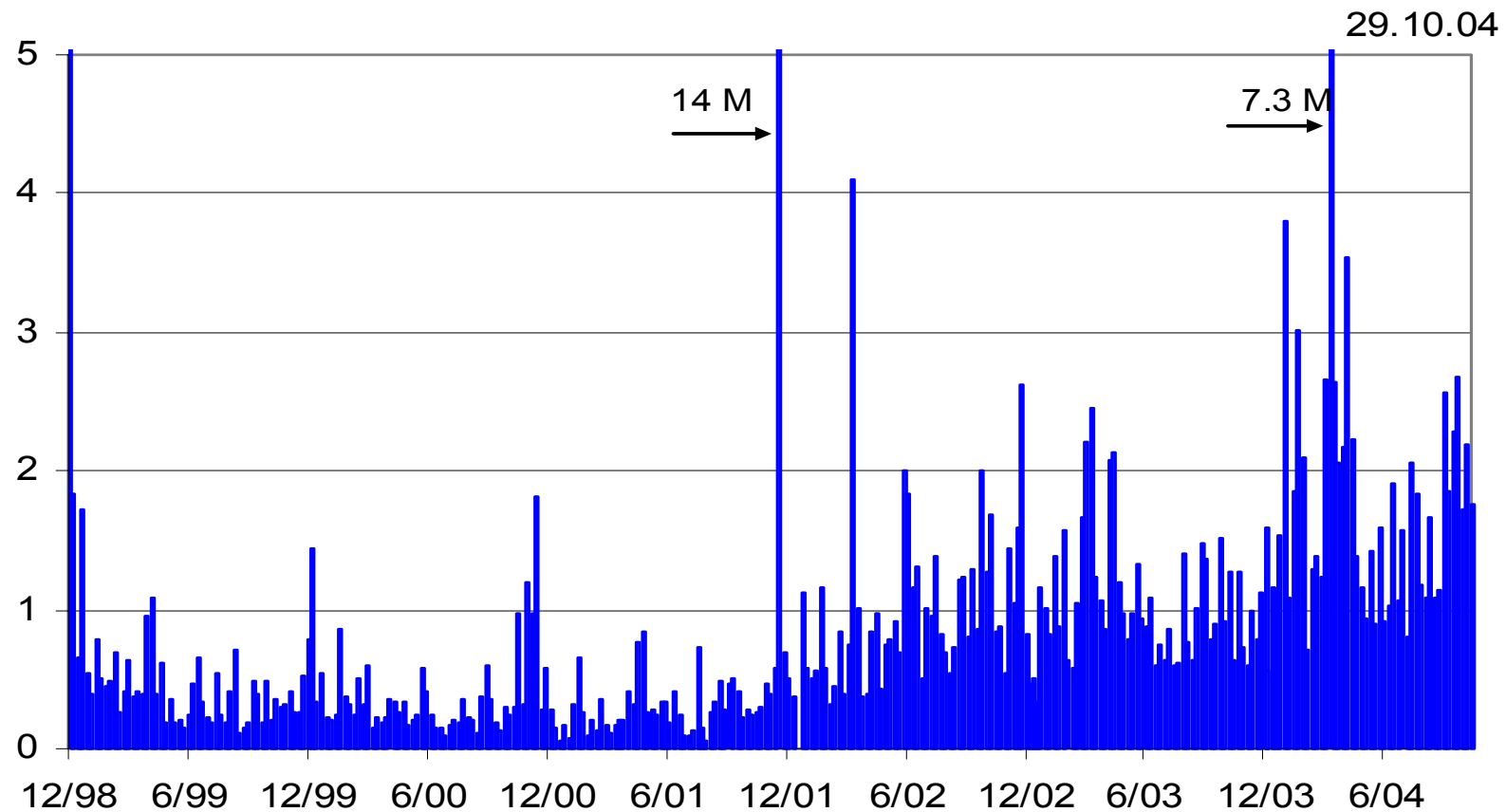
Quotation of Fortum shares and Dow Jones 600 utilities index (weekly average)

Latest date: 04.11.04

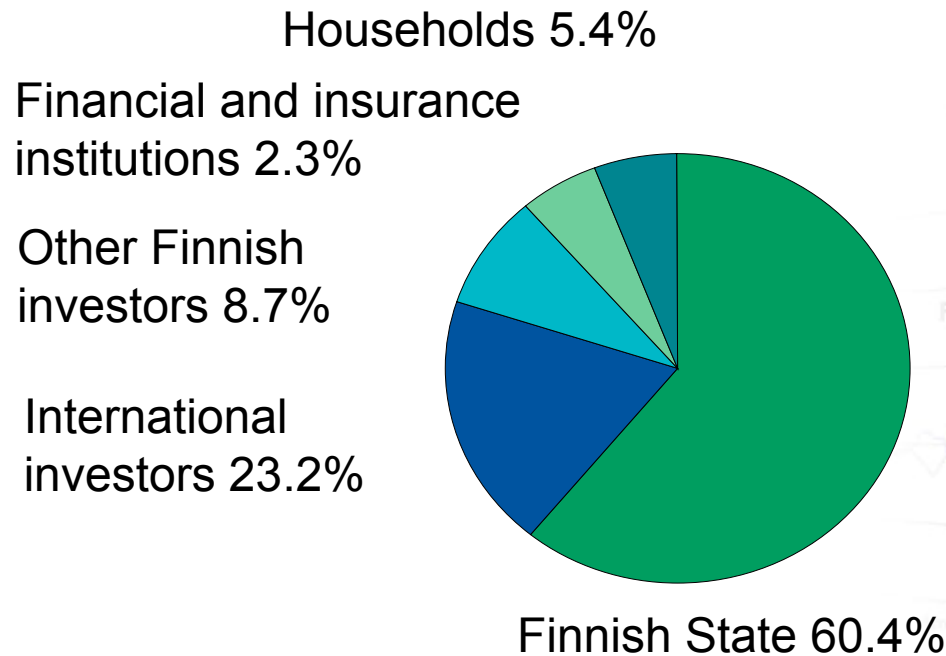


Number of Fortum shares traded

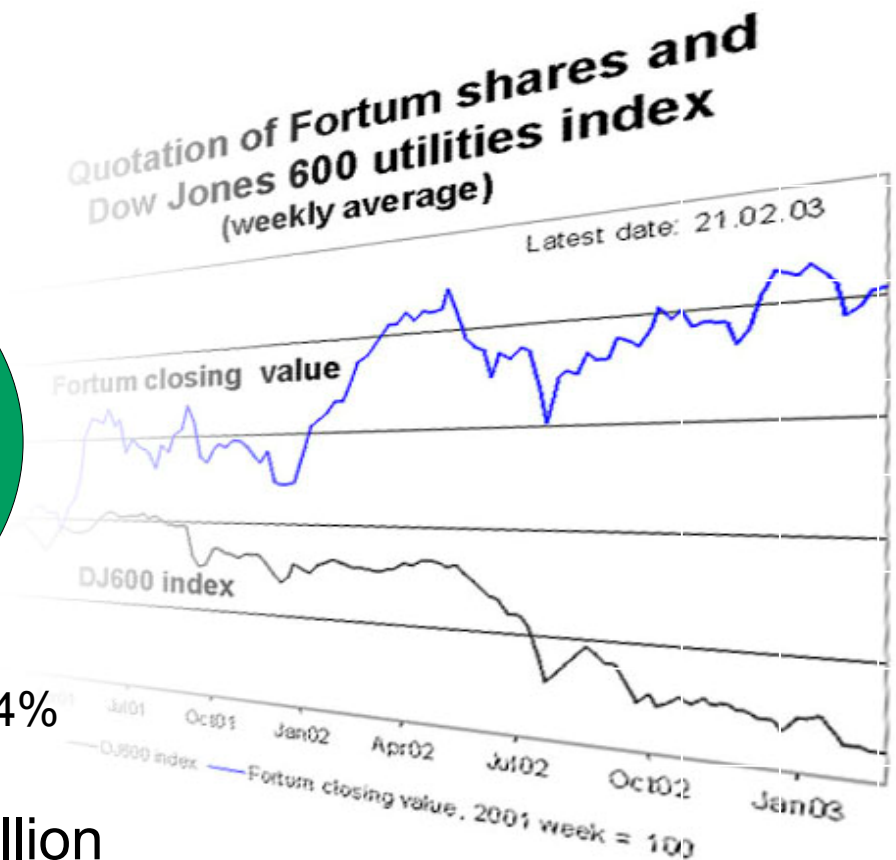
(millions shares/day, weekly average)



Shareholders as of 29 October 2004



- Market capitalisation EUR 10 billion
- More than 50,000 shareholders
- Listed on the Helsinki Exchanges



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.