Fortum

Interim Report
1 January - 30 September 2002
Teleconference

October 24, 2002

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Rigorous implementation of set agenda

Agenda for the year 2002

√ • Closing of the deal and successful integration of Birka Energi

√ • Reduction of debt

√ • Further focusing on core businesses

√ • Development of bio fuel businesses

√ • Continuous performance improvement

14 February 2002

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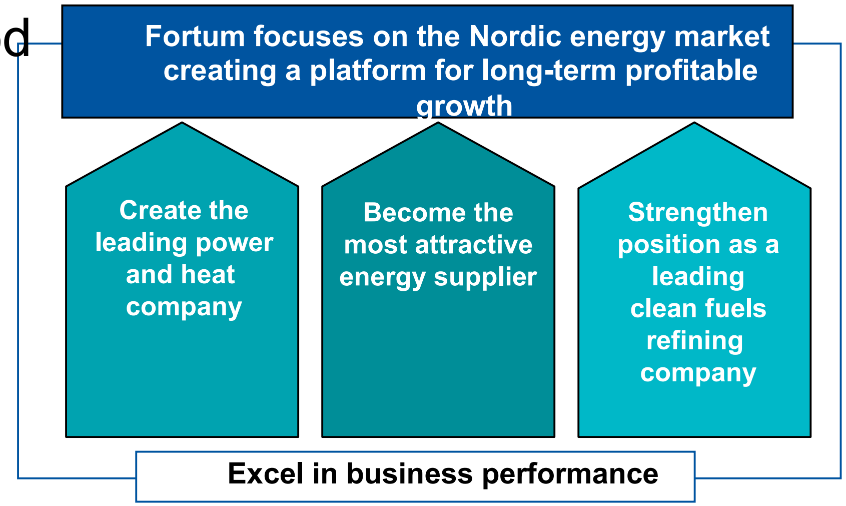
Powerful strategic steps

- Birka Energi transaction completed, good progress in transformation process
- Strengthened market position in Finland
  - Purchase of a Finnish electricity distributor and sales company
- Major divestments
  - Interests in oil fields in Oman
  - Stake in Espoon Sähkö
  - Power and heat business in Germany
  - Power plant in the UK
- Review of strategic alternatives regarding Norwegian E & P business



Weak market conditions
- improvement towards the end of the period

- Warmer than normal weather and bigger than normal hydro reservoirs during the first half of the year.

- The price of electricity on the Nordic electricity exchange was about 19% lower than the corresponding figure in 2001, averaging EUR **19.2** (23.7) per megawatt-hour. The third quarter price was EUR **20.1** (21.6) per MWh.

- The average price of North Sea light Brent crude oil was about 7% lower than the corresponding figure in 2001, averaging **24.4** (26.2) USD/bbl, August and September prices were 25-30 USD/bbl.

- The international refining margin in January-September averaged **0.7** (2.2) USD/bbl, in the third quarter **1.3** (1.1) USD/bbl.

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Improved results

- Operating profit up by 21%: EUR **898** (743) million
- Earnings per share up by 16%: EUR **0.57** (0.49)
- Strong net cash from operating activities: EUR **977** (889) million
- Net debt decreased during Q2 and Q3 by EUR 929 million and EUR 150 million respectively. At the end of September the net debt stood at EUR **6,033** million (EUR 3,674 million at the end of 2001)
- Gearing **84**% (54% at the end of 2001)
- ROCE **9.6**% (9.4%), ROE **8.7**% (8.8%)

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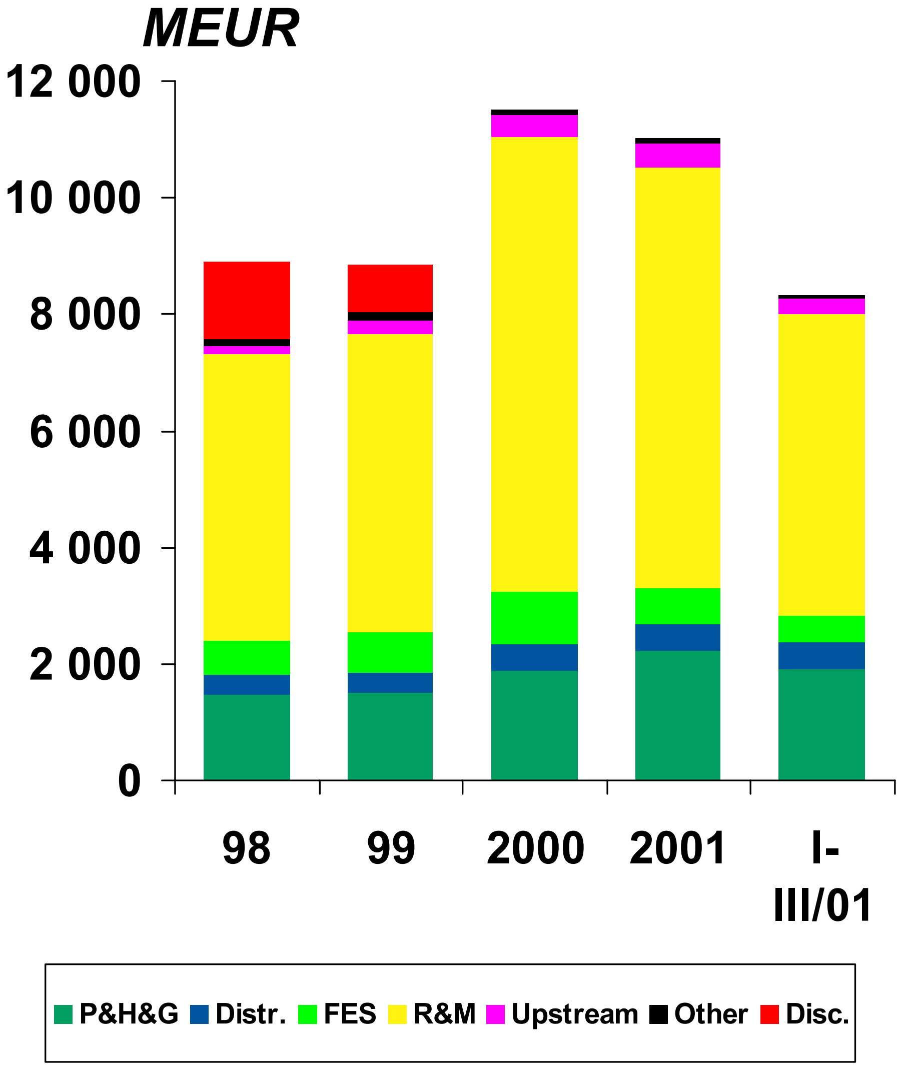
Net sales



MEUR	I-III/02	I-III/01	2001
Power, Heat and Gas	1 919	1 582	2 227
Electricity Distribution	455	338	473
Energy Solutions	450	516	603
Refining & Marketing	5 193	5 587	7 223
Oil & Gas Upstream	264	327	408
Other Operations	45	73	95
Eliminations	-468	-549	-619
Group	7 858	7 874	10 410

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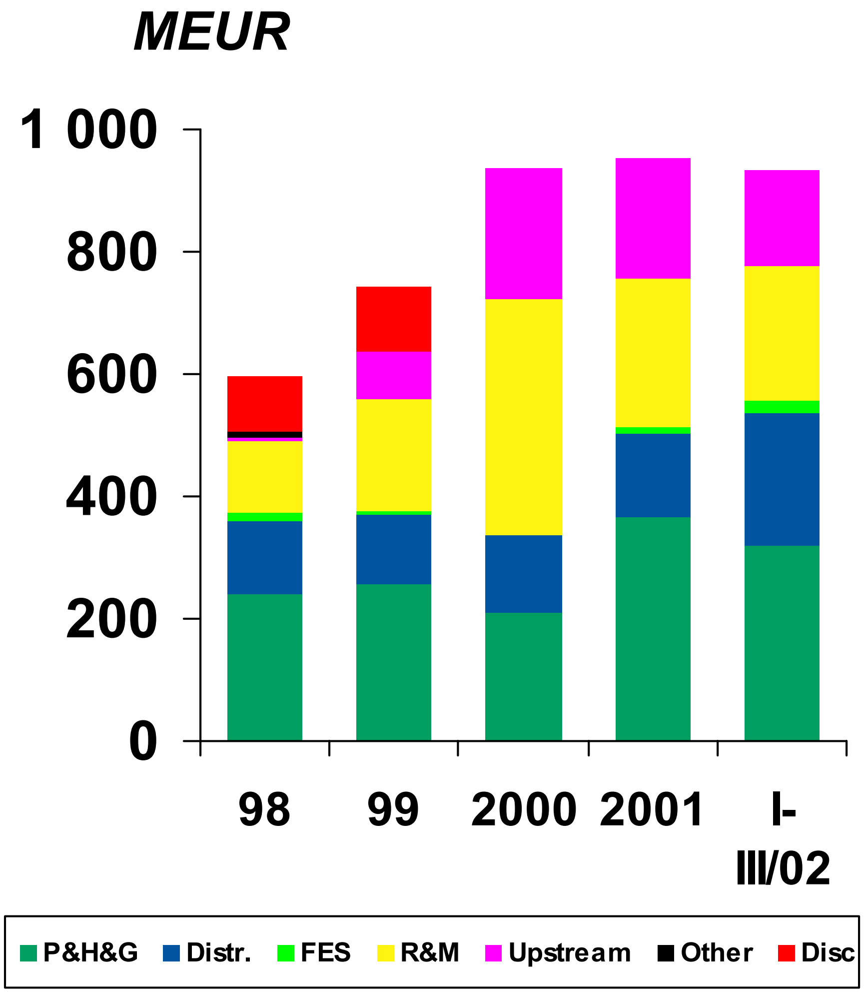
Operating profit



MEUR	I-III/02	I-III/01	2001
Power, Heat and Gas	319	253	367
Electricity Distribution	219	105	135
Energy Solutions	18	8	13
Refining & Marketing	221	227	242
Oil & Gas Upstream	157	163	196
Other Operations	-37	-16	-40
Eliminations	1	3	1
Group	898	743	914

Power, Heat and Gas

January-September 2002

- Good progress in the Birka transformation process
- Own Nordic power generation: **44**% (42%) hydropower-based, **48**% (50%) nuclear power-based
- Fortum´s electricity sales **42.1** (39.5) TWh, heat sales **13.4** (12.1) TWh
- Fortum´s average price of electricity in the Nordic countries was somewhat up on the corresponding period
- Sale of power business in Germany and a power plant in the UK

Key figures	I-III/02	I-III/01
Net sales, MEUR	**1,919**	1,582
Operating profit, MEUR	**319**	253
Net assets, MEUR	**8,634**	5,544
Employees, average	**3,105**	2,824
RONA, %	**5.3**	5.8

Electricity Distribution

January-September 2002

- The distribution of electricity **14.4** (11.2) TWh in distribution networks
- **14.3** (11.7) TWh electricity transmission via the regional distribution network to customers outside the Group
- Sale of stake in Espoon Sähkö and German distribution business
- Acquisition of the remaining 50% share in the Elnova Group

Key figures	**I-III/02**	**I-III/01**
Net sales, MEUR	**455**	338
Operating profit, MEUR	**219**	105
Net assets, MEUR	**3,117**	2,104
Employees, average	**1,019**	976
RONA, %	**9.9**	6.4

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Fortum Energy Solutions

- Maintenance services for power plants and industry in Finland and Sweden
- Combined heat and power technology
- Operation services for power plants outside the Group
- Power plant engineering and contracting

Key figures	I-III/02	I-III/01
Net sales, MEUR	**450**	516
Operating profit, MEUR	**18**	8
Net assets, MEUR	**159**	225
Employees, average	**4,961**	5,867
RONA, %	**11.4**	4.5

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Oil Refining and Marketing

January-September 2002

- The average North-West European refining margin **0.7** (2.2) USD/bbl, Fortum´s premium refining margin about 2 USD/bbl
- Use of crude oil and other feedstocks **9.9** (8.6) million tonnes
- Sales of petroleum products: **5.7** (5.3) million tonnes to Finland, exports **3.8** (3.3) million tonnes
- Low freight rates
- Conversion of the MTBE plant in Canada to iso-octane completed
- Start of production of ethanol-based 98-octane gasoline

Key figures	I-III/02	I-III/01
Net sales, MEUR	**5,193**	5,587
Operating profit, MEUR	**221**	227
Net assets, MEUR	**1,581**	1,736
Employees, average	**4,397**	4,607
RONA, %	**18.3**	17.9

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Oil and Gas Upstream

January-September 2002

- Production at an average of **37,300** (42,700) boe/d, i.e. about **1.8** (2.1) million t/a
- Average price of oil sold by Fortum **24.6** (25.6) USD/bbl, the price of natural gas **16.8** (19.5) USD/boe
- Finalised sale of the oil field interest in Oman, acquisition of share in the Mikkel gas and condensate field
- A review of strategic alternatives regarding Norwegian E&P business
- Preparations for starting oil production in Russia in late 2003

Key figures	I-III/02	I-III/01
Net sales, MEUR	**264**	327
Operating profit, MEUR	**157**	163
Net assets, MEUR	**1,004**	1,228
Employees, average	**60**	61
RONA, %	**18.3**	17.1

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Income statement

MEUR	I-III/02	I-III/01	2001
Net sales	7 858	7 874	10 410
Expenses	-6 960	-7 131	-9 496
Operating profit	898	743	914
Financial expenses, net	-208	-160	-212
Profit before extraordinary items	690	583	702
Extraordinary items	-	-	-
Profit before taxes	690	583	702
Income taxes total	-158	-127	-160
Minority interests	-50	-63	-83
Net profit for the period	482	393	459
EPS (EUR)	0.57	0.49	0.57

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Balance sheet

MEUR	Sep 30 2002	Sep 30 2001	Dec 31 2001
Fixed assets and other long-term investments	14 819	10 932	11 328
Current assets	2 450	2 887	2 966
Assets	17 269	13 819	14 294
Shareholders' equity	5 729	5 173	5 485
Minority interests	1 447	1 270	1 270
Interest-bearing liabilities	6 292	4 132	4 276
Interest-free liabilities	3 801	3 244	3 263
Equity and liabilities	17 269	13 819	14 294
Gearing (%)	84	58	54
Equity-to-assets ratio (%)	42	47	48
Equity per share (EUR)	6.77	6.52	6.49

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Key ratios

	I-III/02	I-III/01	2001
Capital employed (at the end of the period) MEUR	13 488	10 580	11 032
Interest-bearing net debt (at the end of the period) MEUR	6 033	3 755	3 674
Investments, MEUR	4 121	483	713
Net cash from operating activities, MEUR	977	889	1 145
Cash flow before financing activities, MEUR	-204	806	844
Return on capital employed, %	9.6	9.4	8.7
Return on shareholders' equity, %	8.7	8.8	8.3
Gearing, %	84	58	54
Adjusted gearing, % 1)	121	94	88
Average number of employees	14 333	15 237	14 803

1) Minority interest of Fortum Capital Ltd included in liabilities

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Short-term outlook

- Positive trend in the most important market drivers.
- In the first part of October, the international refining margin averaged 2.1 USD/bbl. Fortum´s premium margin is expected to remain on previous years´ level.
- Transformation process will continue, the target for annual synergy benefits of EUR 100 million will be exceeded.
- Decision on the strategic review regarding Norwegian E & P business will be announced shortly.
- Good near future prospects.

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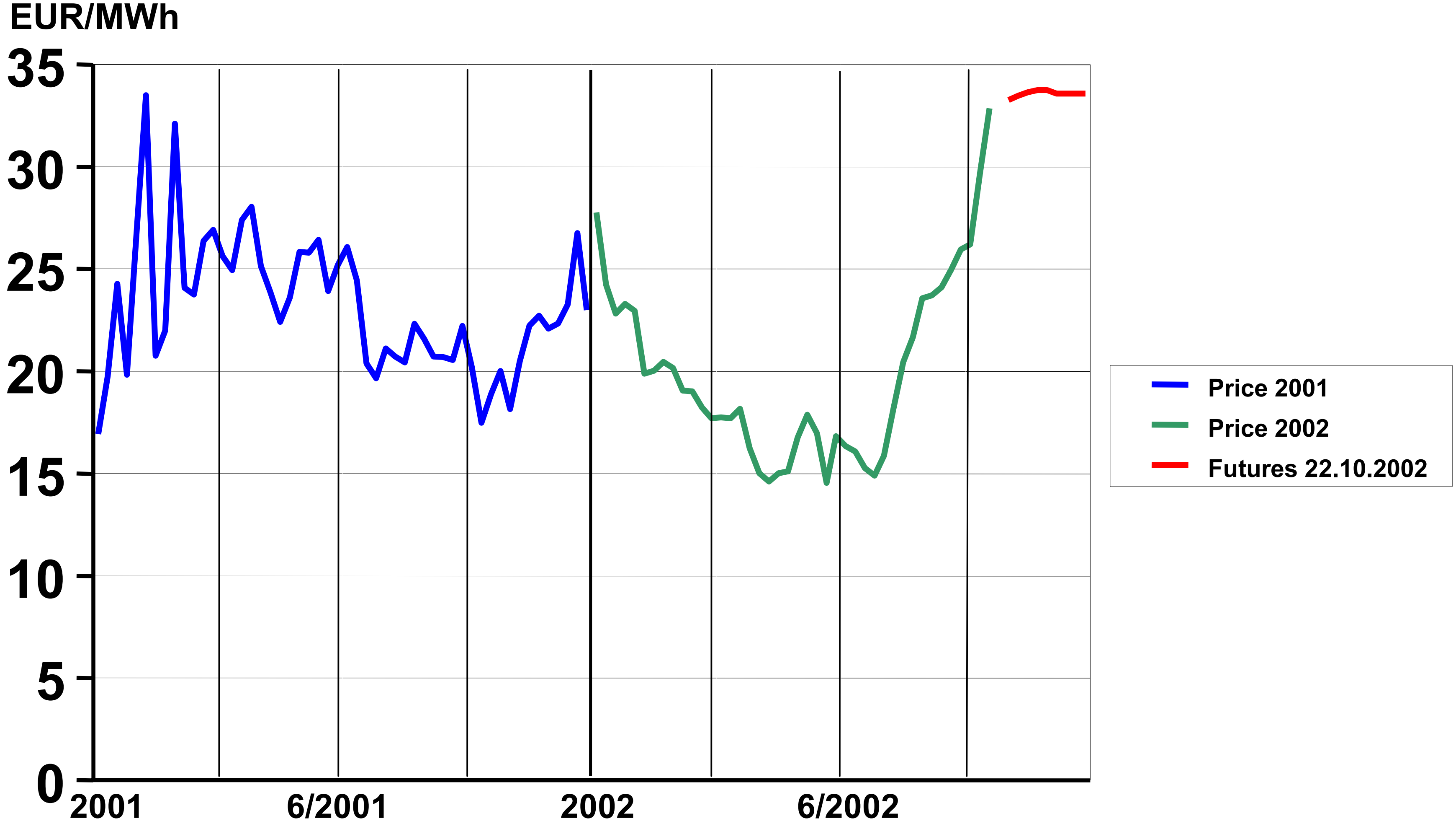
Short-term outlook

Nord Pool electricity system price and futures
Weekly average



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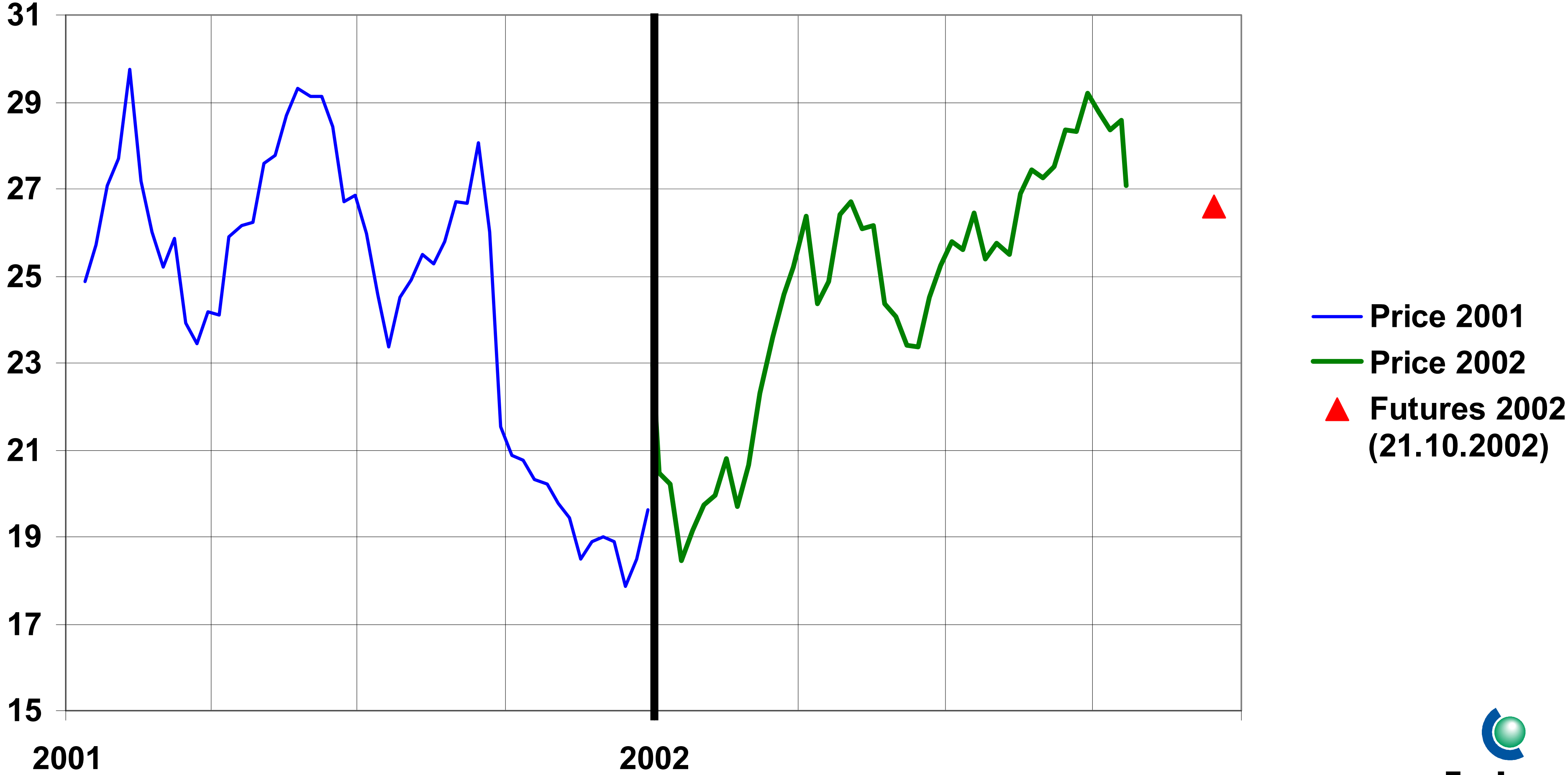
Short-term outlook

Crude oil price development

Brent, weekly averages 2001 - 2002, USD/bbl



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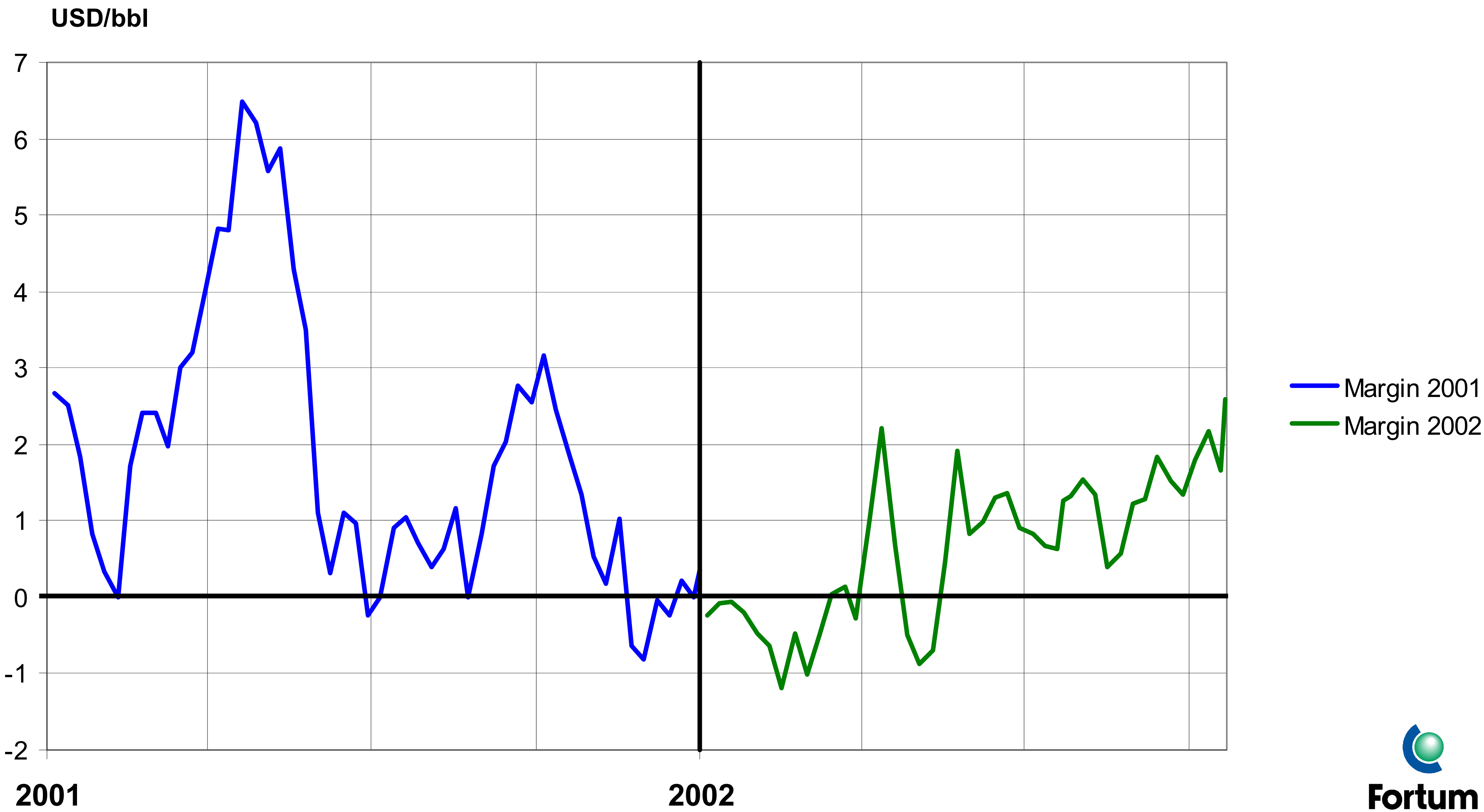
Refining margin, Brent complex

weekly averages 2001 - 2002



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