

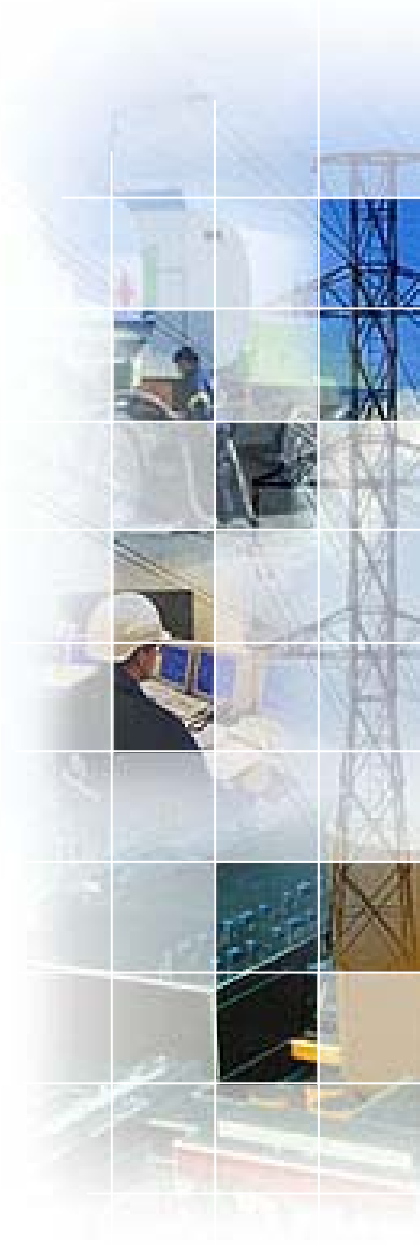


Fortum

Financial Statements 2003

Teleconference

5 February 2004



Very good last quarter

- The results improved despite a significant fall in electricity market prices.
 - Nord Pool price down by 31%, Fortum's prices slightly up
- Operating profit EUR **419** (391) million
 - excluding non-recurring items and discontinuing operations up by EUR 46 million or 14%
- Earnings per share EUR **0.27** (0.22), up by 23%



An excellent year

- Substantial improvement in ongoing businesses
- Very strong cash flow
- Strengthened balance sheet and clarified financing structure
- Strengthened market position in Norway and north-western Russia
- Decision to separate and list the oil business
- Major upgrade at Porvoo refinery



Market conditions

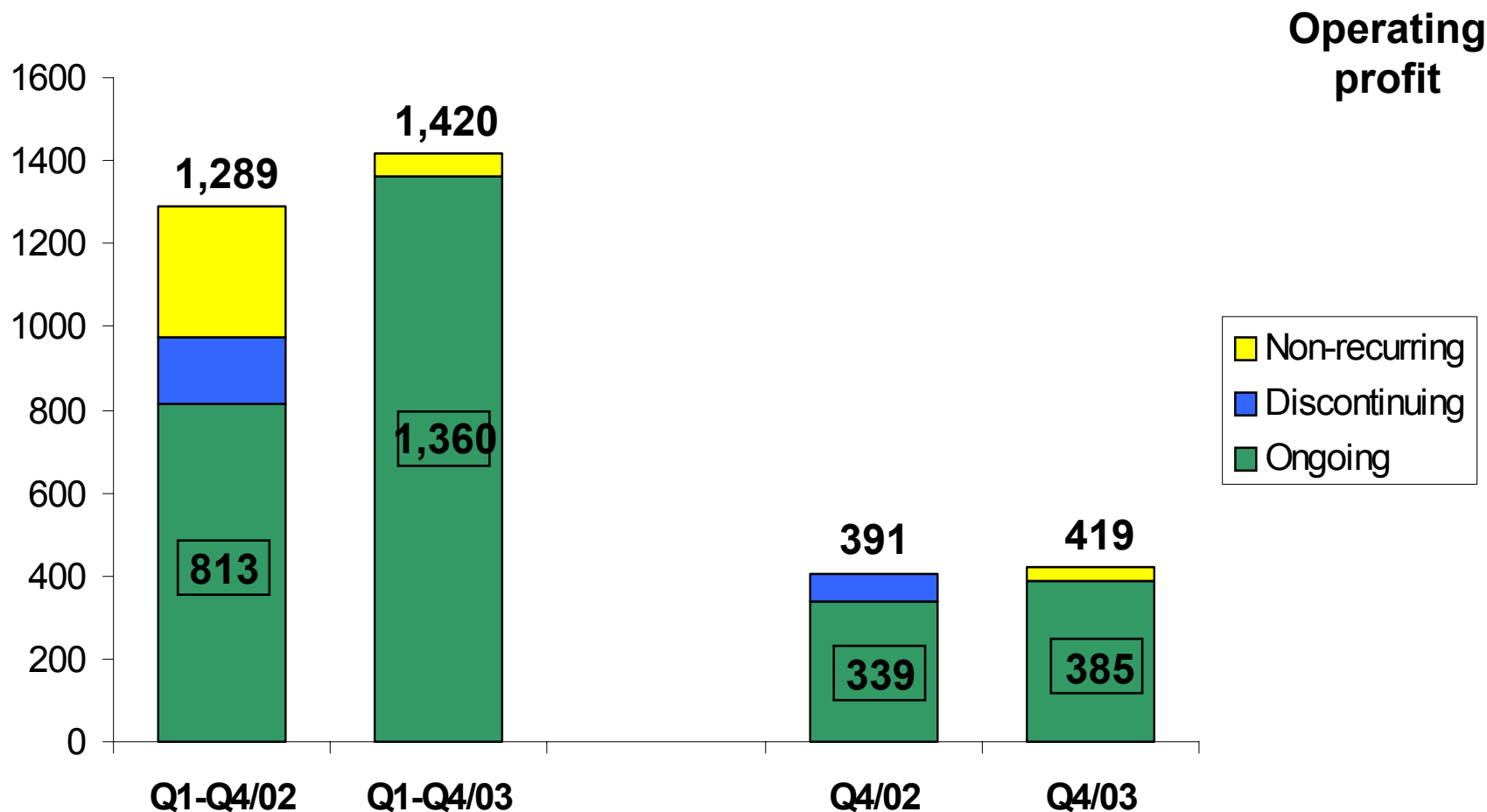
- Slight decrease of Nordic electricity consumption
- Nord Pool price of electricity increased, averaging EUR **36.7** (26.9) per MWh.
- Strong increase in the oil refining reference margin, averaging USD **2.7** (1.0) /bbl

Well performing ongoing businesses

- Operating profit EUR **1,420** (1,289) million, excluding non-recurring items and discontinuing operations up by 67%
- Earnings per share EUR **0.91** (0.79)
- Net cash from operating activities EUR **1,577** (1,351) million
- Net debt EUR **5,626** (5,848) million

Improved performance of ongoing business

EUR million



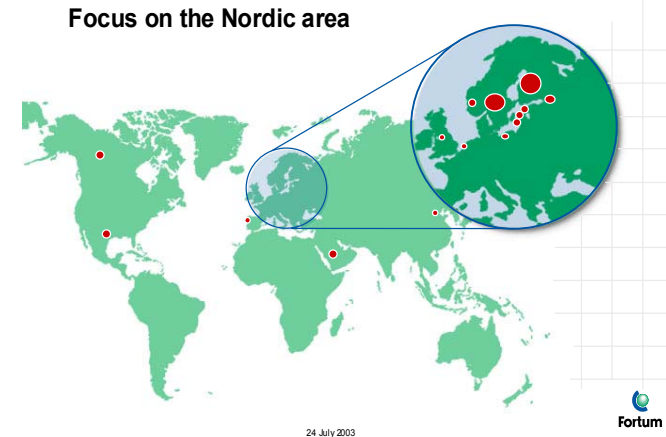
Reaching the financial targets

- | | target |
|---|-----------------|
| • Return on capital employed 11.4% (11.1%) | 12% |
| • Return on shareholders' equity 12.3% (10.5%) | 12% |
| • Gearing 85% (80%, adjusted 115%) | <100% |



Board of Directors proposes a dividend of EUR 0.42 (0.31) per share, a growth of 36%

Major strategic steps



Strengthened market position in Norway and north-western Russia

- Attractive positions in Hafslund and Lenenergo

Separation and listing of oil business

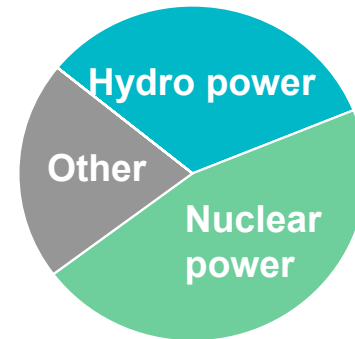
- Enables Fortum to further increase its focus on its Nordic utility strategy
- Allows oil business to take full advantage of market developments
- Facilitates the EUR 500 million upgrade of the Porvoo refinery

Power, Heat and Gas

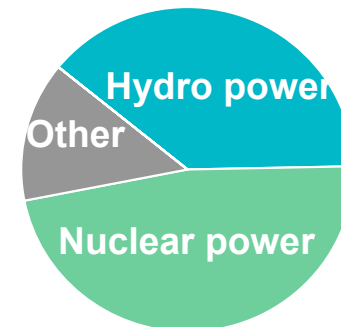
Fortum's year 2003

- Nordic power generation up by 10%
- Nordic heat generation **20.1** (18.4) TWh, up by 9%
- Nordic sales of electricity up by 6%, market share **15%** (14%)
- Low availability of hydro power compensated by thermal power - benefits of flexible production portfolio
- Price of electricity sold by Fortum up by 31%.
- Synergy benefits EUR 130 million

Comparison: the year 2002



Power generation
Nordic 2003
51.2 TWh



Power generation
Nordic 2002
46.5 TWh

Power, Heat and Gas

EUR million	2003	2002
Net sales	3,418	3,644
Operating profit	780	617
- excl. non-recurring items	779	501
Net assets	8,869	8,748
RONA, %	8.9	7.5

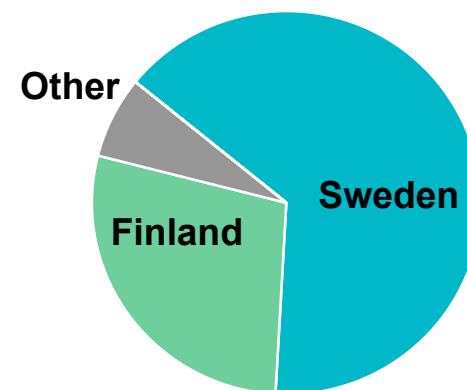
Business units:

Generation, Portfolio Management and Trading, Heat, Värme, Gas, Service

Electricity Distribution

Fortum's year 2003

- **1.4** (1.3) million customers
- Entry on the Norwegian market
- **21.9** (20.2) TWh transmitted electricity in distribution networks, up by 8%
- **21.1** (21.7) TWh transmitted electricity in regional networks, down by 3%
- Power failures in December, caused by storms and snow



Electricity transmissions
in distribution networks
2003

Comparison: the year 2002

Electricity Distribution

EUR million	2003	2002
Net sales	688	640
Operating profit	247	279
- excl. non-recurring items	227	187
Net assets	3,129	3,199
RONA, %	7.9	9.3

Business unit: Distribution

Markets

Fortum's year 2003

- Sales of electricity **33.5** (33.2) TWh
- Sales of heating oil **1.2** (1.3) million tonnes
- Entry on the Norwegian market
- Better risk management, improved business processes, and better cost control
- Joint customer service unit

1.3 million
customers
• private
• business

Electricity
Heating oil
Related
services



Comparison: The year 2002

Markets

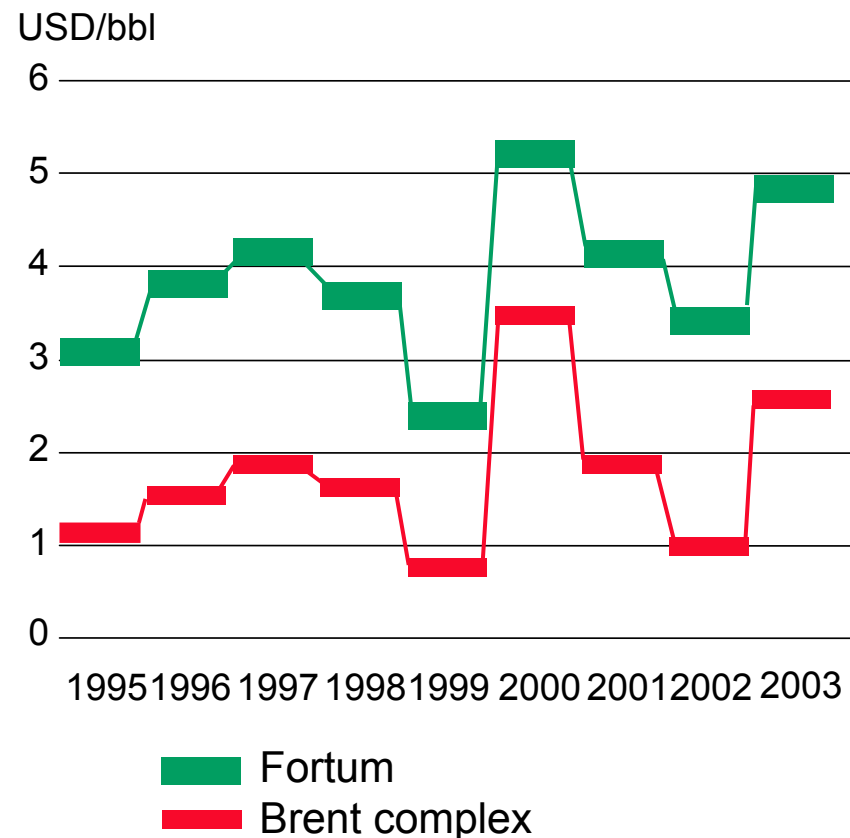
EUR million	2003	2002
Net sales	1,540	1,280
Operating profit	43	-11
- excl. non-recurring items	43	-12
Net assets	16	55
RONA, %	72.0	-11.4

Business Unit: Markets

Oil Refining and Marketing

Fortum's year 2003

- International reference margin
USD **2.7** (1.0)/bbl
- Strong premium margin
maintained
- Sales volumes increased slightly
- Good shipping freight rates, high
fleet utilisation rate
- Oil production in Russia started,
current total level about 24,000
bbl/d
- Decision to invest some
EUR 500 million at Porvoo
refinery



Comparison: The year 2002

Oil Refining and Marketing

EUR million	2003	2002
Net sales	7,192	7,083
Operating profit	396	253
- excl. non-recurring items	381	205
Net assets	1,402	1,510
RONA, %	27.0	16.0

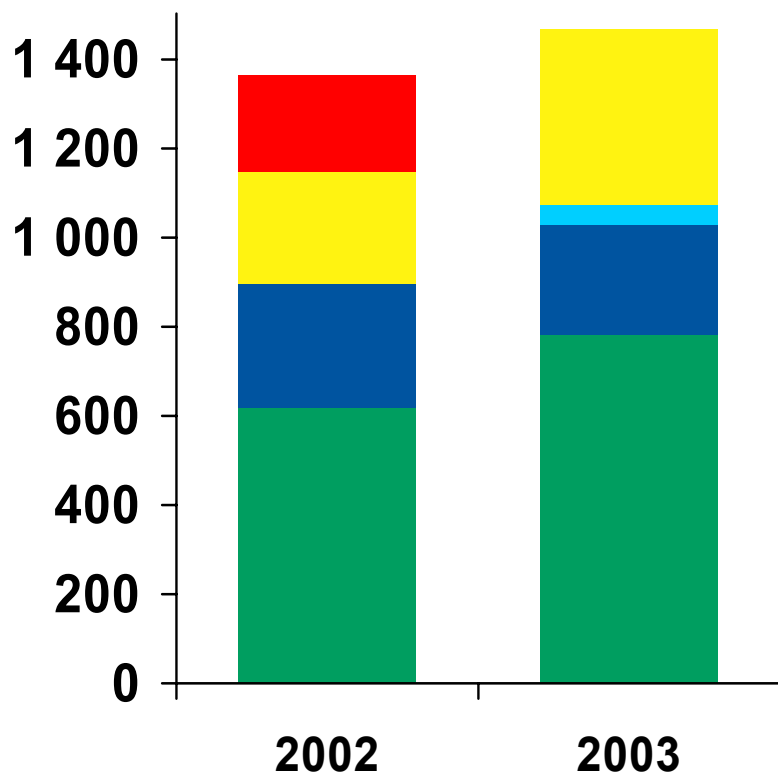
Business units: Oil Refining, Oil Retail, Shipping

Income statement

MEUR	<u>2003</u>	<u>2002</u>
Net sales	11 392	11 148
Expenses	-9 972	-9 859
Operating profit	1 420	1 289
Financial expenses, net	-236	-281
Profit before taxes	1 184	1 008
Income taxes total	-325	-269
Minority interests	-90	-73
Net profit for the period	769	666
EPS (EUR)	0.91	0.79

Operating profit

MEUR



■ P&H&G ■ Distr. ■ Mar ■ R&M ■ Other ■ Disc

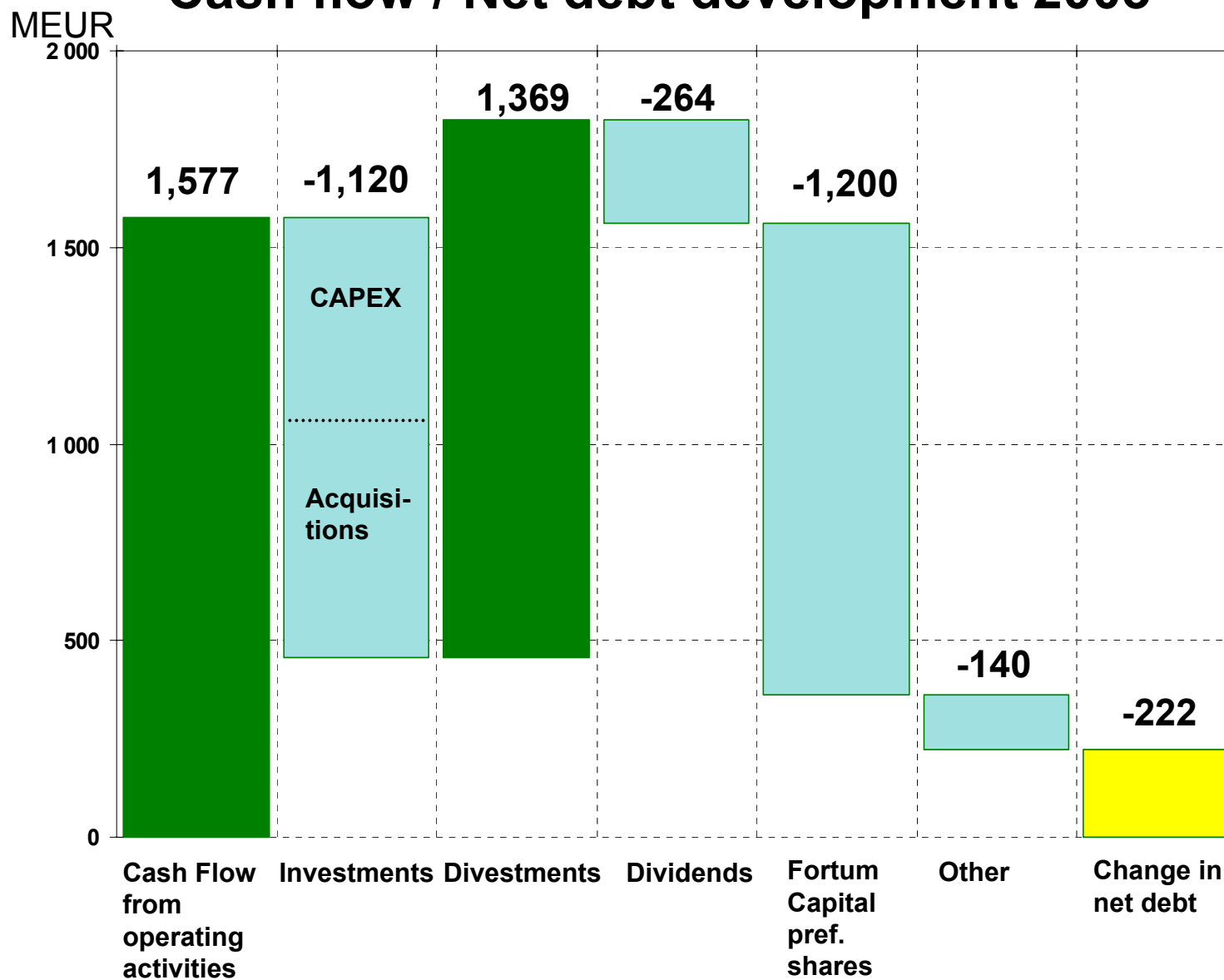
MEUR

	2003	2002
Power, Heat and Gas	780	617
Distribution	247	279
Markets	43	-11
Oil Refining & Marketing	396	253
Other Operations	-46	-64
Eliminations	-	-
Total	1 420	1 074
Discontinuing operations	-	215
Fortum Group	1 420	1 289

Balance sheet

<i>MEUR</i>	Dec 31 2003	Dec 31 2002
Fixed assets and other long-term investments	14 172	14 837
Current assets	2 390	3 123
ASSETS	16 562	17 960
Shareholders' equity	6 406	5 896
Minority interests	232	1 432
Interest-bearing liabilities	6 065	6 440
Interest-free liabilities	3 859	4 192
EQUITY AND LIABILITIES	16 562	17 960
Gearing (%)	85	80
Equity per share (EUR)	7.55	6.97

Cash flow / Net debt development 2003



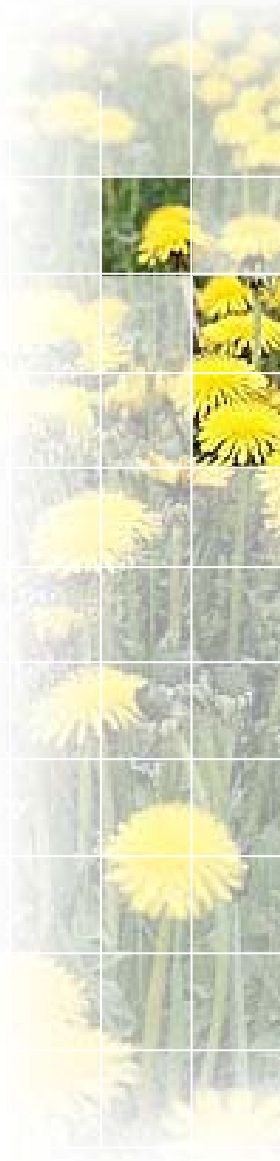
Cash flow statement

MEUR

	Dec 31	Dec 31
	2003	2002
Net cash from operating activities	1 577	1 351
Capital expenditures	-550	-649
Acquisition of shares	-570	-1 771
Proceeds from sales of fixed assets	142	120
Proceeds from sales of shares	1 227	889
Change in other investments	-67	33
Cash flow before financing activities	1 759	-27
Net change in loans	-399	209
Dividends paid	-264	-220
Other financing items	-1 245	30
Net cash from financing activities	-1 908	19
Net increase (+)/decrease (-)		
in cash and marketable securities	-149	-8

Outlook for power and heat businesses

- Annual Nordic electricity consumption predicted to increase by about 1% over the next years.
- Improved cost efficiency thanks to successful integration of Birka Energi
- January Nordic electricity forwards EUR 27-28 per MWh for February-May and EUR 26-27 for the rest of 2004. Fortum's hedging for the next 12 months 60%
- Good position considering possible impacts of emissions trading



Outlook for oil businesses

- In recent years, the reference refining margin averaged USD 1.5-2 /bbl. The average in January 2004 USD 3.1/bbl.
- Fortum's premium margin in 2004 expected to remain at approximately USD 2/bbl.
- No major maintenance shutdowns planned at the refineries during 2004.
- Hedging mitigates the negative impact of weakened US dollar



Potential to excel

- Structure in place
- Well performing businesses
- Strong cash flow
- Fair market outlook
- Additional performance improvement potential identified
- New opportunities by separating and listing the oil business



Good prospects for another good year.

