



Fortum

Interim Report 1 January - 31 March 2002

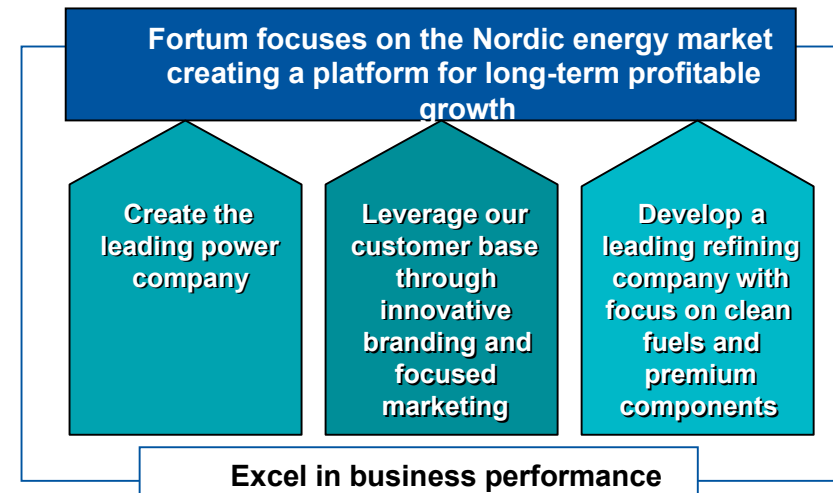
25 April 2002

Highlights of the quarter

- Delivering on strategic agenda
- Slightly improved results
- Weakened market conditions

Delivering on strategic agenda

- Completed the Birka Energi transaction
- Focusing oil and gas production
 - sale of interests in oil fields in Oman,
 - acquiring a stake in a gas field in Norway
- Sale of stake in Espoon Sähkö
- Divestment of major part of power and heat business in Germany (April)
- Purchase of remaining shares in a Finnish electricity distributor and a local district heating company (April)



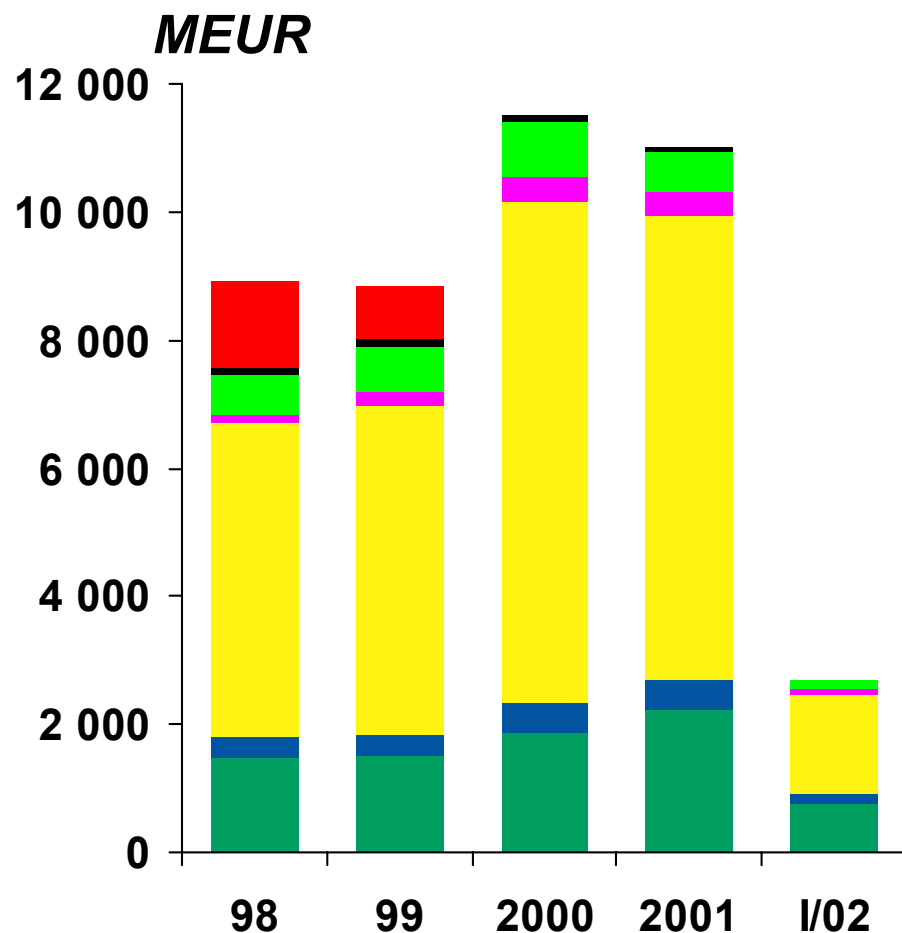
Results improved slightly

- Operating profit improved by 7%: € **327** (307) million
- Profit before extraordinary items up by 9%: € **269** (246) million
- Earnings per share € **0.21** (0.20)
- Net cash from operating activities € **325** (447) million
- Net debt stood at € **7,111** million (€ 3,674 million at the end of 2001)
- Gearing **102%**, (54% at the end of 2001)
- ROCE **8.8%** (11.7%), ROE **8.5%** (11.8%)

Market conditions weakened

- The price of electricity on the Nordic electricity exchange was about 13% lower than the corresponding figure in 2001, averaging € **21.2** (24.5) per megawatt-hour.
- The average price of North Sea light Brent crude oil was about 18% lower than the corresponding figure in 2001, averaging \$ **21.1** (25.8) per barrel.
- The international refining margins remained weak for the whole quarter, averaging \$ **-0.2** (2.25) per barrel. However Fortum maintained significant premium over the benchmark margin.

Net sales

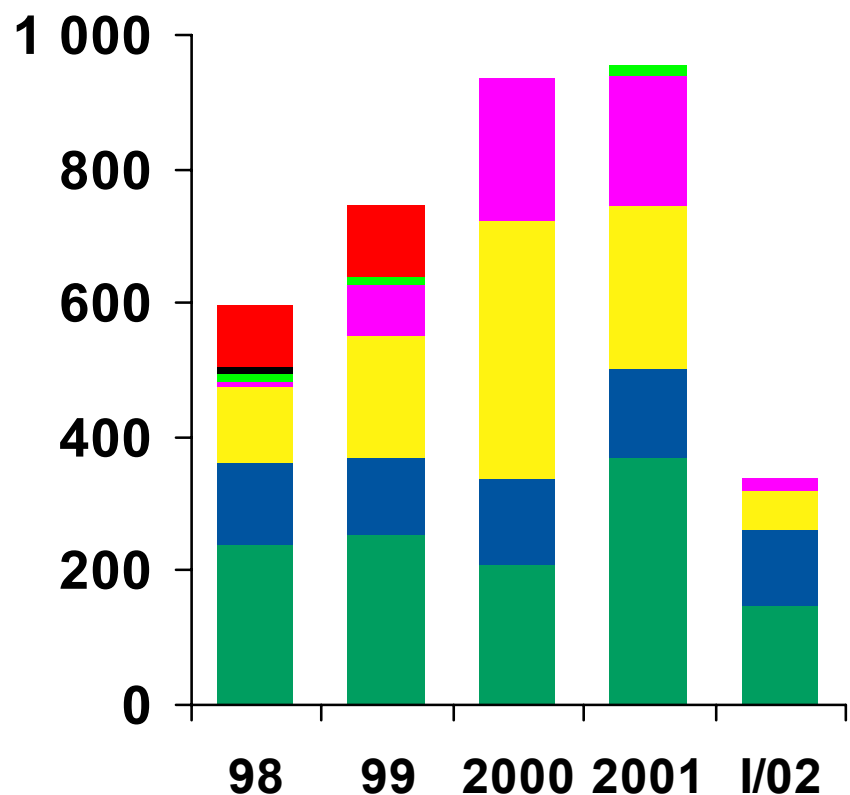


| <i>MEUR</i> | <u>I / 02</u> | <u>I / 01</u> | <u>2001</u> |
|--------------------------|---------------------|---------------------|----------------------|
| Power, Heat and Gas | 753 | 685 | 2,227 |
| Electricity Distribution | 162 | 137 | 473 |
| Refining & Marketing | 1,560 | 1,952 | 7,223 |
| Oil & Gas Upstream | 73 | 99 | 408 |
| Fortum Energy Solutions | 138 | 169 | 603 |
| Other Operations | 14 | 22 | 95 |
| Eliminations | -129 | -175 | -619 |
| Group | <u><u>2,571</u></u> | <u><u>2,889</u></u> | <u><u>10,410</u></u> |

■ P&H&G
 ■ Distr.
 ■ R&M
 ■ Upstream
 ■ FES
 ■ Other
 ■ Disc.

Operating profit

MEUR



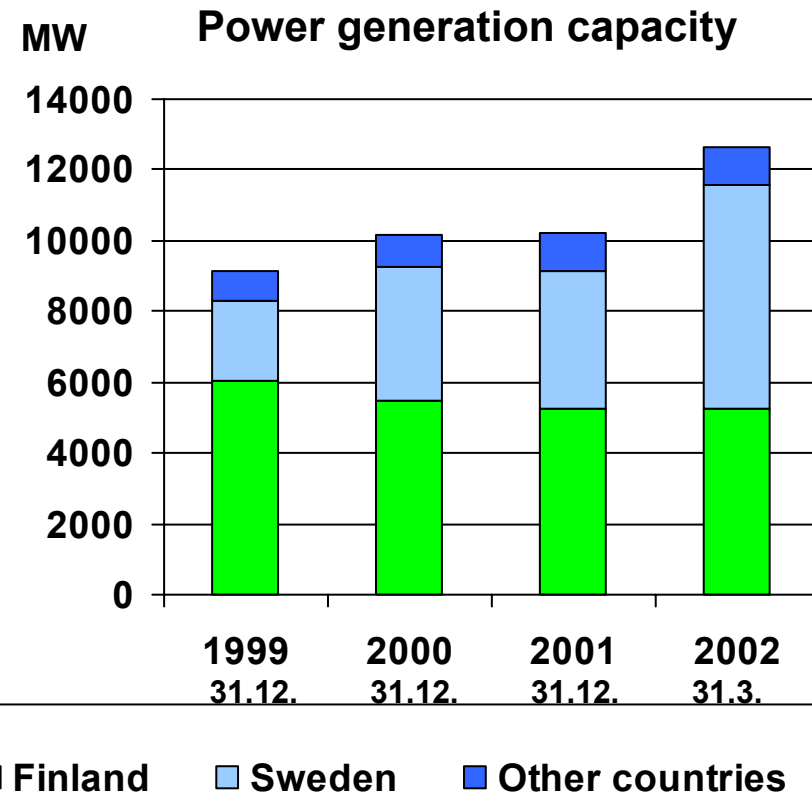
MEUR

| | I / 02 | I / 01 | 2001 |
|--------------------------|------------|------------|------------|
| Power, Heat and Gas | 148 | 163 | 367 |
| Electricity Distribution | 113 | 56 | 135 |
| Refining & Marketing | 58 | 54 | 242 |
| Oil & Gas Upstream | 18 | 49 | 196 |
| Fortum Energy Solutions | 1 | -12 | 13 |
| Other Operations | -11 | -5 | -40 |
| Eliminations | - | 2 | 1 |
| Group | 327 | 307 | 914 |

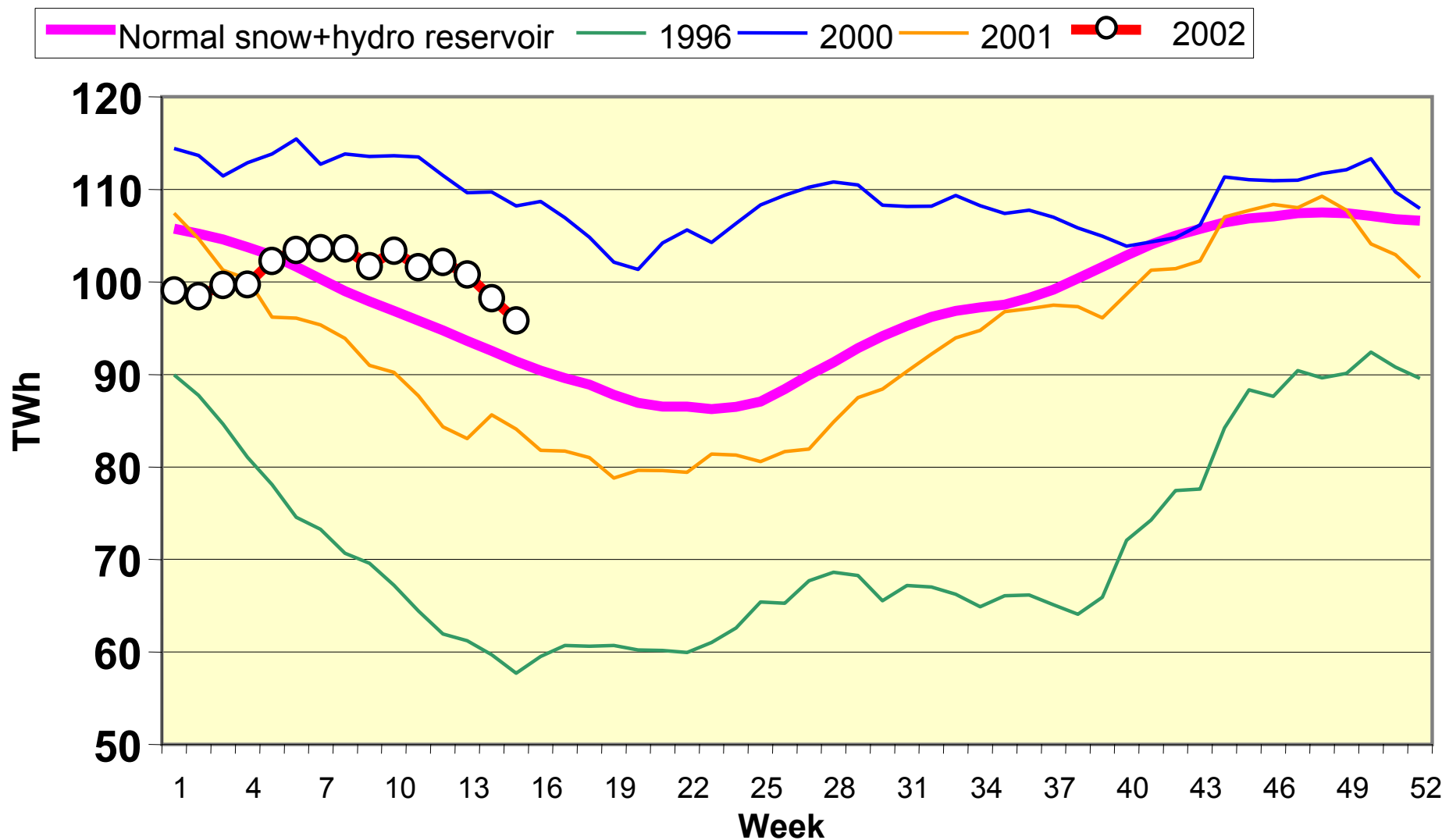


Power, Heat and Gas

- 90% of Fortum's power generation and sales in the Nordic countries
- Fortum is the second largest generator and a leading heat producer in the Nordic countries
- Mostly CO₂-free hydro-electric and nuclear power and combined power and heat generation
- In 2001, Fortum's sales had a 12% share of the Nordic electricity consumption
- Stakes in gas companies in Finland, Sweden and Estonia and gas business in the UK

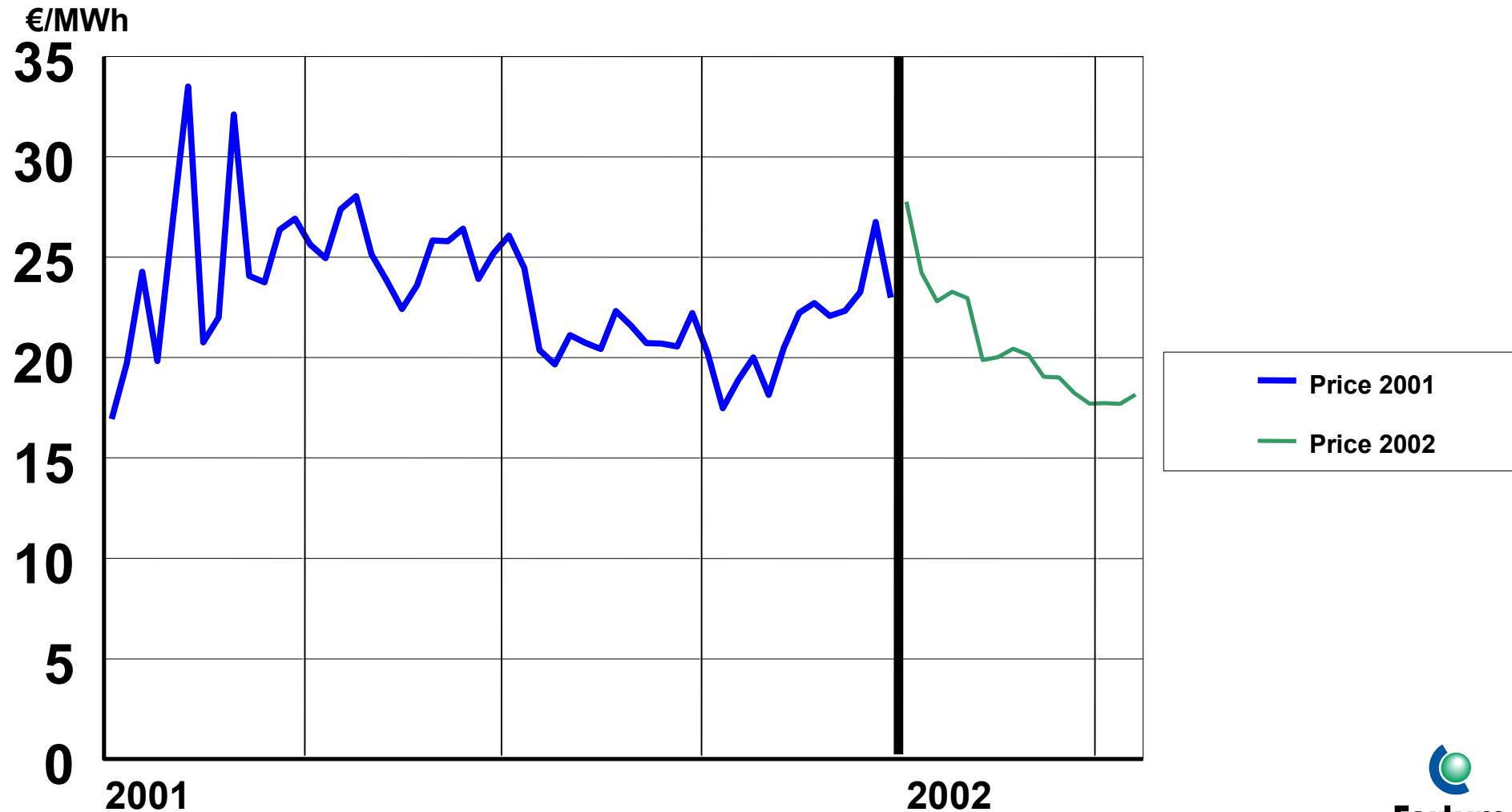


Snow + Hydro reservoir in Sweden and Norway



Electricity Price Performance

Nord Pool system price, weekly average 2001 - 2002



Power, Heat and Gas

January-March 2002

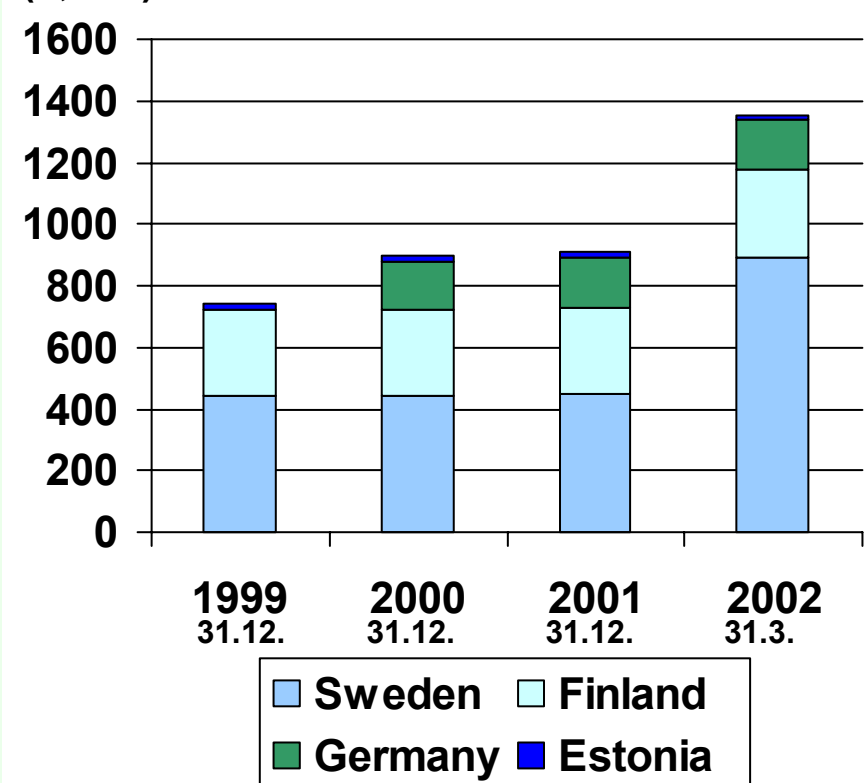
- Birka Energi transaction completed, 100% consolidated as of 1 March
- Fortum's electricity sales **15.1** (15.3) TWh, heat sales **6.2** (6.0) TWh
- The average price of electricity sold by Fortum in the Nordic countries improved slightly
- Sale of Fortum Energie in Germany (April)

| Key figures | Q1/02 | Q1/01 |
|----------------------|--------------|-------|
| Net sales, M€ | 753 | 685 |
| Operating profit, M€ | 148 | 163 |
| Net assets, M€ | 8,981 | 5,983 |
| Employees, average | 2,938 | 2,809 |
| RONA, % | 8.0 | 10.8 |

Electricity Distribution

- Regional transmission and electricity distribution as well as network asset management
- In the distribution networks, the market share of Fortum's wholly-owned subsidiaries in the year 2001 was 11% in Finland and 15% in Sweden (Birka 100%).

Number of electricity distribution customers (1,000)



Electricity Distribution

January-March 2002

- The distribution of electricity in distribution networks **5.4** (4.8) TWh
- Electricity transmission via the regional distribution network **5.0** (4.7) TWh
- Sale of stake in Espoon Sähkö
- Acquisition of the remaining 50% share in the Elnova Group

| Key figures | Q1/02 | Q1/01 |
|----------------------|--------------|-------|
| Net sales, M€ | 162 | 137 |
| Operating profit, M€ | 113 | 56 |
| Net assets, M€ | 3,472 | 2,201 |
| Employees, average | 1,002 | 958 |
| RONA, % | 16.2 | 10.0 |

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

January-March 2002

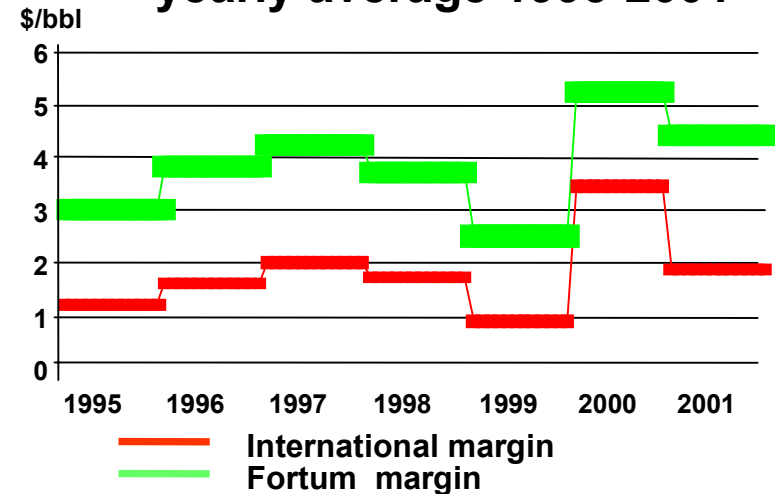
- Positive sales development

| Key figures | Q1/02 | Q1/01 |
|----------------------|-------|-------|
| Net sales, M€ | 138 | 169 |
| Operating profit, M€ | 1 | -12 |
| Net assets, M€ | 282 | 243 |
| Employees, average | 4,618 | 6,360 |
| RONA, % | 1.5 | -19.2 |

Oil Refining and Marketing

- Market leader in the refining and marketing of high-quality, environmentally benign petroleum products in the Baltic Rim
- Gasolines and diesel fuels fulfill the tightest EU requirements, exports e.g. to California
- Own technology for production of gasoline components
- Prepared to introduce ethanol in the production of gasoline

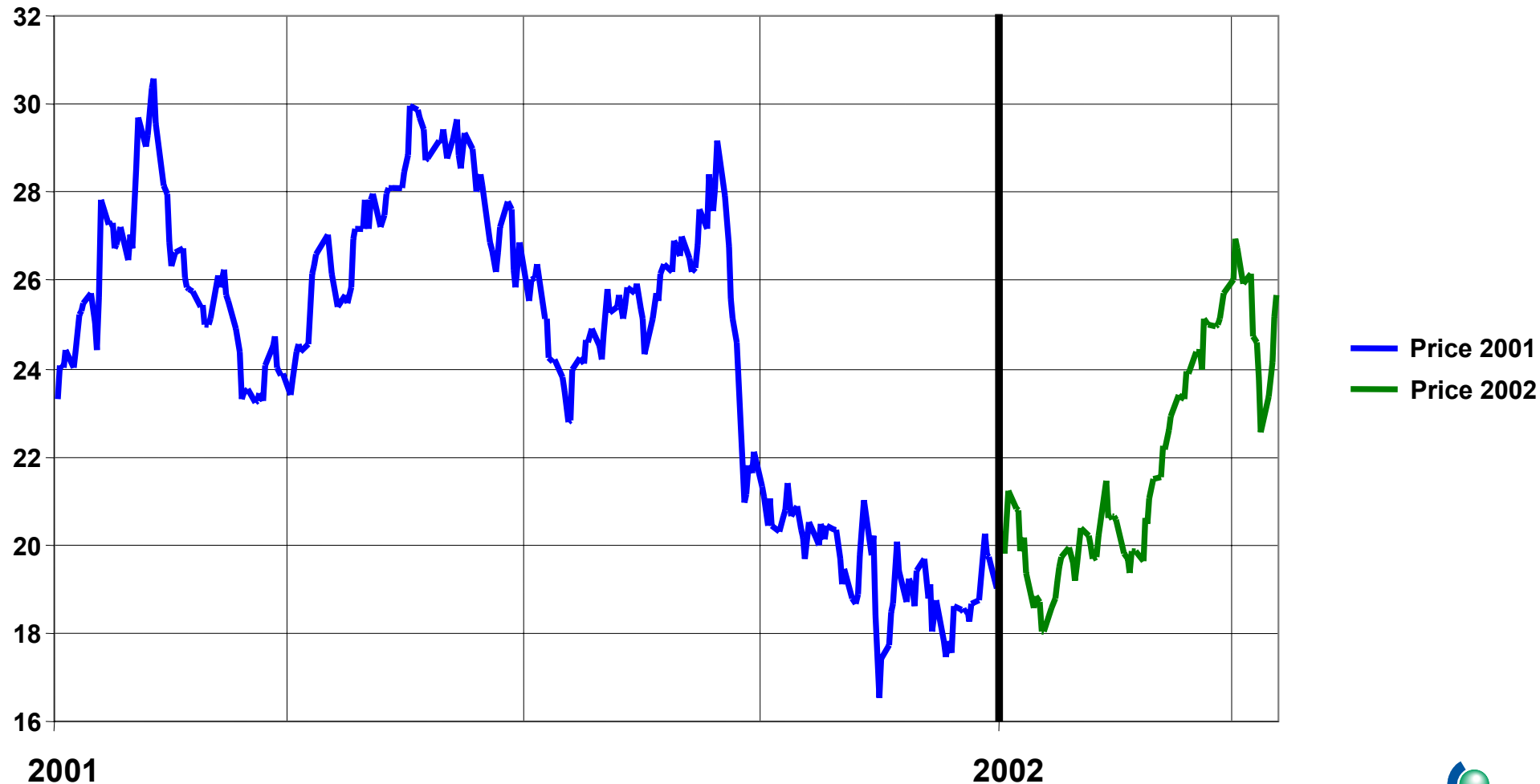
**Brent Complex refining margin
yearly average 1995-2001**



Crude Oil Price Performance

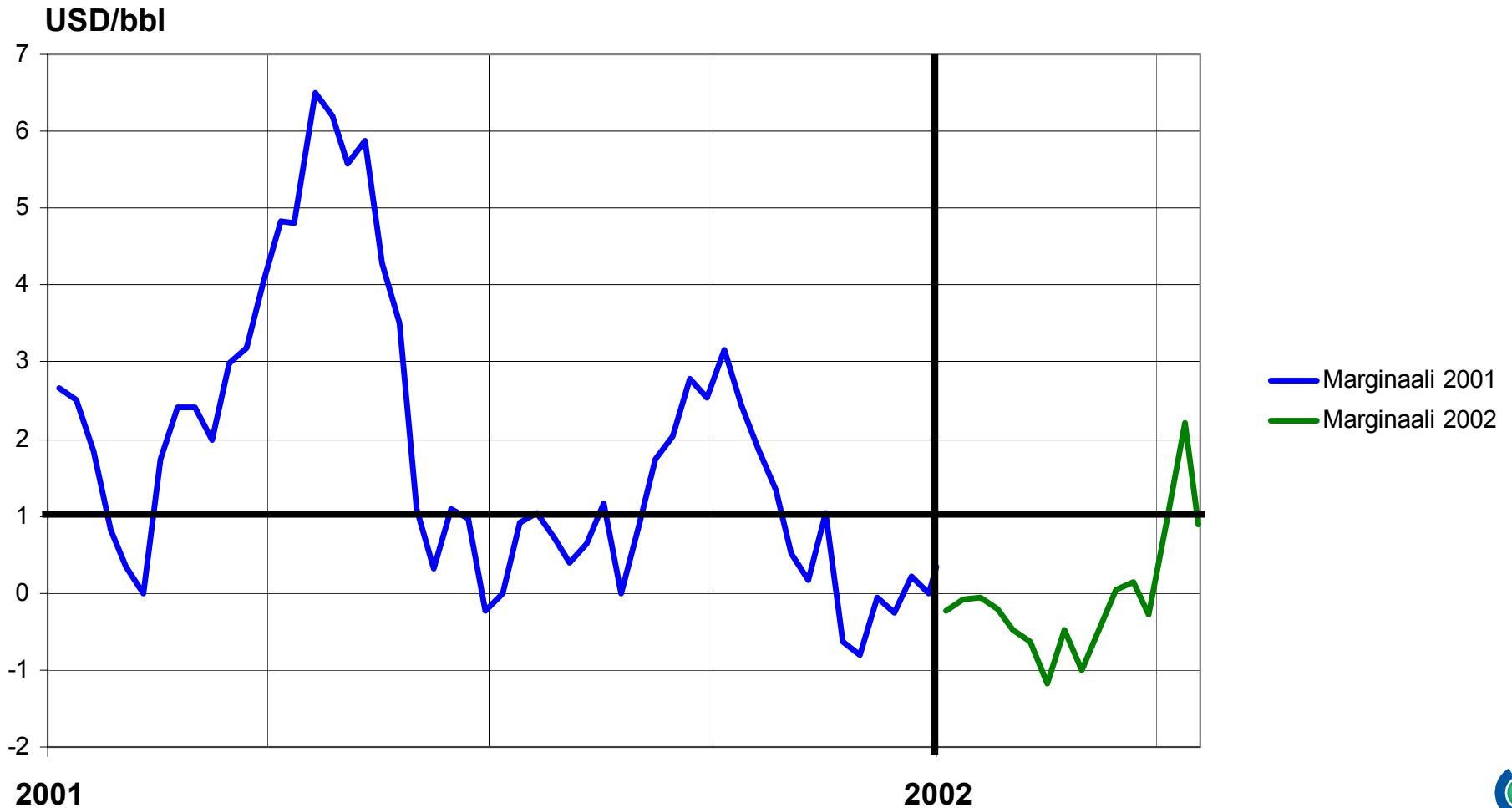
Brent, weekly averages 2001 - 2002

USD/bbl



Refining margin, Brent complex

weekly averages 2000 - 2001



Oil Refining and Marketing

January-March 2002

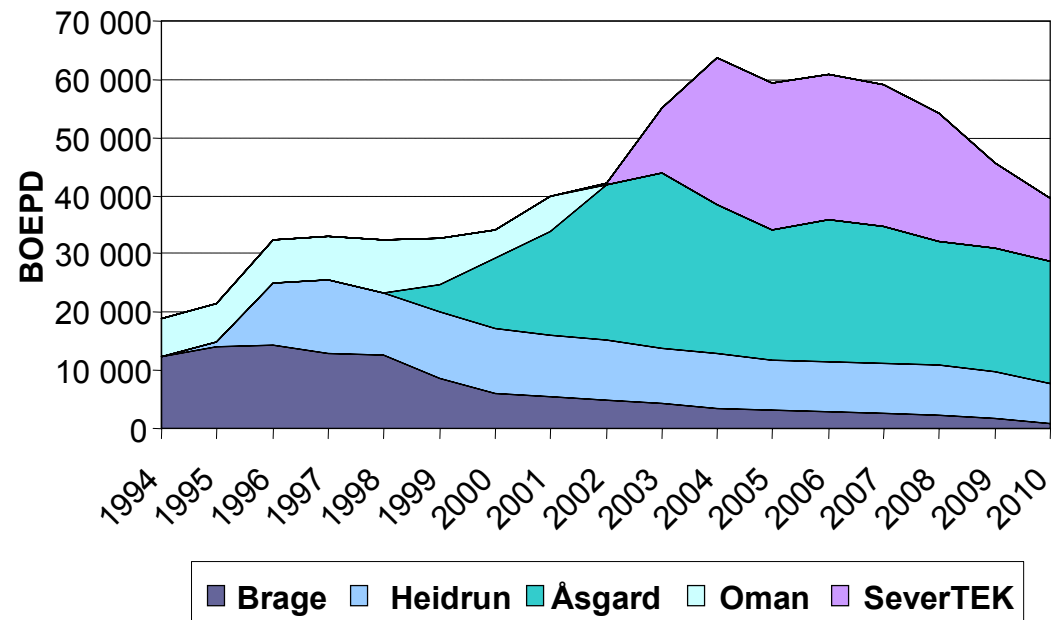
- The average North-West European refining margin **-0.2** (2.25) USD/bbl, Fortum's premium refining margin about 2 USD/bbl
- Use of crude oil and other feedstocks **3.2** (3.3) million tonnes
- Sales of petroleum products: **1.9** (1.8) million tonnes to Finland, **1.2** (1.4) million tonnes to other countries
- Gasoline desulphurisation unit at the Naantali refinery

| Key figures | Q1/02 | Q1/01 |
|----------------------|--------------|-------|
| Net sales, M€ | 1,560 | 1,952 |
| Operating profit, M€ | 58 | 54 |
| Net assets, M€ | 1,639 | 1,584 |
| Employees, average | 4,305 | 4,527 |
| RONA, % | 13.9 | 12.6 |

Oil and Gas Upstream

- Commercial oil and gas reserves at the year end were 289 million barrels
- Production cost at slightly above 10 USD/bbl, depreciation included
- The share of natural gas production represents 20% of total production
- Production focused in Northern Europe

Production profile



Oil and Gas Upstream

January-March 2002

- Production at an average of **34,500** (40,500) boe/d, i.e. about **1.7** (2.0) million t/a
- Average price of oil sold by Fortum **22.1** (25.8) USD/bbl, the price of natural gas **16.5** (21.8) USD/boe
- Announced sale of the oil field interest in Oman (February)
- Acquisition of 7% share of the Mikkil gas and condensate field (March)

| Key figures | Q1/02 | Q1/01 |
|----------------------|--------------|-------|
| Net sales, M€ | 73 | 99 |
| Operating profit, M€ | 18 | 49 |
| Net assets, M€ | 1,273 | 1,281 |
| Employees, average | 62 | 62 |
| RONA, % | 5.7 | 15.6 |

Income statement

| MEUR | <u>I / 02</u> | <u>I / 01</u> | <u>2001</u> |
|-----------------------------------|----------------------|----------------------|--------------------|
| Net sales | 2,571 | 2,889 | 10,410 |
| Expenses | <u>-2,244</u> | <u>-2,582</u> | <u>-9,496</u> |
| Operating profit | 327 | 307 | 914 |
| Financial expenses, net | <u>-58</u> | <u>-61</u> | <u>-212</u> |
| Profit before extraordinary items | 269 | 246 | 702 |
| Extraordinary items | <u>-</u> | <u>-</u> | <u>-</u> |
| Profit before taxes | 269 | 246 | 702 |
| Income taxes total | -65 | -67 | -160 |
| Minority interests | <u>-22</u> | <u>-21</u> | <u>-83</u> |
| Net profit for the period | <u>182</u> | <u>158</u> | <u>459</u> |
| EPS (EUR) | 0.21 | 0.20 | 0.57 |

Balance sheet

| MEUR | Mar 31, 2002 | Mar 31, 2001 | Dec 31, 2001 |
|---|-------------------------|-------------------------|-------------------------|
| Fixed assets and other long-term investments | 15 856 | 11 333 | 11 328 |
| Current assets | 3 165 | 3 204 | 2 966 |
| Assets | 19 021 | 14 537 | 14 294 |
| Shareholders' equity | 5 478 | 4 977 | 5 485 |
| Minority interests | 1 469 | 1 306 | 1 270 |
| Interest-bearing liabilities | 7 634 | 4 476 | 4 276 |
| Interest-free liabilities | 4 440 | 3 778 | 3 263 |
| Equity and liabilities | 19 021 | 14 537 | 14 294 |
| Gearing (%) | 102 | 64 | 54 |
| Adjusted gearing (%) 1) | 145 | 103 | 88 |
| Equity-to-assets ratio (%) | 37 | 44 | 48 |
| Equity per share (EUR) | 6.48 | 6.26 | 6.49 |

Cash flow statement

| MEUR | I / 02 | I / 01 | 2001 |
|--|---------------|---------------|--------------|
| Net cash from operating activities | 325 | 447 | 1,145 |
| Capital expenditures | -1,764 | -123 | -708 |
| Proceeds from sales of fixed assets | 240 | 90 | 438 |
| Change in other investments | -159 | 7 | -31 |
| Cash flow before financing activities | -1,358 | 421 | 844 |
| Net change in loans | 1,307 | -447 | -643 |
| Dividends paid | - | -1 | -183 |
| Other financing items | - | 7 | 147 |
| Net cash from financing activities | 1,307 | -441 | -679 |
| Net increase (+)/decrease (-) in cash and marketable securities | -51 | -20 | 165 |

Key ratios

| | I / 02 | I / 01 | 2001 |
|---|--------|--------|--------|
| Capital employed (at the end of the period) EUR mill. | 14 581 | 10 760 | 11 032 |
| Interest-bearing net debt (at the end of the period), EUR mill. | 7 111 | 4 046 | 3 674 |
| Investments, EUR mill. | 3 704 | 123 | 713 |
| Cash flow before financing activities, EUR mill. | -1 358 | 421 | 844 |
| Return on capital employed, % | 8.8 | 11.7 | 8.7 |
| Return on shareholders' equity, % | 8.5 | 11.8 | 8.3 |
| Gearing, % | 102 | 64 | 54 |
| Adjusted gearing, % 1) | 145 | 103 | 88 |
| Average number of employees | 13 710 | 15 602 | 14 803 |

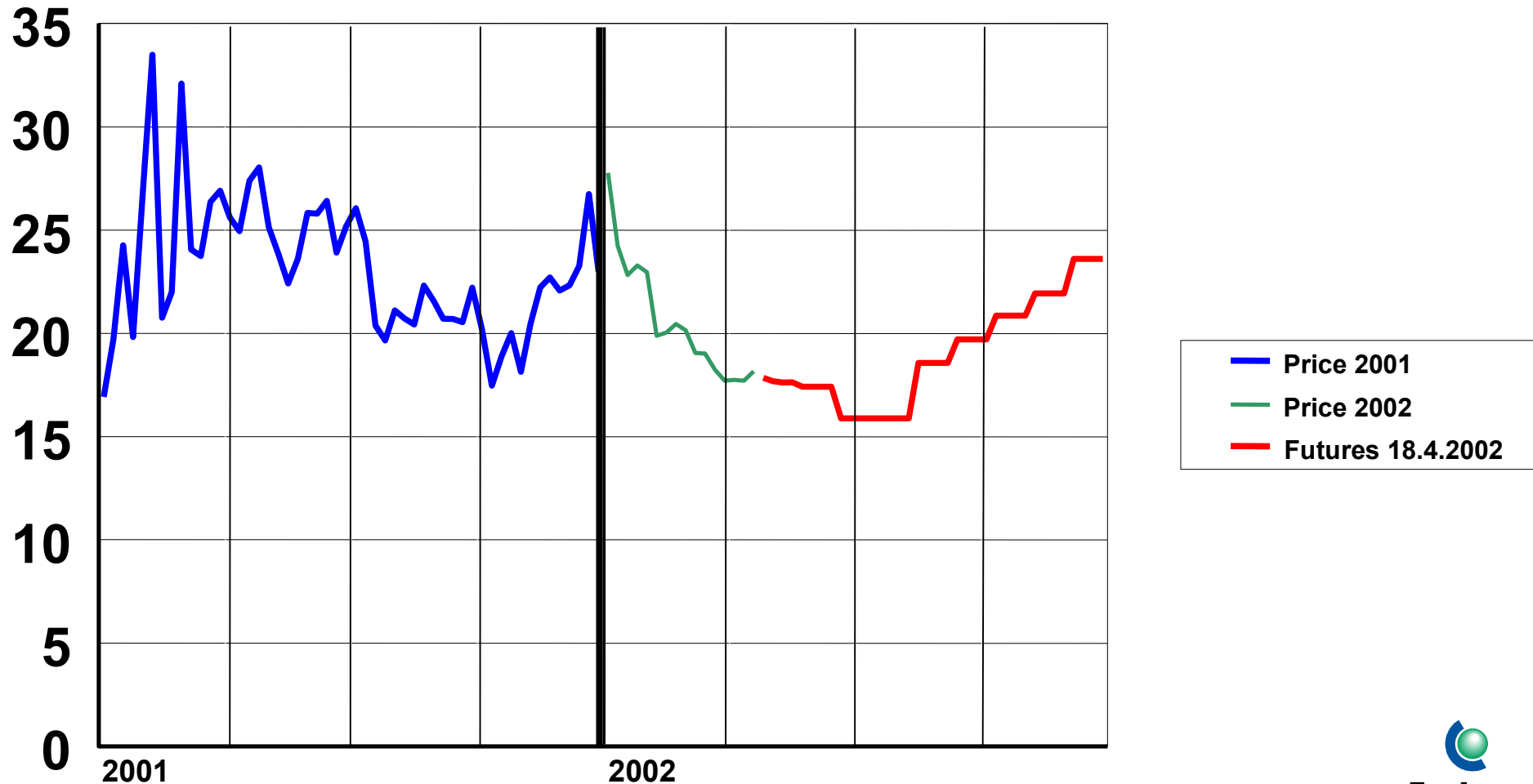
1) Minority interest of Fortum Capital Ltd included in liabilities

Short-term outlook

Nord Pool electricity system price and futures

Weekly average

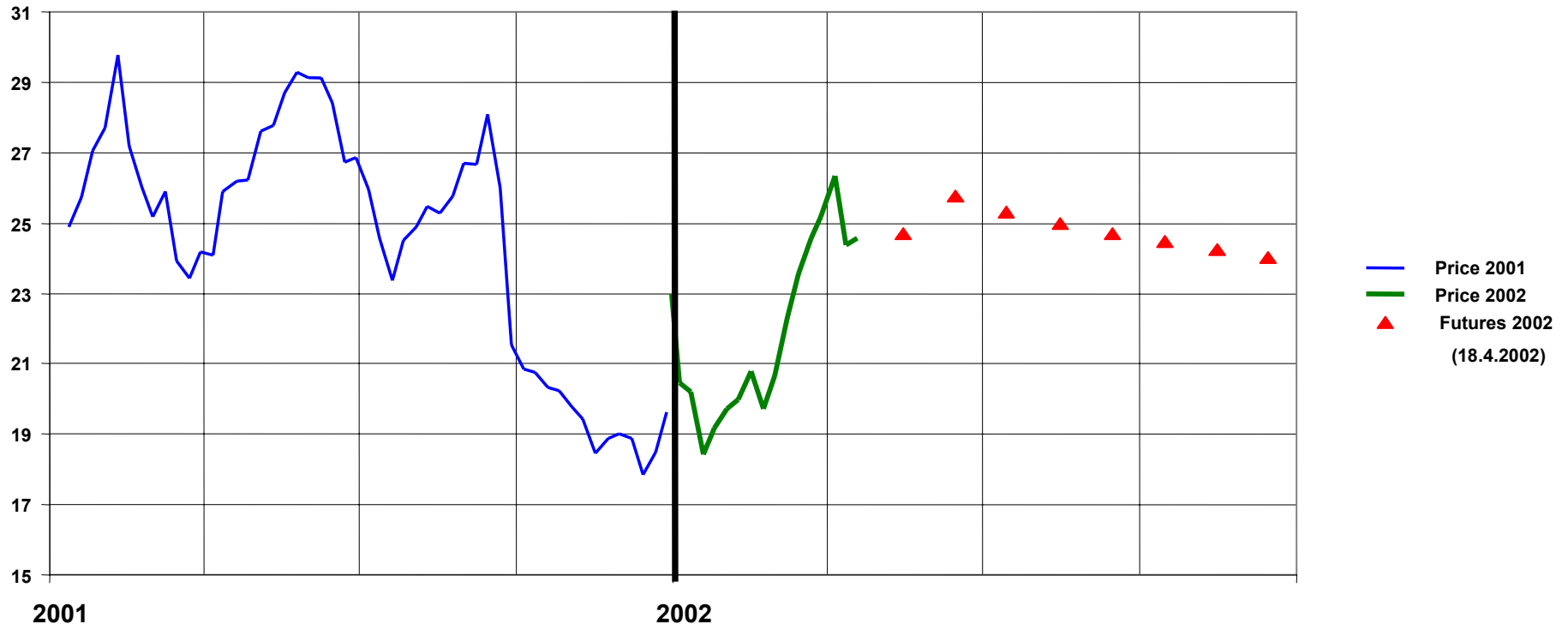
EUR/MWh



Short-term outlook

Crude oil price development

Brent, weekly averages 2001 - 2002, USD/bbl



In the first quarter of 2002, the international refining margin was close to zero, but April saw a marked improvement. Fortum's premium margin is expected to remain on previous years' level.

Agenda for the year 2002

- Successful transformation of Fortum and Birka operations
- Focus on cash flow and reduction of debt
 - Agreed divestments, totalling € 1.1 billion
 - Treasury stock Dec. 2001 € 230 million
 - Oil interest in Oman Feb. 2002 € 180 million
 - Crude tanker + other Feb. 2002 € 50 million
 - Espoon Sähkö, stake March 2002 € 140 million
 - Fortum Energie GmbH April 2002 € 545 million
- Continuous restructuring of operations
- Improving competitiveness



Fortum