



Fortum's energy market review Keilaniemi 27 May 2009

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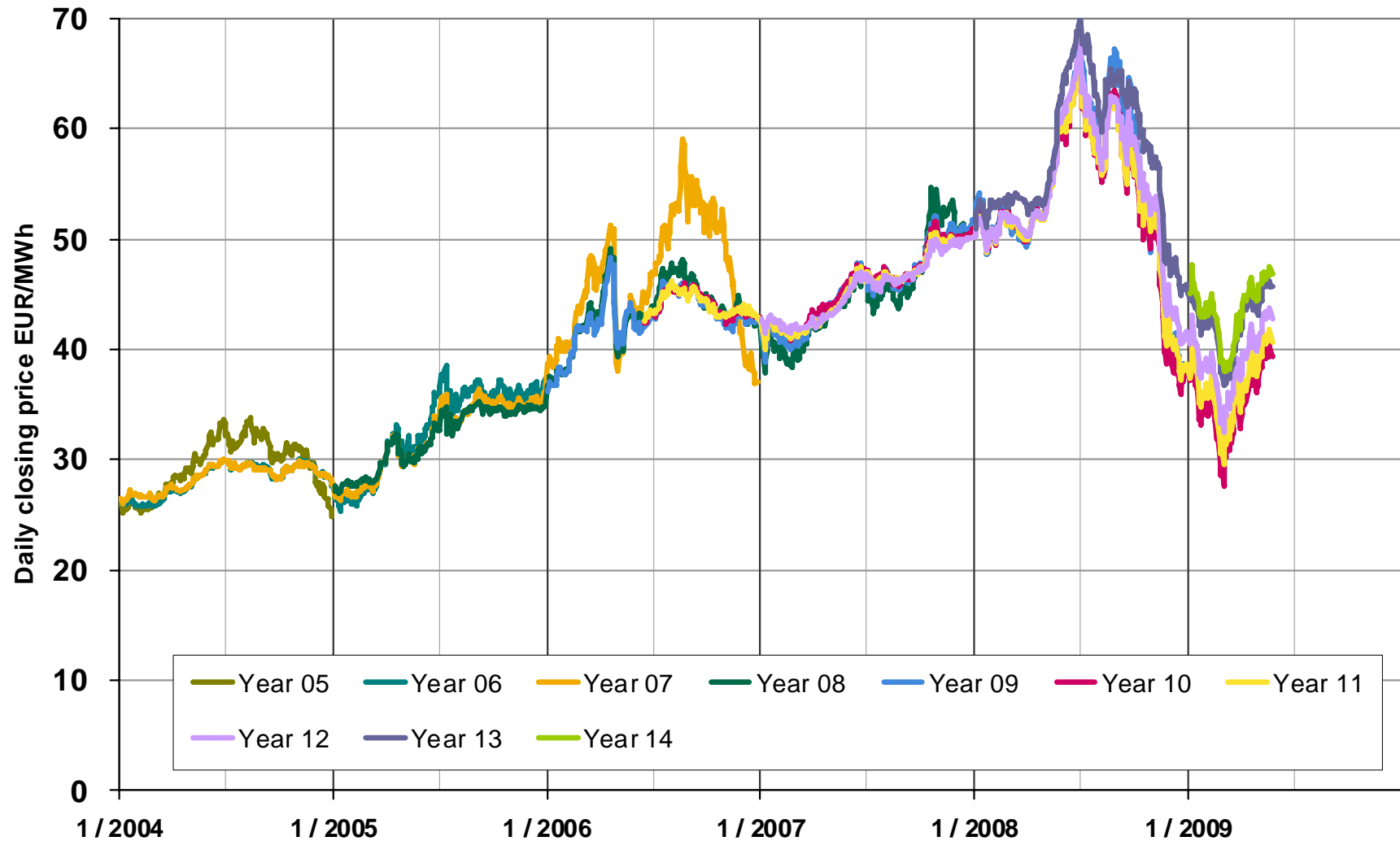
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Background of the energy market review

- The goal of Fortum's energy market review is to give information about the Nordic electricity market and factors behind price development
- Information in this review is based on data from Nord Pool, Nordel, SMHI, Reuters and Fortum's own data
- Similar review is held 2-4 times a year both in Finland and Sweden

- **Development of market indicators**
 - Electricity future prices
 - Economic indicators
- **Impact of the global economic crisis on energy markets**
 - Electricity consumption
 - Fuel price development
 - Emission allowance price development
- **Development of electricity wholesale prices**
 - Fundamentals: hydro reservoirs, production
 - Spot and future prices

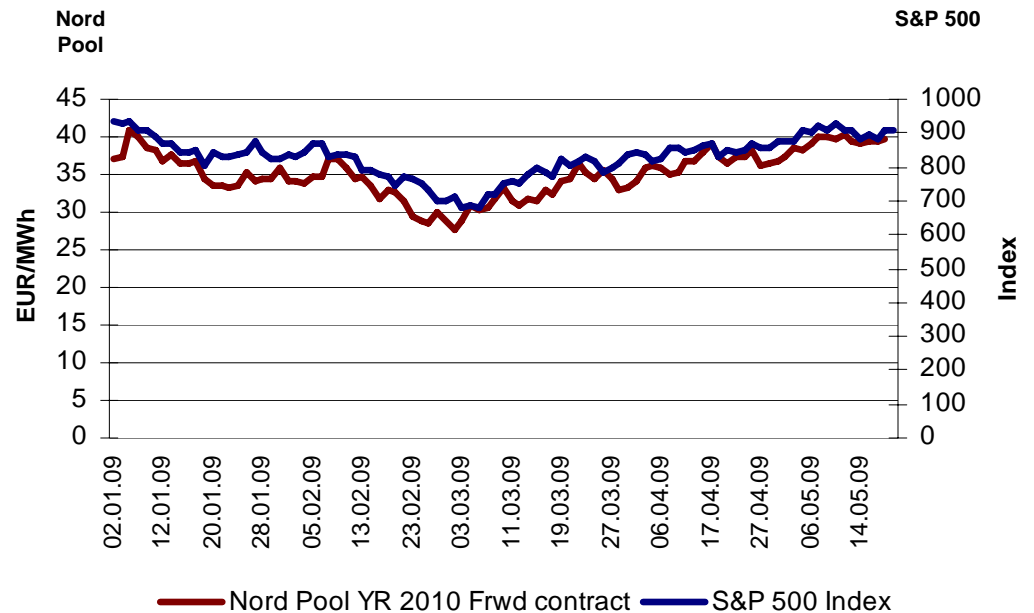
Nordic electricity futures price development 2004-2009



Source: Nord Pool

Global equity markets getting stronger

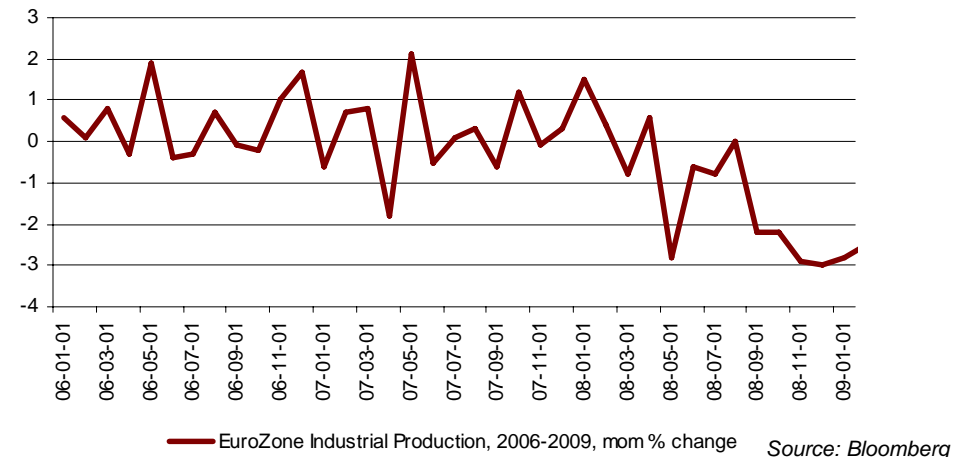
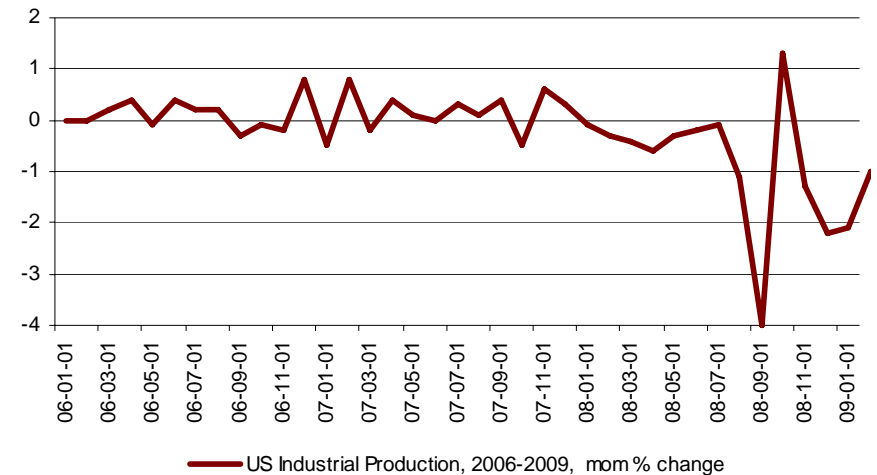
- Improved, positive momentum and renewed optimism in the equity markets lately have supported surrounding financial markets
- Global credit market conditions are improving following government stimulus measures and bank stress tests in the US, but remain challenging
- Worldwide governments have decreased benchmark interest rate levels to zero-levels during the first quarter in order to support and improve the difficult financial environment
- Moderate corporate Q1 reports reflecting a weak economic quarter. Mixed corporate outlooks as companies are still struggling with low demand and the outlook remains uncertain



Source: Bloomberg

Industrial production is slowly stabilizing on low levels

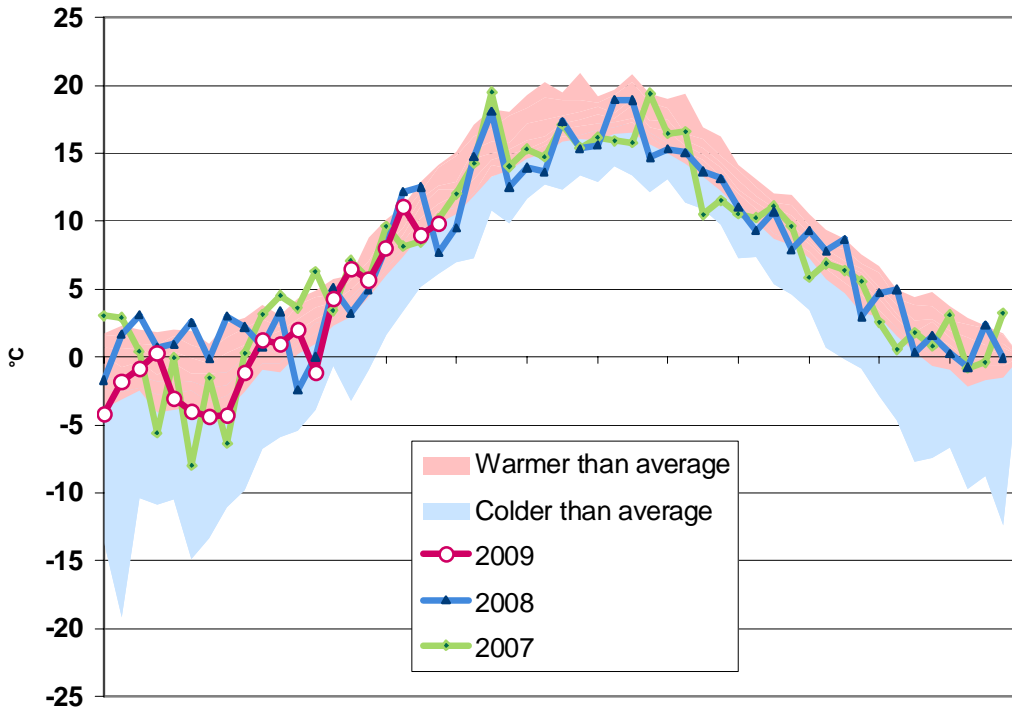
- US industrial production fell less than expected in April indicating the recession is loosening in the US
- Eurozone industrial production fell in March as the recession has forced manufacturers to cut output as the recession worsened in Q1 2009
- The US economy is ahead of the Eurozone recovery as the US economy came in first in the recession



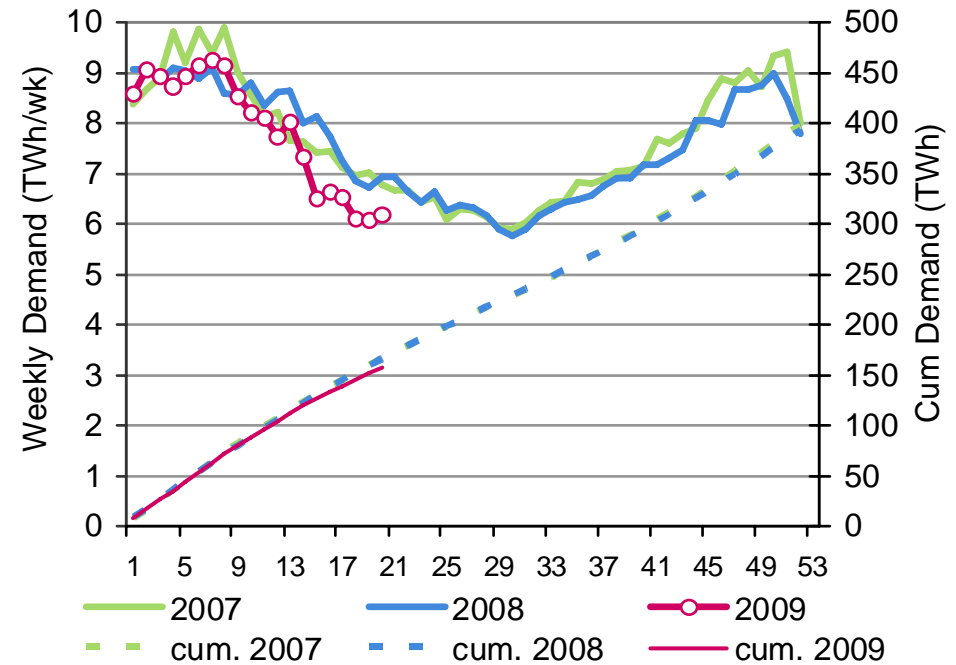
Source: Bloomberg

Temperature and electricity consumption in the Nordic

Nordic average temperatures and historical averages



Nordic electricity consumption

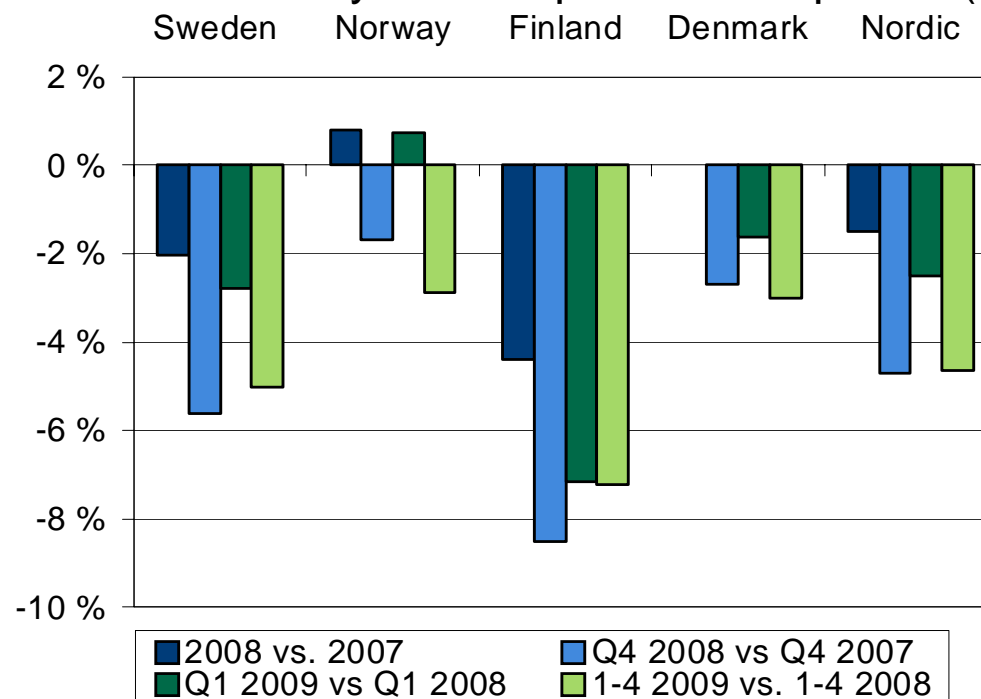


Source: SMHI and Nordel

Decrease in electricity consumption continued

- Electricity consumption in the Nordic countries has decreased by almost 5% during the start of this year compared to last year (with temperature correction about 6%).
- Industrial electricity consumption decreased by about 17% during the first quarter compared to the previous year.
- Consumption decrease accelerated in April – partly due to warmer than normal weather and Easter.

Electricity consumption development (*)



*) Partly based on preliminary statistics

Oil and coal price development

Crude oil price (ICE Brent)



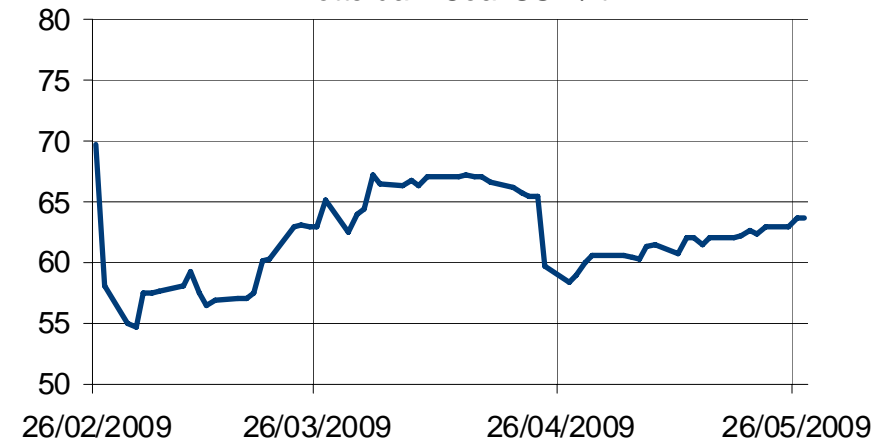
Coal price (ICE API2)



Brent Crude USD / bbl



Rotterdam Coal USD / t



Source: ICE

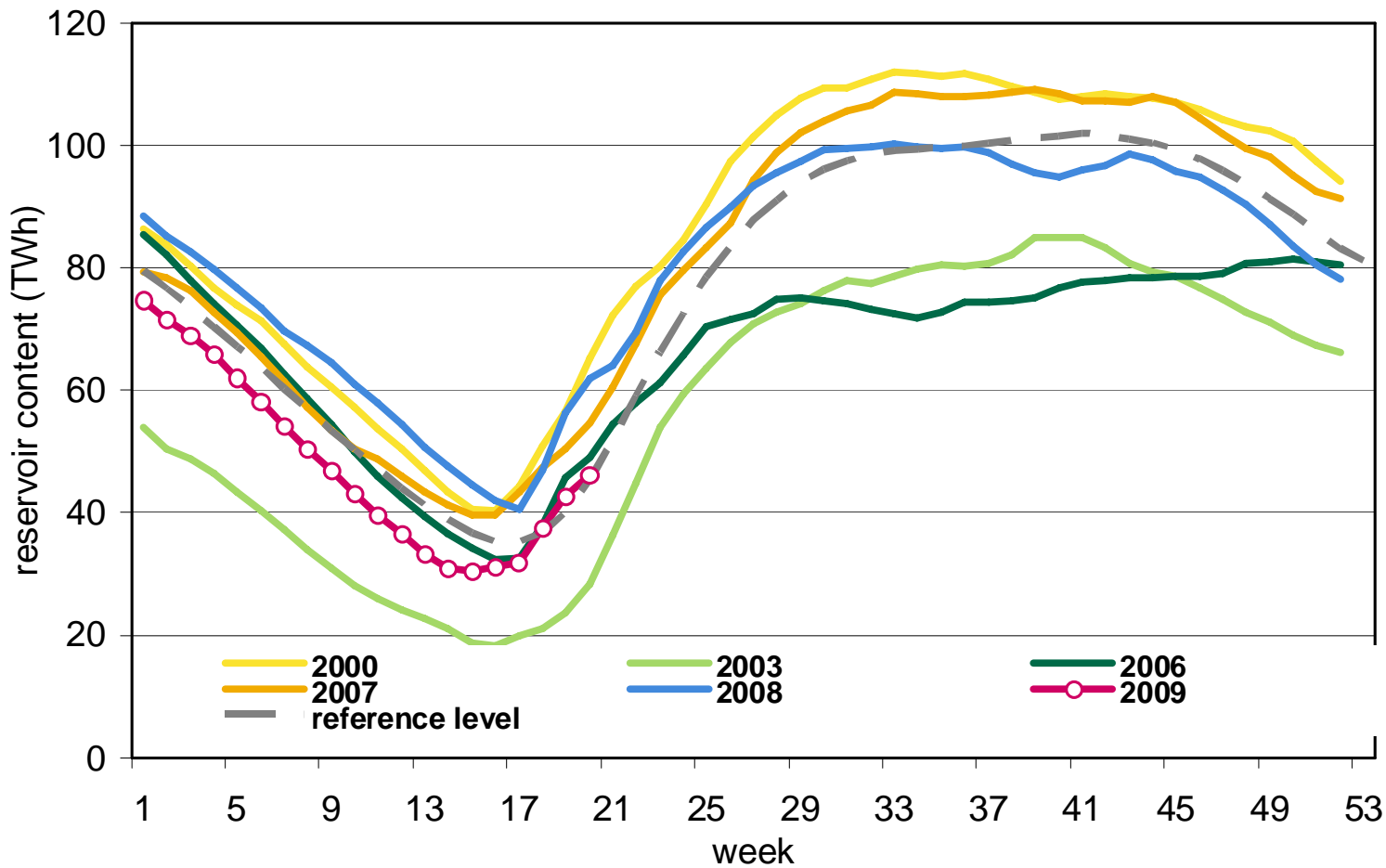
; market prices 26 May 2009; 2009-2010 future quotations
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CO₂ Emission allowance price development



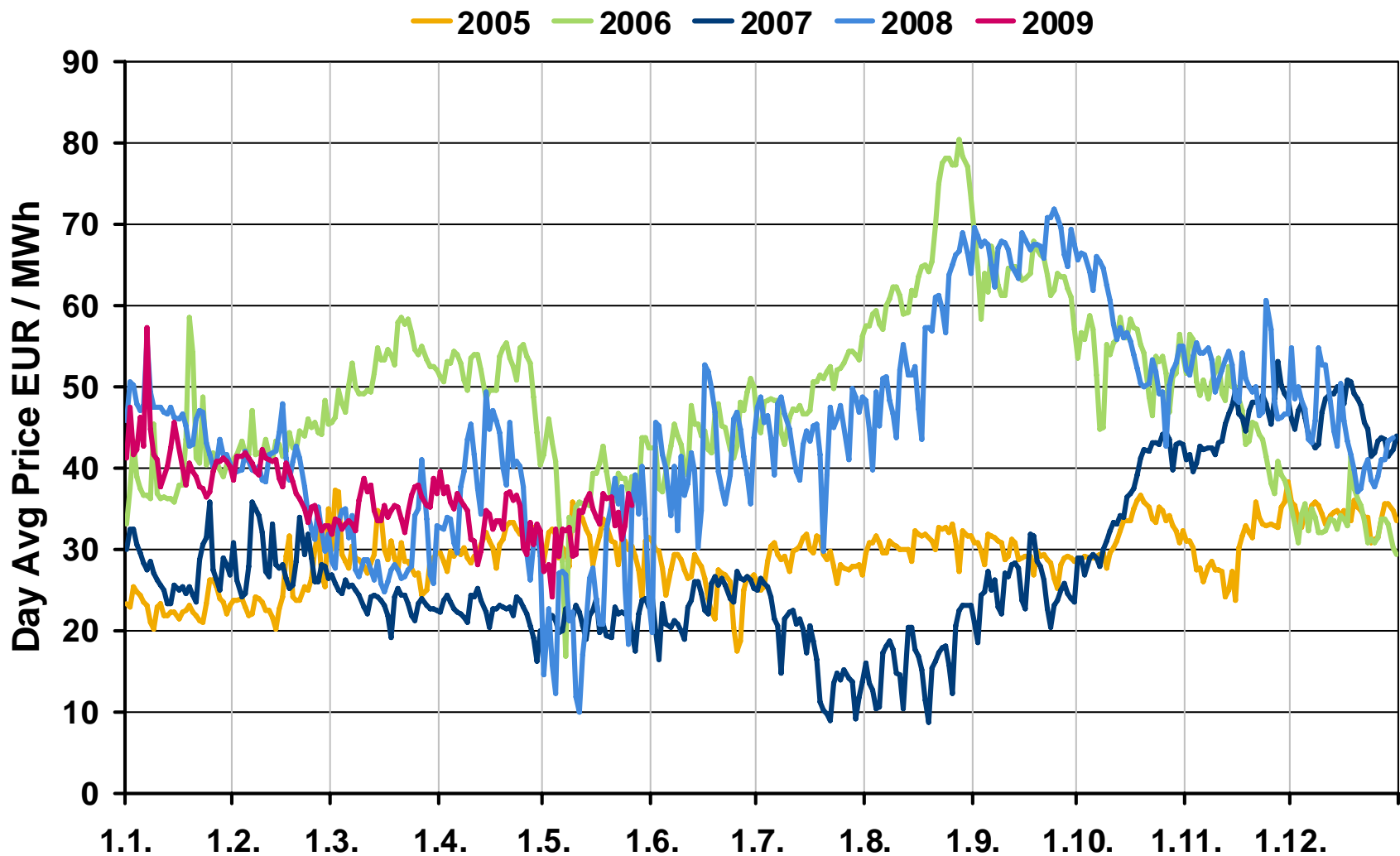
Source: Nord Pool

Nordic water reservoirs close to normal levels – snow situation weaker than normally



Source: Nord Pool

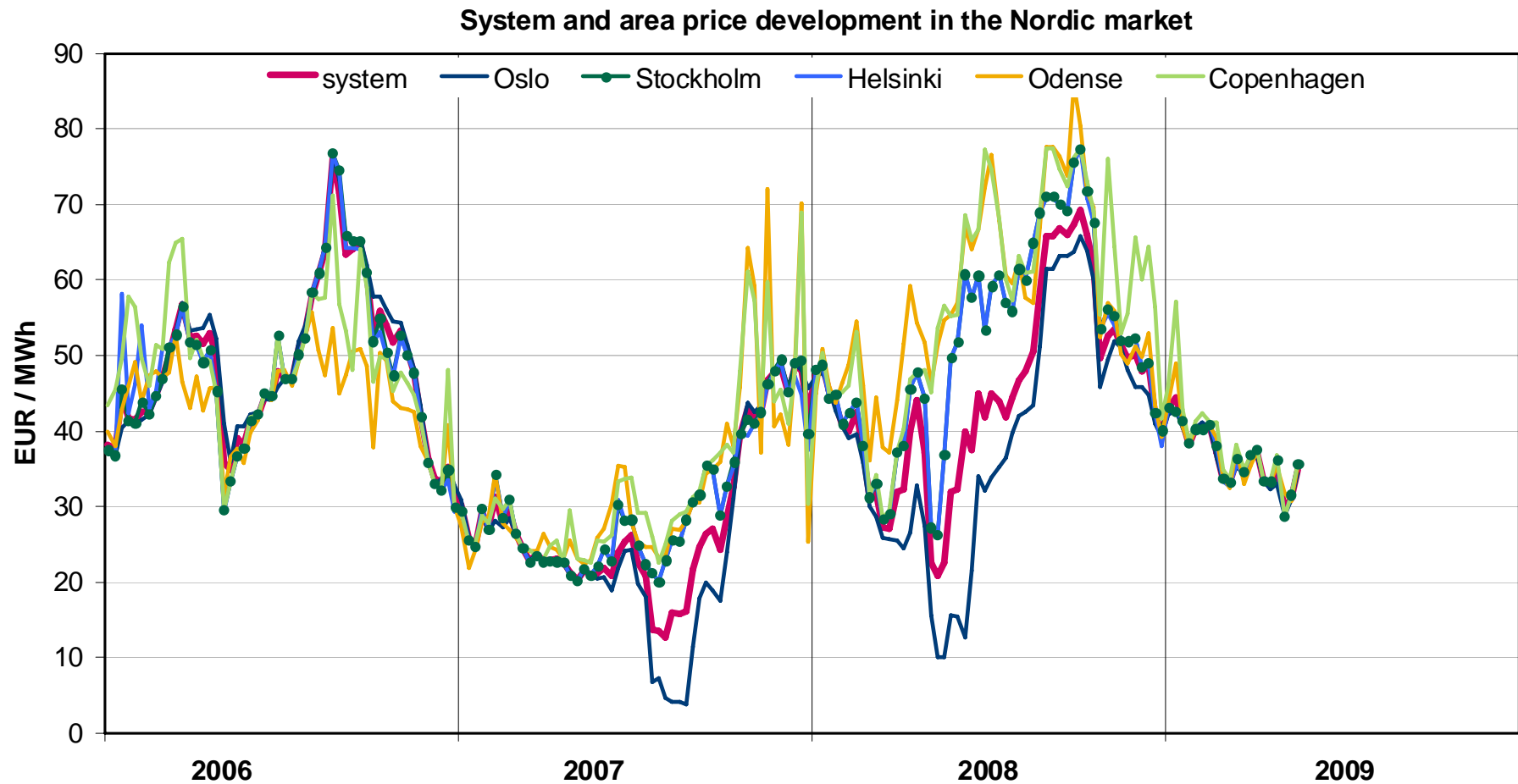
Spot-price development



Source: Nord Pool

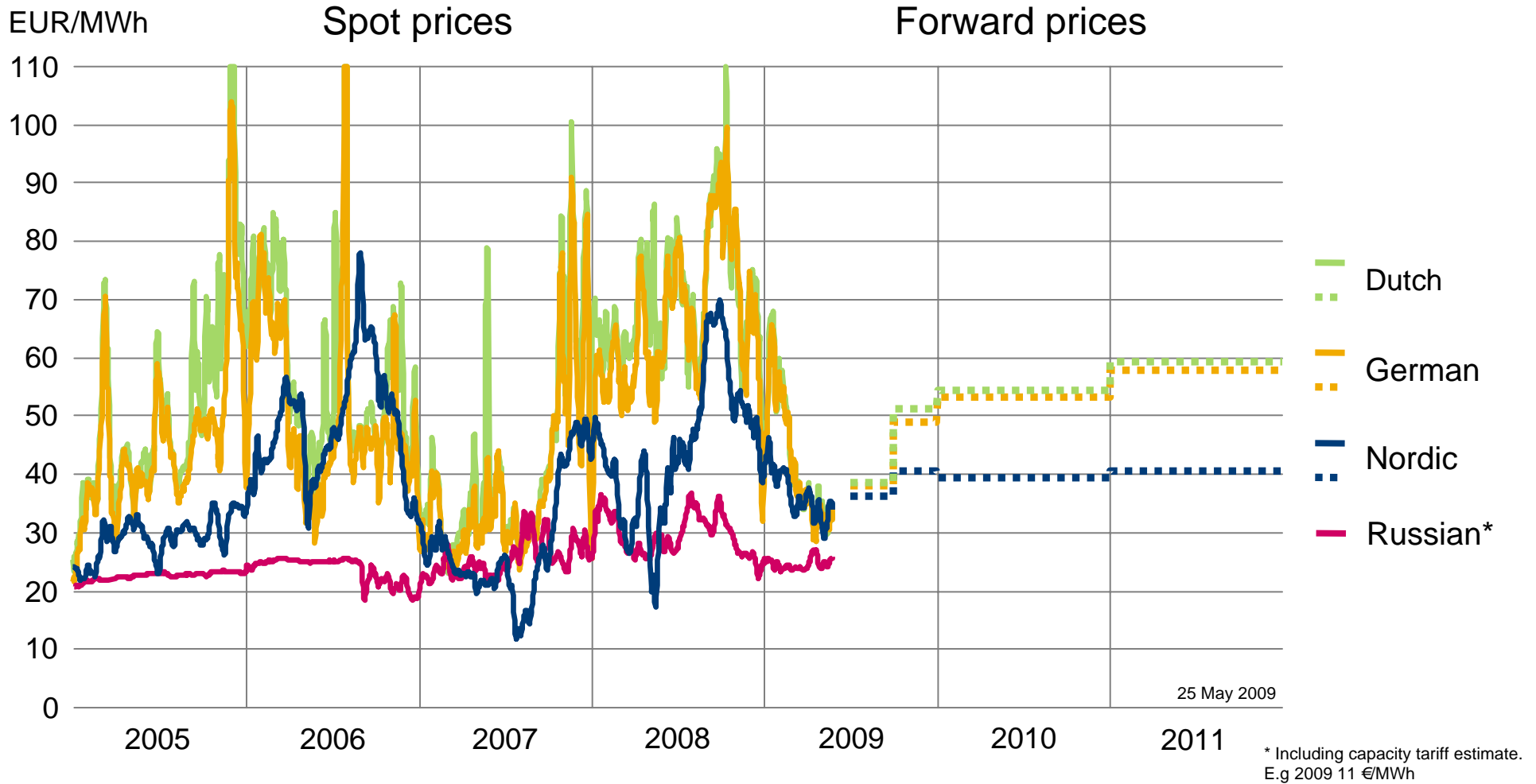
Common market price in Nord Pool

– No significant area price differences

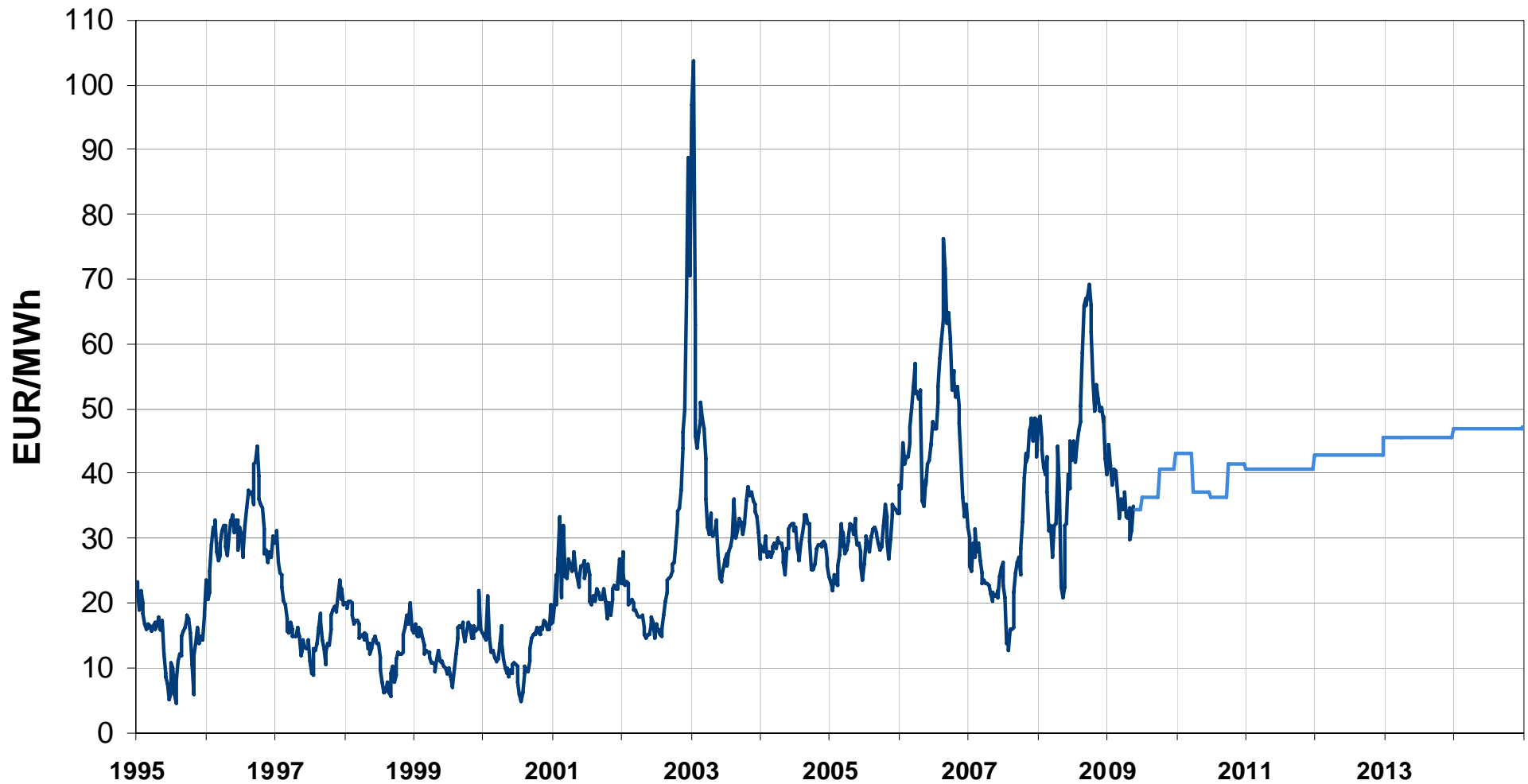


Source: Nord Pool

Continental and Nordic spot prices on same level – large difference in future prices



Nordic price history and future quotations until 2014



Source: Nord Pool, Future prices 25.5.2009

Energy market review, 27 May 2009

Fortum publishes a current energy market review two to four times a year. Topics covered in the review include fuel price development, electricity price development on the Nordic power market and factors influencing the development.

Summary:

- Oil prices have increased the past months. Coal prices have remained on low levels.
- Nordic electricity consumption has continued to decrease. During this year the consumption has decreased by almost 5% compared to same time last year.
- There are positive signals in economic indicators.
- Nordic electricity future prices have turned upwards during the past months. Physical spot-prices have been above the prices seen at the same time the past two years.
- The Nordic water reservoirs are at the long term average levels, but the spring floods have been small due to low snow accumulation and low precipitation.
- Spot prices in Continental Europe and Nordic are on the same level, but future quotations are 10-20 €/MWh higher in the Continental Europe compared to Nordic.

Further information:

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