

Vattenfall Q3 and 9M 2013 results

Øystein Løseth, CEO and Ingrid Bonde, CFO

Conference call for analysts and investors, 29 October 2013

Q3 Highlights

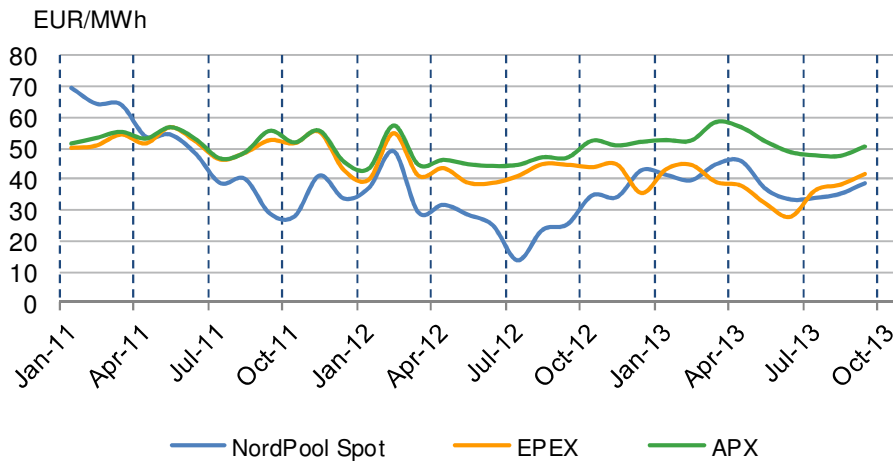
- Underlying EBIT SEK 4.0 bn (4.5)
 - Higher costs for CO2 emission allowances
 - Higher achieved electricity prices, lower costs
- Electricity generation stable at 40 TWh
 - Lower hydro generation, higher fossil and nuclear generation
- Return on capital employed 9.5% excluding items affecting comparability
- Cost savings target for 2013 (SEK 3 bn) on track

Market development

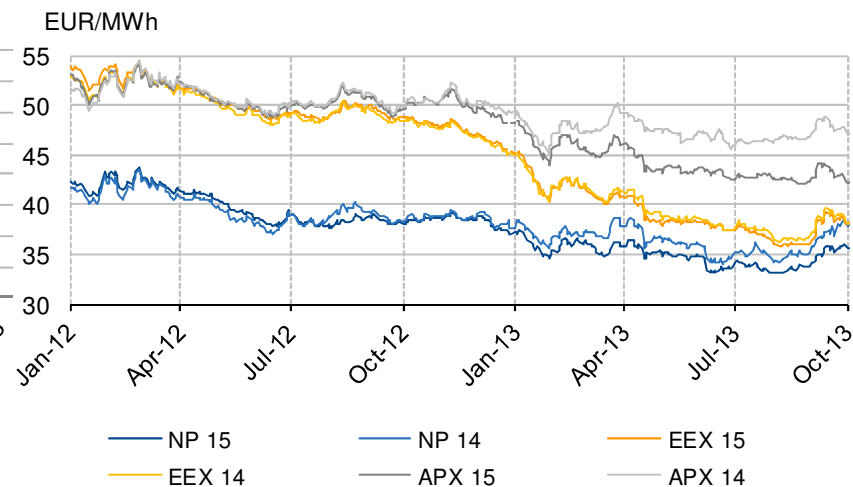
- Nordic spot prices increased mainly due to low precipitation
- German spot prices declined, mainly on the back of lower commodity prices
- Electricity futures prices lower on all Vattenfall markets compared with Q2-13
- German futures prices almost on same level as Nordic prices for next year

EUR/MWh	Nord Pool	EPEX	APX
Q3-13 (Q3-12)	36.0 (20.9)	38.8 (43.5)	48.6 (46.2)
%	72.2	-10.9	5.2

Monthly spot average

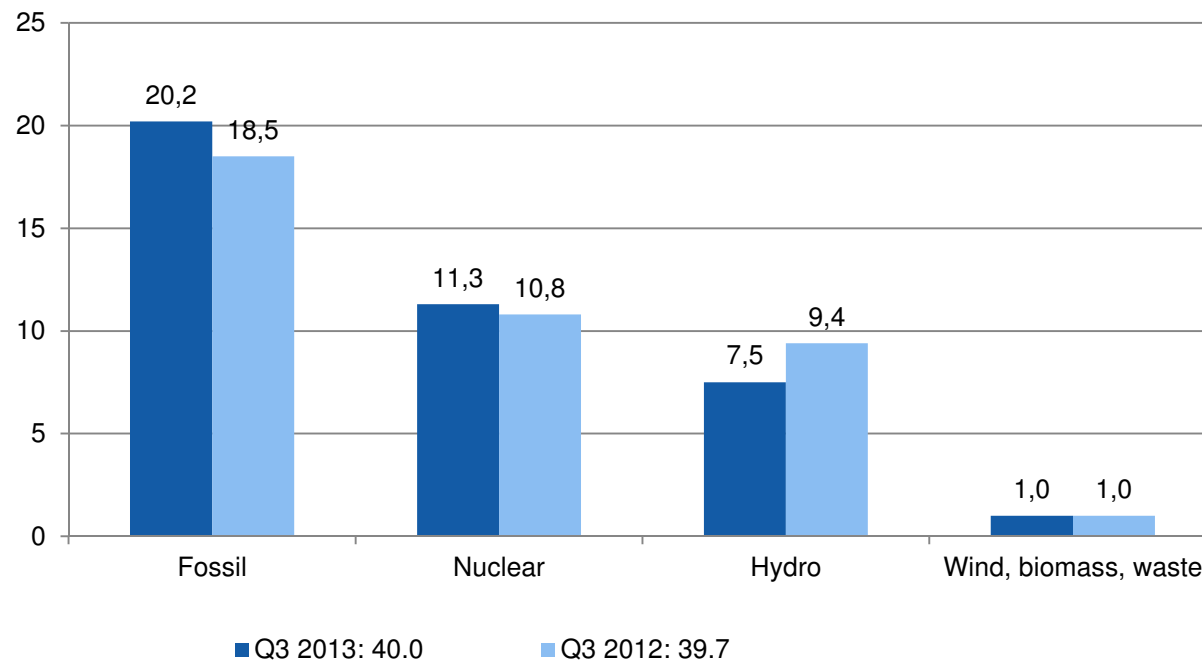


Electricity futures prices



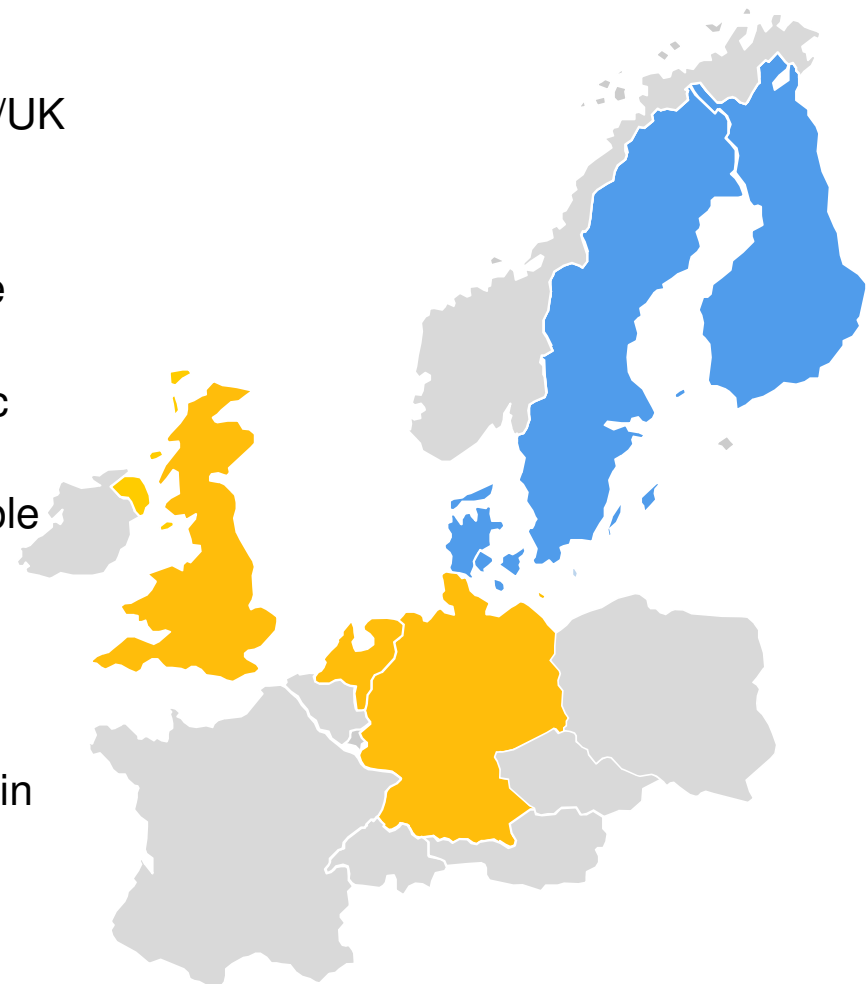
Q3 electricity generation stable; increased fossil and nuclear generation, decreased hydro generation

- Electricity generation unchanged at 40.0 TWh
 - Fossil generation and nuclear generation increased mainly due to higher availability
 - Hydro power generation decreased. Record high output in 2012



Reorganisation progressing according to plan

- Two main regions effective 1 Jan. 2014:
the Nordic countries and Continental Europe/UK
- The new structure creates a platform that
 - improves opportunities to meet the varying conditions and challenges in the respective markets
 - allows each region to fully focus on specific issues
 - more efficiently takes advantage of profitable growth opportunities in local and national markets
 - enables more focused stakeholder and regulatory management
- Vattenfall remains committed to its business in Germany, the Netherlands and the UK



Head of Nordic operations: Torbjörn Wahlborg

Head of Continental Europe/UK operations: Tuomo Hatakka

Hamburg votes in favour of grid buyback

- Referendum in Hamburg (22 Sept.) whether the city should “take all measures necessary to repurchase all electricity, gas and district heating grids in the city”
- 50.9% voted in favour of the city repurchasing the grids
- Vattenfall accepts the outcome of the referendum and intends to participate in the concessions tender for the electricity grid
- The City of Hamburg owns 25.1% of the electricity and heat grids already
- On 3 November, citizens of Berlin will vote in a similar referendum. The new concession tender is running and Vattenfall is one of 6 bidders for the electricity grid concession

Vattenfall acquired Hamburg’s and Berlin’s electricity and heating grids in 2001 in connection with its purchase of the City of Hamburg’s shares in the energy company HEW and the purchase of shares in Berlin based company Bewag. In Hamburg, the gas grid is owned by E.ON, and in Berlin by GASAG. The concession to conduct electricity grid operations in both Hamburg and Berlin expires at the end of 2014. The company that wins the concession will be able to acquire the grids.

Call for integrated European energy market

- Heads of ten leading European energy companies have proposed concrete measures to rebuild Europe's energy policy
- Main proposals:
 - Limit soaring energy bills
 - Guarantee a reliable electricity and gas supply
 - Reinforce Europe's climate ambition
 - Fundamentally strengthen the European carbon market



Financials

Ingrid Bonde, CFO

Q3 2013 Financial highlights

MSEK	Q3 2013	Q3 2012
Net Sales	36,997	33,679
EBITDA	9,532	10,521
EBIT	4,818	-2,778
Underlying EBIT*	3,999	4,474
Financial items, net	-1,688	-827
Profit after tax	1,538	-3,975
Cash flow (FFO)	6,743	6,172
Net debt	106,923	111,907**
Adjusted net debt	157,996	153,943**
FFO/Adjusted net debt (%)***	23.4	22.8
Adjusted net debt/EBITDA (%)***	3.6	2.4

* Underlying profit: EBIT excluding Items affecting comparability

** As of 31 December 2012

*** Rolling 12 months

9M 2013 Financial highlights

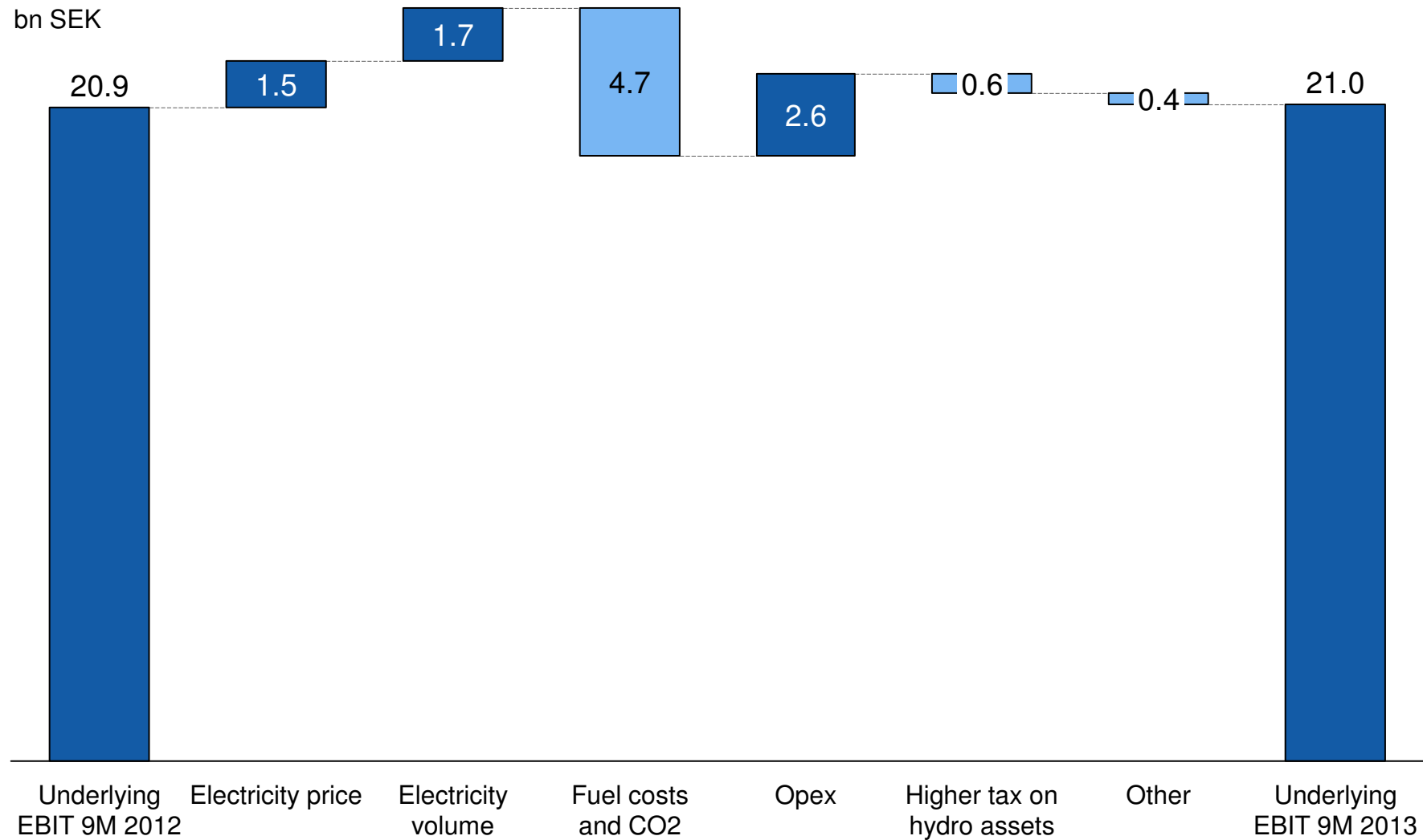
MSEK	9M 2013	9M 2012
Net Sales	123,922	119,376
EBITDA	33,474	43,985
EBIT	-10,292	20,861
Underlying EBIT*	20,949	20,875
Financial items, net	-6,678	-6,467
Profit after tax	-15,526	10,705
Cash flow (FFO)	25,340	22,836
Net debt	106,923	111,907**
Adjusted net debt	157,996	153,943**
FFO/Adjusted net debt (%)***	23.4	22.8
Adjusted net debt/EBITDA (%)***	3.6	2.4

* Underlying profit: EBIT excluding Items affecting comparability

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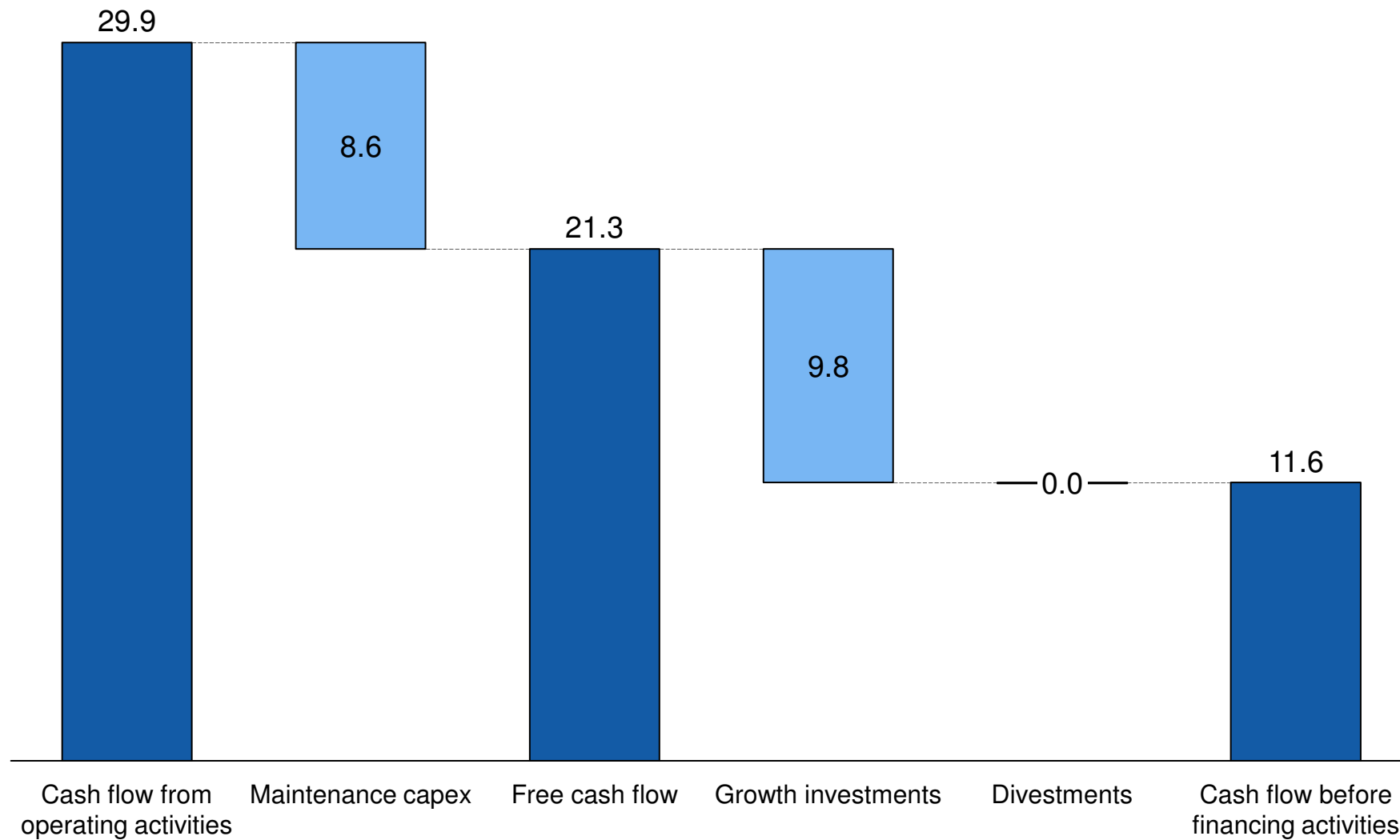
*** Rolling 12 months

9M 2013: Positive effect on underlying EBIT from higher achieved electricity prices and volumes, and lower OPEX



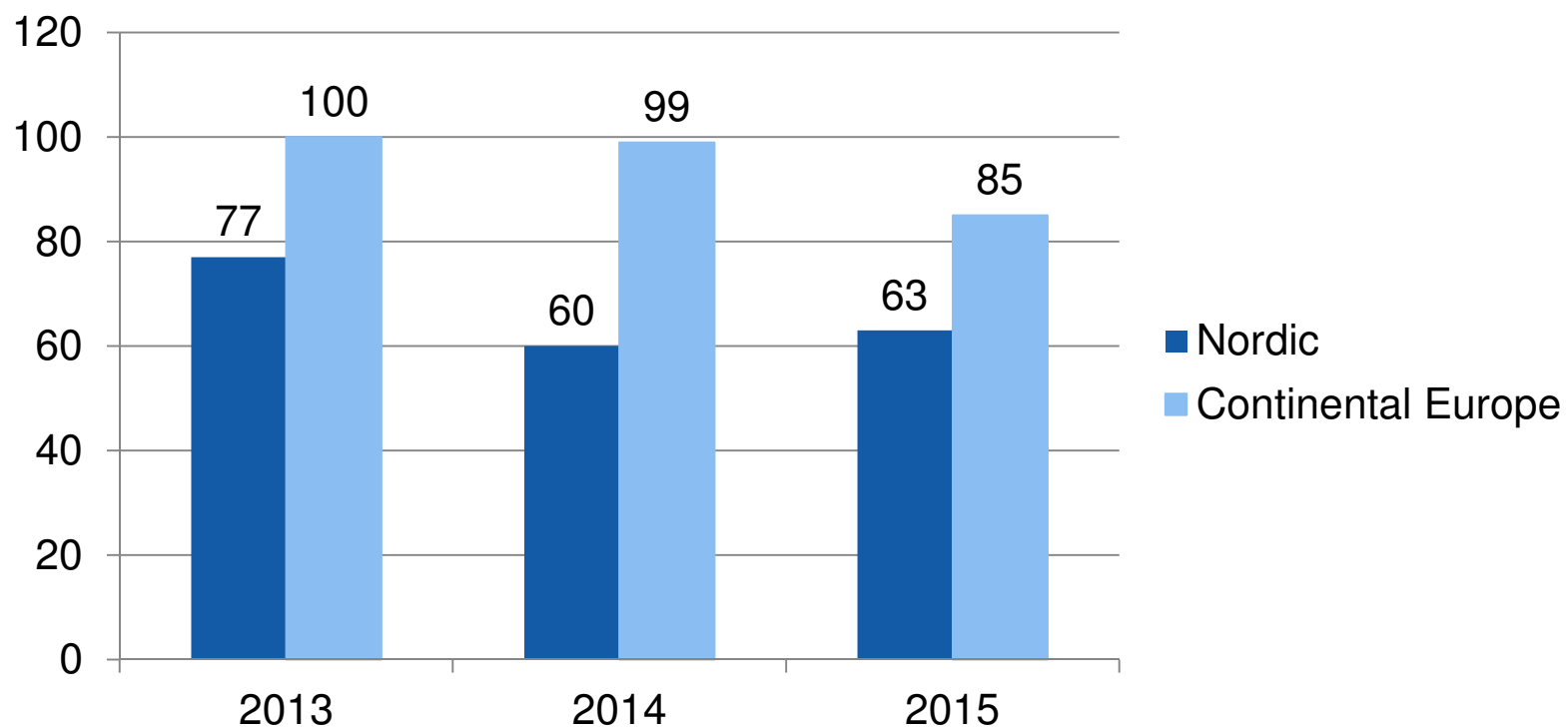
9M 2013: Strong cash flow

bn SEK



Higher hedge ratios, hedge prices almost unchanged

% hedged of planned electricity production (remaining part of the year)



Hedge prices EUR/MWh	2013	2014	2015
Nordic region	45	42	40
Continental Europe	55	50	45

Financial targets and outcome

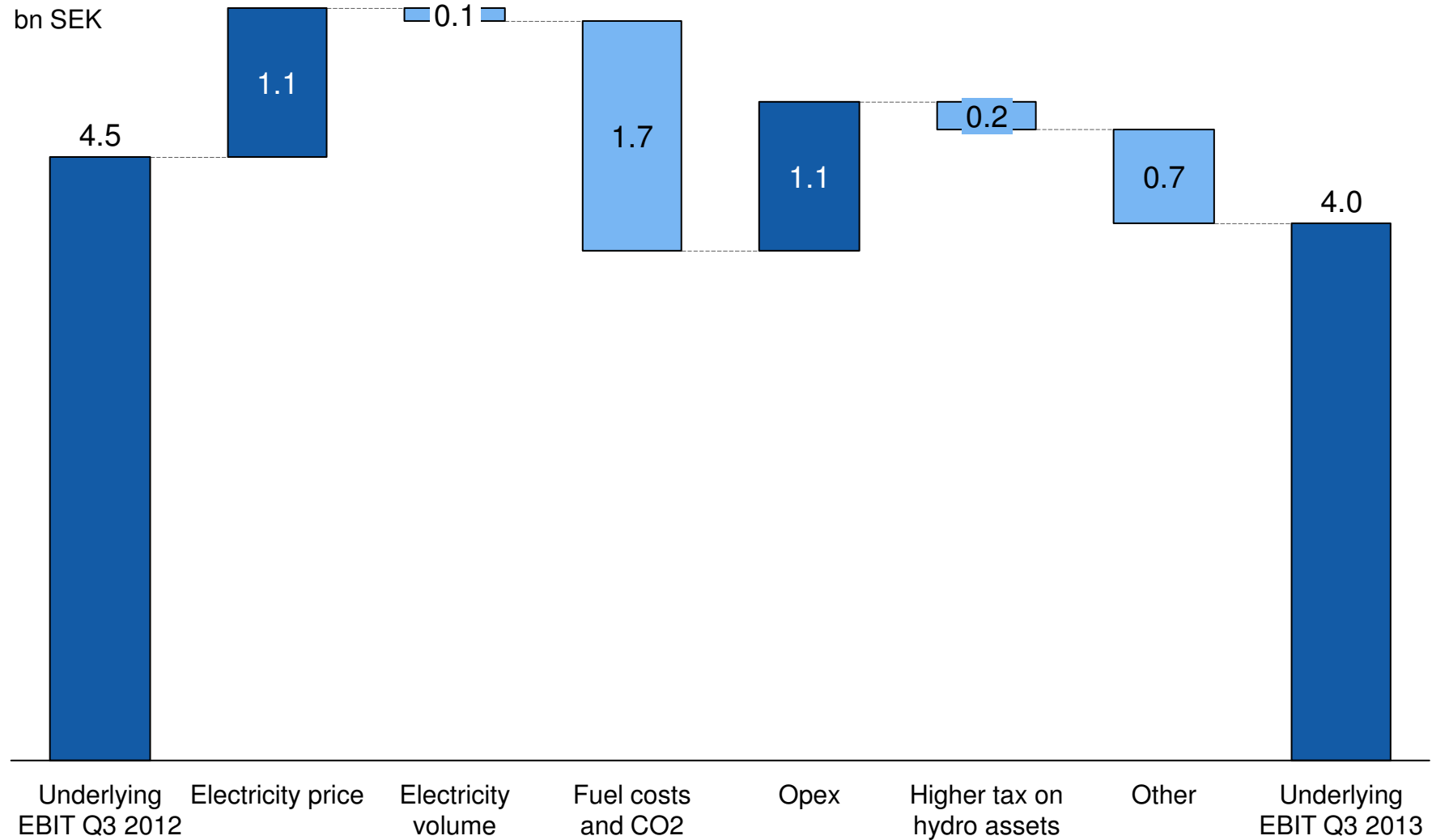
Financial targets	Target	Outcome Q3 2013	Outcome FY 2012
Return on Capital Employed (ROCE)	9%	-1.8%* 9.5% excl. IAC*	8.3% 8.8% excl. IAC
Net debt/Equity	50-90%	87.1%	74.9%
FFO/Adjusted net debt	22-30%	23.4%*	22.4%
Dividend pay-out	40-60%		40% (SEK 6.8 bn) Paid in May 2013

* Last 12 months

Q&A

Appendix

Q3 2013: Higher achieved prices, higher costs for CO2 and fuel, lower costs



Underlying EBIT Q3 2013 per operating segment

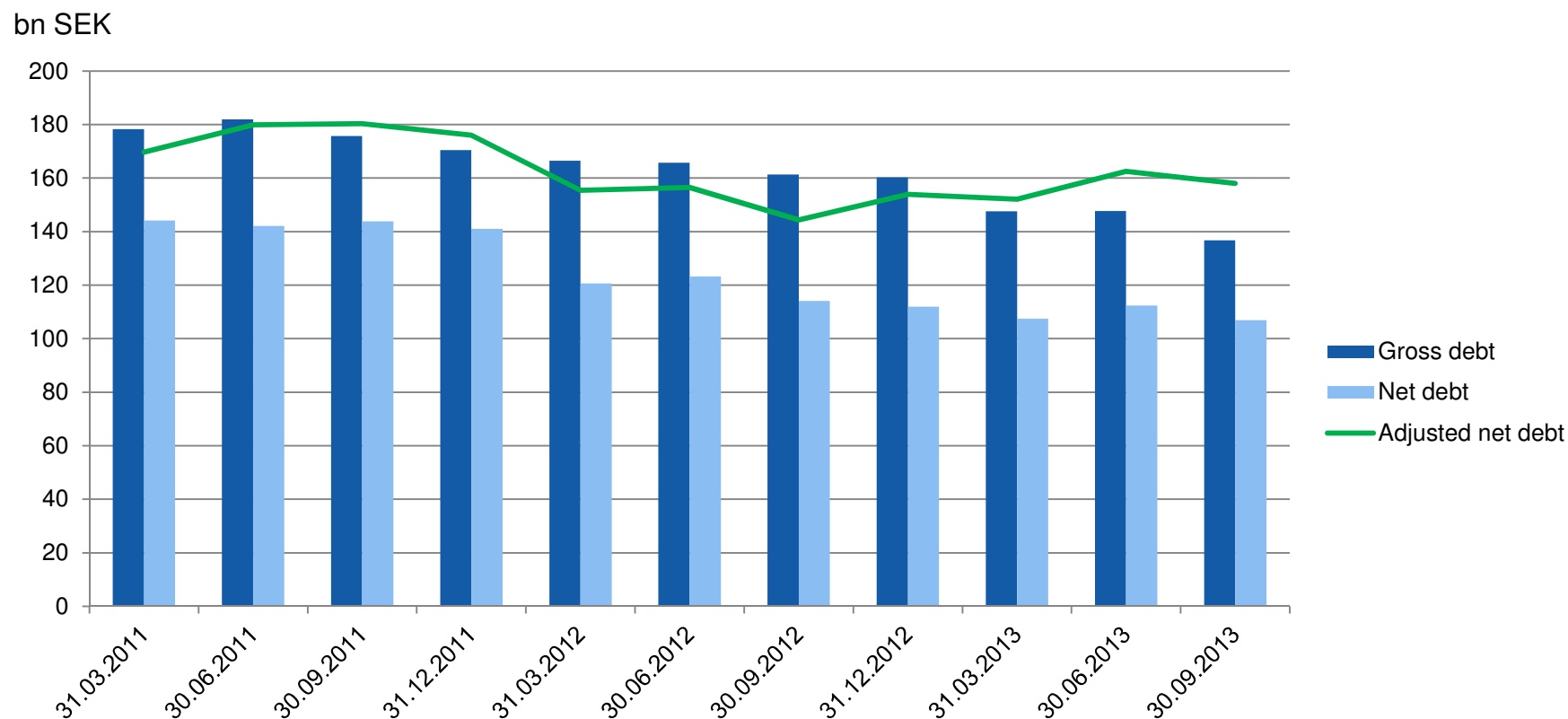
MSEK	Q3 2013	Q3 2012
Generation	3,675	4,036

- Underlying EBIT decreased by 0.4 billion SEK
 - Higher fuel costs and higher costs for CO2 emission allowances
 - Higher achieved electricity prices and lower operating costs

MSEK	Q3 2013	Q3 2012
Distribution and Sales	1,044	516

- Underlying EBIT increased by 0.5 billion SEK
 - Lower operating costs

Increased adjusted net debt since 31 Dec. 2012



Compared with 31 December, adjusted net debt increased by SEK 4.1 bn to SEK 157.9 bn mainly due to increased pension liabilities and less received margin calls. Compared with 30 June 2013, adjusted net debt decreased by SEK 4.5 bn. For calculation of adjusted net debt, see Appendix slide 22.

Continued strong liquidity position

As of 30 Sep 2013

Group liquidity	SEK million
Cash and cash equivalents	14,849
Short term investments	14,740
Reported cash, cash equivalents & short term investments	29,589
Unavailable liquidity*	-5,621
Available liquidity	23,968

Committed credit facilities	Line size	SEK million
RCF (maturity Jan 2016)	EUR 2 550 million	22,076
Multi option facility (12-month rolling)	EUR 1 300 million	9,350
Total undrawn		31,426

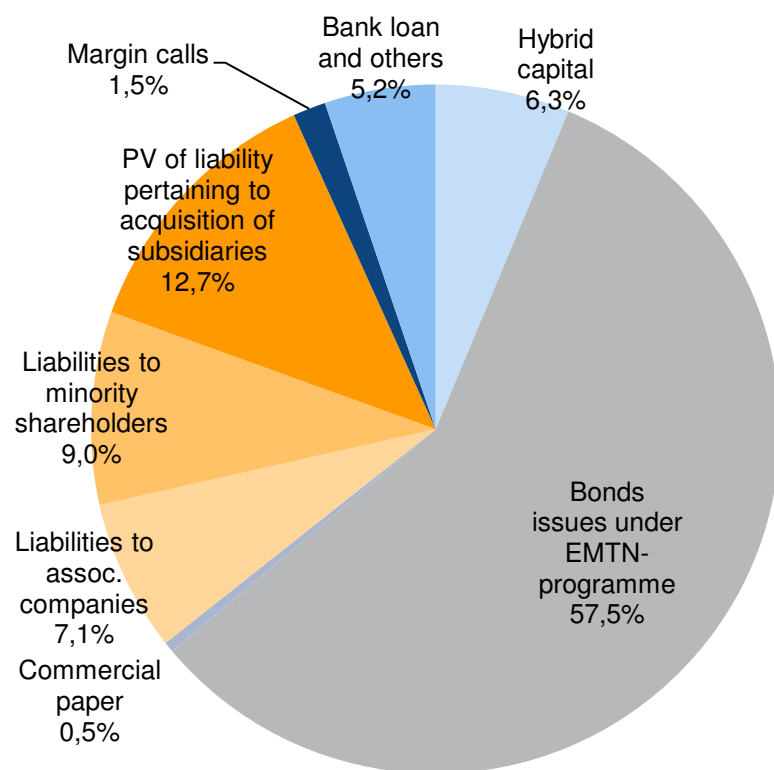
Debt maturities**	SEK million
Within 90 days	8,530
Within 180 days	1,183

* German nuclear "Solidarvereinbarung" 2,947 MSEK, Margin calls paid (CSA) 1,051 MSEK and Others 1,624 MSEK

** Excluding loans from minority owners and associated companies

Breakdown of gross debt

Total debt 30 Sep. 2013: SEK 137 bn (EUR 16 bn)
External market debt SEK 97 bn



Debt issuing programmes	Size (MEUR)	Utilization (MEUR)
EUR 15 bn Euro MTN	15,000	8,672
EUR 2 bn Euro CP	2,000	0
SEK 15 bn Domestic CP	1,733	0,081
Total	18,733	8,753

- All public debt issued by Vattenfall AB
- The debt portfolio has no currency exposure that has an impact on the income statement. The debt in foreign currency is either swapped to SEK or booked as a hedge against net foreign investments.
- No structural subordination

Reported and adjusted net debt

Reported net debt (bn SEK)	Sep 30 2013	Dec 31 2012
Hybrid capital	-8.6	-8.5
Bond issues and commercial papers and liabilities to credit institutions	-81.1	-94.3
Present value of liability pertaining to acquisition of subsidiaries	-17.4	-27.1
Liabilities to associated companies	-9.7	-9.3
Liabilities to minority shareholders	-12.3	-11.9
Other liabilities	-7.6	-9.2
Total interest-bearing liabilities	-136.8	-160.3
Reported cash, cash equivalents & short-term investments	29.6	46.5
Receivable Swedish pension foundation	0.0	1.8
Loans to minority owners of foreign subsidiaries	0.2	0.1
Net debt	-106.9	-111.9

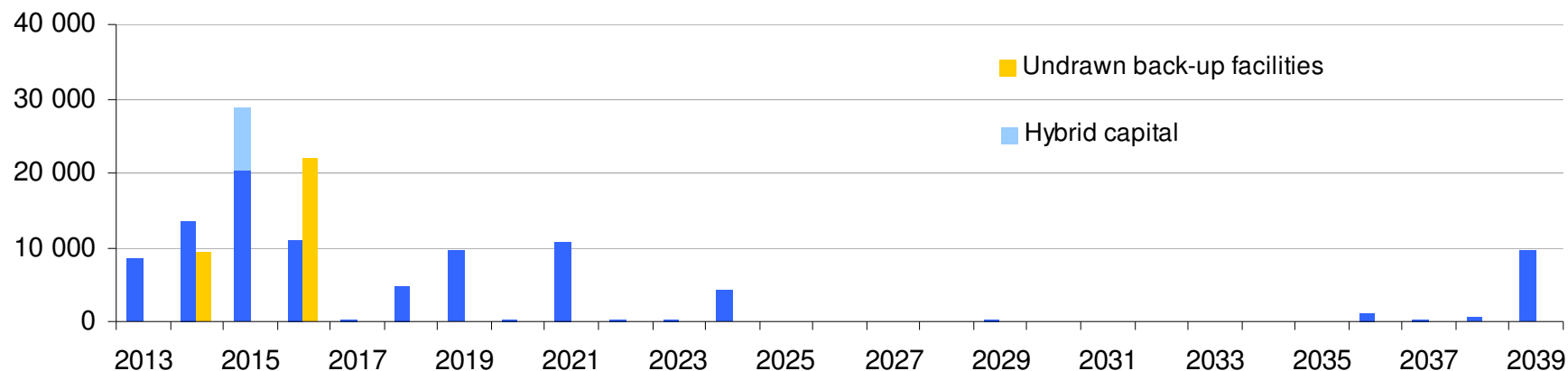
*Of which: German nuclear "Solidarvereinbarung" 2.9,
Margin calls paid (CSA) 1.1, Others 1.6

Adjusted net debt (bn SEK)	Sep 30 2013	Dec 31 2012
Total interest-bearing liabilities	-136.8	-160.3
50% of Hybrid capital	4.3	4.3
Present value of pension obligations	-33.1	-30.2
Mining & environmental provisions	-11.5	-12.2
Provisions for nuclear power (net)	-19.4	-18.4
Cross currency swaps	1.5	3.0
Margin calls received	2.1	7.2
Liabilities to minority owners due to consortium agreements	10.9	10.5
= Adjusted gross debt	-182.0	-196.2
Reported cash, cash equivalents & short-term investments	29.6	46.5
Receivable Swedish pension foundation	0.0	1.8
Unavailable liquidity	-5.6*	-6.0
= Adjusted cash, cash equivalents & short-term investments	24.0	42.2
= Adjusted net debt	-158.0	-153.9

Vattenfall debt maturity profile

MSEK

Includes deferred payments
for shares in N.V. Nuon Energy (MEUR):
July 2015: 2,071.3



These figures differ from the reported interest bearing liabilities as loans from associated companies, minority owners, margin calls received (CSA) and valuation at fair value are excluded and currency derivatives for hedging debt in foreign currency are included.

On 1 July 2013, Vattenfall paid as planned, of EUR 1,179.5 million for 15% of the shares in N.V. Nuon Energy. Vattenfall thereafter owns 79% of the shares.

	30 Sep 2013	31 Dec 2012
Duration (years)	2.9	3.3
Average time to maturity (years)	5.7	5.3
Average interest rate (%)	3.9	3.4
Net debt (SEK bn)	106.9	111.9

Including Hybrid capital