

Financial review

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- Recent financial development
- Progress on cost reductions
- Capex programme
- Divestments
- Liquidity and funding
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9M 2013 financial highlights

SEK mn	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

** As of 31 December 2012

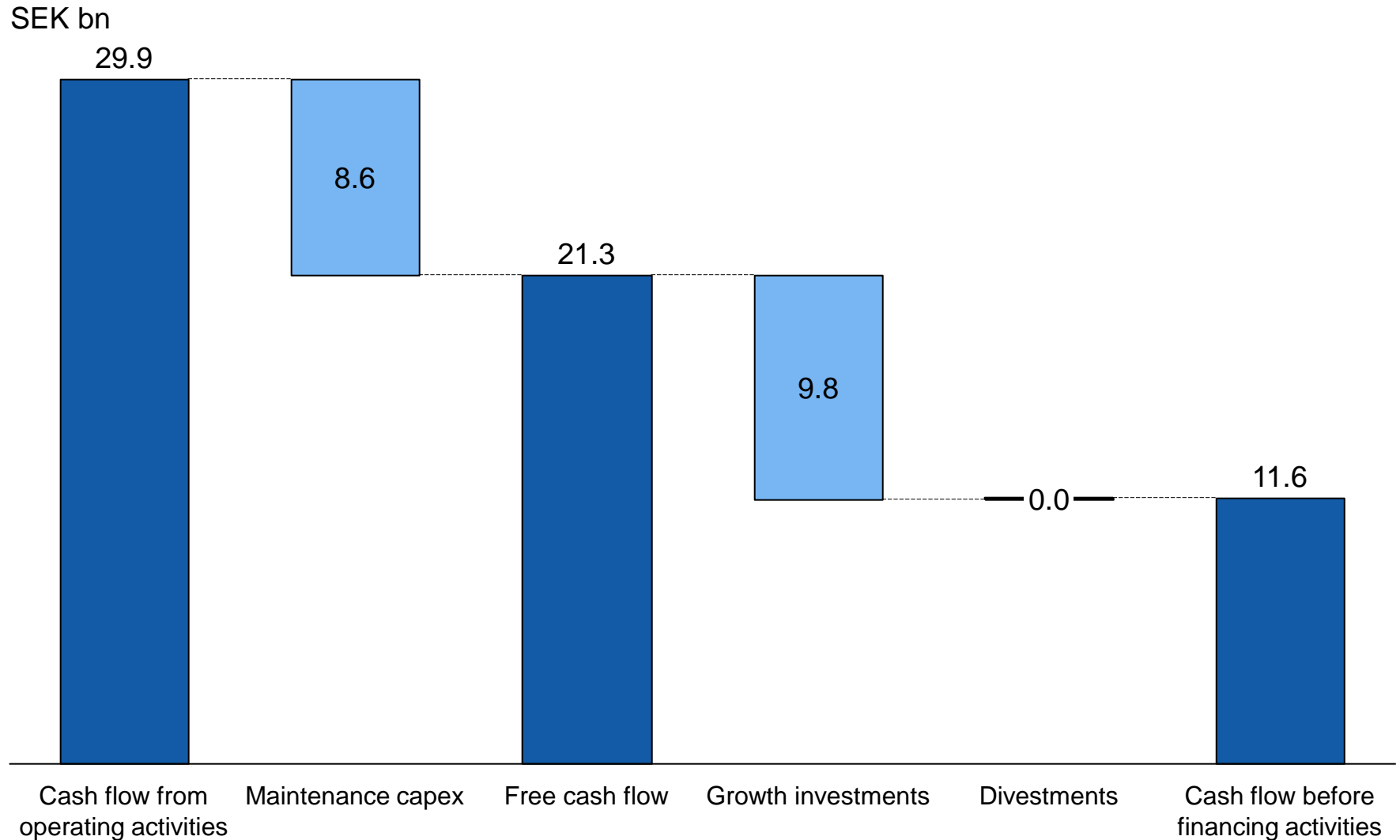
*** Last 12 months

9M 2013 results heavily burdened by impairment charges

Impairments (impact on EBIT) pertain to:	SEK bn
Thermal assets in the Netherlands	14.5
Thermal assets in Germany	4.1
Thermal assets and other assets in the Nordic region	2.5
Goodwill (mainly Trading-business)	6.8
Other assets	1.8
Total	29.7

- Impact on net profit SEK 24.5bn due to positive tax impact
- No impact on cash flow or debt position
- Underlying EBIT remained stable

9M 2013: Strong cash flow



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 6.8bn) Paid in May 2013

* Last 12 months

IAC = Items Affecting Comparability

Sustainability targets

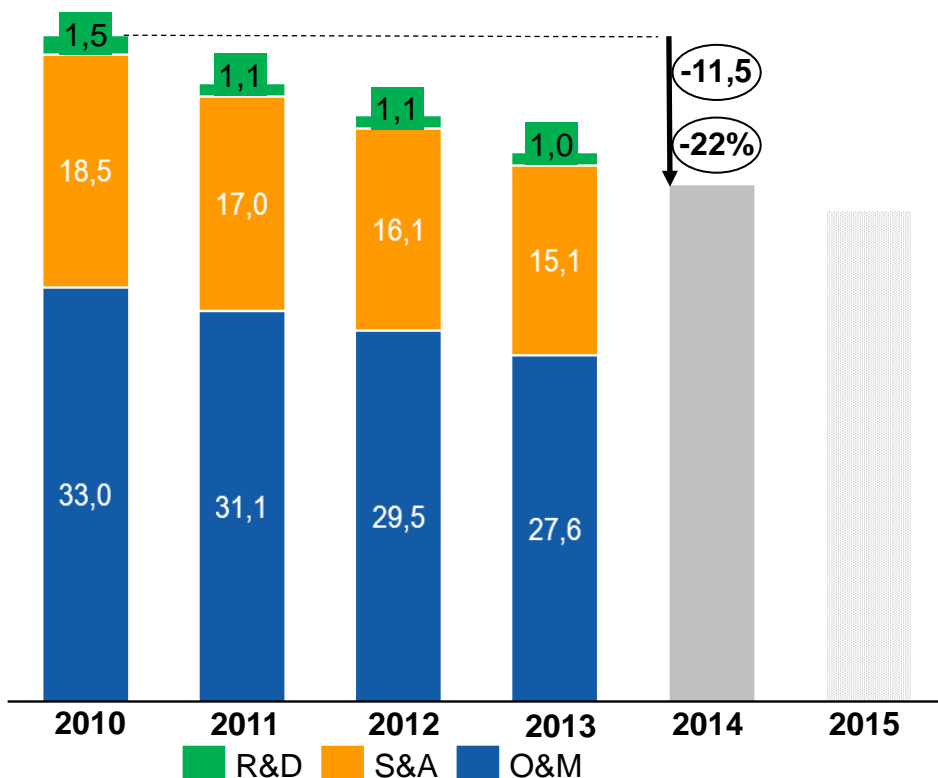
Target	Target level	Comments
CO2 emissions	Maximum 65 million tonnes by 2020	<ul style="list-style-type: none"> Transform Vattenfall's production portfolio towards lower CO2 exposure and a higher share of renewables
Vattenfall renewables capacity growth rate (%)	Vattenfall growth rate above the EU-10 market growth rate	<ul style="list-style-type: none"> Target measured beginning 2013 EU-10 countries: Belgium, Germany, France, Great Britain, Netherlands, Poland, Sweden, Finland, Norway and Denmark
Energy efficiency	Proposal to be made to Vattenfall's Board of Directors in December	<ul style="list-style-type: none"> Proposal to launch an initiative to deliver on a list of defined activities during 2014 Activities to improve energy efficiency both in Vattenfall's own operations and through customer solutions

Adopted by Vattenfall's Board in November 2012

Good progress on cost reductions

Gross cost reduction, excluding divestments*

SEK bn



Cost reduction programmes for 2011-2014: SEK 11.5bn (gross)

- 2011-2012: SEK 6bn (achieved one year ahead of original plan).
- 2013-14: SEK 5.5bn. (Staff reductions, O&M optimization, procurement savings)
- 2015: SEK 2bn. (Staff reduction, system and process standardization and optimization, selling & administration cost reduction)

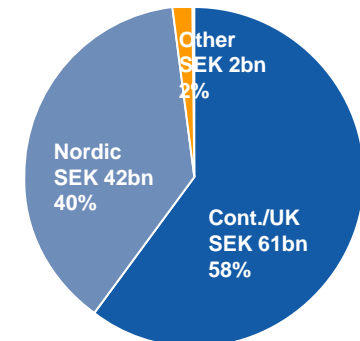
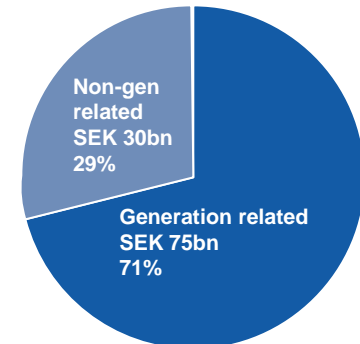
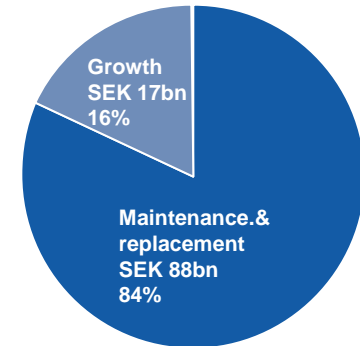
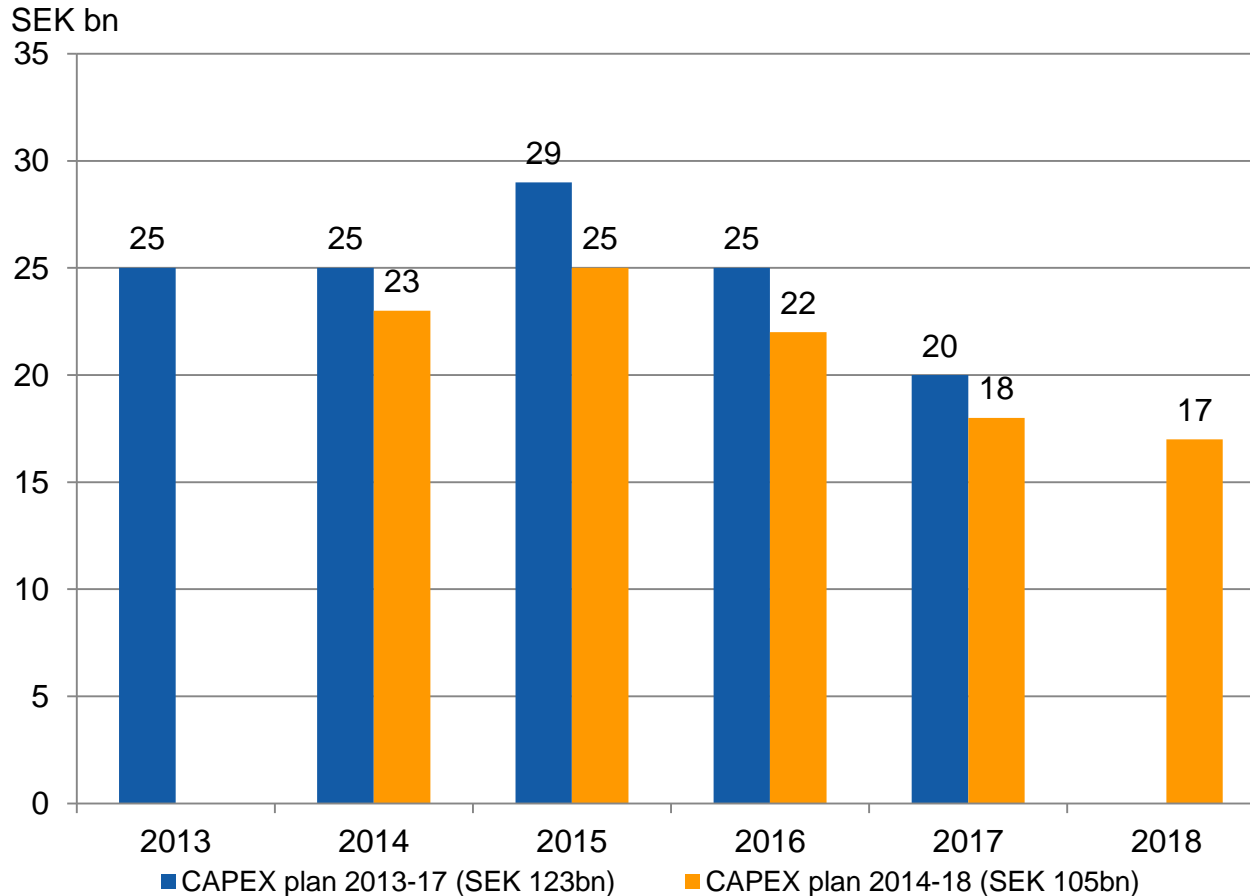
Net effect on cost base 2010-2014: SEK 6.5bn

- Increased cost due to growth investments (SEK 1~2bn per year)
- Restructuring costs

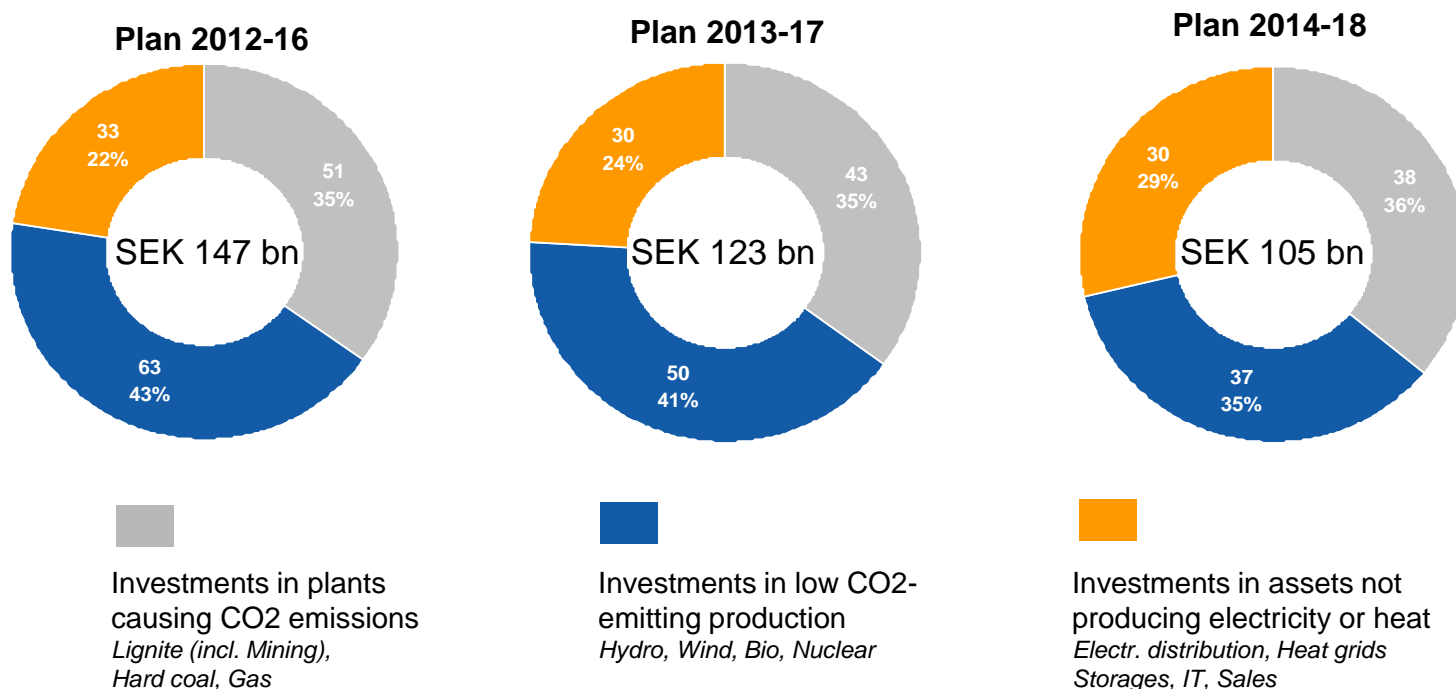
* Cost base for OPEX-reduction: O&M, S&A, R&D

* OPEX definition has been changed from 2013. Data for previous years have been slightly adjusted to match the new definition

Capex plan for 2014-2018 reduced by SEK 18 bn compared to previous 5 year plan



Stable investment share in low CO₂-emitting generation



- Low CO₂ emitting assets hold roughly stable share of generation-related investments at ~50%
- Maintaining investment levels in distribution and heat grids
- 40-45% of the 2014 – 2018 plan can be regarded as committed. These are investments which are legally mandatory or already decided

Asset disposals - divestments since 2011

Divested object	Date	Amount
Hillerød, CHP, DK	Jan 2011	Not disclosed
Rostock, hard coal plant, DE	Feb 2011	Not disclosed
Power consultancy business	Apr 2011	Not disclosed
ENSO, DE	Apr 2011	EUR 147mn
Real Estate, Hamburg, DE	Apr 2011	Not disclosed
Nuon Exploration & Production, NL	May 2011	EUR 281mn
Helsingør, CHP, DK	Jun 2011	Not disclosed
Polish Distribution and sales business, PL	Dec 2011	PLN 3.5bn
Polish Heat business, PL	Jan 2012	PLN 3.7bn
Belgian sales business, BE	Jan 2012	EUR 157mn*
Electricity Distribution, FI	Jan 2012	EUR 1.54bn*
Total proceeds		SEK 37 bn

- Divestment of Lippendorf lignite plant in Germany has been put on hold
- Divestment of Danish CHP plants (Nordjylland, Fyn) is ongoing

* Enterprise value

New reporting structure from Q1 2014

Two operating segments

Continental/UK	Nordic Countries
<p>Disclosure of:</p> <ul style="list-style-type: none">• Net Sales• Underlying EBITDA• Underlying EBIT <p>Breakdown per:</p> <ul style="list-style-type: none">• Generation• Distribution• Sales• Other Business	<p>Disclosure of:</p> <ul style="list-style-type: none">• Net Sales• Underlying EBITDA• Underlying EBIT <p>Breakdown per:</p> <ul style="list-style-type: none">• Generation• Distribution• Sales• Other Business
<p>Indicative size (FY2012)¹</p> <ul style="list-style-type: none">• EBITDA²: SEK 24bn• Total Assets³: SEK 289bn	<p>Indicative size (FY2012)¹</p> <ul style="list-style-type: none">• EBITDA²: SEK 23bn• Total Assets³: SEK 240bn

¹Proforma figures, subject to change based on finalisation of structure.

²Adjusted for capital gains and losses

³Excludes impairments recognised in 2013 (24,5 bn) mainly within Continental/UK

Update on Vattenfall's funding situation

- Potential size and timing for refinancing is up to 1bn EUR within the next 6-9 months.
- We continue to see great interest in Vattenfall risk among investors.
- We are monitoring the hybrid market, but are currently not considering to build up more hybrid capital.
- We have renegotiated our EUR 1bn Multi-option Credit Facility
- can now be utilised more efficiently.

Still a 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

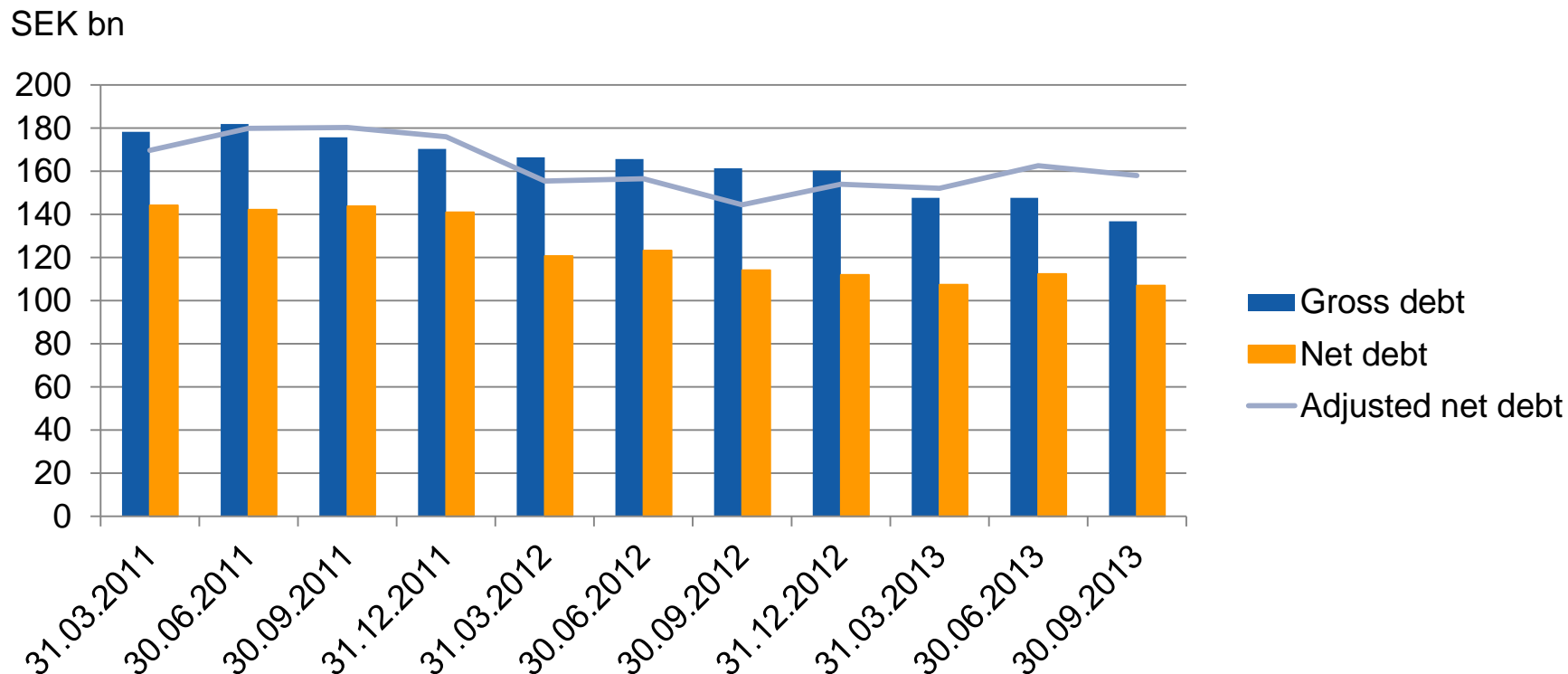
Committed credit facilities	Line size	SEK million
RCF (maturity Jan 2016)	EUR 2 550 million	22,076
Multi-option Facility (12-month rolling)	EUR 1 300 million	9,350 (Reduced to EUR 1bn in Q4 2013)
Total undrawn		31,426

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

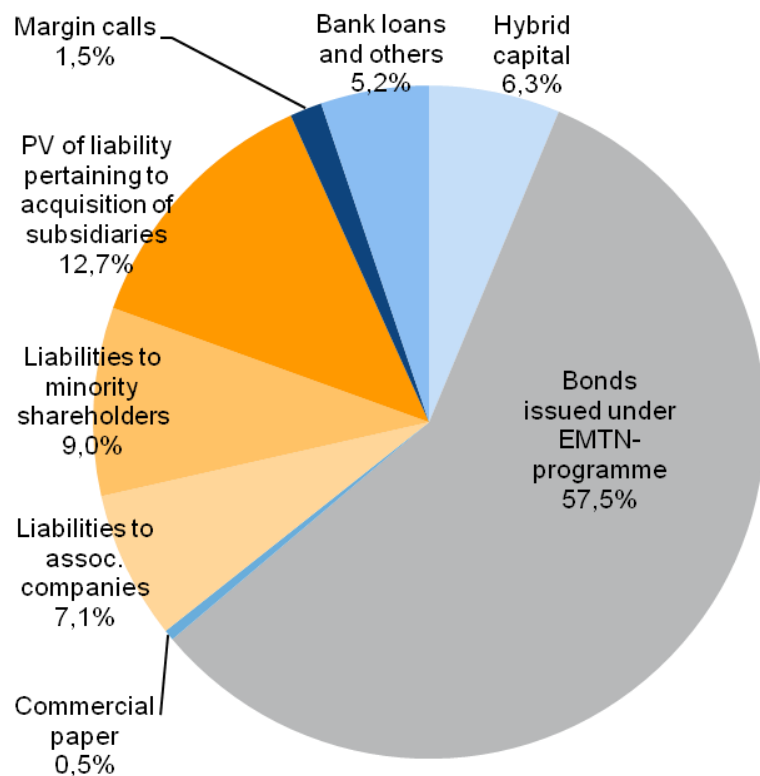
Lower gross debt but fairly stable adjusted net debt



Compared with 31 December, adjusted net debt increased by SEK 4.1bn to SEK 157.9bn mainly due to increased pension liabilities and less received margin calls. Compared with 30 June 2013, adjusted net debt decreased by SEK 4.5bn. For calculation of adjusted net debt, see slide 20.

Breakdown of gross debt

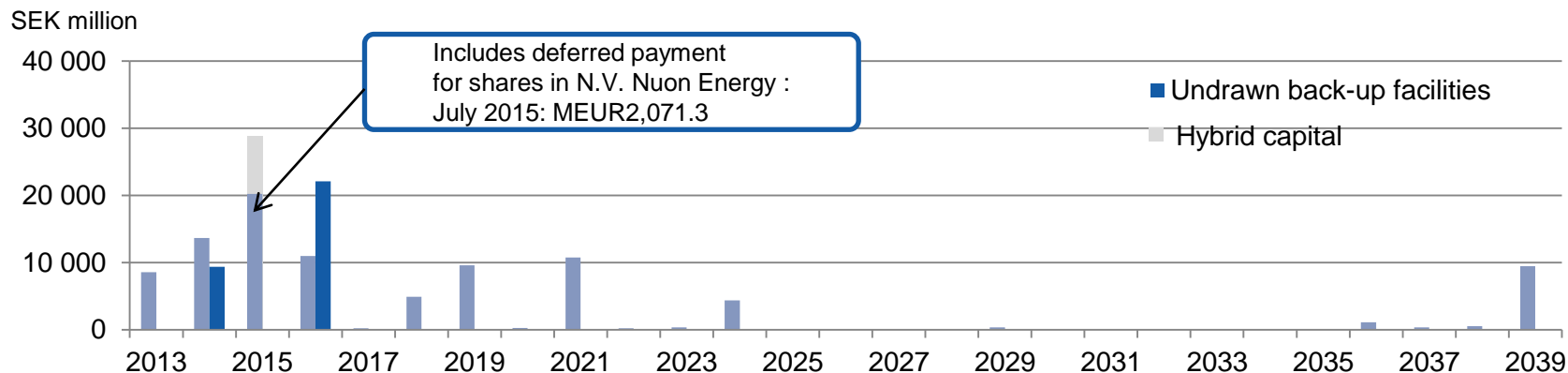
Total debt 30 Sep. 2013: SEK 137bn (EUR 16bn) of which external market debt: SEK 97bn



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

Vattenfall debt maturity profile



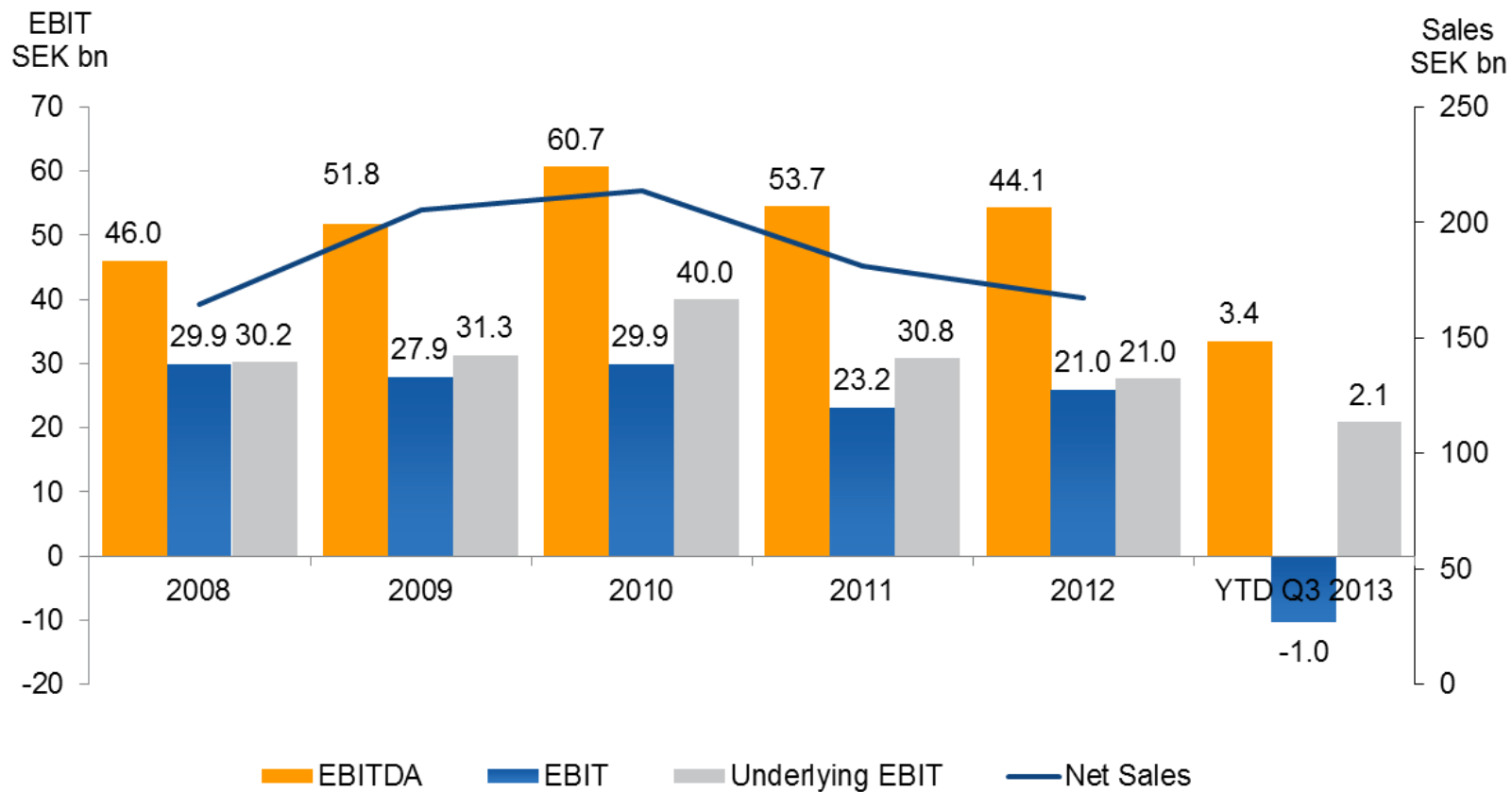
Figures above differ from the reported interest bearing liabilities as loans from associated companies, minority owners, margin calls received (CSA) and valuation at fair value are excluded and currency derivatives for hedging debt in foreign currency are included.

On 1 July 2013, Vattenfall paid, as planned, 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

Appendix

Net sales, EBITDA and EBIT development since 2008



Reported and adjusted net debt

Reported net debt (SEK bn)	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 (SEK bn)	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

Moody's

A3 (stable outlook): *latest change 27 September 2013*

Outlook:

“The stable rating outlook reflects Moody's expectation that Vattenfall's performance will be underpinned by its hedged position, and is likely to improve slowly, as the company starts to benefit from coal- and wind-powered generating assets coming on stream, combined with improved performance from its nuclear plants. However, the outlook also takes into account Moody's expectation that spreads on thermal generation will continue to be relatively weak during 2013, and into 2014 and beyond. Furthermore, it factors in the modest deterioration in Vattenfall's business risk profile resulting from the company's sale of parts of its heat and electricity distribution businesses in recent years, which may result in more volatile cash flow on an ongoing basis.

***Moody's could upgrade the ratings** in the event of a sharp reversal in power price trends, which would be likely to result in an increase in forward power prices and, in turn, in Vattenfall's cash flow, leading to an improvement in the company's key credit metrics. Moody's would consider upgrading Vattenfall's ratings if it consistently demonstrates funds from operations (FFO)/net debt of 25% or above, and retained cash flow (RCF)/net debt at least in the high teens in percentage terms.*

***Conversely, Moody's would consider downgrading Vattenfall's ratings** if the company's ratios were to remain below the rating agency's ratio guidelines for the A3 rating category for an extended period. Current ratio guidelines for Vattenfall's ratings are RCF/net debt of at least 15% and FFO/net debt more than 20%.*

Standard & Poor's

A- (stable outlook): *latest change 9 December 2011*

Outlook:

“The stable rating outlook reflects our expectation that Vattenfall's own efficiency measures and active hedging strategy will mitigate pressure on profitability from falling power prices. It further reflects our expectation that growth investments will be covered by internally generated funds, and we anticipate that Vattenfall will be able to maintain credit measures in line with the ratings, including adjusted funds from operations (FFO) to debt of about 20%.”

Downside scenario

“We could lower the ratings if Vattenfall's operating or financial performance significantly weakened from current levels, causing a decline in credit measures, such as a sustained decline in adjusted FFO to debt to below 20%.....” We could also lower the ratings if we saw evidence that government support was weakening. This would most likely result from privatization of a significant part of the government's shareholding in Vattenfall. We currently think this unlikely over the near to medium term.”

Upside scenario

“We could raise the ratings if we believed that Vattenfall's financial risk profile and credit measures could improve sustainably to a level commensurate with a higher SACP [stand alone credit profile], for example through a sustainable increase in adjusted FFO to debt to about 25%, based on the existing business risk profile.....”

Credit rating – Standard & Poor's revised criteria

- Standard & Poor's has recently published its revised Corporate Ratings Criteria
 - During S&P's "Request for Comments process" Vattenfall submitted comments on proposed change in methodology which were in line with other issuers concerns, mainly regarding the 25% discount on cash balances, and peak working capital adjustment.
- Issuers who's rating may be affected as a result of the revised criteria have been notified by S&P and placed on Credit Watch.
- Vattenfall AB's issuer credit rating is unaffected under the revised corporate criteria.
 - The "Stand Alone Credit Profile" (SACP) is BBB+.
 - The "Issuer Credit Rating" is A- with stable outlook (Vattenfall gets one notch uplift due to implicit government support).

Specification of ROCE

SEK billion	2013 Q3	2012
Total assets	470,9	528,4
(-) Financial assets	93,5	118,4
Investment property	0,5	0,5
Other shares and participations	2,7	3,0
Shares in the Swedish Nuclear Waste Fund	30,4	30,0
Other non-current receivables (interest-bearing) – Note 31	1,0	1,2
Derivatives with positive fair values – Note 30	27,7	36,3
Margin calls paid, energy trading – Note 35	2,5	5,2
Available liquidity	24,0	42,2
<i>of which, cash and cash equivalents with short-term investments</i>	29,6	46,5
<i>of which, (-) unavailable liquidity – Page 55</i>	5,6	6,1
<i>of which, (+) receivable from Vattenfall's Pension Foundation – Page 55</i>	0,0	1,3
Assets held for sale	4,8	0,0
(-) Non-interest bearing debt	91,2	104,1
Other interest-bearing provisions (excl. Pension, nuclear and environmental)	8,3	9,8
<i>of which, personnel-related provisions for non-pension purposes – Note 42</i>	3,1	3,1
<i>of which, provisions for tax and legal disputes – Note 42</i>	3,7	3,7
<i>of which, other provisions – Note 42</i>	3,0	3,1
Deferred tax liabilities	28,8	34,7
Other non-interest bearing liabilities (long-term)	5,8	7,5
Trade payable and other liabilities	26,7	35,2
Advance payments from customers (Other advance payments) – Note 45	0,0	0,2
Accrued expenses and deferred income	16,1	15,8
Current tax liabilities	5,6	0,9
Capital Employed	286,2	305,9
Average Capital Employed^{1,2}	290,6	311,6
Last 12 month EBIT	-5,2	26,2
ROCE	-1,8%	8,4%
ROCE (underlying)	9,5%	8,9%

2012 figures:

see Annual Report 2012,
pages 51,54

¹ Average of end of balance date and
balance 12 month prior

² 2012 figures as reported. Change in
pension accounting will result in a
restatement of 2012 figures in
connection with the annual report 2013.
2013 Q3 figures represent the changed
accounting principles. The net effect on
ROCE for 2012 of the change is not
material (less than 0,1 percentage
points)