

Vattenfall Capital Markets Day 2008

Presentation by

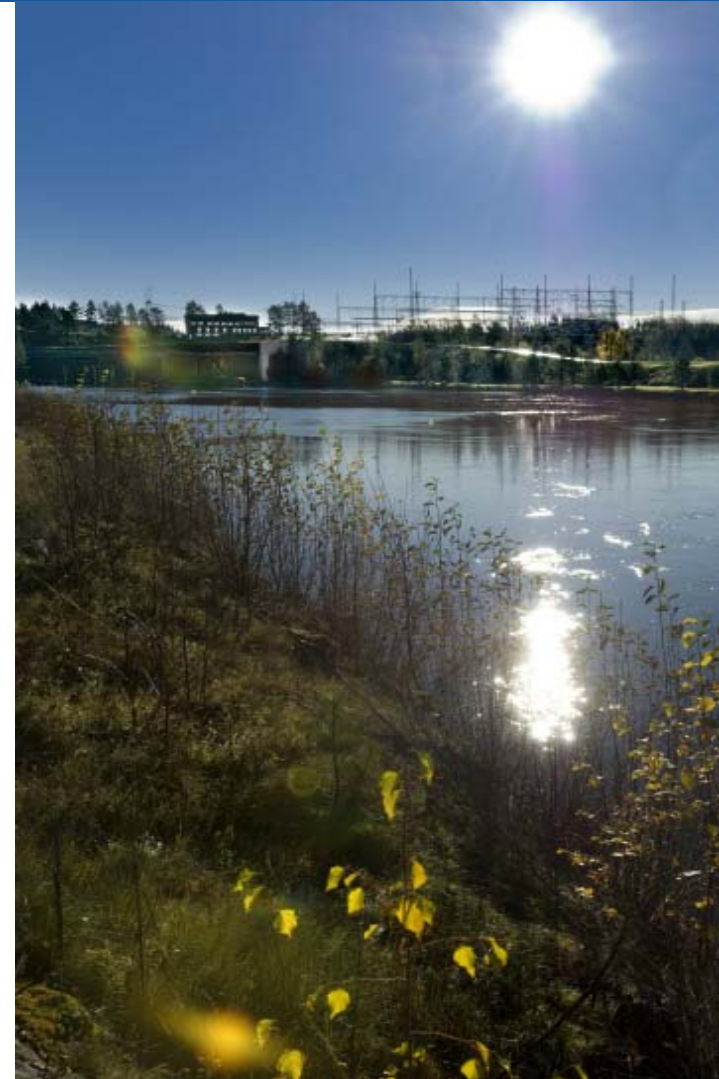
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Chief Financial Officer (acting)

Berlin, 8 September, 2008

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Key data – Vattenfall Group

| <i>Amounts in SEK billion</i> | H1 2008 | H1 2007 | % Change | LTM | FY 2007 | FY 2006 |
|--------------------------------|--------------------|--------------------|---------------------|------------|--------------------|--------------------|
| Net sales | 80,7 | 73,7 | 9.4 | 150.6 | 143.7 | 135.8 |
| EBIT * | 17.7 | 17.0 | 4.0 | 29.2 | 28.5 | 27.4 |
| Net profit | 11.2 | 13.5 | -20.5 | 18.4 | 20.7 | 19.9 |
| Net assets ** | 178.7 | 156.7 | 14.0 | n.a. | 166.1 | 150.0 |
| Electr. generation, TWh | 86.2 | 85.7 | 0.6 | 168.1 | 167.6 | 165.4 |
| Heat generation, TWh | 19.9 | 19.6 | 1.5 | 36.5 | 36.2 | 35.2 |

* Excl. items affecting comparability (IAC)

** At the end of the period

LTM = last twelve months

Notes from the H1/2008 report

1

Margin calls

- Price increases lead to substantial margin calls.
- German future contracts (EEX).
- Non-cash guarantees in Nordic forward contracts.

2

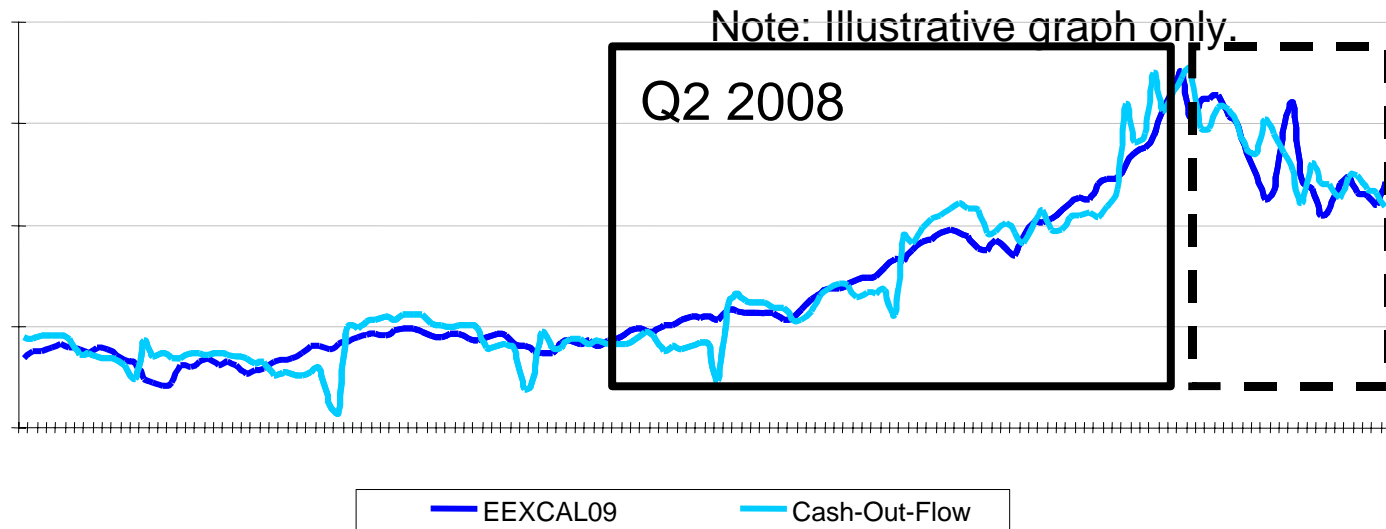
Cash flow effect (H1/2008)

- SEK 8.1 bn cash flow before financing, excluding margin calls.
- SEK 9 bn margin calls 30 June 2008 (SEK 0.2 bn 30 June 2007).
- SEK 0.9 bn negative cash flow before financing (SEK 10 bn H2/2007).

Principles for margin calls (timing issue):

1. Sell at 40 (future contract).
 2. Spot prices changed to 50.
 - Margin call of 10 (cash).
 3. Settle day, receive 50.
- ➡ Net effect 40 (50-10).

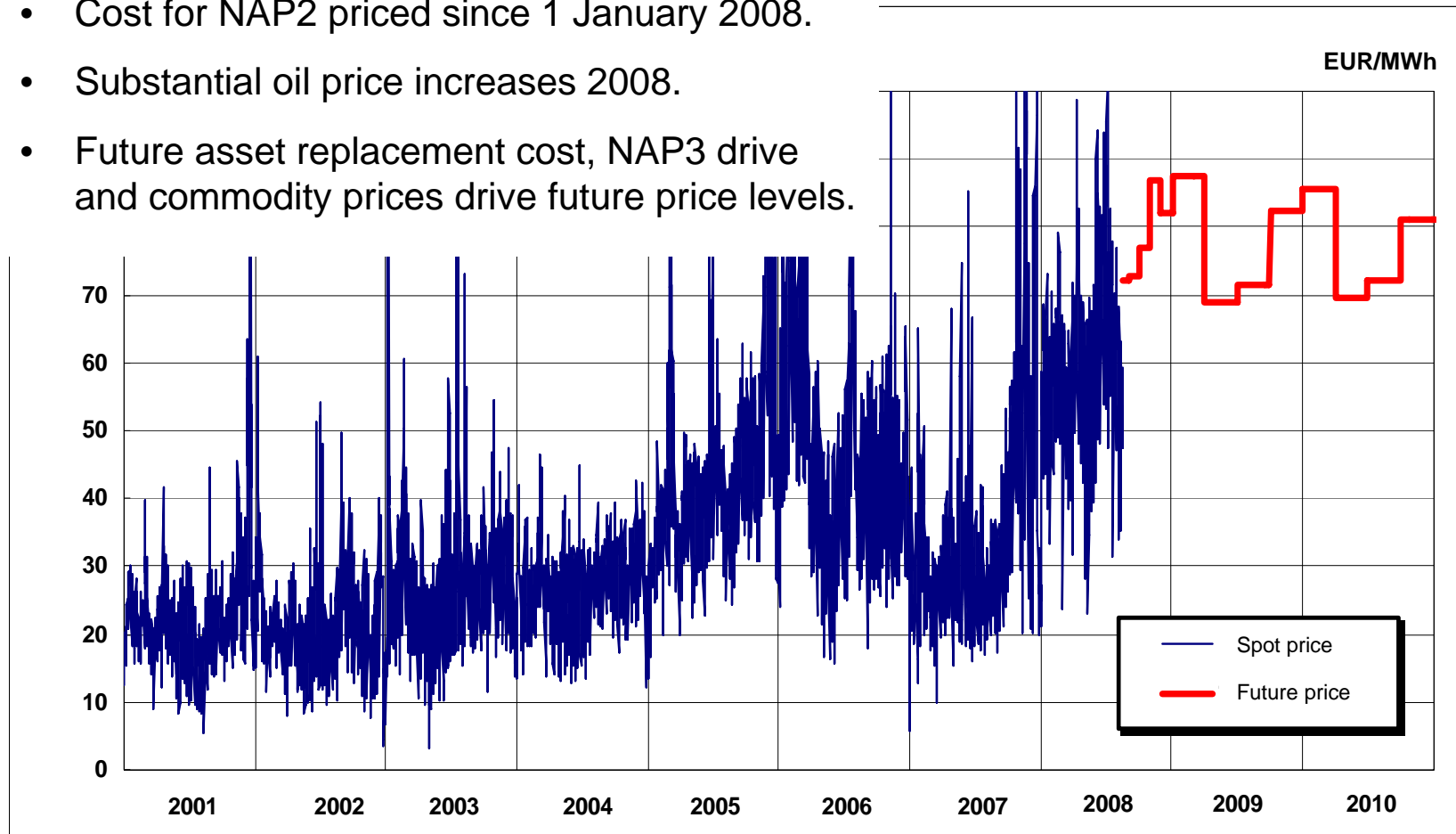
Futures on EEX: Correlation between prices and cash outflow



- Sharp increase in wholesale prices.
- Decreased fair value of owned future contracts.
- Margin calls.
- In a scenario with falling wholesale prices, the opposite take place (payments to Vattenfall).
- Most margin calls are settled or repaid within 1-3 years, depending on the hedge horizon.

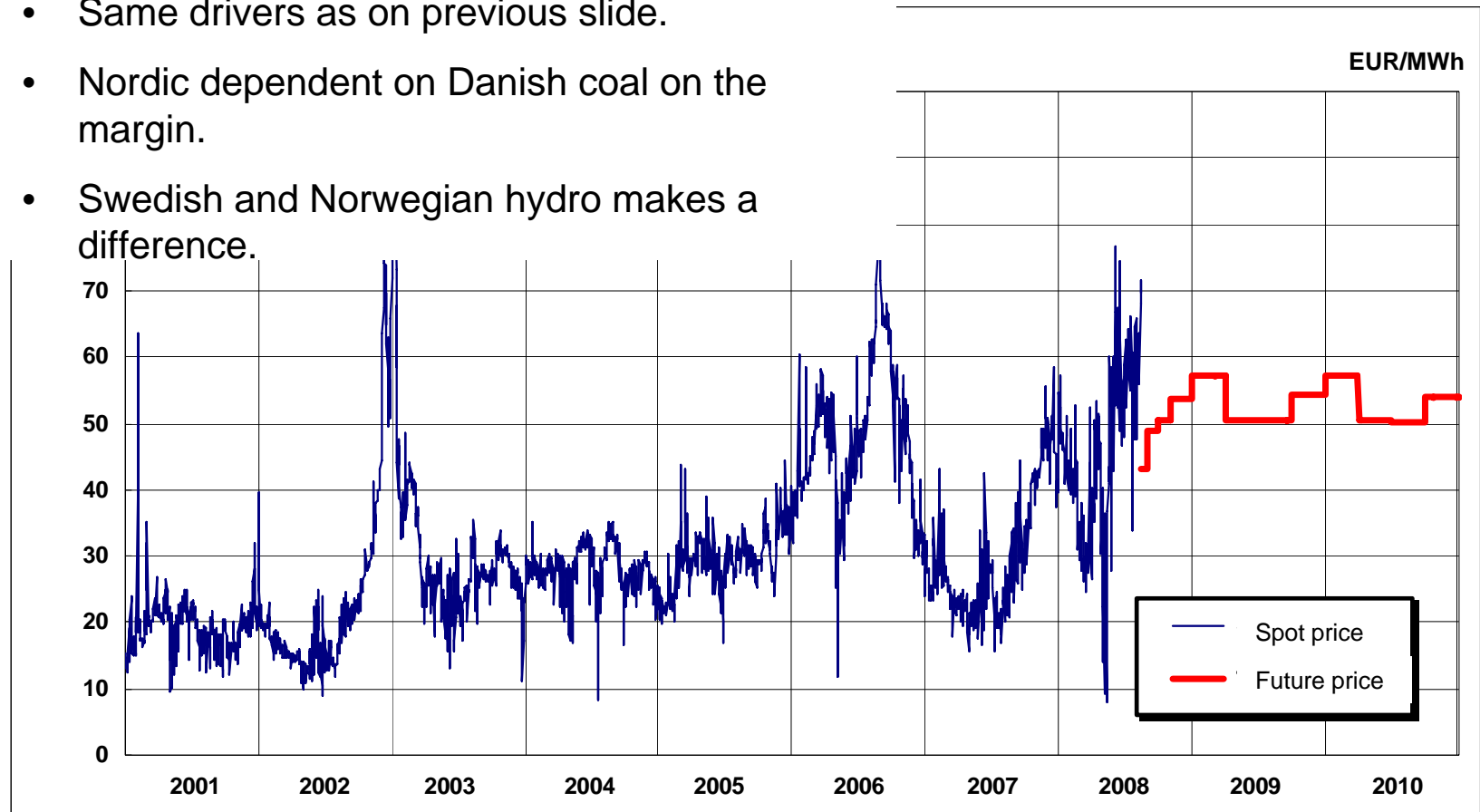
Spot and future prices, Germany (EEX)

- Cost for NAP2 priced since 1 January 2008.
- Substantial oil price increases 2008.
- Future asset replacement cost, NAP3 drive and commodity prices drive future price levels.

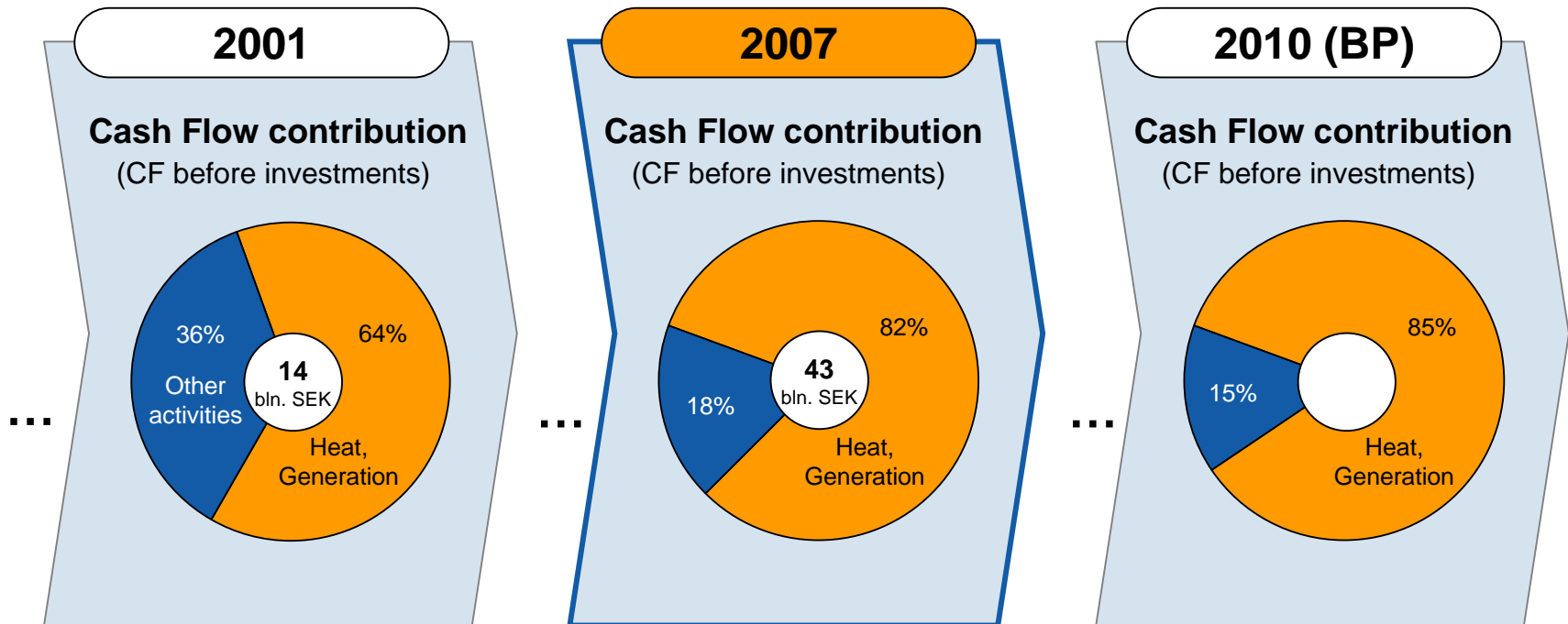


Spot and future prices, Sweden (Nordpool)

- Same drivers as on previous slide.
- Nordic dependent on Danish coal on the margin.
- Swedish and Norwegian hydro makes a difference.



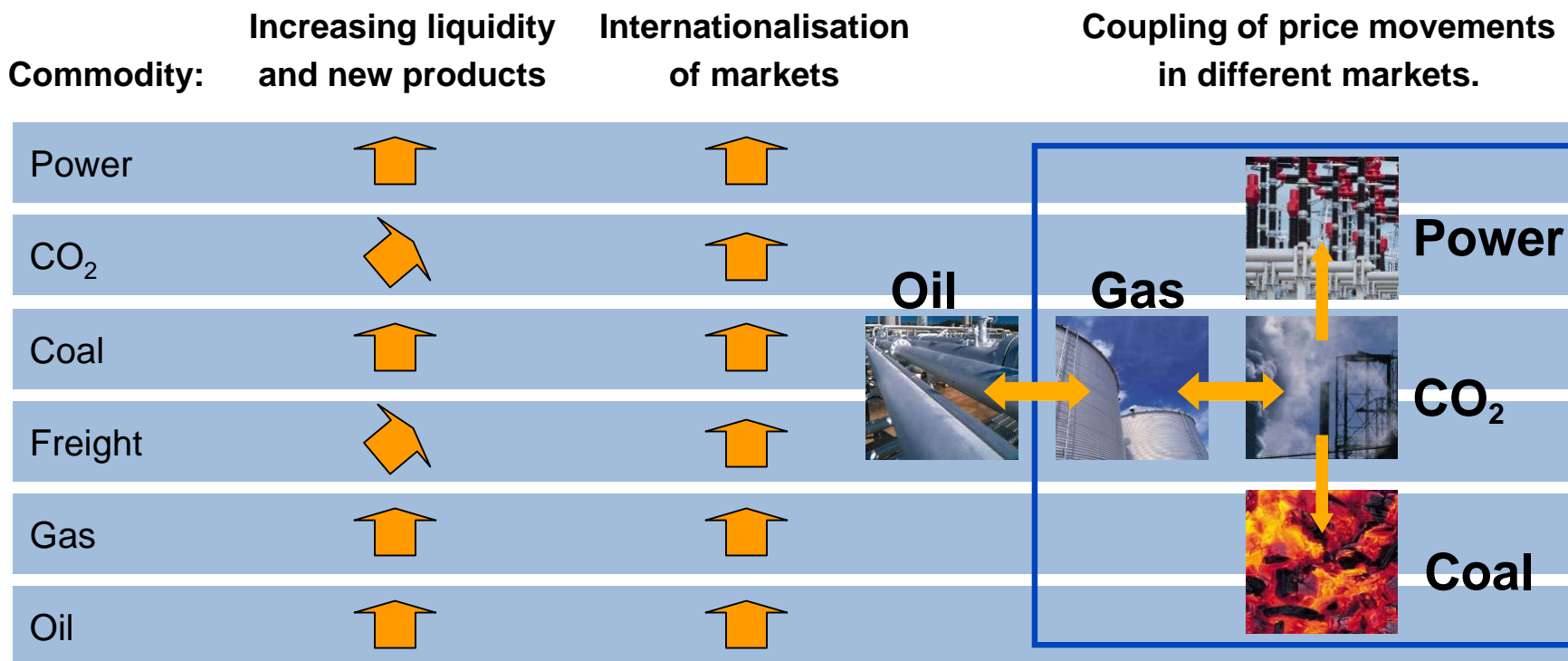
Vattenfall is developing towards a generation driven company



Generation:

- >100% cash flow contribution (after investments).
- Higher yield than average asset.

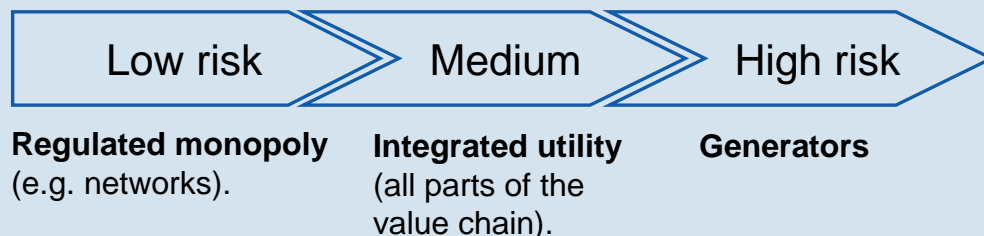
Commodity market development



- Exposure and hedging needs increases.
- Increasing number of participants in commodity trading.
- Increasing liquidity and transparency.

Risk diversification in generation business

Utility credit risk profile (traditional)

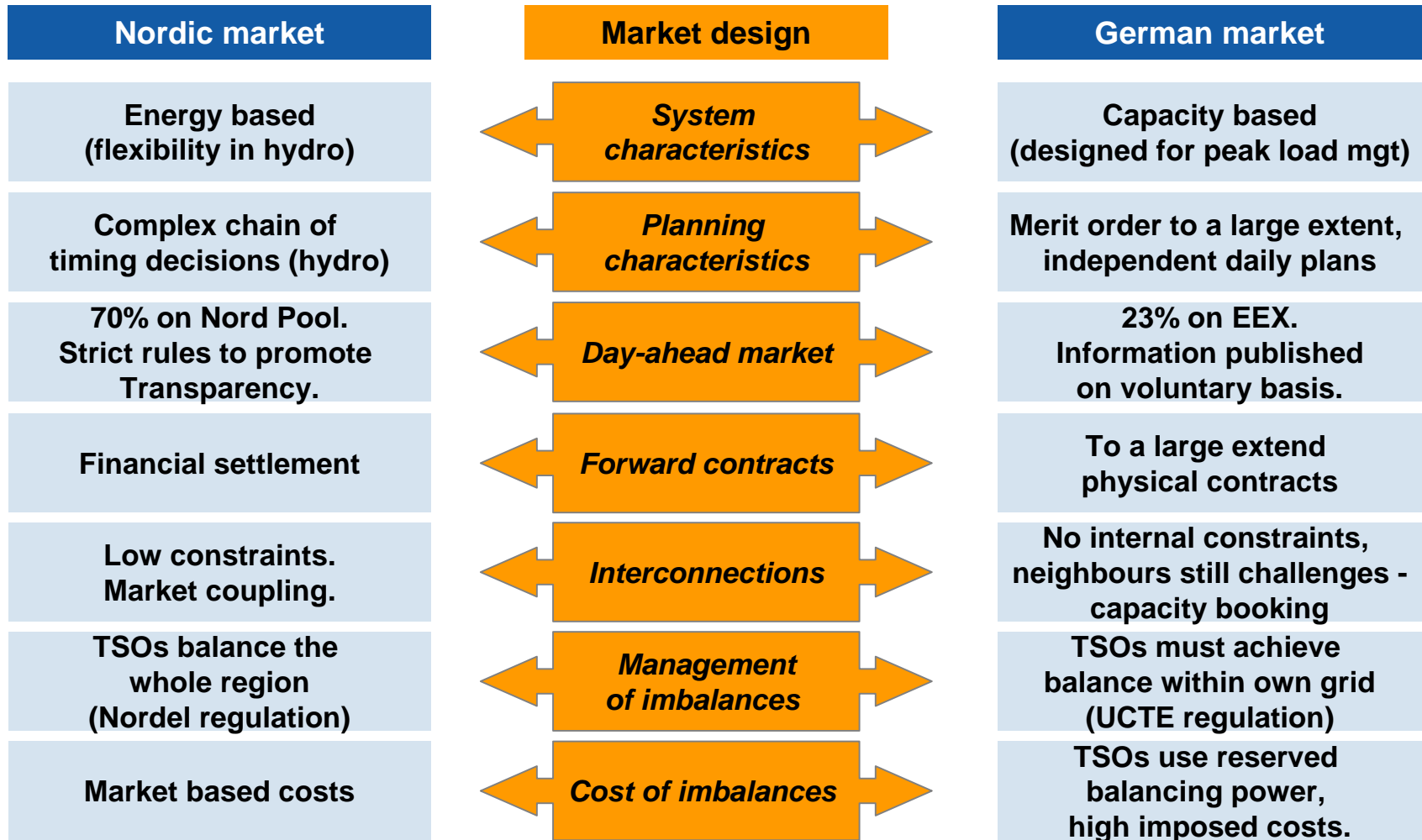


Risk diversification through well diversified portfolio

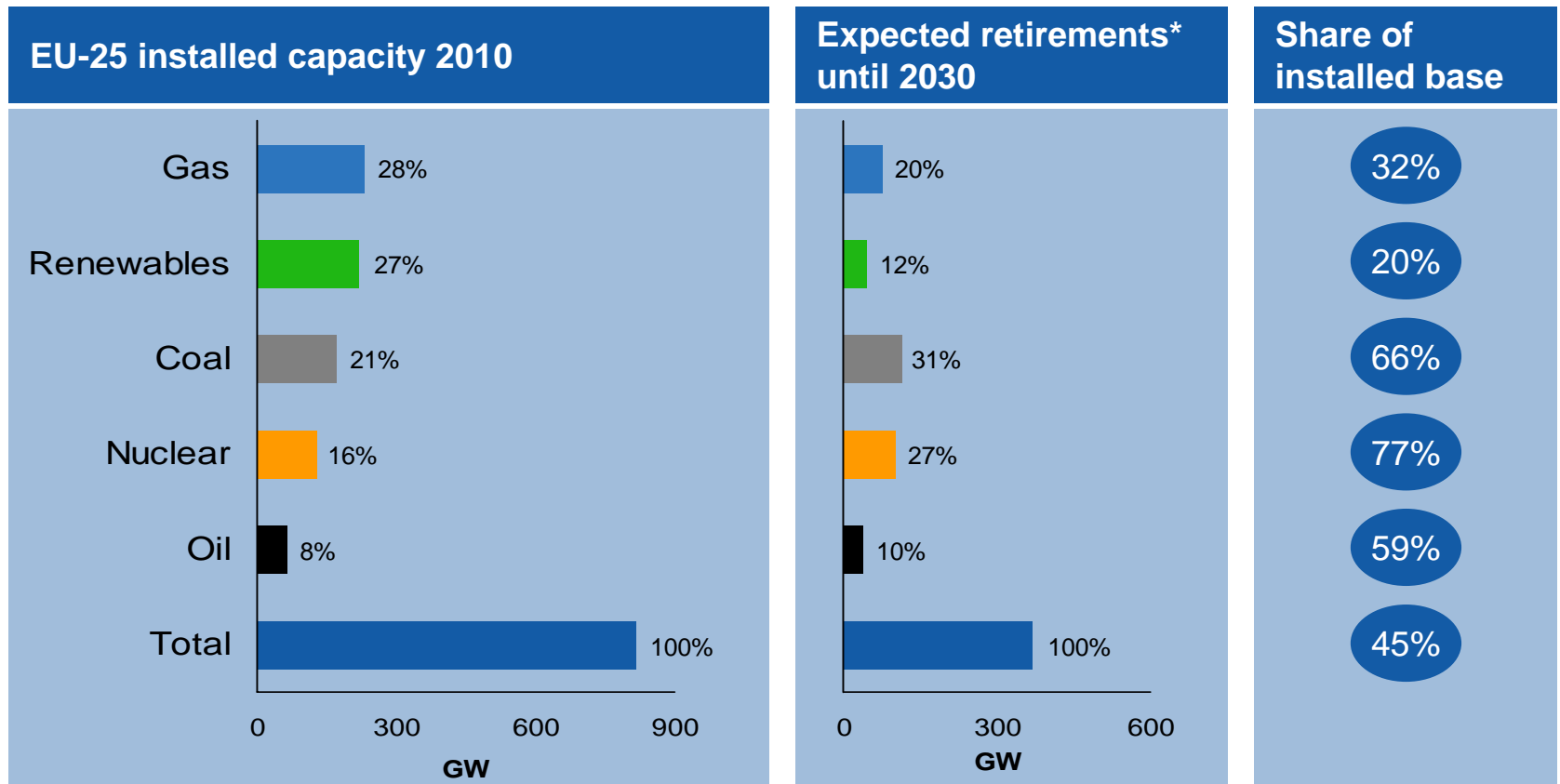
- Primarily base load (low cost, in-the-money).
- Well diversified generation mix:
 - Hydro (healthy margins, no CO₂).
 - Nuclear (healthy margins, no CO₂).
 - Fossil (low cost, own lignite mining supply).
- CO₂ emissions to be avoided through CCS.
- Balanced geographical markets (e.g. Sweden, Germany).

Although Vattenfall moves towards generation, this should not materially increase the overall risk profile compared to historical utilities.

More similarities than differences, but:



Substantial parts of the old generation assets will be retired (which facilitates the move towards low CO₂)

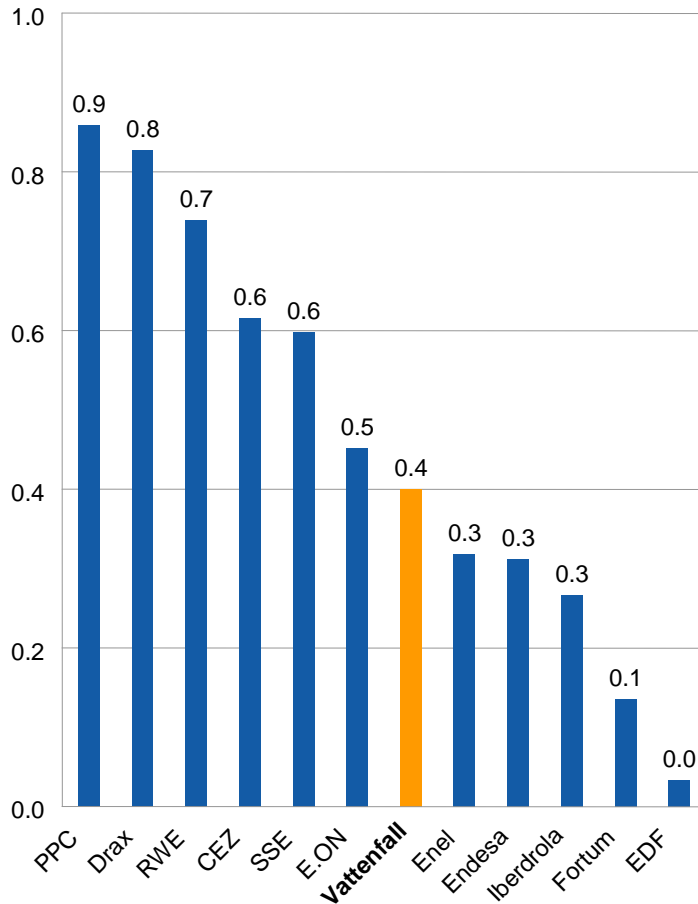


Source: Eurelectric "The role of electricity", June 2007

Low CO₂ intensity is being rewarded by capital markets

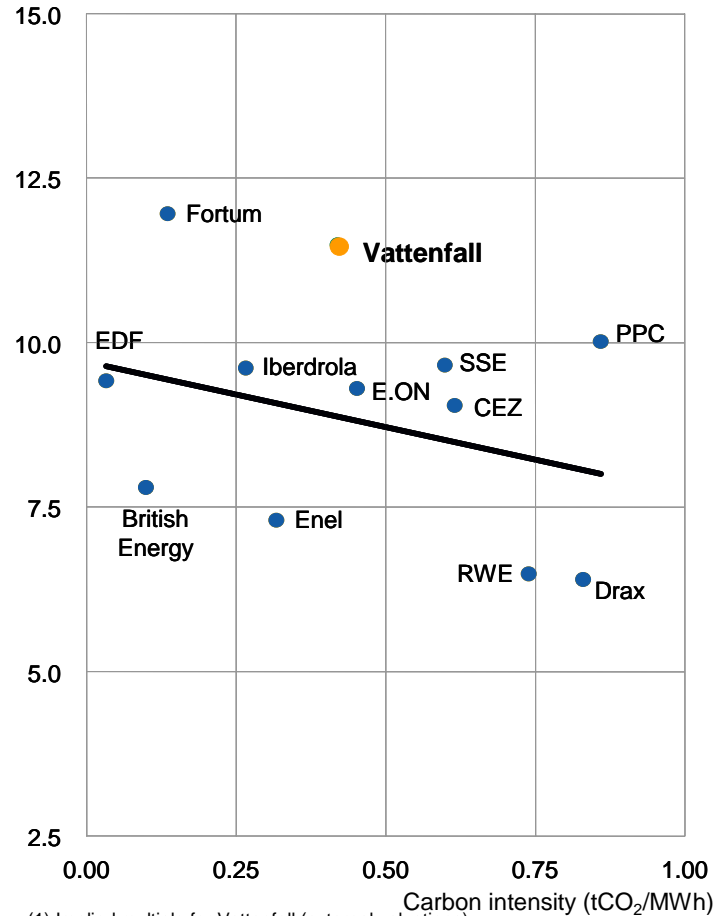
CO₂ emissions

tCO₂/MWh)



Carbon intensity vs. AV/EBITDA-multiples

2008E AV/EBITDA



(1) Implied multiple for Vattenfall (external valuations).

Very large potential in European renewables

| (TWh) | Theoretical potential (TWh) | Possible 2030 (TWh) | Comments |
|--------------|-----------------------------|---------------------|---|
| Wind | 2000 | 460 | <ul style="list-style-type: none"> • Network capacity and power regulation issues. • Permit processes. |
| Ocean Energy | 2000 | 200 | <ul style="list-style-type: none"> • High L-T potential, early stage technology. |
| Bio | 500 | 75 | <ul style="list-style-type: none"> • Forest management need to be developed (not to compromise need for food). |
| Hydro | 500 | 20 | <ul style="list-style-type: none"> • Low acceptance of new hydro in most markets • Climate change, weather (south / north Europe) |
| Others | 500 | 50 | <ul style="list-style-type: none"> • Solar or geothermal less interesting for Vattenfall's core and target markets |

Vattenfall's generation focus and strategies

Nuclear

- Core technology (large potentials, CO₂-free)
- Resources and competence for nuclear new build.
- Expansion to other geographical market/-s.
- Life-time extension and power increases of existing plants.
- World class safety standard.

Fossils

- Core technology (scale, financially attractive).
- Carbon capture and storage.

Renewables

- Expand footprint in renewable energy.
 - financially attractive.
 - support ambition to further reduce CO₂ exposure.
- Wind, hydro and bio-fuel focus.
- Capitalise on off-shore wind competence.

Key factors for market leadership

Key factor:

Examples:

1

Risk
diversification

- To cope with commodity uncertainty.
- Different geographies and regulatory regimes.
- Single asset risks.
- New technologies (CCS, renewables, nuclear).

2

Competence
management

- Retain and recruit key staff.
- Engineering competence.
- Project management competence.
- Regulatory and political competence.

3

Financial
flexibility

- Strong balance sheet.
- Ability to make long lead-time investments.
- Focus on cost and operational efficiency, proven ability to realise synergies.

- Strongly correlated with scale.
- Increasing need for pan-European rather than national/regional platform to form strong foundation.

SWOT overview for Vattenfall

Strengths

- Strong position in Northern Europe
- Strong position in base-load generation
- Large share of generation with no CO₂ emission

Opportunities

- Increasing need for new capacity
- Increasing attractiveness of clean energy assets (renewables, CCS, nuclear)
- Unexploited synergies and performance improvement

Weaknesses

- Performance culture can be further improved
- High emitter of CO₂
- Limited participation in natural gas

Threats

- Introductions of new taxes and/or increases in existing ones
- Increasing regulatory pressures, in particular in low performing parts of the value chain
- Major reduction in price levels

Operational excellence – continuation of the OPEX effort

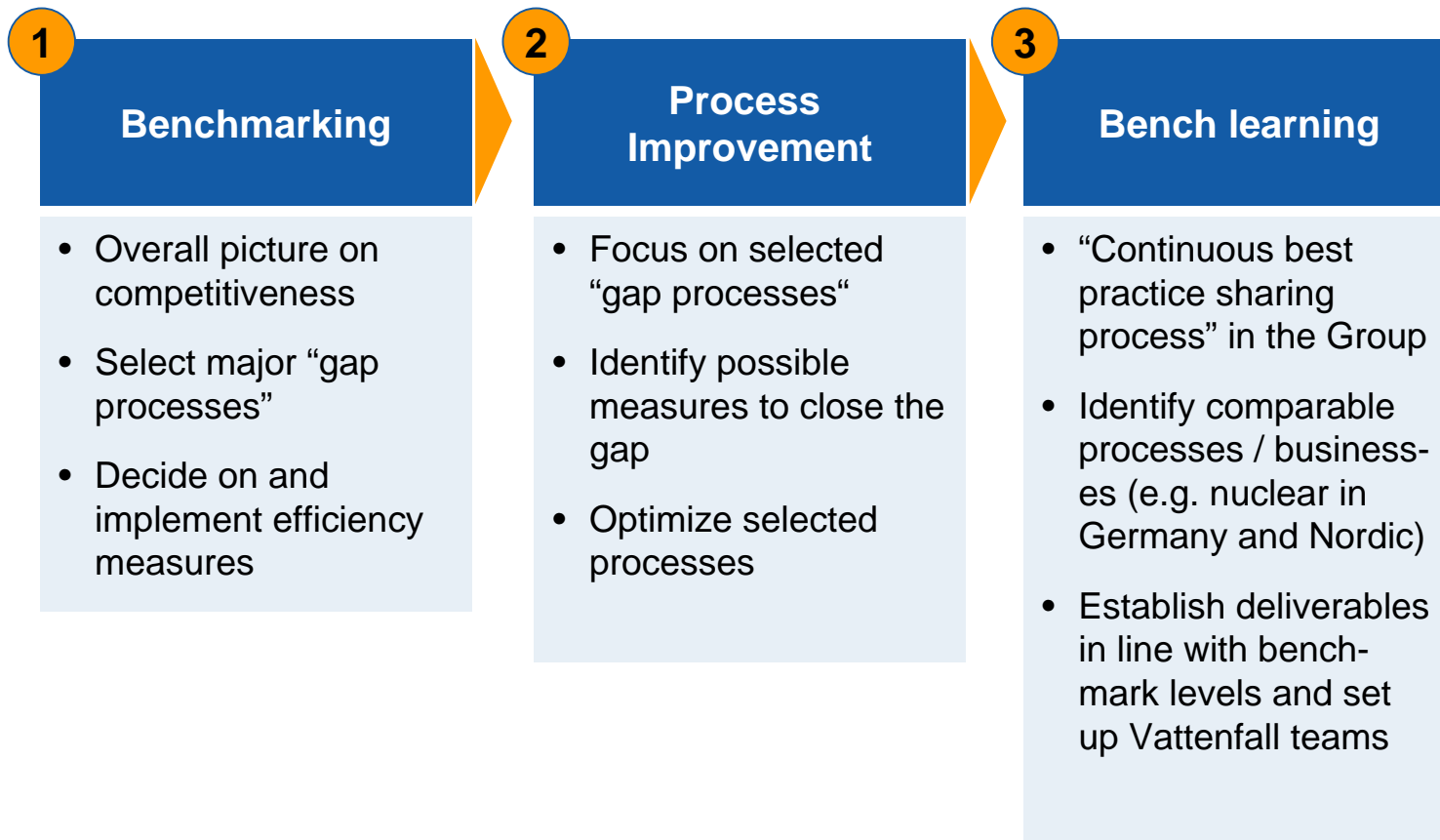
Ongoing OPEX programme

- 11% productivity increase, equalling SEK 5 bn cost reduction
- Implementation and delivery ongoing

Next steps – Continue to enhance operational excellence through continued increases in:

- Productivity
 - Increase benchmarking to clarify company position
 - Set new improvement targets according to benchmark results
 - Increase efficiency of SSCs
- Cross-border synergies
 - Work with key processes
 - Increase cooperation and learning within Group
 - Structured bench learning processes

Operational excellence – further benchmarking steps

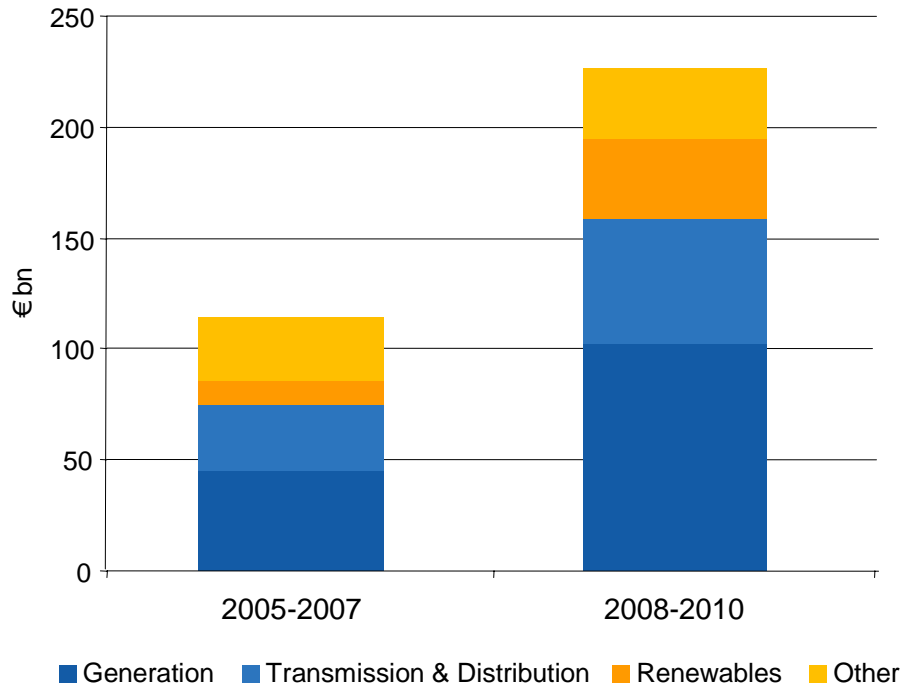


Investments

Ageing assets, increasing industry CAPEX requirements

Industry Capex: 2005-2007 vs. 2008-2010

Total Capex by Business ¹⁾



Source: Company Presentations, Brokers Reports

Note: Includes integrated utilities: E.ON, EDF, GDF_Suez, Enel, Iberdrola, RWE, Vattenfall, EDP, Scottish & Southern Energy, Union Fenosa, CEZ, Fortum and Centrica.

Challenges:

- Environmental focus.
- Availability of green field sites
- Political support
- Public perception
- Permit processes
- Project management and engineering resources.
- Equipment suppliers market.

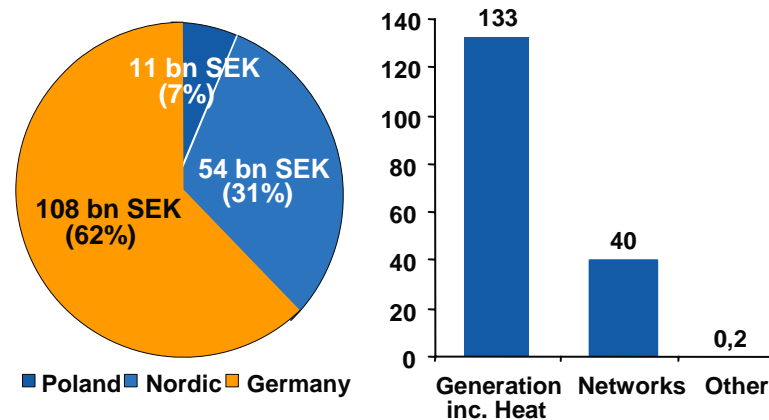
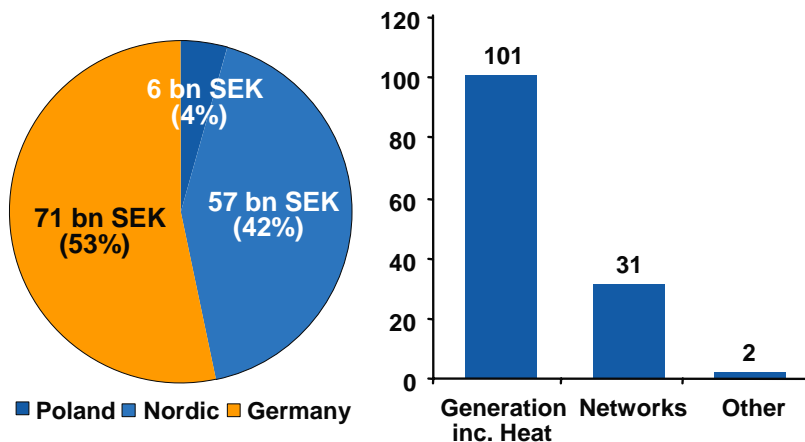
Capex plan, next five years (excluding M&A)

SEK 134 bn 2007-2011 (old plan)

- Wind power expansion.
- German Moorburg and Boxberg (fossil plants).
- Life-time extension of nuclear and lignite.
- Maintenance investments.
- Quality and safety measures.
- Strengthening networks.

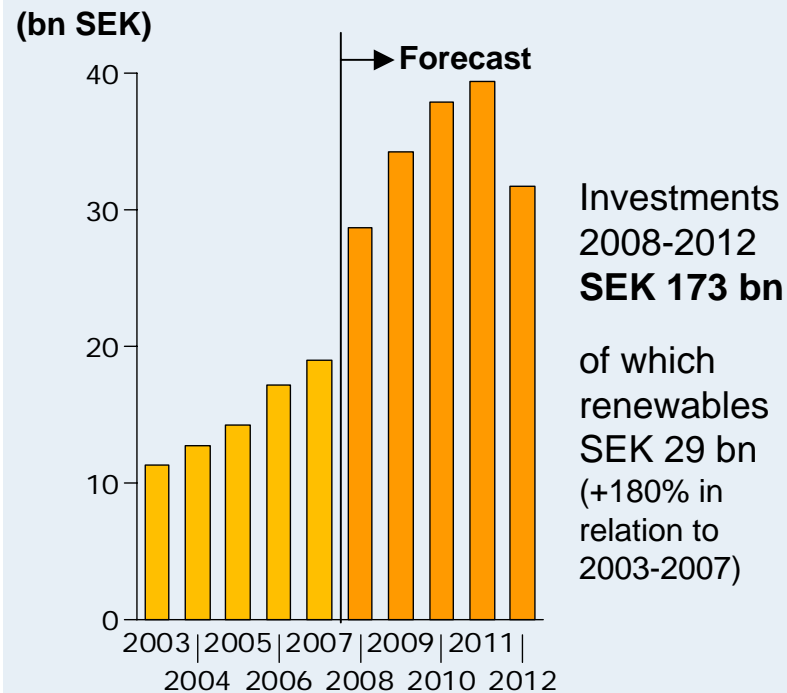
SEK 173 bn 2008-2012 (new plan)

- Further increased wind power ambition.
- Additional biomass capacity.
- Equipment cost increases.
- Additional network investments (e.g. wind power connections).



Capability to manage large investment projects important

Major increase of organic investments



Note: 2005 excluding acquisitions in Denmark

Resulting needs:

- Strengthen all elements of the process, in particular the project management capabilities
- Improve balancing of financial value creation, risk and strategic objectives in overall evaluation
- Enhance assessment on impact on overall system in evaluation of individual projects
- Create capabilities to manage and capture synergies between several simultaneous projects

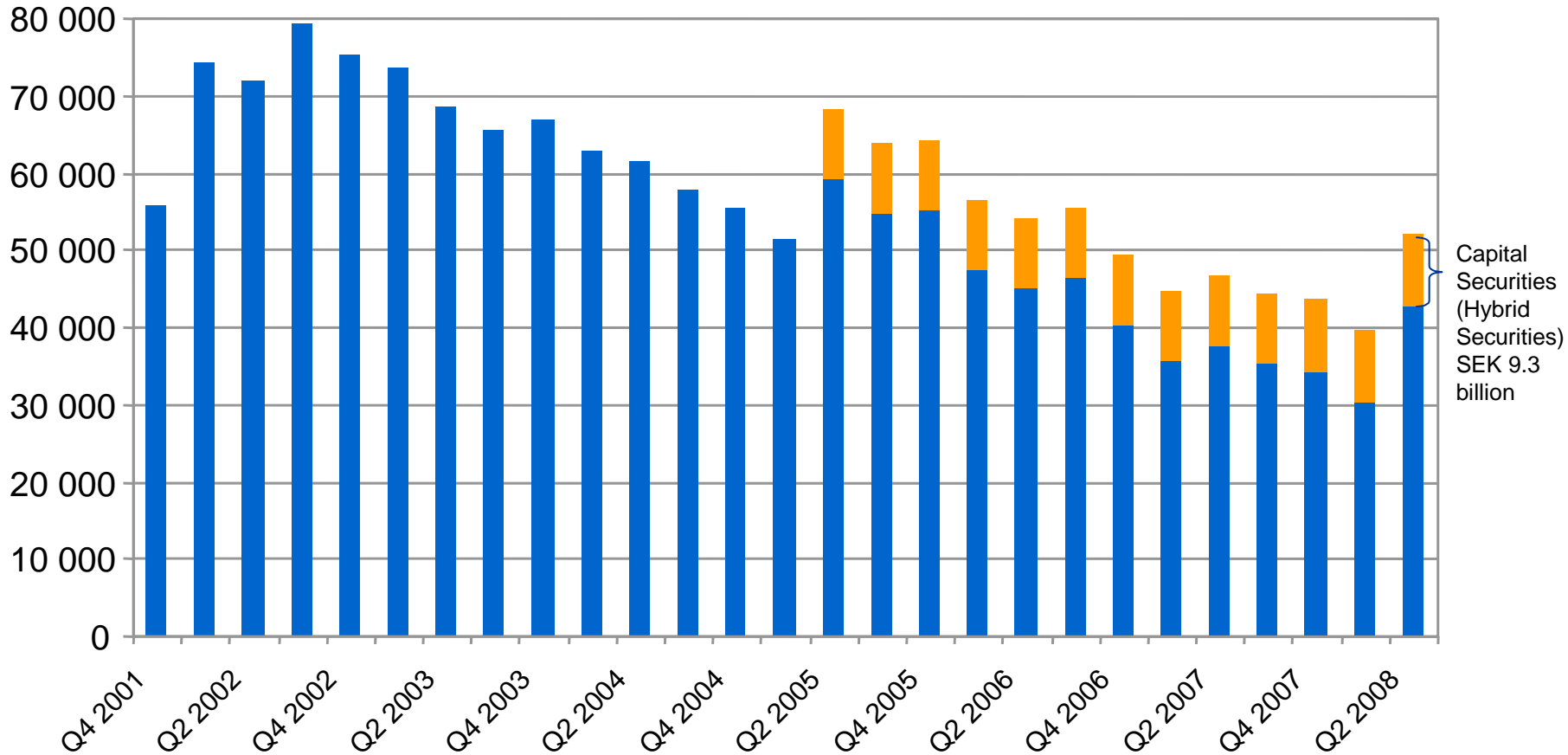
➡ Portfolio optimisation

Debt management

Net debt development

SEK million

As reported in Vattenfalls Annual and Quarterly reports

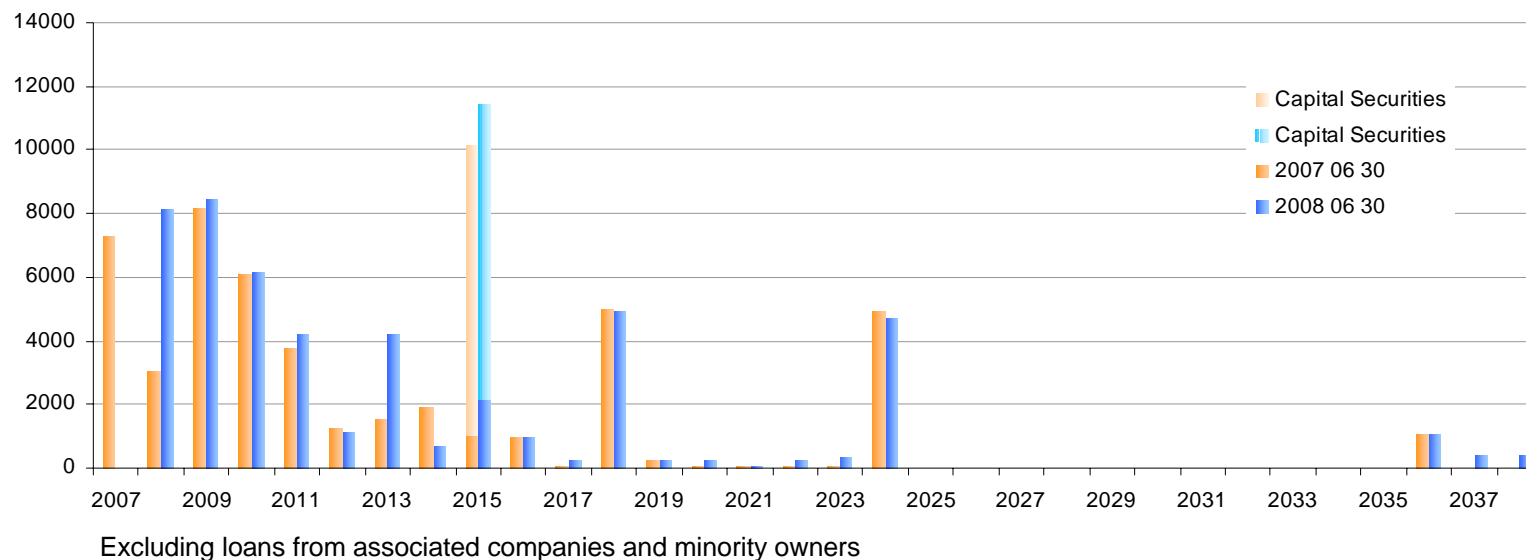


Adjusted gross and net debt

| SEK million | 30 June 2008 | 31 Dec 2007 |
|--|-----------------|----------------|
| Reported gross debt | -75 968 | -67 189 |
| Present value of net pension obligations (incl actuarial gains/losses) | -17 988 | -17 073 |
| Mining & environmental provisions | -12 230 | -11 975 |
| 50% of Hybrid securities | 4 665 | 4 671 |
| = Adjusted gross debt | -101 521 | -91 566 |
| Reported cash & short term investments | 22 896 | 22 659 |
| German nuclear "Solidarvereinbarung" | -3 217 | -3 224 |
| Minority owner's share of German nuclear subsidiaries cash position | -3 622 | -3 531 |
| = Adjusted cash & short term investments | 16 057 | 15 904 |
| = Adjusted net debt | -85 464 | -75 662 |

Gross debt maturity profile

SEK million

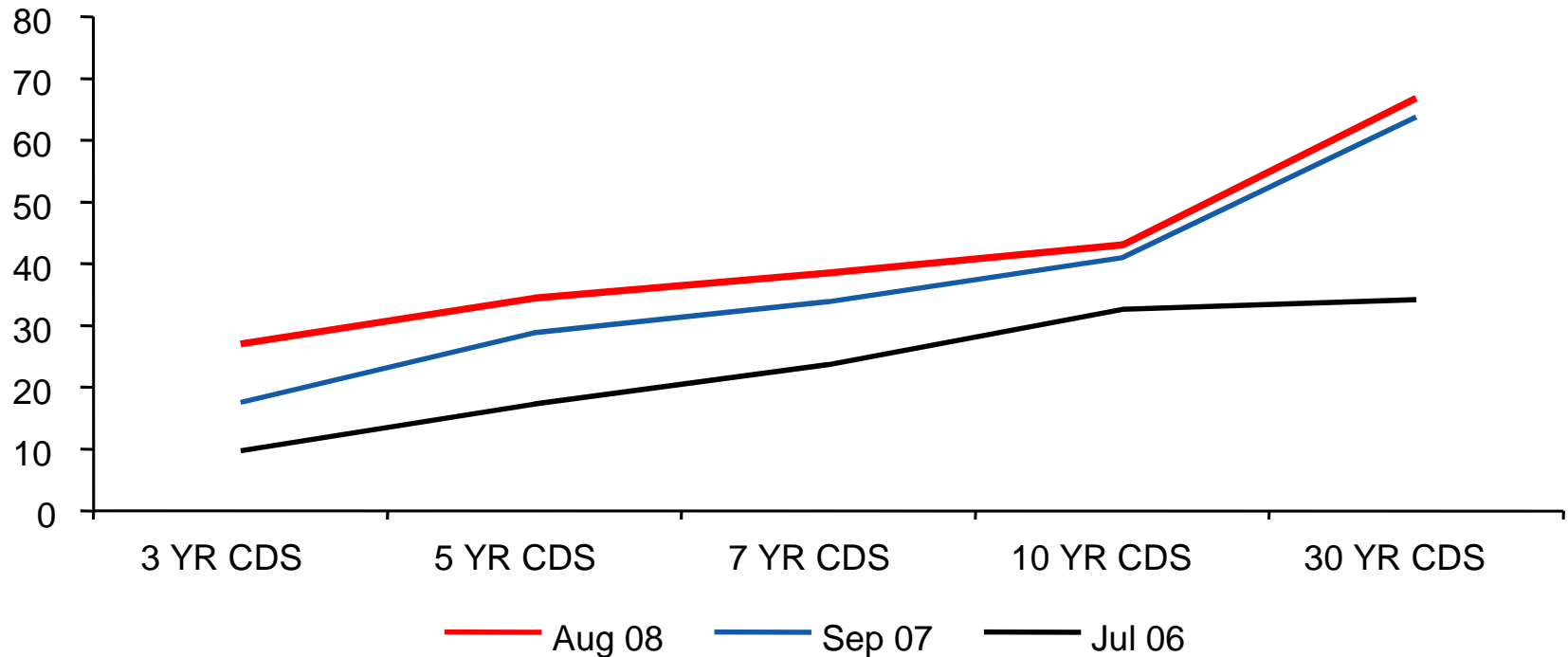


| | June 30, 2008 | June 30, 2007 |
|----------------------------------|--------------------------|---------------|
| Duration (years) | 3,0 ¹⁾ | 3,5 |
| Average time to maturity (years) | 6,1 ¹⁾ | 6,3 |

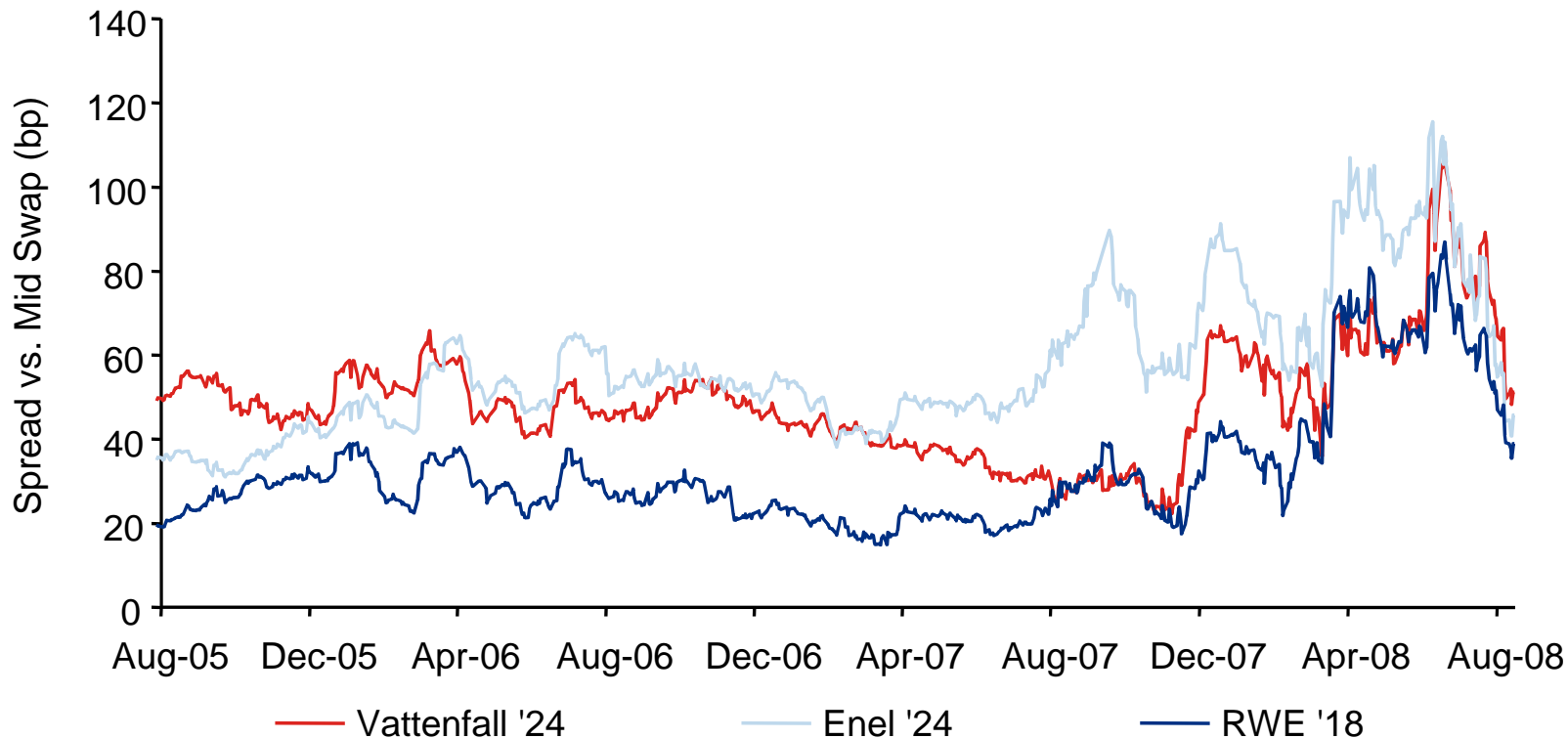
1) Based on external debt. Excluding Capital Securities the duration is 2,4 years and average time to maturity 6,0 years.

Vattenfall historical and current credit curves

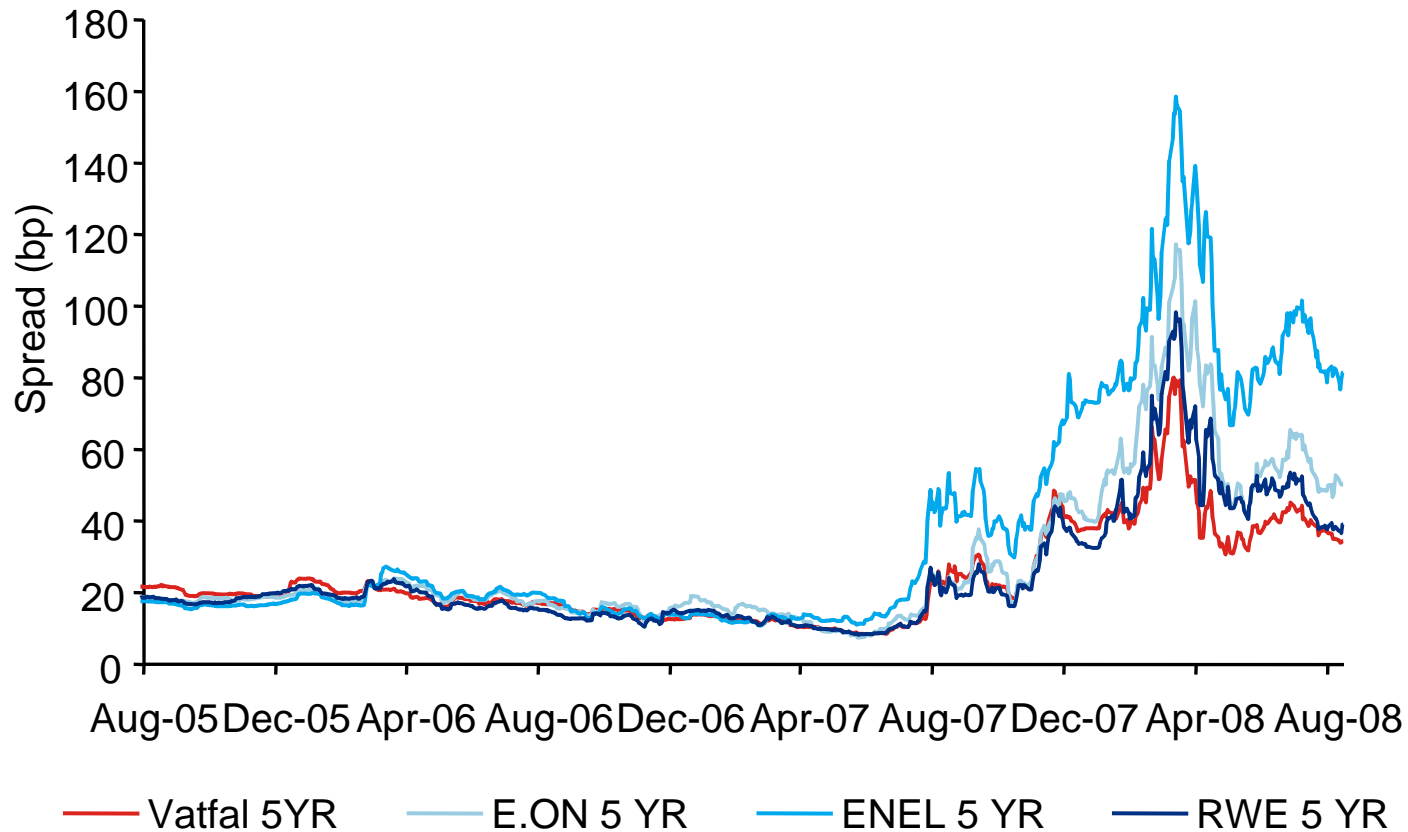
CDS Curve



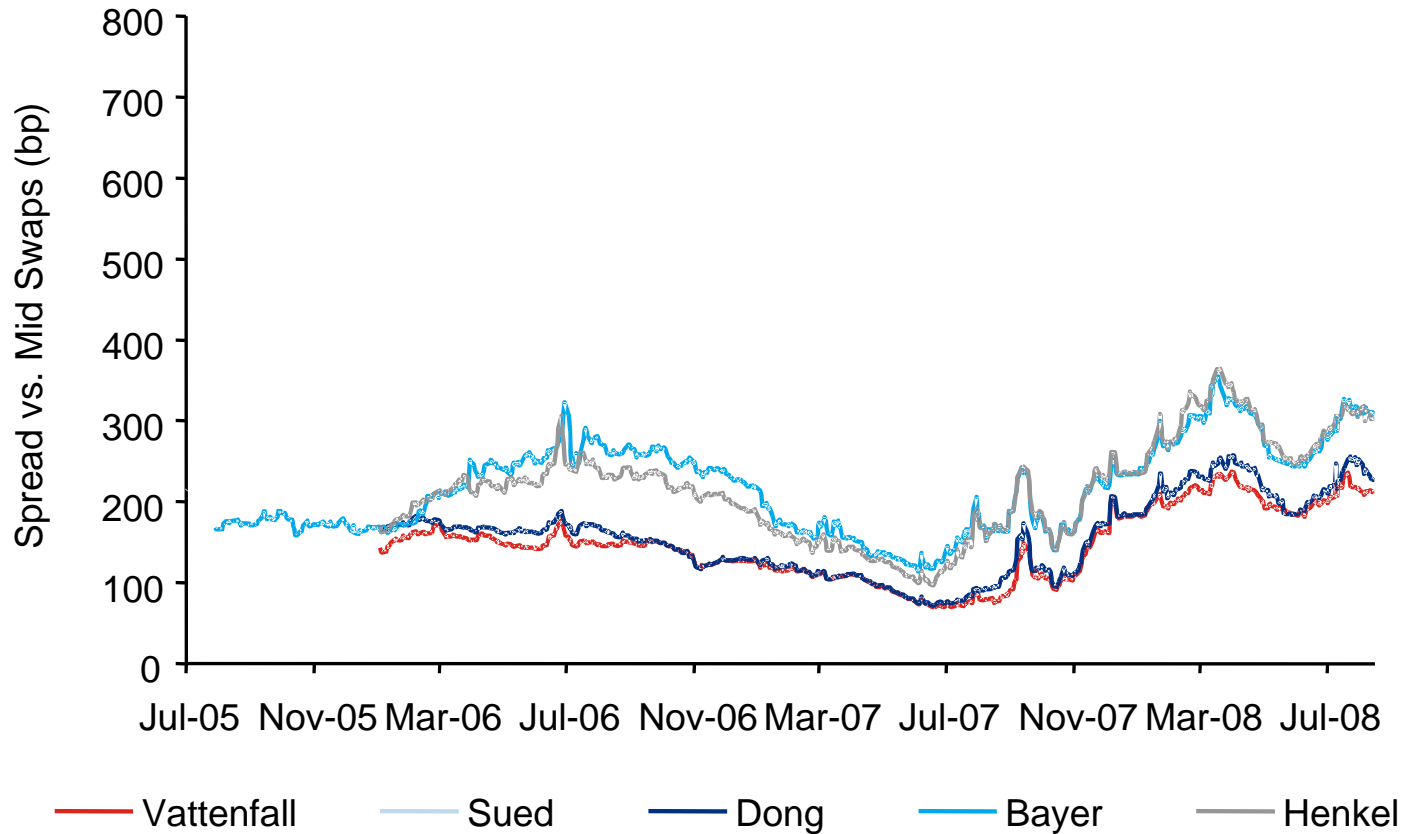
Comparable utility bond performance



Utility CDS performance



Hybrid bond performance



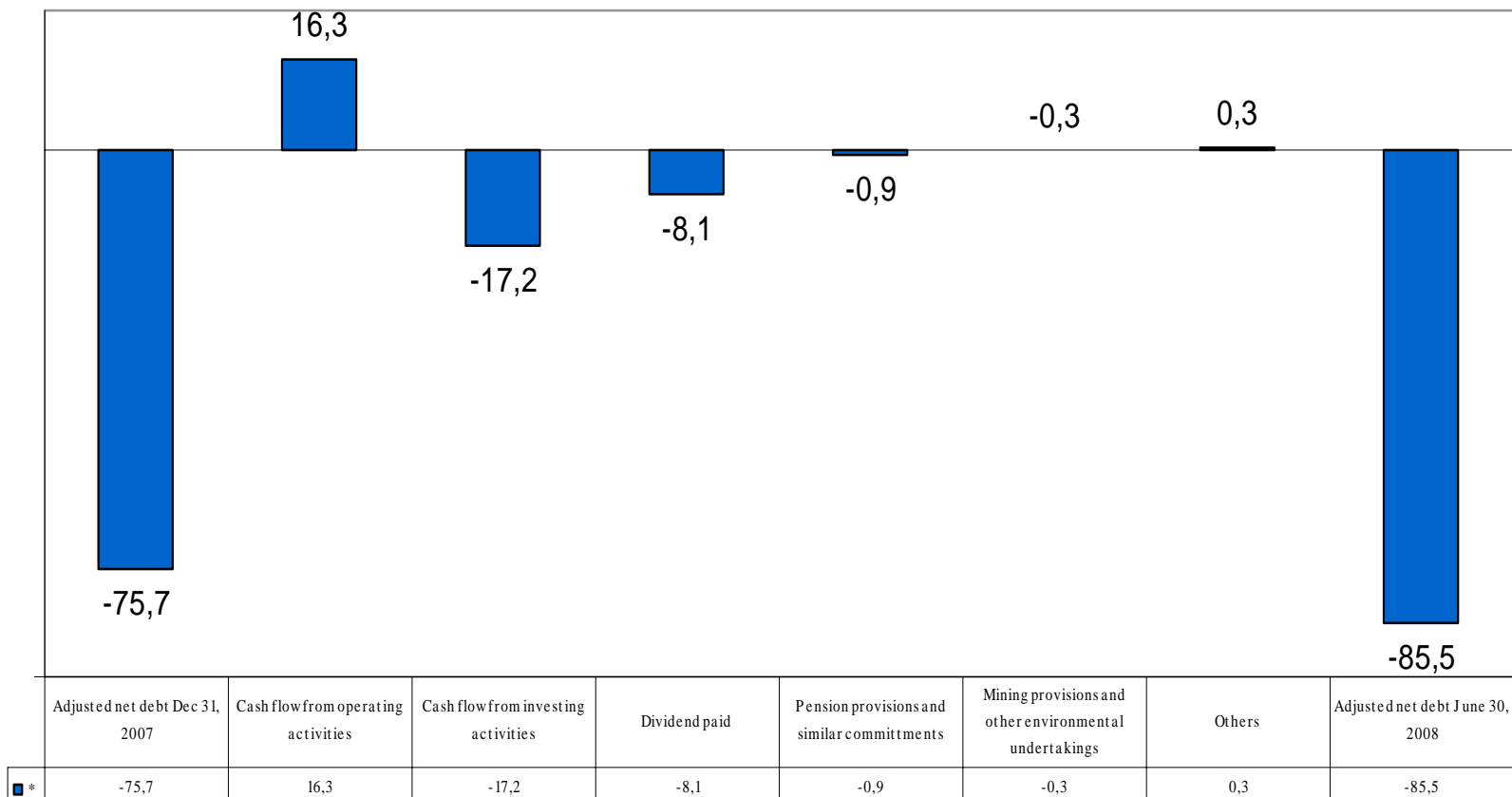
EMTN loans issued

- 2 x EUR 20m 30NC10, spread at 35 and 38 bp.
- SEK 200m 15Y, spread at 43 bp.
- SEK 100 m 3y, spread at 35 bp.
- SEK 300 m 3y, spread at 35 bp.
- SEK 200 m 10y, spread at 56 bp.
- SEK 200 m 12y, spread at 62 bp.
- CHF 200 m 7y, spread at 56 bp.
- EUR 20m 30NC10, spread at 45 bp.
- EUR 20m 30NC10, spread at 45 bp.
- SEK 500m 5y, spread 44 bp.
- EUR 20m 30NC10, spread at 38 bp.
- SEK 300 m 15y, spread at 62 bp.

Back-up

Adjusted net debt development in H1 2008

SEK billion



Break down of group debt

Amounts in SEK million

As of

June 30, 2008

| | Treasury | Germany | Poland | Nordic | Total | % |
|--|---------------|---------------|--------|--------------|---------------|------------|
| Subordinated perpetual Capital Securities | 9,330 | | | | 9,330 | 12 |
| MTN | 650 | | | | 650 | 1 |
| EMTN | 33,479 | | | | 33,479 | 44 |
| Liabilities to assoc. companies | 7,088 | 4,688 | | | 11,775 | 16 |
| Liabilities to minority shareholders | | 34 | | 6,108 | 6,142 | 8 |
| Commercial papers | 1,444 | | | | 1,444 | 2 |
| Bank loans and others | 3,905 | 5,685 | | 3,557 | 13,147 | 17 |
| Total | 55,896 | 10,407 | | 9,665 | 75,968 | 100 |