Vattenfall Capital Markets Day 2006

Financial Review

Presentation by

Matts Ekman
CFO

Gothenburg, 9 August 2006
Content

1. Q2 results 2006 & Gap analysis
2. Regulated vs competitive business
3. Capital expenditures
4. Financial targets & Credit rating
5. Funding & Bond performance

• Appendices
Highlights – Q2 results 2006

Net sales increased
by 30.0 % to 38,070 MSEK (29,292)

EBIT increased
by 15.5 % to 5,697 MSEK (4,933) *

Profit after tax increased
by 16.5 % to 3,399 MSEK (2,917)

Net debt decreased
by 2,295 MSEK during Q2 to 54,179 MSEK

* Excl IAC = items affecting comparability
Highlights – H1 results 2006

Net sales increased
by 22.0 % to 78,502 MSEK (64,328)

EBIT increased
by 29.5 % to 18,132 MSEK (14,002) *

Profit after tax increased
by 34.1 % to 11,378 MSEK (8,486)

* Excl IAC = items affecting comparability
Highlights – H1 results 2006

Return on Net Assets excl. IAC* was
17.7 % LTM (FY 2005: 15.8)

Return on Equity excl IAC* was
20.2 % LTM (FY 2005: 19.4)

Decrease in net debt by SEK 10.1 bn to
SEK 54.2 bn (64.3 at 31 Dec. 2005)

* IAC = items affecting comparability
Best second quarter ever

Quarterly figures, SEK million

- **HEW consolidated**
- **Bewag consolidated**
- **GZE consolidated**

- Quarterly figures SEK m, excluding items affecting comparability
- Rolling 4 quarter figures SEK m, excluding items affecting comparability
Q2 2006 – EBIT by primary segment (regions)

MSEK

-500

0

500

1,000

1,500

2,000

2,500

3,000

3,500

Nordic

Germany

Poland

Other

2006

2005
Q2 2006 – EBIT by secondary segment (businesses)

MSEK

Generation
Markets
Networks
Heat
Other

-1,000
-500
0
500
1,000
1,500
2,000
2,500
3,000
3,500
4,000
4,500
5,000

2006
2005
## Consolidated income statement - Q2 2006

<table>
<thead>
<tr>
<th>Amounts in MSEK</th>
<th>Q2 2006 IFRS</th>
<th>Q2 2005 IFRS</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>38,070</td>
<td>29,292</td>
<td>30.0</td>
</tr>
<tr>
<td>Cost of products sold</td>
<td>-29,583</td>
<td>-20,275</td>
<td>43.3</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td><strong>8,487</strong></td>
<td><strong>9,017</strong></td>
<td><strong>-5.9</strong></td>
</tr>
<tr>
<td>Operating profit (EBIT)</td>
<td><strong>5,834</strong></td>
<td><strong>4,906</strong></td>
<td><strong>18.9</strong></td>
</tr>
<tr>
<td>Operating profit, excl. IAC</td>
<td><strong>5,697</strong></td>
<td><strong>4,933</strong></td>
<td><strong>15.5</strong></td>
</tr>
<tr>
<td>Financial income</td>
<td>681</td>
<td>592</td>
<td>15.0</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>-1,240</td>
<td>-1,375</td>
<td>-9.8</td>
</tr>
<tr>
<td><strong>Financial net</strong></td>
<td><strong>-559</strong></td>
<td><strong>-783</strong></td>
<td><strong>28.6</strong></td>
</tr>
<tr>
<td>Profit before taxes</td>
<td><strong>5,275</strong></td>
<td><strong>4,123</strong></td>
<td><strong>27.9</strong></td>
</tr>
<tr>
<td>Taxes</td>
<td>-1,876</td>
<td>-1,206</td>
<td>-55.6</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td><strong>3,399</strong></td>
<td><strong>2,917</strong></td>
<td><strong>16.5</strong></td>
</tr>
</tbody>
</table>

* IAC = items affecting comparability
GAP-analysis (annualised) vs. long term requirement: 11% RoNA
- Gross cash flow has continued to improve.

- 2005: growth acquisition in Denmark (Elsam).

Free cash flow from operations - Rolling 4 quarter (1)
Cash flow before financing activities - Rolling 4 quarter

(1) Cash Flow from operating activities minus reinvestments

1) Figures according to Sw GAAP until Q4 2004.
2) Figures according to IFRS from Q1 2005.
EBIT and GAP - BG Vattenfall Nordic

* AC Q2 (rolling 12-months)
EBIT and GAP - BG Vattenfall Europe

AC Q2 (rolling 12-months)

- EBIT
- GAP
EBIT and GAP - BG Vattenfall Poland

* AC Q2 (rolling 12-months)
EBIT and GAP - Electricity Generation

* AC Q2 (rolling 12-months)
EBIT and GAP - Electricity Markets
(incl. Sales & Energy Trading)

* AC Q2 (rolling 12-months)
EBIT and GAP - Electricity Networks

AC Q2 (rolling 12-months)
EBIT and GAP - Heat

* AC Q2 (rolling 12-months)
2. Regulated vs. competitive business
External Sales 2004-2005

- Generation
- Market
- Electricity networks
- Heat
- Other

2004:
- Generation: 13%
- Market: 44%
- Electricity networks: 27%
- Heat: 5%
- Other: 11%

2005:
- Generation: 11%
- Market: 41%
- Electricity networks: 28%
- Heat: 11%
- Other: 8%
EBIT (excl IAC), 2004-2005

- Generation: 65% (2004), 68% (2005)
- Other: -5% (2004), -20% (2005)
Cash flow (EBITDA), 2004-2005

2004
- Generation: 58%
- Market: 16%
- Electricity networks: 30%
- Heat: 0%
- Other: 0%

2005
- Generation: 61%
- Market: 17%
- Electricity networks: 24%
- Heat: 2%
- Other: 0%
3. Capital expenditures
Investments – break down by regions

- Nordic
- Germany
- Poland
- Other

2004

2005

MSEK

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Investments – break down by category

- Share purchase, Elsam A/S SEK 10.3 bn

<table>
<thead>
<tr>
<th>Year</th>
<th>MSEK</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>10 000</td>
</tr>
<tr>
<td>2005</td>
<td>30 000</td>
</tr>
</tbody>
</table>

- Generation
- Heat
- Distribution
- Acquisitions
Sharply increased cap ex programme

104 MSEK 2006-2010

- SEK 54 bn (52%)
- SEK 42 bn (41%)
- SEK 8 bn (7%)

BG Poland
BG Nordic
BG Germany

Generation (incl. Heat) 70
Networks 29
Miscellaneous 5

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Furthermore, increased ambition within renewables

- 18 May 2006, Vattenfall announced its ambition to invest 10 TWh renewable electricity production until 2016

Identified possible projects:
- Hydro power: approx. 2 TWh
- Biofuel based: approx. 0.5 TWh
- Wind power: 7 - 8 TWh

- Total investment sum approx. SEK 40 billions
Prerequisites for investments in renewables

- Profitability
- Stable support systems (electricity certificates)
- Necessary approvals
  - Ownership issues
  - Wind power
    - Geographical area instead of exact coordinates
    - Co-ordination re. areas identified by the Sw. Energy Agency and County governments
  - Hydro power
    - Reappraisal instead of new approval process
  - Heat
    - Harmonization and education among local county governments
- Faster handling times in connection with approvals and appeals
- Transmission capacity on the national grid
- Sufficient resources with all authorities concerned
- Supplier’s resources and delivery capacities
4. Financial targets & Credit rating
New financial targets decided by AGM 27 April 2006

• Dividend policy:
  “The dividend payout ratio shall, in the long-term, correspond to 40-60% of the profit for the year. However, at annual dividend decisions, the company's strategy implementation, financial position and other financial targets shall be taken into consideration” 
  Previously: 1/3 of profit for the year.

• Return on equity:
  Long-term profitability goal 15% on average equity after tax. 
  Previously: 15% on equity position as of 1 January.

• Interest coverage:
  New ratio: cash flow interest coverage ratio after maintenance investments of 3.5-4.5 times. 
  Previously: EBIT interest coverage of 3.5 to 5 times.

• Rating target
  To maintain a credit rating in the single A category. 
  Unchanged
### Financial targets – outcome Q2 2006

<table>
<thead>
<tr>
<th>Key Ratio</th>
<th>Targets</th>
<th>Q2 2006</th>
<th>Q1 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Equity (RoE)</td>
<td>15 % on average equity</td>
<td>20.2*</td>
<td>20.9*</td>
</tr>
<tr>
<td>Return on Net Assets (RoNA, excl. IAC)</td>
<td>11 % before tax (= 15 % RoE recalculated into the Groups RoNA requirement)</td>
<td>17.7*</td>
<td>17.4*</td>
</tr>
<tr>
<td>Cash flow interest coverage after maintenance investments</td>
<td>3.5 – 4.5 times</td>
<td>10.2</td>
<td>10.3</td>
</tr>
<tr>
<td>Credit Rating</td>
<td>Single A category rating</td>
<td>Unchanged **)</td>
<td>A2/A- Positive outlook</td>
</tr>
</tbody>
</table>

*) Last 12 Months  
**) Moody’s rating outlook changed to stable on 27 July 2006
Moody’s changed rating outlook to stable

On 27 July 2006, Moody’s has changed the rating outlook from positive to stable to reflect:

1. the company’s recently announced large-scale SEK104 billion investment programme
2. additional investments associated with Vattenfall’s intention to invest in renewable assets;
3. the impact of an expected harsher regulatory regime in Germany and, to a lesser extent, Sweden; and
4. the growth strategy of the group.
Moody’s credit opinion 28 July 2006

Credit Strengths for Vattenfall are:

• Strong market position as Scandinavia's largest electric utility and a leading player in Northern Europe

• Diversified business mix including regulated network and district heating business

• Significant financial flexibility.

Credit Challenges for Vattenfall are:

• Event risk related to growth-oriented management strategy

• Commodity risk exposure, as Vattenfall remains long in generation in both Sweden and Germany

• Regulatory, environmental and political risks in a number of markets.
### Moody’s - debt adjustments

<table>
<thead>
<tr>
<th>SEK billion</th>
<th>Interest expense</th>
<th>Dividends paid</th>
<th>Gross debt</th>
<th>Net debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As reported (note 1)</td>
<td>2.96</td>
<td>5.78</td>
<td>78.66</td>
<td>64.34</td>
</tr>
<tr>
<td>Pensions</td>
<td>0.50</td>
<td>-</td>
<td>14.22</td>
<td>14.22</td>
</tr>
<tr>
<td>Operating leases</td>
<td>0.21</td>
<td>-</td>
<td>3.78</td>
<td>3.78</td>
</tr>
<tr>
<td>Hybrid securities (note 2)</td>
<td>-0.18</td>
<td>0.18</td>
<td>-6.95</td>
<td>-6.95</td>
</tr>
<tr>
<td>Loans to minority owners in foreign subsidiaries (note 3)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.25</td>
</tr>
<tr>
<td>Funds blocked as security for trading on energy exchanges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.25</td>
</tr>
<tr>
<td>Funds set aside as security for nuclear accidents</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3.20</td>
</tr>
<tr>
<td>As adjusted (note 4)</td>
<td>3.49</td>
<td>5.96</td>
<td>89.71</td>
<td>81.09</td>
</tr>
</tbody>
</table>

**Difference vs reported by Vattenfall:**

+ 11.05  
+ 16.75

**Source:** Moody’s report 2006
5. Funding
Net debt continued to decrease in Q2 2006

Capital Securities 9.1 billion

Vattenfall Capital Markets Day 9 August 2006
Vattenfall debt maturity profile

Excluding loans from associated companies and minority owners

<table>
<thead>
<tr>
<th>Year</th>
<th>June 30, 2006</th>
<th>June 30, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duration (years)</td>
<td>3,4 1)</td>
<td>3,3</td>
</tr>
<tr>
<td>Average time to maturity (years)</td>
<td>6,3 1)</td>
<td>6,4</td>
</tr>
<tr>
<td>Net debt (SEK bn)</td>
<td>54,2</td>
<td>68,3</td>
</tr>
</tbody>
</table>

1) Based on external debt. Excluding Capital Securities the duration is 2,6 years and average time to maturity 5,8 years.
Vattenfall historical and current credit curves

Source: Citigroup
Comparable utility bond performance

Source: Citigroup

Spread vs Mid Swaps (bp)

- Vattenfall '24
- ENEL '24
- RWE '18
Utility CDS performance

GM/Ford Downgrades
Vattenfall announce their intent to issue a Capital Security
M&A activity headlines dominate the utility sector
Worldwide equity volatility

Spread (bp)

Jan-05 Apr-05 Jul-05 Oct-05 Jan-06 Apr-06 Jul-06

Vattenfall 5 YR  E.ON 5 YR  ENEL 5 YR  RWE 5 YR

Source: Citigroup
Hybrid bond performance

Source: Citigroup
Conclusions

• Strong financial position

• Continued strong earnings but sharply higher cap ex going forward

• Harsher grid regulation and higher taxes expected to burden profits & cash flow

• No immediate funding need

• Vattenfall bonds have performed well

• Commitment to maintain single A category rating
Back-up slides
## Consolidated income statement - H1 2006

<table>
<thead>
<tr>
<th>Amounts in MSEK</th>
<th>H1 2006 IFRS</th>
<th>H1 2005 IFRS</th>
<th>Change %</th>
<th>LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>78,502</td>
<td>64,328</td>
<td>22.0</td>
<td>143,332</td>
</tr>
<tr>
<td>Cost of products sold</td>
<td>-55,342</td>
<td>-45,190</td>
<td>22.5</td>
<td>-103,788</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td><strong>23,160</strong></td>
<td><strong>19,138</strong></td>
<td>21.0</td>
<td><strong>39,544</strong></td>
</tr>
<tr>
<td>Operating profit (EBIT)</td>
<td><strong>18,523</strong></td>
<td><strong>13,998</strong></td>
<td>32.3</td>
<td><strong>32,096</strong></td>
</tr>
<tr>
<td>Operating profit, excl. IAC</td>
<td><strong>18,132</strong></td>
<td><strong>14,002</strong></td>
<td>29.5</td>
<td><strong>28,715</strong></td>
</tr>
<tr>
<td>Financial income</td>
<td>1,478</td>
<td>1,136</td>
<td>30.0</td>
<td>4,152</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>-2,516</td>
<td>-2,509</td>
<td>0.3</td>
<td>-5,228</td>
</tr>
<tr>
<td>Financial net</td>
<td>-1,038</td>
<td>-1,373</td>
<td>24.4</td>
<td>-1,076</td>
</tr>
<tr>
<td><strong>Profit before taxes</strong></td>
<td><strong>17,485</strong></td>
<td><strong>12,625</strong></td>
<td>38.5</td>
<td><strong>31,020</strong></td>
</tr>
<tr>
<td>Taxes</td>
<td>-6,107</td>
<td>-4,139</td>
<td>47.5</td>
<td>-7,610</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td><strong>11,378</strong></td>
<td><strong>8,486</strong></td>
<td>34.1</td>
<td><strong>23,410</strong></td>
</tr>
</tbody>
</table>

* IAC = items affecting comparability
<table>
<thead>
<tr>
<th>Amounts in MSEK</th>
<th>30/6/06</th>
<th>30/6/05</th>
<th>Change</th>
<th>31/12/05</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IFRS</td>
<td>IFRS</td>
<td>%</td>
<td>IFRS</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>259,325</td>
<td>260,230</td>
<td>0.3</td>
<td>259,964</td>
</tr>
<tr>
<td>Current assets</td>
<td>79,962</td>
<td>64,806</td>
<td>23.4</td>
<td>70,457</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>339,287</strong></td>
<td><strong>325,036</strong></td>
<td><strong>10.4</strong></td>
<td><strong>330,421</strong></td>
</tr>
<tr>
<td>Equity</td>
<td>92,865</td>
<td>82,041</td>
<td>13.2</td>
<td>90,909</td>
</tr>
<tr>
<td>Capital Securities</td>
<td>9,074</td>
<td>9,248</td>
<td>-1.9</td>
<td>9,268</td>
</tr>
<tr>
<td>Interest-bearing liabilities</td>
<td>59,968</td>
<td>78,110</td>
<td>-23.2</td>
<td>69,395</td>
</tr>
<tr>
<td>Interest-bearing provisions</td>
<td>46,899</td>
<td>45,787</td>
<td>2.4</td>
<td>47,691</td>
</tr>
<tr>
<td>Pension provisions</td>
<td>17,211</td>
<td>17,337</td>
<td>-0.7</td>
<td>17,432</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>45,935</td>
<td>44,745</td>
<td>2.7</td>
<td>42,002</td>
</tr>
<tr>
<td>Other non-interest-bearing liabilities</td>
<td>67,335</td>
<td>47,768</td>
<td>40.9</td>
<td>53,724</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td><strong>339,287</strong></td>
<td><strong>325,036</strong></td>
<td></td>
<td><strong>330,421</strong></td>
</tr>
</tbody>
</table>
## Break down of group debt, 30 June 2006

Amounts in SEK million

<table>
<thead>
<tr>
<th></th>
<th>Treasury</th>
<th>Germany</th>
<th>Poland</th>
<th>Nordic</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subordinated perpetual</td>
<td>9,074</td>
<td></td>
<td></td>
<td></td>
<td>9,074</td>
<td>13</td>
</tr>
<tr>
<td>Capital Securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial papers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MTN</td>
<td>1,238</td>
<td></td>
<td></td>
<td></td>
<td>1,238</td>
<td>2</td>
</tr>
<tr>
<td>EMTN</td>
<td>36,119</td>
<td></td>
<td></td>
<td></td>
<td>36,119</td>
<td>52</td>
</tr>
<tr>
<td>Liabilities to</td>
<td>9,211</td>
<td></td>
<td></td>
<td></td>
<td>9,211</td>
<td>13</td>
</tr>
<tr>
<td>assoc. companies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities to</td>
<td>122</td>
<td>4,635</td>
<td></td>
<td></td>
<td>4,757</td>
<td>7</td>
</tr>
<tr>
<td>minority shareholders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans and others</td>
<td>461</td>
<td>7,867</td>
<td>5</td>
<td>310</td>
<td>8,643</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>46,892</td>
<td>17,200</td>
<td>5</td>
<td>4,945</td>
<td>69,042</td>
<td>100</td>
</tr>
</tbody>
</table>
### Break down of group liquidity

<table>
<thead>
<tr>
<th>Amounts in SEK million</th>
<th>Treasury</th>
<th>Germany</th>
<th>Poland</th>
<th>Nordic</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As of June 30, 2006</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank</td>
<td>577</td>
<td>683</td>
<td>691</td>
<td>768</td>
<td>2,719</td>
<td>19</td>
</tr>
<tr>
<td>Interest-bearing investments</td>
<td>471</td>
<td>4,959</td>
<td>192</td>
<td>5,622</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Special Funds</td>
<td>2,671</td>
<td></td>
<td></td>
<td></td>
<td>2,671</td>
<td>18</td>
</tr>
<tr>
<td>Brunsbüttel</td>
<td>3,648</td>
<td></td>
<td></td>
<td></td>
<td>3,648</td>
<td>25</td>
</tr>
<tr>
<td>Shares</td>
<td>45</td>
<td></td>
<td></td>
<td></td>
<td>45</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,048</td>
<td>12,006</td>
<td>691</td>
<td>960</td>
<td>14,705</td>
<td>100</td>
</tr>
</tbody>
</table>

Unused committed credit facilities amount to 9,431 SEK million and other unused credit- and overdraft facilities amount to 9,943 SEK million.
## Consolidated cash flow statement

<table>
<thead>
<tr>
<th>Amounts in MSEK</th>
<th>Q2 2006 IFRS</th>
<th>Q2 2005 IFRS</th>
<th>Change %</th>
<th>FY 2005</th>
<th>LTM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funds from operations (FFO)</strong></td>
<td>7,240</td>
<td>6,020</td>
<td>20.3</td>
<td>31,386</td>
<td>37,116</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>1,889</td>
<td>-816</td>
<td></td>
<td>-6,963</td>
<td>-7,597</td>
</tr>
<tr>
<td><strong>Cash Flow from operating activities</strong></td>
<td>9,129</td>
<td>5,204</td>
<td>75.4</td>
<td>24,423</td>
<td>25,519</td>
</tr>
<tr>
<td>Investments</td>
<td>-3,233</td>
<td>-13,515</td>
<td>-76.1</td>
<td>-24,497</td>
<td>-14,830</td>
</tr>
<tr>
<td>Divestments</td>
<td>704</td>
<td>141</td>
<td></td>
<td>785</td>
<td>1,664</td>
</tr>
<tr>
<td>Cash and cash equivalents in acquired/divested companies</td>
<td>-118</td>
<td>-</td>
<td></td>
<td>17</td>
<td>-176</td>
</tr>
<tr>
<td><strong>Cash Flow from investing activities</strong></td>
<td>-2,647</td>
<td>-13,374</td>
<td>-80.2</td>
<td>-23,695</td>
<td>-13,342</td>
</tr>
<tr>
<td><strong>Cash Flow before financing activities</strong></td>
<td>6,482</td>
<td>-8,170</td>
<td></td>
<td>728</td>
<td>16,177</td>
</tr>
<tr>
<td><strong>Cash Flow from financing activities</strong></td>
<td>-9,528</td>
<td>5,233</td>
<td></td>
<td>-796</td>
<td>-14694</td>
</tr>
<tr>
<td><strong>Cash Flow for the period</strong></td>
<td>-3,046</td>
<td>-2,937</td>
<td>3.7</td>
<td>-68</td>
<td>1,483</td>
</tr>
<tr>
<td>Net debt at the end of the period</td>
<td>-54,179</td>
<td>-68,307</td>
<td>20.7</td>
<td>-64,343</td>
<td>-54,179</td>
</tr>
</tbody>
</table>
• **Rating Rationale**
The A2 senior unsecured ratings of Vattenfall AB reflect the baseline credit assessment (BCA) of the group and the credit enhancement (one notch) resulting from the 100% ownership by the Government of Sweden.

• **Assessment of business risk factors**
The BCA of 7 (on a scale from 1 to 21, where 1 represents the equivalent risk of a Aaa, 2 a Aa1 and so forth, with 7 mapping to an A3) reflects Vattenfall's overall Medium risk business profile.

• **RCF to Net Adj. Debt target**
Moody's expects to shift the target ratio range of Retained Cash Flow (RCF) to Net Adjusted Debt from currently mid-to-high teens (13% to 17%) to high teens (15% to 19%) for its current rating category.