

Year-end Report 2015

January–December 2015

- Net sales of SEK 164,510 million (165,945)
- Underlying operating profit¹ of SEK 20,541 million (24,133)
- Operating profit of SEK -22,967 million (-2,195). Operating profit was negatively affected by SEK 43.5 billion (26.3) in items affecting comparability, of which SEK 36.8 billion (23.8) consisted of impairment losses
- Profit after tax for the year of SEK -19,766 million (-8,284). Profit was charged with SEK 32.2 billion (20.4), net, in items affecting comparability
- Electricity generation of 173.4 TWh (172.9)
- On account of the negative result after tax, the Board of Directors proposes, in accordance with Vattenfall's dividend policy, that no dividend be paid for 2015

October–December 2015

- Net sales of SEK 45,499 million (48,725)
- Underlying operating profit¹ of SEK 6,449 million (8,223)
- Operating profit of SEK 3,690 million (7,045)
- Profit after tax for the period of SEK 2,460 million (3,900)
- Electricity generation of 46.2 TWh (46.2)

1) Underlying operating profit is defined as operating profit excluding items affecting comparability. For a specification of items affecting comparability, see page 10.

Vattenfall discloses the information provided in this year-end report pursuant to the Swedish Securities Market Act.

Rounding differences may occur in this document.

CEO's comments

“The major challenge in 2015 continued to be the impact that today’s very low electricity prices have on Vattenfall’s profitability and on the valuation of our assets. Unfortunately, combined with new regulatory requirements this led to the recognition of further impairment losses during the summer. We ascertained that Germany’s decision to gradually cut its CO₂ emissions created an elevated risk for the value of our lignite assets, compelling us to recognise impairment for these as a result. In addition, the investments needed to maintain today’s safety standards in our Swedish nuclear power entailed that we no longer saw the conditions for profitable power generation and were therefore forced to decide on the early closure of two reactors, Ringhals 1 and 2. Continued falling prices and a nuclear tax corresponding to SEK 0.07 per kilowatt-hour have put Swedish nuclear power in a critical situation. The remaining reactors will be needed for many years into the future if we are to be able to shift to an entirely renewable energy system in a responsible and cost-effective manner. Also hydro power, which is the foundation of our long-term power generation, is now being hurt by the combination of low prices and very high taxes.

Vattenfall reports an underlying operating profit of SEK 20.5 billion for 2015, which is a decrease of SEK 3.6 billion compared with a year earlier. Despite continued successful adjustment of our cost structure and, with significant cost savings of roughly 30% over the last five years compared with the cost base in 2010, the impairment losses recognised during the year once again led to a negative result after tax, with an outcome of SEK -19.8 billion for 2015.

We continue to take actions to strengthen our balance sheet, whereby we are currently carrying out our cost-cutting programme for 2015–2016, conducting a critical review of investments, and at the same time pursuing our strategy by divesting parts of our asset portfolio that are not regarded as core businesses in the new Vattenfall. Our portfolio shift is a direct consequence of our strategy, which is grounded in the transformation to an entirely new energy system. Vattenfall’s production mix will change substantially if we carry out the planned divestment of our lignite operations.

During the year we managed to successfully broaden our partnerships with strategic investors to also include financial investors. Today four wind farms in Sweden are jointly owned with Skandia, and one of our largest wind farms – Ormonde in the UK – is now jointly owned with AMF. By entering into partnerships for our growth investments we attain higher investment capacity despite the tough market conditions and can further leverage our expertise to build and operate wind farms.

The ongoing change of our energy system is dramatic – but also very exciting. The entire system will be transformed, where the roles between producers and customers become more diffuse and where entirely new business opportunities will arise. I am confident, however, that the foundation that we have now laid in our strategy and the adaptations we have made and must continue to make will leave us well prepared to secure our position as a reliable partner to our customers and society. Vattenfall will offer innovative energy solutions, be among the leaders in sustainable generation, and at the same time guarantee secure and supply of cost-effective electricity and heat in the new energy landscape.”



Magnus Hall
President and CEO

Key data

Amounts in SEK million unless indicated otherwise	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Net sales	45 499	48 725	164 510	165 945
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	8 835	12 120	32 754	41 038
Operating profit (EBIT)	3 690	7 045	-22 967	-2 195
Underlying operating profit	6 449	8 223	20 541	24 133
Profit for the period	2 460	3 900	-19 766	-8 284
Funds from operations (FFO)	9 362	12 476	29 009	32 131
Net debt	64 201	79 473	64 201	79 473
Adjusted net debt	137 585	158 291	137 585	158 291
Return on capital employed, %	- 8.2 ¹	- 0.7 ¹	- 8.2	- 0.7
Net debt/equity, %	55.4	61.9	55.4	61.9
FFO/adjusted net debt, %	21.1 ¹	20.3 ¹	21.1	20.3
Adjusted net debt/EBITDA, times	4.2 ¹	3.9 ¹	4.2	3.9
Electricity generation, TWh	46.2	46.2	173.4	172.9
- of which, hydro power	10.5	8.4	39.4	34.3
- of which, nuclear power	11.2	13.4	42.2	49.8
- of which, fossil-based power ²	21.5	22.0	84.4	82.7
- of which, wind power	2.0	1.2	5.8	4.1
- of which, biomass, waste ²	1.0	1.2	1.6	2.0
Sales of electricity, TWh	51.8	53.4	197.2	199.0
Sales of heat, TWh	6.6	7.8	22.6	24.1
Sales of gas, TWh	15.0	15.3	50.7	45.5
CO ₂ emissions, Mtonnes	22.1 ³	24.5	83.5 ³	82.3
Number of employees, full-time equivalents	28 567	30 181	28 567	30 181
Work related accidents, number (LTIF) ⁴	—	—	2.3	2.7

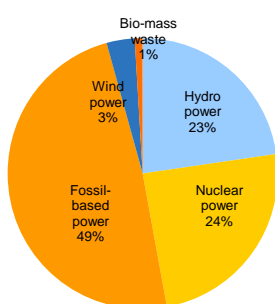
1) Last 12-month values.

2) The figures in 2015 are preliminary.

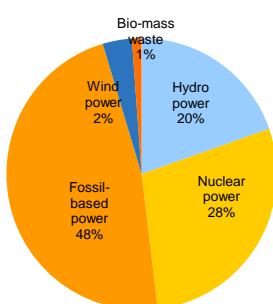
3) Consolidated values for 2015. Consolidated emissions are approximately 0.5% higher than pro rata emissions, corresponding to Vattenfall's share of ownership. Values for 2015 are preliminary.

4) Lost time Injury Frequency (LTIF) is expressed in terms of the number of lost time work injuries (per 1 million hours worked), i.e., work related accidents resulting in absence longer than one day, and accidents resulting in fatality. Pertains only to Vattenfall employees.

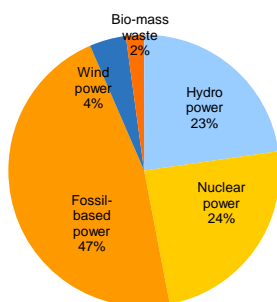
Electricity generation, Full Year 2015 %



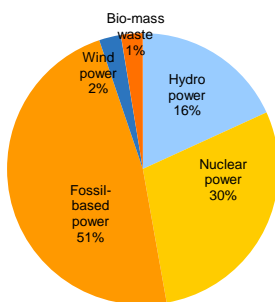
Electricity generation, Full Year 2014 %



Electricity generation, Q4 2015 %



Electricity generation, Q4 2014 %



Targets and target achievement

Vattenfall's assignment is to generate a market rate of return by operating an energy business in such a way that the company is among the leaders in developing environmentally sustainable energy production.

Vattenfall's owner and board of directors have set four financial targets for the Group, and the Board has set three sustainability targets.

Financial targets

The financial targets relate to profitability, capital structure and the dividend policy, and were set by the owner in November 2012. These targets are intended to ensure that Vattenfall creates value and generates a market rate of return that the capital structure is efficient, and that financial risk is kept at a reasonable level. The targets are to be evaluated over a business cycle.

	Full year 2015	Full year 2014
Return on capital employed: Target of 9%	-8.2	-0.7
FFO/adjusted net debt: Target of 22%-30%	21.1	20.3
Net debt/equity: Target of 50%-90%	55.4	61.9
Dividend policy: Dividend should amount to 40%-60% of the year's profit after tax	—	—

Comment: Return on capital employed decreased mainly as a result of impairment of asset values totalling SEK 36.8 billion (23.8) during the year. Excluding impairment losses and other items affecting comparability, return on capital employed was 7.4% (8.2). FFO/adjusted net debt for 2015, which was 21.1% (20.3%), is still below the target interval. Funds from operations decreased as a result of the lower profit, while adjusted net debt decreased compared with 2014, mainly as a result of lower net debt. The debt/equity ratio improved over 2014, mainly owing to the decrease in net debt. The debt/equity ratio is within the target interval. Due to the negative result after tax, the Board of Directors has proposed – in accordance with Vattenfall's dividend policy – that no dividend be paid for 2015.

Sustainability targets (-2015)

Vattenfall's three sustainability targets valid to year-end 2015 are in the same areas as the EU's 20–20–20 targets. The first target, which was set in 2010, entails reducing the Group's CO₂ exposure to 65 million tonnes by 2020 for Vattenfall's production portfolio. The second target is for Vattenfall to grow faster than the market in renewable capacity by 2020 and contribute to a more sustainable energy system. The third sustainability target, to improve energy efficiency, was set as a short-term goal for 2015 to reduce annual consumption of primary energy,¹ through internal and external measures, by a total of 440 GWh in 2015. Read more about Vattenfall's sustainability work in Vattenfall's 2014 Annual and sustainability report.

	Full year 2015	Full year 2014
CO ₂ exposure: Full year target 65 Mtonnes by 2020, Mtonnes	83.5 ²	82.3
Average rate of growth in installed renewable capacity: Target higher growth rate than for ten reference countries ³ , %	13.4	6.3
Energy efficiency: Full year target 440 GWh in 2015, GWh	1,066	435

- 1) Primary energy is the form of energy that is accessible directly from the original energy sources. Vattenfall uses the interpretation applied by Eurostat and IEA.
- 2) Consolidated values for 2015. Consolidated emissions were approximately 0.5% higher than pro rata emissions, corresponding to Vattenfall's share of ownership. The value for 2015 is preliminary.
- 3) Growth rate for the reference countries in 2014: 9.1% (preliminary).

Comment: CO₂ exposure grew slightly in 2015 as a result of the commissioning of the Moorburg power plant in Germany. Installed renewable capacity increased by a combined total of 445 MW in 2015. During the fourth quarter of 2015, 124 MW of new, renewable capacity was put into operation (the wind farms Juktan in Sweden and Klim in Denmark, and the extension of the Kentish Flats wind farm in the UK). The rate of energy efficiency improvement was higher than planned and consisted mainly of measures such as turbine and generator replacements, and expansion of district heating networks in Berlin and Germany.

Sustainability targets being integrated with the new strategic targets

Vattenfall aims to contribute to a sustainable energy system across the value chain and be a truly customer-centric company. At the same time, Vattenfall is working to transform to a long-term sustainable production portfolio. Vattenfall's strategy is built upon four strategic objectives: 1) Leading towards sustainable consumption, 2) Leading towards sustainable production, 3) High performing operations, and 4) Empowered and engaged organisation. To better reflect Vattenfall's strategy, on 10 December 2015 Vattenfall's Board of Directors adopted six new strategic targets that apply as from 2016 and that also replace the previous sustainability targets. The four financial targets set by the owner will remain (return on capital employed, FFO/adjusted net debt, debt/equity ratio and dividend policy). The strategic targets have been set for 2020 and will be followed up on a quarterly and annual basis. These targets are outlined below.

Strategic objectives	Strategic targets to 2020
1) Leading towards sustainable consumption	1. Customer loyalty, NPS (Net Promoter Score): +2 NPS relative
2) Leading towards sustainable production	2. Commissioned renewables capacity: $\geq 2,300$ MW 3. Absolute CO ₂ emissions pro rata: ≤ 21 Mtonnes ¹
3) High performing operations	4. ROCE: $\geq 9\%$
4) Empowered and engaged organisation	5. LTIF ² (Lost Time Injury Frequency): $\leq 1,25$ 6. Employee Engagement Index: $\geq 70\%$

1) Require significant structural changes.

2) Lost Time Injury Frequency (LTIF) is expressed in terms of the number of lost time work injuries (per 1 million hours worked), i.e., work related accidents resulting in absence longer than one day, and accidents resulting in fatality. Pertains only to Vattenfall employees.

Important events 2015

Q1

Concession for Horns Rev 3 wind farm

In February Vattenfall won the concession to build and operate the Horns Rev 3 offshore wind farm (400 MW, corresponding to the electricity needs of some 450,000 households) off Denmark's west coast. The wind farm is expected to be commissioned in 2019. Since previously Vattenfall owns 60% of the Horns Rev 1 offshore wind farm, with 80 wind turbines and capacity of 160 MW.

Issue of hybrid bonds

In March Vattenfall launched hybrid bonds of SEK 6 billion and EUR 1 billion (approximately SEK 15 billion combined) in order to refinance an existing hybrid bond of EUR 1 billion issued in 2005. In connection with the issue Vattenfall offered to redeem its existing hybrid bond. The offer was accepted to 49.6% (EUR 496 million). On 29 June Vattenfall redeemed all outstanding hybrid bonds originally issued on 29 June 2005.

Continued investment in sustainable transports and infrastructure

During the year Vattenfall continued its work on developing a charging infrastructure to enable faster growth of electric vehicles. In January Vattenfall and Swedavia began cooperation on fast-charge stations for taxis run on electricity. In March a demonstration project was started with plug-in hybrid buses in regular bus traffic in Stockholm. Vattenfall is responsible for the fast-charge stations and supply of wind-based electricity for the project, in which Stockholm's mass transit company SL and Volvo Buses are the other two main partners.

Outsourcing of IT operations

In March Vattenfall signed a five-year contract outsourcing IT network services and workplace management to Computer Sciences Corporation (CSC). The agreement is aimed at improving operational efficiency and facilitating IT services development. As part of the agreement, 122 Vattenfall employees will be transferred to CSC and its partner, AT&T.

Q2

Impairment losses and increased provisions

During the second quarter Vattenfall recognised SEK 36.3 billion in impairment of asset values as a result of a further worsening of market conditions and higher business risks. Of the total impairment losses, SEK 17.0 billion pertained to the Ringhals 1 and 2 nuclear reactors, SEK 15.2 billion pertained to lignite assets in Germany, and SEK 4.0 billion pertained to the Moorburg power plant in Hamburg. Provisions for nuclear power and mining operations in Germany increased by SEK 3.9 billion due to new calculations of future costs.

Changed direction for operational lifetime of Ringhals 1 and 2

In April Vattenfall announced that the company intends to close the Ringhals 1 and 2 nuclear reactors approximately five years earlier than planned as a result of poor profitability owing to low electricity prices and higher costs.

Inauguration of new wind farms

In April the DanTysk offshore wind farm (288 MW) in Germany, west of Sylt Island in the North Sea, was inaugurated. DanTysk is Vattenfall and Stadwerke München's (SWM) first joint project, in which Vattenfall owns 51% and SWM 49%. In June the Clashindarroch onshore wind farm (36.9 MW) was inaugurated in northeast Scotland.

Extension of Kentish Flats wind farm

In May, extension was begun of the Kentish Flats offshore wind farm off the coast of Kent, England, with an additional 15 wind turbines (50 MW) to a combined total of 45 turbines (150 MW). The new turbines are expected to be operational in early 2016.

Sale of combined heat and power plant in Denmark

In June Vattenfall signed an agreement on the sale of the Nordjylland Power Station to the Danish district heating company Aalborg Forsyning. The enterprise value was approximately DKK 823 million (approximately SEK 1 billion). The sales sum consisted of DKK 725 million in cash consideration (approximately SEK 900 million), plus takeover of decommissioning obligations and environmental liabilities. The deal was completed on 1 January 2016.

Q3

Final payment for shares in N.V. Nuon Energy

On 1 July Vattenfall made the scheduled payment of EUR 2,071.3 million for the remaining 21% of the shares in N.V. Nuon Energy, corresponding to approximately SEK 19 billion. However, Vattenfall has consolidated N.V. Nuon Energy to 100% since 1 July 2009.

New wind farm in the UK

Vattenfall made the decision to invest approximately SEK 1.2 billion in Ray Wind Farm (16 wind turbines with combined capacity of 54 MW) in Northcumberland in northeast England. The wind farm is expected to begin operating in early 2017.

Largest onshore wind farm in Denmark completed

Vattenfall's largest repower project in the Nordic region was completed in September. A total of 22 new wind turbines with combined capacity of 67.2 MW are now in operation at the Klim wind farm in northwest Jutland. Klim is Denmark's largest onshore wind farm and can generate enough electricity to meet the needs of 64,000 Danish households.

Bidding process initiated for German lignite assets

On 22 September Vattenfall published an invitation to potential bidders to state their interest in Vattenfall's lignite assets in Germany. Vattenfall's hydro power assets in an adjacent area, consisting of ten hydro power plants – mainly pumped storage power plants – may also be included in a sale, but only in conjunction with the sale of the lignite assets.

Changed ratings

On 6 August the rating agency Moody's affirmed Vattenfall's long-term A3 rating, but changed its outlook from stable to negative. On 28 September the rating agency Standard & Poor's changed its long-term rating of Vattenfall from A- to BBB+ and changed its outlook to negative.

Revaluation of shares in Vattenfall Eldistribution AB

To better reflect the asset value, the parent company Vattenfall AB revalued its shareholding in Vattenfall Eldistribution AB to SEK 38 billion.

Q4

Expert opinion confirms that nuclear power provisions in Germany are correctly calculated

On 10 October the German government published a stress test on nuclear power provisions in Germany prepared by the auditing firm Warth & Klein Grant Thornton AG on behalf of the German government. The auditing firm reported that they have found no reason to dispute the nuclear power operators' principles for calculating their nuclear power provisions. Vattenfall has made provisions of approximately EUR 3 billion for the decommissioning of its partly owned nuclear power plants in Germany. The German government has appointed a special commission to issue recommendations, during spring 2016, on how to secure the long-term financing of nuclear plant decommissioning costs.

Vattenfall Eldistribution raises electricity network fee and increases investment in electricity networks

On 13 October Vattenfall announced an 11% increase in the electricity network fee in Sweden, effective 1 January 2016. The increase was made to be able to accelerate the pace of investment and the quality of the electricity networks. In conjunction with this, Vattenfall Eldistribution will improve the compensation it pays to customers affected by electricity interruptions.

Agreement on standby capacity reserve for German lignite-fired power plants

Within the framework of an agreement between the German government and Germany's lignite producers, Vattenfall has agreed in 2018 and 2019 to transfer two production units at the Jänschwalde power plant (500 MW each) to a standby capacity reserve and then, after four years, to decommission them entirely. This will reduce Vattenfall's annual CO₂ emissions by 8 million tonnes. The total capacity reserve will amount to 2,700 MW, and the power plant owners will be compensated for the loss of production during the time the power plants are in standby mode. According to the German government, the compensation paid to all of the power plants in the reserve will amount to EUR 230 million per year for seven years.

Vattenfall issues its first USD hybrid bonds

In November Vattenfall placed a hybrid bond issue of USD 400 million (approximately SEK 3.5 billion). This is Vattenfall's first ever bond denominated in USD, placed under Regulation S outside the USA. The settlement date for the issue was 19 November 2015.

Inauguration of Moorburg power plant in Hamburg, Germany

In November the Moorburg power plant was officially inaugurated in Hamburg, Germany. The Moorburg plant's two units (A and B), with total installed capacity of 1,654 MW, were commissioned in 2015. Moorburg is one of the most modern coal-fired power plants in Europe. With net efficiency of slightly more than 46%, the plant emits about 25% less CO₂ per generated kWh than the average (38%) for German coal-fired plants.

Large heat buffer turned on in the Netherlands

In November one of the largest heat buffers in the world was put into operation in Diemen, the Netherlands. This district heating storage facility enables Vattenfall to run its nearby gas-fired Diemen power plant more flexibly and thereby accommodate the growing supply of wind and solar energy.

Vattenfall and AMF enter into strategic partnership for UK wind farm

In December Vattenfall signed a partnership agreement with the Swedish pension company AMF under which AMF will take a 49% ownership stake in Vattenfall's Ormonde offshore wind farm (150 MW) in northwest UK. The purchase consideration was approximately GBP 237 million (approximately SEK 3 billion). The deal is in line with Vattenfall's partnership strategy aimed at supporting growth in wind power and the shift to renewable energy. Vattenfall will continue to operate the wind farm as majority shareholder. The deal was completed in early January 2016.

Karin Lepasoon new Head of Communications at Vattenfall

At the end of December Karin Lepasoon was appointed as new Head of Group Communications at Vattenfall. She joins Vattenfall from her most recent position as Director of Communications, Sustainability and HR at Nordic Capital. Karin Lepasoon will take up her new position on 1 April 2016 and will be a member of the Executive Group Management.

Changes in Vattenfall's board of directors and management

At Vattenfall's Annual General Meeting on 27 April 2015, Lars G. Nordström was re-elected as Chairman of the Board. Fredrik Arp, Gunilla Berg, Håkan Buskhe, Håkan Erixon, Jenny Lahrin and Åsa Söderström Jerring were re-elected as board members. Viktoria Bergman and Tomas Kåberger were elected as new board members. Eli Arnstad declined re-election.

Sales, profit and cash flow

Net sales

Amounts in SEK million	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Net sales	45 499	48 725	164 510	165 945

Comment full year 2015: Consolidated net sales decreased by SEK 1.4 billion. Excluding currency effects (SEK +3.3 billion), net sales decreased by approximately SEK 4.7 billion, mainly owing to lower average electricity prices achieved.

Comment Q4: Consolidated net sales decreased by SEK 3.2 billion compared with the corresponding period in 2014, mainly owing to lower average prices achieved and lower production volumes.

Earnings

Amounts in SEK million	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	8 835	12 120	32 754	41 038
Underlying operating profit before depreciation, amortisation and impairment losses	11 354	13 243	40 004	43 558
Operating profit (EBIT)	3 690	7 045	- 22 967	- 2 195
Items affecting comparability	- 2 759	- 1 178	- 43 508	- 26 328
Underlying operating profit	6 449	8 223	20 541	24 133

Comment full year 2015: The underlying operating profit decreased by SEK 3.6 million, which is explained by the following:

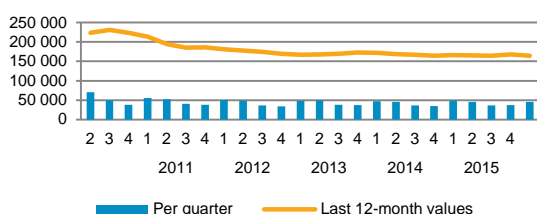
- Lower production margins as a result of average lower electricity prices achieved (SEK -4.6 billion)
- Higher hydro power generation (SEK 0.4 billion)
- Higher earnings contribution from distribution operations (SEK 1.0 billion)
- Higher earnings contribution from sales activities (SEK 0.1 billion)
- Lower operating costs (SEK 0.2 billion)
- Other items, net (SEK -0.7 billion)

Comment Q4: The underlying operating profit decreased by SEK 1.8 million, which is explained by the following:

- Lower production margins as a result of average lower electricity prices achieved (SEK -2.4 billion)
- Higher hydro power generation (SEK 0.6 billion)
- Higher earnings contribution from distribution operations (SEK 0.2 billion)
- Lower earnings contribution from sales activities (SEK -0.3 billion)
- Lower operating costs (SEK 0.3 billion)
- Other items, net (SEK -0.2 billion)

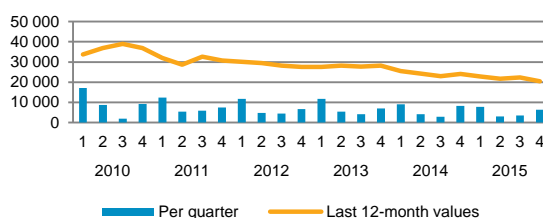
Net sales

SEK million



Underlying operating profit

SEK million



Items affecting comparability

Amounts in SEK million	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Items affecting comparability affecting operating profit (EBIT)				
Capital gains	77	66	256	3 227
Capital losses	- 134	- 156	- 381	- 185
Impairment losses	- 281	- 55	- 36 792	- 23 808
Reversed impairment losses	41	—	534	—
Provisions	- 2 145	- 135	- 5 954	- 5 688
Unrealised changes in the fair value of energy derivatives	539	- 677	1 558	819
Unrealised changes in the fair value of inventories	- 399	- 31	- 657	72
Restructuring costs	- 71	- 190	- 1 233	- 765
Other non-recurring items affecting comparability	- 386	—	- 839	—
Total	- 2 759	- 1 178	- 43 508	- 26 328

Comment full year 2015: Items affecting comparability amounted to SEK -43.5 billion (-26.3). Impairment losses amounted to SEK 36.8 billion (23.8). Provisions pertain mainly to higher provisions for nuclear power and for mining operations in Germany, and environment-related provisions for hydro power in Germany. Reversed impairment losses pertain to the sale of the Nordjylland Power Station (SEK 0.5 billion). Other items affecting comparability pertain mainly to restructuring costs (SEK -1.2 billion) and unrealised changes in the market value energy derivatives and inventories (SEK -0.9 billion).

Comment Q4: Items affecting comparability amounted to SEK -2.8 billion (-1.2), mainly attributable to environment-related provisions for hydro power in Germany.

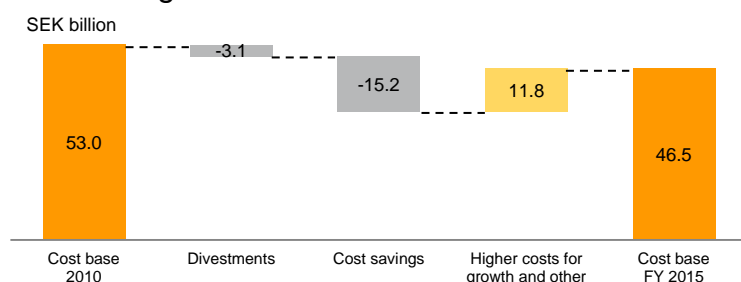
Profit for the period

Amounts in SEK million	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Profit for the period	2 460	3 900	- 19 766	- 8 284

Comment full year 2015: Profit for the year after tax amounted to SEK -19.8 billion (-8.3). Impairment losses, higher provisions and other items affecting comparability totalling SEK 32.2 billion (20.4) had a negative impact on profit.

Comment Q4: Profit for the period after tax amounted to SEK 2.5 billion (3.9).

Cost savings



Comment: Vattenfall has taken numerous measures to cut costs, and compared with the cost base in 2010 has lowered costs under its control by approximately 30%. Divestments of operations have reduced costs by SEK 3.1 billion. These divestments pertain mainly to heat and electricity network operations in Poland, electricity network operations in Finland and Hamburg, operations in Hamburg, combined heat and power assets in Denmark, facility services in Germany, and other assets and operations. Cost savings have been achieved mainly through reductions in personnel, IT costs and purchasing costs. Growth projects primarily in wind power have led to an increase in the cost base by approximately SEK 11.8 billion. The savings programme of SEK 2.5 billion for 2015–2016 is in progress. In addition, Vattenfall is currently studying the opportunity to outsource parts of administration and IT operations to external service providers.

Financial items

Amounts in SEK million	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Net financial items	- 1 175	- 1 560	- 5 225	- 6 045
- of which, interest income	498	141	914	772
- of which, interest expenses	- 811	- 1 038	- 3 426	- 3 832
- of which, return from the Swedish Nuclear Waste Fund	235	169	1 168	962
- of which, interest components related to pension costs	- 232	- 314	- 937	- 1 240
- of which, discounting effects attributable to provisions	- 810	- 905	- 3 370	- 3 491
- of which, other	- 55	387	426	784
Interest received ¹	276	27	845	537
Interest paid ¹	- 241	- 160	- 3 413	- 3 074

1) Pertains to cash flows.

Comment: The improvement in financial items for 2015 compared with 2014 is mainly attributable to higher interest income, lower interest expenses and a higher return from the Swedish Nuclear Waste Fund. Net financial items for the fourth quarter of 2015 improved by SEK 0.4 billion compared with the same period in 2014, mainly owing to higher interest income attributable to a tax refund in Germany.

Cash flow

Amounts in SEK million	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Funds from operations (FFO)	9 362	12 476	29 009	32 131
Cash flow from changes in operating assets and operating liabilities (working capital)	233	1 857	11 925	8 015
Cash flow from operating activities	9 595	14 333	40 934	40 146

Comment full year 2015: Funds from operations (FFO) decreased by SEK 3.1 billion, mainly owing to lower earnings.

Cash flow from changes in working capital increased to SEK 11.9 billion. This is mainly attributable a change in inventories (SEK -0.5 billion), a net change in operating receivables and operating liabilities (SEK 9.8 billion), and a change in margin calls (SEK 2.6 billion). The net change in operating receivables and operating liabilities pertains mainly to lower receivables in Customers & Solutions and an increase in liabilities attributable to CO₂ emission allowances in Power Generation.

Comment Q4: Funds from operations (FFO) decreased by SEK 3.1 billion compared with the same quarter in 2014, mainly as a result of lower earnings.

Cash flow from changes in working capital increased to SEK 0.2 billion. This is mainly attributable to a change in inventories (SEK -1.6 billion), a net change in operating receivables and operating liabilities (SEK 2.8 billion), and a change in margin calls (SEK -1.0 billion).

Financial position

Amounts in SEK million	31 Dec. 2015	31 Dec. 2014	Change, %
Cash and cash equivalents, and short-term investments	44 256	45 068	-1.8
Committed credit facilities (unutilised)	18 379	18 786	—

Comment: Cash and cash equivalents, and short-term investments decreased by SEK 0.8 billion compared with the level at 31 December 2014.

Committed credit facilities consist of a EUR 2.0 billion Revolving Credit Facility that expires on 10 December 2020, with an option for one one-year extension. As per 31 December 2015, available liquid assets and/or committed credit facilities amounted to 34% of net sales. Vattenfall's target is to maintain a level of no less than 10% of the Group's net sales, but at least the equivalent of the next 90 days' maturities.

Amounts in SEK million	31 Dec. 2015	31 Dec. 2014	Change, %
Interest-bearing liabilities	110 585	125 928	-12.2
Net debt	64 201	79 473	-19.2
Adjusted net debt (see page 25)	137 585	158 291	-13.1
Average interest rate, % ¹	3.9	3.6	—
Duration, years ¹	3.9	2.8	—
Average time to maturity, years ¹	8.1	5.6	—

1) Including Hybrid Capital and loans from owners with non-controlling interests and associated companies.

Comment: Total interest-bearing liabilities decreased by SEK 15.3 billion compared with the level at 31 December 2014. On 1 July 2015 Vattenfall made the scheduled payment of EUR 2,071.3 million for the remaining 21% of the shares in N.V. Nuon Energy, corresponding to approximately SEK 19 billion. This amount was previously included among interest-bearing liabilities.

Net debt decreased by SEK 15.3 billion compared with the level at 31 December 2014, mainly owing to a positive cash flow after investments.

Adjusted net debt decreased by SEK 20.7 billion compared with the level at 31 December 2014. The decrease is mainly attributable to the lower level of net debt, the newly issued hybrid bonds in March, which are classified as equity to 50% and thereby reduce the level of adjusted net debt, and lower provisions for pensions as a result of a higher discount rate. For a calculation of adjusted net debt, see page 25.

Credit ratings

On 6 August the rating agency Moody's confirmed Vattenfall's long-term A3 rating, but changed its outlook from stable to negative. On 28 September 2015 the rating agency Standard & Poor's changed its long-term rating of Vattenfall from A- to BBB+ and changed its outlook to negative.

Investments and divestments

Amounts in SEK million	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Maintenance investments	5 325	6 197	15 921	16 912
Growth investments	3 122	3 647	12 805	12 120
- of which, shares and shareholder contributions	- 59	- 75	- 266	- 212
Total investments	8 447	9 844	28 726	29 032
Divestments	464	2 579	2 814	12 054
- of which, shares	- 11	599	206	8 875

Comment: Investments are specified in the table below. Divestments in 2015 pertain mainly to combined heat and power assets in Utrecht in the Netherlands and to the Fyn combined heat and power station in Denmark. Divestments during the corresponding period in 2014 pertain mainly to the electricity network operation in Hamburg, the minority shareholding in Enea S.A., the Amager combined heat and power station in Denmark, and to Kalix Värmeverk AB.

Specification of investments

Amounts in SEK million	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Electricity generation				
Hydro power	705	660	1 706	1 442
Nuclear power	1 028	1 030 ¹	4 219	3 924 ¹
Coal power	302	2 243 ¹	1 947	5 304 ¹
Gas	114	21	174	188
Wind power	1 974	2 059	8 629	6 526 ¹
Biomass, waste	17	8	25	14
Other	—	—	—	476 ¹
Total electricity generation	4 140	6 021	16 700	17 874
CHP/heat				
Fossil-based power	675	771	1 949	2 110
Biomass, waste	72	127	145	297
Other	547	636	1 242	1 312
Total CHP/heat	1 294	1 534	3 336	3 719
Electricity networks				
Electricity networks	1 830	2 101	4 671	5 057
Total Electricity networks	1 830	2 101	4 671	5 057
Purchases of shares, shareholder contributions	- 59 ²	—	- 267	- 137
Other, excl. purchases of shares	1 242	188	4 286	2 519
Total	8 447	9 844	28 726	29 032

- 1) The value for 2014 has been recalculated compared with previously published information in Vattenfall's 2014 interim reports and the 2014 Annual and Sustainability Report on account of the fact that prepayments have been allocated to the respective assets instead of being classified as "Other".
- 2) Pertains to shareholder contribution in a joint venture company.

Vattenfall's investment plan for 2016-2017

Vattenfall has decided on an investment plan for 2016 of SEK 23.8 billion and has a forecast investment plan for 2017 of SEK 23.6 billion. In total for the period 2016-2017, this amounts to an investment plan of SEK 47.4 billion, of which SEK 34 billion, or 73%, pertains to investments in electricity and heat production. Vattenfall plans to invest the remainder, SEK 13 billion, primarily in electricity and heating networks. Of the investments in electricity and heat production, SEK 16 billion, or 45%, consist of growth investments, i.e., expansion of production capacity. The biggest share of growth investments, SEK 14 billion, or 93%, is planned for investment in renewable energy generation – mainly wind power – of which parts will be financed through partnerships.

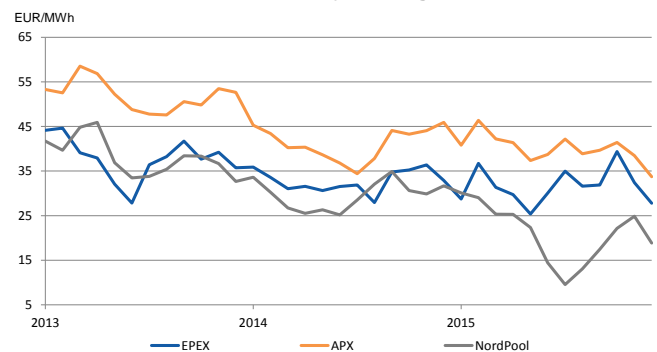
Wholesale price trend

Spot prices – electricity

Average Nordic spot prices were 29% lower in 2015 than in 2014, mainly owing to very large water supply. In Germany and the Netherlands, average spot prices were 3% lower than in 2014, mainly as a result of lower commodity prices. Compared with the corresponding period in 2014, average spot prices during the fourth quarter were 28% lower in the Nordic countries, 4% lower in Germany, and 15% lower in the Netherlands.

Time period	Nord Pool Spot (Nordic countries)	EPEX (Germany)	APX (Netherlands)
EUR/MWh			
Full year 2015	21.0	31.6	40.1
Full year 2014	29.6	32.8	41.2
%	-29%	-3%	-3%
Q4 2015	22.0	33.3	38.0
Q4 2014	30.7	34.8	44.4
%	-28%	-4%	-15%
Q3 2015	13.3	32.8	40.2
%	66%	2%	-6%

Electricity spot prices in the Nordic countries, Germany and the Netherlands, monthly averages

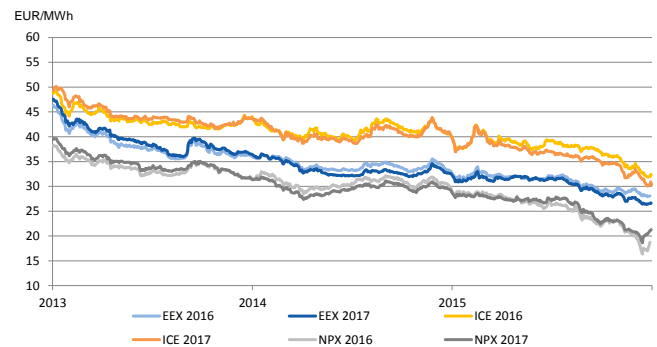


Futures prices – electricity

Electricity futures prices in 2015 were 14%-18% lower in the Nordic countries than in 2014, mainly owing to expectations for a continued high hydrological balance. In Germany and the Netherlands, electricity futures prices were 9%-11% lower, mainly owing to continued expectations for low commodity prices. Compared with the corresponding period in 2014, electricity futures prices during the fourth quarter of 2015 were 15%-32% lower.

Time period	Nordic countries (NPX)		Germany (EEX)		Netherlands (ICE)	
	2016	2017	2016	2017	2016	2017
EUR/MWh						
Full year 2015	25.3	25.7	31.0	30.3	37.6	36.3
Full year 2014	30.8	29.8	34.3	33.4	41.2	40.7
%	-18%	-14%	-10%	-9%	-9%	-11%
Q4 2015	20.9	21.7	28.9	27.6	34.5	32.9
Q4 2014	30.7	29.8	33.9	32.9	41.5	41.1
%	-32%	-27%	-15%	-16%	-17%	-20%

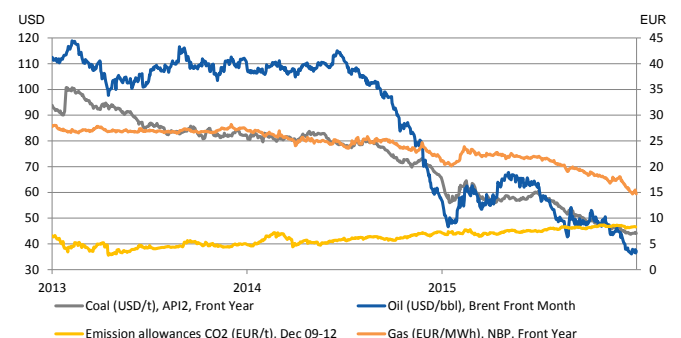
Electricity futures prices in the Nordic countries, Germany and the Netherlands



Commodity prices

Oil prices (Brent crude) were an average of 46% lower in 2015 than in 2014, mainly owing to greater supply, weak demand, and the stronger US dollar. For the same reasons, coal prices also weakened and were 30% lower than in 2014. Gas prices were 18% lower in 2015 than in 2014, while prices of CO₂ emission allowances were 29% higher. For the fourth quarter of 2015, oil prices (Brent crude) were 42% lower than in the corresponding period in 2014. Coal and gas prices were 34% and 26% lower, respectively. Prices of CO₂ emission allowances were 27% higher.

Price trend for oil, coal, gas and CO₂ emission allowances



Vattenfall's price hedging

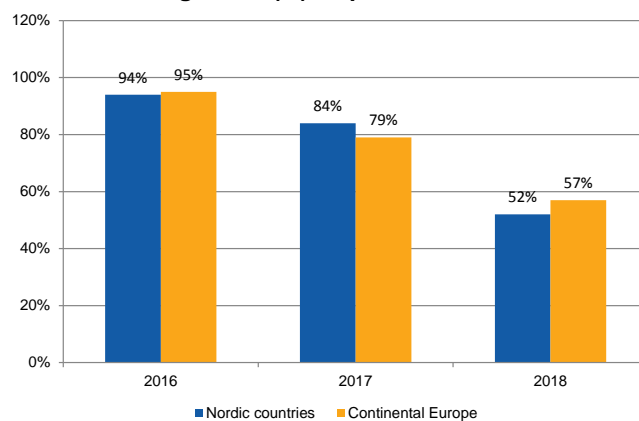
Vattenfall continuously hedges its future electricity generation through sales in the forward and futures markets. Spot prices therefore have only a limited impact on Vattenfall's earnings in the near term.

The chart shows the share of planned electricity generation that Vattenfall has hedged in the Nordic countries and Continental Europe (Germany and the Netherlands).

Average price hedges as per 30 December 2015

EUR/MWh	2016	2017	2018
Nordic countries	32	31	30
Continental Europe	39	35	33

Vattenfall's hedge ratio (%) as per 30 December 2015



Operating segments

Customers & Solutions

Amounts in SEK million unless indicated otherwise	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Net sales	23 596	24 856	87 523	87 277
External net sales ¹	22 888	24 414	84 905	85 606
Underlying operating profit before depreciation, amortisation and impairment losses	274	588	2 271	1 821
Underlying operating profit	58	375	1 390	962
Sales of electricity, TWh	32.9	30.6	123.2	118.4
- of which, private customers	7.6	7.3	26.8	26.1
- of which, resellers	9.1	7.6	33.5	29.2
- of which, business customers	16.2	15.7	62.9	63.1
Sales of gas, TWh	15.0	15.3	50.7	45.5
Number of employees, full-time equivalents	3 168	3 462	3 168	3 462

1) Excluding intra-Group transactions

The Customers & Solutions Business Area is responsible for sales of electricity, gas and energy services in all of Vattenfall's markets.

- Net sales in 2015 increased mainly as a result of positive currency effects. Excluding currency effects (SEK 1.9 billion), net sales decreased mainly as a result of negative price effects.
- The underlying operating profit for 2015 improved as a result of higher gross margin associated with higher volumes and lower operating costs.
- Sales of electricity in 2015 increased by 4.8 TWh. Sales of gas increased, mainly owing to higher sales in Germany and unusually warm weather in 2014.

Power Generation

Amounts in SEK million unless indicated otherwise	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Net sales	32 591	34 568	113 969	122 720
External net sales ¹	16 515	17 960	56 717	61 874
Underlying operating profit before depreciation, amortisation and impairment losses	5 447	6 466	20 652	25 284
Underlying operating profit	3 648	4 007	12 443	15 639
Electricity generation, TWh ²	35.6	36.4	137.2	140.0
- of which, hydro power	10.5	8.4	39.4	34.3
- of which, nuclear power	11.2	13.4	42.2	49.8
- of which, fossil-based power	13.4	14.1 ³	54.8	55.1 ³
- of which, biomass, waste	0.5	0.5 ³	0.8	0.8 ³
Sales of heat, TWh	0.5	0.8	2.0	2.7
Number of employees, full-time equivalents	14 571	14 718	14 571	14 718

1) Excluding intra-Group transactions.

2) Values for 2015 are preliminary.

3) The value for 2014 has been recalculated compared with previously published information in Vattenfall's interim reports in 2014 and in the 2014 Annual and Sustainability Report as a result of the changed organisational structure for operating segments, which took effect as from Q2 2015.

Power Generation comprises the Generation and Markets Business Areas, and the Mining & Generation unit. The segment includes Vattenfall's hydro and nuclear power operations, optimisation and trading operations, and lignite operations.

- Average lower prices achieved and lower production volumes resulted in lower net sales in 2015.

- The underlying operating profit fell in 2015, mainly owing to lower production margins resulting from average lower prices achieved, lower production volumes and higher costs for CO₂ emission allowances.
- Hydro power generation increased as a result of high water supply combined with high reservoir levels. Nordic reservoir levels were 74% (56.0%) of capacity at the end of the fourth quarter of 2015, which is 17 percentage points above the normal level.
- Nuclear power generation decreased mainly on account of extended outages at Ringhals 2 and Forsmark 3. Combined availability of Vattenfall's nuclear power plants for the full year 2015 was 69.7% (82.6%). The corresponding figure for the fourth quarter of 2015 was 72.8% (87.2%).
- For the full year 2015 Forsmark had availability of 76.1% (88.9%) and production of 21.1 TWh (25.3). Ringhals had availability of 64.4% (77.3%) and production of 21.1 TWh (24.6). During the fourth quarter Forsmark had availability of 68.8% (99.8%) and production of 4.8 TWh (7.2). Ringhals had availability of 76.1% (76.7%) and production of 6.4 TWh (6.2).

Wind

Amounts in SEK million unless indicated otherwise	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Net sales	2 155	2 117	6 769	5 227
External net sales ¹	1 296	1 601	4 267	3 531
Underlying operating profit before depreciation, amortisation and impairment losses	1 489	1 629	4 621	3 772
Underlying operating profit	627	1 058	1 469	1 704
Electricity generation - wind power TWh	2.0	1.2	5.8	4.1
Number of employees, full-time equivalents	577	505	577	505

1) Excluding intra-Group transactions

The Wind Business Area is responsible for Vattenfall's wind power operations.

- Net sales increased in 2015, mainly owing to the commissioning of the new DanTysk offshore wind farm in Germany, the new Clashindarroch onshore wind farm in the UK, the Klim onshore wind farm in Denmark, and the extension of the Kentish Flats offshore wind farm in the UK.
- The underlying operating profit for 2015 decreased somewhat compared with 2014. This is mainly due to the compensation that DanTysk received during the fourth quarter of 2014 for the delay in the wind farm's connection to the grid. Excluding this one-time effect (+ SEK 1.2 billion), the underlying operating profit improved as a result of higher revenue and higher electricity generation, mainly owing to the commissioning of the new wind farms.
- Electricity generation in 2015 increased by 1.7 TWh compared with 2014, mainly owing to the commissioning of the new DanTysk offshore wind farm in Germany, the new Clashindarroch onshore wind farm in the UK, the Klim onshore wind farm in Denmark, and the extension of the Kentish Flats offshore wind farm in the UK.

Heat

Amounts in SEK million unless indicated otherwise	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Net sales	7 504	8 247	27 380	27 812
External net sales ¹	3 493	4 650	14 356	15 536
Underlying operating profit before depreciation, amortisation and impairment losses	1 502	2 073	5 634	5 986
Underlying operating profit	308	1 165	1 704	2 384
Electricity generation - TWh ²	8.6	8.6	30.4	28.8
- of which, fossil-based power	8.1	7.9 ³	29.6	27.6 ³
- of which, biomass, waste	0.5	0.7 ³	0.8	1.2 ³
Sales of heat, TWh	6.1	7.0	20.6	21.4
Number of employees, full-time equivalents	4 203	4 539	4 203	4 539

- 1) Excluding intra-Group transactions.
- 2) Figures for 2015 are preliminary.
- 3) The value for 2014 has been recalculated compared with previously published information in Vattenfall's interim reports in 2014 and in the 2014 Annual and Sustainability Report as a result of the changed organisational structure for operating segments, which took effect as from Q2 2015.

The Heat Business Area comprises Vattenfall's heat operations, including all thermal operations (except lignite).

- Net sales in 2015 decreased compared with 2014, mainly as a result of lower average prices achieved and lower sales of heat. The divestment of the Fyn combined heat and power plant decreased net sales in 2015 by a combined total of SEK 1.2 billion.
- The underlying operating profit for 2015 decreased compared with 2014, mainly owing to a lower gross margin associated with lower average prices achieved and higher depreciations related to the Moorburg power plant. The divestment of the Fyn combined heat and power plant decreased the underlying operating profit by a combined total of SEK 0.2 billion.
- Electricity generation in 2015 increased as a result of the commissioning of the Moorburg power plant. Sales of heat were lower, mainly due to the divestment of the Fyn combined heat and power plant.

Distribution

Amounts in SEK million unless indicated otherwise	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Net sales	5 578	5 334	19 914	18 782
External net sales ¹	4 322	4 098	15 355	14 173
Underlying operating profit before depreciation, amortisation and impairment losses	2 402	2 248	8 189	7 412
Underlying operating profit	1 703	1 473	5 465	4 435
Number of employees, full-time equivalents	2 728	2 658	2 728	2 658

- 1) Excluding intra-Group transactions.

The Distribution Business Area comprises Vattenfall's electricity distribution operations in Sweden and Germany (Berlin).

- Net sales and the underlying operating profit increased as a result of higher prices and higher revenue from the service business in Hamburg.

Other¹

Amounts in SEK million unless indicated otherwise	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Net sales	1 433	1 718	5 361	5 803
External net sales ²	45	68	178	290
Underlying operating profit before depreciation, amortisation and impairment losses	39	20	- 1 330	- 704
Underlying operating profit	- 95	- 76	- 1 897	- 978
Number of employees, full-time equivalents	3 320	4 299	3 320	4 299

- 1) Other pertains mainly to all Staff functions including Treasury activities and Shared Service Centres.
- 2) Excluding intra-Group transactions.

The data reported above for the operating segments also include eliminations in the Group's sales and earnings. See pages 22-23.

Consolidated income statement

Amounts in SEK million	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Net sales	45 499	48 725	164 510	165 945
Cost of products sold ¹	- 36 452	- 35 284	- 167 075	- 149 395
Gross profit	9 047	13 441	- 2 565	16 550
Selling expenses, administrative expenses and research and development costs ²	- 5 585	- 5 910	- 20 411	- 20 220
Other operating income and expenses, net	662	- 622	506	1 913
Participations in the results of associated companies ³	- 434	136	- 497	- 438
Operating profit (EBIT)⁴	3 690	7 045	- 22 967	- 2 195
Financial income ^{5,8}	635	697	2 762	2 590
Financial expenses ^{6,7,8}	- 1 810	- 2 257	- 7 987	- 8 635
Profit before tax	2 515	5 485	- 28 192	- 8 240
Income tax expense	- 55	- 1 585	8 426	- 44
Profit for the period	2 460	3 900	- 19 766	- 8 284
Attributable to owner of the Parent Company	2 243	3 663	- 16 672	- 8 178
Attributable to non-controlling interests	217	237	- 3 094	- 106
Supplementary information				
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	8 835	12 120	32 754	41 038
Underlying operating profit before depreciation, amortisation and impairment losses	11 354	13 243	40 004	43 558
Underlying operating profit	6 449	8 223	20 541	24 133
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	- 600	- 824	- 3 023	- 3 516
1) Of which, depreciation, amortisation and impairment losses	- 4 576	- 4 751	- 54 247	- 42 398
2) Of which, depreciation, amortisation and impairment losses	- 569	- 324	- 1 433	- 679
3) Of which impairment losses	—	- 1	- 41	- 155
4) Including items affecting comparability	- 2 759	- 1 178	- 43 508	- 26 328
5) Including return from the Swedish Nuclear Waste Fund	235	169	1 168	962
6) Including interest components related to pension costs	- 232	- 314	- 937	- 1 240
7) Including discounting effects attributable to provisions	- 810	- 905	- 3 370	- 3 491
8) Items affecting comparability recognised as financial income and expenses, net	—	- 4	- 18	- 52

Consolidated statement of comprehensive income

Amounts in SEK million	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Profit for the period	2 460	3 900	- 19 766	- 8 284
Other comprehensive income				
Items that will be reclassified to profit or loss when specific conditions are met				
Cash flow hedges - changes in fair value	1 629	529	11 354	5 243
Cash flow hedges - dissolved against income statement	- 936	2 074	- 5 323	- 5 871
Cash flow hedges - transferred to cost of hedged item	- 19	5	- 3	- 3
Hedging of net investments in foreign operations	1 434	- 2 249	1 709	- 5 452
Translation differences and exchange rate effects net, divested companies	—	52	—	101
Remeasurement of available-for-sale financial assets	—	—	—	- 182
Translation differences	- 2 962	3 923	- 1 938	10 453
Income tax relating to items that will be reclassified	- 462	- 277	- 1 722	3 242
Total Items that will be reclassified to profit or loss when specific conditions are met	- 1 316	4 057	4 077	7 531
Items that will not be reclassified to profit or loss				
Remeasurement pertaining to defined benefit obligations	- 95	- 5 722	2 867	- 9 130
Income tax relating to items that will not be reclassified	48	1 631	- 762	2 587
Total Items that will not be reclassified to profit or loss	- 47	- 4 091	2 105	- 6 543
Total other comprehensive income, net after tax	- 1 363	- 34	6 182	988
Total comprehensive income for the period	1 097	3 866	- 13 584	- 7 296
Attributable to owner of the Parent Company	1 007	3 641	- 10 398	- 7 412
Attributable to non-controlling interests	90	225	- 3 186	116

Operating segments, Vattenfall Group

Amounts in SEK million	Q4 2015	Q4 2014	Full year 2015	Full year 2014
External net sales				
Customers & Solutions	22 888	24 414	84 905	85 606
Power Generation	16 515	17 960	56 717	61 874
Wind	1 296	1 601	4 267	3 531
Heat	3 493	4 650	14 356	15 536
Distribution	4 322	4 098	15 355	14 173
- of which, Distribution Germany	1 763	1 620	6 018	5 149
- of which, Distribution Sweden	2 559	2 478	9 337	9 024
Other¹	45	68	178	290
Eliminations²	- 3 060	- 4 066	- 11 268	- 15 065
Total	45 499	48 725	164 510	165 945
Internal net sales				
Customers & Solutions	708	442	2 618	1 671
Power Generation	16 076	16 608	57 252	60 846
Wind	859	516	2 502	1 696
Heat	4 011	3 597	13 024	12 276
Distribution	1 256	1 236	4 559	4 609
- of which, Distribution Germany	1 066	1 084	4 012	4 060
- of which, Distribution Sweden	190	152	547	549
Other¹	1 388	1 650	5 183	5 513
Eliminations	- 24 298	- 24 049	- 85 138	- 86 611
Total	—	—	—	—
Total net sales				
Customers & Solutions	23 596	24 856	87 523	87 277
Power Generation	32 591	34 568	113 969	122 720
Wind	2 155	2 117	6 769	5 227
Heat	7 504	8 247	27 380	27 812
Distribution	5 578	5 334	19 914	18 782
- of which, Distribution Germany	2 829	2 704	10 030	9 209
- of which, Distribution Sweden	2 749	2 630	9 884	9 573
Other¹	1 433	1 718	5 361	5 803
Eliminations	- 27 358	- 28 115	- 96 406	- 101 676
Total	45 499	48 725	164 510	165 945

Operating segments, Vattenfall Group cont.

Amounts in SEK million	Q4 2015	Q4 2014	Full year 2015	Full year 2014
<u>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</u>				
Customers & Solutions	239	429	1 657	1 422
Power Generation	3 355	5 788	14 981	20 588
Wind	1 138	1 670	4 282	3 817
Heat	1 473	1 971	5 555	5 931
Distribution	2 393	2 159	8 143	7 283
- of which, Distribution Germany	881	664	2 649	2 008
- of which, Distribution Sweden	1 512	1 495	5 494	5 275
Other¹	37	- 67	- 1 831	2 059
Eliminations	200	170	- 33	- 62
Total	8 835	12 120	32 754	41 038
<u>Underlying operating profit before depreciation, amortisation and impairment losses</u>				
Customers & Solutions	274	588	2 271	1 821
Power Generation	5 447	6 466	20 652	25 284
Wind	1 489	1 629	4 621	3 772
Heat	1 502	2 073	5 634	5 986
Distribution	2 402	2 248	8 189	7 412
- of which, Distribution Germany	881	752	2 683	2 137
- of which, Distribution Sweden	1 521	1 496	5 506	5 275
Other¹	39	20	- 1 330	- 704
Eliminations	201	219	- 33	- 13
Total	11 354	13 243	40 004	43 558
<u>Operating profit (EBIT)</u>				
Customers & Solutions	22	216	775	274
Power Generation	1 584	3 257	- 25 519	898
Wind	136	1 083	931	- 946
Heat	155	963	- 2 633	- 6 841
Distribution	1 695	1 384	5 419	4 306
- of which, Distribution Germany	674	461	1 848	1 231
- of which, Distribution Sweden	1 021	923	3 571	3 075
Other¹	- 102	- 26	- 1 907	178
Eliminations	200	168	- 33	- 64
Operating profit (EBIT)	3 690	7 045	- 22 967	- 2 195
Financial income and expenses	- 1 175	- 1 560	- 5 225	- 6 045
Profit before tax	2 515	5 485	- 28 192	- 8 240
<u>Underlying operating profit</u>				
Customers & Solutions	58	375	1 390	962
Power Generation	3 648	4 007	12 443	15 639
Wind	627	1 058	1 469	1 704
Heat	308	1 165	1 704	2 384
Distribution	1 703	1 473	5 465	4 435
- of which, Distribution Germany	675	550	1 881	1 361
- of which, Distribution Sweden	1 028	923	3 584	3 074
Other¹	- 95	- 76	- 1 897	- 978
Eliminations	200	221	- 33	- 13
Underlying operating profit	6 449	8 223	20 541	24 133

1) "Other" pertains mainly to all Staff functions including Treasury activities and Shared Service Centres.

2) For external net sales, the eliminations pertains to sales to the Nordic electricity exchange.

Consolidated balance sheet

Amounts in SEK million	31 Dec. 2015	31 Dec. 2014
Assets		
Non-current assets		
Intangible assets: non-current	17 564	19 586
Property, plant and equipment	244 563	271 306
Investment property	388	461
Biological assets	35	29
Participations in associated companies and joint arrangements	7 002	7 765
Other shares and participations	273	284
Share in the Swedish Nuclear Waste Fund	34 172	31 984
Derivative assets	20 220	18 366
Current tax assets, non-current	222	449
Prepaid expenses	103	115
Deferred tax assets	9 265	9 310
Other non-current receivables	9 484	8 407
Total non-current assets	343 291	368 062
Current assets		
Inventories	16 592	18 502
Biological assets	19	11
Intangible assets: current	1 091	4 885
Trade receivables and other receivables	26 193	31 217
Advance payments paid	3 607	2 617
Derivative assets	14 067	13 342
Prepaid expenses and accrued income	5 936	6 398 ¹
Current tax assets	3 285	2 390
Short-term investments	31 905	32 785
Cash and cash equivalents	12 351	12 283
Assets held for sale	3 980	4 717
Total current assets	119 026	129 147
Total assets	462 317	497 209
Equity and liabilities		
Equity		
Attributable to owner of the Parent Company	103 984	115 260
Attributable to non-controlling interests	11 972	13 202
Total equity	115 956	128 462
Non-current liabilities		
Hybrid Capital	18 546	—
Other interest-bearing liabilities	68 179	78 807
Pension provisions	38 919	45 298
Other interest-bearing provisions	93 042	86 487
Derivative liabilities	10 579	11 760
Deferred tax liabilities	22 970	27 595
Other noninterest-bearing liabilities	6 273	5 756
Total non-current liabilities	258 508	255 703
Current liabilities		
Trade payables and other liabilities	23 958	30 641
Advance payments received	2 293	2 397
Derivative liabilities	8 023	5 065
Accrued expenses and deferred income	19 969	18 182 ¹
Current tax liabilities	306	1 135
Hybrid Capital	—	9 385
Other interest-bearing liabilities	23 860	37 736
Interest-bearing provisions	6 302	6 782
Liabilities associated with assets held for sale	3 142	1 721
Total current liabilities	87 853	113 044
Total equity and liabilities	462 317	497 209

Consolidated balance sheet, cont.

Supplementary information

Amounts in SEK million	31 Dec. 2015	31 Dec. 2014
Calculation of capital employed		
Intangible assets: current and non-current	18 655	24 471
Property, plant and equipment	244 563	271 306
Participations in associated companies and joint arrangements	7 002	7 765
Deferred and current tax assets	12 550	11 700
Non-current noninterest-bearing receivables	8 309	7 226
Inventories	16 592	18 502
Trade receivables and other receivables	26 193	31 217
Prepaid expenses and accrued income	5 936	6 398
Unavailable liquidity	6 813	7 272
Other	719	1 071
Total assets excl. financial assets	347 332	386 928
Deferred and current tax liabilities	- 23 276	- 28 730
Other noninterest-bearing liabilities	- 6 273	- 5 756
Trade payable and other liabilities	- 23 958	- 30 641
Accrued expenses and deferred income	- 19 969	- 18 182
Other	- 77	- 91
Total noninterest-bearing liabilities	- 73 553	- 83 400
Other interest-bearing provisions not related to adjusted net debt ²	- 9 188	- 9 250
Capital employed	264 591	294 278
Capital employed, average	279 435	293 992
Calculation of net debt		
Hybrid Capital	- 18 546	- 9 385
Bond issues, commercial paper and liabilities to credit institutions	- 68 898	- 72 461
Present value of liabilities pertaining to acquisitions of Group companies	—	- 19 293
Liabilities to associated companies	- 2 751	- 2 617
Liabilities to owners of non-controlling interests	- 13 041	- 12 384
Other liabilities	- 7 349	- 9 788
Total interest-bearing liabilities	- 110 585	- 125 928
Cash and cash equivalents	12 351	12 283
Short-term investments	31 905	32 785
Loans to owners of non-controlling interests in foreign Group companies	2 128	1 387
Net debt	- 64 201	- 79 473
Calculation of adjusted gross debt and net debt		
Total interest-bearing liabilities	- 110 585	- 125 928
50% of Hybrid Capital ³	9 273	4 693
Present value of pension obligations	- 38 919	- 45 298
Provisions for mining, gas and wind operations and other environment-related provisions	- 19 099	- 14 497
Provisions for nuclear power (net) ⁴	- 32 944	- 33 696
Margin calls received	5 307	7 013
Liabilities to owners of non-controlling interests due to consortium agreements	11 939	11 626
Adjusted gross debt	- 175 028	- 196 087
Reported cash and cash equivalents and short-term investments	44 256	45 068
Unavailable liquidity	- 6 813	- 7 272
Adjusted cash and cash equivalents and short-term investments	37 443	37 796
Adjusted net debt	- 137 585	- 158 291

1) The amount for 2014 has been recalculated compared with previously published information in Vattenfall's 2014 interim reports and 2014 Annual and Sustainability Report as a result of new accounting rules (IFRIC 21) that took effect in 2015. See Note 1.

2) Includes personnel-related provisions for non-pension purposes, provisions for tax and legal disputes and certain other provisions.

3) 50% of Hybrid Capital is treated as equity by the rating agencies, which thereby reduces adjusted net debt.

4) The calculation is based on Vattenfall's share of ownership in the respective nuclear power plants, less Vattenfall's share in the Swedish Nuclear Waste Fund and liabilities to associated companies. Vattenfall has the following ownership interests in the respective plants: Forsmark 66%, Ringhals 70.4%, Brokdorf 20%, Brunsbüttel 66.7%, Krümmel 50% and Stade 33.3%. (According to a special agreement, Vattenfall is responsible for 100% of the provisions for Ringhals.)

Consolidated statement of cash flows

Amounts in SEK million	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Operating activities				
Profit before tax	2 515	5 485	- 28 192	- 8 240
Reversal of depreciation, amortisation and impairment losses	5 145	5 076	55 724	43 270
Tax paid	242	- 361	- 1 340	- 3 168
Capital gains/losses, net	60	94	143	- 3 028
Other, incl. non-cash items	1 400	2 182	2 674	3 297
Funds from operations (FFO)	9 362	12 476	29 009	32 131
Changes in inventories	- 1 560	1 109	- 553	1 080
Changes in operating receivables	- 5 245	- 10 763 ¹	4 074	2 645 ¹
Changes in operating liabilities	8 086	8 676 ¹	5 775	1 685 ¹
Other changes	- 1 048	2 835	2 629	2 605
Cash flow from changes in operating assets and operating liabilities	233	1 857	11 925	8 015
Cash flow from operating activities	9 595	14 333	40 934	40 146
Investing activities				
Acquisitions in Group companies	—	- 2	- 5	- 10
Investments in associated companies and other shares and participations	59	77	272	222
Other investments in non-current assets	- 8 506	- 9 919	- 28 993	- 29 244
Total investments	- 8 447	- 9 844	- 28 726	- 29 032
Divestments	464	2 579	2 814	12 054
Cash and cash equivalents in acquired companies	—	35	—	35
Cash and cash equivalents in divested companies	- 28	- 211	- 563	- 513
Cash flow from investing activities	- 8 011	- 7 441	- 26 475	- 17 456
Cash flow before financing activities	1 584	6 892	14 459	22 690
Financing activities				
Changes in short-term investments	- 1 581	- 7 179	235	- 19 921
Changes in loans to owners of non-controlling interests in foreign Group companies	99	122	- 783	- 1 109
Loans raised ²	848	644 ³	5 088	12 678 ³
Amortisation of debt pertaining to acquisitions of Group companies	—	—	- 19 152	—
Amortisation of other debt	- 2 357	387 ³	- 10 223	- 20 443 ³
Divestment of shares in Group companies to owners of non-controlling interests	—	3	—	491
Effect of early termination of swaps related to financing activities	—	—	1 690	—
Redemption of Hybrid Capital	—	—	- 9 172	—
Issue of Hybrid Capital	3 484	—	18 636	—
Dividends paid to owners	- 180	- 28	- 333	- 104
Contribution from owners of non-controlling interests	310	341	1 973	1 912
Cash flow from financing activities	623	- 5 710	- 12 041	- 26 496
Cash flow for the period	2 207	1 182	2 418	- 3 806

Consolidated statement of cash flows, cont.

Amounts in SEK million	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Cash and cash equivalents				
Cash and cash equivalents at start of period	12 497	10 984	12 283	15 801
Cash and cash equivalents included in assets held for sale	- 2 263	—	- 2 263	—
Cash flow for the period	2 207	1 182	2 418	- 3 806
Translation differences	- 90	117	- 87	288
Cash and cash equivalents at end of period	12 351	12 283	12 351	12 283
Supplementary information				
Cash flow before financing activities	1 584	6 892	14 459	22 690
Financing activities				
Divestment of shares in Group companies to owners of non-controlling interests	—	3	—	491
Effects from terminating swaps related to financing activities	—	—	1 690	—
Dividends paid to owners	- 180	- 28	- 333	- 104
Contribution from owners of non-controlling interests	310	341	1 973	1 912
Cash flow after dividend	1 714	7 208	17 789	24 989
Analysis of change in net debt				
Net debt at start of period	- 65 405	- 83 403	- 79 473	- 98 998
Cash flow after dividend	1 714	7 208	17 789	24 989
Changes as a result of valuation at fair value	366	- 1 657	274	- 2 739
Changes in interest-bearing liabilities for leasing	- 4	1	3	34
Interest-bearing liabilities/short-term investments acquired/divested	—	70	35	145
Changes in liabilities pertaining to acquisitions of Group companies, discounting effects	—	- 87	- 160	- 322
Cash and cash equivalents included in assets held for sale	- 2 263	—	- 2 263	—
Transfer to liabilities due to changed shareholders' rights	—	6	—	3 043
Translation differences on net debt	1 391	- 1 611	- 406	- 5 625
Net debt at end of period	- 64 201	- 79 473	- 64 201	- 79 473
Free cash flow	4 270	8 136	25 013	23 234

- 1) The amount for 2014 has been recalculated compared with previously published information in Vattenfall's 2014 interim reports and 2014 Annual and Sustainability Report as a result of new accounting rules (IFRIC 21) that took effect in 2015. See Note 1.
- 2) Short-term borrowings in which the duration is three months or shorter are reported net.
- 3) The amount for 2014 has been recalculated compared with previously published information in Vattenfall's 2014 interim reports and 2014 Annual and Sustainability Report as a result of the fact that short-term borrowings in which the duration is three months or shorter are reported net.

Consolidated statement of changes in equity

Amounts in SEK million	31 Dec. 2015			31 Dec. 2014		
	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity
Balance brought forward	115 260	13 202	128 462	120 370	10 348	130 718
Profit for the period	- 16 672	- 3 094	- 19 766	- 8 178	- 106	- 8 284
Cash flow hedges - changes in fair value	11 335	19	11 354	5 209	34	5 243
Cash flow hedges - dissolved against income statement	- 5 324	1	- 5 323	- 5 871	—	- 5 871
Cash flow hedges - transferred to cost of hedged item	- 4	1	- 3	- 6	3	- 3
Hedging of net investments in foreign operations	1 709	—	1 709	- 5 452	—	- 5 452
Translation differences and exchange rate effects net, divested companies	—	—	—	101	—	101
Remeasurement of available-for-sale financial assets (unrealised)	—	—	—	- 182	—	- 182
Translation differences	- 1 746	- 192	- 1 938	10 056	397	10 453
Remeasurement pertaining to defined benefit obligations	2 742	125	2 867	- 8 841	- 289	- 9 130
Income tax relating to other comprehensive income	- 2 438	- 46	- 2 484	5 752	77	5 829
Total other comprehensive income for the period	6 274	- 92	6 182	766	222	988
Total comprehensive income for the period	- 10 398	- 3 186	- 13 584	- 7 412	116	- 7 296
Dividends paid to owners	—	- 333	- 333	—	- 104	- 104
Group contributions from(+)/to(-) owners of non-controlling interests	—	355	355	—	484	484
Changes in ownership in Group companies on divestments of shares to owners of non-controlling interests	—	—	—	- 33	387	354
Additional purchase price pertaining to previous share purchase	- 878	—	- 878	—	—	—
Contribution from minority interest	—	1 973	1 973	—	1 912	1 912
Changes as a result of changed ownership	—	—	—	—	—	—
Other changes in ownership	—	- 39	- 39	2 335	59	2 394
Total transactions with equity holders	- 878	1 956	1 078	2 302	2 738	5 040
Balance carried forward	103 984	11 972	115 956	115 260	13 202	128 462
- Of which, Reserve for hedges	9 460	7	9 467	4 827	1	4 828

Key ratios, Vattenfall Group

In % unless otherwise stated. (x) means times	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Operating margin	8.1	14.5	- 14.0	- 1.3
Operating margin ¹	14.2	16.9	12.5	14.5
Pre-tax profit margin	5.5	11.3	- 17.1	- 5.0
Pre-tax profit margin ¹	11.6	13.7	9.3	10.9
Return on equity	- 16.8 ²	- 6.9 ²	- 16.8	- 6.9
Return on capital employed	- 8.2 ²	- 0.7 ²	- 8.2	- 0.7
Return on capital employed ¹	7.4 ²	8.2 ²	7.4	8.2
EBIT interest cover, (x)	- 4.6 ²	- 0.1 ²	- 4.6	- 0.1
EBIT interest cover, (x) ¹	4.8 ²	5.0 ²	4.8	5.0
FFO interest cover, (x)	7.3 ²	7.2 ²	7.3	7.2
FFO interest cover, net, (x)	10.6 ²	10.1 ²	10.6	10.1
Cash flow interest cover after maintenance investments, (x)	7.8 ²	7.0 ²	7.8	7.0
FFO/gross debt	26.2 ²	25.5 ²	26.2	25.5
FFO/net debt	45.2 ²	40.4 ²	45.2	40.4
FFO/adjusted net debt	21.1 ²	20.3 ²	21.1	20.3
EBITDA/net financial items, (x)	14.7	14.7	10.8	11.7
EBITDA/net financial items, (x) ¹	18.9	16.1	13.2	12.4
Equity/total assets	25.1	25.8	25.1	25.8
Gross debt/equity	95.4	98.0	95.4	98.0
Net debt/equity	55.4	61.9	55.4	61.9
Gross debt/gross debt plus equity	48.8	49.5	48.8	49.5
Net debt/net debt plus equity	35.6	38.2	35.6	38.2
Net debt/EBITDA, (x)	2.0 ²	1.9 ²	2.0	1.9
Adjusted net debt/EBITDA, (x)	4.2 ²	3.9 ²	4.2	3.9

- 1) Based on Underlying operating profit.
2) Last 12-month values.

Quarterly information, Vattenfall Group

Amounts in SEK million	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Income Statement								
Net sales	45 499	37 519	36 115	45 377	48 725	34 734	36 575	45 912
Cost of products sold	- 36 452	- 29 354	- 68 228	- 33 042	- 35 284	- 49 148	- 32 059	- 32 905
Other operating income and expenses	- 4 923	- 5 039	- 5 831	- 4 112	- 6 532	- 4 828	- 5 642	- 1 306
Participations in the results of associated companies	- 434	- 125	- 101	163	136	- 194	- 511	131
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	8 835	7 548	2 852	13 518	12 120	8 438	3 890	16 588
Operating profit (EBIT)	3 690	3 001	- 38 045	8 386	7 045	- 19 436	- 1 637	11 832
Underlying operating profit	6 449	3 388	2 966	7 736	8 223	2 750	4 086	9 075
Financial items, net	- 1 175	- 1 105	- 1 401	- 1 543	- 1 560	- 1 362	- 1 421	- 1 701
Profit before tax	2 515	1 896	- 39 446	6 843	5 485	- 20 798	- 3 058	10 131
Profit for the period	2 460	1 600	- 28 812	4 987	3 900	- 18 065	- 2 323	8 205
- of which, attributable to owner of the Parent Company	2 243	1 403	- 24 996	4 679	3 663	- 18 122	- 1 830	8 111
- of which, attributable to non-controlling interests	217	197	- 3 816	308	237	57	- 493	94
Balance sheet								
Non-current assets	343 291	348 656	339 871	370 318	368 062	353 346	375 661	368 782
Short-term investments	31 905	30 867	34 006	45 634	32 785	24 810	19 884	22 142
Cash and cash equivalents	12 351	12 497	20 006	11 606	12 283	10 984	10 263	13 159
Other current assets	74 770	65 338	69 666	84 827	84 079 ¹	75 566 ¹	82 128 ¹	90 902 ¹
Total assets	462 317	457 358	463 549	512 385	497 209	464 706	487 936	494 985
Equity	115 956	114 440	108 303	134 678	128 462	123 864	142 387	145 725
- of which, attributable to owner of the Parent Company	103 984	103 043	97 646	120 367	115 260	111 603	131 567	134 852
- of which, attributable to non-controlling interests	11 972	11 397	10 657	14 311	13 202	12 261	10 820	10 873
Hybrid Capital	18 546	15 387	15 192	19 979	9 385	9 134	9 160	8 928
Other interest-bearing liabilities	92 039	95 659	112 970	117 400	116 543	111 546	107 458	112 660
Pension provisions	38 919	42 320	41 986	44 793	45 298	38 827	38 842	34 650
Other interest-bearing provisions	99 344	99 663	97 550	92 761	93 269	89 651	89 718	82 990
Deferred tax liabilities	22 970	26 463	27 202	27 454	27 595	28 454	30 952	31 618
Other noninterest-bearing liabilities	74 543	63 426	60 346	75 320	76 657 ¹	63 230 ¹	69 419 ¹	78 414 ¹
Total equity and liabilities	462 317	457 358	463 549	512 385	497 209	464 706	487 936	494 985
Capital employed	264 591	267 116	269 657	298 629	294 278	281 801	305 096	298 977
Net debt	- 64 201	- 65 405	- 72 839	- 78 825	- 79 473	- 83 403	- 85 872	- 85 694
Cash flow								
Funds from operations (FFO)	9 362	5 698	4 154	9 795	12 476	5 008	3 854	10 792
Cash flow from changes in operating assets and operating liabilities	233	9 170	5 563	- 3 042	1 857	4 984	4 479	- 3 305
Cash flow from operating activities	9 595	14 868	9 717	6 753	14 333	9 992	8 333	7 487
Cash flow from investing activities	- 8 011	- 7 883	- 5 393	- 5 187	- 7 441	- 7 805	- 5 785	3 574
Cash flow before financing activities	1 584	6 985	4 324	1 566	6 892	2 187	2 548	11 061
Changes in short-term investments	- 1 581	3 501	11 336	- 13 022	- 7 179	- 4 828	2 563	- 10 477
Loans raised/Amortisation of debt, net, etc.	2 384	- 17 965	- 7 177	10 816	1 497	3 415	- 8 104	- 3 277
Dividends paid to owners	- 180	- 96	- 57	—	- 28	- 29	- 47	—
Cash flow from financing activities	623	- 14 560	4 102	- 2 206	- 5 710	- 1 442	- 5 588	- 13 754
Cash flow for the period	2 207	- 7 575	8 426	- 640	1 182	745	- 3 040	- 2 693
Free cash flow	4 270	10 520	6 218	4 003	8 136	6 083	4 330	4 685

Quarterly information, Vattenfall Group, cont.

In % unless otherwise stated. (x) means times	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Key ratios								
Return on equity ³	- 16.8	- 14.8	- 32.6	- 10.1	- 6.9	- 8.0	8.4	- 10.1
Return on capital employed ³	- 8.2	- 7.1	- 14.6	- 1.9	- 0.7	- 1.9	6.4	- 1.7
Return on capital employed ^{2,3}	7.4	8.1	7.5	7.6	8.2	8.1	8.2	8.4
EBIT interest cover, (x) ³	- 4.6	- 3.6	- 8.0	- 0.9	- 0.1	- 0.6	3.3	- 0.6
EBIT interest cover, (x) ^{2,3}	4.8	4.8	4.6	5.1	5.0	4.2	4.2	3.9
FFO/gross debt ³	26.2	28.9	24.5	22.7	25.5	21.7	24.0	24.7
FFO/net debt ³	45.2	49.1	43.2	39.5	40.4	31.4	32.5	35.1
FFO/adjusted net debt ³	21.1	22.5	21.1	20.7	20.3	17.3	17.9	20.4
Equity/assets ratio	25.1	25.0	23.4	26.3	25.8	26.7	29.2	29.4
Gross debt/equity	95.4	97.0	118.3	102.0	98.0	97.4	81.9	83.4
Net debt/equity	55.4	57.2	67.3	58.5	61.9	67.3	60.3	58.8
Net debt/net debt plus equity	35.6	36.4	40.2	36.9	38.2	40.2	37.6	37.0
Net debt/EBITDA, (x) ³	2.0	1.8	2.0	2.1	1.9	2.2	2.2	1.9
Adjusted net debt/EBITDA, (x) ³	4.2	4.0	4.0	4.0	3.9	4.0	4.0	3.3

- 1) The amount for 2014 has been recalculated compared with previously published information in Vattenfall's 2014 interim reports and 2014 Annual and Sustainability Report as a result of new accounting rules (IFRIC 21) that took effect in 2015. See Note 1.
- 2) Based on Underlying operating profit.
- 3) Last 12-month values.

Note 1 Accounting policies, risks and uncertainties

Accounting policies

The consolidated accounts for 2015 have been prepared, as for the 2014 year-end accounts, in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Commission for application within the EU, and the Swedish Annual Accounts Act. This interim report for the Group has been prepared in accordance with IAS 34 – “Interim Financial Reporting”, and the Swedish Annual Accounts Act. The accounting policies and calculation methods applied in this interim report are the same as those described in Vattenfall’s 2014 Annual and sustainability report (Note 3 to the consolidated accounts), except for the amended IFRSs endorsed by the EU and described below, which are effective as of the 2015 financial year.

IFRIC 21 – “Levies”. The interpretation clarifies when a liability for levies should be recognised. Levies are fees and taxes charged to companies by government authorities in accordance with laws and regulations, except income taxes, penalties and fines. The interpretation clarifies that a liability should be recognised when a company has an obligation to pay due to a past event. A liability is recognised progressively if the obligating event occurs over a period of time. If an obligation to pay a levy is triggered when a minimum threshold is reached, the liability is not recognised until the minimum threshold is reached. The interpretation has had only a marginal effect on Vattenfall’s financial statements. For Vattenfall, application of IFRIC 21 has entailed that property tax in Sweden is entered as a liability in its entirety as per 1 January 2015 by just under SEK 3 billion, and that tax on the thermal effect in Sweden has been entered as a liability in an amount just under SEK 0.8 billion, resulting in an increase in the balance sheet total as per this date by SEK 3.8 billion. Previously, the liability for Swedish property tax was recognised gradually during the year. The tax on thermal capacity of nuclear reactors is assessed during the time a nuclear reactor is in operation and during the first 90 days it has been out of operation. The balance sheets for 2014 has been recalculated as a result of IFRIC 21 by SEK 0.8 billion.

Amendments to IAS 19 – “Defined Benefit Plans: Employee Contributions”, include clarifications on how contributions to a pension plan from employees or third parties should be recognised. The clarifications have not changed the way Vattenfall recognises these fees.

“Annual improvements to IFRSs 2010–2012 Cycle” and “Annual improvements to IFRSs 2011–2013 Cycle” aim to streamline and clarify the accounting standards concerning presentation, recognition and measurement, including changes in terminology and amendments of an editorial nature. The amendments have not had any significant effect on Vattenfall’s financial statements.

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall’s 2014 Annual and sustainability report, pages 66-72. Apart from the information provided under important events in this report and under important events in previously published interim reports during 2015, no other material changes have taken place since publication of the 2014 Annual and Sustainability Report.

Other

Significant related-party transactions are described in Note 55 to the consolidated accounts in Vattenfall’s 2014 Annual and Sustainability Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2014 Annual and Sustainability Report.

Note 2 Exchange rates

Key exchange rates applied in the accounts of the Vattenfall Group:

	Q4 2015	Q4 2014	Full year 2015	Full year 2014
Average rate				
EUR	9.2979	9.2680	9.3414	9.1004
DKK	1.2463	1.2451	1.2523	1.2207
NOK	0.9864	1.0806	1.0403	1.0848
PLN	2.1820	2.1998	2.2297	2.1715
GBP	12.8483	11.8232	12.8325	11.3091
USD	8.5155	7.4568	8.4004	6.8837
			31 Dec. 2015	31 Dec. 2014
Balance sheet date rate				
EUR			9.1895	9.3930
DKK			1.2314	1.2616
NOK			0.9569	1.0388
PLN			2.1552	2.1981
GBP			12.5206	12.0593
USD			8.4408	7.7366

Note 3 Financial instruments by category and related effects on income

Financial instruments by category: Carrying amount and fair value

Amounts in SEK million	31 Dec. 2015		31 Dec. 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through profit or loss				
Derivative assets	18 435	18 435	17 126	17 126
Short-term investments	29 226	29 226	29 735	29 735
Cash equivalents	1 529	1 529	444	444
Total	49 190	49 190	47 305	47 305
Derivative assets for hedging purposes for				
Fair value hedges	3 467	3 467	4 850	4 850
Cash flow hedges	12 385	12 385	9 732	9 732
Total	15 852	15 852	14 582	14 582
Loans and receivables				
Share in the Swedish Nuclear Waste Fund	34 172	35 272	31 984	34 569
Other non-current receivables	9 484	9 506	8 407	8 429
Trade receivables and other receivables	26 193	26 147	31 217	31 282
Advance payments paid	3 267	3 267	2 150	2 150
Short-term investments	2 679	2 679	3 050	3 049
Cash and bank balances	10 822	10 822	11 839	11 839
Total	86 617	87 693	88 647	91 318
Available-for-sale financial assets				
Other shares and participations carried at cost	273	273	284	284
Total	273	273	284	284
Financial liabilities at fair value through profit or loss				
Derivative liabilities	16 408	16 408	13 837	13 837
Total	16 408	16 408	13 837	13 837
Derivative liabilities for hedging purposes for				
Fair value hedges	8	8	2	2
Cash flow hedges	2 186	2 186	2 986	2 986
Total	2 194	2 194	2 988	2 988
Other financial liabilities				
Hybrid Capital, non-current interest-bearing liability	18 546	16 196	—	—
Other non-current interest-bearing liabilities	68 179	74 962	78 807	89 800
Other non-current noninterest-bearing liabilities	6 273	6 273	5 756	5 756
Hybrid Capital, current interest-bearing liability	—	—	9 385	9 551
Current interest-bearing liabilities	23 860	23 978	37 736	38 420
Trade payables and other liabilities	22 362	22 362	28 094	28 094
Advance payments received	2 216	2 216	2 371	2 371
Total	141 436	145 987	162 149	173 992

For assets and liabilities with a remaining maturity less than three months (e.g., cash and bank balances, trade receivables and other receivables and trade payables and other payables), fair value is considered to be equal to the carrying amount. For other shares and participations carried at cost, in the absence of fair value, cost is considered to be equal to the carrying amount.

Financial instruments that are measured at fair value on the balance sheet are described below according to the fair value hierarchy (levels), which in IFRS 13 is defined as:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). In Level 2 Vattenfall reports mainly commodity derivatives, currency-forward contracts and interest rate swaps

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

Financial assets and liabilities that are measured at fair value on the balance sheet at 31 December 2015

Amounts in SEK million	Level 1	Level 2	Level 3	Total
Assets				
Derivative assets	—	33 879	408	34 287
Short-term investments and cash equivalents	20 606	10 149	—	30 755
Total assets	20 606	44 028	408	65 042
Liabilities				
Derivative liabilities	—	17 164	1 438	18 602
Total liabilities	—	17 164	1 438	18 602

Financial assets and liabilities that are measured at fair value on the balance sheet at 31 December 2014

Amounts in SEK million	Level 1	Level 2	Level 3	Total
Assets				
Derivative assets	—	31 058	650	31 708
Short-term investments and cash equivalents	25 071	5 108	—	30 179
Total assets	25 071	36 166	650	61 887
Liabilities				
Derivative liabilities	—	16 155	670	16 825
Total liabilities	—	16 155	670	16 825

Changes in level 3 financial instruments

Financial instruments at fair value through profit or loss

Amounts in SEK million	Derivative assets		Derivative liabilities	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Balance brought forward	650	1 377	670	375
Transfers from another level	—	4	—	—
Revaluations recognised in operating profit (EBIT)	- 232	- 776	795	264
Translation differences	- 10	45	- 27	31
Balance carried forward	408	650	1 438	670
Total revaluations for the period included in operating profit (EBIT) for assets and liabilities held on the balance sheet date	- 83	389	459	117

Sensitivity analysis for Level 3 contracts

For the determination of fair value of financial instruments, Vattenfall strives to use valuation techniques that maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates.

Entity-specific estimates are based on internal valuation models that are subject to a defined process of validation, approval and monitoring. In the first step the model is designed by the business. The valuation model is then independently reviewed and approved by Vattenfall's risk organisation. If deemed necessary, adjustments are required and implemented. Afterwards, Vattenfall's risk organisation continuously monitors whether the application of the method is still appropriate. This is made by usage of several back-testing tools. In order to reduce valuation risks, the application of the model can be restricted to a limited scope.

Gas supply agreement: A gas supply agreement (coal price-indexed) is an agreement that extends further ahead in time than liquid trading in the gas market. Valuation of the agreement is against the market price, as long as a market price can be observed. Modelled prices are used for commodity deliveries beyond the market horizon or deliveries with uncommon terms and options. The gas agreement is hedged with OTC forward trades of underlying products. These trades are also marked against the same market and modelled prices. The modelled prices are benchmarked against reliable financial information obtained from the company Markit; this information is well-known and is used by many energy companies, offering a reasonable valuation of the portion of the gas supply contract that cannot be valued against market prices (Level 3).

The net value as per 31 December 2015 has been calculated at SEK -2 million (+111). The price of the coal price index used in the model (API#2) has a large impact on the modelled price. A change in this index of +/-5% would affect the total value by approximately SEK +/-0 million (+/-6).

CDM: Clean Development Mechanism (CDM) is a flexible mechanism under the Kyoto Protocol and overseen by the UNFCCC under which projects set up in developing countries to reduce CO₂ emissions can generate tradable carbon credits called CERs (Certified Emission Reductions). Once CERs are issued by the UNFCCC they can be used by companies and governments in industrialised nations as carbon emission offsets at home to meet their reduction targets, either under the EU ETS in the case of a company or under the Kyoto Protocol in case of countries. In terms of valuation of the CDM projects in Vattenfall's CDM portfolio, the non-observable input factor is an estimation of the volume of CERs that is expected to be delivered from each project annually. This estimation is derived from six defined Risk Adjustment Factors (RAFs) that have the same weighting. These project specific factors are calculated using the "Point Carbon Valuation Tool" developed by Point Carbon to quantify the risk by adjusting the volume based on these six risks and calculating the fair value based on these six risks adjusted volumes against the CER forward curve on the exchange (Inter Continental Exchange – ICE). The tool is based on Point Carbon's valuation methodology, which was developed in cooperation with several experienced market players. The valuation methodology is strictly empirical, and all risk parameters are extracted from Point Carbon's proprietary databases of CDM project data, which entails a correct valuation of the contracts. The results are validated based on monitoring reports for the respective CDM projects, which are publicly available on the website of the UNFCCC.

The net value as per 31 December 2015 has been calculated at SEK 3 million (-3). The fair value is mainly determined and correlated with the observable price of CER, meaning a higher price of CER leads to a higher value of the CDM contract and vice versa. A change in the modelled price of CERs of +/-5% would affect the total value by approximately SEK +/-3 million (+/-3).

Long-term electricity contracts: Vattenfall has long-term electricity contracts with a customer extending until 2019 that include embedded derivatives in which the electricity price for the customer is coupled to the price development of aluminium and exchange rate movements of the Norwegian krone (NOK) in relation to the US dollar (USD). Reliable market quotations for aluminium are available for a period of 27 months forward in time. Vattenfall has estimated that the use of modelled prices provides reliable values for valuation of the period beyond 27 months, that is, the time horizon during which market quotations are not available until the contracts' expiration date. For modelling the prices, a Monte-Carlo simulation is used. Valuation is done on a monthly basis. The value of the embedded derivative is defined as the difference between the total contract value and

the fair value of a fixed price agreement concluded at the same time and for same time horizon as the actual contract was concluded. Furthermore, changes in fair value are analysed every month by comparing changes in market price for aluminium and the USD/NOK exchange rate.

The value as per 31 December 2015 has been calculated at SEK -29 million (+99). The price of aluminium is the factor that has the greatest bearing on the modelled price. An increase of the price for aluminium leads to a higher fair value and vice versa. A change in the price of aluminium of +/-5% would affect the total value by approximately SEK +/-34 million (+/-48).

Virtual Gas Storage contracts: A virtual gas storage contract is a contract, that allows Vattenfall to store gas without owning a gas storage facility. The virtual gas storage contracts include constraints to the maximum storage capacity and the maximum injection and withdrawal per day. The valuation of the contract is based on the storage, injections and withdrawal fees included in the contract, the expected spread between gas prices in the summer and winter which is observable and the optionality value, which is marked to model (Level 3). The valuation methodology is based on a backward estimation of the value of the contracts under different price and operational scenarios and a forward step that selects the optimal exercise. The price scenarios are based on simulating the forward prices until the beginning of their respective delivery periods and the simulation of the daily spot prices during the delivery period. The spot prices are simulated using the forward prices as a starting point. Finally, the spot volatility is calibrated using three years of historical data. The valuation models and calibration of the valuation models are approved and validated by Vattenfall's risk organisation.

The net value as per 31 December 2015 has been calculated at SEK -352 million (+97) and is most sensitive to the optionality volatility. A change in the value of the daily volatility of +/-5% would affect the total value by approximately +/- SEK 63 million (+/-69).

Gas swing contracts: A gas swing contract is a contract that provides flexibility on the timing and amount of gas purchases. The contract is based on a price formula with a maximum and minimum annual and daily gas quantity. The valuation of the contract is based on observable price difference between the contract prices and indexes and the optional value, which is marked to model (Level 3). The valuation methodology is based on a backward estimation of the value of the contracts under different price and operational scenarios and a forward step that selects the optimal exercise. The price scenarios are based on simulating the forward prices until the beginning of their respective delivery periods and the simulation of the daily spot prices during the delivery period. The spot prices are simulated using the forward prices as a starting point. Finally, the spot volatility is calibrated using three years of historical data. The valuation models and calibration of the valuation models are approved and validated by Vattenfall's risk organisation.

The net value as per 31 December 2015 has been calculated at SEK -774 million (-328) and is most sensitive to the optionality volatility. A change in the value of the daily volatility of +/-5% would affect the total value by approximately +/- SEK 43 million (-/+8).

Biomass sourcing contract: Vattenfall has signed a biomass sourcing contract to buy a fixed volume of wood pellets at a floating index price from 2017 until 2024, which is delivered to a specific point of delivery in the USA. The buyer is responsible for contracting freight from the USA to Europe, so the contract is exposed to a freight curve. There is no liquid market for the tenor of the contract and therefore the valuation of the contract is based on a modelled forward curve. The three most significant factors in the modelled valuation are diesel, heating oil and time charter. The valuation models and calibration of the valuation models have been approved and validated by Vattenfall's risk organisation.

The net value as per 31 December 2015 has been calculated at SEK 122 million. The factors diesel, fuel oil and time charter have a significant impact on the sensitivity of the valuation. A change in the price of +/-5% would affect the total value by approximately +/- SEK 15 million.

Financial instruments: Effects on income by category

Net gains (+)/losses (-) and interest income and expenses for financial instruments recognised in the income statement:

Amounts in SEK million	31 Dec. 2015			31 Dec. 2014		
	Net gains/ losses ¹	Interest income	Interest expenses	Net gains/ losses ¹	Interest income	Interest expenses
Derivative assets and derivative liabilities	3 940	116	- 76	5 024	186	- 122
Available-for-sale financial assets	15	—	—	- 25	—	—
Loans and receivables	- 241	1 546	—	- 184	1 116	—
Financial liabilities measured at amortised cost	1 000	—	- 3 306	- 2 675	—	- 3 624
Total	4 714	1 662	- 3 382	2 140	1 302	- 3 746

1) Exchange rate gains and losses are included in net gains/losses.

The Parent Company Vattenfall AB

Accounting policies

The Parent Company Vattenfall AB's accounts are prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 – Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. The accounting policies used in this report are the same as those described in Vattenfall's 2014 Annual and sustainability report (Note 2 to the Parent Company accounts).

Full year 2015

A condensed income statement and balance sheet for the Parent Company are presented below.

- Net sales amounted to SEK 30,670 million (31,676).
- Profit before appropriations and tax was SEK 6,150 million (-12,884).
- Earnings were affected by the following:
 - Received dividends of SEK 4,815 million.
 - A small capital gain from the sale of entire shareholding in Övertorneå Värmeverk AB.
 - A capital gain of SEK 59 million from the liquidation of Vattenfall VätterEI AB.
 - An impairment loss of SEK 1,209 million for the shareholding in Vattenfall A/S – the effect of previously a received dividend.
- The balance sheet total was SEK 292,057 million (267,526).
- On 1 July 2015 Vattenfall made the scheduled payment of EUR 2,071.3 million for the remaining 21% of the shares in N.V. Nuon Energy, corresponding to approximately SEK 19 billion.
- During the third quarter, the shares in Vattenfall Distribution AB were revalued to SEK 38 billion in order to better reflect the value of the shares.
- During the first quarter of 2015, Vattenfall issued hybrid bonds of SEK 6 billion and EUR 1 billion, respectively (slightly more than SEK 15 billion combined). The aim was to refinance Vattenfall's previous hybrid bond that was issued 2005 and to use the remaining for general corporate purposes. In November Vattenfall issued hybrid bonds of USD 400 million (corresponding to approximately SEK 3.5 billion).
- Investments during the period amounted to SEK 589 million (461).
- Cash and cash equivalents, and short-term investments amounted to SEK 38,794 million (35,059).

Risks and uncertainties

See Note 1 to the consolidated accounts.

Other

Significant related-party transactions are described in Note 39 to the Parent Company accounts in Vattenfall's 2014 Annual and sustainability report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2014 Annual and Sustainability Report.

Parent Company income statement

Amounts in SEK million	Full year 2015	Full year 2014
Net sales	30 670	31 676
Cost of products sold	- 24 177	- 22 470
Gross profit	6 493	9 206
Selling expenses, administrative expenses and research and development costs	- 2 355	- 2 626
Other operating income and expenses, net	1 010	- 1 610
Operating profit (EBIT)	5 148	4 970
Result from participations in subsidiaries	3 654	- 13 830
Result from participations in associated companies	7	—
Result from other shares and participations	—	- 213
Other financial income	991	1 075
Other financial expenses	- 3 650	- 4 886
Profit before appropriations and tax	6 150	- 12 884
Appropriations	1 194	418
Profit before tax	7 344	- 12 466
Income tax expense	- 908	748
Profit for the year	6 436	- 11 718

Parent Company statement of comprehensive income

Amounts in SEK million	Full year 2015	Full year 2014
Profit for the year	6 436	- 11 718
Total other comprehensive income	—	—
Total comprehensive income for the year	6 436	- 11 718

Parent Company balance sheet

Amounts in SEK million	31 Dec. 2015	31 Dec. 2014
Assets		
Non-current assets		
Intangible assets: non-current	174	118
Property, plant and equipment	4 122	4 128
Shares and participations	151 865	118 473
Deferred tax assets	212	—
Other non-current receivables	83 624	90 478
Total non-current assets	239 997	213 197
Current assets		
Inventories	342	385
Intangible assets: current	215	68
Current receivables	12 172	18 055
Current tax assets	537	762
Short-term investments	28 491	26 724
Cash and cash equivalents	10 303	8 335
Total current assets	52 060	54 329
Total assets	292 057	267 526
Equity, provisions and liabilities		
Equity		
Restricted equity		
Share capital (131,700,000 shares with a share quota value of SEK 50)	6 585	6 585
Revaluation reserve	37 989	—
Statutory reserve	1 286	1 286
Non-restricted equity		
Retained earnings	43 737	55 454
Profit for the year	6 436	- 11 718
Total equity	96 033	51 607
Untaxed reserves	14 882	16 227
Provisions	4 835	4 278
Non-current liabilities		
Hybrid capital	18 603	—
Other interest-bearing liabilities	54 961	63 962
Deferred tax liabilities	—	165
Other noninterest-bearing liabilities	18 302	36 421
Total non-current liabilities	91 866	100 548
Current liabilities		
Hybrid capital	—	9 385
Other interest-bearing liabilities	78 348	78 379
Other noninterest-bearing liabilities	6 093	7 102
Total current liabilities	84 441	94 866
Total equity, provisions and liabilities	292 057	267 526

Definitions and calculations of key ratios

Figures for the Group in 2015. Amounts in SEK million unless indicated otherwise.

EBIT:	Earnings Before Interest and Tax (Operating profit)
EBITDA:	Earnings Before Interest, Tax, Depreciation and Amortisation. (Operating profit before depreciation, amortisation and impairment losses)
Items affecting comparability:	Capital gains and capital losses from shares and other non-current assets, impairment losses and reversed impairment losses and other material non-recurring items. Also included here are, for trading activities, unrealised changes in the fair value of energy derivatives, which according to IAS 39 cannot be recognised using hedge accounting and unrealised changes in the fair value of inventories
Underlying operating profit:	Operating profit (EBIT) excluding items affecting comparability
FFO:	Funds From Operations
Free cash flow:	Cash flow from operating activities less maintenance investments
Hybrid Capital:	Perpetual subordinated securities, junior to all Vattenfall's unsubordinated debt instruments.
Capital employed:	Balance sheet total less financial assets, noninterest-bearing liabilities and certain other interest-bearing provisions not included in adjusted net debt
Net debt:	Interest-bearing liabilities less loans to owners of non-controlling interests in Group companies, cash and cash equivalents and short-term investments
Adjusted net debt:	For calculation, see Consolidated balance sheet - Supplementary Information
LTIF:	Lost Time Injury Frequency (LTIF) is expressed in terms of the number of lost time work injuries (per 1 million hours worked), i.e., work-related accidents resulting in absence longer than one day, and accidents resulting in fatality.

The key ratios are presented as percentages (%) or times (x).

Key ratios based on last 12-month values January 2015 – December 2015:

Operating margin, %	= 100 x	$\frac{\text{EBIT}}{\text{Net sales}} = \frac{-22\,967}{164\,510}$	=	-14.0
Operating margin excl. items affecting comparability, %	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Net sales}} = \frac{20\,541}{164\,510}$	=	12.5
Pre-tax profit margin, %	= 100 x	$\frac{\text{Profit before tax}}{\text{Net sales}} = \frac{-28\,192}{164\,510}$	=	-17.1
Pre-tax profit margin excl. items affecting comparability, %	= 100 x	$\frac{\text{Profit before tax excl. items affecting comparability}}{\text{Net sales}} = \frac{15\,334}{164\,510}$	=	9.3
Return on equity, %	= 100 x	$\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl. the Reserve for cash flow hedges}} = \frac{-16\,672}{98\,986}$	=	-16.8
Return on capital employed, %	= 100 x	$\frac{\text{EBIT}}{\text{Capital employed, average}} = \frac{-22\,967}{279\,435}$	=	-8.2
Return on capital employed excl. items affecting comparability, %	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Capital employed, average}} = \frac{20\,541}{279\,435}$	=	7.4
EBIT interest cover, (x)	=	$\frac{\text{EBIT + financial income excl. return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}} = \frac{-21\,373}{4\,617}$	=	-4.6
EBIT interest cover excl. Items affecting comparability, (x)	=	$\frac{\text{Underlying EBIT + financial income excl. Return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}} = \frac{22\,135}{4\,617}$	=	4.8
FFO interest cover, (x)	=	$\frac{\text{FFO + financial expenses excl. discounting effects attributable to provisions}}{\text{Financial expenses excl. discounting effects attributable to provisions}} = \frac{33\,626}{4\,617}$	=	7.3
FFO interest cover, net, (x)	=	$\frac{\text{FFO + financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}} = \frac{32\,032}{3\,023}$	=	10.6

Cash flow interest cover after maintenance investments, (x)	=	$\frac{\text{Cash flow from operating activities less maintenance investments + financial expenses excl. Discounting effects attributable to provisions and interest components related to pension costs}}{\text{Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs}}$	$\frac{28\,693}{3\,680} = 7.8$
FFO/gross debt, %	= 100 x	$\frac{\text{FFO}}{\text{Interest-bearing liabilities}}$	$\frac{29\,009}{110\,585} = 26.2$
FFO/net debt, %	= 100 x	$\frac{\text{FFO}}{\text{Net debt}}$	$\frac{29\,009}{64\,201} = 45.2$
FFO/adjusted net debt, %	= 100 x	$\frac{\text{FFO}}{\text{Adjusted net debt}}$	$\frac{29\,009}{137\,585} = 21.1$
EBITDA/net financial items, (x)	=	$\frac{\text{EBITDA}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{32\,754}{3\,023} = 10.8$
EBITDA excl. items affecting comparability/net financial items, (x)	=	$\frac{\text{EBITDA excl. items affecting comparability}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{40\,004}{3\,023} = 13.2$

Key ratios based on the balance sheet per 31 December 2015:

Equity/total assets, %	= 100 x	$\frac{\text{Equity}}{\text{Balance sheet total}}$	$\frac{115\,956}{462\,317} = 25.1$
Gross debt/equity, %	= 100 x	$\frac{\text{Interest-bearing liabilities}}{\text{Equity}}$	$\frac{110\,585}{115\,956} = 95.4$
Net debt/equity, %	= 100 x	$\frac{\text{Net debt}}{\text{Equity}}$	$\frac{64\,201}{115\,956} = 55.4$
Gross debt/gross debt equity, %	= 100 x	$\frac{\text{Interest-bearing liabilities}}{\text{Interest-bearing liabilities + equity}}$	$\frac{110\,585}{226\,541} = 48.8$
Net debt/net debt plus equity, %	= 100 x	$\frac{\text{Net debt}}{\text{Net debt + equity}}$	$\frac{64\,201}{180\,157} = 35.6$
Net debt/EBITDA, (x)	=	$\frac{\text{Net debt}}{\text{EBITDA}}$	$\frac{64\,201}{32\,754} = 2.0$
Adjusted net debt/EBITDA, (x)	=	$\frac{\text{Adjusted net debt}}{\text{EBITDA}}$	$\frac{137\,585}{32\,754} = 4.2$

Year-end report signature, dividend and Annual General Meeting

Dividend

On account of the negative result after tax, the Board of Directors proposes, in accordance with Vattenfall's dividend policy, that no dividend be paid for 2015.

Annual General Meeting

The Annual General Meeting will be held on 27 April 2016, in Solna. The Annual General Meeting is open to the general public. The Annual Report (in both Swedish and English versions) is expected to be published on www.vattenfall.se and www.vattenfall.com, respectively, on 23 March 2016.

Solna, 3 February 2016

Vattenfall AB (publ)

The Board of Directors

This year-end report has not been reviewed by the company's auditor.

Financial calendar

Annual and Sustainability Report 2015, 23 March 2016

Annual General Meeting, 27 April 2016

Interim report January-March, 28 April 2016

Interim report January-June, 21 July 2016

Interim report January-September, 27 October 2016

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