

# Interim Report

## January–September 2015

### July–September 2015

- Net sales of SEK 37,519 million (34,734)
- Underlying operating profit<sup>1</sup> of SEK 3,388 million (2,750)
- Operating profit of SEK 3,001 million (-19,436). Operating profit for the corresponding period in 2014 was negatively affected by SEK 25.2 billion in items affecting comparability, of which SEK 23.8 million consisted of impairment losses
- Profit for the period after tax of SEK 1,600 million (-18,065)
- Electricity generation of 41.2 TWh (36.8)

### January–September 2015

- Net sales of SEK 119,011 million (117,220)
- Underlying operating profit<sup>1</sup> of SEK 14,092 million (15,911)
- Operating profit of SEK -26,657 million (-9,239). Operating profit was negatively affected by SEK 40.7 billion in items affecting comparability, of which SEK 36.5 billion consisted of impairment losses
- Profit for the period after tax of SEK -22,225 million (-12,183). Profit for the period was charged with SEK 29.8 billion in items affecting comparability, net after tax
- Electricity generation of 127.2 TWh (126.6)

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1) Underlying operating profit is defined as operating profit excluding items affecting comparability. For a specification of items affecting comparability, see page 8.

*Vattenfall discloses the information provided in this interim report pursuant to the Swedish Securities Market Act.*

*Rounding differences may occur in this report.*

## CEO's comments

"Compared with a year ago, during the third quarter Vattenfall increased its underlying operating profit, improved its cash flow and lowered its debt. The profit increase is mainly attributable to higher production volumes and lower operating costs. However, for the nine-month period January–September, the underlying operating profit decreased by SEK 1.8 billion to approximately SEK 14.1 billion. The market conditions remain challenging, with a considerable capacity surplus and low electricity prices, especially in the Nordic countries, which is squeezing our production margins.

Our cost-cutting efforts must continue. Among other measures we are now looking at opportunities to outsource parts of our administration and IT operations to external service providers. Our purchasing processes will continue to be sharpened and streamlined in an effort to achieve further savings.

During the quarter we continued the work on finding new owners for our German lignite assets by inviting interested bidders. This process is on track and we expect to reach an agreement during the first half of 2016.

Vattenfall will be a truly customer-centric company in parallel with our efforts to achieve a long-term sustainable production portfolio. We aspire to take a leading role in our work on meeting the customers' demands on energy companies of the future. This is the foundation of our new, strategic direction, which is contributing to a sustainable energy system across the value chain in the northern Europe."

A handwritten signature in blue ink, appearing to read 'Magnus Hall', is displayed on a light blue background.

Magnus Hall  
President and CEO

# Key data

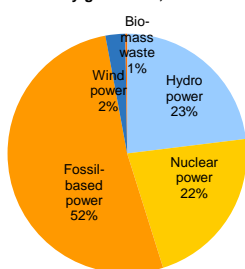
Amounts in SEK million unless indicated otherwise	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
Net sales	37 519	34 734	119 011	117 220	165 945	167 736
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	7 548	8 438	23 919	28 918	41 038	36 039
Operating profit (EBIT)	3 001	-19 436	-26 657	-9 239	-2 195	-19 613
Underlying operating profit	3 388	2 750	14 092	15 911	24 133	22 314
Profit for the period	1 600	-18 065	-22 225	-12 183	-8 284	-18 326
Funds from operations (FFO)	5 698	5 008	19 647	19 656	32 131	32 122
Net debt	65 405	83 403	65 405	83 403	79 473	
Adjusted net debt	143 061	151 464	143 061	151 464	158 291	
Return on capital employed, %	- 7.1 <sup>1</sup>	- 1.9 <sup>1</sup>	- 7.1 <sup>1</sup>	- 1.9 <sup>1</sup>	- 0.7	
Net debt/equity, %	57.2	67.3	57.2	67.3	61.9	
FFO/adjusted net debt, %	22.5 <sup>1</sup>	17.3 <sup>1</sup>	22.5 <sup>1</sup>	17.3 <sup>1</sup>	20.3	
Adjusted net debt/EBITDA, times	4.0 <sup>1</sup>	4.0 <sup>1</sup>	4.0 <sup>1</sup>	4.0 <sup>1</sup>	3.9	
Electricity generation, TWh	41.2	36.8	127.2	126.6	172.9	173.5
- of which, hydro power	9.5	6.1	28.9	25.8	34.3	37.4
- of which, nuclear power	9.1	11.0	31.0	36.5	49.8	44.3
- of which, fossil-based power <sup>2</sup>	21.4	18.8	62.9	60.7	82.7	84.9
- of which, wind power	1.1	0.7	3.8	2.8	4.1	5.1
- of which, biomass, waste <sup>2</sup>	0.1	0.2	0.6	0.8	2.0	1.8
Sales of electricity, TWh	46.1	42.5	145.4	145.6	199.0	198.8
Sales of heat, TWh	2.8	2.5	16.0	16.4	24.1	23.7
Sales of gas, TWh	5.4	4.8	35.6	30.1	45.5	51.0
CO <sub>2</sub> emissions, Mtonnes	20.6	17.5	61.4	58.2	82.3	
Number of employees, full-time equivalents	28 744	30 332	28 744	30 332	30 181	
Working related accidents number (LTIF) <sup>3</sup>	—	—	2.5 <sup>1</sup>	2.9 <sup>1</sup>	2.7	

1) Last 12-month values.

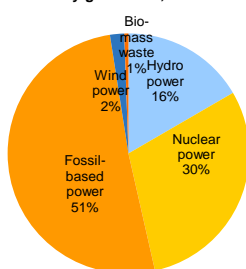
2) The figures in 2015 are preliminary.

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

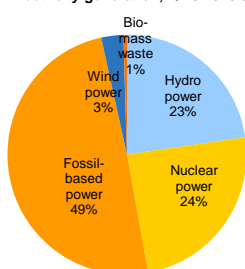
Electricity generation, Q3 2015 %



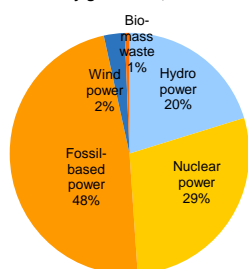
Electricity generation, Q3 2014 %



Electricity generation, Q1-3 2015 %



Electricity generation, Q1-3 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.

	30 Sept. 2015	30 Sept. 2014	Full year 2014
Return on capital employed: Target of 9%	-7.1 <sup>1</sup>	-1.9 <sup>1</sup>	-0.7
FFO/adjusted net debt: Target of 22%-30%	22.5 <sup>1</sup>	17.3 <sup>1</sup>	20.3
Net debt/equity: Target of 50%-90%	57.2	67.3	61.9
Dividend policy: Dividend should amount to 40%-60% of the year's profit after tax	—	—	—

1) Last 12-month values.

**Comment:** The return on capital employed fell mainly as a result of impairment of asset values and higher provisions for nuclear power and mining operations in Germany. Excluding the impairment losses and other items affecting comparability, the return on capital employed was 8.1%. FFO/adjusted net debt improved to 22.5%, and the debt/equity ratio improved to 57.2%. Both of these ratios are thus within the target interval. The key ratio FFO/adjusted net debt has been favourably affected by strong cash flow and certain positive one-off items during the fourth quarter of 2014. We expect a lower value for the full year 2015. Due to the negative result after tax for 2014, no dividend was paid for the year.

### Sustainability targets

Vattenfall's three sustainability targets 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 CO<sub>2</sub> 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, has been set as a short-term goal for 2015 to reduce annual consumption of primary energy<sup>1</sup>, 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.

	Jan-Sept 2015	Jan-Sept 2014	Full year 2014
CO <sub>2</sub> exposure: Full year target 65 Mtonnes by 2020, Mtonnes	61.4	58.2	82.3
Average rate of growth in installed renewable capacity: Target higher growth rate than for ten reference countries <sup>2</sup> , %	11.8	7.2	6.3
Energy efficiency: Full year target 440 GWh in 2015, GWh	992	—	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) Growth rate for the reference countries in 2014: 9.1% (preliminary).

**Comment:** CO<sub>2</sub> exposure increased slightly compared with the corresponding period in 2014 as a result of the commissioning of Block A at the Moorburg power plant in Germany. No new renewable capacity was commissioned during the third quarter, however, during quarters 1–3 in 2015, installed renewable capacity increased by a combined total of 325 MW (the wind farms DanTysk in Germany and Clashindarroch 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 Hamburg.

# Important events Q3 2015

## **Final payment for shares in N.V. Nuon Energy**

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. 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, a new onshore wind farm in Northumberland in northeast England. The wind farm will comprise 16 wind turbines with combined capacity of slightly more than 54 MW and will generate electricity equivalent to the annual electricity demand of some 30,000 English households. The wind farm is expected to begin operating in early 2017.

## **Changed investment plans for Ringhals 1 and 2**

At the end of August the Ringhals AB board of directors made the decision to limit investments in the Ringhals 1 and 2 nuclear reactors, which will affect their remaining useful life. According to a consequence analysis performed by Ringhals's CEO, Eva Halldén, the board decision entails that, given the current preconditions, Ringhals 1 and 2 cannot remain in operation longer than 2020. The decision on limited investment does not pertain to Ringhals 3 and 4. The existing plans for these two reactors, which provide for both to remain in operation for 60 years, remain unchanged. At an extraordinary general meeting of Ringhals AB on 15 October, the decision was made to decommission Ringhals 2 in 2019 and Ringhals 1 in 2020.

## **Largest onshore wind farm in Denmark completed**

Vattenfall's largest repowering project in the Nordic countries was completed in September. A total of 22 new wind turbines with combined capacity of 70.4 MW have now been installed at the Klim wind farm in northwest Jutland. Klim is Denmark's largest onshore wind farm and can generate electricity equivalent to the annual consumption 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. These include the power plants Boxberg, Jänschwalde, Schwarze Pumpe and Lippendorf block R as well as corresponding mining activities (Jänschwalde, Nochten, Reichwalde, Welzow-Süd and Cottbus Nord). Vattenfall's hydro power assets in the adjacent area – mainly pumped storage power plants – may also be included in a sale, but only in conjunction with the sale of the lignite assets. It is expected to reach an agreement during the first half of 2016.

## **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.

## **Events after the balance sheet date**

### **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, by no later than January 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 is being 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 CO<sub>2</sub> 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.

# Sales, profit and cash flow

## Net sales

Amounts in SEK million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
Net sales	37 519	34 734	119 011	117 220	165 945	167 736

**Comment Q3:** Consolidated net sales increased by SEK 2.8 billion compared with the corresponding period in 2014, mainly owing to higher production volumes associated with the commissioning of new production plants. Currency effects on consolidated net sales were positive by approximately SEK 1.0 billion.

**Comment Q1-Q3:** Consolidated net sales increased by SEK 1.8 billion compared with the corresponding period in 2014. Excluding currency effects (SEK +3.2 billion), net sales decreased by approximately SEK 1.4 billion, mainly owing to lower average prices achieved.

## Earnings

Amounts in SEK million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	7 548	8 438	23 919	28 918	41 038	36 039
Underlying operating profit before depreciation, amortisation and impairment losses	7 834	7 544	28 650	30 315	43 558	41 893
Operating profit (EBIT)	3 001	- 19 436	- 26 657	- 9 239	- 2 195	- 19 613
Items affecting comparability	- 387	- 22 186	- 40 749	- 25 150	- 26 328	- 41 927
Underlying operating profit	3 388	2 750	14 092	15 911	24 133	22 314

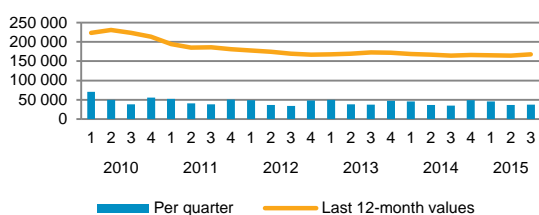
**Comment Q3:** The underlying operating profit increased by SEK -0.6 million, which is explained by the following:

- Higher generation volumes (SEK 0.5 billion)
- Lower production margins attributable to average lower prices achieved (SEK -0.8 billion)
- Higher earnings from electricity distribution (SEK 0.3 billion)
- Lower operating costs (SEK 0.5 billion)
- Lower depreciation, mainly as a result of the impairment losses recognised during the second quarter of 2015 (SEK 0.4 billion)
- Other items, net (SEK -0.3 billion)

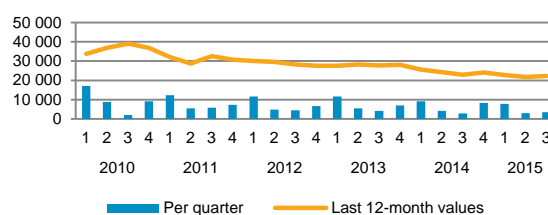
**Comment Q1-Q3:** The underlying operating profit decreased by SEK 1.8 million, which is explained by the following:

- Lower production margins as a result of average lower prices achieved (SEK -2.8 billion)
- Lower nuclear power generation (SEK -0.4 billion)
- Higher earnings from electricity distribution (SEK 0.5 billion)
- Higher earnings from sales activities (SEK 0.5 billion)
- Other items, net (SEK 0.4 billion)

**Net sales**  
SEK million



**Underlying operating profit**  
SEK million



## Items affecting comparability

Amounts in SEK million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
Items affecting comparability affecting operating profit (EBIT)						
Capital gains	- 131	31	179	3 161	3 227	245
Capital losses	129	- 11	- 247	- 29	- 185	- 403
Impairment losses	- 103	- 23 080	- 36 511	- 23 753	- 23 808	- 36 566
Reversed impairment losses	2	—	493	—	—	493
Provisions	69	- 37	- 3 809	- 5 553	- 5 688	- 3 944
Unrealised changes in the fair value of energy derivatives	107	815	1 018	1 496	819	341
Unrealised changes in the fair value of inventories	- 215	314	- 258	103	72	- 289
Restructuring costs	- 245	- 218	- 1 162	- 575	- 765	- 1 352
Other items affecting comparability	—	—	- 452	—	—	- 452
<b>Total</b>	<b>- 387</b>	<b>- 22 186</b>	<b>- 40 749</b>	<b>- 25 150</b>	<b>- 26 328</b>	<b>- 41 927</b>

**Comment Q3:** Items affecting comparability amounted to SEK -0.4 billion (-22.2). Items affecting comparability for the third quarter of 2014 included impairment losses of SEK 23.1 billion. These pertained to impairment of goodwill attributable to the Trading operations (SEK 10.0 billion), impairment of fossil-based assets in Germany and the Netherlands (SEK 8.2 billion), and impairment of other assets (SEK 4.9 billion).

**Comment Q1-Q3:** Items affecting comparability amounted to SEK -40.7 billion (-25.2). Impairment of asset values during the second quarter amounted to SEK 36.5 billion. Provisions pertain to higher provisions for nuclear power and mining operations in Germany (SEK -1.2 billion and SEK -2.6 billion, respectively). The item "Other items affecting comparability" pertains to an adverse ruling for Vattenfall in a dispute with Dong Energy (SEK -0.5 billion). 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 of energy derivatives and inventories (SEK 0.8 billion). Items affecting comparability for the corresponding period in 2014 include impairment losses of SEK 23.8 billion. Capital gains pertain mainly to the sale of Vattenfall's electricity network operation in Hamburg. Other items affecting comparability for 2014 pertained mainly to higher provisions for the decommissioning of nuclear power in Germany.

## Profit for the period

Amounts in SEK million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
Profit for the period	1 600	- 18 065	- 22 225	- 12 183	- 8 284	- 18 326

**Comment Q3:** Profit for the period amounted to SEK 1.6 billion (-18.1). Profit for the third quarter of 2014 was negatively affected by SEK 19.9 billion in impairment losses.

**Comment Q1-Q3:** Profit for the period amounted to SEK -22.2 billion (-12.2). Impairment losses, higher provisions and other items affecting comparability totalling SEK 29.8 billion had a negative impact on profit.

## Financial items

Amounts in SEK million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
Net financial items	- 1 105	- 1 362	- 4 050	- 4 485	- 6 045	- 5 610
- of which, interest income	65	168	415	631	772	556
- of which, interest expenses	- 743	- 759	- 2 615	- 2 794	- 3 832	- 3 653
- of which, return from the Swedish Nuclear Waste Fund	167	276	933	793	962	1 102
- of which, interest components related to pension costs	- 236	- 311	- 705	- 926	- 1 240	- 1 019
- of which, discounting effects attributable to provisions	- 819	- 834	- 2 560	- 2 586	- 3 491	- 3 465
- of which, other	461	98	482	397	784	869
Interest received <sup>1</sup>	106	174	569	509	537	597
Interest paid <sup>1</sup>	- 27	- 10	- 3 172	- 2 914	- 3 074	- 3 332

1) Pertains to cash flows.

**Comment:** Net financial items for the third quarter improved by SEK 0.3 billion compared with the corresponding period in 2014. For quarters 1-3 the improvement was SEK 0.4 billion compared with 2014.

## Cash flow

Amounts in SEK million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
Funds from operations (FFO)	5 698	5 008	19 647	19 656	32 131	32 122
Cash flow from changes in operating assets and operating liabilities (working capital)	9 170	4 984	11 692	6 158	8 015	13 549
Cash flow from operating activities	14 868	9 992	31 339	25 814	40 146	45 671

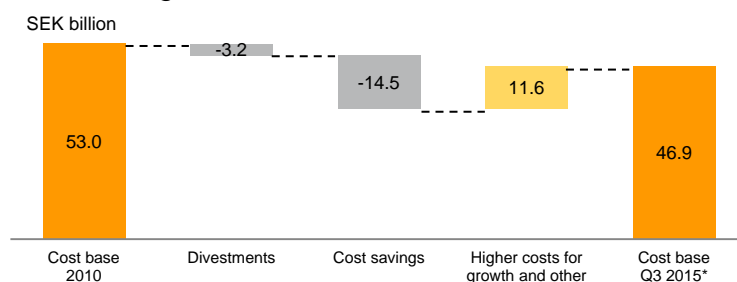
**Comment Q3:** Funds from operations (FFO) increased by SEK 0.7 billion compared with the corresponding quarter in 2014, mainly owing to improved earnings.

Cash flow from changes in working capital increased to SEK 9.2 billion. This is mainly attributable to a net change in operating receivables and operating liabilities (SEK 7.7 billion) and a change in margin calls (SEK 1.1 billion).

**Comment Q1-Q3:** Funds from operations (FFO) were unchanged compared with the same period in 2014.

Cash flow from changes in working capital increased to SEK 11.7 billion. This is mainly attributable to a net change in operating receivables and operating liabilities (SEK 7.0 billion), a change in inventories (SEK 1.0 billion), and a change in margin calls (SEK 3.7 billion).

## Cost savings



\* Last 12-month values.

**Comment:** Vattenfall has taken numerous measures to lower costs. Compared with the cost base in 2010, Vattenfall has cut its controllable costs by 27%. Divestments of operations have lowered costs by SEK 3.2 billion. These divestment pertain mainly to heating and electricity network operations in Poland, electricity network operations in Finland and Hamburg, operations in Belgium, combined heat and power assets in Denmark, facility services in Germany, and other assets and operations. The 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 11.6 billion. The savings programme of SEK 2.5 billion for 2015–2016 is ongoing. In addition, Vattenfall is currently looking into the opportunity to outsource parts of administration and IT operations to external service providers.



## Financial position

Amounts in SEK million	30 Sept. 2015	31 Dec. 2014	Change, %
Cash and cash equivalents, and short-term investments	43 364	45 068	-3.8
Committed credit facilities (unutilised)	18 817	18 786	0.2

**Comment:** Cash and cash equivalents, and short-term investments decreased by SEK 1.7 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 2019, with an option for two one-year extensions. As per 30 September 2015, available liquid assets and/or committed credit facilities amounted to 33% 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	30 Sept. 2015	31 Dec. 2014	Change, %
Interest-bearing liabilities	111 046	125 928	-11.8
Net debt	65 405	79 473	-17.7
Adjusted net debt (see page 21)	143 061	158 291	-9.6
Average interest rate, % <sup>1</sup>	4.0	3.6	—
Duration, years <sup>1</sup>	3.7	2.8	—
Average time to maturity, years <sup>1</sup>	8.4	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 14.9 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 14.1 billion compared with the level at 31 December 2014, mainly owing to a positive cash flow after investments.

Adjusted net debt decreased by SEK 15.2 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 21.

### Credit 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 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	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
Maintenance investments	4 348	3 909	10 596	10 714	16 912	16 794
Growth investments	3 649	3 981	9 683	8 474	12 120	13 329
- of which, shares and shareholder contributions	- 50	- 3	- 207	- 137	- 212	- 282
<b>Total investments</b>	<b>7 997</b>	<b>7 890</b>	<b>20 279</b>	<b>19 188</b>	<b>29 032</b>	<b>30 123</b>
<b>Divestments</b>	<b>117</b>	<b>84</b>	<b>2 349</b>	<b>9 475</b>	<b>12 054</b>	<b>4 928</b>
- of which, shares	- 10	- 19	217	8 276	8 875	816

**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	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
<b>Electricity generation</b>						
Hydro power	417	313	1 001	781	1 442 <sup>1</sup>	1 662
Nuclear power	1 359	800 <sup>1</sup>	3 191	2 894 <sup>1</sup>	3 924 <sup>1</sup>	4 221
Coal power	248	1 142 <sup>1</sup>	1 645	3 061 <sup>1</sup>	5 304 <sup>1</sup>	3 888
Gas	29	9	59	167	188	80
Wind power	2 564	2 282 <sup>1</sup>	6 655	4 944 <sup>1</sup>	6 526	8 237
Biomass, waste	2	48	9	52	14	- 29
Other	—	— <sup>1</sup>	—	— <sup>1</sup>	476 <sup>1</sup>	476
<b>Total electricity generation</b>	<b>4 619</b>	<b>4 594</b>	<b>12 560</b>	<b>11 899</b>	<b>17 874</b>	<b>18 535</b>
<b>CHP/heat</b>						
Fossil-based power	615	634	1 274	1 339	2 110	2 045
Biomass, waste	41	24	73	124	297	246
Other	315	243	696	676	1 312	1 332
<b>Total CHP/heat</b>	<b>971</b>	<b>901</b>	<b>2 043</b>	<b>2 139</b>	<b>3 719</b>	<b>3 623</b>
<b>Electricity networks</b>						
Electricity networks	1 029	994	2 840	2 956	5 057	4 941
<b>Total Electricity networks</b>	<b>1 029</b>	<b>994</b>	<b>2 840</b>	<b>2 956</b>	<b>5 057</b>	<b>4 941</b>
Purchases of shares, shareholder contributions	- 50 <sup>2</sup>	- 3	- 208	- 137	- 137	- 208
Other, excl. purchases of shares	1 428	1 404	3 044	2 331	2 519	3 232
<b>Total</b>	<b>7 997</b>	<b>7 890</b>	<b>20 279</b>	<b>19 188</b>	<b>29 032</b>	<b>30 123</b>

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

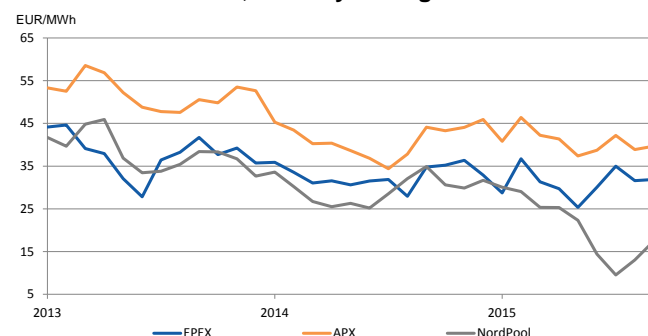
# Wholesale price trend

## Spot prices – electricity

Average Nordic spot prices were 58% lower during the third quarter of 2015 than in the third quarter of 2014, mainly owing to very large water supply. In Germany and the Netherlands, average spot prices were 5% and 4% higher, respectively, than in the third quarter of 2014, mainly as a result of higher exports. Compared with the period January–September 2014, average spot prices were 29% lower in the Nordic countries, 7% lower in Germany, and 2% higher in the Netherlands.

Time period	Nord Pool Spot (Nordic countries)	EPEX (Germany)	APX (Netherlands)
EUR/MWh			
Q3 2015	13.3	32.8	40.2
Q3 2014	31.8	31.3	38.6
%	-58%	5%	4%
Q2 2015	20.8	28.3	39.1
%	-36%	16%	3%
Q1-3 2015	20.7	31.1	40.8
Q1-3 2014	29.2	32.1	40.1
%	-29%	-3%	2%

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

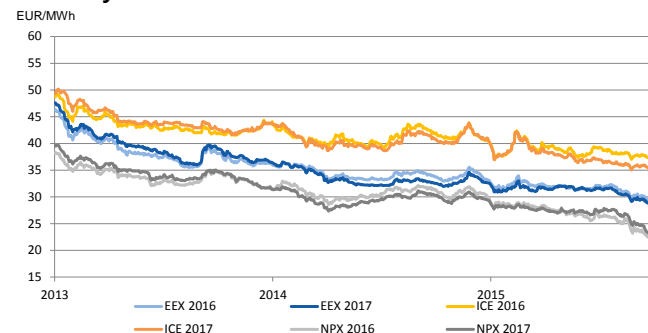


## Futures prices – electricity

Electricity futures prices were 15%-21% lower in the Nordic countries than in the third quarter of 2014, mainly owing to expectations for a continued high hydrological balance. In Germany and the Netherlands, electricity futures prices were 8%-12% lower, mainly owing to continued expectations for lower commodity prices. Compared with the period January–September 2014, electricity futures prices were 6%-14% lower.

Time period	Nordic countries (NPX)		Germany (EEX)		Netherlands (ICE)	
	2016	2017	2016	2017	2016	2017
EUR/MWh						
Q3 2015	24.7	25.8	30.9	30.2	38.0	36.0
Q3 2014	31.4	30.3	34.1	32.8	41.9	40.8
%	-21%	-15%	-10%	-8%	-9%	-12%
Q2 2015	26.9	27.2	31.8	31.6	38.6	37.4
%	-8%	-5%	-3%	-4%	-2%	-4%
Q1-3 2015	26.7	27.0	31.6	31.1	38.6	37.5
Q1-3 2014	30.8	29.7	34.4	33.6	41.2	40.6
%	-14%	-9%	-8%	-7%	-6%	-8%

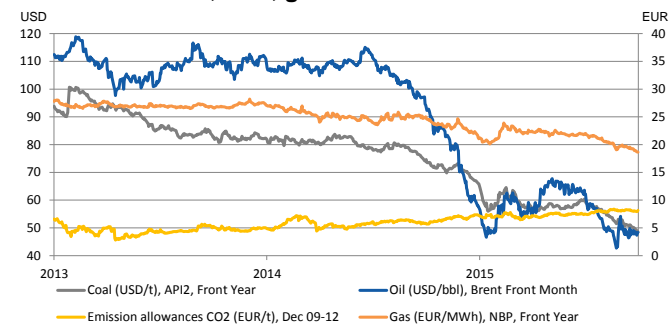
**Electricity futures prices in the Nordic countries, Germany and the Netherlands**



## Commodity prices

Oil prices (Brent crude) were an average of 50% lower during the third quarter of 2015 than in the corresponding period in 2014, mainly owing to continued high production in Saudi Arabia and a large build-up of reserves in the USA. The stronger US dollar and lower demand primarily from China resulted in coal prices being an average 31% lower than in the third quarter of 2014. Gas prices were 18% lower. Prices of CO<sub>2</sub> emission allowances were 1% higher. Compared with the period January–September 2014, oil prices (Brent crude) were 47% lower, coal prices were 29% lower, and gas prices were 15% lower. Prices of CO<sub>2</sub> emission allowances were 29% higher.

**Price trend for oil, coal, gas and CO<sub>2</sub> emission allowances**



## Vattenfall's price hedging

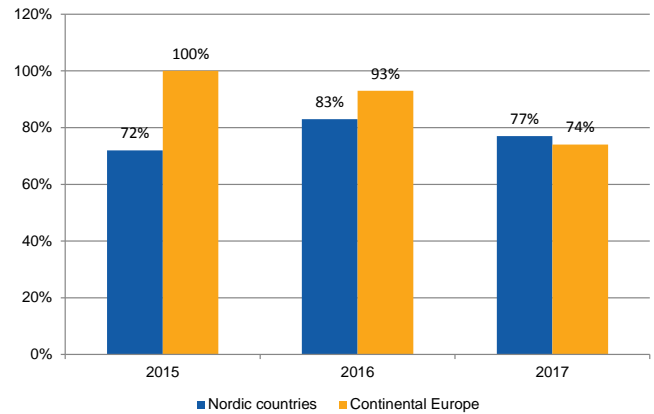
Vattenfall continuously hedges its future electricity generation through sales in the forward and futures markets. Spot prices therefore have only a limited impact on Vattenfall's earnings in the near term.

The chart shows the share of planned electricity generation that Vattenfall has hedged in the Nordic countries and Continental Europe (Germany and the Netherlands). Compared with the level on 30 June 2015, the hedge ratio percentage has increased slightly. The price hedges (in EUR/MWh) are largely unchanged.

### Average price hedges as per 30 September 2015

EUR/MWh	2015	2016	2017
Nordic countries	37	33	31
Continental Europe	44	39	36

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



# Operating segments

## Customers & Solutions

Amounts in SEK million unless indicated otherwise	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
Net sales	18 289	17 998	63 926	62 421	87 277	88 782
External net sales <sup>1</sup>	17 198	17 648	62 017	61 192	85 606	86 431
Underlying operating profit before depreciation, amortisation and impairment losses	382	359	1 996	1 233	1 821	2 584
Underlying operating profit	155	144	1 332	587	962	1 707
Sales of electricity, TWh	27.6	26.8	90.3	87.8	118.4	120.9
- of which, private customers	4.3	5.1	19.2	18.8	26.1	26.5
- of which, resellers	9.2	6.7	24.3	21.6	29.2	31.9
- of which, business customers	14.1	15.0	46.8	47.4	63.1	62.5
Sales of gas, TWh	5.4	4.8	35.6	30.1	45.5	51.0
Number of employees, full-time equivalents	3 228	3 551	3 228	3 551	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 increased mainly owing to a larger number of retail customers in Germany and positive price effects.
- The underlying operating profit improved as a result of a higher gross margin associated with a larger number of customers in Germany, positive price effects, and lower operating costs.
- Sales of electricity increased slightly as a result of a larger number of customers. Sales of gas increased, mainly due to unusually warm weather in 2014.

## Power Generation

Amounts in SEK million unless indicated otherwise	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
Net sales	27 151	26 376	81 378	88 152	122 720	115 946
External net sales <sup>1</sup>	15 163	14 114	40 202	43 914	61 874	58 162
Underlying operating profit before depreciation, amortisation and impairment losses	4 666	4 950	15 205	18 818	25 284	21 671
Underlying operating profit	2 938	2 579	8 794	11 632	15 639	12 801
Electricity generation, TWh	33.5	30.1	101.6	103.6	140.0	138.0
- of which, hydro power	9.5	6.1	28.9	25.8	34.3	37.4
- of which, nuclear power	9.1	11.0	31.0	36.5	49.8	44.3
- of which, fossil-based power	14.9	13.0	41.7	41.3	55.9	56.3
Sales of heat, TWh	0.3	0.4	1.5	2.0	2.7	2.2
Number of employees, full-time equivalents	14 648	14 718	14 648	14 718	14 718	

1) Excluding intra-Group transactions.

*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 led to lower net sales for quarters 1–3.
- The underlying operating profit improved for the third quarter but decreased for quarters 1–3, mainly owing to lower production volumes resulting from average lower prices achieved, lower production volumes and higher costs for CO<sub>2</sub> emission allowances.

- Hydro power generation increased as a result of high water supply combined with high reservoir levels. Nordic reservoir levels were 91% (75.1%) of capacity at the end of the third quarter of 2015, which is 15 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 during the third quarter of 2015 was 65.6% (74.8%). The corresponding figure for the quarters 1–3 was 68.9% (81.0%).
- During the third quarter Forsmark had availability of 66.6% (79.8%) and production of 4.1 TWh (5.5). Ringhals had availability of 64.7% (70.7%) and production of 5.0 TWh (5.5). During the quarters 1–3 Forsmark had availability of 79.2% (85.2%) and production of 16.4 TWh (18.1), and Ringhals had availability of 60.3% (77.5%) and production of 14.6 TWh (18.4).

## Wind

Amounts in SEK million unless indicated otherwise	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
Net sales	1 389	918	4 614	3 110	5 227	6 731
External net sales <sup>1</sup>	889	577	2 970	1 930	3 531	4 571
Underlying operating profit before depreciation, amortisation and impairment losses	887	620	3 132	2 143	3 772	4 761
Underlying operating profit	88	88	842	646	1 704	1 900
Electricity generation - wind power TWh	1.1	0.7	3.8	2.8	4.1	5.1
Number of employees, full-time equivalents	550	498	550	498	505	

1) Excluding intra-Group transactions

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

- Net sales increased, and the underlying operating profit improved as a result of higher revenue and higher electricity generation, which is mainly attributable to the commissioning of the new DanTysk offshore wind farm in Germany and the new Clashindarroch onshore wind farm in the UK.

## Heat

Amounts in SEK million unless indicated otherwise	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
Net sales	5 404	5 050	19 876	19 565	27 812	28 123
External net sales <sup>1</sup>	2 532	2 582	10 863	10 886	15 536	15 513
Underlying operating profit before depreciation, amortisation and impairment losses	380	439	4 133	3 913	5 986	6 206
Underlying operating profit	- 486	- 433	1 396	1 219	2 384	2 561
Electricity generation - TWh <sup>2</sup>	6.6	6.0	21.8	20.2	28.8	30.4
- of which, fossil-based power	6.5	5.8	21.2	19.4	26.8	28.6
- of which, biomass, waste	0.1	0.2	0.6	0.8	2.0	1.8
Sales of heat, TWh	2.5	2.1	14.5	14.4	21.4	21.5
Number of employees, full-time equivalents	4 216	4 589	4 216	4 589	4 539	

1) Excluding intra-Group transactions.

2) Figures for 2015 are preliminary.

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

- Net sales increased, mainly owing to higher production volumes associated primarily with the commissioning of Block A at the Moorburg power plant in Germany.
- Electricity generation increased as a result of the commissioning of Block A at the Moorburg power plant. Sales of heat increased during the third quarter, but were essentially unchanged for quarters 1–3.

## Distribution

Amounts in SEK million unless indicated otherwise	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
Net sales	4 594	4 269	14 336	13 448	18 782	19 670
External net sales <sup>1</sup>	3 547	3 216	11 032	10 075	14 173	15 130
Underlying operating profit before depreciation, amortisation and impairment losses	1 822	1 534	5 787	5 164	7 412	8 035
Underlying operating profit	1 143	791	3 762	2 962	4 435	5 235
Number of employees, full-time equivalents	2 711	2 649	2 711	2 649	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 revenue from the service business in Hamburg.
- On 13 October, Vattenfall announced an 11% increase in the electricity network fee in Sweden, effective 1 January 2016. The increase is being made to be able to accelerate the pace of investment and the quality of the electricity network. In conjunction with this, Vattenfall Eldistribution will improve the compensation it pays to customers affected by electricity interruptions.

## Other<sup>1</sup>

Amounts in SEK million unless indicated otherwise	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
Net sales	1 295	1 381	3 928	4 085	5 803	5 646
External net sales <sup>2</sup>	29	74	133	222	290	201
Underlying operating profit before depreciation, amortisation and impairment losses	- 260	- 274	- 1 371	- 724	- 704	- 1 351
Underlying operating profit	- 408	- 336	- 1 802	- 902	- 978	- 1 878
Number of employees, full-time equivalents	3 391	4 327	3 391	4 327	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. See pages 18-19.

# Consolidated income statement

Amounts in SEK million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
Net sales	37 519	34 734	119 011	117 220	165 945	167 736
Cost of products sold <sup>1</sup>	- 29 354	- 49 148	- 130 623	- 114 111	- 149 395	- 165 907
<b>Gross profit</b>	<b>8 165</b>	<b>- 14 414</b>	<b>- 11 612</b>	<b>3 109</b>	<b>16 550</b>	<b>1 829</b>
Selling expenses, administrative expenses and research and development costs <sup>2</sup>	- 4 912	- 4 894	- 14 826	- 14 309	- 20 220	- 20 737
Other operating income and expenses, net	- 127	66	- 156	2 535	1 913	- 778
Participations in the results of associated companies <sup>3</sup>	- 125	- 194	- 63	- 574	- 438	73
<b>Operating profit (EBIT)<sup>4</sup></b>	<b>3 001</b>	<b>- 19 436</b>	<b>- 26 657</b>	<b>- 9 239</b>	<b>- 2 195</b>	<b>- 19 613</b>
Financial income <sup>5,8</sup>	705	577	2 127	1 892	2 590	2 825
Financial expenses <sup>6,7,8</sup>	- 1 810	- 1 939	- 6 177	- 6 377	- 8 635	- 8 435
<b>Profit before tax</b>	<b>1 896</b>	<b>- 20 798</b>	<b>- 30 707</b>	<b>- 13 724</b>	<b>- 8 240</b>	<b>- 25 223</b>
Income tax expense	- 296	2 733	8 482	1 541	- 44	6 897
<b>Profit for the period</b>	<b>1 600</b>	<b>- 18 065</b>	<b>- 22 225</b>	<b>- 12 183</b>	<b>- 8 284</b>	<b>- 18 326</b>
Attributable to owner of the Parent Company	1 403	- 18 122	- 18 914	- 11 841	- 8 178	- 15 251
Attributable to non-controlling interests	197	57	- 3 311	- 342	- 106	- 3 075
<b>Earnings per share</b>						
Number of shares in Vattenfall AB, thousands	131 700	131 700	131 700	131 700	131 700	131 700
Earnings per share, basic and diluted (SEK)	10.65	-137.60	-143.61	-89.91	-62.10	-115.80
<b>Supplementary information</b>						
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	7 548	8 438	23 919	28 918	41 038	36 039
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	- 453	- 804	- 2 423	- 2 692	- 3 516	- 3 247
Underlying operating profit	3 388	2 750	14 092	15 911	24 133	22 314
1) Of which, depreciation, amortisation and impairment losses	- 4 163	- 27 603	- 49 671	- 37 647	- 42 398	- 54 422
2) Of which, depreciation, amortisation and impairment losses	- 384	- 117	- 864	- 356	- 679	- 1 187
3) Of which impairment losses	—	- 154	- 41	- 154	- 155	- 42
4) Including items affecting comparability	- 387	- 22 186	- 40 749	- 25 150	- 26 328	- 41 927
5) Including return from the Swedish Nuclear Waste Fund	167	276	933	793	962	1 102
6) Including interest components related to pension costs	- 236	- 311	- 705	- 926	- 1 240	- 1 019
7) Including discounting effects attributable to provisions	- 819	- 834	- 2 560	- 2 586	- 3 491	- 3 465
8) Items affecting comparability recognised as financial income and expenses, net	- 15	- 35	- 18	- 48	- 52	- 22



# Consolidated statement of comprehensive income

Amounts in SEK million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
<b>Profit for the period</b>	<b>1 600</b>	<b>- 18 065</b>	<b>- 22 225</b>	<b>- 12 183</b>	<b>- 8 284</b>	<b>- 18 326</b>
<b>Other comprehensive income</b>						
<b>Items that will be reclassified to profit or loss when specific conditions are met</b>						
Cash flow hedges - changes in fair value of	6 108	210	9 725	4 714	5 243	10 254
Cash flow hedges - dissolved against income statement	- 1 536	- 2 737	- 4 387	- 7 946	- 5 871	- 2 312
Cash flow hedges - transferred to cost of hedged item	- 8	- 13	16	- 8	- 3	21
Hedging of net investments in foreign operations	- 879	98	275	- 3 204	- 5 452	- 1 973
Translation differences and exchange rate effects net, divested companies	—	50	—	50	101	51
Remeasurement of available-for-sale financial assets	—	—	—	- 182	- 182	—
Translation differences	2 028	- 201	1 024	6 530	10 453	4 947
Income tax relating to items that will be reclassified	- 971	695	- 1 260	3 520	3 242	- 1 538
<b>Total Items that will be reclassified to profit or loss when specific conditions are met</b>	<b>4 742</b>	<b>- 1 898</b>	<b>5 393</b>	<b>3 474</b>	<b>7 531</b>	<b>9 450</b>
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurement pertaining to defined benefit obligations	362	- 18	2 961	- 3 409	- 9 130	- 2 760
Income tax relating to items that will not be reclassified	- 108	5	- 810	956	2 587	821
<b>Total Items that will not be reclassified to profit or loss</b>	<b>254</b>	<b>- 13</b>	<b>2 151</b>	<b>- 2 453</b>	<b>- 6 543</b>	<b>- 1 939</b>
<b>Total other comprehensive income, net after tax</b>	<b>4 996</b>	<b>- 1 911</b>	<b>7 544</b>	<b>1 021</b>	<b>988</b>	<b>7 511</b>
<b>Total comprehensive income for the period</b>	<b>6 596</b>	<b>- 19 976</b>	<b>- 14 681</b>	<b>- 11 162</b>	<b>- 7 296</b>	<b>- 10 815</b>
Attributable to owner of the Parent Company	6 209	- 20 056	- 11 405	- 11 053	- 7 412	- 7 764
Attributable to non-controlling interests	387	80	- 3 276	- 109	116	- 3 051

# Operating segments, Vattenfall Group

Amounts in SEK million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
<b>External net sales</b>						
<b>Customers &amp; Solutions</b>	17 198	17 648	62 017	61 192	85 606	86 431
<b>Power Generation</b>	15 163	14 114	40 202	43 914	61 874	58 162
<b>Wind</b>	889	577	2 970	1 930	3 531	4 571
<b>Heat</b>	2 532	2 582	10 863	10 886	15 536	15 513
<b>Distribution</b>	3 547	3 216	11 032	10 075	14 173	15 130
- of which, Distribution Germany	1 499	1 269	4 255	3 529	5 149	5 875
- of which, Distribution Sweden	2 048	1 947	6 777	6 546	9 024	9 255
<b>Other<sup>1</sup></b>	29	74	133	222	290	201
<b>Eliminations<sup>2</sup></b>	- 1 839	- 3 477	- 8 206	- 10 999	- 15 065	- 12 272
<b>Total</b>	<b>37 519</b>	<b>34 734</b>	<b>119 011</b>	<b>117 220</b>	<b>165 945</b>	<b>167 736</b>
<b>Internal net sales</b>						
<b>Customers &amp; Solutions</b>	1 091	350	1 909	1 229	1 671	2 351
<b>Power Generation</b>	11 988	12 262	41 176	44 238	60 846	57 784
<b>Wind</b>	500	341	1 644	1 180	1 696	2 160
<b>Heat</b>	2 872	2 468	9 013	8 679	12 276	12 610
<b>Distribution</b>	1 047	1 053	3 304	3 373	4 609	4 540
- of which, Distribution Germany	922	923	2 946	2 976	4 060	4 030
- of which, Distribution Sweden	125	130	358	397	549	510
<b>Other<sup>1</sup></b>	1 266	1 307	3 795	3 863	5 513	5 445
<b>Eliminations</b>	- 18 764	- 17 781	- 60 841	- 62 562	- 86 611	- 84 890
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total net sales</b>						
<b>Customers &amp; Solutions</b>	18 289	17 998	63 926	62 421	87 277	88 782
<b>Power Generation</b>	27 151	26 376	81 378	88 152	122 720	115 946
<b>Wind</b>	1 389	918	4 614	3 110	5 227	6 731
<b>Heat</b>	5 404	5 050	19 876	19 565	27 812	28 123
<b>Distribution</b>	4 594	4 269	14 336	13 448	18 782	19 670
- of which, Distribution Germany	2 421	2 192	7 201	6 505	9 209	9 905
- of which, Distribution Sweden	2 173	2 077	7 135	6 943	9 573	9 765
<b>Other<sup>1</sup></b>	1 295	1 381	3 928	4 085	5 803	5 646
<b>Eliminations</b>	- 20 603	- 21 258	- 69 047	- 73 561	- 101 676	- 90 431
<b>Total</b>	<b>37 519</b>	<b>34 734</b>	<b>119 011</b>	<b>117 220</b>	<b>165 945</b>	<b>167 736</b>

## Operating segments, Vattenfall Group cont.

Amounts in SEK million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>						
<b>Customers &amp; Solutions</b>	362	272	1 418	993	1 422	1 847
<b>Power Generation</b>	4 583	5 969	11 626	14 800	20 588	17 414
<b>Wind</b>	886	624	3 144	2 147	3 817	4 814
<b>Heat</b>	255	443	4 082	3 960	5 931	6 053
<b>Distribution</b>	1 807	1 518	5 749	5 124	7 283	7 908
- of which, Distribution Germany	566	457	1 769	1 344	2 008	2 433
- of which, Distribution Sweden	1 241	1 061	3 980	3 780	5 275	5 475
<b>Other<sup>1</sup></b>	- 302	- 310	- 1 868	2 126	2 059	- 1 935
<b>Eliminations</b>	- 43	- 78	- 232	- 232	- 62	- 62
<b>Total</b>	<b>7 548</b>	<b>8 438</b>	<b>23 919</b>	<b>28 918</b>	<b>41 038</b>	<b>36 039</b>
<b>Underlying operating profit before depreciation, amortisation and impairment losses</b>						
<b>Customers &amp; Solutions</b>	382	359	1 996	1 233	1 821	2 584
<b>Power Generation</b>	4 666	4 950	15 205	18 818	25 284	21 671
<b>Wind</b>	887	620	3 132	2 143	3 772	4 761
<b>Heat</b>	380	439	4 133	3 913	5 986	6 206
<b>Distribution</b>	1 822	1 534	5 787	5 164	7 412	8 035
- of which, Distribution Germany	580	472	1 801	1 385	2 137	2 553
- of which, Distribution Sweden	1 242	1 062	3 986	3 779	5 275	5 482
<b>Other<sup>1</sup></b>	- 260	- 274	- 1 371	- 724	- 704	- 1 351
<b>Eliminations</b>	- 43	- 84	- 232	- 232	- 13	- 13
<b>Total</b>	<b>7 834</b>	<b>7 544</b>	<b>28 650</b>	<b>30 315</b>	<b>43 558</b>	<b>41 893</b>
<b>Operating profit (EBIT)</b>						
<b>Customers &amp; Solutions</b>	135	- 230	753	58	274	969
<b>Power Generation</b>	2 787	- 6 357	- 27 103	- 2 359	898	- 23 846
<b>Wind</b>	68	- 2 586	795	- 2 029	- 946	1 878
<b>Heat</b>	- 627	- 9 499	- 2 788	- 7 804	- 6 841	- 1 825
<b>Distribution</b>	1 128	775	3 725	2 922	4 306	5 109
- of which, Distribution Germany	366	262	1 174	770	1 231	1 635
- of which, Distribution Sweden	762	513	2 551	2 152	3 075	3 474
<b>Other<sup>1</sup></b>	- 448	- 1 460	- 1 807	204	178	- 1 833
<b>Eliminations</b>	- 42	- 79	- 232	- 231	- 64	- 65
<b>Operating profit (EBIT)</b>	<b>3 001</b>	<b>- 19 436</b>	<b>- 26 657</b>	<b>- 9 239</b>	<b>- 2 195</b>	<b>- 19 613</b>
Financial income and expenses	- 1 105	- 1 362	- 4 050	- 4 485	- 6 045	- 5 610
<b>Profit before tax</b>	<b>1 896</b>	<b>- 20 798</b>	<b>- 30 707</b>	<b>- 13 724</b>	<b>- 8 240</b>	<b>- 25 223</b>
<b>Underlying operating profit</b>						
<b>Customers &amp; Solutions</b>	155	144	1 332	587	962	1 707
<b>Power Generation</b>	2 938	2 579	8 794	11 632	15 639	12 801
<b>Wind</b>	88	88	842	646	1 704	1 900
<b>Heat</b>	- 486	- 433	1 396	1 219	2 384	2 561
<b>Distribution</b>	1 143	791	3 762	2 962	4 435	5 235
- of which, Distribution Germany	380	277	1 206	811	1 361	1 756
- of which, Distribution Sweden	763	514	2 556	2 151	3 074	3 479
<b>Other<sup>1</sup></b>	- 408	- 336	- 1 802	- 902	- 978	- 1 878
<b>Eliminations</b>	- 42	- 83	- 232	- 233	- 13	- 12
<b>Underlying operating profit</b>	<b>3 388</b>	<b>2 750</b>	<b>14 092</b>	<b>15 911</b>	<b>24 133</b>	<b>22 314</b>

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	30 Sept. 2015	30 Sept. 2014	31 Dec. 2014
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets: non-current	18 765	19 672	19 586
Property, plant and equipment	243 241	259 392	271 306
Investment property	405	462	461
Biological assets	32	24	29
Participations in associated companies and joint arrangements	7 592	7 793	7 765
Other shares and participations	277	260	284
Share in the Swedish Nuclear Waste Fund	33 590	31 736	31 984
Derivative assets	19 346	15 342	18 366
Current tax assets, non-current	469	672	449
Prepaid expenses	108	114	115
Deferred tax assets	15 600	10 013	9 310
Other non-current receivables	9 231	7 866	8 407
<b>Total non-current assets</b>	<b>348 656</b>	<b>353 346</b>	<b>368 062</b>
<b>Current assets</b>			
Inventories	15 856	19 498	18 502
Biological assets	19	10	11
Intangible assets: current	772	1 536	4 885
Trade receivables and other receivables	22 905	25 150	31 217
Advance payments paid	2 159	2 415	2 617
Derivative assets	13 255	13 340	13 342
Prepaid expenses and accrued income	5 196	3 807 <sup>1</sup>	6 398 <sup>1</sup>
Current tax assets	2 217	2 047	2 390
Short-term investments	30 867	24 810	32 785
Cash and cash equivalents	12 497	10 984	12 283
Assets held for sale	2 959	7 763	4 717
<b>Total current assets</b>	<b>108 702</b>	<b>111 360</b>	<b>129 147</b>
<b>Total assets</b>	<b>457 358</b>	<b>464 706</b>	<b>497 209</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Attributable to owner of the Parent Company	103 043	111 603	115 260
Attributable to non-controlling interests	11 397	12 261	13 202
<b>Total equity</b>	<b>114 440</b>	<b>123 864</b>	<b>128 462</b>
<b>Non-current liabilities</b>			
Hybrid Capital	15 387	9 134	—
Other interest-bearing liabilities	69 076	75 969	78 807
Pension provisions	42 320	38 827	45 298
Other interest-bearing provisions	92 742	81 944	86 487
Derivative liabilities	10 707	9 628	11 760
Deferred tax liabilities	26 463	28 454	27 595
Other noninterest-bearing liabilities	5 801	5 559	5 756
<b>Total non-current liabilities</b>	<b>262 496</b>	<b>249 515</b>	<b>255 703</b>
<b>Current liabilities</b>			
Trade payables and other liabilities	20 773	20 989	30 641
Advance payments received	1 931	2 244	2 397
Derivative liabilities	5 978	5 095	5 065
Accrued expenses and deferred income	17 206	16 791 <sup>1</sup>	18 182 <sup>1</sup>
Current tax liabilities	815	917	1 135
Hybrid Capital	—	—	9 385
Other interest-bearing liabilities	26 583	35 577	37 736
Interest-bearing provisions	6 921	7 707	6 782
Liabilities associated with assets held for sale	215	2 007	1 721
<b>Total current liabilities</b>	<b>80 422</b>	<b>91 327</b>	<b>113 044</b>
<b>Total equity and liabilities</b>	<b>457 358</b>	<b>464 706</b>	<b>497 209</b>

# Consolidated balance sheet, cont.

## Supplementary information

Amounts in SEK million	30 Sept. 2015	30 Sept. 2014	31 Dec. 2014
<b>Calculation of capital employed</b>			
Intangible assets: current and non-current	19 537	21 208	24 471
Property, plant and equipment	243 241	259 392	271 306
Participations in associated companies and joint arrangements	7 592	7 793	7 765
Deferred and current tax assets	17 817	12 060	11 700
Non-current noninterest-bearing receivables	8 041	6 750	7 226
Inventories	15 856	19 498	18 502
Trade receivables and other receivables	22 905	25 150	31 217
Prepaid expenses and accrued income	5 196	3 807	6 398
Unavailable liquidity	6 810	6 030	7 272
Other	1 071	1 458	1 071
<b>Total assets excl. financial assets</b>	<b>348 066</b>	<b>363 146</b>	<b>386 928</b>
Deferred and current tax liabilities	- 27 278	- 29 371	- 28 730
Other noninterest-bearing liabilities	- 5 801	- 5 559	- 5 756
Trade payable and other liabilities	- 20 773	- 20 989	- 30 641
Accrued expenses and deferred income	- 17 206	- 16 791	- 18 182
Other	—	—	- 91
<b>Total noninterest-bearing liabilities</b>	<b>- 71 058</b>	<b>- 72 710</b>	<b>- 83 400</b>
Other interest-bearing provisions not related to adjusted net debt <sup>2</sup>	- 9 892	- 8 635	- 9 250
<b>Capital employed</b>	<b>267 116</b>	<b>281 801</b>	<b>294 278</b>
<b>Capital employed, average</b>	<b>274 459</b>	<b>282 390</b>	<b>293 992</b>
<b>Calculation of net debt</b>			
Hybrid Capital	- 15 387	- 9 134	- 9 385
Bond issues, commercial paper and liabilities to credit institutions	- 71 505	- 69 378	- 72 461
Present value of liabilities pertaining to acquisitions of Group companies	—	- 18 707	- 19 293
Liabilities to associated companies	- 2 742	- 3 441	- 2 617
Liabilities to owners of non-controlling interests	- 13 155	- 12 312	- 12 384
Other liabilities	- 8 257	- 7 708	- 9 788
<b>Total interest-bearing liabilities</b>	<b>- 111 046</b>	<b>- 120 680</b>	<b>- 125 928</b>
Cash and cash equivalents	12 497	10 984	12 283
Short-term investments	30 867	24 810	32 785
Loans to owners of non-controlling interests in foreign Group companies	2 277	1 483	1 387
<b>Net debt</b>	<b>- 65 405</b>	<b>- 83 403</b>	<b>- 79 473</b>
<b>Calculation of adjusted gross debt and net debt</b>			
Total interest-bearing liabilities	- 111 046	- 120 680	- 125 928
50% of Hybrid Capital <sup>3</sup>	7 694	4 567	4 693
Present value of pension obligations	- 42 320	- 38 827	- 45 298
Provisions for mining, gas and wind operations and other environment-related provisions	- 18 026	- 13 401	- 14 497
Provisions for nuclear power (net) <sup>4</sup>	- 33 958	- 31 235	- 33 696
Currency derivatives for hedging of debt in foreign currency	—	1 926	—
Margin calls received	5 989	4 844	7 013
Liabilities to owners of non-controlling interests due to consortium agreements	12 052	11 578	11 626
<b>Adjusted gross debt</b>	<b>- 179 615</b>	<b>- 181 228</b>	<b>- 196 087</b>
Reported cash and cash equivalents and short-term investments	43 364	35 794	45 068
Unavailable liquidity	- 6 810	- 6 030	- 7 272
<b>Adjusted cash and cash equivalents and short-term investments</b>	<b>36 554</b>	<b>29 764</b>	<b>37 796</b>
<b>Adjusted net debt</b>	<b>- 143 061</b>	<b>- 151 464</b>	<b>- 158 291</b>

1) The amount for 2014 has been recalculated compared with previously published information in Vattenfall's 2014 interim reports and 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	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
<b>Operating activities</b>						
Profit before tax	1 896	- 20 798	- 30 707	- 13 724	- 8 240	- 25 223
Reversal of depreciation, amortisation and impairment losses	4 548	27 909	50 579	38 194	43 270	55 655
Tax paid	- 545	- 1 032	- 1 581	- 2 807	- 3 168	- 1 942
Capital gains/losses, net	18	- 21	83	- 3 122	- 3 028	177
Other, incl. non-cash items	- 219	- 1 050	1 273	1 115	3 297	3 455
<b>Funds from operations (FFO)</b>	<b>5 698</b>	<b>5 008</b>	<b>19 647</b>	<b>19 656</b>	<b>32 131</b>	<b>32 122</b>
Changes in inventories	318	- 166	1 008	- 29	1 080	2 117
Changes in operating receivables	7 648	6 458 <sup>1</sup>	9 320	13 408 <sup>1</sup>	2 645 <sup>1</sup>	- 1 443
Changes in operating liabilities	80	- 614 <sup>1</sup>	- 2 312	- 6 992 <sup>1</sup>	1 685 <sup>1</sup>	6 365
Other changes	1 124	- 694	3 676	- 229	2 605	6 510
<b>Cash flow from changes in operating assets and operating liabilities</b>	<b>9 170</b>	<b>4 984</b>	<b>11 692</b>	<b>6 158</b>	<b>8 015</b>	<b>13 549</b>
<b>Cash flow from operating activities</b>	<b>14 868</b>	<b>9 992</b>	<b>31 339</b>	<b>25 814</b>	<b>40 146</b>	<b>45 671</b>
<b>Investing activities</b>						
Acquisitions in Group companies	—	- 9	- 5	- 9	- 10	- 6
Investments in associated companies and other shares and participations	50	12	213	146	222	289
Other investments in non-current assets	- 8 047	- 7 893	- 20 487	- 19 325	- 29 244	- 30 406
<b>Total investments</b>	<b>- 7 997</b>	<b>- 7 890</b>	<b>- 20 279</b>	<b>- 19 188</b>	<b>- 29 032</b>	<b>- 30 123</b>
Divestments	117	84	2 349	9 475	12 054	4 928
Cash and cash equivalents in acquired companies	—	—	—	—	35	35
Cash and cash equivalents in divested companies	- 3	1	- 534	- 302	- 513	- 745
<b>Cash flow from investing activities</b>	<b>- 7 883</b>	<b>- 7 805</b>	<b>- 18 464</b>	<b>- 10 015</b>	<b>- 17 456</b>	<b>- 25 905</b>
<b>Cash flow before financing activities</b>	<b>6 985</b>	<b>2 187</b>	<b>12 875</b>	<b>15 799</b>	<b>22 690</b>	<b>19 766</b>
<b>Financing activities</b>						
Changes in short-term investments	3 501	- 4 828	1 815	- 12 742	- 19 921	- 5 364
Changes in loans to owners of non-controlling interests in foreign Group companies	- 934	- 877	- 883	- 1 231	- 1 109	- 761
Loans raised <sup>2</sup>	92	5 837 <sup>3</sup>	4 240	12 033 <sup>3</sup>	12 678 <sup>3</sup>	4 885
Amortisation of debt pertaining to acquisitions of Group companies	- 19 151	—	- 19 151	—	—	- 19 151
Amortisation of other debt	- 111	- 3 037 <sup>3</sup>	- 7 865	- 20 830 <sup>3</sup>	- 20 443 <sup>3</sup>	- 7 478
Divestment of shares in Group companies to owners of non-controlling interests	—	488	—	488	491	3
Effect of early termination of swaps related to financing activities	1 690	—	1 690	—	—	1 690
Redemption of Hybrid Capital	—	—	- 9 172	—	—	- 9 172
Issue of Hybrid Capital	—	—	15 152	—	—	15 152
Dividends paid to owners	- 96	- 29	- 153	- 76	- 104	- 181
Contribution from owners of non-controlling interests	449	1 004	1 663	1 571	1 912	2 004
<b>Cash flow from financing activities</b>	<b>- 14 560</b>	<b>- 1 442</b>	<b>- 12 664</b>	<b>- 20 787</b>	<b>- 26 496</b>	<b>- 18 373</b>
<b>Cash flow for the period</b>	<b>- 7 575</b>	<b>745</b>	<b>211</b>	<b>- 4 988</b>	<b>- 3 806</b>	<b>1 393</b>

## Consolidated statement of cash flows, cont.

Amounts in SEK million	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
<b>Cash and cash equivalents</b>						
Cash and cash equivalents at start of period	20 006	10 263	12 283	15 801	15 801	10 984
Cash flow for the period	- 7 575	745	211	- 4 988	- 3 806	1 393
Translation differences	66	- 24	3	171	288	120
<b>Cash and cash equivalents at end of period</b>	<b>12 497</b>	<b>10 984</b>	<b>12 497</b>	<b>10 984</b>	<b>12 283</b>	<b>12 497</b>
<b>Supplementary information</b>						
<b>Cash flow before financing activities</b>	<b>6 985</b>	<b>2 187</b>	<b>12 875</b>	<b>15 799</b>	<b>22 690</b>	<b>19 766</b>
<b>Financing activities</b>						
Divestment of shares in Group companies to owners of non-controlling interests	—	488	—	488	491	3
Effects from terminating swaps related to financing activities	1 690	—	1 690	—	—	1 690
Dividends paid to owners	- 96	- 29	- 153	- 76	- 104	- 181
Contribution from owners of non-controlling interests	449	1 004	1 663	1 571	1 912	2 004
<b>Cash flow after dividend</b>	<b>9 028</b>	<b>3 650</b>	<b>16 075</b>	<b>17 782</b>	<b>24 989</b>	<b>23 282</b>
<b>Analysis of change in net debt</b>						
Net debt at start of period	- 72 839	- 85 872	- 79 473	- 98 998	- 98 998	- 83 403
Cash flow after dividend	9 028	3 650	16 075	17 782	24 989	23 282
Changes as a result of valuation at fair value	- 633	- 911	- 92	- 1 082	- 2 739	- 1 749
Changes in interest-bearing liabilities for leasing	3	9	7	33	34	8
Interest-bearing liabilities/short-term investments acquired/divested	—	—	35	75	145	105
Changes in liabilities pertaining to acquisitions of Group companies, discounting effects	—	- 78	- 160	- 235	- 322	- 247
Transfer to liabilities due to changed shareholders' rights	—	21	—	3 037	3 043	6
Translation differences on net debt	- 964	- 222	- 1 797	- 4 015	- 5 625	- 3 407
<b>Net debt at end of period</b>	<b>- 65 405</b>	<b>- 83 403</b>	<b>- 65 405</b>	<b>- 83 403</b>	<b>- 79 473</b>	<b>- 65 405</b>
<b>Free cash flow</b>	<b>10 520</b>	<b>6 083</b>	<b>20 743</b>	<b>15 100</b>	<b>23 234</b>	<b>28 877</b>

- 1) The amount for 2014 has been recalculated compared with previously published information in Vattenfall's 2014 interim reports and 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 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	30 Sept. 2015			30 Sept. 2014			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	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity
<b>Balance brought forward</b>	<b>115 260</b>	<b>13 202</b>	<b>128 462</b>	<b>120 370</b>	<b>10 348</b>	<b>130 718</b>	<b>120 370</b>	<b>10 348</b>	<b>130 718</b>
<b>Profit for the period</b>	<b>- 18 914</b>	<b>- 3 311</b>	<b>- 22 225</b>	<b>- 11 841</b>	<b>- 342</b>	<b>- 12 183</b>	<b>- 8 178</b>	<b>- 106</b>	<b>- 8 284</b>
Cash flow hedges - changes in fair value	9 704	21	<b>9 725</b>	4 689	25	<b>4 714</b>	5 209	34	<b>5 243</b>
Cash flow hedges - dissolved against income statement	- 4 388	1	<b>- 4 387</b>	- 7 946	—	<b>- 7 946</b>	- 5 871	—	<b>- 5 871</b>
Cash flow hedges - transferred to cost of hedged item	10	6	<b>16</b>	- 10	2	<b>- 8</b>	- 6	3	<b>- 3</b>
Hedging of net investments in foreign operations	275	—	<b>275</b>	- 3 204	—	<b>- 3 204</b>	- 5 452	—	<b>- 5 452</b>
Translation differences and exchange rate effects net, divested companies	—	—	<b>—</b>	50	—	<b>50</b>	101	—	<b>101</b>
Remeasurement of available-for-sale financial assets (unrealised)	—	—	<b>—</b>	- 182	—	<b>- 182</b>	- 182	—	<b>- 182</b>
Translation differences	1 005	19	<b>1 024</b>	6 325	205	<b>6 530</b>	10 056	397	<b>10 453</b>
Remeasurement pertaining to defined benefit obligations	2 953	8	<b>2 961</b>	- 3 409	—	<b>- 3 409</b>	- 8 841	- 289	<b>- 9 130</b>
Income tax relating to other comprehensive income	- 2 050	- 20	<b>- 2 070</b>	4 475	1	<b>4 476</b>	5 752	77	<b>5 829</b>
<b>Total other comprehensive income for the period</b>	<b>7 509</b>	<b>35</b>	<b>7 544</b>	<b>788</b>	<b>233</b>	<b>1 021</b>	<b>766</b>	<b>222</b>	<b>988</b>
<b>Total comprehensive income for the period</b>	<b>- 11 405</b>	<b>- 3 276</b>	<b>- 14 681</b>	<b>- 11 053</b>	<b>- 109</b>	<b>- 11 162</b>	<b>- 7 412</b>	<b>116</b>	<b>- 7 296</b>
Dividends paid to owners	—	- 153	<b>- 153</b>	—	- 76	<b>- 76</b>	—	- 104	<b>- 104</b>
Group contributions from(+)/to(-) owners of non-controlling interests	—	—	<b>—</b>	—	—	<b>—</b>	—	484	<b>484</b>
Changes in ownership in Group companies on divestments of shares to owners of non-controlling interests	—	—	<b>—</b>	- 32	386	<b>354</b>	- 33	387	<b>354</b>
Additional purchase price pertaining to previous share purchase	- 812	—	<b>- 812</b>	—	—	<b>—</b>	—	—	<b>—</b>
Contribution from minority interest	—	1 663	<b>1 663</b>	—	1 571	<b>1 571</b>	—	1 912	<b>1 912</b>
Changes as a result of changed ownership	—	—	<b>—</b>	3 026	507	<b>3 533</b>	—	—	<b>—</b>
Other changes in ownership	—	- 39	<b>- 39</b>	- 708	- 366	<b>- 1 074</b>	2 335	59	<b>2 394</b>
<b>Total transactions with equity holders</b>	<b>- 812</b>	<b>1 471</b>	<b>659</b>	<b>2 286</b>	<b>2 022</b>	<b>4 308</b>	<b>2 302</b>	<b>2 738</b>	<b>5 040</b>
<b>Balance carried forward</b>	<b>103 043</b>	<b>11 397</b>	<b>114 440</b>	<b>111 603</b>	<b>12 261</b>	<b>123 864</b>	<b>115 260</b>	<b>13 202</b>	<b>128 462</b>
- Of which, Reserve for cash flow hedges	8 929	11	<b>8 940</b>	2 902	- 11	<b>2 891</b>	4 827	1	<b>4 828</b>



## Key ratios, Vattenfall Group

In % unless otherwise stated. (x) means times	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014	Last 12 months
Operating margin	8.0	- 56.0	- 22.4	- 7.9	- 1.3	- 11.7
Operating margin <sup>1</sup>	9.0	7.9	11.8	13.6	14.5	13.3
Pre-tax profit margin	5.1	- 59.9	- 25.8	- 11.7	- 5.0	- 15.0
Pre-tax profit margin <sup>1</sup>	4.0	4.1	8.5	9.8	10.9	10.0
Return on equity	- 14.8 <sup>2</sup>	- 8.0 <sup>2</sup>	- 14.8 <sup>2</sup>	- 8.0 <sup>2</sup>	- 6.9	- 14.8
Return on capital employed	- 7.1 <sup>2</sup>	- 1.9 <sup>2</sup>	- 7.1 <sup>2</sup>	- 1.9 <sup>2</sup>	- 0.7	- 7.1
Return on capital employed <sup>1</sup>	8.1 <sup>2</sup>	8.1 <sup>2</sup>	8.1 <sup>2</sup>	8.1 <sup>2</sup>	8.2	8.1
EBIT interest cover, (x)	- 3.6 <sup>2</sup>	- 0.6 <sup>2</sup>	- 3.6 <sup>2</sup>	- 0.6 <sup>2</sup>	- 0.1	- 3.6
EBIT interest cover, (x) <sup>1</sup>	4.8 <sup>2</sup>	4.2 <sup>2</sup>	4.8 <sup>2</sup>	4.2 <sup>2</sup>	5.0	4.8
FFO interest cover, (x)	7.5 <sup>2</sup>	5.5 <sup>2</sup>	7.5 <sup>2</sup>	5.5 <sup>2</sup>	7.2	7.5
FFO interest cover, net, (x)	10.9 <sup>2</sup>	7.3 <sup>2</sup>	10.9 <sup>2</sup>	7.3 <sup>2</sup>	10.1	10.9
Cash flow interest cover after maintenance investments, (x)	8.3 <sup>2</sup>	4.8 <sup>2</sup>	8.3 <sup>2</sup>	4.8 <sup>2</sup>	7.0	8.3
FFO/gross debt	28.9 <sup>2</sup>	21.7 <sup>2</sup>	28.9 <sup>2</sup>	21.7 <sup>2</sup>	25.5	28.9
FFO/net debt	49.1 <sup>2</sup>	31.4 <sup>2</sup>	49.1 <sup>2</sup>	31.4 <sup>2</sup>	40.4	49.1
FFO/adjusted net debt	22.5 <sup>2</sup>	17.3 <sup>2</sup>	22.5 <sup>2</sup>	17.3 <sup>2</sup>	20.3	22.5
EBITDA/net financial items, (x)	16.7	10.5	9.9	10.7	11.7	11.1
EBITDA/net financial items, (x) <sup>1</sup>	17.3	9.4	11.8	11.3	12.4	12.9
Equity/total assets	25.0	26.7	25.0	26.7	25.8	25.0
Gross debt/equity	97.0	97.4	97.0	97.4	98.0	97.0
Net debt/equity	57.2	67.3	57.2	67.3	61.9	57.2
Gross debt/gross debt plus equity	49.2	49.3	49.2	49.3	49.5	49.2
Net debt/net debt plus equity	36.4	40.2	36.4	40.2	38.2	36.4
Net debt/EBITDA, (x)	1.8 <sup>2</sup>	2.2 <sup>2</sup>	1.8 <sup>2</sup>	2.2 <sup>2</sup>	1.9	1.8
Adjusted net debt/EBITDA, (x)	4.0 <sup>2</sup>	4.0 <sup>2</sup>	4.0 <sup>2</sup>	4.0 <sup>2</sup>	3.9	4.0

1) Based on Underlying operating profit.

2) Last 12-month values.

# Quarterly information, Vattenfall Group

Amounts in SEK million	Q3 2 015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
<b>Income Statement</b>							
Net sales	37 519	36 115	45 377	48 725	34 734	36 575	45 912
Cost of products sold	- 29 354	- 68 228	- 33 042	- 35 284	- 49 148	- 32 059	- 32 905
Other operating income and expenses	- 5 039	- 5 831	- 4 112	- 6 532	- 4 828	- 5 642	- 1 306
Participations in the results of associated companies	- 125	- 101	163	136	- 194	- 511	131
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	7 548	2 852	13 518	12 120	8 438	3 890	16 588
Operating profit (EBIT)	3 001	- 38 045	8 386	7 045	- 19 436	- 1 637	11 832
Underlying operating profit	3 388	2 966	7 736	8 223	2 750	4 086	9 075
Financial items, net	- 1 105	- 1 401	- 1 543	- 1 560	- 1 362	- 1 421	- 1 701
Profit before tax	1 896	- 39 446	6 843	5 485	- 20 798	- 3 058	10 131
<b>Profit for the period</b>	<b>1 600</b>	<b>- 28 812</b>	<b>4 987</b>	<b>3 900</b>	<b>- 18 065</b>	<b>- 2 323</b>	<b>8 205</b>
- of which, attributable to owner of the Parent Company	1 403	- 24 996	4 679	3 663	- 18 122	- 1 830	8 111
- of which, attributable to non-controlling interests	197	- 3 816	308	237	57	- 493	94
<b>Balance sheet</b>							
Non-current assets	348 656	339 871	370 318	368 062	353 346	375 661	368 782
Short-term investments	30 867	34 006	45 634	32 785	24 810	19 884	22 142
Cash and cash equivalents	12 497	20 006	11 606	12 283	10 984	10 263	13 159
Other current assets	65 338	69 666	84 827	84 079 <sup>1</sup>	75 566 <sup>1</sup>	82 128 <sup>1</sup>	90 902 <sup>1</sup>
<b>Total assets</b>	<b>457 358</b>	<b>463 549</b>	<b>512 385</b>	<b>497 209</b>	<b>464 706</b>	<b>487 936</b>	<b>494 985</b>
Equity	114 440	108 303	134 678	128 462	123 864	142 387	145 725
- of which, attributable to owner of the Parent Company	103 043	97 646	120 367	115 260	111 603	131 567	134 852
- of which, attributable to non-controlling interests	11 397	10 657	14 311	13 202	12 261	10 820	10 873
Hybrid Capital	15 387	15 192	19 979	9 385	9 134	9 160	8 928
Other interest-bearing liabilities	95 659	112 970	117 400	116 543	111 546	107 458	112 660
Pension provisions	42 320	41 986	44 793	45 298	38 827	38 842	34 650
Other interest-bearing provisions	99 663	97 550	92 761	93 269	89 651	89 718	82 990
Deferred tax liabilities	26 463	27 202	27 454	27 595	28 454	30 952	31 618
Other noninterest-bearing liabilities	63 426	60 346	75 320	76 657 <sup>1</sup>	63 230 <sup>1</sup>	69 419 <sup>1</sup>	78 414 <sup>1</sup>
<b>Total equity and liabilities</b>	<b>457 358</b>	<b>463 549</b>	<b>512 385</b>	<b>497 209</b>	<b>464 706</b>	<b>487 936</b>	<b>494 985</b>
Capital employed	267 116	269 657	298 629	294 278	281 801	305 096	298 977
Net debt	- 65 405	- 72 839	- 78 825	- 79 473	- 83 403	- 85 872	- 85 694
<b>Cash flow</b>							
Funds from operations (FFO)	5 698	4 154	9 795	12 476	5 008	3 854	10 792
Cash flow from changes in operating assets and operating liabilities	9 170	5 563	- 3 042	1 857	4 984	4 479	- 3 305
Cash flow from operating activities	14 868	9 717	6 753	14 333	9 992	8 333	7 487
Cash flow from investing activities	- 7 883	- 5 393	- 5 187	- 7 441	- 7 805	- 5 785	3 574
Cash flow before financing activities	6 985	4 324	1 566	6 892	2 187	2 548	11 061
Changes in short-term investments	3 501	11 336	- 13 022	- 7 179	- 4 828	2 563	- 10 477
Loans raised/Amortisation of debt, net, etc.	- 19 655	- 7 177	10 816	1 497	3 415	- 8 104	- 3 277
Dividends paid to owners	- 96	- 57	—	- 28	- 29	- 47	—
Cash flow from financing activities	- 14 560	4 102	- 2 206	- 5 710	- 1 442	- 5 588	- 13 754
<b>Cash flow for the period</b>	<b>- 7 575</b>	<b>8 426</b>	<b>- 640</b>	<b>1 182</b>	<b>745</b>	<b>- 3 040</b>	<b>- 2 693</b>
<b>Free cash flow</b>	<b>10 520</b>	<b>6 218</b>	<b>4 003</b>	<b>8 136</b>	<b>6 083</b>	<b>4 330</b>	<b>4 685</b>

## Quarterly information, Vattenfall Group, cont.

In % unless otherwise stated. (x) means times	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
<b>Key ratios</b>							
Return on equity <sup>3</sup>	- 14.8	- 32.6	- 10.1	- 6.9	- 8.0	8.4	- 10.1
Return on capital employed <sup>3</sup>	- 7.1	- 14.6	- 1.9	- 0.7	- 1.9	6.4	- 1.7
Return on capital employed <sup>2,3</sup>	8.1	7.5	7.6	8.2	8.1	8.2	8.4
EBIT interest cover, (x) <sup>3</sup>	- 3.6	- 8.0	- 0.9	- 0.1	- 0.6	3.3	- 0.6
EBIT interest cover, (x) <sup>2,3</sup>	4.8	4.6	5.1	5.0	4.2	4.2	3.9
FFO/gross debt <sup>3</sup>	28.9	24.5	22.7	25.5	21.7	24.0	24.7
FFO/net debt <sup>3</sup>	49.1	43.2	39.5	40.4	31.4	32.5	35.1
FFO/adjusted net debt <sup>3</sup>	22.5	21.1	20.7	20.3	17.3	17.9	20.4
Equity/assets ratio	25.0	23.4	26.3	25.8	26.7	29.2	29.4
Gross debt/equity	97.0	118.3	102.0	98.0	97.4	81.9	83.4
Net debt/equity	57.2	67.3	58.5	61.9	67.3	60.3	58.8
Net debt/net debt plus equity	36.4	40.2	36.9	38.2	40.2	37.6	37.0
Net debt/EBITDA, (x) <sup>3</sup>	1.8	2.0	2.1	1.9	2.2	2.2	1.9
Adjusted net debt/EBITDA, (x) <sup>3</sup>	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 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 3.7 billion. Previously, the liability for Swedish property tax was recognised gradually during the year. The balance sheets for 2014 have been recalculated as a result of application of IFRIC 21. The balance sheet has been adjusted by SEK 1.5 billion as per 30 September 2014 and by SEK 0.8 billion as per 31 December 2014.

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 the half-year 2015 report, 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:

	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full year 2014
<b>Average rate</b>					
EUR	9.3972	9.1787	9.3656	9.0380	9.1004
DKK	1.2595	1.2317	1.2556	1.2118	1.2207
NOK	1.0257	1.1103	1.0566	1.0907	1.0848
PLN	2.2365	2.1959	2.2475	2.1620	2.1715
GBP	13.0485	11.5945	12.8170	11.1492	11.3091
USD	8.4338	6.9584	8.3541	6.6930	6.8837

	30 Sept. 2015	30 Sept. 2014	31 Dec. 2014
<b>Balance sheet date rate</b>			
EUR	9.4083	9.1465	9.3930
DKK	1.2612	1.2289	1.2616
NOK	0.9878	1.1266	1.0388
PLN	2.2164	2.1894	2.1981
GBP	12.7397	11.7670	12.0593
USD	8.3980	7.2689	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	30 Sept. 2015		31 Dec. 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets at fair value through profit or loss</b>				
Derivative assets	15 628	15 628	17 126	17 126
Short-term investments	28 312	28 312	29 735	29 735
Cash equivalents	2 356	2 356	444	444
<b>Total</b>	<b>46 296</b>	<b>46 296</b>	<b>47 305</b>	<b>47 305</b>
<b>Derivative assets for hedging purposes for</b>				
Fair value hedges	3 768	3 768	4 850	4 850
Cash flow hedges	13 205	13 205	9 732	9 732
<b>Total</b>	<b>16 973</b>	<b>16 973</b>	<b>14 582</b>	<b>14 582</b>
<b>Loans and receivables</b>				
Share in the Swedish Nuclear Waste Fund	33 590	35 470	31 984	34 569
Other non-current receivables	9 231	9 246	8 407	8 429
Trade receivables and other receivables	22 905	23 161	31 217	31 282
Advance payments paid	1 716	1 716	2 150	2 150
Short-term investments	2 555	2 555	3 050	3 049
Cash and bank balances	10 141	10 141	11 839	11 839
<b>Total</b>	<b>80 138</b>	<b>82 289</b>	<b>88 647</b>	<b>91 318</b>
<b>Available-for-sale financial assets</b>				
Other shares and participations carried at cost	277	277	284	284
<b>Total</b>	<b>277</b>	<b>277</b>	<b>284</b>	<b>284</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative liabilities	13 908	13 908	13 837	13 837
<b>Total</b>	<b>13 908</b>	<b>13 908</b>	<b>13 837</b>	<b>13 837</b>
<b>Derivative liabilities for hedging purposes for</b>				
Fair value hedges	6	6	2	2
Cash flow hedges	2 771	2 771	2 986	2 986
<b>Total</b>	<b>2 777</b>	<b>2 777</b>	<b>2 988</b>	<b>2 988</b>
<b>Other financial liabilities</b>				
Hybrid Capital, non-current interest-bearing liability	15 387	12 284	—	—
Other non-current interest-bearing liabilities	69 076	76 770	78 807	89 800
Other non-current noninterest-bearing liabilities	5 801	5 801	5 756	5 756
Hybrid Capital, current interest-bearing liability	—	—	9 385	9 551
Current interest-bearing liabilities	26 583	26 515	37 736	38 420
Trade payables and other liabilities	19 173	19 173	28 094	28 094
Advance payments received	1 931	1 931	2 371	2 371
<b>Total</b>	<b>137 951</b>	<b>142 474</b>	<b>162 149</b>	<b>173 992</b>

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 30 September 2015

Amounts in SEK million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Derivative assets	—	32 321	280	<b>32 601</b>
Short-term investments and cash equivalents	22 063	8 605	—	<b>30 668</b>
<b>Total assets</b>	<b>22 063</b>	<b>40 926</b>	<b>280</b>	<b>63 269</b>
<b>Liabilities</b>				
Derivative liabilities	—	15 814	871	<b>16 685</b>
<b>Total liabilities</b>	<b>—</b>	<b>15 814</b>	<b>871</b>	<b>16 685</b>

#### 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
<b>Assets</b>				
Derivative assets	—	31 058	650	<b>31 708</b>
Short-term investments and cash equivalents	25 071	5 108	—	<b>30 179</b>
<b>Total assets</b>	<b>25 071</b>	<b>36 166</b>	<b>650</b>	<b>61 887</b>
<b>Liabilities</b>				
Derivative liabilities	—	16 155	670	<b>16 825</b>
<b>Total liabilities</b>	<b>—</b>	<b>16 155</b>	<b>670</b>	<b>16 825</b>

## Changes in level 3 financial instruments

Financial instruments at fair value through profit or loss

	Derivative assets		Derivative liabilities	
	30 Sept. 2015	31 Dec. 2014	30 Sept. 2015	31 Dec. 2014
Amounts in SEK million				
Balance brought forward	650	1 377	670	375
Transfers from another level	—	4	—	—
Revaluations recognised in operating profit (EBIT)	- 370	- 776	199	264
Translation differences	—	45	2	31
<b>Balance carried forward</b>	<b>280</b>	<b>650</b>	<b>871</b>	<b>670</b>
Total revaluations for the period included in operating profit (EBIT) for assets and liabilities held on the balance sheet date	- 129	389	265	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 gas agreement is also hedged with OTC forward trades of underlying products, which were also marked against modelled prices until 2012. In 2013, all OTC forward contracts have been transferred from Level 3 to Level 2 since, starting in 2013, the market price input can be observed and derived from the market.

The net value as per 30 September 2015 has been calculated at SEK +12 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 +/-1 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 CO<sub>2</sub> 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 30 September 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 30 September 2015 has been calculated at SEK -12 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 +/-46 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 30 September 2015 has been calculated at SEK -88 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 71 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 30 September 2015 has been calculated at SEK -506 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 31 million (-/+8).

#### 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	30 Sept. 2015			30 Dec. 2014		
	Net gains/ losses <sup>1</sup>	Interest income	Interest expenses	Net gains/ losses <sup>1</sup>	Interest income	Interest expenses
Derivative assets and derivative liabilities	4 810	88	- 131	5 024	186	- 122
Available-for-sale financial assets	8	—	—	- 25	—	—
Loans and receivables	- 271	1 160	—	- 184	1 116	—
Financial liabilities measured at amortised cost	- 516	—	- 2 501	- 2 675	—	- 3 624
<b>Total</b>	<b>4 031</b>	<b>1 248</b>	<b>- 2 632</b>	<b>2 140</b>	<b>1 302</b>	<b>- 3 746</b>

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).

## Quarter 1-3 of 2015

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

- Net sales amounted to SEK 22,326 million (23,065).
- Profit before appropriations and tax was SEK 3,651 million (-13,554).
- Earnings were affected by the following:
  - Received dividends of SEK 3,897 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.
  - 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 287,902 million (31 December: 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, shares in Vattenfall Distribution AB were revalued to SEK 38 billion in order to better reflect the value of the shares
- During the period, 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.
- Investments during the period amounted to SEK 312 million (249).
- Cash and cash equivalents, and short-term investments amounted to SEK 36,074 million (31 December 2014: 35,059).

## 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 on pages 5-6 in this report, 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 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	Q1-Q3 2015	Q1-Q3 2014	Full year 2014
Net sales	22 326	23 065	31 676
Cost of products sold	- 17 385	- 16 564	- 22 470
<b>Gross profit</b>	<b>4 941</b>	<b>6 501</b>	<b>9 206</b>
Selling expenses, administrative expenses and research and development costs	- 1 778	- 1 852	- 2 626
Other operating income and expenses, net	379	- 1 241	- 1 610
<b>Operating profit (EBIT)</b>	<b>3 542</b>	<b>3 408</b>	<b>4 970</b>
Result from participations in subsidiaries	2 737	- 13 830	- 13 830
Result from participations in associated companies	7	—	—
Result from other shares and participations	—	- 214	- 213
Other financial income	729	997	1 075
Other financial expenses	- 3 364	- 3 915	- 4 886
<b>Profit before appropriations and tax</b>	<b>3 651</b>	<b>- 13 554</b>	<b>- 12 884</b>
Appropriations	2 331	1 454	418
<b>Profit before tax</b>	<b>5 982</b>	<b>- 12 100</b>	<b>- 12 466</b>
Income tax expense	- 842	769	748
<b>Profit for the period</b>	<b>5 140</b>	<b>- 11 331</b>	<b>- 11 718</b>

## Parent Company statement of comprehensive income

Amounts in SEK million	Q1-Q3 2015	Q1-Q3 2014	Full year 2014
Profit for the period	5 140	- 11 331	- 11 718
Total other comprehensive income	—	—	—
<b>Total comprehensive income for the period</b>	<b>5 140</b>	<b>- 11 331</b>	<b>- 11 718</b>

# Parent Company balance sheet

Amounts in SEK million	30 Sept. 2015	30 Sept. 2014	31 Dec. 2014
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets: non-current	136	123	118
Property, plant and equipment	4 025	4 048	4 128
Shares and participations	151 869	118 473	118 473
Deferred tax assets	70	—	—
Other non-current assets	83 683	86 876	90 478
<b>Total non-current assets</b>	<b>239 783</b>	<b>209 520</b>	<b>213 197</b>
<b>Current assets</b>			
Inventories	374	383	385
Intangible assets: current	213	51	68
Current receivables	11 286	12 799	18 055
Current tax assets	172	1 117	762
Short-term investments	26 843	21 142	26 724
Cash and cash equivalents	9 231	6 846	8 335
<b>Total current assets</b>	<b>48 119</b>	<b>42 338</b>	<b>54 329</b>
<b>Total assets</b>	<b>287 902</b>	<b>251 858</b>	<b>267 526</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Restricted equity			
Share capital (131,700,000 shares with a share quota value of SEK 50)	6 585	6 585	6 585
Revaluation reserve	37 989	—	—
Statutory reserve	1 286	1 286	1 286
Non-restricted equity			
Retained earnings	43 737	55 454	55 454
Profit for the period	5 140	- 11 331	- 11 718
<b>Total equity</b>	<b>94 737</b>	<b>51 994</b>	<b>51 607</b>
<b>Untaxed reserves</b>	<b>13 897</b>	<b>15 670</b>	<b>16 227</b>
<b>Provisions</b>	<b>4 748</b>	<b>4 291</b>	<b>4 278</b>
<b>Non-current liabilities</b>			
Hybrid Capital	15 408	9 134	—
Other interest-bearing liabilities	55 022	62 866	63 962
Deferred tax liabilities	—	93	165
Other noninterest-bearing liabilities	36 669	33 533	36 421
<b>Total non-current liabilities</b>	<b>107 099</b>	<b>105 626</b>	<b>100 548</b>
<b>Current liabilities</b>			
Hybrid Capital	—	—	9 385
Other interest-bearing liabilities	62 471	69 127	78 379
Other noninterest-bearing liabilities	4 950	5 150	7 102
<b>Total current liabilities</b>	<b>67 421</b>	<b>74 277</b>	<b>94 866</b>
<b>Total equity and liabilities</b>	<b>287 902</b>	<b>251 858</b>	<b>267 526</b>

## Definitions and calculations of key ratios

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

<b>EBIT:</b>	Earnings Before Interest and Tax (Operating profit)
<b>EBITDA:</b>	Earnings Before Interest, Tax, Depreciation and Amortisation. (Operating profit before depreciation, amortisation and impairment losses)
<b>Items affecting comparability:</b>	Capital gains and capital losses from shares and other non-current assets, impairment losses and reversed impairment losses and other 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
<b>Underlying operating profit:</b>	Operating profit (EBIT) excluding items affecting comparability
<b>FFO:</b>	Funds From Operations
<b>Free cash flow:</b>	Cash flow from operating activities less maintenance investments
<b>Hybrid Capital:</b>	Perpetual subordinated securities, junior to all Vattenfall's unsubordinated debt instruments.
<b>Capital employed:</b>	Balance sheet total less financial assets, noninterest-bearing liabilities and certain other interest-bearing provisions not included in adjusted net debt
<b>Net debt:</b>	Interest-bearing liabilities less loans to owners of non-controlling interests in Group companies, cash and cash equivalents and short-term investments
<b>Adjusted net debt:</b>	For calculation, see Consolidated balance sheet - Supplementary Information

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

Key ratios based on last 12-month values October 2014 – September 2015:

<b>Operating margin, %</b>	= 100 x	$\frac{\text{EBIT}}{\text{Net sales}}$	$\frac{-19\,613}{167\,736}$	=	-11.7
<b>Operating margin excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Net sales}}$	$\frac{22\,314}{167\,736}$	=	13.3
<b>Pre-tax profit margin, %</b>	= 100 x	$\frac{\text{Profit before tax}}{\text{Net sales}}$	$\frac{-25\,223}{167\,736}$	=	-15.0
<b>Pre-tax profit margin excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Profit before tax excl. items affecting comparability}}{\text{Net sales}}$	$\frac{16\,726}{167\,736}$	=	10.0
<b>Return on equity, %</b>	= 100 x	$\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl. the Reserve for cash flow hedges}}$	$\frac{-15\,251}{102\,963}$	=	-14.8
<b>Return on capital employed, %</b>	= 100 x	$\frac{\text{EBIT}}{\text{Capital employed, average}}$	$\frac{-19\,613}{274\,459}$	=	-7.1
<b>Return on capital employed excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Capital employed, average}}$	$\frac{22\,314}{274\,459}$	=	8.1
<b>EBIT interest cover, (x)</b>	=	$\frac{\text{EBIT + financial income excl. return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{-17\,890}{4\,970}$	=	-3.6
<b>EBIT interest cover excl. Items affecting comparability, (x)</b>	=	$\frac{\text{Underlying EBIT + financial income excl. Return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{24\,037}{4\,970}$	=	4.8
<b>FFO interest cover, (x)</b>	=	$\frac{\text{FFO + financial expenses excl. discounting effects attributable to provisions}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{37\,092}{4\,970}$	=	7.5
<b>FFO interest cover, net, (x)</b>	=	$\frac{\text{FFO + financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{35\,369}{3\,247}$	=	10.9

<b>Cash flow interest cover after maintenance investments, (x)</b>	=	$\frac{\text{Cash flow from operating activities less maintenance investments + financial expenses excl. Discounting effects attributable to provisions and interest components related to pension costs}}{\text{Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs}}$	$\frac{32\,828}{3\,951}$	=	8.3
<b>FFO/gross debt, %</b>	= 100 x	$\frac{\text{FFO}}{\text{Interest-bearing liabilities}}$	$\frac{32\,122}{111\,046}$	=	28.9
<b>FFO/net debt, %</b>	= 100 x	$\frac{\text{FFO}}{\text{Net debt}}$	$\frac{32\,122}{65\,405}$	=	49.1
<b>FFO/adjusted net debt, %</b>	= 100 x	$\frac{\text{FFO}}{\text{Adjusted net debt}}$	$\frac{32\,122}{143\,061}$	=	22.5
<b>EBITDA/net financial items, (x)</b>	=	$\frac{\text{EBITDA}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{36\,039}{3\,247}$	=	11.1
<b>EBITDA excl. items affecting comparability/net financial items, (x)</b>	=	$\frac{\text{EBITDA excl. items affecting comparability}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{41\,893}{3\,247}$	=	12.9

Key ratios based on the balance sheet per 30 September 2015:

<b>Equity/total assets, %</b>	= 100 x	$\frac{\text{Equity}}{\text{Balance sheet total}}$	$\frac{114\,440}{457\,358}$	=	25.0
<b>Gross debt/equity, %</b>	= 100 x	$\frac{\text{Interest-bearing liabilities}}{\text{Equity}}$	$\frac{111\,046}{114\,440}$	=	97.0
<b>Net debt/equity, %</b>	= 100 x	$\frac{\text{Net debt}}{\text{Equity}}$	$\frac{65\,405}{114\,440}$	=	57.2
<b>Gross debt/gross debt equity, %</b>	= 100 x	$\frac{\text{Interest-bearing liabilities}}{\text{Interest-bearing liabilities + equity}}$	$\frac{111\,046}{225\,486}$	=	49.2
<b>Net debt/net debt plus equity, %</b>	= 100 x	$\frac{\text{Net debt}}{\text{Net debt + equity}}$	$\frac{65\,405}{179\,845}$	=	36.4
<b>Net debt/EBITDA, (x)</b>	=	$\frac{\text{Net debt}}{\text{EBITDA}}$	$\frac{65\,405}{36\,039}$	=	1.8
<b>Adjusted net debt/EBITDA, (x)</b>	=	$\frac{\text{Adjusted net debt}}{\text{EBITDA}}$	$\frac{143\,061}{36\,039}$	=	4.0

## Interim report signature

Solna, 27 October 2015

Magnus Hall  
President and CEO

This interim report has not been reviewed by the company's auditors.

## Financial calendar

Year-end report 2015, 3 February 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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