

Year-end report 2014

January–December 2014

- Net sales of SEK 165,945 million (172,253).
- Underlying operating profit¹ of SEK 24,133 million (28,135).
- Operating profit of SEK -2,195 million (-6,218). Operating profit was negatively affected by impairment losses of SEK 23,800 million.
- Profit the year of SEK -8,284 million (-13,543). Profit includes impairment losses of SEK 20,400 million, net.
- Electricity generation decreased by 4.8% to 172.9 TWh (181.7).
- The Board of Directors proposes, in accordance with Vattenfall's dividend policy, that no dividend be paid for 2014.

October–December 2014

- Net sales of SEK 48,725 million (47,156).
- Underlying operating profit¹ of SEK 8,223 million (7,006).
- Operating profit of SEK 7,045 million (3,894).
- Profit after tax for the period of SEK 3,900 million (1,983).
- Electricity generation decreased by 3.1% to 46.2 TWh (47.7).

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 year-end report pursuant to the Swedish Securities Market Act.

CEO's comments

"2014 was an eventful and challenging year that was characterised by weak demand, a surplus of production capacity and falling electricity prices. Demand was further dampened by warm weather, which led to lower consumption of electricity, gas and heat. Lower production margins and lower production volumes were partly compensated by successful cost-cutting measures. During the last four-year period we have carried out measures which, compared with the cost base in 2010, have resulted in savings of SEK 13.7 billion on a yearly basis.

All in all, Vattenfall reports an underlying operating profit of SEK 24.1 billion for the full-year 2014, which is SEK 4 billion lower than in 2013. Cash flow after investments amounted to SEK 22.7 billion, which includes net proceeds of SEK 11.6 billion from sales of assets. This has helped reduce our net debt by SEK 19.5 billion to SEK 79.5 billion. Adjusted net debt decreased by only slightly more than SEK 4 billion due to higher provisions for pensions and nuclear power, mainly due to lower market interest rates.

During the year, against the background of the difficult market situation, we recognised impairment losses which were charged against the reported operating profit by a total of SEK 23.8 billion, which is the main reason why Vattenfall is reporting a negative result after tax of SEK -8.3 billion, compared with SEK -13.5 billion in 2013.

During the fourth quarter the underlying operating profit improved by SEK 1.2 billion to SEK 8.2 billion, and profit for the period after tax increased by SEK 1.9 billion to SEK 3.9 billion.

We increased our investments in new wind power during the year. These amounted to SEK 6.5 billion and thereby made up Vattenfall's largest investment item in 2014.

To tackle the business challenges and opportunities we are facing, we have decided to establish a new organisational structure comprising six new cross-border Business Areas, which will replace the current regional organisation¹ effective from 1 April 2015. A new executive management team has been appointed. In line with Vattenfall's ambitions to find new owners for the German lignite mining operations in Mining & Generation, these operations will be placed in a separate unit. The change in the Group structure is part of the ongoing overhaul of the Vattenfall Group's strategy. Certain parts of this strategy are already clear. To be able to develop our customer offerings towards more sustainable solutions, we will uphold our position as an European company. We will also be an electricity producer that focuses on emissions-free or emissions-efficient solutions. This strategy will be developed step by step, and it will be an important duty for the new executive management team to execute it and adapt it to each Business Area at the same time that major emphasis must be put on continued efficiency improvements in our operations."



Magnus Hall
President and CEO

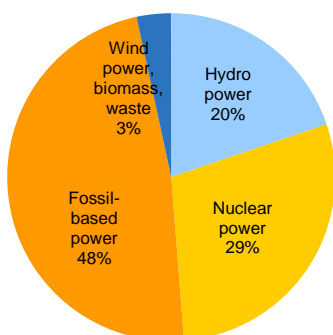
1) For further information on Vattenfall's new organisation, see page 6.

Key data

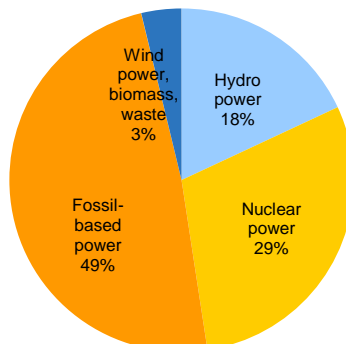
| Amounts in SEK million unless indicated otherwise | Q4 2014 | Q4 2013 ¹ | Full year 2014 | Full year 2013 ¹ |
|--|-------------------|----------------------|----------------|-----------------------------|
| Net sales | 48 725 | 47 156 | 165 945 | 172 253 |
| Operating profit before depreciation, amortisation and impairment losses (EBITDA) | 12 120 | 9 426 | 41 038 | 43 554 |
| Operating profit (EBIT) | 7 045 | 3 894 | -2 195 | -6 218 |
| Underlying operating profit (EBIT) | 8 223 | 7 006 | 24 133 | 28 135 |
| Profit for the period | 3 900 | 1 983 | -8 284 | -13 543 |
| Funds from operations (FFO) | 12 476 | 6 548 | 32 131 | 31 888 |
| Net debt | 79 473 | 98 998 | 79 473 | 98 998 |
| Adjusted net debt | 158 291 | 162 590 | 158 291 | 162 590 |
| Return on capital employed, % | -0.7 ² | -2.1 ² | -0.7 | -2.1 |
| Net debt/equity, % | 61.9 | 75.7 | 61.9 | 75.7 |
| Funds from operations (FFO)/adjusted net debt, % | 20.3 ² | 19.6 ² | 20.3 | 19.6 |
| Adjusted net debt/operating profit before depreciation, amortisation and impairment losses (EBITDA), times | 3.9 ² | 3.7 ² | 3.9 | 3.7 |
| Electricity generation, TWh | 46.2 | 47.7 | 172.9 | 181.7 |
| - of which, hydro power | 8.4 | 8.6 | 34.3 | 35.6 |
| - of which, nuclear power | 13.4 | 14.1 | 49.9 | 51.9 |
| - of which, fossil-based power ³ | 22.9 | 23.2 | 82.9 | 87.9 |
| - of which, wind power | 1.2 | 1.3 | 4.1 | 3.9 |
| - of which, biomass, waste ³ | 0.3 | 0.5 | 1.8 | 2.4 |
| Sales of electricity, TWh | 53.4 | 54.8 | 199.0 | 203.3 |
| Sales of heat, TWh | 7.8 | 7.7 | 24.1 | 30.3 |
| Sales of gas, TWh | 15.3 | 16.0 | 45.5 | 55.8 |
| Number of employees, full-time equivalents | 30 181 | 31 818 | 30 181 | 31 818 |

- 1) Certain amounts for 2013 have been recalculated compared with previously published information in Vattenfall's 2013 Year-End Report and Annual Report as a result of new accounting rules (IFRS 11) that took effect in 2014. See Note 4.
- 2) Last 12-month values.
- 3) The figures for electricity generation in 2014 are preliminary.

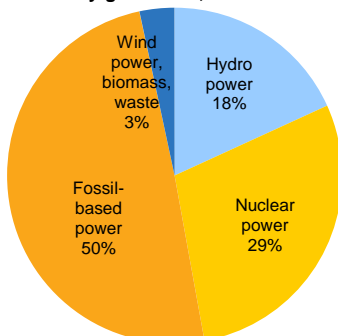
Electricity generation, Full Year 2014 %



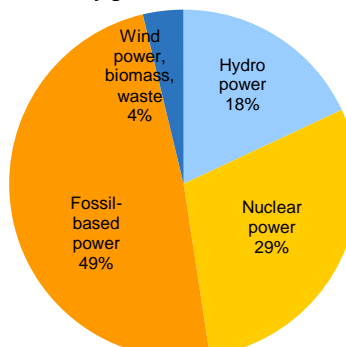
Electricity generation, Full Year 2013 %



Electricity generation, Q4 2014 %



Electricity generation, Q4 2013 %



Important events 2014

Q1

Sale of Amager combined heat and power station

In January Vattenfall completed the sale of the Amager combined heat and power station in Denmark to the Danish municipal-owned company HOFOR. The enterprise value was DKK 2 billion.

Sale of shareholding in Polish company Enea S.A.

In January Vattenfall sold its minority interest, corresponding to 18.67% of the shares, in the Polish energy company Enea S.A., for approximately SEK 2.2 billion

Sale of electricity grid in Hamburg

In February Vattenfall completed the sale of its majority interest of 74.9% in the electricity grid company Stromnetz Hamburg GmbH to the City of Hamburg. The purchase price was preliminarily set at EUR 550 million for 100% of the company. An external appraisal company will determine the final value of the company, which at a minimum can amount to EUR 495 million. The sale resulted in a capital gain of approximately SEK 3 billion. In addition to the purchase price, the City of Hamburg repaid a loan of approximately SEK 2.1 billion to Vattenfall. The City of Hamburg has an option to buy Vattenfall's majority shareholding of 74.9% in the district heating company Vattenfall Wärme Hamburg GmbH in 2019.

Sale of Vattenfall Europe Power Consultant GmbH

In February Vattenfall completed the sale of its German engineering business Vattenfall Europe Power Consultant GmbH (VPC) to the investment company Palero Capital GmbH. The sales price has not been disclosed.

Q2

Sale of Kalix Värmeverk

In April Vattenfall sold its 94% shareholding in Kalix Värmeverk AB to Vasa Värmeverk AB. The heating plant has annual heat production of 120 GWh. The sales price has not been disclosed.

Higher provisions due to lower market interest rates

During the second quarter Vattenfall lowered the discount rate it uses to calculate provisions for future expenses for nuclear power and the mining operations in Germany. In addition, during the second and fourth quarters, Vattenfall lowered the discount rate it uses to calculate pension provisions in Sweden and Germany. Together these measures led to an increase in adjusted net debt by SEK 15 billion. Cash flow and the underlying operating profit were not affected.

New wind farm inaugurated in Falkenberg

In May Vattenfall's largest onshore wind farm in southern Sweden, Hjuleberg (36 MW), was inaugurated. The Hjuleberg wind farm comprises 12 wind turbines that can generate electricity equivalent to the consumption of more than 18,000 homes. The total investment sum was SEK 500 million.

Start of construction of Lichterfelde CHP plant in Berlin

In May, construction was started on the new Berlin–Lichterfelde gas-fired combined heat and power plant, which will replace an older facility. The power plant will have capacity of 300 MW electricity and 230 MW heat, and is expected to be commissioned at the end of 2016.

Purchase of hydro power plant on the Lule River

In June Vattenfall acquired the Rimojokk power plant, a small run-of-river hydro power plant on the Lule River, from the company Picab. Through this acquisition Vattenfall now owns all of the hydro power plants on the Lule River. The purchase price has not been disclosed.

Q3

Impairment losses

During the third quarter Vattenfall recognised impairment losses of SEK 23.1 billion for asset values as a result of continued deteriorating market conditions. Profit after tax was charged with SEK 19.9 billion. Vattenfall's cash flow and net debt were not affected by the impairment losses. Geographically, the impairment losses are broken down into SEK 13.8 billion in the Netherlands, SEK 6.9 billion in Germany, SEK 1.4 billion in the Nordic countries, and SEK 1.0 billion in the UK.

Sale of waste incineration plant in Germany

In September Vattenfall sold its 85.5% majority shareholding in Müllverwertung Borsigstraße GmbH, a waste incineration plant in Hamburg, to the city's waste management company. The sales price was EUR 67 million (slightly more than SEK 600 million).

Vattenfall makes continued investments in offshore wind power in Germany

In August Vattenfall decided to proceed with construction of the Sandbank offshore wind farm (288 MW) just west of the existing DanTysk wind farm. Sandbank will comprise 72 wind turbines and is expected to be commissioned in 2017. Like DanTysk, Vattenfall owns 51% of Sandbank, with Stadtwerke München owning the remaining 49%. The combined investment sum is approximately SEK 11 billion.

Two new onshore wind farms in Sweden

In September Vattenfall decided to build an additional two onshore wind farms in Sweden: Juktan (29 MW), in northern Sweden, will comprise nine wind turbines, and Höge Väg (38 MW), in southern Sweden, will comprise 18 turbines. The combined investment sum is SEK 860 million. The wind farms are expected to be commissioned at the end of 2015.

Vattenfall establishes fast-charging network for electric vehicles

In September Vattenfall established three fast-charging stations for electric vehicles in Stockholm. The charging stations are the first in the company's fast-charging network in Stockholm and Uppsala, which at year-end had been expanded to seven stations. In Berlin, Vattenfall also installed two fast-charging stations as part of the "Schnell-Laden Berlin" project.

Q4

Magnus Hall new President and CEO of Vattenfall

On 1 October Magnus Hall took office as Vattenfall's new President and CEO.

Sale of combined heat and power operations in the Netherlands

In October Vattenfall signed an agreement to sell – via the subsidiary N.V. Nuon Energy – its combined heat and power assets in Utrecht to the Dutch energy company Eneco. The sale was completed on 1 January 2015. The agreement covers Nuon's district heating network in Utrecht and the Lage Weide and Merwedekanaal CHP stations. The sales price has not been disclosed.

Vattenfall studies alternatives to ownership of lignite mining operation

In October Vattenfall announced that the company has decided to look into various alternatives for a new ownership structure for the lignite mining operations in Germany. The goal is to shift the production portfolio towards more renewable production and reduce the company's CO₂ emissions. Vattenfall's commitment to continue running the Group's other operations in Germany, including district heating, distribution, sales, trading, wind power and other types of power generation, is unchanged.

Vattenfall to build more wind power outside Falkenberg

In November Vattenfall decided to build yet another wind farm, Högabjär–Kärsås (38 MW), east of Falkenberg. It comprises 12 wind turbines and is expected to be commissioned at the end of 2015. The combined investment sum is approximately SEK 500 million.

Sale of service business in Germany

Vattenfall decided in November to sell its facility services business in Germany to ISS Facility Services GmbH. In conjunction with this, Vattenfall signed a five-year agreement with the buyer for facility management services. The sale affects slightly more than 500 employees. The sales price has not been disclosed.

DanTysk wind farm operational

In early December the DanTysk offshore wind farm (288 MW) in Germany began delivering electricity. The wind farm comprises 80 wind turbines and can generate 1.3 TWh of electricity per year. In July an historic milestone was passed at DanTysk, when Vattenfall installed its 1,000th wind turbine.

Vattenfall and Skandia invest in wind power

In December Vattenfall announced that, in partnership with the insurance and banking company Skandia, it will be investing approximately SEK 2 billion to build four new wind farms in Sweden with combined capacity of 141 MW. The plants will be run by a jointly owned company. The four wind farm projects are Hjuleberg (36 MW), Höge Väg (38 MW), Juktan (29 MW) and Högabjär–Kärsås (38 MW). The first of these is already in operation and has been transferred to the jointly owned holding company as per 1 January 2015. The other three wind farms are being built by Vattenfall and will be transferred to the jointly owned company during the first quarter of 2016. This marks the first time that a Swedish financial investor is directly financing the construction of new wind power. The partnership will enable faster expansion of wind power for Vattenfall.

Sale of Fyn coal-fired power plant in Denmark

In December Vattenfall announced that the Danish district heating company Fjernverme Fyn is acquiring the Fyn combined heat and power station in Denmark as well as a waste incineration plant. The enterprise value was DKK 1.1 billion, corresponding to approximately SEK 1.4 billion. The combined investment sum is DKK 600 million in cash consideration, corresponding to SEK 760 million. In addition, the buyer is taking over the decommissioning obligations and environmental liabilities of the plants. The sale is expected to be completed during the first quarter of 2015.

Sale of transmission cable to Thanet

In accordance with unbundling regulations, in December Vattenfall completed the sale of transmission infrastructure between the UK mainland and the Thanet wind farm (300 MW) offshore the east coast of England to the electricity grid company Balfour Beatty. The sales sum was SEK 2 billion.

Changes in Vattenfall's board of directors and Executive Group Management

- At Vattenfall's Annual General Meeting on 28 April 2014, Lars G. Nordström was re-elected as Chairman of the Board. Eli Arnstad, Gunilla Berg, Håkan Buskhe, Håkan Erixon, Jenny Lahrin and Åsa Söderström Jerring were re-elected as board members. Fredrik Arp was elected as a new board member.
- Øystein Løseth left the Executive Group Management on 1 October 2014 in connection with his departure as President and CEO of Vattenfall.
- Olof Gertz, Head of Staff Function Human Resources, left the Executive Group Management on 1 December 2014.

Important events after the balance sheet date

New organisation and changes in Executive Group Management

On 15 January Vattenfall announced a new organisation and new executive management team. Effective 1 April 2015 the current regional structure will be replaced by six cross-border Business Areas. These are:

- Heat All heat operations including all thermal operations except for the lignite operations
- Wind All wind power operations
- Customers & Solutions Sales to end customers
- Generation All hydro and nuclear power operations
- Markets Corresponds to the current Business Division Asset Optimisation and Trading
- Distribution Distribution operations in Sweden and Germany*

The lignite operations are in a separate unit, Mining & Generation.

The heads of the six Business Areas will form the new Executive Group Management (EGM), together with the heads of the four Staff Functions. The new Executive Group Management is made up of the following people:

- Magnus Hall, President and CEO
- Ingrid Bonde, CFO, Head of Staff Function Finance and Deputy CEO
- Kerstin Ahlfont, Head of Staff Function Human Resources
- Anne Gynnerstedt, General Counsel, Head of Staff Function Legal & CEO Office
- Andreas Regnell, Head of Staff Function Strategic Development
- Tuomo Hatakka, Head of Business Area Heat and Mining & Generation
- Gunnar Groebler, Head of Business Area Wind
- Martijn Hagens, Head of Business Area Customers & Solutions
- Torbjörn Wahlborg, Head of Business Area Generation
- Stefan Dohler, Head of Business Area Markets
- Annika Viklund, Head of Business Area Distribution

* The electricity distribution operations are regulated by the Swedish Electricity Act and the German Energy Industry Act (Energiewirtschaftsgesetz) and are separated from Vattenfall's other operations.

Sales, profit and cash flow

Net sales

| Amounts in SEK million | Q4 2014 | Q4 2013 | Full year 2014 | Full year 2013 |
|------------------------|---------|---------|----------------|----------------|
| Net sales | 48 725 | 47 156 | 165 945 | 172 253 |

Comment, full year 2014: Consolidated net sales for 2014 decreased by SEK 6.4 billion. This is mainly attributable to the divested electricity distribution operation in Hamburg (SEK 5.3 billion), average lower electricity prices achieved and lower volumes. Currency effects on net sales were positive by approximately SEK 5.6 billion, due to a weaker Swedish krona compared with 2013.

Comment, Q4: Consolidated net sales for the fourth quarter of 2014 increased by SEK 1.5 billion compared with the corresponding period in 2013. Currency effects on net sales were positive by SEK 1.7 billion, due to a weaker Swedish krona compared with the corresponding quarter in 2013.

Earnings

| Amounts in SEK million | Q4 2014 | Q4 2013 | Full year 2014 | Full year 2013 |
|--|---------|---------|----------------|----------------|
| Operating profit before depreciation, amortisation and impairment losses (EBITDA) | 12 120 | 9 426 | 41 038 | 43 554 |
| Underlying operating profit before depreciation, amortisation and impairment losses (EBITDA) | 13 243 | 12 243 | 43 558 | 47 760 |
| Operating profit (EBIT) | 7 045 | 3 894 | - 2 195 | - 6 218 |
| Items affecting comparability | -1 178 | - 3 112 | - 26 328 | - 34 353 |
| Underlying operating profit (EBIT) | 8 223 | 7 006 | 24 133 | 28 135 |

Comment, full year 2014: The underlying operating profit decreased by SEK 4.0 billion, which is explained by the following:

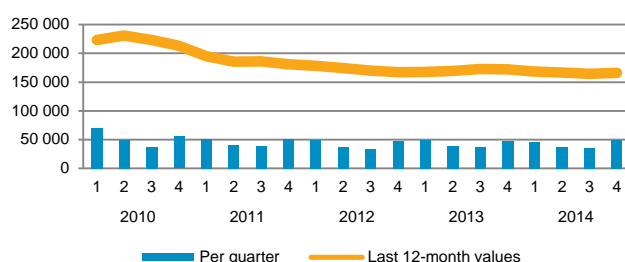
- Lower production margins (SEK -2.1 billion)
- Lower generation volumes (SEK -3.0 billion)
- Lost earnings contribution from divested operations – mainly electricity distribution in Hamburg (SEK -0.6 billion)
- Lower operating expenses (SEK 2.4 billion)
- Other items, net (SEK -0.7 billion), of which lower depreciation (SEK 0.2 billion) and currency effects of the weaker Swedish krona compared with 2013 (SEK 0.4 billion)

Comment, Q4: The underlying operating profit increased by SEK 1.2 billion, which is explained by the following:

- Higher production margins (SEK 1.0 billion)
- Lower generation volumes (SEK -1.0 billion)
- Lost earnings contribution from divested operations – mainly electricity distribution in Hamburg (SEK -0.1 billion)
- Lower operating expenses (SEK 0.3 billion)
- Other items, net (SEK 1.0 billion), of which lower depreciation (SEK 0.2 billion), improved earnings contribution from sale activities (SEK 0.2 billion), and improved earnings contribution from the trading operations (SEK 0.1 billion)

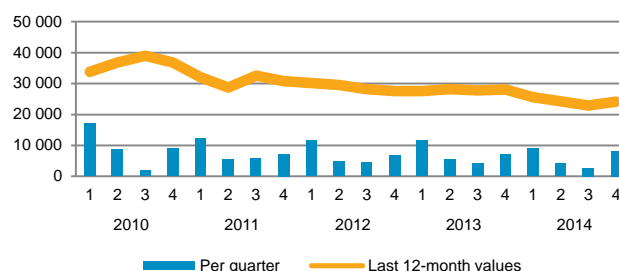
Net sales

SEK million



Underlying operating profit

SEK million



Items affecting comparability

| Amounts in SEK million | Q4 2014 | Q4 2013 | Full year 2014 | Full year 2013 |
|---|----------------|----------------|-----------------|-----------------|
| Items affecting comparability affecting operating profit (EBIT) | | | | |
| Capital gains | 66 | 152 | 3 227 | 189 |
| Capital losses | - 156 | - 51 | - 185 | - 132 |
| Impairment losses | - 55 | - 295 | - 23 808 | - 30 147 |
| Unrealised changes in the fair value of energy derivatives | - 677 | - 978 | 819 | - 995 |
| Unrealised changes in the fair value of inventories | - 31 | 431 | 72 | 281 |
| Restructuring costs | - 190 | - 792 | - 765 | - 1 568 |
| Other items affecting comparability | - 135 | - 1 579 | - 5 688 | - 1 981 |
| Total | - 1 178 | - 3 112 | - 26 328 | - 34 353 |

Comment, full year 2014: Items affecting comparability in 2014 amounted to SEK -26.3 billion (-34.4). Impairment losses amounted to SEK 23.8 billion. Capital gains pertain primarily to the sale of Vattenfall's electricity distribution operation in Hamburg. Other items affecting comparability pertain to higher provisions primarily for future expenses for the decommissioning of nuclear power in Germany.

Comment, Q4: Items affecting comparability in the fourth quarter of 2014 amounted to SEK -1.2 billion (-3.1). The item "Other items affecting comparability" includes higher provisions for the decommissioning of nuclear power in Germany (SEK -0.7 billion) and a reversal of a provision related to the German Renewable Energy Act (EEG) (SEK 0.9 billion).

Profit for the period

| Amounts in SEK million | Q4 2014 | Q4 2013 | Full year 2014 | Full year 2013 |
|------------------------|---------|---------|----------------|----------------|
| Profit for the period | 3 900 | 1 983 | - 8 284 | - 13 543 |

Comment, full year 2014: Profit for the period amounted to SEK -8.3 billion (-13.5). The item "Other items affecting comparability" includes higher provisions for the decommissioning of nuclear power in Germany (SEK -0.7 billion) and a reversal of a provision related to the German Renewable Energy Act (EEG) (SEK 0.9 billion).

Comment, Q4: Profit for the period amounted to SEK 3.9 billion (2.0).

Financial items

| Amounts in SEK million | Q4 2014 | Q4 2013 | Full year 2014 | Full year 2013 |
|---------------------------------------|---------|---------|----------------|----------------|
| Net financial items | - 1 560 | - 2 139 | - 6 045 | - 9 037 |
| - of which, interest income | 141 | 550 | 772 | 916 |
| - of which, interest expenses | - 1 038 | - 1 634 | - 3 832 | - 4 833 |
| - of which, impairment and provisions | — | — | - 37 | - 492 |
| - of which, other | - 663 | - 1 055 | - 2 948 | - 4 628 |
| Interest received ¹ | 27 | 158 | 537 | 725 |
| Interest paid ¹ | - 160 | - 875 | - 3 074 | - 4 086 |

1) Pertains to cash flows.

Comment, full year 2014: The improvement in financial items for 2014 compared with 2013 is mainly attributable to lower interest costs and changes in the market value of financial derivatives as well as to the fact the net financial items in 2013 were charged with impairment losses for Vattenfall's shareholding at the time in the Polish energy company Enea S.A. and impairment losses pertaining to loans to one of Vattenfall's project companies in the UK.

Comment, Q4: The improvement in financial items for the fourth quarter of 2014 compared with the corresponding quarter in 2013 is mainly attributable to lower interest costs.

Cash flow

| Amounts in SEK million | Q4 2014 | Q4 2013 | Full year 2014 | Full year 2013 |
|--|---------|---------|----------------|----------------|
| Funds from operations (FFO) | 12 476 | 6 548 | 32 131 | 31 888 |
| Cash flow from changes in operating assets and operating liabilities (working capital) | 1 857 | 1 366 | 8 015 | 5 955 |
| Cash flow from operating activities | 14 333 | 7 914 | 40 146 | 37 843 |

Comment, full year 2014: Funds from operations (FFO) increased by SEK 0.2 billion compared with 2013.

Cash flow from changes in working capital amounted to SEK -8.0 billion during 2014. This is mainly attributable to changes in margin calls (SEK 2.6 billion), a change in inventories (SEK 1.1 billion), and a net change in operating receivables and operating liabilities (SEK 4.3 billion).

Comment, Q4: Funds from operations (FFO) increased by SEK 6.0 billion compared with the corresponding quarter of 2013. The increase is mainly attributable to an improved gross margin (SEK 2.3 billion), lower operating expenses (SEK 2.2 billion), lower paid tax (SEK 0.9 billion) and lower interest payments (SEK 0.6 billion).

Cash flow from changes in working capital amounted to SEK -1.9 billion during the quarter. This is mainly attributable to changes in margin calls (SEK 2.8 billion), a change in inventories (SEK 1.1 billion), and a net change in operating receivables and operating liabilities (SEK -2.2 billion).

Financial position

| Amounts in SEK million | 31 Dec. 2014 | 31 Dec. 2013 | Change, % |
|---|--------------|--------------|-----------|
| Cash and cash equivalents, and short-term investments | 45 068 | 27 261 | 65.3 |
| Committed credit facilities (unutilised) | 18 786 | 22 591 | — |

Comment: The increase in cash and cash equivalents, and short-term investments is mainly attributable to the sales of the electricity distribution operation in Hamburg, the minority shareholding in the Polish company Enea S.A., the Amager combined heat and power station in Denmark, and the MVB waste incineration plant in Hamburg (together totalling SEK 11.6 billion, net). The increase is also attributable to a positive cash flow from operating activities and currency effects from the weaker Swedish krona.

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. This credit facility, which replaced the previous EUR 2.55 billion facility, was contracted on 10 December 2014 and has better terms than the previous facility. As per 31 December 2014, available liquid assets and/or committed credit facilities amounted to 34% of net sales. Vattenfall's target is to maintain a level at no less than 10% of the Group's net sales, but at least the equivalent of the next 90 days' maturities.

| Amounts in SEK million | 31 Dec. 2014 | 31 Dec. 2013 | Change, % |
|--|--------------|--------------|--------------------|
| Interest-bearing liabilities | 125 928 | 126 488 | -0.4 ¹ |
| Net debt | 79 473 | 98 998 | -19.7 ¹ |
| Adjusted net debt (see page 23) | 158 291 | 162 590 | -2.6 |
| Average interest rate, % ² | 3.6 | 3.5 | — |
| Duration, years ² | 2.8 | 2.9 | — |
| Average time to maturity, years ² | 5.6 | 5.7 | — |

- 1) Values for 2013 have been recalculated compared with previously published information in Vattenfall's 2013 Year-End Report and Annual Report as a result of new accounting rules (IFRS 11) that took effect in 2014. See Note 4.
- 2) Including Hybrid Capital and loans from owners with non-controlling interests and associated companies.

Comment: Compared with the level on 31 December 2013, total interest-bearing liabilities decreased by SEK 0.6 billion. The decrease is mainly attributable to amortisation of external loans. Currency effects of the weaker Swedish krona were negative in the amount of SEK 7 billion.

Net debt decreased by SEK 19.5 billion compared with the level on 31 December 2013, mainly due to the sales of the electricity distribution operation in Hamburg, the minority shareholding in Enea S.A., the Amager combined heat and power station in Denmark, and the MVB waste incineration plan in Hamburg (together totalling SEK 11.6 billion, net). The decrease is also attributable to higher cash flow from operating activities.

Adjusted net debt decreased by SEK 4.3 billion compared with the level on 31 December 2013. A positive cash flow from sales of assets and from operating activities was largely offset by higher provisions. As a result of falling market interest rates, Vattenfall lowered the discount rate it uses to calculate provisions for pensions in both Sweden and Germany as well as for other provisions in Germany, mainly for future expenses for decommissioning of nuclear power in Germany.

Credit ratings

No changes took place in Vattenfall's credit ratings during 2014. The current credit ratings for Vattenfall's long-term borrowing are A- (Standard & Poor's) and A3 (Moody's). Vattenfall's rating outlook is "stable" from both Standard & Poor's and Moody's.

Investments and divestments

| Amounts in SEK million | Q4 2014 | Q4 2013 | Full year 2014 | Full year 2013 |
|--|--------------|--------------|----------------|----------------|
| Maintenance investments | 6 197 | 5 662 | 16 912 | 14 264 |
| Growth investments | 3 647 | 3 747 | 12 120 | 13 497 |
| - of which, shares and shareholder contributions | - 75 | 30 | - 212 | 26 |
| Total investments | 9 844 | 9 409 | 29 032 | 27 761 |
| Divestments | 2 579 | 411 | 12 054 | 651 |
| - of which, shares | 599 | 218 | 8 875 | 271 |

Comment: Investments are specified in the table below. Divestments pertain to the electricity distribution operation in Hamburg, the minority shareholding in Enea S.A., and the Amager combined heat and power plant in Denmark during the first quarter of 2014; Kalix Värmeverk AB and tangible assets during the second quarter of 2014; and the MVB waste incineration plan in Hamburg during the third quarter of 2014.

Specification of investments

| Amounts in SEK million | Q4 2014 | Q4 2013 | Full year 2014 | Full year 2013 |
|--|--------------|--------------|----------------|----------------|
| Electricity generation | | | | |
| Hydro power | 660 | 527 | 1 441 | 1 300 |
| Nuclear power | 960 | 879 | 3 674 | 2 993 |
| Coal power | 2 319 | 1 209 | 5 282 | 4 367 |
| Gas | 21 | 46 | 188 | 1 622 |
| Wind power | 2 053 | 876 | 6 522 | 4 095 |
| Biomass, waste | 8 | 10 | 14 | 14 |
| Other | — | 214 | 753 | 1 280 |
| Total electricity generation | 6 021 | 3 761 | 17 874 | 15 671 |
| CHP/heat | | | | |
| Fossil-based power | 771 | 633 | 2 110 | 1 699 |
| Biomass, waste | 127 | 133 | 297 | 377 |
| Other | 636 | 420 | 1 312 | 1 022 |
| Total CHP/heat | 1 534 | 1 186 | 3 719 | 3 098 |
| Electricity networks | | | | |
| Electricity networks | 2 101 | 1 871 | 5 057 | 4 571 |
| Total Electricity networks | 2 101 | 1 871 | 5 057 | 4 571 |
| Purchases of shares, shareholder contributions | — | - 64 | - 137 | - 15 |
| Other, excl. purchases of shares | 188 | 2 655 | 2 519 | 4 436 |
| Total | 9 844 | 9 409 | 29 032 | 27 761 |

Vattenfall's investment plan 2015-2016

Vattenfall plans to invest a total of SEK 41 billion for the years 2015–2016, of which SEK 30.8 billion, or 75%, pertains to investments in electricity and heat production. Vattenfall plans to invest the remainder, SEK 10.2 billion, primarily in electricity and heating networks. Of the investments in electricity and heat production, SEK 11.1 billion, or 36%, consist of growth investments, i.e., expansion of production capacity. The biggest share of growth investments, SEK 9.1 billion or 82%, is planned for investment in renewable energy generation, mainly wind power.

Wholesale price trend

Spot prices – electricity

Average Nordic spot prices were 22% lower in 2014 compared with 2013, mainly owing to lower demand and lower commodity prices. In Germany, average spot prices were 13% lower compared with 2013, mainly owing to lower coal prices. In the Netherlands, average spot prices were 15% lower than in 2013, mainly owing to lower gas prices. Compared with the corresponding period in 2013, average spot prices during the fourth quarter were 15% lower in the Nordic countries, 7% lower in Germany and 15% lower in the Netherlands.

| Time period | Nord Pool Spot (Nordic countries) | EPEX (Germany) | APX (Netherlands) |
|----------------|--------------------------------------|-------------------|----------------------|
| Full year 2014 | 29.6 | 32.8 | 41.2 |
| Full year 2013 | 38.1 | 37.8 | 51.9 |
| % | -22% | -13% | -21% |
| Q4 2014 | 30.7 | 34.8 | 44.4 |
| Q4 2013 | 36.0 | 37.6 | 52.1 |
| % | -15% | -7% | -15% |
| Q3 2014 | 31.8 | 31.3 | 38.6 |
| % | -3% | 11% | 15% |

Futures prices – electricity

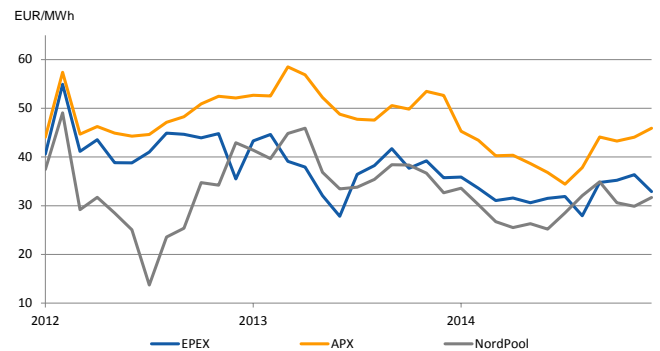
Electricity futures prices were 9%–11% lower in the Nordic countries and Germany than in 2013. This is mainly attributable to continued expectations for lower commodity prices. In the Netherlands the decrease was between 1% and 5%.

| Time period | Nordic countries (NPX) | | Germany (EEX) | | Netherlands (APX) | |
|----------------|---------------------------|------|------------------|------|----------------------|------|
| | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| Full year 2014 | 31.5 | 30.8 | 35.1 | 34.3 | 43.5 | 41.2 |
| Full year 2013 | 34.8 | 33.9 | 38.7 | 38.6 | 43.9 | 43.6 |
| % | -9% | -9% | -9% | -11% | -1% | -5% |

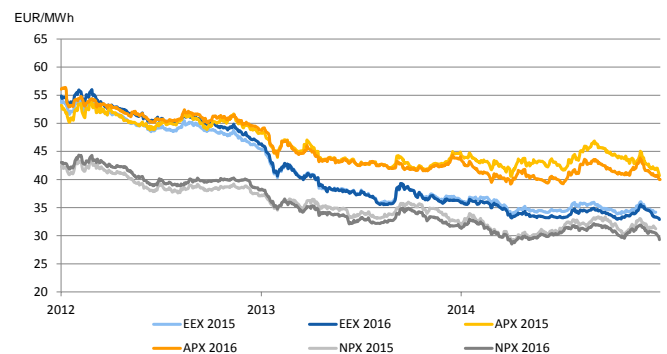
Commodity prices

Oil prices (Brent crude) were an average of 9% lower in 2014 than in 2013, mainly owing to higher supply, weak demand and the stronger US dollar. For the same reasons, coal prices also decreased, by an average of 12% compared with 2013. Gas prices were 8% lower in 2014 than in 2013, while the price of CO2 emission allowances was 33% higher. For the fourth quarter of 2014, oil prices (Brent crude) were 30% lower than in the corresponding period in 2013. Coal and gas prices were 14% lower. The price of CO2 emission allowances was 39% higher.

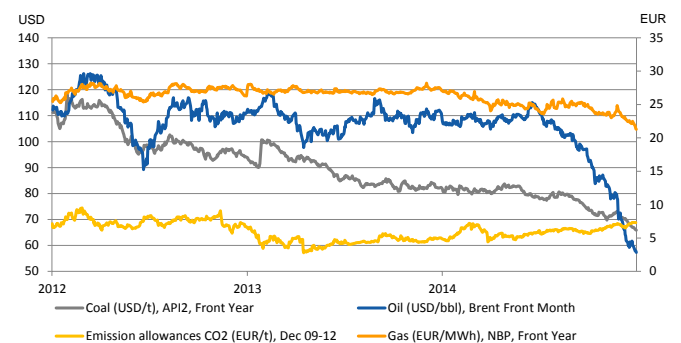
Electricity spot prices in the Nordic countries, Germany and the Netherlands, monthly averages



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



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



Vattenfall's price hedging

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

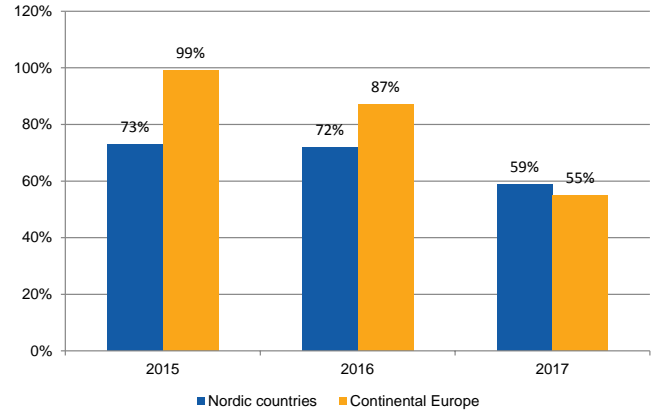
The chart at right shows the share of planned electricity generation that Vattenfall has hedged in the Nordic countries and Continental Europe (Germany and the Netherlands).

Compared with the level on 30 September 2014, the hedge ratio percentage increased slightly. The price hedges (in EUR/MWh) have decreased slightly for the Nordic countries but are unchanged for Continental Europe.

Average price hedges as per 31 December 2014

| EUR/MWh | 2015 | 2016 | 2017 |
|--------------------|------|------|------|
| Nordic countries | 36 | 34 | 32 |
| Continental Europe | 45 | 39 | 36 |

Vattenfall's hedge ratios (%) as per 31 December 2014



Nordic operating segment

| Amounts in SEK million unless indicated otherwise | Q4 2014 | Q4 2013 | Full year 2014 | Full year 2013 |
|--|---------|---------|----------------|----------------|
| Net sales | 15 104 | 15 529 | 51 974 | 55 965 |
| External net sales ¹ | 14 144 | 14 403 | 49 217 | 52 266 |
| Underlying operating profit before depreciation, amortisation and impairment losses (EBITDA) | 5 291 | 5 586 | 18 643 | 21 485 |
| Underlying operating profit (EBIT) | 3 603 | 4 016 | 12 040 | 15 371 |
| Electricity generation, TWh ² | 21.5 | 22.6 | 83.1 | 87.0 |
| - of which, hydro power | 7.6 | 7.9 | 31.2 | 32.5 |
| - of which, nuclear power | 13.4 | 14.1 | 49.9 | 51.9 |
| - of which, fossil-based power | 0.0 | — | 0.0 | — |
| - of which, wind power | 0.5 | 0.5 | 1.7 | 1.5 |
| - of which, biomass, waste | 0.1 | 0.1 | 0.2 | 1.1 |
| Sales of electricity, TWh | 23.9 | 25.7 | 93.3 | 96.9 |
| - of which, private customers | 3.1 | 3.2 | 10.4 | 11.0 |
| - of which, resellers | 1.8 | 2.0 | 6.9 | 7.4 |
| - of which, business customers | 8.0 | 8.8 | 33.0 | 35.9 |
| Sales of heat, TWh | 1.1 | 1.2 | 3.7 | 4.1 |
| Sales of gas, TWh | — | — | — | — |
| Number of employees, full-time equivalents | 8 508 | 8 395 | 8 508 | 8 395 |

1) Excluding intra-Group transactions

2) Combined heat and power stations in Denmark are reported in the Continental/UK operating segment

Net sales, full year 2014

Net sales during 2014 decreased by SEK 4.0 billion compared to 2013. This is mainly explained by average lower electricity prices achieved, lower production volumes, and lower sales of electricity and heat as a result of warmer weather.

Net sales, Q4

Net sales during the fourth quarter of 2014 decreased by SEK 0.4 billion compared with the corresponding period in 2013. This is mainly due to average lower electricity prices achieved, lower production volumes and lower sales of electricity and heat as a result of warmer weather.

Underlying operating profit, full year 2014

The underlying operating profit for 2014 decreased by SEK 3.4 billion compared to 2013. This is mainly attributable to average lower electricity prices achieved and lower production volumes, which were partly compensated by lower operating expenses.

Underlying operating profit, Q4

The underlying operating profit decreased by SEK 0.4 billion compared with the corresponding period in 2013. This is mainly attributable to average lower electricity prices achieved and lower production volumes.

Electricity generation and sales of electricity and heat, full year 2014

Hydro power generation decreased by 1.3 TWh to 31.2 TWh (32.5). Nordic reservoirs were filled to 56.0% (67.6%) capacity at the end of 2014, which is 1 percentage point below the normal level. Nuclear power generation decreased by 2.0 TWh to 49.9 TWh (51.9) on account of a larger number of outage days in 2014 compared with a year earlier. Combined availability of Vattenfall's nuclear power plants was 82.8% (86.3%) during 2014. Forsmark had availability of 88.9% (89.5%) and generation of 25.3 TWh (25.2). Availability at Ringhals was 77.3% (83.4%), and generation amounted to 24.6 TWh (26.7). Wind power generation increased by 0.2 TWh to 1.7 TWh (1.5). Sales of electricity and heat decreased as a result of warmer weather.

Electricity generation and sales of electricity and heat, Q4

Hydro power generation decreased by 0.3 TWh to 7.6 TWh (7.9). Nuclear power generation decreased by 0.7 TWh to 13.4 TWh (14.1). Combined availability of Vattenfall's nuclear power plants was 87.6% (92.4%) during the fourth quarter of 2014. Forsmark had availability of 98% (97.7%) and generation of 7.2 TWh (7.1). Availability at Ringhals was 76.7% (87.6%), and generation amounted to 6.2 TWh (7.1). Wind power generation was unchanged at 0.5 TWh (0.5). Sales of electricity and heat decreased as a result of warmer weather.

Continental/UK operating segment

| Amounts in SEK million unless indicated otherwise | Q4 2014 | Q4 2013 | Full year 2014 | Full year 2013 |
|--|---------|---------|----------------|----------------|
| Net sales | 36 011 | 34 454 | 120 633 | 124 282 |
| External net sales ¹ | 34 556 | 32 720 | 116 630 | 119 818 |
| Underlying operating profit before depreciation, amortisation and impairment losses (EBITDA) | 7 977 | 6 717 | 25 085 | 26 759 |
| Underlying operating profit (EBIT) | 4 753 | 3 207 | 12 692 | 13 658 |
| Electricity generation, TWh | 24.7 | 25.1 | 89.9 | 94.7 |
| - of which, hydro power | 0.8 | 0.8 | 3.1 | 3.1 |
| - of which, nuclear power | — | — | — | — |
| - of which, fossil-based power | 22.9 | 23.1 | 82.9 | 87.9 |
| - of which, wind power | 0.7 | 0.9 | 2.3 | 2.4 |
| - of which, biomass, waste | 0.2 | 0.3 | 1.6 | 1.3 |
| Sales of electricity, TWh | 29.4 | 29.1 | 105.7 | 106.4 |
| - of which, private customers | 4.2 | 4.7 | 15.7 | 17.2 |
| - of which, resellers | 5.8 | 5.3 | 22.3 | 19.7 |
| - of which, business customers | 8.0 | 8.3 | 30.4 | 30.2 |
| Sales of heat, TWh | 6.6 | 6.5 | 20.5 | 26.1 |
| Sales of gas, TWh | 15.3 | 16.1 | 45.5 | 55.8 |
| Number of employees, full-time equivalents | 19 952 | 21 811 | 19 952 | 21 811 |

1) Excluding intra-Group transactions.

Net sales, full year 2014

Net sales decreased by SEK 3.7 billion compared to 2013. Currency effects on net sales were positive by approximately SEK 5.8 billion as a result of the weaker Swedish krona compared with 2013.

Net sales, Q4

Net sales increased by SEK 1.5 billion compared with the corresponding period in 2013. This is partly attributable to higher revenue following the completion of DanTysk offshore wind farm in Germany. Currency effects on net sales were positive by approximately SEK 2.0 billion as a result of the weaker Swedish krona compared with the corresponding period in 2013.

Underlying operating profit, full year 2014

The underlying operating profit decreased by SEK 1.0 billion compared with the corresponding period in 2013. This is mainly attributable to lower production margins, lower production volumes and a lower earnings contribution from the Trading operation. The lost earnings contribution from the divested electricity distribution operation in Hamburg amounted to approximately SEK 0.6 billion.

Underlying operating profit, Q4

The underlying operating profit increased by SEK 1.6 billion compared with the corresponding period in 2013. This is attributable in part to higher revenue in association with the completion of the DanTysk offshore wind farm in Germany, lower operating expenses and an improved gross margin resulting from lower prices for fuel and CO₂ emission allowances.

Sales of electricity, gas and heat, and electricity generation, full year 2014

Fossil-based generation decreased by 5.0 TWh to 82.9 TWh (87.9), mainly owing to the sale of the Amager combined heat and power station in Denmark and lower production from combined heat and power plants as a result of warmer weather. Wind power generation was essentially unchanged at 2.3 TWh (2.4). Sales of electricity decreased slightly. Sales of gas and heat decreased as a result of warmer weather.

Sales of electricity, gas and heat, and electricity generation, Q4

Fossil-based generation decreased by 0.2 TWh to 22.9 TWh (23.1). Wind power generation was essentially unchanged at 0.7 TWh (0.9). Sales of gas decreased slightly, while sales of electricity and heat were virtually unchanged.

Other¹

| Amounts in SEK million unless indicated otherwise | Q4 2014 | Q4 2013 | Full year 2014 | Full year 2013 |
|---|---------|---------|----------------|----------------|
| Net sales | 1 047 | 1 016 | 3 357 | 3 416 |
| External net sales ² | 23 | 33 | 92 | 169 |
| Underlying operating profit | - 290 | - 217 | - 599 | - 894 |
| Number of employees, full-time equivalents | 1 721 | 1 614 | 1 721 | 1 614 |

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

Consolidated income statement

| Amounts in SEK million | Q4 2014 | Q4 2013 ⁹ | Full year 2014 | Full year 2013 ⁹ |
|---|---------------|----------------------|----------------|-----------------------------|
| Net sales | 48 725 | 47 156 | 165 945 | 172 253 |
| Cost of products sold ¹ | - 35 284 | - 37 104 | - 149 395 | - 158 569 |
| Gross profit | 13 441 | 10 052 | 16 550 | 13 684 |
| Selling expenses, administrative expenses and research and development costs ² | - 5 910 | - 7 405 | - 20 220 | - 21 595 |
| Other operating income and expenses, net | - 622 | 481 | 1 913 | 1 285 |
| Participations in the results of associated companies ³ | 136 | 766 | - 438 | 408 |
| Operating profit (EBIT)⁴ | 7 045 | 3 894 | - 2 195 | - 6 218 |
| Financial income ^{5,8} | 697 | 711 | 2 590 | 1 416 |
| Financial expenses ^{6,7,8} | - 2 257 | - 2 850 | - 8 635 | - 10 453 |
| Profit before tax | 5 485 | 1 755 | - 8 240 | - 15 255 |
| Income tax expense | - 1 585 | 228 | - 44 | 1 712 |
| Profit for the period | 3 900 | 1 983 | - 8 284 | - 13 543 |
| Attributable to owner of the Parent Company | 3 663 | 2 228 | - 8 178 | - 13 668 |
| Attributable to non-controlling interests | 237 | - 245 | - 106 | 125 |
| Earnings per share | | | | |
| Number of shares in Vattenfall AB, thousands | 131 700 | 131 700 | 131 700 | 131 700 |
| Earnings per share, basic and diluted (SEK) | 27.81 | 16.92 | -62.10 | -103.78 |

Supplementary information

| | | | | |
|---|---------|---------|----------|----------|
| Operating profit before depreciation, amortisation and impairment losses (EBITDA) | 12 120 | 9 426 | 41 038 | 43 554 |
| Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund | - 824 | - 1 485 | - 3 516 | - 6 132 |
| Underlying operating profit (EBIT) | 8 223 | 7 006 | 24 133 | 28 135 |
| 1) Of which, depreciation, amortisation and impairment losses pertaining to intangible assets (non-current) and property, plant and equipment | - 4 751 | - 5 134 | - 42 398 | - 48 342 |
| 2) Of which, depreciation, amortisation and impairment losses pertaining to non-current assets | - 324 | - 395 | - 679 | - 953 |
| 3) Of which impairment losses pertaining to non-current assets | - 1 | - 3 | - 155 | - 477 |
| 4) Including items affecting comparability | - 1 178 | - 3 112 | - 26 328 | - 34 353 |
| 5) Including return from the Swedish Nuclear Waste Fund | 169 | 183 | 962 | 363 |
| 6) Including interest components related to pension costs | - 314 | - 312 | - 1 240 | - 1 170 |
| 7) Including discounting effects attributable to provisions | - 905 | - 837 | - 3 491 | - 3 268 |
| 8) Items affecting comparability recognised as financial income and expenses, net | - 4 | — | - 52 | - 469 |

9) Certain amounts for 2013 have been recalculated compared with previously published information in Vattenfall's 2013 Year-End Report and Annual Report as a result of new accounting rules (IFRS 11) that took effect in 2014. See Note 4.

Consolidated statement of comprehensive income

| Amounts in SEK million | Q4 2014 | Q4 2013 ¹ | Full year 2014 | Full year 2013 ¹ |
|---|----------------|----------------------|----------------|-----------------------------|
| Profit for the period | 3 900 | 1 983 | - 8 284 | - 13 543 |
| Other comprehensive income: | | | | |
| Items that will be reclassified to profit or loss when specific conditions are met | | | | |
| Cash flow hedges: | | | | |
| - Changes in fair value | 529 | 6 820 | 5 243 | 12 510 |
| - Dissolved against the income statement | 2 074 | - 2 704 | - 5 871 | - 9 920 |
| - Transferred to cost of hedged item | 5 | 13 | - 3 | - 7 |
| - Tax attributable to cash flow hedges | - 670 | - 1 012 | 184 | - 736 |
| Hedging of net investments in foreign operations: | | | | |
| - Hedging of net investments in foreign operations | - 2 249 | - 2 129 | - 5 452 | - 2 717 |
| - Tax attributable to hedging of net investments in foreign operations | 393 | 469 | 3 058 | 598 |
| Other: | | | | |
| - Translation differences | 3 923 | 3 546 | 10 453 | 4 165 |
| - Translation differences and exchange rate effects net, divested companies | 52 | — | 101 | — |
| - Remeasurement of available-for-sale financial assets | — | 3 | - 182 | 182 |
| - Impairment of available-for-sale financial assets | — | — | — | - 30 |
| Total Items that will be reclassified to profit or loss when specific conditions are met | 4 057 | 5 006 | 7 531 | 4 045 |
| Items that will not be reclassified to profit or loss: | | | | |
| Remeasurement pertaining to defined benefit obligations | - 5 722 | - 165 | - 9 130 | - 1 200 |
| Tax attributable to remeasurement pertaining to defined benefit obligations | 1 631 | 93 | 2 587 | 469 |
| Total Items that will not be reclassified to profit or loss | - 4 091 | - 72 | - 6 543 | - 731 |
| Total other comprehensive income, net after tax | - 34 | 4 934 | 988 | 3 314 |
| Total comprehensive income for the period | 3 866 | 6 917 | - 7 296 | - 10 229 |
| Attributable to owner of the Parent Company | 3 641 | 7 027 | - 7 412 | - 10 722 |
| Attributable to non-controlling interests | 225 | - 110 | 116 | 493 |

1) Certain amounts for 2013 have been recalculated compared with previously published information in Vattenfall's 2013 Year-End Report and Annual Report as a result of new accounting rules (IFRS 11) that took effect in 2014. See Note 4.

Operating segments, Vattenfall Group

| Amounts in SEK million | Q4 2014 | Q4 2013 ³ | Full year 2014 | Full year 2013 ³ |
|---------------------------------------|----------------|----------------------|-----------------|-----------------------------|
| External net sales | | | | |
| Nordic | 14 144 | 14 403 | 49 217 | 52 266 |
| - of which, Generation | 2 730 | 2 807 | 7 413 | 7 579 |
| - of which, Distribution | 2 479 | 2 453 | 9 024 | 9 157 |
| - of which, Sales | 5 736 | 6 190 | 21 050 | 23 819 |
| - of which, Other operations | 7 270 | 7 742 | 26 808 | 30 903 |
| - of which, Eliminations ¹ | - 4 071 | - 4 789 | - 15 078 | - 19 192 |
| Continental/UK | 34 556 | 32 720 | 116 630 | 119 818 |
| - of which, Generation | 6 432 | 4 874 | 19 649 | 19 547 |
| - of which, Distribution | 1 619 | 1 668 | 5 149 | 6 232 |
| - of which, Sales | 19 454 | 19 076 | 66 973 | 69 990 |
| - of which, Other operations | 7 048 | 7 102 | 24 851 | 24 049 |
| - of which, Eliminations | 3 | — | 8 | — |
| Other² | 23 | 33 | 92 | 169 |
| Eliminations | 2 | — | 6 | — |
| Total | 48 725 | 47 156 | 165 945 | 172 253 |
| Internal net sales | | | | |
| Nordic | 960 | 1 126 | 2 757 | 3 699 |
| - of which, Generation | 5 989 | 7 008 | 23 580 | 26 753 |
| - of which, Distribution | 151 | 188 | 549 | 562 |
| - of which, Sales | 223 | 263 | 767 | 956 |
| - of which, Other operations | 2 901 | 2 439 | 11 393 | 9 250 |
| - of which, Eliminations | - 8 304 | - 8 772 | - 33 532 | - 33 822 |
| Continental/UK | 1 455 | 1 734 | 4 003 | 4 464 |
| - of which, Generation | 11 411 | 13 395 | 42 525 | 48 339 |
| - of which, Distribution | 1 085 | 1 807 | 4 060 | 6 447 |
| - of which, Sales | 208 | 329 | 864 | 1 343 |
| - of which, Other operations | 16 887 | 15 874 | 56 668 | 55 154 |
| - of which, Eliminations | - 28 136 | - 29 671 | - 100 114 | - 106 819 |
| Other² | 1 024 | 983 | 3 265 | 3 247 |
| Eliminations | - 3 439 | - 3 843 | - 10 025 | - 11 410 |
| Total | — | — | — | — |
| Total net sales | | | | |
| Nordic | 15 104 | 15 529 | 51 974 | 55 965 |
| - of which, Generation | 8 719 | 9 815 | 30 993 | 34 332 |
| - of which, Distribution | 2 630 | 2 641 | 9 573 | 9 719 |
| - of which, Sales | 5 959 | 6 453 | 21 817 | 24 775 |
| - of which, Other operations | 10 171 | 10 181 | 38 201 | 40 153 |
| - of which, Eliminations | - 12 375 | - 13 561 | - 48 610 | - 53 014 |
| Continental/UK | 36 011 | 34 454 | 120 633 | 124 282 |
| - of which, Generation | 17 843 | 18 269 | 62 174 | 67 886 |
| - of which, Distribution | 2 704 | 3 475 | 9 209 | 12 679 |
| - of which, Sales | 19 662 | 19 405 | 67 837 | 71 333 |
| - of which, Other operations | 23 935 | 22 976 | 81 519 | 79 203 |
| - of which, Eliminations | - 28 133 | - 29 671 | - 100 106 | - 106 819 |
| Other² | 1 047 | 1 016 | 3 357 | 3 416 |
| Eliminations | - 3 437 | - 3 843 | - 10 019 | - 11 410 |
| Total | 48 725 | 47 156 | 165 945 | 172 253 |

Operating segments, Vattenfall Group cont.

| Amounts in SEK million | Q4 2014 | Q4 2013 ³ | Full year 2014 | Full year 2013 ³ |
|---|---------------|----------------------|----------------|-----------------------------|
| Operating profit before depreciation, amortisation and impairment losses (EBITDA) | | | | |
| Nordic | 5 613 | 5 363 | 18 914 | 21 727 |
| - of which, Generation | 3 212 | 4 247 | 12 858 | 16 393 |
| - of which, Distribution | 1 495 | 1 291 | 5 275 | 5 056 |
| - of which, Sales | 339 | 303 | 1 200 | 1 211 |
| - of which, Other operations | 302 | - 475 | - 387 | - 749 |
| - of which, Eliminations | 265 | - 3 | - 32 | - 184 |
| Continental/UK | 6 539 | 4 234 | 19 304 | 22 454 |
| - of which, Generation | 6 032 | 3 157 | 15 475 | 18 655 |
| - of which, Distribution | 664 | 756 | 2 008 | 2 955 |
| - of which, Sales | 434 | 300 | 1 246 | 1 897 |
| - of which, Other operations | - 591 | 21 | 575 | — |
| - of which, Eliminations | — | — | — | - 1 053 |
| Other¹ | - 164 | - 171 | 2 866 | - 627 |
| Eliminations | 132 | — | - 46 | — |
| Total | 12 120 | 9 426 | 41 038 | 43 554 |
| Underlying operating profit before depreciation, amortisation and impairment losses (EBITDA) | | | | |
| Nordic | 5 291 | 5 586 | 18 643 | 21 485 |
| - of which, Generation | 3 220 | 4 249 | 12 848 | 16 392 |
| - of which, Distribution | 1 496 | 1 289 | 5 275 | 5 054 |
| - of which, Sales | 345 | 303 | 1 165 | 1 207 |
| - of which, Other operations | - 36 | - 256 | - 613 | - 986 |
| - of which, Eliminations | 266 | 1 | - 32 | - 182 |
| Continental/UK | 7 977 | 6 717 | 25 085 | 26 759 |
| - of which, Generation | 6 036 | 4 895 | 21 105 | 21 067 |
| - of which, Distribution | 752 | 749 | 2 137 | 3 000 |
| - of which, Sales | 574 | 318 | 1 600 | 1 930 |
| - of which, Other operations | 615 | 755 | 243 | 762 |
| Other¹ | - 181 | - 60 | - 171 | - 484 |
| Eliminations | 156 | — | 1 | — |
| Total | 13 243 | 12 243 | 43 558 | 47 760 |

Operating segments, Vattenfall Group cont.

| Amounts in SEK million | Q4 2014 | Q4 2013 ³ | Full year 2014 | Full year 2013 ³ |
|---|--------------|----------------------|-----------------|-----------------------------|
| Operating profit (EBIT) | | | | |
| Nordic | 3 926 | 3 783 | 10 961 | 15 534 |
| - of which, Generation | 2 258 | 3 258 | 7 596 | 12 579 |
| - of which, Distribution | 922 | 751 | 3 075 | 2 968 |
| - of which, Sales | 218 | 172 | 715 | 737 |
| - of which, Other operations | 262 | - 396 | - 393 | - 566 |
| - of which, Eliminations | 266 | - 2 | - 32 | - 184 |
| Continental/UK | 3 123 | 441 | - 13 940 | - 20 699 |
| - of which, Generation | 3 143 | - 26 | - 5 663 | - 15 339 |
| - of which, Distribution | 461 | 486 | 1 231 | 1 933 |
| - of which, Sales | 222 | 88 | 103 | 740 |
| - of which, Other operations | - 703 | - 107 | - 9 611 | - 8 033 |
| Other¹ | - 136 | - 330 | 831 | - 1 053 |
| Eliminations | 132 | — | - 47 | — |
| Operating profit (EBIT) | 7 045 | 3 894 | - 2 195 | - 6 218 |
| Financial income and expenses | - 1 560 | - 2 139 | - 6 045 | - 9 037 |
| Profit before tax | 5 485 | 1 755 | - 8 240 | - 15 255 |
| Underlying operating profit (EBIT) | | | | |
| Nordic | 3 603 | 4 016 | 12 040 | 15 371 |
| - of which, Generation | 2 266 | 3 260 | 8 937 | 12 578 |
| - of which, Distribution | 924 | 751 | 3 075 | 2 966 |
| - of which, Sales | 224 | 182 | 679 | 743 |
| - of which, Other operations | - 77 | - 176 | - 618 | - 734 |
| - of which, Eliminations | 266 | - 1 | - 33 | - 182 |
| Continental/UK | 4 753 | 3 207 | 12 692 | 13 658 |
| - of which, Generation | 3 269 | 1 950 | 10 508 | 10 361 |
| - of which, Distribution | 549 | 480 | 1 361 | 1 978 |
| - of which, Sales | 363 | 108 | 747 | 939 |
| - of which, Other operations | 572 | 669 | 76 | 380 |
| Other¹ | - 290 | - 217 | - 599 | - 894 |
| Eliminations | 157 | — | — | — |
| Underlying operating profit (EBIT) | 8 223 | 7 006 | 24 133 | 28 135 |

1) For external net sales, the elimination pertains to sales to the Nordic electricity exchange.

2) Other mainly includes all Staff Functions including Treasury activities and Shared Service Centers.

3) Certain amounts for 2013 have been recalculated compared with previously published information in Vattenfall's 2013 Year-End Report and Annual Report as a result of new accounting rules (IFRS 11) that took effect in 2014. See Note 4.

The result of the hedging activities carried out by the Asset Optimisation and Trading unit is reported under the item "Generation" for the respective segments. Asset Optimisation and Trading's other activities are reported under the item "Other activities" for the respective segments.

Heating activities are reported under the item "Sales" for the Nordic segment and under the item "Generation" for the Continental/UK segment.

Consolidated balance sheet

| Amounts in SEK million | 31 Dec. 2014 | 31 Dec. 2013 ¹ |
|---|-----------------|------------------------------|
| Assets | | |
| Non-current assets | | |
| Intangible assets: non-current | 19 586 | 31 285 |
| Property, plant and equipment | 271 306 | 269 160 |
| Investment property | 461 | 479 |
| Biological assets | 29 | 20 |
| Participations in associated companies and joint arrangements | 7 765 | 8 391 |
| Other shares and participations | 284 | 2 699 |
| Share in the Swedish Nuclear Waste Fund | 31 984 | 30 600 |
| Derivative assets | 18 366 | 16 239 |
| Current tax assets, non-current | 449 | 627 |
| Prepaid expenses | 115 | 117 |
| Deferred tax assets | 9 310 | 5 978 |
| Other non-current receivables | 8 407 | 6 686 |
| Total non-current assets | 368 062 | 372 281 |
| Current assets | | |
| Inventories | 18 502 | 18 596 |
| Biological assets | 11 | 5 |
| Intangible assets: current | 4 885 | 7 535 |
| Trade receivables and other receivables | 31 217 | 34 450 |
| Advance payments paid | 2 617 | 2 765 |
| Derivative assets | 13 342 | 10 967 |
| Prepaid expenses and accrued income | 5 622 | 6 285 |
| Current tax assets | 2 390 | 525 |
| Short-term investments | 32 785 | 11 460 |
| Cash and cash equivalents | 12 283 | 15 801 |
| Assets held for sale | 4 717 | 4 814 |
| Total current assets | 128 371 | 113 203 |
| Total assets | 496 433 | 485 484 |
| Equity and liabilities | | |
| Equity | | |
| Attributable to owner of the Parent Company | 115 260 | 120 370 |
| Attributable to non-controlling interests | 13 202 | 10 348 |
| Total equity | 128 462 | 130 718 |
| Non-current liabilities | | |
| Hybrid Capital | — | 8 835 |
| Other interest-bearing liabilities | 78 807 | 90 374 |
| Pension provisions | 45 298 | 35 477 |
| Other interest-bearing provisions | 86 487 | 76 553 |
| Derivative liabilities | 11 760 | 9 734 |
| Deferred tax liabilities | 27 595 | 31 651 |
| Other noninterest-bearing liabilities | 5 756 | 6 000 |
| Total non-current liabilities | 255 703 | 258 624 |
| Current liabilities | | |
| Trade payables and other liabilities | 30 641 | 30 002 |
| Advance payments received | 2 397 | 3 289 |
| Derivative liabilities | 5 065 | 4 280 |
| Accrued expenses and deferred income | 17 406 | 20 748 |
| Current tax liabilities | 1 135 | 1 496 |
| Hybrid Capital | 9 385 | — |
| Interest-bearing liabilities | 37 736 | 27 279 |
| Interest-bearing provisions | 6 782 | 6 136 |
| Liabilities associated with assets held for sale | 1 721 | 2 912 |
| Total current liabilities | 112 268 | 96 142 |
| Total equity and liabilities | 496 433 | 485 484 |

Consolidated balance sheet, cont.

Supplementary Information

| Amounts in SEK million | 31 Dec. 2014 | 31 Dec. 2013 ¹ |
|---|------------------|------------------------------|
| Capital employed | 294 278 | 293 706 |
| Capital employed, average | 293 992 | 302 743 |
| Net debt | | |
| Hybrid Capital | - 9 385 | - 8 835 |
| Bond issues, commercial paper and liabilities to credit institutions | - 72 461 | - 78 109 |
| Present value of liabilities pertaining to acquisitions of Group companies | - 19 293 | - 17 892 |
| Liabilities to associated companies | - 2 617 | - 1 706 |
| Liabilities to owners of non-controlling interests | - 12 384 | - 12 425 |
| Other liabilities | - 9 788 | - 7 521 |
| Total interest-bearing liabilities | - 125 928 | - 126 488 |
| Cash and cash equivalents | 12 283 | 15 801 |
| Short-term investments | 32 785 | 11 460 |
| Loans to owners of non-controlling interests in foreign Group companies | 1 387 | 229 |
| Net debt | - 79 473 | - 98 998 |
| Adjusted gross debt and net debt | | |
| Total interest-bearing liabilities | - 125 928 | - 126 488 |
| 50% of Hybrid Capital | 4 693 | 4 418 |
| Present value of pension obligations | - 45 298 | - 35 477 |
| Provisions for mining, gas and wind operations and other environment-related provisions | - 14 497 | - 11 760 |
| Provisions for nuclear power (net) | - 33 696 | - 28 054 |
| Currency derivatives for hedging of debt in foreign currency | — | 1 212 |
| Margin calls received | 7 013 | 2 176 |
| Liabilities to owners of non-controlling interests due to consortium agreements | 11 626 | 10 866 |
| Adjusted gross debt | - 196 087 | - 183 107 |
| Reported cash and cash equivalents and short-term investments | 45 068 | 27 261 |
| Unavailable liquidity | - 7 272 | - 6 744 |
| Adjusted cash and cash equivalents and short-term investments | 37 796 | 20 517 |
| Adjusted net debt | - 158 291 | - 162 590 |

1) Certain amounts for 2013 have been recalculated compared with previously published information in Vattenfall's 2013 Year-End Report and Annual Report as a result of new accounting rules (IFRS 11) that took effect in 2014. See Note 4.

Consolidated statement of cash flows

| Amounts in SEK million | Q4 2014 | Q4 2013 | Full year 2014 | Full year 2013 |
|--|----------------|-----------------------|-----------------|-----------------------|
| Operating activities | | | | |
| Profit before tax | 5 485 | 1 755 ¹ | - 8 240 | - 15 255 ¹ |
| Reversal of depreciation, amortisation and impairment losses | 5 076 | 5 533 | 43 270 | 50 264 |
| Tax paid | - 361 | - 1 225 | - 3 168 | - 4 090 |
| Capital gains/losses, net | 94 | - 100 | - 3 028 | - 79 |
| Other, incl. non-cash items | 2 182 | 585 ¹ | 3 297 | 1 048 ¹ |
| Funds from operations (FFO) | 12 476 | 6 548 | 32 131 | 31 888 |
| Changes in inventories | 1 109 | 391 | 1 080 | 1 361 |
| Changes in operating receivables | - 11 464 | - 10 705 ¹ | 3 421 | - 3 959 ¹ |
| Changes in operating liabilities | 9 377 | 9 938 | 909 | 5 145 |
| Other changes | 2 835 | 1 742 ¹ | 2 605 | 3 408 ¹ |
| Cash flow from changes in operating assets and operating liabilities | 1 857 | 1 366 | 8 015 | 5 955 |
| Cash flow from operating activities | 14 333 | 7 914 | 40 146 | 37 843 |
| Investing activities | | | | |
| Acquisitions in Group companies | - 2 | - 41 | - 10 | - 41 |
| Investments in associated companies and other shares and participations | 77 | - 30 | 222 | 15 |
| Other investments in non-current assets | - 9 919 | - 9 338 | - 29 244 | - 27 735 |
| Total investments | - 9 844 | - 9 409 | - 29 032 | - 27 761 |
| Divestments | 2 579 | 411 | 12 054 | 651 |
| Cash and cash equivalents in acquired companies | 35 | — | 35 | — |
| Cash and cash equivalents in divested companies | - 211 | — | - 513 | - 16 |
| Cash flow from investing activities | - 7 441 | - 8 998 | - 17 456 | - 27 126 |
| Cash flow before financing activities | 6 892 | - 1 084 | 22 690 | 10 717 |
| Financing activities | | | | |
| Changes in short-term investments | - 7 179 | 3 773 | - 19 921 | 17 948 |
| Changes in loans to owners of non-controlling interests in foreign Group companies | 122 | 147 | - 1 109 | - 75 |
| Loans raised ² | 5 137 | 4 592 | 21 259 | 7 449 |
| Amortisation of debt pertaining to acquisitions of Group companies | — | — | — | - 10 257 |
| Amortisation of other debt | - 4 106 | - 9 045 | - 29 024 | - 27 362 |
| Divestment of shares in Group companies to owners of non-controlling interests | 3 | — | 491 | — |
| Payment from Vattenfall's pension foundation | — | 1 921 | — | 2 911 |
| Settlement of receivable from Vattenfall's pension foundation | — | — | — | 1 807 |
| Dividends paid to owners | - 28 | — | - 104 | - 6 840 |
| Contribution from owners of non-controlling interests | 341 | 500 | 1 912 | 1 275 |
| Cash flow from financing activities | - 5 710 | 1 888 | - 26 496 | - 13 144 |
| Cash flow for the period | 1 182 | 804 | - 3 806 | - 2 427 |

Consolidated statement of cash flows, cont.

| Amounts in SEK million | Q4 2014 | Q4 2013 | Full year 2014 | Full year 2013 |
|---|-----------------|--------------------|-----------------|----------------------|
| Cash and cash equivalents | | | | |
| Cash and cash equivalents at start of period | 10 984 | 14 849 | 15 801 | 18 045 |
| Cash and cash equivalents included in assets held for sale | — | 1 | — | - 1 |
| Cash flow for the period | 1 182 | 804 ¹ | - 3 806 | - 2 427 ¹ |
| Translation differences | 117 | 147 | 288 | 184 |
| Cash and cash equivalents at end of period | 12 283 | 15 801 | 12 283 | 15 801 |
| Supplementary information | | | | |
| Cash flow before financing activities | 6 892 | - 1 084 | 22 690 | 10 717 |
| Financing activities | | | | |
| Divestment of shares in Group companies to owners of non-controlling interests | 3 | — | 491 | — |
| Dividends paid to owners | - 28 | — | - 104 | - 6 840 |
| Payment from Vattenfall's pension foundation | — | 1 921 | — | 2 911 |
| Contribution from owners of non-controlling interests | 341 | 500 | 1 912 | 1 275 |
| Cash flow after dividend | 7 208 | 1 337 | 24 989 | 8 063 |
| Analysis of change in net debt | | | | |
| Net debt at start of period | - 83 403 | - 99 033 | - 98 998 | - 111 907 |
| Change accounting principles | — | 17 | — | 7 907 |
| Cash flow after dividend | 7 208 | 1 337 ¹ | 24 989 | 8 063 ¹ |
| Changes as a result of valuation at fair value | - 1 657 | 690 | - 2 739 | 2 126 |
| Changes in interest-bearing liabilities for leasing | 1 | 14 | 34 | 36 |
| Interest-bearing liabilities/short-term investments acquired/divested | 70 | — | 145 | — |
| Changes in liabilities pertaining to acquisitions of Group companies, discounting effects | - 87 | - 105 | - 322 | - 408 |
| Cash and cash equivalents included in assets held for sale | — | 1 | — | - 1 |
| Transfer to liabilities due to changed shareholders' rights | 6 | - 23 | 3 043 | - 3 387 |
| Translation differences on net debt | - 1 611 | - 1 896 | - 5 625 | - 1 427 |
| Net debt at end of period | - 79 473 | - 98 998 | - 79 473 | - 98 998 |
| Free cash flow | 8 136 | 2 252 | 23 234 | 23 579 |

1) Certain amounts for 2013 have been recalculated compared with previously published information in Vattenfall's 2013 Year-End Report and Annual Report as a result of new accounting rules (IFRS 11) that took effect in 2014. See Note 4.

2) Short-term borrowings in which the duration is three months or shorter are reported net.

Consolidated statement of changes in equity

| Amounts in SEK million | 31 Dec. 2014 | | | 31 Dec. 2013 ¹ | | |
|---|---|---|----------------|---|---|-----------------|
| | Attributable to owner of the Parent Company | Attributable to non-controlling interests | Total equity | Attributable to owner of the Parent Company | Attributable to non-controlling interests | Total equity |
| Balance brought forward | 120 370 | 10 348 | 130 718 | 140 764 | 8 608 | 149 372 |
| Dividends paid to owners | — | - 104 | - 104 | - 6 774 | - 66 | - 6 840 |
| Group contributions from(+)/to(-) owners of non-controlling interests | — | 484 | 484 | — | 505 | 505 |
| Changes in ownership in Group companies on divestments of shares to owners of non-controlling interests | - 33 | 387 | 354 | — | — | — |
| Contribution from minority interest | — | 1 913 | 1 913 | — | 1 297 | 1 297 |
| Other changes in ownership | 2 335 | 58 | 2 393 | 4 | - 3 | 1 |
| Changes as a result of changed ownership | — | — | — | - 2 902 | - 486 | - 3 388 |
| Cash flow hedges: | | | | | | |
| Changes in fair value | 5 209 | 34 | 5 243 | 12 503 | 7 | 12 510 |
| Dissolved against income statement | - 5 871 | — | - 5 871 | - 9 922 | 2 | - 9 920 |
| Transferred to cost of hedged item | - 6 | 3 | - 3 | - 11 | 4 | - 7 |
| Tax attributable to cash flow hedges | 181 | 3 | 184 | - 733 | - 3 | - 736 |
| Total cash flow hedges | - 487 | 40 | - 447 | 1 837 | 10 | 1 847 |
| Hedging of net investments in foreign operations | - 5 452 | — | - 5 452 | - 2 717 | — | - 2 717 |
| Tax attributable to hedging of net investments in foreign operations | 3 058 | — | 3 058 | 598 | — | 598 |
| Total hedging of net investments in foreign operations | - 2 394 | — | - 2 394 | - 2 119 | — | - 2 119 |
| Translation differences | 10 056 | 397 | 10 453 | 3 820 | 345 | 4 165 |
| Translation differences and exchange rate effects net, divested companies | 101 | — | 101 | — | — | — |
| Remeasurement of available-for-sale financial assets (unrealised) | - 182 | — | - 182 | 182 | — | 182 |
| Impairment of available-for-sale financial assets (unrealised) | — | — | — | - 30 | — | - 30 |
| Total | 7 094 | 437 | 7 531 | 3 690 | 355 | 4 045 |
| Remeasurement pertaining to defined benefit obligations | - 8 841 | - 289 | - 9 130 | - 1 213 | 13 | - 1 200 |
| Tax attributable to remeasurement pertaining to defined benefit obligations | 2 513 | 74 | 2 587 | 469 | — | 469 |
| Total | - 6 328 | - 215 | - 6 543 | - 744 | 13 | - 731 |
| Total other comprehensive income for the period | 766 | 222 | 988 | 2 946 | 368 | 3 314 |
| Profit for the period | - 8 178 | - 106 | - 8 284 | - 13 668 | 125 | - 13 543 |
| Total comprehensive income for the period | - 7 412 | 116 | - 7 296 | - 10 722 | 493 | - 10 229 |
| Balance carried forward | 115 260 | 13 202 | 128 462 | 120 370 | 10 348 | 130 718 |
| - Of which, Reserve for cash flow hedges | 4 827 | 1 | 4 828 | 5 315 | - 39 | 5 276 |

1) Certain amounts for 2013 have been recalculated compared with previously published information in Vattenfall's 2013 Year-End Report and Annual Report as a result of new accounting rules (IFRS 11) that took effect in 2014. See Note 4.

Key ratios, Vattenfall Group

| In % unless otherwise stated. (x) means times | Q4 2014 | Q4 2013 ¹ | Full year 2014 | Full year 2013 ¹ |
|---|--------------------|----------------------|----------------|-----------------------------|
| Operating margin | 14.5 | 8.3 | - 1.3 | - 3.6 |
| Operating margin ² | 16.9 | 14.9 | 14.5 | 16.3 |
| Pre-tax profit margin | 11.3 | 3.7 | - 5.0 | - 8.9 |
| Pre-tax profit margin ² | 13.7 | 10.3 | 10.9 | 11.4 |
| Return on equity | - 6.9 ³ | - 11.4 ³ | - 6.9 | - 11.4 |
| Return on capital employed | - 0.7 ³ | - 2.1 ³ | - 0.7 | - 2.1 |
| Return on capital employed ² | 8.2 ³ | 9.3 ³ | 8.2 | 9.3 |
| EBIT interest cover, (x) | - 0.1 ³ | - 0.7 ³ | - 0.1 | - 0.7 |
| EBIT interest cover, (x) ² | 5.0 ³ | 4.1 ³ | 5.0 | 4.1 |
| FFO interest cover, (x) | 7.2 ³ | 5.4 ³ | 7.2 | 5.4 |
| FFO interest cover, net, (x) | 10.1 ³ | 6.2 ³ | 10.1 | 6.2 |
| Cash flow interest cover after maintenance investments, (x) | 7.0 ³ | 4.9 ³ | 7.0 | 4.9 |
| FFO/gross debt | 25.5 ³ | 25.2 ³ | 25.5 | 25.2 |
| FFO/net debt | 40.4 ³ | 32.2 ³ | 40.4 | 32.2 |
| FFO/adjusted net debt | 20.3 ³ | 19.6 ³ | 20.3 | 19.6 |
| EBITDA/net financial items, (x) | 14.7 | 6.3 | 11.7 | 7.1 |
| EBITDA/net financial items, (x) ² | 16.1 | 8.4 | 19.2 | 12.7 |
| Equity/total assets | 25.9 | 26.9 | 25.9 | 26.9 |
| Gross debt/equity | 98.0 | 96.8 | 98.0 | 96.8 |
| Net debt/equity | 61.9 | 75.7 | 61.9 | 75.7 |
| Gross debt/gross debt plus equity | 49.5 | 49.2 | 49.5 | 49.2 |
| Net debt/net debt plus equity | 38.2 | 43.1 | 38.2 | 43.1 |
| Net debt/EBITDA, (x) | 1.9 ³ | 2.3 ³ | 1.9 | 2.3 |
| Adjusted net debt/EBITDA, (x) | 3.9 ³ | 3.7 ³ | 3.9 | 3.7 |

1) Certain amounts for 2013 have been recalculated compared with previously published information in Vattenfall's 2013 Year-End Report and Annual Report as a result of new accounting rules (IFRS 11) that took effect in 2014. See Note 4.

2) Based on Underlying operating profit.

3) Last 12-month values.

Quarterly information, Vattenfall Group

| Amounts in SEK million | Q4 2014 | Q3 2014 | Q2 2014 | Q1 2014 | Q4 2013 ¹ | Q3 2013 ¹ | Q2 2013 ¹ | Q1 2013 ¹ |
|---|----------------|-----------------|----------------|----------------|----------------------|----------------------|----------------------|----------------------|
| Income statement | | | | | | | | |
| Net sales | 48 725 | 34 734 | 36 575 | 45 912 | 47 156 | 37 057 | 38 308 | 49 732 |
| Cost of products sold | - 35 284 | - 49 148 | - 32 059 | - 32 905 | - 37 104 | - 27 822 | - 58 423 | - 35 220 |
| Other operating income and expenses, net | - 6 532 | - 4 828 | - 5 642 | - 1 306 | - 6 924 | - 4 164 | - 5 307 | - 3 915 |
| Participations in the results of associated companies | 136 | - 194 | - 511 | 131 | 766 | - 178 | - 420 | 240 |
| Operating profit before depreciation, amortisation and impairment losses (EBITDA) | 12 120 | 8 438 | 3 890 | 16 588 | 9 426 | 9 609 | 8 736 | 15 783 |
| Operating profit (EBIT) | 7 045 | - 19 436 | - 1 637 | 11 832 | 3 894 | 4 893 | - 25 842 | 10 837 |
| Underlying operating profit (EBIT) | 8 223 | 2 750 | 4 086 | 9 075 | 7 006 | 4 074 | 5 399 | 11 656 |
| Financial items, net | - 1 560 | - 1 362 | - 1 421 | - 1 701 | - 2 139 | - 1 762 | - 2 660 | - 2 476 |
| Profit before tax | 5 485 | - 20 798 | - 3 058 | 10 131 | 1 755 | 3 131 | - 28 502 | 8 361 |
| Profit for the period | 3 900 | - 18 065 | - 2 323 | 8 205 | 1 983 | 1 538 | - 23 259 | 6 195 |
| - of which, attributable to owner of the Parent Company | 3 663 | - 18 122 | - 1 830 | 8 111 | 2 228 | 1 570 | - 23 707 | 6 241 |
| - of which, attributable to non-controlling interests | 237 | 57 | - 493 | 94 | - 245 | - 32 | 448 | - 46 |
| Balance sheet | | | | | | | | |
| Non-current assets | 368 062 | 353 346 | 375 661 | 368 782 | 372 281 | 359 319 | 362 415 | 384 278 |
| Short-term investments | 32 785 | 24 810 | 19 884 | 22 142 | 11 460 | 14 741 | 11 973 | 21 820 |
| Cash and cash equivalents | 12 283 | 10 984 | 10 263 | 13 159 | 15 801 | 14 849 | 23 109 | 17 161 |
| Other current assets | 83 303 | 74 089 | 79 941 | 88 091 | 85 942 | 78 813 | 89 418 | 89 859 |
| Total assets | 496 433 | 463 229 | 485 749 | 492 174 | 485 484 | 467 722 | 486 915 | 513 118 |
| Equity | 128 462 | 123 864 | 142 387 | 145 723 | 130 718 | 122 796 | 127 691 | 152 527 |
| - of which, attributable to owner of the Parent Company | 115 260 | 111 603 | 131 567 | 134 850 | 120 370 | 114 152 | 117 858 | 143 625 |
| - of which, attributable to non-controlling interests | 13 202 | 12 261 | 10 820 | 10 873 | 10 348 | 8 644 | 9 833 | 8 902 |
| Hybrid Capital | 9 385 | 9 134 | 9 160 | 8 928 | 8 835 | 8 630 | 8 746 | 8 321 |
| Other interest-bearing liabilities | 116 543 | 111 546 | 107 458 | 112 660 | 117 653 | 120 435 | 130 941 | 131 492 |
| Pension provisions | 45 298 | 38 827 | 38 842 | 34 650 | 35 477 | 33 093 | 33 329 | 31 027 |
| Other interest-bearing provisions | 93 269 | 89 651 | 89 718 | 82 990 | 82 689 | 81 771 | 81 839 | 80 247 |
| Deferred tax liabilities | 27 595 | 28 454 | 30 952 | 31 618 | 31 651 | 28 519 | 28 950 | 33 007 |
| Other noninterest-bearing liabilities | 75 881 | 61 753 | 67 232 | 75 605 | 78 461 | 72 478 | 75 419 | 76 497 |
| Total equity and liabilities | 496 433 | 463 229 | 485 749 | 492 174 | 485 484 | 467 722 | 486 915 | 513 118 |
| Capital employed | 294 278 | 281 801 | 305 096 | 298 862 | 293 706 | 282 978 | 288 720 | 307 240 |
| Net debt | - 79 473 | - 83 403 | - 85 872 | - 85 694 | - 98 998 | - 99 033 | - 104 249 | - 99 494 |
| Cash flow | | | | | | | | |
| Funds from operations (FFO) | 12 476 | 5 008 | 3 854 | 10 792 | 6 548 | 6 743 | 5 999 | 12 598 |
| Cash flow from changes in operating assets and operating liabilities | 1 857 | 4 984 | 4 479 | - 3 305 | 1 366 | 6 952 | 5 475 | - 7 838 |
| Cash flow from operating activities | 14 333 | 9 992 | 8 333 | 7 487 | 7 914 | 13 695 | 11 474 | 4 760 |
| Cash flow from investing activities | - 7 441 | - 7 805 | - 5 785 | 3 574 | - 8 998 | - 6 444 | - 6 421 | - 5 263 |
| Cash flow before financing activities | 6 892 | 2 187 | 2 548 | 11 061 | - 1 084 | 7 251 | 5 053 | - 503 |
| Changes in short-term investments | - 7 179 | - 4 828 | 2 563 | - 10 477 | 3 773 | - 2 940 | 10 979 | 6 136 |
| Loans raised/Amortisation of debt, net, etc. | 1 497 | 3 415 | - 8 104 | - 3 277 | - 1 885 | - 12 499 | - 3 509 | - 6 360 |
| Dividends paid to owners | - 28 | - 29 | - 47 | — | — | - 2 | - 6 838 | — |
| Cash flow from financing activities | - 5 710 | - 1 442 | - 5 588 | - 13 754 | 1 888 | - 15 441 | 633 | - 224 |
| Cash flow for the period | 1 182 | 745 | - 3 040 | - 2 693 | 804 | - 8 190 | 5 686 | - 727 |
| Free cash flow | 8 136 | 6 083 | 4 330 | 4 685 | 2 252 | 10 214 | 8 363 | 2 750 |

Quarterly information, Vattenfall Group, cont.

| In % unless otherwise stated. (x) means times | Q4 2014 | Q3 2014 | Q2 2014 | Q1 2014 | Q4 2013 ¹ | Q3 2013 ¹ | Q2 2013 ¹ | Q1 2013 ¹ |
|---|---------|---------|---------|---------|----------------------|----------------------|----------------------|----------------------|
| Key ratios | | | | | | | | |
| Return on equity ³ | - 6.9 | - 8.0 | 8.4 | - 10.1 | - 11.4 | - 7.6 | - 11.7 | 6.8 |
| Return on capital employed ³ | - 0.7 | - 1.9 | 6.4 | - 1.7 | - 2.1 | - 1.7 | - 4.2 | 5.7 |
| Return on capital employed ^{2,3} | 8.2 | 8.1 | 8.2 | 8.4 | 9.3 | 9.5 | 9.3 | 8.7 |
| EBIT interest cover, (x) ³ | - 0.1 | - 0.6 | 3.3 | - 0.6 | - 0.7 | - 0.7 | - 4.1 | 2.8 |
| EBIT interest cover, (x) ^{2,3} | 5.0 | 4.2 | 4.2 | 3.9 | 4.1 | 4.2 | 6.3 | 4.2 |
| FFO/gross debt ³ | 25.5 | 21.7 | 24.0 | 24.7 | 25.2 | 28.6 | 26.0 | 24.5 |
| FFO/net debt ³ | 40.4 | 31.4 | 32.5 | 35.1 | 32.2 | 37.3 | 34.9 | 34.5 |
| FFO/adjusted net debt ³ | 20.3 | 17.3 | 17.9 | 20.4 | 19.6 | 23.4 | 22.4 | 22.6 |
| Equity/assets ratio | 25.9 | 26.7 | 29.3 | 29.6 | 26.9 | 26.3 | 26.2 | 29.7 |
| Gross debt/equity | 98.0 | 97.4 | 81.9 | 83.4 | 96.8 | 105.1 | 109.4 | 91.7 |
| Net debt/equity | 61.9 | 67.3 | 60.3 | 58.8 | 75.7 | 80.6 | 81.6 | 65.2 |
| Net debt/net debt plus equity | 38.2 | 40.2 | 37.6 | 37.0 | 43.1 | 44.6 | 44.9 | 39.5 |
| Net debt/EBITDA, (x) ³ | 1.9 | 2.2 | 2.2 | 1.9 | 2.3 | 2.2 | 2.3 | 2.2 |
| Adjusted net debt/EBITDA, (x) ³ | 3.9 | 4.0 | 4.0 | 3.3 | 3.7 | 3.6 | 3.6 | 3.3 |

1) Certain amounts for 2013 have been recalculated compared with previously published information in Vattenfall's 2013 Year-End Report and Annual Report as a result of new accounting rules (IFRS 11) that took effect in 2014. See Note 4.

2) Based on Underlying operating profit.

3) Last 12-month values.

Note 1 Accounting policies, risks and uncertainties

Accounting policies

The consolidated accounts for 2014 have been prepared, as for the 2013 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 year-end 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 year-end report are the same as those described in Vattenfall's 2013 Annual 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 2014 financial year.

IFRS 10 – Consolidated Financial Statements. The standard contains uniform rules for determining which units are to be consolidated and supersedes major parts of IAS 27 – *Consolidated and Separate Financial Statements* and SIC 12, which addresses Special Purpose Entities. The rules in IFRS 10 on consolidation and on when consolidated financial statements are to be prepared have been transferred unchanged from IAS 27. The new standard has not had any effect on Vattenfall's financial statements.

IFRS 11 – Joint Arrangements. The standard addresses the reporting of joint arrangements, i.e., arrangements in which two or more parties have joint control, and supersedes IAS 31 – *Interests in Joint Ventures* and SIC 13 – *Jointly Controlled Entities – Non-monetary Contributions by Ventures*. Under IFRS 11, the Krümmel nuclear power plant in Germany shall be classified as a "joint operation". This leads to a change from application of the equity method to recognition of Vattenfall's share in the assets, liabilities as well as revenues and expenses in Krümmel. The amendments to IFRS 11 entail that the Group's financial statements for 2013 have been restated, and the effects of the restatement are reported in Note 4, Adjustments to the 2013 financial statements as an effect of the new standards IFRS 11, of this report.

IFRS 12 – Disclosures of Interests in Other Entities. Expanded disclosure requirements regarding subsidiaries, joint arrangements and associates have been gathered in a single standard. The disclosures address the effects of holdings on the financial statements and risks associated with the current holdings. The scope of the disclosures has increased to some extent as a result of IFRS 12.

Amendment and change of name for IAS 27 – *Separate Financial Statements*, where the requirements concerning separate financial statements are unchanged, while other parts of IAS 27 are superseded by IFRS 10. The amendments have not affected Vattenfall's financial statements.

Amendment of IAS 28 – *Investments in Associates and Joint Ventures*, which has been adapted to IFRS 10, IFRS 11 and IFRS 12. The amendments do not have any effect on Vattenfall's financial statements. The amendments have not affected Vattenfall's financial statements.

Amendments in IAS 32 – *Financial Instruments: Presentation* and amendments in IFRS 7 – *Financial Instruments: Disclosures* clarifying some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendments have not affected Vattenfall's financial statements.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) provides an exception to the consolidation requirements for companies that meet the definition of an investment entity. Vattenfall has not been affected by these amendments.

Amendments to IAS 39 regarding *Novation of Derivatives and Continuation of Hedge Accounting*. The amendment provides relief by allowing continuing hedge accounting when novation, or transferral, to a central counterparty of a derivative designated as a hedging instrument meets certain criteria, including a requirement by law or regulation, such as EMIR. The amendment is not applicable for transactions where derivatives are voluntarily transferred to a central counterparty. Vattenfall has not been affected by these amendments.

Important estimations and assumptions

During the third quarter of 2014 the estimated useful life for the nuclear power plants Ringhals 3 and 4 and Forsmark 1, 2 and 3 was extended to 60 years from the previous 50 years. As a result, lower depreciation is reported as from the third quarter. During Q3 and Q4 2014 this entails lower depreciation by approximately SEK 290 million. The full-year effect for 2015 will be lower depreciation by approximately SEK 570 million. As previously, components within nuclear power plants have a shorter useful life.

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2013 Annual Report, pages 50-55. No other material changes have taken place since publication of the 2013 Annual Report.

Other

Significant related-party transactions are described in Note 55 to the consolidated accounts in Vattenfall's 2013 Annual Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2013 Annual Report.

Note 2 Exchange rates

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

| | Q4 2014 | Q4 2013 | Full year 2014 | Full year 2013 |
|--------------------------------|---------|---------|----------------|----------------|
| Average rate | | | | |
| EUR | 9.2680 | 8.8073 | 9.1004 | 8.6625 |
| DKK | 1.2451 | 1.1808 | 1.2207 | 1.1615 |
| NOK | 1.0806 | 1.0709 | 1.0848 | 1.1081 |
| PLN | 2.1998 | 2.1012 | 2.1715 | 2.0615 |
| GBP | 11.8232 | 10.5087 | 11.3091 | 10.2250 |
| USD | 7.4568 | 6.4584 | 6.8837 | 6.5144 |
| Balance sheet date rate | | | | |
| EUR | | | 9.3930 | 8.8591 |
| DKK | | | 1.2616 | 1.1877 |
| NOK | | | 1.0388 | 1.0593 |
| PLN | | | 2.1981 | 2.1325 |
| GBP | | | 12.0593 | 10.6262 |
| USD | | | 7.7366 | 6.4238 |

Note 3 Financial instruments by category and related effects on income

Financial instruments by category: Carrying amount and fair value

| Amounts in SEK million | 31 Dec. 2014 | | 31 Dec. 2013 | |
|---|-----------------|----------------|-----------------|----------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets at fair value through profit or loss | | | | |
| Derivative assets | 17 126 | 17 126 | 13 011 | 13 011 |
| Short-term investments | 29 735 | 29 735 | 9 774 | 9 774 |
| Cash equivalents | 444 | 444 | 52 | 52 |
| Total | 47 305 | 47 305 | 22 837 | 22 837 |
| Derivative assets for hedging purposes for | | | | |
| Fair value hedges | 4 850 | 4 850 | 1 954 | 1 954 |
| Cash flow hedges | 9 732 | 9 732 | 12 241 | 12 241 |
| Total | 14 582 | 14 582 | 14 195 | 14 195 |
| Loans and receivables | | | | |
| Share in the Swedish Nuclear Waste Fund | 31 984 | 34 569 | 30 600 | 30 836 |
| Other non-current receivables | 8 407 | 8 429 | 6 686 | 6 700 |
| Trade receivables and other receivables | 31 217 | 31 282 | 34 450 | 34 450 |
| Advance payments paid | 2 150 | 2 150 | 2 368 | 2 368 |
| Short-term investments | 3 050 | 3 049 | 1 685 | 1 685 |
| Cash and bank balances | 11 839 | 11 839 | 15 749 | 15 749 |
| Total | 88 647 | 91 318 | 91 538 | 91 788 |
| Available-for-sale financial assets | | | | |
| Other shares and participations carried at fair value | — | — | 2 389 | 2 389 |
| Other shares and participations carried at cost | 284 | 284 | 310 | 310 |
| Total | 284 | 284 | 2 699 | 2 699 |
| Financial liabilities at fair value through profit or loss | | | | |
| Derivative liabilities | 13 837 | 13 837 | 9 815 | 9 815 |
| Total | 13 837 | 13 837 | 9 815 | 9 815 |
| Derivative liabilities for hedging purposes for | | | | |
| Fair value hedges | 2 | 2 | 459 | 459 |
| Cash flow hedges | 2 986 | 2 986 | 3 740 | 3 740 |
| Total | 2 988 | 2 988 | 4 199 | 4 199 |
| Other financial liabilities | | | | |
| Hybrid Capital, non-current interest-bearing liability | — | — | 8 835 | 9 238 |
| Other non-current interest-bearing liabilities | 78 807 | 89 800 | 90 374 | 101 255 |
| Other non-current noninterest-bearing liabilities | 5 756 | 5 756 | 6 000 | 6 000 |
| Hybrid Capital, current interest-bearing liability | 9 385 | 9 551 | — | — |
| Current interest-bearing liabilities | 37 736 | 38 420 | 27 279 | 26 978 |
| Trade payables and other liabilities | 28 094 | 28 094 | 30 113 | 30 113 |
| Advance payments received | 2 371 | 2 371 | 3 288 | 3 288 |
| Total | 162 149 | 173 992 | 165 889 | 176 872 |

For assets and liabilities with a remaining maturity of 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, this 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 and interest rate swaps

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

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

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

Financial assets and liabilities that are measured at fair value on the balance sheet at 31 December 2013

| Amounts in SEK million | Level 1 | Level 2 | Level 3 | Total |
|---|---------------|---------------|--------------|---------------|
| Assets | | | | |
| Derivative assets | — | 25 829 | 1 377 | 27 206 |
| Short-term investments and cash equivalents | 8 045 | 1 781 | — | 9 826 |
| Other shares and participations | 2 389 | — | — | 2 389 |
| Total assets | 10 434 | 27 610 | 1 377 | 39 421 |
| Liabilities | | | | |
| Derivative liabilities | — | 13 629 | 385 | 14 014 |
| Total liabilities | — | 13 629 | 385 | 14 014 |

Changes in level 3 financial instruments

Financial instruments at fair value through profit or loss

| Amounts in SEK million | Derivative assets | | Derivative liabilities | |
|---|-------------------|--------------|------------------------|--------------|
| | 31 Dec. 2014 | 31 Dec. 2013 | 31 Dec. 2014 | 31 Dec. 2013 |
| Balance brought forward | 1 377 | 2 129 | 385 | 2 266 |
| Transfers into an other level | — | - 184 | — | - 1 085 |
| Transfers from an other level | 4 | 228 | — | 10 |
| Revaluations recognised in operating profit (EBIT) | - 776 | - 834 | 254 | - 836 |
| Translation differences | 45 | 38 | 31 | 30 |
| Balance carried forward | 650 | 1 377 | 670 | 385 |
| Total revaluations for the period included in operating profit (EBIT) for assets and liabilities held on the balance sheet date | 389 | 655 | 117 | - 87 |

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 backward estimation tools. In order to reduce valuation risks, the application of the model can be restricted to a limited scope.

TGSA: TGSA (Troll¹ Gas Sales Agreement) is a large gas supply agreement (coal price-indexed) 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. TGSA 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 fair valuation of the portion of the large gas supply contract that cannot be valued against market prices (Level 3).

TGSA 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 31 December 2014 has been calculated at SEK +111 million (+634). 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 +/-6 million (+/-25).

1) Troll is a gas field in the North Sea west of Norway.

CDM: Clean Development Mechanism (CDM) is a flexible mechanism under the Kyoto Protocol and overseen by the UNFCCC under which projects set up in developing countries to reduce CO₂ emissions can generate tradable carbon credits called CERs (Certified Emission Reductions). Once CERs are issued by the UNFCCC they can be used by companies and governments in industrialised nations as carbon 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 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 risk adjusted volumes against the CER forward curve on the exchange (Inter Continental Exchange – ICE). The tool is based on Point Carbon's valuation methodology, which was developed in cooperation with several experienced market players. The valuation methodology is strictly empirical, and all risk parameters are extracted from Point Carbon's proprietary databases of CDM project data, which entails a correct valuation of the contracts. The results are validated based on monitoring reports for the respective CDM projects, which are publicly available on the website of the UNFCCC.

The net value as per 31 December 2014 has been calculated at SEK -3 million (-1). The fair value is mainly determined and correlated with the observable price of CER, meaning a higher price of CER leads to a higher value of the CDM contract and vice versa. A change in the modelled price of CERs of +/-5% would affect the total value by approximately SEK +/-3 million (+/-3).

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

The value as per 31 December 2014 has been calculated at SEK +99 million (+142). 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 +/-48 million (+/-90).

Virtual Gas Storage contracts: A virtual gas storage contract is a contract, which 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 Group Risk Management.

The net value as per 31 December 2014 has been calculated at SEK 97 million (+58) 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 69 million (+/-31).

Gas Swing contracts: A gas swing contract is a contract which 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). As well as with the Virtual gas storage contracts 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 Group Risk Management.

The net value as per 31 December 2014 has been calculated at SEK -328 million (+159) 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 8 million (+/-6).

Virtual Power Plants: A Virtual Power Plant (VPP) is a form of power delivery contract providing the buyer with the option to optimize a fictitious power plant without the technical risks and operational procedures involved in running a real-life plant. VPPs are means of balancing out the fuel exposure of a company's portfolio and of extracting value through optimization of the plant. The valuation of the contract is based on underlying commodities defined in the contract and a daily 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 Group Risk Management.

The net value as per 31 December 2014 has been calculated at SEK 4 million 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 0.2 million.

Financial instruments: Effects on income by category

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

| Amounts in SEK million | 31 Dec. 2014 | | | 31 Dec. 2013 | | |
|--|-----------------------------------|--------------------|----------------------|-----------------------------------|--------------------|----------------------|
| | Net gains/ losses ¹ | Interest income | Interest expenses | Net gains/ losses ¹ | Interest income | Interest expenses |
| Derivative assets and derivative liabilities | 5 024 | 186 | - 122 | - 3 026 | 406 | - 257 |
| Available-for-sale financial assets | - 25 | — | — | - 382 | — | — |
| Loans and receivables | - 184 | 1 116 | — | 756 | 505 | — |
| Financial liabilities measured at amortised cost | - 2 675 | — | - 3 624 | 1 541 | — | - 4 239 |
| Total | 2 140 | 1 302 | - 3 746 | - 1 111 | 911 | - 4 496 |

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

Note 4 Adjustments of 2013 financial statements as an effect of the new standard IFRS 11

As described in Note 1, Accounting policies, risks and uncertainties, new accounting rules apply as of 2014 according to IFRS 11 — Joint Arrangements. Under IFRS 11, the Krümmel nuclear power plant in Germany will be classified as a “joint operation”. This leads to a change from application of the equity method to recognition of Vattenfall’s share in the assets, liabilities as well as revenues and expenses in Krümmel which have had the following significant impact on Vattenfall’s financial statements:

| Amounts in SEK million | 1 January - 31 March 2013 | | | 1 January - 30 June 2013 | | |
|---|---------------------------|-------------|-------------------|--------------------------|-------------|-------------------|
| | As reported previously | Adjustments | After adjustments | As reported previously | Adjustments | After adjustments |
| Balance sheet: | | | | | | |
| Participations in associated companies and joint arrangements | 11 566 | - 3 313 | 8 253 | 12 304 | - 4 262 | 8 042 |
| Other non-current receivables | 5 138 | 133 | 5 271 | 3 924 | 53 | 3 977 |
| Inventories | 20 961 | 227 | 21 188 | 18 495 | 238 | 18 733 |
| Trade receivables and other receivables | 36 668 | 1 835 | 38 503 | 32 426 | 2 447 | 34 873 |
| Total assets | 514 186 | - 1 068 | 513 118 | 488 385 | - 1 470 | 486 915 |
| Interest-bearing liabilities (non-current) | 108 263 | - 7 579 | 100 684 | 98 896 | - 7 884 | 91 012 |
| Interest-bearing provisions (non-current) | 66 684 | 7 107 | 73 791 | 67 784 | 7 515 | 75 299 |
| Deferred tax liabilities | 32 622 | 385 | 33 007 | 28 642 | 308 | 28 950 |
| Trade payables and other liabilities | 28 289 | - 1 640 | 26 649 | 28 098 | - 2 250 | 25 848 |
| Interest-bearing provisions (current) | 5 838 | 618 | 6 456 | 5 846 | 694 | 6 540 |
| Interest-bearing liabilities (current) | 30 975 | - 167 | 30 808 | 40 105 | - 175 | 39 930 |
| Total equity and liabilities | 514 186 | - 1 068 | 513 118 | 488 385 | - 1 470 | 486 915 |
| Capital employed | 310 913 | - 3 673 | 307 240 | 292 268 | - 3 548 | 288 720 |
| Capital employed, average | 314 171 | - 1 836 | 312 335 | 303 390 | - 1 306 | 302 084 |
| Net debt | 107 379 | - 7 885 | 99 494 | 112 369 | - 8 120 | 104 249 |
| Adjusted net debt | 152 106 | - 5 | 152 101 | 162 507 | - 4 | 162 503 |
| Income statement: | | | | | | |
| Net sales | 49 659 | 73 | 49 732 | 86 925 | 1 115 | 88 040 |
| Cost of products sold | - 35 243 | 23 | - 35 220 | - 93 472 | - 171 | - 93 643 |
| Participation in the results of associated companies | 296 | - 56 | 240 | 638 | - 818 | - 180 |
| Operating profit (EBIT) | 10 806 | 31 | 10 837 | - 15 110 | 105 | - 15 005 |
| Financial income and expenses | - 2 406 | - 70 | - 2 476 | - 4 990 | - 146 | - 5 136 |
| Income tax expense | - 2 205 | 39 | - 2 166 | 3 036 | 41 | 3 077 |
| Profit for the period | 6 195 | — | 6 195 | - 17 064 | — | - 17 064 |
| Key ratios (in % unless otherwise stated (x) means times): | | | | | | |
| Return on capital employed | 5.7 | — | 5.7 | - 4.2 | — | - 4.2 |
| Gross debt/equity | 96.7 | - 5.0 | 91.7 | 115.7 | - 6.3 | 109.4 |
| Net debt/equity | 70.4 | - 5.2 | 65.2 | 88.0 | - 6.4 | 81.6 |
| Gross debt/gross debt plus equity | 49.2 | - 1.4 | 47.8 | 53.6 | - 1.4 | 52.2 |
| Net debt/net debt plus equity | 41.3 | - 1.8 | 39.5 | 46.8 | - 1.9 | 44.9 |
| FFO/gross debt | 23.2 | 1.3 | 24.5 | 24.6 | 1.4 | 26.0 |
| FFO/net debt | 31.9 | 2.6 | 34.5 | 32.4 | 2.5 | 34.9 |
| FFO/adjusted net debt | 22.6 | — | 22.6 | 22.4 | — | 22.4 |
| Adjusted net debt/EBITDA, (x) | 3.3 | — | 3.3 | 3.6 | — | 3.6 |

| Amounts in SEK million | 1 January - 30 September 2013 | | | January - 31 December 2013 | | |
|---|-------------------------------|-------------|-------------------|----------------------------|-------------|-------------------|
| | As reported previously | Adjustments | After adjustments | As reported previously | Adjustments | After adjustments |
| Balance sheet: | | | | | | |
| Participations in associated companies and joint arrangements | 11 770 | - 4 172 | 7 598 | 12 076 | - 3 685 | 8 391 |
| Other non-current receivables | 3 620 | 166 | 3 786 | 6 587 | 99 | 6 686 |
| Inventories | 18 719 | 236 | 18 955 | 18 448 | 148 | 18 596 |
| Trade receivables and other receivables | 29 558 | 2 426 | 31 984 | 32 042 | 2 408 | 34 450 |
| Total assets | 469 004 | - 1 282 | 467 722 | 486 426 | - 942 | 485 484 |
| Interest-bearing liabilities (non-current) | 97 568 | - 7 551 | 90 017 | 98 004 | - 7 630 | 90 374 |
| Interest-bearing provisions (non-current) | 67 265 | 7 331 | 74 596 | 69 282 | 7 271 | 76 553 |
| Deferred tax liabilities | 28 216 | 303 | 28 519 | 31 285 | 366 | 31 651 |
| Trade payables and other liabilities | 26 714 | - 2 229 | 24 485 | 31 908 | - 1 906 | 30 002 |
| Interest-bearing liabilities (current) | 6 458 | 717 | 7 175 | 5 429 | 707 | 6 136 |
| Interest-bearing liabilities (current) | 30 591 | - 173 | 30 418 | 27 456 | - 177 | 27 279 |
| Total equity and liabilities | 469 004 | - 1 282 | 467 722 | 486 426 | - 942 | 485 484 |
| Capital employed | 286 182 | - 3 204 | 282 978 | 297 178 | - 3 472 | 293 706 |
| Capital employed, average | 290 561 | - 1 602 | 288 959 | 303 000 | - 257 | 302 743 |
| Net debt | 106 923 | - 7 890 | 99 033 | 106 912 | - 7 914 | 98 998 |
| Adjusted net debt | 157 996 | — | 157 996 | 162 597 | - 7 | 162 590 |
| Income statement: | | | | | | |
| Net sales | 123 922 | 1 175 | 125 097 | 171 684 | 569 | 172 253 |
| Cost of products sold | - 121 292 | - 173 | - 121 465 | - 158 693 | 124 | - 158 569 |
| Participation in the results of associated companies | 431 | - 789 | - 358 | 784 | - 376 | 408 |
| Operating profit (EBIT) | - 10 292 | 180 | - 10 112 | - 6 453 | 235 | - 6 218 |
| Financial income and expenses | - 6 678 | - 220 | - 6 898 | - 8 758 | - 279 | - 9 037 |
| Income tax expense | 1 444 | 40 | 1 484 | 1 668 | 44 | 1 712 |
| Profit for the period | - 15 526 | — | - 15 526 | - 13 543 | — | - 13 543 |
| Key ratios (in % unless otherwise stated (x) means times): | | | | | | |
| Return on capital employed | - 1.7 | — | - 1.7 | - 2.1 | — | - 2.1 |
| Gross debt/equity | 111.4 | - 6.3 | 105.1 | 102.7 | - 5.9 | 96.8 |
| Net debt/equity | 87.1 | - 6.5 | 80.6 | 81.8 | - 6.1 | 75.7 |
| Gross debt/gross debt plus equity | 52.7 | - 1.5 | 51.2 | 50.7 | - 1.5 | 49.2 |
| Net debt/net debt plus equity | 46.5 | - 1.9 | 44.6 | 45.0 | - 1.9 | 43.1 |
| FFO/gross debt | 27.0 | 1.6 | 28.6 | 23.7 | 1.5 | 25.2 |
| FFO/net debt | 34.5 | 2.8 | 37.3 | 29.8 | 2.4 | 32.2 |
| FFO/adjusted net debt | 23.4 | — | 23.4 | 19.6 | — | 19.6 |
| Adjusted net debt/EBITDA, (x) | 3.6 | — | 3.6 | 3.8 | - 0.1 | 3.7 |

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 2013 Annual Report (Note 2 to the Parent Company accounts).

Full year 2014

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

- Net sales amounted to SEK 31,676 million (37,197)
- Profit before appropriations and tax was SEK -12,884 million (-5,213)
- The result was affected by:
 - Impairment loss for shares in N.V. Nuon Energy, totalling SEK 14,593 million (23,631) as a consequence of the Group's impairment of assets in the Netherlands
 - Dividends of SEK 679 million
 - Capital gain of SEK 84 million from the sale of the entire shareholding in Kalix Fjärrvärme AB
 - Capital loss of SEK 216 million from the sale of the entire shareholding in Enea S.A.
 - Tax income of SEK 1,272 million has been accounted for, pertaining to an adjustment of previous years' exchange rate effects
- The balance sheet total was SEK 267,526 million (31 December: 269,944)
- Investments during the period amounted to SEK 461 million (465)
- Cash, cash equivalents and short-term investments amounted to SEK 35,059 million (31 December: 16,840)

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2013 Annual Report, pages 50-55. No material changes have taken place since publication of the 2013 Annual Report.

Other

Significant related-party transactions are described in Note 39 to the Parent Company accounts in Vattenfall's 2013 Annual Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2013 Annual Report.

Parent Company income statement

| Amounts in SEK million | Full year 2014 | Full year 2013 |
|--|-------------------|-------------------|
| Net sales | 31 676 | 37 197 |
| Cost of products sold | - 22 470 | - 25 464 |
| Gross profit | 9 206 | 11 733 |
| Selling expenses, administrative expenses and research and development costs | - 2 626 | - 2 645 |
| Other operating income and expenses, net | - 1 610 | - 226 |
| Operating profit (EBIT) | 4 970 | 8 862 |
| Result from participations in subsidiaries | - 13 830 | - 13 424 |
| Result from participations in associated companies | — | 6 |
| Result from other shares and participations | - 213 | - 569 |
| Other financial income | 1 075 | 4 603 |
| Other financial expenses | - 4 886 | - 4 691 |
| Profit before appropriations and tax | - 12 884 | - 5 213 |
| Appropriations | 418 | - 4 068 |
| Profit before tax | - 12 466 | - 9 281 |
| Income tax expense | 748 | - 1 687 |
| Profit for the period | - 11 718 | - 10 968 |

Parent Company statement of comprehensive income

| Amounts in SEK million | Full year 2014 | Full year 2013 |
|--|-------------------|-------------------|
| Profit for the period | - 11 718 | - 10 968 |
| Total other comprehensive income | — | — |
| Total comprehensive income for the period | - 11 718 | - 10 968 |

Parent Company balance sheet

| Amounts in SEK million | 31 Dec. 2014 | 31 Dec. 2013 |
|---------------------------------------|-----------------|-----------------|
| Assets | | |
| Non-current assets | | |
| Intangible assets: non-current | 118 | 138 |
| Property, plant and equipment | 4 128 | 4 238 |
| Shares and participations | 118 473 | 135 479 |
| Other non-current assets | 90 478 | 92 276 |
| Total non-current assets | 213 197 | 232 131 |
| Current assets | | |
| Inventories | 385 | 437 |
| Intangible assets: current | 68 | 86 |
| Current receivables | 18 055 | 20 450 |
| Current tax assets | 762 | — |
| Short-term investments | 26 724 | 7 697 |
| Cash and cash equivalents | 8 335 | 9 143 |
| Total current assets | 54 329 | 37 813 |
| Total assets | 267 526 | 269 944 |
| Equity and liabilities | | |
| Equity | | |
| Restricted equity | | |
| Share capital | 6 585 | 6 585 |
| Statutory reserve | 1 286 | 1 286 |
| Non-restricted equity | | |
| Retained earnings | 55 454 | 66 422 |
| Profit for the period | - 11 718 | - 10 968 |
| Total equity | 51 607 | 63 325 |
| Untaxed reserves | 16 227 | 17 124 |
| Provisions | 4 278 | 4 241 |
| Non-current liabilities | | |
| Hybrid Capital | — | 8 835 |
| Other interest-bearing liabilities | 63 962 | 83 874 |
| Deferred tax liabilities | 165 | 187 |
| Other noninterest-bearing liabilities | 36 421 | 33 096 |
| Total non-current liabilities | 100 548 | 125 992 |
| Current liabilities | | |
| Hybrid Capital | 9 385 | — |
| Interest-bearing liabilities | 78 379 | 52 596 |
| Current tax liabilities | — | 213 |
| Other noninterest-bearing liabilities | 7 102 | 6 453 |
| Total current liabilities | 94 866 | 59 262 |
| Total equity and liabilities | 267 526 | 269 944 |

Definitions and calculations of key ratios

Figures for the Group in 2014. Amounts in SEK million unless indicated otherwise.

| | |
|---------------------------------------|---|
| EBIT: | Earnings Before Interest and Tax (Operating profit) |
| EBITDA: | Earnings Before Interest, Tax, Depreciation, Amortisation. (Operating profit before depreciation, amortisation and impairment losses) |
| Items affecting comparability: | Capital gains and capital losses from shares and other non-current assets, impairment losses and impairment losses reversed pertaining to non-current assets, 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 can not be recognised using hedge accounting and unrealised changes in the fair value of inventories |
| Underlying operating profit: | Operating profit (EBIT) excluding items affecting comparability |
| FFO: | Funds From Operations |
| Free cash flow: | Cash flow from operating activities less maintenance investments |
| Hybrid capital: | Perpetual subordinated securities, junior to all Vattenfall's unsubordinated debt instruments. Reported as interest-bearing non-current liabilities |
| Capital employed: | Balance sheet total less financial assets and noninterest-bearing liabilities |
| Net debt: | Interest-bearing liabilities less loans to owners of non-controlling interests in Group companies, cash and cash equivalents, short-term investments |
| Adjusted net debt: | 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 January 2014 – December 2014.

| | | | | |
|--|---------|--|---|------|
| Operating margin, % | = 100 x | $\frac{\text{EBIT}}{\text{Net sales}} = \frac{-2\,195}{165\,945}$ | = | -1.3 |
| Operating margin excl. items affecting comparability, % | = 100 x | $\frac{\text{Underlying EBIT}}{\text{Net sales}} = \frac{24\,133}{165\,945}$ | = | 14.5 |
| Pre-tax profit margin, % | = 100 x | $\frac{\text{Profit before tax}}{\text{Net sales}} = \frac{-8\,240}{165\,945}$ | = | -5.0 |
| Pre-tax profit margin excl. items affecting comparability, % | = 100 x | $\frac{\text{Profit before tax excl. items affecting comparability}}{\text{Net sales}} = \frac{18\,140}{165\,945}$ | = | 10.9 |
| Return on equity, % | = 100 x | $\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl. the Reserve for cash flow hedges}} = \frac{-8\,178}{118\,618}$ | = | -6.9 |
| Return on capital employed, % | = 100 x | $\frac{\text{EBIT}}{\text{Capital employed, average}} = \frac{-2\,195}{293\,992}$ | = | -0.7 |
| Return on capital employed excl. items affecting comparability, % | = 100 x | $\frac{\text{Underlying EBIT}}{\text{Capital employed, average}} = \frac{24\,133}{293\,992}$ | = | 8.2 |
| EBIT interest cover, (x) | = | $\frac{\text{EBIT + financial income excl. return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}} = \frac{-567}{5\,144}$ | = | -0.1 |
| EBIT interest cover excl. Items affecting comparability, (x) | = | $\frac{\text{Underlying operating profit + financial income excl. Return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}} = \frac{25\,761}{5\,144}$ | = | 5.0 |
| FFO interest cover, (x) | = | $\frac{\text{FFO + financial expenses excl. discounting effects attributable to provisions}}{\text{Financial expenses excl. discounting effects attributable to provisions}} = \frac{37\,275}{5\,144}$ | = | 7.2 |
| FFO interest cover, net, (x) | = | $\frac{\text{FFO + financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}} = \frac{35\,647}{3\,516}$ | = | 10.1 |

| | | | |
|--|---------|--|-----------------------------------|
| Cash flow interest cover after maintenance investments, (x) | = | $\frac{\text{Cash flow from operating activities less maintenance investments + financial expenses excl. Discounting effects attributable to provisions and interest components related to pension costs}}{\text{Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs}}$ | $\frac{27\,138}{3\,904} = 7.0$ |
| FFO/gross debt, % | = 100 x | $\frac{\text{FFO}}{\text{Interest-bearing liabilities}}$ | $\frac{32\,131}{125\,928} = 25.5$ |
| FFO/net debt, % | = 100 x | $\frac{\text{FFO}}{\text{Net debt}}$ | $\frac{32\,131}{79\,473} = 40.4$ |
| FFO/adjusted net debt, % | = 100 x | $\frac{\text{FFO}}{\text{Adjusted net debt}}$ | $\frac{32\,131}{158\,291} = 20.3$ |
| EBITDA/net financial items, (x) | = | $\frac{\text{EBITDA}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$ | $\frac{41\,038}{3\,516} = 11.7$ |
| EBITDA excl. items affecting comparability/net financial items, (x) | = | $\frac{\text{EBITDA excl. items affecting comparability}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$ | $\frac{67\,366}{3\,516} = 19.2$ |

Key ratios based on the balance sheet per 31 December 2014:

| | | | |
|---|---------|--|------------------------------------|
| Equity/total assets, % | = 100 x | $\frac{\text{Equity}}{\text{Balance sheet total}}$ | $\frac{128\,462}{496\,433} = 25.9$ |
| Gross debt/equity, % | = 100 x | $\frac{\text{Interest-bearing liabilities}}{\text{Equity}}$ | $\frac{125\,928}{128\,462} = 98.0$ |
| Net debt/equity, % | = 100 x | $\frac{\text{Net debt}}{\text{Equity}}$ | $\frac{79\,473}{128\,462} = 61.9$ |
| Gross debt/gross debt equity, % | = 100 x | $\frac{\text{Interest-bearing liabilities}}{\text{Interest-bearing liabilities + equity}}$ | $\frac{125\,928}{254\,390} = 49.5$ |
| Net debt/net debt plus equity, % | = 100 x | $\frac{\text{Net debt}}{\text{Net debt + equity}}$ | $\frac{79\,473}{207\,935} = 38.2$ |
| Net debt/EBITDA, (x) | = | $\frac{\text{Net debt}}{\text{EBITDA}}$ | $\frac{79\,473}{41\,038} = 1.9$ |
| Adjusted net debt/EBITDA, (x) | = | $\frac{\text{Adjusted net debt}}{\text{EBITDA}}$ | $\frac{158\,291}{41\,038} = 3.9$ |

Year-end report signature, dividend and Annual General Meeting

Dividend

Consolidated profit attributable to shareholders of the Parent Company amounted to SEK -8,178 million (-13,668), or SEK -62.10 per share (-103.78). The Board of Directors proposes, in accordance with Vattenfall's dividend policy, that no dividend be paid for 2014.

Annual General Meeting

The Annual General Meeting will be held on 27 April 2015, in Solna. The Annual General Meeting is open to the general public. The Annual Report (in both Swedish and English) is expected to be published on www.vattenfall.se and www.vattenfall.com, respectively, on 25 March 2015.

Solna, 5 February 2015

Vattenfall AB (publ)
The Board of Directors

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

Financial calendar

Annual and sustainability report 2014, 25 March 2015

Annual General Meeting, 27 April 2015

Interim report January-March, 28 April 2015

Interim report January-June, 21 July 2015

Interim report January-September, 27 October 2015

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