

INTERIM REPORT

JANUARY-JUNE 2017

Business highlights, January–June 2017

- Continued customer growth by more than 110,000 contracts
- Strengthened presence in UK through the acquisition of iSupplyEnergy
- Growth in renewables: Pen y Cymoedd (228 MW) and Ray (54 MW) fully operational and investment decision for Slufterdam (29 MW)
- Further steps towards being fossil-free within one generation: Partnerships in Sweden for fossil-free industry processes, phase-out of lignite in Berlin and investment decisions towards climate smarter heat production
- Positive developments in German nuclear operations
- Continued focus on operational excellence and cost reductions by entering into new outsourcing service partnerships

Financial development, January–June 2017

- Net sales decreased by 3% to SEK 69,413 million (71,666)
- Underlying operating profit¹ increased to SEK 13,197 million (12,001)
- Operating profit¹ of SEK 10,453 million (1,927)
- Profit for the period of SEK 5,901 million (1,002)
- Electricity generation of 64.9 TWh (61.1)

Financial development, April–June 2017

- Net sales decreased by 2% to SEK 29,349 million (30,047)
- Underlying operating profit¹ increased to SEK 4,856 million (3,701)
- Operating profit¹ of SEK 4,429 million (-8,272)
- Profit for the period of SEK 2,119 million (-5,818)
- Electricity generation of 28.3 TWh (26.6)

KEY DATA

Amounts in SEK million unless indicated otherwise	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Net sales	69 413	71 666	29 349	30 047	139 208	136 955
Operating profit before depreciation, amortisation and impairment losses (EBITDA) ¹	18 438	18 010	8 734	4 274	27 209	27 637
Operating profit (EBIT) ¹	10 453	1 927	4 429	-8 272	1 337	9 863
Underlying operating profit ¹	13 197	12 001	4 856	3 701	21 697	22 893
Profit for the period	5 901	1 002	2 119	-5 818	-2 171	2 728
Electricity generation, TWh ²	64.9	61.1	28.3	26.6	119.0	122.8
Sales of electricity, TWh ³	79.8	102.4	34.6	46.4	193.2	170.6
Sales of heat, TWh	10.8	11.0	3.2	3.1	20.3	20.1
Sales of gas, TWh	32.0	31.3	8.9	8.5	54.8 ⁴	55.5
Return on capital employed, continuing operations, % ¹	4.2 ⁵	3.1 ⁵	4.2 ⁵	3.1 ⁵	0.5	4.2
Net debt/equity, % ¹	74.7	72.6	74.7	72.6	60.5	74.7
FFO/adjusted net debt, continuing operations, % ¹	22.2 ⁵	22.4 ⁵	22.2 ⁵	22.4 ⁵	21.6	22.2

1) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

2) Figures for 2017 are preliminary.

3) Sales of electricity also include bilateral sales to Nordpool. Values for 2016 include sales volumes for the divested lignite operations.

4) The value has been adjusted compared with information previously published in Vattenfall's 2016 year-end report and 2016 Annual and Sustainability Report.

5) Last 12-month values.

The financial performance that is reported and commented on in this report pertains to Vattenfall's continuing operations, unless indicated otherwise. In view of the divestment of Vattenfall's lignite operations in 2016, these are classified and reported as a discontinued operation, see Note 4 Discontinued operations on page 30. The income statement pertains to continuing operations, and the divested lignite operations are presented on a separate line item for the comparison figures. The balance sheet pertains to Total Vattenfall, and the balance sheet as per 30 June 2016 includes the divested lignite operations as "assets/liabilities associated with assets held for sale". The statement of cash flows pertains to Total Vattenfall, and reporting of figures for the second quarter 2016, first half of 2016, full year 2016 and last 12 months includes the lignite operations. Key ratios are presented for both Total Vattenfall and continuing operations. The key ratios for Total Vattenfall that are based on last 12-month values include the divested lignite operations for all quarters of 2016 but do not include the divested lignite operations for the first half of 2017. Rounding differences may occur in this document.

CEO's comments

“We are returning to stable financial performance and at the same time taking important steps towards a fossil-free future”



Vattenfall delivered a profit of SEK 5.9 billion for the first half of 2017. We improved our risk-profile compared to last year with the sale of the lignite operations, through the Swedish Energy Agreement and now also with the settlement of the long-term nuclear liabilities in Germany. In this more stable environment, our underlying operating profit increased by approximately SEK 1 billion to SEK 13.2 billion, entailing an underlying return on capital employed of 9.6%. Owing to the high availability in our nuclear power plants we could increase our electricity production by 4 TWh to 65 TWh.

We continue to grow in customers and renewables. Again we can report customer growth with more than 110,000 new customers signing contracts during the first half of 2017 with Vattenfall as their supplier of electricity, gas, heat, services or grid connection. On top of customer growth we are looking to selective acquisitions of retail businesses and have established a presence in the UK market with the acquisition of iSupplyEnergy. We are happy to serve an additional 120,000 customers and offer them electricity and gas.

This move complements our strong wind power position in the UK, where we recently inaugurated the wind farms Pen y Cymoedd and Ray. Together with the investment decision for the Dutch wind farm Slufterdam and upcoming offshore projects we are on track towards our strategic target of 2.3 GW additional renewable power capacity by 2020.

At the same time that we are growing in customers and renewables, the overall market conditions remain challenging all the same. Being cost efficient and focusing on operational excellence therefore remains a top priority for us. During the second quarter we

announced an optimisation plan for our German hydro power operations until 2019, including a significant reduction in the number of employees. We also entered into a partnership with Accenture and Capgemini to improve the performance of our standardised services in the areas of HR, finance, and procurement. The aim is to modernise Vattenfall, but also to lower costs by outsourcing those activities.

We have initiated several important activities towards a fossil-free future and entered into a partnership with Cemita with the goal to create a process for fossil-free cement production. Previously we had already announced partnerships with LKAB and SSAB within fossil-free steel making and with Preem for renewable fuels. These initiatives are based on using more climate-smart electricity to reduce fossil emissions. Thereby up to 15 million tonnes of CO₂ per year can be saved, entailing a 30% decrease in CO₂ emissions in Sweden. If we include transportation and heating, we are entering a new era in which electrification on a broad scale is one of the solutions towards climate neutrality, not only in Sweden.

In May, we decommissioned our last lignite-fired plant in Berlin, reducing CO₂ emissions by 600,000 tonnes per year. We have also taken investment decisions to convert a peat-fired heat-only boiler in Uppsala to wood pellet-firing and to build a power-to-heat plant in Berlin, which together with a gas-fired boiler will replace an aged hard coal plant.

We are clearly following our purpose, which calls for us to Power Climate Smarter Living. Again, we have taken a few steps closer to being fossil-free within a generation. This is Vattenfall's mission.

A handwritten signature in blue ink, which appears to read 'Magnus Hall'.

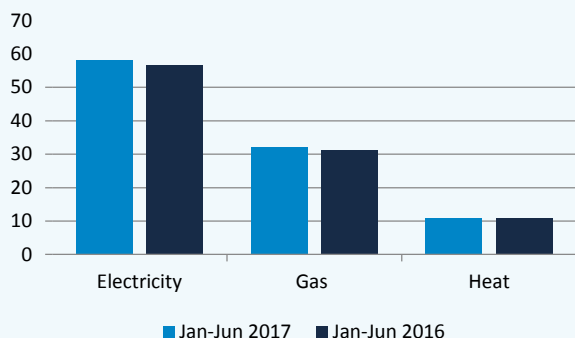
Magnus Hall
President and CEO

Group overview

Sales development

Sales of electricity amounted to 58.2 TWh, excluding bilateral sales to Nordpool. Sales of gas increased by 0.7 TWh, mainly as a result of an increased customer base in Germany. Sales of heat decreased by 0.2 TWh due to divestments in Sweden and the Netherlands.

CUSTOMER SALES DEVELOPMENT (TWh)



Generation development

Total electricity generation increased by 3.8 TWh in the first half of 2017. Higher availability within nuclear, new assets commissioned within wind, and higher spreads within fossil contributed to the increase in electricity generation. The decrease in generation from hydro is explained by lower reservoir levels compared to the first half of 2016. Generation from biomass and waste remained unchanged.

ELECTRICITY GENERATION (TWh)



Price development

Average Nordic spot prices were 15% higher during the second quarter of 2017 at 27.5 EUR/MWh (23.9) compared with the corresponding period in 2016, mainly driven by higher coal prices. The price in Germany increased by 20% to 29.8 EUR/MWh (24.7), and the price in the Netherlands increased by 22% to 34.6 EUR/MWh (28.3), mainly driven by higher gas prices and dry weather conditions in the Alps. Electricity futures prices for delivery in 2018 and 2019 were 7%-22% higher compared with the second quarter of 2016, explained primarily by the recovery in coal and gas prices.

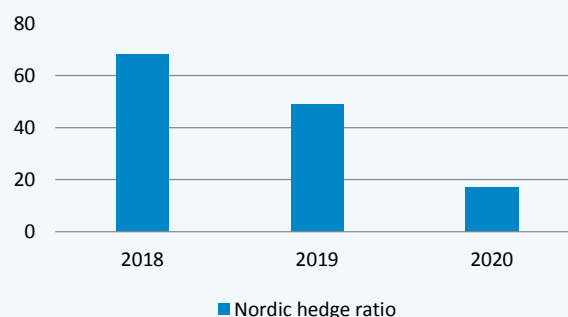
Compared with the second quarter of 2016, gas prices¹ were 8% higher at 16.4 EUR/MWh (15.1), coal prices were 38% higher at 66.8 USD/t (48.3), and prices of CO₂ emission allowances were 17% lower at 4.8 EUR/t (5.8).

Hedging

AVERAGE INDICATIVE NORDIC HEDGE PRICES (SE, DK, NO, FI) AS PER 30 JUNE 2017

EUR/MWh	2018	2019	2020
	27	28	34

VATTENFALL'S ESTIMATED NORDIC HEDGE RATIO (%) AS PER 30 JUNE 2017



SENSITIVITY ANALYSIS – CONTINENTAL PORTFOLIO (DE, NL, UK)

+/-10% price impact on future profit before tax, SEK million²

Market-quoted	2018	2019	2020	Observed yearly volatility ³
Electricity	+/- 545	+/- 768	+/- 831	21%-26%
Coal	-/+ 267	-/+ 241	-/+ 229	31%-32%
Gas	-/+ 494	-/+ 376	-/+ 417	18%-27%
CO ₂	-/+ 75	-/+ 77	-/+ 100	52%-55%

1) Based on TTF prices.

2) The denotation +/- entails that a higher price affects operating profit favourably, and -/+ vice versa.

3) Observed yearly volatility for daily price movements for each commodity, based on forward contracts. Volatility normally declines the further ahead in time the contracts pertain to.

Net sales

Comment January-June: Consolidated net sales decreased by SEK 2.3 billion, mainly owing to unrealised changes in fair value of commodity derivatives and inventory, and lower sales in the Netherlands.

Comment April-June: Consolidated net sales decreased by SEK 0.7 billion, mainly due to lower sales in the Netherlands and Germany.

Earnings

Comment January-June: The underlying operating profit increased by SEK 1.2 billion, which is explained by:

- Higher earnings contribution from the wind operations (SEK 0.5 billion), mainly owing to an improved gross margin as a result of new capacity added
- Higher earnings contribution from the heat operations (SEK 0.5 billion) as a result of a higher gross margin and lower operating expenses
- Higher earnings contribution from the distribution operations (SEK 0.6 billion), mainly associated with higher regulated network tariffs
- Other items, net (SEK -0.4 billion)

Items affecting comparability in the first half of 2017 amounted to SEK -2.7 billion (-10.1). Unrealised changes in fair value of energy derivatives and inventories (SEK -3.7 billion) pertain mainly to temporary effects related to our sourcing activities. Provisions of SEK -0.6 billion are mainly related to a changed discount rate for nuclear provisions in Sweden. A tax refund related to the German nuclear fuel tax had a positive impact of SEK 1.8 billion. The majority of items affecting comparability for 2016 pertain to impairment losses.

Profit for the period amounted to SEK 5.9 billion (SEK 1.0 billion).

Comment April-June: The underlying operating profit increased by SEK 1.2 billion, which is mainly explained by a positive contribution from the segments Power Generation (SEK 0.5 billion), Wind (SEK 0.3 billion), Heat (SEK 0.4 billion) and Distribution (SEK 0.4 billion). Profit for the period in the second quarter of 2017 amounted to SEK 2.1 billion (-5.8).

Cash flow

Comment January-June: Funds from operations (FFO) decreased by SEK 0.5 billion, mainly owing to higher taxes paid due to tax refunds in Sweden in the first quarter of 2016 (FFO from continuing operations increased by SEK 0.5 billion). Cash flow from changes in working capital amounted to SEK -9.5 billion. This is mainly attributable to net changes in margin calls due to lower prices for CO₂ emission allowances (SEK -2.8 billion), higher receivables related to the nuclear fuel tax in Germany, lower hydro property tax in Sweden (SEK -2.4 billion), and higher receivables in Business Area Heat as a result of seasonality (SEK -1.8 SEK).

Comment April-June: Funds from operations (FFO) increased by SEK 0.4 billion mainly due to higher operating result (FFO from continuing operations increased by SEK 0.8 billion). Cash flow from changes in working capital amounted to SEK -0.1 billion, mainly explained by higher receivables related to the nuclear fuel tax in Germany and lower hydro property tax in Sweden.

Important events after the balance sheet date

- On 1 July the acquisition of iSupplyEnergy was completed. iSupplyEnergy is a fast-growing UK supply company which employs 170 people and supplies gas and electricity to more than 120,000 customers.
- On 3 July Vattenfall paid SEK 17.2 billion into the new nuclear waste fund in Germany. The payment shifts the liability for transport, intermediate and final storage of nuclear waste to the German state.
- Vattenfall is starting an innovative project together with the Dutch gas infrastructure company Gasunie and the Norwegian oil company Statoil to use hydrogen as a fuel for the gas power plant in Eemshaven in the Netherlands. The project aims at having one of the three units at the power plant producing electricity using hydrogen by 2023.

KEY FIGURES – GROUP OVERVIEW

Amounts in SEK million	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Net sales	69 413	71 666	29 349	30 047	139 208	136 955
Operating profit before depreciation, amortisation and impairment losses (EBITDA) ¹	18 438	18 010	8 734	4 274	27 209	27 637
Underlying operating profit excluding items affecting comparability ¹	13 197	12 001	4 856	3 701	21 697	22 893
Items affecting comparability ¹	- 2 744	- 10 074	- 427	- 11 973	- 20 360	- 13 030
Operating profit (EBIT)	10 453	1 927	4 429	- 8 272	1 337	9 863
Profit for the period	5 901	1 002	2 119	- 5 818	- 2 171	2 728
Funds from operations (FFO) ²	15 053	14 583	6 824	6 013	26 895	27 365
Cash flow from changes in operating assets and operating liabilities (working capital) ²	- 9 483	- 5 952	- 62	6 849	1 688	- 1 843
Cash flow from operating activities ²	5 570	8 631	6 762	12 862	28 583	25 522

1) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

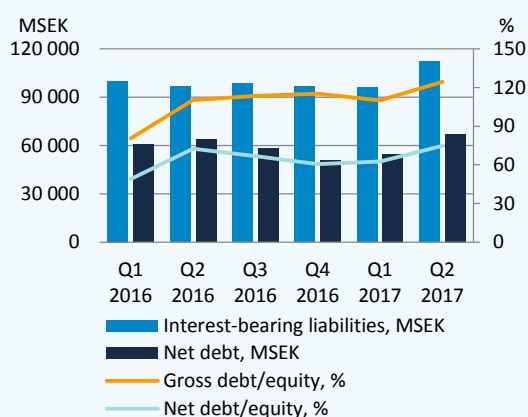
2) Pertains to Vattenfall's continuing operations. The statement of cash flow on page 20 pertains to Total Vattenfall, including the lignite operations.

Capital structure

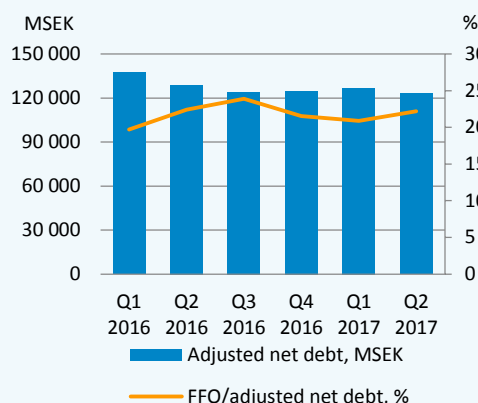
Cash and cash equivalents, and short-term investments decreased by SEK 0.5 billion compared with 31 December 2016. Committed credit facilities consist of a EUR 2.0 billion Revolving Credit Facility that expires on 10 December 2021. As per 30 June 2017, available liquid assets and/or committed credit facilities amounted to 40% of net sales. Vattenfall's target is to maintain a level of no less than 10% of net sales, but at least the equivalent of the next 90 days' maturities.

Total interest-bearing liabilities increased by SEK 15.3 billion compared with 31 December 2016. The main driver of the increase is the reclassification of nuclear provisions for Brunsbüttel and Krümmel to interest-bearing liabilities, to reflect the payment obligation into the German nuclear fund. Net debt increased by SEK 16.4 billion compared with 31 December 2016, mainly due to the additional liabilities for the German nuclear fund. Negative cash flow after investments increased debt by SEK 1.2 billion. Adjusted net debt decreased by SEK 1.5 billion compared with 31 December 2016. Nuclear provisions decreased by SEK 1.0 billion (excluding the effect of the reclassification of the German provisions as interest-bearing liabilities), and pension provisions decreased by SEK 1.1 billion, both with a positive effect on adjusted net debt.

NET DEBT



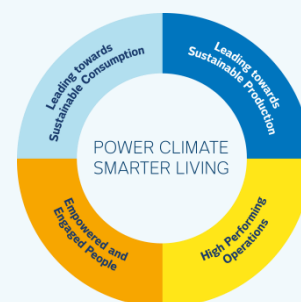
ADJUSTED NET DEBT



Strategic targets

Vattenfall's strategy is built upon four strategic objectives. Vattenfall will be

- 1. Leading towards Sustainable Consumption** (increase customer centricity and build a sizeable position in decentralised energy) and
- 2. Leading towards Sustainable Production** (grow in renewables and implement our CO₂ roadmap).
To achieve this, we must have
- 3. High Performing Operations** (reduce costs and improve operational efficiency) and
- 4. Empowered and Engaged People** (develop culture, competence and our brand).



Strategic objectives	Strategic targets for 2020	Outcome Q2 2017	Full Year 2016
Leading towards Sustainable Consumption	1. Customer engagement, Net Promoter Score relative (NPS relative): +2	+3	+7
Leading towards Sustainable Production	2. Aggregated commissioned new renewables capacity 2016-2020: ≥2,300 MW	597 MW	297 MW
	3. Absolute CO₂ emissions pro rata: ≤21 Mt	11.8 Mt (Jan-Jun)	23.2 Mt
High Performing Operations	4. Return On Capital Employed (ROCE), last 12 months: ≥9%	4.2%	0.5%
Empowered and Engaged People	5. Lost Time Injury Frequency (LTIF): ≤1.25	1.3	2.0
	6. Employee Engagement Index: ≥70%¹	-	57%

1) Documentation for measurement of target achievement is derived from the results of the My Opinion employee survey, which is conducted on an annual basis.

Operating segments

Amounts in SEK million	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Underlying operating profit						
Customers & Solutions	1 066	1 148	338	392	1 830	1 748
Power Generation	5 632	5 404	3 016	2 497	11 410	11 638
- of which, trading	894	- 266	106	- 320	104	1 264
Wind	1 051	597	193	- 108	878	1 332
Heat	2 721	2 177	487	49	3 230	3 774
Distribution	3 371	2 754	1 217	864	4 863	5 480
- of which, Distribution Germany	564	408	183	83	544	700
- of which, Distribution Sweden	2 807	2 346	1 034	781	4 319	4 780
Other ¹	- 509	43	- 378	24	- 512	- 1 064
Eliminations	- 135	- 122	- 17	- 17	- 2	- 15
Underlying operating profit continuing operations	13 197	12 001	4 856	3 701	21 697	22 893
Discontinued operations	—	- 957	—	- 794	- 4	953
Underlying operating profit	13 197	11 044	4 856	2 907	21 693	23 846

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



Customers & Solutions

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

Strategic investments in decentralised solutions and UK retail market

- Vattenfall expands into UK energy retail
- Acquisition of German platform for decentralised energy
- 500 charging points to be delivered to Slättö Förvaltning



Net sales during the first half of 2017 decreased due to lower volumes and lower average prices achieved in the Netherlands. Net sales during the second quarter of 2017 increased slightly, impacted by a positive currency effect of SEK 0.5 billion. The underlying operating profit decreased slightly due to higher operating expenses and depreciation. The customer base in Customer & Solutions grew by 74,000 contracts during the first half of 2017.

Vattenfall continues to expand in the UK and has moved into energy retail by acquiring the gas and electricity retailer iSupplyEnergy. The acquisition of iSupplyEnergy is in line with Vattenfall's strategy to grow its customer base in northern Europe. Together with iSupplyEnergy, Vattenfall will be able to supply a wide range of energy solutions and services to private customers. iSupplyEnergy is a strong, innovative energy business. The company has 170 employees and supplies gas and electricity to more than 120,000 customers. It has been one of the fastest growing companies in the UK retail energy market.

Vattenfall aims to broaden its offerings in sustainable and decentralised energy solutions for customers. In Germany, Vattenfall has acquired an online platform from Trianel on which municipal utilities offer photovoltaic systems, battery storage, heat solutions and charging stations for electric vehicles to their customers. Vattenfall will continue to offer the platform solution to municipal utilities and use the portal to sell products to its retail customers under the Vattenfall brand. In addition, Vattenfall entered into a strategic partnership with Berlin-based Tink by acquiring a minority stake in the start-up company. Through Tink, Vattenfall will be able to offer a broad range of innovative, smart home products to its customers in Germany.

In the area of e-mobility, Vattenfall started working together with the Swedish real estate company Slättö Förvaltning. A total of 500 charging points will be delivered to Slättö Förvaltning over a period of five years. The charging points will be part of the InCharge charging network.

KEY FIGURES - CUSTOMERS & SOLUTIONS

Amounts in SEK million unless indicated otherwise	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Net sales	35 189	35 494	14 483	14 313	69 230	68 925
External net sales	34 429	34 862	14 146	14 202	67 862	67 429
Underlying operating profit before depreciation, amortisation and impairment losses	1 589	1 621	604	636	2 825	2 793
Underlying operating profit	1 066	1 148	338	392	1 830	1 748
Sales of electricity, TWh	43.6	45.6	19.1	21.6	88.9	86.9
- of which, private customers	14.0	14.0	5.8	5.6	27.0	27.0
- of which, resellers	2.5	3.0	1.0	1.1	5.5	5.0
- of which, business customers	27.1	28.6	12.3	14.9	56.4	54.9
Sales of gas, TWh	31.4	30.3	8.7	8.3	53.1	54.2
Number of employees, full-time equivalents	2 899	3 003 ¹	2 899	3 003 ¹	2 930	

1) The value has been adjusted compared with information previously published in Vattenfall's interim report January-June 2016.

Power Generation

Power Generation comprises the Generation and Markets Business Areas. The segment includes Vattenfall's hydro and nuclear power operations, maintenance services business, and optimisation and trading operations including large business customers.

Generation: Continued efficiency measures and positive regulatory developments

- Optimisation of German hydro business
- Positive German court ruling and EU approval for German nuclear waste fund
- Services Nordic expands its business

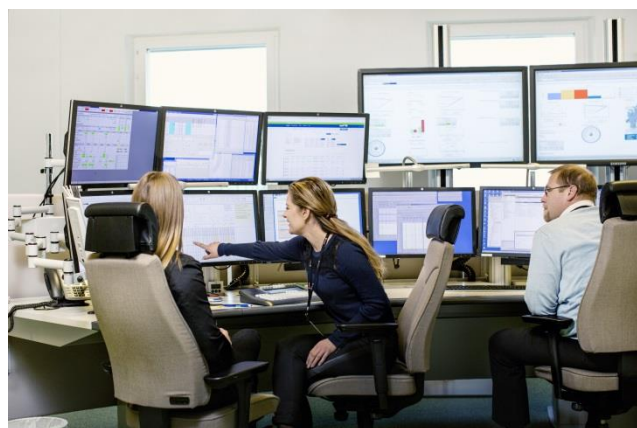
Markets: Expansion into UK and growing interest in customer offerings

- Entering the UK supply market for business customers
- Growth in direct market access to physical energy markets
- Field trial of blockchain technology

Net sales decreased, mainly as a result of fair value adjustments in trading operations. The underlying operating profit increased, mainly due to improved trading results and refund of hydro property taxes in Sweden. Lower achieved power prices had an offsetting impact.

Nuclear power generation increased as a result of higher availability and the restart of the Ringhals 2 reactor. Combined availability for Vattenfall's nuclear power plants during the first half of 2017 and second quarter was 90.7% (76.9%) and 83.3% (66.9%), respectively.

Hydro power generation decreased as a result of lower reservoir levels. Nordic reservoir levels were at 58% (59%) of capacity at the end of the second quarter, which is 3 percentage points below the normal level. Vattenfall's



German pumped storage power plants will undergo a comprehensive optimisation with staff reductions of up to 60% to be implemented by the end of 2019.

In Germany, the Federal Constitutional Court, ruled that the nuclear fuel tax that was implemented in 2011 is unconstitutional. Vattenfall is affected through its 20% minority stake in the nuclear power plant Brokdorf, for a total amount of about EUR 180 million. In addition, the EU approved the German law on creation of a nuclear waste fund. During the second quarter Vattenfall reclassified the amount to be paid into this fund from nuclear provisions to interest-bearing liabilities. Services Nordic was awarded two five-year Ellevio contracts for service in northern and western Sweden.

Vattenfall started targeting business customers in the UK, selling renewable power from its growing UK energy business. Direct market access to Europe's physical power and gas markets continued to grow, with a traded volume in the first half of 2017 of 25 TWh. Vattenfall is also participating in a field trial to conduct peer-to-peer trading in the wholesale energy market using blockchain technology.

KEY FIGURES - POWER GENERATION

Amounts in SEK million unless indicated otherwise	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Net sales	47 595	49 537	19 240	20 756	98 997	97 055
External net sales	21 931	24 802	9 595	11 103	49 276	46 405
Underlying operating profit before depreciation, amortisation and impairment losses	7 142	6 870	3 773	3 228	14 354	14 626
Underlying operating profit	5 632	5 404	3 016	2 497	11 410	11 638
- of which, trading	894	- 266	106	- 320	104	1 264
Electricity generation, TWh ¹	44.5	43.2	19.8	18.7	81.7	83.0
- of which, hydro power	16.5	19.3	7.2	8.4	34.8	32.0
- of which, nuclear power	28.0	23.9	12.6	10.3	46.9	51.0
Sales of electricity, TWh ²	14.1	10.8	6.6	2.8	37.6	40.9
- of which, private customers	1.4	—	0.5	—	3.0 ³	4.4
- of which, resellers	10.3	10.8	4.8	2.8	31.6	31.1
- of which, business customers	2.4	—	1.3	—	3.0 ³	5.4
Sales of gas, TWh	0.6	1.0	0.2	0.2	1.7 ³	1.3
Number of employees, full-time equivalents	7 396	7 583 ³	7 396	7 583 ³	7 493	

1) Values for 2017 are preliminary.

2) From 2017, customer sales volumes are now specified.

3) The value has been adjusted compared with information previously published in Vattenfall's 2016 interim reports and 2016 Annual and Sustainability Report.

Wind

The Wind Business Area is responsible for Vattenfall's onshore and offshore wind power development and operations as well as the utility scale and decentralised solar energy production and battery business.

Good progress in wind and solar power projects

- Final investment decision for Slufterdam wind farm in the Netherlands
- Wind and solar power projects in the Netherlands received positive feedback for support schemes
- Pen y Cymoedd onshore wind farm in Wales delivering at full capacity
- New organisational set-up with three business units in order to better reflect market conditions

Net sales and the underlying profit increased as a result of new capacity that has been added. New assets in operation in the first half of 2017 include the offshore wind farm Sandbank (288 MW) in Germany and the two onshore wind farms Ray (54 MW) and Pen y Cymoedd (228 MW) in the UK.

In May the final investment decision was taken for the Dutch onshore windfarm Slufterdam (29 MW). Preparations to start construction are in full swing, and the first contracts with suppliers have been signed.

The last section of the onshore wind farm Pen y Cymoedd (228 MW) in Wales, with 76 turbines, was handed over from Siemens to Vattenfall. Vattenfall's biggest onshore wind farm in the UK started operating at full capacity beginning of May, 38 months after construction started. Pen y Cymoedd is also hosting Vattenfall's biggest battery project in order to provide a rapid-reaction grid reliability service to the National Grid. The installation programme is ongoing. This project is further proof of Vattenfall's contribution to a smart transition to a



fossil-free Britain and Europe. Vattenfall also received positive feedback in the Netherlands on the request for SDE+ support¹ for the two onshore projects Harlingfleet and Moerdijk as well as for the two photovoltaic (PV) projects Hemweg and Emshaven. In addition to this we are also seeing good progress in our projects under construction, Aberdeen in the UK and Horns Rev III in Denmark. Both projects are progressing according to plan.

After extensive preparations during the second quarter, the Wind Business Area started to work in a new organisational set-up in July that takes the different market conditions into account. The organisation will now operate in three business units, namely Offshore, Onshore and Photovoltaic & Battery. The business units will cover the entire value chain of their respective business and will operate in a very agile and market-specific approach.

KEY FIGURES – WIND

Amounts in SEK million unless indicated otherwise	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Net sales	4 593	3 257	2 051	1 268	6 702	8 038
External net sales	3 234	2 180	1 514	877	4 384	5 438
Underlying operating profit before depreciation, amortisation and impairment losses	3 184	2 222	1 351	712	4 297	5 259
Underlying operating profit	1 051	597	193	- 108	878	1 332
Electricity generation - wind power TWh	3.9	2.8	1.7	1.3	5.8	6.9
Sales of electricity, TWh	0.5	0.2	0.2	0.1	0.6 ²	0.9
Number of employees, full-time equivalents	737	648 ²	737	648 ²	706	

1) SDE+= Stimulation of Sustainable Energy Production.

2) The value has been adjusted compared with information previously published in Vattenfall's 2016 interim reports and 2016 Annual and Sustainability Report.

Heat

The Heat Business Area comprises Vattenfall's heat operations, including thermal operations.

Making heat green

- Lignite phase-out at the Klingenberg combined heat and power plant in Berlin
- Investment decision for major heat projects to progress on the path to be fossil-free within a generation
- Construction start of micro combined heat and power plants in Hamburg



Net sales increased as a result of higher electricity revenues and positive currency effects. Electricity generation increased by 1.4 TWh during the first half of 2017. The underlying operating profit improved, mainly owing to a higher gross margin. The overall heat customer base increased by more than 30,000 contracts during the first half of 2017.

The phase-out of lignite at the Klingenberg combined heat and power plant (CHP) in Berlin was completed in May 2017. The plant will now operate on natural gas, thereby reducing CO₂ emissions by 600,000 tonnes per year.

Vattenfall took some major final investment decisions for heat projects during the second quarter of 2017. The largest investment amounts to nearly EUR 100 million for the replacement of unit C of the Reuter hard coal-fired power plant in Berlin. Included in the scope of this replacement project is a power-to-heat plant with 120 MW heat capacity,

the largest of its kind in Germany. The investment is one of the projects under the umbrella of WindNODE, the northeast German model region for intelligent energy that is sponsored by the Ministry of Economics and Energy.

A significant further step in restructuring the current heat portfolio in Uppsala was taken with the final investment decision to convert a peat-fired plant to biomass firing (120 MW heat capacity). Vattenfall Heat Sweden has also increased its efforts on a broader product and services offering alongside reliable, hassle-free and sustainable heat delivery.

Vattenfall is expanding its decentralised business in Hamburg, where construction started for the project Tarpenbeker Ufer. The project includes delivery and operation of ten micro combined heat and power plants to supply heat to 750 apartments.

KEY FIGURES - HEAT

Amounts in SEK million unless indicated otherwise	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Net sales	16 068	13 679	6 028	5 488	28 414	30 803
External net sales	8 076	7 968	3 038	2 936	15 110	15 218
Underlying operating profit before depreciation, amortisation and impairment losses	4 505	4 139	1 388	1 047	7 059	7 425
Underlying operating profit	2 721	2 177	487	49	3 230	3 774
Electricity generation - TWh ¹	16.5	15.1	6.8	6.6	31.5	32.9
- of which, fossil-based power	16.2	14.8	6.7	6.5	30.8	32.2
- of which, biomass, waste	0.3	0.3	0.1	0.1	0.7	0.7
Sales of electricity, TWh	—	—	—	—	0.5 ²	0.5
- of which, private customers	—	—	—	—	0.2 ²	0.2
- of which, business customers	—	—	—	—	0.3 ²	0.3
Sales of heat, TWh	10.8	11.0	3.2	3.1	20.3	20.1
Number of employees, full-time equivalents	3 716	4 032 ²	3 716	4 032 ²	3 790	

1) Figures for 2017 are preliminary.

2) The value has been adjusted compared with information previously published in Vattenfall's 2016 interim reports and 2016 Annual and Sustainability Report.

Distribution

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

Continued focus on investments in order to increase quality of supply and to meet growth in cities

- Investments to increase the quality of supply and capacity, especially in city regions, in order to meet growth
- Increase in the customer base by more than 10,000 contracts during the first half of 2017
- Digitalisation of electricity network under way



Net sales increased as a result of higher network tariffs in Sweden and Germany and a positive currency effect. The underlying operating profit increased as a result of a higher gross margin resulting from positive price effects. The favourable financial development is enabling investments in Sweden and Germany in order to improve quality of supply, increase network capacity, and accommodate more customers. The investment level during the period 2017-2018 is approximately SEK 9 billion for Sweden and more than SEK 3 billion for Germany.

In Berlin, the projects connected to the grid project "substation Moabit" are progressing according to plan. The overall project will be completed in 2019, while the 110-kV fields for two sub-projects were already completed in summer 2017. The projects are coordinated with other operations in this part of the Berlin electricity network with respect to technical feasibility and availability.

Vattenfall is continuing the digitalisation of the electricity network and development of smart grids. In Sweden, a project is currently in progress to test low voltage monitoring – a pilot project with 700,000 customers that provides increased customer benefits and safer working conditions for technicians. A decision has also been taken to test the next generation of smart meters. As the second country in Europe, Sweden will receive the second generation of smart meters beginning in 2018. In Germany, the roll-out of the first generation of smart meters will start in 2018.

Vattenfall has, together with ABB, received an IEEE Milestone award for the high voltage direct current (HVDC) transmission cable built between the island of Gotland and the mainland in 1954. This was the first HVDC cable operated in the world at the time.

KEY FIGURES - DISTRIBUTION

Amounts in SEK million unless indicated otherwise	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Net sales	11 027	9 912	5 058	4 486	19 661	20 776
External net sales	8 667	7 722	3 974	3 488	15 233	16 178
Underlying operating profit before depreciation, amortisation and impairment losses	4 790	4 133	1 929	1 559	7 669	8 326
Underlying operating profit	3 371	2 754	1 217	864	4 863	5 480
Number of employees, full-time equivalents	2 089	1 986 ¹	2 089	1 986 ¹	2 010	

1) The value has been adjusted compared with information previously published in Vattenfall's interim report January-June 2016.

Other

Other pertains mainly to all Staff functions, including Treasury and Shared Service Centres.

Net sales consist primarily of revenues attributable to Vattenfall's service organisations such as shared services, IT and Vattenfall Insurance.

KEY FIGURES - OTHER

Amounts in SEK million unless indicated otherwise	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Net sales	2 412	2 751	1 236	1 448	5 363	5 024
External net sales	274	110	132	51	326	490
Underlying operating profit before depreciation, amortisation and impairment losses	- 285	265	- 258	130	- 58	- 608
Underlying operating profit	- 509	43	- 378	24	- 512	- 1 064
Number of employees, full-time equivalents	2 969	3 231 ¹	2 969	3 231 ¹	3 006	

1) The value has been adjusted compared with information previously published in Vattenfall's interim report January-June 2016.

Consolidated income statement

Amounts in SEK million	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Continuing operations						
Net sales	69 413	71 666	29 349	30 047	139 208	136 955
Cost of products sold ¹	- 50 853	- 63 597	- 20 839	- 34 565	- 119 217	- 106 473
Gross profit	18 560	8 069	8 510	- 4 518	19 991	30 482
Selling expenses, administrative expenses and research and development costs ²	- 9 239	- 8 601	- 4 757	- 4 125	- 19 259	- 19 897
Other operating income and expenses, net	881	2 172	687	248	2 456	1 165
Participations in the results of associated companies ³	251	287	- 11	123	- 1 851	- 1 887
Operating profit (EBIT)⁴	10 453	1 927	4 429	- 8 272	1 337	9 863
Financial income ^{5,8}	1 239	1 537	630	897	1 767	1 469
Financial expenses ^{6,7,8}	- 3 359	- 3 953	- 1 746	- 1 740	- 8 149	- 7 555
Profit before income taxes	8 333	- 489	3 313	- 9 115	- 5 045	3 777
Income taxes expense	- 2 432	1 491	- 1 194	3 297	2 874	- 1 049
Profit for the period from continuing operations	5 901	1 002	2 119	- 5 818	- 2 171	2 728
Discontinued operations⁹						
Profit for the period from discontinued operations, net after income taxes	—	- 23 044	—	- 22 826	- 23 833	- 789
Profit for the period	5 901	- 22 042	2 119	- 28 644	- 26 004	1 939
Attributable to owner of the Parent Company	5 095	- 22 236	1 876	- 28 508	- 26 324	1 007
Attributable to non-controlling interests	806	194	243	- 136	320	932
Supplementary information for continuing operations						
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	18 438	18 010	8 734	4 274	27 209	27 637
Underlying operating profit before depreciation, amortisation and impairment losses	20 790	19 128	8 770	7 295	36 144	37 806
Underlying operating profit	13 197	12 001	4 856	3 701	21 697	22 893
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	- 1 882	- 1 378	- 1 096	- 419	- 4 005	- 4 509
1) Of which, depreciation, amortisation and impairment losses	- 7 127	- 15 217	- 3 911	- 12 048	- 23 423	- 15 333
2) Of which, depreciation, amortisation and impairment losses	- 858	- 866	- 394	- 498	- 1 331	- 1 323
3) Of which, impairment losses	—	—	—	—	- 1 118	- 1 118
4) Including items affecting comparability	- 2 744	- 10 074	- 427	- 11 973	- 20 360	- 13 030
- of which, capital gains	586	2 044	415	275	2 152	694
- of which, capital losses	3	- 96	5	- 20	- 376	- 277
- of which, impairment losses	- 392	- 8 956	- 391	- 8 952	- 12 354	- 3 790
- of which, reversed impairment losses	—	—	—	—	929	929
- of which, provisions	- 557	—	- 557	—	- 8 249	- 8 806
- of which, unrealised changes in the fair value of energy derivatives	- 3 125	- 3 373	- 1 160	- 3 751	- 2 417	- 2 169
- of which, unrealised changes in the fair value of inventories	- 563	608	- 93	404	997	- 174
- of which, restructuring costs	- 37	- 274	- 20	17	- 761	- 524
- of which, other non-recurring items affecting comparability	1 341	- 27	1 374	54	- 281	1 087
5) Including return from the Swedish Nuclear Waste Fund	936	512	568	356	866	1 290
6) Including interest components related to pension costs	- 409	- 472	- 206	- 236	- 954	- 891
7) Including discounting effects attributable to provisions	- 1 174	- 1 550	- 588	- 780	- 3 243	- 2 867
8) Items affecting comparability recognised as financial income and expenses, net	—	1	—	—	- 176	- 177
9) See Note 4 to the consolidated accounts, Discontinued operations						

Consolidated statement of comprehensive income

Amounts in SEK million	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Profit for the period	5 901	- 22 042	2 119	- 28 644	- 26 004	1 939
Other comprehensive income						
Items that will be reclassified to profit or loss when specific conditions are met						
Cash flow hedges - changes in fair value	584	- 6 850	- 475	- 7 366	- 17 620	- 10 186
Cash flow hedges - dissolved against income statement	- 1 026	- 3 234	- 548	- 1 820	2 737	4 945
Cash flow hedges - transferred to cost of hedged item	- 4	- 7	- 1	—	- 71	- 68
Hedging of net investments in foreign operations	- 167	205	- 246	- 717	- 923	- 1 295
Translation differences and exchange rate effects net, divested companies	17	—	- 11	—	1 164	1 181
Translation differences	404	432	594	1 610	1 927	1 899
Income taxes related to items that will be reclassified	171	2 485	270	2 625	4 022	1 708
Total items that will be reclassified to profit or loss when specific conditions are met	- 21	- 6 969	- 417	- 5 668	- 8 764	- 1 816
Items that will not be reclassified to profit or loss						
Remeasurement pertaining to defined benefit obligations	1 296	- 3 605	1 296	- 3 605	- 1 805	3 096
Income taxes related to items that will not be reclassified	- 389	1 044	- 389	1 044	500	- 933
Total items that will not be reclassified to profit or loss	907	- 2 561	907	- 2 561	- 1 305	2 163
Total other comprehensive income, net after income taxes	886	- 9 530	490	- 8 229	- 10 069	347
Total comprehensive income for the period	6 787	- 31 572	2 609	- 36 873	- 36 073	2 286
Attributable to owner of the Parent Company	6 012	- 31 800	2 323	- 36 912	- 36 485	1 327
Attributable to non-controlling interests	775	228	286	39	412	959

Operating segments, Vattenfall Group

Amounts in SEK million	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
External net sales						
Customers & Solutions	34 429	34 862	14 146	14 202	67 862	67 429
Power Generation	21 931	24 802	9 595	11 103	49 276	46 405
Wind	3 234	2 180	1 514	877	4 384	5 438
Heat	8 076	7 968	3 038	2 936	15 110	15 218
Distribution	8 667	7 722	3 974	3 488	15 233	16 178
- of which, Distribution Germany	3 010	2 372	1 518	1 211	4 978	5 616
- of which, Distribution Sweden	5 657	5 350	2 456	2 277	10 255	10 562
Other ¹	274	110	132	51	326	490
Eliminations ²	- 7 198	- 5 978	- 3 050	- 2 610	- 12 983	- 14 203
Total continuing operations	69 413	71 666	29 349	30 047	139 208	136 955
Discontinued operations	—	8 745	—	4 435	13 459	4 714
Total	69 413	80 411	29 349	34 482	152 667	141 669
Internal net sales						
Customers & Solutions	760	632	337	111	1 368	1 496
Power Generation	25 664	24 735	9 645	9 653	49 721	50 650
Wind	1 359	1 077	537	391	2 318	2 600
Heat	7 992	5 711	2 990	2 552	13 304	15 585
Distribution	2 360	2 190	1 084	998	4 428	4 598
- of which, Distribution Germany	2 151	1 985	985	899	3 954	4 120
- of which, Distribution Sweden	209	205	99	99	474	478
Other ¹	2 138	2 641	1 104	1 397	5 037	4 534
Eliminations	- 40 273	- 36 986	- 15 697	- 15 102	- 76 176	- 79 463
Total continuing operations	—	—	—	—	—	—
Discontinued operations	—	—	—	—	—	—
Total	—	—	—	—	—	—
Total net sales						
Customers & Solutions	35 189	35 494	14 483	14 313	69 230	68 925
Power Generation	47 595	49 537	19 240	20 756	98 997	97 055
Wind	4 593	3 257	2 051	1 268	6 702	8 038
Heat	16 068	13 679	6 028	5 488	28 414	30 803
Distribution	11 027	9 912	5 058	4 486	19 661	20 776
- of which, Distribution Germany	5 161	4 357	2 503	2 110	8 932	9 736
- of which, Distribution Sweden	5 866	5 555	2 555	2 376	10 729	11 040
Other ¹	2 412	2 751	1 236	1 448	5 363	5 024
Eliminations	- 47 471	- 42 964	- 18 747	- 17 712	- 89 159	- 93 666
Total continuing operations	69 413	71 666	29 349	30 047	139 208	136 955
Discontinued operations	—	8 745	—	4 435	13 459	4 714
Total	69 413	80 411	29 349	34 482	152 667	141 669

Amounts in SEK million	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
<u>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</u>						
Customers & Solutions	1 575	1 597	596	628	2 775	2 753
Power Generation	4 256	3 480	3 328	- 410	3 962	4 738
Wind	3 184	2 361	1 351	828	4 442	5 265
Heat	4 666	4 125	1 463	1 070	7 062	7 603
Distribution	4 993	4 127	2 135	1 555	7 644	8 510
- of which, Distribution Germany	979	789	393	275	1 337	1 527
- of which, Distribution Sweden	4 014	3 338	1 742	1 280	6 307	6 983
Other ¹	- 101	2 442	- 122	620	1 326	- 1 217
Eliminations	- 135	- 122	- 17	- 17	- 2	- 15
Total continuing operations	18 438	18 010	8 734	4 274	27 209	27 637
Discontinued operations	—	528	—	- 241	943	415
Total	18 438	18 538	8 734	4 033	28 152	28 052
<u>Underlying operating profit before depreciation, amortisation and impairment losses</u>						
Customers & Solutions	1 589	1 621	604	636	2 825	2 793
Power Generation	7 142	6 870	3 773	3 228	14 354	14 626
Wind	3 184	2 222	1 351	712	4 297	5 259
Heat	4 505	4 139	1 388	1 047	7 059	7 425
Distribution	4 790	4 133	1 929	1 559	7 669	8 326
- of which, Distribution Germany	985	796	396	279	1 355	1 544
- of which, Distribution Sweden	3 805	3 337	1 533	1 280	6 314	6 782
Other ¹	- 285	265	- 258	130	- 58	- 608
Eliminations	- 135	- 122	- 17	- 17	- 2	- 15
Total continuing operations	20 790	19 128	8 770	7 295	36 144	37 806
Discontinued operations	—	1 077	—	289	2 068	991
Total	20 790	20 205	8 770	7 584	38 212	38 797

Amounts in SEK million	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Operating profit (EBIT)						
Customers & Solutions	1 052	1 114	330	374	1 749	1 687
Power Generation	2 745	- 1 256	2 572	- 4 410	- 3 648	353
Wind	658	608	- 198	- 122	898	948
Heat	2 885	- 3 381	560	- 5 472	- 3 366	2 900
Distribution	3 574	2 748	1 423	861	4 838	5 664
- of which, Distribution Germany	558	401	179	80	527	684
- of which, Distribution Sweden	3 016	2 347	1 244	781	4 311	4 980
Other ¹	- 326	2 216	- 241	514	868	- 1 674
Eliminations	- 135	- 122	- 17	- 17	- 2	- 15
Operating profit (EBIT) continuing operations	10 453	1 927	4 429	- 8 272	1 337	9 863
Discontinued operations	—	- 22 531	—	- 22 343	- 22 542	- 11
Operating profit (EBIT)	10 453	- 20 604	4 429	- 30 615	- 21 205	9 852
Operating profit (EBIT) continuing operations	10 453	1 927	4 429	- 8 272	1 337	9 863
Financial income and expenses continuing operations	- 2 120	- 2 416	- 1 116	- 843	- 6 382	- 6 086
Profit before tax from continuing operations	8 333	- 489	3 313	- 9 115	- 5 045	3 777
Underlying operating profit						
Customers & Solutions	1 066	1 148	338	392	1 830	1 748
Power Generation	5 632	5 404	3 016	2 497	11 410	11 638
Wind	1 051	597	193	- 108	878	1 332
Heat	2 721	2 177	487	49	3 230	3 774
Distribution	3 371	2 754	1 217	864	4 863	5 480
- of which, Distribution Germany	564	408	183	83	544	700
- of which, Distribution Sweden	2 807	2 346	1 034	781	4 319	4 780
Other ¹	- 509	43	- 378	24	- 512	- 1 064
Eliminations	- 135	- 122	- 17	- 17	- 2	- 15
Underlying operating profit continuing operations	13 197	12 001	4 856	3 701	21 697	22 893
Discontinued operations	—	- 957	—	- 794	- 4	953
Underlying operating profit	13 197	11 044	4 856	2 907	21 693	23 846

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

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

Consolidated balance sheet

Amounts in SEK million	30 June 2017	30 June 2016	31 Dec. 2016
Assets			
Non-current assets			
Intangible assets: non-current	16 456	16 803	16 792
Property, plant and equipment	218 864	206 954	217 136
Investment property	128	150	128
Biological assets	33	35	34
Participations in associated companies and joint arrangements	5 028	7 263	4 839
Other shares and participations	150	273	118
Share in the Swedish Nuclear Waste Fund	37 832	35 271	36 199
Derivative assets	10 529	19 020	14 036
Current tax assets, non-current	—	241	—
Prepaid expenses	20	24	20
Deferred tax assets	11 341	14 074	11 538
Other non-current receivables	4 010	5 810	3 788
Total non-current assets	304 391	305 918	304 628
Current assets			
Inventories	13 563	14 632	14 566
Biological assets	16	16	13
Intangible assets: current	266	320	315
Trade receivables and other receivables	22 822	22 447	26 008
Advance payments paid	1 000	3 538	1 311
Derivative assets	6 150	8 602	10 656
Prepaid expenses and accrued income	6 083	7 372	6 463
Current tax assets	1 912	1 576	1 314
Short-term investments	21 230	25 559	23 297
Cash and cash equivalents	21 583	5 399	19 995
Assets held for sale	—	21 572	694
Total current assets	94 625	111 033	104 632
Total assets	399 016	416 951	409 260
Equity and liabilities			
Equity			
Attributable to owner of the Parent Company	74 284	72 955	68 272
Attributable to non-controlling interests	15 678	14 758	15 528
Total equity	89 962	87 713	83 800
Non-current liabilities			
Hybrid Capital	19 007	18 803	19 164
Other interest-bearing liabilities	58 263	64 835	63 494
Pension provisions	39 556	42 339	40 644
Other interest-bearing provisions	81 532	80 113	79 341
Derivative liabilities	8 954	11 883	12 464
Deferred tax liabilities	14 558	20 732	14 776
Other noninterest-bearing liabilities	6 365	6 339	6 440
Total non-current liabilities	228 235	245 044	236 323
Current liabilities			
Trade payables and other liabilities	17 921	19 270	25 330
Advance payments received	2 454	1 819	2 164
Derivative liabilities	8 066	9 312	11 552
Accrued expenses and deferred income	11 148	12 786	15 481
Current tax liabilities	3 283	2 100	1 888
Other interest-bearing liabilities	34 724	12 996	14 009
Interest-bearing provisions	3 223	4 380	18 359
Liabilities associated with assets held for sale	—	21 531	354
Total current liabilities	80 819	84 194	89 137
Total equity and liabilities	399 016	416 951	409 260

SUPPLEMENTARY INFORMATION

Amounts in SEK million	30 June 2017	30 June 2016	31 Dec. 2016
Calculation of capital employed			
Intangible assets: current and non-current	16 722	17 123	17 107
Property, plant and equipment	218 864	206 954	217 136
Participations in associated companies and joint arrangements	5 028	7 263	4 839
Deferred and current tax assets	13 253	15 650	12 852
Non-current noninterest-bearing receivables	2 900	4 846	2 659
Inventories	13 563	14 632	14 566
Trade receivables and other receivables	22 822	22 447	26 008
Prepaid expenses and accrued income	6 083	7 372	6 463
Unavailable liquidity	7 012	6 870	6 995
Other	430	628	484
Total assets excl. financial assets	306 677	303 785	309 109
Deferred and current tax liabilities	- 17 841	- 22 832	- 16 664
Other noninterest-bearing liabilities	- 6 365	- 6 339	- 6 440
Trade payable and other liabilities	- 17 921	- 19 270	- 25 330
Accrued expenses and deferred income	- 11 148	- 12 786	- 15 481
Other	—	- 49	—
Total noninterest-bearing liabilities	- 53 275	- 61 276	- 63 915
Other interest-bearing provisions not related to adjusted net debt ¹	- 12 482	- 8 448	- 12 505
Capital employed²	240 920	234 061	232 689
Capital employed, average	237 491	251 859	248 640
Calculation of net debt			
Hybrid Capital	- 19 007	- 18 803	- 19 164
Bond issues, commercial paper and liabilities to credit institutions	- 54 982	- 58 269	- 55 807
Present value of liabilities pertaining to acquisitions of Group companies	- 51	—	- 51
Liabilities to associated companies	- 4 671	- 2 741	- 2 798
Liabilities to owners of non-controlling interests	- 10 448	- 10 120	- 10 109
Other liabilities	- 22 836	- 6 701	- 8 738
Total interest-bearing liabilities	- 111 995	- 96 634	- 96 667
Cash and cash equivalents	21 583	5 399	19 995
Short-term investments	21 230	25 559	23 297
Loans to owners of non-controlling interests in foreign Group companies	2 015	2 022	2 651
Net debt²	- 67 167	- 63 654	- 50 724
Calculation of adjusted gross debt and net debt			
Total interest-bearing liabilities	- 111 995	- 96 634	- 96 667
50% of Hybrid Capital ³	9 504	9 402	9 582
Present value of pension obligations	- 39 556	- 42 339	- 40 644
Provisions for mining, gas and wind operations and other environment-related provisions	- 4 375	- 4 179	- 4 367
Provisions for nuclear power (net) ⁴	- 25 330	- 33 002	- 41 896
Margin calls received	3 420	4 719	3 961
Liabilities to owners of non-controlling interests due to consortium agreements	9 268	8 997	8 993
Adjusted gross debt	- 159 064	- 153 036	- 161 038
Reported cash and cash equivalents and short-term investments	42 813	30 958	43 292
Unavailable liquidity	- 7 012	- 6 870	- 6 995
Adjusted cash and cash equivalents and short-term investments	35 801	24 088	36 297
Adjusted net debt²	- 123 263	- 128 948	- 124 741

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

2) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

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

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

Consolidated statement of cash flows

(Reporting of figures for Apr-Jun 2016, Jan-Jun 2016, Full year 2016 and Last 12 months includes the lignite operations which were divested in the second quarter 2016)

Amounts in SEK million	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Operating activities						
Profit before income taxes	8 333	- 23 306	3 313	- 31 614	- 27 975	3 664
Reversal of depreciation, amortisation and impairment losses	7 985	39 141	4 305	34 648	49 539	18 383
Tax paid	- 1 529	1 646	- 672	1 801	1 290	- 1 885
Capital gains/losses, net	- 589	- 1 939	- 420	- 246	- 1 581	- 231
Interest received	146	707	61	172	979	418
Interest paid	- 2 568	- 2 754	- 1 242	- 856	- 3 409	- 3 223
Other, incl. non-cash items	3 275	2 033	1 479	2 541	9 343	10 585
Funds from operations (FFO)	15 053	15 528	6 824	6 446	28 186	27 711
Changes in inventories	578	521	- 344	- 950	1 199	1 256
Changes in operating receivables	1 756	- 2 832	6 832	9 714	- 2 287	2 301
Changes in operating liabilities	- 8 968	- 1 710	- 7 343	- 2 741	3 623	- 3 635
Other changes	- 2 849	- 4 307	793	- 2 611	62	1 520
Cash flow from changes in operating assets and operating liabilities	- 9 483	- 8 328	- 62	3 412	2 597	1 442
Cash flow from operating activities	5 570	7 200	6 762	9 858	30 783	29 153
Investing activities						
Acquisitions in Group companies	- 375	—	- 278	—	- 129	- 504
Investments in associated companies and other shares and participations	43	237	13	86	541	347
Other investments in non-current assets	- 8 555	- 8 989	- 4 630	- 5 079	- 23 482	- 23 048
Total investments	- 8 887	- 8 752	- 4 895	- 4 993	- 23 070	- 23 205
Divestments	2 334	4 020	1 248	984	4 406	2 720
Cash and cash equivalents in acquired companies	—	—	—	—	98	98
Cash and cash equivalents in divested companies	- 213	- 82	- 107	- 82	- 199	- 330
Cash flow from investing activities	- 6 766	- 4 814	- 3 754	- 4 091	- 18 765	- 20 717
Cash flow before financing activities	- 1 196	2 386	3 008	5 767	12 018	8 436
Financing activities						
Changes in short-term investments	2 133	6 905	200	- 2 910	12 004	7 232
Changes in loans to owners of non-controlling interests in foreign Group companies	657	158	36	25	- 434	65
Loans raised ¹	3 898	3 684	1 038	- 1 659	8 764	8 978
Amortisation of other debt	- 3 806	- 16 675	- 514	- 3 740	- 21 549	- 8 680
Divestment of shares in Group companies to owners of non-controlling interests	—	2 825	—	- 11	2 745	- 80
Effect of early termination of swaps related to financing activities	105	2 675	- 17	1 741	2 244	- 326
Dividends paid to owners	- 441	- 503	- 441	- 503	- 882	- 820
Contribution from owners of non-controlling interests	158	996	182	844	2 107	1 269
Cash flow from financing activities	2 704	65	484	- 6 213	4 999	7 638
Cash flow for the period	1 508	2 451	3 492	- 446	17 017	16 074

Amounts in SEK million	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Cash and cash equivalents						
Cash and cash equivalents at start of period	19 995	12 351	18 010	15 254	12 351	5 399
Cash and cash equivalents included in assets held for sale/sold	—	- 9 424	—	- 9 424	- 9 443	- 19
Cash flow for the period	1 508	2 451	3 492	- 446	17 017	16 074
Translation differences	80	21	81	15	70	129
Cash and cash equivalents at end of period	21 583	5 399	21 583	5 399	19 995	21 583

SUPPLEMENTARY INFORMATION

Amounts in SEK million	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Cash flow before financing activities	-1,196	2,386	3,008	5,767	12,018	8,436
Financing activities						
Divestment of shares in Group companies to owners of non-controlling interests	—	2 825	—	- 11	2 745	- 80
Effects from terminating swaps related to financing activities	105	2 675	- 17	1 741	2 244	- 326
Dividends paid to owners	- 441	- 503	- 441	- 503	- 882	- 820
Contribution from owners of non-controlling interests	158	996	182	844	2 107	1 269
Cash flow after dividend	- 1 374	8 379	2 732	7 838	18 232	8 479
Analysis of change in net debt						
Net debt at start of period	- 50 724	- 64 201	- 54 681	- 60 729	- 64 201	- 63 654
Cash flow after dividend	- 1 374	8 379	2 732	7 838	18 232	8 479
Changes as a result of valuation at fair value	428	- 1 475	337	- 413	- 914	989
Changes in interest-bearing liabilities for leasing	—	4	—	4	13	9
Interest-bearing liabilities/short-term investments acquired/divested	- 141	4	- 1	—	4	- 141
Cash and cash equivalents included in assets held for sale	—	- 9 424	—	- 9 424	- 9 443	- 19
Interest-bearing liabilities associated with assets held for sale	—	—	—	—	99	99
Release of collateralised cash by issuing bank guarantees	—	—	—	—	2 515	2 515
Translation differences on net debt	238	- 39	40	- 930	- 127	150
Reclassification	- 15 594 ²	3 098	- 15 594 ²	—	3 098	- 15 594
Net debt at end of period	- 67 167	- 63 654	- 67 167	- 63 654	- 50 724	- 67 167
Cash flow from operating activities	5 570	7 200	6 762	9 858	30 783	29 153
Maintenance investments	- 5 086	- 5 308	- 2 651	- 2 969	- 11 566	- 11 344
Free cash flow³	484	1 892	4 111	6 889	19 217	17 809

- 1) Short-term borrowings in which the duration is three months or shorter are reported net.
- 2) Reclassification of provisions for nuclear power in Germany. The value pertains to the consolidated effect, which differs from the proportional value of Vattenfall's share of ownership.
- 3) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

INVESTMENTS

Amounts in SEK million	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Electricity generation						
Hydro power	494	664	271	400	1 511	1 341
Nuclear power	807	1 086	439	537	2 162	1 883
Coal power	50	180	5	114	454	324
Gas	122	116	50	53	164	170
Wind power and solar PV	2 658	2 378	1 690	1 396	8 782	9 062
Biomass, waste	7	5	9	3	22	24
Total electricity generation	4 138	4 429	2 464	2 503	13 095	12 804
CHP/heat						
Fossil-based power	627	612	435	263	1 840	1 855
Biomass, waste	25	37	20	31	156	144
Other	461	306	256	186	1 064	1 219
Total CHP/heat	1 113	955	711	480	3 060	3 218
Electricity networks						
Electricity networks	2 044	1 949	1 205	1 185	5 248	5 343
Total electricity networks	2 044	1 949	1 205	1 185	5 248	5 343
Purchases of shares, shareholder contributions	332	- 237	265	- 86	- 361	208
Other	407	347	186	125	1 076	1 136
Total investments from continuing operations	8 034	7 443	4 831	4 207	22 118	22 709
Accrued investments (-)/release of accrued investments (+)	853	178	64	80	- 197	478
Total investments with cash flow effect from continuing operations	8 887	7 621	4 895	4 287	21 921	23 187
Investments with cash flow effect from discontinued operations	—	1 131	—	706	1 149	18
Total investments with cash flow effect	8 887	8 752	4 895	4 993	23 070	23 205

Consolidated statement of changes in equity

Amounts in SEK million	30 June 2017			30 June 2016			31 Dec. 2016		
	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity
Balance brought forward	68 272	15 528	83 800	103 984	11 972	115 956	103 984	11 972	115 956
Profit for the period	5 095	806	5 901	- 22 236	194	- 22 042	- 26 324	320	- 26 004
Cash flow hedges - changes in fair value	691	- 107	584	- 6 865	15	- 6 850	- 17 691	71	- 17 620
Cash flow hedges - dissolved against income statement	- 1 026	—	- 1 026	- 3 234	—	- 3 234	2 746	- 9	2 737
Cash flow hedges - transferred to cost of hedged item	- 3	- 1	- 4	- 5	- 2	- 7	- 52	- 19	- 71
Hedging of net investments in foreign operations	- 167	—	- 167	205	—	205	- 923	—	- 923
Translation differences and exchange rate effects net, divested companies	17	—	17	—	—	—	1 164	—	1 164
Translation differences	346	58	404	408	24	432	1 812	115	1 927
Remeasurement pertaining to defined benefit obligations	1 296	—	1 296	- 3 605	—	- 3 605	- 1 726	- 79	- 1 805
Income taxes related to other comprehensive income	- 237	19	- 218	3 532	- 3	3 529	4 509	13	4 522
Total other comprehensive income for the period	917	- 31	886	- 9 564	34	- 9 530	- 10 161	92	- 10 069
Total comprehensive income for the period	6 012	775	6 787	- 31 800	228	- 31 572	- 36 485	412	- 36 073
Dividends paid to owners	—	- 669	- 669	—	- 503	- 503	—	- 882	- 882
Group contributions from(+)/to(-) owners of non-controlling interests	—	—	—	—	- 206	- 206	—	- 352	- 352
Changes in ownership in Group companies on divestments of shares to owners of non-controlling interests	—	—	—	895	2 082	2 977	895	2 082	2 977
Contribution from minority interest	—	158	158	—	996	996	—	2 107	2 107
Other changes in ownership	—	- 114	- 114	—	- 28	- 28	—	- 28	- 28
Other changes	—	—	—	- 124	217	93	- 122	217	95
Total transactions with equity holders	—	- 625	- 625	771	2 558	3 329	773	3 144	3 917
Balance carried forward	74 284	15 678	89 962	72 955	14 758	87 713	68 272	15 528	83 800
- Of which, Reserve for hedges	- 1 935	- 46	- 1 981	1 889	17	1 906	- 1 711	43	- 1 668

Key ratios, Vattenfall Group

In % unless otherwise stated. (x) means times ¹	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Operating margin, continuing operations	15.1	2.7	15.1	- 27.5	1.0	7.2
Operating margin, continuing operations ²	19.0	16.7	16.5	12.3	15.6	16.7
Pre-tax profit margin, continuing operations	12.0	- 0.7	11.3	- 30.3	- 3.6	2.8
Pre-tax profit margin, continuing operations ²	16.0	13.4	12.7	9.5	11.1	12.4
Return on equity, Total Vattenfall	1.4 ³	- 20.6 ³	1.4 ³	- 20.6 ³	- 33.4	1.4
Return on capital employed, continuing operations	4.2 ³	3.1 ³	4.2 ³	3.1 ³	0.5	4.2
Return on capital employed, Total Vattenfall	4.1 ³	- 5.5 ³	4.1 ³	- 5.5 ³	- 8.5	4.1
Return on capital employed, continuing operations ²	9.6 ³	8.4 ³	9.6 ³	8.4 ³	8.7	9.6
Return on capital employed, Total Vattenfall ²	10.0 ³	8.3 ³	10.0 ³	8.3 ³	8.7	10.0
EBIT interest cover, continuing operations, (x)	2.1 ³	2.2 ³	2.1 ³	2.2 ³	0.5	2.1
EBIT interest cover, continuing operations, (x) ²	4.9 ³	5.2 ³	4.9 ³	5.2 ³	4.6	4.9
FFO interest cover, continuing operations, (x)	6.8 ³	7.5 ³	6.8 ³	7.5 ³	6.5	6.8
FFO interest cover, net, continuing operations, (x)	7.1 ³	12.6 ³	7.1 ³	12.6 ³	7.7	7.1
Cash flow interest cover after maintenance investments, continuing operations, (x)	4.8 ³	8.1 ³	4.8 ³	8.1 ³	5.6	4.8
FFO/gross debt, continuing operations	24.4 ³	29.8 ³	24.4 ³	29.8 ³	27.8	24.4
FFO/gross debt, Total Vattenfall	24.7 ³	31.7 ³	24.7 ³	31.7 ³	29.2	24.7
FFO/net debt, continuing operations	40.7 ³	45.3 ³	40.7 ³	45.3 ³	53.0	40.7
FFO/net debt, Total Vattenfall	41.3 ³	48.1 ³	41.3 ³	48.1 ³	55.6	41.3
FFO/adjusted net debt, continuing operations	22.2 ³	22.4 ³	22.2 ³	22.4 ³	21.6	22.2
FFO/adjusted net debt, Total Vattenfall	22.5 ³	23.7 ³	22.5 ³	23.7 ³	22.6	22.5
EBITDA/net financial items, continuing operations, (x)	9.8	13.1	8.0	10.2	6.8	6.1
EBITDA/net financial items, continuing operations, (x) ²	11.0	13.9	8.0	17.4	9.0	8.4
Equity/Total assets, Total Vattenfall	22.5	21.0	22.5	21.0	20.5	22.5
Gross debt/equity, Total Vattenfall	124.5	110.2	124.5	110.2	115.4	124.5
Net debt/equity, Total Vattenfall	74.7	72.6	74.7	72.6	60.5	74.7
Gross debt/gross debt plus equity, Total Vattenfall	55.5	52.4	55.5	52.4	53.6	55.5
Net debt/net debt plus equity, Total Vattenfall	42.7	42.1	42.7	42.1	37.7	42.7
Net debt/EBITDA, continuing operations, (x)	2.4 ³	2.0 ³	2.4 ³	2.0 ³	1.9	2.4
Net debt/EBITDA, Total Vattenfall, (x)	2.4 ³	1.8 ³	2.4 ³	1.8 ³	1.8	2.4
Adjusted net debt/EBITDA, continuing operations, (x)	4.5 ³	4.1 ³	4.5 ³	4.1 ³	4.6	4.5
Adjusted net debt/EBITDA, Total Vattenfall, (x)	4.4 ³	3.7 ³	4.4 ³	3.7 ³	4.4	4.4

1) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

2) Based on Underlying operating profit.

3) Last 12-month values.

Quarterly information, Vattenfall Group

Amounts in SEK million	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Income statement						
Continuing operations						
Net sales	29 349	40 064	37 796	29 746	30 047	41 619
Cost of products sold	- 20 839	- 30 013	- 32 629	- 22 990	- 34 565	- 29 032
Other operating income and expenses	- 4 070	- 4 288	- 5 837	- 4 537	- 3 877	- 2 553
Participations in the results of associated companies	- 11	261	- 2 171	32	123	164
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	8 734	9 704	3 313	5 886	4 274	13 736
Operating profit (EBIT)	4 429	6 024	- 2 841	2 251	- 8 272	10 198
Underlying operating profit	4 856	8 341	7 095	2 602	3 701	8 299
Financial items, net	- 1 116	- 1 004	- 2 017	- 1 949	- 843	- 1 573
Profit before income taxes	3 313	5 020	- 4 858	302	- 9 115	8 625
Profit for the period from continuing operations	2 119	3 782	- 3 960	787	- 5 818	6 820
Profit for the period from discontinued operations, net after income taxes	—	—	- 192	- 599	- 22 826	- 218
Profit for the period	2 119	3 782	- 4 152	188	- 28 644	6 602
- of which, attributable to owner of the Parent Company	1 876	3 220	- 4 055	- 35	- 28 508	6 272
- of which, attributable to non-controlling interests	243	562	- 97	223	- 136	330
Balance sheet						
Non-current assets	304 391	302 181	304 628	308 457	305 918	344 481
Short-term investments	21 230	21 298	23 297	25 440	25 559	22 171
Cash and cash equivalents	21 583	18 010	19 995	13 108	5 399	15 254
Other current assets	51 812	60 272	61 340	52 603	80 075	80 282
Total assets	399 016	401 761	409 260	399 608	416 951	462 188
Equity	89 962	87 365	83 800	86 806	87 713	124 368
- of which, attributable to owner of the Parent Company	74 284	71 961	68 272	71 276	72 955	109 756
- of which, attributable to non-controlling interests	15 678	15 404	15 528	15 530	14 758	14 612
Hybrid Capital	19 007	19 086	19 164	19 054	18 803	18 448
Other interest-bearing liabilities	92 987	76 927	77 503	79 520	77 831	81 710
Pension provisions	39 556	40 555	40 644	42 986	42 339	38 893
Other interest-bearing provisions	84 755	97 537	97 700	85 596	84 493	99 834
Deferred tax liabilities	14 558	14 980	14 776	16 726	20 732	24 109
Other noninterest-bearing liabilities	58 191	65 311	75 673	68 920	85 040	74 826
Total equity and liabilities	399 016	401 761	409 260	399 608	416 951	462 188
Capital employed	240 920	236 530	232 689	232 501	234 061	269 036
Net debt	- 67 167	- 54 681	- 50 724	- 57 971	- 63 654	- 60 729
Cash flow						
Funds from operations (FFO)	6 824	8 228	7 157	5 501	6 446	9 082
Cash flow from changes in operating assets and operating liabilities	- 62	- 9 420	3 905	7 020	3 412	- 11 740
Cash flow from operating activities	6 762	- 1 192	11 062	12 521	9 858	- 2 658
Cash flow from investing activities	- 3 754	- 3 012	- 7 450	- 6 501	- 4 091	- 723
Cash flow before financing activities	3 008	- 4 204	3 612	6 020	5 767	- 3 381
Changes in short-term investments	200	1 933	4 474	626	- 2 910	9 814
Loans raised/Amortisation of debt, net, etc.	725	287	- 1 100	1 313	- 2 800	- 3 536
Dividends paid to owners	- 441	—	- 165	- 214	- 503	—
Cash flow from financing activities	484	2 220	3 209	1 725	- 6 213	6 278
Cash flow for the period	3 492	- 1 984	6 821	7 745	- 446	2 897
Free cash flow	4 111	- 3 627	7 155	10 170	6 889	- 4 997

In % unless otherwise stated. (x) means times ¹	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Key ratios						
Return on equity, Total Vattenfall ¹	1.4	- 41.0	- 33.4	- 23.6	- 20.6	- 15.8
Return on capital employed, continuing operations ²	4.2	- 1.1	0.5	3.1	3.1	- 1.0
Return on capital employed, Total Vattenfall ¹	4.1	- 10.0	- 8.5	- 5.8	- 5.5	- 7.5
Return on capital employed, continuing operations ^{2,3}	9.6	8.6	8.7	8.4	8.4	7.6
Return on capital employed, Total Vattenfall ^{2,3}	10.0	8.7	8.7	8.5	8.3	7.4
EBIT interest cover, continuing operations (x) ²	2.1	- 0.5	0.5	1.9	2.2	- 0.2
EBIT interest cover, continuing operations, (x) ^{2,3}	4.9	5.0	4.6	4.7	5.2	4.7
FFO/gross debt, continuing operations ²	24.4	27.7	27.8	30.1	29.8	27.0
FFO/gross debt, Total Vattenfall ²	24.7	28.5	29.2	30.8	31.7	28.3
FFO/net debt, continuing operations ²	40.7	48.6	53.0	51.2	45.3	44.5
FFO/net debt, Total Vattenfall ²	41.3	50.0	55.6	52.4	48.1	46.6
FFO/adjusted net debt, continuing operations ²	22.2	20.9	21.6	23.9	22.4	19.7
FFO/adjusted net debt, Total Vattenfall ²	22.5	21.5	22.6	24.5	23.7	20.6
Equity/assets ratio, Total Vattenfall	22.5	21.7	20.5	21.7	21.0	26.9
Gross debt/equity, Total Vattenfall	124.5	109.9	115.4	113.6	110.2	80.5
Net debt/equity, Total Vattenfall	74.7	62.6	60.5	66.8	72.6	48.8
Net debt/net debt plus equity, Total Vattenfall	42.7	38.5	37.7	40.0	42.1	32.8
Net debt/EBITDA, continuing operations, (x) ²	2.4	2.4	1.9	1.8	2.0	1.9
Net debt/EBITDA, Total Vattenfall, (x) ²	2.4	2.3	1.8	1.7	1.8	1.8
Adjusted net debt/EBITDA, continuing operations, (x) ²	4.5	5.5	4.6	3.9	4.1	4.2
Adjusted net debt/EBITDA, Total Vattenfall, (x) ²	4.4	5.4	4.4	3.7	3.7	4.1

1) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

2) Last 12-month values.

3) Based on Underlying operating profit.

NOTE 1 | Accounting policies, risks and uncertainties

Accounting policies

The consolidated accounts for 2017 have been prepared, as for the 2016 year-end accounts, in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and the Swedish Annual Accounts Act. This interim report for the Group has been prepared in accordance with IAS 34 – “Interim Financial Reporting”, and the Swedish Annual Accounts Act. The accounting policies and calculation methods applied in this interim report are the same as those described in Note 3 to the consolidated accounts, Accounting policies in Vattenfall’s 2016 Annual and Sustainability Report. As described in the note, the amended IFRSs endorsed by the EU for application in the 2017 financial year have no significant effect on Vattenfall’s financial statements.

In early 2017 Vattenfall finalised its analysis of the new standard IFRS 9 – “Financial Instruments”, effective as from 2018. The areas where Vattenfall will be affected are the same as already described in Note 3 to the consolidated accounts – Accounting policies in Vattenfall’s 2016 Annual and Sustainability Report. Overall, reporting of financial instruments in Vattenfall’s financial statements will be impacted marginally. For example, due to good credit ratings of counterparties, the impairment rules under IFRS 9 will have only a limited effect on the valuation of financial instruments by applying the expected credit loss approach. Likewise, IFRS 9 does not change hedge accounting in Vattenfall noticeably.

Vattenfall is working on finalising its analysis of the new standard IFRS 15 – “Revenue from Contracts with Customers”, which becomes effective as from 2018. Areas being investigated in the analysis are, for example, connection fees, discounts and variable fees, costs to obtain contracts, construction contracts and whether Vattenfall is considered to be the agent or the principal for certain revenues. Even though Vattenfall is affected in some of these areas, our analysis so far has shown that the effect of implementing IFRS 15 is limited in relation to the Group’s total revenues.

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall’s 2016 Annual and Sustainability Report, pages 57-63. Apart from the information provided under “Important events” in this report and under “Important events” in previously published interim reports in 2017, no other material changes have taken place since publication of Vattenfall’s 2016 Annual and Sustainability Report.

Other

Significant related-party transactions are described in Note 48 to the consolidated accounts in Vattenfall’s 2016 Annual and Sustainability Report. No material changes have taken place in relations or transactions with related parties compared with the description in Vattenfall’s 2016 Annual and Sustainability Report.

NOTE 2 | Exchange rates

KEY EXCHANGE RATES APPLIED IN THE ACCOUNTS OF THE VATTENFALL GROUP

	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016
Average rate					
EUR	9.5900	9.2813	9.6399	9.2774	9.4496
DKK	1.2895	1.2456	1.2960	1.2465	1.2690
NOK	1.0438	0.9869	1.0284	0.9963	1.0181
PLN	2.2465	2.1281	2.2891	2.1237	2.1647
GBP	11.1460	11.9460	11.1684	11.7060	11.6081
USD	8.8211	8.3608	8.7174	8.2406	8.5807
			30 June 2017	30 June 2016	31 Dec. 2016
Balance sheet date rate					
EUR			9.6398	9.4242	9.5525
DKK			1.2963	1.2668	1.2849
NOK			1.0072	1.0133	1.0513
PLN			2.2811	2.1244	2.1660
GBP			10.9627	11.4025	11.1571
USD			8.4471	8.4887	9.0622

NOTE 3 | Financial instruments by category and related effects on income

FINANCIAL INSTRUMENTS BY CATEGORY: CARRYING AMOUNT AND FAIR VALUE

Amounts in SEK million ¹	30 June 2017		31 Dec. 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through profit or loss	37 313	37 313	56 207	56 207
Loans and receivables	84 709	86 734	75 757	78 456
Available-for-sale financial assets	150	150	118	118
Financial liabilities at fair value through profit or loss	17 020	17 020	24 016	24 016
Other financial liabilities	132 209	140 243	122 780	130 474

1) For information of what is included in each respective category in the table above, please refer to Note 40 to the consolidated accounts, Financial instruments by category, offsetting of financial assets and liabilities, and financial instruments' effects on income in Vattenfall's 2016 Annual and Sustainability Report.

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

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

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

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

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

FINANCIAL ASSETS AND LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON THE BALANCE SHEET AT 30 JUNE 2017

Amounts in SEK million	Level 1	Level 2	Level 3	Total
Assets				
Derivative assets	—	16 509	170	16 679
Short-term investments and cash equivalents	12 086	8 548	—	20 634
Total assets	12 086	25 057	170	37 313
Liabilities				
Derivative liabilities	—	16 890	130	17 020
Total liabilities	—	16 890	130	17 020

FINANCIAL ASSETS AND LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON THE BALANCE SHEET AT 31 DECEMBER 2016

Amounts in SEK million	Level 1	Level 2	Level 3	Total
Assets				
Derivative assets	—	24 437	255	24 692
Short-term investments and cash equivalents	13 935	17 580	—	31 515
Total assets	13 935	42 017	255	56 207
Liabilities				
Derivative liabilities	—	23 897	119	24 016
Total liabilities	—	23 897	119	24 016

CHANGES IN LEVEL 3 FINANCIAL INSTRUMENTS

Amounts in SEK million	Financial instruments at fair value through profit or loss			
	Derivative assets		Derivative liabilities	
	30 June 2017	31 Dec. 2016	30 June 2017	31 Dec. 2016
Balance brought forward	255	408	119	1 438
Revaluations recognised in operating profit (EBIT)	- 85	- 168	10	- 1 361
Translation differences	—	15	1	42
Balance carried forward	170	255	130	119
Total revaluations for the period included in operating profit (EBIT) for assets and liabilities held on the balance sheet date	139	49	12	- 183

SENSITIVITY ANALYSIS FOR LEVEL 3 CONTRACTS

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

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

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

The level 3 contracts in this interim report are the same as in Vattenfall's 2016 Annual and Sustainability Report. For additional information please refer to Note 40 to the consolidated accounts, Financial instruments by category, offsetting of financial assets and liabilities, and financial instruments' effects on income, in Vattenfall's 2016 Annual and Sustainability Report. The accumulated net value of all level 3 contracts as per 30 June 2017 has been calculated at SEK 40 million (136). A change of +/-5% would affect the total value by approximately SEK +/-25 million (+/-37).

FINANCIAL INSTRUMENTS: EFFECTS ON INCOME BY CATEGORY

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

Amounts in SEK million	30 June 2017			31 Dec. 2016		
	Net gains/ losses ¹	Interest income	Interest expenses	Net gains/ losses ¹	Interest income	Interest expenses
Derivative assets and derivative liabilities	- 1 309	66	- 265	1 758	203	- 475
Available-for-sale financial assets	18	—	—	- 143	—	—
Loans and trade receivables	- 93	1 018	—	25	1 004	—
Financial liabilities measured at amortised cost	262	—	- 1 383	- 816	—	- 3 017
Total	- 1 122	1 084	- 1 648	824	1 207	- 3 492

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

NOTE 4 | Discontinued operations

In accordance with IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations, the lignite operations, which have been divested, are reported as a discontinued operation as from the second quarter of 2016. The lignite operations are thus reported on a separate line in the income statement. In the segment reporting, the parts of the Power Generation and Heat segments that pertain to the lignite operations have been reclassified as “Discontinued

operations”, and the Power Generation and Heat operating segments have been recalculated for earlier periods so that they only include the continuing operations. In accordance with IFRS 5, the balance sheet has not been restated to reflect earlier periods. The Statement of cash flows has not been recalculated. Cash flow from the discontinued lignite operations is presented below in this note.

EARNINGS FROM DISCONTINUED OPERATIONS

Amounts in SEK million	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Net Sales	—	8 745	—	4 435	13 459	4 714
Expenses	—	- 9 770	—	- 5 273	- 13 957	- 4 187
Net financial items	—	- 287	—	- 157	- 387	- 100
Realised gains related to fair value hedges	—	37	—	37	37	—
Translation differences related to hedging of net investments in foreign operations	—	—	—	—	- 477	- 477
Capital gain	—	—	—	—	278	278
Impairment loss recognised on the remeasurement to fair value less costs to sell	—	- 21 505	—	- 21 505	- 21 883	- 378
Profit before income taxes from discontinued operations	—	- 22 817	—	- 22 500	- 22 930	- 113
Income taxes	—	- 227	—	- 326	- 903	- 676
Profit for the period from discontinued operations attributable to owners of the Parent Company	—	- 23 044	—	- 22 826	- 23 833	- 789

Amounts in SEK million	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Operating profit (EBIT)	—	- 22 531	—	- 22 343	- 22 542	- 11
Items affecting comparability	—	21 574	—	21 549	22 538	964
Underlying operating profit	—	- 957	—	- 794	- 4	953

CASH FLOW FROM DISCONTINUED OPERATIONS

Amounts in SEK million	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Funds from operations (FFO)	—	945	—	433	1 291	346
Cash flow from operating activities	—	- 1 432	—	- 3 004	2 200	3 632
Cash flow from investing activities	—	- 1 101	—	- 714	- 950	151
Cash flow from financing activities	—	522	—	531	466	- 56

TOTAL EARNINGS EFFECT OF SALE OF LIGNITE OPERATIONS

Amounts in SEK million	Full year 2016
Impairment loss recognised on remeasurement to fair value less costs to sell in Q2 2016	-21 505
Exchange rate effect in Q3 2016 on impairment losses recognised in Q2 2016	- 199
Capital gain Q3 2016	276
Dissolution of translation reserve and hedge of net investments in foreign operations in Q3 2016	- 477
Exchange rate effect in Q4 2016	- 177
Total earnings effect in 2016	- 22 082

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 2016 Annual and Sustainability Report (Note 3 to the Parent Company accounts, Accounting policies).

January to June 2017

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

- Net sales amounted to SEK 15,524 million (17,247).
- Profit before appropriations and income taxes was SEK 6,671 million (-6,201).
- Profit was affected by a small capital gain from the sale of a heating plant in Munksund. In addition, profit was affected by a reversal of liabilities to subsidiaries in the amount of SEK 4,493 million. Profit for the corresponding period a year ago was

affected by an impairment loss of SEK 12,700 million for shares in a subsidiary and by dividends received of SEK 818 million.

- The balance sheet total was SEK 243,628 million (31 December 2016: 261,902).
- Investments during the period amounted to SEK 4,333 million (7,186), of which SEK 4,000 million (7,000) is related to a shareholder contribution to Vattenfall Vindkraft AB.
- Cash and cash equivalents, and short-term investments amounted to SEK 29,009 million (31 December 2016: 35,682).

Risks and uncertainties

See Note 1 to the consolidated accounts, Accounting policies, risks and uncertainties.

Other

Significant related-party transactions are described in Note 48 to the consolidated accounts, Related party disclosures, in Vattenfall's 2016 Annual and Sustainability Report. No material changes have taken place in relations or transactions with related parties compared with the description in Vattenfall's 2016 Annual and Sustainability Report.

Parent Company income statement

Amounts in SEK million	Jan-Jun 2017	Jan-Jun 2016	Full year 2016	Last 12 months
Net sales	15 524	17 247	29 752	28 029
Cost of products sold	- 11 979	- 13 776	- 23 999	- 22 202
Gross profit	3 545	3 471	5 753	5 827
Selling expenses, administrative expenses and research and development costs	- 1 238	- 1 214	- 2 398	- 2 422
Other operating income and expenses, net	393	238	275	430
Operating profit (EBIT)	2 700	2 495	3 630	3 835
Result from participations in subsidiaries	4 529	- 11 815	- 11 545	4 799
Result from participations in associated companies	—	—	- 2	- 2
Result from other shares and participations	—	—	1	1
Other financial income	1 061	5 057	5 127	1 131
Other financial expenses	- 1 619	- 1 938	- 3 721	- 3 402
Profit before appropriations and income taxes	6 671	- 6 201	- 6 510	6 362
Appropriations	1 027	1 111	1 466	1 382
Profit before income taxes	7 698	- 5 090	- 5 044	7 744
Income taxes	- 763	- 1 487	- 1 480	- 756
Profit for the period	6 935	- 6 577	- 6 524	6 988

Parent Company balance sheet

Amounts in SEK million	30 June 2017	30 June 2016	31 Dec. 2016
Assets			
Non-current assets			
Intangible assets: non-current	207	168	174
Property, plant and equipment	3 927	4 024	4 151
Shares and participations	149 641	146 210	145 586
Deferred tax assets	408	217	329
Other non-current receivables	52 994	58 951	58 897
Total non-current assets	207 177	209 570	209 137
Current assets			
Inventories	255	271	255
Intangible assets: current	231	224	275
Current receivables	6 956	15 946	16 553
Short-term investments	20 091	21 644	18 733
Cash and cash equivalents	8 918	11 744	16 949
Total current assets	36 451	49 829	52 765
Total assets	243 628	259 399	261 902
Equity, provisions and liabilities			
Equity			
Restricted equity			
Share capital (131,700,000 shares with a share quota value of SEK 50)	6 585	6 585	6 585
Revaluation reserve	37 989	37 989	37 989
Other reserves	1 318	1 303	1 316
Non-restricted equity			
Retained earnings	43 617	50 155	50 142
Profit for the period	6 935	- 6 577	- 6 524
Total equity	96 444	89 455	89 508
Untaxed reserves	12 268	12 658	13 294
Provisions	5 299	4 846	5 308
Non-current liabilities			
Hybrid capital	19 221	18 925	19 101
Other interest-bearing liabilities	44 318	50 559	49 870
Other noninterest-bearing liabilities	8 331	12 137	13 099
Total non-current liabilities	71 870	81 621	82 070
Current liabilities			
Other interest-bearing liabilities	53 599	66 842	64 688
Current tax liabilities	735	676	520
Other noninterest-bearing liabilities	3 413	3 301	6 514
Total current liabilities	57 747	70 819	71 722
Total equity, provisions and liabilities	243 628	259 399	261 902

Definitions and calculations of key ratios

Alternative Performance Measures

In order to ensure a fair presentation of the Group's operations, the Vattenfall Group uses a number of Alternative Performance Measures that are not defined in IFRS or in the Swedish Annual Accounts Act. The Alternative Performance Measures that Vattenfall uses are

described below, including their definitions and how they are calculated. The Alternative Performance Measures used are unchanged compared with earlier periods.

	Definition
EBIT:	Operating profit (Earnings Before Interest and Tax)
EBITDA:	Operating profit before depreciation, amortisation and impairment losses (Earnings Before Interest, Tax, Depreciation and Amortisation)
Items affecting comparability:	Capital gains and capital losses from shares and other non-current assets, impairment losses and reversed impairment losses and other material non-recurring items. Also included here are, for trading activities, unrealised changes in the fair value of energy derivatives, which according to IAS 39 cannot be recognised using hedge accounting and unrealised changes in the fair value of inventories
Underlying EBITDA:	Underlying operating profit before depreciation, amortisation and impairment losses
Underlying operating profit:	Operating profit (EBIT) excluding items affecting comparability
FFO:	Funds From Operations, see Consolidated statement of cash flow
Free cash flow:	Cash flow from operating activities less maintenance investments
Interest-bearing liabilities	See Consolidated balance sheet - Supplementary Information
Net debt:	See Consolidated balance sheet - Supplementary Information
Adjusted net debt:	See Consolidated balance sheet - Supplementary Information
Capital employed:	Total assets less financial assets, noninterest-bearing liabilities and certain other interest-bearing provisions not included in adjusted net debt. see Consolidated balance sheet - Supplementary Information

Other definitions

	Definition
Hybrid Capital:	Perpetual subordinated securities, junior to all Vattenfall's unsubordinated debt instruments.
LTIF:	Lost Time Injury Frequency (LTIF) is expressed in terms of the number of lost time work injuries (per 1 million hours worked), i.e., work-related accidents resulting in absence longer than one day, and accidents resulting in fatality.

EARNINGS

Amounts in SEK million	Jan-Jun 2017	Jan-Jun 2016	Apr-Jun 2017	Apr-Jun 2016	Full year 2016	Last 12 months
Operating profit (EBIT)	10 453	1 927	4 429	-8 272	1 337	9 863
Depreciation, amortisation and impairment losses	7 985	16 083	4 305	12 546	25 872	17 774
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	18 438	18 010	8 734	4 274	27 209	27 637
Items affecting comparability excl. impairment losses and reversed impairment losses	2 352	1 118	36	3 021	8 935	10 169
Underlying operating profit before depreciation, amortisation and impairment losses	20 790	19 128	8 770	7 295	36 144	37 806
Operating profit (EBIT)	10 453	1 927	4 429	-8 272	1 337	9 863
Items affecting comparability	2 744	10 074	427	11 973	20 360	13 030
Underlying operating profit	13 197	12 001	4 856	3 701	21 697	22 893

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

KEY RATIOS BASED ON CONTINUING OPERATIONS AND LAST 12-MONTH VALUES JULY 2016 – JUNE 2017

Operating margin, %	= 100 x	$\frac{\text{EBIT}}{\text{Net sales}}$	$\frac{9\,863}{136\,955}$	=	7.2
Operating margin excl. items affecting comparability, %	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Net sales}}$	$\frac{22\,893}{136\,955}$	=	16.7
Pre-tax profit margin, %	= 100 x	$\frac{\text{Profit before income taxes}}{\text{Net sales}}$	$\frac{3\,777}{136\,955}$	=	2.8
Pre-tax profit margin excl. items affecting comparability, %	= 100 x	$\frac{\text{Profit before income taxes excl. items affecting comparability}}{\text{Net sales}}$	$\frac{16\,984}{136\,955}$	=	12.4
Return on equity, %	= 100 x	$\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl. the Reserve for cash flow hedges}}$	$\frac{1\,006}{73\,001}$	=	1.4
Return on capital employed, %	= 100 x	$\frac{\text{EBIT}}{\text{Capital employed, average}}$	$\frac{9\,863}{237\,491}$	=	4.2
Return on capital employed excl. items affecting comparability, %	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Capital employed, average}}$	$\frac{22\,893}{237\,491}$	=	9.6
EBIT interest cover, (x)	=	$\frac{\text{EBIT + financial income excl. return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{10\,042}{4\,688}$	=	2.1
EBIT interest cover excl. Items affecting comparability, (x)	=	$\frac{\text{Underlying EBIT + financial income excl. Return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{23\,072}{4\,688}$	=	4.9
FFO interest cover, (x)	=	$\frac{\text{FFO + financial expenses excl. discounting effects attributable to provisions}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{32\,053}{4\,688}$	=	6.8
FFO interest cover, net, (x)	=	$\frac{\text{FFO + financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{31\,874}{4\,509}$	=	7.1

Cash flow interest cover after maintenance investments, (x)	=	$\frac{\text{Cash flow from operating activities less maintenance investments + financial expenses excl. Discounting effects attributable to provisions and interest components related to pension costs}}{\text{Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs}}$	=	4.8
FFO/gross debt, %	= 100 x	$\frac{\text{FFO}}{\text{Interest-bearing liabilities}}$	=	24.4
FFO/net debt, %	= 100 x	$\frac{\text{FFO}}{\text{Net debt}}$	=	40.7
FFO/adjusted net debt, %	= 100 x	$\frac{\text{FFO}}{\text{Adjusted net debt}}$	=	22.2
EBITDA/net financial items, (x)	=	$\frac{\text{EBITDA}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	=	6.1
EBITDA excl. items affecting comparability/net financial items, (x)	=	$\frac{\text{EBITDA excl. items affecting comparability}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	=	8.4

KEY RATIOS BASED ON THE BALANCE SHEET PER 30 JUNE 2017

Equity/total assets, %	= 100 x	$\frac{\text{Equity}}{\text{Balance sheet total}}$	=	22.5
Gross debt/equity, %	= 100 x	$\frac{\text{Interest-bearing liabilities}}{\text{Equity}}$	=	124.5
Net debt/equity, %	= 100 x	$\frac{\text{Net debt}}{\text{Equity}}$	=	74.7
Gross debt/gross debt equity, %	= 100 x	$\frac{\text{Interest-bearing liabilities}}{\text{Interest-bearing liabilities + equity}}$	=	55.5
Net debt/net debt plus equity, %	= 100 x	$\frac{\text{Net debt}}{\text{Net debt + equity}}$	=	42.7
Net debt/EBITDA, (x)	=	$\frac{\text{Net debt}}{\text{EBITDA}}$	=	2.4
Adjusted net debt/EBITDA, (x)	=	$\frac{\text{Adjusted net debt}}{\text{EBITDA}}$	=	4.5

Interim report signature

The Board of Directors and the President certify that this half-year interim report presents a true and fair overview of the Vattenfall Group's and the Parent Company Vattenfall AB's operations, financial position and results of operations, and describes the significant risks and uncertainties facing the Parent Company and the companies belonging to the Group.

Solna, 20 July 2017

Lars G. Nordström
Chairman of the Board

Magnus Hall
President and CEO

Fredrik Arp

Viktoria Bergman

Johnny Bernhardsson

Ronny Ekwall

Håkan Erixon

Tomas Kåberger

Jenny Lahrin

Rolf Ohlsson

Fredrik Rystedt

Åsa Söderström Jerring

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Financial calendar

Interim report January-September, 27
October 2017

Year-end report 2017, 7 February 2018

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This information is such that Vattenfall is required to make public in accordance with the EU Market Abuse Regulation and/or the Swedish Securities Market Act. The information was submitted for publication, by the agency of the contact persons above, at 09.00 CET on 21 July 2017. This report has been prepared in both Swedish and English versions. In the event of discrepancies between the two versions, the Swedish version shall govern.

Review report

Introduction

We have reviewed the condensed interim report for Vattenfall AB (publ) as at 30 June 2017 and for the six month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material aspects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 20 July 2017

Ernst & Young AB

Staffan Landén
Authorised Public Accountant