

# Interim report January–June 2019

## Business highlights, April–June 2019

- Ringhals 2 back in full operation following generator replacement
- Construction started of the Kriegers Flak (605 MW) offshore wind farm in Denmark
- Continued repair work and payment of outage compensation to customers following the storm “Alfrida”
- Allowable return for distribution operations in Sweden during the period 2020–2023 sharply reduced
- Launch of smart charging solutions for e-vehicles in Amsterdam
- High interest in the issuance of Vattenfall’s first green bond

## Financial highlights, January–June 2019

- Net sales increased by 12% (10% excluding currency effects) to SEK 84,243 million (75,035)
- Underlying operating profit<sup>1</sup> of SEK 13,295 million (13,129)
- Operating profit<sup>1</sup> of SEK 11,038 million (9,750)
- Profit for the period of SEK 7,673 million (7,125)

## Financial highlights, April–June 2019

- Net sales increased by 11% (10% excluding currency effects) to SEK 34,691 million (31,176)
- Underlying operating profit<sup>1</sup> of SEK 3,622 million (3,770)
- Operating profit<sup>1</sup> of SEK 2,869 million (2,775)
- Profit for the period of SEK 1,253 million (2,967)

## KEY DATA

Amounts in SEK million unless indicated otherwise	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018	Last 12 months
Net sales	84 243	75 035	34 691	31 176	154 547	163 755
Operating profit before depreciation, amortisation and impairment losses (EBITDA) <sup>1</sup>	20 102	17 826	7 515	6 888	34 341	36 617
Operating profit (EBIT) <sup>1</sup>	11 038	9 750	2 869	2 775	17 619	18 907
Underlying operating profit <sup>1</sup>	13 295	13 129	3 622	3 770	19 883	20 049
Profit for the period	7 673	7 125	1 253	2 967	12 007	12 555
Electricity generation, TWh	66.8	66.6	30.9	29.4	130.3	130.5
Sales of electricity, TWh <sup>2</sup>	87.8	86.0	42.4	36.2	174.1	175.9
- of which, customer sales	62.0	60.6	29.7	28.5	119.2	120.6
Sales of heat, TWh	10.3	10.6	3.1	2.4	18.3	18.0
Sales of gas, TWh	33.3	35.6 <sup>3</sup>	9.0	8.7 <sup>3</sup>	60.7 <sup>3</sup>	58.4
Return on capital employed, % <sup>1</sup>	7.1 <sup>4</sup>	7.1 <sup>4</sup>	7.1 <sup>4</sup>	7.1 <sup>4</sup>	7.0	7.1
FFO/adjusted net debt, % <sup>1</sup>	19.2 <sup>4</sup>	19.4 <sup>4</sup>	19.2 <sup>4</sup>	19.4 <sup>4</sup>	20.7	19.2

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

2) Sales of electricity also include sales to Nord Pool Spot and deliveries to minority shareholders.

3) The value has been adjusted compared with information previously published in Vattenfall’s financial reports.

4) Last 12-month values.

# CEO's comments

## Nuclear and hydro power demonstrate their importance for Vattenfall's earnings development



Vattenfall posted slightly better earnings for the first half of the year compared with a year ago. Higher electricity prices in the Nordic countries during the first quarter made a positive contribution, but were countered by costs for the storm "Alfrida" and weak earnings from the sales activities. Profit for the period increased by SEK 0.5 billion to SEK 7.7 billion, and the underlying operating profit increased by SEK 0.2 billion to SEK 13.3 billion.

Electricity prices during the second quarter were lower than in the same period in 2018, which dampened earnings performance, especially for our large-scale generation in the Nordic countries and wind power in the UK. However, owing to price hedges and a good trading result, the impact was limited. The underlying operating profit of SEK 3.6 billion was largely in line with 2018. Profit for the period decreased by SEK 1.7 billion to SEK 1.3 billion, mainly owing to one-off effects related to tax costs in Germany and fair value measurement of our holding in the Swedish Nuclear Waste Fund last year.

Offshore wind power is one of Vattenfall's most important growth areas. Last week we received the positive news that we had the winning tender for Hollandse Kust Zuid (HKZ) 3 & 4 in the Netherlands (~750 MW). Together with the first phase, HKZ 1 & 2, which we are also developing, these projects will have combined capacity of 1.5 GW and will be operated entirely without subsidies. We have also begun construction on our largest wind farm to date, Kriegers Flak (605 MW), in the Baltic Sea south of Denmark. Altogether, underlying operating profit for our wind power operations increased by SEK 0.2 billion during the first half of the year, to SEK 1.9 billion, owing to the contribution from new capacity.

Our Swedish nuclear and hydro power operations made a large, positive contribution during the first half of the year. Ringhals 2 is back in full operation following a generator replacement, and at Ringhals 4 we achieved availability of 100%. The underlying operating profit for Power Generation increased by SEK 1.9 billion to SEK 8.4 billion.

Lower gas prices and higher prices for CO2 emission allowances have driven a shift from coal- to gas-fired power generation on the Continent. This is resulting in lower CO2 emissions and is a step on the path toward a future system based on fossil-free energy sources. Better margins for gas-fired power generation contributed to a slight earnings improvement for Heat during the first half of the

year. The underlying operating profit increased by SEK 0.1 billion to SEK 1.1 billion.

Customers & Solutions saw a decrease in its underlying operating profit during the first half of the year by SEK 0.7 billion, to SEK 0.5 billion. Lower sales of gas as a result of warmer weather and growth were two contributing factors. Higher purchasing costs for electricity also had a negative impact, but will be compensated by price increases. At the same time, we made progress in e-vehicle charging solutions with new partnerships and contracts in the Netherlands and Germany.

The underlying operating profit for Distribution decreased by SEK 1.2 billion to SEK 2.3 billion, where the storm "Alfrida" had a large negative impact. Demand for electricity is expected to rise significantly in the coming decades, largely owing to the role that electrification will play in phasing out fossil fuels. Capacity and expansion of the electricity network are crucial for supporting this development. We therefore find it unfortunate that the Swedish Energy Markets Inspectorate, in its initial decision on the 2020-2023 revenue framework for Distribution System Operators, has made a very sharp cut in the permissible return from 5.85% to 2.16%. While Vattenfall has significantly increased its investments in recent years, the new regulatory scheme make the continued high investment levels that are needed impossible. Decreases to a minimum can unfortunately be expected.

We continue to develop partnerships as a key part of our strategy. New and more in-depth collaborations have been entered into with, among others, Microsoft (data centres), Boliden (electrification of mines and smelters, and Preem (biofuel production). All of these initiatives have attractive commercial potential and support our vision of fossil-free living within one generation.

We are also happy to report that interest was very strong when we in June issued our first green bond of EUR 500 million. Together with investors, customers and partners we are making a difference in the energy transformation.

A handwritten signature in blue ink, which appears to read "Magnus Hall". The signature is fluid and cursive.

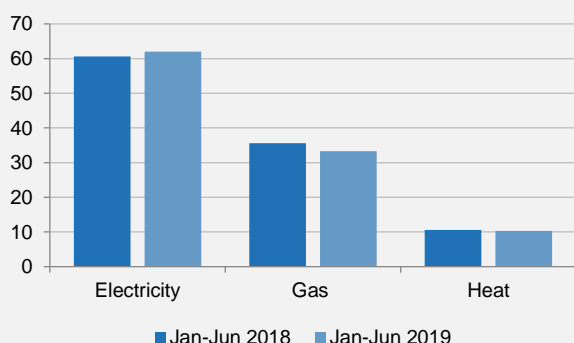
Magnus Hall  
President and CEO

# Group overview

## Customer sales development

Sales of electricity, excluding sales to Nord Pool Spot and deliveries to minority shareholders, increased by 1.4 TWh to 62.0 TWh (60.6), mainly owing to higher sales in Germany. Sales of gas decreased by 2.3 TWh to 33.3 TWh (35.6) as a result of warmer weather in the Netherlands and Germany. Sales of heat decreased by 0.3 TWh to 10.3 TWh (10.6).

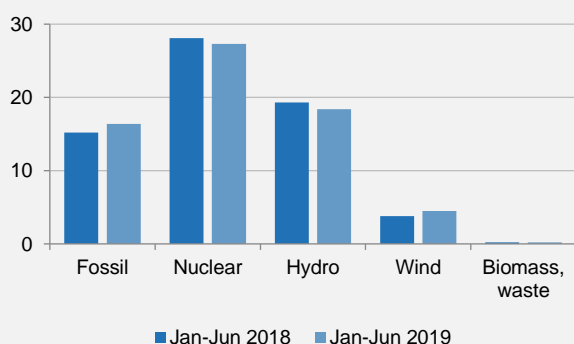
### CUSTOMER SALES (TWh)



## Generation development

Total electricity generation increased by 0.2 TWh to 66.8 TWh (66.6) during the first half of 2019. Higher wind and fossil-based power generation (+1.9 TWh) was countered by lower hydro and nuclear power generation (-1.7 TWh).

### ELECTRICITY GENERATION (TWh)



## Price development

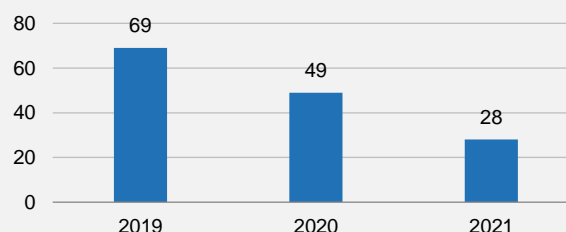
Average Nordic electricity spot prices were 8% lower, at EUR 35.8/MWh (38.9) during the second quarter of 2019 compared with the corresponding period in 2018, mainly owing to a strong hydrological balance. Prices in Germany were unchanged at EUR 36.0/MWh (35.9), and prices in the Netherlands decreased by 15% to EUR 39.3/MWh (46.1). Spot prices in the Netherlands were mainly affected by lower fuel prices. Electricity futures prices for delivery in 2020 and 2021 were 14%–25% higher than in the second quarter of 2018, mainly owing to higher prices for CO<sub>2</sub> emission allowances.

Compared with the second quarter of 2018, the average spot price for gas was 39% lower, at EUR 13.0/MWh (21.1). The spot price for coal was 39% lower at USD 54.5/t (89.9). The futures price for gas was 3% lower at EUR 19.0/MWh (19.5), and the futures price for coal was 19% lower at USD 68.8/t (85.5). The price of CO<sub>2</sub> emission allowances was 76% higher, at EUR 25.5/t (14.5). The higher price of CO<sub>2</sub> emission allowances is partly attributable to the Market Stability Reserve (MSR), which took effect in January 2019 to manage the surplus in the market.

### AVERAGE INDICATIVE NORDIC HEDGE PRICES (SE, DK, NO, FI)<sup>1</sup> AS PER 30 JUNE 2019

EUR/MWh	2019	2020	2021
	29	32	33

### VATTENFALL'S ESTIMATED NORDIC HEDGE RATIO (%) AS PER 30 JUNE 2019



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

+/-10% price impact on future profit before tax, SEK million<sup>2</sup>

Market-quoted	2020	2021	2022	Observed yearly volatility <sup>3</sup>
Electricity	+/- 1,921	+/- 1,950	+/- 1,776	19%-25%
Coal	-/+ 188	-/+ 170	-/+ 166	21%-26%
Gas	-/+ 885	-/+ 822	-/+ 778	18%-21%
CO <sub>2</sub>	-/+ 557	-/+ 610	-/+ 532	46%-50%

- 1) Vattenfall has stopped its price hedging activity on the Continent as a result of changed risk exposure following the divestment of the German lignite operations.
- 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 increased by SEK 9.2 billion (of which, positive currency effects of SEK 1.7 billion). The increase is mainly attributable to higher spot prices and higher sales in the Nordic countries, Germany and the Netherlands.

**Comment April–June:** Consolidated net sales increased by SEK 3.5 billion (of which, positive currency effects of SEK 0.5 billion). The increase is mainly attributable to higher prices achieved and higher sales in the Nordic countries, Germany and the Netherlands.

## Earnings

**Comment January–June:** The underlying operating profit increased by SEK 0.2 billion, which is explained by:

- Higher earnings contribution from the Power Generation operating segment (SEK 1.9 billion), mainly owing to higher spot prices in the Nordic countries and a positive contribution from price hedges and the trading operations. Lower nuclear and hydro power generation had a countering effect.
- Lower earnings contribution from the Distribution operating segment (SEK -1.2 billion), mainly owing to costs related to the storm “Alfrida”, lower distributed volume and higher depreciation.
- Lower earnings contribution from the Customers & Solutions operating segment (SEK -0.7 billion) due to higher costs for electricity purchases in Germany, growth activities and lower gas sales in the Netherlands.
- Other items, net (SEK 0.1 billion).

Items affecting comparability amounted to SEK -2.3 billion (-3.4), of which most pertained to unrealised changes in market value of derivatives and inventories (SEK -1.4 billion), which are temporary effects. Provisions (SEK -0.5 billion) pertain mainly to a changed discount rate for Germany. Profit for the period was SEK 7.7 billion (7.1).

**Comment April–June:** The underlying operating profit decreased by SEK 0.1 billion. A positive contribution from the Power Generation operating segment (SEK 0.3 billion) was countered by negative contributions from the Distribution (SEK -0.2 billion) and Wind (SEK -0.2 billion) operating segments. Items affecting comparability amounted to SEK -0.8 billion (-1.0), mainly owing to an adjustment in the discount rate

for Germany. Profit for the period was SEK 1.3 billion (3.0) and was negatively affected mainly by one-off effects related to tax costs in Germany and fair value measurement of our holding in the Swedish Nuclear Waste Fund last year.

## Cash flow

**Comment January–June:** Funds from operations (FFO) increased by SEK 3.1 billion, mainly owing to lower paid tax and a higher operating profit before depreciation, amortisation and impairment losses (EBITDA). Cash flow from changes in working capital amounted to SEK -17.7 billion. The net change in margin calls (SEK -11.0 billion) was the main contributing factor. Changes related to CO<sub>2</sub> emission allowances had a negative effect on cash flow (SEK -2.7 billion). The net change in operating receivables and operating liabilities in Customers & Solutions and Heat had a negative effect on cash flow (SEK -2.2 billion).

**Comment April–June:** Funds from operations (FFO) increased by SEK 2.1 billion, mainly owing to lower paid tax and a higher operating profit before depreciation, amortisation and impairment losses (EBITDA). Cash flow from changes in working capital amounted to SEK 3.0 billion. The net change in operating receivables and operating liabilities resulting from seasonal effects in the Customers & Solutions and Heat operating segments had a positive effect on cash flow (SEK 4.4 billion). The net change in margin calls made a positive contribution (SEK 0.8 billion), while an increase in inventories had a negative effect (SEK -0.9 billion).

## Important events after the balance sheet date

- Vattenfall had the winning tender for the Hollands Kust Zuid (HKZ) 3 & 4 offshore wind farm (~750 MW) in the Netherlands. Vattenfall has previously held the permit to build the first phase of the project, HKZ 1 & 2.
- Compensation has been received from E.ON's subsidiary PreussenElektra for the transfer of 10 TWh of production rights from the co-owned Krümmel nuclear power plant to its Grohnde nuclear power plant. The legal proceedings regarding PreussenElektra's lawsuit on the free transfer of 44 TWh of production rights is ongoing, and a decision in the first instance is expected during the third quarter.

## KEY FIGURES – GROUP OVERVIEW

Amounts in SEK million	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018	Last 12 months
Net sales	84 243	75 035	34 691	31 176	154 547	163 755
Operating profit before depreciation, amortisation and impairment losses (EBITDA) <sup>1</sup>	20 102	17 826	7 515	6 888	34 341	36 617
Operating profit (EBIT) <sup>1</sup>	11 038	9 750	2 869	2 775	17 619	18 907
Underlying operating profit <sup>1</sup>	13 295	13 129	3 622	3 770	19 883	20 049
Items affecting comparability <sup>1</sup>	- 2 257	- 3 379	- 753	- 995	- 2 264	- 1 142
Profit for the period	7 673	7 125	1 253	2 967	12 007	12 555
Funds from operations (FFO) <sup>1</sup>	15 845	12 764	6 057	4 006	23 275	26 356
Cash flow from changes in operating assets and operating liabilities (working capital)	- 17 725	3 709	3 028	11 209	17 779	- 3 655
Cash flow from operating activities	- 1 880	16 473	9 085	15 215	41 054	22 701

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



## Capital structure

Cash and cash equivalents, and short-term investments decreased by SEK 11.1 billion compared with the level at 31 December 2018. Committed credit facilities consist of a EUR 2.0 billion Revolving Credit Facility that expires on 10 December 2021. As per 30 June 2019, available liquid assets and/or committed credit facilities amounted to 27% of net sales. Vattenfall's target is to maintain a level of no less than 10% of consolidated net sales, but at least the equivalent of the next 90 days' maturities.

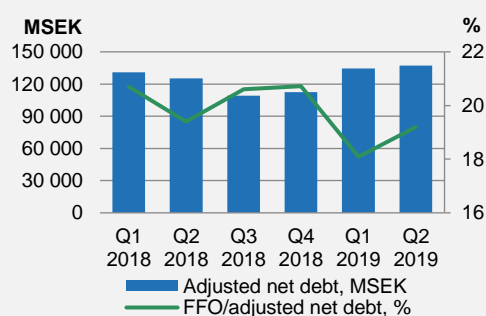
Total interest-bearing liabilities increased by SEK 13.4 billion compared with the level at 31 December 2018. The increase is mainly attributable to the issuance of short-term securities (SEK 7.3 billion), implementation of IFRS 16 Leases (SEK 4.6 billion), and exchange rate effects (SEK 2.1 billion). The increase in interest-bearing liabilities from the issuance of a green bond of EUR 500 million (SEK 5.3 billion) in June 2019 was offset by repayment of a long-term bond of EUR 645 million (SEK 6.7 billion) in January 2019.

Net debt increased by SEK 24.7 billion compared with the level at 31 December 2018, mainly owing to a negative cash flow after investments (SEK 13.6 billion), implementation of IFRS 16 Leases (SEK 4.6 billion), dividends (SEK 2.6 billion), and exchange rate effects (SEK 1.9 billion). Adjusted net debt increased by SEK 24.9 billion compared with the level at 31 December 2018.

### NET DEBT



### ADJUSTED NET DEBT



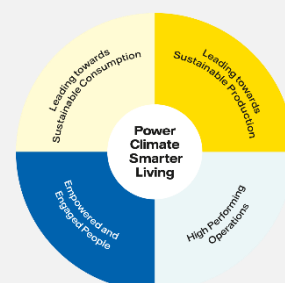
## Strategic objectives

Vattenfall's goal is to offer all customers climate-smart solutions and enable a life free from fossil fuels within one generation. The strategy is built upon four strategic objectives. Vattenfall will be

- 1. Leading towards Sustainable Consumption** (increase customer centricity, develop the brand and build a sizeable position in decentralised energy solutions) and
- 2. Leading towards Sustainable Production** (grow in renewables and implement our CO<sub>2</sub> 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 and competence).



Strategic objectives	Targets for 2020	Q2 2019	Full Year 2018
<b>Leading towards Sustainable Consumption</b>	1. Customer engagement, Net Promoter Score relative to peers <sup>1</sup> (NPS relative): <b>+2</b>	-1	+1
<b>Leading towards Sustainable Production</b>	2. Aggregated commissioned new renewables capacity 2016-2020: <b>≥2,300 MW</b>	<b>1,162 MW</b>	<b>752 MW</b>
	3. Absolute CO <sub>2</sub> emissions pro rata: <b>≤21 Mt</b>	<b>10.6 Mt<sup>2</sup></b>	<b>22.0 Mt</b>
<b>High Performing Operations</b>	4. Return On Capital Employed (ROCE), last 12 months: <b>≥8%</b>	<b>7.1%</b>	<b>7.0%</b>
<b>Empowered and Engaged People</b>	5. Lost Time Injury Frequency (LTIF): <b>≤1.25</b>	<b>2.3</b>	<b>1.9</b>
	6. Employee Engagement Index <sup>3</sup> : <b>≥70%</b>	-	<b>64%</b>

1) The target is a positive NPS in absolute terms and +2 compared to Vattenfall's peer competitors to be achieved by 2020.

2) Including the heat operations in Hamburg, which are to be sold. Consolidated values for the first half of 2019. Consolidated emissions are approximately 0.5 Mt higher on an annual basis than pro rata, corresponding to Vattenfall's share of ownership.

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

# Operating segments



Customers & Solutions



Power Generation  
– Generation



Power Generation  
– Markets



Wind



Heat



Distribution

Amounts in SEK million	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018	Last 12 months
<b><u>Underlying operating profit</u></b>						
<b>Customers &amp; Solutions</b>	507	1 213	111	204	1 269	563
<b>Power Generation</b>	8 419	6 487	2 981	2 670	9 371	11 303
- of which, trading	944	203	73	- 88	581	1 322
<b>Wind</b>	1 851	1 638	365	597	3 747	3 960
<b>Heat</b>	1 087	1 025	- 443	- 532	771	833
<b>Distribution</b>	2 264	3 434	997	1 149	6 250	5 080
- of which, Distribution Germany	501	452	140	128	985	1 034
- of which, Distribution Sweden	1 752	2 968	857	1 011	5 254	4 038
<b>Other<sup>1</sup></b>	- 652	- 554	- 291	- 273	- 1 528	- 1 626
<b>Eliminations</b>	- 181	- 114	- 98	- 45	3	- 64
<b>Underlying operating profit</b>	<b>13 295</b>	<b>13 129</b>	<b>3 622</b>	<b>3 770</b>	<b>19 883</b>	<b>20 049</b>

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.

### Increased sales in Germany countered by higher costs for growth activities and electricity purchases

- Lower gas sales in the Netherlands, higher electricity purchase prices in Germany and growth activities impacted earnings negatively
- Larger customer base in Germany and the Netherlands
- Launch of smart charging solutions in Amsterdam

**Q1–Q2:** Net sales increased as a result of higher sales in most of Vattenfall's markets. Positive price effects in Germany and the Nordic countries, a larger customer base in Germany and currency effects made positive contributions. In the Netherlands, sales increased as a result of positive price effects, which were partly countered by lower volumes. The underlying operating profit was negatively affected by higher costs for electricity purchases in Germany, but these will be compensated by tariff increases. Earnings were also negatively affected by costs for growth activities and lower gas sales in the Netherlands due to warmer weather.

Compared with year-end 2018, the total customer base grew by 4.8% to 9.3 million contracts. The increase is mainly attributable to a larger customer base in Germany and the acquisition of DELTA Energie in the Netherlands.



**Q2:** Net sales increased mainly as a result of positive price effects and higher volumes in Germany, and the B2C market in the Netherlands. In addition, positive price effects in the Nordics and the B2B segment in the Netherlands also contributed to the growth in net sales. The underlying operating profit decreased mainly due to growth in charging solutions for e-vehicles and expansion in the B2C market in France.

In cooperation with the city of Amsterdam, Vattenfall has launched Flexpower, a public smart charging network for e-vehicles. A total of 456 charging stations with 912 charging points, representing a third of all charging stations in the city, have been upgraded and connected. Flexpower tailors charging speeds to the prevailing electricity consumption and renewable energy generation. The new charging solution reduces the need for investments in the electricity grid and serves as a model for many large cities in Europe.

### KEY FIGURES – CUSTOMERS & SOLUTIONS

Amounts in SEK million unless indicated otherwise	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018	Last 12 months
Net sales	46 088	41 644	19 401	17 214	81 318	85 762
External net sales	44 745	40 549	18 881	16 686	78 883	83 079
Underlying operating profit before depreciation, amortisation and impairment losses	1 313	1 869	530	539	2 663	2 107
Underlying operating profit	507	1 213	111	204	1 269	563
Sales of electricity, TWh	45.9	45.3	21.7	20.8	88.3	88.9
- of which, private customers	14.7	14.7	5.9	5.7	27.4	27.4
- of which, resellers	3.4	2.5	1.8	1.0	4.9	5.8
- of which, business customers	27.8	28.1	14.0	14.1	56.0	55.7
Sales of gas, TWh	30.6	33.0	8.1	7.7	55.5	53.1
Number of employees, full-time equivalents	3 172	3 054	3 172	3 054	2 962	

## 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 certain large business customers.

### Generation: Steady, high hydro and nuclear power generation levels in the second quarter

- Good availability for nuclear power and replacement of a generator at Ringhals 2
- Transfer of production rights to E.ON's subsidiary PreussenElektra in Germany

### Markets: Growing portfolio of power purchase agreements

- Long-term power purchase agreement (PPA) with Dutch wind farm
- Improved earnings from trading operations

**Q1–Q2:** Net sales increased mainly as a result of higher electricity prices in the Nordic countries, positive effects from hedging activities, internal sales of CO<sub>2</sub> emission allowances and positive currency effects. This, combined with a higher realised earnings contribution from the trading operations, contributed to an increased underlying operating profit. Lower nuclear and hydro power generation had a countering effect.

Nuclear power generation decreased by 0.8 TWh during the first half of 2019. Combined availability for Vattenfall's nuclear power plants was 88.4% (90.4%) and the Ringhals 4 reactor achieved availability of 100%. Replacement of a generator was finished in early April at Ringhals 2, which had been operating at half capacity since the beginning of the year.

Hydro power generation decreased by 0.9 TWh during the first half of 2019. Nordic reservoir levels were at 69% of capacity (60%), which is 8 percentage points above the normal level.

**Q2:** Net sales was unchanged compared to the second quarter 2018. Lower spot prices in the Nordic countries were offset by



positive effects from hedging activities and increased sales in the German business segment. The underlying operating profit increased mainly as a result of positive effects from hedging activities and a higher realised earnings contribution from the trading operations. Lower spot prices had a negative effect.

Vattenfall and E.ON's subsidiary PreussenElektra have agreed on the transfer of 10 TWh of production rights from the co-owned Krümmel nuclear power plant. The transaction took place after the end of the quarter. The legal proceedings regarding PreussenElektra's lawsuit on the free transfer of 44 TWh of production rights is ongoing, and a decision in the first instance is expected during the third quarter.

Vattenfall signed a 15-year purchase agreement for renewable electricity from the Zeewolde onshore wind farm in the Netherlands. Vattenfall will purchase power from 83 of the turbines, in total approximately 300 MW, making this Vattenfall's largest PPA to date in the Netherlands.

### KEY FIGURES – POWER GENERATION

Amounts in SEK million unless indicated otherwise	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018	Last 12 months
Net sales	53 096	45 551	18 617	18 664	99 970	107 515
External net sales	18 076	14 036	6 870	6 128	36 064	40 104
Underlying operating profit before depreciation, amortisation and impairment losses	10 278	8 168	3 914	3 518	12 830	14 940
Underlying operating profit	8 419	6 487	2 981	2 670	9 371	11 303
- of which, trading	944	203	73	- 88	581	1 322
Electricity generation, TWh	45.7	47.4	21.3	21.2	90.5	88.8
- of which, hydro power	18.4	19.3	8.4	8.5	35.5	34.6
- of which, nuclear power	27.3	28.1	12.9	12.7	55.0	54.2
Sales of electricity, TWh	14.9	14.2	7.4	6.9	28.7	29.4
- of which, resellers	12.8	12.8	6.4	6.2	24.6	24.6
- of which, business customers	2.1	1.4	1.0	0.7	4.1	4.8
Sales of gas, TWh	2.7	2.6 <sup>1</sup>	0.9	1.0 <sup>1</sup>	5.2 <sup>1</sup>	5.3
Number of employees, full-time equivalents	7 353	7 328	7 353	7 328	7 332	

1) The value has been adjusted compared with information previously published in Vattenfall's financial reports.

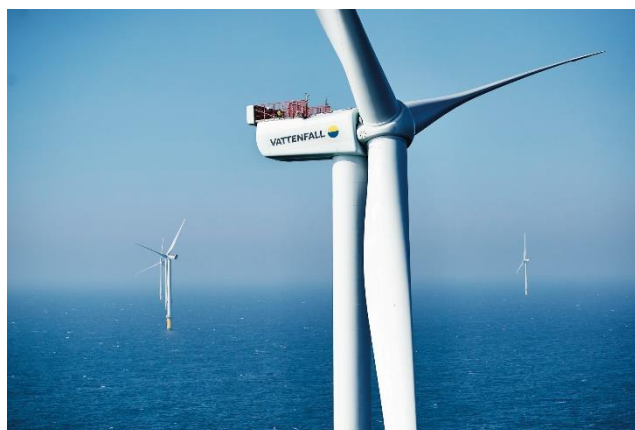


## Wind

The Wind Business Area is responsible for development, construction and operation of Vattenfall's wind farms as well as large-scale and decentralised solar power and batteries.

### Positive contribution from new capacity

- Higher wind power generation countered by lower prices in the UK during the second quarter
- Construction begun of the Kriegers Flak (605 MW) offshore wind farm in Denmark
- Final investment decision for installation of solar power (38 MW) and battery storage (12 MW) in the Netherlands



**Q1–Q2:** Net sales and the underlying operating profit increased compared with the first half of 2018, mainly owing to new capacity. During the last 12 months, three wind farms have been commissioned: Aberdeen Bay (97 MW), Slufterdam (29 MW) and Horns Rev 3 (373 MW of a total of 407 MW). Electricity generation increased mainly as a result of new capacity.

**Q2:** Net sales increased slightly compared with the second quarter 2018 as a result of new capacity. Negative price effects had an offsetting impact, particularly in the UK. The underlying operating profit decreased due to higher operating expenses and higher depreciation. Electricity generation increased mainly as a result of new capacity.

Construction of the Kriegers Flak offshore wind farm (605 MW) in Denmark started in May. Manufacture has begun of the first foundations, which will form the basis of one of Vattenfall's largest offshore wind farms. In all, 72 8.4 MW wind turbines will be installed. The wind farm's future generation will meet the annual electricity consumption of 600,000 Danish households.

Vattenfall's onshore wind power projects are making good progress. For example, the first wind power generator has been installed at the Wieringermeer (185 MW) wind farm in the

Netherlands. The wind farm is expected to be commissioned in 2020.

Vattenfall has decided to deploy 76 Siemens Gamesa 10 MW turbines at the Hollandse Kust Zuid 1 & 2 wind farm. The turbines are the newest available offshore wind power turbines with annual production equivalent to the demand of 1-1.5 million households. After the end of the quarter, Vattenfall won the tender for the adjacent project Hollandse Kust Zuid 3 & 4 (~750 MW) that is planning to use the same turbine model.

In May a cooperation with GE Renewable Energy was announced regarding development of a turbine with a capacity of 12 MW which will be able to generate 67 GWh annually. The turbine is expected to be ready for commercial delivery by 2021.

In June Vattenfall took the investment decision on the installation of solar power (38 MW) and battery storage (12 MW) at the Haringvliet (22 MW) onshore wind farm that is currently being built in the Netherlands. This combination of different production technologies and energy storage creates synergies both in construction and operation of the facility. It is also Vattenfall's largest solar project to date.

### KEY FIGURES – WIND

Amounts in SEK million unless indicated otherwise	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018	Last 12 months
Net sales	6 418	5 569	2 760	2 605	11 852	12 701
External net sales	3 012	2 631	1 174	1 085	5 726	6 107
Underlying operating profit before depreciation, amortisation and impairment losses	4 459	3 883	1 718	1 738	8 328	8 904
Underlying operating profit	1 851	1 638	365	597	3 747	3 960
Electricity generation - wind power TWh	4.5	3.8	2.0	1.6	7.8	8.5
Sales of electricity, TWh	0.7	0.6	0.3	0.3	1.1	1.2
Number of employees, full-time equivalents	939	839	939	839	894	

## Heat

The Heat Business Area comprises Vattenfall's heat operations including sales, decentralised solutions and gas- and coal-fired condensing.

### Strong cooperation with local partners

- Increased electricity generation supported by improved margins for gas-fired plants
- Vattenfall selected as preferred partner for a district heating project in the UK
- Pilot plant for energy storage in salt



**Q1–Q2:** Net sales increased mainly as a result of higher electricity generation from Vattenfall's condensing power plants driven by solid production margins, particularly for gas-fired power generation in the Netherlands, and increased availability. Positive price effects in heat sales also contributed to growth in net sales. The underlying operating profit increased slightly owing to higher net sales. Higher operating expenses due to higher prices for emission allowances and growth activities in Energy Solutions had an offsetting impact. Compared with year-end 2018, the number of customers increased by 0.5% to 2.2 million households.

**Q2:** Net sales and the underlying operating profit increased compared with the second quarter of 2018. Higher electricity generation from Vattenfall's condensing power plants and increased revenues from sales of heat made positive contributions. Sales of heat increased by 0.7 TWh, mainly owing to colder weather than in the second quarter of 2018.

Vattenfall has been selected as the preferred partner to deliver infrastructure for a district heating project in Brent Cross South in north London. This is part of a major urban regeneration scheme in which the planned district heating network will serve 6,700 homes using a low carbon fuel mix. The project includes the UK's largest installation of heat pumps ever.

In Fryslund, Sweden (outside Uppsala), Vattenfall has entered into an energy agreement with Klöver, ThermoFisher, Fresenius Kabi and Johnson & Johnson. Vattenfall will supply approximately 40 GWh of district heating and district cooling to the four companies, who will also be able to capture surplus heat from their operations and contribute with flexibility.

Together with the Swedish company SaltX Technology, Vattenfall will test if renewable wind and solar power can be stored in salt. In experiments, SaltX's patented technology has proven to be able to store up to ten times more energy and for longer periods than water. A pilot plant with a storage capacity of 10 MWh has been commissioned at the Reuter combined heat and power plant in Berlin.

Vattenfall also continues to pursue local partnerships and efficiency improvements in Berlin. Among other things, new agreements have been entered into for the supply of heat to municipally owned buildings. In addition, steps have been taken to increase automation in meter-reading in Vattenfall's decentralised assets.

The hand-over process for the district heating system in Hamburg to the city is proceeding according to plan. The deal will close on 2 September 2019.

### KEY FIGURES – HEAT

Amounts in SEK million unless indicated otherwise	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018	Last 12 months
Net sales	17 566	16 124	7 028	6 470	33 970	35 412
External net sales	9 157	8 525	3 451	3 155	15 828	16 460
Underlying operating profit before depreciation, amortisation and impairment losses	2 887	2 820	486	404	4 448	4 515
Underlying operating profit	1 087	1 025	- 443	- 532	771	833
Electricity generation - TWh	16.6	15.4	7.6	6.6	32.0	33.2
- of which, fossil-based power	16.4	15.2	7.5	6.4	31.6	32.8
- of which, biomass, waste	0.2	0.2	0.1	0.2	0.4	0.4
Sales of electricity business customers, TWh	0.5	0.5	0.3	0.5	1.1	1.1
Sales of heat, TWh	10.3	10.6	3.1	2.4	18.3	18.0
Number of employees, full-time equivalents	3 890	3 808	3 890	3 808	3 822	

## Distribution

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

### Allowed return in Sweden sharply reduced for the period 2020-2023

- The allowed return in Sweden has been reduced from 5.85% to 2.16%. Vattenfall is awaiting its revenue frames by 31 October 2019 at the latest
- Continued repair work and payment of outage compensation to customers following the storm "Alfrida"
- Customers demanding more capacity in the electricity grid – temporary solutions being developed pending strengthening and expansions of the national grid

**Q1–Q2:** Net sales increased in the first half of 2019. A lower distributed volume in Sweden was compensated by a higher contribution from Germany. The underlying operating profit decreased due to costs related to the storm "Alfrida", marginally countered by a somewhat higher contribution from Germany.

**Q2:** Net sales increased in the quarter. A higher contribution from Germany was marginally countered by a lower contribution from Sweden. The underlying operating profit decreased as a result of a slightly lower gross margin along with higher depreciation.

Payment of outage compensation to customers after the storm "Alfrida" continues. The long-term repair work in the Uppland and Roslagen regions is extensive, and investments in the area have been increased from approximately SEK 250 million to SEK 300 million. Vattenfall continues to upgrade and weather-proof the electricity network by cablifying and insulating overhead power lines. Following Alfrida, the Swedish Energy Markets Inspectorate initiated a supervision of Vattenfall Eldistribution in view of the electricity disruptions. The case has now been closed, as the reported projects and measures have been deemed to be sufficient.

Vattenfall and Microsoft have started collaboration on sustainable data centres in Sweden. Vattenfall Eldistribution, which owns the regional network between Gävle and Sandviken, will strengthen the electricity network to be able to connect Microsoft's facilities in the area. This reinforcement will benefit customers in the entire region.



The shortage of electricity capacity continues to grow as the industrial and transport sectors are working to be fossil-free and use more electricity. Moreover, new, electricity-intensive industries such as data centres require substantial grid capacity. Pending the ability to expand the grid, a number of temporary solutions are being developed in dialogue with customers, such as more flexible contracts.

The Energy Markets Inspectorate has issued its first decisions on the revenue frames for the coming regulatory period 2020–2023. Decisions for all electricity network companies are being made successively and will be communicated by 31 October 2019 at the latest. In these decisions, the allowed return (WACC) has been set at 2.16%, which is a considerably lower level than in the 2016–2019 regulatory period (5.85%). This means that Vattenfall will have to significantly reduce future investment which is unfortunate from societal and climate perspectives.

In the UK the first contract of its kind was signed with Helvellyn Group, a manufacturer of low environmental impact fuel designed to replace coal. Vattenfall will own and operate a new electricity network at Helvellyn's plant in Leeds.

In Berlin, Vattenfall's electricity network company Stromnetz Berlin has appealed the award decision from the city that gave the concession for the electricity network to Berlin Energie. A court hearing is scheduled to take place on 17 October. At the same time, Vattenfall continues to be a strong partner to the City of Berlin with the goal of contributing to the city's energy transition and promoting e-mobility.

### KEY FIGURES – DISTRIBUTION

Amounts in SEK million unless indicated otherwise	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018	Last 12 months
Net sales	11 546	11 421	5 414	5 146	22 374	22 499
External net sales	9 204	9 182	4 294	4 066	17 845	17 867
Underlying operating profit before depreciation, amortisation and impairment losses	3 860	4 915	1 810	1 894	9 292	8 237
Underlying operating profit	2 264	3 434	997	1 149	6 250	5 080
Number of employees, full-time equivalents	2 218	2 193	2 218	2 193	2 190	

## 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.

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### KEY FIGURES – OTHER

<b>Amounts in SEK million unless indicated otherwise</b>	<b>Jan-Jun 2019</b>	<b>Jan-Jun 2018</b>	<b>Apr-Jun 2019</b>	<b>Apr-Jun 2018</b>	<b>Full year 2018</b>	<b>Last 12 months</b>
Net sales	2 770	2 505	1 417	1 271	5 255	5 520
External net sales	49	112	21	56	201	138
Underlying operating profit before depreciation, amortisation and impairment losses	- 257	- 336	- 92	- 165	- 1 095	- 1 016
Underlying operating profit	- 652	- 554	- 291	- 273	- 1 528	- 1 626
Number of employees, full-time equivalents	2 700	2 737	2 700	2 737	2 710	



# Consolidated income statement

Amounts in SEK million	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018	Last 12 months
Net sales	84 243	75 035 <sup>6</sup>	34 691	31 176 <sup>6</sup>	154 547 <sup>6</sup>	163 755
Cost of purchases	- 44 862	- 39 515 <sup>6</sup>	- 17 142	- 14 851 <sup>6</sup>	- 82 919 <sup>6</sup>	- 88 266
Other external expenses	- 9 705	- 8 752	- 4 904	- 5 162	- 19 375	- 20 328
Personnel expenses	- 10 258	- 9 885	- 5 142	- 4 985	- 19 157	- 19 530
Other operating incomes and expenses, net	442	602	3	658	925	765
Participations in the results of associated companies	242	341	9	52	320	221
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>20 102</b>	<b>17 826</b>	<b>7 515</b>	<b>6 888</b>	<b>34 341</b>	<b>36 617</b>
Depreciation, amortisation and impairments	- 9 064	- 8 076	- 4 646	- 4 113	- 16 722	- 17 710
<b>Operating profit (EBIT)<sup>1</sup></b>	<b>11 038</b>	<b>9 750</b>	<b>2 869</b>	<b>2 775</b>	<b>17 619</b>	<b>18 907</b>
Financial income <sup>2,5</sup>	2 501	2 578	1 244	2 372	2 887	2 810
Financial expenses <sup>3,4,5</sup>	- 3 188	- 3 549	- 1 623	- 1 647	- 6 503	- 6 142
<b>Profit before income taxes</b>	<b>10 351</b>	<b>8 779</b>	<b>2 490</b>	<b>3 500</b>	<b>14 003</b>	<b>15 575</b>
Income taxes expense	- 2 678	- 1 654	- 1 237	- 533	- 1 996	- 3 020
<b>Profit for the period</b>	<b>7 673</b>	<b>7 125</b>	<b>1 253</b>	<b>2 967</b>	<b>12 007</b>	<b>12 555</b>
Attributable to owner of the Parent Company	7 338	6 068	1 283	2 377	10 157	11 427
Attributable to non-controlling interests	335	1 057	- 30	590	1 850	1 128
<b>Supplementary information</b>						
Underlying operating profit before depreciation, amortisation and impairment losses	22 359	21 205	8 268	7 883	36 469	37 623
Underlying operating profit	13 295	13 129	3 622	3 770	19 883	20 049
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	- 1 720	- 2 244	- 956	- 939	- 3 407	- 2 883
1) Including items affecting comparability	- 2 257	- 3 379	- 753	- 995	- 2 264	- 1 142
- of which, capital gains	398	638	5	620	1 067	827
- of which, capital losses	- 15	- 70	- 9	- 2	- 111	- 56
- of which, impairment losses	—	—	—	—	- 136	- 136
- of which, provisions	- 526	- 756	- 526	- 756	- 1 649	- 1 419
- of which, unrealised changes in the fair value of energy derivatives	- 483	- 2 317	387	- 518	- 156	1 678
- of which, unrealised changes in the fair value of inventories	- 909	- 223	- 227	98	61	- 625
- of which, restructuring costs	- 142	- 262	- 41	- 215	- 554	- 434
- of which, other non-recurring items affecting comparability	- 580	- 389	- 342	- 222	- 786	- 977
2) Including return from the Swedish Nuclear Waste Fund	2 149	2 404	1 127	2 228	2 030	1 775
3) Including interest components related to pension costs	- 444	- 420	- 224	- 212	- 844	- 868
4) Including discounting effects attributable to provisions	- 1 116	- 1 131	- 550	- 564	- 2 239	- 2 224
5) Items affecting comparability recognised as financial income and expenses, net	2	2 040	—	2 040	2 040	2
6) Due to changed presentation of transactions related to Renewable Obligation Certificates, Net sales and Cost of purchases for the comparative periods have been adjusted, with no effect on EBITDA.						

# Consolidated statement of comprehensive income

Amounts in SEK million	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018	Last 12 months
<b>Profit for the period</b>	<b>7 673</b>	<b>7 125</b>	<b>1 253</b>	<b>2 967</b>	<b>12 007</b>	<b>12 555</b>
<b>Other comprehensive income</b>						
<b>Items that will be reclassified to profit or loss when specific conditions are met</b>						
Cash flow hedges - changes in fair value	304	724	2 411	1 147	7 776	7 356
Cash flow hedges - dissolved against income statement	- 2 384	- 974	- 1 277	- 628	- 6 066	- 7 476
Cash flow hedges - transferred to cost of hedged item	- 25	11	- 8	- 8	3	- 33
Hedging of net investments in foreign operations	- 1 436	- 3 126	- 473	- 663	- 2 177	- 487
Translation differences, divested companies	—	2	—	—	2	—
Translation differences	3 126	6 313	1 079	1 414	4 193	1 006
Income taxes related to items that will be reclassified	1 082	424	- 149	- 222	- 237	421
<b>Total items that will be reclassified to profit or loss when specific conditions are met</b>	<b>667</b>	<b>3 374</b>	<b>1 583</b>	<b>1 040</b>	<b>3 494</b>	<b>787</b>
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurement pertaining to defined benefit obligations	- 4 105	—	- 4 105	—	- 415	- 4 520
Income taxes related to items that will not be reclassified	1 128	- 15	1 128	- 15	- 5	1 138
<b>Total items that will not be reclassified to profit or loss</b>	<b>- 2 977</b>	<b>- 15</b>	<b>- 2 977</b>	<b>- 15</b>	<b>- 420</b>	<b>- 3 382</b>
<b>Total other comprehensive income, net after income taxes</b>	<b>- 2 310</b>	<b>3 359</b>	<b>- 1 394</b>	<b>1 025</b>	<b>3 074</b>	<b>- 2 595</b>
<b>Total comprehensive income for the period</b>	<b>5 363</b>	<b>10 484</b>	<b>- 141</b>	<b>3 992</b>	<b>15 081</b>	<b>9 960</b>
Attributable to owner of the Parent Company	4 722	8 727	- 204	3 225	12 821	8 816
Attributable to non-controlling interests	641	1 757	63	767	2 260	1 144

# Operating segments, Vattenfall Group

Amounts in SEK million	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018	Last 12 months
<b>External net sales</b>						
Customers & Solutions	44 745	40 549	18 881	16 686	78 883	83 079
Power Generation	18 076	14 036	6 870	6 128	36 064	40 104
Wind	3 012	2 631 <sup>2</sup>	1 174	1 085 <sup>2</sup>	5 726 <sup>2</sup>	6 107
Heat	9 157	8 525	3 451	3 155	15 828	16 460
Distribution	9 204	9 182	4 294	4 066	17 845	17 867
- of which, Distribution Germany	3 291	3 138	1 816	1 533	6 265	6 418
- of which, Distribution Sweden	5 856	5 993	2 453	2 507	11 462	11 325
Other <sup>1</sup>	49	112	21	56	201	138
<b>Total</b>	<b>84 243</b>	<b>75 035 <sup>2</sup></b>	<b>34 691</b>	<b>31 176 <sup>2</sup></b>	<b>154 547 <sup>2</sup></b>	<b>163 755</b>
<b>Internal net sales</b>						
Customers & Solutions	1 343	1 095	520	528	2 435	2 683
Power Generation	35 020	31 515	11 747	12 536	63 906	67 411
Wind	3 406	2 938 <sup>2</sup>	1 586	1 520 <sup>2</sup>	6 126 <sup>2</sup>	6 594
Heat	8 409	7 599	3 577	3 315	18 142	18 952
Distribution	2 342	2 239	1 120	1 080	4 529	4 632
- of which, Distribution Germany	2 109	2 002	1 005	970	4 053	4 160
- of which, Distribution Sweden	247	243	119	113	493	497
Other <sup>1</sup>	2 721	2 393	1 396	1 215	5 054	5 382
Eliminations	- 53 241	- 47 779 <sup>2</sup>	- 19 946	- 20 194 <sup>2</sup>	- 100 192 <sup>2</sup>	- 105 654
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total net sales</b>						
Customers & Solutions	46 088	41 644	19 401	17 214	81 318	85 762
Power Generation	53 096	45 551	18 617	18 664	99 970	107 515
Wind	6 418	5 569	2 760	2 605	11 852	12 701
Heat	17 566	16 124	7 028	6 470	33 970	35 412
Distribution	11 546	11 421	5 414	5 146	22 374	22 499
- of which, Distribution Germany	5 400	5 140	2 821	2 503	10 318	10 578
- of which, Distribution Sweden	6 103	6 236	2 572	2 620	11 955	11 822
Other <sup>1</sup>	2 770	2 505	1 417	1 271	5 255	5 520
Eliminations	- 53 241	- 47 779 <sup>2</sup>	- 19 946	- 20 194 <sup>2</sup>	- 100 192 <sup>2</sup>	- 105 654
<b>Total</b>	<b>84 243</b>	<b>75 035 <sup>2</sup></b>	<b>34 691</b>	<b>31 176 <sup>2</sup></b>	<b>154 547 <sup>2</sup></b>	<b>163 755</b>

Amounts in SEK million	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018	Last 12 months
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>						
Customers & Solutions	1 293	1 842	500	525	2 650	2 101
Power Generation	7 671	4 308	3 186	1 958	10 170	13 533
Wind	4 456	3 885	1 719	1 742	8 277	8 848
Heat	2 866	2 811	477	405	4 071	4 126
Distribution	3 856	4 908	1 806	1 891	9 260	8 208
- of which, Distribution Germany	1 003	916	394	366	1 923	2 010
- of which, Distribution Sweden	2 827	3 964	1 404	1 509	7 299	6 162
Other <sup>1</sup>	141	186	- 75	412	- 90	- 135
Eliminations	- 181	- 114	- 98	- 45	3	- 64
<b>Total</b>	<b>20 102</b>	<b>17 826</b>	<b>7 515</b>	<b>6 888</b>	<b>34 341</b>	<b>36 617</b>
<b>Underlying operating profit before depreciation, amortisation and impairment losses</b>						
Customers & Solutions	1 313	1 869	530	539	2 663	2 107
Power Generation	10 278	8 168	3 914	3 518	12 830	14 940
Wind	4 459	3 883	1 718	1 738	8 328	8 904
Heat	2 887	2 820	486	404	4 448	4 515
Distribution	3 860	4 915	1 810	1 894	9 292	8 237
- of which, Distribution Germany	1 009	923	398	369	1 957	2 043
- of which, Distribution Sweden	2 825	3 964	1 404	1 509	7 297	6 158
Other <sup>1</sup>	- 257	- 336	- 92	- 165	- 1 095	- 1 016
Eliminations	- 181	- 114	- 98	- 45	3	- 64
<b>Total</b>	<b>22 359</b>	<b>21 205</b>	<b>8 268</b>	<b>7 883</b>	<b>36 469</b>	<b>37 623</b>

Amounts in SEK million	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018	Last 12 months
<b>Operating profit (EBIT)</b>						
Customers & Solutions	487	1 186	81	190	1 139	440
Power Generation	5 812	2 627	2 253	1 109	6 711	9 896
Wind	1 848	1 639	365	600	3 681	3 890
Heat	1 066	1 016	- 453	- 531	393	443
Distribution	2 258	3 427	993	1 146	6 218	5 049
- of which, Distribution Germany	494	444	136	125	950	1 000
- of which, Distribution Sweden	1 753	2 968	857	1 011	5 257	4 042
Other <sup>1</sup>	- 252	- 31	- 272	306	- 526	- 747
Eliminations	- 181	- 114	- 98	- 45	3	- 64
<b>Operating profit (EBIT)</b>	<b>11 038</b>	<b>9 750</b>	<b>2 869</b>	<b>2 775</b>	<b>17 619</b>	<b>18 907</b>
Operating profit (EBIT)	11 038	9 750	2 869	2 775	17 619	18 907
Financial income and expenses	- 687	- 971	- 379	725	- 3 616	- 3 332
<b>Profit before tax</b>	<b>10 351</b>	<b>8 779</b>	<b>2 490</b>	<b>3 500</b>	<b>14 003</b>	<b>15 575</b>
<b>Underlying operating profit</b>						
Customers & Solutions	507	1 213	111	204	1 269	563
Power Generation	8 419	6 487	2 981	2 670	9 371	11 303
Wind	1 851	1 638	365	597	3 747	3 960
Heat	1 087	1 025	- 443	- 532	771	833
Distribution	2 264	3 434	997	1 149	6 250	5 080
- of which, Distribution Germany	501	452	140	128	985	1 034
- of which, Distribution Sweden	1 752	2 968	857	1 011	5 254	4 038
Other <sup>1</sup>	- 652	- 554	- 291	- 273	- 1 528	- 1 626
Eliminations	- 181	- 114	- 98	- 45	3	- 64
<b>Underlying operating profit</b>	<b>13 295</b>	<b>13 129</b>	<b>3 622</b>	<b>3 770</b>	<b>19 883</b>	<b>20 049</b>

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

2) Due to changed presentation of transactions related to Renewable Obligation Certificates, Net sales and Cost of purchases for the comparative periods have been adjusted, with no effect on EBITDA.



# Consolidated balance sheet

Amounts in SEK million	30 Jun 2019	30 Jun 2018	31 Dec 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets: non-current	19 027	18 928	18 082
Property, plant and equipment	249 779	237 365	238 801
Participations in associated companies and joint arrangements	5 449	5 364	5 429
Other shares and participations	343	166	331
Share in the Swedish Nuclear Waste Fund	44 839	41 750	42 038
Derivative assets	11 636	13 947	13 951
Prepaid expenses	59	28	28
Deferred tax assets	12 761	12 323	11 719
Contract assets	37	213	44
Other non-current receivables	6 001	3 602	5 538
<b>Total non-current assets</b>	<b>349 931</b>	<b>333 686</b>	<b>335 961</b>
<b>Current assets</b>			
Inventories	13 471	14 941	13 647
Intangible assets: current	124	205	710
Trade receivables and other receivables	25 656	24 911	26 003
Contract assets	217	4	170
Advance payments paid	3 446	3 331	2 926
Derivative assets	14 084	23 607	23 955
Prepaid expenses and accrued income	7 391	7 350	8 427
Current tax assets	1 584	1 806	2 425
Short-term investments	17 330	19 787	22 977
Cash and cash equivalents	11 676	15 662	17 094
Assets held for sale	9 122	—	8 313
<b>Total current assets</b>	<b>104 101</b>	<b>111 604</b>	<b>126 647</b>
<b>Total assets</b>	<b>454 032</b>	<b>445 290</b>	<b>462 608</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Attributable to owner of the Parent Company	90 818	83 812	88 096
Attributable to non-controlling interests	13 997	15 382	15 501
<b>Total equity</b>	<b>104 815</b>	<b>99 194</b>	<b>103 597</b>
<b>Non-current liabilities</b>			
Hybrid Capital	20 272	20 033	19 832
Other interest-bearing liabilities	54 299	49 160	43 981
Pension provisions	44 560	43 704	39 686
Other interest-bearing provisions	95 112	90 530	93 222
Derivative liabilities	10 809	15 964	14 042
Deferred tax liabilities	14 297	14 568	15 119
Contract liabilities	7 200	6 700	6 883
Other noninterest-bearing liabilities	2 265	2 467	2 305
<b>Total non-current liabilities</b>	<b>248 814</b>	<b>243 126</b>	<b>235 070</b>
<b>Current liabilities</b>			
Trade payables and other liabilities	25 355	23 549	29 482
Contract liabilities	963	1 114	1 052
Advance payments received	5 100	8 887	15 293
Derivative liabilities	20 161	29 759	27 245
Accrued expenses and deferred income	10 873	10 305	16 485
Current tax liabilities	1 723	632	850
Other interest-bearing liabilities	27 142	24 639	24 462
Interest-bearing provisions	3 871	4 085	3 734
Liabilities associated with assets held for sale	5 215	—	5 338
<b>Total current liabilities</b>	<b>100 403</b>	<b>102 970</b>	<b>123 941</b>
<b>Total equity and liabilities</b>	<b>454 032</b>	<b>445 290</b>	<b>462 608</b>

**SUPPLEMENTARY INFORMATION**

Amounts in SEK million	30 Jun 2019	30 Jun 2018	31 Dec 2018
<b>Calculation of capital employed</b>			
Intangible assets: current and non-current	19 151	19 133	18 792
Property, plant and equipment	249 779	237 365	238 801
Participations in associated companies and joint arrangements	5 449	5 364	5 429
Deferred and current tax assets	14 345	14 129	14 144
Non-current noninterest-bearing receivables	3 668	2 520	3 657
Contract assets	254	217	214
Inventories	13 471	14 941	13 647
Trade receivables and other receivables	25 656	24 911	26 003
Prepaid expenses and accrued income	7 391	7 350	8 427
Unavailable liquidity	5 768	7 271	5 596
Other	654	435	624
<b>Total assets excl. financial assets</b>	<b>345 586</b>	<b>333 636</b>	<b>335 334</b>
Deferred and current tax liabilities	- 16 020	- 15 200	- 15 969
Other noninterest-bearing liabilities	- 2 265	- 2 467	- 2 305
Contract liabilities	- 8 163	- 7 814	- 7 935
Trade payable and other liabilities	- 25 355	- 23 549	- 29 482
Accrued expenses and deferred income	- 10 873	- 10 305	- 16 485
Other	- 58	- 84	—
<b>Total noninterest-bearing liabilities</b>	<b>- 62 734</b>	<b>- 59 419</b>	<b>- 72 176</b>
Other interest-bearing provisions not related to adjusted net debt <sup>1</sup>	- 12 319	- 11 824	- 11 589
<b>Capital employed<sup>2</sup></b>	<b>270 533</b>	<b>262 393</b>	<b>251 569</b>
<b>Capital employed, average</b>	<b>266 463</b>	<b>250 855</b>	<b>250 283</b>
<b>Calculation of net debt</b>			
Hybrid Capital	- 20 272	- 20 033	- 19 832
Bond issues, commercial paper and liabilities to credit institutions	- 54 698	- 51 644	- 50 303
Present value of liabilities pertaining to acquisitions of Group companies	- 28	- 51	- 51
Liabilities to associated companies	- 726	- 564	- 504
Liabilities to owners of non-controlling interests	- 10 550	- 10 565	- 10 406
Other liabilities	- 15 439	- 10 975	- 7 179
<b>Total interest-bearing liabilities</b>	<b>- 101 713</b>	<b>- 93 832</b>	<b>- 88 275</b>
Cash and cash equivalents	11 676	15 662	17 094
Short-term investments	17 330	19 787	22 977
Loans to owners of non-controlling interests in foreign Group companies	252	629	476
<b>Net debt<sup>2</sup></b>	<b>- 72 455</b>	<b>- 57 754</b>	<b>- 47 728</b>
<b>Calculation of adjusted gross debt and net debt</b>			
Total interest-bearing liabilities	- 101 713	- 93 832	- 88 275
50% of Hybrid Capital <sup>3</sup>	10 136	10 017	9 916
Present value of pension obligations	- 44 560	- 43 704	- 39 686
Provisions for gas and wind operations and other environment-related provisions	- 8 121	- 7 141	- 7 656
Provisions for nuclear power (net) <sup>4</sup>	- 30 219	- 31 367	- 31 920
Margin calls received	4 212	3 321	3 370
Liabilities to owners of non-controlling interests due to consortium agreements	10 550	9 346	9 195
Adjustment related to assets/liabilities held for sale	- 767	—	- 1 743
<b>Adjusted gross debt</b>	<b>- 160 482</b>	<b>- 153 360</b>	<b>- 146 799</b>
Reported cash and cash equivalents and short-term investments	29 006	35 449	40 071
Unavailable liquidity	- 5 768	- 7 271	- 5 596
<b>Adjusted cash and cash equivalents and short-term investments</b>	<b>23 238</b>	<b>28 178</b>	<b>34 475</b>
<b>Adjusted net debt<sup>2</sup></b>	<b>- 137 244</b>	<b>- 125 182</b>	<b>- 112 324</b>

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

Amounts in SEK million	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018	Last 12 months
<b>Operating activities</b>						
Operating profit before depreciation, amortisation and impairment losses	20 102	17 826	7 515	6 888	34 341	36 617
Tax paid	- 454	- 2 683	227	- 982	- 3 698	- 1 469
Capital gains/losses, net	- 383	- 568	3	- 618	- 956	- 771
Interest received	155	154	73	87	343	344
Interest paid	- 2 387	- 2 474	- 958	- 1 140	- 3 046	- 2 959
Other, incl. non-cash items	- 1 188	509	- 803	- 229	- 3 709	- 5 406
<b>Funds from operations (FFO)</b>	<b>15 845</b>	<b>12 764</b>	<b>6 057</b>	<b>4 006</b>	<b>23 275</b>	<b>26 356</b>
Changes in inventories	- 654	325	- 926	- 2 317	1 549	570
Changes in operating receivables	- 2 339	2 390	5 996	8 758	- 790	- 5 519
Changes in operating liabilities	- 3 714	- 1 361	- 2 798	- 1 450	8 128	5 775
Other changes	- 11 018	2 355	756	6 218	8 892	- 4 481
<b>Cash flow from changes in operating assets and operating liabilities</b>	<b>- 17 725</b>	<b>3 709</b>	<b>3 028</b>	<b>11 209</b>	<b>17 779</b>	<b>- 3 655</b>
<b>Cash flow from operating activities</b>	<b>- 1 880</b>	<b>16 473</b>	<b>9 085</b>	<b>15 215</b>	<b>41 054</b>	<b>22 701</b>
<b>Investing activities</b>						
Acquisitions in Group companies	- 771	- 18	- 7	- 10	- 31	- 784
Investments in associated companies and other shares and participations	138	317	16	40	254	75
Other investments in non-current assets	- 11 820	- 9 141	- 5 705	- 5 588	- 22 136	- 24 815
<b>Total investments</b>	<b>- 12 453</b>	<b>- 8 842</b>	<b>- 5 696</b>	<b>- 5 558</b>	<b>- 21 913</b>	<b>- 25 524</b>
Divestments	585	890	16	811	1 569	1 264
Cash and cash equivalents in acquired companies	147	—	—	—	5	152
Cash and cash equivalents in divested companies	—	- 43	—	- 43	- 43	—
<b>Cash flow from investing activities</b>	<b>- 11 721</b>	<b>- 7 995</b>	<b>- 5 680</b>	<b>- 4 790</b>	<b>- 20 382</b>	<b>- 24 108</b>
<b>Cash flow before financing activities</b>	<b>- 13 601</b>	<b>8 478</b>	<b>3 405</b>	<b>10 425</b>	<b>20 672</b>	<b>- 1 407</b>
<b>Financing activities</b>						
Changes in short-term investments	6 108	- 913	- 2 610	- 1 438	- 4 523	2 498
Changes in loans to owners of non-controlling interests in foreign Group companies	237	417	37	39	562	382
Loans raised <sup>1</sup>	12 506	9 130	1 619	178	8 720	12 096
Amortisation of debt pertaining to acquisitions of Group companies	- 23	—	- 23	—	—	- 23
Amortisation of other debt	- 7 301	- 6 893	- 234	- 4 992	- 9 562	- 9 970
Effect of early termination of swaps related to financing activities	221	68	- 6	—	- 122	31
Dividends paid to owners	- 2 627	- 3 027	- 2 627	- 2 949	- 3 299	- 2 899
Contribution/repaid contribution from owners of non-controlling interests	- 667	- 554	- 179	- 60	- 1 260	- 1 373
<b>Cash flow from financing activities</b>	<b>8 454</b>	<b>- 1 772</b>	<b>- 4 023</b>	<b>- 9 222</b>	<b>- 9 484</b>	<b>742</b>
<b>Cash flow for the period</b>	<b>- 5 147</b>	<b>6 706</b>	<b>- 618</b>	<b>1 203</b>	<b>11 188</b>	<b>- 665</b>

Amounts in SEK million	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018	Last 12 months
<b>Cash and cash equivalents</b>						
Cash and cash equivalents at start of period	17 094	8 805	12 233	14 414	8 805	15 662
Cash and cash equivalents included in assets held for sale	- 355	—	14	—	- 2 992	- 3 347
Cash flow for the period	- 5 147	6 706	- 618	1 203	11 188	- 665
Translation differences	84	151	47	45	93	26
<b>Cash and cash equivalents at end of period</b>	<b>11 676</b>	<b>15 662</b>	<b>11 676</b>	<b>15 662</b>	<b>17 094</b>	<b>11 676</b>

**SUPPLEMENTARY INFORMATION**

Amounts in SEK million	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018	Last 12 months
<b>Cash flow before financing activities</b>	<b>-13,601</b>	<b>8 478</b>	<b>3 405</b>	<b>10 425</b>	<b>20 672</b>	<b>- 1 407</b>
<b>Financing activities</b>						
Effects from terminating swaps related to financing activities	221	68	- 6	—	- 122	31
Dividends paid to owners	- 2 627	- 3 027	- 2 627	- 2 949	- 3 299	- 2 899
Contribution from owners of non-controlling interests	- 667	- 554	- 179	- 60	- 1 260	- 1 373
<b>Cash flow after dividend</b>	<b>- 16 674</b>	<b>4 965</b>	<b>593</b>	<b>7 416</b>	<b>15 991</b>	<b>- 5 648</b>
<b>Analysis of change in net debt</b>						
Net debt at start of period	- 47 728	- 59 260	- 72 537	- 64 353	- 59 260	- 57 754
Change accounting principles	- 4 609	—	—	—	—	- 4 609
Cash flow after dividend	- 16 674	4 965	593	7 416	15 991	- 5 648
Changes as a result of valuation at fair value	- 292	273	- 48	147	387	- 178
Changes in interest-bearing liabilities for leasing	- 55	—	- 1	—	—	- 55
Interest-bearing liabilities/short-term investments acquired/divested	- 2	—	1	—	—	- 2
Cash and cash equivalents included in assets held for sale	- 355	—	14	—	- 2 992	- 3 347
Interest-bearing liabilities associated with assets held for sale	- 798	—	- 6	—	781	- 17
Translation differences on net debt	- 1 942	- 3 732	- 471	- 964	- 2 635	- 845
<b>Net debt at end of period</b>	<b>- 72 455</b>	<b>- 57 754</b>	<b>- 72 455</b>	<b>- 57 754</b>	<b>- 47 728</b>	<b>- 72 455</b>
Cash flow from operating activities	- 1 880	16 473	9 085	15 215	41 054	22 701
Maintenance investments	- 6 316	- 5 637	- 2 360	- 3 213	- 13 479	- 14 158
<b>Free cash flow<sup>2</sup></b>	<b>- 8 196</b>	<b>10 836</b>	<b>6 725</b>	<b>12 002</b>	<b>27 575</b>	<b>8 543</b>

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

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



## INVESTMENTS

Amounts in SEK million	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018	Last 12 months
<b>Electricity generation</b>						
Hydro power	357	434	190	264	1 109	1 032
Nuclear power	1 189	1 033	625	567	2 389	2 545
Coal power	29	67	22	57	305	267
Gas	12	214	1	30	259	57
Wind power and solar PV	4 075	2 622	2 594	1 900	7 902	9 355
Biomass, waste	48	19	- 31	12	112	141
<b>Total electricity generation</b>	<b>5 710</b>	<b>4 389</b>	<b>3 401</b>	<b>2 830</b>	<b>12 076</b>	<b>13 397</b>
<b>CHP/heat</b>						
Fossil-based power	1 068	981	742	529	3 028	3 115
Biomass, waste	37	54	20	30	148	131
Other	821	542	476	368	1 776	2 055
<b>Total CHP/heat</b>	<b>1 926</b>	<b>1 577</b>	<b>1 238</b>	<b>927</b>	<b>4 952</b>	<b>5 301</b>
<b>Electricity networks</b>						
Electricity networks	2 642	2 452	1 598	1 374	6 449	6 639
<b>Total electricity networks</b>	<b>2 642</b>	<b>2 452</b>	<b>1 598</b>	<b>1 374</b>	<b>6 449</b>	<b>6 639</b>
Purchases of shares, shareholder contributions	633	- 299	- 9	- 30	- 223	709
Other	688	445	371	317	1 267	1 510
<b>Total investments</b>	<b>11 599</b>	<b>8 564</b>	<b>6 599</b>	<b>5 418</b>	<b>24 521</b>	<b>27 556</b>
Accrued investments, unpaid invoices (-)/ release of accrued investments (+)	854	278	- 903	140	- 2 608	- 2 032
<b>Total investments with cash flow effect</b>	<b>12 453</b>	<b>8 842</b>	<b>5 696</b>	<b>5 558</b>	<b>21 913</b>	<b>25 524</b>

# Consolidated statement of changes in equity

Amounts in SEK million	30 Jun 2019			30 Jun 2018			31 Dec 2018		
	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity
<b>Balance brought forward</b>	<b>88 096</b>	<b>15 501</b>	<b>103 597</b>	<b>77 085</b>	<b>15 247</b>	<b>92 332</b>	<b>77 085</b>	<b>15 247</b>	<b>92 332</b>
<b>Profit for the period</b>	<b>7 338</b>	<b>335</b>	<b>7 673</b>	<b>6 068</b>	<b>1 057</b>	<b>7 125</b>	<b>10 157</b>	<b>1 850</b>	<b>12 007</b>
Cash flow hedges - changes in fair value	304	—	<b>304</b>	724	—	<b>724</b>	7 776	—	<b>7 776</b>
Cash flow hedges - dissolved against income statement	- 2 368	- 16	<b>- 2 384</b>	- 991	17	<b>- 974</b>	- 6 074	8	<b>- 6 066</b>
Cash flow hedges - transferred to cost of hedged item	- 25	—	<b>- 25</b>	11	—	<b>11</b>	3	—	<b>3</b>
Hedging of net investments in foreign operations	- 1 436	—	<b>- 1 436</b>	- 3 126	—	<b>- 3 126</b>	- 2 177	—	<b>- 2 177</b>
Translation differences, divested companies	—	—	<b>—</b>	2	—	<b>2</b>	2	—	<b>2</b>
Translation differences	2 807	319	<b>3 126</b>	5 626	687	<b>6 313</b>	3 707	486	<b>4 193</b>
Remeasurement pertaining to defined benefit obligations	- 4 105	—	<b>- 4 105</b>	—	—	<b>—</b>	- 310	- 105	<b>- 415</b>
Income taxes related to other comprehensive income	2 207	3	<b>2 210</b>	413	- 4	<b>409</b>	- 263	21	<b>- 242</b>
<b>Total other comprehensive income for the period</b>	<b>- 2 616</b>	<b>306</b>	<b>- 2 310</b>	<b>2 659</b>	<b>700</b>	<b>3 359</b>	<b>2 664</b>	<b>410</b>	<b>3 074</b>
<b>Total comprehensive income for the period</b>	<b>4 722</b>	<b>641</b>	<b>5 363</b>	<b>8 727</b>	<b>1 757</b>	<b>10 484</b>	<b>12 821</b>	<b>2 260</b>	<b>15 081</b>
Dividends paid to owners	- 2 000	- 1 478	<b>- 3 478</b>	- 2 000	- 1 068	<b>- 3 068</b>	- 2 000	- 1 299	<b>- 3 299</b>
Group contributions from(+)/to(-) owners of non-controlling interests	—	—	<b>—</b>	—	—	<b>—</b>	—	743	<b>743</b>
Contribution to/from minority interest	—	- 667	<b>- 667</b>	—	- 554	<b>- 554</b>	—	- 1 260	<b>- 1 260</b>
Other changes	—	—	<b>—</b>	—	—	<b>—</b>	190	- 190	<b>—</b>
<b>Total transactions with equity holders</b>	<b>- 2 000</b>	<b>- 2 145</b>	<b>- 4 145</b>	<b>- 2 000</b>	<b>- 1 622</b>	<b>- 3 622</b>	<b>- 1 810</b>	<b>- 2 006</b>	<b>- 3 816</b>
<b>Balance carried forward</b>	<b>90 818</b>	<b>13 997</b>	<b>104 815</b>	<b>83 812</b>	<b>15 382</b>	<b>99 194</b>	<b>88 096</b>	<b>15 501</b>	<b>103 597</b>
- Of which, Reserve for hedges	- 868	23	<b>- 845</b>	- 1 056	42	<b>- 1 014</b>	450	35	<b>485</b>

# Key ratios, Vattenfall Group

In % unless otherwise stated. (x) means times <sup>1</sup>	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018	Last 12 months
Operating margin	13.1	13.0 <sup>4</sup>	8.3	8.9 <sup>4</sup>	11.4 <sup>4</sup>	11.5
Operating margin <sup>2</sup>	15.8	17.5 <sup>4</sup>	10.4	12.1 <sup>4</sup>	12.9 <sup>4</sup>	12.2
Pre-tax profit margin	12.3	11.7 <sup>4</sup>	7.2	11.2 <sup>4</sup>	9.1 <sup>4</sup>	9.5
Pre-tax profit margin <sup>2</sup>	15.0	13.5 <sup>4</sup>	9.3	7.9 <sup>4</sup>	9.2 <sup>4</sup>	10.2
Return on equity	12.7 <sup>3</sup>	11.5 <sup>3</sup>	12.7 <sup>3</sup>	11.5 <sup>3</sup>	11.9	12.7
Return on capital employed	7.1 <sup>3</sup>	7.1 <sup>3</sup>	7.1 <sup>3</sup>	7.1 <sup>3</sup>	7.0	7.1
Return on capital employed <sup>2</sup>	7.5 <sup>3</sup>	9.2 <sup>3</sup>	7.5 <sup>3</sup>	9.2 <sup>3</sup>	7.9	7.5
EBIT interest cover, (x)	5.1 <sup>3</sup>	3.0 <sup>3</sup>	5.1 <sup>3</sup>	3.0 <sup>3</sup>	4.3	5.1
EBIT interest cover, (x) <sup>2</sup>	5.4 <sup>3</sup>	3.9 <sup>3</sup>	5.4 <sup>3</sup>	3.9 <sup>3</sup>	4.9	5.4
FFO interest cover, (x)	7.7 <sup>3</sup>	4.9 <sup>3</sup>	7.7 <sup>3</sup>	4.9 <sup>3</sup>	6.5	7.7
FFO interest cover, net (x)	10.1 <sup>3</sup>	6.0 <sup>3</sup>	10.1 <sup>3</sup>	6.0 <sup>3</sup>	7.8	10.1
Cash flow interest cover after maintenance investments, (x)	3.8 <sup>3</sup>	5.3 <sup>3</sup>	3.8 <sup>3</sup>	5.3 <sup>3</sup>	9.1	3.8
FFO/gross debt	25.9 <sup>3</sup>	25.9 <sup>3</sup>	25.9 <sup>3</sup>	25.9 <sup>3</sup>	26.4	25.9
FFO/net debt	36.4 <sup>3</sup>	42.1 <sup>3</sup>	36.4 <sup>3</sup>	42.1 <sup>3</sup>	48.8	36.4
FFO/adjusted net debt	19.2 <sup>3</sup>	19.4 <sup>3</sup>	19.2 <sup>3</sup>	19.4 <sup>3</sup>	20.7	19.2
EBITDA/net financial items, (x)	11.7	7.9	7.9	7.3	10.1	12.7
EBITDA/net financial items, (x) <sup>2</sup>	13.0	9.4	8.6	8.4	10.7	13.0
Equity/Total assets	23.1	22.3	23.1	22.3	22.4	23.1
Gross debt/equity	97.0	94.6	97.0	94.6	85.2	97.0
Net debt/equity	69.1	58.2	69.1	58.2	46.1	69.1
Gross debt/gross debt plus equity	49.2	48.6	49.2	48.6	46.0	49.2
Net debt/net debt plus equity	40.9	36.8	40.9	36.8	31.5	40.9
Net debt/EBITDA, (x)	2.0 <sup>3</sup>	1.7 <sup>3</sup>	2.0 <sup>3</sup>	1.7 <sup>3</sup>	1.4	2.0
Adjusted net debt/EBITDA, (x)	3.7 <sup>3</sup>	3.7 <sup>3</sup>	3.7 <sup>3</sup>	3.7 <sup>3</sup>	3.3	3.7

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.

4) Due to changed presentation of transactions related to Renewable Obligation Certificates, Net sales and Cost of purchases for the comparative periods have been adjusted, with no effect on EBITDA.

# Quarterly information, Vattenfall Group

Amounts in SEK million	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
<b>Income statement</b>						
Net sales	34 691	49 552	47 476 <sup>1</sup>	32 035 <sup>1</sup>	31 176 <sup>1</sup>	43 860 <sup>1</sup>
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	7 515	12 587	8 662	7 854	6 888	10 938
Underlying Operating profit before depreciation, amortisation and impairment losses	8 268	14 092	8 964	6 301	7 883	13 322
Operating profit (EBIT)	2 869	8 168	4 189	3 680	2 775	6 975
Underlying operating profit	3 622	9 673	4 627	2 127	3 770	9 359
Profit before income taxes	2 490	7 861	3 042	2 181	3 500	5 279
Profit for the period	1 253	6 420	3 100	1 782	2 967	4 158
- of which, attributable to owner of the Parent Company	1 283	6 055	2 421	1 668	2 377	3 691
- of which, attributable to non-controlling interests	- 30	365	679	114	590	467
<b>Balance sheet</b>						
Non-current assets	349 931	343 569	335 961	338 105	333 706	323 689
Short-term investments	17 330	14 555	22 977	21 466	19 787	18 078
Cash and cash equivalents	11 676	12 233	17 094	19 720	15 662	14 414
Other current assets	75 095	84 164	86 576	84 566	76 135	70 918
<b>Total assets</b>	<b>454 032</b>	<b>454 521</b>	<b>462 608</b>	<b>463 857</b>	<b>445 290</b>	<b>427 099</b>
Equity	104 815	108 613	103 597	104 213	99 194	97 815
- of which, attributable to owner of the Parent Company	90 818	93 022	88 096	89 085	83 812	82 587
- of which, attributable to non-controlling interests	13 997	15 591	15 501	15 128	15 382	15 228
Hybrid Capital	20 272	20 096	19 832	19 865	20 033	19 615
Other interest-bearing liabilities	81 441	79 513	68 443	64 317	73 799	77 882
Pension provisions	44 560	40 037	39 686	43 208	43 704	43 276
Other interest-bearing provisions	98 983	98 076	96 956	93 967	94 615	91 300
Contract liabilities	8 163	7 819	7 935	7 883	7 814	7 684
Deferred tax liabilities	14 297	14 725	15 119	16 483	14 568	14 979
Other noninterest-bearing liabilities	81 501	85 642	111 040	113 921	91 563	74 548
<b>Total equity and liabilities</b>	<b>454 032</b>	<b>454 521</b>	<b>462 608</b>	<b>463 857</b>	<b>445 290</b>	<b>427 099</b>
Capital employed	270 533	270 536	251 569	254 745	262 393	259 921
Net debt	- 72 455	- 72 539	- 47 728	- 42 384	- 57 754	- 64 353
<b>Cash flow</b>						
Funds from operations (FFO)	6 057	9 789	7 265	3 246	4 006	8 758
Cash flow from changes in operating assets and operating liabilities	3 028	- 20 754	- 1 501	15 570	11 209	- 7 499
Cash flow from operating activities	9 085	- 10 965	5 764	18 816	15 215	1 259
Cash flow from investing activities	- 5 680	- 6 041	- 8 425	- 3 961	- 4 790	- 3 206
Cash flow before financing activities	3 405	- 17 006	- 2 661	14 855	10 425	- 1 947
Changes in short-term investments	- 2 610	8 718	- 1 667	- 1 943	- 1 438	525
Loans raised/Amortisation of debt, net, etc.	1 214	3 759	4 758	- 8 589	- 4 835	7 002
Dividends paid to owners	- 2 627	—	- 50	- 222	- 2 949	- 77
Cash flow from financing activities	- 4 023	12 477	3 041	- 10 754	- 9 222	7 450
<b>Cash flow for the period</b>	<b>- 618</b>	<b>- 4 529</b>	<b>380</b>	<b>4 101</b>	<b>1 203</b>	<b>5 503</b>
<b>Free cash flow</b>	<b>6 725</b>	<b>- 14 921</b>	<b>766</b>	<b>15 973</b>	<b>12 002</b>	<b>- 1 165</b>

1) Due to changed presentation of transactions related to Renewable Obligation Certificates, Net sales and Cost of purchases for the comparative periods have been adjusted, with no effect on EBITDA.

In % unless otherwise stated. (x) means times <sup>1</sup>	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
<b>Key ratios</b>						
Return on equity	12.7	14.2	11.9	12.4	11.5	11.2
Return on capital employed <sup>2</sup>	7.1	7.1	7.0	7.9	7.1	7.8
Return on capital employed <sup>2,3</sup>	7.5	7.6	7.9	9.2	9.2	9.8
EBIT interest cover, (x) <sup>2</sup>	5.1	5.1	4.3	3.4	3.0	3.3
EBIT interest cover, (x) <sup>2,3</sup>	5.4	5.4	4.9	3.9	3.9	4.0
FFO/gross debt <sup>2</sup>	25.9	24.4	26.4	26.8	25.9	27.8
FFO/net debt <sup>2</sup>	36.4	33.5	48.8	53.2	42.1	42.1
FFO/adjusted net debt <sup>2</sup>	19.2	18.1	20.7	20.6	19.4	20.7
Equity/assets ratio	23.1	23.9	22.4	22.5	22.3	22.9
Gross debt/equity	97.0	91.7	85.2	80.8	94.6	99.7
Net debt/equity	69.1	66.8	46.1	40.7	58.2	65.8
Net debt/net debt plus equity	40.9	40.0	31.5	28.9	36.8	39.7
Net debt/EBITDA, (x) <sup>2</sup>	2.0	2.0	1.4	1.2	1.7	1.8
Adjusted net debt/EBITDA, (x) <sup>2</sup>	3.7	3.7	3.3	3.1	3.7	3.7

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 2019 have been prepared, as for the 2018 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 Vattenfall’s 2018 Annual and Sustainability Report in Note 3 to the consolidated accounts, Accounting policies. As described, IFRS 16 “Leases” will affect the Vattenfall Group’s financial statements. Other amended IFRSs endorsed by the EU for application in the 2019 financial year have no significant effect on Vattenfall’s financial statements.

### Impact of IFRS 16 on the Vattenfall’s Group’s financial statements

Implementation of IFRS 16 entails an increase of the Group’s property, plant and equipment and interest-bearing liabilities by SEK 4.6 billion as per 1 January 2019. IFRS 16 has no effect on equity. Vattenfall has transitioned to the new leasing standard by applying the modified retrospective approach, and therefore the 2018 financial statements were not restated.

The implementation of IFRS 16 resulted in a higher EBITDA by SEK 361 million and in a higher interest expense by SEK 50 million during the first half year 2019, compared with previous years accounting under IAS 17 where all cost for operational lease contracts were accounted for in operating profit.

Lease liabilities as per 1 January 2019 amounted to SEK 5.2 billion. The difference between the operating lease commitment as per 31 December 2018 according to IAS 17 and lease liabilities as per 1 January 2019 according to IFRS 16 is shown below:

Operating lease commitment as per 31 December 2018	5,830
Recognition exemption for short-term leases and leases of low-value assets	-202
Effect of discounting operating lease commitment	-1,019
<b>Lease liabilities as a result of IFRS 16 implementation</b>	<b>4,609</b>
Finance lease liabilities recognised as per 31 December 2018	601
<b>Lease liabilities as per 1 January 2019</b>	<b>5,210</b>

### Acquisition of DELTA Energie

End of February 2019, Vattenfall finalized the acquisition of the Dutch electricity and gas sales company DELTA Energie. DELTA Energie supplies green electricity and gas to households and small and medium-sized companies, mainly in the Dutch province Zeeland. The company has 120 employees and 170,000 customers. The purchase price allocation is not finalized yet. The surplus value mainly relates to customer relationships.

### Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall’s 2018 Annual and Sustainability Report, pages 62-69. Apart from the information provided under “Important events” in this report and under “Important events” in previously published interim reports in 2019, no other material changes have taken place since publication of Vattenfall’s 2018 Annual and Sustainability Report.

### Other

Significant related-party transactions are described in Note 44 to the consolidated accounts in Vattenfall’s 2018 Annual and Sustainability Report. No material changes have taken place in relations or transactions with related parties compared with the description in Vattenfall’s 2018 Annual and Sustainability Report.

## NOTE 2 | Exchange rates

### KEY EXCHANGE RATES APPLIED IN THE ACCOUNTS OF THE VATTENFALL GROUP

	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018
<b>Average rate</b>					
EUR	10.4782	10.1722	10.5588	10.3762	10.2591
DKK	1.4036	1.3658	1.4144	1.3928	1.3765
GBP	11.9637	11.5453	12.0557	11.7999	11.5785
USD	9.2469	8.4417	9.3896	8.6957	8.6988
			<b>30 Jun 2019</b>	<b>30 Jun 2018</b>	<b>31 Dec 2018</b>
<b>Balance sheet date rate</b>					
EUR			10.5633	10.4530	10.2548
DKK			1.4153	1.4026	1.3733
GBP			11.7822	11.7973	11.4639
USD			9.2823	8.9664	8.9562



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

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 the fair value is approximated by using cost.

The carrying amounts of financial assets do not differ significantly from their fair values. The difference between carrying amounts and fair values for financial liabilities amounts to SEK 6,372 million (31 December 2018: 5,204).

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 2019

Amounts in SEK million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Share in the Swedish Nuclear Waste Fund	44 839	—	—	44 839
Derivative assets	—	25 370	350	25 720
Short-term investments, cash equivalents and other shares and participations	11 883	7 124	—	19 007
<b>Total assets</b>	<b>56 722</b>	<b>32 494</b>	<b>350</b>	<b>89 566</b>
<b>Liabilities</b>				
Derivative liabilities	—	30 936	34	30 970
<b>Total liabilities</b>	<b>—</b>	<b>30 936</b>	<b>34</b>	<b>30 970</b>

### FINANCIAL ASSETS AND LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON THE BALANCE SHEET AT 31 DECEMBER 2018

Amounts in SEK million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Share in the Swedish Nuclear Waste Fund	42 038	—	—	42 038
Derivative assets	—	37 905	1	37 906
Short-term investments, cash equivalents and other shares and participations	15 471	13 361	—	28 832
<b>Total assets</b>	<b>57 509</b>	<b>51 266</b>	<b>1</b>	<b>108 776</b>
<b>Liabilities</b>				
Derivative liabilities	—	41 191	96	41 287
<b>Total liabilities</b>	<b>—</b>	<b>41 191</b>	<b>96</b>	<b>41 287</b>

# 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 interim report are the same as those described in Vattenfall's 2018 Annual and Sustainability Report, Note 3 to the Parent Company accounts, Accounting policies. New accounting policies applicable from 1 January 2019 has had no significant effect on the Parent Company's financial statements. The Parent Company report leases in accordance with the exemption rule for IFRS 16 provided in RFR 2, which entails no change compared with the previous year.

## January – June 2019

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

- Net sales amounted to SEK 25,713 million (20,253).
- Profit before appropriations and income taxes was SEK 16,437 million (-1,676).
- Higher prices on electricity have had a positive effect on earnings. Earnings are also positively impacted by unrealized changes in fair value of energy derivatives. Dividend received from subsidiaries amounts to SEK 8,189 million (3,670). Lower financial expenses due to favorable exchange rate effects have also had a positive effect on earnings.

- The balance sheet total was SEK 266,948 million (31 December 2018: 278,819).
- Investments during the period amounted to SEK 636 million (348),
- Cash and cash equivalents, and short-term investments amounted to SEK 27,968 million (31 December 2018: 39,798).
- Dividend paid to the owner of SEK 2,000 million (2,000)

## Presentation of Parent Company income statements

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

## Risks and uncertainties

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

## Other

Significant related-party transactions are described in Note 44 to the consolidated accounts, Related party disclosures, in Vattenfall's 2018 Annual and Sustainability Report. No material changes have taken place in relations or transactions with related parties compared with the description in Vattenfall's 2018 Annual and Sustainability Report.

# Parent Company income statement

Amounts in SEK million	Jan-Jun 2019	Jan-Jun 2018	Full year 2018	Last 12 months
Net sales	25 713	20 253	42 450	47 910
Cost of purchases	- 12 957	- 19 151	- 34 751	- 28 557
Other external expenses	- 1 620	- 1 594	- 3 745	- 3 771
Personnel expenses	- 1 148	- 1 121	- 2 053	- 2 080
Other operating incomes and expenses, net	91	8	71	154
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>10 079</b>	<b>- 1 605</b>	<b>1 972</b>	<b>13 656</b>
Depreciation, amortisation and impairments	- 244	- 246	- 501	- 499
<b>Operating profit (EBIT)</b>	<b>9 835</b>	<b>- 1 851</b>	<b>1 471</b>	<b>13 157</b>
Result from participations in subsidiaries	8 189	3 670	3 389	7 908
Other financial income	843	781	1 403	1 465
Other financial expenses	- 2 430	- 4 276	- 4 863	- 3 017
<b>Profit before appropriations and income taxes</b>	<b>16 437</b>	<b>- 1 676</b>	<b>1 400</b>	<b>19 513</b>
Appropriations	1 418	740	919	1 597
<b>Profit before income taxes</b>	<b>17 855</b>	<b>- 936</b>	<b>2 319</b>	<b>21 110</b>
Income taxes	- 2 091	946	135	- 2 902
<b>Profit for the period</b>	<b>15 764</b>	<b>10</b>	<b>2 454</b>	<b>18 208</b>

# Parent Company balance sheet

Amounts in SEK million	30 Jun 2019	30 Jun 2018	31 Dec 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets: non-current	188	174	193
Property, plant and equipment	4 857	4 329	4 563
Shares and participations	149 879	149 980	149 779
Deferred tax assets	1 175	2 274	1 921
Other non-current receivables	64 823	54 902	63 366
<b>Total non-current assets</b>	<b>220 922</b>	<b>211 659</b>	<b>219 822</b>
<b>Current assets</b>			
Inventories	310	245	269
Intangible assets: current	80	183	337
Current receivables	17 668	17 564	17 949
Current tax assets	—	1 151	644
Short-term investments	16 481	18 927	22 129
Cash and cash equivalents	11 487	12 808	17 669
<b>Total current assets</b>	<b>46 026</b>	<b>50 878</b>	<b>58 997</b>
<b>Total assets</b>	<b>266 948</b>	<b>262 537</b>	<b>278 819</b>
<b>Equity, provisions and liabilities</b>			
<b>Equity</b>			
Restricted equity			
Share capital (131,700,000 shares with a share quota value of SEK 50)	6 585	6 585	6 585
Revaluation reserve	37 989	37 989	37 989
Other reserves	1 327	1 333	1 341
Non-restricted equity			
Retained earnings	46 631	46 172	46 163
Profit for the period	15 764	10	2 454
<b>Total equity</b>	<b>108 296</b>	<b>92 089</b>	<b>94 532</b>
<b>Untaxed reserves</b>	<b>10 335</b>	<b>11 544</b>	<b>11 753</b>
<b>Provisions</b>	<b>5 273</b>	<b>5 287</b>	<b>5 256</b>
<b>Non-current liabilities</b>			
Hybrid capital	20 276	20 040	19 837
Other interest-bearing liabilities	43 550	45 123	39 171
Other noninterest-bearing liabilities	11 158	9 924	11 196
<b>Total non-current liabilities</b>	<b>74 984</b>	<b>75 087</b>	<b>70 204</b>
<b>Current liabilities</b>			
Other interest-bearing liabilities	58 943	67 019	86 207
Current tax liabilities	776	—	—
Other noninterest-bearing liabilities	8 341	11 511	10 867
<b>Total current liabilities</b>	<b>68 060</b>	<b>78 530</b>	<b>97 074</b>
<b>Total equity, provisions and liabilities</b>	<b>266 948</b>	<b>262 537</b>	<b>278 819</b>

# 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.

	<b>Definition</b>
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 items that are of an infrequent nature. Also included here are, for trading activities, unrealised changes in the fair value of energy derivatives, which according to IFRS 9 cannot be recognised using hedge accounting and unrealised changes in the fair value of inventories. See Consolidated income statement for a specification of items affecting comparability.
Underlying EBITDA:	Underlying operating profit before depreciation, amortisation and impairment losses. This measure is intended to provide a better view on the operating result by excluding items affecting comparability that are of an infrequent nature, while also excluding non-cash depreciation and amortisation.
Underlying operating profit:	Operating profit (EBIT) excluding items affecting comparability. This measure is intended to provide a better view on the operating result by excluding items affecting comparability that are of an infrequent nature.
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

	<b>Definition</b>
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.

## CALCULATION OF EBITDA, UNDERLYING EBITDA AND UNDERLYING EBIT

Amounts in SEK million	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018	Full year 2018	Last 12 months
Operating profit (EBIT)	11 038	9 750	2 869	2 775	17 619	18 907
Depreciation, amortisation and impairment losses	- 9 064	- 8 076	- 4 646	- 4 113	- 16 722	- 17 710
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>20 102</b>	<b>17 826</b>	<b>7 515</b>	<b>6 888</b>	<b>34 341</b>	<b>36 617</b>
Items affecting comparability excl. impairment losses and reversed impairment losses	2 257	3 379	753	995	2 128	1 006
<b>Underlying operating profit before depreciation, amortisation and impairment losses</b>	<b>22 359</b>	<b>21 205</b>	<b>8 268</b>	<b>7 883</b>	<b>36 469</b>	<b>37 623</b>
Operating profit (EBIT)	11 038	9 750	2 869	2 775	17 619	18 907
Items affecting comparability	2 257	3 379	753	995	2 264	1 142
<b>Underlying operating profit</b>	<b>13 295</b>	<b>13 129</b>	<b>3 622</b>	<b>3 770</b>	<b>19 883</b>	<b>20 049</b>

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

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**KEY RATIOS BASED ON CONTINUING OPERATIONS AND LAST 12-MONTH VALUES JULY 2018 – JUNE 2019**

<b>Operating margin, %</b>	= 100 x	$\frac{\text{EBIT}}{\text{Net sales}}$	$\frac{18\,907}{163\,755}$	=	11.5
<b>Operating margin excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Net sales}}$	$\frac{20\,049}{163\,755}$	=	12.2
<b>Pre-tax profit margin, %</b>	= 100 x	$\frac{\text{Profit before income taxes}}{\text{Net sales}}$	$\frac{15\,575}{163\,755}$	=	9.5
<b>Pre-tax profit margin excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Profit before income taxes excl. items affecting comparability}}{\text{Net sales}}$	$\frac{16\,715}{163\,755}$	=	10.2
<b>Return on equity, %</b>	= 100 x	$\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl. the Reserve for cash flow hedges}}$	$\frac{11\,427}{89\,956}$	=	12.7
<b>Return on capital employed, %</b>	= 100 x	$\frac{\text{EBIT}}{\text{Capital employed, average}}$	$\frac{18\,907}{266\,463}$	=	7.1
<b>Return on capital employed excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Capital employed, average}}$	$\frac{20\,049}{266\,463}$	=	7.5
<b>EBIT interest cover, (x)</b>	=	$\frac{\text{EBIT + financial income excl. return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{19\,942}{3\,918}$	=	5.1
<b>EBIT interest cover excl. Items affecting comparability, (x)</b>	=	$\frac{\text{Underlying EBIT + financial income excl. Return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{21\,084}{3\,918}$	=	5.4
<b>FFO interest cover, (x)</b>	=	$\frac{\text{FFO + financial expenses excl. discounting effects attributable to provisions}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{30\,274}{3\,918}$	=	7.7
<b>FFO interest cover, net, (x)</b>	=	$\frac{\text{FFO + financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{29\,239}{2\,883}$	=	10.1



<b>Cash flow interest cover after maintenance investments, (x)</b>	=	Cash flow from operating activities less maintenance investments + financial expenses excl. Discounting effects attributable to provisions and interest components related to pension costs	<u>11 593</u>	=	3.8
		Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs	<u>3 050</u>		
<b>FFO/gross debt, %</b>	= 100 x	<u>FFO</u>	<u>26 356</u>	=	25.9
		Interest-bearing liabilities	<u>101 713</u>		
<b>FFO/net debt, %</b>	= 100 x	<u>FFO</u>	<u>26 356</u>	=	36.4
		Net debt	<u>72 455</u>		
<b>FFO/adjusted net debt, %</b>	= 100 x	<u>FFO</u>	<u>26 356</u>	=	19.2
		Adjusted net debt	<u>137 244</u>		
<b>EBITDA/net financial items, (x)</b>	=	<u>EBITDA</u>	<u>36 617</u>	=	12.7
		Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	<u>2 883</u>		
<b>EBITDA excl. items affecting comparability/net financial items, (x)</b>	=	<u>EBITDA excl. items affecting comparability</u>	<u>37 623</u>	=	13.0
		Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	<u>2 883</u>		

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#### KEY RATIOS BASED ON THE BALANCE SHEET PER 30 JUNE 2019

<b>Equity/total assets, %</b>	= 100 x	<u>Equity</u>	<u>104 815</u>	=	23.1
		Balance sheet total	<u>454 032</u>		
<b>Gross debt/equity, %</b>	= 100 x	<u>Interest-bearing liabilities</u>	<u>101 713</u>	=	97.0
		Equity	<u>104 815</u>		
<b>Net debt/equity, %</b>	= 100 x	<u>Net debt</u>	<u>72 455</u>	=	69.1
		Equity	<u>104 815</u>		
<b>Gross debt/gross debt equity, %</b>	= 100 x	<u>Interest-bearing liabilities</u>	<u>101 713</u>	=	49.2
		Interest-bearing liabilities + equity	<u>206 528</u>		
<b>Net debt/net debt plus equity, %</b>	= 100 x	<u>Net debt</u>	<u>72 455</u>	=	40.9
		Net debt + equity	<u>177 270</u>		
<b>Net debt/EBITDA, (x)</b>	=	<u>Net debt</u>	<u>72 455</u>	=	2.0
		EBITDA	<u>36 617</u>		
<b>Adjusted net debt/EBITDA, (x)</b>	=	<u>Adjusted net debt</u>	<u>137 244</u>	=	3.7
		EBITDA	<u>36 617</u>		

### 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, 19 July 2019

Lars G. Nordström  
Chairman of the Board

Magnus Hall  
President and CEO

Fredrik Arp

Viktoria Bergman

Ann Carlsson

Håkan Erixon

Tomas Kåberger

Jenny Lahrin

Robert Lönnqvist

Rolf Ohlsson

Jeanette Regin

Fredrik Rystedt

Åsa Söderström Winberg

### Financial calendar

Interim report January-September, 29  
October 2019

Year-end report 2019, 5 February 2020

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This information is such that Vattenfall AB is obliged to make public in accordance with the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 08.00 CEST on 19 July 2019. 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 2019 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, 18 July 2019

Ernst & Young AB

Staffan Landén  
Authorised Public Accountant