

Interim report January–March 2018

Business highlights, January–March 2018

- Higher total electricity generation as a result of increased hydro power generation
- Strong performance for sales operations
- Decrease in generation and lower margins for coal- and gas-fired power
- Winning bid for first non-subsidised offshore wind farm, Hollandse Kust Zuid 1 & 2, in the Netherlands
- Installation of wind turbines in Aberdeen with the world's largest turbine capacity and innovative foundations
- Stable security of supply as a result of preventive maintenance and network investments

Financial highlights, January–March 2018

- Net sales increased by 11% to SEK 44,328 million (40,112)
- Underlying operating profit¹ increased to SEK 9,359 million (8,408)
- Operating profit¹ of SEK 6,975 million (6,091)
- Profit for the period of SEK 4,158 million (3,829)
- The Annual General Meeting resolved in favour of a dividend of SEK 2,000 million for the 2017 financial year

KEY DATA

Amounts in SEK million unless indicated otherwise	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Last 12 months
Net sales	44 328	40 112	135 114	139 330
Operating profit before depreciation, amortisation and impairment losses (EBITDA) ¹	10 938	9 783	34 399	35 554
Operating profit (EBIT) ¹	6 975	6 091	18 524	19 408
Underlying operating profit ¹	9 359	8 408	23 203	24 154
Profit for the period	4 158	3 829	9 484	9 813
Electricity generation, TWh	37.2	36.6	127.3	127.9
Sales of electricity, TWh ²	49.8	45.2	157.3	161.9
- of which, customer sales	32.2	31.0	108.8	110
Sales of heat, TWh	8.2	7.6	18.8	19.4
Sales of gas, TWh	25.9	23.1	56.4	59.2
Return on capital employed, % ¹	7.8 ³	- 1.1 ³	7.7	7.8
FFO/adjusted net debt, % ¹	20.7 ³	21.0 ³	21.4	20.7

1) See Definitions and calculations of key ratios on page 38 for definitions of Alternative Performance Measures.

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

3) Last 12-month values.

CEO's comments

“Renewable energy is today the most cost-effective newbuild alternative. We are showing that we are a leader in driving development forward.”



Vattenfall reported an underlying operating profit of SEK 9.4 billion for the first quarter of the year. This is an improvement of SEK 1 billion compared with a year ago. Our large-scale production in Sweden, especially hydro power, contributed to the significant increase of SEK 1.2 billion in earnings contribution from the Power Generation segment, which was enhanced by higher electricity prices. The total profit for the period amounted to SEK 4.2 billion, which is an improvement by SEK 0.4 billion. However, price levels continue to be low in the longer perspective, and the situation of large overcapacity in the market remains.

The sales activities showed strong earnings during the first quarter. This was partly driven by weather effects, but customer growth also continued to make a positive contribution, especially in Germany. In addition, we have now established a new business unit, Energy Solutions, which will develop, install and operate integrated energy solutions for property owners under the Vattenfall InHouse brand.

Vattenfall's electricity generation on the Continent decreased during the first quarter as a result of lower margins for coal- and gas-fired power. The earnings contribution from the Heat operating segment decreased by SEK 0.7 billion. Margins were affected by higher prices for fuel and CO2 emission allowances. This development is also the main reason why electricity forward contracts are trading at higher levels.

We can gladly say that renewable energy today is not only a sustainable choice; it is also the most cost-effective newbuild alternative. Vattenfall is a leader in driving development forward. During the first quarter it was announced that we had the winning bid for what will be the world's first non-subsidised offshore wind farm, Hollandse Kust Zuid 1 & 2, in the Netherlands. This is the result of extensive work with cost reductions along the entire value chain. We are also far advanced in the technological development for offshore wind power. Outside Aberdeen, Scotland, we have established a technological development centre adjacent to our construction of a wind farm, where we were first in the industry to deploy a turbine that delivers a full 8.8 MW of power. A single blade rotation from this installation packs enough power to supply an average British household with electricity for a day. We were

also the first to use a new type of foundation that employs suction buckets instead of the more common method of driving foundations into the sea floor. This innovation can be more flexibly adapted to varying conditions on the sea floor and has a lower environmental impact.

Colder weather conditions had a positive effect on earnings from our distribution operations. Given these conditions, delivery reliability in our networks was also stable compared to the trend over the past few years. This can be credited to preventive maintenance and recent years' investments.

The Swedish energy policy agreement has played a decisive role in securing the supply of electricity in Sweden, with focus on both sustainability and financial responsibility. As a next step, the Swedish government has submitted a bill to parliament for proposed new legislation for hydro power and its adaptation to modern environmental requirements. Together with seven other, major hydro power operators in the country we will be forming the company Vattenkraftens Miljöfond AB to fund related measures.

As for Sweden's nuclear power, it is important that we get a solution in place for the final storage of nuclear waste as soon as possible. Once SKB has complemented its application with a safety report to the Ministry of the Environment and Energy, expediting this matter must be prioritised to prevent the process from becoming drawn-out and costly.

Vattenfall's change is now conveyed by our new visual identity and logo, which has been developed on the basis of extensive market surveys among our customers and other stakeholders. The profile conveys the high level of expertise and professionalism among our employees, among other things. We are now showing clearly and distinctly our aim of promoting a climate-smarter lifestyle, with the distinct target of becoming fossil-free within one generation.

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

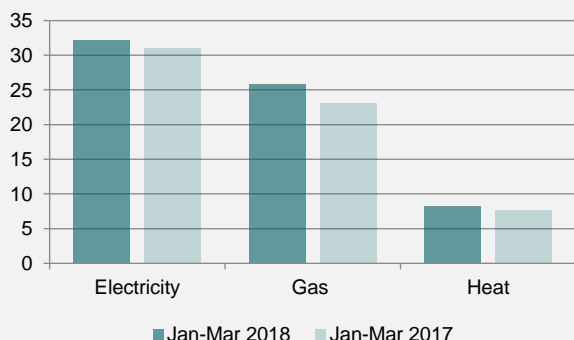
Magnus Hall
President and CEO

Group overview

Sales development

Sales of electricity, excluding sales to Nord Pool Spot and deliveries to minority shareholders, increased by 1.2 TWh, mainly owing to higher sales to business customers in Germany. Sales of gas and heat increased by 2.8 TWh and 0.6 TWh, respectively, mainly owing to colder weather.

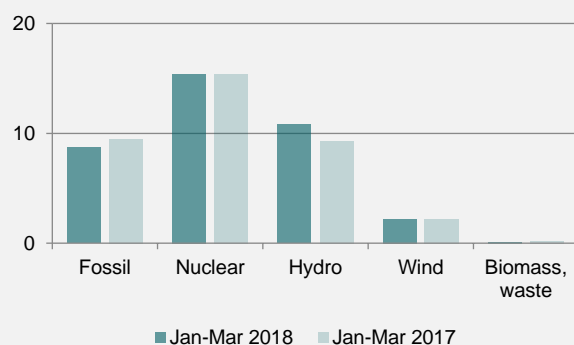
CUSTOMER SALES DEVELOPMENT (TWh)



Generation development

Total electricity generation increased by 0.6 TWh during the first quarter of 2018. Higher hydro power generation (+1.5 TWh) was offset by lower power generation in the Heat business area.

ELECTRICITY GENERATION (TWh)



Price development

Average Nordic spot prices were 24% higher, at EUR 38.6/MWh (31.1), during the first quarter of 2018 compared with the corresponding period in 2017, mainly attributable to cold weather and higher fuel prices. Prices in Germany decreased by 14% to EUR 35.6/MWh (41.4), and prices in the Netherlands increased by 5% to EUR 45.0/MWh (42.9). Spot prices in Germany were affected by strong winds during periods with cold weather and by higher availability of nuclear

power. Electricity futures prices for delivery in 2019 and 2020 were 19%–27% higher than in the first quarter of 2017, mainly owing to higher fuel prices.

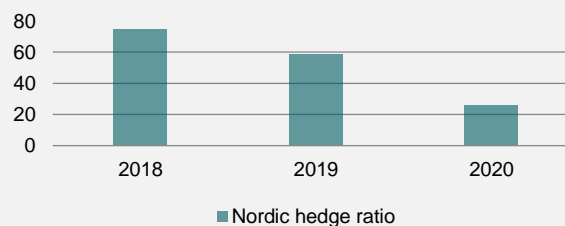
Compared with the first quarter of 2017, the average spot price for gas was 16% higher, at EUR 21.4/MWh (18.5). Spot prices for coal were 7% higher, at USD 86.3/t (80.7). The futures price for gas was 2% higher, at EUR 17.1/MWh (17.4), and the futures price for coal was 20% higher, at USD 82.4/t (68.4). Prices of CO₂ emission allowances were 90% higher, at EUR 9.8/t (5.2). The higher prices for emission allowances are mainly attributable to greater clarity surrounding the Market Stability Reserve (MSR) and the period after 2020 combined with speculative positioning.

Hedging

AVERAGE INDICATIVE NORDIC HEDGE PRICES (SE, DK, NO, FI)¹ AS PER 31 MARCH 2018

EUR/MWh	2018	2019	2020
	27	27	30

VATTENFALL'S ESTIMATED NORDIC HEDGE RATIO (%) AS PER 31 MARCH 2018



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

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

Market-quoted	2018	2019	2020	Observed yearly volatility ³
Electricity	+/- 783	+/- 1301	+/- 1305	15%-19%
Coal	-/+ 268	-/+ 293	-/+ 263	20%-29%
Gas	-/+ 740	-/+ 668	-/+ 664	11%-16%
CO ₂	-/+ 210	-/+ 248	-/+ 293	36%-47%

- 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–March: Consolidated net sales increased by SEK 4.2 billion, mainly owing to higher sold volumes in the Netherlands, Germany, France and the UK. Higher achieved prices in the Nordics also contributed to the increase in net sales.

Earnings

Comment January–March: The underlying operating profit increased by SEK 1.0 billion, which is explained by:

- Higher earnings contribution from the Power Generation operating segment (SEK 1.2 billion), mainly owing to lower taxes, higher prices achieved in the Nordic countries, and an increase in Nordic hydro power generation.
- Lower earnings contribution from the Heat operating segment (SEK -0.7 billion), mainly owing to lower spreads with higher costs for gas and CO₂ emission allowances.
- Other items, net (SEK 0.4 billion).

Items affecting comparability amounted to SEK -2.4 billion (-2.3), of which unrealised changes in fair value of energy derivatives (SEK -1.8 billion) pertain mainly to temporary effects.

Profit for the period amounted to SEK 4.2 billion (3.8).

Cash flow

Comment January–March: Funds from operations (FFO) increased by SEK 0.5 billion, mainly owing to a higher operating profit before depreciation, amortisation and impairment losses (EBITDA), which was offset by higher preliminary tax in 2018. Cash flow from changes in working capital amounted to SEK -7.5 billion. The net change in operating receivables and operating liabilities resulting from seasonal effects in the Customers & Solutions and Heat operating segments was the main negative contributing factor (SEK -6.6 billion). The net change in margin calls made a negative contribution (SEK -3.9 billion) owing to higher prices for CO₂ emission allowances and lower electricity prices in Germany. A smaller inventory of emission allowances and nuclear fuel had an offsetting effect of SEK 2.3 billion.

Cost-saving programme

Vattenfall's SEK 2 billion cost-saving programme in staff functions is currently in progress and will affect approximately 1,500 full-time positions. The programme will be fully implemented by 2020 and is part of an ongoing review of costs aimed at raising efficiency and increasing room for new investments. The financial effects of the cost-saving programme will not be noticeable until future periods.

Important events after the balance sheet date

- A new business unit, Energy Solutions, has been formed to offer decentralised energy solutions to property owners. The business unit will develop, install and operate integrated energy solutions under the Vattenfall InHouse brand.

KEY FIGURES – GROUP OVERVIEW

Amounts in SEK million	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Last 12 months
Net sales	44 328	40 112	135 114	139 330
Operating profit before depreciation, amortisation and impairment losses (EBITDA) ¹	10 938	9 783	34 399	35 554
Operating profit (EBIT) ¹	6 975	6 091	18 524	19 408
Underlying operating profit ¹	9 359	8 408	23 203	24 154
Items affecting comparability ¹	- 2 384	- 2 317	- 4 679	- 4 746
Profit for the period	4 158	3 829	9 484	9 813
Funds from operations (FFO)	8 758	8 307	26 643	27 094
Cash flow from changes in operating assets and operating liabilities (working capital)	- 7 499	- 9 468	- 915	1 054
Cash flow from operating activities	1 259	- 1 161	25 728	28 148

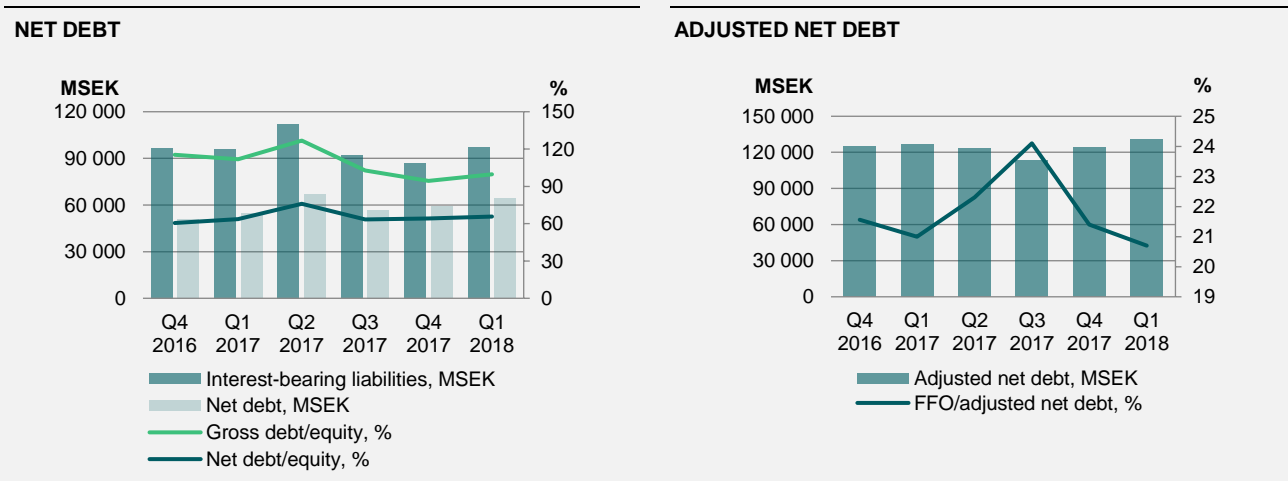
1) See Definitions and calculations of key ratios on page 38 for definitions of Alternative Performance Measures.

Capital structure

Cash and cash equivalents, and short-term investments increased by SEK 5.6 billion compared with the level at 31 December 2017. Committed credit facilities consist of a EUR 2.0 billion Revolving Credit Facility that expires on 10 December 2021. As per 31 March 2018 available liquid assets and/or committed credit facilities amounted to 33% of net sales. Vattenfall's target is to maintain a level of no less than 10% of net sales, but at least the equivalent of the next 90 days' maturities

Total interest-bearing liabilities increased by SEK 10.3 billion compared with the level at 31 December 2017. The increase is mainly explained by the issuance of short-term debt (SEK 7.4 billion) and a weaker Swedish krona (SEK 3.4 billion).

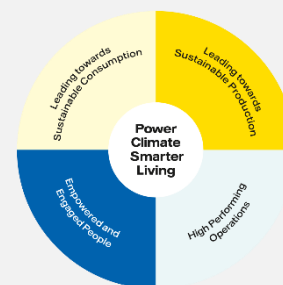
Net debt increased by SEK 5.1 billion compared with the level at 31 December 2017, mainly owing to negative cash flow after investments and negative exchange rate effects. Adjusted net debt increased by SEK 6.5 billion compared with the level at 31 December 2017. The increase is mainly attributable to the higher level of net debt.



Strategic objectives

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

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



Strategic objectives	Targets for 2020	Q1 2018	Full Year 2017
Leading towards Sustainable Consumption	1. Customer engagement, Net Promoter Score relative to peers ¹ (NPS relative): +2	+1	+2
Leading towards Sustainable Production	2. Aggregated commissioned new renewables capacity 2016-2020: ≥2,300 MW	652 MW	652 MW
	3. Absolute CO ₂ emissions pro rata: ≤21 Mt	6.4 Mt	22.6 Mt
High Performing Operations	4. Return On Capital Employed (ROCE), last 12 months: ≥8%	7.8%	7.7%
Empowered and Engaged People	5. Lost Time Injury Frequency (LTIF): ≤1.25	1.3	1.5
	6. Employee Engagement Index ² : ≥70%	-	64%

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

2) 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-Mar 2018	Jan-Mar 2017	Full year 2017	Last 12 months
<u>Underlying operating profit</u>				
Customers & Solutions	1 009	807	1 866	2 068
Power Generation	3 817	2 616	10 820	12 021
- of which, trading	291	788	1 138	641
Wind	1 041	858	2 137	2 320
Heat	1 557	2 233	3 371	2 695
Distribution	2 286	2 144	6 075	6 217
- of which, Distribution Germany	324	381	962	905
- of which, Distribution Sweden	1 957	1 763	5 120	5 314
Other¹	- 281	- 132	- 1 007	- 1 156
Eliminations	- 70	- 118	- 59	- 11
Underlying operating profit	9 359	8 408	23 203	24 154

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.

Growing customer base and progress in decentralised energy solutions

- Strong customer growth in Germany
- Supply contract with Swedish food retailer Axfood
- Lease purchase agreement for solar panels in the Netherlands
- New partnerships in e-mobility



Net sales and the underlying operating profit increased mainly owing to higher sales volumes in the B2C segment as a result of cold weather and an increased customer base. Positive price effects had a further impact on net sales. Sales in the B2B segment are under margin pressure, and a review is being conducted of the contract portfolio. The first quarter is generally affected by seasonality, mainly as a result of more gas volumes being sold during the winter months.

Vattenfall has passed the mark of 3.5 million electricity and gas contracts for the first time in Germany. In total, the customer base in Customers & Solutions grew by 72,000 between the start of the year and the end of the first quarter, to almost 8.8 million contracts.

In line with Vattenfall's ambition to supply our customers with energy from renewable sources, Vattenfall concluded a new supply contract with Axfood, Sweden's second largest food retailer. Starting 1 April 2018, Vattenfall will be delivering an

annual volume of 280 GWh of renewable electricity to all of Axfood's Snabbgross, Hemköp and Willys stores in Sweden.

During the quarter Vattenfall arranged the first lease purchase agreement for solar panels for a business customer in the Netherlands, where nearly 2,000 solar panels have been installed on a commercial building in the city of Harlingen. Norder Vastgoed, the owner of the building, was looking for an opportunity to install solar panels without having to buy them outright. Solutions like this are enabling Vattenfall to support its business customers to become free from fossil fuels.

Vattenfall has also entered into new partnerships to expand the e-vehicle charging network, InCharge, across northwestern Europe. Among other things, Vattenfall has entered into agreements to install new charging stations with the motor vehicle inspection company Bilprovingen and carmaker Kia in Sweden. The local energy company Kungälv Energi also became a new InCharge partner.

KEY FIGURES – CUSTOMERS & SOLUTIONS

Amounts in SEK million unless indicated otherwise	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Last 12 months
Net sales	24 430	20 765	68 953	72 618
External net sales	23 863	20 344	67 402	70 921
Underlying operating profit before depreciation, amortisation and impairment losses	1 331	1 075	3 006	3 262
Underlying operating profit	1 009	807	1 866	2 068
Sales of electricity, TWh	24.6	24.4	84.0	84.2
- of which, private customers	9.0	8.1	27.1	28.0
- of which, resellers	1.6	1.5	5.1	5.2
- of which, business customers	14.0	14.8	51.8	51.0
Sales of gas, TWh	25.3	22.6	55.3	58.0
Number of employees, full-time equivalents	3 051	2 914	3 067	

Power Generation

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

Generation: Strong contribution from hydro power generation

- Higher electricity prices and continued good availability in hydro and nuclear power
- Government bill for implementation of the Water Framework Directive
- Land and Environmental Court requests further information before decision on final repository for spent nuclear fuel in Sweden.

Markets: Increased number of power purchase agreements for wind and solar power

- First solar power purchase agreements in the Netherlands

Net sales and the underlying operating profit increased mainly as a result of higher prices achieved in the Nordic countries and higher Nordic hydro power generation combined with positive effects from the abolished nuclear capacity tax and lower property tax on hydro power plants. A lower earnings contribution from the trading operations and hedging activities had an offsetting impact.

Hydro power generation increased by 1.5 TWh during the first quarter 2018. Nordic reservoir levels were at 26% (23%) of capacity, which is a normal level. Nuclear power generation was stable at the same level as last year, and combined availability for Vattenfall's nuclear power plants during the first quarter of 2018 was 98.0% (98.2%).

The Swedish government has submitted a bill to parliament for proposed new legislation for Sweden's hydro power and its adaption to modernised environmental standards. This legislation represents Sweden's national strategy for implementation of the EU's Water Framework Directive and is expected to take force on 1 January 2019. Pursuant to



parliamentary approval, Vattenfall and seven other major hydro power operators will establish "Vattenkraftens Miljöfond AB", a joint fund for financing the necessary mitigation measures.

The Swedish Radiation Safety Authority (SSM) communicated that it is in favour of the application submitted by SKB (the Swedish Nuclear Fuel and Waste Management Company) to build a final repository for spent nuclear fuel in the municipality of Östhammar, Sweden. The Land and Environmental Court was also positive in several respects, but has requested that SKB present additional information about the copper canisters. The court has now handed over the matter to the Ministry of the Environment and Energy, and SKB will present additional material by the end of 2018.

Decommissioning of Vattenfall's German nuclear power operations is progressing according to plan. According to a federal decision, all nuclear reactors are to be shut down by 2022.

Vattenfall signed its first solar power purchase agreements (PPAs), where Vattenfall will buy the output from three solar farms in the Netherlands with combined capacity of 38 MW. Vattenfall already manages a growing portfolio of wind power purchase agreements for third-party producers. Power purchase agreements reduce the dependency of power price development for the owner of a renewable asset, which could help increase the rollout of renewable power generation.

KEY FIGURES – POWER GENERATION

Amounts in SEK million unless indicated otherwise	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Last 12 months
Net sales	26 886	24 207	79 566	82 245
External net sales	7 908	8 187	28 797	28 518
Underlying operating profit before depreciation, amortisation and impairment losses	4 650	3 369	13 936	15 217
Underlying operating profit	3 817	2 616	10 820	12 021
- of which, trading	291	788	1 138 ¹	641
Electricity generation, TWh	26.2	24.7	87.5	89.0
- of which, hydro power	10.8	9.3	35.6	37.1
- of which, nuclear power	15.4	15.4	51.9	51.9
Sales of electricity, TWh	7.3	6.3 ¹	23.7	24.7
- of which, resellers	6.6	5.5	20.5	21.6
- of which, business customers	0.7	0.8 ¹	3.2	3.1
Sales of gas, TWh	0.6	0.5	1.1	1.2
Number of employees, full-time equivalents	7 369	7 458	7 413	

1) Values have 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.

Vattenfall is driving development in offshore wind

- Winning bid for the first non-subsidised offshore wind farm, Hollandse Kust Zuid 1 & 2, in the Netherlands
- Vattenfall forms alliance for the French wind market
- Deployment of 8.8 MW turbine and a new type of jacket foundation (suction buckets) in commercial operation

Net sales and the underlying operating profit increased mainly as a result of newly added capacity in 2017 and positive price effects. Electricity generation remained at the same level as the first quarter of 2017. Higher generation as a result of new capacity was offset by lower winds and curtailments.

Vattenfall won the permit for what will be the first non-subsidised offshore wind farm, Hollandse Kust Zuid 1 & 2 (HKZ), in the Netherlands. HKZ will be Vattenfall's second offshore wind farm in the country, with planned capacity of 700–750 MW (equivalent to the electricity consumption of 1-1.5 million households). The tender rules stipulate that the wind farm must be fully operational within five years after issuance of the permit.

In early March Vattenfall took a further step into the European wind energy market by forming an alliance for the bid



preparation in an offshore wind tender in Dunkerque, France. Vattenfall is teaming up under the name of Eliade for the Dunkerque wind project with Caisse des Dépôts, a public French financial institution with many years' experience in project financing including offshore wind, and WPD, a German wind power developer with a strong position in France.

Vattenfall's European Offshore Wind Deployment Centre (EOWDC) is a test and development centre located in Aberdeen Bay, in northeast Scotland. Recently the first 8.8 MW turbine from MHI Vestas was deployed at EOWDC, which is the highest capacity for a wind turbine at present. In total the EOWDC wind farm will comprise 11 turbines with a total output of 93.2 MW. A first installation of a new type of jacket foundations, called suction buckets, has also been completed.

KEY FIGURES – WIND

Amounts in SEK million unless indicated otherwise	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Last 12 months
Net sales	2 963	2 543	9 438	9 858
External net sales	2 014	1 720	6 669	6 963
Underlying operating profit before depreciation, amortisation and impairment losses	2 145	1 833	6 397	6 709
Underlying operating profit	1 041	858	2 137	2 320
Electricity generation - wind power TWh	2.2	2.2	7.6	7.6
Sales of electricity, TWh	0.3	0.3	1.0	1.0
Number of employees, full-time equivalents	803	720	773	

Heat

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

Lower profitability due to higher costs for fuel and emission rights

- New business unit for decentralised solutions
- Lichterfelde combined heat and power (CHP) plant in Berlin is in the start-up phase
- Extension of district heating network leads to increase in number of customers

Net sales and the underlying operating profit decreased, mainly due to deteriorated spreads with higher costs for gas and CO₂ emission allowances, which resulted in lower electricity generation. Lower subsidies for gas-fired CHP plants and lower grid income in Germany following changes in network regulation also had a negative effect. Increased sales of heat as a result of colder weather had a mitigating effect.

Energy Solutions is the name of a new business unit that will offer a product portfolio with solutions for property owners. These include solar power, charging for electric cars, heat, cooling, storage technologies and submetering to decrease energy use, either one by one or as fully integrated solutions. The business unit is currently active in Germany, Sweden and the UK and plans to expand into the Netherlands. Vattenfall will design, install and manage the optimal energy solution to achieve the smallest possible environmental footprint for its real estate customers while being cost efficient.



The start of the Lichterfelde CHP plant in Berlin is in progress, and the first fire was reached during the first quarter of 2018. The plant will have a capacity of 300 MWel and 222 MWth, for a total investment of EUR 390 million.

In the Netherlands, a 3.2 km pipeline is being constructed and is estimated to be completed by the end of this year. The pipeline will supply 4,500 households in Amsterdam with residual heat from the Diemen CHP plant.

Construction has also started for an expansion of the district heating network in Hamburg. After project completion, approximately 3,400 households will be connected to the district heating network.

In Uppsala, commercial operation of a bio-oil project has started. The scope of the project includes construction of a new bio-oil tank and the upgrade of burners for two boilers.

KEY FIGURES – HEAT

Amounts in SEK million unless indicated otherwise	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Last 12 months
Net sales	9 654	10 038	30 724	30 340
External net sales	5 370	5 036	14 882	15 216
Underlying operating profit before depreciation, amortisation and impairment losses	2 416	3 113	6 951	6 254
Underlying operating profit	1 557	2 233	3 371	2 695
Electricity generation - TWh	8.8	9.7	32.2	31.3
- of which, fossil-based power	8.7	9.5	31.8	31.0
- of which, biomass, waste	0.1	0.2	0.4	0.3
Sales of electricity business customers, TWh	—	—	0.1	0.1
Sales of heat, TWh	8.2	7.6	18.8	19.4
Number of employees, full-time equivalents	3 802	3 762	3 771	

Distribution

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

Stable security of supply despite challenging weather conditions

- Preventative maintenance and investments have given results
- Cold weather contributed to higher net sales
- Gotland to serve as pilot area in the energy transformation

Net sales increased in Sweden, mainly explained by increased volumes due to cold weather in early 2018 and higher regulated network tariffs. In Germany, net sales decreased slightly compared with the first quarter 2017 due to lower prices following lower costs from the transmission system operator (TSO). The underlying operating profit improved as a result of positive price and volume effects in Sweden, which were partially offset by higher operating expenses.

Despite challenging winter weather with heavy precipitation and wet snow, especially in northern Sweden, the security of supply was stable compared to the trend in recent years. This is a result of preventive maintenance and past investments. Vattenfall continues to focus on investments in improving quality of supply in cities and the countryside, and to meet growth in metropolitan areas and prepare the power grid to be able to accommodate more renewable electricity generation.

A project was started together with Svenska kraftnät to invest in a new grid substation and power lines in Örnssköldsvik. The total investment amounts to approximately SEK 270 million. In the municipalities of Gällivare and Vilhelmina, projects involving the installation of underground cables or insulation of overhead power lines and upgrades of grid substations have been completed. Within the framework of the Stockholms Ström investment programme, switchgear and transformers have been



refurbished to enable an increase in capacity in the electricity network.

Rapidly growing urban areas and the establishment of new, electricity intensive industry along with more intermittent electricity generation have led to a shortage of capacity in parts of the Swedish electricity network. As part of the work on developing solutions to meet the need for capacity, Vattenfall is testing new flexibility solutions to address the capacity challenge. As an example, load and production agreements have been signed within the framework of Vattenfall's strategic programme for capacity solutions to create flexibility in the network in connection with temporary capacity shortages and for more effective utilisation of the network.

Gotland has been designated as a pilot area in the energy transformation, and Vattenfall is working together with the Swedish Energy Agency to study how Gotland's energy system can be made entirely fossil-free. Experiences gained from the project in Gotland will be important for the work on achieving the government's goal of 100% renewable electricity generation in Sweden by 2040.

In Berlin, Vattenfall and the City of Berlin continue to cooperate on development of various climate-smart solutions and enabling e-mobility.

KEY FIGURES – DISTRIBUTION

Amounts in SEK million unless indicated otherwise	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Last 12 months
Net sales	6 274	5 959	21 430	21 745
External net sales	5 116	4 683	16 840	17 273
Underlying operating profit before depreciation, amortisation and impairment losses	3 022	2 851	8 963	9 134
Underlying operating profit	2 286	2 144	6 075	6 217
Number of employees, full-time equivalents	2 151	2 052	2 126	

Other

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

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

KEY FIGURES – OTHER

Amounts in SEK million unless indicated otherwise	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Last 12 months
Net sales	1 233	1 177	4 951	5 007
External net sales	57	142	524	439
Underlying operating profit before depreciation, amortisation and impairment losses	- 172	- 26	- 550	- 696
Underlying operating profit	- 281	- 132	- 1 007	- 1 156
Number of employees, full-time equivalents	2 855	2 986	2 891	

Consolidated income statement

Amounts in SEK million	Jan-Mar 2018	Jan-Mar 2017 ⁶	Full year 2017 ⁶	Last 12 months
Net sales	44 328	40 112	135 114	139 330
Cost of purchases	- 25 133	- 22 855	- 65 206	- 67 484
Other external expenses	- 3 590	- 3 290	- 19 466	- 19 766
Personnel expenses	- 4 902	- 4 639	- 18 063	- 18 326
Other operating incomes and expenses, net	- 54	194	1 655	1 407
Participations in the results of associated companies	289	261	365	393
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	10 938	9 783	34 399	35 554
Depreciation, amortisation and impairments	- 3 963	- 3 692	- 15 875	- 16 146
Operating profit (EBIT)¹	6 975	6 091	18 524	19 408
Financial income ^{2,5}	206	609	2 670	2 267
Financial expenses ^{3,4,5}	- 1 902	- 1 613	- 8 425	- 8 714
Profit before income taxes	5 279	5 087	12 769	12 961
Income taxes expense	- 1 121	- 1 258	- 3 285	- 3 148
Profit for the period	4 158	3 829	9 484	9 813
Attributable to owner of the Parent Company	3 691	3 267	8 333	8 757
Attributable to non-controlling interests	467	562	1 151	1 056
Supplementary information				
Underlying operating profit before depreciation, amortisation and impairment losses	13 322	12 097	38 644	39 869
Underlying operating profit	9 359	8 408	23 203	24 154
Financial items, net excl. Discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	- 1 305	- 786	- 4 538	- 5 057
1) Including items affecting comparability	- 2 384	- 2 317	- 4 679	- 4 746
- of which, capital gains	18	170	728	576
- of which, capital losses	- 68	- 1	- 89	- 156
- of which, impairment losses	—	- 3	- 438	- 435
- of which, reversed impairment losses	—	—	4	4
- of which, provisions	—	—	- 2 438	- 2 438
- of which, unrealised changes in the fair value of energy derivatives	- 1 798	- 1 965	- 3 637	- 3 470
- of which, unrealised changes in the fair value of inventories	- 321	- 469	10	158
- of which, restructuring costs	- 47	- 16	- 348	- 379
- of which, other non-recurring items affecting comparability	- 168	- 33	1 529	1 394
2) Including return from the Swedish Nuclear Waste Fund	176	368	1 138	946
3) Including interest components related to pension costs	- 208	- 204	- 820	- 824
4) Including discounting effects attributable to provisions	- 567	- 586	- 2 355	- 2 336
5) Items affecting comparability recognised as financial income and expenses, net	—	—	7	7

6) Certain amounts for 2017 have been recalculated compared with previously published information in Vattenfall's 2017 Interim reports and 2017 Annual and Sustainability Report as a result of new accounting rules (IFRS 9 and 15) that took effect in 2018. See Note 4 to the consolidated accounts.

Consolidated statement of comprehensive income

Amounts in SEK million	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Last 12 months
Profit for the period	4 158	3 829 ¹	9 484 ¹	9 813
Other comprehensive income				
Items that will be reclassified to profit or loss when specific conditions are met				
Cash flow hedges - changes in fair value	- 423	1 059	4 442	2 960
Cash flow hedges - dissolved against income statement	- 346	- 478	- 2 844	- 2 712
Cash flow hedges - transferred to cost of hedged item	19	- 3	1	23
Hedging of net investments in foreign operations	- 2 463	79	- 1 147	- 3 689
Translation differences and exchange rate effects net, divested companies	2	28	17	- 9
Translation differences	4 899	- 188 ¹	2 360 ¹	7 447
Income taxes related to items that will be reclassified	646	- 99	- 217	528
Total items that will be reclassified to profit or loss when specific conditions are met	2 334	398	2 612	4 548
Items that will not be reclassified to profit or loss				
Remeasurement pertaining to defined benefit obligations	—	—	- 659	- 659
Income taxes related to items that will not be reclassified	—	—	169	169
Total items that will not be reclassified to profit or loss	—	—	- 490	- 490
Total other comprehensive income, net after income taxes	2 334	398	2 122	4 058
Total comprehensive income for the period	6 492	4 227	11 606	13 871
Attributable to owner of the Parent Company	5 502	3 738	10 228	11 992
Attributable to non-controlling interests	990	489	1 378	1 879

1) The amount has been recalculated compared with previously published information in Vattenfall's 2017 Interim reports and 2017 Annual and Sustainability Report as a result of new accounting rules (IFRS 9 and 15) that took effect in 2018. See Note 4 to the consolidated accounts.

Operating segments, Vattenfall Group

Amounts in SEK million	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Last 12 months
External net sales				
Customers & Solutions	23 863	20 344 ²	67 402 ²	70 921
Power Generation	7 908	8 187 ³	28 797 ³	28 518
Wind	2 014	1 720	6 669	6 963
Heat	5 370	5 036 ²	14 882 ²	15 216
Distribution	5 116	4 683 ²	16 840 ²	17 273
- of which, Distribution Germany	1 606	1 492	5 970	6 084
- of which, Distribution Sweden	3 486	3 191 ²	10 870 ²	11 165
Other ¹	57	142	524	439
Total	44 328	40 112 ²	135 114 ²	139 330
Internal net sales				
Customers & Solutions	567	421	1 551	1 697
Power Generation	18 978	16 020	50 769	53 727
Wind	949	823	2 769	2 895
Heat	4 284	5 002	15 842	15 124
Distribution	1 158	1 276	4 590	4 472
- of which, Distribution Germany	1 031	1 166	4 141	4 006
- of which, Distribution Sweden	130	110	449	469
Other ¹	1 176	1 035	4 427	4 568
Eliminations	- 27 112	- 24 577	- 79 948	- 82 483
Total	—	—	—	—
Total net sales				
Customers & Solutions	24 430	20 765 ²	68 953 ²	72 618
Power Generation	26 886	24 207 ³	79 566 ³	82 245
Wind	2 963	2 543	9 438	9 858
Heat	9 654	10 038 ²	30 724 ²	30 340
Distribution	6 274	5 959 ²	21 430 ²	21 745
- of which, Distribution Germany	2 637	2 658	10 111	10 090
- of which, Distribution Sweden	3 616	3 301 ²	11 319 ²	11 634
Other ¹	1 233	1 177	4 951	5 007
Eliminations	- 27 112	- 24 577 ³	- 79 948 ³	- 82 483
Total	44 328	40 112 ²	135 114 ²	139 330

Amounts in SEK million	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Last 12 months
<u>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</u>				
Customers & Solutions	1 318	1 070 ³	2 913 ³	3 161
Power Generation	2 350	927	9 254	10 677
Wind	2 143	1 833	6 404	6 714
Heat	2 406	3 202 ³	7 114 ³	6 318
Distribution	3 018	2 848 ³	9 164 ³	9 334
- of which, Distribution Germany	550	586	1 822	1 786
- of which, Distribution Sweden	2 456	2 262 ³	7 349 ³	7 543
Other ¹	- 227	21	- 391	- 639
Eliminations	- 70	- 118	- 59	- 11
Total	10 938	9 783³	34 399³	35 554
<u>Underlying operating profit before depreciation, amortisation and impairment losses</u>				
Customers & Solutions	1 331	1 075 ³	3 006 ²	3 262
Power Generation	4 650	3 369	13 936	15 217
Wind	2 145	1 833	6 397	6 709
Heat	2 416	3 113 ³	6 951 ³	6 254
Distribution	3 022	2 851 ³	8 963 ³	9 134
- of which, Distribution Germany	554	588	1 835	1 801
- of which, Distribution Sweden	2 456	2 263 ³	7 135 ³	7 328
Other ¹	- 172	- 26	- 550	- 696
Eliminations	- 70	- 118	- 59	- 11
Total	13 322	12 097³	38 644³	39 869
<u>Operating profit (EBIT)</u>				
Customers & Solutions	996	801 ³	1 772 ³	1 967
Power Generation	1 518	174	6 138	7 482
Wind	1 039	856 ³	1 713	1 896
Heat	1 547	2 322 ³	3 533 ³	2 758
Distribution	2 281	2 141 ³	6 276 ³	6 416
- of which, Distribution Germany	320	378	948	890
- of which, Distribution Sweden	1 957	1 763 ³	5 335 ³	5 529
Other ¹	- 336	- 85	- 849	- 1 100
Eliminations	- 70	- 118	- 59	- 11
Operating profit (EBIT)	6 975	6 091³	18 524³	19 408
Operating profit (EBIT)	6 975	6 091 ³	18 524 ³	19 408
Financial income and expenses	- 1 696	- 1 004	- 5 755	- 6 447
Profit before tax	5 279	5 087³	12 769³	12 961
<u>Underlying operating profit</u>				
Customers & Solutions	1 009	807 ³	1 866 ³	2 068
Power Generation	3 817	2 616	10 820	12 021
Wind	1 041	858	2 137	2 320
Heat	1 557	2 233 ³	3 371 ³	2 695
Distribution	2 286	2 144 ³	6 075 ³	6 217
- of which, Distribution Germany	324	381	962	905
- of which, Distribution Sweden	1 957	1 763	5 120 ³	5 314
Other ¹	- 281	- 132	- 1 007	- 1 156
Eliminations	- 70	- 118	- 59	- 11
Underlying operating profit	9 359	8 408³	23 203³	24 154

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

2) Starting in 2018, purchases from the Nordic electricity exchange made under assignment by the sales operations are offset in the Power Generation segment (previously at the Group level) against sales of production to the Nordic electricity exchange.

3) The amount has been recalculated compared with previously published information in Vattenfall's 2017 Interim reports and 2017 Annual and Sustainability Report as a result of new accounting rules (IFRS 9 and 15) that took effect in 2018. See Note 4 to the consolidated accounts.

Consolidated balance sheet

Amounts in SEK million	31 Mar 2018	31 Mar 2017 ¹	31 Dec 2017 ¹
Assets			
Non-current assets			
Intangible assets: non-current	18 942	16 842	18 292
Property, plant and equipment	231 991	215 654	227 094
Investment property	100	127	130
Biological assets	34	33	33
Participations in associated companies and joint arrangements	5 201	5 018	4 985
Other shares and participations	153	159	148
Share in the Swedish Nuclear Waste Fund	39 147	36 943	38 591
Derivative assets	10 935	12 093	12 801
Prepaid expenses	26	20	20
Deferred tax assets	13 384	12 154	12 535
Contract assets	95	52	99
Other non-current receivables	3 663	3 764	3 964
Total non-current assets	323 671	302 859	318 692
Current assets			
Inventories	12 199	13 158	15 670
Biological assets	18	13	17
Intangible assets: current	1 674	1 658	1 845
Trade receivables and other receivables	29 360	25 574	23 437
Contract assets	158	320	138
Advance payments paid	2 480	1 339	3 600
Derivative assets	12 865	6 581	11 029
Prepaid expenses and accrued income	11 121	9 867	7 010
Current tax assets	1 061	1 551	797
Short-term investments	18 078	21 298	18 092
Cash and cash equivalents	14 414	18 010	8 805
Assets held for sale	—	740	—
Total current assets	103 428	100 109	90 440
Total assets	427 099	402 968	409 132
Equity and liabilities			
Equity			
Attributable to owner of the Parent Company	82 587	70 460	77 085
Attributable to non-controlling interests	15 228	15 320	15 247
Total equity	97 815	85 780	92 332
Non-current liabilities			
Hybrid Capital	19 615	19 086	19 118
Other interest-bearing liabilities	48 968	63 597	54 335
Pension provisions	43 276	40 555	41 962
Other interest-bearing provisions	87 056	78 938	86 001
Derivative liabilities	12 541	8 823	12 798
Deferred tax liabilities	14 979	15 086	15 032
Contract liabilities	6 621	6 018	6 435
Other noninterest-bearing liabilities	2 485	2 220	2 371
Total non-current liabilities	235 541	234 323	238 052
Current liabilities			
Trade payables and other liabilities	24 473	21 995	23 872
Contract liabilities	1 063	872	1 098
Advance payments received	2 284	1 758	8 745
Derivative liabilities	18 662	7 524	13 200
Accrued expenses and deferred income	13 245	16 009	13 161
Current tax liabilities	858	2 322	1 254
Other interest-bearing liabilities	28 914	13 330	13 701
Interest-bearing provisions	4 244	18 599	3 717
Liabilities associated with assets held for sale	—	456	—
Total current liabilities	93 743	82 865	78 748
Total equity and liabilities	427 099	402 968	409 132

SUPPLEMENTARY INFORMATION

Amounts in SEK million	31 Mar 2018	31 Mar 2017 ¹	31 Dec 2017 ¹
Calculation of capital employed			
Intangible assets: current and non-current	20 616	18 500	20 137
Property, plant and equipment	231 991	215 654	227 094
Participations in associated companies and joint arrangements	5 201	5 018	4 985
Deferred and current tax assets	14 445	13 705	13 332
Non-current noninterest-bearing receivables	2 546	2 640	2 910
Contract assets	253	372	237
Inventories	12 199	13 158	15 670
Trade receivables and other receivables	29 360	25 574	23 437
Prepaid expenses and accrued income	11 121	9 867	7 010
Unavailable liquidity	7 302	6 998	6 978
Other	352	362	1 616
Total assets excl. financial assets	335 386	311 848	323 406
Deferred and current tax liabilities	- 15 837	- 17 408	- 16 286
Other noninterest-bearing liabilities	- 2 485	- 2 220	- 2 371
Contract liabilities	- 7 684	- 6 890	- 7 533
Trade payable and other liabilities	- 24 473	- 21 995	- 23 872
Accrued expenses and deferred income	- 13 245	- 16 009	- 13 161
Total noninterest-bearing liabilities	- 63 724	- 64 522	- 63 223
Other interest-bearing provisions not related to adjusted net debt ²	- 11 841	- 12 381	- 11 316
Capital employed³	259 821	234 945	248 867
Capital employed, average	247 383	251 992	240 778
Calculation of net debt			
Hybrid Capital	- 19 615	- 19 086	- 19 118
Bond issues, commercial paper and liabilities to credit institutions	- 56 995	- 56 016	- 52 113
Present value of liabilities pertaining to acquisitions of Group companies	- 161	- 51	- 161
Liabilities to associated companies	- 677	- 3 110	- 462
Liabilities to owners of non-controlling interests	- 10 413	- 10 305	- 10 369
Other liabilities	- 9 636	- 7 445	- 4 931
Total interest-bearing liabilities	- 97 497	- 96 013	- 87 154
Cash and cash equivalents	14 414	18 010	8 805
Short-term investments	18 078	21 298	18 092
Loans to owners of non-controlling interests in foreign Group companies	652	2 024	997
Net debt³	- 64 353	- 54 681	- 59 260
Calculation of adjusted gross debt and net debt			
Total interest-bearing liabilities	- 97 497	- 96 013	- 87 154
50% of Hybrid Capital ⁴	9 808	9 543	9 559
Present value of pension obligations	- 43 276	- 40 555	- 41 962
Provisions for gas and wind operations and other environment-related provisions	- 6 793	- 4 320	- 6 507
Provisions for nuclear power (net) ⁵	- 30 804	- 40 903	- 30 716
Margin calls received	3 277	3 698	3 312
Liabilities to owners of non-controlling interests due to consortium agreements	9 195	9 189	9 189
Adjusted gross debt	- 156 090	- 159 361	- 144 279
Reported cash and cash equivalents and short-term investments	32 492	39 308	26 897
Unavailable liquidity	- 7 302	- 6 998	- 6 978
Adjusted cash and cash equivalents and short-term investments	25 190	32 310	19 919
Adjusted net debt³	- 130 900	- 127 051	- 124 360

1) Certain amounts for 2017 have been recalculated compared with previously published information in Vattenfall's 2017 Interim reports and 2017 Annual and Sustainability Report as a result of new accounting rules (IFRS 9 and 15) that took effect in 2018. See Note 4 to the consolidated accounts.

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

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

4) 50% of Hybrid Capital is treated as equity by the rating agencies, which thereby reduces adjusted net debt.

5) 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-Mar 2018	Jan-Mar 2017 ¹	Full year 2017 ¹	Last 12 months
Operating activities				
Operating profit before depreciation, amortisation and impairment losses	10 938	9 783	34 399	35 554
Tax paid	- 1 700	- 857	- 3 218	- 4 061
Capital gains/losses, net	50	- 169	- 639	- 420
Interest received	68	85	289	272
Interest paid	- 1 334	- 1 327	- 4 896	- 4 903
Other, incl. non-cash items	736	792	708	652
Funds from operations (FFO)	8 758	8 307	26 643	27 094
Changes in inventories	2 642	922	- 481	1 239
Changes in operating receivables	- 6 367	- 5 187	- 3 387	- 4 567
Changes in operating liabilities	89	- 1 563	- 2 250	- 598
Other changes	- 3 863	- 3 640	5 203	4 980
Cash flow from changes in operating assets and operating liabilities	- 7 499	- 9 468	- 915	1 054
Cash flow from operating activities	1 259	- 1 161	25 728	28 148
Investing activities				
Acquisitions in Group companies	- 8	- 97	- 1 491	- 1 402
Investments in associated companies and other shares and participations	276	31	254	499
Other investments in non-current assets	- 3 552	- 3 957	- 20 057	- 19 652
Total investments	- 3 284	- 4 023	- 21 294	- 20 555
Divestments	79	1 086	2 795	1 788
Cash and cash equivalents in acquired companies	—	—	48	48
Cash and cash equivalents in divested companies	- 1	- 106	- 213	- 108
Cash flow from investing activities	- 3 206	- 3 043	- 18 664	- 18 827
Cash flow before financing activities	- 1 947	- 4 204	7 064	9 321
Financing activities				
Changes in short-term investments	525	1 933	5 646	4 238
Changes in loans to owners of non-controlling interests in foreign Group companies	378	621	1 700	1 457
Loans raised ²	8 951	2 860	6 088	12 179
Amortisation of other debt	- 1 901	- 3 292	- 13 438	- 12 047
Payment to the nuclear energy fund in Germany	—	—	- 17 322	- 17 322
Effect of early termination of swaps related to financing activities	68	121	105	52
Dividends paid to owners	- 77	—	- 865	- 942
Contribution from owners of non-controlling interests	- 494	- 23	- 243	- 714
Cash flow from financing activities	7 450	2 220	- 18 329	- 13 099
Cash flow for the period	5 503	- 1 984	- 11 265	- 3 778
Amounts in SEK million	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Last 12 months
Cash and cash equivalents				
Cash and cash equivalents at start of period	8 805	19 995	19 995	18 010
Cash flow for the period	5 503	- 1 984	- 11 265	- 3 778
Translation differences	106	- 1	75	182
Cash and cash equivalents at end of period	14 414	18 010	8 805	14 414

SUPPLEMENTARY INFORMATION

Amounts in SEK million	Jan-Mar 2018	Jan-Mar 2017 ¹	Full year 2017 ¹	Last 12 months
Cash flow before financing activities	-1,947	-4,204	7,064	9,321
Financing activities				
Effects from terminating swaps related to financing activities	68	121	105	52
Dividends paid to owners	- 77	—	- 865	- 942
Contribution from owners of non-controlling interests	- 494	- 23	- 243	- 714
Cash flow after dividend	- 2 450	- 4 106	6 061	7 717
Analysis of change in net debt				
Net debt at start of period	- 59 260	- 50 724	- 50 724	- 54 681
Cash flow after dividend	- 2 450	- 4 106	6 061	7 717
Changes as a result of valuation at fair value	126	90	1 474	1 510
Interest-bearing liabilities/short-term investments acquired/divested	—	- 140	- 146	- 6
Changes in liabilities pertaining to acquisitions of Group companies, discounting effects	—	—	- 110	- 110
Translation differences on net debt	- 2 769	199	- 141	- 3 109
Reclassification	—	—	- 15 674 ³	- 15 674
Net debt at end of period	- 64 353	- 54 681	- 59 260	- 64 353
Cash flow from operating activities	1 259	- 1 161	25 728	28 148
Maintenance investments	- 2 424	- 2 466	- 12 637	- 12 595
Free cash flow⁴	- 1 165	- 3 627	13 091	15 553

- 1) Certain amounts for 2017 have been recalculated compared with previously published information in Vattenfall's 2017 Interim reports and 2017 Annual and Sustainability Report as a result of new accounting rules (IFRS 9 and 15) that took effect in 2018. See Note 4 to the consolidated accounts.
- 2) Short-term borrowings in which the duration is three months or shorter are reported net.
- 3) Reclassification of provisions for nuclear power in Germany.
- 4) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

INVESTMENTS

Amounts in SEK million	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Last 12 months
Electricity generation				
Hydro power	170	223	1 317	1 264
Nuclear power	467	368	1 885	1 984
Coal power	10	45	168	133
Gas	184	72	228	340
Wind power and solar PV	722	968	5 445	5 199
Biomass, waste	8	- 2	32	42
Total electricity generation	1 561	1 674	9 075	8 962
CHP/heat				
Fossil-based power	452	192	1 830	2 090
Biomass, waste	24	6	114	132
Other	174	205	1 515	1 484
Total CHP/heat	650	403	3 459	3 706
Electricity networks				
Electricity networks	1 079	839	5 306	5 546
Total electricity networks	1 079	839	5 306	5 546
Purchases of shares, shareholder contributions	- 268	66	1 237	903
Other	123	252 ¹	1 359 ¹	1 230
Total investments	3 145	3 234	20 436	20 347
Accrued investments (-)/release of accrued investments (+)	139	789	858	208
Total investments with cash flow effect	3 284	4 023	21 294	20 555

- 1) The amount has been recalculated compared with previously published information in Vattenfall's 2017 Interim reports and 2017 Annual and Sustainability Report as a result of new accounting rules (IFRS 9 and 15) that took effect in 2018.

Consolidated statement of changes in equity

Amounts in SEK million	31 Mar 2018			31 Mar 2017			31 Dec 2017		
	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity
Balance brought forward	77 085	15 247	92 332	68 272	15 528	83 800	68 272	15 528	83 800
Transitional effect of adoption of new accounting rules (IFRS 9, 15)	—	—	—	- 1 550	- 84	- 1 634	- 1 550	- 84	- 1 634
Profit for the period	3 691	467	4 158	3 267 ¹	562	3 829	8 333 ¹	1 151	9 484
Cash flow hedges - changes in fair value	- 423	—	- 423	1 118	- 59	1 059	4 442	—	4 442
Cash flow hedges - dissolved against income statement	- 351	5	- 346	- 478	—	- 478	- 2 827	- 17	- 2 844
Cash flow hedges - transferred to cost of hedged item	19	—	19	- 2	- 1	- 3	1	—	1
Hedging of net investments in foreign operations	- 2 463	—	- 2 463	79	—	79	- 1 147	—	- 1 147
Translation differences and exchange rate effects net, divested companies	2	—	2	28	—	28	17	—	17
Translation differences	4 380	519	4 899	- 165 ¹	- 23	- 188	2 065 ¹	295	2 360
Remeasurement pertaining to defined benefit obligations	—	—	—	—	—	—	- 585	- 74	- 659
Income taxes related to other comprehensive income	647	- 1	646	- 109	10	- 99	- 71	23	- 48
Total other comprehensive income for the period	1 811	523	2 334	471	- 73	398	1 895	227	2 122
Total comprehensive income for the period	5 502	990	6 492	3 738	489	4 227	10 228	1 378	11 606
Dividends paid to owners	—	- 515	- 515	—	- 476	- 476	—	- 865	- 865
Group contributions from(+)/to(-) owners of non-controlling interests	—	—	—	—	—	—	—	- 153	- 153
Contribution from minority interest	—	- 494	- 494	—	- 23	- 23	—	- 243	- 243
Other changes in ownership	—	—	—	—	- 114	- 114	—	- 179	- 179
Other changes	—	—	—	—	—	—	135	- 135	—
Total transactions with equity holders	—	- 1 009	- 1 009	—	- 613	- 613	135	- 1 575	- 1 440
Balance carried forward	82 587	15 228	97 815	70 460	15 320	85 780	77 085	15 247	92 332
- Of which, Reserve for hedges	- 1 190	33	- 1 157	- 1 165	- 7	- 1 172	- 540	29	- 511

1) The amount has been recalculated compared with previously published information in Vattenfall's 2017 Interim reports and 2017 Annual and Sustainability Report as a result of new accounting rules (IFRS 9 and 15) that took effect in 2018. See Note 4 to the consolidated accounts.

Key ratios, Vattenfall Group

In % unless otherwise stated. (x) means times ¹	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Last 12 months
Operating margin	15.7	15.2	13.7	13.9
Operating margin ²	21.1	21.0	17.2	17.3
Pre-tax profit margin	11.9	12.7	9.5	9.3
Pre-tax profit margin ²	17.3	18.5	12.9	12.7
Return on equity	11.2 ³	- 41.1 ³	11.1	11.2
Return on capital employed	7.8 ³	- 1.1 ³	7.7	7.8
Return on capital employed ²	9.8 ³	8.7 ³	9.6	9.8
EBIT interest cover (x)	3.3 ³	- 0.5 ³	3.3	3.3
EBIT interest cover (x) ²	4.0 ³	5.0 ³	4.1	4.0
FFO interest cover (x)	5.2 ³	6.9 ³	5.4	5.2
FFO interest cover, net (x)	6.4 ³	7.9 ³	6.9	6.4
Cash flow interest cover after maintenance investments (x)	3.8 ³	6.8 ³	3.5	3.8
FFO/gross debt	27.8 ³	27.7 ³	30.6	27.8
FFO/net debt	42.1 ³	48.7 ³	45.0	42.1
FFO/adjusted net debt	20.7 ³	21.0 ³	21.4	20.7
EBITDA/net financial items (x)	8.4	12.4	7.6	7.0
EBITDA/net financial items (x) ²	10.2	15.4	8.5	7.9
Equity/Total assets	22.9	21.3	22.6	22.9
Gross debt/equity	99.7	111.9	94.4	99.7
Net debt/equity	65.8	63.7	64.2	65.8
Gross debt/gross debt plus equity	49.9	52.8	48.6	49.9
Net debt/net debt plus equity	39.7	38.9	39.1	39.7
Net debt/EBITDA (x)	1.8 ³	2.4 ³	1.7	1.8
Adjusted net debt/EBITDA (x)	3.7 ³	5.5 ³	3.6	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.

Quarterly information, Vattenfall Group

Amounts in SEK million	Q1 2018	Q4 2017 ¹	Q3 2017 ¹	Q2 2017 ¹	Q1 2017 ¹
Income statement					
Net sales	44 328	38 342	27 353	29 307	40 112
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	10 938	9 999	5 899	8 718	9 783
Underlying Operating profit before depreciation, amortisation and impairment losses	13 322	11 246	6 545	8 754	12 097
Operating profit (EBIT)	6 975	5 920	2 114	4 399	6 091
Underlying operating profit	9 359	7 213	2 756	4 826	8 408
Profit before income taxes	5 279	3 589	809	3 283	5 087
Profit for the period	4 158	2 808	749	2 097	3 829
- of which, attributable to owner of the Parent Company	3 691	2 519	694	1 853	3 267
- of which, attributable to non-controlling interests	467	289	55	244	562
Balance sheet					
Non-current assets	323 671	318 692	307 961	305 090	302 859
Short-term investments	18 078	18 092	21 800	21 230	21 298
Cash and cash equivalents	14 414	8 805	12 366	21 583	18 010
Other current assets	70 778	63 543	47 810	52 374	60 801
Total assets	427 099	409 132	389 937	400 277	402 968
Equity	97 815	92 332	89 454	88 358	85 780
- of which, attributable to owner of the Parent Company	82 587	77 085	73 851	72 763	70 460
- of which, attributable to non-controlling interests	15 228	15 247	15 603	15 595	15 320
Hybrid Capital	19 615	19 118	18 908	19 007	19 086
Other interest-bearing liabilities	77 882	68 036	73 003	92 987	76 927
Pension provisions	43 276	41 962	39 554	39 556	40 555
Other interest-bearing provisions	91 300	89 718	85 039	84 755	97 537
Contract liabilities	7 684	7 533	7 249	7 094	6 890
Deferred tax liabilities	14 979	15 032	15 015	14 663	15 086
Other noninterest-bearing liabilities	74 548	75 401	61 715	53 857	61 107
Total equity and liabilities	427 099	409 132	389 937	400 277	402 968
Capital employed	259 821	248 867	235 305	239 315	234 945
Net debt	- 64 353	- 59 260	- 56 841	- 67 167	- 54 681
Cash flow					
Funds from operations (FFO)	8 758	6 527	5 000	6 809	8 307
Cash flow from changes in operating assets and operating liabilities	- 7 499	- 1 977	10 550	- 20	- 9 468
Cash flow from operating activities	1 259	4 550	15 550	6 789	- 1 161
Cash flow from investing activities	- 3 206	- 6 836	- 5 004	- 3 781	- 3 043
Cash flow before financing activities	- 1 947	- 2 286	10 546	3 008	- 4 204
Changes in short-term investments	525	4 036	- 523	200	1 933
Loans raised/Amortisation of debt, net, etc.	7 002	- 5 328	- 18 794	725	287
Dividends paid to owners	- 77	- 31	- 393	- 441	—
Cash flow from financing activities	7 450	- 1 323	- 19 710	484	2 220
Cash flow for the period	5 503	- 3 609	- 9 164	3 492	- 1 984
Free cash flow	- 1 165	917	11 688	4 111	- 3 627

1) Certain amounts for 2017 have been recalculated compared with previously published information in Vattenfall's 2017 Interim reports and 2017 Annual and Sustainability Report as a result of new accounting rules (IFRS 9 and 15) that took effect in 2018. See Note 4 to the consolidated accounts.

In % unless otherwise stated. (x) means times ¹	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Key ratios					
Return on equity ¹	11.2	11.1	2.4	1.4	- 41.1
Return on capital employed ²	7.8	7.7	4.2	4.2	- 1.1
Return on capital employed ^{2,3}	9.8	9.6	9.9	9.7	8.7
EBIT interest cover (x) ²	3.3	3.3	2.2	2.2	- 0.5
EBIT interest cover (x) ^{2,3}	4.0	4.1	5.2	4.9	5.0
FFO/gross debt ²	27.8	30.6	29.6	24.5	27.7
FFO/net debt ²	42.1	45.0	47.9	40.8	48.7
FFO/adjusted net debt ²	20.7	21.4	24.1	22.3	21.0
Equity/assets ratio	22.9	22.6	22.9	22.1	21.3
Gross debt/equity	99.7	94.4	102.7	126.8	111.9
Net debt/equity	65.8	64.2	63.5	76.0	63.7
Net debt/net debt plus equity	39.7	39.1	38.9	43.2	38.9
Net debt/EBITDA (x) ²	1.8	1.7	2.1	2.4	2.4
Adjusted net debt/EBITDA (x) ²	3.7	3.6	4.1	4.4	5.5

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 2018 have been prepared, as for the 2017 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 2018 in Vattenfall’s 2017 Annual and Sustainability Report in Note 3 to the consolidated accounts, Accounting policies and Note 51 to the consolidated accounts, Significant accounting policies applicable as from 1 January 2018. As described in these notes, IFRS 9 “Financial Instruments” and IFRS 15 – “Revenue from Contracts with Customers” will affect the Vattenfall Group’s financial statements. The effects in the restated financial statement are presented in this report in Note 4 to the consolidated accounts, Adjustments of 2017 financial statements as an effect of the implementation of IFRS 9 and IFRS 15 and Note 5 to the consolidated accounts, Transition from IAS 39 to IFRS 9. Other amended IFRSs endorsed by the EU for application in the 2018 financial year have no significant effect on Vattenfall’s financial statements.

IFRS 16 – “Leases”

IFRS 16 – “Leases” is a new standard for reporting leases that requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or has a low value. IFRS 16 replaces IAS 17 – “Leases” along with the accompanying interpretations. IFRS 16 becomes effective as from 2019. Vattenfall has been conducting an analysis of the new standard since mid-2017. Vattenfall expects the effects of IFRS 16 to be minor with respect to the Group’s balance sheet total.

Presentation of Consolidated income statement and Consolidated statement of cash flows

Starting with the first quarter of 2018 Vattenfall has changed the presentation of the income statement from a function of expense method to a nature of expense method. The external presentation of the income statement has thereby been aligned with the internal governance of Vattenfall’s business. In addition, relevant items such as depreciation and amortisation and personnel-related expenses are now directly visible in the income statement. Since operating profit before depreciation, amortisation and impairment losses (EBITDA) is presented as a separate line item in the income statement, EBITDA is now used as the starting point for the consolidated statement of cash flows instead of profit before income taxes. This affects some line items within FFO (funds from operations), but FFO remains unchanged. The comparative figures have been adjusted accordingly.

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall’s 2017 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 2017, no other material changes have taken place since publication of Vattenfall’s 2017 Annual and Sustainability Report.

Other

Significant related-party transactions are described in Note 48 to the consolidated accounts in Vattenfall’s 2017 Annual and Sustainability Report. No material changes have taken place in relations or transactions with related parties compared with the description in Vattenfall’s 2017 Annual and Sustainability Report.

NOTE 2 | Exchange rates

KEY EXCHANGE RATES APPLIED IN THE ACCOUNTS OF THE VATTENFALL GROUP

	Jan-Mar 2018	Jan-Mar 2017	Full year 2017
Average rate			
EUR	9.9962	9.5257	9.6392
DKK	1.3424	1.2811	1.2958
NOK	1.0335	1.0583	1.0316
PLN	2.3919	2.2061	2.2659
GBP	11.3430	11.1226	11.0311
USD	8.1641	8.9485	8.5405
	31 Mar 2018	31 Mar 2017	31 Dec 2017
Balance sheet date rate			
EUR	10.2843	9.5322	9.8438
DKK	1.3799	1.2816	1.3222
NOK	1.0628	1.0397	1.0004
PLN	2.4425	2.2553	2.3567
GBP	11.7548	11.1419	11.0950
USD	8.3470	8.9161	8.2080

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

FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY: CARRYING AMOUNT AND FAIR VALUE

Amounts in SEK million ¹	31 Mar 2018		31 Dec 2017	
	Carrying amount	Fair value	Carrying amount ²	Fair value ²
Financial assets at fair value through profit or loss	44 643	44 643	41 122	41 122
Financial assets at amortised cost	83 750	85 030	74 647	76 820
Financial liabilities at fair value through profit or loss	31 203	31 203	25 998	25 998
Financial liabilities at amortised cost	117 586	124 833	115 589	123 222

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.

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

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

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

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

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

Amounts in SEK million	Level 1	Level 2	Level 3	Total
Assets				
Derivative assets	—	23 750	50	23 800
Short-term investments and cash equivalents	9 357	11 486	—	20 843
Total assets	9 357	35 236	50	44 643
Liabilities				
Derivative liabilities	—	31 122	81	31 203
Total liabilities	—	31 122	81	31 203

FINANCIAL ASSETS AND LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON THE BALANCE SHEET AT 31 DECEMBER 2017

Amounts in SEK million	Level 1	Level 2	Level 3	Total
Assets				
Derivative assets	—	22 971 ²	129	23 100
Short-term investments and cash equivalents	10 700	7 322	—	18 022
Total assets	10 700	30 293	129	41 122
Liabilities				
Derivative liabilities	—	25 900	98	25 998
Total liabilities	—	25 900	98	25 998

CHANGES IN LEVEL 3 FINANCIAL INSTRUMENTS

Amounts in SEK million	Financial instruments at fair value through profit or loss			
	Derivative assets		Derivative liabilities	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
Balance brought forward	129	254	98	118
Revaluations recognised in operating profit (EBIT)	- 82	- 130	- 21	- 23
Translation differences	3	5	4	3
Balance carried forward	50	129	81	98
Total revaluations for the period included in operating profit (EBIT) for assets and liabilities held on the balance sheet date	50	129	- 34	- 24

SENSITIVITY ANALYSIS FOR LEVEL 3 CONTRACTS

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

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

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

Vattenfall's Level 3 contracts consist of CDM, virtual gas storage contracts and gas swing contracts. For additional information please refer to Note 40 to the consolidated accounts, Financial instruments by category, offsetting of financial assets and liabilities, and financial instruments' effects on income, in Vattenfall's 2017 Annual and Sustainability Report. The accumulated net value of all level 3 contracts as per 31 Mars 2018 has been calculated at SEK -31 million (31). A change of +/-5% would affect the total value by approximately SEK +/-15 million (+/-15).

FINANCIAL INSTRUMENTS: EFFECTS ON INCOME BY MEASUREMENT CATEGORY

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

Amounts in SEK million	31 Mar 2018			31 Dec 2017		
	Net gains/ losses ³	Interest income	Interest expenses	Net gains/ losses ³	Interest income	Interest expenses
Financial assets at fair value through profit or loss	- 3 675	- 3	- 205	- 3 215	117	- 34
Financial assets at amortised cost	—	—	—	100	—	—
Financial liabilities at fair value through profit or loss	- 111	204	—	- 202	1 253	—
Financial liabilities at amortised cost	- 946	—	- 661	312	—	- 5 018
Total	- 4 732	201	- 866	- 3 005	1 370	- 5 052

- 1) For information of what is included in each respective measurement category in the table above, please refer to Note 5 Transition from IAS 39 to IFRS 9 in the notes to the consolidated accounts.
- 2) Certain amounts for 2017 have been recalculated compared with previously published information in Vattenfall's 2017 Interim reports and 2017 Annual and Sustainability Report as a result of new accounting rules (IFRS 9 and 15) that took effect in 2018. See Note 4 to the consolidated accounts.
- 3) Exchange rate gains and losses are included in net gains/losses.

NOTE 4 | Adjustments of 2017 financial statements as an effect of the implementation of IFRS 9 and IFRS 15

As described in Note 1 to the consolidated accounts, new accounting rules apply as of 2018 according to the implementation of IFRS 9 – “Financial Instruments” and IFRS 15 – “Revenue from Contracts with Customers”. This has had the following impact on Vattenfall's financial statements.

	31 December 2016/1 January 2017				1 January - 31 March 2017			
	As reported previously	Adjustments IFRS 9	Adjustments IFRS 15	After adjustments	As reported previously	Adjustments IFRS 9	Adjustments IFRS 15	After adjustments
Consolidated balance sheet:								
Intangible assets: non-current	16 792	—	86	16 878	16 737	—	105	16 842
Deferred tax assets	11 538	—	520	12 058	11 631	—	523	12 154
Contract assets long term	—	—	49	49	—	—	52	52
Other non-current receivables	3 788	- 1	—	3 787	3 765	- 1	—	3 764
Trade receivables and other receivables	26 008	—	122	26 130	25 365	—	209	25 574
Contract assets short term	—	—	302	302	—	—	320	320
Total assets	409 260	- 1	1 079	410 338	401 761	- 1	1 208	402 968
Equity	83 800	- 1	- 1 634	82 165	87 365	- 1	- 1 584	85 780
Deferred tax liabilities	14 776	—	84	14 860	14 980	—	106	15 086
Contract liabilities long term	—	—	5 357	5 357	—	—	6 018	6 018
Other noninterest-bearing liabilities	6 440	—	- 3 217	3 223	6 102	—	- 3 882	2 220
Contract liabilities short term	—	—	545	545	—	—	872	872
Accrued expenses and deferred income	15 481	—	- 56	15 425	16 331	—	- 322	16 009
Total equity and liabilities	409 260	- 1	1 079	410 338	401 761	- 1	1 208	402 968
Consolidated income statement:								
Net sales					40 064	—	48	40 112
Other external expenses					- 3 321	—	31	- 3 290
Depreciation, amortisation and impairments					- 3 680	—	- 12	- 3 692
Operating profit (EBIT)					6 024	—	67	6 091
Income taxes expense					- 1 238	—	- 20	- 1 258
Profit for the period					3 782	—	47	3 829
Consolidated statement of cash flows:								
Funds from operations (FFO)					8 228	—	79	8 307
Cash flow from changes in operating assets and operating liabilities					- 9 420	—	- 48	- 9 468
Cash flow from operating activities					- 1 192	—	31	- 1 161
Cash flow from investing activities					- 3 012	—	- 31	- 3 043
Cash flow from financing activities					2 220	—	—	2 220
Cash flow for the period					- 1 984	—	—	- 1 984
Key ratios (in % unless otherwise stated (x) means times):								
Return on equity					- 41.0	—	- 0.1	- 41.1
Return on capital employed					- 1.1	—	—	- 1.1
FFO/adjusted net debt					20.9	—	0.1	21.0
Equity/Total assets					21.7	—	- 0.4	21.3
Gross debt/equity					109.9	—	2.0	111.9
Net debt/equity					62.6	—	1.1	63.7

	1 January - 30 June 2017				1 January - 30 September 2017			
	As reported previously	Adjustments IFRS 9	Adjustments IFRS 15	After adjustments	As reported previously	Adjustments IFRS 9	Adjustments IFRS 15	After adjustments
Consolidated balance sheet:								
Intangible assets: non-current	16 456	—	120	16 576	17 906	—	132	18 038
Deferred tax assets	11 341	—	527	11 868	11 272	—	530	11 802
Contract assets long term	—	—	53	53	—	—	159	159
Other non-current receivables	4 010	- 1	—	4 009	4 125	- 1	—	4 124
Trade receivables and other receivables	22 822	—	262	23 084	18 710	—	301	19 011
Contract assets short term	—	—	300	300	—	—	143	143
Total assets	399 016	- 1	1 262	400 277	388 673	- 1	1 265	389 937
Equity	89 962	- 1	- 1 603	88 358	91 101	- 1	- 1 646	89 454
Deferred tax liabilities	14 558	—	105	14 663	14 926	—	89	15 015
Contract liabilities long term	—	—	6 125	6 125	—	—	6 209	6 209
Other noninterest-bearing liabilities	6 365	—	- 3 953	2 412	6 389	—	- 4 011	2 378
Contract liabilities short term	—	—	968	968	—	—	1 040	1 040
Accrued expenses and deferred income	11 148	—	- 380	10 768	11 941	—	- 416	11 525
Total equity and liabilities	399 016	- 1	1 262	400 277	388 673	- 1	1 265	389 937
Consolidated income statement:								
Net sales	69 413	—	5	69 418	96 839	—	- 67	96 772
Other external expenses	- 8 216	—	58	- 8 158	- 12 462	—	87	- 12 375
Depreciation, amortisation and impairments	- 7 985	—	- 26	- 8 011	- 11 755	—	- 41	- 11 796
Operating profit (EBIT)	10 453	—	37	10 490	12 626	—	- 21	12 605
Income taxes expense	- 2 432	—	- 12	- 2 444	- 2 512	—	6	- 2 506
Profit for the period	5 901	—	25	5 926	6 690	—	- 15	6 675
Consolidated statement of cash flows:								
Funds from operations (FFO)	15 053	—	63	15 116	20 097	—	19	20 116
Cash flow from changes in operating assets and operating liabilities	- 9 483	—	- 5	- 9 488	995	—	67	1 062
Cash flow from operating activities	5 570	—	58	5 628	21 092	—	86	21 178
Cash flow from investing activities	- 6 766	—	- 58	- 6 824	- 11 742	—	- 86	- 11 828
Cash flow from financing activities	2 704	—	—	2 704	- 17 006	—	—	- 17 006
Cash flow for the period	1 508	—	—	1 508	- 7 656	—	—	- 7 656
Key ratios (in % unless otherwise stated (x) means times):								
Return on equity	1.4	—	—	1.4	2.4	—	—	2.4
Return on capital employed	4.2	—	—	4.2	4.2	—	—	4.2
FFO/adjusted net debt	22.2	—	0.1	22.3	24.0	—	0.1	24.1
Equity/Total assets	22.5	—	- 0.4	22.1	23.4	—	- 0.5	22.9
Gross debt/equity	124.5	—	2.3	126.8	100.9	—	1.8	102.7
Net debt/equity	74.7	—	1.3	76.0	62.4	—	1.1	63.5

1 January - 31 December 2017

	As reported previously	Adjustments IFRS 9	Adjustments IFRS 15	After adjustments
Consolidated balance sheet:				
Intangible assets: non-current	18 140	—	152	18 292
Deferred tax assets	12 001	—	534	12 535
Contract assets long term	—	—	99	99
Other non-current receivables	3 964	- 2	2	3 964
Trade receivables and other receivables	23 096	—	341	23 437
Contract assets short term	—	—	138	138
Total assets	407 868	- 2	1 266	409 132
Equity	94 045	- 2	- 1 711	92 332
Deferred tax liabilities	14 964	—	68	15 032
Contract liabilities long term	—	—	6 435	6 435
Other noninterest-bearing liabilities	6 570	—	- 4 199	2 371
Contract liabilities short term	—	—	1 098	1 098
Accrued expenses and deferred income	13 586	—	- 425	13 161
Total equity and liabilities	407 868	- 2	1 266	409 132
Consolidated income statement:				
Net sales	135 295	—	- 181	135 114
Other external expenses	- 19 588	—	122	- 19 466
Other operating income and expenses, net	1 656	- 1	—	1 655
Depreciation, amortisation and impairments	- 15 815	—	- 60	- 15 875
Operating profit (EBIT)	18 644	- 1	- 119	18 524
Income taxes expense	- 3 318	—	33	- 3 285
Profit for the period	9 571	- 1	- 86	9 484
Consolidated statement of cash flows:				
Funds from operations (FFO)	26 704	- 1	- 60	26 643
Cash flow from changes in operating assets and operating liabilities	- 1 096	—	181	- 915
Cash flow from operating activities	25 608	- 1	121	25 728
Cash flow from investing activities	- 18 543	—	- 121	- 18 664
Cash flow from financing activities	- 18 330	1	—	- 18 329
Cash flow for the period	- 11 265	—	—	- 11 265
Key ratios (in % unless otherwise stated (x) means times):				
Return on equity	11.0	—	0.1	11.1
Return on capital employed	7.7	—	—	7.7
FFO/adjusted net debt	21.5	—	- 0.1	21.4
Equity/Total assets	23.1	—	- 0.5	22.6
Gross debt/equity	92.7	—	1.7	94.4
Net debt/equity	63.0	—	1.2	64.2

NOTE 5 | Transition from IAS 39 to IFRS 9

CLASSIFICATION & MEASUREMENT

Financial assets at December 31 2017:

Amounts in SEK million	Category under IAS 39	Measurement category under IFRS 9	Carrying amount under IAS 39	Carrying amount under IFRS 9
Derivative assets	Fair value through profit or loss	Fair value through profit or loss	24 692	24 692
Short-term investments	Fair value through profit or loss	Fair value through profit or loss	19 554	19 554
Short-term investments ¹	Fair value through profit or loss	Amortised cost	1 202	1 202
Short-term investments	Loans and receivables	Amortised cost	2 541	2 541
Cash equivalents	Fair value through profit or loss	Fair value through profit or loss	10 759	10 759
Share in the Nuclear Waste Fund	Loans and receivables	Amortised cost	36 199	36 199
Other non-current receivables	Loans and receivables	Amortised cost	3 788	3 788
Trade receivables and other receivables	Loans and receivables	Amortised cost	23 100	23 100
Advanced payments paid	Loans and receivables	Amortised cost	893	893
Cash and bank balances	Loans and receivables	Amortised cost	9 236	9 236
Other shares and participations ²	Available-for-sale financial assets	Fair value through profit or loss	118	118
Total financial assets			132 082	132 082

Financial liabilities at December 31 2017:

Amounts in SEK million	Category under IAS 39	Measurement category under IFRS 9	Carrying amount under IAS 39	Carrying amount under IFRS 9
Derivative liabilities	Fair value through profit or loss	Fair value through profit or loss	24 016	24 016
Hybrid Capital, non-current interest-bearing liabilities	Other financial liabilities	Amortised cost	19 164	19 164
Other non-current interest-bearing liabilities	Other financial liabilities	Amortised cost	63 494	63 494
Other non-current noninterest-bearing liabilities	Other financial liabilities	Amortised cost	6 440	6 440
Current interest-bearing liabilities	Other financial liabilities	Amortised cost	14 009	14 009
Trade payables and other liabilities	Other financial liabilities	Amortised cost	17 509	17 509
Advance payments received	Other financial liabilities	Amortised cost	2 164	2 164
Total financial liabilities			146,796	146,796

TRANSITION FROM IAS 39 TO IFRS 9 – IMPAIRMENT (EXPECTED CREDIT LOSSES)

The following table is a reconciliation of the closing impairment balance at December 31, 2016 in accordance with IAS 39 and the opening impairment allowance in accordance with IFRS 9 at January 1, 2017. Changes to the impairment allowance under IFRS 9 are due to remeasurement of impairment using the expected credit loss requirements.

	IAS 39 Dec 31, 2016	Remeasurement	IFRS 9 Jan 1, 2017
Impaired non-current receivables at amortized cost	—	1	1
Impaired current receivables at amortized cost	1 132	—	1 132
Total	1 132	1	1 133

- 1) Some Short-term investments that were previously classified as Financial assets at fair value through profit or loss under IAS 39 were assessed to have a business model whose objective is achieved by collecting contractual cash flows, and accordingly, are classified as Amortised cost under IFRS 9. However, all these short-term investments at 31 December 2016 are derecognised at 1 January 2018, which is the date of initial application, meaning no effect in the balance sheet at 1 January 2017.
- 2) For Other shares and participations, the fair value is approximated by using cost.

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 2017 Annual and Sustainability Report, Note 3 to the Parent Company accounts, Accounting policies and Note 51 to the consolidated accounts, Significant accounting policies applicable as from 1 January 2018. As described in these notes, IFRS 9 "Financial Instruments" and IFRS 15 – "Revenue from Contracts with Customers" will affect the Parent Company's financial statements. The effects in the restated financial statement are presented in this report in Note 1 to the Parent Company accounts, Adjustments of 2017 financial statements as an effect of the implementation of IFRS 9 and IFRS 15. Other amended IFRSs endorsed by the EU for application in the 2018 financial year have no significant effect on Parent Company financial statements.

January – March 2018

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

- Net sales amounted to SEK 11,218 million (8,538).
- Profit before appropriations and income taxes was SEK -1,178 million (4,411).
- Earnings were positively affected by higher electricity generation and higher spot prices compared with the same period a year

ago. For the unrealised derivatives, higher spot prices had a negative effect. The change in other financial expenses is mainly attributable to a change in currency effects.

- The balance sheet total was SEK 263,330 million (31 December 2017: 255,092).
- Investments during the period amounted to SEK 138 million (4,182), of which SEK 0 million (4,000) pertains to a shareholder contribution to Vattenfall Vindkraft AB.
- Cash and cash equivalents, and short-term investments amounted to SEK 29,013 million (31 December 2017: 23,621).

Presentation of Parent Company income statements

See Note 1 to the consolidated accounts, Accounting policies, Presentation of Consolidated income statements.

Risks and uncertainties

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

Other

Significant related-party transactions are described in Note 48 to the consolidated accounts, Related party disclosures, in Vattenfall's 2017 Annual and Sustainability Report. No material changes have taken place in relations or transactions with related parties compared with the description in Vattenfall's 2017 Annual and Sustainability Report.

Parent Company income statement

Amounts in SEK million	Jan-Mar 2018	Jan-Mar 2017 ¹	Full year 2017 ¹	Last 12 months
Net sales	11 218	8 538	31 271	33 951
Cost of purchases	- 8 390	- 2 807	- 20 370	- 25 953
Other external expenses	- 725	- 628	- 3 246	- 3 343
Personnel expenses	- 608	- 504	- 1 933	- 2 037
Other operating incomes and expenses, net	11	131	564	444
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	1 506	4 730	6 286	3 062
Depreciation, amortisation and impairments	- 121	- 122	- 496	- 495
Operating profit (EBIT)	1 385	4 608	5 790	2 567
Result from participations in subsidiaries	—	—	4 855	4 855
Other financial income	411	822	1 445	1 034
Other financial expenses	- 2 974	- 1 019	- 5 693	- 7 648
Profit before appropriations and income taxes	- 1 178	4 411	6 397	808
Appropriations	373	516	1 037	894
Profit before income taxes	- 805	4 927	7 434	1 702
Income taxes	170	- 1 089	- 607	652
Profit for the period	- 635	3 838	6 827	2 354

- 1) Certain amounts for 2017 have been recalculated compared with previously published information in Vattenfall's 2017 Interim reports and 2017 Annual and Sustainability Report as a result of new accounting rules (IFRS 9 and 15) that took effect in 2018. See Note 1 to the Parent Company accounts.

Parent Company balance sheet

Amounts in SEK million	31 Mar 2018	31 Mar 2017 ¹	31 Dec 2017 ¹
Assets			
Non-current assets			
Intangible assets: non-current	175	214	187
Property, plant and equipment	4 253	3 912	4 277
Shares and participations	149 971	149 631	149 914
Deferred tax assets	1 399	376	1 040
Other non-current receivables	59 387	68 435	59 388
Total non-current assets	215 185	222 568	214 806
Current assets			
Inventories	187	252	221
Intangible assets: current	495	570	246
Current receivables	17 677	19 636	16 092
Current tax assets	773	—	106
Short-term investments	17 201	17 801	17 205
Cash and cash equivalents	11 812	12 667	6 416
Total current assets	48 145	50 926	40 286
Total assets	263 330	273 494	255 092
Equity, provisions and liabilities			
Equity			
Restricted equity			
Share capital (131,700,000 shares with a share quota value of SEK 50)	6 585	6 585	6 585
Revaluation reserve	37 989	37 989	37 989
Other reserves	1 325	1 318	1 322
Non-restricted equity			
Retained earnings	48 180	41 360	41 355
Profit for the period	- 635	3 838	6 827
Total equity	93 444	91 090	94 078
Untaxed reserves	11 912	12 779	12 284
Provisions	5 285	5 294	5 194
Non-current liabilities			
Hybrid capital	19 623	19 098	19 126
Other interest-bearing liabilities	44 604	58 910	50 401
Other noninterest-bearing liabilities	9 921	13 012	9 895
Total non-current liabilities	74 148	91 020	79 422
Current liabilities			
Other interest-bearing liabilities	67 356	64 430	54 354
Current tax liabilities	—	731	—
Other noninterest-bearing liabilities	11 185	8 150	9 760
Total current liabilities	78 541	73 311	64 114
Total equity, provisions and liabilities	263 330	273 494	255 092

1) Certain amounts for 2017 have been recalculated compared with previously published information in Vattenfall's 2017 Interim reports and 2017 Annual and Sustainability Report as a result of new accounting rules (IFRS 9 and 15) that took effect in 2018. See Note 1 to the Parent Company accounts.

NOTE 1 | Adjustments of 2017 financial statements as an effect of the implementation of IFRS 9 and IFRS 15

As described in Note 1 to the consolidated accounts, new accounting rules apply as of 2018 according to the implementation of IFRS 9 – “Financial Instruments” and IFRS 15 – “Revenue from Contracts with Customers”. This has had the following impact on the Parent Company’s financial statements.

	31 December 2016/1 January 2017				1 January - 31 March 2017			
	As reported previously	Adjustments IFRS 9 ¹	Adjustments IFRS 15	After adjustments	As reported previously	Adjustments IFRS 9 ¹	Adjustments IFRS 15	After adjustments
Parent Company balance sheet:								
Intangible assets: non-current	174	—	2	176	212	—	2	214
Deferred tax assets	329	593	44	966	266	66	44	376
Other non-current receivables	58 897	8 708	1	67 606	59 795	8 639	1	68 435
Current receivables	16 553	2 922	8	19 483	17 005	2 620	11	19 636
Short-term investments	18 733	25	—	18 758	17 771	30	—	17 801
Cash and cash equivalents	16 949	5	—	16 954	12 664	3	—	12 667
Total assets	261 902	12 252	55	274 209	262 078	11 358	58	273 494
Equity	89 508	- 2 102	- 156	87 250	91 476	- 232	- 155	91 089
Hybrid capital	19 101	76	—	19 177	19 073	25	—	19 098
Other non-current interest-bearing liabilities	49 870	10 600	—	60 470	49 528	9 382	—	58 910
Other non-current noninterest-bearing liabilities	13 099	—	199	13 298	12 811	—	201	13 012
Other current interest-bearing liabilities	64 688	- 15	—	64 673	64 517	- 87	—	64 430
Other current noninterest-bearing liabilities	6 514	3 693	12	10 219	5 869	2 269	12	8 150
Total equity and liabilities	261 902	12 252	55	274 209	262 078	11 358	58	273 494
Parent Company income statement:								
Net sales					8 537	—	1	8 538
Cost of purchases					- 5 425	2 618	—	- 2 807
Other financial expenses					- 798	- 221	—	- 1 019
Income taxes					- 562	- 527	—	- 1 089
Profit for the period					1 967	1 870	1	3 838

	1 January - 30 June 2017				1 January - 30 September 2017			
	As reported previously	Adjustments IFRS 9 ¹	Adjustments IFRS 15	After adjustments	As reported previously	Adjustments IFRS 9 ¹	Adjustments IFRS 15	After adjustments
Parent Company balance sheet:								
Intangible assets: non-current	207	—	2	209	190	—	2	192
Deferred tax assets	408	329	45	782	362	644	45	1 051
Other non-current receivables	52 994	7 373	2	60 369	52 998	6 584	5	59 587
Current receivables	6 956	2 198	8	9 162	8 309	2 098	5	10 412
Short-term investments	20 091	31	—	20 122	20 787	34	—	20 821
Cash and cash equivalents	8 918	2	—	8 920	9 785	1	—	9 786
Total assets	243 628	9 933	57	253 618	246 644	9 361	57	256 062
Equity	96 444	- 1 165	- 158	95 121	97 874	- 2 282	- 160	95 432
Hybrid capital	19 221	- 202	—	19 019	19 233	- 315	—	18 918
Other non-current interest-bearing liabilities	44 318	8 849	—	53 167	44 010	9 072	—	53 082
Other non-current noninterest-bearing liabilities	8 331	—	203	8 534	8 332	—	205	8 537
Other current interest-bearing liabilities	53 599	- 89	—	53 510	55 300	- 93	—	55 207
Other current noninterest-bearing liabilities	3 413	2 540	12	5 965	4 221	2 979	12	7 212
Total equity and liabilities	243 628	9 933	57	253 618	246 644	9 361	57	256 062
Parent Company income statement:								
Net sales	15 524	—	- 2	15 522	22 275	—	- 5	22 270
Cost of purchases	- 10 438	1 452	—	- 8 986	- 14 312	- 125	—	- 14 437
Other financial expenses	- 1 619	- 251	—	- 1 870	- 2 458	- 107	—	- 2 565
Income taxes	- 763	- 264	—	- 1 027	- 1 070	51	1	- 1 018
Profit for the period	6 935	937	- 2	7 870	8 366	- 181	- 4	8 181

	1 January - 31 December 2017			
	As reported previously	Adjustments IFRS 9 ¹	Adjustments IFRS 15	After adjustments
Parent Company balance sheet:				
Intangible assets: non-current	185	—	2	187
Deferred tax assets	363	632	45	1 040
Other non-current receivables	52 904	6 473	11	59 388
Current receivables	13 826	2 266	—	16 092
Short-term investments	17 229	- 24	—	17 205
Cash and cash equivalents	6 369	47	—	6 416
Total assets	245 640	9 394	58	255 092
Equity	96 479	- 2 241	- 160	94 078
Hybrid capital	19 500	- 374	—	19 126
Other non-current interest-bearing liabilities	41 264	9 137	—	50 401
Other non-current noninterest-bearing liabilities	9 689	—	206	9 895
Other current interest-bearing liabilities	54 436	- 82	—	54 354
Other current noninterest-bearing liabilities	6 794	2 954	12	9 760
Total equity and liabilities	245 640	9 394	58	255 092
Parent Company income statement:				
Net sales	31 276	—	- 5	31 271
Cost of purchases	- 20 317	- 53	—	- 20 370
Other financial expenses	- 5 568	- 125	—	- 5 693
Income taxes	- 647	39	1	- 607
Profit for the period	6 970	- 139	- 4	6 827

- 1) The effect is mainly attributable to a changed measurement of non-current and current derivative assets and derivative liabilities. The items are included in Other non-current receivables and Current receivables, and Other non-current interest-bearing liabilities and Other current noninterest-bearing liabilities, respectively. In accordance with RFR 2, measurement of these derivatives is based on cost using the lower of cost or net realizable value principle, in accordance with the Annual Accounts Act, while in IFRS 9 they are included in the measurement category Fair value through profit or loss.

Definitions and calculations of key ratios

Alternative Performance Measures

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

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

	Definition
EBIT:	Operating profit (Earnings Before Interest and Tax)
EBITDA:	Operating profit before depreciation, amortisation and impairment losses (Earnings Before Interest, Tax, Depreciation and Amortisation)
Items affecting comparability:	Capital gains and capital losses from shares and other non-current assets, impairment losses and reversed impairment losses and other material 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	Definition
Hybrid Capital:	Perpetual subordinated securities, junior to all Vattenfall's unsubordinated debt instruments.
LTIF:	Lost Time Injury Frequency (LTIF) is expressed in terms of the number of lost time work injuries (per 1 million hours worked), i.e., work-related accidents resulting in absence longer than one day, and accidents resulting in fatality.

CALCULATION OF EBITDA, UNDERLYING EBITDA AND UNDERLYING EBIT

Amounts in SEK million	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Last 12 months
Operating profit (EBIT)	6 975	6 091	18 524	19 408
Depreciation, amortisation and impairment losses	- 3 963	- 3 692	- 15 875	- 16 146
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	10 938	9 783	34 399	35 554
Items affecting comparability excl. impairment losses and reversed impairment losses	2 384	2 314	4 245	4 315
Underlying operating profit before depreciation, amortisation and impairment losses	13 322	12 097	38 644	39 869
Operating profit (EBIT)	6 975	6 091	18 524	19 408
Items affecting comparability	2 384	2 317	4 679	4 746
Underlying operating profit	9 359	8 408	23 203	24 154

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

KEY RATIOS BASED ON CONTINUING OPERATIONS AND LAST 12-MONTH VALUES APRIL 2017 – MARS 2018

Operating margin, %	= 100 x	$\frac{\text{EBIT}}{\text{Net sales}}$	$\frac{19\,408}{139\,330}$	=	13.9
Operating margin excl items affecting comparability, %	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Net sales}}$	$\frac{24\,154}{139\,330}$	=	17.3
Pre-tax profit margin, %	= 100 x	$\frac{\text{Profit before income taxes}}{\text{Net sales}}$	$\frac{12\,961}{139\,330}$	=	9.3
Pre-tax profit margin excl items affecting comparability, %	= 100 x	$\frac{\text{Profit before income taxes excl items affecting comparability}}{\text{Net sales}}$	$\frac{17\,700}{139\,330}$	=	12.7
Return on equity, %	= 100 x	$\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl the Reserve for cash flow hedges}}$	$\frac{8\,757}{77\,853}$	=	11.2
Return on capital employed, %	= 100 x	$\frac{\text{EBIT}}{\text{Capital employed, average}}$	$\frac{19\,408}{247\,383}$	=	7.8
Return on capital employed excl items affecting comparability, %	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Capital employed, average}}$	$\frac{24\,154}{247\,383}$	=	9.8
EBIT interest cover, (x)	=	$\frac{\text{EBIT + financial income excl return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl discounting effects attributable to provisions}}$	$\frac{20\,729}{6\,378}$	=	3.3
EBIT interest cover excl Items affecting comparability, (x)	=	$\frac{\text{Underlying EBIT + financial income excl Return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl discounting effects attributable to provisions}}$	$\frac{25\,475}{6\,378}$	=	4.0
FFO interest cover, (x)	=	$\frac{\text{FFO + financial expenses excl discounting effects attributable to provisions}}{\text{Financial expenses excl discounting effects attributable to provisions}}$	$\frac{33\,472}{6\,378}$	=	5.2
FFO interest cover, net, (x)	=	$\frac{\text{FFO + financial items net excl discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial items net excl discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{32\,150}{5\,056}$	=	6.4

Cash flow interest cover after maintenance investments, (x)	=	$\frac{\text{Cash flow from operating activities less maintenance investments + financial expenses excl Discounting effects attributable to provisions and interest components related to pension costs}}{\text{Financial expenses excl discounting effects attributable to provisions and interest components related to pension costs}}$	$\frac{21\,107}{5\,554} = 3.8$
FFO/gross debt, %	= 100 x	$\frac{\text{FFO}}{\text{Interest-bearing liabilities}}$	$\frac{27\,094}{97\,497} = 27.8$
FFO/net debt, %	= 100 x	$\frac{\text{FFO}}{\text{Net debt}}$	$\frac{27\,094}{64\,353} = 42.1$
FFO/adjusted net debt, %	= 100 x	$\frac{\text{FFO}}{\text{Adjusted net debt}}$	$\frac{27\,094}{130\,900} = 20.7$
EBITDA/net financial items, (x)	=	$\frac{\text{EBITDA}}{\text{Financial items net excl discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{35\,554}{5\,056} = 7.0$
EBITDA excl items affecting comparability/net financial items, (x)	=	$\frac{\text{EBITDA excl items affecting comparability}}{\text{Financial items net excl discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{39\,869}{5\,056} = 7.9$

KEY RATIOS BASED ON THE BALANCE SHEET PER 31 MARS 2018

Equity/total assets, %	= 100 x	$\frac{\text{Equity}}{\text{Balance sheet total}}$	$\frac{97\,815}{427\,099} = 22.9$
Gross debt/equity, %	= 100 x	$\frac{\text{Interest-bearing liabilities}}{\text{Equity}}$	$\frac{97\,497}{97\,815} = 99.7$
Net debt/equity, %	= 100 x	$\frac{\text{Net debt}}{\text{Equity}}$	$\frac{64\,353}{97\,815} = 65.8$
Gross debt/gross debt equity, %	= 100 x	$\frac{\text{Interest-bearing liabilities}}{\text{Interest-bearing liabilities + equity}}$	$\frac{97\,497}{195\,312} = 49.9$
Net debt/net debt plus equity, %	= 100 x	$\frac{\text{Net debt}}{\text{Net debt + equity}}$	$\frac{64\,353}{162\,168} = 39.7$
Net debt/EBITDA, (x)	=	$\frac{\text{Net debt}}{\text{EBITDA}}$	$\frac{64\,353}{35\,554} = 1.8$
Adjusted net debt/EBITDA, (x)	=	$\frac{\text{Adjusted net debt}}{\text{EBITDA}}$	$\frac{130\,900}{35\,554} = 3.7$

Interim report signature

Solna, 26 April 2018

Magnus Hall
President and CEO

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

Financial calendar

Capital markets day, 18 June 2018

Interim report January-June, 20 July 2018

Interim report January-September, 30 October 2018

Year-end report 2018, 7 February 2019 (preliminary)

Contact information

Vattenfall AB (publ)
SE-169 92 Stockholm
Corporate identity number 556036-2138
T +46-8-739 50 00

www.vattenfall.com

www.vattenfall.se

Magnus Hall
President and CEO
T +46-8-739 50 09

Anna Borg
CFO
T +46-8-739 64 28

Johan Sahlqvist
Head of Investor Relations
T +46-8-739 72 51

Vattenfall's press office
T +46-8-739 50 10
press@vattenfall.com

This information is such that Vattenfall AB is obliged to make public in accordance with the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08.00 CET on 26 April 2018. 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.