

# Interim report

## January–September 2016

### July–September 2016

- Net sales of SEK 34,343 million (37,519) for Total Vattenfall<sup>1</sup>, of which SEK 29,746 million (30,939) for continuing operations
- Underlying operating profit<sup>2,3</sup> of SEK 3,706 million (3,388) for Total Vattenfall<sup>1</sup>, of which SEK 2,602 million (2,680) for continuing operations
- Operating profit<sup>3</sup> of SEK 2,419 million (3,001) for Total Vattenfall<sup>1</sup>, of which SEK 2,251 million (2,340) for continuing operations
- Profit after tax of SEK 188 million (1,600) for Total Vattenfall<sup>1</sup>, of which SEK 787 million (41) for continuing operations
- Electricity generation of 38.6 TWh (41.2) for Total Vattenfall<sup>1</sup>, of which 25.2 TWh (26.2) for continuing operations

### January–September 2016

- Net sales of SEK 114,754 million (119,011) for Total Vattenfall<sup>1</sup>, of which SEK 101,412 million (101,208) for continuing operations
- Underlying operating profit<sup>2,3</sup> of SEK 14,750 million (14,092) for Total Vattenfall<sup>1</sup>, of which SEK 14,602 million (14,123) for continuing operations
- Operating profit<sup>3</sup> of SEK -18,183 million (-26,657) for Total Vattenfall<sup>1</sup>, of which SEK 4,178 million (-8,710) for continuing operations
- Profit after tax of SEK -21,852 million (-22,225) for Total Vattenfall<sup>1</sup>, of which SEK 1,790 million (-9,737) for the period for continuing operations
- Electricity generation of 127.3 TWh (127.2) for Total Vattenfall<sup>1</sup>, of which 86.4 TWh (85.5) for continuing operations

1) Total Vattenfall, including lignite operations.

2) Underlying operating profit is defined as operating profit excluding items affecting comparability. For a specification of items affecting comparability, see page 9.

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

*The financial performance that is reported and commented on in this interim report pertains to Vattenfall's continuing operations, unless indicated otherwise. In view of the divestment of Vattenfall's lignite operations, these are classified and reported as a discontinued operation, see Note 4 on page 35. Text shadowed in light blue pertains to the divestment of Vattenfall's lignite operations.*

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

Rounding differences may occur in this document.

## CEO's comments

"The end of the third quarter marked an important milestone in Vattenfall's development. We have now completed the sale of the German lignite operations to the Czech energy group EPH and its financial partner PPF Investments. The sale was an important step in adapting the portfolio to new market conditions and a long-term sustainable energy system. We are now forming the new Vattenfall – a customer-oriented company that combines efficient, large-scale production with decentralised solutions and renewable forms of energy.

Vattenfall reports an underlying operating profit of SEK 14.6 billion for its continuing operations for the period January–September, which is an increase of SEK 0.5 billion compared with a year ago. Our focus on lowering costs has been a key contributing factor. In addition, the recognition of previous impairment losses has led to lower depreciation and amortisation. However, the underlying operating profit decreased during the third quarter, mainly due to lower volumes and production margins. Drier weather conditions have led to a recovery of electricity prices in the Nordic region, however, low commodity prices continue to put pressure on electricity prices on the Continent.

Profit after tax for the period was weighed down heavily by the impairment losses recognised during the second quarter, mainly as a result of lower electricity prices, and totalled SEK 1.8 billion for continuing operations and SEK -21.9 billion for Total Vattenfall, including the lignite operations.

The business we conduct for our customers is a central part of Vattenfall's development, and since the start of the year Vattenfall's customer base has grown by nearly 120,000 contracts. We are pleased to note the positive trend in our key ratios, where a growing number of customers choose to recommend Vattenfall as their provider of energy solutions. At the same time, we are showing our strength in wind power. In September the Danish government announced that Vattenfall had won the tendering process for the construction of near shore wind power at two sites off Jutland's west coast. As a result of the winning bid for these two wind farms totalling 350 MW in capacity, Vattenfall will be Denmark's largest wind power operator. We are waiting for final approval from the Danish government before any more work can begin.

We are already generating electricity from our Sandbank wind farm off the German coast, even though only 50% of the turbines have been installed. Through focused development work we have managed to shorten the commissioning phase and thereby lower our overall project costs. This experience is important for future wind power projects.

Vattenfall is working actively to reduce CO<sub>2</sub> emissions in its portfolio of continuing operations. The phase-out of coal is a cornerstone in Vattenfall's partnership with the city of Berlin. Over time we have invested nearly SEK 1 billion in an initiative whereby in May next year we will convert the Klingenberg lignite-fired power plant in Berlin to a gas-fired plant, which will lower our annual CO<sub>2</sub> emissions by 600,000 tonnes. Parallel with this, work is in progress on enabling us to use surplus heat from the Moorburg power plant outside Hamburg and on getting the plant classified as a combined heat and power plant. By using this surplus heat, other production can be reduced.

In Sweden the government's budget bill was presented, which secures the energy accord with improved conditions for continued operation of hydro and nuclear power in the country. This is welcome; however, the work on cost-cutting must continue to ensure that our plants remain competitive and profitable for a long time to come."



Magnus Hall  
President and CEO

## Key data

Amounts in SEK million unless indicated otherwise	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
<b>Continuing operations</b>						
Net sales	29 746	30 939	101 412	101 208	143 576	143 780
Operating profit before depreciation, amortisation and impairment losses (EBITDA) <sup>1</sup>	5 886	5 816	23 896	22 875	30 604	31 625
Underlying operating profit before depreciation, amortisation and impairment losses <sup>1</sup>	6 137	6 122	25 264	25 007	35 229	35 486
Operating profit (EBIT) <sup>1</sup>	2 251	2 340	4 178	-8 710	-5 069	7 819
Underlying operating profit <sup>1</sup>	2 602	2 680	14 602	14 123	20 529	21 008
Profit for the period	787	41	1 790	-9 737	-5 188	6 339
Funds from operations (FFO) <sup>1,9</sup>	5 501	5 698	21 030	19 647	29 009	30 392
Net debt <sup>1</sup>	57 971	65 405	57 971	65 405	64 201	
Adjusted net debt <sup>1</sup>	124 108	143 061	124 108	143 061	137 585	
Electricity generation, TWh	25.2	26.2	86.4	85.5	118.0 <sup>3</sup>	118.9
- of which, hydro power	7.6	9.5	26.9	28.9	39.5 <sup>3</sup>	37.5
- of which, nuclear power	9.9	9.1	33.8	31.0	42.2	45.0
- of which, fossil-based power <sup>2</sup>	6.5	6.4	21.3	21.2	29.0 <sup>3</sup>	29.1
- of which, wind power	1.1	1.1	3.9	3.8	5.8	5.9
- of which, biomass, waste <sup>2</sup>	0.1	0.1	0.5	0.6	1.5 <sup>3</sup>	1.4
Sales of electricity, TWh	50.1	46.1	152.5	145.4	197.2	204.3
Sales of heat, TWh	1.8	2.5	12.7	14.5	20.6	18.8
Sales of gas, TWh	4.4	5.4	34.8	35.6	50.7	49.9
<b>Total Vattenfall</b>						
CO <sub>2</sub> emissions, Mtonnes	18.9 <sup>4</sup>	20.6	60.2	61.4	83.8	
Number of employees, full-time equivalents	27 131	28 744	27 131	28 744	28 567	
Work related accidents, number (LTIF) <sup>5</sup>	2.0	2.5	2.0	2.5	2.3	
<b>Key ratios</b>						
Return on capital employed, continuing operations, %	3.1 <sup>6,10</sup>	N/A <sup>6,8</sup>	3.1 <sup>6,10</sup>	N/A <sup>6,8</sup>	- 1.8	
Return on capital employed, total Vattenfall, %	- 5.8 <sup>6,10</sup>	- 7.1 <sup>6</sup>	- 5.8 <sup>6,10</sup>	- 7.1 <sup>6</sup>	- 8.2	
Net debt/equity, %	66.8	57.2	66.8	57.2	55.4	
FFO/adjusted net debt, continuing operations, %	23.9 <sup>6</sup>	N/A <sup>6,8</sup>	23.9 <sup>6</sup>	N/A <sup>6,8</sup>	19.5	
FFO/adjusted net debt, total Vattenfall, %	24.5 <sup>6,7</sup>	22.5 <sup>6</sup>	24.5 <sup>6,7</sup>	22.5 <sup>6</sup>	21.1	
Adjusted net debt/EBITDA, continuing operations, times	3.9 <sup>6</sup>	N/A <sup>6,8</sup>	3.9 <sup>6</sup>	N/A <sup>6,8</sup>	4.5	
Adjusted net debt/EBITDA, total Vattenfall, times	3.7 <sup>6,7</sup>	4.0 <sup>6</sup>	3.7 <sup>6,7</sup>	4.0 <sup>6</sup>	4.2	

- 1) See Definitions and calculations of key ratios for definitions of Alternative Performance Measure.
- 2) Values for 2016 are preliminary.
- 3) The value has been adjusted compared with the value presented in Vattenfall's 2015 year-end report.
- 4) Consolidated values for 2016. Consolidated emissions are approximately 0.5% higher than pro rata emissions, corresponding to Vattenfall's share of ownership.
- 5) 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. Pertains only to Vattenfall employees and is based on last 12-month values.
- 6) Last 12-month values.
- 7) The lignite operations were classified as assets held for sale on the balance sheet as per 30 June 2016. As a result, the lignite operations are excluded from balance sheet items included in the calculations of key ratios as from 30 June 2016.
- 8) This key ratio has not been calculated, as it is based on last 12-month values, which have not been recalculated for the continuing operations for 2014.
- 9) Pertains to Vattenfall in total, including the lignite operations.
- 10) The key ratio is based on average capital employed. The lignite operations were classified as assets held for sale on the balance sheet as per 30 June 2016, which entails that the calculation of average capital employed excludes the lignite operations as from 30 June 2016.

## Targets and target achievement

(The financial targets are reported for both continuing operations and Total Vattenfall. The strategic targets pertain to Total Vattenfall.)

Vattenfall's assignment is to generate a market rate of return by operating an energy business in such a way that the company is among the leaders in developing environmentally sustainable energy production. Vattenfall's owner and Board of Directors have set four financial targets for the Group, and the Board has set six strategic targets that apply from 2016.

### Financial targets

The financial targets relate to profitability, capital structure and the dividend policy, and were set by the owner in November 2012. These targets are intended to ensure that Vattenfall creates value and generates a market rate of return, that the capital structure is efficient, and that financial risk is kept at a reasonable level. The targets are to be evaluated over a business cycle.

	Target	30 Sept. 2016	30 Sept. 2015	Full year 2015
Return on capital employed (ROCE), continuing operations	9%	3.1 <sup>1,4</sup>	N/A <sup>1,3</sup>	-1.8
Return on capital employed (ROCE), total Vattenfall	9%	-5.8 <sup>1,4</sup>	-7.1 <sup>1</sup>	-8.2
FFO/adjusted net debt, continuing operations	22%-30%	23.9 <sup>1</sup>	N/A <sup>1,3</sup>	19.5
FFO/adjusted net debt, total Vattenfall	22%-30%	24.5 <sup>1,2</sup>	22.5 <sup>1</sup>	21.1
Net debt/equity	50%-90%	66.8	57.2	55.4
Dividend policy	40%-60% of the year's profit after tax	—	—	—

1) Last 12-month values.

2) The lignite operations were classified as assets held for sale on the balance sheet as per 30 June 2016. As a result, the lignite operations are excluded from balance sheet items included in the calculations of key ratios as from 30 June 2016.

3) This key ratio has not been calculated, as it is based on last 12-month values, which have not been recalculated for the continuing operations for 2014

4) The key ratio is based on average capital employed. The lignite operations were classified as assets held for sale on the balance sheet as per 30 June 2016, which entails that the calculation of average capital employed excludes the lignite operations as from 30 June 2016.

**Comment:** Return on capital employed has been negatively impacted by the recognition of impaired asset values. Excluding impairment losses and other items affecting comparability, return on capital employed for Total Vattenfall was 8.5% (8.1%) and for continuing operations 8.4%. FFO/adjusted net debt for Total Vattenfall was 24.5% (22.5%). For continuing operations, FFO/adjusted net debt was 23.9%. The debt/equity ratio increased compared with 2015, but is still within the target interval.

## Strategic targets

Vattenfall aims to contribute to a sustainable energy system across the value chain and be a truly customer-centric company. At the same time, Vattenfall is working to shift to a long-term sustainable production portfolio. Vattenfall's strategy is built upon four strategic objectives: 1) Leading towards sustainable consumption, 2) Leading towards sustainable production, 3) High performing operations, and 4) Empowered and engaged organisation. The strategic targets apply as from January 2016.

	Target 2020	30 Sept. 2016	30 Sept. 2015	Full year 2015
Customer loyalty, NPS (Net Promoter Score)	+ 2 NPS relative <sup>2</sup>	+5	—	—
Commissioned renewables capacity	≥ 2,300 MW	81 <sup>3</sup>	—	N/A
Absolute CO <sub>2</sub> emissions, pro rata	≤ 21 Mtonnes <sup>4</sup>	60.2 <sup>5</sup>	61.4	83.8
Return on capital employed (ROCE), continuing operations	9%	3.1 <sup>1,6</sup>	N/A <sup>1,7</sup>	-1.8
Return on capital employed (ROCE), total Vattenfall	9%	-5.8 <sup>1,6</sup>	-7.1 <sup>1</sup>	-8.2
LTIF <sup>8</sup> (Lost Time Injury Frequency)	≤ 1.25	2.0 <sup>1</sup>	2.5 <sup>1</sup>	2.3
Employee Engagement Index	≥ 70% <sup>9</sup>	—	—	59

1) Last 12-month values.

2) NPS is a tool for measuring customer loyalty and for gaining an understanding of customers' perceptions of Vattenfall's products and services. The target is a positive NPS in absolute terms +2 compared to Vattenfall's peer competitors. NPS is a new strategic target that is measured on a yearly basis.

3) Pertains only to completed and commissioned wind farms as per 30 September 2016. Ongoing wind power projects that are planned to be commissioned in 2017, such as Sandbank (288 MW) and Pen Y Cymoedd (228 MW), are not included in the outcome.

4) Contingent on the sale of Vattenfall's lignite operations.

5) Consolidated values for 2016. Consolidated emissions are approximately 0.5% higher than pro rata values, corresponding to Vattenfall's share of ownership.

6) The key ratio is based on average capital employed. The lignite operations were classified as assets held for sale on the balance sheet as per 30 June 2016, which entails that the calculation of average capital employed excludes the lignite operations as from 30 June 2016.

7) This key ratio has not been calculated, as it is based on last 12-month values, which have not been recalculated for the continuing operations for 2014.

8) 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. The ratio pertains only to Vattenfall employees and is based on last 12-month values.

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

**Comment:** During the third quarter of 2016, 5 MW of solar energy generation were commissioned adjacent to Vattenfall's Parc Cynog onshore wind farm in Wales. CO<sub>2</sub> emissions during quarters 1-3 of 2016 decreased to 60.2 Mtonnes (61.4) compared with the corresponding period in 2015. For continuing operations, CO<sub>2</sub> emissions amounted to 15.9 Mtonnes (16.7) for quarters 1-3 of 2016. Lost Time Injury Frequency (LTIF) was lower than in the corresponding period a year ago.

## Important events Q3 2016

### **Decision to invest in offshore wind farm outside Aberdeen**

On 20 July Vattenfall took the decision to invest approximately GBP 300 million (corresponding to approximately SEK 3 billion) in an offshore wind farm (92.4 MW) outside Aberdeen, Scotland. The wind farm is expected to be operational in 2018.

### **Acquisition of offshore wind project in Germany**

In August Vattenfall acquired a German offshore wind project in the North Sea (known as the Global Tech II Offshore Wind Project) from Erste Nordsee-Offshore-Holding GbmH, with the ultimate goal of building up to 79 wind turbines. Vattenfall's goal is to further develop and prepare the project, and make it competitive in the tendering process for subsidies and permits for offshore projects, which is expected to be initiated in March 2017.

### **Sandbank supplies its first power**

Vattenfall's Sandbank offshore wind farm in Germany began generating its first wind power in September. The wind farm is expected to be delivering at full capacity in early spring 2017.

### **Winning bid for Danish wind power**

Vattenfall won the Danish Near Shore Wind Tender (DNS). The bid covers two sites, Vesterhav Nord and Vesterhav Syd off Jutland's west coast, where Vattenfall plans to build two wind farms with combined capacity of 350 MW, corresponding to the electricity use of 375,000 Danish households. The aim is to start construction in 2019 and begin supplying electricity in 2020, however, final approval from the Danish government is required first.

### **Stefan Dohler new CFO of Vattenfall**

Stefan Dohler was appointed as new CFO of Vattenfall, effective 1 December 2016. He is currently Senior Vice President for the Markets Business Area and a member of Vattenfall's Executive Group Management. Stefan Dohler succeeds Ingrid Bonde, who has decided to leave Vattenfall.

### **Decision to phase-out coal at combined heat and power plant in Berlin**

Vattenfall decided to replace coal with natural gas at the Klingenberg combined heat and power plant in Berlin three years ahead of plan, which will result in a reduction of CO<sub>2</sub> emissions by 600,000 tonnes per year. The change will entail a total investment of approximately EUR 100 million (corresponding to approximately SEK 1 billion).

### **Application for re-extension of grid concession in Berlin**

The tendering process for new concessions for Berlin's electricity grid was suspended in 2014. In October 2015 Berlin's Senate Administration for Finance decided to resume the process. At the end of August Vattenfall submitted an application for a re-extension of its grid concession in Berlin.

### **Vattenfall completed sale of German lignite operations**

On 30 September Vattenfall completed the sale of its German lignite operations to the Czech energy group EPH and its financial partner PPF Investments, after gaining clearance for the sale from the European Commission earlier in September.

## Important events after the balance sheet date

### **SSM presents proposal for changed calculation of nuclear waste fees in Sweden**

In a statement to the government, the Swedish Radiation Safety Authority (SSM) has proposed that the nuclear waste fee for nuclear reactors shall be calculated on the basis of an operating lifetime of 50 years instead of 40 years, as currently. The government will decide on the fees for the period 2018-2020 during the autumn of 2017.

### **Permit to restart Ringhals 2 reactor**

The Swedish Radiation Safety Authority (SSM) has decided to grant Ringhals AB dispensation from the Authority's regulations and, contingent upon the fulfilment of certain requirements, that the Ringhals 2 reactor may be restarted after repair of a bottom liner in the reactor containment. Following an extensive audit, SSM is of the opinion that Ringhals has shown that there is an adequate margin of safety during the continued operating period through the end of 2019.

### **Changed price hedging strategy as a result of sale of lignite operations**

Following the sale of the lignite operations, Vattenfall's portfolio and risk exposure have changed radically. After conducting a review of the price hedging strategy, Vattenfall has decided to contract its hedges closer to the delivery date and to reduce price hedges over the long term. Read more on page 14.

### **Approved draft law for nuclear waste fund in Germany**

On 19 October the German federal cabinet approved a draft law under which the country's largest nuclear power operators will shift their liability for the transport, intermediate storage and permanent storage of nuclear waste through payment of a total of EUR 23.6 billion into a public fund. According to the draft law, Vattenfall's payment to the fund will be EUR 1.75 billion, which includes a 35.5% risk premium. Vattenfall is now analysing the law from technical, commercial and legal perspectives. The German law governing nuclear waste storage must be approved by Germany's parliament before taking force, which is expected to take place in early 2017.

### **Negotiations with ICSID in Washington, D.C.**

On 6 October, negotiations were started in Vattenfall's suit against the German government with the International Center for Settlement of Investment Disputes (ICSID) in Washington, D.C. As a result of the federal decision in Germany to phase out nuclear power in the country by 2022, Vattenfall is demanding compensation from the German government for lost revenue from the company's nuclear power plants in the country. The negotiations were open and public, and were held through 21 October. Vattenfall's request for arbitration was registered with the ICSID on 31 May 2012, and a ruling is expected in 2017.

## Sales, profit and cash flow

(Reporting of figures and comments pertains to continuing operations, unless indicated otherwise)

### Net sales

Continuing operations, amounts in SEK million	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
Net sales	29 746	30 939	101 412	101 208	143 576	143 780

**Comment Q3:** Consolidated net sales decreased by SEK 1.2 billion compared with the corresponding period in 2015. This is mainly attributable to lower sales volumes and negative price effects.

**Comment Q1-3:** Consolidated net sales increased by SEK 0.2 billion compared with the corresponding period in 2015.

### Earnings

Continuing operations, amounts in SEK million	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
Operating profit (EBIT) <sup>1</sup>	2 251	2 340	4 178	-8 710	-5 069	7 819
Depreciation, amortisation and impairment losses	3 635	3 476	19 718	31 585	35 673	23 806
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)<sup>1</sup></b>	<b>5 886</b>	<b>5 816</b>	<b>23 896</b>	<b>22 875</b>	<b>30 604</b>	<b>31 625</b>
Items affecting comparability excl. impairment losses and reversed impairment losses	251	306	1 368	2 132	4 625	3 861
<b>Underlying operating profit before depreciation, amortisation and impairment losses<sup>1</sup></b>	<b>6 137</b>	<b>6 122</b>	<b>25 264</b>	<b>25 007</b>	<b>35 229</b>	<b>35 486</b>
Operating profit (EBIT)	2 251	2 340	4 178	-8 710	-5 069	7 819
Items affecting comparability <sup>1</sup>	351	340	10 424	22 833	25 598	13 189
<b>Underlying operating profit<sup>1</sup></b>	<b>2 602</b>	<b>2 680</b>	<b>14 602</b>	<b>14 123</b>	<b>20 529</b>	<b>21 008</b>

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

**Comment Q3:** The underlying operating profit decreased by SEK 0.1 billion, which is explained by the following:

- Lower production volumes in the Nordic countries, mainly from hydro power due to lower levels in the Nordic reservoirs (SEK -0.4 billion)
- Lower production margins, mainly owing to lower electricity prices achieved (SEK -0.3 billion)
- Lower operating expenses (SEK 0.2 billion)
- Other items, net (SEK 0.4 billion), of which SEK 0.3 billion is attributable to lower earnings in 2015 as a result of adjusted property tax for hydro power for the years 2013-2015

**Comment Q1-3:** The underlying operating profit increased by SEK 0.5 million, which is explained by the following:

- Higher production volumes in the Nordic countries, mainly in nuclear power, as a result of higher availability (SEK 0.2 billion)
- Negative price effects (SEK -1.0 billion)
- Lower operating expenses, and lower depreciation and amortisation as a result of recognition of impairment of asset values (SEK 0.8 billion)
- Other items, net (SEK 0.5 billion)



## Items affecting comparability affecting operating profit (EBIT)

Continuing operations, amounts in SEK million	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
Capital gains	25	- 131	2 069	174	249	2 144
Capital losses	- 3	130	- 99	- 243	- 369	- 225
Impairment losses	- 100	- 36	- 9 056	- 21 194	- 21 507	- 9 369
Reversed impairment losses	—	2	—	493	534	41
Provisions	123	- 7	123	- 1 313	- 3 463	- 2 027
Unrealised changes in the fair value of energy derivatives	- 59	107	- 3 432	1 018	1 558	- 2 892
Unrealised changes in the fair value of inventories	- 10	- 215	598	- 258	- 657	199
Restructuring costs	- 1	- 190	- 275	- 1 059	- 1 105	- 321
Other non-recurring items affecting comparability	- 326	—	- 352	- 451	- 838	- 739
<b>Total</b>	<b>- 351</b>	<b>- 340</b>	<b>- 10 424</b>	<b>- 22 833</b>	<b>- 25 598</b>	<b>- 13 189</b>

**Comment Q3:** Items affecting comparability amounted to SEK -0.4 billion (-0.3).

**Comment Q1-3:** Items affecting comparability amounted to SEK -10.4 billion (-22.8). Capital gains pertain mainly to the sale of the network services operation in Hamburg (SEK 1.2 billion) and the sale of real estate in Bramfeld and Berlin (SEK 0.7 billion). Impairment of asset values amounted to SEK -9.1 billion and pertained primarily to the Moorburg power plan in Hamburg, hydro power assets in Germany, and fossil-based assets in the Netherlands. Other items affecting comparability pertain to capital losses (SEK -0.1 billion) unrealised changes in the fair value of energy derivatives and inventories (SEK -2.8 billion), restructuring costs (SEK -0.3 billion) and other nonrecurring items affecting comparability attributable to the direct expensing of investments in Ringhals 1 and 2 (SEK -0.4 billion).

Items affecting comparability for the corresponding period in 2015 consisted mainly of impairment of asset values. These pertain mainly to impairment of goodwill in the Trading operation and impairment of fossil-based assets in Germany and the Netherlands.

For further information about impairment losses attributable to the lignite operations, see Note 4, Divested operations, on page 35.

## Profit for the period

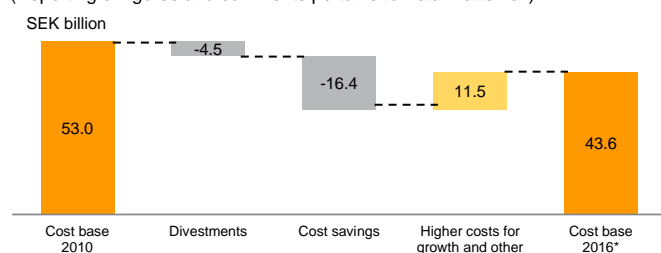
Continuing operations, amounts in SEK million	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
Profit for the period	787	41	1 790	- 9 737	- 5 188	6 339

**Comment Q3:** Profit for the period amounted to SEK 0.8 billion (0.0).

**Comment Q1-3:** Profit for the period amounted to SEK 1.8 billion (-9.7).

## Cost savings

(Reporting of figures and comments pertains to Total Vattenfall)



\* Last 12-month values.

**Comment:** Vattenfall has taken numerous measures to cut costs, and compared with the cost base in 2010, Vattenfall has lowered costs under its control by approximately 31%.

## Financial items

Continuing operations, amounts in SEK million	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
Net financial items	- 1 949	- 974	- 4 365	- 3 648	- 4 776	- 5 493
- of which, interest income	85	64	294	410	907	791
- of which, interest expenses	- 822	- 728	- 2 652	- 2 566	- 3 448	- 3 534
- of which, return from the Swedish Nuclear Waste Fund	250	167	762	933	1 168	997
- of which, interest components related to pension costs	- 240	- 232	- 712	- 693	- 922	- 941
- of which, discounting effects attributable to provisions	- 916	- 704	- 2 465	- 2 214	- 2 908	- 3 159
- of which, other	- 306	459	408	482	427	353
Interest received <sup>1</sup>	179	106	886	568	845	1 163
Interest paid <sup>1</sup>	- 360	- 27	- 3 113	- 3 171	- 3 413	- 3 355

1) Pertains to cash flows.

**Comment:** Net financial items for the third quarter of 2016 were higher than in the corresponding period in 2015. Lower market values of derivatives had a negative effect on net financial items during the third quarter of 2016. Higher paid interest is mainly attributable to higher interest on bonds and related derivatives in the current year compared with 2015.

## Cash flow

(Reporting of figures and comments pertains to Total Vattenfall)

Total Vattenfall, amounts in SEK million	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
Funds from operations (FFO)	5 501	5 698	21 030	19 647	29 009	30 392
Cash flow from changes in operating assets and operating liabilities (working capital)	7 020	9 170	- 1 309	11 692	11 925	- 1 076
Cash flow from operating activities	12 521	14 868	19 721	31 339	40 934	29 316

**Comment Q3:** Funds from operations (FFO) decreased by SEK 0.2 billion, mainly owing to a lower operating profit.

Cash flow from changes in working capital amounted to SEK 7.0 billion. This is mainly attributable to a decrease in operating receivables in Customers & Solutions and Heat (SEK 4.9 billion), and a lower inventory of ROCs<sup>1</sup> for wind power (SEK 1.3 billion).

**Comment Q1-3:** Funds from operations (FFO) increased by SEK 1.4 billion. The increase is mainly attributable to an income tax refund in Germany related to Moorburg.

Cash flow from changes in working capital amounted to SEK -1.3 billion. This is mainly attributable to a net change in margin calls (SEK -4.5 billion). A net change in receivables and liabilities, and a lower inventory of ROCs<sup>1</sup> for wind power had a positive effect on cash flow.

1) ROC (Renewable Obligation Certificate), green certificates for wind power generated in the UK.

## Financial position

Amounts in SEK million	30 Sept. 2016	31 Dec. 2015	Change, %
Cash and cash equivalents, and short-term investments	38 548 <sup>1</sup>	44 256 <sup>1</sup>	-12.9
Committed credit facilities (unutilised)	19 242	18 379	4.7

1) The amounts as of 30 September 2016 pertains to continuing operations, and the amounts as of 31 December 2015 pertains to Total Vattenfall.

**Comment:** Cash and cash equivalents, and short-term investments decreased by SEK 5.7 billion compared with the level at 31 December 2015, mainly as an effect of the sale of the lignite operations and repayment of a large bond loan.

Committed credit facilities consist of a EUR 2.0 billion Revolving Credit Facility that expires on 10 December 2020, with an option for a one-year extension. As per 30 September 2016, available liquid assets and/or committed credit facilities amounted to 35% of net sales for continuing operations. Vattenfall's target is to maintain a level of no less than 10% of the Group's net sales, but at least the equivalent of the next 90 days' maturities.

Amounts in SEK million	30 Sept. 2016	31 Dec. 2015	Change, %
Interest-bearing liabilities <sup>1</sup>	98 572 <sup>3</sup>	110 585 <sup>3</sup>	-10.9
Net debt <sup>1</sup>	57 971 <sup>3</sup>	64 201 <sup>3</sup>	-9.7
Adjusted net debt <sup>1</sup> (see page 25)	124 108 <sup>3</sup>	137 585 <sup>3</sup>	-9.8
Average interest rate, % <sup>2</sup>	4.0	3.9	—
Duration, years <sup>2</sup>	5.9	3.9	—
Average time to maturity, years <sup>2</sup>	8.6	8.1	—

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

2) Including Hybrid Capital and loans from owners with non-controlling interests and associated companies.

3) The amounts as per 30 September 2016 pertain to Continuing operations, and the amounts as per 31 December 2015 pertain to Total Vattenfall.

**Comment:** Total interest-bearing liabilities decreased by SEK 12 billion compared with the level at 31 December 2015. This is mainly attributable to repurchases and maturity of bonds.

Net debt decreased by SEK 6.2 billion compared with the level at 31 December 2015. This is mainly attributable to a positive cash flow after investments and effects of the sale of the lignite operations, which reduced cash holdings.

Adjusted net debt decreased by SEK 13.5 billion compared with the level at 31 December 2015. The decrease is attributable to a lower level of net debt and to effects of the sale of the lignite operations, which reduced provisions for future obligations for pensions and mining operations.

### Credit ratings

On 13 May 2016, Moody's affirmed Vattenfall's long-term A3 rating and Baa2 rating for hybrid bonds. The outlook for Vattenfall's rating is negative. On 19 May 2016 Standard & Poor's affirmed Vattenfall's long-term BBB+ rating. At the same time, Standard & Poor's affirmed Vattenfall's short-term A-2 rating. The outlook for Vattenfall's rating is negative.

## Investments and divestments

Amounts in SEK million	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
Maintenance investments	2 344	3 398	6 534	8 496	12 329	10 367
Growth investments	4 539	3 010	7 792	9 001	12 709	11 500
<b>Total investments from continuing operations</b>	<b>6 883</b>	<b>6 408</b>	<b>14 326</b>	<b>17 497</b>	<b>25 038</b>	<b>21 867</b>
Accrued investments (-)/release of accrued investments (+)	- 149	931	29	741	738	26
<b>Total investments with cash flow effect from continuing operations</b>	<b>6 734</b>	<b>7 339</b>	<b>14 355</b>	<b>18 238</b>	<b>25 776</b>	<b>21 893</b>
Investments with cash flow effect from discontinued operations	8	658	1 139	2 041	2 950	2 048
<b>Total investments with cash flow effect</b>	<b>6 742</b>	<b>7 997</b>	<b>15 494</b>	<b>20 279</b>	<b>28 726</b>	<b>23 941</b>
<b>Divestments total Vattenfall</b>	<b>242</b>	<b>117</b>	<b>4 262</b>	<b>2 349</b>	<b>2 814</b>	<b>4 727</b>
- of which, shares	13	- 10	1 279	217	206	1 268

**Comment:** Investments are specified in the table below. Divestments in 2016 pertain mainly to Vattenfall's network services operation in Hamburg, Germany, the sale of real estate in Bramfeld (Hamburg) and Berlin, and the Nordjylland combined heat and power station in Denmark. Divestments during the corresponding period in 2015 pertained primarily to combined heat and power assets in Utrecht, the Netherlands.

### Specification of investments

Amounts in SEK million	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
<b>Electricity generation</b>						
Hydro power	300	417	964	1 001	1 706	1 669
Nuclear power	682	1 359	1 768	3 191	4 219	2 796
Coal power	150	248	330	1 089	1 292	533
Gas	12	29	128	59	174	243
Wind power	3 793	2 564	6 171	6 655	8 629	8 145
Biomass, waste	12	2	16	9	25	32
<b>Total electricity generation</b>	<b>4 949</b>	<b>4 619</b>	<b>9 377</b>	<b>12 004</b>	<b>16 045</b>	<b>13 418</b>
<b>CHP/heat</b>						
Fossil-based power	405	615	1 017	1 274	1 949	1 692
Biomass, waste	58	41	95	73	145	167
Other	255	315	561	696	1 242	1 107
<b>Total CHP/heat</b>	<b>718</b>	<b>971</b>	<b>1 673</b>	<b>2 043</b>	<b>3 336</b>	<b>2 966</b>
<b>Electricity networks</b>						
Electricity networks	1 058	1 029	3 007	2 840	4 671	4 838
<b>Total electricity networks</b>	<b>1 058</b>	<b>1 029</b>	<b>3 007</b>	<b>2 840</b>	<b>4 671</b>	<b>4 838</b>
Purchases of shares, shareholder contributions	- 155	- 50	- 392	- 208	- 267	- 451
Other	313	- 161	661	818	1 253	1 096
<b>Total investments from continuing operations</b>	<b>6 883</b>	<b>6 408</b>	<b>14 326</b>	<b>17 497</b>	<b>25 038</b>	<b>21 867</b>
Accrued investments (-)/release of accrued investments (+)	- 149	931	29	741	738	26
<b>Total investments with cash flow effect from continuing operations</b>	<b>6 734</b>	<b>7 339</b>	<b>14 355</b>	<b>18 238</b>	<b>25 776</b>	<b>21 893</b>
Investments with cash flow effect from discontinued operations	8	658	1 139	2 041	2 950	2 048
<b>Total investments with cash flow effect</b>	<b>6 742</b>	<b>7 997</b>	<b>15 494</b>	<b>20 279</b>	<b>28 726</b>	<b>23 941</b>

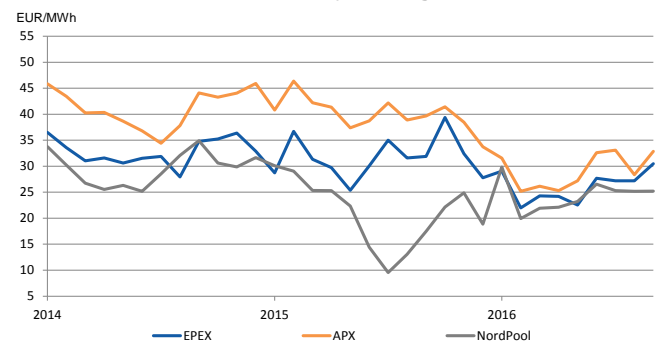
# Wholesale price trend

## Spot prices – electricity

Compared with the third quarter of 2015, average Nordic spot prices increased by 90%, mainly as a result of drier weather and a lower hydrological balance. Average spot prices in Germany and the Netherlands were 14% and 22% lower, respectively, as a result of lower commodity prices. For the period January–September 2016, average spot prices were 18% higher in the Nordic countries, 16% lower in Germany, and 29% lower in the Netherlands, compared with the corresponding period in 2015.

Time period	Nord Pool Spot (Nordic countries)	EPEX (Germany)	APX (Netherlands)
Q3 2016	25.2	28.2	31.4
Q3 2015	13.3	32.8	40.2
%	90%	-14%	-22%
Q2 2016	23.9	24.7	28.3
%	6%	14%	11%
Q1-3 2016	24.4	26.1	29.2
Q1-3 2015	20.7	31.1	40.8
%	18%	-16%	-29%

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

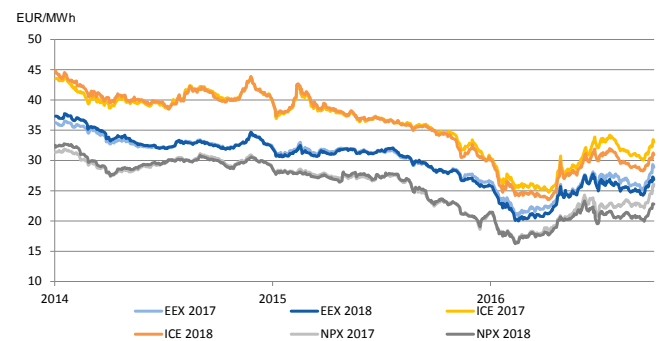


## Futures prices – electricity

Electricity futures prices were 11%-19% lower than in the third quarter of 2015, mainly owing to continued expectations for low commodity prices. During the third quarter of 2016, commodity prices improved at the same time that the hydrological balance deteriorated, and as a result, electricity futures prices were 3%-8% higher in the Nordic countries than in the preceding quarter. Germany and the Netherlands, electricity futures prices were 4%-10% higher than in the preceding quarter as a result of higher commodity prices. Compared with the period January–September 2015, electricity futures prices were 20%-27% lower.

Time period	Nordic countries (NPX)		Germany (EEX)		Netherlands (ICE)	
	2017	2018	2017	2018	2017	2018
Q3 2016	22.9	21.0	26.9	25.7	32.0	30.0
Q3 2015	25.8	26.0	30.2	30.4	36.0	35.9
%	-11%	-19%	-11%	-15%	-11%	-16%
Q2 2016	21.2	20.5	25.1	24.7	29.2	28.0
%	8%	3%	7%	4%	10%	7%
Q1-3 2016	20.8	19.8	24.9	24.1	29.3	27.8
Q1-3 2015	27.0	27.0	31.1	31.0	37.5	37.6
%	-23%	-27%	-20%	-22%	-22%	-26%

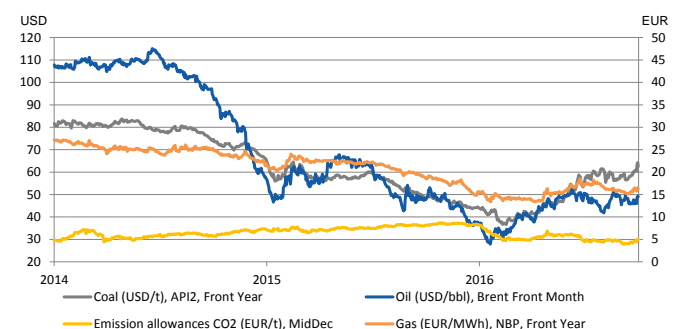
**Electricity futures prices in the Nordic countries, Germany and the Netherlands**



## Commodity prices

Oil prices (Brent crude) were an average of 8% lower than in the third quarter of 2015, mainly owing to the stronger U.S. dollar. Coal prices did not follow the trend in oil prices and were an average of 9% higher than in the third quarter of 2015. Gas prices were 20% lower. Prices of CO<sub>2</sub> emission allowances were an average of 43% lower than in the third quarter of 2015. For the period January–September 2016, oil prices were 24% lower, coal prices were 14% lower, gas prices were 29% lower, and prices of CO<sub>2</sub> emission allowances were 29% lower than in the corresponding period in 2015.

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



## Vattenfall's price hedging

(Reporting of figures and comments pertains to continuing operations)

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

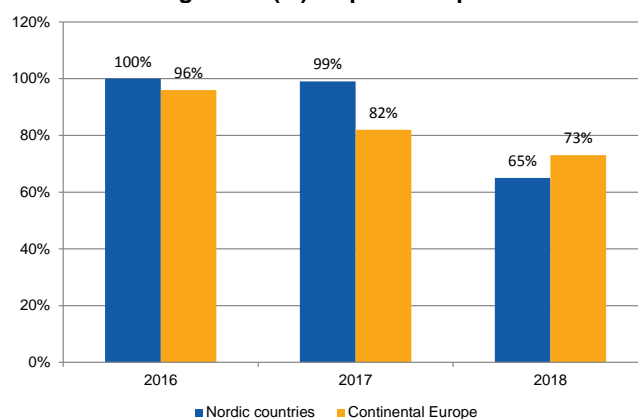
The chart shows the share of planned electricity generation that Vattenfall has hedged in the Nordic countries and Continental Europe (Germany and the Netherlands).

The hedged levels for the Nordic countries pertain to the system price on Nasdaq. Other price risks, such as price area risk, are not covered to the same extent.

### Average price hedges as per 30 September 2016

EUR/MWh	2016	2017	2018
Nordic countries	31	29	28
Continental Europe	40	45	38

### Vattenfall's hedge ratio (%) as per 30 September 2016



### Changed price hedging strategy

Following the divestment of the lignite operations, Vattenfall's portfolio and risk exposure have changed radically. The dominant risk exposure is now related to Nordic nuclear and hydro power base load generation, of which the latter is driven by weather conditions. In addition, Vattenfall's continuing operations generate a higher share of regulated revenue from distribution, heat and subsidies from wind power, which reduces the total risk exposure. Following a review of the price hedging strategy, Vattenfall has decided to contract price hedges closer to the delivery date and to reduce the level of price hedges, which over time will result in more stable earnings.

## Operating segments

(Reporting of figures and comments pertains to continuing operations, unless indicated otherwise)

### Customers & Solutions

Continuing operations, amounts in SEK million unless indicated otherwise	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
Net sales	13 670	18 289	49 164	63 926	87 523	72 761
External net sales <sup>1</sup>	13 385	17 198	48 247	62 017	84 905	71 135
Underlying operating profit before depreciation, amortisation and impairment losses	534	382	2 155	1 996	2 271	2 430
Underlying operating profit	284	155	1 431	1 332	1 390	1 489
Sales of electricity, TWh	20.6	27.6	66.1	90.3	123.2	99.0
- of which, private customers	5.4	4.3	19.4	19.2	26.8	27.0
- of which, resellers	1.0	9.2	4.0	24.3	33.5	13.2
- of which, business customers	14.2	14.1	42.7	46.8	62.9	58.8
Sales of gas, TWh	4.4	5.4	34.8	35.6	50.7	49.9
Number of employees, full-time equivalents	2 940	3 228	2 940	3 228	3 168	

1) Excluding intra-Group transactions

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

- Net sales decreased, mainly due to a reallocation of contracts with resellers from the Customers & Solutions Business Area to the Markets Business Area, which is included in the Power Generation operating segment. A decrease in sold volumes in Germany and negative price effects in the Netherlands had a negative impact on net sales.
- Lower sales and administration costs had a positive effect on underlying operating profit.
- The change in electricity sales is attributable to the reallocation of contracts with resellers. Sales of gas were slightly lower compared with the corresponding period a year ago.
- Vattenfall's customer base in Customers & Solutions has grown by some 70,000 contracts since the start of the year.

### Power Generation

Continuing operations, amounts in SEK million unless indicated otherwise	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
Net sales	21 119	19 554	70 656	60 848	91 643	101 451
External net sales <sup>1</sup>	12 163	8 583	36 965	22 400	35 783	50 348
Underlying operating profit before depreciation, amortisation and impairment losses	2 842	2 965	9 711	11 529	15 822	14 004
Underlying operating profit	2 144	2 242	7 548	8 793	12 376	11 131
Electricity generation, TWh <sup>2</sup>	17.5	18.6	60.6	59.9	82.4	83.1
- of which, hydro power	7.6	9.5	26.9	28.9	39.5 <sup>3</sup>	37.5
- of which, nuclear power	9.9	9.1	33.7	31.0	42.2	44.9
- of which, biomass, waste	—	—	—	—	0.7 <sup>3</sup>	0.7
Sales of electricity, resellers, TWh	12.3	—	23.1	—	—	23.1
Number of employees, full-time equivalents	7 538	7 790	7 538	7 790	7 771	

1) Excluding intra-Group transactions.

2) Values for 2016 are preliminary.

3) The value has been adjusted compared with the value presented in Vattenfall's 2015 year-end report.

*Power Generation comprises the Generation and Markets Business Areas. The segment includes Vattenfall's hydro and nuclear power operations, and optimisation and trading operations.*

- Net sales increased, which is mainly explained by a reallocation of contracts with resellers from the Customers & Solutions Business Area to the Markets Business Area, which is included in the Power Generation operating segment.
- The underlying operating profit decreased, mainly owing to lower production margins resulting from average lower prices achieved. Lower operating costs and lower depreciation had a positive effect on the underlying operating profit.
- Hydro power generation decreased during the third quarter of 2016 compared with 2015 as a result of lower reservoir levels. Nordic reservoir levels were 69% of capacity at the end of the third quarter, which is 8 percentage points below the normal level.
- Nuclear power generation increased compared with the corresponding period a year ago, owing to higher availability. Combined availability for Vattenfall's nuclear power plants during the third quarter of 2016 was 64.8% (65.6%). The corresponding figure for the period January–September 2016 was 72.8% (69.1%). During the third quarter of 2016 Forsmark had availability 75.9% (66.6%) and generation of 5.3 TWh (4.1). Ringhals had availability of 55.6% (64.7%) and generation of 4.6 TWh (5.0). During quarters 1-3 Forsmark had availability of 83.9% (79.2%) and generation of 17.9 TWh (16.3). Ringhals had availability of 63.5% (60.7%) and generation of 15.9 TWh (14.6).

## Wind

Continuing operations, amounts in SEK million unless indicated otherwise	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
Net sales	1 263	1 389	4 519	4 614	6 769	6 674
External net sales <sup>1</sup>	795	889	2 975	2 970	4 267	4 272
Underlying operating profit before depreciation, amortisation and impairment losses	697	887	2 919	3 132	4 621	4 408
Underlying operating profit	- 117	88	480	842	1 469	1 107
Electricity generation - wind power TWh	1.1	1.1	3.9	3.8	5.8	5.9
Number of employees, full-time equivalents	680	550	680	550	577	

1) Excluding intra-Group transactions

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

- Net sales decreased slightly compared with 2015, mainly owing to lower prices received and less favourable wind conditions.
- The underlying operating profit decreased, mainly owing to lower production revenue, higher depreciation associated with the commissioning of new wind farms, and higher project planning and repair costs.
- Electricity generation increased mainly as a result of the commissioning of the new wind farms. During the third quarter of 2016, 5 MW of solar energy were commissioned adjacent to Vattenfall's Parc Cynoq onshore wind farm in Wales.



## Heat

Continuing operations, amounts in SEK million unless indicated otherwise	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
Net sales	5 023	5 392	18 702	19 846	27 345	26 201
External net sales <sup>1</sup>	2 441	2 532	10 409	10 863	14 356	13 902
Underlying operating profit before depreciation, amortisation and impairment losses	485	369	4 624	4 162	5 689	6 151
Underlying operating profit	- 479	- 497	1 698	1 424	1 759	2 033
Electricity generation - TWh <sup>2</sup>	6.6	6.5	21.8	21.8	29.8 <sup>3</sup>	29.8
- of which, fossil-based power	6.5	6.4	21.3	21.2	29.0 <sup>3</sup>	29.1
- of which, biomass, waste	0.1	0.1	0.5	0.6	0.8	0.7
Sales of heat, TWh	1.8	2.5	12.7	14.5	20.6	18.8
Number of employees, full-time equivalents	4 036	4 187	4 036	4 187	4 202	

1) Excluding intra-Group transactions.

2) Figures for 2016 are preliminary.

3) The value has been adjusted compared with the value presented in Vattenfall's 2015 year-end report.

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

- Net sales decreased in 2016 compared with 2015, mainly owing to lower sales of heat resulting from the divestment of the Nordjylland combined heat and power station in Denmark.
- The underlying operating profit improved for quarters 1-3, which is primarily explained by a higher gross margin mainly resulting from lower fuel costs.
- The decrease in the number of employees is mainly attributable to the divestment of the Nordjylland combined heat and power plant in Denmark.
- Vattenfall's customer base in Heat has grown by some 29,000 contracts since the start of the year.

## Distribution

Continuing operations, amounts in SEK million unless indicated otherwise	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
Net sales	4 482	4 594	14 394	14 336	19 914	19 972
External net sales <sup>1</sup>	3 496	3 547	11 218	11 032	15 355	15 541
Underlying operating profit before depreciation, amortisation and impairment losses	1 686	1 822	5 819	5 787	8 189	8 221
Underlying operating profit	989	1 143	3 743	3 762	5 465	5 446
Number of employees, full-time equivalents	1 993	2 711	1 993	2 711	2 728	

1) Excluding intra-Group transactions.

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

- Net sales for the third quarter of 2016 decreased as a result of the sale of the network services operation in Hamburg, Germany (SEK 0.6 billion). Net sales for quarters 1-3 were higher than in the same period in 2015, mainly owing to higher prices and slightly higher transmission volumes.
- The underlying operating profit, excluding the divested network services operation in Hamburg, improved as a result of higher prices. The lost earnings contribution from the divested network services operation in Hamburg amounted to approximately SEK 0.1 billion for the third quarter and SEK 0.2 billion for quarters 1-3.
- The decrease in the number of employees is mainly attributable to the divestment of the network services operation in Hamburg.
- Vattenfall's customer base in Distribution has grown by some 20,000 contracts since the start of the year.

## Other<sup>1</sup>

Continuing operations, amounts in SEK million unless indicated otherwise	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
Net sales	1 278	1 295	4 029	3 928	5 361	5 462
External net sales <sup>2</sup>	47	29	157	133	178	202
Underlying operating profit before depreciation, amortisation and impairment losses	- 41	- 260	224	- 1 371	- 1 330	265
Underlying operating profit	- 153	- 408	- 110	- 1 802	- 1 897	- 205
Number of employees, full-time equivalents	3 045	3 391	3 045	3 391	3 319	

- 1) Other pertains mainly to all Staff functions, including Treasury and Shared Service Centres.  
 2) Excluding intra-Group transactions.

The data reported above for the operating segments also include eliminations in the Group's sales and earnings.  
 See pages 21-23.

# Consolidated income statement

Amounts in SEK million	Q3 2016	Q3 2015 <sup>9</sup>	Q1-Q3 2016	Q1-Q3 2015 <sup>9</sup>	Full year 2015 <sup>9</sup>	Last 12 months
<b>Continuing operations</b>						
Net sales	29 746	30 939	101 412	101 208	143 576	143 780
Cost of products sold <sup>1</sup>	- 22 990	- 23 651	- 86 587	- 95 516	- 129 222	- 120 293
<b>Gross profit</b>	<b>6 756</b>	<b>7 288</b>	<b>14 825</b>	<b>5 692</b>	<b>14 354</b>	<b>23 487</b>
Selling expenses, administrative expenses and research and development costs <sup>2</sup>	- 4 796	- 4 662	- 13 397	- 14 094	- 19 326	- 18 629
Other operating income and expenses, net	259	- 161	2 430	- 245	400	3 075
Participations in the results of associated companies <sup>3</sup>	32	- 125	320	- 63	- 497	- 114
<b>Operating profit (EBIT)<sup>4</sup></b>	<b>2 251</b>	<b>2 340</b>	<b>4 178</b>	<b>- 8 710</b>	<b>- 5 069</b>	<b>7 819</b>
Financial income <sup>5,8</sup>	241	703	1 778	2 122	2 755	2 411
Financial expenses <sup>6,7,8</sup>	- 2 190	- 1 677	- 6 143	- 5 770	- 7 531	- 7 904
<b>Profit before tax</b>	<b>302</b>	<b>1 366</b>	<b>- 187</b>	<b>- 12 358</b>	<b>- 9 845</b>	<b>2 326</b>
Income tax expense	485	- 1 325	1 977	2 621	4 657	4 013
<b>Profit for the period from continuing operations</b>	<b>787</b>	<b>41</b>	<b>1 790</b>	<b>- 9 737</b>	<b>- 5 188</b>	<b>6 339</b>
<b>Discontinued operation</b>						
Profit for the period from discontinued operations, net after tax	- 599	1 559	- 23 642	- 12 488	- 14 578	- 25 732
<b>Profit for the period</b>	<b>188</b>	<b>1 600</b>	<b>- 21 852</b>	<b>- 22 225</b>	<b>- 19 766</b>	<b>- 19 393</b>
Attributable to owner of the Parent Company	- 35	1 403	- 22 269	- 18 914	- 16 672	- 20 027
Attributable to non-controlling interests	223	197	417	- 3 311	- 3 094	634
<b>Supplementary information for continuing operations</b>						
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	5 886	5 816	23 896	22 875	30 604	31 625
Underlying operating profit before depreciation, amortisation and impairment losses	6 137	6 122	25 264	25 007	35 229	35 486
Underlying operating profit	2 602	2 680	14 602	14 123	20 529	21 008
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	- 1 283	- 437	- 2 662	- 2 367	- 3 036	- 3 331
1) Of which, depreciation, amortisation and impairment losses	- 3 216	- 3 101	- 18 433	- 30 708	- 34 236	- 21 961
2) Of which, depreciation, amortisation and impairment losses	- 419	- 375	- 1 285	- 836	- 1 396	- 1 845
3) Of which impairment losses	—	—	—	- 41	- 41	—
4) Including items affecting comparability	- 351	- 340	- 10 424	- 22 833	- 25 598	- 13 189
5) Including return from the Swedish Nuclear Waste Fund	250	167	762	933	1 168	997
6) Including interest components related to pension costs	- 240	- 232	- 712	- 693	- 922	- 941
7) Including discounting effects attributable to provisions	- 916	- 704	- 2 465	- 2 214	- 2 908	- 3 159
8) Items affecting comparability recognised as financial income and expenses, net	—	- 15	1	- 18	- 18	1

9) The value for 2015 has been recalculated compared with information previously published in Vattenfall's 2015 interim reports and 2015 Annual and Sustainability Report. This is because the lignite operations have been divested and are reported as a discontinued operation in accordance with IFRS 5.

# Consolidated statement of comprehensive income

(Reporting of figures and comments pertains to Total Vattenfall)

Total Vattenfall, amounts in SEK million	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
<b>Profit for the period</b>	<b>188</b>	<b>1 600</b>	<b>- 21 852</b>	<b>- 22 225</b>	<b>- 19 766</b>	<b>- 19 393</b>
<b>Other comprehensive income</b>						
<b>Items that will be reclassified to profit or loss when specific conditions are met</b>						
Cash flow hedges - changes in fair value	- 9 075	6 108	- 15 925	9 725	11 354	- 14 296
Cash flow hedges - dissolved against income statement	4 654	- 1 536	1 420	- 4 387	- 5 323	484
Cash flow hedges - transferred to cost of hedged item	- 38	- 8	- 45	16	- 3	- 64
Hedging of net investments in foreign operations	- 1 241	- 879	- 1 036	275	1 709	398
Translation differences and exchange rate effects net, divested companies	477	—	477	—	—	477
Translation differences	2 418	2 028	2 848	1 024	- 1 938	- 114
Income tax relating to items that will be reclassified	1 448	- 971	3 933	- 1 260	- 1 722	3 471
<b>Total items that will be reclassified to profit or loss when specific conditions are met</b>	<b>- 1 357</b>	<b>4 742</b>	<b>- 8 328</b>	<b>5 393</b>	<b>4 077</b>	<b>- 9 644</b>
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurement pertaining to defined benefit obligations	- 141	362	- 3 746	2 961	2 867	- 3 840
Income tax relating to items that will not be reclassified	42	- 108	1 086	- 810	- 762	1 134
<b>Total items that will not be reclassified to profit or loss</b>	<b>- 99</b>	<b>254</b>	<b>- 2 660</b>	<b>2 151</b>	<b>2 105</b>	<b>- 2 706</b>
<b>Total other comprehensive income, net after tax</b>	<b>- 1 456</b>	<b>4 996</b>	<b>- 10 988</b>	<b>7 544</b>	<b>6 182</b>	<b>- 12 350</b>
<b>Total comprehensive income for the period</b>	<b>- 1 268</b>	<b>6 596</b>	<b>- 32 840</b>	<b>- 14 681</b>	<b>- 13 584</b>	<b>- 31 743</b>
Attributable to owner of the Parent Company	- 1 680	6 209	- 33 480	- 11 405	- 10 398	- 32 473
Attributable to non-controlling interests	412	387	640	- 3 276	- 3 186	730

## Operating segments, Vattenfall Group

Amounts in SEK million	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
<b>External net sales</b>						
Customers & Solutions	13 385	17 198	48 247	62 017	84 905	71 135
Power Generation	12 163	8 583 <sup>3</sup>	36 965	22 400 <sup>3</sup>	35 783 <sup>3</sup>	50 348
Wind	795	889	2 975	2 970	4 267	4 272
Heat	2 441	2 532	10 409	10 863	14 356	13 902
Distribution	3 496	3 547	11 218	11 032	15 355	15 541
- of which, Distribution Germany	1 308	1 499	3 680	4 255	6 018	5 443
- of which, Distribution Sweden	2 188	2 048	7 538	6 777	9 337	10 098
Other <sup>1</sup>	47	29	157	133	178	202
Eliminations <sup>2</sup>	- 2 581	- 1 839	- 8 559	- 8 207	- 11 268	- 11 620
<b>Total continuing operations</b>	<b>29 746</b>	<b>30 939</b>	<b>101 412</b>	<b>101 208</b>	<b>143 576</b>	<b>143 780</b>
Discontinued operations	4 597	6 580	13 342	17 803	20 934	16 473
<b>Total</b>	<b>34 343</b>	<b>37 519</b>	<b>114 754</b>	<b>119 011</b>	<b>164 510</b>	<b>160 253</b>
<b>Internal net sales</b>						
Customers & Solutions	285	1 091	917	1 909	2 618	1 626
Power Generation	8 956	10 971 <sup>3</sup>	33 691	38 448 <sup>3</sup>	55 860 <sup>3</sup>	51 103
Wind	468	500	1 544	1 644	2 502	2 402
Heat	2 582	2 860 <sup>3</sup>	8 293	8 983 <sup>3</sup>	12 989 <sup>3</sup>	12 299
Distribution	986	1 047	3 176	3 304	4 559	4 431
- of which, Distribution Germany	890	922	2 875	2 946	4 012	3 941
- of which, Distribution Sweden	96	125	301	358	547	490
Other <sup>1</sup>	1 231	1 266	3 872	3 795	5 183	5 260
Eliminations	- 14 508	- 17 735 <sup>3</sup>	- 51 493	- 58 083 <sup>3</sup>	- 83 711 <sup>3</sup>	- 77 121
<b>Total continuing operations</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Discontinued operations	—	—	—	—	—	—
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total net sales</b>						
Customers & Solutions	13 670	18 289	49 164	63 926	87 523	72 761
Power Generation	21 119	19 554 <sup>3</sup>	70 656	60 848 <sup>3</sup>	91 643 <sup>3</sup>	101 451
Wind	1 263	1 389	4 519	4 614	6 769	6 674
Heat	5 023	5 392 <sup>3</sup>	18 702	19 846 <sup>3</sup>	27 345 <sup>3</sup>	26 201
Distribution	4 482	4 594	14 394	14 336	19 914	19 972
- of which, Distribution Germany	2 198	2 421	6 555	7 201	10 030	9 384
- of which, Distribution Sweden	2 284	2 173	7 839	7 135	9 884	10 588
Other <sup>1</sup>	1 278	1 295	4 029	3 928	5 361	5 462
Eliminations	- 17 089	- 19 574 <sup>3</sup>	- 60 052	- 66 290 <sup>3</sup>	- 94 979 <sup>3</sup>	- 88 741
<b>Total continuing operations</b>	<b>29 746</b>	<b>30 939</b>	<b>101 412</b>	<b>101 208</b>	<b>143 576</b>	<b>143 780</b>
Discontinued operations	4 597	6 580	13 342	17 803	20 934	16 473
<b>Total</b>	<b>34 343</b>	<b>37 519</b>	<b>114 754</b>	<b>119 011</b>	<b>164 510</b>	<b>160 253</b>

## Operating segments, Vattenfall Group cont.

Amounts in SEK million	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
<b><u>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</u></b>						
<b>Customers &amp; Solutions</b>	524	362	2 121	1 418	1 657	2 360
<b>Power Generation</b>	2 745	2 840 <sup>3</sup>	6 224	10 527 <sup>3</sup>	12 754 <sup>3</sup>	8 451
<b>Wind</b>	692	886	3 054	3 144	4 282	4 192
<b>Heat</b>	636	266 <sup>3</sup>	4 761	4 133 <sup>3</sup>	5 632 <sup>3</sup>	6 260
<b>Distribution</b>	1 682	1 807	5 809	5 749	8 143	8 203
- of which, Distribution Germany	364	566	1 154	1 769	2 649	2 034
- of which, Distribution Sweden	1 318	1 241	4 655	3 980	5 494	6 169
<b>Other<sup>1</sup></b>	- 327	- 302	2 115	- 1 868	- 1 831	2 152
<b>Eliminations</b>	- 66	- 43	- 188	- 228	- 33	7
<b>Total continuing operations</b>	<b>5 886</b>	<b>5 816</b>	<b>23 896</b>	<b>22 875</b>	<b>30 604</b>	<b>31 625</b>
Discontinued operations	392	1 732	920	1 044	2 150	2 026
<b>Total</b>	<b>6 278</b>	<b>7 548</b>	<b>24 816</b>	<b>23 919</b>	<b>32 754</b>	<b>33 651</b>
<b><u>Underlying operating profit before depreciation, amortisation and impairment losses</u></b>						
<b>Customers &amp; Solutions</b>	534	382	2 155	1 996	2 271	2 430
<b>Power Generation</b>	2 842	2 965 <sup>3</sup>	9 711	11 529 <sup>3</sup>	15 822 <sup>3</sup>	14 004
<b>Wind</b>	697	887	2 919	3 132	4 621	4 408
<b>Heat</b>	485	369 <sup>3</sup>	4 624	4 162 <sup>3</sup>	5 689 <sup>3</sup>	6 151
<b>Distribution</b>	1 686	1 822	5 819	5 787	8 189	8 221
- of which, Distribution Germany	369	580	1 165	1 801	2 683	2 047
- of which, Distribution Sweden	1 317	1 242	4 654	3 986	5 506	6 174
<b>Other<sup>1</sup></b>	- 41	- 260	224	- 1 371	- 1 330	265
<b>Eliminations</b>	- 66	- 43	- 188	- 228	- 33	7
<b>Total continuing operations</b>	<b>6 137</b>	<b>6 122</b>	<b>25 264</b>	<b>25 007</b>	<b>35 229</b>	<b>35 486</b>
Discontinued operations	1 126	1 712	2 203	3 643	4 775	3 335
<b>Total</b>	<b>7 263</b>	<b>7 834</b>	<b>27 467</b>	<b>28 650</b>	<b>40 004</b>	<b>38 821</b>

## Operating segments, Vattenfall Group cont.

Amounts in SEK million	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
<b>Operating profit (EBIT)</b>						
<b>Customers &amp; Solutions</b>	273	135	1 388	753	775	1 410
<b>Power Generation</b>	2 020	2 116 <sup>3</sup>	764	- 9 210 <sup>3</sup>	- 7 699 <sup>3</sup>	2 275
<b>Wind</b>	- 123	68	484	795	931	620
<b>Heat</b>	- 400	- 616 <sup>3</sup>	- 3 781	- 2 738 <sup>3</sup>	- 2 555 <sup>3</sup>	- 3 598
<b>Distribution</b>	985	1 128	3 734	3 725	5 419	5 428
- of which, Distribution Germany	164	366	565	1 174	1 848	1 239
- of which, Distribution Sweden	821	762	3 169	2 551	3 571	4 189
<b>Other<sup>1</sup></b>	- 438	- 448	1 777	- 1 807	- 1 907	1 677
<b>Eliminations</b>	- 66	- 43	- 188	- 228	- 33	7
<b>Operating profit (EBIT) continuing operations</b>	2 251	2 340	4 178	- 8 710	- 5 069	7 819
Discontinued operations	168	661	- 22 361	- 17 947	- 17 898	- 22 312
<b>Operating profit (EBIT)</b>	2 419	3 001	- 18 183	- 26 657	- 22 967	- 14 493
Operating profit (EBIT) continuing operations	2 251	2 340	4 178	- 8 710	- 5 069	7 819
Financial income and expenses continuing operations	- 1 949	- 974	- 4 365	- 3 648	- 4 776	- 5 493
<b>Profit before tax from continuing operations</b>	302	1 366	- 187	- 12 358	- 9 845	2 326
<b>Underlying operating profit</b>						
<b>Customers &amp; Solutions</b>	284	155	1 431	1 332	1 390	1 489
<b>Power Generation</b>	2 144	2 242 <sup>3</sup>	7 548	8 793 <sup>3</sup>	12 376 <sup>3</sup>	11 131
<b>Wind</b>	- 117	88	480	842	1 469	1 107
<b>Heat</b>	- 479	- 497 <sup>3</sup>	1 698	1 424 <sup>3</sup>	1 759 <sup>3</sup>	2 033
<b>Distribution</b>	989	1 143	3 743	3 762	5 465	5 446
- of which, Distribution Germany	169	380	577	1 206	1 881	1 252
- of which, Distribution Sweden	820	763	3 166	2 556	3 584	4 194
<b>Other<sup>1</sup></b>	- 153	- 408	- 110	- 1 802	- 1 897	- 205
<b>Eliminations</b>	- 66	- 43	- 188	- 228	- 33	7
<b>Underlying operating profit continuing operations</b>	2 602	2 680	14 602	14 123	20 529	21 008
Discontinued operations	1 104	708	148	- 31	12	191
<b>Underlying operating profit</b>	3 706	3 388	14 750	14 092	20 541	21 199

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

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

3) The value for 2015 has been recalculated compared with information previously published in Vattenfall's 2015 interim reports and 2015 Annual and Sustainability Report. This is because the lignite operations have been divested and are reported as a discontinued operation in accordance with IFRS 5.

## Consolidated balance sheet

Total Vattenfall, amounts in SEK million	30 Sept. 2016	30 Sept. 2015	31 Dec. 2015
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets: non-current	16 987	18 765	17 564
Property, plant and equipment	211 735	243 241	244 563
Investment property	152	405	388
Biological assets	35	32	35
Participations in associated companies and joint arrangements	7 276	7 592	7 002
Other shares and participations	276	277	273
Share in the Swedish Nuclear Waste Fund	35 707	33 590	34 172
Derivative assets	17 292	19 346	20 220
Current tax assets, non-current	244	469	222
Prepaid expenses	25	108	103
Deferred tax assets	12 732	15 600	9 265
Other non-current receivables	5 996	9 231	9 484
<b>Total non-current assets</b>	<b>308 457</b>	<b>348 656</b>	<b>343 291</b>
<b>Current assets</b>			
Inventories	13 176	15 856	16 592
Biological assets	16	19	19
Intangible assets: current	344	772	1 091
Trade receivables and other receivables	21 843	22 905	26 193
Advance payments paid	3 038	2 159	3 607
Derivative assets	8 090	13 255	14 067
Prepaid expenses and accrued income	4 142	5 196	5 936
Current tax assets	1 743	2 217	3 285
Short-term investments	25 440	30 867	31 905
Cash and cash equivalents	13 108	12 497	12 351
Assets held for sale	211	2 959	3 980
<b>Total current assets</b>	<b>91 151</b>	<b>108 702</b>	<b>119 026</b>
<b>Total assets</b>	<b>399 608</b>	<b>457 358</b>	<b>462 317</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Attributable to owner of the Parent Company	71 276	103 043	103 984
Attributable to non-controlling interests	15 530	11 397	11 972
<b>Total equity</b>	<b>86 806</b>	<b>114 440</b>	<b>115 956</b>
<b>Non-current liabilities</b>			
Hybrid Capital	19 054	15 387	18 546
Other interest-bearing liabilities	65 078	69 076	68 179
Pension provisions	42 986	42 320	38 919
Other interest-bearing provisions	81 299	92 742	93 042
Derivative liabilities	12 825	10 707	10 579
Deferred tax liabilities	16 726	26 463	22 970
Other noninterest-bearing liabilities	6 512	5 801	6 273
<b>Total non-current liabilities</b>	<b>244 480</b>	<b>262 496</b>	<b>258 508</b>
<b>Current liabilities</b>			
Trade payables and other liabilities	22 406	20 773	23 958
Advance payments received	1 602	1 931	2 293
Derivative liabilities	9 429	5 978	8 023
Accrued expenses and deferred income	13 826	17 206	19 969
Current tax liabilities	2 272	815	306
Other interest-bearing liabilities	14 442	26 583	23 860
Interest-bearing provisions	4 297	6 921	6 302
Liabilities associated with assets held for sale	48	215	3 142
<b>Total current liabilities</b>	<b>68 322</b>	<b>80 422</b>	<b>87 853</b>
<b>Total equity and liabilities</b>	<b>399 608</b>	<b>457 358</b>	<b>462 317</b>



# Consolidated balance sheet, cont.

## Supplementary information

Amounts in SEK million <sup>1</sup>	30 Sept. 2016	30 Sept. 2015	31 Dec. 2015
<b>Calculation of capital employed</b>			
Intangible assets: current and non-current	17 331	19 537	18 655
Property, plant and equipment	211 735	243 241	244 563
Participations in associated companies and joint arrangements	7 276	7 592	7 002
Deferred and current tax assets	14 475	17 817	12 550
Non-current noninterest-bearing receivables	4 875	8 041	8 309
Inventories	13 176	15 856	16 592
Trade receivables and other receivables	21 843	22 905	26 193
Prepaid expenses and accrued income	4 142	5 196	5 936
Unavailable liquidity	7 264	6 810	6 813
Other	798	1 071	719
<b>Total assets excl. financial assets</b>	<b>302 915</b>	<b>348 066</b>	<b>347 332</b>
Deferred and current tax liabilities	- 18 998	- 27 278	- 23 276
Other noninterest-bearing liabilities	- 6 512	- 5 801	- 6 273
Trade payable and other liabilities	- 22 406	- 20 773	- 23 958
Accrued expenses and deferred income	- 13 826	- 17 206	- 19 969
Other	—	—	- 77
<b>Total noninterest-bearing liabilities</b>	<b>- 61 742</b>	<b>- 71 058</b>	<b>- 73 553</b>
Other interest-bearing provisions not related to adjusted net debt <sup>2</sup>	- 8 672	- 9 892	- 9 188
<b>Capital employed<sup>3</sup></b>	<b>232 501</b>	<b>267 116</b>	<b>264 591</b>
<b>Capital employed, average</b>	<b>249 809</b>	<b>274 459</b>	<b>279 435</b>
<b>Calculation of net debt</b>			
Hybrid Capital	- 19 054	- 15 387	- 18 546
Bond issues, commercial paper and liabilities to credit institutions	- 57 092	- 71 505	- 68 898
Liabilities to associated companies	- 2 861	- 2 742	- 2 751
Liabilities to owners of non-controlling interests	- 10 321	- 13 155	- 13 041
Other liabilities	- 9 244	- 8 257	- 7 349
<b>Total interest-bearing liabilities</b>	<b>- 98 572</b>	<b>- 111 046</b>	<b>- 110 585</b>
Cash and cash equivalents	13 108	12 497	12 351
Short-term investments	25 440	30 867	31 905
Loans to owners of non-controlling interests in foreign Group companies	2 053	2 277	2 128
<b>Net debt<sup>3</sup></b>	<b>- 57 971</b>	<b>- 65 405</b>	<b>- 64 201</b>
<b>Calculation of adjusted gross debt and net debt</b>			
Total interest-bearing liabilities	- 98 572	- 111 046	- 110 585
50% of Hybrid Capital <sup>4</sup>	9 527	7 694	9 273
Present value of pension obligations	- 42 986	- 42 320	- 38 919
Provisions for mining, gas and wind operations and other environment-related provisions	- 4 219	- 18 026	- 19 099
Provisions for nuclear power (net) <sup>5</sup>	- 33 377	- 33 958	- 32 944
Margin calls received	5 052	5 989	5 307
Liabilities to owners of non-controlling interests due to consortium agreements	9 183	12 052	11 939
<b>Adjusted gross debt</b>	<b>- 155 392</b>	<b>- 179 615</b>	<b>- 175 028</b>
Reported cash and cash equivalents and short-term investments	38 548	43 364	44 256
Unavailable liquidity	- 7 264	- 6 810	- 6 813
<b>Adjusted cash and cash equivalents and short-term investments</b>	<b>31 284</b>	<b>36 554</b>	<b>37 443</b>
<b>Adjusted net debt<sup>3</sup></b>	<b>- 124 108</b>	<b>- 143 061</b>	<b>- 137 585</b>

- 1) The amounts as per 30 September 2016 pertain to continuing operations, and the amounts as per 30 September 2015 and 31 December 2015 pertain to Total Vattenfall.
- 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

(Reporting of figures and comments pertains to Total Vattenfall)

Total Vattenfall, amounts in SEK million	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
<b>Operating activities</b>						
Profit before tax	373	1 896	- 22 933	- 30 707	- 28 192	- 20 418
Reversal of depreciation, amortisation and impairment losses	3 859	4 548	43 000	50 579	55 724	48 145
Tax paid	- 213	- 545	1 434	- 1 581	- 1 340	1 675
Capital gains/losses, net	172	18	- 1 767	83	143	- 1 707
Other, incl. non-cash items	1 310	- 219	1 296	1 273	2 674	2 697
<b>Funds from operations (FFO)</b>	<b>5 501</b>	<b>5 698</b>	<b>21 030</b>	<b>19 647</b>	<b>29 009</b>	<b>30 392</b>
Changes in inventories	1 604	318	2 126	1 008	- 553	565
Changes in operating receivables	4 516	7 648	1 684	9 320	4 074	- 3 562
Changes in operating liabilities	1 080	80	- 630	- 2 312	5 775	7 457
Other changes	- 180	1 124	- 4 489	3 676	2 629	- 5 536
<b>Cash flow from changes in operating assets and operating liabilities</b>	<b>7 020</b>	<b>9 170</b>	<b>- 1 309</b>	<b>11 692</b>	<b>11 925</b>	<b>- 1 076</b>
<b>Cash flow from operating activities</b>	<b>12 521</b>	<b>14 868</b>	<b>19 721</b>	<b>31 339</b>	<b>40 934</b>	<b>29 316</b>
<b>Investing activities</b>						
Acquisitions in Group companies	—	—	—	- 5	- 5	—
Investments in associated companies and other shares and participations	154	50	391	213	272	450
Other investments in non-current assets	- 6 896	- 8 047	- 15 885	- 20 487	- 28 993	- 24 391
<b>Total investments</b>	<b>- 6 742</b>	<b>- 7 997</b>	<b>- 15 494</b>	<b>- 20 279</b>	<b>- 28 726</b>	<b>- 23 941</b>
Divestments	242	117	4 262	2 349	2 814	4 727
Cash and cash equivalents in divested companies	- 1	- 3	- 83	- 534	- 563	- 112
<b>Cash flow from investing activities</b>	<b>- 6 501</b>	<b>- 7 883</b>	<b>- 11 315</b>	<b>- 18 464</b>	<b>- 26 475</b>	<b>- 19 326</b>
<b>Cash flow before financing activities</b>	<b>6 020</b>	<b>6 985</b>	<b>8 406</b>	<b>12 875</b>	<b>14 459</b>	<b>9 990</b>
<b>Financing activities</b>						
Changes in short-term investments	626	3 501	7 531	1 815	235	5 951
Changes in loans to owners of non-controlling interests in foreign Group companies	13	- 934	170	- 883	- 783	270
Loans raised <sup>1</sup>	3 598	92	7 282	4 240	5 088	8 130
Amortisation of debt pertaining to acquisitions of Group companies	—	- 19 151	—	- 19 151	- 19 152	- 1
Amortisation of other debt	- 2 822	- 111	- 19 498	- 7 865	- 10 223	- 21 856
Divestment of shares in Group companies to owners of non-controlling interests	- 50	—	2 775	—	—	2 775
Effect of early termination of swaps related to financing activities	—	1 690	2 677	1 690	1 690	2 677
Redemption of Hybrid Capital	—	—	—	- 9 172	- 9 172	—
Issue of Hybrid Capital	—	—	—	15 152	18 636	3 484
Dividends paid to owners	- 214	- 96	- 717	- 153	- 333	- 897
Contribution from owners of non-controlling interests	574	449	1 570	1 663	1 973	1 880
<b>Cash flow from financing activities</b>	<b>1 725</b>	<b>- 14 560</b>	<b>1 790</b>	<b>- 12 664</b>	<b>- 12 041</b>	<b>2 413</b>
<b>Cash flow for the period</b>	<b>7 745</b>	<b>- 7 575</b>	<b>10 196</b>	<b>211</b>	<b>2 418</b>	<b>12 403</b>

# Consolidated statement of cash flows, cont.

(Reporting of figures and comments pertains to Total Vattenfall)

Total Vattenfall, amounts in SEK million	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
<b>Cash and cash equivalents</b>						
Cash and cash equivalents at start of period	5 399	20 006	12 351	12 283	12 283	12 497
Cash and cash equivalents included in assets held for sale/sold	- 87	—	- 9 511	—	- 2 263	- 11 774
Cash flow for the period	7 745	- 7 575	10 196	211	2 418	12 403
Translation differences	51	66	72	3	- 87	- 18
<b>Cash and cash equivalents at end of period</b>	<b>13 108</b>	<b>12 497</b>	<b>13 108</b>	<b>12 497</b>	<b>12 351</b>	<b>13 108</b>
<b>Supplementary information</b>						
<b>Cash flow before financing activities</b>	<b>6 020</b>	<b>6 985</b>	<b>8 406</b>	<b>12 875</b>	<b>14 459</b>	<b>9 990</b>
<b>Financing activities</b>						
Divestment of shares in Group companies to owners of non-controlling interests	- 50	—	2 775	—	—	2 775
Effects from terminating swaps related to financing activities	—	1 690	2 677	1 690	1 690	2 677
Dividends paid to owners	- 214	- 96	- 717	- 153	- 333	- 897
Contribution from owners of non-controlling interests	574	449	1 570	1 663	1 973	1 880
<b>Cash flow after dividend</b>	<b>6 330</b>	<b>9 028</b>	<b>14 711</b>	<b>16 075</b>	<b>17 789</b>	<b>16 425</b>
<b>Analysis of change in net debt</b>						
Net debt at start of period	- 63 654	- 72 839	- 64 201	- 79 473	- 79 473	- 65 405
Cash flow after dividend	6 330	9 028	14 711	16 075	17 789	16 425
Changes as a result of valuation at fair value	- 86	- 633	- 1 561	- 92	274	- 1 195
Changes in interest-bearing liabilities for leasing	8	3	12	7	3	8
Interest-bearing liabilities/short-term investments acquired/divested	—	—	4	35	35	4
Changes in liabilities pertaining to acquisitions of Group companies, discounting effects	—	—	—	- 160	- 160	—
Cash and cash equivalents included in assets held for sale	- 87	—	- 9 511	—	- 2 263	- 11 774
Translation differences on net debt	- 482	- 964	- 523	- 1 797	- 406	868
Reclassification	—	—	3 098	—	—	3 098
<b>Net debt at end of period</b>	<b>- 57 971</b>	<b>- 65 405</b>	<b>- 57 971</b>	<b>- 65 405</b>	<b>- 64 201</b>	<b>- 57 971</b>
Cash flow from operating activities	12 521	14 868	19 721	31 339	40 934	29 316
Maintenance investments	- 2 351	- 4 348	- 7 659	- 10 596	- 15 921	- 12 984
<b>Free cash flow<sup>2</sup></b>	<b>10 170</b>	<b>10 520</b>	<b>12 062</b>	<b>20 743</b>	<b>25 013</b>	<b>16 332</b>

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

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

# Consolidated statement of changes in equity

(Reporting of figures and comments pertains to Total Vattenfall)

	30 Sept. 2016			30 Sept. 2015			31 Dec. 2015		
	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity
<b>Total Vattenfall, amounts in SEK million</b>									
<b>Balance brought forward</b>	<b>103 984</b>	<b>11 972</b>	<b>115 956</b>	<b>115 260</b>	<b>13 202</b>	<b>128 462</b>	<b>115 260</b>	<b>13 202</b>	<b>128 462</b>
<b>Profit for the period</b>	<b>- 22 269</b>	<b>417</b>	<b>- 21 852</b>	<b>- 18 914</b>	<b>- 3 311</b>	<b>- 22 225</b>	<b>- 16 672</b>	<b>- 3 094</b>	<b>- 19 766</b>
Cash flow hedges - changes in fair value	- 15 956	31	- 15 925	9 704	21	9 725	11 335	19	11 354
Cash flow hedges - dissolved against income statement	1 420	—	1 420	- 4 388	1	- 4 387	- 5 324	1	- 5 323
Cash flow hedges - transferred to cost of hedged item	- 33	- 12	- 45	10	6	16	- 4	1	- 3
Hedging of net investments in foreign operations	- 1 036	—	- 1 036	275	—	275	1 709	—	1 709
Translation differences and exchange rate effects net, divested companies	477	—	477	—	—	—	—	—	—
Translation differences	2 640	208	2 848	1 005	19	1 024	- 1 746	- 192	- 1 938
Remeasurement pertaining to defined benefit obligations	- 3 746	—	- 3 746	2 953	8	2 961	2 742	125	2 867
Income tax relating to other comprehensive income	5 023	- 4	5 019	- 2 050	- 20	- 2 070	- 2 438	- 46	- 2 484
<b>Total other comprehensive income for the period</b>	<b>- 11 211</b>	<b>223</b>	<b>- 10 988</b>	<b>7 509</b>	<b>35</b>	<b>7 544</b>	<b>6 274</b>	<b>- 92</b>	<b>6 182</b>
<b>Total comprehensive income for the period</b>	<b>- 33 480</b>	<b>640</b>	<b>- 32 840</b>	<b>- 11 405</b>	<b>- 3 276</b>	<b>- 14 681</b>	<b>- 10 398</b>	<b>- 3 186</b>	<b>- 13 584</b>
Dividends paid to owners	—	- 717	- 717	—	- 153	- 153	—	- 333	- 333
Group contributions from(+)/to(-) owners of non-controlling interests	—	- 206	- 206	—	—	—	—	355	355
Changes in ownership in Group companies on divestments of shares to owners of non-controlling interests	895	2 082	2 977	—	—	—	—	—	—
Additional purchase price pertaining to previous share purchase	—	—	—	- 812	—	- 812	- 878	—	- 878
Contribution from minority interest	—	1 570	1 570	—	1 663	1 663	—	1 973	1 973
Other changes in ownership	—	- 28	- 28	—	- 39	- 39	—	- 39	- 39
Other changes	- 123	217	94	—	—	—	—	—	—
<b>Total transactions with equity holders</b>	<b>772</b>	<b>2 918</b>	<b>3 690</b>	<b>- 812</b>	<b>1 471</b>	<b>659</b>	<b>- 878</b>	<b>1 956</b>	<b>1 078</b>
<b>Balance carried forward</b>	<b>71 276</b>	<b>15 530</b>	<b>86 806</b>	<b>103 043</b>	<b>11 397</b>	<b>114 440</b>	<b>103 984</b>	<b>11 972</b>	<b>115 956</b>
- Of which, Reserve for hedges	- 1 400	21	- 1 379	8 929	11	8 940	9 460	7	9 467

## Key ratios, Vattenfall Group

In % unless otherwise stated. (x) means times	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
Operating margin, continuing operations	7.6	7.6	4.1	- 8.6	- 3.5	5.4
Operating margin, continuing operations <sup>1</sup>	8.7	8.7	14.4	14.0	14.3	14.6
Pre-tax profit margin, continuing operations	1.0	4.4	- 0.2	- 12.2	- 6.9	1.6
Pre-tax profit margin, continuing operations <sup>1</sup>	2.2	5.6	10.1	10.4	11.0	10.8
Return on equity, total Vattenfall	- 23.6 <sup>2</sup>	- 14.8 <sup>2</sup>	- 23.6 <sup>2</sup>	- 14.8 <sup>2</sup>	- 16.8	- 23.6
Return on capital employed, continuing operations	3.1 <sup>2,5</sup>	N/A <sup>2,4</sup>	3.1 <sup>2,5</sup>	N/A <sup>2,4</sup>	- 1.8	3.1
Return on capital employed, total Vattenfall	- 5.8 <sup>2,5</sup>	- 7.1 <sup>2</sup>	- 5.8 <sup>2,5</sup>	- 7.1 <sup>2</sup>	- 8.2	- 5.8
Return on capital employed, continuing operations <sup>1</sup>	8.4 <sup>2,5</sup>	N/A <sup>2,4</sup>	8.4 <sup>2,5</sup>	N/A <sup>2,4</sup>	7.3	8.4
Return on capital employed, total Vattenfall <sup>1</sup>	8.5 <sup>2,5</sup>	8.1 <sup>2</sup>	8.5 <sup>2,5</sup>	8.1 <sup>2</sup>	7.4	8.5
EBIT interest cover, continuing operations, (x)	1.9 <sup>2</sup>	N/A <sup>2,4</sup>	1.9 <sup>2</sup>	N/A <sup>2,4</sup>	- 0.8	1.9
EBIT interest cover, continuing operations, (x) <sup>1</sup>	4.7 <sup>2</sup>	N/A <sup>2,4</sup>	4.7 <sup>2</sup>	N/A <sup>2,4</sup>	4.8	4.7
FFO interest cover, continuing operations, (x)	7.3 <sup>2</sup>	N/A <sup>2,4</sup>	7.3 <sup>2</sup>	N/A <sup>2,4</sup>	6.8	7.3
FFO interest cover, net, continuing operations, (x)	9.9 <sup>2</sup>	N/A <sup>2,4</sup>	9.9 <sup>2</sup>	N/A <sup>2,4</sup>	9.8	9.9
Cash flow interest cover after maintenance investments, continuing operations, (x)	5.7 <sup>2</sup>	N/A <sup>2,4</sup>	5.7 <sup>2</sup>	N/A <sup>2,4</sup>	9.1	5.7
FFO/gross debt, continuing operations	30.1 <sup>2</sup>	N/A <sup>2,4</sup>	30.1 <sup>2</sup>	N/A <sup>2,4</sup>	24.2	30.1
FFO/gross debt, total Vattenfall	30.8 <sup>2,3</sup>	28.9 <sup>2</sup>	30.8 <sup>2,3</sup>	28.9 <sup>2</sup>	26.2	30.8
FFO/net debt, continuing operations	51.2 <sup>2</sup>	N/A <sup>2,4</sup>	51.2 <sup>2</sup>	N/A <sup>2,4</sup>	41.8	51.2
FFO/net debt, total Vattenfall	52.4 <sup>2,3</sup>	49.1 <sup>2</sup>	52.4 <sup>2,3</sup>	49.1 <sup>2</sup>	45.2	52.4
FFO/adjusted net debt, continuing operations	23.9 <sup>2</sup>	N/A <sup>2,4</sup>	23.9 <sup>2</sup>	N/A <sup>2,4</sup>	19.5	23.9
FFO/adjusted net debt, total Vattenfall	24.5 <sup>2,3</sup>	22.5 <sup>2</sup>	24.5 <sup>2,3</sup>	22.5 <sup>2</sup>	21.1	24.5
EBITDA/net financial items, continuing operations, (x)	4.6	13.3	9.0	9.7	10.1	9.5
EBITDA/net financial items, continuing operations, (x) <sup>1</sup>	4.8	14.0	9.5	10.6	11.6	10.7
Equity/total assets, total Vattenfall	21.7	25.0	21.7	25.0	25.1	21.7
Gross debt/equity, total Vattenfall	113.6	97.0	113.6	97.0	95.4	113.6
Net debt/equity, total Vattenfall	66.8	57.2	66.8	57.2	55.4	66.8
Gross debt/gross debt plus equity, total Vattenfall	53.2	49.2	53.2	49.2	48.8	53.2
Net debt/net debt plus equity, total Vattenfall	40.0	36.4	40.0	36.4	35.6	40.0
Net debt/EBITDA, continuing operations, (x)	1.8 <sup>2</sup>	N/A <sup>2,4</sup>	1.8 <sup>2</sup>	N/A <sup>2,4</sup>	2.1	1.8
Net debt/EBITDA, total Vattenfall, (x)	1.7 <sup>2,3</sup>	1.8 <sup>2</sup>	1.7 <sup>2,3</sup>	1.8 <sup>2</sup>	2.0	1.7
Adjusted net debt/EBITDA, continuing operations, (x)	3.9 <sup>2</sup>	N/A <sup>2,4</sup>	3.9 <sup>2</sup>	N/A <sup>2,4</sup>	4.5	3.9
Adjusted net debt/EBITDA, total Vattenfall, (x)	3.7 <sup>2,3</sup>	4.0 <sup>2</sup>	3.7 <sup>2,3</sup>	4.0 <sup>2</sup>	4.2	3.7

1) Based on Underlying operating profit.

2) Last 12-month values.

3) The lignite operations were classified as assets held for sale on the balance sheet as per 30 June 2016. As a result, the lignite operations are excluded from balance sheet items included in the calculations of key ratios as from 30 June 2016.

4) This key ratio has not been calculated, as it is based on last 12-month values, which have not been recalculated for the continuing operations for 2014.

5) The key ratio is based on average capital employed. The lignite operations were classified as assets held for sale on the balance sheet as per 30 June 2016, which entails that the calculation of average capital employed excludes the lignite operations as from 30 June 2016.

## Quarterly information, Vattenfall Group

Amounts in SEK million	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
<b>Income statement</b>							
<b>Continuing operations</b>							
Net sales	29 746	30 047	41 619	42 368	30 939	30 951	39 318
Cost of products sold	- 22 990	- 34 565	- 29 032	- 33 705	- 23 651	- 44 347	- 27 518
Other operating income and expenses	- 4 537	- 3 877	- 2 553	- 4 588	- 4 823	- 5 620	- 3 897
Participations in the results of associated companies	32	123	164	- 434	- 125	- 100	163
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	5 886	4 274	13 736	7 730	5 816	5 211	11 847
Operating profit (EBIT)	2 251	- 8 272	10 198	3 641	2 340	- 19 116	8 067
Underlying operating profit	2 602	3 701	8 299	6 407	2 681	4 056	7 386
Financial items, net	- 1 949	- 843	- 1 573	- 1 128	- 973	- 1 270	- 1 404
Profit before tax	302	- 9 115	8 625	2 514	1 366	- 20 386	6 662
<b>Profit for the period from continuing operations</b>	<b>787</b>	<b>- 5 818</b>	<b>6 820</b>	<b>4 550</b>	<b>41</b>	<b>- 14 625</b>	<b>4 847</b>
Profit for the period from discontinued operation, net after tax	- 599	- 22 826	- 218	- 2 090	1 559	- 14 187	140
<b>Profit for the period</b>	<b>188</b>	<b>- 28 644</b>	<b>6 602</b>	<b>2 460</b>	<b>1 600</b>	<b>- 28 812</b>	<b>4 987</b>
- of which, attributable to owner of the Parent Company	- 35	- 28 508	6 272	2 243	1 403	- 24 996	4 679
- of which, attributable to non-controlling interests	223	- 136	330	217	197	- 3 816	308
<b>Balance sheet</b>							
Non-current assets	308 457	305 918	344 481	343 291	348 656	339 871	370 318
Short-term investments	25 440	25 559	22 171	31 905	30 867	34 006	45 634
Cash and cash equivalents	13 108	5 399	15 254	12 351	12 497	20 006	11 606
Other current assets	52 603	80 075	80 282	74 770	65 338	69 666	84 827
<b>Total assets</b>	<b>399 608</b>	<b>416 951</b>	<b>462 188</b>	<b>462 317</b>	<b>457 358</b>	<b>463 549</b>	<b>512 385</b>
Equity	86 806	87 713	124 368	115 956	114 440	108 303	134 678
- of which, attributable to owner of the Parent Company	71 276	72 955	109 756	103 984	103 043	97 646	120 367
- of which, attributable to non-controlling interests	15 530	14 758	14 612	11 972	11 397	10 657	14 311
Hybrid Capital	19 054	18 803	18 448	18 546	15 387	15 192	19 979
Other interest-bearing liabilities	79 520	77 831	81 710	92 039	95 659	112 970	117 400
Pension provisions	42 986	42 339	38 893	38 919	42 320	41 986	44 793
Other interest-bearing provisions	85 596	84 493	99 834	99 344	99 663	97 550	92 761
Deferred tax liabilities	16 726	20 732	24 109	22 970	26 463	27 202	27 454
Other noninterest-bearing liabilities	68 920	85 040	74 826	74 543	63 426	60 346	75 320
<b>Total equity and liabilities</b>	<b>399 608</b>	<b>416 951</b>	<b>462 188</b>	<b>462 317</b>	<b>457 358</b>	<b>463 549</b>	<b>512 385</b>
Capital employed	232 501	234 061	269 036	264 591	267 116	269 657	298 629
Net debt	- 57 971	- 63 654	- 60 729	- 64 201	- 65 405	- 72 839	- 78 825
<b>Cash flow</b>							
Funds from operations (FFO)	5 501	6 446	9 082	9 362	5 698	4 154	9 795
Cash flow from changes in operating assets and operating liabilities	7 020	3 412	- 11 740	233	9 170	5 563	- 3 042
Cash flow from operating activities	12 521	9 858	- 2 658	9 595	14 868	9 717	6 753
Cash flow from investing activities	- 6 501	- 4 091	- 723	- 8 011	- 7 883	- 5 393	- 5 187
Cash flow before financing activities	6 020	5 767	- 3 381	1 584	6 985	4 324	1 566
Changes in short-term investments	626	- 2 910	9 814	- 1 581	3 501	11 336	- 13 022
Loans raised/Amortisation of debt, net, etc.	1 313	- 2 800	- 3 536	2 384	- 17 965	- 7 177	10 816
Dividends paid to owners	- 214	- 503	—	- 180	- 96	- 57	—
Cash flow from financing activities	1 725	- 6 213	6 278	623	- 14 560	4 102	- 2 206
<b>Cash flow for the period</b>	<b>7 745</b>	<b>- 446</b>	<b>2 897</b>	<b>2 207</b>	<b>- 7 575</b>	<b>8 426</b>	<b>- 640</b>
<b>Free cash flow</b>	<b>10 170</b>	<b>6 889</b>	<b>- 4 997</b>	<b>4 270</b>	<b>10 520</b>	<b>6 218</b>	<b>4 003</b>

## Quarterly information, Vattenfall Group, cont.

In % unless otherwise stated. (x) means times	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
<b>Key ratios</b>							
Return on equity, total Vattenfall <sup>1</sup>	- 23.6	- 20.6	- 15.8	- 16.8	- 14.8	- 32.6	- 10.1
Return on capital employed, continuing operations <sup>1</sup>	3.1 <sup>5</sup>	3.1 <sup>5</sup>	- 1.0	- 1.8	N/A <sup>4</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>
Return on capital employed, total Vattenfall <sup>1</sup>	- 5.8 <sup>5</sup>	- 5.5 <sup>5</sup>	- 7.5 <sup>3</sup>	- 8.2	- 7.1	- 14.6	- 1.9
Return on capital employed, continuing operations <sup>1, 2</sup>	8.4 <sup>5</sup>	8.4 <sup>5</sup>	7.6	7.3	N/A <sup>4</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>
Return on capital employed, total Vattenfall <sup>1, 2</sup>	8.5 <sup>5</sup>	8.3 <sup>5</sup>	7.4 <sup>3</sup>	7.4	8.1	7.5	7.6
EBIT interest cover, continuing operations (x) <sup>1</sup>	1.9	2.2	- 0.2	- 0.8	N/A <sup>4</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>
EBIT interest cover, continuing operations, (x) <sup>1, 2</sup>	4.7	5.2	4.7	4.8	N/A <sup>4</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>
FFO/gross debt, continuing operations <sup>1</sup>	30.1	29.8	27.0	24.2	N/A <sup>4</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>
FFO/gross debt, total Vattenfall <sup>1</sup>	30.8 <sup>3</sup>	31.7 <sup>3</sup>	28.3 <sup>3</sup>	26.2	28.9	24.5	22.7
FFO/net debt, continuing operations <sup>1</sup>	51.2	45.3	44.5	41.8	N/A <sup>4</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>
FFO/net debt, total Vattenfall <sup>1</sup>	52.4 <sup>3</sup>	48.1 <sup>3</sup>	46.6 <sup>3</sup>	45.2	49.1	43.2	39.5
FFO/adjusted net debt, continuing operations <sup>1</sup>	23.9	22.4	19.7	19.5	N/A <sup>4</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>
FFO/adjusted net debt, total Vattenfall <sup>1</sup>	24.5 <sup>3</sup>	23.7 <sup>3</sup>	20.6 <sup>3</sup>	21.1	22.5	21.1	20.7
Equity/assets ratio, total Vattenfall	21.7	21.0	26.9	25.1	25.0	23.4	26.3
Gross debt/equity, total Vattenfall	113.6	110.2	80.5	95.4	97.0	118.3	102.0
Net debt/equity, total Vattenfall	66.8	72.6	48.8	55.4	57.2	67.3	58.5
Net debt/net debt plus equity, total Vattenfall	40.0	42.1	32.8	35.6	36.4	40.2	36.9
Net debt/EBITDA, continuing operations, (x) <sup>1</sup>	1.8	2.0	1.9	2.1	N/A <sup>4</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>
Net debt/EBITDA, total Vattenfall, (x) <sup>1</sup>	1.7 <sup>3</sup>	1.8 <sup>3</sup>	1.8 <sup>3</sup>	2.0	1.8	2.0	2.1
Adjusted net debt/EBITDA, continuing operations, (x) <sup>1</sup>	3.9	4.1	4.2	4.5	N/A <sup>4</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>
Adjusted net debt/EBITDA, total Vattenfall, (x) <sup>1</sup>	3.7 <sup>3</sup>	3.7 <sup>3</sup>	4.1 <sup>3</sup>	4.2	4.0	4.0	4.0

1) Last 12-month values.

2) Based on Underlying operating profit.

3) The lignite operations were classified as assets held for sale on the balance sheet as per 30 June 2016. As a result, the lignite operations are excluded from balance sheet items included in the calculations of key ratios as from 30 June 2016.

4) This key ratio has not been calculated, as it is based on last 12-month values, which have not been recalculated for the continuing operations for 2014.

5) The key ratio is based on average capital employed. The lignite operations were classified as assets held for sale on the balance sheet as per 30 June 2016, which entails that the calculation of average capital employed excludes the lignite operations as from 30 June 2016.

## Note 1 Accounting policies, risks and uncertainties

### Accounting policies

The consolidated accounts for 2016 have been prepared, as for the 2015 year-end accounts, in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Commission for application within the EU, and the Swedish Annual Accounts Act. This interim report for the Group has been prepared in accordance with IAS 34 – “Interim Financial Reporting”, and the Swedish Annual Accounts Act. The accounting policies and calculation methods applied in this interim report are the same as those described in Note 3 to the consolidated accounts, Accounting policies in Vattenfall’s 2015 Annual and Sustainability Report. As described in the note, the amended IFRSs endorsed by the EU for application in the 2016 financial year have no significant effect on Vattenfall’s financial statements.

### Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall’s 2015 Annual and Sustainability Report, pages 70-78. Apart from the information provided under important events in this report and under important events in previously published interim reports during 2016, no other material changes have taken place since publication of the 2015 Annual and Sustainability Report.

### Other

Significant related-party transactions are described in Note 55 to the consolidated accounts in Vattenfall’s 2015 Annual and Sustainability Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2015 Annual and Sustainability Report.

## Note 2 Exchange rates

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

	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015
<b>Average rate</b>					
EUR	9.5321	9.3972	9.3673	9.3656	9.3414
DKK	1.2807	1.2595	1.2576	1.2556	1.2523
NOK	1.0290	1.0257	1.0011	1.0566	1.0403
PLN	2.1827	2.2365	2.1503	2.2475	2.2297
GBP	11.2832	13.0485	11.7352	12.8170	12.8325
USD	8.5666	8.4338	8.4303	8.3541	8.4004
<b>Balance sheet date rate</b>					
			30 Sept. 2016	30 Sept. 2015	31 Dec. 2015
EUR			9.6210	9.4083	9.1895
DKK			1.2912	1.2612	1.2314
NOK			1.0706	0.9878	0.9569
PLN			2.2275	2.2164	2.1552
GBP			11.1738	12.7397	12.5206
USD			8.6202	8.3980	8.4408



## Note 3 Financial instruments by category and related effects on income

### Financial instruments by category: Carrying amount and fair value

	30 Sept. 2016		31 Dec. 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Total Vattenfall, amounts in SEK million <sup>1</sup>				
Financial assets at fair value through profit or loss	51 987	51 987	65 042	65 042
Loans and receivables	75 600	78 758	86 617	87 693
Available-for-sale financial assets	276	276	273	273
Financial liabilities at fair value through profit or loss	22 254	22 254	18 602	18 602
Other financial liabilities	121 548	130 759	141 436	145 986

1) For information of what is included in each respective category in the table above, please refer to Note 47 to the consolidated accounts, Financial instruments by category, offsetting of financial assets and liabilities, and financial instruments' effects on income in Vattenfall's 2015 Annual and Sustainability Report.

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

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

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

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

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

### Financial assets and liabilities that are measured at fair value on the balance sheet at 30 September 2016

Total Vattenfall, amounts in SEK million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Derivative assets	—	25 156	230	<b>25 386</b>
Short-term investments and cash equivalents	14 809	11 792	—	<b>26 601</b>
<b>Total assets</b>	<b>14 809</b>	<b>36 948</b>	<b>230</b>	<b>51 987</b>
<b>Liabilities</b>				
Derivative liabilities	—	21 914	340	<b>22 254</b>
<b>Total liabilities</b>	<b>—</b>	<b>21 914</b>	<b>340</b>	<b>22 254</b>

### Financial assets and liabilities that are measured at fair value on the balance sheet at 31 December 2015

Total Vattenfall, amounts in SEK million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Derivative assets	—	33 879	408	<b>34 287</b>
Short-term investments and cash equivalents	20 606	10 149	—	<b>30 755</b>
<b>Total assets</b>	<b>20 606</b>	<b>44 028</b>	<b>408</b>	<b>65 042</b>
<b>Liabilities</b>				
Derivative liabilities	—	17 164	1 438	<b>18 602</b>
<b>Total liabilities</b>	<b>—</b>	<b>17 164</b>	<b>1 438</b>	<b>18 602</b>

### Changes in level 3 financial instruments

Financial instruments at fair value through profit or loss

	Derivative assets		Derivative liabilities	
	30 Sept. 2016	31 Dec. 2015	30 Sept. 2016	31 Dec. 2015
Total Vattenfall, amounts in SEK million				
Balance brought forward	408	650	1 438	670
Revaluations recognised in operating profit (EBIT)	- 192	- 232	- 1 134	795
Translation differences	14	- 10	36	- 27
<b>Balance carried forward</b>	<b>230</b>	<b>408</b>	<b>340</b>	<b>1 438</b>
Total revaluations for the period included in operating profit (EBIT) for assets and liabilities held on the balance sheet date	22	- 83	- 169	459

### 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.

Compared to the level 3 contracts in Vattenfall's 2015 Annual and Sustainability Report, the Biomass Sourcing Contract has been terminated. For additional information please refer to Note 47 to the consolidated accounts, Financial instruments by category, offsetting of financial assets and liabilities, and financial instruments' effects on income, in Vattenfall's 2015 Annual and Sustainability Report. The accumulated net value of all level 3 contracts as per 30 September 2016 has been calculated at SEK - 110 million (-1,030). A change of +/-5% would affect the total value by approximately SEK +/-29 million (+/-42).

### Financial instruments: Effects on income by category

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

	30 Sept. 2016			31 Dec. 2015		
	Net gains/ losses <sup>1</sup>	Interest income	Interest expenses	Net gains/ losses <sup>1</sup>	Interest income	Interest expenses
Total Vattenfall, amounts in SEK million						
Derivative assets and derivative liabilities	3 499	136	- 403	3 940	116	- 76
Available-for-sale financial assets	31	—	—	15	—	—
Loans and trade receivables	- 54	894	—	- 241	1 546	—
Financial liabilities measured at amortised cost	- 1 444	—	- 2 280	1 000	—	- 3 306
<b>Total</b>	<b>2 032</b>	<b>1 030</b>	<b>- 2 683</b>	<b>4 714</b>	<b>1 662</b>	<b>- 3 382</b>

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

## Note 4 Discontinued operations

In accordance with IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations, the lignite operations, which have been divested, are reported as a discontinued operation as from the second quarter of 2016. The lignite operations are thus reported on a separate line in the income statement, and comparison figures for 2015 have been recalculated in a corresponding manner. In the segment reporting, the parts of the Power Generation and Heat segments that pertain to the lignite operations have been reclassified as “Discontinued operations”, and the Power Generation and Heat operating segments have been recalculated for earlier periods so that they only include the continuing operations. In accordance with IFRS 5, the balance sheet has not been restated to reflect earlier periods. The Statement of cash flows has not been recalculated. Cash flow from the discontinued lignite operations is presented below in this note.

### Earnings from discontinued operations

Amounts in SEK million	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
Net Sales	4 596	6 580	13 341	17 803	20 934	16 472
Expenses	- 4 028	- 5 918	- 13 835	- 35 750	- 38 831	- 16 916
Net financial items	- 97	- 132	- 384	- 402	- 449	- 431
Realised gains related to fair value hedges	—	—	37	—	—	—
Translation differences related to hedging of net investments in foreign operations	- 477	—	- 477	—	—	- 477
Capital gain	276	—	276	—	—	276
Impairment loss recognised on the remeasurement to fair value less costs to sell	- 199 <sup>1</sup>	—	- 21 704	—	—	- 21 704
<b>Profit before tax from discontinued operations</b>	<b>71</b>	<b>530</b>	<b>- 22 746</b>	<b>- 18 349</b>	<b>- 18 346</b>	<b>- 22 743</b>
Income tax expense	- 670	1 029	- 896	5 861	3 768	- 2 989
<b>Profit for the period from discontinued operations attributable to owners of the Parent Company</b>	<b>- 599</b>	<b>1 559</b>	<b>- 23 642</b>	<b>- 12 488</b>	<b>- 14 578</b>	<b>- 25 732</b>

1) Exchange rate effect in Q3 2016 on impairments losses recognised in Q2 2016.

Amounts in SEK million	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
Operating profit (EBIT)	168	661	- 22 361	- 17 947	- 17 898	- 22 312
Items affecting comparability	936	47	22 509	17 916	17 910	22 503
<b>Underlying operating profit</b>	<b>1 104</b>	<b>708</b>	<b>148</b>	<b>- 31</b>	<b>12</b>	<b>191</b>

### Cash flow from discontinued operations

Amounts in SEK million	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full year 2015	Last 12 months
Funds from operations (FFO)	323	1 350	1 268	2 730	2 197	735
Cash flow from operating activities	3 621	- 2 503	2 189	- 437	- 2 158	468
Cash flow from investing activities	156	- 652	- 944	- 2 025	- 2 871	- 1 790
Cash flow from financing activities	- 60	3 808	461	2 904	8 393	5 950

### Total earnings effect of sale of lignite operations

Amounts in SEK million	Q1-Q3 2016
Impairment loss recognised on remeasurement to fair value less costs to sell in Q2 2016	-21 505
Exchange rate effect in Q3 2016 on impairment losses recognised in Q2 2016	- 199
Capital gain Q3 2016	276
Dissolution of translation reserve and hedge of net investments in foreign operations	- 477
<b>Total earnings effect in 2016</b>	<b>- 21 905</b>

# The Parent Company Vattenfall AB

## Accounting policies

The Parent Company Vattenfall AB's accounts are prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 – Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. The accounting policies used in this report are the same as those described in Vattenfall's 2015 Annual and Sustainability Report (Note 2 to the Parent Company accounts, Accounting policies).

## Quarter 1-3 of 2016

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

- Net sales amounted to SEK 21,870 million (22,326).
- Profit before appropriations and tax was SEK -6,488 million (3,651).
- Earnings were affected by the following:
  - Received dividends of SEK 818 million.
  - A small capital gain from the sale of entire shareholding in Haparanda Värmeverk AB.
  - An impairment loss of SEK 12,700 million for the shareholding in Vattenfall GmbH.
- The balance sheet total was SEK 256,026 million (292,057).
- Investments during the period amounted to SEK 7,306 million (312) of which SEK 7,000 million is related to shareholder contribution to Vattenfall Vindkraft AB.
- Cash and cash equivalents, and short-term investments amounted to SEK 30,996 million (38,794).

## Risks and uncertainties

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

## Other

Significant related-party transactions are described in Note 39 to the Parent Company accounts, Related party disclosures, in Vattenfall's 2015 Annual and Sustainability Report. No material changes have taken place in relations or transactions with related parties compared with the description in Vattenfall's 2015 Annual and Sustainability Report.

## Parent Company income statement

Amounts in SEK million	Q1-Q3 2016	Q1-Q3 2015	Full year 2015
Net sales	21 870	22 326	30 670
Cost of products sold	- 17 163	- 17 385	- 24 177
<b>Gross profit</b>	<b>4 707</b>	<b>4 941</b>	<b>6 493</b>
Selling expenses, administrative expenses and research and development costs	- 1 717	- 1 778	- 2 354
Other operating income and expenses, net	355	379	1 009
<b>Operating profit (EBIT)</b>	<b>3 345</b>	<b>3 542</b>	<b>5 148</b>
Result from participations in subsidiaries	- 11 823	2 737	3 654
Result from participations in associated companies	—	7	7
Other financial income	4 905	729	991
Other financial expenses	- 2 915	- 3 364	- 3 650
<b>Profit before appropriations and tax</b>	<b>- 6 488</b>	<b>3 651</b>	<b>6 150</b>
Appropriations	2 152	2 331	1 194
<b>Profit before tax</b>	<b>- 4 336</b>	<b>5 982</b>	<b>7 344</b>
Income tax expense	- 1 688	- 842	- 908
<b>Profit for the period</b>	<b>- 6 024</b>	<b>5 140</b>	<b>6 436</b>

## Parent Company statement of comprehensive income

Amounts in SEK million	Q1-Q3 2016	Q1-Q3 2015	Full year 2015
Profit for the period	- 6 024	5 140	6 436
Total other comprehensive income	—	—	—
<b>Total comprehensive income for the period</b>	<b>- 6 024</b>	<b>5 140</b>	<b>6 436</b>

## Parent Company balance sheet

Amounts in SEK million	30 Sept. 2016	30 Sept. 2015	31 Dec. 2015
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets: non-current	162	136	174
Property, plant and equipment	4 026	4 025	4 122
Shares and participations	146 201	151 869	151 865
Deferred tax assets	199	70	212
Other non-current receivables	58 989	83 683	83 624
<b>Total non-current assets</b>	<b>209 577</b>	<b>239 783</b>	<b>239 997</b>
<b>Current assets</b>			
Inventories	298	374	342
Intangible assets: current	249	213	215
Current receivables	14 906	11 286	12 172
Current tax assets	—	172	537
Short-term investments	20 137	26 843	28 491
Cash and cash equivalents	10 859	9 231	10 303
<b>Total current assets</b>	<b>46 449</b>	<b>48 119</b>	<b>52 060</b>
<b>Total assets</b>	<b>256 026</b>	<b>287 902</b>	<b>292 057</b>
<b>Equity, provisions and liabilities</b>			
<b>Equity</b>			
Restricted equity			
Share capital (131,700,000 shares with a share quota value of SEK 50)	6 585	6 585	6 585
Revaluation reserve	37 989	37 989	37 989
Other reserves	1 308	1 286	1 286
Non-restricted equity			
Retained earnings	50 150	43 737	43 736
Profit for the period	- 6 024	5 140	6 436
<b>Total equity</b>	<b>90 008</b>	<b>94 737</b>	<b>96 032</b>
<b>Untaxed reserves</b>	<b>11 617</b>	<b>13 897</b>	<b>14 882</b>
<b>Provisions</b>	<b>5 280</b>	<b>4 748</b>	<b>4 835</b>
<b>Non-current liabilities</b>			
Hybrid capital	19 195	15 408	18 603
Other interest-bearing liabilities	50 376	55 022	54 961
Other noninterest-bearing liabilities	12 230	36 669	18 302
<b>Total non-current liabilities</b>	<b>81 801</b>	<b>107 099</b>	<b>91 866</b>
<b>Current liabilities</b>			
Other interest-bearing liabilities	63 360	62 471	78 348
Current tax liabilities	565	—	—
Other noninterest-bearing liabilities	3 395	4 950	6 094
<b>Total current liabilities</b>	<b>67 320</b>	<b>67 421</b>	<b>84 442</b>
<b>Total equity, provisions and liabilities</b>	<b>256 026</b>	<b>287 902</b>	<b>292 057</b>

## Definitions and calculations of key ratios

### Alternative Performance Measures

In order to ensure a fair presentation of the Group's operations, the Vattenfall Group uses a number of Alternative Performance Measures that are not defined in IFRS or in the Swedish Annual Accounts Act. The Alternative Performance Measures that Vattenfall uses are described below, including their definitions and how they are calculated. The Alternative Performance Measures used are unchanged compared with earlier periods.

	<b>Definition</b>
EBIT:	Operating profit (Earnings Before Interest and Tax )
EBITDA:	Operating profit before depreciation, amortisation and impairment losses (Earnings Before Interest, Tax, Depreciation and Amortisation)
Items affecting comparability:	Capital gains and capital losses from shares and other non-current assets, impairment losses and reversed impairment losses and other material non-recurring items. Also included here are, for trading activities, unrealised changes in the fair value of energy derivatives, which according to IAS 39 cannot be recognised using hedge accounting and unrealised changes in the fair value of inventories
Underlying EBITDA:	Underlying operating profit before depreciation, amortisation and impairment losses
Underlying operating profit:	Operating profit (EBIT) excluding items affecting comparability
FFO:	Funds From Operations, see Consolidated statement of cash flow
Free cash flow:	Cash flow from operating activities less maintenance investments
Interes-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
<b>Other definitions</b>	<b>Definition</b>
Hybrid Capital:	Perpetual subordinated securities, junior to all Vattenfall's unsubordinated debt instruments.
LTIF:	Lost Time Injury Frequency (LTIF) is expressed in terms of the number of lost time work injuries (per 1 million hours worked), i.e., work-related accidents resulting in absence longer than one day, and accidents resulting in fatality.

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

Key ratios based on continuing operations (except for return on equity which is based on total Vattenfall) and last 12-month values July 2015 – September 2016:

<b>Operating margin, %</b>	= 100 x	$\frac{\text{EBIT}}{\text{Net sales}} = \frac{7\,819}{143\,780}$	5.4
<b>Operating margin excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Net sales}} = \frac{21\,008}{143\,780}$	14.6
<b>Pre-tax profit margin, %</b>	= 100 x	$\frac{\text{Profit before tax}}{\text{Net sales}} = \frac{2\,326}{143\,780}$	1.6
<b>Pre-tax profit margin excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Profit before tax excl. items affecting comparability}}{\text{Net sales}} = \frac{15\,514}{143\,780}$	10.8
<b>Return on equity, %</b>	= 100 x	$\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl. the Reserve for cash flow hedges}} = \frac{-20\,027}{84\,851}$	-23.6
<b>Return on capital employed, %</b>	= 100 x	$\frac{\text{EBIT}}{\text{Capital employed, average}} = \frac{7\,819}{249\,809}$	3.1
<b>Return on capital employed excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Capital employed, average}} = \frac{21\,008}{249\,809}$	8.4
<b>EBIT interest cover, (x)</b>	=	$\frac{\text{EBIT + financial income excl. return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}} = \frac{9\,233}{4\,745}$	1.9
<b>EBIT interest cover excl. Items affecting comparability, (x)</b>	=	$\frac{\text{Underlying EBIT + financial income excl. Return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}} = \frac{22\,422}{4\,745}$	4.7
<b>FFO interest cover, (x)</b>	=	$\frac{\text{FFO + financial expenses excl. discounting effects attributable to provisions}}{\text{Financial expenses excl. discounting effects attributable to provisions}} = \frac{34\,402}{4\,745}$	7.3
<b>FFO interest cover, net, (x)</b>	=	$\frac{\text{FFO + financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}} = \frac{32\,988}{3\,331}$	9.9



<b>Cash flow interest cover after maintenance investments, (x)</b>	=	$\frac{\text{Cash flow from operating activities less maintenance investments + financial expenses excl. Discounting effects attributable to provisions and interest components related to pension costs}}{\text{Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs}}$	$\frac{21\,648}{3\,804}$	5.7
<b>FFO/gross debt, %</b>	= 100 x	$\frac{\text{FFO}}{\text{Interest-bearing liabilities}}$	$\frac{29\,657}{98\,572}$	30.1
<b>FFO/net debt, %</b>	= 100 x	$\frac{\text{FFO}}{\text{Net debt}}$	$\frac{29\,657}{57\,971}$	51.2
<b>FFO/adjusted net debt, %</b>	= 100 x	$\frac{\text{FFO}}{\text{Adjusted net debt}}$	$\frac{29\,657}{124\,108}$	23.9
<b>EBITDA/net financial items, (x)</b>	=	$\frac{\text{EBITDA}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{31\,625}{3\,331}$	9.5
<b>EBITDA excl. items affecting comparability/net financial items, (x)</b>	=	$\frac{\text{EBITDA excl. items affecting comparability}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{35\,486}{3\,331}$	10.7

Key ratios based on the balance sheet per 30 September 2016:

<b>Equity/total assets, %</b>	= 100 x	$\frac{\text{Equity}}{\text{Balance sheet total}}$	$\frac{86\,806}{399\,608}$	21.7
<b>Gross debt/equity, %</b>	= 100 x	$\frac{\text{Interest-bearing liabilities}}{\text{Equity}}$	$\frac{98\,572}{86\,806}$	113.6
<b>Net debt/equity, %</b>	= 100 x	$\frac{\text{Net debt}}{\text{Equity}}$	$\frac{57\,971}{86\,806}$	66.8
<b>Gross debt/gross debt equity, %</b>	= 100 x	$\frac{\text{Interest-bearing liabilities}}{\text{Interest-bearing liabilities + equity}}$	$\frac{98\,572}{185\,378}$	53.2
<b>Net debt/net debt plus equity, %</b>	= 100 x	$\frac{\text{Net debt}}{\text{Net debt + equity}}$	$\frac{57\,971}{144\,777}$	40.0
<b>Net debt/EBITDA, (x)</b>	=	$\frac{\text{Net debt}}{\text{EBITDA}}$	$\frac{57\,971}{31\,625}$	1.8
<b>Adjusted net debt/EBITDA, (x)</b>	=	$\frac{\text{Adjusted net debt}}{\text{EBITDA}}$	$\frac{124\,108}{31\,625}$	3.9

## Interim report signature

Solna, 27 October 2016

Magnus Hall  
President and CEO

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

## Financial calendar

Year-end report 2016, 7 February 2017

Annual General Meeting, 27 April 2017

Interim report January-March, 28 April 2017

Interim report January-June, 21 July 2017

Interim report January-September, 27 October 2017 (tbd)

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