

# Interim report January–September 2018

## Business highlights, July–September 2018

- Higher electricity generation as a result of higher availability in nuclear power
- Inauguration of European Offshore Wind Deployment Centre (97 MW) in Aberdeen, Scotland
- Long-term agreement with Novo Nordisk and Novozymes for supply of renewable electricity from Kriegers Flak wind farm
- Power purchase agreement for renewable wind power and balancing services for Aquila Capital's Kråktorpet wind farm in Sweden
- New partnerships for charging solutions in the Netherlands and Sweden
- Halving of CO<sub>2</sub> emissions in Berlin three years earlier than pledged
- Decision by the Swedish government on new legislation governing electricity grid operators' revenue frameworks from 2020 forward

## Financial highlights, January–September 2018

- Net sales increased by 12% (7% excluding currency effects) to SEK 108,776 million (96,772)
- Underlying operating profit<sup>1</sup> of SEK 15,256 million (15,991)
- Operating profit<sup>1</sup> of SEK 13,430 million (12,605)
- Profit for the period of SEK 8,907 million (6,675)

## Financial highlights, July–September 2018

- Net sales increased by 19% (12% excluding currency effects) to SEK 32,489 million (27,354)
- Underlying operating profit<sup>1</sup> decreased to SEK 2,127 million (2,757)
- Operating profit<sup>1</sup> of SEK 3,680 million (2,115)
- Profit for the period of SEK 1,782 million (749)

## KEY DATA

Amounts in SEK million unless indicated otherwise	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Full year 2017	Last 12 months
Net sales	108 776	96 772	32 489	27 354	135 114	147 118
Operating profit before depreciation, amortisation and impairment losses (EBITDA) <sup>1</sup>	25 680	24 401	7 854	5 900	34 399	35 678
Operating profit (EBIT) <sup>1</sup>	13 430	12 605	3 680	2 115	18 524	19 349
Underlying operating profit <sup>1</sup>	15 256	15 991	2 127	2 757	23 203	22 468
Profit for the period	8 907	6 675	1 782	749	9 484	11 716
Electricity generation, TWh	94.4	92.2	27.8	27.3	127.3	129.5
Sales of electricity, TWh <sup>2</sup>	124.1	113.6	38.1	33.9	157.3	167.8
- of which, customer sales	87.5	79.3	26.8	22.9	109.8	118
Sales of heat, TWh	12.5	12.7	1.9	1.9	18.8	18.6
Sales of gas, TWh	39.2	37.9	5.3	5.9	56.4	57.7
Return on capital employed, % <sup>1</sup>	7.9 <sup>3</sup>	4.2 <sup>3</sup>	7.9 <sup>3</sup>	4.2 <sup>3</sup>	7.7	7.9
FFO/adjusted net debt, % <sup>1</sup>	20.6 <sup>3</sup>	24.1 <sup>3</sup>	20.6 <sup>3</sup>	24.1 <sup>3</sup>	21.4	20.6

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

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

3) Last 12-month values.

# CEO's comments

## A weak result for heat operations compensated by improved earnings from wind power



The first nine months of the year showed stable earnings performance and several events that support our strategic direction. In the near term the markets for fuel, CO<sub>2</sub> emission allowances and electricity are very volatile, with large swings up and down. Profit for the period grew SEK 2.2 billion to SEK 8.9 billion, mainly as a consequence of new investment rules for the Swedish Nuclear Waste Fund, in which our assets are measured at fair value. The Group's underlying operating profit decreased, however, by SEK 0.7 billion to SEK 15.3 billion. This is explained by pressure on margins in the heat operations, which was compensated by a larger contribution from wind power.

Profit for the third quarter increased by SEK 1 billion to SEK 1.8 billion. Most of this increase is related to unrealised changes in value of financial derivatives and inventories. The underlying operating profit for the third quarter decreased by SEK 0.6 billion to SEK 2.1 billion.

Despite stable production volumes and sales of heat, the underlying operating profit for Heat for the period January–September decreased by SEK 2.1 billion to SEK 0.3 billion. Higher prices for coal, gas and CO<sub>2</sub> emission allowances had a negative impact. However, approximately SEK 0.8 billion of the earnings decrease is explained by one-time effects in 2017, partly related to subsidies. A primary goal in our district heating operations is to drive the shift to fossil fuel-free heat solutions on the Continent. In 2009 Vattenfall and the City of Berlin set a goal to halve emissions by 2020 compared with 1990 – a goal that we reached already this year!

In Hamburg the Senate has decided to exercise a call option to take over the city's district heating system. The city intends to buy back Vattenfall's 74.9% stake, effective 1 January 2019, for a contracted price of EUR 625 million. Closing of the transaction is likely in the course of 2019. Naturally this is unfortunate, as we were eager to remain and show our ambition in the shift of heat systems, but we are investing in many other areas in Hamburg and Germany, which continues to be one of Vattenfall's core markets.

Higher electricity prices benefited electricity producers in the Nordic countries, but since Vattenfall continuously hedges its electricity generation, these increases had only a small effect. Electricity generation from nuclear power increased by 2.7 TWh compared with 2017, when major maintenance work was conducted at Ringhals 1. Generation from hydro power remains at stable levels but decreased during the summer as a result of dry weather and below-normal reservoir levels. The underlying operating profit for Power Generation increased by SEK 0.3 billion to SEK 8.5 billion.

Vattenfall's sales of gas and electricity increased in general, where we are now also taking a step into the French retail market. Overall,

however, the earnings contribution from Customers & Solutions decreased by just under SEK 0.1 billion, to SEK 1.2 billion.

The underlying operating profit for Distribution remained stable, growing SEK 0.1 billion to SEK 4.5 billion at the same time that we strongly increased our investments in the electricity grid. These are needed to accommodate growing cities, integrate more renewable generation and make it possible to charge e-vehicles. Parallel with this the Swedish government has introduced new legislation that will result in a sharp decrease in the electricity grid operators' permissible revenues from 2020 forward. This will be done mainly by lowering the capital cost from 5.85% to approximately 3%. This decision is hard to understand. At the same time that most actors (including the government) agree that the grid needs to be developed to ensure that the electricity system works, the willingness to invest is being choked. Vattenfall's capex plan in Sweden from 2020 and forward must now be reconsidered as a result of this new legislation.

In connection with the extensive modernisation work on the island of Gotland HVDC Link, disruptions have occurred in electricity supply. The work has been necessary to ensure reliable supply of electricity on Gotland also in the future. We truly regret that the outages have caused major problems for our customers.

Higher prices and additional wind capacity (Sandbank, Pen y Cymoedd, Ray and Aberdeen Bay) had a favourable effect on wind power during the first nine months of the year. The underlying operating profit for Wind increased by SEK 1.2 billion to SEK 1.9 billion. During the quarter we inaugurated the European Offshore Wind Deployment Centre (EOWDC) in Aberdeen, a project that shows Vattenfall's leadership in the technological development of offshore wind power.

For natural reasons, renewable energy yields intermittent production depending on the prevailing weather conditions. This presents a greater challenge to match supply and demand of electricity – so-called power balancing – and to manage associated price risks. Vattenfall has many years of experience and core competence in these areas. During the quarter we signed a 15-year Power Purchase Agreement for renewable electricity from the Kråktorpet (163 MW) wind farm west of Sundsvall, where we will also provide balancing services, market access and management of green certificates with Guarantees of Origin. The value of such services is growing in pace with the shift of our energy system and our progress on the road to a fossil fuel-free future.

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

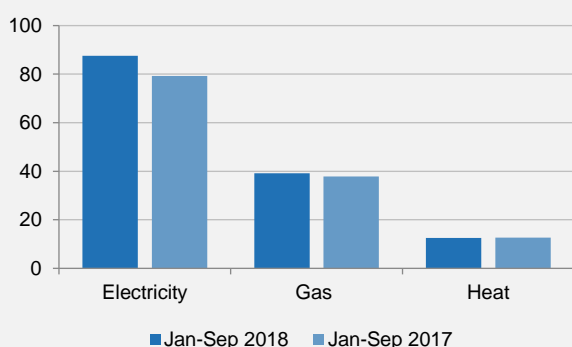
Magnus Hall  
President and CEO

# Group overview

## Customer sales development

Sales of electricity, excluding sales to Nord Pool Spot and deliveries to minority shareholders, increased by 8.2 TWh to 87.5 TWh (79.3) during the period January–September 2018, mainly owing to higher sales to business customers in France and Germany. Sales of gas increased by 1.3 TWh to 39.2 TWh (37.9) as a result of colder weather during the first quarter of 2018. Sales of heat decreased by 0.2 TWh to 12.5 TWh (12.7).

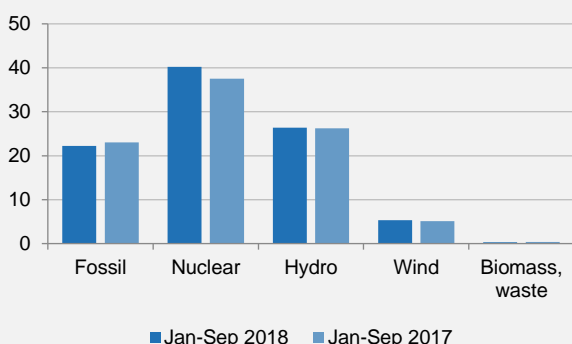
### CUSTOMER SALES (TWh)



## Generation development

Total electricity generation increased by 2.2 TWh to 94.4 TWh (92.2) during the period January–September 2018. Higher nuclear power generation (+2.7 TWh) was countered by lower fossil-based power generation (-0.8 TWh).

### ELECTRICITY GENERATION (TWh)



## Price development

Average Nordic spot prices were 78% higher, at EUR 50.7/MWh (28.5), during the third quarter of 2018 compared with the corresponding period in 2017, mainly owing to higher fuel prices and prices for CO<sub>2</sub> emission allowances, and a lower hydrological balance. Prices in Germany increased by 64% to EUR 53.6/MWh (32.7), and prices in the Netherlands increased by 64% to EUR 58.1/MWh (35.4). Spot prices in Germany and the Netherlands were affected mainly by higher fuel prices and prices for CO<sub>2</sub> emission allowances. Electricity futures prices for delivery in 2019 and 2020 were 36%–62%

higher than in the third quarter of 2017, mainly owing to higher fuel prices and prices for CO<sub>2</sub> emission allowances, and a lower hydrological balance.

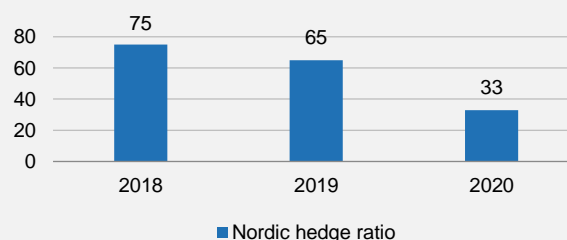
Compared with the third quarter of 2017, the average spot price for gas was 53% higher, at EUR 24.5/MWh (16.0). Spot prices for coal were 14% higher, at USD 99.5/t (87.0). The futures price for gas was 38% higher, at EUR 22.6/MWh (16.4), and the futures price for coal was 18% higher, at USD 90.9/t (76.9). Prices of CO<sub>2</sub> emission allowances were 219% higher, at EUR 18.9/t (5.9). The higher prices for CO<sub>2</sub> emission allowances are partly attributable to the fact that the market has begun factoring the Market Stability Reserve (MSR) into pricing. The MSR will be in use in 2019 to manage the surplus of CO<sub>2</sub> emission allowances.

## Hedging

### AVERAGE INDICATIVE NORDIC HEDGE PRICES (SE, DK, NO, FI)<sup>1</sup> AS PER 30 SEPTEMBER 2018

EUR/MWh	2018	2019	2020
	27	28	30

### VATTENFALL'S ESTIMATED NORDIC HEDGE RATIO (%) AS PER 30 SEPTEMBER 2018



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

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

Market-quoted	2019	2020	2021	Observed yearly volatility <sup>3</sup>
Electricity	+/- 2,147	+/- 1,909	+/- 1,863	19%-22%
Coal	-/+ 464	-/+ 386	-/+ 325	21%-26%
Gas	-/+ 1,009	-/+ 906	-/+ 815	14%-18%
CO <sub>2</sub>	-/+ 454	-/+ 514	-/+ 553	41%-47%

- 1) Vattenfall has stopped its price hedging activity on the Continent as a result of changed risk exposure following the divestment of the German lignite operations.
- 2) The denotation +/- entails that a higher price affects operating profit favourably, and +/- vice versa.
- 3) Observed yearly volatility for daily price movements for each commodity, based on forward contracts. Volatility normally declines the further ahead in time the contracts pertain to.

## Net sales

**Comment January–September:** Consolidated net sales increased by SEK 12.0 billion (of which, positive currency effects of SEK 4.8 billion). The increase is mainly attributable to higher sold volumes in Germany, France and the UK. Added to this were positive price effects in the Nordic countries and the Netherlands.

**Comment July–September:** Consolidated net sales increased by SEK 5.1 billion (of which, positive currency effects of SEK 1.8 billion), mainly owing to positive price and volume effects in the Nordic countries, higher sold volumes to business customers in Germany, and positive price effects in the Netherlands.

## Earnings

**Comment January–September:** The underlying operating profit decreased by SEK 0.7 billion, which is explained by:

- Lower earnings contribution from the Heat operating segment (SEK -2.1 billion), mainly owing to lower production margins as a result of higher costs for coal, gas and CO<sub>2</sub> emission allowances. One-off items during 2017 of approximately SEK 800 million, partly related to lower subsidies for gas-fired combined heat and power plants in Germany, also had a negative effect on earnings.
- Higher earnings contribution from the Wind operating segment (SEK 1.2 billion), mainly owing to positive price effects, additional capacity and higher subsidies.
- Other items, net (SEK 0.3 billion).

Items affecting comparability amounted to SEK -1.8 billion (-3.4), of which unrealised changes in fair value of energy derivatives (SEK -0.9 billion) mainly pertaining to temporary effects. Provisions of SEK 0.8 billion pertain to an adjusted discounting rate for nuclear power. Capital gains of SEK 0.7 billion are mainly attributable to sales of properties in Berlin and Hamburg. Profit for the period amounted to SEK 8.9 billion (6.7) and was positively affected by lower income taxes in Sweden and an increase in net financial items resulting from a remeasurement of shares in the Swedish Nuclear Waste Fund at fair value.

**Comment July–September:** The underlying operating profit decreased by SEK 0.6 billion, mainly owing to negative contributions from the Power Generation (SEK -0.5 billion), and Heat (SEK -0.4 billion) operating segments, which was partly compensated by a positive contribution from the Wind operating segment (SEK 0.6 billion). Profit for the period was SEK 1.8 billion (0.7) and was positively affected by unrealised changes in fair value of energy derivatives and inventories (SEK 1.7 billion).

## Cash flow

**Comment January–September:** Funds from operations (FFO) decreased by SEK 4.1 billion, mainly owing to higher paid tax in 2018. Cash flow from changes in working capital amounted to SEK 19.3 billion, which is mainly explained by net changes in margin calls (SEK 13.2 billion) and a net change in operating receivables and liabilities resulting from seasonal effects in the Customers & Solutions and Heat operating segments (SEK 2.0 billion). Changes in inventories contributed SEK 1.8 billion, mainly related to consumption of nuclear fuel.

**Comment July–September:** Funds from operations (FFO) decreased by SEK 1.8 billion, mainly owing to higher paid tax. Cash flow from changes in working capital amounted to SEK 15.6 billion, which is mainly explained by net changes in margin calls (SEK 10.9 billion) and a net change in operating receivables and liabilities resulting from seasonal effects in the Customers & Solutions and Heat operating segments (SEK 4.1 billion).

## Important events after the balance sheet date

- The City of Hamburg has decided to exercise its call option to take over Vattenfall's 74.9% stake in the city's district heating network. The agreed purchase price is EUR 625 million, based on a valuation of the company's equity, and the deal is planned to be carried out as per 1 January 2019. Closing of the transaction is likely in the course of 2019. The repurchase covers the district heating network and the Tiefstack and Wedel heat plants.

## KEY FIGURES – GROUP OVERVIEW

Amounts in SEK million	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Full year 2017	Last 12 months
Net sales	108 776	96 772	32 489	27 354	135 114	147 118
Operating profit before depreciation, amortisation and impairment losses (EBITDA) <sup>1</sup>	25 680	24 401	7 854	5 900	34 399	35 678
Operating profit (EBIT) <sup>1</sup>	13 430	12 605	3 680	2 115	18 524	19 349
Underlying operating profit <sup>1</sup>	15 256	15 991	2 127	2 757	23 203	22 468
Items affecting comparability <sup>1</sup>	- 1 826	- 3 386	1 553	- 642	- 4 679	- 3 119
Profit for the period	8 907	6 675	1 782	749	9 484	11 716
Funds from operations (FFO)	16 010	20 116	3 246	5 001	26 643	22 537
Cash flow from changes in operating assets and operating liabilities (working capital)	19 279	1 062	15 570	10 549	- 915	17 302
Cash flow from operating activities	35 289	21 178	18 816	15 550	25 728	39 839

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



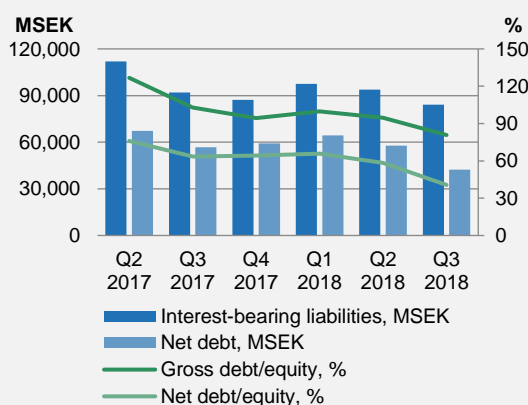
## Capital structure

Cash and cash equivalents, and short-term investments increased by SEK 14.3 billion compared with the level at 31 December 2017. Committed credit facilities consist of a EUR 2.0 billion Revolving Credit Facility that expires on 10 December 2021. As per 30 September 2018 available liquid assets and/or committed credit facilities amounted to 37% of net sales. Vattenfall's target is to maintain a level of no less than 10% of consolidated net sales, but at least the equivalent of the next 90 days' maturities.

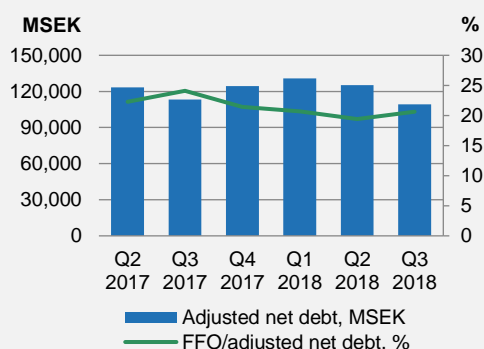
Total interest-bearing liabilities decreased by SEK 3.0 billion compared with the level at 31 December 2017. The decrease is mainly attributable to repayment of a bond (SEK 5.5 billion). The weakened Swedish krona had a negative effect on debt by SEK 3.8 billion.

Net debt decreased by SEK 16.9 billion compared with the level at 31 December 2017, mainly owing to a positive cash flow after investments. Adjusted net debt decreased by SEK 15.1 billion compared with the level at 31 December 2017, mainly owing to the decrease in net debt.

### NET DEBT



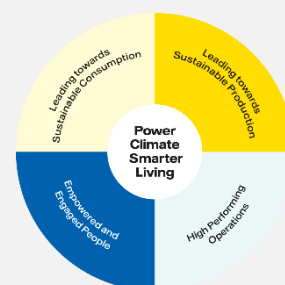
### ADJUSTED NET DEBT



## Strategic objectives

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

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



Strategic objectives	Targets for 2020	Q3 2018	Full Year 2017
<b>Leading towards Sustainable Consumption</b>	<b>1. Customer engagement, Net Promoter Score relative to peers<sup>1</sup> (NPS relative): +2</b>	<b>+2</b>	<b>+2</b>
<b>Leading towards Sustainable Production</b>	<b>2. Aggregated commissioned new renewables capacity 2016-2020: ≥2,300 MW</b>	<b>748 MW</b>	<b>652 MW</b>
	<b>3. Absolute CO<sub>2</sub> emissions pro rata: ≤21 Mt</b>	<b>15.5 Mt</b>	<b>22.6 Mt</b>
<b>High Performing Operations</b>	<b>4. Return On Capital Employed (ROCE), last 12 months: ≥8%</b>	<b>7.9%</b>	<b>7.7%</b>
<b>Empowered and Engaged People</b>	<b>5. Lost Time Injury Frequency (LTIF): ≤1.25</b>	<b>1.6</b>	<b>1.5</b>
	<b>6. Employee Engagement Index<sup>2</sup>: ≥70%</b>	<b>-</b>	<b>64%</b>

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

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

# Operating segments



Customers & Solutions



Power Generation  
– Generation



Power Generation  
– Markets



Wind



Heat



Distribution

Amounts in SEK million	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Full year 2017	Last 12 months
<b><u>Underlying operating profit</u></b>						
<b>Customers &amp; Solutions</b>	1 159	1 246	- 54	110	1 866	1 779
<b>Power Generation</b>	8 475	8 139	1 988	2 507	10 820	11 156
- of which, trading	621	470	418	- 424	1 138 <sup>1</sup>	1 288
<b>Wind</b>	1 902	752	264	- 300	2 137	3 287
<b>Heat</b>	260	2 397	- 765	- 321	3 371	1 234
<b>Distribution</b>	4 530	4 442	1 096	1 101	6 075	6 163
- of which, Distribution Germany	651	727	199	163	962	886
- of which, Distribution Sweden	3 859	3 715	891	938	5 120	5 264
<b>Other<sup>2</sup></b>	- 910	- 799	- 356	- 289	- 1 007	- 1 118
<b>Eliminations</b>	- 160	- 186	- 46	- 51	- 59	- 33
<b>Underlying operating profit</b>	<b>15 256</b>	<b>15 991</b>	<b>2 127</b>	<b>2 757</b>	<b>23 203</b>	<b>22 468</b>

1) Values have been adjusted compared with information previously published in Vattenfall's financial reports.

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

## Customers & Solutions

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

### Strong sales development and market expansion

- Increased sales in the Nordics, Germany and the UK
- Long term agreement with Novo Nordisk and Novozymes on supply of renewable electricity from the Kriegers Flak wind farm
- New partnership for charging solutions in the Netherlands and Sweden
- Vattenfall enters the French retail market



Net sales increased during the period January–September as a result of higher sales in most of Vattenfall's markets. In the Nordic countries, sales increased in the B2B segment, mainly owing to positive price effects. However, the Nordic retail customer base decreased slightly and now amounts to 1.3 million contracts. In France, sales increased in the B2B segment, and the expansion of sales to smaller companies progressed well. In the UK, sales increased as a result of the acquisition of iSupplyEnergy in 2017. Positive price effects in the Netherlands, a larger customer base in Germany that now amounts to 3.6 million contracts, and positive currency effects also contributed to the increase in net sales. The underlying operating profit decreased mainly due to higher operating expenses and expansion in the UK.

Starting in 2020 Vattenfall will supply renewable electricity to the global healthcare company Novo Nordisk and the bio innovator Novozymes. The electricity will be sourced from Vattenfall's Kriegers Flak offshore wind farm in Denmark, which is expected to be in full operation by the end of 2021. Until construction of Kriegers Flak is completed, the power will be sourced from other Vattenfall wind farms in Denmark. Kriegers Flak will have an installed capacity of just over 600 MW and will be Denmark's largest wind farm. The deal with Novo Nordisk and Novozymes covers approximately one-fifth of Kriegers Flak's electricity generation.

In the Netherlands Vattenfall and McDonald's reached an agreement to install 168 fast charging stations over the coming three years. The collaboration will enable customers with electric vehicles to charge their cars with electricity generated by Dutch wind turbines. In the Swedish market, two of Sweden's largest real estate companies, Klöver – a large actor in southern and central Sweden – and Diös – which is big in northern Sweden – have become partners to Vattenfall's charging network InCharge. Both companies own and develop commercial and residential properties in growing cities. The partnership will help both Klöver and Diös achieve their ambitious climate targets and offer their employees, customers and visitors the ability to charge their electric vehicles. Vattenfall has also joined the international campaign EV30@30 to promote electrification of vehicles. The campaign's goal is that by 2030 at least 30% of new car sales will be electric vehicles.

Powerpeers, Vattenfall's peer-to-peer platform for sharing renewable energy in the Netherlands, has more than doubled its customer base since the start of 2018. The number of contracts reached 51,000 by the end of the third quarter.

Since 1 October Vattenfall is also active in the French retail market. Vattenfall offers French households climate-smart solutions including electricity and gas supply services at competitive prices.

### KEY FIGURES – CUSTOMERS & SOLUTIONS

Amounts in SEK million unless indicated otherwise	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Full year 2017	Last 12 months
Net sales	57 790	48 803	16 146	13 576	68 953	77 940
External net sales	56 125	47 707	15 576	13 239	67 402	75 820
Underlying operating profit before depreciation, amortisation and impairment losses	2 177	2 093	308	407	3 006	3 090
Underlying operating profit	1 159	1 246	- 54	110	1 866	1 779
Sales of electricity, TWh	64.8	60.5	19.4	16.9	84.0	88.3
- of which, private customers	19.9	19.2	5.2	5.2	27.1	27.8
- of which, resellers	3.5	3.5	1.0	1.0	5.1	5.1
- of which, business customers	41.4	37.8	13.2	10.7	51.8	55.4
Sales of gas, TWh	38.1	37.2	5.1	5.8	55.3	56.2
Number of employees, full-time equivalents	3 048	3 074	3 048	3 074	3 067	

## Power Generation

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

### Generation: High availability in nuclear power

- Lower electricity generation from hydro power fully compensated by higher generation from nuclear power during the third quarter
- Water inflows below the normal seasonal level due to warm and dry weather

### Markets: Portfolio growth for power purchase agreements

- Power purchase agreement for renewable wind power and balancing services for Aquila Capital's Kråktorpet wind farm in Sweden

Net sales and the underlying operating profit increased for the period January–September mainly as a result of higher Nordic nuclear power generation and higher prices achieved in the Nordic countries combined with a positive effect of SEK 1.8 billion from the abolished nuclear capacity tax as well as lower property tax on hydro power plants. Hedging activities had an offsetting effect, and currency effects contributed positively to net sales. The underlying operating profit decreased during the third quarter as a result of lower hydro power generation and negative hedging effects, which were only partly compensated by a higher realised earnings contribution from the trading operations.

Nuclear power generation increased during the period January–September 2018 as a result of higher availability. Combined availability for Vattenfall's nuclear power plants during the period January–September and the third quarter was 87.1% (82.9%) and 80.6% (67.6%), respectively. During the third quarter



nuclear power accounted for closer to 50% of total Swedish electricity generation.

Hydro power generation was stable during the period January–September but decreased during the third quarter as a result of low water inflows during the warm and dry summer. Nordic reservoir levels were at 67% (81%) of capacity at the end of the third quarter, which is 10 percentage points below normal level.

German-based Aquila Capital and Vattenfall signed a 15-year power purchase agreement (PPA) for the purchase of renewable electricity from the Kråktorpet wind farm west of Sundsvall, Sweden. Vattenfall will also provide balancing services, market access and management of green certificates (Guarantees of Origin). The wind farm will consist of 43 turbines with a total capacity of 163 MW, which corresponds to the electricity consumption of 120,000 households, and is planned to be operational in October 2019. Vattenfall's ambition is to be a leading provider of renewable energy to corporate customers in Europe and to build up a portfolio of PPAs. The portfolio currently amounts to 4.5 GW, and the goal is to double this number by 2020.

### KEY FIGURES – POWER GENERATION

Amounts in SEK million unless indicated otherwise	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Full year 2017	Last 12 months
Net sales	67 475	56 439	21 924	16 041	79 566	90 602
External net sales	23 106	21 572	9 070	6 838	28 797	30 331
Underlying operating profit before depreciation, amortisation and impairment losses	11 035	10 431	2 867	3 288	13 936	14 540
Underlying operating profit	8 475	8 139	1 988	2 507	10 820	11 156
- of which, trading	621	470	418	- 424	1 138 <sup>1</sup>	1 288
Electricity generation, TWh	66.6	63.7	19.2	19.1	87.5	90.4
- of which, hydro power	26.4	26.2	7.1	9.6	35.6	35.8
- of which, nuclear power	40.2	37.5	12.1	9.5	51.9	54.6
Sales of electricity, TWh	21.0	17.4 <sup>1</sup>	6.9	5.5 <sup>1</sup>	23.7	27.3
- of which, resellers	18.0	15.0	5.2	4.7	20.5	23.5
- of which, business customers	3.0	2.4 <sup>1</sup>	1.7	0.8 <sup>1</sup>	3.2	3.8
Sales of gas, TWh	1.1	0.7	0.2	0.1	1.1	1.5
Number of employees, full-time equivalents	7 283	7 404	7 283	7 404	7 413	

1) Values have been adjusted compared with information previously published in Vattenfall's financial reports.



## Wind

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

### Strong earnings development and continued growth in installed capacity

- Positive contribution from higher prices and additional capacity
- Inauguration of the European Offshore Wind Deployment Centre in Aberdeen, Scotland
- Acquisition of Klevberget wind power project Sweden



Net sales and the underlying operating profit increased during the first nine months of the year as a result of positive price and currency effects and additional capacity. Vattenfall's latest capacity additions include European Offshore Wind Deployment Centre (EOWDC, 97 MW), Ray (54 MW), Pen y Cymoedd (228 MW) and Sandbank (72 MW of 288 MW). Electricity generation increased mainly as a result of new capacity, which was partly offset by unfavourable wind conditions. In addition, the third quarter of 2017 was negatively impacted by grid outages and cable issues, which affects comparability with the third quarter in 2018.

On 7 September the offshore wind farm EOWDC in Aberdeen, Scotland, was inaugurated. With the completion of the EOWDC, which has received EUR 40 million in grants from the EU, Vattenfall now has more than one gigawatt of installed, renewable capacity in the UK. Vattenfall has been active in wind power in the UK for nearly ten years, with total investments amounting to GBP 3.5 billion.

Vattenfall has acquired the Klevberget wind power project in Ånge municipality, Sweden. The wind farm, which is expected to

have a total capacity of 125 MW, was acquired with all permits and is planned to be operational in 2023 at the earliest. The project has been developed by 30 land owners in Ånge municipality, but following the acquisition will be further developed by Vattenfall, contingent upon a final investment decision by Vattenfall's Board of Directors. Acquiring developed projects is part of Vattenfall's strategy to accelerate growth in renewable energy.

Vattenfall's DanTysk offshore wind farm was named as the "Best Offshore Wind Farm in Operation 2017" by German Offshore Association (AGOW). The distinction recognises Vattenfall's efforts in digitalisation and data-driven maintenance to improve the efficiency of service and maintenance of our offshore wind farms.

During the third quarter two new large scale solar energy projects were acquired. The two projects, which are both in the Netherlands, are Coevorden (6.5 MW) and Gassekternijveen (4.0 MW), and are expected to be commissioned at the end of 2019.

### KEY FIGURES – WIND

Amounts in SEK million unless indicated otherwise	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Full year 2017	Last 12 months
Net sales	7 839	6 140	2 270	1 546	9 438	11 137
External net sales	5 294	4 285	1 412	1 051	6 669	7 678
Underlying operating profit before depreciation, amortisation and impairment losses	5 283	3 913	1 400	729	6 397	7 767
Underlying operating profit	1 902	752	264	- 300	2 137	3 287
Electricity generation - wind power TWh	5.3	5.1	1.5	1.4	7.6	7.8
Sales of electricity, TWh	0.9	0.6	0.2	0.2	1.0	1.3
Number of employees, full-time equivalents	868	765	868	765	773	

## Heat

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

### Higher costs for fuel and emission allowances continues to weigh down earnings

- Negative profit development despite relatively stable electricity generation and sales of heat
- Digitalisation leading to automation of repetitive work processes
- Halving of CO<sub>2</sub> emissions in Berlin three years earlier than pledged
- City of Hamburg to repurchase Vattenfall's stake in district heating system<sup>1</sup>

Net sales increased during the first nine months of the year due to higher prices for electricity and positive currency effects. The underlying operating profit decreased mainly due to deteriorated spreads with higher costs for coal, gas and CO<sub>2</sub> emission allowances, which resulted in lower electricity generation for the period January–September. One-off items during 2017 of about SEK 800 million, partly related to lower subsidies for gas-fired combined heat and power (CHP) plants in Germany, also had a negative impact in comparison. Sales of heat decreased for the period January–September as a result of warmer weather during the second quarter of 2018.

Despite a slight increase in electricity generation and stable sales of heat, earnings during the third quarter decreased as a result of higher margin pressure. At the Moorburg plant a project was initiated to install solar panels, which are expected to be able to generate 700 MWh annually.

Digitalisation of Vattenfall's heat operations is continuing. Digital Workforce is one focus area in which digital tools are being used to automate and simplify work processes. One example of this is the use of Robotics Process Automation (RPA), which according to plans will be implemented at the end of the year for meter reading and reporting in the Netherlands. Another example is the use of position-based services at certain pilot plants.



Transmitters send out a signal with information needed to perform work tasks in a specific part of the facility.

A significant share of Vattenfall's Swedish heat operations are conducted in Uppsala, which was recently named global winner of the One Planet City Challenge, arranged by the World Wildlife Fund (WWF). Through investments in its heat operations in Uppsala, Vattenfall is contributing to the city's goal of being fossil free by 2030 and climate positive by 2050.

In Berlin, Vattenfall achieved the goal of halving its coal-based CO<sub>2</sub> emissions from CHP plants three years earlier than pledged. Work is now continuing to make it possible to phase out hard coal by 2030. Part of this work involves construction of the gas-fired CHP plant in the Marzahn-Hellersdorf city district, where the gas turbine has now been installed. The CHP plant will have a capacity of 260 MW electricity and 230 MW heat, and is expected to be commissioned in 2020.

After the end of the quarter the City of Hamburg announced its decision to exercise its call option to take over Vattenfall's 74.9% stake in the city's district heating network. The agreed purchase price is EUR 625 million, based on a valuation of the company's equity, and the deal is planned to be carried out on 1 January 2019. Closing of the transaction is likely in the course of 2019. The repurchase includes the district heating network and the Tiefstack and Wedel heat plants.

### KEY FIGURES – HEAT

Amounts in SEK million unless indicated otherwise	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Full year 2017	Last 12 months
Net sales	23 029	21 582	6 905	5 518	30 724	32 171
External net sales	11 101	10 525	2 576	2 453	14 882	15 458
Underlying operating profit before depreciation, amortisation and impairment losses	3 002	5 046	182	546	6 951	4 907
Underlying operating profit	260	2 397	- 765	- 321	3 371	1 234
Electricity generation - TWh	22.5	23.4	7.1	6.8	32.2	31.3
- of which, fossil-based power	22.2	23.0	7.0	6.7	31.8	31.0
- of which, biomass, waste	0.3	0.4	0.1	0.1	0.4	0.3
Sales of electricity business customers, TWh	0.8	0.8 <sup>2</sup>	0.3	0.3 <sup>2</sup>	1.1 <sup>2</sup>	1.1
Sales of heat, TWh	12.5	12.7	1.9	1.9	18.8	18.6
Number of employees, full-time equivalents	3 823	3 789	3 823	3 789	3 771	

1) Event after the balance sheet date.

2) Values have been adjusted compared with information previously published in Vattenfall's financial reports.

## Distribution

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

### New legislation affects future investments

- Government decision on new legislation governing electricity grid operators' revenue frameworks from 2020 forward
- Stable earnings development
- Investments in more reliable electricity supply on the island of Gotland
- Start of collaboration within the framework of the EU CoordiNet project for smarter use of the electricity grid



Net sales increased in Sweden during the first nine months of the year, mainly owing to higher network tariffs and higher volumes as a result of cold weather in early 2018. In Germany, net sales increased mainly due to positive currency effects. However, this was partly compensated by lower prices resulting from lower costs from the transmission system operator (TSO).

The underlying operating profit increased slightly during the period January–September, mainly due to positive price and volume effects in Sweden, which were partly offset by higher operating expenses. The underlying operating profit for the third quarter was unchanged, with a higher gross margin that was countered by higher operating expenses.

In mid-August the Swedish government decided on new legislation entailing a sharp decrease in the electricity grid operators' revenue frameworks from 2020 forward. Available information indicates a discount rate of approximately 3% for the coming regulatory period (2020–2023), which is nearly a halving compared with the 5.85% discount rate being used in the current regulatory period (2016–2019). As a result of this decision, Vattenfall is reviewing its investment plans for Swedish distribution in order to adjust them to the new conditions.

At present Vattenfall is proceeding with planned investments to reduce outages and reinforce the electricity grid to be able to accept more renewable electricity generation and locally generated electricity, and meet the rapidly growing need for electricity in major metropolitan areas. An increase in the number of queries for new connections for homes, electricity-

intensive industries and renewable energy generation has been noted. For example, during the third quarter the feed-in of electricity from solar cells connected to Vattenfall's electricity grid doubled. In all, investments increased by 18% during the third quarter, to SEK 1.4 billion, compared with the same period in 2017. Investments of SEK 970 million were made in the Swedish electricity grid, and in Berlin SEK 357 million was invested. A smaller amount was also invested in the UK.

Recently, extensive modernisation work was concluded on the island of Gotland HVDC link, where Vattenfall has, among other things, replaced the control station for the direct current cables between the Swedish mainland and Ygne on Gotland. Unfortunately this work resulted in disruptions and outages, which Vattenfall regrets. The new control station will offer higher operational reliability and a lower risk for power outages. Through the investments, which in total amount to approximately SEK 350 million, the Gotland link is equipped for another more than 20 years of operation.

Demand for electricity is growing faster than the pace at which the electricity grid capacity can be expanded. Together with E.ON and Svenska Kraftnät, Vattenfall has started a collaboration within the framework of the EU's CoordiNet project, with the purpose to find solutions for the shortage of capacity that exists in various parts of the Swedish electricity grid and to enhance customer flexibility. The project, which has received EU funding, involves three countries and 23 actors with a budget totalling SEK 150 million.

### KEY FIGURES – DISTRIBUTION

Amounts in SEK million unless indicated otherwise	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Full year 2017	Last 12 months
Net sales	16 285	15 660	4 864	4 663	21 430	22 055
External net sales	12 990	12 285	3 808	3 648	16 840	17 545
Underlying operating profit before depreciation, amortisation and impairment losses	6 752	6 561	1 837	1 801	8 963	9 154
Underlying operating profit	4 530	4 442	1 096	1 101	6 075	6 163
Number of employees, full-time equivalents	2 194	2 136	2 194	2 136	2 126	

## Other

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

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

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### KEY FIGURES – OTHER

<b>Amounts in SEK million unless indicated otherwise</b>	<b>Jan-Sep 2018</b>	<b>Jan-Sep 2017</b>	<b>Jul-Sep 2018</b>	<b>Jul-Sep 2017</b>	<b>Full year 2017</b>	<b>Last 12 months</b>
Net sales	3 791	3 633	1 286	1 221	4 951	5 109
External net sales	160	398	47	125	524	286
Underlying operating profit before depreciation, amortisation and impairment losses	- 583	- 459	- 247	- 174	- 550	- 674
Underlying operating profit	- 910	- 799	- 356	- 289	- 1 007	- 1 118
Number of employees, full-time equivalents	2 735	2 972	2 735	2 972	2 891	



# Consolidated income statement

Amounts in SEK million	Jan-Sep 2018	Jan-Sep 2017 <sup>6</sup>	Jul-Sep 2018	Jul-Sep 2017 <sup>6</sup>	Full year 2017 <sup>6</sup>	Last 12 months
Net sales	108 776	96 772	32 489	27 354	135 114	147 118
Cost of purchases	- 56 581	- 47 688	- 15 814	- 13 085	- 65 206	- 74 099
Other external expenses	- 13 165	- 12 375	- 4 412	- 4 217	- 19 466	- 20 256
Personnel expenses	- 14 238	- 13 423	- 4 353	- 4 136	- 18 063	- 18 878
Other operating incomes and expenses, net	580	890	- 23	9	1 655	1 345
Participations in the results of associated companies	308	225	- 33	- 25	365	448
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>25 680</b>	<b>24 401</b>	<b>7 854</b>	<b>5 900</b>	<b>34 399</b>	<b>35 678</b>
Depreciation, amortisation and impairments	- 12 250	- 11 796	- 4 174	- 3 785	- 15 875	- 16 329
<b>Operating profit (EBIT)<sup>1</sup></b>	<b>13 430</b>	<b>12 605</b>	<b>3 680</b>	<b>2 115</b>	<b>18 524</b>	<b>19 349</b>
Financial income <sup>2,5</sup>	2 513	1 579	- 64	340	2 670	3 604
Financial expenses <sup>3,4,5</sup>	- 4 982	- 5 003	- 1 435	- 1 644	- 8 425	- 8 404
<b>Profit before income taxes</b>	<b>10 961</b>	<b>9 181</b>	<b>2 181</b>	<b>811</b>	<b>12 769</b>	<b>14 549</b>
Income taxes expense	- 2 054	- 2 506	- 399	- 62	- 3 285	- 2 833
<b>Profit for the period</b>	<b>8 907</b>	<b>6 675</b>	<b>1 782</b>	<b>749</b>	<b>9 484</b>	<b>11 716</b>
Attributable to owner of the Parent Company	7 736	5 815	1 668	695	8 333	10 254
Attributable to non-controlling interests	1 171	860	114	54	1 151	1 462
<b>Supplementary information</b>						
Underlying operating profit before depreciation, amortisation and impairment losses	27 506	27 399	6 301	6 546	38 644	38 751
Underlying operating profit	15 256	15 991	2 127	2 757	23 203	22 468
Financial items, net excl. Discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	- 3 001	- 2 866	- 757	- 984	- 4 538	- 4 673
1) Including items affecting comparability	- 1 826	- 3 386	1 553	- 642	- 4 679	- 3 119
- of which, capital gains	660	587	23	1	728	801
- of which, capital losses	- 83	- 35	- 13	- 38	- 89	- 137
- of which, impairment losses	—	- 392	—	—	- 438	- 46
- of which, reversed impairment losses	—	4	—	4	4	—
- of which, provisions	- 757	- 557	- 2	—	- 2 438	- 2 638
- of which, unrealised changes in the fair value of energy derivatives	- 852	- 3 741	1 465	- 616	- 3 637	- 748
- of which, unrealised changes in the fair value of inventories	- 14	- 156	210	407	10	152
- of which, restructuring costs	- 291	- 252	- 29	- 215	- 348	- 387
- of which, other non-recurring items affecting comparability	- 489	1 156	- 101	- 185	1 529	- 116
2) Including return from the Swedish Nuclear Waste Fund	2 222	1 204	- 182	268	1 138	2 156
3) Including interest components related to pension costs	- 632	- 613	- 213	- 204	- 820	- 839
4) Including discounting effects attributable to provisions	- 1 690	- 1 762	- 560	- 588	- 2 355	- 2 283
5) Items affecting comparability recognised as financial income and expenses, net	2 040	2	—	2	7	2 045
6) Certain amounts for 2017 have been recalculated compared with previously published information in Vattenfall's 2017 Interim reports and 2017 Annual and Sustainability Report as a result of new accounting rules (IFRS 9 and 15) that took effect in 2018. See Note 4 to the consolidated accounts.						

# Consolidated statement of comprehensive income

Amounts in SEK million	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Full year 2017	Last 12 months
<b>Profit for the period</b>	<b>8 907</b>	<b>6 675<sup>1</sup></b>	<b>1 782</b>	<b>749<sup>1</sup></b>	<b>9 484<sup>1</sup></b>	<b>11 716</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	8 404	1 874	7 680	1 290	4 442	10 972
Cash flow hedges - dissolved against income statement	- 2 456	- 1 478	- 1 482	- 452	- 2 844	- 3 822
Cash flow hedges - transferred to cost of hedged item	6	- 4	- 5	—	1	11
Hedging of net investments in foreign operations	- 2 459	- 182	667	- 15	- 1 147	- 3 424
Translation differences and exchange rate effects net, divested companies	2	17	—	—	17	2
Translation differences	4 835	442 <sup>1</sup>	- 1 478	33 <sup>1</sup>	2 360 <sup>1</sup>	6 753
Income taxes related to items that will be reclassified	- 1 492	- 117	- 1 916	- 288	- 217	- 1 592
<b>Total items that will be reclassified to profit or loss when specific conditions are met</b>	<b>6 840</b>	<b>552</b>	<b>3 466</b>	<b>568</b>	<b>2 612</b>	<b>8 900</b>
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurement pertaining to defined benefit obligations	- 1	1 295	- 1	- 1	- 659	- 1 955
Income taxes related to items that will not be reclassified	- 14	- 388	1	1	169	543
<b>Total items that will not be reclassified to profit or loss</b>	<b>- 15</b>	<b>907</b>	<b>—</b>	<b>—</b>	<b>- 490</b>	<b>- 1 412</b>
<b>Total other comprehensive income, net after income taxes</b>	<b>6 825</b>	<b>1 459</b>	<b>3 466</b>	<b>568</b>	<b>2 122</b>	<b>7 488</b>
<b>Total comprehensive income for the period</b>	<b>15 732</b>	<b>8 134</b>	<b>5 248</b>	<b>1 317</b>	<b>11 606</b>	<b>19 204</b>
Attributable to owner of the Parent Company	14 000	7 213	5 273	1 171	10 228	17 015
Attributable to non-controlling interests	1 732	921	- 25	146	1 378	2 189

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

# Operating segments, Vattenfall Group

Amounts in SEK million	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Full year 2017	Last 12 months
<b>External net sales</b>						
Customers & Solutions	56 125	47 707 <sup>2</sup>	15 576	13 239 <sup>2</sup>	67 402 <sup>2</sup>	75 820
Power Generation	23 106	21 572 <sup>3</sup>	9 070	6 838 <sup>3</sup>	28 797 <sup>3</sup>	30 331
Wind	5 294	4 285	1 412	1 051	6 669	7 678
Heat	11 101	10 525 <sup>2</sup>	2 576	2 453 <sup>2</sup>	14 882 <sup>2</sup>	15 458
Distribution	12 990	12 285 <sup>2</sup>	3 808	3 648 <sup>2</sup>	16 840 <sup>2</sup>	17 545
- of which, Distribution Germany	4 587	4 390	1 449	1 380	5 970	6 167
- of which, Distribution Sweden	8 328	7 895 <sup>2</sup>	2 335	2 268 <sup>2</sup>	10 870 <sup>2</sup>	11 303
Other <sup>1</sup>	160	398	47	125	524	286
<b>Total</b>	<b>108 776</b>	<b>96 772 <sup>2</sup></b>	<b>32 489</b>	<b>27 354 <sup>2</sup></b>	<b>135 114 <sup>2</sup></b>	<b>147 118</b>
<b>Internal net sales</b>						
Customers & Solutions	1 665	1 096	570	337	1 551	2 120
Power Generation	44 369	34 867 <sup>3</sup>	12 854	9 203	50 769	60 271
Wind	2 545	1 855	858	495	2 769	3 459
Heat	11 928	11 057 <sup>3</sup>	4 329	3 065	15 842	16 713
Distribution	3 295	3 375	1 056	1 015	4 590	4 510
- of which, Distribution Germany	2 960	3 069	958	918	4 141	4 032
- of which, Distribution Sweden	343	306	100	97	449	486
Other <sup>1</sup>	3 631	3 235	1 239	1 096	4 427	4 823
Eliminations	- 67 433	- 55 485 <sup>3</sup>	- 20 906	- 15 211	- 79 948	- 91 896
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total net sales</b>						
Customers & Solutions	57 790	48 803 <sup>2</sup>	16 146	13 576 <sup>2</sup>	68 953 <sup>2</sup>	77 940
Power Generation	67 475	56 439 <sup>3</sup>	21 924	16 041 <sup>3</sup>	79 566 <sup>3</sup>	90 602
Wind	7 839	6 140	2 270	1 546	9 438	11 137
Heat	23 029	21 582 <sup>2</sup>	6 905	5 518 <sup>2</sup>	30 724 <sup>2</sup>	32 171
Distribution	16 285	15 660 <sup>2</sup>	4 864	4 663 <sup>2</sup>	21 430 <sup>2</sup>	22 055
- of which, Distribution Germany	7 547	7 459	2 407	2 298	10 111	10 199
- of which, Distribution Sweden	8 671	8 201 <sup>2</sup>	2 435	2 365 <sup>2</sup>	11 319 <sup>2</sup>	11 789
Other <sup>1</sup>	3 791	3 633	1 286	1 221	4 951	5 109
Eliminations	- 67 433	- 55 485 <sup>3</sup>	- 20 906	- 15 211 <sup>3</sup>	- 79 948 <sup>3</sup>	- 91 896
<b>Total</b>	<b>108 776</b>	<b>96 772 <sup>2</sup></b>	<b>32 489</b>	<b>27 354 <sup>2</sup></b>	<b>135 114 <sup>2</sup></b>	<b>147 118</b>

Amounts in SEK million	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Full year 2017	Last 12 months
<b><u>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</u></b>						
Customers & Solutions	2 136	2 070 <sup>2</sup>	293	398 <sup>2</sup>	2 913 <sup>2</sup>	2 979
Power Generation	8 747	6 855	4 439	2 600	9 254	11 146
Wind	5 276	3 909	1 391	725	6 404	7 771
Heat	2 924	5 273 <sup>2</sup>	113	610 <sup>2</sup>	7 114 <sup>2</sup>	4 765
Distribution	6 743	6 761 <sup>2</sup>	1 835	1 798 <sup>2</sup>	9 164 <sup>2</sup>	9 146
- of which, Distribution Germany	1 354	1 351	438	373	1 822	1 825
- of which, Distribution Sweden	5 350	5 410 <sup>2</sup>	1 386	1 425 <sup>2</sup>	7 349 <sup>2</sup>	7 289
Other <sup>1</sup>	14	- 281	- 171	- 180	- 391	- 96
Eliminations	- 160	- 186	- 46	- 51	- 59	- 33
<b>Total</b>	<b>25 680</b>	<b>24 401<sup>2</sup></b>	<b>7 854</b>	<b>5 900<sup>2</sup></b>	<b>34 399<sup>2</sup></b>	<b>35 678</b>
<b><u>Underlying operating profit before depreciation, amortisation and impairment losses</u></b>						
Customers & Solutions	2 177	2 093 <sup>2</sup>	308	407 <sup>2</sup>	3 006 <sup>2</sup>	3 090
Power Generation	11 035	10 431	2 867	3 288	13 936	14 540
Wind	5 283	3 913	1 400	729	6 397	7 767
Heat	3 002	5 046 <sup>2</sup>	182	546 <sup>2</sup>	6 951 <sup>2</sup>	4 907
Distribution	6 752	6 561 <sup>2</sup>	1 837	1 801 <sup>2</sup>	8 963 <sup>2</sup>	9 154
- of which, Distribution Germany	1 363	1 361	441	376	1 835	1 837
- of which, Distribution Sweden	5 349	5 200 <sup>2</sup>	1 385	1 425 <sup>2</sup>	7 135 <sup>2</sup>	7 284
Other <sup>1</sup>	- 583	- 459	- 247	- 174	- 550	- 674
Eliminations	- 160	- 186	- 46	- 51	- 59	- 33
<b>Total</b>	<b>27 506</b>	<b>27 399<sup>2</sup></b>	<b>6 301</b>	<b>6 546<sup>2</sup></b>	<b>38 644<sup>2</sup></b>	<b>38 751</b>

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

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

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



# Consolidated balance sheet

Amounts in SEK million	30 Sep 2018	30 Sep 2017 <sup>1</sup>	31 Dec 2017 <sup>1</sup>
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets: non-current	18 514	18 038	18 292
Property, plant and equipment	238 620	219 026	227 094
Investment property	66	127	130
Biological assets	33	33	33
Participations in associated companies and joint arrangements	5 204	4 940	4 985
Other shares and participations	222	146	148
Share in the Swedish Nuclear Waste Fund	41 871	38 276	38 591
Derivative assets	17 798	11 270	12 801
Prepaid expenses	28	20	20
Deferred tax assets	11 940	11 802	12 535
Contract assets	193	159	99
Other non-current receivables	3 592	4 124	3 964
<b>Total non-current assets</b>	<b>338 081</b>	<b>307 961</b>	<b>318 692</b>
<b>Current assets</b>			
Inventories	13 602	12 345	15 670
Biological assets	24	20	17
Intangible assets: current	274	254	1 845
Trade receivables and other receivables	20 676	19 011	23 437
Contract assets	—	143	138
Advance payments paid	4 176	1 642	3 600
Derivative assets	37 292	7 674	11 029
Prepaid expenses and accrued income	6 003	4 743	7 010
Current tax assets	2 543	1 978	797
Short-term investments	21 466	21 800	18 092
Cash and cash equivalents	19 720	12 366	8 805
<b>Total current assets</b>	<b>125 776</b>	<b>81 976</b>	<b>90 440</b>
<b>Total assets</b>	<b>463 857</b>	<b>389 937</b>	<b>409 132</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Attributable to owner of the Parent Company	89 085	73 935	77 085
Attributable to non-controlling interests	15 128	15 519	15 247
<b>Total equity</b>	<b>104 213</b>	<b>89 454</b>	<b>92 332</b>
<b>Non-current liabilities</b>			
Hybrid Capital	19 865	18 908	19 118
Other interest-bearing liabilities	47 262	57 886	54 335
Pension provisions	43 208	39 554	41 962
Other interest-bearing provisions	89 924	81 483	86 001
Derivative liabilities	19 583	11 900	12 798
Deferred tax liabilities	16 483	15 015	15 032
Contract liabilities	6 694	6 209	6 435
Other noninterest-bearing liabilities	2 392	2 378	2 371
<b>Total non-current liabilities</b>	<b>245 411</b>	<b>233 333</b>	<b>238 052</b>
<b>Current liabilities</b>			
Trade payables and other liabilities	24 582	17 010	23 872
Contract liabilities	1 189	1 040	1 098
Advance payments received	15 923	6 110	8 745
Derivative liabilities	41 233	9 941	13 200
Accrued expenses and deferred income	10 146	11 525	13 161
Current tax liabilities	62	2 851	1 254
Other interest-bearing liabilities	17 055	15 117	13 701
Interest-bearing provisions	4 043	3 556	3 717
<b>Total current liabilities</b>	<b>114 233</b>	<b>67 150</b>	<b>78 748</b>
<b>Total equity and liabilities</b>	<b>463 857</b>	<b>389 937</b>	<b>409 132</b>

**SUPPLEMENTARY INFORMATION**

Amounts in SEK million	30 Sep 2018	30 Sep 2017 <sup>1</sup>	31 Dec 2017 <sup>1</sup>
<b>Calculation of capital employed</b>			
Intangible assets: current and non-current	18 788	18 292	20 137
Property, plant and equipment	238 620	219 026	227 094
Participations in associated companies and joint arrangements	5 204	4 940	4 985
Deferred and current tax assets	14 483	13 780	13 332
Non-current noninterest-bearing receivables	2 520	3 002	2 910
Contract assets	193	302	237
Inventories	13 602	12 345	15 670
Trade receivables and other receivables	20 676	19 011	23 437
Prepaid expenses and accrued income	6 003	4 743	7 010
Unavailable liquidity	7 154	7 146	6 978
Other	471	377	1 616
<b>Total assets excl. financial assets</b>	<b>327 714</b>	<b>302 964</b>	<b>323 406</b>
Deferred and current tax liabilities	- 16 545	- 17 866	- 16 286
Other noninterest-bearing liabilities	- 2 392	- 2 378	- 2 371
Contract liabilities	- 7 883	- 7 249	- 7 533
Trade payable and other liabilities	- 24 582	- 17 010	- 23 872
Accrued expenses and deferred income	- 10 146	- 11 525	- 13 161
<b>Total noninterest-bearing liabilities</b>	<b>- 61 548</b>	<b>- 56 028</b>	<b>- 63 223</b>
Other interest-bearing provisions not related to adjusted net debt <sup>2</sup>	- 11 487	- 11 631	- 11 316
<b>Capital employed<sup>3</sup></b>	<b>254 679</b>	<b>235 305</b>	<b>248 867</b>
<b>Capital employed, average</b>	<b>244 992</b>	<b>233 904</b>	<b>240 778</b>
<b>Calculation of net debt</b>			
Hybrid Capital	- 19 865	- 18 908	- 19 118
Bond issues, commercial paper and liabilities to credit institutions	- 47 792	- 54 662	- 52 113
Present value of liabilities pertaining to acquisitions of Group companies	- 51	- 161	- 161
Liabilities to associated companies	- 510	- 2 645	- 462
Liabilities to owners of non-controlling interests	- 10 603	- 10 643	- 10 369
Other liabilities	- 5 361	- 4 893	- 4 931
<b>Total interest-bearing liabilities</b>	<b>- 84 182</b>	<b>- 91 912</b>	<b>- 87 154</b>
Cash and cash equivalents	19 720	12 366	8 805
Short-term investments	21 466	21 800	18 092
Loans to owners of non-controlling interests in foreign Group companies	612	905	997
<b>Net debt<sup>3</sup></b>	<b>- 42 384</b>	<b>- 56 841</b>	<b>- 59 260</b>
<b>Calculation of adjusted gross debt and net debt</b>			
Total interest-bearing liabilities	- 84 182	- 91 912	- 87 154
50% of Hybrid Capital <sup>4</sup>	9 933	9 454	9 559
Present value of pension obligations	- 43 208	- 39 554	- 41 962
Provisions for gas and wind operations and other environment-related provisions	- 7 082	- 5 408	- 6 507
Provisions for nuclear power (net) <sup>5</sup>	- 31 052	- 25 443	- 30 716
Margin calls received	2 901	3 092	3 312
Liabilities to owners of non-controlling interests due to consortium agreements	9 385	9 463	9 189
<b>Adjusted gross debt</b>	<b>- 143 306</b>	<b>- 140 308</b>	<b>- 144 279</b>
Reported cash and cash equivalents and short-term investments	41 186	34 166	26 897
Unavailable liquidity	- 7 154	- 7 146	- 6 978
<b>Adjusted cash and cash equivalents and short-term investments</b>	<b>34 032</b>	<b>27 020</b>	<b>19 919</b>
<b>Adjusted net debt<sup>3</sup></b>	<b>- 109 273</b>	<b>- 113 288</b>	<b>- 124 360</b>

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

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

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

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

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

# Consolidated statement of cash flows

Amounts in SEK million	Jan-Sep 2018	Jan-Sep 2017 <sup>1</sup>	Jul-Sep 2018	Jul-Sep 2017 <sup>1</sup>	Full year 2017 <sup>1</sup>	Last 12 months
<b>Operating activities</b>						
Operating profit before depreciation, amortisation and impairment losses	25 680	24 400	7 853	5 899	34 399	35 679
Tax paid	- 4 103	- 1 945	- 1 420	- 415	- 3 218	- 5 376
Capital gains/losses, net	- 578	- 552	- 10	37	- 639	- 665
Interest received	185	218	30	72	289	256
Interest paid	- 2 799	- 2 877	- 326	- 309	- 4 896	- 4 818
Other, incl. non-cash items	- 2 375	872	- 2 881	- 283	708	- 2 539
<b>Funds from operations (FFO)</b>	<b>16 010</b>	<b>20 116</b>	<b>3 246</b>	<b>5 001</b>	<b>26 643</b>	<b>22 537</b>
Changes in inventories	1 759	2 187	1 435	1 609	- 481	- 909
Changes in operating receivables	7 348	5 724	4 958	4 106	- 3 387	- 1 763
Changes in operating liabilities	- 3 060	- 9 738	- 1 699	- 902	- 2 250	4 428
Other changes	13 232	2 889	10 876	5 736	5 203	15 546
<b>Cash flow from changes in operating assets and operating liabilities</b>	<b>19 279</b>	<b>1 062</b>	<b>15 570</b>	<b>10 549</b>	<b>- 915</b>	<b>17 302</b>
<b>Cash flow from operating activities</b>	<b>35 289</b>	<b>21 178</b>	<b>18 816</b>	<b>15 550</b>	<b>25 728</b>	<b>39 839</b>
<b>Investing activities</b>						
Acquisitions in Group companies	- 31	- 1 465	- 13	- 1 090	- 1 491	- 57
Investments in associated companies and other shares and participations	337	120	20	77	254	471
Other investments in non-current assets	- 13 183	- 12 773	- 4 043	- 4 160	- 20 057	- 20 467
<b>Total investments</b>	<b>- 12 877</b>	<b>- 14 118</b>	<b>- 4 036</b>	<b>- 5 173</b>	<b>- 21 294</b>	<b>- 20 053</b>
Divestments	959	2 455	70	121	2 795	1 299
Cash and cash equivalents in acquired companies	5	48	5	48	48	5
Cash and cash equivalents in divested companies	- 43	- 213	—	—	- 213	- 43
<b>Cash flow from investing activities</b>	<b>- 11 956</b>	<b>- 11 828</b>	<b>- 3 961</b>	<b>- 5 004</b>	<b>- 18 664</b>	<b>- 18 792</b>
<b>Cash flow before financing activities</b>	<b>23 333</b>	<b>9 350</b>	<b>14 855</b>	<b>10 546</b>	<b>7 064</b>	<b>21 047</b>
<b>Financing activities</b>						
Changes in short-term investments	- 2 856	1 610	- 1 943	- 523	5 646	1 180
Changes in loans to owners of non-controlling interests in foreign Group companies	428	1 760	11	1 103	1 700	368
Loans raised <sup>2</sup>	2 625	4 752	- 6 505	853	6 088	3 961
Amortisation of other debt	- 8 940	- 7 311	- 2 048	- 3 503	- 13 438	- 15 067
Payment to the nuclear energy fund in Germany	—	- 17 217	—	- 17 217	- 17 322	- 105
Effect of early termination of swaps related to financing activities	68	105	—	—	105	68
Dividends paid to owners	- 3 249	- 834	- 222	- 393	- 865	- 3 280
Contribution/repaid contribution from owners of non-controlling interests	- 602	129	- 47	- 30	- 243	- 974
<b>Cash flow from financing activities</b>	<b>- 12 526</b>	<b>- 17 006</b>	<b>- 10 754</b>	<b>- 19 710</b>	<b>- 18 329</b>	<b>- 13 849</b>
<b>Cash flow for the period</b>	<b>10 807</b>	<b>- 7 656</b>	<b>4 101</b>	<b>- 9 164</b>	<b>- 11 265</b>	<b>7 198</b>

Amounts in SEK million	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Full year 2017	Last 12 months
<b>Cash and cash equivalents</b>						
Cash and cash equivalents at start of period	8 805	19 995	15 662	21 583	19 995	12 366
Cash flow for the period	10 807	- 7 656	4 101	- 9 164	- 11 265	7 198
Translation differences	108	27	- 43	- 53	75	156
<b>Cash and cash equivalents at end of period</b>	<b>19 720</b>	<b>12 366</b>	<b>19 720</b>	<b>12 366</b>	<b>8 805</b>	<b>19 720</b>

**SUPPLEMENTARY INFORMATION**

Amounts in SEK million	Jan-Sep 2018	Jan-Sep 2017 <sup>1</sup>	Jul-Sep 2018	Jul-Sep 2017 <sup>1</sup>	Full year 2017 <sup>1</sup>	Last 12 months
<b>Cash flow before financing activities</b>	<b>23,333</b>	<b>9,350</b>	<b>14,855</b>	<b>10,546</b>	<b>7,064</b>	<b>21,047</b>
<b>Financing activities</b>						
Effects from terminating swaps related to financing activities	68	105	—	—	105	68
Dividends paid to owners	- 3 249	- 834	- 222	- 393	- 865	- 3 280
Contribution from owners of non-controlling interests	- 602	129	- 47	- 30	- 243	- 974
<b>Cash flow after dividend</b>	<b>19 550</b>	<b>8 750</b>	<b>14 586</b>	<b>10 123</b>	<b>6 061</b>	<b>16 861</b>
<b>Analysis of change in net debt</b>						
Net debt at start of period	- 59 260	- 50 724	- 57 753	- 67 165	- 50 724	- 56 841
Cash flow after dividend	19 550	8 750	14 586	10 123	6 061	16 861
Changes as a result of valuation at fair value	507	570	234	142	1 474	1 411
Interest-bearing liabilities/short-term investments acquired/divested	—	- 142	—	- 1	- 146	- 4
Changes in liabilities pertaining to acquisitions of Group companies, discounting effects	—	- 110	—	- 110	- 110	—
Translation differences on net debt	- 3 181	393	549	154	- 141	- 3 715
Reclassification	—	- 15 578 <sup>3</sup>	—	16 <sup>3</sup>	- 15 674 <sup>3</sup>	- 96
<b>Net debt at end of period</b>	<b>- 42 384</b>	<b>- 56 841</b>	<b>- 42 384</b>	<b>- 56 841</b>	<b>- 59 260</b>	<b>- 42 384</b>
Cash flow from operating activities	35 289	21 178	18 816	15 550	25 728	39 839
Maintenance investments	- 8 480	- 7 912	- 2 843	- 2 768	- 12 637	- 13 205
<b>Free cash flow<sup>4</sup></b>	<b>26 809</b>	<b>13 266</b>	<b>15 973</b>	<b>12 782</b>	<b>13 091</b>	<b>26 634</b>

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

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

3) Reclassification of provisions for nuclear power in Germany.

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



## INVESTMENTS

Amounts in SEK million	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Full year 2017	Last 12 months
<b>Electricity generation</b>						
Hydro power	689	740	255	246	1 317	1 266
Nuclear power	1 611	1 250	578	444	1 885	2 246
Coal power	132	69	65	19	168	231
Gas	223	153	9	32	228	298
Wind power and solar PV	5 856	3 688	3 234	1 030	5 445	7 613
Biomass, waste	54	9	35	2	32	77
<b>Total electricity generation</b>	<b>8 565</b>	<b>5 909</b>	<b>4 176</b>	<b>1 773</b>	<b>9 075</b>	<b>11 731</b>
<b>CHP/heat</b>						
Fossil-based power	1 750	805	769	179	1 830	2 775
Biomass, waste	92	62	38	37	114	144
Other	920	835	378	374	1 515	1 600
<b>Total CHP/heat</b>	<b>2 762</b>	<b>1 702</b>	<b>1 185</b>	<b>590</b>	<b>3 459</b>	<b>4 519</b>
<b>Electricity networks</b>						
Electricity networks	3 808	3 190	1 356	1 147	5 306	5 924
<b>Total electricity networks</b>	<b>3 808</b>	<b>3 190</b>	<b>1 356</b>	<b>1 147</b>	<b>5 306</b>	<b>5 924</b>
Purchases of shares, shareholder contributions	- 306	1 345	- 7	1 013	1 237	- 414
Other	778	912 <sup>1</sup>	334	443 <sup>1</sup>	1 359 <sup>1</sup>	1 225
<b>Total investments</b>	<b>15 607</b>	<b>13 058</b>	<b>7 044</b>	<b>4 966</b>	<b>20 436</b>	<b>22 985</b>
Accrued investments (-)/release of accrued investments (+)	- 2 730	1 060	- 3 008	207	858	- 2 932
<b>Total investments with cash flow effect</b>	<b>12 877</b>	<b>14 118</b>	<b>4 036</b>	<b>5 173</b>	<b>21 294</b>	<b>20 053</b>

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

# Consolidated statement of changes in equity

Amounts in SEK million	30 Sep 2018			30 Sep 2017			31 Dec 2017		
	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity
<b>Balance brought forward</b>	<b>77 085</b>	<b>15 247</b>	<b>92 332</b>	<b>68 272</b>	<b>15 528</b>	<b>83 800</b>	<b>68 272</b>	<b>15 528</b>	<b>83 800</b>
Transitional effect of adoption of new accounting rules (IFRS 9, 15)	—	—	—	- 1 550	- 84	- 1 634	- 1 550	- 84	- 1 634
<b>Profit for the period</b>	<b>7 736</b>	<b>1 171</b>	<b>8 907</b>	<b>5 815</b> <sup>1</sup>	<b>860</b>	<b>6 675</b>	<b>8 333</b> <sup>1</sup>	<b>1 151</b>	<b>9 484</b>
Cash flow hedges - changes in fair value	8 404	—	<b>8 404</b>	1 891	- 17	<b>1 874</b>	4 442	—	<b>4 442</b>
Cash flow hedges - dissolved against income statement	- 2 464	8	<b>- 2 456</b>	- 1 477	- 1	<b>- 1 478</b>	- 2 827	- 17	<b>- 2 844</b>
Cash flow hedges - transferred to cost of hedged item	6	—	<b>6</b>	- 4	—	<b>- 4</b>	1	—	<b>1</b>
Hedging of net investments in foreign operations	- 2 459	—	<b>- 2 459</b>	- 182	—	<b>- 182</b>	- 1 147	—	<b>- 1 147</b>
Translation differences and exchange rate effects net, divested companies	2	—	<b>2</b>	17	—	<b>17</b>	17	—	<b>17</b>
Translation differences	4 279	556	<b>4 835</b>	367 <sup>1</sup>	75	<b>442</b>	2 065 <sup>1</sup>	295	<b>2 360</b>
Remeasurement pertaining to defined benefit obligations	—	- 1	<b>- 1</b>	1 295	—	<b>1 295</b>	- 585	- 74	<b>- 659</b>
Income taxes related to other comprehensive income	- 1 504	- 2	<b>- 1 506</b>	- 509	4	<b>- 505</b>	- 71	23	<b>- 48</b>
<b>Total other comprehensive income for the period</b>	<b>6 264</b>	<b>561</b>	<b>6 825</b>	<b>1 398</b>	<b>61</b>	<b>1 459</b>	<b>1 895</b>	<b>227</b>	<b>2 122</b>
<b>Total comprehensive income for the period</b>	<b>14 000</b>	<b>1 732</b>	<b>15 732</b>	<b>7 213</b>	<b>921</b>	<b>8 134</b>	<b>10 228</b>	<b>1 378</b>	<b>11 606</b>
Dividends paid to owners	- 2 000	- 1 249	<b>- 3 249</b>	—	- 861	<b>- 861</b>	—	- 865	<b>- 865</b>
Group contributions from(+)/to(-) owners of non-controlling interests	—	—	—	—	—	—	—	- 153	<b>- 153</b>
Contribution from minority interest	—	- 602	<b>- 602</b>	—	129	<b>129</b>	—	- 243	<b>- 243</b>
Other changes in ownership	—	—	—	—	- 114	<b>- 114</b>	—	- 179	<b>- 179</b>
Other changes	—	—	—	—	—	—	135	- 135	—
<b>Total transactions with equity holders</b>	<b>- 2 000</b>	<b>- 1 851</b>	<b>- 3 851</b>	<b>—</b>	<b>- 846</b>	<b>- 846</b>	<b>135</b>	<b>- 1 575</b>	<b>- 1 440</b>
<b>Balance carried forward</b>	<b>89 085</b>	<b>15 128</b>	<b>104 213</b>	<b>73 935</b>	<b>15 519</b>	<b>89 454</b>	<b>77 085</b>	<b>15 247</b>	<b>92 332</b>
- Of which, Reserve for hedges	3 375	35	<b>3 410</b>	- 1 462	28	<b>- 1 434</b>	- 540	29	<b>- 511</b>

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

# Key ratios, Vattenfall Group

In % unless otherwise stated. (x) means times <sup>1</sup>	Jan-Sep 2018	Jan-Sep 2017 <sup>4</sup>	Jul-Sep 2018	Jul-Sep 2017 <sup>4</sup>	Full year 2017 <sup>4</sup>	Last 12 months
Operating margin	12.3	13.0	11.3	7.7	13.7	13.2
Operating margin <sup>2</sup>	14.0	16.5	6.5	10.1	17.2	15.3
Pre-tax profit margin	10.1	9.5	6.7	3.0	9.5	9.9
Pre-tax profit margin <sup>2</sup>	9.9	13.0	1.9	5.3	12.9	10.6
Return on equity	12.4 <sup>3</sup>	2.4 <sup>3</sup>	12.4 <sup>3</sup>	2.4 <sup>3</sup>	11.1	12.4
Return on capital employed	7.9 <sup>3</sup>	4.2 <sup>3</sup>	7.9 <sup>3</sup>	4.2 <sup>3</sup>	7.7	7.9
Return on capital employed <sup>2</sup>	9.2 <sup>3</sup>	9.9 <sup>3</sup>	9.2 <sup>3</sup>	9.9 <sup>3</sup>	9.6	9.2
EBIT interest cover, (x)	3.4 <sup>3</sup>	2.2 <sup>3</sup>	3.4 <sup>3</sup>	2.2 <sup>3</sup>	3.3	3.4
EBIT interest cover, (x) <sup>2</sup>	3.9 <sup>3</sup>	5.2 <sup>3</sup>	3.9 <sup>3</sup>	5.2 <sup>3</sup>	4.1	3.9
FFO interest cover, (x)	4.7 <sup>3</sup>	7.1 <sup>3</sup>	4.7 <sup>3</sup>	7.1 <sup>3</sup>	5.4	4.7
FFO interest cover, net, (x)	5.8 <sup>3</sup>	7.5 <sup>3</sup>	5.8 <sup>3</sup>	7.5 <sup>3</sup>	6.9	5.8
Cash flow interest cover after maintenance investments, (x)	6.0 <sup>3</sup>	6.7 <sup>3</sup>	6.0 <sup>3</sup>	6.7 <sup>3</sup>	3.5	6.0
FFO/gross debt	26.8 <sup>3</sup>	29.6 <sup>3</sup>	26.8 <sup>3</sup>	29.6 <sup>3</sup>	30.6	26.8
FFO/net debt	53.2 <sup>3</sup>	47.9 <sup>3</sup>	53.2 <sup>3</sup>	47.9 <sup>3</sup>	45.0	53.2
FFO/adjusted net debt	20.6 <sup>3</sup>	24.1 <sup>3</sup>	20.6 <sup>3</sup>	24.1 <sup>3</sup>	21.4	20.6
EBITDA/net financial items, (x)	8.6	8.5	10.4	6.0	7.6	7.6
EBITDA/net financial items, (x) <sup>2</sup>	9.2	9.6	8.3	6.7	8.5	8.3
Equity/Total assets	22.5	22.9	22.5	22.9	22.6	22.5
Gross debt/equity	80.8	102.7	80.8	102.7	94.4	80.8
Net debt/equity	40.7	63.5	40.7	63.5	64.2	40.7
Gross debt/gross debt plus equity	44.7	50.7	44.7	50.7	48.6	44.7
Net debt/net debt plus equity	28.9	38.9	28.9	38.9	39.1	28.9
Net debt/EBITDA, (x)	1.2 <sup>3</sup>	2.1 <sup>3</sup>	1.2 <sup>3</sup>	2.1 <sup>3</sup>	1.7	1.2
Adjusted net debt/EBITDA, (x)	3.1 <sup>3</sup>	4.1 <sup>3</sup>	3.1 <sup>3</sup>	4.1 <sup>3</sup>	3.6	3.1

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

2) Based on Underlying operating profit.

3) Last 12-month values.

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

# Quarterly information, Vattenfall Group

Amounts in SEK million	Q3 2018	Q2 2018	Q1 2018	Q4 2017 <sup>1</sup>	Q3 2017 <sup>1</sup>	Q2 2017 <sup>1</sup>	Q1 2017 <sup>1</sup>
<b>Income statement</b>							
Net sales	32 489	31 959	44 328	38 342	27 354	29 307	40 112
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	7 854	6 888	10 938	9 999	5 900	8 718	9 783
Underlying Operating profit before depreciation, amortisation and impairment losses	6 301	7 883	13 322	11 246	6 546	8 754	12 097
Operating profit (EBIT)	3 680	2 775	6 975	5 920	2 115	4 399	6 091
Underlying operating profit	2 127	3 770	9 359	7 213	2 757	4 826	8 408
Profit before income taxes	2 181	3 500	5 279	3 589	811	3 283	5 087
Profit for the period	1 782	2 967	4 158	2 808	749	2 097	3 829
- of which, attributable to owner of the Parent Company	1 668	2 377	3 691	2 519	695	1 853	3 267
- of which, attributable to non-controlling interests	114	590	467	289	54	244	562
<b>Balance sheet</b>							
Non-current assets	338 081	333 686	323 671	318 692	307 961	305 090	302 859
Short-term investments	21 466	19 787	18 078	18 092	21 800	21 230	21 298
Cash and cash equivalents	19 720	15 662	14 414	8 805	12 366	21 583	18 010
Other current assets	84 590	76 155	70 936	63 543	47 810	52 374	60 801
<b>Total assets</b>	<b>463 857</b>	<b>445 290</b>	<b>427 099</b>	<b>409 132</b>	<b>389 937</b>	<b>400 277</b>	<b>402 968</b>
Equity	104 213	99 194	97 815	92 332	89 454	88 358	85 780
- of which, attributable to owner of the Parent Company	89 085	83 812	82 587	77 085	73 935	72 763	70 460
- of which, attributable to non-controlling interests	15 128	15 382	15 228	15 247	15 519	15 595	15 320
Hybrid Capital	19 865	20 033	19 615	19 118	18 908	19 007	19 086
Other interest-bearing liabilities	64 317	73 799	77 882	68 036	73 003	92 987	76 927
Pension provisions	43 208	43 704	43 276	41 962	39 554	39 556	40 555
Other interest-bearing provisions	93 967	94 615	91 300	89 718	85 039	84 755	97 537
Contract liabilities	7 883	7 814	7 684	7 533	7 249	7 094	6 890
Deferred tax liabilities	16 483	14 568	14 979	15 032	15 015	14 663	15 086
Other noninterest-bearing liabilities	113 921	91 563	74 548	75 401	61 715	53 857	61 107
<b>Total equity and liabilities</b>	<b>463 857</b>	<b>445 290</b>	<b>427 099</b>	<b>409 132</b>	<b>389 937</b>	<b>400 277</b>	<b>402 968</b>
Capital employed	254 679	262 325	259 821	248 867	235 305	239 315	234 945
Net debt	- 42 384	- 57 754	- 64 353	- 59 260	- 56 841	- 67 167	- 54 681
<b>Cash flow</b>							
Funds from operations (FFO)	3 246	4 006	8 758	6 527	5 001	6 809	8 307
Cash flow from changes in operating assets and operating liabilities	15 570	11 209	- 7 499	- 1 977	10 549	- 20	- 9 468
Cash flow from operating activities	18 816	15 215	1 259	4 550	15 550	6 789	- 1 161
Cash flow from investing activities	- 3 961	- 4 790	- 3 206	- 6 836	- 5 004	- 3 781	- 3 043
Cash flow before financing activities	14 855	10 425	- 1 947	- 2 286	10 546	3 008	- 4 204
Changes in short-term investments	- 1 943	- 1 438	525	4 036	- 523	200	1 933
Loans raised/Amortisation of debt, net, etc.	- 8 589	- 4 835	7 002	- 5 328	- 18 794	725	287
Dividends paid to owners	- 222	- 2 949	- 77	- 31	- 393	- 441	—
Cash flow from financing activities	- 10 754	- 9 222	7 450	- 1 323	- 19 710	484	2 220
<b>Cash flow for the period</b>	<b>4 101</b>	<b>1 203</b>	<b>5 503</b>	<b>- 3 609</b>	<b>- 9 164</b>	<b>3 492</b>	<b>- 1 984</b>
<b>Free cash flow</b>	<b>15 973</b>	<b>12 002</b>	<b>- 1 165</b>	<b>- 175</b>	<b>12 782</b>	<b>4 111</b>	<b>- 3 627</b>

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

In % unless otherwise stated. (x) means times <sup>1</sup>	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
<b>Key ratios</b>							
Return on equity	12.4	11.5	11.2	11.1	2.4	1.4	- 41.1
Return on capital employed <sup>2</sup>	7.9	7.1	7.8	7.7	4.2	4.2	- 1.1
Return on capital employed <sup>2,3</sup>	9.2	9.2	9.8	9.6	9.9	9.7	8.7
EBIT interest cover, (x) <sup>2</sup>	3.4	3.0	3.3	3.3	2.2	2.2	- 0.5
EBIT interest cover, (x) <sup>2,3</sup>	3.9	3.9	4.0	4.1	5.2	4.9	5.0
FFO/gross debt <sup>2</sup>	26.8	25.9	27.8	30.6	29.6	24.5	27.7
FFO/net debt <sup>2</sup>	53.2	42.1	42.1	45.0	47.9	40.8	48.7
FFO/adjusted net debt	20.6	19.4	20.7	21.4	24.1	22.3	21.0
Equity/assets ratio	22.5	22.3	22.9	22.6	22.9	22.1	21.3
Gross debt/equity	80.8	94.6	99.7	94.4	102.7	126.8	111.9
Net debt/equity	40.7	58.2	65.8	64.2	63.5	76.0	63.7
Net debt/net debt plus equity	28.9	36.8	39.7	39.1	38.9	43.2	38.9
Net debt/EBITDA, (x) <sup>2</sup>	1.2	1.7	1.8	1.7	2.1	2.4	2.4
Adjusted net debt/EBITDA, (x) <sup>2</sup>	3.1	3.7	3.7	3.6	4.1	4.4	5.5

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

2) Last 12-month values.

3) Based on Underlying operating profit.



## NOTE 1 | Accounting policies, risks and uncertainties

### Accounting policies

The consolidated accounts for 2018 have been prepared, as for the 2017 year-end accounts, in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and the Swedish Annual Accounts Act. This interim report for the Group has been prepared in accordance with IAS 34 – “Interim Financial Reporting”, and the Swedish Annual Accounts Act. The accounting policies and calculation methods applied in this interim report are the same as those described 2018 in Vattenfall’s 2017 Annual and Sustainability Report in Note 3 to the consolidated accounts, Accounting policies and Note 51 to the consolidated accounts, Significant accounting policies applicable as from 1 January 2018. As described in these notes, IFRS 9 “Financial Instruments” and IFRS 15 – “Revenue from Contracts with Customers” will affect the Vattenfall Group’s financial statements. The effects in the restated financial statement are presented in this report in Note 4 to the consolidated accounts, Adjustments of 2017 financial statements as an effect of the implementation of IFRS 9 and IFRS 15 and Note 5 to the consolidated accounts, Transition from IAS 39 to IFRS 9. Other amended IFRSs endorsed by the EU for application in the 2018 financial year have no significant effect on Vattenfall’s financial statements.

### IFRS 16 – “Leases”

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

### Presentation of Consolidated income statement and Consolidated statement of cash flows

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

### Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall’s 2017 Annual and Sustainability Report, pages 62-69. Apart from the information provided under “Important events” in this report and under “Important events” in previously published interim reports in 2018, no other material changes have taken place since publication of Vattenfall’s 2017 Annual and Sustainability Report.

### Other

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

## NOTE 2 | Exchange rates

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

	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Full year 2017
<b>Average rate</b>					
EUR	10.2392	9.5803	10.4099	9.5782	9.6392
DKK	1.3745	1.2881	1.3966	1.2877	1.2958
NOK	1.0654	1.0379	1.0893	1.0199	1.0316
PLN	2.4110	2.2440	2.4184	2.2488	2.2659
GBP	11.5766	10.9945	11.6867	10.7215	11.0311
USD	8.5853	8.6076	8.9318	8.1939	8.5405
			<b>30 Sep 2018</b>	<b>30 Sep 2017</b>	<b>31 Dec 2017</b>
<b>Balance sheet date rate</b>					
EUR			10.3090	9.6490	9.8438
DKK			1.3826	1.2965	1.3222
NOK			1.0890	1.0251	1.0004
PLN			2.4101	2.2418	2.3567
GBP			11.6184	10.9426	11.0950
USD			8.9055	8.1730	8.2080

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

### FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY: CARRYING AMOUNT AND FAIR VALUE

Amounts in SEK million <sup>1</sup>	30 Sep 2018		31 Dec 2017	
	Carrying amount	Fair value	Carrying amount <sup>2</sup>	Fair value <sup>2</sup>
Financial assets at fair value through profit or loss	125 440 <sup>3</sup>	125 440 <sup>3</sup>	41 122	41 122
Financial assets at amortised cost	38 355 <sup>3</sup>	38 378 <sup>3</sup>	74 647	76 820
Financial liabilities at fair value through profit or loss	60 816	60 816	25 998	25 998
Financial liabilities at amortised cost	117 896	124 086	115 589	123 222

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

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

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

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

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

### FINANCIAL ASSETS AND LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON THE BALANCE SHEET AT 30 SEPTEMBER 2018

Amounts in SEK million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Share in the Swedish Nuclear Waste Fund	41 871	—	—	41 871
Derivative assets	—	54 877	213	55 090
Short-term investments, cash equivalents and other shares and participations	13 382	15 097	—	28 479
<b>Total assets</b>	<b>55 253</b>	<b>69 974</b>	<b>213</b>	<b>125 440</b>
<b>Liabilities</b>				
Derivative liabilities	—	60 767	49	60 816
<b>Total liabilities</b>	<b>—</b>	<b>60 767</b>	<b>49</b>	<b>60 816</b>

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

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

## CHANGES IN LEVEL 3 FINANCIAL INSTRUMENTS

Amounts in SEK million	Financial instruments at fair value through profit or loss			
	Derivative assets		Derivative liabilities	
	30 Sep 2018	31 Dec 2017	30 Sep 2018	31 Dec 2017
Balance brought forward	129	254	98	118
Revaluations recognised in operating profit (EBIT)	77	- 130	- 54	- 23
Translation differences	7	5	5	3
<b>Balance carried forward</b>	<b>213</b>	<b>129</b>	<b>49</b>	<b>98</b>
Total revaluations for the period included in operating profit (EBIT) for assets and liabilities held on the balance sheet date	213	129	- 70	- 24

## SENSITIVITY ANALYSIS FOR LEVEL 3 CONTRACTS

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

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

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

Vattenfall's Level 3 contracts consist of CDM, virtual gas storage contracts and gas swing contracts. For additional information please refer to Note 40 to the consolidated accounts, Financial instruments by category, offsetting of financial assets and liabilities, and financial instruments' effects on income, in Vattenfall's 2017 Annual and Sustainability Report. The accumulated net value of all level 3 contracts as per 30 September 2018 has been calculated at SEK 164 million (47). A change of +/-5% would affect the total value by approximately SEK +/- 51 million (+/-11).

## FINANCIAL INSTRUMENTS: EFFECTS ON INCOME BY MEASUREMENT CATEGORY

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

Amounts in SEK million	30 Sep 2018			31 Dec 2017		
	Net gains/ losses <sup>4</sup>	Interest income	Interest expenses	Net gains/ losses <sup>4</sup>	Interest income	Interest expenses
Financial assets at fair value through profit or loss	- 8 557	2 283	99	- 3 215	117	- 34
Financial assets at amortised cost	28	—	—	100	1 138 <sup>5</sup>	—
Financial liabilities at fair value through profit or loss	- 209	95	—	- 202	115 <sup>5</sup>	—
Financial liabilities at amortised cost	- 230	—	- 2 517	312	—	- 5 018
<b>Total</b>	<b>- 8 968</b>	<b>2 378</b>	<b>- 2 418</b>	<b>- 3 005</b>	<b>1 370</b>	<b>- 5 052</b>

- 1) For information of what is included in each respective measurement category in the table above, please refer to Note 5 Transition from IAS 39 to IFRS 9 in the notes to the consolidated accounts.
- 2) Certain amounts for 2017 have been recalculated compared with previously published information in Vattenfall's 2017 Interim reports and 2017 Annual and Sustainability Report as a result of new accounting rules (IFRS 9 and 15) that took effect in 2018. See Note 4 to the consolidated accounts.
- 3) Due to changed investment policy for the Swedish Nuclear Waste Fund in quarter 2 2018, the measurement category for Share in the Swedish Nuclear Waste Fund has been changed from amortised cost to fair value through profit or loss.
- 4) Exchange rate gains and losses are included in net gains/losses.
- 5) The value has been adjusted compared with information previously published in Vattenfall's financial reports.

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

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

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

	1 January - 30 June 2017				1 January - 30 September 2017			
	As reported previously	Adjustments IFRS 9	Adjustments IFRS 15	After adjustments	As reported previously	Adjustments IFRS 9	Adjustments IFRS 15	After adjustments
<b>Consolidated balance sheet:</b>								
Intangible assets: non-current	16 456	—	120	16 576	17 906	—	132	18 038
Deferred tax assets	11 341	—	527	11 868	11 272	—	530	11 802
Contract assets long term	—	—	53	53	—	—	159	159
Other non-current receivables	4 010	- 1	—	4 009	4 125	- 1	—	4 124
Trade receivables and other receivables	22 822	—	262	23 084	18 710	—	301	19 011
Contract assets short term	—	—	300	300	—	—	143	143
Total assets	399 016	- 1	1 262	400 277	388 673	- 1	1 265	389 937
Equity	89 962	- 1	- 1 603	88 358	91 101	- 1	- 1 646	89 454
Deferred tax liabilities	14 558	—	105	14 663	14 926	—	89	15 015
Contract liabilities long term	—	—	6 125	6 125	—	—	6 209	6 209
Other noninterest-bearing liabilities	6 365	—	- 3 953	2 412	6 389	—	- 4 011	2 378
Contract liabilities short term	—	—	968	968	—	—	1 040	1 040
Accrued expenses and deferred income	11 148	—	- 380	10 768	11 941	—	- 416	11 525
Total equity and liabilities	399 016	- 1	1 262	400 277	388 673	- 1	1 265	389 937
<b>Consolidated income statement:</b>								
Net sales	69 413	—	5	69 418	96 839	—	- 67	96 772
Other external expenses	- 8 216	—	58	- 8 158	- 12 462	—	87	- 12 375
Depreciation, amortisation and impairments	- 7 985	—	- 26	- 8 011	- 11 755	—	- 41	- 11 796
Operating profit (EBIT)	10 453	—	37	10 490	12 626	—	- 21	12 605
Income taxes expense	- 2 432	—	- 12	- 2 444	- 2 512	—	6	- 2 506
Profit for the period	5 901	—	25	5 926	6 690	—	- 15	6 675
<b>Consolidated statement of cash flows:</b>								
Funds from operations (FFO)	15 053	—	62	15 115	20 097	—	19	20 116
Cash flow from changes in operating assets and operating liabilities	- 9 483	—	- 5	- 9 488	995	—	67	1 062
Cash flow from operating activities	5 570	—	57	5 627	21 092	—	86	21 178
Cash flow from investing activities	- 6 766	—	- 58	- 6 824	- 11 742	—	- 86	- 11 828
Cash flow from financing activities	2 704	—	1	2 705	- 17 006	—	—	- 17 006
Cash flow for the period	1 508	—	—	1 508	- 7 656	—	—	- 7 656
<b>Key ratios (in % unless otherwise stated (x) means times):</b>								
Return on equity	1.4	—	—	1.4	2.4	—	—	2.4
Return on capital employed	4.2	—	—	4.2	4.2	—	—	4.2
FFO/adjusted net debt	22.2	—	0.1	22.3	24.0	—	0.1	24.1
Equity/Total assets	22.5	—	- 0.4	22.1	23.4	—	- 0.5	22.9
Gross debt/equity	124.5	—	2.3	126.8	100.9	—	1.8	102.7
Net debt/equity	74.7	—	1.3	76.0	62.4	—	1.1	63.5



1 January - 31 December 2017

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

## NOTE 5 | Transition from IAS 39 to IFRS 9

### CLASSIFICATION & MEASUREMENT

Financial assets at January 1 2017:

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

Financial liabilities at January 1 2017:

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

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

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

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

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

# The Parent Company Vattenfall AB

## Accounting policies

The Parent Company Vattenfall AB's accounts are prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 – Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. The accounting policies used in this interim report are the same as those described in Vattenfall's 2017 Annual and Sustainability Report, Note 3 to the Parent Company accounts, Accounting policies and Note 51 to the consolidated accounts, Significant accounting policies applicable as from 1 January 2018. As described in these notes, IFRS 9 "Financial Instruments" and IFRS 15 – "Revenue from Contracts with Customers" have affect the Parent Company's financial statements. The effects in the restated financial statement are presented in this report in Note 1 to the Parent Company accounts, Adjustments of 2017 financial statements as an effect of the implementation of IFRS 9 and IFRS 15. Other amended IFRSs endorsed by the EU for application in the 2018 financial year have no significant effect on the Parent Company's financial statements.

## January – September 2018

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

- Net sales amounted to SEK 29,350 million (22,270).
- Profit before appropriations and income taxes was SEK 940 million (7,663).
- Earnings were negatively affected by higher futures prices for the unrealised derivatives compared with the same period a year ago. Higher electricity generation and higher spot prices have had a positive effect on earnings. Dividends received amount to SEK 3,670 million, of which SEK 2,904 million from N.V. Nuon Energi. The change in other financial expenses is mainly attributable to currency effects.

- The balance sheet total was SEK 271,681 million (31 December 2017: 255,092).
- Changed tax rules in Sweden, see page 4, have required a remeasurement of Vattenfall AB's deferred tax assets, with an earnings effect of SEK -62 million.
- Investments during the period amounted to SEK 582 million (4,595), of which SEK 0 million (4,000) pertains to a shareholder contribution to Vattenfall Vindkraft AB.
- Cash and cash equivalents, and short-term investments amounted to SEK 37,329 million (31 December 2017: 23,621).
- Dividend paid to the owner of SEK 2 000 million (0).

## Presentation of Parent Company income statements

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

## Risks and uncertainties

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

## Other

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

# Parent Company income statement

Amounts in SEK million	Jan-Sep 2018	Jan-Sep 2017 <sup>1</sup>	Full year 2017 <sup>1</sup>	Last 12 months
Net sales	29 350	22 270	31 271	38 351
Cost of purchases	- 24 422	- 14 437	- 20 370	- 30 355
Other external expenses	- 2 408	- 2 220	- 3 246	- 3 434
Personnel expenses	- 1 541	- 1 500	- 1 933	- 1 974
Other operating incomes and expenses, net	25	456	564	133
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>1 004</b>	<b>4 569</b>	<b>6 286</b>	<b>2 721</b>
Depreciation, amortisation and impairments	- 374	- 372	- 496	- 498
<b>Operating profit (EBIT)</b>	<b>630</b>	<b>4 197</b>	<b>5 790</b>	<b>2 223</b>
Result from participations in subsidiaries	3 670	4 723	4 855	3 802
Other financial income	1 135	1 308	1 445	1 272
Other financial expenses	- 4 495	- 2 565	- 5 693	- 7 623
<b>Profit before appropriations and income taxes</b>	<b>940</b>	<b>7 663</b>	<b>6 397</b>	<b>- 326</b>
Appropriations	1 098	1 536	1 037	599
<b>Profit before income taxes</b>	<b>2 038</b>	<b>9 199</b>	<b>7 434</b>	<b>273</b>
Income taxes	282	- 1 018	- 607	693
<b>Profit for the period</b>	<b>2 320</b>	<b>8 181</b>	<b>6 827</b>	<b>966</b>

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

# Parent Company balance sheet

Amounts in SEK million	30 Sep 2018	30 Sep 2017 <sup>1</sup>	31 Dec 2017 <sup>1</sup>
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets: non-current	194	192	187
Property, plant and equipment	4 400	4 077	4 277
Shares and participations	149 995	149 640	149 914
Deferred tax assets	2 086	1 051	1 040
Other non-current receivables	54 457	59 587	59 388
<b>Total non-current assets</b>	<b>211 132</b>	<b>214 547</b>	<b>214 806</b>
<b>Current assets</b>			
Inventories	259	278	221
Intangible assets: current	244	218	246
Current receivables	21 566	10 412	16 092
Current tax assets	1 151	—	106
Short-term investments	20 601	20 821	17 205
Cash and cash equivalents	16 728	9 786	6 416
<b>Total current assets</b>	<b>60 549</b>	<b>41 515</b>	<b>40 286</b>
<b>Total assets</b>	<b>271 681</b>	<b>256 062</b>	<b>255 092</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	1 335	1 317	1 322
Non-restricted equity			
Retained earnings	46 169	41 360	41 355
Profit for the period	2 320	8 181	6 827
<b>Total equity</b>	<b>94 398</b>	<b>95 432</b>	<b>94 078</b>
<b>Untaxed reserves</b>	<b>11 187</b>	<b>11 759</b>	<b>12 284</b>
<b>Provisions</b>	<b>5 262</b>	<b>5 258</b>	<b>5 194</b>
<b>Non-current liabilities</b>			
Hybrid capital	19 871	18 918	19 126
Other interest-bearing liabilities	44 878	53 082	50 401
Other noninterest-bearing liabilities	9 922	8 537	9 895
<b>Total non-current liabilities</b>	<b>74 671</b>	<b>80 537</b>	<b>79 422</b>
<b>Current liabilities</b>			
Other interest-bearing liabilities	76 965	55 207	54 354
Current tax liabilities	—	657	—
Other noninterest-bearing liabilities	9 198	7 212	9 760
<b>Total current liabilities</b>	<b>86 163</b>	<b>63 076</b>	<b>64 114</b>
<b>Total equity, provisions and liabilities</b>	<b>271 681</b>	<b>256 062</b>	<b>255 092</b>

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



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

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

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

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

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

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

# Definitions and calculations of key ratios

## Alternative Performance Measures

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

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

	<b>Definition</b>
EBIT:	Operating profit (Earnings Before Interest and Tax)
EBITDA:	Operating profit before depreciation, amortisation and impairment losses (Earnings Before Interest, Tax, Depreciation and Amortisation)
Items affecting comparability:	Capital gains and capital losses from shares and other non-current assets, impairment losses and reversed impairment losses and other material items that are of an infrequent nature. Also included here are, for trading activities, unrealised changes in the fair value of energy derivatives, which according to IFRS 9 cannot be recognised using hedge accounting and unrealised changes in the fair value of inventories. See Consolidated income statement for a specification of items affecting comparability.
Underlying EBITDA:	Underlying operating profit before depreciation, amortisation and impairment losses. This measure is intended to provide a better view on the operating result by excluding items affecting comparability that are of an infrequent nature, while also excluding non-cash depreciation and amortisation.
Underlying operating profit:	Operating profit (EBIT) excluding items affecting comparability. This measure is intended to provide a better view on the operating result by excluding items affecting comparability that are of an infrequent nature.
FFO:	Funds From Operations, see Consolidated statement of cash flow
Free cash flow:	Cash flow from operating activities less maintenance investments
Interest-bearing liabilities	See Consolidated balance sheet - Supplementary Information
Net debt:	See Consolidated balance sheet - Supplementary Information
Adjusted net debt:	See Consolidated balance sheet - Supplementary Information
Capital employed:	Total assets less financial assets, noninterest-bearing liabilities and certain other interest-bearing provisions not included in adjusted net debt. see Consolidated balance sheet - Supplementary Information
<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.

## CALCULATION OF EBITDA, UNDERLYING EBITDA AND UNDERLYING EBIT

Amounts in SEK million	Jan-Sep 2018	Jan-Sep 2017	Jul-Sep 2018	Jul-Sep 2017	Full year 2017	Last 12 months
Operating profit (EBIT)	13 430	12 605	3 680	2 115	18 524	19 349
Depreciation, amortisation and impairment losses	- 12 250	- 11 796	- 4 174	- 3 785	- 15 875	- 16 329
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>25 680</b>	<b>24 401</b>	<b>7 854</b>	<b>5 900</b>	<b>34 399</b>	<b>35 678</b>
Items affecting comparability excl. impairment losses and reversed impairment losses	1 826	2 998	- 1 553	646	4 245	3 073
<b>Underlying operating profit before depreciation, amortisation and impairment losses</b>	<b>27 506</b>	<b>27 399</b>	<b>6 301</b>	<b>6 546</b>	<b>38 644</b>	<b>38 751</b>
Operating profit (EBIT)	13 430	12 605	3 680	2 115	18 524	19 349
Items affecting comparability	1 826	3 386	- 1 553	642	4 679	3 119
<b>Underlying operating profit</b>	<b>15 256</b>	<b>15 991</b>	<b>2 127</b>	<b>2 757</b>	<b>23 203</b>	<b>22 468</b>

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

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**KEY RATIOS BASED ON CONTINUING OPERATIONS AND LAST 12-MONTH VALUES OCTOBER 2017 – SEPTEMBER 2018**

<b>Operating margin, %</b>	= 100 x	$\frac{\text{EBIT}}{\text{Net sales}}$	$\frac{19\,349}{147\,118}$	=	13.2
<b>Operating margin excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Net sales}}$	$\frac{22\,468}{147\,118}$	=	15.3
<b>Pre-tax profit margin, %</b>	= 100 x	$\frac{\text{Profit before income taxes}}{\text{Net sales}}$	$\frac{14\,549}{147\,118}$	=	9.9
<b>Pre-tax profit margin excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Profit before income taxes excl. items affecting comparability}}{\text{Net sales}}$	$\frac{15\,623}{147\,118}$	=	10.6
<b>Return on equity, %</b>	= 100 x	$\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl. the Reserve for cash flow hedges}}$	$\frac{10\,254}{82\,995}$	=	12.4
<b>Return on capital employed, %</b>	= 100 x	$\frac{\text{EBIT}}{\text{Capital employed, average}}$	$\frac{19\,349}{244\,992}$	=	7.9
<b>Return on capital employed excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Capital employed, average}}$	$\frac{22\,468}{244\,992}$	=	9.2
<b>EBIT interest cover, (x)</b>	=	$\frac{\text{EBIT + financial income excl. return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{20\,797}{6\,121}$	=	3.4
<b>EBIT interest cover excl. Items affecting comparability, (x)</b>	=	$\frac{\text{Underlying EBIT + financial income excl. Return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{23\,916}{6\,121}$	=	3.9
<b>FFO interest cover, (x)</b>	=	$\frac{\text{FFO + financial expenses excl. discounting effects attributable to provisions}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{28\,658}{6\,121}$	=	4.7
<b>FFO interest cover, net, (x)</b>	=	$\frac{\text{FFO + financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{27\,210}{4\,673}$	=	5.8

<b>Cash flow interest cover after maintenance investments, (x)</b>	=	Cash flow from operating activities less maintenance investments + financial expenses excl. Discounting effects attributable to provisions and interest components related to pension costs	<u>31 916</u>	=	6.0
		Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs	<u>5 282</u>		
<b>FFO/gross debt, %</b>	= 100 x	<u>FFO</u>	<u>22 537</u>	=	26.8
		Interest-bearing liabilities	<u>84 182</u>		
<b>FFO/net debt, %</b>	= 100 x	<u>FFO</u>	<u>22 537</u>	=	53.2
		Net debt	<u>42 384</u>		
<b>FFO/adjusted net debt, %</b>	= 100 x	<u>FFO</u>	<u>22 537</u>	=	20.6
		Adjusted net debt	<u>109 273</u>		
<b>EBITDA/net financial items, (x)</b>	=	<u>EBITDA</u>	<u>35 678</u>	=	7.6
		Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	<u>4 673</u>		
<b>EBITDA excl. items affecting comparability/net financial items, (x)</b>	=	<u>EBITDA excl. items affecting comparability</u>	<u>38 751</u>	=	8.3
		Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	<u>4 673</u>		

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#### KEY RATIOS BASED ON THE BALANCE SHEET PER 30 SEPTEMBER 2018

<b>Equity/total assets, %</b>	= 100 x	<u>Equity</u>	<u>104 213</u>	=	22.5
		Balance sheet total	<u>463 857</u>		
<b>Gross debt/equity, %</b>	= 100 x	<u>Interest-bearing liabilities</u>	<u>84 182</u>	=	80.8
		Equity	<u>104 213</u>		
<b>Net debt/equity, %</b>	= 100 x	<u>Net debt</u>	<u>42 384</u>	=	40.7
		Equity	<u>104 213</u>		
<b>Gross debt/gross debt equity, %</b>	= 100 x	<u>Interest-bearing liabilities</u>	<u>84 182</u>	=	44.7
		Interest-bearing liabilities + equity	<u>188 395</u>		
<b>Net debt/net debt plus equity, %</b>	= 100 x	<u>Net debt</u>	<u>42 384</u>	=	28.9
		Net debt + equity	<u>146 597</u>		
<b>Net debt/EBITDA, (x)</b>	=	<u>Net debt</u>	<u>42 384</u>	=	1.2
		EBITDA	<u>35 678</u>		
<b>Adjusted net debt/EBITDA, (x)</b>	=	<u>Adjusted net debt</u>	<u>109 273</u>	=	3.1
		EBITDA	<u>35 678</u>		



**Interim report signature**

Solna, 30 October 2018

Magnus Hall  
President and CEO

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

**Financial calendar**

Year-end report 2018, 7 February 2019

Annual General Meeting, 11 April 2019

Interim report January-March, 25 April 2019

Interim report January-June, 19 July 2019

Interim report January-September, 29 October 2019

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This information is such that Vattenfall AB is obliged to make public in accordance with the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08.00 CET on 30 October 2018. This report has been prepared in both Swedish and English versions. In the event of discrepancies between the two versions, the Swedish version shall govern.