

YEAR-END REPORT, FEBRUARY 21, 2003

## Vattenfall 2002: Growth and Substantial Improvement in Profit

- Net sales increased by 46 per cent to SEK 101 billion (69) and net profit improved by 81 per cent to SEK 7.6 billion (SEK 4.2).
- Operating profit, excluding items affecting comparability, increased by 46 per cent to SEK 12.9 billion (8.8). The extremely high electricity prices on the Nordic market at the end of the year improved operating profit by about 5 per cent.
- The return on net assets, increased to 10.5 per cent (9.9) and the return on equity to 19.1 per cent (11.8).

In 2002, Vattenfall continued to restructure and streamline its core electricity and heat business in Sweden, Finland, Germany and Poland. In Germany, which now accounts for 60 per cent of the Group's net sales, work focused on integrating and merging the four acquired companies, Hamburgische Electricitäts-Werke AG (HEW), Bewag, Vereinigte Energiewerke AG (VEAG) and Lausitzer Braunkohle AG (LAUBAG) into Vattenfall Europe AG. Vattenfall Europe AG has its headquarters in Berlin and is the third largest electricity company in Germany. The merger was completed early in 2003 when the general meetings of the shareholders of Bewag and Vattenfall Europe AG approved the integration of Bewag with Vattenfall Europe. Ongoing restructuring programmes have already reduced cost levels in the German operations by about EUR 150 million. The target is to achieve EUR 400–500 million in annual savings by 2005.

Net sales increased by 46 per cent to SEK 101 billion (69) and operating profit increased by 34 percent to SEK 13.4 billion (10.0). Operating Profit, excluding items affecting comparability, increased by 46 per cent to SEK 12.9 billion (8.8). The increase in net sales is primarily due to the consolidation of Bewag into the Vattenfall Group from February 1, 2002. The strong improvement in operating profit (SEK 4,094 million), excluding items affecting comparability, is primarily attributable to:

- **increased profitability in the German business through cost-cutting and improved prices (SEK 1,260 million)**
- **a strong increase in profit (SEK 757 million) in the Market Nordic Countries profit area, marking a turnaround in this business.**
- **the closure of non-core business activities within IT (SEK 1,111 million).**
- **improved profit in Generation Nordic Countries (SEK 482 million).**

Net profit increased by SEK 3.4 billion to SEK 7.6 billion (4.2). Excluding items affecting comparability, net profit amounted to SEK 7.2 billion (3.7).

The return on net assets was 10.5 per cent (9.9) and the return on equity was 19.1 per cent (11.8). Excluding items affecting comparability, the figures were 10.1 per cent (8.8) and 18.3 per cent (10.3) respectively.

Electricity sales improved by 26 per cent to 188.3 TWh (149.9) and heat sales increased by 32 per cent to 33.5 TWh (25.4). The increase was mainly due to the German acquisitions.

During the autumn, the supply of water to the Nordic and Swedish reservoirs was the lowest in 50 years, which led to a decrease in the availability of hydro power and substantial increases in electricity prices at the end of the year. During the year, the average price on the Nordic power exchange was 24.6 öre per kWh (21.4). However, since Vattenfall to a large extent hedges its generation the average price for Generation Nordic Countries was substantially lower. This limited the impact of the price development on Vattenfall's profit.

Through the German power plants, Vattenfall now has a more diversified production portfolio than before. Of the Group's electricity generation in 2002, 22 per cent comprised hydro power, 34 per cent nuclear power and 44 per cent fossil power. Hydro power generation was about 11 per cent lower than in 2001 due to the low precipitation in 2002. Nuclear power generation was about 9 % lower than in 2001 as a result of the prolonged outage at the German Brunsbüttel plant.

A major project to simplify and improve the service to Vattenfall's retail customers was launched in Sweden during the autumn. Over a three-year period, SEK 600 million will be invested in technology and processes which will make it possible to charge for actual electricity consumption instead of the current system of preliminary and advance charging. For Vattenfall, this project will also result in significant opportunities for rationalisation.

Stockholm, February 21, 2003

Lars G Josefsson,  
*President and Chief Executive Officer*

## NET SALES AND PERFORMANCE

*Net sales* increased to SEK 101,025 million (69,003) in 2002. Financial electricity trading was accounted on a net basis. The increase in net sales is mainly attributable to the acquisitions in Germany. Bewag was consolidated from February 1, 2002, VEAG from May 16, 2001 and LAUBAG from July 1, 2001. *Operating profit* improved to SEK 13,363 million (9,959). Excluding items affecting comparability, operating profit amounted to SEK 12,916 million (8,822). The operating margin excluding items affecting comparability was maintained at 12.8 per cent (12.8).

Net depreciation was SEK 11,492 million (8,291). For 2002, SEK 3,626 million (2,539) in negative goodwill corresponding to restructuring costs was dissolved in the gross profit, primarily concerning acquisitions in Germany.

*Financial income* amounted to SEK 3,010 million (2,232) and financial expenses to SEK 6,386 million (4,737). *Financial income and expenses – net* amounted to SEK –3,376 million (–2,505). The deterioration is attributable to increased interest expenses as a result of increased borrowing. Furthermore, *financial income and expenses – net* was negatively affected by depreciation of German investment assets. The interest coverage was 2.6 times (2.6).

*Profit before tax and minority interests* increased by 34 per cent to SEK 9,987 million (7,454) and, excluding items affecting comparability, SEK 9,521 million (6,327).

*Net profit* increased by 81 per cent to SEK 7,566 million (4,190) and, excluding items affecting comparability, by 98 per cent to SEK 7,231 million (3,651).

*Return on net assets* amounted to 10.5 per cent (9.9) and the return on equity to 19.1 per cent (11.8). After items affecting comparability, the return on net assets amounted to 10.1 per cent (8.8) and the return on equity to 18.3 per cent (10.3).

Items affecting comparability amounted to SEK 447 million (1,137) and comprises capital gains/losses as a result of divested assets. Items affecting comparability after financial items amounted to SEK 466 million (1,127).

## NET SALES AND PERFORMANCE FOR THE 4TH QUARTER

*Net sales* for the fourth quarter increased by 29 per cent to SEK 28,784 million (22,237). *Operating profit* increased by 17 per cent to SEK 4,269 million (3,664) and, excluding items affecting comparability, by 27 per cent to SEK 4,249 million (3,342). *Financial income and expenses – net* amounted to –560 (–946). Profit before tax and minority interests amounted to SEK 3,709 million (2,718) and, excluding items affecting comparability, to SEK 3,709 (2,412). Net profit amounted to SEK 3,539 million (1,656). The strong improvement in net profit is largely due to low taxes as a result of tax-deductible loss carryforwards in the German operations.

## PROFIT AREAS

### Generation Nordic Countries

*Net sales* amounted to SEK 25,667 million (22,226) and *operating profit* to SEK 6,459 million (6,099). Items affecting comparability amounted to SEK –6 million (116). The profit trend during the first three quarters of the year was somewhat lower than that of the previous year. However, the trend recovered during the fourth quarter due to improved prices. In the fourth quarter, operating profit excluding items affecting comparability was SEK 931 million more than the corresponding period of 2001. As a result of the low levels in the water reservoirs, hydro power generation declined by about 12 per cent, compared with 2001. On the other hand, the availability of nuclear power was very high and nuclear power generation was on a par with 2001. In total, 34.5 TWh of hydro power (39.2) and 52.1 TWh of nuclear power (52.3) were generated in the Nordic countries. Sales to the Nord Pool power exchange amounted to 27.4 TWh (26.0).

**Market Nordic Countries**

Market Nordic Countries comprises the following independent business units: Sales Sweden (including Denmark), Sales Finland, Mega and Supply & Trading and, in 2001, Sales Norway.

*Net sales* amounted to SEK 21,275 million (19,492) and *operating profit* to SEK 286 million (-511). Items affecting comparability amounted to SEK 1 million (-39). The substantial improvement in operating profit is primarily attributable to increased efficiency and improved profits in Swedish electricity trading. The volume sold in accordance with bilateral agreements, including exports outside the Nordic countries, amounted to 54.9 TWh of electricity (65.5). Financial trading is not included in the volume of electricity sold. Telecom customers amounted to 163,300 (100,000).

The extremely high prices on the Nordic electricity market at the end of the year had a negative impact on operating profit for the fourth quarter, SEK -63 million (57).

**Heat Nordic Countries**

Heat Nordic countries includes the generation and sale of thermal energy, district-heating and FärdigVärme in Sweden, Finland, Estonia and Latvia.

*Net sales* amounted to SEK 2,761 million (2,590) and *operating profit* to SEK 343 million (162). Items affecting comparability amounted to SEK 17 million (33). The volume sold amounted to 4.8 TWh of district-heating (4.9) and 1.5 TWh FärdigVärme (1.4). The cold weather during the fourth quarter compensated for the mild weather during the first half of the year, so that the full year figures approximated those of a normal year. The improved profit is attributable to high availability in the generation facilities, improved prices and cost reductions.

**Electricity Networks Nordic Countries**

Electricity Networks Nordic Countries comprises the independent business units, Electricity Networks Sweden and Electricity Networks Finland.

*Net sales* amounted to SEK 7,674 million (7,924) and *operating profit* to SEK 1,834 million (1,816). Items affecting comparability amounted to SEK 6 million (33). The transmission volume amounted to 106.9 TWh in Sweden (111.5) and 5.6 TWh in Finland (5.6). Electricity network operations are stable and network availability was good during the year with only minor network interruptions. The customer service project launched in 2002 will mean essential metering and invoicing improvements for both customers and Vattenfall.

**Services**

Services comprise contracting and consulting services as well as R&D services.

*Net sales* amounted to SEK 2,974 million (2,938) and *operating profit* amounted to SEK 118 million (187). Items affecting comparability amounted to SEK 1 million (36).

**Germany and Poland**

*Germany*

The operations of the Vattenfall Group in Germany are co-ordinated in Vattenfall Europe. The “Vattenfall” brand was launched early in 2002 on the German market with the announcement that Vattenfall Europe will replace the former project name “Neue Kraft”.

*Net sales* for Germany amounted to SEK 60,696 million (29,510) and operating profit to SEK 4,733 million (3,886). Items affecting comparability amounted to SEK -14 million (399). The increase can be explained by the fact that Bewag was consolidated from February 1, 2002 and that VEAG and LAUBAG were only included in the Group from May 16 and July 1, 2001.

The reduced operating profit during the fourth quarter compared with the corresponding period of 2001 is attributable to dissolved reserves reported in the fourth quarter of 2001 and to an SEK 184 million provision in the fourth quarter of 2002.

In Germany, the volume of electricity sold amounted to 93.9 TWh (51.7) and sold heat to 14 TWh (5.1). In-house electricity generation amounted to 68.2 TWh (45.0), of which 2 per cent comprised hydro power, 1 per cent nuclear power and 97 per cent fossil-based power.

Nuclear power generation only amounted to 0.9 TWh (5.8) due to the prolonged outage of the Brunsbüttel plant. The cost of the outage is estimated at SEK 600 million. During the year, the new pumped storage plant, Goldisthal, located in Thüringen, was completed. The plant, which is being fully taken into operation in 2003, has a 1,054 MW capacity and will be a valuable generation resource on the balancing power market. SEK 3,626 million (1,856) in negative goodwill was dissolved against restructuring costs.

The restructuring programme is progressing as planned and is expected to be completed in 2005.

#### *Poland*

Vattenfall Poland is responsible for Vattenfall's operations in Poland, with a majority stake (69 per cent) in Elektrociepłownia Warszawskie (EW) which generates heat and, to a certain extent, electricity in Warsaw. Vattenfall also owns a 32 per cent stake in the GZE electricity distribution company in southwestern Poland. Vattenfall is responsible for managing GZE and, under an agreement with the Polish state, will be a majority owner in 2003.

*Net sales* for Poland amounted to SEK 3,167 million (3,242) and *operating profit* to SEK 5 million (97). The decrease is due to the dissolution of SEK 130 million in provisions and reserves which was made in 2001. The electricity generation tax that was introduced in 2002, which could not be compensated for by income, has also had a negative impact on profit. Altogether, the underlying business in Poland reported improved earnings of just under SEK 150 million.

The volume of electricity sold amounted to 3.3 TWh (3.5) and heat sold amounted to 11.8 TWh (12.8).

#### **Other Business**

Other Business comprises Vattenfall's non-core business activities, service companies, group staff functions and companies in the Netherlands and the Baltic countries. An agreement regarding disposal of the broadband business, Arrowhead AB, was reached during the year and was finalised in January 2003.

*Net sales* amounted to SEK 1,830 million (2,903) and *operating profit* amounted to SEK -386 million (-1,730). Items affecting comparability amounted to SEK 442 million (560). The substantial negative result in 2001 can mainly be explained by the closure of the "intelligent home" services and by provisions made in respect of the broadband business.

#### **FINANCIAL POSITION**

*Liquid assets* amounted to SEK 15,473 million (10,340).

*Net debt*, namely, interest-bearing liabilities and interest-bearing provisions less liquid assets and interest-bearing financial receivables, amounted to SEK 75,207 million (55,736). The increase can be explained by borrowing to finance the acquisition of 44.76 per cent of the shares in Bewag as well as

the acquisition of the remaining 25.1 per cent stake in HEW that was held by the City of Hamburg. The highest level of net borrowing, SEK 79,225 million, was reached in the third quarter of 2002.

*The Group's risk capital, namely equity, including minority interests, amounted to SEK 55,089 million (58,658), which is a decrease of SEK 3,569 million. Equity increased by SEK 5,551 million to SEK 45,129 million while minority interests in equity decreased by SEK 9,120 million to SEK 9,960 million, which is mainly attributable to a reduced minority stake in Vattenfall Europe AG. The equity-assets ratio amounted to 20.0 per cent (22.7). Compared with the third quarter of 2002, this is an improvement of 1.6 percentage points.*

Vattenfall has been given an A3/P-2 rating (Moody's) and A-/A-2 (Standard & Poor's), in both cases with a negative outlook.

### **CASH FLOW**

*Cash flow from operations before changes in operating assets and operating liabilities (FFO) amounted to SEK 17,106 million (13,148). Cash flow before financing activities amounted to SEK -16,146 million (-12,542).*

### **INVESTMENTS**

*The Group's investments amounted to SEK 39,932 million (43,443), of which growth investments, namely company acquisitions and expansion investments in fixed assets, amounted to SEK 30,650 million (38,478). Company acquisitions amounted to SEK 28,619 million (35,760). Acquisitions of group companies accounted for SEK 24,045 million (16,675), associated companies, SEK 4,176 million (18,186) and other long-term securities, SEK 398 million (899). SEK 7,975 million (7,454) was invested in tangible fixed assets and SEK 3,338 million (229) in intangible assets.*

### **STRUCTURAL CHANGES**

#### *Structural Changes for Vattenfall Europe*

In February, Vattenfall completed its acquisition of US Mirant's 44.76 per cent stake in Bewag. The purchase price was USD 1,632 million. Vattenfall thereby owned 89.5 per cent of the equity and 92 per cent of the votes in Bewag.

An agreement with BvS (the successor to the German Treuhandsanstalt) was concluded concerning an early final settlement of all claims from the German state in connection with agreements concerning the privatisation of VEAG and LAUBAG. This thereby opened up opportunities for Vattenfall to implement the necessary structural changes to consolidate the new Vattenfall Europe AG.

In August, decisions were made at the respective general meetings of shareholders to conduct a push down merger between HEW and VEAG, with a simultaneous change of name of HEW to Vattenfall Europe AG. The merger became legally valid at the end of September.

At the end of August, Vattenfall acquired the City of Hamburg's remaining shares in HEW AG (25.1 per cent) for EUR 869 million. The City of Hamburg thereby exercised the contractual option made in 1999 when Vattenfall agreed with the City to acquire the first block of shares corresponding to a 25.1 per cent stake in HEW. Vattenfall's direct and indirect stake in HEW AG, which has changed its name to Vattenfall Europe AG, is about 97 per cent.

#### *Other Significant Structural Transactions in 2002*

In Poland, two minor heat companies, Ostrow Wielkopolski and Ustka, were sold to Sydkraft AB while the stake in the Elektrociepłowni Warszawskie (EW) was increased by 14.2 per cent to 69.2 per cent.

In Denmark, Vattenfall's shares (10.5 per cent) in NESA were sold to the Danish company, DONG.

In Norway, the stake (5.8 per cent) in Hafslund ASA was sold to Sydkraft.

In Sweden, the Nässjö CHP plant was sold to Nässjö Municipality. The stake in Härjedalens Mineral AB was increased from 81 per cent to 100 per cent through the acquisition of Härjedalens Municipality's holding. Ownership of Arrowhead AB was transferred to Song Networks Holding AB and Vattenfall also participated with SEK 200 million in a directed new issue of shares. The transactions were completed in January 2003 and Vattenfall now owns almost 20 per cent of the shares in a fully reconstructed Song.

#### **PERSONNEL**

During the year, *the average number of employees* increased to 34,248 (23,814). At the end of the year, the number of employees amounted to 34,621 (29,116). At the end of the year, the number of employees, expressed in terms of full-year employees, was 33,927 (28,657), of which 8,029 were in Sweden, 535 in Finland, 22,305 in Germany, 2,932 in Poland and 126 in other countries.

#### **RESEARCH AND DEVELOPMENT**

R&D, excluding product development, amounted to SEK 481 million (564) in 2002, which represents 0.5 per cent (0.9) of net sales.

#### **PARENT COMPANY**

Net sales for the parent company amounted to SEK 23,383 million (21,875). Net profit for the year was SEK 4,514 million (2,002). Investments amounted to SEK 9,262 million (19,275). Liquid assets amounted to SEK 3,313 million (124). Funds in the group account managed by Vattenfall Treasury AB (publ) amounted to SEK 12,852 million (6,978).

#### **ACCOUNTING POLICIES**

The consolidated accounts have been prepared in accordance with the Annual Accounts Act with the application of the Swedish Financial Accounting Standards Council's recommendations. From 2002, the following new recommendations, issued by the Council, are being applied: RR1:00 Consolidated Financial Statements, RR15 Intangible Assets, RR16 Provisions, Contingent Liabilities and Eventual Assets, RR17 Write-downs, RR19 Discontinuing Operations, RR21 Borrowing Costs and RR23 Related Party Disclosures. None of the new recommendations involve any change in the accounting policies compared with the previous year.

Investment assets in German group companies at December 31, 2001, which were reported under Current receivables (SEK 377 million) and Other long-term securities held (SEK 17,475 million), were reclassified as Current investments from June 30, 2002.

In connection with company acquisitions, a market valuation of the acquired company's assets and liabilities is made. Deferred tax on surplus values is taken into account. The remaining difference compared with the purchase price is reported as goodwill or negative goodwill. Negative goodwill concerns expected future probable losses, restructuring costs and other costs that cannot be reported as identifiable liabilities at the time of acquisition. Negative goodwill is attributable to the acquired business in Germany. Extensive restructuring is currently underway in Germany and this work is expected to be completed in 2005. Negative goodwill is dissolved as restructuring costs arise. Vattenfall's assessment is that the remaining restructuring costs can be contained within the reported negative goodwill. Negative goodwill is reported as a provision on the consolidated balance sheet.

During the year, acquired companies were included in the consolidated income statement from the time of acquisition. Divested companies are included in the consolidated income statement at the time of divestment.

**DIVIDENDS**

Earnings per share amounted to SEK 57.45 (31.81). The Board of Directors proposes a dividend of SEK 1,485 million, corresponding to SEK 11.28 per share.

**GENERAL MEETING OF SHAREHOLDERS ETC**

The General Meeting of Shareholders will be held on April 10, 2003. The annual report (in Swedish and English) will be available at [www.vattenfall.se](http://www.vattenfall.se) and [www.vattenfall.com](http://www.vattenfall.com) on March 23, 2003.

A German version is expected to be available at [www.vattenfall.com](http://www.vattenfall.com) and [www.vattenfall.de](http://www.vattenfall.de) at the beginning of April. Printed annual reports in Swedish and English will be distributed at the beginning of April 2003. Printed annual reports can be obtained from Vattenfall Support AB, SE-162 87 Stockholm, phone +46 8 739 57 14, e-mail: [info@vattenfall.se](mailto:info@vattenfall.se)

Stockholm, February 21, 2003

*Vattenfall AB (publ)*

Board of Directors

Vattenfall's three-month report 2003 will be published on May 13, 2003, the six-month report on July 31, 2003 and the nine-month report on November 6, 2003.

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**SUBMITTED BY VATTENFALL'S PRESS OFFICE, PHONE: +46 8 739 50 10**

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Please find attached condensed income statements, balance sheets and cash flow statements for the full year and for the 4th quarter.

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**CONSOLIDATED INCOME STATEMENT FOR 2002 AS WELL AS FOR  
OCTOBER - DECEMBER 2002**

<b>SEK MILLION</b>	<b>Full year 2002</b>	Full year 2001	<b>Oct-Dec 2002</b>	Oct-Dec 2001
Net sales	<b>101,025</b>	69,003	<b>28,784</b>	22,237
Cost of products sold	<b>-77,339</b>	-52,408	<b>-20,295</b>	-15,535
<b>Gross profit</b>	<b>23,686</b>	16,595	<b>8,489</b>	6,702
Selling expenses, research and development costs and administrative expenses	<b>-12,051</b>	-9,313	<b>-3,881</b>	-4,022
Other operating income and expenses – net	<b>2,385</b>	2,166	<b>637</b>	30
Participations in the result of associated companies	<b>-657</b>	511	<b>-976</b>	954
<b>Operating profit</b>	<b>13,363</b>	9,959	<b>4,269</b>	3,664
Financial income	<b>3,010</b>	2,232	<b>839</b>	247
Financial expenses	<b>-6,386</b>	-4,737	<b>-1,399</b>	-1,193
<i>Financial income and expenses - net</i>	<b>-3,376</b>	-2,505	<b>-560</b>	-946
<b>Profit before tax and minority shares</b>	<b>9,987</b>	7,454	<b>3,709</b>	2,718
Tax	<b>-1,763</b>	-2,167	<b>-49</b>	-794
Minority interests in profit for the year	<b>-658</b>	-1,097	<b>-121</b>	-268
<b>Net profit for the year/period</b>	<b>7,566</b>	4,190	<b>3,539</b>	1,656
<i>Total depreciation, net (SEK million)</i>	<b>11,492</b>	8,291		
<i>EBITDA</i>	<b>24,855</b>	18,250		

**PROFIT AREAS 2002**

<b>Net sales, MSEK</b>	<b>Full year 2002</b>	Full year 2001	<b>Oct-Dec 2002</b>	Oct-Dec 2001
Generation Nordic Countries	<b>25,667</b>	22,266	<b>11,086</b>	6,053
Market Nordic Countries	<b>21,275</b>	19,492	<b>9,524</b>	6,547
Heat Nordic Countries	<b>2,761</b>	2,590	<b>1,032</b>	817
Electricity Networks Nordic Countries	<b>7,674</b>	7,924	<b>2,352</b>	2,340
Services	<b>2,974</b>	2,938	<b>937</b>	861
Germany and Poland	<b>63,863</b>	32,752	<b>15,479</b>	11,853
Other Business	<b>1,830</b>	2,903	<b>545</b>	569
Other and eliminations*	<b>-25,019</b>	-21,862	<b>-12,171</b>	-6,803
<b>Total</b>	<b>101,025</b>	69,003	<b>28,784</b>	22,237

\* Mainly concerns trade between Market Nordic Countries, Electricity Networks Nordic Countries and Generation Nordic Countries.

**PROFIT AREAS 2002**

<b>EBIT, SEK MILLION</b>	<b>Full year 2002</b>	Full year 2001	<b>Oct-Dec 2002</b>	Oct-Dec 2001
Generation Nordic Countries	<b>6,459</b>	6,099	<b>2,653</b>	1,648
Market Nordic Countries	<b>286</b>	-511	<b>-63</b>	57
Heat Nordic Countries	<b>343</b>	162	<b>224</b>	125
Electricity Networks Nordic Countries	<b>1,834</b>	1,816	<b>664</b>	566
Services	<b>118</b>	187	<b>46</b>	46
Germany and Poland	<b>4,738</b>	3,983	<b>1,022</b>	2,160
Other Business	<b>-386</b>	-1,730	<b>-282</b>	-917
Other and eliminations	<b>-29</b>	-47	<b>5</b>	-21
<b>Total</b>	<b>13,363</b>	9,959	<b>4,269</b>	3,664

<b>EBIT, SEK MILLION Excluding items affecting comparability</b>	<b>Full year 2002</b>	Full year 2001	<b>Oct-Dec 2002</b>	Oct-Dec 2001
Generation Nordic Countries	<b>6,465</b>	5,983	<b>2,652</b>	1,721
Market Nordic Countries	<b>285</b>	-472	<b>-64</b>	85
Heat Nordic Countries	<b>326</b>	129	<b>215</b>	103
Electricity Networks Nordic Countries	<b>1,828</b>	1,783	<b>658</b>	586
Services	<b>117</b>	151	<b>46</b>	45
Germany and Poland	<b>4,752</b>	3,584	<b>1,007</b>	1,764
Other Business	<b>-828</b>	-2,290	<b>-271</b>	-940
Other and eliminations	<b>-29</b>	-46	<b>5</b>	-22
<b>Total</b>	<b>12,916</b>	8,822	<b>4,248</b>	3,342

**CONSOLIDATED BALANCE SHEET DECEMBER 31, 2002**
**IN SEK MILLION**
**December 31, 2002**    December 31, 2001

**ASSETS**
**Fixed assets**

Intangible fixed assets	<b>6,250</b>	2,678
Tangible fixed assets	<b>184,972</b>	158,984
Financial fixed assets	<b>26,428</b>	53,335
<b>Total fixed assets</b>	<b>217,650</b>	214,997
Inventories	<b>7,112</b>	6,567
Current receivables*	<b>36,041</b>	27,139
Liquid assets**	<b>15,473</b>	10,340
<b>Total current assets</b>	<b>58,626</b>	44,046
<b>Total assets</b>	<b>276,276</b>	259,043

**EQUITY, PROVISIONS AND LIABILITIES**

Equity	<b>45,129</b>	39,578
Minority interests in equity	<b>9,960</b>	19,080
Interest-bearing provisions	<b>98</b>	190
Other provisions	<b>97,480</b>	90,766
Long-term interest-bearing liabilities	<b>67,158</b>	58,420
Other long-term liabilities	<b>1,588</b>	1,599
Current interest-bearing liabilities**	<b>27,582</b>	30,113
Other current liabilities	<b>27,281</b>	19,297
<b>Total equity, provisions and liabilities</b>	<b>276,276</b>	259,043

\* Includes SEK 4,158 million (4,951) in investment assets.

\*\* Includes SEK 980 million (966) in investments concerning interest-arbitrage transactions with refinancing risk.

**CHANGE IN EQUITY**
**SEK MILLION**
**2002**
**2001**

<b>Equity, opening balance according to adopted balance sheet</b>	<b>39,578</b>	35,120
Effect of change in accounting policy	-	254
<b>Equity, opening balance adjusted for new accounting policy</b>	<b>39,578</b>	35,374
Dividend	<b>-1,030</b>	-990
Change in translation difference	<b>-954</b>	1,004
Hedging	<b>-31</b>	-
Net profit	<b>7,566</b>	4,190
<b>Closing balance</b>	<b>45,129</b>	39,578

**CONSOLIDATED CASH FLOW STATEMENT 2002 IN SEK MILLION**

	2002	2001
<b>Operating activities</b>		
Funds from operations (FFO)	17,106	13,148
Cash flow from changes in operating assets and liabilities	2,997	-2,706
<b>Cash flow from operating activities</b>	<b>20,103</b>	10,442
<b>Investing activities</b>		
Investments	-39,932	-43,443
Divestments	3,683	20,459
<b>Cash flow from investing activities</b>	<b>-36,249</b>	-22,984
<b>Cash flow before financing activities</b>	<b>-16,146</b>	-12,542
<b>Financing activities</b>		
Acquired/sold liquid assets and interest-bearing liabilities, net	-1,373	2,351
Dividend paid	-1,364	-1,784
Group contribution made	-22	-
<b>Cash flow after dividend</b>	<b>-18,905</b>	-11,975
Net borrowing at the beginning of the period	-55,736	-43,311
Cash flow after dividend	-18,905	-11,975
Translation differences from net borrowing	-566	-450
<b>Net borrowing at the end of the period</b>	<b>-75,207</b>	-55,736
Supplementary disclosures		
Cash flow after dividend	-18,905	-11,975
Change in interest-bearing liabilities and receivables, net	6,914	14,532
Translation differences	-728	240
Reclassification of investment assets as liquid assets	17,852	-
Change in liquid assets	5,133	2,797

**EARNINGS PER SHARE**

	2002	2001
Number of shares ('000)	131,700	131,700
Earnings per share (SEK)	57.45	31.81
Earnings per share, excl items affecting comparability (SEK)	54.91	27.72

**KEY RATIOS**
**(in per cent unless otherwise specified)**

	2002	2001
Return on net assets	10.5	9.9
Return on net assets, excl items affecting comparability	10.1	8.8
Return on equity	19.1	11.8
Return on equity, excl items affecting comparability	18.3	10.3
Operating margin	13.2	14.4
Operating margin, excl items affecting comparability	12.8	12.8
Pre-tax profit margin	9.9	10.8
Pre-tax profit margin, excl items affecting comparability	9.4	9.2
Interest coverage (times)	2.6	2.6
Interest coverage, excl items affecting comparability (times)	2.5	2.3
FFO Interest cover (times)	3.7	3.8
FFO Net interest cover (times)	6.1	6.3
Equity-assets ratio	20.0	22.7
Net debt/equity (times)	1.4	1.0
Net debt /equity + net debt	57.7	48.7
FFO/gross debt	18.0	14.8
FFO/net debt	22.7	23.6
EBITDA/net financial items (times)	7.4	7.3
EBITDA/net financial items, excl items affecting comparability (times)	7.2	6.9

**ELECTRICITY BALANCE**

<b>Output (TWh)</b>	2002	2001
Sweden	42.1	46.6
Finland	6.6	6.0
Germany	93.9	51.7
Poland	3.3	3.5
Other countries	12.3	15.2
Spot market *	30.1	26.9
<i>Total electricity sales</i>	<b>188.3</b>	149.9
Delivered to minority shareholders, etc.	17.7	19.4
<b>Total</b>	<b>205.9</b>	169.3

\* Of which, Nord Pool 27.4 TWh (26.0)

<b>Input (TWh)</b>	2002	2001
Hydro power	35.6	39.9
Nuclear power	53.0	58.1
Fossil-based power	70.0	42.9
Total internal generation	158.5	140.9
Purchased power *	45.4	24.5
Spot market **	11.8	10.3
<i>Total input</i>	<b>215.6</b>	175.8
Less internal consumption	-9.7	-6.5
<b>Total</b>	<b>205.9</b>	169.3

\* Includes power purchased from the part-owned nuclear power plants, Krümmel, Brokdorf and Stade in Germany

\*\* Of which, Nord Pool, 5.5 TWh (10.2)

**This report has been translated from the Swedish original.**