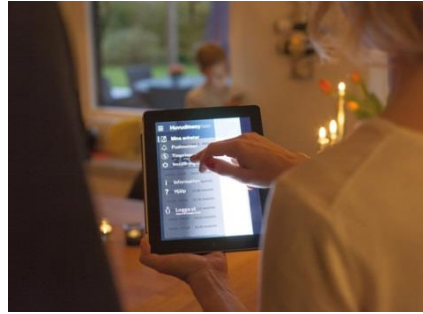
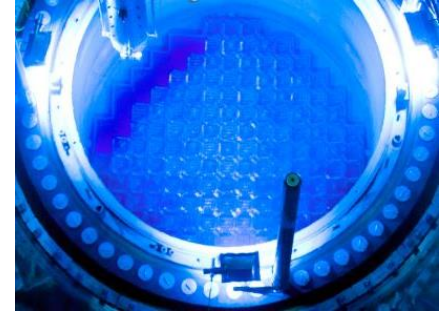




Magnus Hall, President and CEO

Vattenfall Capital Markets Day, 19 September 2016

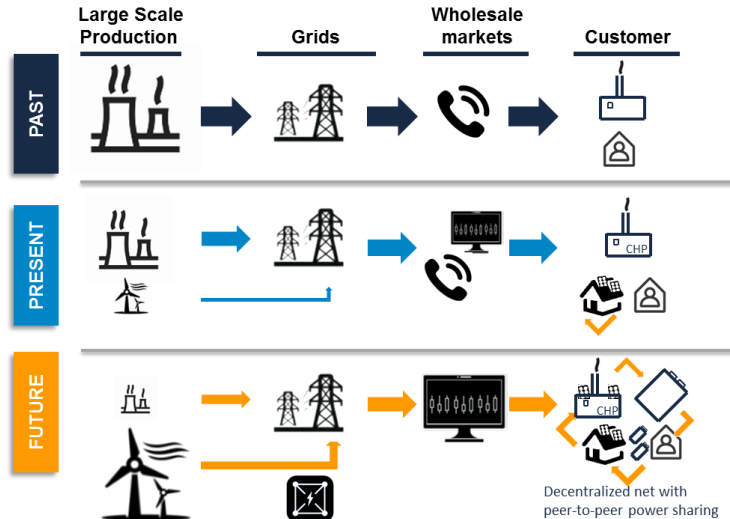
A NEW VATTENFALL IS TAKING SHAPE



THE FUTURE IS MORE CERTAIN

The transformation towards a mixed central decentral system is ongoing...

...and these are the facts



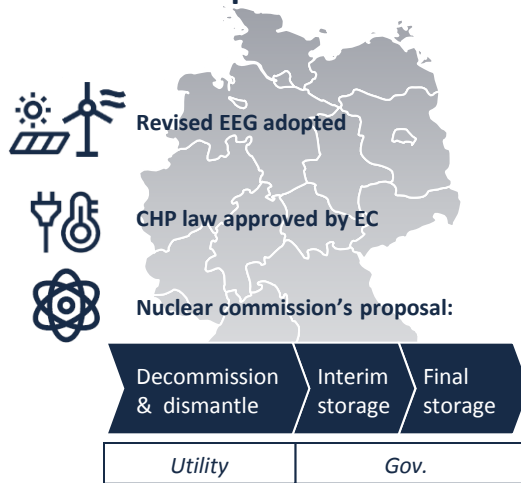
- ✓ Significantly increased ambition level within politics and climate change and well aligned stakeholder interest
- ✓ Customer centricity is key
- ✓ Smaller-scale, decentral and renewable energy production technologies are rapidly gaining market share
- ✓ Increasingly competitive environment and lower perceived risk level

REGULATORY DEVELOPMENTS SUPPORT THE ENERGY TRANSITION

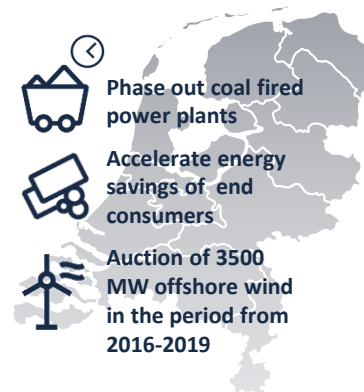
The Swedish energy agreement – an important foundation for our future operations in the country



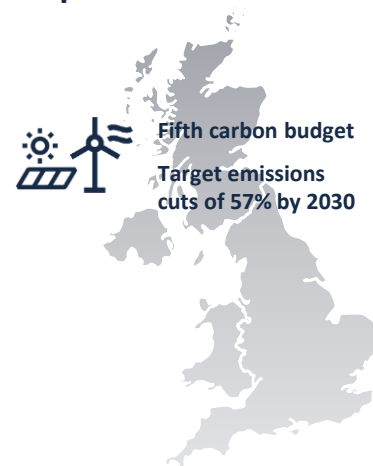
Germany anchors support to renewables and CHP while approaching financial solution for nuclear phase-out




Dutch energy transition in acceleration mode



The UK government commits to renewables support and climate policy despite Brexit



STRATEGIC INVESTMENTS IN NUCLEAR IN PARALLEL WITH SHUTDOWNS

	Sweden		Germany	
Sites, ownership share, capacity	<ul style="list-style-type: none">▪ Forsmark (66%) ~3.3GW▪ Ringhals (70.4%) ~4GW		<ul style="list-style-type: none">▪ Krümmel (50%) ~1.3GW▪ Stade (33.3%) ~0.6GW▪ Brunsbüttel (66.7%) ~0.8GW▪ Brokdorf (20%) ~1.4GW	
Operating plan	<ul style="list-style-type: none">▪ F1, F2, F3 – planned operations until the 2040s following recent investment decision in independent core cooling▪ R1, R2 – planned shutdown in 2020 and 2019▪ R3, R4 – prospects for investments in independent core cooling under review		<ul style="list-style-type: none">▪ All reactors to be closed by 2022 (only Brokdorf currently in operation, Stade is being dismantled)	
Financing	<ul style="list-style-type: none">▪ SEK 0.04/kWh to the Nuclear Waste Fund (co-owned by Vattenfall). The Swedish radiation authority is reviewing operating lifetimes in the Nuclear Waste Fund.		<ul style="list-style-type: none">▪ Provisions on nuclear owners' balance sheets (c. SEK 30 billion for Vattenfall as of Q2 2016)▪ Proposal from nuclear commission to create an external funding solution	
Final storage	<ul style="list-style-type: none">▪ Construction forecasted to start 2019 (location Forsmark)		<ul style="list-style-type: none">▪ A suitable location for final storage shall be approved by 2031 at the latest	

IMPORTANT PROGRESS TO DATE TOWARDS OUR STRATEGIC OBJECTIVES

- ✓ Commissioning of DanTysk in Germany, 2014
- ✓ E-mobility – Bus services and fast charging in Sweden, 2014
- ✓ Installation of Diemen heat storage in the Netherlands, 2015
- ✓ Acquiring 12 000 customers per month in Germany, 2016

**Capturing business
opportunities
in the transformation**

- ✓ Continuation of modernisation program in Hydro, 2013-
- ✓ Successful dialogue on Swedish nuclear and hydro tax, 2016
- ✓ Strategic investment decision in Forsmark, 2016

Securing current operations

- ✓ Divestment of ENEA Poland, 2014
- ✓ Divestment of Danish coal assets, 2015
- ✓ Divestment of Lignite, 2016

Leaving the "traditional utility"

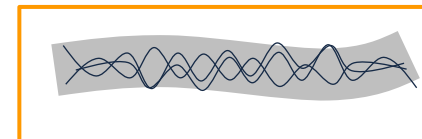
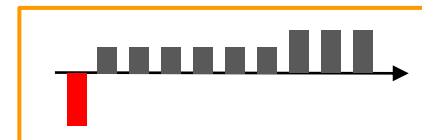
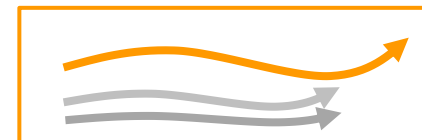
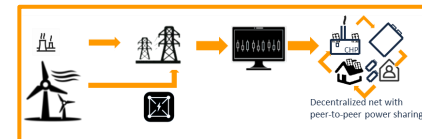
FOUR STRATEGIC CRITERIA TO ASSESS THE PORTFOLIO

1 Start with the customer in mind and enable Vattenfall to be among the leaders in developing **sustainable energy solutions**




2 Focus only on businesses where Vattenfall has or can build a **competitive advantage** and where

3 **Attractive returns** (versus risk) can be made

4 A **diversified portfolio** provides a hedge against fluctuating markets, policy changes and technology development, and a future portfolio will from a risk mitigation perspective benefit from access to (but not necessarily 100% ownership of) power plants, demand units, and storage or other technologies that provide flexibility



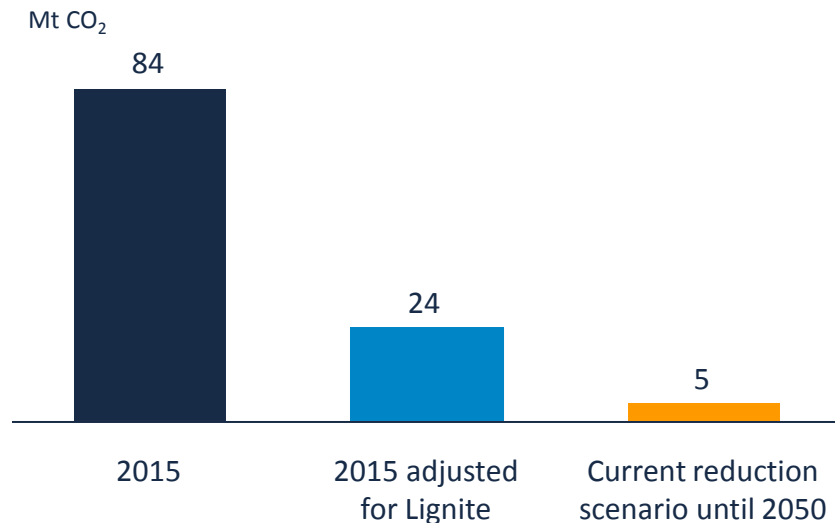
WE ARE RESHAPING OUR ASSET BASE TO MEET NEW MARKET REQUIREMENTS

	Central Production	Grids	Wholesale markets	Commodity sales and decentralized solutions
Grow  ✓ Customer attractiveness ✓ Long term viability ✓ Strong Vattenfall capabilities ✓ Attractive returns	<ul style="list-style-type: none"> • Wind • Solar • District heating 	<ul style="list-style-type: none"> • Regulated • Non-regulated • Services 	<ul style="list-style-type: none"> • Trading • Aggregation Optimization Marketing 	<ul style="list-style-type: none"> • Electricity retail • Decentralized solutions*
Keep  ✓ Long term viability - Limited growth opportunities	<ul style="list-style-type: none"> • Hydro • Nuclear • Gas condensing 			<ul style="list-style-type: none"> • Gas retail
Non core  - Limited long term viability - Not supporting the transition	<ul style="list-style-type: none"> • Hard coal • Lignite 			

*E.g. aggregation services, heat pumps and solar panels 8

WE ARE COMMITTED TO BE CLIMATE NEUTRAL BY 2050

On track to deliver on our CO₂ vision



Additional measures post lignite divestment

- Fuel switching to gas/biomass
- Exit coal through divestments/decommissioning
- Integrate waste to heat
- Integrate heat storages and power to heat

OUR STRATEGY AND PRIORITIZED AREAS



STRATEGIC TARGETS

Strategic objective	Strategic targets to 2020	Q2 2016	Q2 2015	FY 2015
Leading towards Sustainable consumption	1. Customer engagement, NPS +2 (Net Promoter Score)	+6	-	-
Leading towards Sustainable production	2. Commissioned renewables capacity: $\geq 2,300$ MW	76	-	N/A
	3. Absolute CO ₂ emissions: ≤ 21 Mtonnes*	41.3	40.8	83.8
High performing operations	4. ROCE: $\geq 9\%$ (continued operations)	3.1**	-	-1.8
	ROCE: $\geq 9\%$ (total Vattenfall)	-5.5**	-14.6**	-8.2
Empowered and engaged organisation	5. Safety as LTIF (Lost Time Injury Frequency): $\leq 1,25$	2.1**	2.5**	2.3
	6. Employee Engagement Index: $\geq 70\%$	-	-	59

* Contingent on the sale of Vattenfall's lignite operations

** Last twelve months