

# Capital Markets Day 2021

**Delivering on the strategy at  
the core of the energy transition**

**20 September, 2021**



**VATTENFALL**



# Vattenfall Capital Markets Day 2021

Delivering on the strategy at the core of the energy transition

## Agenda

13.00-13.20	<b>Strategic Outlook and Financial Perspective</b>
13.20-13.30	<b>Industry Partnerships - The Case for Hydrogen</b>
13.30-13.40	<b>Delivering on Decarbonisation</b>
13.40-14.00	<b>Managing Renewables Growth and Demand for Flexibility</b>
14.00-14.15	<b>Serving our Customers and the Role of Digitalisation</b>
14.15-14.30	<b>Q&amp;A session</b>

## Participants

Anna Borg, CEO

Kerstin Ahlfont, CFO

Andreas Regnell, SVP Strategic Development (Host)

Ulrika Jardfelt, SVP Heat

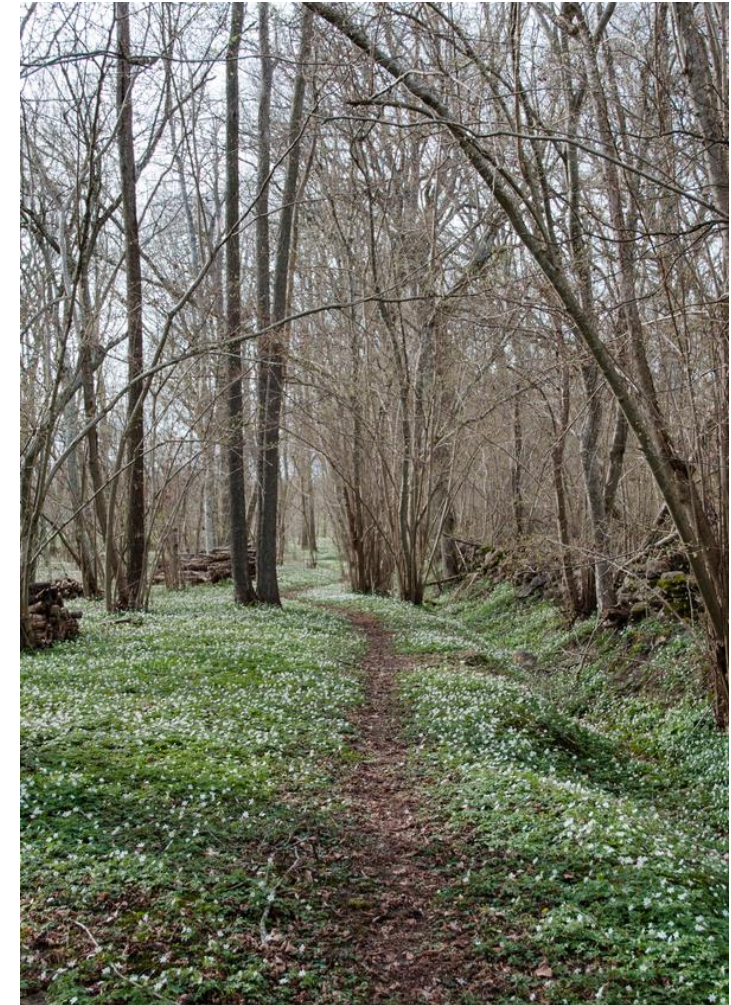
Helene Biström, SVP Wind

Torbjörn Wahlborg, SVP Generation

Annika Viklund, SVP Distribution

Anna-Karin Stenberg, SVP Markets

Martijn Hagens, SVP Customers & Solutions



# Strategic Outlook

Anna Borg, CEO



VATTENFALL

# Vattenfall is delivering on its strategy of being a leader in the energy transition

*Fossil-free  
living within one  
generation...*

*...as a profitable  
energy business*



# Our commitments toward Net Zero

VATTENFALL EMISSION INTENSITY

2017-2040 gCO<sub>2</sub>e / kWh

**-38%**

Emission intensity  
reduction  
since 2017

**TODAY**

**1.5°C**

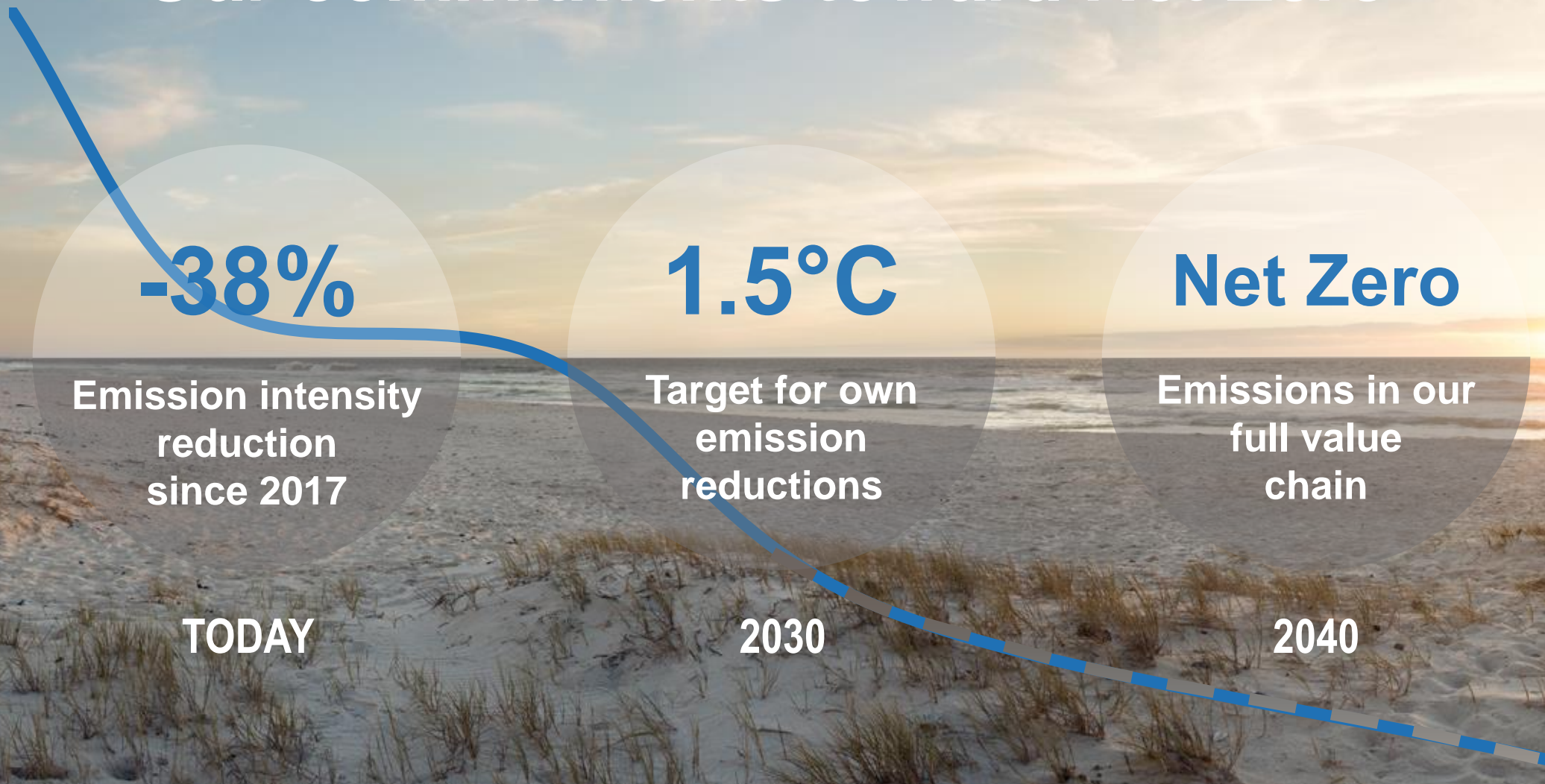
Target for own  
emission  
reductions

**2030**

**Net Zero**

Emissions in our  
full value  
chain

**2040**



# Raising our climate ambition

Vattenfall's emissions intensity target is now in line with the 1.5°C climate trajectory

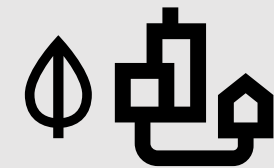
## Our ambitions to reach our 2030 commitment

 **2X**

Electricity distributed in our grid

**>125 TWh**

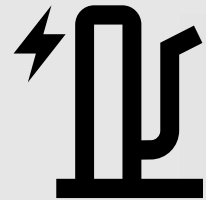
Fossil-free electricity produced\*

 **+30%**

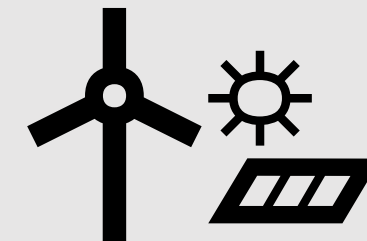
More customers with low or no carbon heat

 **-50%**

CO<sub>2</sub> reductions in procurement of goods & services

 **25X**

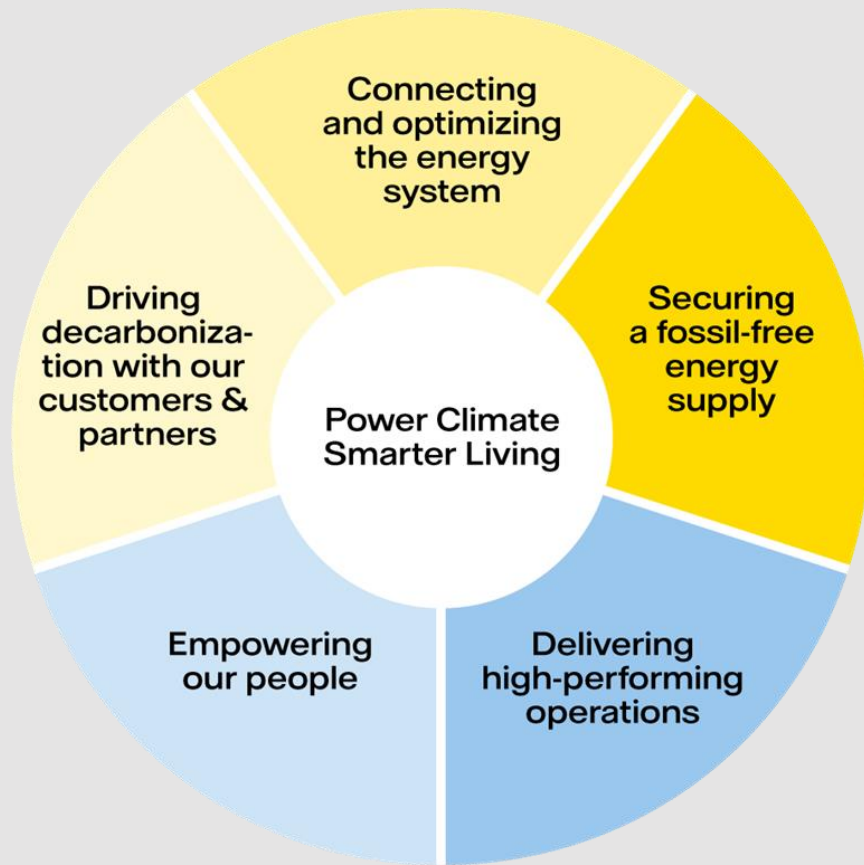
More e-mobility charge points in operation

 **X4**

Commissioned solar & wind capacity added

\*Not considering future ownership structure of added wind and solar production

# A strategy to enable fossil-free living within one generation



Strategic targets to 2025	2025 Target	Actual Q2 2021	Outcome 2020
Net Promoter Score <sup>1</sup> (Absolute)	+18	-	+7
CO <sub>2</sub> Emissions Intensity	≤86 gCO <sub>2</sub> /kWh	87	97
LTIF	≤1.0	1.7	1.8
Engagement Index <sup>1</sup>	75	-	72%
FFO/Adjusted Net Debt	22-27 %	38.1%	28.8%
ROCE	8 %	14.5%	5.8%

1) Reported on an annual basis



# Milestones for Vattenfall in 2021

Breaking new ground and reducing uncertainty



**HYBRIT: The world's first fossil-free steel ready for delivery**

The image shows a large industrial building, the HYBRIT steel mill, with a tall chimney and a red staircase leading up to an entrance. The sky is blue with some clouds.

**Divestment of Stromnetz Berlin to the State of Berlin**

The image shows a panoramic view of the Berlin skyline, featuring the Fernsehturm (TV Tower) and various city buildings under a cloudy sky.

**Compensation for nuclear plant closures in Germany**

The image shows a large industrial facility, likely a nuclear power plant, with several tall cooling towers and a large building. A wind turbine is visible in the background.

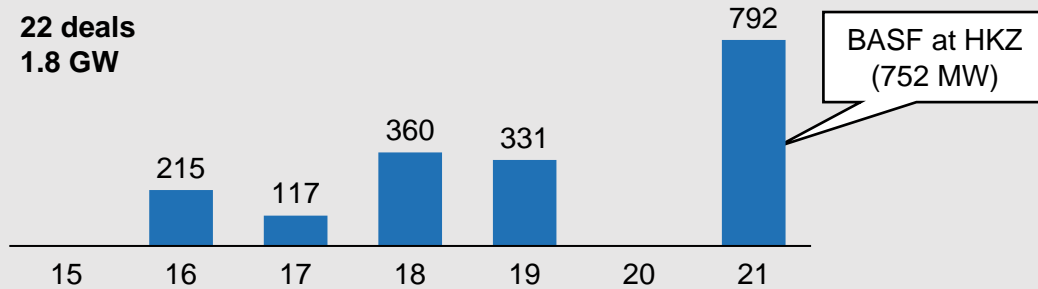
**Partnering with BASF ownership in Hollandse Kust Zuid offshore wind farm**

The image shows large yellow and blue components of an offshore wind turbine, labeled H7M2 and H7M5, being lifted by a crane. Two workers in safety gear are visible in the foreground.



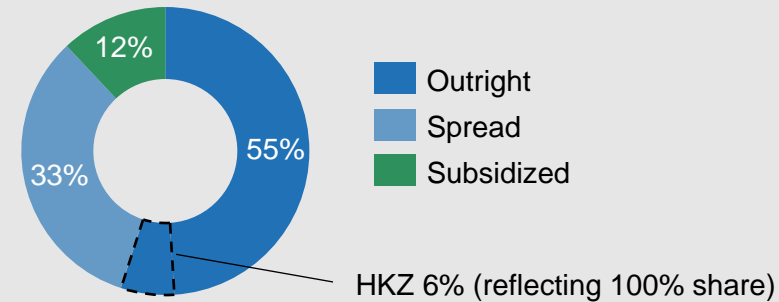
# Vattenfall and BASF – a pioneering partnership

## Offshore capacity acquired by industrial players (MW)



Source: Wood Mackenzie Limited

## 2020 Vattenfall electricity capacity post-FID (incl. Hollandse Kust Zuid, HKZ)



## Project data and transaction details

- Capacity: 1,520 MW
- Grid connection: provided by TenneT
- Distance from shore: 18-30 km; Water depth: 18-28 m
- Timeline: Construction start in July 2021, fully operational in 2023
- Sale of 49.5% stake to BASF
- Purchase price amounts to EUR 0.3 bn
- Total commitment by BASF to fund the construction amounts to approximately EUR 1.6 bn



# Financial Perspective

Kerstin Ahlfont, CFO



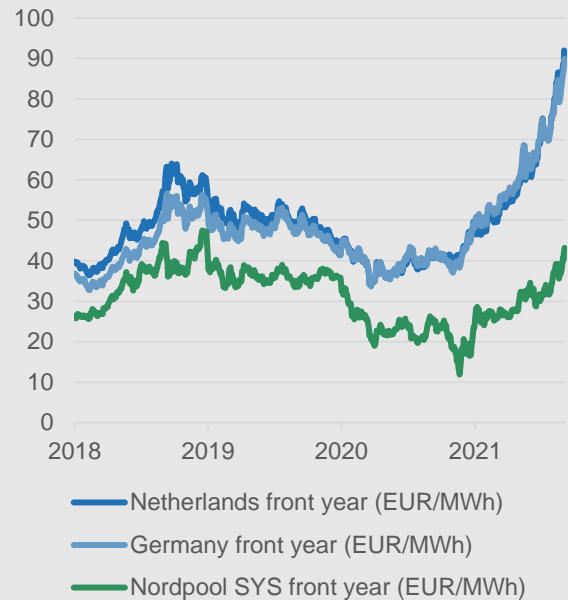
VATTENFALL



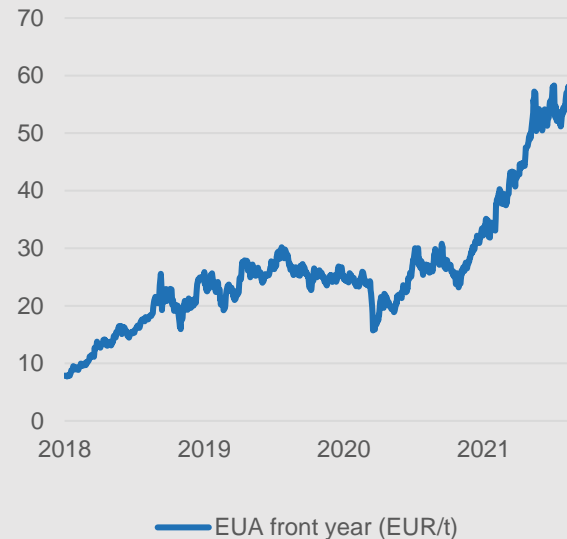
# The electricity market showing positive momentum

Surging prices are supportive for Vattenfall, but major volatility calls for a continued balanced risk-profile and a prudent hedging strategy

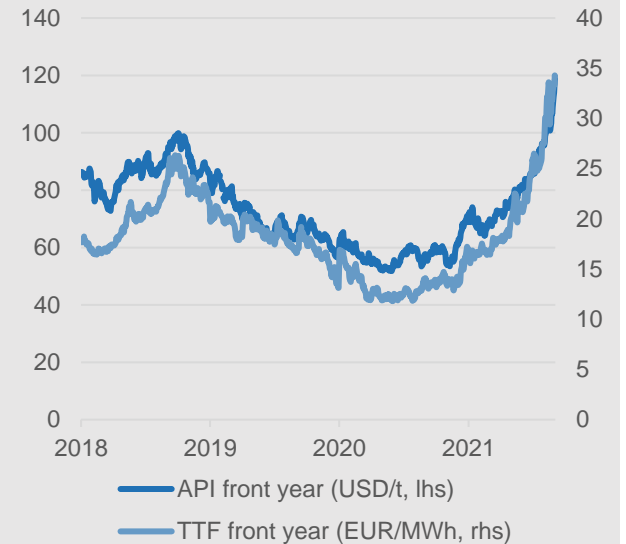
## Electricity prices



## CO<sub>2</sub> prices



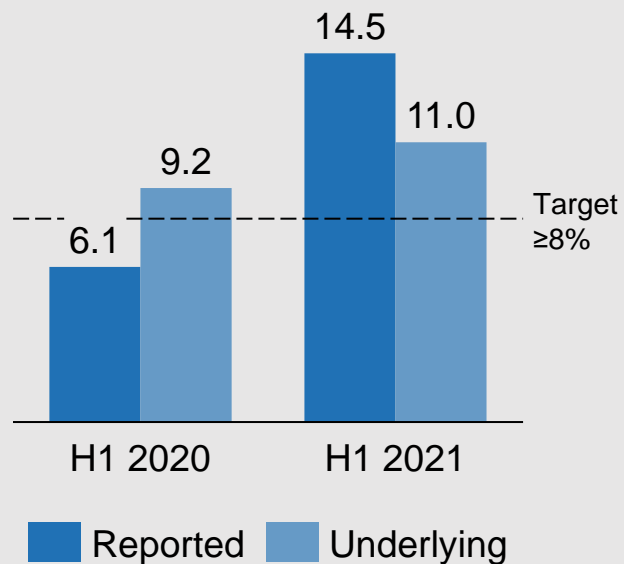
## Coal and gas prices



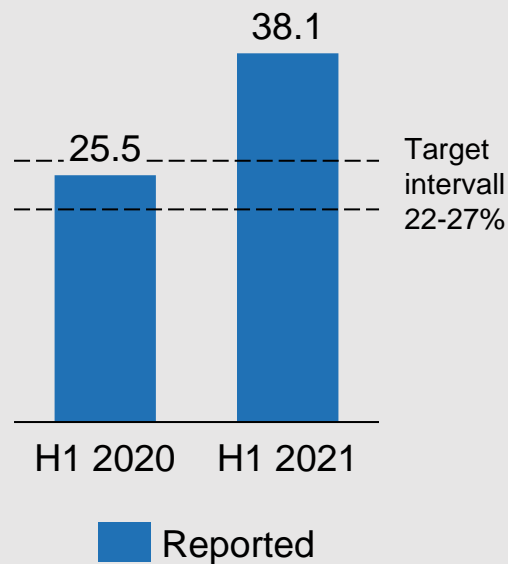
# A strong financial position

Major impact from one-off items in 2021. Full commitment to financial targets, balancing profitable growth and dividends

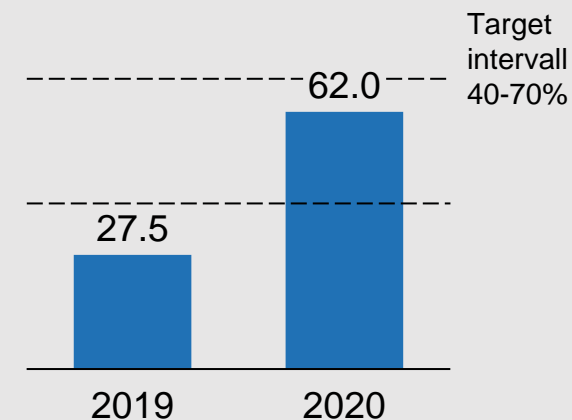
ROCE (%)



FFO/adj. net debt (%)



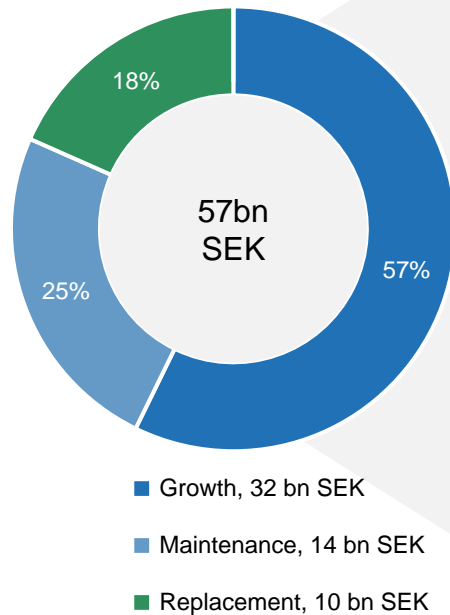
Dividend (% of the year's profit after tax)



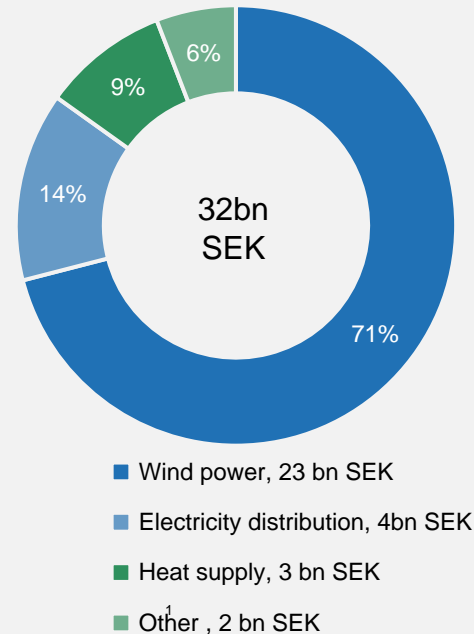


# Focused sustainable growth – majority of investments continue to be allocated to renewables and networks

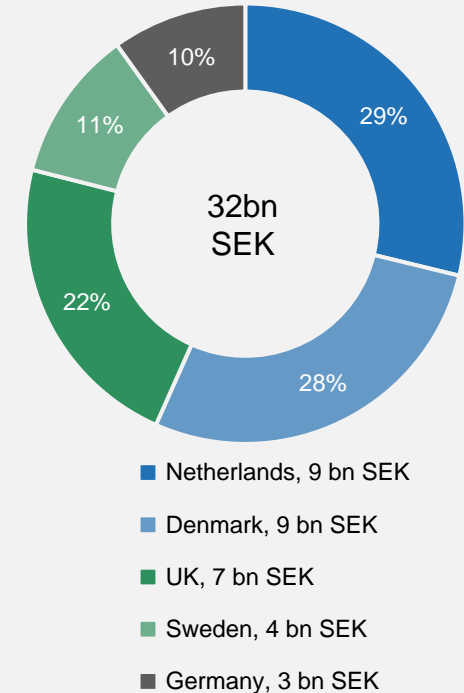
Total capex  
2021-2022



Growth capex per  
technology 2021-2022



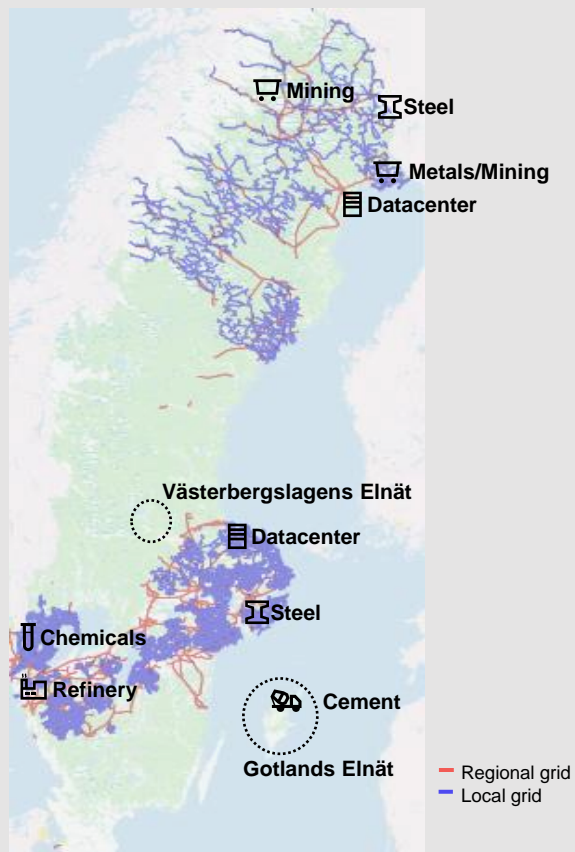
Growth capex per country  
2021-2022



<sup>1</sup> Mainly charging solutions, solar and battery projects, decentralised solutions and the Hybrit project

# Continued commitment to develop a strong Regulated Asset Base following Stromnetz Berlin divestment

The majority of energy intensive industries are connected to Vattenfall's grid



A large part of new wind power is assumed to be connected to the regional grid

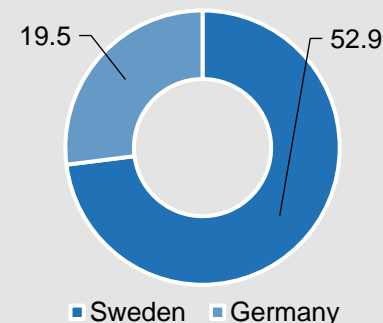


Electrification and decarbonization trend to drive close to a doubling of the investment need for 2020-2030 compared to the previous 10-year period\*...

~ 7  
BSEK  
per  
year

Planning assumptions  
Investment need  
for the period 2020-2030

...Vattenfall is well positioned to leverage on the trend and expects the RAB in Sweden to increase by ~50% by 2030



Vattenfall Regulatory Asset Base 2020  
before Stromnetz divestment (SEK bn)

\*During the period 2010-2019, an average of SEK 3.5 bn per year were invested