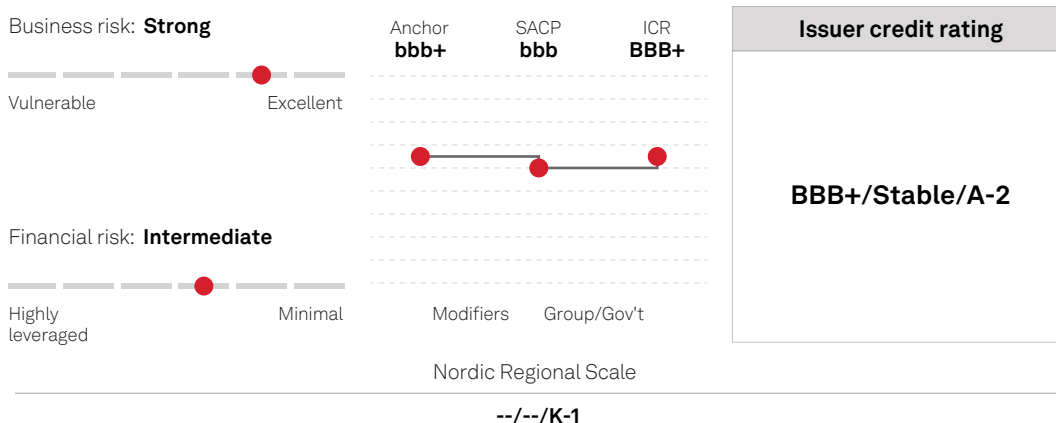


# Vattenfall AB

April 22, 2026

This report does not constitute a rating action.

## Ratings Score Snapshot



ICR--Issuer credit rating, SACP--Stand-alone credit profile.

## Credit Highlights

### Overview

#### Key strengths

With electricity production of 102 terawatt hours (TWh) in 2025 Vattenfall holds a leading position in the Swedish power generation market, generating about 60%-70% of all power in the country.

Well positioned for the energy transition, almost all of its electricity generation stems from fossil free production already. Carbon dioxide (CO2) emissions intensity stands at 34 grams of CO2 equivalent per kilowatt hour (gCO2e/kWh), which is very low in a European comparison.

Ample rating headroom, with key credit metrics such as the ratio of funds from operations (FFO) to debt expected to stay well above 30% during 2026-2028, comfortably above the 25% downside threshold for the rating.

#### Key risks

Exposure to volatile and low prices, especially in northern Sweden where prices tend to be lower.

Relatively low share of regulated earnings; less than 14% of EBITDA in 2025. A further dilution could weigh negatively on our assessment of business risk because it leads to increased exposure to merchant price and volume risks.

Margin call requirements can create significant working capital volatility.

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## Overview

### Key strengths

Integrated business model provides a degree of resilience to market fluctuations and supports stable earnings and EBITDA.

### Key risks

Execution risks tied to Vattenfall's large Swedish krona (SEK) 165 billion net capital expenditure (capex) program for 2026-2030, with key exposure to large offshore wind power and project execution risk, such as cost overruns and delays on large projects.

A moderate likelihood of support from its sole shareholder, the government of Sweden (AAA/Stable/A-1+), provides Vattenfall a one-notch uplift from its stand-alone credit profile (SACP).

**We expect robust credit ratios for 2026-2028, with FFO to debt at about 40%-45%.** We forecast Vattenfall's FFO to average SEK35 billion-SEK40 billion annually over this period, supported by its diversified revenue streams and hedges in place which we expect will mitigate price volatility for its generation assets. However, due to very large capital spending (capex), about SEK165 billion (net) over 2026-2030, that is, about SEK33 billion annually on average and will likely be roughly similar to FFO, which we expect will average SEK35 billion-SEK40 billion annually over 2026-2028. The earnings are aggravated by volatile Nordic electricity prices and execution risks associated with major projects, particularly those involving offshore wind farms, as well as anticipated increases in dividend distributions to about SEK7.5 billion on average over 2026-2027. The shortfall is projected to increase S&P Global Ratings-adjusted debt to about SEK80 billion to SEK90 billion between 2026 and 2028, from SEK77 billion at year-end 2025. Despite these factors, we believe Vattenfall's financial profile remains resilient, partly thanks to the significant headroom gained from divestments in 2024 related to the Norfolk Offshore Wind Zone in the U.K. and Nordlicht I and II (then repurchased in March 2025) and heat activities in Berlin, totaling around SEK36 billion. However, we see management steering investment levels so that the balance sheet remains in line with its financial policy. We therefore anticipate that Vattenfall's FFO to debt will remain comfortably above our 25% downside threshold for the rating.

**Vattenfall's hedging strategy and hydro flexibility mitigates Nord Pool price volatility and supports revenue stability.** Following more intermittent power production in the Nordic power system, Nord Pool electricity prices have demonstrated a significant increase in volatility in recent years. While the average system price in the Nordic region was €39.7/megawatt hour (MWh), slightly higher than €36.06/MWh in 2024, the swings have been significantly high and there is also a larger price differences between price areas.

**Vattenfall's portfolio is heavily weighted toward hydro and nuclear assets, with majority of hydro in the northern parts of the country (price zone SE1 and SE2) and nuclear in the mid to southern parts (price zone SE3).** The northern parts have historically had lower prices. The majority of Vattenfall's production is from run-of-river which has much less possibility to vary its production compared with reservoir hydro assets, but Vattenfall's cost of hydro production is very low and still includes some flexibility in production. Furthermore, Vattenfall owns majority stakes in five nuclear facilities, in total of about 5.7 gigawatts (GW) all located in Sweden. This, together with the hydro, gives Vattenfall a dominant position in Sweden. These are supportive features and underpin our strong business risk for Vattenfall.

**The lion's share of Vattenfall's hydro generation is located in the northern part of Sweden (price area SE1 and SE2), which has an overcapacity of power production, which translates into lower prices than the southern parts of Sweden.** In November 2025, the Finnish and Swedish transmission system operators commissioned a new interconnector, the Aurora line, in

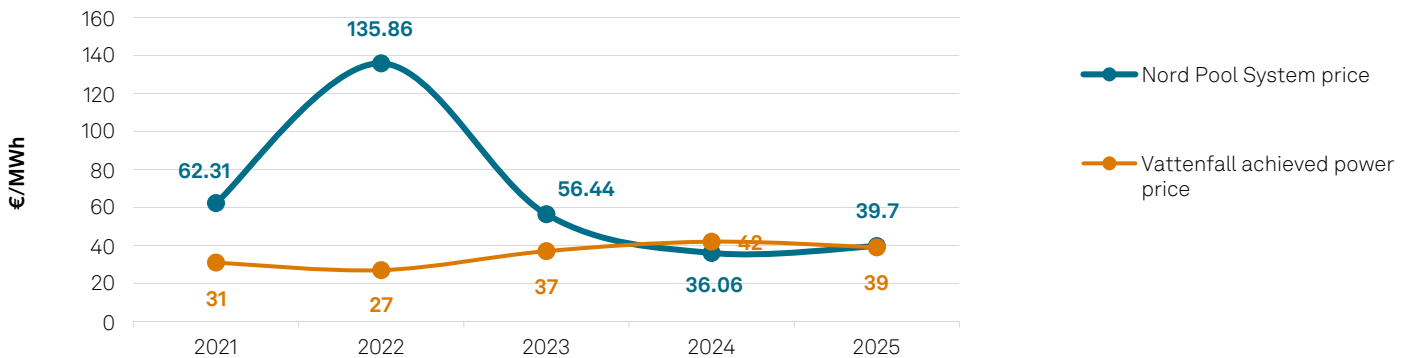
## Vattenfall AB

the north between the countries, and increased the transmission capacity with 800-900 megawatts (MW). This could eventually result in higher achieved prices for Vattenfall, as the ability to export power to Finland increased.

**We believe that Vattenfall aims to hedge about 50% of the following year average production and as of Dec. 31, 2025, Vattenfall had hedged a substantial portion of its anticipated electricity generation.** Specifically, 53% of expected 2026 generation is hedged at an average price of €40/MWh, 27% of 2027 generation at €40/MWh, and 7% of 2028 generation at €39/MWh. This proactive approach allows Vattenfall to secure prices in advance of delivery, thereby providing some buffer against adverse market movements and supporting predictable earnings.

**The effectiveness of Vattenfall's hedging strategy and the flexibility of hydro is evident in its achieved power prices.** In 2025, the company's achieved realized price for its Nordic portfolio--encompassing hydro, nuclear, and wind generation--was €39/MWh, very close to the average system price of €39.7/MWh. We believe that Vattenfall's hedging of about 50% of expected production supports predictability and stability to cash flows, and we expect that Vattenfall will sell electricity produced on average at €35-€40/MWh.

### Vattenfall's achieved power prices remain consistent



MWh--Megawatt-hour. Source: S&P Global Ratings.

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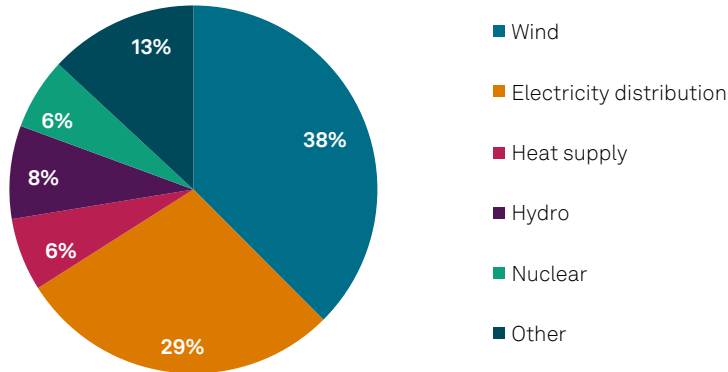
**The investment plan of about SEK165 billion plan targets diversified growth, supports the energy transition, and underpins EBITDA expansion and further diversification.** Vattenfall's diversified investment strategy--across wind, grids, heating, hydro, and nuclear--helps mitigate risk and enhances long-term resilience. The investment program from 2026 to 2030 allocates about 56% (SEK92 billion) to growth initiatives (primarily SEK59 billion in wind power) including major offshore and onshore projects such as Nordlicht I and II and Zeevonk, which underpin the company's strategic commitment to fossil-free electricity generation and Europe's energy transition. Simultaneously, we expect a ramp-up of investments into grid operations of about SEK9 billion annually during 2026 to 2028, which represents about 28% of total capex, compared with less than 20% during 2023-2025. This indicates that Vattenfall's earnings from regulated activities could increase gradually, which would be supportive to the business risk assessment.

Nevertheless, we expect that Vattenfall's EBITDA will mainly be supported by its electricity generation segments (generation and wind), with about 60%-65% of total EBITDA in 2026-2028, compared with 70% in 2025. Following the large investment levels, we expect S&P Global Ratings-

## Vattenfall AB

adjusted EBITDA to grow from approximately SEK40 billion at year-end 2025 to exceed SEK50 billion by 2027, as investments start to contribute to earnings.

### Capex breakdown by technology from 2026-2030



Capex--Capital expenditure. Source: S&P Global Ratings.

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**Vattenfall is cautiously investing in new nuclear power via Videberg Kraft AB and is likely to reduce its exposure to a 20% stake.** In December 2025 the group applied, via its project company Videberg Kraft AB, for government support to investment in new construction of nuclear reactors, about 1.5 GW. At the same time Vattenfall entered into an agreement with Industrikraft AB to sell 20% of the shares in Videberg Kraft. We also notice that the Swedish government recently announced it intends to seek authorization to acquire a 60% stake in the joint venture and also to decide on an initial capital injection of no more than SEK1.8 billion. If this comes to effect, Vattenfall's stake would be reduced to 20%. After a potential final investment decision (FID), we will evaluate how to consolidate or make any adjustment to our analysis on Vattenfall. We believe it will likely take additionally three to four years before a FID is taken. Potential rating impact will depend on parameters such as Vattenfall's share or interest, strategic importance, and government grant and price exposure.

**We continue to factor a one-notch uplift into our rating on Vattenfall for extraordinary government support.** The group is 100% owned by Sweden (unsolicited: AAA/Stable/A-1+). We see the risk of privatization as remote, and we see limited role for the state. The ratings on Vattenfall therefore benefit from one notch of uplift owing to our view of a moderate likelihood of timely and sufficient extraordinary government support for the company in case of financial distress. This reflects our assessment of a strong link with the Swedish government, which owns 100% of the company through the Ministry of Enterprise and Innovation, and the government's influence on the group's high-level strategic decision-making. It also reflects a limited role for the state, given the group's strong, but not dominant, market position in Sweden, significant exposure to non-Nordic markets, and its operations in a fully liberalized electricity market, which implies that it could conceivably be replaced by a private-sector entity.

## Outlook

The stable outlook reflects our assumption that Vattenfall's share of EBITDA from regulated operations will be at least 15%-20% over 2026-2028, excluding subsidized wind. If the share of regulated earnings is diluted further, we believe that this risk will increase earnings volatility. At

the same time, Vattenfall's generation fleet is expected to produce about 100 TWh annually. We forecast FFO to debt to decrease to about 40%-45% in 2026, from about 60% in 2025.

We also expect continuity in the company's relationship with its owner, the Swedish government.

## Downside scenario

We believe downside risk is currently remote. We could lower the rating if we believe Vattenfall's position in the power generation business is weakening; for example, if realized power prices are lower than expected or if the expansion into renewables weakens the group's profitability. These factors could have negative financial consequences for the company and, unless countermeasures are implemented, lead to weaker credit measures, such as prolonged FFO to debt of around 25%.

We could also downgrade Vattenfall if government support weakens, for example if the government privatizes a significant part of its stake. However, we consider this unlikely over the next few years.

Aggressive investments in nuclear power, without tangible support or risk-sharing by the Swedish government, could also exert downside pressure. Although discussions about nuclear power generation have increased, and the government has stated its intention to implement strong incentives, we believe any tangible investment is unlikely within the next few years.

## Upside scenario

We could upgrade Vattenfall by one notch if we conclude that:

- The company's financial risk profile has sustainably strengthened, with FFO to debt of about 30% and sufficient visibility on the long-term debt trajectory; and
- Management has a clear commitment to keep a strong financial risk profile. This could occur if the current headroom is not consumed by additional capex as expected, potentially due to a lack of meaningful and profitable projects to invest in.

We could also raise the rating by one notch if the relationship with the government strengthens, potentially through changes to Vattenfall's ownership directive.

## Our Base-Case Scenario

### Assumptions

- Swedish GDP growth of 2.5% and consumer price index (CPI) inflation of 1.9% in 2026. In 2027 we expect GDP growth of 2.2% and CPI growth of 1.9%.
- System prices in the Nordic region are expected to stabilize at €35-€40/MWh in 2026 to 2028.
- Vattenfall's generation segment hedges cover approximately 53% at €40/MWh for 2026, 27% at €40/MWh in 2027, and 7% at €39/MWh in 2028.
- Weighted average cost of capital (WACC) under the Swedish regulatory framework for the distribution system operator (DSO) increasing in 2024-2027 to 4.53%.
- Vattenfall's target is 40%-70% of adjusted profit for the period, which excludes fair values and return from the Swedish Nuclear Waste Fund. No major acquisitions.

- Although Vattenfall is assessing the ownership of the district heating operations, including potential divestment.

## Key metrics

### Vattenfall AB -- Key forecast ratios

Period ending	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. SEK)	2023a	2024a	2025a	2026f	2027f
EBITDA	40,857	42,130	49,564	45,000-50,000	50,000-55,000
Funds from operations (FFO)	31,894	35,636	47,008	35,000-40,000	35,000-40,000
Capital expenditure (capex)	40,695	29,286	29,115	30,000-35,000	30,000-35,000
Dividends	4,929	5,892	8,448	7,000-8,000	7,000-8,000
Debt	121,251	68,286	77,384	80,000-90,000	80,000-90,000
<b>Adjusted ratios</b>					
Debt/EBITDA (x)	3.0	1.6	1.6	1.6-2.0	1.6-2.0
FFO/debt (%)	26.3	52.2	60.7	40-45	40-45

## Company Description

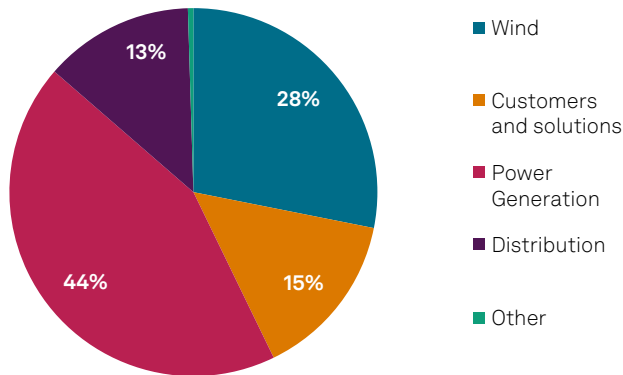
Vattenfall, wholly owned by the Swedish government, is one of the largest electricity and heat producers in Europe. Although the majority of its earnings come from hydro, nuclear, and wind power generation, the company also operates regulated power distribution and offers customer solutions, including retail. Recently, Vattenfall began divesting its district heating assets, selling its Berlin business for €1.4 billion in 2024, with the remaining district heating operations currently under strategic review.

As of year-end 2025, Vattenfall reported a total installed electricity capacity of 23.4 GW on a consolidated basis, reflecting full operational control of assets, while the pro rata capacity, representing its ownership share, stood at 20.1 GW. Correspondingly, electricity generation reached 102 TWh consolidated and 85 TWh pro rata. During the same period, it sold a total of 164.9 TWh of electricity, 4.5 TWh of heat, and 65 TWh of gas.

The company reported year-end 2025 revenue of approximately SEK234 billion, down from SEK245 billion in 2024, alongside a reported underlying EBITDA of SEK49 billion during 2025.

### Electricity generation accounts for over half of Vattenfall's earnings

Underlying EBITDA breakup by operating segment for 2025



Source: S&P Global Ratings.

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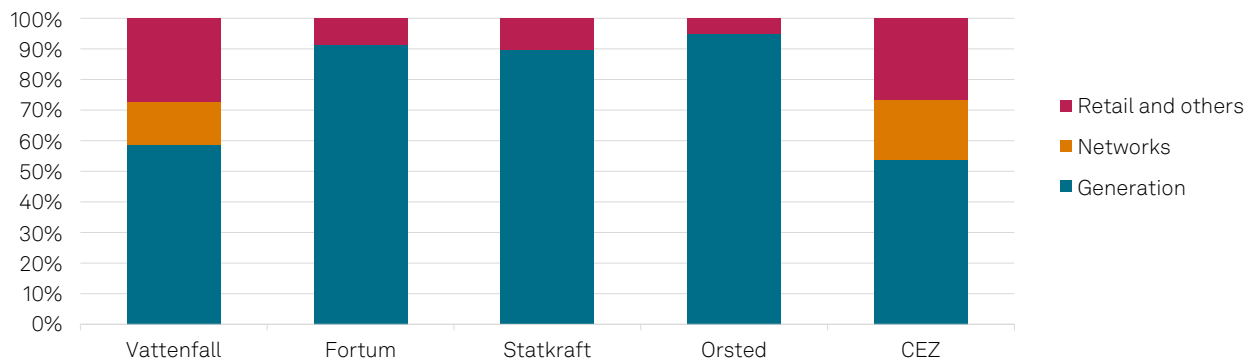
### Peer Comparison

Vattenfall's earnings benefit from a balanced mix across generation, regulated networks, and other activities. Its share of regulated networks--though lower than most multiutility groups we rate such as CEZ, EnBW Verbund--provides a degree of stable cash flows that help cushion against the volatility typical of power generation and market-facing sales. Peers such as Fortum, Statkraft, and Orsted, have no or limited exposure to regulated earnings.

Vattenfall and CEZ maintain diversified generation portfolios, while Fortum's focus is primarily on hydropower and nuclear, and Statkraft concentrates on hydropower. Orsted is highly specialized in offshore wind, making it the least diversified among its peers.

### Vattenfall's integrated business model supports earnings diversity

As of year-end 2024



Source: S&P Global Ratings. a--Actual. e--Estimate. F--Forecast. SEK--Swedish krona.

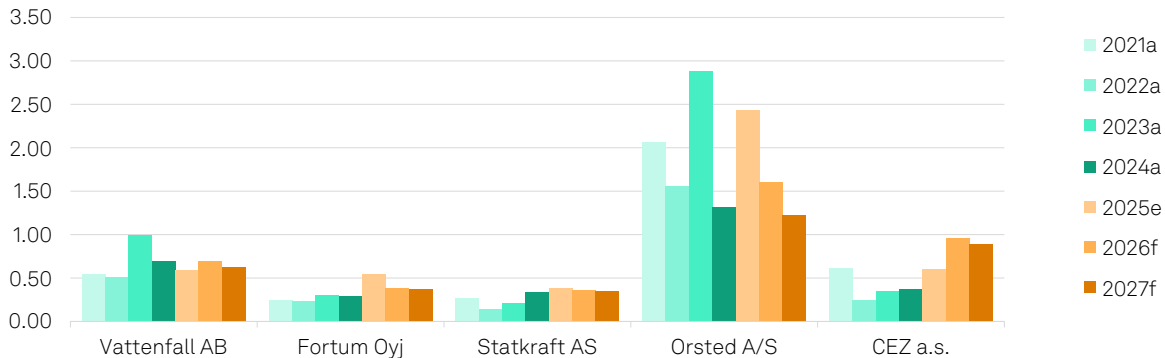
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Of all the peers, we assess Orsted's business risk profile as higher than peers, primarily due to large construction risk from offshore wind farms that have led to substantial impairments in

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recent years. Additionally, the offshore wind industry faces ongoing challenges, such as supply chain bottlenecks and escalating costs, which pose significant execution risks. This context is relevant also for Vattenfall, which is planning a substantial capex program of around SEK77 billion focused exclusively on wind projects from 2025 to 2029. We note that Vattenfall invests a large part of its EBITDA, but not nearly as much as Orsted does.

### Capex/EBITDA of peers



a--Actual. e--Estimate. f--Forecast. Source: S&P Global Ratings.

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### Vattenfall AB--Peer comparisons

	Vattenfall AB	Fortum Oyj	Statkraft AS	Orsted A/S	CEZ a.s.
Country risk	Very low	Very low	Very low	Low	Intermediate
Industry risk	Moderately high	Moderately high	Moderately high	Moderately high	Intermediate
Business risk profile	Strong	Satisfactory	Strong	Fair	Strong
Competitive position	Excellent	Satisfactory	Excellent	Fair	Strong
Financial risk profile	Intermediate	Intermediate	Intermediate	Intermediate	Significant
Anchor	bbb+	bbb	bbb+	bb+	bbb
Modifiers	Negative financial policy (-1 Notch)	--	--	--	--
SACP	bbb	bbb	bbb+	bb+	bbb
GRE likelihood of government support	Moderate	Moderate	Moderately High	Moderate	Moderately High
Foreign currency issuer credit rating	BBB+/Stable/A-2	BBB+/Stable/A-2	A/Negative/A-1	BBB-/Stable/A-3	A-/Stable/--

## Business Risk

**Vattenfall will continue to benefit from its position as the largest electricity generator in northern Europe, especially Sweden, where it generates about 60%-70% of its electricity.**

Vattenfall's electricity capacity amounts to 23.4 GW, where hydro represents almost 40%, nuclear and wind represent 24% each, remain stems from fossil production, solar and biomass. Hydropower is the backbone of Vattenfall's generation and is well-suited for a more volatile power market. We consider the company's low-cost and flexible hydropower assets to be highly competitive. Hydropower is among the best-ranked sources of energy in terms of cost competitiveness over the cycle. But we note that Vattenfall's assets are mainly run-of-river, which is less flexible compared with hydropower from reservoirs, like those that Statkraft mainly

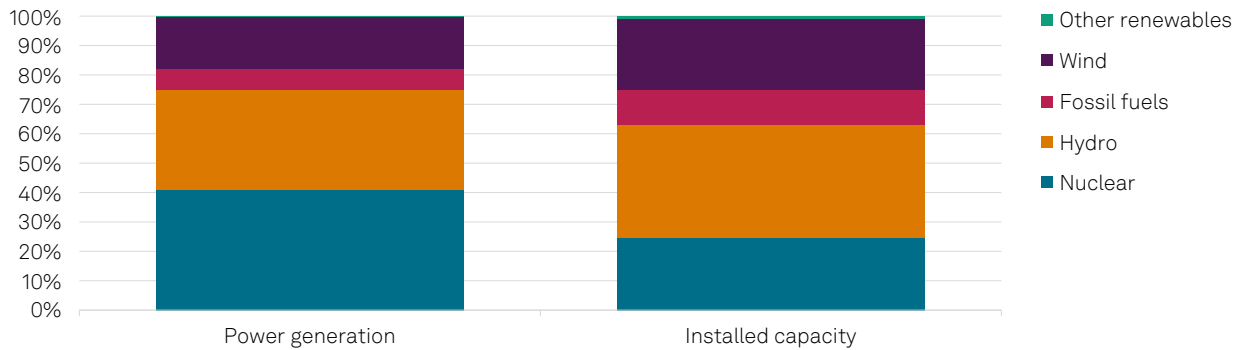
possesses. Reservoir assets have a greater opportunity to achieve premium to the average price, as the company can produce more when the price is high and less when low, the opposite compared with, for example, wind power or even nuclear. That said, nuclear is a fundamental part of Vattenfall's generation, with about 40% of total output. We note that the nuclear generation is fundamental for the Swedish electricity system, and that Vattenfall's assets are run at a relatively low cost, according to our estimate, at about €20 to €25/MWh. But we also note that prices sometimes are below this, but we believe that Vattenfall is managing this with its hedging strategy.

**New nuclear generation is on the horizon.** Vattenfall has announced that it could undertake nuclear construction projects in the future, with the first new reactor being operational in the mid 2030's. However, Vattenfall has made it very clear that such investment would hinge on some sort of risk-sharing model, which implies they themselves are not prepared to face all risk associated with such major investments. Investment in nuclear power aligns with the Swedish government's current strategy, and the topic of additional nuclear generation in Sweden is currently very active. The Swedish government (which owns 100% of Vattenfall) aims to have new nuclear capacity equivalent to two large nuclear plants by 2035, and potentially 10 new reactors by 2045. As the largest operator of nuclear power plants in Sweden, we believe that Vattenfall may be particularly well positioned to participate in the build-out. Any major investments are too far in the future and no formal decision has been taken. We therefore do not incorporate them in our forecasts. We continue to monitor the industry and its associated risks.

**Vattenfall's business profile benefits from its share of regulated earnings.** We expect regulated earnings to represent about 15%-20% of total EBITDA. The regulatory framework for Swedish electricity DSOs enables the network to recover in full and in a timely manner its costs. However, S&P Global Ratings considers the framework as more unpredictable than that of other countries with strong assessments, because of Vattenfall's history of recurring court cases, which increase uncertainty about final remuneration. In addition, increasing political concerns regarding affordability in the country, as evidenced by several ordinances issued by the government regarding the calculation of the WACC and networks' ability to carry over deficits, could also impair DSOs' remuneration. However, we expect the pre-tax real WACC of 4.53% for the fourth regulatory period (running 2024-2027), as well as the growing regulated asset base in line with the updated catalogue prices and adjusted using the building cost index will support material EBITDA growth. We will, however, monitor the process and proposal for the fifth regulatory period (2028-2032), given that any material change that could reduce remuneration, increase misalignment among stakeholders, or hinder improvements relative to the increasing challenges power grids face to support the energy transition and could lead us to revise our regulatory assessment or our business risk profile. Please refer to "[Sweden's Electricity Distribution Regulatory Framework: Supportive](#)," July 9, 2025, for more information.

### Hydropower is the backbone of Vattenfall's power generation

Break up by power generation and installed capacity for 2025



Source: S&P Global Ratings.

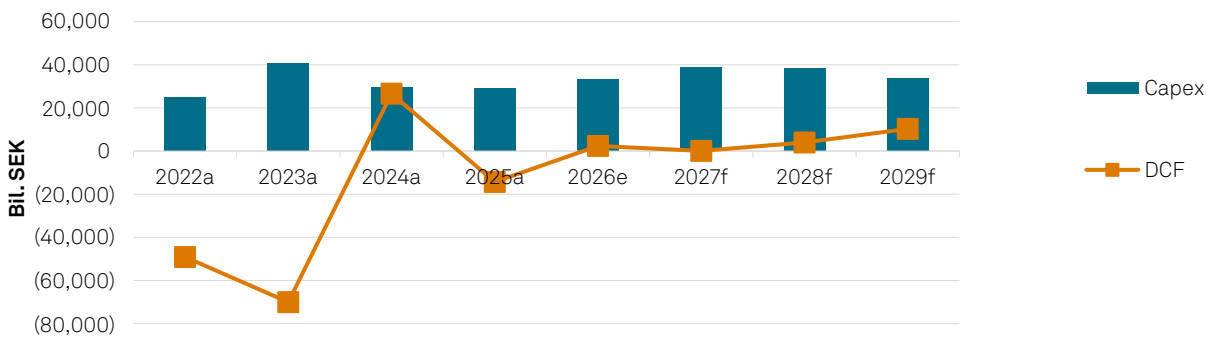
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## Financial Risk

### Credit metrics are projected to remain robust, as we expect the large capex program to bolster long-term earnings capacity and enhance cash flow resilience.

We estimate capex will average SEK33 billion annually between 2026 and 2030. Despite this sizable investment, we expect the company to maintain an FFO-to-debt ratio above 30% throughout 2026-2028. This capex outlay compresses discretionary cash flow (DCF), which was also the case in 2025 at about SEK14 billion, reflecting a period of investment-led growth. However, we anticipate a marked improvement in operating cash flow from 2026 will offset this temporary pressure. That said, volatile energy prices and potential supply chain cost escalations remain key risks that could affect the earnings profile and erode this financial headroom.

### Robust DCF forecast through 2029, even with high capex commitments



DCF--Discretionary cash flow. Capex--Capital expenditure. a--Actual. e--Estimate. F--Forecast. SEK--Swedish krona.Source: S&P Global Ratings.

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Hybrid instruments have been a component of the capital structure since 2015, totaling approximately SEK20.5 billion at the end of 2025. We consider these instruments to have

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intermediate equity content. The hybrid's share of total capitalization is about 7.7%, which provides a good headroom against our 15% threshold.

Vattenfall's financial policy steers the FFO to debt toward a minimum of 25%. We note that Vattenfall's balance sheet is currently robust and well above our rating downside threshold for the rating. Therefore, we apply a one-notch downward adjustment to the rating owing to a financial policy modifier, because we believe that the management will route the balance sheet toward FFO to debt at 25%.

### Vattenfall AB--Financial summary

Period ending	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025
Reporting period	2020a	2021a	2022a	2023a	2024a	2025a
Display currency (mil.)	SEK	SEK	SEK	SEK	SEK	SEK
Revenues	158,847	180,119	239,644	290,168	245,570	234,915
EBITDA	41,627	46,084	48,107	40,857	46,897	49,564
Funds from operations (FFO)	36,397	36,490	40,293	31,894	40,403	47,008
Interest expense	3,633	3,435	5,236	4,768	4,550	3,947
Cash interest paid	2,512	2,870	3,455	4,267	3,717	2,882
Operating cash flow (OCF)	41,769	100,241	1,362	(24,411)	61,778	22,781
Capital expenditure	21,204	24,909	24,765	40,695	29,286	28,438
Free operating cash flow (FOCF)	20,565	75,332	(23,404)	(65,106)	32,492	(5,657)
Discretionary cash flow (DCF)	14,910	69,785	(49,120)	(70,035)	26,600	(14,606)
Cash and short-term investments	56,222	165,793	168,268	48,704	85,226	51,226
Gross available cash	56,222	165,793	168,268	48,704	85,226	51,226
Debt	116,017	14,516	75,154	121,251	68,286	77,384
Common equity	120,844	207,393	139,903	149,923	212,861	209,664
<b>Adjusted ratios</b>						
EBITDA margin (%)	26.2	25.6	20.1	14.1	19.1	21.1
Return on capital (%)	9.9	12.7	14.0	9.9	10.9	11.1
EBITDA interest coverage (x)	11.5	13.4	9.2	8.6	10.3	12.6
FFO cash interest coverage (x)	15.5	13.7	12.7	8.5	11.9	17.3
Debt/EBITDA (x)	2.8	0.3	1.6	3.0	1.5	1.6
FFO/debt (%)	31.4	251.4	53.6	26.3	59.2	60.7
OCF/debt (%)	36.0	690.5	1.8	(20.1)	90.5	29.4
FOCF/debt (%)	17.7	518.9	(31.1)	(53.7)	47.6	(7.3)
DCF/debt (%)	12.9	480.7	(65.4)	(57.8)	39.0	(18.9)

### Reconciliation Of Vattenfall AB reported amounts with S&P Global Ratings-adjusted amounts (mil. SEK)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2025									
Company reported amounts	59,226	172,676	234,915	49,236	27,102	3,523	49,564	23,245	8,448	29,115
Cash taxes paid	-	-	-	-	-	-	(1,911)	-	-	-

## Vattenfall AB

### Reconciliation Of Vattenfall AB reported amounts with S&P Global Ratings-adjusted amounts (mil. SEK)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Cash interest paid	-	-	-	-	-	-	(3,383)	-	-	-
Lease liabilities	8,216	-	-	-	-	-	-	-	-	-
Intermediate hybrids (debt)	(10,270)	10,270	-	-	-	(501)	501	501	501	-
Postretirement benefit obligations/ deferred compensation	22,437	-	-	1	1	925	-	-	-	-
Accessible cash and liquid investments	(51,226)	-	-	-	-	-	-	-	-	-
Capitalized development costs	-	-	-	(677)	(511)	-	-	(677)	-	(677)
Dividends from equity investments	-	-	-	200	-	-	-	-	-	-
Asset-retirement obligations	56,555	-	-	-	-	-	-	-	-	-
Income (expense) of unconsolid. cos.	-	-	-	(366)	-	-	-	-	-	-
Nonoperating income (expense)	-	-	-	-	2,234	-	-	-	-	-
Noncontrolling/ minority interest	-	26,718	-	-	-	-	-	-	-	-
Debt: other	(7,842)	-	-	-	-	-	-	-	-	-
EBITDA - Gain/(loss) on disposals of PP&E	-	-	-	(615)	(615)	-	-	-	-	-
EBITDA: Derivatives	-	-	-	2,766	2,766	-	-	-	-	-
EBITDA: other income/ (expense)	-	-	-	14	14	-	-	-	-	-
EBITDA: other	-	-	-	(995)	(995)	-	-	-	-	-
D&A: Impairment charges/ (reversals)	-	-	-	-	1,514	-	-	-	-	-
Total adjustments	18,158	36,988	-	328	4,408	424	(2,556)	(464)	501	(677)
<b>S&amp;P Global Ratings adjusted</b>	<b>Debt</b>	<b>Equity</b>	<b>Revenue</b>	<b>EBITDA</b>	<b>EBIT</b>	<b>Interest expense</b>	<b>Funds from Operations</b>	<b>Operating cash flow</b>	<b>Dividends</b>	<b>Capital expenditure</b>
	77,384	209,664	234,915	49,564	31,510	3,947	47,008	22,781	8,949	28,438

## Liquidity

## Vattenfall AB

We assess Vattenfall's liquidity as adequate, despite qualifying for a higher assessment. Vattenfall is expected to maintain liquidity sources that exceed liquidity uses by about 2.2x over the 12 months started Jan. 1, 2026. Vattenfall's liquidity is supported by SEK50 billion of cash and short-term investments, as well as a committed revolving credit facility of €3 billion (about SEK32 billion), which is fully undrawn.

Our liquidity assessment is based on the qualitative factors. During periods with large market volatility, margin call requirements is likely to increase materially. We believe management has a very proactive approach to liquidity. It took several steps to improve liquidity quickly in 2022 when the energy market was particularly volatile. And mainly, Vattenfall was mainly experiencing large inflows due to higher gas prices, but then when price decreased the outflows were massive.

We assume liquidity sources will exceed uses even if EBITDA decreases by 15%, and we understand that the company's credit facilities are free from onerous financial covenants. We also view Vattenfall as having solid relationships with banks. Its status as a state-owned company and the largest utility in the Nordic region further supports this position and facilitates market access.

Principal liquidity sources	Principal liquidity uses
<ul style="list-style-type: none"><li>• Available cash and marketable securities of about SEK50.2 billion.</li><li>• Access to committed undrawn credit lines of about SEK31.7 billion.</li><li>• Cash FFO of around SEK36 billion.</li></ul>	<ul style="list-style-type: none"><li>• Reported debt maturities of SEK10.7 billion due within one year.</li><li>• Assumed working capital outflows of about SEK600 million.</li><li>• Capex of SEK33 billion over the next 12 months.</li><li>• Dividends of about SEK8 billion over the next 12 months.</li></ul>

## Environmental, Social, And Governance

Environmental, social, and governance factors have an overall positive influence on our credit rating analysis of Vattenfall. We believe Vattenfall is among the best positioned utility companies in Europe in terms of emissions intensity, and we see the company's investment needs to achieve net zero as lower than many pan-European peers. The company's emissions are relatively low, and it is investing heavily in renewables, which should enable it to reduce emissions further. The bulk of investments benefit from a long-term remuneration framework.

As a government-owned company, Vattenfall aligns with the Swedish government's environmental and climate goals. This said, the company is exposed to extreme weather conditions, which could affect the operation both of its generation assets and network. Overall, Vattenfall has a good track record of meeting the regulator's targets on network service quality, and we believe it manages its regulatory environment well.

## Government Influence

The ratings on Vattenfall benefit from one notch of uplift, owing to our view of a moderate likelihood of timely and sufficient extraordinary government support for Vattenfall in case of financial distress. This reflects our assessment of Vattenfall's:

## Vattenfall AB

- Strong link with the Swedish government, which owns 100% of the company through the Ministry of Enterprise and Innovation, and the government's influence on the group's high-level strategic decision-making; and
- Limited role for the state, given the group's strong, but not dominant, market position in Sweden, significant exposure to non-Nordic markets, and its operations in a fully liberalized electricity market, which implies that it could conceivably be replaced by a private-sector entity.

## Issue Ratings--Subordination Risk Analysis

### Capital structure

Vattenfall's capital structure consisted of SEK59.2 billion of unsecured debt and SEK20.5 billion of hybrids as of Dec. 31, 2025.

### Analytical conclusions

We rate Vattenfall's senior unsecured debt at the same level as the 'BBB+' long-term issuer credit rating because all the debt is issued by the parent company.

We rate Vattenfall's commercial paper program at 'A-2' global scale and 'K-1' Nordic regional scale, which aligns with our 'BBB+' long-term issuer credit rating on Vattenfall. We rate Vattenfall's euro medium-term note program (senior unsecured at issuer credit rating level and senior subordinated one notch below the issuer credit rating), although Vattenfall has not issued any subordinated debt under the program. All senior unsecured debt is rated at the issuer credit rating level.

Vattenfall's hybrid bonds (SEK20.5 billion), which we assess as having intermediate equity content (50%), are rated 'BB+', two notches lower than our assessment of the company's SACP. The difference stems from our deduction from the 'bbb' SACP level of:

- One notch for the notes' subordination; and
- Another notch for payment flexibility to reflect that the deferral of interest is optional.

## Vattenfall AB

### Rating component scores

<b>Foreign currency issuer credit rating</b>	<b>BBB+/Stable/A-2</b>
<b>Local currency issuer credit rating</b>	<b>BBB+/Stable/A-2</b>
<b>Business risk</b>	<b>Strong</b>
Country risk	Very Low
Industry risk	Moderately High
Competitive position	Excellent
<b>Financial risk</b>	<b>Intermediate</b>
Cash flow/leverage	Intermediate
<b>Anchor</b>	<b>bbb+</b>
<b>Modifiers</b>	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Negative (-1 notch)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
<b>Stand-alone credit profile</b>	<b>bbb</b>

## Related Criteria

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Rating Government-Related Entities: Methodology And Assumptions](#), March 25, 2015
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [Criteria | Corporates | Industrials: Key Credit Factors For The Unregulated Power And Gas Industry](#), March 28, 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [Criteria | Corporates | General: Corporate Methodology](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry](#), Nov. 19, 2013
- [General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Nov. 13, 2012

## Vattenfall AB

- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011
- [General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating](#), Oct. 1, 2010

## Related Research

- [Vattenfall AB](#), Dec. 5, 2024
- [Sweden](#), Dec. 8, 2025
- [Nordics Utilities Outlook 2024: Increasing Volatility Fuels Uncertainty](#), Feb. 15, 2024
- [How Rising Fuel Costs Could Stress Swedish District Heating Companies' Creditworthiness](#), Feb. 12, 2024

### Ratings Detail (as of April 22, 2026)\*

#### Vattenfall AB

Issuer Credit Rating	BBB+/Stable/A-2
<i>Nordic Regional Scale</i>	--/--/K-1
Commercial Paper	
<i>Foreign Currency</i>	A-2
Junior Subordinated	BB+
Senior Unsecured	BBB+

#### Issuer Credit Ratings History

15-Dec-2023	<i>Foreign Currency</i>	BBB+/Stable/A-2
26-Nov-2021		BBB+/Positive/A-2
07-Jun-2017		BBB+/Stable/A-2
15-Dec-2023	<i>Local Currency</i>	BBB+/Stable/A-2
26-Nov-2021		BBB+/Positive/A-2
07-Jun-2017		BBB+/Stable/A-2
19-May-2016	<i>Nordic Regional Scale</i>	--/--/K-1
26-Feb-2016		--/Watch Neg/K-1
02-Sep-2010		--/--/K-1

\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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