

Interim Report

January–September 2012



Focus on efficiency improvement in continued tough market

Third quarter

- Net sales decreased by 12.0% to SEK 33,679 million (38,276). For continuing operations, i.e., excluding divested operations primarily in Belgium, Finland and Poland, sales decreased by 2.0%.
- The underlying operating profit¹⁾ decreased by 21.8% to SEK 4,517 million (5,774). For continuing operations, i.e., excluding divested operations, the underlying operating profit decreased by approximately 18%.
- The reported operating profit amounted to SEK -2,735 million (4,447). Profit for the third quarter of 2012 was charged with SEK 8.6 billion for impairment of goodwill and production assets in the Thermal Power business unit, mainly in the Netherlands.
- Profit for the period (after tax) amounted to SEK -3,951 million (1,345).

Nine-month period January–September

- Net sales decreased by 8.6% to SEK 119,376 million (130,587). For continuing operations, i.e., excluding divested operations primarily in Belgium, Finland and Poland, sales increased by 2.5%.
- The underlying operating profit¹⁾ decreased by 10.4% to SEK 21,010 million (23,450). For continuing operations, i.e., excluding divested operations, the underlying operating profit decreased by approximately 3%.
- The reported operating profit amounted to SEK 20,996 million (13,050). Profit for both 2011 and 2012 was strongly affected by a number of items affecting comparability. In 2011, profit was charged with SEK 10.3 billion for impairment losses and provisions related to Germany's decision to phase out the country's nuclear power. In 2012, profit has improved through capital gains of SEK 8.3 billion, but it has been charged with impairment losses and provisions totalling SEK 9.1 billion.
- Profit for the period (after tax) increased to SEK 10,781 million (5,313).

¹⁾ Operating profit excluding items affecting comparability (for specification of items affecting comparability, see page 5).

CEO's comments

"Despite difficult market conditions, Vattenfall is reporting an underlying operating profit for the nine-month period that is nearly on par with 2011 for continuing operations. Higher production volumes have compensated for lower electricity prices achieved. We have a balanced production portfolio, where half of our production generates no or only small amounts of CO₂ emissions, and we have a strong position in stable markets in northern Europe. We have successfully delivered on key parts of our strategy to lower costs and strengthen the balance sheet. Our debt has decreased substantially, and the company's liquidity position is very good. Our commitment to reducing our CO₂ exposure and growing in renewable energy is unchanged.

The market conditions have continued to worsen, however, and the industry is under pressure from overcapacity, low prices and low margins, especially for electricity generation based on natural gas. As a result, we have been forced to recognise impairment losses for the book value of goodwill and production assets in the Thermal Power business unit, mainly in the Netherlands, for a combined total of SEK 8.6 billion. We are addressing the difficult market conditions through continued focus on efficiency improvement. We are adapting the organisation and stepping up the pace of our change process. For 2013 we have decided on a new goal to cut costs by SEK 3 billion compared with 2012."

A handwritten signature in black ink, appearing to read "Øystein Løseth".

Øystein Løseth
President and CEO

Vattenfall discloses the information provided in this interim report pursuant to the Swedish Securities Market Act. All comparative figures provided in this report refer to the third quarter of 2011, unless indicated otherwise.

Third quarter and nine-month period in summary

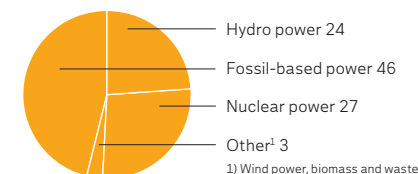
Amounts in SEK million unless indicated otherwise	Q3 2012	Q3 2011	Change %	Q1-3 2012	Q1-3 2011	Change %	Full year 2011	Last 12 months
Net sales	33,679	38,276	-12.0	119,376	130,587	-8.6	181,040	169,829
Operating profit before depreciation and amortisation (EBITDA)	10,564	9,593	10.1	44,120	39,091	12.9	54,538	59,567
Operating profit (EBIT)	-2,735	4,447	—	20,996	13,050	60.9	23,209	31,155
Underlying operating profit	4,517	5,774	-21.8	21,010	23,450	-10.4	30,793	28,353
Financial items, net	-835	-2,800	70.2	-6,493	-6,283	-3.3	-8,911	-9,121
Profit before tax	-3,570	1,647	—	14,503	6,767	114.3	14,298	22,034
Profit for the period	-3,951	1,345	—	10,781	5,313	102.9	10,416	15,884
Return on equity, %	11.7 ¹	6.3 ¹	—	11.7 ¹	6.3 ¹	—	8.6	11.7
Funds from operations (FFO)	6,172	9,855	-37.4	22,836	28,136	-18.8	38,256	32,956
Cash flow before financing activities	4,271	3,642	17.3	26,245	13,560	93.5	12,666	25,351
Free cash flow	7,928	6,434	23.2	14,512	19,907	-27.1	17,637	12,242
Cash and cash equivalents plus short-term investments	46,966	31,346	49.8	46,966	31,346	49.8	28,685	—
Balance sheet total	499,536	524,488	-4.8	499,536	524,488	-4.8	524,558	—
Interest-bearing liabilities	161,297	175,755	-8.2	161,297	175,755	-8.2	170,350	—
Net debt	114,143	143,808	-20.6	114,143	143,808	-20.6	141,089	—
Adjusted net debt	144,387	180,271	-19.9	144,387	180,271	-19.9	176,031	—
Funds from operations (FFO)/adjusted net debt, %	22.8 ¹	22.1 ¹	—	22.8 ¹	22.1 ¹	—	21.7	—
Adjusted net debt/operating profit before depreciation and amortisation (EBITDA), times	2.4 ¹	3.3 ¹	—	2.4 ¹	3.3 ¹	—	3.2	—
Electricity generation, TWh	39.7	35.5	11.8	129.0	123.0	4.9	166.7	172.7
Hydro power	9.4	8.2	14.6	31.6	24.0	31.7	34.5	42.1
Nuclear power	10.8	8.9	21.3	34.9	33.6	3.9	42.5	43.8
Fossil-based power	18.5	17.5	5.7	58.9	62.1	-5.2	85.0	81.8
Wind power	0.7	0.7	—	2.5	2.3	8.7	3.4	3.6
Biomass, waste	0.3	0.2	50.0	1.1	1.0	10.0	1.3	1.4
Sales of electricity, TWh ²	40.7	46.6	-12.7	130.7	148.9	-12.2	209.4	191.2
Sales of heat, TWh	2.8	3.8	-26.3	20.4	28.5	-28.4	41.6	33.5
Sales of gas, TWh	5.0	5.5	-9.1	35.3	36.7	-3.8	53.8	52.4
Number of employees, full-year equivalents	33,071	37,540	-11.9	33,071	37,540	-11.9	34,685	—

1) Last 12-month values.

2) Of which, bilateral sales through the trading operations for the third quarter of 2012 amounted to 8.6 TWh (11.7). For quarters 1-3 of 2012, bilateral sales through the trading operations amounted to 27.3 TWh (33.9). For the full year 2011, the corresponding sales amounted to 52.9 TWh.

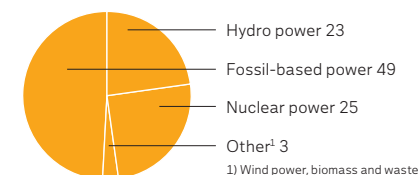
See pages 27-28 for definitions and calculations of key ratios.

Electricity generation Q3 2012, %



¹) Wind power, biomass and waste.

Electricity generation Q3 2011, %



¹) Wind power, biomass and waste.

Important events during the third quarter – Group

Impairment of goodwill and production assets

After its annual impairment testing, Vattenfall has decided to recognise impairment losses for the book value of goodwill and production assets in the Thermal Power business unit, mainly in the Netherlands, for a total of SEK 8.6 billion. The impairment losses are being recognised as a result of sharply lower margins ("clean spark spreads") and higher costs associated with additional taxes on coal-based power generation in the Netherlands. Of total impairment, SEK 3.6 billion is attributable to goodwill and SEK 5.0 billion to coal- and gas-fired power plants. The impairment losses reduce the reported operating profit and net profit after tax for the third quarter of 2012, but do not affect the underlying operating profit or cash flow.

Increased electricity generation

Vattenfall's total electricity generation increased by 11.8% to 39.7 TWh (35.5) during the third quarter of 2012 compared with the corresponding quarter of 2011. Hydro power increased by 14.6% to 9.4 TWh (8.2), owing to good water supply. Nuclear power increased by 21.3% to 10.8 TWh (8.9), owing to higher availability, mainly for Ringhals. Fossil power increased by 11.0% to 17.1 TWh (15.4). Wind power was unchanged at 0.7 TWh.

Vattenfall reorganising: focus on renewables and nuclear power

Vattenfall's organisation will undergo a number of changes starting on 1 November. The new organisation will focus on the highest operational standard and safety in the nuclear power operations through formation of the new Business Division Nuclear Power. In conjunction with this, renewable forms of energy, such as wind power and biomass, are being integrated with other forms of energy. Projects and newbuild activities in Business Division Renewables are being moved to Business Division Asset Development, whose name is being changed to Business Division Sustainable Energy Projects. The generation activities in Business Division Renewables (mainly wind power) are being moved to Business Division Production.

Vattenfall will thereafter have two operating segments: Generation, and Distribution and Sales. The Generation segment will comprise four Business Divisions: BD Sustainable Energy Projects, BD Production, BD Nuclear Power, and BD Asset Optimisation and Trading. The Distribution and Sales segment will, as today, comprise BD Distribution and Sales.

Changes in Executive Group Management

The following changes will be made in connection with the new organisation:

Peter Smink will be the new Head of BD Sustainable Energy Projects. He was previously acting CFO of Vattenfall.

Tuomo Hatakka will remain as Head of BD Production, which will now cover the energy forms of hydro, lignite, hard coal, natural gas and wind.

Torbjörn Wahlborg will be the New Head of BD Nuclear Power. He is currently Head of BD Distribution and Sales.

Stefan Dohler will remain as Head of BD Asset Optimisation and Trading.

Anders Dahl will be the new Head of BD Distribution and Sales, and new Country Manager Sweden. He is currently Head of BD Renewables.

Inauguration of Ormonde wind farm

On 19 September, Vattenfall's Ormonde wind farm (150 MW) in the Irish Sea was officially inaugurated. Ormonde is one of the most advanced wind farms in the world, owing to a number of new, technical solutions.

Vattenfall Europe AG becomes Vattenfall GmbH

On 17 September Vattenfall's German subsidiary Vattenfall Europe AB was merged with its parent company, Vattenfall Deutschland GmbH, which at the same time changed its name to Vattenfall GmbH. Vattenfall GmbH is 100%-owned by Vattenfall AB. The merger entails no changes for Vattenfall Europe AG/Vattenfall GmbH's subsidiaries or for Vattenfall's approximately 2.7 million customers in Germany. As a result of the merger, the domination agreement (Beherrschungsvertrag) from 2008 between Vattenfall Europe AG and Vattenfall AB has ceased to exist. The merger was carried out against the background of an ambition to create more streamlined and simple structures for improving operational work flows and to lower costs.

Vattenfall's head offices moved to Arenastaden

On 1 September Vattenfall moved to one of Sweden's most energy-efficient office buildings, in Arenastaden, Solna. The company's more than 2,000 employees in the Stockholm area, who previously worked at three different locations, have now been brought together in these ultra-modern premises. The new address of the head offices is: Evenemangsgatan 13, SE-169 56 Solna.

Analysis of replacement of nuclear reactors in Sweden

On 31 July Vattenfall filed an application with the Swedish Radiation Safety Authority (SSM) to obtain clarity on the terms and conditions that apply for new nuclear power generation. The application is a prerequisite for conducting a study of the conditions set by SSM, which is needed to complete Vattenfall's analysis work. In 2012 Vattenfall has continued its work on analysing the conditions for investment in new nuclear power in Sweden. The goal is to develop documentation within the next ten years for a possible investment decision to replace existing nuclear power generation.

Vattenfall changes form of funding for Swedish occupational pensions

Vattenfall has decided to fully fund its defined benefit occupational pensions in Sweden on the balance sheet under the item Pension provisions, i.e., in accordance with the structure that applied before Vattenfall's Pension Foundation was established in 1999. A total of approximately SEK 7 billion will gradually be paid out from the foundation to Vattenfall AB and its subsidiaries. The change in funding will not affect Vattenfall's adjusted net debt. Nor will the change affect the company's obligation to pay future pensions to its employees.

Important events after the balance sheet date – Group New financial targets for Vattenfall

Vattenfall's owner, the Swedish state, will decide on new financial targets for the company at an Extraordinary General Meeting on 28 November 2012. The proposal will be published in its entirety on the company's website, www.vattenfall.se, well in advance of the EGM.

Other important events are described under the respective operating segments on pages 9–12.

Sales, profit and cash flow

Amounts in SEK million	Q3 2012	Q3 2011	Change %	Q1-3 2012	Q1-3 2011	Change %
Net sales	33,679	38,276	-12.0	119,376	130,587	-8.6

Comment: Consolidated net sales for the third quarter decreased by SEK 4.6 billion compared with the corresponding quarter in 2011. The decrease is mainly attributable to Vattenfall's divested operations in Belgium, Finland and Poland. For quarters 1–3 of 2012, net sales decreased by SEK 11.2 billion, mainly as a result of the aforementioned divestments.

Amounts in SEK million	Q3 2012	Q3 2011	Change %	Q1-3 2012	Q1-3 2011	Change %
Operating profit (EBIT)	-2,735	4,447	—	20,996	13,050	60.9
Items affecting comparability	-7,252	-1,327	—	-14	-10,400	—
Underlying operating profit	4,517	5,774	-21.8	21,010	23,450	-10.4

Comment Q3: The underlying operating profit decreased by SEK 1.3 billion, mainly on account of the following:

- Negative price effects as a result of average lower electricity prices achieved, mainly in the Nordic market (SEK -2.1 billion).
- Positive volume effects (SEK 2.5 billion) as a result of greater electricity generation.
- Lower earnings related to trading and sourcing (SEK -0.7 billion).
- Lower costs for operations and maintenance, sales and administration, and research and development (SEK 0.4 billion, net).
- Lost earnings contribution from divested operations primarily in Belgium, Finland and Poland (SEK -0.3 billion).
- Other items (SEK -1.1 billion, net), of which SEK 0.6 billion is attributable to a compensation in the German generation operations in Q3 2011.

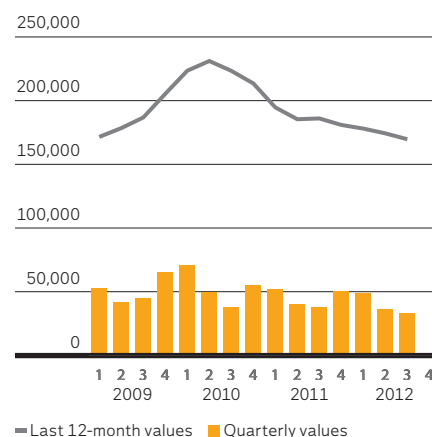
Comment Q1–3: The underlying operating profit decreased by SEK 2.4 billion, mainly on account of the following:

- Negative price effects as a result of average lower electricity prices achieved, mainly in the Nordic market (SEK -3.1 billion).
- Positive volume effects (SEK 3.8 billion) as a result of greater hydro and nuclear power generation.
- Lower earnings related to trading and sourcing (SEK -1.2 billion).
- Lower costs for operations and maintenance, sales and administration, and research and development (SEK 1.4 billion, net).
- Lost earnings contribution from divested operations primarily in Belgium, Finland and Poland (SEK -1.7 billion).
- Other items (SEK -1.6 billion, net), of which SEK 0.6 billion is attributable to a compensation in the German generation operations in Q3 2011.

Vattenfall's cost cutting programme is advancing faster than planned, and the goal is to achieve savings of SEK 6 billion per year by year-end 2012. This is one year ahead of the original plan. As of 30 September SEK 5.5 billion had been achieved. For 2013, Vattenfall has set a new target of reducing costs by SEK 3 billion compared with 2012.

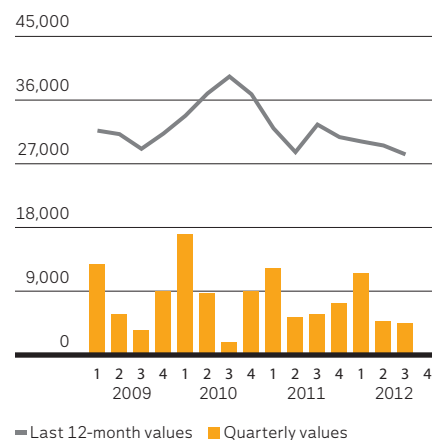
Net sales

SEK million



Underlying operating profit

SEK million



Sales, profit and cash flow, cont.

Amounts in SEK million	Q3 2012	Q3 2011	Q1-3 2012	Q1-3 2011	Full year 2011
Items affecting comparability affecting operating profit (EBIT):					
Capital gains	18	175	8,329	2,319	4,780
Capital losses	-26	-44	-74	-80	-58
Impairment losses ¹	-8,578	-103	-8,642	-10,794	-11,301
Reversed impairment losses	—	1	—	7	386
Unrealised changes in the fair value of energy derivatives	1,410	-675	1,000	-1,697	-1,690
Unrealised changes in the fair value of inventories	-56	-681	-18	-1,275	-541
Restructuring costs	-20	—	-128	—	—
Other items affecting comparability	—	—	-481	1,120	840
Total	-7,252	-1,327	-14	-10,400	-7,584

1) Figures for 2011 include other close-down costs than impairment losses pertaining to nuclear power plants in Germany.

Comment: Items affecting comparability for the third quarter of 2012 amounted to SEK -7.3 billion. These pertain mainly to impairment of goodwill and production assets in the Thermal Power business unit (SEK -8.6 billion) and unrealised changes in the fair value of energy derivatives and inventories (SEK 1.4 billion). Items affecting comparability for the corresponding quarter in 2011 pertained mainly to unrealised changes in the fair value of energy derivatives and inventories (SEK -1.4 billion).

Amounts in SEK million	Q3 2012	Q3 2011	Change %	Q1-3 2012	Q1-3 2011	Change %
Funds from operations (FFO)	6,172	9,855	-37.4	22,836	28,136	-18.8
Cash flow from changes in operating assets and operating liabilities (working capital)	4,471	932	—	386	2,053	-81.2
Cash flow from operating activities	10,643	10,787	-1.3	23,222	30,189	-23.1

Comment Q3: Funds from operations (FFO) decreased by SEK 3.7 billion compared with the third quarter of 2011. The decrease is mainly attributable to realised exchange rate effects on financial items (SEK 1.0 billion), divested operations (SEK 0.6 billion), higher paid tax (SEK 0.5 billion), a lower profit from trading and sourcing (SEK 0.7 billion), and a compensation in the German generation operations in the third quarter of 2011 (SEK 0.6 billion).

Cash flow from changes in working capital amounted to SEK 4.5 billion during the third quarter of 2012. This is mainly explained by lower operating receivables and operating liabilities, together totalling SEK 3.6 billion. Other changes, mainly realised energy derivatives that may not be reported using hedge accounting, had a positive effect on working capital of SEK 0.8 billion.

Comment Q1-3: Funds from operations (FFO) decreased by SEK 5.3 billion, of which SEK 3.0 billion is attributable to the lost earnings contribution from divested operations. The remainder of the decrease is attributable to exchange rate effects, cash flow related to trading and sourcing, and a compensation in the German generation activities in the third quarter of 2011.

Cash flow from changes in working capital amounted to SEK 0.4 billion.

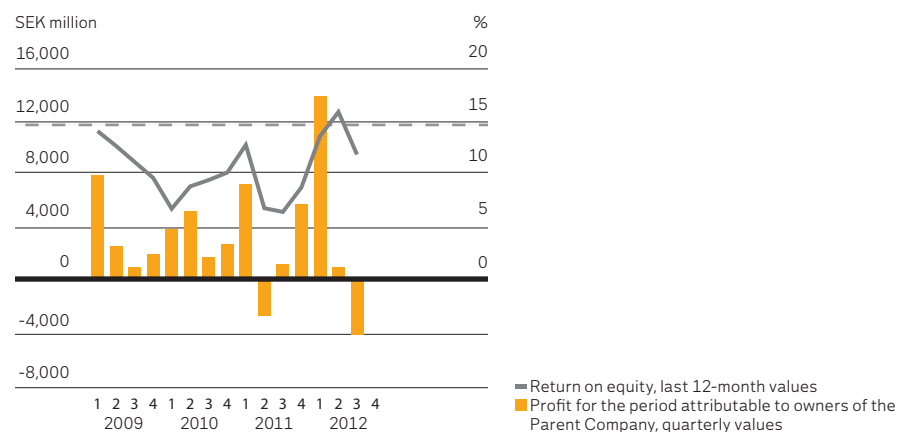
Amounts in SEK million	Q3 2012	Q3 2011	Change %	Q1-3 2012	Q1-3 2011	Change %
Net financial items	-835	-2,800	70.2	-6,493	-6,283	-3.3
– of which, interest income	38	297	-87.1	692	835	-17.1
– of which, interest expenses	-1,227	-1,475	16.8	-3,981	-4,641	14.2
– of which, impairment and provisions, etc.	43	—	—	-1,105	—	—
– of which, other	311	-1,623	—	-2,099	-2,478	—
Interest received ¹⁾	83	173	-51.8	403	555	-27.3
Interest paid ¹⁾	-286	-658	56.5	-3,486	-4,619	24.5
Average monthly net interest expense ²⁾	-396	-393	—	-365	-423	—

1) Pertains to cash flows.

2) Excluding Buchanan Renewables Fuel.

Comment: The improvement in financial items during the third quarter of 2012 is mainly attributable to fair valuation of financial derivatives. Financial items for quarters 1 – 3 of 2012 include impairment losses and provisions related to the Liberian biomass project, Buchanan Renewables Fuel, totalling SEK 0.8 billion.

Return on equity incl. items affecting comparability/
Profit for the period



Financial position

Amounts in SEK million	30 September 2012	31 December 2011	Change, %
Cash and cash equivalents, and short-term investments	46,966	28,685	63.7
Committed credit facilities (unutilised)	31,597	42,297	-25.3

Comment: The increase in cash and cash equivalents, and short-term investments, is mainly attributable to the payment received in January 2012 from the sale of Vattenfall's assets in Belgium, Poland and Finland.

Committed credit facilities consist of a EUR 2.55 billion Revolving Credit Facility that expires on 20 January 2016 and a 12-month EUR 1.3 billion revolving Multi Option Facility (unutilised amount EUR 1.2 billion), contracted in August 2011. A EUR 1 billion Revolving Credit Facility that was to expire in February 2013 was terminated in the first quarter 2012.

Vattenfall's target is to have no less than 10% of the Group's net sales, but at least the equivalent of the next 90 days' maturities, in the form of liquid assets or committed credit facilities. As per 30 September 2012, available liquid assets and/or committed credit facilities amounted to 43% of net sales.

Amounts in SEK million	30 September 2012	31 December 2011	Change, %
Net debt	114,143	141,089	-19.1
Interest-bearing liabilities	161,297	170,350	-5.3
Adjusted net debt (see page 18)	144,387	176,031	-18.0
Average interest rate, % ¹	3.4	3.9	—
Duration, years ¹	3.6	4.3	—
Average time to maturity, years ¹	5.6	5.5	—
Equity attributable to			
Owners of the Parent Company	135,139	131,988	2.4
Non-controlling interests (minority interests)	7,917	6,943	14.0
Total	143,056	138,931	3.0

1) Including hybrid capital and loans from owners with non-controlling interests (minority owners) and associated companies.

Comment: Compared with 31 December 2011, net debt decreased by SEK 26.9 billion. The improvement is mainly attributable to the payment received from Vattenfall's sale of assets in Belgium, Poland and Finland, and to exchange rate effects of SEK 5.0 billion as a result of the stronger Swedish krona. Total interest-bearing liabilities decreased by SEK 9.1 billion as a result of exchange rate effects on loans in foreign currency, totalling SEK 6.4 billion, and the purchase of additional shares in N.V. Nuon Energy during the second quarter of 2012. Adjusted net debt decreased by SEK 31.6 billion.

Credit ratings

The current credit ratings for Vattenfall's long-term borrowing are A- (Standard & Poor's) and A2 (Moody's). Vattenfall's rating outlook is "stable" from Standard & Poor's and "negative" from Moody's. No changes in ratings were made during the third quarter of 2012.

Investments and divestments

Amounts in SEK million	Q3 2012	Q3 2011	Change %	Q1-3 2012	Q1-3 2011	Change %
Maintenance investments	2,715	4,353	-37.6	8,710	10,282	-15.3
Growth investments	4,896	4,769	2.7	10,873	12,893	-15.7
– of which, shares	61	52	17.3	238	160	48.8
Total investments	7,611	9,122	-16.6	19,583	23,175	-15.5
Divestments	1,233	2,003	-38.4	22,749	6,572	246.2
– of which, shares	1	1,544	—	20,946	4,099	411.0

Specification of investments

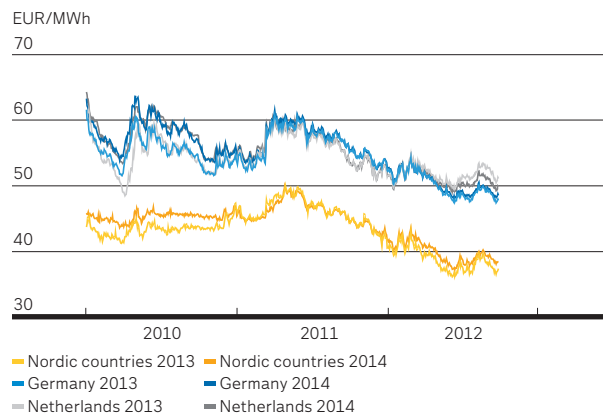
Amounts in SEK million	Q3 2012	Q3 2011	Last 12 months
Electricity generation			
Hydro power	301	258	1,241
Nuclear power	767	1,198	3,984
Fossil-based power	2,357	3,533	10,032
Wind power	549	636	2,794
Biomass, waste	2	50	53
Other	598	278	1,125
Total electricity generation	4,574	5,953	19,229
CHP/heat			
Fossil-based power	675	902	2,999
Biomass, waste	69	81	234
Other	298	380	1,403
Total CHP/heat	1,042	1,363	4,636
Electricity networks			
Electricity networks	944	1,292	4,452
Total electricity networks	944	1,292	4,452
Purchases of shares	61	52	475
Other, excl. purchases of shares	990	462	3,366
Total	7,611	9,122	32,158

Wholesale price trend

Electricity spot prices in the Nordic countries, Germany and the Netherlands, monthly averages



Electricity futures prices in the Nordic countries, Germany and the Netherlands



Sources: NASDAQ OMX Commodities, European Energy Exchange (EEX) and APX.

Average electricity spot prices in the Nordic countries fell sharply during the third quarter, due to well-filled reservoirs. Electricity spot prices in Germany and the Netherlands increased slightly compared with the preceding quarter.

Spot prices in the Nordic market were as low as EUR 10/MWh during a two-week period in July, as a result of unusually high rainfall (corresponding to approximately 2.5 TWh more than normal). Prices remained low in August and September, even though rainfall returned to normal levels. The average price was EUR 20.9/TWh, which is 27% lower than during the second quarter of 2012 and 42% lower than during the third quarter of 2011.

The average spot price in Germany was EUR 43.5/MWh, which is roughly EUR 3/MWh (7%) higher than during the second quarter of 2012, but nearly 12% below the average price for the third quarter of 2011. In July prices rose in connection with audits and outages at many nuclear power plants in France, which lowered supply on the Continent. This continued in August, while the supply situation improved in September.

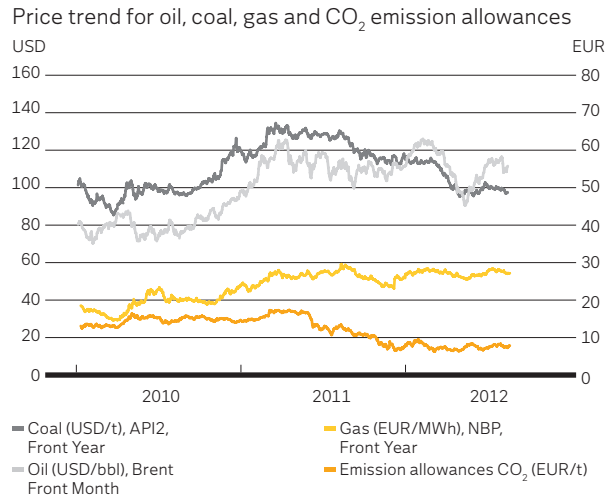
Spot prices in the Netherlands were also slightly higher during the third quarter compared with the second quarter 2012 (EUR 46.2/MWh vs. EUR 45.1/MWh), but 8% lower than in the corresponding quarter in 2011.

Time period	Nord Pool Spot (Nordic countries)	EPEX (Germany)	APX (Netherlands)
Q3 2012	20.89	43.53	46.25
Q3 2011	35.95	49.21	50.37
Change (%)	-41.9	-11.5	-8.2

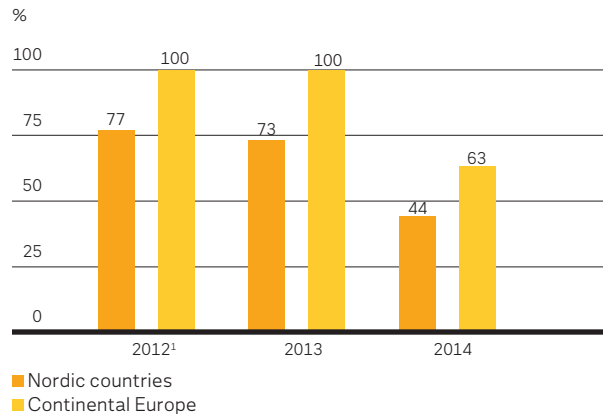
Electricity futures prices were virtually unchanged during the third quarter. Futures prices of electricity for delivery in 2013 and 2014 were slightly lower than during the preceding quarter, while futures prices in Germany fell by roughly 1.5% (less than EUR 1/MWh). Futures prices in the Netherlands rose slightly.

	Nordic countries		Germany		Netherlands	
Time period EUR/MWh	2013	2014	2013	2014	2013	2014
Q3 2012	37.83	38.86	48.66	49.09	51.91	50.58
Q2 2012	37.82	39.03	49.40	49.70	50.91	50.41
Change (%)	—	-0.4	-1.5	-1.2	2.0	0.3

Wholesale price trend, cont.



Vattenfall's hedge ratios (%) as per 30 September 2012



1) Pertains to remainder of year.

Compared with at 30 June 2012, Vattenfall's hedge ratios have increased for both markets. Price hedges in EUR remained virtually unchanged.

The commodities markets were also relatively stable during the quarter. Prices of CO₂ emission allowances remained low, but were buoyed somewhat by anticipated changes in EU regulations.

Oil prices rose again following a decline during the second quarter. A strike by Norwegian oil workers and market anxiety over Iran sanctions were factors that contributed to the price increase during the quarter. However, on average the price was at the same level as during the preceding quarter.

Both coal and gas prices were relatively stable during the quarter. Coal prices traded around the USD 100 mark, and prices of gas for delivery next year rose 2% to EUR 27.3/MWh. Prices of CO₂ emission allowances averaged EUR 7.6/tonne, which was nearly 40% lower than the corresponding period a year ago. Supply of emission allowances was high, and the market is awaiting indications by the EU to cut back on volume during phase 3 (2013–2020).

Vattenfall's price hedging

Since Vattenfall continuously hedges its future electricity generation through sales in the forward and futures markets, spot prices have only a limited impact on Vattenfall's earnings in the near term.

The chart shows the share of planned electricity generation that Vattenfall has hedged in the Nordic countries and Continental Europe (Germany and the Netherlands).

Average price hedges as per 30 September 2012

EUR/MWh	2012	2013	2014
Nordic countries	47	46	44
Continental Europe	55	55	53

Vattenfall's operating segments – Generation

Amounts in SEK million	Q3 2012	Q3 2011	Change, %	Q1–3 2012	Q1–3 2011	Change, %	Full year 2011	Last 12 months
Net sales	23,644	25,157	-6.0	83,105	88,523	-6.1	123,111	117,693
External net sales ¹	12,407	11,798	5.2	41,627	44,343	-6.1	59,347	56,631
Operating profit (EBIT)	-2,793	3,986	—	8,808	5,393	63.3	10,545	13,960
Items affecting comparability	-7,224	-1,365	429.2	-7,585	-11,845	-36.0	-11,573	-7,313
Underlying operating profit	4,431	5,351	-17.2	16,393	17,238	-4.9	22,118	21,273
Sales of heat, TWh	1.0	0.8	25.0	6.9	7.1	-2.8	9.9	9.7
Electricity generation ² , TWh	37.3	32.6	14.4	118.8	110.2	7.8	148.2	156.8
– of which, hydro power	9.4	8.2	14.6	31.6	24.0	31.7	34.5	42.1
– of which, nuclear power	10.8	8.9	21.3	34.9	33.6	3.9	42.5	43.8
– of which, fossil-based power	17.1	15.4	11.0	52.0	52.3	-0.6	70.8	70.5
– of which, biomass, waste	—	0.1	—	0.3	0.3	—	0.4	0.4
External sales of electricity, TWh	4.1	3.7	10.8	13.1	14.1	-7.1	18.3	17.3
Number of employees, full-year equivalents	16,576	17,114	-3.1	16,576	17,114	-3.1	17,078	—

1) Excluding intra-Group transactions.

2) Of electricity generation in Q1–3 2012, Vattenfall disposed over 105.9 TWh (98.1 TWh), while the rest went to the minority part-owners or was deducted as replacement power.

Underlying operating profit Q3

The underlying operating profit decreased by SEK 0.9 billion. This is mainly attributable to average lower electricity prices achieved – mainly in the Nordic market – and to a lower profit related to trading operations. Greater electricity generation had a favourable impact on operating profit.

Items affecting comparability during the third quarter of 2012 amounted to SEK -7.2 billion. These are mainly attributable to impairment of goodwill and production assets in the Thermal Power business unit (SEK -8.6 billion) and unrealised changes in the fair value of energy derivatives and inventories (SEK 1.4 billion). Items affecting comparability in the third quarter of 2011 pertained mainly to unrealised changes in the fair value of energy derivatives and inventories (SEK -1.4 billion).

Underlying operating profit, Q1–3

The underlying operating profit decreased by SEK 0.8 billion.

Electricity generation and sales of heat Q3

Hydro power generation increased by 14.6% to 9.4 TWh (8.2), owing to good availability of water. Reservoir storage levels were 88.7%, which is 12.0 percentage points above normal.

Nuclear power generation increased by 21.3% to 10.8 TWh (8.9). Availability was 78.0% (81.5) for Forsmark and 69.8% (43.0) for Ringhals. Unit 2 at Ringhals was taken off line in July for replacement of a transformer. The unit was run at reduced

output in August and September, and since 15 September the unit has been off line for the annual audit. Units 3 and 4 at Ringhals were offline in September 2011, the latter for a longer period than planned, mainly in connection with replacement of a steam generator and turbine maintenance. Generation at Forsmark decreased to 5.2 TWh (5.5), while generation at Ringhals increased to 5.6 TWh (3.4).

Fossil power generation increased by a total of 11.0% to 17.1 TWh (15.4). In Germany, generation increased to 13.7 TWh (12.8) on account of high availability. Generation in the Netherlands increased to 2.7 TWh (2.2). In Denmark, fossil-based generation increased to 0.6 TWh (0.4), mainly due to a return to normal availability. Sales of heat increased by 0.2 TWh to 1.0 TWh.

Important events Q3

- In the Netherlands, Vattenfall's new gas-fired power plant, Diemen 34, delivered electricity to the grid for the first time. Inauguration of the plant will be preceded by a period of tests and optimisation. The power plant has installed capacity of 435 MW electricity and 260 MW heat. The combination of electricity and heat production give the plant an efficiency level of 85%.
- Vattenfall's new unit R at the Boxberg lignite-fired power plant was connected to the electricity grid according to plan

The Generation operating segment is Vattenfall's interface towards the wholesale market and includes development and building of production assets, generation of electricity and heat, and sales of electricity on the wholesale energy market. The Generation segment comprises three Business Divisions (BDs): BD Asset Development, BD Production, and BD Asset Optimisation and Trading. Operations during the third quarter of 2012 were conducted in Sweden, Denmark, Germany and the Netherlands.

and was officially inaugurated on 11 October 2012. The unit has installed capacity of 675 MW and uses state-of-the-art technology and material to improve the plant's efficiency and reduce specific CO₂ emissions per kilowatt-hour.

- In Germany, work was begun on replacing three steam turbines at the Lichterfelde combined heat and power plant in Berlin. The turbines will deliver heat to Berlin's south-west area starting in 2014.
- On 12 September a workplace accident occurred at Vattenfall's Velsen 24 power plant in the Netherlands. Seven employees were injured in an explosion at a high voltage installation; two suffered from severe burns. All of the injured employees have now returned to work. An investigation is under way to find out the cause of the explosion.
- The permit processes for expansion of the Welzow-Süd and Nochten lignite mines in eastern Germany are currently in progress. In September, a consultation was concluded with great interest from interest organisations and the media. Permits for the mines are issued by the local authorities. The process for Welzow-Süd is expected to be concluded in mid-2014, and for Nochten in mid-2013.
- On 1 September 2012 Vattenfall concluded its involvement in the high voltage cable between Sweden and Poland (SwePol Link). The grid operators in Sweden (Svenska Kraftnät) and Poland (PSE Operator) have taken over ownership of the cable.

Vattenfall's operating segments – Distribution and Sales

Amounts in SEK million	Q3 2012	Q3 2011	Change, %	Q1–3 2012	Q1–3 2011	Change, %	Full year 2011	Last 12 months
Net sales	24,805	31,865	-22.2	93,664	112,596	-16.8	155,299	136,367
External net sales ¹	23,582	30,130	-21.7	88,525	105,000	-15.7	144,575	128,100
– of which, Distribution	3,188	4,161	-23.4	10,461	13,400	-21.9	17,965	15,026
– of which, Heat	2,215	2,907	-23.8	10,304	12,370	-16.7	17,481	15,415
Operating profit (EBIT)	475	1,027	-53.7	5,395	7,960	-32.2	11,123	8,558
– of which, Distribution	1,014	1,009	0.5	3,707	4,158	-10.8	5,035	4,584
– of which, Heat	-341	22	—	1,983	2,939	-32.5	4,895	3,939
Items affecting comparability	-41	15	—	66	551	-88.0	627	142
– of which, Distribution	10	-3	—	-3	-9	-66.7	-32	-26
– of which, Heat	-31	12	—	151	8	1,787.5	386	529
Underlying operating profit	516	1,012	-49.0	5,329	7,409	-28.1	10,496	8,416
Sales of gas, TWh	5.0	5.5	-9.1	35.3	34.5	2.3	51.6	52.4
Sales of heat, TWh	1.8	3.0	-40.0	13.5	21.4	-36.9	31.7	23.8
Electricity generation ² , TWh	1.7	2.2	-22.7	7.7	10.5	-26.7	15.1	12.3
– of which, fossil-based power	1.4	2.1	-33.3	6.9	9.8	-29.6	14.2	11.3
– of which, biomass, waste	0.3	0.1	—	0.8	0.7	14.3	0.9	1.0
External sales of electricity, TWh	28.0	31.1	-10.0	90.3	100.7	-10.3	137.9	127.5
– of which, private customers	5.6	6.8	-17.6	21.1	24.8	-14.9	34.0	30.3
– of which, resellers	5.0	6.3	-20.6	16.0	20.4	-21.6	28.7	24.3
– of which, business customers	17.0	18.0	-5.6	52.7	55.5	-5.0	74.8	72.0
Transited volume, excl. production transiting	21.5	26.5	-18.9	73.0	87.6	-16.7	118.8	104.2
Number of employees, full-year equivalents	11,325	14,604	-22.5	11,325	14,604	-22.5	12,166	—

1) Excluding intra-Group transactions.

2) Of electricity generation in Q1–3 2012, Vattenfall disposed over 7.7 TWh (10.5 TWh), while the rest went to the minority part-owners or was deducted as replacement power.

Underlying operating profit Q3

The underlying operating profit decreased by SEK 0.5 billion. Profit improved for the B2C (Business to Customers) unit as a result of better margins, but the lost earnings contribution from divested operations in Belgium, Poland and Finland had a negative impact. The Heat business unit showed a decline mainly due to average lower electricity prices.

Underlying operating profit Q1–3

The underlying operating profit decreased by SEK 2.1 billion. The poorer result is mainly attributable to the divested operations as described above as well as lower electricity prices for the Heat business unit. However, the underlying operating profit for continuing operations in the B2C and Distribution units showed clear improvement.

Sales of gas and heat, and electricity generation Q3

Sales of gas to end customers decreased to 5.0 TWh (5.5). The decrease is mainly due to fewer customers compared with the third quarter of 2011 and somewhat warmer weather. The divested Belgian operation contributed 0.2 TWh during the third quarter of 2011.

Sales of heat decreased by 1.4 TWh to 1.8 TWh, owing to somewhat warmer weather in Central Europe. The divested operations in Poland and Finland contributed 1.0 TWh during the third quarter of 2011. Electricity generation decreased by 0.5 TWh to 1.7 TWh. The Polish operation contributed 0.4 TWh during the third quarter of 2011.

Sales of electricity to private customers decreased by 1.2 TWh to 5.6 TWh (6.8). The operations in Poland and Belgium contributed 1.0 TWh during the third quarter of 2011. Sales to

The Distribution and Sales operating segment and Business Division is responsible for Vattenfall's electricity sales and heat businesses, electricity distribution and other downstream businesses. The Division is responsible for all relationships with Vattenfall's end customers. Operations during the third quarter of 2012 were conducted in Sweden, Denmark, Finland, Norway, Germany, France and the Netherlands.

resellers decreased by 1.3 TWh to 5.0 TWh (6.3), of which 1.1 TWh pertained to Germany and 0.2 TWh to the Nordic countries. Sales to business customers decreased by 1.0 TWh to 17.0 TWh. The operations in Poland and Belgium contributed 1.8 TWh during the third quarter of 2011. In Germany, sales to business customers increased by 1.0 TWh.

Important events Q3

- Vattenfall and Norsk Hydro ASA signed two, new long-term electricity supply agreements for 11 TWh of electricity in Germany, starting in 2013. Norsk Hydro ASA decided to sign new agreements after Vattenfall offered a new, customised solution for Norsk Hydro's investment in the Neuss smelter in Germany. The agreements cover a total of 2.2 TWh annually for five years and are a combination of an older restructured contract in the Nordic region and a new contract in Germany.
- The first 1,000 vehicle batch of Volvo and Vattenfall's V60 plug-in hybrid is already sold out. Along with the cars Vattenfall offers recharging services using green electricity and solar panels. Three hundred plug-in hybrids have been sold in Sweden, which represents roughly a 30% increase in the number of cars that can be powered by electricity on Swedish roads.
- Vattenfall signed a pilot agreement with the Swedish municipal-owned company Norrvatten involving netting of consumption and generation (Norrvatten has its own wind power) along with balance responsibility.

Vattenfall's operating segments – Renewables

Amounts in SEK million	Q3 2012	Q3 2011	Change, %	Q1–3 2012	Q1–3 2011	Change, %	Full year 2011	Last 12 months
Net sales	598	1,045	-42.8	2,311	2,088	10.7	3,131	3,354
External net sales ¹	338	791	-57.3	1,394	1,147	21.5	1,820	2,067
Operating profit (EBIT)	-394	-60	—	-820	188	—	496	-512
Items affecting comparability	—	15	—	-506	36	—	36	-506
Underlying operating profit	-394	-75	—	-314	152	—	460	-6
Electricity generation ² , TWh	0.7	0.7	—	2.5	2.3	8.7	3.4	3.6
– of which, wind power	0.7	0.7	—	2.5	2.3	8.7	3.4	3.6
Number of employees, full-year equivalents	470	341	37.8	470	341	37.8	350	—

1) Excluding intra-Group transactions.

2) Of electricity generation in Q1–3 2012, Vattenfall disposed over 2.5 TWh (2.3 TWh), while the rest went to the minority part-owners or was deducted as replacement power.

The Renewables operating segment and Business Division is responsible for capacity development, and operation and maintenance of Vattenfall's renewable energy operations – primarily in wind power and upstream biomass. Operations during the third quarter of 2012 were conducted in Sweden, Denmark, Germany, the Netherlands and the UK.

Underlying operating profit Q3

The underlying operating profit decreased by SEK 0.3 billion. This is mainly attributable to repair costs for the export cable between the Thanet offshore wind farm and the onshore grid in the UK, and weak wind conditions both in Sweden and the UK.

Underlying operating profit Q1–3

The underlying operating profit decreased by SEK 0.5 billion.

Electricity generation Q3

Wind power generation was unchanged at 0.7 TWh, of which 0.4 TWh was from offshore and 0.3 TWh from onshore facilities.

Important events Q3

- On 19 September, Vattenfall's Ormonde wind farm (150 MW) in the Irish Sea was officially inaugurated. Ormonde is one of the most advanced wind farms in the world, owing to a number of new, technical solutions. For example, it is the first time the world's largest wind turbine, the REpower 5MW, is being used on a commercial scale in such a large wind farm. The wind farm also has the UK's longest submarine electricity export cable, 42 km long. Construction of the Ormonde wind farm began in 2010, and the first turbines were erected in 2011. In August 2011 the wind farm generated electricity for the first time, and during the same month the final turbine was installed. The entire wind farm was commissioned in February 2012.
- Vattenfall has received all of the necessary permits for the Pen y Cymoedd (256 MW) wind farm in south Wales, UK.

Other

Amounts in SEK million	Q3 2012	Q3 2011	Change, %	Q1-3 2012	Q1-3 2011	Change, %	Full year 2011	Last 12 months
Net sales	1,102	1,342	-17.9	4,008	5,633	-28.8	7,303	5,678
External net sales ¹	35	90	-61.1	157	835	-81.2	983	305
Operating profit (EBIT) ²	-23	-506	-95.5	7,613	-491	—	1,045	9,149
Items affecting comparability	13	8	62.5	8,011	858	—	3,326	10,479
Underlying operating profit ²	-36	-514	-93.0	-398	-1,349	-70.5	-2,281	-1,330
Number of employees, full-year equivalents	4,700	5,481	-14.2	4,700	5,481	-14.2	5,091	—

1) Excluding intra-Group transactions.

2) Figures for 2011 include all Staff Functions including Treasury activities. Operating profit for Other also includes large capital gains. Starting in 2012, costs for Staff Functions, except for Treasury activities, are allocated to the Generation, Distribution and Sales, and Renewables operating segments.

"Other" comprises all Staff Functions including Treasury activities and Shared Service Centres.

Underlying operating profit Q3

The underlying operating profit improved by SEK 0.5 billion.

Underlying operating profit Q1-3

The underlying operating profit improved by SEK 0.9 billion.

Items affecting comparability for the first three quarters of 2012 include a capital gain of SEK 8.1 billion from the sale of the distribution and heating business in Finland.

Consolidated income statement

Amounts in SEK million	Q3 2012	Q3 2011	Q1-3 2012	Q1-3 2011	Full year 2011	Last 12 months
Net sales	33,679	38,276	119,376	130,587	181,040	169,829
Cost of products sold ¹	-32,946	-29,238	-94,179	-107,043	-144,492	-131,628
Gross profit	733	9,038	25,197	23,544	36,548	38,201
Selling expenses, administrative expenses and research and development costs ²	-4,352	-4,433	-13,052	-13,149	-18,849	-18,752
Other operating income and expenses, net	840	-233	8,697	2,623	5,478	11,552
Participations in the results of associated companies	44	75	154	32	32	154
Operating profit (EBIT)³	-2,735	4,447	20,996	13,050	23,209	31,155
Financial income ^{4,6}	872	930	1,882	2,524	3,843	3,201
Financial expenses ^{5,6}	-1,707	-3,730	-8,375	-8,807	-12,754	-12,322
Profit before tax	-3,570	1,647	14,503	6,767	14,298	22,034
Income tax expense	-381	-302	-3,722	-1,454	-3,882	-6,150
Profit for the period	-3,951	1,345	10,781	5,313	10,416	15,884
Profit for the period attributable to:						
Owners of the Parent Company	-4,192	1,106	10,430	5,481	11,083	16,032
Non-controlling interests (minority interests)	241	239	351	-168	-667	-148
Total	-3,951	1,345	10,781	5,313	10,416	15,884
Earnings per share						
Number of shares in Vattenfall AB, thousands	131,700	131,700	131,700	131,700	131,700	131,700
Earnings per share, basic and diluted (SEK)	-31.83	8.40	79.20	41.62	84.15	121.73
Supplementary information						
Operating profit before depreciation and amortisation (EBITDA)	10,564	9,593	44,120	39,091	54,538	59,567
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	-524	-2,933	-4,667	-5,574	-7,893	-6 986
Underlying operating profit (see definition, page 27)	4,517	5,774	21,010	23,450	30,793	28,353
1) Of which, depreciation, amortisation and impairment losses related to intangible assets (non-current) and property, plant and equipment	-13 164	-5,001	-22,688	-25,618	-30,737	-27,807
2) Of which, depreciation, amortisation and impairment losses related to intangible assets (non-current) and property, plant and equipment	-135	-145	-436	-423	-592	-605
3) Including items affecting comparability attributable to:						
Capital gains/losses, net	-8	131	8,255	2,239	4,722	10,738
Impairment losses and close-down costs pertaining to German nuclear power plants	—	-80	—	-10,320	-10,513	-193
Other impairment losses and impairment losses reversed, net, pertaining intangible assets (non-current) and property, plant and equipment	-8,578	-22	-8 642	-467	-402	-8 577
Unrealised changes in the fair value of energy derivatives	1,410	-675	1,000	-1,697	-1,690	1,007
Unrealised changes in the fair value of inventories	-56	-681	-18	-1,275	-541	716
Restructuring costs	-20	—	-128	—	—	-128
Other items affecting comparability	—	—	-481	1,120	840	-761
Total of items affecting comparability in Operating profit which also constitute the difference between Operating profit and Underlying operating profit	-7,252	-1,327	-14	-10,400	-7,584	2,802
4) Including return from the Swedish Nuclear Waste Fund	440	872	668	1,410	1,948	1,206
5) Including interest components related to pension costs	-246	-276	-765	-777	-1,043	-1,031
5) Including discounting effects attributable to provisions	-751	-739	-2,494	-2,119	-2,966	-3,341
6) Items affecting comparability recognised as financial income and expenses, net	43	8	-1,105	150	-1,508	-2,763

Consolidated statement of comprehensive income

Amounts in SEK million	Q3 2012	Q3 2011	Q1-3 2012	Q1-3 2011	Full year 2011	Last 12 months
Profit for the period	-3,951	1,345	10,781	5,313	10,416	15,884
Other comprehensive income:						
Cash flow hedges:						
Changes in fair value	888	-4,504	7,363	-3,266	-4,675	5,954
Dissolved against the income statement	-1,333	3,365	-4,668	3,613	6,668	-1,613
Transferred to cost of hedged item	-9	96	97	62	224	259
Tax attributable to cash flow hedges	151	266	-801	-84	-638	-1,355
Total cash flow hedges	-303	-777	1,991	325	1,579	3,245
Hedging of net investments in foreign operations	3,439	-1,258	5,388	-3,327	960	9,675
Tax attributable to hedging of net investments in foreign operations	-888	331	-1,385	875	-242	-2,502
Total hedging of net investments in foreign operations	2,551	-927	4,003	-2,452	718	7,173
Translation differences	-6,598	1,614	-9,708	4,372	-2,014	-16,094
Translation differences and exchange rate effects net, divested companies	—	—	79	—	621	700
Revaluation of available-for-sale financial assets	74	-624	74	-1,777	-1,591	1,591
Transferred to the income statement, available-for-sale financial assets	—	—	—	—	1,591	260
Total other comprehensive income, net after tax	-4,276	-714	-3,561	468	904	-3,125
Total comprehensive income for the period	-8,227	631	7,220	5,781	11,320	12,759
Total comprehensive income for the period attributable to:						
Owners of the Parent Company	-8,323	317	7,129	5,828	12,008	13,309
Non-controlling interests (minority interests)	96	314	91	-47	-688	-550
Total	-8,227	631	7,220	5,781	11,320	12,759

Operating segments – Vattenfall Group

Amounts in SEK million	External net sales					Internal net sales					Total net sales				
	Q3 2012	Q3 2011	Q1–3 2012	Q1–3 2011	Full year 2011	Q3 2012	Q3 2011	Q1–3 2012	Q1–3 2011	Full year 2011	Q3 2012	Q3 2011	Q1–3 2012	Q1–3 2011	Full year 2011
Generation	12,407	11,798	41,627	44,343	59,347	11,237	13,359	41,478	44,180	63,764	23,644	25,157	83,105	88,523	123,111
Distribution and Sales	23,582	30,130	88,525	105,000	144,575	1,223	1,735	5,139	7,596	10,724	24,805	31,865	93,664	112,596	155,299
Renewables	338	791	1,394	1,147	1,820	260	254	917	941	1,311	598	1,045	2,311	2,088	3,131
Other ¹	35	90	157	835	983	1,067	1,252	3,851	4,798	6,320	1,102	1,342	4,008	5,633	7,303
Eliminations ²	-2,683	-4,533	-12,327	-20,738	-25,685	-13,787	-16,600	-51,385	-57,515	-82,119	-16,470	-21,133	-63,712	-78,253	-107,804
Total	33,679	38,276	119,376	130,587	181,040	—	—	—	—	—	33,679	38,276	119,376	130,587	181,040

Amounts in SEK million	Profit					Underlying operating profit ³				
	Q3 2012	Q3 2011	Q1–3 2012	Q1–3 2011	Full year 2011	Q3 2012	Q3 2011	Q1–3 2012	Q1–3 2011	Full year 2011
Generation	-2,793	3,986	8,808	5,393	10,545	4,431	5,351	16,393	17,238	22,118
Distribution and Sales	475	1,027	5,395	7,960	11,123	516	1,012	5,329	7,409	10,496
Renewables	-394	-60	-820	188	496	-394	-75	-314	152	460
Other ¹	-23	-506	7,613	-491	1,045	-36	-514	-398	-1,349	-2,281
Operating profit (EBIT)	-2,735	4,447	20 996	13,050	23,209	4,517	5,774	21,010	23,450	30,793
Financial income and expenses	-835	-2,800	-6,493	-6,283	-8,911					
Profit before tax	-3,570	1,647	14,503	6,767	14,298					

1) For 2011, mainly includes all Staff Functions including the Treasury activities and Shared Service Centres. Operating profit for Other includes large capital gains. Starting in 2012, costs for Staff Functions, except for the Treasury activities, are allocated to the operating segments Generation, Distribution and Sales, and Renewables.

2) For external net sales, the elimination pertains to sales to the Nordic electricity exchange.

3) See definition, page 27.

Vattenfall Group – information about geographical areas¹

Amounts in SEK million	External net sales					Internal net sales					Total net sales				
	Q3 2012	Q3 2011	Q1–3 2012	Q1–3 2011	Full year 2011	Q3 2012	Q3 2011	Q1–3 2012	Q1–3 2011	Full year 2011	Q3 2012	Q3 2011	Q1–3 2012	Q1–3 2011	Full year 2011
Sweden	10,170	9,033	34,393	35,041	46,075	1,697	625	5,447	260	1,734	11,867	9,658	39,840	35,301	47,809
Germany	17,162	17,497	56,334	54,277	76,194	7,546	6,383	20,307	17,914	27,869	24,708	23,880	76,641	72,191	104,063
Netherlands	5,282	6,444	23,841	23,051	33,155	5,641	5,682	17,912	17,262	24,865	10,923	12,126	41,753	40,313	58,020
Other countries	1,673	8,851	7,324	22,125	30,494	380	567	1,409	2,933	3,663	2,053	9,418	8,733	25,058	34,157
Eliminations	-608	-3,549	-2,516	-3,907	-4,878	-15,264	-13,257	-45,075	-38,369	-58,131	-15,872	-16,806	-47,591	-42,276	-63,009
Total	33,679	38,276	119,376	130,587	181,040	—	—	—	—	—	33,679	38,276	119,376	130,587	181,040

Amounts in SEK million	Operating profit (EBIT)					Underlying operating profit ²				
	Q3 2012	Q3 2011	Q1–3 2012	Q1–3 2011	Full year 2011	Q3 2012	Q3 2011	Q1–3 2012	Q1–3 2011	Full year 2011
Sweden	2,670	2,075	18,830	11,852	15,684	2,133	2,282	11,371	10,732	13,769
Germany	3,464	2,422	10,461	-2,791	1,065	3,356	3,019	9,910	9,190	12,263
Netherlands	-8,422	-190	-8,600	1,832	3,157	-521	293	-396	1,364	1,453
Other countries	-447	140	305	2,157	3,303	-451	180	125	2,164	3,308
Total	-2,735	4,447	20,996	13,050	23,209	4,517	5,774	21,010	23,450	30,793

1) Pertains to consolidated financial information allocated to geographical areas.

2) See definition, page 27.

Consolidated balance sheet

Amounts in SEK million	30 Sept 2012	30 Sept 2011	31 Dec 2011	Amounts in SEK million	30 Sept 2012	30 Sept 2011	31 Dec 2011
Assets				Equity and liabilities			
Non-current assets				Equity			
Intangible assets: non-current	39,315	47,935	46,229	Attributable to owners of the Parent Company	135,139	126,032	131,988
Property, plant and equipment	269,381	283,658	279,445	Attributable to non-controlling interests (minority interests)	7,917	7,191	6,943
Investment property	492	626	539	Total equity	143,056	133,223	138,931
Biological assets	11	7	8	Non-current liabilities			
Participations in associated companies and joint ventures	11,867	13,092	12,344	Hybrid capital	8,408	9,207	8,883
Other shares and participations	2,997	3,113	3,235	Other interest-bearing liabilities	120,362	149,570	149,602
Share in the Swedish Nuclear Waste Fund	29,130	27,977	28,430	Pension provisions	17,183	18,792	17,995
Derivatives with positive fair value	25,578	21,723	20,691	Other interest-bearing provisions	63,681	67,278	66,487
Current tax assets, non-current	966	1,023	990	Derivatives with negative fair value	18,058	15,873	12,590
Prepaid expenses	167	163	188	Deferred tax liabilities	34,973	33,877	35,406
Deferred tax assets	1,550	2,798	1,303	Other noninterest-bearing liabilities	7,355	8,666	8,238
Other non-current receivables	5,183	5,046	5,732	Total non-current liabilities	270,020	303,263	299,201
Total non-current assets	386,637	407,161	399,134	Current liabilities			
Current assets				Trade payables and other liabilities	23,731	26,670	35,108
Inventories	18,862	18,446	18,564	Advance payments from customers	934	1,464	1,142
Biological assets	2	1	1	Derivatives with negative fair value	6,498	10,408	9,864
Intangible assets: current	1,063	3,198	5,627	Accrued expenses and deferred income	13,286	19,772	18,507
Trade receivables and other receivables	25,192	28,377	41,880	Current tax liabilities	2,008	2,468	844
Advance payments to suppliers	3,289	3,153	6,368	Interest-bearing liabilities	32,527	16,978	11,865
Derivatives with positive fair value	12,167	9,534	9,408	Interest-bearing provisions	7,476	7,803	7,237
Prepaid expenses and accrued income	3,918	4,555	6,450	Liabilities associated with assets held for sale	—	2,439	1,859
Current tax assets	1,440	3,397	1,853	Total current liabilities	86,460	88,002	86,426
Short-term investments	32,103	19,498	17,417	Total equity and liabilities	499,536	524,488	524,558
Cash and cash equivalents	14,863	11,848	11,268				
Assets held for sale	—	15,320	6,588	Collateral	131	—	79
Total current assets	112,899	117,327	125,424	Contingent liabilities	6,413	3,408	3,584
Total assets	499,536	524,488	524,558				

Consolidated balance sheet, cont.

Amounts in SEK million	30 Sept 2012	30 Sept 2011	31 Dec 2011	Amounts in SEK million	30 Sept 2012	30 Sept 2011	31 Dec 2011
Supplementary information				Adjusted gross debt and net debt			
Net assets	261,037	284,187	284,250	Total interest-bearing liabilities	-161,297	-175,755	-170,350
Net assets, weighted average value	276 985	283,848	283,957	50% of Hybrid capital	4,204	4,604	4,442
Net debt				Present value of pension obligations	-22,232	-21,831	-22,461
Hybrid capital	-8,408	-9,207	-8,883	Provisions for mining, gas and wind operations and other environment-related provisions	-11,831	-12,875	-12,542
Bond issues, commercial paper and liabilities to credit institutions	-95,466	-107,163	-102,234	Provisions for nuclear power (net)	-17,485	-19,254	-18,470
Present value of liabilities pertaining to acquisitions of Group companies	-26,551	-31,459	-30,472	Currency derivatives for hedging of debt in foreign currency	3,661	3,000	3,282
Liabilities to associated companies	-9,322	-10,687	-10,521	Margin calls received	8,604	6,138	7,369
Liabilities to owners of non-controlling interests (minority owners)	-11,392	-10,289	-10,240	Liabilities to owners of non-controlling interests (minority owners) due to consortium agreements	10,563	9,416	9,771
Other liabilities	-10,158	-6,950	-8,000	Adjusted gross debt	-185,813	-206,557	-198,959
Total interest-bearing liabilities	-161,297	-175,755	-170,350	Reported cash and cash equivalents and short-term investments	46,966	31,346	28,685
Cash and cash equivalents	14,863	11,848	11,268	Unavailable liquidity	-5,540	-5,060	-5,757
Short-term investments	32,103	19,498	17,417	Adjusted cash and cash equivalents and short-term investments	41,426	26,286	22,928
Loans to owners of non-controlling interests (minority owners) in foreign Group companies	188	601	576	Adjusted net debt	-144,387	-180,271	-176,031
Net debt	-114,143	-143,808	-141,089				

Consolidated statement of cash flows

Amounts in SEK million	Q3 2012	Q3 2011	Q1–3 2012	Q1–3 2011	Full year 2011	Last 12 months
Operating activities						
Profit before tax	-3,570	1,647	14,503	6,767	14,298	22,034
Reversal of depreciation, amortisation and impairment losses	13,300	5,197	23,435	26,092	33,040	30,383
Tax paid	-801	-310	-4,081	-4,771	-5,250	-4,560
Capital gains/losses, net	1	-138	-8,272	-2,290	-4,827	-10,809
Other, incl. non-cash flow items	-2,758	3,459	-2,749	2,338	995	-4,092
Funds from operations (FFO)	6,172	9,855	22,836	28,136	38,256	32,956
Changes in inventories	-262	-2,444	-638	-3,502	-3,350	-486
Changes in operating receivables	5,303	3,851	8,050	15,671	944	-6,677
Changes in operating liabilities	-1,704	-11	-9,658	-10,683	668	1,693
Other changes	1,134	-464	2,632	567	-3,050	-985
Cash flow from changes in operating assets and operating liabilities	4,471	932	386	2,053	-4,788	-6,455
Cash flow from operating activities	10,643	10,787	23,222	30,189	33,468	26,501
Investing activities						
Acquisitions in Group companies	—	-2	—	-3	-257	-254
Investments in associated companies and other shares and participations	-61	-50	-238	-157	-140	-221
Other investments in non-current assets	-7,550	-9,070	-19,345	-23,015	-35,353	-31,683
Total investments	-7,611	-9,122	-19,583	-23,175	-35,750	-32,158
Divestments	1,233	2,003	22,749	6,572	16,280	32,457
Cash and cash equivalents in divested companies	6	-26	-143	-26	-1,332	-1,449
Cash flow from investing activities	-6,372	-7,145	3,023	-16,629	-20,802	-1,150
Cash flow before financing activities	4,271	3,642	26,245	13,560	12,666	25,351
Financing activities						
Changes in short-term investments	-7,196	-289	-15,885	12,248	11,292	-16,841
Changes in loans to owners of non-controlling interests (minority owners) in foreign Group companies	18	-51	370	-289	-287	372
Loans raised ¹	295	2,030	935	2,999	10,511	8,447
Amortisation of debts pertaining to acquisitions of Group companies	—	-13,538	-2,738	-13,538	-13,538	-2,738
Amortisation of other debts	365	413	-2,337	-8,422	-15,688	-9,603
Divestment of shares in Group companies to owners of non-controlling interests (minority owners)	—	—	1,196	—	—	1,196
Dividends paid to owners	-1	—	-4,501	-6,698	-6,701	-4,504
Contribution from owners of non-controlling interests (minority interests)	355	99	477	520	569	526
Cash flow from financing activities	-6,164	-11,336	-22,483	-13,180	-13,842	-23,145
Cash flow for the period	-1,893	-7,694	3,762	380	-1,176	2,206

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

Consolidated statement of cash flows, cont.

Amounts in SEK million	Q3 2012	Q3 2011	Q1-3 2012	Q1-3 2011	Full year 2011	Last 12 months
Cash and cash equivalents						
Cash and cash equivalents at start of period	16,547	20,238	11,268	12,595	12,595	11,848
Cash and cash equivalents included in assets held for sale	—	-604	—	-880	—	880
Cash flow for the period	-1,893	-7,694	3,762	380	-1,176	2,206
Translation differences	209	-92	-167	-247	-151	-71
Cash and cash equivalents at end of period	14,863	11,848	14,863	11,848	11,268	14,863
Supplementary information						
Cash flow before financing activities	4,271	3,642	26,245	13,560	12,666	25,351
Financing activities						
Dividends paid to owners	-1	—	-4,501	-6,698	-6,701	-4,504
Sale of shares in Group companies to owners of non-controlling interests (minority owners)	—	—	1,196	—	—	1,196
Contribution from owners of non-controlling interests (minority interests)	355	99	477	520	569	526
Cash flow after dividend	4,625	3,741	23,417	7,382	6,534	22,569
Analysis of change in net debt						
Net debt at start of period	-123,207	-142,153	-141,089	-144,109	-144,109	-143,808
Changed calculation of net debt						
Cash flow after dividend	4,625	3,741	23,417	7,382	6,534	22,569
Changes as a result of valuation at fair value	446	-2,042	7	-1,506	-2,210	-697
Changes in interest-bearing liabilities for leasing	11	19	-717	82	114	-685
Interest-bearing liabilities/short-term investments acquired/divested	—	19	344	19	-459	-134
Changes in liabilities pertaining to acquisitions of Group companies, discounting effects	-174	-6	-376	-475	-549	-450
Cash and cash equivalents included in assets held for sale	—	-604	—	-880	—	880
Interest-bearing liability for future dividend	5	—	-319	—	—	-319
Interest-bearing liabilities associated with assets held for sale	—	-19	-344	—	344	—
Translation differences on net debt	4,151	-2,763	4,934	-4,321	-754	850
Net debt at end of period	-114,143	-143,808	-114,143	-143,808	-141,089	-121,794
Free cash flow	7,928	6,434	14,512	19,907	17,637	12,242

Consolidated statement of changes in equity

Amounts in SEK million	30 Sept 2012			30 Sept 2011			31 Dec 2011		
	Attributable to owners of the Parent Company	Attributable to non-controlling interests (minority interests)	Total equity	Attributable to owners of the Parent Company	Attributable to non-controlling interests (minority interests)	Total equity	Attributable to owners of the Parent Company	Attributable to non-controlling interests (minority interests)	Total equity
Balance brought forward	131,988	6,943	138,931	126,704	6,917	133,621	126,704	6,917	133,621
Dividends paid to owners	-4,433	-68	-4,501	-6,500	-198	-6,698	-6,500	-201	-6,701
Group contributions from(+)/to(-) owners of non-controlling interests (minority interests), net after tax	—	—	—	—	—	—	—	358	358
Changes in ownership in Group companies on divestment of shares to owners of non-controlling interests (minority owners)	455	483	938	—	—	—	—	—	—
Other ownership changes	—	468	468	—	519	519	-224	557	333
Cash flow hedges:									
Changes in fair value	7,369	-6	7,363	-3,289	23	-3,266	-4,689	14	-4,675
Dissolved against income statement	-4,670	2	-4,668	3,613	—	3,613	6,667	1	6,668
Transferred to cost of hedged item	85	12	97	58	4	62	213	11	224
Tax attributable to cash flow hedges	-799	-2	-801	-77	-7	-84	-631	-7	-638
Total cash flow hedges	1,985	6	1,991	305	20	325	1,560	19	1,579
Hedging of net investments in foreign operations	5,388	—	5,388	-3,327	—	-3,327	960	—	960
Tax attributable to hedging of net investments in foreign operations	-1,385	—	-1,385	875	—	875	-242	—	-242
Total hedging of net investments in foreign operations	4,003	—	4,003	-2,452	—	-2,452	718	—	718
Translation differences	-9,442	-266	-9,708	4,271	101	4,372	-1,974	-40	-2,014
Translation differences and exchange rate effects net, divested companies	79	—	79	—	—	—	621	—	621
Revaluation of available-for-sale financial assets	74	—	74	-1,777	—	-1,777	-1,591	—	-1,591
Transferred to the income statement, available-for-sale financial assets	—	—	—	—	—	—	1,591	—	1,591
Total other comprehensive income for the period	-3,301	-260	-3,561	347	121	468	925	-21	904
Profit for the period	10,430	351	10,781	5,481	-168	5,313	11,083	-667	10,416
Total comprehensive income for the period	7,129	91	7,220	5,828	-47	5,781	12,008	-688	11,320
Balance carried forward	135,139¹	7,917	143,056	126,032¹	7,191	133,223	131,988¹	6,943	138,931
1) Of which, Reserve for cash flow hedges	2,230			-1,010			245		

Key ratios – Vattenfall Group (definitions and calculations of key ratios on pages 27–28)

In % unless indicated otherwise. (x) means times	Q3 2012	Q3 2011	Q1–3 2012	Q1–3 2011	Full year 2011	Last 12 months
Operating margin	-8.1	11.6	17.6	10.0	12.8	18.3
Operating margin ¹	13.4	15.1	17.6	18.0	17.0	16.7
Pre-tax profit margin	-10.6	4.3	12.1	5.2	7.9	13.0
Pre-tax profit margin ¹	10.8	7.7	13.1	13.0	12.9	13.0
Return on equity	11.7 ²	6.3 ²	11.7 ²	6.3 ²	8.6	11.7
Return on net assets	10.0 ²	5.3 ²	10.0 ²	5.3 ²	7.1	10.0
Return on net assets ¹	9.0 ²	10.4 ²	9.0 ²	10.4 ²	9.8	9.0
EBIT interest cover, (x)	3.7 ²	2.9 ²	3.7 ²	2.9 ²	2.6	3.7
EBIT interest cover, (x) ¹	3.4 ²	5.1 ²	3.4 ²	5.1 ²	3.3	3.4
FFO interest cover, (x)	4.7 ²	6.9 ²	4.7 ²	6.9 ²	4.9	4.7
FFO interest cover, net, (x)	5.7 ²	8.6 ²	5.7 ²	8.6 ²	5.8	5.7
Cash flow interest cover after maintenance investments, (x)	2.5 ²	5.1 ²	2.5 ²	5.1 ²	3.0	2.5
FFO/gross debt	20.4 ²	22.6 ²	20.4 ²	22.6 ²	22.5	20.4
FFO/net debt	28.9 ²	27.7 ²	28.9 ²	27.7 ²	27.1	28.9
FFO/adjusted net debt	22.8 ²	22.1 ²	22.8 ²	22.1 ²	21.7	22.8
EBITDA/net financial items, (x)	20.2	3.3	9.5	7.0	6.9	8.5
EBITDA/net financial items, (x) ¹	34.0	3.7	9.5	8.9	7.9	8.1
Equity/total assets	28.6	25.4	28.6	25.4	26.5	28.6
Gross debt/equity	112.8	131.9	112.8	131.9	122.6	112.8
Net debt/equity	79.8	107.9	79.8	107.9	101.6	79.8
Gross debt/gross debt plus equity	53.0	56.9	53.0	56.9	55.1	53.0
Net debt/net debt plus equity	44.4	51.9	44.4	51.9	50.4	44.4
Net debt/EBITDA, (x)	1.9 ²	2.6 ²	1.9 ²	2.6 ²	2.6	1.9
Adjusted net debt/EBITDA, (x)	2.4 ²	3.3 ²	2.4 ²	3.3 ²	3.2	2.4

1) Based on Underlying operating profit, i.e., Operating profit excl. items affecting comparability.

2) Last 12-month values.

Quarterly information – Vattenfall Group

Amounts in SEK million	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Income statement							
Net sales	33,679	36,703	48,994	50,453	38,276	40,443	51,868
Cost of products sold	-32,946	-27,477	-33,756	-37,449	-29,238	-40,997	-36,808
Other operating income and expenses, net	-3,512	-4,573	3,730	-2,845	-4,666	-2,397	-3,463
Participations in the results of associated companies	44	122	-12	—	75	-288	245
Operating profit before depreciation and amortisation (EBITDA)	10,564	9,730	23,826	15,447	9,593	12,566	16,932
Operating profit (EBIT)	-2,735	4,775	18,956	10,159	4,447	-3,239	11,842
Underlying operating profit	4,517	4,818	11,675	7,343	5,774	5,382	12,294
Financial items, net	-835	-3,204	-2,454	-2,628	-2,800	-1,590	-1,893
Financial items, net ¹	-544	-2,300	-1,843	-2,319	-2,933	-1,211	-1,430
Profit before tax	-3 570	1,571	16,502	7,531	1,647	-4,829	9,949
Profit for the period	-3,951	877	13,855	5,103	1,345	-3,235	7,203
– of which, attributable to owners of the Parent Company	-4 192	899	13,723	5,602	1,106	-2,742	7,117
– of which, attributable to non-controlling interests (minority interests)	241	-22	132	-499	239	-493	86
Balance sheet							
Non-current assets	386 637	398,651	396,640	378,443	385,438	389,453	387,991
Short-term investments	32,103	25,767	28,254	17,417	19,498	18,959	28,647
Cash and cash equivalents	14,863	16,547	17,456	11,268	11,848	20,238	10,909
Other current assets	65,933	72,668	84,153	117,430	107,704	94,540	110,201
Total assets	499,536	513,633	526,503	524,558	524,488	523,190	537,748
Equity	143,056	150,944	153,877	138,931	133,223	132,493	140,948
– of which, attributable to owners of the Parent Company	135,139	143,470	146,769	131,988	126,032	125,715	133,754
– of which, attributable to non-controlling interests (minority interests)	7,917	7,474	7,108	6,943	7,191	6,778	7,194
Hybrid capital	8,408	8,725	8,793	8,883	9,207	9,084	8,869
Other interest-bearing liabilities	152,889	157,014	157,752	161,467	166,548	172,809	169,461
Pension provisions	17,183	17,763	17,853	17,995	18,792	18,517	18,053
Other interest-bearing provisions	71,157	72,656	74,188	73,724	75,081	74,840	69,746
Deferred tax liabilities	34 973	35,759	35,732	35,406	33,877	34,395	36,526
Other noninterest-bearing liabilities	71,870	70,772	78,308	88,152	87,760	81,052	94,145
Total equity and liabilities	499,536	513,633	526,503	524,558	524,488	523,190	537,748
Net assets	261,037	275,402	275,674	284,250	284,187	281,771	285,169
Net debt	-114,143	-123,207	-120,597	-141,089	-143,808	-142,153	-138,282

Quarterly information – Vattenfall Group, cont.

Amounts in SEK million	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Cash flow							
Funds from operations (FFO)	6,172	3,947	12,717	10,120	9,855	6,125	12,156
Cash flow from changes in operating assets and operating liabilities	4,471	4,441	-8,526	-6,841	932	5,670	-4,549
Cash flow from operating activities	10,643	8,388	4,191	3,279	10,787	11,795	7,607
Cash flow from investing activities	-6,372	-5,700	15,095	-4,173	-7,145	-4,533	-4,951
Cash flow before financing activities	4,271	2,688	19,286	-894	3,642	7,262	2,656
Changes in short-term investments	-7,196	2,300	-10,989	-956	-289	9,726	2,811
Loans raised/Amortisation of debt, net, etc.	1,033	-996	-2,134	297	-11,047	-560	-7,123
Dividends paid to owners	-1	-4,489	-11	-3	—	-6,682	-16
Cash flow from financing activities	-6,164	-3,185	-13,134	-662	-11,336	2,484	-4,328
Cash flow for the period	-1,893	-497	6,152	-1,556	-7,694	9,746	-1,672
Free cash flow	7,928	4,543	2,041	-2,270	6,434	8,410	5,063
1) Excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund.							
Key ratios (definitions and calculations of key ratios on pages 27–28)							
In % unless indicated otherwise. (x) means times							
Return on equity ¹	11.7	15.7	13.4	8.6	6.3	6.6	12.6
Return on net assets ¹	10.0	12.5	9.6	7.1	5.3	5.7	9.9
Return on net assets ^{1,2}	9.0	9.4	9.5	9.8	10.4	9.0	10.0
EBIT interest cover, (x) ¹	3.7	3.6	3.2	2.6	2.9	3.0	4.7
EBIT interest cover, (x) ^{1,2}	3.4	2.8	3.1	3.3	5.1	4.3	4.8
FFO/gross debt ¹	20.4	22.1	23.3	22.5	22.6	20.3	23.8
FFO/net debt ¹	28.9	29.7	32.2	27.1	27.7	26.0	30.7
FFO/adjusted net debt ¹	22.8	23.4	25.0	21.7	22.1	20.5	25.0
Equity/assets ratio	28.6	29.4	29.2	26.5	25.4	25.3	26.2
Gross debt/equity	112.8	109.8	108.2	122.6	131.9	137.3	126.5
Net debt/equity	79.8	81.6	78.4	101.6	107.9	107.3	98.1
Net debt/net debt plus equity	44.4	44.9	43.9	50.4	51.9	51.8	49.5
Net debt/EBITDA, (x) ¹	1.9	2.1	2.0	2.6	2.6	2.6	2.4
Adjusted net debt/EBITDA, (x) ¹	2.4	2.7	2.5	3.2	3.3	3.2	3.0

1) Last 12-month values.

2) Based on Underlying operating profit, i.e., Operating profit excl. items affecting comparability.

Exchange rates

Key exchange rates applied in the accounts of the Vattenfall Group:

	Q3 2012	Q3 2011	Q1–3 2012	Q1–3 2011	Full year 2011
Average rate					
EUR	8.4795	9.1700	8.7303	9.0130	9.0215
DKK	1.1389	1.2308	1.1736	1.2092	1.2110
NOK	1.1452	1.1778	1.1609	1.1546	1.1579
PLN	2.0390	2.2150	2.0742	2.2340	2.1900
GBP	10.6517	10.3925	10.7177	10.3193	10.3810
USD	6.7295	6.4725	6.7752	6.4108	6.4922

	30 Sept 2012	30 Sept 2011	31 Dec 2011
Balance sheet date rate			
EUR	8.4498	9.2700	8.9400
DKK	1.1334	1.2457	1.2033
NOK	1.1466	1.1747	1.1505
PLN	2.0590	2.0900	2.0300
GBP	10.5881	10.6700	10.6800
USD	6.5350	6.8600	6.9200

Parent Company income statement

Amounts in SEK million	Q1-3 2012	Q1-3 2011	Full year 2011
Net sales	27,861	23,025	31,655
Cost of products sold	-17,386	-14,620	-19,037
Gross profit	10,475	8,405	12,618
Selling expenses, administrative expenses and research and development costs	-2,603	-2,230	-3,538
Other operating income and expenses, net	-565	-2,643	-3,136
Operating profit (EBIT)	7,307	3,532	5,944
Result from participations in subsidiaries	807	7,600	13,935
Result from participations in associated companies	1	1	1
Result from other shares and participations	77	68	-1,523
Other financial income	4,957	3,570	6,037
Other financial expenses	-4,734	-5,365	-7,005
Profit before appropriations and tax	8,415	9,406	17,389
Appropriations	1,204	5,478	2,312
Profit before tax	9,619	14,884	19,701
Income tax expense	-2,733	-2,368	-2,847
Profit for the period	6,886	12,516	16,854

Parent Company statement of comprehensive income

Amounts in SEK million	Q1-3 2012	Q1-3 2011	Full year 2011
Profit for the period	6,886	12,516	16,854
Total other comprehensive income	—	—	—
Total comprehensive income for the period	6,886	12,516	16,854

Parent Company balance sheet

Amounts in SEK million	30 Sept 2012	30 Sept 2011	31 Dec 2011
Assets			
Non-current assets			
Intangible assets: non-current	196	198	206
Property, plant and equipment	4,239	3,991	4,086
Shares and participations	171,309	194,083	178,670
Other non-current assets	79,902	72,691	72,495
Total non-current assets	255,646	270,963	255,457
Current assets			
Inventories	425	355	360
Intangible assets: current	183	226	334
Current receivables	20,605	29,951	47,431
Current tax assets	—	—	565
Short-term investments	28,417	14,609	12,839
Cash and cash equivalents	8,997	8,564	6,265
Total current assets	58,627	53,705	67,794
Total assets	314,273	324,668	323,251
Equity and liabilities			
Equity			
Restricted equity			
Share capital	6,585	6,585	6,585
Statutory reserve	1,286	1,286	1,286
Non-restricted equity			
Retained earnings	75,211	62,779	62,790
Profit for the period	6,886	12,516	16,854
Total equity	89,968	83,166	87,515
Untaxed reserves	8,596	8,130	10,355
Provisions	172	243	191
Non-current liabilities			
Hybrid capital	8,408	9,207	8,883
Other interest-bearing liabilities	107,745	133,400	134,972
Deferred tax liabilities	1,100	317	932
Other noninterest-bearing liabilities	6,323	5,442	5,864
Total non-current liabilities	123,576	148,366	150,651
Current liabilities			
Interest-bearing liabilities	66,395	63,124	50,202
Current tax liabilities	653	31	—
Other noninterest-bearing liabilities	24,913	21,608	24,337
Total current liabilities	91,961	84,763	74,539
Total equity and liabilities	314,273	324,668	323,251

Accounting policies, risks and uncertainties, and the Parent Company's interim report

Group

Accounting policies

The consolidated accounts for the first three quarters of 2012 have, as in the year-end accounts for 2011, been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Commission for application within 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 in Vattenfall's 2011 Annual Report (Note 2 to the consolidated accounts), with exception for the amended IFRS endorsed by the EU and described below, which is effective as of the 2012 financial year.

Amendments in IFRS 7 – *Financial Instruments: Disclosures*. The amendments require additional quantitative and qualitative disclosures when derecognising financial instruments from the balance sheet. If transferred assets are not derecognised in their entirety, this fact shall be disclosed. In the same way, if the entity has a continuing involvement in the derecognised asset, this shall also be disclosed.

New definition of Items affecting comparability

Vattenfall has previously defined Items affecting comparability as: Capital gains and capital losses from shares and other non-current assets, impairment losses and reversed impairment losses pertaining to non-current assets, and other nonrecurring items. Starting with the first quarter of 2012, this definition has been expanded to also include unrealised changes in the fair value of energy derivatives, which according to IAS 39 cannot be recognised using hedge accounting, and unrealised changes in the fair value of inventories.

In the third quarter of 2011 Vattenfall introduced the profit measure "Underlying operating profit". Starting with the first quarter of 2012, this profit measure is defined as Operating profit (EBIT) excluding items affecting comparability.

Comparison figures and key ratios containing items affecting comparability for prior periods have been recalculated to reflect these new definitions.

Other changes in the financial statements

Information about geographical areas has been changed compared to what has previously been published. Starting with the first quarter of 2012, information is provided for the core

markets Sweden, Germany and the Netherlands. In addition, activities in other countries are reported as a total. Comparison figures have been recalculated.

On the balance sheet, starting with the first quarter of 2012 a split has been made for "Derivatives with positive fair values" so that these, on the assets side of the balance sheet, have been split into current assets and non-current assets, respectively. Previously such derivatives were recognised only as current assets. Similarly, the item "Derivatives with negative fair values" has been split into current liabilities and non-current liabilities, respectively, compared with previously, when these were recognised as current liabilities in their entirety. Comparison figures have been recalculated.

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2011 Annual Report, pages 57–65. No other material changes have taken place since publication of the 2011 Annual Report.

Other

Significant related-party transactions are described in Note 54 to the consolidated accounts in Vattenfall's 2011 Annual Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2011 Annual Report.

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 report are the same as those described in Vattenfall's 2011 Annual Report (Note 2 to the Parent Company accounts), except that Group contributions, in the income statement, are recognised as Appropriations in accordance with an alternative rule in RFR 2.

First three quarters of 2012

A condensed income statement and balance sheet for the Parent Company are presented on page 25 of this report.

Sales amounted to SEK 27,861 million (23,025).

Profit before appropriations and tax was SEK 8,415 million (9,406). The higher profit compared with a year ago is mainly

attributable to the sale in January 2012 of Vattenfall's electricity distribution and heat business in Finland, which generated a capital gain of SEK 10,051 million.

Impairment of shares in Vattenfall Biomass Liberia AB and provisions for obligations related to this company were charged against profit in the first quarter of 2012 in the amount of SEK 1,482 million.

In June, SEK 2,631 million (EUR 300 million) was repaid to Nuon's shareholders, resulting in a realised foreign exchange gain of SEK 590 million.

In September the shareholding in N.V. Nuon Energy was impaired in the amount of SEK 8,574 million.

The balance sheet total was SEK 314,273 million (31 December 2011: 323,251).

Investments for the period amounted to SEK 3,263 million (472).

During the period, a new issue of SEK 3,000 million was carried out in the subsidiary Vattenfall Vindkraft AB. In addition, a shareholder contribution of SEK 1,450 million was repaid from the Finnish operations.

In May a share dividend of SEK 4,433 million was paid to the Swedish state.

Cash and cash equivalents and short-term investments amounted to SEK 37,414 million (31 December 2011: 19,104).

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2011 Annual Report, pages 57–65. No material changes have taken place since publication of the 2011 Annual Report.

Other

Significant related-party transactions are described in Note 40 to the Parent Company accounts in Vattenfall's 2011 Annual Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2011 Annual Report.

Stockholm, 30 October 2012

Øystein Løseth
President and Chief Executive Officer

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

Definitions and calculations of key ratios

Figures for the Group in 2012. Amounts in SEK million unless indicated otherwise.

EBIT	=	Earnings Before Interest and Tax.
EBITDA	=	Earnings Before Interest, Tax, Depreciation and Amortisation. Also other close-down costs than impairment losses pertaining to the close-down of German nuclear power plants during 2011 are here treated as Amortisation.
Items affecting comparability	=	Capital gains and capital losses from shares and other non-current assets, impairment losses and impairment losses reversed pertaining to non-current assets, and other non-recurring items. Also included here are unrealised changes in the fair value of energy derivatives, which according to IAS 39 can not be recognised using hedge accounting, and unrealised changes in the fair value of inventories.
Underlying operating profit	=	Operating profit (EBIT) excluding items affecting comparability.
FFO	=	Funds From Operations.
Free cash flow	=	Cash flow from operating activities less maintenance investments.
Capital Securities	=	Perpetual subordinated securities, junior to all Vattenfall's unsubordinated debt instruments. Reported as interest-bearing non-current liabilities.
Net assets	=	Balance sheet total less noninterest-bearing liabilities, provisions, interest-bearing receivables, funds in the Swedish Nuclear Waste Fund, cash and cash equivalents, short-term investments.
Net debt	=	Interest-bearing liabilities less loans to owners of non-controlling interests (minority owners) in foreign subsidiaries, cash and cash equivalents, short-term investments.
Adjusted net debt	=	For calculation, see page 18.

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

Key ratios based on last 12-month values (October 2011–September 2012):

Operating margin, %	= 100 x	$\frac{\text{Operating profit (EBIT)}}{\text{Net sales}}$	$\frac{31,155}{169,829}$	=	18.3
Operating margin excl. items affecting comparability, %	= 100 x	$\frac{\text{Underlying operating profit}}{\text{Net sales}}$	$\frac{28,353}{169,829}$	=	16.7
Pre-tax profit margin, %	= 100 x	$\frac{\text{Profit before tax}}{\text{Net sales}}$	$\frac{22,034}{169,829}$	=	13.0
Pre-tax profit margin excl. items affecting comparability, %	= 100 x	$\frac{\text{Profit before tax excl. items affecting comparability}}{\text{Net sales}}$	$\frac{21,995}{169,829}$	=	13.0
Return on equity, %	= 100 x	$\frac{\text{Profit for the period attributable to owners of the Parent Company}}{\text{Average equity for the period attributable to owners of the Parent Company excl. the Reserve for cash flow hedges}}$	$\frac{16,032}{137,516}$	=	11.7
Return on net assets, %	= 100 x	$\frac{\text{Operating profit (EBIT) + discounting effects attributable to provisions}}{\text{Weighted average of net assets for the period}}$	$\frac{27,814}{276,985}$	=	10.0
Return on net assets excl. items affecting comparability, %	= 100 x	$\frac{\text{Underlying operating profit + discounting effects attributable to provisions}}{\text{Weighted average of net assets for the period}}$	$\frac{25,012}{276,985}$	=	9.0
EBIT interest cover, (x)	= 100 x	$\frac{\text{Operating profit (EBIT) + financial income excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{33,130}{8,981}$	=	3.7

Definitions and calculations of key ratios, cont.

EBIT interest cover excl. items affecting comparability, (x) =	Underlying operating profit + financial income excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	30,328	=	3.4
	Financial expenses excl. discounting effects attributable to provisions	8,981		
FFO interest cover, (x) =	Funds from operations (FFO) + financial expenses excl. discounting effects attributable to provisions	41,937	=	4.7
	Financial expenses excl. discounting effects attributable to provisions	8,981		
FFO interest cover, net, (x) =	Funds from operations (FFO) + financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	39,962	=	5.7
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	7,006		
Cash flow interest cover after maintenance investments, (x) =	Cash flow from operating activities less maintenance investments + financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs	20,192	=	2.5
	Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs	7,950		
FFO/gross debt, % = 100 x	Funds from operations (FFO)	32,956	=	20.4
	Interest-bearing liabilities	161,297		
FFO/net debt, % = 100 x	Funds from operations (FFO)	32,956	=	28.9
	Net debt	114,143		
FFO/adjusted net debt, % = 100 x	Funds from operations (FFO)	32,956	=	22.8
	Adjusted net debt	144,387		
EBITDA/net financial items, (x) =	Operating profit before depreciation and amortisation (EBITDA)	59,567	=	8.5
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	6,986		
EBITDA excl. items affecting comparability/net financial items, (x) =	Operating profit before depreciation and amortisation (EBITDA) excl. items affecting comparability	56,765	=	8.1
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	6,986		
Key ratios based on the balance sheet per 30 September 2012:				
Equity/total assets, % = 100 x	Equity	143,056	=	28.6
	Balance sheet total	499,536		
Gross debt/equity, % = 100 x	Interest-bearing liabilities	161,297	=	112.8
	Equity	143,056		
Net debt/equity, % = 100 x	Net debt	114,143	=	79.8
	Equity	143,056		
Gross debt/gross debt plus equity, % = 100 x	Interest-bearing liabilities	161,297	=	53.0
	Interest-bearing liabilities + equity	304,353		
Net debt/net debt plus equity, % = 100 x	Net debt	114,143	=	44.4
	Net debt + equity	257,199		
Net debt/EBITDA, (x) =	Net debt	114,143	=	1.9
	Operating profit before depreciation and amortisation (EBITDA)	59,567		
Adjusted net debt/EBITDA, (x) =	Adjusted net debt	144,387	=	2.4
	Operating profit before depreciation and amortisation (EBITDA)	59,567		

Financial calendar

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Year-end report 2012 12 February 2013

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This is a translation of the Swedish original. In the event of any discrepancy, the Swedish version shall govern.