

# Interim Report January–September



2013

## Stable underlying operating profit for the first nine months of the year – continued challenges for the industry

### July–September 2013

- Net sales rose 9.9% to SEK 36,997 million (33,679)
- The underlying operating profit<sup>1</sup> decreased by 10.6% to SEK 3,999 million (4,474), mainly due to higher costs for purchases of CO<sub>2</sub> emission allowances
- Operating profit amounted to SEK 4,818 million (-2,778). Profit for the third quarter of 2012 included impairment charges of SEK 8.6 billion for goodwill and production assets in the Thermal Power business unit, mainly in the Netherlands
- Profit for the period (after tax) amounted to SEK 1,538 million (-3,975)
- Electricity generation was essentially unchanged, at 40.0 TWh (39.7)

### January–September 2013

- Net sales rose 3.8% to SEK 123,922 million (119,376)
- The underlying operating profit rose 0.4% to SEK 20,949 million (20,875)
- Operating profit amounted to SEK -10,292 million (20,861). As a result of poorer market conditions and higher business risks, Vattenfall recognised impairment losses during the second quarter of 2013, which have been charged against operating profit in the amount of SEK 29.7 billion
- Profit for the period (after tax) amounted to SEK -15,526 million (10,705). The impairment losses during the second quarter of 2013 resulted in a charge against profit of SEK 24.5 billion after tax effects
- Electricity generation increased by 3.7%, to 133.8 TWh (129.0)

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

### CEO's comments

*"Wholesale electricity prices continue to be weak, which is putting pressure on profitability for Europe's power producers. However, thanks to cost-cutting and previously contracted price hedges, Vattenfall is able to report a stable underlying profit for the period January–September 2013. Vattenfall is also showing strong cash flow after investments. The reported profit in the half-year interim report was charged with impairment losses of nearly SEK 30 billion. Excluding these impairment losses and other items affecting comparability, the return on capital employed was 9.5%."*

*The work on splitting up Vattenfall's operations into two regions – the Nordic countries and Continental Europe/UK – is progressing according to plan, and the new organisation will take effect on 1 January 2014. The new geographic organisational structure will improve our opportunities to meet the varying conditions and challenges in the respective markets."*

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.

# Key data

Amounts in SEK million unless indicated otherwise	Q3 2013	Q3 2012 <sup>1</sup>	Change, %	Q1-3 2013	Q1-3 2012 <sup>1</sup>	Change, %	Full year 2012 <sup>1</sup>	Last 12 months
Net sales	36,997	33,679	9.9	123,922	119,376	3.8	167,313	171,859
Operating profit before depreciation and amortisation (EBITDA)	9,532	10,521	-9.4	33,474	43,985	-23.9	54,271	43,760
Operating profit (EBIT)	4,818	-2,778	—	-10,292	20,861	—	25,958	-5,195
Underlying operating profit	3,999	4,474	-10.6	20,949	20,875	0.4	27,530	27,604
Profit for the period	1,538	-3,975	—	-15,526	10,705	—	17,047	-9,184
Funds from operations (FFO)	6,743	6,172	9.3	25,340	22,836	11.0	34,419	36,923
Net debt	106,923	114,143	-6.3	106,923	114,143	-6.3	111,907	
Adjusted net debt	157,996	144,387	9.4	157,996	144,387	9.4	153,943	
Return on capital employed, %	-1.8 <sup>2</sup>	10.2 <sup>2</sup>	—	-1.8 <sup>2</sup>	10.2 <sup>2</sup>	—	8.3	
Return on capital employed excl. items affecting comparability, %	9.5 <sup>2</sup>	9.3 <sup>2</sup>	—	9.5 <sup>2</sup>	9.3 <sup>2</sup>	—	8.8	
Net debt/equity, %	87.1	81.6	—	87.1	81.6	—	74.9	
Funds from operations (FFO)/adjusted net debt, %	23.4 <sup>2</sup>	22.8 <sup>2</sup>	—	23.4 <sup>2</sup>	22.8 <sup>2</sup>	—	22.4	
Adjusted net debt/operating profit before depreciation and amortisation (EBITDA), times	3.6 <sup>2</sup>	2.4 <sup>2</sup>	—	3.6 <sup>2</sup>	2.4 <sup>2</sup>	—	2.8	
<b>Electricity generation, TWh<sup>3</sup></b>	<b>40.0</b>	<b>39.7</b>	<b>0.8</b>	<b>133.8</b>	<b>129.0</b>	<b>3.7</b>	<b>178.9</b>	<b>183.7</b>
Hydro power	7.5	9.4	-20.2	26.9	31.6	-14.9	42.2	37.5
Nuclear power	11.3	10.8	4.6	37.8	34.9	8.3	48.9	51.8
Fossil-based power	20.2	18.5	9.2	65.6	58.9	11.4	81.7	88.4
Wind power	0.7	0.7	—	2.5	2.5	—	3.6	3.6
Biomass, waste	0.3	0.3	—	1.0	1.1	-9.1	2.5	2.4
Sales of electricity, TWh	44.6	46.3	-3.7	148.1	148.2	-0.1	205.5	205.4
Sales of heat, TWh	2.8	2.9	-3.4	21.3	19.6	8.7	30.3	32.0
Sales of gas, TWh	4.8	5.0	-4.0	39.8	35.3	12.7	52.4	56.9
Number of employees, full-time equivalents	32,077	33,071	-3.0	32,077	33,071	-3.0	32,794	

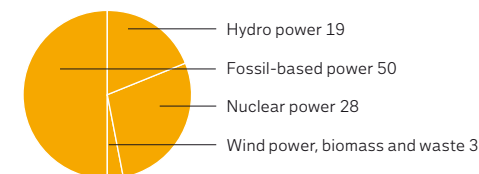
1) Certain values for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See note 5, page 30.

2) Last 12-month values.

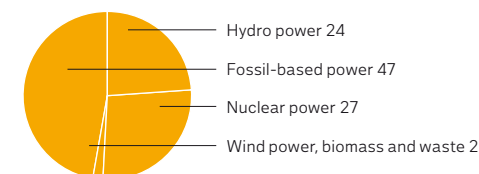
3) The quarterly figures for electricity generation in 2013 are preliminary.

See pages 33–34 for definitions and calculations of key ratios.

Electricity generation, Q3 2013, %



Electricity generation, Q3 2012, %



## Important events Q3

### **New organisation**

The work on splitting up Vattenfall's operations into two regions – the Nordic countries and Continental Europe/UK – is progressing according to plan. The new structure will allow the regions to focus on their respective core issues and open up opportunities for risk-sharing in Vattenfall's Continental operations over time. The new organisation takes effect on 1 January 2014.

### **Further cost-cutting and scaled-back investment programme**

Vattenfall has decided to increase its cost reductions for 2014 from SEK 1.5 billion to SEK 2.5 billion, and has set a new savings target of SEK 2 billion for 2015. The investment programme for the five-year period 2014–2018 is being scaled back to SEK 105 billion, compared with SEK 123 billion for the period 2013–2017.

### **Hamburg votes in favour of grid buyback**

On 22 September a referendum was held in Hamburg on the issue of whether the city should take all measures necessary to repurchase all electricity, gas and district heating grids in the city. Vattenfall acquired the city's electricity and heating

grids in 2001 in connection with its purchase of the City of Hamburg's shares in the energy company HEW. The gas grid is owned by E.ON. A total of 50.9% voted in favour of repurchasing the grids. The concession to conduct electricity grid operations expires at the end of 2014. The company that wins the concession will be able to acquire the grids. Vattenfall intends to participate in the concessions tender.

### **Vattenfall sells Danish engineering business**

On 23 July Vattenfall announced that the Danish consulting group COWI A/S has acquired Vattenfall's engineering business in Denmark. The parties have agreed to not disclose the sales price.

### **Sale of Amager CHP station in Denmark**

On 15 July Vattenfall announced the sale of the Amager combined heat and power station in Denmark to the municipal utility HOFOR. The deal is expected to be completed in December. The enterprise value amounts to approximately DKK 2 billion. The buyer will pay cash consideration of DKK 415 million and at the same time take over liabilities pertaining to advance payments from heat customers.

### **Vattenfall closes project office in Paris**

In early July Vattenfall announced that the company is closing its project office in Paris due to political uncertainty surrounding the renewal of French hydro power concessions. France will continue to be an important sales market for Vattenfall, however. The French sales organisation, based in Thann, will continue delivering electricity to industrial customers.

### **Payment for shares in N.V. Nuon Energy**

On 1 July 2013 Vattenfall made payment, in accordance with the original agreement, of EUR 1,180 million (corresponding to SEK 10.3 billion) for 15% of the shares in N.V. Nuon Energy. Vattenfall thereafter owns 79% of the shares. The remaining 21% (EUR 2,071 million) is payable on 1 July 2015.

Other important events are described under the respective operating segments on pages 11–12.

# Sales, profit and cash flow

Amounts in SEK million	Q3 2013	Q3 2012	Q1-3 2013	Q1-3 2012	Full year 2012	Last 12 months
<b>Net sales</b>	<b>36,997</b>	<b>33,679</b>	<b>123,922</b>	<b>119,376</b>	<b>167,313</b>	<b>171,859</b>

**Comment:** Consolidated net sales for the third quarter increased by SEK 3.3 billion compared with the corresponding period in 2012. The increase is mainly attributable to higher average prices achieved through hedges, and higher Nordic spot prices. For Q1–3, consolidated net sales increased by SEK 4.5 billion. The increase is mainly attributable to higher average prices achieved and higher volumes.

Amounts in SEK million	Q3 2013	Q3 2012	Q1-3 2013	Q1-3 2012	Full year 2012	Last 12 months
<b>Operating profit (EBIT)</b>	<b>4,818</b>	<b>-2,778</b>	<b>-10,292</b>	<b>20,861</b>	<b>25,958</b>	<b>-5,195</b>
Items affecting comparability	819	-7,252	-31,241	-14	-1,572	-32,799
<b>Underlying operating profit</b>	<b>3,999</b>	<b>4,474</b>	<b>20,949</b>	<b>20,875</b>	<b>27,530</b>	<b>27,604</b>

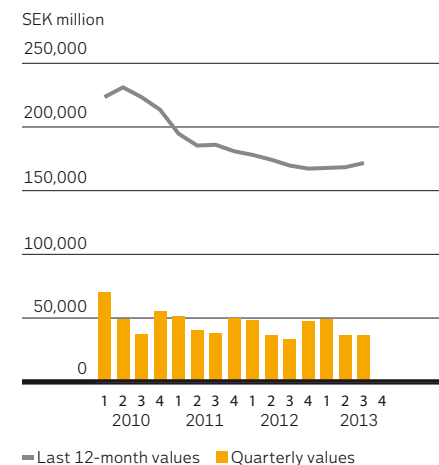
**Comment Q3:** The underlying operating profit decreased by SEK 0.5 billion, which is explained by the following:

- Higher average electricity prices achieved (SEK 1.1 billion)
- Volume effects, mainly owing to lower hydro power generation (SEK -0.1 billion)
- Higher costs for purchases of CO<sub>2</sub> emission allowances and higher fuel costs (SEK -1.7 billion)
- Lower operating expenses (SEK 1.1 billion, net)
- Higher tax on hydro power assets (SEK -0.2 billion)
- Other items (SEK -0.7 billion, net)

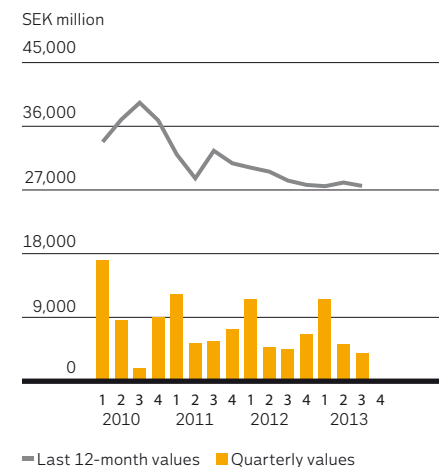
**Comment Q1–3:** The underlying operating profit improved by SEK 0.1 billion, which is explained by the following:

- Higher average electricity prices achieved (SEK 1.5 billion)
- Higher generation volumes (SEK 1.7 billion)
- Higher costs for purchases of CO<sub>2</sub> emission allowances and higher fuel costs (SEK -4.7 billion)
- Lower operating expenses (SEK 2.6 billion, net)
- Higher tax on hydro power assets (SEK -0.6 billion)
- Other items (SEK -0.4 billion, net)

## Net sales



## Underlying operating profit



## Sales, profit and cash flow, cont.

Amounts in SEK million	Q3 2013	Q3 2012	Q1-3 2013	Q1-3 2012	Full year 2012	Last 12 months
<b>Items affecting comparability affecting operating profit (EBIT):</b>						
Capital gains	7	18	38	8,329	8,399	108
Capital losses	-15	-26	-82	-74	-389	-397
Impairment losses	-155	-8,578	-29,852	-8,642	-8,648	-29,858
Unrealised changes in the fair value of energy derivatives	595	1,410	-17	1,000	729	-288
Unrealised changes in the fair value of inventories	482	-56	-150	-18	-395	-527
Restructuring costs	-95	-20	-776	-128	-824	-1,472
Other items affecting comparability	—	—	-402	-481	-444	-365
<b>Total</b>	<b>819</b>	<b>-7,252</b>	<b>-31,241</b>	<b>-14</b>	<b>-1,572</b>	<b>-32,799</b>

**Comment Q3:** Items affecting comparability in the third quarter of 2013 amounted to SEK 0.8 billion. These consist mainly of unrealised changes in the fair value of energy derivatives and inventories (SEK 1.1 billion). The impairment losses in the third quarter of 2013 are attributable to exchange rate effects on previously recognised impairment losses. For the corresponding quarter in 2012, items affecting comparability amounted to SEK -7.3 billion and consisted mainly of impairment of goodwill and generation assets in the Thermal Power business unit.

**Comment Q1–3:** Items affecting comparability for Q1–3 2013 amounted to SEK -31.2 billion. These consist mainly of impairment losses (SEK -29.7 billion), higher provisions for the dismantling of nuclear power plants in Germany (SEK -0.4 billion), restructuring costs (SEK -0.8 billion), and unrealised changes in the fair value of energy derivatives and inventories (SEK -0.2 billion).

Amounts in SEK million	Q3 2013	Q3 2012	Q1-3 2013	Q1-3 2012	Full year 2012	Last 12 months
<b>Profit for the period</b>	<b>1,538</b>	<b>-3,975</b>	<b>-15,526</b>	<b>10,705</b>	<b>17,047</b>	<b>-9,184</b>

**Comment:** Profit after tax for Q3 2013 was charged with SEK 8.6 billion in impairment losses. Profit after tax for Q1–3 2013 was charged with a total of SEK 24.5 billion in impairment losses.

Amounts in SEK million	Q3 2013	Q3 2012	Q1-3 2013	Q1-3 2012	Full year 2012	Last 12 months
<b>Net financial items</b>	<b>-1,688</b>	<b>-827</b>	<b>-6,678</b>	<b>-6,467</b>	<b>-8,911</b>	<b>-9,121</b>
– of which, Interest income	126	38	301	692	1,454	1,063
– of which, interest expenses	-1,482	-1,227	-3,199	-3,981	-6,275	-5,493
– of which, impairment and provisions	—	43	-492	-1,105	-1,508	-895
Interest received	-331	318	-3,287	-2,074	-2,582	-3,796
Interest paid <sup>1</sup>	34	83	567	567	635	799
Interest paid <sup>1</sup>	-775	-286	-3,211	-3,211	-4,871	-4,596

1) Pertains to cash flows

**Comment:** The worsening of financial items during the third quarter of 2013 is mainly attributable to changes in the fair value of financial derivatives.

Amounts in SEK million	Q3 2013	Q3 2012	Q1-3 2013	Q1-3 2012	Full year 2012	Last 12 months
<b>Funds from operations (FFO)</b>	<b>6,743</b>	<b>6,172</b>	<b>25,340</b>	<b>22,836</b>	<b>34,419</b>	<b>36,923</b>
<b>Cash flow from changes in operating assets and operating liabilities (working capital)</b>	<b>6,958</b>	<b>4,471</b>	<b>4,589</b>	<b>386</b>	<b>-5,934</b>	<b>-1,731</b>
<b>Cash flow from operating activities</b>	<b>13,701</b>	<b>10,643</b>	<b>29,929</b>	<b>23,222</b>	<b>28,485</b>	<b>35,192</b>

**Comment Q3:** Funds from operations (FFO) increased by SEK 0.6 billion compared with the third quarter of 2012, mainly due to the early termination of a number of interest rate swaps, which resulted in a positive cash flow.

Cash flow from changes in working capital increased by SEK 7.0 billion during the quarter. This is mainly attributable to a decrease in operating receivables (SEK 5.9 billion) and an increase in operating liabilities (SEK 0.4 billion).

**Comment Q1–3:** Funds from operations (FFO) increased by SEK 2.5 billion compared with the corresponding period in 2012. The increase is attributable in large part to lower paid tax (SEK 1.3 billion).

Cash flow from changes in working capital increased by SEK 4.6 billion during the period. Working capital was positively affected by a decrease in operating receivables (SEK 6.7 billion), changes in inventories (SEK 1.0 billion) and a change in margin calls (SEK 3.9 billion). Lower operating liabilities (SEK 4.8 billion) and realised cash flow hedges (SEK 2.2 billion) had a negative impact on working capital.

# Financial position

Amounts in SEK million	30 Sept. 2013	31 Dec. 2012	Change, %
<b>Cash and cash equivalents, and short-term investments</b>	<b>29,590</b>	<b>46,495</b>	<b>-36.4</b>
Receivable from Vattenfall's Swedish pension foundation	—	1,807	-100.0
Committed credit facilities (unutilised)	31,426	32,172	-2.3

**Comment:** The decrease in cash and cash equivalents, and short-term investments, is mainly attributable to amortisation of external loans, payment of the shareholder dividend, and payment for an additional 15% of the shares in N.V. Nuon Energy.

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 1.1 billion), contracted in August 2011.

As per 30 September 2013, available liquid assets and/or committed credit facilities amounted to 32% of net sales. Vattenfall's target is to maintain this level at no less than 10% of the Group's net sales, but at least the equivalent of the next 90 days' maturities.

Amounts in SEK million	30 Sept. 2013	31 Dec. 2012	Change, %
<b>Interest-bearing liabilities</b>	<b>136,789</b>	<b>160,261</b>	<b>-14.6</b>
<b>Net debt</b>	<b>106,923</b>	<b>111,907</b>	<b>-4.5</b>
<b>Adjusted net debt (see page 17)</b>	<b>157,996</b>	<b>153,943</b>	<b>2.6</b>
<b>Average interest rate, %<sup>1</sup></b>	<b>3.9</b>	<b>3.4</b>	<b>14.7</b>
<b>Duration, years<sup>1</sup></b>	<b>2.9</b>	<b>3.3</b>	<b>-12.4</b>
<b>Average time to maturity, years<sup>1</sup></b>	<b>5.7</b>	<b>5.3</b>	<b>7.4</b>

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

**Comment:** Total interest-bearing liabilities have decreased by SEK 23.5 billion since 31 December 2012, mainly through amortisation of external loans and amortisation of debt to the minority owners of N.V. Nuon Energy.

Net debt compared with at 31 December 2012 decreased by SEK 5.0 billion. During Q3 2013, net debt decreased by SEK 5.4 billion.

Adjusted net debt increased by SEK 4.1 billion compared with at 31 December 2012, mainly due to a higher pension liability and paid margin calls in the treasury operations. During the third quarter, adjusted net debt decreased by SEK 4.5 billion.

## Credit ratings

The current credit ratings for Vattenfall's long-term borrowing are A- (Standard & Poor's) and A3 (Moody's). Vattenfall's rating outlook is "stable" from both Standard & Poor's and Moody's. On 27 September 2013 Moody's announced that it has downgraded Vattenfall's long-term rating from A2 to A3 and changed its outlook to stable (previously negative).

# Investments and divestments

Amounts in SEK million	Q3 2013	Q3 2012	Q1-3 2013	Q1-3 2012	Full year 2012	Last 12 months
Maintenance investments	3,481	2,715	8,602	8,710	15,866	15,758
Growth investments <sup>1</sup>	3,005	4,896	9,750	10,873	13,715	12,592
– of which, shares	39	61	50	238	345	157
<b>Total investments</b>	<b>6,486</b>	<b>7,611</b>	<b>18,352</b>	<b>19,583</b>	<b>29,581</b>	<b>28,350</b>
<b>Divestments</b>	<b>42</b>	<b>1,233</b>	<b>240</b>	<b>22,749</b>	<b>22,836</b>	<b>327</b>
– of which, shares	1	1	53	20,946	20,969	76

1) Investments in new capacity.

**Comment:** Divestments in 2012 pertain to the proceeds received during the first quarter of 2012 from the sales of Vattenfall's electricity distribution and heat business in Finland (SEK 13.2 billion), Vattenfall's heat operation in Poland (SEK 5.8 billion), and Vattenfall's operations in Belgium (SEK 1.9 billion).

Vattenfall's investment plan for the coming five years (2014–2018) has been scaled back to SEK 105 billion, compared with the investment programme for 2013–2017 of SEK 123 billion.

## Specification of investments

Amounts in SEK million	Q3 2013	Q3 2012	Q1-3 2013	Q1-3 2012	Full year 2012	Last 12 months
<b>Electricity generation</b>						
Hydro power	345	301	773	757	1,245	1,261
Nuclear power	706	767	2,114	2,107	3,011	3,019
Coal power	1,415	1,274	3,158	3,490	4,977	4,645
Gas	468	1,083	1,576	3,683	4,511	2,404
Wind power	1,081	549	3,219	1,373	2,716	4,562
Biomass, waste	3	2	4	11	16	9
Other	110	598	1,067	983	1,169	1,253
<b>Total electricity generation</b>	<b>4,127</b>	<b>4,574</b>	<b>11,910</b>	<b>12,403</b>	<b>17,646</b>	<b>17,153</b>
<b>CHP/heat</b>						
Fossil-based power	564	785	1,066	1,339	2,264	1,991
Biomass, waste	73	69	244	130	334	448
Other	290	189	602	593	1,002	1,011
<b>Total CHP/heat</b>	<b>926</b>	<b>1,042</b>	<b>1,912</b>	<b>2,062</b>	<b>3,601</b>	<b>3,450</b>
<b>Electricity networks</b>						
Electricity networks	1,003	944	2,700	2,388	4,658	4,970
<b>Total electricity networks</b>	<b>1,003</b>	<b>944</b>	<b>2,700</b>	<b>2,388</b>	<b>4,658</b>	<b>4,970</b>
Purchased of shares	39	61	50	238	345	157
Other, excl. purchases of shares	390	989	1,781	2,491	3,331	2,620
<b>Total</b>	<b>6,486</b>	<b>7,611</b>	<b>18,352</b>	<b>19,583</b>	<b>29,581</b>	<b>28,350</b>

# Wholesale price trend

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

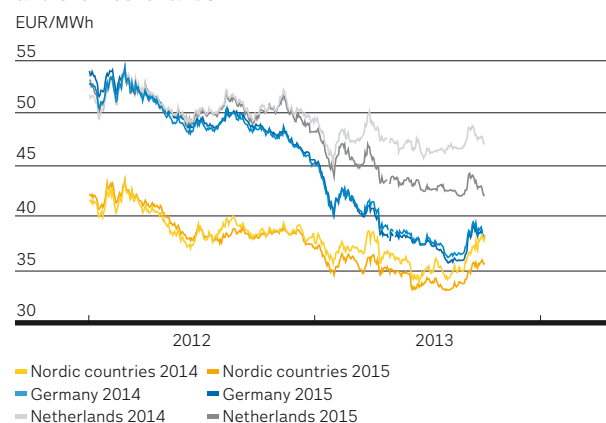


Electricity spot prices in the Nordic market rose by an average of EUR 15/MWh (72%) compared with the third quarter of 2012, due to drier weather and a lower hydrological balance. However, spot prices were an average of 7% lower compared with the second quarter of 2013.

Average spot prices in Vattenfall's markets in Continental Europe (Germany and the Netherlands) moved in different directions. In Germany, spot prices fell by 10.9% compared with the third quarter of 2012, owing to lower prices for coal, but rose 19% compared with the second quarter of 2013. In the Netherlands, spot prices rose 5% compared with the third quarter of 2012.

Time period EUR/MWh	Nord Pool Spot (Nordic countries)	EPEX (Germany)	APX (Netherlands)
Q3 2013	36.0	38.8	48.6
Q3 2012	20.9	43.5	46.2
Change (%)	72.2	-10.9	5.2

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



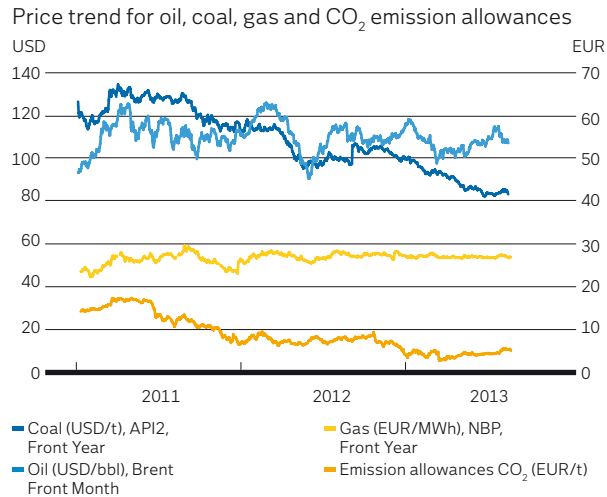
Electricity futures prices fell during the third quarter of 2013 compared with the same period a year ago. In the Nordic countries, futures prices fell by 8%–11% (for deliveries in 2014 and 2015). In Germany, futures prices were 23%–25% lower than during the third quarter of 2012.

Time period EUR/MWh	Nordic countries		Germany		Netherlands	
	2014	2015	2014	2015	2014	2015
Q3 2013	35.7	34.2	37.6	37.1	47.0	42.9
Q3 2012	38.9	38.4	49.1	49.3	50.6	50.3
Change (%)	-8.2	-11.0	-23.4	-24.7	-7.1	-14.8

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

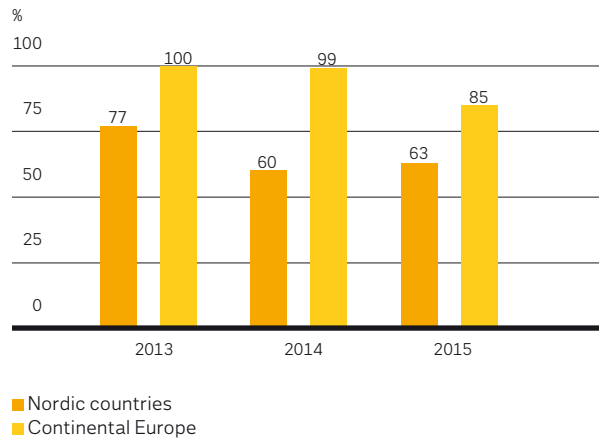


## Wholesale price trend, cont.



The price of oil (Brent crude) rose 5.8% compared with the second quarter of 2013. Unrest in Syria, Libya and Nigeria pushed prices up. Prices fell at the end of the quarter when a military invasion of Syria was avoided. Coal prices have fallen during the year and were down 7% compared with the second quarter of 2013. The lower prices were mainly due to a global surplus and lower demand from China and India. Prices of gas showed historically low volatility during the third quarter of 2013. Spot prices in the UK (NBP) were nearly unchanged. The price of CO<sub>2</sub> emission allowances hovered around EUR 5/tonne at the end of the quarter. Prices rose slightly as a result of the proposal to withdraw emission allowances for 900 million tonnes from the market as a political move to increase the cost of emitting CO<sub>2</sub> into the environment.

### Vattenfall's hedge ratios (%) as per 30 September 2013



### 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). The figures for 2013 show the remainder of the year.

### Average price hedges as per 30 September 2013

EUR/MWh	2013	2014	2015
Nordic countries	45	42	40
Continental Europe	55	50	45

Compared with at 30 June 2013, Vattenfall's price hedge ratios have increased for both markets for 2014 and 2015. Price hedges in EUR are largely unchanged.

# Vattenfall's operating segments – Generation

Amounts in SEK million	Q3 2013	Q3 2012	Change, %	Q1-3 2013	Q1-3 2012	Change, %	Full year 2012	Last 12 months
Net sales	25,693	23,159	10.9	87,164	84,333	3.4	118,956	121,787
External net sales <sup>1</sup>	16,630	12,745	30.5	48,644	43,021	13.1	61,159	66,782
Underlying operating profit	3,675	4,036	-8.9	16,645	16,078	3.5	20,484	21,051
Sales of heat, TWh	0.8	0.9	-11.1	6.8	6.1	11.5	9.9	10.6
Electricity generation <sup>2</sup> , TWh	38.1	38.0	0.3	125.8	121.3	3.7	167.9	172.4
– of which, hydro power	7.5	9.4	-20.2	26.9	31.6	-14.9	42.2	37.5
– of which, nuclear power	11.3	10.8	4.6	37.8	34.9	8.3	48.9	51.8
– of which, fossil-based power	18.5	17.1	8.2	58.4	52.0	12.3	72.5	78.9
– of which, wind power	0.7	0.7	—	2.5	2.5	—	3.6	3.6
– of which, biomass, waste	0.1	—	—	0.2	0.3	-33.3	0.7	0.6
Sales of electricity, TWh	17.7	18.0	-1.7	58.4	56.1	4.1	79.5	81.8
Number of employees, full-time equivalents	17,042	17,046	—	17,042	17,046	—	16,928	

The Generation operating segment is Vattenfall's interface towards the wholesale market and includes BD Sustainable Energy Projects, BD Production, BD Asset Optimisation and Trading, and BD Nuclear Power. Operations during the third quarter of 2013 were conducted in Sweden, Denmark, Finland, Germany, the Netherlands and the UK.

1) Excluding intra-Group transactions.

2) Of electricity generation during Q1–3 2013, Vattenfall disposed over 112.7 TWh (108.4), 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 0.4 billion. This is mainly attributable to higher costs for CO<sub>2</sub> emission allowances and higher fuel costs. This was partly compensated by average higher electricity prices achieved and lower operating expenses.

**Underlying operating profit Q1–3:** The underlying operating profit increased by SEK 0.6 billion. This is mainly attributable to higher generation volumes, average higher electricity prices achieved and lower operating expenses. Higher costs for CO<sub>2</sub> emission allowances had a negative impact on operating profit.

## Electricity generation Q3

Hydro power generation decreased by 1.9 TWh to 7.5 TWh (9.4), mainly owing to exceptionally high hydro power generation in 2012 as a result of high water supply. Nordic reservoirs were filled to 75% capacity (89%) at the end of the quarter, which is considerably lower than normal.

Nuclear power generation increased by 0.5 TWh to 11.3 TWh (10.8). Combined availability of Vattenfall's nuclear power plants was 77% (74%). Forsmark had availability of 80% (78%) and generated 5.6 TWh (5.2). Availability at Ringhals was 74% (70%), and generation amounted to 5.7 TWh (5.6). Fossil-based generation increased by 8.2% to 18.5 TWh (17.1). Electricity generation in Germany was stable at 13.8 TWh (13.7). Electricity generation in the Netherlands increased to 3.8 TWh (2.7), owing mainly to the commissioning of the Magnum and Diemen 34 gas power plants for commercial operation. These newly built power plants together contributed 0.8 TWh. As a result of low margins for gas-fired power generation, as previously communicated, Vattenfall has decided for the time being to not put the Magnum plant into full commercial operation. In Denmark, fossil-based power generation increased by 0.3 TWh to 0.9 TWh.

Wind power generation was unchanged at 0.7 TWh (0.7).

Sales of heat were virtually unchanged at 0.8 TWh (0.9).

## Important events Q3

- Vattenfall announced in July that the company will be building two new wind farms in the UK. The investment is worth a total of GBP 460 million, corresponding to SEK 4.7 billion. The largest of the two wind farms, Pen y Cymoedd, with 76 wind turbines and capacity of 228 MW, will be built in southern Wales. It is expected to begin supplying electricity at the end of 2016. Construction of the other wind farm, Clashindarroch Windfarm, with 18 turbines and capacity of 36.9 MW, has already begun, and is expected to be completed in early 2015.
- The DanTysk offshore wind power project in the North Sea reached a milestone in August with the installation of a transformer station. The wind farm is planned for commissioning in autumn 2014. DanTysk will have capacity of 288 MW and is a joint venture between Vattenfall (51%) and Stadtwerke München (49%).
- The Zuidlob wind farm, in central Netherlands, was commissioned on 11 September. With 36 wind turbines and combined installed capacity of 122 MW, it is Vattenfall's largest land-based wind farm and will supply 88,000 households with renewable electricity each year. In connection with its inauguration, the wind farm was renamed the Princess Alexia Wind Farm.

# Vattenfall's operating segments – Distribution and Sales

Amounts in SEK million	Q3 2013	Q3 2012	Change, %	Q1-3 2013	Q1-3 2012	Change, %	Full year 2012	Last 12 months
Net sales	25,538	24,805	3.0	93,751	93,664	0.1	130,671	130,758
External net sales <sup>1</sup>	24,416	23,582	3.5	89,461	88,525	1.1	123,495	124,431
– of which, Distribution	3,521	3,188	10.4	11,269	10,461	7.7	14,216	15,239
– of which, Heat	2,395	2,215	8.1	10,737	10,304	4.2	14,785	15,570
Underlying operating profit	1,044	516	102.3	6,451	5,329	21.1	7,855	8,977
– of which, Distribution	911	1,073	-15.1	3,755	3,779	-0.6	5,428	5,404
– of which, Heat	-198	-281	-29.5	1,609	1,861	-13.5	2,727	2,475
Sales of gas, TWh	4.8	5.0	-4.0	39.8	35.3	12.7	52.4	56.9
Sales of heat, TWh	2.0	2.0	—	14.5	13.5	7.4	20.4	21.4
Electricity generation <sup>2</sup> , TWh	1.9	1.7	11.8	7.9	7.7	2.6	11.0	11.2
– of which, fossil-based power	1.7	1.4	21.4	7.2	6.9	4.3	9.2	9.5
– of which, biomass, waste	0.2	0.3	-33.3	0.7	0.8	-12.5	1.8	1.7
External sales of electricity, TWh	26.9	28.3	-4.9	89.7	92.1	-2.6	126.0	123.6
– of which, private customers	5.4	5.6	-3.6	20.3	21.1	-3.8	29.5	28.7
– of which, resellers	6.2	5.7	8.8	19.9	18.3	8.7	25.3	26.9
– of which, business customers	15.3	17.0	-10.0	49.6	52.7	-5.9	71.3	68.2
Transited volume, excl. production transiting	21.4	21.5	-0.5	72.7	73.0	-0.4	99.9	99.6
Number of employees, full-time equivalents	10,806	11,325	-4.6	10,806	11,325	-4.6	11,235	

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 2013 were conducted in Sweden, Denmark, Finland, Norway, Germany, France and the Netherlands.

1) Excluding intra-Group transactions.

2) Of electricity generation during Q1–3 2013, Vattenfall disposed over 7.9 TWh (7.7 TWh), while the rest went to the minority part-owners or was deducted as replacement power.

**Underlying operating profit Q3:** The underlying operating profit increased by SEK 0.5 billion, mainly owing to lower operating expenses.

**Underlying operating profit Q1–3:** The underlying operating profit improved by SEK 1.1 billion, mainly owing to lower operating expenses.

## Sales of electricity, gas and heat, Q3

Total sales of electricity decreased by 1.4 TWh to 26.9 TWh. Sales to end customers decreased by 0.2 TWh to 5.4 TWh. Sales to resellers increased by 0.5 TWh to 6.2 TWh. Sales to business customers decreased by 1.7 TWh to 15.3 TWh.

Sales of gas decreased to 4.8 TWh (5.0).

Sales of heat were unchanged at 2.0 TWh (2.0).

## Important events Q3

- Vattenfall was named as a new co-operation partner with Mitsubishi Motors Deutschland for sales of the Outlander crossover SUV (AWD plug-in hybrid). Vattenfall will be offering the E-mobility charging solution, encompassing the charging structure, installation and maintenance service, and a special electricity contract. Vattenfall is also entering into a co-operation with Athlon Car Lease Germany, a European leader in vehicle leasing and vehicle fleet management.
- Vattenfall and BMW have joined together in a research partnership aimed at finding methods to reuse batteries from electric vehicles (EV) in wind and solar-powered electricity grids.

Used EV batteries can be employed in flexible caching sites for renewable energy. Vattenfall and BMW plan to develop a battery caching unit that can be used to help stabilise the grid via so-called virtual power plants.

- Amsterdam's network of charging stations for electric vehicles is growing. During the autumn Vattenfall/Nuon, together with partner Heijmans, plan to expand the network in 36 municipalities in the Greater Amsterdam area by installing 200 new public charging stations. Vattenfall/Nuon will also supply renewable electricity to the stations.
- Vattenfall has signed its first contract for supply of gas in France. Vattenfall has sold electricity to industrial customers in France since 2000, and many customers have shown an interest in Vattenfall's gas offering.

## Other

Amounts in SEK million	Q3 2013	Q3 2012	Change, %	Q1-3 2013	Q1-3 2012	Change, %	Full year 2012	Last 12 months
Net sales	1,324	1,102	20.1	3,922	4,008	-2.1	5,445	5,359
External net sales <sup>1</sup>	66	35	88.6	221	157	40.8	245	309
Underlying operating profit	-720	-78	—	-2,147	-532	—	-809	-2,424
Number of employees, full-year equivalents	4,229	4,700	-10.0	4,229	4,700	-10.0	4,631	

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

1) Excluding intra-Group transactions.

**Comment:** Costs for Staff Functions are partly allocated to the operating segments.

# Consolidated income statement

Amounts in SEK million	Q3 2013	Q3 2012 <sup>1</sup>	Q1-3 2013	Q1-3 2012 <sup>1</sup>	Full year 2012 <sup>1</sup>	Last 12 months
Net sales	36,997	33,679	123,922	119,376	167,313	171,859
Cost of products sold <sup>2</sup>	-27,820	-32,946	-121,292	-94,179	-131,698	-158,811
<b>Gross profit</b>	<b>9,177</b>	<b>733</b>	<b>2,630</b>	<b>25,197</b>	<b>35,615</b>	<b>13,048</b>
Selling expenses, administrative expenses and research and development costs <sup>3</sup>	-4,386	-4,395	-14,154	-13,187	-18,501	-19,468
Other operating income and expenses, net	234	840	801	8,697	8,708	812
Participations in the results of associated companies	-207	44	431	154	136	413
<b>Operating profit (EBIT)<sup>4</sup></b>	<b>4,818</b>	<b>-2,778</b>	<b>-10,292</b>	<b>20,861</b>	<b>25,958</b>	<b>-5,195</b>
Financial income <sup>5,7</sup>	362	872	640	1,882	2,636	1,394
Financial expenses <sup>6,7</sup>	-2,050	-1,699	-7,318	-8,349	-10,476	-9,445
<b>Profit before tax</b>	<b>3,130</b>	<b>-3,605</b>	<b>-16,970</b>	<b>14,394</b>	<b>18,118</b>	<b>-13,246</b>
Income tax expense	-1,592	-370	1,444	-3,689	-1,071	4,062
<b>Profit for the period</b>	<b>1,538</b>	<b>-3,975</b>	<b>-15,526</b>	<b>10,705</b>	<b>17,047</b>	<b>-9,184</b>
Profit for the period attributable to:						
Owners of the Parent Company	1,570	-4,216	-15,896	10,354	16,759	-9,491
Non-controlling interests (minority interests)	-32	241	370	351	288	307
<b>Total</b>	<b>1,538</b>	<b>-3,975</b>	<b>-15,526</b>	<b>10,705</b>	<b>17,047</b>	<b>-9,184</b>
<b>Earnings per share</b>						
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)	11.92	-32.01	-120.70	78.62	127.25	-72.07
<b>Supplementary information</b>						
Operating profit before depreciation and amortisation (EBITDA)	9,532	10,521	33,474	43,985	54,271	43,760
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	-1,323	-526	-4,712	-4,673	-6,190	-6,229
Underlying operating profit (Operating profit (EBIT) excluding items affecting comparability)	3,999	4,474	20,949	20,875	27,530	27,604
1) Certain amounts for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See Note 5, page 31.						
2) Of which, depreciation, amortisation and impairment losses related to intangible assets (non-current) and property, plant and equipment	-4,610	-13,164	-43,208	-22,688	-27,712	-48,232
3) Of which, depreciation, amortisation and impairment losses related to intangible assets (non-current) and property, plant and equipment	-104	-135	-558	-436	-601	-723
4) Including items affecting comparability attributable to:						
Capital gains/losses, net	-8	-8	-44	8,255	8,010	-289
Impairment losses and impairment losses reversed, net, pertaining intangible assets (non-current) and property, plant and equipment	-155	-8,578	-29,852	-8,642	-8,648	-29,858
Unrealised changes in the fair value of energy derivatives	595	1,410	-17	1,000	729	-288
Unrealised changes in the fair value of inventories	482	-56	-150	-18	-395	-527
Restructuring costs	-95	-20	-776	-128	-824	-1,472
Other items affecting comparability	—	—	-402	-481	-444	-365
<b>Total of items affecting comparability in Operating profit which also constitute the difference between Operating profit and Underlying operating profit</b>	<b>819</b>	<b>-7,252</b>	<b>-31,241</b>	<b>-14</b>	<b>-1,572</b>	<b>-32,799</b>
5) Including return from the Swedish Nuclear Waste Fund	221	440	181	668	1,430	943
6) Including interest components related to pension costs	-296	-249	-857	-772	-1,021	-1,106
6) Including discounting effects attributable to provisions	-586	-741	-2,147	-2,462	-3,080	-2,765
7) Items affecting comparability recognised as financial income and expenses, net	—	43	-469	-1,105	-1,090	-454

# Consolidated statement of comprehensive income

Amounts in SEK million	Q3 2013	Q3 2012 <sup>1</sup>	Q1-3 2013	Q1-3 2012 <sup>1</sup>	Full year 2012 <sup>1</sup>	Last 12 months
<b>Profit for the period</b>	<b>1,538</b>	<b>-3,975</b>	<b>-15,526</b>	<b>10,705</b>	<b>17,047</b>	<b>-9,184</b>
<b>Other comprehensive income:</b>						
<i>Items that will be reclassified to profit or loss when specific conditions are met:</i>						
Cash flow hedges:						
Changes in fair value	-1,266	888	5,690	7,363	7,025	5,352
Dissolved against the income statement	-2,629	-1,333	-7,216	-4,668	-2,476	-5,024
Transferred to cost of hedged item	8	-9	-20	97	70	-47
Tax attributable to cash flow hedges	1,055	151	276	-801	-1,381	-304
<b>Total cash flow hedges</b>	<b>-2,832</b>	<b>-303</b>	<b>-1,270</b>	<b>1,991</b>	<b>3,238</b>	<b>-23</b>
Hedging of net investments in foreign operations	1,176	3,439	-588	5,388	4,035	-1,941
Tax attributable to hedging of net investments in foreign operations	-259	-888	129	-1,385	-1,049	465
<b>Total hedging of net investments in foreign operations</b>	<b>917</b>	<b>2,551</b>	<b>-459</b>	<b>4,003</b>	<b>2,986</b>	<b>-1,476</b>
Translation differences	-1,533	-6,598	619	-9,708	-7,242	3,085
Translation differences and exchange rate effects net, divested companies	—	—	—	79	79	—
Remeasurement of available-for-sale financial assets (unrealised)	179	74	179	74	30	135
Remeasurement of available-for-sale financial assets (realised)	—	—	-30	—	—	-30
<b>Total</b>	<b>-3,269</b>	<b>-4,276</b>	<b>-961</b>	<b>-3,561</b>	<b>-909</b>	<b>1,691</b>
<i>Items that will not be reclassified to profit or loss:</i>						
Remeasurement pertaining to defined benefit obligations	-5	-32	-1,035	-105	-3,953	-4,883
Tax attributable to remeasurement pertaining to defined benefit obligations	2	9	376	30	1,248	1,594
<b>Total</b>	<b>-3</b>	<b>-23</b>	<b>-659</b>	<b>-75</b>	<b>-2,705</b>	<b>-3,289</b>
<b>Total other comprehensive income, net after tax</b>	<b>-3,272</b>	<b>-4,299</b>	<b>-1,620</b>	<b>-3,636</b>	<b>-3,614</b>	<b>-1,598</b>
<b>Total comprehensive income for the period</b>	<b>-1,734</b>	<b>-8,274</b>	<b>-17,146</b>	<b>7,069</b>	<b>13,433</b>	<b>-10,782</b>
Total comprehensive income for the period attributable to:						
Owner of the Parent Company	-1,619	-8,370	-17,749	6,978	13,349	-11,378
Non-controlling interests (minority interests)	-115	96	603	91	84	596
<b>Total</b>	<b>-1,734</b>	<b>-8,274</b>	<b>-17,146</b>	<b>7,069</b>	<b>13,433</b>	<b>-10,782</b>

1) Certain amounts for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See Note 5, page 30.

# Operating segments – Vattenfall Group

Amounts in SEK million	External net sales					Internal net sales					Total net sales				
	Q3 2013	Q3 2012	Q1-3 2013	Q1-3 2012	Full year 2012	Q3 2013	Q3 2012	Q1-3 2013	Q1-3 2012	Full year 2012	Q3 2013	Q3 2012	Q1-3 2013	Q1-3 2012	Full year 2012
Generation	16,630	12,745	48,644	43,021	61,159	9,063	10,414	38,520	41,312	57,797	25,693	23,159	87,164	84,333	118,956
Distribution and Sales	24,416	23,582	89,461	88,525	123,495	1,122	1,223	4,290	5,139	7,176	25,538	24,805	93,751	93,664	130,671
Other <sup>1</sup>	66	35	221	157	245	1,258	1,067	3,701	3,851	5,200	1,324	1,102	3,922	4,008	5,445
Eliminations <sup>2</sup>	-4,115	-2,683	-14,404	-12,327	-17,586	-11,443	-12,704	-46,511	-50,302	-70,173	-15,558	-15,387	-60,915	-62,629	-87,759
<b>Total</b>	<b>36,997</b>	<b>33,679</b>	<b>123,922</b>	<b>119,376</b>	<b>167,313</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>36,997</b>	<b>33,679</b>	<b>123,922</b>	<b>119,376</b>	<b>167,313</b>

Amounts in SEK million	Profit					Underlying operating profit				
	Q3 2013	Q3 2012 <sup>3</sup>	Q1-3 2013	Q1-3 2012 <sup>3</sup>	Full year 2012 <sup>3</sup>	Q3 2013	Q3 2012 <sup>3</sup>	Q1-3 2013	Q1-3 2012 <sup>3</sup>	Full year 2012 <sup>3</sup>
Generation	4,563	-3,188	-12,563	7,987	11,011	3,675	4,036	16,645	16,078	20,484
Distribution and Sales	1,004	475	4,898	5,395	7,926	1,044	516	6,451	5,329	7,855
Other <sup>1</sup>	-749	-65	-2,627	7,479	7,021	-720	-78	-2,147	-532	-809
<b>Operating profit (EBIT)</b>	<b>4,818</b>	<b>-2,778</b>	<b>-10,292</b>	<b>20,861</b>	<b>25,958</b>	<b>3,999</b>	<b>4,474</b>	<b>20,949</b>	<b>20,875</b>	<b>27,530</b>
Financial income and expenses	-1,688	-827	-6,678	-6,467	-7,840					
<b>Profit before tax</b>	<b>3,130</b>	<b>-3,605</b>	<b>-16,970</b>	<b>14,394</b>	<b>18,118</b>					

1) Mainly includes all Staff Functions including Treasury activities and Shared Service Centres.

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

3) Certain amounts for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See Note 5, page 30.

# Vattenfall Group – information about geographical areas<sup>1</sup>

Amounts in SEK million	External net sales					Internal net sales					Total net sales				
	Q3 2013	Q3 2012	Q1-3 2013	Q1-3 2012	Full year 2012	Q3 2013	Q3 2012	Q1-3 2013	Q1-3 2012	Full year 2012	Q3 2013	Q3 2012	Q1-3 2013	Q1-3 2012	Full year 2012
Sweden	10,319	10,170	35,029	34,393	49,483	777	1,697	2,630	5,447	6,940	11,096	11,867	37,659	39,840	56,423
Germany	20,709	17,162	61,183	56,334	77,205	11,464	7,546	33,169	20,307	38,061	32,173	24,708	94,352	76,641	115,266
Netherlands	4,817	5,282	22,806	23,841	33,537	10,491	5,641	30,661	17,912	35,323	15,308	10,923	53,467	41,753	68,860
Other countries	2,051	1,673	7,753	7,324	10,678	830	380	2,511	1,409	2,171	2,881	2,053	10,264	8,733	12,849
Eliminations	-899	-608	-2,849	-2,516	-3,590	-23,562	-15,264	-68,971	-45,075	-82,495	-24,461	-15,872	-71,820	-47,591	-86,085
<b>Total</b>	<b>36,997</b>	<b>33,679</b>	<b>123,922</b>	<b>119,376</b>	<b>167,313</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>36,997</b>	<b>33,679</b>	<b>123,922</b>	<b>119,376</b>	<b>167,313</b>

Amounts in SEK million	Operating profit (EBIT)					Underlying operating profit				
	Q3 2013	Q3 2012 <sup>2</sup>	Q1-3 2013 <sup>3</sup>	Q1-3 2012 <sup>2</sup>	Full year 2012 <sup>2</sup>	Q3 2013	Q3 2012 <sup>2</sup>	Q1-3 2013	Q1-3 2012 <sup>2</sup>	Full year 2012 <sup>2</sup>
Sweden	2,388	2,670	10,475	18,830	23,461	2,152	2,133	10,103	11,371	15,779
Germany	2,493	3,421	3,565	10,326	11,569	2,596	3,313	11,039	9,775	10,970
Netherlands	159	-8,422	-21,710	-8,600	-9,999	-615	-521	-553	-396	-2
Other countries	-222	-447	-2,622	305	927	-134	-451	360	125	783
<b>Total</b>	<b>4,818</b>	<b>-2,778</b>	<b>-10,292</b>	<b>20,861</b>	<b>25,958</b>	<b>3,999</b>	<b>4,474</b>	<b>20,949</b>	<b>20,875</b>	<b>27,530</b>

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

2) Certain amounts for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See Note 5, page 30.

3) Compared with previously published information in Vattenfall's 2013 Six-month report certain adjustments have been made with regard to the distribution of impairment losses between Germany and the Netherlands.



# Consolidated balance sheet

Amounts in SEK million	30 Sept. 2013	30 Sept. 2012 <sup>1</sup>	31 Dec. 2012 <sup>1</sup>	1 Jan. 2012
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets: non-current	30,772	39,315	39,045	46,229
Property, plant and equipment	261,017	269,381	279,284	279,445
Investment property	471	492	489	539
Biological assets	14	11	11	8
Participations in associated companies and joint ventures	11,770	11,867	11,620	12,344
Other shares and participations	2,652	2,997	2,980	3,235
Share in the Swedish Nuclear Waste Fund	30,350	29,130	29,954	28,430
Derivative assets	16,318	25,578	23,756	20,691
Current tax assets, non-current	843	966	807	990
Prepaid expenses	118	167	168	188
Deferred tax assets	5,380	1,550	1,018	1,303
Other non-current receivables	3,620	5,183	5,249	5,732
<b>Total non-current assets</b>	<b>363,325</b>	<b>386,637</b>	<b>394,381</b>	<b>399,134</b>
<b>Current assets</b>				
Inventories	18,719	18,862	19,463	18,564
Biological assets	5	2	3	1
Intangible assets: current	3,892	1,063	6,083	5,627
Trade receivables and other receivables	29,558	25,192	34,409	41,880
Advance payments paid	2,889	3,289	5,396	6,368
Derivative assets	11,419	12,167	12,498	9,408
Prepaid expenses and accrued income	3,692	3,918	7,806	6,450
Current tax assets	1,132	1,440	1,830	1,853
Short-term investments	14,741	32,103	28,450	17,417
Cash and cash equivalents	14,849	14,863	18,045	11,268
Assets held for sale	4,783	—	—	6,588
<b>Total current assets</b>	<b>105,679</b>	<b>112,899</b>	<b>133,983</b>	<b>125,424</b>
<b>Total assets</b>	<b>469,004</b>	<b>499,536</b>	<b>528,364</b>	<b>524,558</b>

Amounts in SEK million	30 Sept. 2013	30 Sept. 2012 <sup>1</sup>	31 Dec. 2012 <sup>1</sup>	1 Jan. 2012
<b>Equity and liabilities</b>				
<b>Equity</b>				
Attributable to owner of the Parent Company	114,152	132,039	140,764	128,964
Attributable to non-controlling interests (minority interests)	8,644	7,801	8,608	6,827
<b>Total equity</b>	<b>122,796</b>	<b>139,840</b>	<b>149,372</b>	<b>135,791</b>
<b>Non-current liabilities</b>				
Hybrid Capital	8,630	8,408	8,543	8,883
Other interest-bearing liabilities	97,568	120,362	112,524	149,602
Pension provisions	33,093	22,099	30,584	22,904
Other interest-bearing provisions	67,265	62,925	67,640	65,632
Derivative liabilities	10,426	18,058	15,193	12,590
Deferred tax liabilities	28,216	34,047	32,537	34,510
Other noninterest-bearing liabilities	5,816	7,355	7,534	8,238
<b>Total non-current liabilities</b>	<b>251,014</b>	<b>273,254</b>	<b>274,555</b>	<b>302,359</b>
<b>Current liabilities</b>				
Trade payables and other liabilities	26,714	23,731	35,219	35,108
Advance payments received	3,173	934	2,138	1,142
Derivative liabilities	5,124	6,498	5,612	9,864
Accrued expenses and deferred income	16,050	13,268	15,812	18,489
Current tax liabilities	4,225	2,008	854	844
Interest-bearing liabilities	30,591	32,527	39,194	11,865
Interest-bearing provisions	6,458	7,476	5,608	7,237
Liabilities associated with assets held for sale	2,859	—	—	1,859
<b>Total current liabilities</b>	<b>95,194</b>	<b>86,442</b>	<b>104,437</b>	<b>86,408</b>
<b>Total equity and liabilities</b>	<b>469,004</b>	<b>499,536</b>	<b>528,364</b>	<b>524,558</b>
Collateral	9,304	131	6,672	
Contingent liabilities	1,836	6,413	1,905	

1) Certain amounts for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See Note 5, page 30.

## Consolidated balance sheet, cont.

Amounts in SEK million	30 Sept. 2013	30 Sept. 2012	31 Dec. 2012
<b>Supplementary information</b>			
Capital employed	286,182	294,939	311,780
Capital employed, average	290,561	304,747	314,604
<b>Net debt</b>			
Hybrid Capital	-8,630	-8,408	-8,543
Bond issues, commercial paper and liabilities to credit institutions	-81,076	-95,466	-94,254
Present value of liabilities pertaining to acquisitions of Group companies	-17,411	-26,551	-27,080
Liabilities to associated companies	-9,736	-9,322	-9,308
Liabilities to owners of non-controlling interests (minority owners)	-12,375	-11,392	-11,876
Other liabilities	-7,561	-10,158	-9,200
<b>Total interest-bearing liabilities</b>	<b>-136,789</b>	<b>-161,297</b>	<b>-160,261</b>
Cash and cash equivalents	14,849	14,863	18,045
Short-term investments	14,741	32,103	28,450
Receivable from Vattenfall's pension foundation	—	—	1,807
Loans to owners of non-controlling interests (minority owners) in foreign Group companies	276	188	52
<b>Net debt</b>	<b>-106,923</b>	<b>-114,143</b>	<b>-111,907</b>

Amounts in SEK million	30 Sept. 2013	30 Sept. 2012	31 Dec. 2012
<b>Adjusted gross debt and net debt</b>			
Total interest-bearing liabilities	-136,789	-161,297	-160,261
50% of Hybrid Capital	4,315	4,204	4,272
Present value of pension obligations	-33,093	-22,232	-30,192
Provisions for mining, gas and wind operations and other environment-related provisions	-11,517	-11,831	-12,229
Provisions for nuclear power (net)	-19,397	-17,485	-18,463
Currency derivatives for hedging of debt in foreign currency	1,484	3,661	3,027
Margin calls received	2,114	8,604	7,170
Liabilities to owners of non-controlling interests (minority owners) due to consortium agreements	10,920	10,563	10,495
<b>Adjusted gross debt</b>	<b>-181,963</b>	<b>-185,813</b>	<b>-196,181</b>
Reported cash and cash equivalents and short-term investments	29,590	46,966	46,495
Receivable from Vattenfall's pension foundation	—	—	1,807
Unavailable liquidity	-5,623	-5,540	-6,064
<b>Adjusted cash and cash equivalents and short-term investments</b>	<b>23,967</b>	<b>41,426</b>	<b>42,238</b>
<b>Adjusted net debt</b>	<b>-157,996</b>	<b>-144,387</b>	<b>-153,943</b>

# Consolidated statement of cash flows

Amounts in SEK million	Q3 2013	Q3 2012	Q1-3 2013	Q1-3 2012	Full year 2012	Last 12 months
<b>Operating activities</b>						
Profit before tax	3,130	-3,605 <sup>1</sup>	-16,970	14,394 <sup>1</sup>	18,118 <sup>1</sup>	-13,246
Reversal of depreciation, amortisation and impairment losses	4,713	13,300	44,258	23,435	28,624	49,447
Tax paid	-950	-801	-2,865	-4,081	-3,545	-2,329
Capital gains/losses, net	8	1	21	-8,272	-8,031	262
Other, incl. non-cash items	-158	-2,723 <sup>1</sup>	896	-2,640 <sup>1</sup>	-747 <sup>1</sup>	2,789
<b>Funds from operations (FFO)</b>	<b>6,743</b>	<b>6,172</b>	<b>25,340</b>	<b>22,836</b>	<b>34,419</b>	<b>36,923</b>
Changes in inventories	179	-262	970	-638	-1,657	-49
Changes in operating receivables	5,890	5,303	6,746	8,050	-6,348	-7,652
Changes in operating liabilities	370	-1,704	-4,793	-9,658	2,505	7,370
Other changes	519	1,134	1,666	2,632	-434	-1,400
<b>Cash flow from changes in operating assets and operating liabilities</b>	<b>6,958</b>	<b>4,471</b>	<b>4,589</b>	<b>386</b>	<b>-5,934</b>	<b>-1,731</b>
<b>Cash flow from operating activities</b>	<b>13,701</b>	<b>10,643</b>	<b>29,929</b>	<b>23,222</b>	<b>28,485</b>	<b>35,192</b>
<b>Investing activities</b>						
Investments in associated companies and other shares and participations	56	-61	45	-238	-345	-62
Other investments in non-current assets	-6,542	-7,550	-18,397	-19,345	-29,236	-28,288
<b>Total investments</b>	<b>-6,486</b>	<b>-7,611</b>	<b>-18,352</b>	<b>-19,583</b>	<b>-29,581</b>	<b>-28,350</b>
Divestments	42	1,233	240	22,749	22,836	327
Cash and cash equivalents in divested companies	—	6	-16	-143	-145	-18
<b>Cash flow from investing activities</b>	<b>-6,444</b>	<b>-6,372</b>	<b>-18,128</b>	<b>3,023</b>	<b>-6,890</b>	<b>-28,041</b>
<b>Cash flow before financing activities</b>	<b>7,257</b>	<b>4,271</b>	<b>11,801</b>	<b>26,245</b>	<b>21,595</b>	<b>7,151</b>
<b>Financing activities</b>						
Changes in short-term investments	-2,940	-7,196	14,175	-15,885	-11,830	18,230
Changes in loans to owners of non-controlling interests (minority owners) in foreign Group companies	22	18	-222	370	510	-82
Loans raised <sup>2</sup>	-882	295	2,857	935	1,427	3,349
Amortisation of debt pertaining to acquisitions of Group companies	-10,257	—	-10,257	-2,738	-2,738	-10,257
Amortisation of other debt	-1,584	365	-18,318	-2,337	-5,265	-21,246
Divestment of shares in Group companies to owners of non-controlling interests (minority owners)	—	—	—	1,196	4,113	2,917
Payment from Vattenfall's pension foundation	—	—	990	—	2,800	3,790
Settlement of receivable from Vattenfall's pension foundation	—	—	1,807	—	—	1,807
Dividends paid to owners	-3	-1	-6,840	-4,501	-4,500	-6,839
Contribution from owners of non-controlling interests (minority interests)	203	355	776	477	737	1,036
<b>Cash flow from financing activities</b>	<b>-15,441</b>	<b>-6,164</b>	<b>-15,032</b>	<b>-22,483</b>	<b>-14,746</b>	<b>-7,295</b>
<b>Cash flow for the period</b>	<b>-8,184</b>	<b>-1,893</b>	<b>-3,231</b>	<b>3,762</b>	<b>6,849</b>	<b>-144</b>

1) The amount for 2012 has been recalculated compared with previously published information. See Note 5, page 30.

2) 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 2013	Q3 2012	Q1-3 2013	Q1-3 2012	Full year 2012	Last 12 months
<b>Cash and cash equivalents</b>						
Cash and cash equivalents at start of period	23,103	16,547	18,045	11,268	11,268	14,863
Cash and cash equivalents included in assets held for sale	-3	—	-2	—	—	-2
Cash flow for the period	-8,184	-1,893	-3,231	3,762	6,849	-144
Translation differences	-67	209	37	-167	-72	132
<b>Cash and cash equivalents at end of period</b>	<b>14,849</b>	<b>14,863</b>	<b>14,849</b>	<b>14,863</b>	<b>18,045</b>	<b>14,849</b>
<b>Supplementary information</b>						
<b>Cash flow before financing activities</b>	<b>7,257</b>	<b>4,271</b>	<b>11,801</b>	<b>26,245</b>	<b>21,595</b>	<b>7,151</b>
<b>Financing activities</b>						
Dividends paid to owners	-3	-1	-6,840	-4,501	-4,500	-6,839
Payment from Vattenfall's pension foundation	—	—	990	—	2,800	3,790
Divestment of shares in Group companies to owners of non-controlling interests (minority owners)	—	—	—	1,196	4,113	2,917
Contribution from owners of non-controlling interests (minority interests)	203	355	776	477	737	1,036
<b>Cash flow after dividend</b>	<b>7,457</b>	<b>4,625</b>	<b>6,727</b>	<b>23,417</b>	<b>24,745</b>	<b>8,055</b>
<b>Analysis of change in net debt</b>						
Net debt at start of period	-112,369	-123,207	-111,907	-141,089	-141,089	-114,143
Cash flow after dividend	7,457	4,625	6,727	23,417	24,745	8,055
Changes as a result of valuation at fair value	239	446	1,436	7	316	1,745
Changes in interest-bearing liabilities for leasing	—	11	22	-717	-621	118
Interest-bearing liabilities/short-term investments acquired/divested	—	—	—	344	344	—
Changes in liabilities pertaining to acquisitions of Group companies, discounting effects	-31	-174	-304	-376	-520	-448
Cash and cash equivalents included in assets held for sale	-3	—	-2	—	—	-2
Withdrawal from/receivable from Vattenfall's pension foundation	—	—	—	—	1,807	1,807
Interest-bearing liability for future dividend	—	5	—	-319	-984	-665
Interest-bearing liabilities associated with assets held for sale	—	—	—	-344	-344	—
Transfer of liabilities due to changed shareholders' rights	-3,364	—	-3,364	—	—	-3,364
Translation differences on net debt	1,148	4,151	469	4,934	4,439	-26
<b>Net debt at end of period</b>	<b>-106,923</b>	<b>-114,143</b>	<b>-106,923</b>	<b>-114,143</b>	<b>-111,907</b>	<b>-106,923</b>
Free cash flow	10,220	7,928	21,327	14,512	12,619	19,434

# Consolidated statement of changes in equity

Amounts in SEK million	30 Sept. 2013			30 Sept. 2012 <sup>1</sup>			31 Dec. 2012 <sup>1</sup>		
	Attributable to owner of the Parent Company	Attributable to non-controlling interests (minority interests)	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests (minority interests)	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests (minority interests)	Total equity
Balance brought forward	140,764	8,608	149,372	131,988	6,943	138,931	131,988	6,943	138,931
Transitional effect of adoption of new accounting rules (IAS 19)	—	—	—	-3,024	-116	-3,140	-3,024	-116	-3,140
Dividends paid to owners	-6,774	-66	-6,840	-4,433	-68	-4,501	-4,433	-67	-4,500
Group contributions from(+)/to(-) owners of non-controlling interests (minority interests), net after tax	—	—	—	—	—	—	—	532	532
Changes in ownership in Group companies on divestment of shares to owners of non-controlling interests (minority owners)	—	—	—	455	483	938	2,642	572	3,214
Other changes in ownership	1	772	773	—	468	468	—	726	726
Transfer to liabilities due to changed shareholders' rights	-2,090	-1,273	-3,363	—	—	—	—	—	—
Cash flow hedges:									
Changes in fair value	5,688	2	5,690	7,369	-6	7,363	7,031	-6	7,025
Dissolved against income statement	-7,220	4	-7,216	-4,670	2	-4,668	-2,478	2	-2,476
Transferred to cost of hedged item	-20	—	-20	85	12	97	58	12	70
Tax attributable to cash flow hedges	277	-1	276	-799	-2	-801	-1,378	-3	-1,381
<b>Total cash flow hedges</b>	<b>-1,275</b>	<b>5</b>	<b>-1,270</b>	<b>1,985</b>	<b>6</b>	<b>1,991</b>	<b>3,233</b>	<b>5</b>	<b>3,238</b>
Hedging of net investments in foreign operations	-588	—	-588	5,388	—	5,388	4,035	—	4,035
Tax attributable to hedging of net investments in foreign operations	129	—	129	-1,385	—	-1,385	-1,049	—	-1,049
<b>Total hedging of net investments in foreign operations</b>	<b>-459</b>	<b>—</b>	<b>-459</b>	<b>4,003</b>	<b>—</b>	<b>4,003</b>	<b>2,986</b>	<b>—</b>	<b>2,986</b>
Translation differences	392	227	619	-9,367	-266	-9,633	-6,857	-209	-7,066
Translation differences and exchange rate effects net, divested companies	—	—	—	79	—	79	79	—	79
Remeasurement of available-for-sale financial assets (unrealised)	179	—	179	74	—	74	30	—	30
Remeasurement of available-for-sale financial assets (realised)	-30	—	-30	—	—	—	—	—	—
<b>Total</b>	<b>-1,193</b>	<b>232</b>	<b>-961</b>	<b>-3,226</b>	<b>-260</b>	<b>-3,486</b>	<b>-529</b>	<b>-204</b>	<b>-733</b>
Remeasurement pertaining to defined benefit obligations	-1,036	1	-1,035	-105	—	-105	-3,887	-66	-3,953
Tax attributable to remeasurement pertaining to defined benefit obligations	376	—	376	30	—	30	1,248	—	1,248
<b>Total</b>	<b>-660</b>	<b>1</b>	<b>-659</b>	<b>-75</b>	<b>—</b>	<b>-75</b>	<b>-2,639</b>	<b>-66</b>	<b>-2,705</b>
<b>Total other comprehensive income for the period</b>	<b>-1,853</b>	<b>233</b>	<b>-1,620</b>	<b>-3,301</b>	<b>-260</b>	<b>-3,561</b>	<b>-3,168</b>	<b>-270</b>	<b>-3,438</b>
Profit for the period	-15,896	370	-15,526	10,354	351	10,705	16,759	288	17,047
<b>Total comprehensive income for the period</b>	<b>-17,749</b>	<b>603</b>	<b>-17,146</b>	<b>7,053</b>	<b>91</b>	<b>7,144</b>	<b>13,591</b>	<b>18</b>	<b>13,609</b>
<b>Balance carried forward</b>	<b>114,152<sup>2</sup></b>	<b>8,644<sup>2</sup></b>	<b>122,796<sup>2</sup></b>	<b>132,039<sup>2</sup></b>	<b>7,801<sup>2</sup></b>	<b>139,840<sup>2</sup></b>	<b>140,764<sup>2</sup></b>	<b>8,608<sup>2</sup></b>	<b>149,372<sup>2</sup></b>
1) Certain amounts for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See Note 5, page 30.									
2) Of which, Reserve for cash flow hedges	2,203	-44	2,159	2,230	-48	2,182	3,478	-48	3,430

## Key ratios – Vattenfall Group (definitions and calculations of key ratios on pages 33–34)

In % unless otherwise stated. (x) means times	Q3 2013	Q3 2012 <sup>1</sup>	Q1-3 2013	Q1-3 2012 <sup>1</sup>	Full year 2012 <sup>1</sup>	Last 12 months
Operating margin	13.0	-8.2	-8.3	17.5	15.5	-3.0
Operating margin <sup>2</sup>	10.8	13.3	16.9	17.5	16.5	16.1
Pre-tax profit margin	8.5	-10.7	-13.7	12.1	10.8	-7.7
Pre-tax profit margin <sup>2</sup>	6.2	10.7	11.9	13.0	12.4	11.6
Return on equity	-7.6 <sup>3</sup>	11.8 <sup>3</sup>	-7.6 <sup>3</sup>	11.8 <sup>3</sup>	12.3	-7.6
Return on capital employed	-1.8 <sup>3</sup>	10.2 <sup>3</sup>	-1.8 <sup>3</sup>	10.2 <sup>3</sup>	8.3	-1.8
Return on capital employed <sup>2</sup>	9.5 <sup>3</sup>	9.3 <sup>3</sup>	9.5 <sup>3</sup>	9.3 <sup>3</sup>	8.8	9.5
EBIT interest cover, (x)	-0.7 <sup>3</sup>	3.7 <sup>3</sup>	-0.7 <sup>3</sup>	3.7 <sup>3</sup>	3.7	-0.7
EBIT interest cover, (x) <sup>2</sup>	4.2 <sup>3</sup>	3.4 <sup>3</sup>	4.2 <sup>3</sup>	3.4 <sup>3</sup>	3.9	4.2
FFO interest cover, (x)	6.5 <sup>3</sup>	4.7 <sup>3</sup>	6.5 <sup>3</sup>	4.7 <sup>3</sup>	5.7	6.5
FFO interest cover, net, (x)	6.9 <sup>3</sup>	5.7 <sup>3</sup>	6.9 <sup>3</sup>	5.7 <sup>3</sup>	6.6	6.9
Cash flow interest cover after maintenance investments, (x)	4.5 <sup>3</sup>	2.5 <sup>3</sup>	4.5 <sup>3</sup>	2.5 <sup>3</sup>	3.0	4.5
FFO/gross debt	26.2 <sup>3</sup>	20.4 <sup>3</sup>	26.2 <sup>3</sup>	20.4 <sup>3</sup>	21.5	27.0
FFO/net debt	34.5 <sup>3</sup>	28.9 <sup>3</sup>	34.5 <sup>3</sup>	28.9 <sup>3</sup>	30.8	34.5
FFO/adjusted net debt	23.4 <sup>3</sup>	22.8 <sup>3</sup>	23.4 <sup>3</sup>	22.8 <sup>3</sup>	22.4	23.4
EBITDA/net financial items, (x)	7.2	20.0	7.1	9.4	8.8	7.0
EBITDA/net financial items, (x) <sup>2</sup>	6.6	33.8	13.7	9.4	9.0	12.3
Equity/total assets	26.2	28.0	26.2	28.0	28.3	26.2
Gross debt/equity	111.4	115.3	111.4	115.3	107.3	111.4
Net debt/equity	87.1	81.6	87.1	81.6	74.9	87.1
Gross debt/gross debt plus equity	52.7	53.6	52.7	53.6	51.8	52.7
Net debt/net debt plus equity	46.5	44.9	46.5	44.9	42.8	46.5
Net debt/EBITDA, (x)	2.4 <sup>3</sup>	1.9 <sup>3</sup>	2.4 <sup>3</sup>	1.9 <sup>3</sup>	2.1	2.4
Adjusted net debt/EBITDA, (x)	3.6 <sup>3</sup>	2.4 <sup>3</sup>	3.6 <sup>3</sup>	2.4 <sup>3</sup>	2.8	3.6

1) Certain amounts for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See Note 5, page 30.

2) Based on Underlying operating profit.

3) Last 12-month values.

## Quarterly information – Vattenfall Group

Amounts in SEK million	Q3 2013	Q2 2013	Q1 2013	Q4 2012 <sup>1</sup>	Q3 2012 <sup>1</sup>	Q2 2012 <sup>1</sup>	Q1 2012 <sup>1</sup>
<b>Income statement</b>							
Net sales	36,997	37,266	49,659	47,937	33,679	36,703	48,994
Cost of products sold	-27,820	-58,229	-35,243	-37,519	-32,946	-27,477	-33,756
Other operating income and expenses, net	-4,152	-5,295	-3,906	-5,303	-3,555	-4,619	3,684
Participations in the results of associated companies	-207	342	296	-18	44	122	-12
Operating profit before depreciation and amortisation (EBITDA)	9,532	8,190	15,752	10,286	10,521	9,684	23,780
Operating profit (EBIT)	4,818	-25,916	10,806	5,097	-2,778	4,729	18,910
Underlying operating profit	3,999	5,325	11,625	6,655	4,474	4,772	11,629
Financial items, net	-1,688	-2,584	-2,406	-1,373	-827	-3,195	-2,445
Profit before tax	3,130	-28,500	8,400	3,724	-3,605	1,534	16,465
<b>Profit for the period</b>	<b>1,538</b>	<b>-23,259</b>	<b>6,195</b>	<b>6,342</b>	<b>-3,975</b>	<b>852</b>	<b>13,828</b>
– of which, attributable to owner of the Parent Company	1,570	-23,707	6,241	6,405	-4,216	874	13,696
– of which, attributable to non-controlling interests (minority interests)	-32	448	-46	-63	241	-22	132
<b>Balance sheet</b>							
Non-current assets	363,325	366,624	387,459	394,381	386,637	398,651	396,640
Short-term investments	14,741	11,973	21,820	28,450	32,103	25,767	28,254
Cash and cash equivalents	14,849	23,103	17,156	18,045	14,863	16,547	17,456
Other current assets	76,089	86,685	87,751	87,488	65,933	72,668	84,153
<b>Total assets</b>	<b>469,004</b>	<b>488,385</b>	<b>514,186</b>	<b>528,364</b>	<b>499,536</b>	<b>513,633</b>	<b>526,503</b>
Equity	122,796	127,691	152,527	149,372	139,840	147,752	150,711
– of which, attributable to owner of the Parent Company	114,152	117,858	143,625	140,764	132,039	140,394	143,719
– of which, attributable to non-controlling interests (minority interests)	8,644	9,833	8,902	8,608	7,801	7,358	6,992
Hybrid Capital	8,630	8,746	8,321	8,543	8,408	8,725	8,793
Other interest-bearing liabilities	128,159	139,001	139,238	151,718	152,889	157,014	157,752
Pension provisions	33,093	33,329	31,027	30,584	22,099	22,676	22,764
Other interest-bearing provisions	73,723	73,630	72,522	73,248	70,401	71,870	73,368
Deferred tax liabilities	28,216	28,642	32,622	32,537	34,047	34,842	34,825
Other noninterest-bearing liabilities	74,387	77,346	77,929	82,362	71,852	70,754	78,290
<b>Total equity and liabilities</b>	<b>469,004</b>	<b>488,385</b>	<b>514,186</b>	<b>528,364</b>	<b>499,536</b>	<b>513,633</b>	<b>526,503</b>
Capital employed	286,182	292,268	310,913	311,780	294,939	315,448	317,430
Net debt	-106,923	-112,369	-107,379	-111,907	-114,143	-123,207	-120,597

1) Certain amounts for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See Note 5, page 30.

## Quarterly information – Vattenfall Group, cont.

Amounts in SEK million	Q3 2013	Q2 2013	Q1 2013	Q4 2012 <sup>1</sup>	Q3 2012 <sup>1</sup>	Q2 2012 <sup>1</sup>	Q1 2012 <sup>1</sup>
<b>Cash flow</b>							
Funds from operations (FFO)	6,743	5,999	12,598	11,583	6,172	3,947	12,717
Cash flow from changes in operating assets and operating liabilities	6,958	5,474	-7,843	-6,320	4,471	4,441	-8,526
Cash flow from operating activities	13,701	11,473	4,755	5,263	10,643	8,388	4,191
Cash flow from investing activities	-6,444	-6,421	-5,263	-9,913	-6,372	-5,700	15,095
Cash flow before financing activities	7,257	5,052	-508	-4,650	4,271	2,688	19,286
Changes in short-term investments	-2,940	10,979	6,136	4,055	-7,196	2,300	-10,989
Loans raised/Amortisation of debt, net, etc.	-12,498	-3,509	-6,360	3,681	1,033	-996	-2,134
Dividends paid to owners	-3	-6,837	—	1	-1	-4,489	-11
Cash flow from financing activities	-15,441	633	-224	7,737	-6,164	-3,185	-13,134
<b>Cash flow for the period</b>	<b>-8,184</b>	<b>5,685</b>	<b>-732</b>	<b>3,087</b>	<b>-1,893</b>	<b>-497</b>	<b>6,152</b>
Free cash flow	10,220	8,362	2,745	-1,893	7,928	4,543	2,041
<b>Key ratios (definitions and calculations of key ratios on pages 33-34)</b>							
In % unless otherwise stated. (x) means times							
Return on equity <sup>2</sup>	-7.6	-11.7	6.8	12.3	11.8	15.8	13.4
Return on capital employed <sup>2</sup>	-1.8	-4.2	5.7	8.3	10.2	12.0	9.5
Return on capital employed <sup>2,3</sup>	9.5	9.3	8.8	8.8	9.3	9.2	9.4
EBIT interest cover, (x) <sup>2</sup>	-0.7	-2.0	2.8	3.7	3.7	3.6	3.2
EBIT interest cover, (x) <sup>2,3</sup>	4.2	4.7	4.2	3.9	3.4	2.8	3.1
FFO/gross debt <sup>2</sup>	27.0	24.6	23.2	21.5	20.4	22.1	23.3
FFO/net debt <sup>2</sup>	34.5	32.4	31.9	30.8	28.9	29.7	32.2
FFO/adjusted net debt <sup>2</sup>	23.4	22.4	22.6	22.4	22.8	23.4	25.0
Equity/assets ratio	26.2	26.1	29.7	28.3	28.0	28.8	28.6
Gross debt/equity	111.4	115.7	96.7	107.3	115.3	112.2	110.5
Net debt/equity	87.1	88.0	70.4	74.9	81.6	83.4	80.0
Net debt/net debt plus equity	46.5	46.8	41.3	42.8	44.9	45.5	44.5
Net debt/EBITDA, (x) <sup>2</sup>	2.4	2.5	2.3	2.1	1.9	2.1	2.0
Adjusted net debt/EBITDA, (x) <sup>2</sup>	3.6	3.6	3.3	2.8	2.4	2.7	2.5

1) Certain amounts for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See Note 5, page 30.

2) Last 12-month values.

3) Based on Underlying operating profit.



## Note 1 Accounting policies, risks and uncertainties

### Accounting policies

The consolidated accounts for the first three quarters of 2013 have been prepared, as for the 2012 year-end accounts, 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 2012 Annual Report (Note 3 to the consolidated accounts), except for the amended IFRSs endorsed by the EU and described below, which are effective as of the 2013 financial year.

Amendments in IFRS 7 – *Financial Instruments: Disclosures*. The amendment entails that further disclosures are to be provided about financial instruments that are recognised net in accordance with the rules of IAS 32 as well as about financial assets and liabilities covered by master netting agreements and similar, regardless of whether these have been offset or not. Vattenfall has identified which financial instruments are to be covered by the new disclosure requirements, which are reported in Note 3, Offsetting financial assets and financial liabilities, in this interim report.

IFRS 13 – *Fair Value Measurement*. The standard includes uniform rules for measuring fair value where another IFRS requires fair value measurements or disclosures about fair value measurements. New types of disclosures are to be made in order to clarify which valuation techniques are used and which inputs are used. The new standard is not expected to affect Vattenfall's financial statements to any significant degree, but leads to more detailed disclosures. The disclosures required by IFRS 13 are provided in this interim report in Note 4, Financial instruments by category and related effects on income.

Amendments in IAS 1 – *Presentation of Financial Statements*. The amendment entails a change in the presentation of transactions that are reported in other comprehensive income. Items that are to be reclassified (or "recycled") to profit or loss are to be reported separately. The amendment in IAS 1 does not affect the actual content of other comprehensive income, but only the presentation format. As shown in the consolidated statement of comprehensive income, two new sub-headings

have been added: Items that will be reclassified to profit or loss when specific conditions are met, and Items that will not be reclassified to profit or loss, respectively.

Amendments in IAS 19 – *Employee Benefits*. Significant changes mainly pertaining to the reporting of defined benefit pension plans, where the opportunity to defer actuarial gains and losses over time as part of the so-called corridor rule may no longer be applied; instead, these are to be reported immediately in other comprehensive income. The current year's service cost of defined benefit pensions, gains and losses that arise from settlement of a pension liability, and financial items pertaining to the defined benefit plan, are reported through profit or loss. Amendments in IAS 19 entail that the Group's financial statements for 2012 have been recalculated, and the recalculation effects are reported in Note 5 of this interim report, Adjustments of 2012 financial statements as an effect of amendments in IAS 19.

"Improvements to IFRSs" (issued in May 2012) aim to streamline and clarify the accounting standards concerning presentation, recognition and measurement including changes in terminology or amendments of an editorial nature. The changes are to be applied for the 2013 financial year, but have not had any significant impact on Vattenfall's financial statements.

IFRIC 20 – *Stripping Costs in the Production Phase of a Surface Mine*. The interpretation addresses how costs for stripping the surface layer of an open cast (surface) mine are to be determined and reported, initially and on a continuous basis, during the production phase. Vattenfall already applies the valuation and reporting stipulated in IFRIC 20.

### Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2012 Annual Report, pages 45–50. No other material changes have taken place since publication of the 2012 Annual Report.

### Other

Significant related-party transactions are described in Note 55 to the consolidated accounts in Vattenfall's 2012 Annual Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2012 Annual Report.

## Note 2 Exchange rates

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

	Q3 2013	Q3 2012	Q1-3 2013	Q1-3 2012	Full year 2012
<b>Average rate</b>					
EUR	8.7245	8.4795	8.6040	8.7303	8.7036
DKK	1.1699	1.1389	1.1537	1.1736	1.1692
NOK	1.0924	1.1452	1.1189	1.1609	1.1627
PLN	2.0449	2.0390	2.0442	2.0742	2.0797
GBP	10.2041	10.6517	10.1246	10.7177	10.6954
USD	6.5740	6.7295	6.5264	6.7752	6.7343

	30 Sept. 2013	30 Sept. 2012	31 Dec. 2012
<b>Balance sheet date rate</b>			
EUR	8.6575	8.4498	8.5820
DKK	1.1608	1.1334	1.1503
NOK	1.0670	1.1466	1.1679
PLN	2.0473	2.0590	2.1065
GBP	10.3552	10.5881	10.5159
USD	6.4106	6.5350	6.5045

## Note 3 Offsetting financial assets and financial liabilities

Financial assets and liabilities that are subject to enforceable master netting arrangements and similar agreements.

							Related amounts not set off on the balance sheet														Related amounts not set off on the balance sheet						
Assets 30 September 2013														Liabilities 30 September 2013													
Amounts in SEK million	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off on the balance sheet	Net amounts of financial assets presented on the balance sheet	Financial liabilities, not intended to be settled net	Cash collateral received	Net amount								Amounts in SEK million	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off on the balance sheet	Net amounts of financial liabilities presented on the balance sheet	Financial assets, not intended to be settled net	Cash collateral pledged	Net amount							
Derivatives, financial operations	10,096	—	10,096	7,200	2,114	782								Derivatives, financial operations	8,437	—	8,437	7,200	1,051	186							
Derivatives, commodity contracts	39,422	24,247	15,175	—	3,097	12,078								Derivatives, commodity contracts	21,760	14,966	6,794	—	1,854	4,940							
<b>Total</b>	<b>49,518</b>	<b>24,247</b>	<b>25,271</b>	<b>7,200</b>	<b>5,211</b>	<b>12,860</b>								<b>Total</b>	<b>30,197</b>	<b>14,966</b>	<b>15,231</b>	<b>7,200</b>	<b>2,905</b>	<b>5,126</b>							
Derivatives, not subject to offsetting	2,466	—	2,466	—	—	2,466								Derivatives, not subject to offsetting	319	—	319	—	—	319							
<b>Total derivative assets</b>			<b>27,737</b>			<b>15,326</b>								<b>Total derivative liabilities</b>			<b>15,550</b>			<b>5,455</b>							

Assets 30 September 2012														Liabilities 30 September 2012													
Amounts in SEK million	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off on the balance sheet	Net amounts of financial assets presented on the balance sheet	Financial liabilities, not intended to be settled net	Cash collateral received	Net amount								Amounts in SEK million	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off on the balance sheet	Net amounts of financial liabilities presented on the balance sheet	Financial assets, not intended to be settled net	Cash collateral pledged	Net amount							
Derivatives, financial operations	20,080	—	20,080	11,327	7,780	973								Derivatives, financial operations	11,461	—	11,461	11,327	70	64							
Derivatives, commodity contracts	39,352	24,831	14,521	—	890	13,631								Derivatives, commodity contracts	33,397	21,287	12,110	—	3,048	9,062							
<b>Total</b>	<b>59,432</b>	<b>24,831</b>	<b>34,601</b>	<b>11,327</b>	<b>8,670</b>	<b>14,604</b>								<b>Total</b>	<b>44,858</b>	<b>21,287</b>	<b>23,571</b>	<b>11,327</b>	<b>3,118</b>	<b>9,126</b>							
Derivatives, not subject to offsetting	3,144	—	3,144	—	—	3,144								Derivatives, not subject to offsetting	—	—	985	—	—	985							
<b>Total derivative assets</b>			<b>37,745</b>			<b>17,748</b>								<b>Total derivative liabilities</b>			<b>24,556</b>			<b>10,111</b>							

Assets 31 December 2012 <sup>1</sup>														Liabilities 31 December 2012 <sup>1</sup>													
Amounts in SEK million	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off on the balance sheet	Net amounts of financial assets presented on the balance sheet	Financial liabilities, not intended to be settled net	Cash collateral received	Net amount								Amounts in SEK million	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off on the balance sheet	Net amounts of financial liabilities presented on the balance sheet	Financial assets, not intended to be settled net	Cash collateral pledged	Net amount							
Derivatives, financial operations	19,295	—	19,295	12,506	5,957	832								Derivatives, financial operations	12,813	—	12,813	12,506	86	221							
Derivatives, commodity contracts	39,979	26,802	13,177	—	1,740	11,437								Derivatives, commodity contracts	26,371	19,140	7,231	—	1,354	5,877							
<b>Total</b>	<b>59,274</b>	<b>26,802</b>	<b>32,472</b>	<b>12,506</b>	<b>7,697</b>	<b>12,269</b>								<b>Total</b>	<b>39,184</b>	<b>19,140</b>	<b>20,044</b>	<b>12,506</b>	<b>1,440</b>	<b>6,098</b>							
Derivatives, not subject to offsetting	3,782	—	3,782	—	—	3,782								Derivatives, not subject to offsetting	761	—	761	—	—	761							
<b>Total derivative assets</b>			<b>36,254</b>			<b>16,051</b>								<b>Total derivative liabilities</b>			<b>20,805</b>			<b>6,859</b>							

For derivatives in the financial operations and commodity contracts, CSAs (Credit Support Annex) may be entered into as an annex to the respective master agreements, and are recognised as cash collateral received or cash collateral pledged. Under the CSA, the parties agree to provide each other with eligible credit support, which is calculated based on a daily exposure under the specific agreement.

1) Certain amounts for 31 December 2012 have been recalculated compared with previously published information in Vattenfall's 2013 Interim Report for January–June.

## Note 4 Financial instruments by category and related effects on income

Financial instruments by category: Carrying amount and fair value

Amounts in SEK million	30 Sept. 2013		31 Dec. 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets at fair value through profit or loss</b>				
Derivative assets	15,623	15,623	23,179	23,179
Short-term investments	13,689	13,689	27,192	27,192
Cash equivalents	1,572	1,572	181	181
<b>Total</b>	<b>30,884</b>	<b>30,884</b>	<b>50,552</b>	<b>50,552</b>
<b>Derivative assets for hedging purposes for:</b>				
Fair value hedges	2,775	2,775	5,463	5,463
Cash flow hedges	9,339	9,339	7,612	7,612
<b>Total</b>	<b>12,114</b>	<b>12,114</b>	<b>13,075</b>	<b>13,075</b>
<b>Loans and receivables</b>				
Share in the Swedish Nuclear Waste Fund	30,350	30,590	29,954	30,736
Other non-current receivables	3,620	3,895	5,249	5,249
Trade receivables and other receivables	29,558	29,558	34,409	34,409
Advance payments paid	2,488	2,488	5,172	5,172
Short-term investments	1,051	1,051	1,258	1,201
Cash and bank balances	13,277	13,277	17,864	17,864
<b>Total</b>	<b>80,344</b>	<b>80,859</b>	<b>93,906</b>	<b>94,631</b>
<b>Available-for-sale financial assets</b>				
Other shares and participations carried at fair value	2,387	2,387	2,730	2,730
Other shares and participations carried at cost	265	265	250	250
<b>Total</b>	<b>2,652</b>	<b>2,652</b>	<b>2,980</b>	<b>2,980</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative liabilities	10,134	10,134	18,866	18,866
<b>Total</b>	<b>10,134</b>	<b>10,134</b>	<b>18,866</b>	<b>18,866</b>
<b>Derivative liabilities for hedging purposes for:</b>				
Fair value hedges	125	125	71	71
Cash flow hedges	5,291	5,291	1,868	1,868
<b>Total</b>	<b>5,416</b>	<b>5,416</b>	<b>1,939</b>	<b>1,939</b>
<b>Other financial liabilities</b>				
Hybrid Capital	8,630	9,036	8,543	9,606
Other non-current interest-bearing liabilities	97,568	108,587	112,524	118,509
Other non-current noninterest-bearing liabilities	5,816	5,816	7,534	7,534
Current interest-bearing liabilities	30,591	30,957	39,194	39,421
Trade payables and other liabilities	24,602	24,602	32,581	32,581
Advance payments received	3,173	3,173	1,929	1,929
<b>Total</b>	<b>170,380</b>	<b>182,171</b>	<b>202,305</b>	<b>209,580</b>

For assets and liabilities with a remaining maturity of less than three months (e.g., cash and bank balances, trade receivables and other receivables, and trade payables and other payables), fair value is considered to be equal to the carrying amount. For other shares and participations carried at cost, in the absence of fair value, this is considered to be equal to the carrying amount.

Financial instruments that are measured at fair value on the balance sheet are described below according to the fair value hierarchy (levels), which in IFRS 13 is defined as:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). In Level 2 Vattenfall reports mainly commodity derivatives and interest rate swaps

**Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

## Note 4, cont.

### Financial assets and liabilities that are measured at fair value on the balance sheet at 30 September 2013

Amounts in SEK million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Derivative assets	—	26,528	1,209	<b>27,737</b>
Short-term investments and cash equivalents	10,196	5,065	—	<b>15,261</b>
Other shares and participations	2,387	—	—	<b>2,387</b>
<b>Total assets</b>	<b>12,583</b>	<b>31,593</b>	<b>1,209</b>	<b>45,385</b>
<b>Liabilities</b>				
Derivative liabilities	—	15,136	414	<b>15,550</b>
<b>Total liabilities</b>	<b>—</b>	<b>15,136</b>	<b>414</b>	<b>15,550</b>

### Financial assets and liabilities that are measured at fair value on the balance sheet at 31 December 2012

Amounts in SEK million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Derivative assets	—	34,125	2,129	<b>36,254</b>
Short-term investments and cash equivalents	12,980	14,393	—	<b>27,373</b>
Other shares and participations	2,730	—	—	<b>2,730</b>
<b>Total assets</b>	<b>15,710</b>	<b>48,518</b>	<b>2,129</b>	<b>66,357</b>
<b>Liabilities</b>				
Derivative liabilities	—	18,539	2,266	<b>20,805</b>
<b>Total liabilities</b>	<b>—</b>	<b>18,539</b>	<b>2,266</b>	<b>20,805</b>

### Changes in level 3 financial instruments

Amounts in SEK million	Financial instruments at fair value through profit or loss			
	Derivative assets		Derivative liabilities	
	30 Sept. 2013	31 Dec. 2012	30 Sept. 2013	31 Dec. 2012
Balance brought forward	2,129	2,832	2,266	2,925
Transfers from level 3 to level 2	-220	—	-1,148	—
Revaluations recognised in operating profit (EBIT)	-710	-626	-713	-549
Translation differences	10	-77	8	-110
<b>Balance carried forward</b>	<b>1,209</b>	<b>2,129</b>	<b>413</b>	<b>2,266</b>
Total revaluations for the period included in operating profit (EBIT) for assets and liabilities held on the balance sheet date	1,112	1,965	-413	-1,884

### Sensitivity analysis for Level 3 contracts

**TGSA:** TGSA (Troll<sup>1</sup> Gas Sales Agreement) is a large gas supply agreement (coal price-indexed) that extends further ahead in time than liquid trading in the gas market. Valuation of the agreement is against the market price, as long as a market price can be observed. For deliveries beyond the market horizon, modelled prices are used for the relevant commodities. TGSA is hedged with OTC forward trades of underlying products. These trades are also marked against the same market and modelled prices. The modelled prices are benchmarked against reliable financial information obtained from the company Markit; this information is well-known and is used by many energy companies, which entails a fair valuation of the portion of the TGSA that cannot be valued against market prices. TGSA is also hedged with OTC forward trades of underlying products. Starting in 2013, all OTC forward contracts have been transferred from level 3 to level 2 since, starting in 2013, the market price input can be observed and derived from the market.

The net value as per 30 September 2013 has been calculated at SEK +605 million (31 December 2012: -153). The price of the coal price index used in the model (API#2) has a large impact on the modelled price. A change in this index of +/- 5% would affect the total value by approximately SEK +/- 26 million (31 December 2012: +/- 16).

**CDM:** Clean Development Mechanism (CDM) is a Kyoto Protocol initiative under which projects set up in developing countries to reduce atmospheric carbon generate tradable carbon credits called CERs (Certified Emission Reductions). CERs can be used by industrialised nations to offset carbon emissions at home to meet their Kyoto Protocol reduction targets. Valuation of CERs is derived from so-called Risk Adjustment Factors (RAFs). These factors are calculated using the Carbon Valuation Tool developed by Point Carbon to quantify the risk and calculate the fair value of CDM projects or contracts. The tool is based on Point Carbon's valuation methodology, which was developed by several experienced market players. The valuation methodology is strictly empirical, and all risk parameters are extracted from Point Carbon's proprietary databases of CDM project data, which entails a correct valuation of the contracts even where market prices are not listed.

The net value as per 30 September 2013 has been calculated at SEK -20 million (31 December 2012: -414). A change in the modelled price of CERs of +/- 5% would affect the total value by approximately SEK +/- 4 million (31 December 2012: +/- 5).

**Long-term electricity contracts:** Vattenfall has long-term electricity contracts with a customer extending until 2019 that include embedded derivatives in which the electricity price for the customer is coupled to the price development of aluminium and exchange rate movements of the Norwegian krone (NOK) in relation to the US dollar (USD). Reliable market quotations for aluminium are available for a period of 27 months forward in time. Vattenfall has estimated that the use of modelled prices provides reliable values for valuation of the period beyond 27 months, that is, the time horizon during which market quotations are not available until the contracts' expiration date.

The value as per 30 September 2013 has been calculated at SEK +210 million (31 December 2012: +430). The price of aluminium is the factor that has the greatest bearing on the modelled price. A change in the price of aluminium of +/- 5% would affect the total value by approximately SEK +/- 100 million (31 December 2012: +/- 148).

1) Troll is a gas field in the North Sea west of Norway.

## Note 4, cont.

### Financial instruments: Effects on income by category

Net gains(+)/losses(-) and interest income and expenses for financial instruments recognised in the income statement:

Amounts in SEK million	30 Sept. 2013			31 Dec. 2012		
	Net gains/ losses <sup>1</sup>	Interest income	Interest expenses	Net gains/ losses <sup>1</sup>	Interest income	Interest expenses
Derivative assets and derivative liabilities	-1,681	152	-349	5,120	489	-124
Available-for-sale financial assets	-399	—	—	-208	—	—
Loans and receivables	609	228	—	675	1,379	—
Financial liabilities measured at amortised cost	1,632	—	-2,797	109	—	-5,571
<b>Total</b>	<b>161</b>	<b>380</b>	<b>-3,146</b>	<b>5,696</b>	<b>1,868</b>	<b>-5,695</b>

1) Exchange rate gains and losses are included in net gains/losses.

## Note 5 Adjustments of 2012 financial statements as an effect of amendments in IAS 19

As described in Note 1, Accounting policies, risks and uncertainties, new accounting rules apply as of 2013 according to IAS 19 — *Employee Benefits*, with respect to provisions for pensions and other personnel-related provisions. The reported effect due to the elimination of the corridor rule and other effects of the amended IAS 19 have affected Vattenfall's financial statements as follows:

Amounts in SEK million	31 Dec. 2011/1 Jan. 2012			1 Jan.-30 Sept. 2012			1 Jan.-31 Dec. 2012		
	As reported previously	Adjustments	After adjustments	As reported previously	Adjustments	After adjustments	As reported previously	Adjustments	After adjustments
<b>Balance sheet:</b>									
Pension provisions	17,995	4,909	22,904	17,183	4,916	22,099	21,890	8,694	30,584
Personnel-related provisions for non-pension purposes	3,975	-855	3,120	3,192	-757	2,435	3,141	-687	2,454
Deferred tax liabilities	35,406	-896	34,510	34,973	-926	34,047	34,681	-2,144	32,537
Accrued expenses <sup>1</sup>	18,507	-18	18,489	13,286	-18	13,268	15,830	-18	15,812
<i>Equity attributable to owner of the Parent Company</i>									
Equity excl. Profit for the year	121,572	-3,024	118,548	124,358	-3,024	121,334	129,204	-5,487	123,717
Profit for the year	10,416	—	10,416	10,781	-76	10,705	17,224	-177	17,047
<i>Equity attributable to non-controlling interests (minority interests)</i>									
Equity	6,943	-116	6,827	7,917	-116	7,801	8,790	-182	8,608
Equity	138,931	-3,140	135,791	143,056	-3,216	139,840	155,218	-5,846	149,372
Balance sheet total	524,558	—	524,558	499,536	—	499,536	528,364	—	528,364
<b>Income statement:</b>									
Operating profit (EBIT)				20,996	-135	20,861	26,175	-217	25,958
Financial expenses <sup>2</sup>				-8,375	26	-8,349	-10,510	34	-10,476
Income tax expense				-3,722	33	-3,689	-1,077	6	-1,071
Profit for the year				10,781	-76	10,705	17,224	-177	17,047
<b>Comprehensive income</b>									
Remeasurement pertaining to defined benefit obligations				—	-105	-105	—	-3,953	-3,953
Tax attributable to remeasurement pertaining to defined benefit obligations				—	30	30	—	1,248	1,248
Profit for the year				10,781	-76	10,705	17,224	-177	17,047
Total comprehensive income				7,220	-151	7,069	16,315	-2,882	13,433
<b>Statement of cash flows:</b>									
Profit before tax				14,503	-109	14,394	18,301	-183	18,118
Other, incl. non-cash items				-2,749	109	-2,640	-930	183	-747
Funds from operations (FFO)				22,386	—	22,386	34,419	—	34,419

1) Change pertaining to recognition of special employer's payroll tax.

2) Including changed interest rate used to calculate the return on plan assets.

# The 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 2012 Annual Report (Note 2 to the Parent Company accounts).

## First three quarters of 2013

A condensed income statement and balance sheet for the Parent Company are presented below.

Sales amounted to SEK 27,005 million (27,861).

Profit before appropriations and tax was SEK -6,565 million (8,415).

Profit includes a dividend of SEK 10,908 million from the subsidiary Vattenfall GmbH. Profit includes an impairment loss for shares in N.V. Nuon Energy, totalling SEK 26,042 million, an impairment loss for shares in Vattenfall A/S, totalling SEK 834 million, and an impairment loss of SEK 803 million for the value of shares in Enea S.A.

The balance sheet total was SEK 268,840 million (31 December 2012: 314,473).

Investments during the period amounted to SEK 234 million (3,263).

Cash and cash equivalents and short-term investments amounted to SEK 20,326 million (31 December 2012: 37,193).

In May a share dividend of SEK 6,774 million (4,433) was paid to the owner, the Swedish state.

## Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2012 Annual Report, pages 45–50. No material changes have taken place since publication of the 2012 Annual Report.

## Other

Significant related-party transactions are described in Note 39 to the Parent Company accounts in Vattenfall's 2012 Annual Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2012 Annual Report.

## Parent Company income statement

Amounts in SEK million	Q1-3 2013	Q1-3 2012	Full year 2012
Net sales	27,005	27,861	38,250
Cost of products sold	-18,853	-17,386	-24,126
<b>Gross profit</b>	<b>8,152</b>	<b>10,475</b>	<b>14,124</b>
Selling expenses, administrative expenses and research and development costs	-2,140	-2,603	-3,395
Other operating income and expenses, net	-132	-565	253
<b>Operating profit (EBIT)</b>	<b>5,880</b>	<b>7,307</b>	<b>10,982</b>
Result from participations in subsidiaries	-15,835	807	-4,041
Result from participations in associated companies	6	1	1
Result from other shares and participations	-752	77	66
Other financial income	7,324	4,957	5,496
Other financial expenses	-3,188	-4,734	-5,742
<b>Profit before appropriations and tax</b>	<b>-6,565</b>	<b>8,415</b>	<b>6,762</b>
Appropriations	1,321	1,204	-7,680
<b>Profit before tax</b>	<b>-5,244</b>	<b>9,619</b>	<b>-918</b>
Income tax expense	-2,592	-2,733	-1,122
<b>Profit for the period</b>	<b>-7,836</b>	<b>6,886</b>	<b>-2,040</b>

## Parent Company statement of comprehensive income

Amounts in SEK million	Q1-3 2013	Q1-3 2012	Full year 2012
Profit for the period	-7,836	6,886	-2,040
Total other comprehensive income	—	—	—
<b>Total comprehensive income for the period</b>	<b>-7,836</b>	<b>6,886</b>	<b>-2,040</b>

## Parent Company balance sheet

Amounts in SEK million	30 Sept. 2013	30 Sept. 2012	31 Dec. 2012
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets: non-current	129	196	262
Property, plant and equipment	4,234	4,239	4,339
Shares and participations	135,271	171,309	162,956
Other non-current assets	93,003	79,902	79,859
<b>Total non-current assets</b>	<b>232,637</b>	<b>255,646</b>	<b>247,416</b>
<b>Current assets</b>			
Inventories	438	425	453
Intangible assets: current	77	183	249
Current receivables	15,362	20,605	29,160
Current tax assets	—	—	2
Short-term investments	11,114	28,417	24,535
Cash and cash equivalents	9,212	8,997	12,658
<b>Total current assets</b>	<b>36,203</b>	<b>58,627</b>	<b>67,057</b>
<b>Total assets</b>	<b>268,840</b>	<b>314,273</b>	<b>314,473</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Restricted equity			
Share capital	6,585	6,585	6,585
Statutory reserve	1,286	1,286	1,286
Non-restricted equity			
Retained earnings	66,422	75,211	75,236
Profit for the period	-7,836	6,886	-2,040
<b>Total equity</b>	<b>66,457</b>	<b>89,968</b>	<b>81,067</b>
<b>Untaxed reserves</b>	<b>13,864</b>	<b>8,596</b>	<b>15,185</b>
<b>Provisions</b>	<b>2,740</b>	<b>172</b>	<b>2,832</b>
<b>Non-current liabilities</b>			
Hybrid Capital	8,630	8,408	8,543
Other interest-bearing liabilities	83,204	107,745	97,716
Deferred tax liabilities	417	1,100	799
Other noninterest-bearing liabilities	7,236	6,323	6,541
<b>Total non-current liabilities</b>	<b>99,487</b>	<b>123,576</b>	<b>113,599</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	58,946	66,395	72,410
Current tax liabilities	1,422	653	—
Other noninterest-bearing liabilities	25,924	24,913	29,380
<b>Total current liabilities</b>	<b>86,292</b>	<b>91,961</b>	<b>101,790</b>
<b>Total equity and liabilities</b>	<b>268,840</b>	<b>314,273</b>	<b>314,473</b>



# Definitions and calculations of key ratios

Figures for the Group in 2013. Amounts in SEK million unless indicated otherwise.

EBIT	=	Earnings Before Interest and Tax (Operating profit).
EBITDA	=	Earnings Before Interest, Tax, Depreciation and 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.
Hybrid Capital	=	Perpetual subordinated securities, junior to all Vattenfall's unsubordinated debt instruments. Reported as interest-bearing non-current liabilities.
Capital employed	=	Balance sheet total less financial assets and noninterest-bearing liabilities
Net debt	=	Interest-bearing liabilities less loans to owners of non-controlling interests (minority owners) in Group companies, cash and cash equivalents, short-term investments.
Adjusted net debt	=	For calculation, see page 19.

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

## Key ratios based on last 12-month values October 2012–September 2013:

Operating margin, %	= 100 x	$\frac{\text{Operating profit (EBIT)}}{\text{Net sales}}$	$\frac{-5,195}{171,859}$	=	-3.0
Operating margin excl. items affecting comparability, %	= 100 x	$\frac{\text{Underlying operating profit}}{\text{Net sales}}$	$\frac{27,604}{171,859}$	=	16.1
Pre-tax profit margin, %	= 100 x	$\frac{\text{Profit before tax}}{\text{Net sales}}$	$\frac{-13,246}{171,859}$	=	-7.7
Pre-tax profit margin excl. items affecting comparability, %	= 100 x	$\frac{\text{Profit before tax excl. items affecting comparability}}{\text{Net sales}}$	$\frac{20,007}{171,859}$	=	11.6
Return on equity, %	= 100 x	$\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl. the Reserve for cash flow hedges}}$	$\frac{-9,491}{125,562}$	=	-7.6
Return on capital employed, %	= 100 x	$\frac{\text{Operating profit (EBIT)}}{\text{Capital employed, average}}$	$\frac{-5,195}{290,561}$	=	-1.8
Return on capital employed excl. items affecting comparability, %	= 100 x	$\frac{\text{Underlying operating profit}}{\text{Capital employed, average}}$	$\frac{27,604}{290,561}$	=	9.5
EBIT interest cover, (x)	=	$\frac{\text{Operating profit (EBIT) + financial income excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{-4,744}{6,680}$	=	-0.7

## 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	28,055	=	4.2
	Financial expenses excl. discounting effects attributable to provisions	6,680		
FFO interest cover, (x) =	Funds from operations (FFO) + financial expenses excl. discounting effects attributable to provisions	43,603	=	6.5
	Financial expenses excl. discounting effects attributable to provisions	6,680		
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	43,152	=	6.9
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	6,229		
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	25,008	=	4.5
	Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs	5,574		
FFO/gross debt, % = 100 x	Funds from operations (FFO)	36,923	=	27.0
	Interest-bearing liabilities	136,789		
FFO/net debt, % = 100 x	Funds from operations (FFO)	36,923	=	34.5
	Net debt	106,923		
FFO/adjusted net debt, % = 100 x	Funds from operations (FFO)	36,923	=	23.4
	Adjusted net debt	157,996		
EBITDA/net financial items, (x) =	Operating profit before depreciation and amortisation (EBITDA)	43,760	=	7.0
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	6,229		
EBITDA excl. items affecting comparability/net financial items, (x) =	Operating profit before depreciation and amortisation (EBITDA) excl. items affecting comparability	76,559	=	12.3
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	6,229		
<b>Key ratios based on the balance sheet per 30 September 2013:</b>				
Equity/total assets, % = 100 x	Equity	122,796		
	Balance sheet total	469,004	=	26.2
Gross debt/equity, % = 100 x	Interest-bearing liabilities	136,789	=	111.4
	Equity	122,796		
Net debt/equity, % = 100 x	Net debt	106,923	=	87.1
	Equity	122,796		
Gross debt/gross debt plus equity, % = 100 x	Interest-bearing liabilities	136,789	=	52.7
	Interest-bearing liabilities + equity	259,585		
Net debt/net debt plus equity, % = 100 x	Net debt	106,923	=	46.5
	Net debt + equity	229,719		
Net debt/EBITDA, (x) =	Net debt	106,923	=	2.4
	Operating profit before depreciation and amortisation (EBITDA)	43,760		
Adjusted net debt/EBITDA, (x) =	Adjusted net debt	157,996	=	3.6
	Operating profit before depreciation and amortisation (EBITDA)	43,760		

## Interim report signature

Stockholm, 29 October 2013

Øystein Løseth  
President and Chief Executive Officer

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

## Financial calendar

Year-end report 2013: 4 February 2014  
Annual General Meeting: 28 April 2014  
Interim report January–March: 29 April 2014  
Interim report January–July: 23 July 2014  
Interim report January–September: 30 October 2014

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