

# Interim report January–March 2019

## Business highlights, January–March 2019

- Major disruptions after the storm “Alfrida” with related costs of SEK 850 million
- Decrease in generation partly owing to lower generation at Ringhals 2, where a generator is being replaced
- Acquisition of sales company DELTA Energie in the Netherlands
- Production at the coal-fired Hemweg 8 power plant in the Netherlands to end by year-end 2019
- Commissioning of 170 MW wind power and 6 MW solar power
- Participation in tender for Hollandse Kust Zuid 3 & 4 in the Netherlands and for a project in Dunkirk, France
- City of Berlin intends to grant concession for electricity distribution to Berlin Energie

## Financial highlights, January–March 2019

- Net sales increased by 13% (10% excluding currency effects) to SEK 49,552 million (43,860)
- Underlying operating profit<sup>1</sup> of SEK 9,673 million (9,359)
- Operating profit<sup>1</sup> of SEK 8,168 million (6,975)
- Profit for the period of SEK 6,420 million (4,158)

## KEY DATA

Amounts in SEK million unless indicated otherwise	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
Net sales	49 552	43 860	154 547	160 239
Operating profit before depreciation, amortisation and impairment losses (EBITDA) <sup>1</sup>	12 587	10 938	34 341	35 990
Operating profit (EBIT) <sup>1</sup>	8 168	6 975	17 619	18 812
Underlying operating profit <sup>1</sup>	9 673	9 359	19 883	20 197
Profit for the period	6 420	4 158	12 007	14 269
Electricity generation, TWh	35.9	37.2	130.3	129.0
Sales of electricity, TWh <sup>2</sup>	52.8	49.8	174.1	177.1
- of which, customer sales	32.4	32.2	119.2	119
Sales of heat, TWh	7.3	8.2	18.3	17.4
Sales of gas, TWh	24.3	26.9 <sup>3</sup>	60.7 <sup>3</sup>	58.1
Return on capital employed, % <sup>1</sup>	7.1 <sup>4</sup>	7.8 <sup>4</sup>	7.0	7.1
FFO/adjusted net debt, % <sup>1</sup>	18.1 <sup>4</sup>	20.7 <sup>4</sup>	20.7	18.1

1) See Definitions and calculations of key ratios on page 32 for definitions of Alternative Performance Measures.

2) Sales of electricity also include sales to Nord Pool Spot and deliveries to minority shareholders.

3) The value has been adjusted compared with information previously published in Vattenfall's financial reports.

4) Last 12-month values.

# CEO's comments

## Good contribution from fossil-free energy sources, but earnings weighed down by storm “Alfrida”



The first quarter of the year started out with an extremely tough situation for our customers in Roslagen and the Stockholm archipelago as a result of the storm “Alfrida” in Sweden. Work on repairing the electricity grid has been extensive and successful, but also weighed down earnings for the first quarter. On the whole we are reporting an improvement, however, mainly owing to contributions from nuclear, hydro and wind power. Profit for the period was SEK 6.4 billion, an increase of SEK 2.3 billion. Net financial items made a positive contribution, mainly owing to changes in market prices in the Swedish Nuclear Waste Fund and currency effects. The underlying operating profit increased by SEK 0.3 billion to SEK 9.7 billion.

We are seeing a recovery of electricity prices in the Nordic countries, which benefited the Power Generation segment. Generation decreased compared with the same quarter a year ago. Following a failure that occurred at the start of the year, we are replacing a generator at Ringhals 2 and the reactor is expected to be back in full operation at the end of April. Lower reservoir levels also affected generation. Higher prices had a greater effect than lower volumes, and together with strong earnings from trading contributed to an increase in the underlying operating profit by SEK 1.6 billion to SEK 5.4 billion.

Sales activities were negatively affected by higher costs for electricity purchases. This will be compensated by price increases. Together with weather-related factors and costs for growth, higher purchasing prices contributed to lower earnings for the Customers & Solutions segment, and the underlying operating profit decreased by SEK 0.6 billion to SEK 0.4 billion.

At the same time that we are looking over our costs, we are expanding sales in a number of areas and markets. During the first quarter Vattenfall acquired the Dutch sales company DELTA Energie, and we are now also taking a step into the Norwegian market with charging solutions for e-vehicles through the InCharge network.

The Distribution operations were hit hard by the storm “Alfrida”, and lower transited volumes led to a drop in the underlying operating profit for the quarter by SEK 1 billion to SEK 1.3 billion. In total, costs for outage compensation and repairs after the storm amounted to approximately SEK 850 million.

We regret that the City of Berlin has communicated its decision that Vattenfall, through its electricity grid company Stromnetz Berlin, has not been awarded the renewed concession rights to operate the city's electricity grid. We believe that the decision is wrong and may file an appeal if our complaints are not addressed by the Senate in Berlin.

The underlying operating profit for Heat was SEK 1.5 billion, which is level with the same period a year ago. The heat operations continue to experience strained market conditions, especially in power generation. In the Netherlands, however, we were able to benefit from higher margins for gas-fired power generation.

In March the Dutch government ruled that Vattenfall's Hemweg 8 power plant must stop using coal as a fuel by year-end 2019. This means that we will now be closing the plant five years earlier than most recently planned. We expect to be compensated. Vattenfall also plans to invest nearly EUR 400 million in the district heating network in Amsterdam by 2022 to accelerate the city's energy transition to heating without natural gas.

Wind power once again made a positive contribution. The underlying operating profit increased by SEK 0.4 billion to SEK 1.5 billion. The increase was enabled by continued capacity growth and positive price effects. During the quarter we also took the decision to participate in the offshore wind tender for Hollandse Kust Zuid 3 & 4 (750 MW). The project is attractive for Vattenfall and offers major synergies with our existing Hollandse Kust Zuid 1 & 2 (700 MW) project. We have also decided to participate in the Dunkirk offshore wind project in France (400-600 MW), and in addition we have commissioned our largest solar farm to date at the Magnum power plant in the Netherlands.

As a consequence of demands for new environmental impact studies, our offshore wind projects in Denmark, Vesterhav Syd & Nord (344 MW), will not be commissioned until 2023 instead of in 2020/2021 as previously planned. Unfortunately, the delay in the timetable is necessary to manage the situation in a responsible manner.

Vattenfall's brand promise “Fossil-free living within one generation” was introduced a year ago together with our new graphic design and logo. In the Netherlands, Nuon is now in the process of being fully integrated with the Vattenfall brand, and we are strengthening our position in brand surveys. Our expression today reflects us very well as a company. Vattenfall should lead the development towards a sustainable future in the energy sector.

A handwritten signature in blue ink, which appears to read 'Magnus Hall'.

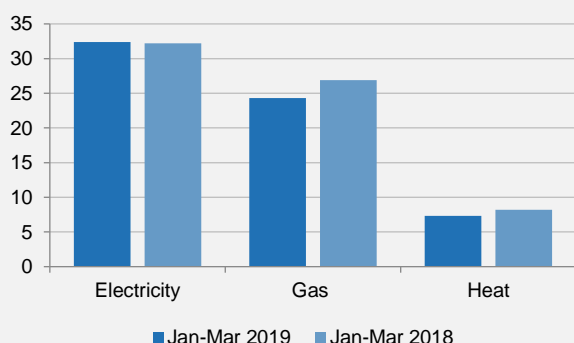
Magnus Hall  
President and CEO

# Group overview

## Customer sales development

Sales of electricity, excluding sales to Nord Pool Spot and deliveries to minority shareholders, increased by 0.2 TWh to 32.4 TWh (32.2). Sales of gas decreased by 2.6 TWh to 24.3 TWh (26.9) and sales of heat decreased by 0.9 TWh to 7.3 TWh (8.2) as a result of warmer weather in the Netherlands and Germany.

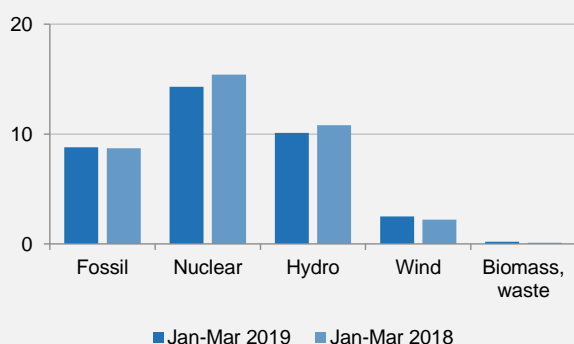
### CUSTOMER SALES (TWh)



## Generation development

Total electricity generation decreased by 1.3 TWh to 35.9 TWh (37.2) during the first quarter of 2019. Higher wind and fossil-based power generation (+0.5 TWh) was offset by lower hydro and nuclear power generation (-1.8 TWh).

### ELECTRICITY GENERATION (TWh)



## Price development

Average Nordic spot prices were 22% higher, at EUR 47.0/MWh (38.6) during the first quarter of 2019 compared with the corresponding period in 2018, mainly owing to higher prices for CO<sub>2</sub> emission allowances and a lower hydrological balance. Prices in Germany increased by 15% to EUR 41.0/MWh (35.6), and prices in the Netherlands increased by 8% to EUR 48.8/MWh (45.0). Spot prices in Germany and the Netherlands were mainly affected by higher prices for CO<sub>2</sub> emission allowances. Electricity futures prices for delivery in 2020 and 2021 were 25%–44% higher than in the first quarter of 2018, mainly owing to higher prices for CO<sub>2</sub> emission allowances.

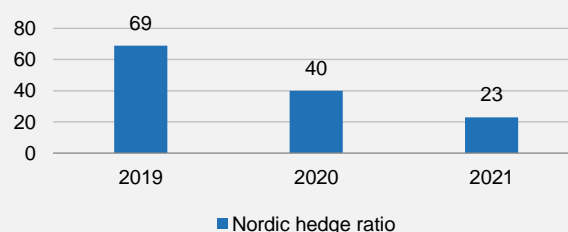
Compared with the first quarter of 2018, the average spot price for gas was 14% lower, at EUR 18.4/MWh (21.4). The spot price for coal was 14% lower, at USD 74.5 USD/t (86.3). The futures price for gas was 16% higher, at EUR 19.8/MWh (17.1), and the futures price for coal was 3% lower, at USD 79.6/t (82.4). The price of CO<sub>2</sub> emission allowances was 127% higher, at EUR 22.2/t (9.8). The higher price of CO<sub>2</sub> emission allowances is partly attributable to the Market Stability Reserve (MSR), which took effect in January 2019 to manage the surplus of CO<sub>2</sub> emission allowances in the market.

## Hedging

### AVERAGE INDICATIVE NORDIC HEDGE PRICES (SE, DK, NO, FI)<sup>1</sup> AS PER 31 MARCH 2019

EUR/MWh	2019	2020	2021
	29	31	33

### VATTENFALL'S ESTIMATED NORDIC HEDGE RATIO (%) AS PER 31 MARCH 2019



### SENSITIVITY ANALYSIS – CONTINENTAL PORTFOLIO (DE, NL, UK)

+/-10% price impact on future profit before tax, SEK million<sup>2</sup>

Market-quoted	2019	2020	2021	Observed yearly volatility <sup>3</sup>
Electricity	+/- 1,585	+/- 1,683	+/- 1,694	19%-24%
Coal	-/+ 259	-/+ 216	-/+ 197	21%-27%
Gas	-/+ 788	-/+ 836	-/+ 769	19%-21%
CO <sub>2</sub>	-/+ 384	-/+ 426	-/+ 470	46%-51%

- 1) Vattenfall has stopped its price hedging activity on the Continent as a result of changed risk exposure following the divestment of the German lignite operations.
- 2) The denotation +/- entails that a higher price affects operating profit favourably, and +/- vice versa.
- 3) Observed yearly volatility for daily price movements for each commodity, based on forward contracts. Volatility normally declines the further ahead in time the contracts pertain to.

## Net sales

**Comment January–March:** Consolidated net sales increased by SEK 5.7 billion (of which, positive currency effects of SEK 1.2 billion). The increase is mainly attributable to higher spot prices and higher sales in the Nordic countries, Germany and the Netherlands.

## Earnings

**Comment January–March:** The underlying operating profit increased by SEK 0.3 billion, which is explained by:

- Higher earnings contribution from the Power Generation operating segment (SEK 1.6 billion), mainly owing to higher spot prices in the Nordic countries and a positive contribution from the trading operations. This was partly offset by lower power generation and price hedges.
- Lower earnings contribution from the Distribution operating segment (SEK -1.0 billion), mainly owing to costs related to the storm “Alfrida” (SEK 850 million) and lower distributed volume.
- Other items, net (SEK -0.3 billion).

Items affecting comparability amounted to SEK -1.5 million (-2.4), of which most pertained to unrealised changes in market value of derivatives and inventories (SEK -1.6 billion), which are mainly attributable to temporary effects. Capital gains amounted to SEK 0.4 billion and are mainly attributable to the sale of an office building in Hamburg. Profit for the period was SEK 6.4 billion (4.2). A less negative effect from items affecting comparability and an improvement in net financial items stemming from higher fair value of the Swedish Nuclear Waste Fund had a positive effect on profit for the period.

## Cash flow

**Comment January–March:** Funds from operations (FFO) increased by SEK 1.0 billion, mainly owing to a higher underlying operating profit before depreciation/amortisation and impairment losses (EBITDA). Cash flow from changes in working capital amounted to SEK -20.8 billion. The net change in margin calls (SEK -11.8 billion) was the main negative contributing factor. The net change in operating receivables and operating liabilities resulting from seasonal effects in the Customers & Solutions and Heat operating segments had a negative effect on cash flow (SEK -6.6 billion). Changes related to CO<sub>2</sub> emission allowances also had a negative effect (SEK -3.8 billion).

## Important events after the balance sheet date

- The European Commission has informed that the purchase price of EUR 950 million for Vattenfall's district heating network in Hamburg does not constitute a government subsidy.
- Vattenfall has filed a complaint to the Senate in Berlin regarding the announcement that Vattenfall, through its electricity grid company Stromnetz Berlin, was not given a renewed concession to continue operating the city's electricity grid.

## KEY FIGURES – GROUP OVERVIEW

Amounts in SEK million	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
Net sales	49 552	43 860	154 547	160 239
Operating profit before depreciation, amortisation and impairment losses (EBITDA) <sup>1</sup>	12 587	10 938	34 341	35 990
Operating profit (EBIT) <sup>1</sup>	8 168	6 975	17 619	18 812
Underlying operating profit <sup>1</sup>	9 673	9 359	19 883	20 197
Items affecting comparability <sup>1</sup>	- 1 505	- 2 384	- 2 264	- 1 385
Profit for the period	6 420	4 158	12 007	14 269
Funds from operations (FFO) <sup>1</sup>	9 789	8 758	23 275	24 306
Cash flow from changes in operating assets and operating liabilities (working capital)	- 20 754	- 7 499	17 779	4 524
Cash flow from operating activities	- 10 965	1 259	41 054	28 830

1) See Definitions and calculations of key ratios on page 32 for definitions of Alternative Performance Measures.

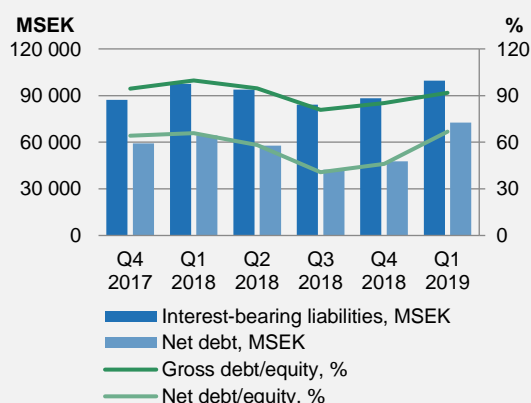
## Capital structure

Cash and cash equivalents, and short-term investments decreased by SEK 13.3 billion compared with the level at 31 December 2018. Committed credit facilities consist of a EUR 2.0 billion Revolving Credit Facility that expires on 10 December 2021. As per 31 March 2019, available liquid assets and/or committed credit facilities amounted to 26% of net sales. Vattenfall's target is to maintain a level of no less than 10% of consolidated net sales, but at least the equivalent of the next 90 days' maturities

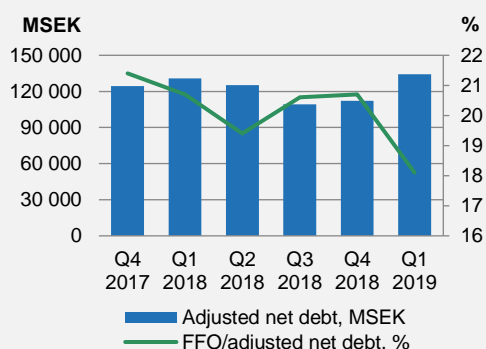
Total interest-bearing liabilities increased by SEK 11.3 billion compared with the level at 31 December 2018. The increase is mainly attributable to the issuance of short-term debt (SEK 9.6 billion) and exchange rate effects (SEK 1.7 billion).

Net debt increased by SEK 24.8 billion compared with the level at 31 December 2018, mainly owing to a negative cash flow after investments (SEK 17.0 billion), implementation of IFRS 16 Leases (SEK 4.6 billion) and exchange rate effects (SEK 1.5 billion). Adjusted net debt increased by SEK 22.1 billion compared with the level at 31 December 2018, mainly owing to the increase in net debt.

### NET DEBT



### ADJUSTED NET DEBT



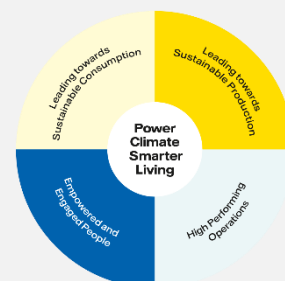
## Strategic objectives

Vattenfall's goal is to offer all customers climate-smart solutions and enable a life free from fossil fuels within one generation. The strategy is built upon four strategic objectives. Vattenfall will be

- 1. Leading towards Sustainable Consumption** (increase customer centricity, develop the brand and build a sizeable position in decentralised energy solutions) and
- 2. Leading towards Sustainable Production** (grow in renewables and implement our CO<sub>2</sub> roadmap).

To achieve this, we must have

- 3. High Performing Operations** (reduce costs and improve operational efficiency) and
- 4. Empowered and Engaged People** (develop culture and competence).



Strategic objectives	Targets for 2020	Q1 2019	Full Year 2018
<b>Leading towards Sustainable Consumption</b>	<b>1. Customer engagement, Net Promoter Score relative to peers<sup>1</sup> (NPS relative): +2</b>	<b>+2</b>	<b>+1</b>
<b>Leading towards Sustainable Production</b>	<b>2. Aggregated commissioned new renewables capacity 2016-2020: ≥2,300 MW</b>	<b>928 MW</b>	<b>752 MW</b>
	<b>3. Absolute CO<sub>2</sub> emissions pro rata: ≤21 Mt</b>	<b>5,9 Mt<sup>2</sup></b>	<b>22.0 Mt</b>
<b>High Performing Operations</b>	<b>4. Return On Capital Employed (ROCE), last 12 months: ≥8%</b>	<b>7.1%</b>	<b>7.0%</b>
<b>Empowered and Engaged People</b>	<b>5. Lost Time Injury Frequency (LTIF): ≤1.25</b>	<b>2.2</b>	<b>1.9</b>
	<b>6. Employee Engagement Index<sup>3</sup>: ≥70%</b>	<b>-</b>	<b>64%</b>

1) The target is a positive NPS in absolute terms and +2 compared to Vattenfall's peer competitors to be achieved by 2020.

2) Including the heat operations in Hamburg, which are to be sold. Consolidated values for Q1 2019. Consolidated emissions are approximately 0.5 Mt higher on an annual basis than pro rata, corresponding to Vattenfall's share of ownership.

3) Documentation for measurement of target achievement is derived from the results of an employee survey, which is conducted on an annual basis.



# Operating segments



Customers & Solutions



Power Generation  
– Generation



Power Generation  
– Markets



Wind



Heat



Distribution

Amounts in SEK million	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
<b><u>Underlying operating profit</u></b>				
<b>Customers &amp; Solutions</b>	397	1 009	1 269	657
<b>Power Generation</b>	5 438	3 817	9 371	10 992
- of which, trading	871	291	581	1 161
<b>Wind</b>	1 486	1 041	3 747	4 192
<b>Heat</b>	1 530	1 557	771	744
<b>Distribution</b>	1 267	2 286	6 250	5 231
- of which, Distribution Germany	360	324	985	1 021
- of which, Distribution Sweden	895	1 957	5 254	4 192
<b>Other<sup>1</sup></b>	- 361	- 281	- 1 528	- 1 608
<b>Eliminations</b>	- 84	- 70	3	- 11
<b>Underlying operating profit</b>	<b>9 673</b>	<b>9 359</b>	<b>19 883</b>	<b>20 197</b>

1) "Other" pertains mainly to all Staff functions, including Treasury and Shared Service Centres.

## Customers & Solutions

*The Customers & Solutions Business Area is responsible for sales of electricity, gas and energy services in all of Vattenfall's markets.*

### Higher purchasing costs impacted earnings in an upward trending market

- Continued customer growth driven by Germany
- Acquisition of DELTA Energie B.V. in the Netherlands
- Expansion of charging network for e-mobility to the Norwegian market



**Q1:** Net sales increased as a result of higher sales in most of Vattenfall's markets. Positive price effects in the Nordic countries, a larger customer base in Germany and currency effects made positive contributions to net sales. In the Netherlands, sales increased as a result of positive price effects, which were partly countered by lower volumes. The underlying operating profit was hurt by higher costs for electricity purchases. Higher purchasing costs will be compensated by tariff increases. Earnings were also negatively affected by lower sales of gas in the Netherlands and Germany driven by warmer weather. Intensive work is currently in progress and accelerating to review costs in all markets.

DELTA Energie B.V. has been acquired by Vattenfall. The company supplies renewable electricity and gas to private customers and small and medium-sized companies primarily in the Zeeland province of the Netherlands. The acquisition strengthens Vattenfall's position in the Netherlands and expands its portfolio with a company that is well-positioned with loyal customers and extensive experience in renewable energy. The

company has 120 employees and 170,000 customers. Takeover of operations took place on 1 March 2019.

Compared to year-end 2018, the total customer base grew by 4.8% to 9.3 million contracts, which is mainly explained by a larger customer base in Germany and the acquisition of DELTA Energie. The customer base in Germany grew more than expected during the first quarter, resulting in a temporary rise in customer acquisition costs. However, this effect will even out during the year. Vattenfall is the fastest growing sales company in gas and electricity in Germany.

Vattenfall's charging network for e-mobility, InCharge, has expanded to Norway with the goal of becoming an important player in the Norwegian market. To begin with, InCharge will offer home charging solutions to private customers. During the year, InCharge will grow nationwide through various partners and offer companies smart charging solutions while also working to establish more public charging points. Vattenfall's e-mobility charging solutions are already available in Sweden, Germany, the Netherlands and the UK.

## KEY FIGURES – CUSTOMERS & SOLUTIONS

Amounts in SEK million unless indicated otherwise	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
Net sales	26 687	24 430	81 318	83 575
External net sales	25 864	23 863	78 883	80 884
Underlying operating profit before depreciation, amortisation and impairment losses	783	1 331	2 663	2 115
Underlying operating profit	397	1 009	1 269	657
Sales of electricity, TWh	24.2	24.6	88.3	87.9
- of which, private customers	8.8	9.0	27.4	27.2
- of which, resellers	1.6	1.6	4.9	4.9
- of which, business customers	13.8	14.0	56.0	55.8
Sales of gas, TWh	22.5	25.3	55.5	52.7
Number of employees, full-time equivalents	3 112	3 051	2 962	

## Power Generation

Power Generation comprises the Generation and Markets Business Areas. The segment includes Vattenfall's hydro and nuclear power operations, maintenance services business, and optimisation and trading operations including certain large business customers.

### Generation: Increased earnings contribution despite slightly lower power generation

- Lower power generation partly due to replacement of a damaged generator at Ringhals 2
- Repair work conducted by Vattenfall Services Nordic after the storm "Alfrida"

### Markets: Improved earnings from trading operations

- New power purchase agreement with Marguerite
- Acquisition of Dutch energy services company

**Q1:** Net sales increased as a result of higher prices in the Nordic countries, higher sales of gas and electricity, and positive currency effects. The underlying operating profit increased mainly owing to higher prices achieved in the Nordic countries and a higher realised earnings contribution from the trading operations.

Nuclear power generation decreased by 1.8 TWh during the first quarter of 2019, due to that the Ringhals 2 reactor was operated at half capacity following a short circuit in a generator. The generator will be replaced in April 2019, after which normal generation is expected to resume. Combined availability for Vattenfall's nuclear power plants during the first quarter of 2019 was 91.8% (98.0%).

Hydro power generation decreased by 0.7 TWh during the first quarter of 2019. Nordic reservoir levels were at 23% (26%) of capacity, which is 2 percentage points below the normal level.

Vattenfall Services Nordic conducted effective and demanding repair work following the storm "Alfrida" in Sweden. The work environment was very challenging, with vast areas of fallen trees and downed power lines. Safety was given top priority.



The repair work was performed without any serious accidents or incidents and involved some 600 people.

The European infrastructure investor Marguerite and Vattenfall entered into a long-term power purchase agreement (PPA) for renewable electricity from the Brännliden (42 MW) wind farm in northern Sweden. Vattenfall will purchase the electricity generation and provide balancing services as well as market access and management of green electricity certificates (Guarantees of Origin). At the start of the year Vattenfall's portfolio of renewable power purchase agreements amounted to 6 GW, representing growth of 50% year-on-year. Vattenfall is one of the three largest actors in renewable energy PPAs in Germany. The portfolio includes a mix of onshore and offshore wind farms and solar farms.

Vattenfall has acquired the Dutch company Senfal. The acquisition will add new services for large industrial customers in the aim of unlocking value through flexibility and optimisation of renewable generation. Through its services Senfal is able to substantially reduce the energy bill for large industrial companies and realise substantial improvements in power trading profits for wind and solar farms and battery owners.

### KEY FIGURES – POWER GENERATION

Amounts in SEK million unless indicated otherwise	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
Net sales	34 479	26 886	99 970	107 563
External net sales	11 207	7 908	36 064	39 363
Underlying operating profit before depreciation, amortisation and impairment losses	6 364	4 650	12 830	14 544
Underlying operating profit	5 438	3 817	9 371	10 992
- of which, trading	871	291	581	1 161
Electricity generation, TWh	24.4	26.2	90.5	88.7
- of which, hydro power	10.1	10.8	35.5	34.8
- of which, nuclear power	14.3	15.4	55.0	53.9
Sales of electricity, TWh	7.5	7.3	28.7	28.9
- of which, resellers	6.4	6.6	24.6	24.4
- of which, business customers	1.1	0.7	4.1	4.5
Sales of gas, TWh	1.8	1.6 <sup>1</sup>	5.2 <sup>1</sup>	5.4
Number of employees, full-time equivalents	7 387	7 369	7 332	

1) The value has been adjusted compared with information previously published in Vattenfall's financial reports.



## Wind

*The Wind Business Area is responsible for development, construction and operation of Vattenfall's wind farms as well as large-scale and decentralised solar power and batteries.*

### Continued strong earnings performance and expansion in wind and solar power

- New capacity and higher prices made positive contribution to earnings
- Participation in tender for Hollandse Kust Zuid 3 & 4 in the Netherlands and for a project in Dunkirk, France
- Commissioning of 170 MW wind power and 6 MW solar power

**Q1:** Net sales and the underlying operating profit increased compared with the first quarter of 2018, mainly owing to new capacity and positive price effects. During the last 12 months, three wind farms have been commissioned: Aberdeen Bay (97 MW), Slufterdam (29 MW) and Horns Rev 3 (141 MW of a total of 407 MW). Electricity generation increased mainly as a result of new capacity. Lower generation at the Horns Rev 1 offshore wind farm as a result of repair work was compensated by higher generation from other existing wind farms.

Vattenfall is participating in the Hollandse Kust Zuid 3 & 4 (750 MW) tender with the goal to continue contributing to the renewable transition of the Dutch energy system. The project is located in the Dutch North Sea, and it is estimated that yearly generation from the wind farm will provide electricity to some 1.3 million Dutch households. After having won the tender for Hollandse Kust Zuid 1 & 2 in the Netherlands, Vattenfall sees significant synergies in combining these two projects.

In March, Vattenfall submitted a bid to the French authorities for participation in an offshore wind project in France. The project,



which is situated 10 km offshore the coast of Dunkirk, is expected to have capacity of 400–600 MW. Vattenfall previously formed an alliance with the French state-owned financial institution Caisse des Dépôts and the German wind power development company WPD to participate in the tender.

In the Netherlands, the Slufterdam onshore wind farm (29 MW) was inaugurated in February. The original turbines installed in 2002 have been replaced with a more efficient and modern model, thereby also doubling the wind farm's capacity.

In March Vattenfall inaugurated its biggest solar farm to date with a total output of 5.7 MW. The solar farm is located in Eemshaven, in the northern Netherlands. Like all of Vattenfall's solar farms, it is co-located with other power generation – in this case the gas-fired Magnum power plant.

As a consequence of the requirement for a new environmental assessment, the near shore wind project in Denmark, Vesterhav Syd & Nord (344 MW), is expected to be commissioned in 2023 instead of in 2020/2021 as earlier planned.

### KEY FIGURES – WIND

Amounts in SEK million unless indicated otherwise	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
Net sales	3 657	2 963	11 852	12 546
External net sales	1 839	1 546	5 726	6 019
Underlying operating profit before depreciation, amortisation and impairment losses	2 741	2 145	8 328	8 924
Underlying operating profit	1 486	1 041	3 747	4 192
Electricity generation - wind power TWh	2.5	2.2	7.8	8.1
Sales of electricity, TWh	0.4	0.3	1.1	1.2
Number of employees, full-time equivalents	906	803	894	

## Heat

*The Heat Business Area comprises Vattenfall's heat operations including sales, decentralised solutions and gas- and coal-fired condensing.*

### Continued measures to reduce CO<sub>2</sub> emissions

- Production at the coal-fired Hemweg 8 power plant in the Netherlands will be shut down by year-end 2019
- A special commission in Germany has set 2038 as the recommended final year for coal-fired power generation
- Investment in a district heating project in Amsterdam as part of a cooperation with the waste processing company AEB Amsterdam

**Q1:** Net sales increased as a result of higher electricity generation from Vattenfall's condensing power plants, which in turn is attributable to higher electricity prices and higher availability. The underlying operating profit was unchanged as a result of higher fuel costs and higher operating expenses. Sales of heat decreased due to warmer weather. Compared to year-end 2018, the number of customers increased by 0.5% to 2.2 million households.

In the Netherlands, Vattenfall will shut down production at the Hemweg 8 coal-fired power plant by the end of 2019, which will contribute to the achievement of the Netherlands' CO<sub>2</sub> reduction target. The early closure is a consequence of the Dutch government's decision in March 2019 requiring Hemweg 8 to stop using coal as fuel for electricity generation by year-end 2019.

A special commission with a broad variety of stakeholders has been established to devise a plan for the gradual reduction and an end date for coal-fired power generation in Germany. In early 2019, the commission presented its recommendations for a complete coal phase-out by 2038, including necessary financial support in the regions affected by the coal phase-out. The CHP Act supporting a fuel switch from coal to gas is expected to accelerate decarbonisation of district heating.



In March Vattenfall decided to invest in a district heating project to accelerate the transition to heating without natural gas in Amsterdam. The project is part of a cooperation between Vattenfall and the waste processing company AEB Amsterdam that entails investments of EUR 400 million. The initiative will enable the transfer of more residual heat to homes from waste.

During the quarter all three boilers were started at Reuter West in Berlin, Europe's largest so called power-to-heat plant. Additional commissioning activities are progressing well.

In February a decentralised heat solution was put in operation in Grüne Aue, one of Berlin's new housing areas. In addition to a micro CHP, the plant uses a waste water-based heat pump, which is estimated to cover approximately 20% of the residential area's total heating needs. This is expected to lead to a 25% reduction in CO<sub>2</sub> emissions.

The carve-out process for the district heating system in Hamburg continues according to plan. The European Commission has informed that the purchase price of EUR 950 million does not constitute a government subsidy.

### KEY FIGURES – HEAT

Amounts in SEK million unless indicated otherwise	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
Net sales	10 537	9 654	33 970	34 853
External net sales	5 706	5 370	15 828	16 164
Underlying operating profit before depreciation, amortisation and impairment losses	2 400	2 416	4 448	4 432
Underlying operating profit	1 530	1 557	771	744
Electricity generation - TWh	9.0	8.8	32.0	32.2
- of which, fossil-based power	8.8	8.7	31.6	31.7
- of which, biomass, waste	0.2	0.1	0.4	0.5
Sales of electricity business customers, TWh	0.3	—	1.1	1.4
Sales of heat, TWh	7.3	8.2	18.3	17.4
Number of employees, full-time equivalents	3 874	3 802	3 822	

## Distribution

The Distribution Business Area comprises Vattenfall's electricity distribution operations in Sweden, Germany (Berlin) and the UK.

### Earnings negatively affected by the storm "Alfrida" and lower volumes

- Major disruptions following the storm "Alfrida" in Sweden
- Announcement that the concession for the electricity grid in Berlin has been awarded to Berlin Energie. The decision has been appealed by Vattenfall to the senate
- Ruling by administrative court of appeal that any unused revenue framework for the period 2012–2015 may be used in the following two regulatory periods. A new bill may change the situation however



**Q1:** Net sales decreased during the first quarter of 2019, which is mainly explained by lower distributed volume due to warmer weather. The underlying operating profit decreased as a result of lower net sales and costs for the storm "Alfrida".

The year began with the storm "Alfrida", which swept over Sweden on 2 January with winds of upwards of 80 miles an hour, causing major disruptions in electricity supply. In all, some 100,000 persons were left without electricity across Sweden, of whom about 65,000 were Vattenfall Eldistribution customers. The main areas affected were Bergslagen, Roslagen, Uppland, the greater Stockholm area and northeast Götaland. The work on repairing and entirely restoring electric service is very extensive and has been performed without any serious accidents or incidents. The work is expected to continue for the rest of the year. Booked costs for the storm Alfrida amount to SEK 850 million, of which roughly half pertains to disruption compensation and the other half repair costs.

At the end of February Vattenfall was informed that its concession to operate the electricity grid in Berlin will not be renewed. The City of Berlin instead awarded the concession to

its own energy company Berlin Energie. Vattenfall has been responsible for operating the electricity grid in Berlin for more than 20 years and was recently attested as being "super-efficient" by the Germany Federal Network Agency. Vattenfall is of the opinion that the decision by the city is incorrect and has as a first step appealed to the Senate in Berlin.

The administrative court of appeal in Jönköping recently ruled that electricity network companies that have not used their revenue frameworks for the period 2012–2015 may carry forward the part that has not been charged to the regulatory period 2020–2023. However, the government recently presented a new bill that, if enacted into law, means that the part that has not been charged in 2019, from 2012–2015, will not be allowed to be used in the period starting 2020.

Vattenfall's electricity grid operation in the UK was started at the end of 2017. Vattenfall's British electricity grid company, Vattenfall Networks, has now been awarded its first three contracts, entailing ownership and operation of the electricity networks for industrial and commercial premises.

### KEY FIGURES – DISTRIBUTION

Amounts in SEK million unless indicated otherwise	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
Net sales	6 132	6 274	22 374	22 232
External net sales	4 910	5 116	17 845	17 639
Underlying operating profit before depreciation, amortisation and impairment losses	2 051	3 022	9 292	8 321
Underlying operating profit	1 267	2 286	6 250	5 231
Number of employees, full-time equivalents	2 207	2 151	2 190	

## Other

*Other pertains mainly to all Staff functions, including Treasury and Shared Service Centres.*

Net sales consist primarily of revenues attributable to Vattenfall's service organisations such as Shared Services, IT and Vattenfall Insurance.

### KEY FIGURES – OTHER

Amounts in SEK million unless indicated otherwise	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
Net sales	1 353	1 233	5 255	5 375
External net sales	26	57	201	170
Underlying operating profit before depreciation, amortisation and impairment losses	- 163	- 172	- 1 095	- 1 086
Underlying operating profit	- 361	- 281	- 1 528	- 1 608
Number of employees, full-time equivalents	2 716	2 855	2 710	



# Consolidated income statement

Amounts in SEK million	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
Net sales	49 552	43 860 <sup>6</sup>	154 547 <sup>6</sup>	160 239
Cost of purchases	- 27 720	- 24 665 <sup>6</sup>	- 82 919 <sup>6</sup>	- 85 974
Other external expenses	- 4 801	- 3 590	- 19 375	- 20 586
Personnel expenses	- 5 116	- 4 902	- 19 157	- 19 371
Other operating incomes and expenses, net	439	- 54	925	1 418
Participations in the results of associated companies	233	289	320	264
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>12 587</b>	<b>10 938</b>	<b>34 341</b>	<b>35 990</b>
Depreciation, amortisation and impairments	- 4 419	- 3 963	- 16 722	- 17 178
<b>Operating profit (EBIT)<sup>1</sup></b>	<b>8 168</b>	<b>6 975</b>	<b>17 619</b>	<b>18 812</b>
Financial income <sup>2,5</sup>	1 258	206	2 887	3 939
Financial expenses <sup>3,4,5</sup>	- 1 565	- 1 902	- 6 503	- 6 166
<b>Profit before income taxes</b>	<b>7 861</b>	<b>5 279</b>	<b>14 003</b>	<b>16 585</b>
Income taxes expense	- 1 441	- 1 121	- 1 996	- 2 316
<b>Profit for the period</b>	<b>6 420</b>	<b>4 158</b>	<b>12 007</b>	<b>14 269</b>
Attributable to owner of the Parent Company	6 055	3 691	10 157	12 521
Attributable to non-controlling interests	365	467	1 850	1 748
<b>Supplementary information</b>				
Underlying operating profit before depreciation, amortisation and impairment losses	14 092	13 322	36 469	37 239
Underlying operating profit	9 673	9 359	19 883	20 197
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	- 763	- 1 305	- 3 407	- 2 865
1) Including items affecting comparability	- 1 505	- 2 384	- 2 264	- 1 385
- of which, capital gains	393	18	1 067	1 442
- of which, capital losses	- 6	- 68	- 111	- 49
- of which, impairment losses	—	—	- 136	- 136
- of which, provisions	—	—	- 1 649	- 1 649
- of which, unrealised changes in the fair value of energy derivatives	- 870	- 1 798	- 156	772
- of which, unrealised changes in the fair value of inventories	- 682	- 321	61	- 300
- of which, restructuring costs	- 101	- 47	- 554	- 608
- of which, other non-recurring items affecting comparability	- 239	- 168	- 786	- 857
2) Including return from the Swedish Nuclear Waste Fund	1 022	176	2 030	2 876
3) Including interest components related to pension costs	- 221	- 208	- 844	- 857
4) Including discounting effects attributable to provisions	- 566	- 567	- 2 239	- 2 238
5) Items affecting comparability recognised as financial income and expenses, net	2	—	2 040	2 042
6) Due to changed presentation of transactions related to Renewable Obligation Certificates, Net sales and Cost of purchases for the comparative periods have been adjusted, with no effect on EBITDA.				

# Consolidated statement of comprehensive income

Amounts in SEK million	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
<b>Profit for the period</b>	<b>6 420</b>	<b>4 158</b>	<b>12 007</b>	<b>14 269</b>
<b>Other comprehensive income</b>				
<b>Items that will be reclassified to profit or loss when specific conditions are met</b>				
Cash flow hedges - changes in fair value	- 2 107	- 423	7 776	6 092
Cash flow hedges - dissolved against income statement	- 1 107	- 346	- 6 066	- 6 827
Cash flow hedges - transferred to cost of hedged item	- 17	19	3	- 33
Hedging of net investments in foreign operations	- 963	- 2 463	- 2 177	- 677
Translation differences, divested companies	—	2	2	—
Translation differences	2 047	4 899	4 193	1 341
Income taxes related to items that will be reclassified	1 231	646	- 237	348
<b>Total items that will be reclassified to profit or loss when specific conditions are met</b>	<b>- 916</b>	<b>2 334</b>	<b>3 494</b>	<b>244</b>
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurement pertaining to defined benefit obligations	—	—	- 415	- 415
Income taxes related to items that will not be reclassified	—	—	- 5	- 5
<b>Total items that will not be reclassified to profit or loss</b>	<b>—</b>	<b>—</b>	<b>- 420</b>	<b>- 420</b>
<b>Total other comprehensive income, net after income taxes</b>	<b>- 916</b>	<b>2 334</b>	<b>3 074</b>	<b>- 176</b>
<b>Total comprehensive income for the period</b>	<b>5 504</b>	<b>6 492</b>	<b>15 081</b>	<b>14 093</b>
Attributable to owner of the Parent Company	4 926	5 502	12 821	12 245
Attributable to non-controlling interests	578	990	2 260	1 848

# Operating segments, Vattenfall Group

Amounts in SEK million	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
<b>External net sales</b>				
Customers & Solutions	25 864	23 863	78 883	80 884
Power Generation	11 207	7 908	36 064	39 363
Wind	1 839	1 546 <sup>2</sup>	5 726 <sup>2</sup>	6 019
Heat	5 706	5 370	15 828	16 164
Distribution	4 910	5 116	17 845	17 639
- of which, Distribution Germany	1 475	1 606	6 265	6 134
- of which, Distribution Sweden	3 402	3 486	11 462	11 378
Other <sup>1</sup>	26	57	201	170
<b>Total</b>	<b>49 552</b>	<b>43 860 <sup>2</sup></b>	<b>154 547 <sup>2</sup></b>	<b>160 239</b>
<b>Internal net sales</b>				
Customers & Solutions	823	567	2 435	2 691
Power Generation	23 272	18 978	63 906	68 200
Wind	1 818	1 417 <sup>2</sup>	6 126 <sup>2</sup>	6 527
Heat	4 831	4 284	18 142	18 689
Distribution	1 222	1 158	4 529	4 593
- of which, Distribution Germany	1 104	1 031	4 053	4 126
- of which, Distribution Sweden	129	130	493	492
Other <sup>1</sup>	1 327	1 176	5 054	5 205
<b>Eliminations</b>	<b>- 33 293</b>	<b>- 27 580 <sup>2</sup></b>	<b>- 100 192 <sup>2</sup></b>	<b>- 105 905</b>
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total net sales</b>				
Customers & Solutions	26 687	24 430	81 318	83 575
Power Generation	34 479	26 886	99 970	107 563
Wind	3 657	2 963	11 852	12 546
Heat	10 537	9 654	33 970	34 853
Distribution	6 132	6 274	22 374	22 232
- of which, Distribution Germany	2 579	2 637	10 318	10 260
- of which, Distribution Sweden	3 531	3 616	11 955	11 870
Other <sup>1</sup>	1 353	1 233	5 255	5 375
<b>Eliminations</b>	<b>- 33 293</b>	<b>- 27 580 <sup>2</sup></b>	<b>- 100 192 <sup>2</sup></b>	<b>- 105 905</b>
<b>Total</b>	<b>49 552</b>	<b>43 860 <sup>2</sup></b>	<b>154 547 <sup>2</sup></b>	<b>160 239</b>

Amounts in SEK million	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
<b><u>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</u></b>				
Customers & Solutions	793	1 318	2 650	2 125
Power Generation	4 485	2 350	10 170	12 305
Wind	2 738	2 143	8 277	8 872
Heat	2 389	2 406	4 071	4 054
Distribution	2 050	3 018	9 260	8 292
- of which, Distribution Germany	608	550	1 923	1 981
- of which, Distribution Sweden	1 423	2 456	7 299	6 266
Other <sup>1</sup>	216	- 227	- 90	353
Eliminations	- 84	- 70	3	- 11
<b>Total</b>	<b>12 587</b>	<b>10 938</b>	<b>34 341</b>	<b>35 990</b>
<b><u>Underlying operating profit before depreciation, amortisation and impairment losses</u></b>				
Customers & Solutions	783	1 331	2 663	2 115
Power Generation	6 364	4 650	12 830	14 544
Wind	2 741	2 145	8 328	8 924
Heat	2 400	2 416	4 448	4 432
Distribution	2 051	3 022	9 292	8 321
- of which, Distribution Germany	611	554	1 957	2 014
- of which, Distribution Sweden	1 421	2 456	7 297	6 262
Other <sup>1</sup>	- 163	- 172	- 1 095	- 1 086
Eliminations	- 84	- 70	3	- 11
<b>Total</b>	<b>14 092</b>	<b>13 322</b>	<b>36 469</b>	<b>37 239</b>

Amounts in SEK million	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
<b><u>Operating profit (EBIT)</u></b>				
Customers & Solutions	406	996	1 139	549
Power Generation	3 559	1 518	6 711	8 752
Wind	1 483	1 039	3 681	4 125
Heat	1 519	1 547	393	365
Distribution	1 266	2 281	6 218	5 203
- of which, Distribution Germany	357	320	950	987
- of which, Distribution Sweden	896	1 957	5 257	4 196
Other <sup>1</sup>	19	- 336	- 526	- 171
Eliminations	- 84	- 70	3	- 11
<b>Operating profit (EBIT)</b>	<b>8 168</b>	<b>6 975</b>	<b>17 619</b>	<b>18 812</b>
Operating profit (EBIT)	8 168	6 975	17 619	18 812
Financial income and expenses	- 307	- 1 696	- 3 616	- 2 227
<b>Profit before tax</b>	<b>7 861</b>	<b>5 279</b>	<b>14 003</b>	<b>16 585</b>
<b><u>Underlying operating profit</u></b>				
Customers & Solutions	397	1 009	1 269	657
Power Generation	5 438	3 817	9 371	10 992
Wind	1 486	1 041	3 747	4 192
Heat	1 530	1 557	771	744
Distribution	1 267	2 286	6 250	5 231
- of which, Distribution Germany	360	324	985	1 021
- of which, Distribution Sweden	895	1 957	5 254	4 192
Other <sup>1</sup>	- 361	- 281	- 1 528	- 1 608
Eliminations	- 84	- 70	3	- 11
<b>Underlying operating profit</b>	<b>9 673</b>	<b>9 359</b>	<b>19 883</b>	<b>20 197</b>

1) "Other" pertains mainly to all Staff functions, including Treasury and Shared Service Centres.

2) Due to changed presentation of transactions related to Renewable Obligation Certificates, Net sales and Cost of purchases for the comparative periods have been adjusted, with no effect on EBITDA.



# Consolidated balance sheet

Amounts in SEK million	31 Mar 2019	31 Mar 2018	31 Dec 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets: non-current	19 029	18 942	18 082
Property, plant and equipment	246 251	232 125	238 801
Participations in associated companies and joint arrangements	5 480	5 201	5 429
Other shares and participations	340	153	331
Share in the Swedish Nuclear Waste Fund	43 406	39 147	42 038
Derivative assets	10 643	10 935	13 951
Prepaid expenses	28	26	28
Deferred tax assets	12 335	13 384	11 719
Contract assets	76	95	44
Other non-current receivables	5 981	3 663	5 538
<b>Total non-current assets</b>	<b>343 569</b>	<b>323 671</b>	<b>335 961</b>
<b>Current assets</b>			
Inventories	12 952	12 217	13 647
Intangible assets: current	3 841	1 674	710
Trade receivables and other receivables	28 980	29 360	26 003
Contract assets	225	158	170
Advance payments paid	4 129	2 480	2 926
Derivative assets	12 898	12 865	23 955
Prepaid expenses and accrued income	10 854	11 121	8 427
Current tax assets	1 624	1 061	2 425
Short-term investments	14 555	18 078	22 977
Cash and cash equivalents	12 233	14 414	17 094
Assets held for sale	8 661	—	8 313
<b>Total current assets</b>	<b>110 952</b>	<b>103 428</b>	<b>126 647</b>
<b>Total assets</b>	<b>454 521</b>	<b>427 099</b>	<b>462 608</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Attributable to owner of the Parent Company	93 022	82 587	88 096
Attributable to non-controlling interests	15 591	15 228	15 501
<b>Total equity</b>	<b>108 613</b>	<b>97 815</b>	<b>103 597</b>
<b>Non-current liabilities</b>			
Hybrid Capital	20 096	19 615	19 832
Other interest-bearing liabilities	48 980	48 968	43 981
Pension provisions	40 037	43 276	39 686
Other interest-bearing provisions	94 320	87 056	93 222
Derivative liabilities	10 249	12 541	14 042
Deferred tax liabilities	14 725	14 979	15 119
Contract liabilities	6 937	6 621	6 883
Other noninterest-bearing liabilities	2 304	2 485	2 305
<b>Total non-current liabilities</b>	<b>237 648</b>	<b>235 541</b>	<b>235 070</b>
<b>Current liabilities</b>			
Trade payables and other liabilities	27 981	24 473	29 482
Contract liabilities	882	1 063	1 052
Advance payments received	5 239	2 284	15 293
Derivative liabilities	19 705	18 662	27 245
Accrued expenses and deferred income	14 701	13 245	16 485
Current tax liabilities	678	858	850
Other interest-bearing liabilities	30 533	28 914	24 462
Interest-bearing provisions	3 756	4 244	3 734
Liabilities associated with assets held for sale	4 785	—	5 338
<b>Total current liabilities</b>	<b>108 260</b>	<b>93 743</b>	<b>123 941</b>
<b>Total equity and liabilities</b>	<b>454 521</b>	<b>427 099</b>	<b>462 608</b>

## SUPPLEMENTARY INFORMATION

Amounts in SEK million	31 Mar 2019	31 Mar 2018	31 Dec 2018
<b>Calculation of capital employed</b>			
Intangible assets: current and non-current	22 870	20 616	18 792
Property, plant and equipment	246 251	232 125	238 801
Participations in associated companies and joint arrangements	5 480	5 201	5 429
Deferred and current tax assets	13 959	14 445	14 144
Non-current noninterest-bearing receivables	3 662	2 546	3 657
Contract assets	301	253	214
Inventories	12 952	12 217	13 647
Trade receivables and other receivables	28 980	29 360	26 003
Prepaid expenses and accrued income	10 854	11 121	8 427
Unavailable liquidity	5 280	7 302	5 596
Other	433	300	624
<b>Total assets excl. financial assets</b>	<b>351 022</b>	<b>335 486</b>	<b>335 334</b>
Deferred and current tax liabilities	- 15 403	- 15 837	- 15 969
Other noninterest-bearing liabilities	- 2 304	- 2 485	- 2 305
Contract liabilities	- 7 819	- 7 684	- 7 935
Trade payable and other liabilities	- 27 981	- 24 473	- 29 482
Accrued expenses and deferred income	- 14 701	- 13 245	- 16 485
<b>Total noninterest-bearing liabilities</b>	<b>- 68 208</b>	<b>- 63 724</b>	<b>- 72 176</b>
Other interest-bearing provisions not related to adjusted net debt <sup>1</sup>	- 12 278	- 11 841	- 11 589
<b>Capital employed<sup>2</sup></b>	<b>270 536</b>	<b>259 921</b>	<b>251 569</b>
<b>Capital employed, average</b>	<b>265 229</b>	<b>247 497</b>	<b>250 283</b>
<b>Calculation of net debt</b>			
Hybrid Capital	- 20 096	- 19 615	- 19 832
Bond issues, commercial paper and liabilities to credit institutions	- 52 827	- 56 995	- 50 303
Present value of liabilities pertaining to acquisitions of Group companies	- 51	- 161	- 51
Liabilities to associated companies	- 638	- 677	- 504
Liabilities to owners of non-controlling interests	- 10 490	- 10 413	- 10 406
Other liabilities	- 15 507	- 9 636	- 7 179
<b>Total interest-bearing liabilities</b>	<b>- 99 609</b>	<b>- 97 497</b>	<b>- 88 275</b>
Cash and cash equivalents	12 233	14 414	17 094
Short-term investments	14 555	18 078	22 977
Loans to owners of non-controlling interests in foreign Group companies	282	652	476
<b>Net debt<sup>2</sup></b>	<b>- 72 539</b>	<b>- 64 353</b>	<b>- 47 728</b>
<b>Calculation of adjusted gross debt and net debt</b>			
Total interest-bearing liabilities	- 99 609	- 97 497	- 88 275
50% of Hybrid Capital <sup>3</sup>	10 048	9 808	9 916
Present value of pension obligations	- 40 037	- 43 276	- 39 686
Provisions for gas and wind operations and other environment-related provisions	- 7 879	- 6 793	- 7 656
Provisions for nuclear power (net) <sup>4</sup>	- 30 859	- 30 804	- 31 920
Margin calls received	3 833	3 277	3 370
Liabilities to owners of non-controlling interests due to consortium agreements	9 279	9 195	9 195
Adjustment related to assets/liabilities held for sale	- 668	—	- 1 743
<b>Adjusted gross debt</b>	<b>- 155 892</b>	<b>- 156 090</b>	<b>- 146 799</b>
Reported cash and cash equivalents and short-term investments	26 788	32 492	40 071
Unavailable liquidity	- 5 280	- 7 302	- 5 596
<b>Adjusted cash and cash equivalents and short-term investments</b>	<b>21 508</b>	<b>25 190</b>	<b>34 475</b>
<b>Adjusted net debt<sup>2</sup></b>	<b>- 134 384</b>	<b>- 130 900</b>	<b>- 112 324</b>

1) Includes personnel-related provisions for non-pension purposes, provisions for tax and legal disputes and certain other provisions.

2) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

3) 50% of Hybrid Capital is treated as equity by the rating agencies, which thereby reduces adjusted net debt.

4) The calculation is based on Vattenfall's share of ownership in the respective nuclear power plants, less Vattenfall's share in the Swedish Nuclear Waste Fund and liabilities to associated companies. Vattenfall has the following ownership interests in the respective plants: Forsmark 66%, Ringhals 70.4%, Brokdorf 20%, Brunsbüttel 66.7%, Krümmel 50% and Stade 33.3%. (According to a special agreement, Vattenfall is responsible for 100% of the provisions for Ringhals.)

# Consolidated statement of cash flows

Amounts in SEK million	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
<b>Operating activities</b>				
Operating profit before depreciation, amortisation and impairment losses	12 587	10 938	34 341	35 990
Tax paid	- 681	- 1 700	- 3 698	- 2 679
Capital gains/losses, net	- 387	50	- 956	- 1 393
Interest received	81	68	343	356
Interest paid	- 1 428	- 1 334	- 3 046	- 3 140
Other, incl. non-cash items	- 383	736	- 3 709	- 4 828
<b>Funds from operations (FFO)</b>	<b>9 789</b>	<b>8 758</b>	<b>23 275</b>	<b>24 306</b>
Changes in inventories	272	2 642	1 549	- 821
Changes in operating receivables	- 8 335	- 6 367	- 790	- 2 758
Changes in operating liabilities	- 916	89	8 128	7 123
Other changes	- 11 775	- 3 863	8 892	980
<b>Cash flow from changes in operating assets and operating liabilities</b>	<b>- 20 754</b>	<b>- 7 499</b>	<b>17 779</b>	<b>4 524</b>
<b>Cash flow from operating activities</b>	<b>- 10 965</b>	<b>1 259</b>	<b>41 054</b>	<b>28 830</b>
<b>Investing activities</b>				
Acquisitions in Group companies	- 764	- 8	- 31	- 787
Investments in associated companies and other shares and participations	122	276	254	100
Other investments in non-current assets	- 6 114	- 3 552	- 22 136	- 24 698
<b>Total investments</b>	<b>- 6 756</b>	<b>- 3 284</b>	<b>- 21 913</b>	<b>- 25 385</b>
Divestments	568	79	1 569	2 058
Cash and cash equivalents in acquired companies	147	—	5	152
Cash and cash equivalents in divested companies	—	- 1	- 43	- 42
<b>Cash flow from investing activities</b>	<b>- 6 041</b>	<b>- 3 206</b>	<b>- 20 382</b>	<b>- 23 217</b>
<b>Cash flow before financing activities</b>	<b>- 17 006</b>	<b>- 1 947</b>	<b>20 672</b>	<b>5 613</b>
<b>Financing activities</b>				
Changes in short-term investments	8 718	525	- 4 523	3 670
Changes in loans to owners of non-controlling interests in foreign Group companies	200	378	562	384
Loans raised <sup>1</sup>	10 887	8 951	8 720	10 656
Amortisation of other debt	- 7 068	- 1 901	- 9 562	- 14 729
Effect of early termination of swaps related to financing activities	228	68	- 122	38
Dividends paid to owners	—	- 77	- 3 299	- 3 222
Contribution/repaid contribution from owners of non-controlling interests	- 488	- 494	- 1 260	- 1 254
<b>Cash flow from financing activities</b>	<b>12 477</b>	<b>7 450</b>	<b>- 9 484</b>	<b>- 4 457</b>
<b>Cash flow for the period</b>	<b>- 4 529</b>	<b>5 503</b>	<b>11 188</b>	<b>1 156</b>

Amounts in SEK million	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
<b>Cash and cash equivalents</b>				
Cash and cash equivalents at start of period	17 094	8 805	8 805	14 414
Cash and cash equivalents included in assets held for sale	- 369	—	- 2 992	- 3 361
Cash flow for the period	- 4 529	5 503	11 188	1 156
Translation differences	37	106	93	24
<b>Cash and cash equivalents at end of period</b>	<b>12 233</b>	<b>14 414</b>	<b>17 094</b>	<b>12 233</b>

## SUPPLEMENTARY INFORMATION

Amounts in SEK million	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
<b>Cash flow before financing activities</b>	<b>- 17 006</b>	<b>- 1 947</b>	<b>20 672</b>	<b>5 613</b>
<b>Financing activities</b>				
Effects from terminating swaps related to financing activities	228	68	- 122	38
Dividends paid to owners	—	- 77	- 3 299	- 3 222
Contribution from owners of non-controlling interests	- 488	- 494	- 1 260	- 1 254
<b>Cash flow after dividend</b>	<b>- 17 266</b>	<b>- 2 450</b>	<b>15 991</b>	<b>1 175</b>
<b>Analysis of change in net debt</b>				
Net debt at start of period	- 47 728	- 59 260	- 59 260	- 64 353
Change accounting principles	- 4 609	—	—	- 4 609
Cash flow after dividend	- 17 266	- 2 450	15 991	1 175
Changes as a result of valuation at fair value	- 244	126	387	17
Changes in interest-bearing liabilities for leasing	- 56	—	—	- 56
Interest-bearing liabilities/short-term investments acquired/divested	- 2	—	—	- 2
Cash and cash equivalents included in assets held for sale	- 369	—	- 2 992	- 3 361
Interest-bearing liabilities associated with assets held for sale	- 792	—	781	- 11
Translation differences on net debt	- 1 473	- 2 769	- 2 635	- 1 339
<b>Net debt at end of period</b>	<b>- 72 539</b>	<b>- 64 353</b>	<b>- 47 728</b>	<b>- 72 539</b>
Cash flow from operating activities	- 10 965	1 259	41 054	28 830
Maintenance investments	- 3 956	- 2 424	- 13 479	- 15 011
<b>Free cash flow<sup>2</sup></b>	<b>- 14 921</b>	<b>- 1 165</b>	<b>27 575</b>	<b>13 819</b>

- 1) Short-term borrowings in which the duration is three months or shorter are reported net.  
2) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.



## INVESTMENTS

Amounts in SEK million	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
<b>Electricity generation</b>				
Hydro power	167	170	1 109	1 106
Nuclear power	564	467	2 389	2 486
Coal power	7	10	305	302
Gas	11	184	259	86
Wind power and solar PV	1 482	722	7 902	8 662
Biomass, waste	79	8	112	183
<b>Total electricity generation</b>	<b>2 310</b>	<b>1 561</b>	<b>12 076</b>	<b>12 825</b>
<b>CHP/heat</b>				
Fossil-based power	326	452	3 028	2 902
Biomass, waste	17	24	148	141
Other	345	174	1 776	1 947
<b>Total CHP/heat</b>	<b>688</b>	<b>650</b>	<b>4 952</b>	<b>4 990</b>
<b>Electricity networks</b>				
Electricity networks	1 045	1 079	6 449	6 415
<b>Total electricity networks</b>	<b>1 045</b>	<b>1 079</b>	<b>6 449</b>	<b>6 415</b>
Purchases of shares, shareholder contributions	642	- 268	- 223	687
Other	314	123	1 267	1 458
<b>Total investments</b>	<b>4 999</b>	<b>3 145</b>	<b>24 521</b>	<b>26 375</b>
Accrued investments, unpaid invoices (-)/ release of accrued investments (+)	1 757	139	- 2 608	- 990
<b>Total investments with cash flow effect</b>	<b>6 756</b>	<b>3 284</b>	<b>21 913</b>	<b>25 385</b>

# Consolidated statement of changes in equity

Amounts in SEK million	31 Mar 2019			31 Mar 2018			31 Dec 2018		
	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity
<b>Balance brought forward</b>	<b>88 096</b>	<b>15 501</b>	<b>103 597</b>	<b>77 085</b>	<b>15 247</b>	<b>92 332</b>	<b>77 085</b>	<b>15 247</b>	<b>92 332</b>
<b>Profit for the period</b>	<b>6 055</b>	<b>365</b>	<b>6 420</b>	<b>3 691</b>	<b>467</b>	<b>4 158</b>	<b>10 157</b>	<b>1 850</b>	<b>12 007</b>
Cash flow hedges - changes in fair value	- 2 112	5	- 2 107	- 423	—	- 423	7 776	—	7 776
Cash flow hedges - dissolved against income statement	- 1 107	—	- 1 107	- 351	5	- 346	- 6 074	8	- 6 066
Cash flow hedges - transferred to cost of hedged item	- 17	—	- 17	19	—	19	3	—	3
Hedging of net investments in foreign operations	- 963	—	- 963	- 2 463	—	- 2 463	- 2 177	—	- 2 177
Translation differences, divested companies	—	—	—	2	—	2	2	—	2
Translation differences	1 838	209	2 047	4 380	519	4 899	3 707	486	4 193
Remeasurement pertaining to defined benefit obligations	—	—	—	—	—	—	- 310	- 105	- 415
Income taxes related to other comprehensive income	1 232	- 1	1 231	647	- 1	646	- 263	21	- 242
<b>Total other comprehensive income for the period</b>	<b>- 1 129</b>	<b>213</b>	<b>- 916</b>	<b>1 811</b>	<b>523</b>	<b>2 334</b>	<b>2 664</b>	<b>410</b>	<b>3 074</b>
<b>Total comprehensive income for the period</b>	<b>4 926</b>	<b>578</b>	<b>5 504</b>	<b>5 502</b>	<b>990</b>	<b>6 492</b>	<b>12 821</b>	<b>2 260</b>	<b>15 081</b>
Dividends paid to owners	—	—	—	—	- 515	- 515	- 2 000	- 1 299	- 3 299
Group contributions from(+)/to(-) owners of non-controlling interests	—	—	—	—	—	—	—	743	743
Contribution to/from minority interest	—	- 488	- 488	—	- 494	- 494	—	- 1 260	- 1 260
Other changes	—	—	—	—	—	—	190	- 190	—
<b>Total transactions with equity holders</b>	<b>—</b>	<b>- 488</b>	<b>- 488</b>	<b>—</b>	<b>- 1 009</b>	<b>- 1 009</b>	<b>- 1 810</b>	<b>- 2 006</b>	<b>- 3 816</b>
<b>Balance carried forward</b>	<b>93 022</b>	<b>15 591</b>	<b>108 613</b>	<b>82 587</b>	<b>15 228</b>	<b>97 815</b>	<b>88 096</b>	<b>15 501</b>	<b>103 597</b>
- Of which, Reserve for hedges	- 1 760	39	- 1 721	- 1 190	33	- 1 157	450	35	485

# Key ratios, Vattenfall Group

In % unless otherwise stated. (x) means times <sup>1</sup>	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
Operating margin	16.5	15.9 <sup>4</sup>	11.4 <sup>4</sup>	11.7
Operating margin <sup>2</sup>	19.5	21.3 <sup>4</sup>	12.9 <sup>4</sup>	12.6
Pre-tax profit margin	15.9	12.0 <sup>4</sup>	9.1 <sup>4</sup>	10.4
Pre-tax profit margin <sup>2</sup>	18.9	17.5 <sup>4</sup>	9.2 <sup>4</sup>	9.9
Return on equity	14.2 <sup>3</sup>	11.2 <sup>3</sup>	11.9	14.2
Return on capital employed	7.1 <sup>3</sup>	7.8 <sup>3</sup>	7.0	7.1
Return on capital employed <sup>2</sup>	7.6 <sup>3</sup>	9.8 <sup>3</sup>	7.9	7.6
EBIT interest cover (x)	5.1 <sup>3</sup>	3.3 <sup>3</sup>	4.3	5.1
EBIT interest cover (x) <sup>2</sup>	5.4 <sup>3</sup>	4.0 <sup>3</sup>	4.9	5.4
FFO interest cover (x)	7.2 <sup>3</sup>	5.2 <sup>3</sup>	6.5	7.2
FFO interest cover, net (x)	9.5 <sup>3</sup>	6.4 <sup>3</sup>	7.8	9.5
Cash flow interest cover after maintenance investments (x)	5.5 <sup>3</sup>	3.8 <sup>3</sup>	9.1	5.5
FFO/gross debt	24.4 <sup>3</sup>	27.8 <sup>3</sup>	26.4	24.4
FFO/net debt	33.5 <sup>3</sup>	42.1 <sup>3</sup>	48.8	33.5
FFO/adjusted net debt	18.1 <sup>3</sup>	20.7 <sup>3</sup>	20.7	18.1
EBITDA/net financial items (x)	16.5	8.4	10.1	12.6
EBITDA/net financial items (x) <sup>2</sup>	18.5	10.2	10.7	13.0
Equity/Total assets	23.9	22.9	22.4	23.9
Gross debt/equity	91.7	99.7	85.2	91.7
Net debt/equity	66.8	65.8	46.1	66.8
Gross debt/gross debt plus equity	47.8	49.9	46.0	47.8
Net debt/net debt plus equity	40.0	39.7	31.5	40.0
Net debt/EBITDA (x)	2.0 <sup>3</sup>	1.8 <sup>3</sup>	1.4	2.0
Adjusted net debt/EBITDA (x)	3.7 <sup>3</sup>	3.7 <sup>3</sup>	3.3	3.7

1) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

2) Based on Underlying operating profit.

3) Last 12-month values.

4) The key ratio has been adjusted compared with information previously published in Vattenfall's financial report, due to changed presentation of transactions related to Renewable Obligation Certificates. Net sales and Cost of purchases have been adjusted, with no effect on EBITDA.

# Quarterly information, Vattenfall Group

Amounts in SEK million	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
<b>Income statement</b>					
Net sales	49 552	47 476 <sup>1</sup>	32 035 <sup>1</sup>	31 176 <sup>1</sup>	43 860 <sup>1</sup>
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	12 587	8 662	7 854	6 888	10 938
Underlying Operating profit before depreciation, amortisation and impairment losses	14 092	8 964	6 301	7 883	13 322
Operating profit (EBIT)	8 168	4 189	3 680	2 775	6 975
Underlying operating profit	9 673	4 627	2 127	3 770	9 359
Profit before income taxes	7 861	3 042	2 181	3 500	5 279
Profit for the period	6 420	3 100	1 782	2 967	4 158
- of which, attributable to owner of the Parent Company	6 055	2 421	1 668	2 377	3 691
- of which, attributable to non-controlling interests	365	679	114	590	467
<b>Balance sheet</b>					
Non-current assets	343 569	335 961	338 105	333 706	323 689
Short-term investments	14 555	22 977	21 466	19 787	18 078
Cash and cash equivalents	12 233	17 094	19 720	15 662	14 414
Other current assets	84 164	86 576	84 566	76 135	70 918
<b>Total assets</b>	<b>454 521</b>	<b>462 608</b>	<b>463 857</b>	<b>445 290</b>	<b>427 099</b>
Equity	108 613	103 597	104 213	99 194	97 815
- of which, attributable to owner of the Parent Company	93 022	88 096	89 085	83 812	82 587
- of which, attributable to non-controlling interests	15 591	15 501	15 128	15 382	15 228
Hybrid Capital	20 096	19 832	19 865	20 033	19 615
Other interest-bearing liabilities	79 513	68 443	64 317	73 799	77 882
Pension provisions	40 037	39 686	43 208	43 704	43 276
Other interest-bearing provisions	98 076	96 956	93 967	94 615	91 300
Contract liabilities	7 819	7 935	7 883	7 814	7 684
Deferred tax liabilities	14 725	15 119	16 483	14 568	14 979
Other noninterest-bearing liabilities	85 642	111 040	113 921	91 563	74 548
<b>Total equity and liabilities</b>	<b>454 521</b>	<b>462 608</b>	<b>463 857</b>	<b>445 290</b>	<b>427 099</b>
Capital employed	270 536	251 569	254 745	262 392	259 921
Net debt	- 72 539	- 47 728	- 42 384	- 57 754	- 64 353
<b>Cash flow</b>					
Funds from operations (FFO)	9 789	7 265	3 246	4 006	8 758
Cash flow from changes in operating assets and operating liabilities	- 20 754	- 1 501	15 570	11 209	- 7 499
Cash flow from operating activities	- 10 965	5 764	18 816	15 215	1 259
Cash flow from investing activities	- 6 041	- 8 425	- 3 961	- 4 790	- 3 206
Cash flow before financing activities	- 17 006	- 2 661	14 855	10 425	- 1 947
Changes in short-term investments	8 718	- 1 667	- 1 943	- 1 438	525
Loans raised/Amortisation of debt, net, etc.	3 759	4 758	- 8 589	- 4 835	7 002
Dividends paid to owners	—	- 50	- 222	- 2 949	- 77
Cash flow from financing activities	12 477	3 041	- 10 754	- 9 222	7 450
<b>Cash flow for the period</b>	<b>- 4 529</b>	<b>380</b>	<b>4 101</b>	<b>1 203</b>	<b>5 503</b>
<b>Free cash flow</b>	<b>- 14 921</b>	<b>766</b>	<b>15 973</b>	<b>12 002</b>	<b>- 1 165</b>

1) Due to changed presentation of transactions related to Renewable Obligation Certificates, Net sales and Cost of purchases for the comparative periods have been adjusted, with no effect on EBITDA.



In % unless otherwise stated. (x) means times <sup>1</sup>	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
<b>Key ratios</b>					
Return on equity <sup>1</sup>	14.2	11.9	12.4	11.5	11.2
Return on capital employed <sup>2</sup>	7.1	7.0	7.9	7.1	7.8
Return on capital employed <sup>2,3</sup>	7.6	7.9	9.2	9.2	9.8
EBIT interest cover (x) <sup>2</sup>	5.1	4.3	3.4	3.0	3.3
EBIT interest cover (x) <sup>2,3</sup>	5.4	4.9	3.9	3.9	4.0
FFO/gross debt <sup>2</sup>	24.4	26.4	26.8	25.9	27.8
FFO/net debt <sup>2</sup>	33.5	48.8	53.2	42.1	42.1
FFO/adjusted net debt <sup>2</sup>	18.1	20.7	20.6	19.4	20.7
Equity/assets ratio	23.9	22.4	22.5	22.3	22.9
Gross debt/equity	91.7	85.2	80.8	94.6	99.7
Net debt/equity	66.8	46.1	40.7	58.2	65.8
Net debt/net debt plus equity	40.0	31.5	28.9	36.8	39.7
Net debt/EBITDA (x) <sup>2</sup>	2.0	1.4	1.2	1.7	1.8
Adjusted net debt/EBITDA (x) <sup>2</sup>	3.7	3.3	3.1	3.7	3.7

1) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

2) Last 12-month values.

3) Based on Underlying operating profit.

## NOTE 1 | Accounting policies, risks and uncertainties

### Accounting policies

The consolidated accounts for 2019 have been prepared, as for the 2018 year-end accounts, in accordance with International Financial Reporting Standards (IFRS) as endorsed by 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 2018 Annual and Sustainability Report in Note 3 to the consolidated accounts, Accounting policies. As described, IFRS 16 “Leases” will affect the Vattenfall Group's financial statements. Other amended IFRSs endorsed by the EU for application in the 2019 financial year have no significant effect on Vattenfall's financial statements.

### Impact of IFRS 16 on the Vattenfall's Group's financial statements

Implementation of IFRS 16 entails an increase of the Group's property, plant and equipment and interest-bearing liabilities by SEK 4.6 billion as per 1 January 2019. IFRS 16 has no effect on equity. Vattenfall has transitioned to the new leasing standard by applying the modified retrospective approach, and therefore the 2018 financial statements were not restated.

Lease liabilities as per 1 January 2019 amounted to SEK 5.2 billion. The difference between the operating lease commitment as per 31 December 2018 according to IAS 17 and lease liabilities as per 1 January 2019 according to IFRS 16 is shown below:

Operating lease commitment as per 31 December 2018	5,830
Recognition exemption for short-term leases and leases of low-value assets	-202
Effect of discounting operating lease commitment	-1,019
<b>Lease liabilities as a result of IFRS 16 implementation</b>	<b>4,609</b>
Finance lease liabilities recognised as per 31 December 2018	601
<b>Lease liabilities as per 1 January 2019</b>	<b>5,210</b>

### Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2018 Annual and Sustainability Report, pages 62-69. Apart from the information provided under “Important events” in this report and under “Important events” in previously published interim reports in 2019, no other material changes have taken place since publication of Vattenfall's 2018 Annual and Sustainability Report.

### Other

Significant related-party transactions are described in Note 44 to the consolidated accounts in Vattenfall's 2018 Annual and Sustainability Report. No material changes have taken place in relations or transactions with related parties compared with the description in Vattenfall's 2018 Annual and Sustainability Report.

## NOTE 2 | Exchange rates

### KEY EXCHANGE RATES APPLIED IN THE ACCOUNTS OF THE VATTENFALL GROUP

	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
<b>Average rate</b>			
EUR	10.3775	9.9962	10.2591
DKK	1.3902	1.3424	1.3765
GBP	11.9094	11.3430	11.5785
USD	9.1061	8.1641	8.6988
	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>	<b>31 Dec 2018</b>
<b>Balance sheet date rate</b>			
EUR	10.3980	10.2843	10.2548
DKK	1.3929	1.3799	1.3733
GBP	12.1147	11.7548	11.4639
USD	9.2550	8.3470	8.9562

## NOTE 3 | Financial instruments by measurement category and related effects on income

### FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY: CARRYING AMOUNT AND FAIR VALUE

Amounts in SEK million	31 Mar 2019		31 Dec 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through profit or loss	84 287	84 287	108 776	108 776
Financial assets at amortised cost	46 066	46 105	42 276	42 304
Financial liabilities at fair value through profit or loss	29 954	29 954	41 287	41 287
Financial liabilities at amortised cost	120 389	126 054	125 322	130 526

For assets and liabilities with a remaining maturity 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 the fair value is approximated by using cost.

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, currency-forward contracts and interest rate swaps.

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

### FINANCIAL ASSETS AND LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON THE BALANCE SHEET AT 31 MARCH 2019

Amounts in SEK million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Share in the Swedish Nuclear Waste Fund	43 406	—	—	43 406
Derivative assets	—	23 269	273	23 542
Short-term investments, cash equivalents and other shares and participations	13 107	4 232	—	17 339
<b>Total assets</b>	<b>56 513</b>	<b>27 501</b>	<b>273</b>	<b>84 287</b>
<b>Liabilities</b>				
Derivative liabilities	—	29 908	46	29 954
<b>Total liabilities</b>	<b>—</b>	<b>29 908</b>	<b>46</b>	<b>29 954</b>

### FINANCIAL ASSETS AND LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON THE BALANCE SHEET AT 31 DECEMBER 2018

Amounts in SEK million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Share in the Swedish Nuclear Waste Fund	42 038	—	—	42 038
Derivative assets	—	37 905	1	37 906
Short-term investments, cash equivalents and other shares and participations	15 471	13 361	—	28 832
<b>Total assets</b>	<b>57 509</b>	<b>51 266</b>	<b>1</b>	<b>108 776</b>
<b>Liabilities</b>				
Derivative liabilities	—	41 191	96	41 287
<b>Total liabilities</b>	<b>—</b>	<b>41 191</b>	<b>96</b>	<b>41 287</b>

### SENSITIVITY ANALYSIS FOR LEVEL 3 CONTRACTS

For the determination of fair value of financial instruments, Vattenfall strives to use valuation techniques that maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. Entity-specific estimates are based on internal valuation models that are subject to a defined process of validation, approval and monitoring. In the first step the model is designed by the business. The valuation model is then independently reviewed and approved by Vattenfall's risk organisation. If deemed necessary, adjustments are required and implemented. Vattenfall's risk organisation continuously monitors whether the application of the method is still appropriate. This is made by usage of several back-testing tools. In order

to reduce valuation risks, the application of the model can be restricted to a limited scope.

Vattenfall's Level 3 contracts consist of CDM, virtual gas storage contracts and gas swing contracts. For additional information please refer to Note 36 to the consolidated accounts, Financial instruments by category, offsetting of financial assets and liabilities, and financial instruments' effects on income, in Vattenfall's 2018 Annual and Sustainability Report. The accumulated net value of all level 3 contracts as per 31 March 2019 has been calculated at SEK 227 million (-31). A change of +/-5% would affect the total value by approximately SEK +/- 3 million (-/+1).

## FINANCIAL INSTRUMENTS: EFFECTS ON INCOME BY MEASUREMENT CATEGORY

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

Amounts in SEK million	31 Mar 2019			31 Dec 2018		
	Net gains/ losses <sup>1</sup>	Interest income	Interest expenses	Net gains/ losses <sup>1</sup>	Interest income	Interest expenses
Financial assets at fair value through profit or loss	- 748	1 101	- 210	- 5 866	2 077	56
Financial assets at amortised cost	2	—	—	33	—	—
Financial liabilities at fair value through profit or loss	67	5	—	- 131	106	—
Financial liabilities at amortised cost	- 334	—	- 541	- 377	—	- 3 246
<b>Total</b>	<b>- 1 013</b>	<b>1 106</b>	<b>- 751</b>	<b>- 6 341</b>	<b>2 183</b>	<b>- 3 190</b>

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

# 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 interim report are the same as those described in Vattenfall's 2018 Annual and Sustainability Report, Note 3 to the Parent Company accounts, Accounting policies. New accounting policies applicable from 1 January 2019 has had no significant effect on the Parent Company's financial statements. The Parent Company report leases in accordance with the exemption rule for IFRS 16 provided in RFR 2, which entails no change compared with the prior year.

## January – March 2019

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

- Net sales amounted to SEK 15,757 million (11,218).
- Profit before appropriations and income taxes was SEK 7,021 million (-1,178).
- Higher prices on electricity have had a positive effect on earnings. Earnings are also positively impacted by unrealized changes in fair value of energy derivatives. Lower financial expenses due to favorable exchange rate effects have also had a positive effect on earnings.

- The balance sheet total was SEK 268,050 million (263,330).
- Investments during the period amounted to SEK 255 million (138),
- Cash and cash equivalents, and short-term investments amounted to SEK 26,410 million (29,013).

## Presentation of Parent Company income statements

See Note 1 to the consolidated accounts, Accounting policies, Presentation of Consolidated income statements.

## Risks and uncertainties

See Note 1 to the consolidated accounts, Accounting policies, Risks and uncertainties

## Other

Significant related-party transactions are described in Note 44 to the consolidated accounts, Related party disclosures, in Vattenfall's 2018 Annual and Sustainability Report. No material changes have taken place in relations or transactions with related parties compared with the description in Vattenfall's 2018 Annual and Sustainability Report.

# Parent Company income statement

Amounts in SEK million	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
Net sales	15 757	11 218	42 450	46 989
Cost of purchases	- 6 383	- 8 390	- 34 751	- 32 744
Other external expenses	- 699	- 725	- 3 745	- 3 719
Personnel expenses	- 611	- 608	- 2 053	- 2 056
Other operating incomes and expenses, net	66	11	71	126
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>8 130</b>	<b>1 506</b>	<b>1 972</b>	<b>8 596</b>
Depreciation, amortisation and impairments	- 122	- 121	- 501	- 502
<b>Operating profit (EBIT)</b>	<b>8 008</b>	<b>1 385</b>	<b>1 471</b>	<b>8 094</b>
Result from participations in subsidiaries	—	—	3 389	3 389
Other financial income	425	411	1 403	1 417
Other financial expenses	- 1 412	- 2 974	- 4 863	- 3 301
<b>Profit before appropriations and income taxes</b>	<b>7 021</b>	<b>- 1 178</b>	<b>1 400</b>	<b>9 599</b>
Appropriations	713	373	919	1 259
<b>Profit before income taxes</b>	<b>7 734</b>	<b>- 805</b>	<b>2 319</b>	<b>10 858</b>
Income taxes	- 1 670	170	135	- 1 705
<b>Profit for the period</b>	<b>6 064</b>	<b>- 635</b>	<b>2 454</b>	<b>9 153</b>



# Parent Company balance sheet

Amounts in SEK million	31 Mar 2019	31 Mar 2018	31 Dec 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets: non-current	191	175	193
Property, plant and equipment	4 692	4 253	4 563
Shares and participations	149 792	149 971	149 779
Deferred tax assets	1 173	1 399	1 921
Other non-current receivables	64 525	59 387	63 366
<b>Total non-current assets</b>	<b>220 373</b>	<b>215 185</b>	<b>219 822</b>
<b>Current assets</b>			
Inventories	273	187	269
Intangible assets: current	530	495	337
Current receivables	20 464	17 677	17 949
Current tax assets	—	773	644
Short-term investments	13 706	17 201	22 129
Cash and cash equivalents	12 704	11 812	17 669
<b>Total current assets</b>	<b>47 677</b>	<b>48 145</b>	<b>58 997</b>
<b>Total assets</b>	<b>268 050</b>	<b>263 330</b>	<b>278 819</b>
<b>Equity, provisions and liabilities</b>			
<b>Equity</b>			
Restricted equity			
Share capital (131,700,000 shares with a share quota value of SEK 50)	6 585	6 585	6 585
Revaluation reserve	37 989	37 989	37 989
Other reserves	1 358	1 325	1 341
Non-restricted equity			
Retained earnings	48 601	48 180	46 163
Profit for the period	6 064	- 635	2 454
<b>Total equity</b>	<b>100 597</b>	<b>93 444</b>	<b>94 532</b>
<b>Untaxed reserves</b>	<b>11 040</b>	<b>11 912</b>	<b>11 753</b>
<b>Provisions</b>	<b>5 276</b>	<b>5 285</b>	<b>5 256</b>
<b>Non-current liabilities</b>			
Hybrid capital	20 100	19 623	19 837
Other interest-bearing liabilities	39 087	44 604	39 171
Other noninterest-bearing liabilities	11 159	9 921	11 196
<b>Total non-current liabilities</b>	<b>70 346</b>	<b>74 148</b>	<b>70 204</b>
<b>Current liabilities</b>			
Other interest-bearing liabilities	73 935	67 356	86 207
Current tax liabilities	80	—	—
Other noninterest-bearing liabilities	6 776	11 185	10 867
<b>Total current liabilities</b>	<b>80 791</b>	<b>78 541</b>	<b>97 074</b>
<b>Total equity, provisions and liabilities</b>	<b>268 050</b>	<b>263 330</b>	<b>278 819</b>

# Definitions and calculations of key ratios

## Alternative Performance Measures

In order to ensure a fair presentation of the Group's operations, the Vattenfall Group uses a number of Alternative Performance Measures that are not defined in IFRS or in the Swedish Annual Accounts Act. The Alternative Performance Measures that Vattenfall uses are described

below, including their definitions and how they are calculated. The Alternative Performance Measures used are unchanged compared with earlier periods.

	Definition
EBIT:	Operating profit (Earnings Before Interest and Tax)
EBITDA:	Operating profit before depreciation, amortisation and impairment losses (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 reversed impairment losses and other material items that are of an infrequent nature. Also included here are, for trading activities, unrealised changes in the fair value of energy derivatives, which according to IFRS 9 cannot be recognised using hedge accounting and unrealised changes in the fair value of inventories. See Consolidated income statement for a specification of items affecting comparability.
Underlying EBITDA:	Underlying operating profit before depreciation, amortisation and impairment losses. This measure is intended to provide a better view on the operating result by excluding items affecting comparability that are of an infrequent nature, while also excluding non-cash depreciation and amortisation.
Underlying operating profit:	Operating profit (EBIT) excluding items affecting comparability. This measure is intended to provide a better view on the operating result by excluding items affecting comparability that are of an infrequent nature.
FFO:	Funds From Operations, see Consolidated statement of cash flow
Free cash flow:	Cash flow from operating activities less maintenance investments
Interest-bearing liabilities	See Consolidated balance sheet - Supplementary Information
Net debt:	See Consolidated balance sheet - Supplementary Information
Adjusted net debt:	See Consolidated balance sheet - Supplementary Information
Capital employed:	Total assets less financial assets, noninterest-bearing liabilities and certain other interest-bearing provisions not included in adjusted net debt. see Consolidated balance sheet - Supplementary Information
<b>Other definitions</b>	<b>Definition</b>
Hybrid Capital:	Perpetual subordinated securities, junior to all Vattenfall's unsubordinated debt instruments.
LTIF:	Lost Time Injury Frequency (LTIF) is expressed in terms of the number of lost time work injuries (per 1 million hours worked), i.e., work-related accidents resulting in absence longer than one day, and accidents resulting in fatality.

## CALCULATION OF EBITDA, UNDERLYING EBITDA AND UNDERLYING EBIT

Amounts in SEK million	Jan-Mar 2019	Jan-Mar 2018	Full year 2018	Last 12 months
Operating profit (EBIT)	8 168	6 975	17 619	18 812
Depreciation, amortisation and impairment losses	- 4 419	- 3 963	- 16 722	- 17 178
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>12 587</b>	<b>10 938</b>	<b>34 341</b>	<b>35 990</b>
Items affecting comparability excl. impairment losses and reversed impairment losses	1 505	2 384	2 128	1 249
<b>Underlying operating profit before depreciation, amortisation and impairment losses</b>	<b>14 092</b>	<b>13 322</b>	<b>36 469</b>	<b>37 239</b>
Operating profit (EBIT)	8 168	6 975	17 619	18 812
Items affecting comparability	1 505	2 384	2 264	1 385
<b>Underlying operating profit</b>	<b>9 673</b>	<b>9 359</b>	<b>19 883</b>	<b>20 197</b>

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

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**KEY RATIOS BASED ON CONTINUING OPERATIONS AND LAST 12-MONTH VALUES APRIL 2018 – MARCH 2019**

<b>Operating margin, %</b>	= 100 x	$\frac{\text{EBIT}}{\text{Net sales}} = \frac{18\,812}{160\,239}$	=	11.7
<b>Operating margin excl items affecting comparability, %</b>	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Net sales}} = \frac{20\,197}{160\,239}$	=	12.6
<b>Pre-tax profit margin, %</b>	= 100 x	$\frac{\text{Profit before income taxes}}{\text{Net sales}} = \frac{16\,585}{160\,239}$	=	10.4
<b>Pre-tax profit margin excl items affecting comparability, %</b>	= 100 x	$\frac{\text{Profit before income taxes excl items affecting comparability}}{\text{Net sales}} = \frac{15\,928}{160\,239}$	=	9.9
<b>Return on equity, %</b>	= 100 x	$\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl the Reserve for cash flow hedges}} = \frac{12\,521}{88\,252}$	=	14.2
<b>Return on capital employed, %</b>	= 100 x	$\frac{\text{EBIT}}{\text{Capital employed, average}} = \frac{18\,812}{265\,229}$	=	7.1
<b>Return on capital employed excl items affecting comparability, %</b>	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Capital employed, average}} = \frac{20\,197}{265\,229}$	=	7.6
<b>EBIT interest cover, (x)</b>	=	$\frac{\text{EBIT + financial income excl return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl discounting effects attributable to provisions}} = \frac{19\,875}{3\,928}$	=	5.1
<b>EBIT interest cover excl Items affecting comparability, (x)</b>	=	$\frac{\text{Underlying EBIT + financial income excl Return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl discounting effects attributable to provisions}} = \frac{21\,260}{3\,928}$	=	5.4
<b>FFO interest cover, (x)</b>	=	$\frac{\text{FFO + financial expenses excl discounting effects attributable to provisions}}{\text{Financial expenses excl discounting effects attributable to provisions}} = \frac{28\,234}{3\,928}$	=	7.2
<b>FFO interest cover, net, (x)</b>	=	$\frac{\text{FFO + financial items net excl discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial items net excl discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}} = \frac{27\,171}{2\,865}$	=	9.5

<b>Cash flow interest cover after maintenance investments, (x)</b>	=	<div> Cash flow from operating activities less maintenance investments + financial expenses excl Discounting effects attributable to provisions and interest components related to pension costs 16 890 </div> <div> Financial expenses excl discounting effects attributable to provisions and interest components related to pension costs 3 071 </div>	=	5.5
<b>FFO/gross debt, %</b>	= 100 x	<div> FFO 24 306 </div> <div> Interest-bearing liabilities 99 609 </div>	=	24.4
<b>FFO/net debt, %</b>	= 100 x	<div> FFO 24 306 </div> <div> Net debt 72 539 </div>	=	33.5
<b>FFO/adjusted net debt, %</b>	= 100 x	<div> FFO 24 306 </div> <div> Adjusted net debt 134 384 </div>	=	18.1
<b>EBITDA/net financial items, (x)</b>	=	<div> EBITDA 35 990 </div> <div> Financial items net excl discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund 2 865 </div>	=	12.6
<b>EBITDA excl items affecting comparability/net financial items, (x)</b>	=	<div> EBITDA excl items affecting comparability 37 239 </div> <div> Financial items net excl discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund 2 865 </div>	=	13.0

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#### KEY RATIOS BASED ON THE BALANCE SHEET PER 31 MARCH 2019

<b>Equity/total assets, %</b>	= 100 x	<div> Equity 108 613 </div> <div> Balance sheet total 454 521 </div>	=	23.9
<b>Gross debt/equity, %</b>	= 100 x	<div> Interest-bearing liabilities 99 609 </div> <div> Equity 108 613 </div>	=	91.7
<b>Net debt/equity, %</b>	= 100 x	<div> Net debt 72 539 </div> <div> Equity 108 613 </div>	=	66.8
<b>Gross debt/gross debt equity, %</b>	= 100 x	<div> Interest-bearing liabilities 99 609 </div> <div> Interest-bearing liabilities + equity 208 222 </div>	=	47.8
<b>Net debt/net debt plus equity, %</b>	= 100 x	<div> Net debt 72 539 </div> <div> Net debt + equity 181 152 </div>	=	40.0
<b>Net debt/EBITDA, (x)</b>	=	<div> Net debt 72 539 </div> <div> EBITDA 35 990 </div>	=	2.0
<b>Adjusted net debt/EBITDA, (x)</b>	=	<div> Adjusted net debt 134 384 </div> <div> EBITDA 35 990 </div>	=	3.7

**Interim report signature**

Solna, 25 April 2019

Magnus Hall  
President and CEO

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

**Financial calendar**

Interim report January-June, 19 July 2019

Interim report January-September, 29 October 2019

Year-end report 2018, 5 February 2020 (preliminary)

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This information is such that Vattenfall AB is obliged to make public in accordance with the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08.00 CEST on 25 April 2019. This report has been prepared in both Swedish and English versions. In the event of discrepancies between the two versions, the Swedish version shall govern.