

# Interim report January–September 2019

## Business highlights, July–September 2019

- Winning tender for the Hollandse Kust Zuid 3 & 4 offshore wind farm in the Netherlands
- Transfer of district heating operations in Hamburg completed
- Power-to-Heat facility connected to district heating network in Berlin, enabling the closure of a coal-fired power plant
- Ringhals 2 operating at reduced output ahead of its final decommissioning at year-end
- Name change from Nuon to Vattenfall in the Netherlands completed

## Financial highlights, January–September 2019

- Net sales increased by 12% (10% excluding currency effects) to SEK 120,181 million (107,071)
- Underlying operating profit<sup>1</sup> of SEK 16,889 million (15,256)
- Operating profit<sup>1</sup> of SEK 19,715 million (13,430)
- Profit for the period of SEK 14,373 million (8,907)

## Financial highlights, July–September 2019

- Net sales increased by 12% (10% excluding currency effects) to SEK 35,938 million (32,035)
- Underlying operating profit<sup>1</sup> of SEK 3,594 million (2,127)
- Operating profit<sup>1</sup> of SEK 8,677 million (3,680)
- Profit for the period of SEK 6,700 million (1,782)

## KEY DATA

Amounts in SEK million unless indicated otherwise	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
Net sales	120 181	107 071	35 938	32 035	154 547	167 657
Operating profit before depreciation, amortisation and impairment losses (EBITDA) <sup>1</sup>	33 601	25 680	13 499	7 854	34 341	42 262
Operating profit (EBIT) <sup>1</sup>	19 715	13 430	8 677	3 680	17 619	23 904
Underlying operating profit <sup>1</sup>	16 889	15 256	3 594	2 127	19 883	21 516
Profit for the period	14 373	8 907	6 700	1 782	12 007	17 473
Electricity generation, TWh	95.4	94.4	28.7	27.8	130.3	131.3
Sales of electricity, TWh <sup>2</sup>	126.5	124.1	38.7	38.1	174.1	176.5
- of which, customer sales	89.3	87.5	27.1	26.8	119.2	121.0
Sales of heat, TWh	12.0	12.5	1.7	1.9	18.3	17.8
Sales of gas, TWh	39.6	41.7 <sup>3</sup>	6.3	6.1 <sup>3</sup>	60.7 <sup>3</sup>	58.6
Return on capital employed, % <sup>1</sup>	9.2 <sup>4</sup>	7.9 <sup>4</sup>	9.2 <sup>4</sup>	7.9 <sup>4</sup>	7.0	9.2
FFO/adjusted net debt, % <sup>1</sup>	24.5 <sup>4</sup>	20.6 <sup>4</sup>	24.5 <sup>4</sup>	20.6 <sup>4</sup>	20.7	24.5

1) See Definitions and calculations of key ratios 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

## Power Generation and Wind contributed to marked improvements in results and delivery on financial targets



Strategically and financially, Vattenfall is developing in the right direction. At the close of the third quarter we can report a clear improvement in our financial key ratios. We have also made important progress in a number of areas with the phase-out of coal, growth in renewables and implementation of new solutions to enable the shift to a fossil-free future.

Profit for the third quarter grew SEK 4.9 billion to SEK 7.8 billion. For the first nine months of the year, profit for the period increased by SEK 5.5 billion to SEK 14.4 billion. The large increase is mainly attributable to two non-recurring items during the third quarter: a capital gain of SEK 3.1 billion from the divestment of the district heating operations in Hamburg, and the sale of production rights for German nuclear power for SEK 1.5 billion.

The underlying operating result for the third quarter increased by SEK 1.5 billion to SEK 3.6 billion. We saw positive development in the underlying operations with important contributions from higher achieved prices and a growing wind power portfolio. Despite a challenging start to the year with the storm "Alfrida", we have thus seen an earnings improvement for the nine-month period. The underlying operating profit increased by SEK 1.6 billion to SEK 16.9 billion.

Ringhals 2 is planned to be closed at year-end and is therefore being gradually run at lower output since September. A generator replacement affected production at the start of the year, but on the whole both our nuclear and hydro power delivered favourable results with high availability. The price of electricity has decreased during the year, partly in pace with a return of the hydrological balance to more normal levels. However, price hedges contributed to higher achieved prices and an increase in the underlying operating profit for Power Generation by SEK 2.8 billion to SEK 11.3 billion for the nine-month period.

Vattenfall's sales are growing in most markets. However, a number of temporary factors had a negative earnings effect for Customers & Solutions during the nine-month period. This pertains mainly to growth initiatives, lower sales of gas due to warmer weather, and higher purchasing prices for electricity in Germany. The underlying operating profit for the operations decreased by SEK 0.6 billion to SEK 0.6 billion.

Wind power is increasingly significant for Vattenfall's earnings performance and makes up a growing share of the Group's total earnings. For the first nine months of the year we saw a SEK 0.6 billion increase in the underlying operating profit for Wind, which totalled SEK 2.5 billion. More capacity and higher generation as a result of stronger winds made positive contributions. In offshore wind power, our winning tender for Hollandse Kust Zuid 3 & 4 (~750 MW) marked a momentous milestone at the start of the quarter.

The transaction for the repurchase of the district heating operations in Hamburg was concluded on 2 September, resulting in a capital gain of SEK 3.1 billion. This was because the city decided to exercise its option to take over Vattenfall's previous 74.9% stake. Hamburg continues to be an important city for Vattenfall, where among other things we are growing in decentralised energy solutions. It is also the location from which we run our continental wind and trading operations.

Together with the City of Berlin we have conducted a feasibility study that shows that an exit from coal in Berlin by 2030 is feasible. The shift of Vattenfall's district heating operations in the city is the decisive factor for this exit. As of 1 October, a coal-fired plant was shut down, and we have now connected Europe's largest Power-to-Heat facility (120 MW<sub>th</sub>) to the district heating network. With this solution we will be able to generate heat from excess electricity generated by renewable energy sources.

The heat operations reported a slight earnings improvement for the first nine months of the year. However, the underlying operating profit of SEK 0.3 billion remains at a low level owing to margin pressure for coal-fired power generation. This situation has been partly compensated by higher heat prices and better margins for our gas-fired power plants.

Development in the Distribution business during the quarter was stable, but for the nine-month period we reported an operating profit of SEK 3.5 billion, which is SEK 1.1 billion lower than the same period in 2018, mainly owing to the storm "Alfrida". In the distribution operations, hard work is being conducted to manage growth and a growing need for capacity. As an example, we are planning significant investments in the Stockholm region in the years ahead. It is therefore particularly discouraging to find that our revenue frames for 2020-2023 will mean reduced scope for investments whilst also hampering our ability to meet the energy transition in Sweden.

HYBRIT, our partnership for fossil-free steel together with SSAB and LKAB, is developing positively. The timetable for a finished pilot plant has been pushed up by three years to 2025, and decisions have been made on investment and location of a hydrogen gas storage facility in Luleå, Sweden. In connection with the UN Climate Action Week in New York in September, HYBRIT was highlighted as one of the most ambitious initiatives for tackling climate change.

In early October the name change of Nuon to Vattenfall was completed in the Netherlands, which is an important growth market for us. This change is a natural step in uniting the company's vision under one and the same brand. Vattenfall is built upon a clear goal – to enable our customers to live a life free from fossil fuels within one generation.



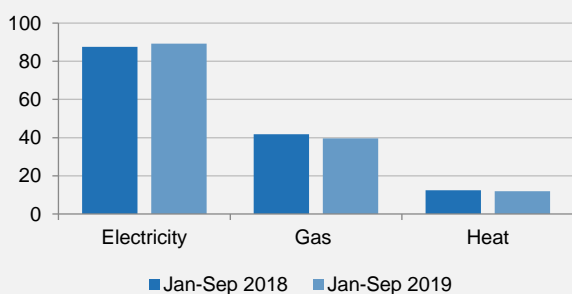
Magnus Hall  
President and CEO

# Group overview

## Customer sales development

Sales of electricity, excluding sales to Nord Pool Spot and deliveries to minority shareholders, increased by 1.8 TWh to 89.3 TWh (87.5), mainly owing to higher sales in Germany. Sales of gas decreased by 2.1 TWh to 39.6 TWh (41.7) as a result of warmer weather in the Netherlands and Germany. Sales of heat decreased by 0.5 TWh to 12.0 TWh (12.5).

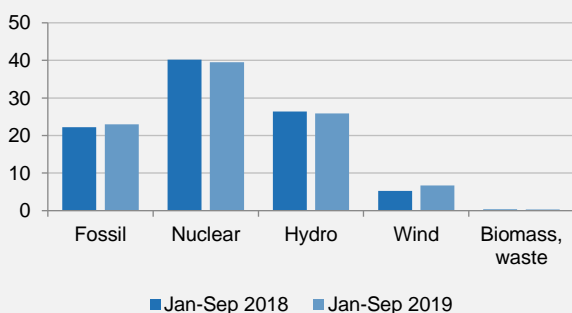
### CUSTOMER SALES (TWh)



## Generation development

Total electricity generation increased by 1.0 TWh to 95.4 TWh (94.4) during the period January–September 2019. Higher wind and fossil-based power generation (+1.9 TWh) was countered by lower hydro and nuclear power generation (-1.7 TWh).

### ELECTRICITY GENERATION (TWh)



## Price development

Average Nordic spot prices were 31% lower, at EUR 34.7/MWh (50.5) during the third quarter of 2019 compared with the corresponding period in 2018, mainly owing to a strong hydrological balance and lower fuel prices. Spot prices in Germany were 30% lower at EUR 37.4/MWh (53.5), and prices in the Netherlands decreased by 35% to EUR 37.9/MWh (58.1). Prices in Germany and the Netherlands were mainly affected by lower fuel prices. Electricity futures prices for delivery in 2020 and 2021 were 5%–14% higher than in the third quarter of 2018, mainly owing to higher prices for CO<sub>2</sub> emission allowances.

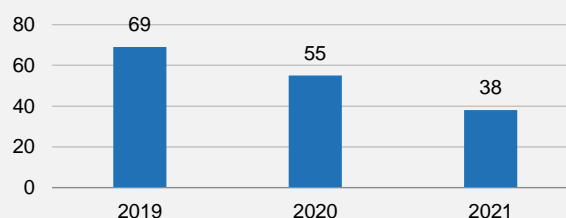
Compared with the third quarter of 2018, the average spot price for gas was 58% lower, at EUR 10.2/MWh (24.6). The

spot price for coal was 42% lower at USD 57.6/t (99.5). The futures price for gas was 21% lower at EUR 17.9/MWh (22.6), and the futures price for coal was 27% lower at USD 66.7/t (90.9). The price of CO<sub>2</sub> emission allowances was 43% higher, at EUR 26.9/t (18.9). 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.

### AVERAGE INDICATIVE NORDIC HEDGE PRICES (SE, DK, FI)<sup>1</sup> AS PER 30 SEPTEMBER 2019, EUR/MWh

2019	2020	2021
29	32	33

### VATTENFALL'S ESTIMATED NORDIC HEDGE RATIO (SE, DK, FI) AS PER 30 SEPTEMBER 2019 (%)



### ACHIEVED NORDIC ELECTRICITY PRICES (SE, DK, FI)<sup>2</sup> EUR/MWh

Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
32	29	29	28	30	31

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

+/-10% price impact on future profit before tax, SEK million<sup>3</sup>

Market-quoted	2020	2021	2022	Observed yearly volatility <sup>4</sup>
Electricity	+/- 1,728	+/- 1,766	+/- 1,757	19%-26%
Coal	-/+ 185	-/+ 173	-/+ 166	21%-23%
Gas	-/+ 864	-/+ 818	-/+ 884	19%-25%
CO <sub>2</sub>	-/+ 451	-/+ 464	-/+ 437	47%-52%

- 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) Achieved prices from the spot market and hedges. Includes Nordic hydro, nuclear and wind power generation
- 3) The denotation +/- entails that a higher price affects operating profit favourably, and -/+ vice versa
- 4) Observed yearly volatility for daily price movements for each commodity, based on forward contracts. Volatility normally decreases the further ahead in time the contracts pertain to.

## Net sales

**Comment January–September:** Consolidated net sales increased by SEK 13.1 billion (of which, positive currency effects of SEK 2.4 billion). The increase is mainly attributable to higher achieved prices, higher sales in the Nordic countries, Germany and the Netherlands, and higher generation in the Wind operating segment.

**Comment July–September:** Consolidated net sales increased by SEK 3.9 billion (of which, positive currency effects of SEK 0.7 billion). The increase is mainly attributable to higher achieved prices, higher sales in Germany, and higher generation in the Wind operating segment.

## Earnings

**Comment January–September:** The underlying operating profit increased by SEK 1.6 billion, which is explained by:

- Higher earnings contribution from the Power Generation operating segment (SEK 2.8 billion), mainly owing to higher achieved prices.
- Higher earnings contribution from the Wind operating segment (SEK 0.6 billion), owing to growth of the portfolio.
- Lower earnings contribution from the Distribution operating segment (SEK -1.1 billion), mainly owing to costs related to the storm "Alfrida", a slightly lower gross margin and higher depreciation.
- Lower earnings contribution from the Customers & Solutions operating segment (SEK -0.6 billion) resulting from growth activities and lower sales of gas in the Netherlands.
- Other items, net (SEK -0.1 billion).

Items affecting comparability amounted to SEK 2.8 billion (-1.8), of which most pertained to the capital gain on the divestment of the district heating operations in Hamburg (SEK 3.1 billion) and the sale of nuclear production rights in Germany (SEK 1.5 billion). Provisions (SEK -0.5 billion) pertain mainly to a changed discount rate for Germany. Profit for the period was SEK 14.4 billion (8.9).

**Comment July–September:** The underlying operating profit increased by SEK 1.5 billion.

The Power Generation operating segment made a positive contribution (SEK 0.8 billion), mainly owing to higher achieved prices. The Distribution and Wind operating segments also made positive contributions (SEK 0.1 billion and SEK 0.4 billion, respectively). Items affecting comparability amounted to SEK 5.1 billion (1.6), which is mainly attributable to the divestment of the district heating operations in Hamburg (SEK 3.1 billion) and the sale of nuclear production rights in Germany (SEK 1.5 billion). Profit for the period was SEK 6.7 billion (1.8).

## Cash flow

**Comment January–September:** Funds from operations (FFO) increased by SEK 7.4 billion, mainly owing to lower paid tax and a higher operating profit before depreciation, amortisation and impairment losses (EBITDA). Cash flow from changes in working capital amounted to SEK -11.7 billion. The net change in margin call (SEK -13.1 billion) was the main contributing factor. The net change in operating receivables and operating liabilities in Customers & Solutions and Heat made a positive contribution (SEK 3.2 billion), while changes related to CO<sub>2</sub> emission allowances had a negative effect on cash flow (SEK -1.9 billion).

**Comment July–September:** Funds from operations (FFO) increased by SEK 4.3 billion, mainly owing to a higher operating profit before depreciation, amortisation and impairment losses (EBITDA) and lower paid tax. Cash flow from changes in working capital amounted to SEK 6.0 billion. The net change in operating receivables and operating liabilities resulting from seasonal effects in the Customers & Solutions and Heat operating segments had a positive effect on cash flow (SEK 4.5 billion). The decrease in inventories (SEK 0.7 billion) and changes related to CO<sub>2</sub> emission allowances (SEK 0.8 billion) also had a positive effect, while net changes in margin calls made a negative contribution (SEK -2.1 billion).

## Important events after the balance sheet date

- The Energy Markets Inspectorate issued its decision on the new revenue frames for the coming regulatory period (2020–2023), with an allowed return (WACC) of 2.16% for Vattenfall's electricity distribution operations.

## KEY FIGURES – GROUP OVERVIEW

Amounts in SEK million	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
Net sales	120 181	107 071	35 938	32 035	154 547	167 657
Operating profit before depreciation, amortisation and impairment losses (EBITDA) <sup>1</sup>	33 601	25 680	13 499	7 854	34 341	42 262
Operating profit (EBIT) <sup>1</sup>	19 715	13 430	8 677	3 680	17 619	23 904
Underlying operating profit <sup>1</sup>	16 889	15 256	3 594	2 127	19 883	21 516
Items affecting comparability <sup>1</sup>	2 826	- 1 826	5 083	1 553	- 2 264	2 388
Profit for the period	14 373	8 907	6 700	1 782	12 007	17 473
Funds from operations (FFO) <sup>1</sup>	23 429	16 010	7 583	3 246	23 275	30 694
Cash flow from changes in operating assets and operating liabilities (working capital)	- 11 700	19 279	6 026	15 570	17 779	- 13 200
Cash flow from operating activities	11 729	35 289	13 609	18 816	41 054	17 494

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



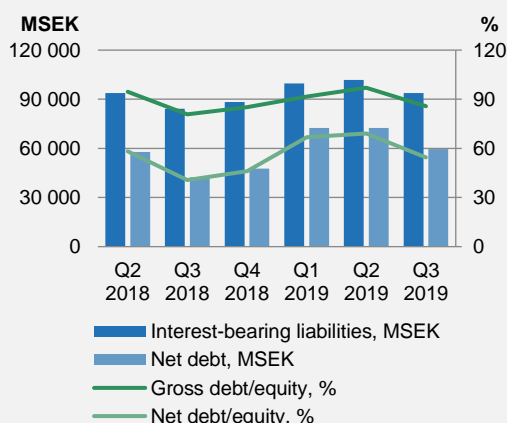
## Capital structure

Cash and cash equivalents, and short-term investments decreased by SEK 6.1 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 30 September 2019, available liquid assets and/or committed credit facilities amounted to 30% 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.

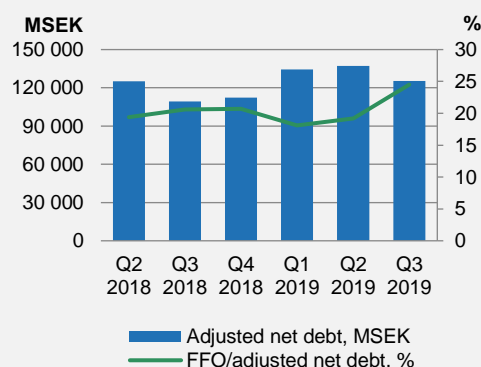
Net debt increased by SEK 11.9 billion compared with the level at 31 December 2018. This is mainly attributable to an increase in interest-bearing liabilities (SEK 5.5 billion), which includes implementation of IFRS 16 Leases (SEK 4.6 billion), dividends (SEK 3.4 billion) and exchange rate effects (SEK 2.6 billion).

Adjusted net debt increased by SEK 13.0 billion compared with the level at 31 December 2018. The increase is mainly related to the higher level of net debt and higher provisions (SEK 6.8 billion), partly countered by the effect of the transfer of Heat Hamburg (SEK 7.2 billion).

### NET DEBT



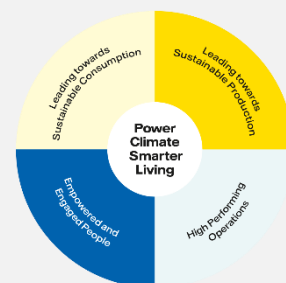
### ADJUSTED NET DEBT



## 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 focus area	Targets for 2020	Q3 2019	Full Year 2018
<b>Leading towards Sustainable Consumption</b>	<b>1. Customer engagement, Net Promoter Score relative to peers<sup>1</sup>: +2</b>	<b>-1</b>	<b>+1</b>
<b>Leading towards Sustainable Production</b>	<b>2. Aggregated commissioned new renewables capacity 2016-2020: ≥2,300 MW</b>	<b>1,162 MW</b>	<b>752 MW</b>
	<b>3. Absolute CO<sub>2</sub> emissions pro rata: ≤21 Mt</b>	<b>12.9 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>9.2%</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) Excluding the heat operations in Hamburg, which has been sold and where emissions amounted to 1.3 Mt during the period January-September. Consolidated values for the period January-September. Consolidated emissions are approximately 0.1 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-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
<b><u>Underlying operating profit</u></b>						
<b>Customers &amp; Solutions</b>	594	1 159	86	- 54	1 269	704
<b>Power Generation</b>	11 252	8 475	2 833	1 988	9 371	12 148
- of which, trading	779	621	- 165	418	581	739
<b>Wind</b>	2 474	1 902	623	264	3 747	4 319
<b>Heat</b>	318	260	- 768	- 765	771	829
<b>Distribution</b>	3 454	4 530	1 190	1 096	6 250	5 174
- of which, Distribution Germany	851	651	350	199	985	1 185
- of which, Distribution Sweden	2 591	3 859	840	891	5 254	3 986
<b>Other<sup>1</sup></b>	- 995	- 910	- 343	- 356	- 1 528	- 1 613
<b>Eliminations</b>	- 208	- 160	- 27	- 46	3	- 45
<b>Underlying operating profit</b>	<b>16 889</b>	<b>15 256</b>	<b>3 594</b>	<b>2 127</b>	<b>19 883</b>	<b>21 516</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.*

### Positive sales development during the third quarter

- Largest earnings contributions from Germany and the Netherlands
- Completion of name change from Nuon to Vattenfall in the Netherlands
- Agreement with Norwegian dairy company TINE on e-vehicle charging solutions



**Q1–Q3:** Net sales increased as a result of higher sales in most of Vattenfall's markets. Higher volumes and a larger customer base in Germany, positive price effects in the Nordic countries and currency effects made positive contributions. In the Netherlands, net sales increased as a result of positive price effects. This was partly countered by lower sales of gas as a result of warmer weather. The underlying operating profit decreased mainly due to costs for growth activities and the lower sales of gas, with an effect of approximately SEK 200 million each. Earnings were also negatively affected by approximately SEK 100 million in higher costs for electricity purchases in Germany, but this will be compensated by tariff increases.

Compared with year-end 2018, the total customer base grew from 8.9 million to 9.4 million contracts. The increase is mainly attributable to a larger customer base in Germany and the acquisition of DELTA Energie in the Netherlands.

**Q3:** Net sales increased mainly as a result of positive price effects and higher volumes in Germany. Positive price effects in the B2C market in the Netherlands also contributed. The underlying operating profit increased mainly as a result of higher sales in Germany.

During the quarter, the name change of the Dutch subsidiary Nuon was completed. As of October, the Nuon brand has been changed to Vattenfall also in the B2C market.

In Norway Vattenfall has entered into a five-year agreement with the dairy company TINE. Through the connection of 200 charging points Vattenfall InCharge will deliver fossil-free charging of electric vehicles for TINE's employees, customers and visitors.

### KEY FIGURES – CUSTOMERS & SOLUTIONS

Amounts in SEK million unless indicated otherwise	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
Net sales	64 086	57 790	17 998	16 146	81 318	87 614
External net sales	62 264	56 125	17 519	15 576	78 883	85 022
Underlying operating profit before depreciation, amortisation and impairment losses	1 842	2 177	528	308	2 663	2 328
Underlying operating profit	594	1 159	86	- 54	1 269	704
Sales of electricity, TWh	66.6	64.8	20.7	19.4	88.3	90.1
- of which, private customers	20.1	19.9	5.4	5.2	27.4	27.6
- of which, resellers	4.7	3.5	1.3	1.0	4.9	6.1
- of which, business customers	41.8	41.4	14.0	13.2	56.0	56.4
Sales of gas, TWh	36.2	38.1	5.5	5.1	55.5	53.6
Number of employees, full-time equivalents	3 169	3 048	3 169	3 048	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.

### Nuclear and Hydro availability at high levels

- Nuclear power availability at 86.4% despite outage earlier during the year
- Reduced output at Ringhals 2 reactor ahead of final decommissioning at year-end



**Q1–Q3:** Net sales increased mainly owing to an improved hedge result, higher sales of electricity and gas (mainly in Germany), and positive currency effects. This was partly offset by lower spot prices in the Nordic countries. The underlying operating profit increased mainly as a result of hedges resulting in higher achieved prices.

Nuclear power generation decreased by 0.7 TWh during the period January–September due to a generator replacement at Ringhals 2 earlier during the year. Combined availability for Vattenfall's nuclear power plants was 86.4% (87.1%) during the period January–September.

Hydro power generation decreased by 0.5 TWh during the period January–September, mainly due to lower Nordic reservoir levels during the first months of the year. At the end of the third quarter, reservoir levels were at 81% of capacity (67%), which is 4 percentage points above the normal level.

**Q3:** Net sales increased mainly owing to an improved hedge result. Lower spot prices in the Nordic countries and lower internal sales of CO<sub>2</sub> emission allowances had a countering effect. The improved hedge result was also the main contributing factor to the increase in the underlying operating profit. Lower spot prices and a lower realised earnings contribution from the trading operations had an offsetting impact.

In September work was begun on reducing the output at the Ringhals 2 nuclear power reactor ahead of the planned, final decommissioning of the reactor on 30 December 2019. Thereafter the reactor and the plant will be emptied of nuclear fuel, which will be stored in the plant's existing fuel pools for approximately one year. The fuel will then be transported to Clab, SKB's interim storage facility for spent nuclear fuel in Oskarshamn.

### KEY FIGURES – POWER GENERATION

Amounts in SEK million unless indicated otherwise	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
Net sales	74 699	67 475	21 603	21 924	99 970	107 194
External net sales	28 195	23 106	10 118	9 070	36 064	41 153
Underlying operating profit before depreciation, amortisation and impairment losses	14 057	11 035	3 779	2 867	12 830	15 852
Underlying operating profit	11 252	8 475	2 833	1 988	9 371	12 148
- of which, trading	779	621	- 165	418	581	739
Electricity generation, TWh	65.4	66.6	19.7	19.2	90.5	89.3
- of which, hydro power	25.9	26.4	7.4	7.1	35.5	35.0
- of which, nuclear power	39.5	40.2	12.3	12.1	55.0	54.3
Sales of electricity, TWh	20.8	21.0	5.8	6.9	28.7	28.5
- of which, resellers	17.6	18.0	4.8	5.2	24.6	24.2
- of which, business customers	3.2	3.0	1.0	1.7	4.1	4.3
Sales of gas, TWh	3.4	3.6 <sup>1</sup>	0.8	1.0 <sup>1</sup>	5.2 <sup>1</sup>	5.0
Number of employees, full-time equivalents	7 386	7 283	7 386	7 283	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.*

### Stronger winds and continued capacity growth

- Positive earnings contribution from new wind farms and more favourable wind conditions
- Winning tender for the Hollandse Kust Zuid (HKZ) 3 & 4 offshore wind farm in the Netherlands
- Awards for two of Vattenfall's wind farms



**Q1–Q3:** Q1–Q3: Net sales and the underlying operating profit increased during the first nine months of the year, mainly owing to new capacity and higher production due to stronger winds. Two wind farms were commissioned during the last 12 months: Slufterdam (29 MW) and Horns Rev 3 (373 MW of a total of 407 MW). Electricity generation increased as a result of new capacity and stronger winds.

**Q3:** Net sales and the underlying operating profit increased compared with the third quarter of 2018 owing to new capacity and higher production from existing assets due to stronger winds.

Vattenfall won the tender for the Hollandse Kust Zuid (HKZ) 3 & 4 offshore wind farm in the Netherlands. Vattenfall already has the permit to build the first stage, HKZ 1 & 2, and potential synergies exist in maintenance and logistics, for example.

Together these projects will have an installed capacity of approximately 1.5 GW, which corresponds to the annual electricity consumption of up to 3 million Dutch homes.

In August the Sandbank offshore wind farm in Germany received an award from AGOW (Arbeitsgemeinschaft Offshore Wind) for being the most efficient wind farm in Germany in 2018. Additionally, Vattenfall's Aberdeen Bay offshore wind farm in Scotland was the recipient of the Renewables Award at the P&J Energy Voice Gold Awards. The distinction highlighted the positive effect the wind farm has had on the City of Aberdeen.

In Wieringermeer, the Netherlands, 11 turbines were installed and the first electricity was delivered in September. The wind farm will have a total capacity of 185 MW and is planned to be completed in 2020.

### KEY FIGURES – WIND

Amounts in SEK million unless indicated otherwise	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
Net sales	9 502	7 839	3 084	2 270	11 852	13 515
External net sales	4 679	3 589	1 667	958	5 726	6 816
Underlying operating profit before depreciation, amortisation and impairment losses	6 500	5 283	2 041	1 400	8 328	9 545
Underlying operating profit	2 474	1 902	623	264	3 747	4 319
Electricity generation - wind power TWh	6.7	5.3	2.2	1.5	7.8	9.2
Sales of electricity, TWh	1.0	0.9	0.3	0.2	1.1	1.2
Number of employees, full-time equivalents	981	868	981	868	894	

## Heat

The Heat Business Area comprises Vattenfall's heat business (district heating and decentral solutions) and gas- and coal-fired condensing plants.

### Continued strong customer growth and roadmap for coal phase-out in Berlin

- Feasibility study conducted by Vattenfall and the City of Berlin shows that a coal phase-out in Berlin is feasible by 2030
- Power-to-Heat facility connected to the district heating network in Berlin, enabling the closure of a coal-fired power plant
- Completion of the transfer of the district heating business in Hamburg



**Q1–Q3:** Net sales and the underlying operating profit increased mainly as a result of positive price effects in heat sales. Higher operating expenses mainly owing to higher maintenance costs in the Berlin heat business had an offsetting impact on underlying operating profit. Sales of heat decreased as a result of warmer weather. Compared with year-end 2018, the number of customers increased by 1.4% to 2.2 million customers.

**Q3:** Net sales decreased mainly due to lower electricity generation from Vattenfall's condensing power plants. Positive price effects from heat sales had an offsetting impact. Together with higher spreads for the gas-fired power generation, this partly compensated for weaker performance in coal-fired power generation. The underlying operating profit was unchanged compared with the same period a year ago.

The transfer of the district heating business in Hamburg to the City of Hamburg was completed on 2 September. The city purchased Vattenfall's share (74.9%) in the district heating company for EUR 625 million, generating a capital gain of SEK 3.1 billion. This is reported under "Other" (see page 16) and thereby does not affect earnings for the Heat operating segment.

A feasibility study conducted together with the City of Berlin has shown that a coal exit in Berlin is feasible by 2030 at the latest. The study shows that by replacing hard coal, yearly CO<sub>2</sub> emissions can be reduced by more than 2 million tonnes. This means that the coal phase-out in Vattenfall's district heating operations in the city would be the largest single contribution to Berlin's path to climate neutrality by 2050.

In September Europe's largest Power-to-Heat facility was connected to the district heating network in Berlin, making it possible to take the coal-fired Reuter C unit out of operation on 1 October 2019. The new plant, with a capacity of 120 MW<sub>th</sub>, will produce and store heat from excess electricity generated by renewable energy sources. The investment amounted to just under EUR 100 million and also includes surrounding infrastructure and gas-fired peak boilers with a total capacity of 120 MW<sub>th</sub>. Vattenfall sees a potential to expand its Power-to-Heat capacity by an additional 300 MW by 2030.

In Norderstedt, Germany, Vattenfall and the real estate company Manke GmbH & Co. KG signed an agreement for decentralised solutions. Heat and power production from a micro combined heat and power plant will be complemented with a boiler and solar panels. Vattenfall will also install separate meter systems and e-vehicle charging solutions.

### KEY FIGURES – HEAT

Amounts in SEK million unless indicated otherwise	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
Net sales	23 245	23 029	5 680	6 905	33 970	34 186
External net sales	11 759	11 101	2 601	2 576	15 828	16 486
Underlying operating profit before depreciation, amortisation and impairment losses	3 129	3 002	243	182	4 448	4 575
Underlying operating profit	318	260	- 768	- 765	771	829
Electricity generation - TWh	23.3	22.5	6.8	7.1	32.0	32.8
- of which, fossil-based power	23.0	22.2	6.7	7.0	31.6	32.4
- of which, biomass, waste	0.3	0.3	0.1	0.1	0.4	0.4
Sales of electricity business customers, TWh	0.9	0.8	0.3	0.3	1.1	1.2
Sales of heat, TWh	12.0	12.5	1.7	1.9	18.3	17.8
Number of employees, full-time equivalents	3 321	3 823	3 321	3 823	3 822	

## Distribution

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

### Decision on new revenue frames

- Energy Markets Inspectorate announced its decision on the revenue frames for the next regulatory period
- SEK 1.8 billion to be invested to upgrade the electricity network and increase capacity in the Stockholm region

**Q1–Q3:** Net sales increased during the first nine months of the year. Lower distributed volume in Sweden was compensated by a higher contribution from Germany. The underlying operating profit decreased mainly due to costs related to the storm “Alfrida” and higher depreciation following investments. An improvement in earnings in Germany had an offsetting effect, mainly owing to lower costs after a reduction of fees to the Transmission System Operators (TSO).

**Q3:** Net sales increased during the third quarter mainly owing to a higher contribution from Germany. The underlying operating profit increased as a result of a higher gross margin in Germany. This was largely a result of the reduction of fees to the TSOs.

After the balance sheet day, the Swedish Energy Markets Inspectorate (Ei) announced its decision on the revenue frames for Vattenfall Eldistribution for the next regulatory period 2020–2023. Under the decision, the allowed return (WACC) has been set at 2.16%, which is considerably lower than for the 2016–2019 regulatory period. This reduces the scope for investments in a situation where major investments are needed in the



electricity network to be able to contribute to the forthcoming energy shift.

The Stockholm region is experiencing continued growth with major development of housing, companies and industrial areas. This is giving rise to a greater need for capacity in the electricity network – a system that is already strained. To ensure secure power supply, Vattenfall has begun extensive upgrading work to strengthen the electricity network in a number of municipalities. In total, investments of SEK 1.8 billion are planned for the coming five years. The electricity network is being upgraded through the refurbishment of transformer stations, new construction and upgrading of existing power lines, and an increase in the voltage in the electricity network to 130 kV in order to increase distribution capacity.

Electrification of the transport sector is continuing also at sea. A collaboration has been initiated in Stockholm with Echandia Marine (Green City Ferries) in electrified commuter ferry traffic. A business model has been drawn up under which Vattenfall will be responsible for ownership and management of the electrical operations.

### KEY FIGURES – DISTRIBUTION

Amounts in SEK million unless indicated otherwise	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
Net sales	16 604	16 285	5 057	4 864	22 374	22 693
External net sales	13 185	12 990	3 980	3 808	17 845	18 040
Underlying operating profit before depreciation, amortisation and impairment losses	5 848	6 752	1 985	1 837	9 292	8 388
Underlying operating profit	3 454	4 530	1 190	1 096	6 250	5 174
Number of employees, full-time equivalents	2 232	2 194	2 232	2 194	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-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
Net sales	4 096	3 791	1 326	1 286	5 255	5 560
External net sales	99	160	53	47	201	140
Underlying operating profit before depreciation, amortisation and impairment losses	- 393	- 583	- 133	- 247	- 1 095	- 905
Underlying operating profit	- 995	- 910	- 343	- 356	- 1 528	- 1 613
Number of employees, full-time equivalents	2 697	2 735	2 697	2 735	2 710	



# Consolidated income statement

Amounts in SEK million	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
Net sales	120 181	107 071 <sup>6</sup>	35 938	32 035 <sup>6</sup>	154 547 <sup>6</sup>	167 657
Cost of purchases	- 62 792	- 54 876 <sup>6</sup>	- 17 930	- 15 360 <sup>6</sup>	- 82 919 <sup>6</sup>	- 90 835
Other external expenses	- 14 147	- 13 165	- 4 442	- 4 412	- 19 375	- 20 357
Personnel expenses	- 14 983	- 14 238	- 4 725	- 4 353	- 19 157	- 19 902
Other operating income and expenses, net	5 089	580	4 647	- 23	925	5 434
Participations in the results of associated companies	253	308	11	- 33	320	265
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>33 601</b>	<b>25 680</b>	<b>13 499</b>	<b>7 854</b>	<b>34 341</b>	<b>42 262</b>
Depreciation, amortisation and impairments	- 13 886	- 12 250	- 4 822	- 4 174	- 16 722	- 18 358
<b>Operating profit (EBIT)<sup>1</sup></b>	<b>19 715</b>	<b>13 430</b>	<b>8 677</b>	<b>3 680</b>	<b>17 619</b>	<b>23 904</b>
Financial income <sup>2,5</sup>	3 361	2 513	860	- 64	2 887	3 735
Financial expenses <sup>3,4,5</sup>	- 4 927	- 4 982	- 1 739	- 1 435	- 6 503	- 6 448
<b>Profit before income taxes</b>	<b>18 149</b>	<b>10 961</b>	<b>7 798</b>	<b>2 181</b>	<b>14 003</b>	<b>21 191</b>
Income taxes expense	- 3 776	- 2 054	- 1 098	- 399	- 1 996	- 3 718
<b>Profit for the period</b>	<b>14 373</b>	<b>8 907</b>	<b>6 700</b>	<b>1 782</b>	<b>12 007</b>	<b>17 473</b>
Attributable to owner of the Parent Company	13 022	7 736	6 375 <sup>7</sup>	1 668	10 157	15 443
Attributable to non-controlling interests	1 351	1 171	325 <sup>7</sup>	114	1 850	2 030
<b>Supplementary information</b>						
Underlying operating profit before depreciation, amortisation and impairment losses	30 775	27 506	8 416	6 301	36 469	39 738
Underlying operating profit	16 889	15 256	3 594	2 127	19 883	21 516
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	- 2 755	- 3 001	- 1 035	- 757	- 3 407	- 3 161
1) Including items affecting comparability	2 826	- 1 826	5 083	1 553	- 2 264	2 388
- of which, capital gains	3 489	660	3 091	23	1 067	3 896
- of which, capital losses	- 18	- 83	- 3	- 13	- 111	- 46
- of which, impairment losses	—	—	—	—	- 136	- 136
- of which, provisions	- 530	- 757	- 4	- 2	- 1 649	- 1 422
- of which, unrealised changes in the fair value of energy derivatives	101	- 852	583	1 465	- 156	797
- of which, unrealised changes in the fair value of inventories	- 681	- 14	228	210	61	- 606
- of which, restructuring costs	- 129	- 291	13	- 29	- 554	- 392
- of which, other non-recurring items affecting comparability	594	- 489	1 175	- 101	- 786	297
2) Including return from the Swedish Nuclear Waste Fund	2 909	2 222	760	- 182	2 030	2 717
3) Including interest components related to pension costs	- 664	- 632	- 219	- 213	- 844	- 876
4) Including discounting effects attributable to provisions	- 1 720	- 1 690	- 604	- 560	- 2 239	- 2 269
5) Items affecting comparability recognised as financial income and expenses, net	- 1	2 040	- 3	—	2 040	- 1
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.						
7) The value has been adjusted compared with information previously published in Vattenfall's financial reports.						

# Consolidated statement of comprehensive income

Amounts in SEK million	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
<b>Profit for the period</b>	<b>14 373</b>	<b>8 907</b>	<b>6 700</b>	<b>1 782</b>	<b>12 007</b>	<b>17 473</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	1 039	8 404	735	7 680	7 776	411
Cash flow hedges - dissolved against income statement	- 3 374	- 2 456	- 990	- 1 482	- 6 066	- 6 984
Cash flow hedges - transferred to cost of hedged item	- 26	6	- 1	- 5	3	- 29
Hedging of net investments in foreign operations	- 1 957	- 2 459	- 521	667	- 2 177	- 1 675
Translation differences, divested companies	- 76	2	- 76	—	2	- 76
Translation differences	4 593	4 835	1 467	- 1 478	4 193	3 951
Income taxes related to items that will be reclassified	1 256	- 1 492	174	- 1 916	- 237	2 511
<b>Total items that will be reclassified to profit or loss when specific conditions are met</b>	<b>1 455</b>	<b>6 840</b>	<b>788</b>	<b>3 466</b>	<b>3 494</b>	<b>- 1 891</b>
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurement pertaining to defined benefit obligations	- 7 878	- 1	- 3 773	- 1	- 415	- 8 292
Income taxes related to items that will not be reclassified	2 157	- 14	1 029	1	- 5	2 166
<b>Total items that will not be reclassified to profit or loss</b>	<b>- 5 721</b>	<b>- 15</b>	<b>- 2 744</b>	<b>—</b>	<b>- 420</b>	<b>- 6 126</b>
<b>Total other comprehensive income, net after income taxes</b>	<b>- 4 266</b>	<b>6 825</b>	<b>- 1 956</b>	<b>3 466</b>	<b>3 074</b>	<b>- 8 017</b>
<b>Total comprehensive income for the period</b>	<b>10 107</b>	<b>15 732</b>	<b>4 744</b>	<b>5 248</b>	<b>15 081</b>	<b>9 456</b>
Attributable to owner of the Parent Company	8 289	14 000	3 567	5 273	12 821	7 110
Attributable to non-controlling interests	1 818	1 732	1 177	- 25	2 260	2 346

# Operating segments, Vattenfall Group

Amounts in SEK million	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
<b>External net sales</b>						
Customers & Solutions	62 264	56 125	17 519	15 576	78 883	85 022
Power Generation	28 195	23 106	10 118	9 070	36 064	41 153
Wind	4 679	3 589 <sup>2</sup>	1 667	958 <sup>2</sup>	5 726 <sup>2</sup>	6 816
Heat	11 759	11 101	2 601	2 576	15 828	16 486
Distribution	13 185	12 990	3 980	3 808	17 845	18 040
- of which, Distribution Germany	4 899	4 587	1 607	1 449	6 265	6 577
- of which, Distribution Sweden	8 203	8 328	2 347	2 335	11 462	11 337
Other <sup>1</sup>	99	160	53	47	201	140
<b>Total</b>	<b>120 181</b>	<b>107 071 <sup>2</sup></b>	<b>35 938</b>	<b>32 035 <sup>2</sup></b>	<b>154 547 <sup>2</sup></b>	<b>167 657</b>
<b>Internal net sales</b>						
Customers & Solutions	1 822	1 665	479	570	2 435	2 592
Power Generation	46 504	44 369	11 485	12 854	63 906	66 041
Wind	4 823	4 250 <sup>2</sup>	1 417	1 312 <sup>2</sup>	6 126 <sup>2</sup>	6 699
Heat	11 486	11 928	3 079	4 329	18 142	17 700
Distribution	3 419	3 295	1 077	1 056	4 529	4 653
- of which, Distribution Germany	3 079	2 960	970	958	4 053	4 172
- of which, Distribution Sweden	361	343	114	100	493	511
Other <sup>1</sup>	3 997	3 631	1 273	1 239	5 054	5 420
Eliminations	- 72 051	- 69 138 <sup>2</sup>	- 18 810	- 21 360 <sup>2</sup>	- 100 192 <sup>2</sup>	- 103 105
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total net sales</b>						
Customers & Solutions	64 086	57 790	17 998	16 146	81 318	87 614
Power Generation	74 699	67 475	21 603	21 924	99 970	107 194
Wind	9 502	7 839	3 084	2 270	11 852	13 515
Heat	23 245	23 029	5 680	6 905	33 970	34 186
Distribution	16 604	16 285	5 057	4 864	22 374	22 693
- of which, Distribution Germany	7 978	7 547	2 577	2 407	10 318	10 749
- of which, Distribution Sweden	8 564	8 671	2 461	2 435	11 955	11 848
Other <sup>1</sup>	4 096	3 791	1 326	1 286	5 255	5 560
Eliminations	- 72 051	- 69 138 <sup>2</sup>	- 18 810	- 21 360 <sup>2</sup>	- 100 192 <sup>2</sup>	- 103 105
<b>Total</b>	<b>120 181</b>	<b>107 071 <sup>2</sup></b>	<b>35 938</b>	<b>32 035 <sup>2</sup></b>	<b>154 547 <sup>2</sup></b>	<b>167 657</b>

Amounts in SEK million	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>						
Customers & Solutions	1 817	2 136	525	293	2 650	2 331
Power Generation	13 422	8 747	5 751	4 439	10 170	14 845
Wind	6 497	5 276	2 041	1 391	8 277	9 498
Heat	3 119	2 924	253	113	4 071	4 266
Distribution	5 839	6 743	1 983	1 835	9 260	8 356
- of which, Distribution Germany	1 613	1 354	611	438	1 923	2 182
- of which, Distribution Sweden	4 190	5 350	1 363	1 386	7 299	6 139
Other <sup>1</sup>	3 115	14	2 973	- 171	- 90	3 011
Eliminations	- 208	- 160	- 27	- 46	3	- 45
<b>Total</b>	<b>33 601</b>	<b>25 680</b>	<b>13 499</b>	<b>7 854</b>	<b>34 341</b>	<b>42 262</b>
<b>Underlying operating profit before depreciation, amortisation and impairment losses</b>						
Customers & Solutions	1 842	2 177	528	308	2 663	2 328
Power Generation	14 057	11 035	3 779	2 867	12 830	15 852
Wind	6 500	5 283	2 041	1 400	8 328	9 545
Heat	3 129	3 002	243	182	4 448	4 575
Distribution	5 848	6 752	1 985	1 837	9 292	8 388
- of which, Distribution Germany	1 623	1 363	613	441	1 957	2 217
- of which, Distribution Sweden	4 189	5 349	1 363	1 385	7 297	6 137
Other <sup>1</sup>	- 393	- 583	- 133	- 247	- 1 095	- 905
Eliminations	- 208	- 160	- 27	- 46	3	- 45
<b>Total</b>	<b>30 775</b>	<b>27 506</b>	<b>8 416</b>	<b>6 301</b>	<b>36 469</b>	<b>39 738</b>

Amounts in SEK million	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
<b>Operating profit (EBIT)</b>						
Customers & Solutions	570	1 117	83	- 69	1 139	592
Power Generation	10 617	6 187	4 805	3 560	6 711	11 141
Wind	2 471	1 894	623	255	3 681	4 258
Heat	308	182	- 758	- 834	393	519
Distribution	3 446	4 522	1 188	1 095	6 218	5 142
- of which, Distribution Germany	841	641	348	197	950	1 150
- of which, Distribution Sweden	2 593	3 860	840	892	5 257	3 990
Other <sup>1</sup>	2 511	- 312	2 763	- 281	- 526	2 297
Eliminations	- 208	- 160	- 27	- 46	3	- 45
<b>Operating profit (EBIT)</b>	<b>19 715</b>	<b>13 430</b>	<b>8 677</b>	<b>3 680</b>	<b>17 619</b>	<b>23 904</b>
Operating profit (EBIT)	19 715	13 430	8 677	3 680	17 619	23 904
Financial income and expenses	- 1 566	- 2 469	- 879	- 1 499	- 3 616	- 2 713
<b>Profit before tax</b>	<b>18 149</b>	<b>10 961</b>	<b>7 798</b>	<b>2 181</b>	<b>14 003</b>	<b>21 191</b>
<b>Underlying operating profit</b>						
Customers & Solutions	594	1 159	86	- 54	1 269	704
Power Generation	11 252	8 475	2 833	1 988	9 371	12 148
Wind	2 474	1 902	623	264	3 747	4 319
Heat	318	260	- 768	- 765	771	829
Distribution	3 454	4 530	1 190	1 096	6 250	5 174
- of which, Distribution Germany	851	651	350	199	985	1 185
- of which, Distribution Sweden	2 591	3 859	840	891	5 254	3 986
Other <sup>1</sup>	- 995	- 910	- 343	- 356	- 1 528	- 1 613
Eliminations	- 208	- 160	- 27	- 46	3	- 45
<b>Underlying operating profit</b>	<b>16 889</b>	<b>15 256</b>	<b>3 594</b>	<b>2 127</b>	<b>19 883</b>	<b>21 516</b>

1) "Other" pertains mainly to all Staff functions, including Treasury, Shared Service Centres and material capital gains and -losses.

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	30 Sep 2019	30 Sep 2018	31 Dec 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets: non-current	19 033	18 514	18 082
Property, plant and equipment	252 030	238 719	238 801
Participations in associated companies and joint arrangements	5 216	5 204	5 429
Other shares and participations	348	222	331
Share in the Swedish Nuclear Waste Fund	45 829	41 871	42 038
Derivative assets	12 140	17 798	13 951
Prepaid expenses	58	28	28
Deferred tax assets	13 371	11 940	11 719
Contract assets	36	193	44
Other non-current receivables	6 061	3 592	5 538
<b>Total non-current assets</b>	<b>354 122</b>	<b>338 081</b>	<b>335 961</b>
<b>Current assets</b>			
Inventories	13 095	13 626	13 647
Intangible assets: current	164	274	710
Trade receivables and other receivables	21 116	20 676	26 003
Contract assets	157	—	170
Advance payments paid	2 836	4 176	2 926
Derivative assets	13 628	37 292	23 955
Prepaid expenses and accrued income	5 460	6 003	8 427
Current tax assets	1 883	2 543	2 425
Short-term investments	21 156	21 466	22 977
Cash and cash equivalents	12 773	19 720	17 094
Assets held for sale	—	—	8 313
<b>Total current assets</b>	<b>92 268</b>	<b>125 776</b>	<b>126 647</b>
<b>Total assets</b>	<b>446 390</b>	<b>463 857</b>	<b>462 608</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Attributable to owner of the Parent Company	94 385	89 085	88 096
Attributable to non-controlling interests	15 076	15 128	15 501
<b>Total equity</b>	<b>109 461</b>	<b>104 213</b>	<b>103 597</b>
<b>Non-current liabilities</b>			
Hybrid Capital	20 622	19 865	19 832
Other interest-bearing liabilities	55 094	47 262	43 981
Pension provisions	48 321	43 208	39 686
Other interest-bearing provisions	95 112	89 924	93 222
Derivative liabilities	10 596	19 583	14 042
Deferred tax liabilities	14 406	16 483	15 119
Contract liabilities	7 322	6 694	6 883
Other noninterest-bearing liabilities	2 252	2 392	2 305
<b>Total non-current liabilities</b>	<b>253 725</b>	<b>245 411</b>	<b>235 070</b>
<b>Current liabilities</b>			
Trade payables and other liabilities	25 335	24 582	29 482
Contract liabilities	1 069	1 189	1 052
Advance payments received	2 905	15 923	15 293
Derivative liabilities	18 560	41 233	27 245
Accrued expenses and deferred income	11 581	10 146	16 485
Current tax liabilities	1 809	62	850
Other interest-bearing liabilities	18 105	17 055	24 462
Interest-bearing provisions	3 840	4 043	3 734
Liabilities associated with assets held for sale	—	—	5 338
<b>Total current liabilities</b>	<b>83 204</b>	<b>114 233</b>	<b>123 941</b>
<b>Total equity and liabilities</b>	<b>446 390</b>	<b>463 857</b>	<b>462 608</b>

## SUPPLEMENTARY INFORMATION

Amounts in SEK million	30 Sep 2019	30 Sep 2018	31 Dec 2018
<b>Calculation of capital employed</b>			
Intangible assets: current and non-current	19 197	18 788	18 792
Property, plant and equipment	252 030	238 719	238 801
Participations in associated companies and joint arrangements	5 216	5 204	5 429
Deferred and current tax assets	15 254	14 483	14 144
Non-current noninterest-bearing receivables	3 688	2 520	3 657
Contract assets	193	193	214
Inventories	13 095	13 626	13 647
Trade receivables and other receivables	21 116	20 676	26 003
Prepaid expenses and accrued income	5 460	6 003	8 427
Unavailable liquidity	5 687	7 154	5 596
Other	514	414	624
<b>Total assets excl. financial assets</b>	<b>341 450</b>	<b>327 780</b>	<b>335 334</b>
Deferred and current tax liabilities	- 16 215	- 16 545	- 15 969
Other noninterest-bearing liabilities	- 2 252	- 2 392	- 2 305
Contract liabilities	- 8 391	- 7 883	- 7 935
Trade payable and other liabilities	- 25 335	- 24 582	- 29 482
Accrued expenses and deferred income	- 11 581	- 10 146	- 16 485
Other	- 302	—	—
<b>Total noninterest-bearing liabilities</b>	<b>- 64 076</b>	<b>- 61 548</b>	<b>- 72 176</b>
Other interest-bearing provisions not related to adjusted net debt <sup>1</sup>	- 11 984	- 11 487	- 11 589
<b>Capital employed<sup>2</sup></b>	<b>265 390</b>	<b>254 745</b>	<b>251 569</b>
<b>Capital employed, average</b>	<b>260 068</b>	<b>245 025</b>	<b>250 283</b>
<b>Calculation of net debt</b>			
Hybrid Capital	- 20 622	- 19 865	- 19 832
Bond issues, commercial paper and liabilities to credit institutions	- 48 606	- 47 792	- 50 303
Present value of liabilities pertaining to acquisitions of Group companies	- 28	- 51	- 51
Liabilities to associated companies	- 770	- 510	- 504
Liabilities to owners of non-controlling interests	- 10 723	- 10 603	- 10 406
Other liabilities	- 13 072	- 5 361	- 7 179
<b>Total interest-bearing liabilities</b>	<b>- 93 821</b>	<b>- 84 182</b>	<b>- 88 275</b>
Cash and cash equivalents	12 773	19 720	17 094
Short-term investments	21 156	21 466	22 977
Loans to owners of non-controlling interests in foreign Group companies	244	612	476
<b>Net debt<sup>2</sup></b>	<b>- 59 648</b>	<b>- 42 384</b>	<b>- 47 728</b>
<b>Calculation of adjusted gross debt and net debt</b>			
Total interest-bearing liabilities	- 93 821	- 84 182	- 88 275
50% of Hybrid Capital <sup>3</sup>	10 311	9 933	9 916
Present value of pension obligations	- 48 321	- 43 208	- 39 686
Provisions for gas and wind operations and other environment-related provisions	- 8 267	- 7 082	- 7 656
Provisions for nuclear power (net) <sup>4</sup>	- 29 519	- 31 052	- 31 920
Margin calls received	5 279	2 901	3 370
Liabilities to owners of non-controlling interests due to consortium agreements	10 723	9 385	9 195
Adjustment related to assets/liabilities held for sale	—	—	- 1 743
<b>Adjusted gross debt</b>	<b>- 153 615</b>	<b>- 143 305</b>	<b>- 146 799</b>
Reported cash and cash equivalents and short-term investments	33 929	41 186	40 071
Unavailable liquidity	- 5 687	- 7 154	- 5 596
<b>Adjusted cash and cash equivalents and short-term investments</b>	<b>28 242</b>	<b>34 032</b>	<b>34 475</b>
<b>Adjusted net debt<sup>2</sup></b>	<b>- 125 373</b>	<b>- 109 273</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-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
<b>Operating activities</b>						
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	33 601	25 680	13 499	7 854	34 341	42 262
Tax paid	- 1 006	- 4 103	- 552	- 1 420	- 3 698	- 601
Capital gains/losses, net	- 3 472	- 578	- 3 088	- 10	- 956	- 3 850
Interest received	173	185	18	30	343	331
Interest paid	- 2 717	- 2 799	- 331	- 326	- 3 046	- 2 964
Other, incl. non-cash items	- 3 150	- 2 375	- 1 963	- 2 882	- 3 709	- 4 484
<b>Funds from operations (FFO)</b>	<b>23 429</b>	<b>16 010</b>	<b>7 583</b>	<b>3 246</b>	<b>23 275</b>	<b>30 694</b>
Changes in inventories	23	1 759	678	1 435	1 549	- 187
Changes in operating receivables	1 865	7 348	4 204	4 958	- 790	- 6 273
Changes in operating liabilities	- 490	- 3 060	3 224	- 1 699	8 128	10 698
Other changes	- 13 098	13 232	- 2 080	10 876	8 892	- 17 438
<b>Cash flow from changes in operating assets and operating liabilities</b>	<b>- 11 700</b>	<b>19 279</b>	<b>6 026</b>	<b>15 570</b>	<b>17 779</b>	<b>- 13 200</b>
<b>Cash flow from operating activities</b>	<b>11 729</b>	<b>35 289</b>	<b>13 609</b>	<b>18 816</b>	<b>41 054</b>	<b>17 494</b>
<b>Investing activities</b>						
Acquisitions in Group companies	- 752	- 31	20	- 13	- 31	- 752
Investments in associated companies and other shares and participations	237	337	99	20	254	154
Other investments in non-current assets	- 16 524	- 13 183	- 4 705	- 4 043	- 22 136	- 25 477
<b>Total investments</b>	<b>- 17 039</b>	<b>- 12 877</b>	<b>- 4 586</b>	<b>- 4 036</b>	<b>- 21 913</b>	<b>- 26 075</b>
Divestments	7 299	959	6 715	70	1 569	7 909
Cash and cash equivalents in acquired companies	147	5	—	5	5	147
Cash and cash equivalents in divested companies	- 3 626	- 43	- 3 626	—	- 43	- 3 626
<b>Cash flow from investing activities</b>	<b>- 13 219</b>	<b>- 11 956</b>	<b>- 1 497</b>	<b>- 3 961</b>	<b>- 20 382</b>	<b>- 21 645</b>
<b>Cash flow before financing activities</b>	<b>- 1 490</b>	<b>23 333</b>	<b>12 112</b>	<b>14 855</b>	<b>20 672</b>	<b>- 4 151</b>
<b>Financing activities</b>						
Changes in short-term investments	2 472	- 2 856	- 3 636	- 1 943	- 4 523	805
Changes in loans to owners of non-controlling interests in foreign Group companies	249	428	12	11	562	383
Loans raised <sup>1</sup>	9 249	2 625	- 3 257	- 6 505	8 720	15 344
Amortisation of debt pertaining to acquisitions of Group companies	- 23	—	—	—	—	- 23
Amortisation of other debt	- 14 072	- 8 940	- 6 772	- 2 048	- 9 562	- 14 694
Effect of early termination of swaps related to financing activities	258	68	37	—	- 122	68
Dividends paid to owners	- 3 448	- 3 249	- 822	- 222	- 3 299	- 3 498
Contribution/repaid contribution from owners of non-controlling interests	- 672	- 602	- 4	- 47	- 1 260	- 1 330
<b>Cash flow from financing activities</b>	<b>- 5 987</b>	<b>- 12 526</b>	<b>- 14 442</b>	<b>- 10 754</b>	<b>- 9 484</b>	<b>- 2 945</b>
<b>Cash flow for the period</b>	<b>- 7 477</b>	<b>10 807</b>	<b>- 2 330</b>	<b>4 101</b>	<b>11 188</b>	<b>- 7 096</b>

Amounts in SEK million	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 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	11 676	15 662	8 805	19 720
Cash and cash equivalents included in assets held for sale	2 992	—	3 347	—	- 2 992	—
Cash flow for the period	- 7 477	10 807	- 2 330	4 101	11 188	- 7 096
Translation differences	164	108	80	- 43	93	149
<b>Cash and cash equivalents at end of period</b>	<b>12 773</b>	<b>19 720</b>	<b>12 773</b>	<b>19 720</b>	<b>17 094</b>	<b>12 773</b>

## SUPPLEMENTARY INFORMATION

Amounts in SEK million	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
<b>Cash flow before financing activities</b>	<b>-1,490</b>	<b>23 333</b>	<b>12 112</b>	<b>14 855</b>	<b>20 672</b>	<b>- 4 151</b>
<b>Financing activities</b>						
Effects from terminating swaps related to financing activities	258	68	37	—	- 122	68
Dividends paid to owners	- 3 448	- 3 249	- 822	- 222	- 3 299	- 3 498
Contribution from owners of non-controlling interests	- 672	- 602	- 4	- 47	- 1 260	- 1 330
<b>Cash flow after dividend</b>	<b>- 5 352</b>	<b>19 550</b>	<b>11 323</b>	<b>14 586</b>	<b>15 991</b>	<b>- 8 911</b>
<b>Analysis of change in net debt</b>						
Net debt at start of period	- 47 728	- 59 260	- 72 455	- 57 753	- 59 260	- 42 384
Change accounting principles	- 4 609	—	—	—	—	- 4 609
Cash flow after dividend	- 5 352	19 550	11 323	14 586	15 991	- 8 911
Changes as a result of valuation at fair value	- 872	507	- 580	234	387	- 992
Changes in interest-bearing liabilities for leasing	- 534	—	- 99 <sup>3</sup>	—	—	- 534
Interest-bearing liabilities/short-term investments acquired/divested	- 2	—	—	—	—	- 2
Cash and cash equivalents included in assets held for sale	2 992	—	3 347	—	- 2 992	—
Interest-bearing liabilities associated with assets held for sale	- 793	—	5	—	781	- 12
Translation differences on net debt	- 2 750	- 3 181	- 1 189 <sup>3</sup>	549	- 2 635	- 2 204
<b>Net debt at end of period</b>	<b>- 59 648</b>	<b>- 42 384</b>	<b>- 59 648</b>	<b>- 42 384</b>	<b>- 47 728</b>	<b>- 59 648</b>
Cash flow from operating activities	11 729	35 289	13 609	18 816	41 054	17 494
Maintenance/replacement investments	- 8 985	- 8 480	- 2 669	- 2 843	- 13 479	- 13 984
<b>Free cash flow<sup>2</sup></b>	<b>2 744</b>	<b>26 809</b>	<b>10 940</b>	<b>15 973</b>	<b>27 575</b>	<b>3 510</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.

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



## INVESTMENTS

Amounts in SEK million	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
<b>Electricity generation</b>						
Hydro power	568	689	211	255	1 109	988
Nuclear power	1 630	1 611	441	578	2 389	2 408
Coal power	62	132	32	65	305	235
Gas	167	223	155	9	259	203
Wind power and solar PV	5 529	5 856	1 454	3 234	7 902	7 575
Biomass, waste	91	54	43	35	112	149
<b>Total electricity generation</b>	<b>8 047</b>	<b>8 565</b>	<b>2 336</b>	<b>4 176</b>	<b>12 076</b>	<b>11 558</b>
<b>CHP/heat</b>						
Fossil-based power	1 475	1 750	408	769	3 028	2 753
Biomass, waste	59	92	22	38	148	115
Other	1 288	920	467	378	1 776	2 144
<b>Total CHP/heat</b>	<b>2 822</b>	<b>2 762</b>	<b>897</b>	<b>1 185</b>	<b>4 952</b>	<b>5 012</b>
<b>Electricity networks</b>						
Electricity networks	4 132	3 808	1 490	1 356	6 449	6 773
<b>Total electricity networks</b>	<b>4 132</b>	<b>3 808</b>	<b>1 490</b>	<b>1 356</b>	<b>6 449</b>	<b>6 773</b>
Purchases of shares, shareholder contributions	515	- 306	- 119	- 7	- 223	598
Other	955	778	269	334	1 267	1 444
<b>Total investments</b>	<b>16 471</b>	<b>15 607</b>	<b>4 873</b>	<b>7 044</b>	<b>24 521</b>	<b>25 385</b>
Accrued investments, unpaid invoices (-)/ release of accrued investments (+)	568	- 2 730	- 287	- 3 008	- 2 608	690
<b>Total investments with cash flow effect</b>	<b>17 039</b>	<b>12 877</b>	<b>4 586</b>	<b>4 036</b>	<b>21 913</b>	<b>26 075</b>

# Consolidated statement of changes in equity

Amounts in SEK million	30 Sep 2019			30 Sep 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>13 022</b>	<b>1 351</b>	<b>14 373</b>	<b>7 736</b>	<b>1 171</b>	<b>8 907</b>	<b>10 157</b>	<b>1 850</b>	<b>12 007</b>
Cash flow hedges - changes in fair value	1 039	—	<b>1 039</b>	8 404	—	<b>8 404</b>	7 776	—	<b>7 776</b>
Cash flow hedges - dissolved against income statement	- 3 368	- 6	<b>- 3 374</b>	- 2 464	8	<b>- 2 456</b>	- 6 074	8	<b>- 6 066</b>
Cash flow hedges - transferred to cost of hedged item	- 26	—	<b>- 26</b>	6	—	<b>6</b>	3	—	<b>3</b>
Hedging of net investments in foreign operations	- 1 957	—	<b>- 1 957</b>	- 2 459	—	<b>- 2 459</b>	- 2 177	—	<b>- 2 177</b>
Translation differences, divested companies	- 76	—	<b>- 76</b>	2	—	<b>2</b>	2	—	<b>2</b>
Translation differences	4 121	472	<b>4 593</b>	4 279	556	<b>4 835</b>	3 707	486	<b>4 193</b>
Remeasurement pertaining to defined benefit obligations	- 7 878	—	<b>- 7 878</b>	—	- 1	<b>- 1</b>	- 310	- 105	<b>- 415</b>
Income taxes related to other comprehensive income	3 412	1	<b>3 413</b>	- 1 504	- 2	<b>- 1 506</b>	- 263	21	<b>- 242</b>
<b>Total other comprehensive income for the period</b>	<b>- 4 733</b>	<b>467</b>	<b>- 4 266</b>	<b>6 264</b>	<b>561</b>	<b>6 825</b>	<b>2 664</b>	<b>410</b>	<b>3 074</b>
<b>Total comprehensive income for the period</b>	<b>8 289</b>	<b>1 818</b>	<b>10 107</b>	<b>14 000</b>	<b>1 732</b>	<b>15 732</b>	<b>12 821</b>	<b>2 260</b>	<b>15 081</b>
Dividends paid to owners	- 2 000	- 1 711	<b>- 3 711</b>	- 2 000	- 1 249	<b>- 3 249</b>	- 2 000	- 1 299	<b>- 3 299</b>
Group contributions from(+)/to(-) owners of non-controlling interests	—	—	<b>—</b>	—	—	<b>—</b>	—	743	<b>743</b>
Contribution to/from minority interest	—	- 672	<b>- 672</b>	—	- 602	<b>- 602</b>	—	- 1 260	<b>- 1 260</b>
Other changes in ownership	—	140	<b>140</b>	—	—	<b>—</b>	—	—	<b>—</b>
Other changes	—	—	<b>—</b>	—	—	<b>—</b>	190	- 190	<b>—</b>
<b>Total transactions with equity holders</b>	<b>- 2 000</b>	<b>- 2 243</b>	<b>- 4 243</b>	<b>- 2 000</b>	<b>- 1 851</b>	<b>- 3 851</b>	<b>- 1 810</b>	<b>- 2 006</b>	<b>- 3 816</b>
<b>Balance carried forward</b>	<b>94 385</b>	<b>15 076</b>	<b>109 461</b>	<b>89 085</b>	<b>15 128</b>	<b>104 213</b>	<b>88 096</b>	<b>15 501</b>	<b>103 597</b>
- Of which, Reserve for hedges	- 1 069	31	<b>- 1 038</b>	3 375	35	<b>3 410</b>	450	35	<b>485</b>

# Key ratios, Vattenfall Group

In % unless otherwise stated. (x) means times <sup>1</sup>	Jan-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
Operating margin	16.4	12.5 <sup>4</sup>	24.1	11.5 <sup>4</sup>	11.4 <sup>4</sup>	14.3
Operating margin <sup>2</sup>	14.1	14.2 <sup>4</sup>	10.0	6.6 <sup>4</sup>	12.9 <sup>4</sup>	12.8
Pre-tax profit margin	15.1	10.2 <sup>4</sup>	21.7	6.8 <sup>4</sup>	9.1 <sup>4</sup>	12.6
Pre-tax profit margin <sup>2</sup>	12.8	10.0 <sup>4</sup>	7.6	2.0 <sup>4</sup>	9.2 <sup>4</sup>	11.2
Return on equity	16.8 <sup>3</sup>	12.4 <sup>3</sup>	16.8 <sup>3,5</sup>	12.4 <sup>3</sup>	11.9	16.8
Return on capital employed	9.2 <sup>3</sup>	7.9 <sup>3</sup>	9.2 <sup>3</sup>	7.9 <sup>3</sup>	7.0	9.2
Return on capital employed <sup>2</sup>	8.3 <sup>3</sup>	9.2 <sup>3</sup>	8.3 <sup>3</sup>	9.2 <sup>3</sup>	7.9	8.3
EBIT interest cover, (x)	6.0 <sup>3</sup>	3.4 <sup>3</sup>	6.0 <sup>3</sup>	3.4 <sup>3</sup>	4.3	6.0
EBIT interest cover, (x) <sup>2</sup>	5.4 <sup>3</sup>	3.9 <sup>3</sup>	5.4 <sup>3</sup>	3.9 <sup>3</sup>	4.9	5.4
FFO interest cover, (x)	8.3 <sup>3</sup>	4.7 <sup>3</sup>	8.3 <sup>3</sup>	4.7 <sup>3</sup>	6.5	8.3
FFO interest cover, net, (x)	10.7 <sup>3</sup>	5.8 <sup>3</sup>	10.7 <sup>3</sup>	5.8 <sup>3</sup>	7.8	10.7
Cash flow interest cover after maintenance investments, (x)	2.1 <sup>3</sup>	6.0 <sup>3</sup>	2.1 <sup>3</sup>	6.0 <sup>3</sup>	9.1	2.1
FFO/gross debt	32.7 <sup>3</sup>	26.8 <sup>3</sup>	32.7 <sup>3</sup>	26.8 <sup>3</sup>	26.4	32.7
FFO/net debt	51.5 <sup>3</sup>	53.2 <sup>3</sup>	51.5 <sup>3</sup>	53.2 <sup>3</sup>	48.8	51.5
FFO/adjusted net debt	24.5 <sup>3</sup>	20.6 <sup>3</sup>	24.5 <sup>3</sup>	20.6 <sup>3</sup>	20.7	24.5
EBITDA/net financial items, (x)	12.2	8.6	13.0	10.4	10.1	13.4
EBITDA/net financial items, (x) <sup>2</sup>	11.2	9.2	8.1	8.3	10.7	12.6
Equity/Total assets	24.5	22.5	24.5	22.5	22.4	24.5
Gross debt/equity	85.7	80.8	85.7	80.8	85.2	85.7
Net debt/equity	54.5	40.7	54.5	40.7	46.1	54.5
Gross debt/gross debt plus equity	46.2	44.7	46.2	44.7	46.0	46.2
Net debt/net debt plus equity	35.3	28.9	35.3	28.9	31.5	35.3
Net debt/EBITDA, (x)	1.4 <sup>3</sup>	1.2 <sup>3</sup>	1.4 <sup>3</sup>	1.2 <sup>3</sup>	1.4	1.4
Adjusted net debt/EBITDA, (x)	3.0 <sup>3</sup>	3.1 <sup>3</sup>	3.0 <sup>3</sup>	3.1 <sup>3</sup>	3.3	3.0

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) 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.

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

# Quarterly information, Vattenfall Group

Amounts in SEK million	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
<b>Income statement</b>							
Net sales	35 938	34 691	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)	13 499	7 515	12 587	8 662	7 854	6 888	10 938
Underlying Operating profit before depreciation, amortisation and impairment losses	8 416	8 268	14 092	8 964	6 301	7 883	13 322
Operating profit (EBIT)	8 677	2 869	8 168	4 189	3 680	2 775	6 975
Underlying operating profit	3 594	3 622	9 673	4 627	2 127	3 770	9 359
Profit before income taxes	7 798	2 490	7 861	3 042	2 181	3 500	5 279
Profit for the period	6 700	1 253	6 420	3 100	1 782	2 967	4 158
- of which, attributable to owner of the Parent Company	6 375	935 <sup>2</sup>	5 713 <sup>2</sup>	2 421	1 668	2 377	3 691
- of which, attributable to non-controlling interests	325	318 <sup>2</sup>	707 <sup>2</sup>	679	114	590	467
<b>Balance sheet</b>							
Non-current assets	354 122	349 931	343 569	335 961	338 105	333 706	323 689
Short-term investments	21 156	17 330	14 555	22 977	21 466	19 787	18 078
Cash and cash equivalents	12 773	11 676	12 233	17 094	19 720	15 662	14 414
Other current assets	58 339	75 095	84 164	86 576	84 566	76 135	70 918
<b>Total assets</b>	<b>446 390</b>	<b>454 032</b>	<b>454 521</b>	<b>462 608</b>	<b>463 857</b>	<b>445 290</b>	<b>427 099</b>
Equity	109 461	104 815	108 613	103 597	104 213	99 194	97 815
- of which, attributable to owner of the Parent Company	94 385	90 128 <sup>2</sup>	92 680 <sup>2</sup>	88 096	89 085	83 812	82 587
- of which, attributable to non-controlling interests	15 076	14 687 <sup>2</sup>	15 933 <sup>2</sup>	15 501	15 128	15 382	15 228
Hybrid Capital	20 622	20 272	20 096	19 832	19 865	20 033	19 615
Other interest-bearing liabilities	73 199	81 441	79 513	68 443	64 317	73 799	77 882
Pension provisions	48 321	44 560	40 037	39 686	43 208	43 704	43 276
Other interest-bearing provisions	98 952	98 983	98 076	96 956	93 967	94 615	91 300
Contract liabilities	8 391	8 163	7 819	7 935	7 883	7 814	7 684
Deferred tax liabilities	14 406	14 297	14 725	15 119	16 483	14 568	14 979
Other noninterest-bearing liabilities	73 038	81 501	85 642	111 040	113 921	91 563	74 548
<b>Total equity and liabilities</b>	<b>446 390</b>	<b>454 032</b>	<b>454 521</b>	<b>462 608</b>	<b>463 857</b>	<b>445 290</b>	<b>427 099</b>
Capital employed	265 390	270 533	270 536	251 569	254 745	262 393	259 921
Net debt	- 59 648	- 72 455	- 72 539	- 47 728	- 42 384	- 57 754	- 64 353
<b>Cash flow</b>							
Funds from operations (FFO)	7 583	6 057	9 789	7 265	3 246	4 006	8 758
Cash flow from changes in operating assets and operating liabilities	6 026	3 028	- 20 754	- 1 501	15 570	11 209	- 7 499
Cash flow from operating activities	13 609	9 085	- 10 965	5 764	18 816	15 215	1 259
Cash flow from investing activities	- 1 497	- 5 680	- 6 041	- 8 425	- 3 961	- 4 790	- 3 206
Cash flow before financing activities	12 112	3 405	- 17 006	- 2 661	14 855	10 425	- 1 947
Changes in short-term investments	- 3 636	- 2 610	8 718	- 1 667	- 1 943	- 1 438	525
Loans raised/Amortisation of debt, net, etc.	- 9 984	1 214	3 759	4 758	- 8 589	- 4 835	7 002
Dividends paid to owners	- 822	- 2 627	—	- 50	- 222	- 2 949	- 77
Cash flow from financing activities	- 14 442	- 4 023	12 477	3 041	- 10 754	- 9 222	7 450
<b>Cash flow for the period</b>	<b>- 2 330</b>	<b>- 618</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>10 940</b>	<b>6 725</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.
- 2) The value has been adjusted compared with information previously published in Vattenfall's financial reports.

In % unless otherwise stated. (x) means times <sup>1</sup>	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
<b>Key ratios</b>							
Return on equity	16.8	12.0 <sup>4</sup>	13.8 <sup>4</sup>	11.9	12.4	11.5	11.2
Return on capital employed <sup>2</sup>	9.2	7.1	7.1	7.0	7.9	7.1	7.8
Return on capital employed <sup>2,3</sup>	8.3	7.5	7.6	7.9	9.2	9.2	9.8
EBIT interest cover, (x) <sup>2</sup>	6.0	5.1	5.1	4.3	3.4	3.0	3.3
EBIT interest cover, (x) <sup>2,3</sup>	5.4	5.4	5.4	4.9	3.9	3.9	4.0
FFO/gross debt <sup>2</sup>	32.7	25.9	24.4	26.4	26.8	25.9	27.8
FFO/net debt <sup>2</sup>	51.5	36.4	33.5	48.8	53.2	42.1	42.1
FFO/adjusted net debt	24.5	19.2	18.1	20.7	20.6	19.4	20.7
Equity/assets ratio	24.5	23.1	23.9	22.4	22.5	22.3	22.9
Gross debt/equity	85.7	97.0	91.7	85.2	80.8	94.6	99.7
Net debt/equity	54.5	69.1	66.8	46.1	40.7	58.2	65.8
Net debt/net debt plus equity	35.3	40.9	40.0	31.5	28.9	36.8	39.7
Net debt/EBITDA, (x) <sup>2</sup>	1.4	2.0	2.0	1.4	1.2	1.7	1.8
Adjusted net debt/EBITDA, (x) <sup>2</sup>	3.0	3.7	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.

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

## 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.

The implementation of IFRS 16 resulted in a higher EBITDA by SEK 559 million and in a higher interest expense by SEK 77 million the first nine months 2019, compared with previous years accounting under IAS 17 where all cost for operational lease contracts were accounted for in operating profit.

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-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018
<b>Average rate</b>					
EUR	10.5446	10.2392	10.6655	10.4099	10.2591
DKK	1.4127	1.3745	1.4292	1.3966	1.3765
GBP	11.9572	11.5766	11.9022	11.6867	11.5785
USD	9.3655	8.5853	9.5523	8.9318	8.6988
			<b>30 Sep 2019</b>	<b>30 Sep 2018</b>	<b>31 Dec 2018</b>
<b>Balance sheet date rate</b>					
EUR			10.6958	10.3090	10.2548
DKK			1.4326	1.3826	1.3733
GBP			12.0757	11.6184	11.4639
USD			9.8226	8.9055	8.9562



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

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.

The carrying amounts of financial assets do not differ significantly from their fair values. The difference between carrying amounts and fair values for financial liabilities amounts to SEK 7,158 million (31 December 2018: 5,204).

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.

### FINANCIAL ASSETS AND LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON THE BALANCE SHEET AT 30 SEPTEMBER 2019

Amounts in SEK million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Share in the Swedish Nuclear Waste Fund	45 829	—	—	45 829
Derivative assets	—	25 386	383	25 769
Short-term investments, cash equivalents and other shares and participations	15 855	8 133	—	23 988
<b>Total assets</b>	<b>61 684</b>	<b>33 519</b>	<b>383</b>	<b>95 586</b>
<b>Liabilities</b>				
Derivative liabilities	—	29 133	23	29 156
<b>Total liabilities</b>	<b>—</b>	<b>29 133</b>	<b>23</b>	<b>29 156</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>

## NOTE 4 | Acquired and divested operations

### Acquired operations

End of February 2019, Vattenfall finalized the acquisition of the Dutch electricity and gas sales company DELTA Energie. DELTA Energie supplies green electricity and gas to households and small and medium-sized companies, mainly in the Dutch province Zeeland. The company has 120 employees and 170,000 customers. The purchase price allocation is not finalized yet. The surplus value mainly relates to customer relationships.

### Divested operations

On 2nd of September 2019, Vattenfall finalized the divestment of the district heating in Hamburg to the City of Hamburg. The transaction was based on the decision taken by the City of Hamburg in October 2018 to exercise its option to acquire Vattenfalls shareholding of 74,9% in the company. The consideration received amounts to EUR 634 million.

# 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 previous year.

## January – September 2019

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

- Net sales amounted to SEK 36,470 million (29,350).
- Profit before appropriations and income taxes was SEK 17,834 million (940).
- 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. Dividend received from subsidiaries amounts to SEK 8,219 million (3,670). Lower financial expenses due to favorable exchange rate effects have also had a positive effect on earnings.

- The balance sheet total was SEK 269,520 million (31 December 2018: 278,819).
- Investments during the period amounted to SEK 862 million (582),
- Cash and cash equivalents, and short-term investments amounted to SEK 29,944 million (31 December 2018: 39,798).
- Dividend paid to the owner of SEK 2,000 million (2,000)

## Presentation of Parent Company income statements

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

## 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-Sep 2019	Jan-Sep 2018	Full year 2018	Last 12 months
Net sales	36 470	29 350	42 450	49 570
Cost of purchases	- 20 285	- 24 422	- 34 751	- 30 614
Other external expenses	- 2 508	- 2 408	- 3 745	- 3 845
Personnel expenses	- 1 533	- 1 541	- 2 053	- 2 045
Other operating incomes and expenses, net	142	25	71	188
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>12 286</b>	<b>1 004</b>	<b>1 972</b>	<b>13 254</b>
Depreciation, amortisation and impairments	- 382	- 374	- 501	- 509
<b>Operating profit (EBIT)</b>	<b>11 904</b>	<b>630</b>	<b>1 471</b>	<b>12 745</b>
Result from participations in subsidiaries	8 219	3 670	3 389	7 938
Other financial income	1 209	1 135	1 403	1 477
Other financial expenses	- 3 498	- 4 495	- 4 863	- 3 866
<b>Profit before appropriations and income taxes</b>	<b>17 834</b>	<b>940</b>	<b>1 400</b>	<b>18 294</b>
Appropriations	2 074	1 098	919	1 895
<b>Profit before income taxes</b>	<b>19 908</b>	<b>2 038</b>	<b>2 319</b>	<b>20 189</b>
Income taxes	- 2 531	282	135	- 2 678
<b>Profit for the period</b>	<b>17 377</b>	<b>2 320</b>	<b>2 454</b>	<b>17 511</b>

# Parent Company balance sheet

Amounts in SEK million	30 Sep 2019	30 Sep 2018	31 Dec 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets: non-current	201	194	193
Property, plant and equipment	4 915	4 400	4 563
Shares and participations	149 897	149 995	149 779
Deferred tax assets	967	2 086	1 921
Other non-current receivables	69 834	54 457	63 366
<b>Total non-current assets</b>	<b>225 814</b>	<b>211 132</b>	<b>219 822</b>
<b>Current assets</b>			
Inventories	387	259	269
Intangible assets: current	119	244	337
Current receivables	13 256	21 566	17 949
Current tax assets	—	1 151	644
Short-term investments	20 307	20 601	22 129
Cash and cash equivalents	9 637	16 728	17 669
<b>Total current assets</b>	<b>43 706</b>	<b>60 549</b>	<b>58 997</b>
<b>Total assets</b>	<b>269 520</b>	<b>271 681</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	1 350	1 335	1 341
Non-restricted equity			
Retained earnings	46 608	46 169	46 163
Profit for the period	17 377	2 320	2 454
<b>Total equity</b>	<b>109 909</b>	<b>94 398</b>	<b>94 532</b>
<b>Untaxed reserves</b>	<b>9 680</b>	<b>11 187</b>	<b>11 753</b>
<b>Provisions</b>	<b>5 242</b>	<b>5 262</b>	<b>5 256</b>
<b>Non-current liabilities</b>			
Hybrid capital	20 625	19 871	19 837
Other interest-bearing liabilities	43 565	44 878	39 171
Other noninterest-bearing liabilities	11 165	9 922	11 196
<b>Total non-current liabilities</b>	<b>75 355</b>	<b>74 671</b>	<b>70 204</b>
<b>Current liabilities</b>			
Other interest-bearing liabilities	59 684	76 965	86 207
Current tax liabilities	663	—	—
Other noninterest-bearing liabilities	8 987	9 198	10 867
<b>Total current liabilities</b>	<b>69 334</b>	<b>86 163</b>	<b>97 074</b>
<b>Total equity, provisions and liabilities</b>	<b>269 520</b>	<b>271 681</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-Sep 2019	Jan-Sep 2018	Jul-Sep 2019	Jul-Sep 2018	Full year 2018	Last 12 months
Operating profit (EBIT)	19 715	13 430	8 677	3 680	17 619	23 904
Depreciation, amortisation and impairment losses	- 13 886	- 12 250	- 4 822	- 4 174	- 16 722	- 18 358
<b>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>33 601</b>	<b>25 680</b>	<b>13 499</b>	<b>7 854</b>	<b>34 341</b>	<b>42 262</b>
Items affecting comparability excl. impairment losses and reversed impairment losses	- 2 826	1 826	- 5 083	- 1 553	2 128	- 2 524
<b>Underlying operating profit before depreciation, amortisation and impairment losses</b>	<b>30 775</b>	<b>27 506</b>	<b>8 416</b>	<b>6 301</b>	<b>36 469</b>	<b>39 738</b>
Operating profit (EBIT)	19 715	13 430	8 677	3 680	17 619	23 904
Items affecting comparability	- 2 826	1 826	- 5 083	- 1 553	2 264	- 2 388
<b>Underlying operating profit</b>	<b>16 889</b>	<b>15 256</b>	<b>3 594</b>	<b>2 127</b>	<b>19 883</b>	<b>21 516</b>



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

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**KEY RATIOS BASED ON LAST 12-MONTH VALUES OCTOBER 2018 – SEPTEMBER 2019:**

<b>Operating margin, %</b>	= 100 x	$\frac{\text{EBIT}}{\text{Net sales}}$	$\frac{23\,904}{167\,657}$	=	14.3
<b>Operating margin excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Net sales}}$	$\frac{21\,516}{167\,657}$	=	12.8
<b>Pre-tax profit margin, %</b>	= 100 x	$\frac{\text{Profit before income taxes}}{\text{Net sales}}$	$\frac{21\,191}{167\,657}$	=	12.6
<b>Pre-tax profit margin excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Profit before income taxes excl. items affecting comparability}}{\text{Net sales}}$	$\frac{18\,804}{167\,657}$	=	11.2
<b>Return on equity, %</b>	= 100 x	$\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl. the Reserve for cash flow hedges}}$	$\frac{15\,443}{92\,134}$	=	16.8
<b>Return on capital employed, %</b>	= 100 x	$\frac{\text{EBIT}}{\text{Capital employed, average}}$	$\frac{23\,904}{260\,068}$	=	9.2
<b>Return on capital employed excl. items affecting comparability, %</b>	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Capital employed, average}}$	$\frac{21\,516}{260\,068}$	=	8.3
<b>EBIT interest cover, (x)</b>	=	$\frac{\text{EBIT + financial income excl. return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{24\,922}{4\,179}$	=	6.0
<b>EBIT interest cover excl. Items affecting comparability, (x)</b>	=	$\frac{\text{Underlying EBIT + financial income excl. Return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{22\,534}{4\,179}$	=	5.4
<b>FFO interest cover, (x)</b>	=	$\frac{\text{FFO + financial expenses excl. discounting effects attributable to provisions}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{34\,873}{4\,179}$	=	8.3
<b>FFO interest cover, net, (x)</b>	=	$\frac{\text{FFO + financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{33\,855}{3\,161}$	=	10.7

<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 6 813 </div> <div> Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs 3 303 </div>	=	2.1
<b>FFO/gross debt, %</b>	= 100 x	<div>FFO</div> <div>Interest-bearing liabilities</div>	<div>30 694</div> <div>93 821</div>	= 32.7
<b>FFO/net debt, %</b>	= 100 x	<div>FFO</div> <div>Net debt</div>	<div>30 694</div> <div>59 648</div>	= 51.5
<b>FFO/adjusted net debt, %</b>	= 100 x	<div>FFO</div> <div>Adjusted net debt</div>	<div>30 694</div> <div>125 373</div>	= 24.5
<b>EBITDA/net financial items, (x)</b>	=	<div>EBITDA</div> <div>Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund</div>	<div>42 262</div> <div>3 161</div>	= 13.4
<b>EBITDA excl. items affecting comparability/net financial items, (x)</b>	=	<div>EBITDA excl. items affecting comparability</div> <div>Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund</div>	<div>39 738</div> <div>3 161</div>	= 12.6

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**KEY RATIOS BASED ON THE BALANCE SHEET PER 30 SEPTEMBER 2019:**

<b>Equity/total assets, %</b>	= 100 x	<div>Equity</div> <div>Balance sheet total</div>	<div>109 461</div> <div>446 390</div>	= 24.5
<b>Gross debt/equity, %</b>	= 100 x	<div>Interest-bearing liabilities</div> <div>Equity</div>	<div>93 821</div> <div>109 461</div>	= 85.7
<b>Net debt/equity, %</b>	= 100 x	<div>Net debt</div> <div>Equity</div>	<div>59 648</div> <div>109 461</div>	= 54.5
<b>Gross debt/gross debt equity, %</b>	= 100 x	<div>Interest-bearing liabilities</div> <div>Interest-bearing liabilities + equity</div>	<div>93 821</div> <div>203 282</div>	= 46.2
<b>Net debt/net debt plus equity, %</b>	= 100 x	<div>Net debt</div> <div>Net debt + equity</div>	<div>59 648</div> <div>169 109</div>	= 35.3
<b>Net debt/EBITDA, (x)</b>	=	<div>Net debt</div> <div>EBITDA</div>	<div>59 648</div> <div>42 262</div>	= 1.4
<b>Adjusted net debt/EBITDA, (x)</b>	=	<div>Adjusted net debt</div> <div>EBITDA</div>	<div>125 373</div> <div>42 262</div>	= 3.0

**Interim report signature**

Solna, 29 October 2019

Magnus Hall  
President and CEO

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

**Financial calendar**

Year-end report 2019, 5 February 2020

Annual General Meeting, 28 April 2020

Interim report January-March, 29 April 2020

Interim report January-June, 21 July 2020

Interim report January-September, 27 October 2020

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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 CET on 29 October 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.