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# EDITED TRANSCRIPT

Q3 2020 Vattenfall AB Earnings Presentation

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## PRESENTATION

**Markus Friberg** *Vattenfall - Head of Media Relations*

Welcome to this live web audio cast for media and analysts where we will present Vattenfall's results for the first nine months and the third quarter of 2020. We will hear from our CEO, Magnus Hall, and our CFO and incoming CEO, Anna Borg, and after that, we will open up for questions and with that short introduction, I give the word to you, Magnus. Please go ahead.

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**Magnus Hall** *Vattenfall - Chief Executive Officer*

Thank you very much and also from my side, very welcome to this nine-month and Q3 result presentation for Vattenfall. Some opening remarks that we had - we can see in general that we had a positive development in our company despite the turbulent market. We have had as well known unusually very high hydrological balance. That means a lot of water in the system pushing prices down in the Nordic electricity market. In the period, but also in the quarter we had progress for fossil-free solutions.

We inaugurated the Princess Ariane wind farm in the Netherlands and we also started, inaugurated our HYBRIT pilot plant for fossil-free steel production up in Lulea and we made a bid for the closure of Moorburg coal-fired plant in the German auctions and also during the quarter it was announced that our current CFO, Anna Borg, will be the new CEO with effect from the November 1st.

If we look to the result, underlying EBIT increased by SEK 0.9 billion to SEK 17.8 billion and that's mainly on stable, more or less stable electricity prices after hedging, but then also higher profits in the sales business and a good trading result and if we look down to the profit for the period, it decreased to SEK 2.0 billion and of course they are a result of big impairments in the operating segments Heat, which is Moorburg, SEK 9 billion and then also old wind farms, onshore wind farms assets in wind with SEK 1.5 billion.

And after the quarter three result of quarter three, we also came out to the information that we offered to sell the electricity distribution company in Berlin to the state of Berlin. I will revert to all of these issues later in the presentation.

Just an overview of the situation. You can see here if you go down, the result development to the left, that our net sales decreased, of course, back on lower volumes and then also the underlying profit increased, as I just mentioned, by roughly 5 percent and then if you go down, of course you can see here also the profit for the period result which is a significant reduction versus the first nine months last year.

If we just briefly touch upon the financial targets, we are well within our framework of 22 to 27 for FFO to adjusted net debt on the rolling 12 months, but if you look to the return on capital employed, we are below because of the impairments.

On the below, you can see customer sales slightly decreasing here. Consumption has been going down also in electricity and gas because of warm weather and probably some pandemic effects that we see and if you look to the right, electricity production is significantly lower than last year of course and let's return to that later in the presentation during the business segments, but you could see at the total here, we are going from 95.4 terawatt hours of electricity production during the first nine months in 2019 to 82.2 this year.

We go on to Customers & Solutions, our retail business. We see a positive development in our continental business, but if you just look to the figures, we can - a slight decrease in net sales, as I mentioned earlier, but if you look to the underlying profit, it's actually increasing, partly due to lower depreciation in our Dutch business, but also better contribution from profits in the German business. We have a significant improvement in Net Promoter Score which is a value where you measure our popularity, you could say, with customers and we like to see that development of course.

And then I'd just like to draw your attention to the right side of this slide that you see which is charging points and as you know, we are developing our program for electrical charging infrastructure and you can see here that our charging points have significantly increased versus the same point in time last year and we do believe this is going to be an important business for Vattenfall going forward.

Segment Power Generation, which is our power generation, fossil-free power generation together with our trading operations, here of course, as I mentioned earlier, the hydrological balance, the middle graph that you could see here, is still affecting us quite severely with high - the dark blue is how much water there is in the system in general both in dams and in nature expected to be flowing down.

You can see the reversed side of that is of course pricing being very low and so this is a - well, it's not so significantly affecting us because we are running a rolling hedge and we can also see some help in our operations because of production in certain price areas in Sweden with a better price situation than what we see on this current graph which is what we call a system price.

You could see there also power production going down quite significantly. As I mentioned earlier, if we just take a look at the production here, 65.4 to 57.7 in the Nordic system, and of course we have here higher production in hydro power because of the lot of water we are having, but then also lower production of nuclear, quite significantly lower, than last year because of closing, of course, of Ringhals 1, but then also because of availability issues and some market-related downtime because of very low prices during certain periods of time.

Yes, I think we will go on to the next picture and this is just a slightly educational picture on the situation we had in 2020 and it really tells the story of how important our nuclear operations is for the stability of the grid and if you just take a look at the middle of this picture, you can see there is - we have - if you look to price areas one and two, Swedish SE1 and 2 and you look to the southern part Swedish price areas 3 and 4, you can see that there is an imbalance in terms of production and consumption in those two.

And of course we need to take a lot of electricity flow over the system - over the grids down to the south and what happened in 2020 was that this transfer these grids didn't have full capacity and so we couldn't push all the electricity down to the south which meant that we had very big price differences in the areas. And we also had some problems actually stabilizing the network in the southern part of Sweden where we made an agreement with the Swedish grid TSO to operate our Ringhals 1 power plant under circumstances we would normally not do to keep it available to stabilize the system and what these things tells us is a few thing.

Is, one, that nuclear is very important for price area 3 and 4 and for Sweden and we also need to make sure that we can be more flexible in our operations in nuclear. We are operating - we are starting to look at that quite significantly because we can see that we need to support the system and there are several things that the nuclear is offering.

Just to mention what we call here system control services, which means that you need to make sure that you have voltage control, that you have, what we call, inertia in the system so you can actually live through some turbulence and there's something called short circuit capability which I don't want to technically go into explain, but these are services offered by nuclear and we can now see that the discussion is coming up in Sweden about how can we develop new services for the future and where nuclear will have a good position to actually deliver many of these services.

And so that's the aim of this picture, just to give a little bit more an overview what happened. We had these problems with the transfer during the year and then that partly was solved with an agreement with the Swedish TSO and there will be new markets coming up which we believe will be beneficial to Vattenfall.

I go back now again to the wind business area. Here, we continue to grow in terms of our renewables and as you know, this is the main thrust we're going where our investments are going. We can see that increase. We see an increase in sales because of additional capacity.

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But we have also here suffered from lower electricity prices and lower availability during maintenance work in offshore wind and so you could see the underlying profits went down from SEK 2.5 billion to SEK 2.25 billion Swedish crowns during the first nine months last year versus - this year versus last year.

But we do continue to build up our production sites. We had the inauguration of the Dutch wind farm, the biggest onshore Dutch wind farm, being able to produce electrical power for 370,000 Dutch households and our biggest project so far, the Kriegers Flak offshore wind farm which is now being built inbetween Germany and Denmark.

There, the foundations are in place and we are also running this project despite the pandemic. The needs for handling the pandemic, we are fully on our time schedule. So with that, I'd like to leave wind aside. If we look to Heat, there, of course, we have suffered under significantly increased temperatures during this year, much lower sales and also, of course, the fact that we have sold off our grids in Hamburg.

We have also closed our Hemweg 8 coal-fired production plant, electricity production plant in the Netherlands, so that you could see a significant reduction in sales and of course the underlying profit is now being squeezed because of very low spreads.

If you look to the right, you can see also that the dark spreads, the coal-fired spreads are below zero and that means that especially condensing plants running on coal, they are, in many cases, not cash flow positive and there is a need to address that and from our perspective, we have chosen to address that with offering the Moorburg plant, our big 1.8 gigawatt power plant outside Hamburg, to offer that in the coal phase-out auction in Germany and we will get the result at the 1st of December latest and what it means, if we are successful in the auction, we will be closing the Hamburg plant within six months.

We also - just to mention that we could also use our heat ducts, the places where we have our heat distribution ducts in the cities, we can also use now to put in place fiber and so we're developing a fiber network in Berlin together with another operator and we believe that could be a good additional business for the company.

Distribution, here the big news is of course that we offered to sell the electricity grid in Berlin to the state of Berlin, but just before that, let me comment on the situation generally. The underlying profit is slightly higher than last year. We suffered from lower volumes, but on the other hand, we had a big cost for the Storm Alfrida last year, roughly SEK 800 million which we did not have this year, and so the result of that means that we increase our operating profit from SEK 3.45 billion to SEK 3.87 billion Swedish crowns.

I would also like to draw your attention to the fact that we are continuing to invest here. We had 20 percent higher investment compared to the period last year and the need for investing in infrastructure like electricity grid is great both for expansion in the Berlin side, but also in Sweden because we need to - we both expand and we will be using much more electricity for new purposes for the future. So the need

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is there and we are continuing to do that.

A few words on the situation in Berlin. There you know that we have had a - we have a concession process. It's different than in Sweden. In Sweden, you own your grids forever or you can sell them, of course, but you are the owner. In Germany, it's like - it's a concession. It could be 10, 20 years and then you have a new concession for which you have to fight and we have been in this dispute with the city of Berlin over their giving the concession and the concession process there where the the concession has been given to the Berlin energy company.

We have appealed that in several court instances. Our processes which date back to many years ago. Eight years ago this whole thing started and it continues and it's not a good thing because we need to make sure that we continue investing in the grids. We have done so in the meantime. We are also running a business in Berlin which is highly efficient.

We know that, but on the other hand, for our employees and also for the decisions on the investments going forward, this uncertainty created by the concession and the disputes around the concession, we feel, have come to a point now where we have to do something to break the deadlock and so we have taken the decision to offer the city of Berlin to acquire the full operation of our Stromnetz Berlin operation. Now we will see. We have given the offer to the city, the city will evaluate it, we will negotiate and then we expect some time during next year, if we are successful, that the grid will then be in the hands of the new owner, being the city. I think we also believe this is still - even if this is not sort of our strategic long-term choice as such, we believe this was necessary and we believe it's in the best interest of our employees and also the customers and the citizens of Berlin.

So having said that, I would like to turn over the word to Anna Borg, our CFO and, on the 1st of November, CEO, to continue to present on our strategic targets for 2025. Thank you.

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**Anna Borg Vattenfall - Chief Financial Officer, Incoming Chief Executive Officer**

Thank you very much, Magnus. As you know, we have strategic targets for the Vattenfall Group valid until the end of this year, 2020. So we have, for the last year, had a work ongoing in the executive group management in order to update these strategic targets and also make sure that they are valid until 2025 and I will guide you through that.

As you know, our strategy remains, our purpose of enabling a fossil-free living between one generation is still what is guiding us. Our strategy also remains and it's based on an integrated utility logic also going forward. We do believe that this gives us competitive advantages in several dimensions.

It means, for example, that we are able to be competitive in wind auctions because we can enable or even secure stable revenues through, for example, corporate PPAs with our customers, but we also see that our customers consider it a competitive advantage that we actually own and produce the fossil-free and renewable energy that they want to consume. So this has a two-step effect on us.

In addition, it's a clear advantage that a diversified portfolio from a risk perspective actually reduces the risk in the portfolio in total and that also means a lower cost of capital and an ability to take on slightly more debt and therefore also invest in growth.

The targets, as such, I think you will recognize to a large extent. It's an update, not a total renewal. The first one is related to the strategic focus area of driving decarbonization with our customers and partners. We have the Net Promoter Score as our target here. The situation right now is that we're on approximately 2 and the target for 2025 is 18 and this 18 is a combination of our Net Promoter Score for both our sales business and our heat business, so both electricity, gas and heat are included.

When it comes to securing a fossil-free supply, we have chosen the target of CO2 emission intensity. The numbers for 2019 was 126 grams of CO2 per kilowatt hour and the target for 2025 is to be at or below 86 grams of CO2 per kilowatt hours. The reason that we have chosen the CO2 emission intensity is that that is established in the Science Based Targets. We have already an approval of our trajectory towards the 2 degree target when it comes to the Science Based Target.

We are on the trajectory already since before on the well-below 2 degrees target and with this 86 grams per kilowatt hour in 2025, we are setting ourselves on the trajectory of 1.5 degrees. This is also an industry standard of measuring this, so it means that we can also compare with other actors in our industry.

When it comes to empowering our people, we are measuring our LTIF and as you know, that is a KPI we already had before where we had a number of accidents which has also made us put additional focus on working even more with both health and safety and security in our operations. We will continue to do that and we will continue to measure that.

The Engagement Index is rather a measurement for how engaged our employees are and therefore also one of our most important success factors. The outcome was 69 for 2019 and our target for 2025 is 75.

Finally, delivering on high performing operations, we have our two financial KPIs. You realize these targets also from the existing ones. It's the FFO to adjusted net debt of somewhere between 22 and 27 percent and a return on capital employed of 8 or higher than 8 percent and again, we worked with these targets through the last year as a natural update of the 2020 targets and it's well anchored in the executive group management and also in the board of directors.

With that, I will leave the strategic targets for 2025 and we will have a look at the financials for the first nine months. As Magnus initially said, we can see a decreased net sales by SEK 5.4 billion for the first nine months. It's due to several things. It's the lower spot prices, the lower volumes, especially in Nordics, the Netherlands, but also in Germany due to warm weather and we also see lower income from our heat operations.

The underlying EBIT though increased by SEK 0.9 billion. That is mainly due to a strong sales business

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where we have a growth in Germany. We have lower depreciations in the Netherlands compared to last year. We also see a lower cost in distribution. That is mainly related to the Storm Alfrida we had in the beginning of last year.

We also see a higher trading result compared to the first nine months last year and we, of course, have also seen the impact of the lower achieved prices, which is the combination of hedges and spot prices, and also the lower nuclear production, pushing the result downwards.

The profit for the period, though, is significantly lower than last year. It's SEK 2.7 billion and that is mainly a result of the impairments of the heat plant Moorburg and also some of the wind assets. So these are one-time effects, but it, of course, has an impact on our net result for this year.

The return on capital employed for rolling 12 months was 4.7 percent, below our target of 8 percent and that is then mainly connected to these impairments. The underlying return on capital employed without the impairments is at 9.9 percent rolling 12.

Our FFO to adjusted net debt increased to 27.9 percent for the 12-month period. That's mainly a result of the higher FFO and that is well within the range of our 22 percent to 27 percent.

If we then look a bit deeper into the development of the underlying EBIT for each of our business segments, you see quite a large increase in Customers & Solutions. Again, it's a strong sales in basically all the markets, but especially the growth in Germany. It's also the lower depreciation compared to last year in the Netherlands. Power Generation, its prices and lower nuclear generation, but we also see these higher earnings from our trading operations.

In Wind, we have additional capacity. Horns Rev 3 is up and running, but on the other hand, we also have higher depreciations and higher costs due to both new capacity and project development.

When it comes to Heat, we see the effects from the sale of district heating in Hamburg last year in the comparison and also the closure of Hemweg 8 in the Netherlands.

The unfavorable clean dark and clean spark spread has also contributed to the lower electricity production, although you could see, in the price graphs, a slight uptick on the clean dark spread in the third quarter. In distribution business, it's mainly the lower cost that I mentioned earlier.

So if we take a look at the cash flow for the period, you can see that we have cash flows from operating activities of SEK 26.8 billion.

We have a change in working capital. That is mainly driven by the seasonality effects that we see each year. That's the net change in the operating receivables and liabilities in both our Customers & Solutions business and in our Heat business. We also see the net change in margin calls and a bit of increased inventory.



After the maintenance and replacement investments, we have a free cash flow of SEK 19 billion and also after the growth investments, we see a cash flow before financing activities of SEK 11.7 billion for the first nine months.

Taking a look at the investments then, we are investing at approximately the same level as last year for the first nine months. You can see that we have reduced the investments into nuclear and fossil, while we have increased then with almost 20 percent in our electricity networks compared to last year. Ofcourse this can vary quite a lot between the quarters depending on exactly when the investments are kicking in.

Then if we take a look at the summarized view of the key figures, you can see that we have a decreased net sales for the first nine months. We also have a decreased profit for the period due to the impairments of mainly Moorburg, but we do see an increased EBITDA and an increased underlying operating profit.

If you look at Q3 isolated, you can see that we actually have a stronger Q3 this year compared to Q3 2019. That is mainly due to three things. Again, increased sales, the lower depreciations, but also the hedges and the trading result.

When it comes to the return on capital employed, it's 4.7 percent for the 12 months, although at almost 10 percent looking at the underlying return on capital employed and the FFO to adjusted net debt is coming in at 27.9 percent for the 12-month period. We're still carrying with us quite a couple of strong months from 2019.

And finally, I would just also like to say that starting on 1st of November when I take over as the CEO, I have also recruited a new CFO for the Vattenfall Group who will start at the same date.

That is Kerstin Ahlfont with 25 years of experience in the energy industry and also experience from being either a Chief Financial Officer or a controller of most of the parts in the energy business. So I'm really looking forward to welcoming her into her new role and we'll also introduce her to you when we meet next time in the Q4 result. And with that, I will close and we will open up for questions. Thank you.

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## QUESTIONS AND ANSWERS

### **Markus Friberg *Vattenfall - Head of Media Relations***

Yes. Thank you Magnus and Anna. And we now open up for question either via telephone or online. And please state your name and company you represent when you ask your question. And we have one question via telephone, please go ahead.

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### **Operator**

(Operator Instructions) The first question is from Jakob Magnussen from Danske Bank. Please go ahead.

**Jakob Magnussen *Danske Bank - CFA***

Thank you very much. Actually two questions if I may. Just to be clear, in Q3, it seems like you had a very strong achieved power price in the Nordic region of 38 EUR per megawatt hour which is very impressive compared to the spot price on the Nord Pool. So can you just confirm that's a mix of hedges and just you exploiting sales in favorable price regions at favorable time periods? So that's the first question.

The second question is the Berlin concession. Can you give any sort of flavor of how much money you will receive for giving up the concession, I.E., how much will Berlin pay you for your assets in Berlin? Thank you very much.

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**Anna Borg Vattenfall - Chief Financial Officer, Incoming Chief Executive Officer**

I will answer the first question on the Q3 achieved prices. It's correct, they are fairly high and also higher than the same quarter last year. It's mainly two things impacting this.

It's our hedges which are coming in better this year, Q3 compared to last year, but it is also the price area differences, as you say. We have hedged in system price Nordic and we are, of course, delivering in the actual price areas where we have our generation assets.

And that, in combination with the very low prices in the system area being slightly less low in Sweden compared to Norway, is one important factor and also the price area differences between the different price areas in the Nordics. So there's been a lot of volatility in there and although the prices are still record low in all of the Nordics, they have deviated between especially Norway and Sweden and that's what you see the result of here.

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**Magnus Hall Vattenfall - Chief Executive Officer**

Okay. And I will answer the second question around the value of the - of the - of the grids in Berlin and we have agreed, together with the city, that we will not comment on any divestment price for that. So unfortunately, I cannot comment on it.

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**Markus Friberg Vattenfall - Head of Media Relations**

Okay. Thank you ...

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**Jakob Magnussen *Danske Bank - CFA***

Okay. Fair enough. Thank you very much.

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**Markus Friberg Vattenfall - Head of Media Relations**

Thank you and then we continue with a question from the web also related to Berlin apart from the price and this is from Petra Sorge, Dow Jones News.

**Petra Songe *Dow Jones News***

There is still a pending complaint of the state of Berlin against Vattenfall's Berlin heating operations. How does that affect your further relationship with Berlin and what are your plans for the heating sector? Can you also give a closer insight into the impairments expected from further court disputes in case the offer fails regarding the grid?

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**Magnus Hall *Vattenfall - Chief Executive Officer***

Well, the last part of that question, I don't know whether that is related then to the heat or the electricity grid, but the first part of that question, when it comes to the heat grid, we have a cooperation with the city of Berlin on the coal phase-out where we will continue to invest in the development there and we also can see that this discussion here has formed sort of a stronger link on a partnership with the city because we are running then different parts, provided that this divestment will go through.

We don't see, from our perspective, that the discussion around the heat grid and the concession around the heat grid has any merit. So from our perspective, we don't see that as an issue that will affect us and we will continue to run the heat business in Berlin because we believe there is a good business for us to be had for the future. When it comes to the impairments, I'm afraid I cannot answer that unless you have any, Anna.

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**Anna Borg *Vattenfall - Chief Financial Officer, Incoming Chief Executive Officer***

If the question is related to the distribution business in Berlin, that's what I heard, again, we're not commenting on the value or the price of the business, but we do have a very competitive and well-managed and run business in the distribution grid in Berlin and we are, of course, counting on making a conclusion with the city on a fair value for that business.

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**Markus Friberg *Vattenfall - Head of Media Relations***

A question from Andrew Moulder.

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**Andrew Moulder *CreditSights - Analyst***

Moorburg is a plant in the Hamburg area. Is it a system critical plant and how likely is it that you will be allowed to close this plant in the short-term?

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**Magnus Hall *Vattenfall - Chief Executive Officer***

We have, of course, had that discussion with the authorities. We haven't got the final answer just yet. We don't believe initially it's not a critical part of the situation around Hamburg and that will, of course, also be part of the auctioning process now. So we will find out, but we don't see any reasons or have any indications that it would be an issue.

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**Markus Friberg *Vattenfall - Head of Media Relations***

Okay. And we continue with another one from Andrew Moulder.

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**Andrew Moulder *CreditSights - Analyst***

You mentioned some regional pricing in Sweden which was better than the Nord Pool system price. How much do you benefit from this? How much of your Swedish generation typically delivers power into these higher price areas? Is this always the case or does it depend on the hydro conditions or on something else?

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**Anna Borg Vattenfall - Chief Financial Officer, Incoming Chief Executive Officer**

Well, first of all, the prices in all of Sweden have been higher than in Norway and we have our generation assets in Sweden, so that is one part of the benefit.

We have our hydro assets mainly in price area 1 and 2 and we also have nuclear assets in the price area 3 and 4, but we are not commenting in detail on what we're making in each part of the generation portfolio and what is a hedge or a sort of spot delivery, so we're showing the total result. And there was a second part of the question. Was that it?

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**Markus Friberg Vattenfall - Head of Media Relations**

How much of your Swedish generation typically delivers power into these higher price areas? I think we covered that. Is this always the case or does it depend on the hydro conditions or something else?

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**Anna Borg Vattenfall - Chief Financial Officer, Incoming Chief Executive Officer**

Yes. Right. It does, because the volumes in hydro vary a lot from year to year depending on the precipitation and of course we also decide whether to run or not and to what extent depending on both the prices and the weather.

However, there are limited storage capacity in the form of dams in the northern Sweden. So the hydro power is always delivering, but the volumes can vary a lot from year to year.

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**Markus Friberg Vattenfall - Head of Media Relations**

Then we have a couple of questions on the strategic targets. One from Ove Gusevik, SpareBank 1 Markets.

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**Ove Gusevik *SpareBank 1 Markets - Analyst***

Good morning. If you were to put a target of return on equity ROE for 2025, what would that be?

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**Anna Borg Vattenfall - Chief Financial Officer, Incoming Chief Executive Officer**

I don't have an answer on that and we also don't set that as a target. So these are the two financial KPIs that we are measured by from our owner and also in the business that we think are the most relevant ones for us.

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**Markus Friberg Vattenfall - Head of Media Relations**

And one more from Andrew Moulder.

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**Andrew Moulder *CreditSights - Analyst***

A question for Anna. Isn't it a bit unusual to announce new strategic targets a week before you start a CEO? Didn't you want to review the business before announcing new targets under your leadership?

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**Anna Borg *Vattenfall - Chief Financial Officer, Incoming Chief Executive Officer***

Well, these targets that we're now announcing is not something that we came up with within the last couple of weeks. It's been a long-term work in all of the executive group management and also together with the board of directors where I have been very much involved in every step of this.

So I feel that it's a well worked through set of targets that I completely support and that we've been working on for quite some time in the executive group management.

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**Markus Friberg *Vattenfall - Head of Media Relations***

Thank you. There does not seem to be any more questions over telephone. I have a couple of questions, however, anonymous here and it's a bit difficult for us to respond to anonymous questions because we're then not able to follow up or come back to you if there are unclarities, so they will not be post. And by that, we conclude the questions ...

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**Magnus Hall *Vattenfall - Chief Executive Officer***

Okay.

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**Markus Friberg *Vattenfall - Head of Media Relations***

Now, we have one. We have telephone. Last minute. Please go ahead.

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**Operator**

Your next question from the phone is from Lovisa Galiotos from SEB. Please go ahead.

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**Lovisa Galiotos *SEB - Analyst***

Hi. Hello? Can you hear me?

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**Magnus Hall *Vattenfall - Chief Executive Officer***

Yes.

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**Lovisa Galiotos *SEB - Analyst***

Oh, perfect. Thank you. I just had a question about your gas operations because I know that you have these very ambitious targets to phase out coal by 2030 in Germany and I think the market is focusing more and more on the role of gas in the European market with this exploration in renewables and also a bigger focus on hydrogen.

And I just wanted to ask you - because I can't really read anything in the report about what your targets are for phasing out gas and I was wondering if you could elaborate a bit on that for me. Thank you.

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**Anna Borg Vattenfall - Chief Financial Officer, Incoming Chief Executive Officer**

Well, we don't set targets specifically for gas, but we do set a target for how much CO2 per gram of electricity production we aim at. So implicitly, that, of course, is in there. It's true that we are phasing out coal in Berlin in our operations until 2030 and in Germany especially, gas will be one part of the power system in order to reduce the CO2 emissions.

And that is rather the German state and the sort of subsidy schemes and regulatory schemes that steer that, but our ambition is to reduce the CO2 emissions from all our operations and the targets we have in our strategic targets is included all kinds of CO2 emissions, also gas.

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**Lovisa Galiotos SEB - Analyst**

Okay. Thank you very much.

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**Markus Friberg Vattenfall - Head of Media Relations**

Okay. And then we have a question as well from Andreas Zsiga, Nordea concerning the Moorburg plant and the closure auction.

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**Andreas Zsiga Nordea - Analyst**

How much of the impairment made earlier in 2020 do you expect to recover if you win the auction? In case you can't or don't want to answer in detail, could you give an indication if it is insignificant or significant in relation to the impairment?

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**Anna Borg Vattenfall - Chief Financial Officer, Incoming Chief Executive Officer**

I will not comment on the detailed numbers, but we have made an impairment which we think is our best guess at that point in time reflecting the value of the business and that was also made when we put it into the auction. So with the information we had available then, that is our best guess.

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**Markus Friberg Vattenfall - Head of Media Relations**

And one more from Andrew Moulder.

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**Andrew Moulder CreditSights - Analyst**

I see from your factbook that the RAB of the Berlin network is SEK 18.8 billion. A typical measure of transactions have been done at RAB multiple of 1.2 to 1.4 times. So using these multiples, would it be reasonable to assume the price you asked for the grid would represent an EV of between SEK 22.6 billion and SEK 26.3 billion?

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**Magnus Hall Vattenfall - Chief Executive Officer**

I think as we said earlier, we don't have any comments on the situation on the - of the value of the divestment.

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**Markus Friberg Vattenfall - Head of Media Relations**

Okay. And then we have no more questions. Thank you, everyone, for attending and thank you for participating in this audio cast.

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