

Vattenfall Full Year results 2009

Presentations by

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Dag Andresen, CFO

10 February 2010

Agenda

CEO Lars G. Josefsson:

- 2009 highlights
- Financial highlights
- Generation volumes
- Electricity price development
- Important events 2009

CFO Dag Andresen:

- P&L
- Debt development
- Capex programme
- Hedge ratios

2009 Highlights

- Positive underlying operating profit despite challenging market environment
- Operating profit FY 2009: SEK 27,938 million (- 6.5%)
 - Generally lower demand on Vattenfall's markets
 - Lower electricity market prices
 - Positive price effects from previous years hedging
 - Lower production, including outages of base load generation
- Operating profit excluding items affecting comparability FY 2009
SEK: 32,111 million (+ 6.3%)

Financial highlights Full Year 2009

Net sales increased by

24.8% to SEK 205,407 million (164,549)

EBITDA increased by

12.7% to SEK 51,777 million (45,960)

EBIT decreased by

6.5% to SEK 27,938 million (29,895)

Profit after tax decreased by

24.3% to SEK 13,448 million (17,763)

Net debt increased by

SEK 89 bn to SEK 155 bn compared with 31 Dec. 2008

(including remaining purchase price of SEK 49 bn to Nuon shareholders)

Financial highlights Full Year 2009

Return on Net Assets

10.0% (FY 2008: 15.1%)

- target 11%

Return on Equity

9.5% (FY 2008: 13.6%)

- long-term target 15%

Dividend

The Board proposes a dividend of SEK 5.24 billion corresponding to a pay-out ratio of 40.6%

Financial highlights Q4 2009

Net sales increased by

39.5% to SEK 65,405 million (46,870)

EBITDA increased by

34.7% to SEK 15,360 million (11,407)

EBIT decreased by

13.5% to SEK 5,673 million (6,562)

Profit after tax decreased by

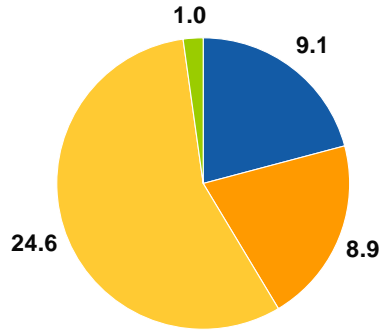
48.0% to SEK 2,110 million (4,055)

Net debt decreased by

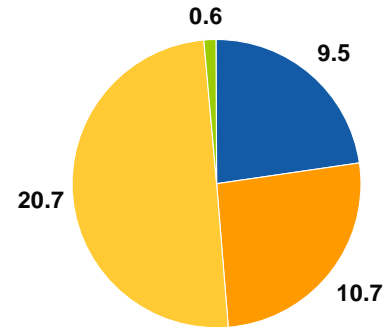
SEK 2.3 bn to SEK 155 bn compared with 30 September 2009
(including remaining purchase price of SEK 49 bn to Nuon shareholders)

Electricity generation output – decreased FY 2009

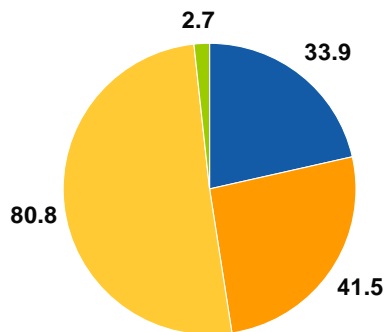
Q4 2009: 43.7 TWh



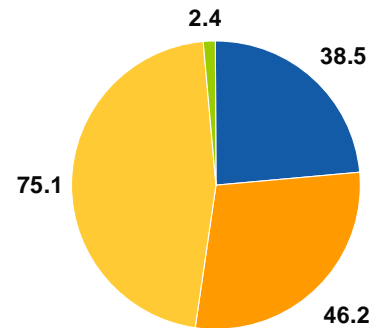
Q4 2008: 41.5 TWh



FY 2009: 158.9 TWh



FY 2008: 162.1 TWh



Hydro

Nuclear

Fossil

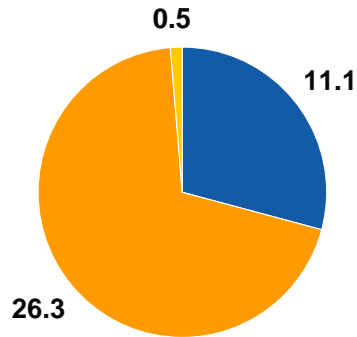
Other

Other = wind, biomass, waste

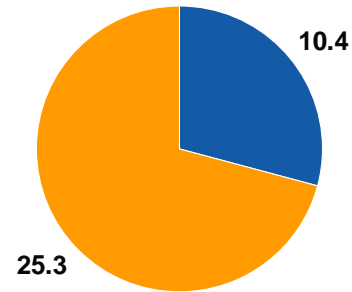
Heat and gas sales FY 2009

- Heat sales increased

FY 2009: 37.9 TWh



FY 2008: 35.6 TWh



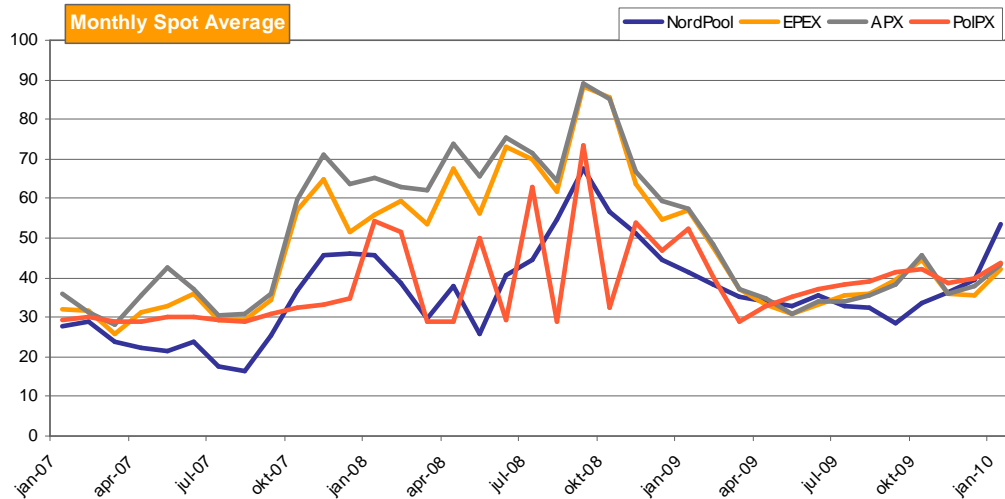
Nordic

Central Europe

Benelux

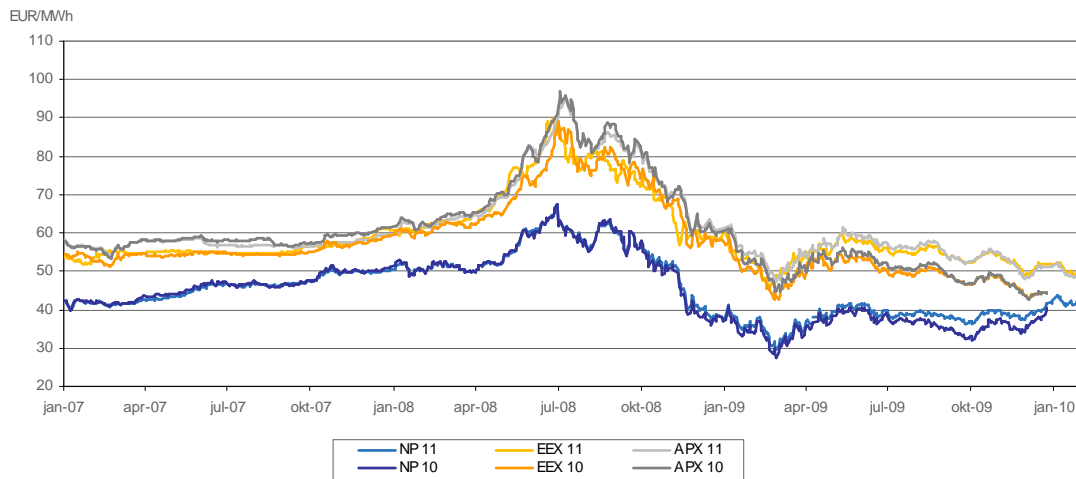
- Gas sales amounted to 20,0 TWh (Benelux 19.7 TWh)

Electricity price development



Lower spotprices during 2009, however NordPool prices increasing during Q4.

Daily Forward Closing Prices



Lower forward prices during 2009, however Nordic forward prices increasing during Q4.

Important events 2009

- Acquisition of N.V. Nuon Energy
- Extensive modernisation work and safety enhancements in nuclear power
- Divestment of minority stakes
- Ongoing wind power investments
- Increased retail market shares in the Nordic market and net gain of customers in Germany
- Unplanned nuclear production outages (Krümmel, Ringhals)
- Substantial bond issues (EUR and GBP)
- e-mobility – co-operation with Volvo and BMW

Financials

Dag Andresen, CFO

Consolidated income statement

Amounts in MSEK	FY 2009	FY 2008	Change (%)
Net sales	205,407	164,549	24.8
Cost of products sold	-162,564	-122,961	32.2
Gross profit	42,843	41,588	3.0
Operating profit (EBIT)	27,938	29,895	- 6.5
Operating profit, excl. IAC*	32,111	30,220	6.3
Financial income	2,814	3,412	-17.5
Financial expenses	-13,018	-9,809	32.7
<i>Financial net</i>	<i>-10,204</i>	<i>-6,397</i>	<i>59.5</i>
Profit before taxes	17,734	23,498	- 24.5
Taxes	-4,286	-5,735	25.3
Profit for the period	13,448	17,763	- 24.3

* IAC = items affecting comparability

Consolidated income statement

Amounts in MSEK	Q4 2009	Q4 2008	Change (%)
Net sales	65,405	46,870	39.5
Cost of products sold	-55,993	-37,395	49.7
Gross profit	9,412	9,475	- 0.1
Operating profit (EBIT)	5,673	6,562	- 13.5
Operating profit, excl. IAC*	9,934	6,964	42.6
Financial income	676	1,617	- 58.2
Financial expenses	-3,671	-3,768	2.6
<i>Financial net</i>	<i>-2,995</i>	<i>-2,151</i>	<i>- 39.2</i>
Profit before taxes	2,678	4,411	- 39.3
Taxes	-568	-356	- 59.6
Profit for the period	2,110	4,055	- 48.0

* IAC = items affecting comparability

Items affecting comparability FY 2009

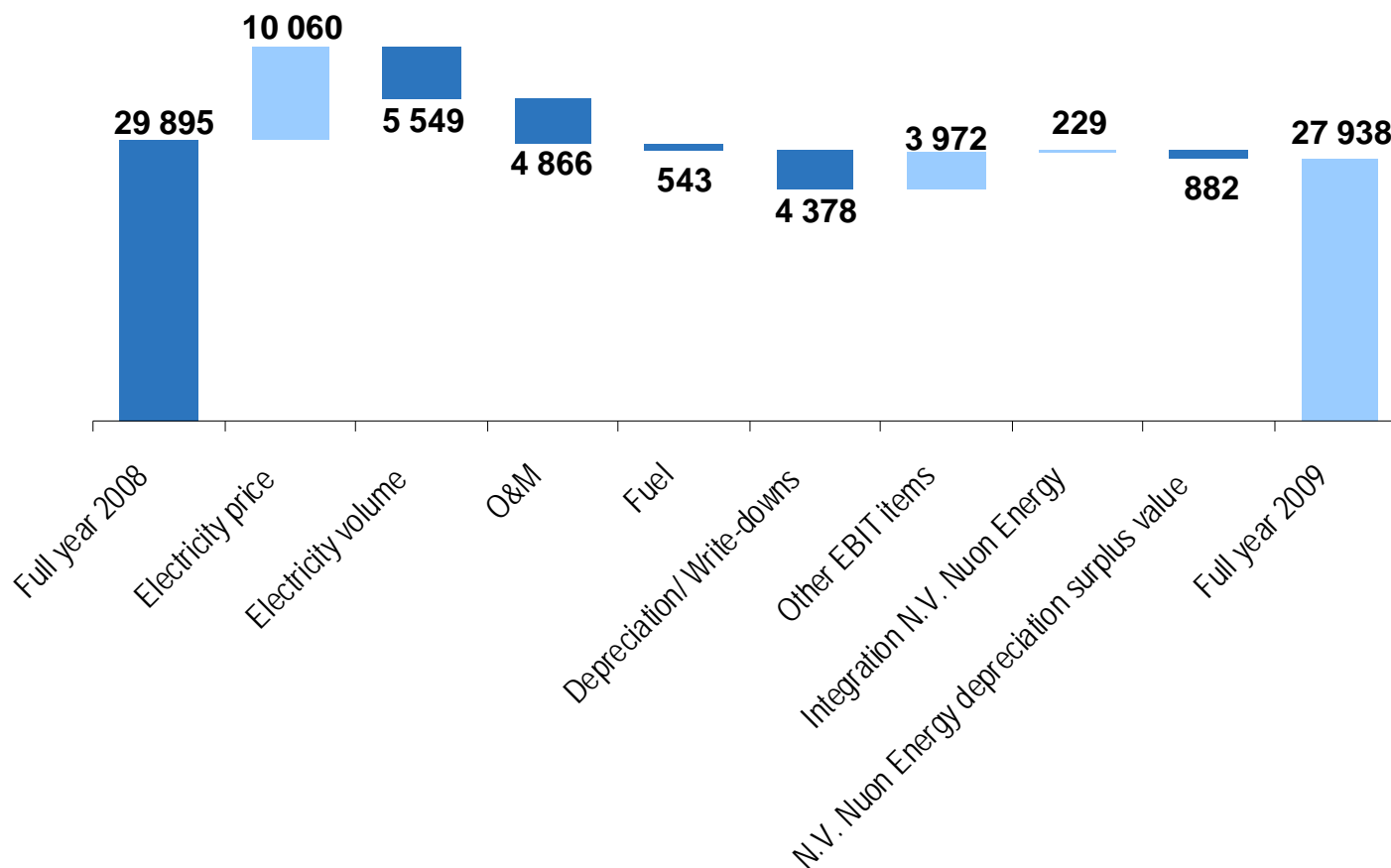
	MSEK
Capital gains from divestments	+ 919
Capital losses from divestments	- 861
Impairment losses of Danish CHP assets	- 4,088
Impairment losses of Nuon related assets	- 1,203
Other impairment losses	- 270
Reversal of previous years impairment losses	+ 1,328
Total	- 4,173

Items affecting comparability – Business Group's

2009, amounts in MSEK	EBIT	EBIT, excl. IAC	IAC
BG Pan Europe	2,113	3,234	<i>-1,121</i>
BG Nordic	7,504	10,923	<i>- 3,419</i>
BG Central Europe	18,938	18,373	<i>+ 565</i>
BG Benelux	- 644	- 460	<i>- 184</i>
Supply & Trading	1,571	1,585	<i>- 14</i>
Other	- 1,544	- 1,544	<i>0</i>
Total	27,938	32,111	<i>- 4,173</i>

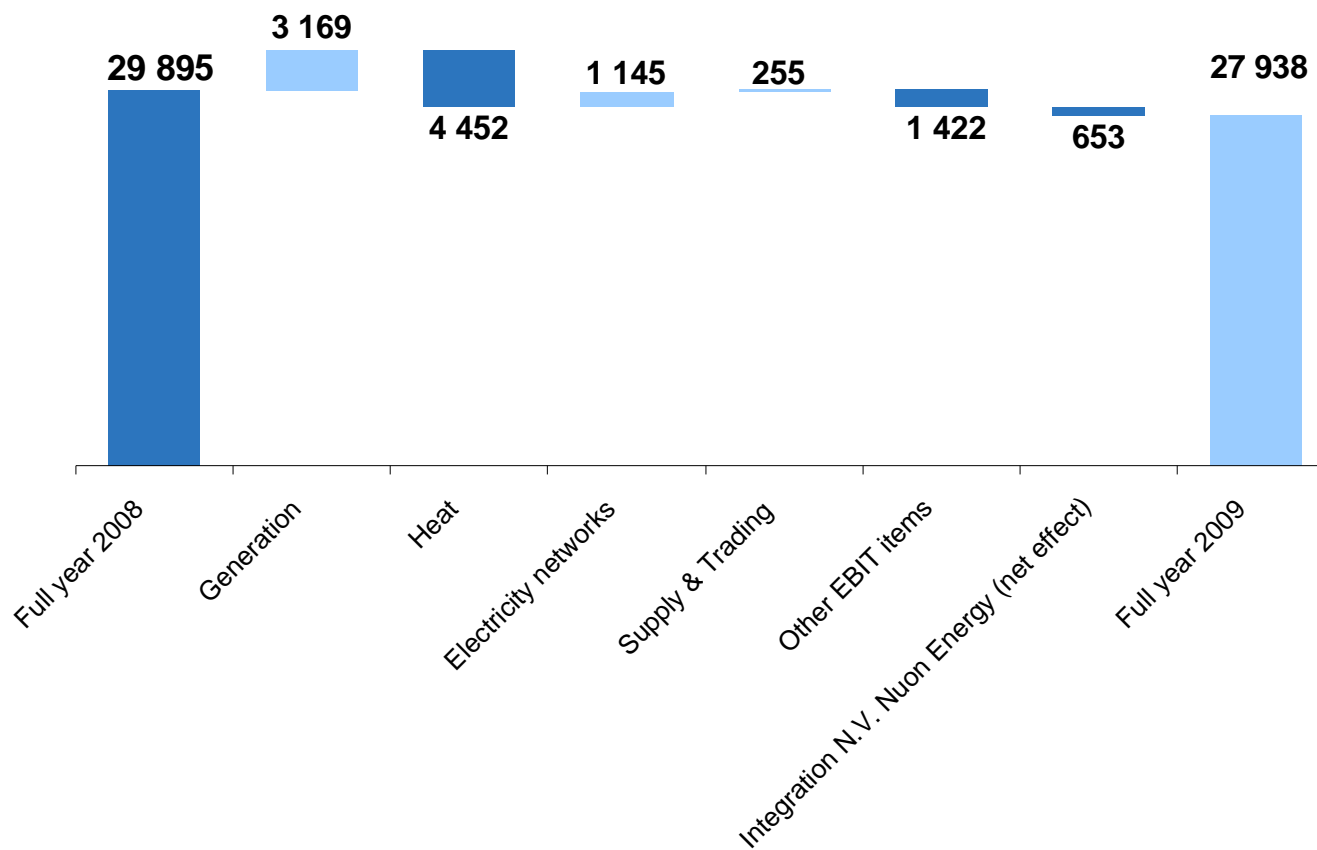
EBIT development incl. IAC, FY 2009

SEK million



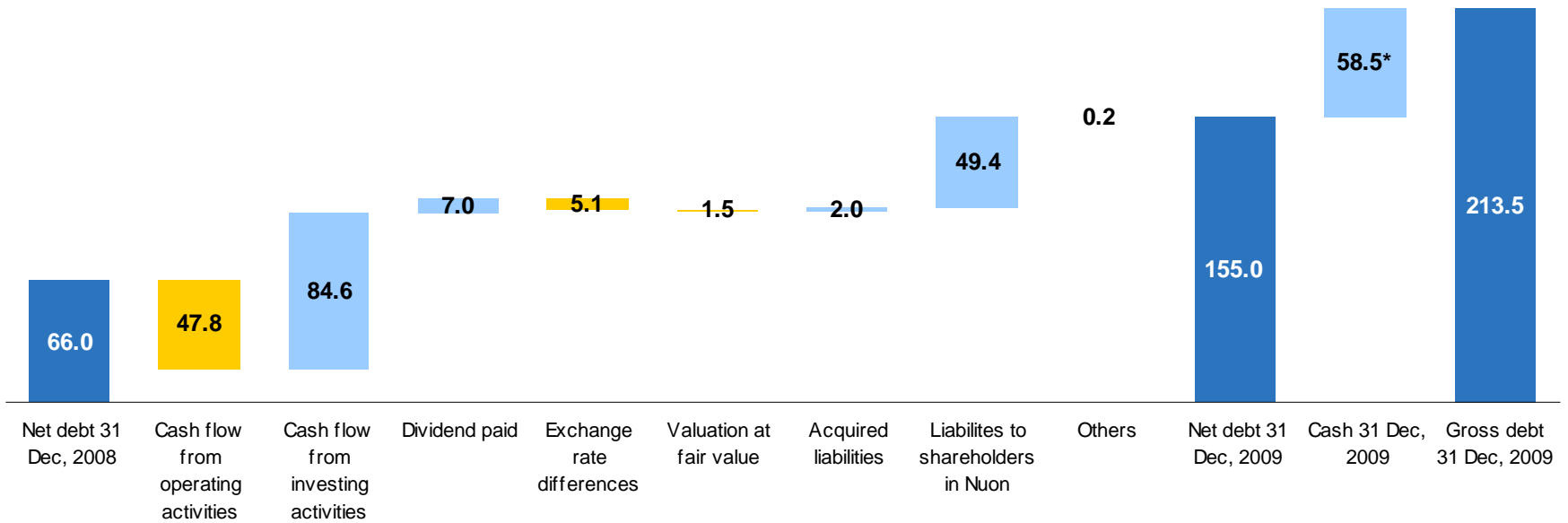
EBIT development, FY 2009 – by Product & Services

SEK million



Debt development 2009

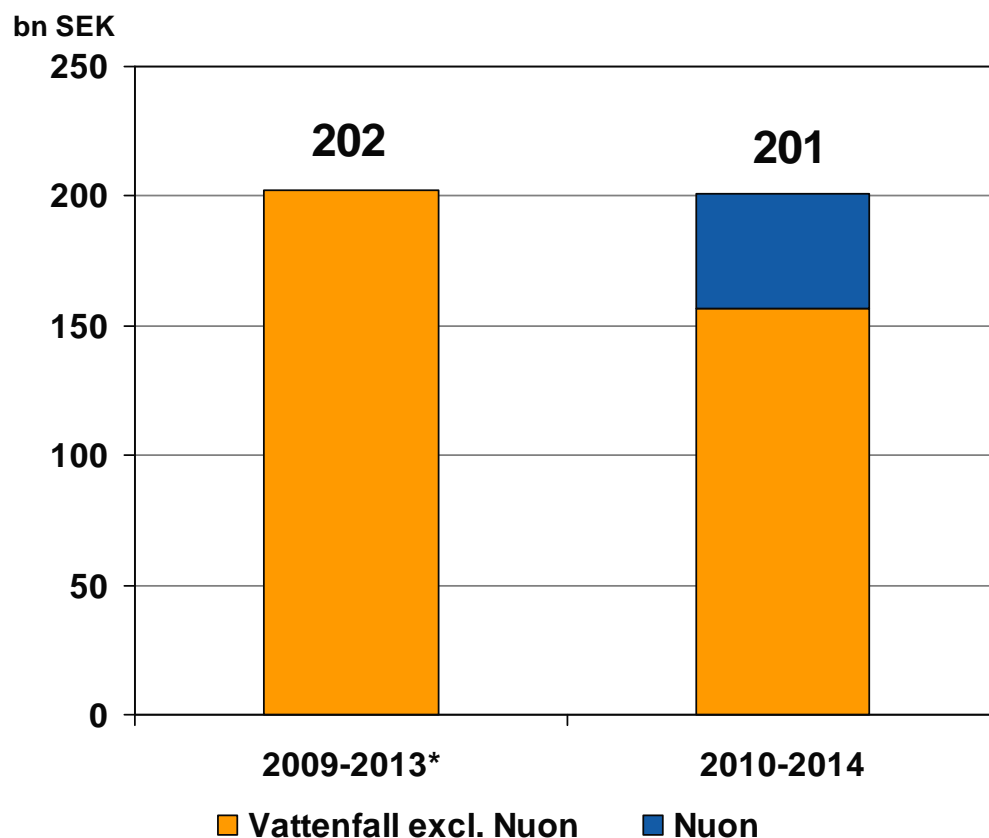
SEK billion



*Includes loans to minority owners in foreign subsidiaries of SEK 1.5bn (excluded from liquidity calculation on slide 36)

Capex programme 2010 - 2014

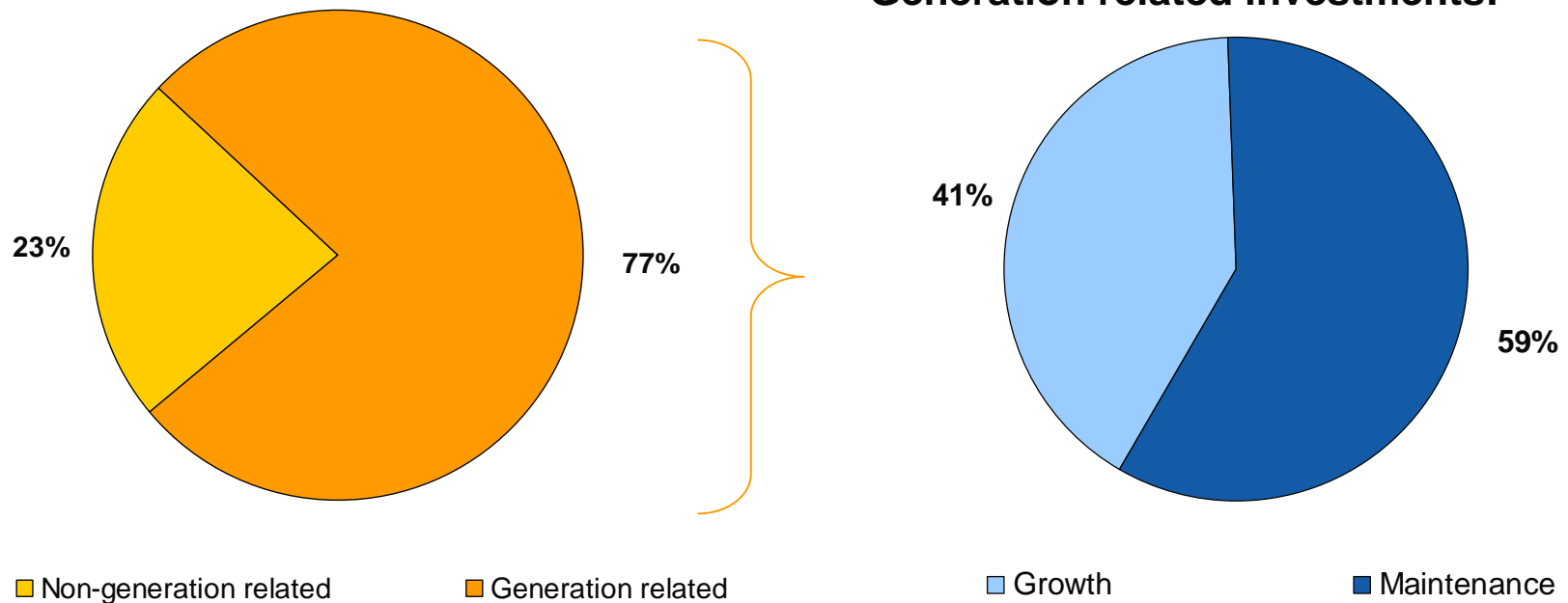
- Capex programme for 2010 – 2014 amounts to 201 bn SEK (excl. M&A)
- Excluding N.V. Nuon Energy investment activities, capex programme has decreased
- Extensive work during autumn 2009 to reduce and optimise investment plans
- Reduction with ~44 bn SEK compared with original 2009 – 2013 programme



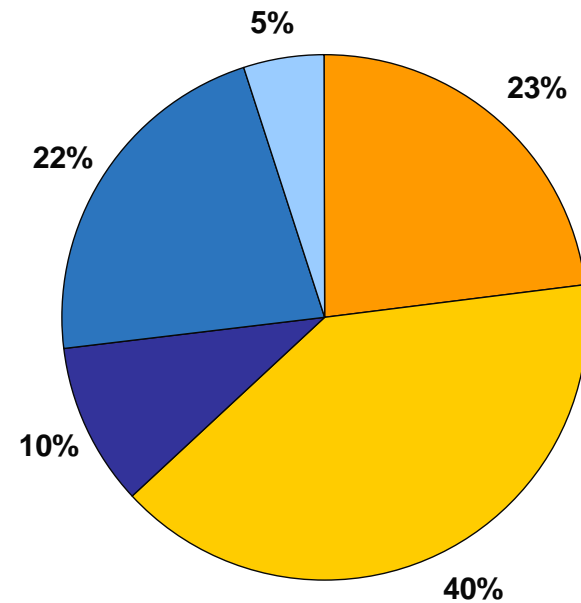
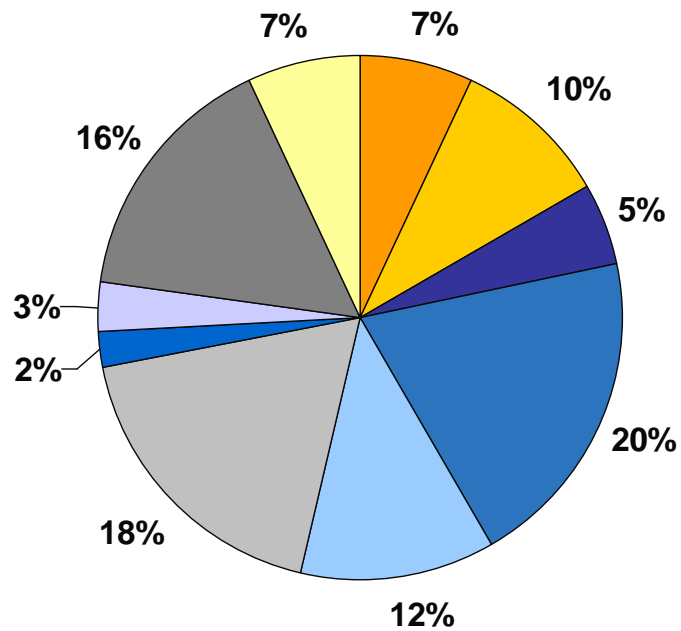
* As presented 12 February 2009

Capex programme 2010 - 2014

- About 77% (155 bn SEK) of the capex programme is related to Generation investments
- Out of these, 41% are growth related



Capex allocation 2010 - 2014



- Nuclear
- Hard coal
- CCS
- Other

- Wind
- Lignite
- Hydro

- Biomass and waste
- Gas
- Distribution

- Nordic
- Netherlands
- Germany
- UK
- Poland

Largest ongoing projects

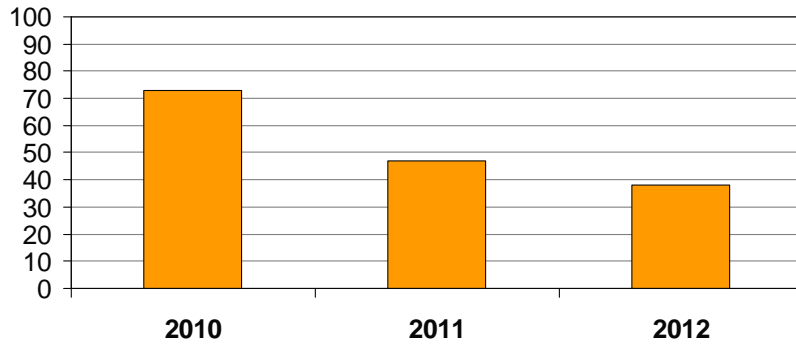
- Moorburg – 1,640 MW hard coal CHP plant, Germany (Hamburg)
- Magnum – 1,200 MW IGCC power plant, Netherlands (Eemshaven)
- Ormonde Offshore Windpark – 150 MW, UK (Irish sea)
- Thanet Offshore Windpark – 300 MW, UK (North sea)
- Capacity increase (600 MW) and safety and renewal programmes within Nuclear (Sweden)
- Boxberg – 675 MW, lignite power plant, Germany (Saxony)

Asset disposals

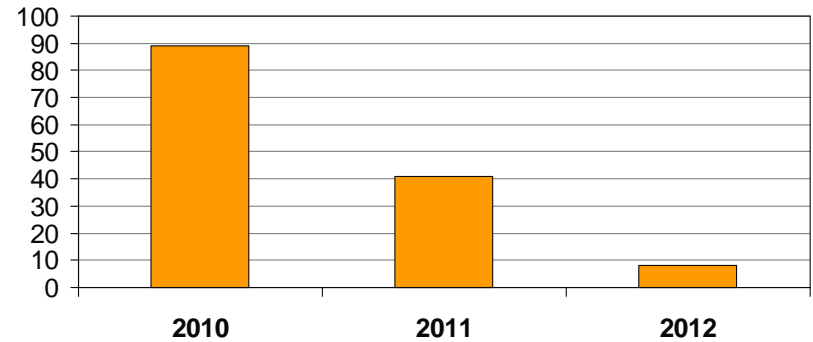
- The current divestment programme includes a total of ~10 assets in Germany and the Nordic region.
- The proceeds of divestment are estimated at >1,5 bn EUR of cash proceeds.
- Divestments completed so far:
 - 30% stake in Luleå Energi AB, Sweden for SEK 312 million (~ EUR 30 million)
 - 50% stake in AB PiteEnergi, Sweden for SEK 238 million (~ EUR 23 million)
 - 20.6% stake in Jämtkraft AB, Sweden for SEK 550 million (~ EUR 53 million)
 - 80.3% stake in the supply and network company WEMAG, Germany for 170 MEUR
 - Gas storage project Zuidwending, Netherlands, for ~120 MEUR

Hedging position as of 31 December 2009

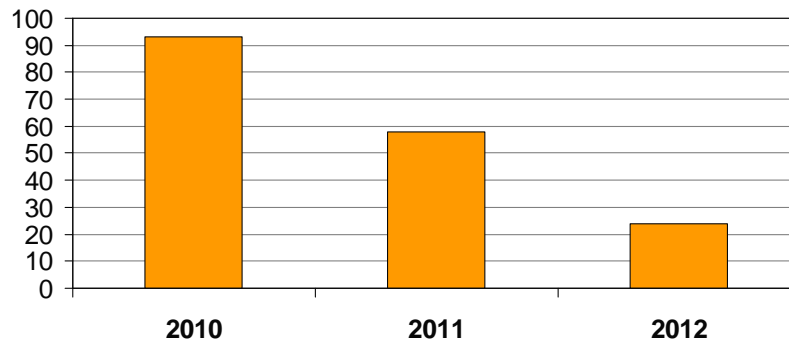
Nordic



Central Europe



Benelux



% hedged of forecasted electricity generation.

Conclusions

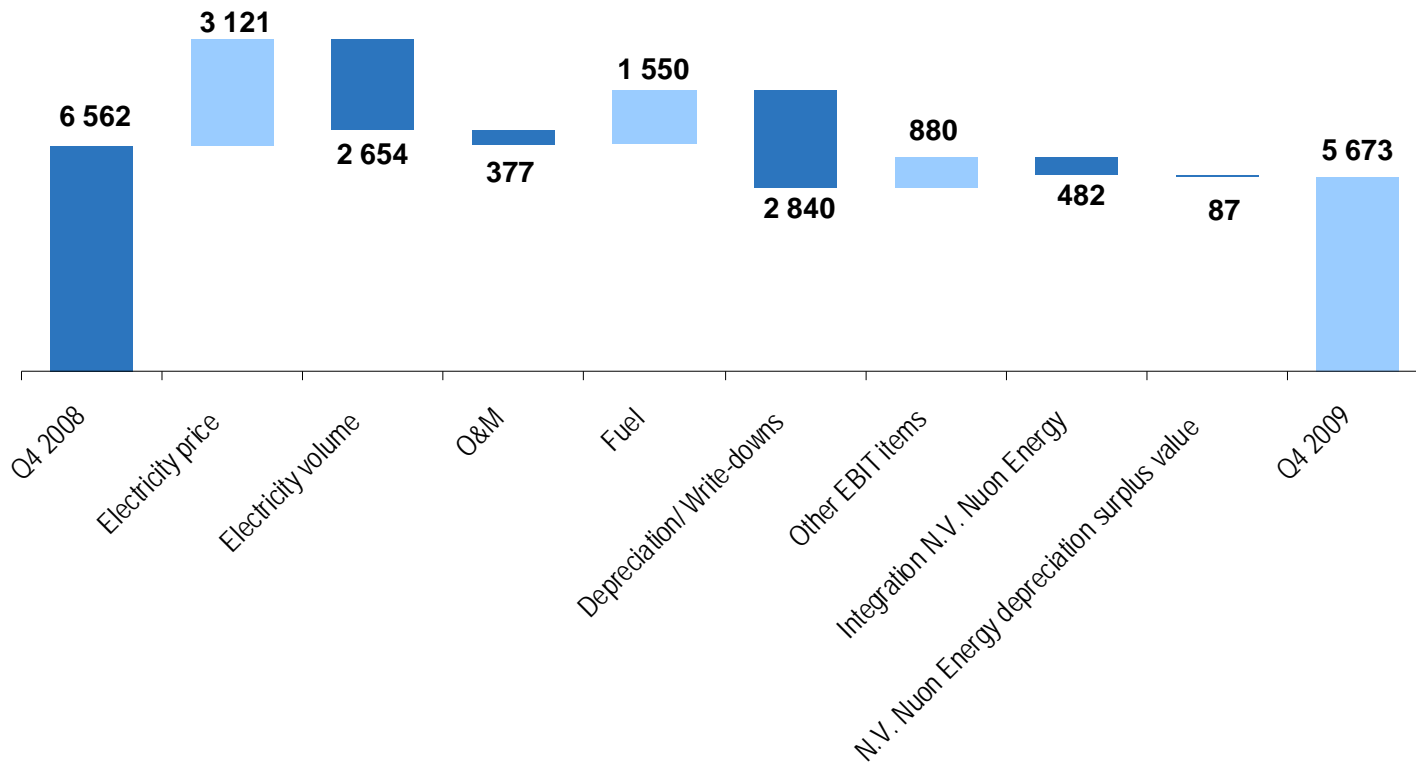
- Good underlying operating earnings
- Adaptation of capex programme 2010 – 2014 – optimization and reprioritization
- Integration of N.V. Nuon Energy well underway
- Continuation of the divestment programme 2010
- Expansion of low carbon investments

Q & A

Back-up slides

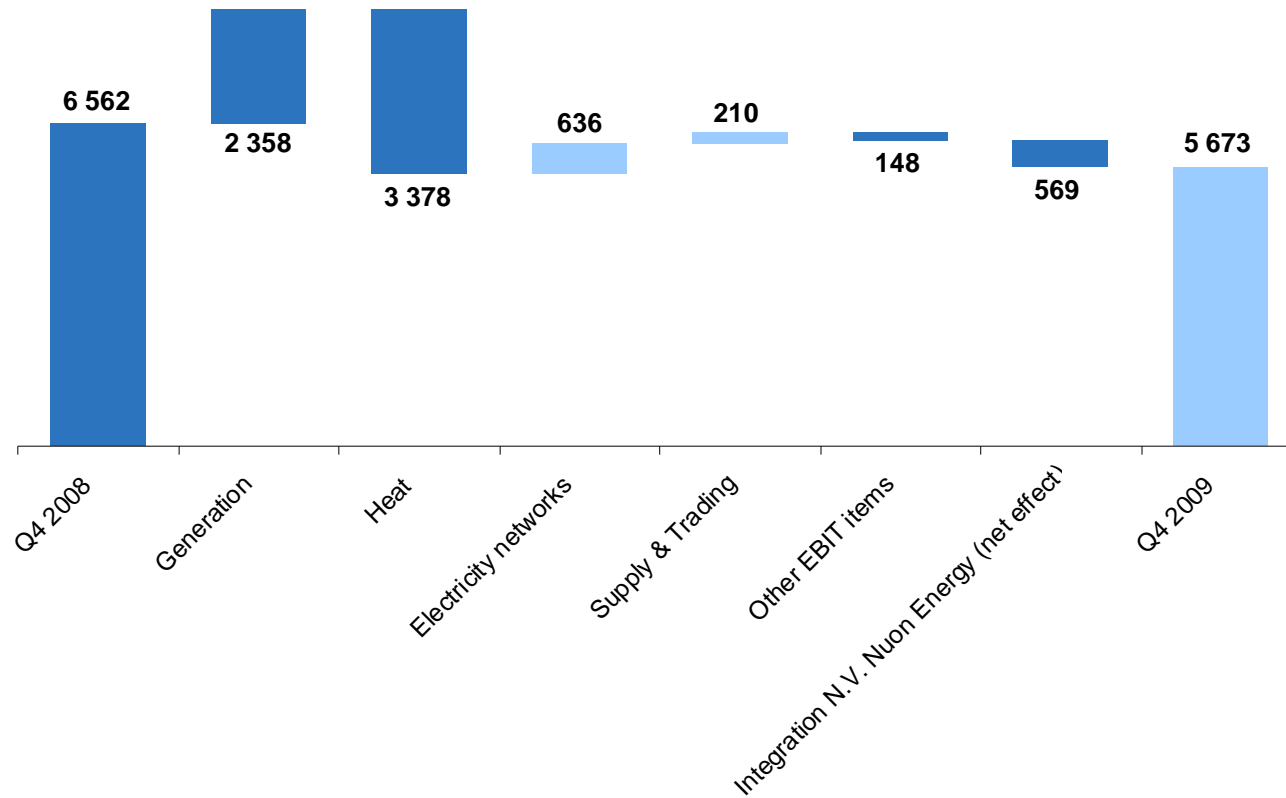
EBIT development, Q4 2009

SEK million



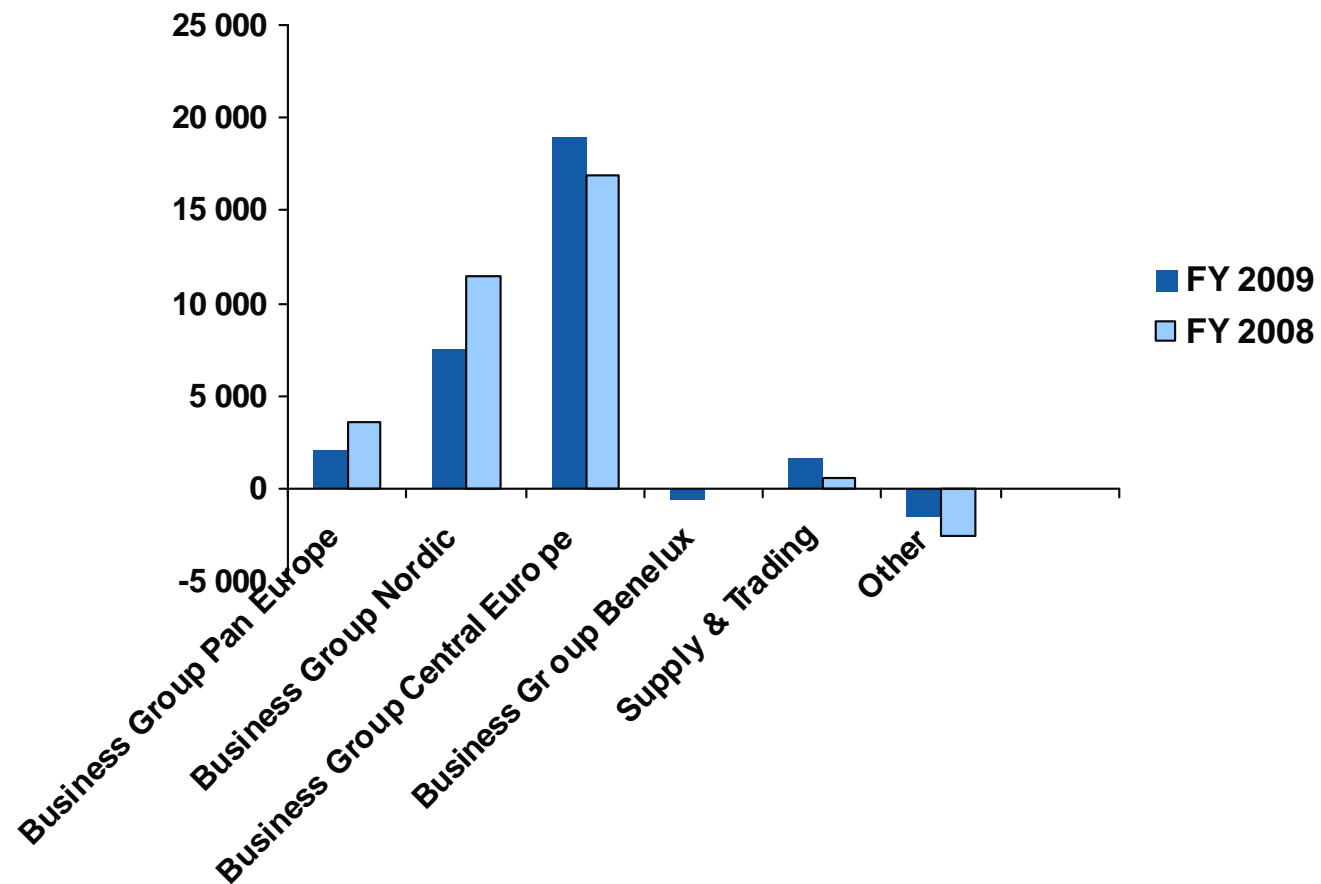
EBIT development, Q4 2009 – by Product & Services

SEK million



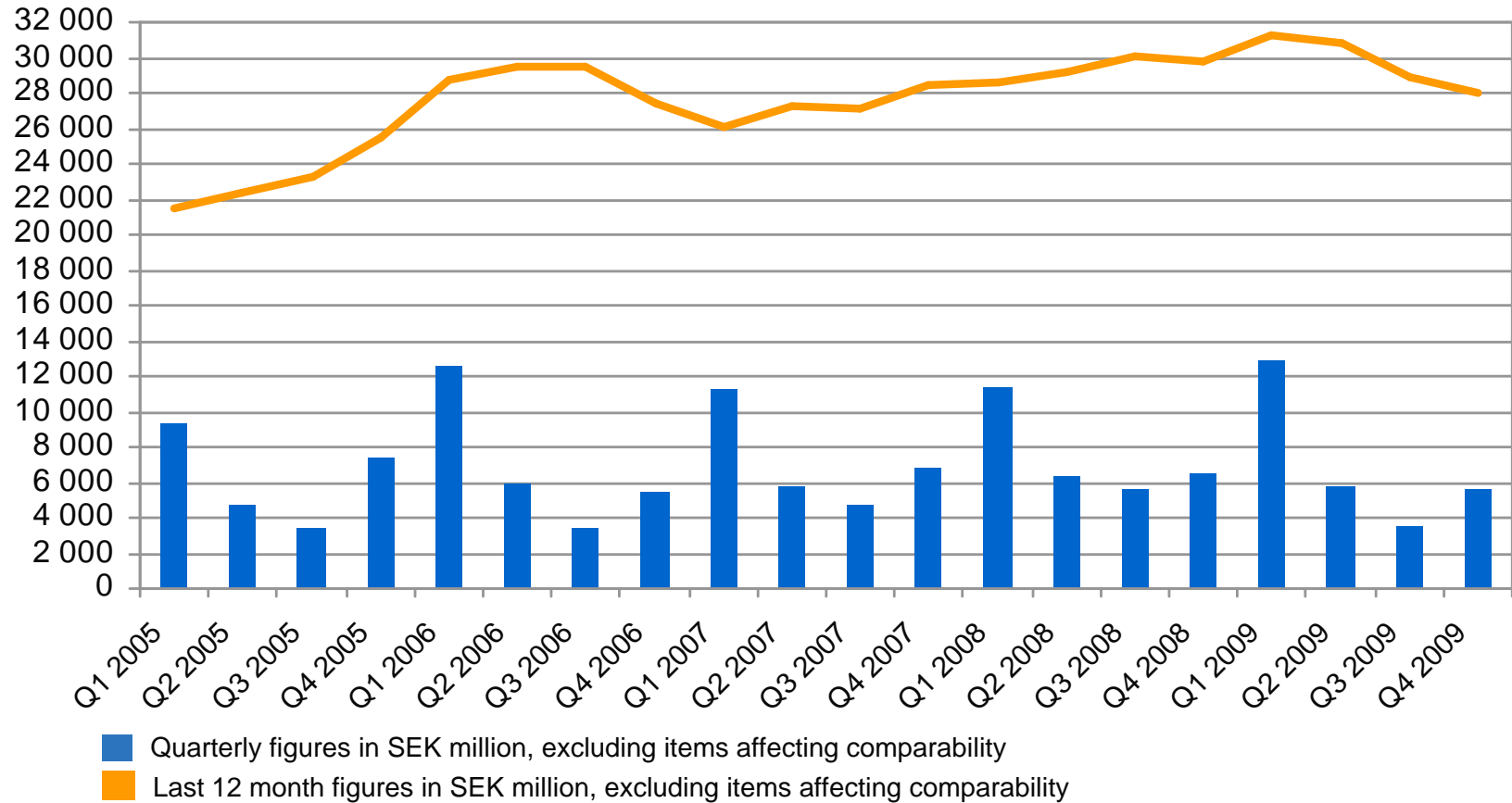
EBIT by Operating Segment

SEK million

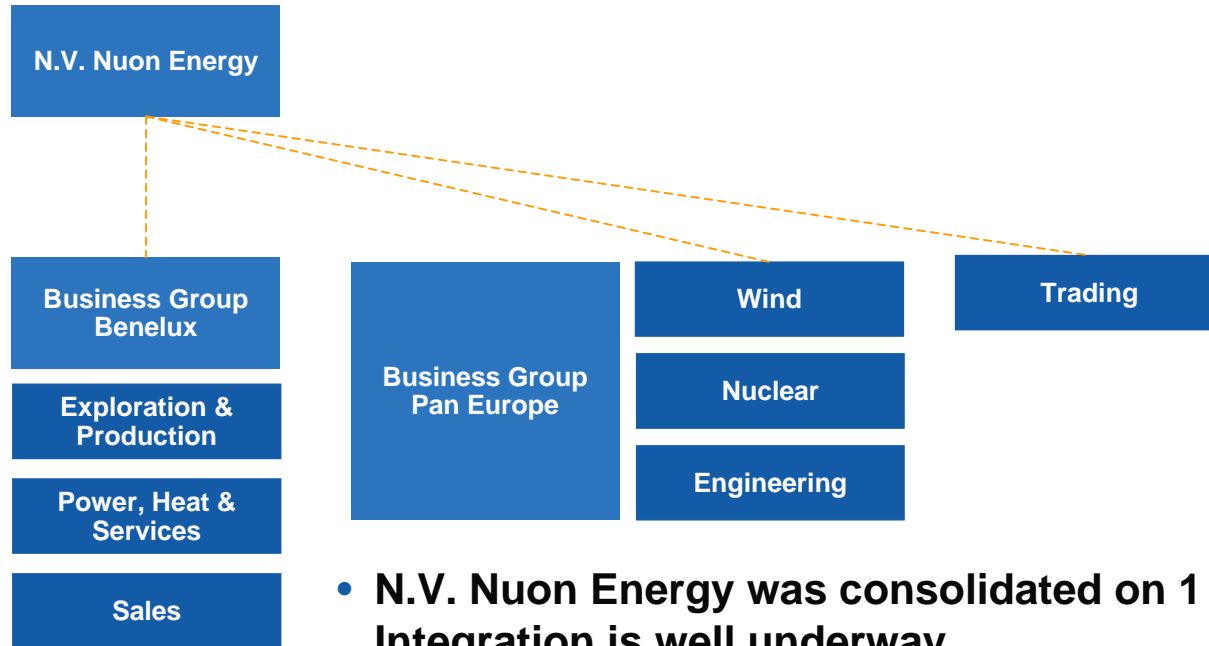


EBIT development last 5 years

Quarterly figures, SEK million



Integration of Nuon



- **N.V. Nuon Energy was consolidated on 1 July 2009. Integration is well underway.**
 - **Sales, Generation and Exploration operations form the new Business Group Benelux**
 - **Wind operations are integrated in Business Unit Wind under Business Group Pan Europe**
 - **Trading operations are integrated into Business Unit Trading**

Nuon – specification of net assets and goodwill

		MSEK
Total purchase consideration	104,334	
<i>-Including liability to Nuon shareholders</i>	<i>51,467</i>	
	Fair Value	Carrying amount
Assets and liabilities acquired	57,424	38,916
<i>-Of which property, plant and equipment</i>	<i>35,827</i>	<i>27,873</i>
<i>-Of which intangible assets: non current</i>	<i>13,471</i>	<i>1,186</i>
<i>-Of which intangible assets: current</i>	<i>4,202</i>	<i>0</i>
<i>-Of which deferred tax liabilities</i>	<i>- 10,186</i>	<i>- 3,800</i>
Goodwill	46,910	
Total purchase consideration	104,334	

Consolidated cash flow statement

Amounts in MSEK	FY 2009	FY 2008
Funds from operations (FFO)	36,700	30,735
Change in working capital	9,546	5,459
Cash flow from operating activities	46,246	36,194
Investments	-102,989	-42,296
Divestments	5,542	865
Cash and cash equivalents in acquired/divested companies	14,407	158
Cash flow from investing activities	- 83,040	- 41,273
Free cash flow	27,566	18,963
Cash flow before financing activities	- 36,794	- 5,079
Cash flow from financing activities	27,822	14,294
Cash flow for the period	- 8,972	9,215
Net debt at the end of the period	-154,987	-66,000

Liquidity position

31 December 2009

Group liquidity **SEK million**

Cash and cash equivalents 10 555

Short term investments 46 385

Total **56 940¹⁾**

1) Of which SEK 30 089 million is fully available. Not fully available liquidity comprises German nuclear "Solidarvereinbarung" 3 524, Minority owners share of German nuclear subsidiaries cash position 3 934, Margin account 798, Credit support Annex (Margin Calls) 16 766 and other not fully available liquidity 1 820.

Committed credit facilities **Line size** **Amount available**

RCF (maturity February 2013) EUR 1 000 million 10 353

Overdraft facility SEK 100 million 100

Total undrawn **10 453**

Other credit lines unutilised: SEK 10 222 million

Debt maturities ²⁾

- within 90 days 5 219

- within 180 days 5 469

2) Excluding loans from minority owners and associated companies

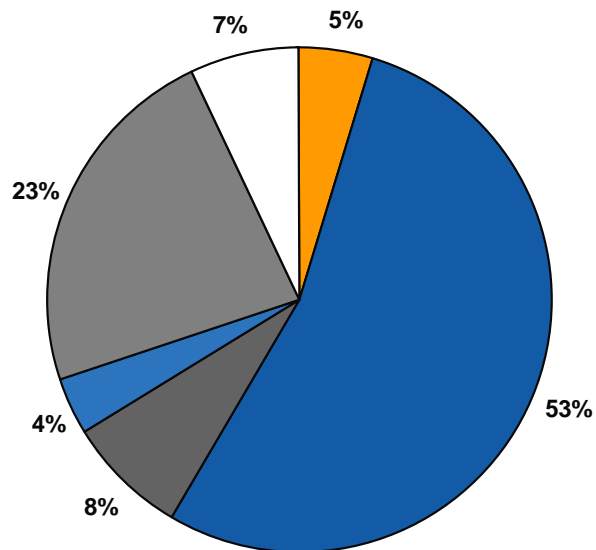
Financial targets and outcome

Key Ratio	Targets	FY 2009
Return on Equity (RoE)	15% on average equity	9.5%
Return on Net Assets (RoNA, excl. IAC)	11% before tax (=15% RoE recalculated)	10.0%
Cash flow interest coverage after maintenance investments	3.5 – 4.5 times	4.3
Credit Rating	Single A category rating	Moody's: A2 Stable outlook S&P: A Negative outlook
Dividend pay-out	40-60%	40.6%*

* Proposed dividend

Breakdown of gross debt

**Total debt at 31 December 2010:
SEK 213.5 bn¹⁾ (EUR 20.6 bn)**



- Subordinated Perpetual Capital Securitias
- EMTN
- Loans from associated companies
- Loans from shareholders
- Interest-bearing liabilities to Nuon shareholders
- Bank loans and others

Funding programmes	Size (EURm)	Utilization (EURm)
EUR 15 bn Euro MTN	15 000	11 104
USD 2 bn Euro CP	1 393	0
SEK 15 bn Domestic CP	1 449	0
Total	17 842	11 104

- All public debt issued by Vattenfall AB or Vattenfall Treasury AB (fully guaranteed by Vattenfall AB)
- No currency exposure in the debt portfolio
- No structural subordination

1) Of which external market debt: SEK 188.8 bn (88%)

Adjusted gross and net debt

<i>SEK million</i>	31 Dec 2009	31 Dec 2008
Reported gross debt	- 213 494¹⁾	-107 347¹⁾
Present value of net pension obligations	-21 197	-21 839
Mining & environmental provisions	-14 463	-14 604
Nuclear asset retirement obligations	-6 776	-5 154
50% of Hybrid securities	5 125	5 406
Cross currency swaps	1 345	3 131
Hedge of net investments in foreign operations	-1 378	3 337
= Adjusted gross debt	-250 838	-137 070
Reported cash, cash equivalents & short term investments	56 940²⁾	40 236²⁾
Restricted cash	-4 322 ³⁾	-3 724 ³⁾
Minority owner's share of German nuclear subsidiaries cash position	-3 934	-3 744
= Adjusted cash, cash equivalents & short term investments	48 684	32 768
= Adjusted net debt	-202 154	-104 302

1) Of which received CSA, Credit Support Annex (Margin calls) 5 545 (1 856)

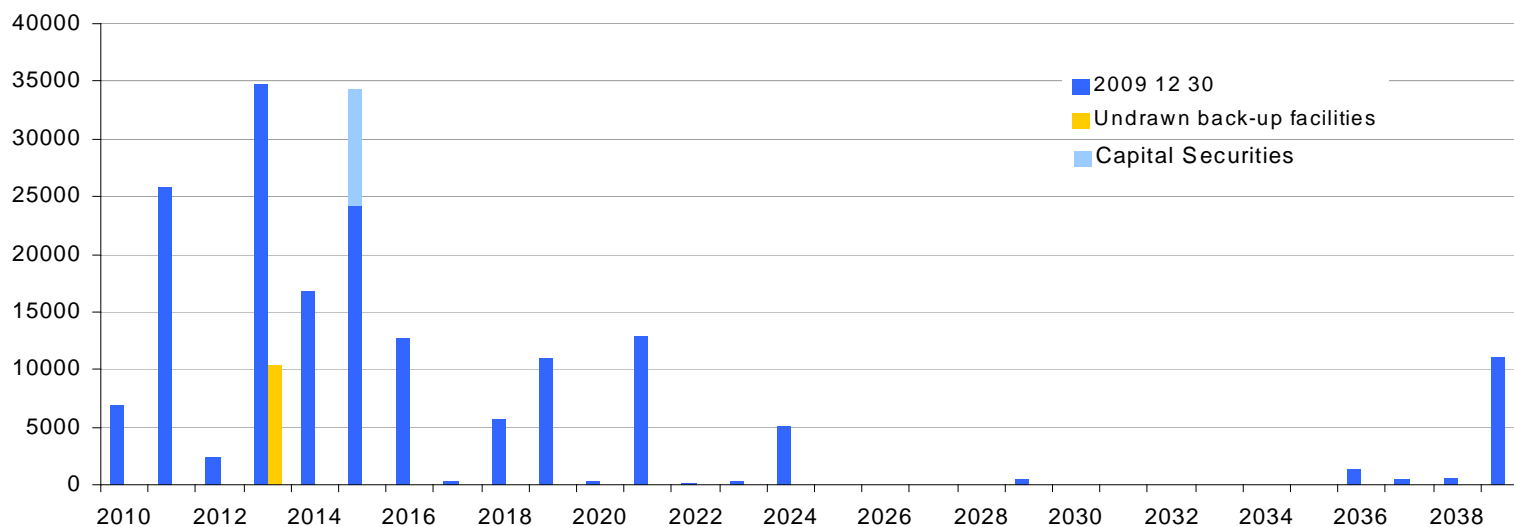
2) Of which paid CSA, Credit Support Annex (Margin calls) 16 766 (7 439)

3) Of which German nuclear "Solidarvereinbarung" 3 524 (3 724), Margin accounts 798 (0)

Vattenfall debt maturity profile

SEK million

Excluding loans from associated companies and minority owners



	Dec 31, 2009	Dec 31, 2008
Duration (years) ¹⁾	4.0 ²⁾	2.4
Average time to maturity (years)	7.2 ²⁾	6.5
Average interest rate (%)	3.5 ²⁾	5.8
Net debt (SEK bn)	155.0	66.0

1) The duration in the liability portfolio was prolonged from 2,5 to 4 years in May 2009

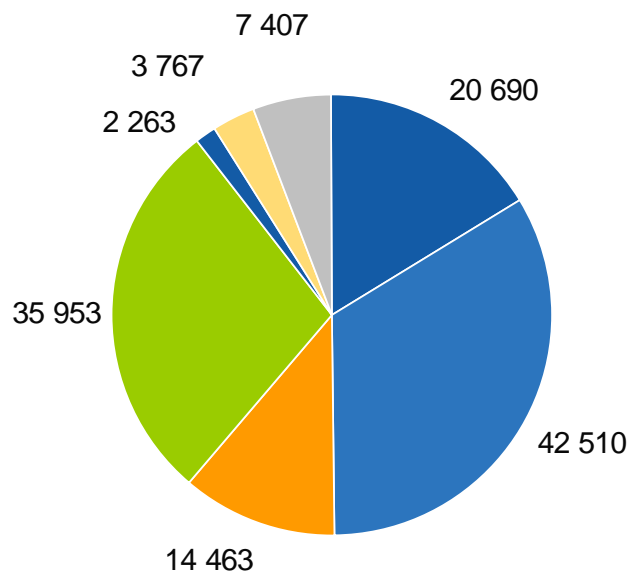
2) Based on external debt, excluding Capital Securities. Including Capital Securities the duration is 4.1, Average time to maturity 7.1, and Average interest rate 3.6%

Oil, coal, gas and CO₂ allowances

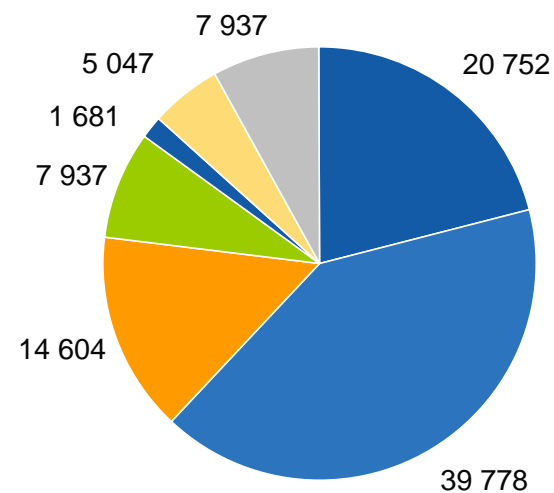


Group provisions (IFRS)

31 December 2009
SEK 127,053 million



31 December 2008
SEK 115,906 million



- Pensions
- Nuclear
- Mining
- Taxes
- Other
- Personnel
- Legal