

Vattenfall Full Year 2012 results

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Conference call for analysts and investors, 12 February 2013

2012 Highlights

- Underlying EBIT for comparable units almost on par with previous year
 - SEK 27.7 bn (28.1)
- Net income sharply higher
 - SEK 17.2 bn (10.4), of which SEK 3.5 bn due to lowered Swedish corporate income tax rate
- Record high electricity production in Sweden thanks to high availability in hydro and nuclear plants
- Vattenfall's owner, the Swedish state, decided on new financial targets at an Extraordinary General Meeting on 28 November.
- The Board of Directors proposes a dividend of SEK 6,774 million, corresponding to 40% of profit for the year after tax (2011: 4,433)

Vattenfall continued to deliver its consolidation strategy

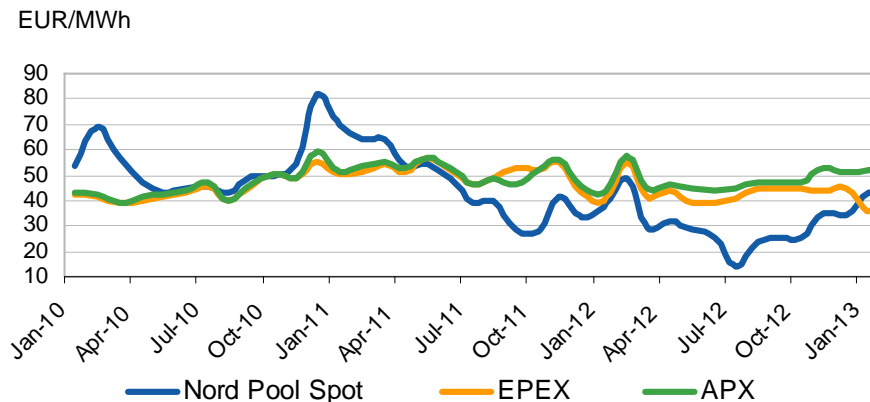
Divestments	Divestments of non-core assets initiated in 2011 executed. Total proceeds in 2011 and 2012 of SEK 37 billion.
Strengthened Balance Sheet	Net debt reduction of SEK 32 billion since 2010. Very strong liquidity position.
Cost savings	Cost reduction target of SEK 6 billion was achieved by year-end 2012, one year earlier than originally planned. A new target to reduce costs by a further SEK 3 billion by 1 January 2014, has been launched.
Capex reduction	Capex plan for 2013-2017 reduced to SEK 123 billion, down from SEK 147 billion for the period 2012-2016.
Operational excellence	Group wide initiative to improve performance management through Operational Excellence.
Structure	Vattenfall's organisational structure was refined in November 2012.

Continued pressure on spot prices

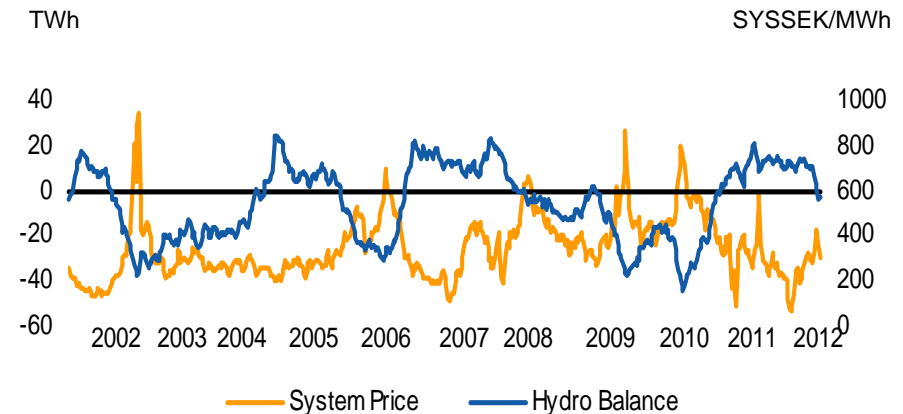
- Nordic spot prices down 34% vs 2011.
 - Q4 Nordic prices 9% higher vs Q4 2011.
 - Significant recovery vs Q3 2012
- Nordic hydrological balance weakened to -2,4 TWh at the end of 2012
- German and Dutch spot prices also declined compared with 2011 – but less than the Nordic prices

EUR/MWh	Nord Pool	EPEX	APX
Q4-12 (Q4-11)	37.3 (34.3)	41.4 (50.0)	51.9 (51.1)
%	8.8	-17.3	1.5
2012 (2011)	31.3 (47.2)	42.7 (51.1)	47.9 (52.3)
%	-33.7	-16.6	-8.4

Monthly Spot Average



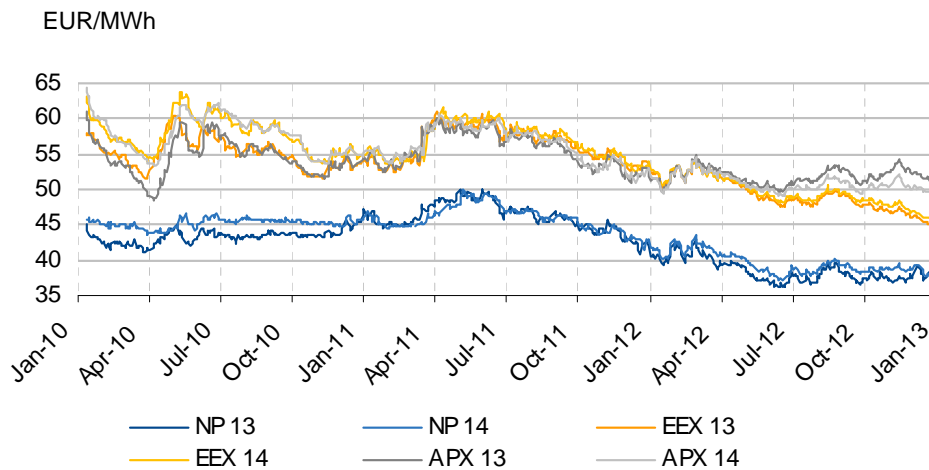
Hydrological balance



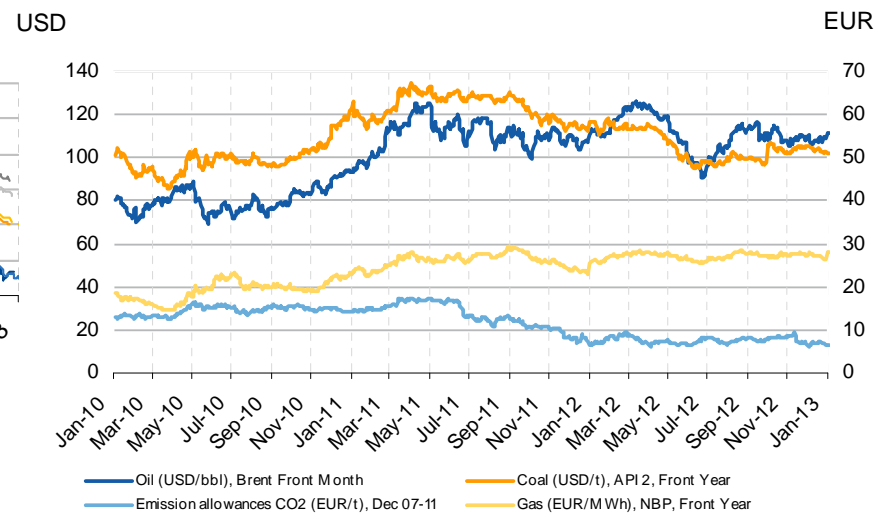
Lower electricity futures prices

- Electricity futures prices lower on all Vattenfall markets compared with 2011.
- Coal prices decreased 14% compared with 2011.
- Gas prices were fairly stable.
- CO2 prices were on average 7.6 EUR/ton for 2012, 41% lower compared with 2011.

Electricity futures prices

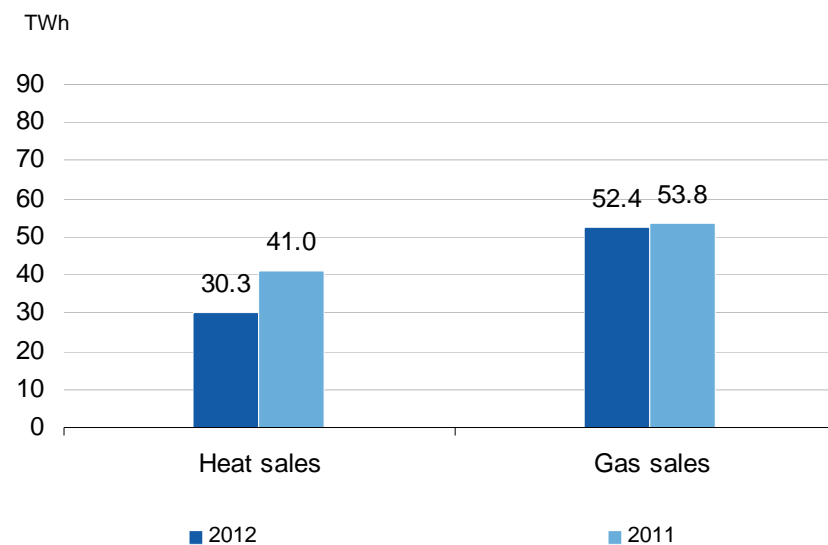
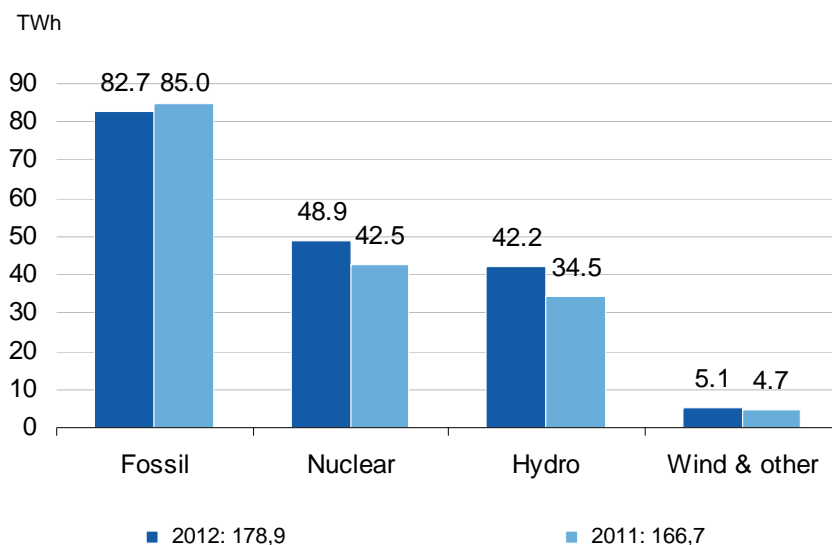


Commodity prices



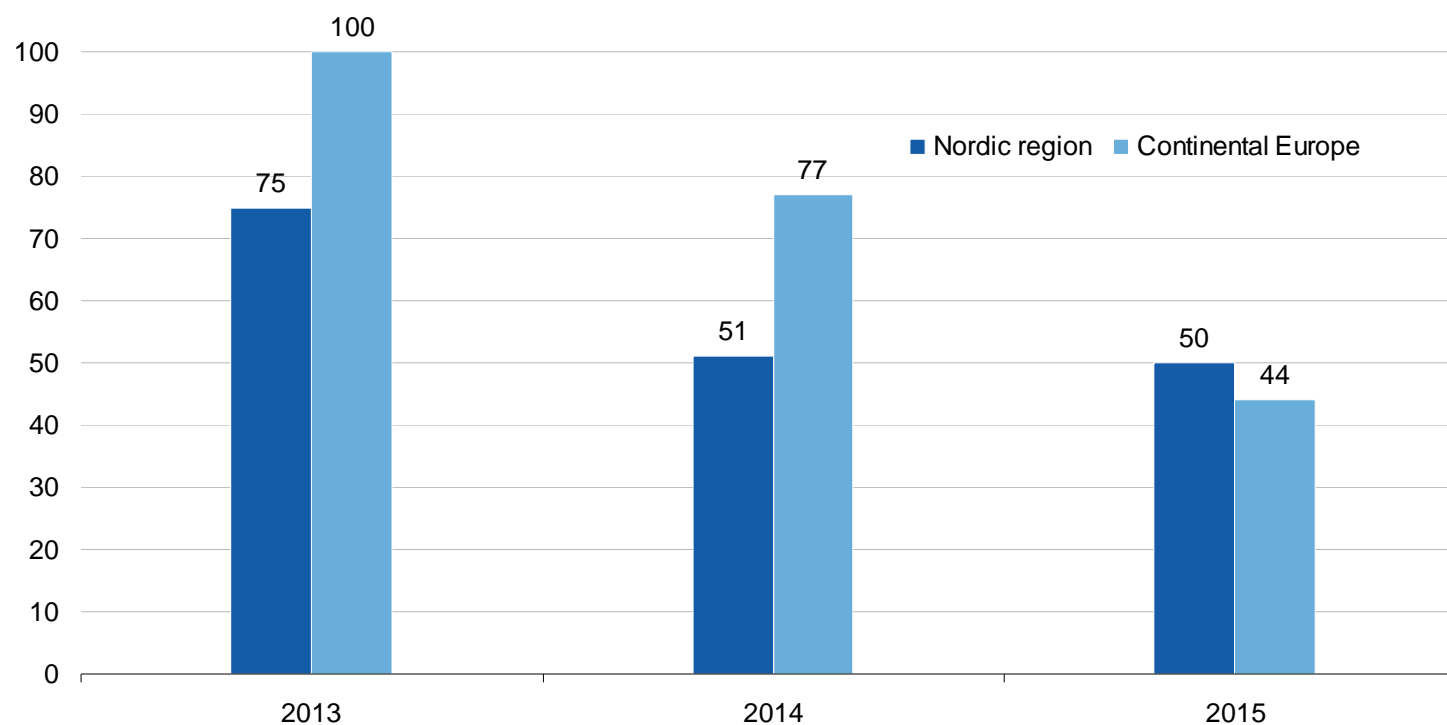
Record high Swedish hydro- and nuclear generation

- 7% higher electricity generation output (178.9 TWh in 2012 vs 166.7 TWh in 2011)
 - Hydro power generation increased by 22% due to high reservoir levels
 - Nuclear generation increased by 15% due to higher plant availability
 - Forsmark reached an availability of 89.3% (86.2)
 - production output was the third highest since 1980
 - Ringhals reached an availability of 75.4% (59.9)
 - production output was the highest since 2008
 - Fossil generation was down by 2.7% but lignite generation increased by 3.4% due to higher plant availability and the startup of the Boxberg R unit
- Lower heat sales due to divested operations



Large part of generation already hedged

% hedged of planned electricity production



Hedge prices EUR/MWh	2013	2014	2015
Nordic region	45	42	41
Continental Europe	55	52	50

Financials

Ingrid Bonde, CFO

FY 2012 Financial highlights

MSEK	FY 2012	FY 2011	Change (%)
Net Sales	167,313	181,040	-7.6
EBITDA	54,488	54,538	-0.1
EBIT	26,175	23,209	12.8
Underlying EBIT*	27,747	30,793	-9.9
Underlying EBIT comparable units**	27,693	28,148	-1.6
Financial items, net	-7,874	-8,911	11.6
Profit after tax	17,224	10,416	65.4
Cash flow (FFO)	34,419	38,256	-10.0
Net debt	111,907	141,089	-20.7
Adjusted net debt	153,943	176,031	-12.5

* Underlying profit: EBIT excluding Items affecting comparability

** Excluding divested operations in Belgium, Finland and Poland

Underlying EBIT FY 2012 per operating segment

MSEK	FY 2012	FY 2011
Generation	20,484	22,579

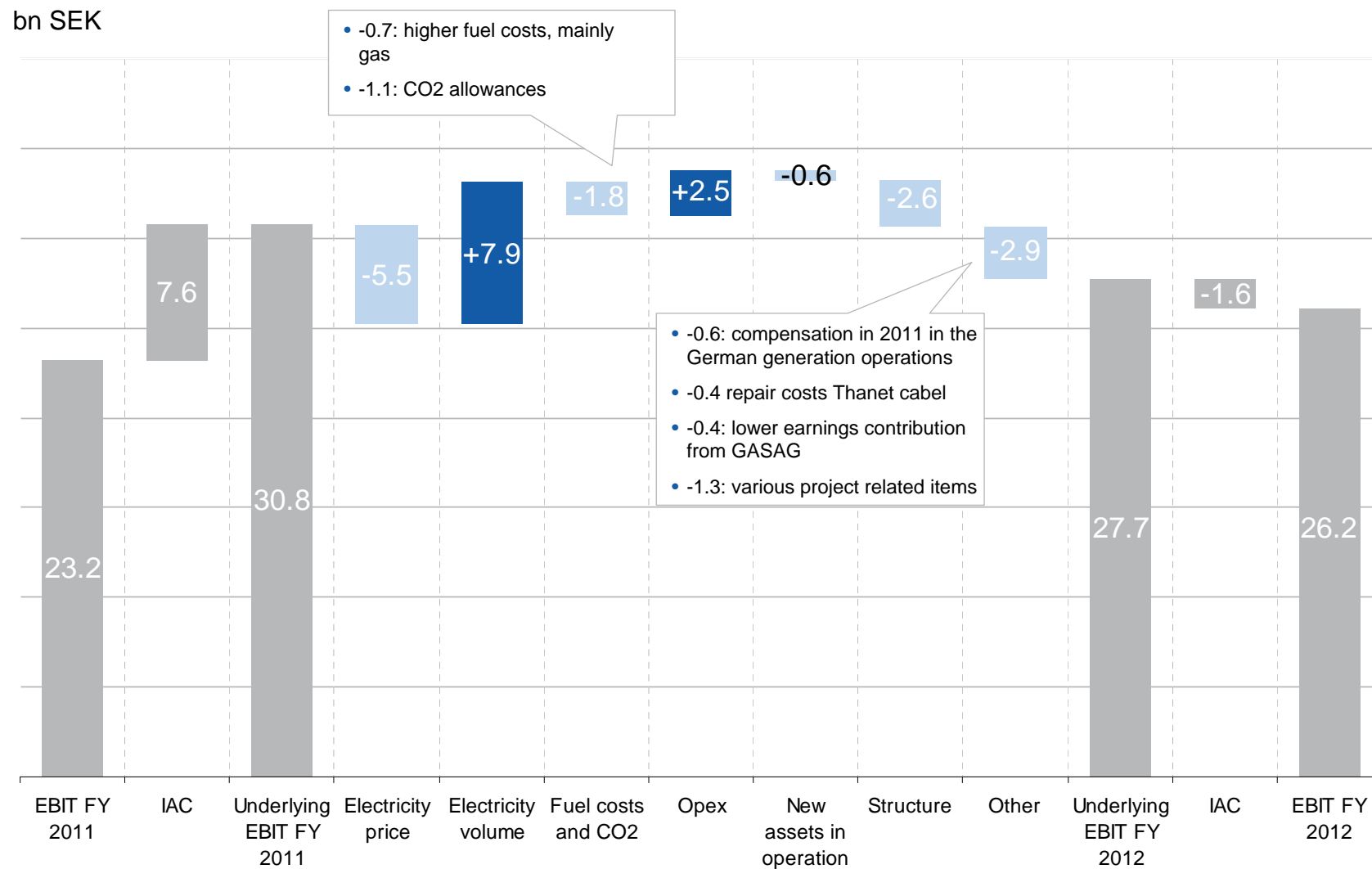
- Underlying EBIT decreased by SEK 2.1 bn
 - Lower achieved prices – mainly in the Nordic market, higher production volumes, cost savings, and higher fuel and CO2 costs

MSEK	FY 2012	FY 2011
Distribution and Sales	7,855	10,496

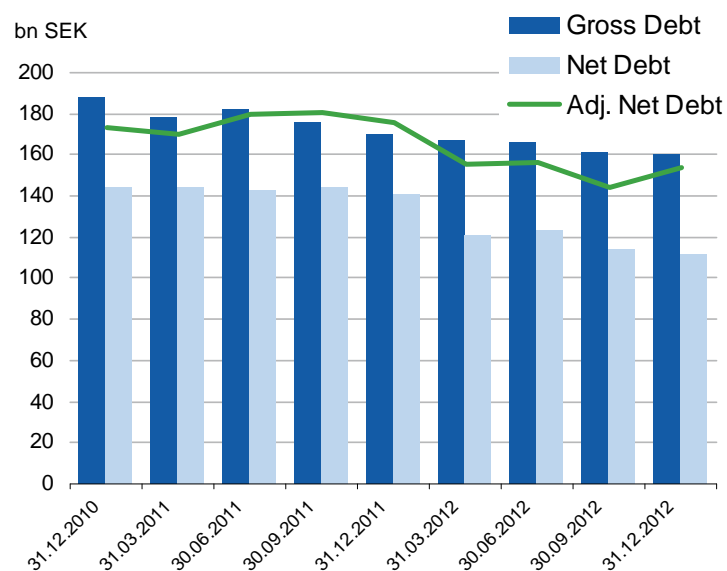
- Underlying EBIT decreased by SEK 2.6 bn
 - Lost earnings contribution from divested operations in Belgium, Finland and Poland (SEK -2.6 bn)
 - Improved profitability within B2C, cost savings, and lower result in heat business

As from 2012 costs for Staff Functions, except for Treasury activities, have been allocated to the operating segments Generation and Distribution and Sales. In 2011 those costs for Staff Functions were included in "Other"

Development of underlying EBIT FY 2012



Key credit metrics



- **Gross debt**
decreased by SEK 10 bn to SEK 160.3 bn
- **Net debt**
decreased by SEK 29 bn to SEK 111.9 bn
- **Adjusted net debt**
decreased by SEK 22 bn to SEK 153.9 bn

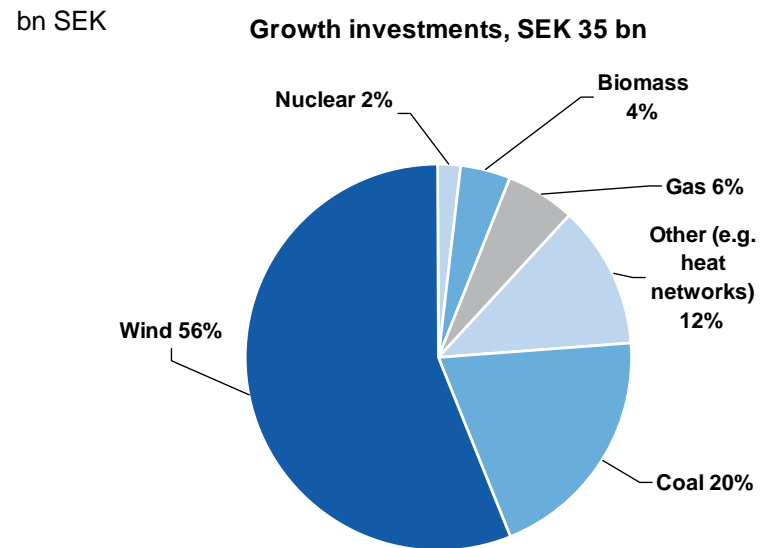
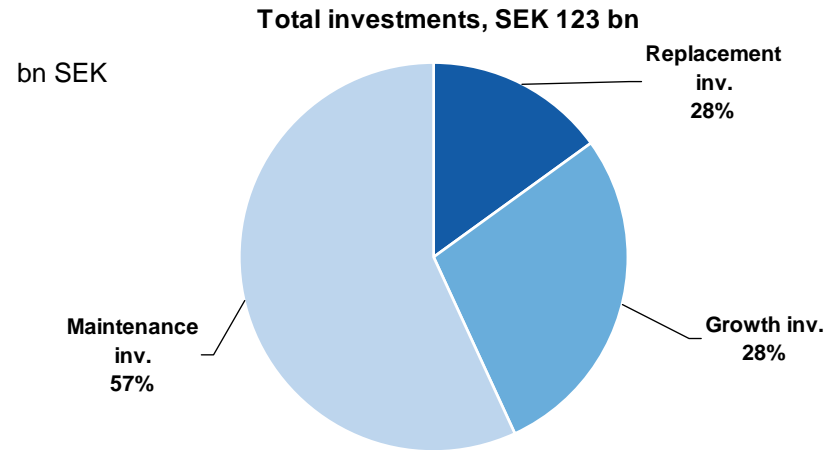
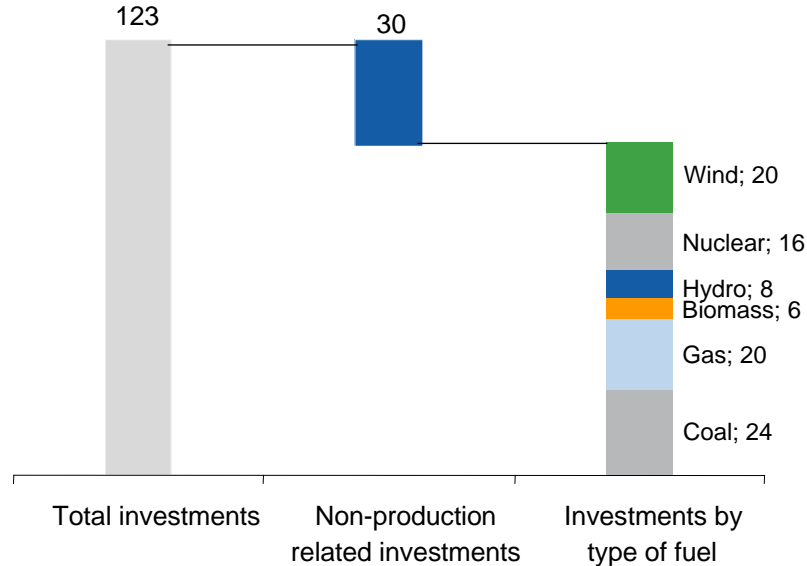
Comparison with 31 December 2011

For calculation of adjusted net debt, see Appendix slide 23

Key credit metrics	FY 2012	FY 2011
FFO Interest cover (x)	5.7	4.9
FFO/net debt (%)	30.8	27.1
FFO/adj. net debt (%)	22.4	21.7
Net debt/equity (%)	72.1	101.6
Adj.net debt/ EBITDA (x)	2.8	3.2

Lower capex plan for 2013 – 2017: SEK 123 bn

- Capex plan 2013-2017 totals SEK 123 bn, SEK 24 bn lower than previous capex plan for 2012-2016
- Growth investments amount to SEK 35 bn (28%). Maintenance and replacement amount to SEK 88 bn (72%)
- Low-emitting fuel projects account for 62% of growth investments



Financial targets

Previous targets		Outcome FY 2012
Return on Equity (RoE)	15% on average equity	12.1%
Cash flow interest coverage after maintenance investments	3.5-4.5 times	3.0 times
Credit rating	Single A category rating	Moody's: A2, negative outlook S&P: A-, stable outlook
Dividend pay-out	40-60%	40% (SEK 6.8 bn)

New targets		Outcome FY 2012
Return on Capital Employed (ROCE)	9% on average capital employed	8.4%
Net debt/Equity	50-90%	72.1%
FFO/Adjusted net debt	22-30%	22.4%
Dividend pay-out	40-60% (unchanged)	40% (SEK 6.8 bn)

Vattenfall remains committed to maintaining financial discipline with an ambition to retain single A category ratings

Q&A

Appendix

Q4 2012 Financial highlights

MSEK	Q4 2012	Q4 2011	Change (%)
Net Sales	47,937	50,453	-5.0
EBITDA	10,368	15,447	-32.9
EBIT	5,179	10,159	-49.0
Underlying EBIT*	6,737	7,343	-8.3
Underlying EBIT comparable units**	6,737	6,450	4.4
Financial items, net	-1,381	-2,628	47.5
Profit after tax	6,443	5,103	26.3
Cash flow (FFO)	11,583	10,120	14.5
Net debt***	111,907	141,089	-20.7
Adjusted net debt***	153,943	176,031	-12.5

* Underlying profit: EBIT excluding Items affecting comparability

*** As of 31 December 2012

** Excluding divested operations in Belgium, Finland and Poland

Underlying EBIT Q4 per operating segment

MSEK	Q4 2012	Q4 2011
Generation	4,406	5,189

- Underlying EBIT decreased by SEK 0.8 bn
 - Lower achieved prices – mainly in the Nordic market, higher production volumes, cost savings, and higher fuel and CO2 costs

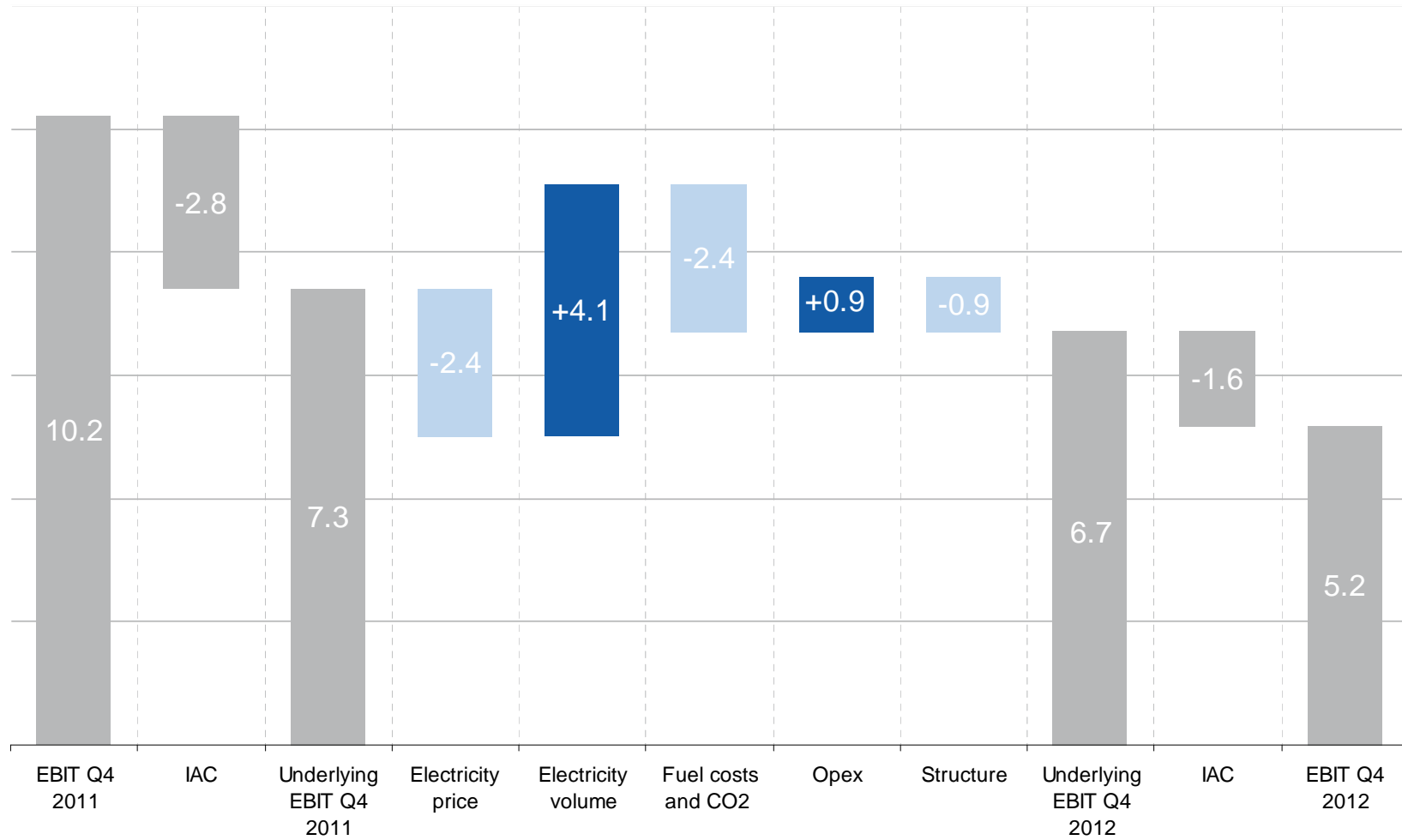
MSEK	Q4 2012	Q4 2011
Distribution and Sales	2,526	3,087

- Underlying EBIT decreased by SEK 0.6 bn
 - Lost earnings contribution from divested operations in Belgium, Finland and Poland (SEK -0.9 bn)
 - Improved profitability within B2C, cost savings, and lower result in heat business

As from 2012 costs for Staff Functions, except for Treasury activities, have been allocated to the operating segments Generation and Distribution and Sales. In 2011 those costs for Staff Functions were included in “Other”

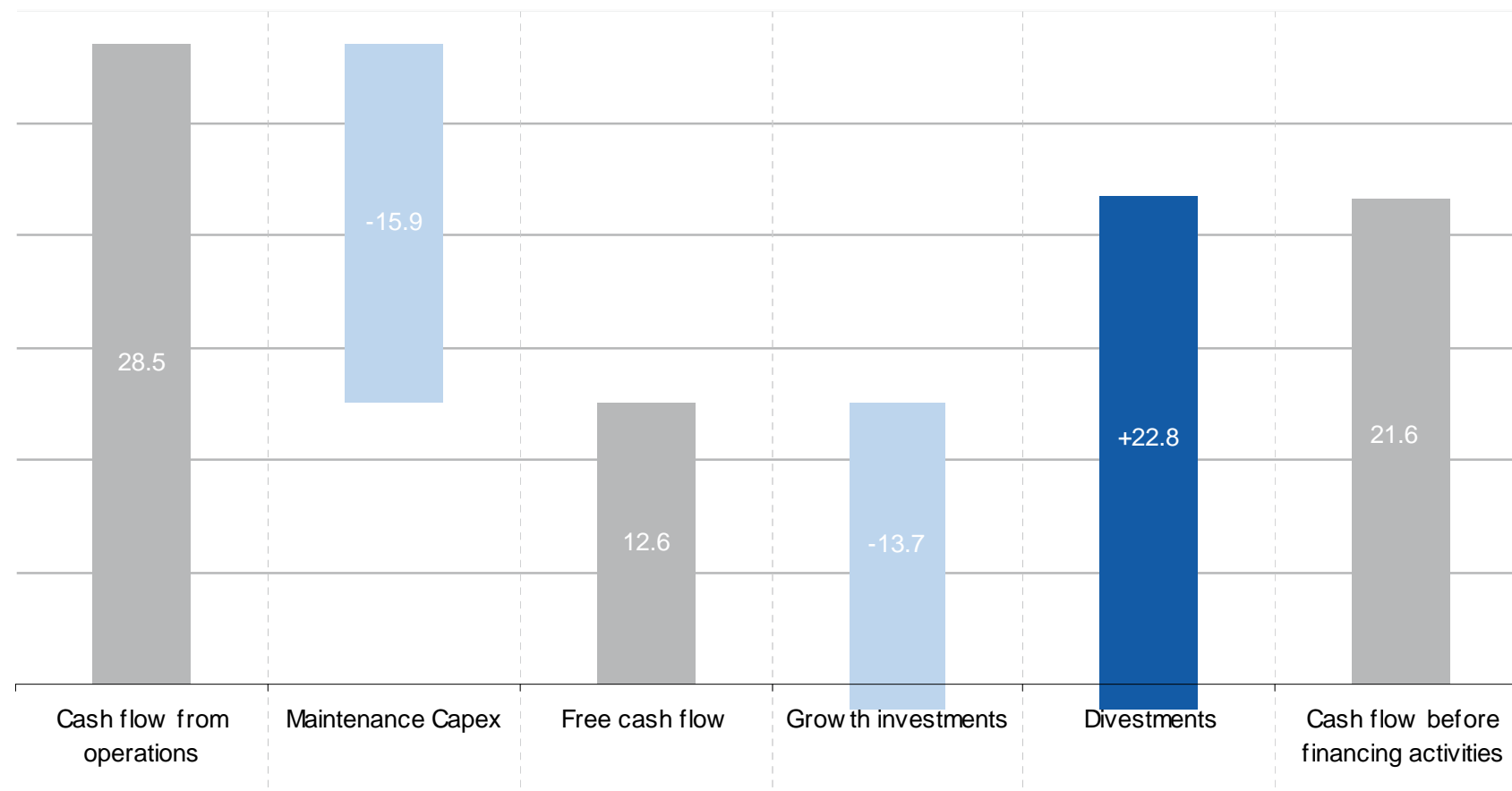
Development of underlying EBIT Q4

bn SEK



Cash flow development FY 2012

bn SEK



Strong liquidity position

As of 31 December 2012

Group Liquidity	SEK million
Cash and cash equivalents	18,045
Short term investments	28,450
Reported cash, cash equivalents & short term investments	46,495
Unavailable liquidity*	-6,064
Available liquidity	40,431

Committed credit facilities	Line size	SEK million - Amount available
RCF (maturity Jan 2016)	EUR 2 550 million	21,884
Multi option Facility (12-month rolling)	EUR 1 300 million	10,288
Total undrawn		32,172

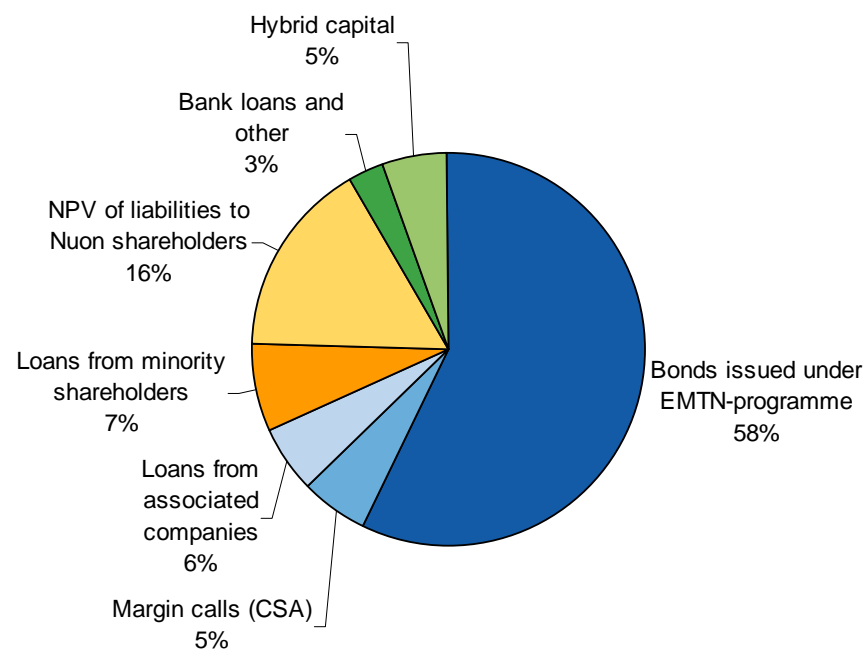
Debt maturities**	SEK million
Within 90 days	7,579
Within 180 days	10,673

*German nuclear "Solidarvereinbarung" 2,922, Margin calls paid (CSA) 1,258 and others 1,885

**Excluding loans from minority owners and associated companies

Breakdown of gross debt

Total debt 31 Dec 2012: SEK 160 bn (EUR 19 bn)
External market debt SEK 112 bn



Debt issuing programmes	Size (MEUR)	Utilization (MEUR)
EUR 15 bn Euro MTN	15,000	9,921
EUR 2 bn Euro CP	2,000	0
SEK 15 bn Domestic CP	1,748	0
Total	18,748	9,921

- All public debt issued by Vattenfall AB
- The debt portfolio has no currency exposure that has an impact on the income statement. The debt in foreign currency is either swapped to SEK or booked as a hedge against net foreign investments.
- No structural subordination

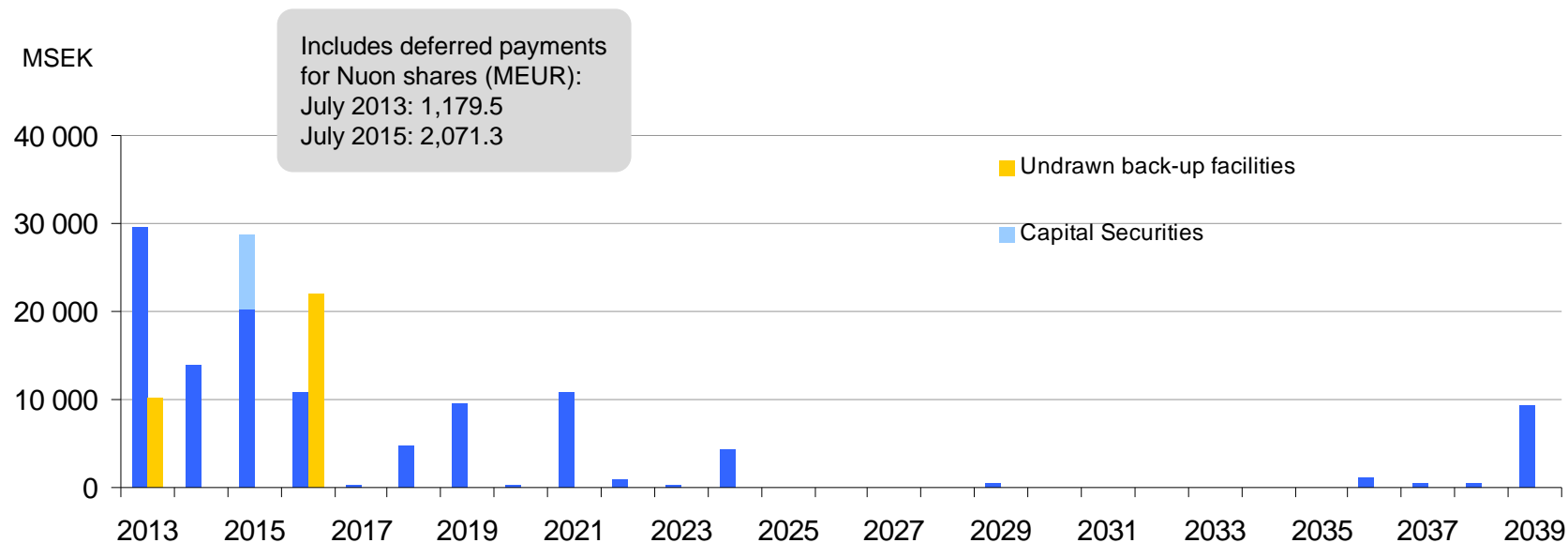
Reported and adjusted net debt

Reported net debt (bn SEK)	Dec 31 2012	Dec 31 2011
Capital Securities	-8.5	-8.9
Bond issues and commercial papers and liabilities to credit institutions	-94.3	-102.3
Present value of liability pertaining to acquisition of subsidiaries	-27.1	-30.5
Liabilities to associated companies	-9.3	-10.5
Liabilities to minority shareholders	-11.9	-10.2
Other liabilities	-9.2	-8.0
Total interest-bearing liabilities	-160.3	-170.4
Reported cash, cash equivalents & short-term investments	46.5	28.7
Receivable Swedish pension foundation	1.8	0.0
Loans to minority owners of foreign subsidiaries	0.1	0.6
Net debt	-111.9	-141.1

*Of which: German nuclear "Solidarvereinbarung" 2,9,
margin calls paid (CSA) 1.2, others 1.9

Adjusted net debt (bn SEK)	Dec 31 2012	Dec 31 2011
Total interest-bearing liabilities	-160.3	-170.4
50% of Hybrid capital	4.3	4.4
Present value of pension obligations	-30.2	-22.5
Mining & environmental provisions	-12.2	-12.5
Provisions for nuclear power (net)	-18.4	-18.5
Cross currency swaps	3.0	3.3
Margin calls received	7.2	7.5
Liabilities to minority owners due to consortium agreements	10.5	9.8
= Adjusted gross debt	-196.2	-198.9
Reported cash, cash equivalents & short-term investments	46.5	28.7
Receivables Swedish pension foundation	1.8	0.0
Unavailable liquidity	-6.0*	-5.8*
= Adjusted cash, cash equivalents & short-term investments	42.3	22.9
= Adjusted net debt	-153.9	-176.0

Vattenfall debt maturity profile



These figures differ from the reported interest bearing liabilities as loans from associated companies, minority owners, margin calls received (CSA) and valuation at fair value are excluded and currency derivatives for hedging debt in foreign currency are included.

	31 Dec 2012	31 Dec 2011
Duration (years)	3.2	4.3
Average time to maturity (years)	5.3	5.5
Average interest rate (%)	3.4	3.9
Net debt (SEK bn)	111.9	141.1

Including Hybrid capital