

Vattenfall Q1 2014 results

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Press conference, 29 April 2014

Highlights Q1 2014

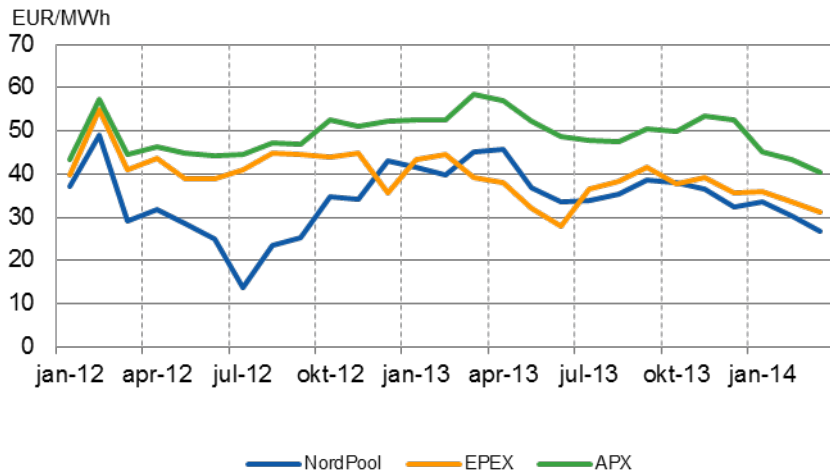
- Net sales decreased 7.7% to SEK 45.9bn (49.7)
- Underlying EBIT decreased 22.1% to SEK 9.1bn (11.7)
 - Due to lower achieved prices, lower volumes and lost earnings contribution from divested assets
- Reported EBIT increased 9.2% to SEK 11.8bn (10.8)
 - Due to capital gains
- Net income increased 32.4% to SEK 8.2bn (6.2)
 - Due to capital gains, improved financial net and lower tax cost
- Return on capital employed (ROCE) was -1.7% (rolling 12 Month)
 - +8.4% excluding items affecting comparability
- Total electricity production was 50.1 TWh (52.2).
- Adjusted net debt decreased by SEK15.3bn to 147.3bn

Lower spot and forward prices on all Vattenfall's markets

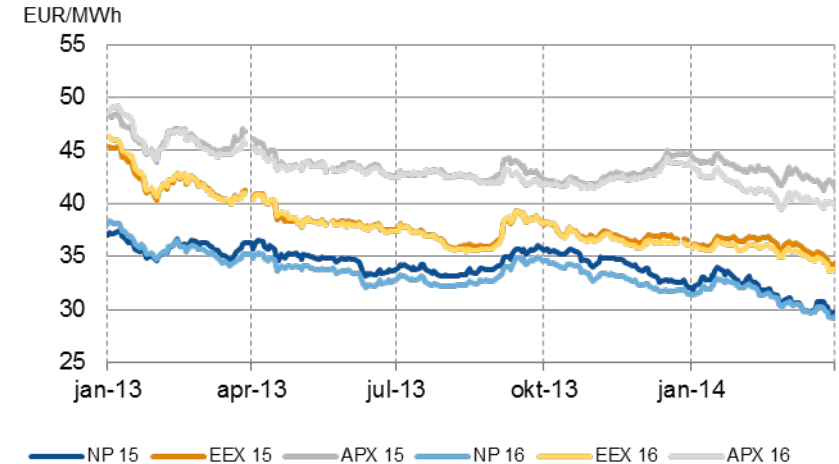
- Nordic spot prices 28% lower
- German spot prices 21% lower
- Dutch spot prices 21% lower
- Futures prices 6% - 16% lower

EUR/MWh	Nord Pool	EPEX	APX
Q1-14 (Q1-13)	30.2 (42.1)	33.5 (42.3)	43.0 (54.6)
%	-28.3	-20.8	-21.2

Monthly spot average

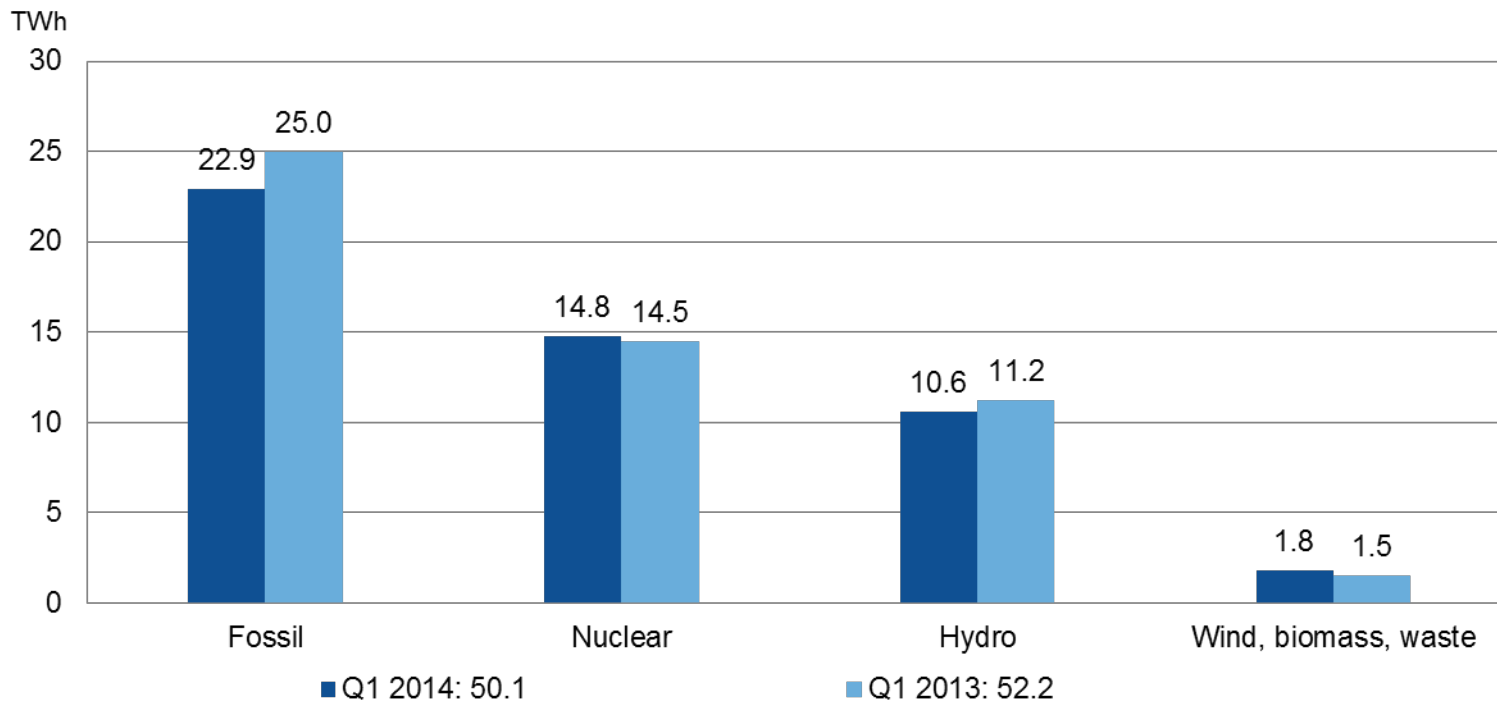


Electricity futures prices



Generation volumes decreased 4% to 50.1 TWh

- Fossil production decreased due to lower production in CHP plants as a result of warmer weather and the sale of the Danish Amager CHP plant
- Higher nuclear power production (nearly 100% availability)
- Lower hydro power production
- Higher wind power

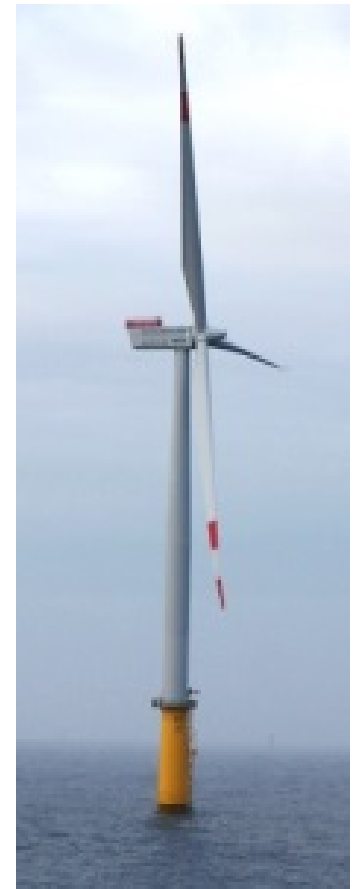


Divestments Q1 2014

- Amager CHP plant in Denmark
 - Sold to Danish municipal-owned company HOFOR
 - Enterprise value of approximately DKK 2bn
- Vattenfall's minority interest, 18.67% of the shares, in the Polish energy company Enea S.A.
 - Sales proceeds approximately SEK 2.2 bn (PLN 12.50 per share)
- Vattenfall's majority interest of 74.9% in the electricity grid company Stromnetz Hamburg GmbH
 - Sold to the City of Hamburg for a preliminary price of EUR 412 million (approx. SEK 3.7bn)
 - Capital gain of EUR 338 million (approx. SEK 3bn).
 - In addition to the purchase price, the City of Hamburg has repaid a loan of EUR 243 million (approx. SEK 2.1bn) to Vattenfall.
- Vattenfall Europe Power Consultant GmbH
 - Sold to investment company Palero Capital GmbH
 - Sales price not disclosed

Other highlights

- Swedish nuclear availability - continuous improvements from high levels
- DanTysk wind construction progressing
- Customer satisfaction improving
- Successful Winter Olympics sponsoring in Sochi



Financials

Ingrid Bonde, CFO

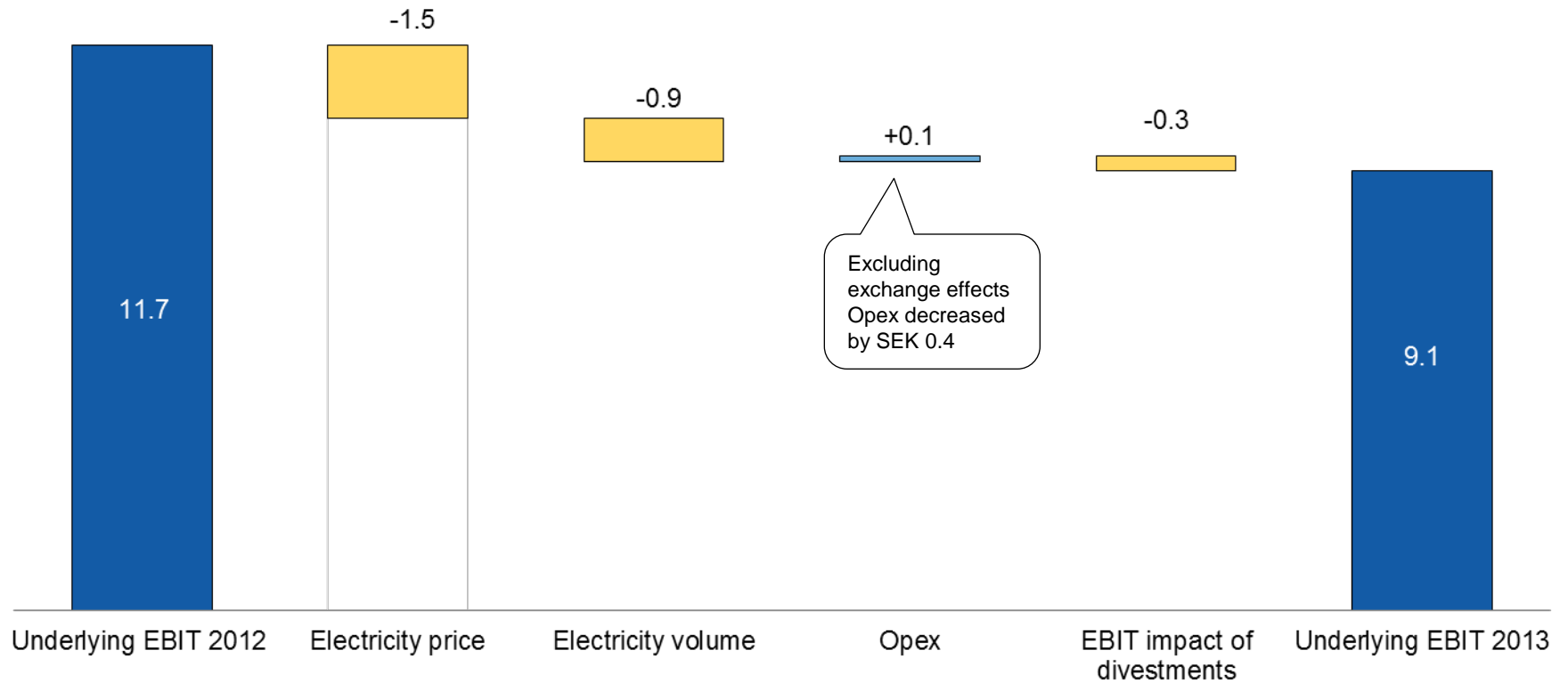
Q1 2014 Financial highlights

SEK billion	Q1 2014	Q1 2013
Net Sales	45.9	49.7
EBITDA	16.6	15.8
EBIT	11.8	10.8
Underlying EBIT*	9.1	11.7
Financial items, net	-1.7	-2.5
Profit after tax	8.2	6.2
Cash flow (FFO)	10.8	12.6
Cash flow after change in working capital	7.5	4.8
Net debt	85.7	99.5
Adjusted net debt	147.3	152.1
FFO/Adjusted net debt (%)	20.4	22.6
Adjusted net debt/EBITDA (times)	3.3	3.3

* Underlying profit: EBIT excluding Items affecting comparability

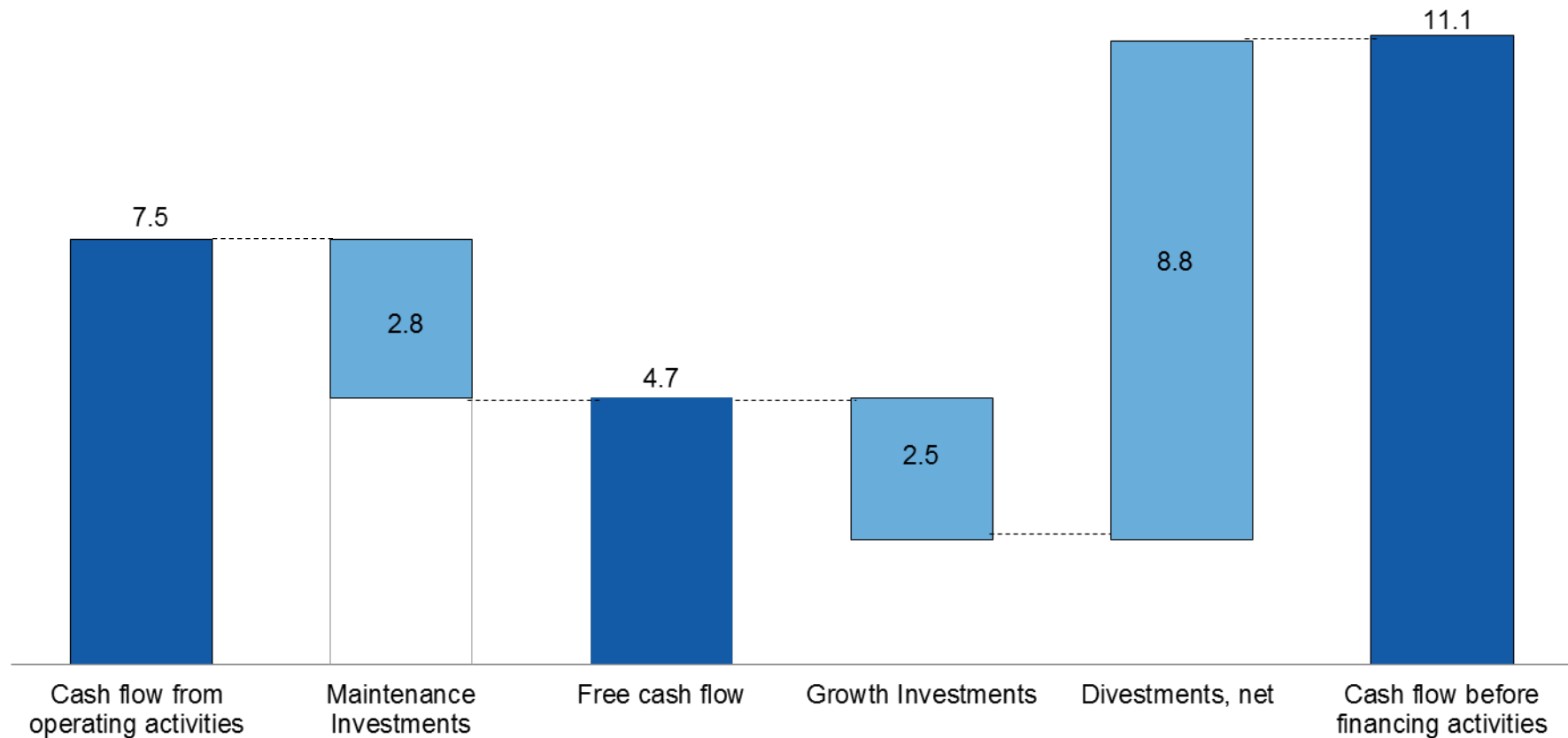
Development of underlying EBIT Q1 2014

SEK billion



One-off divestments boosted cash flow

SEK billion



Breakdown per operating segment

Nordic

SEK billion	Q1 2014	Q1 2013	Change,%	FY 2013
External net sales	13.5	14.9	-9.2	52.3
Underlying EBIT	4.4	6.0	-26.4	14.8
Electricity generation, TWh	25.3	25.5	-5.8	32.5
Number of FTE	8,400	8,392	0.1	8,395

Continental/UK

SEK billion	Q1 2014	Q1 2013	Change,%	FY 2013
External net sales	32.3	34.8	-7.0	119.8
Underlying EBIT	4.9	6.1	-20.3	14.7
Electricity generation, TWh	24.8	26.6	-8.4	82.6
Number of FTE	21,045	22,603	-6.9	21,811

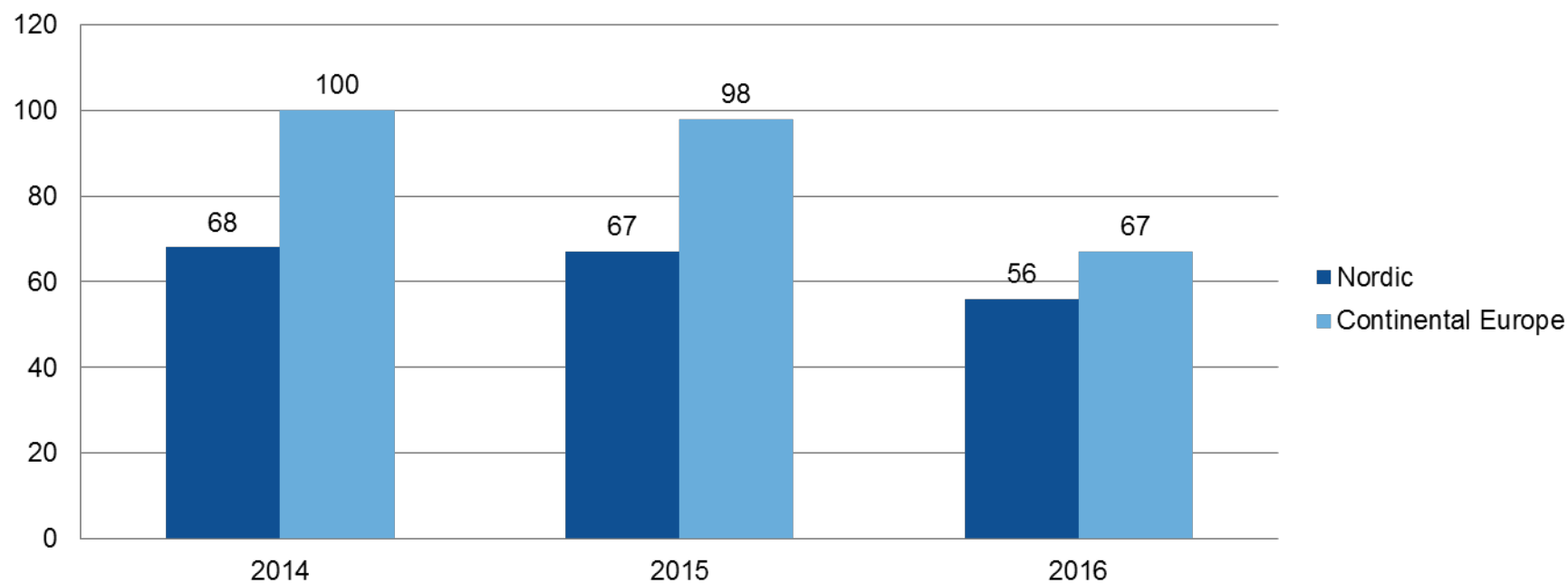
Capex

SEK billion	Q1 2014	Q1 2013	Change, %	FY 2013
Electricity generation	3.0	3.5	-15.4	15.7
CHP/Heat	0.6	0.3	69.3	3.1
Electricity networks	0.8	0.7	14.2	4.6
Other	0.9	0.8	12.5	4.4
TOTAL	5.3	5.3	-	27.8

- Total capex in line with Q1 2013
- Wind power accounts for the highest share within electricity generation (1.2bn)

Hedge ratios and prices as per 31 March 2014

% hedged of planned electricity production



Hedge prices EUR/MWh	2014	2015	2016
Nordic region	40	38	36
Continental Europe	50	44	39

Financial targets and outcome

Metric	Target	Outcome Q1 2014
Return on Capital Employed (ROCE)	9%	-1.7% (8.4% excl. IAC*)
Net debt/Equity	50-90%	58.8%
FFO/Adjusted net debt	22-30%	20.4% LTM**

* IAC = Items affecting comparability

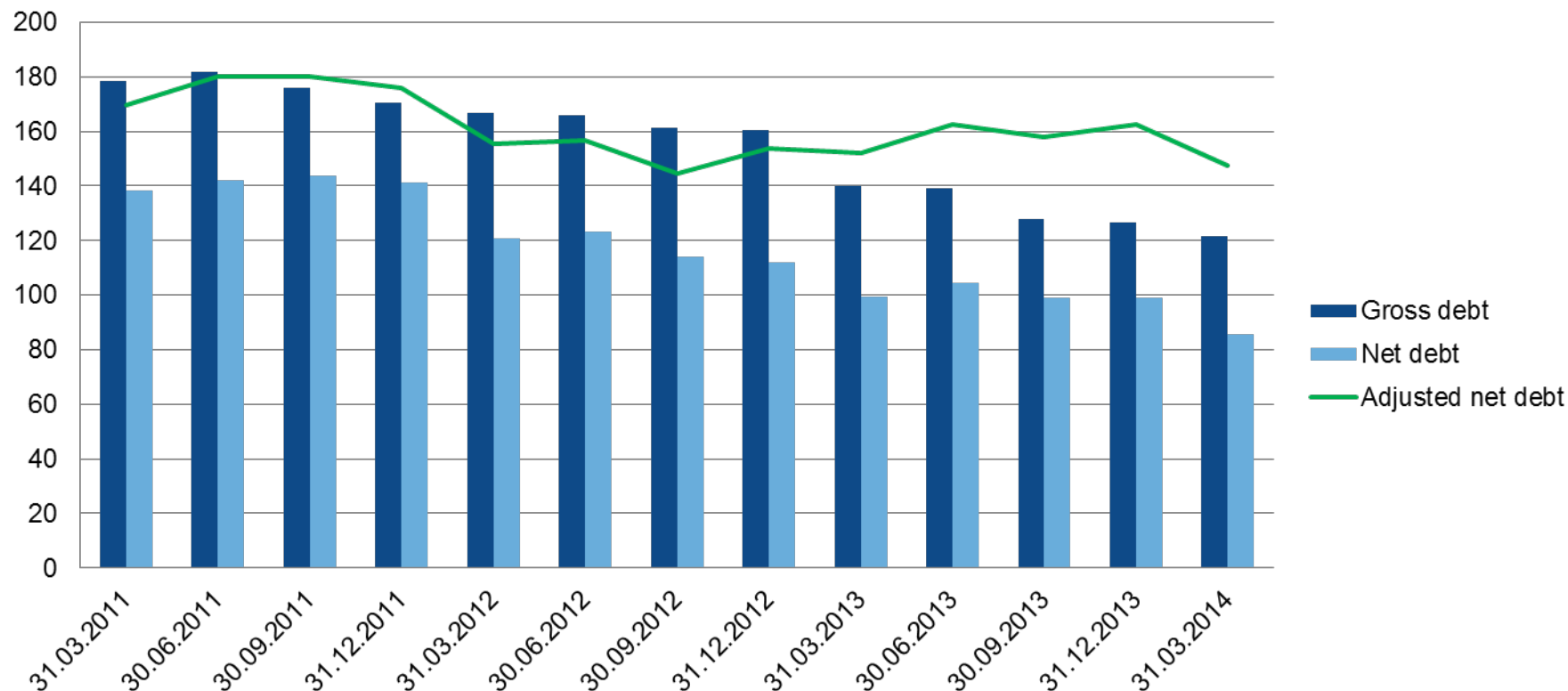
** LTM = Last twelve months

Q&A

Appendix

Decreased debt

SEK billion



Compared with 31 December 2013, net debt decreased by SEK 13.3bn to SEK 85.7bn mainly due to the sales of the electricity grid operation in Hamburg, the minority interest in Enea S.A., the Danish Amager CHP plant, the German energy consultancy business (together totalling SEK 9.1 billion), and the aforementioned reclassification of interest-bearing liabilities to equity (SEK 3.0 billion). Adjusted net debt decreased by SEK 15.3 billion. For calculation of adjusted net debt, see Appendix slide 21.

Continued strong liquidity position

As of 31 March 2014

Group liquidity	MSEK
Cash and cash equivalents	13,159
Short term investments	22,142
Reported cash, cash equivalents & short term investments	35,301
Unavailable liquidity*	-5,959
Available liquidity	29,342

Committed credit facilities	Line size	MSEK
RCF (maturity Jan 2016)	2,550 MEUR	22,818
Total undrawn		22,818

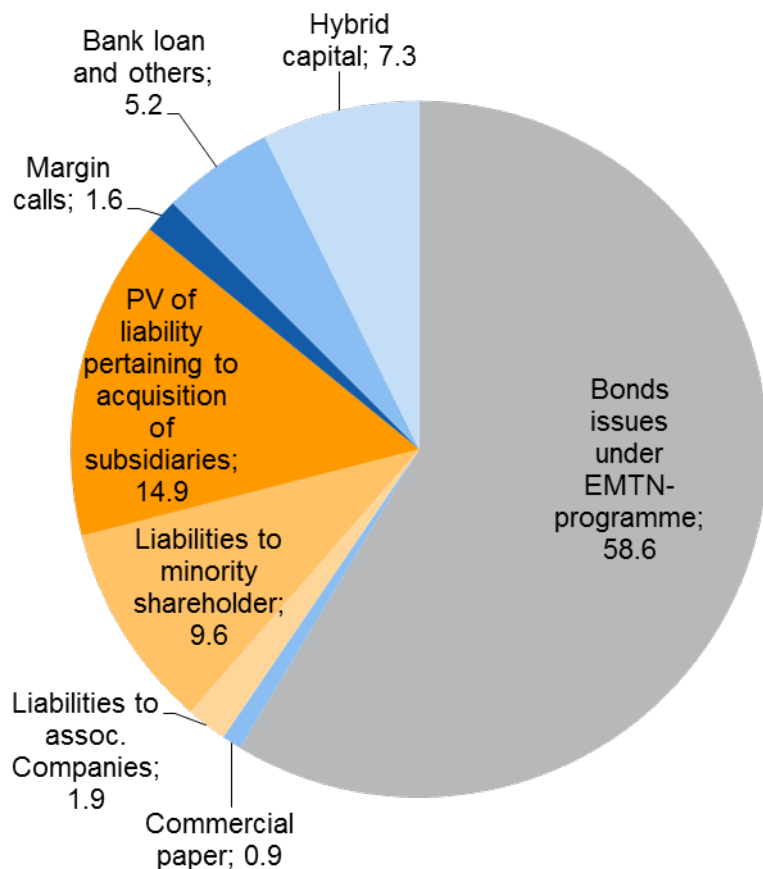
Debt maturities**	MSEK
Within 90 days	13,913
Within 180 days	14,029

* German nuclear "Solidarvereinbarung" 3,028 MSEK, Margin calls paid (CSA) 1,970 MSEK, Insurance" Provisions for claims outstanding" 780 MSEK and Margin accounts 181 MSEK

** Excluding loans from minority owners and associated companies

Breakdown of gross debt

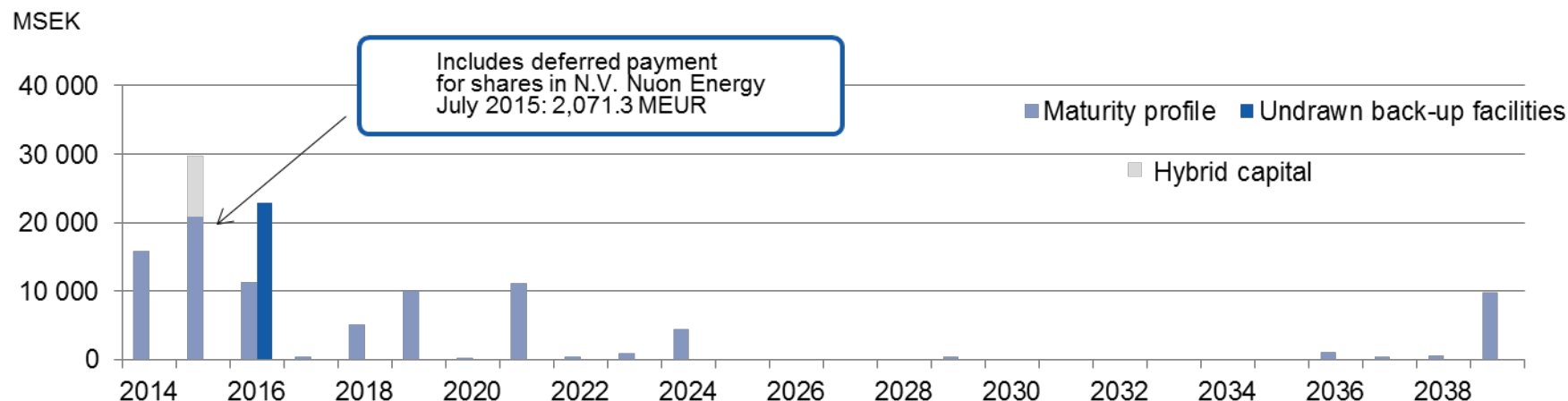
Total debt 31 March 2014: SEK 122bn (EUR 14bn)
External market debt (SEK 90bn)



Debt issuing programmes	Size (MEUR)	Utilization (MEUR)
EUR 15bn Euro MTN	15,000	7,646
EUR 2bn Euro CP	2,000	0,120
SEK 15bn Domestic CP	1,676	0
Total	18,676	7,766

- 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 hedge against net foreign investments
- No structural subordination

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 Mar 2014	31 Dec 2013
Duration (years)	3.1	2.9
Average time to maturity (years)	5.7	5.7
Average interest rate (%)	3.6	3.5
Net debt (SEK bn)	85.7	99.0*

* Restated compared to earlier published information due to new accounting rules from 2014 according to IFRS 11.

Reported and adjusted net debt

Reported net debt (SEK billion)	Mar 31 2014	Dec 31 2013
Hybrid capital	-8.9	-8.8
Bond issues and commercial papers and liabilities to credit institutions	-75.1	-78.1
Present value of liability pertaining to acquisition of subsidiaries	-18.2	-17.9
Liabilities to associated companies	-2.3	-1.7*
Liabilities to minority shareholders	-11.6	-12.4
Other liabilities	-5.5	-7.5
Total interest-bearing liabilities	-121.6	-126.5*
Reported cash, cash equivalents & short-term investments	35.3	27.3
Loans to minority owners of foreign subsidiaries	0.6	0.1
Net debt	-85.7	-99.0*

* Restated compared to earlier published information due to new accounting rules from 2014 according to IFRS 11.

** Of which: German nuclear "Solidarvereinbarung" 3.0, Margin calls paid (GSA) 2.0, Insurance "Provisions for claims outstanding" 0.8, Margin accounts 0.2

Adjusted net debt (SEK billion)	Mar 31 2014	Dec 31 2013
Total interest-bearing liabilities	-121.6	-126.5*
50% of Hybrid capital	4.5	4.4
Present value of pension obligations	-34.7	-35.5
Mining & environmental provisions	-12.0	-11.8
Provisions for nuclear power (net)	-27.5	-28.1*
Cross currency swaps	1.3	1.2
Margin calls received	2.0	2.2
Liabilities to minority owners due to consortium agreements	11.3	10.9
= Adjusted gross debt	-176.6	-183.1
Reported cash, cash equivalents & short-term investments	35.3	27.3
Unavailable liquidity	-6.0**	-6.7
= Adjusted cash, cash equivalents & short-term investments	29.3	20.5
= Adjusted net debt	-147.3	-162.6