

Value Creation through Asset Optimisation and Trading

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Today's Focus

- **Delivering Vattenfall's Vision**
- **Diversified assets with potential to create value**
- **Opportunities in AO&T**

Delivering Vattenfall's Vision

Centralising and functionally aligning Asset Optimisation and Trading will ensure maximum value extraction from Assets and enable rapid adaptation to changing markets and business environments

- Centralised Management of all Market related Risks
- Management of Assets closer to the Markets
- Harmonisation across the Group
- Realising competence and process synergies

Diversified assets potential to create value

Deep market knowledge through geographical presence



Large customer base – portfolio effect for sales, origination and trading books

Number of customers

Million

Electricity 7.5

Gas 2.1

Providing the basis for profitability and value creation

High asset flexibility through diverse asset base

Installed capacity

GW		
	Nuclear	9
	Hydro	11.3
	Coal	} 19.1
	Gas	
	Oil	
	Renewables	1.3
	Total	40.7

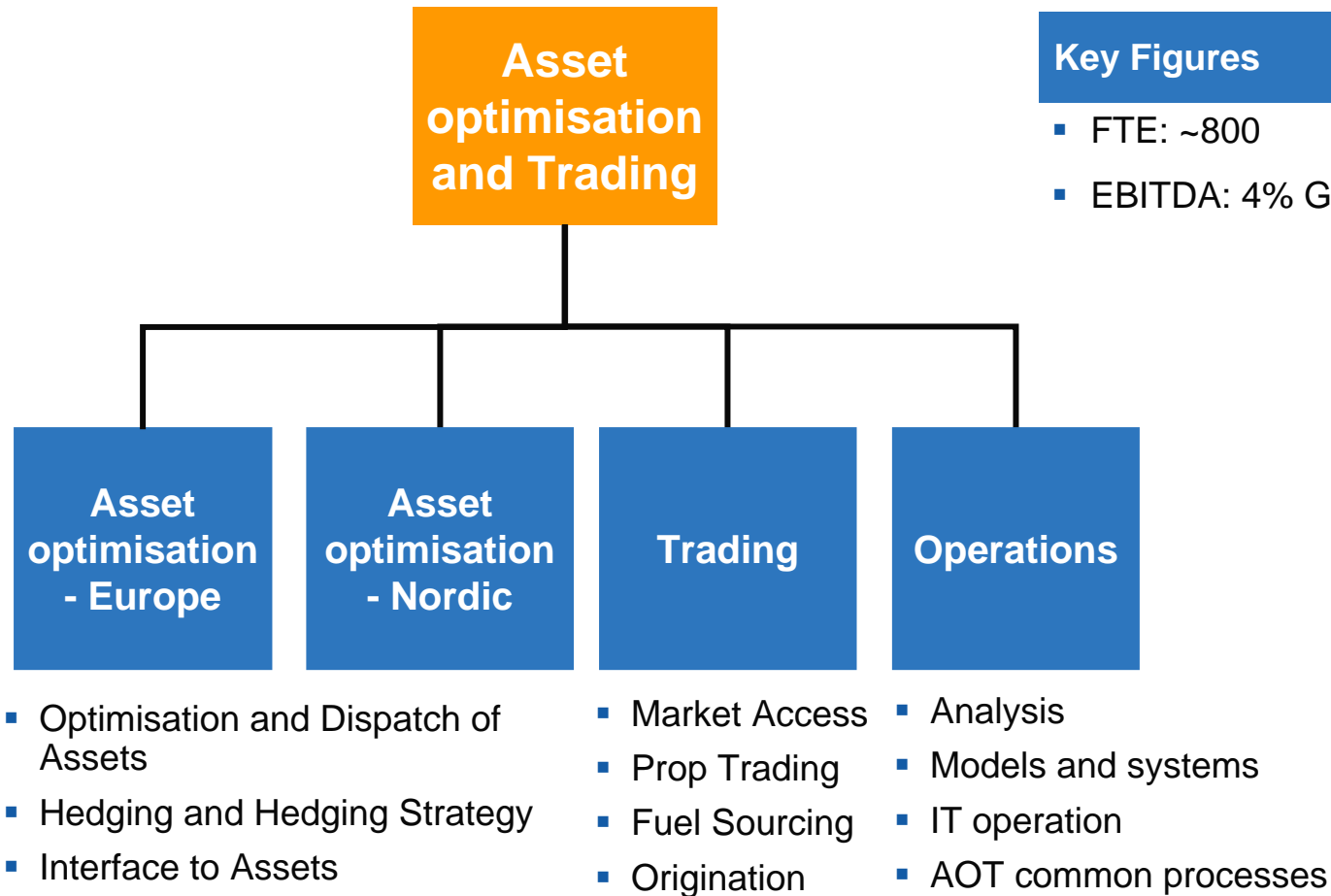
Broad commodity coverage – deep understanding of markets and correlations

Gas sourcing, bcm 9

Coal sourcing, mtn 12

Emissions, mtn 90

Organisation



Key Figures

- FTE: ~800
- EBITDA: 4% Group Total

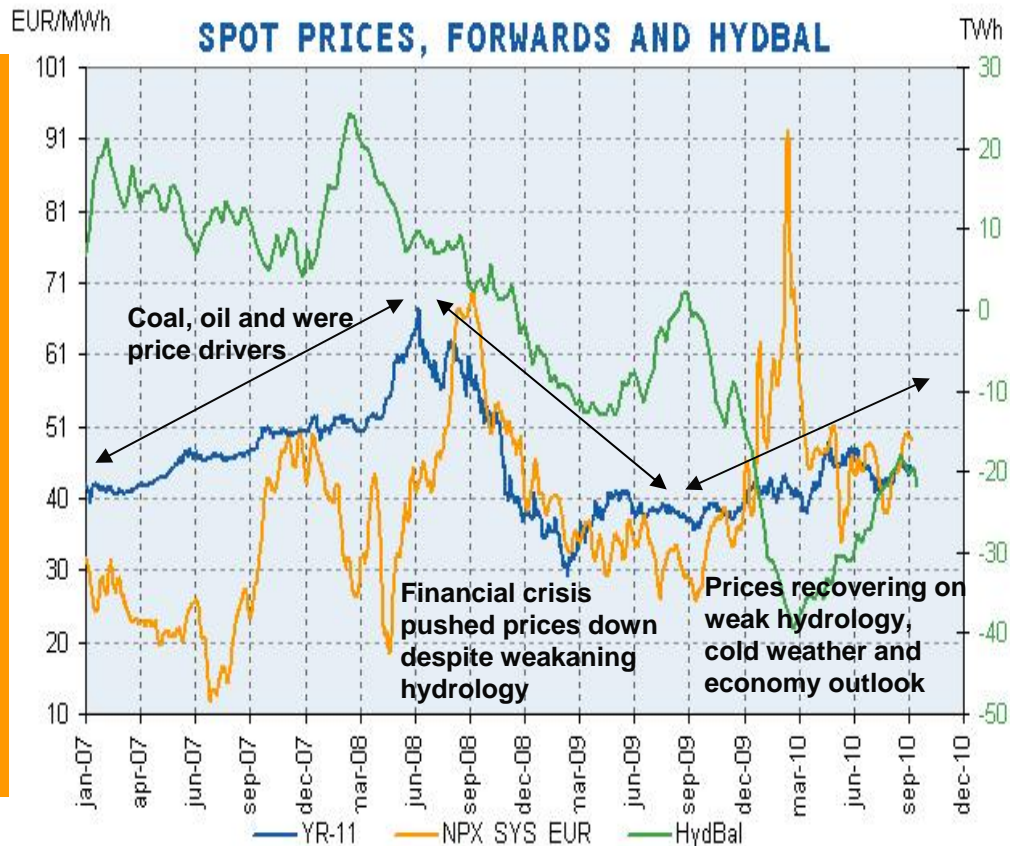
Opportunities in AO&T

- Continued development toward liquid markets
- Asset optimisation being professionalised
- Harmonised regulation and financial markets
- Markets are developing and Vattenfall needs to speak with one voice to influence

Appendix

Nordic power prices showing highest correlation with hydro balance in three years

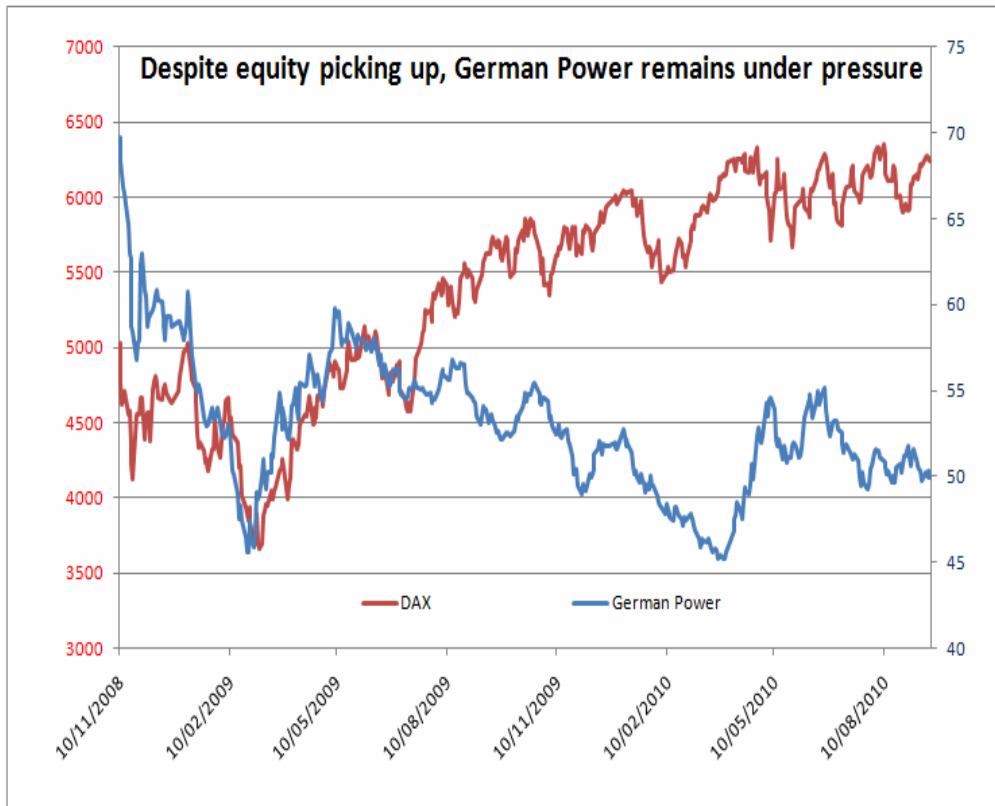
Prices and hydro balance



Developments 2010

- Very high spots in January and February: cold and dry weather, weak hydro balance
- Reduced Swedish nuclear availability and continued weak hydro balance has led to positive dark spreads

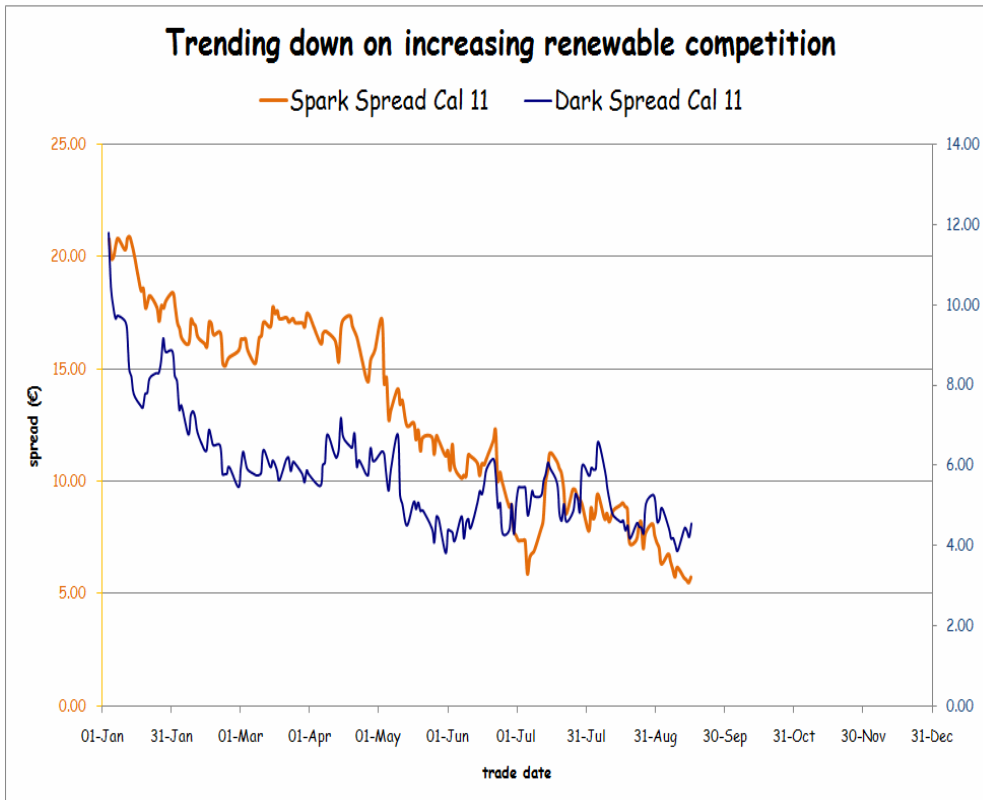
German Power prices have been under pressure



Developments 2010

- Slight divergence between Dax and German Power
- Power price trading range bound +/- 10%
- Generation margins reduced due to new builds, especially, in the field of renewables

Generation margins will remain tight



Developments 2010

- Despite industrial recovery and favourable weather generation margins under pressure from increased nuclear load factors in France and extensive new builds

Oil

Prices

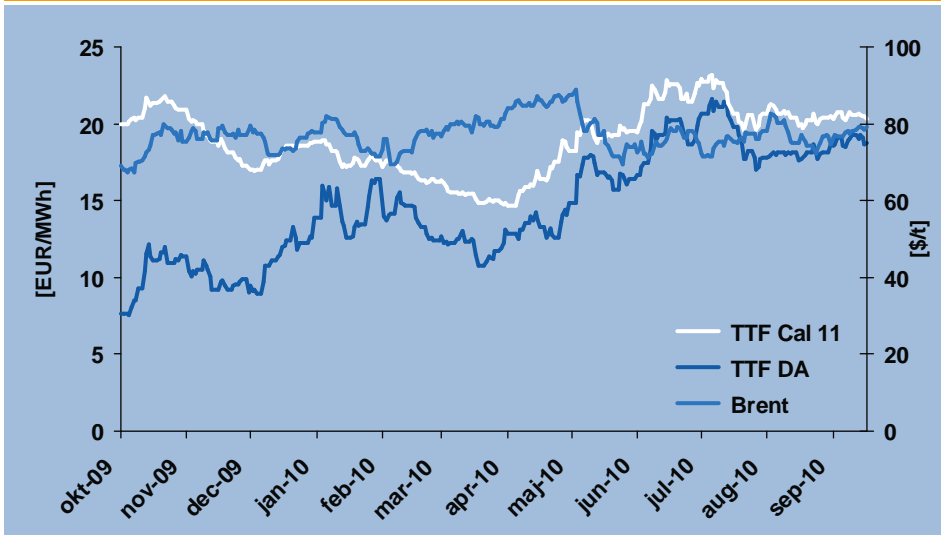


Developments 2010

- From January to date, oil has been trading in a 20 USD/bbl range
- Main driver has been expectations on economic recovery, hence correlation with equities
- Demand from the East has been strong and has helped commodities to recover
- Recovery has been bumpy: US economy stalling, Euro sovereign debt crisis, China cooling off
- Fundamentally oil has been weak: ample stocks, low refinery margins, floating storage
- Lately: hurricane premium has helped the crudes to stay relatively strong

Gas

Price Development GY 09



Recap Gas Year 2009

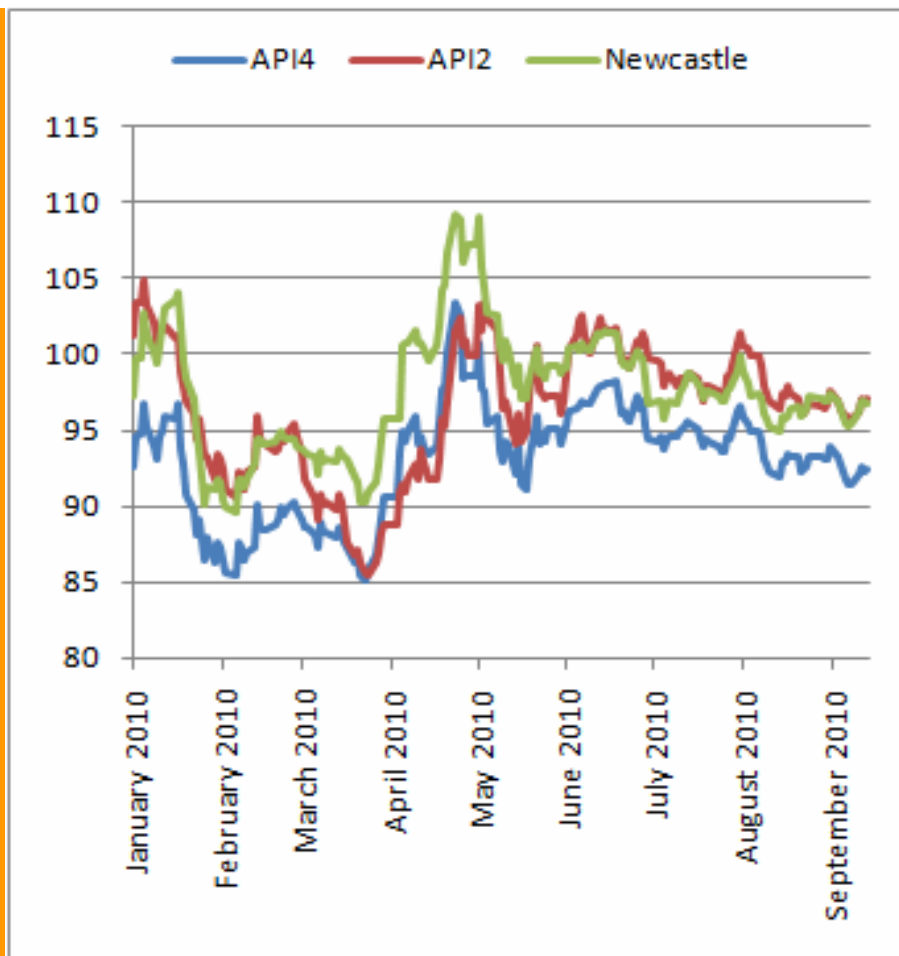
- Oversupply situation at start of GY 09
- Oil indexed contracts far out of the money
- Record cold Winter 2009/10 caused higher demand, however not reflected in higher spot prices
- Oil indexed contracts at minimum take or pay at 1st of April
- LNG sets marginal price in Summer 10
- Contract renegotiations with Russia
 - Lower take or pay volumes
 - Replacement of contract gas with spot volumes drives up prices in Q2

Outlook

- Uncertainty on Russian gas flows, LNG filling the gap
- Ample global supply of gas, however producer flexibility means price crash unlikely
- Increasing storage availability will smooth seasonality
- Impact of gas market prices will gradually erode oil price indexation

Coal

Prices

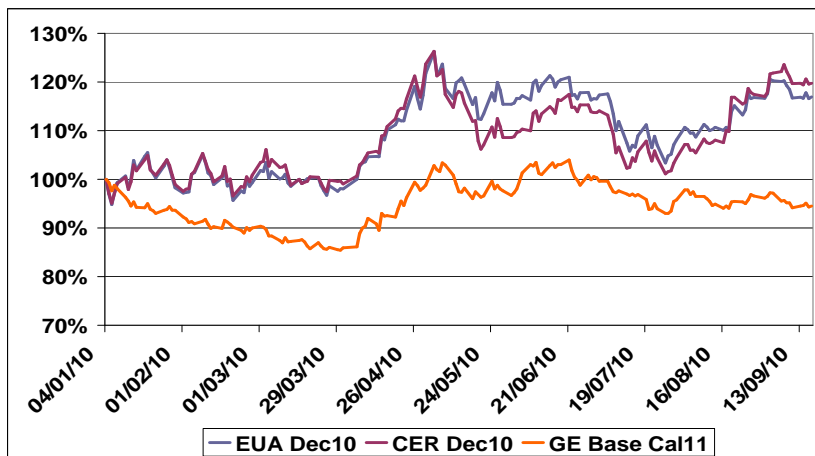


Developments 2010

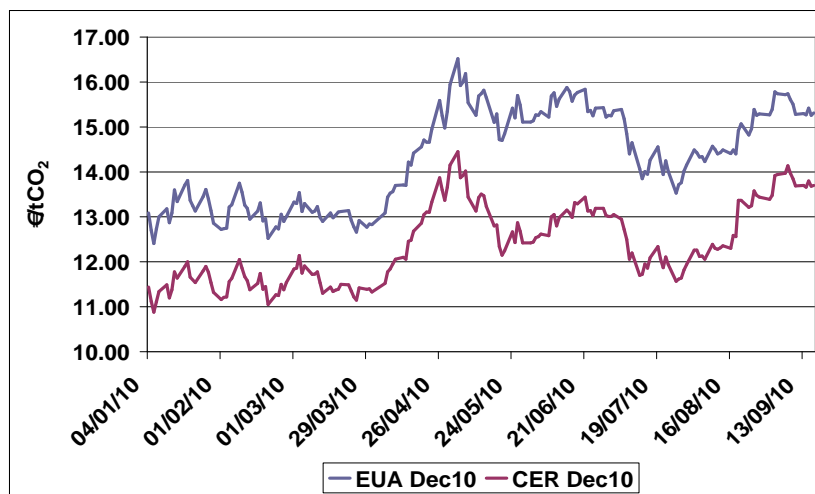
- Strong Asian markets have offset soft OECD demand so far and Pacific strength is expected to continue going forward.
- Chinese imports have surprised on the upside due to strong IP growth and low hydro production. Despite high current inventory levels and weak seasonal factors, demand is set to remain structurally strong due to the continued coal-fired power station build out.
- India's domestic coal supplies and transportation systems are struggling to keep pace with buoyant demand.
- Weak European darkspreads and lacklustre US demand are prevailing but this should not be enough to offset the Asian strength, in our view.
- Supply issues remain supportive of prices in the medium term.
- Australia : Port congestion remains on the high side.
- South Africa : Railing issues, labour issues and strong domestic demand.
- Indonesia : Very high export growth so far but bad weather dampening the logistics and domestic demand.

Carbon

Performance



Prices



Developments 2010

- After a lacklustre start following disappointment after no agreement coming from climate talks in Copenhagen is Carbon currently outperforming all other commodities (+20% since beginning of the year)
- 2010 has seen three clear trends; an up move in April helped by commodities and a possible move to 30%; retracement thereafter in a lacklustre summer environment and a recent up move on the back of CER issuance delays
- Higher prices thus reflect risk premiums currently in the market due to phase III uncertainties, while political decisions are still pending