

Vattenfall Q1 results 2010

Presentations by

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Dag Andresen, CFO

29 April 2010

Agenda

CEO Øystein Løseth:

- Financial highlights
- Generation volumes
- Market price development
- Important events

CFO Dag Andresen:

- P&L
- EBIT development
- Cash flow statement
- Debt development
- Hedge ratios
- Asset disposals

Q1 Financial highlights

Net sales increased by

34.5% to SEK 70,657 million (52,528)

EBITDA decreased by

9.7% to SEK 15,477 million (17,149)

EBIT decreased by

21.3% to SEK 10,115 million (12,860)

EBIT excl. IAC increased by

19.6% to SEK 15,376 million (12,857)

Profit after tax decreased by

53.2% to SEK 3,787 million (8,091)

Profit after tax excl. IAC increased by

11.8% to SEK 9,045 million (8,092)

Q1 – Debt development & Key ratios

Gross debt decreased by

SEK 15.9 bn to SEK 197.6 bn compared with 31 Dec. 2009

Net debt increased by

SEK 10.6 bn to SEK 166 bn compared with 31 Dec. 2009

Return on Net Assets

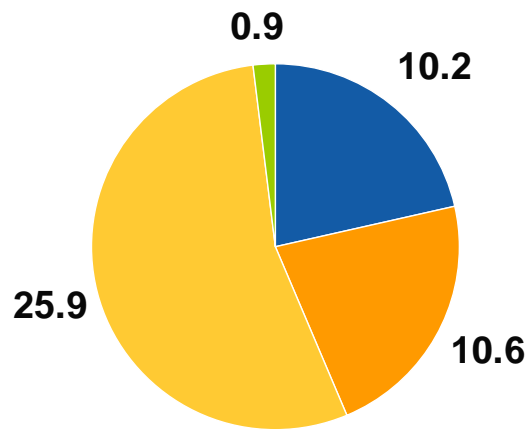
- incl. IAC: 8.1%* (FY 2009: 10.0%)
- excl. IAC: 11.4%* (FY 2009: 11.4%)
- target 11%

Return on Equity

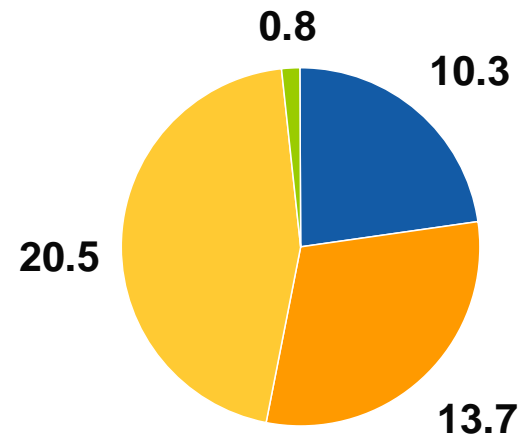
- incl. IAC: 6.6%* (FY 2009: 9.5%)
- excl. IAC: 12.5%* (FY 2009: 11.4%)
- long-term target 15%

* Last Twelve Months

Increased electricity generation output



Q1 2010: 47.6 TWh



Q1 2009: 45.2 TWh

Hydro

Nuclear

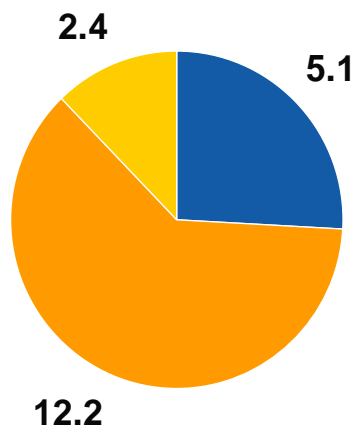
Fossil

Other

Other = wind, biomass, waste

Heat and gas sales

- Heat sales increased by 24 %

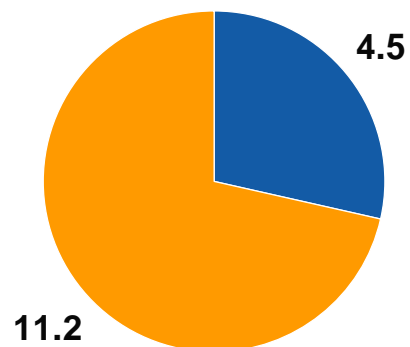


Q1 2010: 19.7 TWh

Nordic

Central Europe

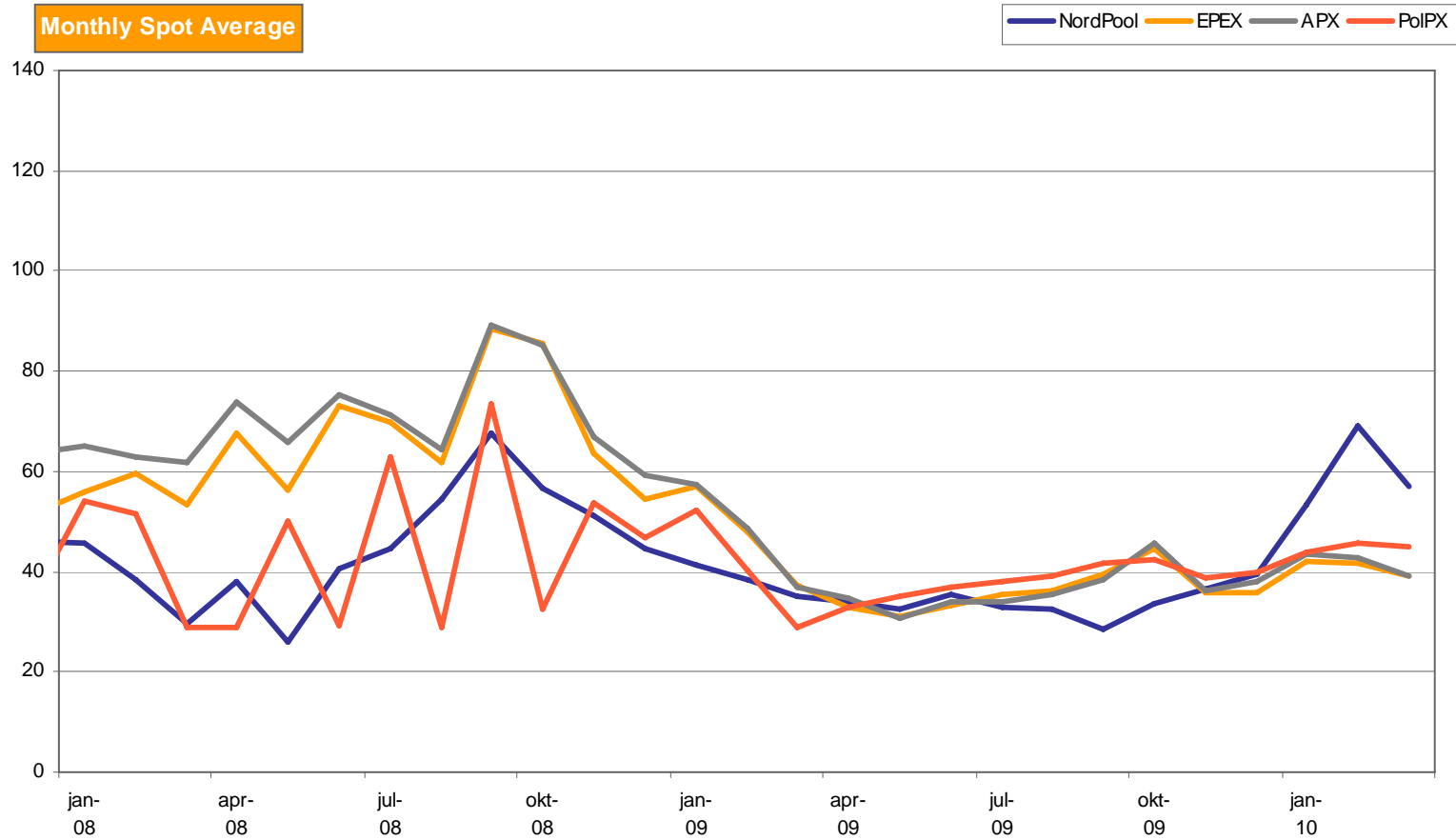
Benelux



Q1 2009: 15.8 TWh

- Gas sales amounted to 24.1 TWh (of which BG Benelux 24.0 TWh)

Spot price development



Divestment of 50Hertz Transmission GmbH

- Agreement on divestment of Vattenfall's German transmission grid, 50Hertz Transmission GmbH
- Buyers: Elia (60%) and Industry Funds Management (IFM) (40%)
- Buyers have met all conditions made by Vattenfall for the sale
- Closure of transaction in Q2 2010, subject to approval from EU's competition authorities and German federal Ministry of Economics and Technology
- Enterprise value EUR 810 million
- Purchase price EUR 464.6 million
- Transmission assets now booked as "Assets held for sale"
Market valuation has lead to an impairment loss of SEK 5 322 million
- Positive impact on net debt and cash flow in Q2

Positive outcome of UK Round 3, offshore wind tender



- Vattenfall and ScottishPower Renewables have been awarded the rights to develop a major offshore wind farm off the east coast in England
- The award is part of The Crown Estate's Round 3 offshore wind farm programme
- The area (East Anglia) has potential to achieve a capacity of 7,200 MW.
- The first planning application is planned to be submitted in 2012. Construction of the wind park could begin in 2015, at the earliest.

Financials

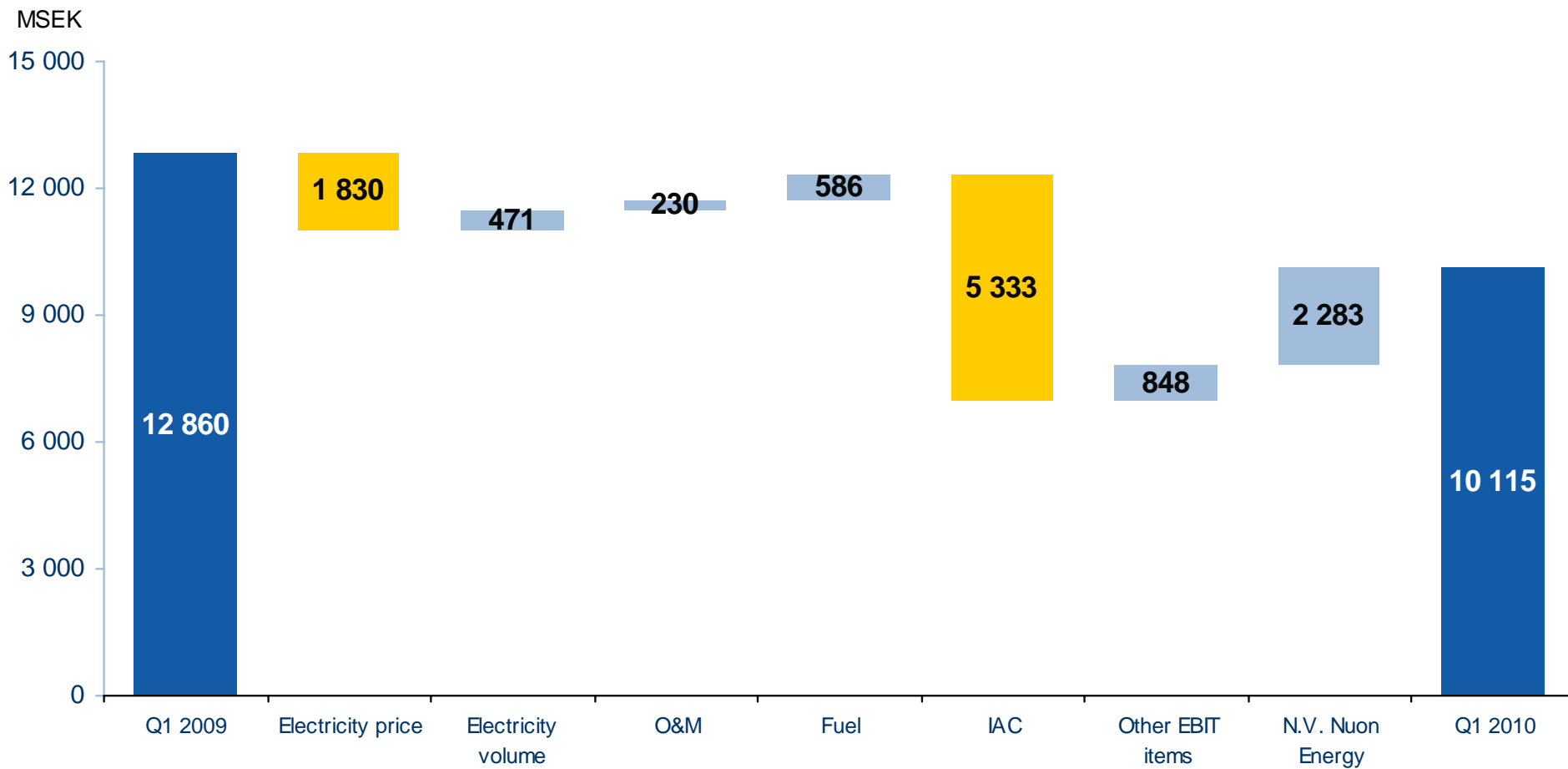
Dag Andresen, CFO

Consolidated income statement

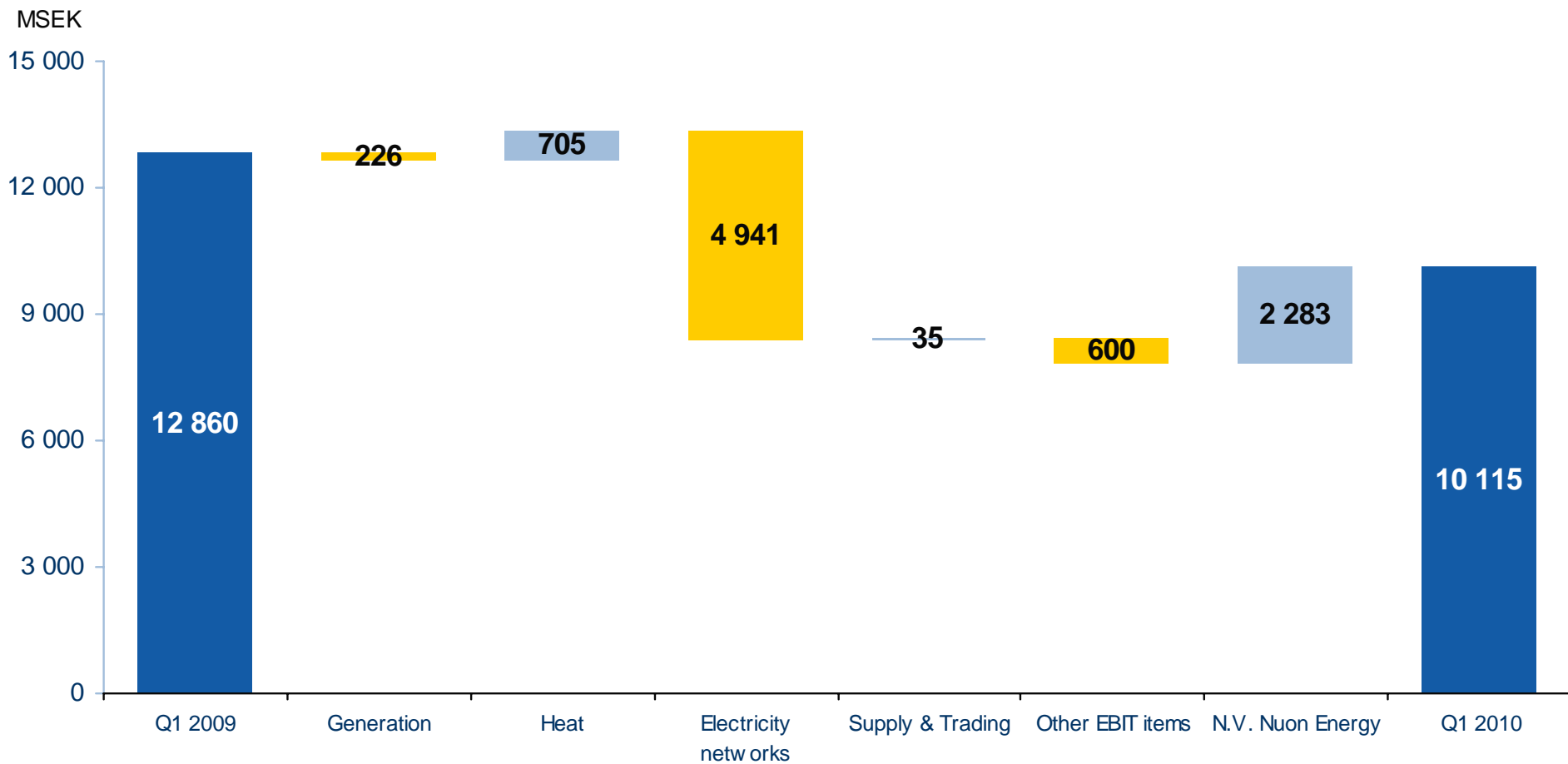
MSEK	Q1 2010	Q1 2009	Change (%)
Net sales	70,657	52,528	34.5
Cost of products sold	- 50,872	-36,682	38.7
Gross profit	19,785	15,846	24.9
Operating profit	10,115	12,860	- 21.3
Operating profit, excl. IAC*	15,376	12,857	19.6
Financial income	566	687	- 17.6
Financial expenses	- 3,465	- 2,790	24.2
<i>Financial net</i>	<i>- 2,899</i>	<i>- 2,103</i>	<i>37.9</i>
Profit before taxes	7,216	10,757	- 32.9
Taxes	- 3,429	- 2,666	28.6
Profit for the period	3,787	8,091	- 53.2

* IAC = items affecting comparability

EBIT development, Q1 2010



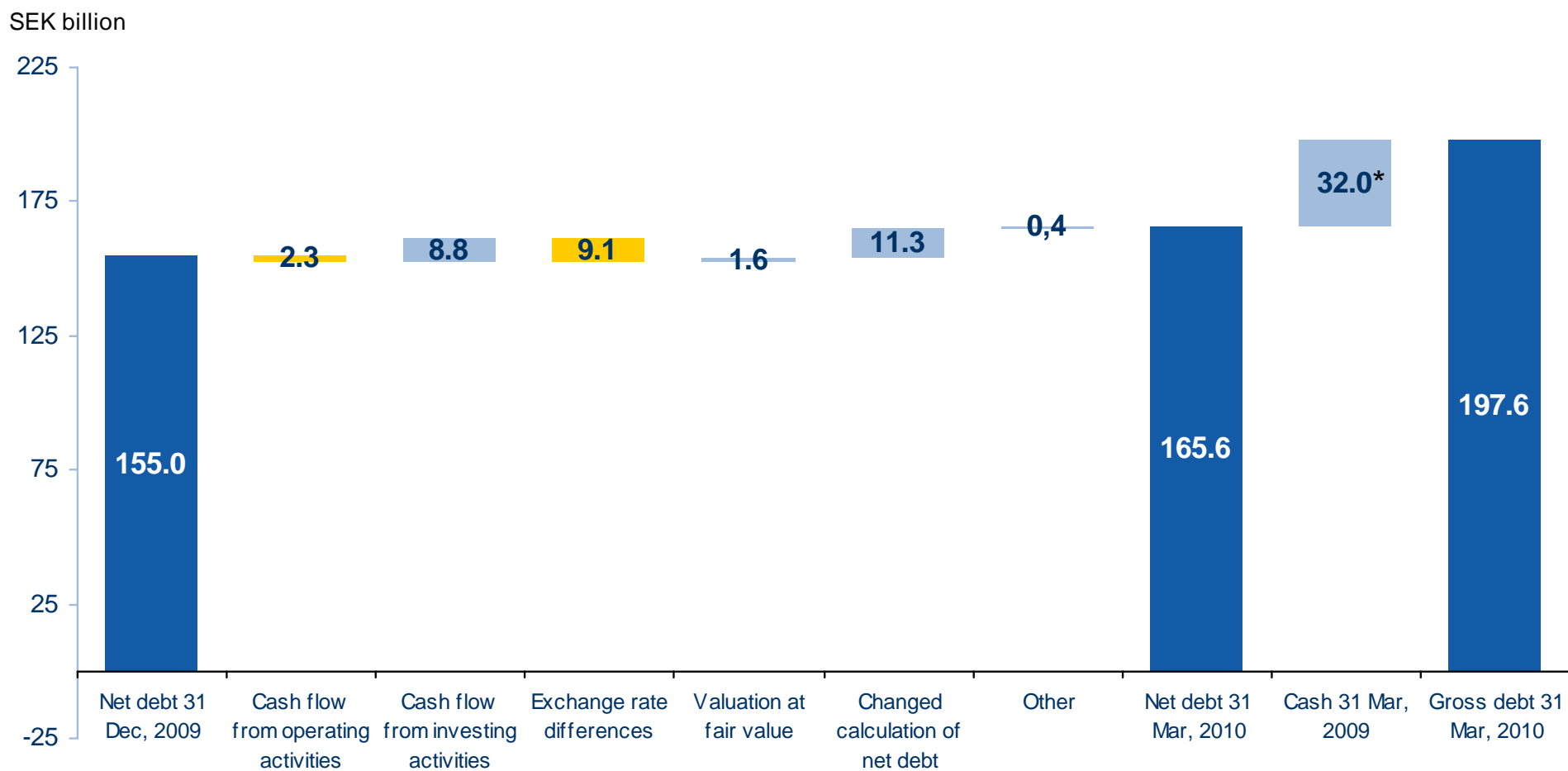
EBIT development, Q1 2010 – by Product & Services



Consolidated cash flow statement

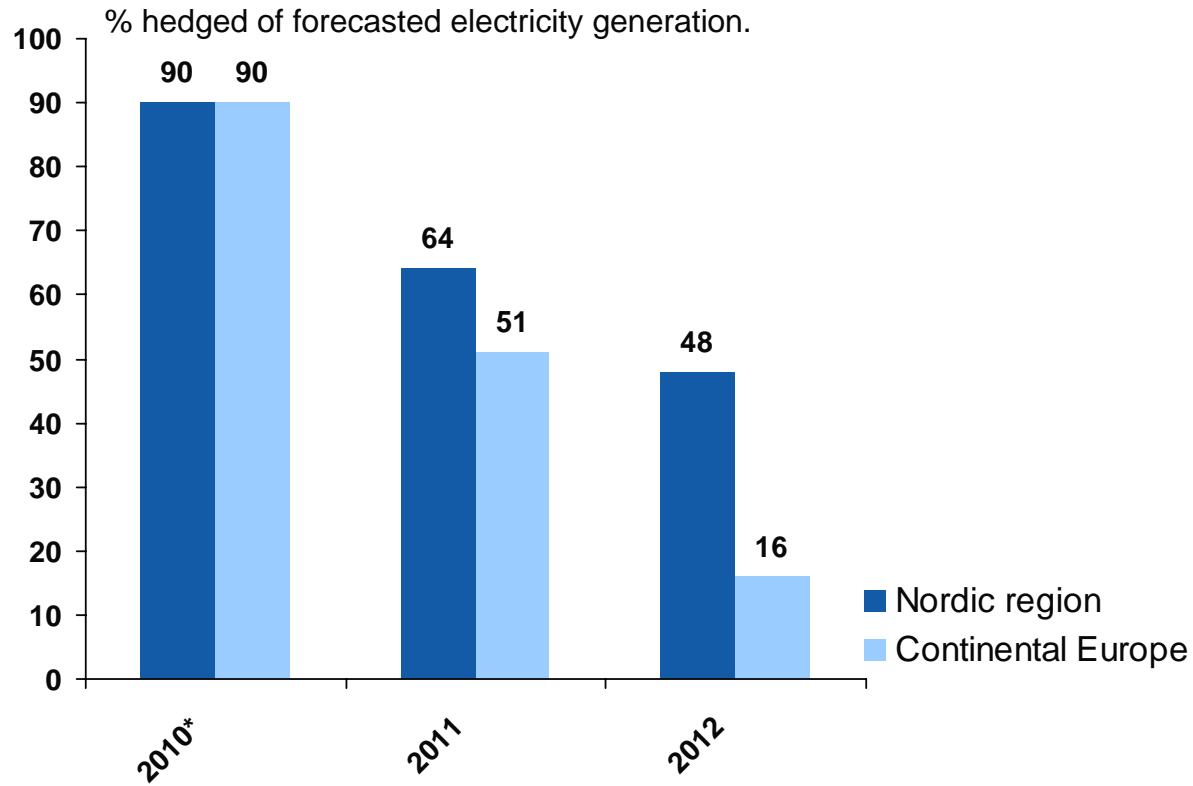
MSEK	Q1 2010	Q1 2009
Funds from operations (FFO)	9,820	18,760
Change in working capital	- 7,561	- 7,232
Cash flow from operating activities	2,259	11,528
Investments	- 8,935	- 7,008
Divestments	179	62
Cash flow from investing activities	- 8,756	- 6,946
Free cash flow	- 1,057	8,455
Cash flow before financing activities	- 6,497	4,582
Cash flow from financing activities	3,633	35,196
Cash flow for the period	- 2,864	60,841
Net debt at the end of the period	-165,581	- 60,571

Debt development Q1 2010



*Includes loans to minority owners in foreign subsidiaries of SEK 1.8bn (excluded from liquidity calculation on slide 25)

Hedging position as of 31 March 2010



EUR/MWh	2010*	2011	2012
Nordic region	45	40	39
Continental Europe	58	57	55

* remaining part of 2010

Asset disposals - update

- Cash proceeds of asset disposal programme are estimated at 1,5 bn EUR.
- The 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
- ... have contributed with cash proceeds ~ 0.4 bn EUR
- Adding German transmission ~ 1.1 bn EUR completed

Summary

- Good underlying result
- Regional differences between Vattenfall's markets
- Lower cash-flow mainly due to higher tax payments
- Slightly higher net debt
- Unsatisfactory availability in nuclear generation
- Agreement on divestment of German transmission grid

VATTENFALL

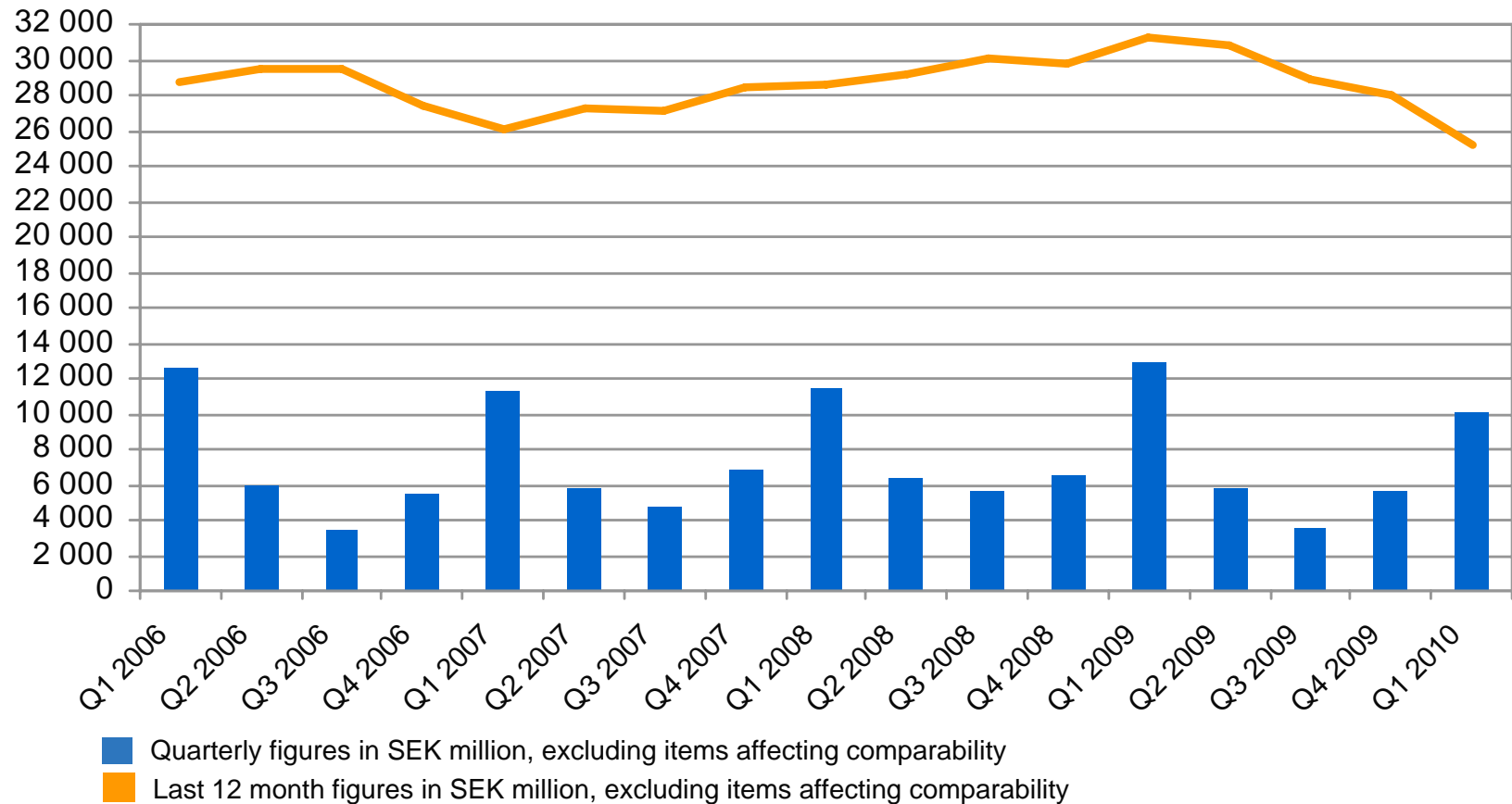


Q & A

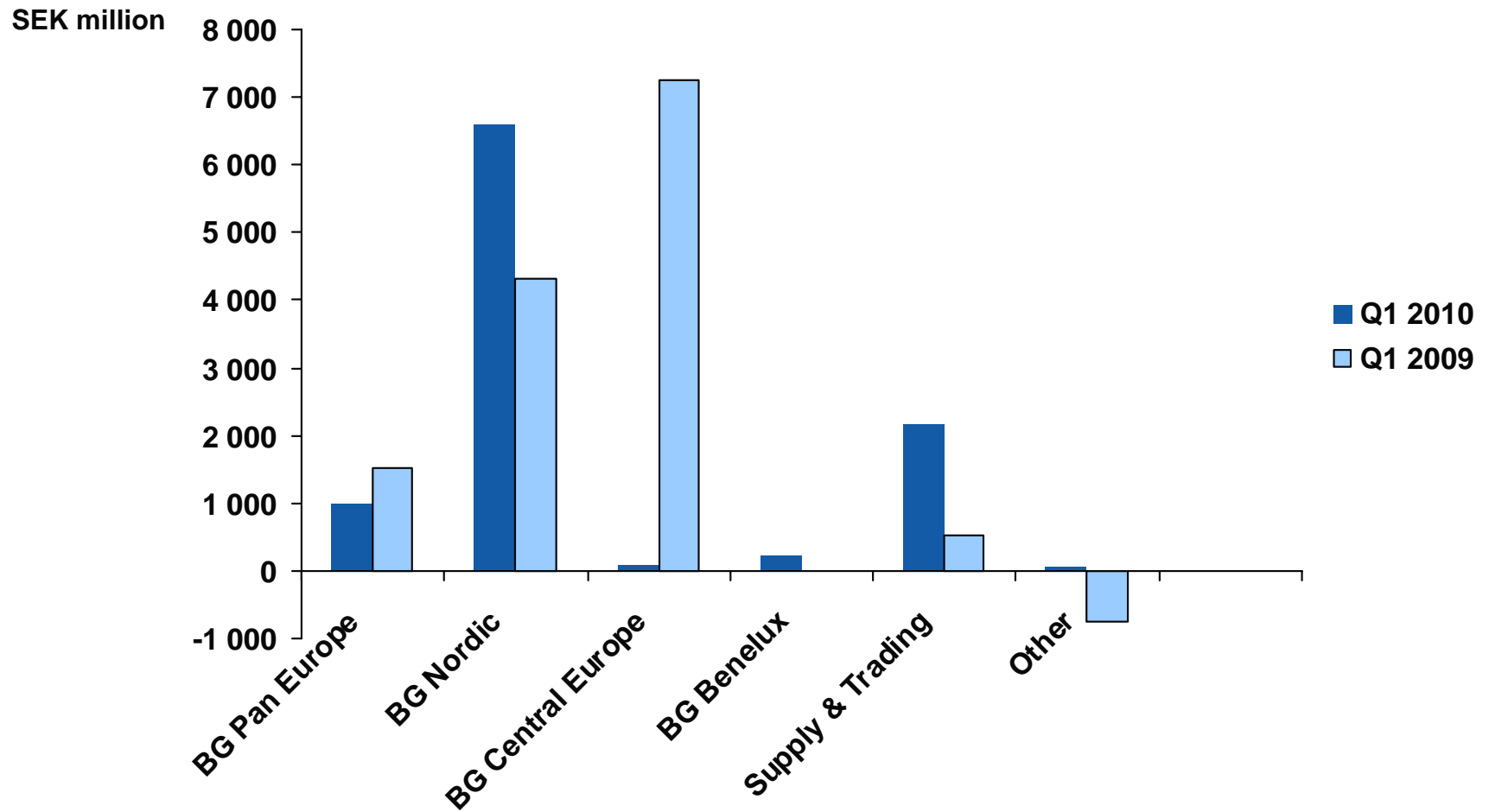
Back-up slides

EBIT development last 5 years

Quarterly figures, SEK million



EBIT by Operating Segment



Changes in Cash Flow - FFO

1

Funds From Operations - 8.9 billion lower

	SEK bn.
• Profit before tax:	-3.5
• Adjustments for non-cash items:	
– Depreciation:	+1.1
– Other items:	+0.9
• <i>whereof impairment charges German Transmission</i>	+5.3
• <i>whereof change in unrealised derivative positions*</i>	-6.1
• Tax payments:	-7.4
	<hr/>
	-8.9

*) Large unrealised negative derivative positions in Q1 2009: SEK 5.7 bn, while the unrealised derivatives position in Q1 2010 is slightly positive: SEK 0.4 bn.

Changes in Cash Flow

– Cash flow before financing activities

2

Cash flow before financing activities – 11.1 billion lower

	SEK bn.
• FFO	-8.9
• Working capital:	-0.3
– <i>whereof Accounts payable, trade</i>	-8.4
– <i>whereof Margining</i>	+2.8
• Cash flow from investing activities	-1.8
	<hr/>
	-11.1

Strong liquidity position

31 March 2010

Group liquidity	SEK million
Cash and cash equivalents	7 238
Short term investments	22 952
Total	30 190¹⁾

1) Of which SEK 18 340 million is fully available. Not fully available liquidity comprises German nuclear "Solidarvereinbarung" 3 315, Minority owners share of German nuclear subsidiaries cash position 3 701, Margin account 943, Credit support Annex (Margin Calls) 2 143 and other not fully available liquidity 1 748.

Committed credit facilities	Line size	Amount available
RCF (maturity February 2013)	EUR 1 000 million	9 739
Overdraft facility	SEK 100 million	100
Total undrawn		9 839

Other credit lines unutilised: SEK 8 616 million

Debt maturities ²⁾	SEK million
- within 90 days	253
- within 180 days	579

2) Excluding loans from minority owners and associated companies

Financial targets and outcome

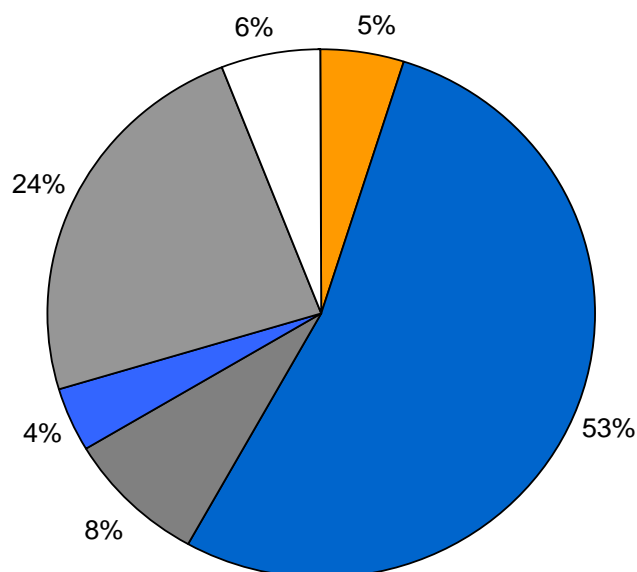
Key Ratio	Targets	Q1 2009
Return on Equity (RoE)	15% on average equity	6.6%* 12.5%* excl. IAC
Cash flow interest coverage after maintenance investments	3.5 – 4.5 times	3.0*
Credit Rating	Single A category rating	Moody's: A2 Stable outlook S&P: A Negative outlook
Dividend pay-out	40-60%	40.6%**

* Last Twelve Months

** Proposed dividend

Breakdown of gross debt

**Total debt at 31 March 2010:
SEK 197.6 bn¹⁾ (EUR 20.3 bn)**



- Subordinated Perpetual Capital Securities
- EMTN
- Loans from associated companies
- Loans from shareholders
- Loans from shareholders in Nuon
- Bank loans and others

1) Of which external market debt: SEK 126.5 bn (64%)

Funding programmes	Size (EURm)	Utilization (EURm)
EUR 15 bn Euro MTN	15 000	10 604
USD 2 bn Euro CP ¹⁾	1 490	0
SEK 15 bn Domestic CP ²⁾	1 540	0
Total	18 031	10 604

1) Programme will be updated from USD 2 billion to EUR 2 billion with issuer Vattenfall AB

2) Programme under renegotiation, issuer Vattenfall AB

- 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

Adjusted gross and net debt

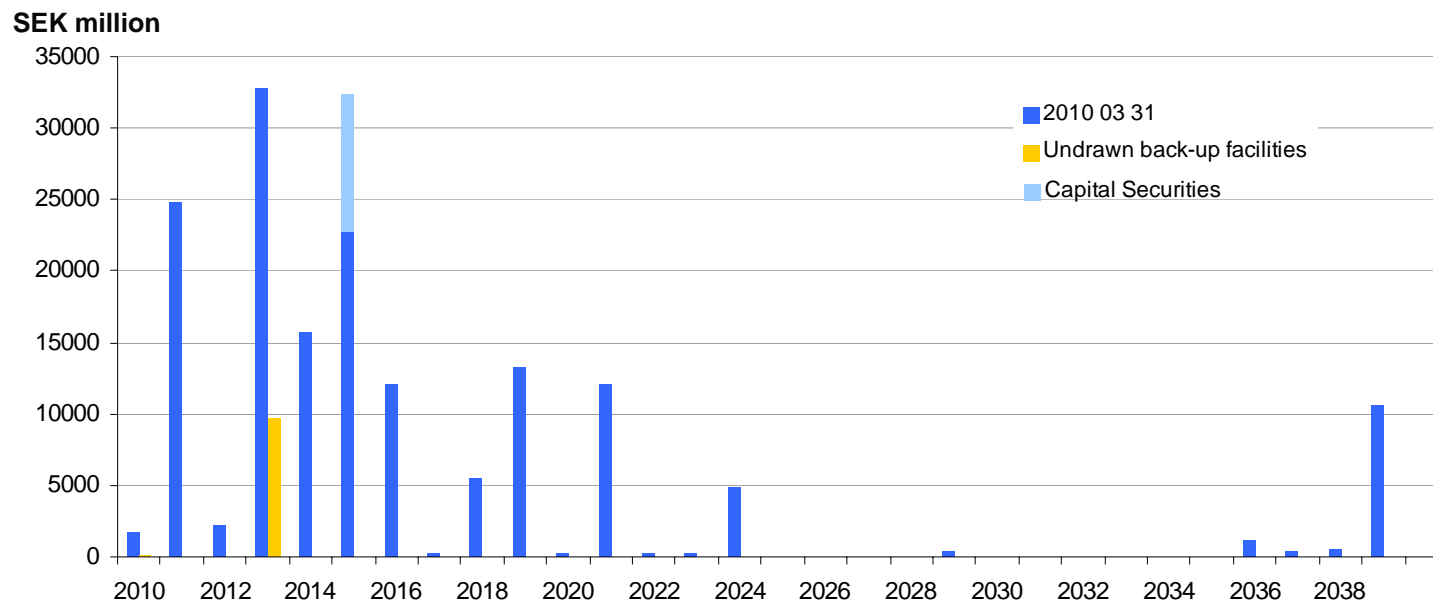
<i>SEK million</i>	31 Mar 2010	31 Dec 2009
Reported gross debt	-197 588¹⁾	-213 494¹⁾
Present value of net pension obligations	-20 071	-21 197
Mining, gas, wind & environmental provisions	-13 643	-14 463
Nuclear asset retirement obligations	-6 272	-6 776
50% of Hybrid securities	4 823	5 125
Cross currency swaps	1 266	1 345
= Adjusted gross debt	-231 485	-249 460
Reported cash, cash equivalents & short term investments	30 190²⁾	56 940²⁾
Restricted cash	-4 258 ³⁾	-4 322 ³⁾
Minority owner´s share of German nuclear subsidiaries cash position	-3 701	-3 934
= Adjusted cash, cash equivalents & short term investments	22 231	48 684
= Adjusted net debt	-209 254	-200 776

1) Of which received CSA, Credit Support Annex (Margin calls) 2 881 (5 545)

2) Of which paid CSA, Credit Support Annex (Margin calls) 2 143 (16 766)

3) Of which German nuclear "Solidarvereinbarung" 3 315 (3 524), Margin accounts 943 (798)

Vattenfall debt maturity profile



Excluding loans from associated companies and minority owners

	March, 2010	March, 2009
Duration (years) ¹⁾	4.3 ²⁾	2.9
Average time to maturity (years)	7.1 ²⁾	6.9
Average interest rate (%)	3.5 ²⁾	4.9
Net debt (SEK bn)	165.6	60.6

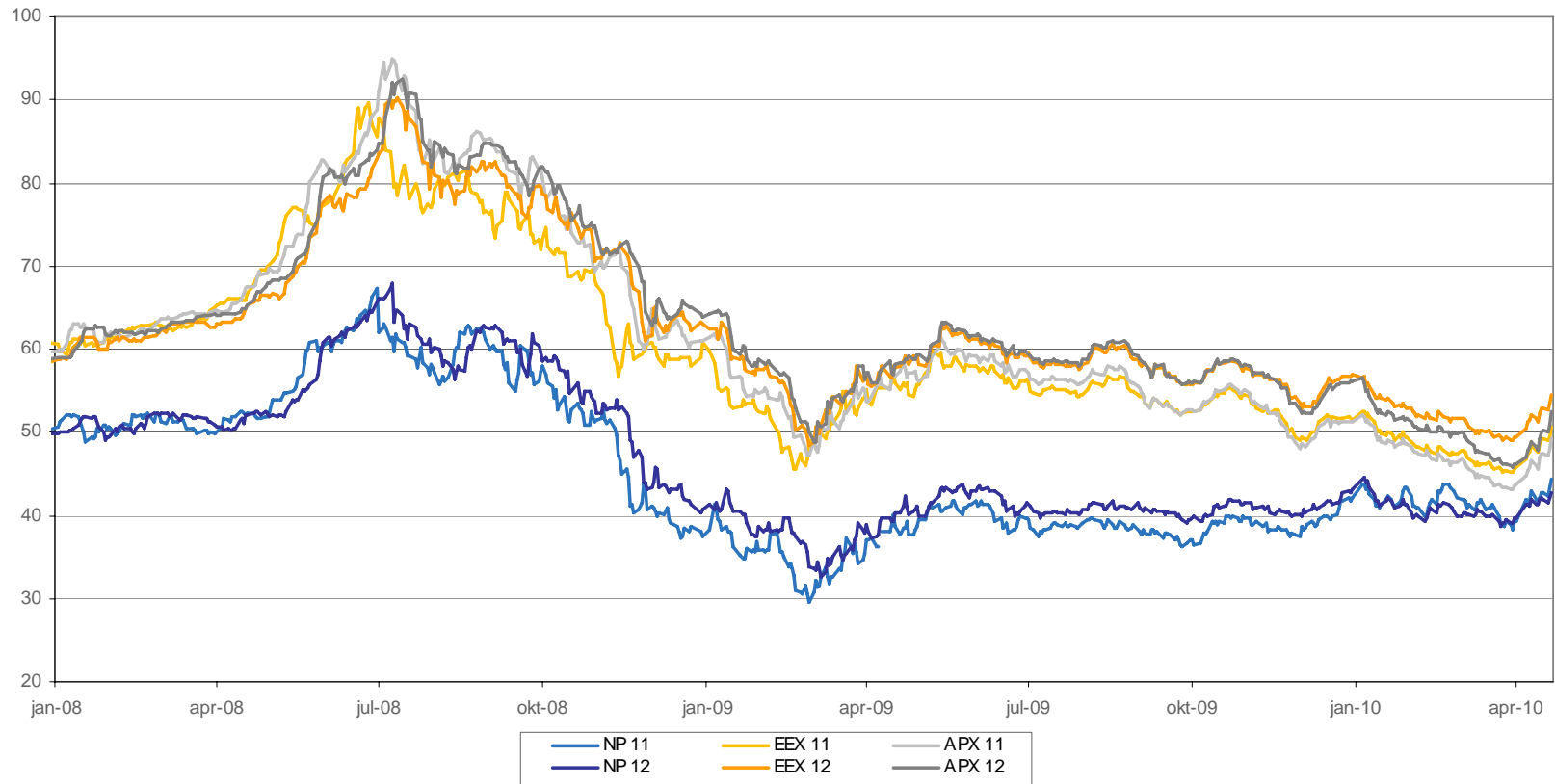
1) The duration in the liability portfolio was prolonged from 2,5 to 4 years in May 2009

2) Based on external debt, excluding Capital Securities. Including Capital Securities the duration is 4.3, Average time to maturity 7.0, and Average interest rate 3.6%

Electricity futures prices

Daily Future Closing Prices

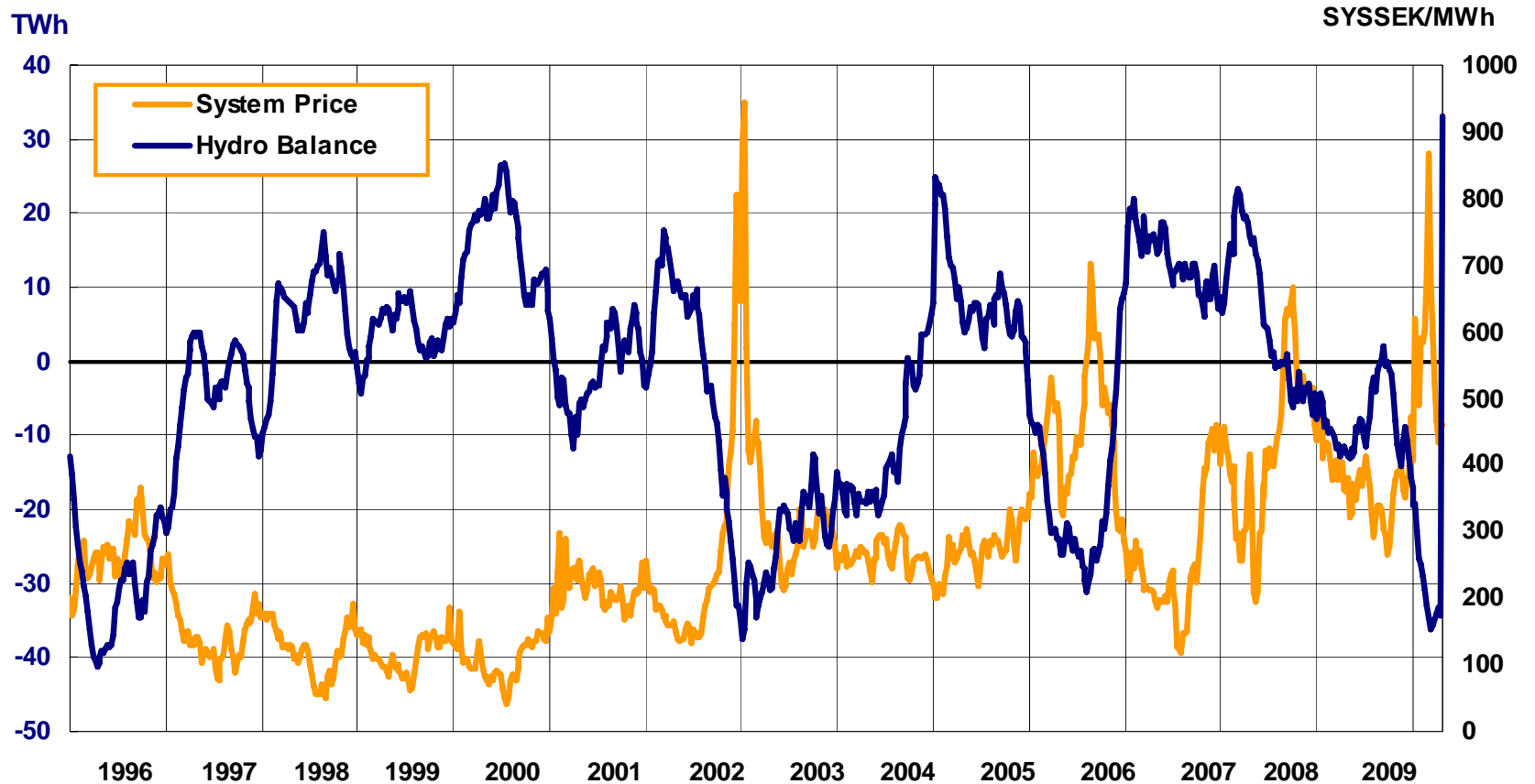
EUR/MWh



Oil, coal, gas and CO₂ allowances



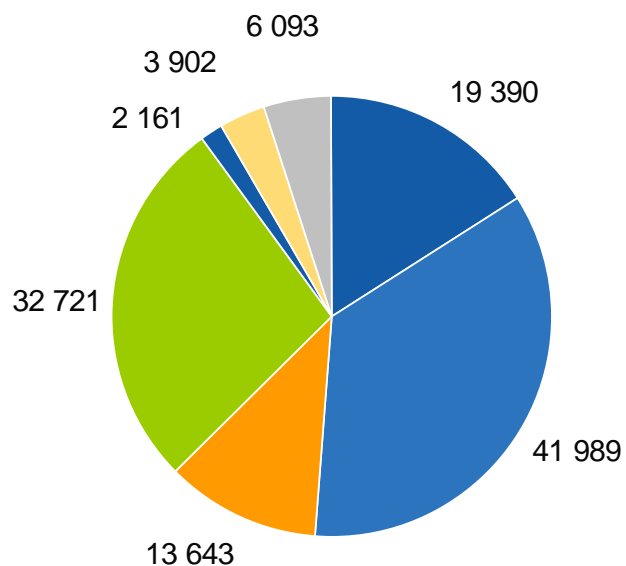
Hydrological balance in Nordic region



Group provisions (IFRS)

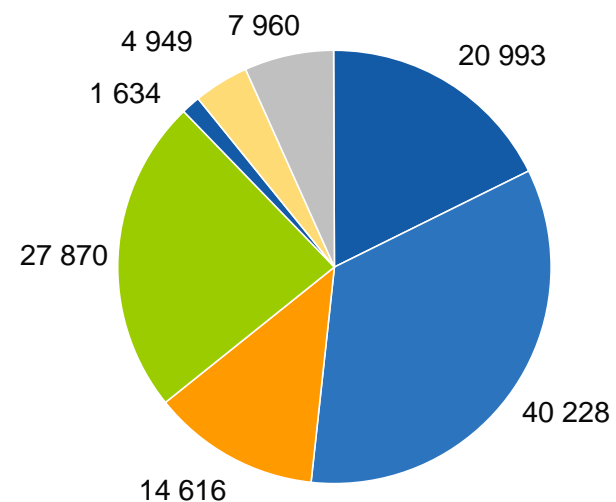
31 March 2010

SEK 119,899 million



31 March 2009

SEK 118,250 million



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