DIVESTMENT OF GERMAN LIGNITE

Conference call for analysts and investors

Magnus Hall, CEO and Ingrid Bonde, CFO
18 April 2016
VATTENFALL GERMAN LIGNITE

Key Facts

- Lignite production: 60-65mn tonnes/a
- Installed capacity: 8,095 MW gross
- Electricity generation: Approx. 55 TWh/a
- CO₂ emissions: 60 Mtonnes
- Employees: 7500

Location Overview

Assets Overview

- Lignite Power Plants:
  - Jänschwalde
  - Boxberg
  - Schwarze Pumpe
  - Lippendorf R

- Lignite Open-Cast Mines:
  - Reichwalde
  - Welzow-Süd
  - Nochten
  - Jänschwalde
  - Cottbus-Nord

1) FY figure 2015
The agreement

- Vattenfall has agreed to divest all shares held by German Vattenfall GmbH (Seller), in Vattenfall Europe Generation AG (“VE-G”) and Vattenfall Europe Mining AG (“VE-M”), together Vattenfall German Lignite, to a consortium consisting of Energetický a Průmyslový Holding a.s. (“EPH”) and PPF Investments Ltd (“PPF”).

Impact on Vattenfall

- The assets include cash amounting to a total of SEK 15 billion. The liabilities, including re-cultivation obligations, amount to a total of SEK 18 billion. The negative impact of the divestment in Vattenfall’s income statement by Q2 2016 will be in the range of minus SEK 22-27 billion. The total negative impact is expected to be higher if Vattenfall were to remain the owner with current price expectations. Hedges at a value of SEK 9 billion will remain in Vattenfall.
- The agreement also contains an earn out in the case of a positive price development 2018 to 2020.

Expected closing date

- End of August 2016

Key closing conditions

- Closing of the Transaction is subject to the conditions of (i) confirmation by the Swedish state and (ii) obtaining merger clearance.
EXPECTED TIMETABLE

18 April 2016
Signing of Sale and Purchase Agreement

During the summer 2016
Confirmation by Swedish state

End of August 2016
Closing of transaction and registration of spin-off of VE-G and VE-M
THE NEW OWNERS

- EPH is a European energy group, based in Prague, with operations in Western, Central and Southern Europe. EPH’s activities are ranging from gas transmission, power and gas distribution, gas storage, heat infrastructure and power and heat generation
- PPF is a privately owned financial group, founded in Czech Republic, with investments in multiple market segments

EPH’s power generation portfolio

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Coal</td>
<td>37%</td>
</tr>
<tr>
<td>Natural gas</td>
<td>34%</td>
</tr>
<tr>
<td>Nuclear</td>
<td>14%</td>
</tr>
<tr>
<td>Renewables</td>
<td>15%</td>
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</tbody>
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13.5 GW_e

PPF investments

- PPF is active in a range of industry sectors including:
  - Consumer finance, financial services, banking
  - Real Estate
  - Telecommunications
  - Retail
  - Insurance
  - Metal mining
  - Agriculture
  - Biotechnology
SIMPLIFIED TRANSACTION STRUCTURE

**Transaction Perimeter**

**Generation**
- Vattenfall Europe Generation AG
- Kraftwerk Schwarze Pumpe GmbH

**Mining**
- Vattenfall Europe Mining AG
- GMB GmbH
- TSS GmbH
- SBB Abfallerzeuger GbR
Our strategy and transformation

Operations in Germany post lignite divestment

- Lignite operations with new owners
  - EPH and PPF have strong local presence and operating expertise
- Germany will remain an important market for Vattenfall
  - More than three million customers
  - Support the energy transition in Germany – by investing in sustainable solutions for our customers and city communities

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- Wind power 300 MW installed capacity
- Trading
- District heating
- Sales ~3 million customers
- Distribution networks 81,000 km
- Hydro power1 2,880 MW installed capacity
- 1) Pumped-storage power plants.
APPENDIX
ELECTRICITY FUTURE PRICES

EUR/MWh

2014 2015 2016

Germany (EEX) 2017
Germany (EEX) 2018
Netherlands (ICE) 2017
Netherlands (ICE) 2018
NordPool-System (NPX) 2017
NordPool-System (NPX) 2018
VATTENFALL’S PRODUCTION MIX

Vattenfall’s production mix in 2015:
- Fossil-based power, 49%
- Hydro power, 23%
- Nuclear power, 24%
- Wind power, 3%
- Biomass and waste, 1%

Vattenfall’s production mix post lignite divestment¹:
- Fossil-based power, 24%
- Nuclear power, 36%
- Hydro power, 34%
- Wind power, 5%
- Biomass and waste, 1%

¹ Based on total generated electricity in 2015