



“Vattenfall stands for openness, accountability and effectiveness. A strong Vattenfall is a guarantee of a well-functioning competition on both the Nordic and European electricity market.”

Lars G Josefsson
President and Chief Executive Officer

Comments by the Chief Executive Officer

- Net sales rose by 27 per cent to SEK 36,019 million (28,445).
- Operating profit increased by 38 per cent to SEK 7,055 million (5,103).
- Net profit increased by 80 per cent to SEK 4,162 million (2,317).

During the first three months of 2003, the Vattenfall Group continued to report a very healthy profit trend. The first quarter is always the strongest, since this is when demand for electricity and heat is at its peak. This year has also been colder than usual, particularly in the Nordic region. Combined with low water levels in the reservoirs, this has led to high electricity prices. The strong operating profit compared with the first quarter of the previous year is mainly due to the high electricity prices in the Nordic region resulting from the dry year and cold winter, and to the successful integration work in Germany.

The extremely dry year and resulting fall in hydro power production are however, together with falling electricity prices, expected to lead to a somewhat weaker profit trend during the remaining part of 2003.

The increase in net sales is mainly due to higher income from electricity sales in the Nordic business resulting from higher market prices for electricity. It was also partly due to the consolidation of the Polish company GZE as of January 2003.

At the start of the year, Bewag and Vattenfall Europe held their Annual General Meetings and the merger of the two companies was approved. The new company now has to be legally registered, after which Bewag shares will be exchanged for shares in Vattenfall Europe AG. This means that the final step has now been taken in the formation of Vattenfall Europe and work can now focus on the operative business in Germany.

The company has strengthened its financial position. The net/debt equity ratio for the first quarter fell by SEK 1.7 billion to

approximately SEK 73.5 billion. On a rolling 12-month basis, the return on net assets was 11.9 per cent. Adjusted for items affecting comparability, the figure was 11.6 per cent. (Full-year 2002: 10.5 and 10.1 respectively).

The return on equity after items affecting comparability rose to 22.3 per cent (18.3). The operating margin increased by 1.7 percent to 19.6 per cent compared with the first quarter of 2002 (17.9).

Market Development

The first quarter featured falling electricity price trends in the Nordic countries, although average prices were still much higher than usual for the quarter. In Germany too, electricity prices were higher than usual due to the colder weather. The dry year and the cold weather led to continued high prices on Nord Pool and had a positive impact on the profit. However, the greater part of production is sold in advance, limiting the impact of the higher electricity price on the Group's profit. Vattenfall actively hedges its electricity production with the help of forward contracts at fixed prices that help to even out the impact of price fluctuations on its profit. This means that when electricity prices are high, Vattenfall does not earn as much as it would if its electricity production were sold at the spot price. On the other hand, revenues increase when the spot price is lower than the price at which the electricity production was hedged.

The dry weather experienced in the Nordic region has led to the lowest water reservoir levels since the end of 1960s. The winter this year has really tested the electricity market to its limits, imposing tremendous demands on the market's functionality. Since hydro

power generates the cheapest electricity, it is vital, when there is a hydro power deficit, for the Nordic power exchange's spot price to increase so as to stimulate the use or import of more expensive forms of electricity production. And this is in fact exactly what happened, indicating that the market does indeed function satisfactorily.

Vattenfall Acts Responsibly to Boost Production Capacity

Once the extent of the dry year became clear Vattenfall decided that one of the plants in Stenungsund that had been closed down on a long-term basis should be taken back into operation. After no more than three months of preparations, block 3 is now ready for use, offering a capacity of 260 MW capacity. Since the current market value of power is around SEK 0.30/kWh, continuous operation is not considered an option. The power plant can however be put on stand-by and used for reserve power, if the spring flood is late or meagre or if the dry year we experienced last year is followed by more of the same.

In March, the German nuclear power plant in Brunsbüttel was restarted. This nuclear power plant is 67 per cent owned by Vattenfall's German subsidiary, Vattenfall Europe, and was closed on 25 February 2002 after the discovery of a broken pipe. Although the damage was quickly repaired, the authorities took much longer than expected to grant the company permission to restart operation.

The dry year also made it necessary to use the Poland (SwePol Link) cable for importing electricity. Imports commenced in mid-December, and total imports amounted to 1,150 GWh in the first quarter.

Nuclear Power in Sweden

The question of the closure of Barsebäck 2 has been up for reassessment by the Swedish government. In the bill presented on 20 March, the government expresses the view that the Swedish Parliament's conditions for closing Barsebäck 2 before the end of 2003 have not fully been met with regard to the power balance and environmental and climate impact. The bill concludes that the question of Barsebäck 2's closure should be handled together with negotiations concerning the other remaining reactors and the

whole question of the restructuring of Sweden's energy system.

One of the keys to this restructuring programme involves the creation of a shared and viable vision of the alternatives to nuclear power. This vision must be based on establishing realistic conditions for efficient and environmentally acceptable power production that also take account of global realities. Sweden's electricity production requirements should not deviate from those of other countries. By taxing nuclear power at the production stage, as it does now, Sweden deviates from the conditions applying in competing countries. This type of taxation means that the reinvestments needed in a number of plants cannot be economically motivated, and this could in turn lead to an uncontrolled downward spiral for capacity and consequent increases in electricity prices.

Customers Can Rely on Vattenfall Power

Vattenfall's aim is to be a leading European energy company. This imposes tremendous demands on our ability to shoulder our responsibilities. The project we launched during the autumn with the aim of simplifying and improving the service provided to Vattenfall's private customers through direct metering and debiting of actual consumption is proceeding as planned. A similar project to install remotely monitored electricity meters was also launched in Finland. Vattenfall is resolutely pursuing its goal of being a leading company that generates value and fulfils its ambition to be number one for the customer, both today and tomorrow.



Lars G Josefsson
President and Chief Executive Officer

SUMMARY OF VATTENFALL'S FINANCIAL PERFORMANCE

SEK million	January – March		Change %
	2003	2002	
Net sales	36,019	28,445	26.6
Operating profit before depreciation (EBITDA)	10,317	8,159	26.4
Operating profit (EBIT)	7,055	5,103	38.3
Operating profit excluding items affecting comparability	7,006	5,049	38.7
Financial items, net	-892	-659	-35.4
Profit before tax and minority interests	6,163	4,444	38.7
Net profit for the period	4,162	2,317	79.6
Return on net assets, excluding items affecting comparability *	11.6	10.1	
Funds from Operations (FFO)	7,697	5,734	34.2
Cash flow before financing	1,887	-18,391	

Vattenfall's financial performance varies considerably over the year. A substantial portion of the year's income is normally generated during the first and fourth quarters of the year, when electricity and heat demand reaches its peak.

* Concerns the period April 2002 – March 2003, and full year 2002.

GROUP

Net sales, profit and cash flow

Net sales increased by 26.6 per cent, or SEK 7,574 million, to SEK 36,019 million (28,445). The increase in net sales is mainly due to higher income from electricity sales in the Nordic business as a result of the high market prices for electricity. The inclusion of Bewag in the accounts for the entire quarter compared with only two months in the first quarter of the previous year, and the consolidation of the Polish company GZE of January 2003, have to some extent also contributed to the increase in net sales.

Operating expenses amounted to SEK 29,267 million (23,687), an increase of SEK 5,580 million that is mainly due to the higher electricity purchasing costs resulting from the higher prices and the extremely dry year. Due to the water shortage in the reservoirs, more expensive forms of electricity production have been taken into operation and electricity has also been imported via overseas cables. Indirect expenses fell by SEK 159 million to SEK 2,557 million due to lower selling and administrative expenses. Depreciation amounted to SEK 3,262 million (3,056) net.

Operating profit increased by SEK 1,952 million to SEK 7,055 million (5,103). The operating profit includes items affecting comparability in the form of net capital gains and losses of SEK 49 million (54). The increase in the operating profit is mainly attributable to the fact that income from Generation Nordic Countries' electricity sales rose due to the higher electricity prices on Nord Pool that resulted from the dry year and colder weather. Hedging using

forward contracts has however meant that the high electricity price has only had a limited impact on the profit. The successful integration work in Germany is another important reason for the improvement in the operating profit compared with the first quarter of the previous year.

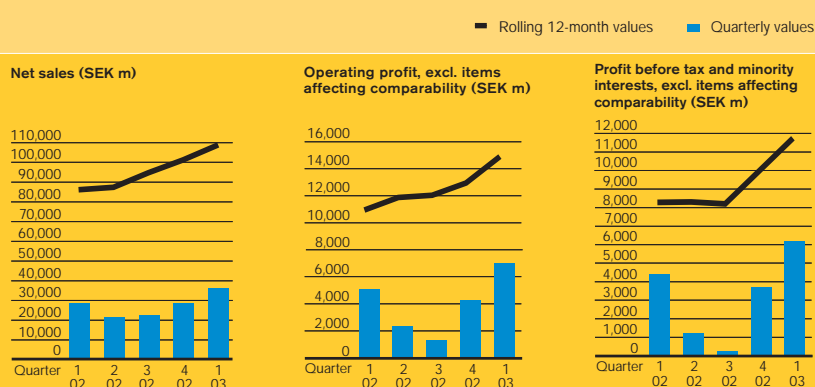
Cash flow before financing activities improved by SEK 20,278 million to SEK 1,887 million as a result of far lower investments during the first quarter compared with the same period during the previous year. The cash flow from operating activities was SEK 2,720 million (2,516). The cash flow was affected by a tax payment of around SEK 2 billion. The amount is attributable to a tax audit performed in Germany for the years 1992–1998. This item had no impact on the Group's profit since corresponding provisions had already been made.

Negative goodwill for the first quarter was dissolved in the amount of SEK 237 million (317), corresponding to restructuring costs for companies acquired in Germany.

Financial income and expenses (net) amounted to SEK -892 million (-659). The slight deterioration in the net amount compared with the first quarter of 2002 is due to the increase in the net debt compared with the previous year.

The interest coverage ratio for the first quarter was 5.9 times (4.9), excluding items affecting comparability.

Profit before tax and minority interests increased by SEK 1,719 million to SEK 6,163 million (4,444) and the net profit rose by SEK 1,845 million to SEK 4,162 million (2,317). Excluding items



affecting comparability, the net margin was 17.0 per cent (15.4).

Calculated on a rolling 12-month basis, the return on equity amounted to 23.1 per cent and excluding items affecting comparability, to 22.3 per cent. (Full-year 2002: 19.1 and 18.3 respectively.)

Power and Heat Sales

Total electricity sales for the Group in the first quarter amounted to 46.1 TWh (44.3), of which 24.2 TWh in Germany, 15.3 TWh in the Nordic countries, 3.9 TWh in Poland and 2.7 TWh in other countries. Of Vattenfall's own electricity generation totalling 42.1 TWh, 19 per cent was hydro power, 35 per cent nuclear power and 46 per cent fossil power. Heat sales amounted to a total of 14.1 TWh (10.9), of which Germany accounted for 6.8 TWh, the Nordic countries for 1.9 TWh and Poland for 5.4 TWh. Heat sales increased due to the consolidation of Bewag and the cold weather.

Financial Position

Liquid assets amounted to SEK 12,818 million (SEK 15,473 million on 31 December 2002). The Group also has SEK 10,631 million (USD 1,250 m) in committed credit facilities.

Net debt, namely interest-bearing liabilities and provisions minus liquid assets and interest bearing investment assets, amounted to SEK 73,473 million. On 31 December 2002, the corresponding net debt figure was SEK 75,207 million.

Shareholders' equity amounted to SEK 49,185 million (40,807), an increase of SEK 8,378 million since 31 March 2002. Minority interest in equity amounted to SEK 13,261 million (21,584), a decrease of SEK 8,323 million since 31 March 2002. This is mainly due the acquisition of the City of Hamburg's remaining stake (25.1 per cent) in HEW at the end of August 2002. The equity/assets ratio (see definition on page 11) amounted to SEK 22.2 per cent compared with 21.4 per cent on 31 March 2002 (31 December 2001: 20.0 per cent).

On 4 April 2003, the rating agency Standard & Poor's changed its "Outlook" on Vattenfall from Negative to Stable. Vattenfall's current rating is A-/A-2 (Standard & Poor's) Stable Outlook, and A3/P-2 (Moody's) Negative Outlook.

Investments

Group investments totalled SEK 1,763 million (21,920), of which maintenance investments in fixed assets amounted to SEK 950 million and expansion investments to SEK 813 million.

Structural Changes

In January 2003, transactions were completed whereby Vattenfall transferred Arrowhead AB to Song Networks Holding. Vattenfall also participated with SEK 200 million in a directed new share issue. Following these transactions, Vattenfall will own less than 20 per cent of the shares in a fully reconstructed Song. At the beginning of 2003, Bewag and Vattenfall Europe held their Annual General Meetings and the merger of the two companies was duly approved. The AGMs' decisions come into effect once the merger has been formally registered in the commercial register. Bewag shares will then be exchanged for shares in Vattenfall Europe AG as follows: 1 Bewag share for 0.5976 shares in Vattenfall Europe AG.

Personnel

At the end of March, the number of employees was 37,569 (36,508) (full-year, 31 December 2002: 35,951). The number of employees expressed in terms of employee years amounted to 35,579 (33,927), of which 7,893 in Sweden, 538 in Finland, 21,745 in Germany, 5,293 in Poland and 110 in other countries. The increase compared with the first quarter of the previous year is due in its entirety to the consolidation of the Polish company GZE as of January 2003.

SEGMENTS

NORDIC COUNTRIES

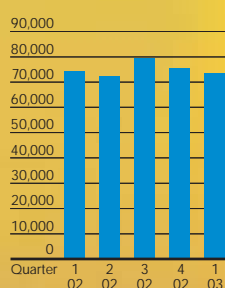
Generation Nordic Countries

Net sales amounted to SEK 11,297 million (5,622), an increase of SEK 5,675 million. The operating profit amounted to SEK 2,859 million (2,010), an increase of SEK 849 million. Excluding items affecting comparability, the operating profit increased by SEK 808 million to SEK 2,818 million. The increase in net sales compared with the same period during the previous year is mainly due to the higher income generated by the current period's high electricity prices. The profit did not show a corresponding increase due to the forward contracts used to hedge electricity production. Because of these forward contracts, the high electricity price only had a limited impact on the profit. The company's own generation for the first quarter amounted to 22.5 TWh (24.7).

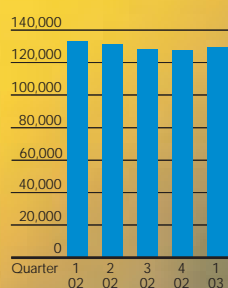
Market Nordic Countries

Market Nordic Countries comprises the following business units: Sales Sweden, Sales Finland, Mega and Supply & Trading. Net sales rose by 96 per cent to SEK 8,672 million (4,422). The operating

Net debt (SEK m)



Net assets (SEK m)



profit increased by SEK 9 million to 110 million (101). The greater part of this increase is due to higher electricity prices. The profit did not improve to the same extent because higher sales volumes necessitated additional power purchases that were not hedged. Combined with the high market prices on Nord Pool, this led to higher costs for purchased power.

Heat Nordic Countries

Net sales increased by SEK 184 million to SEK 1,104 million (920). The operating profit rose by SEK 67 million to SEK 281 million. The increase in net sales and profit is largely due to the relatively cold weather during this period. Over the past year, this business unit has been successful in its efforts to cut costs, improve prices, and enhance the efficiency of heat production plants. This has more than compensated for higher fuel costs.

Electricity Networks Nordic Countries

Electricity Networks Nordic Countries comprises the Electricity Networks Sweden and Electricity Networks Finland business units.

Net sales rose by 102 million to SEK 2,647 million (2,545). The operating profit increased by SEK 135 million to SEK 1,198 million (1,063). This increase is due partly to higher transmitted volumes caused by the colder weather, and partly to the enhancement of the operations' efficiency.

Services Nordic Countries

Net sales fell by SEK 14 million to SEK 616 million (630). The operating profit decreased by SEK 47 million to SEK -22 million (25). The decrease is mainly attributable to lower business volumes resulting from the divestment of the Finnish contracting operations, as well as to stiffer competition.

GERMANY

Net sales rose by SEK 2,463 million to SEK 17,578 (15,115). The operating profit increased by SEK 858 million to SEK 2,512 million (1,654). The increase in profit is mainly due to successful efforts to integrate the operations at Vattenfall Europe. To a lesser extent, it is also due to the fact that Bewag was included in the accounts for the entire first quarter, as compared with only two months during the first quarter of 2002. Own electricity production amounted to 18.3 TWh (17.8). The number of employees was 21,745 (22,477).

POLAND

Net sales rose by SEK 1,345 to SEK 2,557(1,212). The increase is due to the fact that the sales and distribution company GZE was consolidated into the Group as of 1 January 2003 and that the volumes of power and heat sales rose as a result of the colder weather. The profit increased by SEK 21 million to SEK 248 (227), which is mainly due to the fact that restructuring efforts at the company have enhanced efficiency. The company EW has also succeeded in negotiating better prices for coal, which is the main fuel. The consolidation of GZE has had no significant impact on the profit. Heat generation amounted to 5.4 TWh (4.7) and electricity production to 1.3 TWh (1.3).

PARENT COMPANY

Net sales amounted to SEK 8,352 million (5,527). The profit after financial items was SEK 2,512 million (1,208). Investments for the period amounted to SEK 534 million. Liquid assets totalled SEK 140 million (31 December 2002: 3,313). Funds in the Group account managed by Vattenfall Treasury AB amounted to SEK 15,326 million (31 December 2002: 12,852).

ACCOUNTING POLICIES

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation (RR20) on interim reports.

When preparing this report, Vattenfall has applied the accounting policies specified under the heading "Accounting Policies and Valuation Principles" on page 49 of Vattenfall's Annual Report for 2002. The new recommendations issued by the Swedish Financial Accounting Standards Council mentioned there that came into force in 2003 have had no significant impact on the Vattenfall Group's income statement or balance sheet.

The acquisition calculations for the companies acquired in Poland in 2003 were still preliminary at the time of the publication of this report.

Stockholm, May 13, 2003

Lars G Josefsson
President and Chief Executive Officer

ELECTRICITY BALANCE January – March 2003 (TWh)

Output		Input – Internal generation	
Sweden	13.0	Hydro power	8.0
Finland	1.8	Nuclear power	14.7
Germany	24.2	Fossil-based power	19.4
Poland	3.9	Total internal generation	42.1
Other countries	3.1	Purchased power	15.8
Spot market	7.3	Spot market	2.9
Total electricity sales	53.3	Total electricity input	60.8
Delivered to minority shareholders, etc	4.8	Internal consumption	-2.7
Total	58.1	Total	58.1

THREE-MONTH INTERIM REPORT 2003

CONSOLIDATED INCOME STATEMENT

Amounts in SEK million	January – March		Full year 2002
	2003	2002	
Net sales	36,019	28,445	101,025
Cost of products sold *	-26,710	-20,971	-77,339
Gross profit	9,309	7,474	23,686
Selling expenses, research and development costs and administrative expenses **	-2,557	-2,716	-12,051
Other operating income and expenses – net	83	104	2,385
Participations in the result of associated companies	220	241	-657
Operating profit (EBIT) ***	7,055	5,103	13,363
Financial income	365	476	3,010
Financial expenses	-1,257	-1,135	-6,386
Profit before tax and minority interests ****	6,163	4,444	9,987
Tax	-1,596	-1,466	-1,763
Minority interests in profit for the period	-405	-661	-658
Net profit for the period	4,162	2,317	7,566
Gross profit before depreciation	12,494	10,431	34,722
Operating profit before depreciation (EBITDA)	10,317	8,159	24,855
Financial items, net	-892	-659	-3,376

* Of which, depreciation net, SEK 3,185 million (2,957 and 11,036 respectively).

** Of which, depreciation, SEK 77 million (99 and 456 respectively).

*** Of which items effecting comparability SEK 49 million (54 and 447 respectively).

**** Of which items effecting comparability SEK 49 million (54 and 466 respectively).

EARNINGS PER SHARE

Number of shares ('000)	131,700	131,700	131,700
Earnings per share (SEK)	31.60	17.59	57.45

PRIMARY SEGMENTS

Amounts in SEK million	Net sales			Operating profit (EBIT)			Operating profit (EBIT) excl. items affecting comparability		
	January – March		Full year 2002	January – March		Full year 2002	January – March		Full year 2002
	2003	2002***		2003	2002		2003	2002	
NORDIC COUNTRIES									
Generation Nordic Countries	11,297	5,622	25,667	2,859	2,010	6,459	2,818	2,010	6,465
Market Nordic Countries	8,672	4,422	21,275	110	101	286	110	101	285
Heat Nordic Countries	1,104	920	2,761	281	214	343	280	214	326
Electricity Networks Nordic Countries	2,647	2,545	7,674	1,198	1,063	1,834	1,192	1,067	1,828
Services Nordic Countries	616	630	2,974	-22	25	118	-22	24	117
Other Business	386	382	1,830	-131	-180	-386	-113	-179	-828
Eliminations *	-8,280	-283	-24,212	-	-11	-29	-	-9	-29
Total Nordic Countries	16,442	14,238	37,969	4,295	3,222	8,625	4,265	3,228	8,164
GERMANY	17,578	15,115	60,696	2,512	1,654	4,733	2,493	1,594	4,747
POLAND	2,557	1,212	3,167	248	227	5	248	227	5
Eliminations **	-558	-2,120	-807	-	-	-	-	-	-
Total	36,019	28,445	101,025	7,055	5,103	13,363	7,006	5,049	12,916

* Mainly concerns trade between Market Nordic Countries, Electricity Networks Nordic Countries and Generation Nordic Countries.

** Mainly concerns trade between Germany and Nordic Countries.

*** Net sales in Vattenfall Europe Trading GmbH (formerly Nordic Powerhouse) which, in the Three-month report 2002 were reported under "Market Nordic Countries" were retroactively reported under "Germany" as per June 30, 2002.

SECONDARY SEGMENTS

Electricity	17,777
Electricity networks	12,147
Heat	5,616
Other	479
Total	36,019

As from 2003 Vattenfall is reporting its operations divided into segments. Primary segments are Nordic Countries, Germany and Poland. Nordic Countries are divided into Generation Nordic Countries, Market Nordic Countries, Heat Nordic Countries, Electricity Networks Nordic Countries, Services Nordic Countries and Other Business. Secondary segments are Electricity, Electricity Networks, Heat and Other.

CONSOLIDATED BALANCE SHEET

Amounts in SEK million	March 31 2003	March 31 2002	December 31 2002
Assets			
Fixed assets			
Intangible fixed assets	6,178	7,492	6,250
Tangible fixed assets	189,969	183,701	184,972
Financial fixed assets	25,651	47,591	26,428
Total fixed assets	221,798	238,784	217,650
Current assets			
Inventories	6,916	6,864	7,112
Current receivables	40,766	37,586	36,041
Liquid assets *	12,818	9,214	15,473
Total current assets	60,500	53,664	58,626
Total assets	282,298	292,448	276,276
Equity, provisions and liabilities			
Equity **	49,185	40,807	45,129
Minority interests in equity	13,261	21,584	9,960
Provisions ***	96,434	98,403	97,578
Long-term interest-bearing liabilities	57,307	59,707	67,158
Other long-term liabilities	2,011	1,150	1,588
Current interest-bearing liabilities *	32,836	43,854	27,582
Other current liabilities	31,264	26,943	27,281
Total equity, provisions and liabilities	282,298	292,448	276,276
Pledged assets	602	325	3,453
Contingent liabilities	12,006	10,484	11,354

* Includes SEK 975 million in interest arbitrage transactions (952 and 980, respectively).

** Includes proposed, not yet paid, dividend for the year 2002.

*** Of which, SEK 188 million (225 and 99, respectively) in interest-bearing provisions.

Amounts in SEK million	March 31 2003	March 31 2002	December 31 2002
NET ASSETS			
Net assets at balance sheet date	129,502	133,280	123,339
Net assets, weighted average value on a rolling 12-month basis	128,615	109,714	127,479
Net debt	73,473	74,370	75,207

Amounts in SEK million	March 31 2003	March 31 2002	December 31 2002
NET DEBT			
Interestbearing debt and interestbearing provisions	-90,332	-103,786	-94,838
Liquid assets	12,818	9,214	15,473
Current investment assets	4,041	20,202	4,158
Total	-73,473	-74,370	-75,207

Amounts in SEK million	March 31 2003	March 31 2002 *	December 31 2002
PROVISIONS			
Pension provisions	16,799	17,107	16,643
Provisions for deferred tax liability	34,855	31,041	34,410
Provisions for future expenses of nuclear waste	6,618	6,690	6,517
Provisions for future expenses of mining operations and other environmental measures/undertakings	11,048	7,666	10,898
Negative goodwill	15,305	17,159	15,479
Other provisions	11,809	18,740	13,631
Total	96,434	98,403	97,578

* On March 31, 2002, provisions for other environmental measures/undertakings were included in Other provisions.

CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK million	January – March		Full year
	2003	2002	2002
CASH FLOW STATEMENT IN ACCORDANCE WITH THE SWEDISH FINANCIAL ACCOUNTING STANDARDS COUNCIL'S RECOMMENDATION NO. 7			
Operating activities			
Funds from operation (FFO)	7,697	5,734	17,106
Cash flow from changes in working capital	-4,977	-3,218	2,997
Cash flow from operating activities	2,720	2,516	20,103
Investing activities			
Investments	-1,763	-21,920	-39,932
Divestments	161	324	3,683
Liquid funds in acquired/sold companies	769	689	691
Cash flow from investing activities	-833	-20,907	-35,558
Cash flow before investing activities	1,887	-18,391	-15,455
Financing activities			
New borrowings	1,785	21,635	26,656
Amortisation of debt	-6,253	-6,490	-21,806
Change in current investment assets	-	2,445	-
Minority share of group contribution paid	-	-	-22
Dividend paid	-101	-	-1,364
Cash flow from financing activities	-4,569	17,590	3,464
Cash flow for the period	-2,682	-801	-11,991
Liquid assets			
Liquid assets, at the beginning of the period	15,473	10,340	10,340
Reclassification of investment assets to liquid assets	-	-	17,852
Translation differences	27	-325	-728
Cash flow for the period	-2,682	-801	-11,991
Liquid assets, at the end of the period	12,818	9,214	15,473
OPERATIVE CASH FLOW ANALYSIS			
Cash flow before financing activities	1,887	-18,391	-15,455
Financing activities			
Acquired/sold interest bearing debt, net	-	-2,007	-2,064
Minority share of group contributions paid	-	-	-22
Dividend paid	-101	-	-1,364
Cash flow after dividend	1,786	-20,398	-18,905
Net debt at the beginning of the period	-75,207	-55,736	-55,736
Cash flow after dividend	1,786	-20,398	-18,905
Translation differences from net borrowing	-52	1,764	-566
Net debt at the end of the period	-73,473	-74,370	-75,207

CHANGE IN EQUITY

Amounts in SEK million	January– March 2003	January – March 2002	Full year 2002
Opening balance 2003	45,129	39,578	39,578
Dividend	–	–	–1,030
Translation differences	–86	–1,088	–954
Hedging	–20	–	–31
Net profit for the period	4,162	2,317	7,566
Closing balance	49,185	40,807	45,129

KEY RATIOS (Definitions on page 11)

(in per cent unless otherwise specified)

	April 2002 – March 2003	Full year 2002
Return on net assets	11.9	10.5
Return on net assets, excluding items affecting comparability	11.6	10.1
Return on equity	23.1	19.1
Return on equity, excluding items affecting comparability	22.3	18.3
FFO/Interestbearing debt and provisions	21.1	18.0
FFO/net debt	26.0	22.7

	January – March 2003	January – March 2002
Operating margin	19.6	17.9
Operating margin, excluding items affecting comparability	19.5	17.8
Pre-tax profit margin	17.1	15.6
Pre-tax profit margin, excluding items affecting comparability	17.0	15.4
Interest coverage (times)	5.9	4.9
Interest coverage, excluding items affecting comparability (times)	5.9	4.9
FFO interest coverage (times)	7.1	6.1
FFO net interest coverage (times)	9.6	9.7
Equity-assets ratio	22.2	21.4
Net debt/Net debt plus equity	54.1	54.4
Interestbearing debt/interestbearing debt plus equity	59.1	62.5
Net debt/equity (times)	1.2	1.2
EBITDA/net financial items (times)	11.6	12.4
EBITDA/net financial items excl. items affecting comparability (times)	11.5	12.3

DEFINITIONS

Operating margin (per cent): EBIT in relation to net sales.

Pre-tax profit margin (per cent): Profit before tax and minority interests in relation to net sales.

Return on equity (per cent): Net profit for the period in relation to equity at the beginning of the period.

Return on net assets: EBIT in relation to a weighted average of the balance sheets for the period minus non-interest-bearing liabilities and provisions, interest-bearing receivables and liquid assets.

Interest coverage (times): EBIT plus financial income in relation to financial expenses.

FFO interest coverage (times): FFO plus financial expenses in relation to financial expenses.

FFO net interest coverage (times): FFO plus net financial items in relation to net financial items.

Equity-assets ratio (per cent): Equity plus minority interests in equity in relation to the balance sheet total at the end of the year minus interest-arbitrage transactions.

Net debt/Net debt plus equity (per cent): Interestbearing debt and interestbearing provisions minus investment assets and liquid funds in relation to interestbearing debt and interestbearing provisions minus investment assets and liquid funds plus equity plus minority interests in equity.

Interestbearing debt/interestbearing debt plus equity (per cent): Interestbearing debt and interestbearing provisions in relation to interestbearing debt and interestbearing provisions plus equity plus minority interests in equity.

Net debt/equity (times): Interest-bearing debt and provisions minus investment assets and liquid assets in relation to equity plus minority interests in equity.

FFO/interest-bearing debt (per cent): FFO in relation to interest-bearing debt and provisions.

FFO/net debt (per cent): FFO in relation to interest-bearing debt and provisions minus investment assets and liquid assets.

EBITDA/net financial items (times): EBITDA in relation to net financial items.

(This report has not been examined by Vattenfall's auditors.)

This report has been translated from the Swedish original.

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