

# Interim Report January–March 2015

## January–March 2015

- Net sales of SEK 45,377 million (45,912)
- Underlying operating profit<sup>1</sup> of SEK 7,736 million (9,075)
- Operating profit of SEK 8,386 million (11,832)
- Profit for the period of SEK 4,987 million (8,205)
- Electricity generation of 46.4 TWh (50.1)

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1) Underlying operating profit is defined as operating profit excluding items affecting comparability. For a specification of items affecting comparability, see page 6.

*Vattenfall discloses the information provided in this interim report pursuant to the Swedish Securities Market Act.*

*Rounding differences may occur in this document.*

## CEO's comments

"Demand for electricity remained weak during the first quarter of the year, and electricity prices have continued to fall. The protection we have in the form of forward contracts entered into at higher price levels is gradually decreasing, entailing that the current low wholesale prices are having a gradually bigger impact on Vattenfall's earnings. All in all, Vattenfall reports an underlying operating profit of SEK 7.7 billion for the first quarter of 2015, which is SEK 1.3 billion lower than the corresponding quarter in 2014. Operating cash flow decreased by SEK 0.5 billion, to SEK 7 billion.

During the quarter we successfully issued SEK 15 billion in new hybrid bonds. The issue, which was in both euros and Swedish kronor, was met with great interest by investors. It was the first time ever that a company issued hybrid bonds in Swedish kronor. The issue led to a positive development of adjusted net debt, which decreased by SEK 7.4 billion during the quarter to SEK 150.9 billion.

During the quarter Vattenfall was awarded the concession to build and operate the Horns Rev 3 offshore wind farm in Denmark, which will have a capacity of 400 MW. This is a prime example of the major investments we are making in wind power, which totalled SEK 2 billion during the quarter and thereby accounted for Vattenfall's single largest investment. The process of divesting our lignite operations in Germany continues.

In March the Swedish government presented the composition of the new parliamentary energy commission. Its purpose is to, within two years, draw up a foundation for a broad political accord on Sweden's long-term energy policy. We have a positive view of the energy commission's directive and look forward to the opportunity to contribute to the coming process.

On 1 April we began working according to our new organisational structure. The two former regions, Nordic and Continental/UK, have been replaced by six cross-border Business Areas: Heat, Wind, Customers & Solutions, Generation, Markets, and Distribution. The aim of the new organisation is to enhance Vattenfall's business and earnings focus, and to take advantage of cross-border synergies. At the same time, we need to continue lowering our costs and will reduce the number of employees corresponding to approximately 1,000 full-time equivalents, of whom about half will be in staff functions. The new organisation creates conditions for a strong northern European company under Swedish ownership."



Magnus Hall

President and CEO

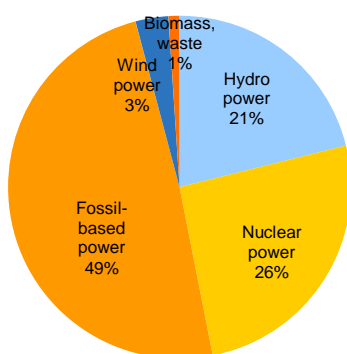
# Key data

| Amounts in SEK million unless indicated otherwise                                 | Q1 2015            | Q1 2014            | Full year 2014 | Last 12 months |
|---|--------------------|--------------------|----------------|----------------|
| Net sales   | 45 377             | 45 912             | 165 945        | 165 410        |
| Operating profit before depreciation, amortisation and impairment losses (EBITDA) | 13 518             | 16 588             | 41 038         | 37 968         |
| Operating profit (EBIT)   | 8 386              | 11 832             | -2 195         | -5 641         |
| Underlying operating profit   | 7 736              | 9 075              | 24 133         | 22 794         |
| Profit for the period   | 4 987              | 8 205              | -8 284         | -11 502        |
| Funds from operations (FFO)   | 9 795              | 10 792             | 32 131         | 31 134         |
| Net debt  | 78 825             | 85 694             | 79 473         |                |
| Adjusted net debt   | 150 737            | 147 296            | 158 291        |                |
| Return on capital employed, %   | - 1.9 <sup>1</sup> | - 1.7 <sup>1</sup> | - 0.7          |                |
| Net debt/equity, %  | 58.5               | 58.8               | 61.9           |                |
| FFO/adjusted net debt, %  | 20.7 <sup>1</sup>  | 20.4 <sup>1</sup>  | 20.3           |                |
| Adjusted net debt/EBITDA, times   | 4.0 <sup>1</sup>   | 3.3 <sup>1</sup>   | 3.9            |                |
| Electricity generation, TWh   | 46.4               | 50.1               | 172.9          | 169.2          |
| - of which, hydro power   | 9.8                | 10.6               | 34.3           | 33.4           |
| - of which, nuclear power   | 12.0               | 14.8               | 49.9           | 47.0           |
| - of which, fossil-based power <sup>2</sup>                                       | 22.7               | 22.9               | 82.7           | 82.5           |
| - of which, wind power  | 1.4                | 1.4                | 4.1            | 4.1            |
| - of which, biomass, waste <sup>2</sup>   | 0.5                | 0.4                | 2.0            | 2.1            |
| Sales of electricity, TWh   | 53.4               | 56.5               | 199.0          | 195.9          |
| Sales of heat, TWh  | 9.1                | 9.1                | 24.1           | 24.1           |
| Sales of gas, TWh   | 21.8               | 18.4               | 45.5           | 48.9           |
| Number of employees, full-time equivalents  | 29 341             | 31 261             | 30 181         |                |

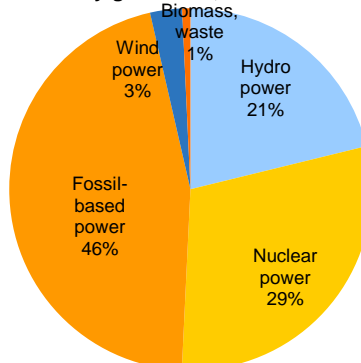
1) Last 12-month values.

2) The figures for electricity generation in 2015 are preliminary.

Electricity generation, Q1 2015 %



Electricity generation, Q1 2014 %



# Important events Q1 2015

## **Vattenfall wins concession for the Horns Rev 3 wind farm**

In February Vattenfall won the concession to build and operate the Horns Rev 3 offshore wind farm off the Danish west coast. The wind farm will have a total capacity of 400 MW, corresponding to the electricity needs of some 450,000 households, and will be commissioned in 2017. Since previously Vattenfall owns 60% of the Horns Rev 1 offshore wind farm, with 80 wind turbines and a capacity of 160 MW.

## **Moorburg in commercial operation**

In February the first unit at the Moorburg coal-fired plant in Hamburg became operational. The power plant has two units, where unit B has now been commissioned, with a capacity of 827 MW and the ability to generate approximately 5.5 TWh of electricity per year. The plant's unit A (827 MW) is planned to be in commercial operation in mid-2015.

## **New electricity contract with Boliden**

In March Vattenfall and the mining and metals company Boliden reached an agreement for expanded electricity supply to approximately 5.5 TWh over a five-year period. Vattenfall will also be responsible for Boliden's power balance in Sweden from 2016, i.e., for its daily power procurement. Vattenfall has had a contract with Boliden since 2007 to supply electricity to the company's Aitik copper mine in Gällivare and to its smelting works in Finland. The new agreement entails an extension of Vattenfall's involvement to an additional six plants in Sweden starting in 2016.

## **Issue of hybrid bonds**

In March Vattenfall launched hybrid bonds of SEK 6 billion and EUR 1 billion (approximately SEK 15 billion combined) in order to refinance an existing hybrid bond of EUR 1 billion, issued in 2005. The excess amount will be used for general corporate purposes. The issue of corporate hybrid bonds in Swedish kronor is the first ever by a company. Like Vattenfall's existing hybrid bond, the new bonds will be accounted for as interest-bearing debt and will be subordinate to Vattenfall's other debt instruments. The credit rating agencies Moody's and Standard & Poor's classify 50% of Vattenfall's hybrid bonds as equity in their credit analyses. In connection with the issue, Vattenfall offered to redeem its existing hybrid bond. The offer was accepted to 49.6% (EUR 496 million).

## **Continued investment in sustainable transports and infrastructure**

Vattenfall is continuing its work on developing a charging infrastructure to enable faster growth of electric vehicles. In March a demonstration project was started with plug-in hybrid buses in regular bus traffic in Stockholm. Vattenfall is responsible for the fast-charge stations and supply of wind-based electricity for the project, in which Stockholm's mass transit company SL and Volvo Buses are the other two main partners. The plug-in hybrid buses operate entirely from stored electric power on most of their route, resulting in quieter operation, 75% lower fuel consumption and 90% lower CO<sub>2</sub> emissions than conventional diesel buses. In January Vattenfall and Swedavia began cooperation on fast-charge stations for taxis run on electricity. Fast-charge stations for electric cars will be established at Swedavia's airports. The first fast-charge station is now in operation at Stockholm's Arlanda Airport.

## **Outsourcing of IT operations**

In March Vattenfall signed a five-year contract outsourcing IT network services and workplace management to Computer Sciences Corporation (CSC). The agreement took effect on 1 April 2015 and is aimed at improving operational efficiency and facilitating IT services development for nearly 30,000 Vattenfall employees in seven countries. As part of the agreement, 122 Vattenfall employees in Germany, Sweden and the Netherlands will be transferred to CSC and its partner, AT&T.

# Sales, profit and cash flow

## Net sales

| Amounts in SEK million | Q1 2015 | Q1 2014 | Full year 2014 | Last 12 months |
|------------------------|---------|---------|----------------|----------------|
| Net sales              | 45 377  | 45 912  | 165 945        | 165 410        |

**Comment:** Consolidated net sales for first quarter 2015 decreased by SEK 0.5 billion compared with the corresponding period in 2014. Excluding currency effects (SEK +2.3 billion), net sales decreased by approximately SEK 2.8 billion, mainly due to lower production volumes.

## Earnings

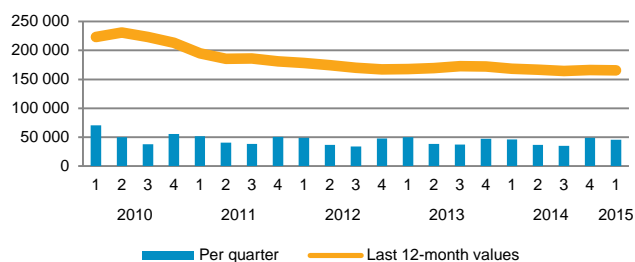
| Amounts in SEK million  | Q1 2015 | Q1 2014 | Full year 2014 | Last 12 months |
|---|---------|---------|----------------|----------------|
| Operating profit before depreciation, amortisation and impairment losses (EBITDA)   | 13 518  | 16 588  | 41 038         | 37 968         |
| Underlying operating profit before depreciation, amortisation and impairment losses | 12 758  | 13 828  | 43 558         | 42 488         |
| Operating profit (EBIT)   | 8 386   | 11 832  | - 2 195        | - 5 641        |
| Items affecting comparability   | 650     | 2 757   | - 26 328       | - 28 435       |
| Underlying operating profit   | 7 736   | 9 075   | 24 133         | 22 794         |

**Comment:** The underlying operating profit decreased by SEK 1.3 billion, which is explained by the following:

- Lower generation volumes, mainly attributable to the Nordic region (SEK -1.2 billion)
- Lower production margins as a result of average lower prices achieved (SEK -0.3 billion)
- Higher earnings from sales activities (SEK 0.5 billion)
- Other items, net (SEK -0.3 billion)

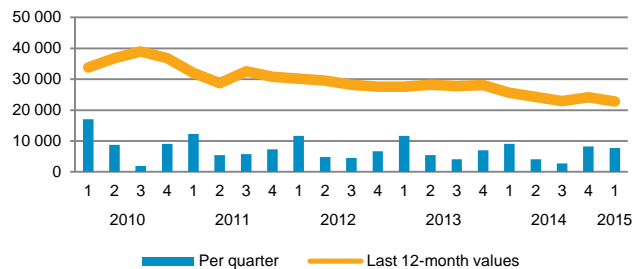
### Net sales

SEK million



### Underlying operating profit

SEK million



## Items affecting comparability

| Amounts in SEK million  | Q1 2015    | Q1 2014      | Full year<br>2014 | Last<br>12 months |
|---|------------|--------------|-------------------|-------------------|
| Items affecting comparability affecting operating profit (EBIT) |            |              |                   |                   |
| Capital gains   | 79         | 3 036        | 3 227             | 270               |
| Capital losses  | - 14       | —            | - 185             | - 199             |
| Impairment losses   | - 110      | - 3          | - 23 808          | - 23 915          |
| Unrealised changes in the fair value of energy derivatives      | 743        | 98           | 819               | 1 464             |
| Unrealised changes in the fair value of inventories             | - 36       | - 272        | 72                | 308               |
| Restructuring costs   | - 12       | - 102        | - 765             | - 675             |
| Other items affecting comparability                             | —          | —            | - 5 688           | - 5 688           |
| <b>Total</b>  | <b>650</b> | <b>2 757</b> | <b>- 26 328</b>   | <b>- 28 435</b>   |

**Comment:** Items affecting comparability for the first quarter of 2015 amounted to SEK 0.7 billion (2.8). These pertain primarily to unrealised changes in the market value of energy derivatives. The impairment losses pertain to the decision to close Vattenfall's gas turbine in Brunsbüttel, Germany. Items affecting comparability for the corresponding quarter in 2014 consist mainly of the capital gain on the sale of Vattenfall's electricity distribution operation in Hamburg.

## Profit for the period

| Amounts in SEK million | Q1 2015 | Q1 2014 | Full year<br>2014 | Last<br>12 months |
|------------------------|---------|---------|-------------------|-------------------|
| Profit for the period  | 4 987   | 8 205   | - 8 284           | - 11 502          |

**Comment:** Profit for the first quarter of 2015 amounted to SEK 5.0 billion (8.2). The decrease is mainly attributable to a lower operating profit.

## Financial items

| Amounts in SEK million                | Q1 2015 | Q1 2014 | Full year<br>2014 | Last<br>12 months |
|---------------------------------------|---------|---------|-------------------|-------------------|
| Net financial items                   | - 1 543 | - 1 701 | - 6 045           | - 5 887           |
| - of which, interest income           | 55      | 344     | 772               | 483               |
| - of which, interest expenses         | - 678   | - 1 181 | - 3 832           | - 3 329           |
| - of which, impairment and provisions | —       | - 2     | - 37              | - 35              |
| - of which, other                     | - 920   | - 862   | - 2 948           | - 3 006           |
| Interest received <sup>1</sup>        | 249     | 153     | 537               | 633               |
| Interest paid <sup>1</sup>            | - 1 658 | - 1 285 | - 3 074           | - 3 447           |

1) Pertains to cash flows.

**Comment:** Net financial items improved during the first quarter of 2015. This is mainly attributable to repayment of a loan to the joint venture company East Anglia, which was previously reported in net financial items as an impairment loss. In addition, interest expenses have decreased as a result of lower average interest rates and lower loan volume.

Higher paid interest during the first quarter of 2015 compared with the first quarter of 2014 is mainly explained by a partial redemption of Vattenfall's older hybrid bonds, which were issued in 2005. This entailed that accrued interest on these bonds was repaid during the first quarter of this year compared with the second quarter a year ago. The increase in paid interest also pertained to fees for the issue of new hybrid bonds and to matured and previously redeemed derivatives.

## Cash flow

| Amounts in SEK million   | Q1 2015 | Q1 2014 | Full year<br>2014 | Last<br>12 months |
|--|---------|---------|-------------------|-------------------|
| Funds from operations (FFO)  | 9 795   | 10 792  | 32 131            | 31 134            |
| Cash flow from changes in operating assets and operating liabilities (working capital) | - 3 042 | - 3 305 | 8 015             | 8 278             |
| Cash flow from operating activities  | 6 753   | 7 487   | 40 146            | 39 412            |

**Comment:** Funds from operations (FFO) decreased by SEK 1.0 billion compared with the corresponding quarter in 2014. The decrease is mainly attributable to lower production volumes. Lower paid tax in Sweden had a positive impact.

Cash flow from changes in working capital was seasonally negative and amounted to SEK -3.0 billion during the first quarter of 2015. This is mainly explained by a net change in operating receivables and operating liabilities (SEK -6.0 billion), a change in inventories (SEK 2.0 billion), and a change in margin calls and realised equity hedge items (together totalling SEK 1.0 billion).

# Financial position

| Amounts in SEK million                                | 31 March 2015 | 31 Dec. 2014 | Change, % |
|---|---------------|--------------|-----------|
| Cash and cash equivalents, and short-term investments | 57 240        | 45 068       | 27.0      |
| Committed credit facilities (unutilised)              | 18 580        | 18 786       | —         |

**Comment:** Cash and cash equivalents, and short-term investments increased during the first quarter of 2015, mainly attributable to the newly issued hybrid bonds. On 29 June the remaining portion of the hybrid bonds issued in 2005 will be repaid (approximately EUR 469 million, corresponding to SEK 4.4 billion), and on 1 July final payment will be made for the shares in Nuon (approximately EUR 2.1 billion, corresponding to SEK 19.2 billion).

Committed credit facilities consist of a EUR 2.0 billion Revolving Credit Facility that expires on 10 December 2019, with an option for two one-year extensions. As per 31 March 2015, available liquid assets and/or committed credit facilities amounted to 41% of net sales. Vattenfall's target is to maintain a level of no less than 10% of the Group's net sales, but at least the equivalent of the next 90 days' maturities.

| Amounts in SEK million                       | 31 March 2015 | 31 Dec. 2014 | Change, % |
|--|---------------|--------------|-----------|
| Interest-bearing liabilities                 | 137 379       | 125 928      | 9.1       |
| Net debt                                     | 78 825        | 79 473       | -0.8      |
| Adjusted net debt (see page 21)              | 150 737       | 158 291      | -4.8      |
| Average interest rate, % <sup>1</sup>        | 3.4           | 3.6          | —         |
| Duration, years <sup>1</sup>                 | 3.6           | 2.8          | —         |
| Average time to maturity, years <sup>1</sup> | 6.4           | 5.6          | —         |

1) Including Hybrid Capital and loans from owners with non-controlling interests and associated companies.

**Comment:** Total interest-bearing liabilities increased by SEK 11.5 billion during the first quarter of 2015. This is mainly attributable to new external loans, of which the largest share pertains to hybrid bonds.

Net debt was essentially unchanged compared with the level on 31 December 2014.

Adjusted net debt decreased by SEK 7.6 billion compared with the level on 31 December 2014. The decrease is mainly attributable to the newly issued hybrid bonds, which are classified as equity to 50% and thereby reduce the level of adjusted net debt. Adjusted net debt also decreased as a result of a positive cash flow from margin calls stemming from changes in the value of outstanding derivatives and currency contracts.

## Credit ratings

No changes took place in Vattenfall's credit ratings during the first quarter. The current credit ratings for Vattenfall's long-term borrowing are A– (Standard & Poor's) and A3 (Moody's). Vattenfall's rating outlook is "stable" from both Standard & Poor's and Moody's.



# Investments and divestments

| Amounts in SEK million                           | Q1 2015      | Q1 2014      | Full year 2014 | Last 12 months |
|--|--------------|--------------|----------------|----------------|
| Maintenance investments                          | 2 750        | 2 802        | 16 912         | 16 860         |
| Growth investments                               | 2 807        | 2 452        | 12 120         | 12 475         |
| - of which, shares and shareholder contributions | - 7          | - 85         | - 212          | - 134          |
| <b>Total investments</b>                         | <b>5 557</b> | <b>5 254</b> | <b>29 032</b>  | <b>29 335</b>  |
| <b>Divestments</b>                               | <b>754</b>   | <b>9 122</b> | <b>12 054</b>  | <b>3 686</b>   |
| - of which, shares                               | 180          | 8 122        | 8 875          | 933            |

**Comment:** Investments are specified in the table below. Divestments during the first quarter of 2015 pertain mainly to the completion of the sale of combined heat and power assets in Utrecht in the Netherlands. Divestments during the first quarter of 2014 pertained to the electricity distribution operation in Hamburg, the minority shareholding in Enea S.A., and the Amager combined heat and power station in Denmark.

## Specification of investments

| Amounts in SEK million                         | Q1 2015          | Q1 2014      | Full year 2014 | Last 12 months |
|--|------------------|--------------|----------------|----------------|
| <b>Electricity generation</b>                  |                  |              |                |                |
| Hydro power                                    | 193              | 198          | 1 441          | 1 436          |
| Nuclear power                                  | 789              | 841          | 3 674          | 3 622          |
| Coal power                                     | 425              | 573          | 5 282          | 5 134          |
| Gas  | 12               | 22           | 188            | 178            |
| Wind power                                     | 1 957            | 1 179        | 6 522          | 7 300          |
| Biomass, waste                                 | 1                | 2            | 14             | 13             |
| Other  | 143              | 146          | 753            | 750            |
| <b>Total electricity generation</b>            | <b>3 520</b>     | <b>2 961</b> | <b>17 874</b>  | <b>18 433</b>  |
| <b>CHP/heat</b>                                |                  |              |                |                |
| Fossil-based power                             | 370              | 409          | 2 110          | 2 071          |
| Biomass, waste                                 | 22               | 32           | 297            | 287            |
| Other  | 63               | 143          | 1 312          | 1 232          |
| <b>Total CHP/heat</b>                          | <b>455</b>       | <b>584</b>   | <b>3 719</b>   | <b>3 590</b>   |
| <b>Electricity networks</b>                    |                  |              |                |                |
| Electricity networks                           | 847              | 762          | 5 057          | 5 142          |
| <b>Total Electricity networks</b>              | <b>847</b>       | <b>762</b>   | <b>5 057</b>   | <b>5 142</b>   |
| Purchases of shares, shareholder contributions | - 7 <sup>1</sup> | - 85         | - 137          | - 59           |
| Other, excl. purchases of shares               | 742              | 1 032        | 2 519          | 2 229          |
| <b>Total</b>                                   | <b>5 557</b>     | <b>5 254</b> | <b>29 032</b>  | <b>29 335</b>  |

1) Pertains to shareholder contribution in a joint venture company.

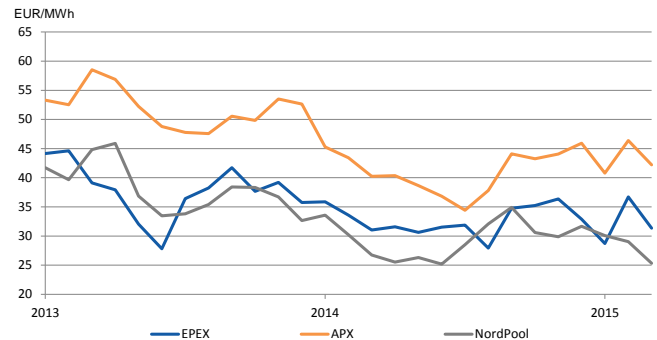
# Wholesale price trend

## Spot prices – electricity

Average Nordic spot prices were 7% lower during the first quarter of 2015 than in the first quarter of 2014, mainly owing to lower commodity prices. In Germany, average spot prices were 4% lower than in the first quarter of 2014, mainly owing to lower commodity prices and higher wind power generation. In the Netherlands, average spot prices were unchanged compared with the first quarter of 2014. Compared with the fourth quarter of 2014, average spot prices were 8% lower in the Nordic countries, 7% lower in Germany, and 3% lower in the Netherlands.

| Time period | Nord Pool Spot<br>(Nordic countries) | EPEX<br>(Germany) | APX<br>(Netherlands) |
|-------------|--------------------------------------|-------------------|----------------------|
| EUR/MWh     |                                      |                   |                      |
| Q1 2015     | 28.2                                 | 32.3              | 43.1                 |
| Q1 2014     | 30.2                                 | 33.5              | 43.0                 |
| %           | -7%                                  | -4%               | —                    |
| Q4 2014     | 30.7                                 | 34.8              | 44.4                 |
| %           | -8%                                  | -7%               | -3%                  |

Electricity spot prices in the Nordic countries, Germany and the Netherlands, monthly averages

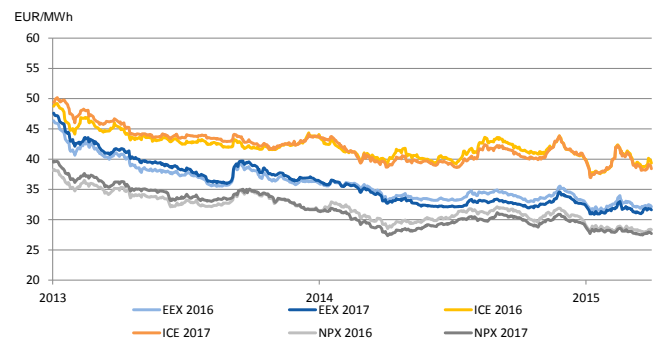


## Futures prices – electricity

Electricity futures prices were 7%–11% lower in the Nordic countries and Germany than in the first quarter of 2014. This is mainly attributable to continued expectations for low commodity prices. In the Netherlands, futures prices were 5% lower.

| Time period | Nordic countries<br>(NPX) |      | Germany<br>(EEX) |      | Netherlands<br>(ICE) |      |
|-------------|---------------------------|------|------------------|------|----------------------|------|
|             | 2016                      | 2017 | 2016             | 2017 | 2016                 | 2017 |
| EUR/MWh     |                           |      |                  |      |                      |      |
| Q1 2015     | 28.5                      | 28.0 | 32.3             | 31.6 | 39.3                 | 39.1 |
| Q1 2014     | 31.3                      | 30.2 | 35.5             | 35.3 | 41.2                 | 41.3 |
| %           | -9%                       | -7%  | -9%              | -11% | -5%                  | -5%  |
| Q4 2014     | 30.7                      | 29.8 | 33.9             | 32.9 | 41.5                 | 41.1 |
| %           | -7%                       | -6%  | -5%              | -4%  | -5%                  | -5%  |

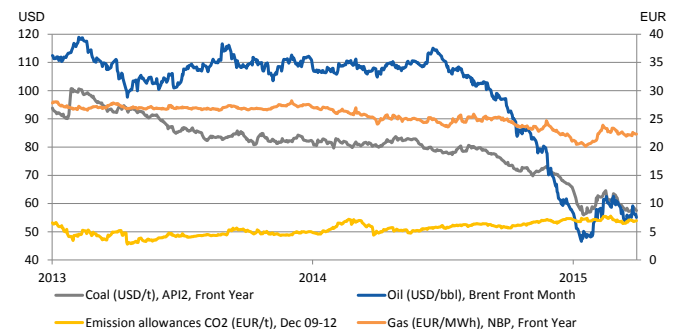
Electricity futures prices in the Nordic countries, Germany and the Netherlands



## Commodity prices

Oil prices (Brent crude) were an average of 49% lower during the first quarter of 2015 than in the corresponding period in 2014, mainly owing to a large build-up of reserves in the USA and continued high production in Saudi Arabia. Coal prices were an average of 26% lower during the first quarter of 2015 than in the corresponding period in 2014. Gas prices were 16% lower. Prices of CO<sub>2</sub> emission allowances were 19% higher. Compared with the fourth quarter of 2014, oil prices (Brent crude) were 30% lower, coal prices were 16% lower, and gas prices were 6% lower. Prices of CO<sub>2</sub> emission allowances were 7% higher.

Price trend for oil, coal, gas and CO<sub>2</sub> emission allowances



## Vattenfall's price hedging

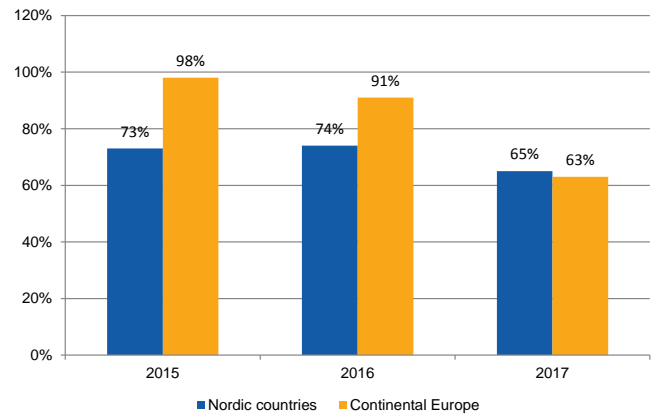
Vattenfall continuously hedges its future electricity generation through sales in the forward and futures markets. Spot prices therefore have only a limited impact on Vattenfall's earnings in the near term.

The chart shows the share of planned electricity generation that Vattenfall has hedged in the Nordic countries and Continental Europe (Germany and the Netherlands). Compared with the level on 31 December 2014, the hedge ratio percentage increased slightly. The price hedges (in EUR/MWh) were essentially unchanged.

### Average price hedges as per 31 March 2015

| EUR/MWh            | 2015 | 2016 | 2017 |
|--------------------|------|------|------|
| Nordic countries   | 37   | 34   | 32   |
| Continental Europe | 45   | 39   | 36   |

### Vattenfall's hedge ratios (%) as per 31 March 2015



# Nordic operating segment

| Amounts in SEK million unless indicated otherwise                                   | Q1 2015 | Q1 2014 | Full year 2014 | Last 12 months |
|---|---------|---------|----------------|----------------|
| Net sales   | 13 082  | 14 126  | 51 974         | 50 930         |
| External net sales <sup>1</sup>   | 12 277  | 13 522  | 49 217         | 47 972         |
| Underlying operating profit before depreciation, amortisation and impairment losses | 5 221   | 6 067   | 18 643         | 17 797         |
| Underlying operating profit   | 3 617   | 4 418   | 12 040         | 11 239         |
| Electricity generation, TWh <sup>2</sup>  | 21.8    | 25.3    | 83.1           | 79.6           |
| - of which, hydro power   | 9.0     | 9.8     | 31.2           | 30.4           |
| - of which, nuclear power   | 12.0    | 14.8    | 49.9           | 47.1           |
| - of which, fossil-based power  | —       | —       | —              | —              |
| - of which, wind power  | 0.5     | 0.6     | 1.7            | 1.7            |
| - of which, biomass, waste  | 0.3     | 0.1     | 0.2            | 0.4            |
| Sales of electricity, TWh   | 24.1    | 27.9    | 93.3           | 89.5           |
| - of which, private customers   | 3.6     | 3.6     | 10.4           | 10.5           |
| - of which, resellers   | 1.5     | 2.2     | 6.9            | 6.2            |
| - of which, business customers  | 8.3     | 9.0     | 33.0           | 32.3           |
| Sales of heat, TWh  | 1.1     | 1.4     | 3.7            | 3.3            |
| Sales of gas, TWh   | —       | —       | —              | —              |
| Number of employees, full-time equivalents  | 8 499   | 8 400   | 8 508          |                |

1) Excluding intra-Group transactions

2) Combined heat and power stations in Denmark are reported in the Continental/UK operating segment

## Net sales, Q1

Net sales during the first quarter of 2015 decreased by SEK 1.0 billion compared with the corresponding period in 2014. This is mainly attributable to lower production volumes resulting from outages at certain nuclear power reactors and a lower water level in reservoirs, and to average lower electricity prices achieved.

## Underlying operating profit, Q1

The underlying operating profit for the first quarter of 2015 decreased by SEK 0.8 billion compared with the corresponding period in 2014. This is mainly attributable to a smaller gross margin in association with lower production volumes and lower electricity prices achieved. The severe storm Egon in January 2015 gave rise to costs of approximately SEK 0.1 billion for repairs and outage compensation.

## Electricity generation and sales of electricity and heat, Q1

Hydro power generation decreased by 0.8 TWh to 9.0 TWh (9.8), as a result of slightly lower water supply. Nordic reservoir levels were 27% (30%) of capacity at the end of first quarter of 2015, which is 2 percentage points above the normal level. Nuclear power generation decreased by 2.8 TWh to 12.0 TWh (14.8) on account of an extended outage at Ringhals 2. Combined availability of Vattenfall's nuclear power plants was 79.5% (98.4%) during the first quarter of 2015. Forsmark had availability of 91.5% (99.8%) and generation of 6.3 TWh (7.1). Availability at Ringhals was 69.0% (97.1%), and generation amounted to 5.6 TWh (7.7). Wind power generation was essentially unchanged at 0.5 TWh (0.6). Sales of electricity and heat decreased, mainly as a result of warmer weather.

# Continental/UK operating segment

| Amounts in SEK million unless indicated otherwise                                   | Q1 2015 | Q1 2014 | Full year 2014 | Last 12 months |
|---|---------|---------|----------------|----------------|
| Net sales   | 34 098  | 32 893  | 120 633        | 121 838        |
| External net sales <sup>1</sup>   | 33 106  | 32 344  | 116 630        | 117 392        |
| Underlying operating profit before depreciation, amortisation and impairment losses | 7 810   | 7 862   | 25 085         | 25 033         |
| Underlying operating profit   | 4 494   | 4 857   | 12 692         | 12 329         |
| Electricity generation, TWh   | 24.6    | 24.8    | 89.9           | 89.7           |
| - of which, hydro power   | 0.8     | 0.8     | 3.1            | 3.1            |
| - of which, nuclear power   | —       | —       | —              | —              |
| - of which, fossil-based power  | 22.7    | 22.9    | 82.9           | 82.8           |
| - of which, wind power  | 0.9     | 0.8     | 2.3            | 2.4            |
| - of which, biomass, waste  | 0.2     | 0.3     | 1.6            | 1.5            |
| Sales of electricity, TWh   | 29.3    | 28.7    | 105.7          | 106.4          |
| - of which, private customers   | 4.8     | 4.4     | 15.7           | 16.1           |
| - of which, resellers   | 7.5     | 5.9     | 22.3           | 23.9           |
| - of which, business customers  | 7.8     | 8.0     | 30.4           | 30.3           |
| Sales of heat, TWh  | 8.0     | 7.7     | 20.5           | 20.8           |
| Sales of gas, TWh   | 21.8    | 18.4    | 45.5           | 48.9           |
| Number of employees, full-time equivalents  | 19 136  | 21 045  | 19 952         |                |

1) Excluding intra-Group transactions.

## Net sales, Q1

Net sales during the first quarter of 2015 increased by SEK 1.2 billion compared with the corresponding period in 2014. Currency effects on net sales were positive by approximately SEK 1.7 billion as a result of the weaker Swedish krona compared with the corresponding period in 2014.

## Underlying operating profit, Q1

The underlying operating profit for the first quarter of 2015 decreased by SEK 0.4 billion compared with the corresponding period in 2014. This is attributable to a smaller gross margin, mainly owing to average lower electricity prices achieved and higher costs for CO<sub>2</sub> emission allowances.

## Sales of electricity, gas and heat, and electricity generation, Q1

Fossil-based generation decreased by 0.2 TWh to 22.7 TWh (22.9). Wind power generation increased slightly to 0.9 TWh (0.8) as the new wind farms, DanTysk and Clashindarroch, began generating electricity. Sales of electricity rose slightly. Sales of heat and gas rose as a result of slightly colder weather compared with the first quarter of 2014.

## Other<sup>1</sup>

| Amounts in SEK million unless indicated otherwise | Q1 2015 | Q1 2014 | Full year<br>2014 | Last<br>12 months |
|---|---------|---------|-------------------|-------------------|
| Net sales   | 785     | 737     | 3 357             | 3 405             |
| External net sales <sup>2</sup>                   | —       | 45      | 92                | 47                |
| Underlying operating profit                       | - 258   | - 125   | - 599             | - 732             |
| Number of employees, full-time equivalents        | 1 706   | 1 816   | 1 721             |                   |

1) Other pertains mainly to all Staff functions including Treasury activities and Shared Service Centres.

2) Excluding intra-Group transactions.

# Consolidated income statement

| Amounts in SEK million  | Q1 2015       | Q1 2014       | Full year 2014 | Last 12 months  |
|---|---------------|---------------|----------------|-----------------|
| Net sales   | 45 377        | 45 912        | 165 945        | 165 410         |
| Cost of products sold <sup>1</sup>  | - 33 042      | - 32 905      | - 149 395      | - 149 532       |
| <b>Gross profit</b>   | <b>12 335</b> | <b>13 007</b> | <b>16 550</b>  | <b>15 878</b>   |
| Selling expenses, administrative expenses and research and development costs <sup>2</sup> | - 4 390       | - 4 267       | - 20 220       | - 20 343        |
| Other operating income and expenses, net  | 278           | 2 961         | 1 913          | - 770           |
| Participations in the results of associated companies <sup>3</sup>                        | 163           | 131           | - 438          | - 406           |
| <b>Operating profit (EBIT)<sup>4</sup></b>  | <b>8 386</b>  | <b>11 832</b> | <b>- 2 195</b> | <b>- 5 641</b>  |
| Financial income <sup>5,8</sup>   | 414           | 690           | 2 590          | 2 314           |
| Financial expenses <sup>6,7,8</sup>   | - 1 957       | - 2 391       | - 8 635        | - 8 201         |
| <b>Profit before tax</b>  | <b>6 843</b>  | <b>10 131</b> | <b>- 8 240</b> | <b>- 11 528</b> |
| Income tax expense  | - 1 856       | - 1 926       | - 44           | 26              |
| <b>Profit for the period</b>  | <b>4 987</b>  | <b>8 205</b>  | <b>- 8 284</b> | <b>- 11 502</b> |
| Attributable to owner of the Parent Company   | 4 679         | 8 111         | - 8 178        | - 11 610        |
| Attributable to non-controlling interests   | 308           | 94            | - 106          | 108             |
| <b>Earnings per share</b>   |               |               |                |                 |
| Number of shares in Vattenfall AB, thousands  | 131 700       | 131 700       | 131 700        | 131 700         |
| Earnings per share, basic and diluted (SEK)   | 35.53         | 61.59         | -62.10         | -88.15          |

## Supplementary information

|   |         |         |          |          |
|---|---------|---------|----------|----------|
| Operating profit before depreciation, amortisation and impairment losses (EBITDA)   | 13 518  | 16 588  | 41 038   | 37 968   |
| Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund                      | - 883   | - 955   | - 3 516  | - 3 444  |
| Underlying operating profit   | 7 736   | 9 075   | 24 133   | 22 794   |
| 1) Of which, depreciation, amortisation and impairment losses pertaining to intangible assets (non-current) and property, plant and equipment | - 5 003 | - 4 635 | - 42 398 | - 42 766 |
| 2) Of which, depreciation, amortisation and impairment losses pertaining to non-current assets  | - 129   | - 121   | - 679    | - 687    |
| 3) Of which impairment losses pertaining to non-current assets  | —       | —       | - 155    | - 155    |
| 4) Including items affecting comparability  | 650     | 2 757   | - 26 328 | - 28 435 |
| 5) Including return from the Swedish Nuclear Waste Fund   | 215     | 123     | 962      | 1 054    |
| 6) Including interest components related to pension costs   | - 235   | - 305   | - 1 240  | - 1 170  |
| 7) Including discounting effects attributable to provisions   | - 875   | - 869   | - 3 491  | - 3 497  |
| 8) Items affecting comparability recognised as financial income and expenses, net   | —       | - 14    | - 52     | - 38     |

# Consolidated statement of comprehensive income

| Amounts in SEK million  | Q1 2015      | Q1 2014       | Full year<br>2014 | Last<br>12 months |
|---|--------------|---------------|-------------------|-------------------|
| <b>Profit for the period</b>  | <b>4 987</b> | <b>8 205</b>  | <b>- 8 284</b>    | <b>- 11 502</b>   |
| <b>Other comprehensive income:</b>  |              |               |                   |                   |
| <b>Items that will be reclassified to profit or loss when specific conditions are met</b>       |              |               |                   |                   |
| Cash flow hedges:   |              |               |                   |                   |
| - Changes in fair value   | 1 518        | 3 627         | 5 243             | 3 134             |
| - Dissolved against the income statement  | - 1 171      | - 2 209       | - 5 871           | - 4 833           |
| - Transferred to cost of hedged item  | 14           | 10            | - 3               | 1                 |
| - Tax attributable to cash flow hedges  | 21           | - 414         | 184               | 619               |
| Hedging of net investments in foreign operations:   |              |               |                   |                   |
| - Hedging of net investments in foreign operations  | 379          | - 914         | - 5 452           | - 4 159           |
| - Tax attributable to hedging of net investments in foreign operations                          | - 61         | 2 248         | 3 058             | 749               |
| Other:  |              |               |                   |                   |
| - Translation differences   | - 294        | 2 053         | 10 453            | 8 106             |
| - Translation differences and exchange rate effects net, divested companies                     | —            | 50            | 101               | 51                |
| - Remeasurement of available-for-sale financial assets  | —            | - 182         | - 182             | —                 |
| - Impairment of available-for-sale financial assets   | —            | —             | —                 | —                 |
| <b>Total Items that will be reclassified to profit or loss when specific conditions are met</b> | <b>406</b>   | <b>4 269</b>  | <b>7 531</b>      | <b>3 668</b>      |
| <b>Items that will not be reclassified to profit or loss:</b>                                   |              |               |                   |                   |
| Remeasurement pertaining to defined benefit obligations   | —            | —             | - 9 130           | - 9 130           |
| Tax attributable to remeasurement pertaining to defined benefit obligations                     | —            | —             | 2 587             | 2 587             |
| <b>Total Items that will not be reclassified to profit or loss</b>                              | <b>—</b>     | <b>—</b>      | <b>- 6 543</b>    | <b>- 6 543</b>    |
| <b>Total other comprehensive income, net after tax</b>  | <b>406</b>   | <b>4 269</b>  | <b>988</b>        | <b>- 2 875</b>    |
| <b>Total comprehensive income for the period</b>  | <b>5 393</b> | <b>12 474</b> | <b>- 7 296</b>    | <b>- 14 377</b>   |
| Attributable to owner of the Parent Company   | 5 107        | 12 323        | - 7 412           | - 14 628          |
| Attributable to non-controlling interests   | 286          | 151           | 116               | 251               |



# Operating segments, Vattenfall Group

| Amounts in SEK million                | Q1 2015        | Q1 2014        | Full year<br>2014 | Last<br>12 months |
|---------------------------------------|----------------|----------------|-------------------|-------------------|
| <b>External net sales</b>             |                |                |                   |                   |
| <b>Nordic</b>                         | <b>12 277</b>  | <b>13 522</b>  | <b>49 217</b>     | <b>47 972</b>     |
| - of which, Generation                | 1 491          | 1 596          | 7 413             | 7 308             |
| - of which, Distribution              | 2 629          | 2 577          | 9 024             | 9 076             |
| - of which, Sales                     | 5 983          | 6 295          | 21 050            | 20 738            |
| - of which, Other operations          | 6 107          | 7 196          | 26 808            | 25 719            |
| - of which, Eliminations <sup>1</sup> | - 3 933        | - 4 142        | - 15 078          | - 14 869          |
| <b>Continental/UK</b>                 | <b>33 106</b>  | <b>32 344</b>  | <b>116 630</b>    | <b>117 392</b>    |
| - of which, Generation                | 6 277          | 5 482          | 19 649            | 20 444            |
| - of which, Distribution              | 1 226          | 1 119          | 5 149             | 5 256             |
| - of which, Sales                     | 21 271         | 19 342         | 66 973            | 68 902            |
| - of which, Other operations          | 4 331          | 6 399          | 24 851            | 22 783            |
| - of which, Eliminations              | 1              | 2              | 8                 | 7                 |
| <b>Other<sup>2</sup></b>              | <b>—</b>       | <b>45</b>      | <b>92</b>         | <b>47</b>         |
| <b>Eliminations</b>                   | <b>- 6</b>     | <b>1</b>       | <b>6</b>          | <b>- 1</b>        |
| <b>Total</b>                          | <b>45 377</b>  | <b>45 912</b>  | <b>165 945</b>    | <b>165 410</b>    |
| <b>Internal net sales</b>             |                |                |                   |                   |
| <b>Nordic</b>                         | <b>805</b>     | <b>604</b>     | <b>2 757</b>      | <b>2 958</b>      |
| - of which, Generation                | 5 919          | 6 783          | 23 580            | 22 716            |
| - of which, Distribution              | 120            | 138            | 549               | 531               |
| - of which, Sales                     | 256            | 220            | 767               | 803               |
| - of which, Other operations          | 3 253          | 3 326          | 11 393            | 11 320            |
| - of which, Eliminations              | - 8 743        | - 9 863        | - 33 532          | - 32 412          |
| <b>Continental/UK</b>                 | <b>992</b>     | <b>549</b>     | <b>4 003</b>      | <b>4 446</b>      |
| - of which, Generation                | 11 268         | 11 691         | 42 525            | 42 102            |
| - of which, Distribution              | 1 083          | 1 111          | 4 060             | 4 032             |
| - of which, Sales                     | 235            | 229            | 864               | 870               |
| - of which, Other operations          | 18 478         | 16 984         | 56 668            | 58 162            |
| - of which, Eliminations              | - 30 072       | - 29 466       | - 100 114         | - 100 720         |
| <b>Other<sup>2</sup></b>              | <b>785</b>     | <b>692</b>     | <b>3 265</b>      | <b>3 358</b>      |
| <b>Eliminations</b>                   | <b>- 2 582</b> | <b>- 1 845</b> | <b>- 10 025</b>   | <b>- 10 762</b>   |
| <b>Total</b>                          | <b>—</b>       | <b>—</b>       | <b>—</b>          | <b>—</b>          |
| <b>Total net sales</b>                |                |                |                   |                   |
| <b>Nordic</b>                         | <b>13 082</b>  | <b>14 126</b>  | <b>51 974</b>     | <b>50 930</b>     |
| - of which, Generation                | 7 410          | 8 379          | 30 993            | 30 024            |
| - of which, Distribution              | 2 749          | 2 715          | 9 573             | 9 607             |
| - of which, Sales                     | 6 239          | 6 515          | 21 817            | 21 541            |
| - of which, Other operations          | 9 360          | 10 522         | 38 201            | 37 039            |
| - of which, Eliminations              | - 12 676       | - 14 005       | - 48 610          | - 47 281          |
| <b>Continental/UK</b>                 | <b>34 098</b>  | <b>32 893</b>  | <b>120 633</b>    | <b>121 838</b>    |
| - of which, Generation                | 17 545         | 17 173         | 62 174            | 62 546            |
| - of which, Distribution              | 2 309          | 2 230          | 9 209             | 9 288             |
| - of which, Sales                     | 21 506         | 19 571         | 67 837            | 69 772            |
| - of which, Other operations          | 22 809         | 23 383         | 81 519            | 80 945            |
| - of which, Eliminations              | - 30 071       | - 29 464       | - 100 106         | - 100 713         |
| <b>Other<sup>2</sup></b>              | <b>785</b>     | <b>737</b>     | <b>3 357</b>      | <b>3 405</b>      |
| <b>Eliminations</b>                   | <b>- 2 588</b> | <b>- 1 844</b> | <b>- 10 019</b>   | <b>- 10 763</b>   |
| <b>Total</b>                          | <b>45 377</b>  | <b>45 912</b>  | <b>165 945</b>    | <b>165 410</b>    |

## Operating segments, Vattenfall Group cont.

| Amounts in SEK million   | Q1 2015       | Q1 2014       | Full year<br>2014 | Last<br>12 months |
|--|---------------|---------------|-------------------|-------------------|
| <b>Operating profit before depreciation,<br/>amortisation and impairment losses (EBITDA)</b>   |               |               |                   |                   |
| <b>Nordic</b>  | <b>5 345</b>  | <b>6 345</b>  | <b>18 914</b>     | <b>17 914</b>     |
| - of which, Generation   | 3 310         | 4 303         | 12 858            | 11 865            |
| - of which, Distribution   | 1 582         | 1 622         | 5 275             | 5 235             |
| - of which, Sales  | 605           | 561           | 1 200             | 1 244             |
| - of which, Other operations   | - 75          | 30            | - 387             | - 492             |
| - of which, Eliminations   | - 77          | - 171         | - 32              | 62                |
| <b>Continental/UK</b>  | <b>8 456</b>  | <b>7 371</b>  | <b>19 304</b>     | <b>20 389</b>     |
| - of which, Generation   | 6 661         | 6 845         | 15 475            | 15 291            |
| - of which, Distribution   | 567           | 599           | 2 008             | 1 976             |
| - of which, Sales  | 808           | 351           | 1 246             | 1 703             |
| - of which, Other operations   | 420           | - 424         | 575               | 1 419             |
| <b>Other<sup>2</sup></b>   | <b>- 166</b>  | <b>2 972</b>  | <b>2 866</b>      | <b>- 272</b>      |
| <b>Eliminations</b>  | <b>- 117</b>  | <b>- 100</b>  | <b>- 46</b>       | <b>- 63</b>       |
| <b>Total</b>   | <b>13 518</b> | <b>16 588</b> | <b>41 038</b>     | <b>37 968</b>     |
| <b>Underlying operating profit before depreciation,<br/>amortisation and impairment losses</b> |               |               |                   |                   |
| <b>Nordic</b>  | <b>5 221</b>  | <b>6 067</b>  | <b>18 643</b>     | <b>17 797</b>     |
| - of which, Generation   | 3 287         | 4 303         | 12 848            | 11 832            |
| - of which, Distribution   | 1 585         | 1 622         | 5 275             | 5 238             |
| - of which, Sales  | 606           | 561           | 1 165             | 1 210             |
| - of which, Other operations   | - 179         | 30            | - 613             | - 822             |
| - of which, Eliminations   | - 78          | - 449         | - 32              | 339               |
| <b>Continental/UK</b>  | <b>7 810</b>  | <b>7 862</b>  | <b>25 085</b>     | <b>25 033</b>     |
| - of which, Generation   | 6 597         | 6 842         | 21 105            | 20 860            |
| - of which, Distribution   | 576           | 599           | 2 137             | 2 114             |
| - of which, Sales  | 831           | 351           | 1 600             | 2 080             |
| - of which, Other operations   | - 194         | 70            | 243               | - 21              |
| <b>Other<sup>2</sup></b>   | <b>- 156</b>  | <b>- 24</b>   | <b>- 171</b>      | <b>- 303</b>      |
| <b>Eliminations</b>  | <b>- 117</b>  | <b>- 77</b>   | <b>1</b>          | <b>- 39</b>       |
| <b>Total</b>   | <b>12 758</b> | <b>13 828</b> | <b>43 558</b>     | <b>42 488</b>     |

## Operating segments, Vattenfall Group cont.

| Amounts in SEK million             | Q1 2015      | Q1 2014       | Full year<br>2014 | Last<br>12 months |
|------------------------------------|--------------|---------------|-------------------|-------------------|
| <b>Operating profit (EBIT)</b>     |              |               |                   |                   |
| <b>Nordic</b>                      | <b>3 740</b> | <b>4 696</b>  | <b>10 961</b>     | <b>10 005</b>     |
| - of which, Generation             | 2 372        | 3 287         | 7 596             | 6 681             |
| - of which, Distribution           | 1 113        | 1 089         | 3 075             | 3 099             |
| - of which, Sales                  | 489          | 450           | 715               | 754               |
| - of which, Other operations       | - 156        | 41            | - 393             | - 590             |
| - of which, Eliminations           | - 78         | - 171         | - 32              | 61                |
| <b>Continental/UK</b>              | <b>5 030</b> | <b>4 367</b>  | <b>- 13 940</b>   | <b>- 13 277</b>   |
| - of which, Generation             | 3 673        | 4 273         | - 5 663           | - 6 263           |
| - of which, Distribution           | 370          | 412           | 1 231             | 1 189             |
| - of which, Sales                  | 601          | 141           | 103               | 563               |
| - of which, Other operations       | 386          | - 459         | - 9 611           | - 8 766           |
| <b>Other<sup>2</sup></b>           | <b>- 267</b> | <b>2 869</b>  | <b>831</b>        | <b>- 2 305</b>    |
| <b>Eliminations</b>                | <b>- 117</b> | <b>- 100</b>  | <b>- 47</b>       | <b>- 64</b>       |
| <b>Operating profit (EBIT)</b>     | <b>8 386</b> | <b>11 832</b> | <b>- 2 195</b>    | <b>- 5 641</b>    |
| Financial income and expenses      | - 1 543      | - 1 701       | - 6 045           | - 5 887           |
| <b>Profit before tax</b>           | <b>6 843</b> | <b>10 131</b> | <b>- 8 240</b>    | <b>- 11 528</b>   |
| <b>Underlying operating profit</b> |              |               |                   |                   |
| <b>Nordic</b>                      | <b>3 617</b> | <b>4 418</b>  | <b>12 040</b>     | <b>11 239</b>     |
| - of which, Generation             | 2 349        | 3 269         | 8 937             | 8 017             |
| - of which, Distribution           | 1 115        | 1 087         | 3 075             | 3 103             |
| - of which, Sales                  | 490          | 450           | 679               | 719               |
| - of which, Other operations       | - 260        | - 36          | - 618             | - 842             |
| - of which, Eliminations           | - 77         | - 352         | - 33              | 242               |
| <b>Continental/UK</b>              | <b>4 494</b> | <b>4 857</b>  | <b>12 692</b>     | <b>12 329</b>     |
| - of which, Generation             | 3 719        | 4 295         | 10 508            | 9 932             |
| - of which, Distribution           | 379          | 421           | 1 361             | 1 319             |
| - of which, Sales                  | 624          | 148           | 747               | 1 223             |
| - of which, Other operations       | - 228        | - 7           | 76                | - 145             |
| <b>Other<sup>2</sup></b>           | <b>- 258</b> | <b>- 125</b>  | <b>- 599</b>      | <b>- 732</b>      |
| <b>Eliminations</b>                | <b>- 117</b> | <b>- 75</b>   | <b>—</b>          | <b>- 42</b>       |
| <b>Underlying operating profit</b> | <b>7 736</b> | <b>9 075</b>  | <b>24 133</b>     | <b>22 794</b>     |

1) For external net sales, the elimination pertains to sales to the Nordic electricity exchange.

2) "Other" pertains mainly to all Staff functions including Treasury activities and Shared Service Centres.

The result of the hedging activities carried out by the Asset Optimisation and Trading unit is reported under the item "Generation" for the respective segments. Asset Optimisation and Trading's other activities are reported under the item "Other activities" for the respective segments.

Heating activities are reported under the item "Sales" for the Nordic segment and under the item "Generation" for the Continental/UK segment.

# Consolidated balance sheet

| Amounts in SEK million  | 31 March<br>2015 | 31 March<br>2014    | 31 Dec.<br>2014     |
|---|------------------|---------------------|---------------------|
| <b>Assets</b>   |                  |                     |                     |
| <b>Non-current assets</b>                                     |                  |                     |                     |
| Intangible assets: non-current                                | 18 964           | 31 296              | 19 586              |
| Property, plant and equipment                                 | 271 402          | 266 090             | 271 306             |
| Investment property   | 440              | 478                 | 461                 |
| Biological assets   | 28               | 20                  | 29                  |
| Participations in associated companies and joint arrangements | 8 019            | 8 474               | 7 765               |
| Other shares and participations                               | 300              | 299                 | 284                 |
| Share in the Swedish Nuclear Waste Fund                       | 32 499           | 30 881              | 31 984              |
| Derivative assets   | 20 702           | 16 480              | 18 366              |
| Current tax assets, non-current                               | 450              | 641                 | 449                 |
| Prepaid expenses  | 111              | 117                 | 115                 |
| Deferred tax assets   | 9 099            | 6 892               | 9 310               |
| Other non-current receivables                                 | 8 304            | 7 114               | 8 407               |
| <b>Total non-current assets</b>                               | <b>370 318</b>   | <b>368 782</b>      | <b>368 062</b>      |
| <b>Current assets</b>   |                  |                     |                     |
| Inventories   | 16 396           | 17 425              | 18 502              |
| Biological assets   | 11               | 5                   | 11                  |
| Intangible assets: current                                    | 5 244            | 7 846               | 4 885               |
| Trade receivables and other receivables                       | 33 658           | 32 210              | 31 217              |
| Advance payments paid   | 2 036            | 3 201               | 2 617               |
| Derivative assets   | 11 802           | 16 773              | 13 342              |
| Prepaid expenses and accrued income                           | 10 840           | 10 364 <sup>1</sup> | 6 398 <sup>1</sup>  |
| Current tax assets  | 795              | 519                 | 2 390               |
| Short-term investments  | 45 634           | 22 142              | 32 785              |
| Cash and cash equivalents                                     | 11 606           | 13 159              | 12 283              |
| Assets held for sale  | 4 045            | 2 559               | 4 717               |
| <b>Total current assets</b>                                   | <b>142 067</b>   | <b>126 203</b>      | <b>129 147</b>      |
| <b>Total assets</b>   | <b>512 385</b>   | <b>494 985</b>      | <b>497 209</b>      |
| <b>Equity and liabilities</b>                                 |                  |                     |                     |
| <b>Equity</b>   |                  |                     |                     |
| Attributable to owner of the Parent Company                   | 120 367          | 134 852             | 115 260             |
| Attributable to non-controlling interests                     | 14 311           | 10 873              | 13 202              |
| <b>Total equity</b>   | <b>134 678</b>   | <b>145 725</b>      | <b>128 462</b>      |
| <b>Non-current liabilities</b>                                |                  |                     |                     |
| Hybrid Capital  | 15 295           | 8 928               | —                   |
| Other interest-bearing liabilities                            | 70 463           | 90 477              | 78 807              |
| Pension provisions  | 44 793           | 34 650              | 45 298              |
| Other interest-bearing provisions                             | 86 314           | 76 153              | 86 487              |
| Derivative liabilities  | 11 718           | 10 087              | 11 760              |
| Deferred tax liabilities                                      | 27 454           | 31 618              | 27 595              |
| Other noninterest-bearing liabilities                         | 5 733            | 5 383               | 5 756               |
| <b>Total non-current liabilities</b>                          | <b>261 770</b>   | <b>257 296</b>      | <b>255 703</b>      |
| <b>Current liabilities</b>                                    |                  |                     |                     |
| Trade payables and other liabilities                          | 26 771           | 25 104              | 30 641              |
| Advance payments received                                     | 1 687            | 2 763               | 2 397               |
| Derivative liabilities  | 5 533            | 8 449               | 5 065               |
| Accrued expenses and deferred income                          | 20 865           | 23 651 <sup>1</sup> | 18 182 <sup>1</sup> |
| Current tax liabilities                                       | 1 254            | 1 836               | 1 135               |
| Hybrid Capital  | 4 684            | —                   | 9 385               |
| Other interest-bearing liabilities                            | 46 937           | 22 183              | 37 736              |
| Interest-bearing provisions                                   | 6 447            | 6 837               | 6 782               |
| Liabilities associated with assets held for sale              | 1 759            | 1 141               | 1 721               |
| <b>Total current liabilities</b>                              | <b>115 937</b>   | <b>91 964</b>       | <b>113 044</b>      |
| <b>Total equity and liabilities</b>                           | <b>512 385</b>   | <b>494 985</b>      | <b>497 209</b>      |

# Consolidated balance sheet, cont.

## Supplementary information

| Amounts in SEK million  | 31 March<br>2015   | 31 March<br>2014 | 31 Dec.<br>2014  |
|---|--------------------|------------------|------------------|
| <b>Calculation of capital employed</b>  |                    |                  |                  |
| Intangible assets: current and non-current  | 24 208             | 39 142           | 24 471           |
| Property, plant and equipment   | 271 402            | 266 090          | 271 306          |
| Participations in associated companies and joint arrangements                           | 8 019              | 8 474            | 7 765            |
| Deferred and current tax assets   | 9 894              | 7 411            | 11 700           |
| Non-current noninterest-bearing receivables   | 7 124              | 6 045            | 7 226            |
| Inventories   | 16 396             | 17 425           | 18 502           |
| Trade receivables and other receivables   | 33 658             | 32 210           | 31 217           |
| Prepaid expenses and accrued income   | 10 840             | 10 364           | 6 398            |
| Unavailable liquidity   | 7 356              | 5 959            | 7 272            |
| Other   | 915                | 1 295            | 1 071            |
| <b>Total assets excl. financial assets</b>  | <b>389 812</b>     | <b>394 415</b>   | <b>386 928</b>   |
| Deferred and current tax liabilities  | - 28 708           | - 33 454         | - 28 730         |
| Other noninterest-bearing liabilities   | - 5 733            | - 5 383          | - 5 756          |
| Trade payable and other liabilities   | - 26 771           | - 25 104         | - 30 641         |
| Accrued expenses and deferred income  | - 20 865           | - 23 651         | - 18 182         |
| Other   | —                  | 367              | - 91             |
| <b>Total noninterest-bearing liabilities</b>  | <b>- 82 077</b>    | <b>- 87 225</b>  | <b>- 83 400</b>  |
| Other interest-bearing provisions not related to adjusted net debt <sup>2</sup>         | - 9 106            | - 8 213          | - 9 250          |
| <b>Capital employed</b>   | <b>298 629</b>     | <b>298 977</b>   | <b>294 278</b>   |
| <b>Capital employed, average</b>  | <b>298 803</b>     | <b>303 207</b>   | <b>293 992</b>   |
| <b>Calculation of net debt</b>  |                    |                  |                  |
| Hybrid Capital  | - 19 979           | - 8 928          | - 9 385          |
| Bond issues, commercial paper and liabilities to credit institutions                    | - 70 833           | - 75 098         | - 72 461         |
| Present value of liabilities pertaining to acquisitions of Group companies              | - 19 162           | - 18 148         | - 19 293         |
| Liabilities to associated companies   | - 2 680            | - 2 287          | - 2 617          |
| Liabilities to owners of non-controlling interests                                      | - 12 368           | - 11 643         | - 12 384         |
| Other liabilities   | - 12 357           | - 5 484          | - 9 788          |
| <b>Total interest-bearing liabilities</b>   | <b>- 137 379</b>   | <b>- 121 588</b> | <b>- 125 928</b> |
| Cash and cash equivalents   | 11 606             | 13 159           | 12 283           |
| Short-term investments  | 45 634             | 22 142           | 32 785           |
| Loans to owners of non-controlling interests in foreign Group companies                 | 1 314              | 593              | 1 387            |
| <b>Net debt</b>   | <b>- 78 825</b>    | <b>- 85 694</b>  | <b>- 79 473</b>  |
| <b>Calculation of adjusted gross debt and net debt</b>                                  |                    |                  |                  |
| Total interest-bearing liabilities  | - 137 379          | - 121 588        | - 125 928        |
| 50% of Hybrid Capital   | 7 647 <sup>3</sup> | 4 464            | 4 693            |
| Present value of pension obligations  | - 44 793           | - 34 650         | - 45 298         |
| Provisions for mining, gas and wind operations and other environment-related provisions | - 14 299           | - 11 962         | - 14 497         |
| Provisions for nuclear power (net) <sup>4</sup>   | - 33 049           | - 27 505         | - 33 696         |
| Currency derivatives for hedging of debt in foreign currency                            | —                  | 1 309            | —                |
| Margin calls received   | 9 636              | 1 991            | 7 013            |
| Liabilities to owners of non-controlling interests due to consortium agreements         | 11 616             | 11 303           | 11 626           |
| <b>Adjusted gross debt</b>  | <b>- 200 621</b>   | <b>- 176 638</b> | <b>- 196 087</b> |
| Reported cash and cash equivalents and short-term investments                           | 57 240             | 35 301           | 45 068           |
| Unavailable liquidity   | - 7 356            | - 5 959          | - 7 272          |
| <b>Adjusted cash and cash equivalents and short-term investments</b>                    | <b>49 884</b>      | <b>29 342</b>    | <b>37 796</b>    |
| <b>Adjusted net debt</b>  | <b>- 150 737</b>   | <b>- 147 296</b> | <b>- 158 291</b> |

1) Certain amounts for 2014 have been recalculated compared with previously published information in Vattenfall's 2014 year-end report and Annual and sustainability report as a result of new accounting rules (IFRIC 21) that took effect in 2015. See Note 1.

2) Includes personnel-related provisions for non-pension purposes, provisions for tax and legal disputes and certain other provisions.

3) 50% of Hybrid Capital is treated as equity by the rating agencies, which thereby reduces adjusted net debt. This does not apply for the amount of Hybrid Capital that Vattenfall intends to repay on 29 June 2015.

4) The calculation is based on Vattenfall's share of ownership in the respective nuclear power plants, less Vattenfall's share in the Swedish Nuclear Waste Fund and liabilities to associated companies. Vattenfall has the following ownership interests in the respective plants: Forsmark (66%), Ringhals (70.4%), Brokdorf (20%), Brunsbüttel (66.7%), Krümmel (50%) and Stade (33.3%). (According to a special agreement, Vattenfall is responsible for 100% of the provisions for Ringhals.)

# Consolidated statement of cash flows

| Amounts in SEK million   | Q1 2015        | Q1 2014              | Full year<br>2014  | Last<br>12 months |
|--|----------------|----------------------|--------------------|-------------------|
| <b>Operating activities</b>  |                |                      |                    |                   |
| Profit before tax  | 6 843          | 10 131               | - 8 240            | - 11 528          |
| Reversal of depreciation, amortisation and impairment losses                       | 5 132          | 4 758                | 43 270             | 43 644            |
| Tax paid   | 33             | - 537                | - 3 168            | - 2 598           |
| Capital gains/losses, net  | - 65           | - 3 024              | - 3 028            | - 69              |
| Other, incl. non-cash items  | - 2 148        | - 536                | 3 297              | 1 685             |
| <b>Funds from operations (FFO)</b>   | <b>9 795</b>   | <b>10 792</b>        | <b>32 131</b>      | <b>31 134</b>     |
| Changes in inventories   | 1 992          | 1 171                | 1 080              | 1 901             |
| Changes in operating receivables   | - 7 659        | - 817 <sup>1</sup>   | 2 645 <sup>1</sup> | - 4 197           |
| Changes in operating liabilities   | 1 641          | - 2 740 <sup>1</sup> | 1 685 <sup>1</sup> | 6 066             |
| Other changes  | 984            | - 919                | 2 605              | 4 508             |
| <b>Cash flow from changes in operating assets and operating liabilities</b>        | <b>- 3 042</b> | <b>- 3 305</b>       | <b>8 015</b>       | <b>8 278</b>      |
| <b>Cash flow from operating activities</b>   | <b>6 753</b>   | <b>7 487</b>         | <b>40 146</b>      | <b>39 412</b>     |
| <b>Investing activities</b>  |                |                      |                    |                   |
| Acquisitions in Group companies  | - 5            | —                    | - 10               | - 15              |
| Investments in associated companies and other shares and participations            | 12             | 85                   | 222                | 149               |
| Other investments in non-current assets  | - 5 564        | - 5 339              | - 29 244           | - 29 469          |
| <b>Total investments</b>   | <b>- 5 557</b> | <b>- 5 254</b>       | <b>- 29 032</b>    | <b>- 29 335</b>   |
| Divestments  | 754            | 9 122                | 12 054             | 3 686             |
| Cash and cash equivalents in acquired companies                                    | —              | —                    | 35                 | 35                |
| Cash and cash equivalents in divested companies                                    | - 384          | - 293                | - 513              | - 604             |
| <b>Cash flow from investing activities</b>   | <b>- 5 187</b> | <b>3 575</b>         | <b>- 17 456</b>    | <b>- 26 218</b>   |
| <b>Cash flow before financing activities</b>                                       | <b>1 566</b>   | <b>11 062</b>        | <b>22 690</b>      | <b>13 194</b>     |
| <b>Financing activities</b>  |                |                      |                    |                   |
| Changes in short-term investments  | - 13 022       | - 10 477             | - 19 921           | - 22 466          |
| Changes in loans to owners of non-controlling interests in foreign Group companies | 59             | - 359                | - 1 109            | - 691             |
| Loans raised <sup>2</sup>  | 10 806         | 3 194                | 21 259             | 28 871            |
| Amortisation of other debt   | - 11 523       | - 6 346              | - 29 024           | - 34 201          |
| Divestment of shares in Group companies to owners of non-controlling interests     | —              | —                    | 491                | 491               |
| Redemption of Hybrid Capital   | - 4 514        | —                    | —                  | - 4 514           |
| Issue of Hybrid Capital  | 15 152         | —                    | —                  | 15 152            |
| Dividends paid to owners   | —              | —                    | - 104              | - 104             |
| Contribution from owners of non-controlling interests                              | 836            | 233                  | 1 912              | 2 515             |
| <b>Cash flow from financing activities</b>   | <b>- 2 206</b> | <b>- 13 755</b>      | <b>- 26 496</b>    | <b>- 14 947</b>   |
| <b>Cash flow for the period</b>  | <b>- 640</b>   | <b>- 2 693</b>       | <b>- 3 806</b>     | <b>- 1 753</b>    |

## Consolidated statement of cash flows, cont.

| Amounts in SEK million  | Q1 2015         | Q1 2014         | Full year<br>2014 | Last<br>12 months |
|---|-----------------|-----------------|-------------------|-------------------|
| <b>Cash and cash equivalents</b>  |                 |                 |                   |                   |
| Cash and cash equivalents at start of period  | 12 283          | 15 801          | 15 801            | —                 |
| Cash flow for the period  | - 640           | - 2 693         | - 3 806           | - 1 753           |
| Translation differences   | - 37            | 51              | 288               | 200               |
| <b>Cash and cash equivalents at end of period</b>   | <b>11 606</b>   | <b>13 159</b>   | <b>12 283</b>     | <b>- 1 553</b>    |
| <b>Supplementary information</b>  |                 |                 |                   |                   |
| <b>Cash flow before financing activities</b>  | <b>1 566</b>    | <b>11 062</b>   | <b>22 690</b>     | <b>13 194</b>     |
| <b>Financing activities</b>   |                 |                 |                   |                   |
| Divestment of shares in Group companies to owners of non-controlling interests            | —               | —               | 491               | 491               |
| Dividends paid to owners  | —               | —               | - 104             | - 104             |
| Contribution from owners of non-controlling interests                                     | 836             | 233             | 1 912             | 2 515             |
| <b>Cash flow after dividend</b>   | <b>2 402</b>    | <b>11 295</b>   | <b>24 989</b>     | <b>16 096</b>     |
| <b>Analysis of change in net debt</b>   |                 |                 |                   |                   |
| Net debt at start of period   | - 79 473        | - 98 998        | - 98 998          | —                 |
| Cash flow after dividend  | 2 402           | 11 295          | 24 989            | 16 096            |
| Changes as a result of valuation at fair value  | - 821           | - 130           | - 2 739           | - 3 430           |
| Changes in interest-bearing liabilities for leasing                                       | 3               | 5               | 34                | 32                |
| Interest-bearing liabilities/short-term investments acquired/divested                     | 25              | 75              | 145               | 95                |
| Changes in liabilities pertaining to acquisitions of Group companies, discounting effects | - 81            | - 89            | - 322             | - 314             |
| Transfer to liabilities due to changed shareholders' rights                               | —               | 2 983           | 3 043             | 60                |
| Translation differences on net debt   | - 880           | - 835           | - 5 625           | - 5 670           |
| <b>Net debt at end of period</b>  | <b>- 78 825</b> | <b>- 85 694</b> | <b>- 79 473</b>   | <b>6 869</b>      |
| <b>Free cash flow</b>   | <b>4 003</b>    | <b>4 685</b>    | <b>23 234</b>     | <b>22 552</b>     |

- 1) Certain amounts for 2014 have been recalculated compared with previously published information in Vattenfall's 2014 year-end report and Annual and sustainability report as a result of new accounting rules (IFRIC 21) that took effect in 2015. See Note 1.
- 2) Short-term borrowings in which the duration is three months or shorter are reported net.

# Consolidated statement of changes in equity

| Amounts in SEK million  | 31 March 2015                               |   |                | 31 March 2014                               |   |                | 31 Dec. 2014                                |   |                |
|---|---|---|----------------|---|---|----------------|---|---|----------------|
|   | Attributable to owner of the Parent Company | Attributable to non-controlling interests | Total equity   | Attributable to owner of the Parent Company | Attributable to non-controlling interests | Total equity   | Attributable to owner of the Parent Company | Attributable to non-controlling interests | Total equity   |
| Balance brought forward   | 115 260                                     | 13 202                                    | <b>128 462</b> | 120 370                                     | 10 348                                    | <b>130 718</b> | 120 370                                     | 10 348                                    | <b>130 718</b> |
| Dividends paid to owners  | —   | —   | —              | —   | —   | —              | —   | - 104                                     | <b>- 104</b>   |
| Group contributions from(+)/to(-) owners of non-controlling interests                                   | —   | —   | —              | —   | —   | —              | —   | 484                                       | <b>484</b>     |
| Changes in ownership in Group companies on divestments of shares to owners of non-controlling interests | —   | —   | —              | - 109                                       | —   | <b>- 109</b>   | - 33  | 387                                       | <b>354</b>     |
| Contribution from minority interest   | —   | 836                                       | <b>836</b>     | —   | 233                                       | <b>233</b>     | —   | 1 912                                     | <b>1 912</b>   |
| Other changes in ownership  | —   | - 13                                      | <b>- 13</b>    | 2 268                                       | 141                                       | <b>2 409</b>   | 2 335                                       | 59  | <b>2 394</b>   |
| Cash flow hedges:   |   |   |                |   |   |                |   |   |                |
| Changes in fair value   | 1 464                                       | 54  | <b>1 518</b>   | 3 629                                       | - 2                                       | <b>3 627</b>   | 5 209                                       | 34  | <b>5 243</b>   |
| Dissolved against income statement  | - 1 170                                     | - 1                                       | <b>- 1 171</b> | - 2 209                                     | —   | <b>- 2 209</b> | - 5 871                                     | —   | <b>- 5 871</b> |
| Transferred to cost of hedged item  | 9   | 5   | <b>14</b>      | 7   | 3   | <b>10</b>      | - 6   | 3   | <b>- 3</b>     |
| Tax attributable to cash flow hedges  | 14  | 7   | <b>21</b>      | - 414                                       | —   | <b>- 414</b>   | 181   | 3   | <b>184</b>     |
| <b>Total cash flow hedges</b>   | <b>317</b>                                  | <b>65</b>                                 | <b>382</b>     | <b>1 013</b>                                | <b>1</b>                                  | <b>1 014</b>   | <b>- 487</b>                                | <b>40</b>                                 | <b>- 447</b>   |
| Hedging of net investments in foreign operations  | 379   | —   | <b>379</b>     | - 914                                       | —   | <b>- 914</b>   | - 5 452                                     | —   | <b>- 5 452</b> |
| Tax attributable to hedging of net investments in foreign operations                                    | - 61  | —   | <b>- 61</b>    | 2 248                                       | —   | <b>2 248</b>   | 3 058                                       | —   | <b>3 058</b>   |
| <b>Total hedging of net investments in foreign operations</b>   | <b>318</b>                                  | <b>—</b>                                  | <b>318</b>     | <b>1 334</b>                                | <b>—</b>                                  | <b>1 334</b>   | <b>- 2 394</b>                              | <b>—</b>                                  | <b>- 2 394</b> |
| Translation differences   | - 207                                       | - 87                                      | <b>- 294</b>   | 1 997                                       | 56  | <b>2 053</b>   | 10 056                                      | 397                                       | <b>10 453</b>  |
| Translation differences and exchange rate effects net, divested companies                               | —   | —   | —              | 50  | —   | <b>50</b>      | 101   | —   | <b>101</b>     |
| Remeasurement of available-for-sale financial assets (unrealised)                                       | —   | —   | —              | - 182                                       | —   | <b>- 182</b>   | - 182                                       | —   | <b>- 182</b>   |
| <b>Total</b>  | <b>428</b>                                  | <b>- 22</b>                               | <b>406</b>     | <b>4 212</b>                                | <b>57</b>                                 | <b>4 269</b>   | <b>7 094</b>                                | <b>437</b>                                | <b>7 531</b>   |
| Remeasurement pertaining to defined benefit obligations   | —   | —   | —              | —   | —   | —              | - 8 841                                     | - 289                                     | <b>- 9 130</b> |
| Tax attributable to remeasurement pertaining to defined benefit obligations                             | —   | —   | —              | —   | —   | —              | 2 513                                       | 74  | <b>2 587</b>   |
| <b>Total</b>  | <b>—</b>                                    | <b>—</b>                                  | <b>—</b>       | <b>—</b>                                    | <b>—</b>                                  | <b>—</b>       | <b>- 6 328</b>                              | <b>- 215</b>                              | <b>- 6 543</b> |
| <b>Total other comprehensive income for the period</b>  | <b>428</b>                                  | <b>- 22</b>                               | <b>406</b>     | <b>4 212</b>                                | <b>57</b>                                 | <b>4 269</b>   | <b>766</b>                                  | <b>222</b>                                | <b>988</b>     |
| Profit for the period   | 4 679                                       | 308                                       | <b>4 987</b>   | 8 111                                       | 94  | <b>8 205</b>   | - 8 178                                     | - 106                                     | <b>- 8 284</b> |
| <b>Total comprehensive income for the period</b>  | <b>5 107</b>                                | <b>286</b>                                | <b>5 393</b>   | <b>12 323</b>                               | <b>151</b>                                | <b>12 474</b>  | <b>- 7 412</b>                              | <b>116</b>                                | <b>- 7 296</b> |
| <b>Balance carried forward</b>  | <b>120 367</b>                              | <b>14 311</b>                             | <b>134 678</b> | <b>134 852</b>                              | <b>10 873</b>                             | <b>145 725</b> | <b>115 260</b>                              | <b>13 202</b>                             | <b>128 462</b> |
| - Of which, Reserve for cash flow hedges  | 5 144                                       | 65  | <b>5 209</b>   | 6 327                                       | - 38                                      | <b>6 289</b>   | 4 827                                       | 1   | <b>4 828</b>   |



# Key ratios, Vattenfall Group

| In % unless otherwise stated. (x) means times               | Q1 2015             | Q1 2014             | Full year 2014 | Last 12 months |
|---|---------------------|---------------------|----------------|----------------|
| Operating margin  | 18.5                | 25.8                | - 1.3          | - 3.4          |
| Operating margin <sup>1</sup>                               | 17.0                | 19.8                | 14.5           | 13.8           |
| Pre-tax profit margin                                       | 15.1                | 22.1                | - 5.0          | - 7.0          |
| Pre-tax profit margin <sup>1</sup>                          | 13.6                | 16.1                | 10.9           | 10.2           |
| Return on equity  | - 10.1 <sup>2</sup> | - 10.1 <sup>2</sup> | - 6.9          | - 10.1         |
| Return on capital employed                                  | - 1.9 <sup>2</sup>  | - 1.7 <sup>2</sup>  | - 0.7          | - 1.9          |
| Return on capital employed <sup>1</sup>                     | 7.6 <sup>2</sup>    | 8.4 <sup>2</sup>    | 8.2            | 7.6            |
| EBIT interest cover, (x)                                    | - 0.9 <sup>2</sup>  | - 0.6 <sup>2</sup>  | - 0.1          | - 0.9          |
| EBIT interest cover, (x) <sup>1</sup>                       | 5.1 <sup>2</sup>    | 3.9 <sup>2</sup>    | 5.0            | 5.1            |
| FFO interest cover, (x)                                     | 7.6 <sup>2</sup>    | 5.4 <sup>2</sup>    | 7.2            | 7.6            |
| FFO interest cover, net, (x)                                | 10.0 <sup>2</sup>   | 6.2 <sup>2</sup>    | 10.1           | 10.0           |
| Cash flow interest cover after maintenance investments, (x) | 7.4 <sup>2</sup>    | 5.5 <sup>2</sup>    | 7.0            | 7.4            |
| FFO/gross debt  | 22.7 <sup>2</sup>   | 24.7 <sup>2</sup>   | 25.5           | 22.7           |
| FFO/net debt  | 39.5 <sup>2</sup>   | 35.1 <sup>2</sup>   | 40.4           | 39.5           |
| FFO/adjusted net debt                                       | 20.7 <sup>2</sup>   | 20.4 <sup>2</sup>   | 20.3           | 20.7           |
| EBITDA/net financial items, (x)                             | 15.3                | 17.4                | 11.7           | 11.0           |
| EBITDA/net financial items, (x) <sup>1</sup>                | 14.6                | 14.5                | 19.2           | 19.3           |
| Equity/total assets   | 26.3                | 29.4                | 25.8           | 26.3           |
| Gross debt/equity   | 102.0               | 83.4                | 98.0           | 102.0          |
| Net debt/equity   | 58.5                | 58.8                | 61.9           | 58.5           |
| Gross debt/gross debt plus equity                           | 50.5                | 45.5                | 49.5           | 50.5           |
| Net debt/net debt plus equity                               | 36.9                | 37.0                | 38.2           | 36.9           |
| Net debt/EBITDA, (x)  | 2.1 <sup>2</sup>    | 1.9 <sup>2</sup>    | 1.9            | 2.1            |
| Adjusted net debt/EBITDA, (x)                               | 4.0 <sup>2</sup>    | 3.3 <sup>2</sup>    | 3.9            | 4.0            |

1) Based on Underlying operating profit.

2) Last 12-month values.

# Quarterly information, Vattenfall Group

| Amounts in SEK million  | Q1 2015        | Q4 2014        | Q3 2014         | Q2 2014        | Q1 2014        |
|---|----------------|----------------|-----------------|----------------|----------------|
| <b>Income statement</b>   |                |                |                 |                |                |
| Net sales   | 45 377         | 48 725         | 34 734          | 36 575         | 45 912         |
| Cost of products sold   | - 33 042       | - 35 284       | - 49 148        | - 32 059       | - 32 905       |
| Other operating income and expenses   | - 4 112        | - 6 532        | - 4 828         | - 5 642        | - 1 306        |
| Participations in the results of associated companies                             | 163            | 136            | - 194           | - 511          | 131            |
| Operating profit before depreciation, amortisation and impairment losses (EBITDA) | 13 518         | 12 120         | 8 438           | 3 890          | 16 588         |
| Operating profit (EBIT)   | 8 386          | 7 045          | - 19 436        | - 1 637        | 11 832         |
| Underlying operating profit   | 7 736          | 8 223          | 2 750           | 4 086          | 9 075          |
| Financial items, net  | - 1 543        | - 1 560        | - 1 362         | - 1 421        | - 1 701        |
| Profit before tax   | 6 843          | 5 485          | - 20 798        | - 3 058        | 10 131         |
| <b>Profit for the period</b>  | <b>4 987</b>   | <b>3 900</b>   | <b>- 18 065</b> | <b>- 2 323</b> | <b>8 205</b>   |
| - of which, attributable to owner of the Parent Company                           | 4 679          | 3 663          | - 18 122        | - 1 830        | 8 111          |
| - of which, attributable to non-controlling interests                             | 308            | 237            | 57              | - 493          | 94             |
| <b>Balance sheet</b>  |                |                |                 |                |                |
| Non-current assets  | 370 318        | 368 062        | 353 346         | 375 661        | 368 782        |
| Short-term investments  | 45 634         | 32 785         | 24 810          | 19 884         | 22 142         |
| Cash and cash equivalents   | 11 606         | 12 283         | 10 984          | 10 263         | 13 159         |
| Other current assets  | 84 827         | 84 079         | 74 089          | 79 941         | 90 902         |
| <b>Total assets</b>   | <b>512 385</b> | <b>497 209</b> | <b>463 229</b>  | <b>485 749</b> | <b>494 985</b> |
| Equity  | 134 678        | 128 462        | 123 864         | 142 387        | 145 725        |
| - of which, attributable to owner of the Parent Company                           | 120 367        | 115 260        | 111 603         | 131 567        | 134 852        |
| - of which, attributable to non-controlling interests                             | 14 311         | 13 202         | 12 261          | 10 820         | 10 873         |
| Hybrid Capital  | 19 979         | 9 385          | 9 134           | 9 160          | 8 928          |
| Other interest-bearing liabilities  | 117 400        | 116 543        | 111 546         | 107 458        | 112 660        |
| Pension provisions  | 44 793         | 45 298         | 38 827          | 38 842         | 34 650         |
| Other interest-bearing provisions   | 92 761         | 93 269         | 89 651          | 89 718         | 82 990         |
| Deferred tax liabilities  | 27 454         | 27 595         | 28 454          | 30 952         | 31 618         |
| Other noninterest-bearing liabilities   | 75 320         | 76 657         | 61 753          | 67 232         | 78 414         |
| <b>Total equity and liabilities</b>   | <b>512 385</b> | <b>497 209</b> | <b>463 229</b>  | <b>485 749</b> | <b>494 985</b> |
| Capital employed  | 298 629        | 294 278        | 281 801         | 305 096        | 298 977        |
| Net debt  | - 78 825       | - 79 473       | - 83 403        | - 85 872       | - 85 694       |
| <b>Cash flow</b>  |                |                |                 |                |                |
| Funds from operations (FFO)   | 9 795          | 12 476         | 5 008           | 3 854          | 10 792         |
| Cash flow from changes in operating assets and operating liabilities              | - 3 042        | 1 857          | 4 984           | 4 479          | - 3 305        |
| Cash flow from operating activities   | 6 753          | 14 333         | 9 992           | 8 333          | 7 487          |
| Cash flow from investing activities   | - 5 187        | - 7 441        | - 7 805         | - 5 785        | 3 574          |
| Cash flow before financing activities   | 1 566          | 6 892          | 2 187           | 2 548          | 11 061         |
| Changes in short-term investments   | - 13 022       | - 7 179        | - 4 828         | 2 563          | - 10 477       |
| Loans raised/Amortisation of debt, net, etc.                                      | 10 816         | 1 497          | 3 415           | - 8 104        | - 3 277        |
| Dividends paid to owners  | —              | - 28           | - 29            | - 47           | —              |
| Cash flow from financing activities   | - 2 206        | - 5 710        | - 1 442         | - 5 588        | - 13 754       |
| <b>Cash flow for the period</b>   | <b>- 640</b>   | <b>1 182</b>   | <b>745</b>      | <b>- 3 040</b> | <b>- 2 693</b> |
| <b>Free cash flow</b>   | <b>4 003</b>   | <b>8 136</b>   | <b>6 083</b>    | <b>4 330</b>   | <b>4 685</b>   |

## Quarterly information, Vattenfall Group, cont.

| In % unless otherwise stated. (x) means times | Q1 2015 | Q4 2014 | Q3 2014 | Q2 2014 | Q1 2014 |
|---|---------|---------|---------|---------|---------|
| <b>Key ratios</b>                             |         |         |         |         |         |
| Return on equity <sup>2</sup>                 | - 10.1  | - 6.9   | - 8.0   | 8.4     | - 10.1  |
| Return on capital employed <sup>2</sup>       | - 1.9   | - 0.7   | - 1.9   | 6.4     | - 1.7   |
| Return on capital employed <sup>1,2</sup>     | 7.6     | 8.2     | 8.1     | 8.2     | 8.4     |
| EBIT interest cover, (x) <sup>2</sup>         | - 0.9   | - 0.1   | - 0.6   | 3.3     | - 0.6   |
| EBIT interest cover, (x) <sup>1,2</sup>       | 5.1     | 5.0     | 4.2     | 4.2     | 3.9     |
| FFO/gross debt <sup>2</sup>                   | 22.7    | 25.5    | 21.7    | 24.0    | 24.7    |
| FFO/net debt <sup>2</sup>                     | 39.5    | 40.4    | 31.4    | 32.5    | 35.1    |
| FFO/adjusted net debt <sup>2</sup>            | 20.7    | 20.3    | 17.3    | 17.9    | 20.4    |
| Equity/assets ratio                           | 26.3    | 25.9    | 26.7    | 29.3    | 29.4    |
| Gross debt/equity                             | 102.0   | 98.0    | 97.4    | 81.9    | 83.4    |
| Net debt/equity                               | 58.5    | 61.9    | 67.3    | 60.3    | 58.8    |
| Net debt/net debt plus equity                 | 36.9    | 38.2    | 40.2    | 37.6    | 37.0    |
| Net debt/EBITDA, (x) <sup>2</sup>             | 2.1     | 1.9     | 2.2     | 2.2     | 1.9     |
| Adjusted net debt/EBITDA, (x) <sup>2</sup>    | 4.0     | 3.9     | 4.0     | 4.0     | 3.3     |

1) Based on Underlying operating profit.

2) Last 12-month values.

## Note 1 Accounting policies, risks and uncertainties

### Accounting policies

The consolidated accounts for 2015 have been prepared, as for the 2014 year-end accounts, in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Commission for application within the EU, and the Swedish Annual Accounts Act. This interim report for the Group has been prepared in accordance with IAS 34 – *Interim Financial Reporting*, and the Swedish Annual Accounts Act. The accounting policies and calculation methods applied in this interim report are the same as those described in Vattenfall's 2014 Annual and sustainability report (Note 3 to the consolidated accounts), except for the amended IFRSs endorsed by the EU and described below, which are effective as of the 2015 financial year.

IFRIC 21 – *Levies*. The interpretation clarifies when a liability for levies should be recognised. Levies are fees and taxes charged to companies by government authorities in accordance with laws and regulations, except income taxes, penalties and fines. The interpretation clarifies that a liability should be recognised when a company has an obligation to pay due to a past event. A liability is recognised progressively if the obligating event occurs over a period of time. If an obligation to pay a levy is triggered when a minimum threshold is reached, the liability is not recognised until the minimum threshold is reached. The interpretation has had only a marginal effect on Vattenfall's financial statements. For Vattenfall, application of IFRIC 21 has entailed that property tax in Sweden is expensed in its entirety as per 1 January 2015 by just under SEK 3 billion, and that tax on the thermal effect in Sweden has been expensed in an amount just under SEK 0.8 billion, resulting in an increase in the balance sheet total as per this date by SEK 3.7 billion. Previously, the liability for Swedish property tax was recognised gradually during the year. The balance sheets for 2014 have been recalculated as a result of application of IFRIC 21. The balance sheet has been adjusted by SEK 2.8 billion as per 31 March 2014 and by SEK 0.8 billion as per 31 December 2014.

Amendments to IAS 19 – *Defined Benefit Plans: Employee Contributions*, include clarifications on how contributions to a pension plan from employees or third parties should be recognised. The clarifications have not changed the way Vattenfall recognises these fees.

*Annual improvements to IFRSs 2010–2012 Cycle* and *Annual improvements to IFRSs 2011–2013 Cycle* aim to streamline and clarify the accounting standards concerning presentation, recognition and measurement, including changes in terminology and amendments of an editorial nature. The amendments have not had any significant effect on Vattenfall's financial statements.

### Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2014 Annual and sustainability report, pages 66-72. No other material changes have taken place since publication of the 2014 Annual and sustainability report.

### Other

Significant related-party transactions are described in Note 55 to the consolidated accounts in Vattenfall's 2014 Annual and sustainability report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2014 Annual and sustainability report.

## Note 2 Exchange rates

### Key exchange rates applied in the accounts of the Vattenfall Group:

|                                | Q1 2015          | Q1 2014          | Full year<br>2014 |
|--------------------------------|------------------|------------------|-------------------|
| <b>Average rate</b>            |                  |                  |                   |
| EUR                            | 9.3534           | 8.8777           | 9.1004            |
| DKK                            | 1.2545           | 1.1897           | 1.2207            |
| NOK                            | 1.0647           | 1.0633           | 1.0848            |
| PLN                            | 2.2383           | 2.1212           | 2.1715            |
| GBP                            | 12.5424          | 10.7302          | 11.3091           |
| USD                            | 8.2469           | 6.4678           | 6.8837            |
| <b>Balance sheet date rate</b> |                  |                  |                   |
|                                | 31 March<br>2015 | 31 March<br>2014 | 31 Dec.<br>2014   |
| EUR                            | 9.2901           | 8.9483           | 9.3930            |
| DKK                            | 1.2437           | 1.1986           | 1.2616            |
| NOK                            | 1.0674           | 1.0840           | 1.0388            |
| PLN                            | 2.2740           | 2.1449           | 2.1981            |
| GBP                            | 12.7734          | 10.8045          | 12.0593           |
| USD                            | 8.6347           | 6.4899           | 7.7366            |

## Note 3 Financial instruments by category and related effects on income

### Financial instruments by category: Carrying amount and fair value

|   | 31 March 2015   |                | 31 Dec. 2014    |                |
|---|-----------------|----------------|-----------------|----------------|
| Amounts in SEK million  | Carrying amount | Fair value     | Carrying amount | Fair value     |
| <b>Financial assets at fair value through profit or loss</b>      |                 |                |                 |                |
| Derivative assets   | 17 522          | 17 522         | 17 126          | 17 126         |
| Short-term investments  | 42 344          | 42 344         | 29 735          | 29 735         |
| Cash equivalents  | 121             | 121            | 444             | 444            |
| <b>Total</b>  | <b>59 987</b>   | <b>59 987</b>  | <b>47 305</b>   | <b>47 305</b>  |
| <b>Derivative assets for hedging purposes for</b>                 |                 |                |                 |                |
| Fair value hedges   | 5 533           | 5 533          | 4 850           | 4 850          |
| Cash flow hedges  | 9 449           | 9 449          | 9 732           | 9 732          |
| <b>Total</b>  | <b>14 982</b>   | <b>14 982</b>  | <b>14 582</b>   | <b>14 582</b>  |
| <b>Loans and receivables</b>                                      |                 |                |                 |                |
| Share in the Swedish Nuclear Waste Fund                           | 32 499          | 32 700         | 31 984          | 34 569         |
| Other non-current receivables                                     | 8 304           | 8 318          | 8 407           | 8 429          |
| Trade receivables and other receivables                           | 33 658          | 33 649         | 31 217          | 31 282         |
| Advance payments paid   | 1 721           | 1 721          | 2 150           | 2 150          |
| Short-term investments  | 3 290           | 3 290          | 3 050           | 3 049          |
| Cash and bank balances  | 11 485          | 11 485         | 11 839          | 11 839         |
| <b>Total</b>  | <b>90 957</b>   | <b>91 163</b>  | <b>88 647</b>   | <b>91 318</b>  |
| <b>Available-for-sale financial assets</b>                        |                 |                |                 |                |
| Other shares and participations carried at cost                   | 300             | 300            | 284             | 284            |
| <b>Total</b>  | <b>300</b>      | <b>300</b>     | <b>284</b>      | <b>284</b>     |
| <b>Financial liabilities at fair value through profit or loss</b> |                 |                |                 |                |
| Derivative liabilities  | 14 728          | 14 728         | 13 837          | 13 837         |
| <b>Total</b>  | <b>14 728</b>   | <b>14 728</b>  | <b>13 837</b>   | <b>13 837</b>  |
| <b>Derivative liabilities for hedging purposes for</b>            |                 |                |                 |                |
| Fair value hedges   | 1               | 1              | 2               | 2              |
| Cash flow hedges  | 2 522           | 2 522          | 2 986           | 2 986          |
| <b>Total</b>  | <b>2 523</b>    | <b>2 523</b>   | <b>2 988</b>    | <b>2 988</b>   |
| <b>Other financial liabilities</b>                                |                 |                |                 |                |
| Hybrid Capital, non-current interest-bearing liability            | 15 295          | 15 323         | —               | —              |
| Other non-current interest-bearing liabilities                    | 70 463          | 75 898         | 78 807          | 89 800         |
| Other non-current noninterest-bearing liabilities                 | 5 733           | 5 733          | 5 756           | 5 756          |
| Hybrid Capital, current interest-bearing liability                | 4 684           | 4 745          | 9 385           | 9 551          |
| Current interest-bearing liabilities                              | 46 937          | 47 706         | 37 736          | 38 420         |
| Trade payables and other liabilities                              | 24 425          | 24 425         | 28 094          | 28 094         |
| Advance payments received   | 1 687           | 1 687          | 2 371           | 2 371          |
| <b>Total</b>  | <b>169 224</b>  | <b>175 517</b> | <b>162 149</b>  | <b>173 992</b> |

For assets and liabilities with a remaining maturity less than three months (e.g., cash and bank balances, trade receivables and other receivables and trade payables and other payables), fair value is considered to be equal to the carrying amount. For other shares and participations carried at cost, in the absence of fair value, cost is considered to be equal to the carrying amount.

Financial instruments that are measured at fair value on the balance sheet are described below according to the fair value hierarchy (levels), which in IFRS 13 is defined as:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). In Level 2 Vattenfall reports mainly commodity derivatives, currency-forward contracts and interest rate swaps

**Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

#### Financial assets and liabilities that are measured at fair value on the balance sheet at 31 March 2015

| Amounts in SEK million                      | Level 1       | Level 2       | Level 3    | Total         |
|---|---------------|---------------|------------|---------------|
| <b>Assets</b>                               |               |               |            |               |
| Derivative assets                           | —             | 31 835        | 669        | <b>32 504</b> |
| Short-term investments and cash equivalents | 24 242        | 18 223        | —          | <b>42 465</b> |
| <b>Total assets</b>                         | <b>24 242</b> | <b>50 058</b> | <b>669</b> | <b>74 969</b> |
| <b>Liabilities</b>                          |               |               |            |               |
| Derivative liabilities                      | —             | 16 737        | 514        | <b>17 251</b> |
| <b>Total liabilities</b>                    | <b>—</b>      | <b>16 737</b> | <b>514</b> | <b>17 251</b> |

#### Financial assets and liabilities that are measured at fair value on the balance sheet at 31 December 2014

| Amounts in SEK million                      | Level 1       | Level 2       | Level 3    | Total         |
|---|---------------|---------------|------------|---------------|
| <b>Assets</b>                               |               |               |            |               |
| Derivative assets                           | —             | 31 058        | 650        | <b>31 708</b> |
| Short-term investments and cash equivalents | 25 071        | 5 108         | —          | <b>30 179</b> |
| <b>Total assets</b>                         | <b>25 071</b> | <b>36 166</b> | <b>650</b> | <b>61 887</b> |
| <b>Liabilities</b>                          |               |               |            |               |
| Derivative liabilities                      | —             | 16 155        | 670        | <b>16 825</b> |
| <b>Total liabilities</b>                    | <b>—</b>      | <b>16 155</b> | <b>670</b> | <b>16 825</b> |

## Changes in level 3 financial instruments

Financial instruments at fair value through profit or loss

| Amounts in SEK million  | Derivative assets |              | Derivative liabilities |              |
|---|-------------------|--------------|------------------------|--------------|
|   | 31 March 2015     | 31 Dec. 2014 | 31 March 2015          | 31 Dec. 2014 |
| Balance brought forward   | 650               | 1 377        | 670                    | 385          |
| Transfers from another level  | —                 | 4            | —                      | —            |
| Revaluations recognised in operating profit (EBIT)  | 25                | - 776        | - 150                  | 254          |
| Translation differences   | - 6               | 45           | - 6                    | 31           |
| <b>Balance carried forward</b>  | <b>669</b>        | <b>650</b>   | <b>514</b>             | <b>670</b>   |
| Total revaluations for the period included in operating profit (EBIT) for assets and liabilities held on the balance sheet date | 532               | 389          | 273                    | 117          |

### Sensitivity analysis for Level 3 contracts

For the determination of fair value of financial instruments, Vattenfall strives to use valuation techniques that maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates.

Entity-specific estimates are based on internal valuation models that are subject to a defined process of validation, approval and monitoring. In the first step the model is designed by the business. The valuation model is then independently reviewed and approved by Vattenfall's risk organisation. If deemed necessary, adjustments are required and implemented. Afterwards, Vattenfall's risk organisation continuously monitors whether the application of the method is still appropriate. This is made by usage of several back-testing tools. In order to reduce valuation risks, the application of the model can be restricted to a limited scope.

**TGSA:** TGSA (Troll<sup>1</sup> Gas Sales Agreement) is a large gas supply agreement (coal price-indexed) that extends further ahead in time than liquid trading in the gas market. Valuation of the agreement is against the market price, as long as a market price can be observed. Modelled prices are used for commodity deliveries beyond the market horizon or deliveries with uncommon terms and options. TGSA is hedged with OTC forward trades of underlying products. These trades are also marked against the same market and modelled prices. The modelled prices are benchmarked against reliable financial information obtained from the company Markit; this information is well-known and is used by many energy companies, offering a fair valuation of the portion of the large gas supply contract that cannot be valued against market prices (Level 3).

TGSA is also hedged with OTC forward trades of underlying products, which were also marked against modelled prices until 2012. In 2013, all OTC forward contracts have been transferred from Level 3 to Level 2 since, starting in 2013, the market price input can be observed and derived from the market.

The net value as per 31 March 2015 has been calculated at SEK +111 million (+111). The price of the coal price index used in the model (API#2) has a large impact on the modelled price. A change in this index of +/-5% would affect the total value by approximately SEK +/-7 million (+/-6).

1) Troll is a gas field in the North Sea west of Norway.

**CDM:** Clean Development Mechanism (CDM) is a flexible mechanism under the Kyoto Protocol and overseen by the UNFCCC under which projects set up in developing countries to reduce CO<sub>2</sub> emissions can generate tradable carbon credits called CERs (Certified Emission Reductions). Once CERs are issued by the UNFCCC they can be used by companies and governments in industrialised nations as carbon offsets at home to meet their reduction targets, either under the EU ETS in the case of a company or under the Kyoto Protocol in case of countries. In terms of valuation of the CDM projects in Vattenfall's CDM portfolio, the non-observable input factor is an estimation of the volume of CERs that is expected to be delivered from each project annually. This estimation is derived from six defined Risk Adjustment Factors (RAFs) that have the same weighting. These project specific factors are calculated using the Carbon Valuation Tool developed by Point Carbon to quantify the risk by adjusting the volume based on these six risks and calculating the fair value based on these six risks adjusted volumes against the CER forward curve on the exchange (Inter Continental Exchange – ICE). The tool is based on Point Carbon's valuation methodology, which was developed in cooperation with several experienced market players. The valuation methodology is strictly empirical, and all risk parameters are extracted from Point Carbon's proprietary databases of CDM project data, which entails a correct valuation of the contracts. The results are validated based on monitoring reports for the respective CDM projects, which are publicly available on the website of the UNFCCC.

The net value as per 31 March 2015 has been calculated at SEK -5 million (-3). The fair value is mainly determined and correlated with the observable price of CER, meaning a higher price of CER leads to a higher value of the CDM contract and vice versa. A change in the modelled price of CERs of +/-5% would affect the total value by approximately SEK +/-2 million (+/-3).



**Long-term electricity contracts:** Vattenfall has long-term electricity contracts with a customer extending until 2019 that include embedded derivatives in which the electricity price for the customer is coupled to the price development of aluminium and exchange rate movements of the Norwegian krone (NOK) in relation to the US dollar (USD). Reliable market quotations for aluminium are available for a period of 27 months forward in time. Vattenfall has estimated that the use of modelled prices provides reliable values for valuation of the period beyond 27 months, that is, the time horizon during which market quotations are not available until the contracts' expiration date. For modelling the prices, a Monte-Carlo simulation is used. Valuation is done on a monthly basis. The value of the embedded derivative is defined as the difference between the total contract value and the fair value of a fixed price agreement concluded at the same time and for same time horizon as the actual contract was concluded. Furthermore, changes in fair value are analysed every month by comparing changes in market price for aluminium and the USD/NOK exchange rate.

The value as per 31 March 2015 has been calculated at SEK +78 million (+99). The price of aluminium is the factor that has the greatest bearing on the modelled price. An increase of the price for aluminium leads to a higher fair value and vice versa. A change in the price of aluminium of +/-5% would affect the total value by approximately SEK +/-45 million (+/-48).

**Virtual Gas Storage contracts:** A virtual gas storage contract is a contract, that allows Vattenfall to store gas without owning a gas storage facility. The virtual gas storage contracts include constraints to the maximum storage capacity and the maximum injection and withdrawal per day. The valuation of the contract is based on the storage, injections and withdrawal fees included in the contract, the expected spread between gas prices in the summer and winter which is observable and the optionality value, which is marked to model (Level 3). The valuation methodology is based on a backward estimation of the value of the contracts under different price and operational scenarios and a forward step that selects the optimal exercise. The price scenarios are based on simulating the forward prices until the beginning of their respective delivery periods and the simulation of the daily spot prices during the delivery period. The spot prices are simulated using the forward prices as a starting point. Finally, the spot volatility is calibrated using three years of historical data. The valuation models and calibration of the valuation models are approved and validated by Vattenfall's risk organisation.

The net value as per 31 March 2015 has been calculated at SEK 105 million (+97) and is most sensitive to the optionality volatility. A change in the value of the daily volatility of +/-5% would affect the total value by approximately +/- SEK 10 million (+/-69).

**Gas swing contracts:** A gas swing contract is a contract that provides flexibility on the timing and amount of gas purchases. The contract is based on a price formula with a maximum and minimum annual and daily gas quantity. The valuation of the contract is based on observable price difference between the contract prices and indexes and the optional value, which is marked to model (Level 3). The valuation methodology is based on a backward estimation of the value of the contracts under different price and operational scenarios and a forward step that selects the optimal exercise. The price scenarios are based on simulating the forward prices until the beginning of their respective delivery periods and the simulation of the daily spot prices during the delivery period. The spot prices are simulated using the forward prices as a starting point. Finally, the spot volatility is calibrated using three years of historical data. The valuation models and calibration of the valuation models are approved and validated by Vattenfall's risk organisation.

The net value as per 31 March 2015 has been calculated at SEK -133 million (-328) and is most sensitive to the optionality volatility. A change in the value of the daily volatility of +/-5% would affect the total value by approximately +/- SEK 5 million (-/+8).

#### Financial instruments: Effects on income by category

Net gains (+)/losses (-) and interest income and expenses for financial instruments recognised in the income statement:

| Amounts in SEK million                           | 31 March 2015                     |                    |                      | 31 Dec. 2014                      |                    |                      |
|--|-----------------------------------|--------------------|----------------------|-----------------------------------|--------------------|----------------------|
|  | Net gains/<br>losses <sup>1</sup> | Interest<br>income | Interest<br>expenses | Net gains/<br>losses <sup>1</sup> | Interest<br>income | Interest<br>expenses |
| Derivative assets and derivative liabilities     | 1 487                             | 34                 | - 143                | 5 024                             | 186                | - 122                |
| Available-for-sale financial assets              | —                                 | —                  | —                    | - 25                              | —                  | —                    |
| Loans and receivables                            | - 228                             | 226                | —                    | - 184                             | 1 116              | —                    |
| Financial liabilities measured at amortised cost | - 432                             | —                  | - 533                | - 2 675                           | —                  | - 3 624              |
| <b>Total</b>                                     | <b>827</b>                        | <b>260</b>         | <b>- 676</b>         | <b>2 140</b>                      | <b>1 302</b>       | <b>- 3 746</b>       |

1) Exchange rate gains and losses are included in net gains/losses.

# The Parent Company Vattenfall AB

## Accounting policies

The Parent Company Vattenfall AB's accounts are prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 – Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. The accounting policies used in this report are the same as those described in Vattenfall's 2014 Annual and sustainability report (Note 2 to the Parent Company accounts).

## Q1 2015

A condensed income statement and balance sheet for the Parent Company are presented below.

- Net sales amounted to SEK 8,677 million (8,888)
- Profit before appropriations and tax was SEK 3,537 million (1,337)
- Earnings were affected by the following:
  - Dividends of SEK 2,363 million.
  - A small capital gain from the sale of entire shareholding in Övertorneå Värmeverk AB
  - A capital gain of SEK 59 million from the liquidation of Vattenfall VätterEI AB
- The balance sheet total was SEK 273,927 million (31 December: 267,526)
- During the period, Vattenfall issued hybrid bonds of SEK 6 billion and EUR 1 billion, respectively (slightly more than SEK 15 billion combined). The aim was to refinance Vattenfall's existing hybrid bond and to use the remaining for general corporate purposes. For more information see page 4, Important events Q1 2015
- Investments during the period amounted to SEK 40 million (32)
- Cash and cash equivalents, and short-term investments amounted to SEK 49,550 million (31 December: 35,059)

## Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2014 Annual and sustainability report, pages 66-72. No material changes have taken place since publication of the 2014 Annual and sustainability report.

## Other

Significant related-party transactions are described in Note 39 to the Parent Company accounts in Vattenfall's 2014 Annual and sustainability report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2014 Annual and sustainability report.

## Parent Company income statement

| Amounts in SEK million   | Q1 2015      | Q1 2014      | Full year<br>2014 | Last<br>12 months |
|--|--------------|--------------|-------------------|-------------------|
| Net sales  | 8 677        | 8 888        | 31 676            | 31 465            |
| Cost of products sold  | - 6 095      | - 5 694      | - 22 470          | - 22 871          |
| <b>Gross profit</b>  | <b>2 582</b> | <b>3 194</b> | <b>9 206</b>      | <b>8 594</b>      |
| Selling expenses, administrative expenses and research and development costs | - 577        | - 636        | - 2 626           | - 2 567           |
| Other operating income and expenses, net                                     | 78           | - 388        | - 1 610           | - 1 144           |
| <b>Operating profit (EBIT)</b>   | <b>2 083</b> | <b>2 170</b> | <b>4 970</b>      | <b>4 883</b>      |
| Result from participations in subsidiaries                                   | 2 423        | —            | - 13 830          | - 11 407          |
| Result from participations in associated companies                           | —            | —            | —                 | —                 |
| Result from other shares and participations                                  | —            | - 216        | - 213             | 3                 |
| Other financial income   | 317          | 167          | 1 075             | 1 225             |
| Other financial expenses   | - 1 286      | - 784        | - 4 886           | - 5 388           |
| <b>Profit before appropriations and tax</b>                                  | <b>3 537</b> | <b>1 337</b> | <b>- 12 884</b>   | <b>- 10 684</b>   |
| Appropriations   | 735          | 1 401        | 418               | - 248             |
| <b>Profit before tax</b>   | <b>4 272</b> | <b>2 738</b> | <b>- 12 466</b>   | <b>- 10 932</b>   |
| Income tax expense   | - 453        | 582          | 748               | - 287             |
| <b>Profit for the period</b>   | <b>3 819</b> | <b>3 320</b> | <b>- 11 718</b>   | <b>- 11 219</b>   |

## Parent Company statement of comprehensive income

| Amounts in SEK million                           | Q1 2015      | Q1 2014      | Full year<br>2014 | Last<br>12 months |
|--|--------------|--------------|-------------------|-------------------|
| Profit for the period                            | 3 819        | 3 320        | - 11 718          | - 11 219          |
| Total other comprehensive income                 | —            | —            | —                 | —                 |
| <b>Total comprehensive income for the period</b> | <b>3 819</b> | <b>3 320</b> | <b>- 11 718</b>   | <b>- 11 219</b>   |

# Parent Company balance sheet

| Amounts in SEK million  | 31 March<br>2015 | 31 March<br>2014 | 31 Dec.<br>2014 |
|---|------------------|------------------|-----------------|
| <b>Assets</b>   |                  |                  |                 |
| <b>Non-current assets</b>   |                  |                  |                 |
| Intangible assets: non-current  | 109              | 120              | 118             |
| Property, plant and equipment   | 4 044            | 4 112            | 4 128           |
| Shares and participations   | 118 182          | 133 090          | 118 473         |
| Other non-current assets  | 85 654           | 86 003           | 90 478          |
| <b>Total non-current assets</b>                                       | <b>207 989</b>   | <b>223 325</b>   | <b>213 197</b>  |
| <b>Current assets</b>   |                  |                  |                 |
| Inventories   | 337              | 344              | 385             |
| Intangible assets: current  | 420              | 371              | 68              |
| Current receivables   | 15 631           | 20 294           | 18 055          |
| Current tax assets  | —                | 158              | 762             |
| Short-term investments  | 41 549           | 18 211           | 26 724          |
| Cash and cash equivalents   | 8 001            | 7 673            | 8 335           |
| <b>Total current assets</b>   | <b>65 938</b>    | <b>47 051</b>    | <b>54 329</b>   |
| <b>Total assets</b>   | <b>273 927</b>   | <b>270 376</b>   | <b>267 526</b>  |
| <b>Equity and liabilities</b>   |                  |                  |                 |
| <b>Equity</b>   |                  |                  |                 |
| Restricted equity   |                  |                  |                 |
| Share capital (131,700,000 shares with a share quota value of SEK 50) | 6 585            | 6 585            | 6 585           |
| Statutory reserve   | 1 286            | 1 286            | 1 286           |
| Non-restricted equity   |                  |                  |                 |
| Retained earnings   | 43 737           | 55 454           | 55 454          |
| Profit for the period   | 3 819            | 3 320            | - 11 718        |
| <b>Total equity</b>   | <b>55 427</b>    | <b>66 645</b>    | <b>51 607</b>   |
| <b>Untaxed reserves</b>   | <b>15 493</b>    | <b>15 723</b>    | <b>16 227</b>   |
| <b>Provisions</b>   | <b>4 792</b>     | <b>4 336</b>     | <b>4 278</b>    |
| <b>Non-current liabilities</b>  |                  |                  |                 |
| Hybrid Capital  | 15 290           | 8 928            | —               |
| Other interest-bearing liabilities                                    | 53 347           | 83 163           | 63 962          |
| Deferred tax liabilities  | 185              | 73               | 165             |
| Other noninterest-bearing liabilities                                 | 36 344           | 33 126           | 36 421          |
| <b>Total non-current liabilities</b>                                  | <b>105 166</b>   | <b>125 290</b>   | <b>100 548</b>  |
| <b>Current liabilities</b>  |                  |                  |                 |
| Hybrid Capital  | 4 684            | 51 823           | 9 385           |
| Other interest-bearing liabilities                                    | 82 685           | —                | 78 379          |
| Current tax liabilities   | 75               | —                | —               |
| Other noninterest-bearing liabilities                                 | 5 605            | 6 559            | 7 102           |
| <b>Total current liabilities</b>                                      | <b>93 049</b>    | <b>58 382</b>    | <b>94 866</b>   |
| <b>Total equity and liabilities</b>                                   | <b>273 927</b>   | <b>270 376</b>   | <b>267 526</b>  |

## Definitions and calculations of key ratios

Figures for the Group in 2015. Amounts in SEK million unless indicated otherwise.

|                                       |  |
|---------------------------------------|--|
| <b>EBIT:</b>                          | Earnings Before Interest and Tax (Operating profit)  |
| <b>EBITDA:</b>                        | Earnings Before Interest, Tax, Depreciation and Amortisation. (Operating profit before depreciation, amortisation and impairment losses)   |
| <b>Items affecting comparability:</b> | Capital gains and capital losses from shares and other non-current assets, impairment losses and reversed impairment losses pertaining to non-current assets, and other non-recurring items. Also included here are, for trading activities, unrealised changes in the fair value of energy derivatives, which according to IAS 39 cannot be recognised using hedge accounting and unrealised changes in the fair value of inventories |
| <b>Underlying operating profit:</b>   | Operating profit (EBIT) excluding items affecting comparability  |
| <b>FFO:</b>                           | Funds From Operations  |
| <b>Free cash flow:</b>                | Cash flow from operating activities less maintenance investments   |
| <b>Hybrid Capital:</b>                | Perpetual subordinated securities, junior to all Vattenfall's unsubordinated debt instruments.   |
| <b>Capital employed:</b>              | Balance sheet total less financial assets, noninterest-bearing liabilities and certain other interest-bearing provisions not included in adjusted net debt   |
| <b>Net debt:</b>                      | Interest-bearing liabilities less loans to owners of non-controlling interests in Group companies, cash and cash equivalents and short-term investments  |
| <b>Adjusted net debt:</b>             | For calculation, see Consolidated balance sheet - Supplementary Information  |

The key ratios are presented as percentages (%) or times (x).

Key ratios based on last 12-month values April 2014 – March 2015:

|  |         |  |   |       |
|--|---------|--|---|-------|
| <b>Operating margin, %</b>   | = 100 x | $\frac{\text{EBIT}}{\text{Net sales}} = \frac{-5\,641}{165\,410}$  | = | -3.4  |
| <b>Operating margin excl. items affecting comparability, %</b>           | = 100 x | $\frac{\text{Underlying EBIT}}{\text{Net sales}} = \frac{22\,794}{165\,410}$   | = | 13.8  |
| <b>Pre-tax profit margin, %</b>  | = 100 x | $\frac{\text{Profit before tax}}{\text{Net sales}} = \frac{-11\,528}{165\,410}$  | = | -7.0  |
| <b>Pre-tax profit margin excl. items affecting comparability, %</b>      | = 100 x | $\frac{\text{Profit before tax excl. items affecting comparability}}{\text{Net sales}} = \frac{16\,945}{165\,410}$   | = | 10.2  |
| <b>Return on equity, %</b>   | = 100 x | $\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl. the Reserve for cash flow hedges}} = \frac{-11\,610}{115\,293}$   | = | -10.1 |
| <b>Return on capital employed, %</b>                                     | = 100 x | $\frac{\text{EBIT}}{\text{Capital employed, average}} = \frac{-5\,641}{298\,803}$  | = | -1.9  |
| <b>Return on capital employed excl. items affecting comparability, %</b> | = 100 x | $\frac{\text{Underlying EBIT}}{\text{Capital employed, average}} = \frac{22\,794}{298\,803}$   | = | 7.6   |
| <b>EBIT interest cover, (x)</b>  | =       | $\frac{\text{EBIT + financial income excl. return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}} = \frac{-4\,381}{4\,704}$  | = | -0.9  |
| <b>EBIT interest cover excl. Items affecting comparability, (x)</b>      | =       | $\frac{\text{Underlying EBIT + financial income excl. Return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}} = \frac{24\,054}{4\,704}$   | = | 5.1   |
| <b>FFO interest cover, (x)</b>   | =       | $\frac{\text{FFO + financial expenses excl. discounting effects attributable to provisions}}{\text{Financial expenses excl. discounting effects attributable to provisions}} = \frac{35\,838}{4\,704}$   | = | 7.6   |
| <b>FFO interest cover, net, (x)</b>                                      | =       | $\frac{\text{FFO + financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}} = \frac{34\,578}{3\,444}$ | = | 10.0  |

|  |         |  |                              |      |
|--|---------|--|------------------------------|------|
| <b>Cash flow interest cover after maintenance investments, (x)</b>         | =       | $\frac{\text{Cash flow from operating activities less maintenance investments + financial expenses excl. Discounting effects attributable to provisions and interest components related to pension costs}}{\text{Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs}}$ | $\frac{26\,086}{3\,534} =$   | 7.4  |
| <b>FFO/gross debt, %</b>   | = 100 x | $\frac{\text{FFO}}{\text{Interest-bearing liabilities}}$   | $\frac{31\,134}{137\,379} =$ | 22.7 |
| <b>FFO/net debt, %</b>   | = 100 x | $\frac{\text{FFO}}{\text{Net debt}}$   | $\frac{31\,134}{78\,825} =$  | 39.5 |
| <b>FFO/adjusted net debt, %</b>  | = 100 x | $\frac{\text{FFO}}{\text{Adjusted net debt}}$  | $\frac{31\,134}{150\,737} =$ | 20.7 |
| <b>EBITDA/net financial items, (x)</b>                                     | =       | $\frac{\text{EBITDA}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$   | $\frac{37\,968}{3\,444} =$   | 11.0 |
| <b>EBITDA excl. items affecting comparability/net financial items, (x)</b> | =       | $\frac{\text{EBITDA excl. items affecting comparability}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$   | $\frac{66\,403}{3\,444} =$   | 19.3 |

Key ratios based on the balance sheet per 31 March 2015:

|   |         |  |                               |       |
|---|---------|--|-------------------------------|-------|
| <b>Equity/total assets, %</b>           | = 100 x | $\frac{\text{Equity}}{\text{Balance sheet total}}$   | $\frac{134\,678}{512\,385} =$ | 26.3  |
| <b>Gross debt/equity, %</b>             | = 100 x | $\frac{\text{Interest-bearing liabilities}}{\text{Equity}}$                                | $\frac{137\,379}{134\,678} =$ | 102.0 |
| <b>Net debt/equity, %</b>               | = 100 x | $\frac{\text{Net debt}}{\text{Equity}}$  | $\frac{78\,825}{134\,678} =$  | 58.5  |
| <b>Gross debt/gross debt equity, %</b>  | = 100 x | $\frac{\text{Interest-bearing liabilities}}{\text{Interest-bearing liabilities + equity}}$ | $\frac{137\,379}{272\,057} =$ | 50.5  |
| <b>Net debt/net debt plus equity, %</b> | = 100 x | $\frac{\text{Net debt}}{\text{Net debt + equity}}$   | $\frac{78\,825}{213\,503} =$  | 36.9  |
| <b>Net debt/EBITDA, (x)</b>             | =       | $\frac{\text{Net debt}}{\text{EBITDA}}$  | $\frac{78\,825}{37\,968} =$   | 2.1   |
| <b>Adjusted net debt/EBITDA, (x)</b>    | =       | $\frac{\text{Adjusted net debt}}{\text{EBITDA}}$   | $\frac{150\,737}{37\,968} =$  | 4.0   |

## Interim report signature

Solna, 28 April 2015

Magnus Hall  
President and Chief Executive Officer

This interim report has not been reviewed by the company's auditor.

## Financial calendar

Interim report January–June, 21 July 2015

Interim report January–September, 27 October 2015

Year-end report, 3 February 2016 (preliminary)

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