

Interim Report

January–June 2015

April–June 2015

- Net sales of SEK 36,115 million (36,575)
- Underlying operating profit¹ of SEK 2,966 million (4,086)
- Operating profit of SEK -38,045 million (-1,637). Operating profit was negatively affected by SEK 36.3 billion in impairment losses and SEK 3.9 billion in higher provisions
- Profit for the period after tax of SEK -28,812 million (-2,323). Profit for the period was charged with SEK 30.0 billion in items affecting comparability, net after tax
- Electricity generation of 39.7 TWh (39.7)

January–June 2015

- Net sales of SEK 81,492 million (82,486)
- Underlying operating profit¹ of SEK 10,703 million (13,163)
- Operating profit of SEK -29,658 million (10,197). Operating profit was negatively affected by SEK 36.4 billion in impairment losses and SEK 3.9 billion in higher provisions
- Profit for the period after tax of SEK -23,825 million (5,882). Profit for the period was charged with SEK 29.5 billion in items affecting comparability, net after tax
- Electricity generation of 86.1 TWh (89.8)

1) Underlying operating profit is defined as operating profit excluding items affecting comparability. For a specification of items affecting comparability, see page 8.

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

“Wholesale electricity prices continued to fall during the second quarter. The low electricity prices are having an ever-greater impact on Vattenfall's earnings, as our forward contracts entered into in previous years at higher prices are gradually expiring. Vattenfall reports an underlying operating profit of SEK 10.7 billion for the first half of 2015, which is SEK 2.5 billion lower than the corresponding period in 2014. The main reason is lower electricity prices achieved. However, operating cash flow increased by SEK 0.7 billion, to SEK 16.5 billion, and net debt decreased.

The electricity market in Europe is undergoing a dramatic change. Demand, which fell in the wake of the economic crisis in 2009, has still not recovered at the same time that capacity from both solar and wind power, with low marginal costs, has been added to the system. The result is very low electricity prices that are putting pressure on margins for conventional generation from gas, coal, hydro and nuclear power facilities. As a result of this, Vattenfall's board of directors has decided to recognise impairment losses for our assets. Weak profitability along with the subsequent closure of Rinhals 1 and 2 entail an impairment loss of SEK 17 billion. The lignite operations are also being affected by low prices and higher business risk, which together represent impairment losses of SEK 15 billion. Naturally, this is a very negative development which unfortunately reflects the world we live in. Together with impairment of the Moorburg plant and higher provisions, the reported operating profit for the second quarter was charged with a total of SEK 40.2 billion.

As a result of lower availability at nuclear power plants, our total electricity generation for the first half of the year decreased by 3.7 TWh to 86.1 TWh. At the same time, wind power showed a 30% increase, by 0.6 TWh to 2.7 TWh, attributable to the new wind farms DanTysk in Germany and Clashindarroch in the UK.

With the aim to reduce CO₂ emissions in Germany, the German government has presented a proposal to transfer lignite-fired power plants corresponding to a capacity of 2.7 GW to a capacity reserve. The owners of the power plants will receive financial compensation for keeping the plants in standby mode. This proposal replaces a previous proposal to introduce a climate levy on emissions from older coal-fired plants. Which plants will be affected and the details of the proposal are not yet known, but we believe that this solution has the potential to lower CO₂ emissions while at the same time ensuring security of supply in the future. It also creates greater clarity about the conditions for our work on finding a new owner for our lignite assets in Germany.

Starting with this report we are reporting earnings broken down into Vattenfall's new operating segments: Customers & Solutions, Power Generation, Wind, Heat, and Distribution, which replace the previous regional reporting structure.

Vattenfall's strategic transformation, with greater customer focus and more renewable power generation, continues. The business area organisation that we have now implemented provides favourable conditions to accelerate the pace of this transformation, but of course we must also continue working hard to reduce our costs. The personnel reduction programme announced during the preceding quarter is under way, but has been delayed somewhat due to reorganisation. Activities to identify additional cost reductions are in progress in the entire organisation.”



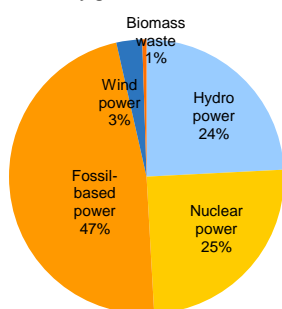
Magnus Hall
President and CEO

Key data

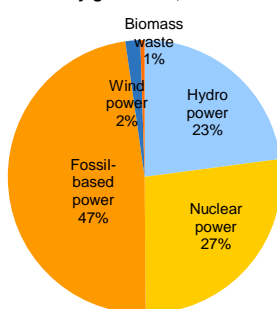
Amounts in SEK million unless indicated otherwise	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Net sales	36 115	36 575	81 492	82 486	165 945	164 951
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	2 852	3 890	16 371	20 480	41 038	36 929
Operating profit (EBIT)	-38 045	-1 637	-29 658	10 197	-2 195	-42 050
Underlying operating profit	2 966	4 086	10 703	13 163	24 133	21 673
Profit for the period	-28 812	-2 323	-23 825	5 882	-8 284	-37 991
Funds from operations (FFO)	4 154	3 854	13 950	14 647	32 131	31 434
Net debt	72 839	85 872	72 839	85 872	79 473	
Adjusted net debt	149 080	156 124	149 080	156 124	158 291	
Return on capital employed, %	- 14.6 ¹	6.4 ¹	- 14.6 ¹	6.4 ¹	- 0.7	
Net debt/equity, %	67.3	60.3	67.3	60.3	61.9	
FFO/adjusted net debt, %	21.1 ¹	17.9 ¹	21.1 ¹	17.9 ¹	20.3	
Adjusted net debt/EBITDA, times	4.0 ¹	4.0 ¹	4.0 ¹	4.0 ¹	3.9	
Electricity generation, TWh	39.7	39.7	86.1	89.8	172.9	169.2
- of which, hydro power	9.6	9.1	19.4	19.7	34.3	34.0
- of which, nuclear power	9.9	10.7	21.9	25.5	49.8	46.2
- of which, fossil-based power ²	18.8	19.0	41.6	41.9	82.7	82.4
- of which, wind power	1.2	0.7	2.7	2.1	4.1	4.7
- of which, biomass, waste ²	0.2	0.2	0.5	0.6	2.0	1.9
Sales of electricity, TWh	45.9	46.6	99.3	103.1	199.0	195.2
Sales of heat, TWh	4.1	4.7	13.2	13.8	24.1	23.5
Sales of gas, TWh	8.4	7.0	30.2	25.4	45.5	50.3
Number of employees, full-time equivalents	28 977	30 544	28 977	30 544	30 181	
CO ₂ emissions, Mtonnes	20.3	18.7	40.8	40.8	82.3	

- 1) Last 12-month values.
2) The figures in 2015 are preliminary.

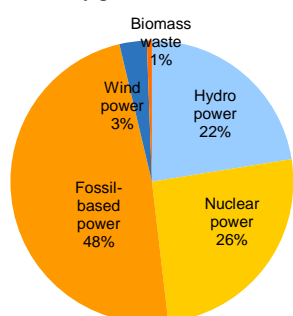
Electricity generation, Q2 2015 %



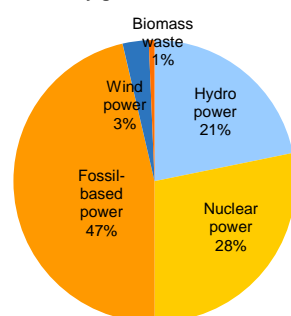
Electricity generation, Q2 2014 %



Electricity generation, Q1-2 2015 %



Electricity generation, Q1-2 2014 %



Targets and target achievement

Vattenfall's assignment is to generate a market rate of return by operating an energy business in such a way that the company is among the leaders in developing environmentally sustainable energy production.

Vattenfall's owner and board of directors have set four financial targets for the Group, and the Board has set three sustainability targets.

Financial targets

The financial targets relate to profitability, capital structure and the dividend policy, and were set by the owner in November 2012. These targets are intended to ensure that Vattenfall creates value and generates a market rate of return, that the capital structure is efficient, and that financial risk is kept at a reasonable level. The targets are to be evaluated over a business cycle.

	30 June 2015	30 June 2014	Full year 2014
Return on capital employed: Target of 9%	-14.6 ¹	6.4 ¹	-0.7
FFO/adjusted net debt: Target of 22%-30%	21.1 ¹	17.9 ¹	20.3
Net debt/equity: Target of 50%-90%	67.3	60.3	61.9
Dividend policy: Dividend should amount to 40%-60% of the year's profit after tax	—	—	—

1) Last 12-month values.

Comments: The return on capital employed fell mainly as a result of impairment of asset values and higher provisions for nuclear power and mining operations in Germany. Excluding the impairment losses and other items affecting comparability, the return on capital employed was 7.5%. FFO/adjusted net debt improved compared with 2014, but is still below the target interval. The debt/equity ratio decreased compared with 2014 on account of the impairment losses, but is within the target interval. Due to the negative result after tax for 2014, no dividend was paid for the year.

Sustainability targets

Vattenfall's three sustainability targets are in the same areas as the EU's 20–20–20 targets. The first target, which was set in 2010, entails reducing the Group's CO₂ exposure to 65 million tonnes by 2020 for Vattenfall's production portfolio. The second target is for Vattenfall to grow faster than the market in renewable capacity by 2020 and contribute to a more sustainable energy system. The third sustainability target, to improve energy efficiency, has been set as a short-term goal for 2015 to reduce annual consumption of primary energy¹, through internal and external measures, by a total of 440 GWh in 2015. Read more about Vattenfall's sustainability work in Vattenfall's 2014 Annual and sustainability report.

	Jan-June 2015	Jan-June 2014	Full year 2014
CO ₂ exposure: Target 65 Mtonnes by 2020, Mtonnes	40.8	40.8	82.3
Average rate of growth in installed renewable capacity: Target higher growth rate than for ten reference countries ² , %	13.0	8.5	6.3
Energy efficiency: Target 440 GWh in 2015, GWh	313	—	435

1) Primary energy is the form of energy that is accessible directly from the original energy sources. Vattenfall uses the interpretation applied by Eurostat and IEA.
2) Growth rate for the reference countries in 2014: 9.1% (preliminary).

Comments: During the first half of 2015, installed renewable capacity increased by a combined total of 325 MW (the wind farms DanTysk in Germany and Clashindarroch in the UK). The rate of energy efficiency improvement was higher than planned during the first half of 2015 and consisted mainly of measures such as turbine and generator replacements and expansion of district heating networks in Berlin and Hamburg.

Important events Q2 2015

New organisation

Effective 1 April earnings are reported broken down into Vattenfall's new operating segments: Customers & Solutions, Power Generation, Wind, Heat, and Distribution, which replace the previous regional reporting structure.

Impairment losses and increased provisions

As a result of the further worsening of market conditions and higher business risks, the value of certain of Vattenfall's production assets has deteriorated. Vattenfall has therefore decided to recognise SEK 36.3 billion in impairment of asset values during the second quarter of 2015. Profit was charged with SEK 26.8 billion, net after tax. Cash flow was not affected by the impairment losses. Provisions for nuclear power and mining operations in Germany have been increased due to new calculations of future costs.

The impairment losses and higher provisions are broken down as follows:

- SEK 17.0 billion pertains to impairment of the total book value of the Ringhals 1 and 2 nuclear reactors. The impairment is warranted by poor profitability resulting from low electricity prices and higher costs, which has given Vattenfall reason to prematurely decommission the reactors ahead of schedule (see further information below).
- SEK 15.2 billion pertains to lignite assets in Germany. The impairment is warranted by poorer production margins (clean lignite spreads) and higher business risk.
- SEK 4.0 billion pertains to the Moorburg power plant in Hamburg. The impairment is warranted mainly by poorer production margins (clean dark spreads).
- SEK 1.3 billion pertains to higher provisions for the decommissioning of nuclear power in Germany as a result of an updated calculation of future costs.
- SEK 2.6 billion pertains to higher provisions for the mining operations in Germany, mainly associated with an updated plan for land restoration.

A reversal of SEK 0.5 billion was made of a previous impairment loss pertaining to the Nordjylland Power Station in Denmark, as the sales sum has now been determined. For further information, see page 6. This means that the net effect of the impairment losses on operating profit is SEK -35.8 billion. For further information on the impairment losses and the higher provisions, see page 8 and Note 4, pages 35-36.

Changed direction for operational lifetime of Ringhals 1 and 2

In April Vattenfall announced that the company has changed the direction of the planned operational lifetime of the Ringhals 1 and 2 nuclear reactors. The change entails that the reactors may be closed down between the years 2018 and 2020 instead of around 2025, as previously announced. The reason is poor profitability owing to low electricity prices and higher costs. A closure decision must be made by the Ringhals board of directors and requires unanimity between the owners, Vattenfall (70.4%) and E.ON (29.6%).

Inauguration of new wind farms

In April the DanTysk offshore wind farm in Germany (288 MW), west of Sylt Island in the North Sea, was inaugurated. The site comprises 80 wind turbines and can generate electricity equivalent to the annual consumption of more than 400,000 households. DanTysk is Vattenfall's and Stadwerke München's (SWM) first joint project, in which Vattenfall owns 51% and SWM 49%.

In June the Clashindarroch onshore wind farm (36.9 MW) was inaugurated in northeast Scotland. The wind farm can generate electricity equivalent to the annual consumption of 27,000 households.

Extension of Kentish Flats wind farm

In May, extension was begun of the Kentish Flats offshore wind farm off the Kent coast in the UK. The wind farm is being extended with an additional 15 wind turbines (50 MW) to a combined total of 45 turbines (150 MW). Once the new wind turbines are all operational in early 2016, Kentish Flats will have the capacity to generate electricity equivalent to the annual consumption of 75,000 households. The investment sum for the extension is approximately SEK 2 billion.

Project for wireless charging of electric cars

In May a pilot project was started for large-scale wireless charging of electric cars. In 2015, wireless charging through induction technology will be installed in a total of 20 electric cars located in Gothenburg, Stockholm, and at Vattenfall. The cars will be used, demonstrated and evaluated for a period of about a year. The project is being run within the scope of the WiCh research project, in which Vattenfall and its partners are the first in Europe to test wireless charging of electric cars.

Sale of combined heat and power plant in Denmark

In June Vattenfall signed an agreement on the sale of the Nordjylland Power Station to the Danish district heating company Aalborg Forsyning. The enterprise value is approximately DKK 823 million, corresponding to approximately SEK 1 billion. The sales sum consists of DKK 725 million in cash consideration (corresponding to approximately SEK 900 million), plus takeover of decommissioning obligations and environmental liabilities. The deal is expected to be completed on 31 December 2015 and is subject to approval from relevant authorities.

Vattenfall redeems hybrid bonds

On 29 June Vattenfall redeemed all outstanding hybrid bonds originally issued on 29 June 2005. The redeemed bonds were replaced by new hybrid bonds issued on 19 March 2015.

Stress test regarding provisions for future decommissioning of nuclear power plants in Germany

The German government has initiated a stress test of the nuclear power plant operators' provisions for their obligations for future decommissioning of nuclear power plants in Germany. Based on the findings of this stress test, the German government will take a position regarding the extent to which legislation governing nuclear power plant decommissioning needs to be changed.

Events after the balance sheet date**Final payment for shares in N.V. Nuon Energy**

On 1 July 2015 Vattenfall paid the outstanding balance of EUR 2,071.3 million on the remaining 21% of the shares in N.V. Nuon Energy, corresponding to approximately SEK 19 billion. However, Vattenfall has consolidated N.V. Nuon Energy to 100% since 1 July 2009.

Sales, profit and cash flow

Net sales

Amounts in SEK million	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Net sales	36 115	36 575	81 492	82 486	165 945	164 951

Comment Q2: Consolidated net sales decreased by SEK 0.5 billion compared with the corresponding period in 2014, mainly owing to lower average prices achieved. Currency effects on consolidated net sales were positive by approximately SEK 0.6 billion.

Comment Q1-Q2: Consolidated net sales decreased by SEK 1.0 billion compared with the corresponding period in 2014, mainly owing to lower average prices achieved and lower volumes. Currency effects on consolidated net sales were positive by approximately SEK 2.2 billion.

Earnings

Amounts in SEK million	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	2 852	3 890	16 371	20 480	41 038	36 929
Underlying operating profit before depreciation, amortisation and impairment losses	8 056	8 943	20 815	22 773	43 558	41 600
Operating profit (EBIT)	-38 045	-1 637	-29 658	10 197	-2 195	-42 050
Items affecting comparability	-41 011	-5 723	-40 361	-2 966	-26 328	-63 723
Underlying operating profit	2 966	4 086	10 703	13 163	24 133	21 673

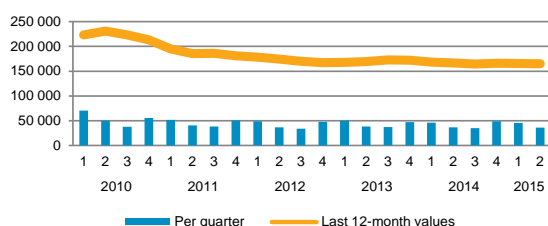
Comment Q2: The underlying operating profit decreased by SEK 1.1 million, which is explained by the following:

- Lower production margins as a result of average lower prices achieved (SEK -1.7 billion)
- Higher production volumes, attributable to hydro power and wind power (SEK 0.4 billion)
- Higher earnings contribution from gas sourcing (SEK 0.6 billion)
- Higher operating costs (SEK -0.3 billion)
- Higher depreciation, mainly associated with the commissioning of the DanTysk and Clashindarroch wind farms (SEK -0.2 billion)
- Other items, net (SEK 0.1 billion)

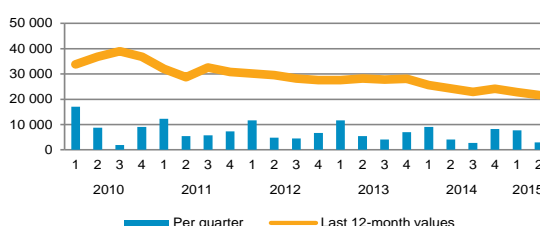
Comment Q1-Q2: The underlying operating profit decreased by SEK 2.5 million, which is explained by the following:

- Lower production margins as a result of average lower prices achieved (SEK -2.0 billion)
- Lower production volumes (SEK -0.3 billion)
- Higher earnings from sales activities (SEK 0.6 billion)
- Higher earnings contribution from gas sourcing (SEK 0.6 billion)
- Higher operating costs (SEK -0.6 billion)
- Higher depreciation, mainly associated with the commissioning of the DanTysk and Clashindarroch wind farms (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	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Items affecting comparability affecting operating profit (EBIT)						
Capital gains	231	96	310	3 130	3 227	407
Capital losses	- 362	- 21	- 376	- 18	- 185	- 543
Impairment losses	- 36 298	- 670	- 36 408	- 673	- 23 808	- 59 543
Reversed impairment losses	491	—	491	—	—	491
Provisions	- 3 878	- 5 516	- 3 878	- 5 518	- 5 688	- 4 048
Unrealised changes in the fair value of energy derivatives	169	582	912	681	819	1 050
Unrealised changes in the fair value of inventories	- 7	61	- 43	- 211	72	240
Restructuring costs	- 905	- 255	- 917	- 357	- 765	- 1 325
Other items affecting comparability	- 452	—	- 452	—	—	- 452
Total	- 41 011	- 5 723	- 40 361	- 2 966	- 26 328	- 63 723

Comment Q2: Items affecting comparability amounted to SEK -41.0 billion (-5.7). Impairment of asset values amounted to SEK -36.3 billion (for further information, see Note 4 on pages 35-36). Provisions pertain to higher provisions for nuclear power and mining operations in Germany (SEK -1.3 billion and SEK -2.6 billion, respectively). The item "Other items affecting comparability" pertains to an adverse ruling for Vattenfall in a dispute with Dong Energy (SEK -0.5 billion). Reversed impairment losses pertain to the sale of the Nordjylland Power Station (SEK 0.5 billion). Other items affecting comparability pertain to restructuring costs (SEK -0.9 billion), unrealised changes in the market value of energy derivatives and inventories (SEK 0.2 billion), and net capital gains/losses (SEK -0.1 billion). Items affecting comparability for the corresponding quarter in 2014 consist mainly of higher provisions for the decommissioning of nuclear power plants in Germany (SEK -5.5 billion).

Comment Q1-Q2: Items affecting comparability amounted to SEK -40.4 billion (-3.0). Items affecting comparability for the corresponding period in 2014 included capital gains of slightly more than SEK 3.1 billion on the sale of Vattenfall's electricity grid operation in Hamburg. Other items affecting comparability for 2014 consisted mainly of higher provisions for the decommissioning of nuclear power in Germany.

Profit for the period

Amounts in SEK million	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Profit for the period	- 28 812	- 2 323	- 23 825	5 882	- 8 284	- 37 991

Comment Q2: Profit for the period amounted to SEK -28.8 billion (-2.3). Impairment losses, higher provisions and other items affecting comparability totalling SEK 30.0 billion had a negative impact on profit.

Comment Q1-Q2: Profit for the period amounted to SEK -23.8 billion (5.9). Impairment losses, higher provisions and other items affecting comparability totalling SEK 29.5 billion had a negative impact on profit.

Financial items

Amounts in SEK million	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Net financial items	- 1 401	- 1 421	- 2 945	- 3 123	- 6 045	- 5 867
- of which, interest income	295	119	350	463	772	659
- of which, interest expenses	- 1 194	- 853	- 1 873	- 2 034	- 3 832	- 3 671
- of which, return from the Swedish Nuclear Waste Fund	551	394	766	517	962	1 211
- of which, interest components related to pension costs	- 234	- 310	- 469	- 615	- 1 240	- 1 094
- of which, discounting effects attributable to provisions	- 867	- 883	- 1 742	- 1 752	- 3 491	- 3 481
- of which, other	48	112	23	298	784	509
Interest received ¹	214	183	463	336	537	664
Interest paid ¹	- 1 487	- 1 618	- 3 145	- 2 904	- 3 074	- 3 315

1) Pertains to cash flows.

Comment: Net financial items were essentially at the same level as in 2014. The higher interest income for the second quarter is mainly attributable to the dissolution of a provision in Germany. The higher interest expense is mainly attributable to an accumulated interest expense (SEK 338 million) associated with an adverse ruling for Vattenfall in a dispute with Dong Energy.

Cash flow

Amounts in SEK million	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Funds from operations (FFO)	4 154	3 854	13 950	14 647	32 131	31 434
Cash flow from changes in operating assets and operating liabilities (working capital)	5 563	4 479	2 522	1 174	8 015	9 363
Cash flow from operating activities	9 717	8 333	16 472	15 821	40 146	40 797

Comment Q2: Funds from operations (FFO) increased by SEK 0.3 billion compared with the corresponding quarter in 2014, mainly as a result of an interest rate swap that was terminated early, resulting in a positive cash flow.

Cash flow from changes in working capital increased to SEK 5.6 billion. This is mainly attributable to a net change in operating receivables and operating liabilities (SEK 5.3 billion), a change in inventories (SEK -1.3 billion), and a change in margin calls and realised equity hedge items (together totalling SEK 1.6 billion).

Comment Q1-Q2: Funds from operations (FFO) decreased by SEK 0.6 billion. The decrease is mainly attributable to lower production margins and production volumes, and higher operating costs. Lower paid tax had a positive impact.

Cash flow from changes in working capital increased to SEK 2.5 billion. This is mainly attributable to a net change in operating receivables and operating liabilities (SEK -0.8 billion), a change in inventories (SEK 0.7 billion), and a change in margin calls and realised equity hedge items (together totalling SEK 2.6 billion).

Financial position

Amounts in SEK million	30 June 2015	31 Dec. 2014	Change, %
Cash and cash equivalents, and short-term investments	54 012	45 068	19.8
Committed credit facilities (unutilised)	18 430	18 786	—

Comment: Cash and cash equivalents, and short-term investments increased by SEK 8.9 billion compared with the level at 31 December 2014. This is mainly attributable to a net increase in hybrid bonds (see below). On 1 July, after the balance sheet date, Vattenfall made the last scheduled payment of slightly more than SEK 19 billion for the remaining 21% of the shares in N.V. Nuon Energy.

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 30 June 2015, available liquid assets and/or committed credit facilities amounted to 40% 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	30 June 2015	31 Dec. 2014	Change, %
Interest-bearing liabilities	128 162	125 928	1.8
Net debt	72 839	79 473	-8.3
Adjusted net debt (see page 22)	149 080	158 291	-5.8
Average interest rate, % ¹	3.3	3.6	—
Duration, years ¹	3.2	2.8	—
Average time to maturity, years ¹	6.7	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 2.2 billion compared with the level at 31 December 2014. This is mainly attributable to a net increase in hybrid bonds. In March 2015 Vattenfall issued new hybrid bonds for a combined sum of SEK 15.2 billion, which exceeded the redeemed amount of older hybrid bonds issued in 2005 by approximately SEK 9.2 billion.

Net debt decreased by SEK 6.6 billion compared with the level at 31 December 2014, mainly owing to a positive cash flow after investments.

Adjusted net debt decreased by SEK 9.2 billion compared with the level at 31 December 2014. The decrease is mainly attributable to the lower level of net debt and to the newly issued hybrid bonds, which are classified as equity to 50% and thereby reduce the level of adjusted net debt. For a calculation of adjusted net debt, read more on page 22.

Credit ratings

No changes took place in Vattenfall's credit ratings during the 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	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Maintenance investments	3 499	4 003	6 249	6 805	16 912	16 356
Growth investments	3 227	2 041	6 034	4 493	12 120	13 661
- of which, shares and shareholder contributions	- 150	- 50	- 157	- 135	- 212	- 234
Total investments	6 726	6 044	12 283	11 298	29 032	30 017
Divestments	1 479	269	2 232	9 391	12 054	4 895
- of which, shares	47	174	226	8 295	8 875	806

Comment: Investments are specified in the table below. The increase in growth investments is attributable to wind power. Divestments during the period January–June 2015 pertain mainly to combined heat and power assets in Utrecht in the Netherlands and to the Fyn combined heat and power station in Denmark. Divestments during the corresponding period in 2014 pertain mainly to the electricity grid operation in Hamburg, the minority shareholding in Enea S.A., the Amager combined heat and power station in Denmark, and to Kalix Värmeverk AB.

Specification of investments

Amounts in SEK million	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Electricity generation						
Hydro power	391	270 ¹	584	468	1 442 ¹	1 558
Nuclear power	1 043	1 193 ¹	1 832	2 094 ¹	3 924 ¹	3 662
Coal power	828	1 217 ¹	1 256	1 810 ¹	5 304 ¹	4 750
Gas	18	136	30	158	188	60
Wind power	2 134	1 475 ¹	4 091	2 662 ¹	6 526	7 955
Biomass, waste	6	2	6	4	14	16
Other	—	50 ¹	143	109 ¹	476 ¹	510
Total electricity generation	4 420	4 343	7 942	7 305	17 874	18 511
CHP/heat						
Fossil-based power	362	296	658	704	2 110	2 064
Biomass, waste	10	69	31	100	297	228
Other	245	291	381	433	1 312	1 260
Total CHP/heat	617	656	1 070	1 237	3 719	3 552
Electricity networks						
Electricity networks	964	1 200	1 812	1 962	5 057	4 907
Total Electricity networks	964	1 200	1 812	1 962	5 057	4 907
Purchases of shares, shareholder contributions	- 150 ²	- 50	- 157	- 135	- 137	- 159
Other, excl. purchases of shares	875	- 105	1 616	929	2 519	3 206
Total	6 726	6 044	12 283	11 298	29 032	30 017

- 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 the fact that prepayments have been allocated to the respective classification of assets instead of being classified as Other.
- 2) Pertains to shareholder contribution in a joint venture company.

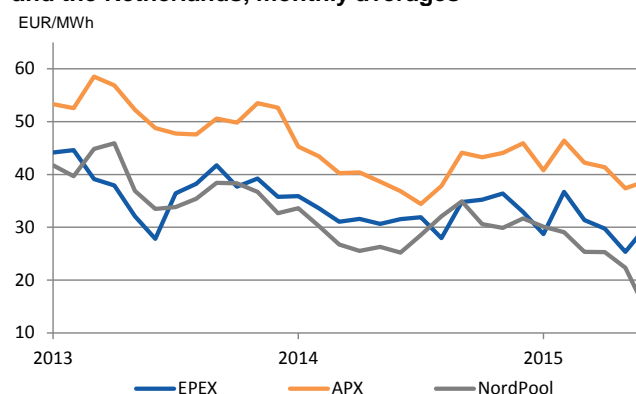
Wholesale price trend

Spot prices – electricity

Average Nordic spot prices were 19% lower during the second quarter of 2015 than in the second quarter of 2014, mainly owing to high precipitation. In Germany, average spot prices were 9% lower than in the second quarter of 2014, mainly as a result of lower commodity prices and higher wind power generation. In the Netherlands, average spot prices were 1% higher than in the second quarter of 2014 as a result of higher exports to Belgium. Compared with the first half of 2014, average spot prices were 13% lower in the Nordic countries and 7% lower in Germany. In the Netherlands, average spot prices were 1% higher.

Time period	Nord Pool Spot (Nordic countries)	EPEX (Germany)	APX (Netherlands)
Q2 2015	20.8	28.3	39.1
Q2 2014	25.6	31.2	38.6
%	-19.0%	-9.4%	1.2%
Q1 2015	28.2	32.3	43.1
%	-26.3%	-12.4%	-9.2%
Q1-2 2015	24.4	30.2	41.1
Q1-2 2014	27.9	32.4	40.8
%	-12.6%	-6.6%	0.7%

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

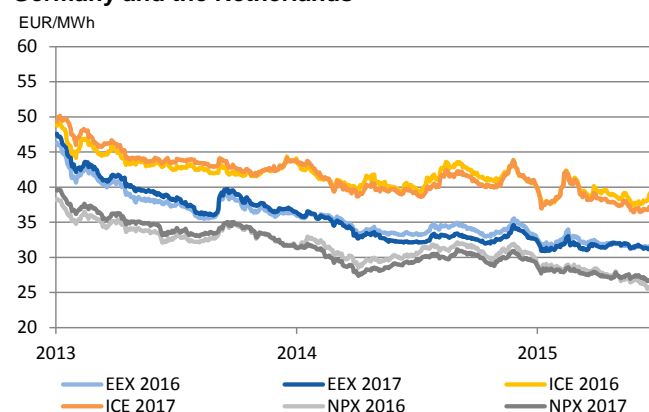


Futures prices – electricity

Electricity futures prices were 5%–10% lower in the Nordic countries than in the second quarter of 2014. In Germany and the Netherlands, electricity futures prices were 3%–5% lower. This is mainly attributable to continued expectations for lower commodity prices. Compared with the first half of 2014, electricity futures prices were 4%–9% lower.

Time period	Nordic countries (NPX)		Germany (EEX)		Netherlands (ICE)	
	2016	2017	2016	2017	2016	2017
Q2 2015	26.9	27.2	31.7	31.6	38.6	37.4
Q2 2014	29.7	28.6	33.5	32.6	40.3	39.5
%	-9.5%	-4.7%	-5.2%	-3.1%	-4.2%	-5.4%
Q1 2015	28.5	28.0	32.3	31.6	39.3	39.1
%	-5.5%	-2.8%	-1.7%	0.2%	-1.8%	-4.4%
Q1-2 2015	27.7	27.6	32.0	31.6	39.0	38.3
Q1-2 2014	30.5	29.5	34.5	34.0	40.8	40.4
%	-9.3%	-6.2%	-7.2%	-7.0%	-4.4%	-5.3%

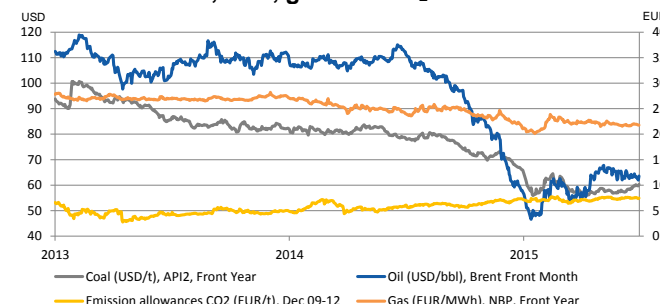
Electricity futures prices in the Nordic countries, Germany and the Netherlands



Commodity prices

Oil prices (Brent crude) were an average of 42% lower during the second 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. The stronger US dollar and lower demand primarily from China and India resulted in coal prices being an average 29% lower than in the corresponding period in 2014. Gas prices were 11% lower. Prices of CO₂ emission allowances were 38% higher. Compared with the first half of 2014, oil prices (Brent crude) were 45% lower, coal prices were 28% lower, and gas prices were 14% lower. Prices of CO₂ emission allowances were 28% higher.

Price trend for oil, coal, gas and CO₂ emission allowances



Vattenfall's price hedging

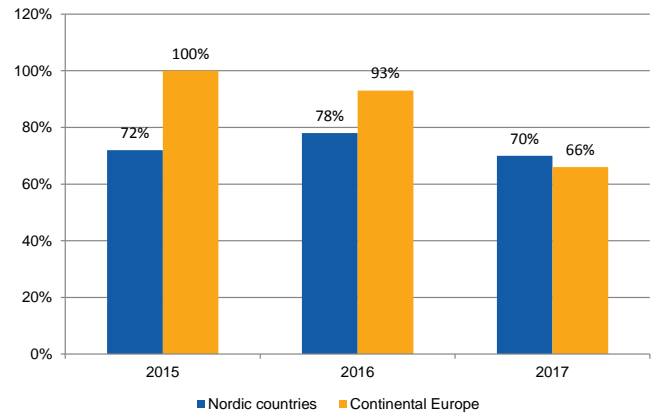
Vattenfall continuously hedges its future electricity generation through sales in the forward and futures markets. Spot prices therefore have only a limited impact on Vattenfall's earnings in the near term.

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 March 2015, the hedge ratio percentage increased slightly. The price hedges (in EUR/MWh) are unchanged.

Average price hedges as per 30 June 2015

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

Vattenfall's hedge ratio (%) as per 30 June 2015



Operating segments

Customers & Solutions

Amounts in SEK million unless indicated otherwise	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Net sales	18 898	19 234	45 638	44 423	87 277	88 492
External net sales ¹	18 502	18 798	44 819	43 544	85 606	86 881
Underlying operating profit before depreciation, amortisation and impairment losses	680	402	1 615	874	1 821	2 562
Underlying operating profit	449	181	1 177	442	962	1 697
Sales of electricity, TWh	28.8	28.1	62.7	61.1	118.4	120.0
- of which, private customers	6.5	5.8	14.9	13.8	26.1	27.2
- of which, resellers	5.7	6.8	15.1	14.9	29.2	29.4
- of which, business customers	16.6	15.5	32.7	32.4	63.1	63.4
Sales of gas, TWh	8.4	7.0	30.2	25.4	45.5	50.3
Number of employees, full-time equivalents	3 273	3 646	3 273	3 646	3 462	

1) Excluding intra-Group transactions

The Customers & Solutions Business Area is responsible for sales of electricity, gas and energy services in all of Vattenfall's markets.

- Net sales increased mainly owing to a larger number of retail customers in Germany and positive price effects.
- The underlying operating profit improved as a result of a higher gross margin associated with a larger number of customers in Germany, positive price effects, and slightly lower operating costs.
- Sales of electricity increased slightly during the period as a result of a larger number of customers.
- Sales of gas increased, mainly due to unusually warm weather in the preceding year.

Power Generation

Amounts in SEK million unless indicated otherwise	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Net sales	22 411	27 014	54 227	61 777	122 720	115 170
External net sales ¹	12 325	14 044	25 039	29 800	61 874	57 113
Underlying operating profit before depreciation, amortisation and impairment losses	4 214	5 767	10 539	13 867	25 284	21 956
Underlying operating profit	1 882	3 344	5 856	9 053	15 639	12 442
Electricity generation, TWh	32.3	33.1	68.1	73.5	140.0	134.6
- of which, hydro power	9.6	9.1	19.4	19.7	34.3	34.0
- of which, nuclear power	9.9	10.7	21.9	25.5	49.8	46.2
- of which, fossil-based power	12.8	13.3	26.8	28.3	55.9	54.4
Sales of heat, TWh	0.3	0.5	1.1	1.6	2.7	2.2
Number of employees, full-time equivalents	14 665	14 741	14 665	14 741	14 718	

1) Excluding intra-Group transactions.

Power Generation comprises the Generation and Markets Business Areas, and the Mining & Generation unit. The segment includes Vattenfall's hydro and nuclear power operations, optimisation and trading operations, and lignite operations.

- Average lower prices achieved and lower production volumes led to lower net sales for the period.
- The underlying operating profit decreased, mainly owing to lower production margins resulting from average lower prices achieved and lower production volumes.

- Hydro power generation increased during the second quarter as a result of high precipitation. Nordic reservoir levels were 58% (60%) of capacity at the end of the second quarter of 2015, which is 3 percentage points below the normal level. However, slightly lower water supply at the start of the year resulted in lower hydro power generation during the first half of the year.
- Nuclear power generation decreased mainly on account of an extended outage at Ringhals 2. Combined availability of Vattenfall's nuclear power plants during the second quarter of 2015 was 63.8% (70.8%). The corresponding figure for the first half of the year was 71.5% (84.6%).
- During the second quarter, Forsmark had availability of 81.6% (77.7%) and production of 5.9 TWh (5.5). Ringhals had availability of 47.9% (64.6%) and production of 4.0 TWh (5.1). During the first half of the year Forsmark had availability of 86.5% (88.7%) and production of 12.3 TWh (12,6), and Ringhals had availability of 58.1% (80.9%) and production of 9.6 TWh (12.9).
- Coal- and gas-fired production decreased, mainly due to higher production of renewable energy in the market.

Wind

Amounts in SEK million unless indicated otherwise	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Net sales	1 379	977	3 225	2 192	5 227	6 260
External net sales ¹	846	699	2 082	1 353	3 531	4 260
Underlying operating profit before depreciation, amortisation and impairment losses	905	623	2 244	1 524	3 772	4 492
Underlying operating profit	152	131	754	558	1 704	1 900
Electricity generation - wind power TWh	1.2	0.7	2.7	2.1	4.1	4.7
Number of employees, full-time equivalents	529	507	529	507	505	

1) Excluding intra-Group transactions

The Wind Business Area is responsible for Vattenfall's wind power operations.

- Net sales increased, and the underlying operating profit improved as a result of higher electricity generation and higher revenue, which is mainly attributable to the commissioning of the new DanTysk offshore wind farm in Germany and the new Clashindarroch onshore wind farm in the UK.

Heat

Amounts in SEK million unless indicated otherwise	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Net sales	5 817	5 770	14 472	14 516	27 812	27 768
External net sales ¹	3 167	3 201	8 331	8 304	15 536	15 563
Underlying operating profit before depreciation, amortisation and impairment losses	1 060	913	3 752	3 474	5 986	6 264
Underlying operating profit	108	- 5	1 880	1 652	2 384	2 612
Electricity generation - TWh ²	6.2	5.9	15.3	14.2	28.8	29.9
- of which, fossil-based power	6.0	5.7	14.8	13.6	26.8	28.0
- of which, biomass, waste	0.2	0.2	0.5	0.6	2.0	1.9
Sales of heat, TWh	3.8	4.2	12.1	12.2	21.4	21.3
Number of employees, full-time equivalents	4 242	4 617	4 242	4 617	4 539	

1) Excluding intra-Group transactions.

2) Figures for 2015 are preliminary.

The Heat Business Area comprises Vattenfall's heat operations, including all thermal operations (except lignite).

- The underlying operating profit improved, mainly owing to slightly lower decommissioning costs associated with the sale of the Fyn combined heat and power station in Denmark.
- Electricity generation increased. Sales of heat decreased during the second quarter, but were essentially unchanged for the first half of the year.

Distribution

Amounts in SEK million unless indicated otherwise	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Net sales	4 685	4 234	9 743	9 179	18 782	19 346
External net sales ¹	3 631	3 163	7 486	6 859	14 173	14 800
Underlying operating profit before depreciation, amortisation and impairment losses	1 803	1 401	3 965	3 630	7 412	7 747
Underlying operating profit	1 125	663	2 620	2 171	4 435	4 884
Number of employees, full-time equivalents	2 698	2 640	2 698	2 640	2 658	

1) Excluding intra-Group transactions.

The Distribution Business Area comprises Vattenfall's electricity distribution operations in Sweden and Germany (Berlin).

- Net sales increased as a result of higher prices and revenue from the service business in Hamburg.
- An improved gross margin as a result of higher prices and higher revenue led to an improved underlying operating profit.
- The level of investment in the electricity grid remains high, towards the goal of raising quality and being able to handle new customers.
- In June, the Swedish Energy Markets Inspectorate issued instructions about revenue frameworks for the Swedish distribution operations for the years 2016–2019. Vattenfall Eldistribution AB has appealed the decision.

Other¹

Amounts in SEK million unless indicated otherwise	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Net sales	1 376	1 358	2 633	2 704	5 803	5 732
External net sales ²	82	52	104	148	290	246
Underlying operating profit before depreciation, amortisation and impairment losses	- 555	- 170	- 1 110	- 450	- 704	- 1 364
Underlying operating profit	- 699	- 235	- 1 394	- 566	- 978	- 1 806
Number of employees, full-time equivalents	3 570	4 393	3 570	4 393	4 299	

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

2) Excluding intra-Group transactions.

The data reported above for the operating segments also include eliminations. See pages 19-20.

Consolidated income statement

Amounts in SEK million	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Net sales	36 115	36 575	81 492	82 486	165 945	164 951
Cost of products sold ¹	- 68 228	- 32 059	- 101 269	- 64 963	- 149 395	- 185 701
Gross profit	- 32 113	4 516	- 19 777	17 523	16 550	- 20 750
Selling expenses, administrative expenses and research and development costs ²	- 5 524	- 5 148	- 9 914	- 9 415	- 20 220	- 20 719
Other operating income and expenses, net	- 307	- 494	- 29	2 469	1 913	- 585
Participations in the results of associated companies ³	- 101	- 511	62	- 380	- 438	4
Operating profit (EBIT)⁴	- 38 045	- 1 637	- 29 658	10 197	- 2 195	- 42 050
Financial income ^{5,8}	1 009	623	1 423	1 315	2 590	2 698
Financial expenses ^{6,7,8}	- 2 410	- 2 044	- 4 368	- 4 438	- 8 635	- 8 565
Profit before tax	- 39 446	- 3 058	- 32 603	7 074	- 8 240	- 47 917
Income tax expense	10 634	735	8 778	- 1 192	- 44	9 926
Profit for the period	- 28 812	- 2 323	- 23 825	5 882	- 8 284	- 37 991
Attributable to owner of the Parent Company	- 24 996	- 1 830	- 20 317	6 281	- 8 178	- 34 776
Attributable to non-controlling interests	- 3 816	- 493	- 3 508	- 399	- 106	- 3 215
Earnings per share						
Number of shares in Vattenfall AB, thousands	131 700	131 700	131 700	131 700	131 700	131 700
Earnings per share, basic and diluted (SEK)	-189.79	-13.90	-154.27	47.69	-62.10	-264.05

Supplementary information

Operating profit before depreciation, amortisation and impairment losses (EBITDA)	2 852	3 890	16 371	20 480	41 038	36 929
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	- 1 085	- 932	- 1 969	- 1 888	- 3 516	- 3 597
Underlying operating profit	2 966	4 086	10 703	13 163	24 133	21 673
1) Of which, depreciation, amortisation and impairment losses	- 40 505	- 5 409	- 45 508	- 10 044	- 42 398	- 77 862
2) Of which, depreciation, amortisation and impairment losses	- 351	- 117	- 480	- 239	- 679	- 920
3) Of which, impairment losses	- 41	—	- 41	—	- 155	- 196
4) Including items affecting comparability	- 41 011	- 5 723	- 40 361	- 2 966	- 26 328	- 63 723
5) Including return from the Swedish Nuclear Waste Fund	551	394	766	517	962	1 211
6) Including interest components related to pension costs	- 234	- 310	- 469	- 615	- 1 240	- 1 094
7) Including discounting effects attributable to provisions	- 867	- 883	- 1 742	- 1 752	- 3 491	- 3 481
8) Items affecting comparability recognised as financial income and expenses, net	- 3	2	- 3	- 13	- 52	- 42

Consolidated statement of comprehensive income

Amounts in SEK million	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Profit for the period	- 28 812	- 2 323	- 23 825	5 882	- 8 284	- 37 991
Other comprehensive income						
Items that will be reclassified to profit or loss when specific conditions are met						
Cash flow hedges - changes in fair value of	2 099	877	3 617	4 504	5 243	4 356
Cash flow hedges - dissolved against income statement	- 1 680	- 3 000	- 2 851	- 5 209	- 5 871	- 3 513
Cash flow hedges - transferred to cost of hedged item	10	- 5	24	5	- 3	16
Hedging of net investments in foreign operations	775	- 2 388	1 154	- 3 302	- 5 452	- 996
Translation differences and exchange rate effects net, divested companies	—	—	—	—	101	101
Remeasurement of available-for-sale financial assets	—	—	—	- 182	- 182	—
Translation differences	- 710	4 631	- 1 004	6 732	10 453	2 717
Income tax relating to items that will be reclassified	- 249	991	- 289	2 825	3 242	128
Total Items that will be reclassified to profit or loss when specific conditions are met	245	1 106	651	5 373	7 531	2 809
Items that will not be reclassified to profit or loss						
Remeasurement pertaining to defined benefit obligations	2 599	- 3 391	2 599	- 3 391	- 9 130	- 3 140
Income tax relating to items that will not be reclassified	- 702	951	- 702	951	2 587	934
Total Items that will not be reclassified to profit or loss	1 897	- 2 440	1 897	- 2 440	- 6 543	- 2 206
Total other comprehensive income, net after tax	2 142	- 1 334	2 548	2 933	988	603
Total comprehensive income for the period	- 26 670	- 3 657	- 21 277	8 815	- 7 296	- 37 388
Attributable to owner of the Parent Company	- 22 721	- 3 317	- 17 614	9 004	- 7 412	- 34 030
Attributable to non-controlling interests	- 3 949	- 340	- 3 663	- 189	116	- 3 358

Operating segments, Vattenfall Group

Amounts in SEK million	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
External net sales						
Customers & Solutions	18 502	18 798	44 819	43 544	85 606	86 881
Power Generation	12 325	14 044	25 039	29 800	61 874	57 113
Wind	846	699	2 082	1 353	3 531	4 260
Heat	3 167	3 201	8 331	8 304	15 536	15 563
Distribution	3 631	3 163	7 486	6 859	14 173	14 800
- of which, Distribution Germany	1 530	1 141	2 756	2 260	5 149	5 645
- of which, Distribution Sweden	2 101	2 022	4 730	4 599	9 024	9 155
Other ¹	82	52	104	148	290	246
Eliminations ²	- 2 438	- 3 382	- 6 369	- 7 522	- 15 065	- 13 912
Total	36 115	36 575	81 492	82 486	165 945	164 951
Internal net sales						
Customers & Solutions	396	436	819	879	1 671	1 611
Power Generation	10 086	12 970	29 188	31 977	60 846	58 057
Wind	533	278	1 143	839	1 696	2 000
Heat	2 650	2 569	6 141	6 212	12 276	12 205
Distribution	1 054	1 071	2 257	2 320	4 609	4 546
- of which, Distribution Germany	940	941	2 023	2 052	4 060	4 031
- of which, Distribution Sweden	113	130	234	267	549	516
Other ¹	1 294	1 306	2 529	2 556	5 513	5 486
Eliminations	- 16 013	- 18 630	- 42 077	- 44 783	- 86 611	- 83 905
Total	—	—	—	—	—	—
Total net sales						
Customers & Solutions	18 898	19 234	45 638	44 423	87 277	88 492
Power Generation	22 411	27 014	54 227	61 777	122 720	115 170
Wind	1 379	977	3 225	2 192	5 227	6 260
Heat	5 817	5 770	14 472	14 516	27 812	27 768
Distribution	4 685	4 234	9 743	9 179	18 782	19 346
- of which, Distribution Germany	2 470	2 082	4 779	4 312	9 209	9 676
- of which, Distribution Sweden	2 214	2 152	4 964	4 866	9 573	9 671
Other ¹	1 376	1 358	2 633	2 704	5 803	5 732
Eliminations	- 18 451	- 22 012	- 48 446	- 52 305	- 101 676	- 91 557
Total	36 115	36 575	81 492	82 486	165 945	164 951

Operating segments, Vattenfall Group cont.

Amounts in SEK million	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Operating profit before depreciation, amortisation and impairment losses (EBITDA)						
Customers & Solutions	144	279	1 056	721	1 422	1 757
Power Generation	20	921	7 043	8 831	20 588	18 800
Wind	906	621	2 258	1 522	3 817	4 553
Heat	1 054	943	3 828	3 517	5 931	6 242
Distribution	1 793	1 385	3 942	3 607	7 283	7 618
- of which, Distribution Germany	636	289	1 202	888	2 008	2 322
- of which, Distribution Sweden	1 157	1 096	2 740	2 719	5 275	5 296
Other ¹	- 1 014	- 259	- 1 565	2 436	2 059	- 1 942
Eliminations	- 51	—	- 191	- 154	- 62	- 99
Total	2 852	3 890	16 371	20 480	41 038	36 929
Underlying operating profit before depreciation, amortisation and impairment losses						
Customers & Solutions	680	402	1 615	874	1 821	2 562
Power Generation	4 214	5 767	10 539	13 867	25 284	21 956
Wind	905	623	2 244	1 524	3 772	4 492
Heat	1 060	913	3 752	3 474	5 986	6 264
Distribution	1 803	1 401	3 965	3 630	7 412	7 747
- of which, Distribution Germany	645	305	1 222	913	2 137	2 446
- of which, Distribution Sweden	1 158	1 096	2 743	2 717	5 275	5 301
Other ¹	- 555	- 170	- 1 110	- 450	- 704	- 1 364
Eliminations	- 51	7	- 190	- 146	- 13	- 57
Total	8 056	8 943	20 815	22 773	43 558	41 600
Operating profit (EBIT)						
Customers & Solutions	- 87	58	618	288	274	604
Power Generation	- 34 559	- 1 515	- 29 891	3 998	898	- 32 991
Wind	111	129	727	557	- 946	- 776
Heat	- 3 908	24	- 2 161	1 695	- 6 841	- 10 697
Distribution	1 115	647	2 597	2 147	4 306	4 756
- of which, Distribution Germany	437	97	807	508	1 231	1 530
- of which, Distribution Sweden	678	550	1 790	1 639	3 075	3 226
Other ¹	- 667	- 980	- 1 359	1 664	178	- 2 845
Eliminations	- 50	—	- 189	- 152	- 64	- 101
Operating profit (EBIT)	- 38 045	- 1 637	- 29 658	10 197	- 2 195	- 42 050
Financial income and expenses	- 1 401	- 1 421	- 2 945	- 3 123	- 6 045	- 5 867
Profit before tax	- 39 446	- 3 058	- 32 603	7 074	- 8 240	- 47 917
Underlying operating profit						
Customers & Solutions	449	181	1 177	442	962	1 697
Power Generation	1 882	3 344	5 856	9 053	15 639	12 442
Wind	152	131	754	558	1 704	1 900
Heat	108	- 5	1 880	1 652	2 384	2 612
Distribution	1 125	663	2 620	2 171	4 435	4 884
- of which, Distribution Germany	447	113	826	534	1 361	1 653
- of which, Distribution Sweden	678	550	1 794	1 637	3 074	3 231
Other ¹	- 699	- 235	- 1 394	- 566	- 978	- 1 806
Eliminations	- 51	7	- 190	- 147	- 13	- 56
Underlying operating profit	2 966	4 086	10 703	13 163	24 133	21 673

- 1) "Other" pertains mainly to all Staff functions including Treasury activities and Shared Service Centres.
2) For external net sales, the elimination pertains to sales to the Nordic electricity exchange.

Consolidated balance sheet

Amounts in SEK million	30 June 2015	30 June 2014	31 Dec. 2014
Assets			
Non-current assets			
Intangible assets: non-current	18 628	31 922	19 586
Property, plant and equipment	237 746	270 371	271 306
Investment property	434	482	461
Biological assets	29	21	29
Participations in associated companies and joint arrangements	7 770	8 056	7 765
Other shares and participations	295	286	284
Share in the Swedish Nuclear Waste Fund	33 248	31 362	31 984
Derivative assets	15 604	16 014	18 366
Current tax assets, non-current	453	666	449
Prepaid expenses	108	117	115
Deferred tax assets	17 290	9 341	9 310
Other non-current receivables	8 266	7 023	8 407
Total non-current assets	339 871	375 661	368 062
Current assets			
Inventories	16 149	19 002	18 502
Biological assets	15	8	11
Intangible assets: current	908	1 532	4 885
Trade receivables and other receivables	27 395	29 182	31 217
Advance payments paid	1 410	2 800	2 617
Derivative assets	10 957	17 456	13 342
Prepaid expenses and accrued income	7 740	6 700 ¹	6 398 ¹
Current tax assets	2 194	884	2 390
Short-term investments	34 006	19 884	32 785
Cash and cash equivalents	20 006	10 263	12 283
Assets held for sale	2 898	4 564	4 717
Total current assets	123 678	112 275	129 147
Total assets	463 549	487 936	497 209
Equity and liabilities			
Equity			
Attributable to owner of the Parent Company	97 646	131 567	115 260
Attributable to non-controlling interests	10 657	10 820	13 202
Total equity	108 303	142 387	128 462
Non-current liabilities			
Hybrid Capital	15 192	9 160	—
Other interest-bearing liabilities	68 431	73 723	78 807
Pension provisions	41 986	38 842	45 298
Other interest-bearing provisions	90 496	82 942	86 487
Derivative liabilities	9 197	10 779	11 760
Deferred tax liabilities	27 202	30 952	27 595
Other noninterest-bearing liabilities	5 612	5 528	5 756
Total non-current liabilities	258 116	251 926	255 703
Current liabilities			
Trade payables and other liabilities	22 392	22 927	30 641
Advance payments received	1 261	2 630	2 397
Derivative liabilities	4 836	9 561	5 065
Accrued expenses and deferred income	15 989	15 578 ¹	18 182 ¹
Current tax liabilities	849	1 253	1 135
Hybrid Capital	—	—	9 385
Other interest-bearing liabilities	44 539	33 735	37 736
Interest-bearing provisions	7 054	6 776	6 782
Liabilities associated with assets held for sale	210	1 163	1 721
Total current liabilities	97 130	93 623	113 044
Total equity and liabilities	463 549	487 936	497 209

Consolidated balance sheet, cont.

Supplementary information

Amounts in SEK million	30 June 2015	30 June 2014	31 Dec. 2014
Calculation of capital employed			
Intangible assets: current and non-current	19 536	33 454	24 471
Property, plant and equipment	237 746	270 371	271 306
Participations in associated companies and joint arrangements	7 770	8 056	7 765
Deferred and current tax assets	19 484	10 225	11 700
Non-current noninterest-bearing receivables	7 101	5 916	7 226
Inventories	16 149	19 002	18 502
Trade receivables and other receivables	27 395	29 182	31 217
Prepaid expenses and accrued income	7 740	6 700	6 398
Unavailable liquidity	6 155	5 739	7 272
Other	1 019	1 416	1 071
Total assets excl. financial assets	350 095	390 061	386 928
Deferred and current tax liabilities	- 28 051	- 32 205	- 28 730
Other noninterest-bearing liabilities	- 5 612	- 5 528	- 5 756
Trade payable and other liabilities	- 22 392	- 22 927	- 30 641
Accrued expenses and deferred income	- 15 989	- 15 578	- 18 182
Other	—	—	- 91
Total noninterest-bearing liabilities	- 72 044	- 76 238	- 83 400
Other interest-bearing provisions not related to adjusted net debt ²	- 8 394	- 8 727	- 9 250
Capital employed	269 657	305 096	294 278
Capital employed, average	287 377	296 908	293 992
Calculation of net debt			
Hybrid Capital	- 15 192	- 9 160	- 9 385
Bond issues, commercial paper and liabilities to credit institutions	- 70 902	- 67 722	- 72 461
Present value of liabilities pertaining to acquisitions of Group companies	- 19 087	- 18 689	- 19 293
Liabilities to associated companies	- 2 834	- 3 355	- 2 617
Liabilities to owners of non-controlling interests	- 12 367	- 12 567	- 12 384
Other liabilities	- 7 780	- 5 125	- 9 788
Total interest-bearing liabilities	- 128 162	- 116 618	- 125 928
Cash and cash equivalents	20 006	10 263	12 283
Short-term investments	34 006	19 884	32 785
Loans to owners of non-controlling interests in foreign Group companies	1 311	599	1 387
Net debt	- 72 839	- 85 872	- 79 473
Calculation of adjusted gross debt and net debt			
Total interest-bearing liabilities	- 128 162	- 116 618	- 125 928
50% of Hybrid Capital ³	7 596	4 580	4 693
Present value of pension obligations	- 41 986	- 38 842	- 45 298
Provisions for mining, gas and wind operations and other environment-related provisions	- 18 046	- 13 255	- 14 497
Provisions for nuclear power (net) ⁴	- 33 522	- 31 720	- 33 696
Currency derivatives for hedging of debt in foreign currency	—	1 576	—
Margin calls received	5 566	2 234	7 013
Liabilities to owners of non-controlling interests due to consortium agreements	11 617	11 513	11 626
Adjusted gross debt	- 196 937	- 180 532	- 196 087
Reported cash and cash equivalents and short-term investments	54 012	30 147	45 068
Unavailable liquidity	- 6 155	- 5 739	- 7 272
Adjusted cash and cash equivalents and short-term investments	47 857	24 408	37 796
Adjusted net debt	- 149 080	- 156 124	- 158 291

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.

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	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Operating activities						
Profit before tax	- 39 446	- 3 058	- 32 603	7 074	- 8 240	- 47 917
Reversal of depreciation, amortisation and impairment losses	40 899	5 527	46 032	10 285	43 270	79 017
Tax paid	- 1 069	- 1 239	- 1 036	- 1 776	- 3 168	- 2 428
Capital gains/losses, net	130	- 77	65	- 3 101	- 3 028	138
Other, incl. non-cash items	3 640	2 701	1 492	2 165	3 297	2 624
Funds from operations (FFO)	4 154	3 854	13 950	14 647	32 131	31 434
Changes in inventories	- 1 302	- 1 032	690	137	1 080	1 633
Changes in operating receivables	9 330	7 765 ¹	1 671	6 950 ¹	2 645 ¹	- 2 634
Changes in operating liabilities	- 4 033	- 3 638 ¹	- 2 392	- 6 378 ¹	1 685 ¹	5 671
Other changes	1 568	1 384	2 553	465	2 605	4 693
Cash flow from changes in operating assets and operating liabilities	5 563	4 479	2 522	1 174	8 015	9 363
Cash flow from operating activities	9 717	8 333	16 472	15 821	40 146	40 797
Investing activities						
Acquisitions in Group companies	—	—	- 5	—	- 10	- 15
Investments in associated companies and other shares and participations	150	50	162	135	222	249
Other investments in non-current assets	- 6 876	- 6 094	- 12 440	- 11 433	- 29 244	- 30 251
Total investments	- 6 726	- 6 044	- 12 283	- 11 298	- 29 032	- 30 017
Divestments	1 479	269	2 232	9 391	12 054	4 895
Cash and cash equivalents in acquired companies	—	—	—	—	35	35
Cash and cash equivalents in divested companies	- 146	- 10	- 530	- 303	- 513	- 740
Cash flow from investing activities	- 5 393	- 5 785	- 10 581	- 2 210	- 17 456	- 25 827
Cash flow before financing activities	4 324	2 548	5 891	13 611	22 690	14 970
Financing activities						
Changes in short-term investments	11 336	2 563	- 1 686	- 7 914	- 19 921	- 13 693
Changes in loans to owners of non-controlling interests in foreign Group companies	- 8	5	51	- 354	- 1 109	- 704
Loans raised	2 421	5 819	13 227	9 014	21 259	25 472
Amortisation of other debt	- 5 310	- 14 263	- 16 833	- 20 610	- 29 024	- 25 247
Divestment of shares in Group companies to owners of non-controlling interests	—	—	—	—	491	491
Redemption of Hybrid Capital	- 4 658	—	- 9 172	—	—	- 9 172
Issue of Hybrid Capital	—	—	15 152	—	—	15 152
Dividends paid to owners	- 57	- 47	- 57	- 47	- 104	- 114
Contribution from owners of non-controlling interests	378	335	1 214	567	1 912	2 559
Cash flow from financing activities	4 102	- 5 588	1 896	- 19 344	- 26 496	- 5 256
Cash flow for the period	8 426	- 3 040	7 787	- 5 733	- 3 806	9 714

Consolidated statement of cash flows, cont.

Amounts in SEK million	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Cash and cash equivalents						
Cash and cash equivalents at start of period	11 606	13 159	12 283	15 801	15 801	10 263
Cash flow for the period	8 426	- 3 040	7 787	- 5 733	- 3 806	9 714
Translation differences	- 26	144	- 64	195	288	29
Cash and cash equivalents at end of period	20 006	10 263	20 006	10 263	12 283	20 006
Supplementary information						
Cash flow before financing activities	4 324	2 548	5 891	13 611	22 690	14 970
Financing activities						
Divestment of shares in Group companies to owners of non-controlling interests	—	—	—	—	491	491
Dividends paid to owners	- 57	- 47	- 57	- 47	- 104	- 114
Contribution from owners of non-controlling interests	378	335	1 214	567	1 912	2 559
Cash flow after dividend	4 645	2 836	7 048	14 131	24 989	17 906
Analysis of change in net debt						
Net debt at start of period	- 78 825	- 85 694	- 79 473	- 98 998	- 98 998	- 85 872
Cash flow after dividend	4 645	2 836	7 048	14 131	24 989	17 906
Changes as a result of valuation at fair value	1 362	- 41	541	- 171	- 2 739	- 2 027
Changes in interest-bearing liabilities for leasing	—	20	3	24	34	13
Interest-bearing liabilities/short-term investments acquired/divested	10	—	35	75	145	105
Changes in liabilities pertaining to acquisitions of Group companies, discounting effects	- 80	- 67	- 160	- 157	- 322	- 325
Transfer to liabilities due to changed shareholders' rights	—	33	—	3 016	3 043	27
Translation differences on net debt	49	- 2 959	- 833	- 3 792	- 5 625	- 2 666
Net debt at end of period	- 72 839	- 85 872	- 72 839	- 85 872	- 79 473	- 72 839
Free cash flow	6 218	4 330	10 223	9 016	23 234	24 441

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.

Consolidated statement of changes in equity

Amounts in SEK million	30 June 2015			30 June 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	128 462	120 370	10 348	130 718	120 370	10 348	130 718
Profit for the period	- 20 317	- 3 508	- 23 825	6 281	- 399	5 882	- 8 178	- 106	- 8 284
Cash flow hedges - changes in fair value	3 608	9	3 617	4 490	14	4 504	5 209	34	5 243
Cash flow hedges - dissolved against income statement	- 2 852	1	- 2 851	- 5 209	—	- 5 209	- 5 871	—	- 5 871
Cash flow hedges - transferred to cost of hedged item	16	8	24	2	3	5	- 6	3	- 3
Hedging of net investments in foreign operations	1 154	—	1 154	- 3 302	—	- 3 302	- 5 452	—	- 5 452
Translation differences and exchange rate effects net, divested companies	—	—	—	—	—	—	101	—	101
Remeasurement of available-for-sale financial assets (unrealised)	—	—	—	- 182	—	- 182	- 182	—	- 182
Translation differences	- 846	- 158	- 1 004	6 537	195	6 732	10 056	397	10 453
Remeasurement pertaining to defined benefit obligations	2 599	—	2 599	- 3 391	—	- 3 391	- 8 841	- 289	- 9 130
Income tax relating to other comprehensive income	- 976	- 15	- 991	3 778	- 2	3 776	5 752	77	5 829
Total other comprehensive income for the period	2 703	- 155	2 548	2 723	210	2 933	766	222	988
Total comprehensive income for the period	- 17 614	- 3 663	- 21 277	9 004	- 189	8 815	- 7 412	116	- 7 296
Dividends paid to owners	—	- 57	- 57	—	- 47	- 47	—	- 104	- 104
Group contributions from(+)/to(-) owners of non-controlling interests	—	—	—	—	—	—	—	484	484
Changes in ownership in Group companies on divestments of shares to owners of non-controlling interests	—	—	—	- 110	—	- 110	- 33	387	354
Contribution from minority interest	—	1 214	1 214	—	567	567	—	1 912	1 912
Other changes in ownership	—	- 39	- 39	2 303	141	2 444	2 335	59	2 394
Total transactions with equity holders	—	1 118	1 118	2 193	661	2 854	2 302	2 738	5 040
Balance carried forward	97 646	10 657	108 303	131 567	10 820	142 387	115 260	13 202	128 462
- Of which, Reserve for cash flow hedges	5 565	4	5 569	4 751	- 24	4 727	4 827	1	4 828

Key ratios, Vattenfall Group

In % unless otherwise stated. (x) means times	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014	Last 12 months
Operating margin	- 105.3	- 4.5	- 36.4	12.4	- 1.3	- 25.5
Operating margin ¹	8.2	11.2	13.1	16.0	14.5	13.1
Pre-tax profit margin	- 109.2	- 8.4	- 40.0	8.6	- 5.0	- 29.0
Pre-tax profit margin ¹	4.3	7.3	9.5	12.2	10.9	9.6
Return on equity	- 32.6 ²	8.4 ²	- 32.6 ²	8.4 ²	- 6.9	- 32.6
Return on capital employed	- 14.6 ²	6.4 ²	- 14.6 ²	6.4 ²	- 0.7	- 14.6
Return on capital employed ¹	7.5 ²	8.2 ²	7.5 ²	8.2 ²	8.2	7.5
EBIT interest cover, (x)	- 8.0 ²	3.3 ²	- 8.0 ²	3.3 ²	- 0.1	- 8.0
EBIT interest cover, (x) ¹	4.6 ²	4.2 ²	4.6 ²	4.2 ²	5.0	4.6
FFO interest cover, (x)	7.2 ²	5.5 ²	7.2 ²	5.5 ²	7.2	7.2
FFO interest cover, net, (x)	9.7 ²	5.0 ²	9.7 ²	5.0 ²	10.1	9.7
Cash flow interest cover after maintenance investments, (x)	7.1 ²	5.3 ²	7.1 ²	5.3 ²	7.0	7.1
FFO/gross debt	24.5 ²	24.0 ²	24.5 ²	24.0 ²	25.5	24.5
FFO/net debt	43.2 ²	32.5 ²	43.2 ²	32.5 ²	40.4	43.2
FFO/adjusted net debt	21.1 ²	17.9 ²	21.1 ²	17.9 ²	20.3	21.1
EBITDA/net financial items, (x)	2.6	4.2	8.3	10.8	11.7	10.3
EBITDA/net financial items, (x) ¹	7.4	9.6	10.6	12.1	12.4	11.6
Equity/total assets	23.4	29.2	23.4	29.2	25.8	23.4
Gross debt/equity	118.3	81.9	118.3	81.9	98.0	118.3
Net debt/equity	67.3	60.3	67.3	60.3	61.9	67.3
Gross debt/gross debt plus equity	54.2	45.0	54.2	45.0	49.5	54.2
Net debt/net debt plus equity	40.2	37.6	40.2	37.6	38.2	40.2
Net debt/EBITDA, (x)	2.0 ²	2.2 ²	2.0 ²	2.2 ²	1.9	2.0
Adjusted net debt/EBITDA, (x)	4.0 ²	4.0 ²	4.0 ²	4.0 ²	3.9	4.0

1) Based on Underlying operating profit.

2) Last 12-month values.

Quarterly information, Vattenfall Group

Amounts in SEK million	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Income Statement						
Net sales	36 115	45 377	48 725	34 734	36 575	45 912
Cost of products sold	- 68 228	- 33 042	- 35 284	- 49 148	- 32 059	- 32 905
Other operating income and expenses	- 5 831	- 4 112	- 6 532	- 4 828	- 5 642	- 1 306
Participations in the results of associated companies	- 101	163	136	- 194	- 511	131
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	2 852	13 518	12 120	8 438	3 890	16 588
Operating profit (EBIT)	- 38 045	8 386	7 045	- 19 436	- 1 637	11 832
Underlying operating profit	2 966	7 736	8 223	2 750	4 086	9 075
Financial items, net	- 1 401	- 1 543	- 1 560	- 1 362	- 1 421	- 1 701
Profit before tax	- 39 446	6 843	5 485	- 20 798	- 3 058	10 131
Profit for the period	- 28 812	4 987	3 900	- 18 065	- 2 323	8 205
- of which, attributable to owner of the Parent Company	- 24 996	4 679	3 663	- 18 122	- 1 830	8 111
- of which, attributable to non-controlling interests	- 3 816	308	237	57	- 493	94
Balance sheet						
Non-current assets	339 871	370 318	368 062	353 346	375 661	368 782
Short-term investments	34 006	45 634	32 785	24 810	19 884	22 142
Cash and cash equivalents	20 006	11 606	12 283	10 984	10 263	13 159
Other current assets	69 666	84 827	84 079 ¹	75 566 ¹	82 128 ¹	90 902 ¹
Total assets	463 549	512 385	497 209	464 706	487 936	494 985
Equity	108 303	134 678	128 462	123 864	142 387	145 725
- of which, attributable to owner of the Parent Company	97 646	120 367	115 260	111 603	131 567	134 852
- of which, attributable to non-controlling interests	10 657	14 311	13 202	12 261	10 820	10 873
Hybrid Capital	15 192	19 979	9 385	9 134	9 160	8 928
Other interest-bearing liabilities	112 970	117 400	116 543	111 546	107 458	112 660
Pension provisions	41 986	44 793	45 298	38 827	38 842	34 650
Other interest-bearing provisions	97 550	92 761	93 269	89 651	89 718	82 990
Deferred tax liabilities	27 202	27 454	27 595	28 454	30 952	31 618
Other noninterest-bearing liabilities	60 346	75 320	76 657 ¹	63 230 ¹	69 419 ¹	78 414 ¹
Total equity and liabilities	463 549	512 385	497 209	464 706	487 936	494 985
Capital employed	269 657	298 629	294 278	281 801	305 096	298 977
Net debt	- 72 839	- 78 825	- 79 473	- 83 403	- 85 872	- 85 694
Cash flow						
Funds from operations (FFO)	4 154	9 795	12 476	5 008	3 854	10 792
Cash flow from changes in operating assets and operating liabilities	5 563	- 3 042	1 857	4 984	4 479	- 3 305
Cash flow from operating activities	9 717	6 753	14 333	9 992	8 333	7 487
Cash flow from investing activities	- 5 393	- 5 187	- 7 441	- 7 805	- 5 785	3 574
Cash flow before financing activities	4 324	1 566	6 892	2 187	2 548	11 061
Changes in short-term investments	11 336	- 13 022	- 7 179	- 4 828	2 563	- 10 477
Loans raised/Amortisation of debt, net, etc.	- 7 177	10 816	1 497	3 415	- 8 104	- 3 277
Dividends paid to owners	- 57	—	- 28	- 29	- 47	—
Cash flow from financing activities	4 102	- 2 206	- 5 710	- 1 442	- 5 588	- 13 754
Cash flow for the period	8 426	- 640	1 182	745	- 3 040	- 2 693
Free cash flow	6 218	4 003	8 136	6 083	4 330	4 685

Quarterly information, Vattenfall Group, cont.

In % unless otherwise stated. (x) means times	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Key ratios						
Return on equity ³	- 32.6	- 10.1	- 6.9	- 8.0	8.4	- 10.1
Return on capital employed ³	- 14.6	- 1.9	- 0.7	- 1.9	6.4	- 1.7
Return on capital employed ^{2,3}	7.5	7.6	8.2	8.1	8.2	8.4
EBIT interest cover, (x) ³	- 8.0	- 0.9	- 0.1	- 0.6	3.3	- 0.6
EBIT interest cover, (x) ^{2,3}	4.6	5.1	5.0	4.2	4.2	3.9
FFO/gross debt ³	24.5	22.7	25.5	21.7	24.0	24.7
FFO/net debt ³	43.2	39.5	40.4	31.4	32.5	35.1
FFO/adjusted net debt ³	21.1	20.7	20.3	17.3	17.9	20.4
Equity/assets ratio	23.4	26.3	25.8	26.7	29.2	29.4
Gross debt/equity	118.3	102.0	98.0	97.4	81.9	83.4
Net debt/equity	67.3	58.5	61.9	67.3	60.3	58.8
Net debt/net debt plus equity	40.2	36.9	38.2	40.2	37.6	37.0
Net debt/EBITDA, (x) ³	2.0	2.1	1.9	2.2	2.2	1.9
Adjusted net debt/EBITDA, (x) ³	4.0	4.0	3.9	4.0	4.0	3.3

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) Based on Underlying operating profit.

3) 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 entered as a liability 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 entered as a liability 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 2.1 billion as per 30 June 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. Apart from the information provided under Important events on pages 5-6 in this report, 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:

	Q2 2015	Q2 2014	Q1-Q2 2015	Q1-Q2 2014	Full year 2014
Average rate					
EUR	9.2896	9.0698	9.3260	8.9774	9.1004
DKK	1.2447	1.2154	1.2504	1.2031	1.2207
NOK	1.0802	1.0970	1.0731	1.0796	1.0848
PLN	2.2621	2.1761	2.2468	2.1492	2.1715
GBP	12.8832	11.1117	12.7041	10.9376	11.3091
USD	8.4222	6.6084	8.2917	6.5450	6.8837
			30 June 2015	30 June 2014	31 Dec. 2014
Balance sheet date rate					
EUR			9.2150	9.1762	9.3930
DKK			1.2352	1.2308	1.2616
NOK			1.0482	1.0920	1.0388
PLN			2.1987	2.2075	2.1981
GBP			12.9533	11.4488	12.0593
USD			8.2358	6.7186	7.7366

Note 3 Financial instruments by category and related effects on income

Financial instruments by category: Carrying amount and fair value

Amounts in SEK million	30 June 2015		31 Dec. 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through profit or loss				
Derivative assets	13 334	13 334	17 126	17 126
Short-term investments	31 902	31 902	29 735	29 735
Cash equivalents	1 369	1 369	444	444
Total	46 605	46 605	47 305	47 305
Derivative assets for hedging purposes for				
Fair value hedges	3 650	3 650	4 850	4 850
Cash flow hedges	9 577	9 577	9 732	9 732
Total	13 227	13 227	14 582	14 582
Loans and receivables				
Share in the Swedish Nuclear Waste Fund	33 248	34 143	31 984	34 569
Other non-current receivables	8 266	8 279	8 407	8 429
Trade receivables and other receivables	27 395	27 391	31 217	31 282
Advance payments paid	995	995	2 150	2 150
Short-term investments	2 104	2 070	3 050	3 049
Cash and bank balances	18 637	18 637	11 839	11 839
Total	90 645	91 515	88 647	91 318
Available-for-sale financial assets				
Other shares and participations carried at cost	295	295	284	284
Total	295	295	284	284
Financial liabilities at fair value through profit or loss				
Derivative liabilities	11 707	11 707	13 837	13 837
Total	11 707	11 707	13 837	13 837
Derivative liabilities for hedging purposes for				
Fair value hedges	18	18	2	2
Cash flow hedges	2 308	2 308	2 986	2 986
Total	2 326	2 326	2 988	2 988
Other financial liabilities				
Hybrid Capital, non-current interest-bearing liability	15 192	14 325	—	—
Other non-current interest-bearing liabilities	68 431	75 660	78 807	89 800
Other non-current noninterest-bearing liabilities	5 612	5 612	5 756	5 756
Hybrid Capital, current interest-bearing liability	—	—	9 385	9 551
Current interest-bearing liabilities	44 539	44 937	37 736	38 420
Trade payables and other liabilities	20 121	20 121	28 094	28 094
Advance payments received	1 261	1 261	2 371	2 371
Total	155 156	161 916	162 149	173 992

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 30 June 2015

Amounts in SEK million	Level 1	Level 2	Level 3	Total
Assets				
Derivative assets	—	26 079	482	26 561
Short-term investments and cash equivalents	18 134	15 137	—	33 271
Total assets	18 134	41 216	482	59 832
Liabilities				
Derivative liabilities	—	13 536	497	14 033
Total liabilities	—	13 536	497	14 033

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
Assets				
Derivative assets	—	31 058	650	31 708
Short-term investments and cash equivalents	25 071	5 108	—	30 179
Total assets	25 071	36 166	650	61 887
Liabilities				
Derivative liabilities	—	16 155	670	16 825
Total liabilities	—	16 155	670	16 825

Changes in level 3 financial instruments

Financial instruments at fair value through profit or loss

	Derivative assets		Derivative liabilities	
	30 June 2015	31 Dec. 2014	30 June 2015	31 Dec. 2014
Amounts in SEK million				
Balance brought forward	650	1 377	670	375
Transfers from another level	—	4	—	—
Revaluations recognised in operating profit (EBIT)	- 159	- 776	- 162	264
Translation differences	- 9	45	- 11	31
Balance carried forward	482	650	497	670
Total revaluations for the period included in operating profit (EBIT) for assets and liabilities held on the balance sheet date	226	389	159	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.

Gas supply agreement: A gas supply agreement (coal price-indexed) is an agreement 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. The gas agreement 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 reasonable valuation of the portion of the gas supply contract that cannot be valued against market prices (Level 3).

The gas agreement 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 30 June 2015 has been calculated at SEK +62 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 +/-1 million (+/-6).

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 CO₂ 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 emission 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 "Point 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 30 June 2015 has been calculated at SEK -6 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 30 June 2015 has been calculated at SEK +25 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 +/-53 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 30 June 2015 has been calculated at SEK +153 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 34 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 30 June 2015 has been calculated at SEK -249 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 8 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	30 June 2015			30 Dec. 2014		
	Net gains/ losses ¹	Interest income	Interest expenses	Net gains/ losses ¹	Interest income	Interest expenses
Derivative assets and derivative liabilities	2 109	89	- 359	5 024	186	- 122
Available-for-sale financial assets	14	—	—	- 25	—	—
Loans and receivables	- 255	948	—	- 184	1 116	—
Financial liabilities measured at amortised cost	- 32	—	- 1 530	- 2 675	—	- 3 624
Total	1 836	1 037	- 1 889	2 140	1 302	- 3 746

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

Note 4 Impairment losses

Vattenfall tests its assets for impairment on a yearly basis or whenever there is an indication that the assets might be impaired. Due to deteriorating market conditions, increased costs and higher business risk, an impairment test was carried out during the second quarter of 2015. As a result, the following impairment losses have been recognised for the first half of 2015:

Amounts in SEK million	Property, plant and equipment	Associated companies	Current assets	Effect on Operating profit	Effect on taxes	Total impairment
Power Generation	34 673	—	1 584	36 257	- 9 517	26 740
- of which, the German plant Moorburg	4 010	—	—	4 010	- 1 203	2 807
- of which, lignite assets in Germany	15 241	—	—	15 241	- 4 572	10 669
- of which, Ringhals 1 and 2	15 417	—	1 584	17 001	- 3 740	13 261
- of which, other assets	5	—	—	5	- 2	4
Wind	—	41	—	41	—	41
- of which, wind assets in Germany	—	41	—	41	—	41
Total impairment losses Q2 2015	34 673	41	1 584	36 298	- 9 517	26 781
Power Generation						
- of which, other assets	110	—	—	110	- 33	77
Total impairment losses Q1 2015	110	—	—	110	- 33	77
Total impairment losses Q1 - Q2 2015	34 783	41	1 584	36 408	- 9 550	26 858
Reversed impairment losses attributable to Thermal Denmark	- 491	—	—	- 491	—	- 491
Net effect of impairment losses Q1-Q2 2015	34 292	41	1 584	35 917	- 9 550	26 367
Of which, assets in Germany	19 366	41	—	19 407	- 5 810	13 597
Of which, assets in the Nordic countries	14 926	—	1 584	16 510	- 3 740	12 770
Total Q1 - Q2 2015	34 292	41	1 584	35 917	- 9 550	26 367

The impairment test was performed by calculating the value in use of the cash-generating units. The structure of the cash-generating units is based on the Business Unit structure of the Group. As a result of the change in Vattenfall's organisational structure as from 1 April 2015, the segments and structure of the cash-generating units have been changed accordingly.

Impairment charges against operating profit in the second quarter totalled SEK 36,298 million, mainly attributable to the Power Generation operating segment. Total impairment losses recognised during the first half of 2015 were SEK 36,408 million. During the second quarter, SEK 491 million in previous impairment losses were reversed. These pertained to a combined heat and power plant in Denmark, where a sales agreement was signed in June for the last of Vattenfall's previously owned combined heat and power plants.

Goodwill, which is not subject to amortisation but is tested annually for impairment, is allocated to the Power Generation operating segment (Trading cash generating unit) in the amount of SEK 662 million and to the Customers & Solutions operating segment (Sales B2B & B2C cash generating unit) in the amount of SEK 12,339 million. No need to recognise impairment of goodwill was identified in the impairment test.

Impairment process

The main assumptions that company management has used in calculating projections of future cash flows in cash-generating units with definite useful life are based on forecasts of the useful life of the respective assets. The projected cash flows are based on market prices and on Vattenfall's long-term market outlook. The long-term market outlook is based on internal and external input parameters and is benchmarked against externally available price projections. Based on the price assumptions, the dispatch of the power plants is calculated, taking technical, economic and legal constraints into consideration. Technical flexibility of the assets, i.e., the ability to adapt generation to changes in spot market prices, has been taken into account. Cash flow projections of other cash-generating units are based on the business plan for the coming five years, after which their residual value is taken into account, based on a growth factor of 0% (0%–1%).

Future cash flows have been discounted to value in use using a discount rate of 5.5%–5.6% (5.4%–6.3%) after tax, corresponding to 7.2%–7.5% before tax for regulated business. For competitive business, a discount rate of 5.6%–9.4% (6.5%–7.0%) after tax, corresponding to 8.3%–12.3% before tax, has been used. The discount rate varies for various asset classes, depending on their level of risk. When setting the discount rate for competitive business, consideration is given to the scope of the exposure in the business for changes in market prices of electricity, fuel, CO₂ emission allowances and regulatory risks. An increase in the discount rate of 0.5 percentage points would give rise to a need to recognise an additional impairment loss of slightly more than SEK 2 billion.

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).

First half of 2015

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

- Net sales amounted to SEK 15,872 million (22,230).
- Profit before appropriations and tax was SEK 3,984 million (1,448).
- Earnings were affected by the following:
 - Received dividends of SEK 3,812 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.
 - Impairment loss of SEK 1,209 million for the shareholding in Vattenfall A/S, the effect of previously a received dividend.
- The balance sheet total was SEK 265,925 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 previous hybrid bond that was issued 2005 and to use the remaining for general corporate purposes.
- Investments during the period amounted to SEK 190 million (142).
- Cash and cash equivalents, and short-term investments amounted to SEK 46,601 million (31 December 2014: 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. Apart from the information provided under Important events on pages 5-6 in this report, 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 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-Q2 2015	Q1-Q2 2014	Full year 2014
Net sales	15 872	22 230	31 676
Cost of products sold	- 11 935	- 16 889	- 22 470
Gross profit	3 937	5 341	9 206
Selling expenses, administrative expenses and research and development costs	- 1 253	- 1 300	- 2 626
Other operating income and expenses, net	525	- 1 122	- 1 610
Operating profit (EBIT)	3 209	2 919	4 970
Result from participations in subsidiaries	2 653	762	- 13 830
Result from participations in associated companies	7	—	—
Result from other shares and participations	—	- 214	- 213
Other financial income	507	630	1 075
Other financial expenses	- 2 392	- 2 649	- 4 886
Profit before appropriations and tax	3 984	1 448	- 12 884
Appropriations	1 603	1 436	418
Profit before tax	5 587	2 884	- 12 466
Income tax expense	- 732	698	748
Profit for the period	4 855	3 582	- 11 718

Parent Company statement of comprehensive income

Amounts in SEK million	Q1-Q2 2015	Q1-Q2 2014	Full year 2014
Profit for the period	4 855	3 582	- 11 718
Total other comprehensive income	—	—	—
Total comprehensive income for the period	4 855	3 582	- 11 718

Parent Company balance sheet

Amounts in SEK million	30 June 2015	30 June 2014	31 Dec. 2014
Assets			
Non-current assets			
Intangible assets: non-current	141	130	118
Property, plant and equipment	4 032	4 064	4 128
Shares and participations	116 970	133 065	118 473
Deferred tax assets	—	33	—
Other non-current assets	83 629	89 417	90 478
Total non-current assets	204 772	226 709	213 197
Current assets			
Inventories	361	364	385
Intangible assets: current	132	42	68
Current receivables	14 036	14 342	18 055
Current tax assets	23	404	762
Short-term investments	30 131	16 127	26 724
Cash and cash equivalents	16 470	4 724	8 335
Total current assets	61 153	36 003	54 329
Total assets	265 925	262 712	267 526
Equity and liabilities			
Equity			
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	4 855	3 582	- 11 718
Total equity	56 463	66 907	51 607
Untaxed reserves	14 625	15 688	16 227
Provisions	4 764	4 317	4 278
Non-current liabilities			
Hybrid Capital	15 215	9 160	—
Other interest-bearing liabilities	53 668	61 747	63 962
Deferred tax liabilities	165	—	165
Other noninterest-bearing liabilities	36 314	33 491	36 421
Total non-current liabilities	105 362	104 398	100 548
Current liabilities			
Hybrid Capital	—	—	9 385
Other interest-bearing liabilities	80 842	66 439	78 379
Other noninterest-bearing liabilities	3 869	4 963	7 102
Total current liabilities	84 711	71 402	94 866
Total equity and liabilities	265 925	262 712	267 526

Definitions and calculations of key ratios

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

EBIT:	Earnings Before Interest and Tax (Operating profit)
EBITDA:	Earnings Before Interest, Tax, Depreciation and Amortisation. (Operating profit before depreciation, amortisation and impairment losses)
Items affecting comparability:	Capital gains and capital losses from shares and other non-current assets, impairment losses and reversed impairment losses 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
Underlying operating profit:	Operating profit (EBIT) excluding items affecting comparability
FFO:	Funds From Operations
Free cash flow:	Cash flow from operating activities less maintenance investments
Hybrid Capital:	Perpetual subordinated securities, junior to all Vattenfall's unsubordinated debt instruments.
Capital employed:	Balance sheet total less financial assets, noninterest-bearing liabilities and certain other interest-bearing provisions not included in adjusted net debt
Net debt:	Interest-bearing liabilities less loans to owners of non-controlling interests in Group companies, cash and cash equivalents and short-term investments
Adjusted net debt:	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 Juli 2014 – June 2015:

Operating margin, %	= 100 x	$\frac{\text{EBIT}}{\text{Net sales}} = \frac{-42\,050}{164\,951}$	=	-25.5
Operating margin excl. items affecting comparability, %	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Net sales}} = \frac{21\,673}{164\,951}$	=	13.1
Pre-tax profit margin, %	= 100 x	$\frac{\text{Profit before tax}}{\text{Net sales}} = \frac{-47\,917}{164\,951}$	=	-29.0
Pre-tax profit margin excl. items affecting comparability, %	= 100 x	$\frac{\text{Profit before tax excl. items affecting comparability}}{\text{Net sales}} = \frac{15\,848}{164\,951}$	=	9.6
Return on equity, %	= 100 x	$\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl. the Reserve for cash flow hedges}} = \frac{-34\,776}{106\,610}$	=	-32.6
Return on capital employed, %	= 100 x	$\frac{\text{EBIT}}{\text{Capital employed, average}} = \frac{-42\,050}{287\,377}$	=	-14.6
Return on capital employed excl. items affecting comparability, %	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Capital employed, average}} = \frac{21\,673}{287\,377}$	=	7.5
EBIT interest cover, (x)	=	$\frac{\text{EBIT + financial income excl. return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}} = \frac{-40\,563}{5\,084}$	=	-8.0
EBIT interest cover excl. Items affecting comparability, (x)	=	$\frac{\text{Underlying EBIT + financial income excl. Return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}} = \frac{23\,160}{5\,084}$	=	4.6
FFO interest cover, (x)	=	$\frac{\text{FFO + financial expenses excl. discounting effects attributable to provisions}}{\text{Financial expenses excl. discounting effects attributable to provisions}} = \frac{36\,518}{5\,084}$	=	7.2
FFO interest cover, net, (x)	=	$\frac{\text{FFO + financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}} = \frac{35\,031}{3\,597}$	=	9.7

Cash flow interest cover after maintenance investments, (x)	=	$\frac{\text{Cash flow from operating activities less maintenance investments + financial expenses excl. Discounting effects attributable to provisions and interest components related to pension costs}}{\text{Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs}}$	$\frac{28\,431}{3\,990} = 7.1$
FFO/gross debt, %	= 100 x	$\frac{\text{FFO}}{\text{Interest-bearing liabilities}}$	$\frac{31\,434}{128\,162} = 24.5$
FFO/net debt, %	= 100 x	$\frac{\text{FFO}}{\text{Net debt}}$	$\frac{31\,434}{72\,839} = 43.2$
FFO/adjusted net debt, %	= 100 x	$\frac{\text{FFO}}{\text{Adjusted net debt}}$	$\frac{31\,434}{149\,080} = 21.1$
EBITDA/net financial items, (x)	=	$\frac{\text{EBITDA}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{36\,929}{3\,597} = 10.3$
EBITDA excl. items affecting comparability/net financial items, (x)	=	$\frac{\text{EBITDA excl. items affecting comparability}}{\text{Financial items net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{41\,600}{3\,597} = 11.6$

Key ratios based on the balance sheet per 30 June 2015:

Equity/total assets, %	= 100 x	$\frac{\text{Equity}}{\text{Balance sheet total}}$	$\frac{108\,303}{463\,549} = 23.4$
Gross debt/equity, %	= 100 x	$\frac{\text{Interest-bearing liabilities}}{\text{Equity}}$	$\frac{128\,162}{108\,303} = 118.3$
Net debt/equity, %	= 100 x	$\frac{\text{Net debt}}{\text{Equity}}$	$\frac{72\,839}{108\,303} = 67.3$
Gross debt/gross debt equity, %	= 100 x	$\frac{\text{Interest-bearing liabilities}}{\text{Interest-bearing liabilities + equity}}$	$\frac{128\,162}{236\,465} = 54.2$
Net debt/net debt plus equity, %	= 100 x	$\frac{\text{Net debt}}{\text{Net debt + equity}}$	$\frac{72\,839}{181\,142} = 40.2$
Net debt/EBITDA, (x)	=	$\frac{\text{Net debt}}{\text{EBITDA}}$	$\frac{72\,839}{36\,929} = 2.0$
Adjusted net debt/EBITDA, (x)	=	$\frac{\text{Adjusted net debt}}{\text{EBITDA}}$	$\frac{149\,080}{36\,929} = 4.0$

Interim report signature

The Board of Directors and the President certify that this half-year interim report presents a true and fair overview of the Vattenfall Group's and the Parent Company Vattenfall AB's operations, financial position and results of operations, and describes the significant risks and uncertainties facing the Parent Company and the companies belonging to the Group.

Solna, 20 July 2015

Lars G. Nordström
Chairman of the Board

Magnus Hall
President and CEO

Carl-Gustaf Angelin

Fredrik Arp

Gunilla Berg

Viktoria Bergman

Johnny Bernhardsson

Håkan Buskhe

Ronny Ekwall

Håkan Erixon

Tomas Kåberger

Jenny Lahrin

Åsa Söderström Jerring

Financial calendar

Interim report January–September, 27 October 2015

Year-end report, 3 February 2016

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Review report

Introduction

We have reviewed the condensed interim report for Vattenfall AB (publ) as at 30 June 2015 and for the six month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material aspects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Solna, 20 July 2015

Ernst & Young AB

Staffan Landén

Authorised Public Accountant