

Vattenfall Q2 2013 results

Øystein Løseth, CEO and Ingrid Bonde, CFO

Conference call for analysts and investors, 23 July 2013

Q2 Highlights

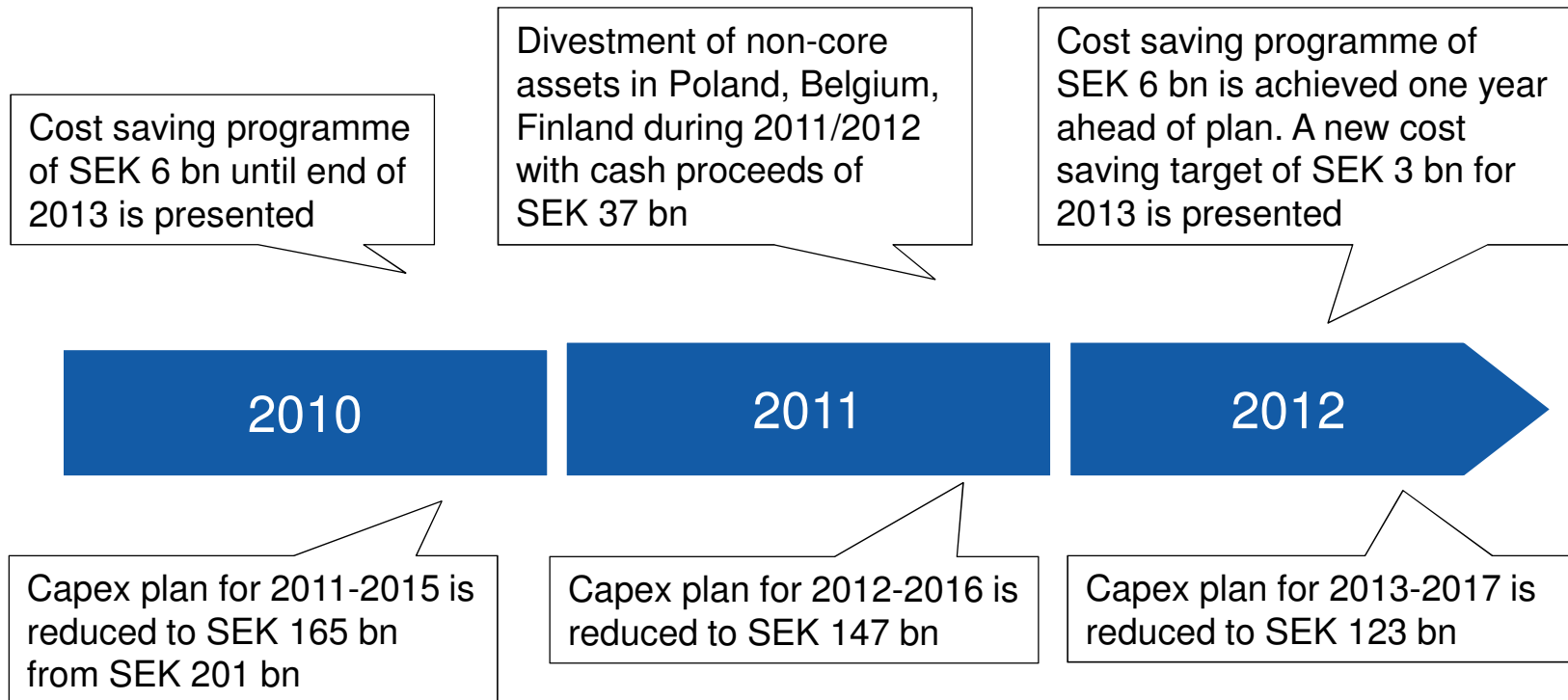
- Impairment charges on thermal assets and goodwill amounting to SEK 29.7 bn
- Underlying operating profit improved by 11.6% to SEK 5.3 bn (4.8)
- Profit for the period SEK -23.2 bn (0.9)
- Vattenfall reorganizes and presents new efficiency measures
- Electricity generation increased by 0.7 TWh to 41.8 TWh (41.1)

Vattenfall reorganizes the Group in two regions

- Two main regions effective 1 January 2014
 - The Nordic countries
 - Continental Europe/UK
- The new structure
 - Enables the regions to focus on their respective topics
 - Opens up for opportunities for risk-sharing in the Continental operations over time



Previous efficiency and consolidation measures



Additional efficiency measures

- Costs to be further reduced
 - Cost savings target for 2014 now SEK 2.5 bn (prev. announced: SEK 1.5 bn)
 - New target for 2015: SEK 2 bn
 - Freeze on new hiring and strict control of external consulting services
- Investment programme is scaled back
 - Capex plan for 2014-2018 will be reduced to SEK 105 bn, compared with SEK 123 bn for the period 2013-2017
 - Projects which have already been decided, will be prioritized
 - Unchanged focus on renewable energy

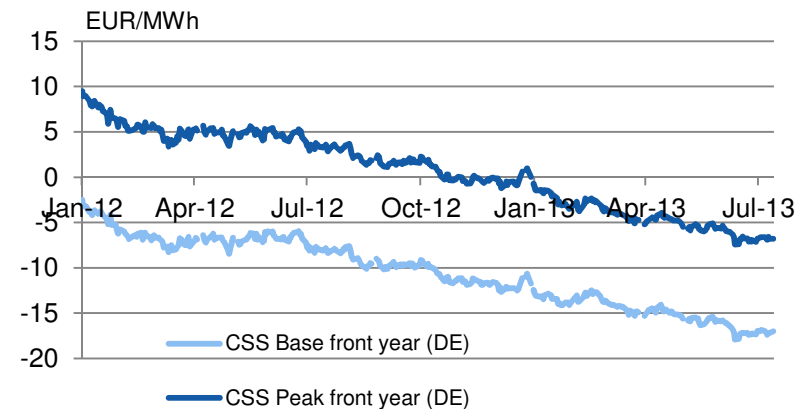
Financials

Ingrid Bonde, CFO

Impairment charges - background

- Vattenfall, like other European power producers, is feeling the effects of increasingly adverse market conditions and higher business risks
- CCGT Magnum (NL) 1,311 MW, will not be put in full commercial operation for the time being
- More challenging market outlook is reflected in a higher discount factor when assessing the value of future cash flows

Clean Spark Spreads (50% efficiency)



CCGT Magnum, 1,311 MW



Impairment charges - facts

Impairments (impact on EBIT) pertain to:	SEK billion
Thermal assets in the Netherlands	14.5
Thermal assets in Germany	4.1
Thermal assets and other assets in the Nordic region	2.5
Goodwill (mainly Trading-business)	6.8
Other assets	1.8
Total	29.7

- Impact on net profit SEK 24.5 bn due to positive tax impact
- No impact on cash flow or debt position

Q2 2013 Financial highlights

MSEK	Q2 2013	Q2 2012	Change (%)
Net Sales	37,266	36,703	1.5
EBITDA	8,190	9,684	-15.4
EBIT	-25,916	4,729	-
Underlying EBIT*	5,325	4,772	11.6
Financial items, net	-2,584	-3,195	-19.1
Profit after tax	-23,259	852	-
Cash flow (FFO)	5,999	3,947	52.0
Net debt	112,369	111,907**	0.4
Adjusted net debt	162,507	153,943**	5.6
FFO/Adjusted net debt (%)***	22.4	23.4	
Adjusted net debt/EBTIDA (%)***	3.6	2.7	

* Underlying profit: EBIT excluding Items affecting comparability

** As of 31 December 2012

*** Rolling 12 months

H1 2013 Financial highlights

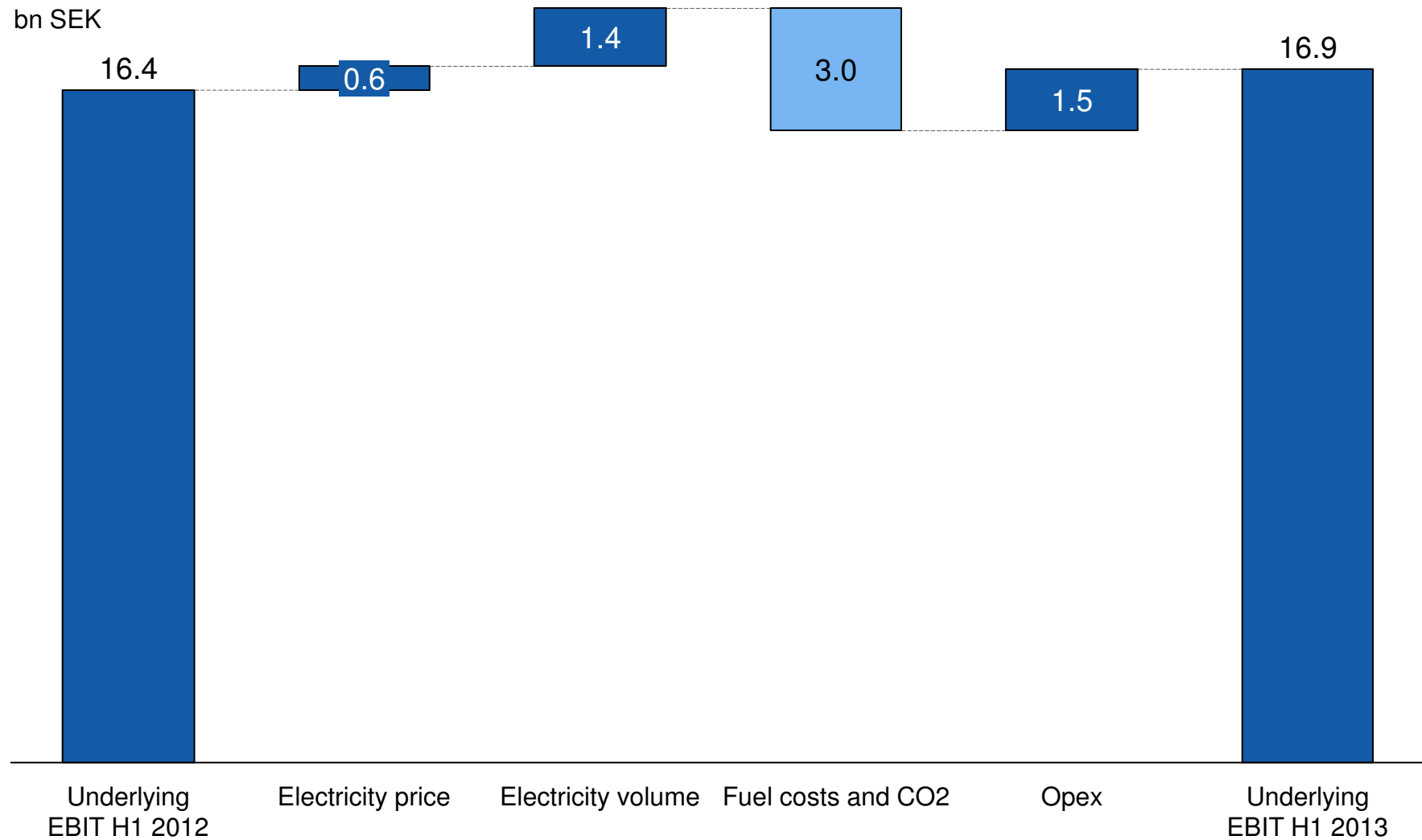
MSEK	H1 2013	H1 2012	Change (%)
Net Sales	86,925	85,697	1.4
EBITDA	23,942	33,464	-28.5
EBIT	-15,110	23,639	-
Underlying EBIT*	16,950	16,401	3.3
Financial items, net	-4,990	-5,640	-11.5
Profit after tax	-17,064	14,680	-
Cash flow (FFO)	18,597	16,664	11.6
Net debt	112,369	111,907**	0.4
Adjusted net debt	162,507	153,943**	5.6
FFO/Adjusted net debt (%)***	22.4	23.4	
Adjusted net debt/EBTIDA (%)***	3.6	2.7	

* Underlying profit: EBIT excluding Items affecting comparability

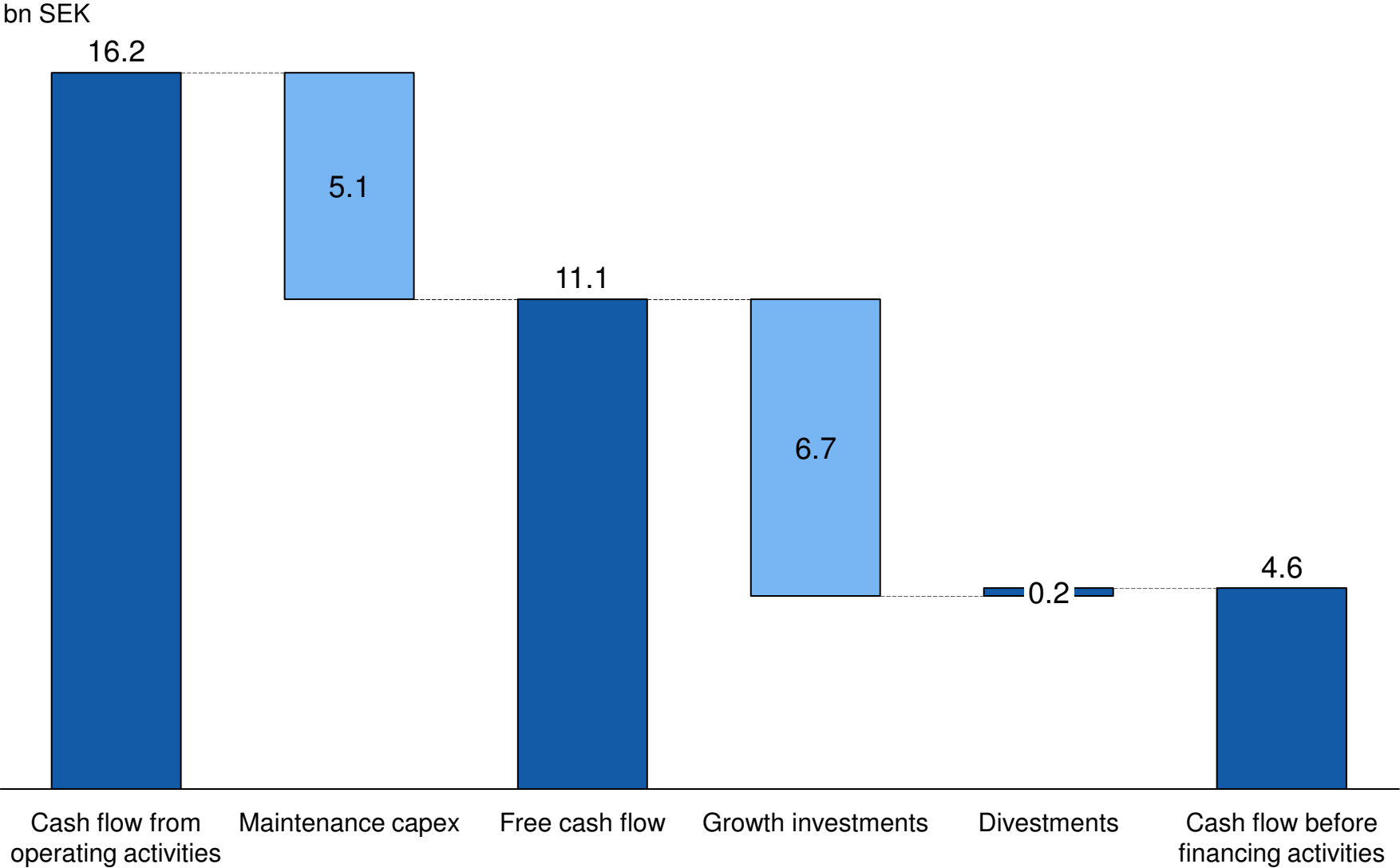
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H1 2013: Positive effect on underlying EBIT from higher achieved electricity prices, higher volumes and lower OPEX

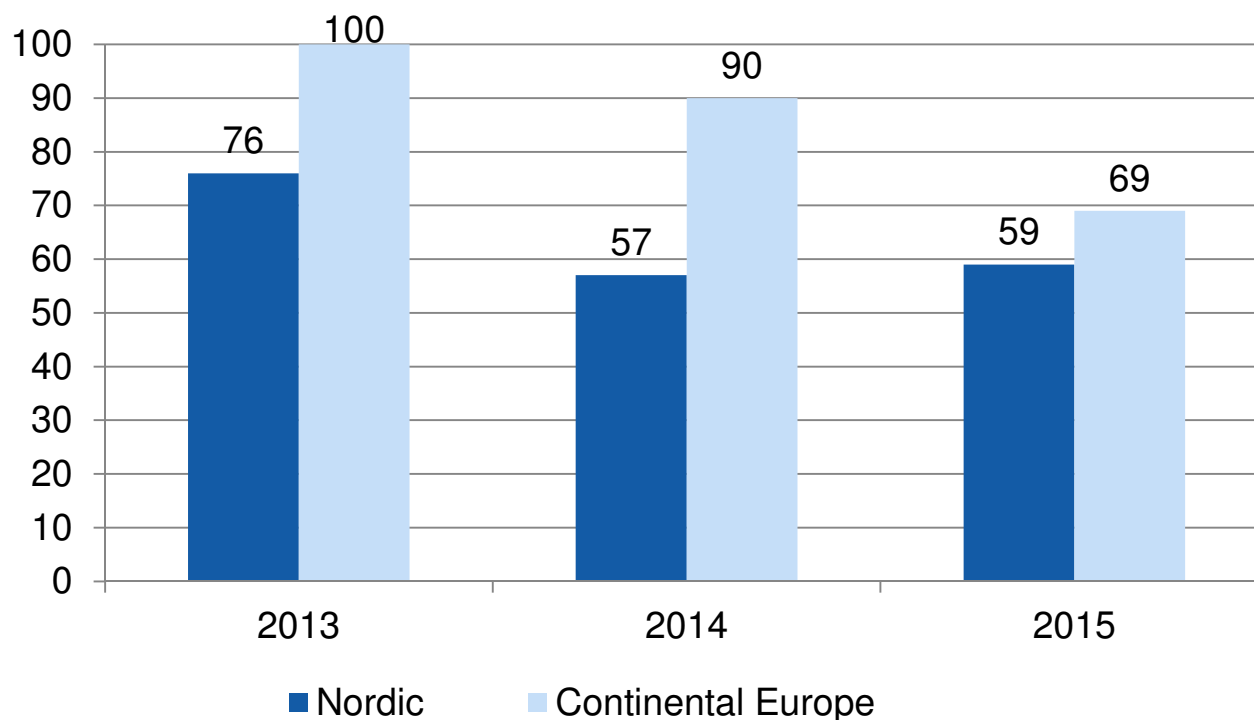


Good development of cash flow H1 2013



Higher hedge ratios but slightly lower hedge prices

% hedged of planned electricity production (remaining part of the year)



Hedge prices EUR/MWh	2013	2014	2015
Nordic region	44	41	40
Continental Europe	55	50	47

Financial targets

Financial targets	Target	Q2 2013	FY 2012
Return on Capital Employed (ROCE) *	9%	-4.2% 9.3% excl. IAC	8.3% 8.8% excl. IAC
Net debt/Equity	50-90%	88.0%	74.9%
FFO/Adjusted net debt *	22-30%	22.4%	22.4%
Dividend pay-out	40-60%		40% (SEK 6.8 bn)

* Last 12 months

Q&A

Appendix

Impairment history 2009-2013 (1)

Impairments	SEK billion
Netherlands	37.5
- Thermal assets	27.8
- <i>H1 2013 (Assets)</i>	14.5
- <i>2012 (Assets)</i>	5.1
- <i>2012 (Goodwill)</i>	3.5
- <i>2011 (Assets, Goodwill)</i>	0.4
- <i>2010 (Goodwill)</i>	4.3
- Trading	6.5
- <i>H1 2013 (Goodwill)</i>	6.5
- Other assets	3.2
- <i>H1 2013 (Assets, Goodwill)</i>	1.5
- <i>2010 (Assets)</i>	0.6
- <i>2009, 2010 (Wind power assets)</i>	1.1

Impairment history 2009-2013 (2)

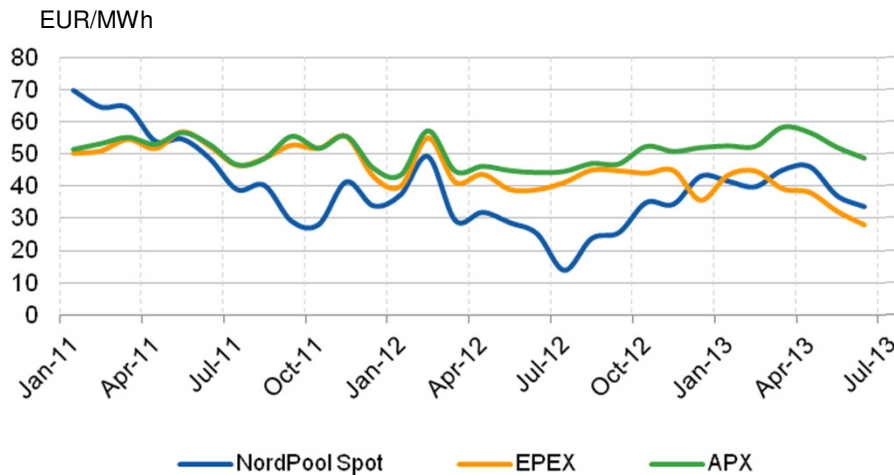
Impairments	SEK billion
Germany	20.2
- Thermal assets (H1 2013)	4.3
- Nuclear assets (2011)	10.5
- Transmission (2010)	5.1
Nordic	7.2
- Thermal assets	7.1
- <i>H1 2013 (Assets)</i>	3.0
- <i>2009 (Assets)</i>	4.1
Poland (2011, 2012, 2013; Shares in Enea S.A.)	2.4
Liberia (2012, biomass project)	1.3
Other (mainly UK)	1.5
Total impairments 2009 – H1 2013 (Netherlands, Germany, Nordic, Poland, Liberia, Other)	70.1

Market development

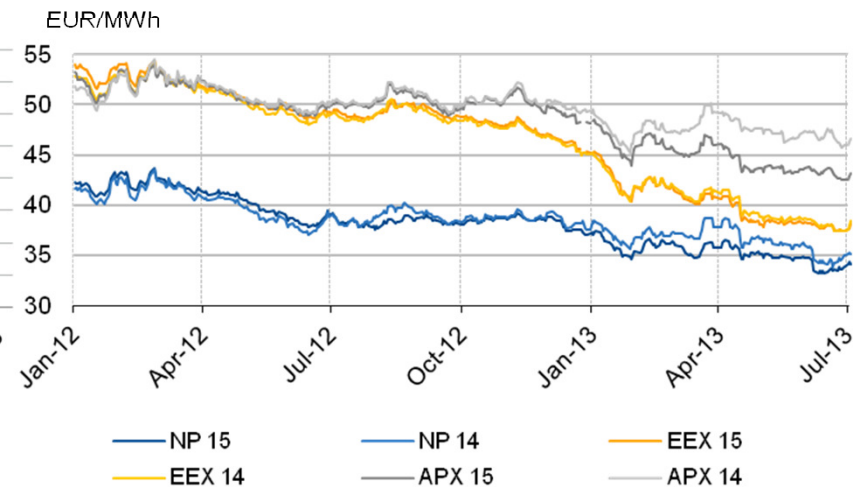
- Nordic spot prices increased mainly due to low precipitation
- German spot prices declined, mainly on the back of lower commodity prices
- Electricity futures prices lower on all Vattenfall markets compared with Q1-13.

EUR/MWh	Nord Pool	EPEX	APX
Q2-13 (Q2-12)	38.8 (28.4)	32.6 (40.4)	52.6 (45.1)
%	36.6	-19.3	16.6

Monthly spot average

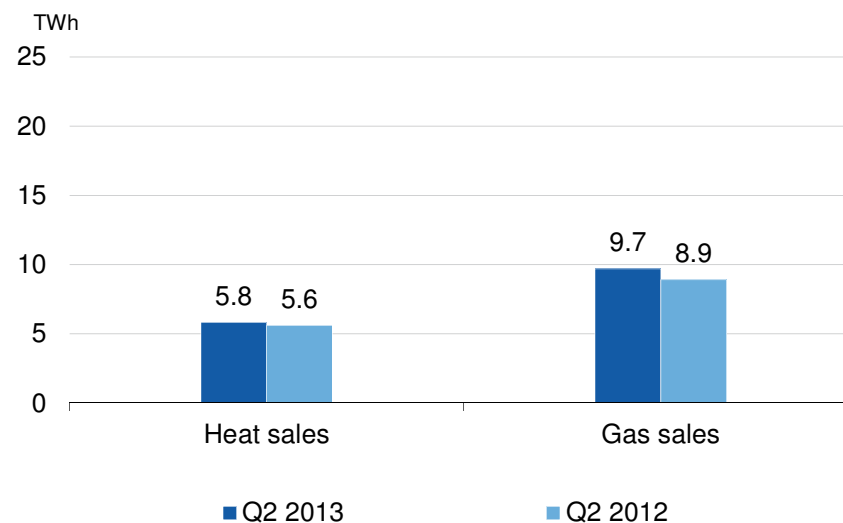
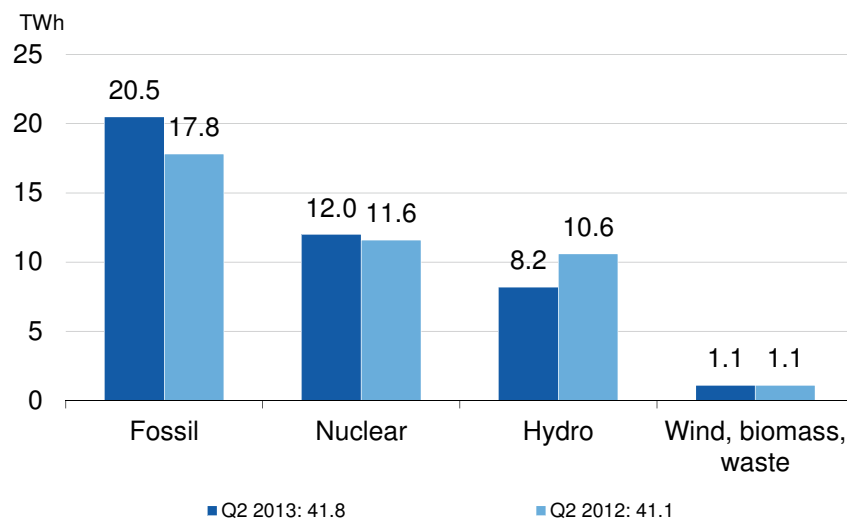


Electricity futures prices

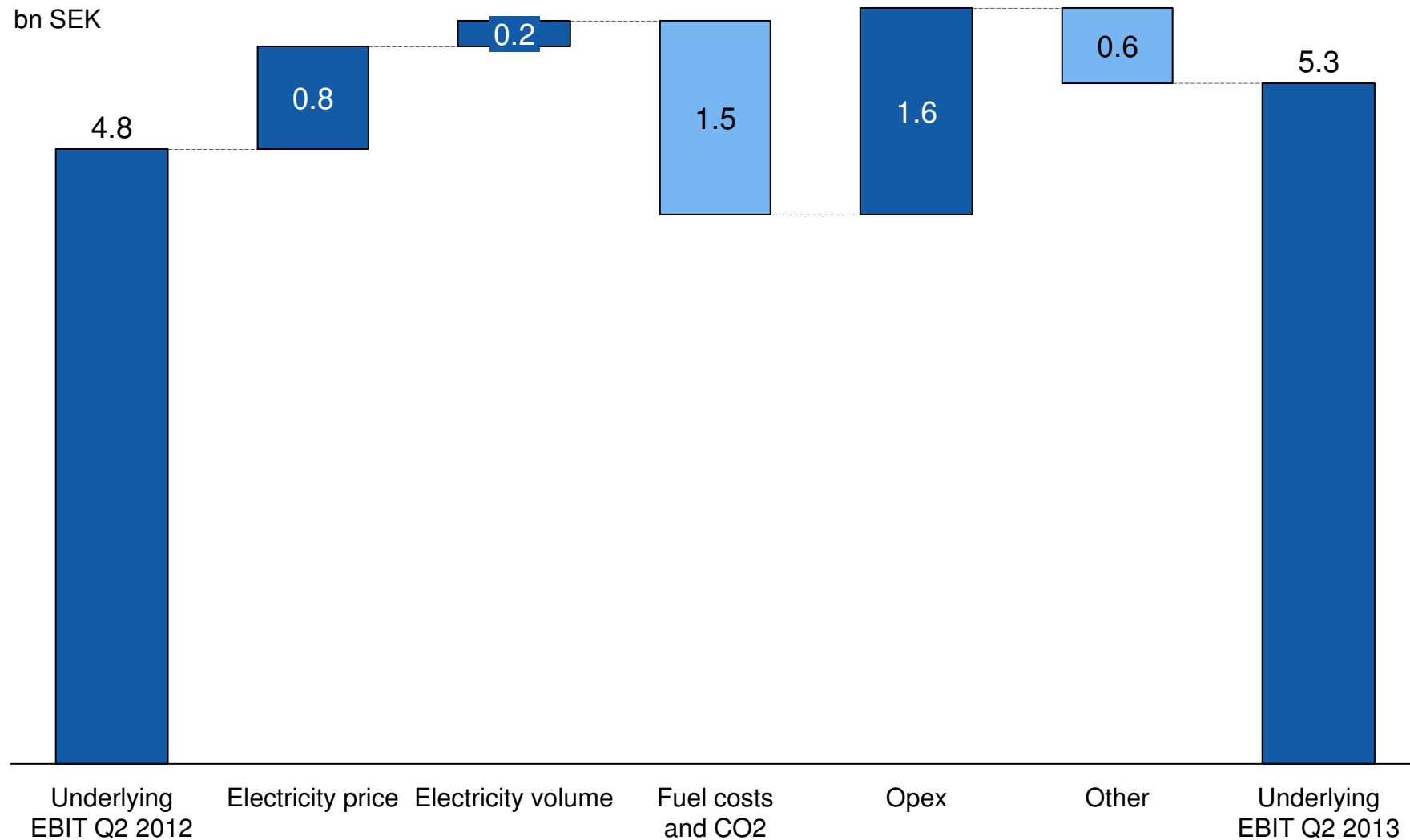


Electricity generation increased slightly

- Electricity generation increased by 0.7 TWh to 41.8 TWh (41.1)
 - Fossil generation and nuclear generation increased mainly due to higher availability
 - Hydro power generation decreased due to the record high output in H1/13
 - Higher heat and gas sales due to colder weather



Q2 2013: Positive effect on underlying EBIT from higher achieved electricity prices, higher volumes and lower OPEX



Underlying EBIT Q2 2013 per operating segment

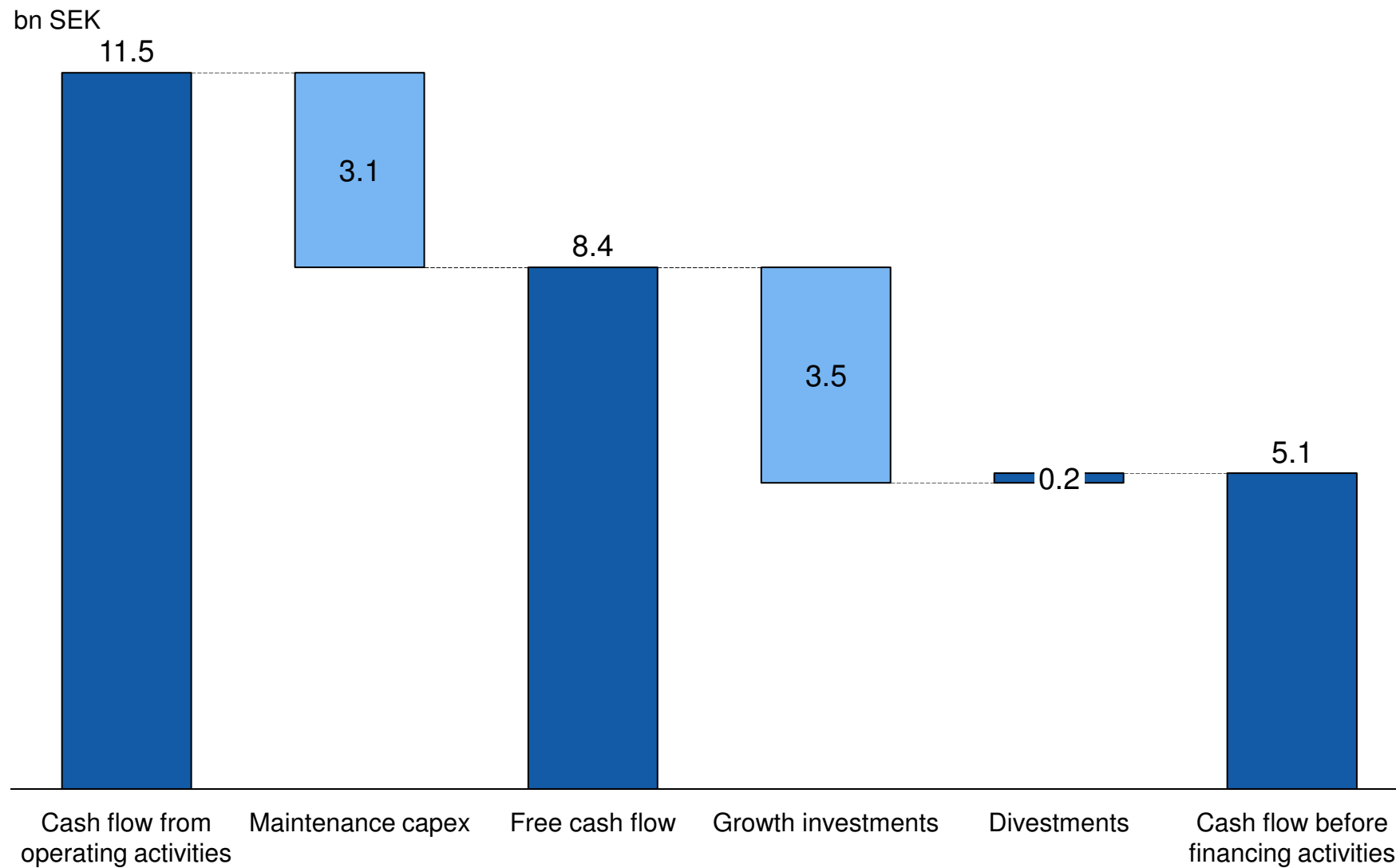
MSEK	Q2 2013	Q2 2012
Generation	4,904	3,592

- Underlying EBIT increased by 1.3 billion SEK
 - Higher achieved electricity prices and lower operating costs
 - Higher fuel costs and higher costs for CO2 emission allowances

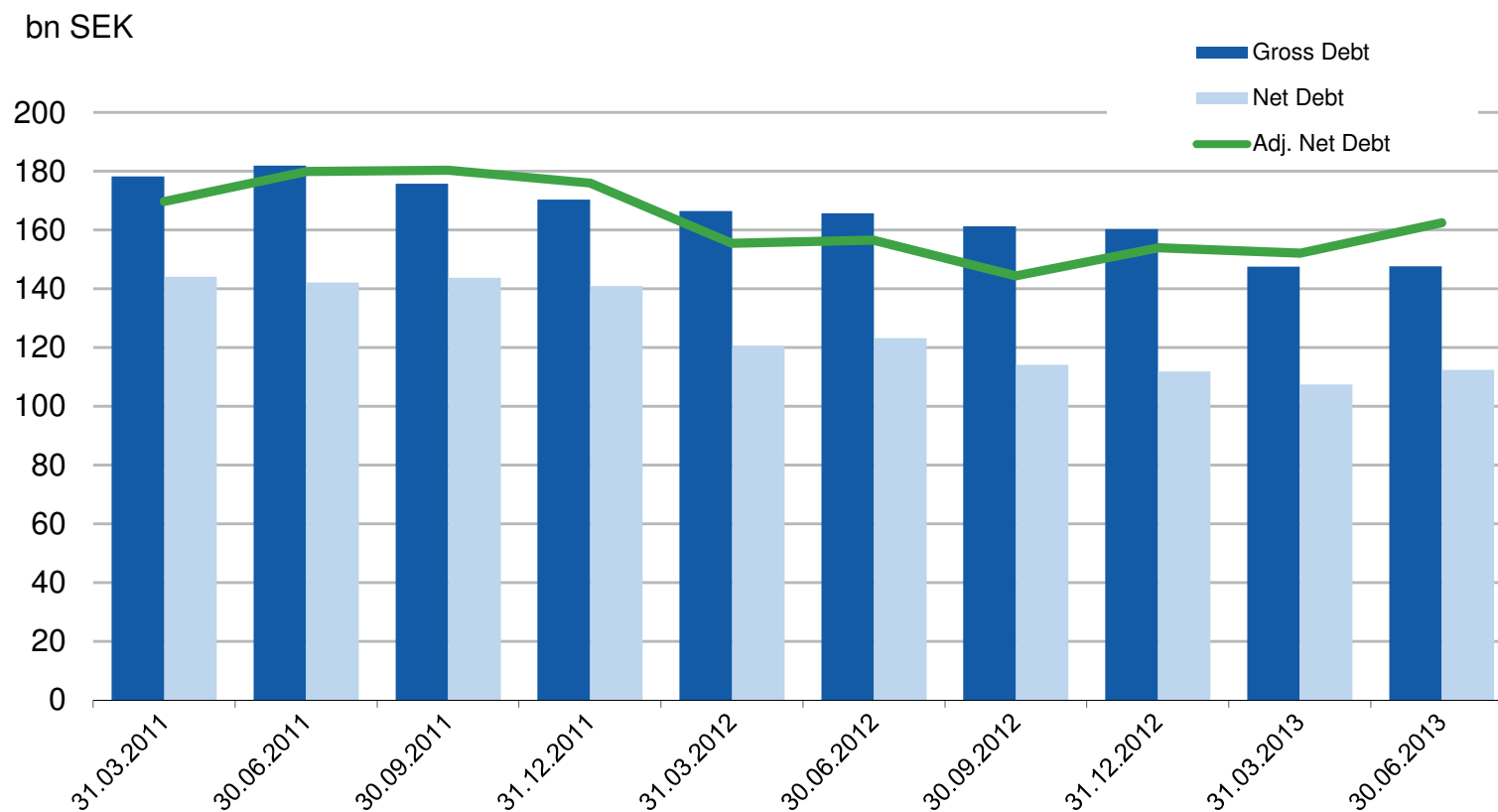
MSEK	Q2 2013	Q2 2012
Distribution and Sales	908	1,222

- Underlying EBIT decreased by 0.3 billion SEK
 - Lower operating costs
 - Lower heat revenues and higher fuel costs

Cash flow development Q2 2013



Adjusted net debt increased



Compared with 31 December, adjusted net debt increased by SEK 8.6 bn to SEK 162.5 bn mainly due to higher pension obligations, margin calls and dividend paid. For calculation of adjusted net debt, see Appendix slide 27.

Strong liquidity position

As of 30 June 2013

Group liquidity	SEK million
Cash and cash equivalents	23,103
Short term investments	11,973
Reported cash, cash equivalents & short term investments	35,076
Unavailable liquidity*	-6,370
Available liquidity	28,707

Committed credit facilities	Line size	SEK million
RCF (maturity Jan 2016)	EUR 2 550 million	22,382
Multi option Facility (12-month rolling)	EUR 1 300 million	11,019
Total undrawn**		33,401

Debt maturities***	SEK million
Within 90 days	11,462
Within 180 days	20,088

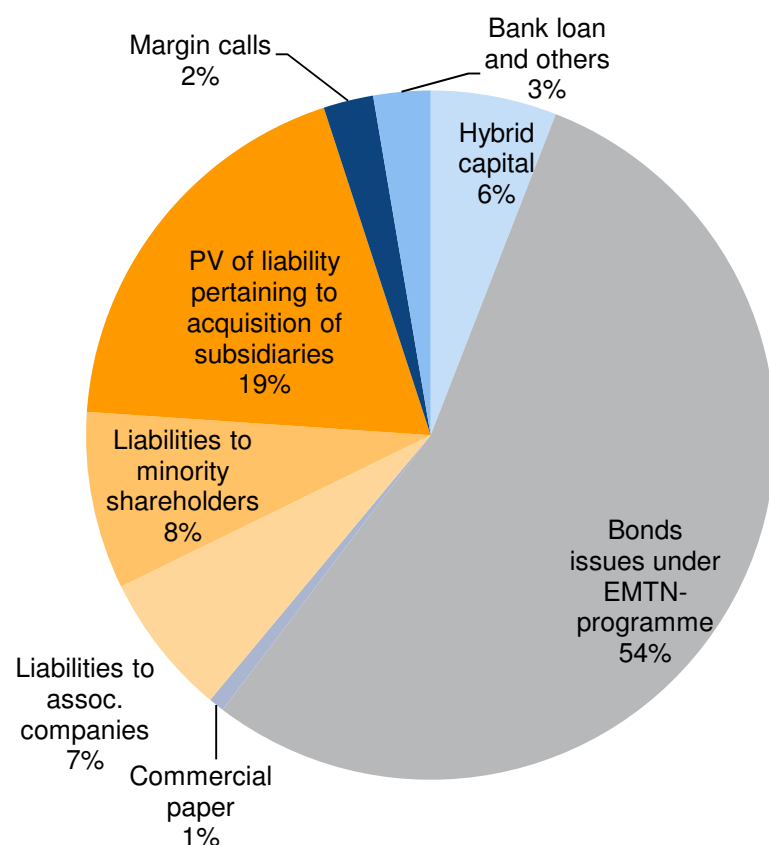
* German nuclear "Solidarvereinbarung" 2,988 MSEK, Margin calls paid (CSA) 1,457 MSEK and others 1,924 MSEK

** Whereof 1,096 MSEK are used as back up facility for short term borrowing

*** Excluding loans from minority owners and associated companies

Breakdown of gross debt

Total debt 30 June 2013: SEK 148 bn (EUR 17 bn)
External market debt SEK 98 bn



Debt issuing programmes	Size (MEUR)	Utilization (MEUR)
EUR 15 bn Euro MTN	15,000	8,737
EUR 2 bn Euro CP	2,000	0
SEK 15 bn Domestic CP	1,709	0,125
Total	18,709	8,862

- All public debt issued by Vattenfall AB
- The debt portfolio has no currency exposure that has an impact on the income statement. The debt in foreign currency is either swapped to SEK or booked as a hedge against net foreign investments.
- No structural subordination

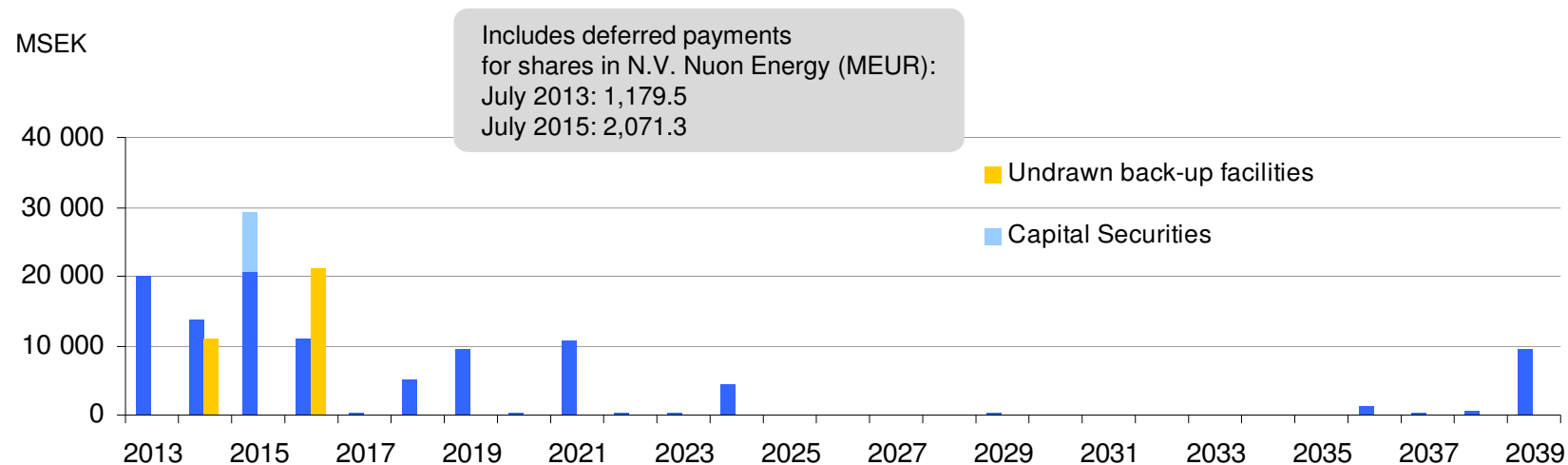
Reported and adjusted net debt

Reported net debt (bn SEK)	June 30 2013	Dec 31 2012
Hybrid capital	-8.7	-8.5
Bond issues and commercial papers and liabilities to credit institutions	-83.3	-94.3
Present value of liability pertaining to acquisition of subsidiaries	-27.9	-27.1
Liabilities to associated companies	-9.9	-9.3
Liabilities to minority shareholders	-12.3	-11.9
Other liabilities	-5.5	-9.2
Total interest-bearing liabilities	-147.7	-160.3
Reported cash, cash equivalents & short-term investments	35.1	46.5
Receivable Swedish pension foundation	0.0	1.8
Loans to minority owners of foreign subsidiaries	0.3	0.1
Net debt	-112.4	-111.9

*Of which: German nuclear "Solidarvereinbarung" 3.0,
margin calls paid (CSA) 1.5, others 1.9

Adjusted net debt (bn SEK)	June 30 2013	Dec 31 2012
Total interest-bearing liabilities	-147.7	-160.3
50% of Hybrid capital	4.4	4.3
Present value of pension obligations	-33.3	-30.2
Mining & environmental provisions	-11.5	-12.2
Provisions for nuclear power (net)	-18.7	-18.4
Cross currency swaps	1.4	3.0
Margin calls received	3.5	7.2
Liabilities to minority owners due to consortium agreements	10.9	10.5
= Adjusted gross debt	-191.2	-196.2
Reported cash, cash equivalents & short-term investments	35.1	46.5
Receivable Swedish pension foundation	0.0	1.8
Unavailable liquidity	-6.4*	-6.0
= Adjusted cash, cash equivalents & short-term investments	28.7	42.2
= Adjusted net debt	-162.5	-153.9

Vattenfall debt maturity profile



These figures differ from the reported interest bearing liabilities as loans from associated companies, minority owners, margin calls received (CSA) and valuation at fair value are excluded and currency derivatives for hedging debt in foreign currency are included.

On 1 July 2013, Vattenfall made payment, as planned, of EUR 1,179.5 million for 15% of the shares in N.V. Nuon Energy. Vattenfall thereafter owns 79% of the shares.

	30 June 2013	31 Dec 2012
Duration (years)	2.9	3.3
Average time to maturity (years)	5.4	5.3
Average interest rate (%)	3.3	3.4
Net debt (SEK bn)	112.4	111.9

Including Hybrid capital