

Vattenfall Q1 Results 2008

Presentations by

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Jan Erik Back, CFO

29 April 2008



Highlights Q1 2008

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Net sales increased

9.0% to SEK 45,404 million (41,644).

EBIT increased slightly by

0.2% to SEK 11,426 million (11,399).

Profit after tax decreased slightly by

0.7% to SEK 7,184 million (7,235).

Net debt decreased

by SEK 4,195 million to SEK 39,545 million compared with 31 December 2007.

Highlights Q1 2008

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Return on Net Assets

was 16.2% LTM (FY 2007: 16.6%)
- well above target 11%.

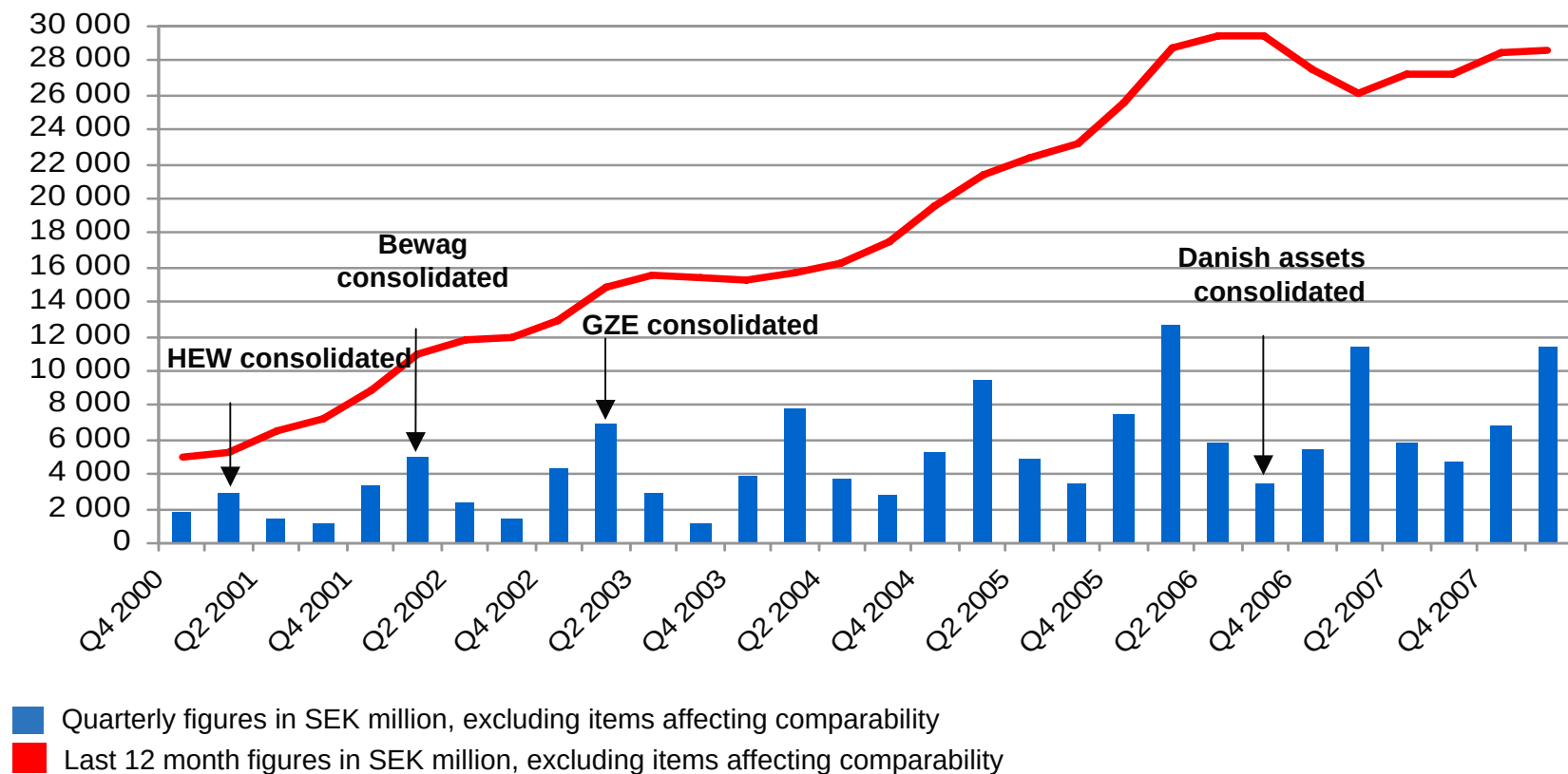
Return on Equity

was 17.0 % LTM (FY 2007: 17.6%)
- well above target 15%.

Continued strong EBIT development

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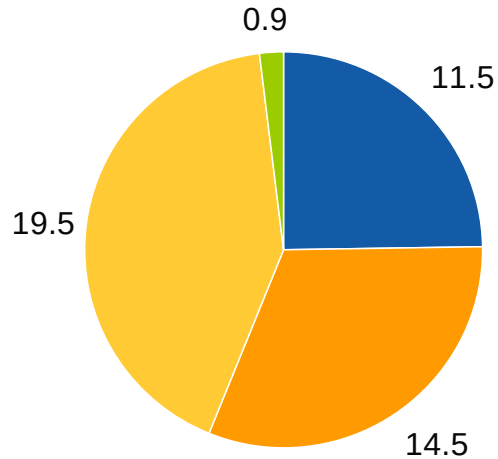
Quarterly figures, SEK million



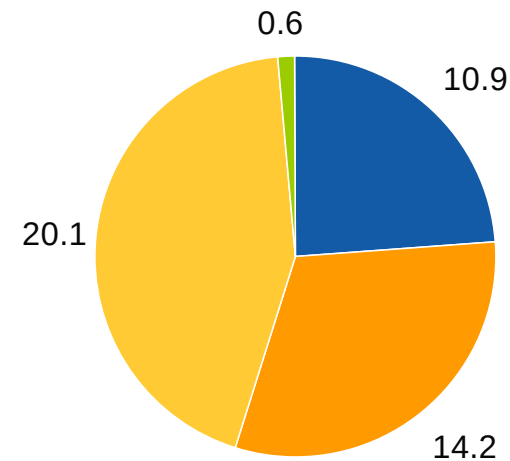
Slightly higher electricity generation output

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Q1 2008: 46.4 TWh



Q1 2007: 45.7 TWh



Hydro

Nuclear

Fossil

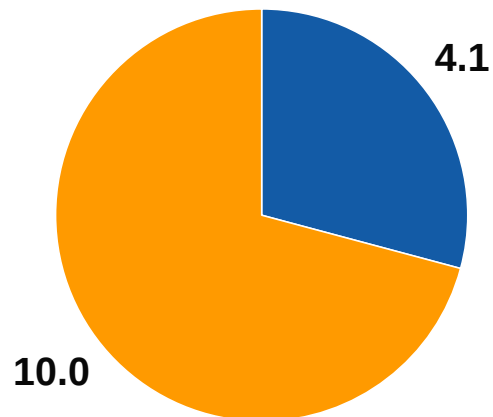
Other

Other = wind, biofuel, waste

Slightly lower heat sales due to mild winter

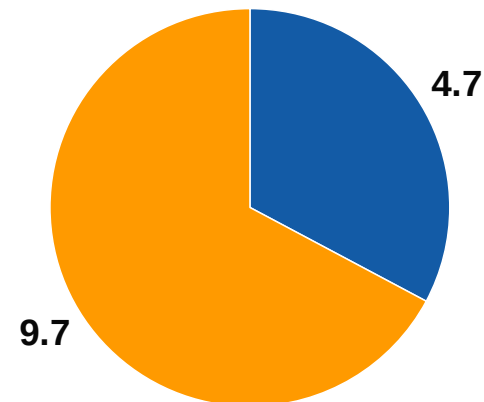
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Q1 2008: 14.1 TWh



Nordic

Q1 2007: 14.4 TWh



Central Europe

Nuclear update - Germany

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- Following the shutdowns in June 2007, the testing and renovations programme as well as the implementation of recommendations presented by the independent expert commission in September 2007, continue.
- The plants will remain shut down until these actions are fully completed. Re-start date still open.
- Q1 2008 financial impact totals approximately EUR 150 million (SEK 1 410 million)



Krümmel (1,346 MW)



Brunsbüttel (771 MW)

- The incident on 25 July 2006 resulted in a comprehensive review of safety issues and the safety culture of all Vattenfall's nuclear power operations. An action programme based on regulatory requirements and self assessment was defined. All actions for 2006, 2007 and the first quarter of 2008 have been concluded.
- Among other things:
 - A safety council has been established at Vattenfall Group level.
 - A new managing director has been appointed at Forsmark (Feb. 2007).
 - Independent external experts have conducted an in-depth review.
 - A Chief Nuclear Officer has been appointed within Vattenfall (Feb. 2008).
- IAEA (the UN:s nuclear body) has carried out a so called OSART study. The preliminary report was presented in February 2008. IAEA noted that Forsmark meets international safety standards.
- Forsmark is on line and fully operational but is still under special oversight by SKI, the Swedish nuclear inspectorate.

Moorburg CHP plant project

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- In November 2007 Vattenfall obtained a preliminary permit (a so called "Vorzeitige Baugenehmigung") to build Europe's technologically most advanced coal-fired CHP plant in Hamburg, Germany. At the same time Vattenfall signed an agreement with the State of Hamburg regarding additional environmental investments to further improve the environmental performance of the plant.
- Vattenfall began construction work and has already contracted EUR 1.3 billion.
- The plant will be built ready for CCS, which means that the CO₂ emissions from the plant will be reduced to almost zero in the medium term.
- Due to the elections in Hamburg, the final environmental permits have been delayed.
- From Vattenfall's point of view, all necessary requirements for the needed emission licence for air emissions and water use for cooling purposes are being met.
- On 21 April Vattenfall took court action on the grounds of administrative inaction.
- Vattenfall considers its legal position to be sufficiently strong to obtain the necessary licence in the near future.

Gratifying development within Sales Germany

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- **Product offers have been improved:**
 - Launch of “Vattenfall Easy”, a very competitively priced online product
 - Nationwide offerings
- **Large-scale dialogue** with all customers as well as the general public



Gratifying results:

- **Customer departures have ceased**
- **Vattenfall** has been ranked “**Best Electricity Supply Company**” by Germany’s Institute for Service Quality (DISQ).

Continued good development within Sales Sweden ¹¹

- Vattenfall has exceeded one (1) million customers in the Nordic countries.
- Vattenfall's Swedish retail customer market share has grown from 13% to 15%.
- Customer satisfaction index has improved.
- Vattenfall's products are often referred to as being the best in the market.
- Vattenfall has launched source-specified electricity, i.e., customers can choose between nuclear, hydro or wind power.
- Several major, long-term, agreements with Swedish industrial customers have been signed.

“Squeeze out” completed in Germany

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- The squeeze out of minority shareholders (3.19%) in Vattenfall's listed German subsidiary Vattenfall Europe AG, initiated in August 2005, was completed on 21 April 2008.
- Vattenfall AB now directly and indirectly controls 100% of Vattenfall Europe AG.
- Trading of the shares on the German stock exchanges has been discontinued.

Financials

Jan Erik Back, CFO

Consolidated income statement

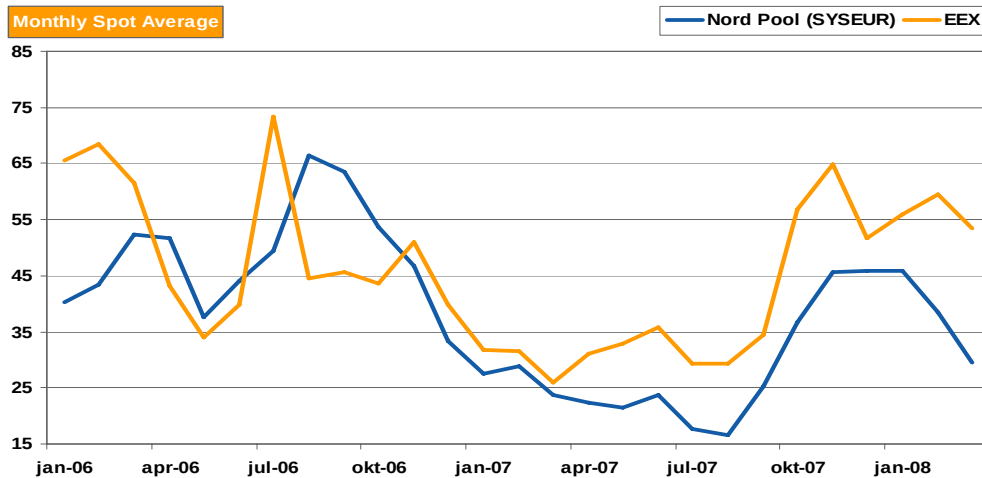
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Amounts in MSEK	Q1 2008 IFRS	Q1 2007 IFRS	Change %	FY2007	LTM
Net sales	45,404	41,644	9.0	143,639	147,399
Cost of products sold	31,269	27,637	13.1	103,404	107,036
Gross profit	14,135	14,007	0.9	40,235	40,363
Operating profit (EBIT)	11,426	11,399	0.2	28,583	28,610
Operating profit, excl. IAC*	11,357	11,321	0.3	28,497	28,533
Financial income	714	786	-9.2	2,276	2,204
Financial expenses	-2,072	-1,481	39.9	-6,926	-7,517
<i>Financial net</i>	-1,358	-695	-95.4	-4,650	-5,313
Profit before taxes	10,068	10,704	-5.9	23,933	23,297
Taxes	-2,884	-3,469	-16.9	-3,247	-2,662
Profit for the period	7,184	7,235	-0.7	20,686	20,635

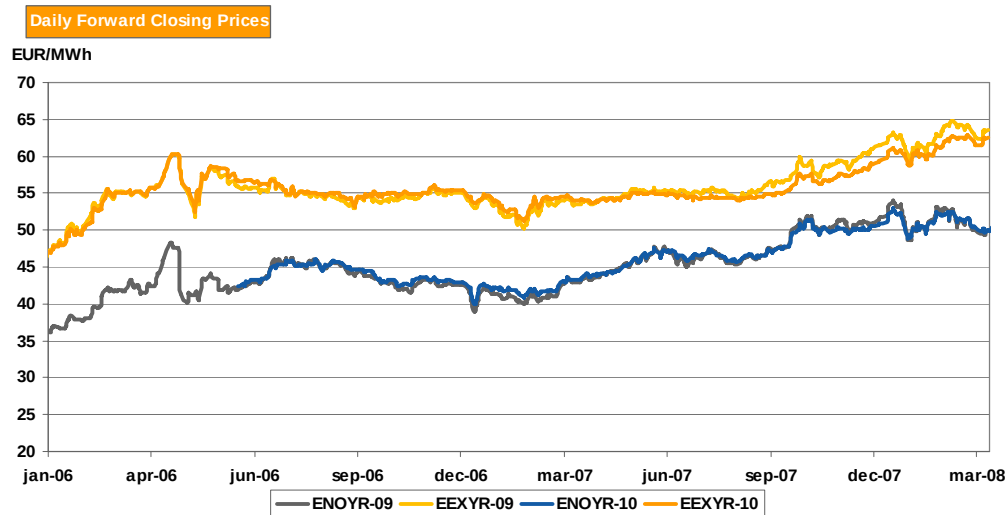
* IAC = items affecting comparability

Electricity price development Q1

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Declining spot prices but higher compared with Q1-07

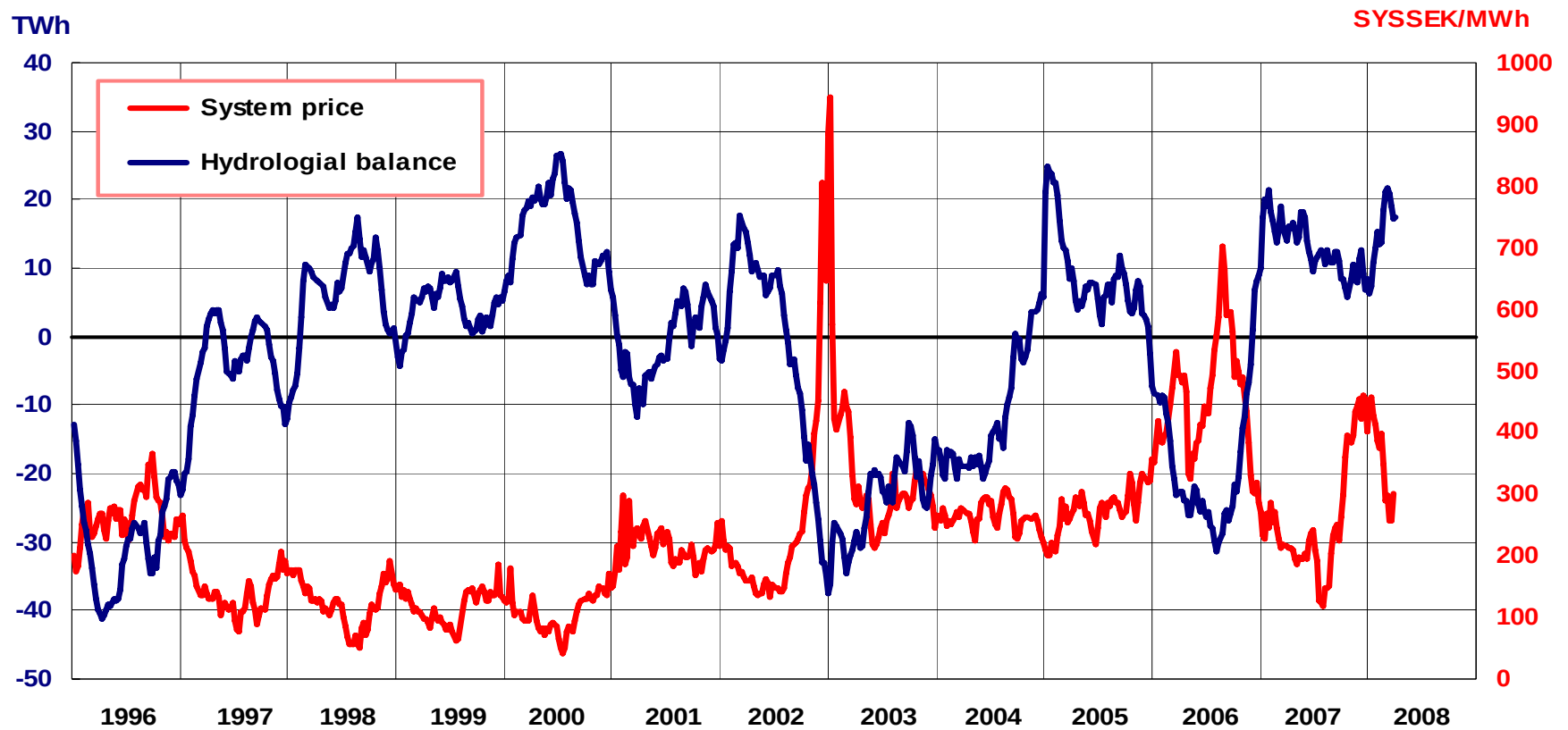


Small movements in forward prices during Q1

Above normal hydrological balance

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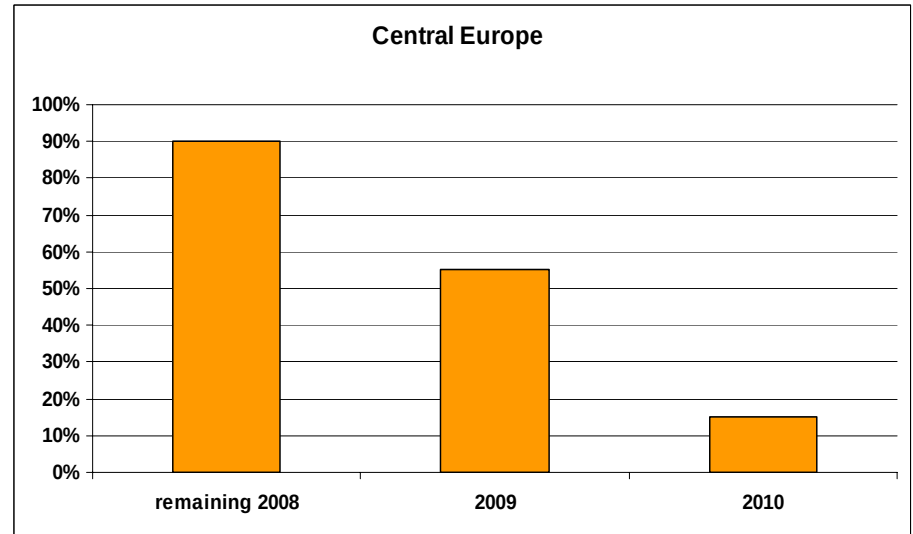
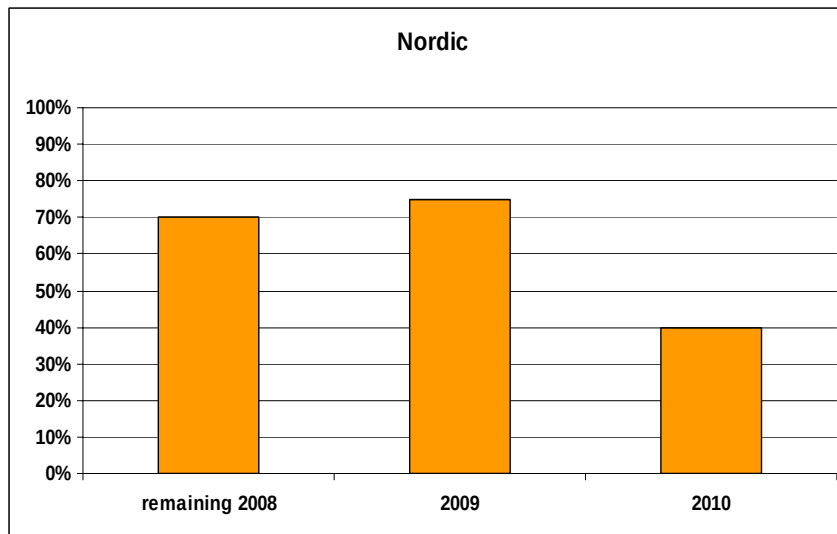
Nordic countries



Hedging position as of 31 March 2008

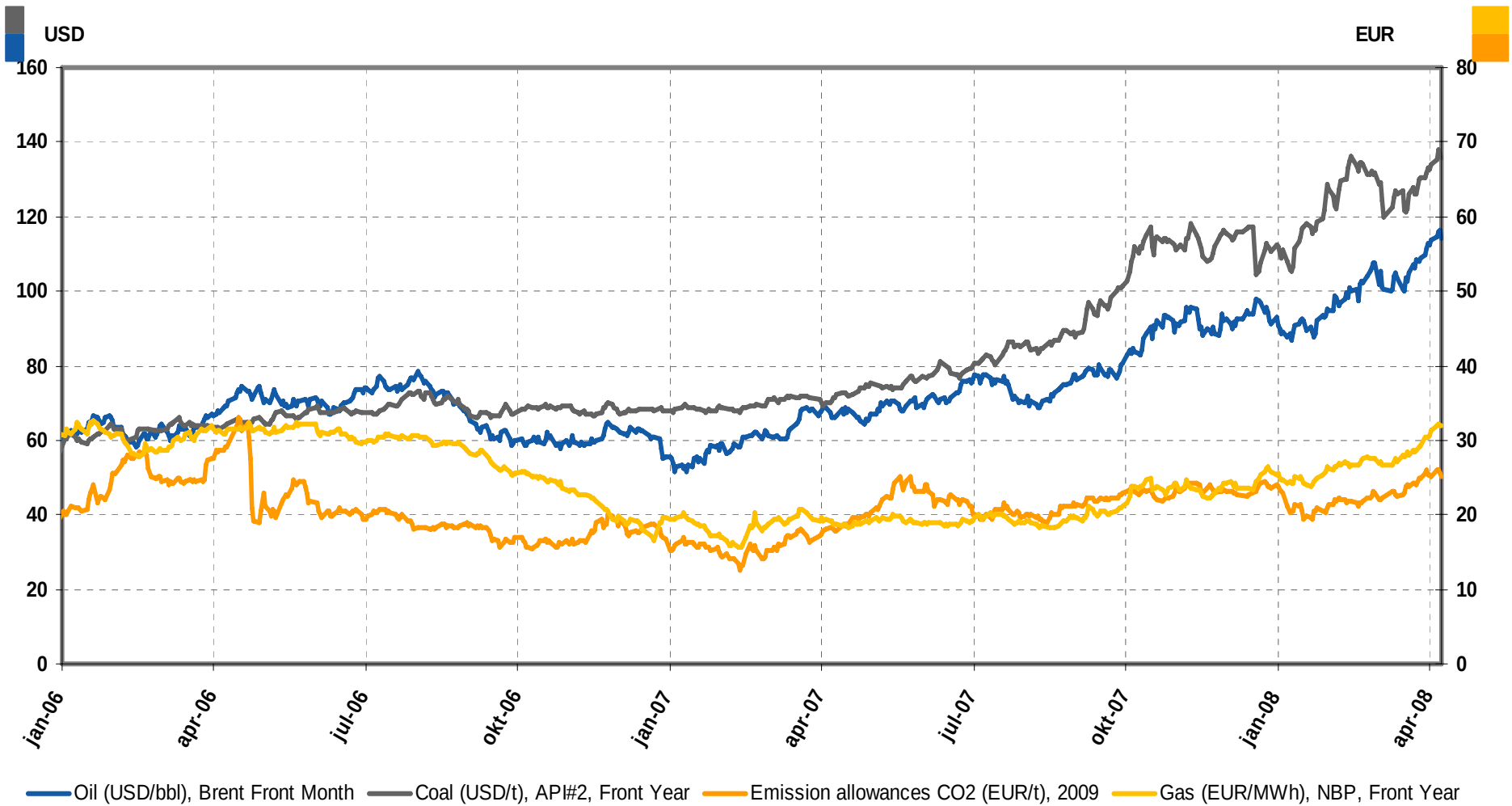
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% hedged of planned electricity generation (percentage values are rounded)



Oil, coal, gas and CO₂ allowances

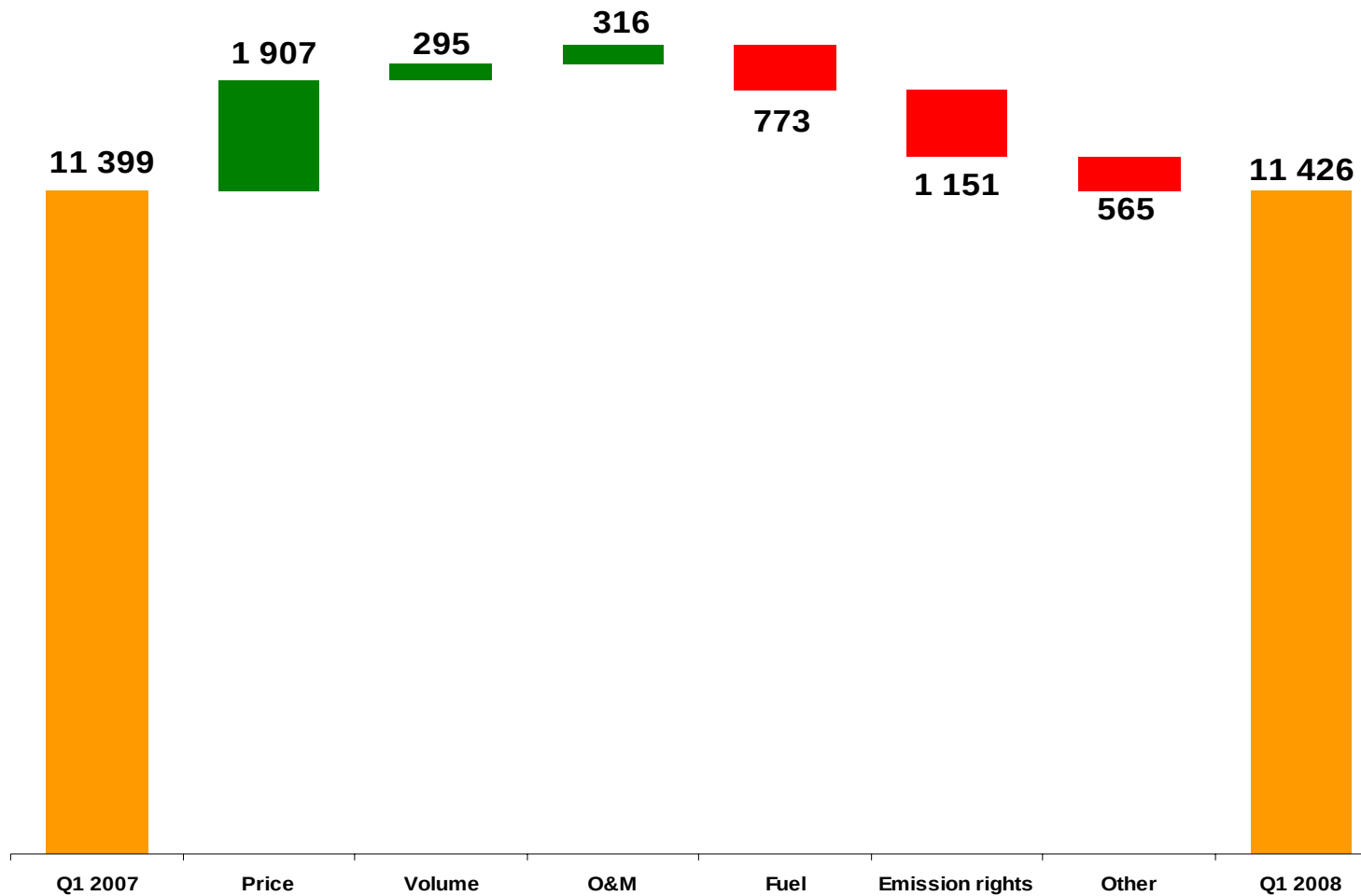
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EBIT Q1 2008 vs Q1 2007

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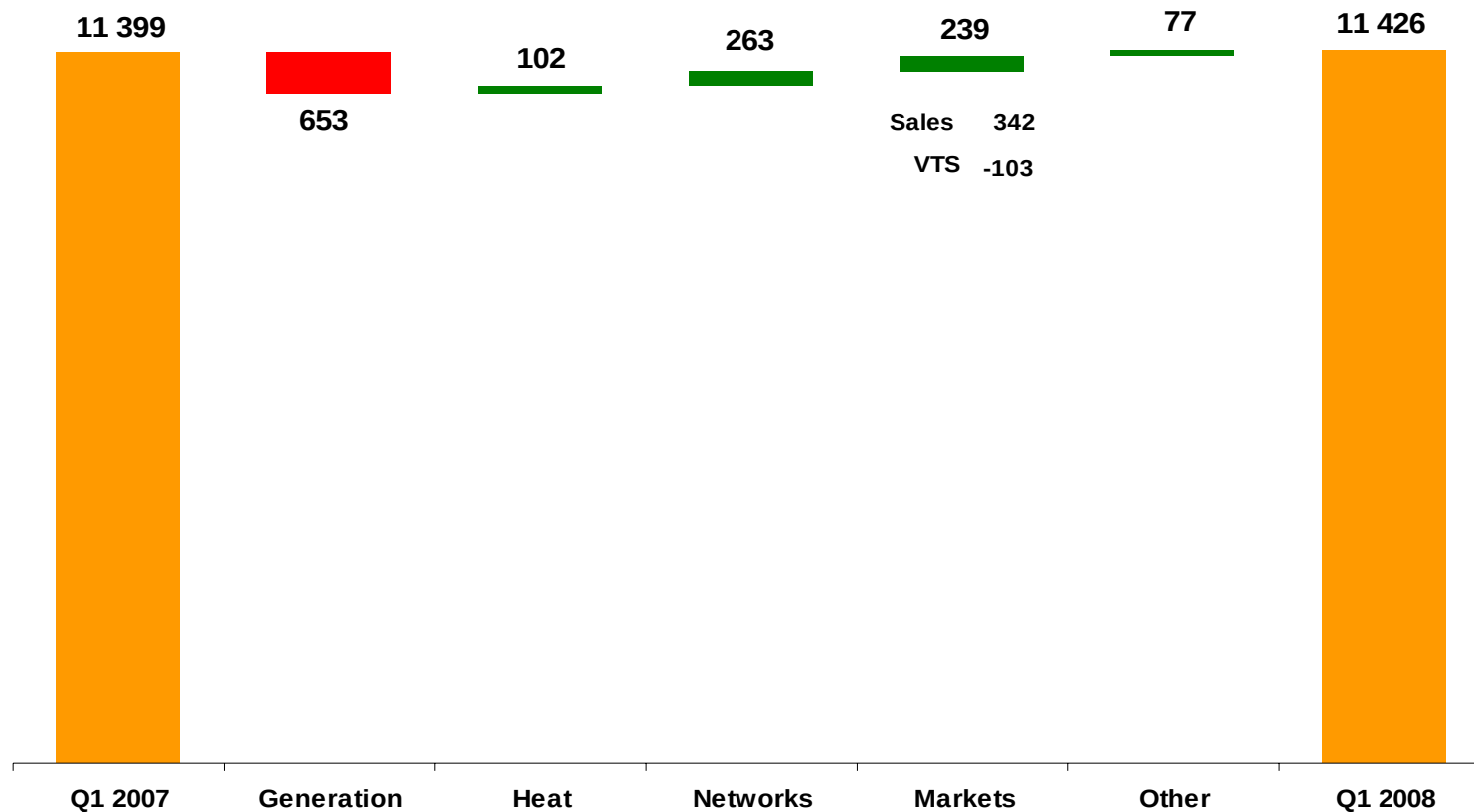
SEK million



EBIT Q1 2008 vs Q1 2007 – secondary segments

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SEK million



Financial targets and outcome

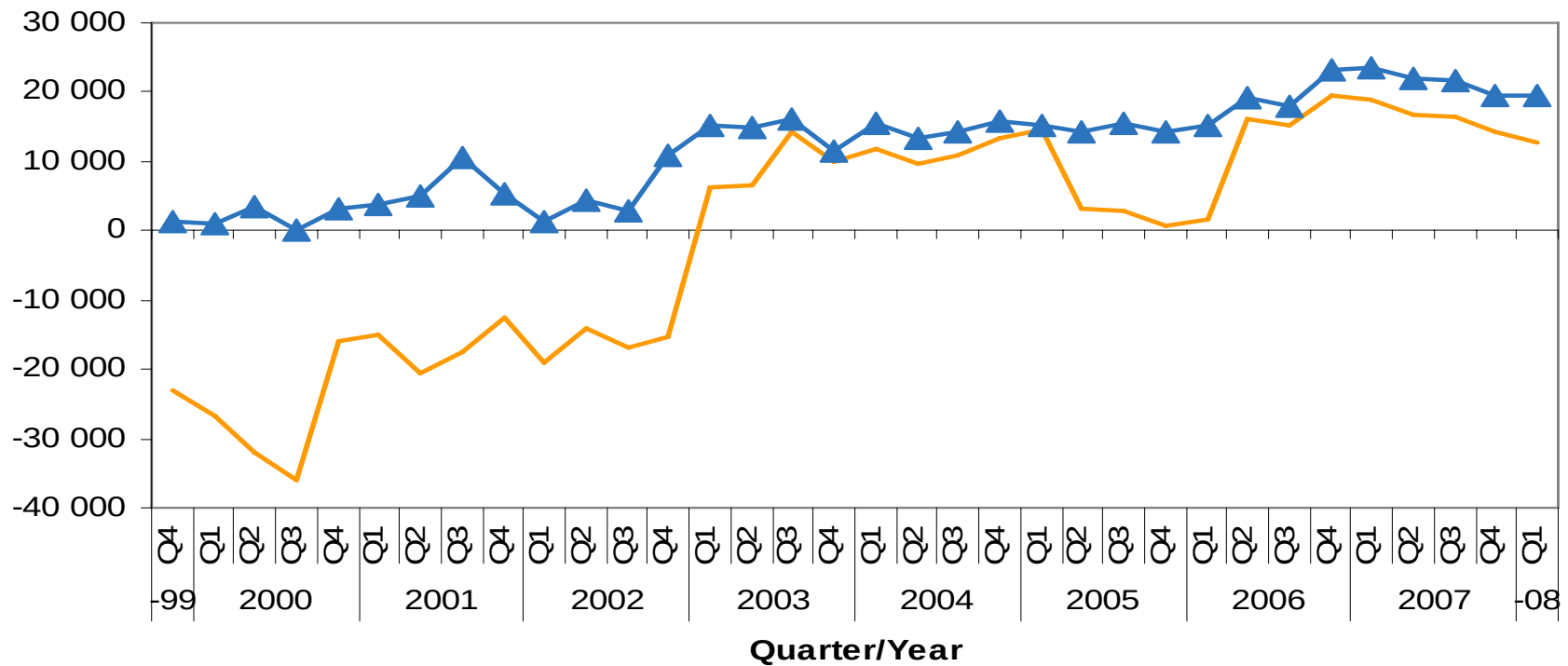
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Key Ratio	Targets	Q1 2008
Return on Equity (RoE)	15 % on average equity	17.0%*
Return on Net Assets (RoNA, excl. IAC)	11 % before tax (= 15 % RoE recalculated into the Groups RoNA requirement)	16.1%*
Cash flow interest coverage after maintenance investments	3.5 – 4.5 times	5.2*
Credit Rating	Single A category rating	A2/A- Stable outlook
Dividend pay-out	40-60 %	40.5 %**

*Q1 2008 figure = LTM

Cash flow development

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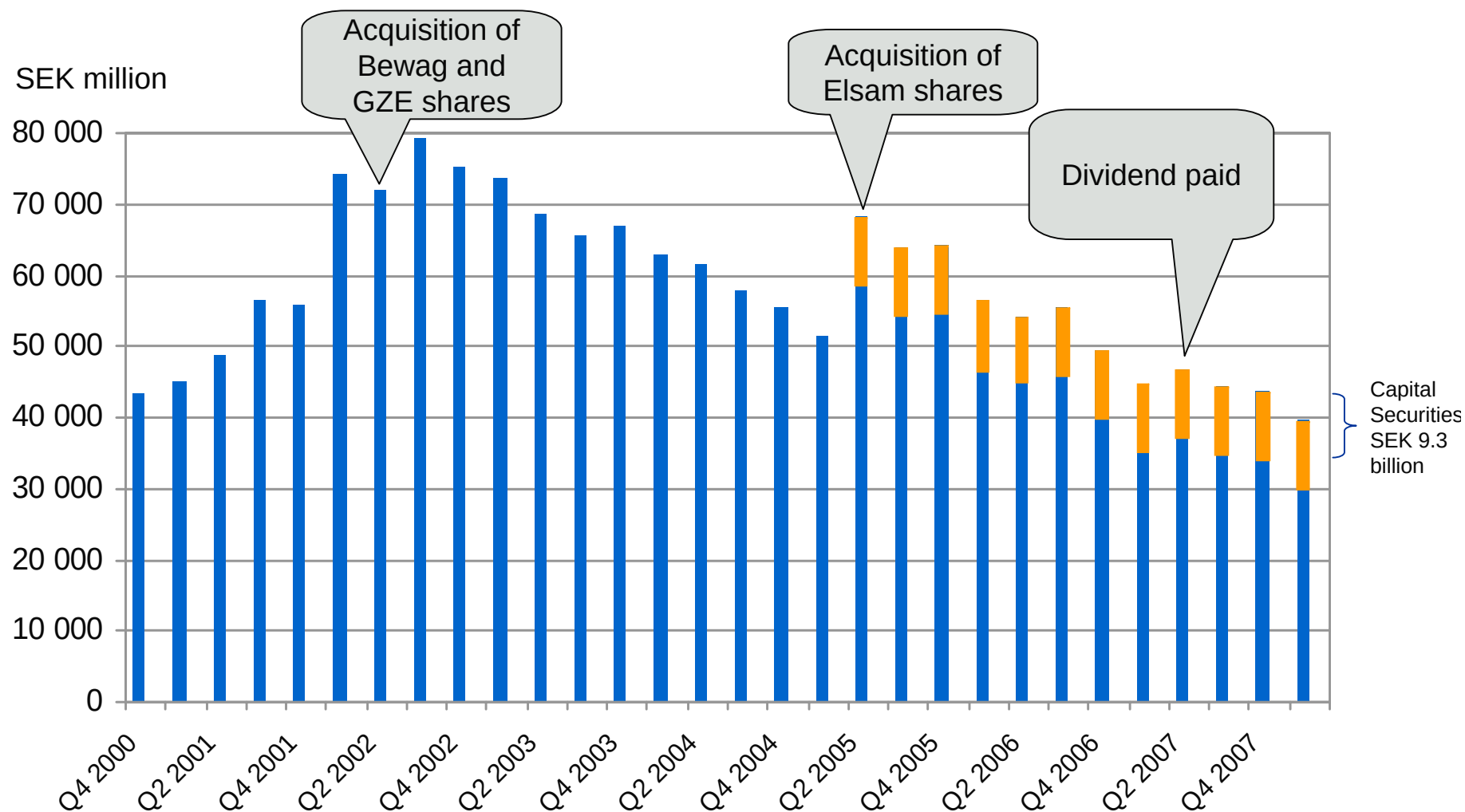
▲ Free cash flow from operations - Rolling 4 quarter (1)
 — Cash flow before financing activities - Rolling 4 quarter

(1) Cash flow from operating activities minus reinvestments

¹⁾ Figures according to Sw GAAP until Q4 2004 and according to IFRS from Q1 2005

Net debt development

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Questions and Answers

Back-up slides

Key data – BG Nordic

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<i>Amounts in SEK billion</i>	Q1 2008	Q1 2007	% Change	LTM	FY 2007	FY 2006
Net sales	15.1	14.4	4.7	47.4	46.7	40.1
External net sales *	14.7	12.8	14.8	46.3	44.4	48.2
EBIT **	6.5	4.5	42.6	14.4	12.4	13.2
Net assets ***	92.1	83.7	10.0	n.a.	91.1	81.7
Electr. generation, TWh	27.7	25.2	9.9	93.6	91.1	85.8
Heat generation, TWh	4.1	4.7	-12.8	10.1	10.7	8.5
Employees ****	9 350	9 401	-0.5	n.a.	9 489	9 158

* Excl. intra group transactions

** Excl. items affecting comparability (IAC)

*** At the end of the period

**** Full time equivalents (FTE)

Key data – BG Central Europe

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	Q1 2008	Q1 2007	% Change	LTM	FY 2007	FY 2006
<i>Amounts in SEK billion</i>						
Net sales	38.5	34.0	13.1	126.7	122.3	111.0
External net sales *	27.4	24.0	14.2	90.2	86.7	78.9
EBIT **	4.8	6.5	-26.9	14.8	16.5	15.0
Net assets ***	80.2	75.8	5.8	n.a.	78.7	70.6
Electr. generation, TWh	18.7	20.5	-8.8	74.7	76.6	79.5
Heat generation, TWh	10.0	9.7	3.1	25.8	25.5	26.7
Employees ****	22 255	22 392	-0.6	n.a.	22 396	22 657

* Excl. intra group transactions

** Excl. items affecting comparability (IAC)

*** At the end of the period

**** Full time equivalents (FTE)

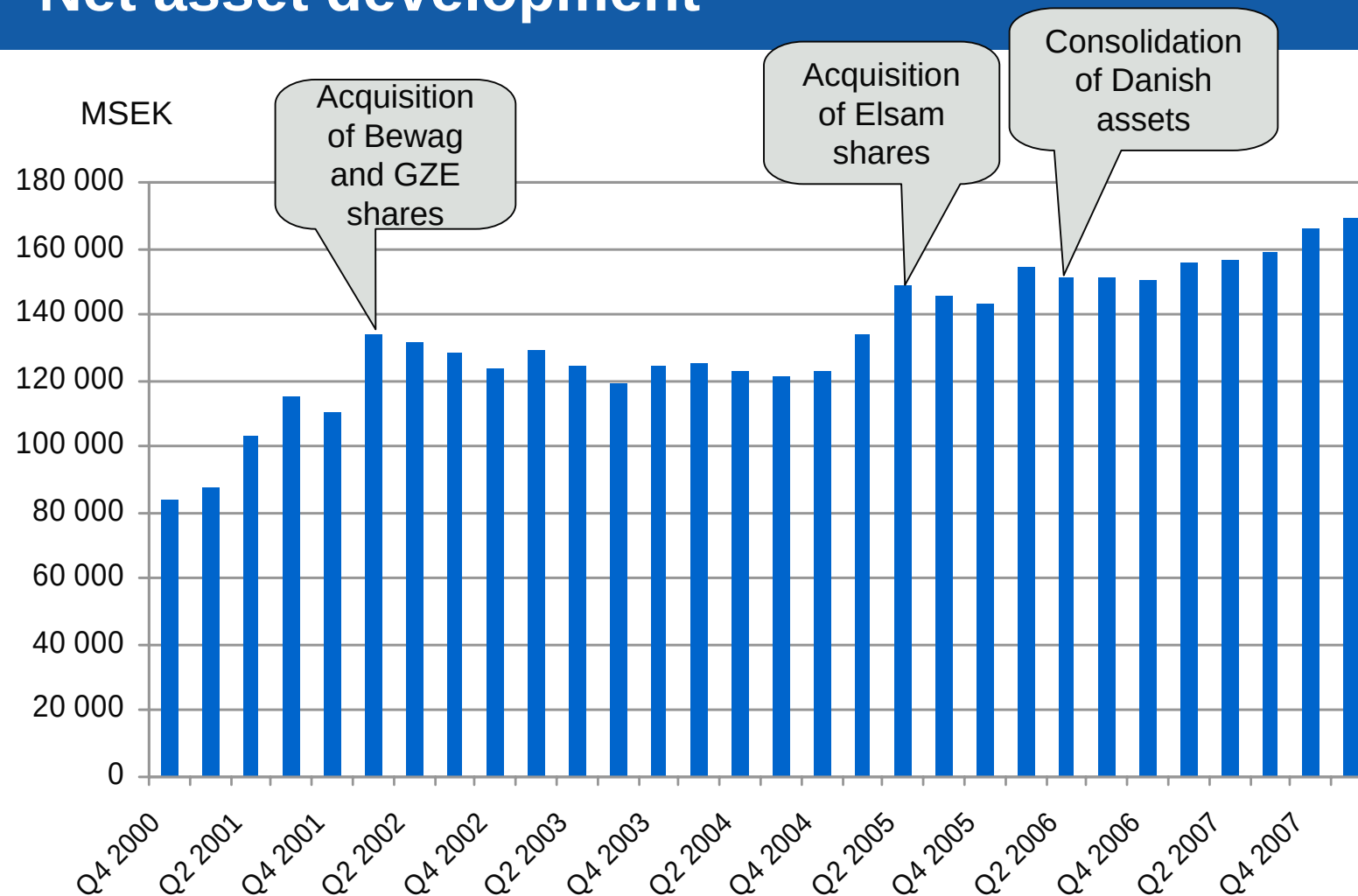
Consolidated balance sheet

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Amounts in MSEK	31/3/08 IFRS	31/3/07 IFRS	Change %	31/12/07
Non-current assets	265,288	256,845	3.3	264,864
Current assets	85,058	78,116	8.9	73,372
Total assets	350,346	334,961	4.6	338,236
Equity	132,822	118,455	12.1	124,132
Interest-bearing liabilities	71,082	72,774	-2.3	67,189
Interest-bearing provisions	56,446	50,399	12.0	56,250
Pension provisions	17,644	17,505	0.8	17,735
Deferred tax liabilities	24,302	30,450	-20.2	23,704
Other non-interest-bearing liabilities	48,050	45,378	5.9	49,226
Total equity and liabilities	350,346	334,961	4.6	338,236

Net asset development

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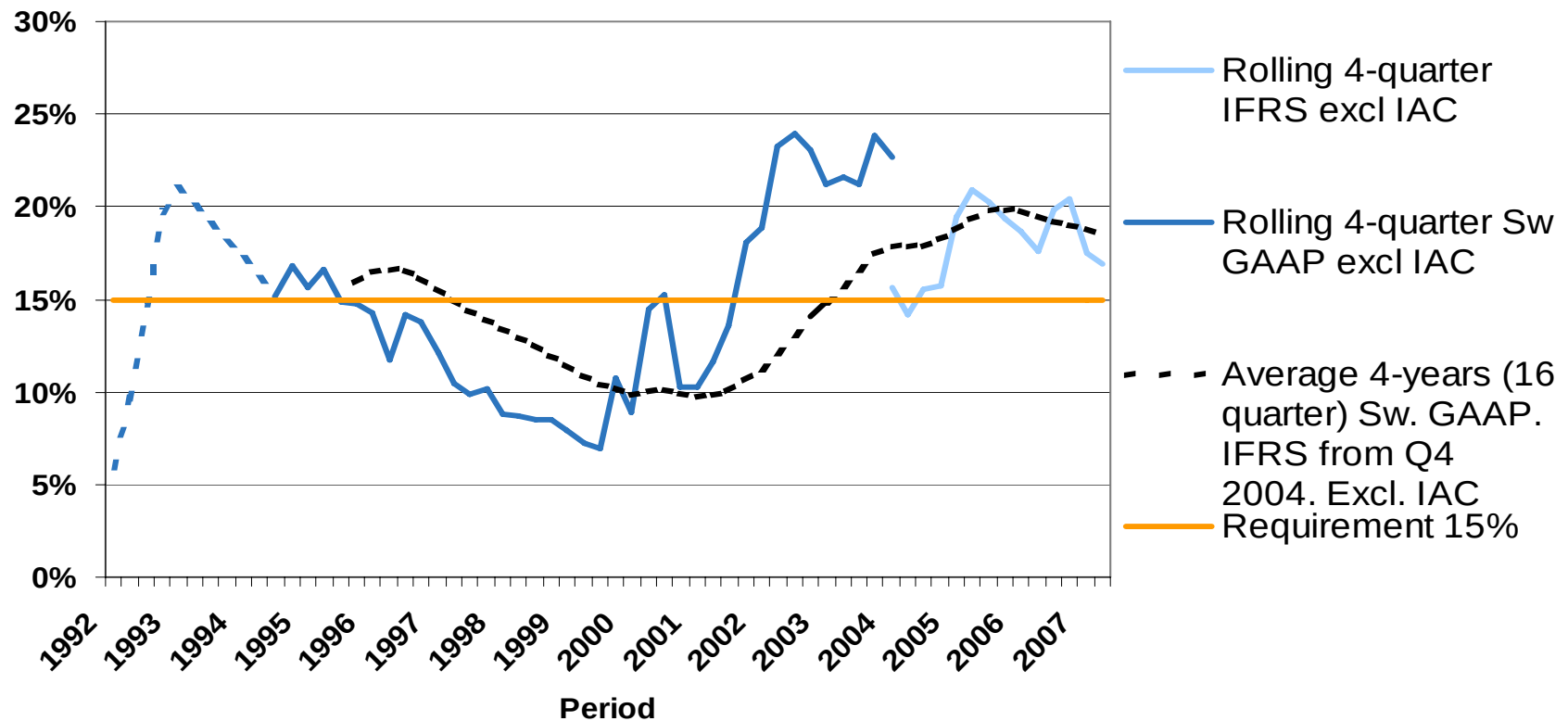
Consolidated cash flow statement

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Amounts in MSEK	Q1 2008 IFRS	Q1 2007 IFRS	Change %	FY 2007	LTM
Funds from operations (FFO)	11,828	12,206	-3.1	34,049	33,671
Change in working capital	-2,807	-2,966	-5.4	-1,718	-1,559
Cash Flow from operating activities	9,021	9,240	-2.4	32,331	32,112
Investments	-5,027	-3,438	46.2	-18,964	-20,553
Divestments	327	204	60.3	925	1,048
Cash and cash equivalents in aquired/divested companies	3	1		2	4
Cash Flow from investing activities	-4,697	-3,233		-18,037	-19,501
Cash Flow before financing activities	4,324	6,007	-28.0	14,294	12,611
Cash Flow from financing activities	6,237	-2,802		-18,662	-9,623
Cash Flow for the period	10,561	3,205	329.5	-4,368	2,988
Net debt at the end of the period	-39,545	-44,828	-11.8	-43,740	-39,545

Return on equity

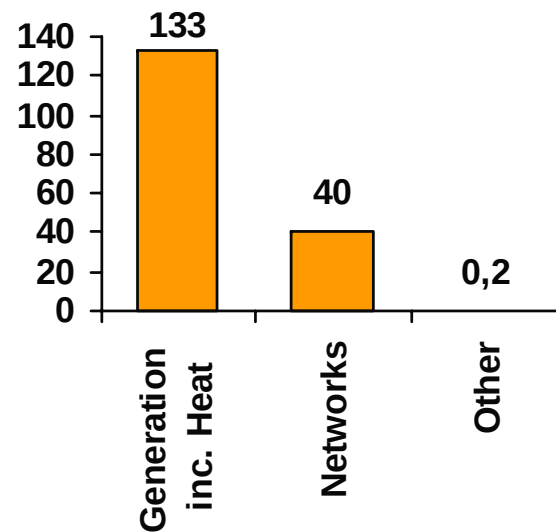
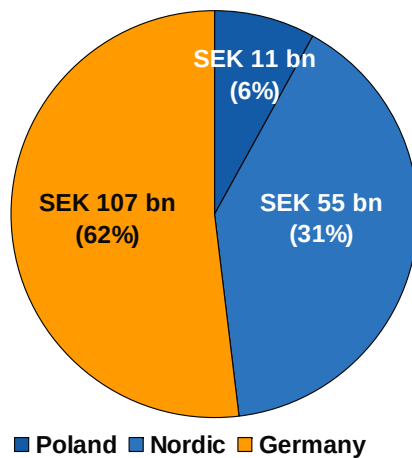
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Increased capex programme

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SEK 173 bn 2008-2012 (2007-2011 was SEK 134 bn)



- Boxberg power plant (675 MW)
- Moorburg power plant (1,640 MW)
- Reichwalde mine
- Nuclear capacity upgrade
- Network improvements
- German and Nordic wind power
- Life-time extensions generation assets in Sweden and Germany

Break down of group liquidity

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Amounts in SEK million

As of

March 31, 2008

	Treasury	Germany	Poland	Nordic	Total	%
Cash and bank	1,912	1,023	520	612	4,067	13
Investments	10,035	15,712	224	545	26,515	87
Total	11,946	16,735	744	1,157	30,582	100

Unused committed credit facilities amount to 9,492 SEK million and other undrawn credit- and overdraft facilities amount to 11,831 SEK million.

Break down of group debt

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Amounts in SEK million

As of

March 31, 2008

	Treasury	Germany	Poland	Nordic	Total	%
Subordinated perpetual Capital Securities	9,267				9,267	13
MTN	651				651	1
EMTN	34,017				34,017	48
Liabilities to assoc. companies	7,043	4,967			12,009	17
Liabilities to minority shareholders		50		5,845	5,895	8
Bank loans and others	1,460	5,896	1	1,886	9,242	13
Total	52,437	10,914	1	7,731	71,082	100

Adjusted gross and net debt

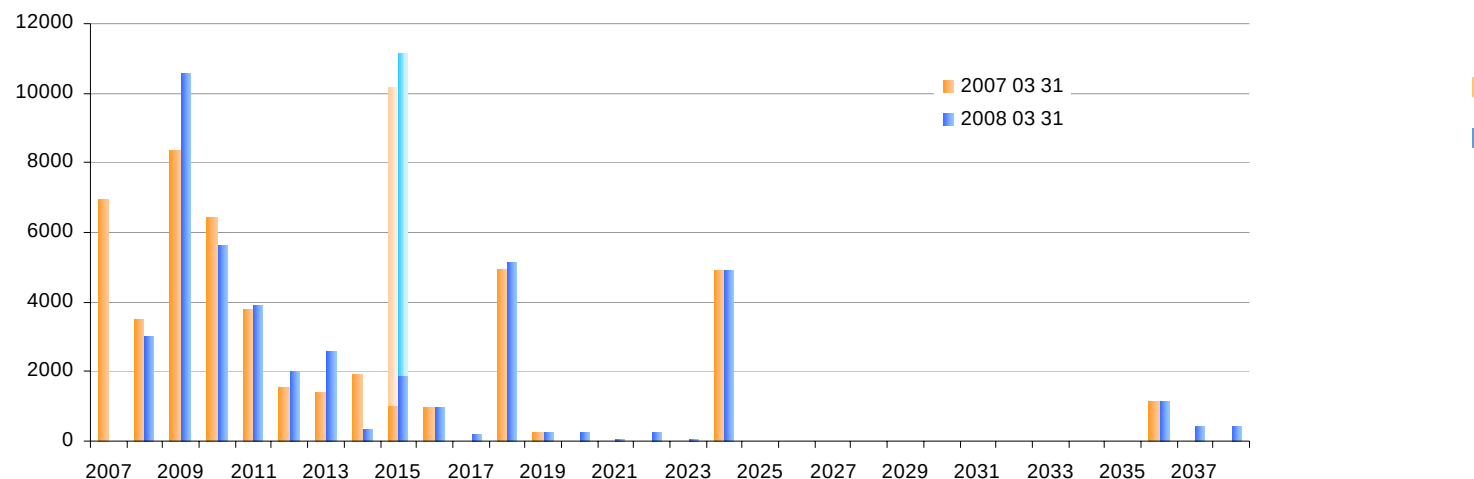
35

SEK million	31 Mar 2008	31 Dec 2007
Gross debt	-71 082	-67 189
Present value of net pension obligations (incl actuarial gains/losses)	-16 988	-17 073
Mining & environmental provisions	-12 090	-11 975
50% of Hybrid securities	4 633	4 671
= Adjusted gross debt	-95 527	-91 566
Cash & short term investments	30 582	22 659
German nuclear "Solidarvereinbarung"	-3 193	-3 224
Minority owner's share of German nuclear subsidiaries cash position	-3 267	-3 531
= Adjusted cash & short term investments	24 122	15 904
= Adjusted net debt	-71 405	-75 662

Vattenfall debt maturity profile

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SEK million



Excluding loans from associated companies and minority owners

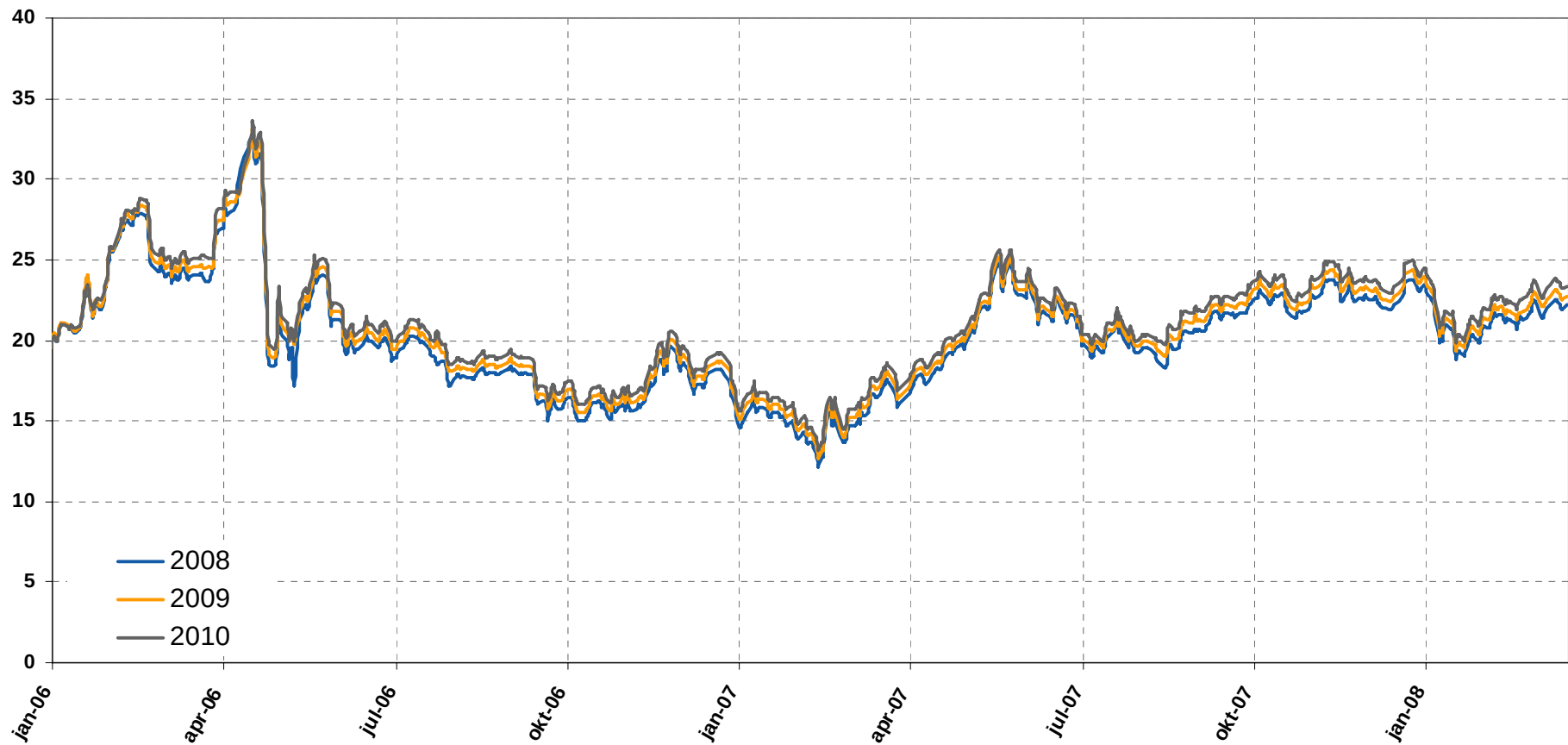
	March 31, 2008	March 31, 2007
Duration (years)	2,9¹⁾	3,3
Average time to maturity (years)	6,7¹⁾	6,5
Net debt (SEK bn)	39,5	44,8

1) Based on external debt. Excluding Capital Securities the duration is 2,2 years and average time to maturity 6,6 years.

CO₂ allowances

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EUR/tonne

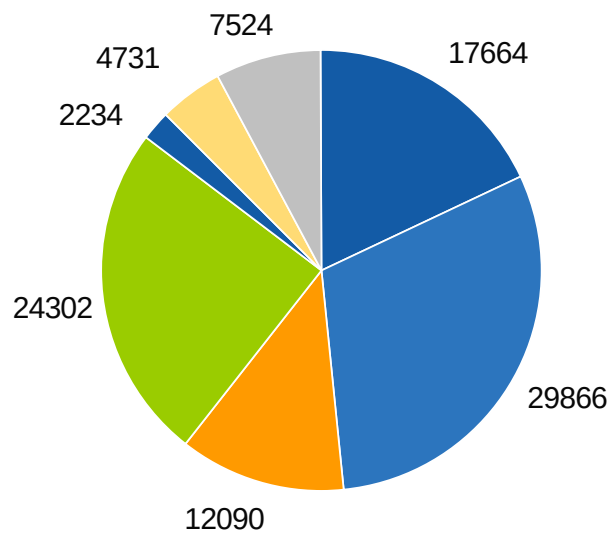


Group provisions (IFRS)

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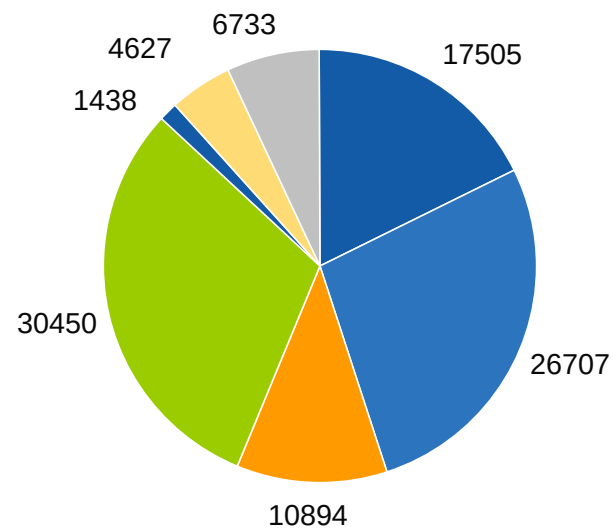
31 March 2008

SEK 98,392 million



31 March 2007

SEK 98,354 million



- Pensions
- Nuclear
- Mining
- Taxes
- Other
- Personnel
- Legal

Key ratios

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Key Ratios (% unless otherwise stated)	Q1 2008	Q1 2007	LTM
RoNA (1)	16.2	16.1	16.2
RoE (1)	17.0	17.9	17.0
Operating margin	25.2	27.4	19.4
Pre-tax profit margin	22.2	25.7	15.8
Cash Flow interest coverage after maintenance investments, times	5.0	10.6	5.2
FFO/net debt (1)	85.1	17.2	85.1
Equity/assets ratio	37.9	35.4	37.9
Net Gearing - Net debt/equity	29.8	38.8	29.8
Capitalisation - Net debt/net debt + equity	22.9	27.5	22.9

1) Q1 2008 value = LTM