

Vattenfall Q3 Results 2008

Presentations by

Lars G. Josefsson, CEO and
Dag Andresen, CFO

30 October 2008



CEO Lars G. Josefsson:

- Sales & earnings
- Generation volumes
- CCS pilot inaugurated
- Nuclear update
- Moorburg update
- Transmission update
- UK acquisitions
- Strategy update
 - Making electricity clean

CFO Dag Andresen:

- Prices & hedge position
- P&L and EBIT development
- Capex
- Liquidity & debt position

Highlights Q3 2008

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Net sales increased

17.2 % to SEK 37,016 million (31,589)

EBIT increased

17.5 % to SEK 5,591 million (4,760)

- Vattenfall's best third quarter ever

Profit after tax decreased

29.6 % to SEK 2,481 million (3,523)

Net debt decreased

by SEK 3,535 million to SEK 48,476 million compared with
30 June 2008

Highlights Q1-Q3 2008

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Net sales increased

11.7 % to SEK 117,679 million (105,310)

EBIT increased

6.9 % to SEK 23,333 million (21,831)

Profit after tax decreased

17.4 % to SEK 13,708 million (17,010)

Net debt increased

by SEK 4,736 million to SEK 48,476 million compared with
31 December 2007

Highlights Q3 2008

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Return on Net Assets

was 16.0% LTM (FY 2007: 16.6%)
- target is 11%.

Return on Equity

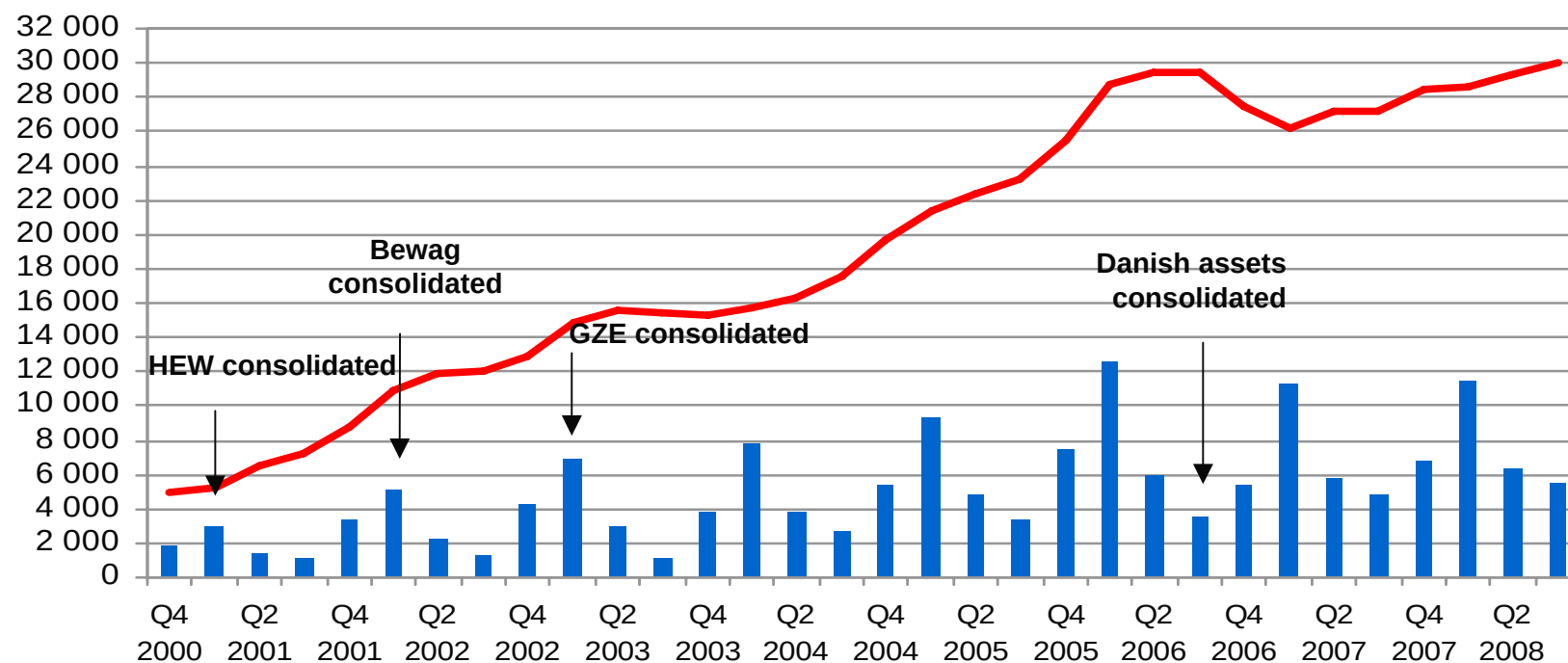
was 14.0 % LTM (FY 2007: 17.6%)
- long-term target 15%.

LTM = last twelve months

EBIT development

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Quarterly figures, SEK million

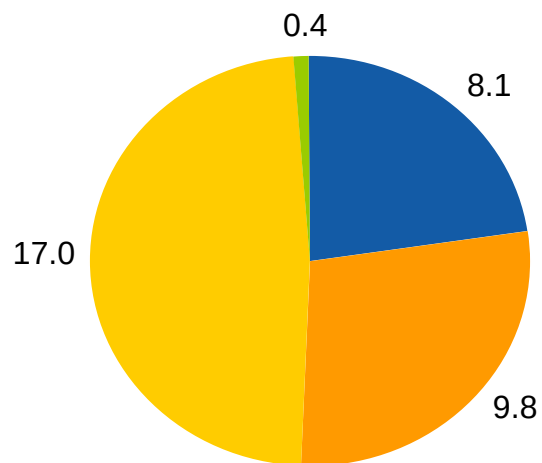


- Quarterly figures in SEK million, excluding items affecting comparability
- Last 12 month figures in SEK million, excluding items affecting comparability

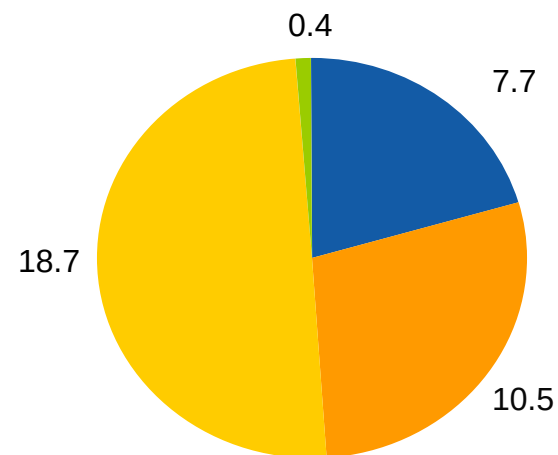
Slightly lower electricity generation output

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Q3 2008: 35.3 TWh



Q3 2007: 37.3 TWh



Hydro

Nuclear

Fossil

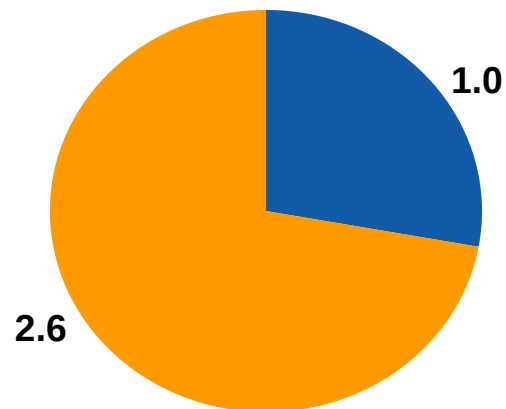
Other

Other = wind, biofuel, waste

Virtually unchanged heat sales

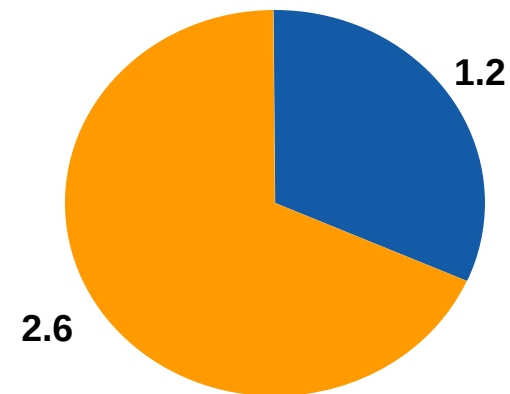
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Q3 2008: 3.6 TWh



Nordic

Q3 2007: 3.8 TWh



Central Europe

Schwarze Pumpe CCS pilot plant inaugurated

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On 9 September, the worlds first lignite fired CCS plant based on oxyfuel technology was inaugurated at Schwarze Pumpe in Germany

Nuclear update - Germany

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- The two German nuclear power plants are still off-line due to technical problems detected during the inspection and testing programmes:
 - Cracks in valves
 - Impermissibly mounted dowels
 - Refurbishment of steel-platforms
- The plants will remain shut down until all necessary renovation work is fully completed. Re-start date is still open.
- Financial impact (EBIT):
 - Q3 2008: EUR -120 million (SEK -1,143 million).
 - Q1-Q3 2008: EUR -404 million (SEK -3,817 million)



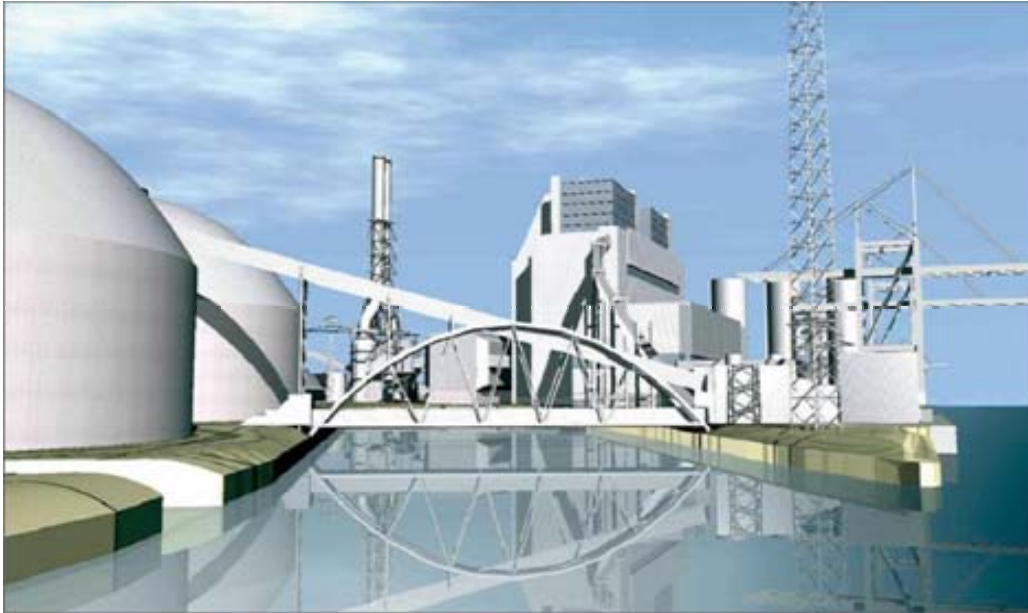
Krümmel (1,346 MW)



Brunsbüttel (771 MW)

Moorburg CHP plant project

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- On 30 September the two final permits were granted by the Authority for Urban Development and Environment (BSU) in Hamburg.
- The permits allow Vattenfall to continue to build the power plant, but partly include a number of new material restrictions affecting the operation of the plant.
- Consequently Vattenfall will be filing claims against the permits.

Potential sale of Transmission operations

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- End of July Vattenfall approached potential investors for the possible sale of our German Transmission operations (Vattenfall Europe Transmission GmbH)
- Indicative bids received in October – high level of interest
- Important criteria to be applied on investors

Investors must:

- have a long-term focus
 - ensure substantial investments in network extension
 - grant continued free grid access for all power producers
 - promote the flow of electricity across European borders
- No decision made yet

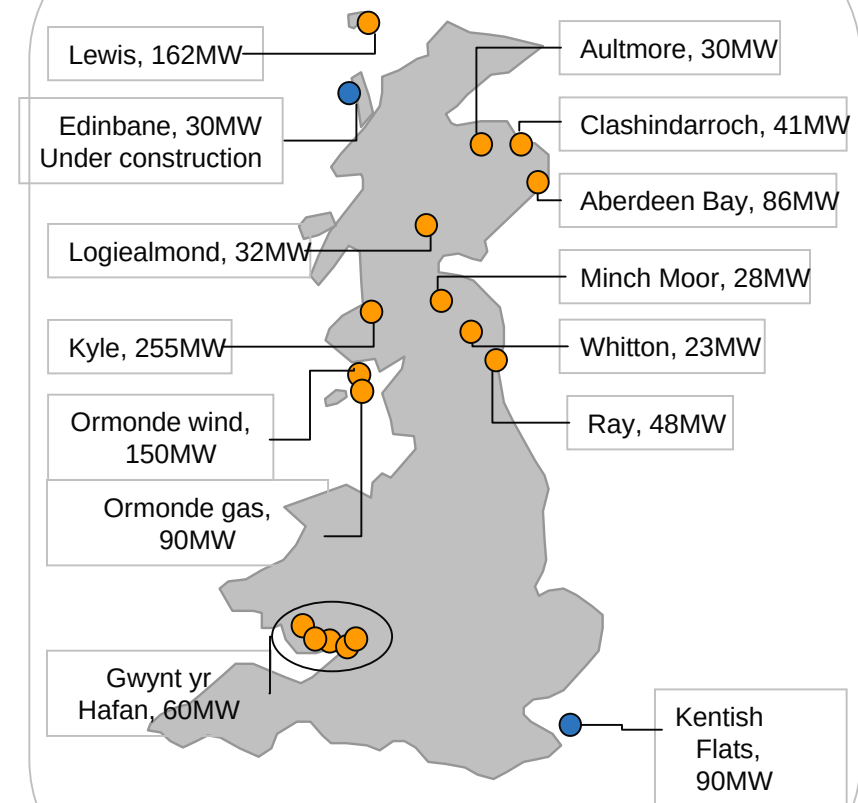
Vattenfall development in the UK

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Investment highlights

- AMEC Wind – now Vattenfall Wind Power Ltd
 - 23 employees with complete wind power development experience/resources
 - Total pipeline over 1 000 MW incl. extensions
 - Acquired for £ 126.7 million
- Eclipse Energy UK PLC – Offer document posted on Oct 10, 2008
 - 8 employees with significant wind power development experience
 - Total pipeline 300 MW, of which 150 MW are fully consented offshore
 - Offer made at an implied equity value of £ 51.5 million
- Continued effort to secure 3 000 MW target for UK Round III

UK pipeline*

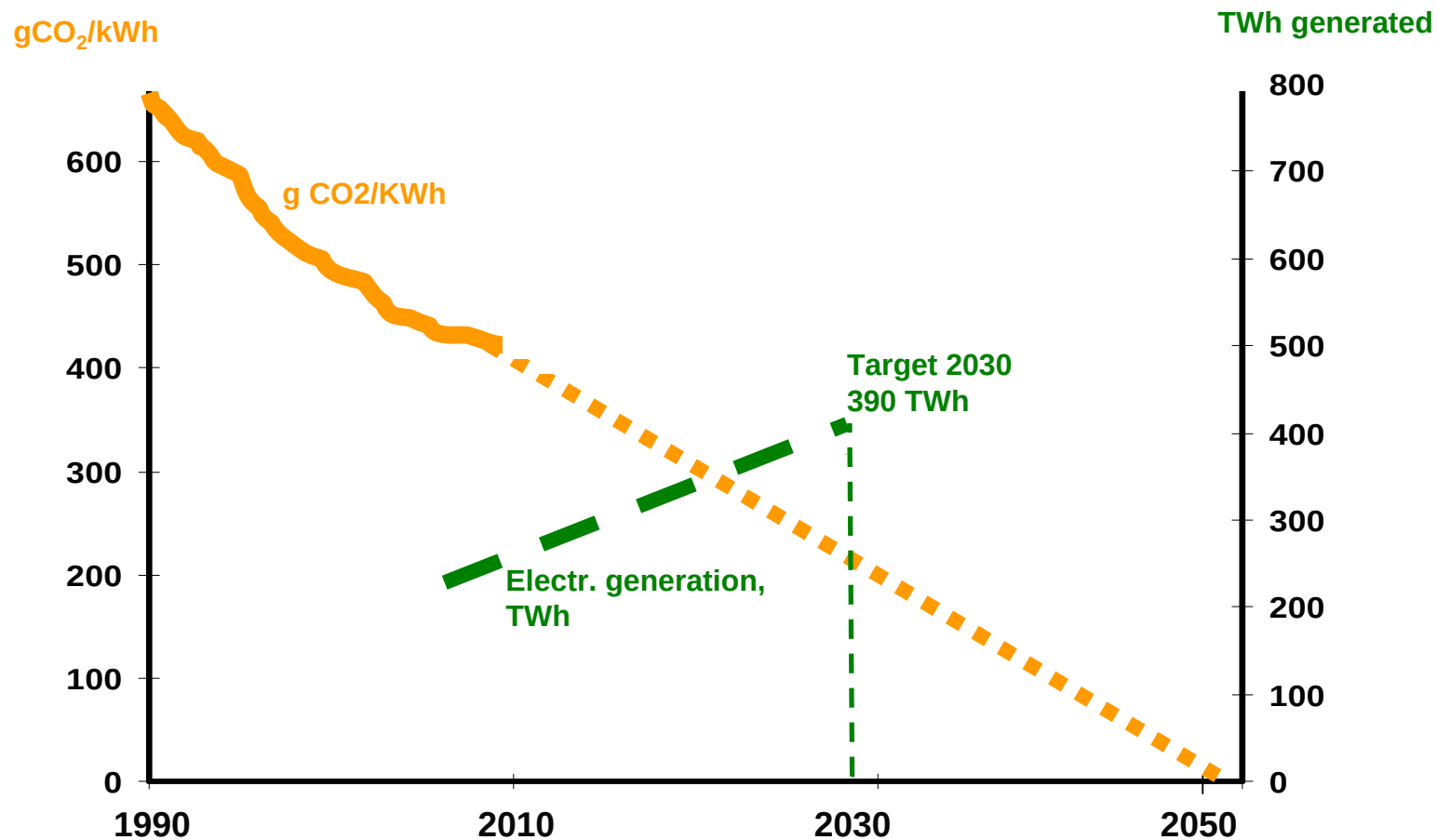


Total pipeline of ~1 000 MW + 360 MW (extensions)

* - AMEC Wind portfolio in combination with Eclipse Energy UK PLC (Offer currently on-going) – Ormonde wind, Ormonde gas and Gwynt yr Hafan are owned by Eclipse

Making electricity clean – climate neutral by 2050

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Financials

Dag Andresen, CFO

Consolidated income statement

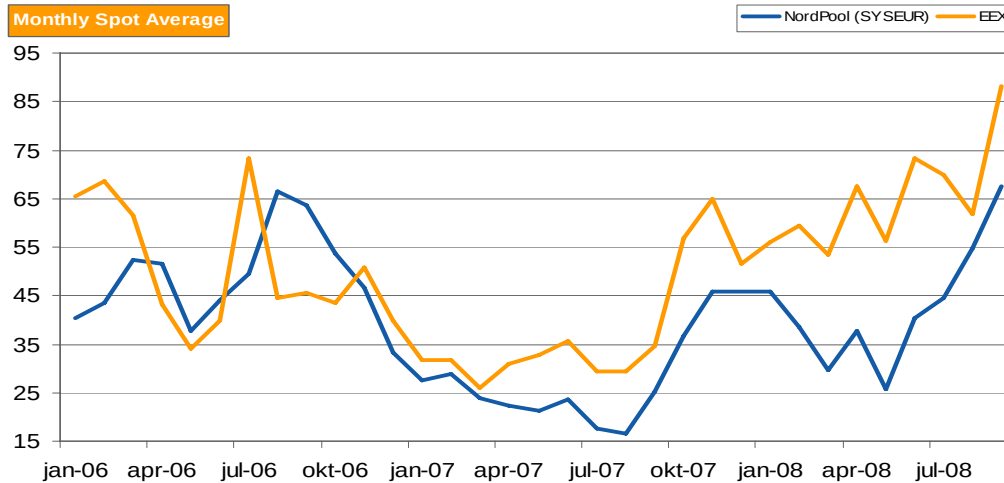
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Amounts in MSEK	Q3 2008 IFRS	Q3 2007 IFRS	Change %	FY2007	LTM
Net Sales	37 016	31 589	17.2	143 639	156 008
Cost of products sold	-28 542	-24 236	17.8	-103 404	-113 357
Gross Profit	8 474	7 353	15.2	40 235	42 651
Operating profit (EBIT)	5 591	4 760	17.5	28 583	30 085
Operating profit, excl. IAC*	5 579	4 745	17.6	28 497	30 012
Financial income	341	472	-27.8	2 276	1 968
Financial expenses	-2 389	-1 718	39.1	-6 926	-8 266
<i>Financial net</i>	-2 048	-1 246	64.4	-4 650	-6 298
Profit before taxes	3 543	3 514	0.8	23 933	23 787
Taxes	-1 062	9		-3 247	-6 403
Profit for the period	2 481	3 523	-29.6	20 686	17 384

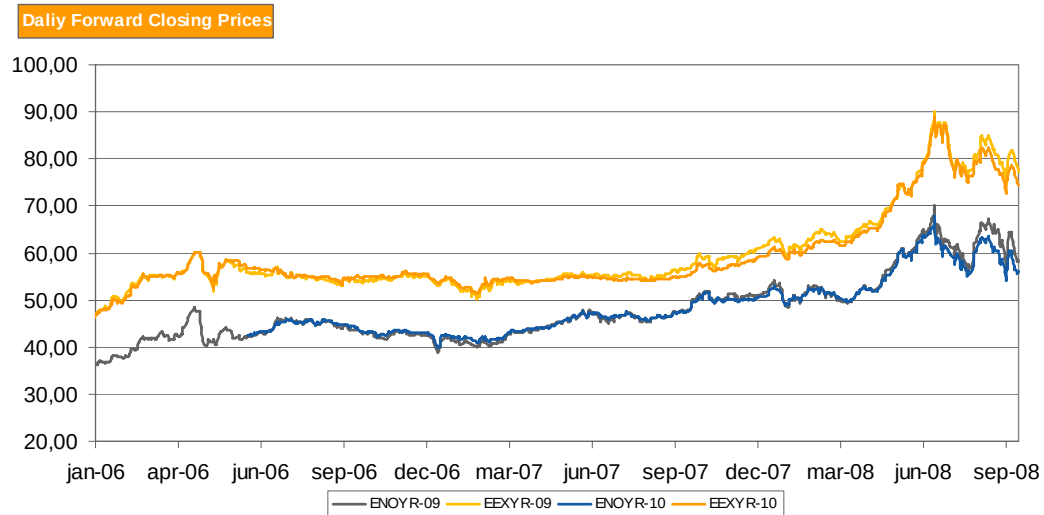
* IAC = Items affecting comparability

Electricity price development

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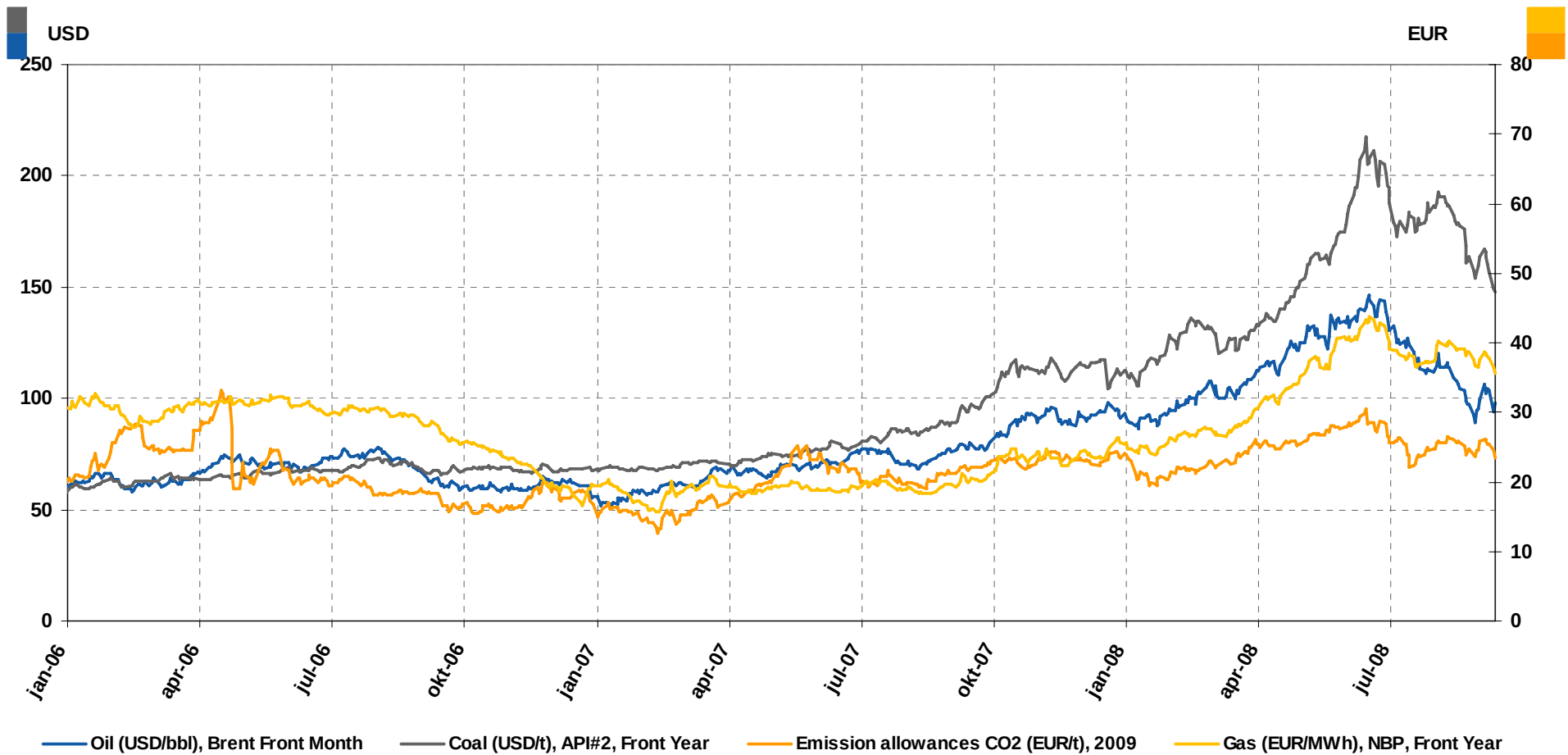
Higher spot prices compared with Q3-07
Nord Pool +181%, EEX +136%



Decrease in forward prices during Q3.

Oil, coal, gas and CO₂ allowances

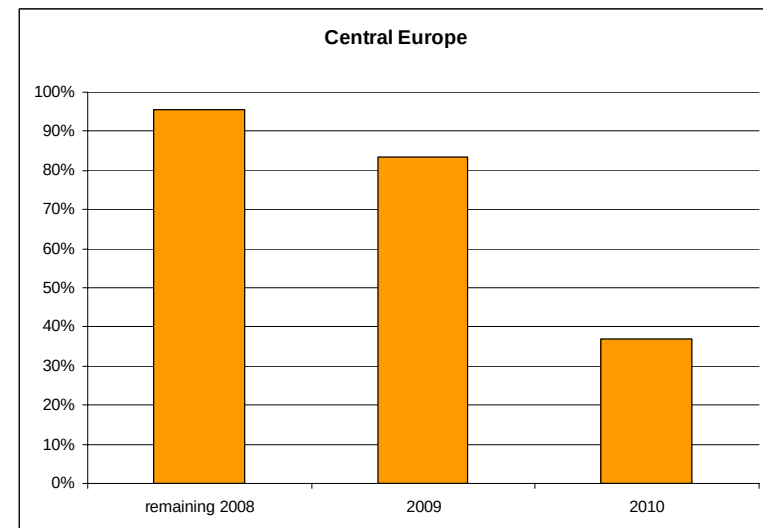
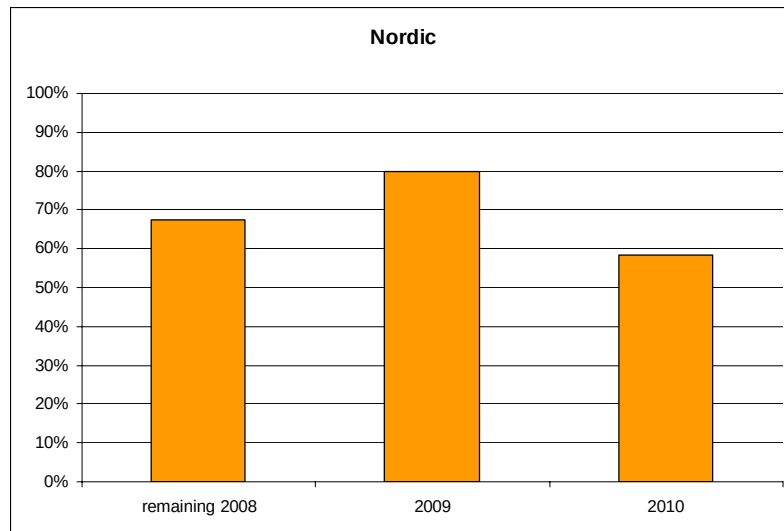
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Hedging position as of 30 September 2008

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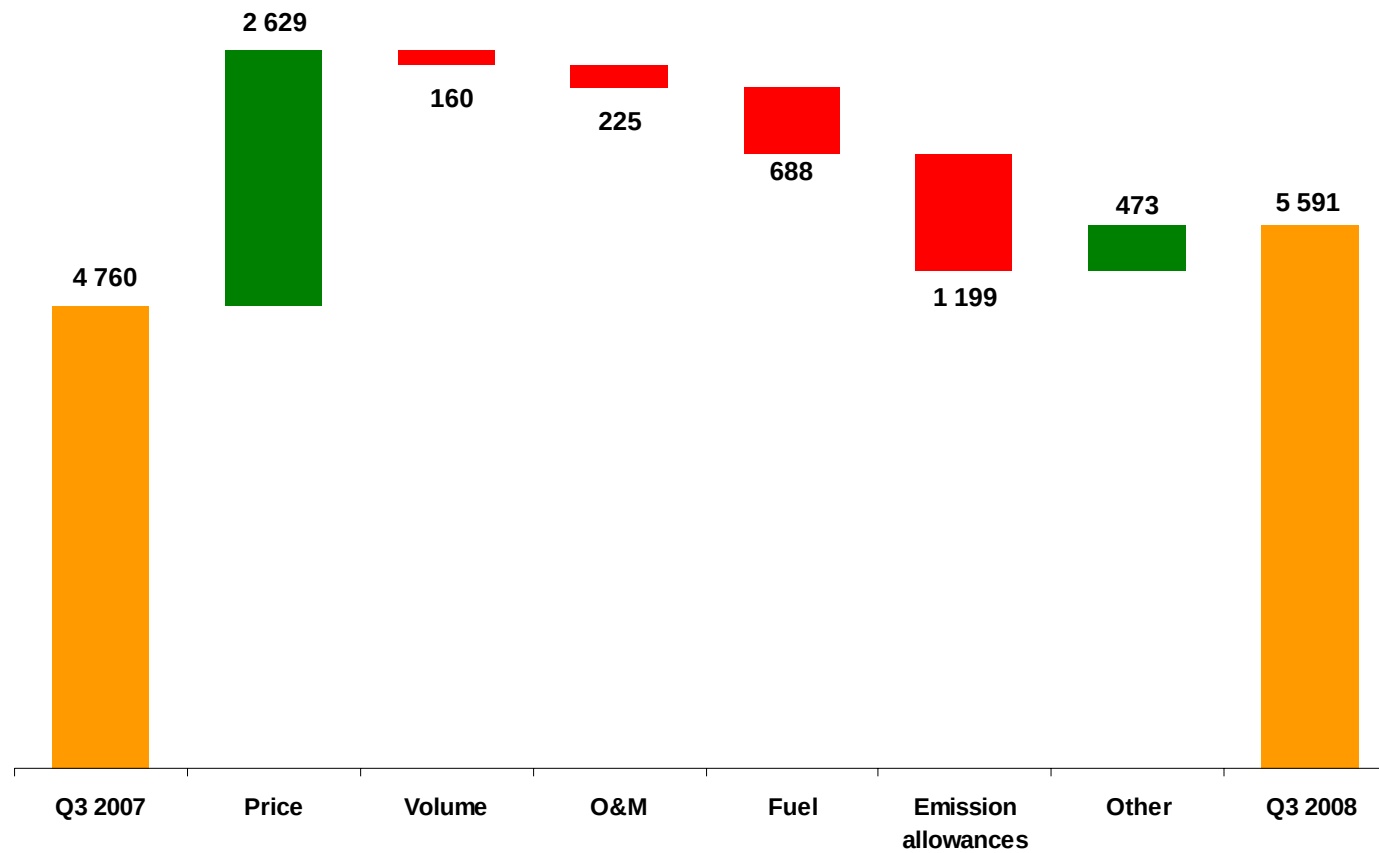
% hedged of planned electricity generation (percentage values are rounded)



EBIT Q3 2008 vs Q3 2007

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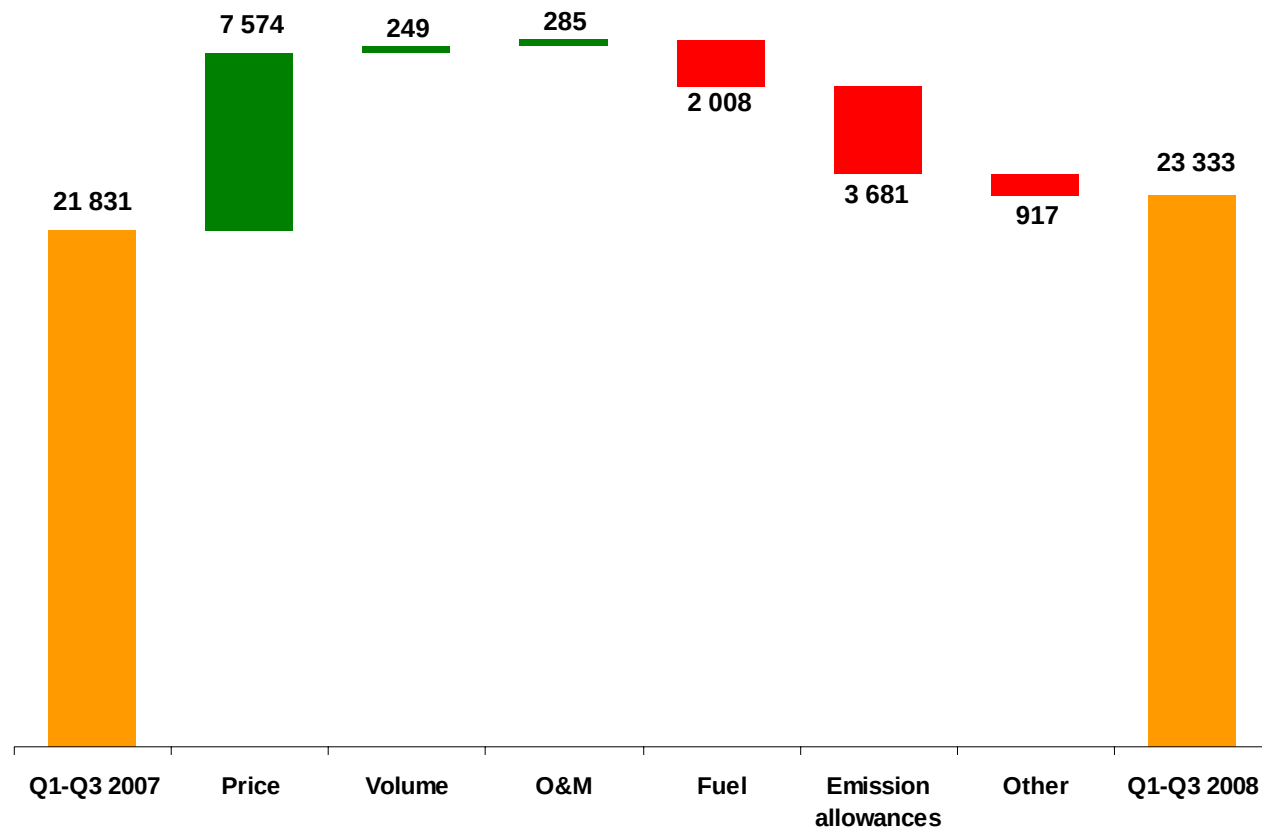
SEK million



EBIT Q1-Q3 2008 vs Q1-Q3 2007

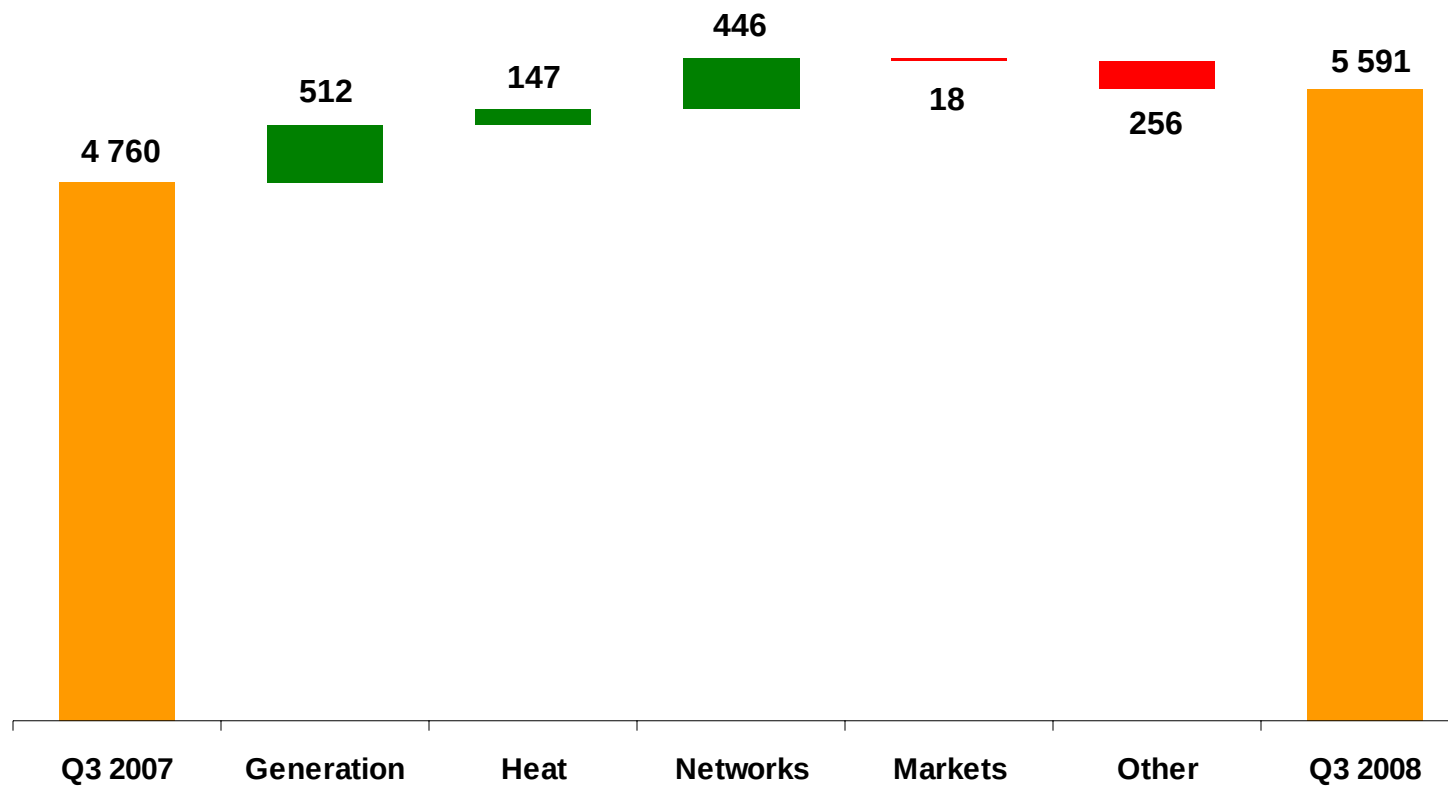
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SEK million



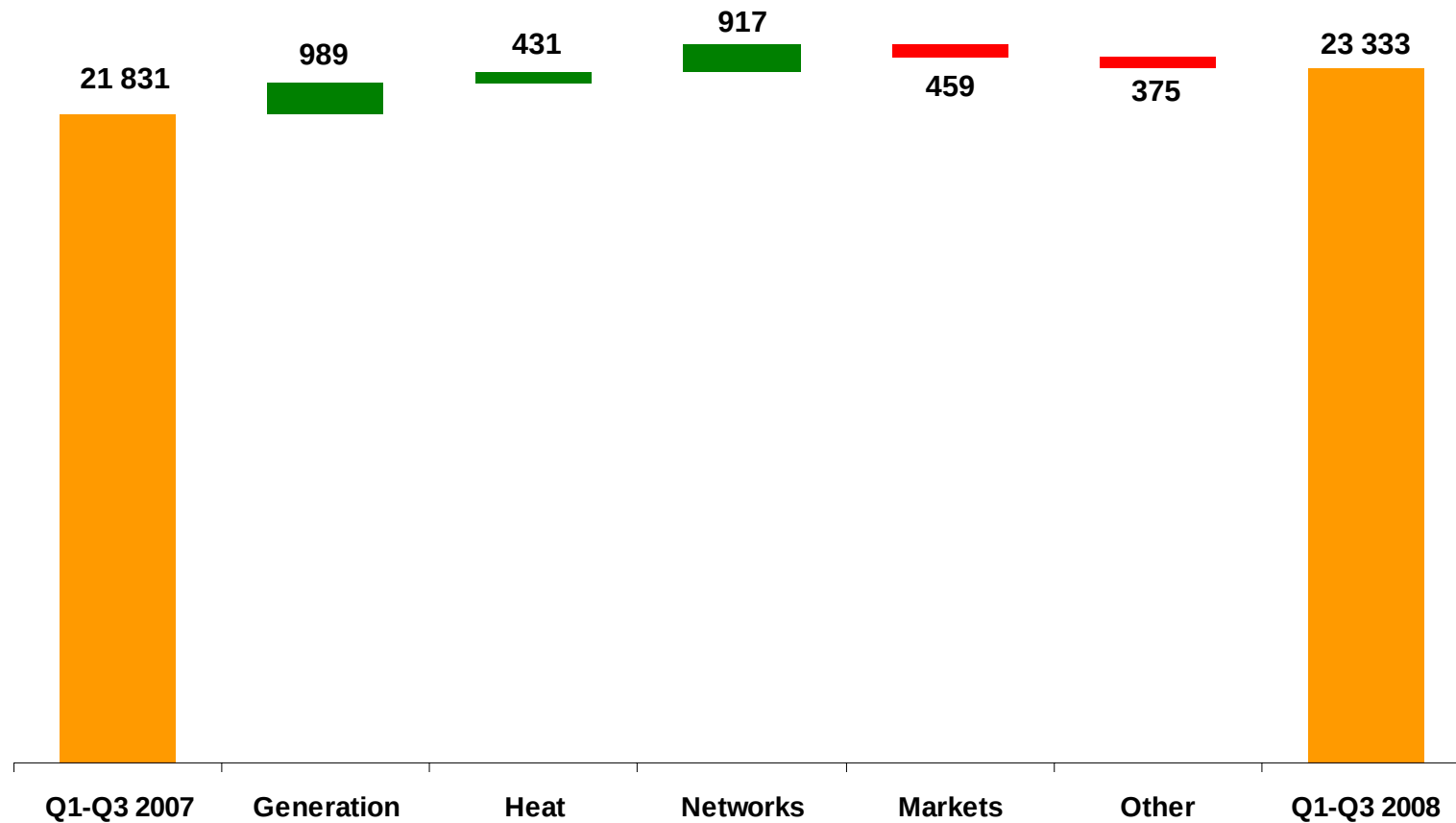
EBIT Q3 2008 vs Q3 2007 – secondary segments 22

SEK million



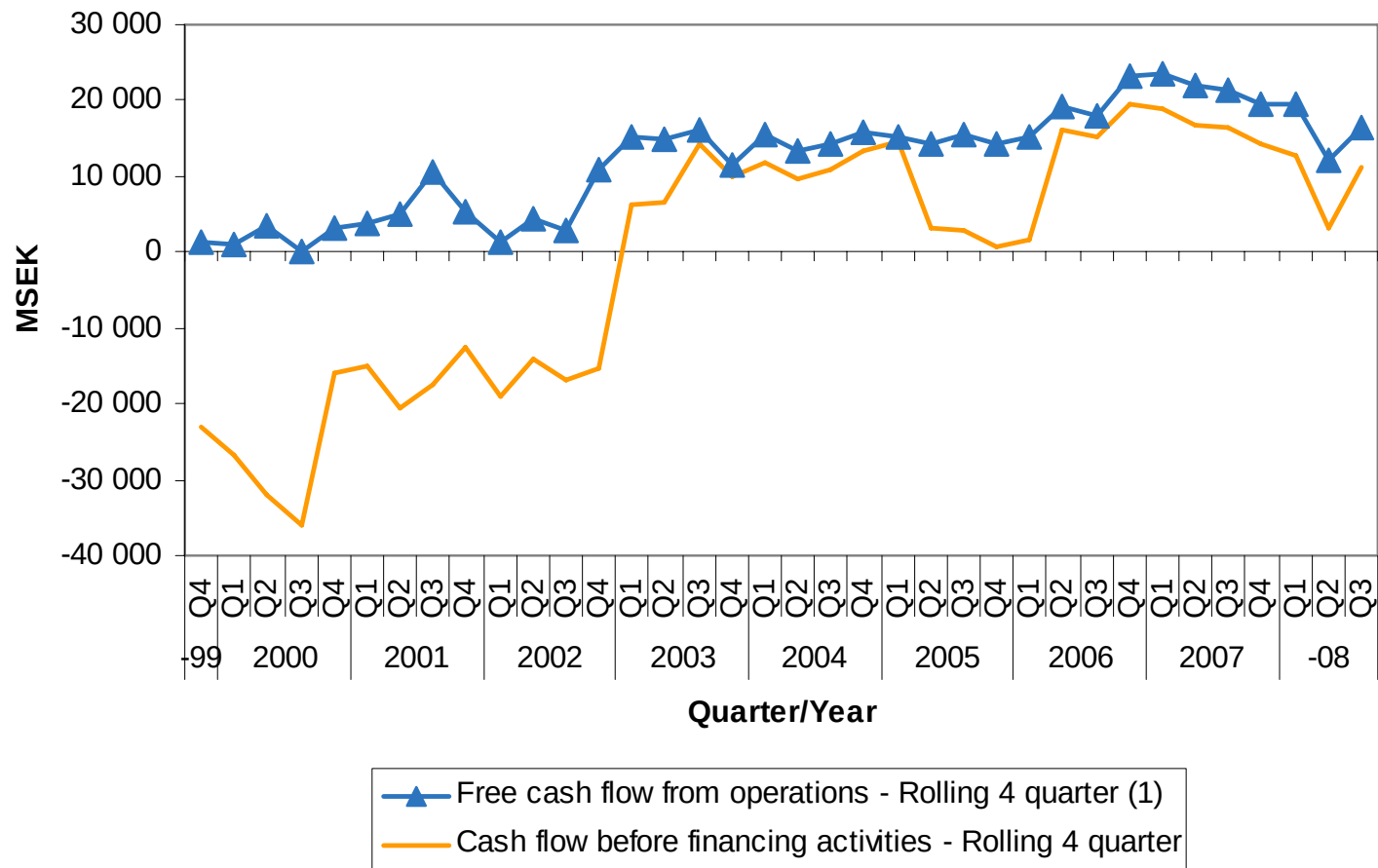
EBIT Q1-Q3 -08 vs Q1-Q3 -07 – secondary segments ²³

SEK million



Cash flow development

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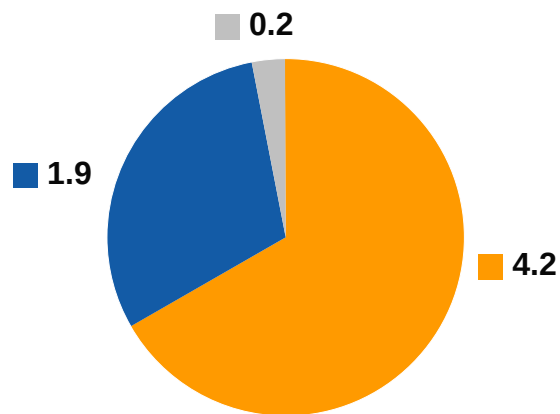


¹⁾ Figures according to Sw GAAP until Q4 2004 and according to IFRS from Q1 2005

Increased capex in Q3 2008

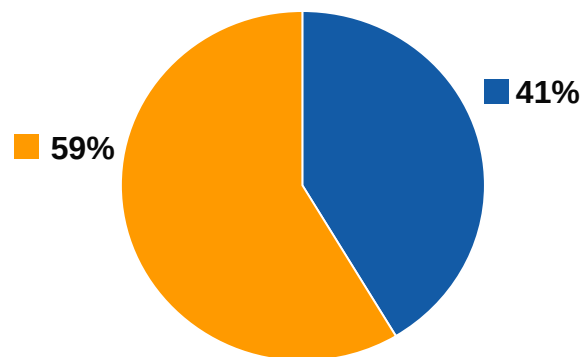
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Total SEK 6.3 billion



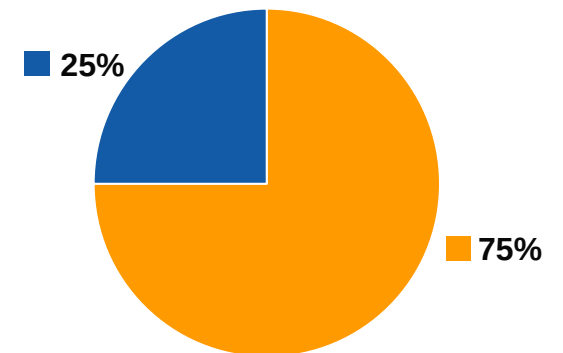
■ Electr and Heat ■ Networks ■ Other

By Business Group, %



■ Centr Europe ■ Nordic

Maintenance / Growth, %



■ Maintenance ■ Growth

Break down of group liquidity and credit lines

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SEK million
30 Sept. 2008

	Treasury	Germany	Poland	Nordic	Total	%
Cash and bank	2,577	784	365	917	4,643	17
Cash equivalents and short term investments	11,846	10,689	74	626	23,235¹⁾	83
Total	14,423	11,473	439	1,543	27,878²⁾	

1) Of which CSA, Credit support Annex (Margin calls); 2,536 million

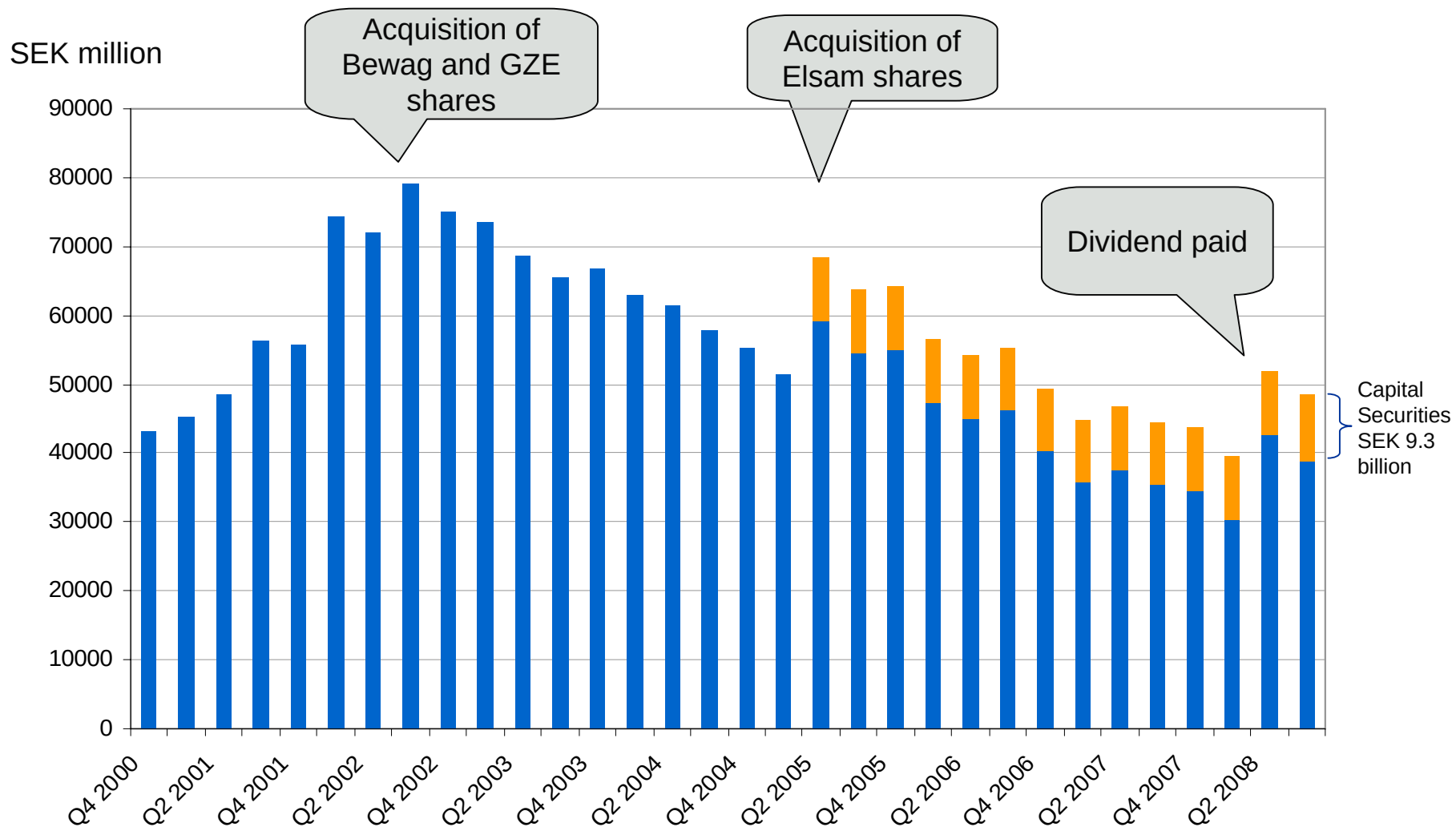
2) Available cash amounts to 18,337 million

Committed credit facilities

RCF (Febr. 2013)	EUR 1,000 million	9,760
Bilateral (April 2009)	EUR 400 million	3,904
Overdraft facility (Dec. 2009)	SEK 100 million	100
Total undrawn		13,764

Net debt development

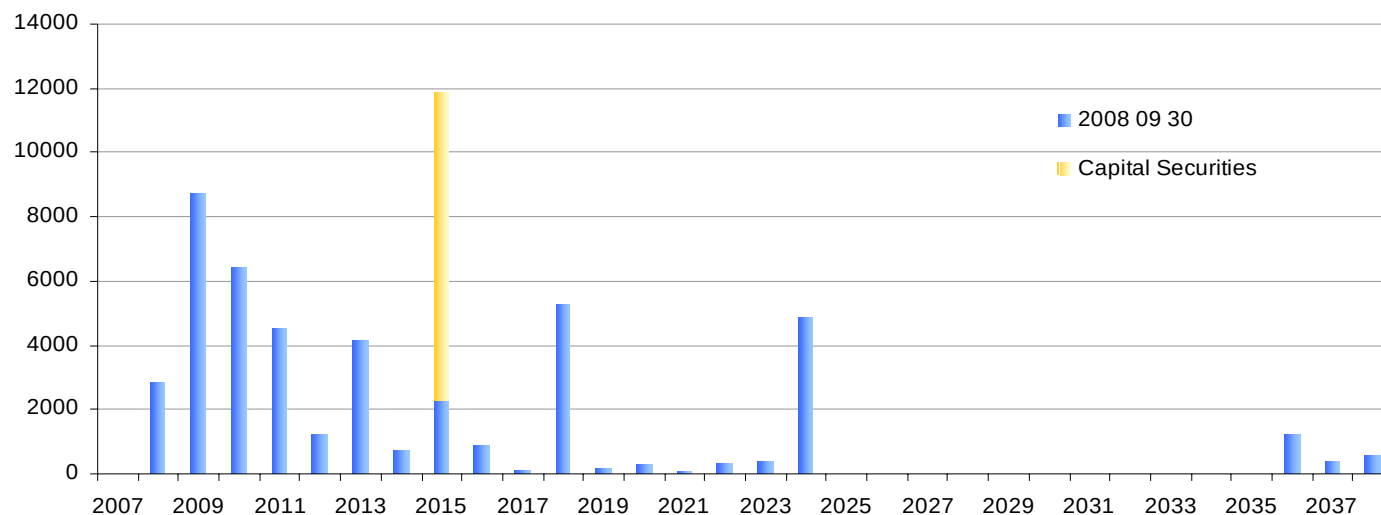
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Vattenfall debt maturity profile

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SEK million



Excluding loans from associated companies and minority owners

	Sept 30, 2008	Sept 30, 2007
Duration (years)	3.1 ¹⁾	3,7
Average time to maturity (years)	6.4 ¹⁾	6,5
Net debt (SEK bn)	48.5	44,5

1) Based on external debt. Excluding Capital Securities the duration is 2,5 years and average time to maturity 6,4 years.

- Strong Q3 results
 - Vattenfall's best ever Q3 EBIT
- The financial turbulence has not affected Vattenfall's results
- Vattenfall has a strong liquidity position and no immediate debt refinancing needs
- Well defined financial risk management policies
- Prudent hedging strategy
- Our geographical diversification and generation mix is a key strength



Questions and Answers

Back-up slides

Financial targets and outcome

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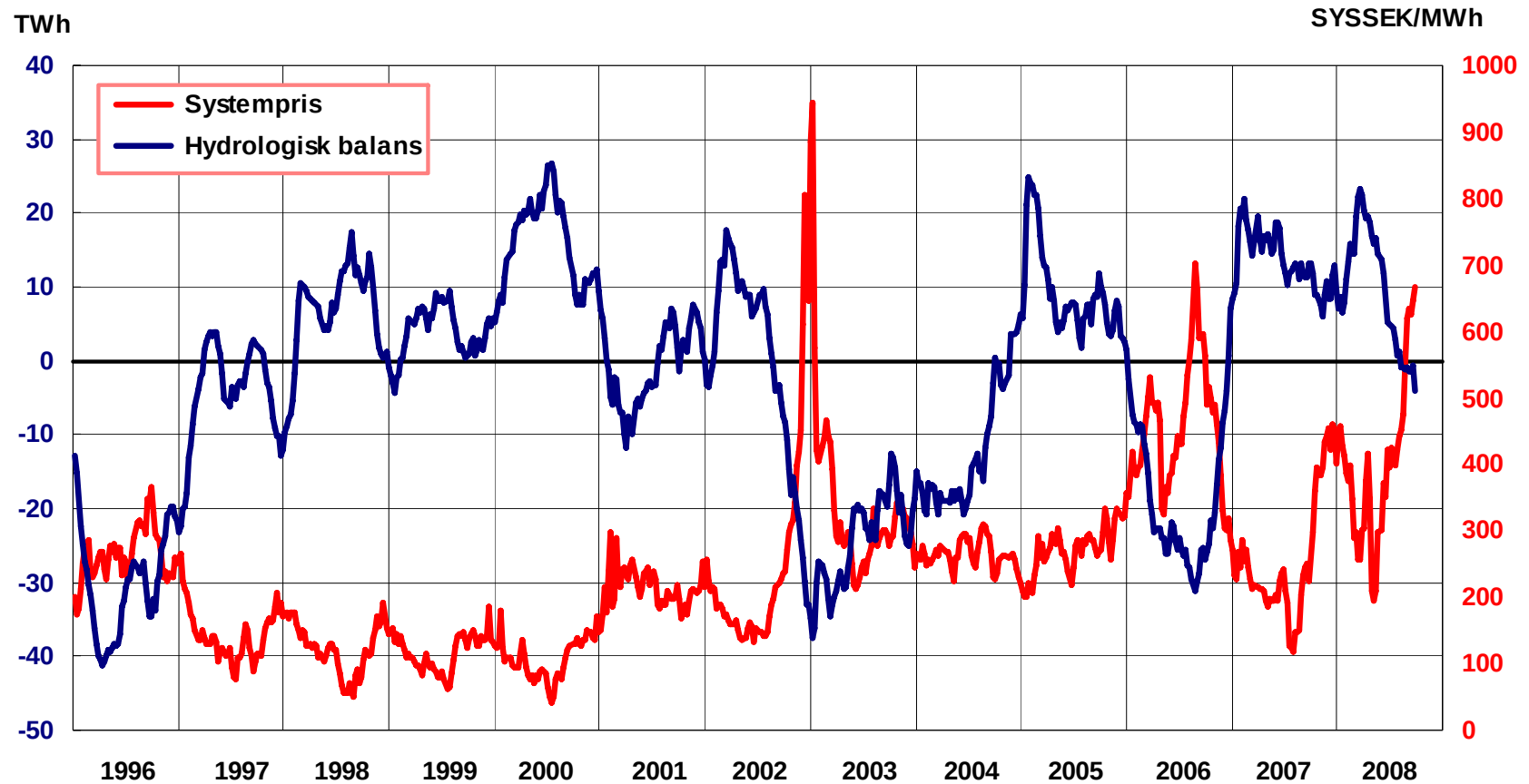
Key Ratio	Targets	Q3 2008
Return on Equity (RoE)	15 % on average equity	14.0%*
Return on Net Assets (RoNA, excl. IAC)	11 % before tax (= 15 % RoE recalculated into the Groups RoNA requirement)	16.0%*
Cash flow interest coverage after maintenance investments	3.5 – 4.5 times	4.6*
Credit Rating	Single A category rating	A2/A- Stable outlook
Dividend pay-out	40-60 %	40.5 %

*Q3 2008 figure = LTM

Declining hydrological balance during Q3

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Nordic countries



Key data – BG Nordic

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<i>Amounts in SEK million</i>	Q3 2008	Q3 2007	% Change	LTM	FY 2007
Net sales	8 787	9 152	-4.0	47 985	46 713
External net sales *	11 973	8 553	40.0	52 842	44 429
EBIT **	2 802	1 531	83.0	17 026	12 418
Net assets ***	95 401	87 001	9.7	n.a.	91 122
Electr. generation, TWh	18.4	18.9	-2.6	92.6	91.1
Heat generation, TWh	1.0	1.2	-16.7	10.0	10.7
Employees ****	9 612	9 540	0.8	n.a.	9 489

* Excl. intra group transactions

** At the end of the period

*** Full time equivalents (FTE)

Key data – BG Central Europe

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<i>Amounts in SEK million</i>	Q3 2008	Q3 2007	% Change	LTM	FY 2007
Net sales	32 544	27 912	16.6	134 379	122 256
External net sales *	22 796	19 803	15.1	94 500	86 736
EBIT **	2 847	3 460	-17.7	14 366	16 517
Net assets ***	82 158	77 386	6.2	n.a.	78 714
Electr. generation, TWh	16.9	18.4	-8.2	73.6	76.6
Heat generation, TWh	2.6	2.6	0.0	26.2	25.5
Employees ****	22 544	22 478	0.3	n.a.	22 396

* Excl. intra group transactions

** At the end of the period

*** Full time equivalents (FTE)

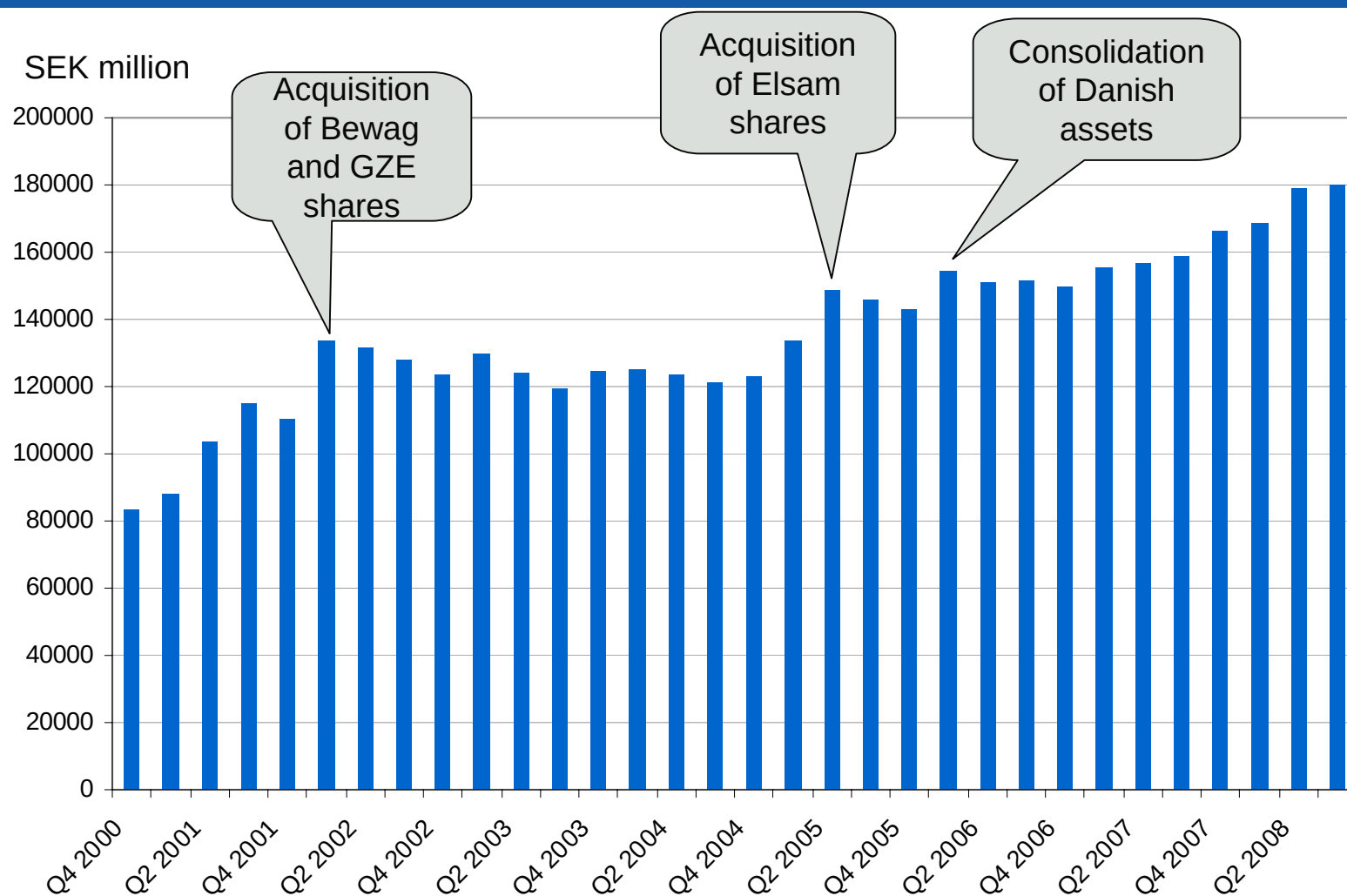
Consolidated balance sheet

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Amounts in MSEK	Q3 2008 IFRS	Q3 2007 IFRS	Change %	FY2007
Non-current assets	277 672	257 489	7.8	264 864
Current assets	83 915	67 127	25.0	73 372
Total assets	361 587	324 616	11.4	338 236
Equity	124 068	119 679	3.7	124 132
Interest-bearing liabilities	77 501	66 341	16.8	67 189
Interest-bearing provisions	57 529	52 280	10.0	56 250
Pension provisions	18 517	17 424	6.3	17 735
Deferred tax liabilities	23 890	25 403	6.0	23 704
Other non-interest-bearing liabilities	60 082	43 489	38.2	49 226
Total equity and liabilities	361 587	324 616	11.4	338 236

Net asset development

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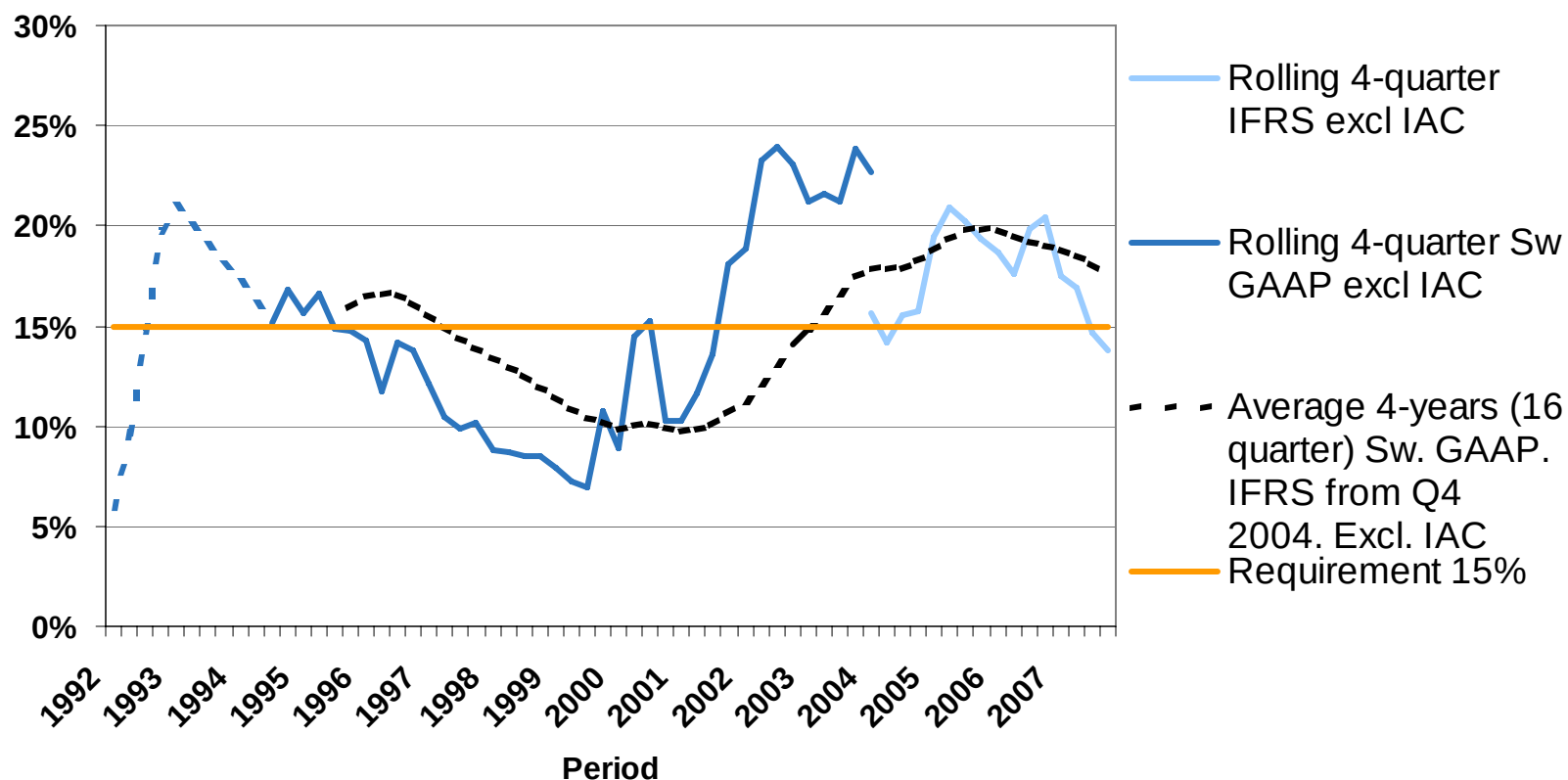


Consolidated cash flow statement

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Amounts in MSEK	Q3 2008 IFRS	Q3 2007 IFRS	Change %	FY2007	LTM
Funds from operations (FFO)	8 687	6 002	44.7	34 049	30 758
Change in working capital	3 526	261	1251.0	-1 718	6 260
Cash Flow from operating activities	12 213	6 263	95.0	32 331	37 018
Investments	-6 312	-4 310	46.5	-18 964	-30 865
Divestments	84	239	-64.9	925	833
Cash and cash equivalents in acquired/divested companies	4	2	100.0	2	11
Cash Flow from investing activities	-6 224	-4 069	53.0	-18 037	-30 021
Cash Flow before financing activities	5 989	2 194	173.0	14 294	6 997
Cash Flow from financing activities	-4 548	-8 259	-44.9	-18 662	938
Cash Flow for the period	1 441	-6 065	123.8	-4 368	7 935
Net debt at the end of the period	-48 476	-44 524	8.9	-43 740	-48 476

Group - Return on Equity Nine months interim accounts - 2008



Break down of group debt

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SEK million

30 Sept. 2008

	Treasury	Germany	Poland	Nordic	Total	%
Subordinated perpetual Capital Securities	9,641				9,641	12
MTN	150				150	0
EMTN	35,613				35,613	46
Liabilities to assoc. companies	10,931	4,946			15,877	20
Liabilities to minority shareholders		35		6,385	6,420	8
Bank loans and others	1,375	5,640	44	2,741	9,800¹⁾	13
Total	57,710	10,621	44	9,126	77,501	100

1) Of which CSA, Credit support Annex (Margin calls); 782 million

Adjusted gross and net debt

41

SEK million

30 Sept 2008 31 Dec 2007

Reported gross debt

-77 501¹⁾ -67 189

Present value of net pension obligations (incl. actuarial gains/losses)

-18 635 -17 073

Mining & environmental provisions

-12 524 -11 975

50% of Capital securities (hybrid capital)

4 820 4 671

= Adjusted gross debt

-103 840 -91 566

Reported cash, cash equivalents & short term investments

27 878²⁾ 22 659

German nuclear "Solidarvereinbarung"

-3 323 -3 224

Minority owner's share of German nuclear subsidiaries cash position

-3 682 -3 531

= Adjusted cash, cash equivalents & short term investments

20 873 15 904

= Adjusted net debt

-82 967 -75 662

1) Of which CSA, Credit Support Annex (Margin calls) 783 million

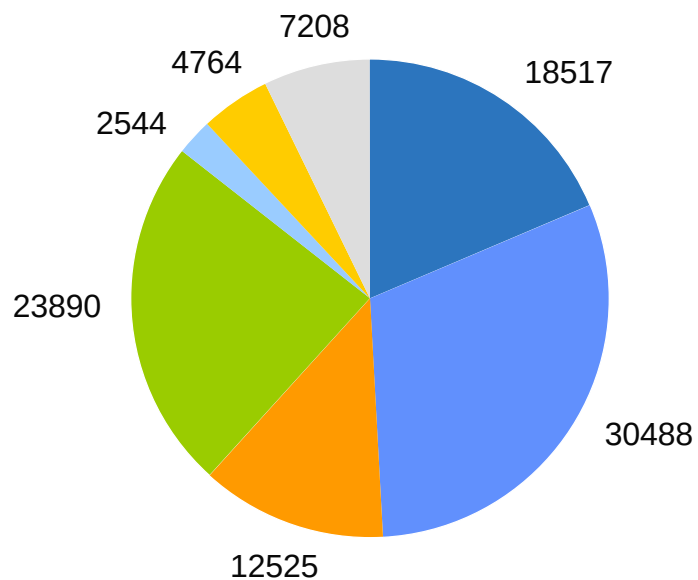
2) Of which CSA, Credit Support Annex (Margin calls) 2,536 million

Group provisions (IFRS)

42

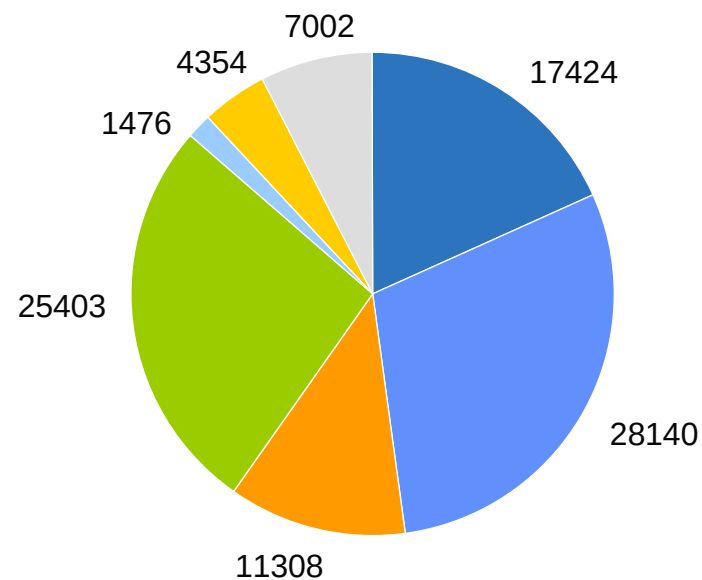
30 September 2008

SEK 99,936 million



30 September 2007

SEK 95,107 million



Key ratios

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Key Ratios (% unless otherwise stated)	Q3 2008	Q3 2007	LTM
RoNA ⁽¹⁾	16.0	16.3	16.0
RoE ⁽¹⁾	14.0	20.5	14.0
Operating margin	15.1	15.1	19.3
Pre-tax profit margin	9.6	11.1	15.2
Cash Flow interest coverage after maintenance investments, times	6.3	4.7	4.6
FFO/net debt ⁽¹⁾	63.4	73.4	63.4
Equity/assets ratio	34.3	36.9	34.3
Net Gearing - Net debt/equity	39.1	37.2	39.1
Capitalisation - Net debt/net debt + equity	28.6	27.1	28.1

1) Q3 2008 value = LTM