

Vattenfall Q1 results 2009

Presentations by

Lars G. Josefsson, CEO and
Dag Andresen, CFO

29 April 2009

CEO Lars G. Josefsson:

- Financial highlights
- Generation volumes
- Market and price development
- Other important events

CFO Dag Andresen:

- P&L and Cash Flow
- Debt & liquidity position
- Capex

Financial highlights Q1 2009

3

Net sales increased by

15.7% to SEK 52,528 million (45,404)

EBITDA increased by

12.8% to SEK 17,149 million (15,203)

EBIT increased by

12.6% to SEK 12,860 million (11,426)

Profit after tax increased by

12.6% to SEK 8,091 million (7,184)

Net debt decreased by

SEK 5.4 bn to SEK 60.6 bn compared with 31 December 2008

Return on Net Assets

- 14.9% LTM (FY 2008: 15.1%)
- above target 11%.

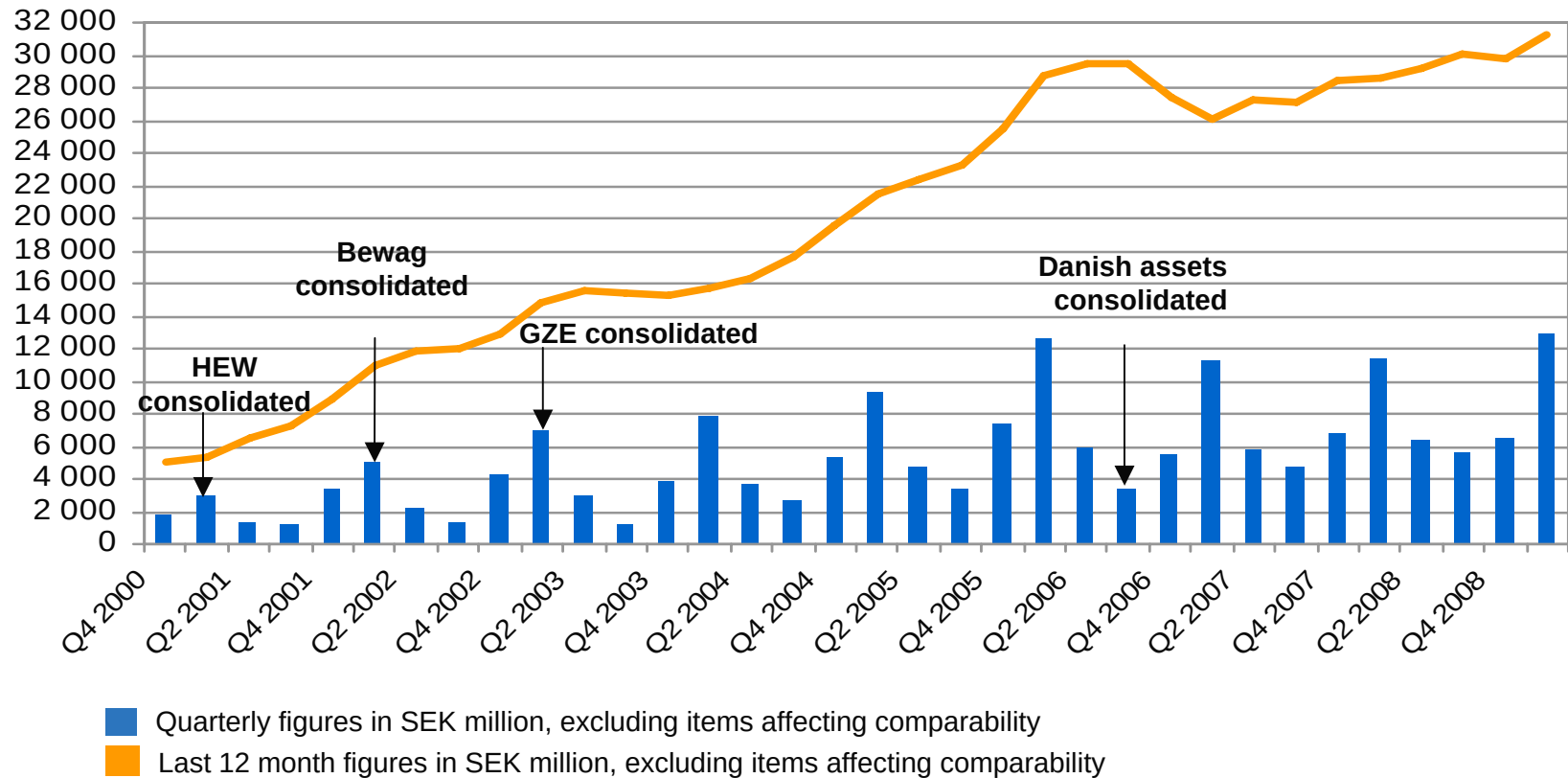
Return on Equity

- 13.9 % LTM (FY 2008: 13.6%)
- long-term target 15%.

EBIT development

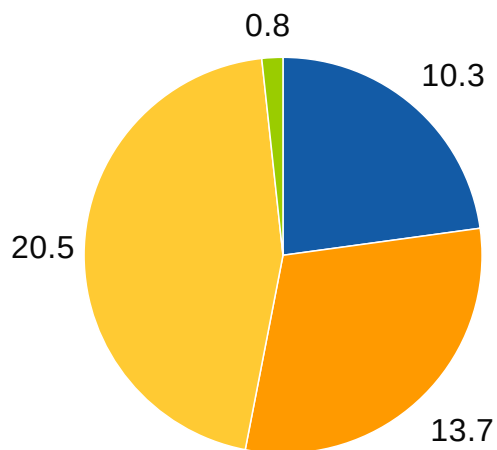
5

Quarterly figures, SEK million

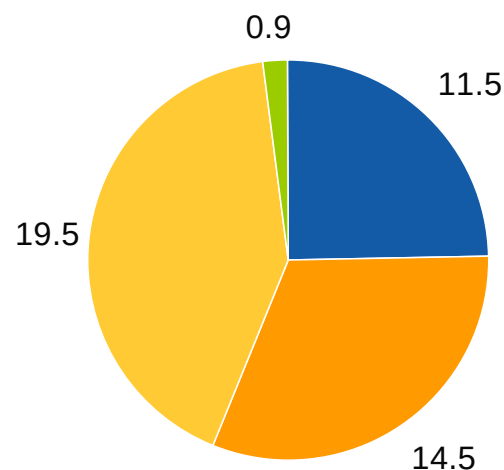


Slightly decreased electricity generation output 6

Q1 2009: 45.2 TWh



Q1 2008: 46.4 TWh



Hydro

Nuclear

Fossil

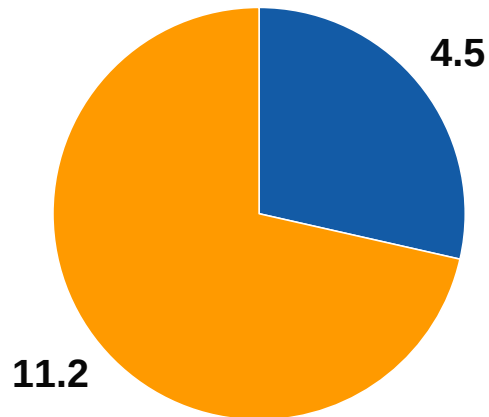
Other

Other = wind, biofuel, waste

Increased heat sales due to lower temperatures

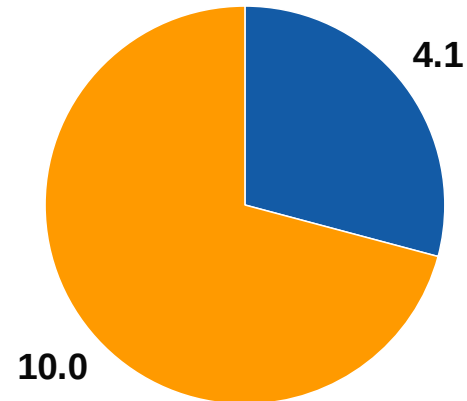
7

Q1 2009: 15.8 TWh



Nordic

Q1 2008: 14.1 TWh

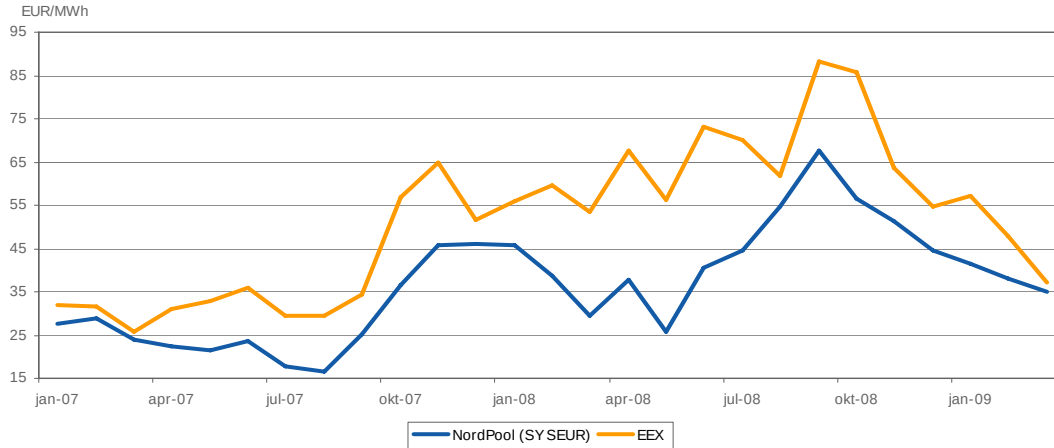


Central Europe

Electricity price development

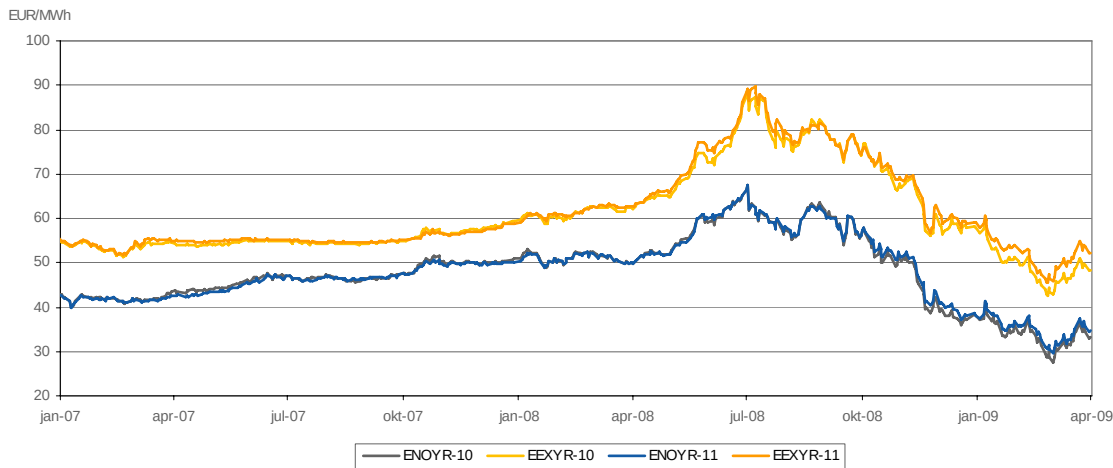
8

Monthly Spot Average



Further decline in spot prices during Q1 2009 vs. Q1 2008. Nord Pool avg. prices unchanged, EEX avg. prices 16% down

Daily Forward Closing Prices



Further decline in forward prices declined Q1 2009 due to lower costs for CO2-emission allowances

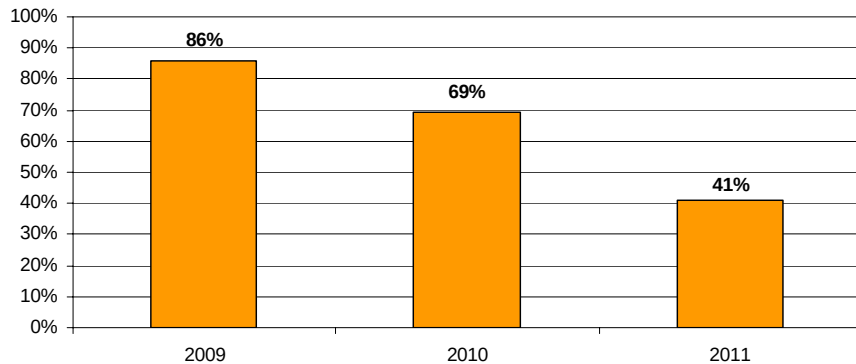
Hedging position as of 31 March 2009

9

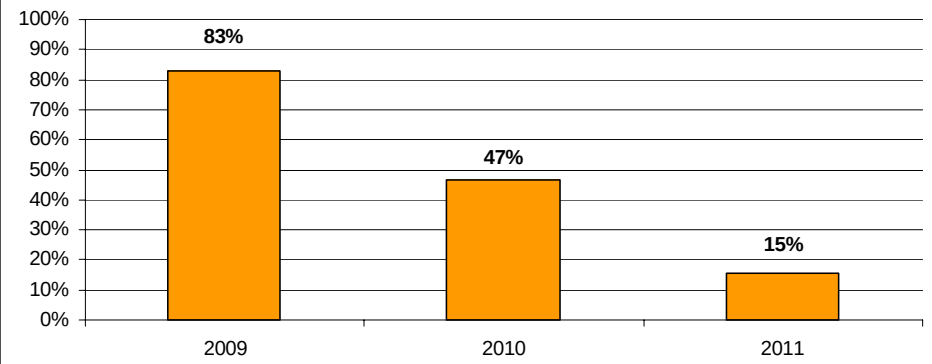
Over 80% of electricity generation 2009 is already hedged

% hedged of planned electricity generation, including long-term fixed-price contracts with industrial customers

Nordic market



Germany and Poland



Important events Q1 2009

10

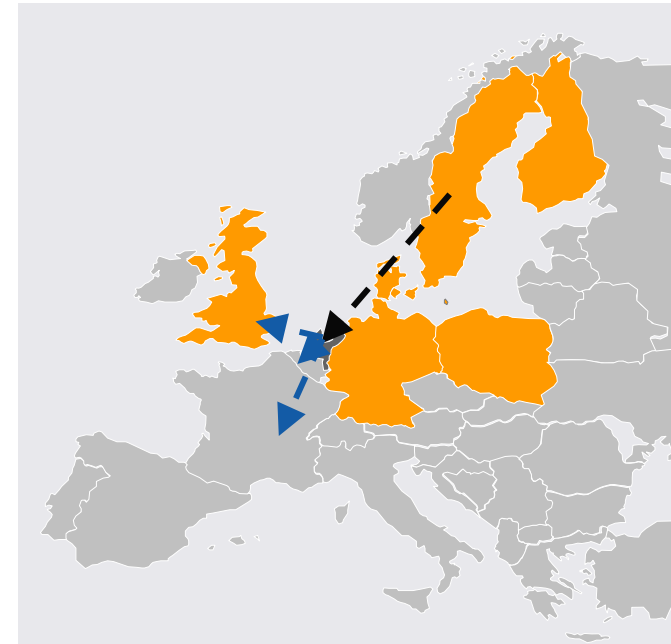
- Planned acquisition of Nuon
- New group organisation implemented
- Transmission update

- Acquisition of Nuon comprises unbundled commercial activities
- Initial purchase of 49% of shares for EUR 5.1 bn; remaining shares acquired 2011, 2013 and 2015
- Expected close mid 2009
- Operational control day 1
- Equity value EUR 10.3bn (100%)
- EV of EUR 8.5bn representing an EBITDA multiple of 9.7x
- Financing secured (bank facility being replaced with bond loans)
- Credit ratings affirmed by Moody's and Standard & Poor's

Acquisition of Nuon - strategic rationale

12

- The Netherlands is one of the most attractive regions for Vattenfall's expansion
 - Growing market, capacity shortage and shift toward renewable energy
 - Proximity, connectivity
- Beneficial risk diversification with new core market
- New gas competence also provides a partial hedge to coal-fired operations
- Annual synergies EUR100m by 2015



 Vattenfall's presence before Nuon acquisition

Combined entity will emerge as a top player in the European energy market providing leadership in producing clean electricity ¹³

Top position in the European energy market

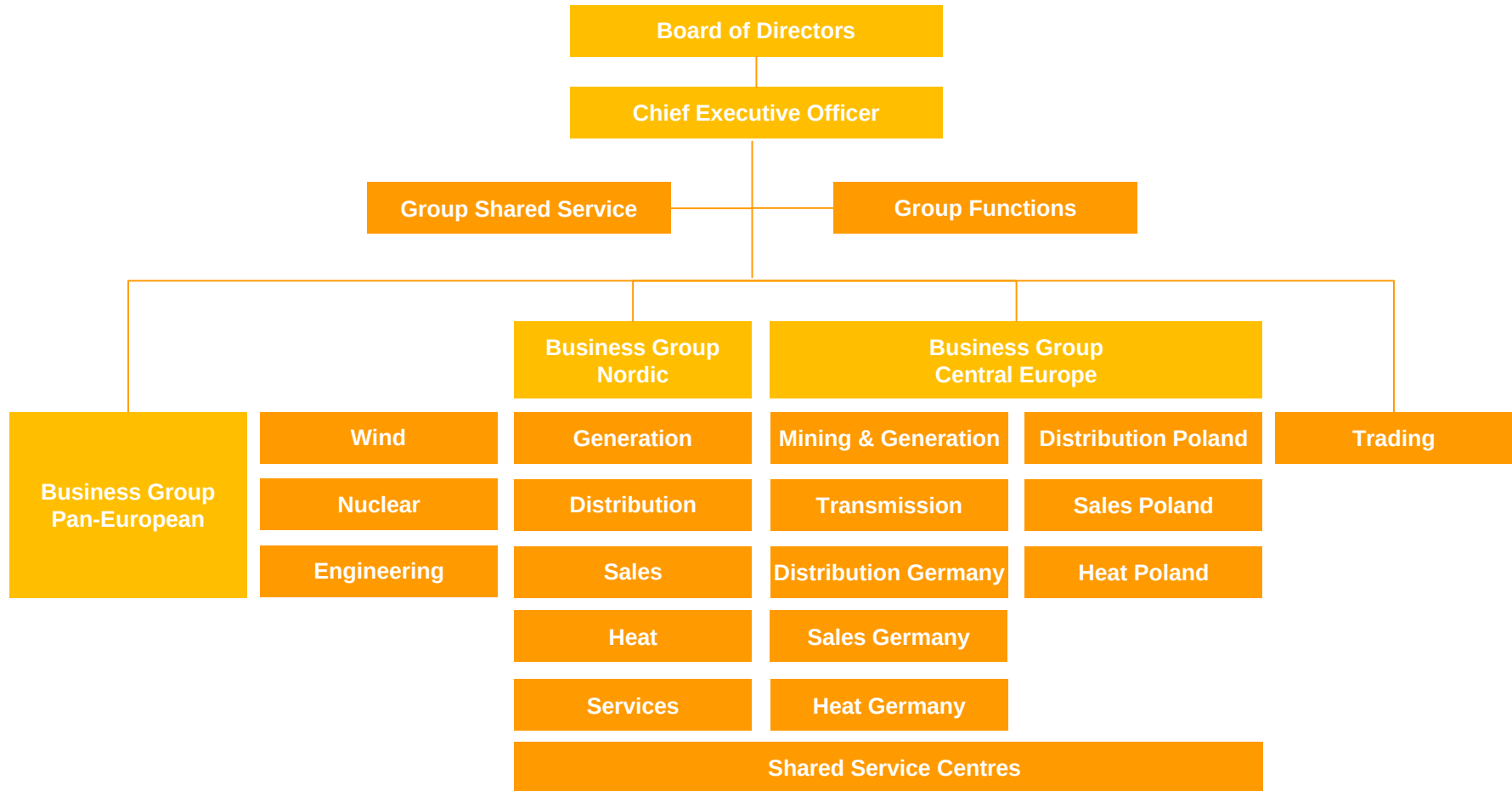
Heat generation	39.2 TWh	#1 in Europe
Electricity generation	185 TWh	#5 in Europe
Trading	Presence in major trading hubs and commodities	Top 3

Leader in Europe with clean technology platform

Wind capacity	Offshore – 371 MW Total – 900 MW	#1 in Europe #8 in Europe
Bio-mass installed capacity*	520 MW	#5 in Europe
Clean technology platform	Leaders in developing IGCC, CCS and on- / offshore wind	Global thought leader

New organization as of 1 January 2009

14



- In July 2008, Vattenfall approached potential investors for the possible sale of our German Transmission operations
- Indicative bids were received in October 2008
- We still expect to take a decision in the first half of 2009. Given the complexity of the transaction, the actual closing would then be completed in H2 2009.
- Important criteria to be applied on investors. They 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
- Final decision has not yet been made

Financials

Dag Andresen, CFO

Consolidated income statement

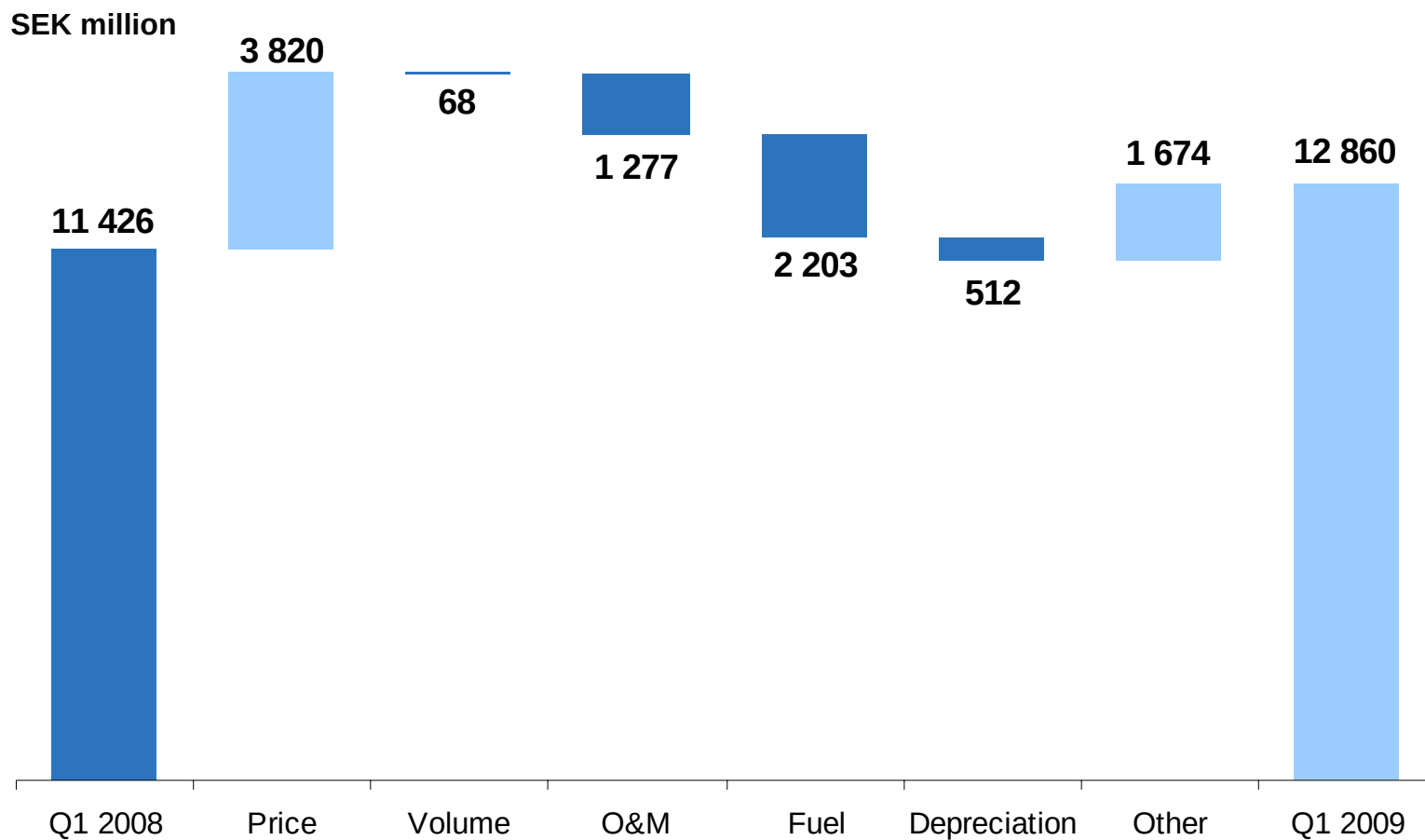
17

Amounts in MSEK	Q1 2009 IFRS	Q1 2008 IFRS	Change %	FY2008	LTM
Net sales	52,528	45,404	15.7	164,549	171,673
Cost of products sold	-36,682	-31,269	17.3	-122,961	-128,374
Gross profit	15,846	14,135	12.1	41,588	43,299
Operating profit (EBIT)	12,860	11,426	12.6	29,895	31,329
Operating profit, excl. IAC*	12,851	11,357	13.2	29,797	31,291
Financial income	687	714	-3.8	3,412	3,385
Financial expenses	-2,790	-2,072	34.7	-9,809	-10,527
<i>Financial net</i>	-2,103	-1,358	-54.9	-6,397	-7,142
Profit before taxes	10,757	10,068	6.8	23,498	24,187
Taxes	-2,666	-2,884	-7.6	-5,735	-5,517
Profit for the period	8,091	7,184	12.6	17,763	18,670

* IAC = items affecting comparability

EBIT development Q1 2009 vs. Q1 2008

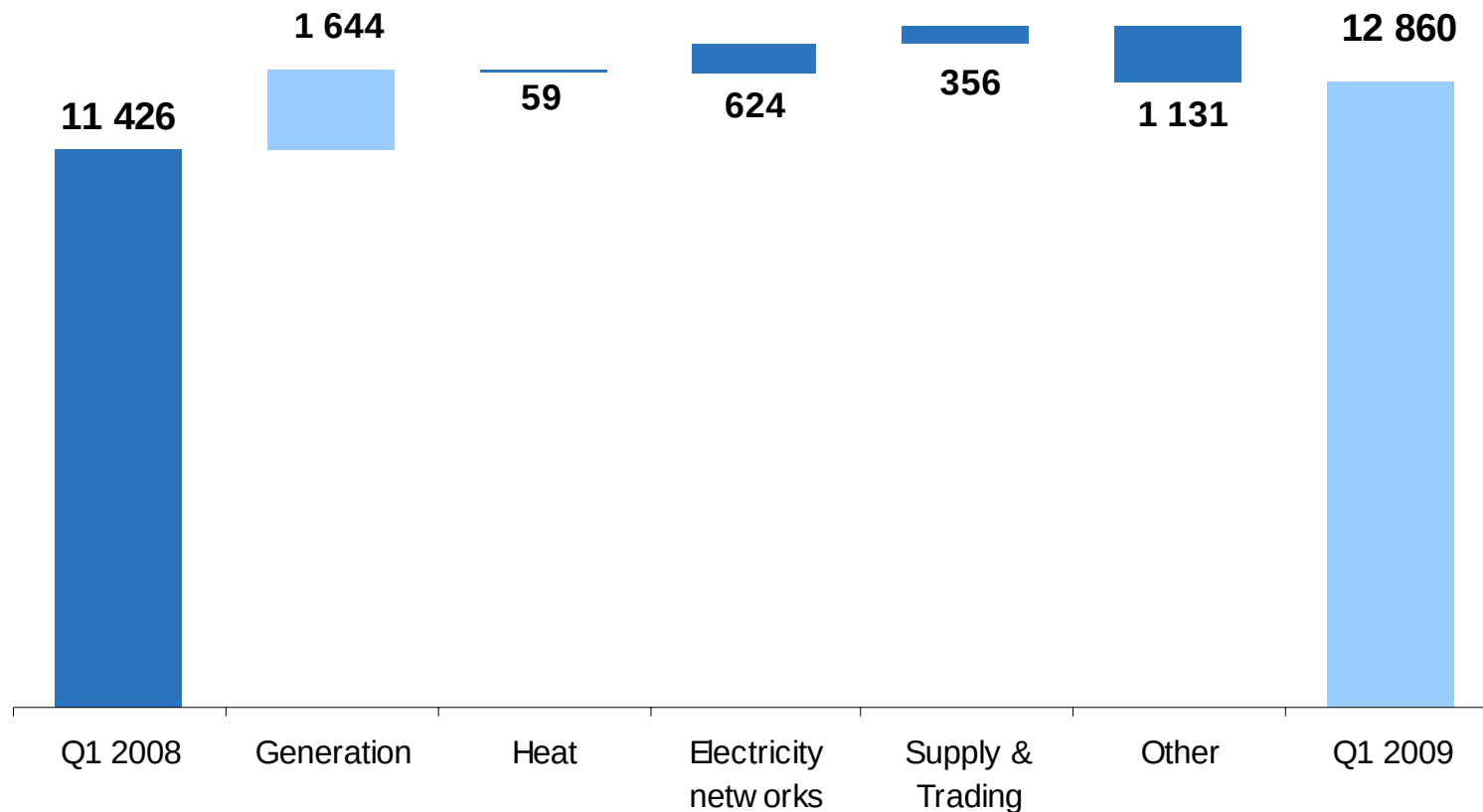
18



EBIT Q1 2009 vs. Q1 2008 – products and services

19

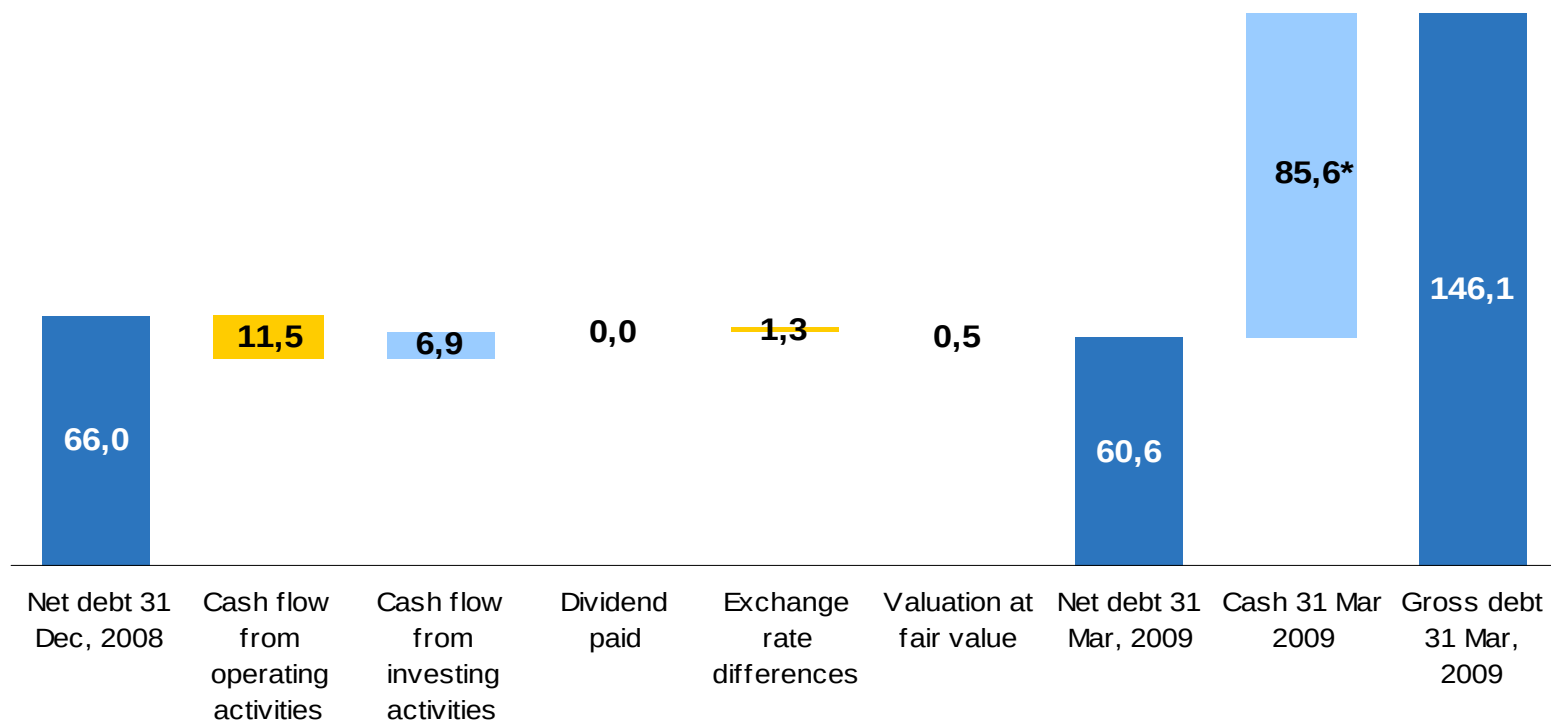
SEK million



Debt development Q1 2009

20

SEK billion



*Includes loans to minority owners in foreign subsidiaries of SEK1.5bn (excluded from liquidity calculation – see page 23)

Strong liquidity position

21

31 March 2009

Group liquidity

SEK million

Cash and cash equivalents	60 841
Short term investments	23 256
Total	84 097¹⁾

1) Of which SEK 64,310 million is fully available. Not fully available liquidity comprises German nuclear "Solidarvereinbarung" 3,738 million, minority owners share of German nuclear subsidiaries cash position 4,172, Credit support Annex (Margin Calls); 10,060, and other not fully available liquidity 1,897.

Committed credit facilities

RCF (maturity February 2013)	EUR 1 000 million	10 980
Bilateral (maturity April 2009)	EUR 400 million	4 392
Overdraft facility (maturity December 2009)	SEK 100 million	100
Total undrawn		15 472

Debt maturities ²⁾

- within 90 days	6 271
- within 180 days	7 081

2) Excluding loans from minority owners and associated companies

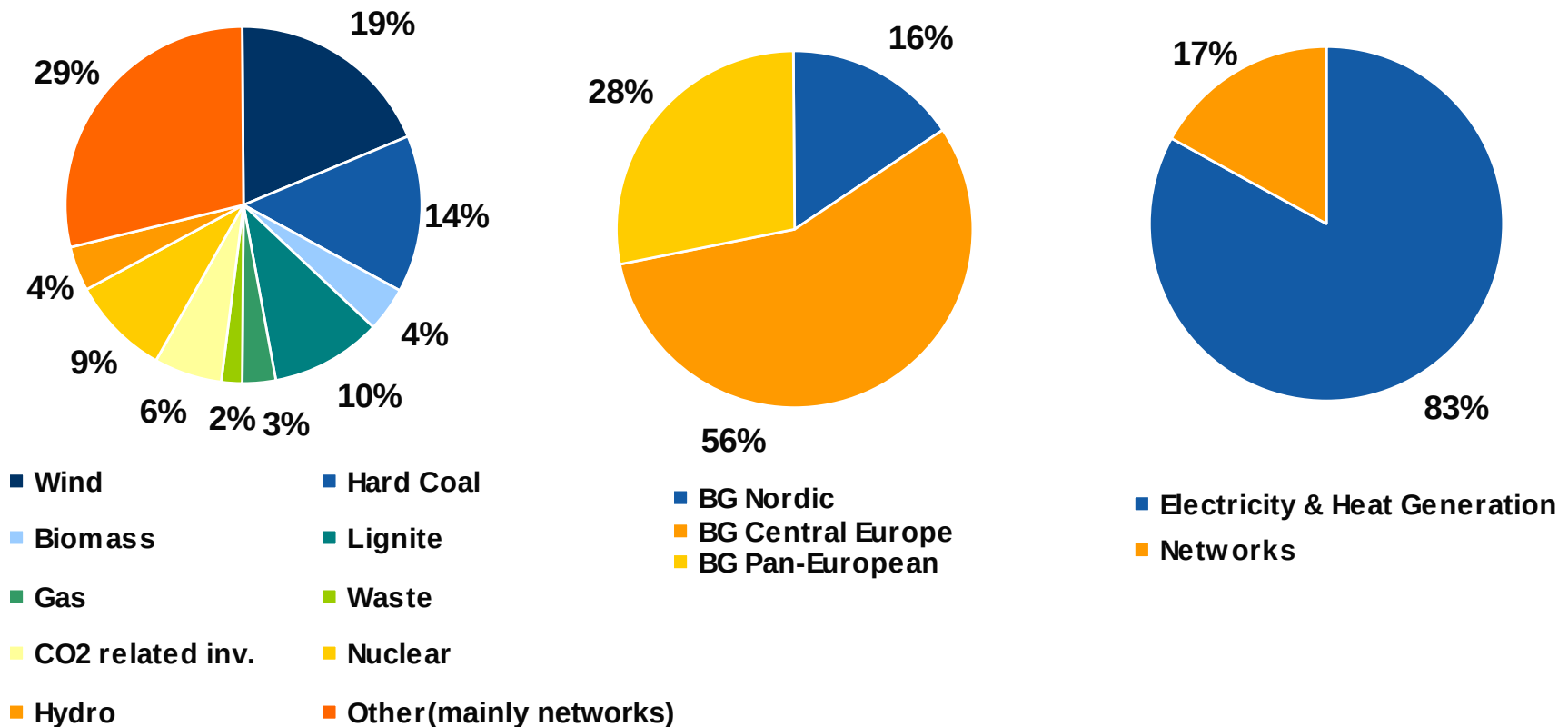
- As of today, Vattenfall has covered most of its financing needs for 2009
- The EUR 5 billion bank facility (for the Nuon transaction) has almost been fully replaced with long-term funding in the bond markets
- Highly successful benchmark bond issues:
 - 5 March 2009: triple tranche benchmark bond totaling EUR 2.7 billion, maturities of 4, 7 and 12 years
 - 1 April 2009: dual-tranche Sterling bond totaling GBP 1.35 billion, maturities of 10 and 30 years
 - Strong demand from investors, all bonds significantly oversubscribed
- In addition, several private placements during the first quarter

Capex programme 2009-2013

23

Revised total 5-year capex programme: SEK191bn (EUR17.4bn)

Reduced capex plan from a level of SEK202bn (EUR18.4bn) following Nuon acquisition



- Strong results for the first quarter 2009
- Market development expected to negatively impact results in next quarters
- Nuon acquisition according to plan
- Comfortable funding situation

Questions and Answers

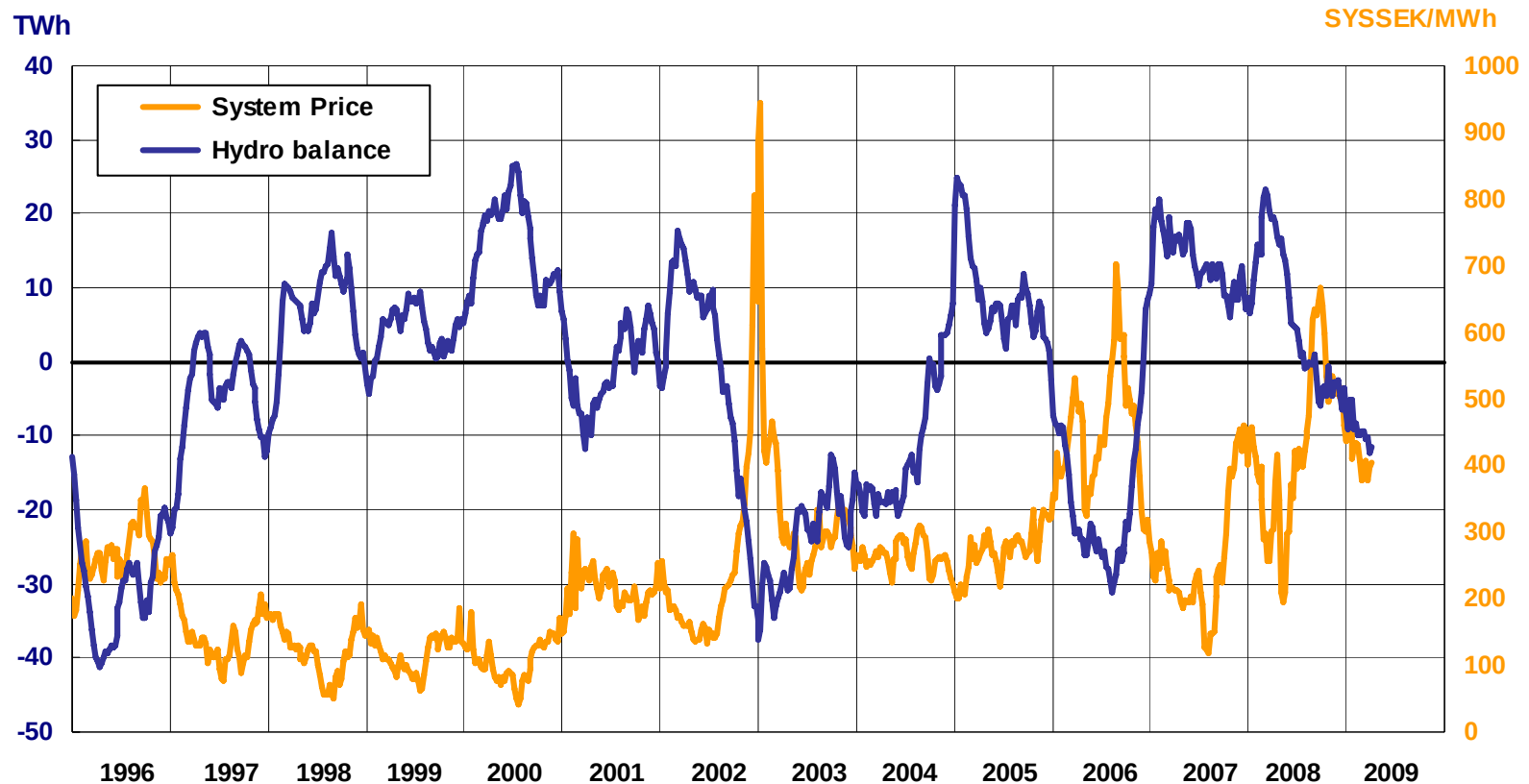


Back-up slides

Lower spot prices in spite of declining hydrological balance

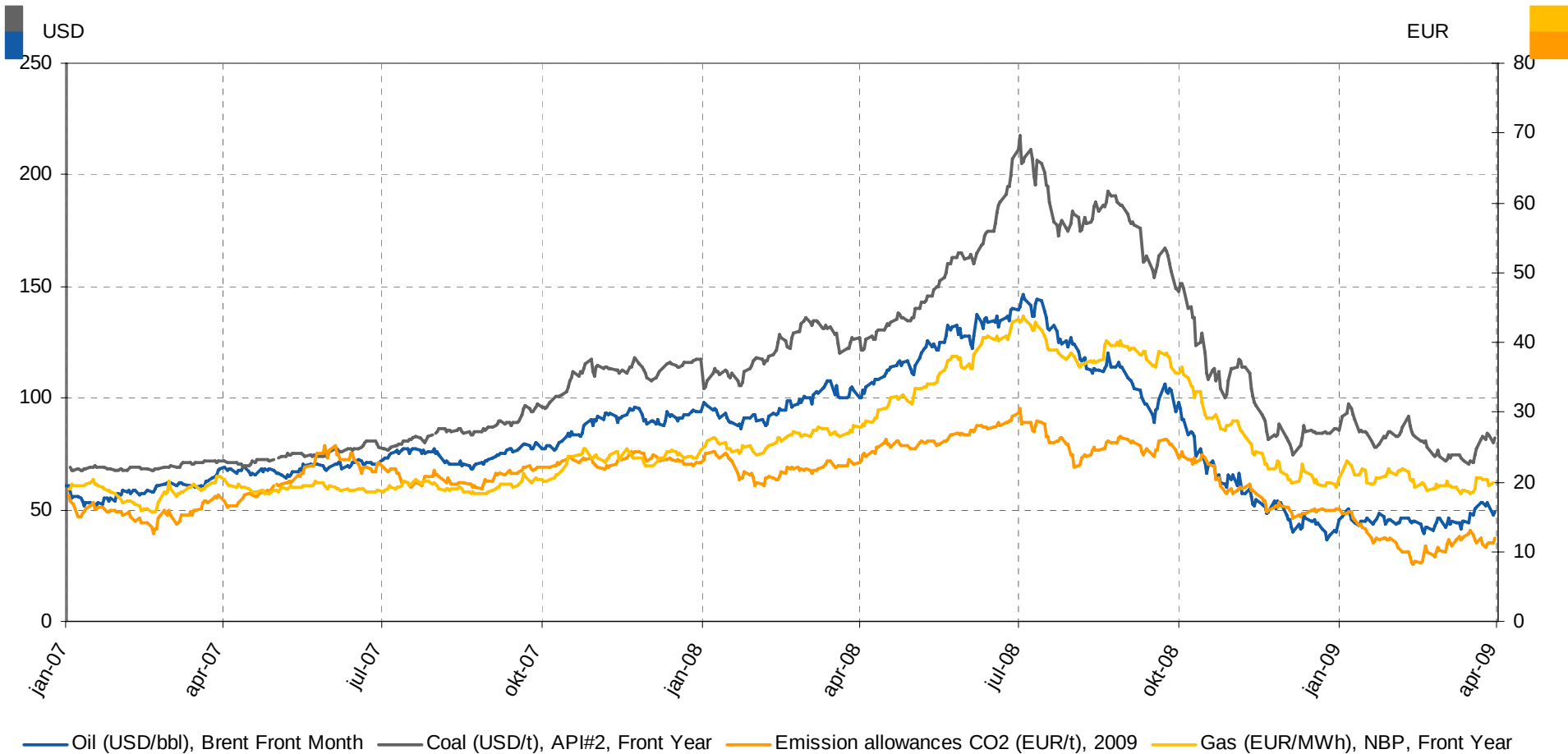
27

Nordic countries



Oil, coal, gas and CO₂ allowances

28



Financial targets and outcome

29

Key Ratio	Targets	Q1 2009
Return on Equity (RoE)	15 % on average equity	13.9%*
Return on Net Assets (RoNA, excl. IAC)	11 % before tax (= 15 % RoE recalculated into the Groups RoNA requirement)	14.9%*
Cash flow interest coverage after maintenance investments	3.5 – 4.5 times	4.5*
Credit Rating	Single A category rating	A2/A- Stable outlook
Dividend pay-out	40-60 %	40.4 %**

*Q1 2009 figure = LTM

**) Proposed dividend **VATTENFALL** 

Consolidated balance sheet

30

Amounts in MSEK	31/3/09 IFRS	31/3/08 IFRS	Change %	31/12/08
Non-current assets	321,685	265,288	21.3	317,912
Current assets	178,208	85,058	109.5	127,915
Total assets	499,893	350,346	42.7	445,827
Equity	150,485	132,822	13.3	140,886
Interest-bearing liabilities	146,123	71,082	105.6	107,347
Interest-bearing provisions	69,387	56,446	22.9	69,047
Pension provisions	20,993	17,644	19.0	20,752
Deferred tax liabilities	27,870	24,302	14.7	26,107
Other non-interest-bearing liabilities	85,035	48,050	86.8	81,688
Total equity and liabilities	499,893	350,346	42.7	445,827

Consolidated cash flow statement

31

Amounts in MSEK	Q1 2009 IFRS	Q1 2008 IFRS	Change %	FY 2008	LTM
Funds from operations (FFO)	18,760	11,828	58.6	30,735	37,667
Change in working capital	-7,232	-2,807	157.6	5,459	1,034
Cash Flow from operating activities	11,528	9,021	27.8	36,194	38,701
Investments	-7,008	-5,027	39.4	-42,296	-44,277
Divestments	62	327	-81.0	865	600
Cash and cash equivalents in acquired/divested companies	--	3	--	158	155
Cash Flow from investing activities	-6,946	-4,697	47.9	-41,273	-43,522
Cash Flow before financing activities	4,582	4,324	6.0	-5,079	-4,821
Cash Flow from financing activities	35,196	6,237	464.3	14,294	43,253
Cash Flow for the period	39,778	10,561	276.6	9,215	38,432
Net debt at the end of the period	-60,571	-39,545	53.2	-66,000	-60,571

Key ratios

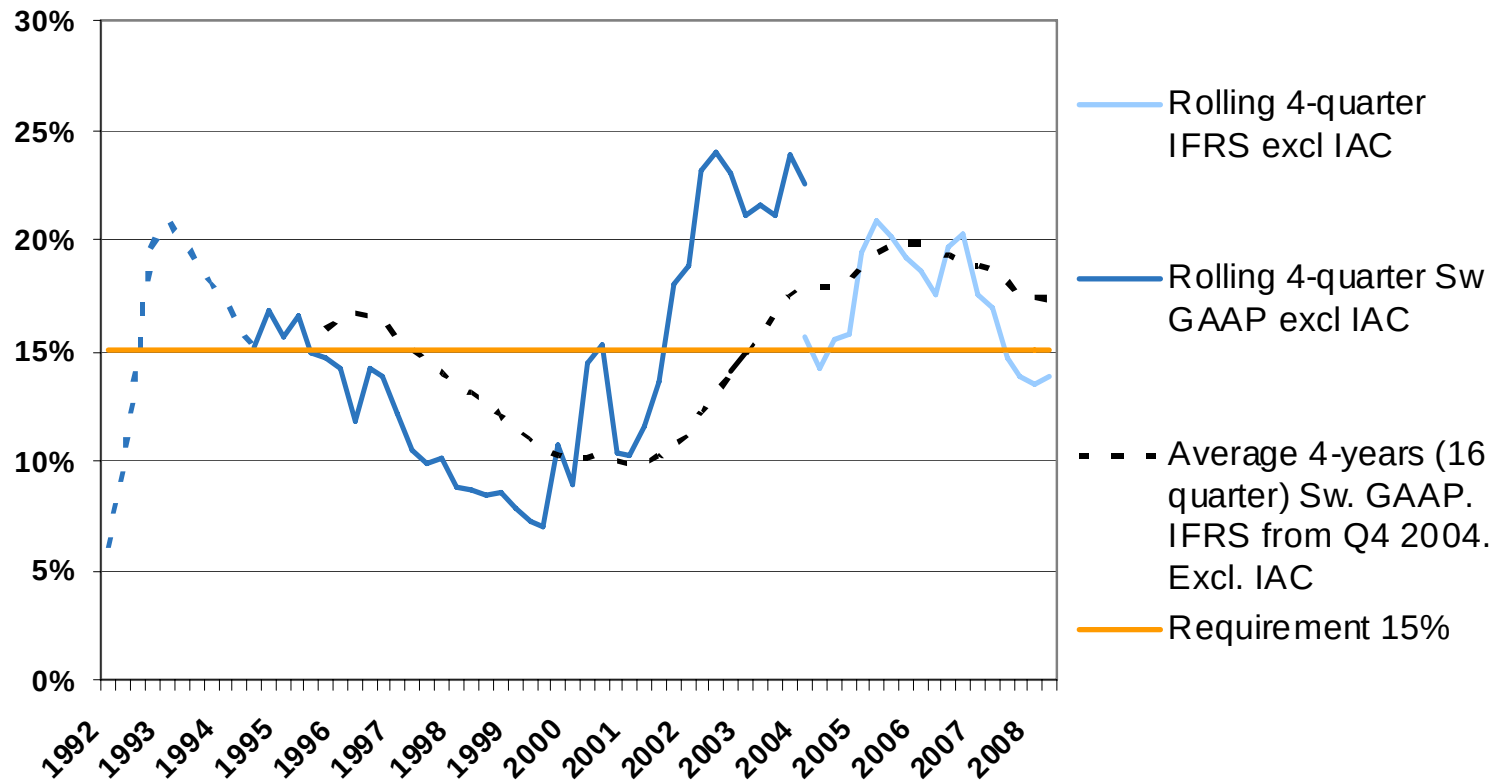
32

Key Ratios (% unless otherwise stated)	Q1 2009	Q1 2008	LTM
RoNA (1)	14.9	16.2	14.9
RoE (1)	13.9	17.0	13.9
Operating margin	24.5	25.2	18.2
Pre-tax profit margin	20.5	22.2	14.1
Cash Flow interest coverage after maintenance investments, times	6.2	5.0	4.5
FFO/net debt (1)	62.2	85.1	62.2
Equity/assets ratio	30.1	37.9	30.1
Net Gearing - Net debt/equity	40.3	29.8	40.3
Capitalisation - Net debt/net debt + equity	28.7	22.9	28.7

1) Q1 values = LTM

Return on equity

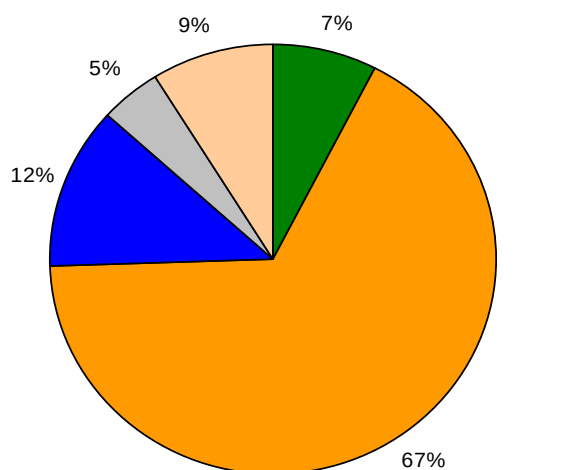
33



Breakdown of gross debt

34

Total debt at 31 March 2009:
SEK146.1 bn¹⁾ (EUR13.3 bn)



- Subordinated Perpetual Capital Securities
- EMTN
- Liabilities to associated companies
- Liabilities to minority shareholders
- Bank loans and others

1) Of which external market debt: SEK 121.6 bn (83%)

Funding programmes	Size (EURm)	Utilization (EURm)
EUR 15 bn Euro MTN	15 000	8 879
SEK 10 bn Domestic MTN	911	0
USD 2 bn Euro CP	1 510	0 ²⁾
SEK 15 bn Domestic CP	1 366	0

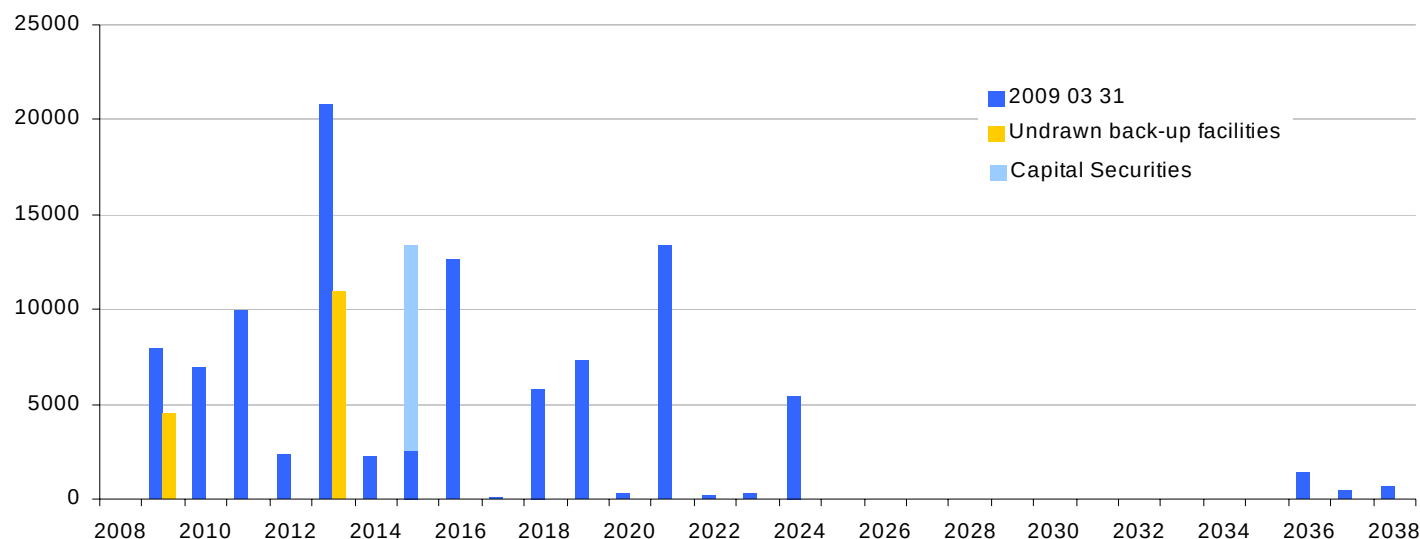
2) USD 323 mn for Group internal purposes (upstreaming of cash from Vattenfall Poland)

- All public debt issued by Vattenfall AB or Vattenfall Treasury AB (fully guaranteed by Vattenfall AB)
- No currency exposure in the debt portfolio
- No structural subordination
- On 5 March 2009 Vattenfall AB successfully issued a triple-tranche Eurobond totalling EUR 2.7 bn
- On 25 March 2009 the EMTN was upsized to EUR 15 bn

Vattenfall debt maturity profile

35

SEK million



Excluding loans from associated companies and minority owners

	March 31, 2009	March 31, 2008
Duration (years)	2.9 ¹⁾	2.3
Average time to maturity (years)	6.9 ¹⁾	6.5
Average interest rate (%)	4.9 ¹⁾	4.5
Net debt (SEK bn)	60.6	39.5

1) Based on external debt - including Capital Securities the duration is 3.11 year, average time to maturity 6.8 years and average interest rate 5.0

Adjusted gross and net debt

36

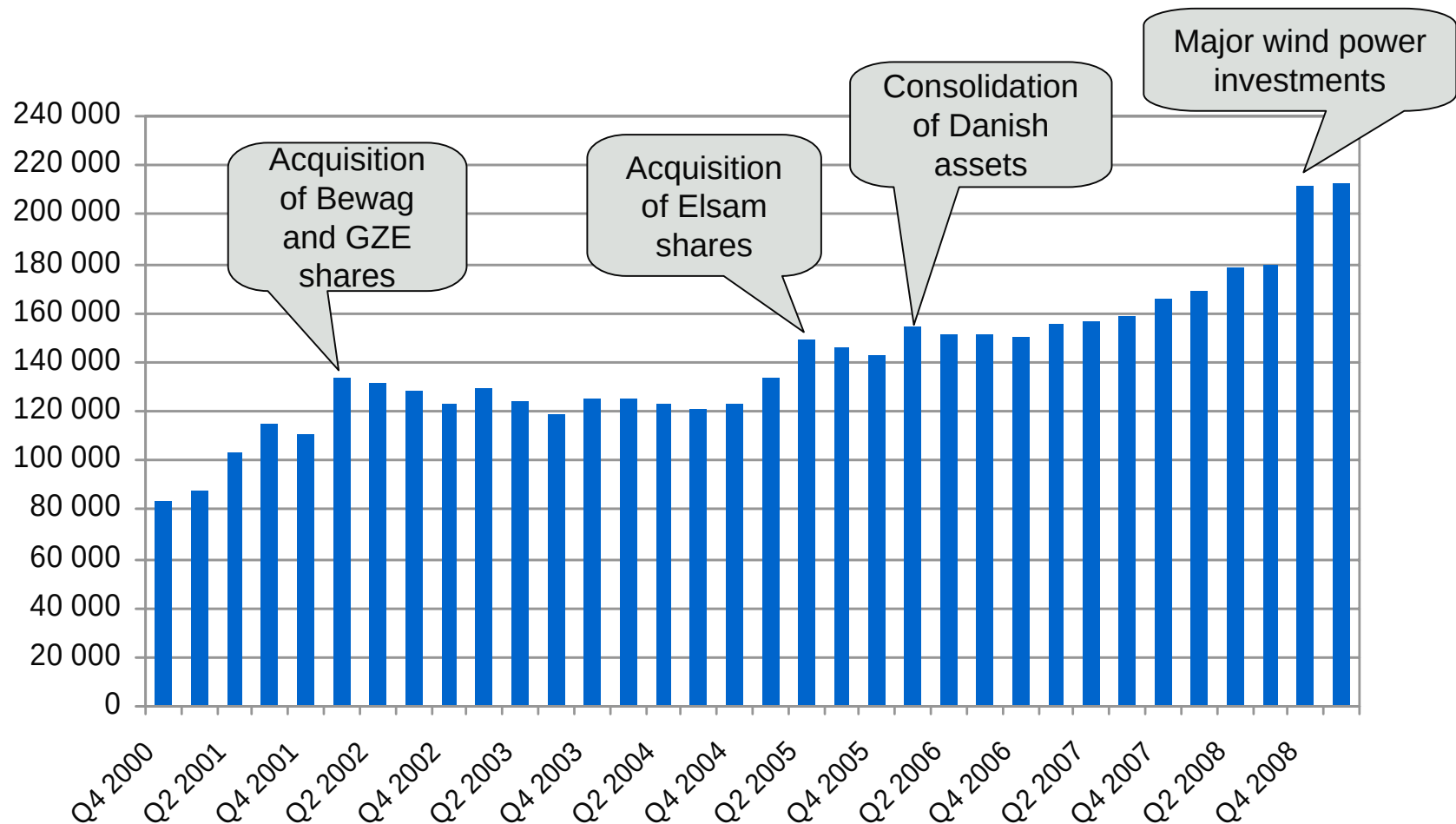
<i>SEK million</i>	31 Mar 2009	31 Dec 2008
Reported gross debt	-146 123 ¹⁾	-107 347 ¹⁾
Present value of net pension obligations	-22 061	-21 839
Mining & environmental provisions	-14 616	-14 604
50% of Hybrid securities	5 428	5 406
Cross currency swaps	3 037	3 131
Hedge of net investments in foreign operations	3 951	3 337
= Adjusted gross debt	-170 384	-131 916
Reported cash, cash equivalents & short term investments	84 097 ²⁾	40 236 ²⁾
German nuclear "Solidarvereinbarung"	-3 738	-3 724
Minority owner's share of German nuclear subsidiaries cash position	-4 172	-3 744
= Adjusted cash, cash equivalents & short term investments	76 187	32 768
= Adjusted net debt	-94 197	-99 148

1) Of which CSA, Credit Support Annex (Margin calls) 3 450 (1 856)

2) Of which CSA, Credit Support Annex (Margin calls) 10 060 (7 439)

Net asset development

37

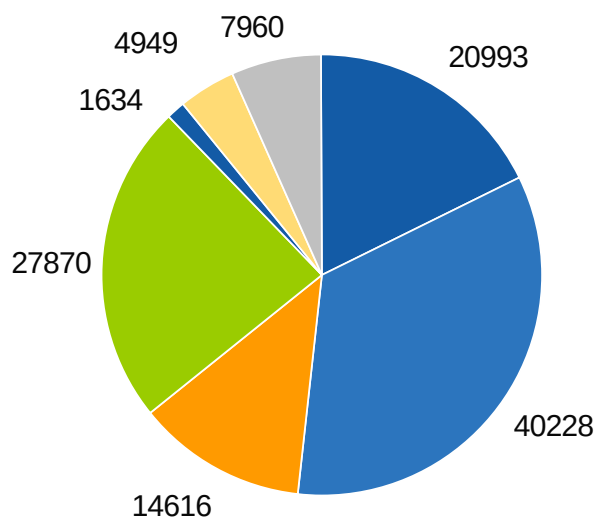


Group provisions (IFRS)

38

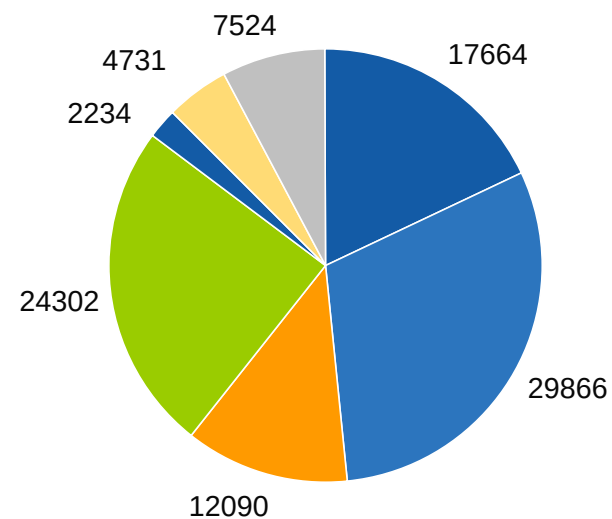
31 March 2009

SEK 118,250 million



31 March 2008

SEK 98,392 million

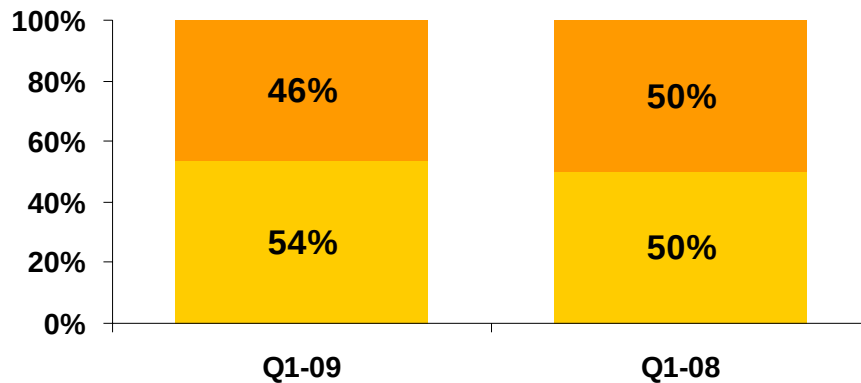


- Pensions
- Nuclear
- Mining
- Taxes
- Other
- Personnel
- Legal

Split of regulated and non-regulated businesses

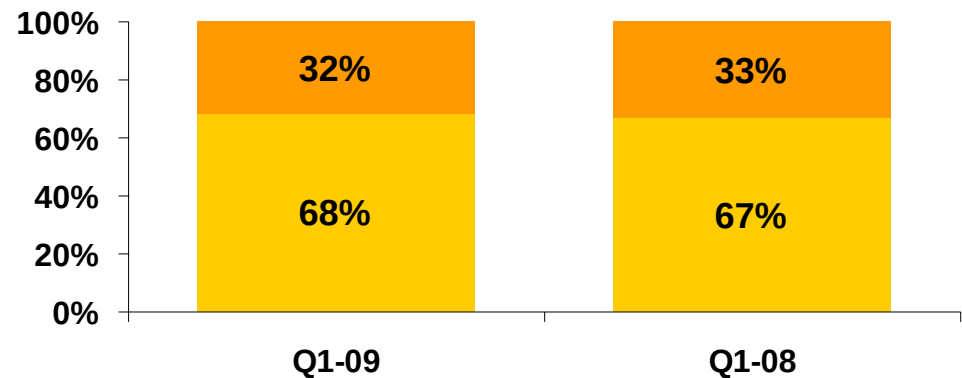
39

Sales External



■ Non Regulated Business ■ Regulated Business

EBIT excl. IAC



■ Non Regulated Business ■ Regulated Business

Regulated business: Distribution, Transmission and Heat

Non regulated business: Generation and Sales