

Today, Vattenfall is one of Europe's leading energy companies. However, we are currently going through particularly tough economic times.

We are currently not meeting the target set by our owner in terms of return on equity. The major acquisitions made by Vattenfall have put pressure on our balance sheet. Demand for electricity is dropping. It is under these conditions that I am taking over as CEO of the company.

It is a great responsibility to take over as CEO of Vattenfall, a company that is so important in both Swedish and European contexts. That's why I also feel a sense of humility in the face of the task that lies before me.

For those of you whom I have not yet met – let me briefly introduce myself. As you can tell, my background is in Norway, where I was born and raised. My career has been spent in the energy sector, first in a series of – state-owned – Norwegian companies, and in subsequent years at Nuon in the Netherlands.

2009 was a year full of challenges. Despite this, Vattenfall delivered an acceptable result. Net sales rose by 25% to SEK 205 billion. Operating profit decreased by 6.5% to about SEK 28 billion, and the profit for the year after tax decreased by 25% to SEK 13,448 million.

This means that our return on equity was 9.5%. The owner's target is 15%. If we factor in the items affecting comparability, our return on equity was actually 11.4%.

At last year's general meeting, the owner's representative gave a talk that focused on three core areas, namely profitability, conversion and confidence in Vattenfall. This year, the owner has complemented them with a proposal to the Swedish parliament to give Vattenfall a clearer assignment.

This proposal hinges on the fact that we are now a European company with operations in eight countries, two thirds of our workforce is outside Sweden and our turnover makes us one of the largest companies in Sweden. What Vattenfall actually is today will also be my starting point as CEO.

The renewed assignment from the owner means that we can take an integrated approach to Vattenfall's operations on the basis of the preconditions existing on each of our markets – that way, the map and reality quite simply coincide better.

However, this does not mean that the solutions will look the same everywhere. The energy mix is, and will continue to remain, different in each particular country, a fact that is also reflected in the EU's climate and energy package.

The overall target within the EU is that 20 percent of energy generation shall be renewable, carbon dioxide emissions will have dropped by 20 percent (compared with the 1990 level) and energy use shall have become 20 percent more efficient by 2020. We have an overall target, but the ways of reaching it vary.

The Nordic countries are well provided with renewable and climate-efficient generation options in the form of hydro and nuclear power. In central and southern Europe, the energy system is based on thermal power, with natural gas and coal as important energy sources.

We sometimes hear that countries have a completely free choice of energy sources, whereas in reality current choices are very largely subject to geographical and geological preconditions as well as decisions taken in the past and considerations relating to safety policy.

Vattenfall's energy mix reflects the energy system in the countries in which we operate. Our portfolio contains all major types of energy generation, from wind power to nuclear power. To my mind, this is a unique strength that we ought to exploit as far as possible.

Through the acquisition of Nuon, we have added another source to Vattenfall's energy mix, namely natural gas. The gas sector gives us the opportunity to spread our risks further, thus reducing our total financial risk. Thanks to its relatively lower emissions of carbon dioxide, gas also allows us to support the transition phase to energy generation with reduced climatic impact.

If natural gas is the latest type of energy in Vattenfall's portfolio, then hydro power was the first one. Vattenfall built its first commercial nuclear power plant in the 1970s. Hydro and nuclear power generate competitive and carbon-dioxide neutral electricity and are usually reliable, although as we all know, this winter has unfortunately shown that this is not always the case.

Biomass is another type of energy in which Vattenfall has long experience. It is particularly important for our heat production, but can also become part of our strategy to reduce the climatic impact of our coal-fired power plants.

Wind power generates carbon-dioxide free electricity and Vattenfall will continue to be one of the world's leading operators, especially as regards offshore wind power. However, wind power clearly depends on a continuous supply of wind, and hence of regulation power, but also on sufficient economic incentives.

At the beginning of the new millennium, Vattenfall acquired coal-fired power plants in Germany and Poland. Coal power is the foremost source of base power on the continent and a cornerstone of electricity supply in many central European countries. Carbon dioxide emissions are a problem that must be solved by CCS – Carbon Capture and Storage – which is a key approach for Vattenfall in this sector.

With all these parts welded into a totality, Vattenfall is quite simply a stronger and better company that can assure durable profitability.

Vattenfall must make massive investments in order to adapt and convert its production portfolio. To improve profitability in the near future, we must focus on two issues: firstly nuclear power availability must be improved, and secondly cost savings must be made and synergies exploited.

Without profitability we cannot continue to invest in new and cleaner production, to supply electricity and heat as well as maintain the quality of our operations.

The transition from today's energy production to the climate-neutral scenario of the future will not take place in one fell swoop, but in a series of small steps in the right direction.

This leads me on to the question of confidence: the capital that comes from confidence in us is quite simply imperative for companies in our industry. We have gone through a tough period this past year. Our credibility and the confidence of the surrounding world in us are affected by the way in which we deliver results.

Confidence in Vattenfall depends intimately on our ability to respond effectively here and now to the expectations the surrounding world has on us, but it's also a matter of us having to become better in explaining what kind of company we really are.

How all the people who come in contact with us think, feel and react is decisive for our future. Tomorrow's energy supply will be crucial for our success.

I will work hard to make sure that Vattenfall will be a profitable company which encourages innovation, a willingness to change and above all, good performance.

As I have already said, Vattenfall is a leading European energy company and one of Sweden's largest companies. Vattenfall intends to be a forefront company in a forefront industry. But to get there, we must focus on delivering results here and now.

This is also part of my task.

Thank you.