

Vattenfall H1 2005

Presentations by
CEO Lars Josefsson and CFO Matts Ekman
July 28 2005

Net sales increased

- by 12.7 per cent to 64,328 MSEK (57,071)

EBIT increased

- by 22.8 per cent to 13,823 MSEK (11,260)
excl. IAC* by 18.1 per cent to 13,827 MSEK (11,705)

Profit after tax increased

- by 24.7 per cent to 8,486 MSEK (6,805)

* IAC = items affecting comparability

Return on Net Assets excl. IAC* was

- 15.2 per cent LTM (FY 2004: 13.8)

Return on Equity excl IAC* was

- 17.4 per cent LTM (FY 2004: 16.2)

Increase in net debt** by 12.9 bn SEK to

- SEK 68.3 bn (55.4 at 31 Dec. 2004)
- net gearing up to 85 per cent (66 per cent at 31 Dec. 2004)

* IAC = items affecting comparability

** Including Capital Securities of 9,248 MSEK

Net sales increased

- by 16.0 per cent to 29,292 MSEK (25,261)

EBIT increased

- by 27.2 per cent to 4,604 MSEK (3,619)
excl. IAC* by 23.0 per cent to 4,631 MSEK (3,764)

Profit after tax increased

- by 45.4 per cent to 2,781 MSEK (1,912)

* IAC = items affecting comparability

Strategic investment in Denmark

- Agreement in principle with Dong to take over approximately 24 per cent of the generation capacity of Elsam/Energi E2.

Pilot installation for a carbon dioxide-free coal-fired power plant in Germany

- Investment of about SEK 370 million.
- Expected to be put into operation 2008

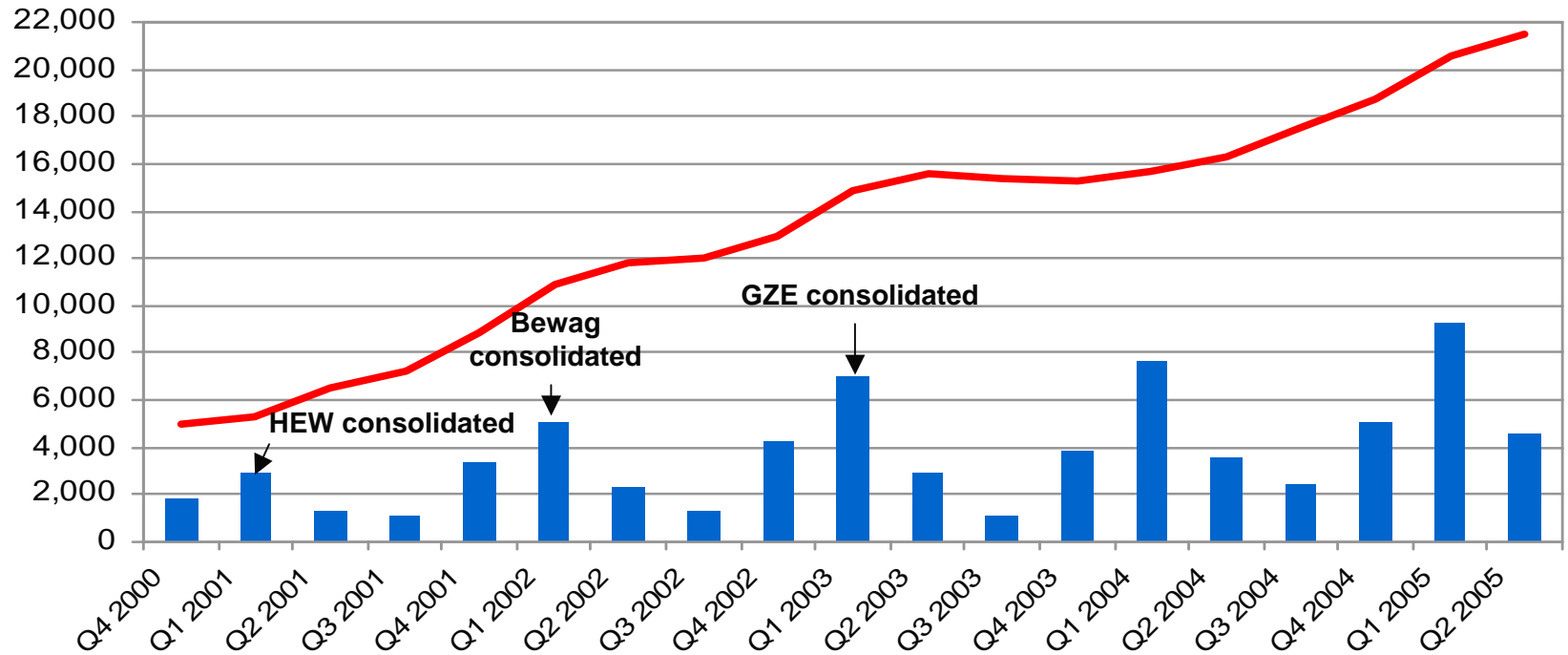
Nuclear plant Barsebäck 2 closed on 31 May

- Vattenfall will receive financial compensation from the Swedish state

Capital Securities of SEK 9.2 billion issued in June

Continued Strong EBIT Development

Quarterly values, SEK million

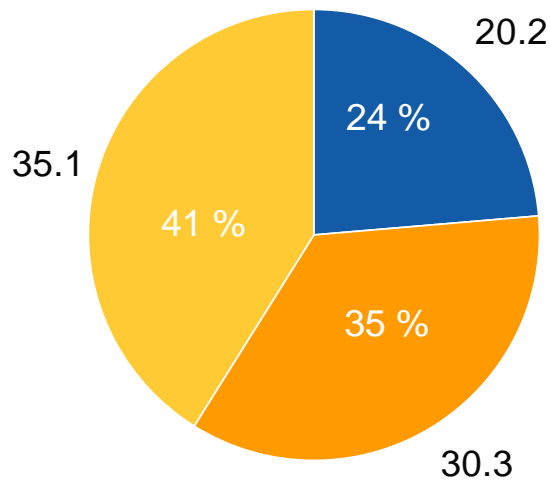


- Quarterly values SEK m, excluding items affecting comparability
- Rolling 4 quarter values SEK m, excluding items affecting comparability

Higher Hydro Production in H1 2005

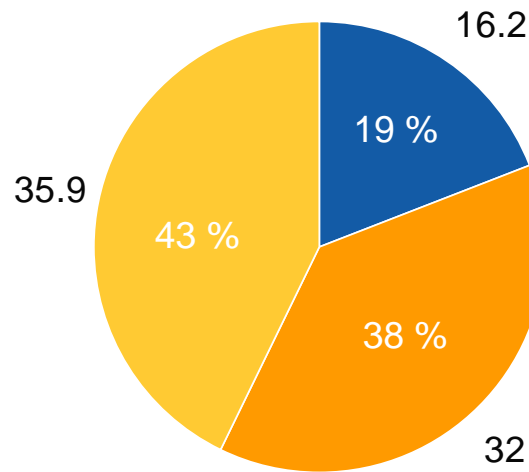
H1 2005

Total: 85.6 TWh



H1 2004

Total: 84.1 TWh

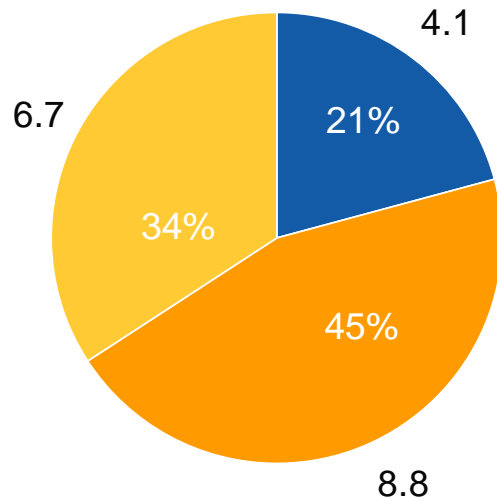


- Hydro
- Nuclear
- Fossil

Stable Heat Sales

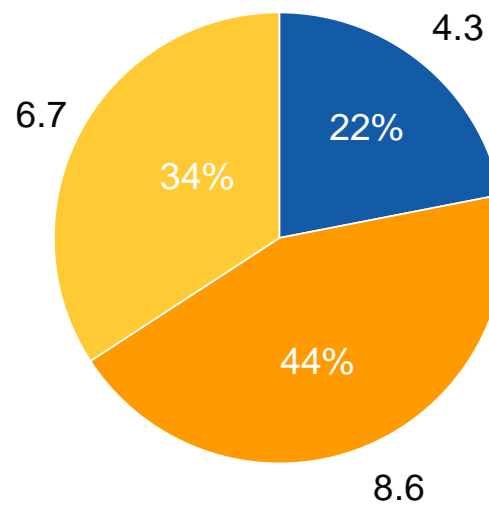
H1 2005

Total: 19.6 TWh



H1 2004

Total: 19.6 TWh

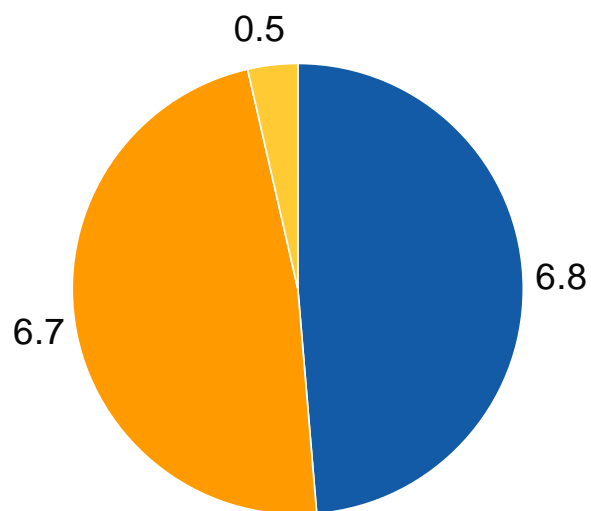


- Nordic
- Germany
- Poland

Primary Segments – EBIT (excl. IAC)

H1 2005

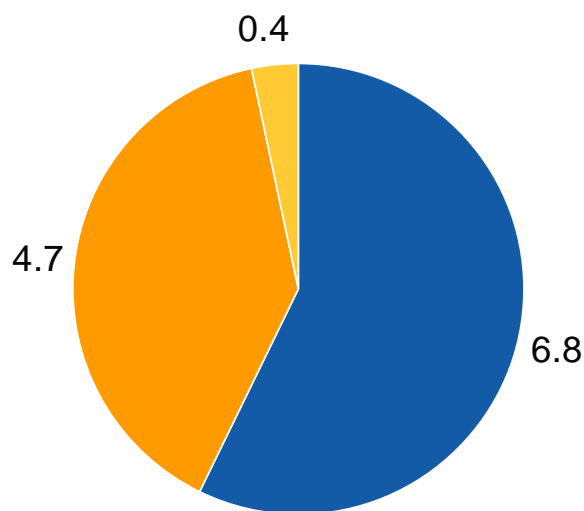
Total: 13.8 SEK billion (1)



1) Including Other = -0.2

H1 2004

Total: 11.7 SEK billion (2)

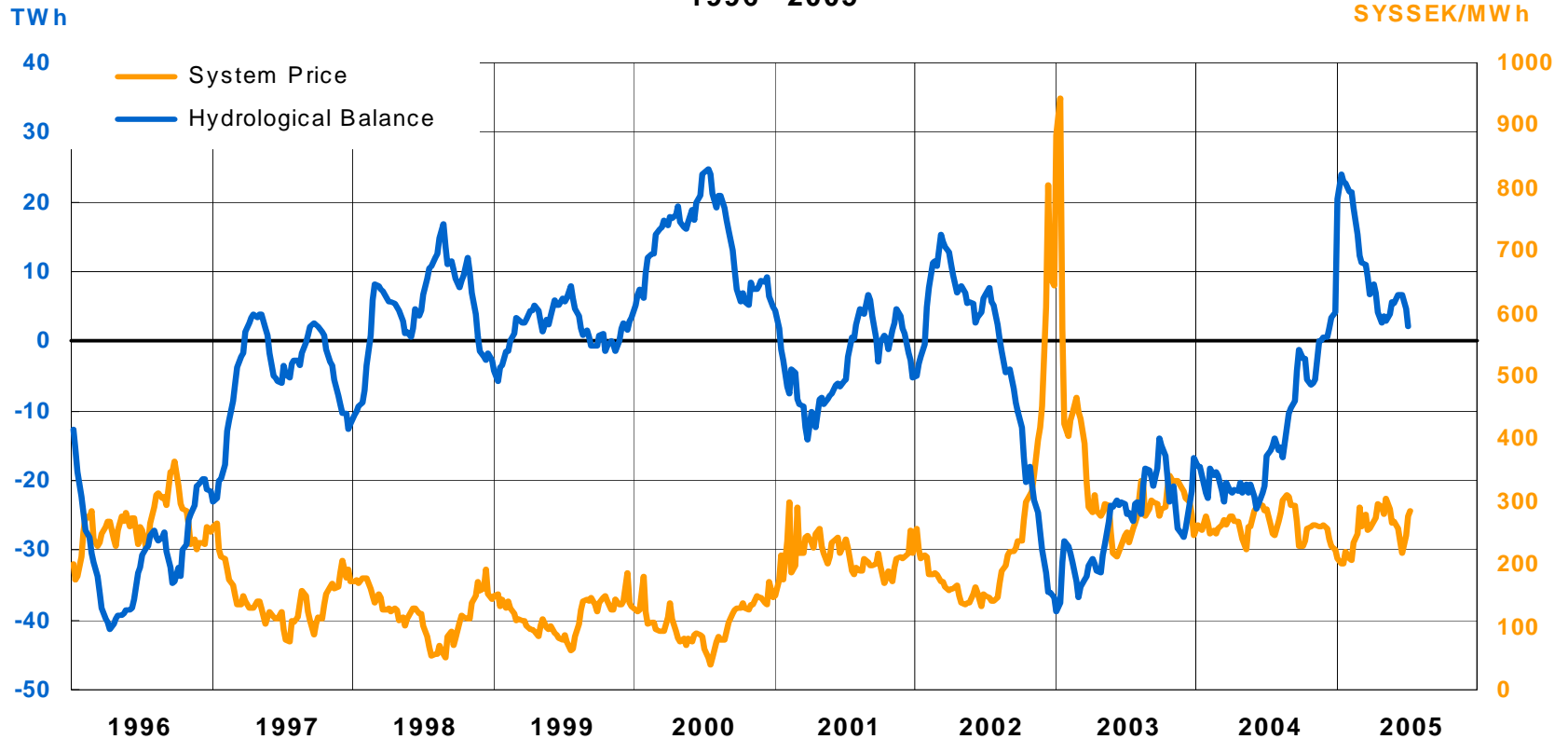


2) Including Other = -0,2

- Nordic
- Germany
- Poland

Reservoir Levels back to normal

Hydrological Balance and System Price 1996 - 2005



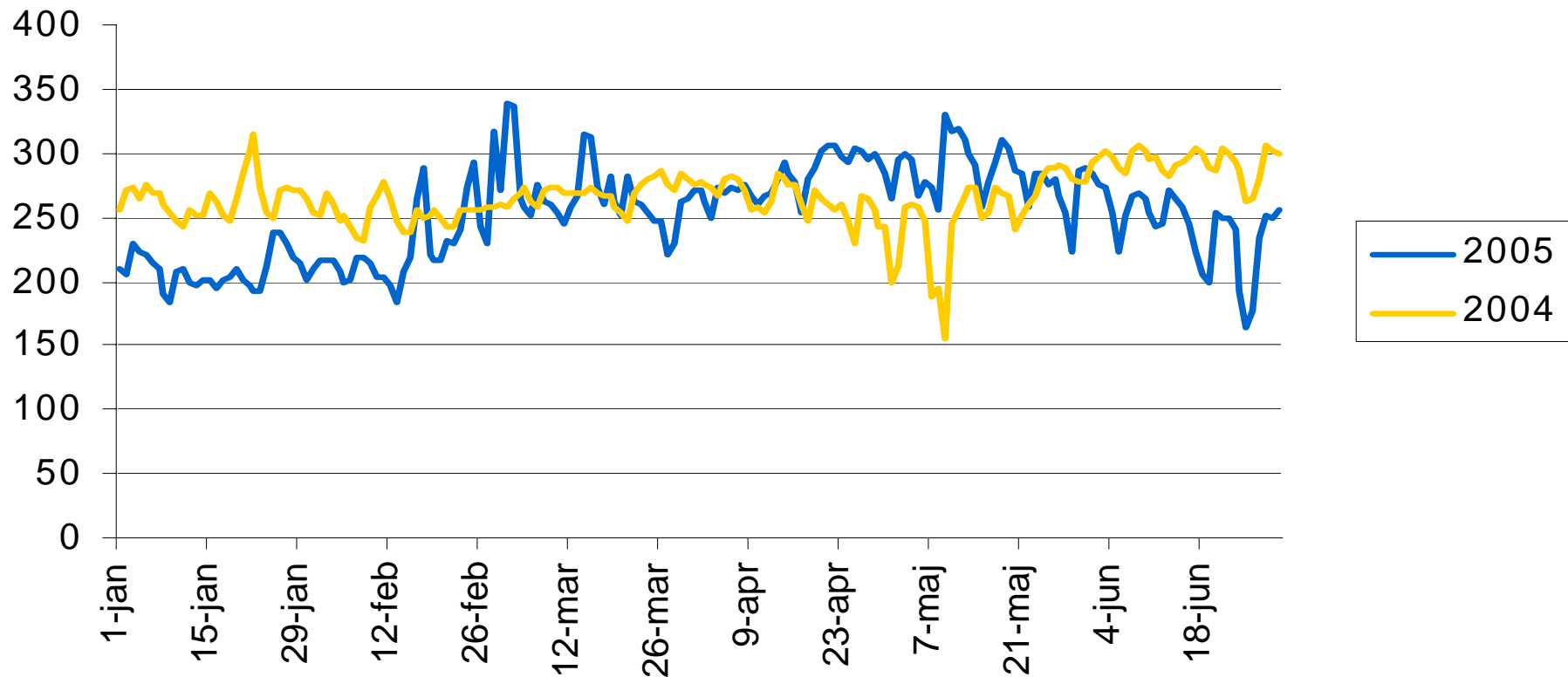
Source: Nord Pool and Markedskraft AS

Week 27 2005

Nordic Spot Prices (SYSSEK) H1 2005

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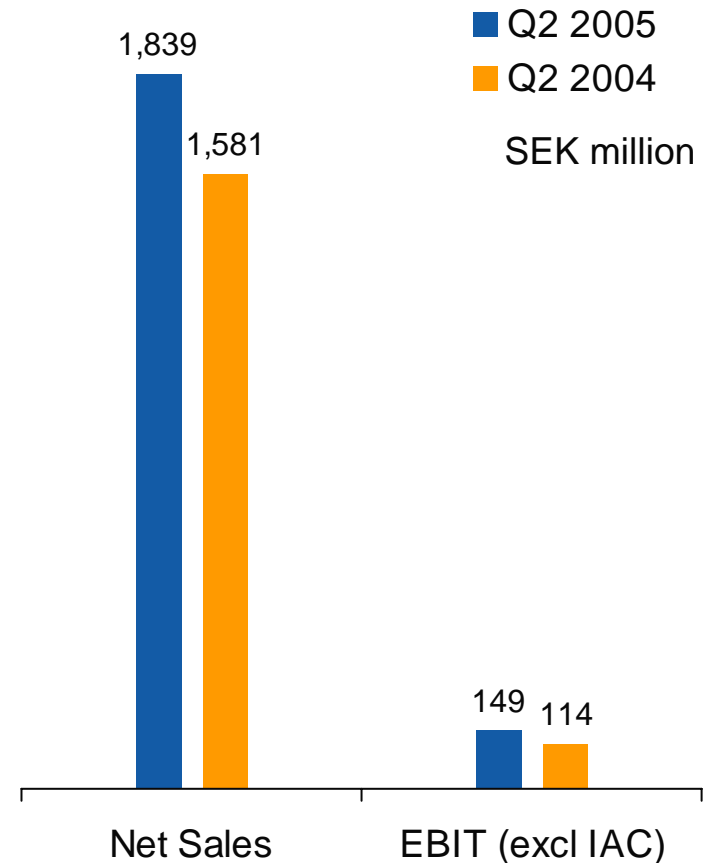
SEK/MWh



Source: Nordpool

18 July 2005

- Good and stable underlying profit
- EBIT improvement by 30.7 per cent
 - Primarily due to exchange rate effects (weaker SEK vs PLN)
- Heat generation volumes increased by 6.3 per cent while electricity generation was unchanged
- Poland will be reorganised into a Business Group as of 1 August.
 - Division into three Business Units; Distribution, Sales and Heat



- On 1 June 2005 Vattenfall and Dong reached an agreement in principle according to which:
 - Vattenfall will take over approx. 24 per cent of the total generation capacity of Elsam and Energi E2 in exchange of our 35.3 per cent holding in Elsam
 - Assets to be transferred to Vattenfall include:
 - 3 major coal fired CHP plants (1,828 MWeI and 1,926 MWth)
 - 2 gas fired plants (135 MWeI and 138 MWth)
 - Elsams wind power operations (227 MW)
 - 60 per cent of the Horns Rev wind power park (96 MW)
 - Total generation capacity and annual output amount to:
 - Approx. 2,500 MW electricity and 2,100 MW heat
 - 9 TWh electricity and 6 TWh heat
 - Market shares in Denmark will be:
 - Approx. 21 per cent in electricity generation and
 - Approx. 25 per cent in heat from CHP
 - Transfer of the assets expected to be completed by the end of 2005

Financials

Matts Ekman, CFO

Consolidated Income Statement

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Amounts in MSEK	H1 2005 IFRS	H1 2004 IFRS	Change %	LTM
Net sales	64,328	57,071	12.7	120,623
Cost of products sold	45,567	40,473	12.6	88,942
Gross profit	18,761	16,598	13.0	31,681
Operating profit (EBIT)	13,823	11,260	22.8	19,675
Operating profit, excl. IAC	13,827	11,705	18.1	21,449
Financial income	1,847	1,261	46.5	4,102
Financial expenses	-2,843	-2,690	-5.7	-5,483
<i>Financial net</i>	-996	-1,429	30.3	-1,381
Profit before taxes	12,827	9,831	30.5	18,294
Taxes	-4,341	-3,026	-43.5	-6,518
Profit for the period	8,486	6,805	24.7	11,776

* IAC = items affecting comparability

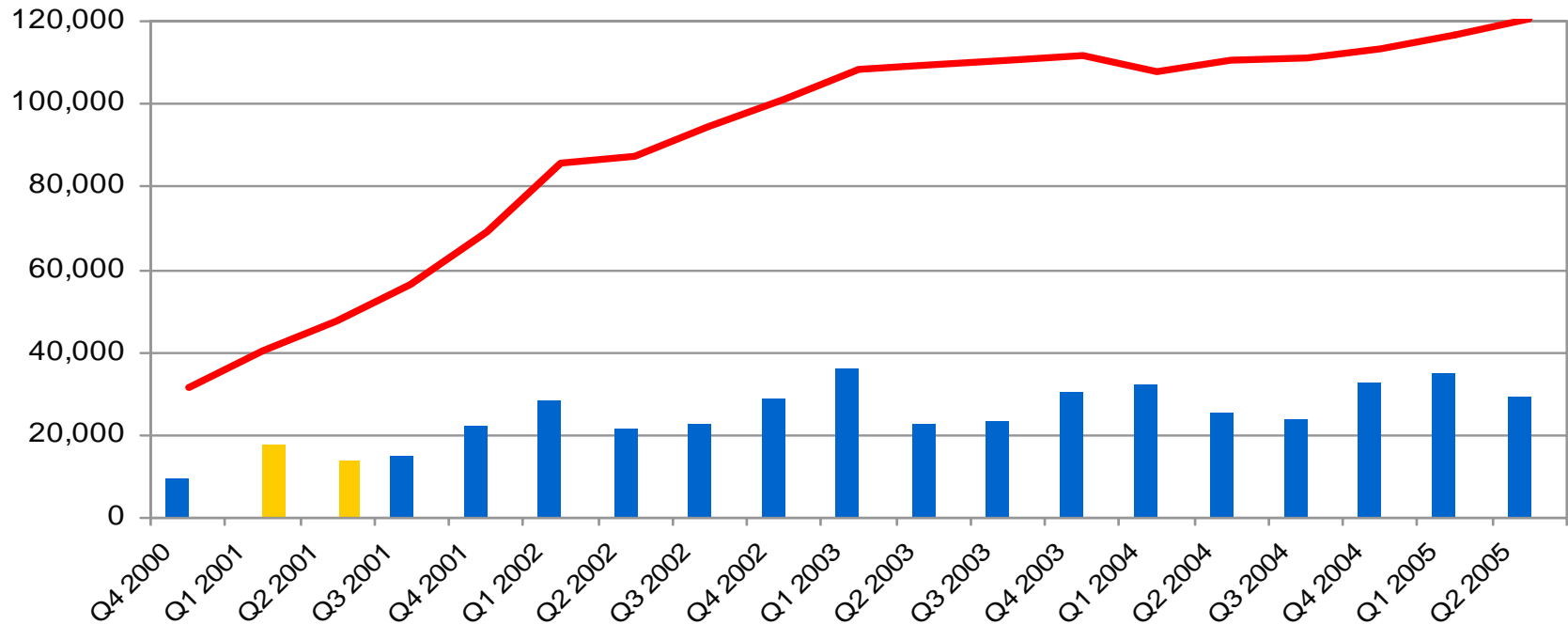
Consolidated Income Statement Q2

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Amounts in MSEK	Q2 2005 IFRS	Q2 2004 IFRS	Change %
Net sales	29,292	25,261	16.0
Cost of products sold	20,652	18,936	9.1
Gross profit	8,640	6,325	36.6
Operating profit (EBIT)	4,604	3,619	27.2
Operating profit, excl. IAC	4,631	3,764	23.0
Financial income	1,119	700	59.9
Financial expenses	-1,713	-1,266	-35.3
<i>Financial net</i>	-594	-566	-4.9
Profit before taxes	4,010	3,053	31.3
Taxes	-1,229	-1,141	-7.7
Profit for the period	2,781	1,912	45.4

* IAC = items affecting comparability

Quarterly values, SEK million

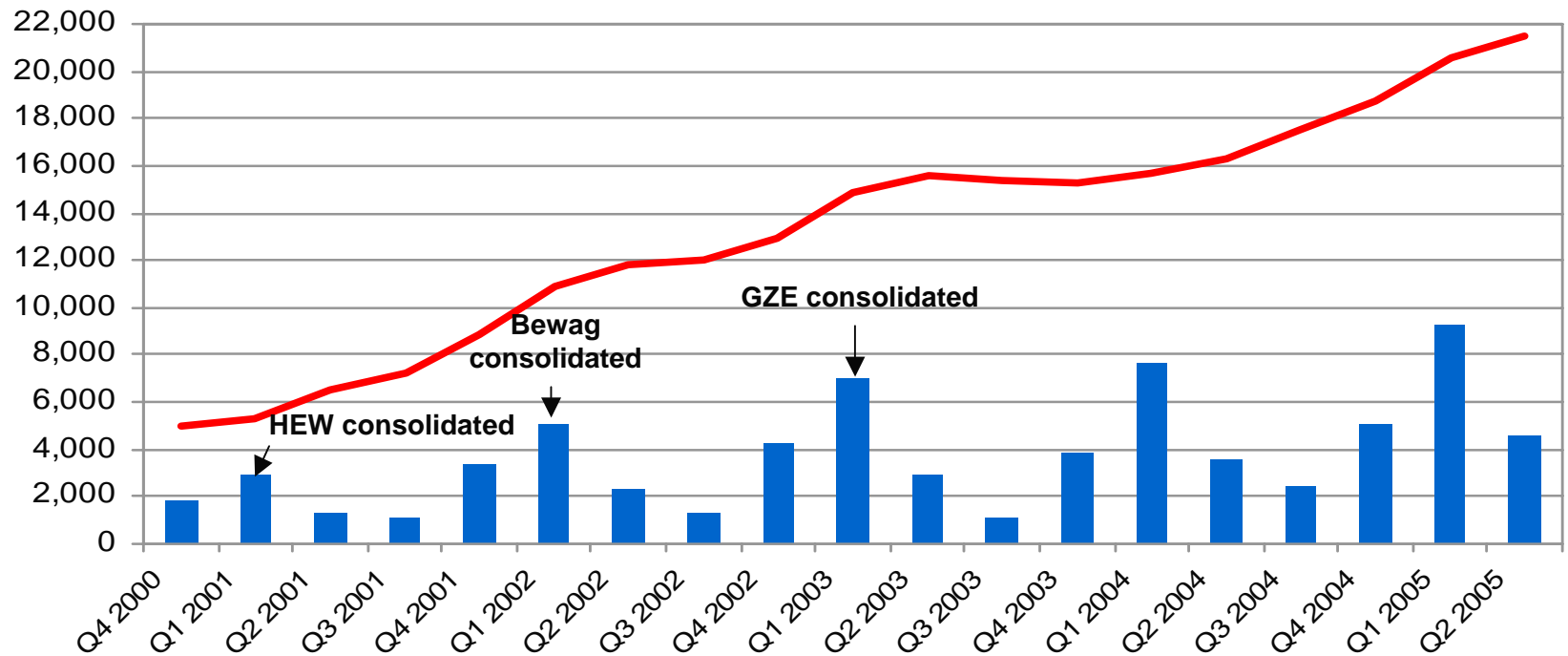


■ Quarterly values SEK m
■ Rolling 4 quarter values SEK m

■ * These quarterly values are pro forma, reflecting the situation if HEW had been consolidated from January 2001.

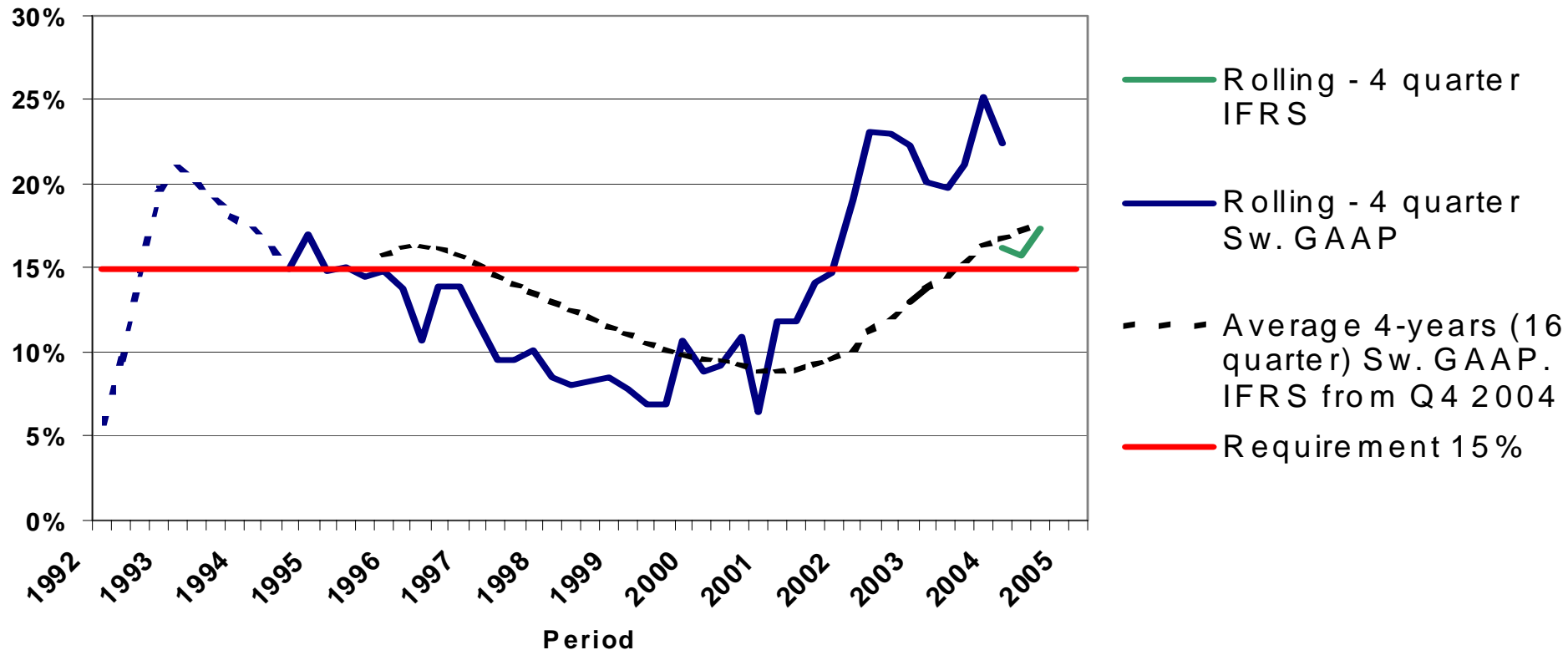
Continued Strong EBIT Development

Quarterly values, SEK million

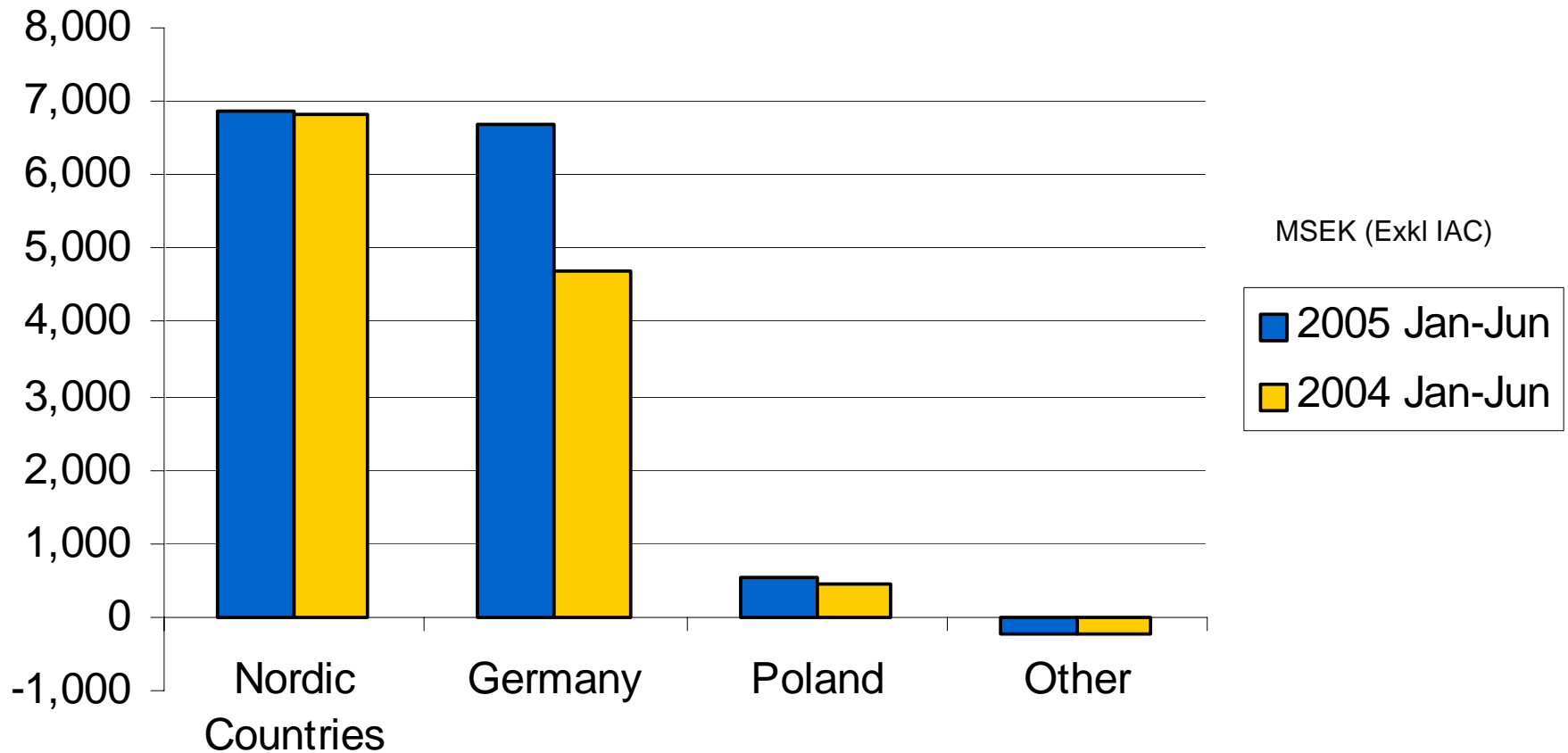


- Quarterly values SEK m, excluding items affecting comparability
- Rolling 4 quarter values SEK m, excluding items affecting comparability

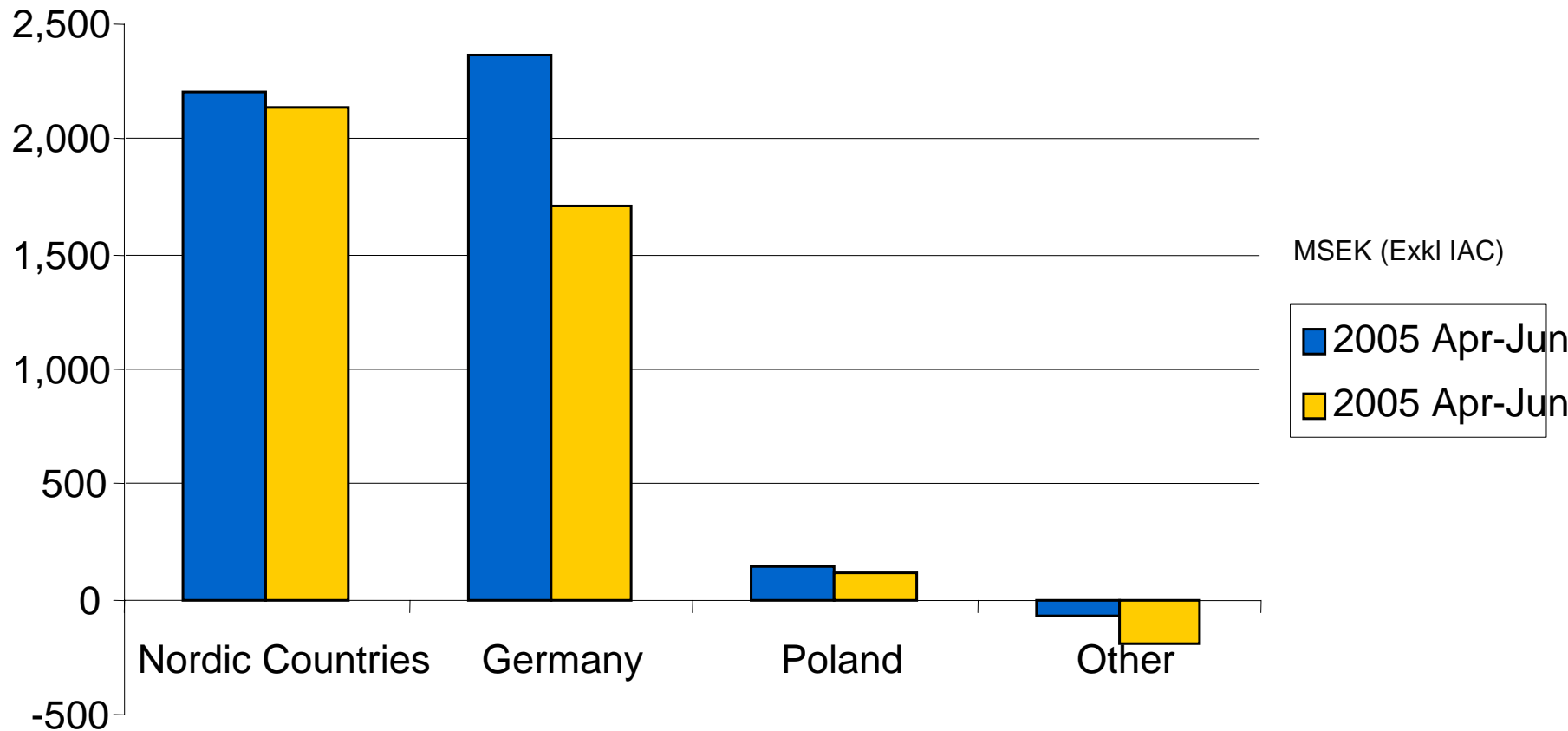
Group - Return on Equity Six months interim accounts - 2005



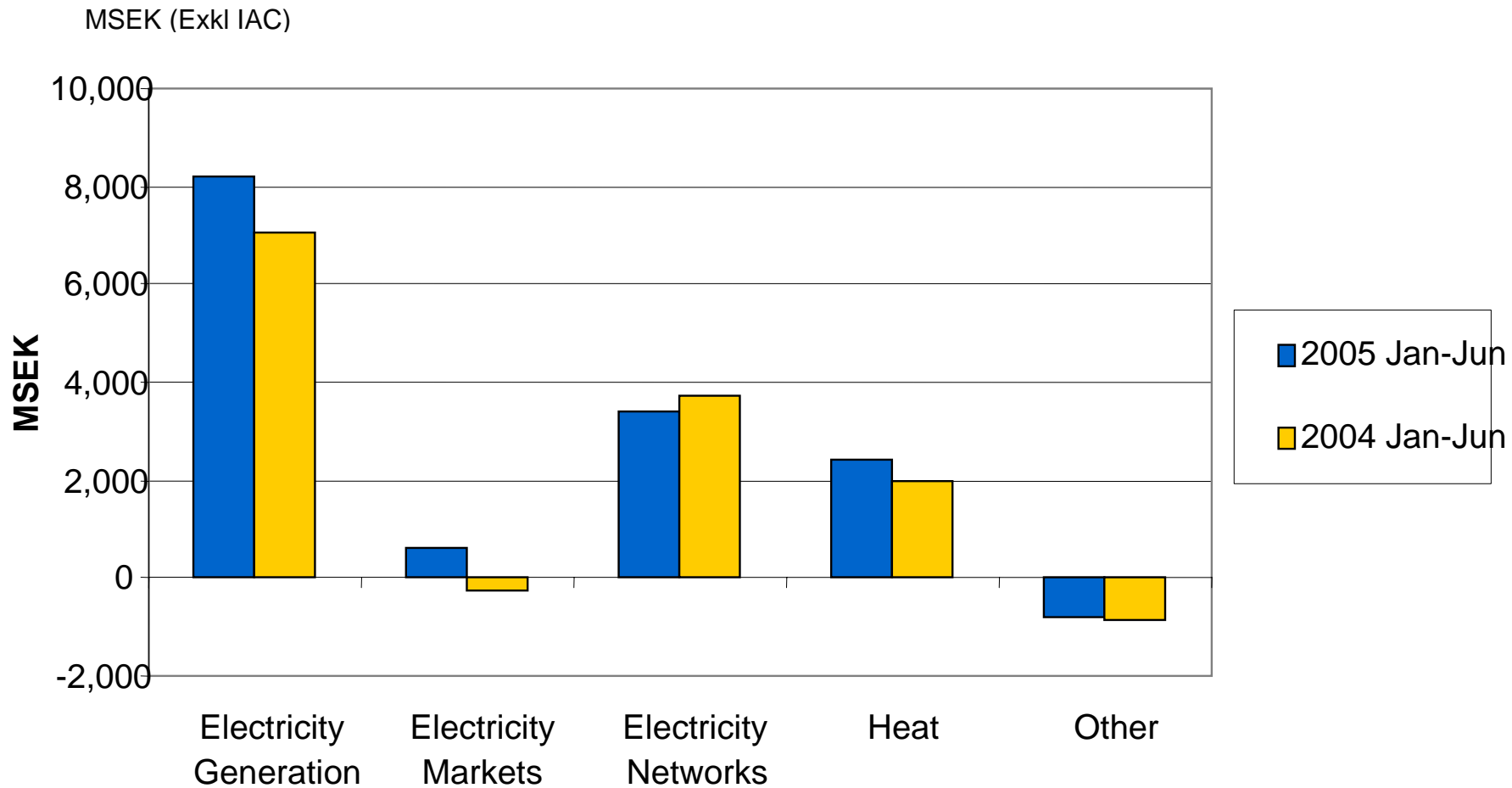
H1 – EBIT by Primary Segment



Q2 – EBIT by Primary Segment

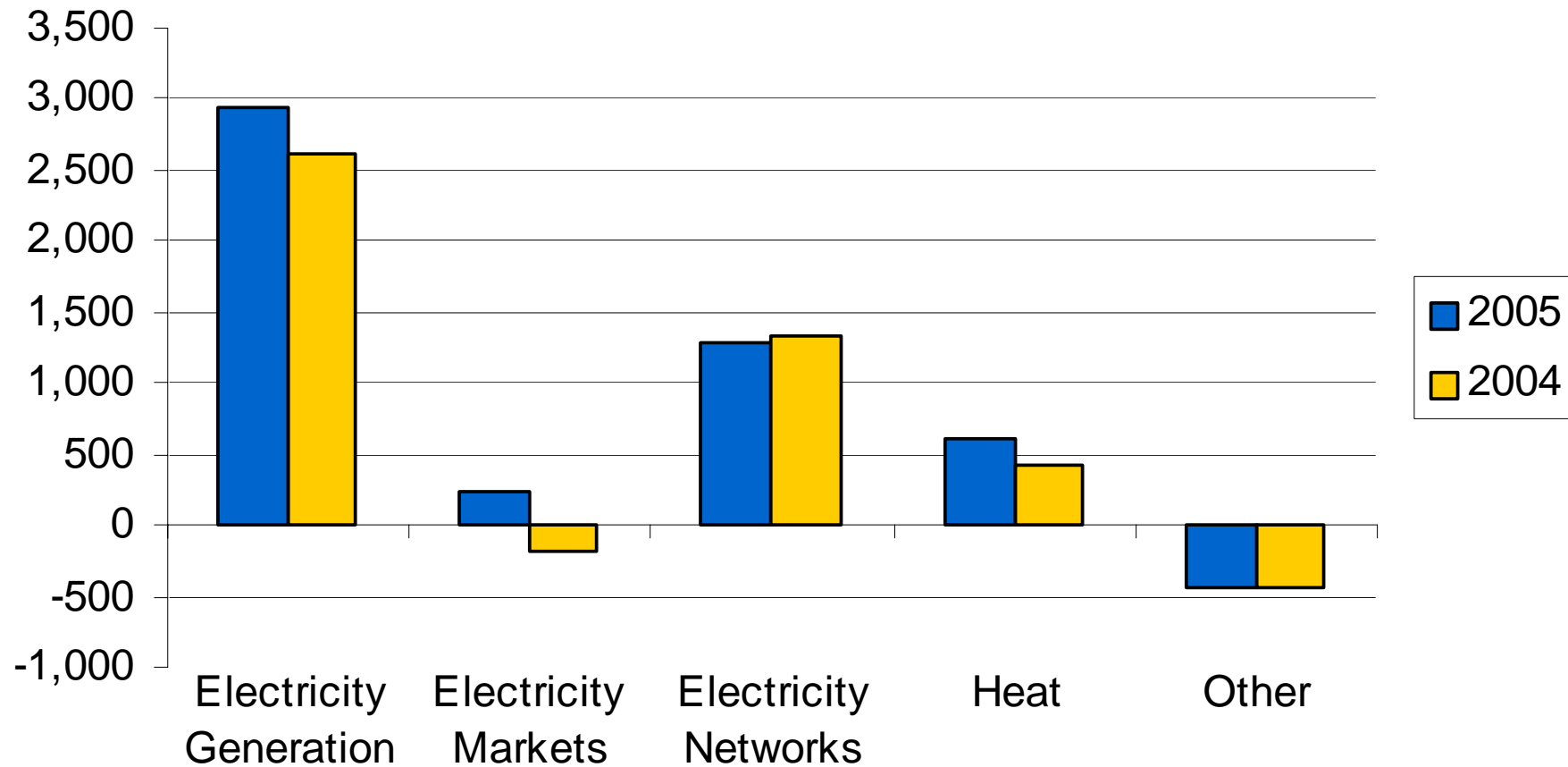


H1 – EBIT by Secondary Segment



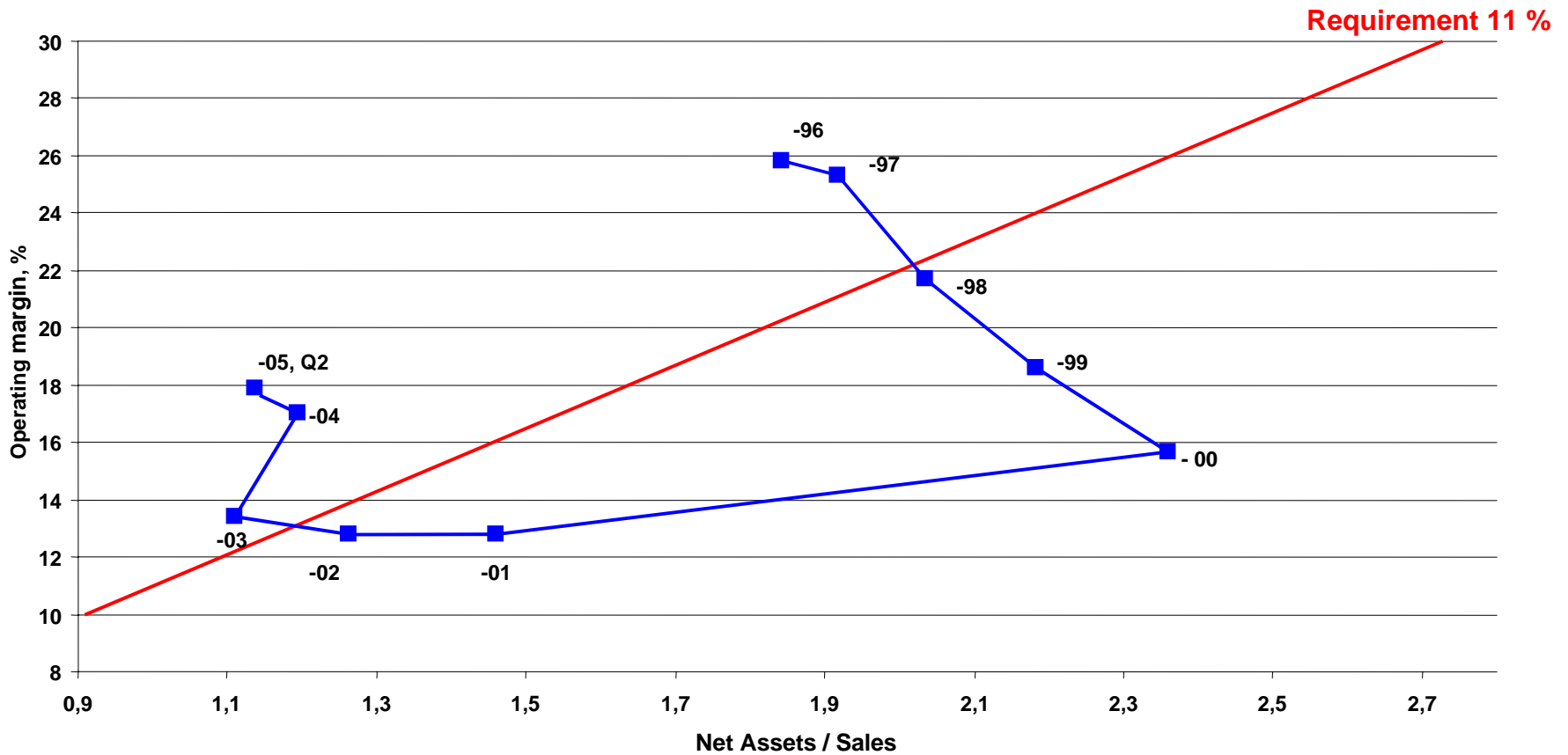
Q2 – EBIT by Secondary Segment

MSEK (Exkl IAC)

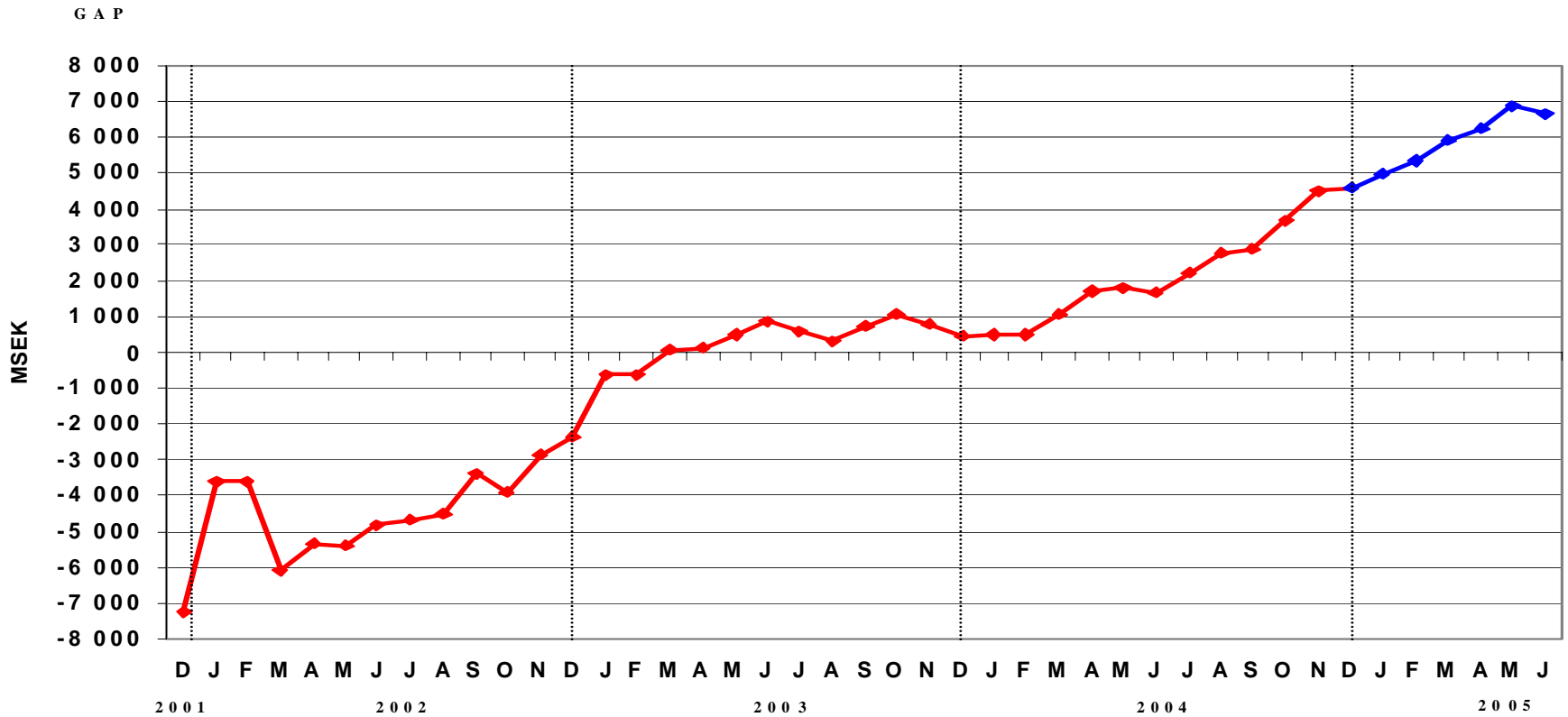


Return on Net Assets

Rolling 12 months backwards, excl IAC



GAP-analysis (annualised) vs. long term requirement : 11% RoNA

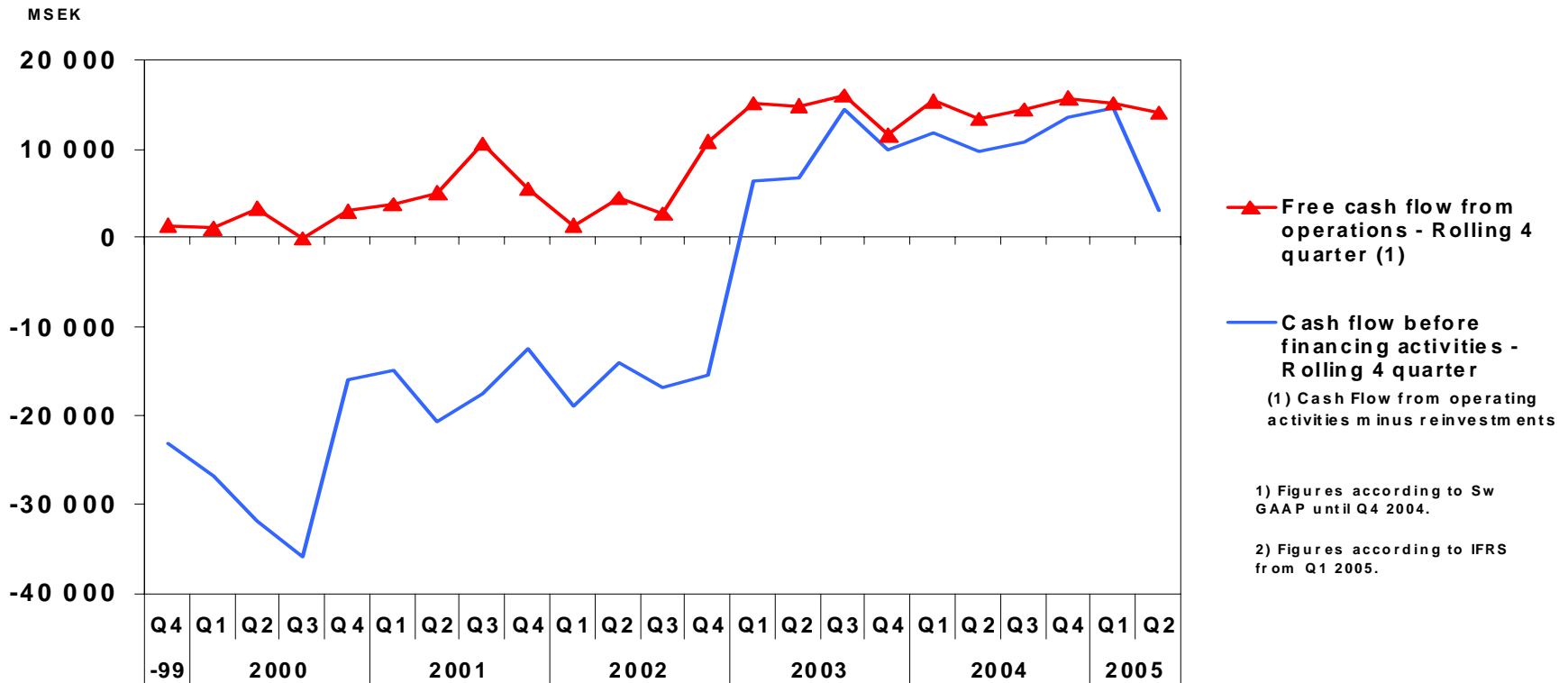


Consolidated Balance Sheet

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Amounts in MSEK	30/6/05 IFRS	30/6/04 IFRS	Change %	30/6/04 Sw. GAAP	31/12/04 IFRS
Non-current assets	260,039	242,605	7.2	214,904	238,721
Current assets	64,806	51,544	25.7	51,476	46,293
Total assets	324,845	294,149	10.4	266,380	285,014
Equity	80,089	79,507	0.7	65,617	83,599
Capital Securities	9,248				
Interest-bearing liabilities	78,110	82,141	-4.9	82,141	73,013
Interest-bearing provisions	45,105	47,420	-4.9	31,091	44,809
Pension provisions	17,337	16,425	5.6	16,425	16,450
Deferred tax liabilities	44,227	41,237	7.3	34,439	41,646
Other non-interest-bearing liabilities	50,729	27,419	85.0	36,667	25,497
Total equity and liabilities	324,845	294,149	10.4	266,380	285,014

Cash Flow Development



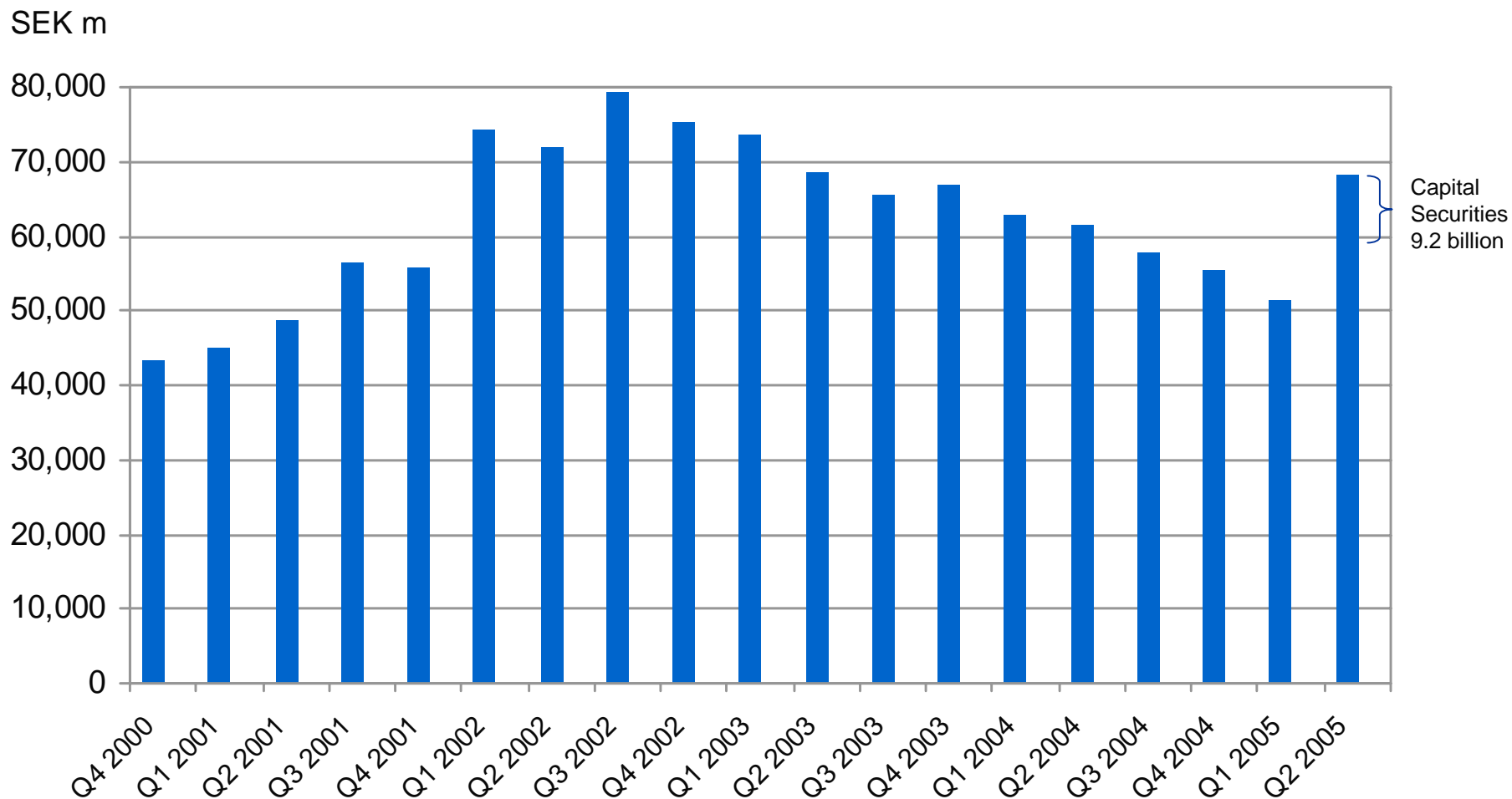
Consolidated Cash Flow Statement

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Amounts in MSEK	H1 2005 IFRS	H1 2004 IFRS	Change %	Q2 IFRS	LTM
Funds from operations (FFO)	14,791	14,728	0.4	6,020	24,365
Change in working capital	-2,275	-1,451	-56.8	-979	-1,023
Cash Flow from operating activities	12,516	13,277	-5.7	5,041	23,342
Investments	-15,336	-5,930	-158.6	-13,515	-22,137
Divestments	251	624	-59.8	141	1,747
Cash and cash equivalents in aquired/divested companies	-	-16			-4
Cash Flow from investment activities	-15,085	-5,322	-183.4	-13,374	-20,394
Cash Flow from financing activities	1,974	-6,952		5,233	-6,358
Cash Flow for the period	-595	1,003		-3,100	-3,410
Net debt at the end of the period	-68,307*	-61,512	11.0	-68,307	-68,307

*Incl. Capital Securites

Increase in Net Debt



Key Ratios (IFRS)

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Key Ratios (in per cent unless otherwise stated)	Q2 2005	Q2 2004	LTM
RoNA (1)(2)	15.2		15.2
RoE (1)(2)	17.4		17.4
Operating margin (1)	15.8	14.9	17.8
Pre-tax profit margin (1)	13.8	12.7	16.6
Pre-tax interest coverage, times (1)	4.0	4.4	5.7
FFO/net debt (2)	35.7		35.7
FFO net interest coverage, times (2)	11.8	12.1	13.3
Equity/assets ratio	24.7	27.1	24.7
Net Gearing - Net debt/equity, times	0.85	0.77	0.85
Capitalisation - Net debt/net debt + equity	52.2	50.8	52.2

1) Excluding items affecting comparability

2) Q2 2005 value = LTM

Financial Targets

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Key Ratio / Objective	Target	Q2 2005	FY 2004
Return on Equity (RoE)	15 % (on visible equity after tax over a business cycle)	15.8*	14.2
Return on Net Assets (RoNA, Excl. IAC)	11 % before tax (= 15 % RoE recalculated into the Groups RoNA requirement)	15.2*	13.8
Pre-tax interest coverage	3.5 – 5 times	5.3*	4.7
Credit Rating	Single A category rating	Changed A2/A- Positive outlook	Unchanged A3/A- Stable outlook
Profit improvement in German operations	Cost savings of MEUR 400-500 annually from 2005	Program completed	MEUR 519

* rolling 12-months value

Vattenfall

A Leading European Energy Company

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Forsmark Nuclear Power
Station in Sweden

Back-up slides

Change in Equity

40

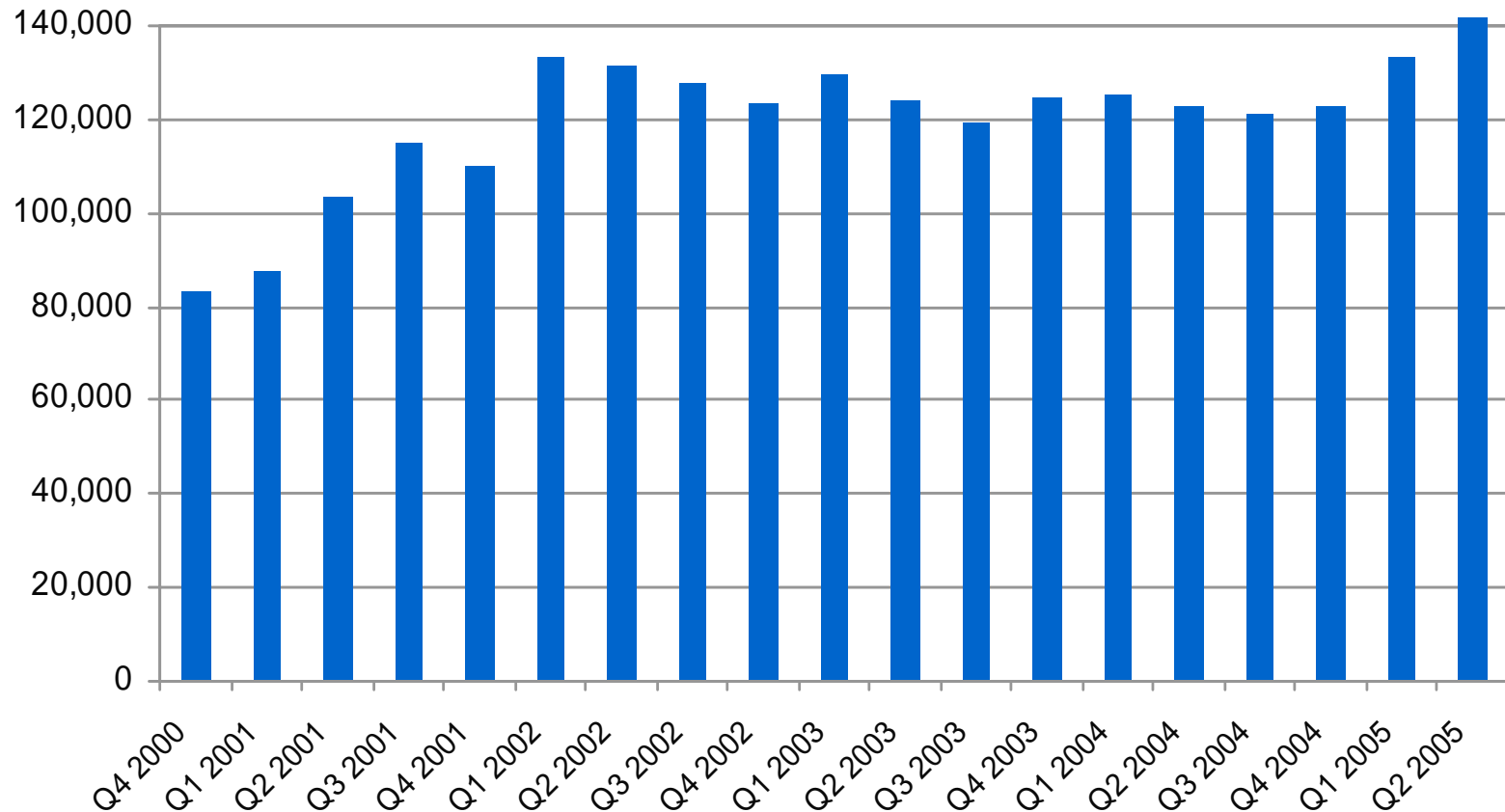
SEK million

Balance brought forward	83,599
Transition effect (IAS 39)	-440
Dividend to shareholders	-5,771
Cash flow hedges	-7,750
Translation differences, net	2,029
Changes in ownership	-64
Profit for the period	8,486
Balance carried forward	80,089

Net Asset Development

SEK m

Excl. IAC as from Q1 2005



Group Liquidity

42

Amounts in SEK million

As of

June 30, 2005

	Treasury	Germany	Poland	Others	Total	%
Cash and bank	630	957	354	3,689	5,630	38
Interest-bearing investments	5,162	1,145		145	6,452	43
Special Funds		2,860			2,860	19
Shares		11			11	0
Total	5,792	4,973	354	3,834	14,953	100

Unused committed credit facilities amount to SEK 17 760 million and other unused credit- and overdraft facilities amount to SEK 10 109 million.

Break Down of Group Debt

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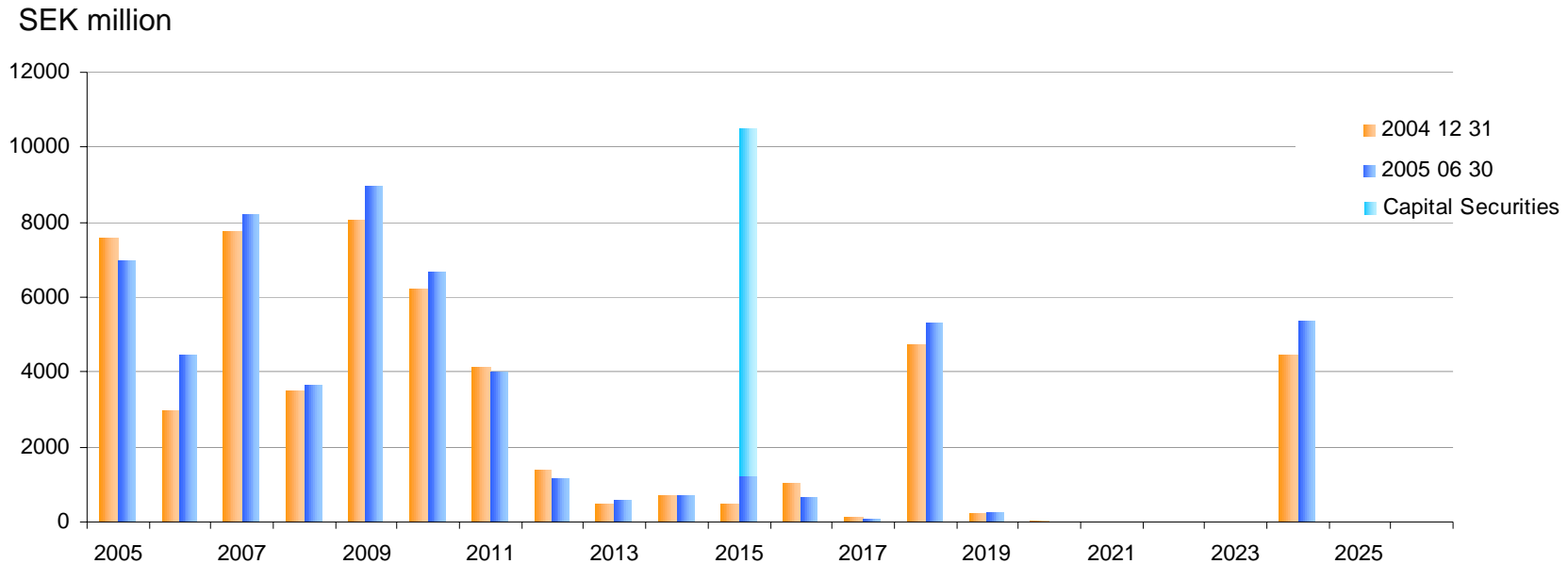
Amounts in SEK million

As of

June 30, 2005

	Treasury	Germany	Poland	Others	Total	%
Subordinated perpetual Capital Securities	9,268				9,268	11
Commercial papers	4,980				4,980	6
MTN	2,327				2,327	3
EMTN	41,587				41,587	47
Liabilities to assoc. companies		14,882		4	14,886	17
Liabilities to oth. shareholders		146		4,234	4,380	5
Bank loans and others	472	9,153	39	286	9,950	11
Total	58,634	24,181	39	4,524	87,378	100

Vattenfall Debt Maturity Profile



Excluding loans from associated companies and minority owners

	June 30, 2005	Dec. 31, 2004
Net debt (SEK bn) ¹⁾	68.3	55.4
Duration (years) ¹⁾	3.3	2.0*
Average time to maturity (years) ¹⁾	6.4	6.7

*Average fixed interest period (years)

¹⁾ Including Capital Securities of 9,268 million. Excluding Capital Securities, net debt amounts to SEK 59.1 billion, with duration 2.4 years and average time to maturity 5.8 years.

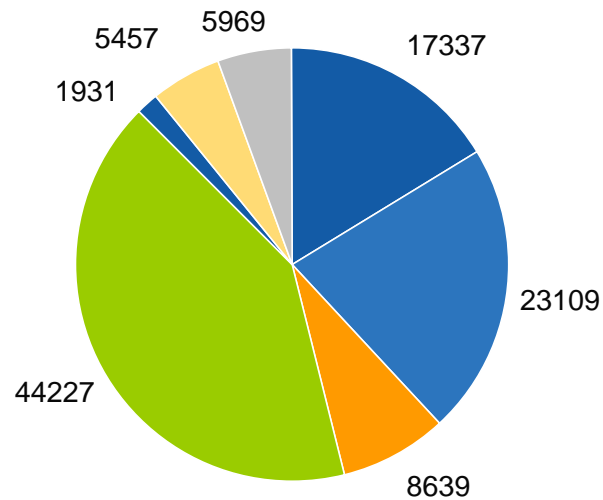
- Issue date: 29 June, 2005
- Size: 1,000 MEUR
- Coupon: 5.25%
- Maturity: Perpetual, callable in 2015
- Step-up: 100 bps after 10 years
- Ranking: Junior subordinated
- Optional deferral: Yes, on a cumulative basis
- Mandatory deferral: Yes, interest coverage trigger, non-cumulative
- Equity credit: 75% Moody's, 60% S&P

- Provides Vattenfall with an increased financial flexibility in combination with lower overall weighted average cost of capital
- In line with our growth strategy
- Proceeds used to repay short term CP debt created to fund the purchase of Elsam shares.

Group Provisions (IFRS)

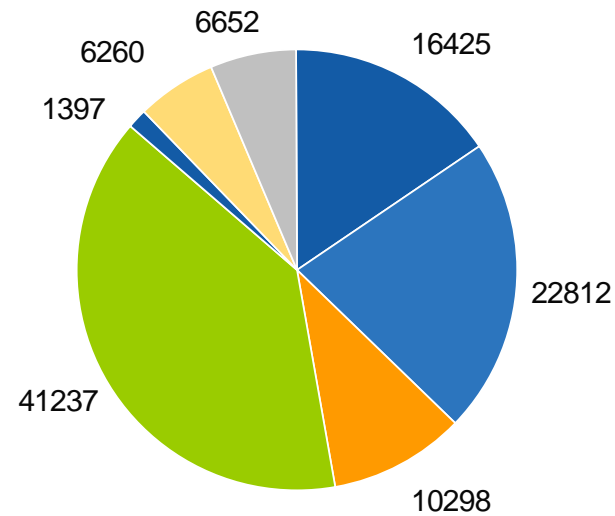
30 June 2005

106,669 MSEK



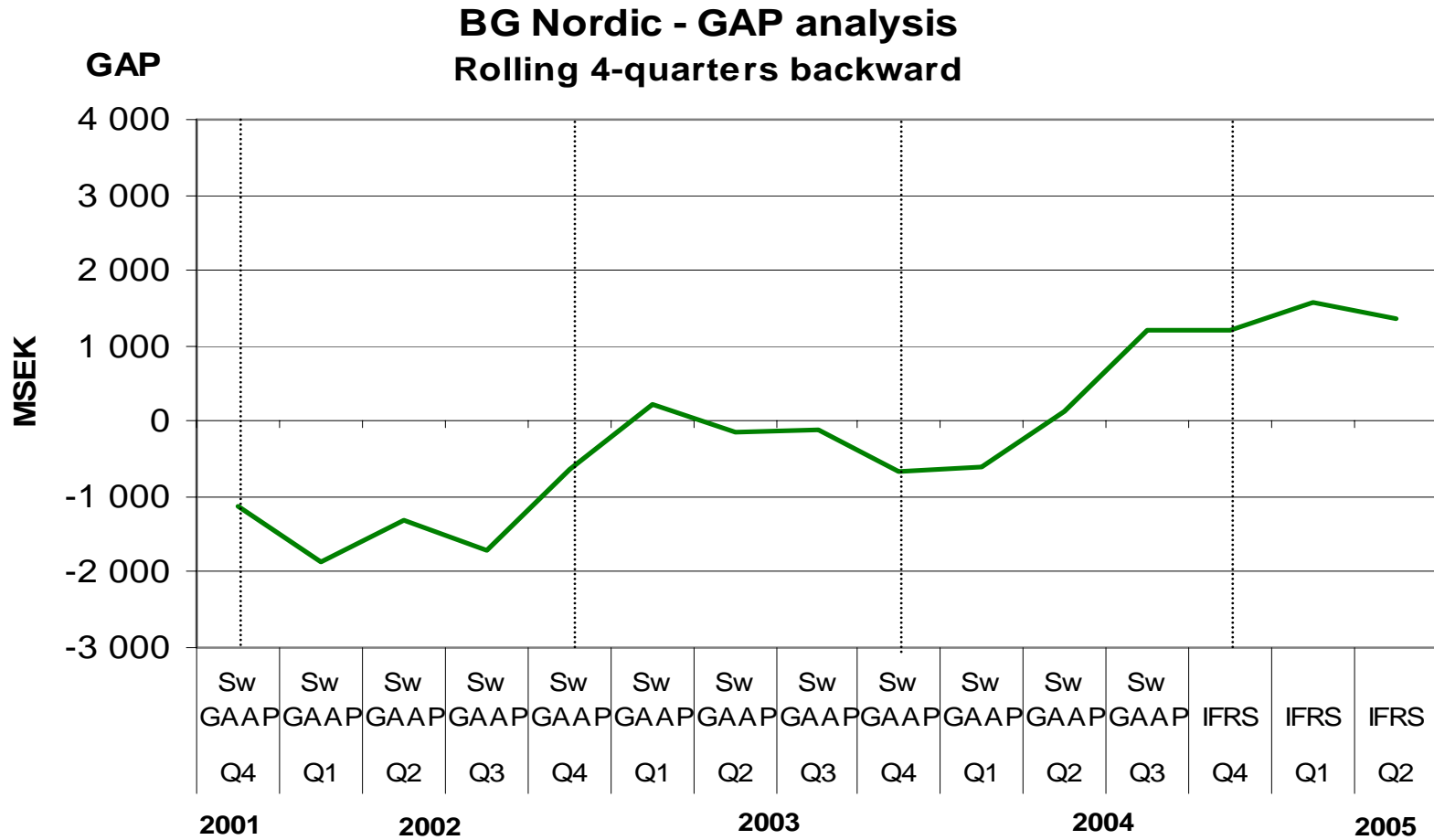
30 June 2004

105,081 MSEK

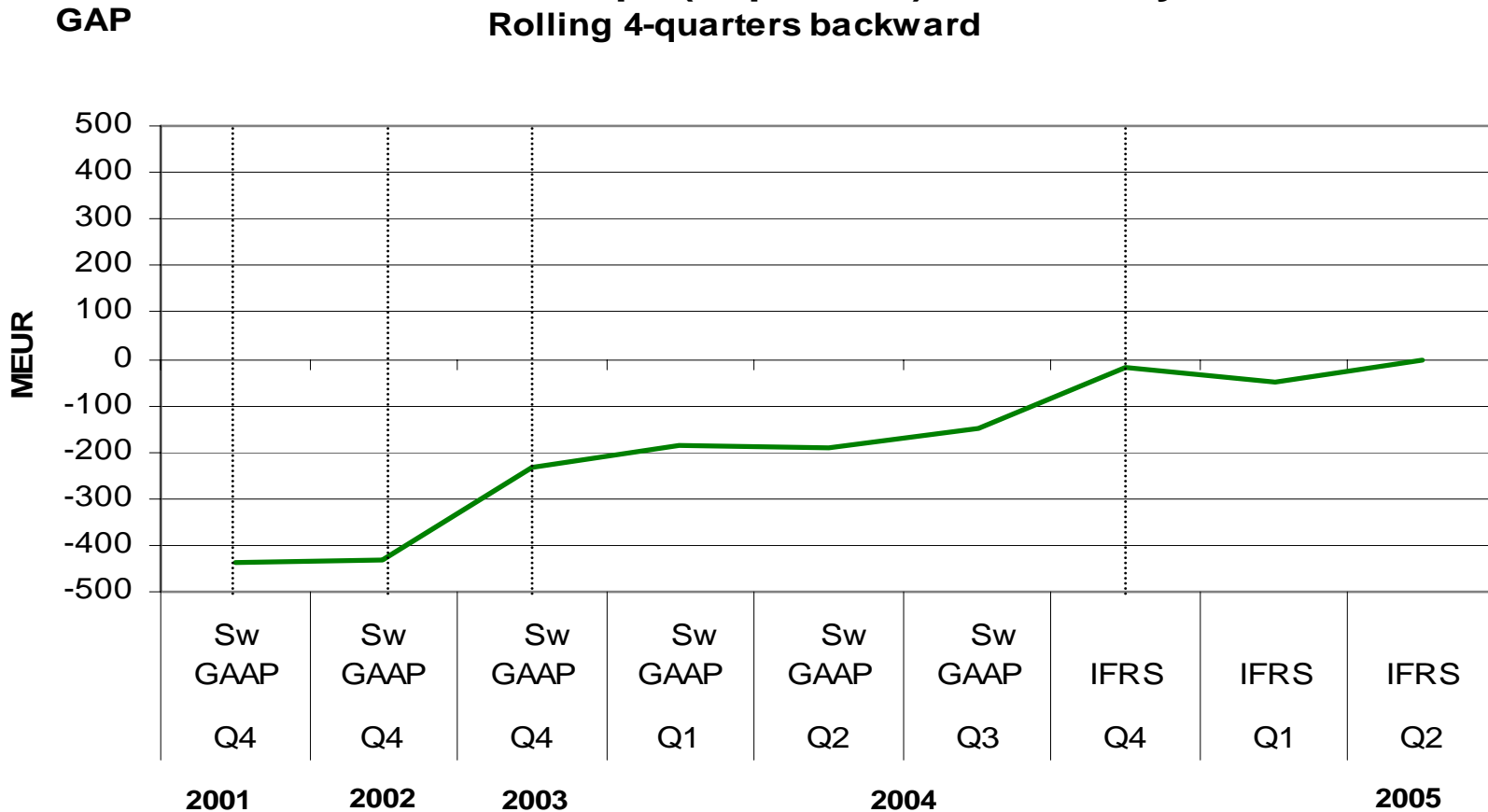


- Pensions
- Nuclear
- Mining
- Taxes
- Other
- Personnel
- Legal

BG Nordic – Gap Analysis

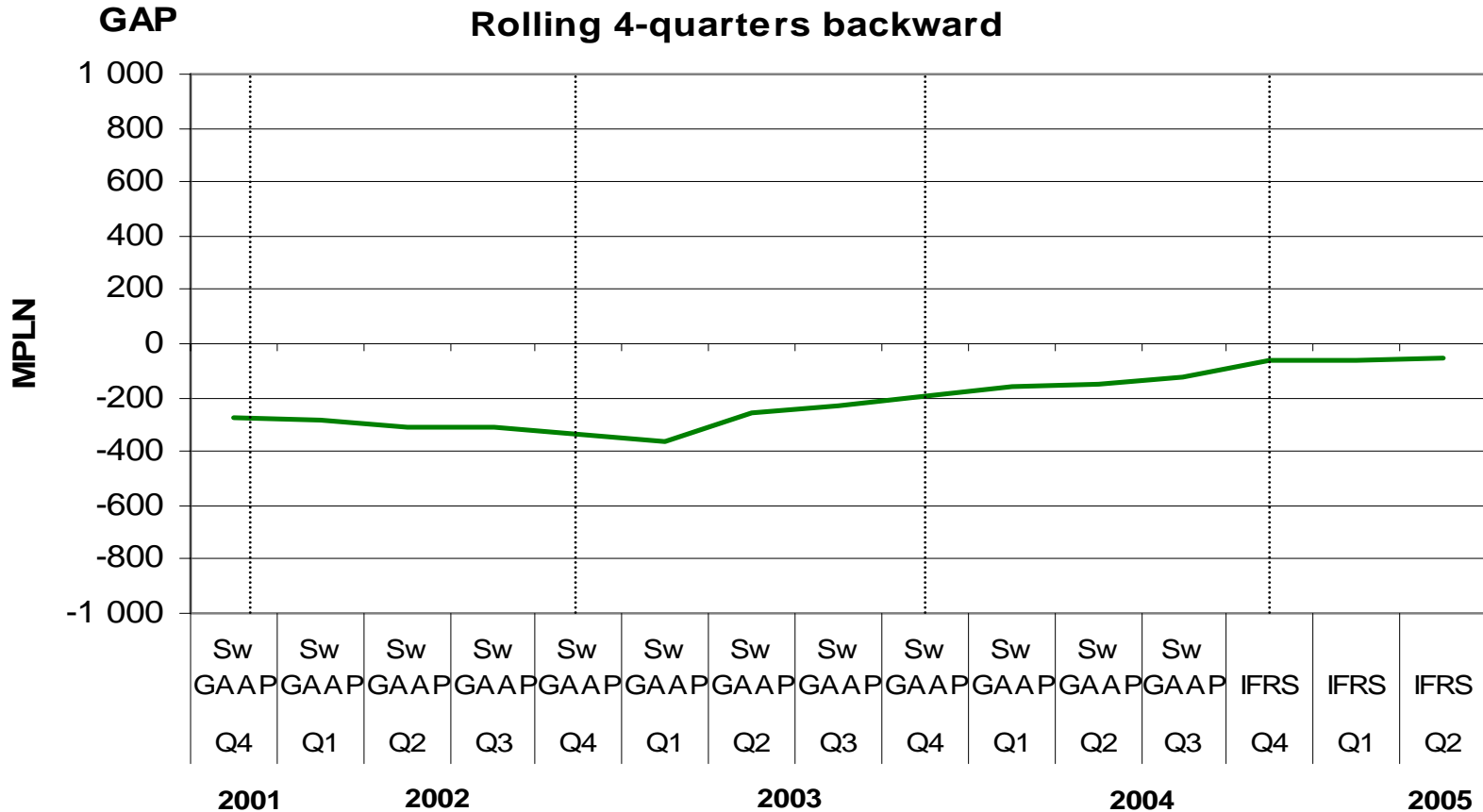


BG Vattenfall Europe (Top Down) - GAP analysis
 Rolling 4-quarters backward



BU Poland – Gap Analysis

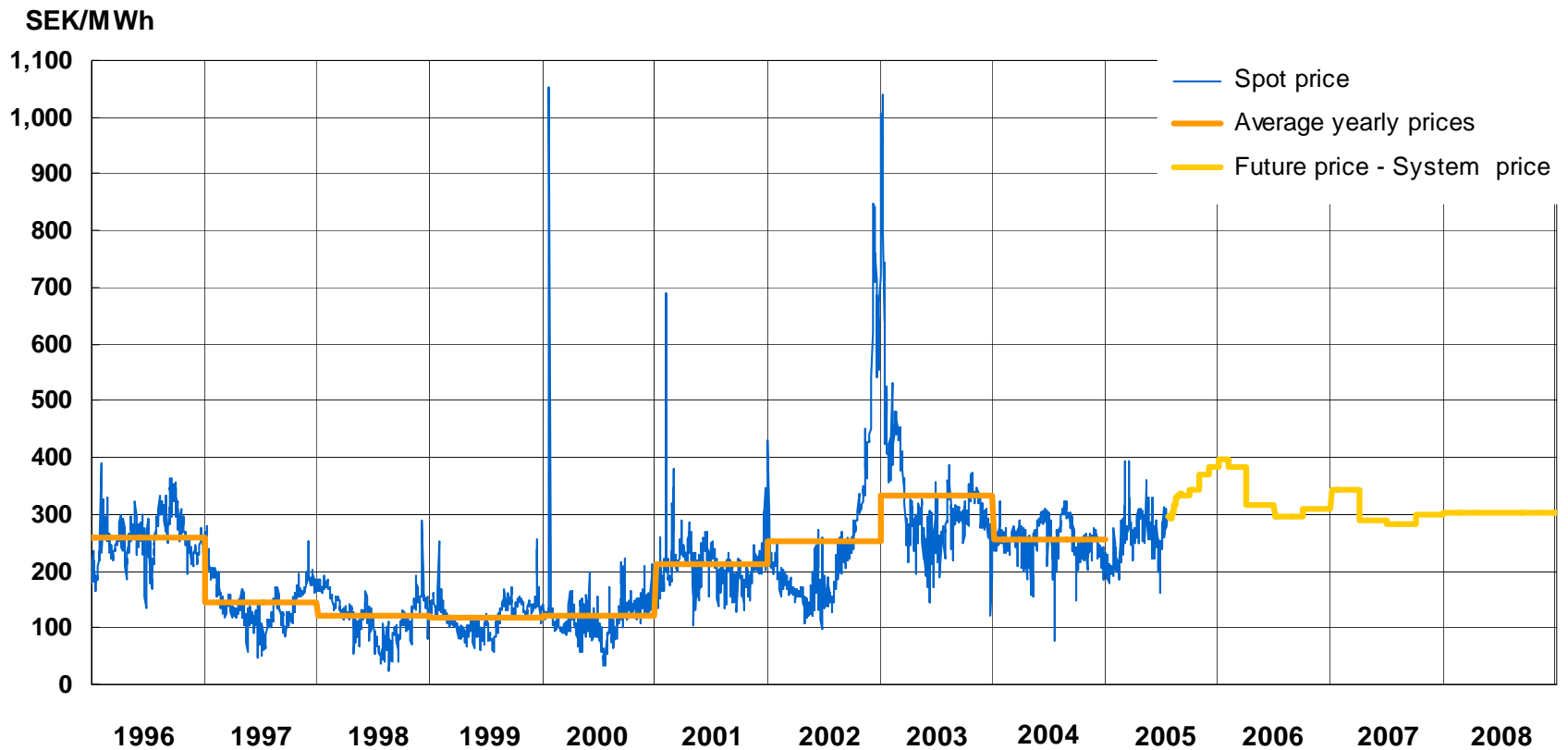
BU Poland - GAP analysis
Rolling 4-quarters backward



Volatile Swedish Electricity Prices in Q2 2005

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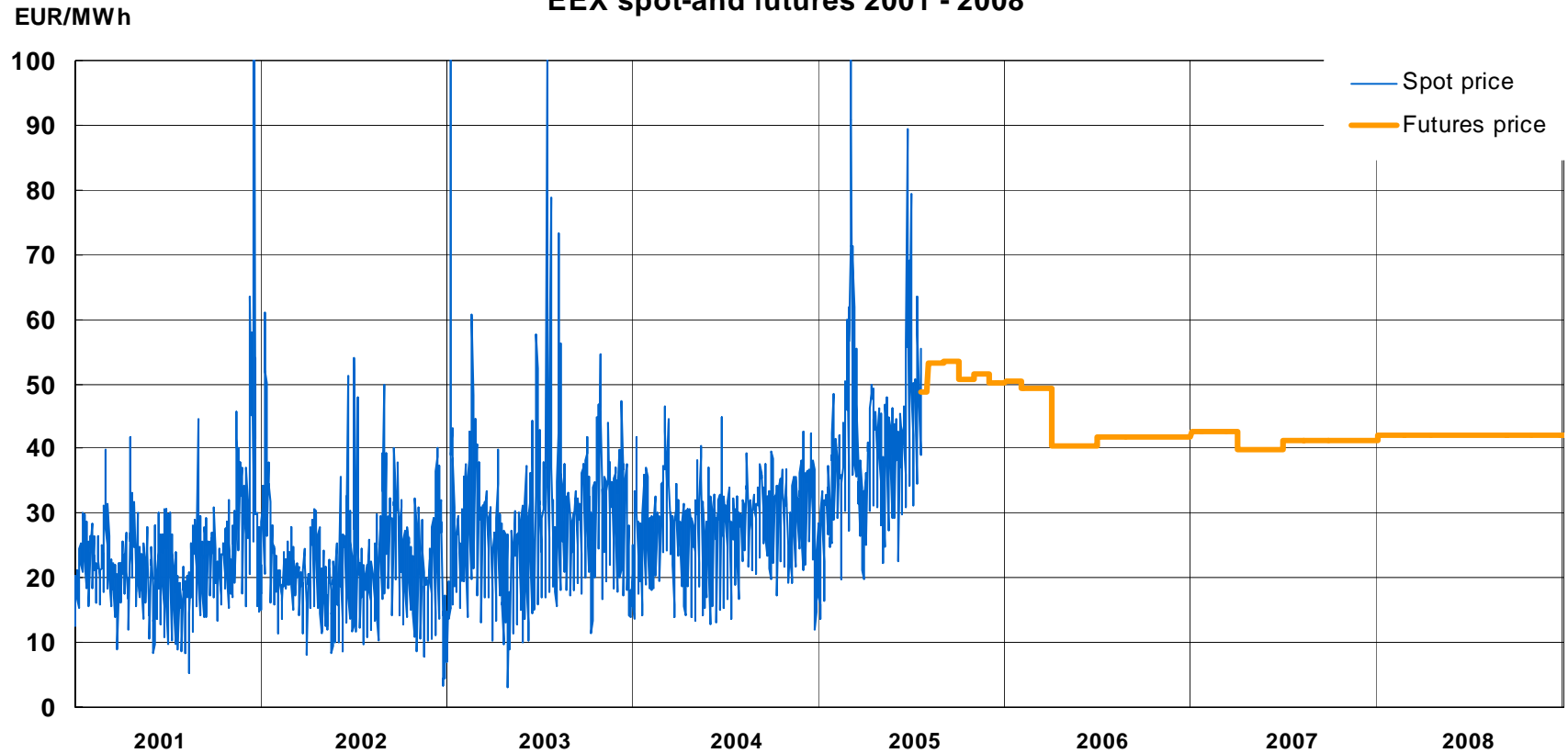
Swedish electricity prices
Nord Pool spot- and futures 1996 - 2008



18 July 2005

Sharply Higher German Prices

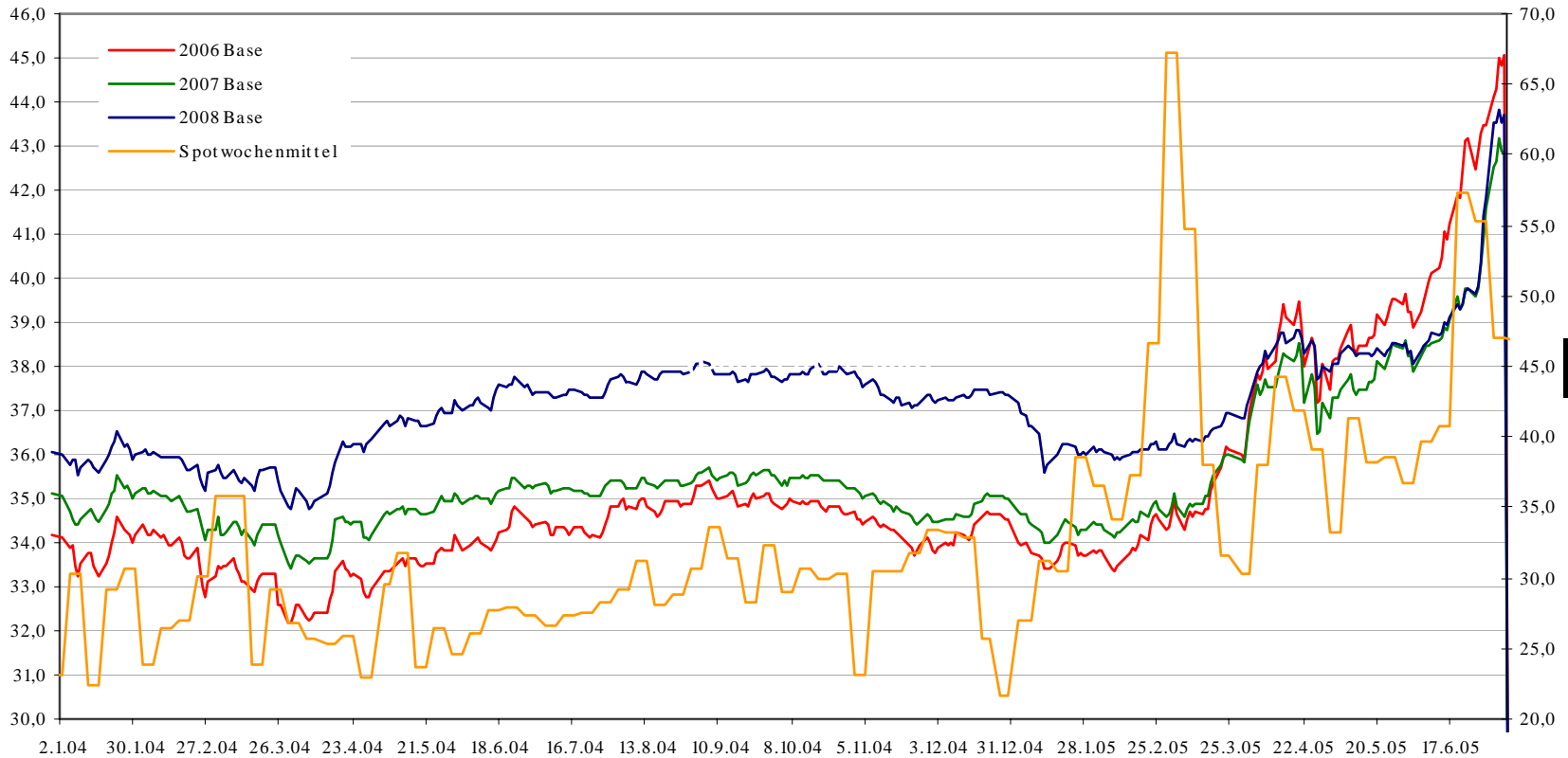
German Electricity Prices EEX spot-and futures 2001 - 2008



Source: European Energy Exchange (EEX)

18 July 2005

Development of German Market Prices



11 July 2005