

Vattenfall Nine-month Results 2005

Presentations by

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CEO

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CFO

27 October, 2005

Net sales increased

- by 13.5 % to 91,878 MSEK (80,961)

EBIT increased

- by 31.4 % to 17,466 MSEK (13,322)
excl. IAC* by 22.0 % to 17,480 MSEK (14,326)

Profit after tax increased

- by 39.2 % to 10,343 MSEK (7,432)

* IAC = items affecting comparability

Highlights – 9M Results 2005 (IFRS)

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Return on Net Assets excl. IAC* was

- 15.0 % LTM (FY 2004: 13.3)

Return on Equity excl IAC* was

- 17.6 % LTM (FY 2004: 15.6)

Net debt increased** by 8.4 bn SEK to

- SEK 63.8 bn (55.4 at 31 Dec. 2004)
- net gearing up to 0.79 x (0.67 x at 31 Dec. 2004)

* IAC = items affecting comparability

** Including Capital Securities of 9,176 MSEK

Highlights – Q3 Results 2005 (IFRS)

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Net sales increased

- by 15.3 % to 27,550 MSEK (23,890)

EBIT increased

- by 58.4 % to 3,266 MSEK (2,062)
excl. IAC* by 25.0 % to 3,276 MSEK (2,621)

Profit after tax increased

- by 112.7 % to 1,857 MSEK (873)

Net debt decreased** by 4.5 bn SEK to

- SEK 63.8 bn (68.3 at 30 June 2005)

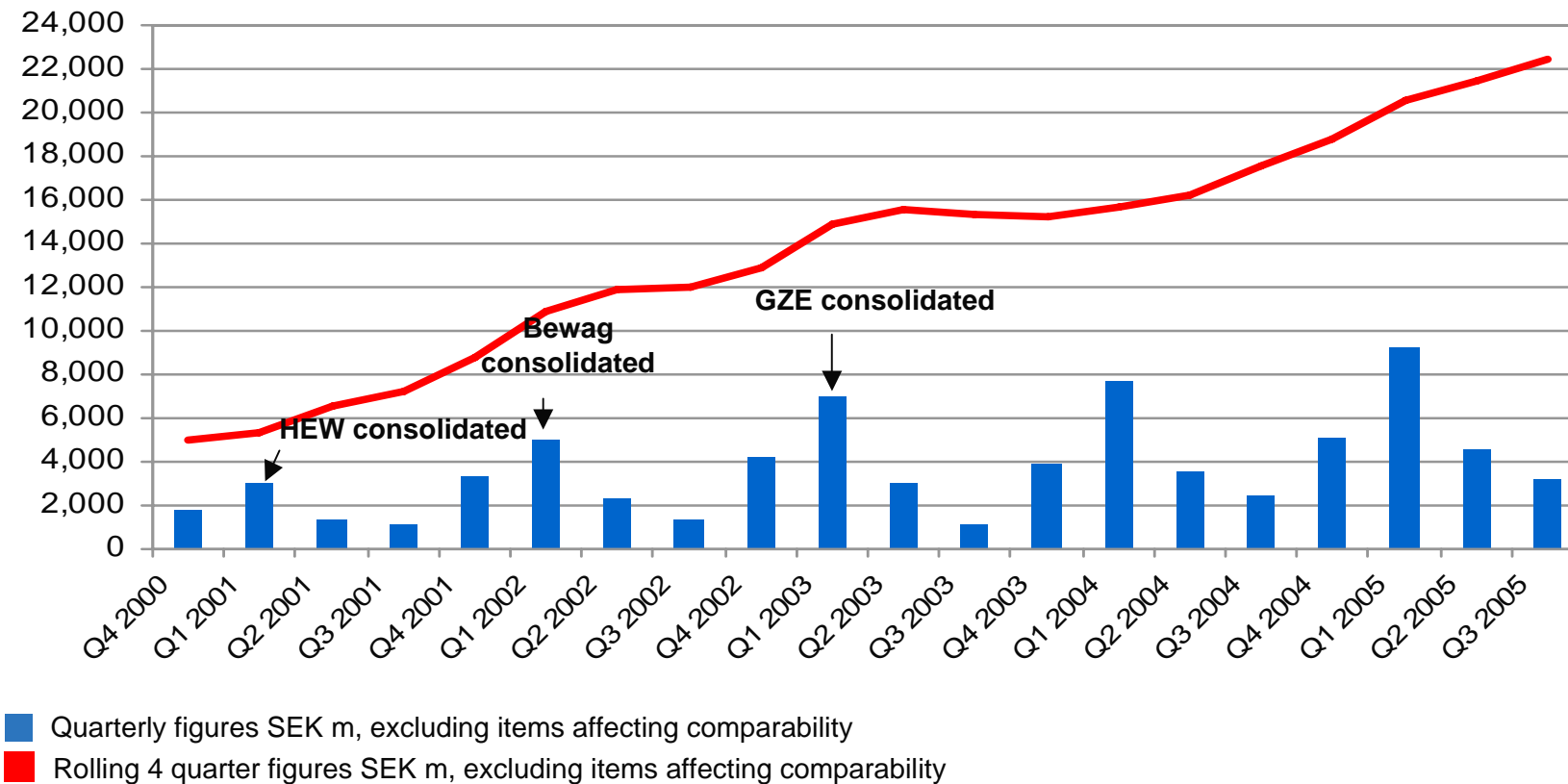
* IAC = items affecting comparability

** Including Capital Securities of 9,176 MSEK

- New energy act in Germany as of 13 July
 - New network regulator (Bundesnetzagentur) operational
 - Ex-ante, cost plus regulation.
 - Transition to an incentive-based model planned for 2007
- Squeeze-out of minority shares in Germany announced
 - Decision expected to be taken during an extraordinary General Meeting to be held in spring 2006
 - Long-term commitment to Germany
 - Stable conditions for continued growth in the European energy market
- Increased energy taxes in Sweden
 - Government bill proposing increased nuclear power tax and increased property tax on hydro power
 - ➔ Impact on Vattenfall: approx. SEK 1,500 million
 - Proposal of tax on waste incineration
 - ➔ Impact on Vattenfall: approx. SEK 160 million
- Negotiations regarding compensation for Barsebäck 2 still ongoing

Continued Strong EBIT Development

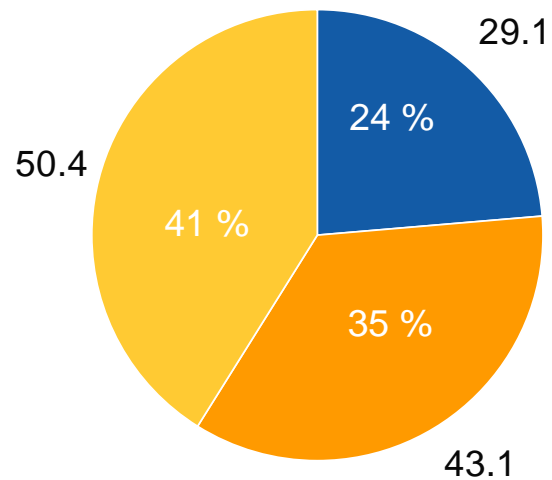
Quarterly figures, SEK million



Increased Hydro Production in 9M 2005

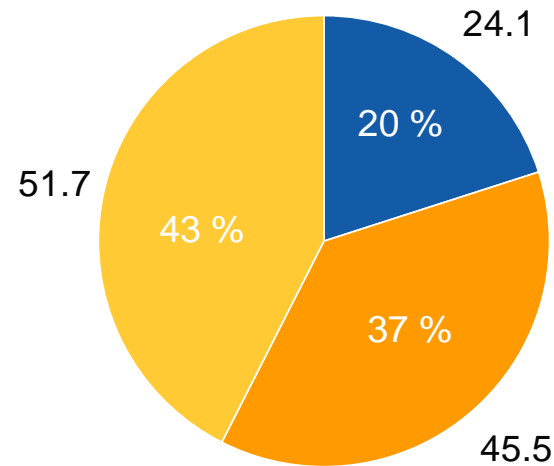
9M 2005

Total: 122.6 TWh



9M 2004

Total: 121.3 TWh

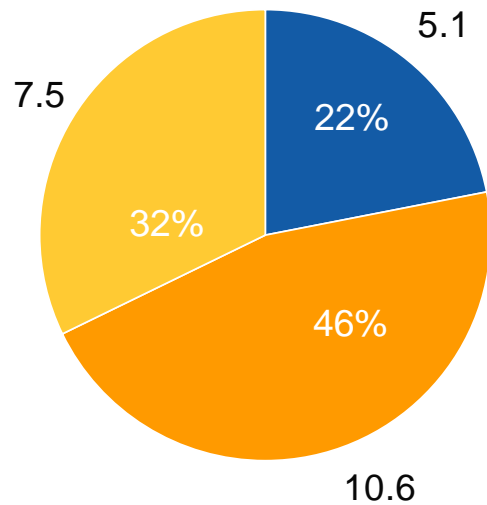


- Hydro
- Nuclear
- Fossil

Stable Heat Sales

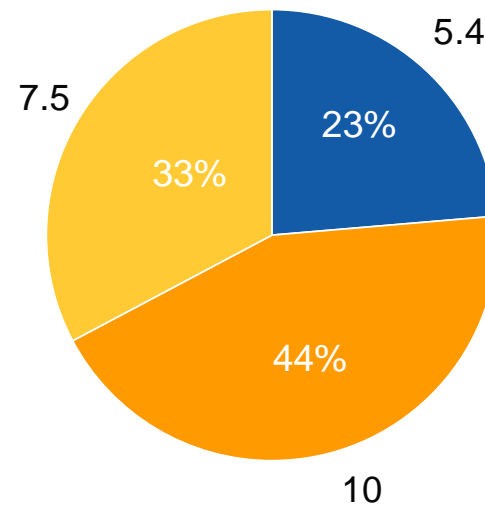
9M 2005

Total: 23.2 TWh



9M 2004

Total: 22.9 TWh



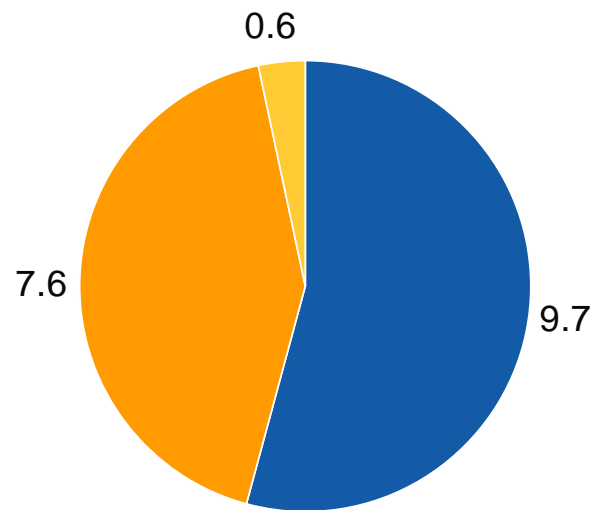
- Nordic
- Germany
- Poland

Primary Segments – EBIT (excl. IAC)

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9M 2005

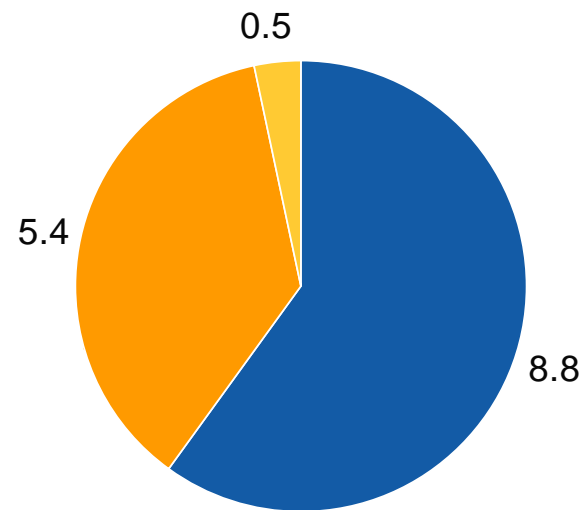
Total: 17.4 SEK billion (1)



1) Including Other = -0.4

9M 2004

Total: 14.3 SEK billion (2)

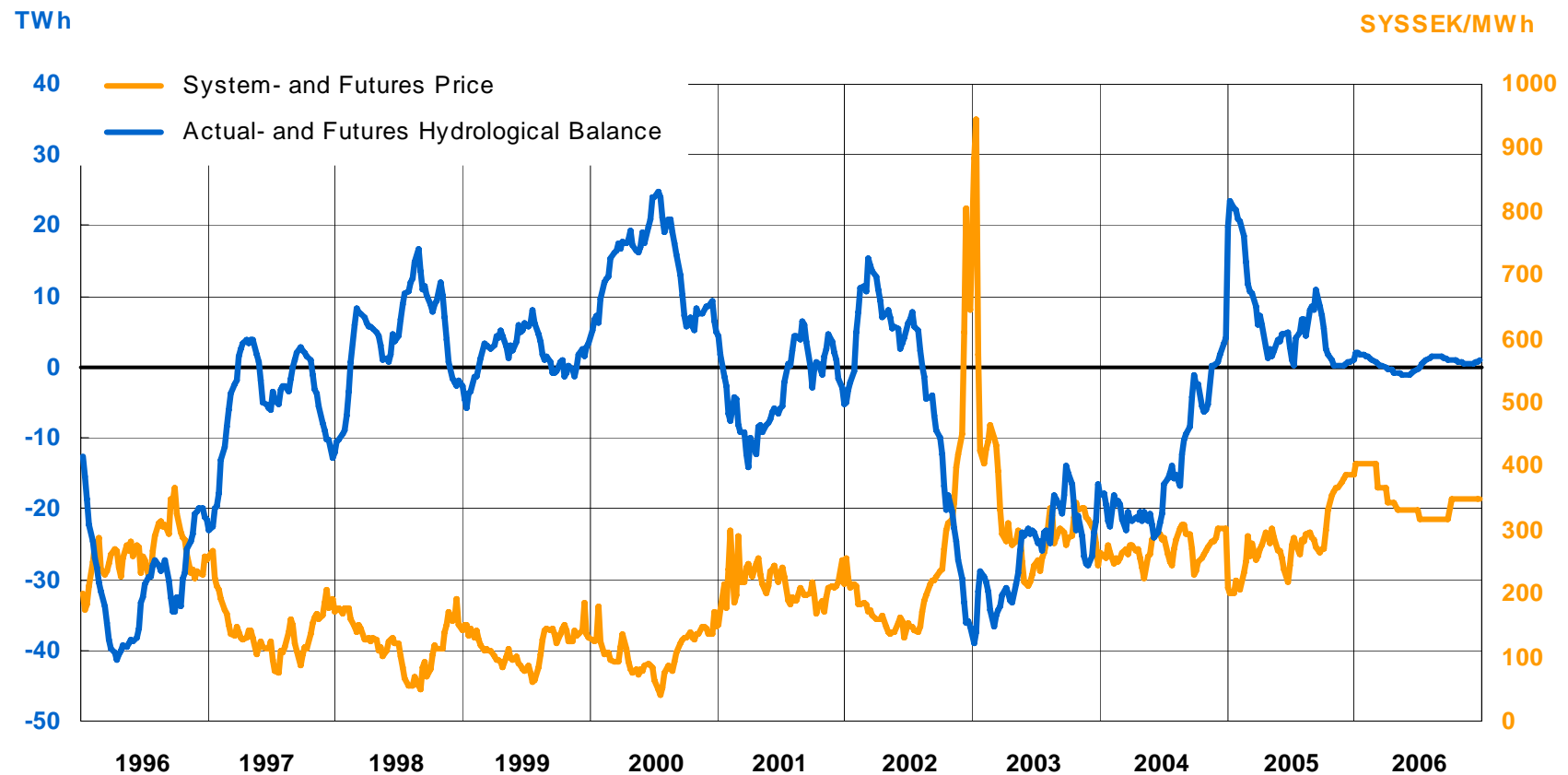


2) Including Other = -0,4

■ Nordic
■ Germany
■ Poland

Nordic Reservoir Levels Back to Normal

10

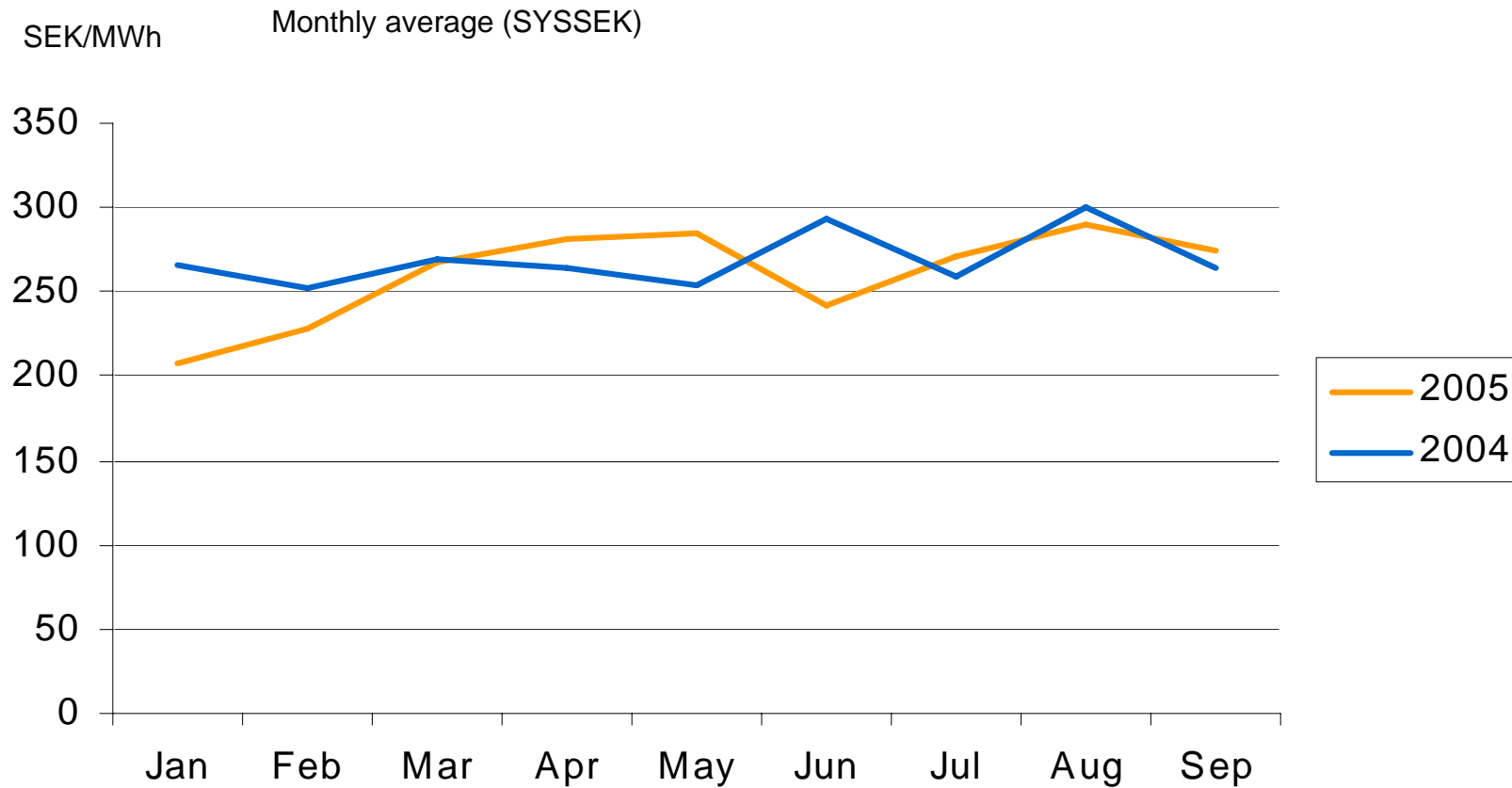


Source: Nord Pool and Markedskraft AS

Updated to week 40 2005

Nordic Spot Price Development

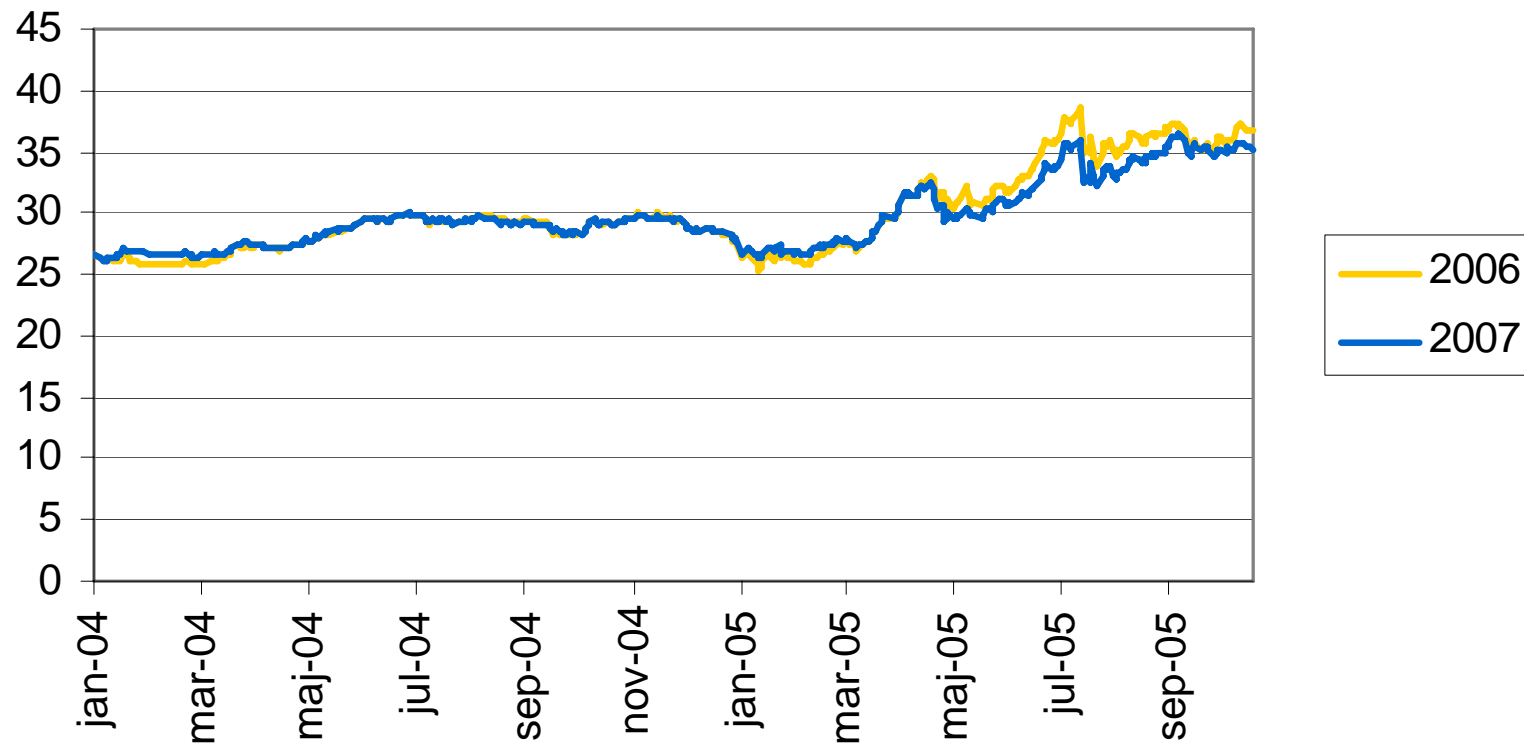
11



Source: Nord Pool

Nordic Futures Rose in Q3

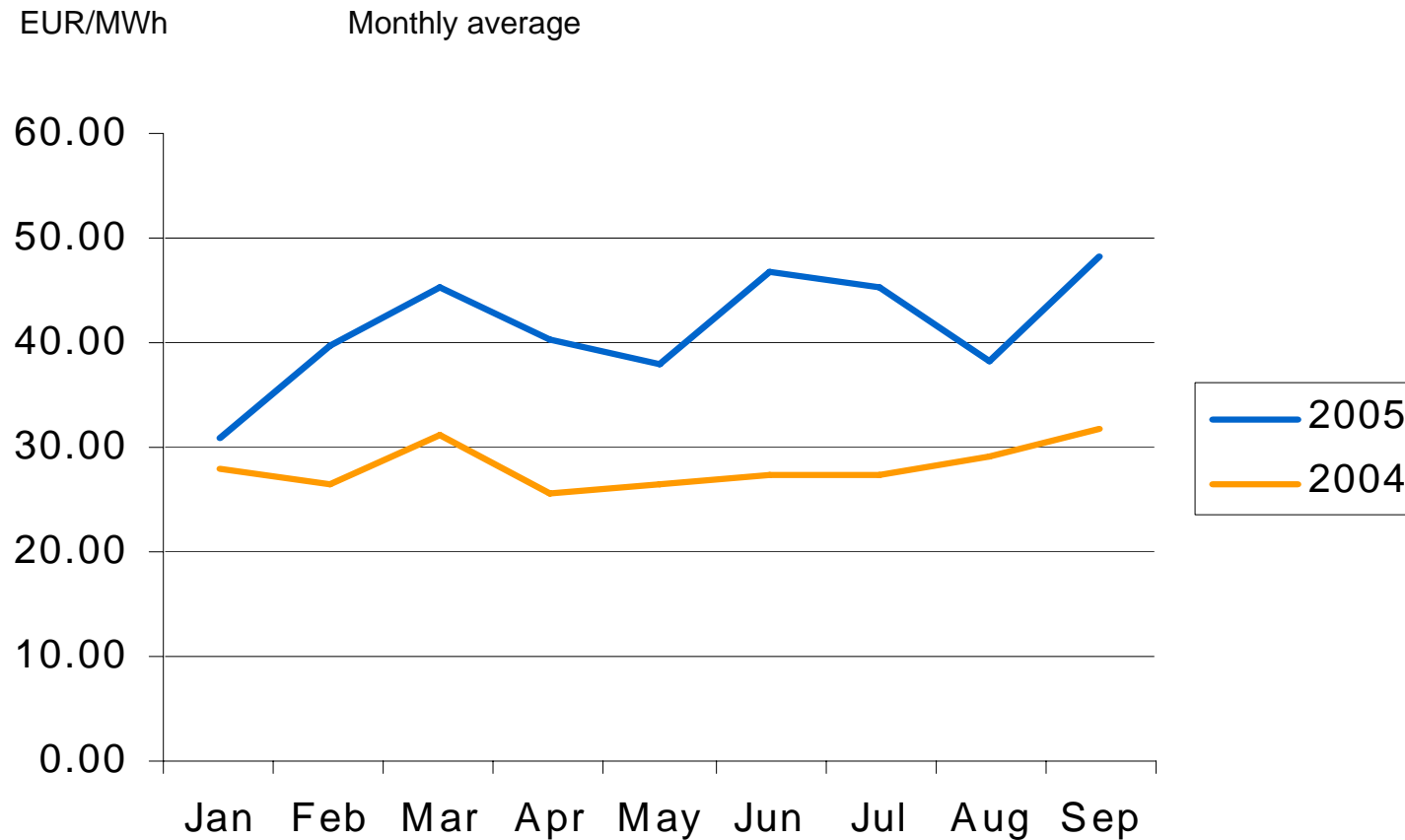
EUR/MWh



Source: Nordpool

Substantially Higher German Spot Prices

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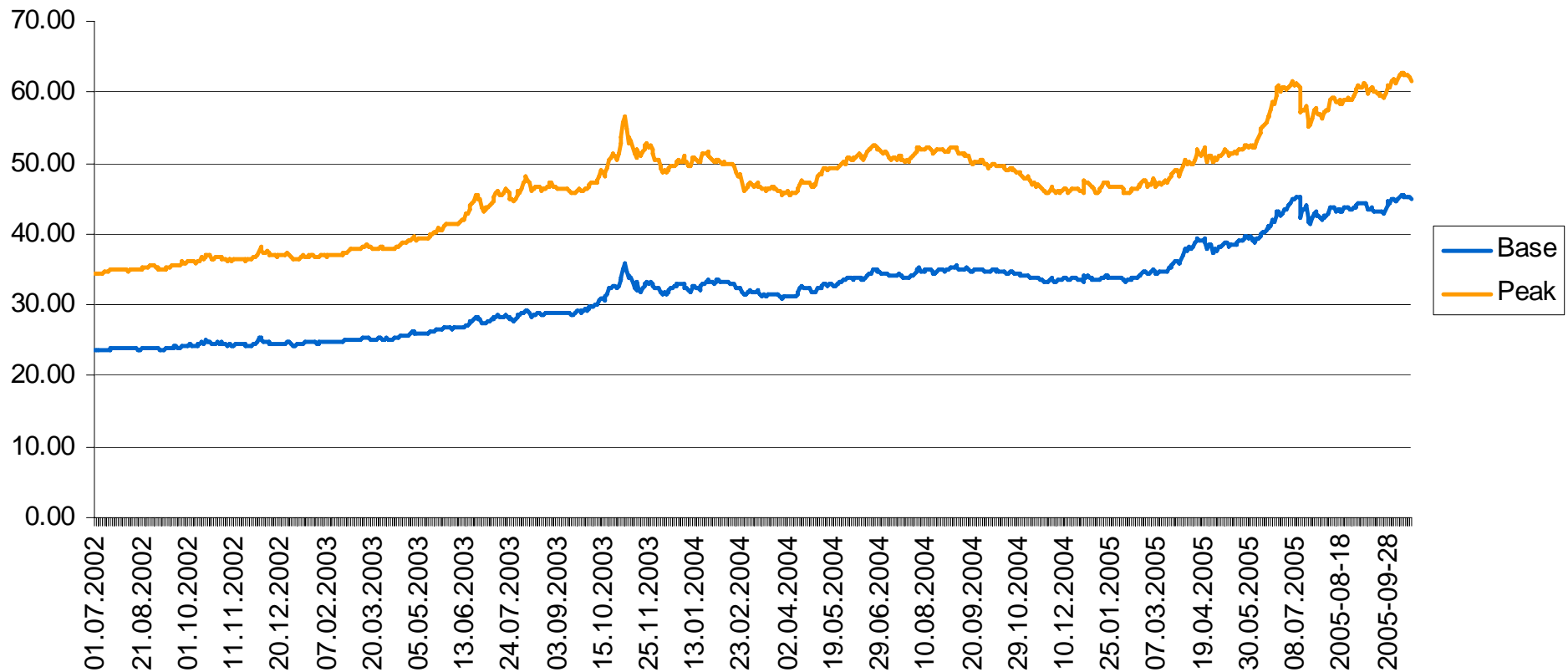


Source: European Energy Exchange (EEX)

Rising German Future Prices

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Next-year deliveries in EUR/MWh



Source: Vattenfall

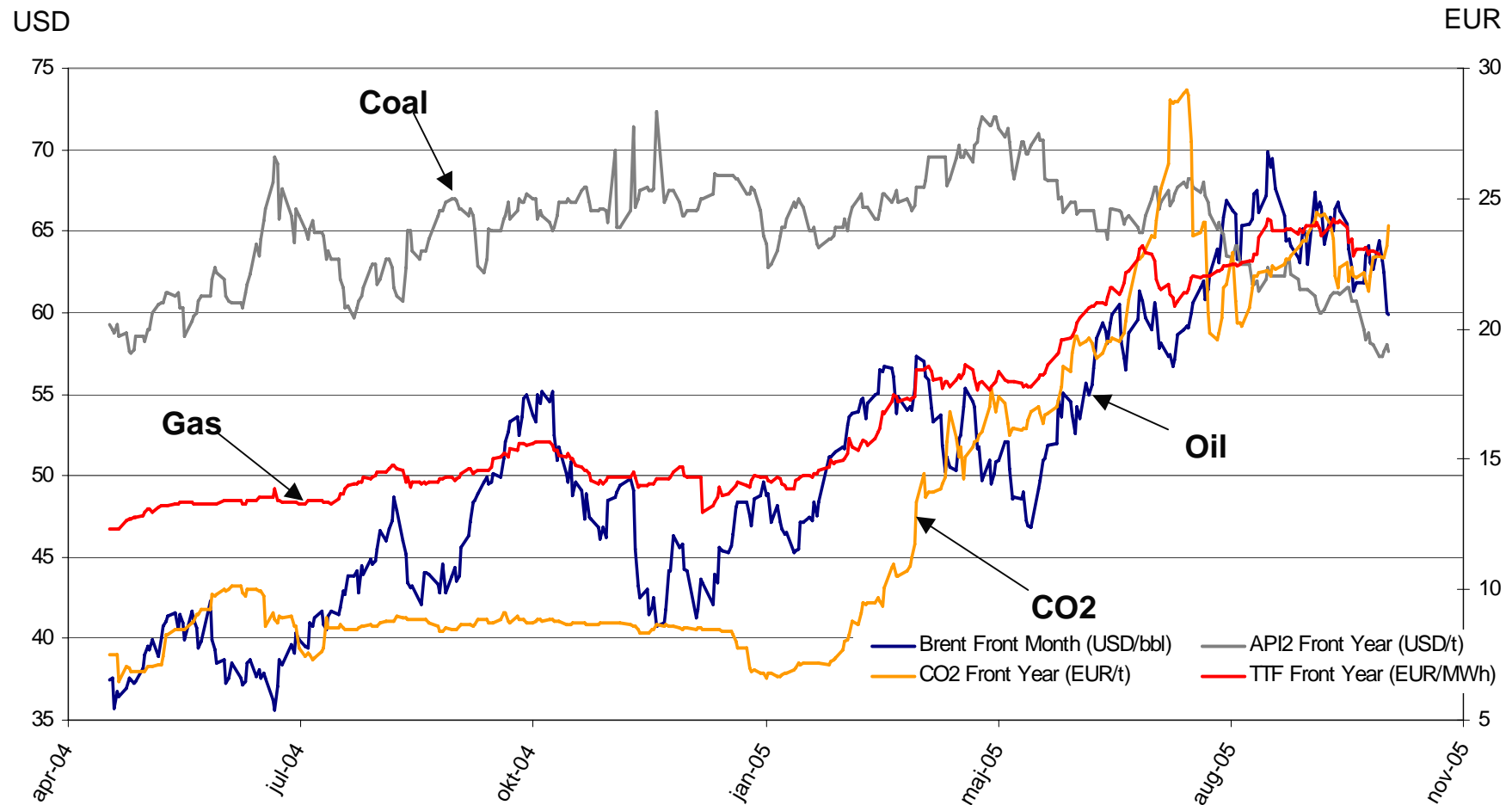
CO2 Price Development 2005

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Fuel and CO2 Price Development

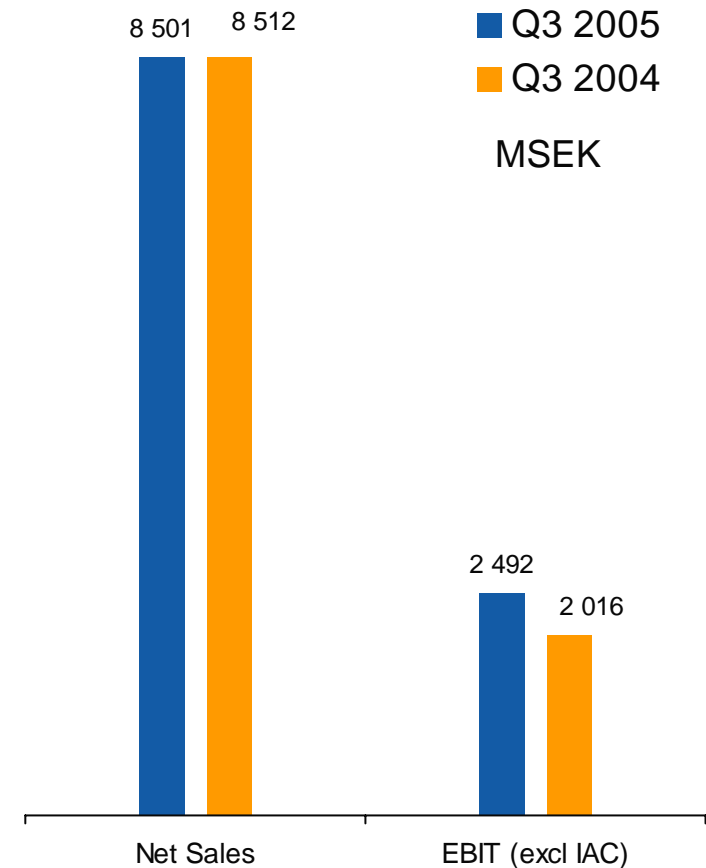
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Nordic Business Highlights Q3

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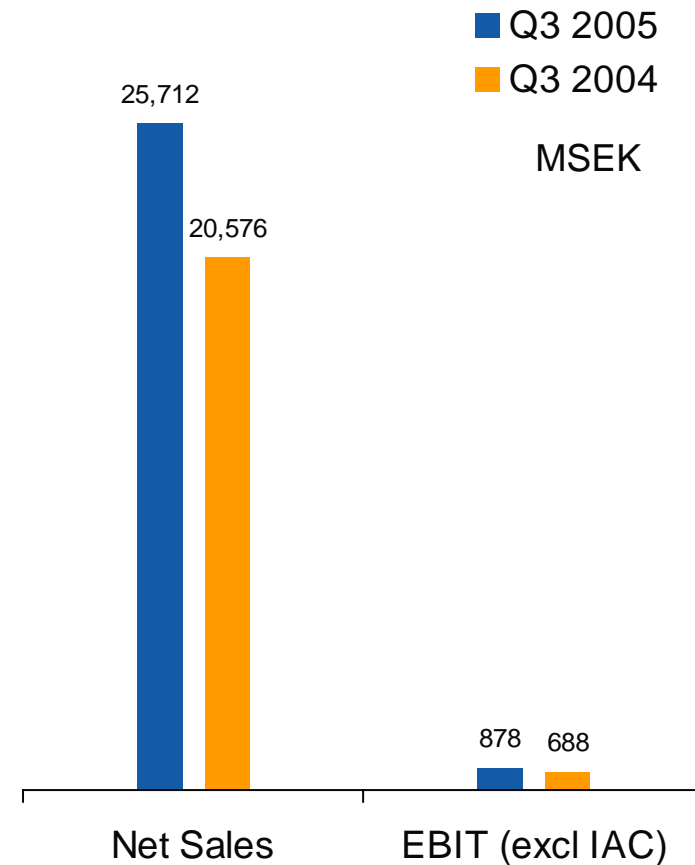
- Electricity generation up by 1.0 %
 - Hydro power volumes up by 12.7 % due to good water supply
 - Nuclear power volumes down by 5.6 % due to outages at Ringhals nuclear plant and the closure of Barsebäck 2
- Slightly lower heat volumes
- Long-term agreements with basic industries
 - SCA 1.3 TWh/a for 8 years
- Transfer of Danish power assets delayed
 - Expected to take place during Q1 2006
- Uppsala waste-incineration plant inaugurated
 - Heat capacity: 75 MW
 - Total investment: SEK 1 billion



German Business Highlights Q3

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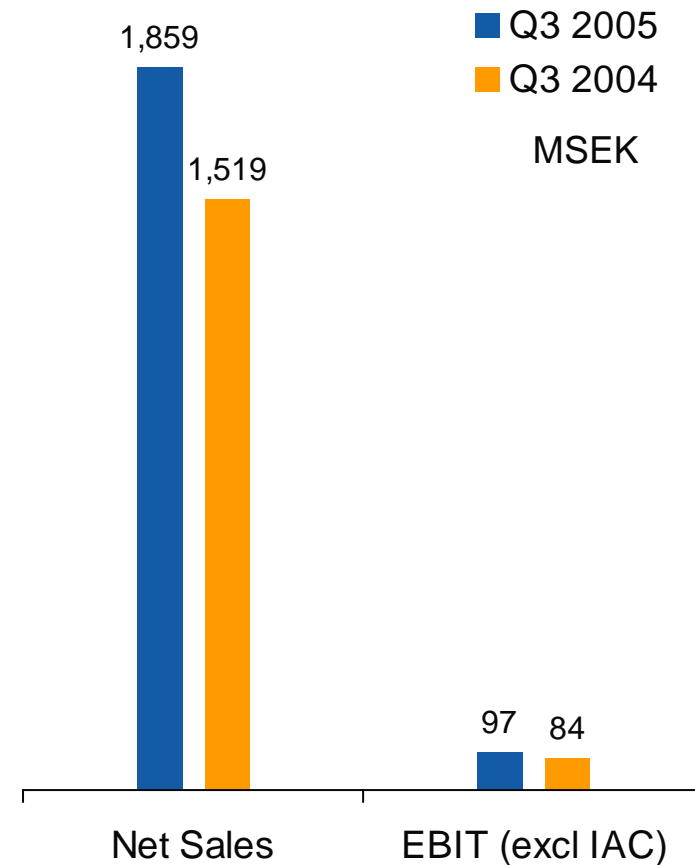
- Electricity generation down by 2.9 %
 - Nuclear power volumes unchanged
 - Fossil-based power volumes down by 3.2 % due to outages in fossil power plants
- Heat production increased by 28.6 %
- Continued good development in Sales



Polish Business Highlights Q3

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- EBIT improvement by 15.5 %
 - Inter alia due to exchange rate effects (weaker SEK vs PLN)
- Slightly higher electricity generation
- Heat production unchanged
- Poland organized into Business Group Poland as of 1 August.
 - Division into three Business Units; Distribution, Sales and Heat



Financials

Matts Ekman, CFO

Consolidated Income Statement

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Amounts in MSEK	9M 2005 IFRS	9M 2004 IFRS	Change %	LTM
Net sales	91,878	80,961	13.5	124,283
Cost of products sold	66,645	59,903	11.3	91,190
Gross profit	25,233	21,658	16.5	33,093
Operating profit (EBIT)	17,466	13,322	31.1	21,256
Operating profit, excl. IAC	17,480	14,326	22.0	22,481
Financial income	2,648	1,975	34.1	4,189
Financial expenses	-4,468	-4,324	3.3	-6,158
<i>Financial net</i>	<i>-1,820</i>	<i>-2,349</i>	22.5	<i>-1,969</i>
Profit before taxes	15,646	10,973	42.6	19,287
Taxes	-5,303	-3,541	49.8	-6,772
Profit for the period	10,343	7,432	39.2	12,515

* IAC = items affecting comparability

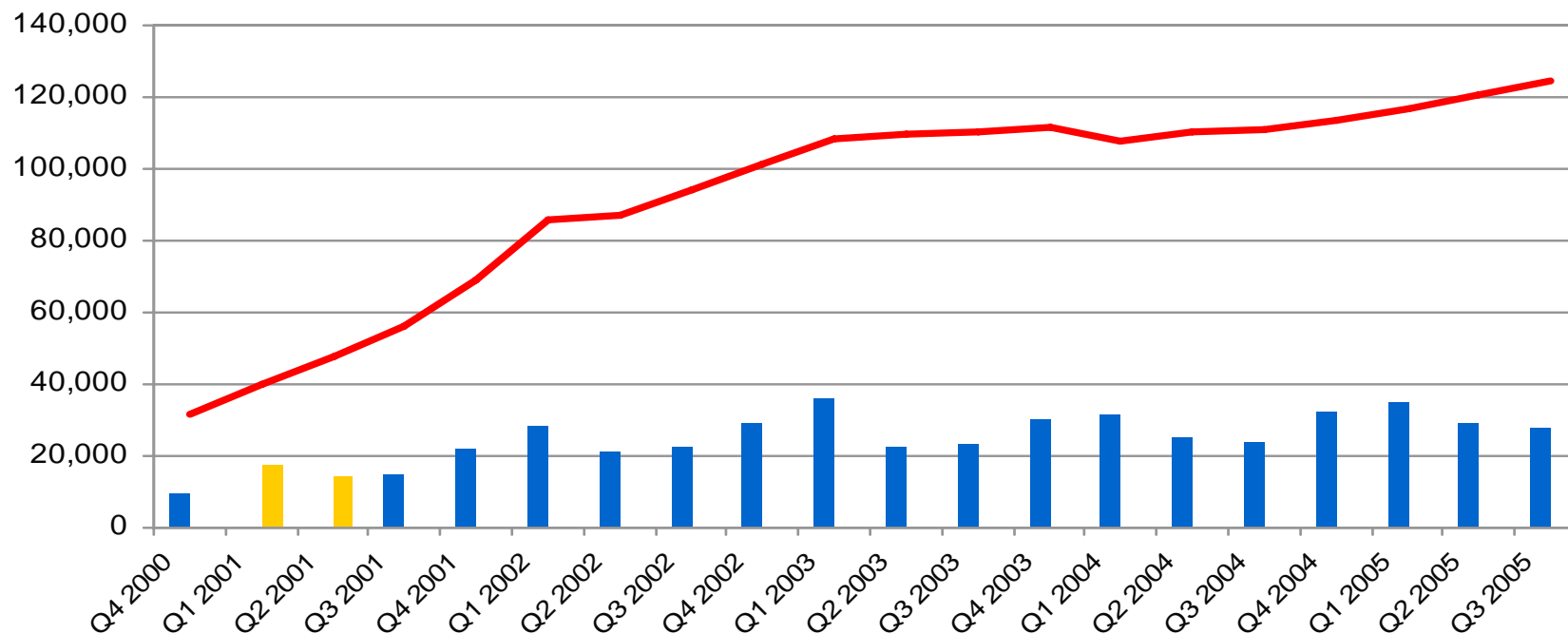
Consolidated Income Statement Q3

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Amounts in MSEK	Q3 2005 IFRS	Q3 2004 IFRS	Change %
Net sales	27,550	23,890	15.3
Cost of products sold	21,455	18,830	13.9
Gross profit	6,095	5,060	20.5
Operating profit (EBIT)	3,266	2,062	58.4
Operating profit, excl. IAC	3,276	2,621	25.0
Financial income	801	714	12.2
Financial expenses	-1,248	-1,293	-3.5
<i>Financial net</i>	<i>-447</i>	<i>-579</i>	22.8
Profit before taxes	2,819	1,483	90.1
Taxes	-962	-610	57.7
Profit for the period	1,857	873	112.7

* IAC = items affecting comparability

Quarterly figures, SEK million

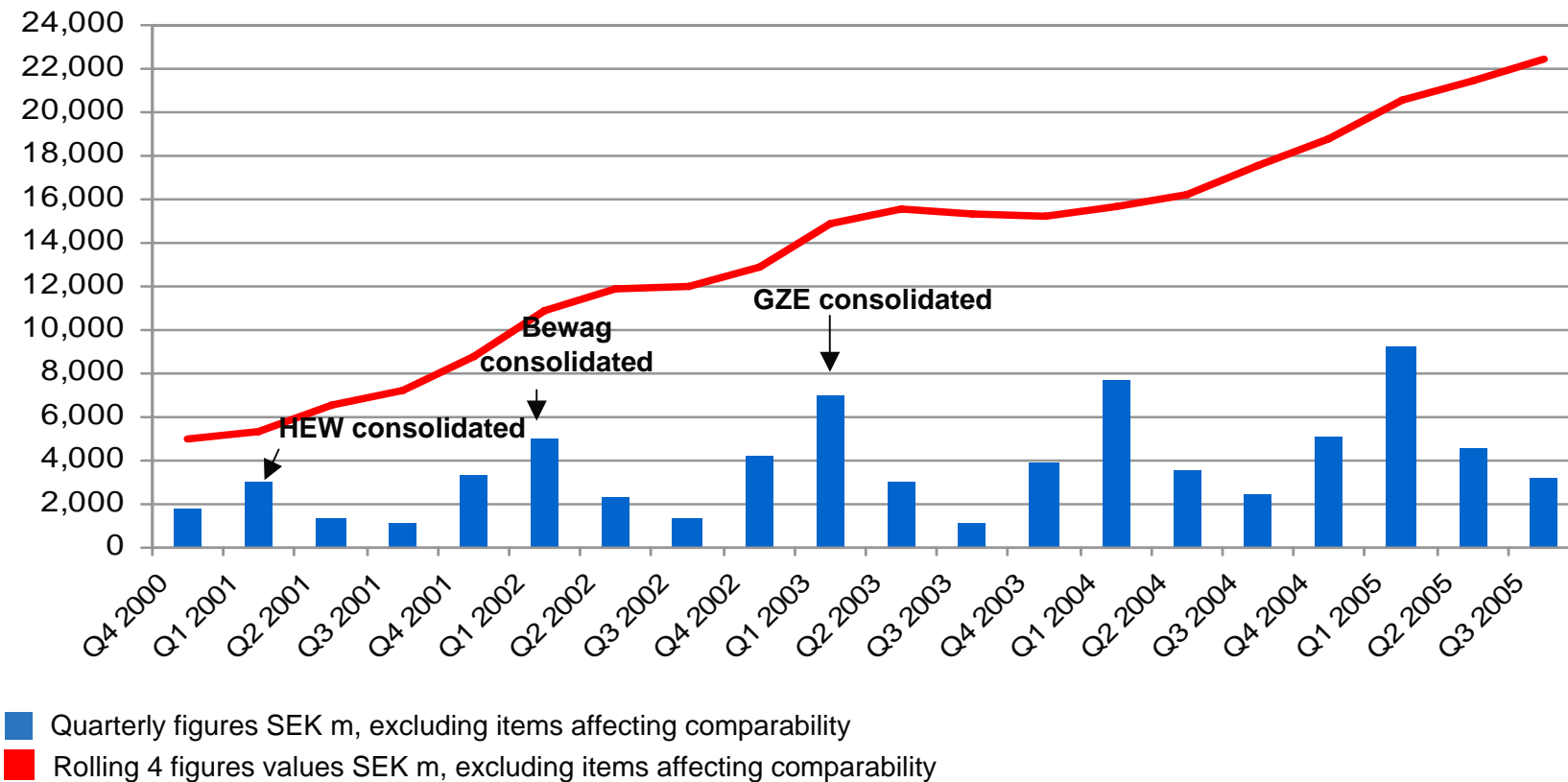


■ Quarterly figures SEK m
— Rolling 4 quarter figures SEK m

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

Continued Strong EBIT Development

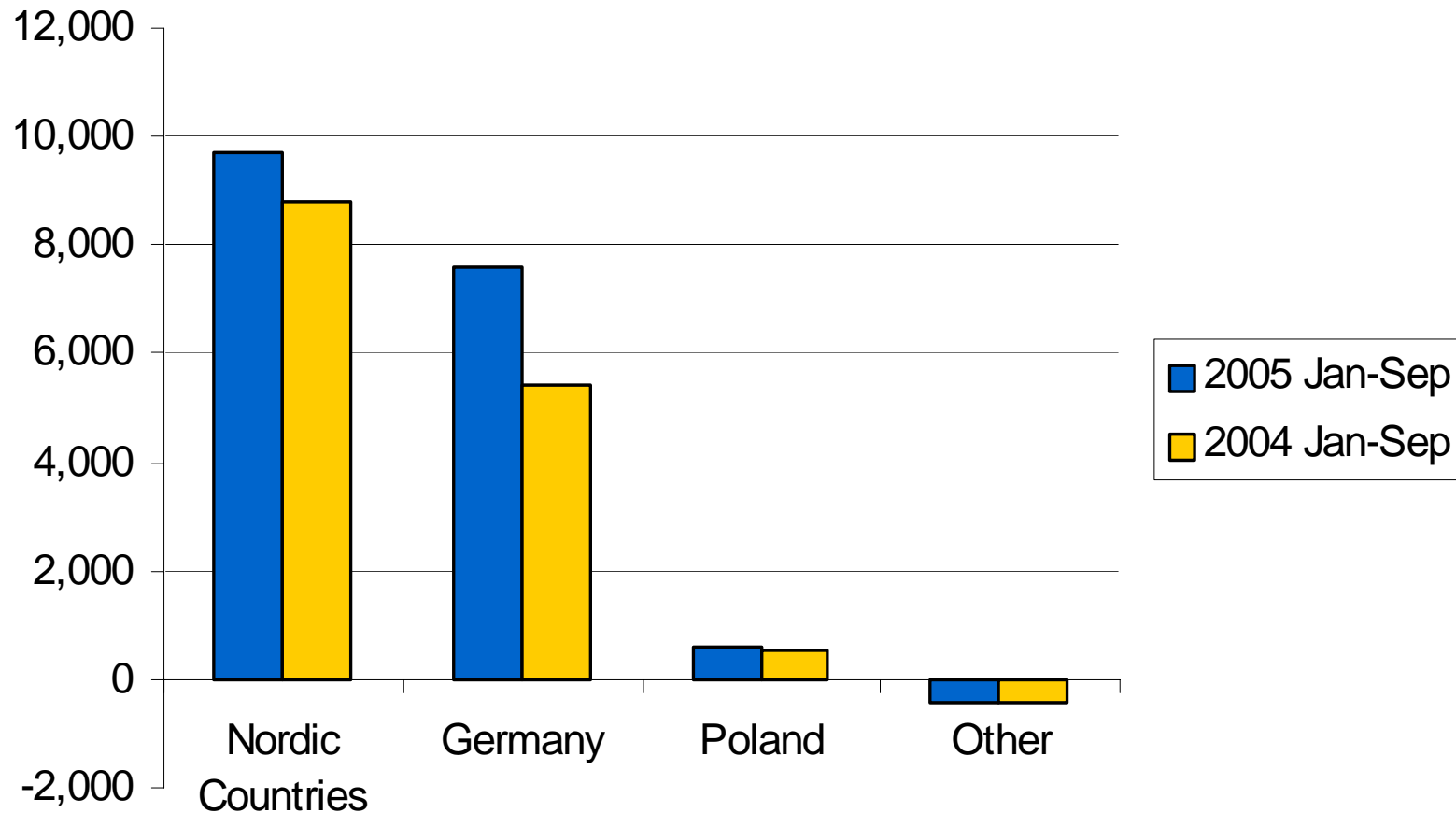
Quarterly figures, SEK million



9M – EBIT by Primary Segment

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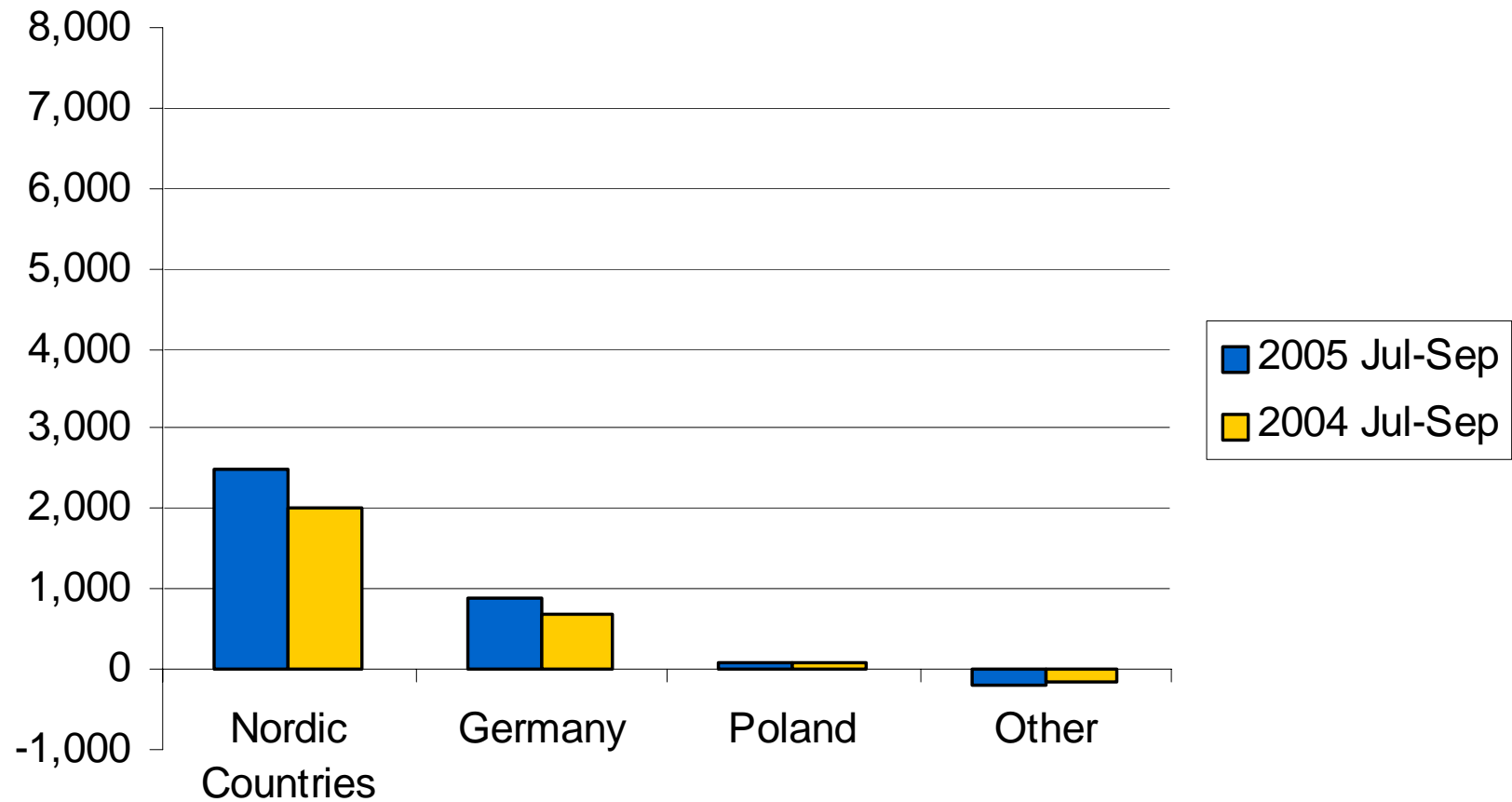
MSEK (Excl IAC)



Q3 – EBIT by Primary Segment

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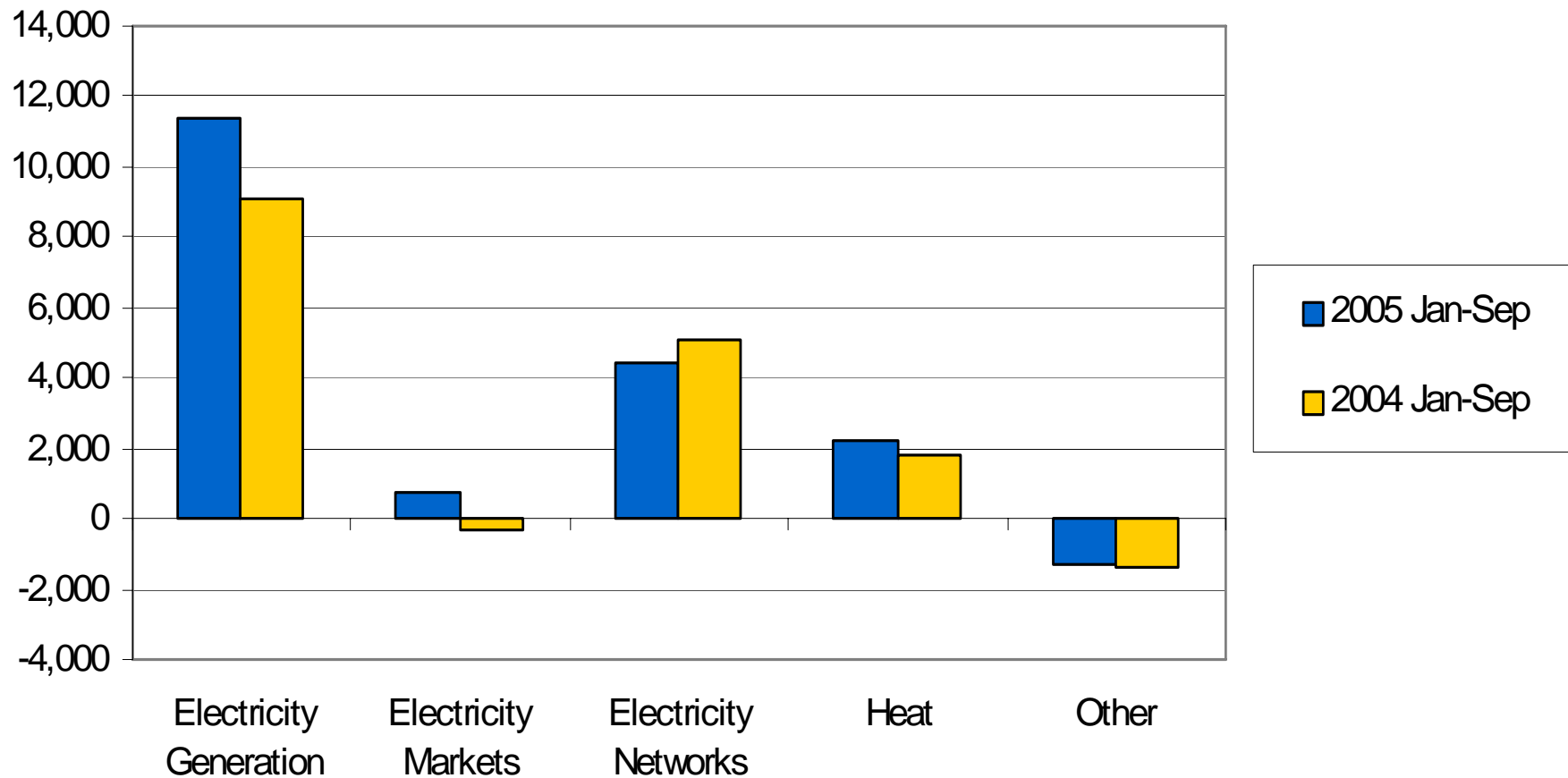
MSEK (Excl IAC)



9M – EBIT by Secondary Segment

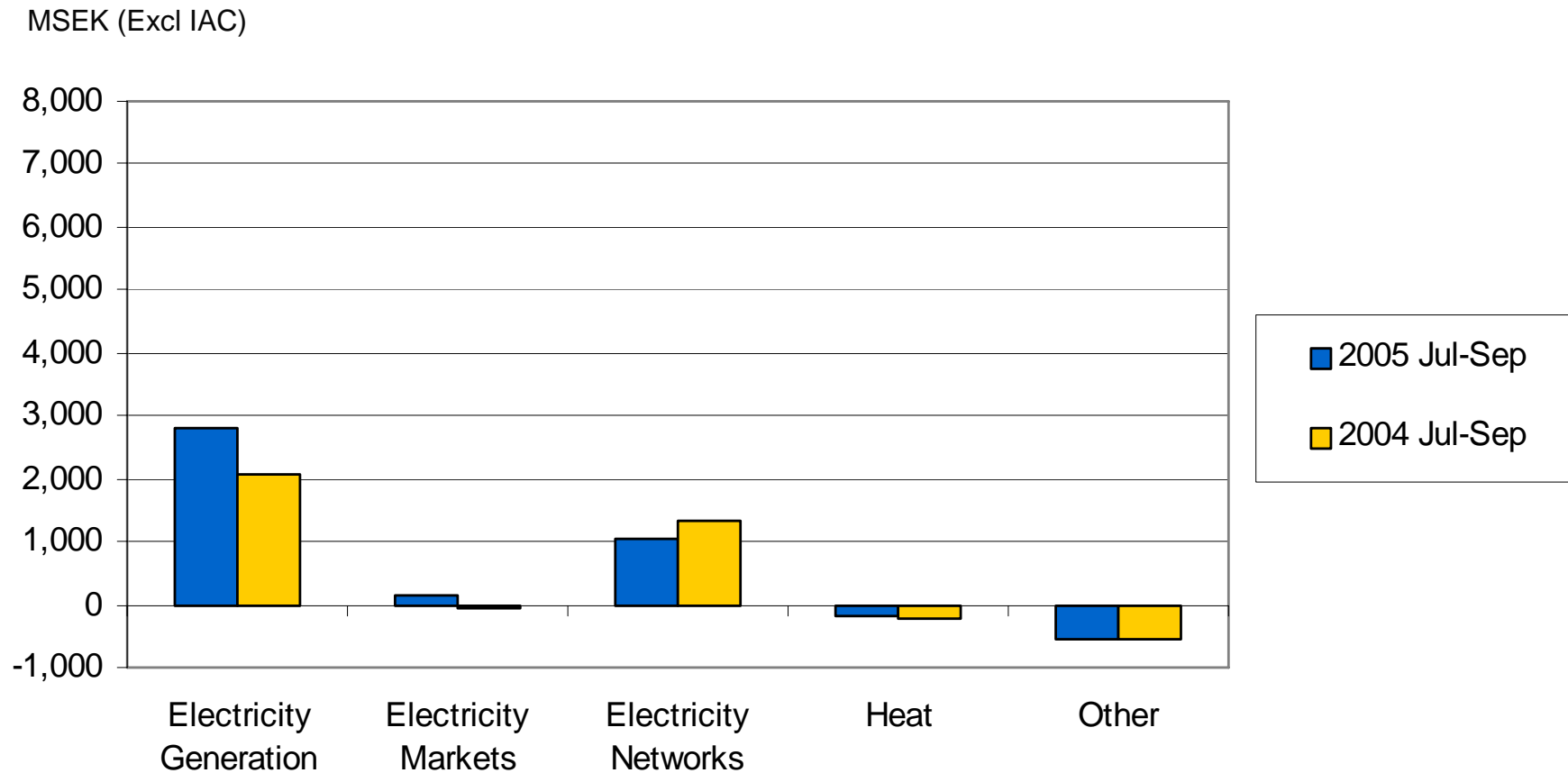
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MSEK (Excl IAC)



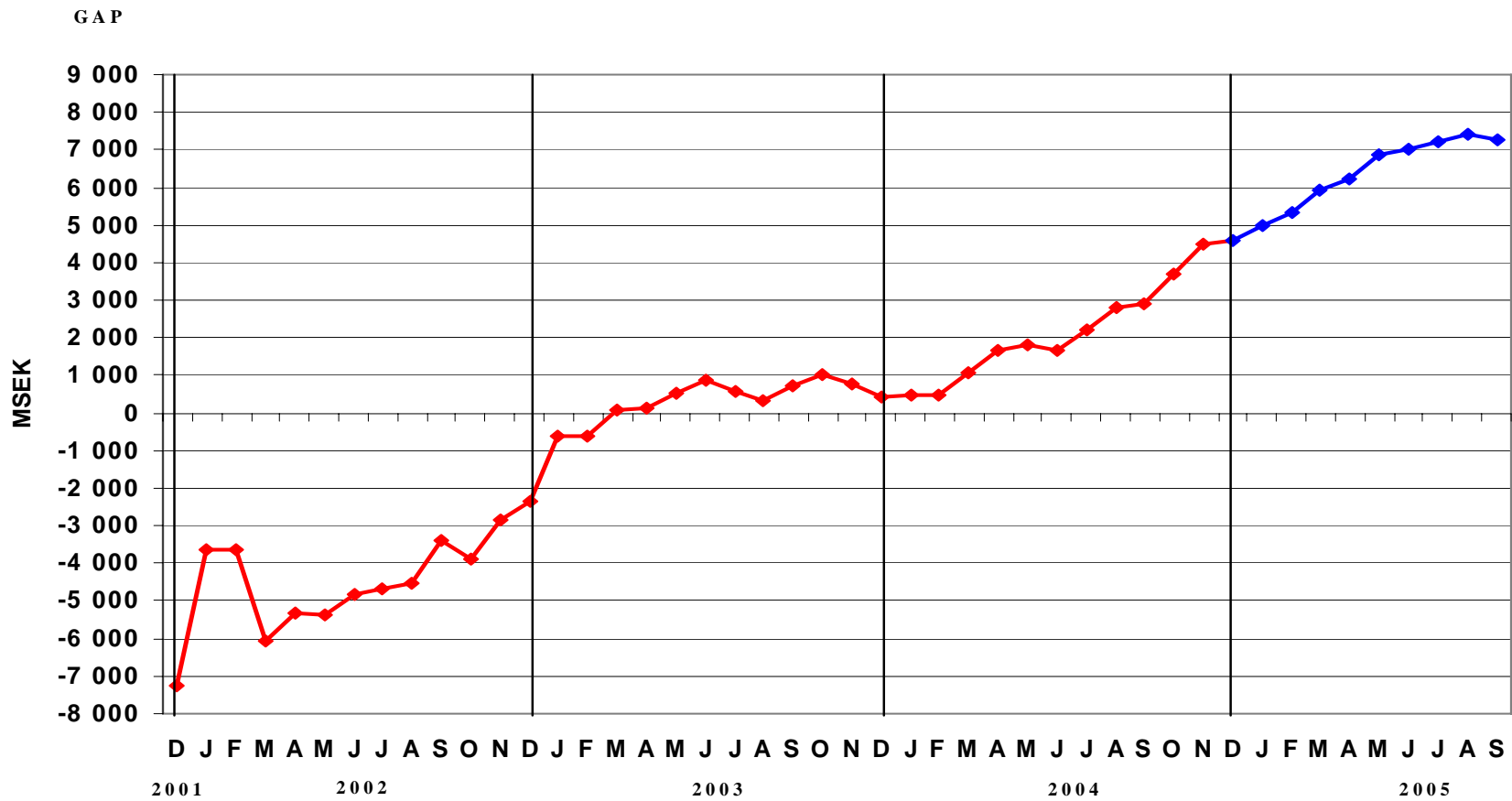
Q3 – EBIT by Secondary Segment

28

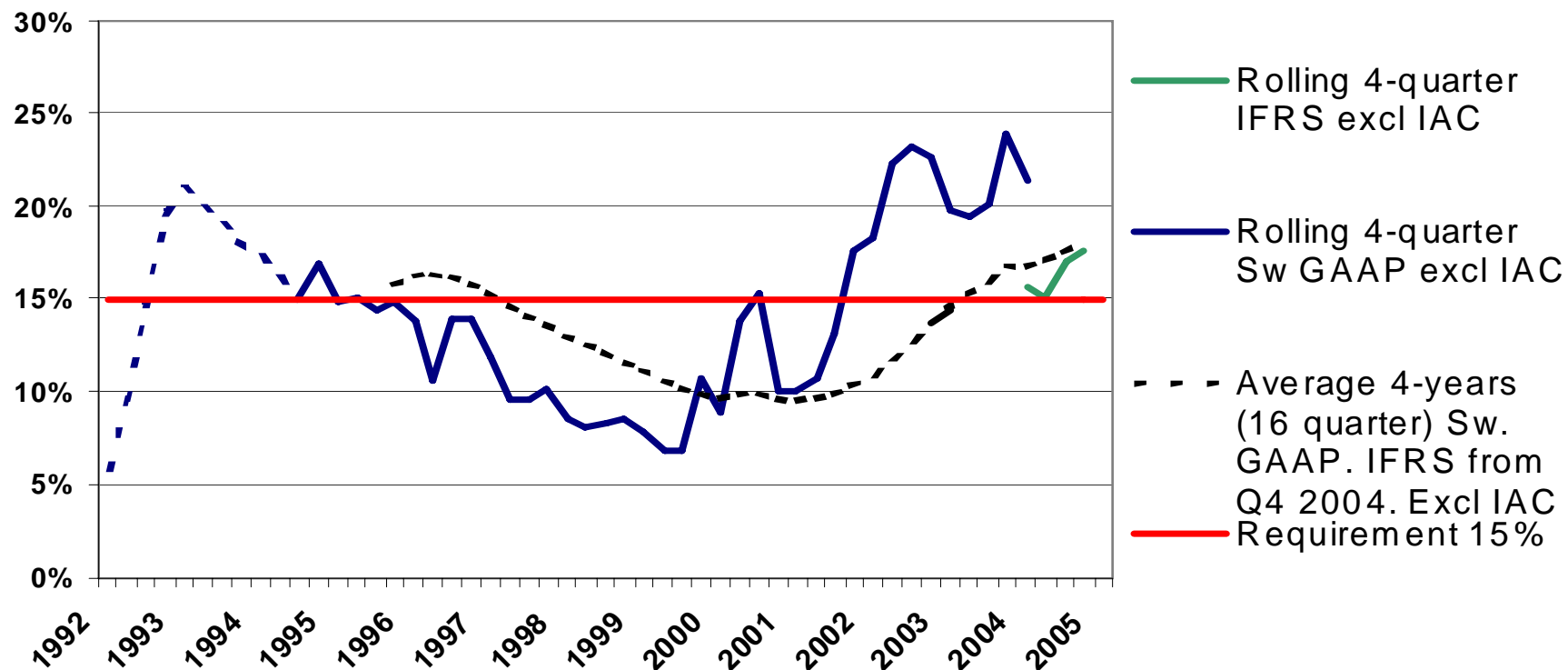


Value Creation

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



Return on Equity



Consolidated Balance Sheet

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Amounts in MSEK	30/9/05 IFRS	31/12/04 IFRS	Change %	31/12/04 Sw. GAAP
Non-current assets	254,392	238,912	6.5	210,775
Current assets	68,328	46,293	47.6	46,140
Total assets	322,720	285,205	13.2	256,915
Equity	80,497	83,108	-3.1	71,504
Capital Securities	9,176			
Interest-bearing liabilities	71,745	73,013	-1.7	73,013
Interest-bearing provisions	45,466	45,491	-0.1	28,835
Pension provisions	17,222	16,450	4.7	16,450
Deferred tax liabilities	44,634	41,646	7.2	34,688
Other non-interest-bearing liabilities	53,980	25,497	111.7	32,425
Total equity and liabilities	322,720	285,205	13.2	256,915

- Due to a correction of 684 MSEK for Swedish nuclear decommissioning provisions (in accordance with IFRS) a restatement of FY 2004 IFRS numbers have been made:
 - Financial expense (increase 684 MSEK)
 - Net income (decrease 491 MSEK)
 - No impact on EBIT
 - No impact on Cash flow
 - Minor restatements for Q1, Q2, 2005
 - Full disclosure on www.vattenfall.com /Investors/Financial reports
 - No change in statutory FY 2004 Sw. GAAP results
- Standard & Poor's recently published ARO report
 - No debt adjustment for Vattenfall needed

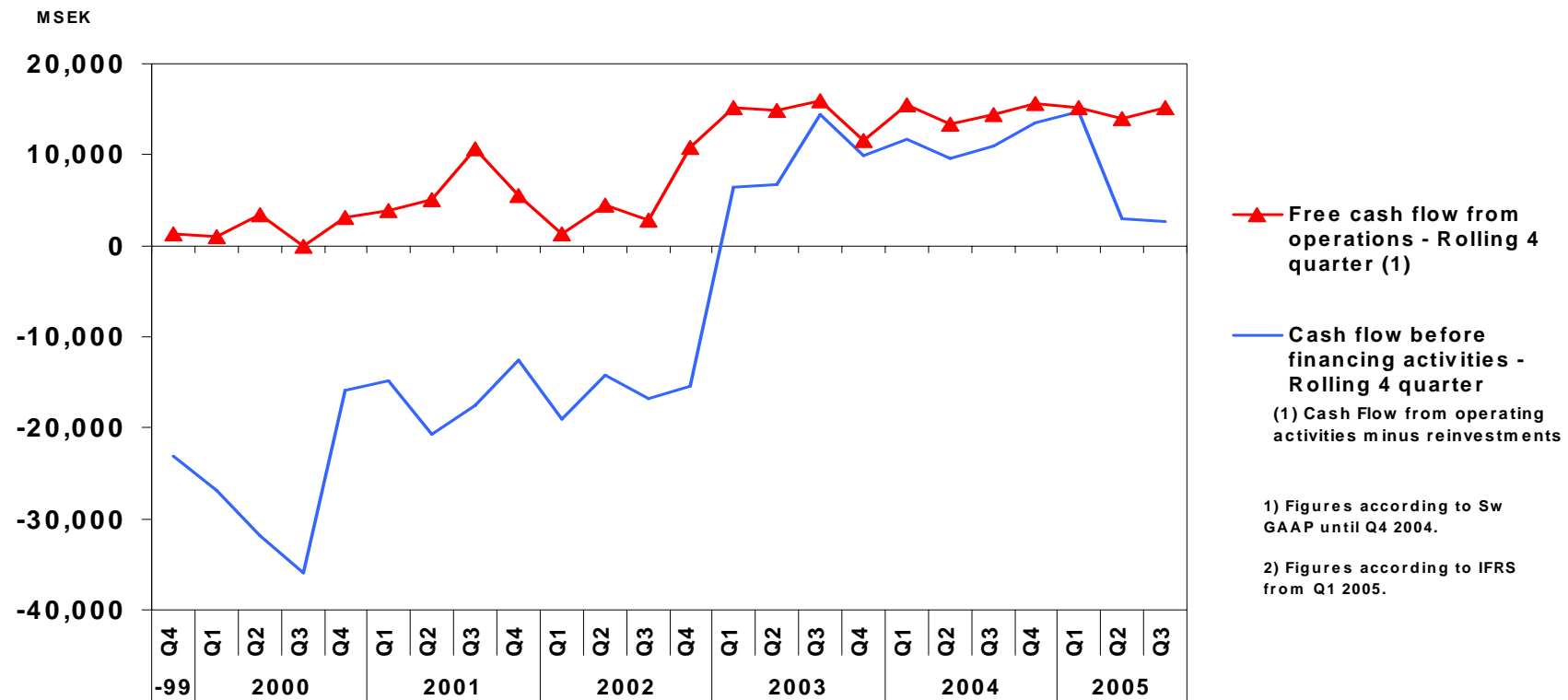
Change in Equity

33

SEK million

Balance brought forward from 1 Jan.	83,108	
Transition effect (IAS 39)	-440	
Dividend to shareholders	-5,775	{ Energy Trading Germany 2,903 Energy Trading Nordic 4,326 Treasury 59 Other 244
Cash flow hedges	-7,532	
Translation differences, net	2,037	
Changes in ownership	-1,244	
Profit for the period	10,343	
Balance carried forward at 30 Sept.	80,497	

Cash Flow Development



Consolidated Cash Flow Statement 9M

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Amounts in MSEK	9M 2005 IFRS	9M 2004 IFRS	Change %	LTM
Funds from operations (FFO)	18,712	17,522	6.8	25,492
Change in working capital	1,468	1,664	-11.8	-395
Cash Flow from operating activities	20,180	19,186	5.2	25,097
Investments	-19,768	-8,685	127.6	-23,814
Divestments	324	1,098	-70.5	1,346
Cash and cash equivalents in acquired/divested companies	-	-16		-4
Cash Flow from investment activities	-19,444	-7,603	-155.7	-22,472
Cash Flow before Financing activities	736	11,583	-93.6	2,625
Cash Flow from financing activities	1,506	-11,175		-2,603
Cash Flow for the period	2,242	408		22
Net debt at the end of the period	-63,800*	-57,850	10.3	-63,800

*Including Capital Securities

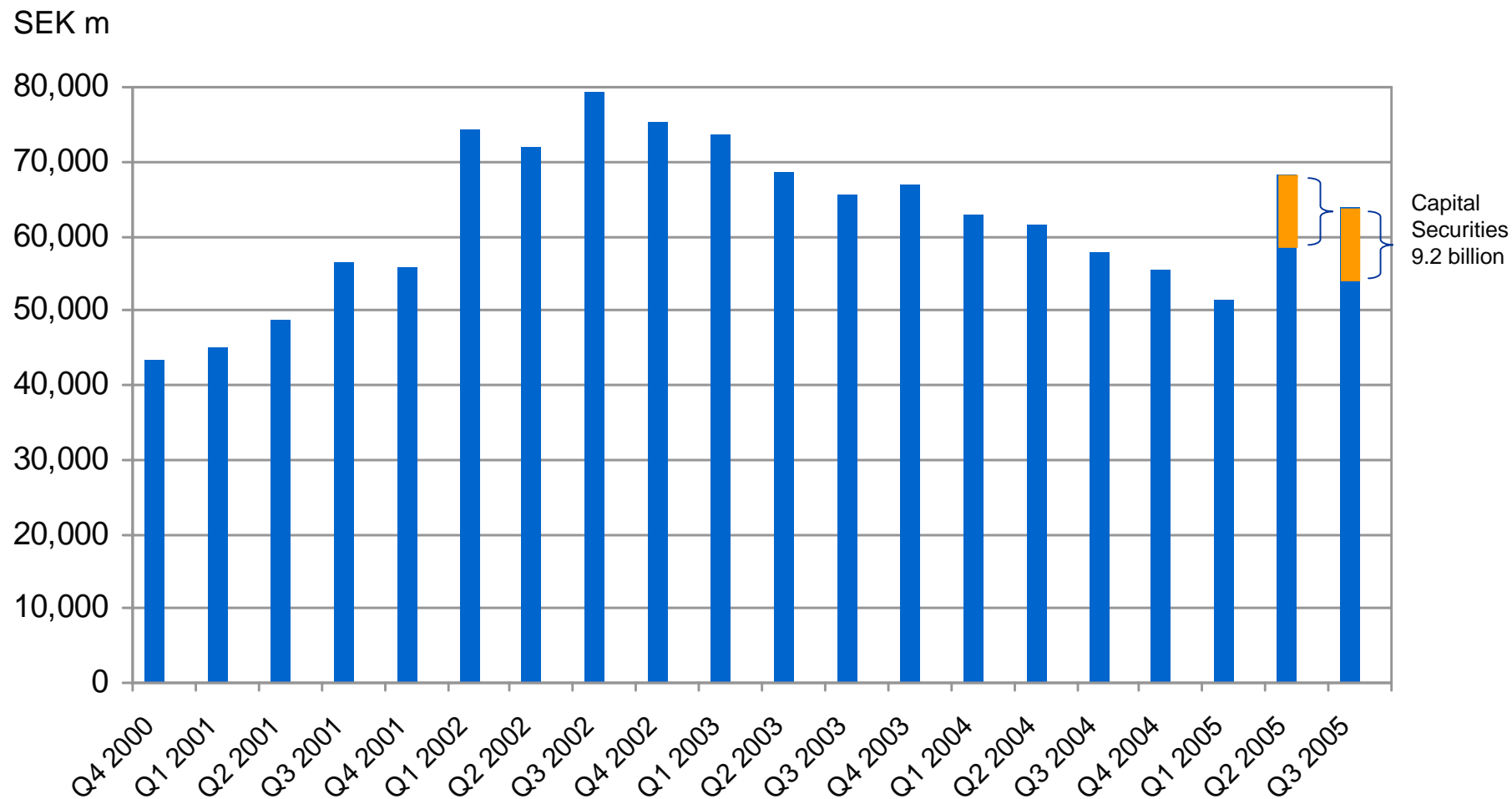
Consolidated Cash Flow Statement Q3

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Amounts in MSEK	Q3 2005 IFRS	Q3 2004 IFRS	Change %
Funds from operations (FFO)	3,921	2,794	40.3
Change in working capital	3,743	3,115	20.2
Cash Flow from operating activities	7,664	5,909	29.7
Investments	-4,432	-2,755	60.9
Divestments	73	474	-84.6
Cash and cash equivalents in acquired/divested companies	-	-	
Cash Flow from investment activities	-4,359	-2,281	-91.1
Cash Flow before Financing activities	3,305	3,628	-8.9
Cash Flow from financing activities	-468	-4,223	
Cash Flow for the period	2,837	-595	
Net debt at the end of the period	-63,800*	-57,850	10.3

*Including Capital Securities

Net Debt Reduction in Q3



Key Ratios (IFRS)

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Key Ratios (in % unless otherwise stated)		Q3 2005	Q3 2004	LTM
RoNA (1)(2)		15.0		15.0
RoE (1)(2)		17.6		17.6
Operating margin (1)	▲	11.9	11.0	18.1
Pre-tax profit margin (1)	▲	10.3	8.5	16.5
Pre-tax interest coverage, times (1)	▲	5.2	4.1	6.0
FFO/net debt (2)		40.0		40.0
FFO net interest coverage, times (2)	▲	16.0	9.4	14.5
Equity/assets ratio	▼	24.9	27.8	
Net Gearing - Net debt/equity, times	▲	0.79	0.72	
Capitalisation - Net debt/net debt + equity	▲	44.2	41.9	

1) Excluding items affecting comparability

2) Q3 2005 value = LTM

Financial Targets

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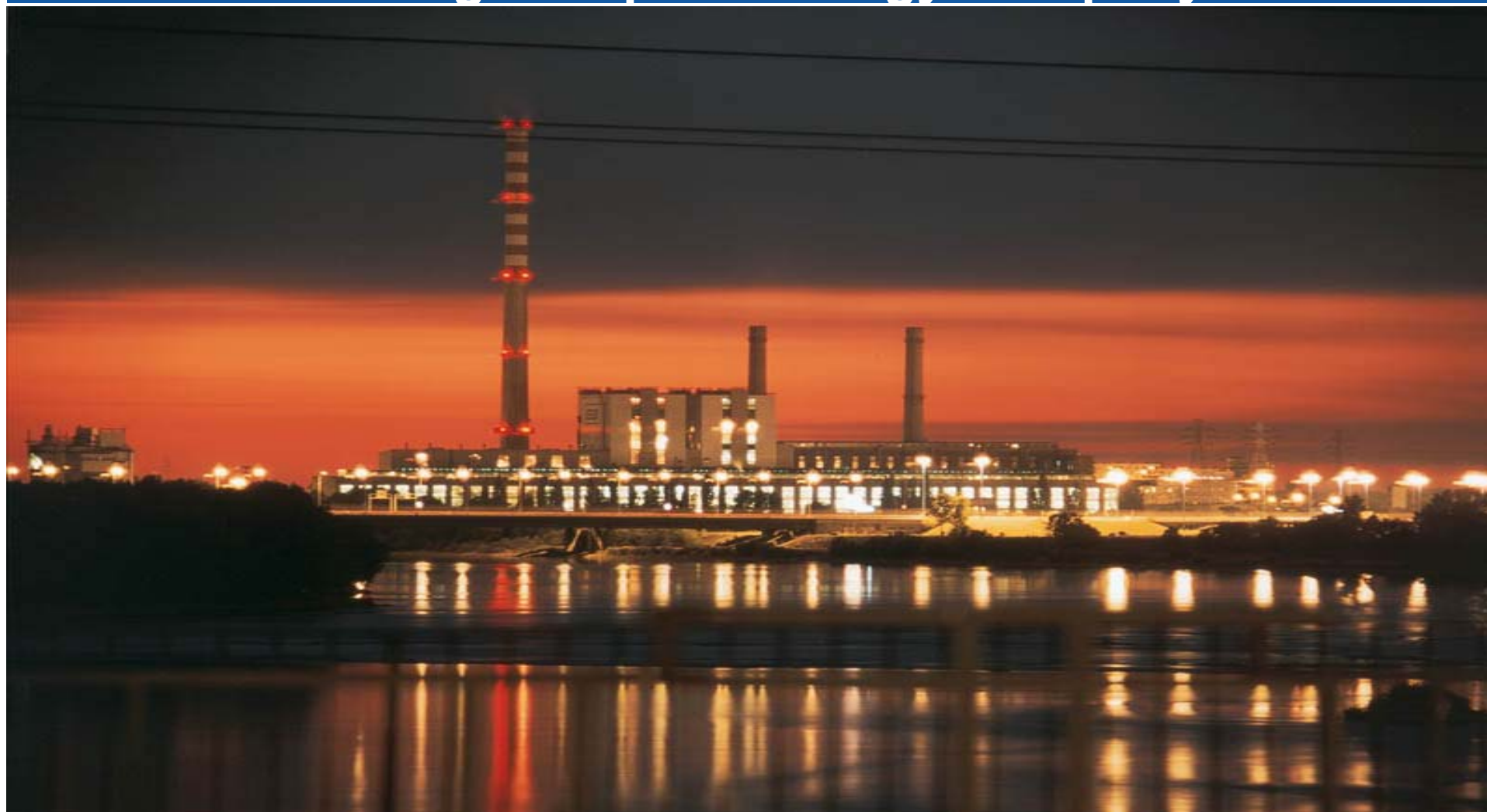
Key Ratio / Objective	Target	Q3 2005	FY 2004
Return on Equity (RoE)	15 % (on visible equity after tax over a business cycle)	16.5*	13.7
Return on Net Assets (RoNA, Excl. IAC)	11 % before tax (= 15 % RoE recalculated into the Groups RoNA requirement)	15.0*	13.3
Pre-tax interest coverage	3.5 – 5 times	5.2	4.8
Credit Rating	Single A category rating	A2/A- Positive outlook	Unchanged A3/A- Stable outlook
Profit improvement in German operations	Cost savings of MEUR 400-500 annually from 2005	Programme completed	MEUR 519

* LTM

Vattenfall

A Leading European Energy Company

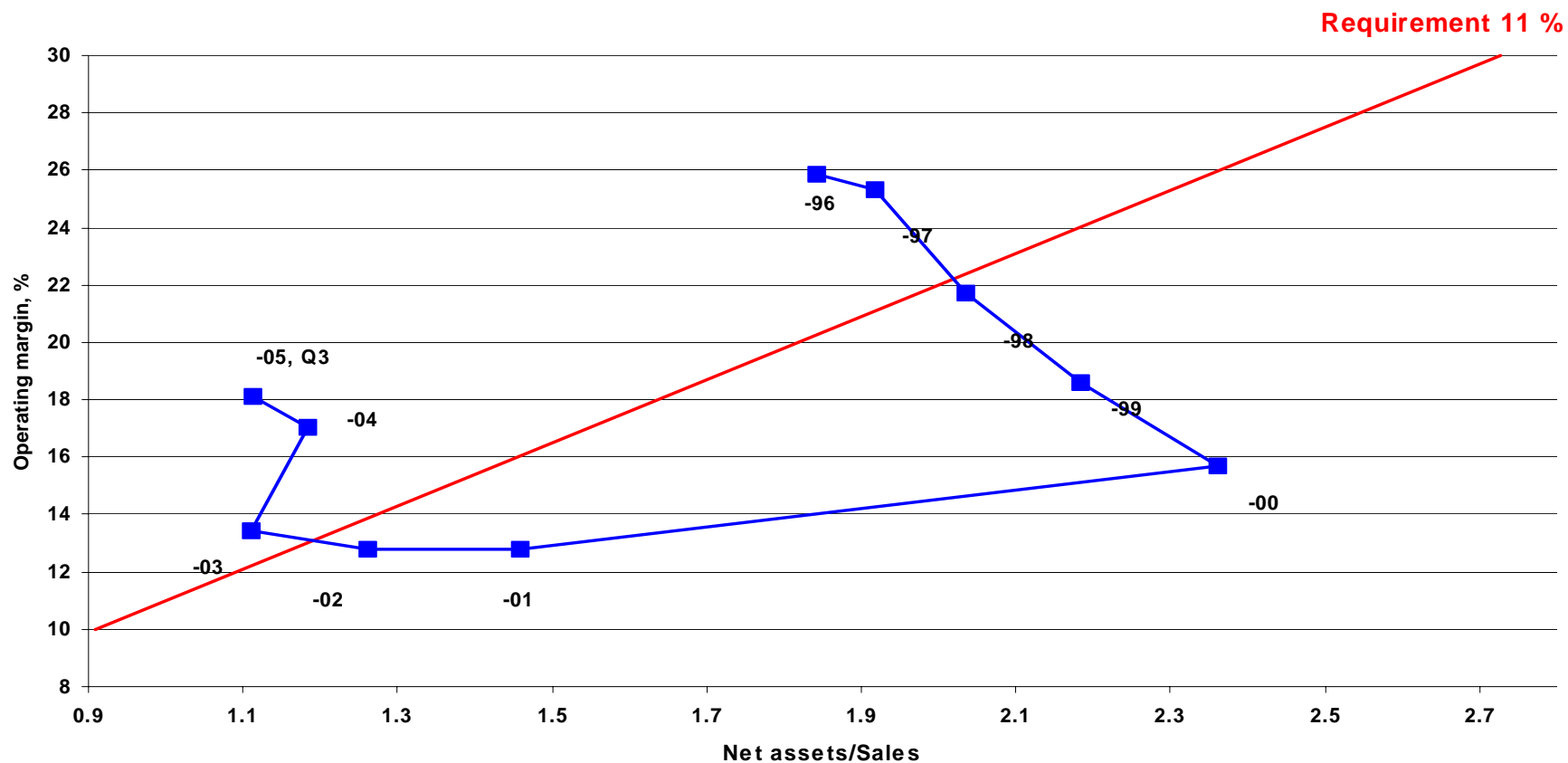
40



Back-up slides

Return on Net Assets

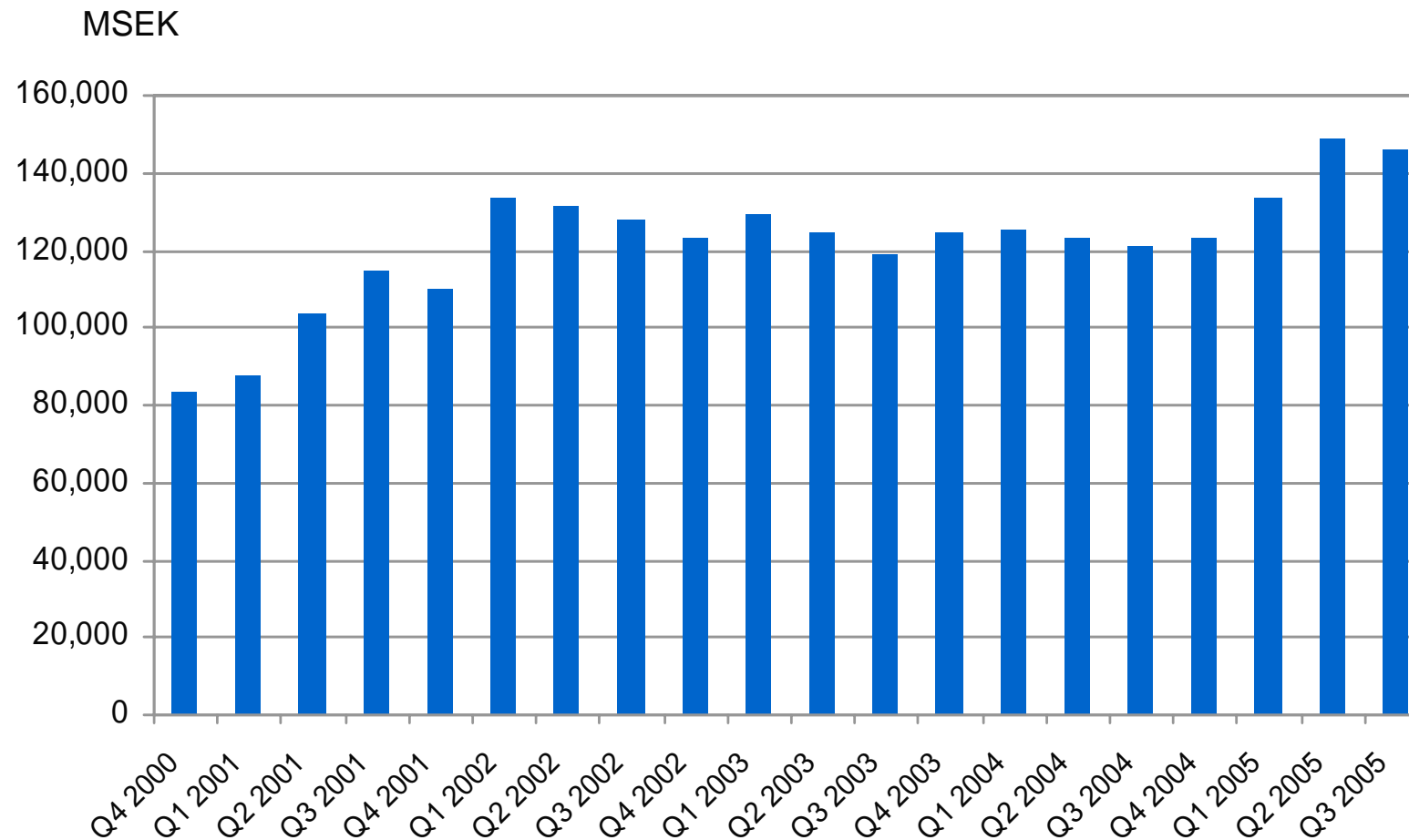
LTM figures, excl. IAC



*Figures for 2004 and 2005 according to IFRS

Net Asset Development

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Break Down of Group Liquidity

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Amounts in SEK million

As of

September 30, 2005

	Treasury	Germany	Poland	Others	Total	%
Cash and bank	1,818	829	284	3,687	6,618	40
Interest-bearing investments	1,851	1,698	2	193	3,744	22
Special Funds		2,661			2,661	16
Brunsbüttel		3,780			3,780	22
Shares		12			12	0
Total	3,669	8,980	286	3,880	16,815	100

Unused committed credit facilities amount to SEK **15 704** million and other unused credit- and overdraft facilities amount to SEK **10 215** million.

Break Down of Group Debt

45

Amounts in SEK million

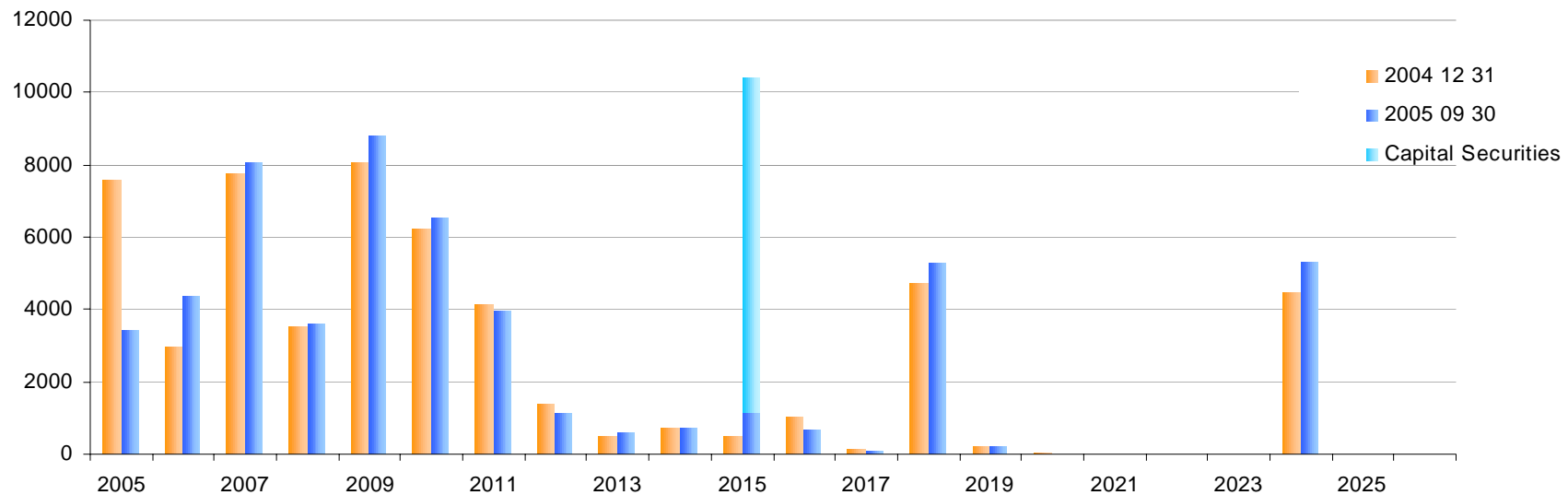
As of

September 30, 2005

	Treasury	Germany	Poland	Others	Total	%
Subordinated perpetual Capital Securities	9,176				9,176	11
Commercial papers	1,897				1,897	2
MTN	2,301				2,301	3
EMTN	40,668				40,668	50
Liabilities to assoc. companies		12,718		1	12,719	16
Liabilities to oth. shareholders		148		4,448	4,596	6
Bank loans and others	467	8,790	23	284	9,564	12
Total	54,509	21,656	23	4,733	80,921	100

Vattenfall Debt Maturity Profile

SEK million



Excluding loans from associated companies and minority owners

	Sept. 30, 2005	Dec. 31, 2004
Net debt (SEK bn)	63.8 ¹⁾	55.4
Duration (years)	3.3 ¹⁾	2.0*
Average time to maturity (years)	6.5 ¹⁾	6.7

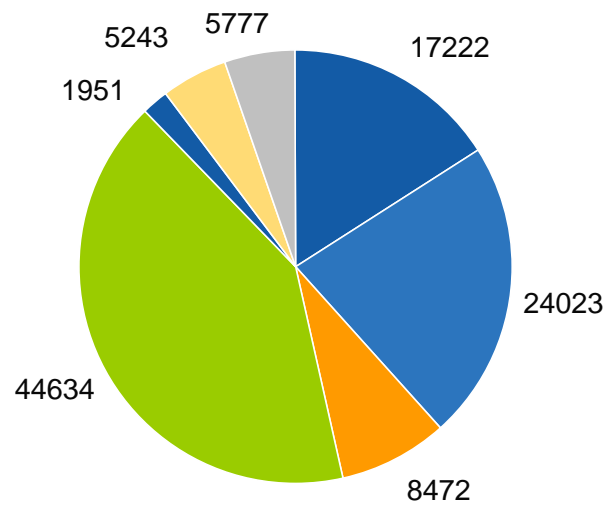
*Average fixed interest period (years)

¹⁾ Including Capital Securities of 9,176 million. Excluding Capital Securities, net debt amounts to SEK 54.6 billion, with duration of 2.5 years and average time to maturity of 5.9 years.

Group Provisions (IFRS)

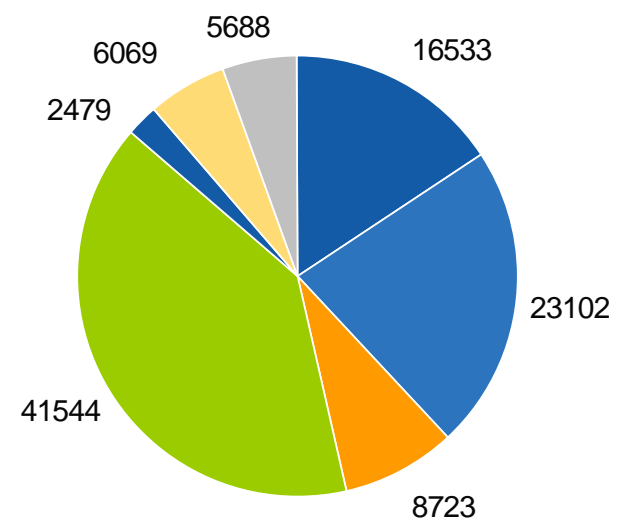
30 Sept 2005

107,322 MSEK



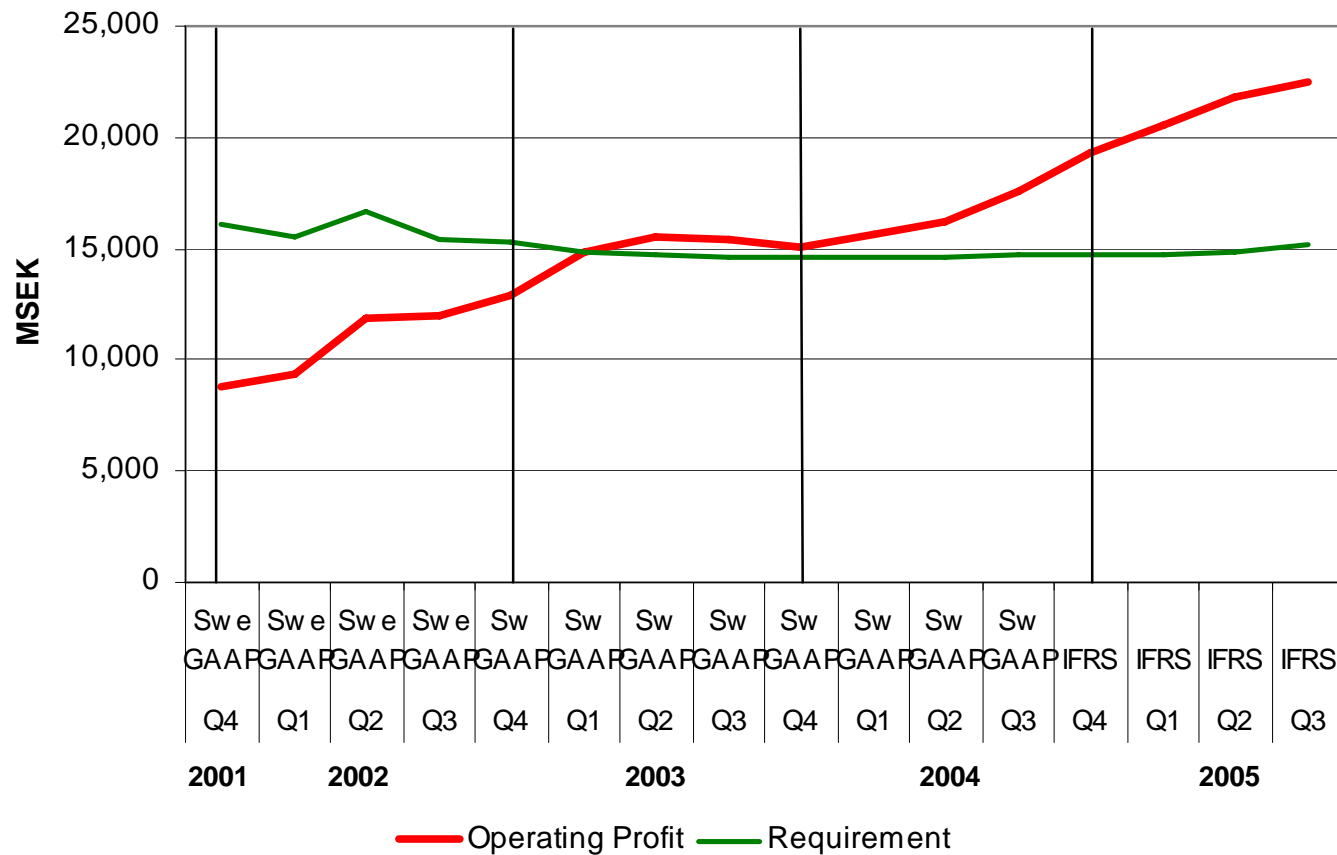
30 Sept 2004

104,138 MSEK



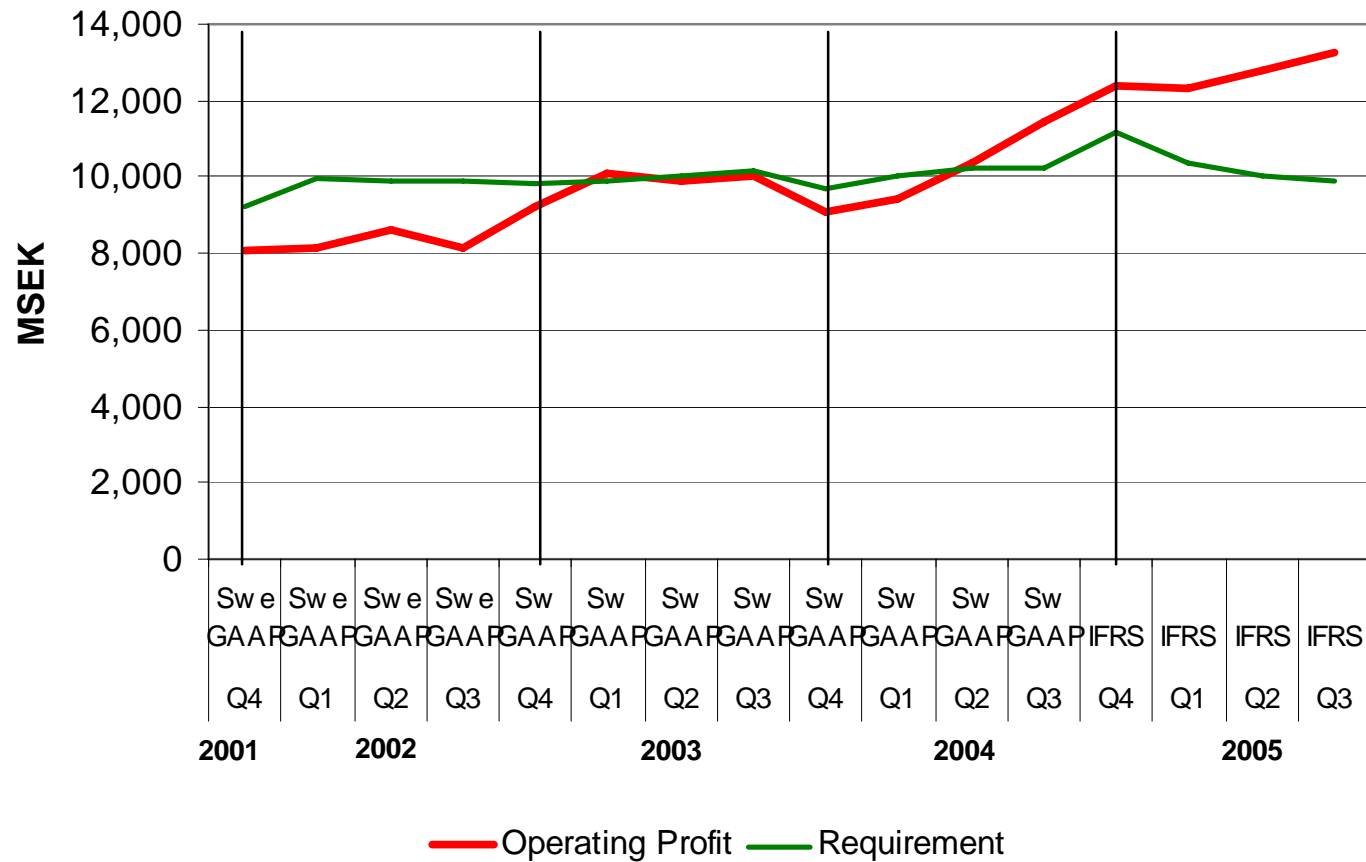
- Pensions
- Nuclear
- Mining
- Taxes
- Other
- Personnel
- Legal

Vattenfall Group – Gap Analysis (Top down)



Source: Vattenfall

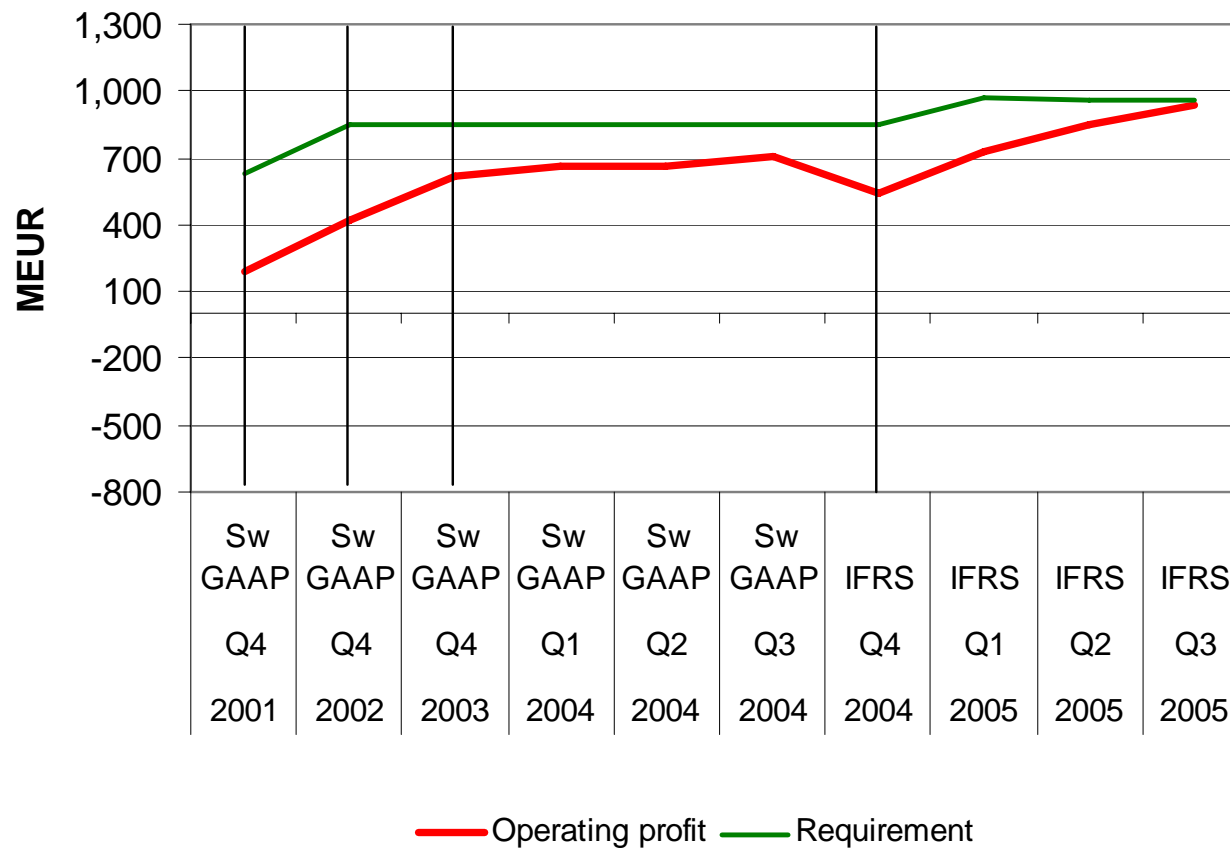
BG Nordic – Gap Analysis



Source: Vattenfall

BG Germany – Gap Analysis

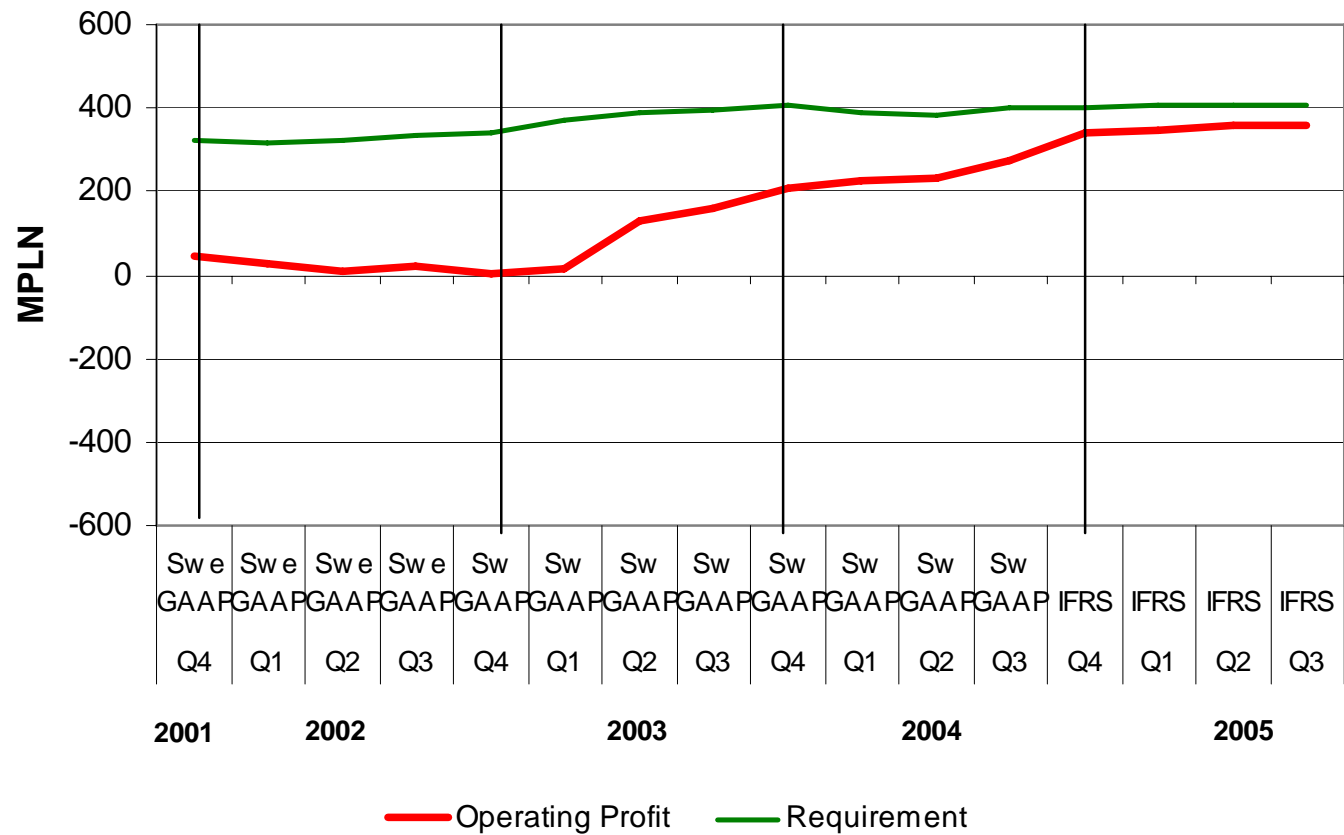
50



Source: Vattenfall

BU Poland – Gap Analysis

51



Source: Vattenfall