

Press release

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Reduced costs with fewer employees

Approximately 2,500 employees might leave the company when Vattenfall has to cut costs by SEK 3 billion during 2013 and by another SEK 1,5 billion 2014.

Øystein Løseth, President and CEO of Vattenfall, painted a picture of 2013 and the coming years with a low electricity demand, an oversupply of CO₂-emission allowances, production overcapacity and low electricity market prices when he and Ingrid Bonde, CFO and Deputy CEO, spoke at a meeting with the Vattenfall European Works Council today on Wednesday (6 March).

"This new reality requires efforts in further improving our efficiency and strengthening our financial position," he said.

Needs to adapt

Vattenfall now has to adapt to a greatly changed market situation, through divestments, a decreased investment plan, staff reductions and a focus on operational excellence according to Ingrid Bonde.

"We also have to continue evaluating our assets. We have recently announced the potential divestment of our Danish thermal business and the evaluation of a sale of our share of the lignite power plant Lippendorf in Germany. Other initiatives, which are currently being further explored, include potential divestments of non-core assets and the evaluation of strategic alternatives for underperforming generation assets."

Vattenfall focuses on a sustainable heat and electricity production by transforming the production to low emitting technologies, provide sustainable energy consumption by delivering smart energy solutions and achieve a sustainable economic performance by pursuing excellence in everything we do.

"A potential sale of our Danish thermal assets and our lignite block Lippendorf R in Germany could contribute significantly to achieving the target of lowering our CO₂-emissions to 65 million tonnes by 2020," Bonde said.

Reduced headcount

Vattenfall will cut costs during 2013 by SEK 3 billion and by another SEK 1,5 billion 2014. Several cost saving initiatives are now under way particularly focusing on administrative functions. These measures are expected to reduce the overall headcount by approximately 2,500 employees by the end of 2014.

"We can not see that synergies and savings have been fully realized yet in our staff and support functions, following the new business-led organization that we introduced in 2011. We see a strong potential for cost improvements in these areas, which will require staff reductions in all countries we operate in," Løseth said.

Employees currently working in staff and support functions in Berlin, Hamburg and Cottbus will mainly be affected.

The total reduction of staff in Germany is expected to be roughly 1,500 by the end of 2014.

For Sweden, a headcount reduction of approximately 400 is expected, approximately 500 for the Netherlands and in other countries 50.

"I would like to emphasize that Vattenfall wants to achieve potential headcount reductions in a socially responsible manner and in close cooperation with the employee representatives of the affected units in all countries," Løseth stated.

Vattenfall discloses this information pursuant to the Swedish Securities Market Act.

For more information, please contact:

Vattenfall's Press Office, telephone: +46 (0) 8 739 50 10, press@vattenfall.com