

# PRESS RELEASE

## Vattenfall's interim report January–September 2016: Cost focus and improved underlying operating profit

**Vattenfall today reported an underlying operating profit of SEK 14.6 billion for the first nine months of the year. Profit after tax for the period was weighed down heavily by impairment losses recognized during the second quarter.**

### CEO's comments:

"The third quarter marked an important milestone for Vattenfall. The sale of the lignite operations was a major step in adapting Vattenfall's operations to new market conditions and a long-term sustainable energy system. We are now pursuing our efforts in forming the new Vattenfall with the customer in focus," comments Magnus Hall, President and CEO of Vattenfall.

The underlying operating profit for continuing operations, excluding the lignite operations, improved by SEK 0.5 billion to SEK 14.6 billion for the first nine months of the year. Focus on lower costs, and considerably lower depreciation and amortisation as a result of the recognition of previous impairment losses, contributed to the earnings improvement, which was tempered by lower electricity prices.

Profit after tax for the period was weighed down heavily by the impairment losses recognized during the second quarter, mainly as a result of lower electricity prices, and amounted to SEK 1.8 billion for continuing operations and SEK -21.9 billion for Total Vattenfall, including the lignite operations.

"The growth of our customer base by nearly 120,000 contracts since the start of the year is an important development. We are seeing a growing number of customers who choose to recommend Vattenfall as their provider of energy solutions", says Magnus Hall.

Investments in the growth area of wind power continued, and reached SEK 6.2 billion. In September Vattenfall won the tendering process for the construction of two near shore wind farms totaling 350 MW in Denmark, which will make Vattenfall the country's largest wind power operator. Start of construction is pending approval by the Danish government.

"We are also continuing our active work on reducing our CO<sub>2</sub> emissions," says Magnus Hall. "Through combined investments totaling SEK 1 billion, we are replacing lignite with natural gas at the Klingenbergl power plant in Berlin, which will lower our annual CO<sub>2</sub> emissions by 600,000 tonnes."

The agreement on Swedish energy policy has created improved conditions for Vattenfall's hydro and nuclear power operations. "This is welcome", concludes Magnus Hall. "But the work on cost-cutting must continue to ensure that our plants remain competitive and profitable for a long time to come."

January–September in summary	Continuing operations* 9M 2016	Continuing operations* 9M 2015	Total Vattenfall 9M 2016	Total Vattenfall 9M 2015
Net sales (SEK million)	101,412	101,208	114,754	119,011
Underlying operating profit (SEK million)	14,602	14,123	14,750	14,092
Profit after tax (SEK million)	1,790**	-9,737**	-21,852	-22,225
Electricity generation (TWh)	86,4	85,5	127,3	127,2

\* Continuing operations, excluding the lignite operations.

\*\* Impairment losses for continuing operations: SEK 9,056 million (21,194).

**The full interim report, presentation slides and information about the press conference to be held at 10.30 a.m. CET on Thursday are available at [corporate.vattenfall.se](http://corporate.vattenfall.se).**

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

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