

Interim report January–March 2020

Business highlights, January–March 2020

- Continuity plans implemented amidst COVID-19
- Sale of 11 TWh in nuclear power production rights in Germany
- Final permit received for construction of the Kriegers Flak offshore wind farm in Denmark
- Vattenfall selected as preferred partner for a district heating project in Scotland
- Agreement to build one of Sweden's largest solar parks
- Sale of energy retail business in the UK

Financial highlights, January–March 2020

- Net sales decreased by 3% (-5% excluding currency effects) to SEK 48,160 million (49,552)
- Underlying operating profit¹ increased by 5% to SEK 10,187 million (9,673)
- Operating profit¹ increased by 51% to SEK 12,313 million (8,168)
- Profit for the period increased by 7% to SEK 6,900 million (6,420)

Dividend

- After the end of the quarter, Vattenfall's Board of Directors revised its previous dividend proposal for 2019 from SEK 7,245 million to SEK 3,623 million. The proposal was adopted by the Annual General Meeting

KEY DATA

Amounts in SEK million unless indicated otherwise	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
Net sales	48 160	49 552	166 360	164 968
Operating profit before depreciation, amortisation and impairment losses (EBITDA) ¹	16 900	12 587	42 445	46 758
Operating profit (EBIT) ¹	12 313	8 168	22 141	26 286
Underlying operating profit ¹	10 187	9 673	25 095	25 609
Profit for the period	6 900	6 420	14 861	15 341
Electricity generation, TWh	33.1	35.9	130.2	127.4
Sales of electricity, TWh ²	45.5	45.4 ³	169.4	169.5
- of which, customer sales	32.7	32.4	119.0	119.3
Sales of heat, TWh	5.4	7.3	17.1	15.2
Sales of gas, TWh	22.7	24.3	59.2	57.6
Return on capital employed, % ¹	9.4 ⁴	7.1 ⁴	8.5	9.4
FFO/adjusted net debt, % ¹	25.2 ⁴	18.1 ⁴	26.5	25.2

1) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

2) Sales of electricity also include sales to Nord Pool Spot and deliveries to minority shareholders.

3) The value has been adjusted compared with information previously published in Vattenfall's financial reports.

4) Last 12-month values.

CEO's comments

Stable quarter but a significantly deteriorated market situation



Vattenfall has had good preparedness to meet the pandemic that we are currently experiencing. As an operator of societally critical infrastructure, we have an important mission to continue delivering electricity and heat even in extreme situations like this. During the quarter we worked to minimize the risk for our employees at the same time as we implemented our continuity plans to ensure that our critical operations can continue.

We have seen a substantial drop in prices in the electricity markets. It began back in January, driven by an unusually warm winter with a high level of precipitation and strong winds. In pace with the spread of COVID-19 around the world, the trend strengthened with a decline in electricity consumption resulting from the shutdown of society and poorer economic outlook. For Vattenfall, the negative impact of the large price declines during the quarter was largely countered by price hedges, but the effects can still be clearly seen in the quarterly result. Against the background of significantly deteriorated market conditions and uncertainty about the economic development, the Board of Directors proposed a revision of the previously proposed dividend for 2019 from 7.2 to SEK 3.6 billion, which was also approved by the Annual General Meeting.

Despite this development, profit for the period increased by SEK 0.5 billion to SEK 6.9 billion. The increase is mainly explained by higher earnings from the operating activities together with a one-off effect from the sale of nuclear power production rights in Germany. A lower return from the Swedish Nuclear Waste Fund had a dampening effect.

Underlying operating profit increased by SEK 0.5 billion to SEK 10.2 billion. Storm Alfrida, which affected many grid customers in Sweden at the start of last year, accounted for a large share of the comparison difference. Our growth in wind power made a positive contribution together with an earnings improvement in the sales operations. Nuclear and hydro power experienced a strong negative impact of lower electricity prices at the same time that production margins narrowed in the heat operations.

In Power Generation we have handled the more strained market situation by lowering the output at several nuclear power reactors. We also chose to delay the restart of Ringhals 1 following this year's audit. However, owing to high reservoir levels and the impending spring run-off, hydro power has a high level of generation. Substantially lower electricity prices during the quarter were largely compensated by price hedging and higher earnings from the trading operations. Underlying operating profit decreased by SEK 0.9 billion to SEK 4.6 billion.

The sales activities remain stable, even though sales through home visits are strongly limited. A certain drop in volume has been noted for obvious reasons among our industrial customers. The Customers & Solutions segment reported an increase in underlying operating profit by SEK 0.6 billion, to SEK 1 billion. We are seeing improved profitability in our

markets on the Continent and continued customer growth in Germany. During the quarter, for strategic reasons the UK customer base of our British sales company iSupplyEnergy was sold.

Vattenfall's wind power generation increased during the first quarter supported by strong winds and new capacity from the Horns Rev 3 offshore wind farm in Denmark. Underlying operating profit for the Wind segment grew by SEK 0.7 billion to SEK 2.1 billion. Thus far we have not seen any significant impact from COVID-19 on our renewable energy investment projects. On the whole, however, today we have a very uncertain economic situation, which requires stricter prioritisation of projects. For example, we have decided to not participate in the Hollandse Kust Noord offshore wind tender in the Netherlands.

In the distribution operations, our operating expenses returned to more normal levels compared with 2019, when Storm Alfrida had a significant negative impact. Underlying operating profit was thereby SEK 0.8 billion higher and increased to SEK 2.1 billion. Operations are continuing according to plan and we are increasing our investments even though there is a risk for project delays due to the current situation.

The heat operations are stable in the prevailing situation. Naturally, they are also being affected by standstills in customers' operations and difficulties with certain maintenance deliveries, for example. However, we have good cooperation with external partners to reduce risks in these areas. During the quarter we expanded in energy solutions, and we are seeing positive development of our investment in district heating in the UK. Underlying operating profit for the heat business was SEK 0.9 billion. Adjusted for SEK 0.5 billion in effects from the sale of the district heating network in Hamburg and the closure of Hemweg 8 in Amsterdam in 2019, this still leaves us with a decrease of SEK 0.1 billion compared with the corresponding quarter a year ago. The situation remains strained, with depressed margins for plants that generate electricity using fossil fuels.

Vattenfall finds itself in a situation with dramatically deteriorated market conditions. We are working intensively to align our costs, investments and risks accordingly. But our goal to enable fossil-free living within one generation remains.

A handwritten signature in blue ink, appearing to read 'Magnus Hall'.

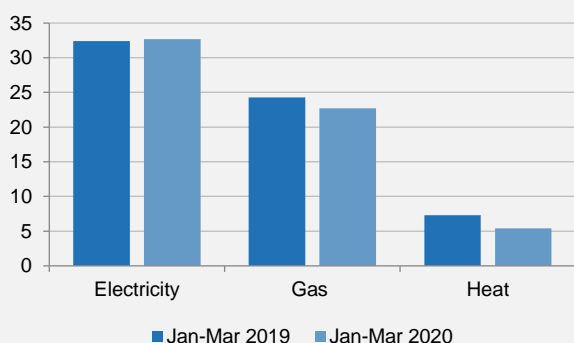
Magnus Hall
President and CEO

Group overview

Customer sales development

Sales of electricity, excluding sales to Nord Pool Spot and deliveries to minority shareholders, increased by 0.9 TWh to 32.7 TWh (32.4). Sales of gas decreased by 1.6 TWh to 22.7 TWh (24.3) as a result of warmer weather in the Netherlands and Germany. Sales of heat decreased by 1.9 TWh to 5.4 TWh (7.3).

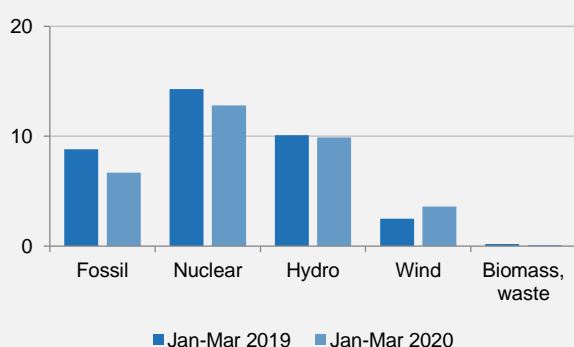
CUSTOMER SALES (TWh)



Generation development

Total electricity generation decreased by 2.8 TWh to 33.1 TWh (35.9). Lower fossil-based power generation (-2.1 TWh) and nuclear power generation (-1.5 TWh) was countered to some extent by higher wind power generation (+1.1 TWh).

ELECTRICITY GENERATION (TWh)



Price development

Average Nordic electricity spot prices were 67% lower, at EUR 15.5/MWh (46.9) during the first quarter of 2020 compared with the corresponding period in 2019, mainly owing to a very high hydrological balance. Spot prices in Germany were 35% lower, at EUR 26.6/MWh (40.9), and prices in the Netherlands decreased by 37% to EUR 30.5/MWh (48.6). Prices in Germany and the Netherlands were mainly affected by warm, windy and wet weather. Electricity futures prices for delivery in 2021 and 2022 were 12%-19% lower in the Nordic countries and 5%-16% lower in

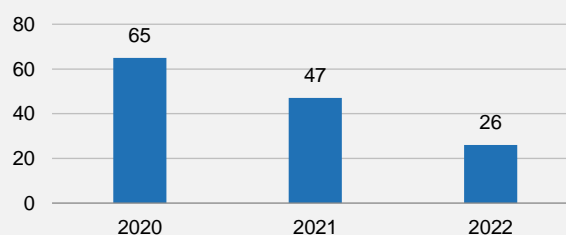
Germany and the Netherlands compared with the first quarter of 2019.

Compared with the first quarter of 2019, the average spot price for gas was 48% lower, at EUR 9.7/MWh (18.4). The spot price for coal was 34% lower at USD 48.9/t (74.4). The futures price for gas was 27% lower, at EUR 14.4/MWh (19.8), and the futures price for coal was 29% lower at USD 56.7/t (79.6). The price of CO₂ emission allowances remained stable compared with the same period a year ago at EUR 22.8/t (22.0), but the variation was large during the quarter, as the COVID-19 crisis had a large impact on prices starting in mid-March.

AVERAGE INDICATIVE NORDIC HEDGE PRICES (SE, DK, FI) AS PER 31 MARCH 2020, EUR/MWh

EUR/MWh	2020	2021	2022
	33	32	31

ESTIMATED NORDIC HEDGE RATIO (SE, DK, FI) AS PER 31



MARCH 2020 (%)

ACHIEVED NORDIC ELECTRICITY PRICES (SE, DK, FI)¹ EUR/MWh

	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
	27	36	32

SENSITIVITY ANALYSIS – CONTINENTAL PORTFOLIO (DE, NL, UK)

+/-10% price impact on future profit before tax, SEK million²

Market-quoted	2020	2021	2022	Observed yearly volatility ³
Electricity	+/- 846	+/- 1,311	+/- 1,343	18%-22%
Coal	-/+ 77	-/+ 137	-/+ 120	19%-22%
Gas	-/+ 433	-/+ 538	-/+ 694	20%-26%
CO ₂	-/+ 175	-/+ 303	-/+ 292	41%-42%

- 1) Achieved prices from the spot market and hedges. Includes Nordic hydro, nuclear and wind power generation.
- 2) The denotation +/- entails that a higher price affects operating profit favourably, and +/- vice versa.
- 3) Observed yearly volatility for daily price movements for each commodity, based on forward contracts. Volatility normally decreases the further ahead in time the contracts pertain to.

Net sales

Comment January–March: Consolidated net sales decreased by SEK 1.4 billion (SEK -2.5 billion excluding currency effects). The decrease is mainly attributable to lower electricity prices and lower revenue from the heat operations. This was countered by higher sales in the Wind operating segment, driven by portfolio growth and higher generation owing to higher wind speeds.

Earnings

Comment January–March: Underlying operating profit increased by SEK 0.5 billion, which is explained by:

- Higher earnings contribution from the Distribution operating segment (SEK 0.8 billion), mainly owing to the fact that 2019 was charged with costs for Storm Alfrida
- Higher earnings contribution from the Wind operating segment (SEK 0.7 billion), owing to new capacity and favourable wind conditions
- Higher earnings contribution from the Customers & Solutions operating segment (SEK 0.6 billion), mainly owing to customer growth and a strong contribution from Germany and lower depreciation in the Netherlands
- Lower earnings contribution from the Power Generation operating segment (SEK -0.9 billion), mainly owing to lower electricity prices in the Nordic countries
- Lower earnings contribution from the Heat operating segment (SEK -0.7 billion), mainly owing to lower production following the sale of the district heating operations in Hamburg and the closure of the Hemweg 8 power plant. Earnings were also affected by unfavourable production margins and warmer weather

Items affecting comparability amounted to SEK 2.1 billion (-1.5) and consisted mainly of the sale of nuclear power production rights in Germany (SEK 1.6 billion), unrealised changes in market value for energy derivatives and inventories (SEK 0.4 billion), and dissolution of provisions (SEK 0.4 billion).

Profit for the period was SEK 6.9 billion (6.4), where the positive effect of the higher underlying operating profit and items affecting comparability was countered by lower net financial items associated with a decrease in the fair value of the Swedish Nuclear Waste fund and higher tax costs.

Cash flow

Comment January–March: Funds from operations (FFO) increased by SEK 2.4 billion, mainly owing to a higher operating profit before depreciation, amortisation and impairment losses (EBITDA). Cash flow from changes in working capital was SEK -20.8 billion. The largest contributing factors were the net change in margin calls (SEK -8.4 billion), the net change in operating receivables and operating liabilities resulting from seasonal effects in the Customers & Solutions and Heat operating segments (SEK -6.6 billion), and changes related to CO₂ emission allowances (SEK -5.1 billion).

Important events after the balance sheet date

- On 21 April Vattenfall's Board of Directors revised its previous dividend proposal for 2019, from SEK 7.2 billion to SEK 3.6 billion. The proposal was adopted by the Annual General Meeting on 28 April.
- On April 27 the final investment decision was taken to construct the onshore wind farm South Kyle in Scotland. Vattenfall has entered a partnership with renewable infrastructure fund Greencoat UK Wind, who will acquire the wind farm following its completion.

KEY FIGURES – GROUP OVERVIEW

Amounts in SEK million	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
Net sales	48 160	49 552	166 360	164 968
Operating profit before depreciation, amortisation and impairment losses (EBITDA) ¹	16 900	12 587	42 445	46 758
Operating profit (EBIT) ¹	12 313	8 168	22 141	26 286
Underlying operating profit ¹	10 187	9 673	25 095	25 609
Items affecting comparability ¹	2 126	- 1 505	- 2 954	677
Profit for the period	6 900	6 420	14 861	15 341
Funds from operations (FFO) ¹	12 235	9 789	34 949	37 395
Cash flow from changes in operating assets and operating liabilities (working capital)	- 20 768	- 20 754	- 18 230	- 18 244
Cash flow from operating activities	- 8 533	- 10 965	16 719	19 151

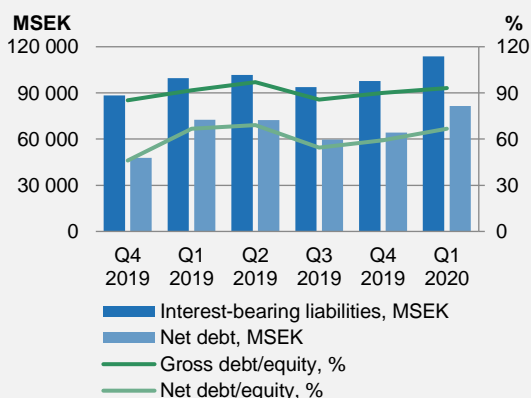
¹) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

Capital structure

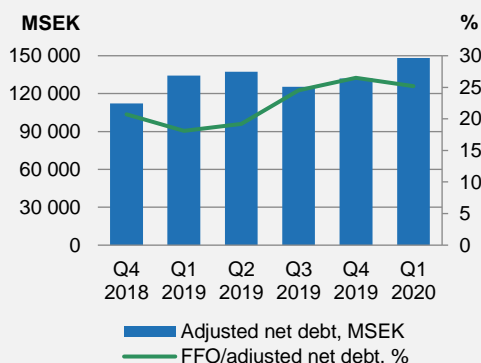
Cash and cash equivalents, and short-term investments decreased by SEK 1.4 billion compared with the level at 31 December 2019. Committed credit facilities consist of a EUR 2.0 billion Revolving Credit Facility that expires on 10 December 2021. As per 31 March 2020, available liquid assets and/or committed credit facilities amounted to 30% of net sales. Vattenfall's target is to maintain a level of no less than 10% of consolidated net sales, but at least the equivalent of the next 90 days' maturities.

Net debt and adjusted net debt increased by SEK 17.3 billion and SEK 16.3 billion, respectively, compared with the levels at 31 December 2019. This is mainly attributable to a negative cash flow after investments (SEK -13.1 billion), which is largely explained by the change in working capital (SEK -20.8 billion), where the effects came from the net change in margin calls, seasonal effects in the Customers & Solutions and Heat operating segments, and changes related to CO₂ emission allowances.

NET DEBT



ADJUSTED NET DEBT



Strategic targets and target achievement

In 2015 Vattenfall's Board of Directors decided that Vattenfall's strategic objectives should be 1) Leading towards Sustainable Consumption and 2) Leading towards Sustainable Production, with 3) High Performing Operations and 4) Empowered and Engaged People. Effective 1 January 2016 Vattenfall's Board adopted six strategic targets linked to these four strategic objectives. These strategic targets are outlined below. Though our strategy remains directionally the same, a new element has been added to reflect the importance of a connected and optimised energy system to enable fossil-free living. The updated strategy is described in more detail in Vattenfall's Annual and Sustainability Report 2019.

Strategic focus area	Targets for 2020	Q1 2019	Full year 2019
Leading towards Sustainable Consumption	1. Customer engagement, Net Promoter Score relative to peers¹ (NPS relative): +2	+1	+1
Leading towards Sustainable Production	2. Aggregated commissioned new renewables capacity 2016-2020: ≥2,300 MW	1,308 MW	1,226 MW
	3. Absolute CO₂ emissions pro rata: ≤21 Mt	3.9 Mt	19.3 Mt²
High Performing Operations	4. Return On Capital Employed (ROCE), last 12 months: ≥8%	9.4%	8.5%
Empowered and Engaged People	5. Lost Time Injury Frequency (LTIF): ≤1.25	1.9	2.1
	6. Employee Engagement Index³: ≥70%	-	69%

1) The target is a positive NPS in absolute terms and +2 compared to Vattenfall's peer competitors to be achieved by 2020.

2) Including the heat operations in Hamburg, which have been sold and where emissions amounted to 1.1 Mt during the period January-September.

3) Documentation for measurement of target achievement is derived from the results of an employee survey, which is conducted on an annual basis.

Operating segments



Customers & Solutions



Power Generation
– Generation



Power Generation
– Markets



Wind



Heat



Distribution

Amounts in SEK million	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
<u>Underlying operating profit</u>				
Customers & Solutions	1 019	397	1 337	1 959
Power Generation	4 557	5 438	15 437	14 556
- of which, trading	1 774	871	1 794	2 697
Wind	2 146	1 486	4 155	4 815
Heat	880	1 530	550	- 100
Distribution	2 074	1 267	4 998	5 805
- of which, Distribution Germany	332	360	1 132	1 104
- of which, Distribution Sweden	1 744	895	3 856	4 705
Other¹	- 457	- 361	- 1 274	- 1 370
Eliminations	- 32	- 84	- 108	- 56
Underlying operating profit	10 187	9 673	25 095	25 609

1) "Other" pertains mainly to all Staff functions, including Treasury and Shared Service Centres.

Customers & Solutions

The Customers & Solutions Business Area is responsible for sales of electricity, gas and energy services in all of Vattenfall's markets.

Improved earnings mainly driven by sales in Germany

- Strong contribution from sales in Germany and further customer growth
- Sale of UK retail business to EDF and of UK e-vehicle charging network to Statkraft
- E-mobility partnership with lubricant manufacturer Castrol



Net sales decreased slightly during the first quarter of 2020, mainly owing to lower prices in the Nordic countries and the Netherlands and to lower volumes in these markets due to warmer weather. This was partly offset by a larger customer base in Germany, higher volumes in the B2B segment in France and positive currency effects. Underlying operating profit increased mainly as a result of customer growth and a strong contribution from sales in Germany and lower depreciation in the Netherlands, as the customer contracts included in the acquisition of Nuon are now fully depreciated.

The customer base of Vattenfall's British electricity and gas sales business, iSupplyEnergy, was acquired by EDF in March. In connection with this transaction, Vattenfall's total customer

base decreased from 10.2 to 10.0 million contracts. Vattenfall also sold its e-vehicle charging network in the UK to Statkraft. However, this does not affect overall e-mobility growth ambitions, which are continuing in other markets. Vattenfall also continues to develop new renewable energy production, heat, B2B sales and distribution in the UK. Financial effects related to the transactions will be reported after their finalisation.

In January Vattenfall entered into a partnership with lubricant manufacturer Castrol under which Vattenfall's EV charging solutions are being offered to car dealerships in Germany. Vattenfall will also be able to offer photovoltaic charging stations and green electricity to the dealerships. The first charging station was installed at the start of the year outside Hamburg.

KEY FIGURES – CUSTOMERS & SOLUTIONS

Amounts in SEK million unless indicated otherwise	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
Net sales	26 280	26 687	89 859	89 452
External net sales	25 860	25 864	87 343	87 339
Underlying operating profit before depreciation, amortisation and impairment losses	1 242	783	3 021	3 480
Underlying operating profit	1 019	397	1 337	1 959
Sales of electricity, TWh	26.4	24.2	89.5	91.7
- of which, private customers	8.5	8.8	28.0	27.7
- of which, resellers	2.2	1.6	6.5	7.1
- of which, business customers	15.7	13.8	55.0	56.9
Sales of gas, TWh	21.4	22.5	54.2	53.1
Number of employees, full-time equivalents	3 167	3 112	3 150	

Power Generation

Power Generation comprises the Generation and Markets Business Areas. The segment includes Vattenfall's hydro and nuclear power operations, maintenance services business, and optimisation and trading operations including certain large business customers.

Hydrological balance well above normal puts pressure on electricity prices

- Lower prices largely countered by hedges and higher realised earnings from the trading operations
- Sale of 11 TWh of nuclear power production rights in Germany

Net sales decreased as a result of lower electricity prices in the Nordic countries and lower internal sales, which were largely offset by a positive hedge result and currency effects. Underlying operating profit thereby also decreased mainly as a result of lower achieved prices, which was partly compensated by a higher realised earnings contribution from the trading operations.

Nuclear power generation decreased by 1.5 TWh, mainly due to the closure of Ringhals 2. Combined availability for Vattenfall's nuclear power plants during the first quarter was 95.4% (91.8%). Due to the current circumstances, the restart of Ringhals 1 following its annual audit has been pushed back until after the summer.

Hydro power generation decreased by 0.2 TWh compared with the same period a year ago. At the end of the first quarter, Nordic reservoir levels were at 37% (23%) of capacity, which is 12 percentage points above the normal level and unusually high ahead of the impending spring run-off.



An additional 11 TWh of production rights from the Krümmel nuclear power plant in Germany were sold to PreussenElektra. Vattenfall's share of the purchase price was SEK 1.6 billion. The legal proceedings concerning PreussenElektra's lawsuit on the free transfer of 44 TWh of production rights from the co-owned nuclear power plant are ongoing.

The portfolio of renewable power purchase agreements (PPAs) has grown by 2 GW compared with a year ago, to 8 GW. Vattenfall is now one of the three largest actors in Germany with a portfolio of 6.2 GW.

A ten-year contract was signed with a subsidiary of Deutsche Telekom to supply electricity from a new solar park in Germany owned by a third party. The park has planned capacity of 60 MW, and construction is expected to start in mid-2021.

A price hedging contract has been entered into with Bane NOR, a state-owned company responsible for railway infrastructure in Norway. The contract covers 1.1 TWh and pertains to hedges for part of Bane NOR's electricity consumption in Norway.

KEY FIGURES – POWER GENERATION

Amounts in SEK million unless indicated otherwise	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
Net sales	26 244	34 479	102 378	94 143
External net sales	9 892	11 207	38 425	37 110
Underlying operating profit before depreciation, amortisation and impairment losses	5 541	6 364	19 207	18 384
Underlying operating profit	4 557	5 438	15 437	14 556
- of which, trading	1 774	871	1 794	2 697
Electricity generation, TWh	22.7	24.4	89.0	87.3
- of which, hydro power	9.9	10.1	35.7	35.5
- of which, nuclear power	12.8	14.3	53.3	51.8
Sales of electricity, TWh	5.6	7.5	27.0	25.1
- of which, resellers	5.1	6.4	22.8	21.5
- of which, business customers	0.5	1.1	4.2	3.6
Sales of gas, TWh	1.3	1.8	5.0	4.5
Number of employees, full-time equivalents	7 476	7 387	7 429	

Wind

The Wind Business Area is responsible for development, construction and operation of Vattenfall's wind farms as well as large-scale and decentralised solar power and batteries.

Significant earnings improvement following record production and capacity growth

- Strong winds combined with new capacity from the Horns Rev 3 offshore wind farm
- Final permit received for the Kriegers Flak offshore wind farm



Net sales and underlying operating profit increased during the first quarter of 2020 owing to new capacity (mainly the Horns Rev 3 offshore wind farm in Denmark) and higher production from strong winds. In February a record high level of wind power generation was achieved despite difficulties in conducting maintenance work caused by the strong winds.

In February the Danish Energy Agency (DEA) granted final approval for the Kriegers Flak offshore wind farm. Once completed in 2021, the wind farm will have a capacity of 605 MW, corresponding to the annual electricity consumption of 600,000 households. This entails an increase in Danish wind power generation capacity by 18%.

Vattenfall is growing in wind power in the Netherlands. Among other projects, work is in progress on the Wieringermeer onshore wind farm (303 MW), where 27 turbines have now been installed. The project is expected to be completed on schedule

during the third quarter of 2020. However, Vattenfall has decided to not participate in the tender for the Hollandse Kust Noord offshore wind farm.

The first electricity was generated from the large-scale solar energy project (7 MW) in Coevorden, the Netherlands. In Amsterdam, 17,000 solar panels were installed on one of the property company Merin's buildings. This makes the project the largest rooftop-based solar power system in the city, with total capacity of 4.8 MW.

After the end of the quarter, the final investment decision was taken to construct the onshore wind farm South Kyle in Scotland. The installed capacity will be 240 MW which corresponds to the annual electricity consumption of approximately 170,000 UK households. Vattenfall has entered a partnership with renewable infrastructure fund Greencoat UK Wind, who will acquire the wind farm following its completion.

KEY FIGURES – WIND

Amounts in SEK million unless indicated otherwise	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
Net sales	4 732	3 657	13 492	14 567
External net sales	3 061	1 839	6 578	7 800
Underlying operating profit before depreciation, amortisation and impairment losses	3 540	2 741	9 620	10 419
Underlying operating profit	2 146	1 486	4 155	4 815
Electricity generation - wind power TWh	3.6	2.5	9.7	10.8
Sales of electricity, TWh	0.4	0.4	1.3	1.3
Number of employees, full-time equivalents	1 052	906	1 000	

Heat

The Heat Business Area comprises Vattenfall's heat business (district heating and decentral solutions) and gas- and coal-fired condensing plants.

Expansion in energy solutions and district heating in parallel with continued margin pressure in condensing business

- Vattenfall selected as preferred energy partner for a district heating project in Midlothian, Scotland
- Contract to build one of Sweden's largest solar parks
Unfavourable spreads for gas- and coal-fired power generation and warm weather had negative earnings impact during the quarter

Net sales and underlying operating profit decreased compared with the same period a year ago, mainly owing to the sale of the district heating operations in Hamburg in September 2019 and the closure of the Hemweg 8 coal-fired power plant in December 2019. These effects impacted the comparison for net sales by SEK 1.8 billion and for underlying operating profit by SEK 0.5 billion. Lower clean dark spreads and clean spark spreads contributed to lower electricity generation, while sales of heat decreased as a result of warmer weather. Compared to year-end 2019, the number of customers increased by 0.4% to 1.8 million households.

In the UK, Vattenfall was selected as the preferred energy partner by the Midlothian Council for a project in Scotland. The project is a 50/50 joint venture and pertains to development of a district heating network that will initially source heat from a waste and recycling plant to some 1,800 households. This will reduce carbon emissions by 75% compared to conventional gas boiler heating, and over time the network will be expanded to also include other low-carbon sources of heat.



Vattenfall has entered into an agreement to design and build one of Sweden's largest solar parks in Uppsala commissioned by the property company Vasakronan. 11,000 solar panels will be installed on an area of approximately 7 hectares with planned output of 4.4 MW, corresponding to the electricity needs of 240 households.

In February Vattenfall's majority share (55%) in the Rugenberger Damm waste incineration plant in Hamburg was sold to the plant's other partner, Stadtreinigung Hamburg. The deal has economic effect from 1 January 2020, and the transaction is expected to close in May.

In February a new heat system was commissioned by the German military in Altstadt, entailing a complete phase-out of coal as a source of heat for operations. The system was installed by Vattenfall and is based mainly on biogas, resulting in an annual reduction in CO₂ emissions by approximately 3,000 tonnes.

KEY FIGURES – HEAT

Amounts in SEK million unless indicated otherwise	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
Net sales	7 052	10 537	31 403	27 918
External net sales	4 339	5 706	15 947	14 580
Underlying operating profit before depreciation, amortisation and impairment losses	1 816	2 400	4 409	3 825
Underlying operating profit	880	1 530	550	- 100
Electricity generation - TWh	6.8	9.0	31.5	29.3
- of which, fossil-based power	6.7	8.8	31.1	29.0
- of which, biomass, waste	0.1	0.2	0.4	0.3
Sales of electricity business customers, TWh	0.3	0.3	1.2	1.2
Sales of heat, TWh	5.4	7.3	17.1	15.2
Number of employees, full-time equivalents	3 355	3 874	3 310	

Distribution

The Distribution Business Area comprises Vattenfall's electricity distribution operations in Sweden, Germany (Berlin) and the UK.

Costs brought back to normal level with only mild winter storms

- Underlying operating profit improved, mainly owing to high costs for Storm Alfrida in the 2019 comparison period
- Procurement of electricity meters that meet new functional requirements in Sweden
- Agreement to build the Nordic region's largest battery storage facility in Uppsala
- Investments increased by 44% compared with the corresponding quarter a year ago

Net sales were unchanged during the first quarter of 2020 as a change in the tariff structure in the Swedish regional network was offset by the effect of lower distributed volumes in local networks and a lower contribution from Germany. Underlying profit increased as a result of lower costs, which were elevated in the preceding year by the impact of Storm Alfrida. The winter storms this year had a limited earnings impact.

Vattenfall continues to invest in the electricity network, and total investments in the distribution operations amounted to SEK 1.5 billion during the quarter, an increase of 44% compared with the first quarter of 2019.

On 1 October 2019, new functional requirements were introduced in Sweden for smart electricity meters and metering equipment. The new meters measure more frequently and provide more metering data, which promotes efficient grid operation. Another benefit is that they can handle consumption and production in the same meter, which will facilitate future growth in microgeneration. The requirements are to be met by 1 January 2025. A procurement was recently concluded that covered both meters and installation work. Replacement of the first meters will start in 2021.

A combination of high growth, housing construction and the establishment of new, electricity-intensive industries has resulted in a shortage of capacity in the electricity network, especially in urban areas and Sweden's Mälardalen region. Uppsala Municipality is experiencing rapid growth, with a greater need for electricity as a result. To enable continued



expansion, an agreement was signed to build the Nordic region's largest battery storage facility with enough capacity to operate the entire municipality's street lighting. The battery storage facility is part of an innovation project in which new business models and capacity services are being tested.

Vattenfall is developing new solutions for using the Swedish electricity network more efficiently until it can be built out. In Uppsala a new marketplace for output flexibility has been started within the framework of the EU CoordiNet project. A number of different actors working with everything from heat pumps, gas turbines and electric vehicle chargers are active in the new marketplace with the aim to contribute to increased flexibility in the electricity network.

In Germany, the legal process over the concession for the electricity network in Berlin is ongoing. The award of the concession to the city-owned company Berlin Energie was rejected in court at the end of 2019. Berlin Energie, in turn, appealed this ruling to the city's Higher Regional Court, and documentation for its appeal was filed in February. A judicial review is expected to take place in September, however, the legal processes are expected to continue for several years.

Vattenfall is continuing its investments and digitalisation of Berlin's electricity network. Smart electricity meters will be installed, and Vattenfall's subsidiary Stromnetz Berlin received clearance from the Federal Office for Information Security (BSI) to begin work after the summer. In total, 88,000 meters will be installed during the coming ten years.

KEY FIGURES – DISTRIBUTION

Amounts in SEK million unless indicated otherwise

	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
Net sales	6 144	6 132	22 540	22 552
External net sales	4 971	4 910	17 903	17 964
Underlying operating profit before depreciation, amortisation and impairment losses	2 910	2 051	8 248	9 107
Underlying operating profit	2 074	1 267	4 998	5 805
Number of employees, full-time equivalents	2 320	2 207	2 247	

Other

Other pertains mainly to all Staff functions, including Treasury and Shared Service Centres.

Net sales consist primarily of revenues attributable to Vattenfall's service organisations such as Shared Services, IT and Vattenfall Insurance.

KEY FIGURES – OTHER

Amounts in SEK million unless indicated otherwise	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
Net sales	1 399	1 353	5 556	5 602
External net sales	37	26	164	175
Underlying operating profit before depreciation, amortisation and impairment losses	- 244	- 163	- 457	- 538
Underlying operating profit	- 457	- 361	- 1 274	- 1 370
Number of employees, full-time equivalents	2 639	2 716	2 678	

Consolidated income statement

Amounts in SEK million	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
Net sales	48 160	49 552	166 360	164 968
Cost of purchases	- 24 893	- 27 720	- 87 580	- 84 753
Other external expenses	- 3 556	- 4 801	- 22 675	- 21 430
Personnel expenses	- 5 140	- 5 116	- 20 249	- 20 273
Other operating income and expenses, net	2 155	439	6 167	7 883
Participations in the results of associated companies	174	233	422	363
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	16 900	12 587	42 445	46 758
Depreciation, amortisation and impairments	- 4 587	- 4 419	- 20 304	- 20 472
Operating profit (EBIT)¹	12 313	8 168	22 141	26 286
Financial income ⁵	193	1 258 ²	2 703 ²	1 638 ²
Financial expenses ^{3,4,5}	- 3 611 ²	- 1 565	- 6 522	- 8 568 ²
Profit before income taxes	8 895	7 861	18 322	19 356
Income taxes expense	- 1 995	- 1 441	- 3 461	- 4 015
Profit for the period	6 900	6 420	14 861	15 341
Attributable to owner of the Parent Company	6 587	5 713 ⁶	13 173	14 047
Attributable to non-controlling interests	313	707 ⁶	1 688	1 294
Supplementary information				
Underlying operating profit before depreciation, amortisation and impairment losses	14 773	14 092	43 940	44 621
Underlying operating profit	10 187	9 673	25 095	25 609
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	- 1 237	- 763	- 3 774	- 4 248
1) Including items affecting comparability	2 126	- 1 505	- 2 954	677
- of which, capital gains	1	393	3 538	3 146
- of which, capital losses	- 6	- 6	- 25	- 25
- of which, impairment losses	- 1	—	- 1 459	- 1 460
- of which, provisions	428	—	- 3 431	- 3 003
- of which, unrealised changes in the fair value of energy derivatives	968	- 870	- 1 688	150
- of which, unrealised changes in the fair value of inventories	- 530	- 682	- 556	- 404
- of which, restructuring costs	- 18	- 101	- 148	- 65
- of which, other non-recurring items affecting comparability	1 284	- 239	815	2 338
2) Including return from the Swedish Nuclear Waste Fund	- 1 644	1 022	2 252	- 414
3) Including interest components related to pension costs	- 136	- 221	- 871	- 786
4) Including discounting effects attributable to provisions	- 537	- 566	- 2 297	- 2 268
5) Items affecting comparability recognised as financial income and expenses, net	—	2	- 1	- 3
6) The value has been adjusted compared with information previously published in Vattenfall's financial reports.				

Consolidated statement of comprehensive income

Amounts in SEK million	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
Profit for the period	6 900	6 420	14 861	15 341
Other comprehensive income				
Items that will be reclassified to profit or loss when specific conditions are met				
Cash flow hedges - changes in fair value	344	- 2 107	181	2 632
Cash flow hedges - dissolved against income statement	1 692	- 1 107	- 5 641	- 2 842
Cash flow hedges - transferred to cost of hedged item	- 51	- 17	- 34	- 68
Hedging of net investments in foreign operations	- 1 987	- 963	- 1 275	- 2 299
Translation differences, divested companies	—	—	- 94	- 94
Translation differences	5 013	2 047	2 728	5 694
Income taxes related to items that will be reclassified	292	1 231	2 157	1 218
Total items that will be reclassified to profit or loss when specific conditions are met	5 303	- 916	- 1 978	4 241
Items that will not be reclassified to profit or loss				
Remeasurement pertaining to defined benefit obligations	2 890	—	- 4 577	- 1 687
Income taxes related to items that will not be reclassified	- 867	—	1 244	377
Total items that will not be reclassified to profit or loss	2 023	—	- 3 333	- 1 310
Total other comprehensive income, net after income taxes	7 326	- 916	- 5 311	2 931
Total comprehensive income for the period	14 226	5 504	9 550	18 272
Attributable to owner of the Parent Company	13 377	4 584 ¹	7 757	16 550
Attributable to non-controlling interests	849	920 ¹	1 793	1 722

1) The value has been adjusted compared with information previously published in Vattenfall's financial reports.

Operating segments, Vattenfall Group

Amounts in SEK million	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
External net sales				
Customers & Solutions	25 860	25 864	87 343	87 339
Power Generation	9 892	11 207	38 425	37 110
Wind	3 061	1 839	6 578	7 800
Heat	4 339	5 706	15 947	14 580
Distribution	4 971	4 910	17 903	17 964
- of which, Distribution Germany	1 433	1 475	6 498	6 456
- of which, Distribution Sweden	3 510	3 402	11 288	11 396
Other ¹	37	26	164	175
Total	48 160	49 552	166 360	164 968
Internal net sales				
Customers & Solutions	420	823	2 516	2 113
Power Generation	16 352	23 272	63 953	57 033
Wind	1 671	1 818	6 914	6 767
Heat	2 713	4 831	15 456	13 338
Distribution	1 173	1 222	4 637	4 588
- of which, Distribution Germany	1 067	1 104	4 156	4 119
- of which, Distribution Sweden	112	129	509	492
Other ¹	1 362	1 327	5 392	5 427
Eliminations	- 23 691	- 33 293	- 98 868	- 89 266
Total	—	—	—	—
Total net sales				
Customers & Solutions	26 280	26 687	89 859	89 452
Power Generation	26 244	34 479	102 378	94 143
Wind	4 732	3 657	13 492	14 567
Heat	7 052	10 537	31 403	27 918
Distribution	6 144	6 132	22 540	22 552
- of which, Distribution Germany	2 500	2 579	10 654	10 575
- of which, Distribution Sweden	3 622	3 531	11 797	11 888
Other ¹	1 399	1 353	5 556	5 602
Eliminations	- 23 691	- 33 293	- 98 868	- 89 266
Total	48 160	49 552	166 360	164 968

Amounts in SEK million	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
<u>Operating profit before depreciation, amortisation and impairment losses (EBITDA)</u>				
Customers & Solutions	1 233	793	2 976	3 416
Power Generation	7 696	4 485	13 642	16 853
Wind	3 540	2 738	9 645	10 447
Heat	1 798	2 389	4 957	4 366
Distribution	2 907	2 050	8 236	9 093
- of which, Distribution Germany	602	608	2 175	2 169
- of which, Distribution Sweden	2 298	1 423	6 018	6 893
Other ¹	- 242	216	3 097	2 639
Eliminations	- 32	- 84	- 108	- 56
Total	16 900	12 587	42 445	46 758
<u>Underlying operating profit before depreciation, amortisation and impairment losses</u>				
Customers & Solutions	1 242	783	3 021	3 480
Power Generation	5 541	6 364	19 207	18 384
Wind	3 540	2 741	9 620	10 419
Heat	1 816	2 400	4 409	3 825
Distribution	2 910	2 051	8 248	9 107
- of which, Distribution Germany	605	611	2 189	2 183
- of which, Distribution Sweden	2 298	1 421	6 016	6 893
Other ¹	- 244	- 163	- 457	- 538
Eliminations	- 32	- 84	- 108	- 56
Total	14 773	14 092	43 940	44 621

Amounts in SEK million	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
<u>Operating profit (EBIT)</u>				
Customers & Solutions	1 009	406	1 157	1 760
Power Generation	6 712	3 559	9 870	13 023
Wind	2 146	1 483	3 603	4 266
Heat	861	1 519	354	- 304
Distribution	2 071	1 266	4 986	5 791
- of which, Distribution Germany	329	357	1 118	1 090
- of which, Distribution Sweden	1 744	896	3 858	4 706
Other ¹	- 454	19	2 279	1 806
Eliminations	- 32	- 84	- 108	- 56
Operating profit (EBIT)	12 313	8 168	22 141	26 286
Operating profit (EBIT)	12 313	8 168	22 141	26 286
Financial income and expenses	- 3 418	- 307	- 3 819	- 6 930
Profit before tax	8 895	7 861	18 322	19 356
<u>Underlying operating profit</u>				
Customers & Solutions	1 019	397	1 337	1 959
Power Generation	4 557	5 438	15 437	14 556
Wind	2 146	1 486	4 155	4 815
Heat	880	1 530	550	- 100
Distribution	2 074	1 267	4 998	5 805
- of which, Distribution Germany	332	360	1 132	1 104
- of which, Distribution Sweden	1 744	895	3 856	4 705
Other ¹	- 457	- 361	- 1 274	- 1 370
Eliminations	- 32	- 84	- 108	- 56
Underlying operating profit	10 187	9 673	25 095	25 609

1) "Other" pertains mainly to all Staff functions, including Treasury, Shared Service Centres and material capital gains and -losses.

Consolidated balance sheet

Amounts in SEK million	31 Mar 2020	31 Mar 2019	31 Dec 2019
Assets			
Non-current assets			
Intangible assets: non-current	19 763	19 029	18 735
Property, plant and equipment	261 842	246 251	256 700
Participations in associated companies and joint arrangements	5 087	5 480	4 827
Other shares and participations	343	340	333
Share in the Swedish Nuclear Waste Fund	44 260	43 406	45 691
Derivative assets	12 199	10 643	7 788
Deferred tax assets	16 016	12 335	14 583
Other non-current receivables	5 641	6 009	5 537
Total non-current assets	365 151	343 493	354 194
Current assets			
Inventories	13 506	12 952	13 353
Intangible assets: current	5 659	3 841	135
Trade receivables and other receivables	32 364	28 980	26 345
Contract assets	254	301	188
Advance payments paid	15 215	4 129	3 996
Derivative assets	15 388	12 898	10 080
Prepaid expenses and accrued income	10 361	10 854	7 853
Current tax assets	1 405	1 624	1 163
Short-term investments	22 972	14 555	22 551
Cash and cash equivalents	8 734	12 233	10 604
Assets held for sale	1 285	8 661	318
Total current assets	127 143	111 028	96 586
Total assets	492 294	454 521	450 780
Equity and liabilities			
Equity			
Attributable to owner of the Parent Company	107 008	92 680 ¹	93 631
Attributable to non-controlling interests	15 269	15 933 ¹	14 891
Total equity	122 277	108 613	108 522
Non-current liabilities			
Hybrid Capital	21 098	20 096	20 164
Other interest-bearing liabilities	50 742	48 980	52 405
Pension provisions	42 660	40 037	44 026
Other interest-bearing provisions	103 570	94 320	102 395
Derivative liabilities	11 480	10 249	7 833
Deferred tax liabilities	16 971	14 725	14 713
Contract liabilities	8 589	7 819	8 462
Other noninterest-bearing liabilities	2 202	2 304	2 134
Total non-current liabilities	257 312	238 530	252 132
Current liabilities			
Trade payables and other liabilities	28 439	27 981	27 809
Advance payments received	1 056	5 239	1 577
Derivative liabilities	17 997	19 705	13 701
Accrued expenses and deferred income	17 631	14 701	17 098
Current tax liabilities	1 386	678	1 502
Other interest-bearing liabilities	42 005	30 533	25 058
Interest-bearing provisions	3 613	3 756	3 371
Liabilities associated with assets held for sale	578	4 785	10
Total current liabilities	112 705	107 378	90 126
Total equity and liabilities	492 294	454 521	450 780

1) The value has been adjusted compared with information previously published in Vattenfall's financial reports.

SUPPLEMENTARY INFORMATION

Amounts in SEK million	31 Mar 2020	31 Mar 2019	31 Dec 2019
Calculation of capital employed			
Intangible assets: current and non-current	25 422	22 870	18 870
Property, plant and equipment	261 842	246 251	256 700
Participations in associated companies and joint arrangements	5 087	5 480	4 827
Deferred and current tax assets	17 421	13 959	15 746
Non-current noninterest-bearing receivables	3 848	3 662	3 758
Contract assets	254	301	188
Inventories	13 506	12 952	13 353
Trade receivables and other receivables	32 364	28 980	26 345
Prepaid expenses and accrued income	10 361	10 854	7 853
Unavailable liquidity	3 944	5 280	3 859
Other	444	433	530
Total assets excl. financial assets	374 493	351 022	352 029
Deferred and current tax liabilities	- 18 357	- 15 403	- 16 215
Other noninterest-bearing liabilities	- 2 202	- 2 304	- 2 134
Contract liabilities	- 8 589	- 7 819	- 8 462
Trade payable and other liabilities	- 28 439	- 27 981	- 27 809
Accrued expenses and deferred income	- 17 631	- 14 701	- 17 098
Total noninterest-bearing liabilities	- 75 460	- 68 208	- 71 904
Other interest-bearing provisions not related to adjusted net debt ¹	- 11 466	- 12 278	- 11 314
Capital employed²	287 567	270 536	268 811
Capital employed, average	279 052	265 229	260 190
Calculation of net debt			
Hybrid Capital	- 21 098	- 20 096	- 20 164
Bond issues and liabilities to credit institutions	- 49 315	- 37 272	- 38 829
Short-term debt, commercial papers and repo	- 20 177	- 20 921	- 17 453
Present value of liabilities pertaining to acquisitions of Group companies	- 28	- 51	- 28
Liabilities to associated companies	- 562	- 638	- 733
Liabilities to owners of non-controlling interests	- 10 819	- 10 490	- 10 647
Other liabilities	- 11 846	- 10 141	- 9 773
Total interest-bearing liabilities	- 113 845	- 99 609	- 97 627
Cash and cash equivalents	8 734	12 233	10 604
Short-term investments	22 972	14 555	22 551
Loans to owners of non-controlling interests in foreign Group companies	560	282	206
Net debt²	- 81 579	- 72 539	- 64 266
Calculation of adjusted gross debt and net debt			
Total interest-bearing liabilities	- 113 845	- 99 609	- 97 627
50% of Hybrid Capital ³	10 549	10 048	10 082
Present value of pension obligations	- 42 660	- 40 037	- 44 026
Provisions for gas and wind operations and other environment-related provisions	- 8 965	- 7 879	- 8 571
Provisions for nuclear power (net) ⁴	- 37 791	- 30 859	- 35 521
Margin calls received	5 809	3 833	3 706
Liabilities to owners of non-controlling interests due to consortium agreements	10 819	9 279	10 647
Adjustment related to assets/liabilities held for sale	—	- 668	—
Adjusted gross debt	- 176 084	- 155 892	- 161 310
Reported cash and cash equivalents and short-term investments	31 706	26 788	33 155
Unavailable liquidity	- 3 944	- 5 280	- 3 859
Adjusted cash and cash equivalents and short-term investments	27 762	21 508	29 296
Adjusted net debt²	- 148 322	- 134 384	- 132 014

1) Includes personnel-related provisions for non-pension purposes, provisions for tax and legal disputes and certain other provisions.

2) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

3) 50% of Hybrid Capital is treated as equity by the rating agencies, which thereby reduces adjusted net debt.

4) The calculation is based on Vattenfall's share of ownership in the respective nuclear power plants, less Vattenfall's share in the Swedish Nuclear Waste Fund and liabilities to associated companies. Vattenfall has the following ownership interests in the respective plants: Forsmark 66%, Ringhals 70.4%, Brokdorf 20%, Brunsbüttel 66.7%, Krümmel 50% and Stade 33.3%. (According to a special agreement, Vattenfall is responsible for 100% of the provisions and share in the Nuclear Waste Fund for Ringhals.)

Consolidated statement of cash flows

Amounts in SEK million	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
Operating activities				
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	16 900	12 587	42 445	46 758
Tax paid	- 1 307	- 681	- 1 528	- 2 154
Capital gains/losses, net	5	- 387	- 3 513	- 3 121
Interest received	68	81	329	316
Interest paid	- 1 265	- 1 428	- 2 969	- 2 806
Other, incl. non-cash items	- 2 166	- 383	185	- 1 598
Funds from operations (FFO)	12 235	9 789	34 949	37 395
Changes in inventories	- 465	272	- 196	- 933
Changes in operating receivables	- 12 179	- 8 335	- 6 294	- 10 138
Changes in operating liabilities	317	- 916	9 171	10 404
Other changes ¹	- 8 441	- 11 775	- 20 911	- 17 577
Cash flow from changes in operating assets and operating liabilities	- 20 768	- 20 754	- 18 230	- 18 244
Cash flow from operating activities	- 8 533	- 10 965	16 719	19 151
Investing activities				
Acquisitions in Group companies	- 66	- 764	- 754	- 56
Investments in associated companies and other shares and participations	- 43	122	256	91
Other investments in non-current assets	- 4 492	- 6 114	- 26 335	- 24 713
Total investments	- 4 601	- 6 756	- 26 833	- 24 678
Divestments	49	568	7 452	6 933
Cash and cash equivalents in acquired companies	—	147	148	1
Cash and cash equivalents in divested companies	—	—	- 3 542	- 3 542
Cash flow from investing activities	- 4 552	- 6 041	- 22 775	- 21 286
Cash flow before financing activities	- 13 085	- 17 006	- 6 056	- 2 135
Financing activities				
Changes in short-term investments	684	8 718	559	- 7 475
Changes in loans to owners of non-controlling interests in foreign Group companies	- 331	200	282	- 249
Loans raised ²	14 233	10 887	12 622	15 968
Amortisation of debt pertaining to acquisitions of Group companies	—	—	- 23	- 23
Amortisation of other debt	- 2 859	- 7 068	- 12 001	- 7 792
Effect of early termination of swaps related to financing activities	—	228	—	- 228
Dividends paid to owners	—	—	- 3 714	- 3 714
Contribution/repaid contribution from owners of non-controlling interests	- 471	- 488	- 1 138	- 1 121
Cash flow from financing activities	11 256	12 477	- 3 413	- 4 634
Cash flow for the period	- 1 829	- 4 529	- 9 469	- 6 769

Amounts in SEK million	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
Cash and cash equivalents				
Cash and cash equivalents at start of period	10 604	17 094	17 094	12 233
Cash and cash equivalents included in assets held for sale	- 236	- 369	2 992	3 125
Cash flow for the period	- 1 829	- 4 529	- 9 469	- 6 769
Translation differences	195	37	- 13	145
Cash and cash equivalents at end of period	8 734	12 233	10 604	8 734

SUPPLEMENTARY INFORMATION

Amounts in SEK million	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
Cash flow before financing activities	- 13 085	- 17 006	- 6 056	- 2 135
Financing activities				
Effects from terminating swaps related to financing activities	—	228	—	- 228
Dividends paid to owners	—	—	- 3 714	- 3 714
Contribution from owners of non-controlling interests	- 471	- 488	- 1 138	- 1 121
Cash flow after dividend	- 13 556	- 17 266	- 10 908	- 7 198
Analysis of change in net debt				
Net debt at start of period	- 64 266	- 47 728	- 47 728	- 72 539
Changed accounting principle (IFRS 16)	—	- 4 609	- 4 609	—
Cash flow after dividend	- 13 556	- 17 266	- 10 908	- 7 198
Changes as a result of valuation at fair value	- 544	- 244	- 456	- 756
Changes in interest-bearing liabilities for leasing	- 123	- 233 ⁴	- 711	- 601
Interest-bearing liabilities/short-term investments acquired/divested	—	- 2	- 11	- 9
Cash and cash equivalents included in assets held for sale	- 236	- 369	2 992	3 125
Interest-bearing liabilities associated with assets held for sale	26	- 792	- 792	26
Translation differences on net debt	- 2 880	- 1 296 ⁴	- 2 043	- 3 627
Net debt at end of period	- 81 579	- 72 539	- 64 266	- 81 579
Cash flow from operating activities	- 8 533	- 10 965	16 719	19 151
Maintenance/replacement investments	- 2 332	- 3 956	- 15 148	- 13 524
Free cash flow³	- 10 865	- 14 921	1 571	5 627

1) The value pertains mainly to changes in Margin calls related to commodity derivatives.

2) Short-term borrowings in which the duration is three months or shorter are reported net.

3) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

4) The value has been adjusted compared with information previously published in Vattenfall's financial reports.

INVESTMENTS

Amounts in SEK million	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
Electricity generation				
Hydro power	159	167	920	912
Nuclear power	469	564	2 213	2 118
Coal power	—	7	139	132
Gas	128	11	277	394
Wind power and solar PV	601	1 482	7 501	6 620
Biomass, waste	30	79	149	100
Total electricity generation	1 387	2 310	11 199	10 276
CHP/heat				
Fossil-based power	194	326	2 134	2 002
Biomass, waste	3	17	94	80
Other	210	345	2 188	2 053
Total CHP/heat	407	688	4 416	4 135
Electricity networks				
Electricity networks	1 507	1 045	7 071	7 533
Total electricity networks	1 507	1 045	7 071	7 533
Purchases of shares, shareholder contributions	109	642	498	- 35
Other investments	354	314	1 754	1 794
Total investments	3 764	4 999	24 938	23 703
Accrued investments, unpaid invoices (-)/ release of accrued investments (+)	837	1 757	1 895	975
Total investments with cash flow effect	4 601	6 756	26 833	24 678

Consolidated statement of changes in equity

Amounts in SEK million	31 Mar 2020			31 Mar 2019			31 Dec 2019		
	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests	Total equity
Balance brought forward	93 631	14 891	108 522	88 096	15 501	103 597	88 096	15 501	103 597
Profit for the period	6 587	313	6 900	5 713 ¹	707 ¹	6 420	13 173	1 688	14 861
Cash flow hedges - changes in fair value	344	—	344	- 2 112	5	- 2 107	181	—	181
Cash flow hedges - dissolved against income statement	1 692	—	1 692	- 1 107	—	- 1 107	- 5 624	- 17	- 5 641
Cash flow hedges - transferred to cost of hedged item	- 51	—	- 51	- 17	—	- 17	- 34	—	- 34
Hedging of net investments in foreign operations	- 1 987	—	- 1 987	- 963	—	- 963	- 1 275	—	- 1 275
Translation differences, divested companies	—	—	—	—	—	—	- 94	—	- 94
Translation differences	4 475	538	5 013	1 838	209	2 047	2 504	224	2 728
Remeasurement pertaining to defined benefit obligations	2 890	—	2 890	—	—	—	- 4 443	- 134	- 4 577
Income taxes related to other comprehensive income	- 573	- 2	- 575	1 232	- 1	1 231	3 369	32	3 401
Total other comprehensive income for the period	6 790	536	7 326	- 1 129	213	- 916	- 5 416	105	- 5 311
Total comprehensive income for the period	13 377	849	14 226	4 584	920	5 504	7 757	1 793	9 550
Dividends paid to owners	—	—	—	—	—	—	- 2 000	- 1 714	- 3 714
Group contributions from(+)/to(-) owners of non-controlling interests	—	—	—	—	—	—	—	30	30
Contribution to/from minority interest	—	- 471	- 471	—	- 488	- 488	—	- 1 138	- 1 138
Other changes in ownership	—	—	—	—	—	—	—	197	197
Other changes	—	—	—	—	—	—	- 222	222	—
Total transactions with equity holders	—	- 471	- 471	—	- 488	- 488	- 2 222	- 2 403	- 4 625
Balance carried forward	107 008	15 269	122 277	92 680	15 933	108 613	93 631	14 891	108 522
- Of which, Reserve for hedges	- 1 293	20	- 1 273	- 1 760	39	- 1 721	- 3 147	22	- 3 125

1) The value has been adjusted compared with information previously published in Vattenfall's financial reports.

Key ratios, Vattenfall Group

In % unless otherwise stated. (x) means times ¹	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
Operating margin	25.6	16.5	13.3	15.9
Operating margin ²	21.2	19.5	15.1	15.5
Pre-tax profit margin	18.5	15.9	11.0	11.7
Pre-tax profit margin ²	14.1	18.9	12.8	11.3
Return on equity	14.4 ³	13.8 ^{3,4}	14.0	14.4
Return on capital employed	9.4 ³	7.1 ³	8.5	9.4
Return on capital employed ²	9.2 ³	7.6 ³	9.6	9.2
EBIT interest cover (x)	4.5 ³	5.1 ³	5.3	4.5
EBIT interest cover (x) ²	4.4 ³	5.4 ³	6.0	4.4
FFO interest cover (x)	6.9 ³	7.2 ³	9.3	6.9
FFO interest cover, net (x)	9.8 ³	9.5 ³	10.3	9.8
Cash flow interest cover after maintenance investments (x)	2.0 ³	5.5 ³	1.5	2.0
FFO/gross debt	32.8 ³	24.4 ³	35.8	32.8
FFO/net debt	45.8 ³	33.5 ³	54.4	45.8
FFO/adjusted net debt	25.2 ³	18.1 ³	26.5	25.2
EBITDA/net financial items (x)	13.7	16.5	11.2	11.0
EBITDA/net financial items (x) ²	11.9	18.5	11.6	10.5
Equity/Total assets	24.8	23.9	24.1	24.8
Gross debt/equity	93.1	91.7	90.0	93.1
Net debt/equity	66.7	66.8	59.2	66.7
Gross debt/gross debt plus equity	48.2	47.8	47.4	48.2
Net debt/net debt plus equity	40.0	40.0	37.2	40.0
Net debt/EBITDA (x)	1.7 ³	2.0 ³	1.5	1.7
Adjusted net debt/EBITDA (x)	3.2 ³	3.7 ³	3.1	3.2

1) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

2) Based on Underlying operating profit.

3) Last 12-month values.

4) The value has been adjusted compared with information previously published in Vattenfall's financial reports.

Quarterly information, Vattenfall Group

Amounts in SEK million	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Income statement					
Net sales	48 160	46 179	35 938	34 691	49 552
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	16 900	8 844	13 499	7 515	12 587
Underlying Operating profit before depreciation, amortisation and impairment losses	14 773	13 165	8 416	8 268	14 092
Operating profit (EBIT)	12 313	2 427	8 677	2 869	8 168
Underlying operating profit	10 187	8 207	3 594	3 622	9 673
Profit before income taxes	8 895	173	7 798	2 490	7 861
Profit for the period	6 900	488	6 700	1 253	6 420
- of which, attributable to owner of the Parent Company	6 587	151	6 375	935 ¹	5 713 ¹
- of which, attributable to non-controlling interests	313	337	325	318 ¹	707 ¹
Balance sheet					
Non-current assets	365 151	354 194	354 122	349 931	343 569
Short-term investments	22 972	22 551	21 156	17 330	14 555
Cash and cash equivalents	8 734	10 604	12 773	11 676	12 233
Other current assets	95 437	63 431	58 339	75 095	84 164
Total assets	492 294	450 780	446 390	454 032	454 521
Equity	122 277	108 522	109 461	104 815	108 613
- of which, attributable to owner of the Parent Company	107 008	93 631	94 385	90 128 ¹	92 680 ¹
- of which, attributable to non-controlling interests	15 269	14 891	15 076	14 687 ¹	15 933 ¹
Hybrid Capital	21 098	20 164	20 622	20 272	20 096
Other interest-bearing liabilities	92 747	77 463	73 199	81 441	79 513
Pension provisions	42 660	44 026	48 321	44 560	40 037
Other interest-bearing provisions	107 183	105 766	98 952	98 983	98 076
Contract liabilities	8 589	8 462	8 391	8 163	7 819
Deferred tax liabilities	16 971	14 713	14 406	14 297	14 725
Other noninterest-bearing liabilities	80 769	71 664	73 038	81 501	85 642
Total equity and liabilities	492 294	450 780	446 390	454 032	454 521
Capital employed	287 567	268 811	265 390	270 533	270 536
Net debt	- 81 579	- 64 266	- 59 648	- 72 455	- 72 539
Cash flow					
Funds from operations (FFO)	12 235	11 520	7 583	6 057	9 789
Cash flow from changes in operating assets and operating liabilities	- 20 768	- 6 530	6 026	3 028	- 20 754
Cash flow from operating activities	- 8 533	4 990	13 609	9 085	- 10 965
Cash flow from investing activities	- 4 552	- 9 557	- 1 497	- 5 680	- 6 041
Cash flow before financing activities	- 13 085	- 4 567	12 112	3 405	- 17 006
Changes in short-term investments	684	- 1 913	- 3 636	- 2 610	8 718
Loans raised/Amortisation of debt, net, etc.	10 572	4 754	- 9 984	1 214	3 759
Dividends paid to owners	—	- 266	- 822	- 2 627	—
Cash flow from financing activities	11 256	2 575	- 14 442	- 4 023	12 477
Cash flow for the period	- 1 829	- 1 992	- 2 330	- 618	- 4 529
Free cash flow	- 10 865	- 1 171	10 940	6 725	- 14 921

1) The value has been adjusted compared with information previously published in Vattenfall's financial reports.

In % unless otherwise stated. (x) means times ¹	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Key ratios					
Return on equity	14.4	14.0	16.8	12.0 ⁴	13.8 ⁴
Return on capital employed ²	9.4	8.5	9.2	7.1	7.1
Return on capital employed ^{2,3}	9.2	9.6	8.3	7.5	7.6
EBIT interest cover (x) ²	4.5	5.3	6.0	5.1	5.1
EBIT interest cover (x) ^{2,3}	4.4	6.0	5.4	5.4	5.4
FFO/gross debt ²	32.8	35.8	32.7	25.9	24.4
FFO/net debt ²	45.8	54.4	51.5	36.4	33.5
FFO/adjusted net debt ²	25.2	26.5	24.5	19.2	18.1
Equity/assets ratio	24.8	24.1	24.5	23.1	23.9
Gross debt/equity	93.1	90.0	85.7	97.0	91.7
Net debt/equity	66.7	59.2	54.5	69.1	66.8
Net debt/net debt plus equity	40.0	37.2	35.3	40.9	40.0
Net debt/EBITDA (x) ²	1.7	1.5	1.4	2.0	2.0
Adjusted net debt/EBITDA (x) ²	3.2	3.1	3.0	3.7	3.7

1) See Definitions and calculations of key ratios for definitions of Alternative Performance Measures.

2) Last 12-month values.

3) Based on Underlying operating profit.

4) The value has been adjusted compared with information previously published in Vattenfall's financial reports.

NOTE 1 | Accounting policies, risks and uncertainties

Accounting policies

The consolidated accounts for 2020 have been prepared, as for the 2019 year-end accounts, in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and the Swedish Annual Accounts Act. This interim report for the Group has been prepared in accordance with IAS 34 – “Interim Financial Reporting”, and the Swedish Annual Accounts Act. The accounting policies and calculation methods applied in this interim report are the same as those described in Vattenfall's 2019 Annual and Sustainability Report in Note 3 to the consolidated accounts, Accounting policies. Amended IFRSs endorsed by the EU for application in the 2020 financial year have no significant effect on Vattenfall's financial statements.

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2019 Annual and Sustainability Report, pages 62-71. Apart from the information provided under “Important events” in this report, no other material changes have taken place since the publication of the Annual and Sustainability Report. Furthermore, the group assesses that materialized risks following the outbreak of Covid-19 are still in line with Vattenfall's risk assessments for the Annual and

Sustainability Report 2019. However the probability of further downside events has significantly increased compared to the pre-Covid-19 world

Other

Significant related-party transactions are described in Note 44 to the consolidated accounts in Vattenfall's 2019 Annual and Sustainability Report. No material changes have taken place in relations or transactions with related parties compared with the description in Vattenfall's 2019 Annual and Sustainability Report. In addition to the significant contingent liabilities described in Note 40 to the consolidated accounts in Vattenfall's 2019 Annual and Sustainability Report, the Nuclear Power plant Kernkraftwerk Krümmel GmbH & Co. OHG, in which Vattenfall has a shareholding of 50%, sold additional production rights during the first quarter 2020 to the co-shareholder PreussenElektra GmbH. Vattenfall's share of the sales price for the production rights sold in the first quarter is SEK 1.6 billion. The price for all production rights sold is subject to a court proceeding initiated by PreussenElektra. Should a lower price be confirmed by the court, a repayment has to be made.

NOTE 2 | Exchange rates

KEY EXCHANGE RATES APPLIED IN THE ACCOUNTS OF THE VATTENFALL GROUP

	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Average rate			
EUR	10.7147	10.3775	10.5572
DKK	1.4342	1.3902	1.4140
GBP	12.4881	11.9094	12.0391
USD	9.6949	9.1061	9.4180
	31 Mar 2020	31 Mar 2019	31 Dec 2019
Balance sheet date rate			
EUR	11.0613	10.3980	10.4468
DKK	1.4813	1.3929	1.3982
GBP	12.4785	12.1147	12.2788
USD	10.0961	9.2550	9.2993

NOTE 3 | Financial instruments by measurement category and related effects on income

For assets and liabilities with a remaining maturity less than three months (e.g., cash and bank balances, trade receivables and other receivables and trade payables and other payables), fair value is considered to be equal to the carrying amount. For other shares and participations the fair value is approximated by using cost.

The carrying amounts of financial assets do not differ significantly from their fair values. The difference between carrying amounts and fair values for financial liabilities amounts to SEK 4,414 million (31 December 2019: 7,580).

Financial instruments that are measured at fair value on the balance sheet are described below according to the fair value hierarchy (levels), which in IFRS 13 is defined as:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). In Level 2 Vattenfall reports mainly commodity derivatives, currency-forward contracts and interest rate swaps.

Level 3: Inputs for the asset or liability that are not based on observable market data.

FINANCIAL ASSETS AND LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON THE BALANCE SHEET AT 31 MARCH 2020

Amounts in SEK million	Level 1	Level 2	Level 3	Total
Assets				
Share in the Swedish Nuclear Waste Fund	44 260	—	—	44 260
Derivative assets	—	27 203	384	27 587
Short-term investments, cash equivalents and other shares and participations	15 150	9 278	—	24 428
Total assets	59 410	36 481	384	96 275
Liabilities				
Derivative liabilities	—	29 461	16	29 477
Total liabilities	—	29 461	16	29 477

FINANCIAL ASSETS AND LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON THE BALANCE SHEET AT 31 DECEMBER 2019

Amounts in SEK million	Level 1	Level 2	Level 3	Total
Assets				
Share in the Swedish Nuclear Waste Fund	42 038	—	—	42 038
Derivative assets	—	37 905	1	37 906
Short-term investments, cash equivalents and other shares and participations	15 471	13 361	—	28 832
Total assets	57 509	51 266	1	108 776
Liabilities				
Derivative liabilities	—	41 191	96	41 287
Total liabilities	—	41 191	96	41 287

The Parent Company Vattenfall AB

Accounting policies

The Parent Company Vattenfall AB's accounts are prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 – Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. The accounting policies used in this interim report are the same as those described in Vattenfall's 2019 Annual and Sustainability Report, Note 3 to the Parent Company accounts, Accounting policies. New accounting policies applicable from 1 January 2020 has had no significant effect on the Parent Company's financial statements.

January – March 2020

A condensed income statement and balance sheet for the Parent Company are presented below.

- Net sales amounted to SEK 20,166 million (15,757).
- Profit before appropriations and income taxes was SEK 10,016 million (7,021).
- Earnings are positively impacted by unrealized changes in fair value of energy derivatives.
- The balance sheet total was SEK 287,112 million (31 December 2019: 282,662).
- Investments during the year amounted to SEK 175 million (255),

- Cash and cash equivalents, and short-term investments amounted to SEK 27,595 million (31 December 2019: 28,573).

Presentation of Parent Company income statements

See Note 1 to the consolidated accounts, Accounting policies, risks and uncertainties.

Risks and uncertainties

See Note 1 to the consolidated accounts, Accounting policies, risks and uncertainties.

Other

Significant related-party transactions are described in Note 44 to the consolidated accounts, Related party disclosures, in Vattenfall's 2019 Annual and Sustainability Report. No material changes have taken place in relations or transactions with related parties compared with the description in Vattenfall's 2019 Annual and Sustainability Report.

Parent Company income statement

Amounts in SEK million	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
Net sales	20 166	15 757	49 807	54 216
Cost of purchases	- 6 792	- 6 383	- 28 256	- 28 665
Other external expenses	- 1 120	- 699	- 3 697	- 4 118
Personnel expenses	- 604	- 611	- 2 083	- 2 076
Other operating incomes and expenses, net	- 235	66	160	- 141
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	11 415	8 130	15 931	19 216
Depreciation, amortisation and impairments	- 143	- 122	- 525	- 546
Operating profit (EBIT)	11 272	8 008	15 406	18 670
Result from participations in subsidiaries	—	—	8 226	8 226
Result from participations in associated companies	—	—	1	1
Other financial income	30	425	1 592	1 197
Other financial expenses	- 1 286	- 1 412	- 4 137	- 4 011
Profit before appropriations and income taxes	10 016	7 021	21 088	24 083
Appropriations	115	713	498	- 100
Profit before income taxes	10 131	7 734	21 586	23 983
Income taxes	- 2 143	- 1 670	- 2 890	- 3 363
Profit for the period	7 988	6 064	18 696	20 620

Parent Company balance sheet

Amounts in SEK million	31 Mar 2020	31 Mar 2019	31 Dec 2019
Assets			
Non-current assets			
Intangible assets: non-current	374	191	333
Property, plant and equipment	5 263	4 692	5 273
Shares and participations	160 549	149 792	160 465
Deferred tax assets	—	1 173	762
Other non-current receivables	70 285	64 525	66 195
Total non-current assets	236 471	220 373	233 028
Current assets			
Inventories	403	273	383
Intangible assets: current	286	530	168
Current receivables	21 998	20 464	20 510
Current tax assets	359	—	—
Short-term investments	22 133	13 706	21 702
Cash and cash equivalents	5 462	12 704	6 871
Total current assets	50 641	47 677	49 634
Total assets	287 112	268 050	282 662
Equity, provisions and liabilities			
Equity			
Restricted equity			
Share capital (131,700,000 shares with a share quota value of SEK 50)	6 585	6 585	6 585
Revaluation reserve	37 989	37 989	37 989
Other reserves	1 313	1 358	1 480
Non-restricted equity			
Retained earnings	65 341	48 601	46 479
Profit for the period	7 988	6 064	18 696
Total equity	119 216	100 597	111 229
Untaxed reserves	11 483	11 040	11 598
Provisions	5 286	5 276	5 219
Non-current liabilities			
Hybrid capital	21 100	20 100	20 167
Other interest-bearing liabilities	36 344	39 087	40 494
Deferred tax liabilities	1 310	—	—
Other noninterest-bearing liabilities	12 148	11 159	12 148
Total non-current liabilities	70 902	70 346	72 809
Current liabilities			
Hybrid capital	—	—	—
Other interest-bearing liabilities	72 532	73 935	70 892
Current tax liabilities	41	80	249
Other noninterest-bearing liabilities	7 652	6 776	10 666
Total current liabilities	80 225	80 791	81 807
Total equity, provisions and liabilities	287 112	268 050	282 662

Definitions and calculations of key ratios

Alternative Performance Measures

In order to ensure a fair presentation of the Group's operations, the Vattenfall Group uses a number of Alternative Performance Measures that are not defined in IFRS or in the Swedish Annual Accounts Act. The Alternative Performance Measures that Vattenfall uses are described

below, including their definitions and how they are calculated. The Alternative Performance Measures used are unchanged compared with earlier periods.

	Definition
EBIT:	Operating profit (Earnings Before Interest and Tax)
EBITDA:	Operating profit before depreciation, amortisation and impairment losses (Earnings Before Interest, Tax, Depreciation and Amortisation)
Items affecting comparability:	Capital gains and capital losses from shares and other non-current assets, impairment losses and reversed impairment losses and other material items that are of an infrequent nature. Also included here are, for trading activities, unrealised changes in the fair value of energy derivatives, which according to IFRS 9 cannot be recognised using hedge accounting and unrealised changes in the fair value of inventories. See Consolidated income statement for a specification of items affecting comparability.
Underlying EBITDA:	Underlying operating profit before depreciation, amortisation and impairment losses. This measure is intended to provide a better view on the operating result by excluding items affecting comparability that are of an infrequent nature, while also excluding non-cash depreciation and amortisation.
Underlying operating profit:	Operating profit (EBIT) excluding items affecting comparability. This measure is intended to provide a better view on the operating result by excluding items affecting comparability that are of an infrequent nature.
FFO:	Funds From Operations, see Consolidated statement of cash flow
Free cash flow:	Cash flow from operating activities less maintenance investments
Interest-bearing liabilities	See Consolidated balance sheet - Supplementary Information
Net debt:	See Consolidated balance sheet - Supplementary Information
Adjusted net debt:	See Consolidated balance sheet - Supplementary Information
Capital employed:	Total assets less financial assets, noninterest-bearing liabilities and certain other interest-bearing provisions not included in adjusted net debt. see Consolidated balance sheet - Supplementary Information
Other definitions	Definition
Hybrid Capital:	Perpetual subordinated securities, junior to all Vattenfall's unsubordinated debt instruments.
LTIF:	Lost Time Injury Frequency (LTIF) is expressed in terms of the number of lost time work injuries (per 1 million hours worked), i.e., work-related accidents resulting in absence longer than one day, and accidents resulting in fatality.

CALCULATION OF EBITDA, UNDERLYING EBITDA AND UNDERLYING EBIT

Amounts in SEK million	Jan-Mar 2020	Jan-Mar 2019	Full year 2019	Last 12 months
Operating profit (EBIT)	12 313	8 168	22 141	26 286
Depreciation, amortisation and impairment losses	- 4 587	- 4 419	- 20 304	- 20 472
Operating profit before depreciation, amortisation and impairment losses (EBITDA)	16 900	12 587	42 445	46 758
Items affecting comparability excl. impairment losses and reversed impairment losses	- 2 127	1 505	1 495	- 2 137
Underlying operating profit before depreciation, amortisation and impairment losses	14 773	14 092	43 940	44 621
Operating profit (EBIT)	12 313	8 168	22 141	26 286
Items affecting comparability	- 2 126	1 505	2 954	- 677
Underlying operating profit	10 187	9 673	25 095	25 609

The key ratios are presented as percentages (%) or times (x).

KEY RATIOS BASED ON CONTINUING OPERATIONS AND LAST 12-MONTH VALUES APRIL 2019 – MARCH 2020

Operating margin, %	= 100 x	$\frac{\text{EBIT}}{\text{Net sales}}$	$\frac{26\,286}{164\,968}$	=	15.9
Operating margin excl items affecting comparability, %	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Net sales}}$	$\frac{25\,609}{164\,968}$	=	15.5
Pre-tax profit margin, %	= 100 x	$\frac{\text{Profit before income taxes}}{\text{Net sales}}$	$\frac{19\,356}{164\,968}$	=	11.7
Pre-tax profit margin excl items affecting comparability, %	= 100 x	$\frac{\text{Profit before income taxes excl items affecting comparability}}{\text{Net sales}}$	$\frac{18\,682}{164\,968}$	=	11.3
Return on equity, %	= 100 x	$\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl the Reserve for cash flow hedges}}$	$\frac{14\,047}{97\,882}$	=	14.4
Return on capital employed, %	= 100 x	$\frac{\text{EBIT}}{\text{Capital employed, average}}$	$\frac{26\,286}{279\,052}$	=	9.4
Return on capital employed excl items affecting comparability, %	= 100 x	$\frac{\text{Underlying EBIT}}{\text{Capital employed, average}}$	$\frac{25\,609}{279\,052}$	=	9.2
EBIT interest cover, (x)	=	$\frac{\text{EBIT + financial income excl return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl discounting effects attributable to provisions}}$	$\frac{28\,338}{6\,300}$	=	4.5
EBIT interest cover excl Items affecting comparability, (x)	=	$\frac{\text{Underlying EBIT + financial income excl Return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl discounting effects attributable to provisions}}$	$\frac{27\,661}{6\,300}$	=	4.4
FFO interest cover, (x)	=	$\frac{\text{FFO + financial expenses excl discounting effects attributable to provisions}}{\text{Financial expenses excl discounting effects attributable to provisions}}$	$\frac{43\,695}{6\,300}$	=	6.9
FFO interest cover, net, (x)	=	$\frac{\text{FFO + financial items net excl discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial items net excl discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}$	$\frac{41\,643}{4\,248}$	=	9.8

Cash flow interest cover after maintenance investments, (x)	=	<div> Cash flow from operating activities less maintenance investments + financial expenses excl Discounting effects attributable to provisions and interest components related to pension costs 11 141 </div> <div> Financial expenses excl discounting effects attributable to provisions and interest components related to pension costs 5 514 </div>	=	2.0
FFO/gross debt, %	= 100 x	<div> FFO 37 395 </div> <div> Interest-bearing liabilities 113 845 </div>	=	32.8
FFO/net debt, %	= 100 x	<div> FFO 37 395 </div> <div> Net debt 81 579 </div>	=	45.8
FFO/adjusted net debt, %	= 100 x	<div> FFO 37 395 </div> <div> Adjusted net debt 148 322 </div>	=	25.2
EBITDA/net financial items, (x)	=	<div> EBITDA 46 758 </div> <div> Financial items net excl discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund 4 248 </div>	=	11.0
EBITDA excl items affecting comparability/net financial items, (x)	=	<div> EBITDA excl items affecting comparability 44 621 </div> <div> Financial items net excl discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund 4 248 </div>	=	10.5

KEY RATIOS BASED ON THE BALANCE SHEET PER 31 MARCH 2020

Equity/total assets, %	= 100 x	<div> Equity 122 277 </div> <div> Balance sheet total 492 294 </div>	=	24.8
Gross debt/equity, %	= 100 x	<div> Interest-bearing liabilities 113 845 </div> <div> Equity 122 277 </div>	=	93.1
Net debt/equity, %	= 100 x	<div> Net debt 81 579 </div> <div> Equity 122 277 </div>	=	66.7
Gross debt/gross debt equity, %	= 100 x	<div> Interest-bearing liabilities 113 845 </div> <div> Interest-bearing liabilities + equity 236 122 </div>	=	48.2
Net debt/net debt plus equity, %	= 100 x	<div> Net debt 81 579 </div> <div> Net debt + equity 203 856 </div>	=	40.0
Net debt/EBITDA, (x)	=	<div> Net debt 81 579 </div> <div> EBITDA 46 758 </div>	=	1.7
Adjusted net debt/EBITDA, (x)	=	<div> Adjusted net debt 148 322 </div> <div> EBITDA 46 758 </div>	=	3.2

Interim report signature

Solna, 29 April 2020

Magnus Hall
President and CEO

This interim report has not been reviewed by the company's auditor.

Financial calendar

Interim report January-June, 21 July 2020

Interim report January-September, 27 October 2020

Year-end report 2020, 4 February 2021 (preliminary)

Contact information

Vattenfall AB (publ)
SE-169 92 Stockholm
Corporate identity number 556036-2138
T +46-8-739 50 00

www.vattenfall.com

www.vattenfall.se

Magnus Hall
President and CEO
T +46-8-739 50 09

Anna Borg
CFO
T +46-8-739 64 28

Johan Sahlqvist
Head of Investor Relations
T +46-8-739 72 51

Vattenfall's press office
T +46-8-739 50 10
press@vattenfall.com

This information is such that Vattenfall AB is obliged to make public in accordance with the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08.00 CEST on 29 April 2020. This report has been prepared in both Swedish and English versions. In the event of discrepancies between the two versions, the Swedish version shall govern.