

Press release

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Vattenfall's first quarter 2016: Stable earnings - increased production and lower costs

Vattenfall's first quarter earnings improved as a result of increased production and lower costs. Underlying operating profit amounted to SEK 8,136 million, an increase of approximately 5 percent compared with the quarter a year ago. However, the negative price trend put continued pressure on operations.

First quarter in summary:

- Net sales of SEK 45,929 million (45,377)
- Underlying operating profit of SEK 8,136 million (7,736)
- Operating profit of SEK 10,011 million (8,386)
- Profit after tax of SEK 6,602 million (4,987)
- Electricity generation of 48.7 TWh (46.4)

CEO's comments:

"Good water supply for the hydro power plants, higher capacity at Ringhals 4 and greater availability at Forsmark 1 contributed to higher generation volumes. However, the negative price trend with subsequently lower production margins is putting continued pressure on Vattenfall," says Magnus Hall, President and CEO.

"At the same time that hedging of our future electricity generation has served us well, we are also seeing a continued dramatic drop in futures prices," says Magnus Hall.

The quarter was characterised by efforts to shift Vattenfall's production portfolio and by measures to strengthen the company's financial position and profitability, including cost-cutting and investment partnerships.

"We have set a clear direction in our strategy and our strategic targets, where sustainability is integrated as a natural component. The agreement to sell our lignite operations shows that we are taking strong measures to adapt the portfolio in the right direction," says Magnus Hall.

The sale will result in a CO₂ exposure reduction by approximately 60 million tonnes, representing more than 70 percent of Vattenfall's total emissions in 2015, whilst the share of Vattenfall's climate-neutral production will increase to more than 75 percent from current levels of approximately 50 percent.

"Renewable energy production will make up an increasingly larger part of the portfolio and contribute to sustainable and profitable growth. At the same time that we are breaking ground on our first large-scale solar farm, we have also concluded a partnership deal with the pension company AMF on a wind farm," says Magnus Hall.

Nuclear power generation increased during the first quarter of the year, but Vattenfall's continued operation of nuclear power in Sweden remains challenged as a result of the nuclear tax, which needs to be abolished in order to secure Sweden's energy supply and enable the transition to a fully renewable energy system.

"A sustainable production portfolio together with customer-centric energy solutions makes up the core of the new Vattenfall. We will be a climate-neutral company by 2050," concludes Magnus Hall.

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

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Vattenfall is a Swedish and state owned energy company with operations in Sweden, Germany, the Netherlands, Denmark, UK and Finland. "Energy You Want" - Vattenfall's vision is to be a dedicated partner to its customers and society at large, providing convenient and innovative energy solutions. Vattenfall aims to be a leader in sustainable production, ensuring reliable and cost-efficient energy supply.