

PRESS RELEASE, 28 July 2011

German nuclear power decision weighs down operating profit by SEK 10.2 billion

Vattenfall is reporting a lower operating profit for the second quarter, 12.2 SEK billion, mainly due to the German parliament's decision to phase out the country's nuclear power, but also because the company could not repeat the high production and sales volumes it had during the corresponding quarter a year ago.

- Net sales decreased by 18.6% to SEK 40,443 million (49,713) for the second quarter and by 23.3% to SEK 92,311 million (120,370) for the first half of the year.

- Operating profit for the second quarter decreased by SEK 12,202 million to SEK -3,239 (8,963). The decrease is mainly attributable to a one-off effect of SEK 10.2 billion caused by the German parliament's decision to phase out the country's nuclear power. As a result of the decision, Vattenfall has been forced to recognise an impairment loss for the book value of the Brunsbüttel and Krümmel nuclear power plants in Germany and to increase provisions for dismantling and handling of nuclear fuel. Lower production and sales volumes for electricity, gas and heat, and average lower electricity prices received as a result of currency effects, had a negative effect of SEK 3.6 billion. Lower costs for operations and maintenance, sales and administration, by SEK 0.7 billion, and capital gains from the sale of shares in subsidiaries and associated companies, as well as from real estate, totalling SEK 1.4 billion, had a positive effect on operating profit (See the half year report for a more detailed account of the change in operating profit).

- Profit for the period (after tax) decreased by SEK 8,420 million to SEK -3,235 million (5,185).

- Vattenfall's electricity generation decreased by 8.9% during the second quarter of 2011, to 37.7 TWh (41.4). Hydro power generation decreased by 10.1% to 7.1 TWh (7.9); nuclear power generation decreased by 17.1% to 10.2 TWh (12.3); fossil-based power generation decreased by 4.4% to 19.5 TWh (20.4); wind power generation increased to 0.7 TWh (0.4). Electricity generation based on biomass and waste decreased to 0.2 TWh (0.4). Sales of heat decreased by 22.1% to 6.0 TWh (7.7). Sales of gas decreased by 19.1% to 7.2 TWh (8.9).

Comment by Øystein Løseth, President and CEO: "Vattenfall is reporting a lower result for the second quarter, mainly due to the German parliament's decision to phase out the country's nuclear power, but also because the company could not repeat the high production and sales volumes it had during the corresponding quarter a year ago. As a result of Germany's decision to phase out the country's nuclear power, Vattenfall has been forced to recognise an impairment loss for the book value of its two nuclear power plants in Germany and increase provisions, which together resulted in one-off charges against operating profit for the second quarter. Vattenfall respects the German parliament's decision and expects fair compensation for the company's financial losses. The phase-out of nuclear power in Germany will result in an acceleration of the transition to renewable energy generation in Germany. Vattenfall sees business opportunities in this transition and intends to continue actively participating in the development of new projects. The lower production and sales volumes for electricity, gas and heat, and average lower prices received as a result of currency effects, affected operating profit negatively by approximately SEK 3.6 billion."

The complete report can be downloaded at www.vattenfall.com

Vattenfall discloses the information provided herein pursuant to the Swedish Securities Market Act.

For further information, please contact:

Klaus Aurich, Head of Investor Relations, phone: +46 8 739 65 14, mobile +46 70 539 65 14.
Boo Ehlin, acting Head of Media Sweden, mobile +46 72-732 77 21.

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