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Vattenfall third quarter: Consolidation on track and improved underlying operating profit

Vattenfall reports an operating profit for the third quarter 2011 of SEK 4,447 million (5,829). The underlying profit has improved, and the Group delivered on its strategy of streamlining operations and consolidating its financial position.

“The lower earnings for the third quarter than the corresponding period a year ago is mainly due to lower fair valuation of energy derivatives and inventories. Underlying profit has improved. During the third quarter Vattenfall delivered on its strategy to improve operational efficiency, consolidate the company’s financial position and focus on the three core markets of Sweden, Germany and the Netherlands. Our SEK 6 billion cost-cutting programme is on track, and we have reached agreements to sell our operations in Belgium and Poland for approximately SEK 17 billion.”

* Net sales rose 1.6% during the third quarter, to SEK 38,276 million (37,665). For the nine-month period January–September, net sales decreased by 17.4% to SEK 130,587 million (158,035).

* Operating profit for the third quarter decreased by 23.7% to SEK 4,447 million (5,829). For the nine-month period January–September, operating profit decreased by 47.6% to SEK 13,050 million (24,907). Excluding items affecting comparability, operating profit for the first nine months of the year decreased by 32.2% to SEK 20,478 million (30,220).

* Operating profit decreased mainly due to lower fair valuation of energy derivatives and inventories, and lower electricity volumes. Higher average prices received, improved profitability in electricity sales and lower costs for operations and maintenance had a positive effect on operating profit.

* The underlying operating profit for the third quarter, i.e. operating profit excluding items affecting comparability and fair valuation of energy derivatives and inventories, improved by 6.8% to SEK 5,950 million (5,571).

* Vattenfall's work on improving operational efficiency and consolidating the company is on track and, as of September, the Group has reduced a total of SEK 1.5 billion of the goal to reduce annual costs of SEK 6 billion by the end of 2013. The divestment of non-core assets is also on track. During the third quarter Vattenfall has signed agreements to divest its operations in Belgium and Poland.

* Profit after tax decreased by 23.1% to SEK 1,345 million (SEK 1,749) for the third quarter and by 50.4% to SEK 5,313 million (10,721) for the nine-month period January–September. Excluding items affecting comparability, profit after tax decreased by 36.0% to SEK 10,239 million (15,986) for the first nine months of the year.

To download the full report, please go to www.vattenfall.com.

Vattenfall discloses this information in accordance with the Swedish Securities Market Act.

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