

Vattenfall Capital Markets Day 2009

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Vattenfall overview

VATTENFALL

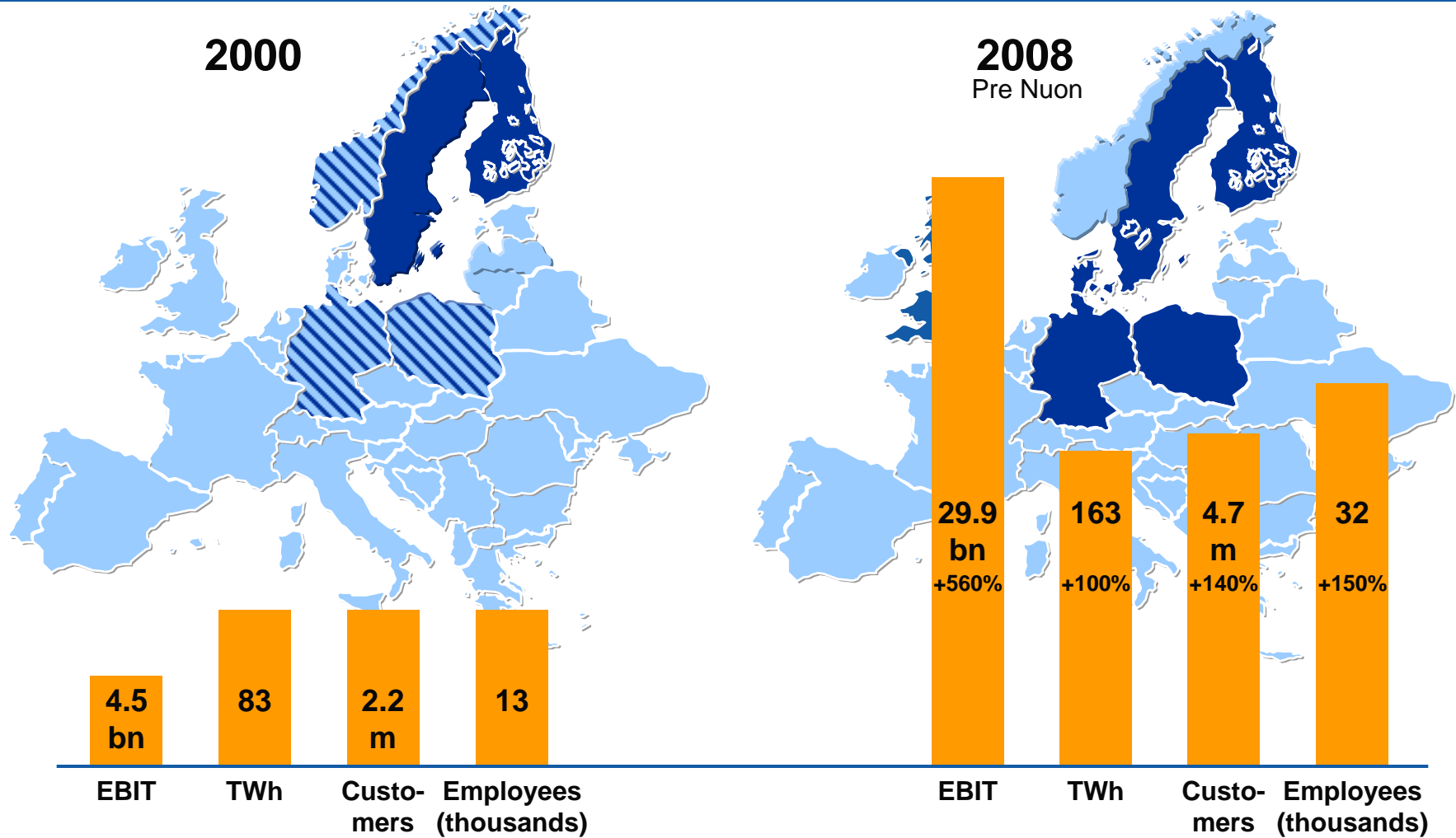


Vattenfall group overview

- **Stable 100% ownership by the Kingdom of Sweden (Aaa/AAA)**
- **Core products are electricity and heat**
- **Europe's 5th largest electricity generator with total installed capacity of 38,700 MW**
 - # 1 in the Nordic market, with a 20% market share in generation
 - # 3 in Germany, with 13% market share in generation
 - # 3 in the Netherlands, with 19% market share in generation
 - # 1 in European district heating
- **Committed to maintaining a single A category rating**

Our Vision: A Leading European Energy Company

Vattenfall's development



Vattenfall's short-term focus has shifted during the past decade

1999 - 2001

Growth

- Major acquisitions in Germany and Poland
- Creation of an integrated international company
- Establishment of business and steering model for deregulated markets

2002 - 2005

Consolidation (with price increases)

- Implementation of cost effectiveness and performance programs
- Initial efforts to capture cross-border synergies
- Modest growth through acquisition in Denmark

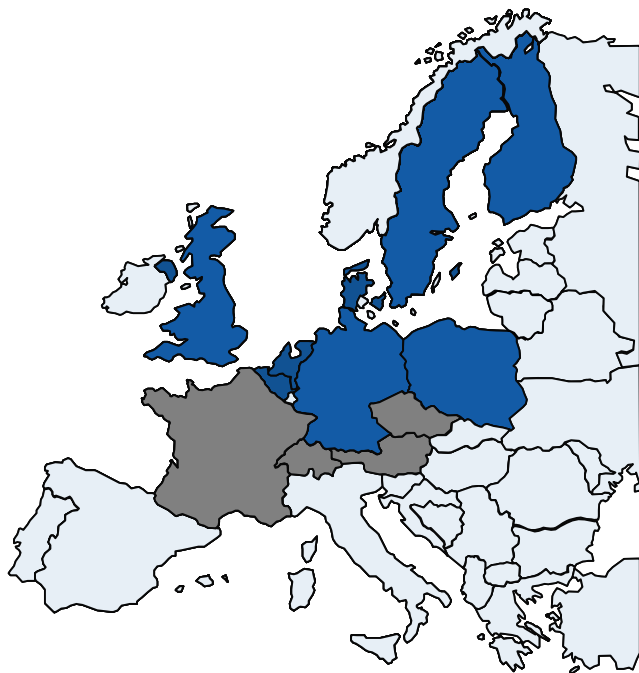
2006 - 2009

Growth and climate change

- Acquisitions in Netherlands and UK
- Increased efforts towards organic growth
- Establish global climate change position
- Commitment to adapt own generation portfolio

2009-
Making Electricity Clean
and Profitability

Vattenfall has a strong position in our core markets



	Sweden	Finland	Denmark	Germany	Poland	Belgium	Netherlands
Electricity generation	---	1	---	3	7	---	3
Electricity trading	Top 3						
Electricity distribution	2	2	---	4	5	---	---
Electricity sales	1	3	---	4	5	3	2
District heat	---	4	2	1	1	---	2
Retail gas sales	---	---	---	---	---	3	1

8 core markets

Sweden, Finland, Denmark, Germany, Poland, Netherlands, Belgium, UK

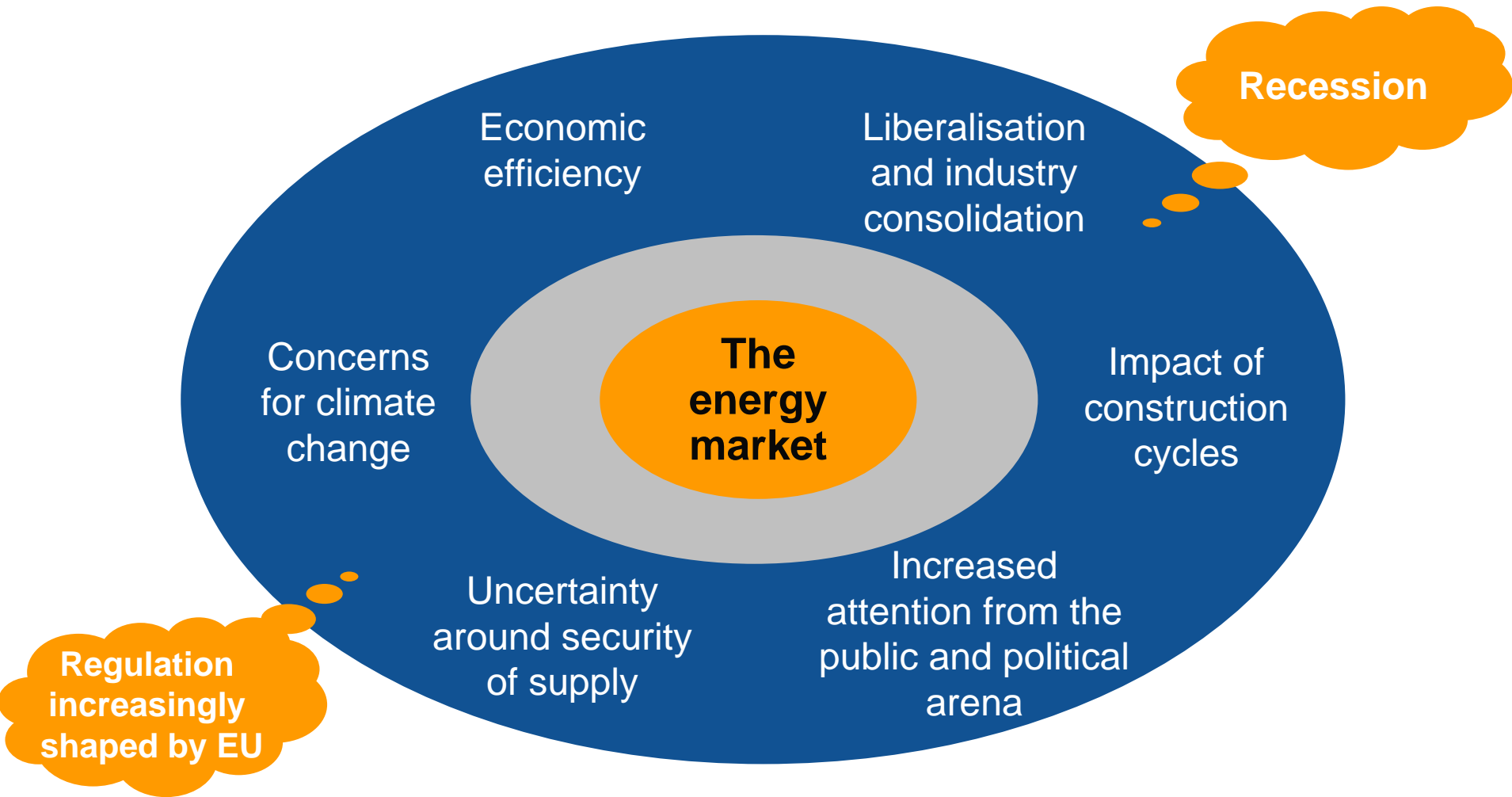
4 target markets

Czech Republic, Austria, Switzerland and France

Industry trends

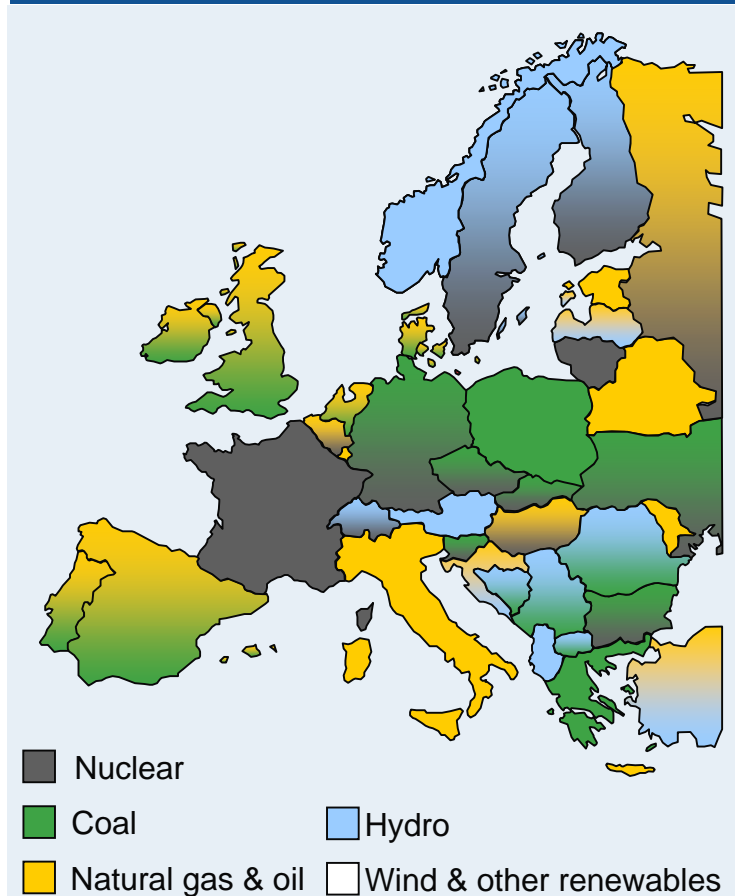


Several major trends influencing the energy industry

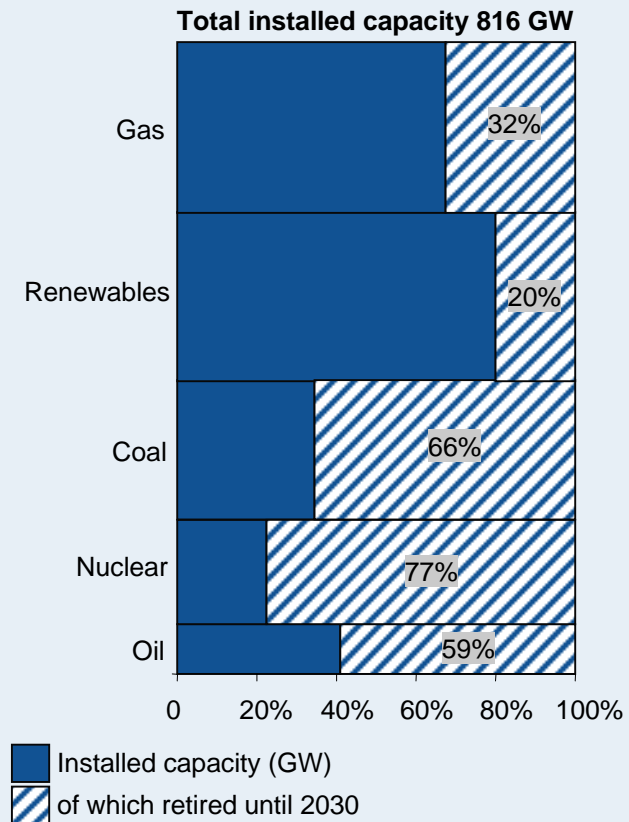


Industry will need major investments due to retiring assets

EU production mix varies across countries



Retiring assets by fuel type

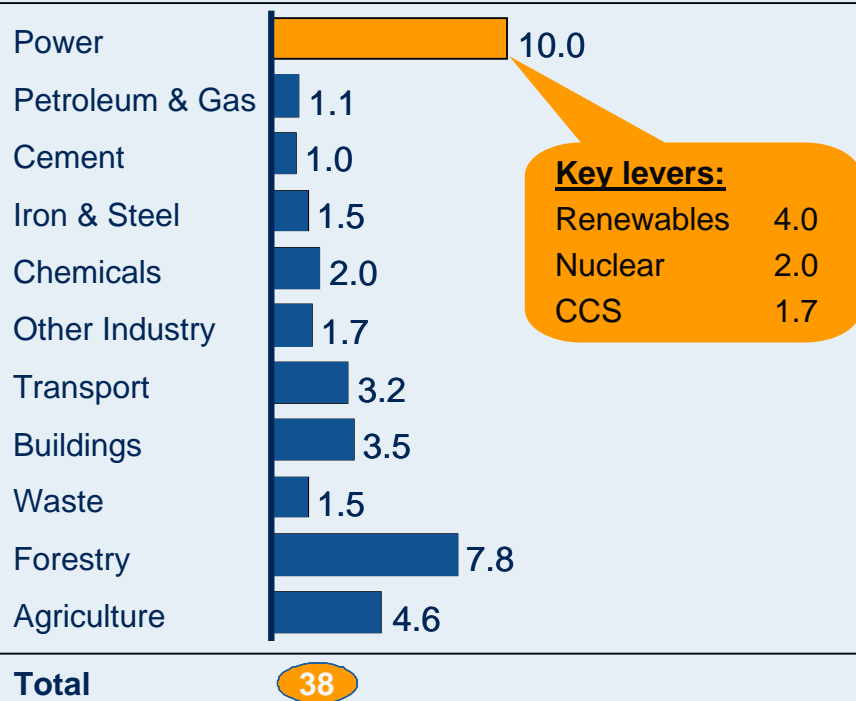


Source: Eurelectric "The role of electricity", June 2007

Investments will be shaped by carbon constraints

Abatement potential 2030 (GtCO₂e per year)

By sector



Source: Global GHG Abatement Cost Curve v2.0

Drivers for change

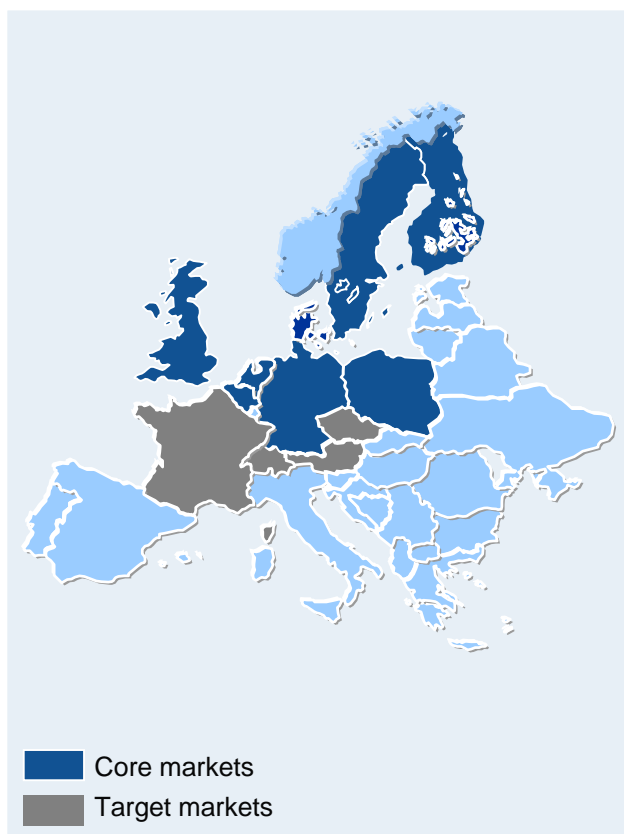
- Climate change focus
- ETS and high fuel prices implies higher costs for traditional capacities
- Technological development - lower costs for renewables
- Industrial growth in renewables supported by government regulation
- Large competitors moving now

Strategic direction



Vattenfall's strategic starting points

Vattenfall core & target markets



Mission

To enhance our customers' competitiveness, environment and quality of life through efficient energy solutions and world class service

Vision

To be a leading European energy company

Strategic Direction

Making Electricity Clean

Core values

Effectiveness, Openness, Accountability

Vattenfall's 5 ambitions crucial for Making Electricity Clean

Number One for the Customer

Increase customer orientation and market shares while reducing cost to serve

Benchmark for the Industry

Strive for operational excellence through higher productivity and better utilisation of Group synergies



Number One for the Environment

Develop the generation portfolio towards clean energy (renewables, nuclear and coal/gas with CCS)

Employer of Choice

Attract, retain and develop people and competencies for the future

Profitable Growth

Drive growth through organic expansion and business development combined with acquisitions in priority markets

Making Electricity Clean – Our integrated strategy

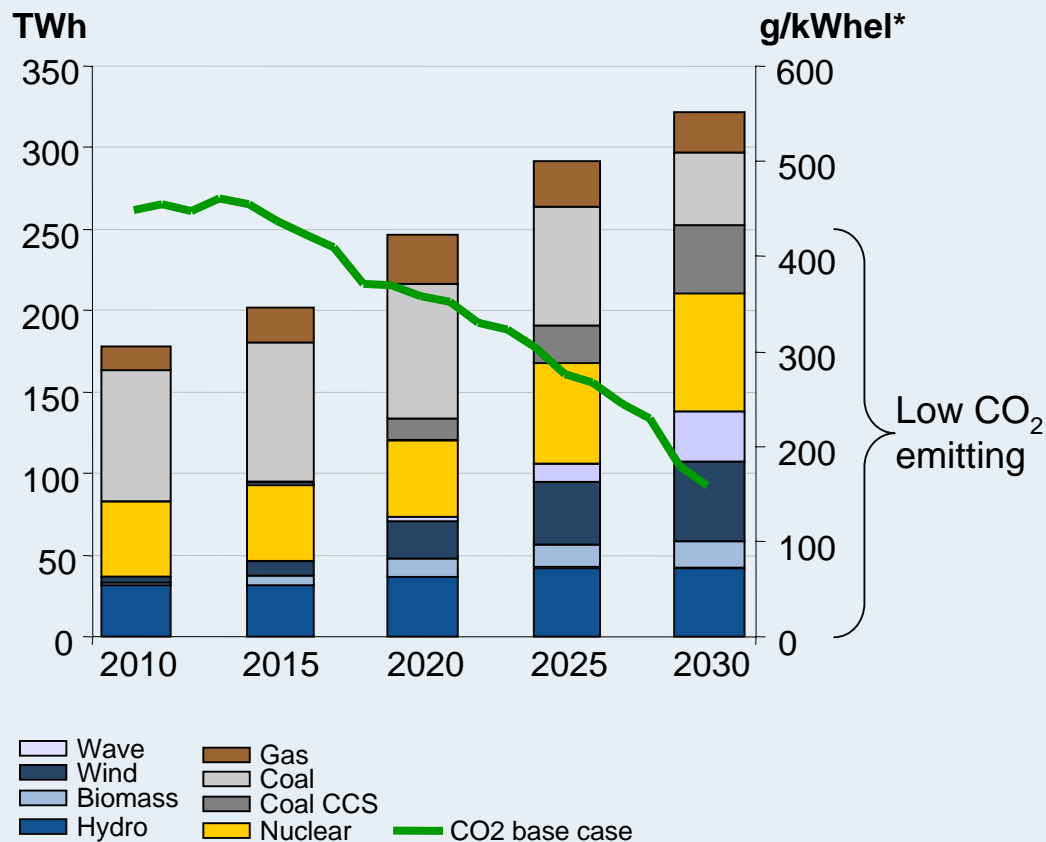
Making Electricity Clean

“The sum of the strategies and actions we must undertake to achieve climate-neutrality by 2050 and profitably grow our operations, while maintaining or improving the competitiveness of our business in all respects”



Making Electricity Clean – Reshape the generation portfolio

Vattenfall Electricity Generation Road Map

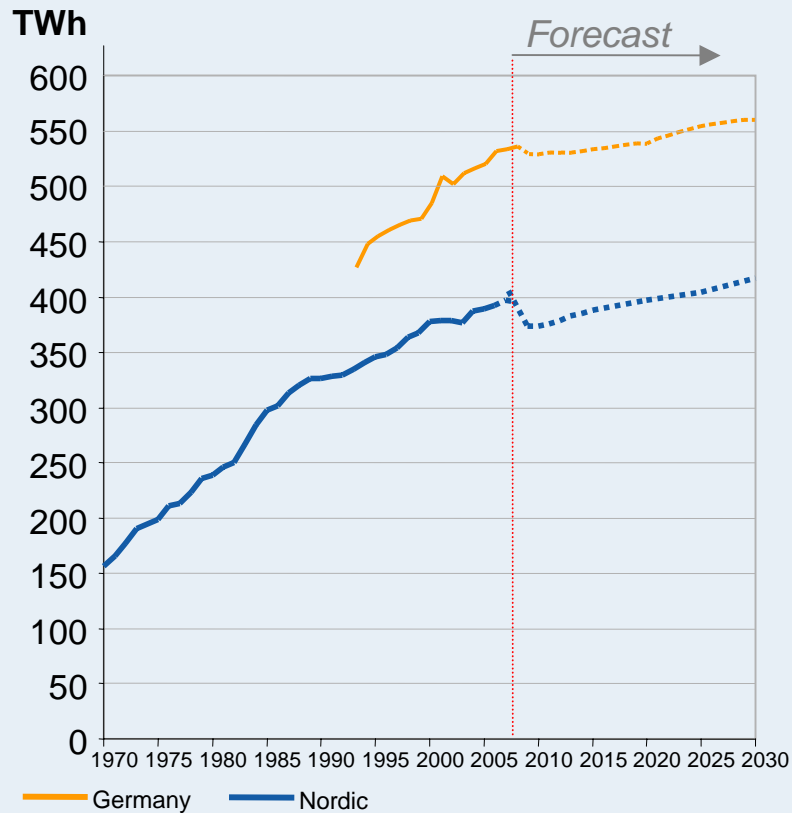


Key success factors

- Significantly increase investments in low-emitting energy generation
 - Renewables
 - Nuclear
 - Coal/Gas with CCS
- Accelerate business and technological development
- Promote incentives for investments in low-emitting technologies

Electricity demand – Long-term trend remains

Electricity demand 1970 - 2030



World-class safety and operations

Priority 1:
Strong safety management

Priority 2:
Maximize Availability, Reliability and Lifetime

Priority 3:
Cost Optimization



The future is electric

Heat Pumps



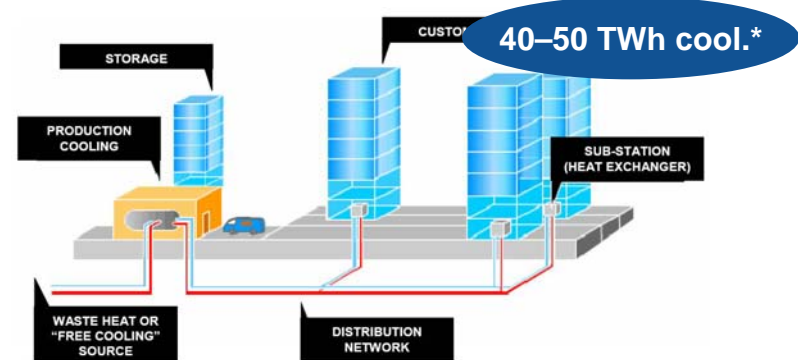
Positioning electricity as part of the energy solution

- Change public perception of electricity
- Promote electricity demand
- Provide new business opportunities

Plug-in Electric Hybrid Vehicles



District Cooling Systems



* Potential in core markets by 2030

Our way forward – strategic direction

- Making Electricity Clean – Implementing our integrated strategy
 - Renewables, nuclear, coal/gas with CCS
- Recession – requires short- and mid-term actions
- World class safety and operations
- The future is electric

