Under pressure* Utilities global survey 2005

PricewaterhouseCoopers

Agenda

Topics for today
• Key issues and trends
• Perspectives of stakeholders
• Way forward ?

PricewaterhouseCoopers - quality & integrity

PricewaterhouseCoopers (www.pwc.com) provides industry-focused assurance, tax and advisory services for public and private clients. More than 120,000 people in 139 countries connect their thinking, experience and solutions to build public trust and enhance value for clients and their stakeholders.
Under pressure - the 7th PricewaterhouseCoopers annual survey of boardroom opinion inside utilities industry

This year the survey also covers the capital market

119 sr exec, 108 utilities & investors across 36 countries

The supply and investment challenge

Concerns about security of supply intensified

Renewable energy tops utilities industry issues list

EU Emissions trading scheme (EU-ETS)

Utilities expect aggressive limits on emission permit allocations
Fuel outlook for Europe
- 10 years

The scale of the greenhouse gas reduction challenge

<table>
<thead>
<tr>
<th>Company's fuel mix</th>
<th>Now</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas</td>
<td>44%</td>
<td>40%</td>
</tr>
<tr>
<td>Coal</td>
<td>20%</td>
<td>19%</td>
</tr>
<tr>
<td>Renewables</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>Nuclear</td>
<td>14%</td>
<td>16%</td>
</tr>
<tr>
<td>Oil</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Note: Respondent's assessment only – not an analysis of total market fuel mix
Source: PricewaterhouseCoopers, Under pressure 2005

Growth in nuclear power generation

52% believe climate change lead to an increase in nuclear power

View of the capital market - "Competing for investment"

The utilities industry does not stand out in investors minds ...

in spite of $13 trillion to yr 2030
… Uncertainties creates concerns

Investors highlights regulatory and price uncertainty

What are investors looking at?

Integrated utility business models are most attractive

Generation only is less attractive

What areas of utility industry need the most from investors?

Renewable energy has a clear lead in investors’ assessment of what will need most future finance
... But - making renewable energy viable

Risk of insufficient investments into renewable energy according to investors

Utility investors’ top five criteria
- "The investment scorecard"

What would most affect the attractiveness of utilities to investors

"Work together to find sustainable strategies"

Parties - Utilities, Investors, Consumers and Gov’t & Regulators
Mission - A sustainable & long-term strategy for the industry
Areas
- Equation, renewables & regulation
- Market rates of return
- Transparent & communicated business strategy
PwC
- Complexity of the task, parties, industry & skills
Contact the Under Pressure: Utilities Global Survey 2005 Team

- Manfred Wiegand, Global Utilities Leader
  • Tel: +49 211 981 2812
- Mark Hughes, European Leader Utilities CFR
  • Tel: +44 20 7804 5767
- Mats Edvinsson, Energy and Utilities Leader, Sweden
  • Tel: +46 8 555 33706
- Olesya Hatop, Project Manager Global Utilities Survey
  • Tel: +49 211 981 2123

Contact

Mats Edvinsson
Partner, Energy & Utilities Leader Sweden
PricewaterhouseCoopers
Advisory Corporate Finance, Stockholm
Office:  +46 8 555 33 706
Mobile:  +46 709 263 706
mats.edvinsson@se.pwc.com