SVENSKA KRAFTNÄT

Annual Report 2017

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Seven-year Group Overview		2017	2016	2015	2014	2013	2012	2011
Statement of income, M SEK								
Operating revenue		8,920	9, 281	8,769	9,319	10,111	9,789	9,282
Operating expenses, excluding depreciation and amortisation		-7,759	-7,867	-6,770	-7,724	-8,565	-7,999	-7 965
Depreciation, amortisation and impairment losses		-927	-816	-792	-927	-715	-811	-676
Results from participation in associated companies		21	11	9	13	19	23	9
Operating profit/loss		**255**	**609**	**1,216**	**681**	**850**	**1,002**	**650**
Financial items		-46	-54	-91	52	4	-64	-42
Income after financial items		**209**	**555**	**1,125**	**733**	**854**	**938**	**608**
Tax		-6	-3	-4	-2	-5	-15	-14
Minority interest in profit after tax		-	-	-	-	1	27	-13
Net profit for the year		**203**	**552**	**1,121**	**731**	**850**	**950**	**581**
Balance sheet, MSEK								
Intangible fixed assets		404	350	254	188	328	306	308
Tangible fixed assets		22,847	22,213	21,687	20,096	16,498	13,568	12,465
Non-current financial fixed assets		406	445	281	160	122	98	105
Inventories		83	84	83	85	87	84	86
Short-term receivables		1,277	1,312	1,139	1,584	1,440	1,666	1,844
Cash and cash equivalents		304	300	197	225	160	210	733
Total assets		**25,321**	**24,704**	**23,641**	**22,338**	**18,635**	**15,932**	**15,541**
Shareholders ' equity		9,304	9,472	9,641	9,026	8,849	8,625	8,054
Minority interests		-	-	-	-	-	34	61
Deferred tax liabilities		39	36	34	32	33	32	40
Non-current liabilities								
Interest-bearing		4,122	4,918	5,087	6,202	3,775	1,854	2,768
Non-interest bearing 1		219	255	378	189	262	394	536
Non-current deferred income 2		9,146	7,857	6,782	4,842	3,608	2,878	1,258

[1] 2015 annual figures have been adjusted to 7 million in respect of the allocation for local adaptation work being moved from non-interest-bearing liabilities to pension provisions.

[2] From 2017 capacity charges and received investment grants such as long-term deferred revenue are reported. Previous year values have been adjusted.

Seven-year Group Overview		2017	2016	2015	2014	2013	2012	2011
Allocations		1,053	945	788	663	681	633	537
Current liabilities								
Interest-bearing		-	-	-	-	-	-	82
Non interest-bearing		1,438	1,221	931	1,384	1,427	1,482	2,205
Total equity and liabilities		**25,321**	**24,704**	**23,641**	**22,338**	**18,635**	**15,932**	**15,541**
Key performance indicators 3								
Return on equity after tax 4	%	2.0	5.2	10.7	7.2	8.6	9.5	6.1
Return on capital employed	%	2.1	4.5	8.4	5.0	7.6	9.7	6.5
Equity/assets ratio	%	32.4	33.7	35.8	35.7	42.0	47.0	45.6
Operating margin	%	2.9	6.7	14.1	7.3	8.4	10.2	7.0
Capital turnover	times	0.4	0.4	0.4	0.5	0.6	0.6	0.7
Debt/equity ratio	%	56.8	62.4	65.3	83.1	54.8	30.4	37.4
Self financing ratio	times	0.6	0.9	0.7	0.3	0.4	0.8	0.6
Interest coverage ratio	times	3.4	7.1	11.6	e/t	e/t	14.8	13.9
Miscellaneous								
Funds	million	977	1,302	1,835	1,271	1,460	1,680	1,189
Net debt	million	4 662	5,201	5,526	6,625	4,296	2,277	2,655
Investments	million	1 813	1,469	2,455	4,353	3,642	2,375	2,771
Dividend paid to the State	million	359	729	475	553	618	378	499
Full-time equivalents	Number of	601	587	547	504	461	422	375
Energy input to the national grid	TWh	122.3	118.0	117.8	116.6	119.3	123.5	113.5
Energy tapped from the grid	TWh	118.9	115.0	114.6	113.6	116.5	120.0	110.8
Energy losses	TWh	3.4	3.0	3.2	3.0	2.8	3.5	2.7

3 Key figures for operating profit margin and debt ratio have been restated for 2015, according to new analysis from 2016. This also affects the net debt, which has been restated.

4 Return after standard tax of 22 percent from 2013. Adjusted equity refers to the average of this year's in-and outgoing tied equity and 78% of the free equity.

1 Financial reports

Consolidated Income Statement		Jan-Dec	Jan-Dec
M SEK	**Note**	**2017**	**2016**
Operating revenue			
-Income from transfer and transit of electricity	1	3,348	3,701
-Income from balance control		4,760	4,723
-Income from power reserve		65	72
-Governmental funding for preparedness	2	165	197
-Other revenues	3	393	383
Net sales		**8,731**	**9,076**
Activated own work	4	143	144
Other operating income		46	61
Total operating income		**8,920**	**9,281**
Operating expenses			
Personnel costs	**5**	**-605**	**-577**
-Cost of transfer and transit of electricity	6	-1,367	-1,493
-Costs of balancing control		-4,573	-4,518
-Costs of disruption-reserve		-94	-80
-Cost of power reserve		-65	-72
-Operation and maintenance costs		-445	-488
-Other costs	7	-585	-542
Miscellaneous external costs		**-7,129**	**-7,193**
Depreciation, amortisation and impairment loss of tangible and intangible assets	13,14	-927	-816
Other operating expenses		-25	-97
Total operating expenses		**-8,686**	**-8,683**
Result from participations in associated companies	8	21	11
Operating profit/loss		**255**	**609**
Income from financial investments			
Income from securities and receivable			
Fixed assets	9	1	0
Other interest income and similar profit/loss items	10	39	37
Interest expenses and similar profit/loss items	11	-86	-91

Consolidated Income Statement		Jan-Dec	Jan-Dec
Income after financial items		**209**	**555**
Tax on profit for the year	12	-2	-1
Deferred tax	12	-4	-2
Net profit for the year		**203**	**552**

Profit/loss statement by Business department 2017 M SEK	Grid transmission	System responsibility	Telecom	Contingency planning	Associated companies	Total
Income from power transmission	3,348					3,348
Income from balance control	20	4,740				4,760
Revenues from power reserve		65				65
Governmental funding for contingency planning				165		165
Other external income	323	13	55	2		393
NET SALES	**3,691**	**4,818**	**55**	**167**		**8,731**
Activated own work	113	18	5	7		143
Other operating income	36	5	3	2		46
INCREMENTAL OPERATING INCOME	**149**	**23**	**8**	**9**		**189**
TOTAL OPERATING INCOME	**3,840**	**4,841**	**63**	**176**		**8,920**
Personnel costs	-479	-78	-18	-30		-605
PERSONNEL COSTS	**-479**	**-78**		**-30**		**-605**
Costs for the transmission of electricity	-1,367					-1,367
Costs for balance regulation	-178	-4,395				-4,573
Disruption reserve	-47	-47				-94
Power reserve		-65				-65
Operational and maintenance costs	-413	-23	-9			-445
Other external costs	-364	-93	-10	-118		-585
Group adjustment disruption reserve	8	16		-24		
MISCELLANEOUS EXTERNAL COSTS	**-2,361**	**-4,607**	**-19**	**-142**		**-7,129**
Depreciation and amortisation	-836	-29	-61	-1		-927
DEPRECIATION AND AMORTISATION OF TANGIBLE & INTANGIBLE FIXED ASSETS	**-836**	**-29**	**-61**	**-1**		**-927**
Other operating expenses	-14		-11			--25

Profit/loss statement by Business department 2017 M SEK	Grid transmission	System responsibility	Telecom	Contingency planning	Associated companies	Total
OTHER OPERATING EXPENSES	**-14**		**-11**			**-25**
TOTAL OPERATING EXPENSES	**-3,690**	**-4,714**	**-109**	**-173**		**-8,686**
Internal revenue			58			58
Internal costs	-58					-58
INTERNAL ITEMS	**-58**		**58**			
TOTAL INTERNAL ITEMS	**-58**		**58**			
Associated companies					**21**	**21**
Operating profit/loss	**92**	**127**	**12**	**3**	**21**	**255**
Income from transmission of power	3,701					3,701
Income from balance control	24	4,699				4,723
Revenues from power reserve		72				72
Governmental funding for contingency planning				197		197
Other external income	308	12	63			383
NET SALES	**4,033**	**4,783**	**63**	**197**		**9,076**
Activated own work	109	22	4	9		144
Other operating income	53	4	3	1		61
INCREMENTAL OPERATING INCOME	**162**	**26**	**7**	**10**		**205**
TOTAL OPERATING INCOME	**4,195**	**4,809**	**70**	**207**		**9,281**
Personnel costs	-438	-86	-18	-35		-577
PERSONNEL COSTS	**-438**	**-86**	**-18**	**-35**		**-577**
Costs for the transmission of electricity	-1,493					-1,493
Costs for balance regulation	-154	-4,364				-4,518
Disruption reserve	-40	-40				-80
Power reserve		-72				-72
Operational and maintenance costs	-449	-23	-16			-488
Other external costs	-348	-47	-4	-143		-542
Group adjustment disruption reserve	8	16		-24		
MISCELLANEOUS EXTERNAL COSTS	**-2,476**	**-4,530**	**-20**	**-167**		**-7,193**
Depreciation and amortisation	-737	-26	-51	-2		-816

Profit/loss statement by Business department 2017 M SEK	Grid transmission	System responsibility	Telecom	Contingency planning	Associated companies	Total
DEPRECIATION AND AMORTISATION OF TANGIBLE & INTANGIBLE FIXED ASSETS	**-737**	**-26**	**-51**	**-2**		**-816**
Other operating expenses	-97	-				-97
OTHER OPERATING EXPENSES	**-97**					**-97**
TOTAL OPERATING EXPENSES	**-3,748**	**-4,642**	**-89**	**-204**		**-8,683**
Internal revenue			58			58
Internal costs	-58					-58
INTERNAL ITEMS	**-58**		**58**			
TOTAL INTERNAL ITEMS	**-58**		**58**			
Associated companies					**11**	**11**
Operating profit/loss	**389**	**167**	**39**	**3**	**11**	**609**

2 Comments on the profit and loss statement

2.1 Operating revenue

Operating revenue decreased in 2017 to SEK 8,920 (9,281) million, a decrease of 361 million. The decrease was attributable to the Grid department, while revenues for the business System responsibility were higher than last year.

Income from transfer and transit of electricity fell by 353 million totalling SEK 3,348 (3,701) M primarily resulting from lower energy revenues, which decreased to 933 (1,234) million. This is mainly due to the price reduction for energy loss ahead of 2017. In addition the marginal loss coefficients [5] in energy fees were revised. In the determination of the energy charge the net revenue from transit items, relating to transmission losses, was also taken into account to better reflect the underlying costs. These items have previously been considered in the calculation of the capacity fee. The lower revenue from energy charge is thus to some extent also explained by this redistribution. Revenue from transit was also lower than last year and fell by 51 million to 139 (190) million.

The revenue from balancing control increased by 37 million to 760 (4,723) million, largely stemming from higher fees from the balance providers compared with the previous year. This was a result of higher production and consumption as well as to the conversion of fees to Euros that took place during the transition to a common Nordic settlement, and which had a positive currency effect.

2.2 Operating profit and loss

Consolidated operating profit for the Group amounted to SEK 255 (609) million, which is 354 M less than 2016.

Operating expenses amounted to SEK 8,686 (8,683) million. Certain activities are common to several business departments, and costs that could not be attributed directly to a specific business department were routinely split between departments.

Svenska kraftnät remains in a recruiting period and 22 (30) new full-time employees have been added since December 2016. Personnel costs increased by 28 million from 577 million 2016 to 605 million 2017.

5 For each connection point, a marginal loss coefficient is calculated, reflecting how the transmission losses in the national grid are affected by altering the energy exchange in the point.

In 2017 System responsibility was the dominant results-driving business department within the Svenska kraftnät's operations. For the Grid business department this year's operating profit was reduced compared with last year and amounted to SEK 92 (389) million. The lower profit was mainly due to the net loss on energy revenues, energy compensation, loss compensation for transits and loss costs.

The costs of transfer and transit of electricity fell by 126 million compared to 2016 and amounted to 1,367 (1,493) million. This includes lower costs for the purchase of energy loss, energy compensation and transit.

Costs for balancing control increased by 55 million to 4,753 (4,518) million. This includes costs for balance providers and system operators which increased to 3,749 (3,702) million.

Operating result for the System responsibility department amounted to 127 (167) million. The lower operating profit was mainly due to higher costs for the disruption reserve and other external costs where the fee to eSett for settlement management, increased IT costs, and increased consulting costs all were higher compared to the previous year.

The cost for the disruption reserve increased to 94 (80) million due to expansion of the reserve.

Depreciation and write-offs on fixed assets increased by 111 million from 816 million to 927 million. Depreciation increased by 90 million to 904 (814) million. This is mainly stemming from the company commissioning the foreign link NordBalt into operation in the second quarter of 2016, and in the third quarter of 2016 part of the SydVästlänken. Write-off losses increased from 2 million to 23 million, which for the most part was a result of the Board decision to scrap the planning of a 220 kV DC link between Ekhyddan and Ygne on Gotland.

Other operating expenses decreased by 72 million, which depends on last year results including an allocation for 64 million related to digging up 243 foundations with salt-impregnated wooden sleepers, as it is not clear what environmental effects such a foundation can involve. 14 million of the allocation was resolved in 2017 after new calculations showed that digging costs amounts to 50 million.

Telekom's business operating profit amounted to SEK 12 million (39).

The business Electricity preparedness spent 165 (197) million of the estimate during the year, which was financed by the allocations.

Results from participation in associated companies amounted to SEK 21 million (11).

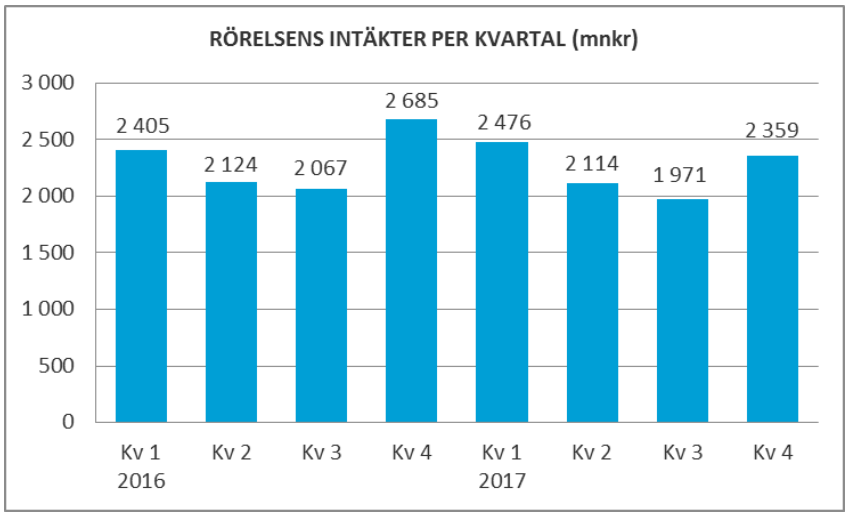
The operating margin for the Group was 2.9 (6.7%), 3, 8 percentage points lower than the previous year.

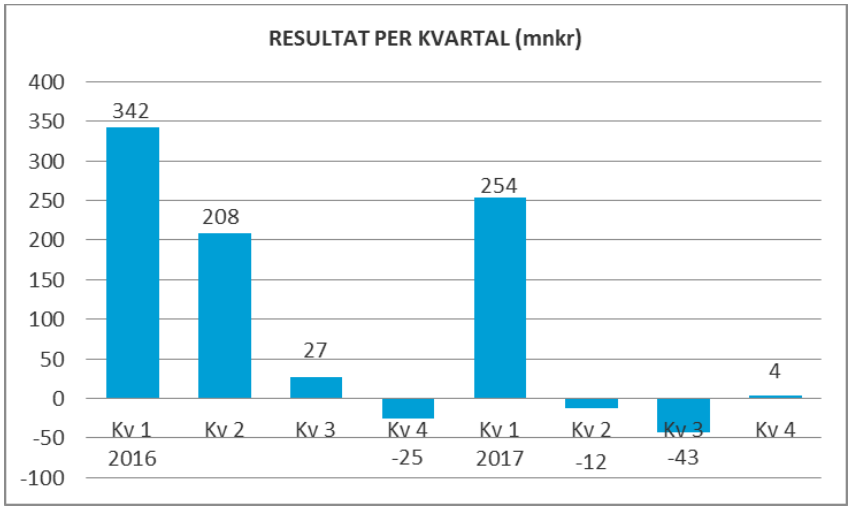
2.3 Net financial items

The Group's net financial result was -46 (-54) M SEK, an improvement of 8 million over the previous year. Group interest income was SEK 39 million (37). The improvement in net financial expenses was due primarily to activated interest during construction falling to 30 million (-38) as a result of lower interest rates. Interest expense for pension allocation went up from-49 million last year to -54 million. The high interest expenses for pension allocations were due to insufficient return on capital as a result of the negative interest rate. As a consequence of the Swedish Riksbank's negative interest rate, borrowings in the Swedish National Debt Office this year generated revenues, amounting to 22 (25) million.

Net profit for the year

Consolidated net income amounted to 203 (552) million, which is 349 M SEK less than 2016. The result represents a return on equity of 2.0 (5.2) percent. According to the regulatory letter for 2017 the objective is to achieve a return on equity of 6 % over a business cycle, excluding share of income from disposals of associates. Net profit margin net of flat-rate tax was 1.8 (4.7%).





Consolidated Balance Sheet

M SEK	Note	31-12-2017	31-12-2016
Assets			
Non-current assets			
Intangible fixed assets	**13**		
Capitalised computer software		266	172
Land rights		77	84
Utilisation rights for fibre-optic		9	13
Construction in progress		52	81
		404	**350**
Tangible fixed assets	**14**		
Buildings and land		814	638
Plant and machinery		15,296	14,499
Construction in progress		6,737	7,076
		22,847	**22,213**
Financial fixed assets			
Shares in associated companies	17	101	126
Long-term receivables from associated companies	18	36	38
Other long-term receivables	19	145	256
Long-term prepaid expenses 6	20	124	25
		406	445

6 From 2017 paid investment grants are posted as long-term prepaid expense; prior-year figures have been adjusted.

M SEK	Note	31-12-2017	31-12-2016
Total fixed assets		**23,657**	**23,008**
Current assets			
Inventories			
Inventories of raw materials		83	84
Short-term receivables			
Customer receivables		628	534
Receivables from associated companies		14	9
Other receivables	21	17	24
Tax credit Treasury	22	46	81
Prepaid expenses and accrued income	23	572	664
		1,277	1,312
Short-term investments			
Cash and cash equivalents		304	300
		304	300
Total current assets		**1,665**	**1,696**
Total assets		**25,321**	**24,704**

Contingent assets

Equity and liabilities			
Shareholders' equity			
Restricted equity			
State capital		600	600
Other net assets		3,685	3,667
		4,285	**4,267**
Unrestricted equity			
Retained earnings/loss		4,816	4,653
Net profit for the year		203	552
		5,019	**5,205**
Total shareholders' equity		**9,304**	**9,472**
Deferred tax liabilities	**24**	**39**	**36**

Equity and liabilities			
Allocations			
Allocations for pensions and similar obligations	25	994	873
Other allocations	26	59	72
		1,053	**945**
Non-current liabilities			
Interest-bearing liabilities	27	4,122	4,918
Non-interest-bearing liabilities	28	219	255
Prepaid income [7]	29	9,146	7,857
		13,487	**13,030**
Current liabilities			
Accounts payable		606	550
Other liabilities	30	200	51
Accrued expenses and prepaid income	31	632	620
		1,438	**1,221**
Total equity and liabilities		**25,321**	**24,704**
Assets pledged as collateral		**No**	**No**
Contingent liabilities	**32, 33**		

2.4 Comments to the balance sheet

Balance sheet total

The Group's total assets came to 25,321 (24,704) million, representing an increase of 617 M SEK, due mainly to the increase in tangible fixed assets.

Non-current assets

Svenska kraftnät's intangible fixed assets consist of land rights, value of rights for fibre optics lines, licenses and capitalised software. The book value was SEK 404 (350) million. Investment in computer software, mainly new operation planning system, totalled 61 (118) million. Annual amortisation of intangible assets amounted to 48 (39) M SEK.

[7] From 2017 received capacity charges and investment grants are posted as long-term prepaid income; previous years' figures have been adjusted.

The tangible fixed assets consist mainly of power lines, stations, buildings and land, fibre optic links, and other technical facilities as well as construction in progress. The tangible fixed assets amounted to 22,847 (22,213) million, representing an increase of 634 M SEK. Investments during the period came to SEK 1,707 (1,346) million and depreciation to 856 (775) million. Disposals during the year occurred to a value of 33 (32) million. In addition, impairment charges have been made to 23 (2) million.

The other fixed assets consist of shares in associated companies and long-term receivables. Shares in associated companies amounted to SEK 101 million (126). During the year the enterprise received 16 (9) million in dividends from Nord Pool AS and 21 (11) million shared income from associates. The enterprise's trading of electricity forwards requires guarantee to Nasdaq Clearing AB. The security assembly consists of a default fund established on a quarterly basis, and partly a security, adjusted daily based on the market value of electricity forwards. The enterprise deposits its liquid assets in Euros. The deposition has decreased, amounting to 91 (252) million. During the year, the enterprise has issued network reinforcement loans totalling 21 million.

Inventories

Inventories include fuel for gas turbines in the subsidiary Svenska Kraftnät Gasturbiner AS, valued to 83 MSEK (84).

Current assets

Current assets totalled 1,664 (1,696) million, of which cash and cash equivalents amounted to 304 (300) million.

Equity capital

The equity of the Group was at yearend 304 (9,472) million. During the year dividend of 359 (729) million was paid out to the State. Consolidated net income amounted to 203 (552) million.

Non-current liabilities

The Group's non-current interest-bearing liabilities consist of the loans from the Swedish National Debt Office at 4,122 (4,918) million. The decrease of 796 million was made from the influx of capacity charges, largely funding the company's investments. This meant that the debt was reduced. The average interest rate on the Group's loan in 2017 was -0.5 (-0.50) per cent.

Non interest-bearing non-current liabilities consisting of balanced contributions from landowners and advances from customers in the fibre-optic operation, amounted to 219 million (255).

Non-current prepaid income includes debt-recorded capacity fees and investment grants, totalling 9,146 (7,857) million.

Net debt decreased by 539 M SEK to 4,662 (5,201) million. The debt/equity ratio was thus decreased during the year to 56 .8 (62.4%). Financing from the Swedish National Debt Office is lower compared to the previous year since the major part of the investments for the year could be financed by the inflow of capacity charges and internally generated funds. The regulatory letter for 2017 specifies that Svenska kraftnät may have a maximum debt/equity ratio of 115 percent.

Current liabilities

Accounts payable increased from 550 M SEK in 2016 to 606 M in 2017. Accrued expenses and prepaid income also increased from 620 M SEK in 2016 to 632 M in 2017. Accounts payable is affected by the projects' payment plans and may therefore vary between years.

Consolidated Cash Flow Statement

	Jan-Dec	Jan-Dec
M SEK	**2017**	**2016**
Operation		
Operating profit before financial items	255	609
Adjustment for items not included in cash flow		
Depreciation and amortisation	928	816
Other items	-242	-165
Financial income and expenses	38	32
Dividend received	16	9
Tax payments	-2	1
Cash flow before change in net working capital and investments	**993**	**1,302**
Change in inventories	1	-1
Change in current receivables	-18	-172
Change in current liabilities	211	212
Cash flow before investments	**1,187**	**1,341**
Investments		
Change in long-term receivables	67	-140
Changes in other financial assets	19	-15
Investment in intangible assets	-106	-135
Investment in tangible fixed assets	-1,771	-1,323
Net operational investments	-1,791	-1,613
Cash flow after investments	**-604**	**-272**

	Jan-Dec	Jan-Dec
Funding		
Change in interest-bearing loans	-796	-169
Change in other long-term liabilities	1,763	1,273
Dividend paid	-359	-729
Funding	**608**	**375**
Change in liquidity		
Cash and cash equivalents including short-term investments at beginning of year	300	197
Ditto at the end of the period	304	300
Change in cash and cash equivalents	4	103

2.5 Comments to Consolidated Cash Flow Statement

The cash flow statement intends to describe the Svenska kraftnät Group's ability to generate cash and cash equivalents, and is a supplement to the income statement and balance sheet description of the profitability and financial position. Cash and cash equivalents refer to cash and bank deposits.

Cash flow from operating activities before changes in working capital fell by SEK 309 M compared to the previous year and amounted to SEK 993 (1,302) million, mainly due to the lower operating result. Cash flow from working capital increased by 194 million compared to the previous year, which in the main stems from increased accounts payable and short-term debt to Litgrid.

The company’s capital expenditure increased during the year to 1,813 (1,469) million, of which cash flow influencing investments amounted to 1,877 (1,458) million. These investments are in turn influenced by the fact that payments relating to the previous year's investments are included in this period’s cash flow (the same applies to prior year’s investments). Beyond the adjusted cash flow in respect of investments, cash flow influencing items such as activated building interest are not recorded.

Svenska kraftnät’s deposit of securities to Nasdaq Clearing AB regarding financial trading came to 91 (252) million.

Change in interest-bearing loans amounted to -796 (-169) million. The reduced need for borrowing largely stems from the high inflow of capacity charges during the year, which largely finances the investments. The State was awarded a dividend of 359 (729) million.

Cash flow over the year amounted to SEK 4 million compared to 103 million in 2016.

Change in consolidated equity (M SEK)

	State capital	Other tied-up capital	Balanced profit/loss incl. this year's results	Total equity
Opening balance, 2016	**600**	**3,650**	**5,391**	**9,641**
Dividend	-	-	-729	-729
Conversion differences	-	-	8	8
Displacement bound/free capital	-	17	-17	0
Net profit for the year	-	-	552	552
Closing balance, 2016	**600**	**3,667**	**5,205**	**9,472**
Opening balance, 2017	**600**	**3,667**	**5,205**	**9,472**
Dividend	-	-	-359	-359
Conversion differences	-	-	-12	-12
Displacement bound/free capital	-	18	-18	0
Net profit for the year	-	-	203	203
Closing balance, 2017	**600**	**3,685**	**5,019**	**9,304**

Shareholders ' equity amounted to 9,304 (9,472) million, of which restricted capital was 4,285 (4,267) million. The profits disposition proposed in the annual report 2016 was adopted by the Government.

Income Statement – Enterprise

		Jan-Dec	Jan-Dec
M SEK	**Note**	**2017**	**2016**
Operating revenue			
-Income from transfer and transit of electricity	1	3,359	3,711
-Income from balance control		4,760	4,724
-Income from power reserve		65	72
-Governmental funding for contingency planning	2	165	197
-Other revenues	3	392	378
Net sales		**8,741**	**9,082**
Activated, own work	4	143	144
Other operating income		46	61
Total operating income		**8,930**	**9,287**

		Jan-Dec	Jan-Dec
Operating expenses			
Personnel costs	**5**	**-605**	**-577**
-Cost of transfer and transit of electricity	6	-1,367	-1,493
-Costs of balancing control		-4,574	-4,519
-Costs of disruption reserve		-182	-150
-Cost of power reserve		-65	-72
-Operation and maintenance costs		-411	-455
-Other costs	7	-595	-551
Miscellaneous external costs		**-7,194**	**-7,240**
Depreciation, amortisation and impairment loss on tangible and intangible assets	13.14	-900	-791
Other operating expenses		-25	-97
Total operating expenses		**-8,724**	**-8,705**
Operating profit/loss		**206**	**582**
Income from financial investments			
Income from securities and receivables that are non-current assets	9	34	9
Other interest income and similar profit/loss items	10	39	37
Interest expenses and similar profit/loss items	11	-86	-91
Income after financial items		**193**	**537**
Net profit for the year		**193**	**537**

2.6 The parent enterprise Svenska kraftnät

Operating income amounted to SEK 8,930 (9,287) million, of which 12 (13) million related to sales to Group companies. Profit after financial items came to SEK 193 (537) million.

Enterprise investments in tangible and intangible fixed assets totalled SEK 1,709 (1,384) million. Cash and cash equivalents at 31 December 2017 were 304 (217) million.

The Enterprise finances its activities with the funds generated by the operation, and loans in the Swedish National Debt Office. Borrowing at the end of the year was 4,122 (4,918) million and shareholders' equity was 9,055 (9,221) million.

The Enterprise received co-financing of a number of investment projects in 2017 and has used capacity fees received to finance investments for strengthening or maintaining transmission capacity in the national grid.

Balance Sheet – Enterprise

M SEK	Note	31-12-2017	31-12-2016
Assets			
Non-current assets			
Intangible fixed assets	**13**		
Capitalised computer software		266	172
Land rights		77	84
Utilisation rights for fibre cable connections		9	13
Construction in progress		52	81
		404	**350**
Tangible fixed assets	**14**		
Buildings and land		768	615
Plant and machinery		15,041	14,279
Construction in progress		6,696	7,054
		22,505	**21,948**
Financial fixed assets			
Shares in Group companies	15	9	9
Receivables from Group companies	16	133	154
Shares in associated companies	17	63	66
Long-term receivables from associated companies	18	36	38
Other long-term receivables	19	145	256
Long-term prepaid expenses [8]	20	124	25
		510	**548**
Total fixed assets		**23,419**	**22,846**

[8] From 2017 paid investment grants are posted as long-term prepaid expenses; prior-year figures have been adjusted.

M SEK	Note	31-12-2017	31-12-2016
Current assets			
Short-term receivables			
Customer receivables		621	533
Receivables from Group companies		56	33
Receivables from associated companies		14	9
Other receivables	21	16	18
Treasury settlement	22	46	81
Prepaid expenses and accrued income	23	572	664
		1,325	**1,338**
Short-term investments			
Cash and cash equivalents		304	217
Total assets		**25,048**	**24,401**
Contingent assets	**32**		
Equity and liabilities			
Shareholders' equity			
Restricted equity			
State capital		600	600
Other net assets		3,314	3,314
		3,914	**3,914**
Unrestricted equity			
Retained earnings/loss		4,948	4,770
Net profit for the year		193	537
		5,141	**5,307**
Total shareholders' equity		**9,055**	**9,221**
Allocations			
Allocations for pensions and similar obligations	25	994	873
Other allocations	26	59	72
Total allocations		**1,053**	**945**

M SEK	Note	31-12-2017	31-12-2016
Non-current liabilities			
Interest-bearing liabilities	27	4,122	4,918
Non-interest-bearing liabilities	28	219	255
Prepaid income 9	29	9,146	7,857
		13,487	**13,030**
Current liabilities			
Accounts payable		590	527
Liabilities to group companies		33	10
Other liabilities	30	199	51
Accrued expenses and prepaid income	31	631	617
		1,453	**1,205**
Total liabilities		**14,940**	**14,235**
Total equity and liabilities		**25,048**	**24,401**
Assets pledged as collateral		**No**	**No**
Contingent liabilities	**32,33**		

Cash Flow Statement — Enterprise

M SEK	Jan-Dec 2017	Jan-Dec 2016
Operation		
Operating profit before financial items	206	582
Adjustment for items not included in cash flow		
Depreciation and amortisation	900	791
Other items	-221	-158
Financial income and expenses	39	33
Dividend received	16	9
Cash flow before change in net working capital and investments	**940**	**1,257**
Change in current receivables	-62	-180
Change in current liabilities	243	207
Cash flow before investments	**1,121**	**1,284**

9 From 2017 received capacity charges and investment grants are posted as long-term prepaid income; previous years' figures have been adjusted.

	Jan-Dec	Jan-Dec
Investments		
Change in long-term receivables	111	-140
Changes in other financial assets	19	-119
Investment in intangible assets	-105	-135
Investment in tangible fixed assets	-1,667	-1,238
Net operational investments	-1,642	-1,632
Cash flow after investments	**-521**	**-348**
Funding		
Change in interest-bearing loans	-796	-169
Change in other long-term liabilities	1,763	1,273
Dividend paid	-359	-729
Funding	608	375
Change in liquidity		
Cash and cash equivalents including short-term investments at beginning of year	217	190
Ditto at the end of the period	304	217
Change in cash and cash equivalents	87	27

Change in shareholders' equity — Enterprise (M SEK)

	State capital	Other net assets	Balanced profit/loss incl. this year's results	Total shareholders ' equity
Opening balance, 2016	600	3,314	5,499	9,413
Dividend	-	-	-729	-729
Net profit for the year	-	-	537	537
Closing balance, 2016	**600**	**3,314**	**5,307**	**9,221**
Opening balance, 2017	600	3,314	5,307	9,221
Dividend	-	-	-359	-359
Net profit for the year	-	-	193	193
Closing balance, 2017	**600**	**3,314**	**5,141**	**9,055**

Non-restricted equity amounted to SEK 3,914 (3,914) million.

Dividend income is recognised in the following title:

Income title, K SEK	Amount payable	Paid amount
2116 Enterprise dividend and payment of corresponding state tax	359,000	359,000

3 Supplementary Information and Notes

3.1 Accounting and valuation principles

Basis for report preparation

Svenska kraftnät's accounting complies with Regulation (2000:606) about the authorities' accounting and the Swedish National Financial Management Authority's regulations and general advice. This regulation corresponds to the accounting act, but is adapted to the specific conditions applicable to state authorities, incl. enterprises. The annual report is, with some additions as announced in regulatory letters, drawn up in accordance with the Regulation (2000:605) on the annual accounts and the budget documents and the financial management authority's regulations and general advice. Part of Svenska kraftnät's business operation, Contingency planning, is financed through Government funding. The funding regulation (2011:223) applies also to this activity, which, among others regulates the principles for grant settlement and how unused funds may be accounted for over different financial years. Capacity fees received are accounted for in accordance with European Parliament and Council Regulation (EC) no 714/2009.

Basis for the preparation of the consolidated financial statements

The Enterprise's operational currency is the Swedish krona (SEK), which is also reporting currency for the Enterprise, and for the Group. All amounts are rounded to the nearest millions of SEK unless otherwise specified. Profit/loss-related items concern the period 1 January to 31 December. Balance-related items refer to 31 December. Amounts in brackets refer to the previous year's values.

3.2 Group accounting principles

The Group's scope

Svenska kraftnät Group comprises the parent company, the Enterprise Svenska kraftnät, one subsidiary and six associates. The parent company is a Swedish State enterprise which has its registered office in Sundbyberg. The Group is controlled by the Swedish State.

The subsidiary and associated companies are limited liability companies or equivalent legal form abroad.

Consolidation principles

The consolidated accounts are prepared in accordance with the acquisition method, which in short means that the acquisition cost of the shares in the subsidiary is set off against the equity that existed in the subsidiary at the date of acquisition.

Intra-group profits are set off in full.

Associated companies are accounted for under the equity method, which means that the book value of shares and participations in associated companies in the consolidated financial statements is estimated at the Group's share of the associate's equity. Thus Svenska kraftnät's share of the associates' profit is included in the Group's earnings and dividends paid. This share is included in retained earnings.

Untaxed reserves/year-end appropriations

In the preparation of the consolidated financial statements untaxed reserves and appropriations in the subsidiary have been split between deferred tax and non-restricted equity. The deferred tax liability has been calculated at current tax rate.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will be available to the Group, provided that the revenue can be estimated reliably. Revenue is recognised net of sales taxes. In the consolidated financial statements, intra-group sales are eliminated.

Revenue is recognised to the extent that it is probable that the economic benefits will be available to the Group, provided that the revenue can be estimated reliably. Revenue is recognised net of sales taxes. In the consolidated financial statements, intra-group sales are eliminated.

Income from transmission of power

Income from transmission of electricity consists of capacity fees and usage fees, and transit compensation. Capacity fees are fixed annual charges for subscriptions that are recognised as revenue on a straight-line basis over the period to which the fee is to cover, while usage fees are recognised as revenue when Svenska kraftnät' services are used.

Transit revenue is obtained when the national grid is used for transmission of power through Sweden to other countries. The compensation agreement for transit, Inter TSO Compensation, is an agreement between 42 transmission system operators in 35 countries in Europe. The purpose of the agreement and its method of calculation is that each contracting party shall receive and provide economic compensation for using the network for transmission of power through one country to another. In theory the remuneration consists of two parts; compensation for infrastructure and compensation for losses.

Income from balance and frequency regulation

Revenues consist primarily of sold balancing power. If the customer has made a net purchase of balancing power over the settlement period this is recognised as in-

come for Svenska kraftnät. If the customer rather has a net sale of balancing power this is reported as a balancing power cost.

Revenues from power reserve

Under the Act (2003:436) Svenska kraftnät has responsibility for a power reserve to be available during the winter period. The power reserve is funded by a special charge to Svenska kraftnät from the balance providing companies.

Governmental funding for contingency preparedness

Svenska kraftnät is authority for electricity contingency planning and receives grant funds for this.

Other external income

Other income consists, among other things, of income from capacity fees and grants, utilisation of the Ediel IT system, and revenue for work performed.

Revenue from capacity fees is compensation from the obtained capacity fees to cover this year's expenses for counter trade and revenue from activated capacity fees. Revenues from activated capacity fees are settled with the same periodicity as depreciation of those investment projects to which the capacity fees have contributed.

Other revenues are recognised when the service is provided.

Segment reporting or business lines

The Group's primary segment is the business department. The Group's activities are divided into four (4) departments, which are Transmission of electricity in the national grid, System responsibility for electricity, Telecom, and Electricity contingency planning. A business department is an activity in Svenska kraftnät that is identifiable in record-keeping, and from other activities based on the risks and opportunities that Svenska kraftnät's mission entails.

Allocation of income and expenses across business departments

Income and expenses relating to several branches are distributed among these according to the following allocation keys:

- Costs for the disruption reserve are allocated with one third each to Transmission of electricity in the national grid, System responsibility for electricity and Electricity contingency planning. There is a ceiling of SEK 24 million for disruption reserve cost to the service department Electricity contingency planning; excess amounts after allocation by one-third per business department are split between Transmission of electricity and System responsibility

- Revenues and costs for primary regulation by disrupted operation (FCR-D) are divided with one-third to Systems responsibility and two-thirds to Transmission of electricity. Revenues and costs for the primary control normal operation (FCR-N) and secondary Regulation (aFRR) are charged 100%to System responsibility.
- Income and expenses common to the Enterprise are allocated according to the following distribution formula for 2016 (previous year's formula is indicated in brackets): Transmission of electricity in the national grid: 76 (80%), System responsibility for electricity: 15 (13%), Electricity contingency planning: 6 (5%) and Telecoms: 3 (2%).
- Business department Telecom provides a nationwide communications network for telecommunications and data which constitute an important prerequisite for sustaining a high operational reliability in the grid. Transmission of electricity uses the service and is charged with internal costs.

3.3 Interest income

Interest income is recognised as it is earned in the income statement for the period in which it arises.

Interest expenses

Interest expense consists of interest and other costs arising from the loan capital. The interest expenses are recognised in the period they relate to. Interest costs during construction are activated for fixed assets exceeding SEK 500 million. Interest is charged when the total amount of investment amounts to SEK 10 million.

Receivables and liabilities

Assets and liabilities have been valued at acquisition cost unless otherwise indicated. Unsecured receivables are stated at the amount expected to be paid after individual assessment.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency are valued at year-end exchange rates. The difference between value at acquisition on and the closing day is included in the result.

Inventories

Group inventories consist of fuels for gas turbine operation. It has been estimated at the lower of acquisition cost and current value according to the FIFO principle.

Cash and cash equivalents

Cash and cash equivalents consist of balances with banks.

Derivative instruments

The Enterprise uses derivative financial instruments to hedge financial risks, mainly electricity price risks and currency risks for electrical losses.

Valuation of electricity forwards

The electricity forwards that reflect the actual need for the company without deliberate extra hedging are not recognised in the balance sheet. The forwards that exceed actual needs are valued according to the Lowest value principle (LVP), which means that a contract which includes extra hedging shall be recognised as an expense immediately after it occurs. Any profit will not be recognised. Further, LVP means that changes in value are reported on a continuous basis from the time when the contract is entered.

The actual need for electricity is defined as the minimum annual volume of Svenska kraftnät's electricity losses over the past five years, broken down by quarter.

Accounting for leases

All leases are operational leases and reported as such. They are expensed on a straight-line basis. Financial leasing agreements do not exist.

Tangible fixed assets

Tangible fixed assets are reported at gross acquisition cost less accumulated planned depreciation and impairment losses. As investment is considered new construction, and extensions and conversions, which in the long term increase standard, quality or performance.

From the financial year 2016 the Enterprise applies component accounting, which means that all purchases have been divided into components. Each component is seen as an asset and amortised individually based on the respective component's useful life.

Expenses for repairs and maintenance are reported in the period in which they arise. As maintenance is seen work required for the plant to be used as originally intended, but without increasing its performance or substantially prolonging its life span.

Interest charges during construction period are activated for construction of installations exceeding SEK 500 million.

Intangible fixed assets

Expenditure for land rights, rights in fibre-optic connections, licenses, construction in progress, and development costs for computer software are capitalised and amortised on a straight-line basis over their useful life span. All intangible assets have finite useful life spans. Land rights are amortised according to the line concession period which usually is forty years.

Utilisation rights relate to fibre connections and amortised between 15 and 25 years in accordance with the duration of the contract. The Enterprise's settlement system and operation monitoring system are expected to have a useful life of 10 years. The assessment is based on development time, its complexity and difficulty to replace.

Investment grants submitted

When Svenska kraftnät initiates structural changes in the national grid, they can affect other network owners. A network owner who causes impaired reliability must pay the other grid owners for the measures necessary to maintain operational security. If the measure is taken in another owner's plant, but to be borne by the Authority, it is handled by a submitted investment grant. The investment grant is recorded as a prepaid expense (long-term) and amortised at the same rate as the plant to which the grant is linked.

Lending

Svenska kraftnät has the right to grant a so-called grid reinforcement loan under the Regulation (2015:213) about loans to power companies to facilitate the connection of renewable electricity production. The loans are valued at the nominal amount unless there are other indications, such as the borrower entering into liquidation, payments suspended, bankruptcy, or other signs of being insolvent. Present value calculation of loans does not take place because the Svenska kraftnät currently estimates that there is no significant indication that the value becomes more accurate. Amortisation of the loan takes place as the connecting network customers pay their connection fee to the borrower or when capacity is otherwise taken in use. If Svenska kraftnät after an assessment can determine that no connection, or no further connection, of plant for the production of renewable electricity will take place, the loan shall be written off. The maximum time that the loan may be asserted against the borrower is 40 years from the date the agreement was signed.

3.4 Depreciation and amortisation

Depreciation according to plan is based on the acquisition value and the estimated useful life. Straight-line depreciation is used for all fixed assets.
The assets' residual values and useful lives are assessed on an ongoing basis and adjusted as necessary.

Annual depreciation rates	**(%)**
Pipelines, excluding submarine cables and associated transmission lines	2.5
Land and submarine cables with associated wiring	3.3
Control plant parts in stations	6.7
Other station parts	3.3
Tunnels	1.67

Annual depreciation rates	(%)
Fibre connections	4.0 – 6.7
Spare parts	6.7
Telecommunications and information systems	6.7 – 20.0
Gas turbine plants	5.0
Personal computers and office equipment	33.3

Impairment

In conjunction with the financial statements, it is examined if there are indications that some asset has decreased in value, and thus the existence of impairment on tangible and intangible assets. A fixed asset that has a lower fair value than the carrying value is written down to this value, if it can be assumed that the decline in value is permanent. The value to the business is the higher of the replacement cost to procure the corresponding asset and the asset's net selling price. Impairment is set off against earnings.

Allocations

An allocation is recognised in the balance sheet when there is a legal or informal obligation as a result of a past event, and where it is probable that an outflow of resources will be required to settle the obligation, and that the amount can be estimated reliably.

Taxes

Svenska kraftnät's subsidiaries are obliged to pay income taxes for limited liability companies, while the Svenska kraftnät as a State enterprise and part of the Swedish State is exempt from income tax. Deferred tax for the difference between the carrying amount and taxable income is not reported by the Enterprise and Svenska kraftnät Group, with the exception of deferred tax on untaxed reserves in the subsidiary. Deferred tax assets are recognised to the extent it is considered probable that sufficient taxable profit will be available in the foreseeable future.

Pensions

Since 2016 the pension agreement, PA-16 for state employees born in 1943 or later, applies. For employees born in 1942 or earlier PA-91 applies. Pension debt is calculated by the National Government Employee Pensions Board (SPV). PA-16 includes retirement pensions, survivor's pension and a disability pension.

PA-16 includes the defined contribution pensions – individual old-age pensions and supplementary old age pension, Kåpan. For employees born in 1988 or later, old-age pension flex, Kåpan Flex, also applies. For these, premiums are paid. It further includes the defined benefit pensions — retirement pensions on earnings over 7.5 income base amount and a retirement pension under the transitional rules

for employees born in 1943 – 1972. These obligations are reported under the heading Allocations for pensions.

This year's allocation to the pension liability has been recognised together with expensed premiums. The interest portion of the pension cost is recognised as interest expense.

All employees were harmonised, which means that the pension liability for these has been calculated at flat rate. Harmonisation means that the SPV is doing a comprehensive review of all positions for a state employee, - state, municipal and private. If there are gaps in employment, pension liability is calculated at flat rate. This means, among other things that SPV estimates that the employee has had state employment from the age of 28, and that debt is calculated by the factor 0.95. This means that the real liability can be smaller or larger. Svenska kraftnät assumes that the pension liability is not estimated too low, and has chosen to book the pension liability estimated by SPV.

Pension liabilities comprise the actuarially projected assumptions that Svenska kraftnät is responsible for under the pension agreements PA-91 and PA-16. The booked pension liability is calculated on the basis established by the Board of the SPV. The determination allows use of either the 2017 or 2018 basis when calculating the 2016 pension liability. The difference between them is in brief that the 2018 basis assumes a lower interest earning (-0.6 instead of 0.3%). Svenska kraftnät reports the liability on the 2017 basis which is the most recently available calculation of the liability. The portion of the pension liability changes resulting from the transition to the 2018 basis is recognised as interest expense.

Svenska kraftnät pays separate salaries tax on pensions paid under Regulation (1991:704) on calculation of separate salaries tax on the state's pension costs, not based on the allocations for pensions. Because the pension liability relates to future pension payments, an allocation is made for the salaries tax based on pension liability at the end of the year.

Received investment grants

External contributions to investments do not reduce the procurement value, but are reported as a liability in the balance sheet with the received amount. As the fixed asset is written down, an income from activated investment grants is booked in the profit/loss statement.

Capacity fees

Capacity fees received are booked on a continuing basis in the balance sheet as long-term debt and settled primarily against counter trade costs during the fiscal year. On the other hand, they may be used as investment grants to investments that maintain or increase national grid transmission capacity. Thereafter any balance

remaining is reported on a separate account in the balance sheet until it becomes possible to use it in accordance with the regulations.

Research and development expenses

Development work is an integral part of the business and relates to long-term improvement measures which are expensed as incurred over the year. Svenska kraftnät is engaged in R & D work in order to increase the reliability, efficiency and environmental adaptation of network and system operations. Therefore no expenses for research are activated.

Financing analysis

The cash flow statement is prepared according to the indirect method. The reported cash flow covers transactions involving payments and receipts. This means that variance may occur compared to changes in individual balance sheet items.

Borrowing

Borrowings are carried at nominal value.

Shares in Group companies

Shares in Group companies are stated at cost less any impairment losses. Dividends received are recognised when the right to receive them is deemed safe.

Supervisory authority

The Energy Market Inspectorate is supervisor of network operation.

Notes

Note 1 Income from transfer and transit of electricity

	Group		Enterprise	
M SEK	**2017**	**2016**	**2017**	**2016**
Energy charges	2,276	2,277	2,287	2,287
Usage fees	933	1,234	933	1,234
Transit revenues	139	190	139	190
Total	**3,348**	**3,701**	**3,359**	**3,711**

Note 2 Governmental funding for Electricity contingency planning

Grant accounting for the Enterprise

Estimate K SEK	Incoming transfer-red amount	This year's award according to regulatory letter	With-drawal	Total avai-lable amount	Expendi-ture	Outgoing transferred amount
Category 21 Energy 1:9 Electricity preparedness						
Bulletin post 1, Electricity contingency	58 098	255 000	-58 098	255 000	-165 345	89 655
Total	**58 098**	**255 000**	**-58 098**	**255 000**	**-165 345**	**89 655**

Conditions for estimation under regulatory letter

M SEK	Maximum amount	Result
Management costs of operations	35	34

The funds expended during the year at 165 (197) million have been used with 64 million for robust power supply, communications 17 million, repair readiness with 30 million, management and collaboration 4 million, IT and information security 4 million, supervision and RSA 1 million, dam safety measures 12 million, and management costs 34 million. Sale of contingency means that are no longer part of emergency equipment brought 1 million. Of the funds expended during the year, 78 million have been passed on. The preparedness effects of the new approach towards planning for civil defence during high alert were analysed in 2017, which lead to that a smaller proportion of the resources were consumed. This effect is expected to be seen also in 2018 but consumption will rise thereafter.

A framework for authorisation of the grant exists, such as judicially binding commitments which involve future spending, as shown in the table below.

Expense area 21 – Energy
1:11 Contingency planning

K SEK	Authorised for outstanding commitments	Opening commitments	Outstanding commitments Total	Split per year		
				2017	2018	2019
Bulletin post 1, Electricity preparedness	330 000	126 971	127 759	111 431	4 914	11 414

This year's expenditure and the use of the authorisation context are lower than expected in2017. It depends, among other things, on personnel changes in the Enterprise and delays in companies where the contingency measures are performed. Consequently, the planned measures could not be implemented according to the original plan.

Note 3 Other external revenue

	Group		Enterprise	
M SEK	**2017**	**2016**	**2017**	**2016**
Revenue from capacity enabled fees	246	216	246	216
Revenue from capacity fees (counter trade)	12	21	12	21
Revenue from activated investment grants	46	51	46	51
Telecom revenue	53	61	53	61
Other income	36	34	35	29
Total	**393**	**383**	**392**	**378**

Note 4 Work performed for own account

Item pertains to labour costs for Svenska kraftnät's employees which have been activated against investment projects. The investment projects are partly constructions in progress, partly activated IT development projects.

	Group and Enterprise	
M SEK	**2017**	**2016**
Constructions in progress	127	119
Activated software development	16	25
Total	**143**	**144**

Note 5 Personnel costs

The Group's personnel expenses totalled 605 (577) million, including salary costs amounting to 353 (355) million. Added to this are the pension costs of 90 million (66) and social security contributions of 135 (131) million. Salary costs of 0.4 (0.4)

million include fees for the Board and 0.1 (0.1) million for members of councils and committees. All personnel costs are attributable to the Enterprise as the subsidiary Svenska Kraftnät Gasturbiner has no employees.

The number of full-time equivalents in the Group was 601 (576), all of whom in the Enterprise. On 31 December, the Group had 618 (599) salaried employees, of which 618 (599) in the Enterprise.

The average number of employees during the year amounted to 610 (591). The breakdown between men and women is shown below.

	Group		Enterprise	
Employees	**2017**	**2016**	**2017**	**2016**
Women	232	211	232	211
Men	378	380	378	380
Total	**610**	**591**	**610**	**591**

The Director General's salary was SEK 1.8 (1.5) million of which 0.5 million related to the outgoing Director General; pension expenses were 2.1 (0.7) million, according to estimates from the State pension fund, of which 1.3 million related to the outgoing Director General. The Deputy Director General's salary amounted to 1.3 (1.2) million and pension expenses to 1.5 (0.7) million.

The Board of Directors

Number of	2017	2016
Women	6	3
Men	4	7
Total	**10**	**10**

Remuneration to the Board etc. appears in the table below.

Board of Directors Member	Position	Born	Accession	Mission as Board or Council member in other Government authorities	Board member in stock company	Fee
Bo Netz	President, Deputy Director General, Swedish Transport Admin.	1962	2013	The Swedish Arts Council	AB Trav and Garace. President Sweroad AB.	83,004
Karin Apelman	Vice President, former Director General of EKN	1961	2017		Svenska Handelsbanken AB and Bliwa Life Insurance Ltd	34,500
Anna-Stina Nordmark-Nilsson	Vice Chairman, CEO of Lulebo AB. Advisor in own private company 10	1956	2004		Sveaskog AB (publ), Sveaskog Förvaltnings AB, Dedicare AB (publ)	34,500
Ulla Sandborgh	Director General, prev. head of Svenska kraftnät Market and system development.	1960	2017		Member of the Board of Directors of NordPool A/S in 2017.	-
Mikael Odenberg	Director-General 11	1953	2008	President of Karolinska Institute's consistory, member of the Government's crisis management Council.		-
Bo Normark		1947	2010	Member of the Board of Energy Development at the State Energy Agency.		56,004
Björn Carlsson	CEO Ackkärrs Bruk. Consultant in Investment Banking 12	1952	2010			28,002
Charlotte Zackari	Chief Legal Officer Customs Service	1954	2014			56,004
Charlotte Bergqvist	CEO Trinda Energy AB	1977	2015		President of Power Circle AB	56,004
Mikael Berglund	Local politician, Chairman of the building Committee in the municipality of Umeå, formerly President of Umeå Energi	1964	2015			56,004
Kim Reenaas	Head Of The Swedish National Electrical Safety Board	1979	2017			28,002
Stefan Ekberg	Employee Representative ST	1956	2012			-
Maria Bergqvist	Employee representative agreement-SACO	1974	2017			-
Total						432,024

[10] Anna-Stina Nordmark-Nilsson resigned from the Board in 2017.

[11] Mikael Odenberg resigned as Director General in 2017.

[12] Björn Carlsson resigned from the Board in 2017.

According to the Authority's direction, the Svenska kraftnät shall have an advisory council that has visibility into the business for electricity contingency issues, and one which shall assist in the work on dam safety issues. The members of the Advisory Council for electricity contingency issues at the Svenska kraftnät are appointed by the Government while the Director-General appoints the members of the Dam Safety Council.

The appointments of the members of the Advisory Council for electricity contingency planning at the Svenska kraftnät expired 31-12-2015. The Government has not appointed new members and thus no compensation has been paid.

Payments to the Dam Safety Council in 2017 amounted to:

Henry Löv	36,000

Compensation for representation in Telecom interference board was:

Katarina Grén	32,000

Of the above amount SEK 36,000 kronor was paid in 2018.

Note 6 Costs for transfer and transit of electricity

	Group		Enterprise	
MSEK	**2017**	**2016**	**2017**	**2016**
Purchase of electricity loss	1,045	1,080	1,045	1,080
Energy compensation	214	264	214	264
Transit costs	108	149	108	149
Total	**1 367**	**1 493**	**1 367**	**1 493**

Note 7 Other external costs

	Group		Enterprise	
MSEK	**2017**	**2016**	**2017**	**2016**
Grid countertrade	12	21	12	21
R & D measures	23	21	23	21
Electrical contingency measures	108	134	132	158
Other external costs	442	366	428	351
Total	585	542	595	551

Note 8 Result from participations in associated companies

	Group	
M SEK	**2017**	**2016**
Nord Pool AS	12	18
eseen Oy	9	-8
STRI AB	-	-1
Kraftdragarna AB	0	2
Other	0	0
Total	**21**	**11**

Note 9 Profit from securities and fixed assets receivables

	Group		Enterprise	
MSEK	**2017**	**2016**	**2017**	**2016**
Dividends on shares and participations in associated companies	-	-	16	9
Profit on sale of shares and participations in associated companies	0	-	16	-
Interest income on long-term debt in subsidiaries	-	-	1	0
Interest income on long-term receivables from associated companies	1	-	1	0
Total	**1**	**-**	**34**	**9**

Note 10 Other interest income and similar profit/loss items

	Group		Enterprise	
M SEK	**2017**	**2016**	**2017**	**2016**
Interest income from bank deposits	0	0	0	0
Interest income, Swedish National Debt Office	22	25	22	25
Other interest income	17	12	17	12
Total	**39**	**37**	**39**	**37**

Share results in associated companies are reported in note 8.

Note 11 Interest expenses and similar profit/loss items

	Group		Enterprise	
M SEK	**2017**	**2016**	**2017**	**2016**
Interest expenses, pension liabilities	-54	-48	-54	-48
Interest expenses, current liabilities	0	0	0	0
Interest expenses, currency futures	0	0	0	0
Capitalised interest on construction	-30	-38	-30	-38
Other interest expense	-2	-5	-2	-5
Total	**-86**	**-91**	**-86**	**-91**

Interest and exchange differences should be seen in the same context whether conversion differences are positive or negative.

Note 12 Tax on profit for the year

	Group	
M SEK	**2017**	**2016**
Current tax	-2	-1
Deferred tax	-4	-2
Total	**-6**	**-3**

Since most of the Group's pre-tax profit is earned in the Enterprise, which is exempt from income tax, the link between the tax expense for the year and reported earnings before tax in the Group is not reported.

Note 13 Intangible fixed assets

Intangible fixed assets consist of land rights in the form of easements and line rights, rights for fibre connections, licenses and capitalised data software.

Group and Enterprise 31-12-2017 M SEK	**Balanced expenditure for software**	**Land- rights**	**Right to use fibre**	**Construction in progress**	**Total**
Opening acquisition values	355	220	82	81	738
Acquisitions	-	-	-	106	106
Retirement	-5	-	-	-	-5
Reclassifications	134	-4	1	-135	-4
Closing accumulated acquisition values	**484**	**216**	**83**	**52**	**835**
Opening depreciation and amortisation	183	136	69	-	388
Retirement	-5	-	-	-	-5
The year's depreciation	40	3	5	-	48
Closing accumulated depreciation	**218**	**139**	**74**	**-**	**431**
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	**266**	**77**	**9**	**52**	**404**
Depreciation and amortisation in the prior financial year	30	4	5	-	39
Opening acquisition values	243	221	86	58	608
Acquisitions	-	-	-	123	123
Retirement	-	-	-5	-	-5

Group and Enterprise 31-12-2017 M SEK	Balanced ex-penditure for software	Land- rights	Right to use fibre	Construction in progress	Total
Reclassification	112	-1	1	-100	12
Closing accumulated acquisition values	**355**	**220**	**82**	**81**	**738**
Opening depreciation and amortisation	153	132	69	-	354
Retirement	-	-	-5	-	-5
The year's depreciation	30	4	5	-	39
Closing accumulated depreciation	**183**	**136**	**69**	**-**	**388**
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	**172**	**84**	**13**	**81**	**350**
Depreciation and amortisation in the prior financial year	19	4	5	-	28

Note 14 Tangible fixed assets

Group 31-12-2017 M SEK	Buildings and land	Plants and machinery	Construction in progress	Total
Opening acquisition values	1,033	28,257	7,076	36,366
Acquisitions	25	78	1,604	1,707
Sales/Disposals	-2	-189	-	-191
Impairment loss	-	-	-23	-23
Reclassifications	185	1,574	-1,920	-161
Closing acquisition values	**1,241**	**29,720**	**6,737**	**37,698**
Depreciation, opening balance	395	13,758	-	14,153
Sales/Disposals	-	-158	-	-158
The year's depreciation	32	824	-	856
Closing accumulated depreciation	**427**	**14,424**	**-**	**14,849**
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	**814**	**15,296**	**6,737**	**22,847**
Depreciation and amortisation in the prior financial year	27	748	-	775

During the year, classification has been made for financial fixed assets of 154 million. This year's write-down was primarily due to the Board's decision to terminate the planning of a 220 kV AC connection between Ekhyddan and Ygne on Gotland, the socio-economic analysis revealing that the electricity market benefits of establishing wind power on Gotland are not large enough to cover the costs for a new connection. There are also no other clear benefit values that justify the implementation based on Svenska kraftnät's mission.

Enterprise 31-12-2017 M SEK	Buildings and land	Plants and machinery	Construction in progress	Total
Opening acquisition values	1,002	26,915	7,054	34,971
Acquisitions	-	18	1,585	1,603
Sales/Disposals	-2	-189	-	-191
Impairment losses	-	-	-23	-23
Reclassifications	185	1 574	-1 920	-161
Closing acquisition values	**1,185**	**28,318**	**6,696**	**36,199**
Depreciation, opening balance	387	12,636	-	13,023
Sales/Disposals	-	-158	-	-158
The year's depreciation	30	799	-	829
Closing accumulated depreciation	**417**	**13,277**	**-**	**13,694**
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	**768**	**15,041**	**6,696**	**22,505**
Depreciation and amortisation in the prior financial year	26	724	-	750

During the year, classification has been made for financial fixed assets of 154 million.

Group 31-12-2016 M SEK	Buildings and land	Plants and machinery	Construction in progress	Total
Opening acquisition values	944	24,891	9,307	35,142
Acquisitions	11	55	1,280	1,346
Retirement	-10	-101	-	-111
Impairment loss	0	-	-2	-2
Reclassifications	88	3,410	-3,509	-11
Acquisition values	**1,033**	**28,257**	**7,076**	**36,364**
Depreciation, opening balance	379	13,076	-	13,455
Retirement	-11	-68	-	-79
The year's depreciation	27	748	-	775
Closing accumulated depreciation	**395**	**13,758**	**-**	**14,151**
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	**638**	**14,499**	**7,076**	**22,213**
Depreciation and amortisation in the prior financial year	26	654	-	680

Enterprise 31-12-2016 M SEK	Buildings and land	Plant and machinery	Construction in progress	Total
Opening acquisition values	924	23,600	9,307	33,831
Acquisitions	0	3	1,258	1,261
Retirement	-10	-96	-	-106
Impairment losses	-	-	-2	-2
Reclassifications	88	3,408	-3,509	-13
Acquisition values	**1,002**	**26,915**	**7,054**	**34,971**
Depreciation, opening balance	372	11,978	-	12,350
Retirement	-11	-66	-	-77
The year's depreciation	26	724	-	750
Closing accumulated depreciation	**387**	**12,636**	**-**	**13,023**

Enterprise 31-12-2016 M SEK	Buildings and land	Plant and machinery	Construction in progress	Total
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	**615**	**14,279**	**7,054**	**21,948**
Depreciation and amortisation in the prior financial year	26	634	-	660

The concept of Plant and machinery includes switchgear equipment, power lines, submarine cables, control plant parts, fibre equipment, and telecommunications and information systems. Retirements occur mainly when plants return to operation after reinvestments. The assessed value of properties in the Group amounted to 77 (71) million.

Note 15 Participations in Group companies 31-12-2017

Company	Company registration number	Head office	Share in%	Number	Nominal value M SEK	Book value M SEK
Svenska kraftnät Gasturbiner AS.	556451-0260	Stockholm	100	900	9	9
Total					**9**	**9**

Note 16 Receivables from Group companies

	Enterprise	
M SEK	**31-12-2017**	**31-12-2016**
Loan receivable from subsidiaries	133	154
Total	**133**	**154**

The post relates to conditionally repayable loan. During 2017 no repayments have been made and 22 million relating to the year's amortisation has therefore been brought on to the current receivables as per 31-12-2017.

Note 17 Shares in associated companies 31-12-2017

Company	Company registration number	Head office	Share %	Number	Group M SEK	Enterprise M SEK
Nord Pool AS	NO 984058098	Lysaker	28.20	4,320	73	43
Kraftdragarna AB	556518-0915	Västerås	50	5,000	16	1
Energiforsk AB	556974-2116	Stockholm	20	1,000	1	1
Triangelbolaget D4 AB	556007-9799	Stockholm	25	525	0	0
eSett Oy	2582499-7	Helsinki	33.33	1,250	11	18
Elforsk AB	556455-5984	Stockholm	25	750	0	0
Total					**101**	**63**

The acquisition cost is equal to the book value in the Enterprise.

Note 18 Long-term receivables from associated companies

	Group		Enterprise	
M SEK	**31-12-2017**	**31-12-2016**	**31-12-2017**	**31-12-2016**
Loan to Associates	36	38	36	38
Total	**36**	**38**	**36**	**38**

In 2017 SEK 2 million relating to 2018 annual amortisation has been reclassified as current receivables.

Note 19 Other long-term receivables

	Group		Enterprise	
M SEK	**31-12-2017**	**31-12-2016**	**31-12-2017**	
Security for financial trading on NASDAQ/OMX	91	252	91	252
Grid reinforcement loans	21	-	21	-
Other long-term receivables	33	4	33	4
Total	**145**	**256**	**145**	**256**

Note 20 Long-term prepaid expenses

	Group		Enterprise	
M SEK	**31-12-2017**	**31-12-2016**	**31-12-2017**	**31-12-2016**
Ongoing investment grants, provided	4	-	4	-
Activated investment grants, provided	128	26	128	26
Cumulative deduction, investment grants provided	-8	-1	-8	-1
Total	**124**	**25**	**124**	**25**

Note 21 Other receivables

	Group		Enterprise	
M SEK	**31-12-2017**	**31-12-2016**	**31-12-2017**	**31-12-2016**
Sales tax receivable	1	2	1	-
Tax asset	0	1	0	-
Inquiry vendor invoices	4	3	4	0
Current receivables supplier	12	18	11	18
Total	**17**	**24**	**16**	**18**

Note 22 State Office Settlements

Outgoing claim on 46 (81) million consists of the difference between the selected/deposited funds from the State Office's current account and settled expenses/reported income for the State budget.

	Group and Enterprise	
M SEK	**31-12-2017**	**31-12-2016**
Collection		
Booked against income (dividends)	-359	-729
Collected funds paid into non-interest-bearing account	359	729
	0	**0**
Appropriation in non-interest-bearing account		
Opening balance sheet (receivable + debt-)	81	99
Reported against appropriation	165	197
Resources attributable to transfers, etc. paid		
to non-interest-bearing flow	-200	-215
Closing balance	**46**	**81**

Note 23 Prepaid expenses and accrued income

	Group		Enterprise	
M SEK	**31-12-2017**	**31-12-2016**	**31-12-2017**	**31-12-2016**
Prepaid costs for premises	10	8	10	8
Prepaid costs, other	20	12	20	12
Accrued net income	239	181	239	181
Accrued income, System responsibility	299	437	299	437
Accrued revenue, Power reserve	-	10	-	10
Accrued income, other	4	16	4	16
Total	**572**	**664**	**572**	**664**

Note 24 Deferred tax liabilities

	Group	
M SEK	**31-12-2017**	**31-12-2016**
Deferred tax liability	39	36
Total	**39**	**36**

Deferred tax liabilities are attributable to untaxed reserves.

Note 25 Allocations for pensions and similar obligations

	Group and Enterprise	
M SEK	**31-12-2017**	**31-12-2016**
Opening balance	**873**	**781**
Paid pension	-16	-14
Annual enumeration pension liability	59	39
Interest pension liability	-2	-
Allocation payroll tax	24	18
Adjustment of pension liabilities and payroll tax because of change of calculation policy (lowered interest rate assumption)	56	49
Closing balance	**994**	**873**

The annual report for the State makes use of other technical principles for the calculation of retirement pension debt. This means that the Svenska kraftnät pension liabilities in the financial statements of the State 2017 amounts to 774 (695) million, of which payroll tax at 151 (136) million.

Note 26 Other allocations

	Group		Enterprise	
M SEK	**31-12-2017**	**31-12-2016**	**31-12-2017**	**31-12-2016**
Allocation for local adaptation work				
Opening allocation	8	7	8	7
This year's allocation	1	1	1	1
Closing allocation for local adaptation work	**9**	**8**	**9**	**8**
Allocation for environmental damage				
Opening allocation	64	-	64	-
This year's allocation	-	64	-	64
Adjustment of opening allocation	-14	-	-14	-
Closing allocation	**50**	**64**	**50**	**64**
Total	**59**	**72**	**59**	**72**

Svenska kraftnät, Saco and ST have signed a local adaptation agreement aimed at contributing to the financing of long-term local adaptation work, based on the company's needs. Financing is done through the allocation of 0.3 percent of payroll. The local adaptation work shall support both business and employee development through proactive measures and activities according to the work strategy and a longer working life.

In 2016 Svenska kraftnät made a allocation of 64 million for environmental measures concerning the removal of 243 salt-impregnated pole foundations on the

line stretch Nässjö-Värnamo. In 2017, the cost was revised to 50 million, so that 14 million of the allocation is withdrawn.

Note 27 Non-current interest-bearing liabilities

	Group and Enterprise	
M SEK	**31-12-2017**	**31-12-2016**
Opening balance	4,918	5,087
New loans during the year	3,811	5,260
This year's amortisation	-4,607	-5,429
Debt to the Swedish National Debt Office	4,122	4,918

Granted loan limit was 8,650 million.

Note 28 Non-interest-bearing liabilities

	Group		Enterprise	
M SEK	**31-12-2017**	**31-12-2016**	**31-12-2017**	**31-12-2016**
Balanced contributions from landowners	187	218	187	218
Advances from fibre customers	32	37	32	37
Total	**219**	**255**	**219**	**255**

Note 29 Non-current prepaid income

	Group		Enterprise	
M SEK	**2017**	**2016**	**2017**	**2016**
Activated investment grants received	1,335	1,096	1,335	1,096
Offsetting investment grants received	-153	-91	-153	-91
Ongoing investment grants received	177	122	177	122
Activated capacity fees	7,594	6,908	7,594	6,908
Cleared capacity fees	-899	-653	-899	-653
Balanced capacity fees	1,092	475	1,092	475
Total	**9,146**	**7,857**	**9,146**	**7,857**

Note 30 Other liabilities

	Group		Enterprise	
M SEK	**31-12-2017**	**31-12-2016**	**31-12-2017**	**31-12-2016**
Advances from customers	12	11	12	11
Employee-related liabilities	21	20	21	20
Sales tax payable	16	20	15	20
Litgrid's part of the received EU subsidies	120	-	120	-
Other current liabilities	31	0	31	0
Total	**200**	**51**	**199**	**51**

Note 31 Accruals/prepaid income

	Group		Enterprise	
M SEK	**31-12-2017**	**31-12-2016**	**31-12-2017**	**31-12-2016**
Accrued expenses, balance/system providers	214	332	214	332
Accrued expenses, balance control	61	70	61	70
Accrued expenses, power reserve	29	15	29	15
Accrued expenses, energy credits	23	28	23	28
Accrued expenses, disruption-reserve	7	6	7	6
Accrued expenses transit compensation	76	56	76	56
Accrued payroll costs	40	38	40	38
Accrued maintenance costs	67	38	67	38
Accrued electricity contingency costs	4	11	4	11
Accrued expenses, investments	86	-	86	-
Accrued expenses, other	25	24	24	21
Prepaid Telecom revenues	0	2	0	2
Total	**632**	**620**	**631**	**617**

Note 32 Contingent assets and contingent liabilities

On readmission of concession for two line routes (Tälle — Nässjö and Nässjö — Värnamo) the Energy Market Inspectorate has decided that the company must in principle dig up all buried pole foundations as a recovery measure. As the Svenska kraftnät does not share the Inspectorate's assessment the decision was appealed to the Land and Environment Court. In its ruling on 17 August the court, however, essentially rejected the appeal. Svenska kraftnät has appealed to the Land and Environment Higher Court that on December 15 decided to submit the case for judgment.

On the basis of extensive studies and analyses Svenska kraftnät considers that the overall environmental impact will be smaller by leaving creosote impregnated foundations in the ground if they do not pose any risk to human health or other obstacle. On this basis the Svenska kraftnät has worked out an assessment with a set of principles for when the foundations should be left or picked up. Svenska kraftnät considers it to be of fundamental importance that the Land and Environment Higher Court consider this assessment. The cost of digging up the 578 foundations is expected to about 115 million. Svenska kraftnät will, however, remove the 243 wooden sleeper foundations that exist between Nässjö — Värnamo, as it has been shown that these foundations largely are impregnated by other means (salt impregnation). Environmental effects of such foundations are not at all understood, why Svenska kraftnät has felt that these should be removed, with an estimated cost of about 50 million.

During 2017 the Energy Market Inspectorate has also decided on recovery measures for two line routes (Nederkalix – Finnish border and Linden back – Tälle). Svenska kraftnät has appealed the decisions. The Land and Environment Court has not yet begun examining these cases that mainly deal with the same creosote issues as described above. The cost of cleaning up 133 pole sites and to dig up 159 foundations is estimated at about 66 million.

Note 33 Future lease commitments

Agreed future leasing commitments are payable as shown below. All leases relate to operational leases. Amounts for the Enterprise also include commitments to the subsidiary Svenska Kraftnät Gasturbiner AS.

	Group		Enterprise	
M SEK	**31-12-2017**	**31-12-2016**	**31-12-2017**	**31-12-2016**
Within a year	278	307	397	419
Later than one year but within five years	746	829	1 313	1 373
Later than five years	79	126	373	510
Total	**1 103**	**1 262**	**2 083**	**2 302**

4 Target Achievements vs. the Feedback Requirements in the Regulatory Letter

Target	Feedback requirements	Set out in chapter
1.1	The Svenska kraftnät Group shall account for its Electricity business results detailed for Grid operations and Systems responsible for electricity. For these the enterprise shall account and assess the costs, revenues, business volume, quality and impact of the activities undertaken and their results. As far as possible the result shall be reported in quantitative terms. The annual report should indicate the allocation of expenses common to both areas.	Income statement Business departments, Grid, and System Responsibility
	Revenue from capacity fees (so-called bottleneck revenues) that occurs when the electricity market is split up in separate bidding areas, shall be shown separately, as well as the direct costs caused by countertrading.	Financial position and cost efficiency, Financing, Capacity fees Business departments, Grid, Notes 3 and 29
	Results of operations on a Nordic level through further development of co-operation between the Nordic and Baltic system operators should be reported, with identification of needs for future harmonisation measures. Results of operations at European level shall also be reported.	Research and development, and International co-operation
1.2	Svenska kraftnät should account for business Telecom separately from other activities. For business Telecom, the enterprise shall account for results achieved in relation to defined objectives. As far as possible the results shall be reported in quantitative terms. The reporting of telecom operations shall present a breakdown of internal and external activities. This accounting separation shall include records of income and expenses, including common costs and profit.	Business departments, Telecom Notes 3 and 28
1.4	Gender equality Svenska kraftnät should account for how the company has worked and intends to work, at the strategic level, to promote gender equality within the enterprise and in the energy sector.	Employees, equality and diversity

Target	Feedback requirements	Set out in chapter
1.5	Export promotion Svenska kraftnät should account for how the company works with export promotion in the context of its mandate.	International cooperation, To promote the export of electricity
2	Svenska kraftnät should account for goals and performance for competence management in relation to the goals and results. The report shall state > the extent to which the enterprise's goals for competence management in 2017 have been reached; > which measures have been taken, and > what goals apply to business administration's competence 2018 and 2019-2020. The account shallreport the enterprise's efforts to promote ethnic and cultural diversity and health, and to achieve an appropriate age structure, sex ratio and mobility of staff. The report shall be broken down by sex and for groups of employees within the three categories competence management, core expertise and support expertise, as appropriate.	Employees

Target	Feedback requirements	Set out in chapter
3	**Mission**	
	Electricity 1. Svenska kraftnät, in common with other Nordic system responsible grid enterprises shall account for network development plans for the Nordic grid network with northern socio-economic benefit. Network development plans shall include the network investments required to transfer new renewable electricity production. The mission has its background in the report about further development toward a borderless Nordic electricity market as adopted by the Nordic Energy Ministers on 25 October 2010. The third biennial plan shall be reported to the Nordic Ministerial meeting 2017. The network development plan shall be reported to the Nordic electricity market group and to the Swedish Government offices (Ministry of environment and energy) no later than 21 August, 2017.	Nordic grid development plan 2017 https://www.svk.se/siteassets/om-oss/rapporter/2017/nordic-grid-development-plan-2017-eng.pdf Svenska kraftnät's System development plan for 2018 – 2027 is also published during the year. It clarifies the focus on the future development of the whole power system, and not just on the grid. https://www.svk.se/siteassets/om-oss/rapporter/2017/svenska-kraftnats-systemutvecklingsplan-2018-2027.pdf
	Electricity 2. The Svenska kraftnät enterprise shall, in common with other Nordic transmission grid companies, develop an action plan for management of the power issue in a Nordic perspective. The mission is based on the Nordic Ministerial Council on energy on 10th November 2015. In their action plan the Nordic system responsible grid operators shall indicate what measures they intend to prepare for implementation and include a clear timetable. The action plan should also contain a statement of reasons for each of the measures proposed in the report, for the decision to go ahead or not to implement. It should point out cases where they do not have the mandate or the ownership of an issue, such as whether a measure involves the need for adaptation of national legislation. The mission shall be reported to the Nordic electricity market group and to the Swedish Government offices (Ministry of environment and energy) by 30 June 2017.	Generation Adequacy – market measures to secure it and methodology for assessment www.svk.se/siteassets/om-oss/rapporter/2017/generation-adequacy-report-eng.pdf

Target	Feedback requirements	Set out in chapter
	Emergency preparedness and civil defence 1. Within its area of responsibility Svenska kraftnät shall promote co-operation between actors with responsibilities for the society's crisis preparedness to join and to use the common radio communication system Rakel. The work will be done in co-operation with the Swedish Civil Contingencies Agency	Business departments, Electricity preparedness, Actions to connect and to use Rakel
	Emergency preparedness and civil defence 2. In its capacity as supervising authority the Svenska kraftnät enterprise should, pursuant to the Regulation (2015:1052) about emergency preparedness and supervising authorities' responsibilities during high alert, report the overall measures that the enterprise has undertaken to carry out systematic security work in accordance with the Safety Protection Act (1996:627) and Safety Protection Ordinance (1996:663). The assignment shall be as set out in the framework of the mission of the Planning Instructions for civil defence (reg. No. Ju2015/09669/SSK) to Swedish Government Offices (Ministry of environment and energy with a copy to the Department of Justice) no later than 22 February, 2018.	Reported 22 February 2018

Target	Feedback requirements	Set out in chapter
	Modern emergency response jobs Authorities shall contribute to the Government's commitment to modern emergency jobs in the State, to be imposed gradually from 2017 and aspiring to occupy at least 5,000 persons by 2020. The scope for 2017 should include at least 500 persons. Authorities shall strive to hire people who are far from the labour market, including newly arrived to perform basic duties at the Agency. Svenska kraftnät shall submit a report to the State Treasury by 1 August 2017 as instructed by the State Treasury. The regulatory framework and the remuneration for the modern emergency jobs shall meet the prevailing terms for the subsidised employment extra services, which are processed and paid by the Employment Service. The Employment Services and the Government Employers' Agency are mandated to provide support to the authorities within their respective areas of responsibility in this work.	Reported to the State Treasury in the designated survey. Employees, Skills Analysis

5 Proposal for Net Profit Appropriation

The State's share of the retained earnings amounts to 5,019 million, of which this year's result is SEK 203 million. In line with the dividend policy it is proposed that 132 million is appropriated for dividend and the excess amount carried forward.

The Enterprise's unrestricted equity amounts to SEK 5,141 million, of which the net profit for the year is SEK 193 million.

The Board of Directors proposes that the Enterprise's income statement and balance sheet and the consolidated income statement and balance sheet for 2017 be approved.

We certify that the annual accounts give a true and fair view of the results and of the costs, revenues, and the Authority's and the Group's financial position.

We believe that the internal governance and control at the Authority are adequate.

Sundbyberg on 21 February 2018

Bo Netz *President*	Karin Apelman *Vice President*	Ulla Sandborgh *Director-General*
Kim Reenaas	Bo Normark	Charlotte Zackari
Charlotte Bergqvist	Mikael Berglund	Maria Bergqvist *Staff Representative SACO*
Stefan Ekberg *Staff Representative ST*		

GOVERNMENT OF SWEDEN
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DNR: 3.1.2-2017-0470
DECISION: 02/03/2018

6 Audit report for Svenska kraftnät 2017

Report on the Annual Report with Consolidated Accounts

Under section 5 of the Act (2002:1022) concerning audits of government activities, the National Audit Office has reviewed the annual report for 2017with the consolidated accounts for the enterprise Svenska kraftnät, dated 21/02/2018.

Statement

In the National Audit Office's opinion, the Authority has in all material respects:

- prepared the annual accounts with the consolidated financial statements according to the Regulation (2000:605) on annual accounts and budget information, instruction, regulatory letters and special Government decision for the Authority,
- given an accurate picture of the Svenska kraftnät enterprise and the Group's financial results, financing, and financial position as at 31 December 2017,
- submitted a management report and other information in general that is consistent with, and supports a fair presentation of, the annual report as a whole.

Basis for the Statement

The National Audit Office has conducted the audit in accordance with International Standards of Supreme Audit Institutions (ISSAI) for financial audits, and the Audit Office' manual for review of results and other information in the annual report (RRI). Our liability under these standards is described in more detail in the section Auditor's Responsibility. We are independent of the Authority in accordance with ISSAI 30 Code of Ethics and have fulfilled our obligations in accordance with this code of ethics. We regard the obtained audit evidence as sufficient and appropriate as a basis for the National Audit Office' statements.

The Authority's Responsibility for the Financial Statements

The Authority's management is responsible for preparing annual financial statements which give a true and fair view in accordance with the Regulation (2000:605) on the annual accounts and the budget documents, and in accordance with instructions, regulatory letters and other directives for the Authority. The authority management is also responsible for the internal governance and control as considered necessary for the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

When preparing the annual accounts the authority management is responsible for assessment of the Authority's ability to continue operations. They inform, as appropriate, on conditions that can affect the ability to stay in business and to apply the assumption of continued operation, unless there are specific reasons not to.

Auditor's Responsibility

Our goal is to achieve a reasonable degree of certainty that the annual report as a whole does not contain any material misstatement, whether due to fraud or error, and to submit an auditor's report containing the National Audit Office' statements. Reasonable assurance is a high degree of certainty, but there is no guarantee that an audit carried out under ISSAI and RRI will always detect a material misstatement, if any. Inaccuracies may occur due to fraud or error, and are considered to be essential if they individually or jointly can reasonably be expected to affect the economic decisions that the user makes on the basis of the annual report.

As part of a revision under ISSAI, we use professional judgment and have a professionally sceptical attitude throughout the audit. In addition:

- identify and assess the risks of material misstatement in the annual report, whether due to fraud or error, design and perform audit procedures, among other things on the basis of these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement due to irregularities is greater than for a material misstatement due to errors, because irregularities may include conduct in collusion, falsification, deliberate omissions, misinformation or noncompliance with internal control,
- we acquire an understanding of the part of the Authority's internal governance and control relevant to our audit in order to design audit measures adequate for the circumstances, but not to express an opinion on the effectiveness of the Authority's internal management and control,
- we evaluate the appropriateness of the accounting policies used and the reasonableness of management's assessments in the report and related information,
- we draw a conclusion on the appropriateness of management's assumption of going concern when preparing the annual accounts. We also draw a conclusion on the basis of the acquired audit evidence, whether there is any material uncertainty relating to such events or conditions that can lead to significant doubt about the Authority's ability to continue operations. If we conclude that there is a significant uncertainty factor, we shall draw attention in the

audit report to the information contained in the annual report on the significant uncertainty and the assessment provided, or, if such information is insufficient, modify our statements about the annual report,

- we evaluate the overall presentation, structure and content of the annual report, including information, and whether the financial statements reflect the underlying transactions and the events in such a way as to give a true and fair view.

As part of the review process in accordance with the RRI, we have also planned and conducted the audit in order to:

- obtain sufficient and appropriate audit evidence that essential information of financial or non-financial nature provided in the management report has been prepared with the purpose, together with other parts of the annual report, to provide a true and fair view of the operations on the basis of the regulatory framework,
- implement the necessary measures regarding other information to ensure that this is consistent with the other parts of the annual accounts and are free from material error, based on our knowledge of the Authority.

Our communication with the management includes planned scope and focus for the audit and significant results from the audit, including any significant deficiencies in internal control and control that we identified.

Report on other Legal and Regulatory Requirements

Management's Compliance with Applicable Regulations for the use of Appropriations and Revenue

Statement

In the National Audit's opinion based on our audit of the financial statements, the Authority has in all material respects used appropriations and revenue in accordance with Parliament's declared purposes and in compliance with applicable regulations.

Basis for the Statement

We have conducted our audit in accordance with ISSAI and RRI. Our liability under these is described in more detail in the section on the Auditor's Responsibility.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for National Audit's statement.

Management's Responsibility to comply with Applicable Regulations for the use of Appropriations and Revenue

It is the responsibility of the Authority's management that accounting and use of grant funds and proceeds are in accordance with applicable regulations and in accordance with the financial conditions set out in the regulatory letters and particular Government decisions for the Authority.

Auditor's Responsibility

Our responsibility is to audit the Authority annual accounts in accordance with ISSAI and RRI. According to our standards, we will consider compliance with laws and regulations and the possible effects of significant deviations from the applicable regulations on the financial elements of the annual report. Our responsibility is also to examine whether the management complies with the relevant regulations and specific decisions. In addition to the regulatory framework and specific decisions that directly affect the accounting, this includes the provisions that are directly attributable to the use of funds, which the Parliament and the Government decide[13]. On the basis of the completion of the audit of the annual accounts, we submit a statement on the Authority's compliance with those regulations.

Management's Assessment of Internal Governance and Control

Statement

In our audit of the annual report, nothing has emerged that would indicate that management's assessment of internal control does not comply with the Ordinance (2007:603) on internal governance control.

[13] Bulletin Regulation (2011:223), Fees regulation (1992:191), Regulation (2011:211) on loans and guarantees, Capital supply regulation (2011:210), Regulation (1996:1190) on the transfer of State property, Regulation (1996:1191) concerning the transfer of movable State property.

GOVERNMENT OF SWEDEN
103 33 STOCKHOLM

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DECISION: 02/03/2018

Basis for the Statement

We have conducted our audit in accordance with ISSAI and RRI. Our liability under these is described in more detail in the section on the Auditor's Responsibility.

We believe that the obtained evidence is sufficient and appropriate to provide a basis for National Audit's statement.

Management's Responsibility for Internal Governance and Control

The Authority's management is responsible for submitting a statement on the internal governance and control of the Authority, in accordance with the requirements of the Regulation (2000:605) on annual accounts and budget information, instruction, regulatory letters and special Government decisions for the Authority.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We have conducted our audit in accordance with ISSAI and RRI. In the planning and execution of the audit, those elements of internal governance and control are considered that are relevant for how the Authority prepares the annual report to provide a true and fair view. Our responsibility is not to do an audit of the effectiveness of the Agency's internal management and control.

Our statement regarding management's assessment of internal control is therefore based on the measures we have taken to examine the annual financial statements, and therefore do not have a statement based on an audit.

Responsible auditor Tomas Kervenhed has presided over this case. Assignment manager Anders Lexner has been rapporteur.

Tomas Kervenhed Anders Lexner

Copy for information:
Svenska kraftnät Enterprise
The Ministry of Environment and Energy
The Ministry of Finance, Budgeting Department

Original
Riksrevisionen har enligt 5 § lagen (2002:1022) om revision av statlig verksamhet m.m. granskat årsredovisningen med koncernredovisningen för Affärsverket svenska kraftnät för 2017, daterad 2018-02-21.

The Board of Directors

Bo Netz
President
Born 1962, took office in 2013.
Transport Department Director General.
Member of the Swedish National Council for Cultural Affairs
and the Board of Directors of AB Trav och Galopp.
President Sweroad AB.

Karin Apelman
Vice President
Born: 1961, took office July 2017.
Former Director General of EKN.
Other directorships: Swedish Foundation for international cooperation in research and higher education, Handelsbanken and Bliwa life insurance.

Ulla Sandborgh
Director General
Born 1960, took office in March 2017.
Former head of Svenska kraftnät Marketing and systems development.
Also been a Board member of NordPool a/s in part of 2017.

Bo Normark
Born 1947, took office in 2010.
Member of the Board of Energy Development at the Swedish Energy Agency.

Charlotte Zackari
Born 1954, took office in 2014.
General Counsel at Customs.

Charlotte Bergqvist
Born in 1977, took office in 2015.
CEO Trinda Energy, Chairman of Power Circle.

Mikael Berglund
Born in 1964, took office in 2015.
Local politician, Chairman of the building Committee in Umeå municipality,
former President of Umeå Energi

Kim Reenaas
Born in 1979, took office July 2017.
Head Of The Swedish National Electrical Safety Board.

Maria Bergqvist
Born in 1974, took office July 2017. Employee Representative SACO.

Stefan Ekberg
Born 1956, took office in 2012. Employee Representative ST.

Definitions

Definitions of Key Figures

Return on equity

Profit is shown after net financial result, net of standard rate tax (22%) in relation to adjusted equity. Adjusted equity is calculated as the average of the year's opening and closing restricted shareholders' equity (state capital and restricted reserves) and 78 per cent of the average free equity. The return on investment is calculated excluding share of income from sales of associated companies.

Return on capital employed

Profit after financial items plus interest expenses in relation to average capital employed. Average capital employed is of the average balance sheet total less non-interest-bearing liabilities including deferred standard tax in equity.

Equity/assets ratio

Solvency figure of adjusted shareholders ' equity at year end in relation to total capital. Adjusted equity includes adjustment for standard tax.

Operating margin

Operating profit in relation to net revenue.

Debt/equity ratio

Interest-bearing net liabilities divided by adjusted equity.

Self financing degree

Cash flow before investments divided by cash flow-related tangible and intangible investments.

Interest coverage ratio

Profit after net financial items plus financial expenses divided by financial expenses.

Net debt

Allocations and interest-bearing liabilities less interest-bearing financial assets.

Capital turnover

Net sales divided by average total assets.

Internal funding

Cash flow is taken from the cash flow statement before change in net working capital and investments.

Addresses

Svenska kraftnät, Head Office
P.O. Box 1200, 172 24 Sundbyberg
Visiting address: Sturegatan 1
Tel: 010-475 80 00 Fax: 010-475 89 50
www.svk.se e-mail: registrator@svk.se
Invoice address: Svenska kraftnät
FE 5105, 838 77 Frösön

Svenska kraftnät, Sollefteå
Nipan 881 52 51, Sollefteå
Tel: 010-475 80 00 Fax: 010-454 48 40

Svenska kraftnät, Sundsvall
P.O. Box 603, 851 08 Sundsvall
Visiting address: Landsvägsalléen 4
Tel: 010-475 80 00 Fax: 010-475 89 87

Elforsk AB
Olof Palmes gata 31, 101 53 Stockholm
Tel: 08-677 25 30 Fax: 08-677 25 35
www.elforsk.se

eSett Oy
c/o Fingrid Oyj
PL 530, (Läkkisepäntie 21), FIN-00620
Helsinki, Finland
Tel: (+ 358) 10 5018500
www.esett.com

Kraftdragarna AB
Norra Seglargatan 15 721 32, Västerås
Tel: 021-17 04 80 Fax: 021-17 04 85
www.kraftdragarna.se

Nord Pool AS, Head Office
P.O.Box 121, NO-1325 Lysaker, Norway
Tel: (+ 47) 67 10 91 00
Fax: (+ 47) 67 10 91 01
www.nordpoolgroup.com

STRI AB
P O.Box 707, 771 80 Ludvika
Visiting address: Lyviksvägen 8
Tel: 0240-795 00 Fax: 0240-150 29
www.stri.se

Svenska Kraftnät Gasturbiner AB
P. O.Box 1200, 172 24 Sundbyberg
Visiting address: Sturegatan 1
Tel: 010-475 80 00 Fax: 010-475 89 50

Triangelbolaget AB
P.O.Box 26, 237 21 Bjärred
Tel: 0733-97 98 10
www.triangelbolaget.se