

EVN Conference Call HY. 1 2013/14 Results

28 May 2014

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- Key financials
 - Results from operating activities negatively influenced by price and quantity effects in energy and declines in environmental services
 - Group net profit increased by 44.1% due to non-recurring effects in last year's financial result
 - Net cash flow from operating activities 40.7% above the previous year

 - Bulgaria: Commencement of licence withdrawal proceeding against EVN's Bulgarian supply company

 - Moscow: decision to draw a guarantee for the sodium hypochlorite plant issued by the Federal Republic of Germany for foreign direct investment

 - Investment priority in Lower Austria

		2013/14 HY. 1	+/- in %
	EURm		
Revenue		1,481.5	-10.3
EBITDA		303.0	-8.3
EBIT		184.9	-12.8
Financial results		53.4	-
Group net profit		189.5	44.1
Net cash flow from operating activities		219.3	40.7
	EUR		
Earnings per share		1.06	44.5

Revenue decreased in the reporting period

- Price and quantity effects in the energy business
- Decrease in the volume of processed orders in international projects

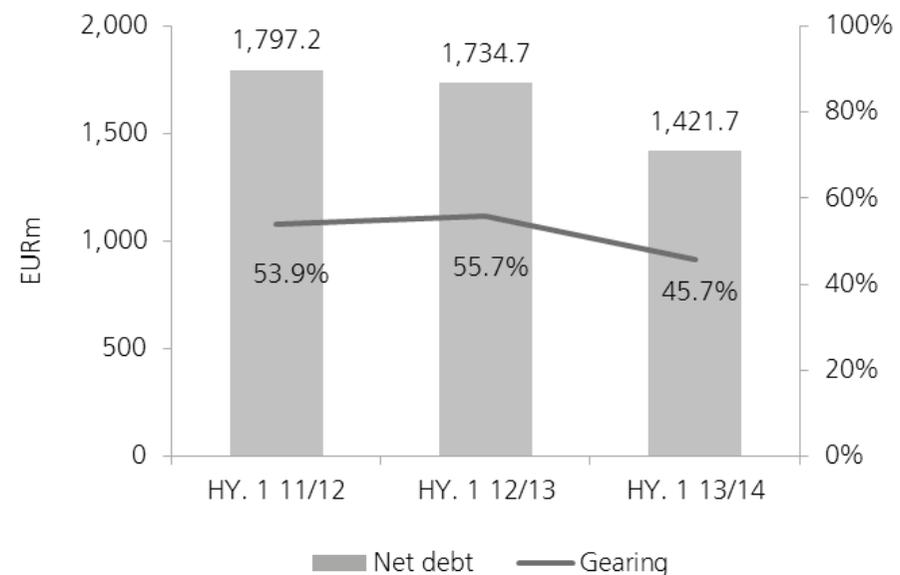
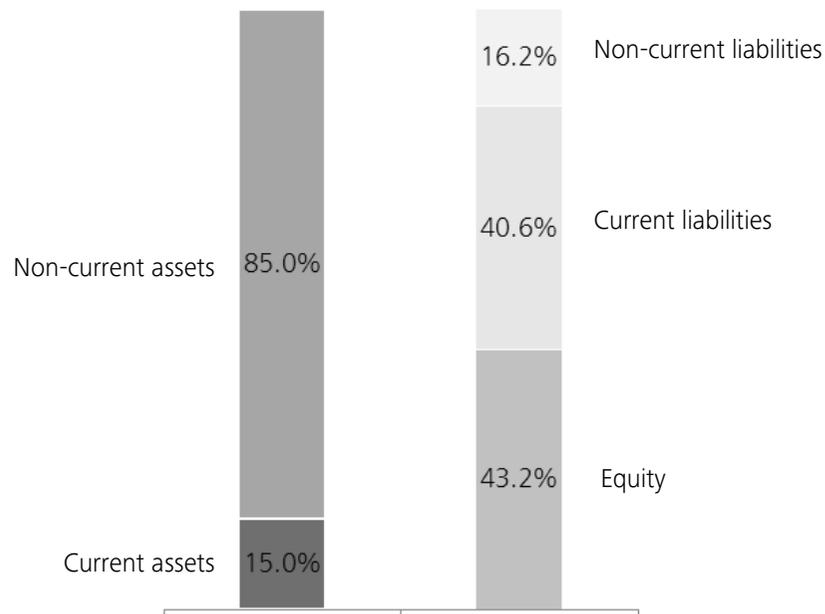
Decline in EBITDA and EBIT

- Lower revenue
- Lower other operating income

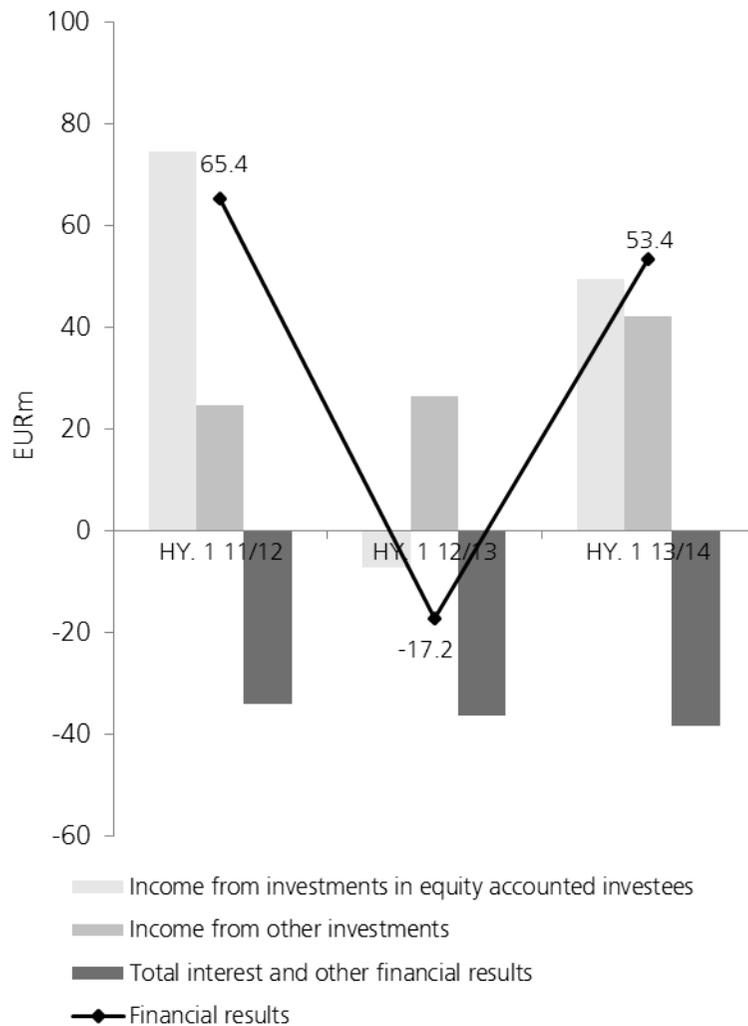
Improved financial results

Increased net cash flow from operating activities

Solid balance sheet structure



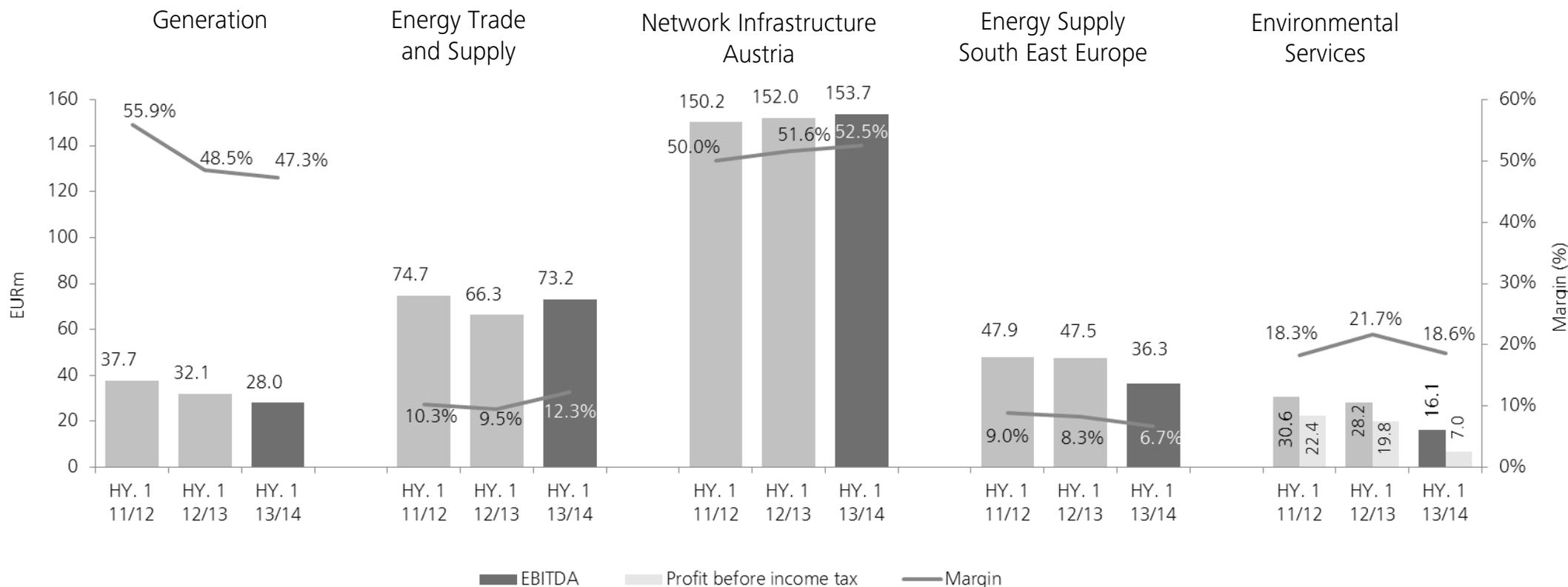
- Equity ratio 43.2%
- Higher non-current liabilities due to the EUR 150.0m loan from the European Investment Bank
- Net debt reduced by EUR 140.6m to EUR 1,421.7m (compared to 30.09.2013)
- Gearing declined from 50.9% to 45.7% (compared to 30.09.2013)



Increase in financial results

- Improvement by EUR 70.5m to EUR 53.4m
- Earnings contribution from RAG fell by 47.4% to EUR 25.7m
- Increased earnings contribution of EUR 11.1m from Burgenland Holding
- Higher dividend payment of EUR 40.1m from Verbund AG
- Negative one-off effect from Devoll and negative earnings contributions from EconGas and WEEV in the previous year

EBITDA development by segments



- **Generation:** on-going downward movement of market prices for electricity
- **Energy Trade and Supply:** lower sales prices offset by decreased procurement prices
- **Network Infrastructure Austria:** increase in natural gas network tariffs, decrease in electricity network tariffs
- **Energy Supply South East Europe:** reduction in tariffs in Bulgaria and Macedonia; mild winter
- **Environmental Services:** lower number of processed orders in the international project business

		2013/14 HY. 1	+/- in %
Electricity generation volumes			
	GWh		
Total		1,345	-19.0
Renewable energy sources		739	-4.0
Thermal energy sources		606	-32.0
Financial performance			
	EURm		
Revenue		59.2	-10.6
EBITDA		28.0	-12.8
EBIT		13.3	-27.7

Decreased power generation

- Lower production from renewables due to lower water flows
- Production decline in Dürnrrohr

Year-on-year drop in EBITDA and EBIT

- Revenue decline
 - Decreasing market prices for electricity
 - Lower option value of thermal power plants due to absence of free CO₂ emission certificates
- Reduction in operating expenses
- Increase in depreciation and amortisation

End customer price adjustment¹⁾			
Electricity and natural gas	1.10.2013	-3.6%	

		2013/14 HY. 1	+/- in %
Sales volumes to end customers	GWh		
Electricity		3,653	-7.1
Natural gas		4,376	-15.5
Heat		1,240	-1.7

Financial performance			
	EURm		
Revenue		593.2	-14.8
EBITDA		73.2	10.3
EBIT		65.2	11.0

Decrease in sales volumes

- Lower sales volumes by EnergieAllianz
- Temperature-related reduction in sales volumes of electricity, natural gas and heat

Drop in revenue

- Reduction of electricity and gas prices as of 1 October 2013
- Lower sales volumes

Improvement of EBITDA and EBIT

- Reduced operating expenses
 - Decreased procurement costs for electricity and natural gas
 - Provision for the marketing of EVN's own electricity production in the previous year

1) Average, household sector (source: EVN)

Tariff adjustments¹⁾

Electricity	1.1.2014	-9.0%
Natural gas	1.1.2014	7.7%

Network distribution volumes

	GWh	2013/14 HY. 1	+/- in %
Electricity		4,162	-0.8
Natural gas ²⁾		9,639	-8.7

Financial performance

	EURm		
Revenue		292.8	-0.5
EBITDA		153.7	1.1
EBIT		103.1	0.6

Year-on-year drop in distribution volumes

- Electricity:
decline due to lower demand from household and small business customers,
higher demand from industrial customers
- Natural gas: decrease due to mild weather

Increase in EBITDA and EBIT

- Decrease in electricity and gas network distribution revenue
- Positive change of assets recognised for the regulatory account
- Lower operating expenses

1) Average, according to the regulator in Austria (E-Control)

2) Including network sales to EVN's power stations

End customer price adjustments¹⁾				
Bulgaria	electricity	1.1.2014	-1.0%/-10.0% ²⁾	
		1.8.2013	-4.2%	
	heat	1.1.2013	-5.9%	
Macedonia	electricity	1.7.2013	-3.0%	
Key energy business indicators		GWh	2013/14 HY. 1	+/- in %
Electricity generation volumes			213	-8.1
Network distribution volumes ³⁾			7,099	-1.6
Heat sales volumes to end customers			153	-12.2
Financial performance		EURm		
Revenue			541.1	-5.2
EBITDA			36.3	-23.5
EBIT			5.4	-61.2

Lower electricity generation and distribution volumes

- Reduced use of the co-generation plant in Plovdiv
- Decline in heat sales volumes due to the mild weather

Drop in EBITDA and EBIT

- Lower revenue due to price reductions in the region and
- Lower electricity network distribution and heat sales volumes in Bulgaria

1) Average, household sector, according to the regulators in Bulgaria (SEWRC) and Macedonia (ERC)

2) 1% decrease in day tariffs; 10% decrease in night tariffs

3) In Bulgaria and Macedonia energy sales volumes fairly equal present network distribution volumes

Financial performance	EURm	2013/14 HY. 1	+/- in %
Revenue		86.7	-33.2
EBITDA		16.1	-42.9
EBIT		2.1	-85.7
Financial results		5.0	-8.5
Profit before income tax		7.0	-64.4

Decline in EBITDA and EBIT

- Revenue decreased
 - Lower number of processed orders in the international project business
 - Higher revenue in thermal waste utilisation activities in Austria
 - Austrian drinking water business at prior year's level
- Decrease in operating expenses

Business development

- Contract awarded for the planning and construction of the wastewater purification plant Kotor-Tivat, Montenegro
- Moscow: guarantee drawn from the Federal Republic of Germany

	EURm	2013/14 HY. 1	+/- in %
Gross CF		292.1	-23.0
Net CF from operating activities		219.3	40.7
Net CF from investing activities		-10.2	92.5
Net CF from financing activities		-207.9	-
Net change in cash and cash equivalents		1.2	-85.1

Lower gross cash flow

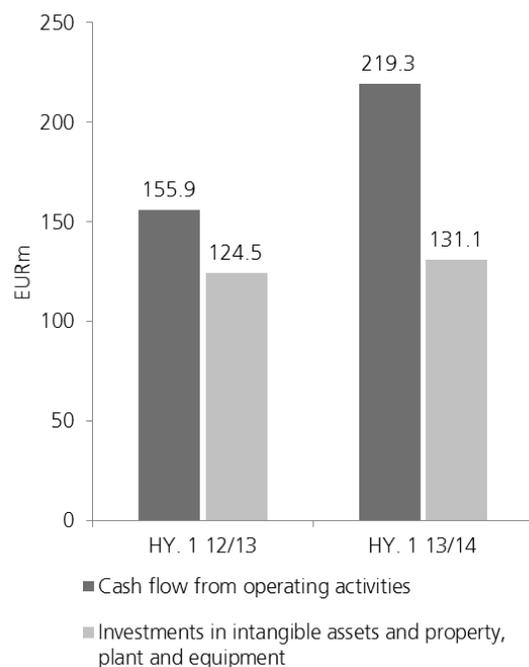
- Decreased non-cash earnings components from equity accounted investees
- Lower non-current provisions

Improvement of net cash flow from operating activities

- Rise in trade payables and other liabilities

Net cash flow from financing activities

- Scheduled repayment of a bond
- Payment of the dividend of EUR 0.42 per share



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- Group net profit above 2012/13, but below recent years
 - EVN's strategy:
 - Consolidation of existing business in core markets
 - Increase of efficiency
 - Integrated business model
 - Broad and stable customer base
 - Continued investment priority in Lower Austria

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