

EVN Conference Call Annual results 2013/14

11 December 2014

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- Energy business impacted by price developments and mild winter
 - Impairments and valuation allowances:
 - Tariff decisions in Bulgaria and Macedonia
 - On generation capacities in Austria and Germany
 - On a leasing receivable of thermal utilisation plant no. 1 in Moscow
 - Negative Group net result of EUR –299,0m
 - Net debt reduced by EUR 187.2m to EUR 1.6bn
 - Dividend proposal constant at EUR 0.42 per share

	EURm	2013/14	+/- in %
Revenue		1,974.8	-6.2
EBITDA		184.1	-65.9
Depreciation and amortisation		-256.0	-7.6
Effects from impairment tests		-269.5	-
EBIT		-341.4	-
Financial results		-31.9	55.3
Group net result		-299.0	-
Net cash flow from operating activities		546.0	-4.2
	EUR		
Earnings per share		-1.68	-

Reduction in revenue

- Lower demand in the energy business due to the mild winter weather
- Regulatory decisions in Bulgaria and Macedonia
- Less processed orders in international project business

Year- on-year drop in EBITDA, negative EBIT

- Valuation allowance due to the thermal waste utilisation plant no. 1 in Moscow
- Impairments primarily driven by SEE investments

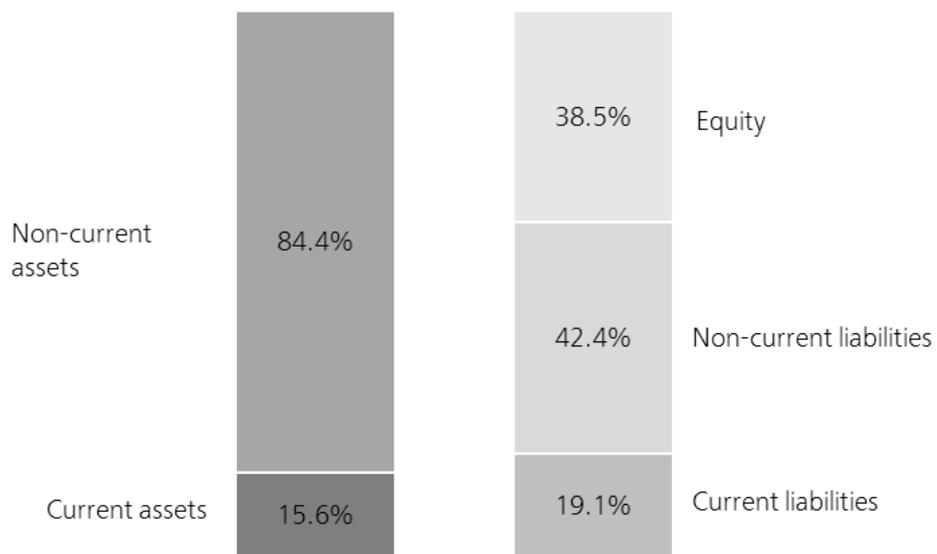
Improvement in financial results

Solid net cash flow from operating activities

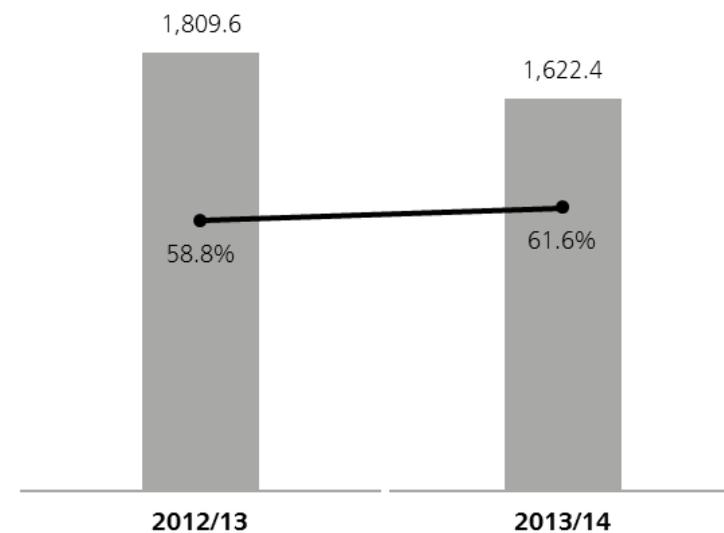
Solid balance sheet structure, reduced net debt



Balance sheet structure in %

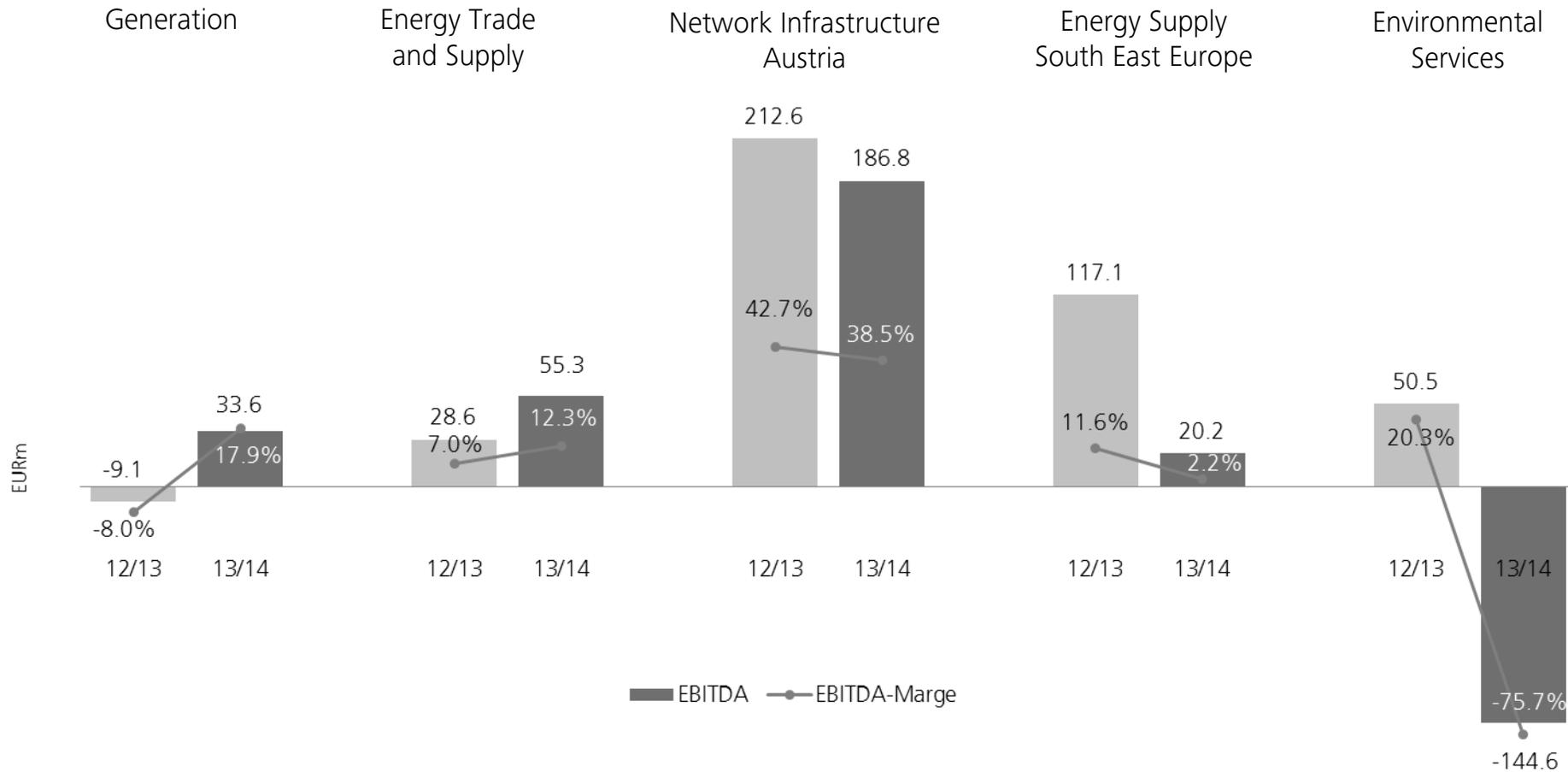


Net debt in EURm and **Gearing** in %



- Equity ratio 38.5%
- Net debt reduced by EUR 187.2m due to strong net cash flow from operating activities
- Gearing ratio 61.6%

EBITDA development by segments



Commissioning of Duisburg–Walsum and Prellenkirchen windpark; absence of last year's one-off

Sales of Duisburg–Walsum production; absence of last year's one-off

Increase in natural gas network tariffs, decrease in electricity network tariffs

Tariff decisions in July 2014 led to impairments; mild winter and low rainfall

Valuation allowance on leasing receivable related to the waste utilisation plant no. 1 in Moscow

Electricity generation volumes	GWh	2013/14	+/- in %
Total		3,720	23.2
Renewable energy sources		1,534	-6.2
Thermal energy sources		2,186	57.9
Financial performance	EURm		
Revenue		187.5	64.0
<i>Results from at equity accounted investees with operational nature</i>		-38.9	13.6
EBITDA		33.6	-
EBIT		-53.1	-43.6

Rise in power generation

- Commissioning of Duisburg-Walsum power plant and Prellenkirchen windpark; full-year operations in the Deutsch-Wagram windpark
- Lower production from renewables due to reduced water flows

Year-on-year rise in EBITDA , decrease in EBIT

- Revenue increase due to commissioning of Duisburg-Walsum and allocation of reserve capacity
- Increase in results from equity accounted investees in spite of impairment loss on Verbund Innkraftwerke
- Increase in depreciation due to recognition of impairment losses related to thermal (Austria) and renewable (Bulgaria) production capacities

End customer price adjustment¹⁾		
Electricity	1.10.2014	-10.0%
Natural Gas	1.10.2013	-3.6%

Sales volumes to end customers	GWh	2013/14	+/- in %
Electricity		6,787	-5.6
Natural gas		5,383	-15.0
Heat		1,806	-2.8

Financial performance	EURm		
Revenue		448.6	10.6
<i>Results from at equity accounted investees with operational nature</i>		55.2	44.2
EBITDA		55.3	93.5
EBIT		39.2	-

Decline in sales volumes

- Lower sales of electricity, gas and heat due to milder temperatures
- Lower sales volumes by EnergieAllianz

Increase in EBITDA and EBIT

- Rise in revenue primarily due to the sale of Duisburg-Walsum generated energy
- Absence of last year's negative effects led to better results from at equity accounted investees
- Higher operating expenses
- Depreciation remains nearly unchanged

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	+/- in %
Electricity		7,874	-0.1
Natural gas ²⁾		14,131	-7.2

Financial performance

	EURm		
Revenue		484.6	-2.6
EBITDA		186.8	-12.1
EBIT		83.3	-25.6

Lower distribution volumes

- Electricity: higher demand from industrial customers almost compensated lower demand from households and small businesses
- Natural gas: temperature-related drop

Reduction in EBITDA and EBIT

- Decrease in revenue:
 - Lower electricity network revenues due to tariff reduction
 - Lower gas network revenue because of temperature related decline in gas sales
- Positive revenue development in cable TV and telecommunication business

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	1.7.2014	0.6%
		1.1.2014	-1.0%/-10.0% ²⁾
Macedonia	heat	1.1.2013	5.1%
	electricity	1.7.2014	3.5%
		1.7.2013	-3.0%

Key energy business indicators	GWh	2013/14	+/- in %
Electricity generation volumes		400	-6.4
Network distribution volumes ³⁾		13,034	-0.0
Heat sales volumes to end customers		185	-9.6

Financial performance	EURm		
Revenue		900.8	-10.6
EBITDA		20.2	-82.8
EBIT		-232.8	-

Decline in electricity generation and distribution volumes, stable network distribution volumes

- Less rainfall led to decrease in hydropower production; technical standstill at the co-generation plant in Plovdiv
- Weather related decline in electricity and heat sales

Drop in EBITDA and EBIT

- Decrease in sales revenues due to
 - Previous regulatory tariff decisions
 - Recognition of a liability in Bulgaria referring to previous revenues
- Lower OPEX due to absence of additional expenses for eco-electricity
- Higher depreciation and amortisation mainly due to impairments on Bulgarian and Macedonian customer base and goodwill

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	+/- in %
Revenue		191.1	-23.0
EBITDA		144.6	-
EBIT		-214.9	-
Financial results		-4.0	-
Profit before income tax		-218.8	-

Year-on-year drop in EBITDA and EBIT

- Reduction in revenue
 - Lower volume of processed orders in international project business
 - Rise in Austrian thermal waste utilisation
 - Expansion of drinking water supply to new communities
- Increase in operating expenses
 - Valuation allowance on leasing receivable in connection with the thermal waste utilisation plant no. 1 in Moscow
 - Increase in depreciation and amortisation due to impairment losses related to plants in Lyuberzy, Moscow

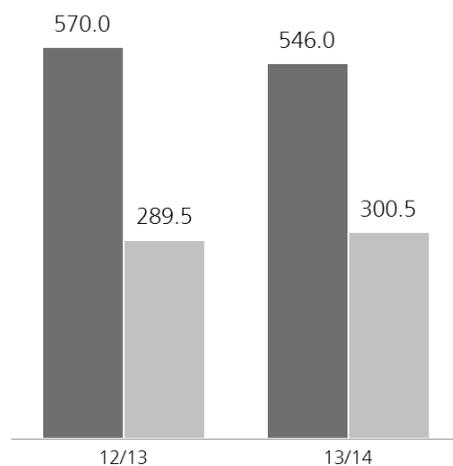
Business development

- Opening of the wastewater purification plant Mia Milia/Haspolat, Cyprus
- Sale of sodium hypochlorite plant

	EURm	2013/14	+/- in %
Gross CF		337.4	-37.2
Net CF from operating activities		546.0	-4.2
Net CF from investing activities		-243.3	32.2
Net CF from financing activities		-335.0	-
Net change in cash and cash equivalents		-32.3	-

Cash flow from operating activities and investments

in EURm



■ Cash flow from operating activities

■ Investments in property, plant and equipment and intangible assets

Year-on-year drop in gross cash flow

→ Negative Group net result, yet, mainly due to non-cash items such as valuation allowances and impairment losses

Lower net cash flow from operating activities

→ Despite higher trade payables, provisions and other current liabilities

Net cash flow from investing activities

→ Investments in network infrastructure and production capacities
 → Sale of short-term cash funds

Decline in net cash flow from financing activities

→ due to scheduled repayment of bonds

→ Outlook 2014/15:

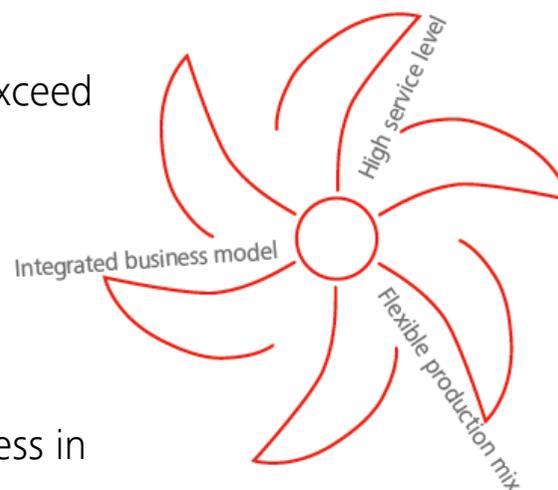
- Group net result expected to exceed 2012/13 results

→ EVN's strategy:

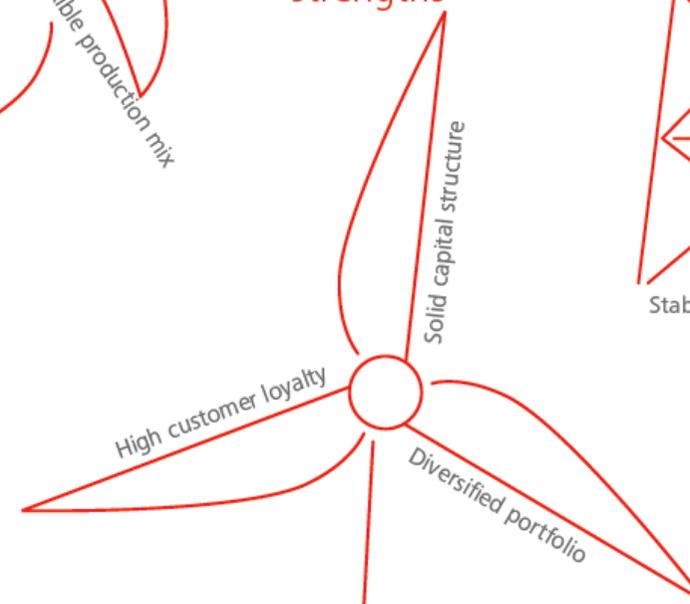
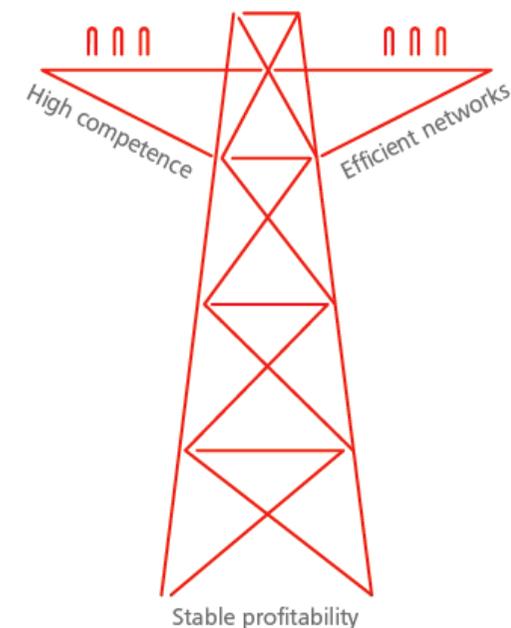
- Integrated business model
- Consolidation of existing business in core markets
- Increase of efficiency

→ Focus on Lower Austria:

- Customer loyalty measures
- Investment of EUR 1bn in security of supply and renewable energy



Successful due to numerous strengths



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