

EVN Conference Call Q. 1 2013/14 Results

27 February 2014

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- Key financials
 - Results from operating activities negatively influenced by price and quantity effects in the energy business and declines in the environmental services business
 - Reduction in Group net profit of 9.5%
 - Net cash flow from operating activities 82.0% above the previous year
 - Outlook for 2013/14 financial year: Group net profit is expected to be higher than in the 2012/13 financial year, however, no return to recent years' levels

 - Loan agreement of EUR 150.0m with the European Investment Bank for the expansion of the network infrastructure in Lower Austria

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

		2013/14	+/-
	EURm	Q. 1	in %
Revenue		731.1	-7.9
EBITDA		154.6	-10.9
EBIT		96.0	-17.4
Financial results		-6.5	44.6
Group net profit		64.7	-9.5
Net cash flow from operating activities		99.5	82.0
	EUR		
Earnings per share		0.36	-9.2

Lower revenue than in the previous year

- Decline in the environmental services business
- Price and quantity effects in the energy business

Decline in EBITDA and EBIT due to

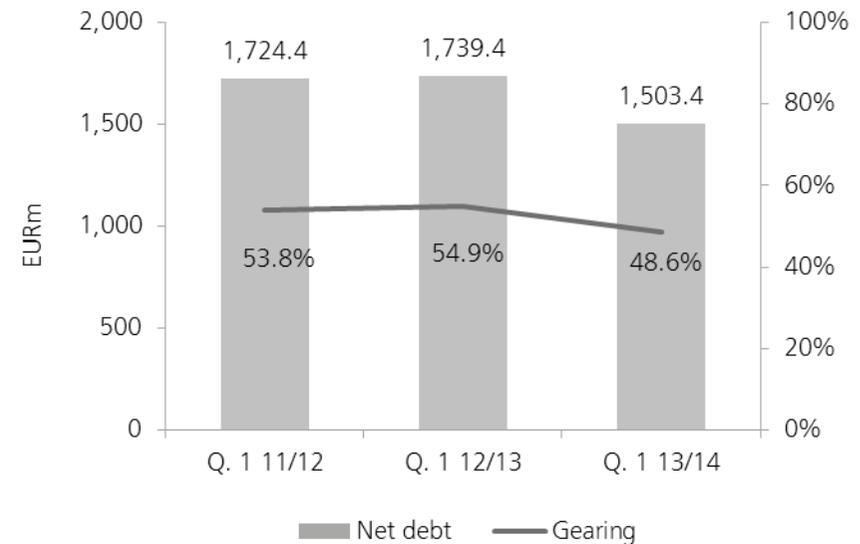
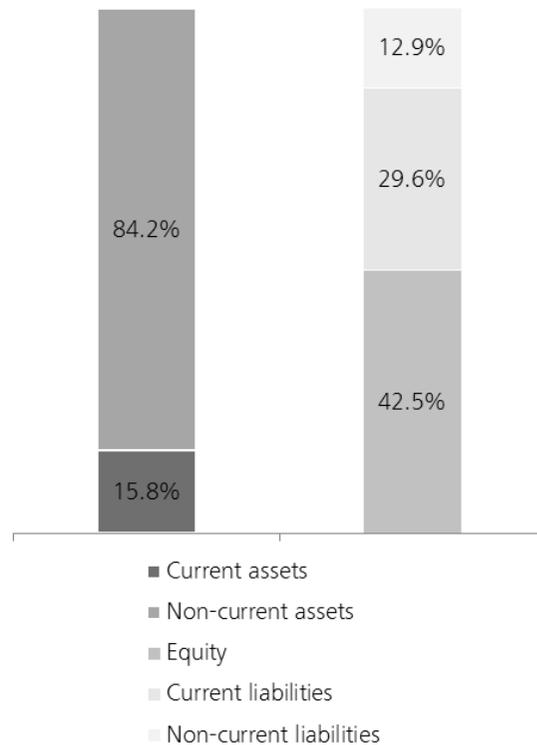
- Lower revenue
- Lower other operating income

Financial results increased

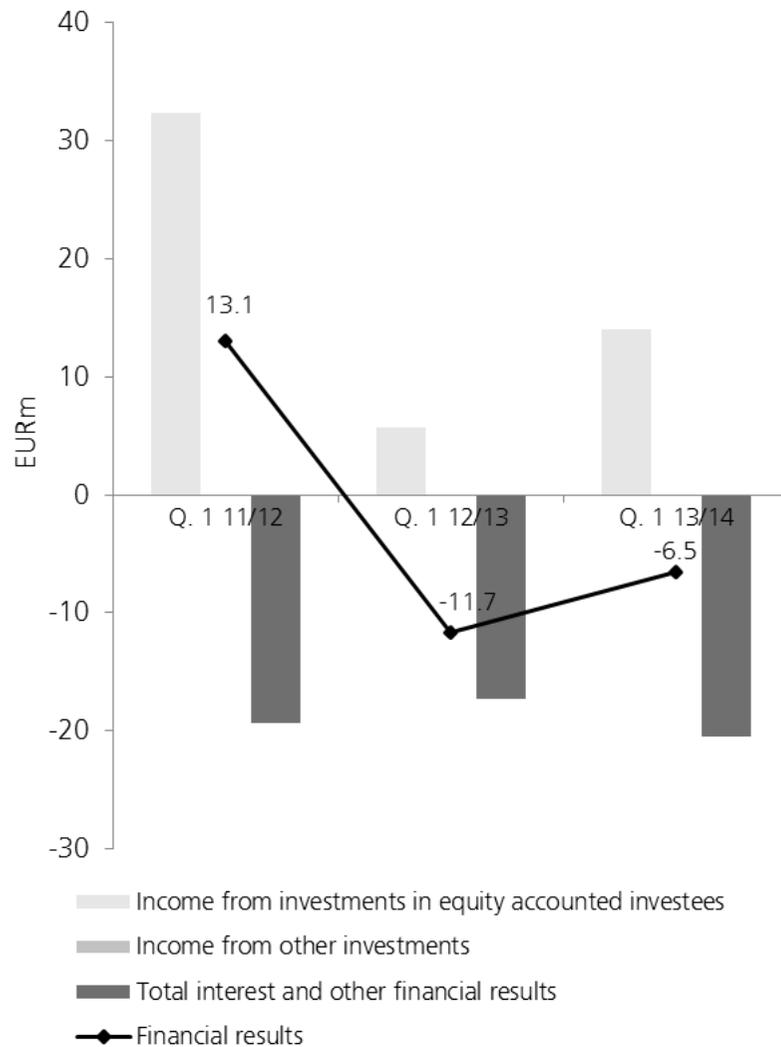
- One-off effect in the previous year due to EconGas
- Lower earnings contribution from RAG

Higher net cash flow from operating activities

Solid balance sheet structure



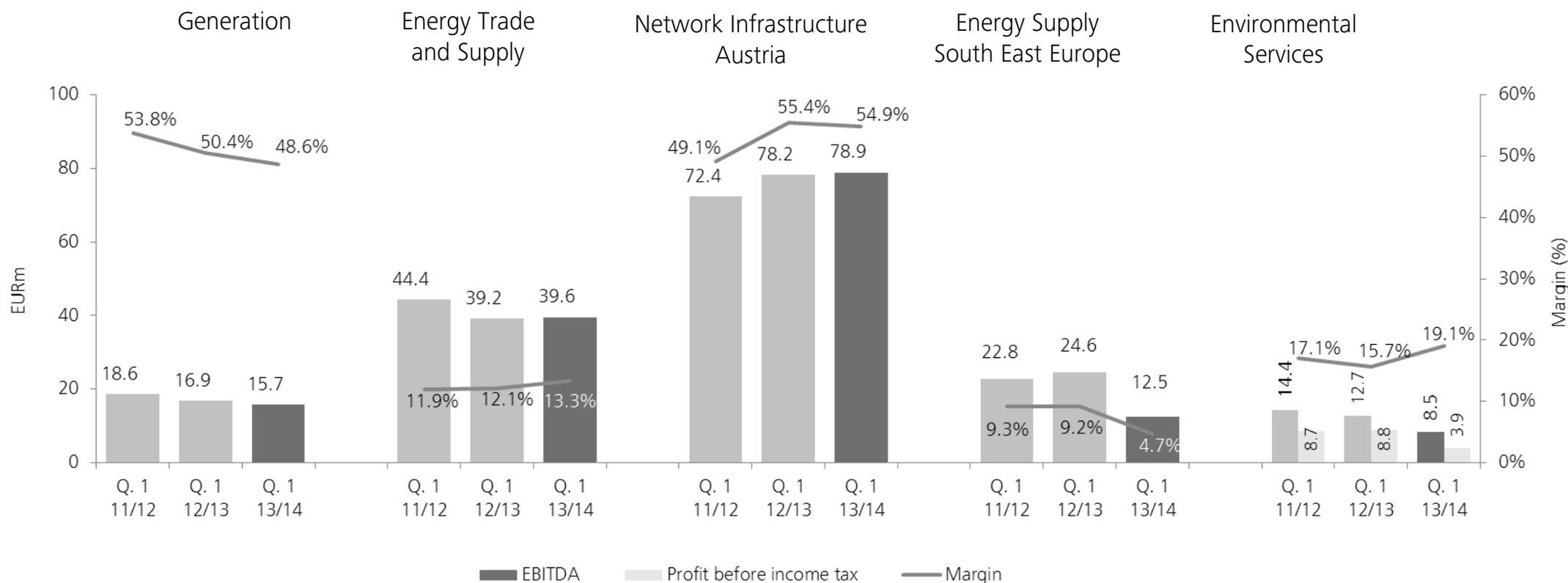
- Equity ratio 42.5%
- Increased non-current liabilities due to the EUR 150.0m loan from the European Investment Bank
- Net debt declined by EUR 58.9m to EUR 1,503.4m (compared to 30.09.2013)
- Gearing fell from 50.9% to 48.6% (compared to 30.09.2013)



Financial results improved

- Improvement by 44.6% to EUR –6.5m
- Decrease in earnings contribution from RAG to EUR 8.6m (Q. 1 2012/13: EUR 20.0m)
- Negative earnings contribution of EUR 20.4m of EconGas in the previous year

EBITDA development by segments



- **Generation:** further decline in market prices for electricity
- **Energy Trade and Supply:** decreased sales prices offset by lower procurement prices
- **Network Infrastructure Austria:** increase in electricity distribution volumes to industrial customers
- **Energy Supply South East Europe:** reduction in tariffs in Bulgaria and Macedonia
- **Environmental Services:** lower volume of project completions

		2013/14 Q. 1	+/- in %
Electricity generation volumes	GWh		
Total		800	4.1
Renewable energy sources		408	25.1
Thermal energy sources		392	-11.4
Financial performance	EURm		
Revenue		32.3	-3.5
EBITDA		15.7	-7.4
EBIT		8.7	-13.4

Increased power generation from renewable energy sources

- Good water flows and wind conditions
- Start of operations at the Deutsch-Wagram wind park

Lower EBITDA and EBIT

- Lower revenue
 - Further reduction in electricity prices
 - Lower option value of thermal power plants
- Operating expenses at prior year's level
- Stable depreciation and amortisation

End customer price adjustment¹⁾			
Electricity and gas	1.10.2013	-3.6%	
Sales volumes to end customers			
	GWh	2013/14 Q. 1	+/- in %
Electricity		1,877	-6.4
Natural Gas		2,053	-6.1
Heat		589	2.8
Financial performance			
	EURm		
Revenue		296.8	-8.7
EBITDA		39.6	0.9
EBIT		35.8	0.6

Different development of sales volumes

- Temperature-related decrease in sales volumes of electricity and gas
- Rise in sales volumes of heat due to new district heating plant Steyr

Year-on-year decrease of revenue

- Energy efficiency offensive
 - Lower prices for electricity and gas
 - Bonuses for purchase of energy-efficient equipment and energy services
- Reduced volumes

Improved EBITDA and EBIT

- Decline in operating expenses
 - Lower procurement costs for electricity and natural gas

1) Average, household sector (source: EVN)

Tariff structures¹⁾			
Electricity	1.1.2013	-0.4%	
Natural gas	1.1.2013	-2.5%	

Network distribution volumes		2013/14 Q. 1	+/- in %
	GWh		
Electricity		2,101	1.1
Natural gas ²⁾		4,770	-3.4

Financial performance			
	EURm		
Revenue		143.7	1.8
EBITDA		78.9	0.9
EBIT		53.8	-0.1

Diverging development of distribution volumes

- Electricity: increase due to higher demand from industrial customers
- Natural gas: temperature-related decline

Increase in EBITDA, stable EBIT

- Rise in electricity and gas network distribution revenue
- Increase in 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	1.8.2013	-4.2%
	heat	1.1.2013	-5.9%
Macedonia	electricity	1.7.2013	-3.0%

Key energy business indicators	GW _h	2013/14 Q. 1	+/- in %
Electricity generation volumes		102	13.1
Network distribution volumes ²⁾		3,432	1.4
Heat sales volumes to end customers		65	-8.9

Financial performance	EUR _m		
Revenue		263.9	-1.1
EBITDA		12.5	-49.1
EBIT		-3.1	-

Rise in electricity generation volumes

→ Takeover of further small hydropower plants in Macedonia in the previous year

Volumes

→ Increase in electricity distribution volumes
 → Temperature-related decrease in heat sales volumes

Drop in EBITDA and EBIT

→ Price reductions in the region
 → Lower heat sales volumes in Bulgaria

1) Average, household sector, according to the regulators in Bulgaria (SEWRC) and Macedonia (ERC)
 2) In Bulgaria and Macedonia energy sales volumes fairly equal present network distribution volumes

Financial performance	EURm	2012/13	+/- in %
Revenue		44.5	-45.0
EBITDA		8.5	-32.5
EBIT		1.5	-75.3
Financial results		2.4	-15.4
Profit before income tax		3.9	-56.1

EBITDA and EBIT decline

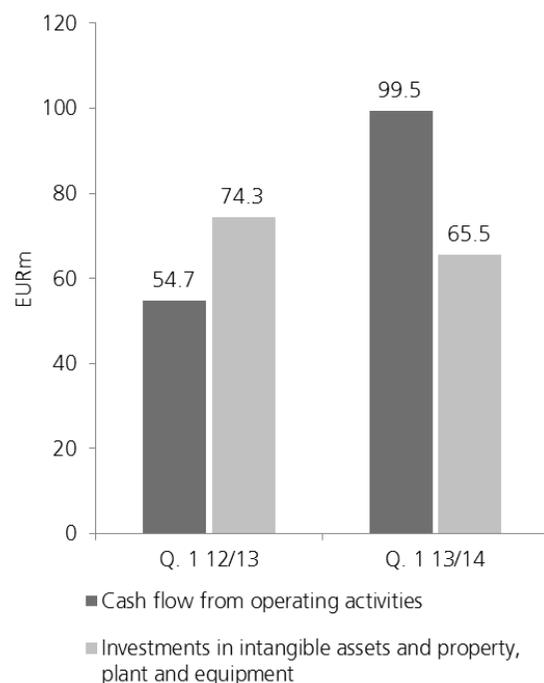
- Decline in revenue
 - Lower volume of project completions
 - Increase in revenue in thermal waste utilisation activities in Austria
 - Stable drinking water business in Austria
- Lower operating expenses

Drop in financial results

Business development

- Ten international projects currently in process
- Contract awarded for the planning, modernisation and expansion of wastewater purification plant in Warsaw
- Moscow: guarantee from Federal Republic of Germany drawn

	EURm	2013/14 Q. 1	+/- in %
Gross CF		106.1	-30.0
Net CF from operating activities		99.5	82.0
Net CF from investing activities		-148.9	-10.0
Net CF from financing activities		69.5	-37.7
Net change in cash and cash equivalents		20.0	-35.3



Drop of gross cash flow

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

Higher net cash flow from operating activities

- Working capital effect
- Higher current provisions for the marketing of EVN's own electricity production

Decrease in net cash flow from financing activities

- Loan drawn from the European Investment Bank less scheduled repayments on existing financing

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- Industry outlook confirmed: challenging environment
 - EVN's strategy: focus on efficiency and core markets
 - Integrated business model, safeguarding security of supply
 - Broad, diversified and stable customer base
 - Group net profit above 2012/13, but below recent years

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