EVN conference call Q. 1-3 2017/18 results

23 August 2018

Highlights Q. 1-3 2017/18

- EUR 38m positive non-cash effect from higher valuation of hedges as of 30 June 2018
- Solid development of business
- Increase of renewable electricity generation by 11.5%
- Continuing high demand for electricity from thermal generation to support network stability
- Volume and price effects weigh on natural gas distribution business in Lower Austria
- Significantly milder temperatures especially in South Eastern Europe
- Completion of three wastewater projects in Macedonia (until July 2018)

Key financials Q. 1-3 2017/18

	Q. 1-3 2017/18 EURm	+/– %
Revenue	1,650.3	-6.5
EBITDA	585.0	-3.0
Depreciation and amortisation	-192.8	1.7
Effects from impairment tests	-5.1	95.2
EBIT	387.2	28.6
Financial results	-14.7	-88.6
Group net result	273.2	12.9

Net cash flow from operating activities	351.9	-7.5
Investments[1]	205.1	19.8
Net debt	1,020.8	-20.6

	%	
Equity ratio[2]	51.7	4.2

[1] In intangible assets and property, plant and equipment
[2] Changes reported in percentage points

→ Decline in revenue

- Thermal electricity generation below high prior year level and reduced natural gas trading activities
- Temperature-related drop in revenue in South Eastern Europe
- Decline from international project business

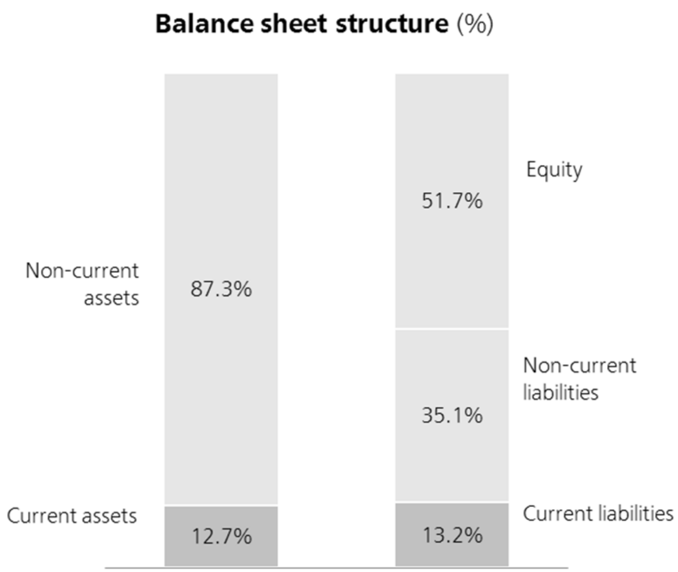
→ Lower EBITDA

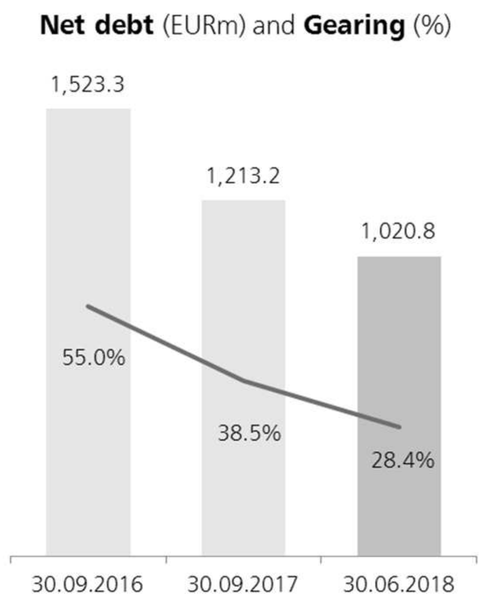
- Two contrasting one-offs in prior year
- Decreased operating expenses
- Valuation gains on hedges

→ Improvement in EBIT and Group net result

- Prior year influenced by impairment losses

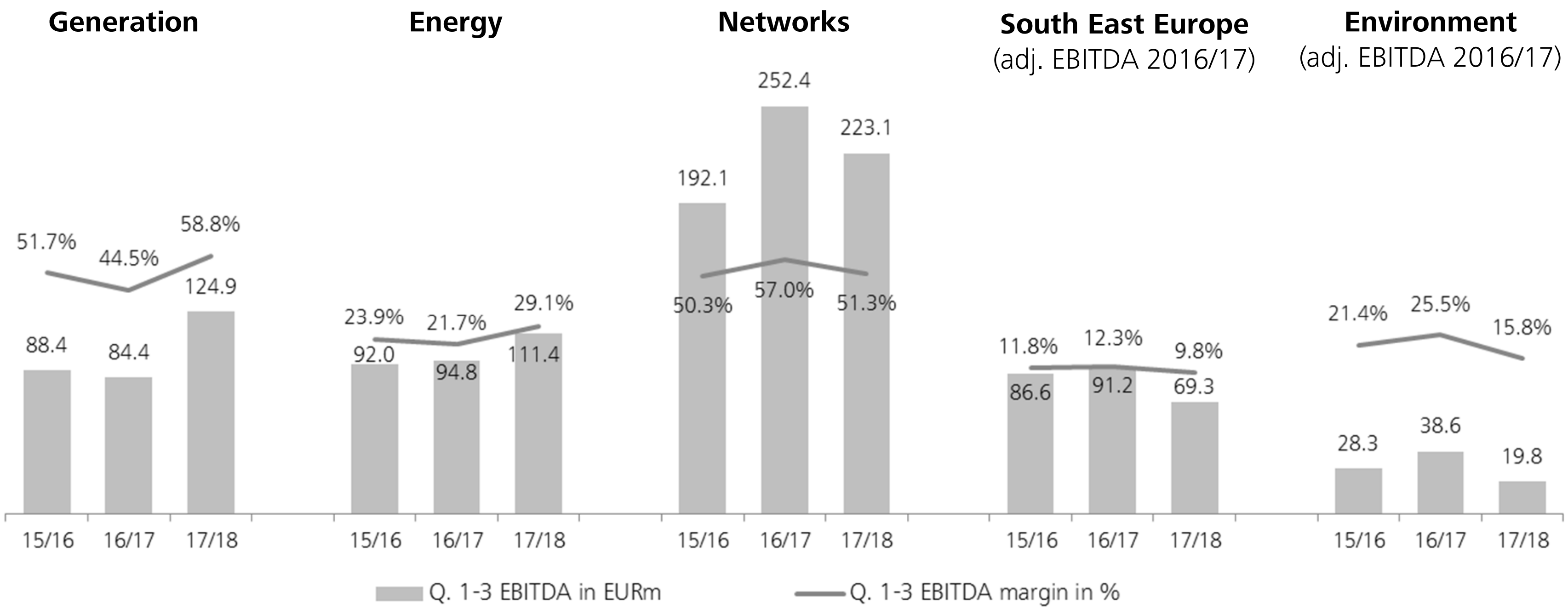
Solid balance sheet structure, reduced net debt





- → Reduction of net debt to EUR 1,020.8m (30 September 2017: EUR 1,213.2m)
- → Gearing decreased from 38.5% to 28.4%

EBITDA development by segments



- Higher renewable generation
- Contractual reserve capacity

- Positive non-cash effect from valuation of hedges
- Higher electricity sales volumes
- Weather-related decline in natural gas and heat sales volumes

- Negative volume and price effects in natural gas distribution
- Higher upstream costs to stabilise networks

- Weather-related decline in network distribution and sales volumes
- EBITDA 2016/17 adjusted by EUR 42.0m positive effect from settlement with Bulgarian NEK

- Decline in international project business
- EBITDA 2016/17 adjusted by EUR 45.5m valuation allowance to inventories

Generation

Electricity generation volumes	Q. 1-3 2017/18 GWh	+/– %
Total	3,715	-14.4
Renewable energy sources	1,416	10.2
Thermal energy sources	2,299	-24.7

Financial performance	Q. 1-3 2017/18 EURm	+/– %
Revenue	212.4	11.9
EBITDA	124.9	48.0
EBIT	85.3	–

→ **Increased renewable generation**

- Strong water flows and continuous expansion of windpower capacities

→ **Decline in thermal production**

→ **Increased revenue**

- Higher renewable generation
- Positive effects from contractual reserve capacities for network stability

→ **Improvements in EBITDA and EBIT**

- Lower expenses for primary energy carriers
- Prior year influenced from impairment losses

Energy

Sales volumes to end customers	Q. 1-3 2017/18 GWh	+/– %
Electricity	5,393	7.9
Natural gas	4,796	-9.7
Heat	1,741	-2.0

Financial performance	Q. 1-3 2017/18 EURm	+/– %
Revenue	383.4	-12.2
EBITDA	111.4	17.4
EBIT	96.7	26.5

→ **Different development of energy sales volumes**
- Higher electricity sales volumes
- Weather-related decline in natural gas and heat sales volumes

→ **Revenue dropped y-o-y**
- Decrease in marketing of own thermal generation
- Reduced natural gas trading activities

→ **EBITDA and EBIT above previous year**
- Valuation gains on hedges

Networks

Network distribution volumes	Q. 1-3 2017/18 GWh	+/– %
Electricity	6,575	1.6
Natural gas[1)]	14,522	-10.7

Financial performance	Q. 1-3 2017/18 EURm	+/– %
Revenue	434.6	-1.9
EBITDA	223.1	-11.6
EBIT	135.2	-18.8

1) Including network sales to EVN's power stations

→ **Different development of network distribution volumes**
- Increase in electricity supported by sound economy
- Decline in natural gas due to the reduced use of thermal power plants in Lower Austria

→ **Revenue below previous year**
- Negative volume and price effects

→ **EBITDA and EBIT declined y-o-y**
- Increased operating expenses due to higher upstream costs for network stabilisation

→ **New regulatory period for natural gas distribution networks as of 1 January 2018**

South East Europe

Key energy business indicators	Q. 1-3 2017/18 GWh	+/– %
Electricity generation volumes	312	-13.6
Network distribution volumes	10,721	-1.9
Electricity sales volumes	8,816	-6.3
Heat sales volumes	195	-10.8

Financial performance	Q. 1-3 2017/18 EURm	+/– %
Revenue	707.4	-4.6
EBITDA	69.3	-48.0
EBIT	22.5	-62.2

→ **Business development suffers from milder winter**

- Temperature-related decline in network distribution and energy sales volumes
- Revenue dropped y-o-y

→ **Decline in EBITDA and EBIT**

- Prior year positively influenced by non-recurring effect from settlement with Bulgarian NEK

Environment

Financial performance	Q. 1-3 2017/18 EURm	+/– %
Revenue	125.0	-17.5
EBITDA	19.8	–
EBIT	2.7	–
Financial results	-0.2	83.4
Result before income tax	2.5	–

→ **Decline in revenue**

- Less dynamic development of international project business

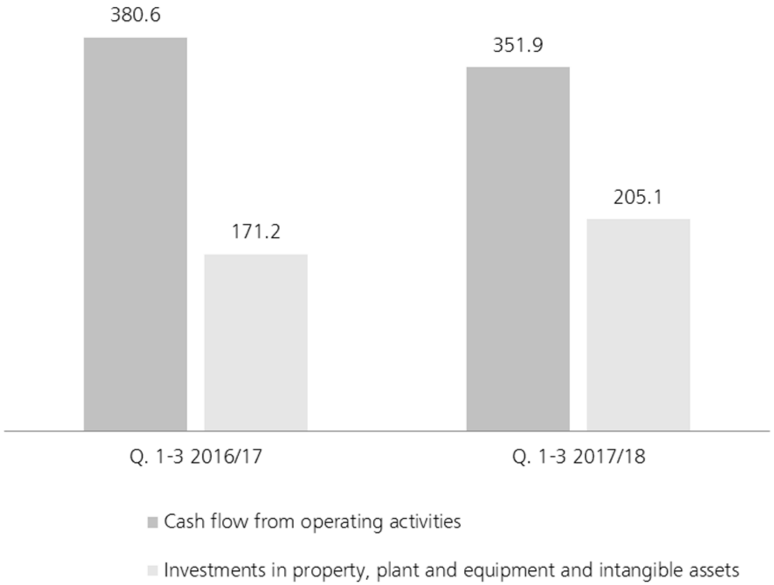
→ **EBITDA and EBIT above prior year**

- Previous year affected by negative non-recurring effect (valuation allowance on inventories)

Cash flows

	Q. 1-3 2017/18 EURm	+/– in %
Gross cash flow	507.2	-0.2
Net cash flow from operating activities	351.9	-7.5
Net cash flow from investing activities	-239.4	–
Net cash flow from financing activities	-129.7	64.2
Net change in cash and cash equivalents	-17.3	–

Cash flow from operating activities and investments (EURm)



→ CF from operating activities

- Reclassification of leasing receivables to trade receivables
- Prior year negatively affected by the arbitration decision for Walsum, however corresponding positive effect was contained in CF from investing activities

→ CF from investing activities

- Higher investments and a rise in short-term securities

→ CF from financing activities

- Dividend payments
- Scheduled repayments of loans

Increased guidance for 2017/18

- Group net result for 2017/18 expected to be at levels comparable to last year’s Group net result
- Effects of valuations of hedges on the full-year Group net result will depend on energy prices as of the valuation date on 30 September 2018
- Factors that could influence the Group net result include
  - Regulatory background
  - Proceedings currently in progress in Bulgaria
  - Remaining proceeding over the Walsum 10 power plant project
  - Progress on activities in Moscow
- Presentation of FY 2017/18 results
  - 13 December 2018

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