



# **EVN Conference Call Q. 1–3 results 2011/12**

**August 30<sup>th</sup>, 2012**

# Business highlights

## Investment focus on renewable energy

- Wind power: expand capacity in Lower Austria and Bulgaria by around 38%, to 190 MW
- Hydro power: Start-up of operations of the small hydropower plant Schaldorf (1 MW) and start of trial operation of the first part of Ashta hydropower plant in Albania (25 MW)
- Biomass: Expansion of biomass production capacity in Lower Austria → EVN operates now over 60 biomass plants

## New cogeneration plant in Plovdiv put into operation

## First household customers connected to EVN natural gas networks in Croatia

## Refinancing of existing syndicated revolving credit facility (EUR 500m)

## Start of EVN's share buyback programme

# Business development

EURm	2011/12 Q. 1–3	Change in %
Revenue	2,256.8	4.3
EBITDA	416.2	5.5
EBIT	226.1	6.1
Financial results	65.6	5.9
Group net profit	222.8	7.5
Net cash flow from operating activities	275.3	–40.9
EUR		
Earnings per share	1.24	6.4

Weather-related revenue development

Stable EBITDA

- Operating expenses up 4.0%

Higher EBIT

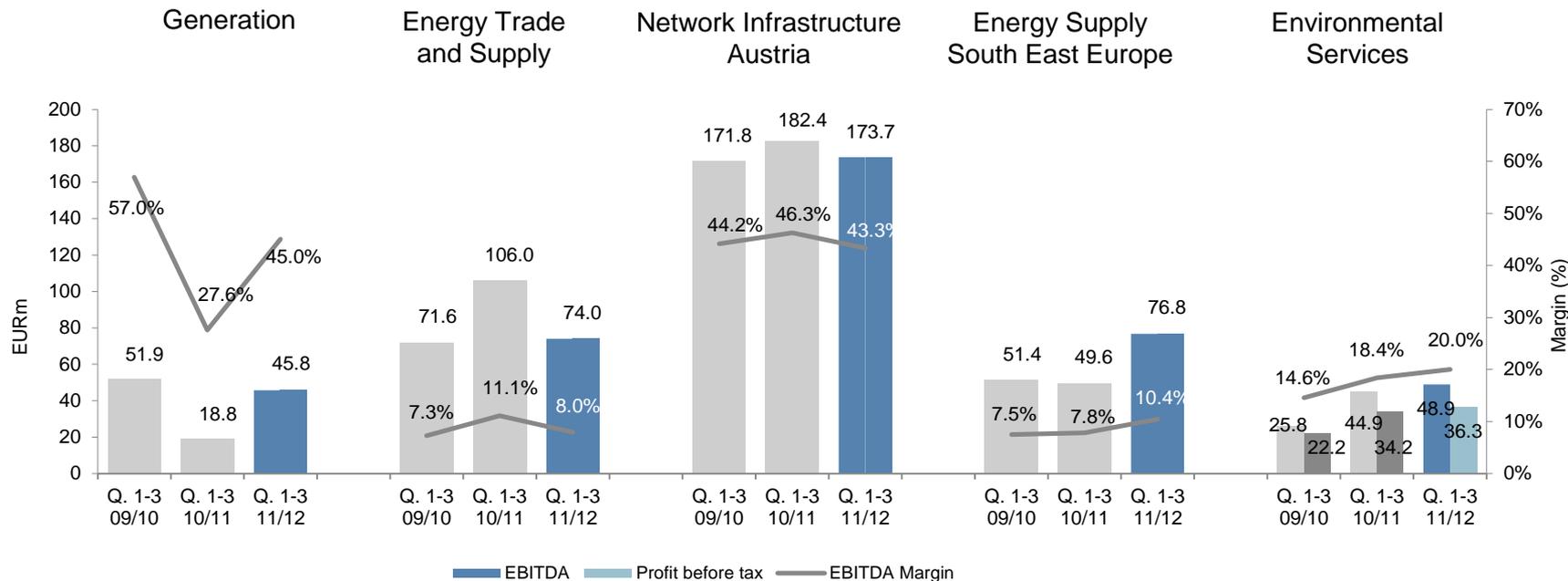
- Impairment loss of EUR 22.2m vs. EUR 17.7m in the prior-year period

Positive development of financial results

- Higher income from investments in equity accounted investees

Weather-related decrease of net CF from operating results

# EBITDA development by segments



**Generation:** power request on the part of the German Federal Network Agency; revision in natural gas price between Gazprom and EconGas; new wind park capacities, higher hydro and wind power production coefficients

**Energy Supply SEE:** weather-related sales volumes increase, higher end customer prices

**Environmental Services:** slightly lower operating expenses

# Generation

Electricity generation volumes	2011/12 Q. 1–3	Change in %
(GWh)		
Total	1,974	–17.2
thermal energy sources	983	–40.1
renewable energy sources	991	33.4

## Financial performance

EURm		
Revenue	101.7	49.1
EBITDA	45.8	–
EBIT	8.5	–

Reduced use of EVN's own thermal power stations

- Negative spark spreads

Revenue increase

- Power request by the German Federal Network Agency
- Revision in natural gas prices between Gazprom and EconGas
- New wind park capacities
- Higher wind and hydropower production coefficients

EBIT increase despite

- Impairment losses
  - Biomass pilot plant EUR 8.0m in Dürnröhr
  - Wind park Kavarna EUR 9.8m in Bulgaria

# Energy Trade and Supply

## End customer price adjustments<sup>1)</sup>

Natural gas (4/1/2011)	+8.9%
(10/1/2011)	+3.6%
Electricity (1/1/2012)	-1.7%

## Sales volumes to end customers

(GWh)	2011/12 Q. 1–3	Change in %
Electricity	5,636	2.3
Natural gas	5,858	-4.9
Heat	1,472	3.5

## Financial performance

EURm		
Revenue	930.4	-2.3
EBITDA	74.0	-30.2
EBIT	61.6	-35.7

1) Average, household sector (source: EVN)

## Diverse sales volumes development

- Electricity: increase due to business extension of EAA outside of Lower Austria
- Natural gas: decrease due to reduced use of EVN's own thermal power plants and higher temperatures
- Heat: increase due to large customers and higher sale to the district heating transport pipeline in St. Pölten

## Revenue decrease

- Decrease of end customer price for electricity and adjustments in natural gas prices

## EBITDA decrease

- Higher procurement costs for electricity
- Provision for impending losses related to power plant project Duisburg-Walsum in Q2 2011/12

# Network Infrastructure Austria

## Tariffs adjustments<sup>1)</sup>

Electricity (1/1/2012)	–
Natural gas (1/1/2012)	–1.9%

## Network distribution volumes

(GWh)	2011/12 Q. 1–3	Change in %
Electricity	5,951	0.3
Natural gas <sup>2)</sup>	13,356	–6.4

## Financial performance

EURm		
Revenue	401.1	1.8
EBITDA	173.7	–4.8
EBIT	100.6	–8.6

## Diverse distribution sales volumes

- Electricity: at prior-year level
- Natural gas: drop due to reduced use of EVN's own thermal power plants and higher temperature

## Adjustment of network tariffs

## Decrease of EBITDA and EBIT

- Higher procurement costs
- Higher maintenance and repair costs

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

2) Including network sales to EVN's power stations

# Energy Supply South East Europe

## Electricity price adjustments<sup>1)</sup>

Bulgaria (7/1/2010) electricity	+2.0%
(7/1/2011) electricity	+1.9%
(4/1/2011) heat	+6.8%
Macedonia (3/1/2011)	+4.9% <sup>2)</sup>
(1/1/2012)	+4.8% <sup>2)</sup>

## Network distribution volumes

(GWh)

Electricity <sup>3)</sup>	10.758	3.8
Heat	230	5.3

## Financial performance

EURm

Revenue	736.3	16.0
EBITDA	76.8	55.0
EBIT	28.7	–

Electricity generation increased by 90.6%

Temperature-related sales volumes increase

- BG: heating degree +16.5%p
- MK: heating degree +19.9%p

Revenue increase

- Weather-related hike of sales volumes
- Electricity and heat price adjustments

Increase of EBIT from EUR –12.5m despite

- Higher prices for procured energy
- Increased write-offs of receivables

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

2) EVN Macedonia

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

# Environmental Services

Financial performance	2011/12 Q. 1–3	Change in %
EURm		
Revenue	244.3	0.3
EBITDA	48.9	8.9
EBIT	29.2	11.7
Financial results	7.1	–11.7
Profit before income tax	36.3	6.1

## Stable revenue

- International project business: stable contribution
- Domestic water supply business: increased revenue
- Waste incineration: lower contribution

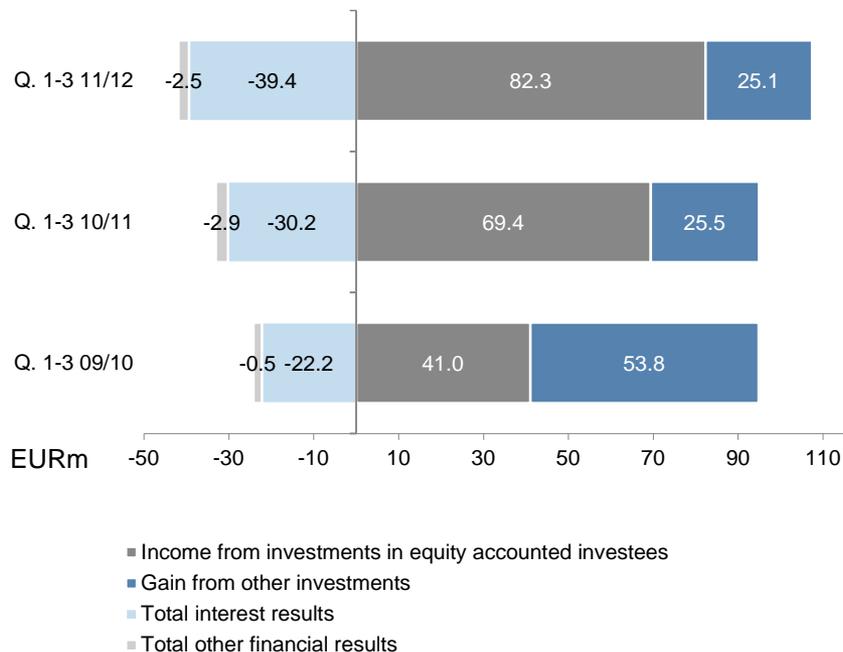
## Financial results down

- Decreasing interest income related to the ongoing redemption of projects during the operational phase

## Market entry

- Wastewater treatment plant in Prague (CZ) (turn-key project)
- Drinking water treatment plant in Serbia (BOOT project)

# Financial results



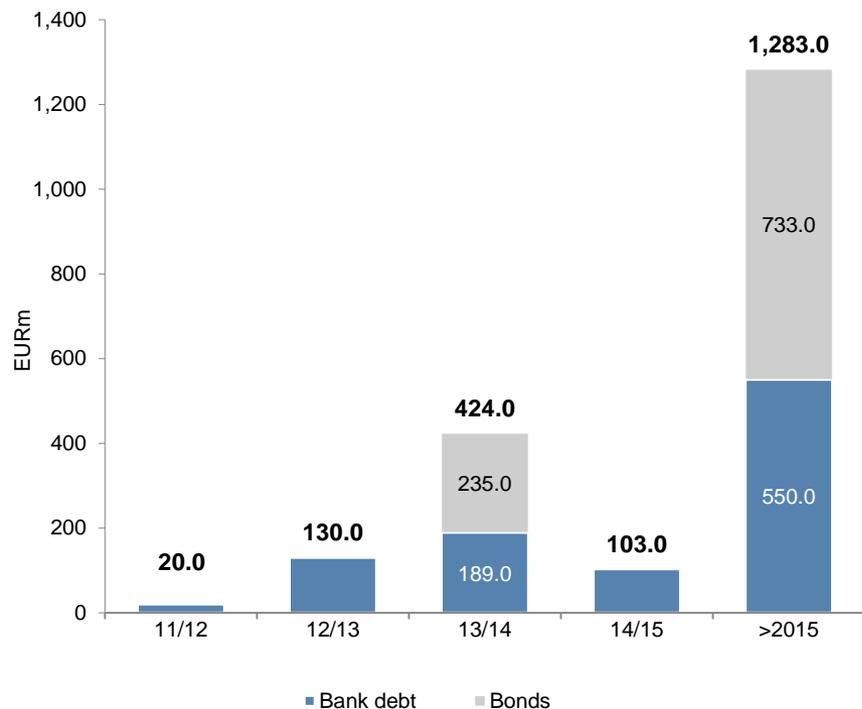
Financial results increased

Higher income from investments in equity accounted investees

Lower interest results

- Higher interest expenses
- Higher net debt
- Slightly higher interest rates
- Lower interest income

## Debt maturity profile



### Issue of a new corporate bond

- EUR 300.0m (10.5 ys; coupon 4.25%)
- Redemption of corporate bond (EUR 257.4m)

### Issue of private placements

- EUR 125.0m (20.0 ys; coupon 4.125%)

### Refinancing of syndicated loan

- EUR 500.0m (5 ys)

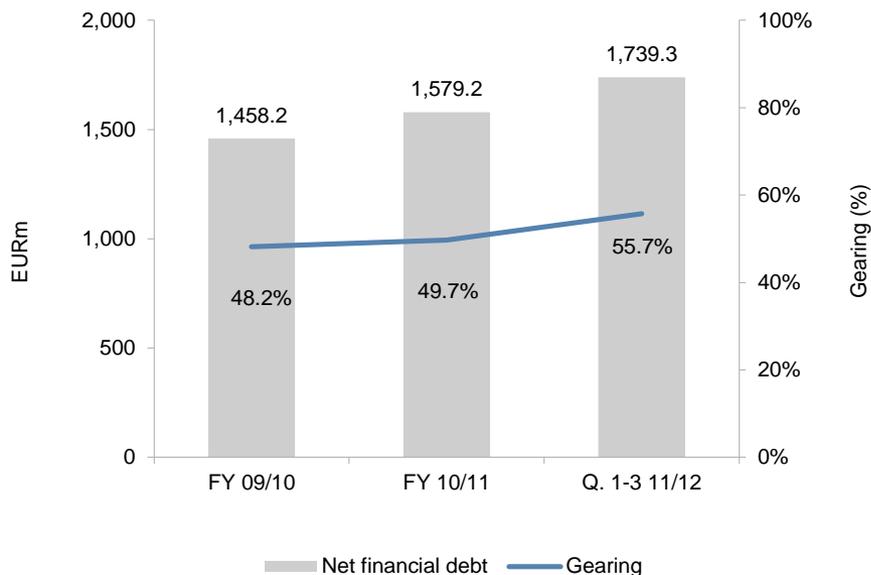
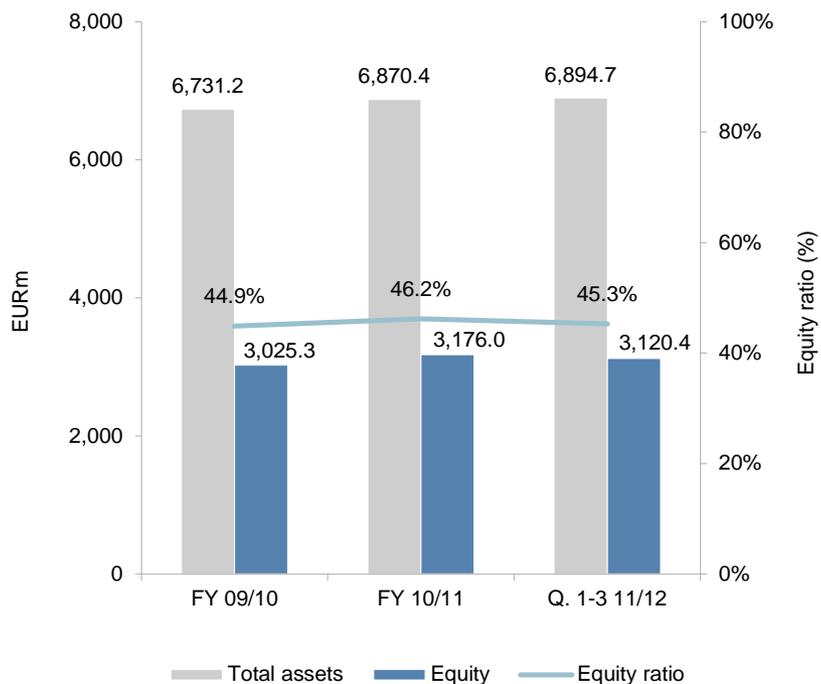
Committed bilateral credit lines of EUR 175.0m

Share of fixed interest debt: 76.0%

Average financing costs: 4.2%

Cash/cash equivalents: EUR 133.3m

# Solid capital structure and rating supports



## Rating

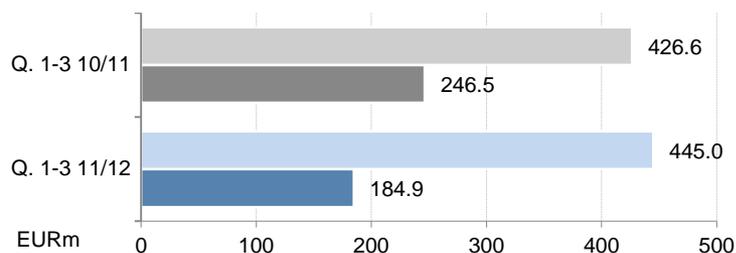
Moody's: A3 / stable

S&P: BBB+ / stable



# Cash flow

EURm	2011/12 Q. 1–3	Change in %
Gross cash flow	445.0	4.3
Net cash flow from operating activities	275.3	–40.9
Net cash flow from investing activities	–233.3	45.4
Net cash flow from financing activities	–25.6	–
Net change in cash and cash items	129.1	–17.3



- Gross cash flow
- Investments in intangible assets, property, plant and equipment

## Higher gross CF

- Higher profit before tax
- Higher non-cash earnings components

## Decrease of net CF from operating activities

- Stronger seasonal effect in working capital

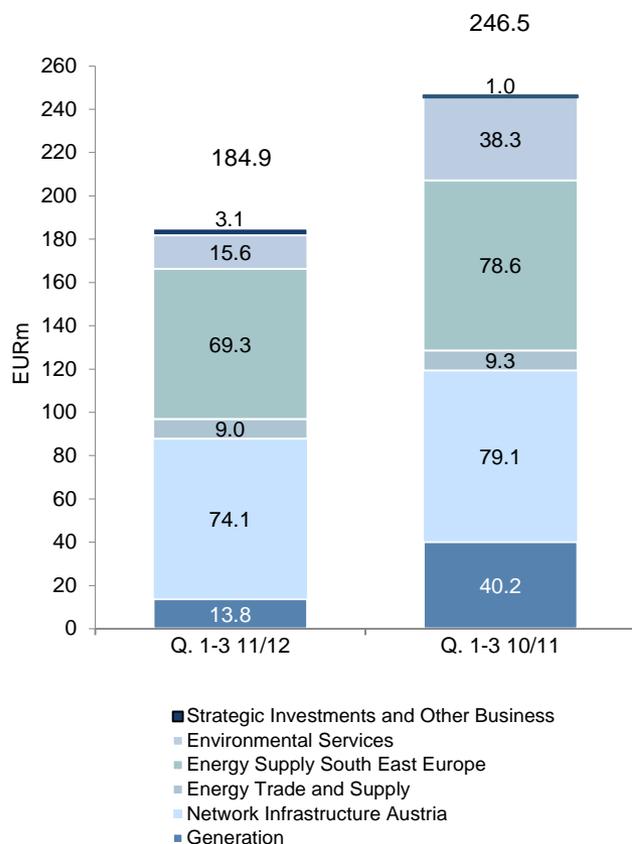
## Change of net CF from investing activities

- Lower investments in intangible assets and property, plant and equipment
- Lower capital payment for investments in equity accounted investees
- Acquisition of additional stake in EVN's Bulgarian subsidiaries
- Sales of current investments in securities

## Decrease of net CF from financing activities

- Capital increase in the prior-year

# Investments<sup>1)</sup>



Investments down 25.0%

## Key investments

- Wind parks in Lower Austria
- Construction of Westschiene
- Expansion of heat networks and biomass capacities in Lower Austria
- Cogeneration plant in Plovdiv, Bulgaria
- Expansion of the network infrastructure and replacement of metres in SEE
- Investments in natural gas network in Croatia
- Cogeneration plant in Ljubrzy, Moscow

1) In intangible assets and property, plant and equipment

# Outlook 2011/12

## Assumptions

- Stable end customers business development
- Negative spreads between primary energy and electricity prices
- Stable order book in Environmental Services segment and no negative impact due to economic downturn

## EVN's expectations

- Operating results can match prior-year level
- Financial results above previous year's level
- Group net profit comparable to prior-year level

## EVN's ambitions

- Competitive investment grade credit rating  
Key ratios (on an adjusted basis):  
Equity ratio: >40%  
Net debt coverage (FFO):  $\geq 23\%$   
Interest Cover (FFO):  $\geq 5x$
- Capex discipline
- Cash contribution from South Eastern Europe and EVN's investments
- Attractive dividend policy

## Additional information

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