
Report of the Supervisory Board

Ladies and Gentlemen,

EVN followed the 2016/17 financial year, which was influenced by a number of positive events, by again recording unusually strong development in 2017/18. With its solid capital structure and high share of earnings contributions from regulated and stable business fields, the Group remains in an excellent position to consistently implement its strategy. Two key focal points of this strategy are the continued expansion of EVN's wind power capacity and massive investments in the network to integrate the increasing decentralised generation, especially in Lower Austria.

From the viewpoint of the Supervisory Board, EVN's strategy is very well aligned with the energy policy framework conditions – for example, as defined by the Austrian federal government's climate and energy strategy. Another important success factor in the increasingly complex energy system is the development of customer-oriented solutions. Digital products, like the web-based photo-voltaic and energy management package joulie, underscore EVN's high innovation expertise.

Fulfilment of duties

The Supervisory Board actively monitored and supported EVN's strategic steps as part of its designated responsibilities. Four plenary meetings and three committee meetings were held during the reporting year, in which the Supervisory Board fulfilled the tasks and duties required by legal regulations and the company's by-laws. The Executive Board provided the Supervisory Board with regular, timely and comprehensive reports on all relevant aspects of business development, including the risk position and risk management of EVN and its key Group companies. This reporting, in particular, allowed the Supervisory Board to continuously supervise and support the Executive Board's management activities. The control functions exercised by the Supervisory Board within the framework of open discussions with the Executive Board did not lead to any objections. Recommendations by the Supervisory Board were taken up by the Executive Board.

Corporate governance report, Austrian Corporate Governance Code

In a meeting on 12 December 2018, the Supervisory Board examined the corporate governance report as required by § 96 of the Austrian Stock Corporation Act and in accordance with an opinion published by the Austrian Financial Reporting and Auditing Committee. The analysis was based on a report issued by the Audit Committee on 28 November 2018 and did not lead to any objections.

EVN, as a listed company, is committed to compliance with the Austrian Corporate Governance Code. The Supervisory Board approved the implementation of the January 2018 version of the code by EVN as of 1 March 2018. The Supervisory Board strives to consistently comply with the provisions of the code that relate to its activities. EVN complies with all rules concerning the cooperation between the Supervisory Board and the Executive Board and the internal procedures of the Supervisory Board, with one exception. This exception is specified in the corporate governance report.

Annual financial statements and consolidated financial statements

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, was appointed to audit the financial statements for the 2017/18 financial year from 1 October 2017 to 30 September 2018. This firm examined the annual financial statements of EVN AG as of 30 September 2018, which were prepared in accordance with Austrian accounting regulations, and the management report submitted by the Executive Board. KPMG presented a written audit report on the audit and issued an unqualified opinion.

The Supervisory Board received and reviewed the auditors' report. In accordance with § 92 of the Austrian Stock Corporation Act, the Audit Committee reported to the Supervisory Board on the results of the audit and its effects on financial reporting as well as the additional report prepared by the auditor based on the requirements of Art. 11 of Regulation (EU) No. 537/2014 on the statutory audit of public-interest entities.

Following a detailed analysis and discussions by the Audit Committee and the Supervisory Board, the Supervisory Board approved the following documents that were submitted by the Executive Board: the annual financial statements as of 30 September 2018 together with the notes, management report and corporate governance report as well as the recommendation for the use of profits. The annual financial statements as of 30 September 2018 were thereby approved in accordance with § 96 (4) of the Austrian Stock Corporation Act.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and also audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, which issued an unqualified opinion. The Audit Committee reviewed the consolidated financial statements together with the respective notes and management report and reported on these activities to the Supervisory Board, which subsequently approved these documents.

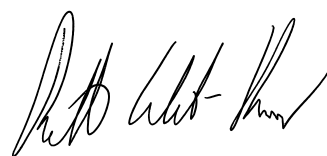
KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft carried out a limited assurance review of the independent non-financial report on the consolidated financial statements, which was prepared by EVN for the first time to meet the requirements for the disclosure of non-financial and diversity-related information in accordance with the Austrian Sustainability and Diversity Improvement Act. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft reported on the results of this review in writing and also issued an independent assurance report on the non-financial report.

The non-financial statement included in the management report on the annual financial statements of EVN AG was read by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in connection with the year-end audit to determine whether it materially contradicts the annual financial statements or otherwise appears to be materially misstated based on the understanding gained from the audit. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft issued a written report on these results, together with the results of the year-end audit of EVN AG.

In conclusion, the Supervisory Board would like to thank the Executive Board and all employees of the EVN Group for their performance and commitment during the 2017/18 financial year. Special thanks are also directed to EVN's shareholders, customers and partners for their trust in the company.

Maria Enzersdorf, 12 December 2018

On behalf of the Supervisory Board



Bettina Glatz-Kremsner
President