



# EVN conference call HY. 1 2017/18 results

30 May 2018

- 
- Solid development of business
  - Significantly milder temperatures especially in South Eastern Europe
  - Increase of renewable electricity generation by 13.1%
    - Favourable water conditions and continuing commissioning of windparks
    - Dynamic expansion of windpower capacities on track
  - Continuing high demand for electricity from thermal generation to support network stability
    - 1,090 MW under contract during the winter half-year 2017/18 for southern Germany
    - 430 MW already contracted to stabilise the networks in Austria in summer 2018
  - Ratings in A-range confirmed; Moody's raised outlook to positive

# Key financials HY. 1 2017/18



	<b>HY. 1 2017/18</b>	+/-
	EURm	%
<b>Revenue</b>	1,246.0	-4.9
<b>EBITDA</b>	470.8	-2.1
Depreciation and amortisation	-129.9	1.1
Effects from impairment tests	-0.6	98.1
<b>EBIT</b>	340.3	6.5
Financial results	-25.1	1.1
<b>Group net result</b>	229.4	-1.9
Net cash flow from operating activities	253.9	-3.2
Investments <sup>1)</sup>	136.0	23.8
Net debt	1,128.2	-13.0
	%	
Equity ratio <sup>2)</sup>	50.8	5.2

## → Revenue below previous year

- 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

## → EBIT above previous year

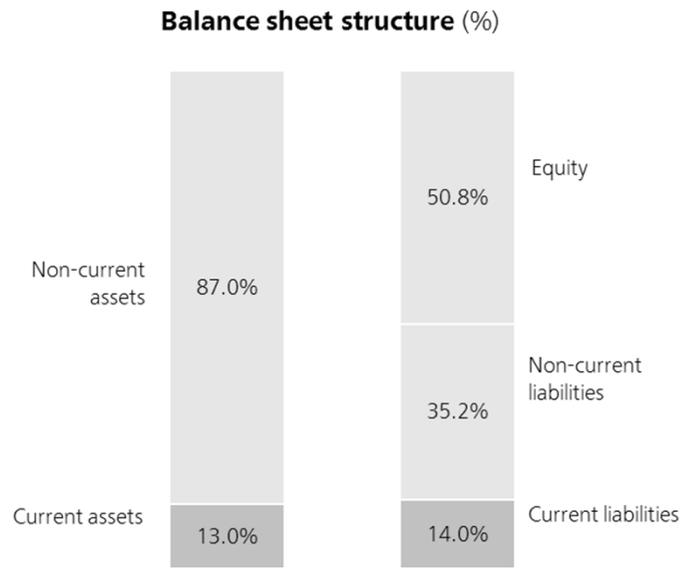
- Impairment loss to planned Gorna Arda hydropower project in prior year

## → Moderate reduction y-o-y in Group net result

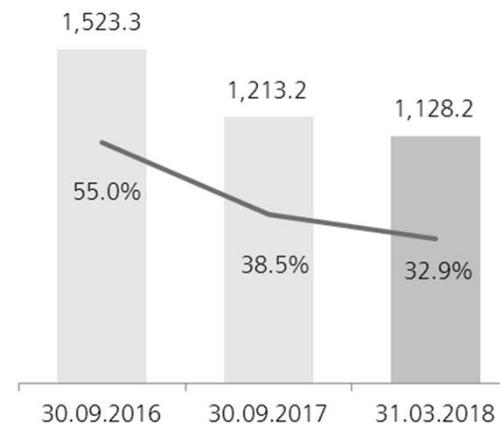
<sup>1)</sup> In intangible assets and property, plant and equipment

<sup>2)</sup> Changes reported in percentage points

# Solid balance sheet structure, reduced net debt

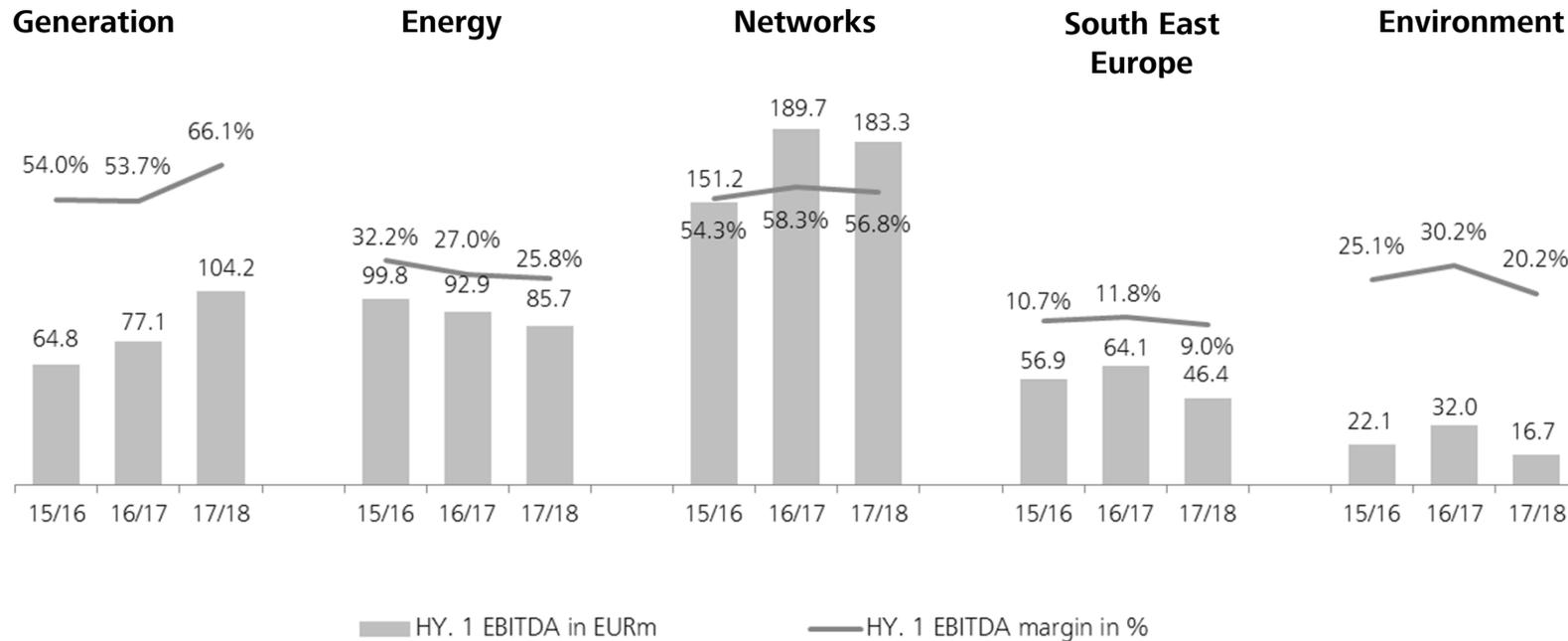


**Net debt (in EURm) and Gearing (in %)**



- Reduction of net debt to EUR 1,128.2m (30 September 2017: EUR 1,213.2m)
- Gearing decreased from 38.5% to 32.9%

# EBITDA development by segments



- Higher renewable generation
- Contractual reserve capacity

- Higher electricity and heat sales volumes
- Weather-related decline in natural gas sales volumes

- Decline in natural gas distribution volumes
- Increase in electricity distribution volumes
- 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

	<b>HY. 1 2017/18</b>	+/-
	GWh	%
<b>Electricity generation volumes</b>		
Total	2,938	-20.2
Renewable energy sources	948	12.9
Thermal energy sources	1,991	-30.0

	<b>HY. 1 2017/18</b>	+/-
	EURm	%
<b>Financial performance</b>		
Revenue	157.6	9.7
EBITDA	104.2	35.1
EBIT	80.4	-

→ **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
- Impairment loss to planned Gorna Arda hydropower project in prior year

<b>Sales volumes to end customers</b>	<b>HY. 1 2017/18</b> GWh	+/- %
Electricity	3,748	5.6
Natural gas	4,365	-4.8
Heat	1,452	2.7

<b>Financial performance</b>	<b>HY. 1 2017/18</b> EURm	+/- %
Revenue	332.2	-3.6
EBITDA	85.7	-7.8
EBIT	76.0	-9.0

→ **Different development of energy sales volumes**

- Higher electricity and heat sales volumes
- Weather-related decline in natural gas sales volumes

→ **Revenue dropped y-o-y**

- Decrease in marketing of own thermal generation
- Reduced natural gas trading activities

→ **EBITDA and EBIT below previous year**

<b>Network distribution volumes</b>	<b>HY. 1 2017/18</b> GWh	<b>+/-</b> %
Electricity	4,608	2.1
Natural gas <sup>1)</sup>	12,320	-7.3

<b>Financial performance</b>	<b>HY. 1 2017/18</b> EURm	<b>+/-</b> %
Revenue	322.8	-0.8
EBITDA	183.3	-3.4
EBIT	123.7	-6.5

1) Including network sales to EVN's power stations

→ **Differing 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



<b>Key energy business indicators</b>	<b>HY. 1 2017/18</b> GWh	<b>+/-</b> %
Electricity generation volumes	191	-28.0
Network distribution volumes	7,721	-2.2
Electricity sales volumes	6,407	-6.8
Heat sales volumes	178	-11.0

<b>Financial performance</b>	<b>HY. 1 2017/18</b> EURm	<b>+/-</b> %
Revenue	513.8	-5.2
EBITDA	46.4	-56.3
EBIT	15.1	-79.8

- **Temperature-related decline in network distribution and energy sales volumes**
- **Revenue dropped y-o-y**
  - Negative energy-related developments
- **Decline in EBITDA and EBIT**
  - Prior year positively influenced by non-recurring effect from settlement with Bulgarian NEK

	<b>HY. 1 2017/18</b>	+/-
<b>Financial performance</b>	EURm	%
Revenue	82.5	-22.1
EBITDA	16.7	-
EBIT	5.1	-
Financial results	-0.3	-
Result before income tax	4.8	-

→ **Decline in revenue**

- Lower revenue from international project business

→ **EBITDA and EBIT above prior year**

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

# Cash flows



	<b>HY. 1 2017/18</b>	+/-
	EURm	in %
Gross cash flow	438.4	3.8
Net cash flow from operating activities	253.9	-3.2
Net cash flow from investing activities	-196.7	-
Net cash flow from financing activities	-118.3	27.3
Net change in cash and cash equivalents	-61.1	-

## → CF from operating activities

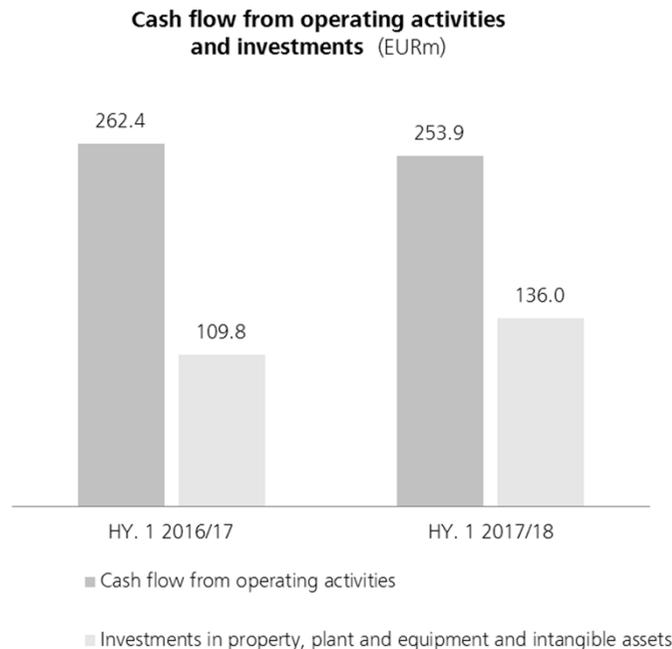
- Changes in working capital
- Prior year negatively affected by the arbitration decision for Walsum, however corresponding positive effect was contained in CF from investing activities

## → CF from investing activities

- Higher investments and a rise in short-term securities

## → CF from financing activities

- Dividend payment for 2016/17
- Scheduled repayments of loans



# Outlook for 2017/18 confirmed



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- Group net result for 2017/18 should return to a normal level that reflects the average of the 2015/16 and 2016/17 financial years
    - Outlook assumes average conditions in the energy business environment
  - Factors that could influence the Group net result include
    - The regulatory background
    - The proceedings currently in progress in Bulgaria
    - The remaining proceedings over the Walsum 10 power plant project
    - The progress on activities in Moscow
  - Presentation of Q. 1–3 2017/18 results
    - 23 August 2018

# Contact details



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