

# **EVN Conference Call 1<sup>st</sup> Quarter Results 2011/12**

February 28<sup>th</sup>, 2012

**EVN**

## Business highlights

Investment focus on wind energy in Lower Austria

- Capacity increase by 15% to 163 MW; supply of 100,000 households

Start of construction for a biomass district heating plant in Steyr

Completion of the first construction stage of „Westtschiene“

Acquisition of additional shareholdings in the two Bulgarian subsidiaries

- EVN currently holds more than 99% respectively

Contract award in Prague in the Environmental Services segment

- EVN operates now in 21 countries

Issuance of a new bond

- Value: EUR 300m
- Term to maturity: 10.5 years
- Fixed coupon: 4.25%

## Business development

EURm	2011/12 Q. 1	Change in %
Revenue	829.7	3.4
EBITDA	167.6	5.8
EBIT	104.7	0.7
Financial results	17.3	6.6
Group net profit	89.5	1.8
Net cash flow from operating activities	25.9	-69.2
EUR		
Earnings per share	0.50	-1.6

### Weather-related revenue development

- Energy business: increase
- Environmental services business: decrease

### Higher EBITDA

- Operating expenses up 2.8%

### Stable EBIT

- Impairment loss of EUR 8.0m

### Positive development of financial results

- Higher income from investments in equity accounted investees

### Weather-related decrease of net CF from operating results



## Generation

Electricity generation volumes (GWh)	2011/12 Q. 1	Change in %
Total	800	-26.8
thereof thermal energy sources	547	-34.7
thereof renewable energy sources	253	-0.4
EURm		
Revenue	34.6	21.1
EBITDA	18.3	53.2
EBIT	3.9	-35.1

### Decline of power generation

- Negative spark spreads
- Lower water flow conditions

### Revenue increase

- Power request by the German Federal Network Agency
- Revision in natural gas prices between Gazprom and EconGas

### EBIT drop

- Impairment loss on the biomass pilot plant in Dürnröhr of EUR 8.0m

## Energy Trade and Supply

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

Gas (4/1/2011)	+8.9%
(10/1/2011)	+3.6%

Sales volumes to end customers (GWh)	2011/12 Q. 1	Change in %
Electricity	1,908	-2.2
Natural gas	2,296	-11.0
Heat	572	2.9

EURm

Revenue	371.9	0.8
EBITDA	44.0	-2.2
EBIT	40.6	-2.8

### Weather-related lower sales volumes to end customers

- Natural gas: reduced use of EVN's own thermal power plants

### Revenue increase

- Adjustment in natural gas prices
- Initial consolidation of first facility GmbH

### EBITDA and EBIT decrease

- Higher procurement costs
- Increased cost of materials

1) Average, household sector (EVN source)

## Network Infrastructure Austria

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

Electricity (1/1/2011)	+1.0%
Natural Gas (1/1/2011)	+10.6%

### Network distribution volumes (GWh)

	2011/12 Q. 1	Change in %
Electricity	2,051	0.2
Natural gas <sup>2)</sup>	5,216	-16.5

### EURm

Revenue	147.4	5.3
EBITDA	68.8	-7.2
EBIT	44.8	-10.8

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

2) Including network sales to EVN's power stations

### Diverse distribution sales volumes

- Electricity: at the prior-year level
- Natural gas: reduced use of EVN's own thermal power plants

### Adjustment of network tariffs

### Decrease of EBITDA and EBIT

- Higher maintenance costs

# Energy Supply South East Europe

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

Bulgaria (7/1/2010)	+2.0%
(7/1/2011)	+1.9%
Macedonia (1/1/2010)	+5.1% <sup>2)</sup>
(3/1/2011)	+4.9% <sup>2)</sup>

Network distribution volumes (GWh)	2011/12 Q. 1	Change in %
Electricity	3,711	9.2
Heat	86	13.1

EURm		
Revenue	246.2	20.0
EBITDA	22.8	82.7
EBIT	8.3	–

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

2) EVN Macedonia

## Temperature-related sales volumes increase

- BG: heating degree +38.8%p
- MK: heating degree +34.3%p

## Revenue increase

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

## EBITDA doubled

## Increase of EBIT from EUR –2.5m despite

- Higher prices for procured energy
- Increased write-off of receivables
- Higher personnel expenses



## Environmental Services

EURm	2011/12 Q. 1	Change in %
Revenue	84.1	-16.5
EBITDA	14.4	-13.8
EBIT	7.8	-25.7
Financial results	0.8	-32.4
Profit before income tax	8.7	-26.4

### Weather-driven revenue decline

#### EBITDA and EBIT drop

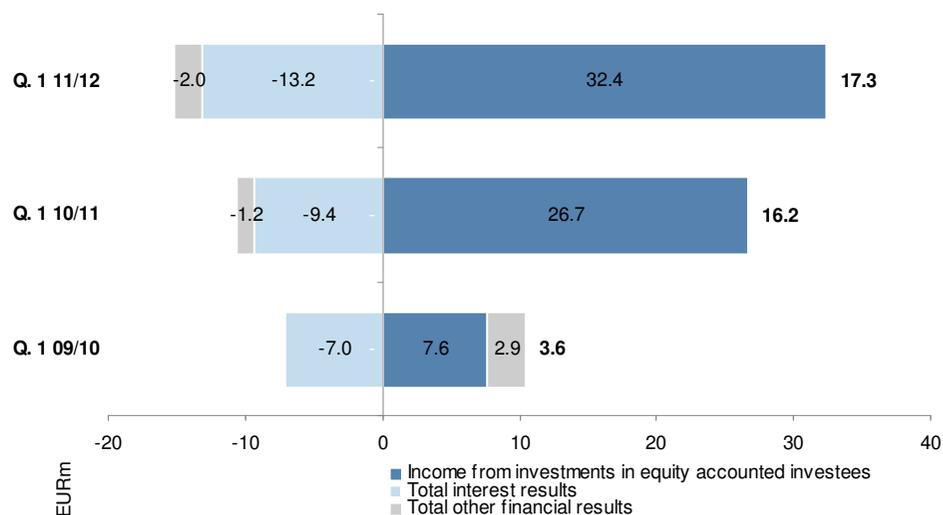
#### Financial results down

- Decreasing interest balance of projects during the operational phase
- Higher interest expense of projects during the construction phase

#### New market entry

- Concession for wastewater treatment plant in Prague

# Financial results



## Financial results increased

### Higher income from investments in equity accounted investees

- EconGas: EUR 8.5m, + EUR 3.1m
- BEWAG/BEGAS: EUR 4.0m, + EUR 3.3m

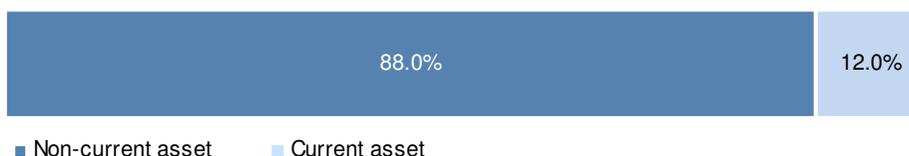
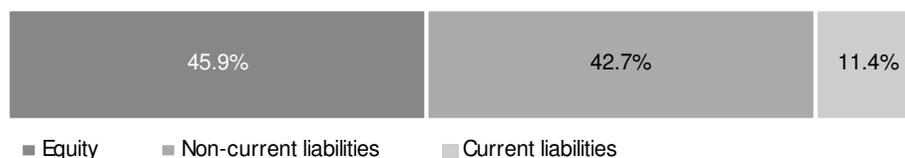
### Higher interest expense

- Issuance of a new Eurobond
- Higher net debt
- Slightly higher interest rates

## Balance sheet

EURm	2011/12 Q. 1	Change in % <sup>1)</sup>
Total assets	6,985.0	1.7
Equity	3,206.5	1.0
Equity ratio (in %)	45.9	-0.3p
Net debt	1,724.4	9.2
Gearing (in %)	53.8	4.1p

1) Compared to September 30<sup>th</sup>, 2011



### Increase of total assets

- Increase in equity accounted investees: higher earnings and capital contribution for projects and new investments
- Seasonally-related increase in receivables

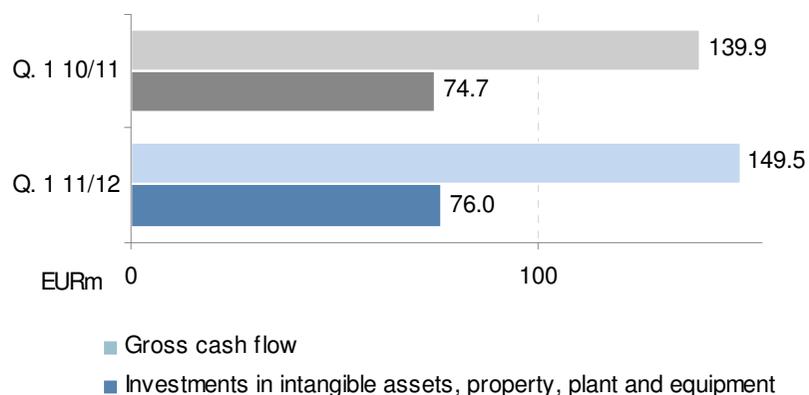
### Stable and high equity ratio

### Increase in net debt

- Despite higher gearing EVN has competitive investment grade

## Cash flow

EURm	2011/12 Q. 1	Change in %
Gross cash flow	149.5	6.8
Net cash flow from operating activities	25.9	-69.2
Net cash flow from investing activities	-98.2	48.7
Net cash flow from financing activities	29.2	-82.7
Net change in cash and cash items	69.4	-53.7



### Higher gross CF

- Higher depreciation and amortisation
- Higher level of non-current provisions

### Decrease of net CF from operating activities

- Weather-related increase in working capital

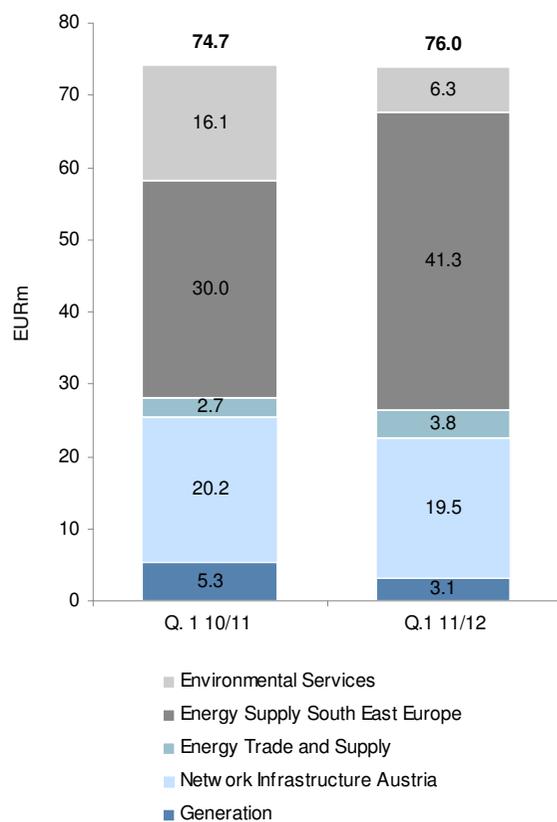
### Increase of net CF from investing activities

- Capital payment for investments in equity accounted investees
- Acquisition of additional stake in EVN's Bulgarian subsidiaries
- Increase in lease receivables

### Decrease of net CF from financing activities

- Capital increase in prior-year period

# Investments<sup>1)</sup>



## Investments up 1.7%

### Key investments

- Wind parks in Lower Austria
- Construction of „Westtschiene“
- Expansion of heating networks in Lower Austria
- Cogeneration plant in Plovdiv, Bulgaria
- Cogeneration plant in Ljubrzy, Moscow

1) In intangible assets and property, plant and equipment

## Outlook 2011/12

### Assumptions

- Stable end customers business development
- Lower or 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

- Revenue and operating results to remain stable
- Financial results to exceed previous year's level
- Group net profit comparable to prior-year level

### EVN's ambitions

- Competitive investment grade credit rating
- Attractive dividend policy
- Key ratios (on an adjusted basis):  
Equity ratio: >40%  
Net debt coverage (FFO):  $\geq 25\%$   
Interest Cover (FFO):  $\geq 5x$

## Additional information

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