

# EVN Conference Call Q. 1 2015/16 Results

26 February 2016

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- Increase in electricity generation through use of thermal power plants to protect network stability
  - Cornerstone ceremony for the wastewater treatment plant in Prague
  - Stable EBITDA; EBIT slightly below last year's Q1
  - Increase in Group net result

# Key financials 2015/16



EURm	2014/15 Q1	+/- in %
<b>Revenue</b>	573.3	-4.4
<b>EBITDA</b>	185.0	0.1
Depreciation and amortisation	-65.5	-3.1
Effects from impairment tests	-	-
<b>EBIT</b>	119.4	-1.4
<b>Financial results</b>	-16.7	31.5
<b>Group net result</b>	78.8	7.9
<b>Net cash flow from operating activities</b>	93.2	0.8
Earnings per share	0.44	0.8

## → Decrease in revenue

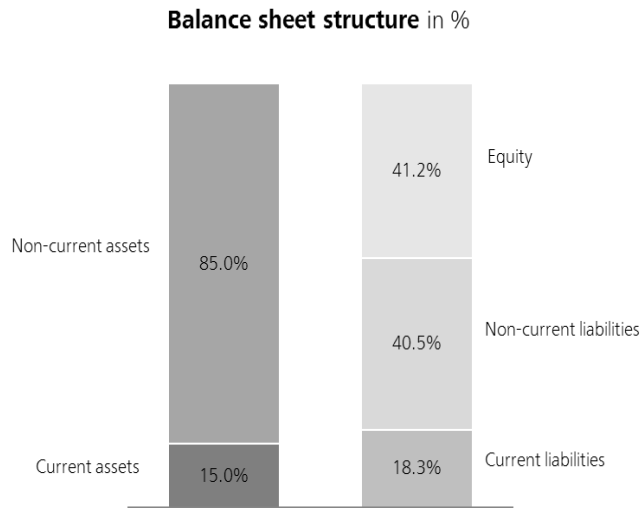
- Rise in electricity generation
- Decline in natural gas trading activities
- Volume and price related declines in Bulgaria

## → Stable EBITDA, EBIT slightly below last year's Q1; increase in group net result

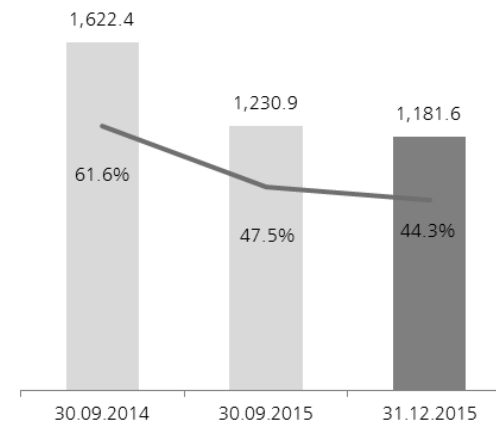
- OPEX reduction

## → Improved financial result

# Solid balance sheet structure, reduced net debt

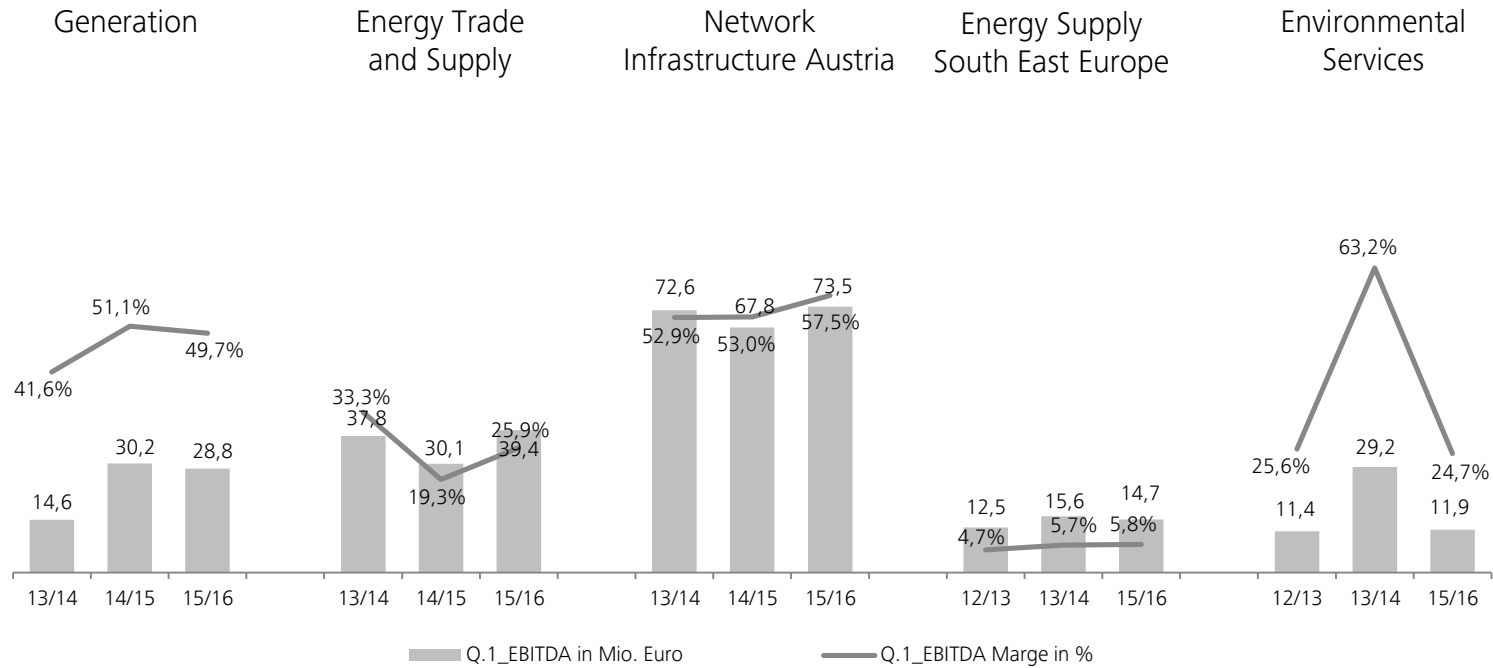


**Net debt (in EURm) and Gearing (in %)**



- Improvement of equity ratio to 41.2% (30.09.2015: 39.8%)
- Reduction of net debt to EUR 1,181.6m (30.09.2015: EUR 1,230.9m)
- Gearing decreased to 44.3% (30.09.2015: 47.5 %)

# EBITDA development by segments



- Increase of electricity production
- Revenue declined
- Positive volume effects
- Volume and price related declines
- Last year included the sale of the sodium hypochlorite plant
- Reduced results from equity accounted investees
- Increased results from equity accounted investees
- Cost reductions
- Cost reductions

	2014/15	+/-
	Q1	in %
<b>Electricity generation volumes (GWh)</b>		
Total	1.458	25,2
Renewable energy sources	350	-12,9
Thermal energy sources	1.108	45,2
<b>Financial performance (EURm)</b>		
Revenue	58,0	-1.9
EBITDA	28,8	-4.9
EBIT	15,1	-9.9

## → Increase of electricity production

- Lower wind and water flows
- Greater use of thermal power plants to protect network stability

## → Decline in EBITDA and EBIT

- Revenue remained nearly unchanged
- EBITDA influenced by reduced results from equity accounted investees

End customer prices <sup>1)</sup>	+/- in %	Adjustment
Electricity and gas	-5.0%	01.10.2015
Electricity and gas	-10.0%	01.10.2014

Sales volumes to end customers (GWh)	2014/15 Q1	+/- in %
Electricity	1,794	-0.6
Natural gas	1,788	0.1
Heat	574	1.5

Financial performance (EURm)	2014/15 Q1	+/- in %
Revenue	152.2	-2.3
EBITDA	39.4	30.9
EBIT	35.0	35.1

## → Different development of sales volumes

- Slight increases in natural gas and heat sales volumes
- Small decline in electricity sales volumes (increase in Austria was more than offset by reduced sales in Germany)

## → Revenue declined, EBITDA and EBIT increased

- Declining natural gas trading activities
- Increased results from equity accounted investees

<sup>1)</sup> Average; household segment (source: EVN)

Development of tariffs <sup>1)</sup>	+/- in %	Adjustment
Electricity	11.0%	01.01.2016
Natural gas	11.0%	01.01.2016

Network distribution volumes (GWh)	2014/15 Q1	+/- in %
Electricity	2,147	2.0
Natural gas <sup>2)</sup>	5,395	20.9

Financial performance (EURm)	2014/15 Q1	+/- in %
Revenue	127.9	0.1
EBITDA	73.5	8.4
EBIT	46.2	9.0

## → Increase in network distribution volumes

- Higher electricity and natural gas distribution volumes across all customer segments
- Additional positive volume impact on gas distribution from use of EVN's gas-fired power plants

## → Improvement in EBITDA and EBIT

- Lower operating expenses
- Investment driven increase in depreciation

## → Continued investment focus on supply security

- Network Infrastructure Austria accounts for almost 50% of EVN's total investments

<sup>1)</sup> Average; according to the Austrian regulator

<sup>2)</sup> Including network sales to EVN's power stations



<b>End customer prices<sup>1)</sup></b>		<b>+/- in %</b>	<b>Adjustment</b>
Bulgaria	electricity	-0.4%	01.08.2015
	heat	-0.7%	01.10.2015
Macedonia	electricity	-0.3%	01.07.2015
<b>Key energy business indicators (GWh)</b>		<b>2014/15 Q1</b>	<b>+/- in %</b>
Electricity generation volumes		94	-21.4
Network distribution volumes <sup>2)</sup>		3,445	-1.7
Heat sales volumes		58	-19.2
<b>Financial performance (EURm)</b>		<b>2014/15 Q1</b>	<b>+/- in %</b>
Revenue		252.4	-7.9
EBITDA		14.7	-6.0
EBIT		-0.8	-

## → Negative development of key energy business indicators

- Decline in electricity production
- Weather-related decline of electricity network distribution volumes and heat sales volumes

## → Revenue, EBITDA and EBIT decrease

- Volume and price related declines
- Lower operating expenses

<sup>1)</sup> Average; household sector; according to regulators in Bulgaria and Macedonia

<sup>2)</sup> Energy sales volumes in Bulgaria and Macedonia fairly equal to network distribution volumes

Financial performance (EURm)	2014/15 Q1	+/- in %
Revenue	48.2	4.2
EBITDA	11.9	-59.0
EBIT	5.5	-75.6

## → Increase in revenue

- Higher revenue from international project business and drinking water supplies
- Partly offset by reduced revenue from Lower Austrian waste incineration business

## → Decrease in EBITDA and EBIT

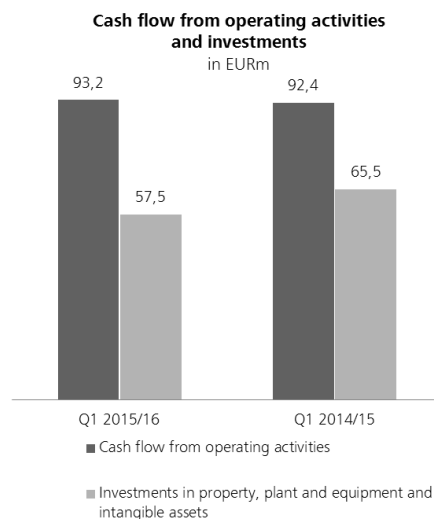
- Last year positive one-off from sale of sodium hypochlorite plant in Moscow

## → Progress in the international projects business

- Finalisation of the construction works of wastewater treatment projects in Poland and Romania
- Receipt of building permit and cornerstone ceremony for the wastewater treatment plant in Prague

EURm	2014/15 Q1	+/- in %
Gross CF	182.1	9.3
Net CF from operating activities	93.2	0.8
Net CF from investing activities	-58.5	-
Net CF from financing activities	-26.8	-
Net change in cash and cash equivalents	7.9	-

- **Increase of gross cash flow**
  - Stronger operating performance
- **Operating cash flow at prior year's level**
  - Due to changes in working capital
- **Changes in the cash flow from investing as well as from financing activities influenced by last year's sale of sodium hypochlorite plant**



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- Group net result for 2015/16 is expected to remain largely stable
  - EVN's strategy remains unchanged
    - Commitment to integrated business model
    - Focus on supply security through ongoing network expansion
    - Further increase of renewable generation capacities in Lower Austria
    - Consolidation of energy business in South East Europe

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## **Financial calender**

[www.investor.evn.at/financial-calender](http://www.investor.evn.at/financial-calender)

Next event: Results HY. 1 2015/16, 25 Mai 2016

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