

EVN

# Company presentation

January 2015

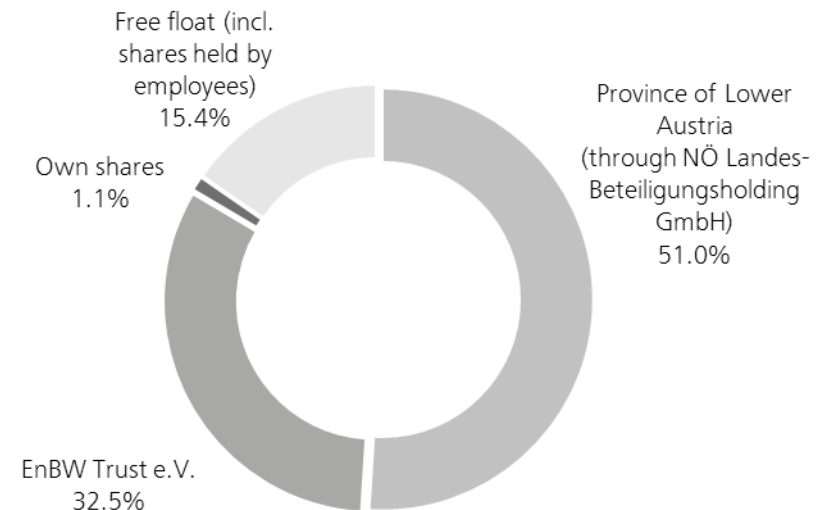
- 
- EVN at a glance
  - Market environment and strategy
  - EVN's success drivers
  - CSR
  - Outlook
  - Appendix
    - Management Board
    - Financial performance 2013/14
    - Description of segments
    - RAG
    - Investments and projects
    - Retrospective adjustments of 2012/13 financial figures
    - Contact details

→ Leading integrated energy and environmental services company serving customers in Lower Austria, SEE and CEE

→ Key activities

- Energy generation (renewable, thermal)
- Regulated grid (electricity, natural gas)
- Energy supply
- Environmental services

→ Shareholder structure (as of 30.09.2014)



# Energy business – 6 countries



	Regulated grid	Electricity supply	Gas supply	Heat supply	Hydropower	Windpower	Photovoltaics	Biomass	Thermal power
Albania					✓ 1)				
Austria	✓	✓	✓	✓	✓	✓	✓	✓	✓
Bulgaria	✓	✓		✓		✓	✓		✓
Croatia	✓		✓						
Germany		✓	✓		✓ 2)				✓ 3)
Macedonia	✓	✓			✓				

- 1) EVN share: 50%
- 2) EVN share: 13%
- 3) EVN share: 49%

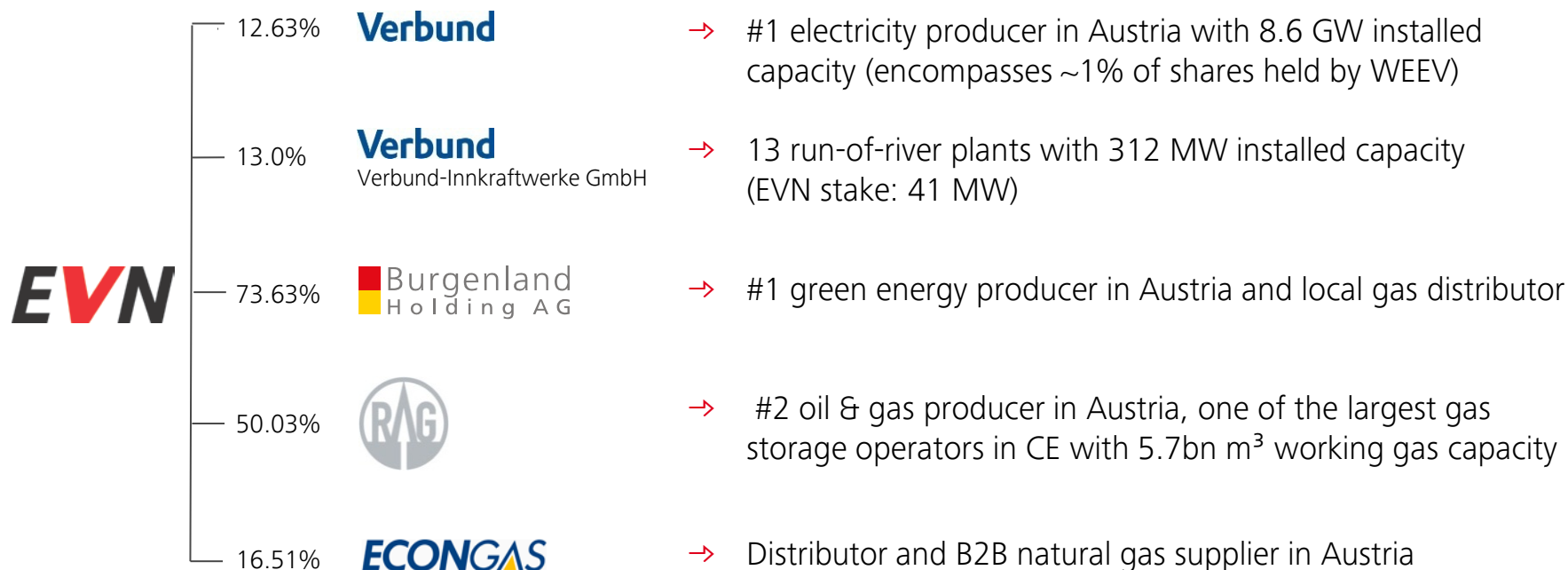
# Environmental services business – 18 countries



	Drinking water projects		Wastewater projects	
Austria <sup>1)</sup>	✓	✓		
Bahrain			✓	✓
Croatia			✓	✓
Cyprus			✓	✓
Czech Republic			✓	✓
Germany	✓	✓		
Montenegro	✓	✓		
Poland				✓
Romania	✓	✓		
Russia <sup>2)</sup>	✓	✓		
Serbia	✓			
Slovenia				✓
Turkey				✓

1) Thermal waste utilisation plant, drinking water supply  
 2) Thermal waste utilisation plant

# Strategic investments



# Lower Austria – EVN’s prosperous domestic market



## Province of Lower Austria at a glance:

Area:	19,186 km <sup>2</sup> (~ Half size of Switzerland)
Population (2014)	1,625,485
Economically active population, 15-64 years (2013):	73.3% (Austria: 72.3%)
GDP per capita (2013):	EUR 31,100 <sup>1)</sup> (Austria: EUR 38,050; Germany: EUR 33,355)

Sources: Statistics Austria; Eurostat; economic-growth.eu

1) Lower Austrian GDP per capita 2013: preliminary figures

# Bulgaria – EVN's focus in SEE



## Bulgaria at a glance:

Area:	111,000 km <sup>2</sup>
EVN's supply area:	~42,000 km <sup>2</sup> (~ Size of Switzerland)
Population (2014)	7,364,570
Economically active population, 15-64 years (2014)	62.2% (Austria: 75.6%)
GDP per capita (2013)	EUR 12,000 (Austria: EUR 38,050; Germany: EUR 33,355)



# Macedonia – EVN's focus in SEE



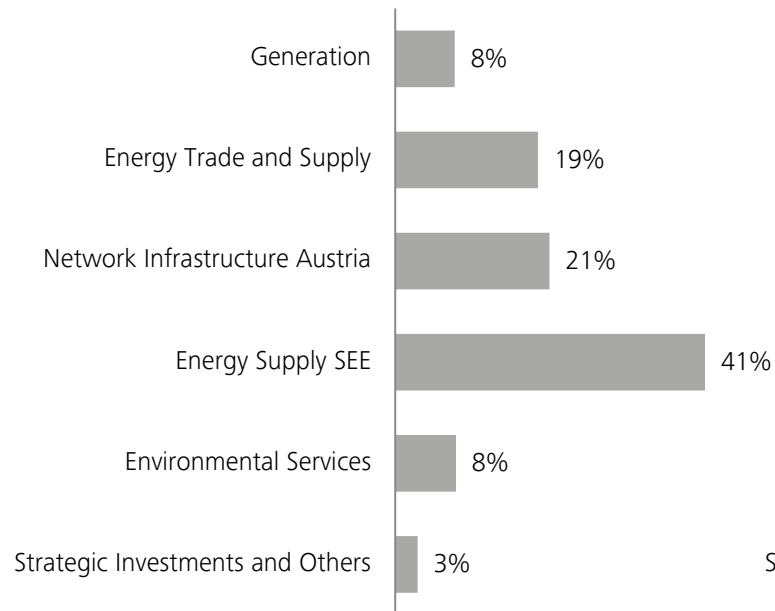
## Macedonia at a glance:

Area:	25,713 km <sup>2</sup>
EVN's supply area:	25,713 km <sup>2</sup>
Population (2014)	2,065,769
Economically active population, 15-64 years (2014):	65.3% (Austria: 75.6%)
GDP per capita (2013)	EUR 8,868 (Austria: EUR 38,050; Germany: EUR 33,355)

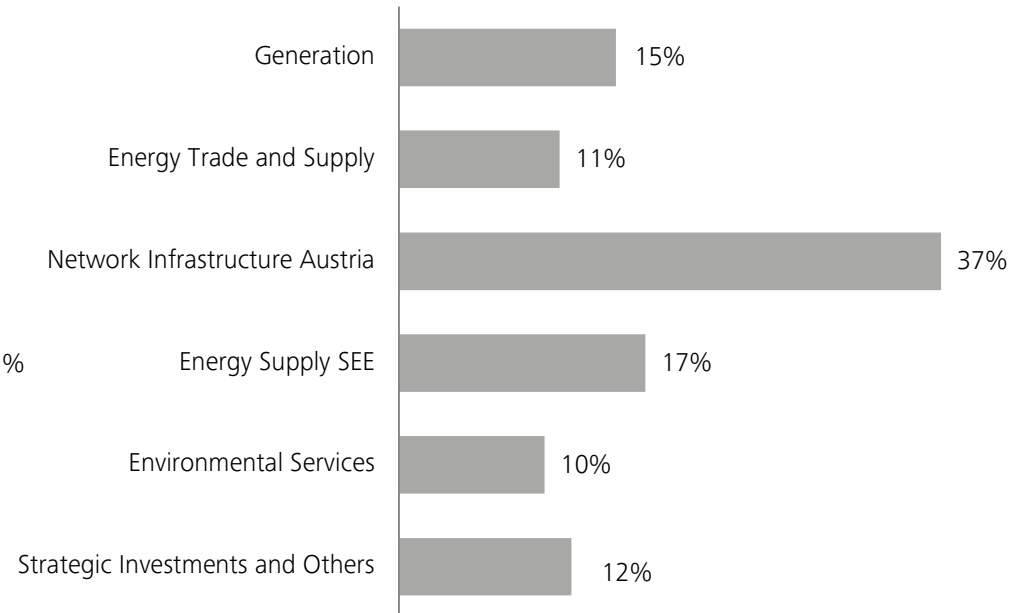
# Contribution by business segments for 2013/14

(Financial year 2013/14 figures adjusted for one-off effects)

## Revenue split<sup>1)</sup>



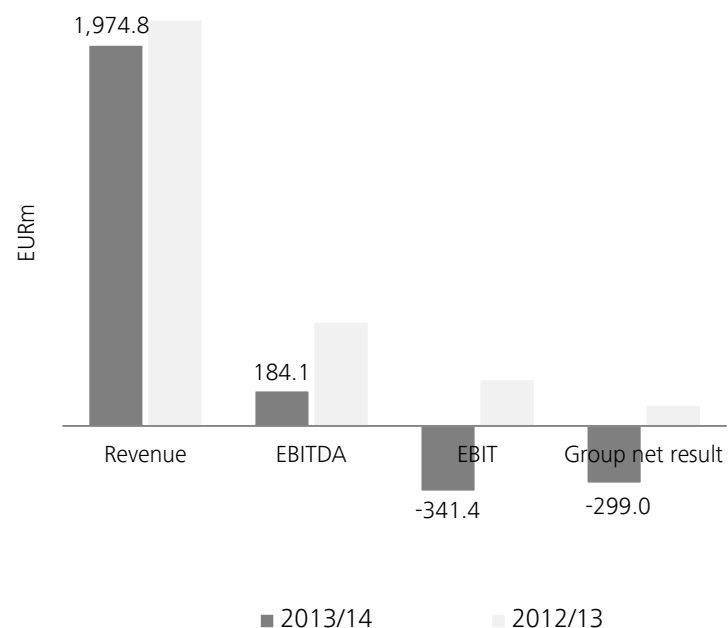
## EBITDA split<sup>1)</sup>



1) Pre consolidation

# Financial figures 2013/14

EURm	<b>2013/14</b>	<b>y-o-y in %</b>	<b>2012/13</b>
<b>Revenue</b>	1,974.8	-6.2	2,105.9
<b>EBITDA</b>	184.1	-65.9	540.0
<b>EBIT</b>	-341.4	-	242.2
<b>Group net profit</b>	-299.0	-	109.3
<b>Net cash flow from operating activities</b>	546.0	-4.2	570.0
<b>Investments<sup>1)</sup></b>	396.3	6.3	372.9
<b>Balance sheet total</b>	6,841.8	-6.1	7,283.7
<b>Equity</b>	2,632.7	-14.5	3,079.2
<b>Equity ratio</b>	38.5%	-	42.3%
<b>Net debt</b>	1,622.4	-10.3	1,809.6
<b>Gearing</b>	61.6%	-	58.8%



1) In intangible assets and property, plant and equipment

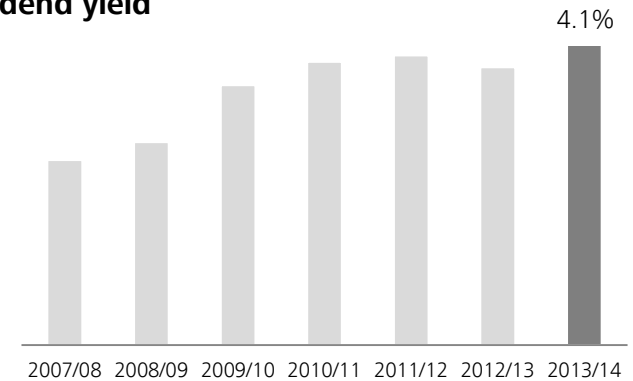
# The EVN share



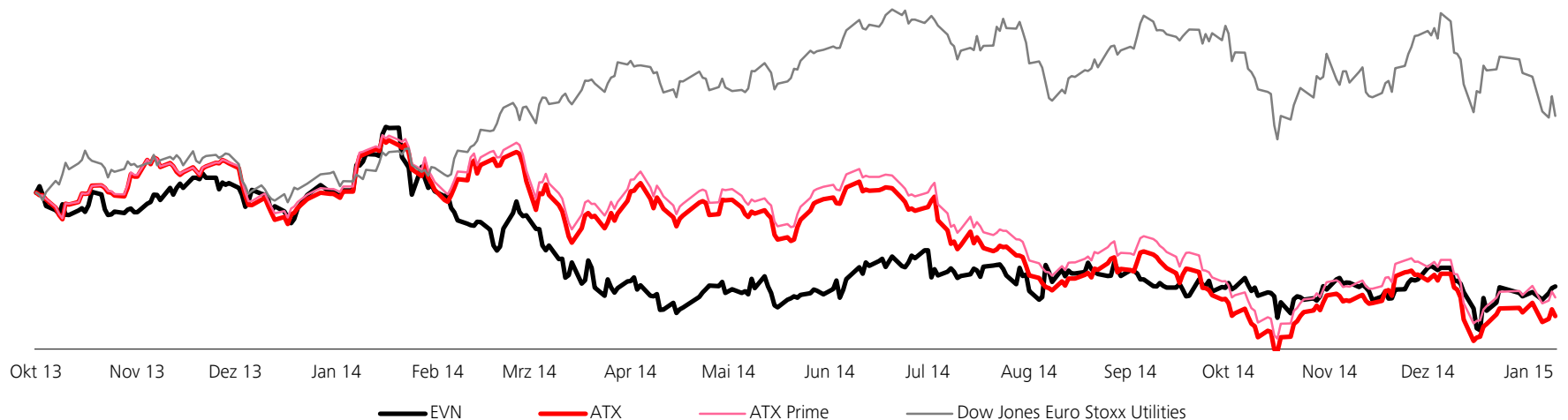
## Basic information

Share capital	EUR 330,000,000
Denomination	179,878,402 shares
ISIN	AT000741053
Tickers	EVNV.VI (Reuters); EVN AV (Bloomberg); EVN (Dow Jones); EVNVY (ADR)

## Dividend yield



## Kursentwicklung der EVN Aktie im relativen Vergleich

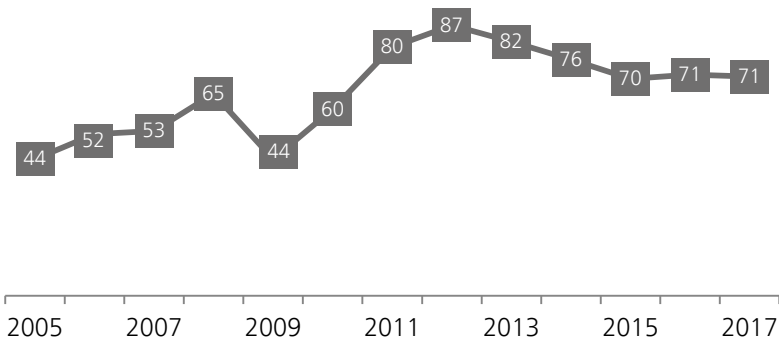


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- 
- Distorted energy markets
    - Market design under discussion
    - Increasing share of volatile renewable production supported by subsidised feed in tariffs
    - Deterioration of wholesale electricity prices
    - Operation of state-of-the-art gas-fired power plants actually unprofitable
  - Uncertainty in economic environment
    - Weak economic growth
  - Political instability
    - Especially in South Eastern Europe

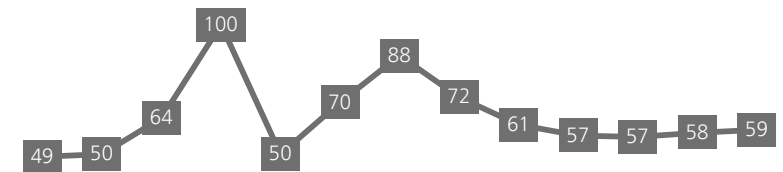
# Energy price developments

**Crude oil price Brent in EUR/bbl**



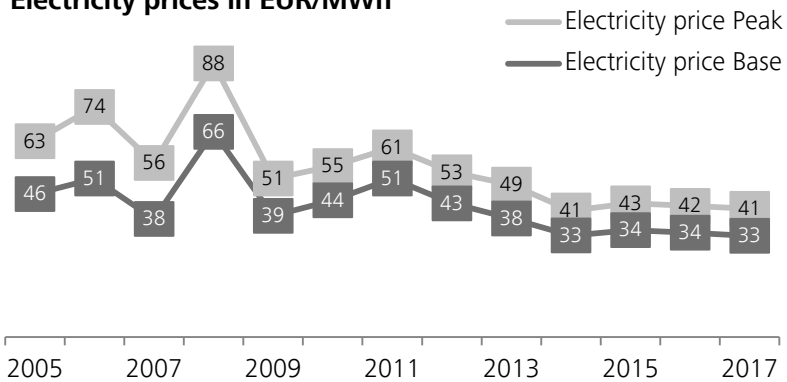
The respective spot market prices had been considered until the notification day

**Hard coal prices API2 in EUR/tonne**



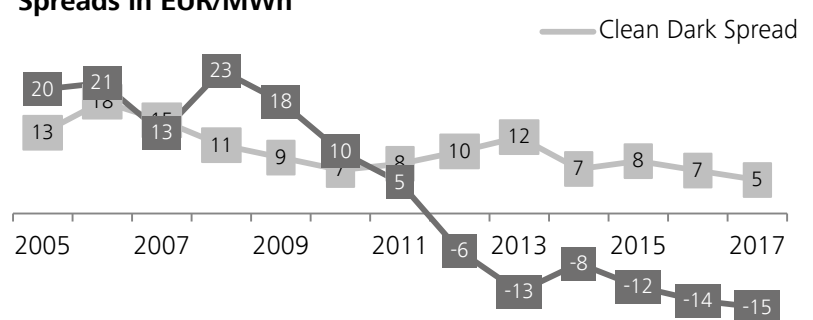
The respective spot market prices had been considered until the notification day

**Electricity prices in EUR/MWh**



The respective spot market prices had been considered until the notification day

**Spreads in EUR/MWh**



The respective spot market prices had been considered until the notification day

# Regulated business in Austria

Network	Electricity	Gas	Comments
Regulatory authority	E-Control GmbH	E-Control GmbH	
Start of the regulatory period	01.01.2014	01.01.2013	
Next regulatory adjustment	01.01.2019	01.01.2018	Adjustment of WACC and productivity factors
Duration of the regulatory period	5 years	5 years	
Regulatory method	Revenue caps	Revenue caps	
RAB (EURm)	Annually adjusted	Annually adjusted	Annual investments are added to the RAB in the following year
WACC (pre-tax, nominal)	6.42%	6.42%	Set for length of regulatory period
General productivity factor	1.25%	1.95%	<b>Electricity:</b> 50% of the achieved productivity increases are passed on to end customers during the regulatory period <b>Natural gas:</b> Gains from cost reductions remain with the company during the regulatory period
Company specific productivity factor	0.36%	0.00%	Additional X factor is company specific
Inflation	Annual adjustment	Annual adjustment	Network operator price index consists of consumer (30%) and building price (40%) indices as well as wage increase index



# Regulated business in South Eastern Europe

<b>Electricity</b>	<b>Bulgaria<sup>1)</sup> (electricity)</b>	<b>Bulgaria (heat)</b>	<b>Macedonia (electricity)</b>
Regulatory authority	SEWRC (State Energy and Water Regulatory Commission)	SEWRC (State Energy and Water Regulatory Commission)	ERC (Energy Regulatory Commission)
Start of the regulatory period	01.08.2013	01.07.2014	01.07.2012
Next regulatory adjustment	01.08.2015	01.07.2015	01.07.2015
Duration of the regulatory period	2 years	1 year	3 years
Regulatory method <sup>2)</sup>	Revenue caps	Rate of return on capital	Revenue caps
RAB (EURm)	Annually adjusted	Annually adjusted	Annually adjusted
WACC (pre-tax, nominal)	7.0%	7.6%	6.7%
Recognised network losses	8.0%	20,0 %	14.0%
Productivity factor	Yes	Yes	No
Investment factor <sup>3)</sup>	No	No	Yes

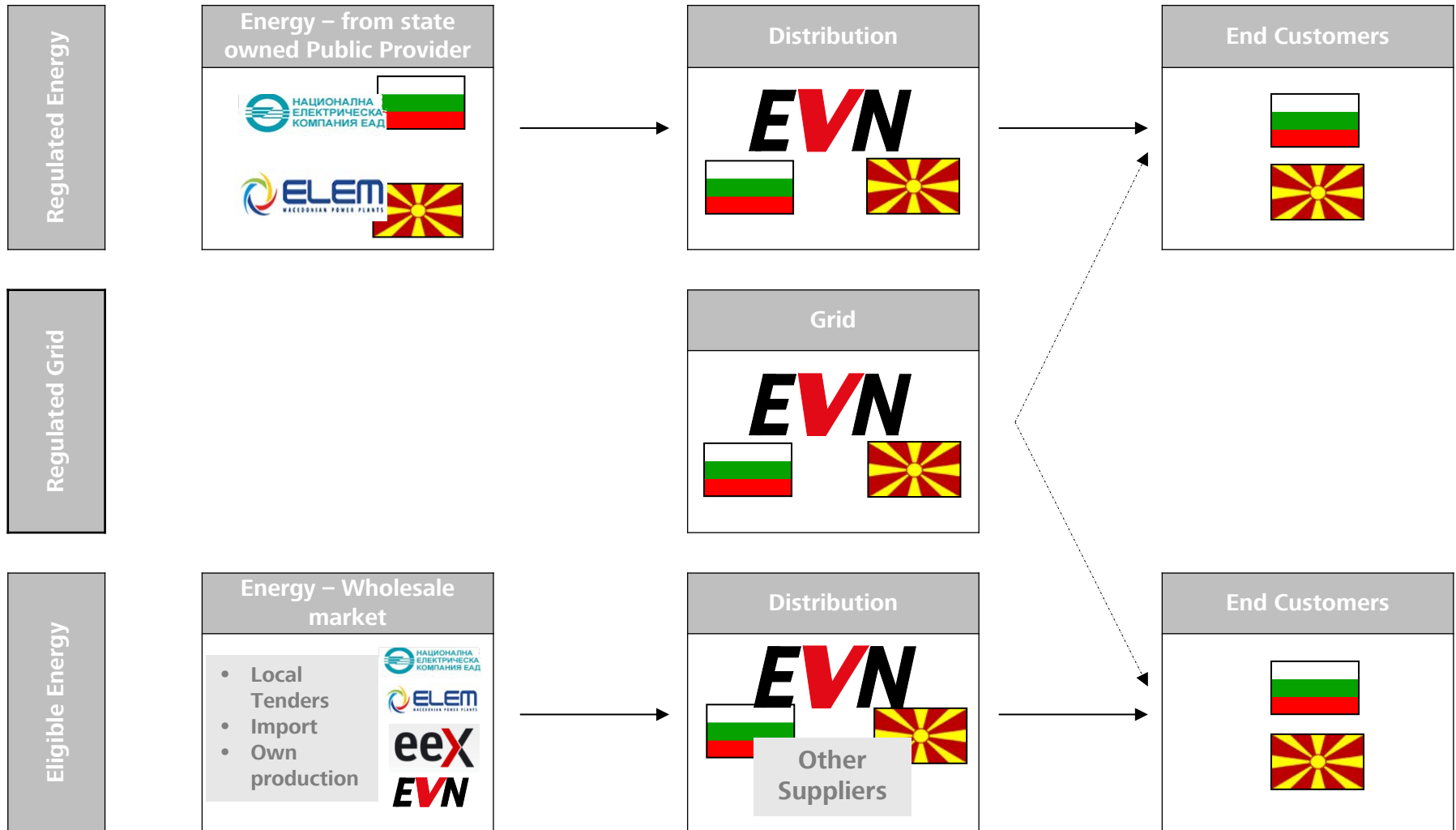
1) Regulatory decision based on new energy law still pending.

2) The revenue caps comprise the recognised operating expenses, the amortisation and depreciation as well as the recognised return on the RAB.

3) Annual review and approval of company's investment plans by the regulatory authority.

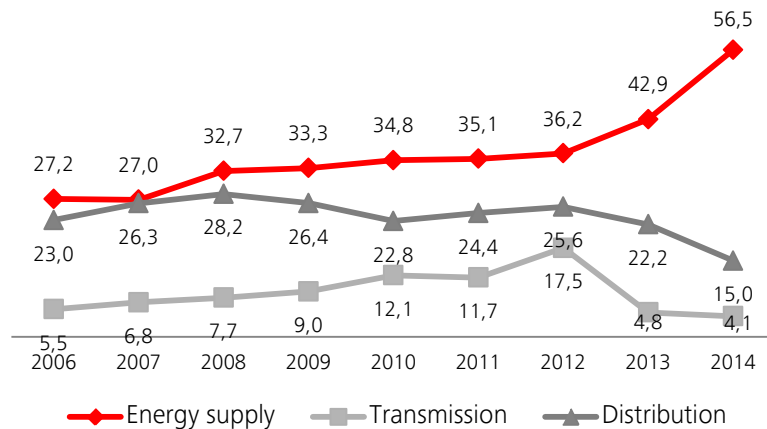
Source: Regulators in Bulgaria (SEWRC) and in Macedonia (ERC)

# EVN's position within the value chain in SEE

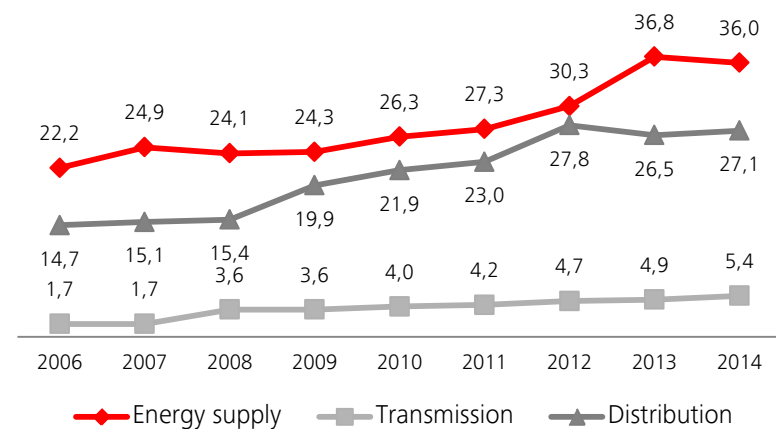


# Regulated electricity price developments in SEE

Price development in Bulgaria – regulated HH tariff (EUR<sup>1</sup>/MWh)



Price development in Macedonia – regulated HH tariff (EUR<sup>2</sup>/MWh)



- Energy supply for regulated business is performed by EVN Bulgaria EC and EVN Macedonia
- Price increases in “Energy supply” mainly due to increased electricity procurement costs for EVN from governmental owned suppliers NEK and ELEM!

Source: Regulators in Bulgaria (SEWRC) and in Macedonia (ERC)  
 1) Exchange rate Bulgaria: EUR/BGN 1.956  
 2) Exchange rate Macedonia: EUR/MKD 61.5

# Tariff schemes 2015 for renewable energy sources

Renewable energy source	Austria	Bulgaria	Macedonia
<b>Wind</b>			
	Feed-in-tariffs	Feed-in-tariffs	Feed-in-tariffs
Tariff (EUR-cent!)/kWh)	9.27	6.1 – 9.8	8.9
Duration (in years)	13	12	20
Installed capacity 2014 (MW)	2,100	674	36.8
Target value for installed capacity 2020 (MW)	2,578	1,440	150
<b>Water</b>			
	Feed-in-tariffs	Feed-in-tariffs	Feed-in-tariffs
Tariff (EUR-cent!)/kWh)	3.2 – 10.4	4.8 – 13.6	4.5 - 12.0
Duration (in years)	13	15	20
Installed capacity 2014 (MW)	8,370	3,164	26.4
Target value for installed capacity 2020 (MW)	8,998	3,288	-
<b>Photovoltaic</b>			
	Feed-in-tariffs	Feed-in-tariffs	Feed-in-tariffs
Tariff (EUR-cent!)/kWh)	10.0 – 11.5	8.6 – 37.3	12.0 - 16.0
Duration (in years)	13	20	15
Installed capacity 2014 (MW)	530	1,049	12.1
Target value for installed capacity 2020 (MW)	322	303	18

Sources: "Investieren in Erneuerbare Energie 2014", Kommunalkredit; 503. Verordnung: Änderung der Ökostrom-Einspeisetarifverordnung 2012 (ÖSET-VO 2012) [http://www.e-control.at/portal/page/portal/medienbibliothek/oeko-energie/dokumente/pdfs/BGBLA\\_2013\\_II\\_503-novelle-oekostrom-einspeisetarif-vo-2012.pdf](http://www.e-control.at/portal/page/portal/medienbibliothek/oeko-energie/dokumente/pdfs/BGBLA_2013_II_503-novelle-oekostrom-einspeisetarif-vo-2012.pdf)

1) In countries with tariffs in local currencies, tariffs have been converted with the exchange rate as of 01.07.2014.

2) "Installed capacity 2014" relates to estimates and assumptions due to available information as of 01.02.2013.

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- Virtue of integrated business model
  - Focus on region of Lower Austria (multi-utility in Lower Austria)
  - Provider of high quality services
    - Electricity, gas, drinking water, wastewater treatment, thermal waste utilisation, cable TV, telecommunication
  - Focus on stable business
    - Regulated and non-regulated
  - Provide consistent dividends
  - Upside potential in
    - Renewable energy production (mainly wind)
    - South Eastern Europe
    - Environmental services

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# EVN's success drivers



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# 1	Solid home market
# 2	Strong market position
# 3	High share of earnings from regulated and stable business
# 4	Upside potential in SEE
# 5	Diversification through environmental business
# 6	Strategic investments
# 7	Solid capital structure

# # 1: Solid home market

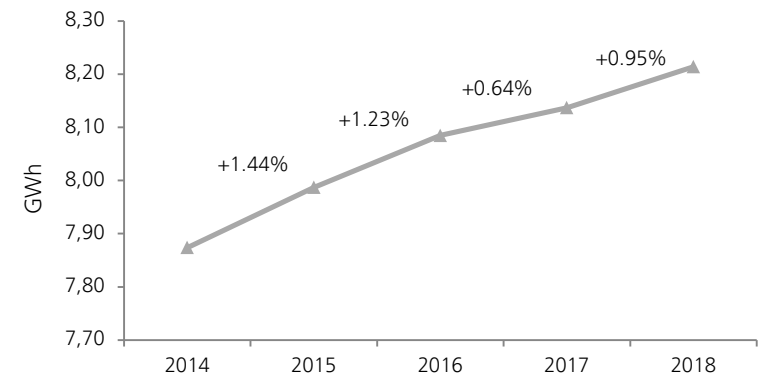
→ The Austrian electricity market continues to be stable<sup>1)</sup>

- Increase in number of households (more senior citizens and single households)
- Increase in demand for transport sector, lighting, electronic data processing applications, heating and air conditioning

→ Outlook electricity consumption in Lower Austria<sup>2)</sup>

	Electricity consumption in	
in TWh	Austria	Germany
2013 (Jan-Dec)	61,5	555,1
2014 (Jan-Dec) <sup>3)</sup>	61,0	534,0
Change (%)	-0,81%	-3,80%

Source: Austria [www.econtrol.at](http://www.econtrol.at), Germany: [www.ag-energiebilanzen.de](http://www.ag-energiebilanzen.de)



1) Source: European Network of Transmission System Operators for Electricity ([www.entsoe.eu](http://www.entsoe.eu))  
2) Source: EVN  
3) December 2014 consumption: preliminary figures



# # 1: Characteristics of the Austrian utility market

- No nuclear power generation
  - Public vote in the 1970s against nuclear power
- High share of hydropower assets
  - 67%<sup>1)</sup> of Austrian electricity generation sourced from hydropower



- In 2013, #1 in EU at share of renewable energy sources in electricity generation measured by the country's land area<sup>2)</sup>  
(75% of Austrian electricity generation sourced from renewable energies)
- Further renewable energy projects are in the planning or implementation process

1) Source: Oesterreichs Energie ([www.oesterreichsenergie.at](http://www.oesterreichsenergie.at)); data from 2013

2) Source: Energiestatus Österreich 2013, Bundesministerium für Wirtschaft, Familie und Jugend

# # 1: Characteristics of Austrian utility market

## → Low customer churn rates

### Electricity market 2013:

- Churn rate of Austrian end customers: 1.9%<sup>1)</sup>
- 5 largest suppliers hold more than 2/3 of market share<sup>2)</sup>

### Gas market 2013:

- Churn rate of Austrian end customers: 2.5%<sup>1)</sup>
- 5 largest suppliers hold approximately 80% of market share<sup>2)</sup>

In Austria, electricity and gas account for only 4.5% of household income (Germany: 6.0%)<sup>3)4)</sup>

## → Low political risk

- Transparent and predictable regulatory framework
- High proportion of public ownership (regulated by law)
- Public views utilities as basic public service

## → No major foreign competition of suppliers

- Fairly small market size with prices at EU average

1) Source: E-Control, market statistics – consumer attitude/churn rates electricity and gas according to network areas;

2) Source: „Marktbericht 2013“, National report to EU Commission

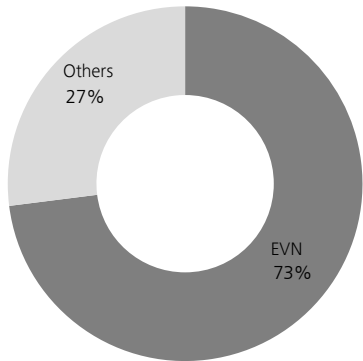
3) Source: [http://www.statistik.at/web\\_de/frageboegen/private\\_haushalte/eu\\_silc/index.html#index10](http://www.statistik.at/web_de/frageboegen/private_haushalte/eu_silc/index.html#index10)

4) Source: Forschungsprojekt Nr. 54/09 des BMWi, „Erhebung des Energieverbrauchs der privaten Haushalte für die Jahre 2009-2010“ (pdf)

# # 2: Strong market position in Austria

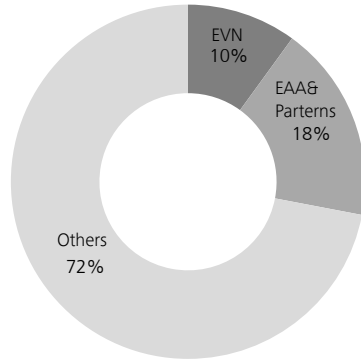


Lower Austrian electricity market share



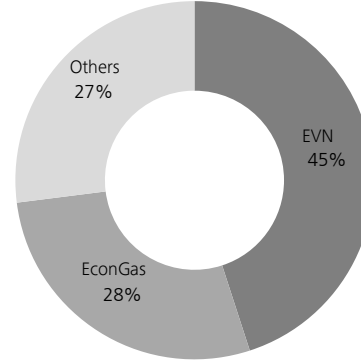
8 TWh

Austrian electricity market share



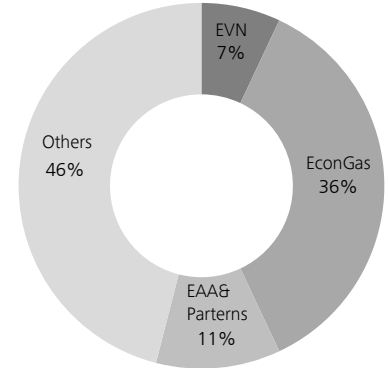
59 TWh

Lower Austrian gas market share



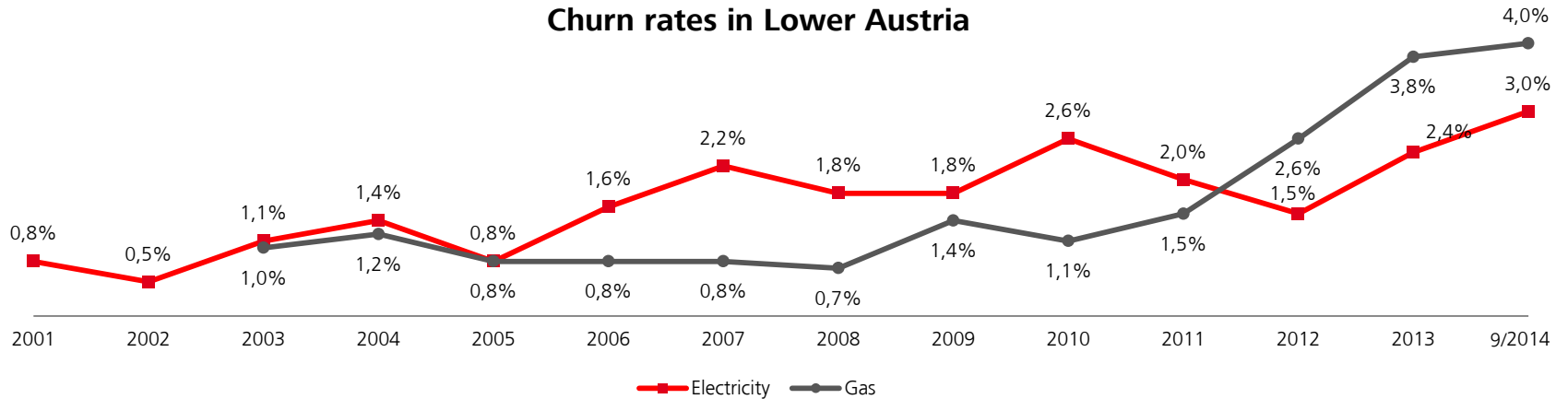
15 TWh

Austrian gas market share



93 TWh

## Churn rates in Lower Austria

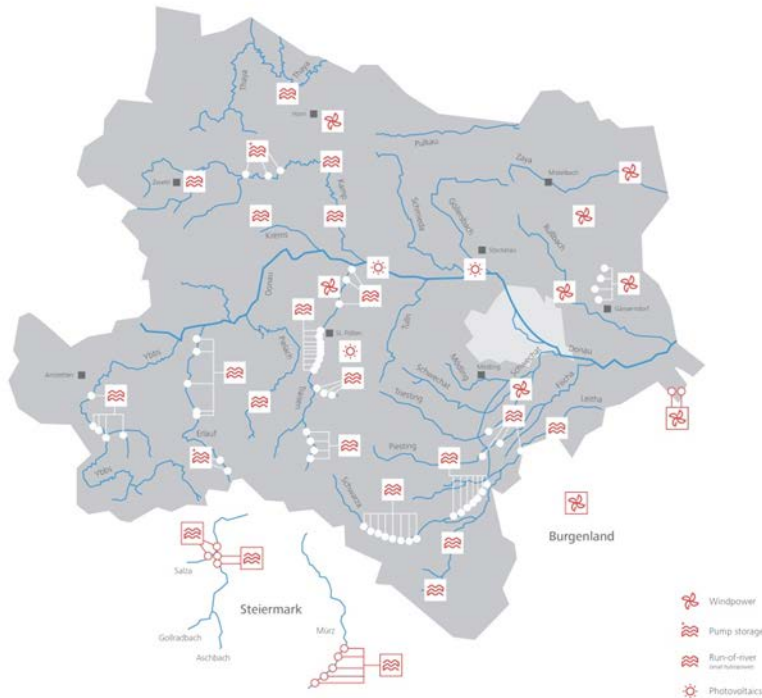


Source market shares: E-Control 2012, annual report and company numbers

Source churn rates: E-Control, market statistics – consumer attitude/churn rates electricity and gas according to network areas

EVN holds a 45% stake in EAA & Partners and a 16.51% stake in EconGas

# # 2: Decentralised renewable production portfolio



Map of Lower Austria

→ **#2 wind producer in Austria**

→ Strong, decentralised portfolio:

## Hydropower

- 5 storage and 67 run-of-river hydropower plants with 109 MW generation capacity
- Purchasing rights from hydropower plants along the Danube, Melk, Greifenstein and Freudenau
- Investment in hydropower plant Nussdorf and Verbund-Innkraftwerke

## Windpower

- 13 windparks with 197 MW generation capacity
- Investments: EUR ~230m

# # 2: Wide-spread heat and biomass portfolio



Map of Lower Austria

- **#1 in biomass heating in Austria**
- 5% of Group revenues and 6% of EBITDA<sup>1)</sup>
- **Biomass portfolio**
  - More than 60 biomass plants in Lower Austria
  - Investments (in total): EUR 400m
  - Contract duration: ø 15 years
- Heat extraction from EVN AG's thermal power plants
- Index pricing ensures business provides stable margins and is cash flow generative

1) Basis: Financial year 2013/14 figures adjusted for one-off effects

## # 2: Drinking water supply



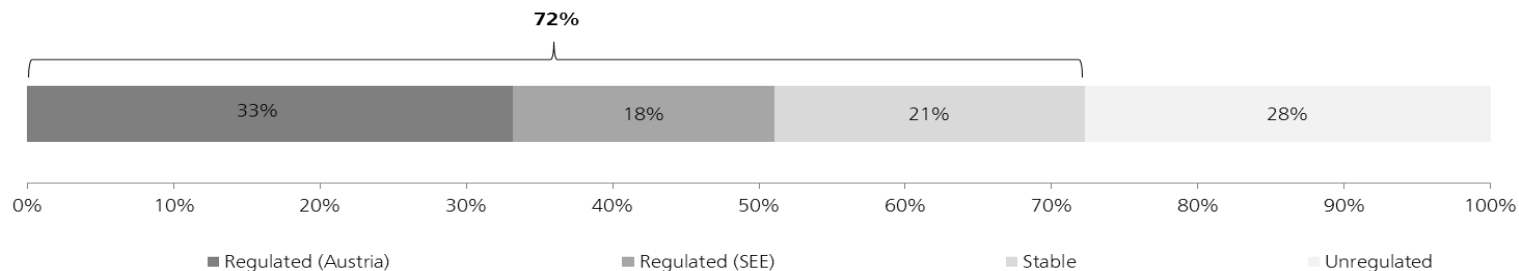
Map of Lower Austria

- **#1 drinking water supplier in Lower Austria** (50 years of experience)
- 1.5% of Group revenue and 3.1% of Group EBITDA<sup>1)</sup>
- Operation of 36 local drinking water supply networks
- More than 500,000 customers
  - thereof 87,000 directly supplied

1) Basis: Financial year 2013/14 figures adjusted for one-off effects

# # 3: High share of earnings from regulated and stable business

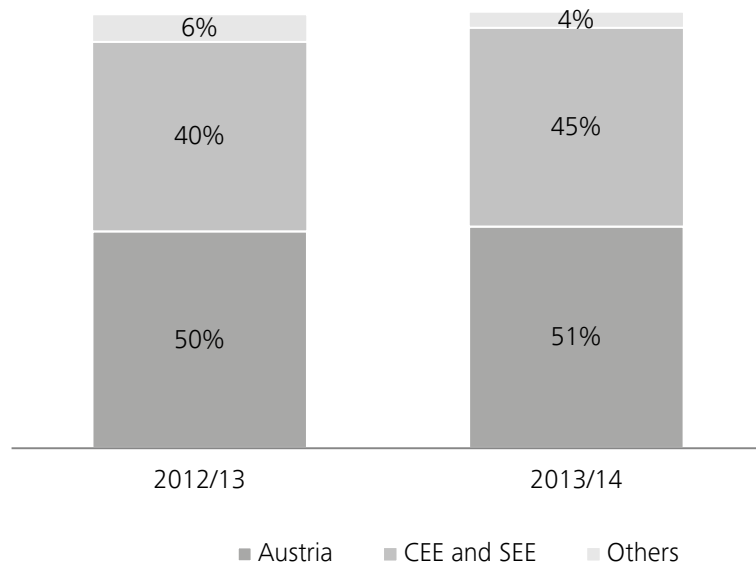
- Financial year 2013/14 figures adjusted for one-off effects
- Majority of EBITDA (~70%) derives from regulated or stable earnings
- Regulated business
  - Grid in Austria
  - Grid, supply and heating in SEE
- Stable business
  - Water supply business in Lower Austria (3.1%)
  - Heating business in Lower Austria (6.0%)
  - Cable TV and telecommunication (5.3%)
  - Waste incineration in Lower Austria (5.3%)
- Unregulated business
  - Energy trade and supply
  - International environmental projects
  - Generation
  - Oil and gas E&P/gas storage



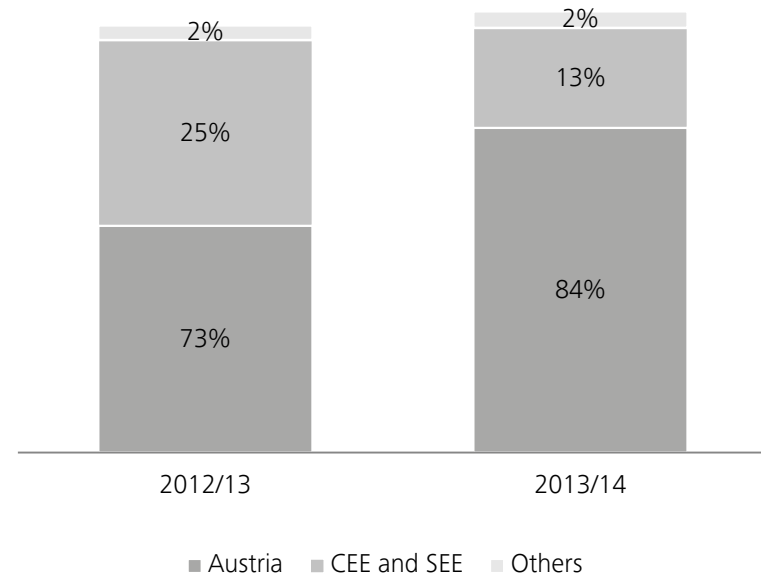
# # 3: Geographical split of revenues and EBITDA

(Financial year 2013/14 figures adjusted for one-off effects)

### Geographical revenue split<sup>2)</sup>



### Geographical EBITDA split<sup>2)</sup>

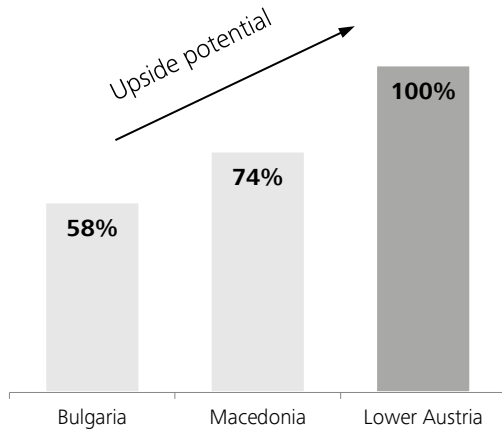




# # 4: Upside potential from South Eastern European market development

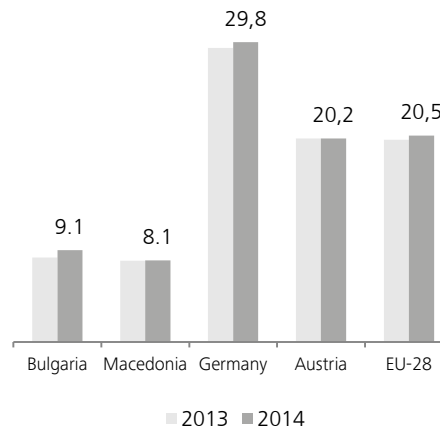
## → Volume

**Illustrative electricity sales volumes per EVN customer<sup>1)</sup>**



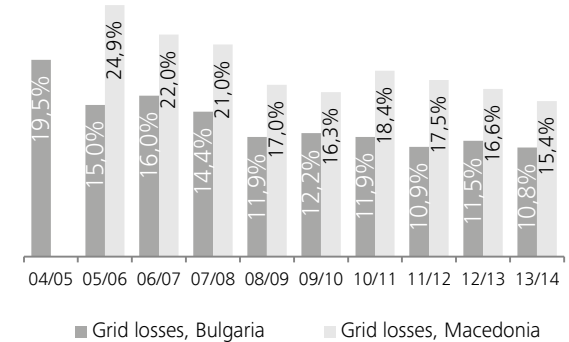
## → Price

**Electricity prices for households (EUR cent/kWh)<sup>2)</sup>**



## → Efficiency

**Improvement of grid efficiency**



1) In %, basis: Lower Austria = 100%

2) Prices incl. energy, grid and transmission costs + VAT; Sources: Eurostat + EVN Bulgaria & EVN Macedonia

## Austrian business

- EVN's activities in Austria cover
  - Drinking water supply
  - Wastewater treatment
  - Thermal waste utilisation plant
- EVN owns facilities
- EVN holds concessions

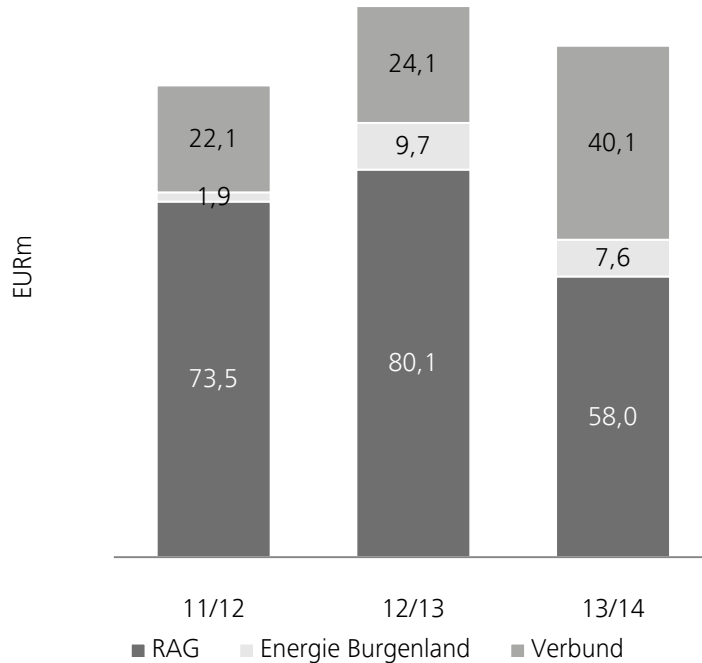
## International project business

- EVN designs and constructs
  - Drinking water plants
  - Wastewater treatment plants
  - Thermal waste utilisation plants
- More than 100 turn-key and PPP projects in 18 countries since 1983
  - 9 projects currently under construction
- Strong demand for infrastructure projects set to continue

# # 5: Project types of international environmental services business

	Turn-key project	PPP project
<b>Scope of activities</b>	Design Construct/build Operate (optional)	Design Construct/build Operate Structure financing Own part or all of equity
<b>Contract length</b>	1–3 years (designing and building) 5–15 years (operations)	10–30 years
<b>Capital intensity</b>	Low	High
<b>Return characteristics</b>	Design and build – POC Operations – recurring annual revenues	Design and build – Percentage of completion (POC) Operations – recurring annual revenues Capital charge payment (recurring or one-time payment)
<b>Financing</b>	None to EVN – done by customer	Non-recourse financing to EVN post construction period
<b>Market characteristics</b>	Low barrier to entry – intensive competition driving margins down	High barrier to entry due to necessary project management expertise and high capital demands for financing

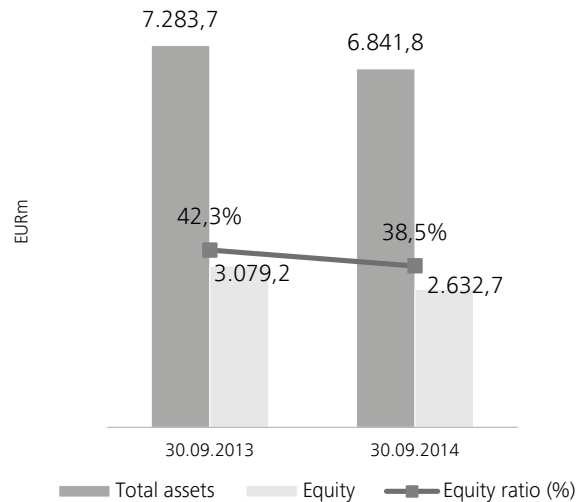
## # 6: Strategic investments



Significant contribution to EVN's net profit

- RAG and Verbund are the main contributors
- Income from RAG below prior-years level mainly due to absence of positive one-offs in 2012/13
- Contribution from Verbund increased due to higher dividend for 2013 of 1.00 EUR/share

# # 7: Solid capital structure



→ Solid equity ratio

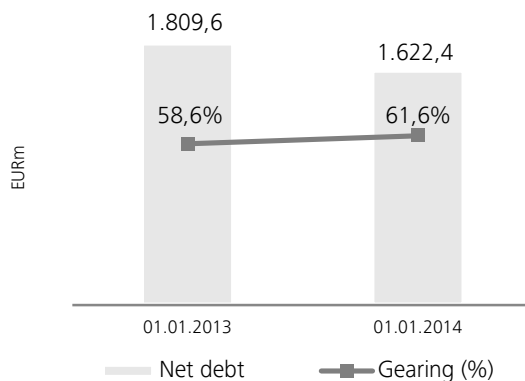
→ Reduced net debt; gearing ratio influenced by slightly decreased equity

→ Rating

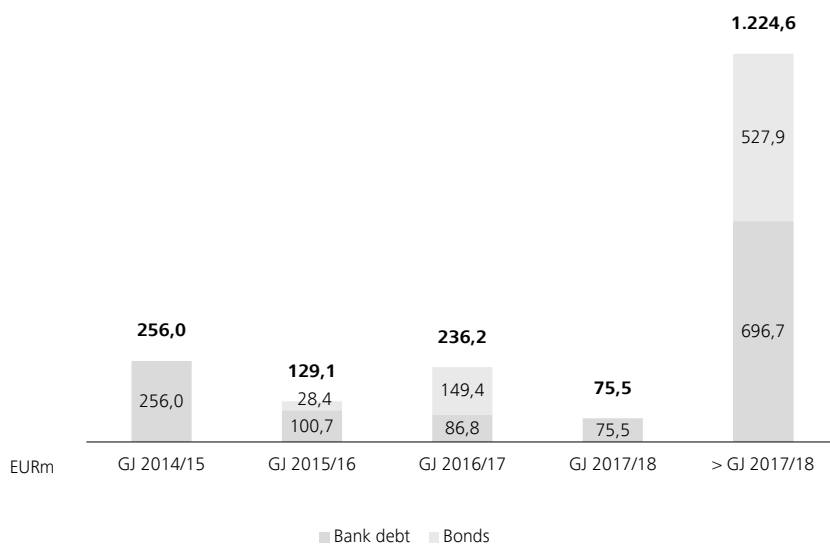
– S&P: BBB+, stable

– Moody's: A3, negative

→ EVN aims at preserving a competitive investment grade credit rating



# # 7: Debt maturity profile

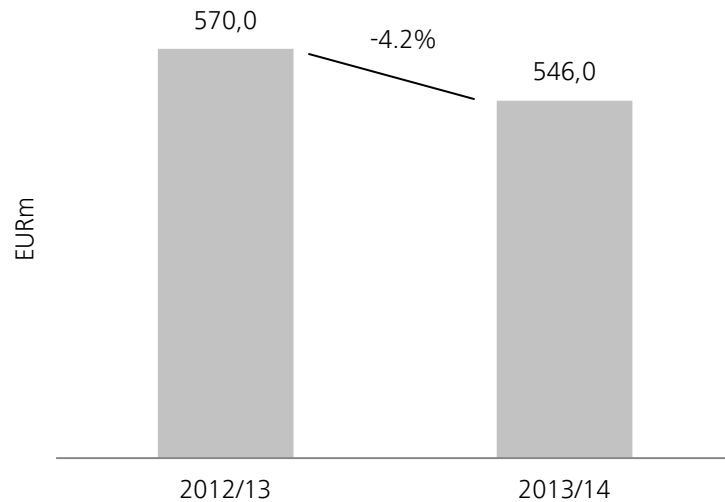


→ Balanced debt maturity profile

→ Liquidity reserves

- Syndicated loan of EUR 400m
- Committed bilateral credit lines of EUR 175.0m

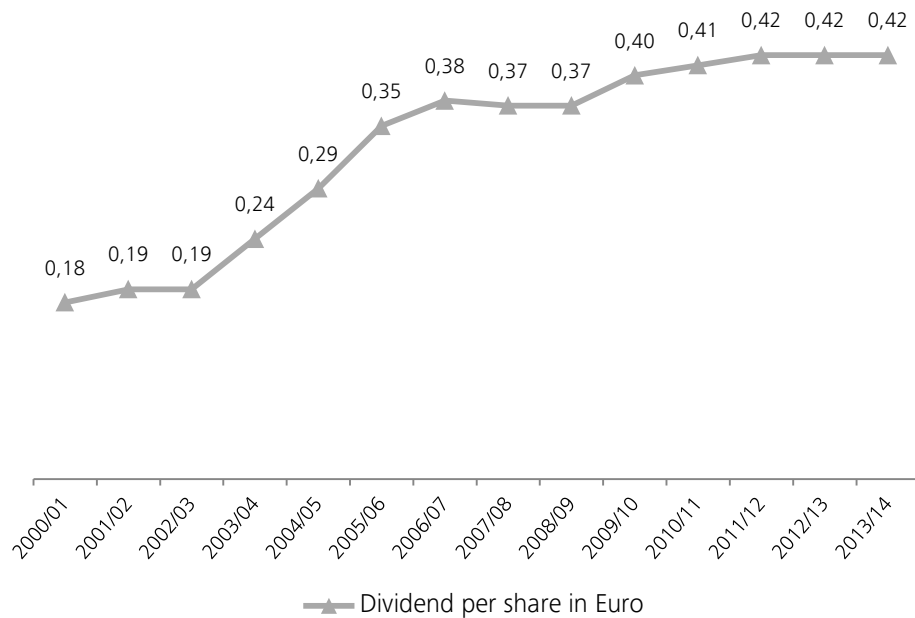
# # 7: Strong operating cash flow



→ Strong cash flow

- due to high share of regulated and stable business
- secures attractive and stable dividends and future investment activities

# # 7: Financial policy and dividends



→ **Financial policy** going forward based on selected key ratios (unadjusted):

- Equity ratio > 40% (30.09.2014: 38.5%)
- Net debt coverage (FFO)  $\geq$  30% (30.09.2014: 41.3%)
- Interest cover (FFO)  $\geq$  5x (30.09.2014: 8.1x)

→ **Dividend:** EVN follows an attractive and sustainable dividend policy



- 
- EVN at a glance
  - Market environment and strategy
  - EVN's success drivers
  - CSR
  - Outlook
  - Appendix
    - Management Board
    - Financial performance 2013/14
    - Description of segments
    - RAG
    - Investments and projects
    - Retrospective adjustments of 2012/13 financial figures
    - Contact details

# EVN – A responsible energy and environmental services provider

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→ Sustainable Investment: listed in 4 **sustainability indices** (VÖNIX, FTSE4Good, Ethibel, ECPI)



→ Reporting to the **Carbon Disclosure Project** (2014 result: 63D)



→ CSR reporting: EVN publishes an integrated financial and sustainability report according to **GRI G4** „comprehensive“ (Winner of the Austrian Sustainability Reporting Award 2013)



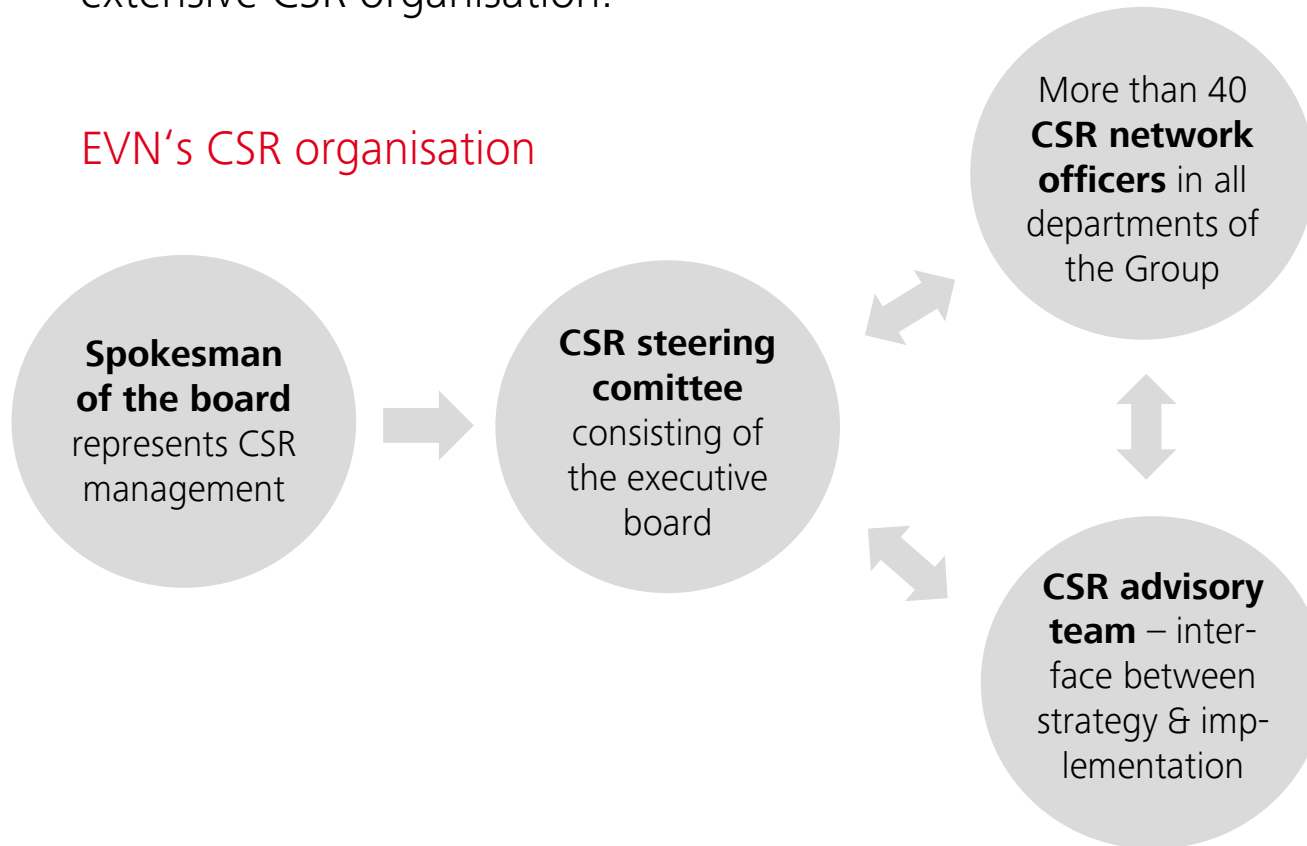
→ Member of the **UN Global Compact**



→ **EMAS** certified environmental management system

- Sustainability issues are integrated in EVN's **corporate strategy** – its actual implementation is facilitated by an extensive CSR organisation:

## EVN's CSR organisation



# Regular stakeholder dialog results in strategic areas of activity

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- The most recent stakeholder survey and workshop in 2014 resulted in **EVN's materiality matrix** consisting of 12 strategic areas of activity
- The six most important areas and examples for CSR goals are:
  - **Security of supply** – CSR goal: coverage ratio of 30% of electricity sales
  - **Sustainable energy generation and climate protection** – CSR-goal: 50% generation from renewables
  - **Responsible employer** – CSR goal: Increased share of women in new hiring and in management development programmes
  - **Sustainable increase in corporate value** – CSR goal: integration of sustainability aspects in risk management
  - **Environmental protection and resource conservation**
  - **Customer focus**
- The extensive CSR programme consists of more than 250 goals and measures (a comprehensive selection is listed in EVN's full report)

- 
- EVN at a glance
  - Market environment and strategy
  - EVN's success drivers
  - CSR
  - Outlook
  - Appendix
    - Management Board
    - Financial performance 2013/14
    - Description of segments
    - RAG
    - Investments and projects
    - Retrospective adjustments of 2012/13 financial figures
    - Contact details

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## **On energy markets**

- Persistent distortions
- Low wholesale prices
- Volatility in production

## **On EVN**

- 2014/15: Group net result is expected to exceed the 2012/13 financial results
- EVN's strategy:
  - Consolidation of existing business in core markets
  - Further increase of efficiency
  - Focus on integrated business model
  - Continued investment priority in Lower Austria

# Appendix

- 
- EVN at a glance
  - Market environment and strategy
  - EVN's success drivers
  - CSR
  - Outlook
  - Appendix
    - Management Board
    - Financial performance 2013/14
    - Description of segments
    - RAG
    - Investments and projects
    - Retrospective adjustments of 2012/13 financial figures
    - Contact details





## **Peter Layr, Spokesman of the Executive Board**

- Born in 1953. Doctorate in Technical Science. Joined EVN in 1978.
- Member of the EVN Executive Board since October 1999. Named Spokesman of the EVN Executive Board in January 2011.
- His term of office expires on 30 September 2019.



## **Stefan Szyszkowitz, Member of the Executive Board**

- Born in 1964, Master of Law, Master of Business Administration. Joined EVN in 1993.
- Member of the Executive Board since January 2011.
- His term of office expires on 19 January 2016.

- 
- EVN at a glance
  - Market environment and strategy
  - CSR
  - EVN's success drivers
  - Outlook
  - Appendix
    - Management Board
    - Financial performance 2013/14
    - Description of segments
    - RAG
    - Investments and projects
    - Retrospective adjustments of 2012/13 financial figures
    - Contact details

- 
- Energy business impacted by price developments and mild winter
  - EUR ~560m impairments and valuation allowances:
    - Tariff decisions in Bulgaria and Macedonia
    - On generation capacities in Austria and Germany
    - On a leasing receivable of thermal utilisation plant no. 1 in Moscow
    - On the sludge treatment plant and components of the co-generation plant Ljuberzy in Moscow
  - Negative Group net result of EUR –299,0m
  - Net debt reduced by EUR 187.2m to EUR 1.6bn
  - Dividend proposal constant at EUR 0.42 per share

	EURm	2013/14	+/- in %
<b>Revenue</b>		1,974.8	-6.2
<b>EBITDA</b>		184.1	-65.9
Depreciation and amortisation		-256.0	-7.6
Effects from impairment tests		-269.5	-
<b>EBIT</b>		-341.4	-
<b>Financial results</b>		-31.9	55.3
<b>Group net result</b>		-299.0	-
<b>Net cash flow from operating activities</b>		546.0	-4.2
	EUR		
Earnings per share		-1.68	-

## Reduction in revenue

- Lower demand in the energy business due to the mild winter weather
- Regulatory decisions in Bulgaria and Macedonia
- Less processed orders in international project business

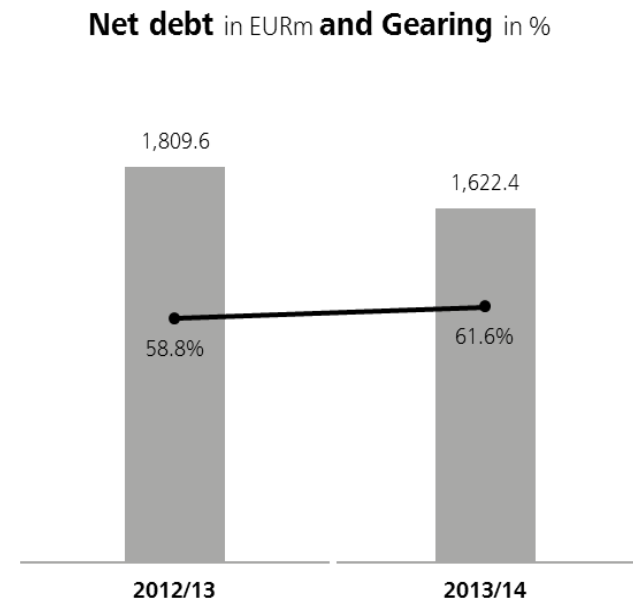
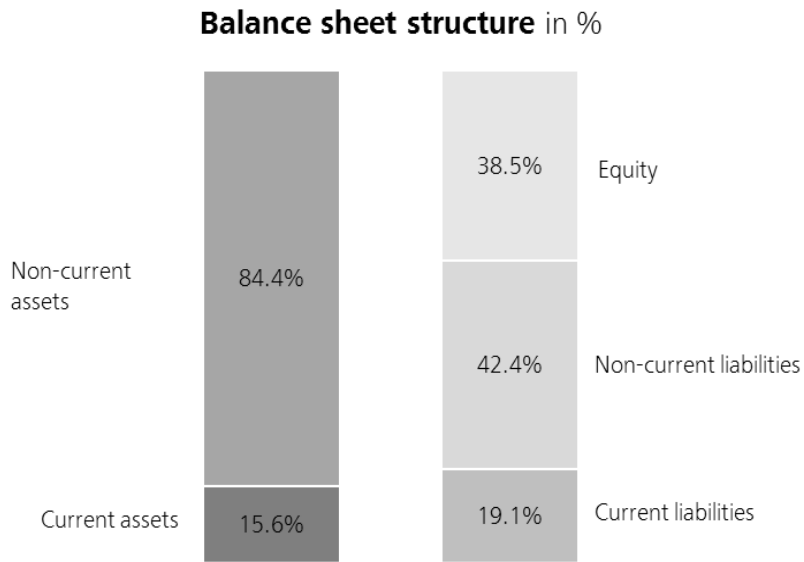
## Year- on-year drop in EBITDA, negative EBIT

- Valuation allowance due to the thermal waste utilisation plant no. 1 in Moscow
- Impairments primarily driven by SEE investments

## Improvement in financial results

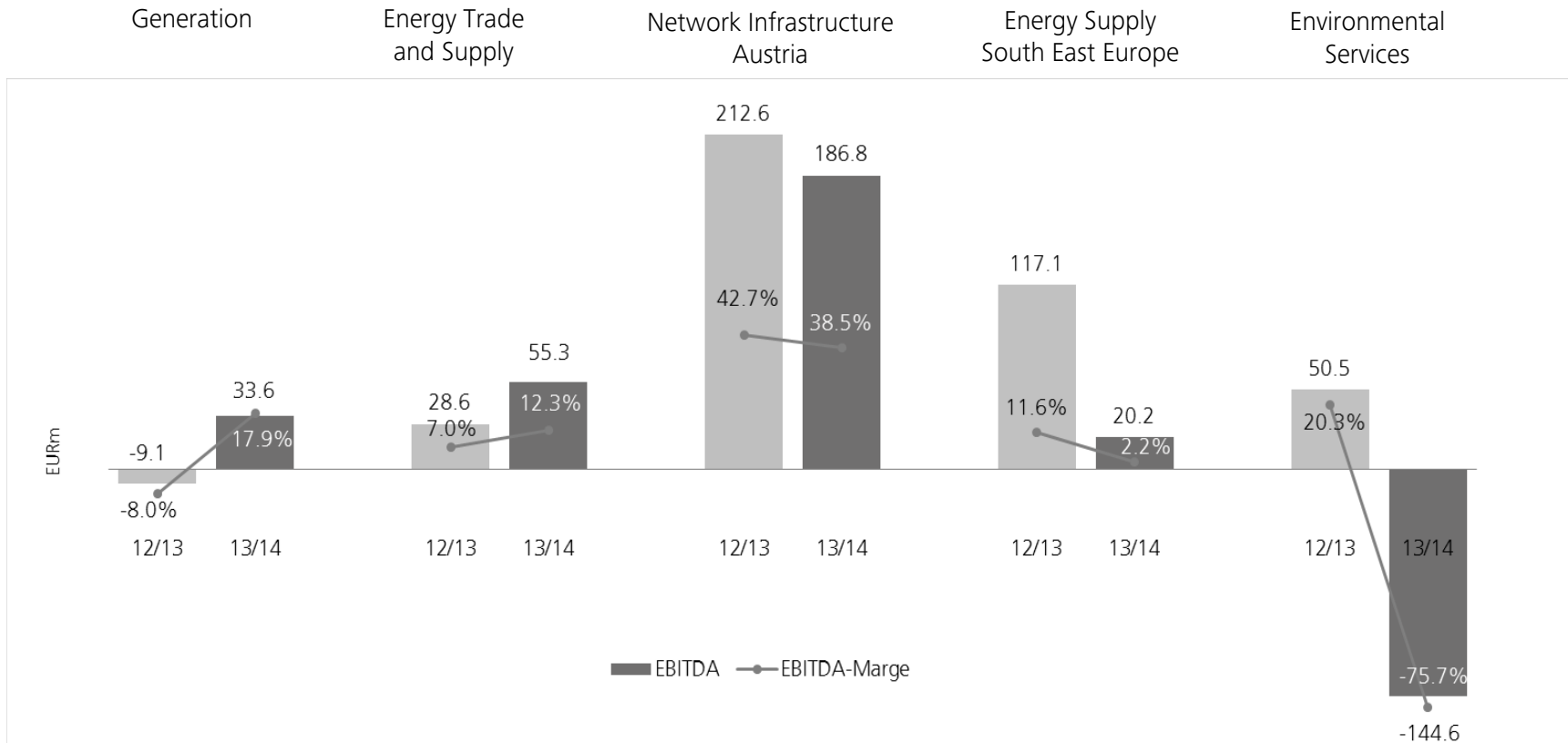
## Solid net cash flow from operating activities

# Solid balance sheet structure, reduced net debt



- Equity ratio 38.5%
- Net debt reduced by EUR 187.2m due to strong net cash flow from operating activities
- Gearing ratio 61.6%

# EBITDA development by segments



Commissioning of Duisburg–Walsum and Prellenkirchen windpark; absence of last year's one-off

Sales of Duisburg–Walsum production; absence of last year's one-off

Increase in natural gas network tariffs, decrease in electricity network tariffs

Tariff decisions in July 2014 led to impairments; mild winter and low rainfall

Valuation allowance on leasing receivable related to the waste utilisation plant no. 1 in Moscow

<b>Electricity generation volumes</b>	GWh	<b>2013/14</b>	<b>+/- in %</b>
Total		3,720	23.2
Renewable energy sources		1,534	-6.2
Thermal energy sources		2,186	57.9
<b>Financial performance</b>			
	EURm		
Revenue		187.5	64.0
<i>Results from at equity accounted investees with operational nature</i>		-38.9	13.6
EBITDA		33.6	-
EBIT		-53.1	-43.6

## Rise in power generation

- Commissioning of Duisburg-Walsum power plant and Prellenkirchen windpark; full-year operations in the Deutsch-Wagram windpark
- Lower production from renewables due to reduced water flows

## Year-on-year rise in EBITDA , decrease in EBIT

- Revenue increase due to commissioning of Duisburg-Walsum and allocation of reserve capacity
- Increase in results from equity accounted investees in spite of impairment loss on Verbund Innkraftwerke
- Increase in depreciation due to recognition of impairment losses related to thermal (Austria) and renewable (Bulgaria) production capacities

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

Electricity	1.10.2014	-10.0%
Natural Gas	1.10.2013	-3.6%

## Sales volumes to end customers

	GWh	2013/14	+/- in %
Electricity		6,787	-5.6
Natural gas		5,383	-15.0
Heat		1,806	-2.8

## Financial performance

	EURm		
Revenue		448.6	10.6
<i>Results from at equity accounted investees with operational nature</i>		55.2	44.2
EBITDA		55.3	93.5
EBIT		39.2	-

## Decline in sales volumes

- Lower sales of electricity, gas and heat due to milder temperatures
- Lower sales volumes by EnergieAllianz

## Increase in EBITDA and EBIT

- Rise in revenue primarily due to the sale of Duisburg-Walsum generated energy
- Absence of last year's negative effects led to better results from at equity accounted investees
- Higher operating expenses
- Depreciation remains nearly unchanged

1) Average, household sector (source: EVN)



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

Electricity	1.1.2014	-9.0%
Natural gas	1.1.2014	7.7%

## Network distribution volumes

	GWh	2013/14	+/- in %
Electricity		7,874	-0.1
Natural gas <sup>2)</sup>		14,131	-7.2

## Financial performance

	EURm		
Revenue		484.6	-2.6
EBITDA		186.8	-12.1
EBIT		83.3	-25.6

## Lower distribution volumes

- Electricity: higher demand from industrial customers almost compensated lower demand from households and small businesses
- Natural gas: temperature-related drop

## Reduction in EBITDA and EBIT

- Decrease in revenue:
  - Lower electricity network revenues due to tariff reduction
  - Lower gas network revenue because of temperature related decline in gas sales
- Positive revenue development in cable TV and telecommunication business

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

2) Including network sales to EVN's power stations

<b>End customer price adjustments<sup>1)</sup></b>			
Bulgaria	electricity	1.7.2014	0.6%
		1.1.2014	-1.0%/–10.0% <sup>2)</sup>
	heat	1.1.2013	5.1%
Macedonia	electricity	1.7.2014	3.5%
		1.7.2013	-3.0%

<b>Key energy business indicators</b>	GWh	2013/14	+/- in %
Electricity generation volumes		400	-6.4
Network distribution volumes <sup>3)</sup>		13,034	-0.0
Heat sales volumes to end customers		185	-9.6

<b>Financial performance</b>	EURm		
Revenue		900.8	-10.6
EBITDA		20.2	-82.8
EBIT		-232.8	-

## Decline in electricity generation and distribution volumes, stable network distribution volumes

- Less rainfall led to decrease in hydropower production; technical standstill at the co-generation plant in Plovdiv
- Weather related decline in electricity and heat sales

## Drop in EBITDA and EBIT

- Decrease in sales revenues due to
  - Previous regulatory tariff decisions
  - Recognition of a liability in Bulgaria referring to previous revenues
- Lower OPEX due to absence of additional expenses for eco-electricity
- Higher depreciation and amortisation mainly due to impairments on Bulgarian and Macedonian customer base and goodwill

1) Average, household sector, according to the regulators in Bulgaria (SEWRC) and Macedonia (ERC)  
 2) 1% decrease in day tariffs; 10% decrease in night tariffs  
 3) In Bulgaria and Macedonia energy sales volumes fairly equal present network distribution volumes

<b>Financial performance</b>	EURm	<b>2013/14</b>	<b>+/- in %</b>
Revenue		191.1	-23.0
EBITDA		144.6	-
EBIT		-214.9	-
Financial results		-4.0	-
Profit before income tax		-218.8	-

## Year-on-year drop in EBITDA and EBIT

- Reduction in revenue
  - Lower volume of processed orders in international project business
  - Rise in Austrian thermal waste utilisation
  - Expansion of drinking water supply to new communities
- Increase in operating expenses
  - Valuation allowance on leasing receivable in connection with the thermal waste utilisation plant no. 1 in Moscow
  - Increase in depreciation and amortisation due to impairment losses related to plants in Ljubercy, Moscow

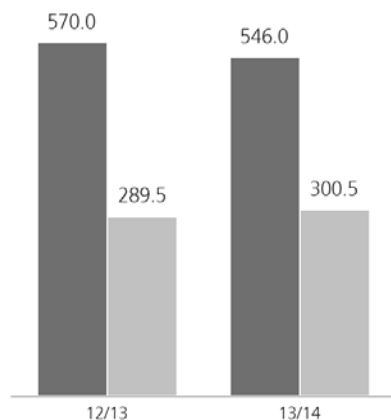
## Business development

- Opening of the wastewater purification plant Mia Milia/Haspolat, Cyprus
- Sale of sodium hypochlorite plant

	EURm	<b>2013/14</b>	+/- in %
Gross CF		337.4	-37.2
Net CF from operating activities		546.0	-4.2
Net CF from investing activities		-243.3	32.2
Net CF from financing activities		-335.0	-
Net change in cash and cash equivalents		-32.3	-

## Cash flow from operating activities and investments

in EURm



■ Cash flow from operating activities

■ Investments in property, plant and equipment and intangible assets

## Year-on-year drop in gross cash flow

→ Negative Group net result, yet, mainly due to non-cash items such as valuation allowances and impairment losses

## Lower net cash flow from operating activities

→ Despite higher trade payables, provisions and other current liabilities

## Net cash flow from investing activities

→ Investments in network infrastructure and production capacities

→ Sale of short-term cash funds

## Decline in net cash flow from financing activities

→ due to scheduled repayment of bonds

## → Outlook 2014/15

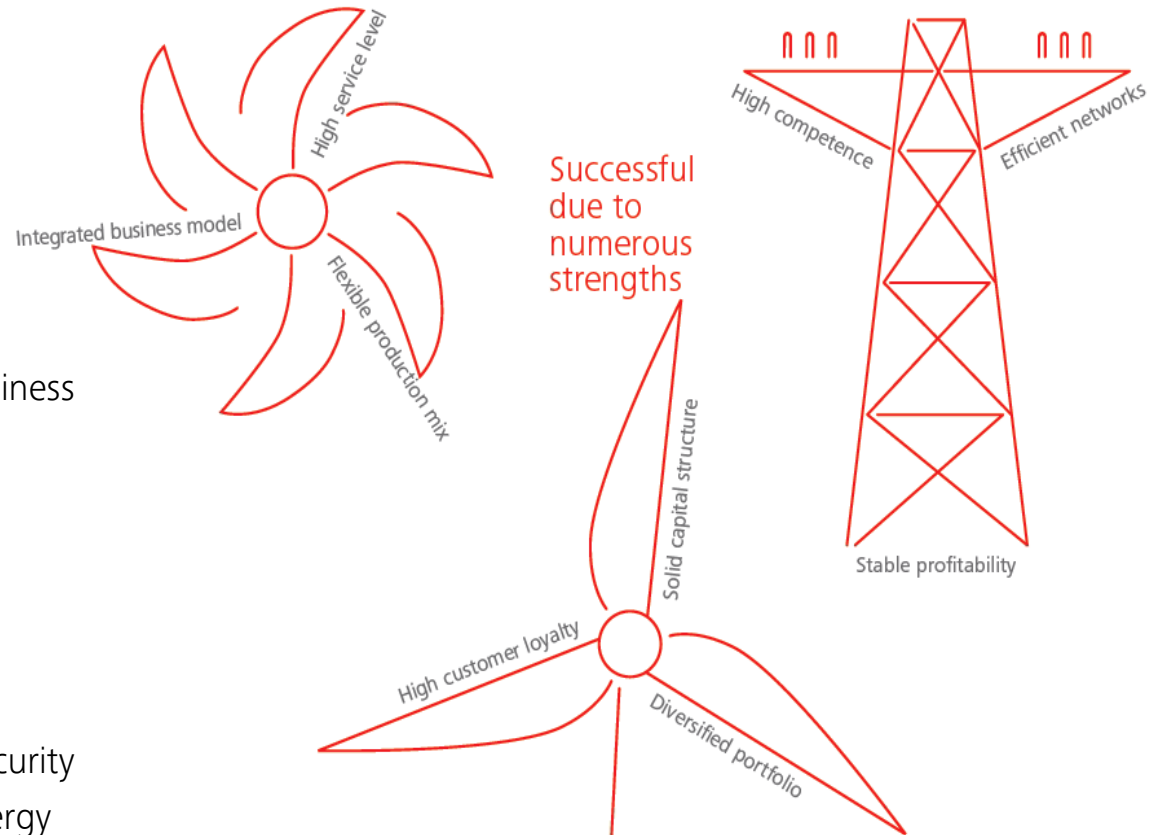
- Group net result expected to exceed 2012/13 results

## → EVN's strategy

- Integrated business model
- Consolidation of existing business in core markets
- Increase of efficiency

## → Focus on Lower Austria

- Customer loyalty measures
- Investment of EUR 1bn in security of supply and renewable energy



- 
- EVN at a glance
  - Market environment and strategy
  - EVN's success drivers
  - CSR
  - Outlook
  - Appendix
    - Management Board
    - Financial performance 2013/14
    - Description of segments
    - RAG
    - Investments and projects
    - Retrospective adjustments of 2012/13 financial figures
    - Contact details

## Generation

- Electricity generation from thermal sources and renewable energies (Austria, Germany, Albania and Bulgaria)

## Energy Trade and Supply

- Procurement of electricity and primary energy sources (Austria and Germany)
- Trading and selling of electricity and natural gas to end customers and on wholesale markets (Austria and Germany)
- Heat generation and sales (Austria)

## Network Infrastructure Austria

- Operation of regional electricity and natural gas networks (Austria)
- Cable TV and telecommunications networks (Austria)

## Energy Supply South East Europe

- Operation of electricity networks and electricity sales (Bulgaria and Macedonia)
- Heat generation and heat sales (Bulgaria); Electricity production (Macedonia)
- Construction and operation of natural gas networks (Croatia)
- Energy trading within the whole region

## Environmental Services

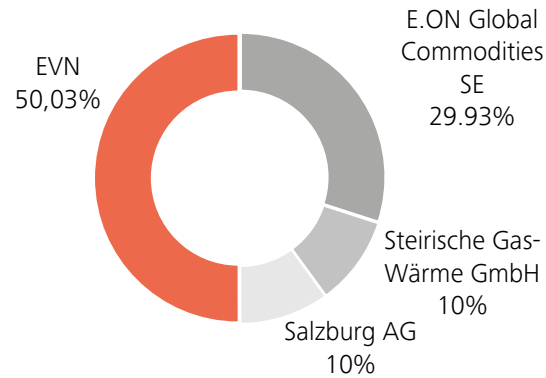
- Drinking water supply, wastewater disposal, thermal waste incineration (Austria)
- Combined cycle heat and power co-generation plants
- International project business

- 
- EVN at a glance
  - Market environment and strategy
  - CSR
  - EVN's success drivers
  - Outlook
  - Appendix
    - Management Board
    - Financial performance 2013/14
    - Description of segments
    - RAG
    - Investments and projects
    - Retrospective adjustments of 2012/13 financial figures
    - Contact details

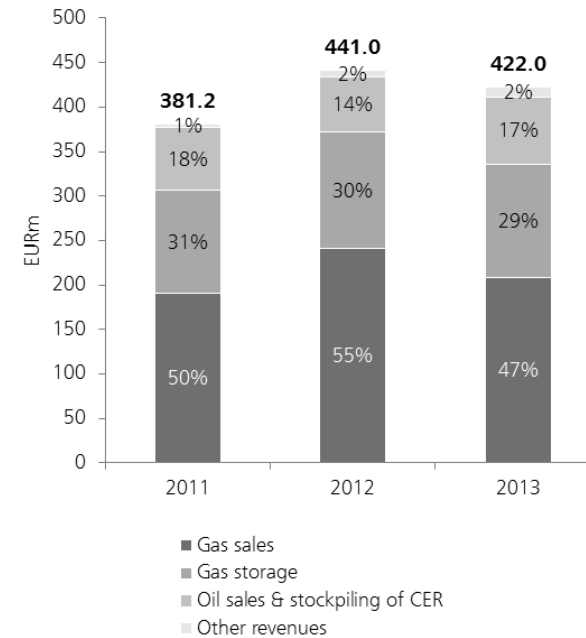


# Case Study: RAG – Rohöl-Aufsuchungs AG<sup>1)</sup>

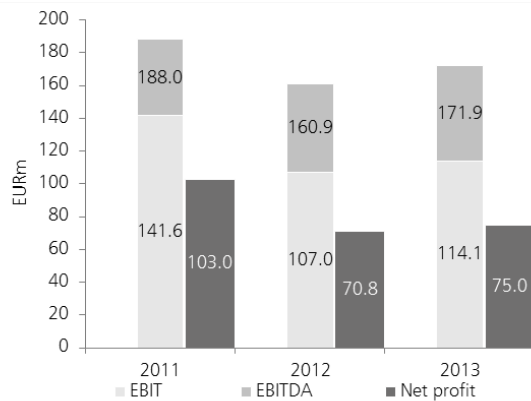
## Shareholder structure



## Revenue breakdown by segments



## EBITDA, EBIT and Net profit



1) Source: RAG, Annual report 2013 according to IFRS  
CER = Compulsory Emergency Reserves

<b>Production statistics</b>		<b>2013</b>
Gas production	m m <sup>3</sup>	254.0
Gas sales <sup>2)</sup>	m m <sup>3</sup>	660.5
Gas reserves	m m <sup>3</sup>	3,722
Oil production	t	135,333
Oil reserves	t	862,000
Oil tank storage capacity	t	260,000
<b>Natural gas storage</b>		
Capacity (as of 30.9.2014)	m m <sup>3</sup>	5,716

## Core areas of business

- Oil and natural gas E&P
- Natural gas storage

## Concessions

- Austria (5,414 km<sup>2</sup>)
- Germany (4,577 km<sup>2</sup>)
- Hungary (3,391 km<sup>2</sup>)
- Romania (1,106 km<sup>2</sup>)

## Storage facilities (Salzburg, Upper Austria)

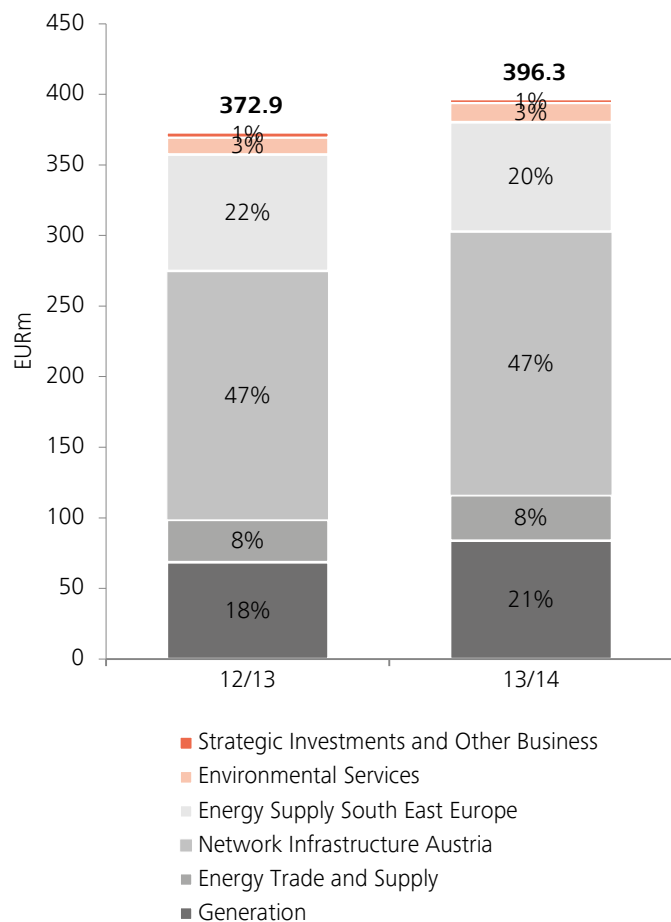
- Haidach (JV with Gazprom & Wingas; 2,656 m m<sup>3</sup>)
- Aigelsbrunn (130 m m<sup>3</sup>)
- Nussdorf/Zagling (117 m m<sup>3</sup>)
- Puchkirchen (1,080 m m<sup>3</sup>)
- 7Fields (1,733 m m<sup>3</sup>)

1) Source: RAG

2) Sales of produced, swapped and traded gas

- 
- EVN holds a 50.03% stake in RAG through its fully consolidated subsidiary RAG-Beteiligungs-Aktiengesellschaft
  - 100% of RAG earnings are recognised as share of profit of equity accounted investees with operational nature
  - 49.97% of RAG earnings assigned to minority interest
  - EVN contractually not entitled to exercise a controlling influence over RAG

- 
- EVN at a glance
  - Market environment and strategy
  - EVN's success drivers
  - CSR
  - Outlook
  - Appendix
    - Management Board
    - Financial performance 2013/14
    - Description of segments
    - RAG
    - Investments and projects
    - Retrospective adjustments of 2012/13 financial figures
    - Contact details

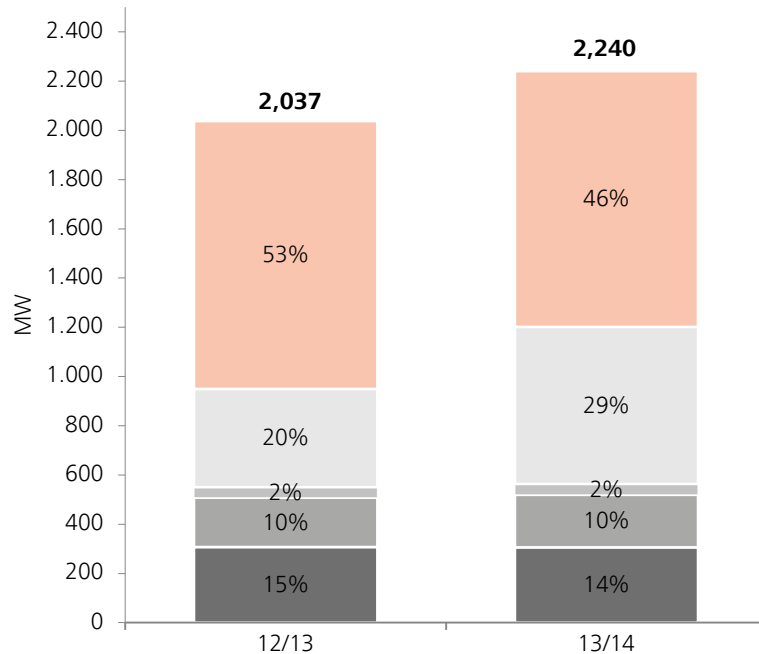


## Key investments

- Network infrastructure Austria
- Completion of 143km natural gas pipeline Westschiene
- Commissioning (24 MW) and construction (37 MW) of windparks in Lower Austria
- Expansion of heat networks and biomass capacities in Lower Austria
- Expansion of the network infrastructure and replacement of metres in SEE
- Investments in natural gas network in Croatia

1) In intangible assets and property, plant and equipment; Pre consolidation

# Power generation capacities of EVN power plants



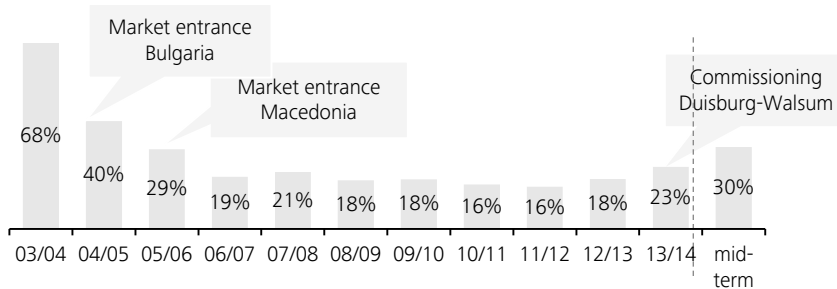
- Natural gas
- Coal
- Biomass, photovoltaics and other renewables
- Windpower
- Hydropower

## Key investments

- Total generation capacity 2,240 MW
- Generation capacities from renewable energy increased by 13 MW to 563 MW
- Generation capacities from thermal power increased by 190 MW to 1,677 MW
- Share of generation capacities from renewable energy at 25.1%
- Outlook: Construction of Prottes-Ollersdorf windpark with a capacity of 37 MW

# Growth perspective in renewable energy production

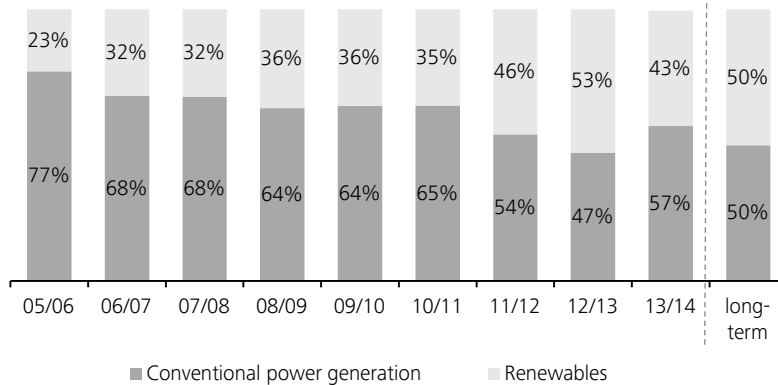
## Coverage ratio



## Increase coverage ratio in the mid-term to 30% on Group level

→ Balanced integrated business model

## Generation mix



## Diversified generation portfolio

→ Renewable production mainly influenced by commissioning of Duisburg-Walsum power plant in 12/2013

→ Focus on wind in Austria

# Gas-fired power plants in Theiss and Korneuburg

---



## **Reserve capacity for Southern Germany**

- Reserve capacity: 785 MW over the next 2 winter half-years; 450 MW for 2017/18
- Supply upon request of Federal Network Agency of Germany (“Bundesnetzagentur”)
- Securing the sites





## **Wind park Prottes-Ollersdorf**

- 12 wind turbines
- Total capacity of 37 MW
- Completion is expected in 2014/15 financial year
- After commissioning, EVN's generation capacities from renewables will increase to 250 MW

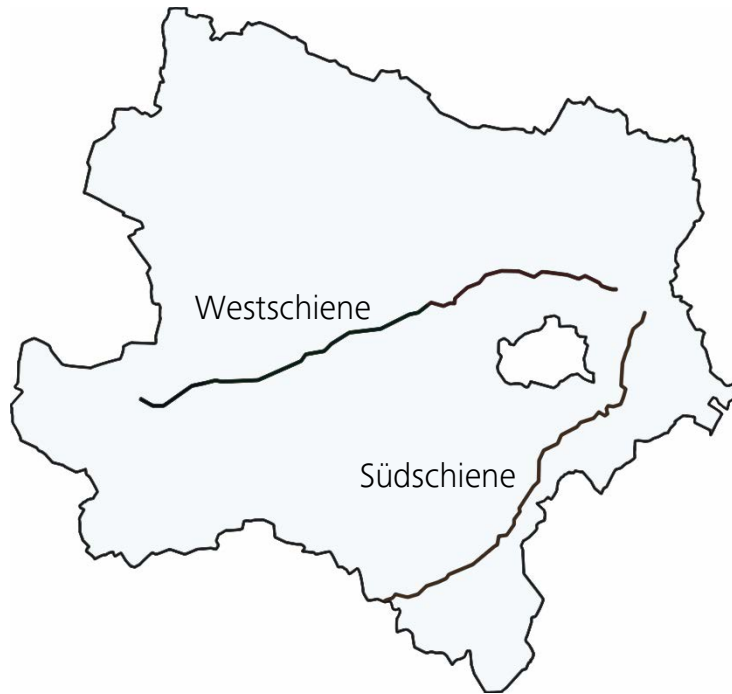
# Hydropower plant project in Bulgaria

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## **Gorna Arda**

- 70% EVN stake, 30% NEK (National Electricity Company in Bulgaria)
- River Arda, South Eastern Bulgaria
- Total capacity: 120 MW
- Generation: ~350 GWh p.a.
- Total investments: up to EUR 500m
- Start of operations after 2020  
(depending on date of construction decision)



Map of Lower Austria

## Südschiene

- Gänserndorf-Semmering
- Completion: July 2011
- Natural gas pipeline: ~120 km
- Investments: EUR 114m

## Westschiene

- Auersthal-Amstetten
- Completion: May 2013/14
- Natural gas pipeline: 143 km
- Investments: EUR 150m

# Gas supply in Croatia

---



Concessions to build and operate a natural gas distribution network on the Dalmatian coast

- Three counties: Zadar, Split and Sibenik
- Concession period: 30 years
- Total pipeline length: 1,450 km
- ~130,000 households
- Start of construction: April 2011 (Zadar)



## Projects

- Currently 9 international waste water treatment projects under construction
  - Cyprus, Czech Republic, Montenegro, Poland, Romania
- Latest commissionings
  - waste treatment plant Mia Milia/Haspolat in Nicosia, Cyprus
  - waste treatment plant Budva in Montenegro

- 
- EVN at a glance
  - Market environment and strategy
  - EVN's success drivers
  - CSR
  - Outlook
  - Appendix
    - Management Board
    - Financial performance 2013/14
    - Description of segments
    - RAG
    - Investments and projects
    - Retrospective adjustments of 2012/13 financial figures
    - Contact details

# Retrospective adjustments for 2012/13 financial figures

Consolidated statement of financial position & operations	2012/13 (30.09.2013)			
	previous	CONS	REG	adjusted
EURm				
Non-current assets	6,125.1	282.7	-0.7	6,407.2
Current assets	977.0	-90.2	-10.3	876.5
Equity	3,066.5	22.9	-10.2	3,079.2
Liabilities	4,035.7	169.7	-0.8	4,204.4
Balance sheet total	7,102.1	192.6	-11.0	7,283.7
Revenue	2,755.0	-641.1	-8.0	2,105.9
Share of results from equity accounted investees with operational nature	–	95.0	–	95.0
Results from operating activities (EBIT)	218.5	32.1	-8.4	242.2
Financial results	-38.1	-33.2	-0.1	-71.5
Group net profit	114.7	1.0	-6.4	109.3

→ Initial application of IFRS 10–12 in Q. 1–3 2013/14 financial statements and non recognition of regulatory assets and liabilities as of 30 September 2014

- 2012/13 figures had to be adjusted retrospectively

→ Impact on EVN Group

- EVN KG and EAA are presented as at equity consolidated companies whereas STEAG-EVN Walsum is “line by line” consolidated
- At equity results from companies attributable to EVN Group’s core business are presented in the operating results
- Absence of regulatory assets and liabilities mainly influence Netz NÖ GmbH results (non-cash effective)

- 
- EVN at a glance
  - Market environment and strategy
  - EVN's success drivers
  - CSR
  - Outlook
  - Appendix
    - Management Board
    - Financial performance 2013/14
    - Description of segments
    - RAG
    - Investments and projects
    - Retrospective adjustments of 2012/13 financial figures
    - Contact details



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The Company believes any such statements are based on reasonable assumptions and reflect the judgement of EVN’s management based on factors currently known by it.

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For additional information regarding risks, investors are referred to EVN’s latest Annual report.