



# EVN conference call Q. 1 2016/17 results

28 February 2016

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- Increase in electricity generation by 18.4%
    - Higher demand for network stabilisation in Austria and Germany
  - Positive impact of low temperatures on network distribution and energy sales volumes
  - Improvement in the energy business results
  - Positive development in the Environmental Services Segment
    - Transfer of the South-West Moscow drinking water plant – in line with contract – after ten years of operation
    - New contract for turn-key wastewater project in Macedonia
  - Arbitration decision<sup>1)</sup> in favour of Walsum power plant
  - Out-of-court settlement<sup>2)</sup> with state-owned Bulgarian NEK regarding disputed receivables

<sup>1)</sup> On 23 November 2016

<sup>2)</sup> On 13 February 2017

# Key financials Q. 1 2016/17



	<b>Q. 1 2016/17</b>	+/-
	EURm	%
<b>Revenue</b>	607.4	6.0
<b>EBITDA</b>	219.8	18.8
Depreciation and amortisation	-65.7	-0.2
Effects from impairment tests	-28.9	-
<b>EBIT</b>	125.2	4.8
<b>Financial results</b>	-8.6	48.7
<b>Group net result</b>	95.3	20.9
<b>Net cash flow from operating activities</b>	25.3	-72.8
	EUR	
Earnings per share	0.54	20.8

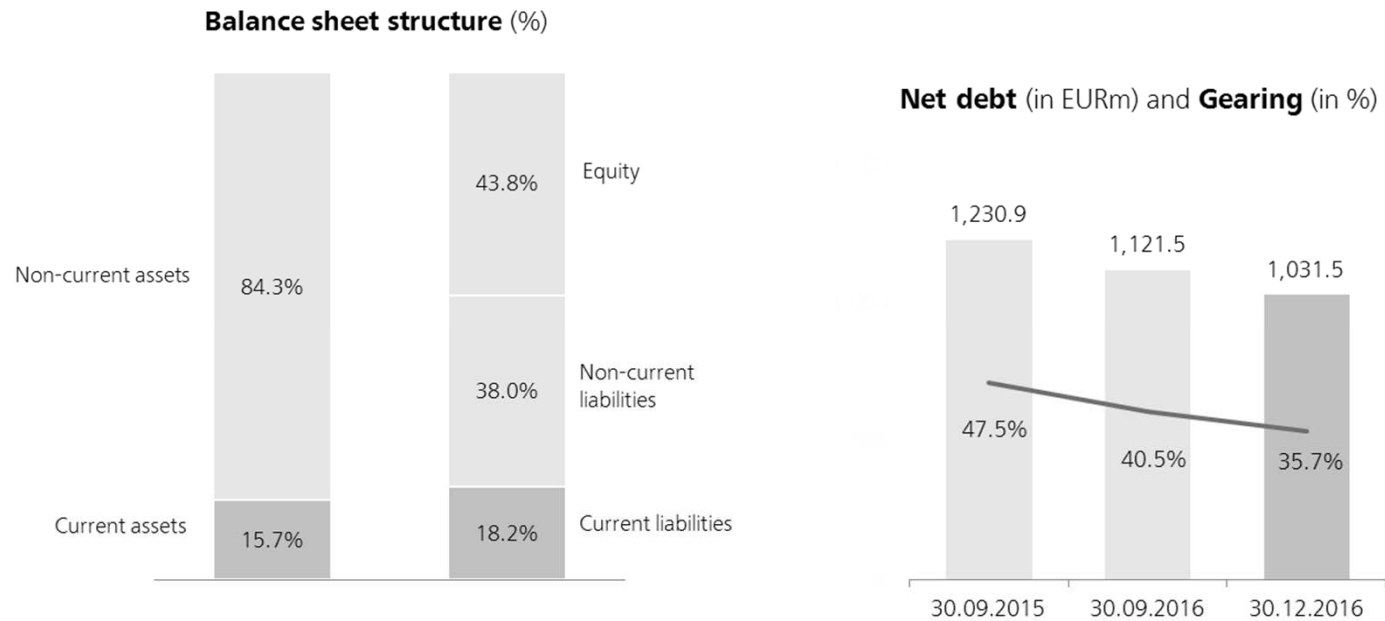
## → Revenue above previous year

- Higher revenue from generation
- Temperature-based increase in network distribution and energy sales volumes
- Positive impulses from Environmental Services Segment

## → Increase in EBITDA, EBIT and Group net result

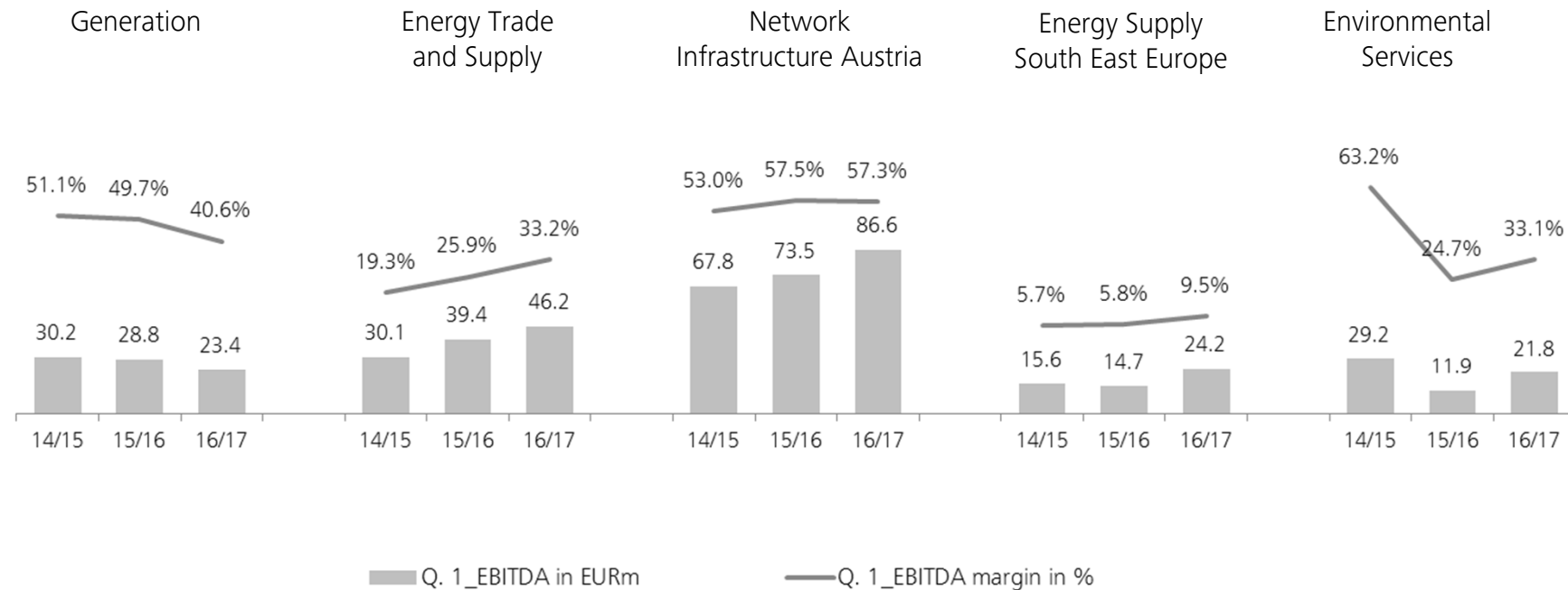
- Higher operating expenses
- Improvement in the energy business results
- Impairment loss to planned Gorna Arda hydropower project

# Solid balance sheet structure, reduced net debt



- Improvement of equity ratio to 43.8% (30 September 2016: 42.3%)
- Reduction of net debt to EUR 1,031.5m (30 September 2016: EUR 1,121.5m)
- Gearing decreased to 35.7% (30 September 2016: 40.5%)

# EBITDA development by segments



- Higher renewable and thermal generation
- Recalculation of Walsum cost allocation

- Higher natural gas and heat sales volumes
- Lower operating expenses

- Positive price and weather-related volume effects

- Increase in generation
- Higher network distribution and sales volumes
- Operating improvements

- Contractual transfer of drinking water project in Moscow after ten years of operation
- Increase in revenue

	<b>Q. 1 2016/17</b>	+/-
<b>Electricity generation volumes</b>	GWh	%
Total	1,725	18.3
Renewable energy sources	423	20.9
Thermal energy sources	1,302	17.5

	<b>Q. 1 2016/17</b>	+/-
<b>Financial performance</b>	EURm	%
Revenue	57.6	-0.7
EBITDA	23.4	-18.6
EBIT	-18.1	-

→ **Increase in energy production**

- Rise in renewable generation
- Continued greater use of thermal power plants to support network stability

→ **Slight decline in revenue**

- Negative one-off effect from recalculation of cost allocation after Walsum arbitration decision

→ **Decrease in EBITDA, negative EBIT**

- Higher operating expenses
- Impairment loss to planned Gorna Arda hydropower project

<b>Sales volumes to end customers</b>	<b>Q. 1 2016/17</b> GWh	+/- %
Electricity	1,768	-1.4
Natural gas	2,108	17.9
Heat	643	12.1

<b>Financial performance</b>	<b>Q. 1 2016/17</b> EURm	+/- %
Revenue	139.1	-8.6
EBITDA	46.2	17.2
EBIT	41.5	18.3

## → Different development of energy sales volumes

- Increase in natural gas and heat sales volumes
- Negative impact from decline in industrial customer segment on electricity sales volumes

## → Improvement in EBITDA and EBIT

- Positive one-off effect in operating expenses from recalculation of cost allocation after Walsum arbitration decision
- Increase in earnings contribution from electricity and natural gas sales company

<b>Network distribution volumes</b>	<b>Q. 1 2016/17</b> GWh	+/- %
Electricity	2,231	3.9
Natural gas <sup>1)</sup>	6,130	13.6

<b>Financial performance</b>	<b>Q. 1 2016/17</b> EURm	+/- %
Revenue	151.2	18.2
EBITDA	86.6	17.8
EBIT	58.0	25.6

→ **Increase in network distribution volumes**

- Increase due to low temperatures
- Additional positive impact on natural gas distribution volumes from greater use of thermal power plants

→ **Improvement in EBITDA and EBIT**

- Positive price and volume effects

<sup>1)</sup> Including network sales to EVN's power stations



# Energy Supply South East Europe



<b>End customer prices<sup>1)</sup></b>		+/- in %	<b>Adjustment</b>
Bulgaria	electricity	-0.4%	01.08.2015
		+0.83%	<b>01.07.2016</b>
	heat	-1.9% <sup>2)</sup>	
Macedonia	electricity	-0.3%	01.07.2015
		-0.3%	<b>01.07.2016</b>
<b>Key energy business indicators</b>		<b>Q. 1 2016/17</b>	+/-
		GWh	%
	Electricity generation volumes	128	35.2
	Network distribution volumes	3,726	8.1
	Electricity sales volumes	3,233	1.4
	Heat sales volumes	82	39.6
<b>Financial performance</b>		<b>Q. 1 2016/17</b>	+/-
		EURm	%
	Revenue	255.5	1.2
	EBITDA	24.2	64.7
	EBIT	8.6	-

## → Slightly higher revenue

- Increase in renewable and thermal generation
- Increase in energy demand due to low temperatures, contrasted by negative effects from continuing liberalisation

## → Improvement in EBITDA and EBIT

- Lower operating costs due to further improvements in collection rate and lower energy procurement costs

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

<sup>2)</sup> Step-by-step reduction as compared to level on 1 July 2015

<b>Financial performance</b>	<b>Q. 1 2016/17</b>	<b>+/-</b>
	EURm	%
Revenue	65.9	36.8
EBITDA	21.8	82.3
EBIT	15.2	-
Financial results	0.3	-21.8
Result before income tax	15.5	-

→ **Increase in revenue**

- Higher revenue from international project business

→ **Increase in EBITDA and EBIT**

- Driven by international project business

# Cash flows



	Q. 1 2016/17	+/-
	EURm	in %
Gross cash flow	199.0	9.2
Net cash flow from operating activities	25.3	-72.8
Net cash flow from investing activities	68.5	-
Net cash flow from financing activities	-34.6	-29.3
Net change in cash and cash equivalents	59.1	-

## → Decrease of operating cash flow

- Changes in working capital
- Negative impact from Walsum arbitration decision, however corresponding positive effect contained in cash flow from investing activities

## → Cash flow from financing activities

- Scheduled repayments of loans



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- Group net result – derived from operating business – for 2016/17 is expected to remain largely stable
  - Additional ~EUR 38 million positive effect on Group net result due to out-of-court settlement with NEK
    - Positive effect will be recognised in Q. 2 2016/17
    - Reversal of past valuation allowances to receivables and default interest
  - EVN's strategy remains unchanged
    - EUR 1bn investment programme for networks, renewable generation and drinking water supplies to be continued
    - Commitment to integrated business model
  - Presentation of HY. 1 2016/17 results
    - 24 May 2017

# Contact details



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