



# EVN Company presentation

June 2016

# Key take-aways

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- 2014/15 Group EBITDA: 82% from regulated and stable business
- Stable home market due to high customer loyalty
- Diversified business model balances between the segments
- Diversifying holdings in energy-related businesses
  - Verbund AG, Verbund Innkraftwerke GmbH, Burgenland Holding AG and RAG
- Growth opportunities through investments in SEE
- Strong Cash flow
  - Secures investments in RAB
  - Enables payment of attractive dividends; 2014/15 dividend yield: 4.3%
  - Supports debt repayment

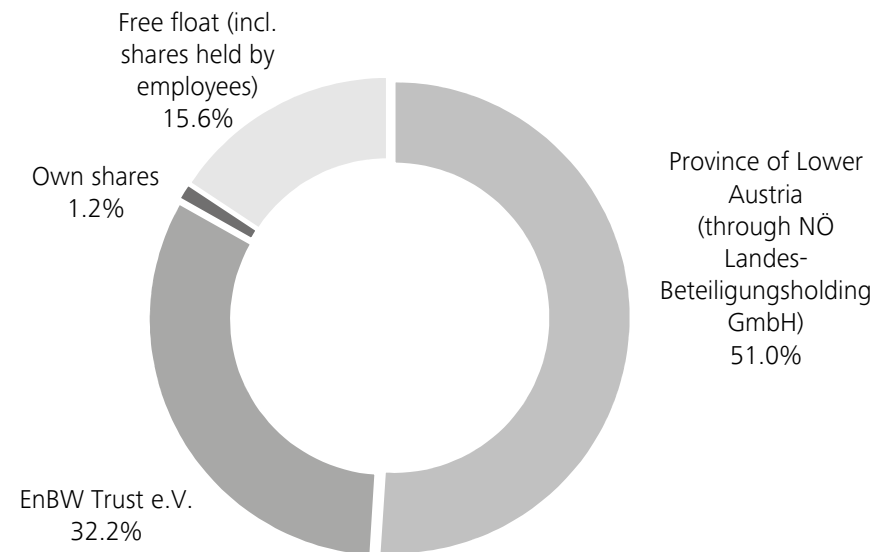
- 
- EVN at a glance
  - Regulation, market environment and strategy
  - EVN's success drivers
  - Investments
  - Financial performance FY 2014/15
  - Appendix
    - Management Board
    - Description of segments
    - CSR
    - RAG
    - Contact details

→ 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 31.03.2016)



# Energy business – 6 countries



- Thermal power
- Biomass
- Photovoltaics
- Windpower
- Hydropower
- Heat supply
- Gas supply
- Electricity supply
- Regulated grid



Albania					✓ 1)				
Austria	✓	✓	✓	✓	✓	✓	✓	✓	✓
Bulgaria	✓	✓		✓		✓	✓		✓
Croatia	✓		✓						
Germany		✓	✓		✓ 2)				✓ 3)
Macedonia	✓	✓			✓				

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

# Energy business portfolio of EVN



## Generation



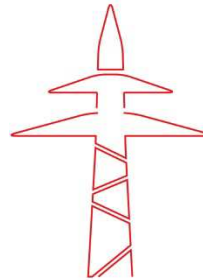
### Thermal

1,771 MW

### Renewables

600 MW

## Networks



### Electricity networks

140,000 km

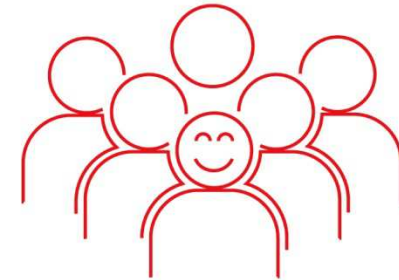
### Natural gas networks

13,900 km

### Heating lines

820 km

## Energy supply



### Electricity

3.3m customers

### Natural gas



0.3m customers

### Heating

0.1m customers

# Environmental services business – 9 countries



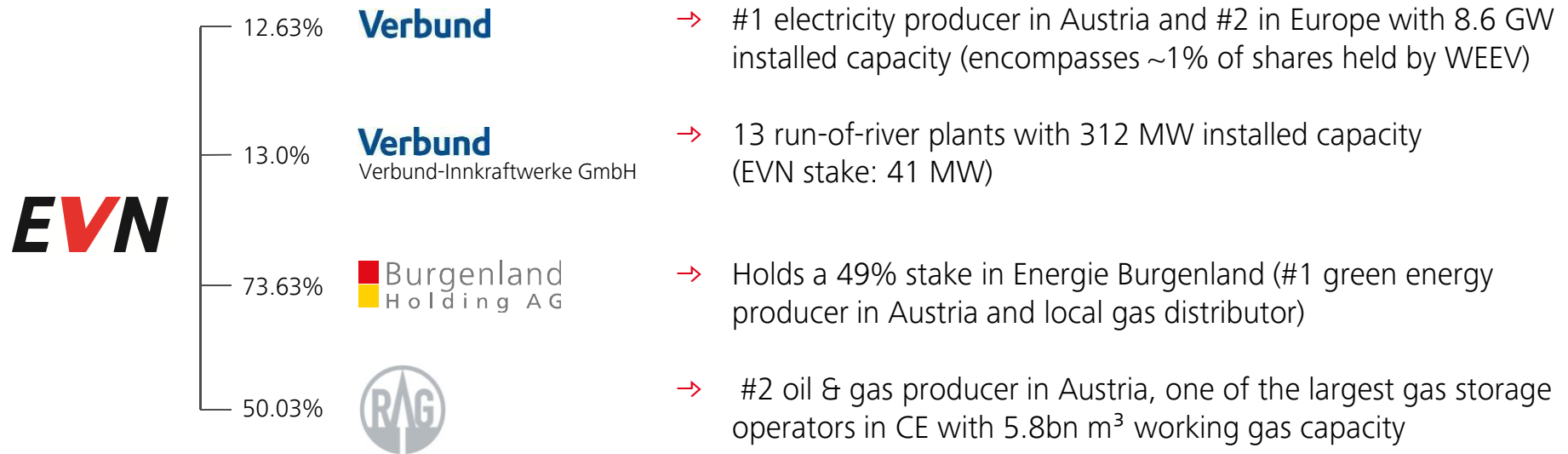
	Drinking water projects 	Wastewater projects 
Czech Republic		●
Cyprus		● ▲
Macedonia		●
Montenegro		● ▲
Austria <sup>1)</sup>	▲	▲
Croatia		▲
Germany	▲	▲
Russia <sup>2)</sup>	▲	
Slovenia		▲

▲ Operation ● Under Construction

1) Thermal waste utilisation plant  
2) Thermal waste utilisation plant

Status of international project business: 31.03.2016

# Strategic investments





# EVN's success drivers



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# 1	Solid home market (see page 29ff)
# 2	Strong market position (see page 32)
# 3	High share of earnings from regulated and stable business (see page 36)
# 4	Upside potential in SEE (see page 40)
# 5	Diversification through environmental business (see page 41f)
# 6	Strategic investments (see page 43)
# 7	Solid capital structure (see page 44ff)

# Key financials HY. 1 2015/16



EURm	2015/16 HY. 1	+/- in %
<b>Revenue</b>	1,196.8	-2.3
<b>EBITDA</b>	422.4	10.0
Depreciation and amortisation	-131.7	-3.3
<b>EBIT</b>	290.7	22.4
<b>Financial results</b>	-39.5	-79.3
<b>Group net result</b>	189.9	14.8
<b>Net cash flow from operating activities</b>	236.0	12.7
Earnings per share	1.07	14.9

## → Revenue below previous year

- Lower revenue from domestic renewable generation and mild winter in Bulgaria
- Higher revenue from thermal generation and Austrian network business

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

- Lower electricity purchases and primary energy expenses
- Reduction of operating expenses

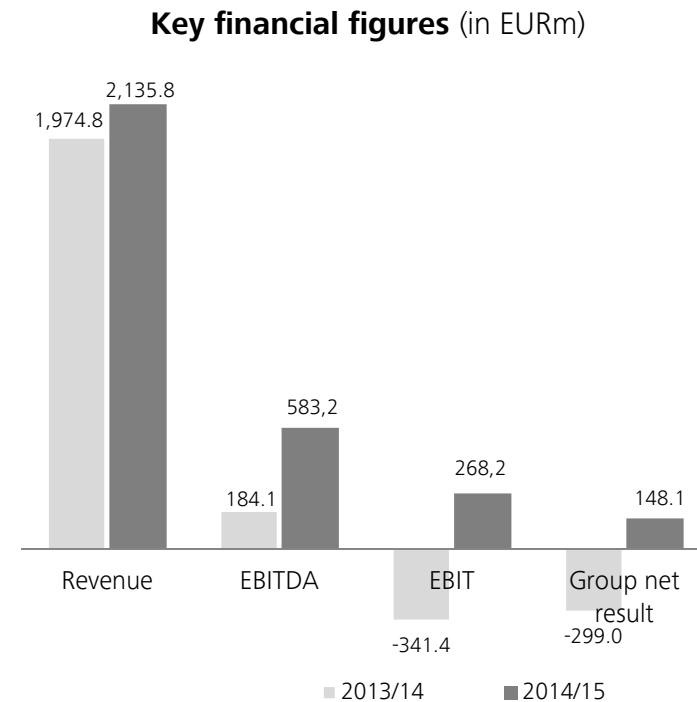
## → Decrease in financial result

- Dividend from Verbund will only be reported in Q3 2015/16 results

# Financial figures 2014/15



EURm	<b>2014/15</b>	<b>y-o-y in %</b>	<b>2013/14</b>
<b>Revenue</b>	2,135.8	8.2	1,974.8
<b>EBITDA</b>	583.2	–	184.1
<b>EBIT</b>	268.2	–	–341.4
<b>Group net result</b>	148.1	–	–299.0
<b>Net cash flow from operating activities</b>	478.3	–12.4	546.0
<b>Investments<sup>1)</sup></b>	322.7	–18.6	396.3
<b>Balance sheet total</b>	6,501.2	–5.0	6,841.8
<b>Equity</b>	2,590.1	–1.6	2,632.7
<b>Equity ratio</b>	39.8%	–	38.5%
<b>Net debt</b>	1,230.9	–24.1	1,622.4
<b>Gearing</b>	47.5%	–	61.6%



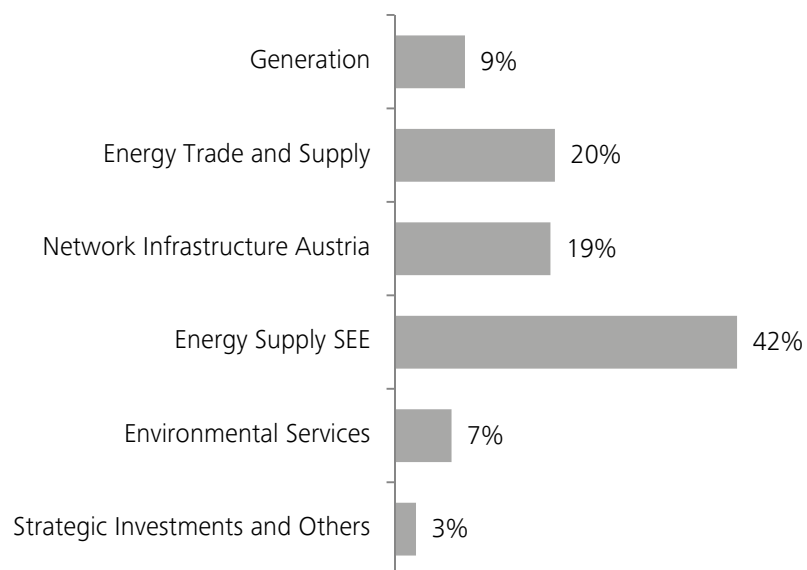
1) In intangible assets and property, plant and equipment

# Contribution by business segments – Diversified portfolio



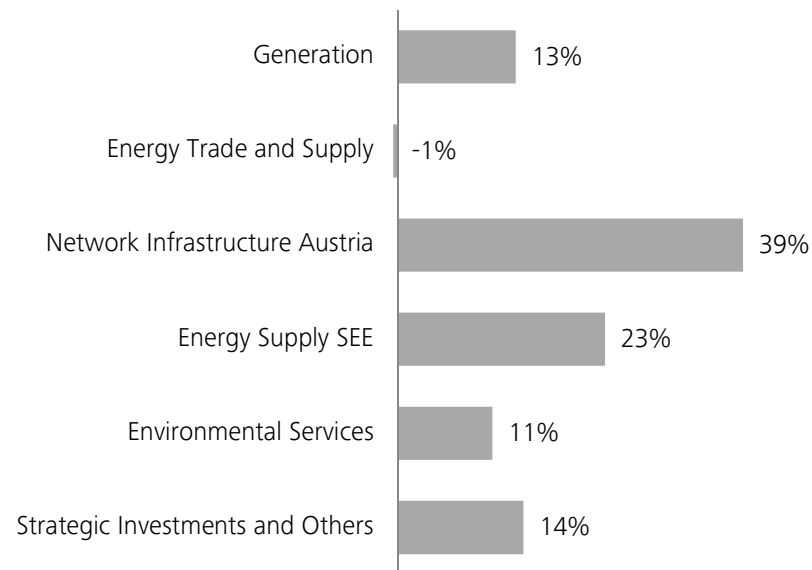
## Revenue split<sup>1)</sup>

(EUR 2,135.8)<sup>2)</sup>



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

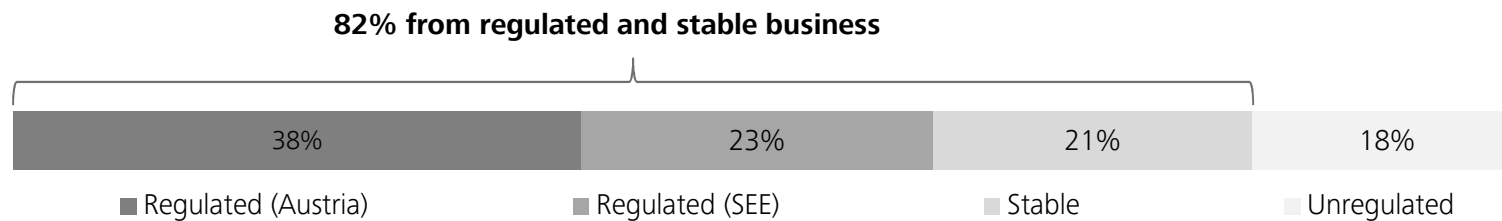
(EUR 583.2m)<sup>2)</sup>



1) BY 2014/15, Pre consolidation  
2) BY 2014/15, After consolidation

# High share of earnings from regulated and stable business

- Majority of 2014/15 EBITDA (82%) derives from regulated and stable earnings
- Regulated business
  - Grid in Austria
  - Grid, supply and heating in SEE
  - Wind production in Austria and SEE
- Stable business
  - Water supply business in Lower Austria (2.3%)
  - Heating business in Lower Austria (6.7%)
  - Cable TV and telecommunication (5.6%)
  - Waste incineration in Lower Austria (5.2%)
  - Earnings contribution from Burgenland Holding (1.4%)
- Unregulated business
  - Energy trade and supply
  - International environmental projects
  - Generation
  - Oil and gas E&P/gas storage



# EVN within the next 5 years



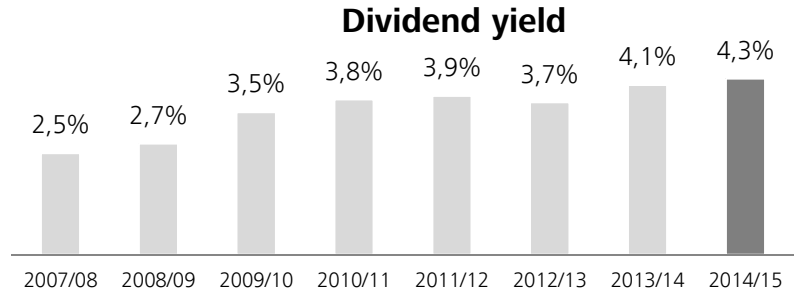
- 
- Retail business
    - Growing competition but EVN continues to keep its excellent reputation of being a high quality energy and services provider
  
  - EBITDA, Group net results, Cash flow
    - Sound cash and earnings contributions from resilient business model with focus on regulated activities
    - Ongoing investments with focus on RAB and expansion of regulated domestic wind generation business as stable growth drivers
  
  - CAPEX
    - ~ 75% of total CAPEX in Lower Austria
    - Investment focus on networks, renewables, heating and water supply
  
  - Financial ratios
    - Net debt and gearing improvements
    - Attractive dividend policy

# The EVN share

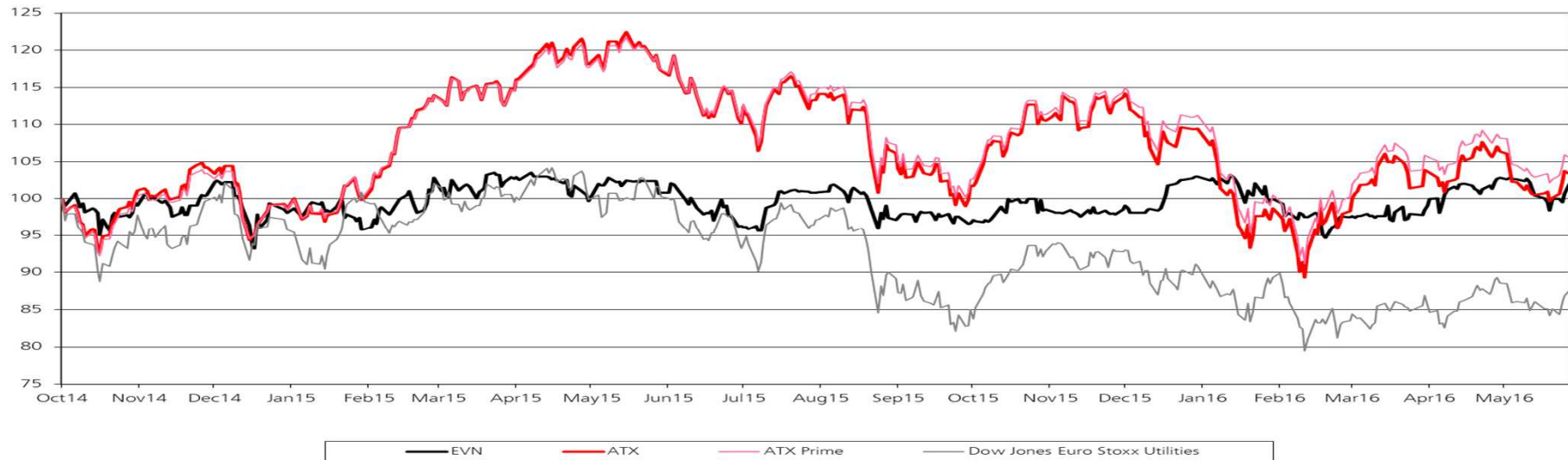


## Basic information

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)



## Performance of the EVN share



- 
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→ Legal basis

- Electricity Act 2010 (*Elektrizitätswirtschafts- und organisationsgesetz 2010*)
- Natural Gas Act 2011 (*Gaswirtschaftsgesetz 2011*)

→ Goals of the Austrian incentive regulation

- Reflect actual costs required to maintain system integrity and security of supply
- Provide for investment incentives to enhance efficiency and network expansion
- Optimise energy costs for consumers through reduction of network costs and increase competition among suppliers

# Features of the Austrian incentive regulation

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- Full transparency and predictability
  - Regulator reviews and officially approves all projected costs, investments and capacity for entire regulatory period
  - Resulting cost curve for regulatory period as benchmark for being in line with profits in the grid business or outperforming them
  - Network operator benefits from efficient cost structure
  
- The Austrian regulator acknowledges the continued investment needs

# 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%	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	EWRC (Energy and Water Regulatory Commission)	EWRC (Energy and Water Regulatory Commission)	ERC (Energy Regulatory Commission)
Start of the regulatory period	01.08.2015	01.07.2015	01.01.2015
Next regulatory adjustment	01.08.2018	01.07.2016	01.01.2018
Duration of the regulatory period	3 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%	5.1%	6.6%
Recognised network losses	8.0%	30.0 %	14.0%
Productivity factor	Yes	Yes	No
Investment factor <sup>3)</sup>	Yes	No	No

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 (EWRC) and in Macedonia (ERC)

# 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 <sup>1</sup> )/kWh	9.27	6.1 – 9.8	8.9
Duration (in years)	13	12	20
Installed capacity 2014 (MW)	2,100	700	36.8
Target value for installed capacity 2020 (MW)	2,578	1,440	150
<b>Hydro</b>			
	Feed-in-tariffs	Feed-in-tariffs	Feed-in-tariffs
Tariff (EUR-cent <sup>1</sup> )/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	3,215	37.5
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 <sup>1</sup> )/kWh	10.0 – 11.5	8.6 – 37.3	12.0 - 16.0
Duration (in years)	13	20	15
Installed capacity 2014 (MW)	530	1,027	15.8
Target value for installed capacity 2020 (MW)	322	303	18

Sources: "Investieren in Erneuerbare Energie 2015", 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)

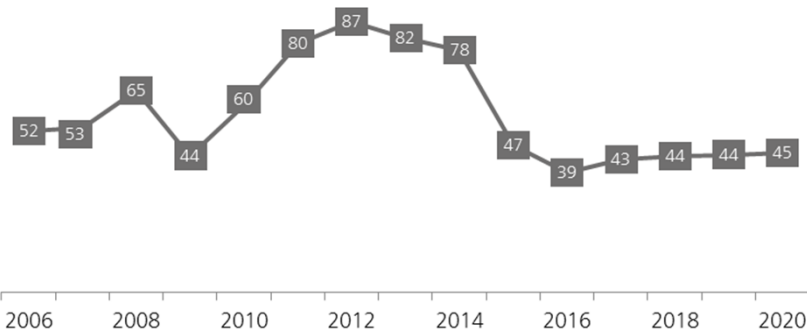
1) In countries with tariffs in local currencies, tariffs have been converted with the exchange rate as of 01.07.2014.

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

# Challenging market environment

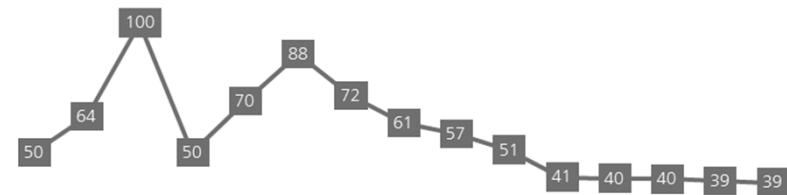


Crude oil price Brent in EUR/bbl



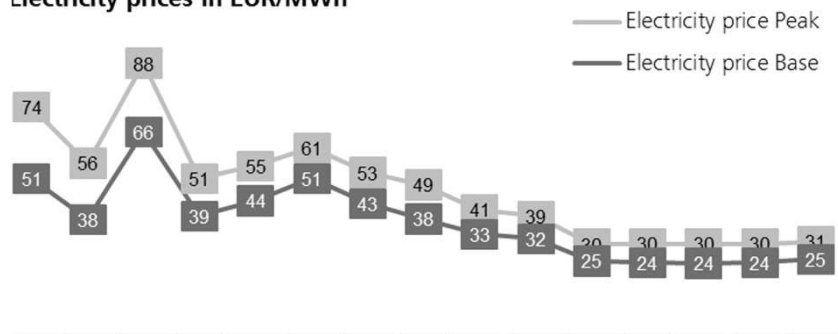
The respective spot market prices had been considered until the notification day

Hard coal prices API2 in EUR/tonne



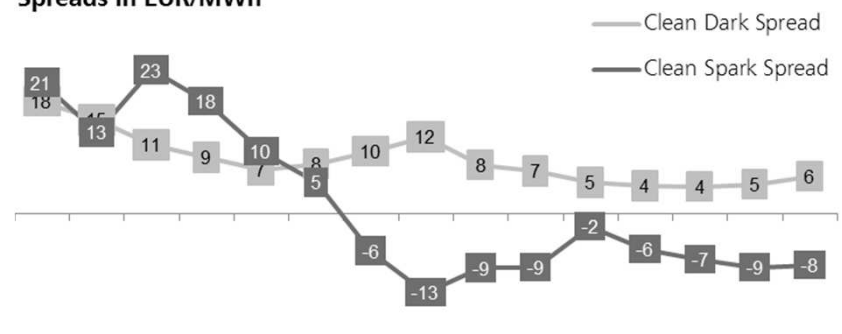
The respective spot market prices had been considered until the notification day

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

# General strategic group objectives

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## → Lower Austria

- Maintaining the integrated business model
- Keep high level of supply security through grid investments
- Diversified generation portfolio with focus on renewables
- Expansion of the drinking water and heating activities
- Development of customer oriented energy services and solutions
- Maintaining EVN's strong brand recognition

## → SEE

- Strong focus on operational improvements and efficiency in the grid business
- Cash-flow-driven investment activities

## → International project business

- Participation in international tender procedures
- Greatest possible exclusion of country and political risks

- 
- CAPEX exceeding depreciation
    - Underlying growth of „Regulated Asset Base“ in the focus
    - Increased investment activities in regulated and stable business fields
  
  - Transparency of the Austrian incentive regulation enables EVN to predictably plan profits and supports investments
    - Major investment projects are being pre-agreed with the regulator
  
  - EVN continues to be highly efficient
    - Benefits from decrease of general productivity factor in the electricity and gas grid due to prior outperformance of productivity targets



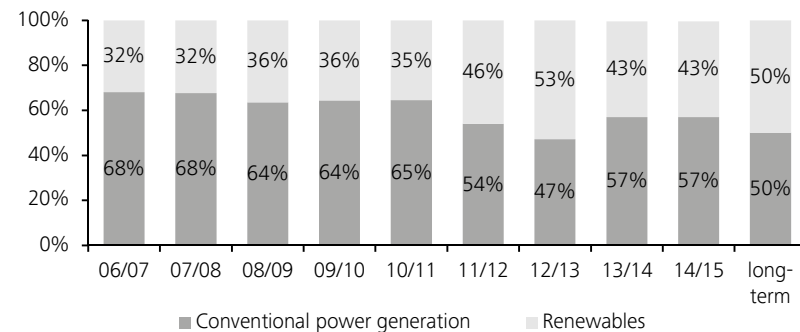
## Using opportunities for thermal production

- Providing reserve capacity for Southern Germany
  - EVN's gas-fired power plants under contract until 2017/18
- Allocation of balancing energy and congestion management for the Austrian TSO

## Expansion of renewable capacities

- Expansion of renewable generation
  - Attractive long term guaranteed feed in tariffs for wind power
  - Mid term target: from 250 MW to >300 MW wind power

**Generation Mix**



# Ongoing operational improvements in SEE



- 
- Further reduction of grid losses
  - Further increase of cash collection rates
  - Organisational optimisation
  - Investment activities determined by regulatory tariff decisions and resulting operating cash flows
  - On-going development of international energy procurement strategies tailored to respective market needs
    - Energy needs resulting from grid losses, market shortages or liberalisation

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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: Lower Austria – EVN's prosperous domestic market

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## 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 (2014):	72.8% (Austria: 72.3%)
GDP per capita (2014):	EUR 31,100 <sup>1)</sup> (Austria: EUR 38,540; Germany: EUR 35,250)

Sources: Statistics Austria; Eurostat; World Bank

1) Lower Austrian GDP per capita 2014

# # 1: Solid home market



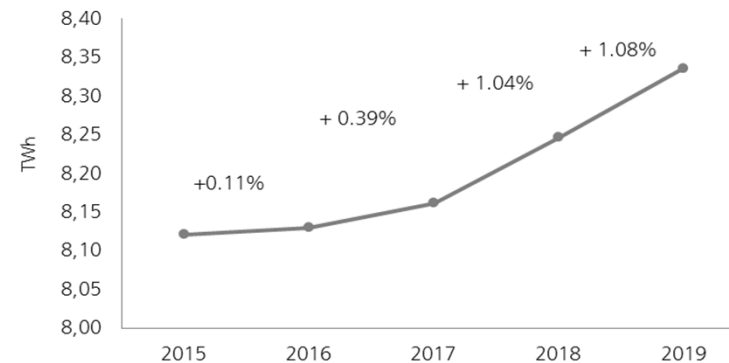
→ The Austrian electricity market continues to be stable<sup>1)</sup>

- 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

→ Continuous growth in Lower Austrian electricity consumption

	Electricity consumption in	
in TWh	Austria	Germany
2014 (Jan-Dec)	69,29	529,37
2015 (Jan-Dec)	69,51	520,61
Change (%)	0,3%	-1,7%

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



1) Source: European Network of Transmission System Operators for Electricity ([www.entsoe.eu](http://www.entsoe.eu))

2) Source: EVN

# # 1: Characteristics of the Austrian utility market



- No nuclear power generation
  - Public vote in the 1970s against nuclear power
- High share of hydropower assets
  - 69%<sup>1)</sup> of Austrian electricity generation sourced from hydropower

## Electricity production in Austria per energy source (in %)

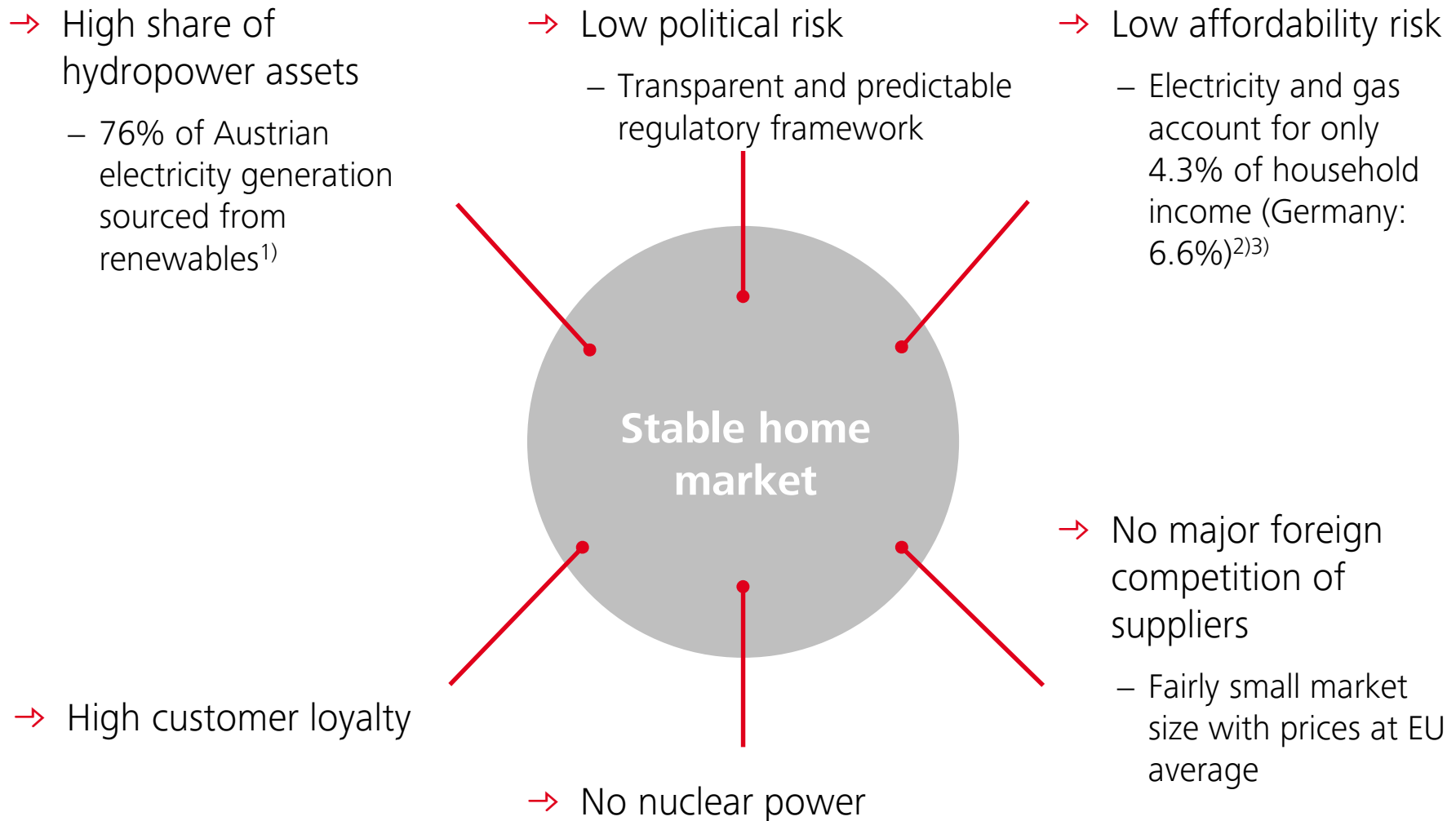


- In 2014, #1 in EU at share of renewable energy sources in electricity generation measured by the country's land area<sup>2)</sup>  
(76% of Austrian electricity generation sourced from renewable energies)
- Further renewable energy projects are in the planning or implementation process

1) Source: Oesterreichs Energie ([www.oesterreichsenergie.at](http://www.oesterreichsenergie.at)); data from 2014

2) Source: Energiestatus Österreich 2014, Bundesministerium für Wirtschaft, Familie und Jugend

# # 1: Characteristics of the Austrian utility market



1) Source: Energiestatus Österreich 2014, Bundesministerium für Wirtschaft, Familie und Jugend  
2) Source: [https://www.statistik.at/web\\_de/frageboegen/private\\_haushalte/eu\\_silc/index.html](https://www.statistik.at/web_de/frageboegen/private_haushalte/eu_silc/index.html)  
3) Source: [http://www.rwi-essen.de/media/content/pages/publikationen/rwi-projektberichte/rwi-pb\\_energieverbrauch-priv-hh.pdf](http://www.rwi-essen.de/media/content/pages/publikationen/rwi-projektberichte/rwi-pb_energieverbrauch-priv-hh.pdf)



# # 2: Strong market position in Austria



**EVN's electricity market share in Lower Austria**

EVN: **69%**

**Market size: 8 TWh**

**Electricity market shares in the Austrian market**

EVN: **9%**  
EAA & Partners: **18%**

**61 TWh**

**Gas market shares in Lower Austria**

EVN: **39%**  
EconGas: **26%**

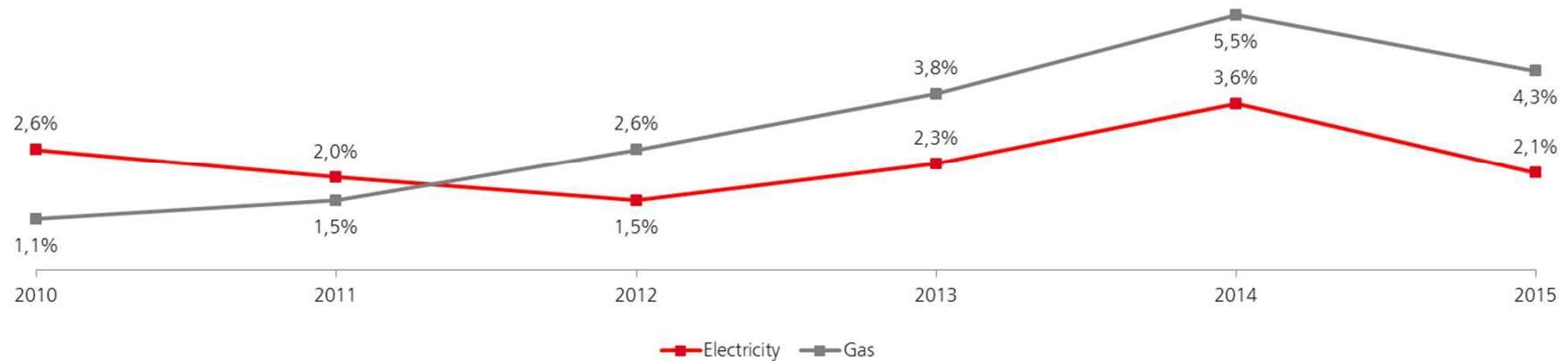
**15 TWh**

**Gas market shares in the Austrian market**

EVN: **7%**  
EAA & Partners: **10%**  
EconGas: **47%**

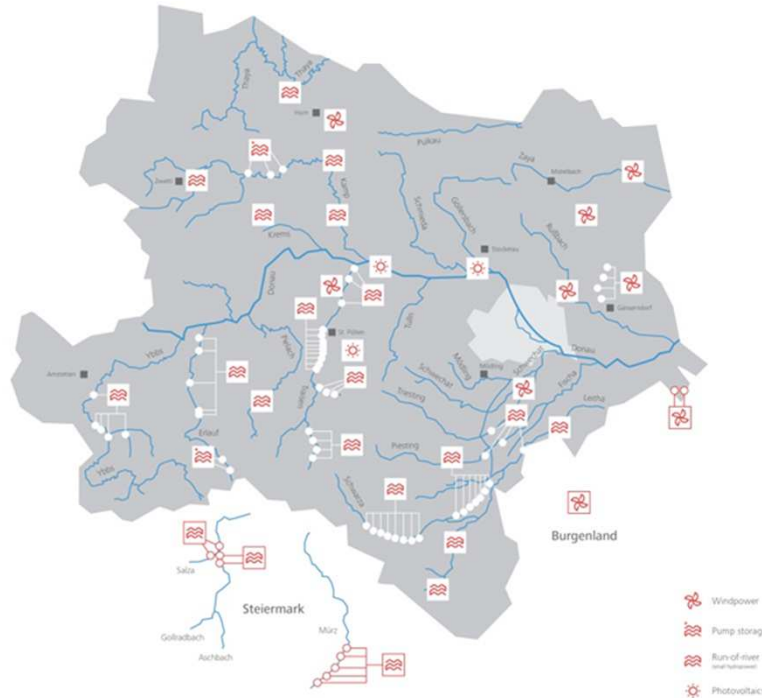
**86 TWh**

**Churn rates in Lower Austria (in %)**



Market shares refer to FY 2014/15; EVN holds a 45% stake in EAA & Partners and a 16.51% stake in EconGas (EVN's stake in EconGas has been sold to OMV with effect from May 2016)  
 Source market shares: E-Control 2014, annual report and company numbers  
 Source churn rates: E-Control, market statistics – consumer attitude/churn rates electricity and gas according to network areas

# # 2: Decentralised renewable production portfolio



Map of Lower Austria

- #2 wind producer in Austria
- Strong, decentralised portfolio
- 5% of EBITDA<sup>1)</sup>
  - Hydropower 232 MW
    - 5 storage and 67 run-of-river hydropower plants
    - Purchasing rights from hydropower plants along the Danube (Melk, Greifenstein and Freudenau)
    - Investment in hydropower plant Nussdorf and Verbund-Innkraftwerke
  - Windpower 234 MW
    - 14 windparks
    - Investments: EUR ~322m

1) Basis: Financial year 2014/15

## # 2: Wide-spread heat and biomass portfolio

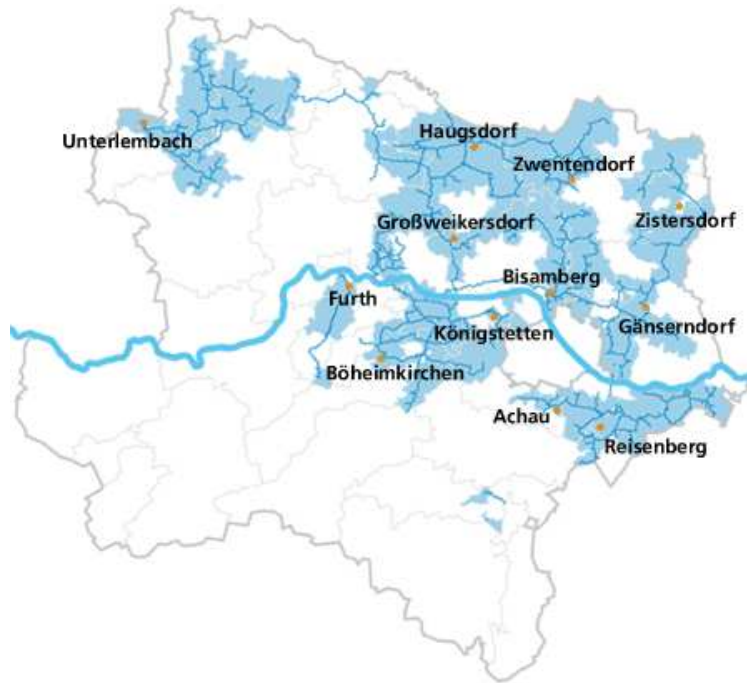


Map of Lower Austria

- **#1 in biomass heating in Austria**
- 6.7% of EBITDA<sup>1)</sup>
- Biomass portfolio
  - More than 60 biomass plants in Lower Austria
  - Investments (in total): EUR 470m
  - 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 2014/15

## # 2: Drinking water supply



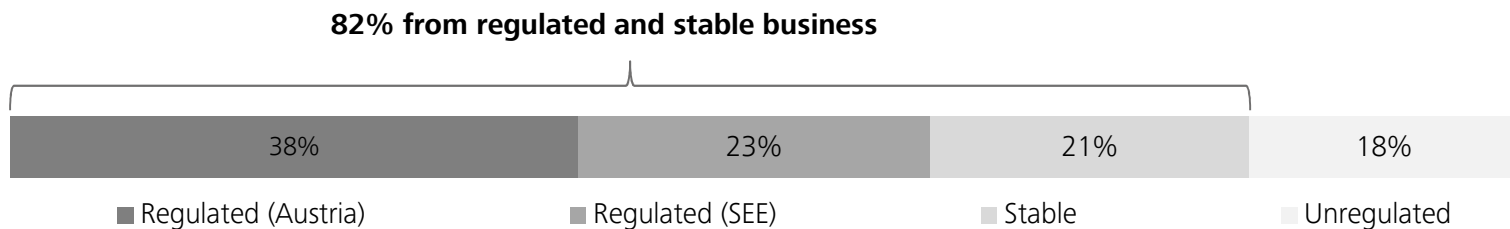
Map of Lower Austria

- **#1 drinking water supplier in Lower Austria** (50 years of experience)
- 2.3% of Group EBITDA<sup>1)</sup>
- Operation of 36 local drinking water supply networks
- ~ 563,000 customers
  - thereof 101,300 directly supplied
- Construction of natural filter plants
  - Reduction of the hardness level of water by natural means

1) Basis: Financial year 2014/15

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

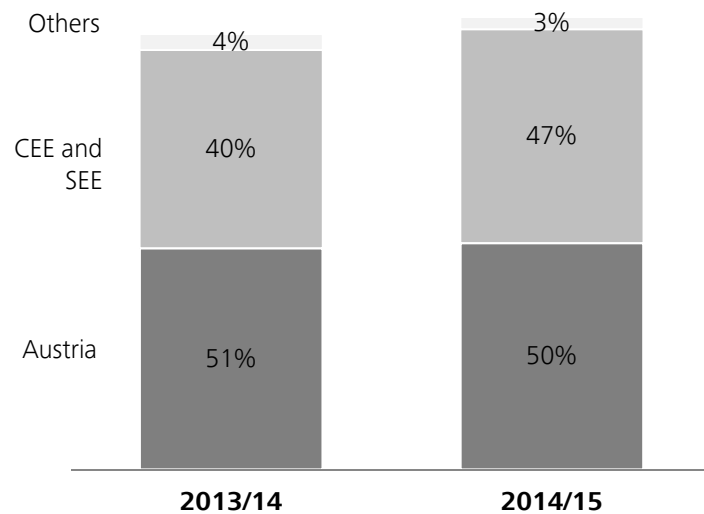
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- Regulated business
  - Grid in Austria
  - Grid, supply and heating in SEE
  - Wind production in Austria and SEE
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  - Waste incineration in Lower Austria (5.2%)
  - Earnings contribution from Burgenland Holding (1.4%)
- Unregulated business
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  - International environmental projects
  - Generation
  - Oil and gas E&P/gas storage



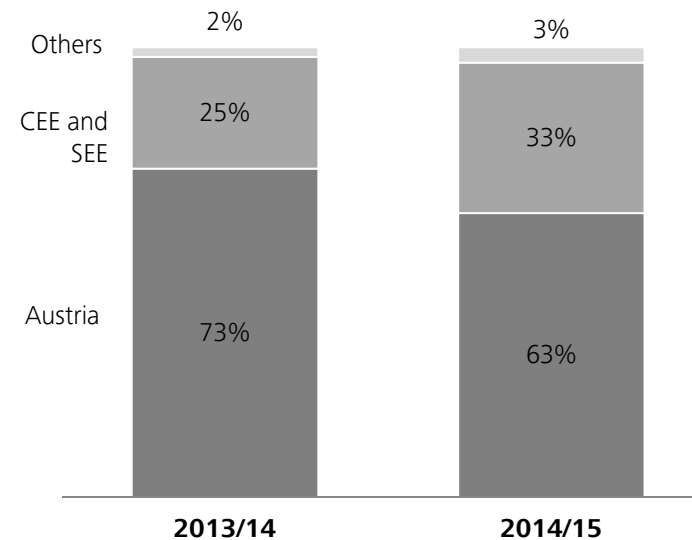
# # 3: Geographical split of revenues and EBITDA



### Geographical revenue split<sup>1)</sup>



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



1) Pre consolidation  
2) Financial year 2013/14 figures adjusted for major one-off effects

## # 4: 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 (2014)	EUR 6,420 (Austria: EUR 38,540; Germany: EUR 35,250)

## # 4: 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 4,470 (Austria: EUR 38,540; Germany: EUR 35,250)



# # 4: Business portfolio South East Europe



Key energy business indicators	2014/15	+/- in %
Electricity generation volumes (GWh)	495	23.9
Network distribution volumes (GWh)	13,536	3.9
Heat sales volumes (GWh)	211	13.8
Grid losses EVN Bulgaria (%)	906.8	-6.3
Grid losses EVN Macedonia (%)	903.4	-1.1
Electricity Customers Bulgaria (EURm)	1.7m	-
Electricity Customers Macedonia (EURm)	0.8m	-

→ **Regulated grid business in Bulgaria and Macedonia**

→ **Gradually liberalisation introduced**

- Bulgarian and Macedonian regulators follow different approaches; large consuming customers already liberalised in both countries

→ **Electricity procurement strategy in focus**

- Electricity procurement strategy as key factor for successful business in liberalised markets

→ **Development of gas supply in Croatia ongoing**

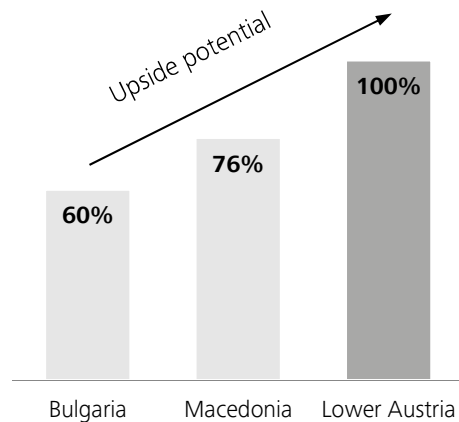
- Mid-term sales quantity: ~40mm<sup>3</sup>

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



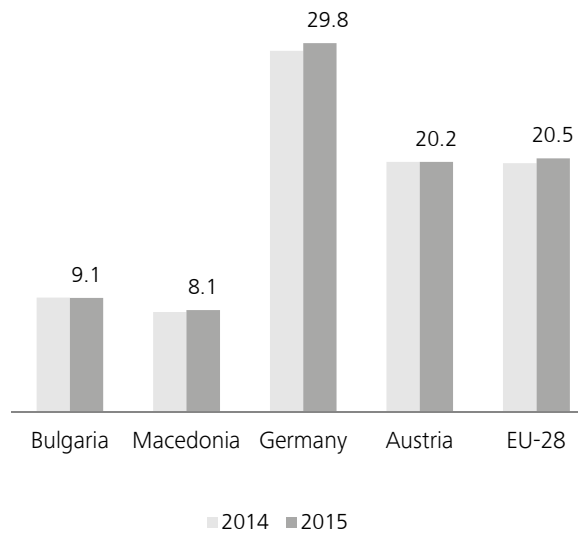
→ Volume

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



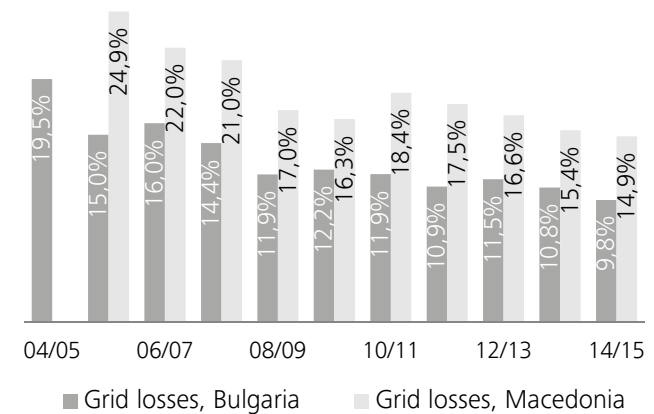
→ Price

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



→ Efficiency

**Improvement of grid efficiency**



1) In %, basis: Lower Austria = 100%, Basis: Sales volume 2014/15

2) Prices incl. energy, grid and transmission costs + VAT; Sources: Eurostat 2013 & 2014 + EVN Bulgaria & Macedonia 2014 & 2015

## # 5: Diversification through environmental business



### 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
  - 8 projects currently under construction
- Strong demand for infrastructure projects set to continue

# # 5: Project types of international environmental services business

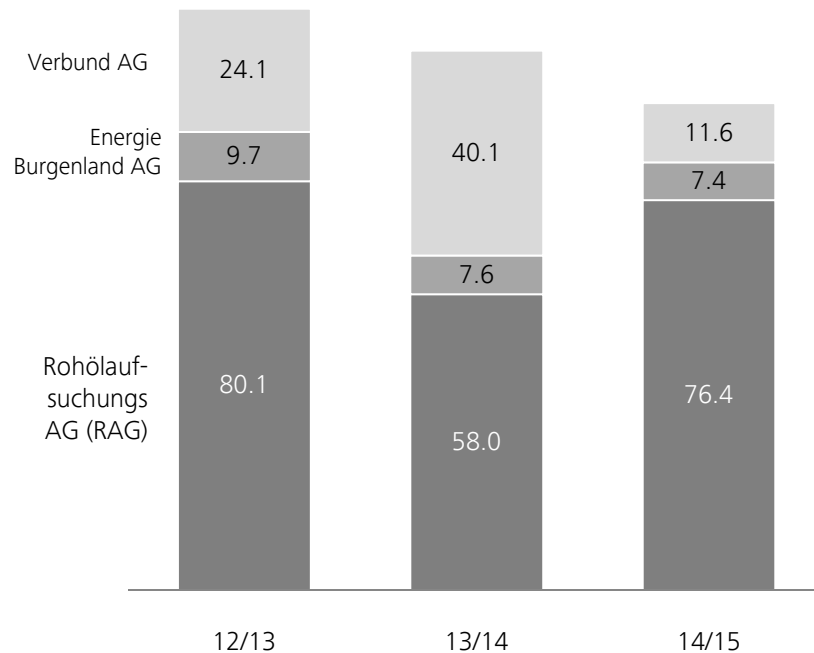


	Turn-key project	PPP project
<b>Scope of activities</b>	Design Construct/build Operate (optional)	Design Construct/build Operate Structure financing Own part or all of equity
<b>Contract length</b>	1–3 years (designing and building) 5–15 years (operations)	10–30 years
<b>Capital intensity</b>	Low	High
<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



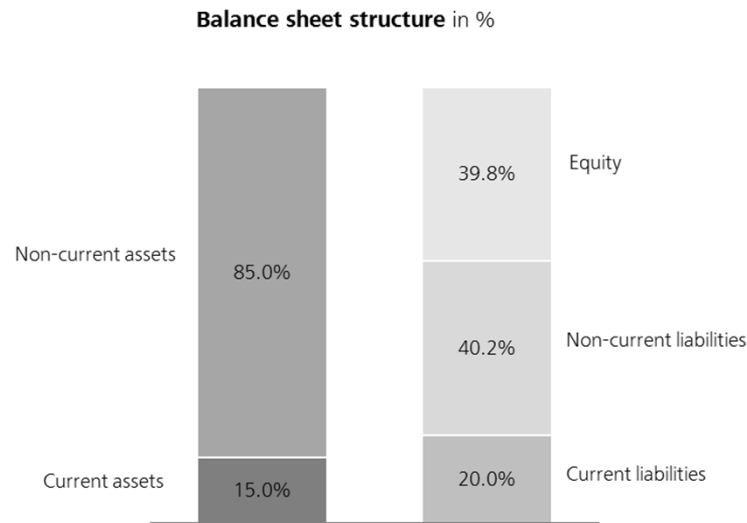
**Strategic investments' contribution to net profit** (in EURm)



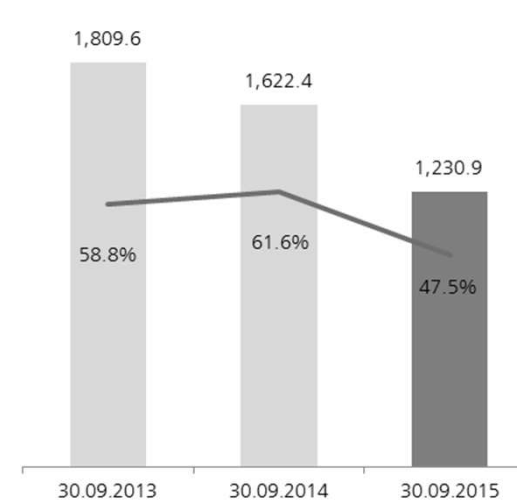
Significant contribution to EVN's net profit

- RAG and Verbund are the main contributors
- Income from RAG above prior-year's level
- Contribution from Verbund AG decreased due to reduced dividend for 2014 of 0.29 EUR/share after 1.00 EUR/share for 2013 (thereof 0.45 EUR/share extraordinary dividend)

# # 7: Solid capital structure



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



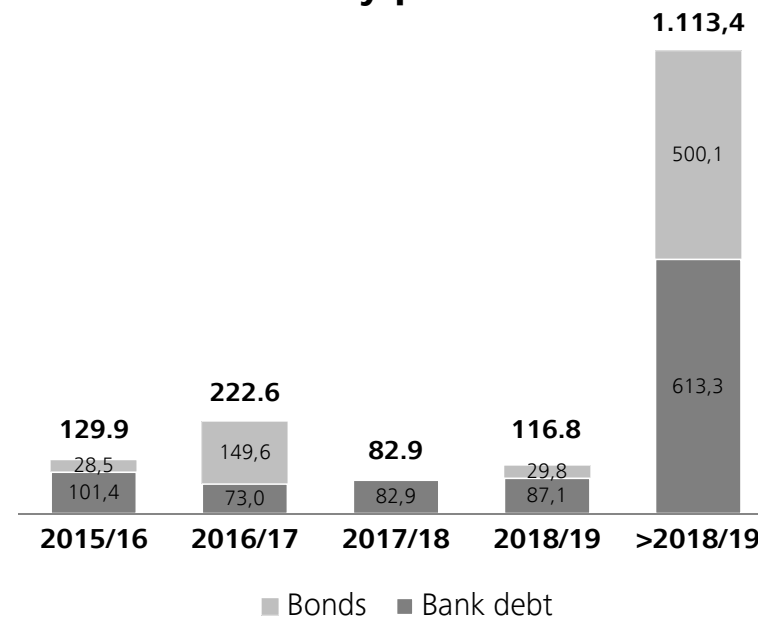
- Solid equity ratio
- Reduced net debt; gearing ratio improved
- Rating
  - S&P: BBB+, stable
  - Moody's: A3, stable
- EVN aims at preserving a competitive investment grade credit rating

# # 7: Debt maturity profile

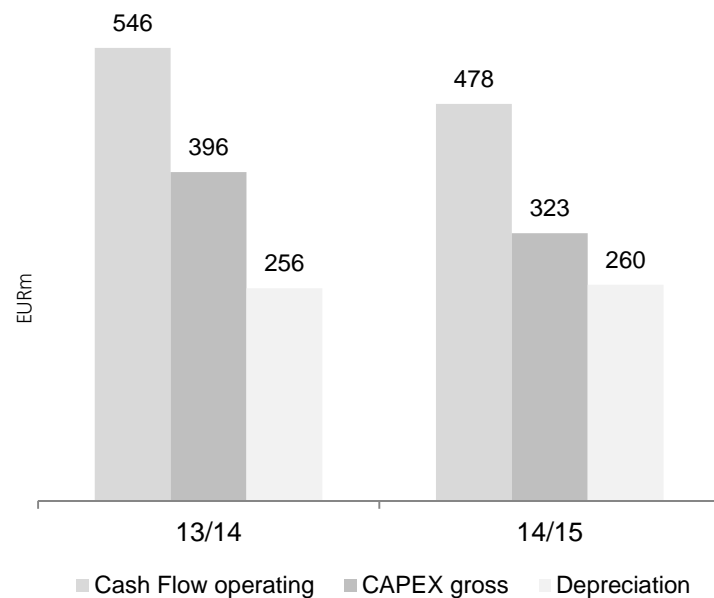


- Long-term debt maturity profile
- Liquidity reserves
  - Syndicated loan of EUR 400m
  - Committed bilateral credit lines of EUR 175.0m

**Debt maturity profile** (in EURm)



## # 7: Strong operating cash flow



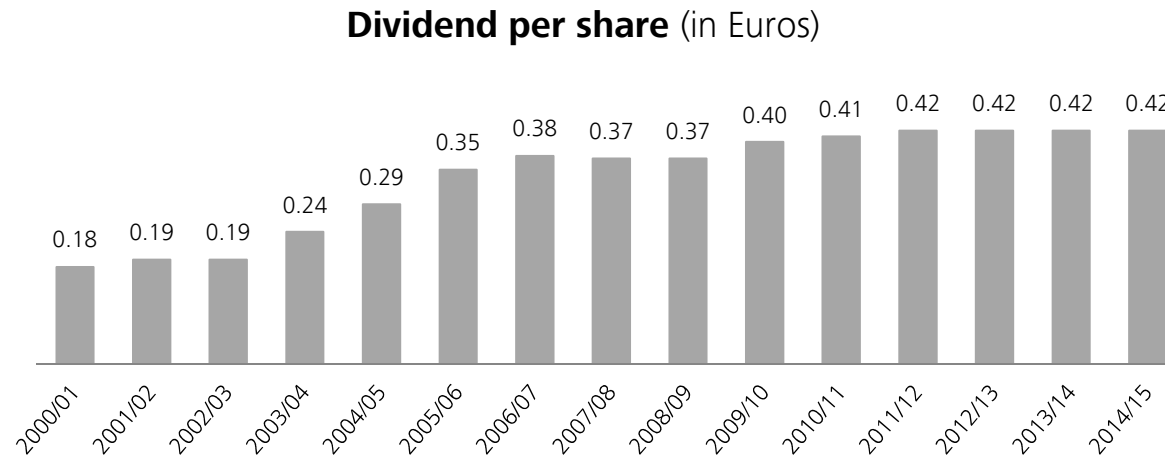
- Strong cash flow due to high share of regulated and stable business
- Operating cash flow
  - Covers investments
  - Secures attractive dividend payments
- CAPEX<sub>gross</sub> exceed depreciation by 24% and secure RAB
  - 50% of Group investments in the regulated “network infrastructure Austria”
- Investment program with a strong focus on RAB-growth
  - Ø future RAB growth 3–4% p.a.



# # 7: Financial policy and dividends

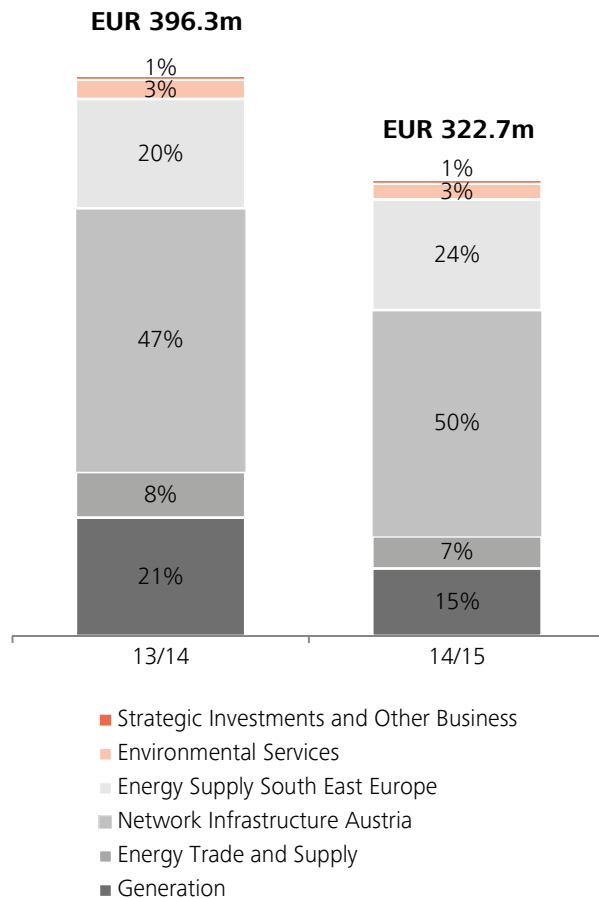


- **Financial policy** going forward based on selected key ratios (unadjusted):
  - Equity ratio > 40% (30.09.2015: 39.8%)
  - Net debt coverage (FFO) ≥ 30% (30.09.2015: 48.4%)
  - Interest cover (FFO) ≥ 5x (30.09.2015: 7.4x)
- **Dividend:** EVN follows an attractive and sustainable dividend policy



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# Investments 2014/15<sup>1)</sup>



## Key investments

- Network infrastructure Austria
- Commissioning (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 meters in SEE
- Investments in natural gas network in Croatia

1) In intangible assets and property, plant and equipment

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- 
- Increase in electricity generation
    - Commissioning of new 37 MW windpark Prottes-Ollersdorf
    - Favourable wind and water flows for renewable generation
    - Short-term use of natural gas-fired power plants to ensure network stability
    - First full-year operation of the Duisburg-Walsum power plant
  - Improvement of operating business in South East Europe and absence of prior year's negative one-off effects and impairment losses
  - Agreement with the city of Moscow on the sale of the sodium hypochlorite plant
  - Increase in EBITDA, EBIT and group net result

# Key financials 2014/15



	2014/15	+/-
	EURm	in %
<b>Revenue</b>	2,135.8	8.2
<b>EBITDA</b>	583.2	-
Depreciation and amortisation	-260.3	-1.7
Effects from impairment tests	-54.7	79.7
<b>EBIT</b>	268.2	-
<b>Financial results</b>	-60.3	-88.9
<b>Group net result</b>	148.1	-
<b>Net cash flow from operating activities</b>	478.3	-12.4
Earnings per share	0.83	-

## → Increase in revenues

- Rise in electricity generation
- Growth in natural gas trading activities
- Positive contribution from Bulgaria and Macedonia

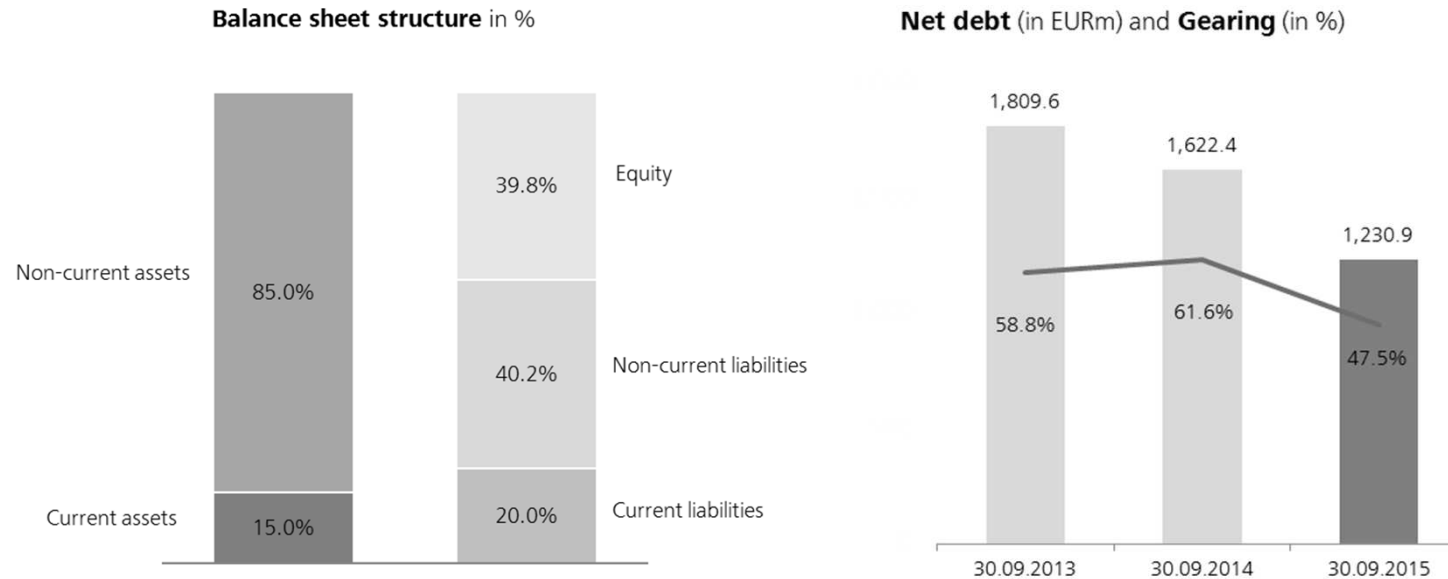
## → Improvement in EBITDA, EBIT and group net result

- Sale of sodium hypochlorite plant Moscow
- Improvement of operating business
- Absence of last year's one-off effects

## → Decrease in financial result

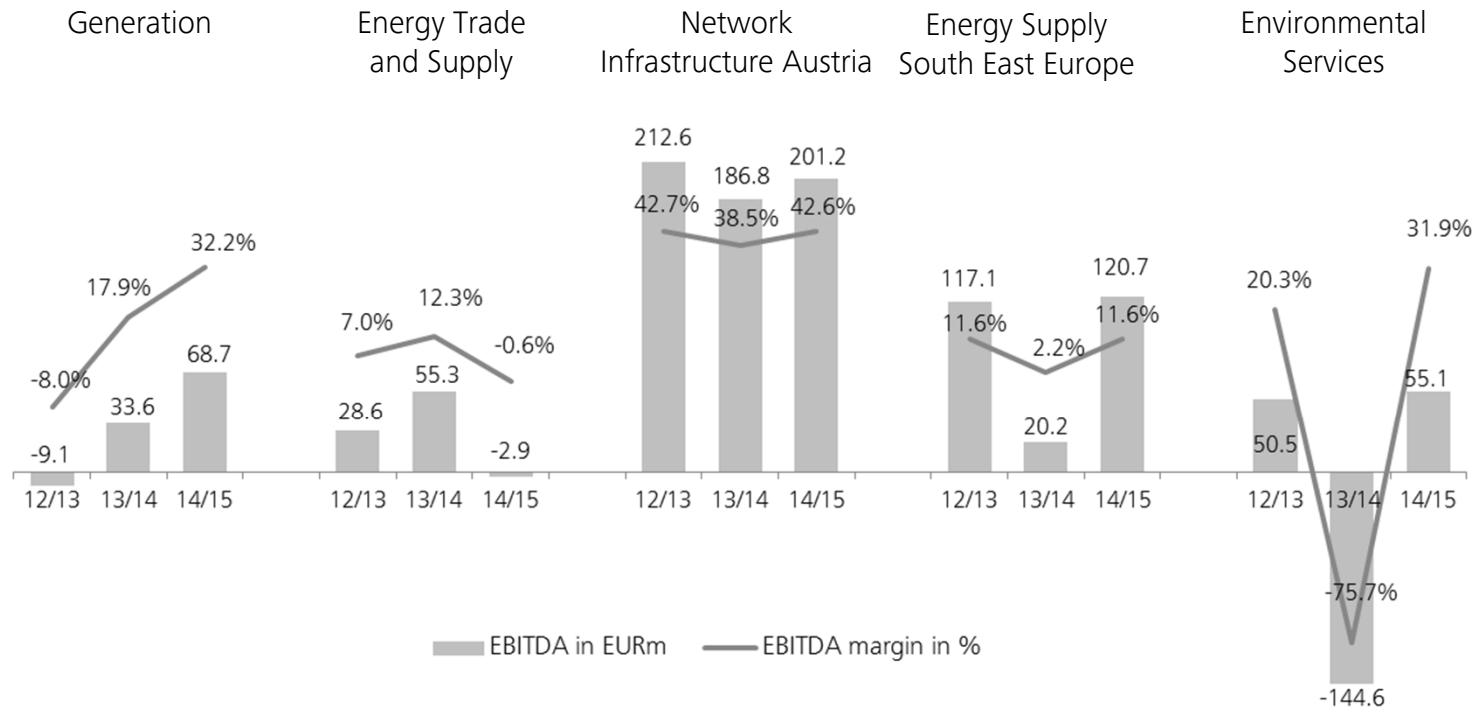
- Lower dividend from Verbund

# Solid balance sheet structure, reduced net debt



- Improvement of equity ratio to 39.8% (previous year: 38.5%)
- Reduction of net debt to EUR 1,230.9m (previous year: EUR 1,622.4m)
- Gearing decreased from 61.6% to 47.5%

# EBITDA development by segments



→ Increase of electricity production

→ Revenue growth  
→ Result influenced by provisions

→ Positive volume effects  
→ Cost reductions and lower additions to personnel provisions

→ Positive volume and price effects  
→ Absence of prior year's one-off effects

→ Sale of sodium hypochlorite plant  
→ Absence of prior year's one-offs



# Generation



	2014/15	+/-
<b>Electricity generation volumes</b>	<b>GWh</b>	<b>in %</b>
Total	4,089	9.9
Renewable energy sources	1,673	9.1
Thermal energy sources	2,416	10.5
<hr/>		
	2014/15	+/-
<b>Financial performance</b>	<b>EURm</b>	<b>in %</b>
Revenue	213.1	13.7
EBITDA	68.7	-
EBIT	-10.5	80.3

→ **Increase of electricity production and revenue**

→ **Rise in EBITDA and EBIT**

- Increased purchase costs for energy carriers almost fully offset by optimisation measures for thermal power plants
- Increase in depreciation
- Impairment losses

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

<b>Sales volumes to end customers</b>	<b>2014/15 GWh</b>	<b>+/- in %</b>
Electricity	6,804	0.3
Natural gas	5,241	-2.6
Heat	1,827	1.2

<b>Financial performance</b>	<b>2014/15 EURm</b>	<b>+/- in %</b>
Revenue	485.8	8.3
EBITDA	-2.9	-
EBIT	-20.6	-

## → Different development of sales volumes

- Slight increases in electricity and heat sales volumes
- Small decline in natural gas sales volumes (mainly due to lower volumes in the household segment)

## → Revenue growth, but lower EBITDA and EBIT

- Energy sales from Duisburg-Walsum power plant and expansion of natural gas trading activities have positive impact on revenue
- Provisions for onerous contracts related to the marketing of EVN's own electricity production

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

Development of tariffs <sup>1)</sup>	+/- in %	Adjustment
Electricity	-1.0%	01.01.2015
Natural gas	-3.0%	01.01.2015

Network distribution volumes	2014/15 GWh	+/- in %
Electricity	8,121	3.1
Natural gas <sup>2)</sup>	14,958	5.9

Financial performance	2014/15 EURm	+/- in %
Revenue	472.0	-2.6
EBITDA	201.2	7.7
EBIT	95.5	14.7

## → 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

- Increase in other operating income (due to increased work in progress)
- Cost reductions and lower additions to personnel provisions

## → 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

# Energy Supply South East Europe



<b>End customer prices<sup>1)</sup></b>		<b>+/- in %</b>	<b>Adjustment</b>
Bulgaria	electricity	-0.4%	01.08.2015
		9.7%	01.10.2014
	heat	-0.7%	01.10.2015
		-7.0%	01.07.2015
Macedonia	electricity	-0.3%	01.07.2015
		3.5%	01.07.2014

<b>Key energy business indicators</b>	<b>2014/15 GWh</b>	<b>+/- in %</b>
Electricity generation volumes	495	23.9
Network distribution volumes <sup>2)</sup>	13,536	3.9
Heat sales volumes	211	13.8

<b>Financial performance</b>	<b>2014/15 EURm</b>	<b>+/- in %</b>
Revenue	1,038.1	15.2
EBITDA	120.7	-
EBIT	57.8	-

## → Positive development of key energy business indicators

- Increase of electricity production
- Weather-related growth of electricity network distribution volumes and heat sales volumes

## → Revenue, EBITDA and EBIT increase

- Revenue growth due to higher sales volumes and higher end customer prices
- Absence of prior year's one-off effects

<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

	2014/15	+/-
Financial performance	EURm	in %
Revenue	172.6	-9.7
EBITDA	55.1	-
EBIT	28.6	-

→ **Decline in revenue**

- Lower revenues from international projects business
- Partly offset by higher revenues from drinking water supplies in Lower Austria

→ **Improvement in EBITDA and EBIT**

- Positive effect from sale of sodium hypochlorite plant in Moscow
- Transfer of plant completed in March 2015 after successful 72-hour test
- Absence of previous year's one-off effects

→ **Positive progress in the international projects business**

- Completion of wastewater treatment projects in Poland, Romania and Cyprus

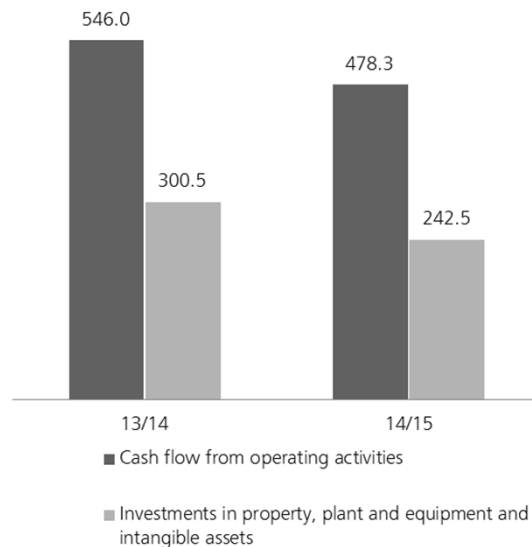
# Cash flow



	2014/15	+/-
	EURm	in %
Gross CF	438.1	29.8
Net CF from operating activities	478.3	-12.4
Net CF from investing activities	-72.7	70.1
Net CF from financing activities	-357.3	-6.7
Net change in cash and cash equivalents	48.3	-

- **Increase of gross cash flow**
  - Strong operating performance
- **Decline in operating cash flow**
  - Due to changes in working capital related to non-recurring effects in 13/14
- **Cash flow from investing activities improved**
- **Cash flow from financing activities**
  - Influenced by sale of sodium hypochlorite plant

**Cash flow from operating activities and investments**



- 
- Austrian network tariffs for electricity and gas will increase as of 1 January 2016
    - Expected increase of electricity network tariffs<sup>1)</sup>: + 11.2%
    - Expected increase of gas network tariffs<sup>1)</sup>: +11.0%
  - 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

<sup>1)</sup> Average; household customers

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## **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 2021.

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# EVN – a fully integrated utility player



## 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

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    - Keep up with EVN

# Strong brand through Corporate Social Responsibility

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- Integration of CSR in EVN's strategy: focus on 12 material CSR areas of activity
- External communication and evaluation of EVN's CSR performance
- Comprehensive CSR organisation (CSR steering committee, CSR advisory team, more than 40 CSR network officers)
- Intense stakeholder dialogue:
  - EVN Advisory Board for the Environment and Social Responsibility, EVN Customer Advisory Board, EVN Social Fund and EVN Art Advisory Board, complaint management, stakeholder surveys, project mediation, etc.

# 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** (2015 result: 91C)



→ CSR reporting: EVN publishes an integrated financial and sustainability report according to **GRI G4** „comprehensive“



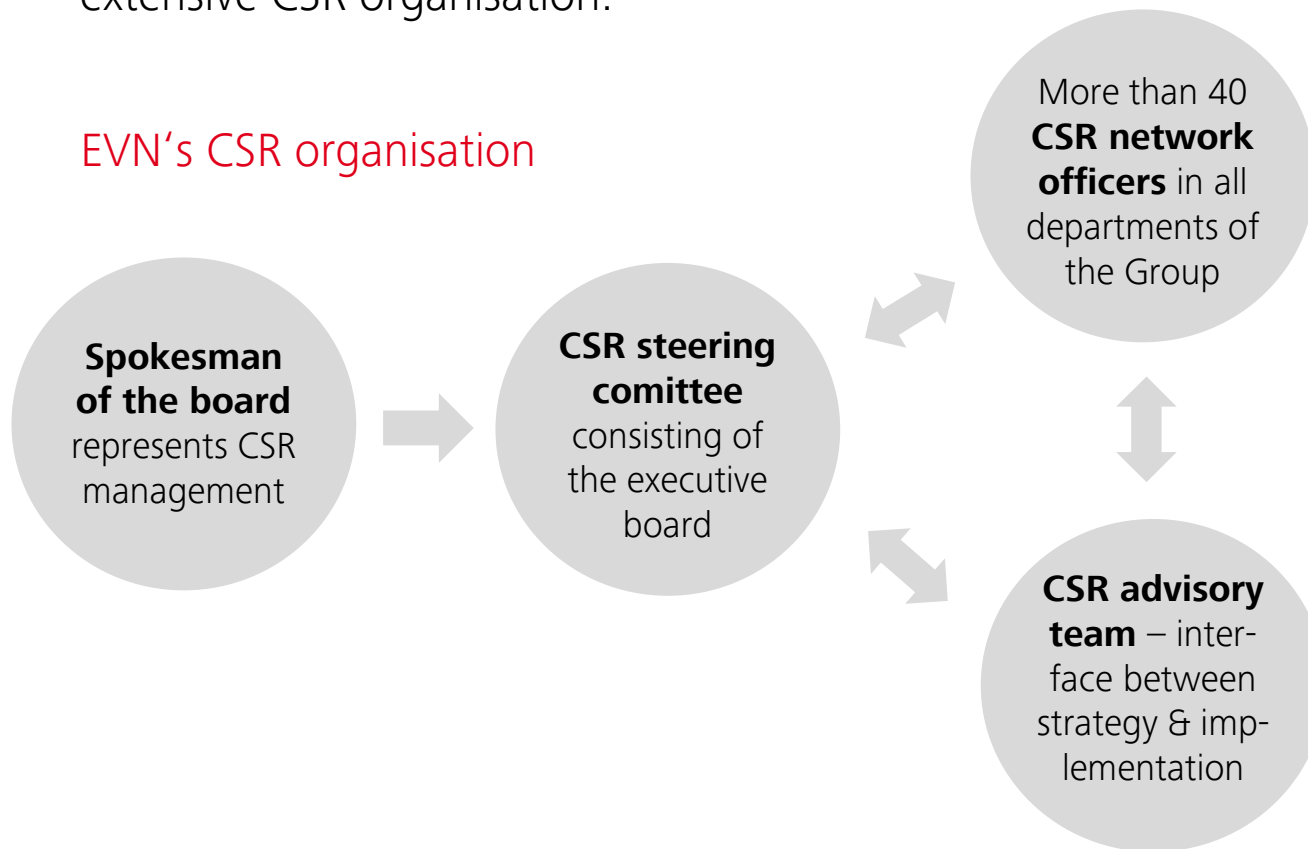
→ Member of the **UN Global Compact**



→ **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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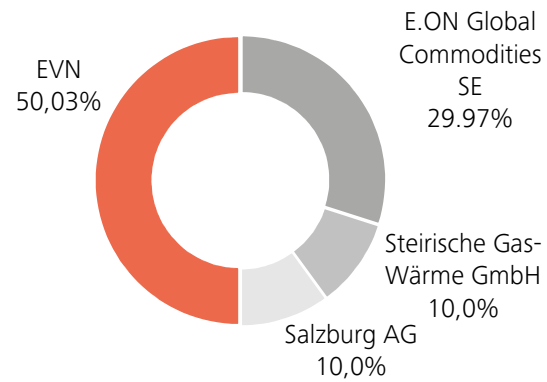
- The most recent stakeholder survey and workshop in 2014 resulted in **EVN's materiality matrix** consisting of 12 strategic areas of activity
- The six most important areas and examples for CSR goals are:
  - **Security of supply** – CSR goal: coverage ratio of 30% of electricity sales
  - **Sustainable 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)

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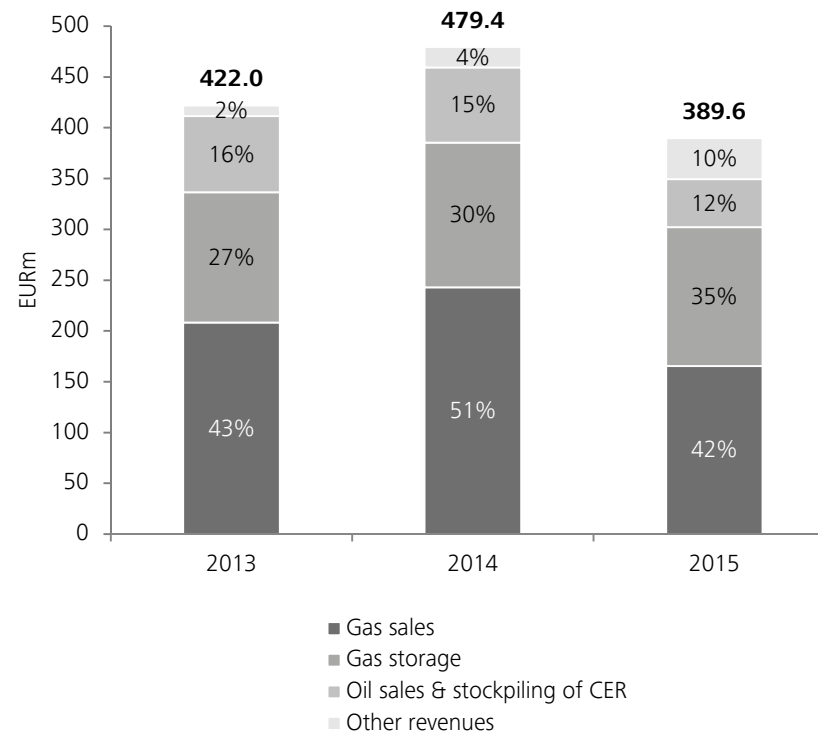
# Case Study: RAG – Rohöl-Aufsuchungs AG<sup>1)</sup>



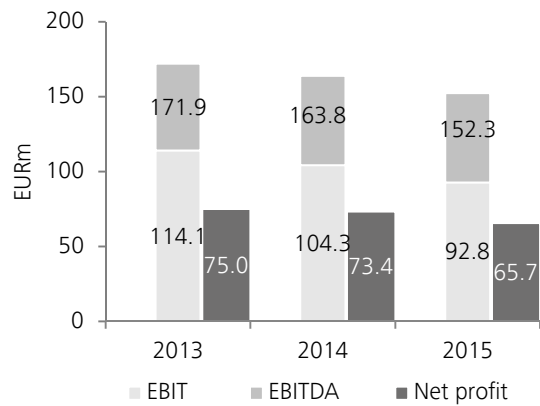
## Shareholder structure



## Revenue breakdown by segments



## EBITDA, EBIT and Net profit



1) Source: RAG, Annual report 2015 according to IFRS  
CER = Compulsory Emergency Reserves

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



<b>Production statistics</b>		<b>2015</b>
Gas production	m m <sup>3</sup>	229,3
Gas sales <sup>2)</sup>	m m <sup>3</sup>	660,6
Oil production	t	116,400
Oil sales	t	117,600
Oil tank storage capacity	t	260,000

<b>Natural gas storage</b>		
Capacity (as of 31.12.2015)	m m <sup>3</sup>	5,812

## 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; 2,640 m m<sup>3</sup>)
- Aigelsbrunn (130 m m<sup>3</sup>)
- Nussdorf/Zagling (229 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

## Case Study: RAG – reflection in EVN Group results

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- 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

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# Additional information

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## **Stefan Szyszkowitz, CFO**

Phone: +43 2236 200-12132

E-mail: [stefan.szyszkowitz@evn.at](mailto:stefan.szyszkowitz@evn.at)

## **Investor Relations:**

### **Gerald Reidinger**

Phone: +43 2236 200-12698

E-mail: [gerald.reidinger@evn.at](mailto:gerald.reidinger@evn.at)

### **Alexander Sipek**

Phone: +43 2236 200-12360

E-mail: [alexander.sipek@evn.at](mailto:alexander.sipek@evn.at)

### **Matthias Neumüller**

Phone: +43 2236 200-12128

E-mail: [matthias.neumueller@evn.at](mailto:matthias.neumueller@evn.at)

### **Doris Lohwasser**

Phone: +43 2236 200-12473

E-mail: [doris.lohwasser@evn.at](mailto:doris.lohwasser@evn.at)

## **Investor information on the web**

[www.evn.at](http://www.evn.at)

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

[www.responsibility.evn.at](http://www.responsibility.evn.at)

E-mail: [investor.relations@evn.at](mailto:investor.relations@evn.at)

## **EVN AG**

Headquarters

EVN Platz

2344 Maria Enzersdorf

## **Financial calender**

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

Next event: Results Q. 3 2015/16,

25 August 2016

# Disclaimer



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Certain statements made in this presentation may constitute “Forward-Looking Statements” within the meaning of the U.S. federal securities law. Forward-looking information is subject to various known and unknown risks and uncertainties. These include statements concerning our expectations and other statements that are not historical facts.

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.

No assurance can be given that these forward-looking statements will prove accurate and correct, or that anticipated, projected future results will be achieved.

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