

EVN

# Company presentation

June 2015

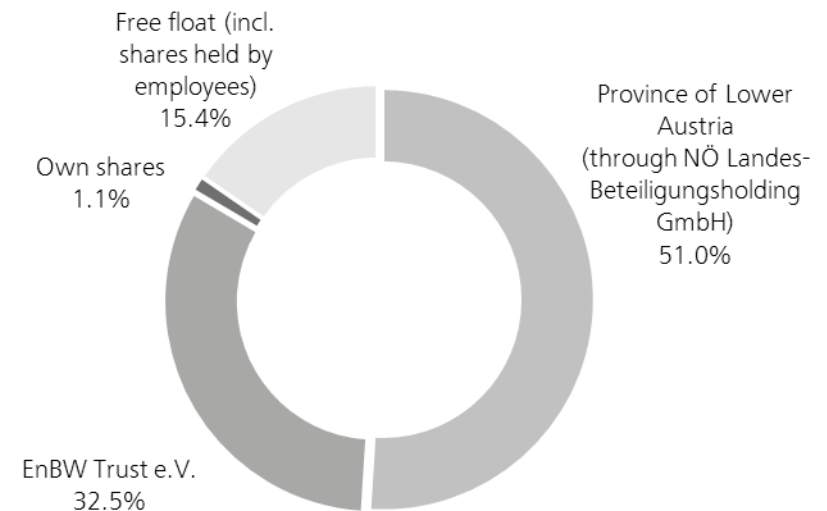
- 
- EVN at a glance
  - Market environment and strategy
  - EVN's success drivers
  - Outlook
  - Appendix
    - Management Board
    - Financial performance 1. HY 2014/15
    - Description of segments
    - CSR
    - RAG
    - Investments and projects
    - Retrospective adjustments of 2012/13 financial 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 31.03.2015)



# 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%

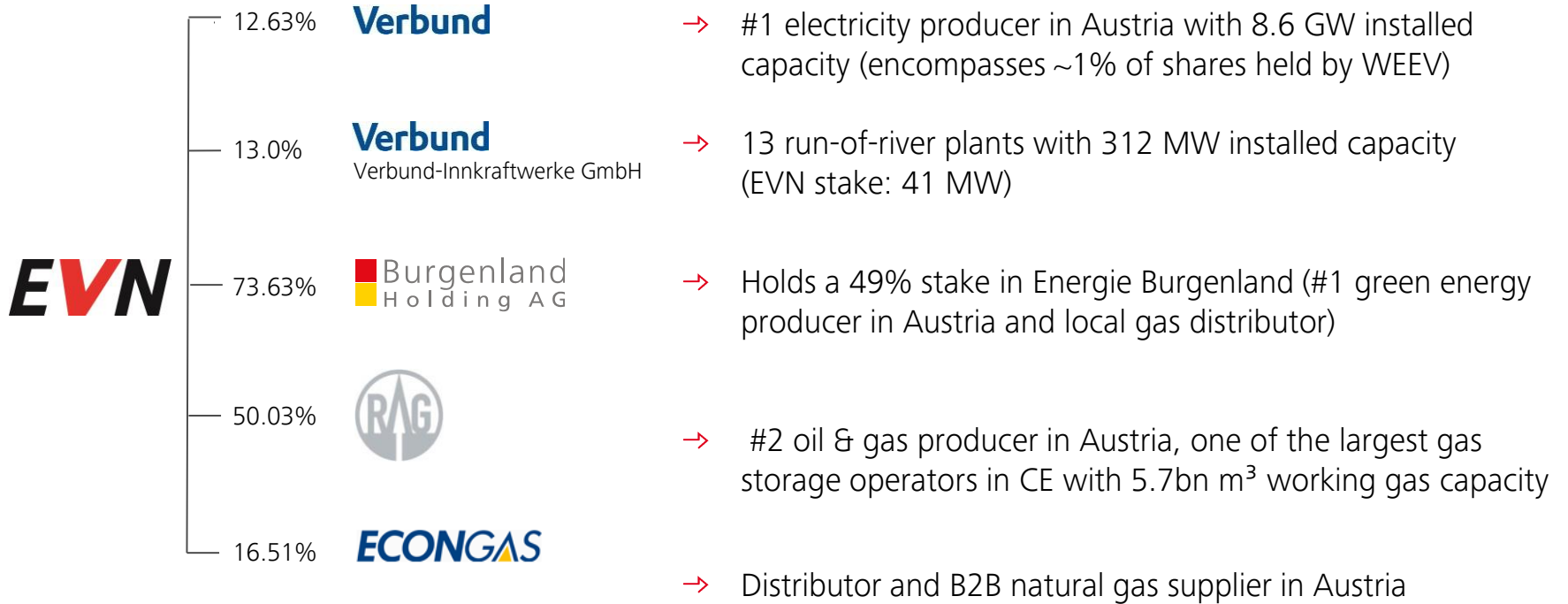
# Environmental services business – 12 countries



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

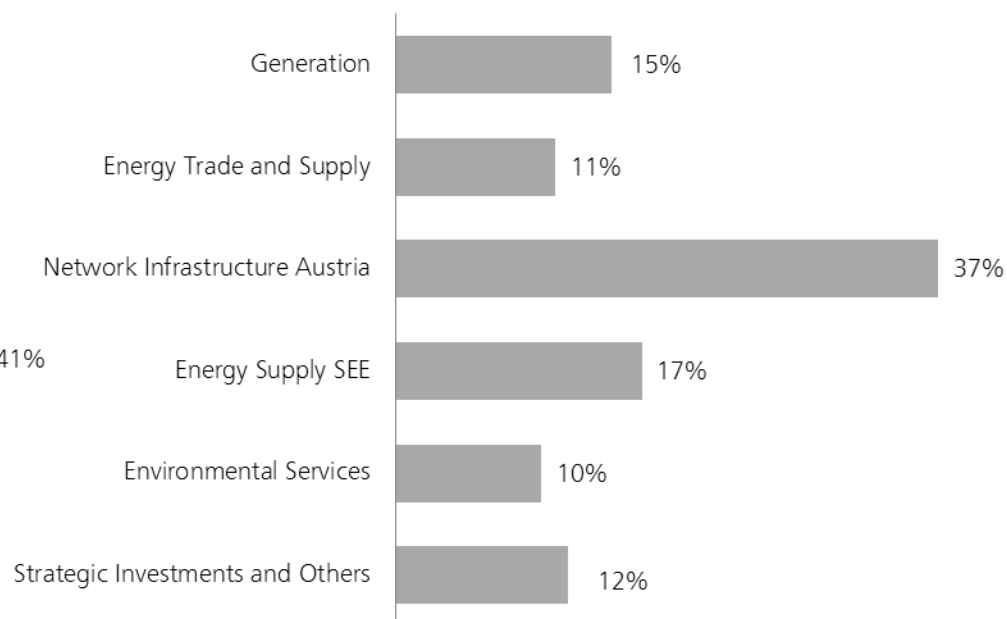
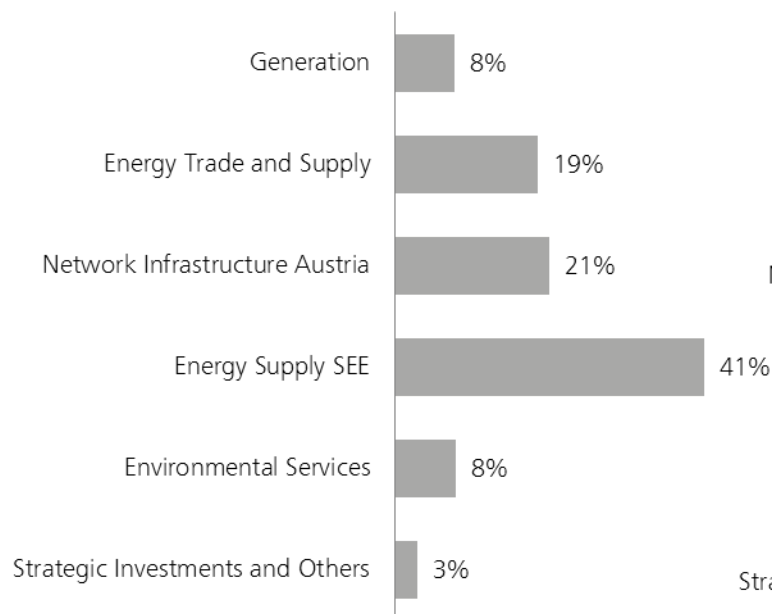
Area:	25,713 km <sup>2</sup>
EVN's supply area:	25,713 km <sup>2</sup>
Population (2014)	2,065,769
Economically active population, 15-64 years (2014):	65.3% (Austria: 75.6%)
GDP per capita (2013)	EUR 8,868 (Austria: EUR 38,050; Germany: EUR 33,355)

# 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>

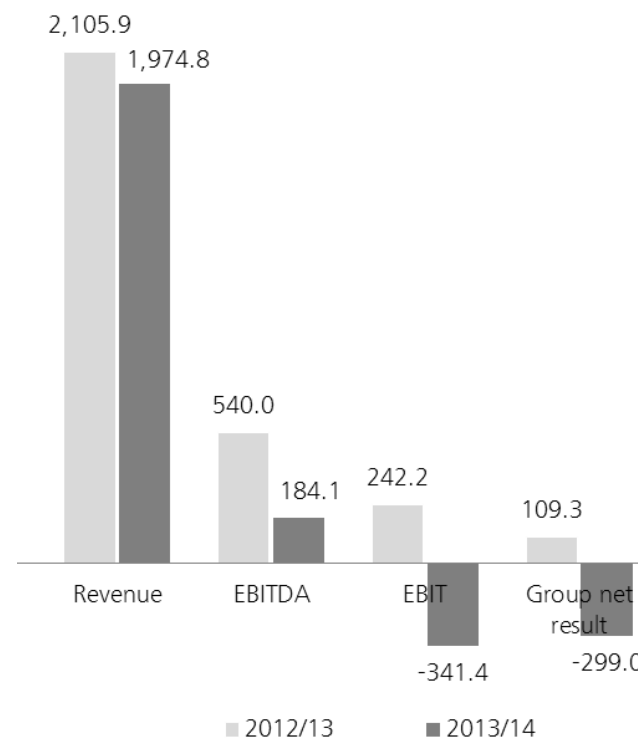


1) Pre consolidation

# 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 result</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%

**Key financial figures** (in EURm)



1) In intangible assets and property, plant and equipment

# The EVN share



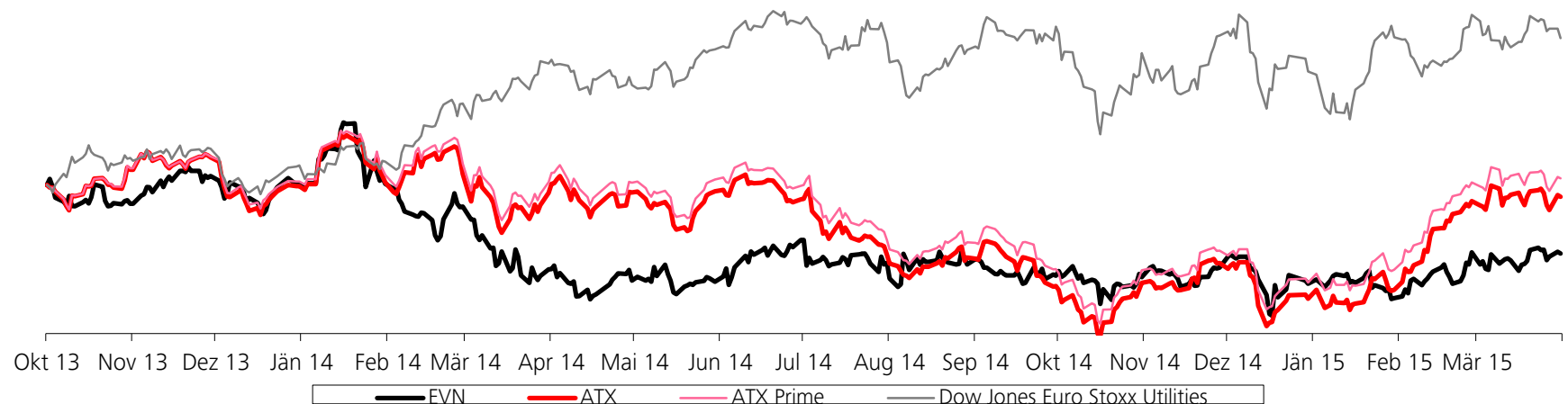
## Basic information

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



## Performance of the EVN share

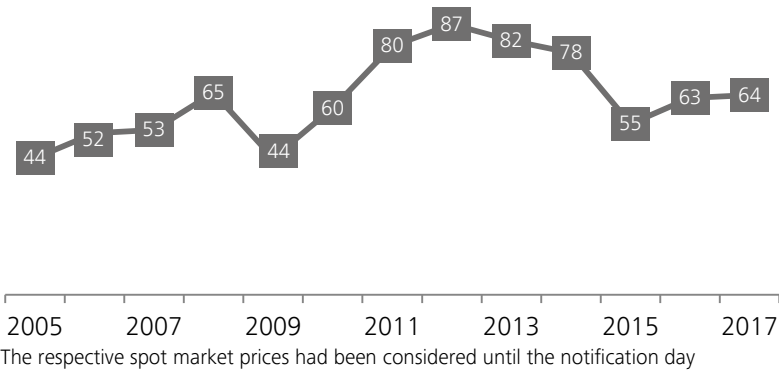


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- 
- Distorted energy markets
    - Market design under discussion
    - Increasing share of volatile renewable production supported by subsidised feed in tariffs
    - Deterioration of wholesale electricity prices
    - Operation of state-of-the-art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

# Energy price developments

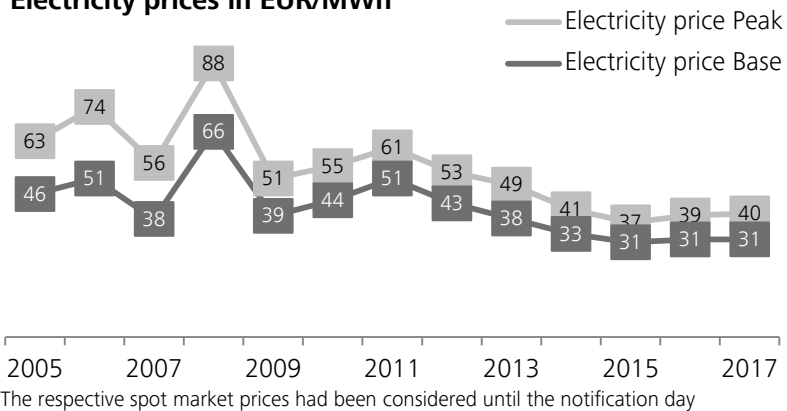
**Crude oil price Brent in EUR/bbl**



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



**Electricity prices in EUR/MWh**



**Spreads in EUR/MWh**



# 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

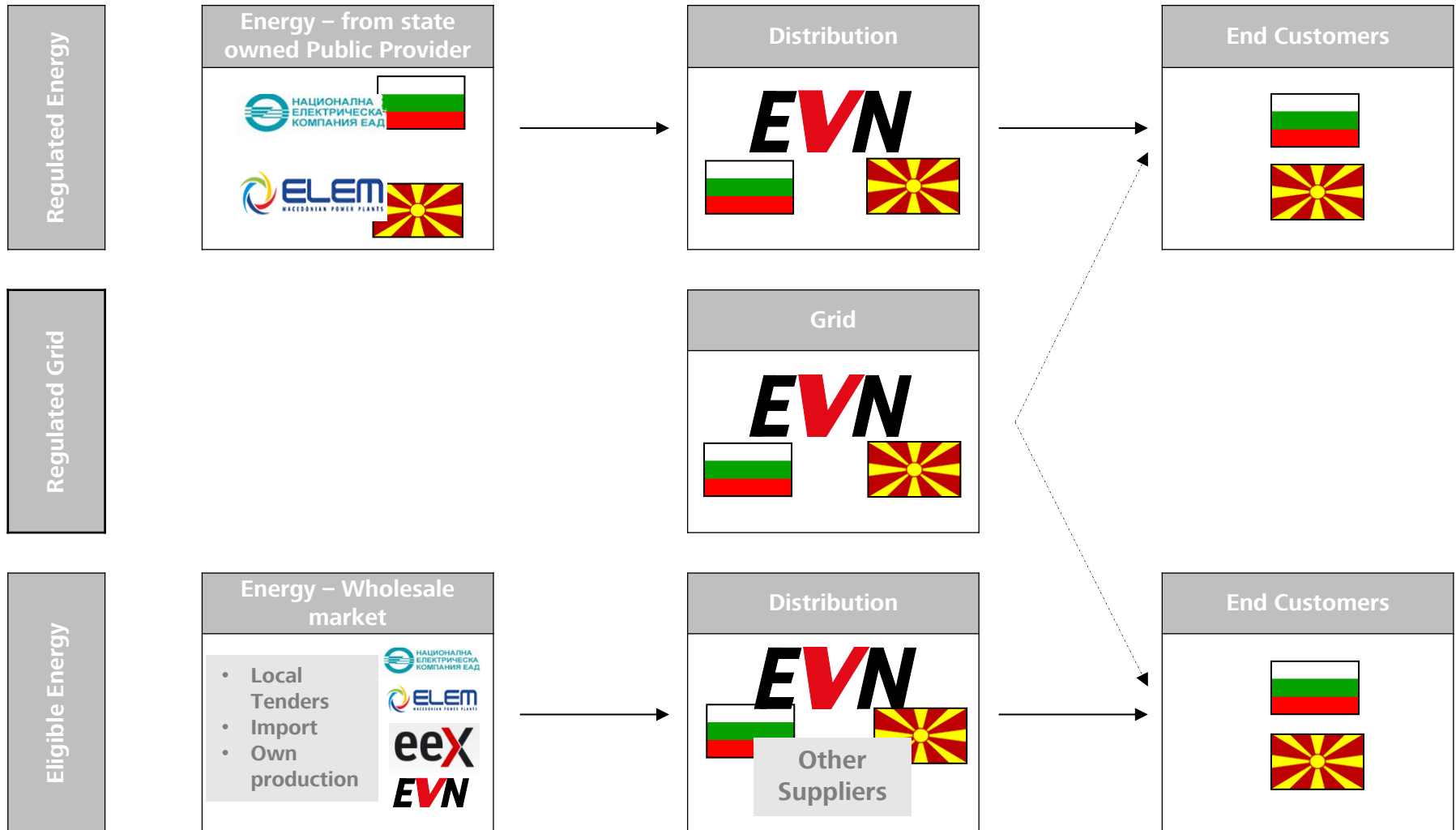
1) Regulatory decision based on new energy law still pending.

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.

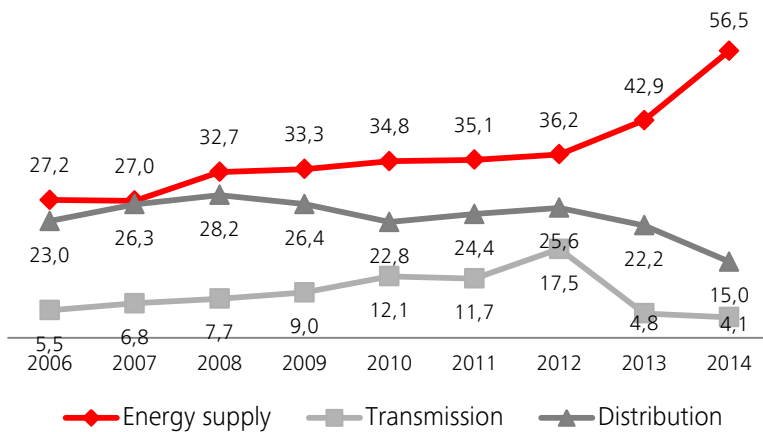
Source: Regulators in Bulgaria (SEWRC) and in Macedonia (ERC)

# EVN's position within the value chain in SEE

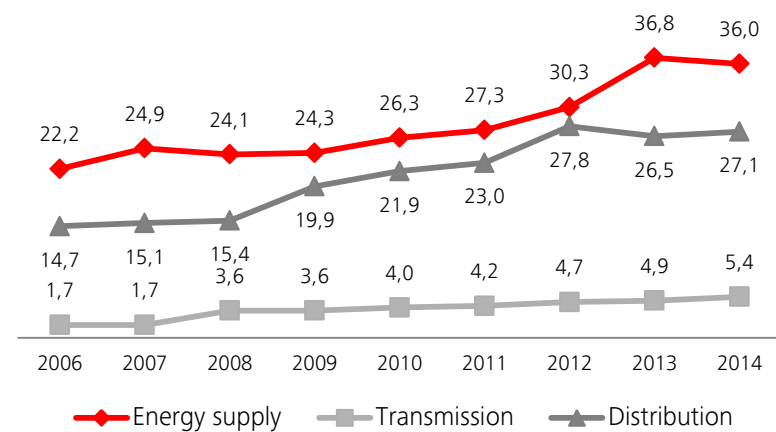


# Regulated electricity price developments in SEE

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>

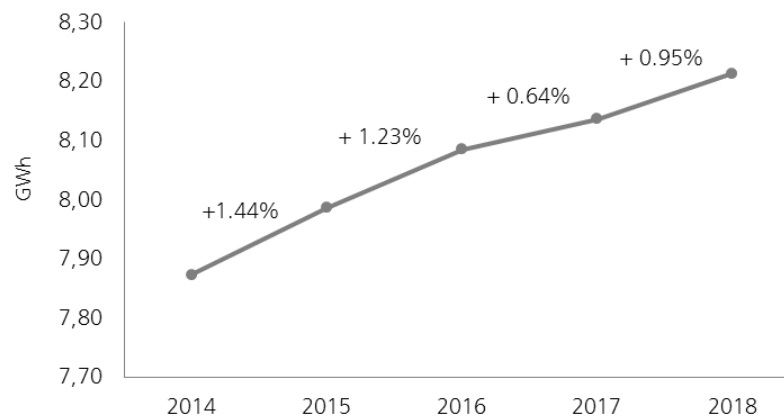
- Increase in number of households (more senior citizens and single households)
- Increase in demand for transport sector, lighting, electronic data processing applications, heating and air conditioning

→ Continuous growth in Lower Austrian electricity consumption

	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)

## 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  
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

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



- 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

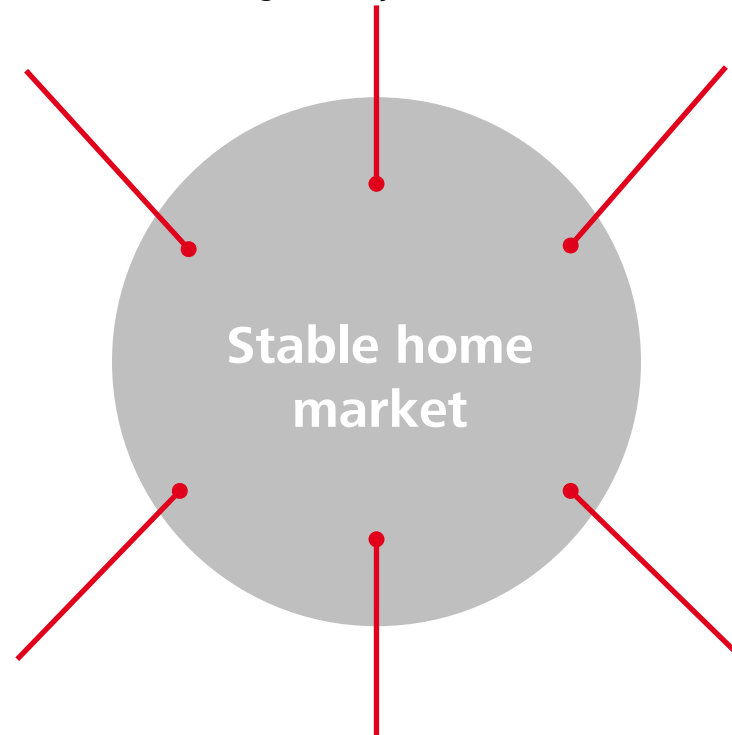
2) Source: Energiestatus Österreich 2013, Bundesministerium für Wirtschaft, Familie und Jugend

- High share of hydropower assets
  - 75% of Austrian electricity generation sourced from renewables<sup>1)</sup>

- Low political risk
  - Transparent and predictable regulatory framework

- Low affordability risk
  - Electricity and gas account for only 4.5% of household income (Germany: 6.0%)<sup>2)3)</sup>

- Low customer churn rates
  - 5 largest suppliers hold more than 2/3 of electricity market share



- No major foreign competition of suppliers
  - Fairly small market size with prices at EU average

- No nuclear power

1) Source: Energiestatus Österreich 2013, Bundesministerium für Wirtschaft, Familie und Jugend  
2) Source: [http://www.statistik.at/web\\_de/fragebogen/private\\_haushalte/eu\\_silc/index.html#index10](http://www.statistik.at/web_de/fragebogen/private_haushalte/eu_silc/index.html#index10)  
3) Source: Forschungsprojekt Nr. 54/09 des BMWi, „Erhebung des Energieverbrauchs der privaten Haushalte für die Jahre 2009-2010“ (pdf)

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

# # 2: Strong market position in Austria



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

**73%**

Market size: **8 TWh**

Electricity market shares in the **Austrian** market

EVN: **10%**  
EAA & Partners: **18%**

**59 TWh**

Gas market shares in **Lower Austria**

EVN: **45%**  
EconGas: **28%**

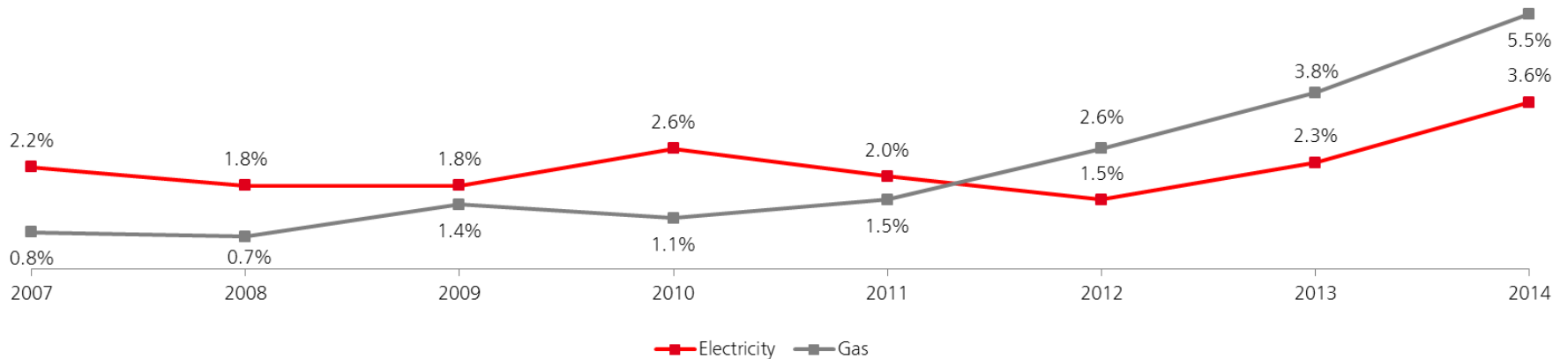
**15 TWh**

Gas market shares in the **Austrian** market

EVN: **7%**  
EconGas: **36%**  
EAA & Partners: **11%**

**93 TWh**

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



Source market shares: E-Control 2013, 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

- 14 windparks with 234 MW generation capacity
- Investments: EUR ~290m

# # 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

→ Majority of EBITDA (76%) derives from regulated or stable earnings

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

→ Regulated business

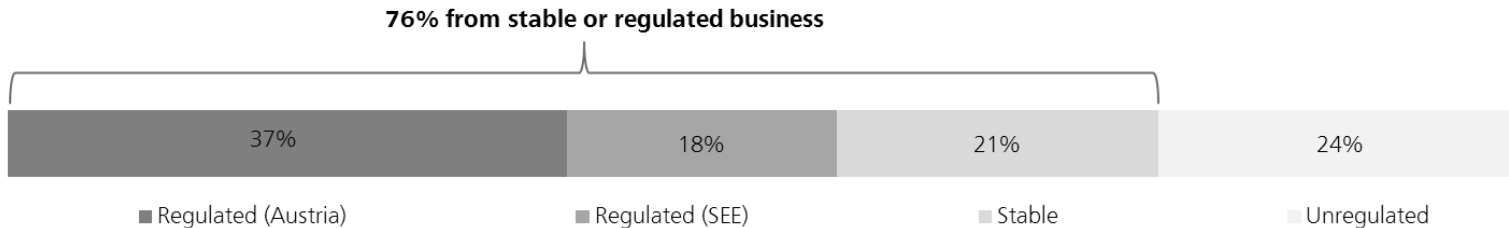
- Grid in Austria
- Grid, supply and heating in SEE
- Wind production in Austria and SEE

→ Unregulated business

- Energy trade and supply
- International environmental projects
- Generation
- Oil and gas E&P/gas storage

→ Stable business

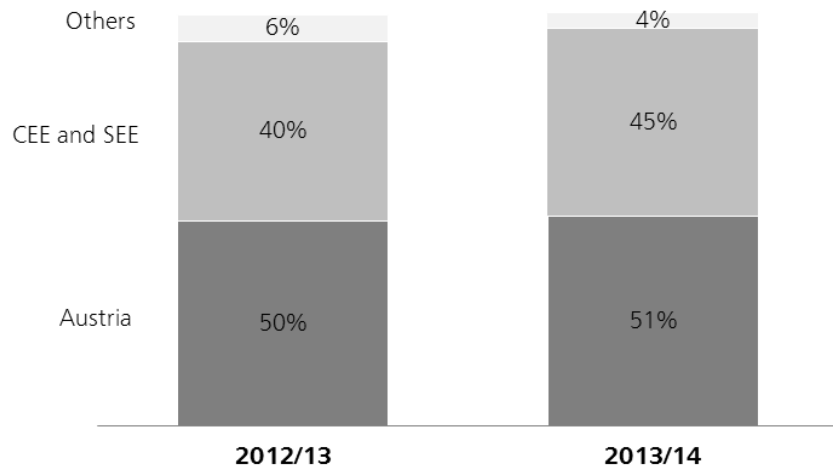
- Water supply business in Lower Austria (3.1%)
- Heating business in Lower Austria (6.0%)
- Cable TV and telecommunication (5.3%)
- Waste incineration in Lower Austria (5.3%)
- Earnings contribution from Burgenland Holding (1.5%)



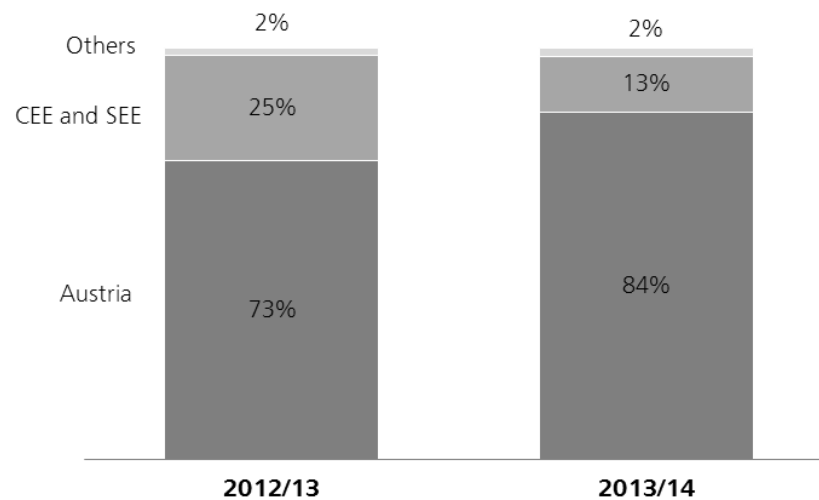
# # 3: Geographical split of revenues and EBITDA

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

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



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



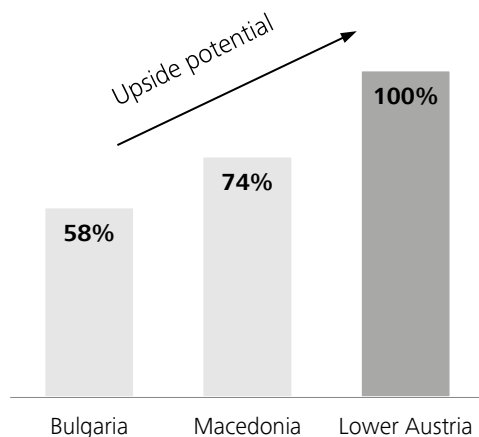
1) Pre consolidation



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

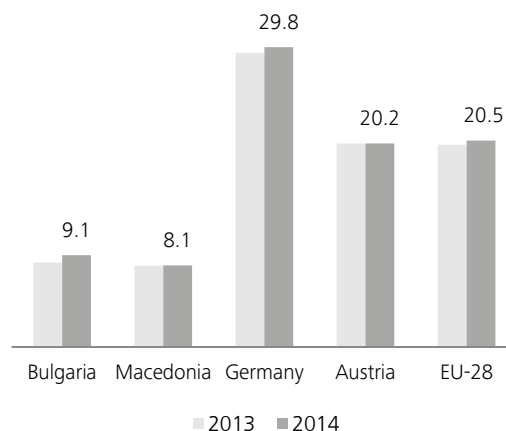
## → Volume

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



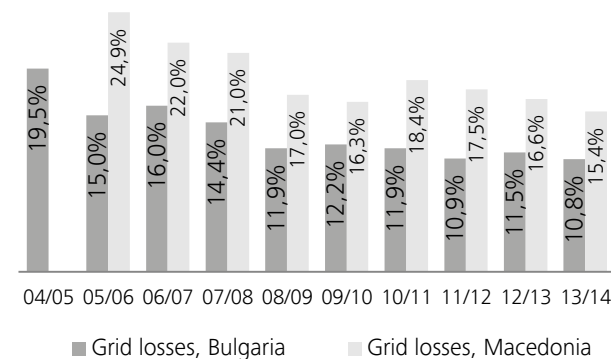
## → Price

**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

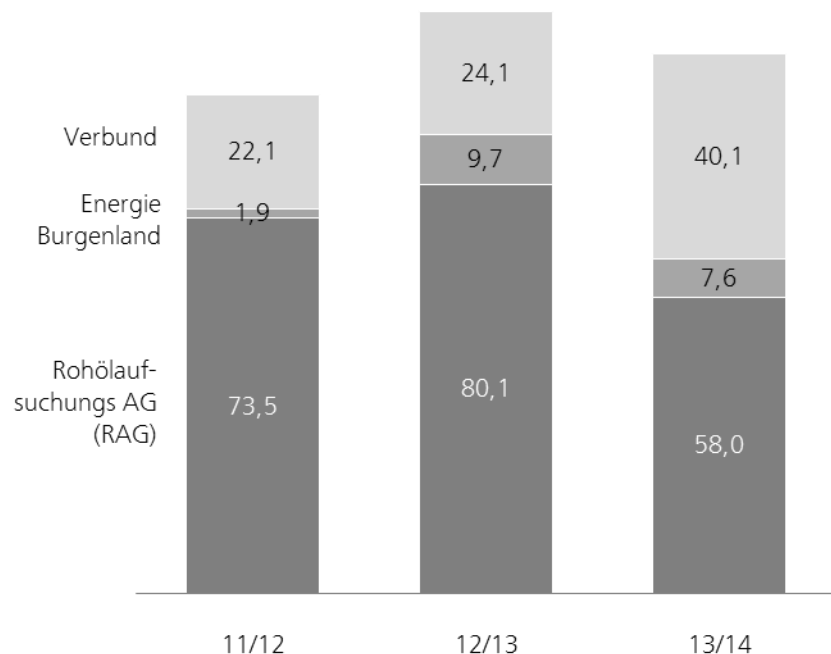
- EVN designs and constructs
  - Drinking water plants
  - Wastewater treatment plants
  - Thermal waste utilisation plants
- More than 100 turn-key and PPP projects in 18 countries since 1983
  - 8 projects currently under construction
- Strong demand for infrastructure projects set to continue

# # 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)

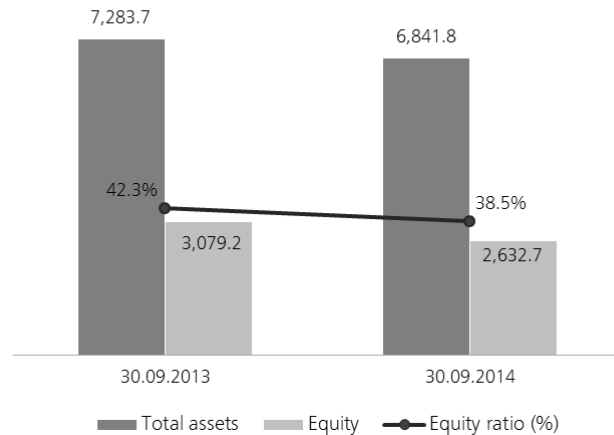


Significant contribution to EVN's net profit

- RAG and Verbund are the main contributors
- Income from RAG 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

**Capital structure** (in EURm)



→ Solid equity ratio

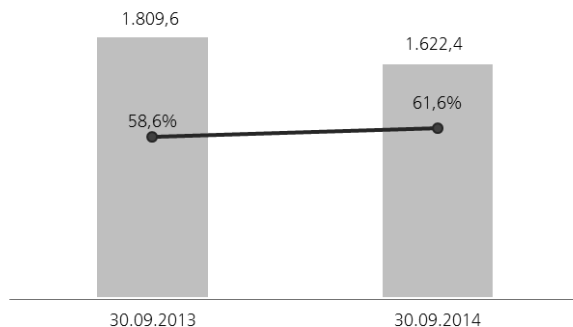
→ Reduced net debt; gearing ratio influenced by slightly decreased equity

→ Rating

– S&P: BBB+, stable

– Moody's: A3, negative

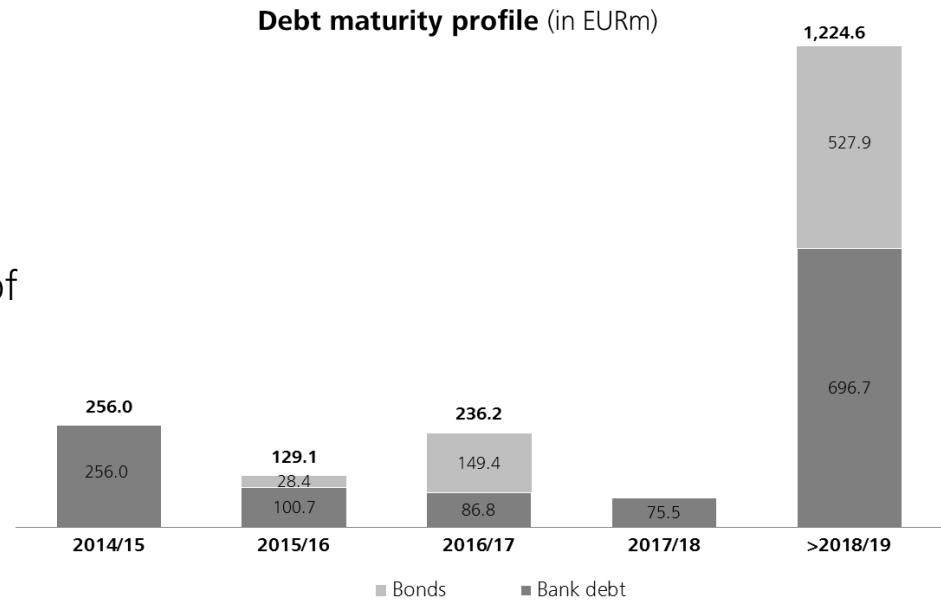
**Net debt** (in EURm) **and Gearing** (in %)



→ EVN aims at preserving a competitive investment grade credit rating

# # 7: Debt maturity profile

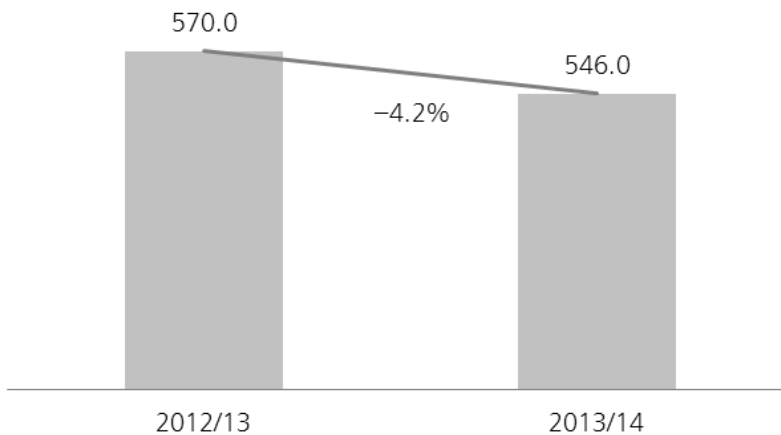
- Balanced debt maturity profile
- Liquidity reserves
  - Syndicated loan of EUR 400m
  - Committed bilateral credit lines of EUR 175.0m



# # 7: Strong operating cash flow

## Cash flow from operating activities

(in EURm)



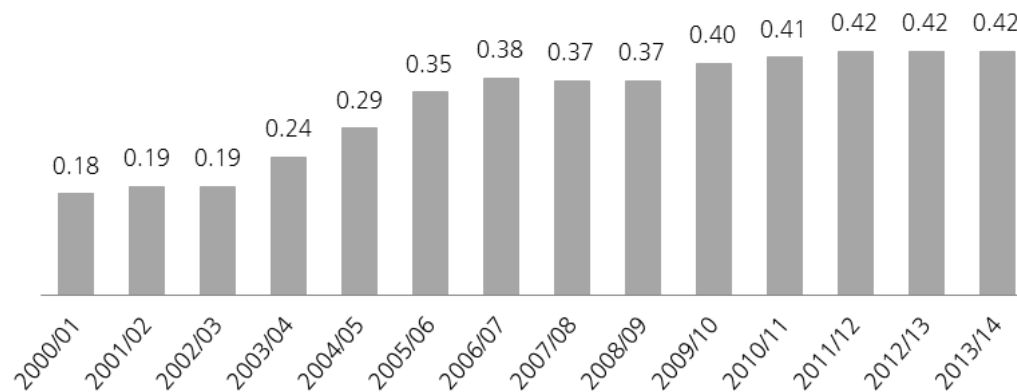
→ Strong cash flow

- 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

**Dividend per share** (in Euros)





- 
- EVN at a glance
  - Market environment and strategy
  - EVN's success drivers
  - Outlook
  - Appendix
    - Management Board
    - Financial performance 1. HY 2014/15
    - Description of segments
    - CSR
    - 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
  - Outlook
  - Appendix
    - Management Board
    - Financial performance 1. HY 2014/15
    - Description of segments
    - CSR
    - 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
  - EVN's success drivers
  - Outlook
  - Appendix
    - Management Board
    - Financial performance 1. HY 2014/15
    - Description of segments
    - CSR
    - RAG
    - Investments and projects
    - Retrospective adjustments of 2012/13 financial figures
    - Contact details

- 
- Significant increase in electricity production
  - Sale of the sodium hypochlorite plant to the water supply and waste water disposal company of the city of Moscow
  - Operating result above prior year; stable Group net result
  - EUR 1 billion investment plan to support supply security in Lower Austria and the expansion of renewable energies over four years already in the implementation phase
  - Reduction in the energy price for electricity at the beginning of the 2014/15 financial year; start of the EVN Bonus World on 1 April 2015
  - Outlook 2014/15: Group net result expected to exceed the 2012/13 level
  - Reduced net debt and gearing

	EURm	2014/15 HY. 1	+/- in %
Revenue		1,224.7	6.5
EBITDA		384.0	18.1
EBIT		237.5	19.5
Financial results		-22.0	-
Group net profit		165.4	-0.5
Net cash flow from operating activities		209.4	-40.2
	EUR		
Earnings per share		0.93	-0.51

## Year-on-year rise in revenue

- Increase in electricity production
- Growth in natural gas marketing activities
- Energy price and network tariff decisions

## Improved EBITDA and EBIT

- Sale of sodium hypochlorite plant
- Better results from equity accounted investees with operational nature

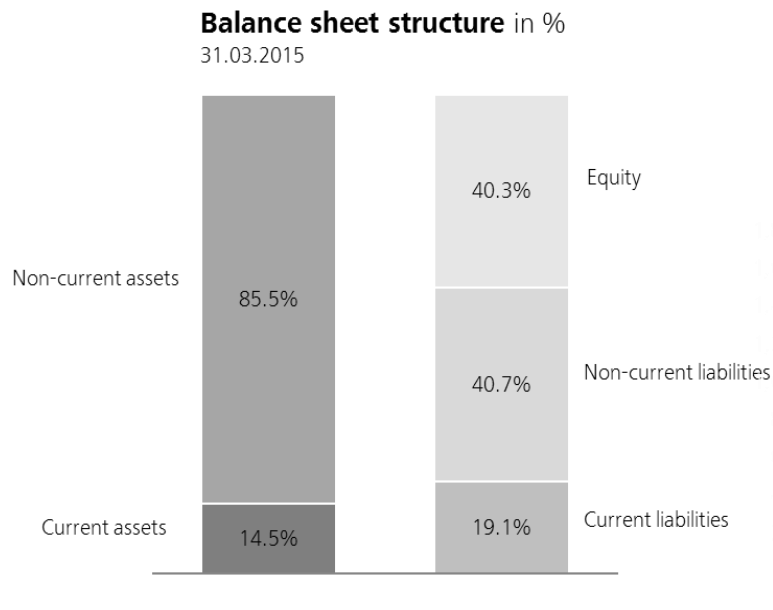
## Decline in financial results

- Lower dividend payment from Verbund AG
- Termination of the hedge for the financing of the sold sodium hypochlorite plant and costs for the related investment guarantee

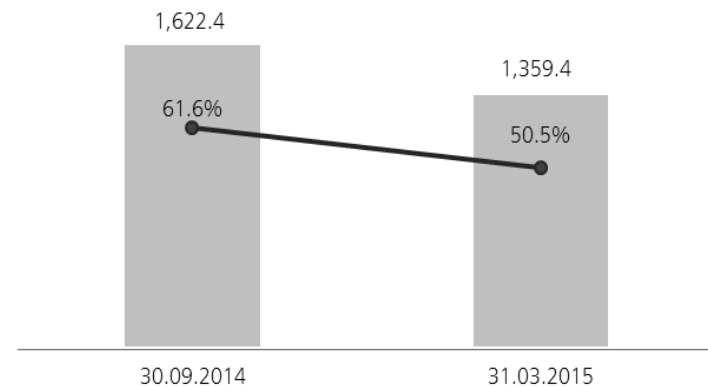
## Decrease in cash flow from op. activities

- Due to increase in working capital



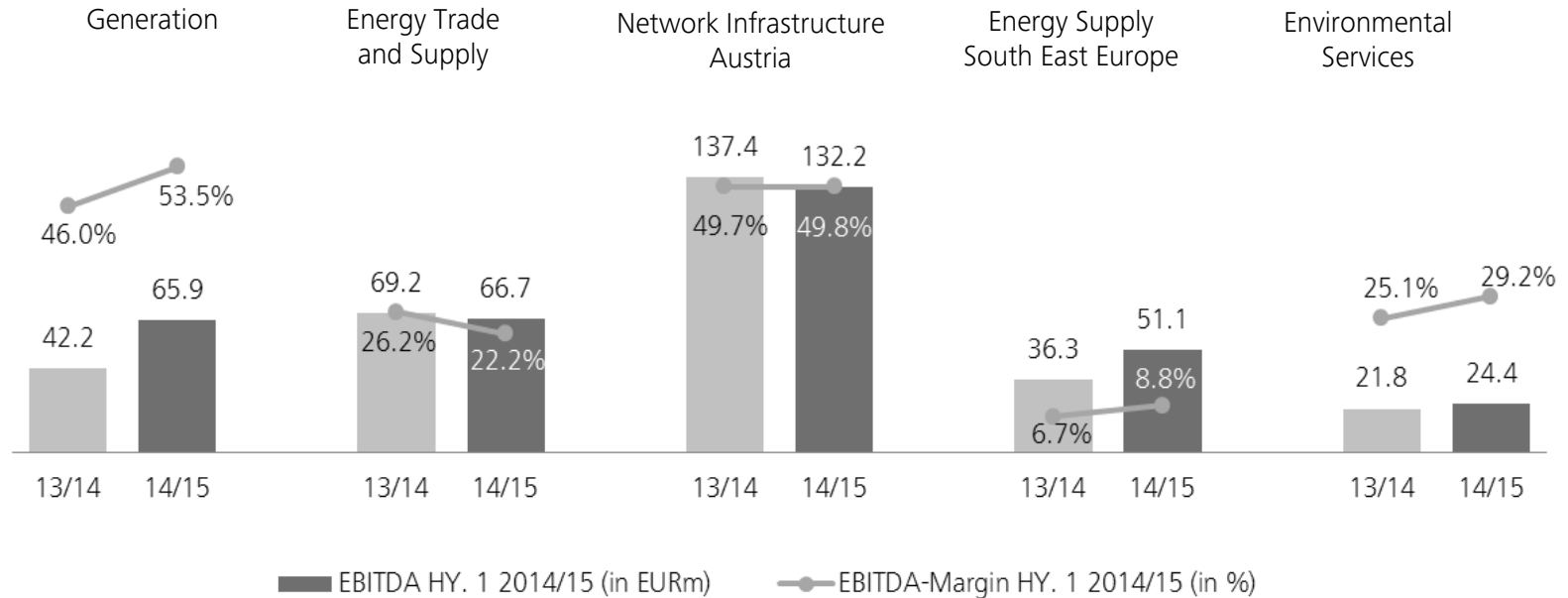


**Net debt (in EURm) and Gearing (in %)**



- Equity ratio 40.3% in comparison to 38.5% as of 30.09.2014
- Net debt reduced by EUR 263.0m to EUR 1,359.4m (compared to 30.09.2014)
- Gearing decreased from 61.6% to 50.5% (compared to 30.09.2014)

# EBITDA development by segments



- Full operations at the Duisburg-Walsum power plant
- Increase in use of natural gas power plants to ensure network stability
- Renewable production

- Electricity and heat sales slightly below prior year level
- Natural gas sales to household customers declined; slight increase of sales to SME customers

- Grid sales quantities increased
- Decrease in electricity and natural gas network tariffs

- Positive volume and price effects

- Sale of sodium hypochlorite plant
- Higher revenue from thermal waste utilisation and water supply in Lower Austria

		<b>2014/15 HY. 1</b>	<b>+/- in %</b>
<b>Electricity generation volumes</b>	GWh		
Total		2,486	34.0
Renewable energy sources		851	15.1
Thermal energy sources		1,635	46.5
<b>Financial performance</b>	EURm		
Revenue		123.3	34.4
EBITDA		65.9	56.3
EBIT		21.6	14.8

## Increase in thermal production

### Rise in production from renewable energy sources

- Increase due to full operations at the Prellenkirchen wind park
- Stepwise commissioning of the Prottes-Ollersdorf windpark

### Higher EBITDA and EBIT

- Higher revenue
- Operating expenses related to full operations at the Duisburg-Walsum power plant
- Rise in depreciation and amortisation due to Duisburg-Walsum and a recognised impairment loss on the Dürnrrohr power plant

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

Electricity and gas	1.10.2014	-10.0%
---------------------	-----------	--------

## Sales volumes to end customers

	GWh	2014/15 HY. 1	+/- in %
Electricity		3,629	-0.7
Natural Gas		4,235	-3.2
Heat		1,229	-0.9

## Financial performance

	EURm		
Revenue		300.1	13.8
EBITDA		66.7	-3.6
EBIT		58.3	-4.9

## Different development of sales volumes

- Slightly lower heat and electricity sales volumes
- Decrease in natural gas volumes due to a decline in the household segment

## Rise in revenues and operating expenses

- Lower revenues from heat sales compensated by sale of production from the Duisburg-Walsum power plant
- Increase in natural gas trading activities

## Decrease in EBITDA and EBIT

- Higher operating expenses

1) Average, household sector (source: EVN)

<b>Tariff structures<sup>1)</sup></b>			
Electricity	01.01.2015	-1.0%	
	01.01.2014	-9.0%	
Natural gas	01.01.2015	-3.0%	
	01.01.2014	7.7%	
<b>Network distribution volumes</b>			
	GWh	<b>2014/15 HY. 1</b>	<b>+/- in %</b>
Electricity		4,261	2.4
Natural gas <sup>2)</sup>		10,363	7.5
<b>Financial performance</b>			
	EURm		
Revenue		265.5	-4.0
EBITDA		132.2	-3.8
EBIT		80.5	-7.2

## Year-on-year increase in network distribution volumes

- Higher electricity distribution volumes above all related to higher demand from industrial customers
- Rise in natural gas demand in all customer segments

## Decrease in EBITDA and EBIT

- Decrease in network tariffs for electricity and natural gas
- Higher revenue in cable TV and telecommunication services
- Decline in operating expenses

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>			
<b>Bulgaria</b>	electricity	1.10.2014	9.7%
	heat	1.7.2014	5.1%
<b>Macedonia</b>	electricity	1.7.2014	3.5%

<b>Key energy business indicators</b>	GWh	<b>2014/15 HY. 1</b>	<b>+/- in %</b>
Electricity generation volumes		288	35.1
Network distribution volumes <sup>2)</sup>		7,483	5.4
Heat sales volumes to end customers		174	13.6

<b>Financial performance</b>	EURm		
Revenue		581.3	7.4
EBITDA		51.1	40.5
EBIT		20.5	-

## Higher electricity generation volumes

→ Good water flows in Macedonia

## Sales volumes increased

→ Temperature-related increase in electricity network distribution volumes and heat sales volumes in Bulgaria

## Year-on-year EBITDA and EBIT increase

→ Rise in electricity and heat prices in Bulgaria

→ Higher operating expenses related to regulatory decisions

→ Continued reduction of network losses

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

2) In Bulgaria and Macedonia energy sales volumes fairly equal present network distribution volumes

		2014/15 HY. 1	+/- in %
<b>Financial performance</b>	EURm		
Revenue		83.8	-3.4
EBITDA		24.4	12.1
EBIT		11.2	44.8
Financial results		-7.9	-
Profit before income tax		3.4	-52.3

## Improvement of EBITDA and EBIT

- Sale of the sodium hypochlorite plant
- Positive effects from water supply and thermal waste utilisation in Lower Austria
- Valuation allowance of aggregate components of the former project waste incineration plant no. 1 in Moscow

## Drop in financial results

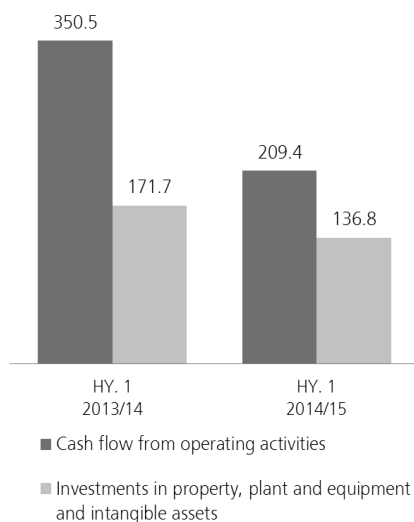
- Termination of the hedge and investment guarantee for the sodium hypochlorite plant
- Decrease in interest income from completed projects

## Business development

- Commissioning of plants in Poland, Romania and Cyprus
- Start-up and takeover of the sodium hypochlorite plant by the city of Moscow

	EURm	<b>2014/15 HY. 1</b>	<b>+/- in %</b>
Gross CF		305.7	1.8
Net CF from operating activities		209.4	-40.3
Net CF from investing activities		95.5	-
Net CF from financing activities		-300.4	-38.6
Net change in cash and cash equivalents		4.6	-

**Cash flow from operating activities and investments**  
in EURm



## Year-on-Year increase of gross cash flow

→ Increase in the result before income tax

## Reduction in net cash flow from operating activities

→ Working capital effect

## Positive cash flow from investing activities

→ Sale of the sodium hypochlorite plant

## Decrease in net cash flow from financing activities

→ Repayment of the financing for the sodium hypochlorite plant

→ Scheduled repayments



- 
- Group net profit 2014/15 is expected to exceed 2012/13 level
  - EVN's strategy:
    - Integrated business model
    - Consolidation of existing business in core markets
    - Increase of efficiency
  - Investment focus on security of supply and expansion of renewable energy production capacities in Lower Austria

- 
- EVN at a glance
  - Market environment and strategy
  - EVN's success drivers
  - Outlook
  - Appendix
    - Management Board
    - Financial performance 1. HY 2014/15
    - Description of segments
    - CSR
    - 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
  - EVN's success drivers
  - Outlook
  - Appendix
    - Management Board
    - Financial performance 1. HY 2014/15
    - Description of segments
    - CSR
    - 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)



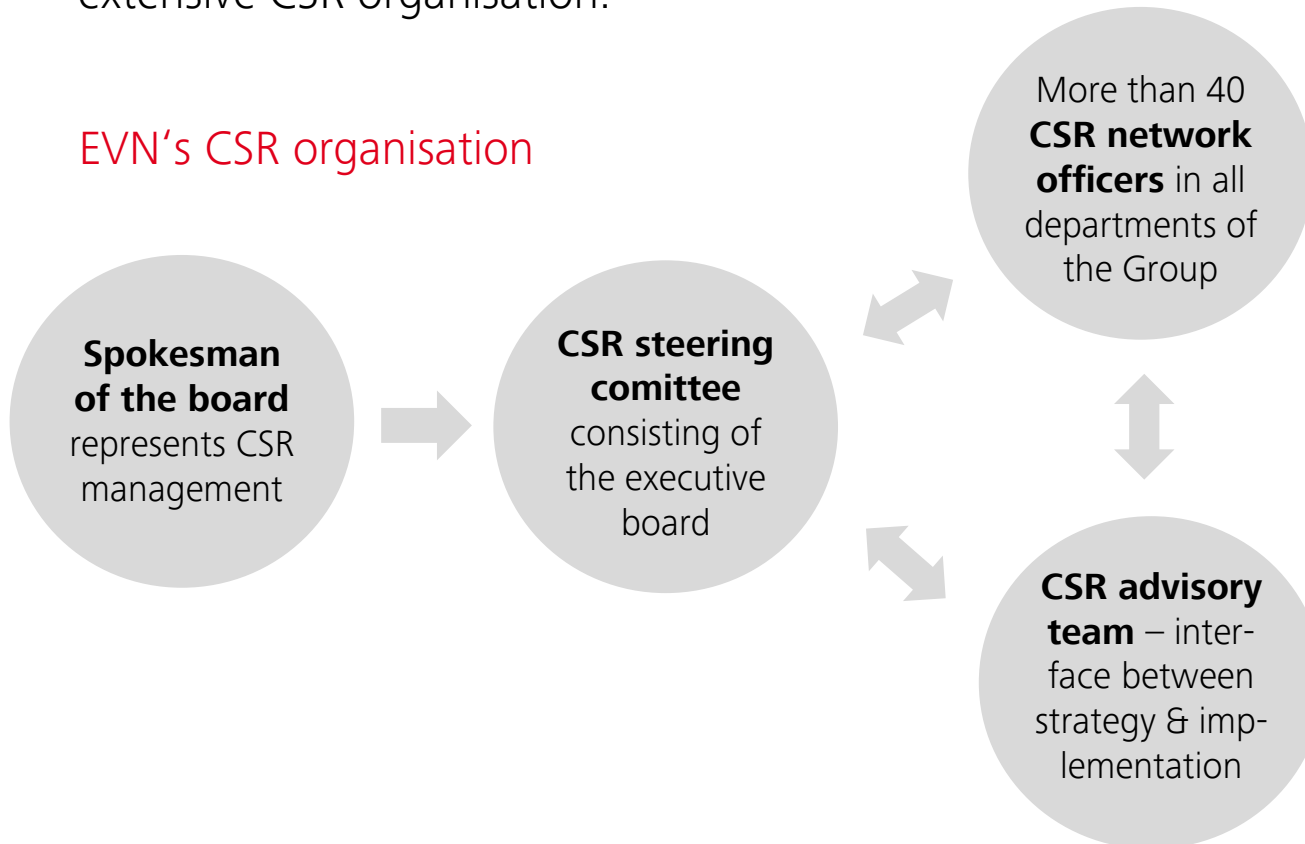
→ Member of the **UN Global Compact**



→ **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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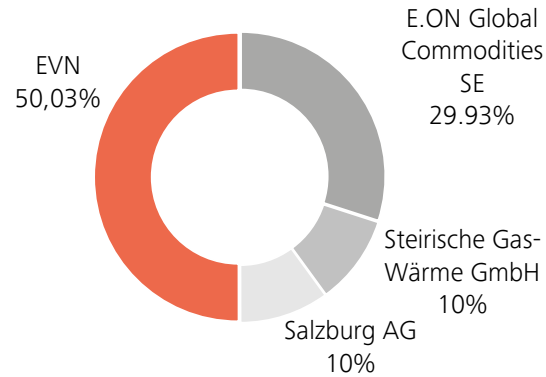
- The most recent stakeholder survey and workshop in 2014 resulted in **EVN's materiality matrix** consisting of 12 strategic areas of activity
- The six most important areas and examples for CSR goals are:
  - **Security of supply** – CSR goal: coverage ratio of 30% of electricity sales
  - **Sustainable 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 conversation**
  - **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
  - CSR
  - EVN's success drivers
  - Outlook
  - Appendix
    - Management Board
    - Financial performance 1. HY 2014/15
    - Description of segments
    - RAG
    - Investments and projects
    - Retrospective adjustments of 2012/13 financial figures
    - Contact details

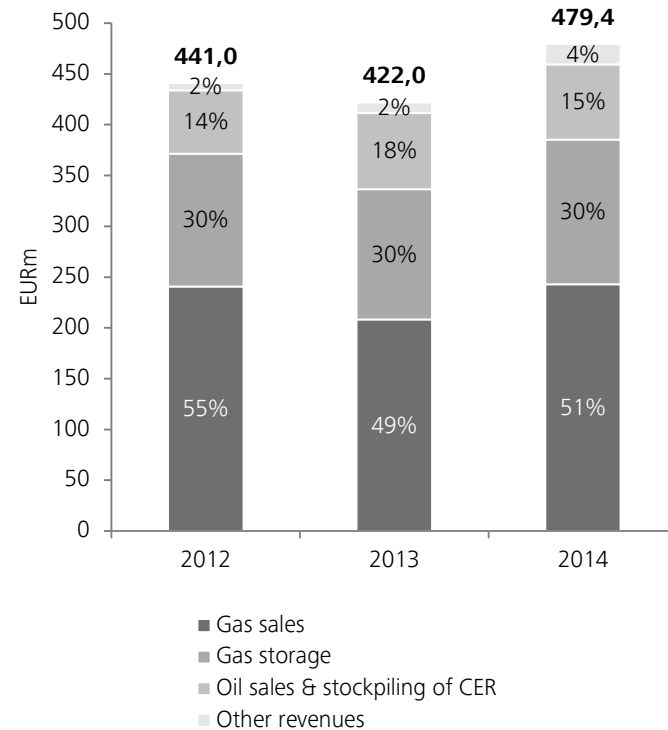


# Case Study: RAG – Rohöl-Aufsuchungs AG<sup>1)</sup>

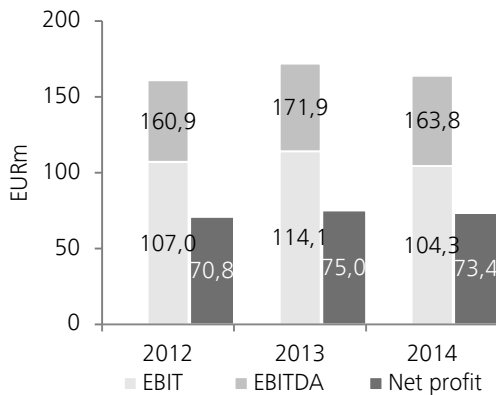
## Shareholder structure



## Revenue breakdown by segments



## EBITDA, EBIT and Net profit



1) Source: RAG, Annual report 2014 according to IFRS  
CER = Compulsory Emergency Reserves

<b>Production statistics</b>		<b>2014</b>
Gas production	m m <sup>3</sup>	248.7
Gas sales <sup>2)</sup>	m m <sup>3</sup>	911.5
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 31.12.2014)	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)

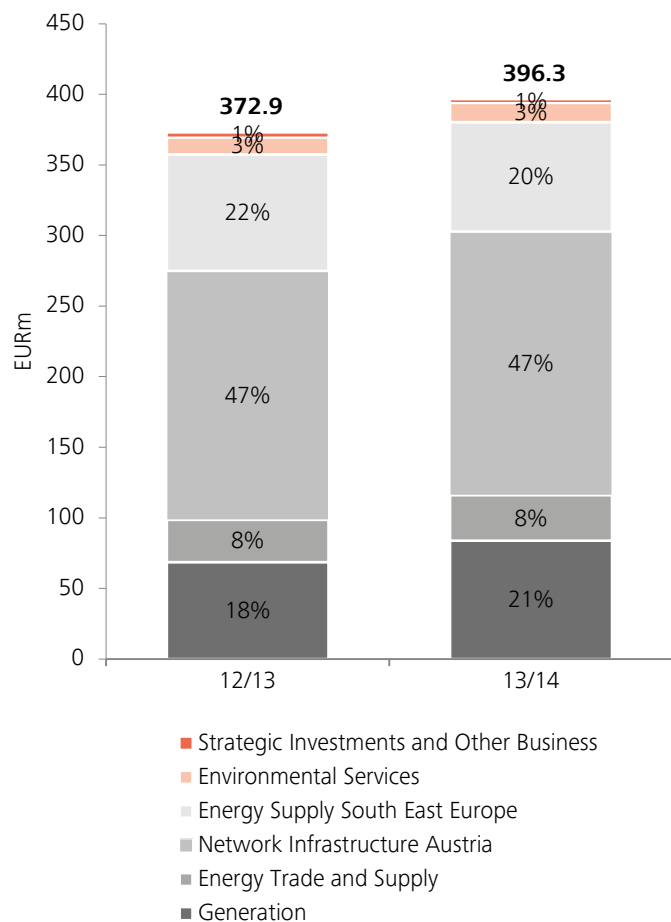
- Haidach (JV with Gazprom & Wingas; 2,656 m m<sup>3</sup>)
- Aigelsbrunn (130 m m<sup>3</sup>)
- Nussdorf/Zagling (117 m m<sup>3</sup>)
- Puchkirchen (1,080 m m<sup>3</sup>)
- 7Fields (1,733 m m<sup>3</sup>)

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
  - Outlook
  - Appendix
    - Management Board
    - Financial performance Q. 1 2014/15
    - Description of segments
    - CSR
    - RAG
    - Investments and projects
    - Retrospective adjustments of 2012/13 financial figures
    - Contact details

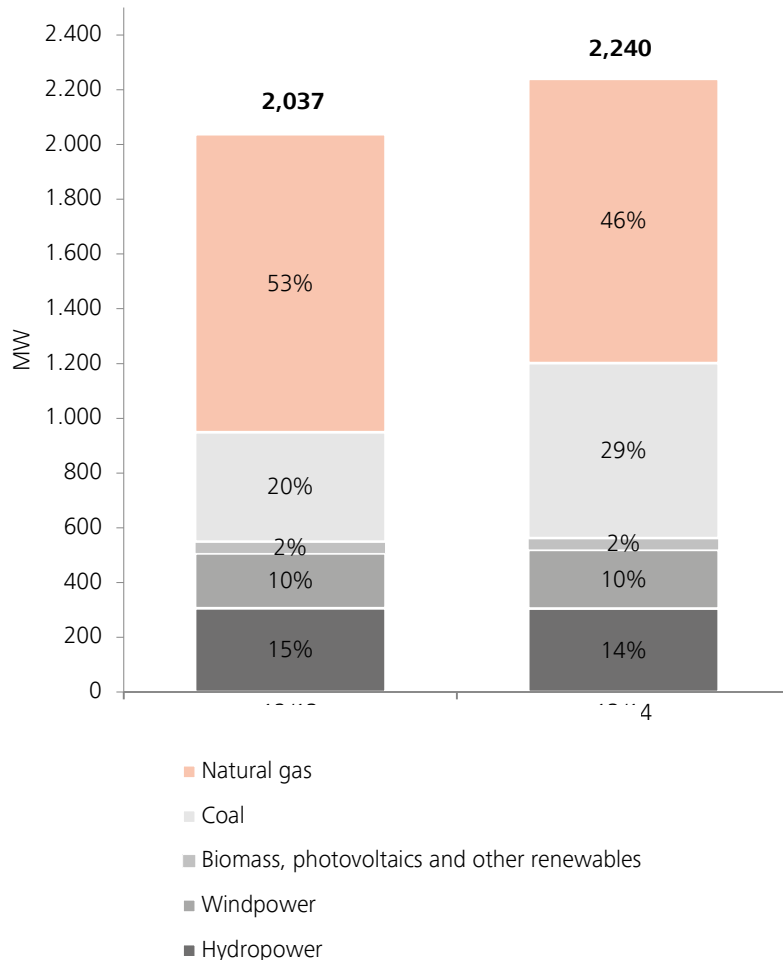


## Key investments

- 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

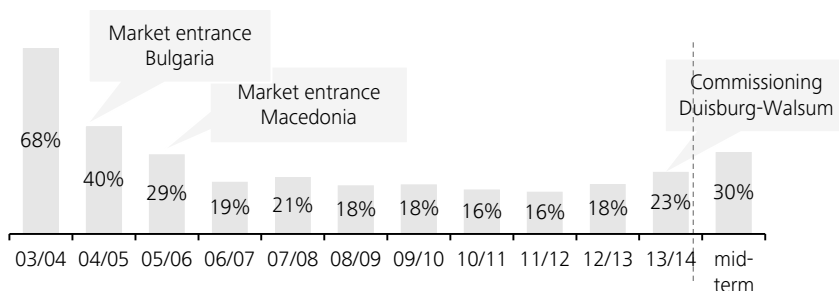


## Key investments

- 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: Commissioning of Prottes-Ollersdorf windpark with a capacity of 37 MW

# Growth perspective in renewable energy production

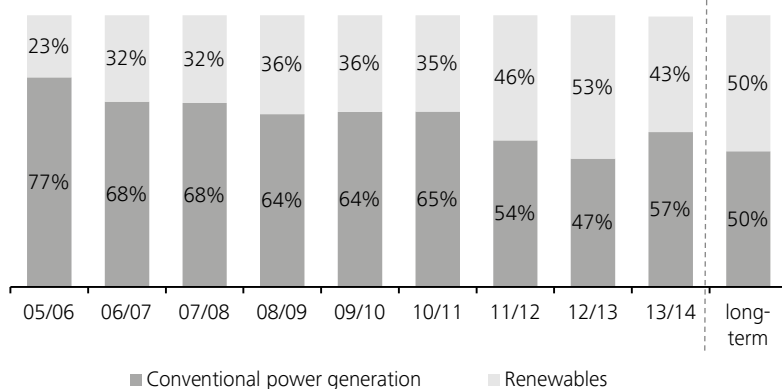
## Coverage ratio



## 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

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## **Reserve capacity for Southern Germany**

- Reserve capacity: 785 MW 2015/16 winter half-year; 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
- Commissioning in 1. HY 2014/15 completed successfully
- After commissioning, EVN's generation capacities from renewables will increase to 250 MW

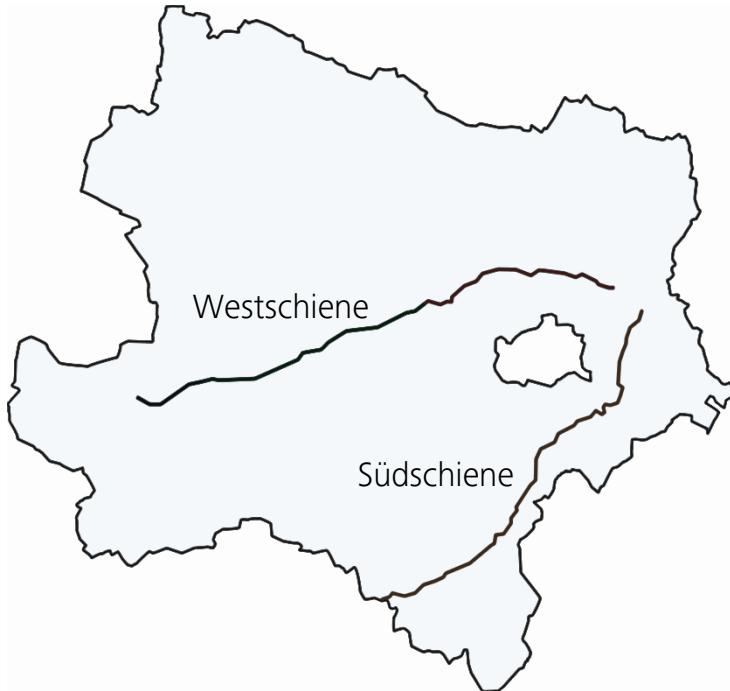
# Hydropower plant project in Bulgaria

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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

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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 8 international waste water treatment projects under construction
  - Cyprus, Montenegro, Poland, Romania, Serbia
- Latest commissionings of plants in Cyprus, Poland and Romania

- 
- EVN at a glance
  - Market environment and strategy
  - EVN's success drivers
  - Outlook
  - Appendix
    - Management Board
    - Financial performance 1. HY 2014/15
    - Description of segments
    - CSR
    - 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 1. HY 2014/15
    - Description of segments
    - RAG
    - Investments and projects
    - Retrospective adjustments of 2012/13 financial figures
    - Contact details



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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.