



EVN – energy company and
environmental services provider

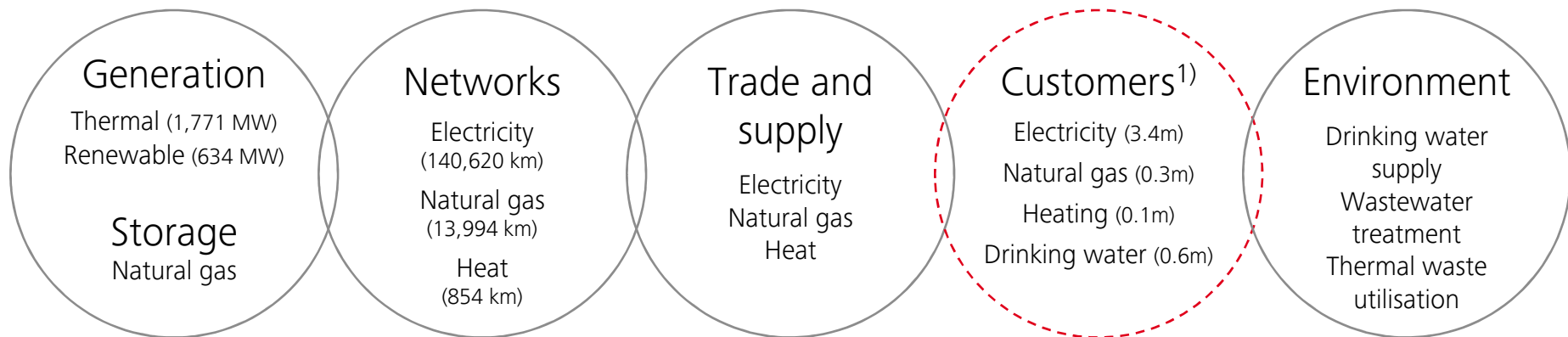
January 2018

Agenda



-
- EVN at a glance
 - Business development (FY 2016/17)
 - Back-up information

Integrated business model as basis for our value chain

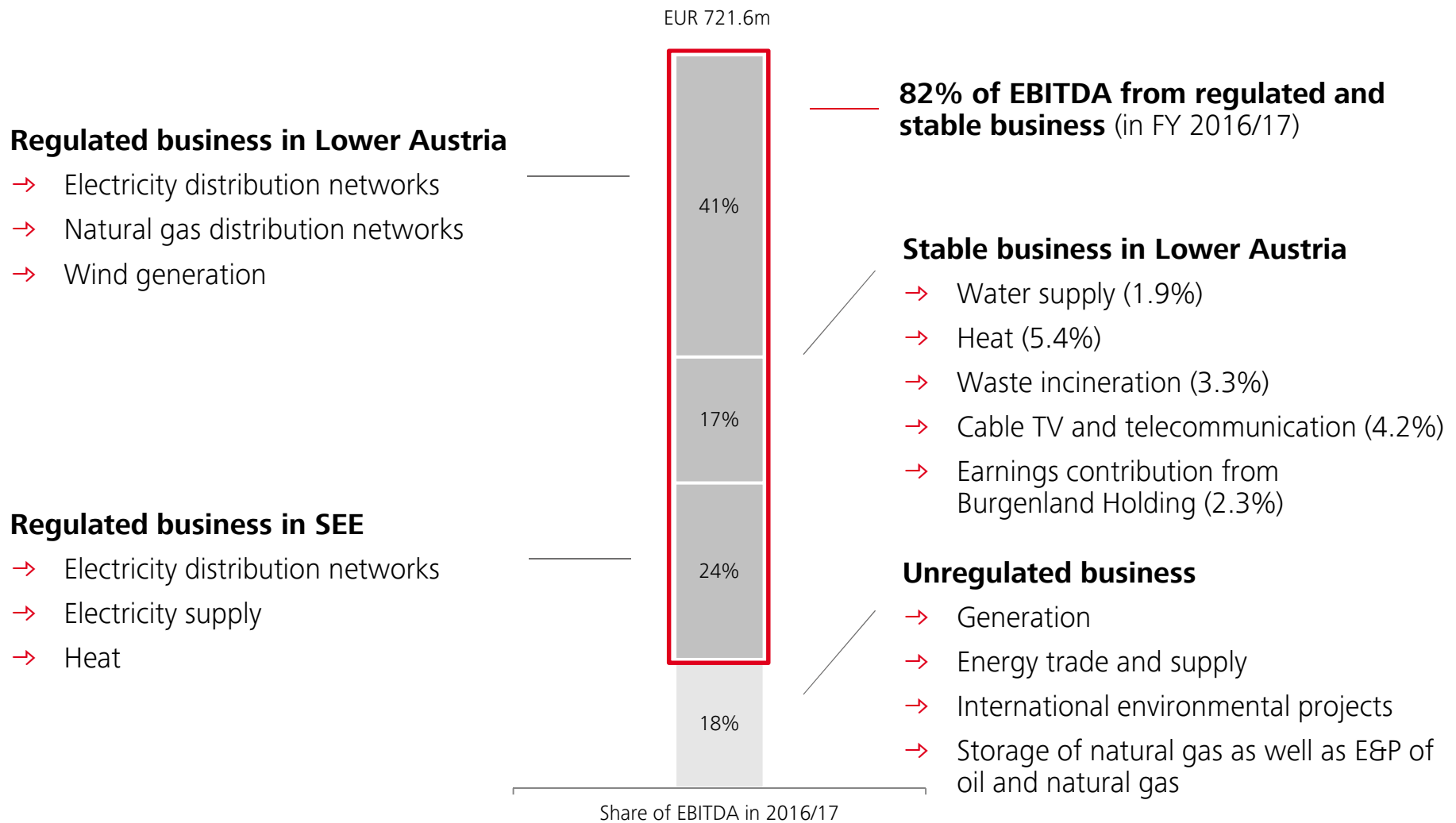


¹⁾ Number of customers in brackets

→ Foreign markets in the energy business

- Bulgaria: Electricity distribution networks, electricity supply, generation and heat
- Macedonia: Electricity distribution networks, electricity supply and generation
- Selected activities in Germany, Croatia and Albania

High share of regulated and stable business



Continuous strengthening and expansion of domestic and stable activities



- Sustaining high share of stable income from network business
 - Stable and incentive-based Austrian regulatory framework
 - Ø future RAB growth 3-4% p.a.

- Dynamic expansion of windpower capacity
 - From 279 MW to over 300 MW (in 2017/18)
 - 500 MW as medium-term target (subject to appropriate framework conditions)
 - Feed-in tariffs in Austria fixed for 13 years

Regulated business in Austria



Network	Electricity	Gas	Comments
Regulatory authority	E-Control GmbH	E-Control GmbH	
Start of the regulatory period	01.01.2014	01.01.2018	
Next regulatory adjustment	01.01.2019	01.01.2023	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%	– New RAB (as of 2018): 5.20% – Existing RAB of DSO with average efficiency: 4.88%	Set for length of regulatory period Higher WACC for existing RAB of DSO with above-average efficiency (such as EVN/Netz NÖ)
General productivity factor	1.25%	0.67%	Gains from cost reductions remain with the company during the regulatory period
Inflation	Annual adjustment	Annual adjustment	Network operator price index consists of consumer (30%) and building price (40%) indices as well as wage increase index

Clear and prudent strategy for unregulated activities



- Thermal plants as reserve capacity
 - Strong demand for network stabilisation in Austria and southern Germany
 - Contracts with transmission grid operators

- Maintain strong anchorage in domestic supply business
 - EVN brand stands for high quality energy products and services
 - Supply security and focus on customers form EVN's key promises

Strong market position in Austria



EVN's electricity market share in Lower Austria

EVN: **64%**

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: **34%**

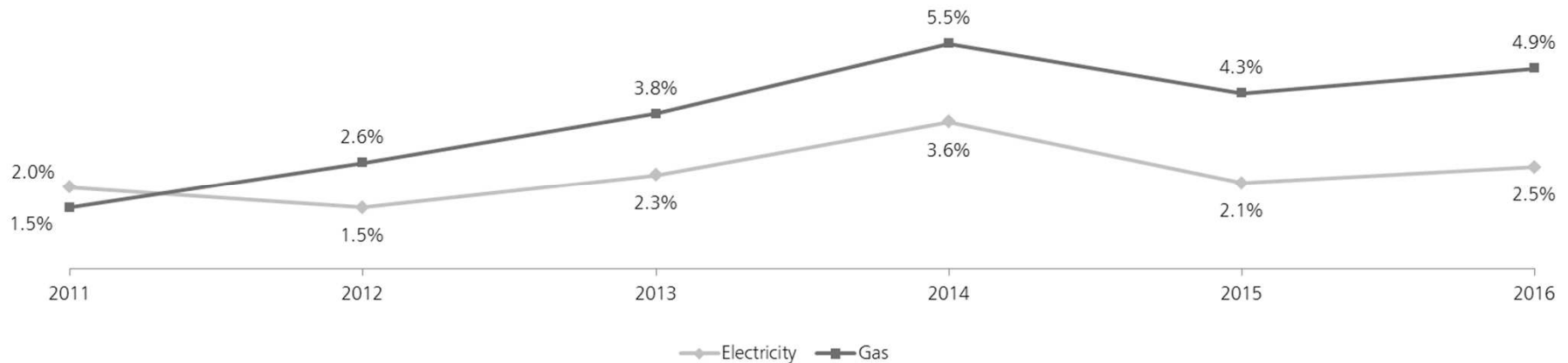
16 TWh

Gas market shares in the Austrian market

EVN: **6%**
EAA & Partners: **9%**

89 TWh

Churn rates in Lower Austria
(%, incl. tariff changes by customers)

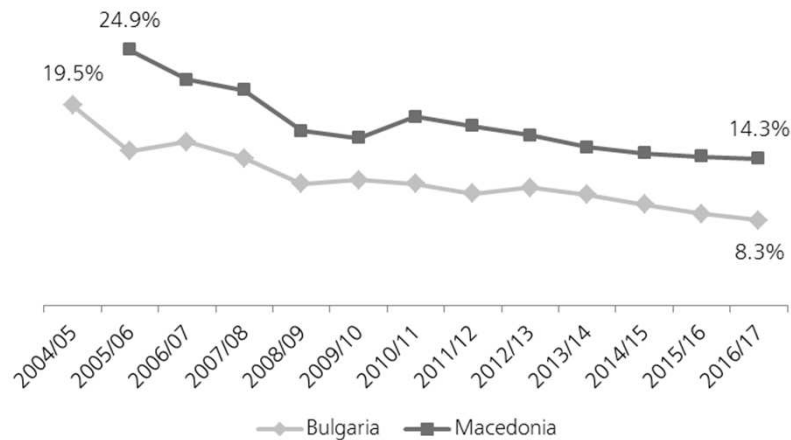


Market shares refer to FY 2015/16; EVN holds a 45% stake in EAA & Partners
 Source market shares: E-Control 2016, annual report and company numbers
 Source churn rates: E-Control, market statistics – consumer attitude/churn rates electricity and gas according to network areas

Continuous efforts to achieve further operating improvements in SEE



→ Improvement of grid efficiency



→ Commitment to supply security

→ Investment strategy for SEE

- Expansion and upgrading of network infrastructure to continuously reduce network losses

- Replacement of metres to further improve collection rates

→ Ongoing efforts for adequate regulatory framework and electricity market design

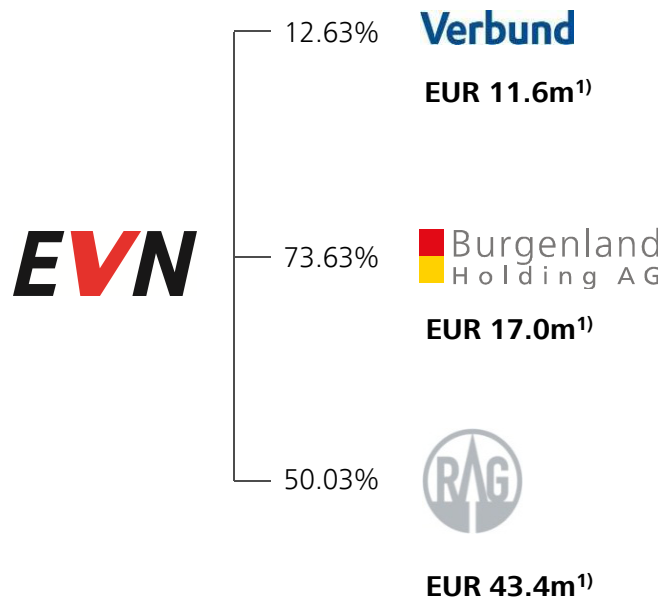
Environmental services business adds stability and further diversifies EVN's business mix



- Stable earnings contribution from activities in Lower Austria
 - Largest regional drinking water supplier (supra-regional pipeline networks and local water supply networks)
 - Thermal waste utilisation plant (annual capacity 500,000 t)

- International project business
 - Planning and construction of plants for drinking water supplies, wastewater disposal and thermal waste incineration
 - Operation and financing (upon request)
 - 7 projects under construction

Significant contribution to EVN's net profit from strategic investments



¹) Contribution to EVN's net profit in FY 2016/17

→ Verbund AG

- #1 electricity producer in Austria and #2 in Europe with 7.7 GW installed capacity

→ Burgenland Holding AG

- Holds a 49% stake in Energie Burgenland (#1 green energy producer in Austria and local gas distributor)

→ Rohöl-Aufsuchungs-Aktiengesellschaft

- #2 oil & gas producer in Austria, one of the largest gas storage operators in CE with 5.8bn m³ working gas capacity

Key messages to our shareholders



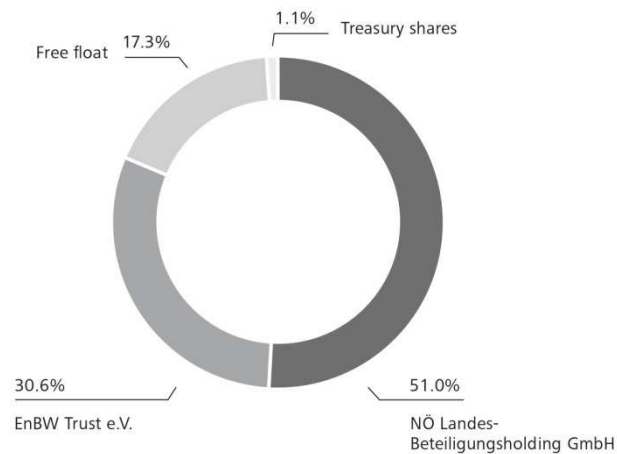
- High share of earnings from regulated and stable business
- Continuous strengthening and expansion of domestic regulated and stable activities
 - Networks, wind generation, drinking water supply, heating
- Benefit from solid home market
 - Maintain strong anchorage in the supply business despite growing competition
- Robustness of integrated business model
- Commitment to stable dividend policy

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- The past financial year was influenced by a number of exceptional circumstances which had a positive effect on Group net result for 2016/17
 - Group net result for 2017/18 should return to a normal level that reflects the average of the 2015/16 and 2016/17 financial years
 - Outlook assumes, among others, average conditions in the energy business environment
 - Investment strategy
 - Approximately EUR 400m p.a. over the next financial years
 - Roughly three-fourths will be directed to networks, renewable generation and drinking water in Lower Austria
 - Commitment to integrated business model

EVN share



→ Shareholder structure
(as of 30.09.2017)



	2017/18	2016/17
Dividend per share (EUR)	0.44 + 0.03 ¹⁾	0.42 ²⁾
Payout ratio (%)	33.3	47.7
Dividend yield (%)	3.6	4.0
	30.09.2017	
Share price (EUR)	13.22	
Market capitalisation (EURm)	2,377	

- 1) One-time bonus dividend of EUR 0.03 per share
- 2) Stable dividend of 0.42 EUR/share since FY 2011/12

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-
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Key financials

(FY 2016/17)



	FY 2016/17 EURm	+/- %
Revenue	2,215.6	8.3
EBITDA	721.6	19.4
Depreciation and amortisation	-262.3	1.5
Effects from impairment tests	-112.5	-44.5
EBIT	346.9	33.2
Financial results	-21.4	65.2
Group net result	251.0	60.4
Net cash flow from operating activities	508.9	9.9
Investments ¹⁾	303.8	-3.7
Net debt	1,213.2	-20.4
	%	
Equity ratio ²⁾	48.8	6.5
	EUR	
Earnings per share	1.41	60.4

- Revenue above previous year
 - Positive weather-related volume effects
 - Higher revenue from generation
 - Positive impulses from international project business
- Increase in EBITDA, EBIT and Group net result
 - Improvement in the energy business results
 - Valuation effects from hedges
 - Positive one-off effect from settlement with Bulgarian NEK
 - Negative effect from increase in impairment losses

¹⁾ In intangible assets and property, plant and equipment

²⁾ Changes reported in percentage points

Key energy business indicators



(FY 2016/17)

	2016/17	+/-
	GWh	%
Electricity generation volumes	6,059	3.3
Renewable energy sources	2,093	3.3
Thermal energy sources	3,966	3.3
Network distribution volumes		
Electricity	22,622	5.1
Natural gas	18,777	15.3
Energy sales volumes to end customers		
Electricity	18,544	1.4
thereof Austria and Germany	6,493	1.3
thereof South Eastern Europe	12,051	1.4
Natural gas	5,744	11.9
Heat	2,293	10.1

→ Increase in energy production

- Greater use of thermal power plants to stabilise the networks
- Increase in renewable generation

→ Weather-related increase in network distribution and energy sales volumes

- Additional positive impact on natural gas network distribution volumes from greater use of thermal power plants

EBITDA development by segments



(FY 2016/17)

Segment	2016/17 EURm	+/- %	Comment
Generation	103.7	40.1	Higher renewable and thermal generation (to secure network stability)
Energy	101.8	–	Higher energy sales volumes and weather-related volume effects; absence of prior year's provisions for onerous contracts
Networks	292.9	32.7	Positive price and weather-related volume effects
South East Europe	167.3	29.2	Higher weather-related network distribution and sales volumes; positive one-off effect from settlement with NEK
Environment	3.7	-93.1	EBITDA adjusted by EUR 45.5m valuation allowance to inventories; unadjusted EBITDA: EUR 3.7m

Agenda

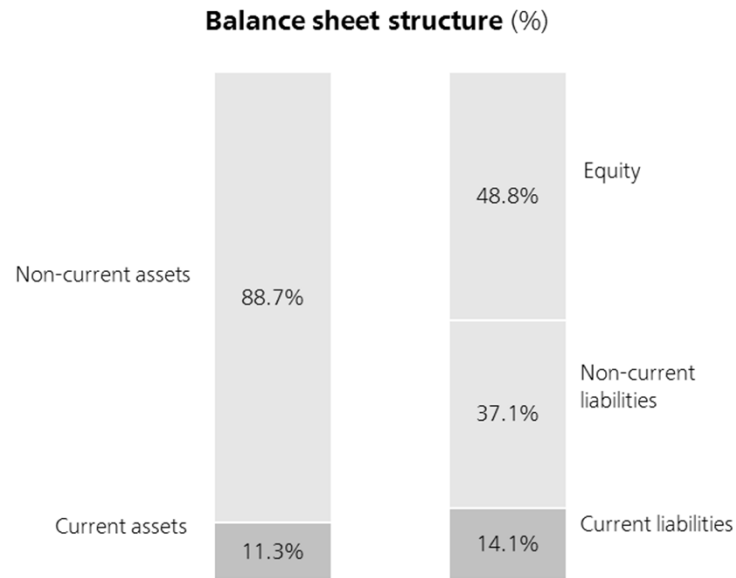


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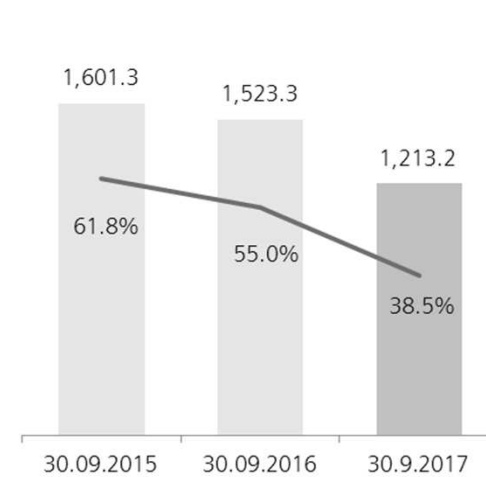
Solid balance sheet structure



(FY 2016/17)



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



- Improvement of equity ratio to 48.8% (30 September 2016: 42.3%)
- Reduction of net debt¹⁾ to EUR 1,213.2m (30 September 2016: EUR 1,523.3m)

1) Incl. non-current personnel provisions

Arbitration decision in favour of Walsum power plant project (23 November 2016)



- Arbitration court awarded a claim of ~EUR 200m
- Accounting impacts for Walsum project company¹⁾
 - ~EUR 190m reduction of acquisition costs (capitalised fixed assets), counterbalanced by corresponding reduction of current liabilities against the general contractor Hitachi
 - EUR 9m positive p&l effect (for legal costs and interest)
 - Positive impact on depreciation due to reduction of fixed assets
 - No material liquidity effect
- Recalculation of cost allocation has offsetting p&l effects at Segment level only (but irrelevant from consolidated perspective)
 - Generation: One-time reduction of revenue in Q1 2016/17
 - Energy: Corresponding decline in expenses

¹⁾ Impacts on EVN's consolidated financials correspond to EVN's 49%-stake in project company

Out-of-court settlement with state-owned Bulgarian electricity provider NEK (13 February 2017)

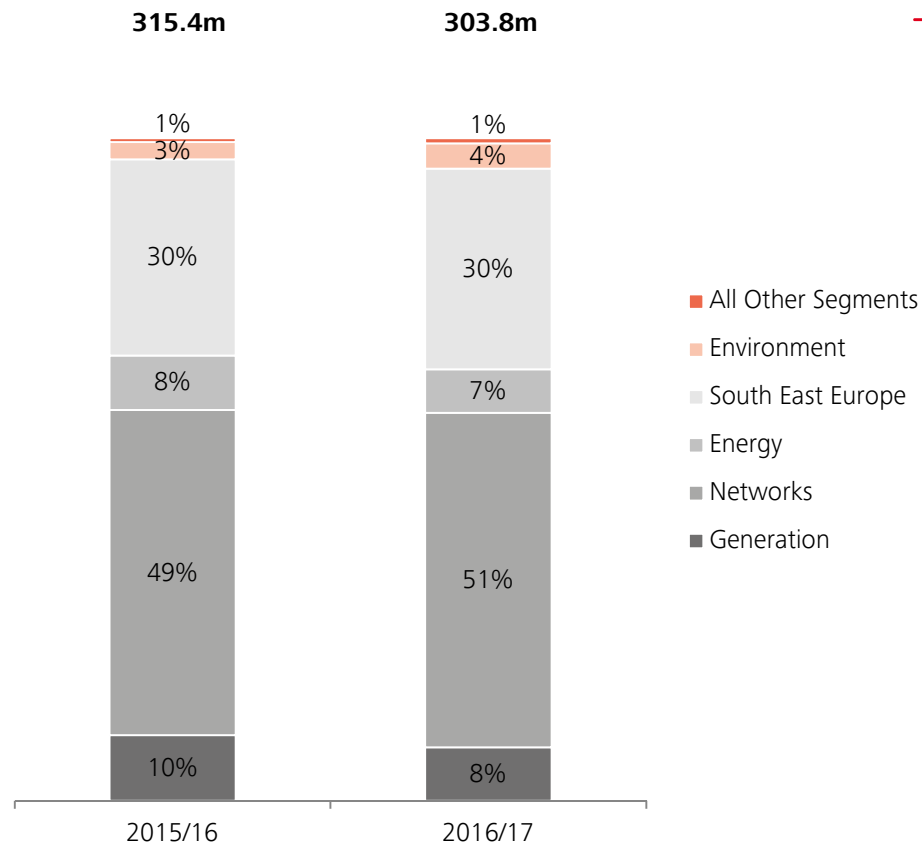


- Set-off of claims between EVN Bulgaria and NEK
 - Outstanding receivables for additional costs of renewable energy which were financed in advance by EVN Bulgaria (plus default interest)
 - Claims of NEK against EVN Bulgaria from power deliveries
- EVN Bulgaria had to recognise partial valuation allowances to these receivables against NEK in the past
- Agreement with NEK triggered reversal of these valuation allowances
 - ⇒ positive effect of ~EUR 38m on Group net result in Q. 2 2016/17

Structure of investments¹⁾



(FY 2016/17)



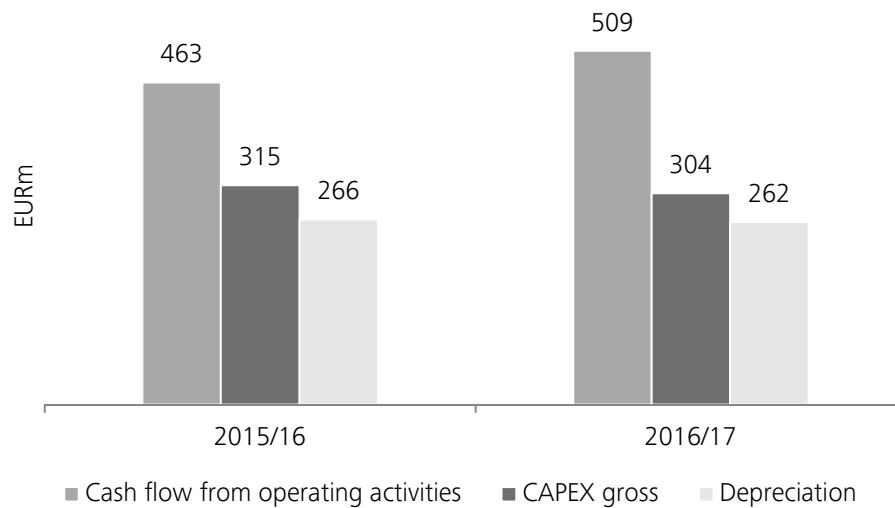
→ Investment focus

- Network Infrastructure Austria Segment
- Expansion of windpower capacity in Lower Austria
- Expansion of heat networks and biomass capacities in Lower Austria
- Investments in supply security in South Eastern Europe

¹⁾ In intangible assets and property, plant and equipment

Strong operating cash flow

(FY 2016/17)



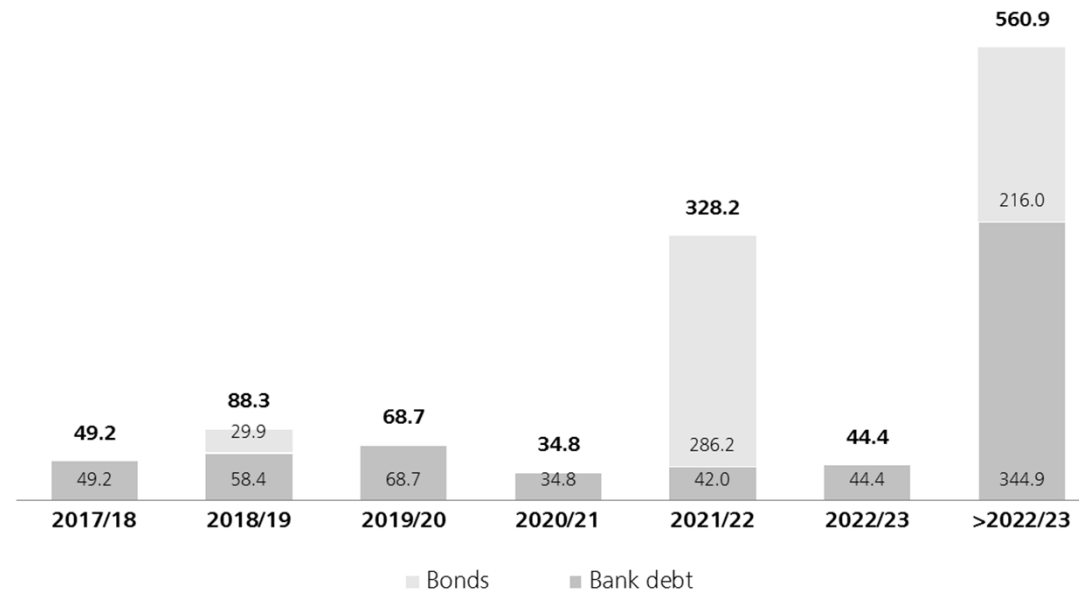
- Strong operating cash flow due to high share of regulated and stable business
 - Covers investments
 - Secures attractive dividend payments
- Investment program with a strong focus on RAB-growth
 - Ø future RAB growth 3-4% p.a.

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- Stable dividend policy
 - Financial policy
 - EVN aims to maintain credit ratings in the good investment grade area
 - In order to achieve such ratings, EVN is strictly monitoring the adjusted FFO/Net debt target ratios of both rating agencies
 - Credit ratings
 - Moody's: A2, stable (April 2017)
 - S&P: A-, stable (April 2017)

Well-balanced maturity profile



Debt maturity profile (in EURm)

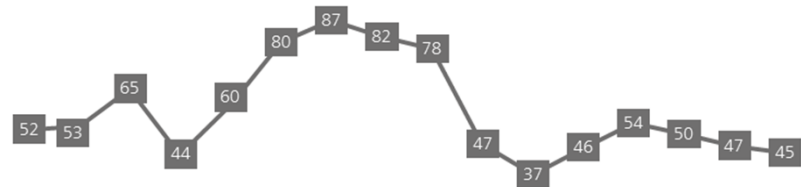


→ EUR 497m undrawn, committed credit lines (as of 30.09.2017)

Challenging market environment



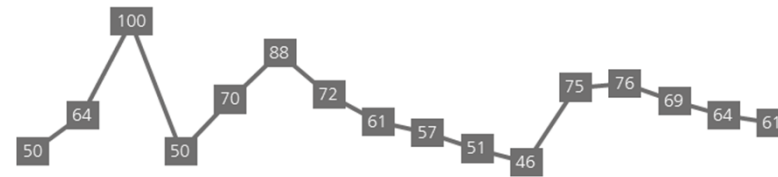
Crude oil price Brent in EUR/bbl



2006 2008 2010 2012 2014 2016 2018 2020

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

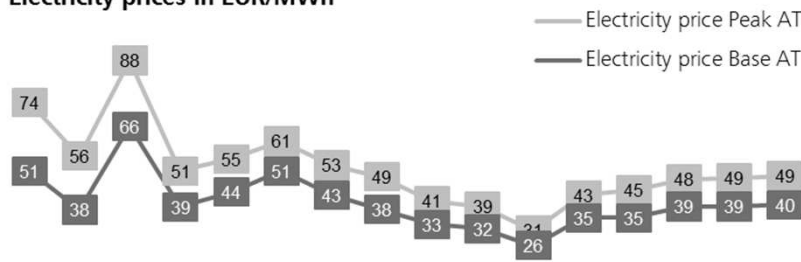
Hard coal prices API2 in EUR/tonne



2006 2008 2010 2012 2014 2016 2018 2020

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

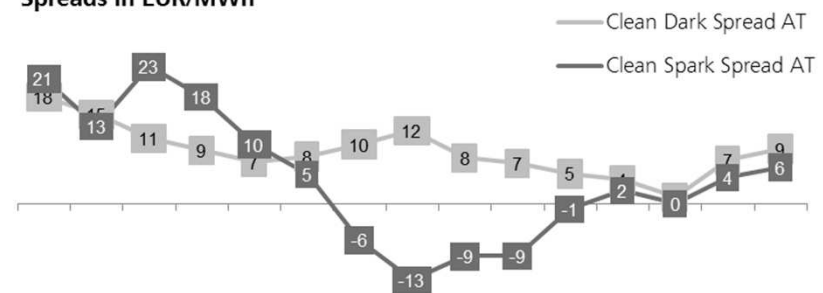
Electricity prices in EUR/MWh



2006 2008 2010 2012 2014 2016 2018 2020

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

Spreads in EUR/MWh



2006 2008 2010 2012 2014 2016 2018 2020

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

Source: EVN January 2018

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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
 - Shareholder structure
 - EVN AG (50.03%)
 - Uniper Exploration & Production GmbH (29.97%)
 - Energie Steiermark Kunden GmbH (10.00%)
 - Salzburg AG (10.00%)

Case study: RAG – Rohöl-Aufsuchungs AG¹⁾



Production statistics

		2016
Gas production	m m ³	400.8
Gas sales ²⁾	m m ³	1,443.8
Oil production	t	106,916
Oil tank storage capacity	t	260,000

Natural gas storage

Capacity (as of 31.12.2016)	t	5,888
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Key financials

Revenue	EURm	455.2
EBIT	EURm	74.1

Core areas of business

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

Concessions

- Austria (6,142 km²)
- Germany (7,055 km²)
- Hungary (2,993 km²)
- Romania (1,106 km²)

Storage facilities (Salzburg, Upper Austria)

- Puchkirchen/Haag (1,080 m m³)
- Aigelsbrunn (130 m m³)
- Haidach 5 (16 m m³)
- Nussdorf/Zagling (289 m m³)
- Haidach (JV with Gazprom & Wingas; 2,640 m m³)
- 7Fields (JV with Uniper Gas Storage; 1,733 m m³)

¹⁾ Source: RAG

²⁾ Sales of produced, swapped and traded gas

Contact details



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→ Information on the internet

- www.evn.at
- www.investor.evn.at
- www.responsibility.evn.at

→ Headquarters of EVN AG

- EVN Platz
2344 Maria Enzersdorf

→ Financial calendar

- Next event: Results Q. 1 2017/18,
28 February 2018
- www.investor.evn.at/financial-calender

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.