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Letter to Shareholders Q. 1 2016/17

1 October – 31 December 2016



# Key figures

		2016/17 Q.1	2015/16 Q.1	+/- %	2014/15 Q.1	2015/16
<b>Sales volumes</b>						
Electricity generation volumes	GWh	1,936	1,636	18.4	1,364	5,866
thereof from renewable energy	GWh	522	438	19.1	507	2,026
Electricity sales volumes to end customers	GWh	5,001	4,982	0.4	5,071	18,292
Natural gas sales volumes to end customers	GWh	2,118	1,796	17.9	1,791	5,134
Heat sales volumes to end customers	GWh	725	632	14.7	637	2,082
<b>Consolidated statement of operations</b>						
Revenue	EURm	607.4	573.3	6.0	599.9	2,046.6
EBITDA	EURm	219.8	185.0	18.8	184.8	604.4
EBITDA margin <sup>1)</sup>	%	36.2	32.3	3.9	30.8	29.5
Results from operating activities (EBIT)	EURm	125.2	119.4	4.8	121.2	260.4
EBIT margin <sup>1)</sup>	%	20.6	20.8	-0.2	20.2	12.7
Result before income tax	EURm	116.6	102.7	13.5	96.8	198.9
Group net result	EURm	95.3	78.8	20.9	73.1	156.4
Earnings per share	EUR	0.54	0.44	20.8	0.41	0.88
<b>Statement of financial position</b>						
Balance sheet total	EURm	6,599.5	6,481.9	1.8	6,670.9	6,556.5
Equity	EURm	2,888.4	2,668.9	8.2	2,669.8	2,770.7
Equity ratio <sup>1)</sup>	%	43.8	41.2	2.6	40.0	42.3
Net debt	EURm	1,031.5	1,181.6	-12.7	1,352.5	1,121.5
Gearing <sup>1)</sup>	%	35.7	44.3	-8.6	50.7	40.5
<b>Cash flow and investments</b>						
Gross cash flow	EURm	199.0	182.1	9.2	166.6	537.9
Net cash flow from operating activities	EURm	25.3	93.2	-72.8	92.4	463.0
Investments <sup>2)</sup>	EURm	59.7	57.5	3.9	65.5	315.4
<b>Share performance</b>						
Share price at 31 December	EUR	11.21	10.50	6.8	10.00	10.56
Value of shares traded <sup>3)</sup>	EURm	22.7	19.6	16.0	21.3	65.8
Market capitalisation at 31 December	EURm	2,016	1,889	6.7	1,799	1,899
<b>Employees</b>	∅	<b>6,858</b>	<b>6,861</b>	<b>-0.0</b>	<b>7,126</b>	<b>6,830</b>

1) Changes reported in percentage points

2) In intangible assets and property, plant and equipment

3) Vienna Stock Exchange, single counting

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# Highlights

## Generally favourable energy sector environment

- Substantially cooler temperatures in EVN's relevant markets; the heating degree total clearly exceeded the long-term average in Austria and Macedonia.
- Increase, and consequently a preliminary trend reversal, in the forward and spot market prices for base load and peak load electricity
- Contrasting developments in the prices for primary energy carriers: increase in the average price for coal, decline in the average EEX exchange price for natural gas

## 18.4% increase in electricity production

- Further increase in thermal generation due to high demand for network stabilisation in Austria and southern Germany
- Increase in renewable generation based on higher wind and water flows as well as additional capacity from the Paasdorf-Lanzendorf windpark that was commissioned in July 2016

## Positive business development

- Improvement in revenue (+6.0%), EBITDA (+18.8%), EBIT (+4.8%) and Group net result (+20.9%)
- Higher energy sector result, above all due to temperature-related rise in network distribution volumes and improvements in South Eastern Europe
- Increased EBITDA recorded by the Energy Trade and Supply, Network Infrastructure Austria, Energy Supply South East Europe, Environmental Services and Strategic Investments Segments

## Arbitration decision on the Walsum 10 power plant project in favour of the project company

- The arbitration court awarded the project company compensation of approximately EUR 200m, which leads primarily to a reduction of the acquisition cost for the power plant.

## Sustainable investments

- Continuation of network, renewable generation and drinking water projects as part of the EUR 1bn investment programme for Lower Austria that was launched in 2013

## International projects in the energy and environmental services business

- New general contractor order for a wastewater project in Macedonia received in January 2017
- Contract-based transfer of the South-West Moscow drinking water project to the Moscow city government at the end of December 2016 after ten years of operation
- Impairment loss to planned Gorna Arda hydropower project

## Improvement in balance sheet indicators over 30 September 2016

- Reduction of EUR 90.0m in net debt to EUR 1,031.5m
- Increase in equity ratio from 42.3% to 43.8%

## Dividend for 2015/16 approved by the Annual General Meeting

- The 88<sup>th</sup> Annual General Meeting on 19 January 2017 approved the distribution of the EUR 0.42 dividend per eligible share which was recommended by the Executive Board.

## Outlook on the 2016/17 financial year

- Under the assumption of average conditions in the energy business environment, the Group net result for 2016/17, which is derived from the operating business, is expected to remain largely stable. Effects from the proceedings related to the Duisburg-Walsum power plant must be evaluated separately. Other factors that could influence the Group net result include the regulatory environment, developments in the proceedings in Bulgaria and the progress of activities in Moscow.
- An additional positive effect of approximately EUR 38m on Group net result will be recognised in the second quarter of 2016/17 following an out-of-court settlement in February 2017 between the supply company EVN Bulgaria EC and the state-owned Bulgarian electricity provider NEK.

# Interim management report

## Energy sector environment

		2016/17 Q.1	2015/16 Q.1	2014/15 Q.1
<b>Energy sector environment – indicators</b>				
<b>Temperature-related energy demand<sup>1)</sup></b>	%			
Austria		117.6	91.1	86.8
Bulgaria		100.8	70.6	95.1
Macedonia		112.8	98.7	88.2
<b>Primary energy and CO<sub>2</sub> emission certificates</b>				
Crude oil – Brent	EUR/bbl	44.5	39.9	61.0
Natural gas – GIMP <sup>2)</sup>	EUR/MWh	17.0	17.4	22.6
Hard coal – API#2 <sup>3)</sup>	EUR/t	79.1	47.0	58.5
CO <sub>2</sub> emission certificates	EUR/t	5.5	8.4	6.6
<b>Electricity – EEX forward market<sup>4)</sup></b>				
Base load	EUR/MWh	28.3	34.7	37.3
Peak load	EUR/MWh	36.4	44.9	48.1
<b>Electricity – EPEX spot market<sup>5)</sup></b>				
Base load	EUR/MWh	37.6	33.2	34.8
Peak load	EUR/MWh	47.3	43.0	45.9

1) Calculated based on the heating degree total; the basis (100%) corresponds to the adjusted long-term average for the respective countries

2) Net Connect Germany (NCG) – EEX (European Energy Exchange) stock exchange price for natural gas

3) ARA notation (Amsterdam, Rotterdam, Antwerp)

4) Average prices for the respective EEX quarterly forward market prices, beginning one year before the respective reporting period

5) EPEX spot – European Power Exchange

## Business development

	GWh	2016/17	2015/16	+/-		2014/15
		Q.1	Q.1	nominal	%	Q.1
<b>EVN's key energy business indicators</b>						
<b>Electricity generation volumes</b>		1,936	1,636	301	18.4	1,364
Renewable energy sources		522	438	84	19.1	507
Thermal energy sources		1,415	1,197	217	18.1	857
<b>Network distribution volumes</b>						
Electricity		5,957	5,592	365	6.5	5,610
Natural gas <sup>1)</sup>		6,151	5,413	738	13.6	4,469
<b>Energy sales volumes to end customers</b>						
Electricity		5,001	4,982	19	0.4	5,071
thereof Central and Western Europe <sup>2)</sup>		1,768	1,794	-26	-1.4	1,805
thereof South Eastern Europe		3,233	3,188	45	1.4	3,266
Natural gas		2,118	1,796	322	17.9	1,791
Heat		725	632	93	14.7	637
thereof Central and Western Europe <sup>2)</sup>		643	574	70	12.1	565
thereof South Eastern Europe		82	58	23	39.6	72

1) Incl. network distribution volumes to EVN power plants.

2) Central and Western Europe covers Austria and Germany.

## Statement of operations

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### Highlights

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- Revenue: +6.0% to EUR 607.4m
  - EBITDA: +18.8% to EUR 219.8m
  - EBIT: +4.8% to EUR 125.2m
  - Financial results: +48.7% to EUR –8.6m
  - Group net result: +20.9% to EUR 95.3m
- 

EVN recorded an increase of EUR 34.1m, or 6.0%, in revenue to EUR 607.4m in the first quarter of 2016/17. The main factors underlying this growth were higher supplies of electricity from the thermal generation plants to support network stability, an increase in temperature-based electricity and natural gas distribution volumes in Lower Austria and a temperature-related rise in revenue in South Eastern Europe. Additional positive impulses were provided by the international project business in the Environmental Services Segment.

Other operating income remained nearly stable at EUR 21.5m (previous year: EUR 21.6m).

The cost of electricity purchased from third parties and primary energy expenses rose by EUR 6.3m, or 2.2%, to EUR 289.2m, above all due to the weather-related higher demand for energy and the increased use of energy carriers for thermal electricity generation to stabilise the networks. The improvement in results from the energy business was supported primarily by the positive influence of temperature trends on the network business and the development in South Eastern Europe.

The cost of materials and services increased by EUR 8.0m, or 13.3%, to EUR 68.0m, chiefly due to the positive development of revenue in the international project business.

The average number of employees was nearly constant at 6,858 in the first quarter of 2016/17 (previous year: 6,861 employees). Personnel expenses amounted to EUR 79.5m and were EUR 0.8m, or 1.0%, higher than the comparable prior year level.

Other operating expenses rose by EUR 2.8m, or 9.2%, to EUR 33.5m, among others due to increased legal and consulting expenses.

The share of results from equity accounted investees with operational nature was EUR 18.7m, or 44.2%, higher at EUR 60.9m. In addition to an increased earnings contribution from Energie

Burgenland, the improvement was supported by the positive development of EVN's electricity and natural gas distribution company.

In total, these developments led to an increase of EUR 34.8m, or 18.8%, in EBITDA to EUR 219.8m. The EBITDA margin improved from 32.3% to 36.2%.

Depreciation and amortisation were nearly stable at EUR 65.7m (previous year: EUR 65.5m). Due to changes in the energy policy environment in Bulgaria the Gorna Arda hydropower plant project was put on hold because its realisation is not possible under the current circumstances. Impairment losses of EUR 28.9m were therefore recognised during the reporting period. In spite of these developments, results from operating activities (EBIT) rose by EUR 5.8m, or 4.8%, to EUR 125.2m.

Financial results improved by EUR 8.1m, or 48.7%, year-on-year to EUR –8.6m due to positive non-recurring effects in the interest results.

The result before income tax amounted to EUR 116.6m and was EUR 13.9m, or 13.5%, higher than the previous year. Group net result equalled EUR 95.3m after the deduction of income tax expense totalling EUR 20.9m (previous year: EUR 16.9m) and the share of results attributable to non-controlling interests. This represents an increase of EUR 16.5m, or 20.9%, over the first quarter of the previous year.

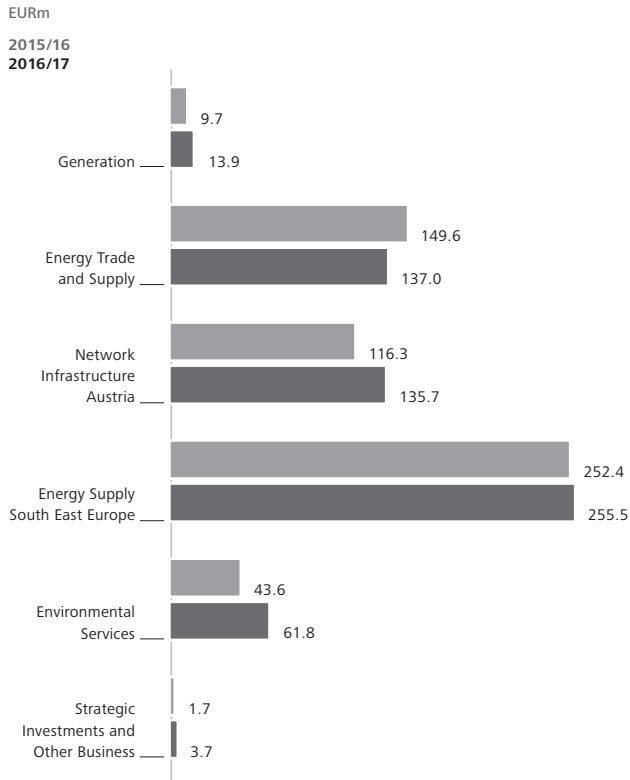
### Statement of cash flows

Gross cash flow rose by EUR 16.8m, or 9.2%, to EUR 199.0m in the first quarter of 2016/17. This increase resulted primarily from the improvement in the result before income tax, while the changes in the non-cash components of comprehensive income were largely offset due to an increase in depreciation and amortisation and a higher share of non-cash results from equity-accounted investees. Cash flow from operating activities, including the changes in working capital, amounted to EUR 25.3m and was EUR 67.9m, or 72.8%, below the first quarter of the previous year. The reporting period also included a material non-recurring effect: the arbitration decision in favour of the project company for the Walsum 10 power plant project had a negative impact on cash flow from operating activities. However, cash flow from investing activities included a similar positive effect.

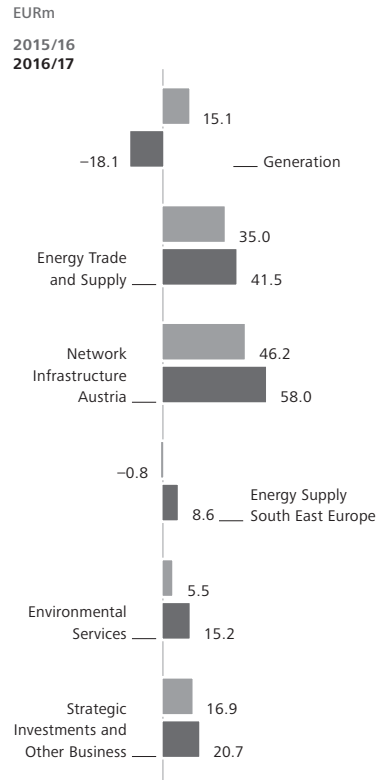
The outcome of the arbitration proceedings involving the Walsum 10 power plant project also led to positive cash flow of EUR 68.5m from investing activities.

Cash flow from financing activities amounted to EUR –34.6m (previous year: EUR –26.8m) following the scheduled repayment of financial liabilities.

## External revenue by segments Q. 1



## EBIT by segments Q. 1



In total, cash flow amounted to EUR 59.1m in the first quarter of 2016/17. Cash and cash equivalents totalled EUR 282.7m as of 31 December 2016. The EVN Group also had undrawn credit lines of EUR 522.0m at its disposal to service potential short-term financing requirements.

### Statement of financial position

EVN's balance sheet total equalled EUR 6,599.5m as of 31 December 2016, which represents an increase of EUR 43.0m, or 0.7%, over the level on 30 September 2016.

The development of non-current assets during the first quarter of 2016/17 was influenced chiefly by the arbitration decision in favour of the project company for the Walsum 10 power plant project. It led to a reduction in the acquisition cost of the power plant and, in turn, to a decrease in property, plant and equipment

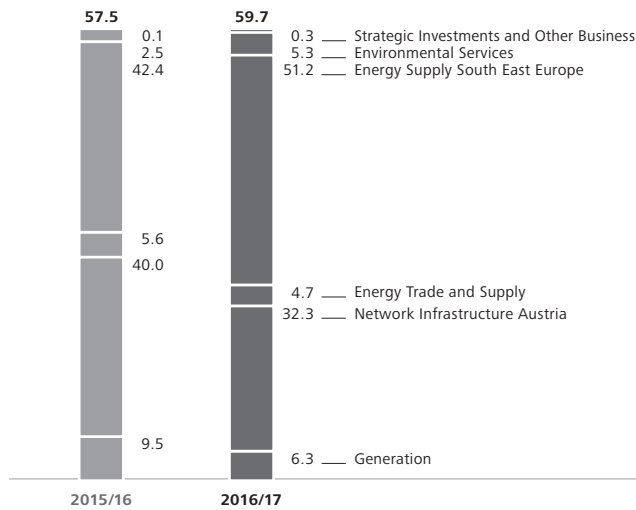
on the balance sheet. In total, non-current assets declined by EUR 122.3m, or 2.2%, to EUR 5,563.4m and decreased to 84.3% of total assets (30 September 2016: 86.7%).

In contrast, current assets rose by EUR 165.3m, or 19.0%, to EUR 1,036.1m. This increase resulted, above all, from a seasonal rise in receivables as of 31 December 2016.

The solid results for the first quarter of 2016/17 and positive measurement effects that were not recognised through profit or loss led to an increase of EUR 117.7m, or 4.2%, in equity to EUR 2,888.4m. The equity ratio equalled 43.8% as of 31 December 2016 (30 September 2016: 42.3%). The EUR 0.42 dividend per share approved by the 88<sup>th</sup> Annual General Meeting on 19 January 2017 was paid on 27 January 2017 and is therefore not recorded in equity as of 31 December 2016.

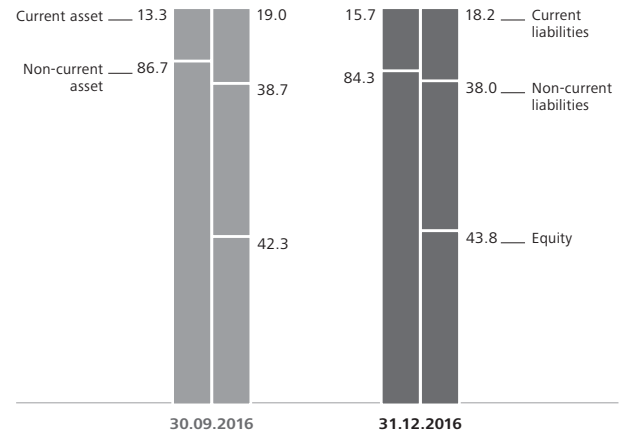
## Structure of investments Q. 1

%, total EURm



## Balance sheet structure as of the balance sheet date

%



Non-current liabilities fell by EUR 31.2m, or 1.2%, to EUR 2,509.5m. A decline resulting from the reclassification of components of financial liabilities from non-current to current was only offset in part by an increase in the deferred income from network subsidies.

Current liabilities were EUR 43.6m, or 3.5%, lower at EUR 1,201.6m. This development resulted chiefly from the scheduled repayment of financial liabilities as well as a reduction in trade payables and other current liabilities. The change in other current liabilities

was also related to the arbitration decision on the Walsum 10 power plant project through the derecognition of a liability recognised in 2013 following the utilisation of the contract performance guarantee by the project company. These reductions were contrasted by an increase in current taxes payable as of 31 December 2016.

EVN's net debt was EUR 90.0m lower than on 30 September 2016 at EUR 1,031.5m, which led to a decline in gearing to 35.7% (30 September 2016: 40.5%).

## Segment reporting

### Overview

The structure of the EVN Group is based on three general categories: the energy business, the environmental services business and other business activities. The energy business covers the entire electricity and heat value chain from generation and distribution to networks and supply, while the natural gas business is concentrated on the distribution and supply. This product portfolio is supplemented by the activities of EVN subsidiaries in related areas as well

as regional cable TV and telecommunication services. The environmental services business involves activities in the areas of drinking water supply, wastewater disposal and thermal waste utilisation.

The definition of the operating segment is done in accordance with the requirements of IFRS 8 "Business Segments" and is therefore based exclusively on the internal organisational and reporting structure of the EVN Group. The following section describes the operating performance of EVN's six segments and the effects of energy sector indicators on their development.

Business areas	Segments	Activities
Energy business	Generation	Electricity generation from thermal sources and renewable energies at Austrian and international locations
	Energy Trade and Supply	Procurement of electricity and primary energy carriers, trading and sale of electricity and natural gas to end customers and on wholesale markets as well as heat generation and sale
	Network Infrastructure Austria	Operation of regional electricity and natural gas networks as well as cable TV and telecommunications networks
	Energy Supply South East Europe	Operation of electricity networks and electricity sales to end customers in Bulgaria and Macedonia, heat generation and sale in Bulgaria, electricity generation in Macedonia, construction and operation of natural gas networks in Croatia, energy trading throughout the entire region
Environmental services business	Environmental Services	Drinking water supply, wastewater disposal and thermal waste utilisation in Austria, operation of combined cycle heat and power co-generation plants in Moscow as well as international project business
Other business activities	Strategic Investments and Other Business	Strategic and other investments, corporate services



## Generation

The Generation Segment covers the generation of electricity from thermal production capacities and renewable energy sources in Austria, Germany, Bulgaria and Albania as well as projects for the construction of power generation plants in Austria and Bulgaria. The sale of the generated electricity and the procurement of primary energy are reported under the Energy Trade and Supply Segment.

The earnings contributions from EVN's investments in Verbund Innkraftwerke GmbH and EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH & Co KG are reported under the share of equity accounted investees with operational nature as part of EBITDA. The investment in Steag-EVN Walsum 10 Kraftwerks-gesellschaft is included through proportionate consolidation.

## Highlights

- Increase in electricity production from renewable and thermal energy
- Supply of balancing energy and reserve capacity for Austria and southern Germany
- EBIT and result before income tax negatively affected by impairment loss to planned Gorna Arda hydropower plant

Electricity generation rose by 267 GWh, or 18.3%, to 1,725 GWh in the first quarter of 2016/17. The production of electricity from renewable energy was 73 GWh, or 20.9%, higher at 423 GWh, chiefly due to the year-on-year increase in water and wind flows and the commissioning of the Paasdorf-Lanzendorf windpark in July 2016. EVN's thermal power plants, which are again used to stabilise the networks in Austria and Germany during the winter 2016/17, recorded an increase of 194 GWh, or 17.5%, in generation to 1,302 GWh.

Key indicators – Generation		2016/17	2015/16	+/-		2014/15
		Q. 1	Q. 1	nominal	%	Q. 1
<b>Key energy business indicators</b>	GWh					
Electricity generation volumes		1,725	1,458	267	18.3	1,165
thereof renewable energy sources		423	350	73	20.9	401
thereof thermal energy sources		1,302	1,108	194	17.5	764
<b>Key financial indicators</b>	EURm					
External revenue		13.9	9.7	4.2	43.2	14.4
Internal revenue		43.7	48.4	-4.6	-9.5	44.8
<b>Total revenue</b>		<b>57.6</b>	<b>58.0</b>	<b>-0.4</b>	<b>-0.7</b>	<b>59.1</b>
Operating expenses		-34.2	-25.1	-9.1	-36.3	-29.1
Share of results from equity accounted investees with operational nature		0.0 <sup>1)</sup>	-4.2	4.2	99.7	0.2
<b>EBITDA</b>		<b>23.4</b>	<b>28.8</b>	<b>-5.4</b>	<b>-18.6</b>	<b>30.2</b>
Depreciation and amortisation including effects from impairment tests		-41.5	-13.6	-27.9	-	-13.4
<b>Results from operating activities (EBIT)</b>		<b>-18.1</b>	<b>15.1</b>	<b>-33.2</b>	<b>-</b>	<b>16.8</b>
Financial results		2.0	-6.0	7.9	-	-6.2
<b>Result before income tax</b>		<b>-16.2</b>	<b>9.2</b>	<b>-25.3</b>	<b>-</b>	<b>10.6</b>
Total assets		990.8	1,131.3	-140.5	-12.4	1,248.0
Total liabilities		761.1	923.4	-162.3	-17.6	1,035.3
Investments <sup>1)</sup>		3.8	5.4	-1.7	-30.9	14.0

1) In intangible assets and property, plant and equipment

\*) Small amount

At the Group level, EVN covered 38.7% of the electricity sold during the reporting period with its own production (previous year: 32.8%). The share of renewable energy in the Group's electricity production rose from 26.8% in the first quarter of the previous year to 27.0%.

Revenue in the Generation Segment roughly matched the previous year at EUR 57.6m (previous year: EUR 58.0m), whereby a recalculation of the cost allocation following the arbitration decision on the Walsum 10 power plant had a negative effect on the Generation Segment.

In contrast, operating expenses rose by EUR 9.1m, or 36.3%, to EUR 34.2m. This increase resulted chiefly from the higher use of primary energy carriers for thermal electricity generation, in particular to stabilise the networks.

The share of results from equity accounted investees with operational nature improved during the reporting period because of the impairment loss recognised to Shkodra Region Beteiligungs-GmbH in the previous year.

EBITDA in the Generation Segment totalled EUR 23.4m in the first quarter of 2016/17, a year-on-year decline of EUR 5.4m or 18.6%. Depreciation and amortisation, including the results of impairment testing, rose by EUR 27.9m to EUR 41.5m. This development reflected the EUR 28.9m impairment loss recognised to the planned hydropower plant in Gorna Arda, Bulgaria, following a deterioration in the energy policy environment. EBIT therefore fell by EUR 33.2m to EUR –18.1m.

Financial results improved by EUR 7.9m to EUR 2.0m due to a positive one-off effect in the interest results. The result before income tax amounted to EUR –16.2m (previous year: EUR 9.2m).

Investments in this segment were EUR 1.7m, or 30.9%, lower year-on-year at EUR 3.8m, whereby the previous year was influenced by the construction of the Paasdorf-Lanzendorf windpark.

### Energy Trade and Supply

The Energy Trade and Supply Segment is responsible for the trading and sale of electricity and natural gas to end customers, primarily in the Austrian home market and in wholesale markets. The segment's business activities also include the procurement of electricity, natural gas and other primary energy carriers as well as the production and sale of heat.

The earnings contributions from EVN's investments in the sales companies EVN Energievertrieb GmbH & Co KG and ENERGIE-ALLIANZ Austria GmbH are reported under the share of equity accounted investees with operational nature as part of EBITDA.

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### Highlights

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- Temperature-related increase in natural gas and heat sales volumes over previous year; slight decline in electricity sales volumes to large customers
  - Reduction in operating expenses
  - Year-on-year increase in EBITDA, EBIT and result before income tax
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The colder winter temperatures were responsible for an increase in natural gas sales volumes to end customers, which rose by of 320 GWh, or 17.9%, to 2,108 GWh during the first quarter of 2016/17. Heat sales volumes to end customers also increased for the same reason, rising by 70 GWh, or 12.1%, to 643 GWh. In contrast, electricity sales volumes to end customers were slightly lower than the previous year at 1,768 GWh due to a decline in the industrial customer segment (previous year: 1,794 GWh).

Revenue in this segment amounted to EUR 139.1m for the reporting period and, in spite of the above developments, was EUR 13.1m, or 8.6%, lower than the previous year. This decline was related primarily to negative effects from the valuation of

<b>Key indicators – Energy Trade and Supply</b>		<b>2016/17 Q.1</b>	<b>2015/16 Q.1</b>	<b>+/-</b>		<b>2014/15 Q.1</b>
				<b>nominal</b>	<b>%</b>	
<b>Key energy business indicators</b>	GWh					
<b>Energy sales volumes to end customers</b>						
Electricity		1,768	1,794	-26	-1.4	1,805
Natural gas		2,108	1,788	320	17.9	1,786
Heat		643	574	70	12.1	565
<b>Key financial indicators</b>	EURm					
External revenue		137.0	149.6	-12.7	-8.5	151.7
Internal revenue		2.1	2.5	-0.4	-16.0	4.0
<b>Total revenue</b>		<b>139.1</b>	<b>152.2</b>	<b>-13.1</b>	<b>-8.6</b>	<b>155.7</b>
Operating expenses		-129.3	-139.8	10.5	7.5	-144.3
Share of results from equity accounted investees with operational nature		36.4	27.0	9.4	34.6	18.6
<b>EBITDA</b>		<b>46.2</b>	<b>39.4</b>	<b>6.8</b>	<b>17.2</b>	<b>30.1</b>
Depreciation and amortisation including effects from impairment tests		-4.7	-4.4	-0.4	-8.1	-4.2
<b>Results from operating activities (EBIT)</b>		<b>41.5</b>	<b>35.0</b>	<b>6.4</b>	<b>18.3</b>	<b>25.9</b>
Financial results		-0.8	-0.9	0.1	16.0	-0.6
<b>Result before income tax</b>		<b>40.7</b>	<b>34.1</b>	<b>6.6</b>	<b>19.2</b>	<b>25.4</b>
Total assets		708.9	603.7	105.2	17.4	498.3
Total liabilities		614.3	510.9	103.5	20.3	388.6
Investments <sup>1)</sup>		2.8	3.2	-0.5	-13.9	1.5

1) In intangible assets and property, plant and equipment

hedging relationships at 31 December 2016, which were not fully offset by higher natural gas trading activities and higher revenue from the sale of the electricity generated in the thermal power plants.

Operating expenses were EUR 10.5m, or 7.5%, lower at EUR 129.3m. This reduction was related chiefly to energy purchases from third parties, which showed a contrasting development to the above-mentioned valuation of hedging relationships at 31 December 2016. The recalculation of the cost allocation following the arbitration decision on the Walsum 10 power plant also had a positive effect. In contrast, natural gas purchase costs were higher due to an increase in natural gas trading and the use of natural gas in the thermal power plants.

The share of results from equity accounted investees with operational nature rose by EUR 9.4m, or 34.6%, to EUR 36.4m. In total, the above developments supported an increase in EBITDA to EUR 46.2m (previous year: EUR 39.4m).

Depreciation and amortisation, including the effects from impairment tests, roughly matched the prior year at EUR 4.7m (previous year: EUR 4.4m). EBIT amounted to EUR 41.5m and was EUR 6.4m, or 18.3%, higher than the first quarter of the previous year.

Financial results rose slightly to EUR -0.8m (previous year: EUR -0.9m). The result before income tax improved by EUR 6.6m, or 19.2%, to EUR 40.7m.

Investments in this segment declined by EUR 0.5m, or 13.9%, year-on-year to EUR 2.8m and were focused solely on the expansion of the heating plants and network.

#### **Network Infrastructure Austria**

The Network Infrastructure Austria Segment covers the operation of the regional electricity and natural gas networks as well as the cable TV and telecommunications networks in Lower Austria and Burgenland. This segment also includes corporate services, above all in connection with construction, which are reported as internal revenue.

#### **Highlights**

- Increase in electricity and natural gas network distribution volumes
- Improvement in EBITDA, EBIT and result before income tax
- Focus of investments on supply security

<b>Key indicators – Network Infrastructure Austria</b>		<b>2016/17 Q. 1</b>	<b>2015/16 Q. 1</b>	<b>+/-</b>		<b>2014/15 Q. 1</b>
				nominal	%	
<b>Key energy business indicators</b>		GWh				
<b>Network distribution volumes</b>						
Electricity		2,231	2,147	84	3.9	2,104
Natural gas		6,130	5,395	735	13.6	4,464
<b>Key financial indicators</b>		EURm				
External revenue		135.7	116.3	19.4	16.7	116.3
Internal revenue		15.6	11.7	3.9	33.1	11.6
<b>Total revenue</b>		<b>151.2</b>	<b>127.9</b>	<b>23.3</b>	<b>18.2</b>	<b>127.9</b>
Operating expenses		-64.7	-54.5	-10.2	-18.7	-60.1
Share of results from equity accounted investees with operational nature		-	-	-	-	-
<b>EBITDA</b>		<b>86.6</b>	<b>73.5</b>	<b>13.1</b>	<b>17.8</b>	<b>67.8</b>
Depreciation and amortisation including effects from impairment tests		-28.6	-27.3	-1.3	-4.7	-25.4
<b>Results from operating activities (EBIT)</b>		<b>58.0</b>	<b>46.2</b>	<b>11.8</b>	<b>25.6</b>	<b>42.4</b>
Financial results		-4.0	-4.3	0.3	6.8	-4.5
<b>Result before income tax</b>		<b>54.0</b>	<b>41.9</b>	<b>12.1</b>	<b>28.9</b>	<b>37.9</b>
Total assets		1,867.7	1,796.7	71.0	4.0	1,812.2
Total liabilities		1,358.4	1,291.1	67.3	5.2	1,324.5
Investments <sup>1)</sup>		19.3	23.0	-3.7	-16.0	28.3

1) In intangible assets and property, plant and equipment

Electricity distribution volumes rose by 84 GWh, or 3.9%, to 2,231 GWh in the first quarter of 2016/17 as a result of the colder weather, while natural gas distribution volumes were 735 GWh, or 13.6%, higher than the previous year at 6,130 GWh. This substantial increase was brought about primarily by the low temperatures, but was also based on the again greater use of the thermal power plants.

Segment revenue was EUR 23.3m, or 18.2%, higher at EUR 151.2m owing to the positive development of volumes, but was also supported by an increase in network tariffs. Operating expenses rose by EUR 10.2m, or 18.7%, year-on-year to EUR 64.7m, chiefly due to higher upstream network costs.

These developments were reflected in an increase of EUR 13.1m, or 17.8%, in EBITDA to EUR 86.6m. EBIT rose by EUR 11.8m, or 25.6%, to EUR 58.0m following a slight rise in depreciation and amortisation.

Financial results improved slightly by EUR 0.3m. The Network Infrastructure Austria Segment generated result before income tax

of EUR 54.0m in the first quarter of 2016/17, which represents an increase of EUR 12.1m or 28.9%.

Through its investments to improve the network infrastructure in Lower Austria, this segment is making an important contribution to the system conversion towards renewable energy. Approximately 70% of the EUR 1bn investment programme that was launched in 2013 will flow into network expansion and safeguard the transport and distribution of the rising, but volatile volumes of electricity from renewable generation. Current projects in the network area include, in particular, the new construction or expansion and performance improvement of the 110 kV power lines and transformer stations.

Investments in this segment totalled EUR 19.3m in the first quarter of 2016/17 and were EUR 3.7m, or 16.0%, lower year-on-year due to changes in the timing of individual projects.

The electricity and natural gas network tariffs in Austria are adjusted at the beginning of each calendar year by the E-Control Commission in accordance with the incentive regulatory system.

<b>Key indicators – Energy Supply South East Europe</b>		<b>2016/17 Q.1</b>	<b>2015/16 Q.1</b>	<b>+/-</b>		<b>2014/15 Q.1</b>
				<b>nominal</b>	<b>%</b>	
<b>Key energy business indicators</b>						
	GWh					
<b>Electricity generation volumes</b>		<b>128</b>	<b>94</b>	<b>33</b>	<b>35.2</b>	<b>120</b>
thereof renewable energy		37	26	10	38.0	48
thereof thermal power plants		91	68	23	34.1	72
<b>Network distribution volumes</b>		<b>3,726</b>	<b>3,445</b>	<b>281</b>	<b>8.1</b>	<b>3,507</b>
<b>Energy sales volumes to end customers</b>		<b>3,324</b>	<b>3,254</b>	<b>70</b>	<b>2.2</b>	<b>3,344</b>
thereof electricity		3,233	3,188	45	1.4	3,266
thereof natural gas		10	7	2	30.6	5
thereof heat		82	58	23	39.6	72
<b>Key financial indicators</b>						
	EURm					
External revenue		255.5	252.4	3.1	1.2	274.0
Internal revenue		0.1	0.1	0.0	19.7	0.1
<b>Total revenue</b>		<b>255.5</b>	<b>252.4</b>	<b>3.1</b>	<b>1.2</b>	<b>274.1</b>
Operating expenses		-231.3	-237.7	6.4	2.7	-258.5
Share of results from equity accounted investees with operational nature		-	-	-	-	-
<b>EBITDA</b>		<b>24.2</b>	<b>14.7</b>	<b>9.5</b>	<b>64.7</b>	<b>15.6</b>
Depreciation and amortisation including effects from impairment tests		-15.5	-15.5	0.0	-0.2	-15.2
<b>Results from operating activities (EBIT)</b>		<b>8.6</b>	<b>-0.8</b>	<b>9.5</b>	<b>-</b>	<b>0.4</b>
Financial results		-5.7	-5.8	0.1	1.7	-6.1
<b>Result before income tax</b>		<b>3.0</b>	<b>-6.6</b>	<b>9.6</b>	<b>-</b>	<b>-5.7</b>
Total assets		1,208.4	1,256.2	-47.8	-3.8	1,245.3
Total liabilities		1,025.5	1,101.8	-76.3	-6.9	1,135.0
Investments <sup>1)</sup>		30.5	24.4	6.2	25.3	27.0

1) In intangible assets and property, plant and equipment

The adjustments due to take effect on 1 January 2017 will raise the electricity network tariffs for household customers by an average of 9.2% and the natural gas network tariffs by an average of 13.3%. This increase will be relevant for the Network Infrastructure Austria Segment beginning with the second quarter of 2016/17 and corresponds to the necessary high investments carried out in recent years, above all to accommodate renewable energy, and to the comparison of network distribution volumes with the respective reference periods.

### Energy Supply South East Europe

The Energy Supply South East Europe Segment is responsible for the operation of electricity networks and the sale of electricity to end customers in Bulgaria and Macedonia, the generation and sale of heat in Bulgaria, the production of electricity in Macedonia, the sale of natural gas to end customers in Croatia and energy trading throughout the region.

### Highlights

- Increase in renewable and thermal electricity generation
- Temperature-related rise in network and energy sales volumes
- EBITDA, EBIT and result before income tax above prior year

The regulatory authority in Bulgaria raised the end customer prices for electricity in EVN's supply area by an average of 0.8% as of 1 July 2016. The end customer prices for heat were gradually reduced 1.9% below the level on 1 July 2015 during the 2015/16 financial year. A tariff ruling in Macedonia on 1 July 2016, similar to the previous year's decision, further reduced the end customer prices for electricity by an average of 0.3%.

The Energy Supply South East Europe Segment generated 128 GWh of electricity in the first quarter of 2016/17, a year-on-year increase of 33 GWh or 35.2%. This growth was supported by higher water flows in Macedonia (plus 10 GWh to 37 GWh) and a temperature-related increase in production by the co-generation plant in Plovdiv (plus 23 GWh to 91 GWh).

The colder weather also led to a year-on-year increase of 281 GWh, or 8.1%, in electricity network sales volumes to 3,726 GWh. In addition, energy sales to end customers rose by 70 GWh, or 2.2%, to 3,324 GWh. Weather-related growth in sales to household customers was contrasted by declines caused by the continuing liberalisation. Heat sales to end customers in Bulgaria also increased by 23 GWh, or 39.6%, to 82 GWh.

These energy sector developments supported an increase of EUR 3.1m, or 1.2%, in revenue to EUR 255.5m.

The reporting period also brought a decline of EUR 6.4m, or 2.7%, in operating expenses to EUR 231.3m based on further improvements in the collection rate and lower energy procurement costs. In total, EBITDA rose by EUR 9.5m, or 64.7%, to EUR 24.2m.

Depreciation and amortisation reflected the previous year at EUR 15.5m, and EBIT amounted to EUR 8.6m (previous year: EUR –0.8m).

Financial results improved slightly by EUR 0.1m, or 1.7%, to EUR –5.7m. The Energy Supply South East Europe Segment

generated result before income tax of EUR 3.0m in the first quarter of 2016/17 (previous year: EUR –6.6m).

Investments in this segment were EUR 6.2m, or 25.3%, higher at EUR 30.5m during the reporting period.

The supply company EVN Bulgaria EC and the state-owned Bulgarian electricity provider NEK reached an out-of-court settlement in February 2017. It involved outstanding receivables for the additional costs of renewable energy which were financed in advance by EVN Bulgaria EC (plus default interest). The positive earnings effect of approximately EUR 38m from this agreement resulted from the reversal of valuation allowances to receivables in previous years and the recognition of default interest. It will be recognised to Group net result in the second quarter of 2016/17. The international arbitration proceedings initiated by EVN against the Republic of Bulgaria at the World Bank's International Centre for the Settlement of Investment Disputes (ICSID) will remain active without regard to the execution of such agreement with NEK and subject to potential implications of such settlement.

### Environmental Services

The activities of the Environmental Services Segment cover drinking water supplies, wastewater treatment and thermal waste utilisation in Austria; the international project business in Central, Eastern and South Eastern Europe; and the operation of two combined cycle heat and power co-generation plants in Moscow. The share of results from the wastewater purification projects in

Key financial indicators – Environmental Services	EURm	2016/17	2015/16	+/-		2014/15
		Q.1	Q.1	nominal	%	Q.1
External revenue		61.8	43.6	18.1	41.6	40.9
Internal revenue		4.1	4.5	-0.4	-9.4	5.3
<b>Total revenue</b>		<b>65.9</b>	<b>48.2</b>	<b>17.7</b>	<b>36.8</b>	<b>46.2</b>
Operating expenses		-47.0	-39.0	-8.0	-20.4	-19.9
Share of results from equity accounted investees with operational nature		2.9	2.8	0.1	2.7	2.8
<b>EBITDA</b>		<b>21.8</b>	<b>11.9</b>	<b>9.8</b>	<b>82.3</b>	<b>29.2</b>
Depreciation and amortisation including effects from impairment tests		-6.6	-6.5	-0.1	-1.2	-6.7
<b>Results from operating activities (EBIT)</b>		<b>15.2</b>	<b>5.5</b>	<b>9.7</b>	<b>-</b>	<b>22.5</b>
Financial results		0.3	0.4	-0.1	-21.8	-9.7
<b>Result before income tax</b>		<b>15.5</b>	<b>5.9</b>	<b>9.7</b>	<b>-</b>	<b>12.7</b>
Total assets		866.5	914.7	-48.2	-5.3	980.1
Total liabilities		644.5	723.1	-78.6	-10.9	783.8
Investments <sup>1)</sup>		3.2	1.4	1.7	-	1.3

1) In intangible assets and property, plant and equipment

Zagreb (ZOV and ZOV UIP) and Prague are reported under the share of equity accounted investees with operational nature as part of EBITDA.

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### Highlights

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- Contractual transfer of the South-West Moscow drinking water project after ten years of operation
  - Increase in revenue
  - EBITDA, EBIT and result before income tax above prior year
- 

The Environmental Services Segment recorded an increase of EUR 17.7m, or 36.8%, in revenue to EUR 65.9m in the first quarter of 2016/17. This growth was supported, above all, by the positive development of revenue from the international project business. Revenue from thermal waste utilisation and drinking water supplies in Lower Austria remained roughly at the prior year level.

The positive development of revenue in the international project business was also reflected in higher operating expenses, which rose by EUR 8.0m, or 20.4%, to EUR 47.0m.

The share of results from equity accounted investees with operational nature was slightly higher year-on-year at EUR 2.9m (previous year: EUR 2.8m). These developments resulted in EBITDA of EUR 21.8m for the first quarter of 2016/17, which represents an increase of EUR 9.8m, or 82.3%, over the first quarter of the previous year. Depreciation and amortisation were nearly constant at EUR 6.6m (previous year: EUR 6.5m), and EBIT totalled EUR 15.2m (previous year: EUR 5.5m).

Financial results declined slightly from EUR 0.4m in the previous year to EUR 0.3m. In total, the Environmental Services Segment generated result before income tax of EUR 15.5m (previous year: EUR 5.9m).

EVN will be continuing the investment programme for drinking water supplies in Lower Austria during the current financial year, in particular to accommodate the weather-related increase in water consumption. The related activities by the Environmental Services Segment are focused on the construction of cross-regional pipeline networks and the expansion of pumping station capacity. Preparations have also started for the construction of

a natural filter plant on the Wienerherberg well field. In addition to the continuous strengthening of the cross-regional supply structure, EVN is also expanding its activities in the area of local water supplies: for example, it took over the management of the drinking water network in Schwadorf, a community south-east of Vienna with approximately 2,100 residents, starting on 1 October 2016.

In the international project business, the operation of the South-West Moscow drinking water supply plant that was constructed and financed by EVN was concluded at the end of December 2016 after a ten-year contract term. The city of Moscow acquired the local property company with the payment of the final instalment. The transfer of this plant to the city of Moscow in accordance with the contract included additional work by EVN at the request of the city of Moscow to adapt and expand the plant to meet the customer's requirements.

EVN was working on the realisation of six wastewater projects in Croatia, Macedonia, Montenegro and the Czech Republic as of 31 December 2016. A contract for a further project in Macedonia was also received in January 2017: in Kočani, EVN will serve as the general contractor for a new wastewater treatment plant with a capacity for approximately 65,000 residents and a contract value of approximately EUR 15.0m. This infrastructure project will be financed with subsidies from Switzerland, which will be granted to the customer to improve the environmental situation in Kočani.

### Strategic Investments and Other

In the Strategic Investments and Other Business Segment, the earnings contributions from Rohöl-Aufsuchungs Aktiengesellschaft (RAG) and Energie Burgenland AG are reported under the share of equity accounted investees with operational nature as part of EBITDA. The earnings contributions from the shares in Verbund AG which are held directly by EVN, respectively indirectly by WEEV Beteiligungs GmbH, are reported under financial results in this segment. This segment also includes corporate functions as well as companies outside EVN's core business which generally provide internal services.

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### Highlights

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- Higher earnings contribution from Energie Burgenland
  - Stable earnings contribution from RAG
  - Improvement in EBITDA, EBIT and result before income tax
-

<b>Key financial indicators – Strategic Investments and Other Business</b>	EURm	<b>2016/17</b>	<b>2015/16</b>	<b>+/-</b>		<b>2014/15</b>
		<b>Q. 1</b>	<b>Q. 1</b>	<b>nominal</b>	<b>%</b>	<b>Q. 1</b>
External revenue		3.7	1.7	2.0	–	2.6
Internal revenue		14.6	15.2	–0.6	–3.8	12.7
<b>Total revenue</b>		<b>18.3</b>	<b>16.9</b>	<b>1.4</b>	<b>8.4</b>	<b>15.3</b>
Operating expenses		–18.9	–16.2	–2.7	–17.0	–19.0
Share of results from equity accounted investees with operational nature		21.7	16.6	5.1	30.5	16.1
<b>EBITDA</b>		<b>21.1</b>	<b>17.3</b>	<b>3.7</b>	<b>21.6</b>	<b>12.4</b>
Depreciation and amortisation including effects from impairment tests		–0.4	–0.4	0.0	0.5	–0.4
<b>Results from operating activities (EBIT)</b>		<b>20.7</b>	<b>16.9</b>	<b>3.7</b>	<b>22.1</b>	<b>12.0</b>
<b>Financial results</b>		<b>12.6</b>	<b>13.2</b>	<b>–0.6</b>	<b>–4.5</b>	<b>15.1</b>
<b>Result before income tax</b>		<b>33.3</b>	<b>30.1</b>	<b>3.2</b>	<b>10.5</b>	<b>27.1</b>
Total assets		2,870.4	2,634.0	236.4	9.0	2,834.0
Total liabilities		1,237.6	1,073.0	164.5	15.3	1,199.7
Investments <sup>1)</sup>		0.2	0.0 <sup>*)</sup>	0.1	–	0.0 <sup>*)</sup>

1) In intangible assets and property, plant and equipment

\*) Small amount

Revenue in this segment rose by EUR 1.4m, or 8.4%, to EUR 18.3m in the first quarter of 2016/17, while operating expenses increased by EUR 2.7m, or 17.0%, to EUR 18.9m. The share of results from equity accounted investees with operational nature was influenced by the positive development, in particular, of Energie Burgenland and also by positive results from RAG. This led to a year-on-year increase of EUR 5.1m, or 30.5%, to EUR 21.7m.

These developments supported an increase in EBITDA to EUR 21.1m (previous year: EUR 17.3m) and an improvement in EBIT to EUR 20.7m (previous year: EUR 16.9m).

Financial results declined by EUR 0.6m, or 4.5%, to EUR 12.6m. The segment result before income tax amounted to EUR 33.3m (previous year: EUR 30.1m).



# Consolidated interim report

according to IAS 34

## Consolidated statement of operations

EURm	2016/17	2015/16	+/-		2015/16
	Q. 1	Q. 1	nominal	%	
Revenue	607.4	573.3	34.1	6.0	2,046.6
Other operating income	21.5	21.6	-0.1	-0.3	97.0
Electricity purchases and primary energy expenses	-289.2	-282.9	-6.3	-2.2	-930.6
Cost of materials and services	-68.0	-60.0	-8.0	-13.3	-246.7
Personnel expenses	-79.5	-78.7	-0.8	-1.0	-313.7
Other operating expenses	-33.5	-30.6	-2.8	-9.2	-141.6
Share of results from equity accounted investees with operational nature	60.9	42.3	18.7	44.2	93.5
<b>EBITDA</b>	<b>219.8</b>	<b>185.0</b>	<b>34.8</b>	<b>18.8</b>	<b>604.4</b>
Depreciation and amortisation	-65.7	-65.5	-0.2	-0.2	-266.1
Effects from impairment tests	-28.9	-	-28.9	-	-77.9
<b>Results from operating activities (EBIT)</b>	<b>125.2</b>	<b>119.4</b>	<b>5.8</b>	<b>4.8</b>	<b>260.4</b>
Share of results from equity accounted investees with financial nature	-0.1	0.0 <sup>1)</sup>	-0.1	-	-8.7
Results from other investments	-	0.2	-0.2	-	14.4
Interest income	11.0	4.0	7.0	-	16.7
Interest expense	-17.8	-19.6	1.8	9.2	-77.4
Other financial results	-1.8	-1.4	-0.4	-26.5	-6.5
<b>Financial results</b>	<b>-8.6</b>	<b>-16.7</b>	<b>8.1</b>	<b>48.7</b>	<b>-61.6</b>
<b>Result before income tax</b>	<b>116.6</b>	<b>102.7</b>	<b>13.9</b>	<b>13.5</b>	<b>198.9</b>
Income tax expense	-20.9	-16.9	-4.0	-23.4	-16.0
<b>Result for the period</b>	<b>95.7</b>	<b>85.8</b>	<b>9.9</b>	<b>11.6</b>	<b>182.8</b>
thereof result attributable to EVN AG shareholders (Group net result)	95.3	78.8	16.5	20.9	156.4
thereof result attributable to non-controlling interests	0.4	6.9	-6.5	-93.9	26.4
Earnings per share in EUR <sup>1)</sup>	0.54	0.44	0.1	20.8	0.88

1) There is no difference between basic and diluted earnings per share.

\*) Small amount

## Consolidated statement of comprehensive income

EURm	2016/17	2015/16	+/-		2015/16
	Q.1	Q.1	nominal	%	
<b>Result for the period</b>	<b>95.7</b>	<b>85.8</b>	<b>9.9</b>	<b>11.6</b>	<b>182.8</b>
<b>Other comprehensive income from</b>					
<b>Items that will not be reclassified to profit or loss</b>	<b>0.9</b>	<b>-14.2</b>	<b>15.1</b>	<b>-</b>	<b>-27.7</b>
Remeasurements IAS 19	-2.1	-0.9	-1.2	-	-39.8
Investments in equity accounted investees	2.4	-13.9	16.3	-	1.8
thereon apportionable income tax expense	0.6	0.6	-0.0 <sup>*)</sup>	-4.2	10.3
<b>Items that may be reclassified to profit or loss</b>	<b>21.1</b>	<b>7.3</b>	<b>13.8</b>	<b>-</b>	<b>121.8</b>
Currency translation differences	1.2	-6.4	7.7	-	1.0
Available for sale financial instruments	13.1	-0.4	13.5	-	119.5
Cash flow hedges	5.4	2.0	3.4	-	3.2
Investments in equity accounted investees	9.6	11.7	-2.1	-17.7	33.0
thereon apportionable income tax expense	-8.3	0.4	-8.7	-	-34.9
<b>Total other comprehensive income after tax</b>	<b>22.0</b>	<b>-6.9</b>	<b>28.8</b>	<b>-</b>	<b>94.2</b>
<b>Comprehensive income for the period</b>	<b>117.7</b>	<b>78.9</b>	<b>38.8</b>	<b>49.2</b>	<b>277.0</b>
thereof income attributable to EVN AG shareholders	117.3	72.0	45.3	62.9	250.6
thereof income attributable to non-controlling interests	0.4	6.9	-6.5	-93.9	26.4

<sup>\*)</sup> Small amount

## Consolidated statement of financial position

EURm	31.12.2016	30.09.2016	+/-	
			nominal	%
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	194.5	221.2	-26.7	-12.1
Property, plant and equipment	3,411.3	3,512.5	-101.2	-2.9
Investments in equity accounted investees	945.8	925.8	19.9	2.2
Other investments	625.1	612.0	13.1	2.1
Deferred tax assets	98.8	100.5	-1.7	-1.7
Other non-current assets	287.9	313.7	-25.7	-8.2
	<b>5,563.4</b>	<b>5,685.8</b>	<b>-122.3</b>	<b>-2.2</b>
<b>Current assets</b>				
Inventories	140.9	140.2	0.7	0.5
Trade and other receivables	523.4	414.1	109.3	26.4
Securities	75.2	75.4	-0.2	-0.3
Cash and cash equivalents	292.7	237.2	55.5	23.4
Non-current assets held for sale	3.8	3.8	-	-
	<b>1,036.1</b>	<b>870.8</b>	<b>165.3</b>	<b>19.0</b>
<b>Total assets</b>	<b>6,599.5</b>	<b>6,556.5</b>	<b>43.0</b>	<b>0.7</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	330.0	330.0	-	-
Share premium and capital reserves	252.9	252.9	-	-
Retained earnings	2,045.2	1,949.9	95.3	4.9
Valuation reserve	44.0	23.2	20.7	89.3
Currency translation reserve	-21.7	-23.0	1.2	5.4
Treasury shares	-22.2	-22.2	-	-
Issued capital and reserves attributable to shareholders of EVN AG	<b>2,628.2</b>	<b>2,510.8</b>	<b>117.3</b>	<b>4.7</b>
Non-controlling interests	260.2	259.8	0.4	0.2
	<b>2,888.4</b>	<b>2,770.7</b>	<b>117.7</b>	<b>4.2</b>
<b>Non-current liabilities</b>				
Non-current loans and borrowings	1,273.6	1,314.5	-40.9	-3.1
Deferred tax liabilities	98.4	93.2	5.1	5.5
Non-current provisions	505.6	508.0	-2.3	-0.5
Deferred income from network subsidies	572.0	560.7	11.2	2.0
Other non-current liabilities	60.0	64.3	-4.3	-6.7
	<b>2,509.5</b>	<b>2,540.7</b>	<b>-31.2</b>	<b>-1.2</b>
<b>Current liabilities</b>				
Current loans and borrowings	230.7	239.1	-8.4	-3.5
Taxes payable and levies	98.2	55.2	42.9	77.7
Trade payables	365.8	399.6	-33.8	-8.5
Current provisions	93.8	97.8	-4.0	-4.1
Other current liabilities	413.1	453.4	-40.3	-8.9
	<b>1,201.6</b>	<b>1,245.1</b>	<b>-43.6</b>	<b>-3.5</b>
<b>Total equity and liabilities</b>	<b>6,599.5</b>	<b>6,556.5</b>	<b>43.0</b>	<b>0.7</b>

## Consolidated statement of changes in equity

EURm	Issued capital and reserves of EVN AG shareholders	Non-controlling interests	Total
<b>Balance on 30.09.2015</b>	2,334.8	255.4	2,590.1
Comprehensive income for the period	72.0	6.9	78.9
Change in treasury shares	-0.2	-	-0.2
<b>Balance on 31.12.2015</b>	2,406.6	262.3	2,668.9
<b>Balance on 30.09.2016</b>	2,510.8	259.8	2,770.7
Comprehensive income for the period	117.3	0.4	117.7
Other changes	0.0 <sup>*)</sup>	-	0.0 <sup>*)</sup>
<b>Balance on 31.12.2016</b>	2,628.2	260.2	2,888.4

\*) Small amount

## Condensed consolidated statement of cash flows

EURm	2016/17 Q. 1	2015/16 Q. 1	+/-		2015/16
			nominal	%	
<b>Result before income tax</b>	116.6	102.7	13.9	13.5	198.9
+ Depreciation and amortisation of intangible assets and property, plant and equipment	94.6	65.5	29.0	44.3	344.0
- Non-cash share of results of equity accounted investees and other investments	-60.9	-42.5	-18.6	-43.9	-99.1
+ Dividends from equity accounted investees and other investments	54.7	64.9	-10.2	-15.8	135.2
+ Interest expense	17.8	19.6	-1.8	-9.2	77.4
- Interest paid	-11.9	-14.3	2.4	17.0	-63.6
- Interest income	-11.0	-4.0	-7.0	-	-16.7
+ Interest received	10.9	3.2	7.7	-	13.7
+/- Other non-cash financial results	1.0	-0.3	1.3	-	-2.0
- Release of deferred income from network subsidiaries	-11.2	-10.4	-0.8	-7.7	-43.7
- Decrease in non-current provisions	-2.2	-2.1	-0.2	-7.2	-9.5
+/- Other non-cash expenses/gains	0.5	-0.3	1.0	-	3.3
<b>Gross cash flow</b>	199.0	182.1	16.8	9.2	537.9
- Changes in assets and liabilities arising from operating activities	-175.7	-92.7	-83.0	-89.6	-75.5
+ Income tax paid	2.0	3.7	-1.7	-45.8	0.6
<b>Net cash flow from operating activities</b>	25.3	93.2	-67.9	-72.8	463.0
+/- Changes in intangible assets and property, plant and equipment	43.8	-44.2	88.0	-	-239.1
+/- Changes in financial assets and other non-current assets	24.4	-10.8	35.2	-	2.6
+/- Changes in current securities	0.2	-3.5	3.7	-	5.9
<b>Net cash flow from investing activities</b>	68.5	-58.5	126.9	-	-230.6
- Dividends paid to EVN AG shareholders	-	-	-	-	-74.7
- Dividends paid to non-controlling interests	-	-	-	-	-19.7
+/- Decrease/increase in nominal capital	-	-	-	-	-2.2
+/- Sales/repurchase of treasury shares	-	-0.2	0.2	100.0	0.2
- Changes in financial liabilities	-34.6	-26.6	-8.0	-30.3	-157.5
<b>Net cash flow from financing activities</b>	-34.6	-26.8	-7.8	-29.3	-253.9
<b>Net change in cash and cash equivalents</b>	59.1	7.9	51.2	-	-21.5
<b>Cash and cash equivalents at the beginning of the period<sup>1)</sup></b>	223.5	244.9	-21.4	-8.7	244.9
<b>Cash and cash equivalents at the end of the period<sup>1)</sup></b>	282.7	252.2	30.5	12.1	223.5

1) By adding bank overdrafts this results in cash and cash equivalents according to the consolidated statement of financial position.

## Notes to the consolidated interim report

### Accounting and valuation methods

This consolidated interim report as of 31 December 2016, of EVN AG, taking into consideration § 245a Austrian Commercial Code (UGB), was prepared in accordance with the guidelines set forth in IFRS by the International Accounting Standards Board (IASB) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that were applicable at the balance sheet date and adopted by the European Union (EU).

EVN has exercised the option stipulated in IAS 34 to present condensed notes. Accordingly, the consolidated interim report contains merely condensed reporting compared to the Annual report, pursuant to IAS 34, as well as selected information and details pertaining to the period under review. For this reason, it should be read together with the Annual report of the 2015/16 financial year (balance sheet date: 30 September 2016).

The accounting and valuation methods applied in preparing the consolidated financial statements as of 30 September 2016 remain unchanged. The preparation of a consolidated interim report according to IFRS requires EVN to make assumptions and estimates which influence the reported figures. Actual results can deviate from these estimates.

In order to improve clarity and comparability, all amounts in the notes and tables are generally shown in millions of euros (EURm) unless indicated otherwise. Immaterial mathematical differences may arise from the rounding of individual items or percentage rates. The financial statements of companies included in this consolidated interim report are prepared on the basis of unified accounting and valuation methods.

### Reporting in accordance with IFRS

The following standards and interpretations require mandatory application beginning with the 2016/17 financial year:

Standards and interpretations applied for the first time		Effective <sup>1)</sup>
<b>New standards and interpretations</b>		
–	–	–
<b>Revised standards and interpretations</b>		
IAS 1	Presentation of Financial Statements – Disclosure Initiative	01.01.2016
IAS 16, IAS 38	Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation	01.01.2016
IAS 16, IAS 41	Property, Plant and Equipment and Agriculture – Bearer Plants	01.01.2016
IAS 27	Separate Financial Statements – Equity Method in Separate Financial Statements	01.01.2016
IFRS 10, IFRS 12, IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception	01.01.2016
IFRS 11	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations	01.01.2016
Several	Annual Improvements 2012–2014	01.01.2016

1) In accordance with the Official Journal of the EU, these standards are applicable to financial years beginning on or after the effective date.

The initial obligatory application of the revised standards and interpretations did not have any impact on the consolidated interim report.

### Seasonally-related effects on business operations

In particular, the energy business is subject to weather-related fluctuations in power generation and sales, thus lower revenue and earnings are typically achieved in the second half of the financial year. The environmental services business is also subject to seasonal effects. The construction of many large projects is usually scheduled to begin in the springtime due to weather conditions. For this reason, the Environmental Services Segment usually generates lower revenues in the first half of the financial year than in the second half. Accordingly, business in the Environmental Services Segment serves to principally counteract the seasonable nature of the energy business. However, the volatile nature of large construction projects results in fluctuations in revenue and earnings, which depend on the progress made in the particular projects.

### Auditor's review

The consolidated interim report was neither subject to a comprehensive audit nor subject to an auditor's review by chartered accountants.

### Scope of consolidation

The scope of consolidation is established in accordance with the requirements contained in IFRS 10. Accordingly, including the parent company EVN AG, a total of 30 domestic and 36 foreign subsidiaries (30 September 2016: 30 domestic and 37 foreign subsidiaries) were fully consolidated as of 31 December 2016. As of 31 December 2016, a total of 24 subsidiaries were not consolidated due to their immaterial influence on the assets, liabilities, cash flows and profit and loss, both in detail and altogether (30 September 2016: 25).

<b>Changes in the scope of consolidation</b>	Fully	Line-by-line (Joint Operation)	Equity	Total
<b>30.09.2015</b>	<b>68</b>	<b>1</b>	<b>19</b>	<b>88</b>
First consolidation	1	–	–	1
Deconsolidation	–2 <sup>1)</sup>	–	–2	–4
<b>30.09.2016</b>	<b>67</b>	<b>1</b>	<b>17</b>	<b>85</b>
First consolidation	–	–	–	–
Deconsolidation	–1	–	–	–1
<b>31.12.2016</b>	<b>66</b>	<b>1</b>	<b>17</b>	<b>84</b>
thereof foreign companies	36	1	5	42

1) Mergers

The South-West Moscow drinking water project was settled in accordance with the contract terms at the end of December 2016. With the payment of the final instalment, the Moscow city government acquired the right to purchase the shares in OAO "WTE Süd-West", Moscow, Russia, and its 70% subsidiary OOO Süd-West Wasserwerk, Moscow, Russia, which was not included in the consolidated financial statements for reasons of immateriality. This option was subsequently exercised by the city government. The transfer of shares to the Moscow city government was recorded in the shareholders' register on 28 December 2016 and terminated the operational management of the drinking water plant by EVN after ten years.

During the reporting period there was no new acquisition of companies according to IFRS 3.

### Selected notes to the consolidated statement of operations

As announced in an ad-hoc press release on 23 November 2016, an arbitration court awarded compensation of approximately EUR 200m to the project company for the construction of the Walsum 10 power plant. EVN AG holds an indirect investment of 49% in this project company. The arbitration decision led, above all, to a reduction of the acquisition cost for the power plant and also resulted in the derecognition of a liability connected with the utilisation of a contract performance guarantee by the project company in 2013 and to an increase in current receivables due from the general contractor consortium comprising Hitachi Ltd and Hitachi Power Europe GmbH.

The share of results from equity accounted investees with operational nature developed as follows:

<b>Share of results from equity accounted investees with operational nature</b>	<b>2016/17</b>	<b>2015/16</b>
EURm	Q. 1	Q. 1
EVN KG	35.6	25.0
RAG	12.0	11.8
Energie Burgenland	9.7	4.8
ZOV; ZOV UIP	2.9	2.8
Shkodra	–	–4.0
Verbund Innkraftwerke	–0.1	–0.2
Other companies	0.8	2.1
<b>Share of results from equity accounted investees with operational nature</b>	<b>60.9</b>	<b>42.3</b>

The increase in the share of results from equity accounted investees with operational nature is attributable primarily to EVN KG and Energie Burgenland. The year-on-year increase in the earnings contribution from EVN KG is based on a decline in procurement costs and weather-related factors. The development of the earnings contribution from Energie Burgenland was related primarily to positive non-recurring income tax effects.

Due to changes in the energy policy environment in Bulgaria the Gorna Arda hydropower plant project was put on hold because its realisation is not possible under the current circumstances. Impairment losses of EUR 28.9m were therefore recognised during the reporting period.

The income from investments, that encompasses the share of results from equity accounted investees with financial nature and the results from other investments, developed as follows:

<b>Income from investments</b>	<b>2016/17</b>	<b>2015/16</b>
EURm	Q. 1	Q. 1
WEEV Beteiligungs GmbH	-0.1	-
Other companies	0.0 <sup>*)</sup>	0.0 <sup>*)</sup>
<b>Share of results of equity accounted investees with financial nature</b>	<b>-0.1</b>	<b>0.0<sup>*)</sup></b>
Verbund AG	-	-
Other companies	-	0.2
<b>Results from other investments</b>	<b>-</b>	<b>0.2</b>
<b>Total income from investments</b>	<b>-0.1</b>	<b>0.2</b>

\*) Small amount

Earnings per share are calculated by dividing Group net profit (= net profit for the period attributable to EVN AG shareholders) by the weighted average number of shares outstanding, i. e. 177,842,333 as of 31 December 2016 (31 December 2015: 177,800,283 shares). There is no difference between basic earnings per share and diluted earnings per share. Calculated on the basis of a Group net result amounting to EUR 95.3m (31 December 2015: EUR 78.8m), earnings per share at the balance sheet date 31 December 2016 totalled EUR 0.54 (31 December 2015: EUR 0.44 per share).

#### **Selected notes to the consolidated statement of financial position**

In the first quarter of 2016/17, EVN acquired intangible assets and property, plant and equipment to the sum of EUR 59.7m (previous year: EUR 57.5m). Property, plant and equipment with a net carrying amount (book value) of EUR 93.8m were disposed of (previous year: EUR 0.4m), with a capital loss of EUR 0.4m (previous year: capital gain of EUR 0.2m).

The item investments in equity accounted investees increased by EUR 19.9m, or 2.2%, to EUR 945.8m. This rise was primarily due to EUR 60.9m of current earnings contributions during the reporting period. This increase was contrasted by reductions of EUR 54.7m from the distributions made by at equity consolidated companies and valuation changes not recognised in profit and loss that amounted to EUR 12.1m.

Other investments totalling EUR 625.1m, which are classified as "available for sale", include the shares of listed companies. The market value of these shares equalled EUR 608.7m and increased by EUR 13.0m from the prior balance sheet date. In accordance with IAS 39, the adjustments made to reflect the changed market values were allocated to the valuation reserve after the deduction of deferred taxes.

The number of EVN shares in circulation developed as follows:

<b>Development of the number of shares in circulation</b>	<b>2016/17</b>
Number	Q. 1
Balance 30.09.2016	177,842,333
Purchase of treasury shares	-
<b>Total 31.12.2016</b>	<b>177,842,333</b>

The 87<sup>th</sup> Annual General Meeting on 21 January 2016 approved the premature termination of the share buyback programme that started on 16 January 2014 and authorised the Executive Board to carry out a new share buyback programme for up to 10% of EVN's share capital over a period of 30 months. The Executive Board made use of this authorisation and approved the repurchase of up to 1,000,000 shares, representing up to 0.556% of the current share capital. On 5 October 2016, the Executive Board approved the premature termination of the current share buyback programme. The authorisation resolution of the 87<sup>th</sup> Annual General Meeting of EVN AG remains intact and is still valid.

As of 31 December 2016, the number of treasury shares amounted to 2,036,069 (or 1.13% of the share capital) with an acquisition value of EUR 22.2m and a market value of EUR 20.1m (30 September 2016: EUR 20.1m). The treasury shares held by EVN are not entitled to any rights, and in particular, they are not entitled to dividends.

The 88<sup>th</sup> Annual General Meeting of EVN held on 19 January 2017, approved the proposal of the Executive Board and Supervisory Board to distribute a dividend of EUR 0.42 per share for the 2015/16 financial year, which comprises a total dividend payout of EUR 74.7m. Ex-dividend date was 25 January 2017, and the dividend payment to shareholders of EVN took place on 27 January 2017.

The non-current loans and borrowings are composed as follows:

<b>Break-down of non-current loans and borrowings</b>	<b>31.12.2016</b>	<b>30.09.2016</b>
EURm		
Bonds	539.8	550.3
Bank loans	733.8	764.2
<b>Total non-current loans and borrowings</b>	<b>1,273.6</b>	<b>1,314.5</b>

The decrease of EUR 10.5m in bonds resulted primarily from a change in the value of the hedged foreign exchange risk. This was contrasted by an opposite movement in the market value of the hedges.

The issue of the EUR 121.5m promissory note loans in October 2012 is also reflected in the bank loans.

## Segment reporting

EURm	Generation		Energy Trade and Supply		Network Infrastructure Austria		Energy Supply South East Europe	
	2016/17 Q.1	2015/16 Q.1	2016/17 Q.1	2015/16 Q.1	2016/17 Q.1	2015/16 Q.1	2016/17 Q.1	2015/16 Q.1
External revenue	13.9	9.7	137.0	149.6	135.7	116.3	255.5	252.4
Internal revenue (between segments)	43.7	48.4	2.1	2.5	15.6	11.7	0.1	0.1
<b>Total revenue</b>	<b>57.6</b>	<b>58.0</b>	<b>139.1</b>	<b>152.2</b>	<b>151.2</b>	<b>127.9</b>	<b>255.5</b>	<b>252.4</b>
Operating expenses	-34.2	-25.1	-129.3	-139.8	-64.7	-54.5	-231.3	-237.7
Share of results from equity accounted investees operational	-	-4.2	36.4	27.0	-	-	-	-
<b>EBITDA</b>	<b>23.4</b>	<b>28.8</b>	<b>46.2</b>	<b>39.4</b>	<b>86.6</b>	<b>73.5</b>	<b>24.2</b>	<b>14.7</b>
Depreciation and amortisation	-41.5	-13.6	-4.7	-4.4	-28.6	-27.3	-15.5	-15.5
<b>Results from operating activities (EBIT)</b>	<b>-18.1</b>	<b>15.1</b>	<b>41.5</b>	<b>35.0</b>	<b>58.0</b>	<b>46.2</b>	<b>8.6</b>	<b>-0.8</b>
Financial results	2.0	-6.0	-0.8	-0.9	-4.0	-4.3	-5.7	-5.8
<b>Result before income tax</b>	<b>-16.2</b>	<b>9.2</b>	<b>40.7</b>	<b>34.1</b>	<b>54.0</b>	<b>41.9</b>	<b>3.0</b>	<b>-6.6</b>
Total assets	990.8	1,131.3	708.9	603.7	1,867.7	1,796.7	1,208.4	1,256.2
Investments <sup>1)</sup>	3.8	5.4	2.8	3.2	19.3	23.0	30.5	24.4

	Environmental Services		Strategic Investments and Other Business		Consolidation		Total	
	2016/17 Q.1	2015/16 Q.1	2016/17 Q.1	2015/16 Q.1	2016/17 Q.1	2015/16 Q.1	2016/17 Q.1	2015/16 Q.1
External revenue	61.8	43.6	3.7	1.7	-	-0.0 <sup>*)</sup>	607.4	573.3
Internal revenue (between segments)	4.1	4.5	14.6	15.2	-80.2	-82.3	-	-
<b>Total revenue</b>	<b>65.9</b>	<b>48.2</b>	<b>18.3</b>	<b>16.9</b>	<b>-80.2</b>	<b>-82.4</b>	<b>607.4</b>	<b>573.3</b>
Operating expenses	-47.0	-39.0	-18.9	-16.2	76.8	81.8	-448.5	-430.6
Share of results from equity accounted investees operational	2.9	2.8	21.7	16.6	-	-	60.9	42.3
<b>EBITDA</b>	<b>21.8</b>	<b>11.9</b>	<b>21.1</b>	<b>17.3</b>	<b>-3.4</b>	<b>-0.6</b>	<b>219.8</b>	<b>185.0</b>
Depreciation and amortisation	-6.6	-6.5	-0.4	-0.4	2.7	2.1	-94.6	-65.5
<b>Results from operating activities (EBIT)</b>	<b>15.2</b>	<b>5.5</b>	<b>20.7</b>	<b>16.9</b>	<b>-0.7</b>	<b>1.5</b>	<b>125.2</b>	<b>119.4</b>
Financial results	0.3	0.4	12.6	13.2	-13.0	-13.4	-8.6	-16.7
<b>Result before income tax</b>	<b>15.5</b>	<b>5.9</b>	<b>33.3</b>	<b>30.1</b>	<b>-13.7</b>	<b>-11.9</b>	<b>116.6</b>	<b>102.7</b>
Total assets	866.5	914.7	2,870.4	2,634.0	-1,913.1	-1,854.6	6,599.5	6,481.9
Investments <sup>1)</sup>	3.2	1.4	0.2	0.0 <sup>*)</sup>	-	-	59.7	57.5

1) In intangible assets and property, plant and equipment

\*) Small amount

The results shown in the total column represent the results reported on the consolidated statement of operations. The consolidation column reflects the elimination of intersegment transactions. Also included are transition amounts, which result from the difference between the viewpoints of the Generation and Energy Trade and Supply Segments and the Group with respect to the inclusion of Steag-EVN Walsum as a joint operation. The

Generation Segment has not identified any signs of impairment to its proportional investment in the power plant resulting from the inclusion of Steag-EVN Walsum as a joint operation, and the Energy Trade and Supply Segment has already recognised provisions for onerous contracts connected with the marketing of its electricity production. In contrast, an impairment charge is required from the Group's point of view.



## Selected notes on financial instruments

### Information on classes and categories of financial instruments

EURm

Classes	Measurement category	Fair value hierarchy (according to IFRS 13)	31.12.2016		30.09.2016	
			Carrying amount	Fair Value	Carrying amount	Fair Value
<b>Non-current assets</b>						
<b>Other investments</b>						
Non-financial assets	–	–	6.7	–	6.6	–
Miscellaneous investments	AFS	–	9.8	–	9.8	–
Miscellaneous investments	AFS	Level 1	608.7	608.7	595.7	595.7
			<b>625.1</b>		<b>612.0</b>	
<b>Other non-current assets</b>						
Securities	@FVTPL	Level 1	69.8	69.8	82.9	82.9
Loans receivable	LAR	Level 2	31.1	37.2	30.9	39.5
Lease receivables and accrued lease transactions	LAR	Level 2	99.4	111.3	104.3	118.0
Receivables arising from derivative transactions	@FVTPL	Level 2	8.1	8.1	6.3	6.3
Receivables arising from derivative transactions	Hedging	Level 2	6.4	6.4	16.2	16.2
Remaining other non-current assets	LAR		58.6	58.6	58.6	58.6
Non-financial assets (primary energy reserves)	–		14.4		14.4	
			<b>287.9</b>		<b>313.7</b>	
<b>Current assets</b>						
<b>Current receivables and other current assets</b>						
Trade and other receivables	LAR		497.7	497.7	371.6	371.6
Receivables arising from derivative transactions	@FVTPL	Level 2	17.3	17.3	9.1	9.1
Non-financial assets	–		8.4	–	33.4	–
			<b>523.4</b>		<b>414.1</b>	
Securities	AFS	Level 1	75.2	75.2	75.4	75.4
<b>Cash and cash equivalents</b>						
Cash on hand and cash at banks	LAR		292.7	292.7	237.2	237.2
			<b>292.7</b>	<b>292.7</b>	<b>237.2</b>	<b>237.2</b>
<b>Non-current liabilities</b>						
<b>Non-current loans and borrowings</b>						
Bonds	FLAC	Level 2	539.8	651.9	550.3	683.7
Bank loans	FLAC	Level 2	733.8	796.7	764.2	838.5
			<b>1,273.6</b>		<b>1,314.5</b>	
<b>Other non-current liabilities</b>						
Leases	FLAC	Level 2	13.5	15.5	14.3	16.5
Accruals of financial transactions	FLAC		1.4	1.4	1.5	1.5
Other liabilities	FLAC		9.4	9.4	11.2	11.2
Liabilities arising from derivative transactions	@FVTPL	Level 2	10.3	10.3	8.4	8.4
Liabilities arising from derivative transactions	Hedging	Level 2	25.4	25.4	28.8	28.8
			<b>60.0</b>		<b>64.3</b>	
<b>Current liabilities</b>						
<b>Current loans and borrowings</b>						
Trade payables	FLAC		230.7	230.7	239.1	239.1
Trade payables	FLAC		365.8	365.8	399.6	399.6
<b>Other current liabilities</b>						
Other financial liabilities	FLAC		278.9	278.9	306.4	306.4
Liabilities arising from derivative transactions	@FVTPL	Level 2	28.5	28.5	12.2	12.2
Liabilities arising from derivative transactions	Hedging	Level 2	6.7	6.7	6.6	6.6
Non-financial liabilities	–		99.0	–	128.3	–
			<b>413.1</b>		<b>453.4</b>	
<b>thereof aggregated to measurement categories</b>						
Available for sale financial assets	AFS		693.7		680.8	
Loans and receivables	LAR		979.5		802.6	
Financial assets designated at fair value in profit or loss	@FVTPL		134.0		98.3	
Financial liabilities at amortised cost	FLAC		2,173.3		2,286.6	

The previous table shows the financial instruments carried at fair value and their classification in the fair value hierarchy according to IFRS 13.

Level 1 input factors are observable parameters such as quoted prices for identical assets or liabilities. These prices are used for valuation purposes without modification.

Level 2 input factors represent other observable parameters which must be adjusted to reflect the specific characteristics of the valuation object. Examples of the parameters used to measure the financial instruments classified under level 2 are forward price curves derived from market prices, exchange rates, interest structure curves and the counterparty credit risk.

Level 3 input factors are non-observable factors which reflect the assumptions that would be used by a market participant to determine an appropriate price.

There were no reclassifications between the various levels during the reporting period.

#### Selected notes to the statement of cash flows

Cash flow from operating activities totalled EUR 25.3m and was EUR 67.9m, or 72.8%, below the first quarter of the previous year due to the non-recurring effect from the Walsum 10 power plant project. However, the negative effects on the net cash flow from operating activities had a similar positive effect on cash flow from investing activities, which was positive at EUR 68.5m for the reporting period.

#### Information on transactions with related parties

There were no major changes in the group of individuals and companies who are considered as related parties compared to the Annual report of 2015/16.

The value of services provided to investments in equity accounted investees is as follows:

<b>Transactions with investments in equity accounted investees</b>	<b>2016/17</b>	<b>2015/16</b>
EURm	Q. 1	Q. 1
Revenue	109.1	87.5
Cost of materials and services	34.0	44.9
Trade accounts receivable	85.0	35.6
Trade accounts payable	22.5	52.2

#### Other obligations and risks

Other obligations and risks increased by EUR 27.8m to EUR 338.4m compared to 30 September 2016. This change was mainly due to the increase in guarantees in connection with the construction and operation of power plants as well as an increase in scheduled orders for investments in intangible assets and property, plant and equipment.

Contingent liabilities related to guarantees for subsidiaries for energy transactions are recognised on the basis of the guarantees issued by EAA at an amount equalling the risk exposure of EVN AG. This risk is measured by the changes between the stipulated price and the actual market price, whereby EVN is only exposed to procurement risks when market prices decline and to selling risks when market prices increase. Accordingly, fluctuations in market prices may lead to a change in the risk exposure after the balance sheet date. The risk assessment resulted in a contingent liability of EUR 37.7m as of 31 December 2016. The nominal volume of the guarantees underlying this assessment was EUR 263.5m.

#### Events after the balance sheet date

The following events occurred between the quarterly balance sheet date of 31 December 2016 and the editorial deadline for this consolidated interim report on 22 February 2017:

The adjustment of network tariffs by the Austrian E-Control Commission as of 1 January 2017 raised the electricity network tariffs for household customers by an average of 9.2% and the natural gas network tariffs by an average of 13.3%. These increases correspond to the necessary high investments carried out in recent years, above all to accommodate renewable energy, and to the comparison of network distribution volumes with the respective reference periods.

The 88<sup>th</sup> Annual General Meeting on 19 January 2017 approved the distribution of the EUR 0.42 dividend per eligible share which was recommended by the Executive Board. The ex-dividend day was 25 January 2017, and the dividend was paid to shareholders on 27 January 2017.

A conflict between the supply company EVN Bulgaria EC and the state-owned Bulgarian electricity provider NEK over disputed offsets was resolved through an out-of-court settlement on 13 February 2017. The settlement included, above all, the payment of outstanding receivables for the additional costs of renewable energy which were financed in advance by EVN Bulgaria EC as well as default interest.

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## Online Letter to Shareholders

[www.finanzbericht.evn.at/?report=EN2017-Q1](http://www.finanzbericht.evn.at/?report=EN2017-Q1)

## Information on the internet

[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)

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## Financial calendar<sup>1)</sup>

Results HY. 2016/17	24.05.2017
Results Q. 1–3 2016/17	24.08.2017
Annual results 2016/17	14.12.2017

1) Preliminary

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## EVN share – Basic information<sup>1)</sup>

Share capital	EUR 330,000,000.00
Denomination	179,878,402 shares
ISIN security code number	AT0000741053
Tickers	EVNV.VI (Reuters); EVN AV (Bloomberg); EVN (Dow Jones); EVNVY (ADR)
Listing	Vienna
ADR programme; depository	Sponsored Level I ADR programme (5 ADR = 1 share); The Bank of New York Mellon
Ratings	A3, stable (Moody's); BBB+, stable (Standard & Poor's)

1) As of 31 December 2016

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