

# EVN conference call Q. 1 2022/23 results

21 February 2023

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- Sound financial performance despite
    - Continued distortions on international energy markets
    - Significantly mild weather conditions in all three markets
    - Negative earnings contribution by EVN KG, which is expected to remain negative in the current financial year
  - Ambitious investment programme on track (exceeding EUR 500m p.a.)
    - Wind power and large-scale PV projects with total capacity of 120 MW currently under construction
    - Taxonomy aligned share of CapEX at roughly 85%
  - Development of new business potential in the area of e-mobility
    - Installation of e-charging stations in SPAR supermarket parking lots in eastern Austria, as well as the supply of renewable energy for the charging points
  - ESG ratings improvements
    - CDP: A-/Leadership
    - ISS Research: B-/prime status

	<b>Q. 1 2022/23</b>	<b>+/-</b>
	EURm	%
<b>Revenue</b>	1,174.3	30.3
<b>EBITDA</b>	281.7	39.6
Depreciation and amortisation	-80.6	-2.3
Effects from impairment tests	0.0	-
<b>EBIT</b>	201.1	55.3
Financial results	-10.2	38.2
<b>Group net result</b>	149.4	83.2
Net cash flow from operating activities	-255.9	-
Investments <sup>1)</sup>	106.9	-2.9
Net debt	1,580.7	74.5
	%	
Equity ratio <sup>2)</sup>	58.2	0.8
	EUR	
Earnings per share	0.84	83.1

<sup>1)</sup> In intangible assets and property, plant and equipment

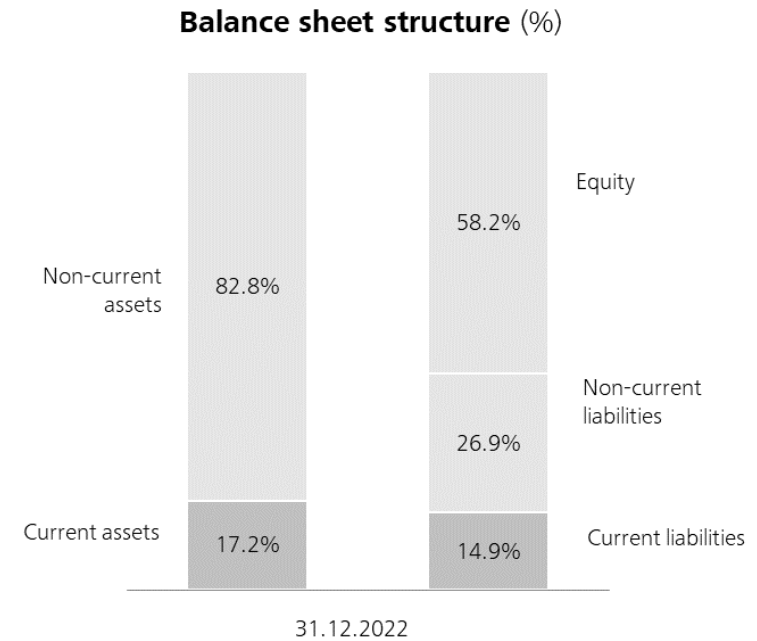
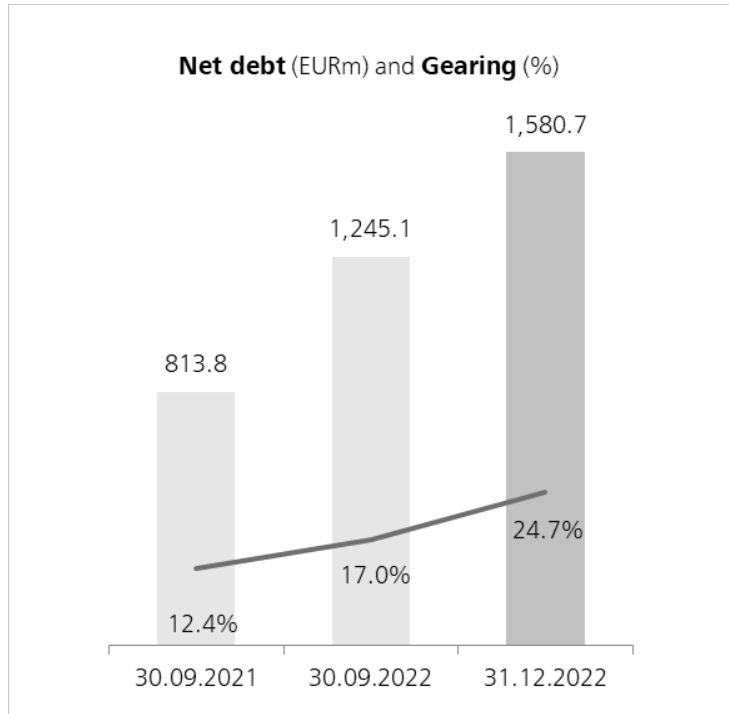
<sup>2)</sup> Changes reported in percentage points

## → Increase in revenue

- Price effects in renewable generation
- Valuation effects of hedges and price adjustments in the Energy Segment
- South East Europe benefitted from higher network tariffs and the increase of electricity prices in the regulated household customer segment in North Macedonia
- Growth from international project business

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

- Procurement costs nearly at prior-year-level
- Compensation payments from the Bulgarian government for the network losses in prior year
- Negative earnings contribution from EVN KG



- Strong balance sheet as a basis for increased investment programme in the coming years (exceeding EUR 500m p.a.)
- Working Capital related increase in net debt

	Q. 1 2022/23	+/-
<b>Electricity generation volumes</b>	GWh	%
Total	586	-23.9
Renewable energy sources	418	-4.4
Thermal energy sources	169	-49.5

	Q. 1 2022/23	+/-
<b>Financial performance</b>	EURm	%
Revenue	112.5	40.7
EBITDA	66.4	32.1
EBIT	55.7	20.3

→ **Electricity generation below previous year**

- Y-o-y increase in water flows did not offset significantly lower wind flows
- Decrease in demand for gas-fired generation to support network stability

→ **EBITDA and EBIT above prior year**

- Rise in revenue due to higher electricity prices, which offset declining electricity generation volumes
- Windfall profit tax on energy production in place since 1 December 2022
- Revaluation of wind park Kavarna (Bulgaria) in previous year

<b>Sales volumes to end customers</b>	<b>Q. 1 2022/23</b>	<b>+/-</b>
	GWh	%
Electricity <sup>1)</sup>	2,187	-4.7
Natural gas <sup>1)</sup>	1,498	-16.6
Heat	642	-16.3

<b>Financial performance</b>	<b>Q. 1 2022/23</b>	<b>+/-</b>
	EURm	%
Revenue	356.6	99.3
EBITDA	67.7	93.4
EBIT	62.4	-

<sup>1)</sup> Mainly sales volumes from EVN KG and EnergieAllianz in Austria and Germany; the results from these two sales companies are included in EBITDA under the share of results from equity accounted investees with operational nature.

## → Decline in electricity, natural gas and heat sales volumes

- Warmer temperatures year-on-year as well as in the long-term average
- Consumers' energy saving efforts

## → EBITDA and EBIT above prior year

- Significant increase in revenue: higher revenue from natural gas trading; price effects in marketing of own electricity production; valuation effects of hedges; price adjustments by EVN Wärme
- Increased costs of energy purchases from third parties related to natural gas trading and higher procurement costs for biomass
- Lower earnings contribution from EVN KG, higher procurement costs year-on-year and lower valuation effects from hedges

<b>Network distribution volumes</b>	<b>Q. 1 2022/23</b>	<b>+/-</b>
	GWh	%
Electricity	2,157	-9.4
Natural gas <sup>1)</sup>	4,035	-28.5

<b>Financial performance</b>	<b>Q. 1 2022/23</b>	<b>+/-</b>
	EURm	%
Revenue	151.5	-3.2
EBITDA	68.6	-13.1
EBIT	31.8	-25.7

1) Including network sales to EVN's power stations

- **Decline in electricity and natural gas network sales volumes**
  - Warmer temperatures year-on-year as well as consumers' energy saving efforts
  - Lower use of power plants for network stabilisation
- **Decrease in revenue**
  - Volume declines
  - Positive revenue contribution by cable TV, internet and telecommunications
- **EBITDA and EBIT below prior year**
- **New regulatory period for the natural gas distribution network as of 1 January 2023**

<b>Key energy business indicators</b>	<b>Q. 1 2022/23</b>	<b>+/-</b>
	GWh	%
Electricity generation volumes	113	1.7
Network distribution volumes	3,385	-12.2
Electricity sales volumes	2,789	-14.5
Heat sales volumes	56	-25.9

<b>Financial performance</b>	<b>Q. 1 2022/23</b>	<b>+/-</b>
	EURm	%
Revenue	480.9	5.6
EBITDA	46.8	-
EBIT	26.8	-

## → Increase in electricity generation volumes

- Higher water flows y-o-y in North Macedonia
- Commissioning of photovoltaic plant in North Macedonia in October 2022

## → Decrease in energy sales volumes

- Significantly milder weather conditions

## → EBITDA and EBIT above prior year

- Higher revenue due to higher network fees and unscheduled increase in electricity prices for regulated household customer segment in North Macedonia
- Lower energy procurement costs
- Reduced costs for network loss coverage in North Macedonia due to government subsidised purchases
- Extraordinary government measures as compensation for additional costs for network losses in Bulgaria in prior year



	Q. 1 2022/23	+/-
Financial performance	EURm	%
Revenue	158.1	73.1
EBITDA	20.4	18.8
EBIT	12.2	36.7
Financial results	-3.0	62.2
Result before income tax	9.2	-

→ **Increase in EBITDA, EBIT and result before income tax**

- Progress on Kuwait project as main driver for growth in revenue and operating expenses
- Earnings contribution from equity accounted investees positively affected by Kuwait project
- Y-o-y increase in financial results due to negative foreign currency development in prior year

→ **14 projects under construction**

- Germany, Poland, Lithuania, Romania, Bahrain, Kuwait

	<b>Q. 1 2022/23</b>	<b>+/-</b>
	EURm	in %
Gross cash flow	309.4	51.3
Net cash flow from operating activities	-255.9	-
Net cash flow from investing activities	74.3	-
Net cash flow from financing activities	87.3	-63.3
Net change in cash and cash equivalents	-94.3	48.3

→ **Increase in gross cash flow**

– Higher earnings recorded in the reporting period

→ **Decrease in CF from operating activities**

– Liquidity settlement for EVN KG and related capital commitment for working capital

– Increased y-o-y increase in income tax payments

→ **Rise in CF from investing activities**

– Investments in property, plant & equipment remain high

– Reduced investments in cash funds y-o-y

→ **Lower CF from financing activities**

– Conclusion of two long-term bank loans

– Scheduled repayments

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- Group net result for 2022/23 is expected to range from roughly EUR 190m to EUR 250m
    - Under assumption of a stable regulatory environment, predictable energy sector and tax frameworks
    - Earnings contribution from Verbund AG for the 2022 financial year is initially not included
  
  - Investments in core areas of networks, renewable generation and drinking water supplies will be carried out as planned
    - EUR 500m per year
    - EVN's position as the leading infrastructure operator will be strengthened

# Appendix

Network	Electricity	Natural gas	Comments
Regulatory authority	E-Control GmbH	E-Control GmbH	
Start of the regulatory period	01.01.2019	01.01.2023	
Next regulatory adjustment	01.01.2024	01.01.2028	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)	<ul style="list-style-type: none"> <li>– New RAB (as of 2019): 5.20%</li> <li>– Existing RAB of DSO with average efficiency: 4.88%</li> </ul>	<ul style="list-style-type: none"> <li>– New RAB (in 2023): 4.88%</li> <li>– Existing RAB of DSO with average efficiency: 3.72%</li> </ul>	<p>Set for length of regulatory period</p> <p>Higher WACC for existing RAB of DSO with above-average efficiency (such as EVN/Netz NÖ)</p>
General productivity factor	0.95%	0.40%	Gains from cost reductions remain with the company during the regulatory period
Inflation	Annual adjustment	Annual adjustment	Network operator price index consists of consumer price index and wage increase index

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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.

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