



# **EVN SGCIB Utilities Conference**

Paris, January 14, 2010

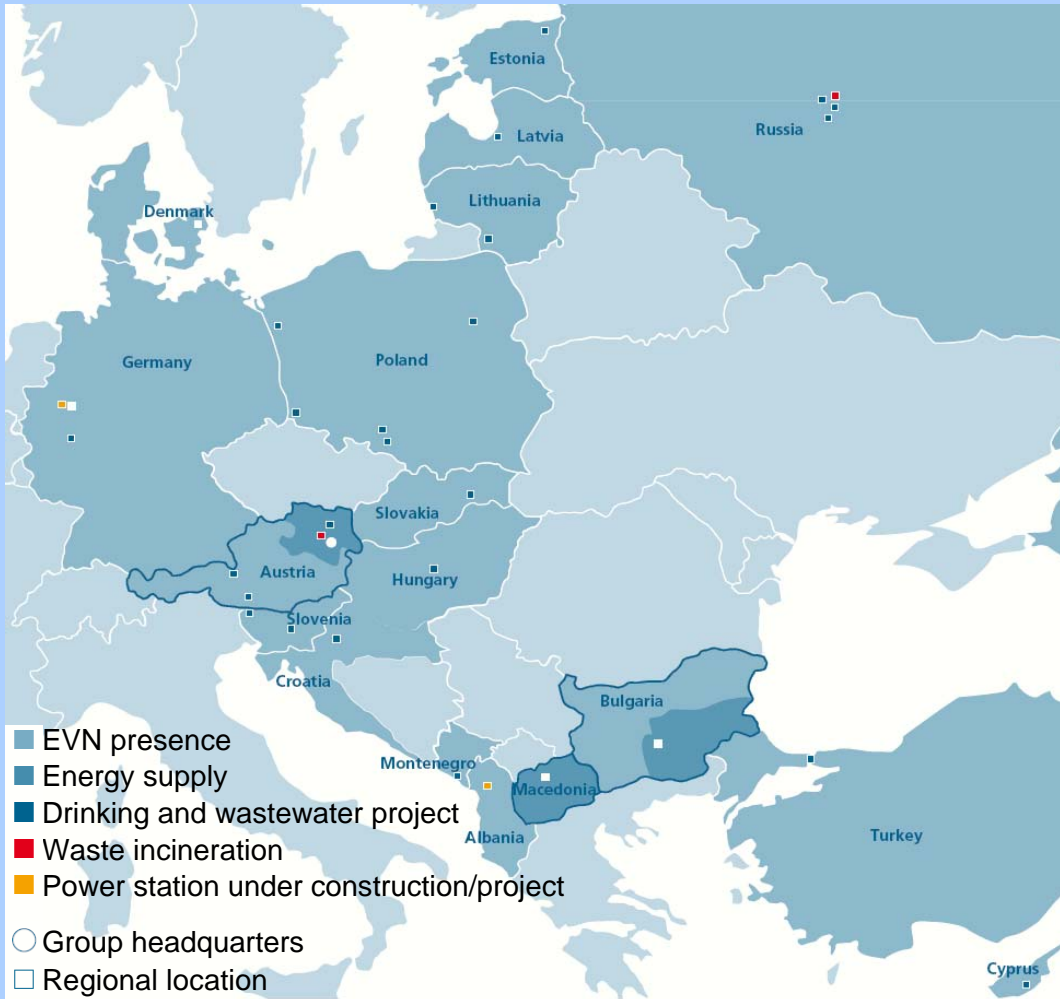
# Agenda

- > **EVN's strategy**
- > **Growth perspectives**
- > **Results for 2008/09**

## Company profile – fact sheet 2008/09

<b>EVN</b>	EVN is a leading integrated energy and environmental service group serving customer in Lower Austria and Central and Eastern Europe
<b>Business areas</b>	Electricity, gas, heating, water, waste incineration
<b>Countries</b>	Austria, Albania, Bulgaria, Croatia, Cyprus, Denmark, Estonia, Germany, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Russia, Slovakia, Slovenia, Turkey
<b>Employees</b>	8.934 (–4.3%) thereof ~ 70% in abroad
<b>Revenue</b>	2,727.0 EUR m (+13.8%)
<b>EBITDA</b>	373.4 EUR m (+3.1%)
<b>EBIT</b>	175.2 EUR m (+5.2%)
<b>Net results</b>	177.9 EUR m (–4.8%)
<b>Credit Rating</b>	Moody's: A2, negative (since July 2009) Standard & Poor's: A–, negative (since March 2009)

# EVN currently active in 18 CEE countries



## Highlights

### Energy supply

- > About 1 m electricity, gas and heating customers in Lower Austria
- > 1.6 m electricity, 40,000 heating customers in Bulgaria
- > 720,000 electricity customers in Macedonia

### Electricity generation

- > 1,829 MW generation capacity (gas, coal, hydro, wind and biomass)
- > Construction of a coal-fired power plant of 790 MW in Duisburg-Walsum, Germany

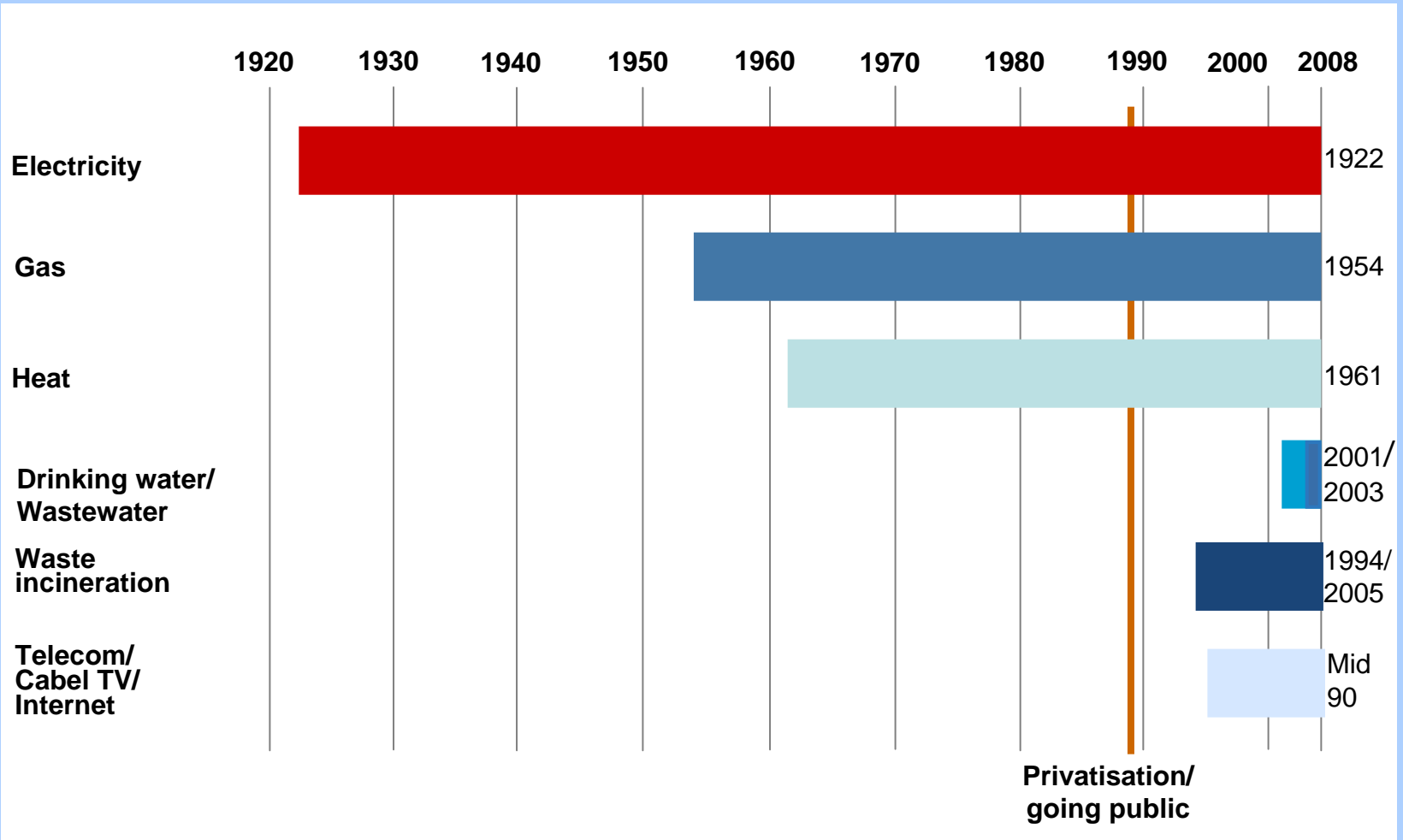
### Networks

- > 130,358 km electricity networks, 13,350 km gas pipelines and 573 km heating networks

### Environmental services

- > Waste incineration plants of 300,000 tons p.a. in Lower Austria, 360,000 tons p.a. in Moscow
- > More than 90 drinking and waste water plants for more than 10 m people in Europe
- > 0.5 m drinking water customers in Lower Austria

# EVN Group historical development



## EVN's strategy – Multi-service utility

- > „Two-pillar“ strategy – focus on the Energy and Environmental Services segments
- > Organic growth with a regional focus on Central, Eastern and south-eastern Europe
- > Clear-cut orientation to fulfil capital market requirements, transparency, strong financials and a solid dividend policy
- > Sustainability at the basis for the company's activities

# Focus on Energy and Environmental Services

## Traditional EVN core activities ...

### > Energy

> Generation

> Networks

> Supply

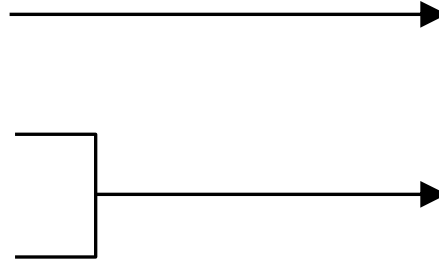
## ... complemented by related infrastructure and environmental services

### > Environment

> Waste incineration

> Drinking water

> Waste water

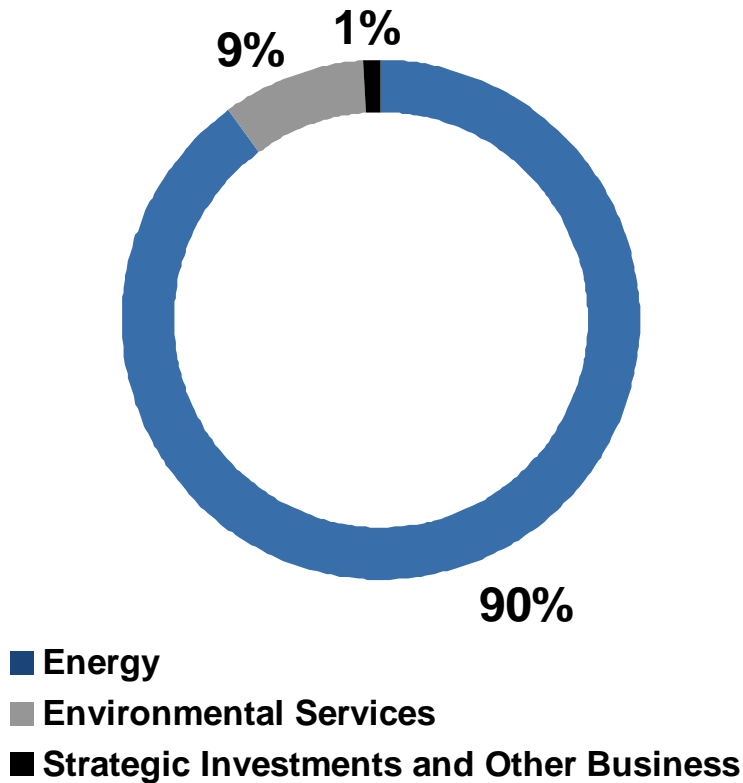


### > Benefit from strategic advantages:

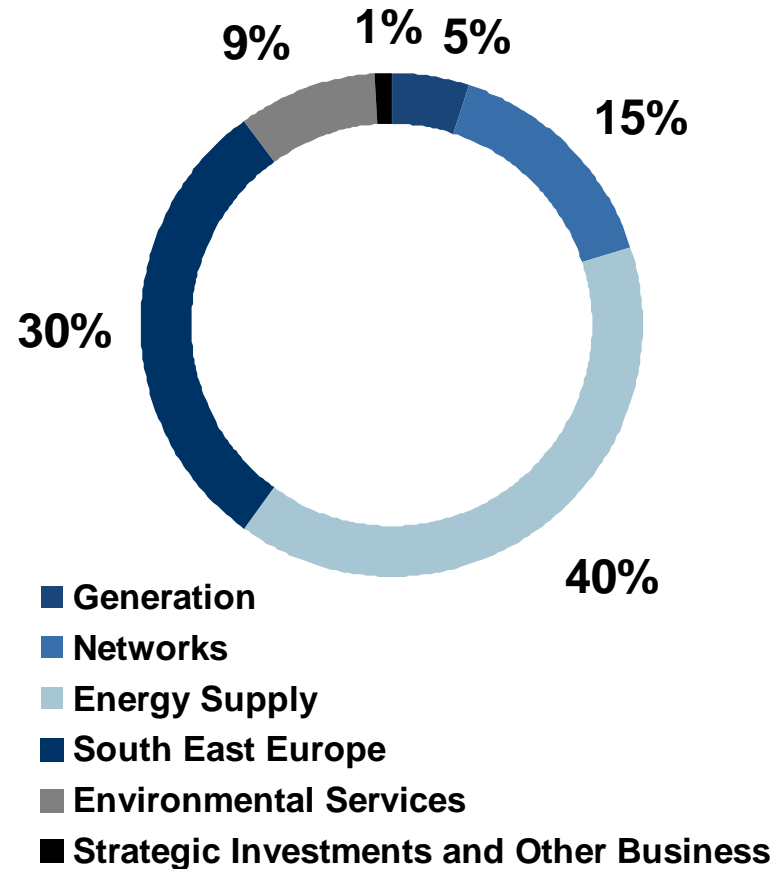
- > Common customer basis („one-stop shop“)
- > Know-how-transfer primarily in generation and networks
- > Regional synergies in operation and supply (currently mainly in Austria)
- > Benefit from administrative functions of head office for non-domestic activities
- > Optimisation of financial resources

# Diversification led to growth and risk reduction

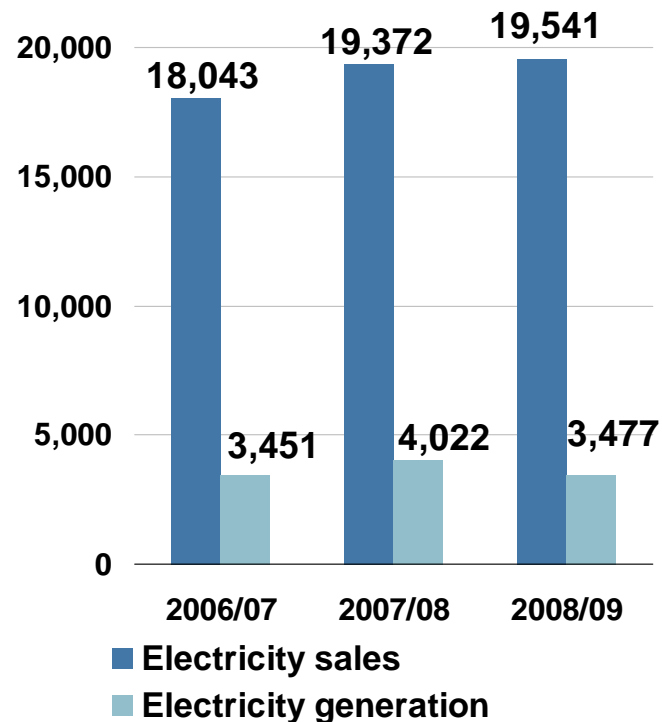
## Revenue by segments



## Revenue by business units



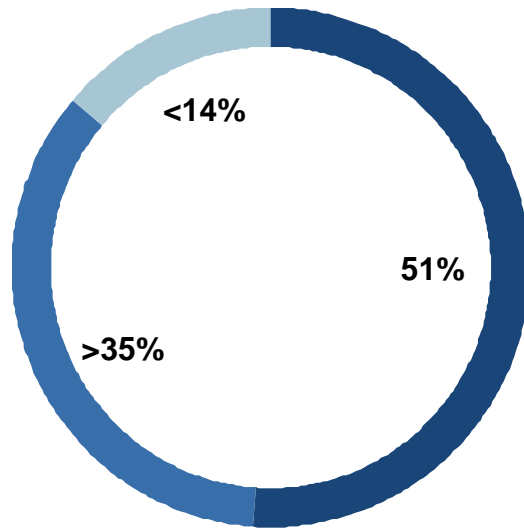
## Electricity sales and generation (GWh)



- > Coverage ratio of Group decreased from 20.8% to 17.8%
- > Coverage ratio excl. Bulgaria and Macedonia from 60.9% to 51.4%
- > Mid-term target: increase of coverage ratio to min. 40%

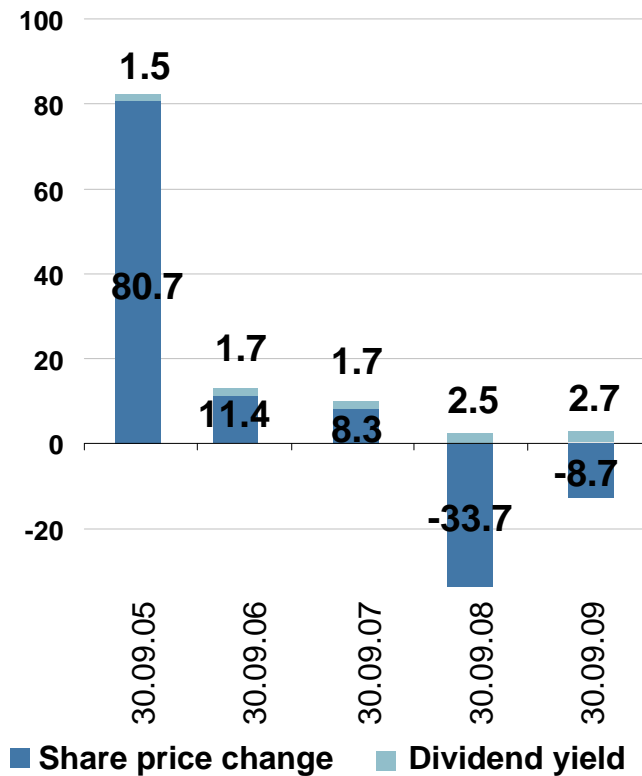
# Shareholders' structure and TSR

## Shareholders' structure



- NÖ Landesbeteiligungs Holding GmbH
- EnBW Energie Baden-Württemberg
- Free float

## Total Shareholder Return in %



TSR = 9.7% p.a. since IPO 1989

## EVN vs. ATX vs. ATX Prime vs. DJ Euro Stoxx Utilities



— DJ EURO STOXX UTILITIES  
— EVN  
— ATX  
— ATX Prime

### Performance 2008/09

(October 2008 – September 2009)

- > EVN: -8.7%
- > ATX: -4.7%
- > DJ EuroStoxx Utilities -14.4%

> Share price September:  
EUR 13.68

> Value of shares traded<sup>1)</sup>:  
EUR 209m

> Average daily turnover<sup>1)</sup>:  
69,031

1) Vienna Stock Exchange, counted once

# Agenda

- > EVN's strategy
- > **Growth perspectives**
- > Results for 2008/09

## Growth areas – Electricity generation



- > Coal-fired power plant in Duisburg-Walsum
- > Capacity: 790 MW, net efficiency: > 46%
- > Investment: EUR 820m
- > Joint venture with Evonik Steag GmbH, EVN's stake: 49%
- > Ground-breaking: November 2006
- > Production: 2010

# Growth areas – Bulgaria and Macedonia



## EVN's strategy:

- > Vertical integration → increase of production capacities
- > Modernisation of grid networks
- > Active electricity trading

## > EVN assets:

- Network operator / supplier
  - District heating plant in Bulgaria
  - Hydro power plants in Macedonia
- > **Bulgaria:** Fully liberalised electricity market starting on July 2007 → fully negotiable prices versus long-term electricity supply agreements and limited generation capacities
- > **Macedonia:** Single-buyer model, some eligible customers
- > **SEE region:** Electricity prices amount to only 30-50% of the Western European level

## Growth areas – Albania



- > Bottlenecks in electricity generation
- > Electricity generation covers only two-third of the electricity sales volumes
- > Majority of the electricity production in this area: base-load
- > Current energy production represents only one-third of total hydro power potential

### EVN's strategy:

- > Electricity production to supply EVN's 2.6 m customers in South-eastern Europe
- > Electricity sale not limited to Albania → electricity bottleneck in the whole region

# The River Devoll Project



- > BOOT-Concession for three large hydro power plants on the River Devoll in Albania
- > Capacity: 320 MW
- > Electricity production: 1,000 GWh p.a.
- > Investment: EUR 950m
- > 50:50% joint venture with Statkraft (Norway)
- > Flexibility and optimisation of applied technology
- > Stepwise realisation of the 3 plants
- > Free marketability of electricity generated
- > Strong commitment from authorities and governmental institutions
- > Excellent opportunities for peak energy due to flow conditions

## Growth areas – Environm. Services Segment



- > Drinking water plant in Moscow
- > Capacity: 250,000 m<sup>3</sup>/d
- > Investment: EUR 190m
- > Start of operation: September 2007
- > BOOT-model: operation until 2016

## Growth areas – Environm. Services Segment



- > Waste incineration plant in Moscow
- > Capacity: 360,000 t
- > Investment: EUR 175m
- > Start of operation: January 2008
- > BOOT-model: operation until 2019

## Growth areas – Environm. Services Segment



- > Ataköy/Istanbul: wastewater treatment plant
- > Turn-key project and 5-year operation
- > Capacity: ~ 2 m inhabitants
- > Start of operation: 2011
- > Investment: EUR 108.5m

## Strategic plans and targets

- > Energy segment
  - Integration of electricity, gas and heating in EVN's foreign business activities
  - Vertical integration along the value chain, generation
  - Leading market position in all markets
  - Organic growth and acquisitions
  
- > Environmental Services segment
  - Comprehensive services
  - New markets in the CEE region

# Agenda

- > EVN's strategy
- > Growth perspectives
- > **Results for 2008/09**

## Financial highlights 2008/09

EUR m	2008/09	Change %
Revenue	2,727.0	13.8
EBITDA	373.4	3.1
EBIT	175.2	5.2
Financial result	50.8	-26.2
Group net profit	177.9	-4.8
Gross cash value	445.1	4.3
EUR		
Earnings per share	1.09	-4.8
Dividend per share	0.37 <sup>1)</sup>	-

- > Increase in revenue and earnings
- > Higher sales volumes and higher prices to partially compensate the higher energy procurement prices in Energy segment as well as new projects in Environmental Services segment
- > EBITDA and EBIT above last year's level
- > Financial results decreased significantly, as a result of lower income from investments
- > Slight decline in net profit
- > Gross cash value above the last year's level
- > Despite the slight decline in net profit, dividend proposal to AGM of EUR 0.37 remain on the last year's level

2) Proposal to the AGM

## Milestones in 2008/09

- > District heating transmission pipeline to St. Pölten completed
- > Start of construction of the trans-regional gas transport pipeline "Südschiene" in Lower Austria
- > Takeover of the cable network operator B.net in Burgenland
- > Hard coal fired power plant in Duisburg-Walsum before start-up
- > Ground-breaking ceremony for the construction of three hydropower storage plants in Albania
- > Concession to distribute and supply natural gas on the Croatian Adriatic coast
- > Strong business performance in the Environmental Services segment, expansion in the Baltic region, new contract in Montenegro

## Energy segment

EUR m	2008/09	Change %
Revenue	2,459.3	12.7
EBITDA	341.7	1.7
EBIT	158.7	2.3
Financial result	-35.5	-14.2
Profit before income tax	123.3	-0.7
Investments	362.2	4.6

- > Stable electricity sales volumes, weather related decline in gas and massive increase of heat sales volumes
  - Electricity: +0.9%
  - Gas -9,7%
  - Heating +15.7%
- > Decline in electricity generation
- > Price adjustments for electricity and gas in Austria partially compensate for increased procurement costs
- > First full-time consolidation of the Bulgarian district heating plant TEZ Plovdiv
- > EBIT-improvement in Generation and Networks business units more than compensated for EBIT-decline in Supply and South East Europe could not

## Generation business unit

EUR m	2008/09	Change %
Revenue	146.1	17.3
EBIT	62.9	31.5
Profit before income tax	56.4	29.3
Investments	63.4	96.2

- > Falling spread between wholesale prices and primary energy prices
- > Lower volume of electricity generated by EVN's own power plants (-13.6%)
- > Successful long-term marketing strategy → EBIT: +31.5%
- > Increase and diversification of production capacities:
  - Ratification of the concession agreement in Albania and ground-breaking ceremony
  - Start-up of a hard coal fired power plant in Duisburg-Walsum in 2010
  - Wind park and photovoltaic capacity under construction, evaluation process to construct hydro power plants in Bulgaria

## Energy Supply business unit

EUR m	2008/09	Change %
Revenue	1,189.8	19.1
EBIT	22.6	-31.2
Profit before income tax	32.9	-24.7
Investments	32.5	57.6

- > Constant electricity sales volumes in Lower Austria, significant decline in gas and increase in heat volumes
- > Price adjustment of electricity and gas due to procurement costs increase in the previous period
- > Long-term procurement strategy: forward purchases of electricity and primary energy at historic price levels
- > EBIT decline despite increase in sales volumes and revenue as well as price adjustments
- > Investments: district heating transmission pipeline from Dürnröhr to St. Pölten

## Networks business unit

EUR m	2008/09	Change %
Revenue	467.9	-1.4
EBIT	66.2	14.0
Profit before income tax	52.4	21.6
Investments	161.5	15.3

- > Declining sales volumes
  - Electricity: -2.1%
  - Gas: -8.8%
- > Network tariffs on basis of incentive regulatory system as of 1.1.2009
  - Electricity: +1.0%
  - Gas: +7.0%
- > Network revenues (electricity, gas)
  - -1.0% to EUR 361.0m
- > Initial consolidation of the Burgenland-based cable network operator B.net
- > Increase in gross margin and decline in maintenance expenses → EBIT-improvement
- > Investments: to improve the reliability and security of supply and networks expansion, in particular in the gas networks

## South East Europe business unit

EUR m	2008/09	Change %
Revenue	878.7	16.5
EBIT	7.1	-57.1
Profit before income tax	-18.4	-
Investments	104.8	-31.6

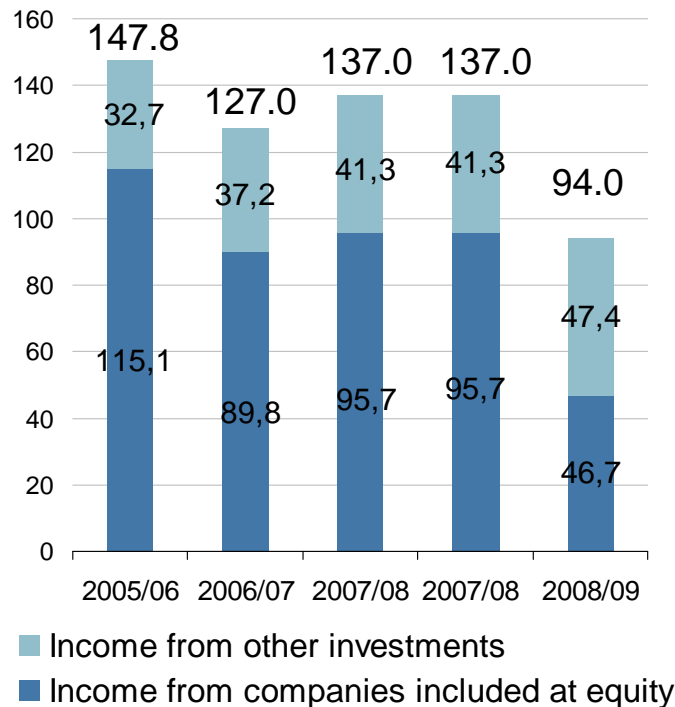
- > Electricity sales volumes
  - Bulgaria: -1.1%
  - Macedonia: +5.3%
- > Price effects: slight but unsatisfactory sale price adjustments in Bulgaria and Macedonia
- > EBIT decline due to increase of electricity purchases and primary energy expenses, higher personnel expenses and write-offs of receivables
- > Decrease in investments by EUR 48.4m to EUR 104.8m
  - Finalisation of meter-change program in Bulgaria
  - Revitalisation of the small hydro-power plants in Macedonia finished

## Environmental Services segment

EUR m	2008/09	Change %
Revenue	236.1	27.9
EBITDA	42.0	6.1
EBIT	27.5	8.5
Financial result	17.5	-2.4
Profit before income tax	45.1	4.0
Investments	67.4	-0.6

- > New projects under construction generated higher revenue contributions
- > Increase in EBIT from EUR 25.4m to EUR 27.5m
- > Financial results slightly below the previous year's level
- > Completed projects:
  - Combined cycle heat and power plants in Moscow
  - Sludge treatment facility in Estonia
  - Wastewater treatment plant in Lithuania
- > New projects acquired in 2008/09
  - Sludge treatment plant in Lithuania
  - Complex sewage disposal system in Montenegro

## Income from strategic investments (EUR m)



### > Income from companies included at equity

- Income from RAG (before minority interests) decreased from EUR 83.0m to EUR 32.2m due to oil and gas price decline
- Income from EconGas of EUR 9.4m roughly on last year's level
- Income from BEWAG and BEGAS of – EUR 3.4m below last year's level

### > Income from other investments

- Increase of dividends from Verbundgesellschaft from EUR 35.6m to EUR 42.1m

# Balance sheet

EUR m	2008/09	Change %
Balance sheet total	6,695.4	0.9
Equity	3,127.2	-2.5
Net debt	1,378.2	21.8
Equity ratio (%)	46.7	-1.6p
Gearing (%)	44.1	8.8p

> Balance sheet total stable

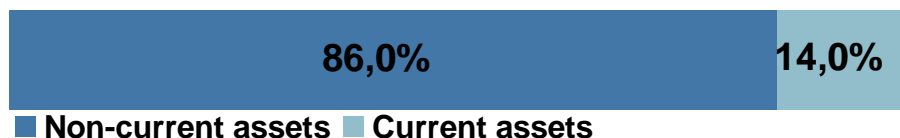
- Investments on last year's level
- Decrease in market value of the shareholding in Verbundges
- Lower Group net profit
- Increase of non-current loans and borrowings

> Increase in net debt and Gearing

> Issue of corporate bonds with a total volume of EUR 470.0m

> Sufficient liquidity reserves to finance business operation development

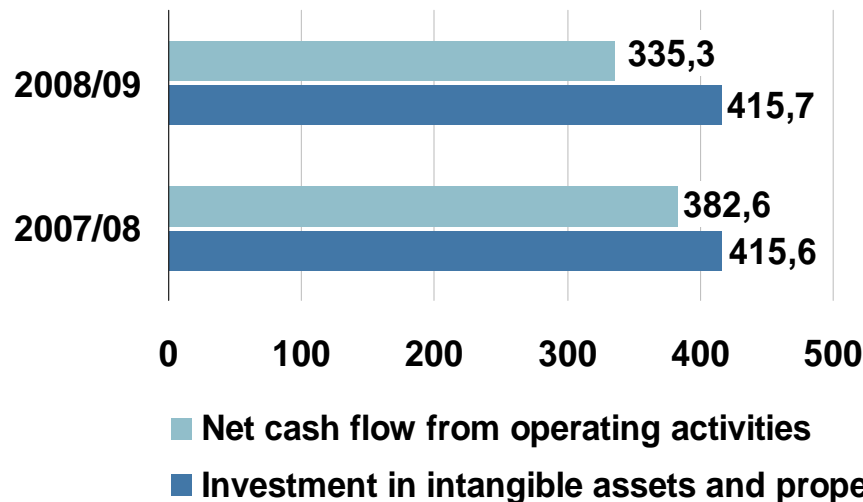
> Financing structure at matched maturities



# Cash Flow

EUR m	2008/09	Change %
Gross cash flow	445.1	4.3
CF from operating act.	335.3	-12.4
CF from investments	-400.4	-22.5
CF from financing	84.3	-

- > Higher gross cash flow despite the reduced profit before income tax
  - Higher non-cash items of income from at equity investments
  - Higher non-current provisions
- > Decline of operating CF
  - Increase in working capital
- > CF from investment
  - Acquisition of B.net
  - Increase in EVN's stake in EconGas
  - Ongoing investments



## Outlook

	2008/09	Forecast for 2009/10 vs. 2008/09
<b>Revenue</b>	EUR 2,727.0m	Slightly above the previous year's level
<b>EBIT</b>	EUR 175.2m	At the previous year's
<b>Financial results</b>	EUR 50.8m	At the previous year's
<b>Net profit</b>	EUR 177.9m	At the previous year's
<b>Investments</b>	EUR 415.7m	Continuation of EVN long-term investment policy

# EVN Investor Relations

For further information please contact:

## Michael Längle

Chief Financial Officer

Phone +43 2236 200-12324  
Fax +43 2236 200-84715  
E-Mail [michael.laengle@evn.at](mailto:michael.laengle@evn.at)

## Klára Székffy

Head of Investor Relations

Phone +43 2236 200-12745  
Fax +43 2236 200-82745  
E-Mail [klara.szekffy@evn.at](mailto:klara.szekffy@evn.at)

## EVN 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)  
E-Mail: [investor.relations@evn.at](mailto:investor.relations@evn.at)

## EVN AG

Head office  
EVN Platz  
A-2344 Maria Enzersdorf

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