

**EVN**

**Erste Group  
Investors Conference  
Stegersbach, October 8, 2009**

**EVN**

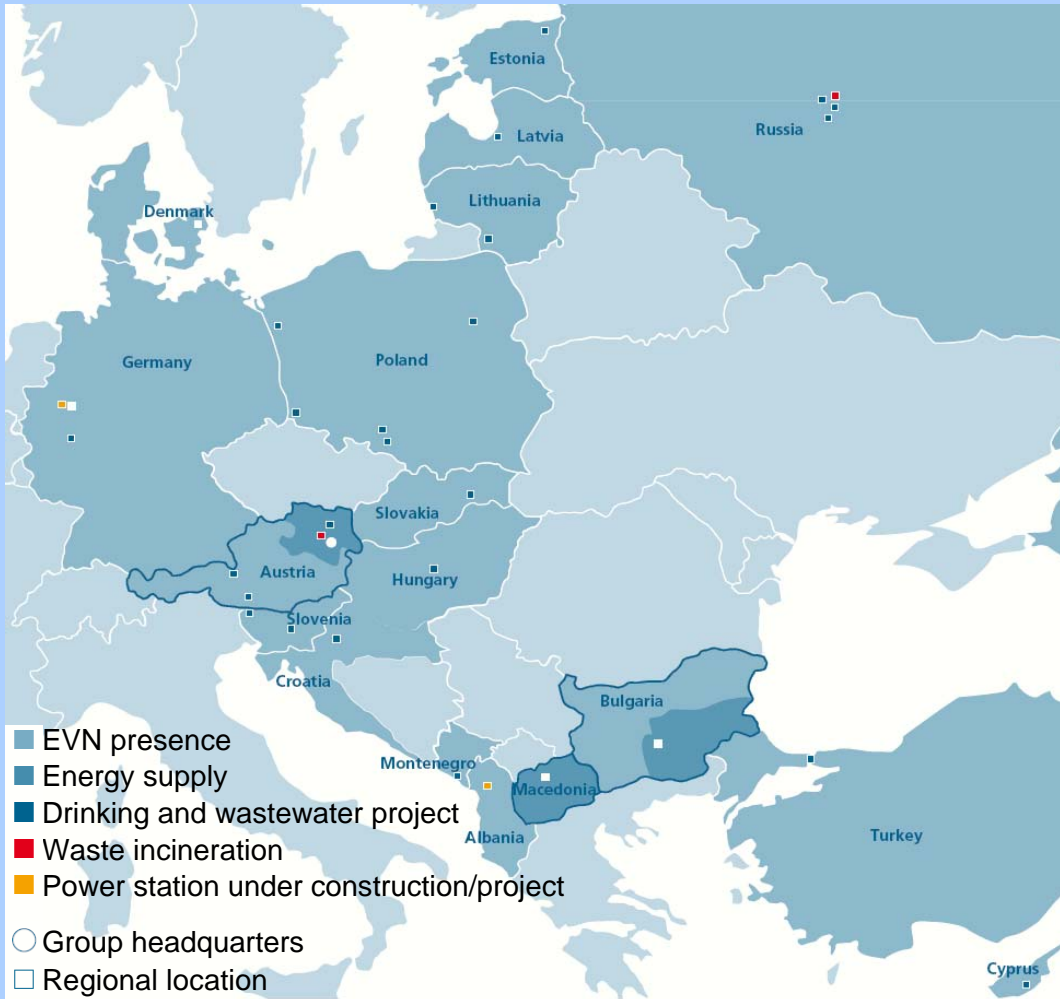
# Agenda

- > **EVN's strategy**
- > **Growth perspectives**
- > **Results for Q. 1–3 2008/09**

## Company profile – fact sheet 2007/08

<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>	9,342 (–2.0%) thereof ~ 75% in abroad
<b>Revenue</b>	2,397.0 EUR m (+7.3%)
<b>EBITDA</b>	362.3 EUR m (+3.3%)
<b>EBIT</b>	166.6 EUR m (–15.6%)
<b>Net results</b>	186.9 EUR m (–17.7%)
<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

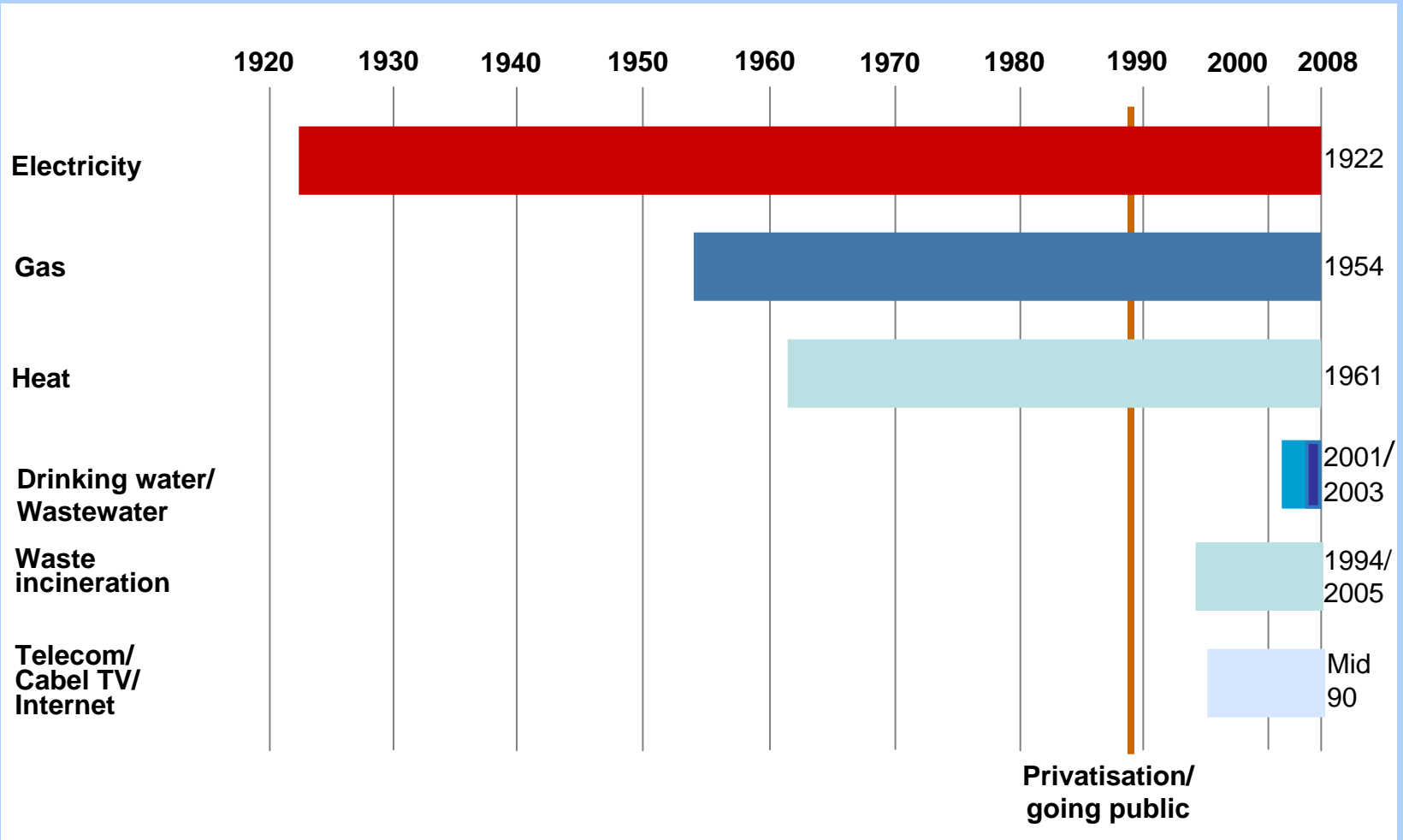
### Networks

- > 127,294 km electricity networks, 13,250 km gas pipelines and 540 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 80 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 and 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

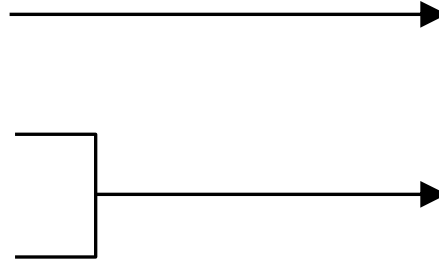
## ... complemented by related infrastructure and environmental services

### > Environment

> Waste incineration

> Drinking water

> Waste water

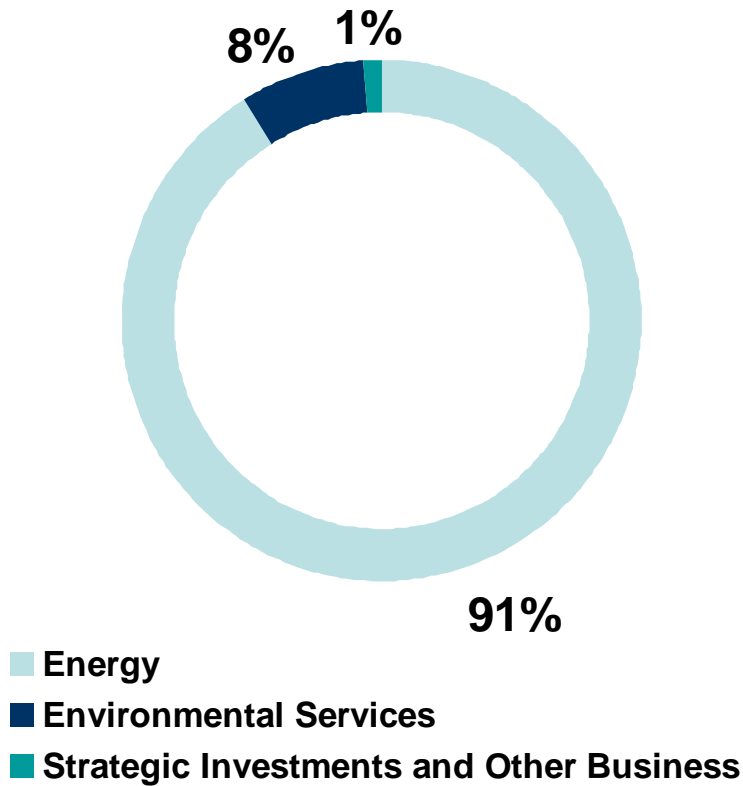


### > Benefit from strategic advantages:

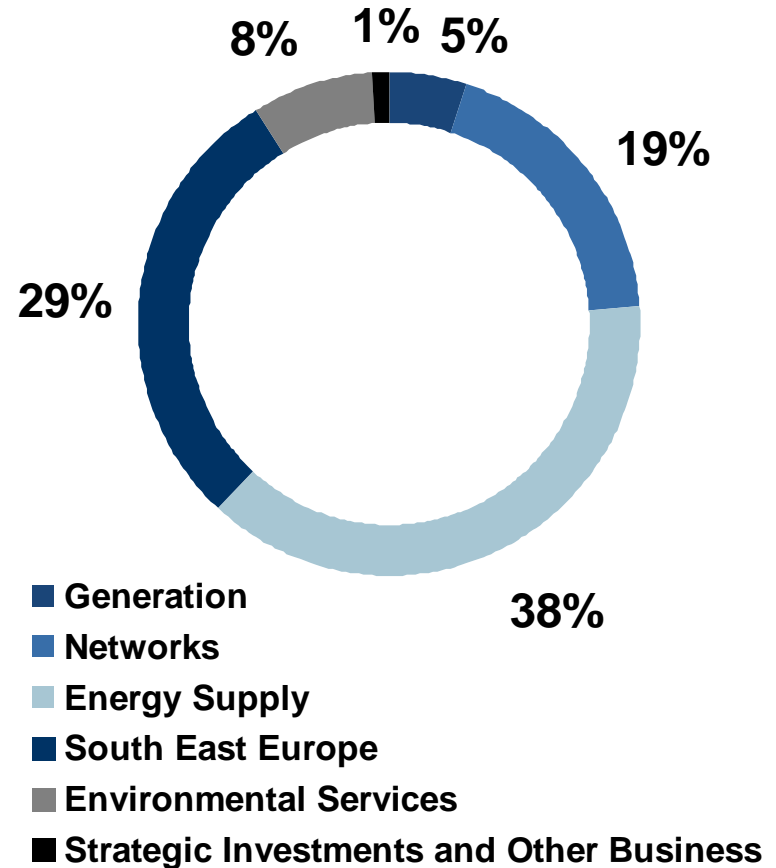
- > Common customer basis („one-stop shop“)
- > Know-how-transfer primarily in generation and networks
- > Regional synergies in operation and supply (currently mainly in Austria)
- > Benefit from administrative functions of head office for non-domestic activities
- > Optimisation of financial resources

# Diversification led to growth and risk reduction

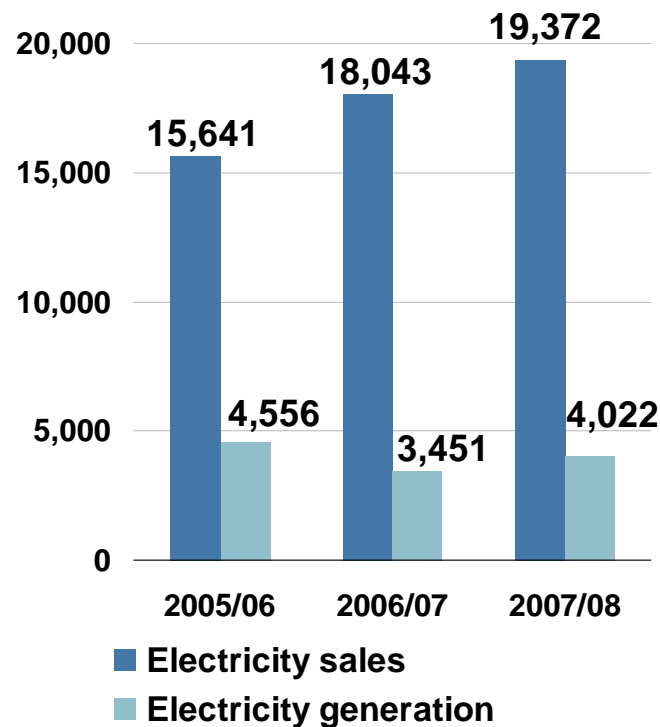
## Revenue by segments



## Revenue by business units



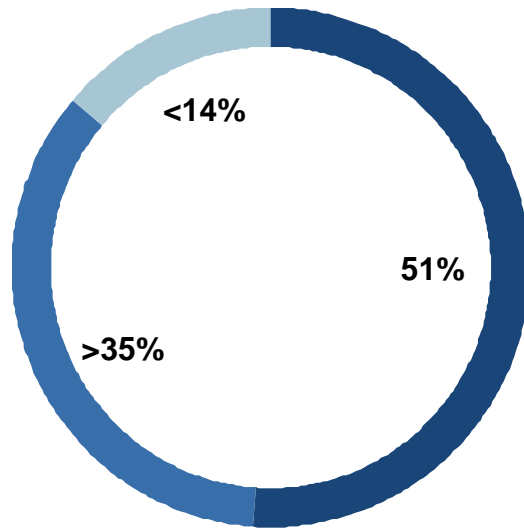
## Electricity sales and generation (GWh)



- > Coverage ratio of the Group increased from 19.1% to 20.8%
- > Coverage ratio excl. Bulgaria and Macedonia from 55.9% to 60.9%
- > Mid-term target: increase of coverage ratio to min. 40%

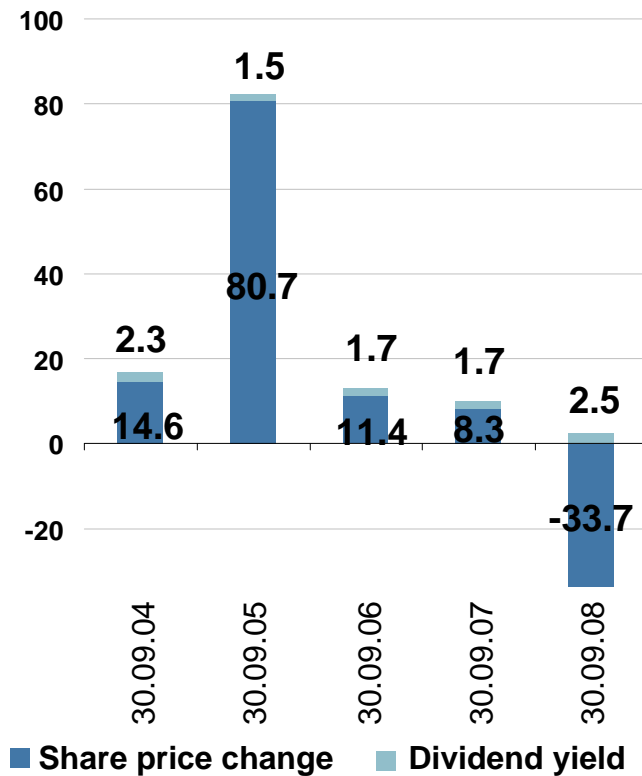
# Shareholders' structure and TSR

## Shareholders' structure



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

## Total Shareholder Return in %



TSR = 10.4% 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 Q. 1–3 2008/09 (October 2008 – June 2009)

- > **EVN:** -21.1 %
- > **ATX:** -24.2 %
  
- > **Share price June:** 11.83
  
- > **Value of shares traded<sup>1)</sup>:** 143 EUR m
  
- > **Average daily turnover<sup>1)</sup>:** 65.812

1) Vienna Stock Exchange, counted once

# Agenda

- > EVN's strategy
- > **Growth perspectives**
- > Results for Q. 1–3 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



### 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

- > GDP growth:
  - 2008: 6.1%
- > 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

# 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 Q. 1–3 2008/09**

## Highlights in Q. 1-3 2008/09

- > Positive revenue and EBIT development despite difficult economic conditions
- > Lower income from investments mainly resulting from the price decline for primary energy
- > Group net profit below previous year's level
- > Outlook for the current financial year confirmed
- > 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

## Financial highlights in Q. 1-3 2008/09

EUR m	2008/09 Q. 1-3	Change %
Revenue	2,150.2	16.7
EBITDA	324.9	8.0
EBIT	179.2	8.3
Financial results	45.1	-37.6
Group net profit	175.6	-7.6
Gross cash value	400.4	6.3
EUR		
Earnings per share	1.07	-7.6

- > Increase in revenue
  - Energy segment: Higher sales volumes and higher sales price levels partially compensate the higher energy procurement prices
  - Environmental Services segment: New and existing projects generated revenue for the first time or made higher revenue contribution
- > EBIT above last year's level
- > Financial results decreased significantly:
  - Lower income from investments
  - Higher interest expenses
  - Negative valuation effects due to the financial crisis
- > Group net profit below last year's level
- > Gross cash value above last year's level despite the lower profit before income tax due to higher depreciation and amortisation and an increase in non-cash share of income from companies included at equity

## Energy segment

EUR m	2008/09 Q. 1-3	Change %
Revenue	1,972.0	16.0
EBITDA	305.7	4.5
EBIT	171.2	1.7
Financial results	-28.8	-21.0
Profit before income tax	142.4	-1.4
Investments	203.8	-9.6

- > Sales volumes
  - Electricity: +2.9%
  - Gas: -4.7%
  - Heating: +24.9%
- > Electricity generation below last year's level
- > Higher sales price levels for electricity, gas and heat in Austria partially compensate for increased procurement costs
- > EBIT-improvement in Generation and Networks more than compensated for EBIT-decline in Supply and South East Europe business units
- > First full-time consolidation of the Bulgarian district heating plant TEZ Plovdiv

## Generation business unit

EUR m	2008/09 Q. 1-3	Change %
Revenue	109.5	12.9
EBIT	50.4	20.9
Profit before income tax	44.2	19.4
Investments	30.7	73.3

- > Higher market prices from the previous year's contracts pushed up revenue despite lower electricity generation
- > Lower electricity generation by EVN's own power plants (-14.2%) due to
  - Falling spread between wholesale prices and primary energy prices
  - Disadvantageous water flow conditions compared to previous year
- > Successful long-term marketing strategy  
→ EBIT: +20.9%
- > Increase and diversification of production capacities
  - Wind park in Bulgaria under construction
  - Ground-breaking ceremony for the construction of three hydropower storage plants in Albania
  - Successful hydraulic pressure test of the boiler of the hard coal-fired power plant in Duisburg-Walsum

## Energy Supply business unit

EUR m	2008/09 Q. 1-3	Change %
Revenue	974.0	20.1
EBIT	52.2	-20.4
Profit before income tax	61.1	-17.7
Investments	22.0	-

- > Decline in electricity and gas sales volumes in Lower Austria
- > Revenue increase
  - Higher sales price levels of electricity and gas due to higher energy prices in previous periods
  - Higher marketing proceeds of EVN's own power generation facilities
- > Higher procurement expenses due to long-term procurement strategy: forward purchases of electricity and primary energy at historic price levels
- > EBIT decline despite of increase in revenue

## Networks business unit

EUR m	2008/09 Q. 1-3	Change %
Revenue	364.8	-0.9
EBIT	67.3	16.1
Profit before income tax	57.4	21.1
Investments	69.8	-17.4

### > Distribution volumes

- Electricity: -1.6%
- Gas: -7.8%

### > Network tariffs on basis of incentive regulatory system as of January 2009

- Electricity: +1.0%
- Gas: +7.0%

### > Slight decline in revenue

- Network revenues (electricity and gas): +1.0% to EUR 295.4m
- Initial consolidation of the cable network operator B.net, Burgenland: +EUR 4.3m
- Strong decline in Intra-Group services

### > Increase in gross margin, decline in maintenance and repair expenses as well as lower personnel expenses → EBIT-improvement

## South East Europe business unit

EUR m	2008/09 Q. 1-3	Change %
Revenue	680.7	22.3
EBIT	1.3	-58.4
Profit before income tax	-20.3	-43.1
Investments	81.4	-32.9

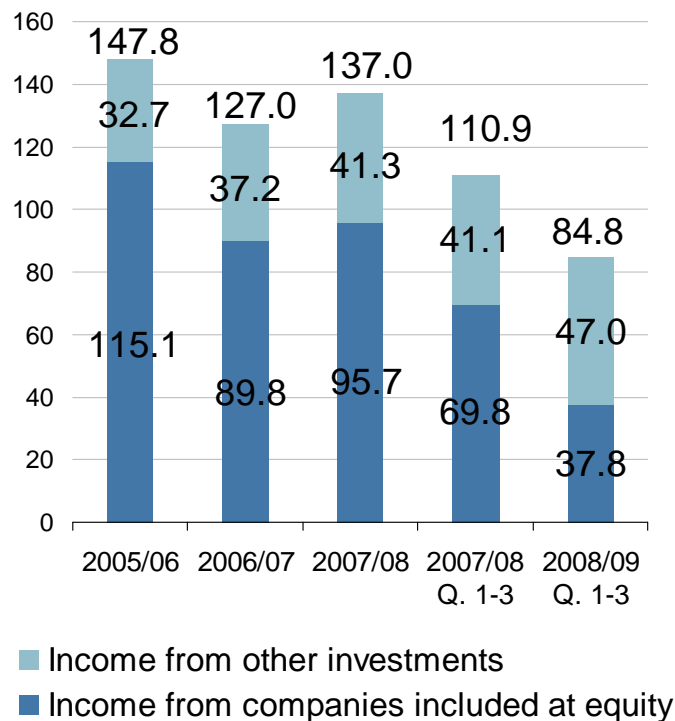
- > Electricity sales volumes
  - Bulgaria: +2.9%
  - Macedonia: +7.3%
- > First full-time consolidation of district heating company TEZ Plovdiv
- > Improvement in gross margin due to reduction of grid losses
- > Higher maintenance and personnel expenses as well as increased write-offs of receivables
  - EBIT-decline by EUR 1.7m
- > Decrease in investments by EUR 39.9m to EUR 81.4m
  - Finalisation of meter-change programme in Bulgaria
  - Revitalisation of the small hydro-power plants in Macedonia finished

## Environmental Services segment

EUR m	2008/09 Q. 1-3	Change %
Revenue	162.3	40.8
EBITDA	26.5	43.4
EBIT	15.8	-
Financial results	9.3	-15.1
Profit before income tax	25.1	33.6
Investments	54.6	26.5

- > New and existing projects generated revenue for the first time or made higher revenue contribution
- > Doubling of EBIT to EUR 15.8m
- > Financial results burdened by lower contributions from ZOV in Zagreb, Croatia, as well as minor currency effects
- > Significant increase in profit before income tax
- > Increase in investments
  - Third waste incineration line in Dürnröhr
  - Combined cycle heat and power cogeneration plant in Moscow
- > New projects acquired in Q. 3
  - Turn-key project for a sludge treatment plant in Vilnius, Lithuania
  - BOOT project for the construction of a sewage disposal system in Budva, Montenegro

## Income from strategic investments (EUR m)



### > Income from companies included at equity:

- Income from RAG (before minority interests) decreased from EUR 56.0m to EUR 27.7m due to oil and gas price decline
- Decline in income from BEWAG and BEGAS from EUR 2.9m to –EUR 1.4m, due to depreciation of financial assets

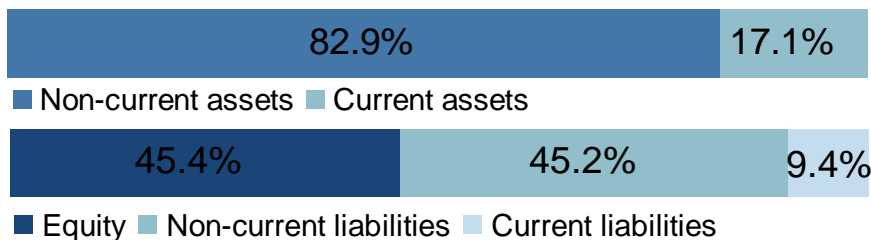
### > Income from other investments:

- Increase of dividends from Verbundgesellschaft from EUR 35.6m to EUR 42.1m (+18.2%)

# Balance sheet

EUR m	2008/09 Q. 1-3	Change % <sup>1)</sup>
Balance sheet total	6,756.2	1.8
Equity	3,068.8	-4.4
Net debt	1,357.2	20.0
Equity ratio (%)	45.4	-2.9p
Gearing (%)	44.2	8.9p

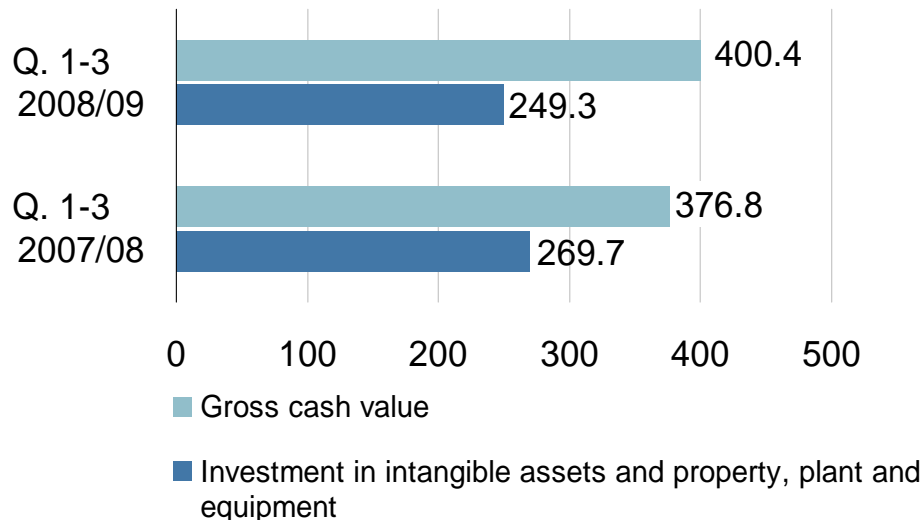
1) compared to 30.9.2008



- > Increase of balance sheet total
  - Net decrease of non-current assets by 2.0% due to lower market value of the shareholding in Verbund and lower value of associated companies despite increase of ongoing investments
  - Increase of current assets by 25.3%
- > Decrease of equity due to lower market value of Verbund, distribution of the dividend to EVN AG's shareholders and to minority shareholders
- > Increase in net debt and gearing
- > Issuing of five corporate bonds with a total volume of EUR 470.0m versus redemption of corporate bond as well as a part of syndicated revolving credit facility
- > Sufficient liquidity reserves to finance business operation development
- > Financing structure at matched maturities

# Cash Flow

EUR m	2008/09 Q. 1-3	Change %
Gross cash value	400.4	6.3
Operating CF	195.2	-44.9
CF from investments	-324.4	-71.2
CF from financing	191.3	-



- > Higher gross cash value
  - Lower profit before income tax
  - Higher investment-related depreciation and amortisation
  - Increase in non-cash share of income from companies included at equity
- > Decline of operating CF
  - Higher level of receivables due to higher sales price levels and of inventories due to reduced electricity production as well as decrease in current liabilities  
→ Higher working capital
- > CF from investment
  - Increase in investments (B.net, EconGas and power plant projects in Germany as well as Albania)
  - Ongoing capex

## Outlook 2008/09

### Revenue

Increase in revenue of energy segment as well as Environmental Services segment despite negative effects of financial and economic crisis

### EBIT

Largely stable operating result, excluded any potential negative consequences resulting from political and regulatory risks

### Financial results

Lower profit contribution from investments due to price decline of primary energy

### Net profit

Below last year's level

### Investments

In principal, continuation of investment policy despite economic crisis

# 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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