

Energie
vernünftig
nutzen

EVN

Annual Report
1999/00



Multi-Service

EVN – A leading energy services company

EVN is an Austrian energy services company, which provides its customers, who are mainly located in Lower Austria, the country's largest federal province, with electricity, natural gas, heat and related services.

EVN strives for excellence in all its customer services and consequently seeks to contribute to the quality of life.

The company is also aware of its responsibilities to the environment.

Another priority is high efficiency. We offer environmentally-friendly, competitively priced products to ensure our continuing success. A strategy that not only involves the expansion of core business, but also targeted diversification into related areas.

In an increasingly competitive market, we have also turned to partnerships and alliances with other energy companies. First and foremost, within EnergieAllianz, in which we co-operate with Wiener Stadtwerke, ESG Linz and the Burgenland energy companies, BEWAG and BEGAS.

EVN's highly qualified employees possess great knowledge and experience and represent a vital resource for the future development of the company.

We are committed to a policy of maximum transparency for our shareholders and are making every effort to ensure EVN's long-term success.

1999/00 at a glance

- Positive sales figures despite unusually warm weather
- Dynamic electricity trading activities
- EBIT up on previous year
- Early opening of the Austrian electricity and gas markets
- Strong EVN market position as a multi-service utility
- EnergieAllianz: Austrian market leader

		1999/00		Change %
Volumes sold	electricity	GWh	6,328.1 ¹⁾	+4.4
	gas	m m ³	1,336.1	-3.2
	heat	GWh	711.7	+6.1
		ATS m	EUR m	
Sales revenues		13,046	948.1	+5.1
Operating result (EBIT)		1,642	119.4	+5.0
Profit before tax		1,754	127.4	²⁾
Net result		1,301	94.5	²⁾
		ATS	EUR	
Earnings per share		38	2.78	²⁾
Dividend per share ³⁾		10	0.73	-
¹⁾ Excluding electricity trading and sales to other electricity companies ²⁾ As a result of the exceptional measures taken in the previous year, the percentual changes are excluded due to a lack of comparability. ³⁾ Proposal to the AGM				

EnergieAllianz: "Exploiting new opportunities as the market leader"

A conversation with the chairmen of the EnergieAllianz partner companies, Karl Skyba (Wiener Stadtwerke), Max Stockinger (ESG Linz) and Rudolf Gruber (EVN) held in November 2000.

What trends can you see in the European energy industry in the wake of the complete deregulation of the Austrian electricity market in October 2001?

Skyba: The acceleration of the liberalisation process has initiated dramatic structural change. Moreover, the differing degrees of deregulation in the individual European countries have led to considerable competitive distortions among electricity and gas suppliers. Against this background, the Commission is pressing for a uniform date for complete electricity and gas market deregulation, in order to ensure fair and functional competition. Unfortunately, the Austrian decision to move forward the date of full market opening ignores this fact.

Stockinger: As a result of massive competition, the initial liberalisation phase led to sizeable falls in both prices and margins, particularly in the large industrial customer segment. However, there are indications that the low-point has already been passed. All in all, it can be assumed that energy price volatility will increase. This underlines the importance of energy trading and corresponding risk management, as well as hedging by means of in-house generating capacity.

Gruber: Speaking on behalf of a listed company, I would like to mention another aspect. Electricity and gas market liberalisation and the resulting sense of uncertainty have contributed to the fact that, for a number of years, the performance of the European energy sector on the capital markets has lagged well behind that of other sectors. I am convinced that following this transitional period, there will be a return to a realistic valuation of utilities.

The main question at present is how should energy companies prepare for the new market situation, in order to remain successful?

Skyba: Here there is a clear international trend towards the multi-service utility approach, i.e. every type of energy service will be offered from a single source. This means that apart from synergy effects and price advantages for the customer, greater comfort and top class service will be assured. The EnergieAllianz also regards itself as a group of multi-service utilities.

Stockinger: This is also one of the reasons why the municipal supply company SBL (Stadtbetriebe Linz GmbH) is joining forces with ESG in a common holding, with some 280,000 electricity, gas, heating and water accounts.

Gruber: I also see an interesting perspective in the shape of the growing discussion concerning the future liberalisation of the piped water market. In view of the sizeable demand for modern infrastructure and the high quality and service standards in this sector, integration into our product portfolio would be logical. After all, water also represents a public service.

Is company size an important competitive factor?

Gruber: Without doubt, size is an important success factor, wherever the realisation of economies of scale is possible. This approach is a basic principle of the EnergieAllianz, which is targeted on the maximum use of synergy effects and the sharing of costs. With the joint companies for trading (e&t), sales and services (e&s) and information technology (e&i), we have already created the prerequisites for such economies in the most relevant areas.

Skyba: The EnergieAllianz companies supply around 2.3 million customers representing over 3.6 million electricity, gas and heating accounts in an area almost as large as Belgium. Our combined size makes us competitive in any international comparison.

Stockinger: The EnergieAllianz currently looks after some 60 % of the electricity and more than 80 % of the gas customers in Austria. This means that market consolidation has already largely taken place and therefore, the EnergieAllianz is the "Austrian solution".

What is the EnergieAllianz's market positioning?

Stockinger: We are convinced that the quality of our company brands is a sizeable competitive advantage. Therefore, we have focused on the strengthening of customer ties in our traditional markets. Moreover, the EnergieAllianz will also actively use jointly developed, innovative products to approach new national and international customers beyond its current limits, with the aim of exploiting the opportunities offered by the changed competitive situation.

Gruber: In the final analysis, it is the flexibility and creativity of our employees that will be decisive and not the sum of our assets. Here, I am referring to customer and market know-how and the areas of marketing, product development and service. "Retail is detail", or in other words, a precise knowledge of the end customer market is the key to success. Our joint venture e&i is of special importance in this regard, as it is to provide the required customer information systems.

Has the moving forward of electricity market deregulation had an effect on the internal structure of the EnergieAllianz?

Skyba: Logically enough, the rapid opening up of the market has led to an acceleration of our integration process. Originally, our joint subsidiary e&s only looked after large, authorised industrial customers. However, earlier deregulation has created a fundamentally changed situation, in which an extensive merger of the sales activities of all the partners makes sense. This is the only way that the tasks related to marketing and product development for the open market can be efficiently accomplished.



"Don't wait for change, make it happen." (Karl Skyba, Rudolf Gruber, and Max Stockinger)

Stockinger: The EnergieAllianz is also open to additional partners. These can join by participating in "e&x companies", or within the scope of tailor-made co-operation models, which can extend from shared purchasing to joint product offers, such as municipal energy concepts.

What role does E-commerce play in the EnergieAllianz?

Skyba: For us, E-commerce is an important focal point in multi-channel retail marketing. In future, customer-oriented E-commerce will constitute a considerable share of our business. The special nature of energy as a product virtually predestines it for sale via the Internet, because the supply logistics, in the form of networks, are already available. We are agreed that e&s will develop joint Internet sales solutions, both for itself and the companies of the EnergieAllianz.

Gruber: Our customers can already call up their individual energy data via Internet and, for example, register or cancel their accounts or submit address changes. E-commerce is also of growing importance in the sourcing area. EVN recently purchased its annual cable requirement for the first time in an Internet auction and achieved a first class price. At least for standardised products, I can envisage great potential in this area.

How would you sum up the opportunities for the EnergieAllianz?

Gruber: As the Austrian market leader, in this historic situation we have a unique opportunity to expand our business beyond its traditional limits. Therefore, we are highly optimistic about the future of the EnergieAllianz. Our motto is, "Don't wait for change, make it happen!"

Karl Skyba
 Born 1939
 Doctorate in law 1967
 Financial administration of the City of Vienna 1971–1978
 Cabinet secretary to the mayor 1983–1991
 Chairman of Wiener Stadtwerke since 1991
 Chairman of Wiener Stadtwerke Holding AG

Max Stockinger
 Born 1939
 Business school graduation 1966
 At ESG since 1965
 Head of Treasury 1983
 CFO 1990
 Chairman since 1994

Rudolf Gruber
 Born 1933
 Doctorate in law 1958
 Private bank in Vienna 1953–1960
 Official broker on the Vienna Stock Exchange 1960–1968
 EVN chairman (up to 1987 NEWAG and NIOGAS) since 1968

Management Report

The economic climate

The European economy recovered during the second half of 1999 and remained on a steady growth course into the autumn of 2000. Forecasts indicate that the high point of the upturn has already been passed and that in the course of 2000, Europe can expect a slight slowing of economic growth to around 3 %.

The Austrian economic pattern basically matched the European trend. Growth in 2000 will probably amount to 3.5 % and weaken in 2001 to 3 %. Exports, which have been partially favoured by the strong US dollar, provided the main impetus for the upswing, although domestic demand also developed satisfactorily. Due to the sharp increase in import costs, particularly for oil, the 2000 inflation rate rose considerably to 2.3 %.

The economy in Lower Austria also benefited from the general upturn, although to a below average extent. During the first quarter of 2000, goods production was only 1.1 % up on the level of the previous year and employment in this area continued to decline. However, as a result of a positive situation in the services sector, the total number of people employed rose by 1 % in the first half of 2000, Lower Austria following the national pattern. Unemployment in Lower Austria during the second quarter stood at 5 %, which was a little below the national average.

Conditions affecting the energy industry

In addition to climatic factors, total end user energy consumption in Austria is influenced by economic growth and, in particular, energy prices. Shifts in the latter, result in medium- and long-term substitution effects among the various forms of energy. Gas is likely to continue to mirror the oil price development in the coming years.

During the 1999/00 financial year, average temperatures in the EVN supply area were above those of the comparable period of the preceding year.

District heating and diesel fuels showed positive growth rates and the expansion of alternative, biogenic fuels also continued, although in absolute terms, at a low level.

Apart from short-term temperature fluctuations, the use of natural gas has been steadily growing for a number of years due to the rapid expansion of the supply networks. If the temperature pattern is suitable, this positive trend will continue. The only area to show a short-term fall was gas-fuelled electricity generation in thermal power stations. This was a consequence of high gas prices and the availability of possibilities for substitution or alternative sourcing on the free market. As a result, gas consumption in Austria during the 1999/00 financial year fell by an average of 1.7 %, although the figure for Lower Austria was only 0.4 %.

Future expansion can also be anticipated for electricity, not least due to the rise in GDP. Furthermore, the greater use of renewable fuels will result in increased electricity demand. The share of electricity in end user energy consumption will rise in the long-term.

A further increase in electricity trading can also be predicted. The deregulation of the electricity market with third party transmission rights and competitive international electricity offers will be of growing significance.

In the long-term, the share of coal in the consumer market can be regarded as stable. However, in the short-term, larger quantities of coal will be used during periods of high gas and oil prices, particularly in the thermal power plant area. Long-term reductions in the shares of fuel oil and petroleum can be anticipated.

According to interim figures for the public electricity supply, in the months from September 1999 to June 2000, Austrian electricity consumption rose by 3.8 %. In Lower Austria, there was an increase of around 2.7 %. In the industrial sector, as compared with the preceding period, there were no major changes with regard to internal, natural gas-fuelled generation. The fall in electricity prices due to market liberalisation and the upward trend in fuel costs have led to declining interest in new co-generation capacity.

EVN Group business development

IAS consolidated financial statements

The 1999/00 financial statements have been prepared as consolidated financial statements in accordance with the principles of the International Accounting Standards (IAS). These financial statements replace the consolidated financial statements pursuant to Austrian accounting regulations and comply with § 245a of the Austrian Commercial Code.

As compared with the preceding year, the scope of consolidation was expanded to include the fully consolidated Elektrizitätswerke Gußwerk GmbH & Co KG, Maria Enzersdorf, and teletech Facility Management Service GmbH, Vienna. Apart from EVN AG, the scope of consolidation now includes eight fully consolidated companies. In addition, six associated companies are consolidated at equity.

Energy revenues

During the past financial year, the development of energy revenues was especially influenced by the rise in temperatures over the preceding period and the resulting fall in sales. Nonetheless, in total, energy revenues rose by 4.1 % in comparison with the same period of the previous year, which was largely due to the favourable economic situation and supply network expansion.

Electricity revenues grew by 6.0 %. In the domestic customer area, an increase in sales revenues of 0.6 % was achieved due to a large number of new connections, which counteracted the negative effects of milder temperatures and a price cut on March 1, 2000. By contrast, there was a fall in sales revenues in the industrial sector of 9.0 %. This can be traced to leasing agreements with chain customers, which turned them into self-suppliers. As a result, revenues from end customers fell by 2.3 %. However, intensive trading activities and sales of electricity outside the network area more than compensated for these losses.

Despite network expansion, the favourable economic situation and two price increases, natural gas revenues dropped by 0.7 %. This decline was mainly due to the unusually high temperatures during the winter of 1999/00.

The increase in heating revenues over the same period of the preceding year of 10.5 %, which was achieved despite the temperature influences, was largely the result of the rapid expansion both in the local and district heating sectors.

Income situation

During the past financial year, the following factors had an important effect on the income situation of the EVN Group:

- The unfavourable temperatures and the effects on electricity, gas and heating sales
- The second stage of electricity market deregulation
- An electricity sales price cut for non-authorised customers
- Intensive electricity trading
- The sharp rise in gas purchasing prices
- The resulting increases in gas sales prices
- Reduced depreciation requirements following the exceptional measures of the previous year
- The expansion of the scope of consolidation by two additional companies
- Exceptionally high income levels from company investments

Energy revenues	1999/00	1998/99	Change	
	ATS m	ATS m	ATS m	%
Electricity revenues	8,151	7,688	463	6.0
Natural gas revenues	3,507	3,532	-25	-0.7
Heating revenues	369	334	35	10.5
Energy revenues	12,027	11,554	473	4.1



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Lower Austrian governmental complex St. Pölten

While in the period under review energy revenues increased by 4.1 % over the preceding year, there was an increase in total sales revenues of 5.1 %.

Other revenues went up by 17.9 % due to the increase in sales in the telecommunications sector, as well as the higher contributions of fully consolidated subsidiaries.

The changes in inventory, own work capitalised and other operating income increased by 157.8 %. This was the result of a reduction in capitalisation due to fewer changes in inventory, and, above all, to the partial write-back of provisions made in the 1998/99 financial year for long-term electricity purchasing obligations, which was the result of a change in the legal framework.

Expenditure on electricity and primary energy purchases in 1999/00 was mainly influenced by the dramatic increase in gas purchasing prices. Despite the purchase of larger quantities, the cost of electricity sourcing was markedly reduced as a consequence of lower market prices and the measures taken during the previous year. However, although the volume of gas purchased dropped slightly due to the fall in sales and a slight reduction in thermal power station output, during the financial year 1999/00 costs rose by 42.3 %. Total expenditure on electricity and primary energy purchases went up by 13.6 %.

The cost of materials and services increased by 13.9 % over the previous year. This was primarily due to the enlargement in the scope of consolidation.

During the period under review, personnel expenses were reduced by ATS 141 million, or 5.2 %, over the preceding year, although wages and salaries rose by

an average of 2.0 % following an increase in the collective wage agreement on November 1, 1999. Despite expansion in the scope of consolidation, these savings were achieved by a cut in the average number of Group employees by 55, or 2.4 %, to 2,221 and lower severance payments in connection with early retirement. As of the balance sheet date, EVN AG had a work force of 2,093 (previous year 2,188) and the Group 2,185 (previous year: 2,229). EVN is currently training 12 trade and 3 commercial apprentices.

Depreciation grew by 10.8 % over the preceding year and included exceptional depreciation of ATS 667 million. This derived from subsequent acquisition costs relating to plants written off in the course of electricity market liberalisation and the revaluation of additional plants in the heating sector due to changed market conditions. As a result of the exceptional depreciation undertaken during 1998/99, scheduled depreciation was reduced by 23.5 %.

Profit and loss account	1999/00	1998/99	Change	
	ATS m	ATS m	ATS m	%
Energy revenues	12,027	11,554	473	4.1
Other revenues	1,018	864	155	17.9
Sales revenues	13,046	12,418	628	5.1
Changes in inventory, own work capitalised and other operating income	1,160	450	710	157.8
Cost of material and services	-7,326	-6,444	-882	-13.7
Personnel expenses	-2,568	-2,708	141	5.2
Depreciation	-1,871	-1,689	-182	-10.8
Other operating expenses	-799	-463	-336	-72.5
Operating result (EBIT) before exceptional measures	1,642	1,563	79	5.0
Exceptional depreciation resulting from electricity market deregulation	0	-5,570	5,570	100.0
Operating result (EBIT) after exceptional measures	1,642	-4,007	5,649 ¹⁾	141.0 ¹⁾
Financial result	111	-136	248	181.7
Result before tax	1,754	-4,143	5,897 ¹⁾	142.3 ¹⁾
Taxes on profit	-440	1,584	-2,024 ¹⁾	-127.7 ¹⁾
Minority interests	-13	-14	1	7.5
Net result	1,301	-2,573	3,874 ¹⁾	150.6 ¹⁾

1) Due to the exceptional measures taken in 1998/99 a periodic comparison is only partially valid.

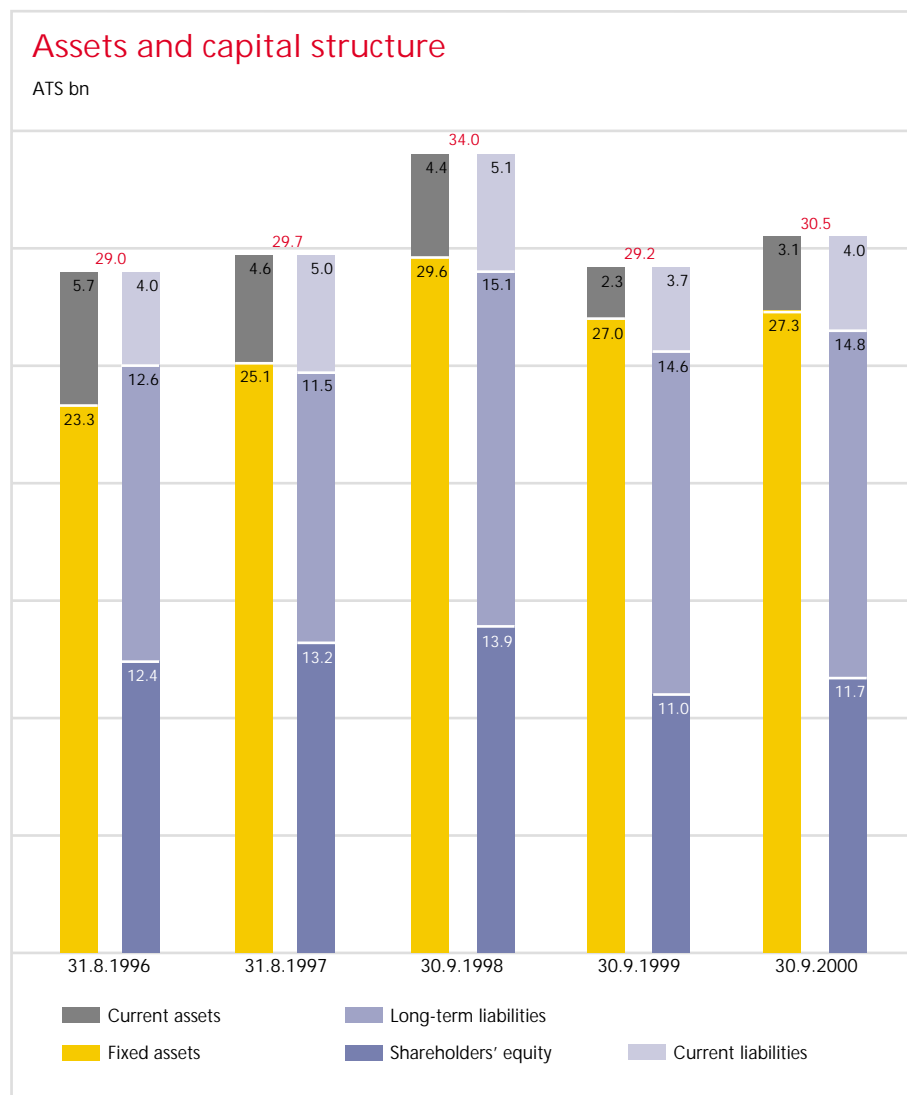
Apart from expansion in the scope of consolidation, the increase in other operating expenses is primarily the result of provisions for environmental risks, the costs of co-operation agreements and higher advertising and consultancy expenditure.

The operating result of ATS 1,642 million was ATS 79 million, or 5.0 % up on the figure for the previous year, if the exceptional measures taken in connection with electricity market deregulation during 1998/99, totalling ATS 5,570 million, are excluded. This represents a clear indication of the highly positive course of EVN Group business during the 1999/00 financial year, which was achieved despite the change in general conditions. As in the previous year, the EBIT margin amounts to 12.6 %. Electricity contributed ATS 2,072 million, or 126.2 %, to the EBIT, natural gas ATS -135 million, or -8.2 %, heating and other business areas ATS -295 million, or -18.0 %.

The financial result was influenced by a much improved result from investments. The reasons for this change were the income received from the sale of the indirectly held shares in the mobile telephone network operator, max.mobil, the resumption of dividend payments by the Verbundgesellschaft, as well as the lack of an exceptional depreciation undertaken in the previous year. Consequently, a fall in the earnings contributions from at-equity consolidated companies was more than compensated for. The result from interest also improved over the previous year due to an increase in income. Otherwise, the financial result was affected by the losses on foreign currency bonds due to the higher exchange rates for the Japanese yen and the Swiss franc on the balance sheet date, but these were lower than in the previous year. Therefore, as compared with the 1998/99 financial year, the financial result rose by ATS 248 million, or 181.6 %, to ATS 111 million.

In total, the developments described led to a result before tax of ATS 1,754 million. After accounting for minority interests, the net result amounts to ATS 1,301 million. This is ATS 3,874 million up on the comparative figure for the preceding year, which was strongly influenced by provisions for market deregulation. If the exceptional measures are excluded, in comparison with last year, the net result improved by ATS 197 million, or 17.9 %.

The result achieved during the 1999/00 financial year corresponds with a return on equity (ROE) of 11.3 % (previous year excluding exceptional measures: 7.7 %) and a return on capital employed (ROCE) of 7.5 % (previous year excluding exceptional measures: 6.0 %).



Assets and capital structure

During the 1999/00 financial year, the balance sheet total rose by ATS 1.2 billion, or 4.2 %, from ATS 29.2 billion to ATS 30.5 billion.

As a result of additions to the tangible assets, other investments and other fixed assets, fixed assets rose by ATS 366 million, or 1.4 %, while current assets increased by ATS 872 million, or 38.3 %, due mainly to additions to the inventories and receivables.

Accordingly, the percentage of total assets accounted for by fixed assets declined from 92.2 % in the previous year, to 89.7 %. Current assets rose from 7.8 % in the preceding year, to 10.3 %.

Including shareholders' equity and total liabilities, there was a rise in long-term liabilities of ATS 159 million, or 1.1 %, which derived from the revaluation of foreign currency bonds and an increase in the provision for deferred tax, which coincided with a reduction in long-term provisions. Despite the reduction of current financial liabilities, current liabilities rose by ATS 347 million, or 9.5 %, due to higher liabilities for trade accounts payable and other current liabilities, as well as an increase in taxes payable. Equity was raised by ATS 719 million, or 6.5 %, although this increase from the result was offset by the payment of dividends for 1998/99 and the buy-back of own shares.

Corporate financing

At ATS 3,556 million, cash flow from the result (result before tax and non-cash result components) in the 1999/00 financial year was ATS 35 million, or 1.0 %, below that of the preceding year. This development mainly resulted from the improvement in the result before tax and from the increase in non-cash result components. Due to a rise in receivables and inventories and an increase in current liabilities, at ATS 2,849 million, the cash flow from operating activities was well down on the figure for the preceding year.

Cash flow from investment activities amounted to ATS 2,074 million, which was also considerably below the comparable figure for 1998/99. This reflects a lower level of additions in the tangible assets, as well as in the interests sector.

As a result of the payment of the 1998/99 dividend and the share buy-back scheme, which has been running since February 2000, cash flow from financing activities was clearly down on the ATS 37 million of the previous year at ATS -778 million.

Cash and cash equivalents remained virtually unchanged with a total cash flow of ATS -3 million.

Research and development

EVN primarily sees technological research and development as an investment in the future of the company. Special value is attached to application-related projects, research either being undertaken alone or with partners. In this regard, special mention must be made of the Austrian electricity, natural gas and heating associations.

Absolute priority is given to research and development involving innovative energy sector technologies and to processes, which are aimed at greater efficiency. This applies equally to generation and the transport and distribution of energy sources. In addition, the environmental impact of EVN's business activities is also an important R&D concern.

The aim is to give preference to those technologies, which best combine environmental friendliness and economies. In this connection, the use of electricity- and natural gas-powered vehicles, together with the appropriate filling stations, as well as heat pumps, is worthy of note. The further development and financing, as well as the guidance of alternative electricity generating technologies to a competitive status, are of growing significance. The use of biomass must be specially mentioned in this connection.

Cash flow statement	1999/00 ATS m	1998/99 ATS m
Result before tax	1,754	-4,143
Non-cash result components	1,802	7,734
Changes in short- and long-term balance sheet items	-752	540
Payments of taxes on profits	45	-154
Cash flow from operating activities	2,849	3,978
Cash flow from investment activities	-2,074	-4,091
Cash flow from financing activities	-778	37
Total cash flow	-3	-77
Cash and cash equivalents at beginning of period	29	106
Cash and cash equivalents at end of period	27	29

The reduction in greenhouse gases continued to play a central role in research work during the period under review. The main focus of attention was the evaluation of measures for the fulfilment of the obligations derived from the Kyoto protocol. With the help of experts, a national climate protection strategy was prepared, which makes sense from both micro- and macro-economic viewpoint. This is in contrast to the one-sided proposals of the Federal Ministry of the Environment.

The flexible instruments foreseen in the protocol from the Kyoto climate conference are of decisive importance. This is because the meeting of national obligations is only feasible if national and international measures (flexible instruments) are dealt with on an equal basis. Flexible instruments involve the crediting of reduction measures in other industrial and developing countries, as well as trading with emission certificates. EVN played a major role in the design and co-ordina-

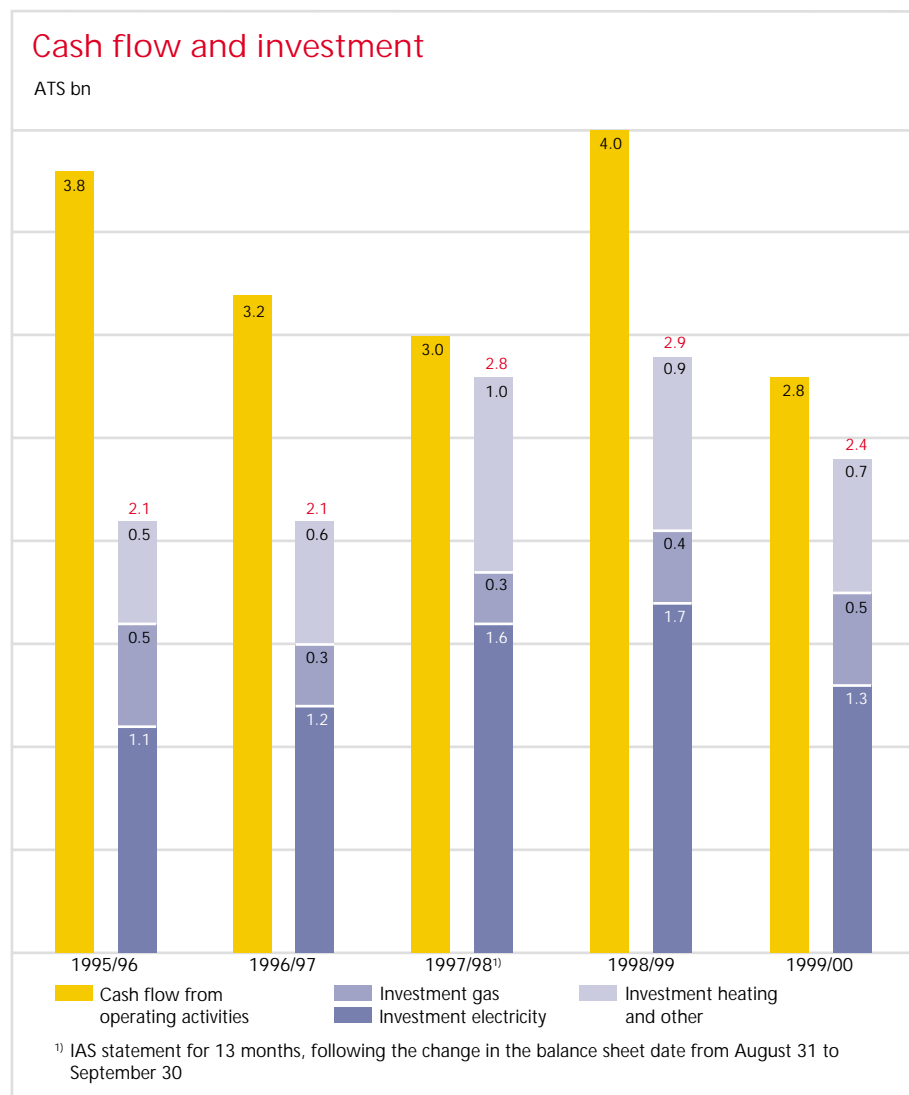
tion of these studies for the Austrian electricity, gas and heating industry. In addition, the Austrian industrial community has agreed on a common position and approach.

In December 1999, contracts concerning three research projects were signed with the European Commission. This means that EVN currently has five EU-supported research projects running. These involve economic/technical topics relating to the Dürnröhr power station and encompass research into the clean and safe use of hard coal in electricity generation. Partners in these projects include ENDESA in Spain, Cerchar (EdF) in France, universities of technology in London, Seville and Lisbon, Apparatebau Rothemühle and ABB Umwelttechnik GmbH from Germany, CRE Group Limited, PowerGen Power Technology Centre and Lodge Sturtevant Ltd. from the UK, as well as AICIA, INERCO and Compañía Sevillana de Electricidad S.A. from Spain.

Since June 2000, an interesting field test has been running in Neukirchen in Southern Lower Austria concerning the use of electricity networks for telephone and Internet services. EVN is participating in an extensive European project headed by the Swiss company, ASCOM Powerline Communications AG, in which a promising new technology (Powerline Carrier System – PLC) for the transfer of data and speech is being examined.

Share split

In line with a resolution passed by the 71st Annual General Meeting, EVN AG share capital was reallocated through a 1:3 ratio share split. Shareholders have received three shares for every one in their possession. Share capital, which remains unchanged at EUR 82,878,000 is now divided into 34,200,000 ordinary shares. This measure was aimed at easing the price of the EVN share, thereby stimulating trading and share price development.



Staff training

Optimum customer support represents the most important competitive factor in the transition from an energy supplier into a multi-service utility. Company employees are a critical factor in this regard. Therefore, systematic and intensive training is used to make staff aware of the fact that their behaviour towards the customer is of increasing importance and that, together with professional capabilities, personality development is vital for success.

During the 1999/00 financial year, 653 in-house training sessions were held, involving 3,914 participants.

The Executive Board would like to thank the entire work force for its contribution to the success of the company during the 1999/00 financial year.

Outlook

As a result of the changes derived from energy market deregulation legislation, the Austrian energy market is to be fully opened at a much earlier date than that foreseen by the EU or the original draft laws. The electricity market will be fully deregulated as from October 1, 2001, with the gas market following a year later, on October 1, 2002.

These far-reaching changes to the structure of the energy market, which will further raise competitive pressure, are certain to also accentuate the trends in the Austrian energy industry towards consolidation and co-operative alliances. Accordingly, EVN has quickly assumed an appropriate stance through the formation of the EnergieAllianz with Wiener Stadtwerke AG and ESG Linz. The three joint EnergieAllianz companies, e&s for energy sales, e&t for electricity trading and optimised sourcing, and e&i for IT services, have already captured solid market positions. As a result, the companies of the EnergieAllianz now serve around 2.3 million customers in a geographically united area. The accession of BEWAG and BEGAS to the EnergieAllianz will also help to further consolidate its future position.

The strategic multi-service utility concept is also being pursued with equal vigour. The anticipated liberalisation of the water market and new technologies such as the Powerline Carrier System (PLC), which aims to provide access to telephone and data services via any electrical socket, represent unique opportunities for extensive expansion of the services range.

As a result of the increase in gas purchasing prices during the 1999/00 financial year, a sizeable fall in results had to be accepted in this business area, even though this was partially offset at overall company level by the one-off effects derived from the write-back of provisions and income from the sale of max.mobil shares. Therefore, despite other negative factors such as provisions for environmental risks and exceptional depreciation, a positive result was nonetheless achieved. In fact, if these exceptional elements are excluded from the result, this is down on the comparable figures of the preceding years. Nonetheless, in view of what was a generally positive financial year, the Executive Board intends to propose an unchanged dividend of ATS 10 per share.

Due to the acceleration of market deregulation, a continuing fall in margins in all business areas can be expected in the coming years. This indicates that the balance sheet measures undertaken during the preceding year with regard to the valuation of power stations and long-term purchasing agreements were well-timed. These measures, which were completed in order to safeguard future results, as well as further rationalisation and the cost advantages created by co-operation within the framework of the EnergieAllianz, will constitute significant factors in successful company development in the years to come.

Maria Enzersdorf,
November 21, 2000

The Executive Board

A photograph of a nightclub scene. In the foreground on the left, a man with dark hair is smiling and looking towards the right. He is wearing a blue and white patterned shirt. In the center, another man is visible, looking down. On the right, a woman's arm is raised, wearing several colorful bangles. The background is dark with vibrant, out-of-focus lights in red, yellow, green, and blue, creating a bokeh effect. The text "90 dB" is overlaid in the center in a large, orange, sans-serif font.

90 dB



EVN Theiss power station

Energie
vernünftig
nutzen

EVN

Krems, 90 Dezibel



Energy sales and supply

Highlights

- Dynamic electricity trading activities
- Numbers of electricity, gas and heating customers in Lower Austria increase again
- New electricity customers outside the EVN supply region

General conditions affecting the energy business

During the 1999/00 financial year, EVN's energy business development was affected by many, sometimes conflicting factors:

- Far higher temperatures than in the comparable period of the preceding year
- The effects of the second stage of electricity market deregulation
- Greatly increased opportunities for the sourcing and trading of electricity
- Healthy growth in the Austrian economy
- A sharp rise in gas prices
- Further rapid expansion in gas and heating supply activities

Sales growth despite above-average temperatures

Temperature levels during the period under review were considerably higher than in the comparable period for 1998/99. In terms of total heating degrees, which is the standard indicator for temperature-related heating demand, the period under review was 4.4 % warmer than the previous year. Moreover, in comparison with the long-term average, temperatures in the past financial year were 7.4 % above normal.

Despite this and the continuing opening up of the electricity market, EVN still achieved satisfactory sales growth, maintaining and even surpassing the excellent level of the preceding year.

Electricity

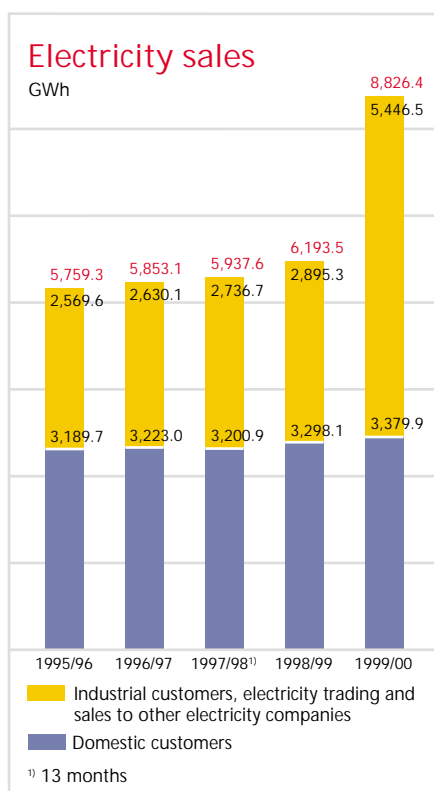
Sizeable expansion of electricity business due to trading activities

EVN was able to considerably increase its sales of electricity during the 1999/00 financial year. This was primarily the result of trading activities, which have become possible as a consequence of electricity market deregulation. 2,498.3 GWh of electricity were sold in the course of new trading and dealings with other electricity companies.

Moreover, sales of electricity to end users within the EVN supply region also grew during the period under review, totalling 6,328.1 GWh, which was 4.4 % up on the outstanding performance of the previous year. Despite the opening up of the market, due to favourable economic factors sales to industrial customers grew by 6.7 %. Sales to domestic customers also increased by 2.5 %, although higher temperatures had a negative effect.

Sales to new customers outside the EVN supply area

The sales figure for industrial customers also includes supplies of electricity to new customers obtained outside the EVN supply area. The acquisition and support of these customers is carried out by e&s Energievertriebs- und Service Gesellschaft m.b.H., an EnergieAllianz subsidiary, which is partly owned by EVN. All in all, e&s already has customers with an annual electricity requirement of some 4,000 GWh (see pages 34 and 46).



Electricity sales volumes	1999/00	1998/99	Change	
	GWh	GWh	GWh	%
Domestic customers ¹⁾	3,379.9	3,298.1	81.7	2.5
Industrial customers	2,948.2	2,762.3	185.9	6.7
Domestic and industrial customers	6,328.1	6,060.4	267.7	4.4
Other electricity companies	2,498.3	133.0	2,365.3	–
Total electricity sales volumes	8,826.4	6,193.5	2,632.9	42.5

¹⁾ Including small businesses

Energy trading

EVN sold a total of 2,498.3 GWh in the course of trading and dealings with other electricity companies. The main reason for this marked increase was extensive trading, which was made possible by electricity market liberalisation. Once operational, e&t Energie Handelsgesellschaft m.b.H., an EnergieAllianz subsidiary in which EVN has a 40 % shareholding, assumed responsibility for the trading activities of both EVN and its partners (see pages 34 and 46).

Electricity sourcing

With a total output of 9,184.7 GWh, total EVN electricity sourcing in the 1999/00 financial year far exceeded the figure for the preceding year, increasing by 38.3 %. Of this volume, 2,493.2 GWh or 27.1 % was generated internally, 35.8 GWh, or 1.4 %, less than in the comparable period of 1998/99.

Electricity purchases

During the period under review, both the size of electricity purchases and their share in total sourcing increased. With a volume of 6,691.5 GWh, which also included special supplies, energy swaps and extra purchases, electricity from external generation covered 72.9 % of total sourcing. The main reason for this increase was the far greater sourcing flexibility created by market deregulation.

Annual peak load

Peak electricity demand slightly decreased in the period under review. The highest demand on the EVN grid occurred in February 2000 and, at 1,158.1 MW, was 2.0 % lower than the comparable figure for the previous year (1,182.0 MW in December 1998).

EVN's generation portfolio

On the balance sheet date, EVN disposed of generation capacity with a power output of 1,352.5 MW from 67 power stations. In addition, EVN has an internal capacity totalling 80.5 MW from its interests in the Melk, Greifenstein and Freudenau Danube power stations.

On October 1, 1999, Elektrizitätswerke Gußwerk GmbH & Co KG, which in future will be solely responsible for the generation of electricity from renewable sources, purchased all of EVN's small-scale hydro power plants. During the period under review, the company commenced work on a wind power park in Gänserndorf consisting of five wind power plants with a total output of 6.5 MW. The park is scheduled for completion by the end of 2000.

Electricity sourcing	1999/00	1998/99	Change	
	GWh	GWh	GWh	%
Internal generation	2,493.2	2,529.0	-35.8	-1.4
Electricity purchases	6,691.5	4,111.9	2,579.6	62.7
Total electricity output	9,184.7	6,640.9	2,543.8	38.3

Electricity sourcing structure	1999/00	1998/99
	%	%
Internal generation	27.1	38.1
Electricity purchases	72.9	61.9
Total electricity output	100.0	100.0

Natural gas

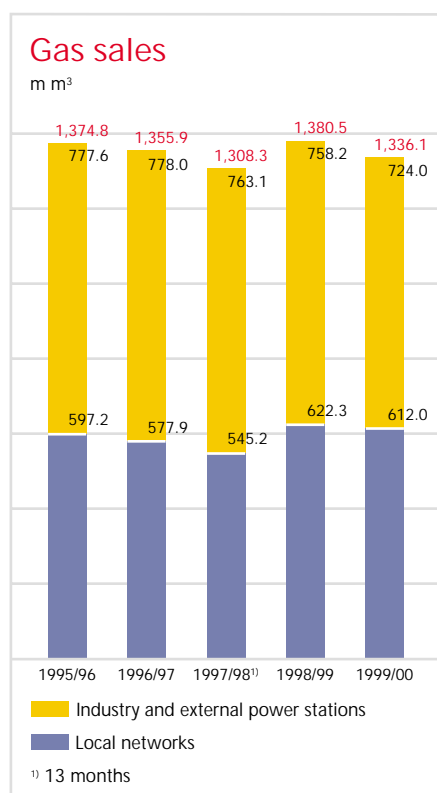
Fall in total natural gas consumption of 0.4 %

EVN experienced a slight fall in its sales of natural gas during the past financial year. The total volume of gas sold in 1999/00, which was 1,336.1 m m³, was down 3.2 % on the high level of the preceding year.

This was mainly due to a 1.7 % drop in local network demand. The effects of the warm weather were only partially counteracted by rapid expansion.

In contrast, the healthy economic situation led to an increase in sales of natural gas to industry of 3.2 %. However, this overall growth was offset by a marked fall in the demand from external power stations, which was largely the result of the above-average gas price. Consequently, there was an overall fall of 4.5 % in this customer segment.

Gas consumption at EVN's thermal power stations rose by 24.7 %. First and foremost, this was due to the start-up of the new gas turbine at the modernised Theiss power station and the increased use of gas in this highly efficient plant. As a result, total gas consumption was only 0.4 % down on the comparable figure of the preceding year.



Natural gas sales volumes and consumption	1999/00	1998/99	Change	
	m m ³	m m ³	m m ³	%
Local networks	612.0	622.3	-10.3	-1.7
Industry and external power stations	724.0	758.2	-34.2	-4.5
Total natural gas sales volumes	1,336.1	1,380.5	-44.5	-3.2
Company plants and internal consumption	272.8	235.2	37.6	16.0
Total natural gas consumption	1,608.9	1,615.7	-6.9	-0.4

Heating

Heating sales volumes up by 5.9 %

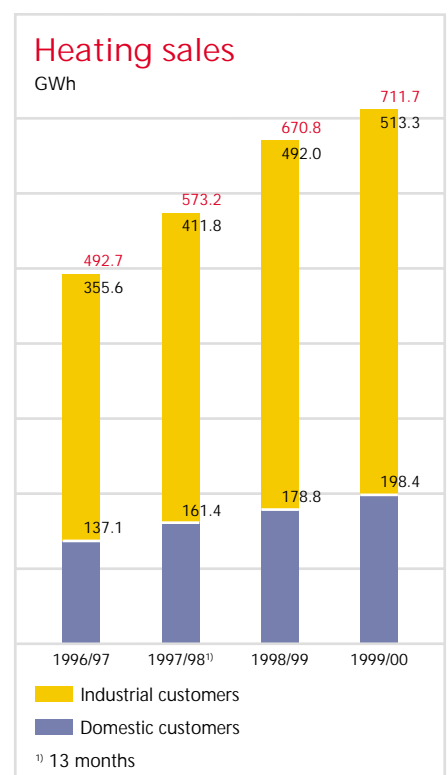
As a result of continuing rapid plant and network expansion and despite warm weather, heating sales during the 1999/00 financial year increased by 6.1 % to 711.7 GWh.

The volumes sold to domestic customers grew by 11.0 % and sales to industrial customers by 4.3 %.

EVN achieved high growth rates in the local heating sector in the period under review, despite flat demand for home construction. To a large extent, this growth was the result of increased marketing efforts and an expanded range of services. A number of industrial enterprises became customers. In the municipal sector, EVN is to supply numerous new customers with its local heating service.

Many customers place the planning, installation, operation and maintenance of their central heating units with EVN on account of its experience as an energy services company. EVN also offers to accommodate specific customer wishes, as well as providing highly attractive financial incentives.

Heating sales volumes	1999/00 GWh	1998/99 GWh	Change	
			GWh	%
Domestic customers	198.4	178.8	19.6	11.0
Industrial customers	513.3	492.0	21.3	4.3
Total heating sales volumes	711.7	670.8	40.9	6.1



A close-up photograph of a person's face, showing their eyes, nose, and mouth. The person has a neutral expression and is looking slightly to the right. The lighting is soft and natural. A large, semi-transparent red timestamp '02:35' is overlaid in the center of the image. The background is out of focus, showing a blue and white pattern, possibly a bedsheet or pillow.

02:35

Ölten, 02.35 Uhr

Energie
vernünftig
nutzen

EVN



The challenge of the open market

Legal framework

Highlights

- Early opening of the Austrian electricity and gas markets
- Complete deregulation of the electricity market from October 1, 2001 and of the gas market from October 1, 2002
- Increased competition and lower priced electricity sourcing

The liberalisation of the electricity and gas supply within the EU has caused fundamental changes in the market's legal framework. While the second stage of gradual electricity market deregulation commenced on February 19, 2000, Austria having opted for "regulated network access", in the gas sector, the focus during the period under review was primarily on the incorporation of the relevant EU directive into detailed national legislation. The first step towards the actual implementation of the single market directive commenced on August 10, 2000. Complete deregulation of the Austrian electricity market will begin on October 1, 2001, with gas following on October 1, 2002.

Important decisions were made in both areas during the period under review.

Electricity market deregulation

Differing pace of market opening in the EU countries results in competitive distortions

Despite uniform, single market regulations and a reciprocity clause, which was intended to prevent competitive distortions and ensure equal opportunities throughout the EU, the European electricity and gas markets are still the subject of widely differing degrees of deregulation. Some countries, including Austria, legislated for a completely deregulated market, although this is not obligatory under the EU directive.

By the middle of 2000, the legally stipulated level of deregulation in the European electricity market only averaged 65 %. Just four of the 15 EU states, Sweden, Finland, the UK and Germany, have introduced complete electricity market deregulation. Denmark is 90 % deregulated, followed by Spain (42 %) and the Netherlands (35 %). A mere 30 % of the large French and Italian electricity markets are currently open, while Luxembourg, Greece and Ireland do not, as yet, permit any electricity market competition.

Moreover, due to a wealth of national market constraints (e.g. complex, cross-border transmission regulations) the extent of legally permitted market deregulation does not correspond with actual levels in the individual member countries.

In the meantime, these distortions of the competitive situation have led the EU Commission and various EU countries to demand an obligatory, uniform timetable for the complete deregulation of the electricity and gas markets by 2004. However, this initiative was halted by a French veto.

Increased competition and new sourcing perspectives

The initial phase of deregulation in the European electricity sector was characterised by tough competition aimed at market exclusion. In Austria, liberalisation was also marked by drastic cuts in the price of electricity to industrial consumers. However, towards the end of the financial year, wholesale prices started to recover.

Nonetheless, the access to the EU electricity market created by deregulation offers energy companies an opportunity to cut the cost of electricity sourcing. Consequently, electricity trading is of growing importance within the EU. Several electricity exchanges such as the Scandinavian Nordpool, the Amsterdam Power Exchange (APX), the European Energy Exchange (EEX) in Frankfurt and the Leipzig Power Exchange (LPX), all offer both generators and traders the chance to optimise both their electricity generation and sourcing prices, and to pass on the resulting cost advantages reductions to their customers.

Questions of scale

With the increase in competitive pressure, questions also arise concerning the optimum size of a corporation and organisation in the deregulated European energy market. Recently, a growing number of company mergers and the formation of strategic alliances between energy suppliers have occurred. In particular, electricity and gas suppliers are joining forces. EVN has also adopted an active approach involving co-operation with neighbouring energy suppliers within the framework of the Energie-Allianz (see page 32).

Special focus on electricity generated from renewable sources

EU directives and the amended Austrian Electricity Industry and Organisation Law (EIWOG) pay increased attention to so-called "eco-energy", which is power derived from alternative forms of generation. By October 2007, 4 % of the electricity sold in Austria must be generated from renewable sources such as wind, biomass, biogas or solar energy, with another 8 % from small-scale hydro-power plants. Proof of the origins of the electricity will be provided by a "certificate".

Natural gas market deregulation

At present, the EU Natural Gas Single Market Directive does not set a date for complete market liberalisation. Up to now, the gas markets in the majority of EU countries have only been opened slowly and gradually. The one exception is the UK, which, independent of the gas directive, had already fully deregulated its market. In Germany, the important regulations needed to enable the customer to choose the supplier are still missing. Despite this, Austria has decided to undertake an early and complete opening of the gas market with effect from October 1, 2002.

Network charges for natural gas transport

Since August 10, 2000, customers with an annual consumption in excess of 25 million m³, electricity generating companies and biogas producers have enjoyed free network access. However, an appropriate charge must be paid for the use of the gas network.

The new Austrian Gas Industry Law envisages so-called "negotiated network access". This implies that individual network charges can be agreed for each authorised network user on the basis of a cost-oriented calculation, although this is subject to the obligation to treat equally users of the same gas transport services. This network charge covers all the standard transport services of the network operators. If a customer uses the networks of several natural gas companies, then a separate agreement must be reached with each company concerning transport.

Cushioning the risks of "take or pay" obligations

The natural gas business requires sizeable investment in production, transport and distribution. This special situation is traditionally dealt with by means of very long-term supply contracts with "take or pay" clauses. Such clauses oblige companies to pay the supplier for a minimum quantity of gas, irrespective of the volume of their actual purchases.

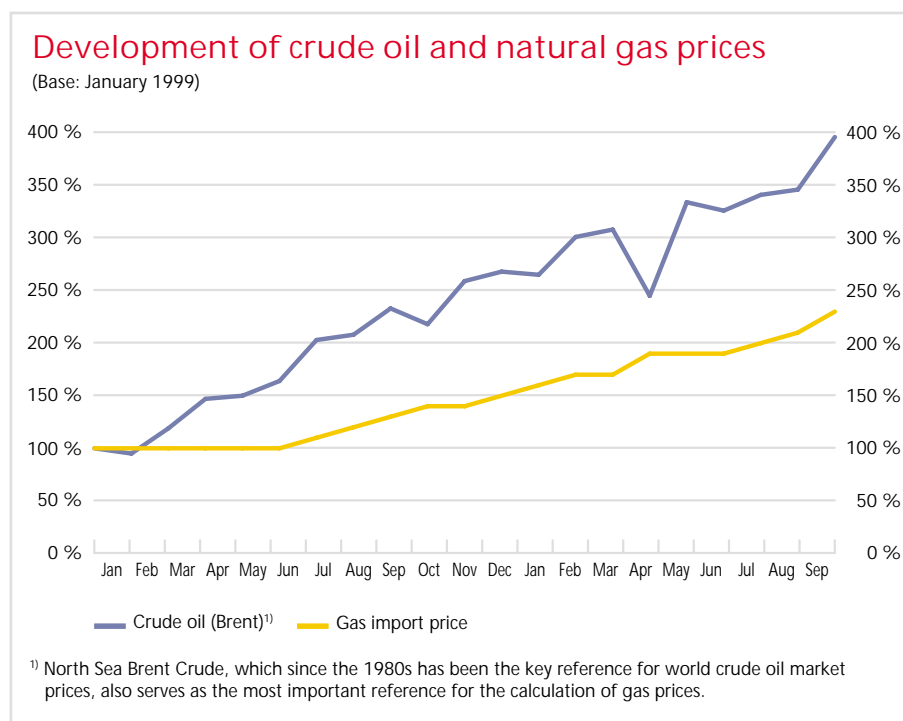
For suppliers, this guarantees the flow of funds essential to the financing of increased production and transport capacity. For customers, it offers a reliable and quantifiable supply of gas. However, these long-term contractual obligations are incompatible with rapid reactions to changes in market conditions.

Therefore, in the case of the exercise of a take or pay clause, the new Austrian Gas Industry Law envisages that the quantity involved will be allocated by auction. The difference between the contractual price and the lower price achieved by the auction will be spread among all network users in the form of a surcharge.

Future natural gas price trend difficult to forecast

While the electricity market is characterised by lively competition among numerous producers, the natural gas market is composed of a few large producers, such as Russia, Norway, the UK and Algeria, who are experiencing a sharp rise in demand. In the case of electricity, a fall in sourcing costs has permitted tangible price reductions. By contrast, the cost of natural gas sourcing has increased markedly in recent months as a result of the dramatic upturn in oil prices.

This upward trend in oil prices, via the contractual sliding price formula, is also continuing in the natural gas sourcing field. In view of these facts, it is difficult to forecast the effects of market deregulation. Nonetheless, with its active involvement in trading via the EnergieAllianz subsidiary, e&t, EVN is in a good position to exploit the possibilities offered by an open gas market for the benefit of its customers and shareholders.



EnergieAllianz – the Austrian market leader

Highlights

- EnergieAllianz strengthens EVN's market position
- Successful joint subsidiaries e&s, e&t and e&i
- Further intensification of co-operation in the sales, trading and production areas

Advantages of scale and synergy effects

In order to consolidate its position in an increasingly competitive market, EVN has not only raised the level of its marketing and cost reduction activities, but also allied itself with other energy suppliers. The aim is to jointly optimise the value added in the energy value chain – from production to sales, involving cost sharing, the exploitation of additional potential and the realisation of economies of scale. A focal point is EVN's strategic positioning within the EnergieAllianz.

EnergieAllianz is the Austrian market leader

EnergieAllianz, which was only formed in April 2000, currently serves some 60 % of all domestic electricity and more than 80 % of domestic gas customers and is therefore the Austrian market leader. Together with EVN, the partners in the EnergieAllianz, which currently consist of the Wiener Stadtwerke Holding AG (WStW) and ESG Linz, who will soon be joined by the Burgenland energy companies BEWAG (electricity) and BEGAS (gas), to give a total of 3.6 million customer accounts for the supply of electricity, gas, heating and energy related services.

EnergieAllianz companies ¹⁾	Supply area km ²	Customers 1,000 accounts	Electricity volumes sold GWh	Gas volumes sold m m ³	Heating volumes sold GWh	Total sales revenues ²⁾ ATS m
Wiener Stadtwerke Holding AG	2,007	2,334	9,685	1,925	4,376	16,088
ESG/SBL	2,693	282	1,518	354	729	3,764
BEWAG/BEGAS	3,995	167	1,160	153	–	2,273
EVN	19,170	890	6,328	1,336	712	13,046
EnergieAllianz total	27,865	3,673	18,691	3,768	5,817	35,171

¹⁾ Company data or Annual Reports
²⁾ Energy business

EnergieAllianz also has a significant customer base in international terms. Even in the major deregulated markets such as Germany and the USA, the majority of large suppliers have an average customer base of between two and five million customers. As far as geography is concerned, the EnergieAllianz's supply area is roughly the size of Belgium. Therefore, the EnergieAllianz supplies one of the largest unified sales territories in Europe.

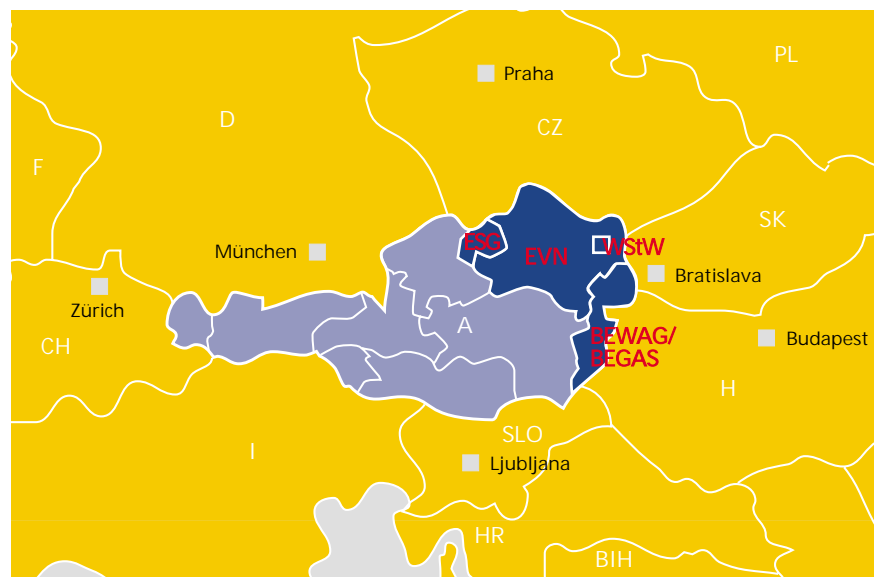
Merger of sales, trading and sourcing

As a consequence of the early and total deregulation of the electricity and gas markets in Austria, the partners in the EnergieAllianz plan to step up their co-operation in the fields of sales, trading and sourcing and to largely merge these value added parts of the energy chain. At present, detailed work is continuing on the new structure, which in view of the deregulation of the electricity market, should be ready by October 2001 – the date of the complete opening up of the electricity market.

This new structure focuses on the combination of those business areas, which offer the best possibilities of synergies and economies of scale. It has no effect on the commitment of the individual companies to pursue their own existing rationalisation and cost cutting programmes.




The EnergieAllianz supply area

One of the largest unified sales territories in Europe



Successful joint subsidiaries

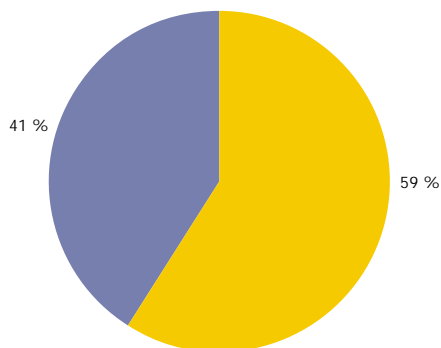
In order to exploit synergy effects to the maximum, EnergieAllianz has already formed three joint ventures in areas of the greatest importance to future success in the new competitive environment (details in the "Interests and new business areas" section, page 44).

EnergieAllianz joint subsidiaries						
	Area of activity	Share in % ¹⁾				Profile in brief
		EVN	WStW	ESG	BEWAG/ BEGAS	
	Sales	40	40	10	10	<ul style="list-style-type: none"> • 4,000 GWh p.a. for existing and new customers • Established food and furnishing chains, DIY and catering chains with stores throughout Austria
	Trading	40	40	10	10	<ul style="list-style-type: none"> • Energy use optimisation • Energy sourcing • Energy trading • Risk management
	Information technology	45	45	¹⁾	10	<ul style="list-style-type: none"> • Customer information systems • Customer billing systems • Other EDP services

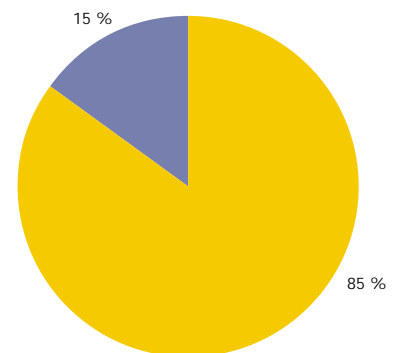
¹⁾ Following the formal accession of BEWAG and BEGAS



EnergieAllianz – the Austrian market leader for electricity and gas

Electricity



Gas



 EnergieAllianz¹⁾
 Other suppliers

Base: Electricity and gas meters in Austria

¹⁾ Following the formal accession of BEWAG and BEGAS

The EVN quality brand

Highlights

- Energy and services from a single source
- Focus on customer loyalty
- Consulting and contracting for municipalities
- New issues in energy consulting

For EVN, the new competitive situation creates major challenges. At the same time, it also offers numerous opportunities. On the one hand, the company must compete with other suppliers, but on the other, in co-operation with its partners, it has the opportunity to approach potential customers outside its traditional supply area.

Central to the products and services offered are improvements to customer comfort and quality of life, as well as the increased efficiency of working procedures, and the overall economic and environmental situation. Customer focus, efficiency and strength through innovation in all company areas are the main criteria for the success of EVN and its partners in the new business landscape.

Opportunities as a quality brand

EVN strives to differentiate itself from its future competitors by being a quality supplier with specific customer advantages. The emphasis is on systematic market focus and comprehensive service. EVN has already achieved these qualities and, therefore, has carefully built up a position as a quality brand. Today, the "EVN" brand represents first class service at a reasonable price, giving customers good reasons to opt for EVN in a liberalised market. This brand value includes:

- The multi-service utility strategy – "Energy from a single source"

Due to its multi-service utility strategy, EVN has been able to establish itself as a competent provider of integrated electricity, gas, heat and energy services. This integration – initiated in the 1980s – of several energy activities, which were previously separately managed, facilitated increased efficiency through synergies and also formed the basis for an attractive and comprehensive range of products. This was the key message of an advertising campaign, which, from January 2000 onwards, familiarised domestic customers in Lower Austria with both existing and new EVN products. As far as the advertising message was concerned, special emphasis was placed on the aspects of "everything from a single source", "proximity" and "innovation". In general terms, against the background of market liberalisation, EVN has considerably stepped up its advertising presence in comparison with the preceding year.

The advantages of selecting a complete energy supplier were reflected by the fact that in 1999 EVN awarded a rebate for the first time in the form of a combi-bonus to those customers using more than one energy service.

- "Energy and more" – service reliability that extends far beyond energy supply

Today, customers not only expect the supply of energy, but also the provision of reliable advice on energy use and applications. EVN has responded with a range of services, which cover energy consulting, the design of comprehensive energy concepts and energy use, up to and including facility management.

The EVN energy consulting service is constantly being expanded through the addition of new focal points. One example from the past financial year involved consulting concerning a so-called eco-housing grant scheme launched by the province of Lower Austria. This scheme was aimed at a reduction in CO₂ emissions through the support of energy saving construction techniques.

- EVN Customer Relations Centre

In the open energy market, customer loyalty achieved through first class services and information constitutes a decisive competitive advantage. Therefore, it is a major priority for EVN to constantly raise the levels of customer satisfaction as a method of gaining their loyalty, while also developing new products and services.

A very important step in this regard was the launch of the EVN Customer Relations Centre in 1999. Equipped with the latest call centre technology and information management software, the Centre links all 26 EVN locations with Internet, E-mail, fax and telephone services and acts as a central contact point for customer inquiries concerning prices, supply, invoicing and energy consulting.

The Customer Relations Centre is constantly being expanded. It now has a telemarketing module, which can be used for current information and sales campaigns, as well as EVN quality and customer processing management.

- Customer web site

EVN has long used the Internet as part of its customer relations activities. Indeed, individual contacts between the company and its customers are increasingly taking place on-line. At www.evn.at, EVN offers a wealth of information on the subject of energy supply and utilisation. This includes a calculator for the latest electricity and gas prices, news about current EVN offers, maps and contact details for all regional customer centres. In addition, customers can call up their individual energy data via the EVN homepage, give meter readings and provide notification of the registration or cancellation of connections and changes of address.

Furthermore, EVN is the first energy supplier to join the " www.bezahlen.at " (" [pay.at](http://www.pay.at) ") project, which permits the easy, on-line payment of accounts throughout Austria.

Around 10,000 visitors per week access the EVN customer pages, a clear indication of the popularity of the services and information on offer. Apart from the electricity and gas price calculator and the interactive services, the most frequented pages are the information pages on Powerline communication. A separate Internet homepage has now been installed for this purpose at www.powerline.at.

- Professional preparation of comprehensive energy concepts

The drawing up of comprehensive energy concepts for residential and commercial developments is increasingly common. Energy supply, which affects the quality of life and the protection of the environment, is a central element in these concepts.

EVN supplements its services programme by preparing such local and regional energy concepts. Moreover, the company also serves as a reliable partner in the realisation of the planned measures and programmes.

- New facility management services

A new and growing area of activity in which EVN can additionally market its technical expertise lies in the assumption of energy management responsibilities, which, until now, were generally undertaken by the customers themselves.

EVN's role not only involves energy supply, but also meeting the wishes of customers for other services. In commercial and industrial enterprises this can entail the generation and supply of electricity and steam " to the machine ". In the domestic sector, facility management also involves the provision of gas to residential units, as well as their heating and hot water supply.

In this area, EVN operates via its successful subsidiary, teletech, which was fully taken over during the period under review (see page 52).

- Contracting, a special service for local municipalities

During the past financial year, EVN increased its efforts with regard to the important customer group of the local authorities. For example, so-called " contracting " was on offer as part of the consulting services relating to municipal facility management. " Contracting " involves the installation of energy saving measures in local authority plants and buildings without an additional financial burden.

EVN acts as the " contractor " , undertaking the planning and installation of the energy saving measures, the cost of which is not directly financed by the local authorities, but by the reduction in energy expenditure. Following the repayment of the cost, these savings have a beneficial effect on the municipal budget.



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EVN



800 830 830 www.evn.at



Melk monastery

Investments

Highlights

- “Theiss 2000” modernisation project: start-up successfully completed
- Further fast growth in the gas and heating supply sectors
- Communications infrastructure expanded
- Promising pilot project involving the use of power lines for speech and data transmission (PLC)

In the financial year from October 1999 to September 2000, EVN invested a total of ATS 2,440 million in tangible assets. The majority of this sum was spent on the enlargement of the gas transport and electricity distribution network, as well as on the modernisation of the Theiss thermal power station, which is now complete.

Of the total amount of capital expenditure, ATS 1,292 million was spent on the electricity sector, ATS 489 million on natural gas and ATS 154 million on heating supply. A further ATS 505 million was spent on other installations.

Electricity

In the 1999/00 financial year, EVN invested a total of ATS 1,292 million in the electricity supply business. The most important projects were as follows.

“Theiss 2000” project successfully completed

In the course of the “Theiss 2000” project, which was successfully completed during the 1999/00 financial year, Block B of the Theiss power station, EVN's most powerful plant, was comprehensively modernised. The key elements were the retrofitting of flue gas cleaning installations (desulphurisation), a marked improvement in efficiency levels, a rise in productivity through the installation of a new gas turbine with an electricity output of around 200 MW, and preparations for the bleeding and supply of surplus heat to the town and region of Krems. The general result of these measures is a sizeable reduction in the environmental impact of the power station in its vicinity.

Work on the “Theiss 2000” project commenced on July 1, 1996. The start-up of the new plant began in September 1999, with the commencement of test operation, and following the completion of all the required tests and optimisation work, was largely concluded by March 2000. The successful start-up phase officially ended on March 24, 2000. This was marked by a festive open day, which included the inauguration of a new information centre. Visitors were able to take a guided tour of the modernised plant.

The total costs of the “Theiss 2000” project were ATS 2.8 bn.

Extension of the transmission network

As in the preceding year, the demands of the deregulated electricity market provided the focal point for EVN investment in its high-voltage network.

During the past twelve months, full official approval was granted for the construction of an approximately 7 km 380 kV line from the EVN substation in Pottenbrunn to the Etzersdorf switching station. This line gives EVN access to the 380 kV high-voltage network, thus providing the company both with a range of possibilities for the use of its power stations and also additional energy trading activities due to the increased transmission capacity available at this voltage level.

Cabling of medium- and low-voltage lines

During the past financial year, EVN continued its cabling policy, involving the systematic replacement of overhead lines in its medium- and low-voltage network with underground cables. This cabling programme provides technical and economic advantages, improves the security of supply and network quality, as well as taking into consideration both town- and landscapes.

During the 1999/00 financial year, the EVN cable network was enlarged by 285 km of 20 kV line and approximately 1,035 km of low-voltage cable. The share of underground cabling now constitutes 33 % of the EVN medium-voltage and 71 % of the low-voltage network.

All in all, the EVN electricity network now totals 14,020 km in the high-voltage range and 30,124 km in the low-voltage network.

Natural gas

During the past financial year, EVN invested a total of ATS 489 million in the natural gas business. This sum was used mainly to enlarge the supply network and increase the transport capacity of the high-pressure system. In addition, preparations for the challenges of gas market deregulation were also an important factor.

Network expansion – over 230,000 customer installations

As a result of continuing customer demand and the continuation of the rapid expansion of the gas supply network, over 230,000 customers were connected to the EVN supply by the end of September 2000, some 10,000 more than in the preceding year.

Agreements either concerning the installation of new networks or the enlargement of the existing supply, were concluded with 26 local authorities during the past financial year. This raises the number of Lower Austrian districts using the EVN natural gas supply to 446.

Increase in high-pressure system transport capacity

The increase in the transport capacity of the EVN high-pressure system represents a significant step in the company's preparations for the forthcoming deregulation of the natural gas market. An efficient, modern and flexible transport network is being created, which will meet all the requirements of a liberalised energy market.

During the period under review, EVN completed its planned increase in the transport capacity of the West system, with the start-up of the Reichersdorf compressor station. An efficient transport link between Auersthal and Kronstorf is now available.

The construction of the South-West 2 natural gas pipeline, which commenced last year, and connects EVN's West and South systems, was finished during the period under review. This new pipeline, which is scheduled for start-up in September 2001, will be linked to the Trans-Austria gas pipeline through a junction in Eggendorf.

The third part of this programme involves the construction of a pipeline, which crosses the Danube underground, east of Vienna in conjunction with the Trans-Austria gas pipeline 3. This will create a further connection between EVN's West and South systems, linking both of their starting points.

At the end of the year, the EVN natural gas network consisted of 1,788 km of high-pressure and 6,996 km of medium- and low-pressure pipeline.

Heating

The expansion of the heating business received special emphasis in EVN's investment activities during the 1999/00 financial year. Total investment in this area amounted to ATS 154 million, priority being given to the enlargement of the local heating supply and the completion of new biomass-fired heating plants.

Continuing growth in local heating business

EVN's local heating remained extremely popular. With 85 new plants installed during the past year, EVN now operates a total of more than 650 local heating supply plants.

Strong demand for heating from biomass

The period under review also witnessed further expansion in the use of biomass for the generation of district heating. Apart from reducing the considerable pollutant emissions from domestic fires and being CO₂ neutral, as a locally available energy source, biomass offers considerable macro-economic advantages. However, since both plant investment and biomass fuel costs exceed those of fossil fuels, the use of biomass can still only be justified when public subsidies are available.

EVN concluded four additional district heating projects during the 1999/00 financial year. A biomass-fired heating plant was completed in the new Civitas Nova district of Wiener Neustadt. This provides the basic load requirements of the EVN district heating network. Other plants went on-stream at Bruck an der Leitha and Pyhra. In Waidhofen an der Ybbs, EVN completed the first expansion stage of a district heating network. The total output of these biomass-fired district heating plants amounts to approximately 18 MW, the heating networks have a length of over 16 km.

Heat supply for Lower Austrian hospital

During the period under review, EVN designed an innovative plan to supply a hospital in Mauer, Lower Austria with environmentally-friendly district heating. It is planned to use the waste heat from the flue gas and exhaust steam from a nearby paper mill. The project, which also includes a 3.5 km long district heating line spanning the River Ybbs, is due for completion by September 2001.

Other installations

In the past financial year, a total of ATS 505 million was invested in shared and other installations. This investment was concentrated in the following areas:

Renovation and construction of customer centres

The construction and enlargement of EVN customer centres, which had become essential for a further improvement in services, continued during the 1999/00 financial year. The customer centres in Mödling and Krems were finished on schedule and became operational in the first half of December 1999.

Expansion of the optical fibre network

The very latest communications technology is vital to a service-oriented energy company, for both first class customer services and the optimisation of all business procedures. Therefore, EVN has invested heavily in the creation and expansion of a state-of-the-art telecommunications infrastructure, which is also leased to other companies for their telecommunications purposes.

During the period under review, the EVN optical fibre cable network was further enlarged by around 300 km of new line and put into operation. By the end of the 1999/00 financial year it had a total length of approximately 1,950 km.

To ensure optimum operation, the optical fibre network is used for virtually all the remote surveillance systems at EVN's plants, including control, instrumentation, fault reports and operational data transfer.

Networking of EVN communications system

In order to improve both internal communications and customer service, EVN has started work on a networked, glass fibre line telephone system for the entire company. During the past year, the new system went into operation on schedule

at the Head Office, in the customer centres, at EVN's central system operators and the network control centres. As planned, the system was also integrated into the new Customer Relations Centre at the EVN Head Office and the connected service network linking the 26 customer centres. In a further phase, it is planned that all EVN's power stations will also be locked into the system.

Powerline telecommunications pilot project

EVN is currently involved in an interesting innovation in the telecommunications field. It is participating in an extensive long-term European project headed by the Swiss company ASCOM Powerline communications AG. The companies are exploring the possibilities of using electricity networks for telephone and Internet services. With the help of this new technology, every socket can serve as a data interface, facilitating the transfer of data and speech via power lines. Field tests in the EVN electricity network began at the beginning of June 2000.

The experience gathered up to now by the participating domestic and commercial customers has been extremely positive. Above all, the speed of the system, which is 20 times that of ISDN lines, and the transfer capacity of the power lines are especially striking. If the pilot test is successfully concluded, preparations for the commercial use of the system could begin during 2001.

An interesting aspect of the project is the fact that, via the electricity supply network, the technology allows the integration into the new system of some 70 % of the households in the urban areas and around 50 % in the rural areas of the EVN supply region. About one-third of this market potential could be developed on a relatively short-term basis.

Further information concerning this project is available on the Internet homepage www.powerline.at.

Interests and new business areas

Highlights

- Successful market entry of the joint EnergieAllianz subsidiaries e&s and e&t
- The most successful alternative telecommunications supplier, UTA Telekom AG (UTA), prepares to go public
- Preparations for thermal waste treatment proceed as planned

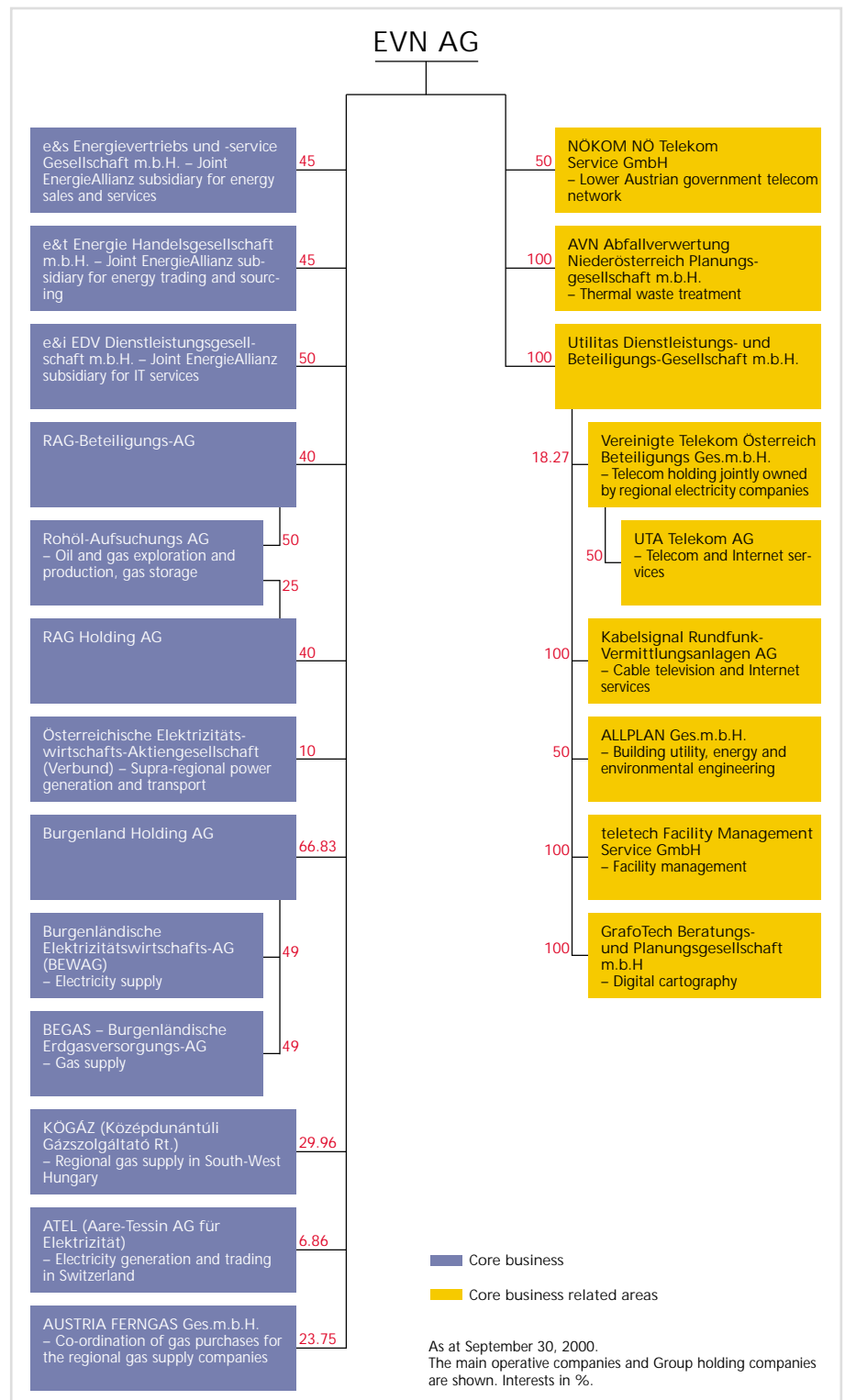
For over 10 years, acquisitions and strategic partnerships have formed an important element in EVN's preparations for the new competitive environment in the electricity and gas supply markets.

EVN's strategy is two-pronged, involving:

- The expansion of core business
- The opening up of new areas of activity closely related to core business

This allows the optimum use of available resources, such as know-how and infrastructure, as well as a marked increase in cost efficiency through the outsourcing of non-core activities. Synergy effects are maximised through a focus on areas with a close relationship to key business. The aim of all activities in this regard is to obtain additional earnings.

Apart from expansion in the energy supply field, EVN focuses on areas such as thermal waste treatment and telecommunications.



Core business expansion

EVN is making every effort to further consolidate its position in the energy supply market through investments and alliances, both in Austria and other countries. The objective is to use the synergy benefits and earnings potential provided by additional energy business activities.

The EnergieAllianz with Wiener Stadtwerke Holding AG and ESG Linz

The EnergieAllianz with Wiener Stadtwerke Holding AG and ESG Linz is the focal point of EVN's strategy in this area. The aim is to improve competitiveness through cost sharing and to exploit additional market and earnings potential.

In view of Austria's decision to adopt an early and complete market opening, the entry into the EVN and Wiener Stadtwerke alliance by ESG Linz, is of special significance. Both BEWAG and BEGAS, which supply customers in Burgenland with electricity and gas, will also soon join the alliance. With over 3.6 million customer accounts for electricity, natural gas and heat, the EnergieAllianz companies serve one of the largest unified supply areas in Europe and therefore have an excellent starting position in the new competitive environment.

The EnergieAllianz partnership has produced several important and successful initiatives.

- e&s Energievertriebs und -service Gesellschaft m.b.H.

Together with national and international sales partners, e&s Energievertriebs und -service Gesellschaft, which was founded in 1998 as an energy sales and services company, supplies consumers with a total annual electricity requirement of approximately 4,000 GWh. Among its customers and partners are a leading food chain, fur-

niture stores, DIY markets, catering and clothing chains, telecommunications companies, banks and insurance corporations with locations throughout Austria. Due to high levels of demand, e&s also offers natural gas and has expanded into the field of industrial facility management.

- e&t Energie Handelsgesellschaft m.b.H.

The joint EnergieAllianz trading company is also developing in a highly satisfactory manner. It is responsible for the optimisation of the sourcing, energy trading and risk management of the EnergieAllianz partners and has already been able to build up a fast expanding trading business. Up to now, e&t, which only commenced operations in May 2000, has already sold a total of 6,200 GWh. At present, e&t co-operates with around 40 partners throughout Europe.

Apart from its OTC business activities, e&t also has a 1 % share in the European Energy Exchange (EEX) in Frankfurt, which commenced trading on August 8, 2000. This holding represents an investment in the future, since energy exchanges are essential to transparency, liquidity and pricing in an open energy market and therefore possess enormous potential. In addition, e&t also trades on the Scandinavian electricity market, Nordpool, via a partner company.

- e&i EDV Dienstleistungsgesellschaft m.b.H.

This joint subsidiary was founded by the EnergieAllianz in February 2000 with the aim of offering EDP services to the partners and other interested parties. The e&i portfolio mainly consists of services in the areas of customer information and billing systems.

The background is a blurred photograph of a computer monitor. The screen displays a software interface with a menu bar at the top and a toolbar below it. The text '800 MHz' is overlaid in a large, bold, orange font across the center of the image. The overall color palette is dominated by the blue and white tones of the software interface, with the orange text providing a strong contrast.

800 MHz



Amstetten, 800 Megahertz



Energie
vernünftig
nutzen

EVN



Other investments and alliances within the energy business

- Burgenland Holding AG

On the balance sheet date, EVN's holding in the Burgenland Holding AG amounted to 66.83 %. In turn, Burgenland Holding owns 49 % of the shares of Burgenländische Elektrizitätswirtschafts-AG (BEWAG) and 49 % of the shares of Burgenländische Erdgasversorgungs-AG (BEGAS). From an EVN viewpoint, Burgenland Holding offers an ideal basis for increased co-operation amongst the energy suppliers in eastern Austria.

Burgenland Holding AG's performance during the 1999/00 period was again positive and an attractive dividend can be expected.

- KÖGAZ

Following the purchase in 1995 of a majority holding in the south-western Hungarian gas supplier KÖGAZ (Középdunántúli Gázzolgáltató Rt.) by EVN and Bayernwerk AG (now E.ON Hungaria) during the privatisation of the Hungarian energy industry, the consortium now owns around 60 % of the shares. As a result of the lower temperatures during the winter of 1998/99 and the introduction of a new price structure on July 1, 1999, KÖGAZ was able to achieve a positive result for the 1999 financial year.

- RAG

EVN has an unchanged 30 % indirect shareholding in Rohöl-Aufsuchungs-AG (RAG), Austria's second largest oil and natural gas production and gas storage company.

Due to the high prices in the international gas and oil markets, RAG's business development during the period under review was highly satisfactory. Larger volumes sold and cost reduction measures also indicate a further increase in the overall result for the 2000 financial year.

- Verbund

EVN holds around 10 % in Verbundgesellschaft, the largest Austrian hydro-power producer. The planned formation of Energie Austria was rejected by Wiener Stadtwerke, TIWAG and EVN as Verbund shareholders representing 27 % of share capital, as the structure of the project, involving the combination of the electricity business activities of Verbund with those of Styrian ESTAG and Energie AG Upper Austria, resembled a merger and would have led to a permanent reduction in the value of the holding.

- ATEL

With the purchase of a holding in the Olten-based, Aare-Tessin AG für Elektrizität (ATEL), one of Switzerland's largest electricity companies, at the beginning of 1998, EVN strengthened its links with the Western European electricity market. During the period under review, ATEL also succeeded in enhancing its own market position, in particular in Germany through the take-over of a major energy services company and the foundation of a sales company, as well as in Italy through co-operation with a number of large municipal utilities. EVN's investment in the company was increased in the past financial year and on the balance sheet date amounted to around 6.86 %.

Telecommunications

Energy companies traditionally possess sophisticated communications infrastructure for their own operational purposes, which, since the deregulation of the telecommunications market, have frequently provided the basis for additional commercial undertakings. Today, EVN is also active in the data transfer, Internet services and cable television sectors, both directly and indirectly, via a number of subsidiaries.

- Vereinigte Telekom Österreich Beteiligungs Ges.m.b.H.

The telecom holding of the nine provincial electricity companies, Vereinigte Telekom Österreich Beteiligungs Ges.m.b.H. (VTÖB), owns some 50 % of UTA Telekom AG shares. During the past financial year, EVN increased its investment in the VTÖB and, on the balance sheet date, held 18.27 % of the company's shares via Utilitas. This means that EVN has an indirect holding in UTA of 9.13 %.

The revenues from the sale of the 10 % VTÖB share in max.mobil.Telekommunikation Service Ges.m.b.H. to De Te Mobil Deutsche Telekom Mobil-Net GmbH were used for the further financing for UTA expansion and shareholder dividends.

- UTA Telekom AG (UTA)

In the course of the past financial year, UTA Telekom AG ("UTA"), in which Swisscom has held a majority interest as a strategic partner since May 1998, was able to further consolidate its position as the leading alternative operator of terrestrial telephone networks and the Internet in Austria. During August 2000, UTA also began to offer complete E-business solutions with Internet access and tailor-made E-shop systems for small and medium-sized companies.

At present, UTA is preparing for its stock market launch, which will probably take place during the first half of 2001. The IPO (Initial Public Offering) is intended to secure the optimum financing of UTA's future expansion.

The purchase of the complete shares of the Internet provider Netway, which has been delayed due to the need for monopoly commission approval, will further strengthen UTA as Austria's leading Internet company. Netway will continue to operate as an independent company in the E-business sector. Sales of ATS 250 million are planned for 2000 with a work force of around 160.

- "Kabelsignal"

"Kabelsignal" Rundfunk-Vermittlungsanlagen AG, the largest cable television company in Lower Austria, which has been entirely owned by EVN since 1998, also offers Internet access to a large part of its network via cable television connections. The high data transmission speed and excellent quality of this system, in combination with the removal of telephone charges makes this service very popular among customers.

- NÖKOM

Niederösterreichische Telekom Service Ges.m.b.H., which is jointly owned by the province of Lower Austria and EVN, has been operating the provincial government's telephone network ("NÖWAN") since 1998. During the past year, several additional offices were linked to this network, which guarantees state-of-the-art voice and data communications between the Lower Austrian provincial government, local government offices and their branches.

Thermal waste treatment

The close links between waste incineration and the process of energy transformation in thermal power stations provides the platform for a natural extension of EVN's activities in this area. On this basis, EVN has been involved for some time with thermal waste treatment and related waste management issues.

- AVN Abfallverwertung Niederösterreich Planungsges.m.b.H. (AVN)

During the past year, AVN's preparations for the installation of a thermal waste treatment plant with a capacity of around 300,000 t of refuse per year, adjacent to the Dürnrrohr power station in the municipality of Zwettendorf, continued according to schedule. The approval for this project was obtained in the summer of 1994 with the assistance of a feasibility study. There followed an extensive search for a suitable location and, in 1997, a positive public opinion poll signifying approval. In 2000, the environmental auditing process (UVP) also entered in its final phase and, on September 5, the responsible authorities provided building permission for the plant.

As planned and parallel to the official approval process, AVN put out the technical plant components to tender, in order to ensure that construction work can begin around the middle of 2001. Building should take about two years. This means that, as required by legislation (landfill directive and water rights law), the stipulated capacity for refuse incineration in Lower Austria will be available as specified on January 1, 2004.

Consulting and engineering

- teletech

Against the background of market deregulation, EVN is endeavouring to complement its own range of services with the provision of tailor-made energy and facility management expertise. Therefore, during the past financial year, EVN purchased teletech Facility Management Service GmbH, which was previously a 100 % Allplan Ges.m.b.H. subsidiary, via its holding company Utilitas. teletech, which in recent years has made a successful entry into the facility management market, will concentrate its activities in both neighbouring federal provinces and countries.

Allplan Ges.m.b.H., in which EVN retains a 50 % stake via Utilitas, was able to achieve satisfactory results despite the continuation of strong competitive pressure in the sector.

- GrafoTech

During the period under review, GrafoTech Beratungs- und Planungsgesellschaft m.b.H., which was founded in 1990, was not only successful in its core business area of digital cartography, but also with software for municipal Internet information systems ("KIS Project"). At the same time, GrafoTech developed a new data model for "GIS" (geographical information system). Amongst other features, this facilitates the transfer of data between the most important available geographical and communal information systems. These projects have secured GrafoTech's position as an important source of know-how in the GIS/KIS sector and form a solid basis for further company success.

The acquisition of third party customers, in particular local authorities, was also successfully initiated during this financial year.

EVN in the capital markets

Highlights

- Share split improves tradeability
- Share buy-back programme prolonged
- Extensive research coverage

Low key market conditions

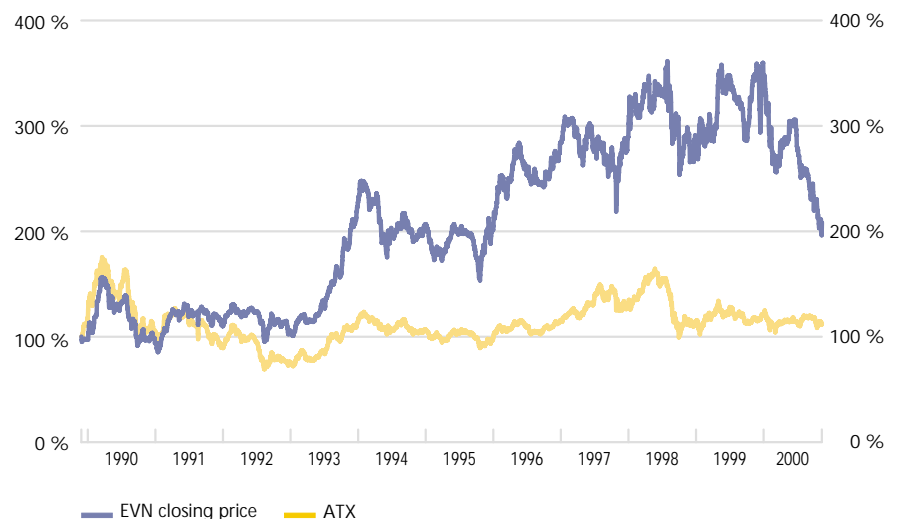
Although the positive mood on the international stock exchanges continued into the autumn of 1999, from the beginning of 2000 onwards, share prices tended to only move sideways. In fact, the second half of 2000 was characterised by some heavy price falls, the new economy being especially hard hit.

Vienna Stock Exchange underperforms

All in all, the Vienna Stock Exchange was marginally positive, but lagged behind the majority of European markets. For example, in the period from October 1, 1999, to September 30, 2000, the DAX rose by 33 %. In comparison, over the same period, the ATX only recovered by 4 %.

EVN share price and ATX (Austrian Traded Index) Relative development since the IPO

(Base: November 27, 1989)



EVN share price weakens

In general, the performance of European utility company shares was below the market average of recent years due to electricity market deregulation. Against this background and also in view of the surprisingly early date for the opening of the Austrian energy market, the EVN share price was, during the period under review, subject to a sharp 20 % fall. This means that both the EVN share and the ATX continue to be well below their all-time highs.

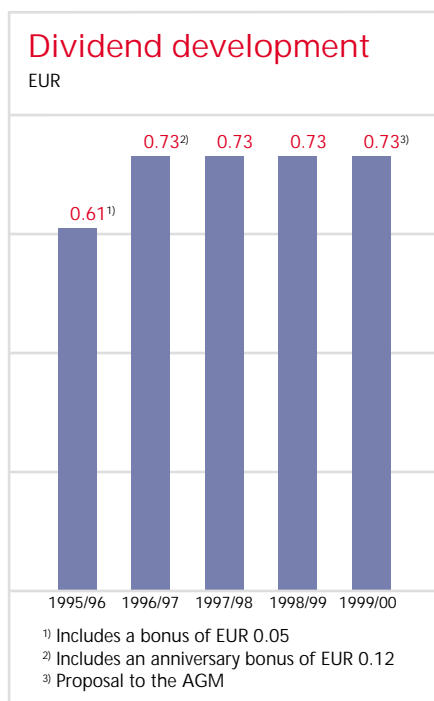
The 1:3 ratio share split carried out on June 23, 2000, represented an important step towards increasing the liquidity and hence the tradeability of the EVN share.

EVN's "sponsored level one ADR program", which has been running since December 1991, has facilitated the access of US investors to EVN shares via the US capital market. The stock volume represented by ADRs on the balance sheet date of 1,159,425 shares, corresponds with over 0.7 % of EVN share capital.

Share buy-back programme prolonged

At the 71st Annual General Meeting on January 14, 2000, the EVN Executive Board was given an authorisation to purchase company shares up to a maximum of 10 % of share capital over 18 months. This authorisation also extends to the resale of the shares via the stock markets. The main aim was the stabilisation of the shareholder structure and the stock market share price. On this basis, the Executive Board decided to repurchase shares initially to the value of 3 % of share capital in the period up to September 30, 2000.

Between the launch of the buy-back programme on February 3, 2000, and September 30, 2000, 489,410 shares were repurchased, which corresponds to a 1.43 % share of share capital. In the meantime, an extension of the programme has been agreed, which will probably last until July 14, 2001.



Investor Relations

In the period under review, EVN's investor relations and information activities for the international financial community were again pursued with great vigour. The company held regular results presentations for both analysts and institutional investors, as well as many investor meetings, to provide the international financial community with an insight into latest developments.

Leading investment houses and brokers again showed a major interest in EVN, with the result that the company enjoyed extensive research coverage. During 1999/00, among others, the following institutions published research on EVN:

ABN-AMRO, London
 BNP Paribas, London
 CA IB Investmentbank AG, Vienna
 CDC Bourse, Paris
 Commerzbank, London
 Deutsche Bank, London
 Dresdner Kleinwort Benson, London
 ERSTE Bank, Vienna
 Goldman Sachs, London
 Merrill Lynch, London
 Morgan Stanley Dean Witter, London
 Raiffeisen Zentralbank Österreich AG, Vienna
 UBS Warburg, London

Activities for retail investors

EVN again organised two events for retail investors. The first was held at the EVN FORUM at EVN's Head Office in Maria Enzersdorf in December 1999 for the presentation of the 1998/99 annual results.

The second event was held in mid-June, when some 800 retail investors accepted an invitation to a presentation on EVN company developments and a guided tour of the Theiss power station, which, following modernisation, is now equipped with state-of-the-art power generation and environmental technology.

The EVN shareholder service continued to enjoy great popularity. This service provides shareholders with all written information about the company on a direct mail basis, as well as invitations to every retail investor event. To ensure receipt of regular information about EVN, please return the reply card at the end of this report.

EVN cordially invites you to visit its investors' homepage at www.evn.at. This contains all relevant information, such as press releases, the latest data concerning the EVN share price, a financial calendar, and EVN's mail order service for company publications.

The EVN share ¹⁾		1999/00	1998/99	1997/98 ²⁾
Share price at closing date	EUR	32.00	39.99	42.54
Highest price	EUR	50.00	49.75	50.24
Lowest price	EUR	32.00	35.25	30.38
Market capitalisation at closing date	EUR m	1,094	1,368	1,455
Value of shares traded ³⁾	EUR m	808	1,385	2,048
Share of total turnover ³⁾	%	4.42	6.35	5.61

¹⁾ Following the 1:3 share split on June 23, 2000, all information relates to the new denomination; the values for earlier financial periods have also been adjusted accordingly for comparative purposes.
²⁾ IAS statement for 13 months, following the change in the balance sheet date from August 31 to September 30.
³⁾ Vienna Stock Exchange.



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Energie
vernünftig
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EVN

Waldviertel -15°C



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IAS consolidated financial statements

Reporting according to International Accounting Standards and information in euros

These EVN financial statements have been prepared as consolidated financial statements in accordance with the principles of the International Accounting Standards (IAS). Pursuant to Austrian business regulations (§245 a HGB), these financial statements legally replace consolidated financial statements and a management report in line with national accounting directives.

In order to facilitate international comparison of the figures quoted, the balance sheet, profit and loss account, cash flow statement and the changes to shareholders' equity are also published in euros. The notes are still drawn up in ATS. The transition of accounting to the euro will take place on October 1, 2001, for the 2001/02 financial year.

Differences between the IAS and Austrian accounting regulations

- Tangible and intangible assets

From a commercial law point of view, the periods of depreciation and useful life are characterised by the prudence concept. The IAS stipulate a continual examination of actual useful life, which is the reason for the tendency towards longer useful life periods in the course of IAS accounting. In order to establish a potential depreciation requirement, an Impairment Test must be completed in accordance with IAS 36.

- Inventories

Inventory adjustments are only carried out when book values are not covered by the sale prices in the case of a drop in the market price.

- Financial assets

Current financial assets are reported at the value quoted on the balance sheet date (mark-to-market). Unlike Austrian commercial law, a revaluation is not restricted by the cost of acquisition.

- Foreign currency liabilities

Here valuation also takes place in accordance with the reporting date rate without taking historical cost into account. Therefore, every exchange rate fluctuation is immediately recognised as a profit or loss.

- Personnel provisions

Personnel provisions (provisions for pensions and similar obligations, severance payments and long-service bonuses) are made according to the projected unit credit method. The interest rate is calculated according to the current long-term interest rate on

the capital markets at the balance sheet date. Future increases in remuneration up to the expected date of retirement are also accounted for. Therefore, the provision increases more rapidly during the accrual phase than is the case when the premium level method stipulated under Austrian commercial law is applied.

- Deferred taxation

The taxation effect of the temporary differences between the balance sheet according to Austrian tax law and the IAS balance sheet is shown by the reporting of asset and liability side deferred taxes. Deferred tax assets are made for taxation losses where the probability of realisation of the tax advantage exists.

- Other provisions

Pursuant to the IAS, the reporting of provisions is based on differing criteria relating to the fundamental payment obligation and the likelihood of it being paid. According to IAS, the reported value must assume the highest level of probability and not, as under Austrian law, the value established according to the concept of commercial prudence. Expenditure provisions are permitted under Austrian law, but excluded by the IAS.

- Supplementary reporting requirements

The IAS demand more detailed disclosures in the notes concerning the items contained in the balance sheet, profit and loss account, cash flow statement and changes in shareholders' equity, in order to ensure that the financial statements present a true and fair picture of the company. In addition, further information must be provided concerning special business segments, associated companies and derivative financial instruments, which is not required under Austrian commercial law.

Balance sheet in EUR

	Note	30.9.2000 TEUR	30.9.1999 TEUR
Assets			
Fixed assets			
Tangible assets	(13)	1,257,139.2	1,221,484.2
Intangible assets	(14)	54,552.9	70,628.4
Associated companies at equity	(15)	169,831.8	171,074.0
Other investments	(16)	416,475.2	413,268.1
Other fixed assets	(17)	88,058.0	83,031.6
		1,986,057.0	1,959,486.4
Current assets			
Inventories	(18)	89,272.1	69,779.4
Receivables and other current assets	(19)	125,020.6	85,760.5
Cash and current deposits	(20)	14,608.7	9,972.8
		228,901.4	165,512.6
Total assets		2,214,958.4	2,124,999.0
Liabilities and shareholders' equity			
Shareholders' equity			
Share capital	(21)	82,878.0	82,878.0
Capital reserves	(22)	84,702.5	84,702.5
Retained earnings	(23)	697,964.5	630,058.8
Own shares	(24)	-15,669.6	0.0
		849,875.4	797,639.3
Minority interests	(25)	23,710.7	22,762.1
Long-term liabilities			
Long-term debt	(26)	352,228.6	335,981.2
Deferred tax	(27)	35,939.5	18,373.1
Long-term provisions	(28)	467,958.1	498,823.0
Deferred income from customer payments for network construction	(29)	161,630.0	155,937.0
Other long-term liabilities	(30)	32,010.2	29,122.2
		1,049,766.1	1,038,236.5
Current liabilities			
Short-term loans	(31)	13,381.3	24,556.0
Taxes payable	(32)	53,957.1	31,329.0
Trade accounts payable	(33)	86,990.8	72,063.1
Current provisions	(34)	99,380.0	104,527.8
Other current liabilities	(35)	37,897.0	33,885.1
		291,606.2	266,361.1
Total liabilities and shareholders' equity		2,214,958.4	2,124,999.0

Balance sheet in ATS

	Note	30.9.2000 TATS	30.9.1999 TATS
Assets			
Fixed assets			
Tangible assets	(13)	17,298,613	16,807,989
Intangible assets	(14)	750,664	971,868
Associated companies at equity	(15)	2,336,936	2,354,030
Other investments	(16)	5,730,823	5,686,694
Other fixed assets	(17)	1,211,705	1,142,540
		27,328,740	26,963,121
Current assets			
Inventories	(18)	1,228,412	960,185
Receivables and other current assets	(19)	1,720,321	1,180,090
Cash and current deposits	(20)	201,020	137,228
		3,149,752	2,277,503
Total assets		30,478,492	29,240,624
Liabilities and shareholders' equity			
Shareholders' equity			
Share capital	(21)	1,140,426	1,140,426
Capital reserves	(22)	1,165,531	1,165,531
Retained earnings	(23)	9,604,201	8,669,799
Own shares	(24)	-215,618	0
		11,694,541	10,975,756
Minority interests	(25)	326,266	313,214
Long-term liabilities			
Long-term debt	(26)	4,846,772	4,623,203
Deferred tax	(27)	494,532	252,820
Long-term provisions	(28)	6,439,244	6,863,954
Deferred income from customer payments for network construction	(29)	2,224,078	2,145,739
Other long-term liabilities	(30)	440,470	400,730
		14,445,096	14,286,446
Current liabilities			
Short-term loans	(31)	184,131	337,898
Taxes payable	(32)	742,466	431,097
Trade accounts payable	(33)	1,197,020	991,610
Current provisions	(34)	1,367,499	1,438,334
Other current liabilities	(35)	521,474	466,269
		4,012,589	3,665,208
Total liabilities and shareholders' equity		30,478,492	29,240,624

Profit and loss account in EUR

	Note	1999/00 TEUR	1998/99 TEUR
Sales revenues	(36)	948,056.7	902,428.3
Increase or decrease in inventory and own work capitalised	(37)	13,502.4	11,485.4
Other operating income	(38)	70,830.1	21,229.6
Cost of materials and services	(39)	-532,385.2	-468,288.1
Personnel expenses	(40)	-186,617.4	-196,828.4
Depreciation	(41)	-135,963.3	-122,738.8
Other operating expenses	(42)	-58,071.3	-33,666.9
Operating result (EBIT) before exceptional measures	(43)	119,352.0	113,621.1
Exceptional depreciation resulting from electricity market deregulation	(44)	0.0	-404,799.3
Operating result (EBIT) after exceptional measures		119,352.0	-291,178.2
Result from associated companies	(45)	7,517.8	11,852.2
Result from other investments	(46)	20,720.8	-1,785.1
Interest and other financial result	(47)	-20,144.7	-19,973.1
Financial result		8,093.9	-9,906.0
Result before tax	(48)	127,445.9	-301,084.2
Taxes on profit	(49)	-31,951.6	115,145.5
Minority interests	(50)	-948.6	-1,025.9
Net result	(51)	94,545.8	-186,964.6
Earnings per share in EUR ¹⁾	(52)	2.78	-5.47
Dividend per share in EUR ¹⁾		0.73 ²⁾	0.73
¹⁾ Taking into account the 1:3 ratio share split ²⁾ Proposal to the Annual General Meeting			

Profit and loss account in ATS

	Note	1999/00 TATS	1998/99 TATS
Sales revenues	(36)	13,045,545	12,417,684
Increase or decrease in inventory and own work capitalised	(37)	185,797	158,042
Other operating income	(38)	974,644	292,126
Cost of materials and services	(39)	-7,325,780	-6,443,784
Personnel expenses	(40)	-2,567,912	-2,708,418
Depreciation	(41)	-1,870,895	-1,688,923
Other operating expenses	(42)	-799,079	-463,267
Operating result (EBIT) before exceptional measures	(43)	1,642,319	1,563,460
Exceptional depreciation resulting from electricity market deregulation	(44)	0	-5,570,160
Operating result (EBIT) after exceptional measures		1,642,319	-4,006,699
Result from associated companies	(45)	103,448	163,089
Result from other investments	(46)	285,125	-24,563
Interest and other financial result	(47)	-277,197	-274,835
Financial result		111,375	-136,309
Result before tax	(48)	1,753,694	-4,143,009
Taxes on profit	(49)	-439,663	1,584,436
Minority interests	(50)	-13,052	-14,116
Net result	(51)	1,300,978	-2,572,689
Earnings per share in ATS ¹⁾	(52)	38	-75
Dividend per share in ATS ¹⁾		10 ²⁾	10
¹⁾ Taking into account the 1:3 ratio share split ²⁾ Proposal to the Annual General Meeting			

Cash flow statement in EUR

	1999/00 TEUR	1998/99 TEUR
Result before tax	127,445.9	-301,084.2
+ depreciation/-writing-up of fixed assets	136,697.1	505,068.8
- writing back of deferred income from customer payments for network construction	-10,785.2	-13,390.0
- gains/+ losses from foreign currency valuations	16,247.4	21,445.9
- gains/+ losses from the disposal of fixed assets	2,131.9	2,057.6
- increase/+decrease in current inventories and receivables	-58,752.9	14,067.6
+ increase/- decrease in provisions	-18,446.8	58,065.1
+ increase/- decrease in trade accounts payable and other liabilities	9,244.5	13,988.4
+ repayments/- payments of taxes on profit	3,259.7	-11,156.1
Cash flow from operating activities	207,041.7	289,063.2
+ proceeds from disposal of tangible and intangible assets	2,779.9	729.5
+ proceeds from disposal of financial assets and other financial investments	0.0	47,893.7
- payments for additions to tangible and intangible assets	-143,974.6	-206,854.8
- payments for additions to financial assets and other financial investments	-9,512.7	-139,108.6
Cash flow from investment activities	-150,707.4	-297,340.2
- previous year's dividends	-24,854.1	-24,854.1
+ increase/- decrease in current financial liabilities	-11,191.6	-106,294.0
- increase/+ decrease in securities	-20,474.6	133,858.8
Cash flow from financing activities	-56,520.3	2,710.7
Total cash flow	-186.0	-5,566.4
Change in cash and cash equivalents ¹⁾		
Cash and cash equivalents at beginning of period	2,113.5	7,679.9
Cash and cash equivalents at end of period	1,927.5	2,113.5
¹⁾ Also see note (53)		

Cash flow statement in ATS

	1999/00 TATS	1998/99 TATS
Result before tax	1,753,694	-4,143,009
+ depreciation/- writing-up of fixed assets	1,880,994	6,949,899
- writing back of deferred income from customer payments for network construction	-148,408	-184,250
- gains/+ losses from foreign currency valuations	223,569	295,103
- gains/+ losses from the disposal of fixed assets	29,336	28,314
- increase/+decrease in current inventories and receivables	-808,457	193,574
+ increase/- decrease in provisions	-253,834	798,993
+ increase/- decrease in trade accounts payable and other liabilities	127,207	192,484
+ repayments/- payments of taxes on profit	44,854	-153,511
Cash flow from operating activities	2,848,955	3,977,596
+ proceeds from disposal of tangible and intangible assets	38,252	10,038
+ proceeds from disposal of financial assets and other financial investments	0	659,032
- payments for additions to tangible and intangible assets	-1,981,134	-2,846,384
- payments for additions to financial assets and other financial investments	-130,897	-1,914,176
Cash flow from investment activities	-2,073,779	-4,091,491
- previous year's dividends	-342,000	-342,000
+ increase/- decrease in current financial liabilities	-154,000	-1,462,637
- increase/+ decrease in securities	-281,736	1,841,937
Cash flow from financing activities	-777,736	37,300
Total cash flow	-2,560	-76,595
Change in cash and cash equivalents¹⁾		
Cash and cash equivalents at beginning of period	29,082	105,677
Cash and cash equivalents at end of period	26,523	29,082
¹⁾ Also see note (53)		

Changes in shareholders' equity in EUR

TEUR	Share capital	Capital reserves	Retained earnings	Own shares	Total
Balance as at 30.9.1998	82,847.0	84,702.5	839,188.7	0	1,006,738.2
Dividends 1997/98	-	-	-24,854.1	-	-24,854.1
Net result 1998/99	-	-	-186,964.6	-	-186,964.6
Other changes in equity	31.0	-	2,688.8	-	2,719.8
Balance as at 30.9.1999	82,878.0	84,702.5	630,058.8	0	797,639.3
Dividends 1998/99	-	-	-24,854.1	-	-24,854.1
Net result 1999/00	-	-	94,545.8 ¹⁾	-	94,545.8
Own share purchases	-	-	-	-15,669.6	-15,669.6
Other changes in equity	-	-	-1,786.0	-	-1,786.0
Balance as at 30.9.2000	82,878.0	84,702.5	697,964.5	-15,669.6	849,875.4

¹⁾ A proposal will be made to the Annual General Meeting that a dividend of EUR 0.73 per right-carrying share be distributed from the result.

Changes in shareholders' equity in ATS

TATS	Share capital	Capital reserves	Retained earnings	Own shares	Total
Balance as at 30.9.1998	1,140,000	1,165,531	11,547,489	0	13,853,020
Dividends 1997/98	–	–	–342,000	–	–342,000
Net result 1998/99	–	–	–2,572,689	–	–2,572,689
Other changes in equity	426	–	36,999	–	37,425
Balance as at 30.9.1999	1,140,426	1,165,531	8,669,799	0	10,975,756
Dividends 1998/99	–	–	–342,000	–	–342,000
Net result 1999/00	–	–	1,300,978 ¹⁾	–	1,300,978
Own share purchases	–	–	–	–215,618	–215,618
Other changes in equity	–	–	–24,576	–	–24,576
Balance as at 30.9.2000	1,140,426	1,165,531	9,604,201	–215,618	11,694,541

¹⁾ A proposal will be made to the Annual General Meeting that a dividend of ATS 10 per right-carrying share be distributed from the result.

EVN Group investments

1. EVN investments in the energy sector ≥ 20 %, as at September 30, 2000

Company, registered offices	Shareholder	Interest %	Currency	Shareholders' equity TATS/THUF	Last year's result TATS/THUF	Balance sheet date	Method of consolidation
AUSTRIA FERNGAS Ges.m.b.H., Vienna	EVN	23.75	ATS	58,445	-1,954	31.12.99	N
Burgenland Holding AG (BHAG), Eisenstadt	EVN	66.83	ATS	989,516	39,378	30.9.00	F
BEGAS – Burgenländische Erdgasversorgungs-AG, Eisenstadt	BHAG	49.00	ATS	479,471	-27,760 ¹⁾	31.10.99	E
Burgenländische Elektrizitätswirtschafts-AG (BEWAG), Eisenstadt	BHAG	49.00	ATS	1,446,335	10,934	31.3.00	E
e&i EDV Dienstleistungsgesellschaft m.b.H., Vienna	EVN	50.00	ATS	2)	2)	2)	N
Elektrizitätswerke Gußwerk GmbH, Maria Enzersdorf	EVN	100.00	ATS	457	75	31.12.99	N
Elektrizitätswerke Gußwerk GmbH & Co KG, Maria Enzersdorf	EVN	100.00	ATS	70,805	25,344	30.9.00	F
Energievertriebs und -service Gesellschaft m.b.H. (e&s), Vienna	EVN	45.00	ATS	911	390	31.12.99	N
e&t Energie Handelgesellschaft m.b.H., Vienna	EVN	45.00	ATS	1,954	-110	31.12.99	N
IN-ER Erömü Kft., Nagykanizsa (Hungary)	EVN	70.00	HUF	524,602	-21,166	31.12.99	N
Középdunántúli Gázszolgáltató Rt. (KÖGÁZ), Nagykanizsa (Hungary)	EVN	29.96	HUF	14,537,984	219,052	31.12.99	E
RAG-Beteiligungs-AG, Maria Enzersdorf	EVN	40.00	ATS	609,805	119,734	30.6.00	E
RAG Holding AG, Mödling	EVN	40.00	ATS	264,535	59,987	30.6.00	E

F . . . Fully consolidated company (subsidiary)
E . . . Equity-consolidated company (associated company)
N . . . Not consolidated
¹⁾ Short business year 1.4.1999–31.10.1999
²⁾ Foundation on 15.2.2000; short business year 15.2.2000–31.12.2000

2. Other major EVN investments in the energy sector, as at September 30, 2000

Company, registered offices	Shareholder	Interest %	Currency	Shareholders' equity TATS/TCHF	Last year's result TATS/TCHF	Balance sheet date	Method of consolidation
Österreichische Elektrizitätswirtschafts AG (Verbundgesellschaft), Vienna	EVN	10.00	ATS	11,972,428	1,129,416	31.12.99	N
Aare-Tessin AG für Elektrizität (ATEL), Olten	EVN	6.86	CHF	1,292,088	102,214	31.12.99	N

N . . . Not consolidated

3. EVN investments in other core business related sectors $\geq 20\%$, as at September 30, 2000

Company, registered offices	Shareholder	Interest %	Currency	Shareholders' equity TATS	Last year's result TATS	Balance sheet date	Method of consolidation
ALLPLAN Gesellschaft m.b.H., Vienna	Utilitas	50.00	ATS	12,216	3,158	31.12.99	N
AVN Abfallverwertung Niederösterreich Ges.m.b.H., Maria Enzersdorf	EVN	100.00	ATS	4,126	-13,764	31.12.99	N
AWB Abfall-Wirtschaft-Beteiligungs-Gesellschaft m.b.H., Maria Enzersdorf	EVN	100.00	ATS	48,415	-434	31.8.00	N
AWB-Con Abfallwirtschaft-Beteiligungs-Gesellschaft m.b.H., Maria Enzersdorf	AWB	100.00	ATS	53,474	2,223	31.8.00	N
Dianazentrum Realitätengesellschaft mbH, Vienna	teletech	75.00	ATS	1)	1)	1)	N
EVN-Pensionskasse Aktiengesellschaft, Maria Enzersdorf	EVN	100.00	ATS	3,524	172	31.12.99	N
EZO Hotel- und Restaurant-Betriebsgesellschaft m.b.H., Maria Enzersdorf	Utilitas	100.00	ATS	2,799	577	30.9.00	N
GrafoTech Beratungs- und Planungsgesellschaft m.b.H. (GrafoTech), Maria Enzersdorf	Utilitas	100.00	ATS	9,176	6,652	30.9.00	F
V&C Kathodischer Korrosionsschutz GmbH, Vienna	Utilitas	100.00	ATS	3,192	553	31.12.99	N
"Kabelsignal" Rundfunk-Vermittlungsanlagen AG (Kabelsignal), Maria Enzersdorf	Utilitas	100.00	ATS	55,424	3,311	30.9.00	F
KFS Beteiligungs AG (KFS), Maria Enzersdorf	Utilitas	100.00	ATS	5,029	-105	31.12.99	F
Kabelsignal St. Pölten Gesellschaft m.b.H. St. Pölten	KFS	90.00	ATS	4,888	-129	30.9.00	F
NÖKOM NÖ Telekom Service GmbH, Maria Enzersdorf	EVN	50.00	ATS	7,712	3,935	31.12.99	E
teletech Facility Management Service GmbH (teletech), Vienna	EVN	100.00	ATS	2,909	-1,295	30.9.00	F
Utilitas Dienstleistungs- und Beteiligungs-Gesellschaft m.b.H.(Utilitas), Maria Enzersdorf	EVN	100.00	ATS	551,277	121,119	30.9.00	F

F . . . Fully consolidated company (subsidiary)
E . . . Equity-consolidated company (associated company)
N . . . Not consolidated
1) Foundation on 1.1.2000

General

EVN AG is a multi-service utility with its registered offices at EVN Platz, A-2344 Maria Enzersdorf. The EVN consolidated financial statements for the 1999/00 financial year correspond with the current International Accounting Standards (IAS) and follow the interpretation of the Standing Interpretations Committee (SIC).

These consolidated financial statements have been drawn up in accordance with the going-concern principle. The presentation and grouping of individual items in the balance sheet, the profit and loss account, the cash flow statement, as well as the changes in shareholders' equity, are based on the principle of materiality. Both the EVN accounts and the consolidated financial statements are prepared in Austrian schillings (ATS). For the sake of clarity, all figures are given in thousands of Austrian schillings (TATS). There may be some slight mathematical differences due to the rounding up or down of individual items and percentages.

The accounting and valuation of the consolidated financial statements are based on uniform criteria.

Principles of consolidation

(1) Scope of consolidation

Apart from EVN, eight (previous year: six) subsidiaries are fully consolidated. Elektrizitätswerke Gußwerk GmbH & Co KG was fully consolidated from October 1, 1999 and teletech Facility Management Service GmbH from the date of acquisition. As in the preceding year, six associated companies are consolidated at equity.

In accordance with the principle of materiality, an investment need not be shown as a subsidiary or as an associated company if it is immaterial. This appraisal is based on the company's respective balance sheet total, total fixed assets, percentage of shareholders' equity and external sales revenues in proportion to Group totals. The companies consolidated on the basis of these criteria account for more than 99 % of the respective totals. Eight (previous year: nine) subsidiaries were not consolidated in view of their immateriality to the assets, financial position and profitability of the Group.

(2) Consolidation method

Capital consolidation is carried out using the book value method. The cost of the shares acquired is offset against the proportional carrying amount of the subsidiary's equity acquired as at the date of acquisition. Any excess is classified as goodwill and subjected to straight-line depreciation in accordance with its useful life. Consolidation did not produce any deficit amounts.

Internal Group receivables and liabilities, expenses and revenues, and company results are eliminated, except when immaterial. In the case of companies in which an investment is held and a major influence on business policy can be exercised (associated companies), the pro rata proportion of the company's net profit after tax is added to the carrying value of the shares (equity method). In such situations, the sum reported for profit distributions reduces the pro rata amount. Intra-Group profits and losses are eliminated where material.

(3) Group currency conversion

The financial statements of foreign subsidiaries are converted on the basis of functional currency. Conversion of the balance sheet items is carried out at the mid-market exchange rate on the balance sheet date. The items in the profit and loss accounts of consolidated foreign companies are converted at the average rates of exchange for the period. Differences arising from the currency conversion of pro rata equity are reported under the retained earnings without any effect on the result. In the case of a foreign company being deconsolidated, these currency differences are recognised as income or expense.

Accounting and valuation methods

(4) Tangible and intangible assets

Tangible and intangible assets are reported at the cost of acquisition or production, less scheduled linear depreciation. Apart from direct costs, the production costs include a reasonable percentage of material and manufacturing overheads. General administrative costs and interest on borrowed capital are not capitalised.

Assets are depreciated from the time of commissioning. Straight line depreciation is carried out over the expected useful life of the asset. In the case of assets commissioned during the first six months of the financial year, depreciation is for a whole financial year, otherwise the amount for a half-year is offset. The anticipated economic and technical life of tangible assets is taken into consideration in determining their useful life.

Exceptional depreciation is undertaken where a reduction in the value of an asset is expected to be permanent. In order to assess the stated value of tangible assets, an Impairment Test is carried out. The higher of the net sales price and the value in use, which is calculated as a cash value from the related future cash inflows and outflows, is compared with the previously reported carrying amount. Should this result in a value below that of the previously reported carrying

amount, a write-down is completed. Should the reason for exceptional depreciation no longer apply, a write-up takes place, at a maximum to the scheduled, projected acquisition costs. Maintenance work is shown as an expense unless it changes the nature of the asset involved.

Third-party contributions are allocated to the affected assets, reported as liabilities and written back in line with the scheduled depreciation of the assets in question.

Any excesses resulting from initial consolidation are reported as goodwill and then subjected to planned amortisation in accordance with the anticipated useful life. In addition, the remaining goodwill is examined on every balance sheet date with regard to its recoverable amount. Reductions in future use will be offset as exceptional amortisation.

Due to the fundamentally longer amortisation periods for investments in the energy industry, a useful life of 15 years is allocated to the goodwill on interests in the energy sector.

In the case of rights to electricity procurement from external power stations reported as intangible assets (rights), a useful life of 40 years was used in accordance with the contractual period.

Expected useful life of tangible and intangible assets

	Years
Buildings	25 – 50
Transmission lines and pipelines	15 – 50
Machinery	10 – 33
Meters	16 – 40
Tools and equipment	4 – 25
Rights	4 – 40
Goodwill	5 – 15

(5) Leased and rented property, plant and equipment

Leases and rental agreements under which all risks and benefits are transferred to the Group, and which are associated with the utilisation of assets, are treated as finance leases. The assets for which such leases and rental agreements are concluded, are recognised at the present value of the capitalised lease, or the rental payments at the time of acquisition, and depreciated over their useful life. The value of capitalised assets is offset against the respective cash value of the liability arising from the outstanding lease or rental charges on the balance sheet date.

The assets contained in all other lease and rental agreements are regarded as being the subject of operative leasing and are owned by the lessor. The rental charges are reported as an expense.

(6) Financial assets

Investments in subsidiaries not included in consolidation are valued at the cost of acquisition on the basis of the general principles for the valuation of financial assets. In the consolidated financial statements, associated companies are principally valued at equity. Where these companies are immaterial, valuation takes place at the cost of acquisition. Permanent reductions in value are amortised accordingly.

Investments in companies that do not qualify as either subsidiaries or associated companies are shown as other investments and valued at the cost of acquisition less eventual exceptional depreciation.

Bonds and other fixed-interest securities, shares and other interests and loans, which are allocated to permanent operations are reported at the cost of acquisition, less amortisation in the event of permanent reductions in value. If the reasons for financial asset amortisation are no longer applicable, an appropriate write-back is made up to the cost of acquisition. Interest-free or low-interest loans are discounted accordingly.

(7) Inventories

The valuation of inventories is made at the cost of acquisition or manufacture, or if lower, the market price. No write-downs are made on inventories if the book values are covered by the sale proceeds. The calculation of the use of primary energy reserves, raw materials and consumables takes place in accordance with the weighted average cost method. Where turnover is infrequent, a write-down may be undertaken.

(8) Receivables

Trade accounts receivable and other current receivables are reported at the nominal amount or cost of acquisition, and where necessary, reduced by valuation adjustments. Tax receivables are offset against tax liabilities, when they relate to the same tax authority.

(9) Cash and current deposits

Current deposits (cash in hand, cash at banks, securities) are combined under the item cash and current deposits and reported at current rates.

(10) Liabilities

Liabilities are reported at the cost of acquisition, or if higher, the amount of repayment. Foreign currency liabilities are valued at the mid-market rate on the balance sheet date, or at the hedged rate. Funding costs are capitalised and written down over the relevant period.

This item also includes deferred income from customer payments for network construction. This is recognised as a long-term liability and written back over the relevant period.

Provisions for pensions and benefits in kind, severance payments and long-service bonuses are valued using the projected unit credit method. The awaited benefits to be paid are spread over the active working life of employees until retirement. Anticipated future increases in remuneration are taken into account. The amounts of the provisions are calculated by an actuary on the respective closing date of the financial statements in the form of an actuarial report.

Deferred taxes are calculated using the liability method at the rate of tax to be expected on the balance sheet date when short-term differences are reversed.

Other provisions consist of the aggregate contingent liabilities, reflecting the most likely liability.

(11) Currency conversion

Assets and debts in foreign currencies (from outside the euro zone) are converted at the mid-market rate of exchange on the balance sheet date, or in the case of hedged transactions, at the forward exchange rate in schillings (EUR 1 = ATS 13.7603). Assets and debt denominated in the currencies of the European Monetary Union member countries were converted at the irrevocable fixed rates. Resulting write-ups and write-downs are accounted for as income or expense.

(12) Stating of the fair value of financial instruments

The fair value of financial instruments is the amount used as a basis in business transactions between expert, contractual parties, who are independent of each another. The fair value is frequently identical with the market price. Thus, the fair value is established on the basis of the market information available on the balance sheet date. In view of conflicting influences, the values reported can therefore differ from the values realised at a later date.

Notes to the balance sheet

Assets

Fixed assets

As compared with the preceding year, the net value of fixed assets decreased by TATS 365,620, or 1.4 %, to

TATS 27,328,740. The net value is the residual book value, which comprises the acquisition cost less accumulated depreciation.

There are no limitations on the rights to use, nor assets mortgaged as security for debts.

(13) Tangible assets

The largest additions were caused by the expansion of the electricity network, the construction of gas transport and distribution pipelines and investments in heat generating plant, pipelines and telecommunications equipment.

(13) Changes in tangible assets							
TATS	Land and buildings	Transmission lines and pipelines	Machinery, mechanical and electrical installations	Meters	Other plant, tools and equipment	Advance payments made and plant under construction	Total
Gross values September 30, 1999	5,190,472	19,495,137	13,364,387	1,538,430	2,088,280	2,770,820	44,447,527
Changes in the scope of consolidation	57,777	17,182	51,973	899	7,344	–	135,176
Investments	211,131	709,288	414,388	71,242	161,497	872,501	2,440,046
Disposals	–454,581	–31,689	–301,863	–43,902	–162,560	–6,511	–1,001,104
Transfers	330,783	247,127	1,560,475	2,459	16,480	–2,161,067	–3,743
Gross values September 30, 2000	5,335,581	20,437,046	15,089,360	1,569,129	2,111,042	1,475,743	46,017,900
Accumulated depreciation September 30, 1999	–3,651,544	–8,518,757	–11,191,873	–822,116	–1,629,740	–1,825,507	–27,639,538
Changes in the scope of consolidation	–46,382	–4,833	–40,362	–394	–4,677	–	–96,648
Depreciation 1999/00	–286,812	–726,110	–710,966	–59,979	–171,416	–	–1,955,283 ¹⁾
Disposals	450,612	28,805	288,368	38,155	152,593	12,953	971,486
Transfers	–227,008	–3,589	–1,559,816	–	–6,610	1,797,718	694
Accumulated depreciation September 30, 2000	–3,761,135	–9,224,485	–13,214,649	–844,334	–1,659,850	–14,836	–28,719,288
Net values September 30, 1999	1,538,927	10,976,380	2,172,514	716,314	458,540	945,313	16,807,989
Net values September 30, 2000	1,574,446	11,212,562	1,874,711	724,795	451,192	1,460,907	17,298,613

1) Thereof use of provisions of TATS 350,723

The development of depreciation in the period under review is described in note (41).

The item advance payments made and plant under construction includes TATS 1,453,878 relating to plant under construction on the balance sheet date (previous year: TATS 2,682,327). This decrease is largely due to the completion of modernisation at the Theiss power station.

For leased and rented plants, the balance of the present value of the payment obligations derived from the use of gas and heating networks, as well as heat generation plants, is reported. The carrying amount of these assets amounted to TATS 164,999 (previous year: TATS 121,082) on the balance sheet date. The related leasing and rental liabilities are recorded under the other long-term liabilities.

(14) Intangible assets

The reduction in goodwill consists of a retroactive change in acquisition cost. There was also exceptional goodwill amortisation to the amount of TATS 78,025 during the financial year, due to the adjustment to a shorter period of use.

Other intangible assets include electricity procurement rights, transportation rights on natural gas pipelines, and other rights, in particular software licences.

There were no intangible assets from own work to be capitalised within the Group.

(14) Changes in intangible assets			
TATS	Goodwill	Other intangible assets	Total
Gross values			
September 30, 1999	243,843	3,413,653	3,657,496
Changes in the scope of consolidation	2,844	46	2,890
Additions	–	45,213	45,213
Disposals	–2,662	–147,757	–150,419
Transfers	–	3,743	3,743
Gross values			
September 30, 2000	244,025	3,314,898	3,558,923
Accumulated amortisation			
September 30, 1999	–23,030	–2,662,599	–2,685,628
Changes in the scope of consolidation	–	–46	–46
Depreciation 1999/00	–94,929	–171,406	–266,335
Disposals	–	144,445	144,445
Transfers	–	–694	–694
Accumulated amortisation			
September 30, 2000	–117,958	–2,690,301	–2,808,259
Net values September 30, 1999	220,814	751,054	971,868
Net values September 30, 2000	126,066	624,597	750,664

(15) Associated companies at equity

Investments are reported as associated companies, when a major influence is exerted on the business policy of a company, without it being a subsidiary. One

refutable assumption applied is the ownership of 20–50 % of voting power. Associated companies are generally valued at equity.

The changes to the pro rata equity derive from the respective share of the result totalling TATS 143,998 less a distribution of profits and profit neutral currency conversions.

(16) Other investments

The item other investments includes affiliated and associated companies, which due to immateriality are not consolidated, as well as investments with a quota of less than 20 %.

Additions to investments mainly consisted of the purchase of additional shares in Aare Tessin AG für Elektrizität (ATEL), Olten, as well as capital injections in AVN Abfallverwertung Niederösterreich Ges.m.b.H.

Other investments include shares in listed companies with a carrying value on the balance sheet date of TATS 5,490,502 (previous year: TATS 5,442,163) and a listed value on the balance sheet date of TATS 6,063,112 (previous year: TATS 7,322,503). The Group's other investments are in non-listed companies, so that an estimation of their market value is not possible due to insufficient marketability.

The changes to the scope of consolidation relate to Elektrizitätswerke Gußwerk GmbH & Co KG, which was fully consolidated for the first time.

Further information can be found in the schedule of investments (see pages 70 and 71), as well as in the "Interests and new business areas" section of this report (from page 44).

(15) Changes in associated companies at equity	
TATS	
Gross values September 30, 1999	2,393,842
Additions	9,128
Gross values September 30, 2000	2,402,970
Accumulated equity changes September 30, 1999	-39,812
Changes in equity	14,328
- Depreciation 1999/00	-40,551
Accumulated equity changes September 30, 2000	-66,034
Net values September 30, 1999	2,354,030
Net values September 30, 2000	2,336,936

(16) Changes in other investments	
TATS	
Gross value September 30, 1999	5,781,512
Additions	106,365
Changes in the scope of consolidation	-35,512
Disposals	-19,707
Gross values September 30, 2000	5,832,658
Accumulated depreciation September 30, 1999	-94,819
- Depreciation 1999/00	-7,016
Accumulated depreciation September 30, 2000	-101,835
Net values September 30, 1999	5,686,694
Net values September 30, 2000	5,730,823

(17) Other fixed assets

Securities consist of shares in investment funds and mainly serve to provide the cover required by Austrian taxation law relating to provisions for severance payments, pensions and similar obligations. The book values correspond with the quoted price on the balance sheet date.

Loans mostly comprise advances to employees and a loan to UTA Telekom AG.

As in the preceding year, long-term inventories relate to oil reserves for the generation of electricity and heat. A value adjustment exists for the deposit base derived from storage.

Other long-term assets primarily consist of long-term receivables.

(17) Changes in other fixed assets

TATS	Securities	Loans	Long-term inventories	Other fixed assets	Total
Gross values September 30, 1999	1,052,108	78,540	96,901	52,107	1,279,655
Changes in the scope of consolidation	19,311	–	–	–	19,311
Additions	84,057	–	–	–	84,057
Disposals	–	–2,007	–13,942	–35,607	–51,556
Gross values September 30, 2000	1,155,477	76,533	82,960	16,499	1,331,469
Accumulated depreciation September 30, 1999	–105,248	–16,973	–14,895	0	–137,115
– Depreciation/ + Writing-up 1999/00	–1,374	16,802	1,923	–	17,351
Disposals	–	–	–	–	–
Accumulated depreciation September 30, 2000	–106,621	–171	–12,972	0	–119,764
Net values September 30, 1999	946,860	61,567	82,006	52,107	1,142,540
Net values September 30, 2000	1,048,856	76,362	69,988	16,499	1,211,705

Current assets

(18) Inventories

Primary energy inventories consist of gas and coal reserves. The increase in this item is due to higher purchasing prices.

Other inventories contain work in progress, merchandise and advance payments made.

(19) Short-term receivables and other current assets

Energy sector receivables relate to electricity, gas and heating customers. Doubtful debts are accounted for by a provision of TATS 53,512 (previous year: TATS 45,148).

Receivables from financial instruments relate to deferred interest of TATS 147,634 (previous year: TATS 98,751) and deferrals for derivative business on the balance sheet date of TATS 10,986 (previous year: TATS 89,338).

Receivables from employees comprise accruals from wage and salary accounting.

Receivables from subsidiaries and associated companies mostly derive from intra-Group transactions relating to energy supplies and services.

The other receivables consist of advance payments, receivables from insurance and from taxation.

(18) Inventories		
TATS	30.9.2000	30.9.1999
Primary energy reserves	1,114,059	851,567
Raw materials and supplies, consumables and other inventories	76,277	65,479
Customer orders not yet invoiced	38,075	43,139
Total	1,228,412	960,185

(19) Short-term receivables and other current assets		
TATS	30.9.2000	30.9.1999
Trade accounts receivable	1,114,731	760,482
Receivables from subsidiaries and associated companies	289,030	56,479
Receivables from financial instruments	158,620	188,088
Receivables from employees	132,158	77,721
Other receivables and assets	25,781	97,319
Total	1,720,321	1,180,090

(20) Cash and current deposits

Cash in hand and at banks forms part of the cash and cash equivalents shown in the cash flow statement.

Short-term securities, mainly consisting of domestic shares, are used for the temporary investment of free liquid funds. This item is reported at the market value.

Disposals of short-term securities provided a loss of TATS 1,571 (previous year: gain of TATS 3,807).

Liabilities and shareholders' equity

Shareholders' equity

(21) Share capital

Following the 1:3 share split approved by the 71st Annual General Meeting (January 14, 2000) of the company, since June 23, 2000, company share capital is divided into 34,200,000 no par value ordinary shares.

The 70th Annual General Meeting on January 22, 1999, approved a change to the company statutes authorising the Executive Board to increase the share capital within the next five years by an amount of up to TEUR 7,997.0 through the issue of new shares in exchange for cash (authorised capital).

During the 1989/90 financial year, 49 % of the company was privatised under the 1987 amendment to the 2nd Nationalisation Act and since then has been officially listed on the Vienna Stock Exchange (A-segment). The share is also listed in Munich and Frankfurt, and is traded on the SEAO International, London. In the USA, EVN shares are available through a "sponsored level one American Depository Receipt (ADR) program".

(22) Capital reserves

The capital reserves include appropriated reserves in accordance with Austrian stock corporation law of TATS 363,750 from capital increases, as well as unappropriated reserves in accordance with Austrian stock corporation law of TATS 801,781.

(23) Retained earnings

This item contains retained earnings and differences originating from currency conversions in the course of consolidation.

The retained earnings also include the untaxed reserves in the individual financial statements in accordance with Austrian taxation law following the deduction of deferred taxes, which are reported under the long-term taxation provisions.

In particular, the other changes in shareholders' equity include alterations in the scope of consolidation.

The proposal for the distribution of profits made to the Annual General Meeting, consisting of an ATS 10 dividend per right-carrying share, is not contained in the liabilities.

(24) Own shares

The 71st Annual General Meeting on January 14, 2000, authorised the Executive Board of the EVN AG to purchase own shares to a maximum value of 10 % of share capital over a period of 18 months. Purchases were subject to the preconditions that the amount to be paid did not exceed the average stock exchange price of the preceding 10 days of trading and that this amount should not be lower than half of it. During the financial year, 489,674 EVN shares were purchased, which corresponds with 1.43 % of share capital. This item reduces equity by TATS 215,618.

Therefore, on the balance sheet date, a total of 33,710,326 shares were in circulation.

(25) Minority interests

As in the previous year, this item comprises minority interests in the shareholders' equity of the fully consolidated company Burgenland Holding AG, which amounted to 33.17 %, and 10 % of Kabelsignal St. Pölten GmbH. All other fully consolidated companies are directly or indirectly owned by EVN.

(20) Cash and current deposits		
TATS	30.9.2000	30.9.1999
Cash in hand	814	1,018
Cash at banks	33,839	35,962
Short-term securities	166,366	100,248
Total	201,020	137,228

Long-term liabilities

(26) Long-term debt

In addition to the JPY bond issued in 1994, this item contains the CHF bond placed in April 1998 and the DEM bond issued in August 1998. All loans have final maturity and were still outstanding on the balance sheet date.

Valuation took place at the exchange rate on the balance sheet date, or the hedged rate. The revaluation of the exchange rate on the balance sheet date resulted in a write-up of the JPY bond, which was recognised as an expense, amounting to TATS 182,462 (previous year: TATS 283,032). The CHF bond was written up by TATS 41,107 (previous year: TATS 12,200).

The deferred interest expenses are contained in the other current liabilities.

The effective rate of interest for the 1999/00 financial year, which averaged 3.99 % (previous year: 4.07 %), represents the average interest burden relating to the average carrying amount after interest and currency hedging was taken into account. On the balance sheet date, the interest rate weighted of carrying amount was 4.27 % (previous year: 3.62 %) corresponding with a 5.1-year fixed interest period (previous year: 4.1 years).

The fair value was calculated on the basis of the market information available on the balance sheet date, the stock exchange price and the rate of exchange.

(27) Deferred tax

The calculation of deferred tax was based on the taxation rate of 34 % valid on the balance sheet date. The differences between the amounts stated in the tax balance and those contained in the consolidated balance sheet only contain deferred taxes when these constitute temporary differences. For permanent differences, a final taxation relevance is assumed. Deferred tax assets and deferred tax liabilities are offset.

Deferred tax assets refer to EVN's tax loss carried forward. They are capitalised because positive taxable income can be expected in the coming years. Other tax loss carried forward within the Group of TATS 62.533 (previous year: TATS 51,160) was not capitalised, as its impact as future tax relief is still uncertain.

(26) Long-term debt							
	Nominal interest rate %	Term	Nominal	Book value as at 30.9.2000 TATS	Book value as at 30.9.1999 TATS	Effective interest rate %	Fair value 30.9.2000 TATS
JPY bond	5.20	1994 – 2014	JPY 8 bn	1,159,494	977,032	4.46	1,492,884
CHF bond	3.25	1998 – 2008	CHF 200 m	1,752,507	1,711,400	3.33	1,638,594
DEM bond	5.00	1998 – 2008	DEM 275 m	1,934,771	1,934,771	4.31	1,741,990
Total	–	–	–	4,846,772	4,623,203	3.99	4,873,468

(27) Deferred tax		
TATS	30.9.2000	30.9.1999
Deferred tax assets		
Social capital	–761,077	–757,532
Tax loss to be carried forward	–309,098	–911,195
Others	–47,260	0
Deferred tax liabilities		
Fixed assets	718,756	721,792
Untaxed reserves	601,457	602,082
Others	291,753	597,674
Total	494,532	252,820

(28) Long-term provisions

• Provision for pensions

Under the terms of a company agreement, EVN is obliged to pay employees, who joined the company prior to December 31, 1989, a supplementary pension from the time they retire. In principle, the amount of this supplementary pension is performance-related and derives from the length of service and the amount of remuneration at the time of retirement. Over and above this, EVN, and as a rule the employees as well, pay contributions to EVN-Pensionskasse AG. The resulting entitlements count entirely as pension payments. Consequently, obligations towards retired staff and those with pension entitlements are largely covered by the provisions for pensions and supplemented by EVN-Pensionskasse AG.

For employees who joined the company after January 1, 1990, a contribution-based pension scheme was created instead of the supplementary company pension, which is financed by EVN-Pensionskasse AG. The resulting pension payments are generally based on individual remuneration. Changes to the legislative framework, which basically foresee an increase in the retirement age (women: 56.5, men: 61.5), were taken into full account during the calculation of the provision of pensions. As the calculated pension period will be shortened by these measures, the size of the provision was reduced.

The amount reported for the provision for pensions on the balance sheet date was calculated on the basis of an actuarial report using the projected unit credit method.

- Interest rate of 5.5 % p.a. (previous year: 5.0 %)
- Remuneration increases of 2.5 % p.a.
- Pension increases of 2.0 % p.a.

As in the previous year, the biometric bases for calculation were established using the new Austrian pension tables. Due to the conditions prevailing on the capital markets, the interest rate was raised from 5.0 % to 5.5 %. The rate of interest used took into account the fact that the majority of persons with entitlements consisted of retired employees.

The corridor regulation according to IAS 19 means that accumulated actuarial gains and losses within 10 % of the DBO are not subject to recognition in the profit and loss account.

On the balance sheet date, the pension reserve exceeded the DBO value by 5.25 % (previous year: 7.7 % below).

(28) Long-term provisions

TATS	30.9.2000	30.9.1999
Provision for pensions	4,522,961	4,499,345
Provision for obligations for benefits in kind	221,042	226,865
Provision for severance payments	729,882	749,757
Provision for long-service bonuses	183,190	182,547
Other long-term provisions	782,170	1,205,441
Total	6,439,244	6,863,954

Changes in the provision for pensions

TATS	1999/00	1998/99
Present value of pension obligations (DBO) October 1	4,872,515	4,063,617
+ service costs	84,936	73,325
+ interest paid	247,873	248,217
- pension payments	-309,193	-292,175
- actuarial gain/ +loss	-598,597	779,532
Present value of pension obligations (DBO) September 30	4,297,534	4,872,515
Provision for pensions September 30	4,522,961	4,499,345

- Provision for benefits in kind

This item relates to liabilities derived from the entitlements to the electricity and gas benefits in kind of current employees, retired employees and dependants. The amount of this provision is calculated actuarially using the same parameters as for the provision for pensions.

- Provision for severance payments

Severance payments are one-off payments, which are compulsory under labour legislation when employees are dismissed, or on a regular basis upon attainment of retirement age. The amount of such payments relates to the number of years of service and the amount of individual remuneration. The provision for severance payments is formed in accordance with actuarial principles. Measurement of the provision is made using the same assumptions as for the provision for pensions, but the corridor regulation according to IAS 19 was not employed.

- Provision for long-service bonuses

The obligations for long-service bonuses derived from collective wage and company agreements were calculated using the same parameters as for the provision for severance payments.

- Other long-term provisions

The provision for obligations from co-operation agreements with BEGAS was raised by TATS 70,400 to TATS 462,000 (previous year: TATS 391,600). A provision of TATS 300,000 (previous year: TATS 115,000) was made for environmental and hazardous waste risks deriving from the ownership of disused industrial sites.

Due to the legal changes contained in the EIWOG 2000, the provision for the mandatory obligation to purchase electrical power from small-scale hydro-power stations and CHP plants of TATS 525,000 was nearly completely written back. This provision had been formed to cover future losses from the difference between the statutory purchase price and the lower sales prices on the market.

(29) Deferred income from customer payments for network construction

This item is constituted by payments made by customers as part of investments already made in network construction. They represent an offset to the cost of acquisition of these assets, and are written-back according to the straight line method over 20 years.

(30) Other long-term liabilities

Other long-term liabilities include TATS 198,513 (previous year: TATS 149,210) for lease liabilities in connection with the long-term utilisation of gas and heating networks and heating plants. Of this amount, TATS 162,691 (previous year: TATS 127,188) are due for payment after more than five years, the remainder after one year. Accrued premiums from long-term financial investments amount to TATS 190,000 (previous year: TATS 201,205). In addition, other long-term liabilities contain investment grants from third parties of TATS 36,500 (previous year: TATS 41,476), which are written back in line with the useful life of the related assets and recognised as income.

Changes in the provision for severance payments		
TATS	1999/00	1998/99
Present value of severance payments (DBO) October 1	749,757	733,580
+ change in consolidation	2,055	890
+ service costs	33,092	32,724
+ interest paid	39,245	46,032
– severance payments made	–71,875	–107,168
– actuarial gain/+loss	–22,393	43,699
Present value of severance payments (DBO) September 30	729,882	749,757
Provision for severance payments September 30	729,882	749,757

Current liabilities

(31) Short-term loans

Bank overdrafts are included in the liquidity fund of the cash flow statement.

(32) Taxes payable

Taxes payable relate both to liabilities derived from sales tax, energy tax, wage and salary contributions, as well as corporation tax prepayments not yet assessed, totalling TATS 742,466 (previous year: TATS 431,097).

(33) Trade accounts payable

Trade accounts payable are reported at either the nominal value, or if higher, the redemption value. As in the previous year, the entire amount is due within one year.

(34) Short-term provisions

The provision for personnel entitlements comprises special payments not yet due, outstanding leave and liabilities from restructuring. These include an early retirement scheme, which can be used by female employees from the age of 50 and male employees from the age of 55. The provision for legally binding agreements on the balance sheet date is reported to the amount of TATS 264,736 (previous year: TATS 290,872).

Other provisions consist mainly of liabilities from customer vouchers and consulting services, as well as provisions for impending losses from sales.

(35) Other current liabilities

The liabilities arising from personnel expenses comprise liabilities to the tax authorities and severance payment obligations.

Most of the advance payments received derive from customers for electricity, gas and heating supplies and customer connections.

Other liabilities largely comprise deferred interest expense.

(31) Short-term loans		
TATS	30.9.2000	30.9.1999
Bank overdrafts	8,131	7,898
ATS cash loans	176,000	330,000
Total	184,131	337,898

(34) Short-term provisions		
TATS	30.9.2000	30.9.1999
Personnel entitlements	715,338	723,261
Goods and services not yet invoiced	431,023	583,265
Other provisions	221,138	131,808
Total	1,367,499	1,438,334

(35) Other current liabilities		
TATS	30.9.2000	30.9.1999
Liabilities related to personnel expenses	227,684	253,771
Liabilities to subsidiaries and associated companies	100,537	14,527
Advance payments received	66,545	39,318
Other liabilities	126,708	158,654
Total	521,474	466,269

Notes to the profit and loss account

The profit and loss account was prepared in accordance with the total cost method.

(36) Sales revenues

The development of energy revenues is outlined in the Management Report (from page 6).

The other operating revenues largely result from gas transportation charges, telecommunications services and the invoicing of customer orders for domestic supply and equipment. In addition, this item also contains sales revenues from the fully consolidated companies totalling TATS 158,528 (previous year: TATS 136,148).

The energy revenues in the period under review are calculated on the balance sheet date from the customer invoicing systems with the aid of statistical processes and deferred according to the amount of energy supplied during the period. Sales revenues are first realised where a claim to services rendered has arisen.

(37) Increase or decrease in inventory and own work capitalised

This item incorporates the change in not yet invoiced customer orders over the previous year. Own work capitalised comprises material overheads and staff hours charged. In addition to personnel costs, the clearing rates also include overheads.

(38) Other operating income

The majority of this item derived from the writing back of a provision for the mandatory obligation to purchase electrical power. This was possible due to the legal changes contained in the Austrian Electricity Industry and Organisation Law (EIWOG 2000) relating to external supplies of power from small-scale hydro-power stations and CHP plants.

Income from the disposal of tangible and intangible assets mostly resulted from a subsequent adjustment in costs.

The remainder of the item mainly comprises payments for claims and rental income.

(36) Sales revenues		
TATS	1999/00	1998/99
Electricity revenues	8,150,742	7,687,926
Gas revenues	3,506,910	3,532,047
Heating revenues	369,412	334,197
Other operating revenues	1,018,481	863,514
Total	13,045,545	12,417,684

(37) Increase or decrease in inventory and own work capitalised		
TATS	1999/00	1998/99
Increase or decrease in inventory	-6,550	-58,773
Own work capitalised	192,347	216,815
Total	185,797	158,042

(38) Other operating income		
TATS	1999/00	1998/99
Income from the writing-back of provisions	658,867	27,323
Income from the writing-back of deferred income from customer payments for network construction	148,408	184,250
Income from the disposal of and writing-up of tangible and intangible assets	106,287	-
Other operating income	61,082	80,553
Total	974,644	292,126

(39) Cost of materials and services

Reference should be made to the Management Report (see page 6) and the section "Energy sales and supply" (see page 20) regarding changes in electricity purchases and fuel expenses.

(40) Personnel expenses

Despite increases under the collective agreement and the expanded scope of consolidation, salary costs fell due to the continued fall in staff numbers.

The fall in severance payments was the result of a decline in the numbers of employees taking advantage of the early retirement scheme. This reduction was the consequence of legislative changes introduced during the year under review.

Personnel expenses contain payments to defined contribution schemes (EVN Pensionskasse AG) of TATS 35,088.

(41) Depreciation

Depreciation contains scheduled depreciation of TATS 1,204,186 and exceptional depreciation amounting to TATS 666,709.

As a result of last year's exceptional depreciation resulting from electricity market deregulation and the scheduled depreciation of tangible assets and intangible assets, scheduled depreciation of tangible assets and intangible assets fell by TATS 368,923, or 23.5 %, over the preceding year.

On the other hand, in the course of Impairment Tests, further exceptional depreciation was undertaken. This mainly relates to additional expenses for fully written-back power plants and the re-evaluation of heating plants due to changed market estimates.

One important criterion used for the qualification of a plant as a cash generating unit was the technical and economic autonomy required for the obtaining of revenues.

The value in use was calculated through the discount of future cash inflows and outflows deriving from the continuing use of the asset. The interest rate for the discount amounting to 9 % (previous year: 8 %) was derived from the weighted capital costs of the company. Calculation took place on the basis of a forecast referring to expected revenues, operating and maintenance costs, whereby the technical condition of the respective plants was also taken into consideration.

All in all, this item increased by 10.8 % due to the inclusion of exceptional depreciation.

(39) Cost of materials and services		
TATS	1999/00	1998/99
Electricity purchases and primary energy expenses	6,108,760	5,375,248
Other materials and services	1,217,020	1,068,537
Total	7,325,780	6,443,784

(40) Personnel expenses		
TATS	1999/00	1998/99
Salaries	1,617,349	1,666,079
Severance payments	153,303	246,159
Pensions	362,581	358,706
Compulsory social security contributions and payroll-related taxes	416,541	420,162
Other social expenses	18,138	17,313
Total	2,567,912	2,708,418

(42) Other operating expenses

This item includes legal fees and consulting costs, advertising expenses, telecommunications and postage, rents, insurance, office supplies, written off receivables and other claims, and monetary transaction expenses.

(43) Operating result (EBIT) before exceptional depreciation

In comparison with the previous year, the operating result before exceptional depreciation and provisions relating to electricity market deregulation increased by TATS 78,858, or 5.0 %, from TATS 1,563,460 to TATS 1,642,319.

(44) Exceptional depreciation and provisions resulting from electricity market deregulation

The deregulation of the electricity market and the resulting sharp increase in price pressure, was accounted for in the past year by exceptional measures of TATS 5,570,160. An examination based on updated assumptions on September 30, 2000, confirmed the depreciation carried through in the previous year, as the full market opening scheduled for October 1, 2000, will probably lead to yet another price fall. This depreciation is reported under item (41).

(41) Depreciation		
TATS	1999/00	1998/99
Depreciation of tangible assets	1,604,560	1,557,503
Depreciation of intangible assets	266,335	131,419
Total	1,870,895	1,688,923

Financial result

(45) Result from associated companies at equity

This item largely consists of the investor's share of results and amortisation of goodwill from BEWAG, BEGAS, RAG-Beteiligungs-AG, RAG Holding AG and KÖGAZ.

(46) Result from other investments

The result from other investments mainly consists of dividend income due to the sale of max.mobil shares through Vereinigte Telekom Österreich Beteiligungs Ges.m.b.H. amounting to TATS 195,848, as well as income from shares in Aare-Tessin AG für Elektrizität (ATEL), Olten, amounting to TATS 41,146, and from Verbundgesellschaft, totalling TATS 49,314.

(47) Interest and other financial result

Income on interest from fixed financial assets includes interest from investment funds, the main emphasis of which, is on fixed-interest securities.

Other interest income generally relates to returns on securities held as current financial assets. Interest expenses for long-term financial liabilities derive from issued bonds. The other interest expenses incorporate expenses from short-term loans.

Interest expenses associated with the financing of inventory and own work were not capitalised.

The exchange rate gains/losses from long-term foreign currency liabilities derived from the valuation adjustment of the JPY bond and the CHF obligation to the rate of exchange on the balance sheet date.

(48) Result before tax

The result before tax amounts to TATS 1,753,694 (previous year: TATS -4,143,009). Excluding the exceptional measures, the result of the previous year was TATS 1,427,151.

(47) Interest and other financial result		
TATS	1999/00	1998/99
Income on interest from fixed financial assets	132,914	101,190
Other income on interest	14,055	15,280
Interest expenses for long-term financial liabilities	-188,907	-182,219
Other interest expenses	-29,194	-41,116
Valuation gains/losses from long-term foreign currency liabilities	-223,569	-295,103
Result from valuation gains/losses and disposals relating to long-term securities	-348	-1,500
Result from valuation gains/losses and disposals relating to current financial assets	-38,702	-41,963
Other financial result	56,554	170,595
Total	-277,197	-274,835

(49) Taxes on profit

The rate of corporation tax applicable to the parent company, EVN, on the balance sheet date was 34 %. As all the fully consolidated subsidiaries are located in Austria, a 34 % rate of income tax was employed for the calculation of deferred taxes.

The effective tax burden on the Group as a ratio of total tax expenditure to the profit before tax was 25.1 % (previous year: -38.2 %). The reduction in this quota is mainly due to the high level of tax-free income on investments.

In particular, current income tax expenditure stemmed from expenses derived from prior periods, which resulted from a tax audit during the period under review.

(50) Minority interests

The interests of third parties in the annual results of the fully consolidated Burgenland Holding AG and Kabelsignal St. Pölten GmbH, amounting to TATS 13,052 are shown under this item.

(51) Net result

A net result of TATS 1,300,978 (previous year: TATS -2,572,689) is reported for the financial year. The net result of the previous year after the exclusion of exceptional measures and tax amounted to TATS 1,103,617.

(52) Earnings per share

Due to the 1:3 ratio share split, the number of ordinary shares outstanding totalled 34,200,000. Following the deduction of own shares, the weighted number of shares outstanding is 33,974,310. The earnings per share calculated on the basis of a net result for the year of TATS 1,300,978 (previous year: TATS -2,572,689), amounted to ATS 38 (previous year: ATS -75). Excluding exceptional measures, the net result per share of the previous year was ATS 32.

Other information

(53) Cash flow statement

The indirect method was selected for the presentation of the cash flow statement. The item cash and cash equivalents consists of cash in hand and at banks less bank overdrafts.

Profit tax payments are reported separately under cash flow from operating activities. Dividends received, interest income and expenses are assigned to current business activities. The dividend payments are shown under cash flow from financing activities.

Interest received from the investment and finance sector amounted to TATS 85,618 (previous year: TATS 148,245), interest payments from financing activities were made to the amount of TATS 189,344 (previous year: TATS 198,153).

(49) Taxes on profit		
TATS	1999/00	1998/99
Income tax expense	-52,951	42,147
Change in provision for deferred tax	-386,712	1,542,289
Total	-439,663	1,584,436

Calculation of the effective rate of tax		
%	1999/00	1998/99
Income tax rate	34.0	-34.0
Change in taxation due to		
- Investment allowances	-4.1	-2.0
- Tax free investment income	-6.2	-0.8
- Other items	1.4	-1.4
Effective tax rate	25.1	-38.2

(53) Cash and cash equivalents		
TATS	1999/00	1998/99
Cash in hand	814	1,018
Cash at banks	33,839	35,962
Bank overdrafts	-8,131	-7,898
Total	26,523	29,082

(54) Segment reporting

Since the Group's operating activities are focused mainly on the region of Lower Austria, it is not necessary to produce a segmental report pursuant to geographical locations.

- Description of activities

The electricity segment encompasses the procurement of electricity from in-house generation and external sources, the transportation and distribution of electricity, the sale of electricity to domestic and industrial customers and electricity trading.

The gas segment encompasses the procurement of gas, transport for the company and third parties, and the distribution of gas to customers. It also comprises the services associated with network expansion and the connection of new customers.

The heating and other business area segment encompasses services in the local and district heating sector and those Group activities that cannot be assigned to either the electricity or the gas segments.

- Segment assignment principle

Items that can be assigned directly are designated to the respective segments. Services provided by one segment for another that can be directly charged, are allocated by means of intra-Group transactions. Any items that cannot be assigned directly or charged, are assigned using an objective cost allocation process. Remainders are distributed in proportion to the assigned items.

- Intra-Group pricing

As far as energy consumption is concerned, pricing within the Group is based on comparable prices to those for industrial customers. For the remaining items, pricing is based on costs.

(54) Segment reporting								
ATS m	Electricity		Gas		Heating and other business areas		Total	
	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99
External sales revenues	8,350	7,746	3,796	3,858	900	814	13,046	12,418
Intra-Group revenues	17	38	532	384	13	10	562	432
Depreciation	-1,071 ¹⁾	-1,086	-267	-237	-533 ²⁾	-366	-1,871	-1,689
Operating result (EBIT) before exceptional measures	2,072	1,016	-135	649	-295	-102	1,642	1,563
Exceptional depreciation and provisions as a result of electricity market deregulation	-	-5,570	-	-	-	-	0	-5,570
Operating result (EBIT) after exceptional measures	2,072	-4,554	-135	649	-295	-102	1,642	-4,007
Result from associated companies	50	57	51	105	2	1	103	163
Book value of associated companies	1,077	1,063	1,256	1,289	4	2	2,337	2,354
Liabilities	11,680	10,739	4,592	4,838	2,186	2,375	18,458	17,952
Total assets	20,396	17,233	7,753	7,883	2,330	4,125	30,478	29,241
Investments in tangible assets	1,292	1,680	489	355	659	885	2,440	2,920

¹⁾ Thereof TATS 318,808 in exceptional depreciation due to Impairment Tests.

²⁾ Thereof TATS 269,756 in exceptional depreciation due to Impairment Tests.

(55) Financial instruments

The accounting and valuation principles described for the respective items are applied to the receivables, shares and liabilities classified as primary financial instruments.

Long-term investments within the framework of two externally managed funds serve the creation of the cover stock required for personnel related provisions.

The risk on receivables is equivalent to the figures shown in the financial statements reduced by valuation adjustments.

The long-term financial liabilities derived from issued bonds are described in detail in note (26). Current liabilities are the result of the schilling cash bills due on a daily basis.

Derivative financial instruments are used to hedge interest and exchange rate risks resulting from long-term financing, and in some cases, were also employed for the improvement of results. Any derivative transactions are entered into only with financial institutions with high credit ratings.

The nominal values are the not offset totals of all the items classified as financial derivatives on the balance sheet date.

Though these are equivalent to the amounts agreed between the contractual parties, this is not a measure of the risk incurred by the company through the use of derivatives. Potential risk factors include fluctuations in market parameters and the credit risk of the contractual parties. The nominal and fair values of all derivative financial instruments, which could be calculated, are listed in table (55).

The negative fair values of the currency swaps were largely due to two long-term financial instruments related to refinancing in foreign currency, which were concluded during previous years. In both cases, the large negative fair values were the result of the weak euro, high interest differences and exchange rate volatility. As a consequence of the limited marketability of these financial instruments, the fair values in this regard constitute indicative figures. However, the intrinsic values contained in this item were all positive.

(56) Significant events after the balance sheet date

The main events after the balance sheet date are described in the Management Report (see page 6) and the section "Interests and new business areas" (see page 44).

	Nominal value		Fair value	
	30.9.2000	30.9.1999	30.9.2000	30.9.1999
Currency swaps				
CHF million (up to 1 year)	–	33.8	–	1.2
(over 5 years)	190.0	190.0	–18.9	–14.5
JPY million (over 5 years)	8,000.0	8,000.0	–10,850.7	–6,723.8
Interest rate swaps				
JPY million (over 5 years)	–	3,000.0	–	–27.2
DEM million (over 5 years)	275.0	275.0	–20.2	–18.1
CHF million (over 5 years)	100.0	100.0	–4.7	–3.0
Currency options				
CHF million (up to 1 year)	–	23.3	–	8.8

(57) Other obligations and risks

EVN has entered into long-term, fixed quantity and price agreements to ensure its supplies of electricity and primary energy. In addition, there is an obligation to buy electricity from certain generating plants for the EVN network. The obligation derived from an energy supply contract with Verbundgesellschaft, which in past years provided the majority of the company's need for third party electricity, was further reduced during the past financial year and has been terminated with effect from August 31, 2001.

Natural gas supplies from Russia and Norway are covered by import agreements between OMV, Austria Ferngas Ges.m.b.H. and the regional gas companies, whereas domestic gas supplies are guaranteed through gas supply contracts with OMV and RAG. The company has also entered into long-term agreements involving the transportation and storage of natural gas and imports of coal from Poland. The potential risk of claims not covered by provisions relating to dangers to the environment and hazardous waste at disused industrial locations, which remain subject to investigation by the authorities, has been estimated at ATS 310 million.

On the balance sheet date, an order liability of ATS 904.3 million existed for tangible and intangible assets.

In the course of participation in a lease-and-lease-back transaction involving the Freudenu power station, which is owned by VERBUND-Austrian Hydro Power AG (former "Donaukraft"), EVN undertook to pay a certain sum should defaults and losses occur, and to provide indemnification.

Letters of comfort amounting to ATS 869.9 million relating to in-house trading and the optimisation of electricity sourcing were granted to trading partners for the business transactions undertaken on behalf of EVN by e&t Energie Handelsgesellschaft m.b.H. These obligations are offset by corresponding recourse claims.

The liabilities derived from warranties and other contractual contingent liabilities amount to a total of ATS 238.5 million (previous year: ATS 154.3 million) and largely comprise open and subsequent contractual liabilities to subsidiaries and assumed liabilities for customer loans and loans for subsidiaries.

(58) Information on business transactions with related companies

Long-term dispositions were made concerning the subsidiaries founded within the framework of the EnergieAllianz, Energievertriebs und -service Gesellschaft m.b.H. (e&s) and e&t Energie Handelsgesellschaft m.b.H. with regard to the sale and sourcing of electricity.

A co-operation agreement exists with BEGAS- Burgenländische Erdgasversorgung-AG regarding gas business related services, as well as a long-term usufruct agreement with NÖKOM NÖ Telekom Service Gesellschaft m.b.H. concerning the provision of optical fibre cables. ALLPLAN Ges.m.b.H. provides planning services for the Group.

(59) Information on management and staff

The average number of employees during the financial year was 2,221 (previous year: 2,276). On the balance sheet date, the Group employed 2,185 people (previous year: 2,229).

The total emoluments of active members of the Executive Board in the financial year 1999/00 amounted to TATS 13,890 (previous year: TATS 14,162), those of former members of the Executive Board and their dependants to TATS 14,289 (previous year: TATS 8,420).

The corporate bodies are listed on page 93 of this Annual Report.

Maria Enzersdorf,
November 21, 2000

EVN AG

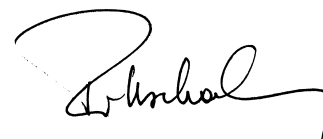
The Executive Board



Rudolf Gruber
(Chairman)



Peter Layr



Herbert Pöttschacher

Corporate bodies

Supervisory Board

Chairman

Siegfried Ludwig

Vice-Chairmen

Stefan Schenker

Kurt Mittersteger

Members

Walter Aigner

Traude Dierdorf

Edgar Führer

Gottfried Holzer

Vinzenz Hübl

Robert Lehner

Franz Madl

Helmuth Neuhold

Gerhard Posset

Leopold Richentzky

Johann Strobl

Theodor Zeh

Employee representatives

Manfred Falk

Otto Krupka

Franz Hemm

Alois Berger (until September 30, 2000)

Friedrich Jelinek

Rudolf Rauch

Peter Ruis
(since August 1, 2000)

Franz Schuster

Günter Stadler
(since October 1, 2000)

Wolfgang Windhager
(until July 31, 2000)

Environmental Advisory Committee

Siegfried Ludwig
(Chairman)

Reinhard Dayer

Josef Frick

Rudolf Friewald

István Galambosi

Albert Hackl

Walter Hatak

Ernst Höger
(since December 10, 1999)

Oswald Jahn

Heinz Kaupa

Mara Kleinsasser

Hermann Kühtreiber

Herbert Pachucki

Herbert Peninger

Bernhard Raschauer

Adolf Stricker

Franz Stückler

Richard Wanzenböck

Paul Weiss

Employee representatives

Leopold Buchner
(since August 1, 2000)

Leopold Rösel
(since October 1, 2000)

Peter Ruis
(until July 31, 2000)

Günter Stadler
(until September 30, 2000)

Executive Board

Rudolf Gruber
(Chairman)

Peter Layr

Herbert Pöttschacher

Auditors' Report

We have audited the consolidated financial statements of EVN AG as of September 30, 2000, which were prepared in accordance with the regulations of the International Accounting Standards and the International Accounting Standards Committee. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion concerning the financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing issued by the International Federation of Accountants (IFAC). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. The audit includes the examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principle used and significant estimates made by the directors, as well as the evaluation of the overall financial statement presentation. We believe that our audit offers a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material aspects, the financial position of the Group as of September 30, 2000, and of the results of its operations and cash flows for the year then ended in accordance with International Accounting Standards.

Pursuant to Austrian commercial law, the Management Report and the Group's adherence to requirements for exemption from the compilation of consolidated financial statements, prepared in accordance with the Austrian commercial Code, must be examined.

We confirm that the Management Report complies with the consolidated financial statements and that the legal requirements are met to exempt EVN AG from the obligation to compile Group financial statements in accordance with the Austrian commercial code.

Vienna,
November 21, 2000

KPMG Austria GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

Johann Perthold m.p.
Peter Honzak m.p.

Chartered accountants and tax
consultants

Report of the Supervisory Board

The Supervisory Board responsible for the period under review was regularly informed at its meetings by the Executive Board concerning the situation of the company and the Group subsidiaries and gave the approval required for certain business transactions.

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, the auditors duly appointed for the 1999/00 financial year from October 1, 1999 – September 30, 2000, audited the financial statements and the Management Report of EVN AG as at September 30, 2000, prepared in accordance with Austrian accounting regulations. The auditors have produced a written report on the results of their audit and gave their unqualified opinion.

The Supervisory Board has approved the financial statements and the consolidated financial statements as at September 30, 2000, the Management Report, and the respective proposals for the distribution of profits. The financial statements as at September 30, 2000, are thereby taken as approved pursuant to §125, Section 2 of the Austrian Corporation Act.

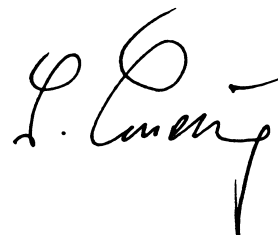
In addition, the Supervisory Board has accepted the consolidated financial statements prepared in accordance with the International Accounting Standards (IAS) for the 1999/00 financial year from October 1, 1999 – September 30, 2000, which were also audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft and received unqualified opinion.

Due to the fact that the consolidated financial statements have been prepared according to IAS, the company is exempt from the obligation to provide consolidated financial statements pursuant to Austrian commercial law.

Finally, the Supervisory Board wishes to express its special gratitude to the Executive Board for its work during the 1999/00 financial year. It also extends its thanks and recognition to all employees for their endeavours and co-operation in the interests of the company.

Maria Enzersdorf,
December 11, 2000

On behalf of the Supervisory Board



Siegfried Ludwig
(Chairman)



“Multi-service utility” is the term used to describe EVN’s positioning in its new competitive environment, deregulation having led to dramatic changes in the energy industry. Energy suppliers now operate in a buyer’s market, which exists for all customers whether industrial or domestic.

EVN is meeting this challenge by using marketing campaigns to communicate its attractive products, services and favourable prices to the customers. Energy supply was previously strictly divided into electricity and gas. By contrast EVN has, since the mid-80s, integrated several differing types of energy and is, therefore, able to offer its customers a wide range of energy-related products and services from a single source.

Consequently, “multi-service” was the central theme of an EVN advertising poster campaign, which, during the spring and summer of 2000, informed people in Lower Austria about EVN’s interesting range of products and services. As in the past, this latest EVN advertising campaign once again provided the inspiration for the design of this Annual Report, Alexander Rendi, an Austrian artist and graphic designer, having continued his series of individual interpretations. He shows the individual advertising poster designs in typical Lower Austrian situations. In other words, as they were actually seen, or at least, how they could have appeared. Through this approach, a special emphasis is placed on the direct and powerful message of the “EVN brand” in its traditional energy supply area, which represents one of the company’s decisive advantages as a regional energy supplier.

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Key figures in ATS

		1999/00	1998/99	1997/98 ¹⁾	1996/97	1995/96
Electricity						
Electricity sales	GWh	8,826 ²⁾	6,193	6,384	5,853	5,759
Electricity revenues	ATS m	8,151	7,688	8,165	7,668	7,662
Gas						
Gas consumption	m m ³	1,609	1,616	1,762	1,615	1,846
Gas sales	m m ³	1,336	1,381	1,389	1,356	1,375
Gas revenues	ATS m	3,507	3,532	3,592	3,514	3,634
Heating						
Heating sales	GWh	712	671	573	493	423
Heating revenues	ATS m	369	334	291	268	206
Company as a whole		IAS				
Sales revenues	ATS m	13,046	12,418	12,622	11,842	11,907
Average no. of employees	No.	2,221	2,276	2,416	2,540	2,695
Balance sheet total	ATS m	30,478	29,241	34,018	29,671	28,959
Investments in tangible assets	ATS m	2,440	2,920	2,836	2,121	2,094
Share capital	ATS m	1,140	1,140	1,140	1,140	1,140
Shareholders' equity	ATS m	11,695	10,976	13,853	13,181	12,353
Cash flow from operations	ATS m	2,849	3,978	2,965	3,242	3,808
Result before tax	ATS m	1,754	-4,143	1,615	1,562	1,761
Net result	ATS m	1,301	-2,573	1,124	1,184	1,341
Earnings/share ³⁾	ATS	38	-75	33	35	39
Dividend/share ³⁾	ATS	10 ⁴⁾	10	10	10 ⁵⁾	8,33 ⁶⁾
Book value/share ³⁾	ATS	344	321	405	385	361
¹⁾ Due to the change in the balance sheet date from August 31 to September 30, the 1997/98 financial year covers 13 months (September 1, 1997 – September 30, 1998). ²⁾ Includes electricity trading and sales to other electricity companies ³⁾ Following the 1:3 share split ⁴⁾ Proposal to the Annual General Meeting ⁵⁾ Includes an anniversary bonus of ATS 1.67 ⁶⁾ Includes a bonus of ATS 0.67						

Key figures in EUR

		1999/00	1998/99	1997/98 ¹⁾	1996/97	1995/96
Electricity						
Electricity sales	GWh	8,826 ²⁾	6,193	6,384	5,853	5,759
Electricity revenues	EUR m	592.3	558.7	593.4	557.2	556.8
Gas						
Gas consumption	m m ³	1,609	1,616	1,762	1,615	1,846
Gas sales	m m ³	1,336	1,381	1,389	1,356	1,375
Gas revenues	EUR m	254.9	256.7	261.0	255.3	264.1
Heating						
Heating sales	GWh	712	671	573	493	423
Heating revenues	EUR m	27.0	24.3	21.1	19.5	15.0
Company as a whole		IAS				
Sales revenues	EUR m	948.1	902.4	917.2	860.6	865.3
Average no. of employees	No.	2,221	2,276	2,416	2,540	2,695
Balance sheet total	EUR m	2,215.0	2,125.0	2,472.2	2,156.3	2,104.5
Investments in tangible assets	EUR m	177.3	212.2	206.1	154.1	152.2
Share capital	EUR m	82.9	82.9	82.8	82.8	82.8
Shareholders' equity	EUR m	849.9	797.6	1,006.7	957.9	897.8
Cash flow from operations	EUR m	207.0	289.1	215.5	235.6	276.8
Result before tax	EUR m	127.4	-301.1	117.3	113.5	128.0
Net result	EUR m	94.5	-187.0	81.7	86.0	97.4
Earnings/share ³⁾	EUR	2.78	-5.50	2.40	2.53	2.87
Dividend/share ³⁾	EUR	0.73 ⁴⁾	0.73	0.73	0.73 ⁵⁾	0.61 ⁶⁾
Book value/share ³⁾	EUR	25.0	23.3	29.4	28.0	26.3

¹⁾ Due to the change in the balance sheet date from August 31 to September 30, the 1997/98 financial year covers 13 months (September 1, 1997 – September 30, 1998).

²⁾ Includes electricity trading and sales to other electricity companies

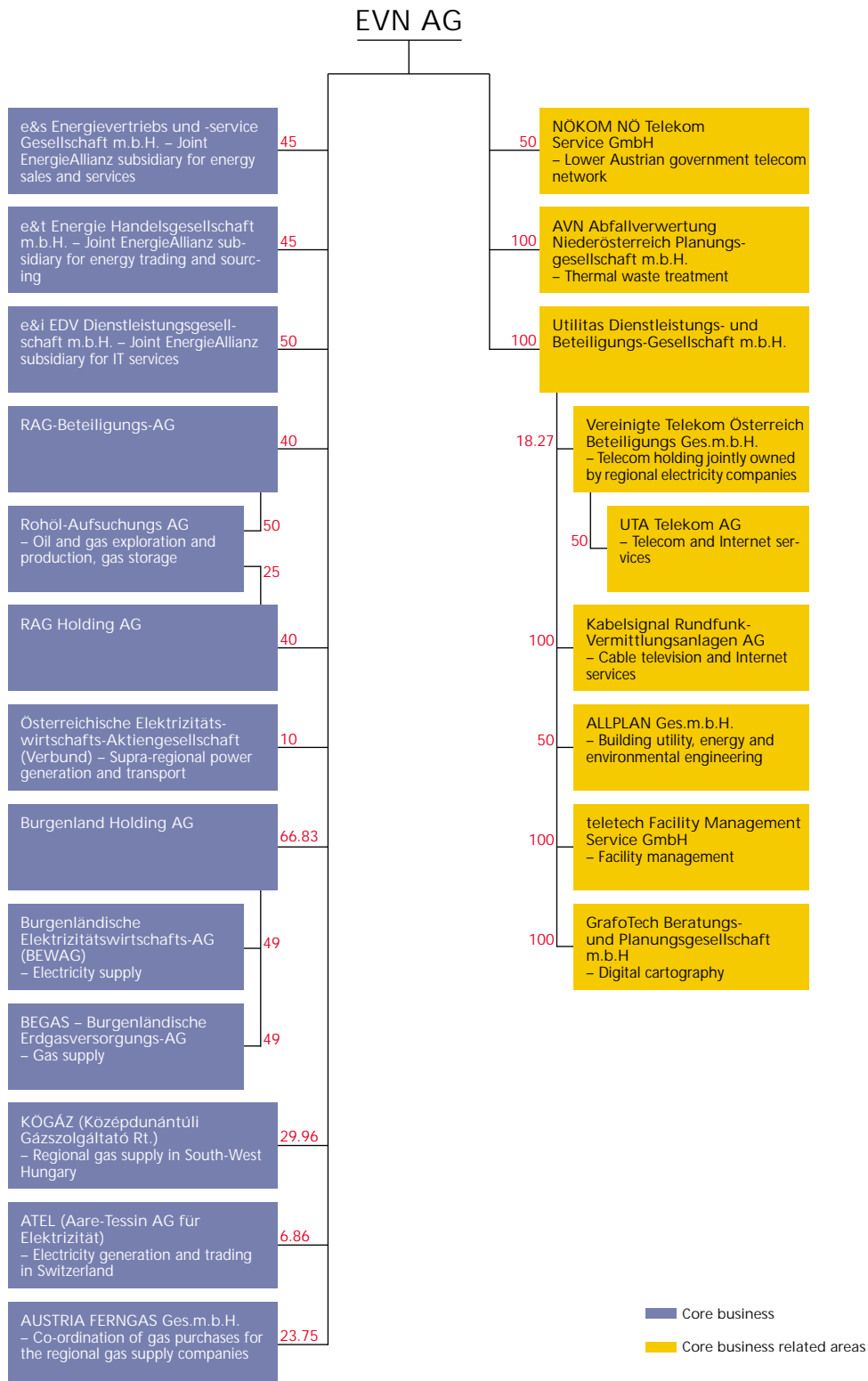
³⁾ Following the 1:3 share split

⁴⁾ Proposal to the Annual General Meeting

⁵⁾ Includes an anniversary bonus of EUR 0.12

⁶⁾ Includes a bonus of EUR 0.05

Group chart



As at September 30, 2000.
 The main operative companies and Group holding companies are shown. Interests in %.