

# **EVN – 1<sup>st</sup> HY 2009/10 Results Conference Call**

## Business highlights 1<sup>st</sup> HY 2009/10

- > Sales development in the Energy segment shaped by cold weather
- > Completion of all projects of the Energy Concept for the Lower Austrian Central Region
- > First international hydropower project with Verbund AG in Albania
- > Win of competitive tenders in the Environmental Services segment to construct wastewater treatment plants on Cyprus and a waste incineration plant in Moscow
- > Positive outlook for 2009/10 confirmed

## Financial highlights 1<sup>st</sup> HY 2009/10

EUR m	2009/10 HY 1	Change %
Revenue	1,625.1	0.6
EBITDA	312.9	12.8
EBIT	194.4	5.7
Financial results	71.7	–
Group net profit	208.5	23.5
Gross cash value	288.9	19.9
EUR		
Earnings per share	1.27	23.5

### > Revenue increase

- Energy business: Higher sales volumes due to cold winter
- Environmental Services business: Lower revenue due to weather-related project delays

### > EBITDA and EBIT above the prior-year levels

### > Financial results improved considerably

- Higher income from investments
- Decline in interest expense
- Improvement in other financial results

### > Strong improvement in Group net profit

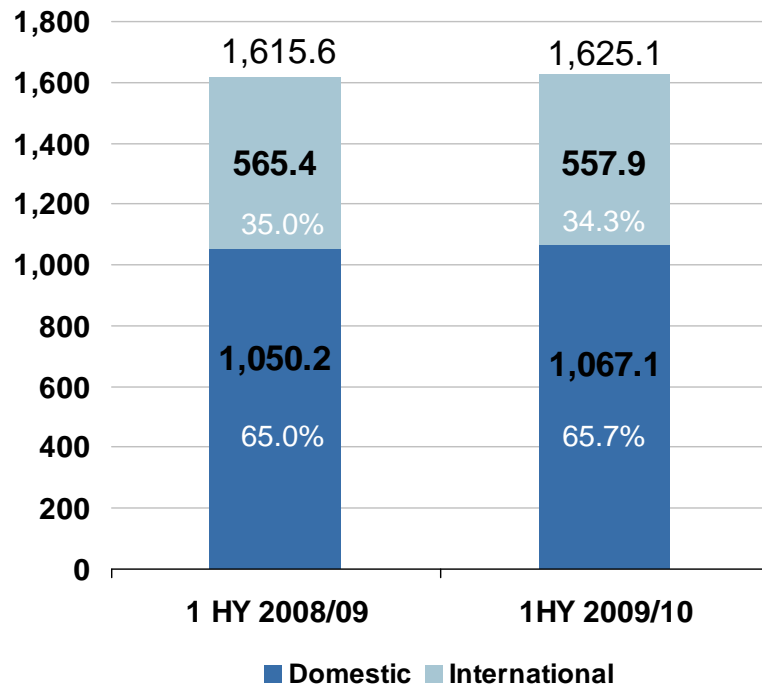
### > Gross cash value rose considerably

## Business drivers in 1<sup>st</sup> HY 2009/10

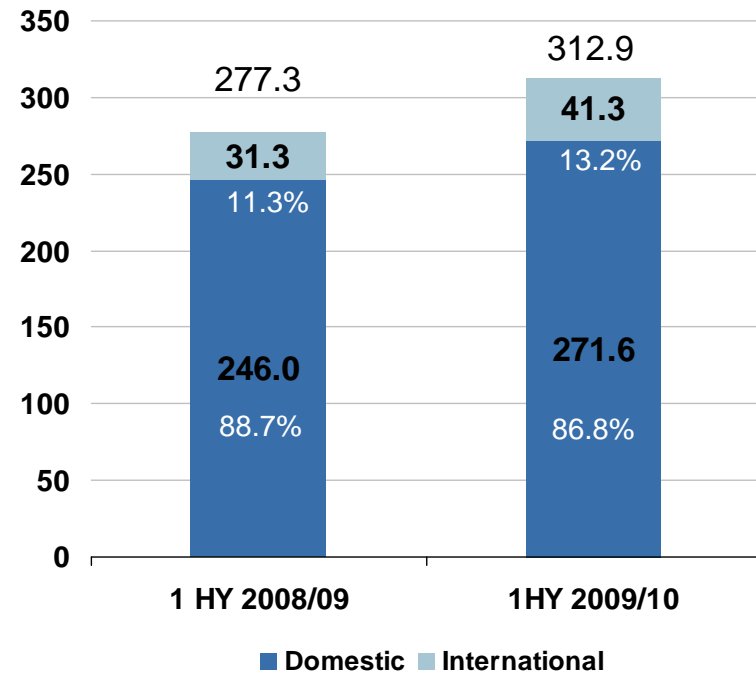
- > Strong market position in Austria with an integrated product offering
- > Big share in residential customers, diversified industrial customer base in terms of customer size and business sectors in the home market
  - Electricity sales to end customers rose by 5.1%
  - Gas sales volumes up by 3.8%
  - Heat sales volumes increased by 9.6%
- > High share of regulated business
- > Stable customer base in south-eastern Europe
  - Increase of electricity distribution volumes in Bulgaria by 1.4%
  - Slight decline of electricity distribution volumes in Macedonia by 1.7%
- > Attractive growth options in Environmental business in Central, Eastern and south-eastern Europe
- > Resilient business model

# Geographical split of revenue and EBITDA

## Revenue (EURm)

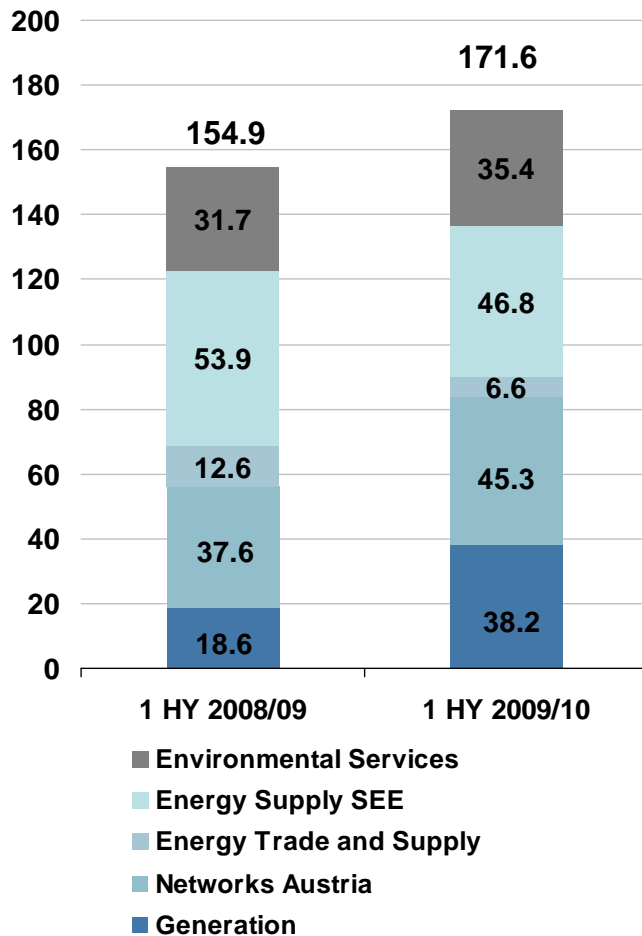


## EBITDA (EURm)



# Investments

(EURm)



> Increase of investments by 10.7%

> Main investment projects by segments

– Generation

- Optimisation of fuel procurement and delivery at the Dürnrrohr power station
- Construction of the wind park in Kavarna, Bulgaria

– Network Infrastructure Austria

- Extensive progress on the construction of the southern section of the trans-regional gas transport pipeline „Südschiene“
- Preliminary work for the western section of the trans-regional pipeline „Westschiene“

– Energy Trade and Supply

- Completion and start-up of the district heating transmission pipeline from Dürnrrohr to Sankt Pölten

– Energy Supply South East Europe

- Upgrading the networks to improve reliability of energy supply, and replacing electricity metres for reducing network losses

– Environmental Business

- Completion and start-up the third waste incineration line in Dürnrrohr

## Generation segment

EUR m	2009/10 HY 1	Change %
Revenue	69.5	-3.2
EBIT	22.4	-38.2
PBT	21.1	-34.6

GWh		
Electricity generation	2,541	6.3
Thereof thermal power	1,957	10.6
Thereof renewable energy	585	-5.9

- > Increase of electricity generation
  - Higher production at own thermal power plants
  - Lower production from renewable energy sources
- > Revenue decrease
  - Declining market prices in the period used for calculating the option value of the power stations
  - Lower volume of electricity from renewable energy sources
- > EBIT depressed by lower margins

## Energy Trade and Supply segment

EUR m	2009/10 HY 1	Change %
Revenue	772.0	0.2
EBIT	73.6	2.7
PBT	81.6	2.8

Energy sales  
volumes to end  
customers (GWh)

Electricity	3,701	5.1
Gas	5,396	3.8
Heat	1,067	9.6

- > Increase of energy sales volumes to end customers
  - Electricity: Stable volumes in Lower Austria and higher volumes in other regions covered by EnergieAllianz
  - Gas and heat: Volumes increase due to cold winter and start-up of the district heating transmission pipeline St. Pölten
- > Gas prices lowered by 7.0% in December following previous downward adjustments in sale prices in January and March 2009
- > Stable revenue as a result of increase of sales volumes and negative price effects
- > Slight EBIT improvement

## Network Infrastructure Austria segment

EUR m	2009/10 HY 1	Change %
Revenue	287.7	6.6
EBIT	91.5	31.8
PBT	85.2	35.3

### Network distribution volumes (GWh)

Electricity	3,985	0.7
Gas <sup>1)</sup>	13,440	8.6

1) Incl. network sales to EVN's own power stations

- > Network distribution volumes
  - Slightly higher electricity distribution volumes
  - Strong increase in gas distribution volumes
- > Network tariffs on basis of regulatory system as of January 2010
  - Electricity: -2.0%
  - Gas: +8.2%
- > Increase of segment revenue
  - Network revenues: +4.3%
  - Initial consolidation of the cable network operator B.net, Burgenland: +EUR 7.2m
- > Significant EBIT improvement

## Energy Supply South East Europe segment

EUR m	2009/10 HY 1	Change %
Revenue	496.6	0.4
EBIT	10.3	–
PBT	–1.0	91.8

- > Slight increase of electricity sales volumes
  - Bulgaria: Reduction in network losses more than compensated for mild weather
  - Macedonia: Negative effects of the economic crises more than compensated for cold weather

- > Slight increase of revenue
  - Bulgaria: Decline due to reduction of end customers prices by 1% as of July 2009
  - Macedonia: Increase due to adjustment of end customer prices by 10% as of January 2010

GWh		
Electricity network distribution volumes	7,425	0.2
Thereof Bulgaria	4,412	1.4
Thereof Macedonia	3,014	–1.7
Heat sales volumes to end customers	212	–2.1

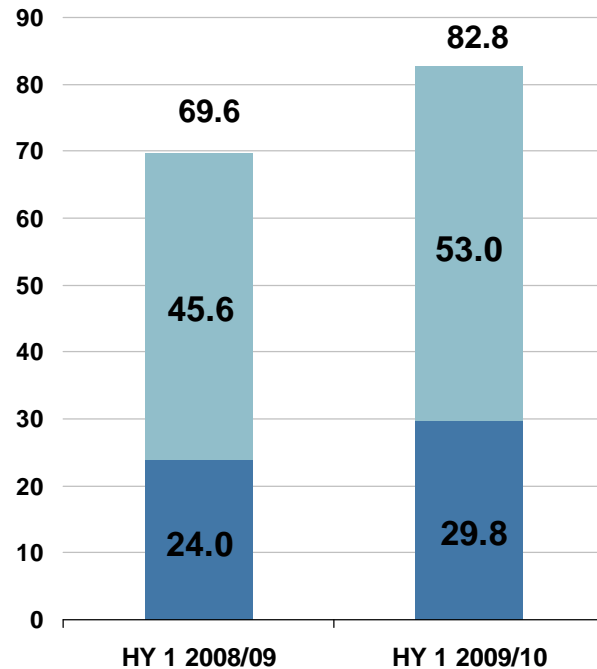
- > Slight decrease of operating expenses despite higher scheduled depreciation and write-offs of receivables
- > Increase of EBIT from EUR 4.6m

# Environmental Services segment

EUR m	2009/10 HY 1	Change %
Revenue	103.9	-2.3
EBIT	-0.5	-
PBT	10.5	-3.8

- > Decline of revenue
  - Revenue increase due to start-up of the third line of the waste incineration facility in Lower Austria
  - Weather-related decline in international project business
- > Increase in operating expenses due to higher amortisation and write-offs of receivables → EBIT declined from EUR 7.4m in the previous year
- > New projects in Q. 2 2009/10
  - New wastewater treatment plant in North Nicosia, Cyprus
  - Waste incineration plant in Moscow
- > Progress in projects under construction
  - Wastewater treatment plant in Ataköy, Turkey, on schedule, start-up in 2010
  - Start-up of two wastewater purification plants in Stettin, Poland
  - Opening of a new wastewater purification plant in Tulln, Lower Austria

## Strategic investments (EUR m)



Income from other investments

Income from investments in associates included at equity

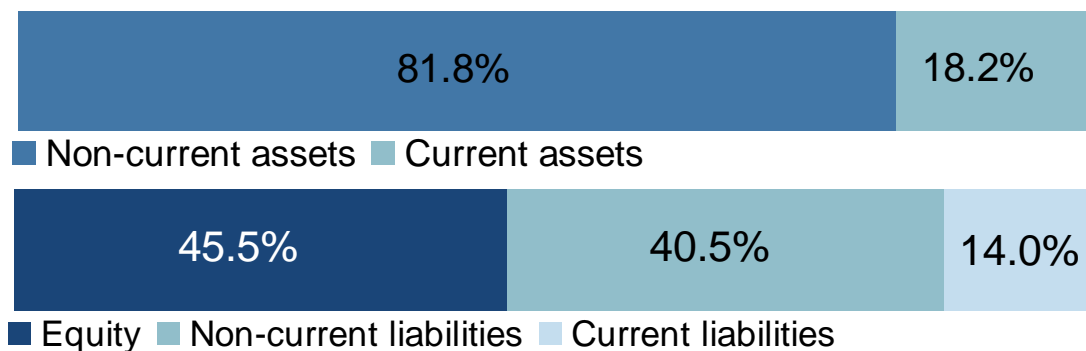
- > Higher income from at equity investments
  - Income from RAG (before minority interests) decreased from EUR 22.9m to EUR 12.2m due to lower crude oil and gas prices
  - Income from EconGas of EUR 7.2m slightly above the prior-year level
  - Higher earnings contribution from ZOV, BEWAG and BEGAS
- > Higher income from other investments
  - Dividend from Verbund AG rose from EUR 42.1m to EUR 50.1m

## Balance sheet

EUR m	2009/10 HY 1	Change % <sup>1)</sup>
Balance sheet total	6,836.1	2.1
Equity	3,109.7	-0.6
Net debt	1,514.2	9.9
Equity ratio (%)	45.5	-1.2p
Gearing (%)	48.7	4.6p

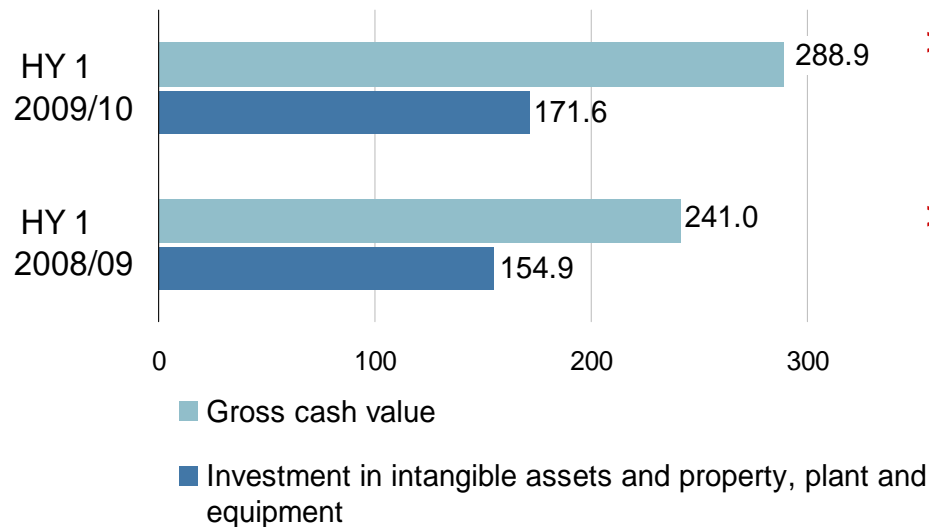
- > Slight increase of balance sheet total
- > Slight decrease in equity
  - Lower market value of the shareholding in Verbund AG
- > Increase in net debt and gearing

1) compared to September 30, 2009.



# Cash Flow

EUR m	2009/10 HY 1	Change %
Gross cash value	288.9	19.9
Operating CF	77.2	–
CF from investments	–90.4	37.9
CF from financing	110.9	–48.4



## > Higher gross cash value

- Higher profit before income tax
- Higher depreciation and amortisation
- Lower negative contribution in other financial results

## > Massive improvement in operating CF

- Higher earnings
- Lower increase in working capital

## > CF from investments significantly below the prior-year level

## > CF from financing

- Drawing of credit facilities to finance ongoing projects
- Scheduled redemption of loans and borrowings

## Outlook

- > Difficult overall economic and energy sector environment
  - Uncertain overall economic conditions
  - High price volatility in the energy sector
  
- > Positive outlook for the 2009/10 financial year confirmed
  
- > Group net profit exceeding the previous year's level; higher dividend expected
  
- > Long-term investment projects will be continued

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## **Questions & Answers**

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