

# EVN IR News

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## Business development in the first half of 2022/23

(1 October 2022 – 31 March 2023)

### Highlights

- Increase in Group net result to EUR 217.4m based on different developments in the individual segments and positive valuation of energy generation hedges as of 31 March 2023
- Substantial negative effects and half-year loss (EUR 223.1m) at the energy supply company EVN KG
- Commissioning of the wind park in Japons (12.6 MW, repowering) and the photovoltaic plant in Grafenwörth (EVN share: 12.2 MWp) – further renewable projects with a combined capacity of roughly 110 MW currently under construction
- Share of renewable generation: 72.0%
- Increase in annual investments to over EUR 600m, of which roughly three-fourths in Lower Austria
- Commission received for the construction of a wastewater treatment plant and sewage sludge utilisation plant in North Macedonia
- Ratings confirmed: Moody's (A1, outlook: stable); Scope Rating (A+, outlook: stable)

### Energy sector environment

The first half of 2022/23 was influenced by mild temperatures which were lower than the previous year as well as the long-term average in EVN's three core markets. The prices for primary energy generally declined after strong fluctuations in the previous reporting period. The market prices for base load and peak load electricity were substantially lower during the first half of 2022/23 but remain at a high level: The spot market prices for base load and peak load electricity averaged EUR 178.3 per MWh and EUR 215.8 per MWh, respectively, and reflect a substantial reduction below the comparable prior year values of EUR 211.0 per MWh and EUR 251.4 per MWh. The price for CO<sub>2</sub> emission certificates represented an exception with an increase during the reporting period.

### Revenue, EBIT and Group net result above previous year

Revenue recorded by the EVN Group rose by 3.1% to EUR 2,192.6m in the first half of 2022/23. This increase was supported, above all, by price effects from renewable electricity generation, valuation effects from hedges and price adjustments at EVN Wärme. In South East Europe, higher network tariffs and an unscheduled electricity price increase for the regulated household customer segment in North Macedonia only partly offset the revenue lost due to lower network and energy sales volumes and declining electricity prices. Growth was also recorded in the international project business through progress on the major project in Kuwait.

In line with the development of revenue in South East Europe, the cost of energy purchases from third parties and primary energy expenses declined by 22.1% to EUR 1,024.2m. Contrasting factors included, above all, higher costs for network losses and upstream network costs for Netz Niederösterreich as well as higher energy procurement costs for EVN Wärme. Moreover, expenses in the previous year were reduced by compensation payments from the Bulgarian government to cover the network losses caused by higher energy prices.

The cost of materials and services rose by 12.5% to EUR 326.7m consistent with the development of revenue in the international project business and as a result of inflation.

Personnel expenses were 7.7% higher year-on-year at EUR 193.2m due to adjustments required by collective bargaining agreements. The number of employees increased to 7,185 (previous year: 7,147 employees).

Other operating expenses rose by 61.5% to EUR 100.8m. This position includes the levy on the surplus proceeds earned from electricity generation which has been payable in Austria since December 2022.

The share of results from equity accounted investees with operational nature equalled EUR –143.3m in the first half of 2022/23 (previous year: EUR 85.2m). This sharp drop – as reported in the first quarter and projected for the remainder of this year – is attributable to the energy supply company EVN KG, where business development was massively influenced by multiple factors: In addition to higher procurement costs for energy which can only be passed on to customers with a delay, earnings were negatively influenced by the lower valuation of hedges as of 31 March 2023, additions to the provisions for impending losses from contractual delivery obligations and the valuation of natural gas inventories purchased in the previous year at significantly higher wholesale prices to protect supply security in view of the threatened stop in gas deliveries. A contrasting factor was the improvement in the earnings contribution from RAG, the Verbund Innkraftwerke and Burgenland Energie.

Based on these developments, EBITDA recorded by the EVN Group rose by 11.0% year-on-year to EUR 466.4m in the first half of 2022/23. Investments led to an increase of 2.7% in scheduled depreciation and amortisation to EUR 162.6m. A comparison of this position with the previous year is also influenced by the absence of EUR 50.9m from impairment testing in 2021/22: Impairment losses of EUR 57.3m in the international project business had been contrasted by a revaluation of EUR 6.4m to the Kavarna wind park in Bulgaria. In total, EBIT rose by 44.0% to EUR 303.8m.

Financial results improved to EUR –27.5m (previous year: EUR –31.3m) despite an increase in interest expense and foreign exchange valuation effects. This development reflected the better performance of the R138 fund and EVN's cash funds.

The result before income tax equalled EUR 276.2m for the reporting period and was 53.7% higher than the previous year. After the deduction of EUR 35.2m (previous year: EUR 44.1m) in income tax expense and the earnings attributable to non-controlling interests, Group net result for the period equalled EUR 217.4m. That represents a year-on-year increase of 70.6%.

### Solid balance sheet structure

EVN's capital structure remains solid and stable. The increase in net debt to EUR 1,748.4m as of 31 March 2023 resulted from the continuing high level of investment and from the liquidity settlement for the energy supply company EVN KG to cover working capital requirements.

## Energy. Water. Life. – Developments in the energy and environmental services business

### Energy business

EVN's electricity generation declined by 21.2% year-on-year to 1,573 GWh in the first half of 2022/23. Favourable water flows were unable to fully offset the below-average wind flows. The Theiss power plant, which is available to the transmission network operator to stabilise the electricity networks, was used much less frequently than in the previous year.

The share of renewable generation rose to 72.0% (previous year: 59.7%). The wind park in Japons, which was rebuilt as part of a repowering, was commissioned in January 2023 (installed capacity: 12.6 MW). In February 2023, the largest floating photovoltaic plant in Central Europe was commissioned in Grafenwörth (EVN share: 12.2 MWp). Three further wind parks and three photovoltaic projects with total capacity of 72 MW and 36 MW, respectively, are currently under construction in line with the targets for the expansion of renewable energy. EVN's annual investments were increased to over EUR 600m, of which roughly three-fourths are located in Lower Austria with a focus on network infrastructure, renewable generation and drinking water supplies.

### Environmental and water business

Investments in drinking water supplies continue to focus on the planning and construction of transport and connecting pipelines to improve and protect supply security.

In the international project business, WTE Wassertechnik received a commission for the construction of a wastewater treatment plant and a sewage sludge utilisation plant in Skopje, North Macedonia, as part of a general contractor assignment. The contract value totals approximately EUR 184m. As of 31 March 2023, WTE Wassertechnik was working on the planning and construction of 14 projects for wastewater treatment, drinking water treatment and thermal sludge utilisation in Germany, Poland, Lithuania, Romania, North Macedonia, Bahrain and Kuwait

## Outlook and special dividend for the 2022/23 financial year

The contribution by EVN's operating activities to Group net result for the 2022/23 financial year is expected to reflect the upper end of the previously communicated range at approximately EUR 250m. In addition, the earnings contribution from the investment in Verbund AG in the amount of EUR 158m will contribute to the Group net result in 2022/23. The Executive Board also decided and reported on 15 May 2023 to propose to the 95<sup>th</sup> Annual General Meeting on 1 February 2024 a special dividend of EUR 0.62 per share in addition to the ordinary dividend for the 2022/23 financial year. The ordinary dividend is expected to amount to at least EUR 0.52 per share.

The Letter to Shareholders on the first half of 2022/23 is available under [www.investor.evn.at](http://www.investor.evn.at).

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## EVN in figures

		2022/23	2021/22	+/-		2021/22
	GWh	HY. 1	HY. 1	Nominal	%	
<b>Key energy business indicators</b>						
<b>Electricity generation volumes</b>		<b>1,573</b>	<b>1,998</b>	<b>-424</b>	<b>-21.2</b>	<b>3,365</b>
Renewable energy sources		1,134	1,192	-59	-4.9	2,248
Thermal energy sources		440	805	-366	-45.4	1,117
<b>Network distribution volumes</b>						
Electricity		11,642	12,888	-1,246	-9.7	23,092
Natural gas <sup>1)</sup>		8,289	11,277	-2,988	-26.5	15,877
<b>Energy sales volumes to end customers</b>						
<b>Electricity</b>		<b>10,172</b>	<b>11,755</b>	<b>-1,583</b>	<b>-13.5</b>	<b>20,853</b>
thereof Central and Western Europe <sup>2)</sup>		4,187	4,613	-426	-9.2	8,662
thereof South Eastern Europe		5,986	7,142	-1,157	-16.2	12,191
<b>Natural gas</b>		<b>3,361</b>	<b>3,950</b>	<b>-590</b>	<b>-14.9</b>	<b>4,987</b>
<b>Heat</b>		<b>1,629</b>	<b>1,782</b>	<b>-153</b>	<b>-8.6</b>	<b>2,545</b>
thereof Central and Western Europe <sup>2)</sup>		1,487	1,599	-111	-7.0	2,328
thereof South Eastern Europe		142	183	-41	-22.6	217

<sup>1)</sup> Incl. Network distribution volumes to EVN power plants

<sup>2)</sup> Central and Western Europe covers Austria and Germany

		2022/23	2021/22	+/-		2021/22
	EURm	HY. 1	HY. 1	Nominal	%	
<b>Condensed consolidated statement of operations</b>						
<b>Revenue</b>		<b>2,192.6</b>	<b>2,126.7</b>	<b>66.0</b>	<b>3.1</b>	<b>4,062.2</b>
Other operating income		61.9	54.4	7.5	13.8	109.5
Electricity purchases and primary energy expenses		-1,024.2	-1,314.0	289.8	22.1	-2,278.2
Costs of materials and services		-326.7	-290.4	-36.4	-12.5	-707.1
Personnel expenses		-193.2	-179.4	-13.8	-7.7	-372.2
Other operating expenses		-100.8	-62.4	-38.4	-61.5	-158.4
Share of results from equity accounted investees with operational nature		-143.3	85.2	-228.5	-	98.9
<b>EBITDA</b>		<b>466.4</b>	<b>420.2</b>	<b>46.2</b>	<b>11.0</b>	<b>754.8</b>
Depreciation and amortisation		-162.6	-158.3	-4.3	-2.7	-318.0
Effects from impairment tests		0.0	-50.9	50.9	100.0	-105.2
<b>Results from operating activities (EBIT)</b>		<b>303.8</b>	<b>211.0</b>	<b>92.8</b>	<b>44.0</b>	<b>331.6</b>
<b>Financial results</b>		<b>-27.5</b>	<b>-31.3</b>	<b>3.7</b>	<b>11.9</b>	<b>-30.5</b>
<b>Result before income tax</b>		<b>276.2</b>	<b>179.7</b>	<b>96.5</b>	<b>53.7</b>	<b>301.2</b>
Income tax expense		-35.2	-44.1	8.9	20.3	-64.0
<b>Result for the period</b>		<b>241.1</b>	<b>135.6</b>	<b>105.5</b>	<b>77.8</b>	<b>237.1</b>
thereof result attributable to EVN AG shareholders (Group net result)		217.4	127.4	90.0	70.6	209.6
thereof result attributable to non-controlling interests		23.7	8.2	15.5	-	27.5
<b>Earnings per share in EUR<sup>1)</sup></b>		<b>1.22</b>	<b>0.71</b>	<b>0.5</b>	<b>70.6</b>	<b>1.18</b>

<sup>1)</sup> There is no difference between basic and diluted earnings per share.