

# EVN IR News

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

(1 October 2022 – 31 December 2022)

### Highlights

- Diversified business model supports solid Group net result; positive effects from the valuation of hedges for renewable generation as of 31 December 2022
- First quarter loss of EUR –70.5m for the supply company due to ongoing distortions on the energy markets
- Wind power and photovoltaic projects with a combined capacity of 120 MW currently under construction in Lower Austria
- Installation of e-charging infrastructure on the parking areas of the SPAR retail chain and renewable energy supplies for the charging points
- Investment programme with over EUR 500m per year at a historically high level; roughly three-fourths in Lower Austria with focus on network infrastructure, renewable generation and drinking water supplies

### Key results

- **Revenue:** +30.3% to EUR 1,174.3m
- **EBIT:** +55.3% to EUR 201.1m
- **Group net result:** +83.2% to EUR 149.4m
- **Net debt:** EUR 1,580.7m (30 September 2022: EUR 1,245.1m)

### Energy sector environment

The temperature-related demand for energy was clearly below the previous year and long-term average in all three EVN markets during the first quarter of 2022/23. Market distortions with historically high prices and volatility continued to influence the energy sector throughout the entire reporting period. The tense price situation on the wholesale natural gas market and forward electricity market has eased since the beginning of 2023 due to the mild weather and resulting high natural gas storage levels combined with the increasing availability of European power plant capacity and parallel decline in the demand for energy.

## Increase in revenue, EBITDA and Group net result

Revenue recorded by the EVN Group rose by 30.3% to EUR 1,174.3m in the first quarter of 2022/23. This increase was supported, above all, by price effects in renewable generation, valuation effects of hedges and higher prices at EVN Wärme. In South East Europe, higher network tariffs and the increase of electricity prices in the regulated household customer segment in North Macedonia led to higher revenue which, however, was reduced by temperature-related declines in network and energy sales volumes. Growth was also recorded in the international project business due to progress on the major project in Kuwait. Other operating income rose slightly by 2.6% year-on-year to EUR 29.7m for the reporting period.

The cost of electricity purchases from third parties and primary energy expenses totalled EUR 553.3m and remained nearly unchanged at the prior year level. The weather-related volume decline in South East Europe was largely offset by increases in natural gas procurement and at EVN Wärme. The cost of materials and services rose by 64.7% to EUR 182.2m in line with revenue growth in the international project business

Personnel expenses were 4.9% higher year-on-year at EUR 95.8m due to adjustments required by collective bargaining agreements. The average number of employees was nearly unchanged at 7,148 (previous year: 7,145 employees). The levy from the Energy Crisis Contribution-Electricity on the surplus proceeds earned from electricity generation which was payable for the first time in December 2022 and higher receivables write-offs in North Macedonia were responsible for an increase of 89.7% in other operating expenses to EUR 47.7m.

The share of results from equity accounted investees with operational nature equalled EUR –43.2m in the first quarter of 2022/23 (previous year: EUR 52.0m). This sharp drop is attributable to the energy supply company EVN KG, where business development was massively influenced by a year-on-year increase in procurement costs and the lower valuation of hedges as of 31 December 2022. Since higher procurement costs can only be passed on to customers with a delay, earnings at EVN KG are expected to be negative in the 2022/23 financial year.

Based on these developments, EBITDA recorded by the EVN Group rose by 39.6% year-on-year to EUR 281.7m in the first quarter of 2022/23. Investments led to an increase of 2.3% in scheduled depreciation and amortisation to EUR 80.6m. The effects of impairment testing in the first quarter of the previous year were influenced by a revaluation of EUR 6.4m to the Kavarna wind park in Bulgaria. In total, EBIT rose by 55.3% to EUR 201.1m.

Financial results, which were negatively influenced by foreign exchange effects in the previous year, improved to EUR –10.2m (previous year: EUR –16.4m). The result before income tax equalled EUR 191.0m for the reporting period and was 68.9% higher than the previous year. After the deduction of EUR 36.2m (previous year: EUR 28.0m) in income tax expense and the earnings attributable to non-controlling interests, Group net result for the period equalled EUR 149.4m. That represents a year-on-year increase of 83.2%.

## Solid balance sheet structure

EVN's capital structure remains solid and stable, but net debt rose to EUR 1,580.7m as of 31 December 2022. This increase resulted from the ongoing high level of investments and, above all, from a liquidity settlement for 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 21.0% year-on-year to 761 GWh in the first quarter of 2022/23. Renewable generation was 4.6% lower at 500 GWh despite a higher volume of water flows due to a substantial drop in wind flows. The use of the Theiss power plant for network stabilisation and, in turn, thermal generation declined during the reporting period. The share of renewable generation rose to 65.6% (previous year: 54.4%).

The wind park in Japons, which was rebuilt as part of a repowering, was commissioned in January 2023 (installed capacity: 12.6 MW). EVN is currently working on the realisation of several wind power and photovoltaic projects in Lower Austria. These projects will raise EVN's total installed capacity by 120 MW and move the company a great step forward to meeting its expansion goals by 2030.

E-mobility is steadily becoming a business area with future potential. EVN recently signed an agreement with the SPAR retail chain to install an e-charging infrastructure on its parking areas and to supply the charging points with renewable energy.

### 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 was working on the planning and construction of 14 projects for wastewater, drinking water and thermal sewage sludge treatment in Germany, Poland, Lithuania, Romania, Bahrain and Kuwait as of 31 December 2022.

## Confirmation of the outlook for the 2022/23 financial year

EVN expects Group net result for the 2022/23 financial year – under the assumption of a stable regulatory environment and predictable energy sector and tax frameworks – to be in line with the previous year and within a range of roughly EUR 190m to 250m. This estimate initially does not include the earnings contribution from the investment in Verbund AG for the 2022 financial year. EVN's dividend from operating activities is expected to at least equal the previous year (EUR 0.52 per share), whereby EVN wants its shareholders to appropriately participate in any additional earnings growth.

Investments in the core areas of networks, renewable generation and drinking water supplies will be carried out as planned and, in spite of current macroeconomic and energy sector developments, remain at a level exceeding EUR 500m per year. These activities will strengthen EVN's position as the leading infrastructure operator in Lower Austria and form the basis for further growth in a stable home market.

The Letter to Shareholders on the first quarter 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
		Q. 1	Q. 1	Nominal	%	
<b>Key energy business indicators</b>	GWh					
<b>Electricity generation volumes</b>		<b>761</b>	<b>963</b>	<b>-202</b>	<b>-21.0</b>	<b>3,365</b>
Renewable energy sources		500	524	-24	-4.6	2,248
Thermal energy sources		262	439	-178	-40.5	1,117
<b>Network distribution volumes</b>						
Electricity		5,543	6,239	-696	-11.2	23,092
Natural gas <sup>1)</sup>		4,117	5,726	-1,609	-28.1	15,877
<b>Energy sales volumes to end customers</b>						
<b>Electricity</b>		<b>4,976</b>	<b>5,558</b>	<b>-582</b>	<b>-10.5</b>	<b>20,853</b>
thereof Central and Western Europe <sup>2)</sup>		2,187	2,295	-108	-4.7	8,662
thereof South Eastern Europe		2,789	3,263	-473	-14.5	12,191
<b>Natural gas</b>		<b>1,530</b>	<b>1,840</b>	<b>-310</b>	<b>-16.8</b>	<b>4,987</b>
<b>Heat</b>		<b>698</b>	<b>842</b>	<b>-145</b>	<b>-17.2</b>	<b>2,545</b>
thereof Central and Western Europe <sup>2)</sup>		642	767	-125	-16.3	2,328
thereof South Eastern Europe		56	75	-19	-25.9	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
		Q. 1	Q. 1	Nominal	%	
<b>Condensed consolidated statement of operations</b>	EURm					
<b>Revenue</b>		<b>1,174.3</b>	<b>900.9</b>	<b>273.4</b>	<b>30.3</b>	<b>4,062.2</b>
Other operating income		29.7	28.9	0.8	2.6	109.5
Electricity purchases and primary energy expenses		-553.3	-552.8	-0.5	-0.1	-2,278.2
Costs of materials and services		-182.2	-110.6	-71.5	-64.7	-707.1
Personnel expenses		-95.8	-91.3	-4.4	-4.9	-372.2
Other operating expenses		-47.7	-25.2	-22.6	-89.7	-158.4
Share of results from equity accounted investees with operational nature		-43.2	52.0	-95.2	-	98.9
<b>EBITDA</b>		<b>281.7</b>	<b>201.9</b>	<b>79.9</b>	<b>39.6</b>	<b>754.8</b>
Depreciation and amortisation		-80.6	-78.8	-1.8	-2.3	-318.0
Effects from impairment tests		0.0	6.4	-6.4	-	-105.2
<b>Results from operating activities (EBIT)</b>		<b>201.1</b>	<b>129.5</b>	<b>71.6</b>	<b>55.3</b>	<b>331.6</b>
<b>Financial results</b>		<b>-10.2</b>	<b>-16.4</b>	<b>6.3</b>	<b>38.2</b>	<b>-30.5</b>
<b>Result before income tax</b>		<b>191.0</b>	<b>113.1</b>	<b>77.9</b>	<b>68.9</b>	<b>301.2</b>
Income tax expense		-36.2	-28.0	-8.3	-29.6	-64.0
<b>Result for the period</b>		<b>154.8</b>	<b>85.1</b>	<b>69.6</b>	<b>81.8</b>	<b>237.1</b>
thereof result attributable to EVN AG shareholders (Group net result)		149.4	81.5	67.8	83.2	209.6
thereof result attributable to non-controlling interests		5.4	3.6	1.8	49.8	27.5
<b>Earnings per share in EUR<sup>1)</sup></b>		<b>0.84</b>	<b>0.46</b>	<b>0.4</b>	<b>83.1</b>	<b>1.18</b>

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