



# EVN conference call Q. 1-3 2018/19 results

22 August 2019

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- Full-year guidance confirmed
    - Group net result for 2018/19 is expected to reflect the upper end of the assumed range of EUR 160m to EUR 180m
  - Development in line with expectations
    - Y-o-y comparison influenced by non-recurring positive valuation effect in last year's Q. 3
    - Forecasted negative factors weigh on results:  
rising wholesale prices; absence of network stabilisation for southern Germany; price and volume effects in the Networks Segment
  - Q. 3 earnings supported by sound contributions from wind power and cooler temperatures in May 2019
  - 370 MW medium-term expansion target for wind to be met at end of September 2019 (one year earlier than planned)
  - Good order level in the international project business

# Key financials Q. 1-3 2018/19



|   | Q. 1-3 2018/19 | +/-   |
|---|----------------|-------|
|   | EURm           | %     |
| <b>Revenue</b>                          | 1,712.6        | 3.5   |
| <b>EBITDA</b>                           | 435.7          | -25.5 |
| Depreciation and amortisation           | -199.6         | -3.6  |
| Effects from impairment tests           | 0.4            | -     |
| <b>EBIT</b>                             | 236.4          | -39.0 |
| Financial results                       | -14.4          | 2.0   |
| <b>Group net result</b>                 | 168.2          | -38.4 |
|   |                |       |
| Net cash flow from operating activities | 238.8          | -32.1 |
| Investments <sup>1)</sup>               | 220.6          | 7.6   |
| Net debt                                | 1,000.4        | -2.0  |
|   |                |       |
|   | %              |       |
| Equity ratio <sup>2)</sup>              | 55.5           | 3.8   |

## → Different developments in revenue

- Increase in renewable generation and heating business
- Price- and volume-related decline in the Networks Segment

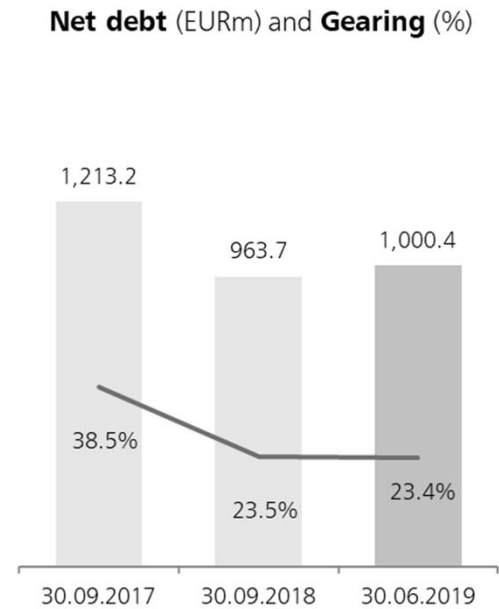
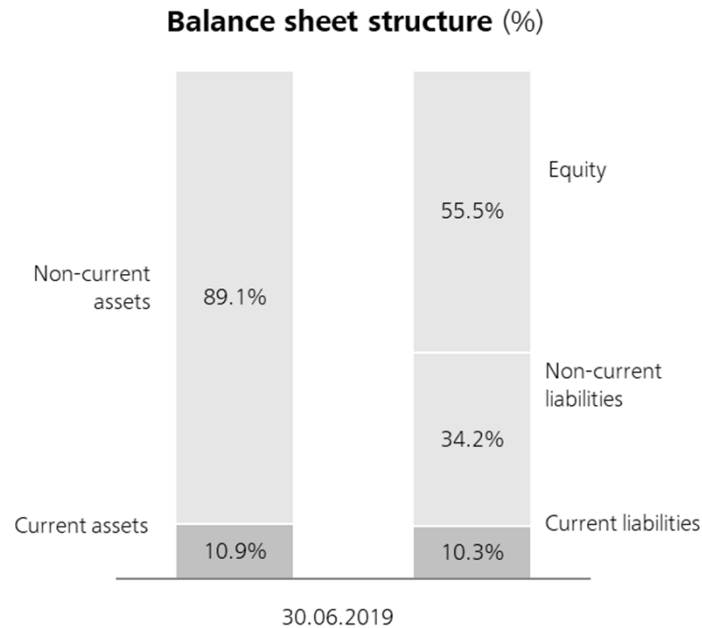
## → Decline in EBITDA, EBIT and Group net result

- Negative earnings contribution from EVN KG (higher procurement costs and valuation of hedges)

<sup>1)</sup> In intangible assets and property, plant and equipment

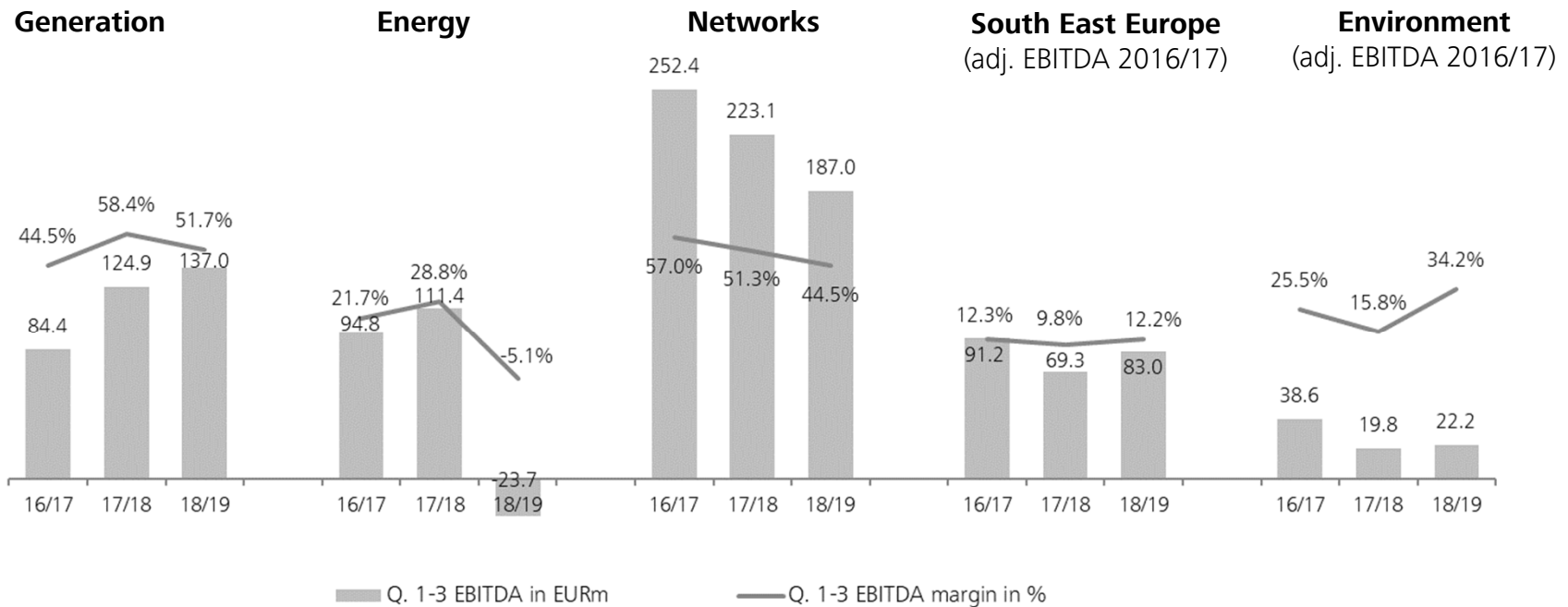
<sup>2)</sup> Changes reported in percentage points

# Solid balance sheet structure



- Net debt fluctuates around EUR 1bn after substantial deleveraging over the past years
- Strong balance sheet as a basis for future investments (~EUR 400m p.a. over the coming years)

# EBITDA development by segments



- Increase in renewable generation
- Decline in reserve capacity contracts
- Reassignment of the thermal waste utilisation plant to this Segment in Q. 4 2017/18

- Higher electricity sales volumes
- Weather-related decline in natural gas and heat sales volumes
- Negative impact from supply business (EVN KG, valuation of hedges)

- Negative volume and price effects

- Increase in network and energy sales volumes
- Lower write-offs of receivables

- Volume in international projects below previous year
- Reassignment of the thermal waste utilisation plant to the Generation Segment in Q. 4 2017/18

|                                       | <b>Q. 1-3 2018/19</b> | <b>+/-</b> |
|---------------------------------------|-----------------------|------------|
|                                       | GWh                   | %          |
| <b>Electricity generation volumes</b> |                       |            |
| Total                                 | 3,753                 | 1.0        |
| Renewable energy sources              | 1,559                 | 10.1       |
| Thermal energy sources                | 2,194                 | -4.6       |
|                                       |                       |            |
|                                       | <b>Q. 1-3 2018/19</b> | <b>+/-</b> |
|                                       | EURm                  | %          |
| <b>Financial performance</b>          |                       |            |
| Revenue                               | 264.9                 | 24.0       |
| EBITDA                                | 137.0                 | 9.7        |
| EBIT                                  | 89.8                  | 5.3        |

The thermal waste utilisation plant in Zwentendorf/Dürnrohr that was previously held in the Environment Segment was assigned to the Generation Segment beginning with Q. 4 2017/18

## → Decline in electricity generation

- Strong y-o-y increase in wind generation
- Hydrology above long-term average, but below even better previous year
- 430 MW contractual reserve capacity for network stabilisation (last year: 1,090 MW)

## → Higher revenue y-o-y

- Renewable generation benefits from increase in electricity prices

## → EBITDA and EBIT above previous year

| <b>Sales volumes to end customers</b> | <b>Q. 1-3 2018/19</b><br>GWh | +/-<br>% |
|---------------------------------------|------------------------------|----------|
| Electricity                           | 6,020                        | 11.6     |
| Natural gas                           | 4,679                        | -2.5     |
| Heat                                  | 1,735                        | -0.4     |

| <b>Financial performance</b> | <b>Q. 1-3 2018/19</b><br>EURm | +/-<br>% |
|------------------------------|-------------------------------|----------|
| Revenue                      | 467.9                         | 21.2     |
| EBITDA                       | -23.7                         | -        |
| EBIT                         | -37.9                         | -        |

## → Different development of energy sales volumes

- Higher electricity sales volumes
- Weather-related decline in natural gas and heat sales volumes

## → EBITDA and EBIT below previous year

- Sales activities in EVN KG (at equity consolidated with operational nature) suffered from valuation of hedges and higher procurement costs

| <b>Network distribution volumes</b> | <b>Q. 1-3 2018/19</b><br>GWh | <b>+/-</b><br>% |
|-------------------------------------|------------------------------|-----------------|
| Electricity                         | 6,527                        | -0.7            |
| Natural gas <sup>1)</sup>           | 13,300                       | -8.4            |

| <b>Financial performance</b> | <b>Q. 1-3 2018/19</b><br>EURm | <b>+/-</b><br>% |
|------------------------------|-------------------------------|-----------------|
| Revenue                      | 420.3                         | -3.3            |
| EBITDA                       | 187.0                         | -16.2           |
| EBIT                         | 94.9                          | -29.8           |

1) Including network sales to EVN's power stations

- **Decline in network distribution volumes**
  - Slight decline in electricity
  - Natural gas affected by reduced use of natural gas-fired power plants and warmer weather
- **Tariff reductions in 2019**
  - New regulatory periods provide for lower WACC
- **Revenue below previous year**
  - Negative volume and price effects
- **EBITDA and EBIT declined y-o-y**



# South East Europe



| <b>Key energy business indicators</b> | <b>Q. 1-3 2018/19</b><br>GWh | <b>+/-</b><br>% |
|---------------------------------------|------------------------------|-----------------|
| Electricity generation volumes        | 352                          | 12.7            |
| Network distribution volumes          | 10,939                       | 2.0             |
| Electricity sales volumes             | 9,269                        | 5.1             |
| Heat sales volumes                    | 198                          | 1.5             |

| <b>Financial performance</b> | <b>Q. 1-3 2018/19</b><br>EURm | <b>+/-</b><br>% |
|------------------------------|-------------------------------|-----------------|
| Revenue                      | 680.1                         | -3.9            |
| EBITDA                       | 83.0                          | 19.8            |
| EBIT                         | 37.5                          | 66.3            |

- **Income-neutral change of calculation method for “green electricity mark-up”**
  - Corresponding decrease in revenue and procurement costs
- **Higher network and energy sales volumes**
- **Improvement in EBITDA and EBIT**
  - Lower write-offs of receivables

| <b>Financial performance</b> | <b>Q. 1-3 2018/19</b> | <b>+/-</b> |
|------------------------------|-----------------------|------------|
|                              | EURm                  | %          |
| Revenue                      | 64.9                  | -48.3      |
| EBITDA                       | 22.2                  | 11.7       |
| EBIT                         | 13.5                  | -          |
| Financial results            | -4.4                  | -          |
| Result before income tax     | 9.1                   | -          |

The thermal waste utilisation plant in Zwentendorf/Dürnrohr that was previously held in the Environment Segment was assigned to the Generation Segment beginning with Q. 4 2017/18

→ **Decline in revenue**

- Developments in international project business

→ **EBITDA below and EBIT above prior year**

- Positive impact from wastewater project in Zagreb

# Cash flows



|   | Q. 1-3 2018/19<br>EURm | +/-<br>in % |
|---|------------------------|-------------|
| Gross cash flow                         | 474.1                  | -6.5        |
| Net cash flow from operating activities | 238.8                  | -32.1       |
| Net cash flow from investing activities | -54.3                  | 77.3        |
| Net cash flow from financing activities | -187.7                 | -44.7       |
| Net change in cash and cash equivalents | -3.2                   | 81.5        |

## → CF from operating activities

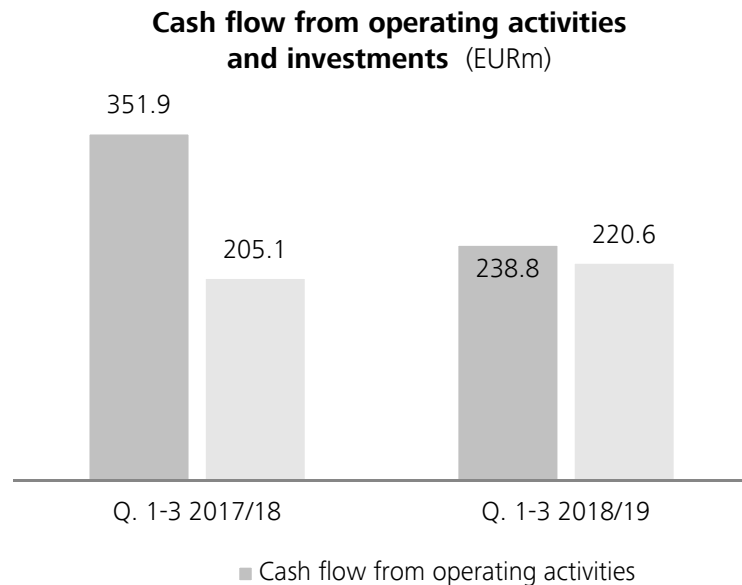
- Changes in working capital

## → CF from investing activities

- Reduction of investments in cash funds and in securities in R 138 fund
- Y-o-y increase of net investments with a focus on regulated and stable activities

## → CF from financing activities

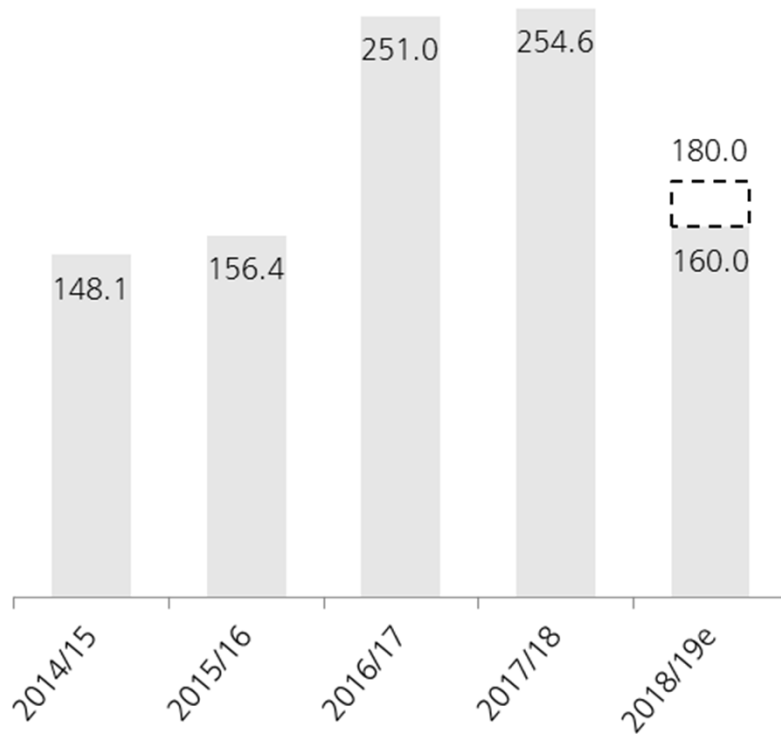
- Dividend payments
- Scheduled repayment of financial liabilities



# Outlook for 2018/19 confirmed



→ Development of Group net result



→ Group net result for 2017/18 positively influenced by valuation of hedges

→ Group net result for 2018/19 is expected to reflect the upper end of the assumed range of EUR 160m to EUR 180m

# Contact details



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→ Stefan Szyszkowitz, CEO

→ IR contact partners:

- Gerald Reidinger
- Matthias Neumüller
- Doris Lohwasser

→ IR contact details

- E-mail: [investor.relations@evn.at](mailto:investor.relations@evn.at)
- Phone: +43 2236 200-12128
- Phone: +43 2236 200-12473

→ Information on the internet

- [www.evn.at](http://www.evn.at)
- [www.investor.evn.at](http://www.investor.evn.at)
- [www.responsibility.evn.at](http://www.responsibility.evn.at)

→ Headquarters of EVN AG

- EVN Platz  
2344 Maria Enzersdorf

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