

EVN IR News

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15.12.2022

Business development in the 2021/22 financial year

(1 October 2021 – 30 September 2022)

Highlights

- Group net result 35.6% below previous year, dividend proposal of EUR 0.52 per share reflects prior year level
- Energy market distortions lead to different effects for the EVN business areas
- EVN Climate Initiative for the energy future:
 - Wind power and photovoltaic projects with 90 MW in total currently under construction
 - Share of renewable electricity generation: 66.8%
- First-time reporting in accordance with the EU Taxonomy Regulation on eligible and aligned activities
- Investments at a high EUR 564m
 - Thereof nearly three-fourths in network infrastructure, renewable generation and water supplies in Lower Austria
 - Roughly 85% of investments in taxonomy aligned business fields

Key results

- **Revenue:** +69.6% to EUR 4,062.2m
- **EBIT:** –14.2% to EUR 331.6m
- **Group net result:** –35.6% to EUR 209.6m
- **Net debt:** +53.0% to EUR 1,245.1m

Energy sector environment

The heating degree total exceeded the long-term average in EVN's three core markets during 2021/22, but was below the previous year in Austria, slightly higher in Bulgaria and significantly higher in North Macedonia. Economic and geopolitical developments over the past one and a half years have led to massive distortions on the energy markets. The economic catch-up effects after Covid-19 as well as the war in Ukraine and a reduction in generation capacity due to inspections at the French nuclear power plants, together with lower river water flows, were responsible for a significant increase in energy prices across Europe. The average EEX price for natural gas was subject to dramatic fluctuations and multiplied during the reporting period, also due to the uncertainty connected with ongoing natural gas deliveries. The spot market prices for base load and peak load electricity were substantially higher year-on-year due to the sharp rise in primary energy prices and reduced generation offering.

EBITDA, EBIT and Group net result below previous year

Revenue recorded by the EVN Group rose by 69.6% year-on-year to EUR 4,062.2m in 2021/22. This sound development was supported by a number of individual effects: In South East Europe, the dramatic increase in electricity prices supported substantial growth in the energy distribution business. Other important impulses were provided by price effects in renewable electricity generation, price adjustments by EVN Wärme, higher revenue from natural gas trading, the positive valuation of hedges, the increased use of the Theiss power plant by the Austrian network transmission operator for network stabilisation, and the progress on contracts in the international project business.

Other operating income in the previous year was positively influenced by non-recurring effects related to the Walsum 10 power plant. The absence of these effects in 2021/22 was reflected in a 56.2% decline to EUR 109.5m. The distortions on energy markets were responsible for a substantial increase in the cost of electricity purchases from third parties and primary energy expenses to EUR 2,278.2m (previous year: EUR 1,064.7m). This effect paralleled the development of revenue and was clearly visible through a massive rise in energy procurement costs in South East Europe, higher primary energy costs for the more frequent use of the Theiss power plant, and higher procurement costs for EVN Wärme. The cost of materials and services rose by 38.9% to EUR 707.1m in line with revenue growth in the international project business.

Higher receivables write-downs in North Macedonia were responsible for an increase of 40.1% in other operating expenses to EUR 158.4m. The share of results from equity accounted investees with operational nature fell by 58.7% to EUR 98.9m, primarily due to higher electricity and natural gas procurement costs at EVN KG. In the previous year, this position included revaluations to hydropower plant investments in Germany and Albania. The higher demand for natural gas storage led to an increase in the earnings contribution from RAG. Based on these developments, EBITDA recorded by the EVN Group declined by 9.8% year-on-year to EUR 754.8m in 2021/22.

In the second quarter of 2021/22, the global distortions led to a change in the Group's risk and earnings expectations for future projects and to the recognition of an impairment loss to goodwill in the international project business and to the residual carrying amount of the two sludge-fired combined heat and power plants in Moscow. Impairment testing as of 30 September 2022 also resulted in the recognition of an impairment loss to the natural gas network operated by Netz Niederösterreich. Other impairment losses recognised as of 30 September 2022 involved district heating equipment in Lower Austria and Bulgaria but were contrasted by a revaluation to the Kavarna wind power plant in Bulgaria. These developments led to a 14.2% decline in EBIT to EUR 331.6m.

Financial results fell by 52.5% to EUR –30.5m in 2021/22 despite an increase in the dividend from Verbund AG to EUR 1.05 per share for the 2021 financial year (previous year: EUR 0.75 per share) and the reduction in interest expense which resulted from the scheduled redemption of the bond due in April 2022 (nominal value: EUR 300m). Negative factors included the development of foreign exchange rates, a value adjustment to a loan granted by EVN, and the weaker performance of the R138 fund in the current market environment. Group net result for the 2021/22 financial year fell by 35.6% to EUR 209.6m.

Solid balance sheet structure, wide-ranging investment programme and EU Taxonomy Regulation

The capital structure is stable and solid and provides a sound foundation for the realisation of the investments planned as part of the EVN Strategy 2030. Approximately three-fourths of the investments will be directed to renewable generation, network infrastructure and drinking water supplies in Lower Austria. With these activities, EVN is taking on a key role in issues that are essential for the future.

EVN is required to report for the first time for the 2021/22 financial year in accordance with Article 8 of the EU Taxonomy Regulation on the taxonomy eligible share of revenue, OpEx and CapEx and is also required to make selective qualitative disclosures on climate change mitigation and climate change adaptation. In order to present a comprehensive overview, EVN reported – voluntarily and earlier than legally required – the respective share of taxonomy aligned economic activities for revenue, CapEx and OpEx. The taxonomy aligned share of CapEx – i.e. investments in ecologically sustainable economic activities – equalled roughly 85% in 2021/22.

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

EVN Climate Initiative

One of the goals pursued as part of the Strategy 2030 and the EVN Climate Initiative is to increase the Group's wind power capacity to 750 MW by 2030, assuming appropriate framework conditions, through projects in Lower Austria and Bulgaria. Plans also call for the expansion of photovoltaic capacity up to an installed capacity of 300 MW with projects in Lower Austria, Bulgaria and North Macedonia. As of 30 September 2022, EVN had 771 MW of installed electricity generation capacity from renewable energies (thereof wind power: 407 MW). The Schildberg wind park (12.6 MW) was commissioned in 2021/22, and three other wind parks (repowering in Japons (12.6 MW), new construction in Palterndorf-Dobermannsdorf (42 MW) and Grosskrut-Altlichtenwarth (12.4 MW)) as well as photovoltaic plants in Trumau (10 MW) and Grafenwörth (EVN share approx. 12.3 MW) are currently under construction.

Energy business

Electricity generation from renewable energies declined by 1.5% to 2,248 GWh in 2021/22. The year-on-year increase in wind flows was only able to partially offset the lower water flows. The share of renewable generation equalled 66.8% in 2021/22 (previous year: 57.1%). Thermal generation was also reduced by the sale of the 49% investment in the Walsum 10 power plant in the previous financial year as of 30 September 2021. However, this decline was partly offset by the increased use of the Theiss power plant by the Austrian transmission network operator for network stabilisation. Thermal generation fell by 34.8% to 1,117 GWh in 2021/22.

Environmental and water business

Improving the security and quality of drinking water supplies in Lower Austria remains a focal point of EVN's investments. The fifth natural filter plant in EVN's supply area started full commercial operations in Petronell-Carnuntum during March 2022. Important milestones were also reached in the construction of a new, 60 km transport pipeline from Krems to Zwettl which will provide long-term protection for water supplies in the Waldviertel and Weinviertel regions: The first of three pipeline sections was commissioned, and the elevated tank in Pallweis started operations. In the international project business, WTE Wassertechnik was working on the planning and construction of 14 projects in Germany, Poland, Lithuania, Romania, Bahrain and Kuwait as of 30 September 2022.

Outlook on the 2022/23 financial year

For the 2022/23 financial year, EVN expects Group net result in line with the previous year and within a range of roughly EUR 190m to EUR 250m – under the assumption of a stable regulatory environment and predictable energy sector and tax frameworks. The earnings contribution from Verbund AG for the 2022 financial year is initially not included in this estimate. 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. 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 market.

For the complete Full Report on the 2021/22 financial year, see www.investor.evn.at.

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EVN in figures

		2021/22	2020/21	+/-		2019/20
	GWh			Nominal	%	
Key energy business indicators						
Electricity generation volumes		3,365	3,997	-633	-15.8	3,785
Renewable energy sources		2,248	2,283	-35	-1.5	2,250
Thermal energy sources		1,117	1,715	-597	-34.8	1,535
Network distribution volumes						
Electricity		23,092	23,257	-165	-0.7	22,154
Natural gas ¹⁾		15,877	16,184	-307	-1.9	15,228
Energy sales volumes to end customers						
Electricity		20,853	20,207	647	3.2	19,813
thereof Central and Western Europe ²⁾		8,662	8,717	-55	-0.6	8,463
thereof South Eastern Europe		12,191	11,490	702	6.1	11,351
Natural gas		4,987	5,412	-425	-7.9	4,957
Heat		2,545	2,545	0	0.0	2,303
thereof Central and Western Europe ²⁾		2,328	2,342	-14	-0.6	2,111
thereof South Eastern Europe		217	203	13	6.6	192

¹⁾ Incl. Network distribution volumes to EVN power plants

²⁾ Central and Western Europe covers Austria and Germany

		2021/22	2020/21	+/-		2019/20
	EURm			Nominal	%	
Condensed consolidated statement of operations						
Revenue		4,062.2	2,394.9	1,667.3	69.6	2,107.5
Other operating income		109.5	250.1	-140.5	-56.2	64.4
Electricity purchases and primary energy expenses		-2,278.2	-1,064.7	-1,213.5	-	-888.3
Costs of materials and services		-707.1	-509.2	-197.9	-38.9	-316.9
Personnel expenses		-372.2	-361.3	-10.9	-3.0	-349.3
Other operating expenses		-158.4	-113.0	-45.4	-40.1	-121.1
Share of results from equity accounted investees with operational nature		98.9	239.6	-140.7	-58.7	94.1
EBITDA		754.8	836.5	-81.7	-9.8	590.4
Depreciation and amortisation		-318.0	-337.7	19.8	5.8	-296.7
Effects from impairment tests		-105.2	-112.4	7.1	6.3	-20.6
Results from operating activities (EBIT)		331.6	386.4	-54.8	-14.2	273.1
Financial results		-30.5	-20.0	-10.5	-52.5	-15.8
Result before income tax		301.2	366.4	-65.3	-17.8	257.3
Income tax expense		-64.0	-14.7	-49.3	-	-28.7
Result for the period		237.1	351.7	-114.6	-32.6	228.6
thereof result attributable to EVN AG shareholders (Group net result)		209.6	325.3	-115.8	-35.6	199.8
thereof result attributable to non-controlling interests		27.5	26.4	1.1	4.3	28.9
Earnings per share in EUR¹⁾		1.18	1.83	-0.7	-35.6	1.12

¹⁾ There is no difference between basic and diluted earnings per share.