

EVN IR News

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Business development in the first quarter of 2023/24

(1 October 2023 – 31 December 2023)

Highlights

- Stable business development due to EVN's diversified business model
- Substantial progress in expansion of renewable generation: commissioning of two further wind parks
- Increase in renewable generation to 81.8%
- Transformation of the energy system as a growth perspective: investments nearly 20% above previous year
- Construction proceeding as scheduled on the second section of the cross-regional drinking water transport pipeline between Krems and Zwettl
- Construction of the seventh natural filter plant in Obersulz, commissioning planned for spring 2024
- New Chief Technology Officer Stefan Stallinger and Chief Financial Officer Alexandra Wittmann appointed by the Supervisory Board
- Dividend policy for the current financial year confirmed: distribution of at least EUR 0.82 per share

Energy sector environment

The temperature-related energy demand in the first quarter of 2023/24 was substantially below the long-term average in all three markets; above the previous year in North Macedonia, but lower in Austria. The reporting period was characterised by a gradual decline in wholesale prices for electricity and energy carriers. The current trends in consumer behaviour continued with a focus on energy savings measures and increasing own generation from customer-operated photovoltaic equipment.

Decline in revenue and Group net result, EBITDA slightly above previous year's level

Revenue recorded by the EVN Group fell by 22.6% to EUR 909.1m in the first quarter of 2023/24. The primary reasons for this negative development were the valuation effects from hedges which followed the downward trend in wholesale prices as well as the reduced use of the Theiss power plant for network stabilisation. In South East Europe, the decline in revenue resulted chiefly from a drop in electricity prices and lower energy sales volumes in Bulgaria. The international project business also reported a decrease in revenue due to the largely completed wastewater treatment plant in Kuwait. The decline in revenue was offset in part by an increase in renewable production, higher revenues from natural gas trading and higher network tariffs.

Other operating income rose by 17.9% to EUR 35.0m.

In line with the development of sales volumes and revenue, the cost of energy purchases from third parties and primary energy expenses fell by 29.3% to EUR 391.3m. This reduction resulted chiefly from the decline in wholesale prices in South East Europe and lower primary energy costs for electricity and heat generation.

The cost of materials and services fell by 29.9% to EUR 127.7m consistent with the development of revenue in the international project business.

Personnel expenses, in contrast, rose by 16.8% year-on-year to EUR 111.8m. The primary reasons were an increase in the workforce and adjustments required by collective bargaining agreements.

Other operating expenses were 56.9% higher at EUR 74.9m. This position includes the Energy Crisis Contribution levy on electricity, which equalled EUR 10.6m in the first quarter of 2023/24 (previous year: EUR 7.0m, first charged in December 2022).

The share of results from equity accounted investees with operational nature, which was massively influenced in the previous year by negative developments at the energy supply company EVN KG, turned clearly positive at EUR 47.4m in the first quarter of 2023/24 (previous year: EUR –43.2m). In addition to the earnings improvement at EVN KG, higher contributions were also received from Burgenland Energie and Verbund Innkraftwerke.

Based on these developments, EBITDA recorded by the EVN Group rose by 1.4% year-on-year to EUR 285.7m in the first quarter of 2023/24.

The higher pace of investments led to an increase of 5.2% in scheduled depreciation and amortisation to EUR 84.8m. In total, EBIT was 0.3% below the previous year at EUR 200.5m.

Financial results totalled EUR –11.9m (previous year: EUR –10.2m), whereby the increase in interest expense was moderated by better performance of the R138 fund and EVN's cash fund.

The result before income tax declined slightly by 1.2% to EUR 188.7m. After the deduction of EUR 35.3m in income tax expense (previous year: EUR 36.2m) and the earnings attributable to non-controlling interests, Group net result for the period equalled EUR 143.8m. That represents a year-on-year reduction of 3.7%.

Solid balance sheet structure

EVN has a solid and stable capital structure which provides a sound foundation for the realisation of the extensive investment programme of EUR 700 to 900m annually. These investments will focus on the network infrastructure, renewable generation and drinking water supplies over the coming years. Net debt totalled EUR 1,372.9m as of 31 December 2023.

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

Energy business

EVN's electricity generation rose by 6.2% year-on-year to 809 GWh in the first quarter of 2023/24. Higher wind and water flows combined with capacity expansion supported a 32.4% increase in renewable generation to 662 GWh. Declines were recorded in the use of the Theiss power plant for network stabilisation by the Austrian transmission network operator and, consequently, also in thermal generation. The share of renewable generation, in total, improved to 81.8% (previous year: 65.6%).

The wind parks in Altlichtenwarth-Grosskrut and Prottes, which have an installed capacity of 12.4 MW and 18 MW, respectively, were commissioned during the reporting period. Two other wind parks (thereof one repowering project) are currently under construction. Additional large-scale photovoltaic plants in Dürnrohr and North Macedonia are scheduled for commissioning in the second quarter of 2023/24 and will double the EVN Group's installed photovoltaic capacity to roughly 80 MWp.

Environmental and water business

The focal point of investments in drinking water supplies remains on the planning and construction of transport and connecting pipelines to further improve and protect supply security. Construction on the second section of the 60 km transport pipeline from Krems to Zwettl, which will provide long-term protection for water supplies in the Waldviertel and Weinviertel regions, is proceeding as planned. Commissioning is scheduled for the end of 2024. In addition, the seventh natural filter plant is currently under construction in Obersulz.

In the international project business, WTE Wassertechnik was working on the planning and construction of nine projects for wastewater treatment, drinking water treatment and thermal sewage sludge utilisation in Germany, Poland, Romania, North Macedonia, Bahrain and Kuwait as of 31 December 2023. Three wastewater treatment plants in Poland and Romania were transferred to the customers during the reporting period.

Confirmation of the outlook for the 2023/24 financial year

EVN expects Group net result within a range of EUR 420m to EUR 460m for the current 2023/24 financial year – under the assumption of a stable regulatory and energy policy environment.

The dividend will equal at least EUR 0.82 per share in the future, whereby EVN wants its shareholders to appropriately participate in any additional earnings growth. In the mid-term, a payout ratio equalling 40% of Group net result, adjusted for extraordinary effects, is targeted.

The Letter to Shareholders on the first quarter of 2023/24 is available under www.investor.evn.at.

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EVN in figures

		2023/24	2022/23	+/-		2022/23
	GWh	Q. 1	Q. 1	Nominal	%	
Key energy business indicators						
Electricity generation volumes		809	761	47	6.2	2,981
Renewable energy sources		662	500	162	32.4	2,295
Thermal energy sources		147	262	-115	-43.8	686
Network distribution volumes						
Electricity		5,595	5,543	52	0.9	21,483
Natural gas ¹⁾		3,767	4,117	-349	-8.5	12,454
Energy sales volumes to end customers						
Electricity		4,568	4,976	-409	-8.2	18,153
thereof Central and Western Europe ²⁾		1,838	2,187	-349	-16.0	7,551
thereof South Eastern Europe		2,730	2,789	-59	-2.1	10,602
Natural gas		1,174	1,530	-356	-23.3	4,291
Heat		672	698	-26	-3.7	2,272
thereof Central and Western Europe ²⁾		614	642	-28	-4.4	2,096
thereof South Eastern Europe		58	56	2	4.0	176

¹⁾ Incl. Network distribution volumes to EVN power plants

²⁾ Central and Western Europe covers Austria and Germany

		2023/24	2022/23	+/-		2022/23
	EURm	Q. 1	Q. 1	Nominal	%	
Condensed consolidated statement of operations						
Revenue		909.1	1,174.3	-265.2	-22.6	3,768.7
Other operating income		35.0	29.7	5.3	17.9	127.5
Electricity purchases and primary energy expenses		-391.3	-553.3	162.0	29.3	-1,675.5
Costs of materials and services		-127.7	-182.2	54.4	29.9	-662.7
Personnel expenses		-111.8	-95.8	-16.1	-16.8	-419.2
Other operating expenses		-74.9	-47.7	-27.2	-56.9	-202.2
Share of results from equity accounted investees with operational nature		47.4	-43.2	90.6	-	-67.6
EBITDA		285.7	281.7	3.9	1.4	869.0
Depreciation and amortisation		-84.8	-80.6	-4.2	-5.2	-336.5
Effects from impairment tests		-0.3	0.0	-0.3	-	-3.9
Results from operating activities (EBIT)		200.5	201.1	-0.6	-0.3	528.5
Financial results		-11.9	-10.2	-1.7	-16.7	127.6
Result before income tax		188.7	191.0	-2.3	-1.2	656.2
Income tax expense		-35.3	-36.2	0.9	2.6	-74.0
Result for the period		153.4	154.8	-1.4	-0.9	582.1
thereof result attributable to EVN AG shareholders (Group net result)		143.8	149.4	-5.6	-3.7	529.7
thereof result attributable to non-controlling interests		9.6	5.4	4.2	77.6	52.4
Earnings per share in EUR¹⁾		0.81	0.84	0.0	-3.7	2.97

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