

# EVN conference call HY. 1 2019/20 results

28 May 2020

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- Solid business development despite negative non-cash, non-recurring effects
    - Recovery of EVN KG
    - Networks Segment negatively affected by lower tariffs and volume effects
    - Impairment losses due to increase in country risk premiums in South East Europe caused by the Covid-19 pandemic
  - Share of renewable electricity generation rises to 53.8% (previous year: 39.8%)
  - New thermal sludge treatment project in Hanover
  - Reduced outlook for FY 2019/20
    - Impact of Covid-19 (impairment losses and delayed start of construction on the wastewater project in Kuwait)
  - Confirmation of dividend policy

# Key financials HY. 1 2019/20



	<b>HY. 1 2019/20</b>	+/-
	EURm	%
Revenue	1,194.4	-4.2
<b>EBITDA</b>	<b>388.8</b>	<b>17.7</b>
Depreciation and amortisation	-143.6	-7.8
Effects from impairment tests	-14.5	-
<b>EBIT</b>	<b>230.7</b>	<b>16.5</b>
Financial results	-29.1	-25.9
<b>Group net result</b>	<b>152.7</b>	<b>18.4</b>
Net cash flow from operating activities	31.2	-70.9
Investments <sup>1)</sup>	128.4	-4.5
Net debt	1,191.2	14.4
Equity ratio <sup>2)</sup>	55.0	-0.3

## → Different developments in revenue

- Positive trend from South East Europe and international project business
- Decline in thermal generation and in the Network Segments

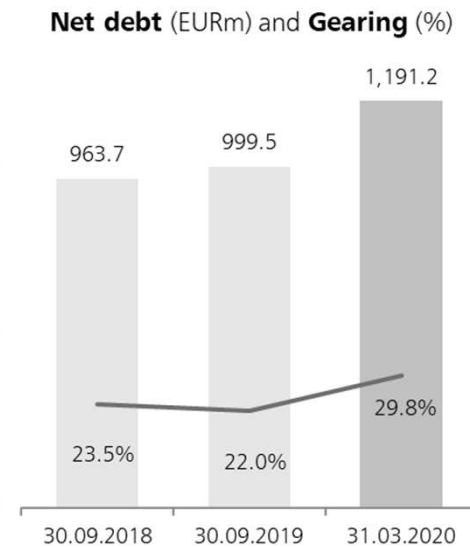
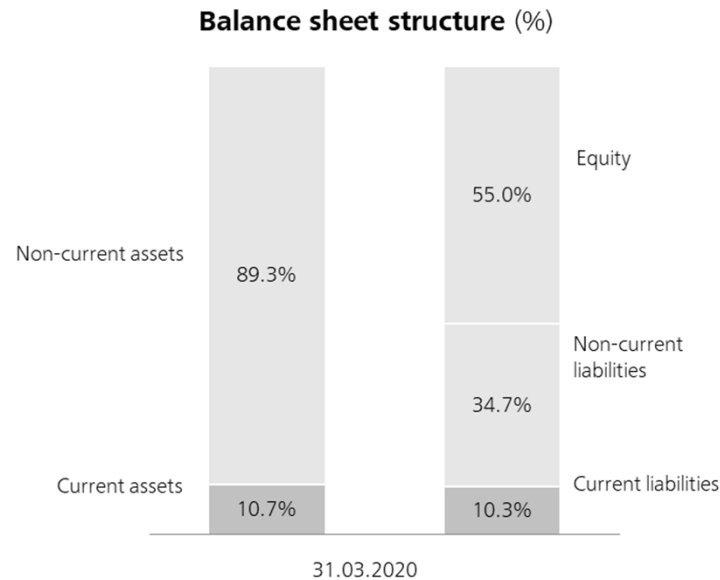
## → EBITDA, EBIT and Group net result above previous year

- Recovery of EVN KG
- Positive non-recurring effect at RAG
- Impairment losses due to increase in country risk premiums in South East Europe caused by the Covid-19 pandemic

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

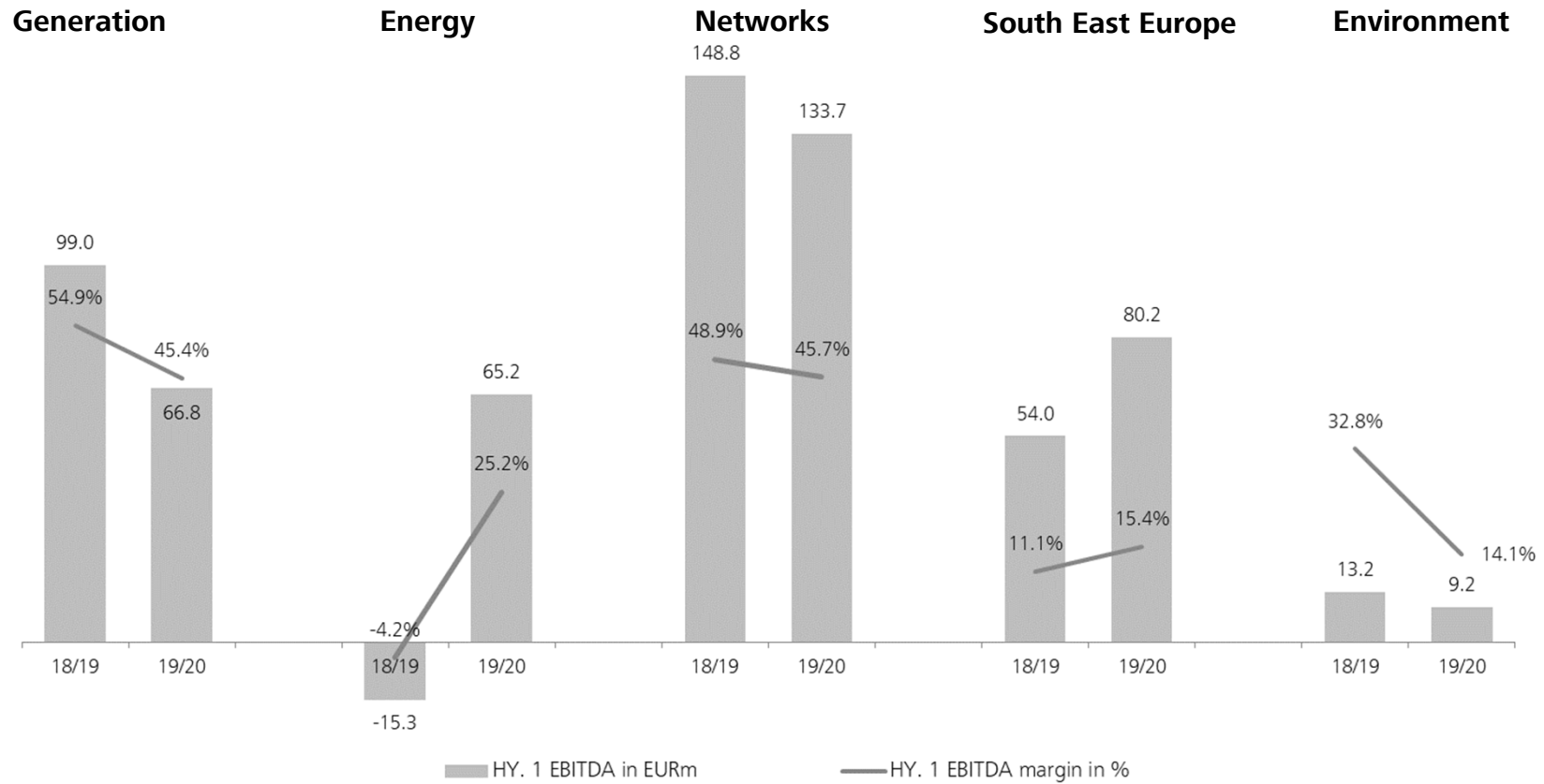
<sup>2)</sup> Changes reported in percentage points

# Solid balance sheet structure



- Increase of net debt in HY. 1 2019/20 includes effect of EUR 68.1m in connection with initial application of IFRS 16
- Rating updates in May 2020:
  - Moody's: A1, stable outlook
  - Standard & Poor's: A, negative outlook

# EBITDA development by segments



→ Electricity generation below previous year

→ Decline in marketing of own generation  
→ Recovery of sales activities (EVN KG)

→ Negative volume and tariff effects

→ Sound operating performance

→ Y-o-y comparison influenced by positive one-off effects in prior year's at equity result

	<b>HY. 1 2019/20</b>	<b>+/-</b>
<b>Electricity generation volumes</b>	GWh	%
Total	1,749	-31.4
Renewable energy sources	978	-1.3
Thermal energy sources	771	-50.6
<b>Key financial indicators</b>	EURm	
Revenue	147.0	-18.4
EBITDA	66.8	-32.6
EBIT	32.1	-52.6

## → Decline in electricity generation

- Renewable generation slightly lower y-o-y (additional wind capacity, but lower wind and water flows)
- Lower thermal generation (closure of coal-fired power plant in Dürnröhr; less demand for network stabilisation)

## → Revenue, EBITDA and EBIT below previous year

- Impairment losses following an increase in the country risk premiums due to Covid-19 (Ashta hydropower plant in Albania and wind park Kavarna in Bulgaria)

<b>Sales volumes to end customers</b>	<b>HY. 1 2019/20</b>	<b>+/-</b>
	GWh	%
Electricity	4,422	7.9
Natural gas	3,842	-2.7
Heat	1,425	2.2
<b>Key financial indicators</b>	<b>EURm</b>	
Revenue	259.1	-28.1
EBITDA	65.2	-
EBIT	55.0	-

## → Different development of energy sales volumes

- Increase in electricity sales volumes (positive development in sales to industrial customers)
- Competition-related decline in natural gas

## → Revenue below previous year

- Decline in marketing of own generation

## → Improvement in EBITDA and EBIT

- Lower usage of primary energy carriers
- Recovery of EVN KG

<b>Network distribution volumes</b>	<b>HY. 1 2019/20</b>	<b>+/-</b>
	GWh	%
Electricity	4,545	0.0
Natrual gas	10,193	-3.5
<b>Key financial indicators</b>	<b>EURm</b>	
Revenue	292.7	-3.9
EBITDA	133.7	-10.1
EBIT	68.9	-21.2

→ **Different development of network distribution volumes**

- Electricity network sales volumes at prior year level
- Decline in natural gas due to lower use of thermal power plants for network stabilisation

→ **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>HY. 1 2019/20</b>	<b>+/-</b>
	GWh	%
Electricity generation volumes	234	-2.6
thereof renewable energy	52	12.6
thereof thermal power plants	182	-6.2
Network distribution volumes	7,619	-1.7
Electricity sales volumes	6,483	-1.9
Heat sales volumes	156	-10.6
<b>Key financial indicators</b>		
	EURm	
Revenue	520.6	6.9
EBITDA	80.2	48.5
EBIT	31.6	30.4

→ **Network and energy sales volumes declined y-o-y**

- Unusually mild temperatures

→ **Improvement in EBITDA and EBIT**

- Reduction in procurement costs for network losses in Bulgaria
- Impairment losses following an increase in the country risk premiums due to Covid-19 (Bulgarian district heating company TEZ Plovdiv and customer base in North Macedonia)

Key financial indicators	HY. 1 2019/20	+/-
	GWh	%
Revenue	65.4	62.5
EBITDA	9.2	-30.2
EBIT	3.3	-56.1
Financial results	-3.4	-30.7
Result before income tax	-0.1	-

→ **Higher revenue y-o-y**

- Increase in drinking water sales volumes
- Positive development of international project business

→ **EBITDA and EBIT below prior year**

- Corresponding increase in operating expenses
- Previous year benefited from positive effects in at equity results

→ **New thermal sludge treatment project in Hanover**

- sludge2energy (50:50 joint venture of WTE Wassertechnik)
- Contract volume: ~EUR 40m

# Cash flows



	HY. 1 2019/20 EURm	+/- in %
Gross cash flow	321.1	-17.5
Net cash flow from operating activities	31.2	-70.9
Net cash flow from investing activities	57.2	-
Net cash flow from financing activities	-150.8	3.6
Net change in cash and cash equivalents	-62.4	-39.0

## → CF from operating activities

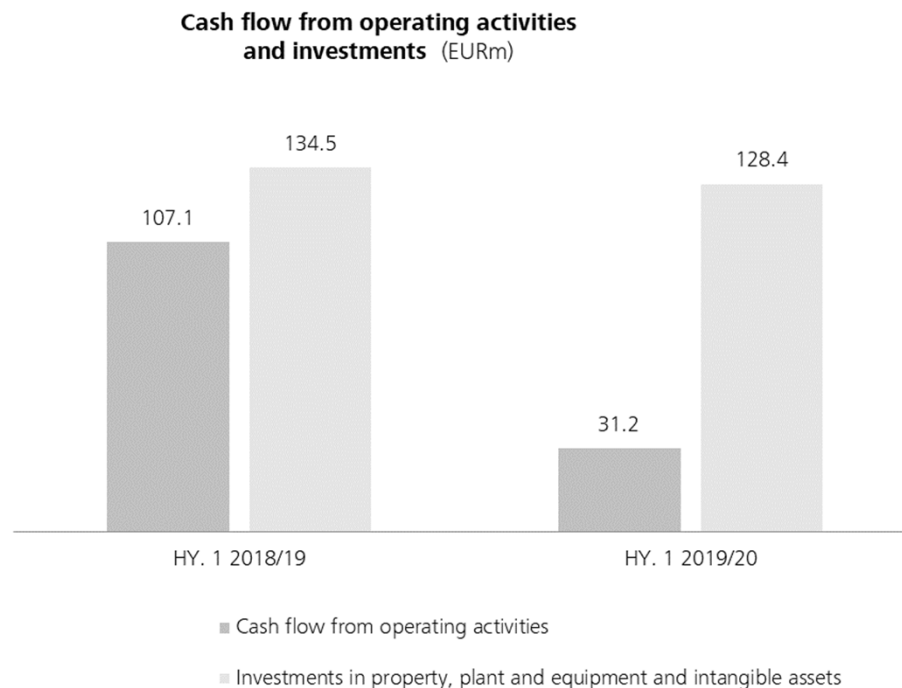
- Non-cash effective earnings contribution by equity accounted investees

## → CF from investing activities

- Ongoing high investments in regulated and stable activities contrasted by sale of securities held in funds

## CF from financing activities

- Dividend payment for FY 2018/19 and scheduled repayment of financial liabilities



# Reduced outlook for 2019/20



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- Group net result for 2019/20 is expected to range from EUR 180m to EUR 200m (so far: EUR 200m to EUR 230m)
    - Impact of Covid-19 (impairment losses and delayed start of construction on the wastewater project in Kuwait)
    - Assuming average conditions in the energy business environment
  - Confirmation of dividend policy
    - Absolute amount of ordinary dividend constant at a level of at least EUR 0.47 per share
  - Investment strategy
    - Approximately EUR 400m p.a. over the next financial years
    - Thereof approximately EUR 300m will be directed to networks, renewable generation, natural heat and drinking water in Lower Austria
    - Occasional delays in projects during coronavirus lockdown

# Contact details



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