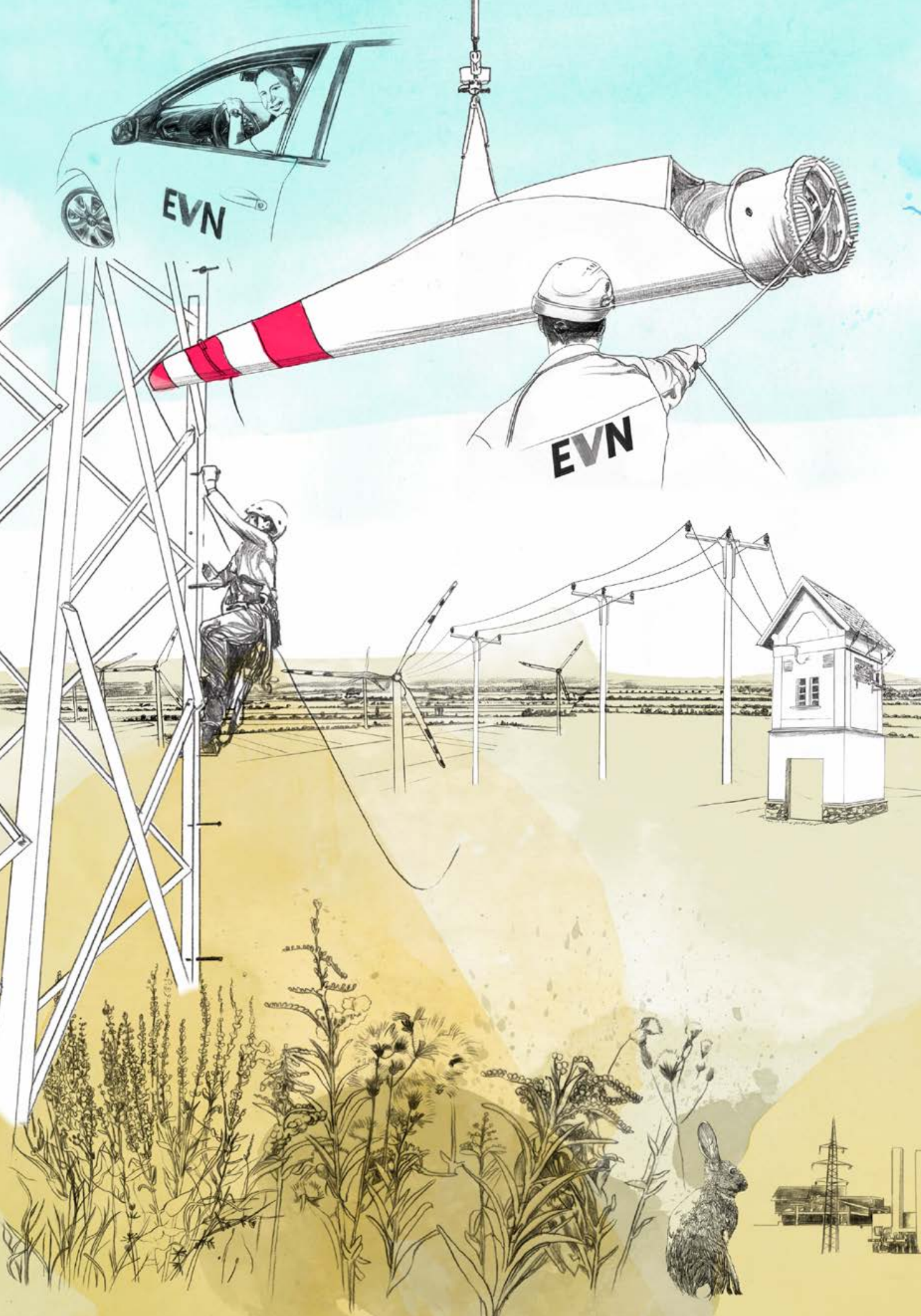


*Close by.
And secure.*

Full Report 2015/16





Key figures

		2015/16	2014/15	+/- %	2013/14
Sales volumes					
Electricity generation volumes	GWh	5,866	4,882	20.1	4,395
thereof from renewable energy	GWh	2,026	2,106	-3.8	1,868
Electricity sales volumes to end customers	GWh	18,292	19,263	-5.0	19,318
Natural gas sales volumes to end customers	GWh	5,134	5,241	-2.0	5,383
Heat sales volumes to end customers	GWh	2,082	2,038	2.2	1,991
Consolidated statement of operations					
Revenue	EURm	2,046.6	2,135.8	-4.2	1,974.8
EBITDA	EURm	604.4	583.2	3.6	184.1
EBITDA margin ¹⁾	%	29.5	27.3	-	9.3
Results from operating activities (EBIT)	EURm	260.4	268.2	-2.9	-341.4
EBIT margin ¹⁾	%	12.7	12.6	-	-17.3
Result before income tax	EURm	198.9	207.9	-4.4	-373.3
Group net result	EURm	156.4	148.1	5.6	-299.0
Consolidated statement of financial position					
Balance sheet total	EURm	6,556.5	6,501.2	0.9	6,841.8
Equity	EURm	2,770.7	2,590.1	7.0	2,632.7
Equity ratio ¹⁾	%	42.3	39.8	-	38.5
Net debt	EURm	1,121.5	1,230.9	-8.9	1,622.4
Gearing ¹⁾	%	40.5	47.5	-	61.6
Return on equity (ROE) ¹⁾	%	6.8	7.3	-	-9.5
Consolidated cash flow and investments					
Net cash flow from operating activities	EURm	463.0	478.3	-3.2	546.0
Investments ²⁾	EURm	315.4	322.7	-2.2	396.3
Net debt coverage (FFO) ¹⁾	%	50.7	48.4	-	41.3
Interest cover (FFO)	x	8.5	7.4	14.8	8.1
Value added					
Net operating profit after tax (NOPAT)	EURm	327.4	341.0	-4.0	144.5
Capital employed ³⁾	EURm	4,290.7	4,523.1	-5.1	4,900.5
Operating return on capital employed (OpROCE) ¹⁾	%	7.6	7.5	-	2.9
Weighted average cost of capital (WACC) ¹⁾	%	6.5	6.5	-	6.5
Economic value added (EVA [®]) ⁴⁾	EURm	48.5	47.0	3.2	-174.1
Share					
Earnings	EUR	0.88	0.83	5.7	-1.68
Dividend	EUR	0.42 ⁵⁾	0.42	-	0.42
Payout ratio ¹⁾	%	47.7	50.4	-	-
Dividend yield ¹⁾	%	4.0	4.3	-	4.1
Share performance					
Share price at 30 September	EUR	10.56	9.85	7.1	10.13
Highest price	EUR	10.60	10.56	0.4	12.50
Lowest price	EUR	9.65	9.50	1.5	9.76
Market capitalisation at 30 September	EURm	1,899.0	1,773.0	7.1	1,821.0
Credit rating					
Moody's		A3, stable	A3, stable	-	A3, negative
Standard & Poor's		BBB+, stable	BBB+, stable	-	BBB+, stable

1) Changes reported in percentage points

2) In intangible assets and property, plant and equipment

3) Average adjusted capital employed

4) As defined by Stern Stewart & Co

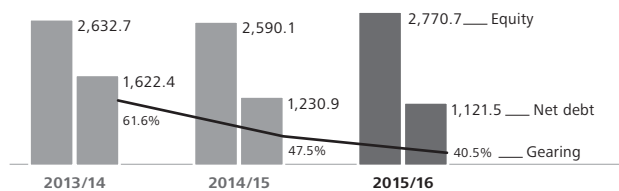
5) Proposal to the Annual General Meeting

		2015/16	2014/15	2013/14
Employees				
Number of employees	Ø	6,830	6,973	7,314
thereof Austria	Ø	2,350	2,378	2,407
thereof abroad	Ø	4,480	4,595	4,907
Employee fluctuation	%	2.4	2.2	2.8
Proportion of women	%	22.6	21.9	21.4
Training hours per employee	hrs.	27.2	30.7	34.9
Number of occupational accidents		89	87	104
Environment				
Direct greenhouse gas emissions (Scope 1)	t	3,076,337	2,396,633	2,215,563
Specific greenhouse gas emissions (Scope 1)	kg/MWh	381.37	334.31	336.21
NO _x emissions	t	1,233	893	823
Hazardous waste ¹⁾	t	13,123	11,246	10,703
Water consumption (drinking and process water)	m ³	2,154,152	2,275,214	2,279,469

1) Without building residues and power station by-products

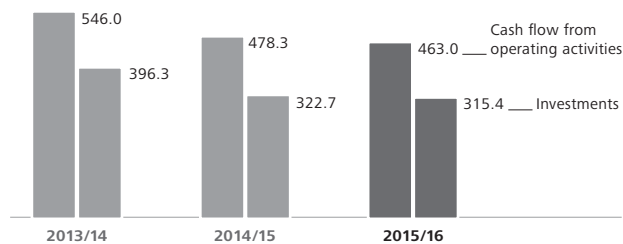
Equity, net debt and gearing

EURm and %



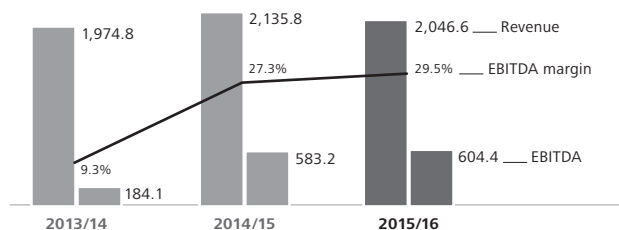
Cash flow and investments

EURm



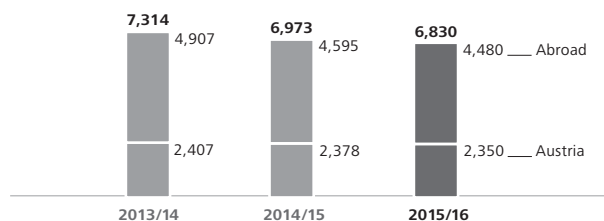
Revenue, EBITDA and EBITDA margin

EURm and %



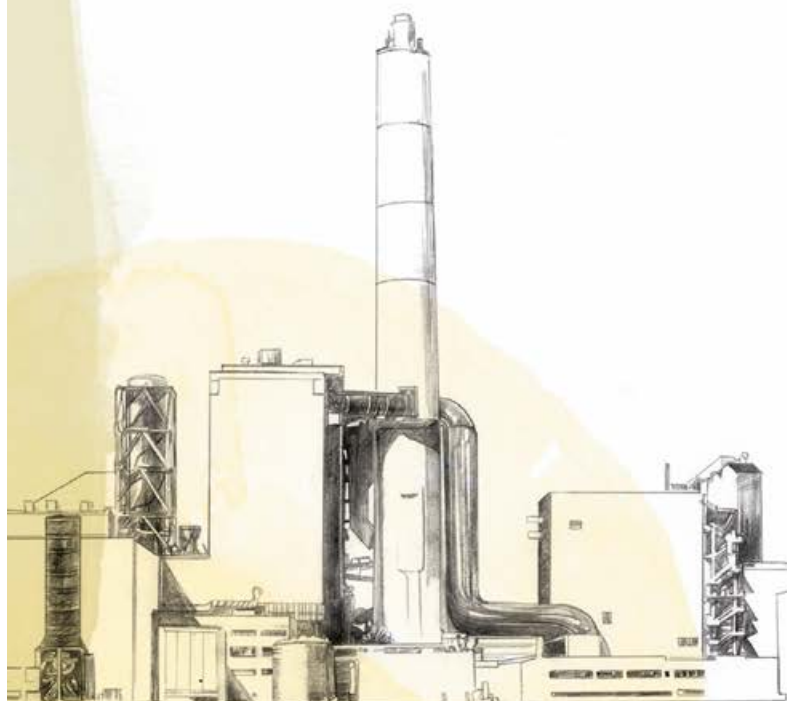
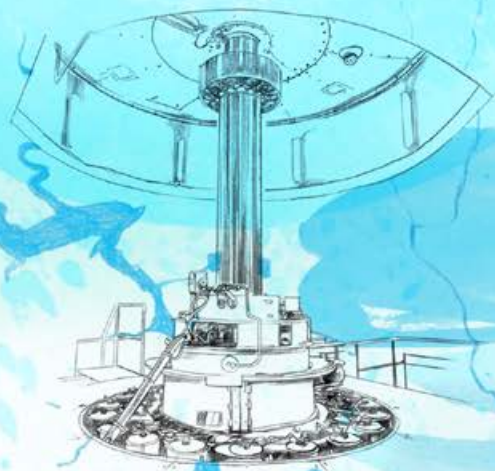
Employees by region

EURm



Close by. And secure.

Whether in the generation and procurement of electricity, natural gas, heat and drinking water, or its distribution and supply, or advising and service – EVN is always close by its customers and guarantees secure supplies and extensive services.



Editorial

Dear Shareholders,
Ladies and Gentlemen,

in an environment that remains challenging, we can look back on a satisfactory financial year in 2015/16. The implementation of our strategy is based on an integrated business model that covers the entire value chain in the energy business. This gives us a very solid position in our sector, which is currently undergoing a fundamental transformation.

An essential factor for the sustainable development of our business – and also for supply security, which represents the most important promise to our customers – are the assets in our various business areas. This is reflected in our ongoing investments in the expansion and improvement of our plants, where the key focus is placed on network infrastructure, renewable generation and drinking water supplies.

A number of these plants form the illustrative focal point of this full report – and, at the same time, show a representative cross section of our diversified business model. This fictitious trip through the EVN cosmos ranges from our networks to electricity generation from renewable sources to water supplies and our diversified range of customer services. It also covers our thermal power plants, which in view of the growing, but volatile renewable generation are indispensable for network stability as a “bridge technology”. You will be surprised at how diverse the spectrum of EVN’s business activities is.

EVN again generated strong operating cash flow in 2015/16. This not only creates the financial basis for our extensive investments, but also strengthens our capital structure and allows for a stable dividend policy. As in the previous year, we will make a recommendation to the 88th Annual General Meeting to distribute a dividend of EUR 0.42 per share for the 2015/16 financial year.



Peter Layr

Spokesman of the Executive Board



Stefan Szyszkowitz

Member of the Executive Board

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Highlights 2015/16

EVN recorded solid Group net result and strong operating cash flow in 2015/16. This forms the basis for the realisation of the ongoing investment programme (above all in Lower Austria), the further reduction of net debt and a stable dividend policy.

Electricity generation

Increase in thermal generation due to higher demand for network stabilisation in Austria and Germany



5,866 GWh
(+20.1%)

Windpower capacity

Commissioning of the Paasdorf-Lanzendorf windpark with a capacity of approximately 19 MW



268 MW

Investments

Year three of the four-year EUR 1bn investment programme for the networks, renewable generation and drinking water supplies completed as planned



EUR 315.4m

Substantial strengthening of equity ratio

Net debt drops to EUR 1,121.5m, gearing falls to 40.5%

42.3%



EBITDA

Increase of 3.6%, above all due to higher energy business result



EUR 604.4m

Group net result

Improvement of 5.6%
Operating ROCE 7.6%

EUR 156.4m



Dividend

Recommendation to the 88th Annual General Meeting on 19 January 2017



EUR 0.42 per share

“... securely positioned for the future.”

An interview with the members of EVN's Executive Board, Peter Layr and Stefan Szyszkowitz.

Mr. Layr, this year's full report by EVN is entitled "Close by. And secure." What are your first associations with these words?

Layr: Without a doubt, supply security and a focus on customers. These aspects form the focal point for all our products and services. They apply to the energy and environmental services business in Lower Austria and, in the same way, to our foreign markets. Their importance is also regularly confirmed in the dialogues that take place with our stakeholders. If we take a closer look at the current shift in the energy sector towards renewable energy, supply security and a focus on customers are much more than just slogans – they are essential requirements that demand our full commitment.

Mr. Szyszkowitz, renewable energies have been experiencing dynamic growth in recent years. How has this trend influenced EVN?

Szyszkowitz: Our corporate strategy includes three central points for this area: an increase in our renewable generation capacity, the provision of balancing energy to ensure supply security and the expansion of our networks. With regard to the expansion of our own renewable capacity, this past year we moved substantially closer to reaching our medium-term goal of 300 MW from windpower alone. The commissioning of the Paasdorf-Lanzendorf windpark in July 2016 raised our windpower capacity to approximately 268 MW. Our plans for the next two financial years include the realisation of further projects already approved by the municipal authorities, which will move us beyond the 300 MW threshold.

“Trust is a very important basis for strong customer relationships.” Peter Layr

Layr: The second strategic focal point is based on the continuing high demand for the management of shortages and the delivery of balancing energy to stabilise the networks in Austria and southern Germany. Our commitment to supply security is accompanied by the challenge of maintaining the availability of our thermal power plants as reserve capacity. In this way, we can guarantee the stability of the networks despite the steadily growing feed-in of electricity from renewable generation which, by nature, is volatile. We set new records for the use of our thermal power plants in the cross-regional exchange of services during 2015/16. That also demonstrates the importance of our natural gas-fired power plants as “bridge technology”: as long as there are no marketable, efficient, large storage facilities for the surplus electricity production from windpower and solar energy and no controllable energy demand, thermal power plants are indispensable as backup facilities to ensure the reliable supply of electricity.

Szyszkowitz: The third important strategic contribution is our massive investment in network expansion. The EUR 1bn investment programme that was launched in 2013 will direct approximately EUR 700m to the expansion and improvement of our network



infrastructure in Lower Austria over a period of four years. That will sustainably protect the transport and distribution of the rising volumes of windpower and solar electricity. With these investments, we are also making an important contribution to the Austrian economy – sector studies have shown that every euro invested in the networks creates two euros of added value for the overall economy.

In other words, EVN is positioned at pivotal points for energy supplies. What other concepts have you developed to meet the challenging sector environment?

Layr: We have relied on our integrated business model in the energy business for many years and are broadening it through targeted diversification along the entire value chain. In addition to generation, on the one side, and supplies for our customers, on the other side, the stable operation of electricity and natural gas networks forms the backbone of our activities. Diversity is another important feature of our product portfolio: in our Lower Austrian home market, we supply electricity, natural gas and heat. These business areas are supplemented by network operations, product offerings for cable TV and telecommunications, thermal waste utilisation and drinking water supplies.

The energy sales business is witnessing increased competition for customers and market shares. What are EVN's strategies to meet these challenges?

Szyszkowitz: One of our most important strengths lies in a differentiated approach to meeting our customers' needs. In doing so, we can count on a broad range of specially designed product solutions and services. Let me list a few examples of how we provide our customers with individual – and therefore the best possible – services: as a quality supplier, we are currently moving even closer to our customers by opening centrally located service centres in towns throughout Lower Austria. These modern locations bring our extensive offering of products, services and advising together under a single roof. The EVN Bonus World, our customer loyalty programme which combines brand allegiance with discounts on energy-efficient products and services, is another initiative to convince our customers with attractive offers. At the same time, we believe it is important to be prepared to deal with the customers' future needs and to utilise the energy transformation and digitalisation for the benefit of our company.

What has the greater weight from your point of view – the opportunities or the challenges connected with digitalisation?

Szyszkowitz: Digitalisation primarily means greater efficiency for our existing activities, but also the development of new opportunities alongside our current business. One good example is EVN Geoinfo: based on plans and geodata that were digitalised many years ago, we are now able to offer wide-ranging services for communities in Lower Austria. In a similar way, we are developing solutions for digitalisation in all our business areas to make the best possible use of future opportunities for our customers.

For a network operator, digitalisation is unavoidably associated with the subject of smart meters. What does this mean for customers?

Layr: Trust is a very important basis for strong customer relationships – and that is our underlying principle for the introduction of so-called smart meters, i.e. intelligent electricity meters. Placing a focus on our customers in this context means careful and exact preparation for the meter exchange project, including the best possible technical standards for data security. Another important point is that we leave the decision over the installation of a smart meter up to our customers. In agreement with these guidelines, we will be starting the roll-out of intelligent electricity meters in 2016/17.

Key word drinking water supplies: how is EVN positioned in this business?

Szyszkowitz: We are addressing developments like weather-related shortages or rising water consumption and quality demands

at an early stage. Dealing with these issues at an early stage will also allow us to meet our promise of supply security for customers in the area of drinking water supplies over the long term. Our investments in the supply infrastructure will therefore increase over the coming years. These investments will concentrate on increasing the capacity of our pumping stations, the expansion of our cross-regional pipeline networks and the construction of additional natural filter plants, which reduce the hardness of the water by natural means. With these projects, we also want to create the basis for realising the growth opportunities in this area over the medium term.

Mr. Layr, we have now heard a great deal about EVN's strategic positioning in its various business areas. How would you summarise EVN's unique selling proposition?

Layr: Our strength lies in the ability to make the best use of our technical know-how, but always with an eye on the needs of our customers. Many years of experience in supplying electricity, natural gas and heat also help us to realise the planned investments in the water business, in particular the cross-regional extension of our pipeline networks.

What strategic focal points has EVN defined for its foreign markets in 2016/17?

Szyszkowitz: In the energy business, we will continue to consolidate and optimise our activities in South East Europe and thereby maintain our current strategic direction. We are committed to our core strategies also in these markets, which include supply security and the best possible service for our customers – who currently number approximately 1.7m in Bulgaria and over 800,000 in

“We want to be a stable and reliable factor on the capital market.”

Stefan Szyszkowitz

Macedonia – through our activities as a local network operator and energy provider. The generation of positive operating cash flows in these markets is the requirement for future investments. Therefore we are concentrating on the further reduction of network losses and the continuous improvement of the collection rate in both countries. Anorganic growth in the international energy business, for example through acquisitions or new major projects in South East Europe, is not part of our plans at the present time.

Layr: Our current order book in the international project business of the Environmental Services Segment reflects our efforts to realise wastewater projects as a general contractor in East and South East Europe. The financing is provided by the customer himself or is secured by subsidies from international institutions like the European Union. We are also very carefully evaluating potential new markets for the environmental services business. For example, countries on the Arabian Peninsula with substantial raw materials reserves – and therefore sound credit ratings – are currently preparing wastewater disposal and thermal waste utilisation

projects together with the help of international consultants. These projects could also create interesting market opportunities for us in cooperation with partners.

Mr. Szyszkowitz, what expectations can shareholders place in the EVN share?

Szyszkowitz: EVN stands for solid business development. Our consistently strong operating cash flow allows for extensive investments which flow, above all, into regulated and stable business areas. These investments underscore our commitment to also guarantee supply security for our customers during the challenging energy transformation. In addition, we have been able to steadily reduce our net debt in spite of these wide-ranging investments. We want to be a stable and reliable factor on the capital market. For us, stability means predictability, a quality that is also reflected in the steady development of dividends. We will therefore also recommend a dividend of EUR 0.42 per share to this year’s Annual General Meeting.

Is the impression misleading, or are you looking towards the future with optimism in spite of the challenging sector environment?

Layr: That is exactly what we are doing. Our competent and dedicated employees give us the necessary flexibility to develop and implement the right solutions in spite of the challenging environment: for supply security, for our customers – and thereby also for our shareholders. EVN is securely positioned for the future. Just like the title of our full report: Close by. And secure.

Thank you for your time.



“We’re on the job 24/7
to make sure our customers’
lights never go out.”

Rupert Überacker, high voltage team SüdWest



Always and everywhere well connected

Transport and distribution networks are the backbone of electricity, natural gas, heat and water supplies. Their uninterrupted operation is essential for the people and the economy.



Whether in plain sight or hidden deep in the earth: without a dense network of supply lines, we wouldn't be able to count on electricity "straight from the socket" at any time of the day or night and enjoy uninterrupted supplies of natural gas, heating or water. In other words, EVN's roughly 155,000 km of power lines are a key cornerstone for the quality of life we now take for granted.

That creates a special responsibility for EVN, which is met consciously and at great expense. For example: nearly EUR 700m will flow into the expansion of the Lower Austrian networks alone from 2013 to 2017 as part of a four-year investment programme. And in its supply areas in Bulgaria and Macedonia, EVN is working continuously to optimise the network infrastructure.

Valuable impulses for renewable energy

These investments not only strengthen the backbone of EVN's broad-based supply business, but also play an important role in the transformation of the energy system towards renewable

EVN is making substantial investments in the expansion of its networks and thereby strengthens supply security.

energy. Only a high-performance, state-of-the-art network can efficiently transport the electricity generated by windpower and solar power plants to consumers and, at the same time, guarantee the necessary system stability when generation volumes fluctuate.



“These wind turbines alone can generate enough electricity for our entire community.”

Hedwig Schmelzer, resident

Renewable energy, secure future

A fresh breeze for the wind

As a component of the total generation volume, the electricity produced by windparks has been increasing for years and further growth is expected in the future. Most recently, the UN Climate Conference in Paris during December 2015 brought massive impulses for the transformation of the energy system towards renewable energy. The wind and sun as “clean” energy suppliers are becoming more and more important. For EVN, this is confirmation of the course that has been actively pursued for many years.

Expansion to over 300 MW

The generation capacity of the EVN windparks which are situated in a very good wind region currently equals 268 MW, and plans call for an increase to more than

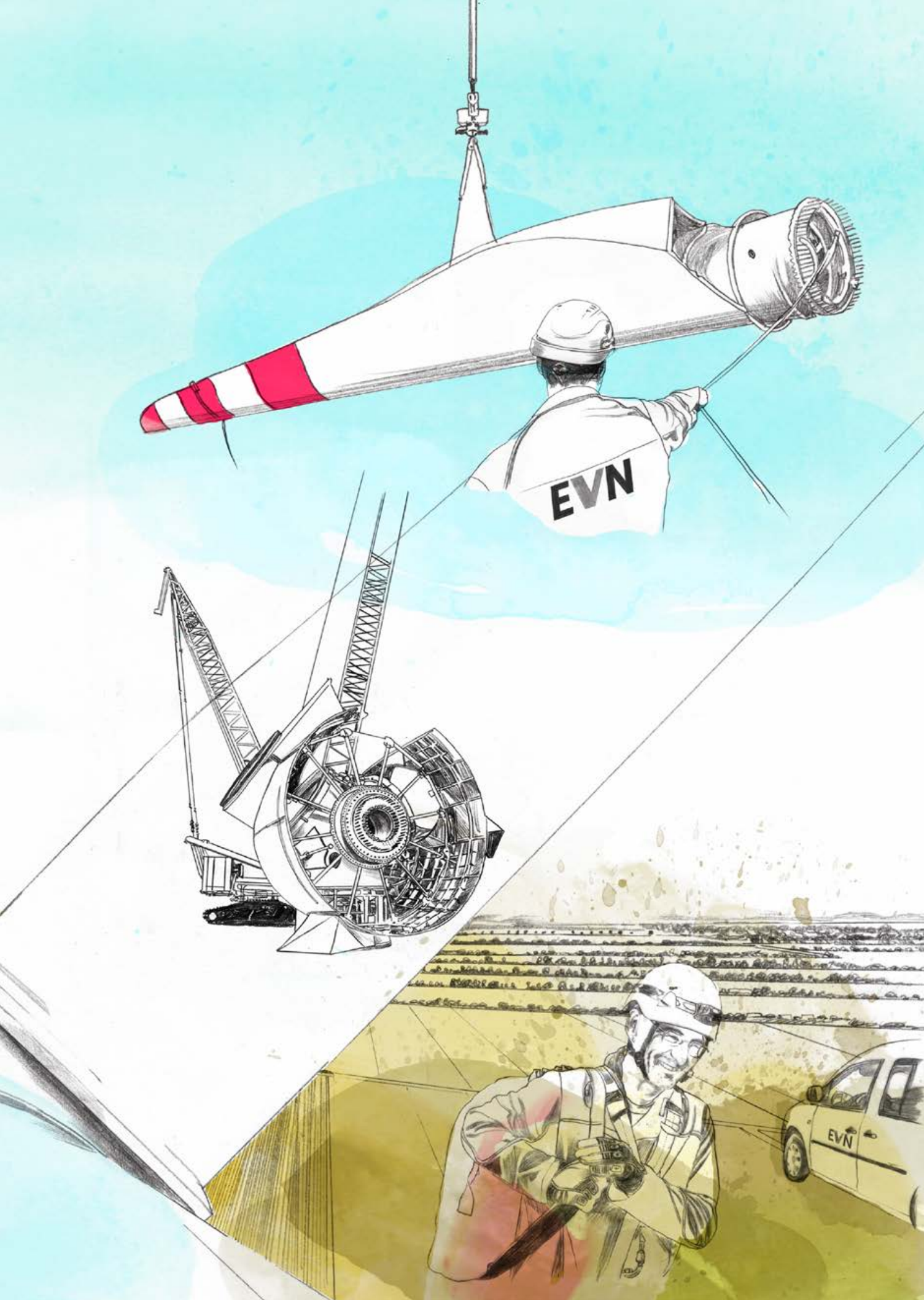
300 MW over the next two years. At the same time, EVN is continuously expanding its portfolio of biomass heating plants – with more than 60 currently in operation – and, in that way, is also intensifying its electricity and heat generation from renewable resources. In total, EVN will

EVN is currently investing EUR 260m in the expansion of energy generation from renewable sources.

invest roughly EUR 260m in these plants between 2013 and 2017. The ecologically compatible realisation of these environmentally friendly facilities is an obvious choice for EVN. And neighbouring residents are also involved in the projects at an early stage.

The reduction of CO₂ through the targeted use of wind-power, solar energy and biomass has been part of EVN’s routine activities for many years.







Energy provider, storage facility and biosphere

Hydropower plants are an important building block in the energy system. They generate environmentally friendly electricity and act as natural energy storage facilities as well as habitats.

Clear water, clean electricity. This short phrase is a good description for power plants like the one in Ottenstein on the river Kamp. Emission-free electricity generation combined with a high quality of life for people, flora and fauna. The reservoir has served as a recreational area for local residents and a home for countless plant and animal species for decades. The power plant, in turn, is an integral part of EVN's electricity network.

Natural battery

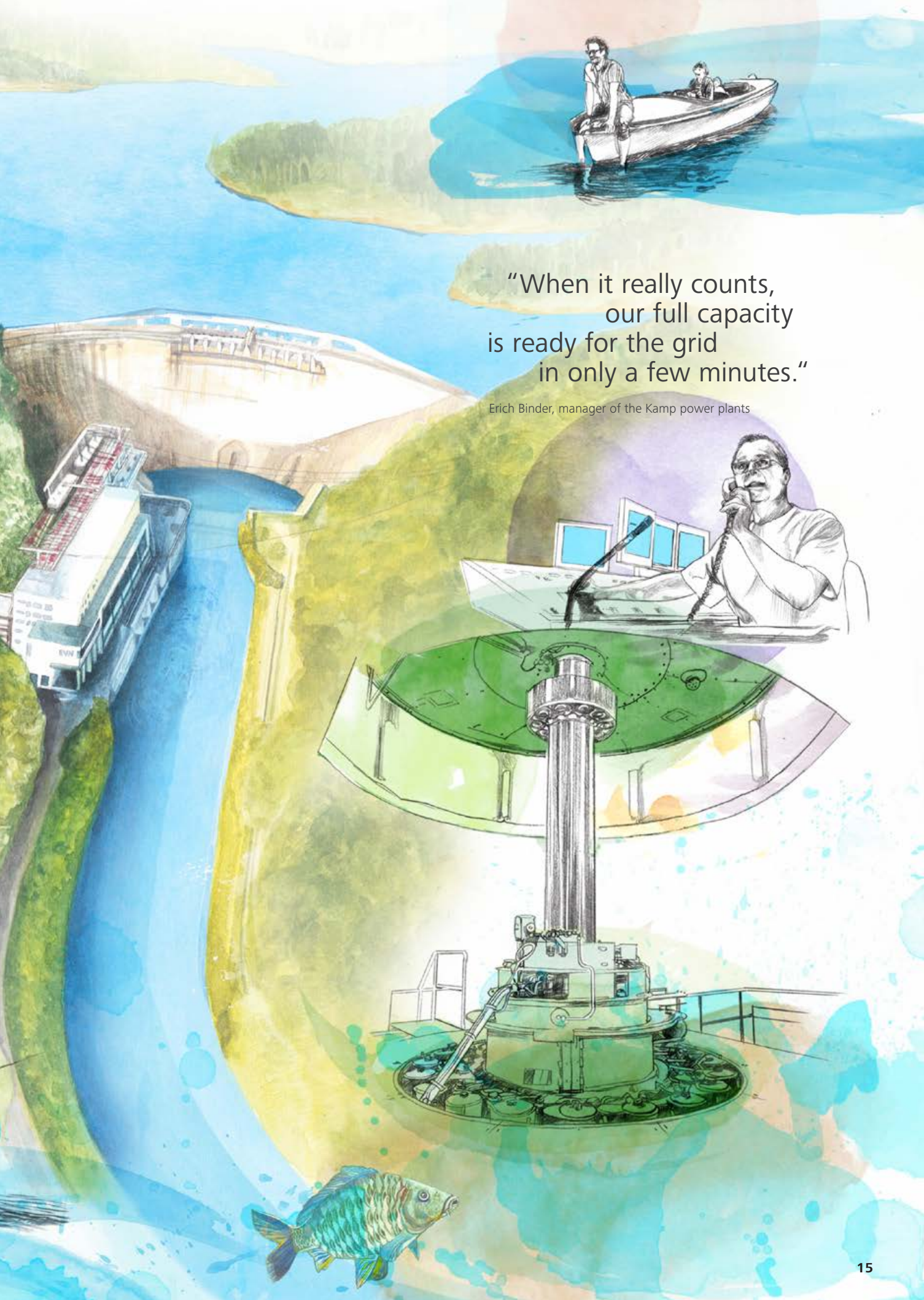
The reservoir also acts as a storage facility and, in this way, fulfils a key function in the supply system. As a pump storage power plant, Ottenstein can pump water into the reservoir when the

demand for electricity is low and, in doing so, store energy for times when demand is higher. That helps to improve

As a pump storage power plant, Ottenstein not only generates, but also stores electricity.

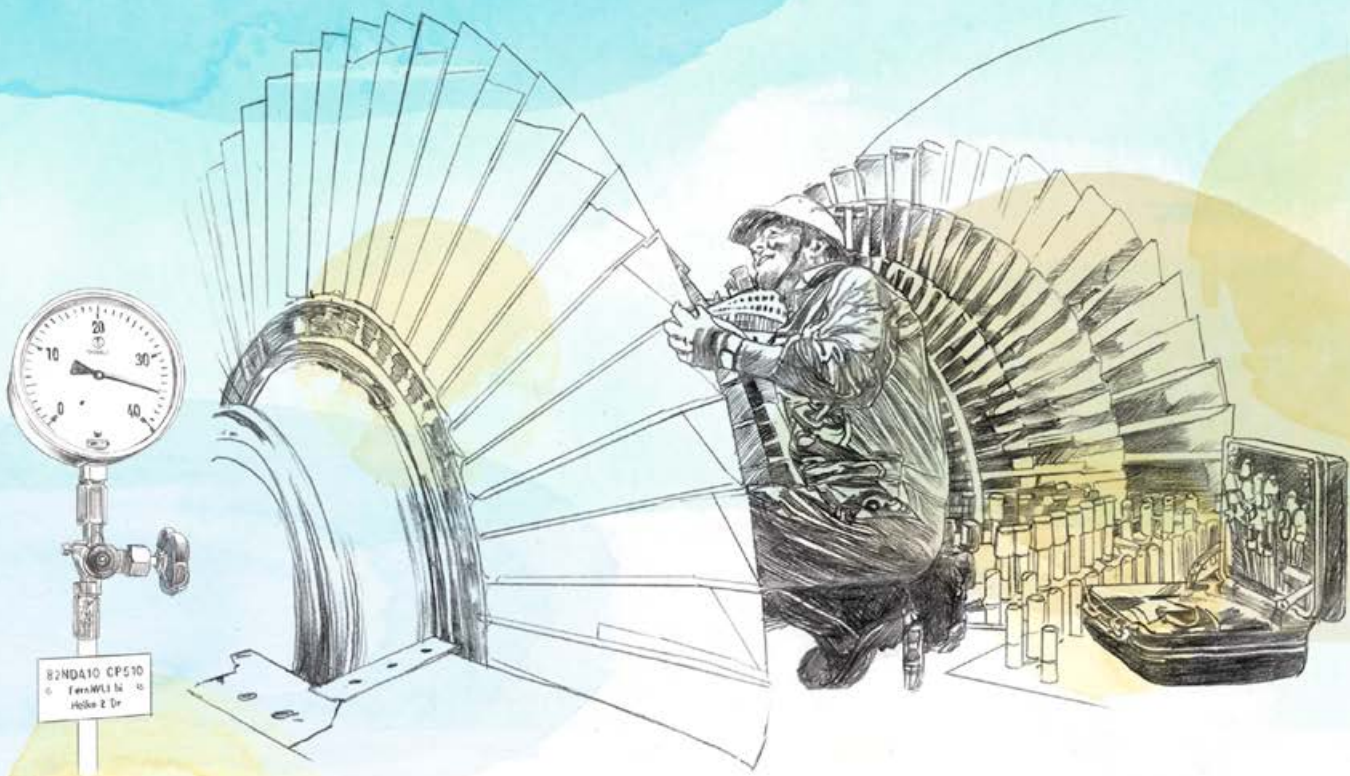
the coordination between the volatile electricity generation from windpower or solar power and electricity requirements. And in the event of a blackout, the Ottenstein power plant plays an important role in the fast recovery of network operations.





“When it really counts,
our full capacity
is ready for the grid
in only a few minutes.”

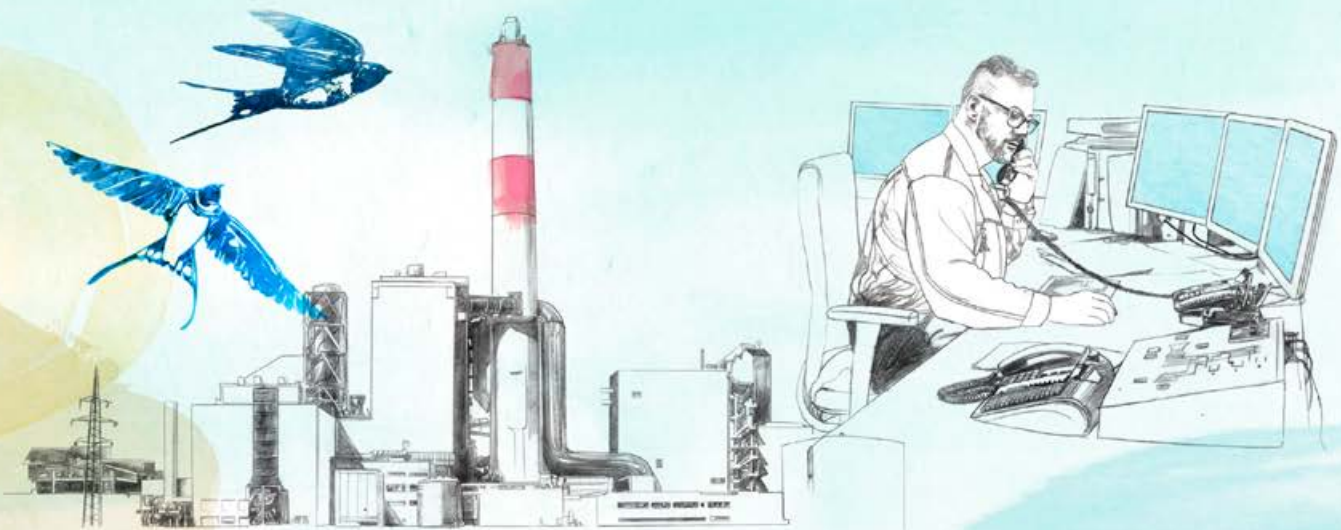
Erich Binder, manager of the Kamp power plants



State-of-the-art technology in harmony with nature

EVN's thermal power plants are indispensable, above all when the demand for electricity is high. And their immediate environment is amazingly natural.





You could say the Theiss power plant is the fastest horse in EVN's stable. With its 765 MW, it is not only the company's most powerful thermal power plant, but also the fastest "from zero to one hundred" facility, delivering full performance exactly when it is needed.

Dürnröhr power plants is actually a natural oasis? These power plants house state-of-the-art technology but, over the years, have also provided a nearly undisturbed home for plants and animals on the generally unused surrounding grounds. Part of the untouched pastures in Theiss

Valuable reserve capacity

The plant is also "black start capable" – it can start independently to restore network operations, even in the event of a blackout – and is therefore important for the protection of supply security. Day in, day out, the Theiss plant which was extensively modernised at the turn of the century, serves – just like the Dürnröhr and Korneuburg plants – above all, as valuable reserve capacity for peak periods. In addition, it is regularly used to stabilise the networks in Austria and southern Germany, which means it also indirectly supports the expansion of electricity generation from renewable energy.

The protection of network stability also supports the expansion of renewable energy generation.

are now also being used for grazing sheep. Even biologists are impressed with the biodiversity surrounding the power plants. A recent habitat study showed that the nearly 140 hectare power plant site in Dürnröhr accommodates rare animal and plant species that are endangered in other areas. Here they have found a new – and protected – habitat.

Protected habitats

In view of all this, who would guess that the environment surrounding the Theiss and

"The biodiversity we see in Dürnröhr is unique in the Tullnerfeld region."

Alexander Mrkvicka, wildlife biologist



From a supplier to an energy partner

Resource-friendly energy and water supplies don't stop with delivery to the customer. They also include individual advising and a comprehensive range of services.





“Hats off!
None of our questions
were left unanswered.”

Melanie Reiner, EVN customer



Close to the customer ...

Energy, water and much, much more. The increasing focus on resource conservation and the reduction of emissions make it imperative for a company like EVN to extend its activities beyond only supplying electricity, natural gas, heat and drinking water. Its responsibility ranges much further – from

With its diverse portfolio of services, EVN helps its customers to optimise their energy consumption.

environmentally friendly generation and procurement to sensible use by customers. That's not only good for future generations, but also for business. With wide-ranging, innovative services related to energy, EVN not only offers

its customers attractive added value, but also develops interesting new business options – high satisfaction guaranteed.

... with a broad offering of advising services

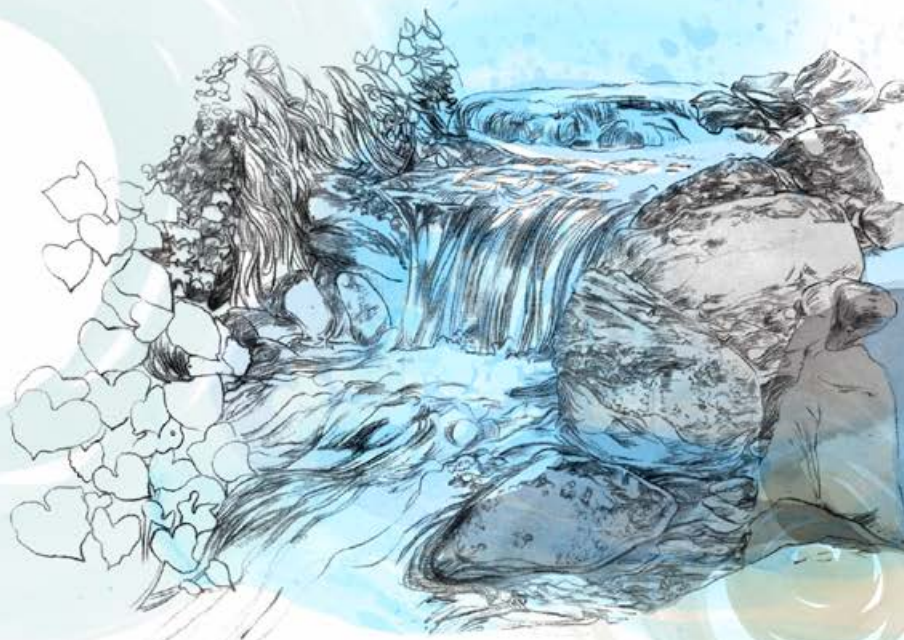
This wide spectrum ranges from simple energy saving tips to advice on efficiency measures and the EVN Bonus World up to comprehensive counselling on renewable energy and self-sufficient generation, for example through photovoltaics. Competent, well-trained employees are available to assist customers throughout EVN's supply areas. In order to move even closer to its customers, EVN is currently establishing a number of centrally located service centres in Lower Austria. These one-stop shops offer the entire range of EVN services and products – comfortably under a single roof.



“For our customers,
clean water means
a high quality of life.”

Peter Hiller, water technician, Zwentendorf operating station





Each and every drop just as fresh as from the well

Supply security and quality are also EVN's top two priorities for water supplies.



A matter of course in Europe, often an unrealisable dream in other regions of the world: unlimited quantities of clean drinking water at all times. But what appears to be a matter of course also requires a great deal of effort and, not least, extensive investments in the development of wells, pumping plants, filter plants and pipelines.

Clean water for more than 560,000 residents in Lower Austria

Water supplies are becoming an increasingly important part of EVN's portfolio, as is demonstrated by the growing number of communities in

Lower Austria which are provided with spring-fresh drinking water. More than 560,000 residents in Lower Austria currently receive drink-

What appears to be a matter of course requires profound know-how and substantial investments.

ing water directly or indirectly from EVN – and also in this business, the company uncompromisingly follows two principles: reliable supplies and first-class quality.

Expansion and optimisation

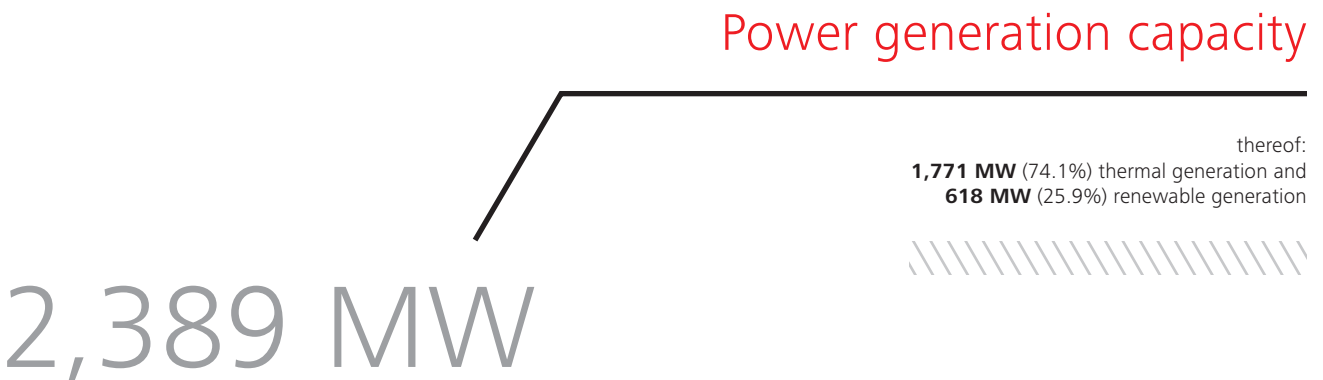
In order to constantly improve in both of these areas and further extend its supply range, EVN is investing nearly EUR 50m between 2013 and 2017. These investments will focus, above all, on supra-regional ring pipelines to make supplies even more reliable and on natural filter plants to reduce the hardness of the water by natural means. Many years of experience in the management of water networks are making EVN the supplier of choice for a growing number of communities.



EVN – energy company and environmental services provider

EVN's activities cover the energy and environmental services business. The headquarters of this international company are located in Lower Austria, the largest Austrian province in terms of area. EVN is currently active in eleven countries.

Revenue



Networks in the energy business



Customers in network operations

4.5m

thereof:
Electricity **3,358,100**
Natural gas **293,700**
District heating **86,600**
Drinking water (thereof 103,750 direct) **563,500**
Cable TV and telecommunications **237,100**

Employees

thereof:
2,350 in Austria
2,215 in Bulgaria
1,924 in Macedonia
231 in Germany
110 in other countries

6,830

Network sales volumes

37,820 GWh

thereof:
Electricity **21,532 GWh**
Natural gas **16,288 GWh**

Energy sales

thereof:
18,292 GWh electricity
5,134 GWh natural gas
2,082 GWh heat

25,508 GWh



Germany

Business areas

- Generation: electricity
- Energy supplies: electricity
- International project business in the environmental services segment through the subsidiary WTE Wassertechnik GmbH

Generation capacity

- Electricity: 396 MW
 - 41 MW purchasing rights from hydropower (13.0%-investment in Verbund-Innkraftwerke GmbH)
 - 355 MW hard coal (49.0%-investment in Duisburg-Walsum power plant)

Albania

Generation capacity

- Electricity:
 - 26 MW hydropower (49.99%-investment in Ashta run-of-river power plant)

Austria

Business areas

- Generation: electricity and heat
- Network operations: electricity, natural gas, heat, cable TV and telecommunications
- Energy supplies: electricity, natural gas and heat
- Drinking water supplies
- Thermal waste utilisation
- Storage of natural gas as well as exploration of oil and natural gas in Salzburg, Upper Austria and Lower Austria by Rohöl-Aufsuchungs Aktiengesellschaft

Number of customers

2.0m electricity, natural gas, heat, drinking water and cable TV and telecommunications customers

Generation capacity

- Electricity: 1,769 MW
 - 109 MW hydropower
 - 82 MW purchasing rights for hydropower
 - 252 MW windpower
 - 13 MW biomass
 - 2 MWp photovoltaics
 - 379 MW hard coal
 - 932 MW natural gas
- Heat: 66 district heating systems

Croatia

Business areas

- Network operations: natural gas
- Energy supplies: natural gas

Number of customers

700 natural gas customers

Bulgaria

Business areas

- Generation: electricity and heat
- Network operations: electricity
- Energy supplies: electricity and heat

Number of customers

1.7m electricity and heat customers

Generation capacity

- Electricity: 124 MW
 - 16 MW windpower
 - 3 MWp photovoltaics
 - 105 MW natural gas

Macedonia

Business areas

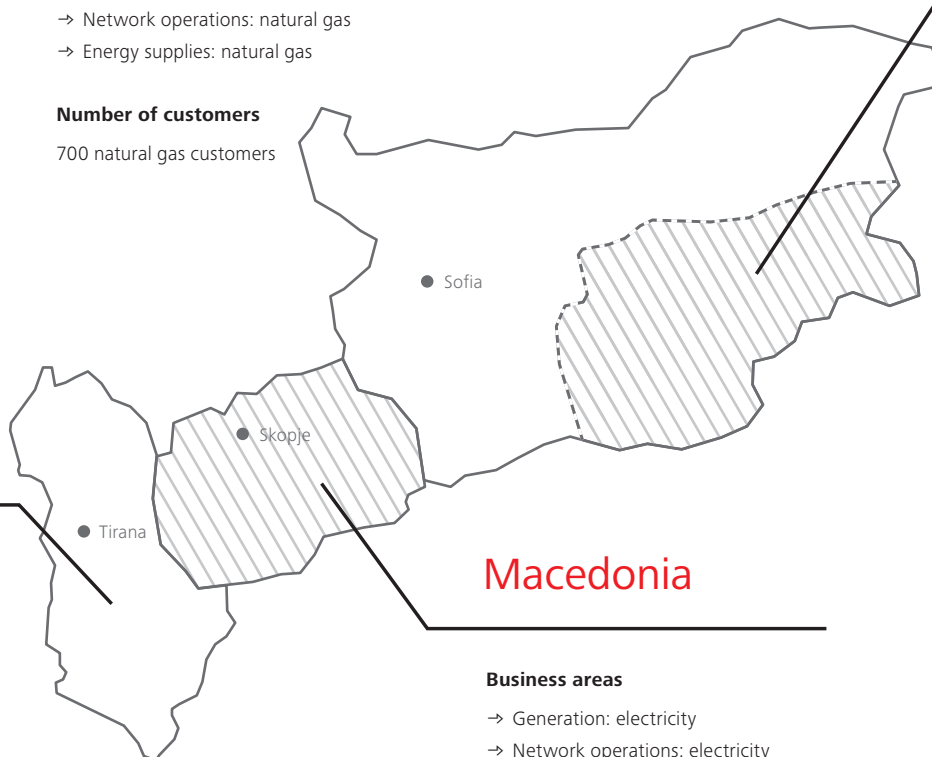
- Generation: electricity
- Network operations: electricity
- Energy supplies: electricity

Number of customers

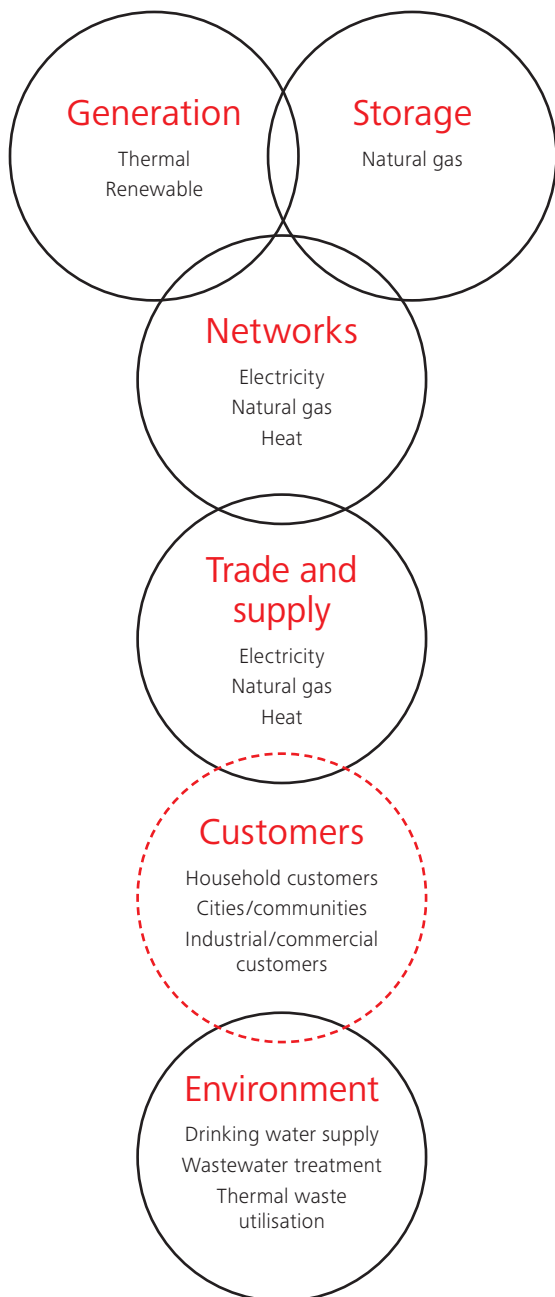
834,200 electricity customers

Generation capacity

- Electricity:
 - 48 MW hydropower



EVN's energy and environmental services business



Energy and environmental services – EVN's two operating business areas

In the energy business, EVN follows an integrated business model that covers the entire value chain in this area. The related activities include energy generation, the operation of energy distribution networks and the delivery of energy to end customers. The company is active in the areas of electricity, natural gas and heat – with different focal points in the individual markets.

Activities in the environmental services business include drinking water supplies and waste incineration (operation of a thermal waste utilisation plant in Zwentendorf/Dürnrrohr with an annual capacity of 500,000 t) in Lower Austria. EVN is also positioned in the international project business through its German subsidiary WTE Wassertechnik GmbH. As one of the leading European service companies for water and environmental services projects, WTE plans and constructs energy-efficient, resource-conserving and ecologically optimised plants for drinking water supplies, wastewater disposal and thermal waste utilisation. Plant operations and the arrangement of project financing complement this wide field of services in the international project business.

International project business for environmental services (as of 30 September 2016)

- Six wastewater disposal projects in Croatia, Macedonia, Montenegro and the Czech Republic under construction
- Ongoing operation of four drinking water supply plants in Germany, Montenegro and Russia
- Ongoing operation of 21 wastewater disposal plants in Germany, Croatia, Montenegro, Slovenia and Cyprus
- Ongoing operation of a thermal waste utilisation plant in Russia (Moscow: annual capacity 360,000 t)

Strategic investments – extension of the value chain

EVN's strategic investments represent the logical vertical extension of the value chain. The investments in Verbund AG and Burgenland Holding AG, which, in turn, holds 49.0% of Energie Burgenland AG, allow EVN to benefit from the companies' concentration on renewable electricity generation from water and wind. Rohöl-Aufsuchungs Aktiengesellschaft gives EVN a valuable link to oil and natural gas exploration and the natural gas storage business in Austria.

Strategic investments of EVN AG

(as of 30 September 2016)

- **RAG-Beteiligungs-Aktiengesellschaft (50.03%)**
This company holds 100% of the shares in Rohöl-Aufsuchungs Aktiengesellschaft, an oil and natural gas exploration and natural gas storage company.
- **Burgenland Holding AG (73.63%)**
This company holds a 49.0% stake in Energie Burgenland AG, a regional electricity and natural gas supply company.
- **Verbund AG (12.63%)**
11.55% of this investment are held directly by EVN AG; the remainder is held indirectly through WEEV Beteiligungs GmbH, a joint venture founded with Wiener Stadtwerke Holding AG in 2010.

EVN power generation capacities	30.09.2016		30.09.2015		30.09.2014	
	MW	%	MW	%	MW	%
Renewable energy	618	25.9	600	25.3	563	24.1
thereof hydropower ¹⁾	306	12.8	306	12.9	306	13.1
thereof windpower	268	11.2	250	10.5	213	9.1
thereof photovoltaics	5	0.2	5	0.2	5	0.2
thereof biomass	13	0.5	13	0.5	13	0.6
thereof other renewables ²⁾	26	1.1	26	1.1	26	1.1
Thermal energy³⁾	1,771	74.1	1,771	74.7	1,771	75.9
thereof natural gas	1,037	43.4	1,037	43.8	1,037	44.4
thereof hard coal	734	30.7	734	30.9	734	31.4
Total	2,389	100.0	2,371	100.0	2,334	100.0

1) Includes purchasing rights from the Danube hydropower plants in Melk, Greifenstein and Freudenau and from investments in the hydropower plants Nussdorf in Vienna and Ashta in Albania as well as in Verbund-Innkraftwerke GmbH

2) Includes two sludge-fired combined heat and power plants in Moscow

3) Includes co-generation and combined heat and power plants in Austria and Bulgaria; capacity data (net output) according to participation interests

△ GRI indicators: Name of organisation (G4-3); Overview of products (G4-4); Location of the organisation's headquarters (G4-5); Locations of significant operations (G4-6); Markets (G4-8); Scale of the organisation (G4-9); Installed capacity (EU1); Number of customer accounts (EU3); Total length of transmission and distribution lines (EU4)

A clearly focused strategy

Based on its corporate values and clear goals, EVN follows a strategy that is focused on the interests of its stakeholders.

Corporate values and standards of behaviour

Our vision

As an energy company and environmental services provider, EVN meets the daily needs of its customers and makes a sustainable contribution to their quality of life by delivering reliable, high-quality services. We want to provide our customers with the customary supply security, not only at the present time but also in the future. In doing so, top priority is given to actions that protect the environment and climate because that is the only way to ensure our sustainable economic success over the long run.

Our mission

The realisation of our vision includes respect for the needs of all our stakeholders.

For our customers, we offer competitive prices and highest-quality products and services. For our shareholders, we aim to achieve a sustainable increase in value. For our employees, we create attractive working conditions. With our stakeholders, we maintain an active dialogue, and our business relations with suppliers are based on a cooperative partnership. That allows us to achieve and maintain high social acceptance.

Environmental and climate protection play a central role in all our activities. We rely on outstanding know-how, a high level of efficiency, state-of-the-art infrastructure and a constant drive to innovate to ensure the responsible use of natural resources and the continuous reduction of CO₂ emissions. This forms the basis for sustainable performance in the provision of electricity, natural gas, heat, drinking water, wastewater treatment and waste utilisation services.

EVN has expanded its business activities from Lower Austria into Central and South Eastern Europe. Our objective is to realise sustainable success also in these new markets based on the application of our proven principles and values.

Our principles and values

In addition to our vision and mission, a number of other binding documents define the framework for EVN's behaviour and actions:

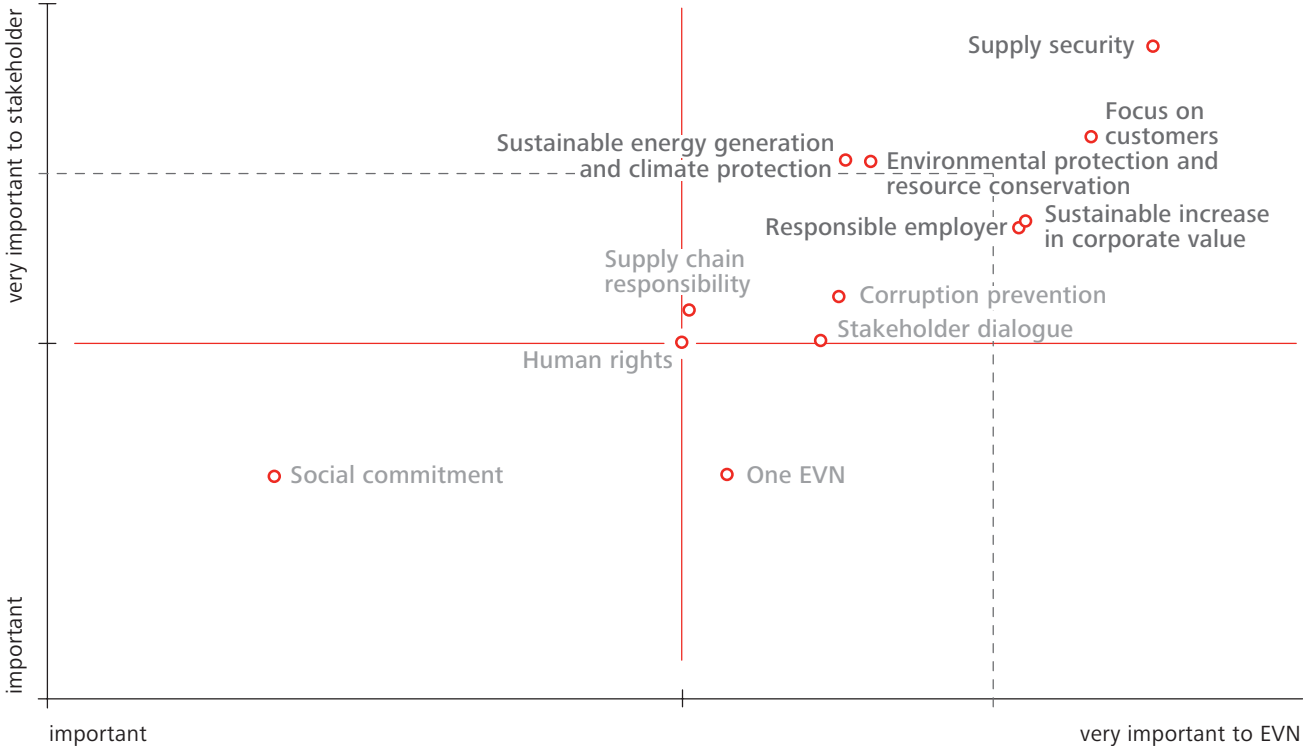
- For the EVN Code of Conduct, see page 45 and 84f
- For EVN's integrity clause for suppliers, see page 69f
- For the environmental policy statement, see page 50
- See www.evn.at/hr-principles
- △ GRI indicator: Values, principles, standards and norms of behaviour (G4-56)

Sustainability in the corporate strategy

EVN's strategic focus is closely aligned with the interests of internal and external stakeholders. The harmonisation of the corporate strategy and stakeholder interests is based on the materiality matrix. This systematic presentation of the most important sustainability issues from the viewpoint of management and external experts was last revised and updated following the stakeholder survey in 2014. The sustainability issues are anchored in the corporate strategy and in EVN's core business based on the six main areas of activity in the materiality matrix:

- Supply security
- Focus on customers
- Environmental protection and resource conservation
- Responsible employer
- Sustainable energy generation and climate protection
- Sustainable increase in corporate value

EVN materiality matrix



The next stakeholder survey is currently in preparation for 2017. The results will be used to update the form and content of the EVN materiality matrix.

- For details on stakeholder management, see page 33ff
- Also see www.evn.at/CSR-strategy/CSR-materiality-matrix
- △ GRI indicators: Boundaries for material aspects inside and outside the organisation (G4-20 and 21)

Overview of the core strategies

The six most important areas of activity in the EVN materiality matrix form the basis for the corporate strategy. They were set in the context of the sector environment for the energy and environmental services business as well as current trends which, from today's perspective, will have a decisive influence on EVN's activities and success over the medium and long term. This analysis led to the definition of the following core strategies for the individual areas of activity.

EVN materiality matrix – the six most important areas of activity

- 1 Supply security
- 2 Focus on customers
- 3 Sustainable energy generation and climate protection
- 4 Responsible employer
- 5 Environmental protection and resource conservation
- 6 Sustainable increase in corporate value

1 Supply security (electricity, natural gas and heat)

Sector environment and trends

International energy markets in transition

- Energy transformation leads to distortions on the energy markets
- Strain on networks due to the transport of rising and volatile feed-in of renewable energy

Increasing demand for balancing energy and the management of shortages to protect network stability

Our strategy

Focus on our integrated business model and commitment to a diversified value chain

Strengthening of our stable activities in the home market of Lower Austria through a EUR 1bn investment programme, which was started in the financial year 2013/14 and will cover four financial years; approximately 70% of the total volume will be used to expand the network infrastructure

Support for the system conversion towards renewable generation

- Continuous, future-oriented expansion of our network infrastructure in Lower Austria
- Provision of our thermal power plants as reserve capacity to stabilise the networks and protect supply security

1 Supply security (water)

Sector environment and trends

Increase in weather-related drinking water shortages through more frequent periods with high temperatures and low precipitation

Urbanisation and rising water consumption in urban areas

Increasing demands on water quality (e.g. hardness of the water)

Our strategy

Sustainable and economical expansion of the supply infrastructure

- Investments to improve the natural water quality and pipeline infrastructure
- Maintenance of high-quality, ecologically sustainable drinking water supplies in Lower Austria

2 Focus on customers

Sector environment and trends	Our strategy
Increasing competition in the end customer market	Intensification of customer closeness/service
	Positioning as a regional provider in Lower Austria with a broad product offering
	EVN Bonus World and energy advising sessions

5 Environmental protection and resource conservation

Sector environment and trends	Our strategy
Climate protection and energy transition	Broad range of products and services to increase energy efficiency
→ Climate goals set by the UN Climate Conference in Paris 2015	Innovation, development and research projects (e.g. energy storage, carbon capture and use projects, load management)
→ Sustainable Development Goals (UN goals for sustainable development)	

3 Sustainable energy generation and climate protection

Sector environment and trends	Our strategy
Climate protection and energy transition	Increase in environmentally friendly energy generation through the further expansion of renewable generation capacity, above all from wind, hydropower and biomass
→ Climate goals set by the UN Climate Conference in Paris 2015	→ Increase in windpower capacity to more than 300 MW over the medium term
→ Sustainable Development Goals (UN goals for sustainable development)	→ Investments in biomass plants and networks

6 Sustainable increase in corporate value

Sector environment and trends	Our strategy
Energy supplies in South Eastern Europe between challenging framework conditions and substantial future potential	Efficiency improvements in the operating business of our companies in South Eastern Europe
	Focus on measures to reduce network losses and improve collection rates
At the international level, specific regional characteristics and conditions call for individual solutions for municipal water supplies and wastewater disposal	Concentration of our solution expertise in the international project business on selected orders to provide added value for our customers and create the basis for our economic success
Digitalisation and smart technologies	EVN trend monitor as a Group-wide platform for the systematic recording of relevant trends for the energy sector and as an innovative basis for the development of new business models

4 Responsible employer

Sector environment and trends	Our strategy
Search for the best talents	Continuous increase in the high level of workforce skills to meet the demands for technical experts and managers
Growing flexibility of the working world	Working models to harmonise work and family life and maintain the work-family balance
Employee health as a corporate goal	Career development opportunities for female employees through the programme "Women@EVN"
	Increase in occupational safety and expansion of target group-specific health programmes

Alignment with the UN Sustainable Development Goals

The high significance of sustainability for the management of EVN is also illustrated by the efforts to evaluate current CSR developments with regard to their importance for the company as quickly as possible. EVN's areas of activity were therefore analysed in 2015/16 from the viewpoint of the UN's 17 Sustainable Development Goals (SDGs), which took effect on 1 January 2016. The analysis also identified the elements in EVN's CSR programme that are already making a specific contribution to attaining these goals. The following overview provides examples of the analysis results based on EVN's six most important areas of activity:

□ See page 210ff

○ Also see <https://sustainabledevelopment.un.org/sdgs>

Supply security

- Industry, innovation and infrastructure
- Affordable and clean energy
- No poverty
- Clean water and sanitation

Focus on customers

- Affordable and clean energy
- Responsible consumption and production
- Climate action
- Reduced inequalities

Sustainable energy generation and climate protection

- Industry, innovation and infrastructure
- Affordable and clean energy
- Responsible consumption and production
- Climate action
- Decent work and economic growth

Responsible employer

- Good health and well-being
- Quality education
- Gender equality
- Decent work and economic growth
- No poverty
- Reduced inequalities

Environmental protection and resource conservation

- Affordable and clean energy
- Industry, innovation and infrastructure
- Responsible consumption and production
- Decent work and economic growth
- Sustainable cities and communities
- Clean water and sanitation
- Life below water
- Life on land

Sustainable increase in corporate value

- Affordable and clean energy
- Industry, innovation and infrastructure
- Climate action
- Decent work and economic growth
- Partnerships for the goals

Stakeholder management

As a responsible energy and environmental services provider, EVN is committed to ensuring well-balanced and equal treatment of the interests and requirements of all stakeholder groups.

A proactive dialogue allows EVN to identify the expectations and diverse demands of its various stakeholders, to recognise risks at an early stage and to make use of opportunities. It also supports the establishment, maintenance and strengthening of good relations with stakeholders. Stakeholder management is viewed not as an obligation, but as the foundation of sustainable management. It also forms the basis for the development of effective strategies for the company's advancement and ongoing sustainability process.

For EVN, successful stakeholder management means:

- Support for the feasibility of projects
- Reduction of risks and image threats
- Positive perception of the company and its activities
- High appeal and high acceptance by internal and external stakeholders

The core of EVN's stakeholder management is based on strong relationships between the managers of the various strategic business units and departments and the stakeholders and representatives of these groups. The stakeholder groups relevant for EVN are identified, ranked by priority and reviewed every three years in an internal workshop. The following diagram shows EVN's stakeholder groups in the form of an ellipse whose five dimensions reflect the perceived closeness to and influence on the company.

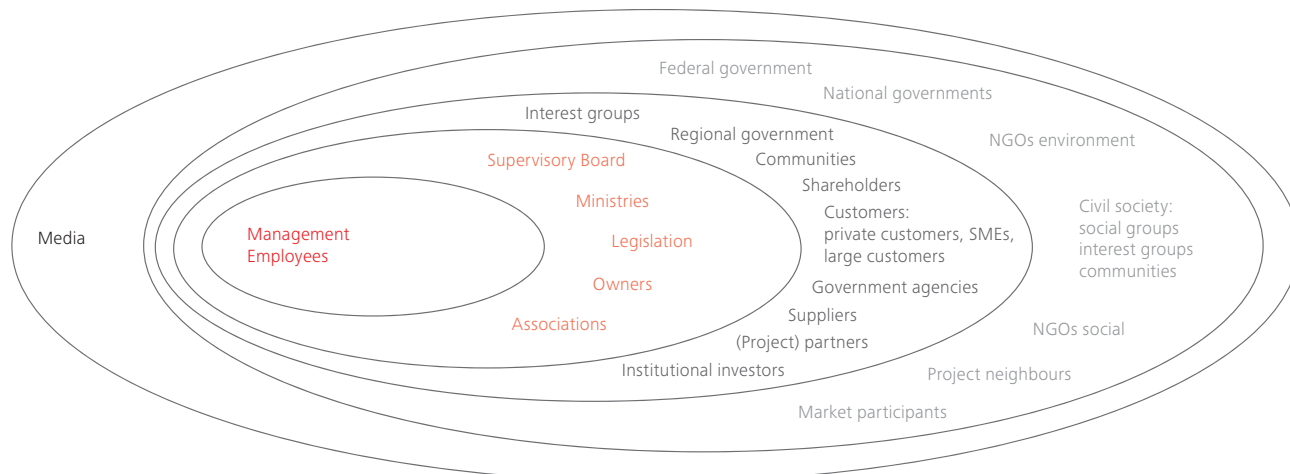
△ GRI indicators: List of stakeholders (G4-24); Identification of stakeholder groups (G4-25)

In order to also ensure the regular inclusion of stakeholders at the strategic level, EVN developed a guideline for stakeholder management in 2015. Workshops were held together with the respective internal contact partners to identify and record the relevant communication activities and channels for each stakeholder group. Included here are:

- Project-related working groups
- Mediation with regional citizens' initiatives
- Systematic surveys
- Regular newsletters and newspapers

The Executive Board and Supervisory Board is supported in the continuous exchange on sustainability issues by institutionalised advisory boards such as the EVN Advisory Board for Environment and Social Responsibility, the EVN Customer Advisory Board, the EVN Social Fund and the EVN Art Advisory Board. The Advisory Board for Environment and Social Responsibility includes independent external and internal experts as well as staff representatives. For issues involving social commitment, the Executive Board can draw on the know-how of the external experts who are members of the EVN Social Fund. The Customer Advisory

EVN's stakeholders



Board, a further counselling body, was established in 2011 to intensify the dialogue with customers: its 24 members are elected every two years and represent the interests of customers from Lower Austria. The EVN Art Advisory Board deals with issues related to culture. EVN has also installed a structured complaint management system for customers as well as other stakeholders. Employee-related issues are handled through extensive communications and cooperation between management and the works council.

- For information on the EVN Customer Advisory Board, see page 37
- For information on the EVN Social Fund, see page 47
- Also see www.evn.at/Environmental-council and www.evn.at/social-fund
- △ GRI indicator: Processes for consultation between stakeholders and the highest governance body (G4-37)

Regular surveys of current issues

The systematisation and structuring of stakeholder relationships requires the identification of the most important issues for stakeholders at regular intervals. To this end EVN has carried out specific stakeholder surveys since 2010. In keeping with the three-year cycle, the next survey will take place in 2017. The results help to identify the most important sustainability topics and to develop a focused, strategic orientation for EVN’s sustainability activities. The surveys also make a valuable contribution to the early identification of key economic, social and ecological issues. The results flow directly into EVN’s strategy in the form of strategic areas of activity.

EVN held in-depth focus group workshops in the 2015/16 business year on the following areas of activity: “supply security”, “focus on customers” and “sustainable energy generation and climate protection”. The discussions and work at these sessions dealt, above all, with “customer service and ties”, “products and services”, “corporate strategy and goals” as well as “brands and brand positioning”. Overall, EVN organised two workshops with external stakeholders and one workshop with company managers and staff during the reporting year. The workshops began with the identification of the current status of the respective issue and continued with the development of a target image and measures to reach this target.

- △ GRI indicators: Definition of the report content (G4-18); Engagement of stakeholder groups and results of stakeholder engagement (G4-26 and 27)

EVN’s stakeholders and method of inclusion (selection)	Surveys ¹⁾	Active and frequent contact	Working group, forum, annual meetings ²⁾	Advisory committees, expert groups ²⁾	Supervisory Board
Employees	●	●	●	●	●
Customers	●	●	●	●	●
Suppliers	●	●	●	●	●
NGOs	●	●	●	●	
Media	●	●	●		
Investors	●	●	●	●	●

1) Employees and customers at regular intervals, stakeholders survey 2010, 2014
 2) Once or twice a year or more often

Project-related integration of stakeholders and their interests

EVN is well aware of the social, ecological and economic impact of its business activities. Compliance with all relevant international guidelines and agreements and national legislation, above and beyond legal requirements, is a matter of course. A special focus is placed on the execution of environmental and social impact assessments and on proactive communications for new infrastructure projects. EVN supports the early, comprehensive and open inclusion of stakeholders in decision-making processes. From small-scale hydropower plants, pipeline projects, windparks and biomass heating plants to waste utilisation plants – all projects are planned and realised with the active participation of neighbouring residents, citizens' groups, NGOs, political representatives, local initiatives and associations. The early inclusion of these various groups creates the basis for broad acceptance, provides valuable information on the best possible resource-conserving realisation and is a decisive factor for planning security ("licence to operate").

A central role in this process is played by the project communication unit, which was established several years ago to institutionalise EVN's project-related stakeholder communications. This unit serves as the Group-wide competence centre for participation, project and stakeholder communications, conflict prevention and conflict management and, as such, maintains direct contact with the managers of all major infrastructure projects. With the creation of this unit, EVN has built a bridge between the technical, financial and legal requirements of projects and Group requirements for participation, transparency and proactive communications, on the one side, and the needs and viewpoints of relevant stakeholder groups, on the other side.

The insight gained through stakeholder communications flows into the extensive due diligence audits that are conducted before the start of a project. The results of these audits are used by the Executive Board and/or the Supervisory Board, depending on the size of the project, to evaluate the feasibility of its realisation.

△ GRI indicators: Engagement of stakeholders (G4-26); Role of the highest governance body in the identification and management of economic, environmental and social impacts, risks, and opportunities (G4-45); Operations with implemented local community engagement, impact assessments, and development programmes (G4-SO1); Operations with significant negative impacts on local communities (G4-SO2)

Support for interest groups and initiatives

EVN plays an important role in the functioning of public life through the operation of its infrastructure and wide-ranging services for customers. In order to fulfil these commitments as best as possible, EVN is an active member, on a voluntary or legally required basis, of numerous national and international organisations and interest groups, e.g. the Austrian electricity industry (Oesterreichs Energie), chamber institutions such as the Association of Gas- and District Heating Supply Companies, Eurelectric, EDSO etc.

Examples of EVN's support for sustainability-based external initiatives include, among others, the OECD Guidelines for Multinational Enterprises, UN Global Compact, respACT – austrian business council for sustainable development and the Austrian Society for Environment and Technology (ÖGUT). All activities involved with these memberships take place in agreement with the rules of conduct defined by EVN's compliance management system. In accordance with legal regulations, EVN is also listed in the Austrian lobbying and interest group register and the transparency register of the European Union.

○ Also see www.evn.at/EVN-Group/responsibility/CSR-strategy/Content.aspx

△ GRI indicator: Support for external initiatives (G4-15)

Customers

Customers represent the focal point of all activities for EVN. This is also demonstrated by the high importance given to the strategic areas of activity “focus on customers” and “supply security” in EVN’s materiality matrix.

Nearly 4.5m customers placed their trust in the secure and reliable energy and environmental products and services offered by EVN from a single hand during the 2015/16 financial year. Two-thirds of the customers in the energy business are households, while the remainder are commercial enterprises, industrial companies and public institutions. This broad portfolio – which includes electricity, natural gas, heat and drinking water as well as wastewater disposal, thermal waste utilisation, cable TV and telecommunications – helps to improve the quality of life for people in the countries of Central and South Eastern Europe where EVN is active.

□ For information on the number of customers, also see page 23

Close to the customer through a regional presence and personal advising

EVN’s customer service

EVN strives to develop and maintain a fair and professional partnership with its customers. This is demonstrated, among others, by the customer-oriented structure of its customer service: EVN is easily accessible throughout the entire supply area with an extensive network of customer centres and a telephone hotline. In order to ensure optimal supply security, the service centres can also be reached at any time of the day or night to report supply interruptions.

Even closer to the customer

As an addition to the activities in the existing customer service centres and the EVN service centre in Wiener Neustadt that opened in 2011, EVN opened four further customer service centres in Stockerau, Horn, Deutsch-Wagram and Tulln during the reporting year. These facilities bundle a broad range of services and products at a single location and provide customers with complete advice on a wide variety of subjects:

- Services related to electricity, natural gas and water (invoice and tariff information, registration and cancellation, etc.)
- Energy advising
- Energy efficiency products
- Energy services
- EVN Bonus World
- Kabelplus (television, internet, telephone)

Personal advising for energy efficiency

Mobile consulting teams and the staff at the EVN service centres provide helpful tips and valuable information on energy savings in personal discussions and through individual services. Examples of these services include the so-called “SanierService” renovation advice as well as assistance with the replacement of heating equipment and the maintenance of electrical and natural gas equipment, the calculation of energy consumption for the building certification that is required in Austria for new buildings, renovation and real estate sales, and support for the construction of photovoltaic equipment. In connection with its products, EVN offers technical solutions to improve energy efficiency and reduce energy consumption. Individual and flexible energy tariffs complete the offering for customers.

□ For information on energy efficiency measures, also see page 52

The “EVN Bonus World” is a further initiative that offers customers in Lower Austria an incentive for the careful and efficient use of energy: electricity and natural gas customers automatically collect bonus points with their energy purchases or the use of EVN services, which they can trade in for price reductions on the purchase of energy-efficient products and services. The programme was extended in spring 2016 based on a cooperation with the province of Lower Austria. Customers are given the opportunity to trade in bonus points for a “Niederösterreich-CARD” which offers reduced prices for numerous attractions and popular destinations. This cooperation was expanded in autumn 2016 to also include an attractive offer for the 10,000 CARD-holders to order an EVN energy savings set valued at EUR 30 free of charge.

Energy price reductions

EVN's supply company again passed on procurement advantages to its household customers in 2015/16 within the framework of the EnergieAllianz: the 5% reduction in electricity and natural gas prices in October 2015 was followed by a further average reduction of 7% in the natural gas working prices for households as of 1 May 2016. In addition, the electricity and natural gas working prices for households were again reduced by 5% on average as of 1 October 2016.

Numerous initiatives to combat energy poverty

EVN works to combat energy poverty with measures that provide specially designed support for low-income households. The projects developed by EVN are implemented in cooperation with regional interest groups and social aid organisations to increase the effectiveness of the measures. For example: "Households at risk of poverty", a joint project by EVN and the charity organisation Caritas, was successfully continued during the reporting year. In accordance with the "train the trainer" principle, EVN's energy advisers equip the Caritas social counsellors with the necessary know-how on energy efficiency measures, savings potential and possible subsidies (e.g. heating cost subsidies) so they can provide on-site advice on energy savings to the individual households. EVN also supports the social counsellors with consulting tools (e.g. guidelines and checklists) and technical aids (e.g. energy measurement instruments). These measures are rounded off with further training by EVN and joint on-site consulting. The specific results of this project are the cost savings realised by the low-income households due to energy-saving measures.

Close cooperation with customers in the international environmental services business

In the international environmental services business, EVN's subsidiary WTE Wassertechnik works primarily with public customers such as cities, municipalities and the relevant administrative authorities. The size and structure of the projects in this area require in-depth exchange between EVN and its customers throughout all phases. As a general contractor and provider of comprehensive project-specific solutions, WTE Wassertechnik serves as a communicator between the various project participants and therefore sees not only the direct contracting entity but also all involved organisations as its customers.

Customer Advisory Board

The EVN Customer Advisory Board forms the basis for an intensive dialogue with customers and provides an opportunity to learn more about customers' opinions, concerns and needs. This direct exchange supports EVN's continuous efforts to increase customer satisfaction. The Customer Advisory Board plays a key advisory role in the process, draws attention to current trends and issues, contributes fresh ideas and recommendations and, in this way, has an important influence on the design of services, products and communication measures at EVN.

In its two meetings with EVN employees and the Executive Board in 2015/16, the Lower Austrian Customer Advisory Board developed recommendations for issues such as the newly opened service centres, the tariff information on the homepage and the new EVN Bonus World.

○ Also see www.evn.at/Customer-Advisory-Board

The EVN Customer Advisory Board in Bulgaria was elected for the second time in 2015. Two meetings have been held each year at different locations in the supply area since the start of the initiative, during which the 24 members exchanged information, criticism and ideas with EVN's representatives. Specific recommendations were also developed for the improvement of products and services. In view of the positive experience in EVN's other supply areas, the installation of a Customer Advisory Board is also planned for Macedonia.

Customer satisfaction

Customer satisfaction is an issue of great importance for EVN in all its markets. In addition to personal and telephone contacts with customers, electricity invoices that are easy to understand and clearly organised, detailed information on the homepage and regular customer satisfaction analyses are further instruments used by EVN to justify customers' far-reaching trust and to meet their high expectations.

Customer service plays an important role in the success of a company, and EVN wants to distinguish itself from the competition through its strong commitment in this area. EVN underscored this commitment by again taking part in an international customer service

week, which was held in Austria, Bulgaria, Macedonia and, for the first time, also in Croatia at the beginning of October 2016. This well-known international event attracted several thousand companies from 40 countries worldwide and focused on the importance of customer satisfaction and employees in customer-related business areas. The customer service week included internal activities in all countries for the employees involved in direct customer contacts and other staff members interested in customer service.

Austria

EVN's customer service in Austria received roughly 655,000 (previous year: 642,000) telephone enquiries and 126,000 (previous year: 120,000) e-mail enquiries during the financial year 2015/16. Providing the best possible service in handling these customer contacts is a matter of course for EVN, and systematic surveys have been carried out for many years to measure customer satisfaction and form the basis for continuous improvement. The data and long-term trends show the general developments in customer satisfaction and permit the analysis of relevant business transactions. The results provide valuable information on suggestions for improvement, which are discussed with the involved departments to define approaches for future measures.

In 2015 roughly 4,300 household customers and 1,200 commercial customers in Lower Austria were surveyed to determine their satisfaction with EVN. The overall satisfaction was rated at an average of 1.78 (on a five-step scale ranging from 1 = very satisfied to 5 = not satisfied at all). These results almost reached the very good prior year value of 1.75, indicating that satisfaction remains at a high level. Satisfaction with EVN's price-performance ratio, an important indicator of basic customer satisfaction and loyalty, was rated even higher this year. Additional strengths of EVN, according to the surveyed customers, were the high supply security, good customer service over the telephone and in eliminating supply disruptions as well as the customer magazine "EVN Journal".

EVN's Customer Loyalty Index, which is calculated on a monthly basis, measures customer loyalty based on various indicators. The goals of this strategic monitoring instrument are to recognise changes in customer loyalty, identify the causes and react quickly with suitable measures. This monitoring indicated particularly strong loyalty among customers with a detailed knowledge of EVN's supplementary services.

A quality improvement programme has been in place for many years to verify compliance with internal quality standards in

responding to customer enquiries and complaints. An external market research institute contacts customers and asks them to report their experiences with EVN's customer orientation and service quality. A total of 1,850 telephone and personal mystery shopping tests were carried out during the reporting year. This review was designed to analyse the quality of services under specific scenarios and identify opportunities for improvement that can be transformed into concrete measures.

Bulgaria and Macedonia

The customer service staff at EVN Bulgaria responded to roughly 487,000 (previous year: 547,000) telephone enquiries and nearly 23,100 (previous year: 22,000) e-mail enquiries in 2015/16. The comparable figures for EVN Macedonia were approximately 424,000 (previous year: 444,600) telephone enquiries and 48,638 (previous year: 36,700) e-mail enquiries.

In Bulgaria, the customer survey based on the net promoter score method was continued in the financial year 2015/16. Its goal is to evaluate customer satisfaction and loyalty based on the probability of recommendations. The survey was carried out by the call centre staff of EVN Bulgaria and covered roughly 2,800 customers. It focused on issues such as new connections, customer service, remote reading, services and the elimination of supply disruptions. The results were used to implement organisational improvements.

In Macedonia, 4,751 interviews (previous year: 6,350) and 1,521 mystery shopping tests (previous year: 1,350) were carried out during the reporting year to evaluate customer satisfaction. The results of these surveys and additional internal quality analyses were integrated directly in improvement and optimisation programmes.

△ GRI indicator: Surveys on customer satisfaction (G4-PR5)

EVN Bulgaria continued its "EVN next to you" customer satisfaction programme, which organises meetings between representatives of EVN Bulgaria and its customers in their home cities and villages. These meetings give customers a platform to discuss basic concerns and problems in their respective region with qualified EVN contact partners.

△ GRI indicator: Operations with implemented local community engagement, impact assessments, and development programmes (G4-SO1)

Supply security with electricity: efficient infrastructure and access to basic supplies

As a network operator, EVN feels responsible for providing the customers in its supply areas with reliable access to energy. The company therefore follows an investment policy that is concentrated on protecting supply security through the construction and maintenance of reliable networks.

Efficiency of long-distance lines and distribution networks Network losses

EVN's focus in Lower Austria is on the expansion and stabilisation of the network infrastructure, while activities in Bulgaria and Macedonia are concentrated on the further reduction of network losses. Since market entry, network losses have been cut steadily from 20% in 2004/05 to a recent level of roughly 9% in Bulgaria and from 25% in 2005/06 to approximately 15% in Macedonia. In Austria, network losses remain stable at approximately 4%.¹⁾

1) A direct comparison of network losses is not possible due to the differences in the customer and network structures in EVN's various supply areas.

Electricity disruptions¹⁾

The mean supply interruption – which was calculated according to the System Average Interruption Frequency Index (SAIFI) – equalled 0.71 for the 2015 calendar year (previous year: 0.83). A SAIFI value of 0.71 means that EVN's customers experience less than one power failure per year. The average annualised duration of unplanned power interruptions, as calculated according to the System Average Interruption Duration Index (SAIDI), equalled 25.70 minutes in the 2015 calendar year (previous year: 51.9 minutes), which is lower than the Austrian average of 27.18 minutes (previous year: 33.26 minutes). Information is not provided on SAIDI and SAIFI at EVN's locations in South Eastern Europe because a clear data base is not available for the necessary calculations.

1) Source: Energie Control-Austria, breakdown and disruption statistics – results for 2014 and 2015.

△ GRI indicators: Efficiency of long-distance lines and distribution networks (EU12); Frequency and duration of power failures (EU28 and 29)

Availability of EVN's power plants

Uninterrupted operations and the technical safety of EVN's power plants represent key requirements for ensuring reliable electrical

energy supplies. Regular inspection and maintenance procedures, which involve planned and coordinated downtime, are carried out to maintain this essential status. EVN's gas-fired power plants in Korneuburg and Theiss achieved full availability in 2015/16, with the exception of scheduled inspections and marginal unplanned downtime (0.1%–0.7%). The unplanned downtimes at the coal-fired power plants in Dürnrrohr and Duisburg-Walsum equalled 0.2% and 10.7%, respectively. EVN's windparks were in service 96.4% of the time during the reporting year, whereby these windpark statistics do not differentiate between scheduled and unscheduled downtime.

△ GRI indicator: Average availability of power plants (EU30)

Electricity disconnections due to payment arrears

EVN offers individual support and instalment payment options for customers who are unable to pay their bills on time. The past years were, however, still characterised by inconsistent payment behaviour and the frequent inability to meet scheduled payments, especially in Bulgaria and Macedonia. In 2015/16 the collection rate nevertheless reached 99.6% in Bulgaria and 93.0% in Macedonia. In spite of its high commitment to social responsibility, EVN is forced to interrupt energy supplies when payment arrears extend over a longer period of time. The number of disconnections remained stable at a low level in Austria, but EVN was required to take this final step more frequently in Bulgaria and Macedonia – where, in contrast to Austria, meters are read and invoices are sent on a monthly basis.¹⁾ Supply interruptions are generally reversed within 24 hours in all of EVN's supply areas after the required payments are made or an extension or instalment payment agreement is concluded.

1) The general statistics on electricity disconnections are based on the network supply area and not on individual suppliers because the network operators are technically responsible for disconnecting the service at the supplier's request. This form of data collection distorts the statistics, which are therefore not presented.

EVN has introduced numerous measures in the past to help customers meet their payment obligations on time. For example, customers in Bulgaria can receive e-mail or text message reminders on the approaching end of the payment period to avoid disconnections due to unintentional late payments. If a customer still fails to pay within the designated period, he or she is reminded by e-mail, text message or via the customer portal on EVN Bulgaria's website at least three days before service is disconnected. Recently EVN also placed a special focus on the reliable delivery of invoices and simple payment procedures.

△ GRI indicator: Electricity disconnections due to payment arrears (EU27)

Product responsibility

Principles

Similar to the corporate policy statement and the environmental policy statement, the principles of product responsibility represent an integral part of EVN's central mission statements. This underscores their key importance in the Group's value hierarchy. The EVN key values – ensure, encourage, enable – also highlight the importance of the EVN brand promise, which can only be met with the commitment of all employees.

Also see www.responsibility.evn.at

In the energy business, EVN offers a broad range of specially designed solutions. The options allow customers to choose the best model for their particular needs from various tariffs that offer, for example, fixed or variable energy prices or electricity from 100% renewable sources or from biogas.

Product and service labelling

In accordance with electricity labelling regulations, EVN's customer invoices in Austria include information on the origin of the electricity supplies as well as the environmental impact (CO₂ emissions and radioactive waste) of their generation. A review by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, of the electricity labelling on the invoices

issued by EVN Energievertrieb GmbH & Co KG confirmed the proof of Austrian origin for all electricity volumes delivered in 2014/15. The comparative data for 2016 will only be available after the editorial deadline for this annual report.

The labelling calculation was converted to calendar years as of 31 December 2015. The environmental impact of the supply mix used by EVN Energievertrieb GmbH & Co KG in 2015 totalled 201.76 g/kWh of CO₂ emissions (2013/14: 116.46 g/kWh) and 0 mg/kWh (2013/14: 0 mg/kWh) of radioactive waste. Since the production and sale of electricity generated by nuclear power plants is a controversial issue in public opinion, EVN has been committed for many years to an energy mix without any nuclear-generated or grey electricity.

For information on electricity procurement in Bulgaria and Macedonia, see page 69

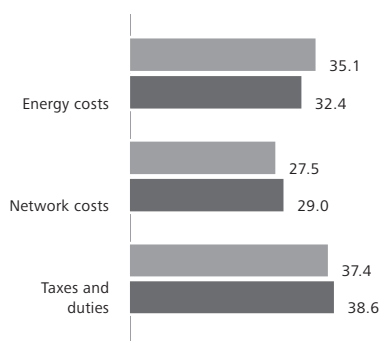
GRI indicators: Product information (G4-PR3); Sale of banned or disputed products (G4-PR6)

Customer health and safety

The responsible approach followed by EVN along the entire value chain minimises the potential risks associated with the impact of the company's products on health and safety. Quality management plays an important role in this process through its focus on the

Electricity price structure in Lower Austria¹⁾

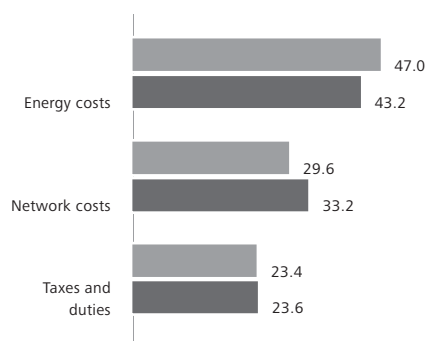
%
as at 01.10.2015
as at 01.10.2016



1) Assumptions: household with an annual consumption of 3,500 kWh

Natural gas price structure in Lower Austria¹⁾

%
as at 01.10.2015
as at 01.10.2016



1) Assumptions: household with an annual consumption of 20,000 kWh

definition of and compliance with high standards for the (further) development of the product portfolio, innovation, research and development activities as well as processes for the certification, manufacture, production, distribution, marketing, sales promotion, use, maintenance, disposal and recycling of products. All categories of products and services are continuously monitored with respect to customer satisfaction, health and safety based on comprehensive quality assurance procedures.

△ GRI indicator: Effects on health and safety throughout the product life cycle (G4-PR1)

Despite the extensive safety precautions taken by the company, failure to comply with the related safety instructions can lead to accidents. During the reporting year, two non-company persons working in the supply area of Netz Niederösterreich GmbH came in contact with an overhead line while unloading sewage sludge and while working on a crane, but sustained no visible injuries.

△ GRI indicator: Injuries and fatalities of individuals (customers, neighbours, general public; EU25)

Shareholders and investors

EVN works to strengthen the long-term confidence in its share and bonds with active communication, target group-oriented information for all capital market participants and consistent dividends. These efforts are further supported by ratings in the good investment grade area.

Investor relations

EVN's capital market activities are based on a commitment to providing timely, transparent, understandable and substantial information. Investor relations activities are focused, in particular, on systematic and active communication with all capital market participants. These communications include quarterly telephone conferences in connection with the publication of results as well as regular meetings with analysts and investors at international road shows and investor conferences. EVN believes in tailoring its communication media to the different needs of the various stakeholder groups and gives special attention to sustainability-oriented investors and their information requirements. In this way, the Executive Board and the investor relations team pursue the goal of continuously improving the awareness of and understanding for EVN and strengthening the long-term confidence in the EVN share.

Numerous international banks publish regular analyses on EVN, which cover the development of business and recommendations for the price potential of the share. As of 30 September 2016, the EVN share had four "buy" and two "hold" recommendations with an average target price of EUR 12.00.

○ Also see www.investor.evn.at

The EVN share

Market environment and performance

Developments on the international stock markets were generally positive during the 2015/16 financial year. A weak phase at the beginning of 2016 and increased volatility were combined with short-term losses that resulted from the June referendum over the exit of the United Kingdom from the European Union. This was followed by sound performance on the key stock markets, above

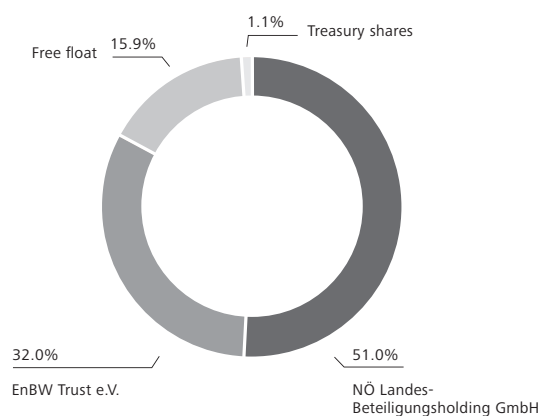
all during the third quarter of the year – by both the US benchmark index Dow Jones, which rose by 12.4% from October 2015 to September 2016, and the German benchmark index DAX, which increased 8.8% during the same period. Vienna's benchmark index ATX was also positive with an overall increase of 7.9%, above all due to sound performance at the end of the reporting period. In contrast, the DJ Euro Stoxx Utilities, the relevant industry index for EVN, rose by only 1.2%. The EVN share countered this development and followed the overall Austrian trend with a plus of 7.1%. The average daily turnover in EVN shares equalled 26,031 in 2015/16 (single counting). That represents an annual trading volume of EUR 65.8m (single counting) for EVN's shares on the Vienna Stock Exchange and 0.24% of the total trading volume.

Share buyback programme

The 87th Annual General Meeting on 21 January 2016 prematurely terminated the share buyback programme that began on 16 January 2014 and approved a new share buyback programme. This new programme is based on the authorisation of the Executive Board to repurchase the company's bearer shares during a period of 30 months (i) for distribution to employees of the company or its subsidiaries and (ii) in accordance with § 65 (1) no. 8 of the Austrian Stock Corporation Act (acquisition with no specific purpose) at an amount equalling up to 10% of the share capital of EVN. On 21 January 2016 the Executive Board voted to utilise this authorisation for a share buyback programme covering a period ending on 31 October 2016. A total of 90,000 shares, representing 0.05% of share capital were repurchased from 28 January to 30 September 2016 within the context of this new share buyback programme. EVN held 2,036,069 treasury shares as of 30 September 2016, including the shares repurchased in earlier years, which represent 1.1% of share capital.

On 5 October 2016 the Executive Board approved the premature termination of the current share buyback programme. The authorisation of the 87th Annual General Meeting of EVN AG remains intact and is still valid.

Shareholder structure



Strategy for the use of financial resources and dividend

EVN's strategy for the use of its financial resources includes establishing a balance between its investment projects and attractive dividends for shareholders. This strategy is reflected in a targeted pay-out ratio equalling approximately 40% of Group net result over the long term. The 87th Annual General Meeting on 21 January 2016 approved a dividend of EUR 0.42 per eligible share, or EUR 74.7m in total, to the shareholders of EVN AG for the 2014/15 financial year. The ex-dividend day was 27 January 2016, and payment was made to shareholders on 29 January 2016.

The Executive Board will make a recommendation to the 88th Annual General Meeting on 19 January 2017, calling for the payment of a dividend of EUR 0.42 per eligible share for the 2015/16 financial year.

□ Also see page 106

△ GRI indicator: Nature of ownership and legal form (G4-7)

		2015/16	2014/15	2013/14
EVN share				
Share price at 30 September	EUR	10.56	9.85	10.13
Highest price	EUR	10.60	10.56	12.50
Lowest price	EUR	9.65	9.50	9.76
Price performance	%	7.1	-2.7	-10.3
Total shareholder return	%	11.4	1.5	-6.6
ATX performance	%	7.9	1.2	-12.8
Dow Jones Euro Stoxx Utilities performance	%	1.2	-15.7	23.2
Value of shares traded ¹⁾	EURm	65.8	79.2	120.4
Average daily turnover ¹⁾	Shares	26,031	31,598	45,167
Share of total turnover ¹⁾	%	0.24	0.29	0.53
Market capitalisation at 30 September	EURm	1,899	1,773	1,821
ATX weighting	%	0.93	0.97	0.87
WBI (Vienna Stock Exchange Index) weighting	%	2.21	2.21	2.29
Earnings per share ²⁾	EUR	0.88	0.83	-1.68
Dividend per share	EUR	0.42 ³⁾	0.42	0.42
Cash flow per share ²⁾⁴⁾	EUR	3.03	2.46	1.90
Book value per share ²⁾	EUR	15.59	14.56	14.80
Price/earnings per share	X	12.0	11.8	-
Price/cash flow per share ⁴⁾	X	3.5	4.0	5.3
Price/book value per share	X	0.7	0.8	0.8
Dividend yield	%	4.0	4.3	4.1
Payout ratio	%	47.7	50.4	-

1) Vienna Stock Exchange, single counting

2) Shares outstanding at 30 September

3) Proposal to the Annual General Meeting

4) Gross cash flow

The EVN bonds

Financing strategy

The diversification of financing instruments and partners is a key component of EVN's financing strategy. Good business relations with regional, international and multilateral banks are therefore particularly important, as is flexible access to national and international investors over the capital market. The basis is formed by EVN's established presence on the debt markets, the external ratings issued by Moody's and Standard & Poor's and the existing framework documentation (debt issuance programme) for capital market issues. This framework documentation was renewed in January 2016 and supports issue volumes of up to EUR 2.0bn. Bonds and private placements with a total volume of approximately EUR 680.0m were outstanding as of 30 September 2016 within the context of the debt issuance programme.

☐ Also see page 172f

The outstanding bonds, private placements and promissory note loans have a balanced maturity profile which ranges from 2017 to 2032. A private placement with a nominal value of EUR 28.5m which was scheduled for repayment in 2015/16 was financed from operating cash flow. There were no new issues during the reporting year.

Credit assessments by rating agencies

EVN undergoes regular independent credit evaluations by the international Moody's and Standard & Poor's rating agencies. Both agencies confirmed their ratings in 2015/16 in connection with their annual updates. Moody's confirmed its A3 rating (stable outlook) in February 2016, and Standard & Poor's retained its BBB+ rating (stable outlook) at the beginning of April. Consequently, EVN continues to meet its goal to maintain a rating in the good investment grade area.

Society

As an international company that is deeply rooted in its home region, EVN is deeply committed to social responsibility. The company's aim is to achieve a balance between economic, ecological and social viewpoints.

EVN carries shared responsibility for the social development of its markets and has an influence on local stakeholders through numerous economic connections. The management approach defined in EVN's Code of Conduct covers all social aspects of the business related to governance, compliance, corporate ethics, the prevention of corruption, public appearance and competitive behaviour. All new projects go through environmental and social impact assessments that also include relevant social aspects.

EVN has prepared comprehensive crisis, emergency and contingency plans and implemented training programmes for major segments of its business activities, especially for risk scenarios that may affect the population. Crisis situations are simulated regularly at all EVN locations, and internal and external training sessions on crisis management are also held in Lower Austria. The emergency staff receive regular training, while duty personnel take part in annual training courses and all employees attend annual security training courses. Crisis management systems have also been implemented in Bulgaria and Macedonia.

Ethics and integrity

EVN places great importance on the integrity and legally compliant behaviour of its employees and business partners. The Code of Conduct with its ten subject areas forms the basis for all compliance measures in the Group. It covers corporate principles that extend beyond legal requirements and defines behavioural guidelines for EVN's employees. Reference points are established for day-to-day business activities based on reliability, transparency, trust and quality in interactions with internal and external partners. These rules are aimed at encouraging responsible, self-reliant actions by employees. The EVN Code of Conduct is regularly adapted to reflect current developments, above all changes in legal requirements, and is available in German, English and the languages of the foreign subsidiaries. It is based on internal management directives and applicable national laws as well as international regulations that include the OECD guidelines and agreements, the UN Global Compact and policy statements and principles issued by the International Labour Organization (ILO).

○ Also see www.evn.at/Code-of-conduct.aspx

△ GRI indicator: Values, principles, and norms of behaviour (G4-56)

Compliance management

The Corporate Compliance Management Department (CCM), a staff department reporting directly to the Executive Board, was created in 2012/13 to develop, operate and improve the Compliance Management System (CMS). The CMS defines a standardised framework for the entire Group, which is designed to support employees in honest and legally compliant behaviour in everyday business activities.

The CCM staff was expanded in 2015/16 to include a data protection expert in preparation for implementation of the EU Data Protection Directive in 2018. The installation of a data protection management system (DMS) will enable

- the creation of organisational and process structures for data protection,
- the preparation, further development and monitoring of internal data protection guidelines, and
- the coordination, training and support for employees involved with the DMS.

□ Also see page 84f

△ GRI indicator: Internal and external mechanisms for compliance and integrity (G4-57)

Compliance training

EVN has carried out a programme for the extensive training of employees on ethical and legally correct behaviour since 2013/14. A compliance box was developed for this purpose. EVN's Code of Conduct forms the basis for these training sessions, which last at least 2.5 hours. Compliance training courses were held for over 550 employees and managers in four different languages and five countries during the reporting year.

△ GRI indicators: Total hours of employee training on human rights policies or procedures (G4-HR2); Anti-corruption measures trainings (G4-SO4)

Continuing development of compliance management

The EVN experts review new compliance-relevant content and issues on a regular basis. This information is integrated in the compliance box, where necessary, based on a risk assessment. Additional support is provided for issues with a high risk exposure in special training courses. In addition to information on the EVN Intranet, e-learning modules are also available to all employees as a means of strengthening their awareness for compliance and reinforcing the course content. Special courses are also offered for managing directors, managers of infrastructure projects and salespersons.

Prevention of non-compliance

Non-compliance is designated as a risk factor in EVN's internal risk management system, and appropriate instructions have been issued for all Group companies based on the EVN Code of Conduct. In addition, the internal audit department also reviews compliance-related requirements and rules during its project audits. Group employees have had access to a whistle-blowing platform in the EVN Intranet since 2014/15, which permits the confidential and anonymous reporting of concerns related to unethical or illegal actions. The reporting procedures are available to employees in the EVN Intranet and to business partners via designated e-mail addresses (e.g. compliance@evn.at). A Group directive defines the procedures for dealing with the reported concerns and protecting the whistle-blower against reprisals.

Non-compliance represents a breach of the employees' responsibilities and may lead to consequences under criminal law. Confirmed suspicions would result in prosecution under labour and/or civil law, depending on the severity of the case and the scope of the damage. Therefore, employees who unintentionally come into conflicts of interest or loyalty during the course of their work are advised to contact EVN's compliance officer directly and without delay. Two suspected violations of the Code of Conduct (relating to procurement and a customer complaint) were reported through the whistle-blowing system during the reporting year. An internal investigation did not confirm these suspicions.

△ GRI indicators: Reporting concerns related to integrity (G4-58); Examination of corruption risks (G4-SO3); Anti-corruption measures (G4-SO5)

Human rights

EVN is committed to the unlimited protection of human rights in all areas of its activities. Compliance with human rights principles is the responsibility of the Executive Board, which is supported by the EVN compliance officer. An important tool

for this protection is the inclusion of human rights clauses in contracts. These clauses cover investment and procurement practices, equal opportunity, freedom of assembly, right of collective negotiations, the abolishment of child labour and forced labour, complaint procedures, safety measures and the rights of indigenous people.

Review of compliance

The principles specified in the EVN Code of Conduct are binding for all employees and available to the general public. Since EVN requires the same strict compliance with its principles and values from suppliers and service providers, these firms are required to comply with EVN's integrity clause. Sampling procedures are used to audit the human rights performance of suppliers in their business relations with the EVN Group.

□ For EVN's integrity clause for suppliers, see page 69f

△ GRI indicators: Investment agreements with human rights clauses (G4-HR1); Number of reviews concerning the compliance with human rights and/or impact assessments (G4-HR9)

Special emphasis is placed on the protection of human rights with regard to the employment of security personnel, especially at EVN's business locations in South Eastern Europe. Consequently, security personnel – either employed staff or external firms – are trained in the human rights aspects of the EVN Code of Conduct and the integrity clause. Human rights violations by security personnel can therefore be ruled out almost completely and are strictly sanctioned.

△ GRI indicator: Training for security personnel on the issue of human rights (G4-HR7)

Rights of EVN's employees and suppliers

For EVN and its subsidiaries at all locations, the right of free assembly and collective negotiation represents a cornerstone for the implementation of the Universal Declaration of Human Rights as well as the core work norms of the International Labour Organization (ILO). This right also forms an integral part of EVN's integrity clause. EVN and its subsidiaries do not conduct any business activities that could endanger the free exercise of employee rights, in particular the freedom of assembly and collective negotiation. These rights are guaranteed by law in Austria and the other EU countries. In addition to the works council in the Austrian Group companies, EVN also supported the founding of an EU works council to monitor compliance with these and other human and employee rights at the Group's facilities in the EU.

An analysis of the countries or geographical regions in which EVN's international subsidiaries operate concluded that Russia is the only business location outside the EU to be classified by the authoritative institutions as a risk country for human rights. EVN therefore conducted extensive research into human rights compliance in these risk countries and intensified its own further education in this field. In the course of the internal training sessions on the EVN Code of Conduct, the department also ensures that the management of the Russian subsidiaries and facilities were made aware of the need to pay particular attention to compliance with human and employee rights. Assessments and feedback indicated that these rights are not endangered by the business activities of EVN or its subsidiaries in Russia. As a further precautionary measure to protect human and employee rights, EVN evaluates the relevant risks prior to the start of each international project.

△ GRI indicator: Right to association and collective bargaining (G4-HR4)

As one of the key elements of international treaties, national social legislation, social guidelines and the ILO core work norms, equal treatment is a central factor for EVN's positioning as a responsible employer. Any discrimination would be condemned and sanctioned under EVN's compliance guidelines and personnel statutes. No incidents of discrimination on the grounds of ethnic, national or social origin, skin colour, gender, sexual orientation, religion or political orientation were reported during 2015/16.

□ For more information on the application of EVN's integrity clause for suppliers and service providers, see page 69f

△ GRI indicator: Number of incidents of discrimination and actions taken (G4-HR3)

Creation of value for society

As a listed company and as a provider of energy and environmental services, EVN generates numerous direct and indirect positive effects for the society in its supply areas. EVN makes a direct financial contribution to the economies in which it operates through salaries, payments to suppliers, dividends and taxes.

□ Key figures on EVN can be found on the front flap of this report and on page 92ff

EVN Social Fund

EVN also meets its responsibility to its various stakeholder groups through numerous initiatives outside the operating business. The EVN Social Fund, which has an annual endowment of EUR 100,000, supports institutions in Lower Austria that work with children and adolescents. Decisions on the projects to be sponsored are taken based on a criteria catalogue by an expert committee that meets twice each year. Their recommendations for the use of funds are made unanimously to the Executive Board and led to the selection of 14 projects with a total value of EUR 95,475 during the reporting year.

○ Also see www.evn.at/Social-fund

EVN is also active outside its home market of Lower Austria and provides support, above all, for day care centres, children's homes and schools in Bulgaria, Macedonia and Croatia. For example, the campaign "EVN for Bulgaria 2015" focused on volunteer activities by employees. Supported by the company, more than 420 employees took part in 60 voluntary initiatives at 28 villages and towns in southeast Bulgaria. Support was provided, among others, for family-like accommodations for children, senior citizens' residences, centres for handicapped children, day care facilities, schools, a centre for refugees, community centres, theatres and museums.

△ GRI indicators: Indirect economic impacts (G4-EC8);
Directly generated and distributed economic value (G4-EC1)

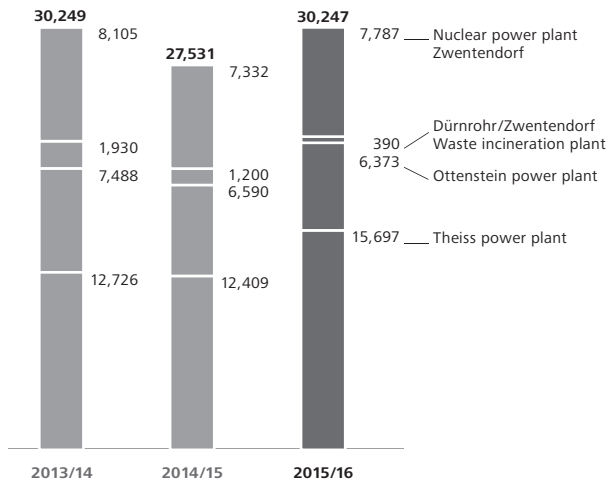
Investments and services in the public interest

EVN invested EUR 315.4m (previous year: EUR 322.7m) in the expansion and modernisation of its infrastructure and generation plants during 2015/16. Most of these investments are intended to improve supply security and are therefore in the public interest. In addition, many of the EVN power plants are open for visits by the general public. For example, the nuclear power plant in Zwentendorf which never went into operation is available for tours and for educational and training purposes by private persons and companies. EVN's commitment to social responsibility is also visible in special projects for children and young people on the many subjects related to energy and its responsible use.

○ Also see www.youngenergy.at (available in German only)

△ GRI indicator: Infrastructure investments and services primarily in the public interest (G4-EC7)

Visitors to the EVN information centres



Public subsidies

EVN invested EUR 1.6m (thereof 14.4% from public funding) in innovation, development, and research projects during the reporting year. In cases where individual laws allow for the utilisation of incentives, e.g. the Green Electricity Act or research and development tax credits, EVN evaluates the related conditions and applies for financial support for specific projects where possible.

- For innovation, development and research projects, see page 100
- △ GRI indicator: Government financial assistance (G4-EC4)

Proceedings, fines and sanctions

The Bulgarian Commission for Protection of Competition initiated legal proceedings against EVN Bulgaria EP, EVN Bulgaria EC, EVN TSEE and EVN Bulgaria to evaluate the possible infringement of legal regulations. These proceedings involved allegations of insufficient support and the obstruction of the registration process on the free market as well as the change of suppliers. The proceedings before this commission are still pending. The Bulgarian Commission for the Protection of Competition also initiated eight other proceedings against EVN Bulgaria EC and EVN Bulgaria EP, which are based on possible violations of Article 15 (unlawful agreements, resolutions and concerted practices) and Article 21 (misuse of a monopoly or controlling market position) of the Bulgarian Competitive Protection Act.

In seven of the proceedings, the commission decided that EVN Bulgaria EC and EVN Bulgaria EP acted in agreement with all legal requirements. Two of these decisions are legally binding, while the plaintiffs have filed appeals against five other decisions. A violation of competition law was determined in one case, and EVN Bulgaria EP has appealed this decision.

The antimonopoly commission in Moscow (FAS) issued a legally binding directive that declared a 1 June 2010 decision by the city government to be in violation of competitive law. The original decision by the city government transferred the MPZ1 waste incineration plant to the investor EVN and also required and authorised an increase in the capacity to 700,000 tonnes per year. This decision shall be final and binding.

- △ GRI indicator: Lawsuits in consequence of anti-competition practice, cartel or monopoly formation (G4-SO7)

In March 2014, the Bulgarian State Energy and Water Regulatory Commission (EWRC/the regulatory authority) started administrative proceedings to revoke EVN Bulgaria EC's licence. This action was justified by reference to EVN Bulgaria EC's offset of certain receivables due from the national electricity company Natsionalna Elektricheska Kompania EAD (NEK), which the regulatory authority claimed led to the reduction of NEK's cash reserves and impaired the company's ability to meet its legal obligations. A decision by the court of arbitration of the Bulgarian Chamber of Industry and Commerce on 15 September 2016 confirmed that the offset of receivables due from NEK by EVN Bulgaria EC was justified.

The EWRC also carried out investigations at EVN Bulgaria EP in connection with various violations. Most of the fines involved violations of the requirements to maintain records on the installation of commercial metering devices (CMD). The alleged violations are based, for example, on the absence of signatures by customers, witnesses or employees of EVN Bulgaria EP on these records. As a result of the audit, the regulatory authority has imposed fines in 304 cases to date for a total of BGN 6.08m (EUR 3.10m). EVN Bulgaria EP has filed appeals against all of these fines with the responsible Bulgarian court: 103 judgments were reversed, 172 were confirmed and the remaining proceedings are currently pending.

- △ GRI indicators: Fines/sanctions as a result of illegal activities (G4-SO8); Incidents of non-compliance with product safety and customer health requirements (G4-PR2); Fines for non-compliance with laws and regulations concerning the provision and use of products and services (G4-PR9)

Environment and climate

Careful interaction with natural resources and an active contribution to climate protection have high priority for EVN. It is no coincidence that two key issues on EVN's materiality matrix are directed exactly to these issues.

Organisation of environmental management at EVN

The staff department for environmental protection and controlling, which reports directly to the Executive Board, is responsible for recording and analysing the ecological impact of the company's activities with regard to the use of resources, energy and water consumption, emissions, biodiversity, transport, wastewater and waste. Based on its analyses, the department supports the operating units in preventing or minimising their effects on the environment. It therefore plays a central role in the management of sustainability issues at EVN, above all in the areas of "environmental protection and resource conservation" and "sustainable energy generation and climate protection" as shown on the EVN materiality matrix.

EVN's fundamental goals and values for these areas are defined in the environmental policy statement. It includes, for example, standards for the minimisation of environmental influence, resource conservation through the use of state-of-the-art environmental engineering and the continuous improvement of environmental performance.

○ Also see www.evn.at/environmental-policy-statement

EMAS certification

EVN's environmental management system – which, as an integrated management system, also includes occupational safety standards – is certified according to ISO 14001 and EMAS (Eco-Management and Audit Scheme). These certifications cover the thermal power plants in Lower Austria as well as 49 heat generation plants. In 2015/16 the thermal waste utilisation plant in Zwentendorf/Dürnrohr was also audited under ISO 14001 and EMAS and is expected to be included in the EMAS register at the end of 2016.



The Advisory Committee for Environmental and Social Responsibility – its 28 members advise the Executive Board on environmental and sustainability issues – was reconstituted in spring 2016. The first meeting of the newly constituted committee took place in autumn 2016.

○ Also see www.evn.at/Environmental-council

Sustainable energy generation and climate protection

Emissions

Direct and indirect greenhouse gas emissions

The direct and indirect greenhouse gas emissions in this chapter are calculated according to the rules and factors defined in the EU Emission Trading Guideline for the individual countries and cover all CO₂ emissions. The calculation is based on the primary energy carriers used and the given emission factors. The allocation of emissions to the individual categories (scopes) follows the recommendations issued by the Greenhouse Gas Protocol (GHG Protocol) of the World Resource Institute (WRI).

The absolute volume of direct greenhouse gas emissions (Scope 1) totalled 3,076,337 t CO₂ in 2015/16 (previous year: 2,396,633 t CO₂). The increase resulted from the significantly higher demand for thermal production to support network stabilisation.

Measures to reduce greenhouse gas relevant emissions

EVN is continuously investing in projects to reduce greenhouse gas emissions. These investments help to meet the strategic goal for raising the share of environmentally friendly energy generation through the further expansion of renewable generation capacity, above all from wind and biomass.

Direct GHG emissions (Scope 1)¹⁾		2015/16	2014/15	2013/14
Austria and Germany	t CO ₂	2,921,473	2,232,258	2,058,900
Bulgaria	t CO ₂	152,677	162,109	154,198
Macedonia	t CO ₂	2,187	2,266	2,465
Total	t CO ₂	3,076,337	2,396,633	2,215,563
	t CO ₂ /GWh	381.37	334.31	336.21

1) EVN's direct emissions (Scope 1) include the CO₂ emissions from its own plants and facilities, which result from the use of primary energy carriers (hard coal, natural gas, crude oil) for energy generation and from its own use and transportation (fuels).

Indirect GHG emissions (Scope 2)¹⁾		2015/16	2014/15	2013/14
Austria and Germany	t CO ₂	151,266	126,222	110,248
Bulgaria	t CO ₂	50,723	52,782	53,374
Macedonia	t CO ₂	3,924	3,933	4,051
Total	t CO ₂	205,913	182,937	167,674
	t CO ₂ /GWh	340.12	336.27	358.79

1) Indirect emissions (Scope 2) are emissions attributed to the volumes of electricity, heat and cooling used by EVN and the emissions attributed to their production.

Measure	Annual CO₂ savings
Expansion of windpower plants	
Commissioning in 2015/16	approx. 28,200 t CO ₂
Planned commissioning by 2017/18	approx. 67,000 t CO ₂
Expansion of biomass plants	
Commissioning in 2015/16	approx. 1,900 t CO ₂
Planned commissioning by 2016/17	approx. 7,500 t CO ₂

Efficiency of EVN's power plants

The average efficiency level (per cent of the actual transformation of fuel into electricity or heat) of EVN's natural gas-fired power plants in Austria and Bulgaria in 2015/16 equalled 55.1%¹⁾ (previous year: 70.4%). This decline was due to maintenance and repair works at the Theiss power plant. The comparable value for EVN's coal-fired power plants averaged 51.9% (previous year: 53.6%).

¹⁾ Value weighted by capacity

△ GRI indicator: Efficiency (EU11)

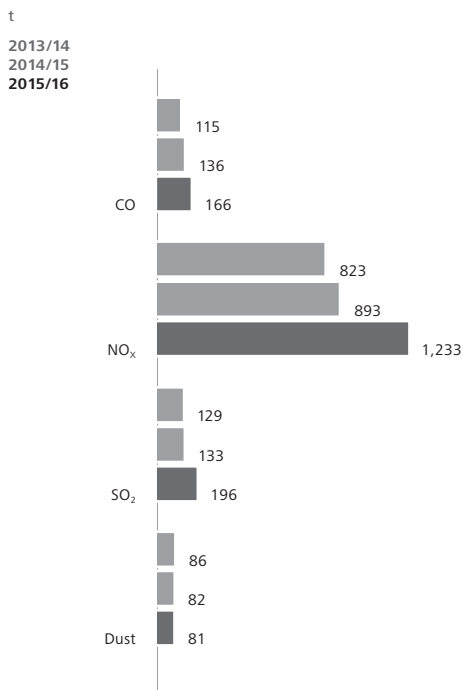
Other indirect GHG emissions (Scope 3)¹⁾		2015/16	2014/15	2013/14
Total	t CO ₂	6,024,556	6,376,738	7,045,323
	t CO ₂ /GWh	329.36	302.53	318.76

1) Scope 3 emissions include further indirect emissions, which arise in the supply chain (emissions from the extraction and transport of primary energy carriers) through the electricity and natural gas sold to and used by end customers and from the travel by EVN employees with public transportation.

Intensity of GHG emissions¹⁾		2015/16	2014/15	2013/14
Total CO₂ emissions	t CO ₂ /GWh	397.29	378.82	385.97

1) Total specific emissions from Scope 1–3 in relation to the sales volumes of electricity and natural gas (18,292 GWh of electricity and 5,134 GWh natural gas for 2015/16)

Specific emissions of the EVN thermal and district heating (power) plants¹⁾



1) Annual average of the Austrian plants

- △ GRI indicators: Direct greenhouse gas emissions (Scope 1) (G4-EN15); Indirect greenhouse gas emissions (Scope 2 and 3) (G4-EN16, G4-EN17); Intensity of greenhouse gas emissions (G4-EN18); Reduction of greenhouse gas emissions (G4-EN19); NO_x, SO_x and other significant air emissions (G4-EN21)

Environmental protection and resource conservation

Energy efficiency measures and the responsible use of energy

EVN has always placed high priority on measures to improve the efficiency of its operations and reduce the emissions from production, energy procurement and customer usage. As an energy supplier in Austria, EVN has also been required to implement energy savings measures for end customers at an amount equal to 0.6% of the previous year's energy sales volumes since 1 January 2015. The target for the 2015 calendar year was 64.7 GWh. EVN not only met, but exceeded this goal with a bundle of measures.

Examples of the measures for the various customer segments (households, commercial and industrial as well as cities and municipalities) are:

- Energy advising
- Replacement of boilers
- Distribution of energy saving sets
- New installation of LED lamps
- Conversion to efficient LED street lighting in companies and municipalities
- Substitution of district heating from EVN Wärme for less efficient heating systems
- Installation of photovoltaic equipment to reduce electricity demand from the public network
- Redemption of EVN bonus points for the purchase of energy-efficient products and equipment

The over-fulfilment of the targets was also supported by internal energy efficiency measures such as the conversion to energy-

Direct and indirect own energy consumption broken down by primary energy sources

		2015/16	2014/15	2013/14
Natural gas	MWh	6,167	7,066	5,258
Electricity	MWh	598,285	536,562	459,049
Heating	MWh	9,642	9,116	8,283
Heating oil ¹⁾	MWh	153	307	179
Total	MWh	623,502	553,050	472,769

1) Heating oil is used in Macedonia only.

efficient LED lighting and on-demand equipment or the installation of photovoltaic equipment to cover the electricity requirements at EVN's own locations. Some of these measures are the result of the ongoing improvement process conducted by the environmental management system at EVN's locations.

- For progress in these areas, see page 210ff
- For information on demand side management, see page 100

EVN's energy intensity¹⁾ totalled 35.1 MWh (previous year: 29.1 MWh) of primary energy for each GWh of electricity generated. The use of new technologies and continuous optimisation measures, also in connection with additional voluntary targets linked to its EMAS certifications, make it possible for EVN to realise further efficiency improvements.

1) Energy intensity includes EVN's own consumption of electricity, natural gas, heat and heating oil as a percentage of the total energy sales volume.

- △ GRI indicators: Energy consumption within the organisation (G4-EN3); Energy intensity (G4-EN5); Reduction of energy consumption (G4-EN6)

Responsible use of resources

Materials

The materials used by EVN consist mainly of primary energy carriers such as fossil fuels, waste and biomass. Only a limited amount of recycling material is used with these components for technical reasons. The energy generation and wastewater purification plants use various substances as secondary components.

- △ GRI indicators: Materials employed by weight or volume (G4-EN1); Use of recycled materials (G4-EN2)

Material utilisation for energy generation¹⁾		2015/16	2014/15	2013/14
Fossil fuels ²⁾	Terajoule	34,910	26,483	24,157
Biomass	Terajoule	3,032	2,766	2,750
Waste ³⁾	Terajoule	5,298	4,959	4,682

1) The EVN thermal power generation and heating power plants in Austria, Germany and Bulgaria and the thermal waste utilisation plant in Dürnrohr/Zwentendorf

2) Natural gas, hard coal, heating oil

3) For incineration by the waste incineration plant in Dürnrohr/Zwentendorf

Material utilisation – network construction in Lower Austria¹⁾		2015/16²⁾	2014/15	2013/14
Additional power lines	km	278	1,818	1,350
Additional natural gas pipelines	km	9	51	34
Additional heating lines	km	15	113	35

1) Includes overhead lines as well as underground cables and pipelines.

2) The difference in the final total for the pipeline networks resulted from a change in the measurement method.

Water withdrawal¹⁾		2015/16	2014/15	2013/14
Drinking water (municipal suppliers)	m ³	342,207	373,491	360,338
Water use (groundwater)	m ³	1,811,945	1,901,724	1,919,131
Cooling water (surface waters)	m ³	284,705,109	163,007,226	158,617,752

1) All plants in Lower Austria, Bulgaria and Macedonia

Materials employed in energy generation and wastewater purification¹⁾

		2015/16 ¹⁾
Limestone	t	24,404
Ammonia	t	1,346
Ammonia water	t	1,509
Demineralised water	m ³	181
Lubricating oils	t	2
Hydrochloric acid	t	189
Sodium hydroxide	t	69
Dosing media	t	10
Rock salt	t	85
Lime hydrate	t	288
Precipitants	l	937
Flocculating agents	l	1,024
Citric acid	l	–
Urea	t	15

1) At the EVN thermal power generation and heating power plants in Austria and Germany, at EVN Wasser and in the WTE Wassertechnik wastewater purification plants

Water

The increase in cooling water consumption is explained primarily by the higher use of the thermal power plants for network stabilisation.

△ GRI indicator: Total water withdrawal by sources (G4-EN8)

EVN's plants obtain their water from municipal providers or ground-water wells. In 2015/16, the cooling water flow rate at the thermal power stations along the Danube River totalled 280.3m³. This corresponds to 0.46% of the average annual volume of the Danube recorded at the Korneuburg gauge¹⁾ (measuring point number 207241), which amounted to 59,981m³, and remains clearly below the allowed threshold of 5%.

1) Source: "Austrian Hydrographical Annual 2013", Federal Ministry of Agriculture, Forestry, Environment and Water Management

△ GRI indicator: Sources of water that are fundamentally affected by the withdrawal of water (G4-EN9)

In 2015/16, 331 m³ of seepage water from landfills (water meter measurement) and approximately 1,000 m³ rainwater from the seepage water basin (estimate based on the volume of precipitation) were recycled in flue gas cleaning at the Dürnrrohr power plant. EVN does not use any other recycled water or grey water.

△ GRI indicator: Recovered and reused water (G4-EN10)

Biodiversity

Effects of business activities on biodiversity

EVN is committed to minimising the impact of its business activities on nature, in particular through a special focus on protecting the natural habitats of local flora and fauna in the areas surrounding the company's plants and projects. Due to the company's infrastructure – power plants and networks – this impact primarily involves habitats in the water and in the air. Hydropower plants can have an impact on biodiversity, above all because of the limited passage through rivers, while the impact of thermal power plants is related to the temperature of the cooling water released into the rivers. Windpower plants and overhead power lines can represent a danger for various types of birds as well as bats when they are located at the same height as their flight routes.

△ GRI indicator: Impact of business activities on biodiversity (G4-EN12)

Habitat study: Dürnrrohr power plant

EVN commissioned a new comprehensive habitat study in spring 2016 covering the approximately 120 ha area surrounding the hard coal-fired power plant in Dürnrrohr. The last extensive survey of the local flora and fauna in 2009 revealed a surprising variety of species in the area, which has remained unused and, due to the fencing, free of external influence since the construction of the power plant in the 1980s: more than 500 different species were discovered at that time. Nearly 50 were on the red list of endangered species in Lower Austria, but had found a home in Dürnrrohr. The new habitat study represents a contribution by EVN to species and environmental conservation, and the biologists in charge are enthusiastic even before the official completion: this year, even more animal and plant species have been found and identified. A detailed presentation of the project is planned for spring 2017.

Measures to protect and restore natural habitats

In realising construction projects, EVN works to minimise the effects on biodiversity through supervision based on ecological principles. In addition, numerous initiatives and programmes have been introduced to protect the natural habitats in EVN's area of influence. These activities often take place in close cooperation with external experts from NGOs and local authorities. Current projects to protect biodiversity include:

- Operation of online monitoring equipment to continuously test the water quality at various levels in the Ottenstein reservoir in order to research the possible effects of return pumping operations and heavy rains on the water quality as well as algae development
- Sponsorship for the expansion of the Buchberg conservation area to protect biodiversity (LIFE+ project for economy and nature in Lower Austria)
- Installation of fish bypasses at the small-scale hydropower plants in Wieselburg and Blumau
- Project for sustainable fisheries management along the Ybbs
- Construction of a 5 ha wetland area at the Paasdorf-Lanzendorf windpark to protect the black stork
- Cooperation with BirdLife Austria to install protective coverings on power poles operated by Netz Niederösterreich GmbH
- Joint projects with the association for the protection of great bustards in Austria (continuation of the LIFE+ project)
- Construction of nest platforms for storks in Bulgaria and Macedonia
- Joint project with the Bulgarian Association for Bird Protection to protect the imperial eagle and gyrfalcons (EU LIFE+ programme)
- Project to protect the Egyptian vulture in Bulgaria (LIFE10)
- Project to protect snakes through the use of ultrasonic devices for rodent prevention in network infrastructure plants in Macedonia

△ GRI indicator: Habitats protected or restored (G4-EN13)

Endangered species as defined by the IUCN red list with habitats in Bulgaria, Macedonia and Austria

	Animals	Plants
Critically endangered	5	0
Endangered	17	9
Vulnerable	48	7
Near threatened	102	11
Least concern	776	337

△ GRI indicator: Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations (G4-EN14)

An extensive network is necessary to ensure complete coverage for electricity and natural gas supplies. Approximately 25% of the surface territory of Lower Austria is designated as protected areas. In order to minimise the environmental impact on these areas, EVN places great importance on responsible network planning and construction.

○ Also see www.evn.at/conservation-areas

△ GRI indicator: Land use in protected areas (G4-EN11)

Alternative sites totalling 64.3 ha were reserved for windpower plants in Lower Austria during the reporting year. The alternative sites for pipeline routes are published in publically accessible documents on the environment and environmental impact tests.

△ GRI indicator: Biodiversity of alternative locations (EU13)

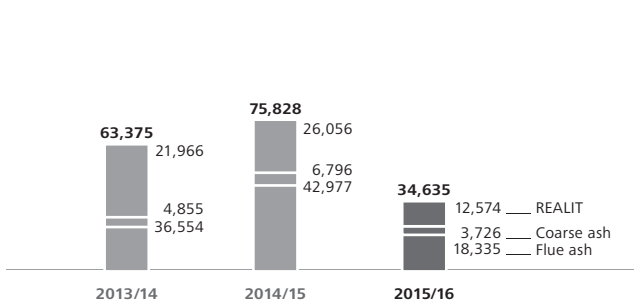
EVN's properties in Austria in protected areas or adjacent to protected areas¹⁾

	Number	Area (ha)
Properties in protected areas (>50 m ²)	679	479.4
Properties in protected landscape areas (>50 m ²)	410	369.9
Properties in Natura 2000 areas (>50 m ²)	526	244.1
Properties directly adjacent to protected areas	19	24.2
Total	1,634	1,117.6

1) Excluding pipeline routes; multiple answers possible

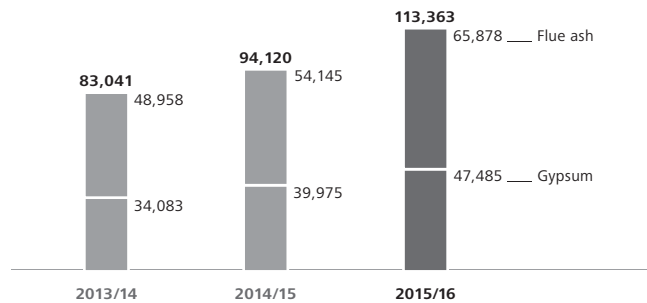
Austrian power plants – utilised quantities of power plant by-products

t/year



Duisburg-Walsum power plant – utilised quantities of by-products

t/year



Waste

All hazardous and non-hazardous waste is regularly transferred to licensed disposal specialists based on framework contracts. These specialists dispose of the waste in an environmentally compatible manner consistent with the legal regulations applicable in the respective countries. No hazardous and non-hazardous waste was disposed across national borders in 2015/16.

EVN utilises all fly ash, coarse ash and REALIT (a waste product from flue gas cleaning). Roughly one-half of the biomass ash from district heat production is transferred to disposal firms and then utilised.

- △ GRI indicators: Waste by type and disposal method (G4-EN23); Weight of imported and exported waste deemed hazardous (G4-EN25)

EVN records all environmentally relevant incidents in a standardised reporting system that covers the plants in Austria, Bulgaria and Macedonia. There were no environmentally relevant incidents in the EVN Group during the reporting year.

- △ GRI indicator: Weight and volume of significant contamination (G4-EN24)

Wastewater

EVN, together with its subsidiaries EVN Wasser and WTE Wassertechnik, provides drinking water supplies and wastewater purification services and, in this way, plays an important role in maintaining an intact water cycle. In the area of wastewater disposal, the plants operated by WTE Wassertechnik treated roughly 143.0m³ of wastewater in 2015/16 with a mean purification performance

Development of waste quantities¹⁾

	2015/16	2014/15	2013/14
Hazardous waste	t 13,123	11,246	10,703
Non-hazardous waste	t 175,883	166,592	180,512

Export of hazardous waste²⁾

	2015/16	2014/15	2013/14
Hazardous waste	t 0	0	0

1) With no construction residue or power plant side products

2) Oil containing PCBs from Macedonia to France for disposal

of 90.3%¹⁾. The resulting sewage sludge is used partly for agricultural applications and compost production and partly deposited in a landfill or used to generate heat. The more than 100 wastewater treatment plants WTE Wassertechnik has planned and built since its founding purify the wastewater from approximately 17.8m people and return it to the water cycle. A further six plants are currently under construction, and WTE Wassertechnik is also responsible for operations at 30 plants.

1) Average value over the parameters for chemical oxygen requirements, biological oxygen requirements, total nitrogen and total phosphorous. The per cent value means that 90.3% of the pollutants were removed.

△ GRI indicator: Total water discharge (G4-EN22)

A major part of EVN’s wastewater is cleaned by treatment plants before it reaches any surface water. At the power plants, quality-monitored wastewater flows that meet current environmental standards are discharged into the Danube River. This practice does not cause any relevant damage.

In cases where the type or quantity of a wastewater stream differs from ordinary household wastewater and connections to a sewage system are available, EVN concludes contracts with sewage treatment plant operators based on the indirect discharge ordinance. These contracts contain detailed provisions for the allowable amount of wastewater, the main substances it may contain and the required wastewater inspections. Direct discharges into surface water are regulated by the wastewater emission ordinance and various water-related guidelines. EVN’s wastewater streams are regularly tested by accredited external institutions. Possible harmful environmental effects are minimised by strict compliance with the requirements of various public authorities for cooling water discharge temperatures.

△ GRI indicator: Waters affected by wastewater discharges and surface run-off (G4-EN26)

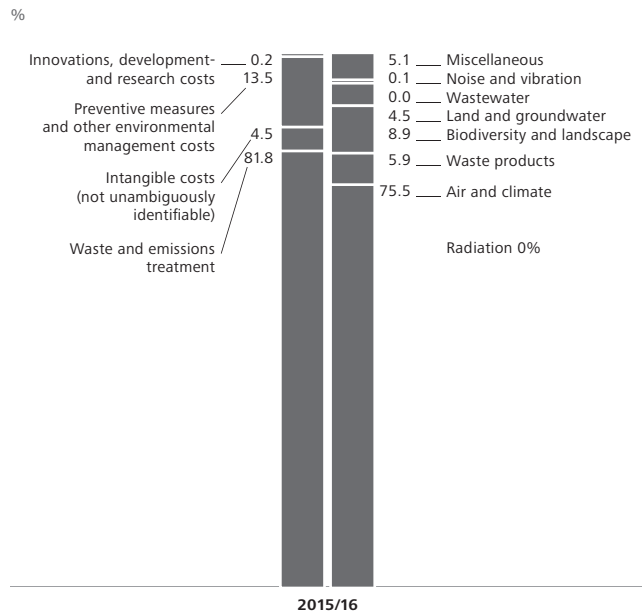
Expenses and investments for environmental protection

The environmental cost calculation for 2015/16 includes all fully consolidated and relevant subsidiaries of the EVN Group in Austria with environment-related expenditures exceeding EUR 10,000. The collection of this data is based on the

International Environmental Cost Accounting Guideline issued by the International Federation of Accountants. Environmental costs are defined as the monetised, internal costs of the impact of business activities on the environment and, in particular, the costs of damage prevention and repair.

The environmental costs of the analysed business areas amounted to EUR 80.3m in 2015/16. These costs include expenses for damage repairs (e.g. for the restoration of contaminated sites) as well as damage prevention (e.g. for environmental management and/or flue gas cleaning). On the charts, these expenditures are classified by environmental media and cost categories. Flue gas cleaning constitutes the item with the highest costs in the area of emission treatment. Environment-related income (scrap metal sales, waste-generated steam) totalled EUR 20.9m in 2015/16.

Environmental costs by cost categories and environment media



△ GRI indicator: Total expenses and investments for environmental protection (G4-EN31)

Employees

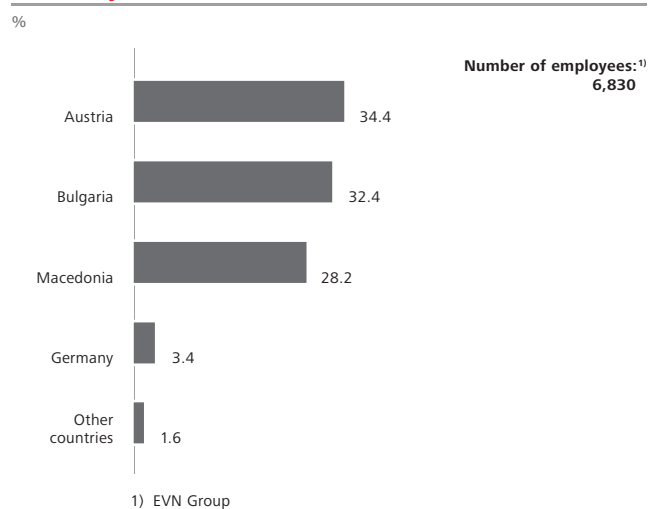
The central importance of employees for EVN and its stakeholders is underscored, not least, by the high priority given to the area of activity “responsible employer”. EVN is therefore committed to creating a positive working environment for all employees.

The EVN Group employed an average of 6,830 employees during the 2015/16 financial year. This workforce is characterised by substantial cultural diversity as a result of the Group’s international expansion. In order to maintain EVN’s identity and brand promise toward its stakeholders in all countries based on the same high

standards applied in Lower Austria, key values were introduced throughout the entire Group: ensure, encourage and enable. They represent an important element of the major instruments that define the corporate culture, e.g. the managerial mission statement and the feedback and orientation sessions (FOS).

For EVN’s key values, see www.evn.at/hr-principles

Employees per operating location in the financial year 2015/16



Principles of human resources management

EVN not only meets its legal obligations as an employer, but also provides numerous voluntary benefits for employees. The central values of the corporate culture and the treatment of employees are defined in principles that apply throughout the entire EVN Group.

Equal treatment and opportunity

The EVN Group is active in a large number of countries with different working conditions. This diverse operating environment led to the company’s decision to comply with the principles of the International Labour Organization (ILO). As a member of the UN Global Compact, EVN has also confirmed its intention to act

Employee key indicators

		2015/16	2014/15	2013/14
Number of employees ¹⁾	Number	6,830	6,973	7,314
thereof women	%	22.6	21.9	21.4
Apprentices ²⁾	Number	57	55	52
Employee fluctuation ³⁾	%	2.4	2.2	2.8
Average employment period	Years	17.0	16.8	16.0
Average age	Years	44.2	44.2	43.8
Revenue per employee	EUR	299,642	306,298	270,007
Sick days per employee	Number	10	10	10
Cost of personnel in relation to revenue	%	15.3	14.7	15.9

1) On full-time equivalent (FTE) basis; annual average

2) Apprentices in Austria and Germany only due to dual education system

3) Excl. departures due to Bulgarian and Macedonian redundancy programme and excluding retirement

in accordance with the global principles of ethical business behaviour. Closely connected with this commitment is the challenge to eliminate all discrimination on the basis of nationality or ethnic background, gender, sexual orientation, culture, religion, age or state of health. People with the same professional and personal qualifications are given equal treatment in hiring, further training and career development, working conditions and salaries. EVN is also committed to improving the work-family balance. This is illustrated, among others, by the signing of a “charter on the new compatibility between parents and business” in May 2011. In order to improve the opportunities for women in the Group, the “Women@EVN” programme was introduced in 2010/11. EVN also joined together with USAID (U.S. Agency for International Development) in Macedonia during the reporting year to launch the project “Engendering Utilities”, which is directed, above all, to providing equal opportunity for women at EVN Macedonia.

○ For information on USAID, see www.usaid.gov

Corporate social partnership

EVN takes major business decisions in a transparent manner in agreement with the managerial mission statement and in accordance with legal regulations. Employee representatives are, of course, integrated into the decision-making process and supplied with appropriate information.

Health care, occupational safety and accident prevention

Occupational safety and accident prevention have high priority in all EVN business units. The high level of safety is ensured, above all, by training and awareness-building measures. In addition to legal regulations, EVN has issued comprehensive internal safety rules in the form of business directives and guidelines. The main section is a special “Safety Handbook” tailored to working conditions in the energy industry, which is available to all employees on the Intranet.

Up-to-date and comprehensive information for employees

The magazine “EVN Intern” provides employees with regular information on corporate developments. In addition, the EVN Intranet contains a broad overview of current issues related to the company, energy supply and employee representatives as well as information on seminars and other training events. In order to support the preferred internal filling of positions, job advertisements are also posted on the Intranet. These and additional measures promote the Group-wide exchange and employment of personnel.

Employee commitment to social causes

Many EVN employees not only work for the company, but also make valuable contributions to society. A large number do volunteer work in organisations like the Red Cross or the local fire brigade during their free time. In total, 382 EVN employees participate as volunteers in aid organisations. As an employer, EVN supports this commitment by excusing employees from work for up to half of the invested time in case of an operation. EVN also helps employees to accumulate the necessary vacation time for volunteer services through flexi-time work models. This commitment is also acknowledged outside the company: for example, EVN was named an “employer supportive of the fire brigade” in 2015.

Human resources activities and initiatives

The most important activities and initiatives continued or initiated by the human resources department in 2015/16 include:

- Creation of the new EVN Working World
- “Engendering Utilities” in Macedonia
- Health programmes: further development in Austria and Bulgaria, launch in Macedonia
- Expert careers
- Competence model
- HR Days 2016 – Issues for the future: Group-wide know-how transfer and dialogue
- Further development of the feedback and orientation sessions (FOS) to increase the focus on results
- Children’s programme “Holidays@EVN”
- Parent-and-child office
- EVN Summer University (SUN) in cooperation with the Danube University Krems
- Management support programme
- Various trainee programmes
- EVN apprentice support programme

The new EVN Working World

The transformation of the energy system towards renewable energy and the growing liberalisation across Europe are leading to greater competition for energy providers. New energy technologies are also increasing the self-sufficiency of traditional energy customers. In these challenging times, it is important to maintain a clear view in designing the future – and that also includes a modern form of work. The new EVN Working World is intended to strengthen the company for the challenges of the future. The EVN Working World enables the company to bundle available strengths even better, to move closer to customers and to expand the options for action. Working stations for teams, areas for privacy and a sufficient number of sound-optimised conference rooms and space for confidential discussions will help to strengthen cooperation and improve flexibility. The inclusion of employees in this project, which will initially be implemented at the corporate headquarters, is a key criterion for success. In order to optimally meet the diverse needs of employees' working methods, surveys were conducted, workshops and presentations were organised, an info-point was installed and working world coaches were engaged. This intensive exchange and dialogue with all involved persons will continue throughout the entire project and implementation period.

Employee satisfaction

Increasing employees' satisfaction with their working environment and the related conditions is a central concern for EVN. Regular surveys are carried out to collect data for relevant indicators and suggestions for improvement. Employee fluctuation equalled 2.4% during the reporting year. This indicator does not include transfers within the Group, retirements or mutually agreed departures based on (country-specific) social plans.

Employee fluctuation per main operating location of EVN in the 2015/16 financial year

%	
Total EVN Group	2.4
Bulgaria	1.9
Macedonia	3.6
Austria	1.5
Other	5.0

 GRI indicator: Total staff and fluctuation (G4-LA1)

Diversity of the workforce

Nationality

In line with EVN's international business model, the workforce includes a large number of different nationalities. Men and women from more than 20 countries work for EVN, whereby most come from Austria, Bulgaria and Macedonia.

Women and men

As of 30 September 2016, 1,606 women (22.6%) and 5,512 men (77.4%) were employed by EVN. A total of 108 women and 208 men joined EVN during the reporting year.

EVN is working to increase the percentage of women over the medium term to a level that mirrors the current educational levels of women in the applicable professional groups. In support of this goal, the "Engendering Utilities" project in Macedonia that was initiated in the reporting period, the "Women@EVN" programme and an internal women's network in Austria are carried out. The network helps women attain qualified, skilled or managerial positions according to their interests and abilities and holds workshops that develop measures to optimise overall conditions. EVN also held a series of seminars during the reporting year which included topics such as "making the best use of your opportunities and resources" and "a skilful appearance".

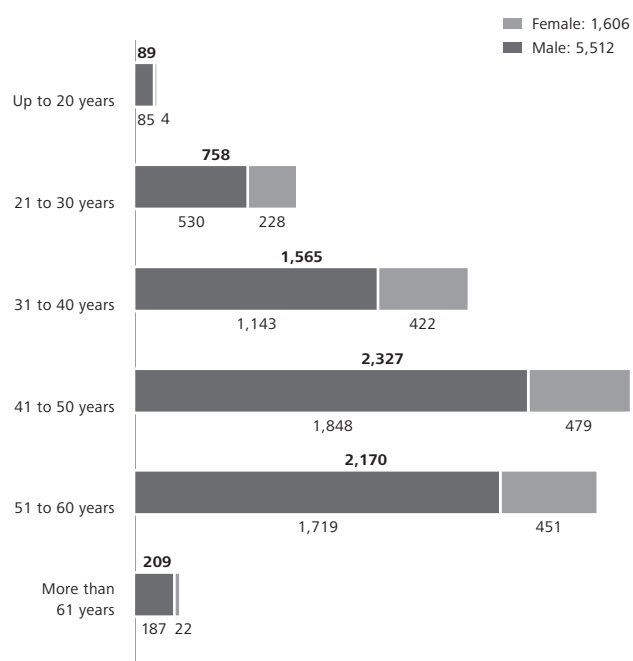
Types of employment

The workforces at EVN AG and Netz Niederösterreich GmbH consist entirely of salaried employees. In addition, the wage employees of EVN Abfallverwertung Niederösterreich GmbH were voluntarily transferred to a salaried status as of 1 January 2016. No differentiation is made between wage and salaried employees in Macedonia and Bulgaria. The average number of apprentices during the reporting period was 57. A total of 268 leased employees also worked for the EVN Group as of 30 September 2016. The EVN Group uses personnel leasing for three reasons: first, as a preliminary step to a conventional employment relationship (integration leasing); second, for projects covering a limited time period; and third, to handle peak work periods.

Diversity of employees 2015/16		Austria	Bulgaria	Macedonia	Other countries	Total
Number of employees						
thereof women	%	19.6	25.8	21.2	30.6	22.6
thereof men	%	80.4	74.2	78.8	69.4	77.4
Type of employment¹⁾						
Worker	%	4.4	–	–	24.5	2.8
Employee	%	95.6	100.0	100.0	75.5	97.2
Contract type						
Part-time in total	%	10.6	0.5	0.2	9.4	4.5
Part-time women	%	8.4	0.2	0.0	7.7	3.5
Individuals with special needs						
	%	2.0	1.5	0.9	2.5	1.6

1) In Bulgaria and Macedonia, there is no distinction between employee and worker.

Age structure of employees 2015/16



Senior employees

The average age of EVN employees currently equals 44.2 years, but is projected to rise in the near term due to the expected increase in the retirement age. EVN has therefore introduced specific personnel development measures and part-time working models within the context of a partial retirement programme. In 2015/16, 94 employees at EVN AG, Netz Niederösterreich GmbH, EVN Wasser, Kabelplus, EVN Abfallverwertung and EVN Business Service decided in favour of a part-time working model.

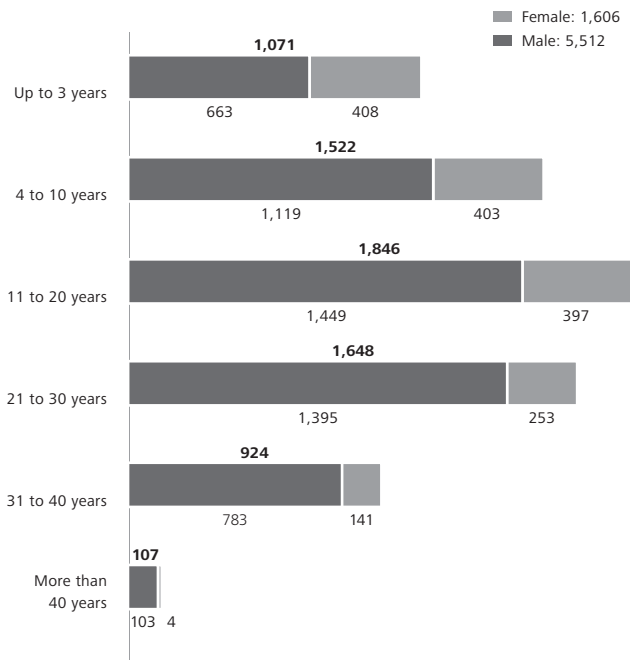
Based on the current legal retirement age, 11.4% of EVN's employees will retire during the next five years and 26.3% in the next ten years. This calculation is based on a conservative approach, which assumes retirement at the earliest possible age. EVN is working to meet the resulting need for specialists and managers with specifically designed programmes and measures to support the transfer of know-how between older and younger employees.

EVN also incorporates the requirements of the various age groups in the development of its health programme.

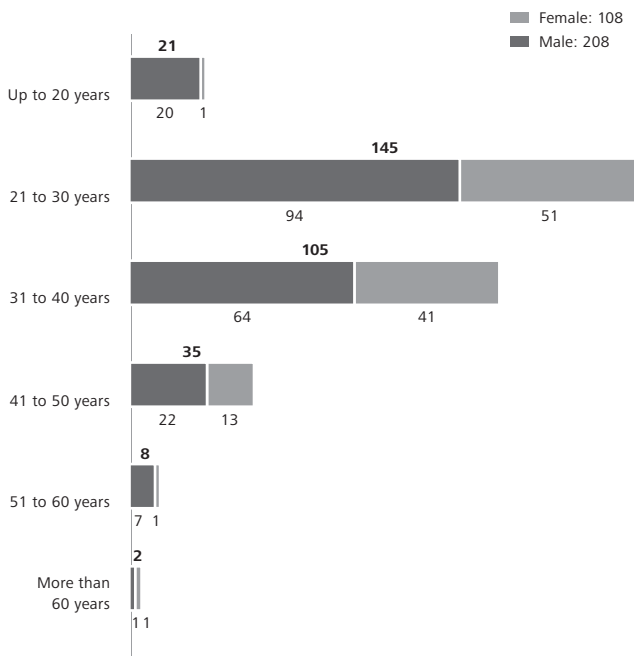
△ GRI indicator: Retirements in the next five and ten years (EU15)

△ GRI indicators: Total staff by employment type, work contract and region (G4-10); Diversity of employees and leading bodies (G4-LA12)

Employment period of employees 2015/16



Total number of new employees 2015/16



People with special needs

EVN believes in integrating people with special needs in its workforce. Particular importance is given to the individual design of workplaces and processes (e.g. using sign-language interpreters) to facilitate the integration of these employees into everyday business operations. Additional opportunities regarding working hours and locations are available if required. Of the 26 EVN customer centres in Lower Austria, 21 are equipped for barrier-free access. The EVN service centres established in Stockerau, Horn and Tulln during the reporting year are also barrier-free.

EVN employed 112 men and women with special needs in 2015/16, representing 1.6% of the total workforce. In addition, Netz Niederösterreich GmbH and EVN Wärme GmbH placed orders of a total value of approximately EUR 574,300 with sheltered workshops during the reporting year and, in this way, made a further contribution to the employment of individuals with special needs.

Young people

EVN had a total of 57 apprentices in 2015/16, including 20 who started their training to become electrical technicians on 1 September 2016. Additional classes and seminars at EVN complement the dual programme of theoretical vocational school education and practical on-the-job training. EVN also supports double and multiple qualifications, e.g. apprentice training to qualify as natural gas and heating technicians, as a means of improving interdisciplinary qualifications.

The high quality of this training is also demonstrated by the fact that most of the apprentices remain with EVN after completing their programmes. This also allows EVN to cover most of its requirements for skilled technicians internally. The nine young people who started their apprenticeships with Netz Niederösterreich GmbH in 2011 successfully completed their training during the reporting year, and eight were still employed by EVN as of 30 September 2016. Experienced colleagues support the young technicians after their training is completed and thereby ensure the transfer of their know-how and experience.

Corporate social partnership at EVN

“Convince rather than coerce” is the principle underlying the corporate social partnership at EVN. Employee representatives are therefore informed of major business decisions on a regular basis and integrated in the transparent decision-making processes that are based on the managerial mission statement and legal regulations. This approach applies to strategic decisions as well as to

changes and adjustments involving employees. Similar to EVN AG, the larger companies in the EVN Group have also designated special employee representatives.

Employees' interests are represented in the form of works councils or trade unions. Over 90% of all EVN employees (above all in Austria, Bulgaria and Macedonia) are represented by such bodies and their remuneration is protected by collective bargaining agreements, tariffs or legal minimum wage regulations. The employee representatives in Austria, Bulgaria and Macedonia regularly play an important role in collective negotiations. In addition, employee-related issues are handled in workplace, health and safety committees that include representatives of the works councils or unions. Members of the works council also serve on the Supervisory Board and the Advisory Committee for Environmental and Social Responsibility. Apprentices have a voice in the works council through elected youth representatives, whereby the last election took place in June 2016. The South Eastern European subsidiaries are also members of the European works council, which holds regular meetings and serves as a platform for communication and exchange for the EVN employees in Austria, Bulgaria and Macedonia.

△ GRI indicators: Minimum notice periods regarding operational change (G4-LA4); Percentage of employees in occupational safety committees (G4-LA5); Percentage of employees under collective agreements (G4-11)

In 2015/16 the ratio between the highest salary and the average salary at EVN equalled 7:1. The remuneration scheme for over 90% of EVN's employees is based on the collective bargaining agreements that apply to the main business locations. These collective bargaining agreements are available for review by the general public and include salary levels as well as the definition of time-dependent salary increases. The annual collective bargaining negotiations for utility companies in Austria led to salary adjustments of between 1.34% and 2.10% in 2015/16.

□ For information on the remuneration of the Executive Board, see page 76

△ GRI indicators: Ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (G4-54); Percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees (G4-55); Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation (G4-EC5); Differences in remuneration due to gender (G4-LA13)

Working and living with EVN

Work-family balance

EVN provides active support for its employees in their efforts to achieve the best possible work-family balance. This applies, not least, to employees who are considering taking advantage of legally entitled parental leave. Their return to work is facilitated by contacts with EVN throughout the leave period, for example through specific information events or participation in EVN's extensive training programme. Parents can also choose to work part-time and adapt their working hours to meet their personal needs. These flexible arrangements create advantages for both sides: EVN is able to utilise the know-how of its qualified employees during the intensive childcare phase and thereby ensures the profitability of its investments in training and professional development. From the parents' point of view, close ties and regular contacts with the company ease re-entry and keep their professional expertise up to date.

EVN offers opportunities for parental leave that extend beyond legal entitlements and allow for time-out until the child is 36 months of age. Men are also increasingly using the available models: in 2015/16, 15 men and 43 women were on parental leave. As a result of these individual solutions, nearly all mothers and fathers at EVN AG, Netz Niederösterreich GmbH, EVN Wärme, Kabelplus, EVN Abfallverwertung and EVN Business Service return to the company after this leave. No employees left the company after the parental leave during the reporting year (previous year: no resignations after parental leave).

Another offering to simplify re-entry after parental leave is EVN's parent-and-child office, which allows employees to bring their children to work in times of difficult childcare situations. This special office is equipped with two fully functional workstations as well as child-friendly furnishings – and provides parents as well as children with an attractive environment.

For children from six to twelve years of age, the popular four-week vacation programme "Holidays@EVN" was repeated for the sixth time in summer 2016. This programme was held at the EVN corporate headquarters and adjoining green areas and in St. Pölten. More than 60 children of EVN employees enjoyed a diverse programme of games and handicraft activities, excursions and a theatre workshop, which were organised together with the "Family Business" initiative. More than 300 children have enjoyed these 17 weeks of vacation programmes over the past six years.

△ GRI indicator: Employees returning to work after parental leave (G4-LA3)

Additional benefits

The employees in a number of EVN companies are also entitled to voluntary benefits independent of their age, gender or the scope of employment. Included here are supplementary health insurance and the EVN pension fund:

- **EVN pension fund:** EVN provides entitled employees with a supplement to legal pension insurance ("ASVG" pension) through a company-operated pension fund. The fund gives employees the opportunity to accumulate additional retirement benefits in the form of a private pension with the support of the company. In this way, EVN participates in securing the retirement income of its workforce. The EVN pension fund is a defined contribution scheme, in which the amount of the future pension is derived from the employer and employee contributions up to the date of retirement. EVN's responsibility as an employer is also illustrated by the pensions provided for its employees in Bulgaria, where voluntary pension insurance was introduced for all full-time and part-time employees.
- **Supplementary health insurance:** Another voluntary benefit provided by EVN for its employees is the opportunity to conclude supplementary health insurance at favourable conditions. A framework agreement with an Austrian insurance provider guarantees optimal medical care for all participating employees.

A total of EUR 16.2m was spent on employee benefits (pension contributions, other employee benefits) in 2015/16 (previous year: EUR 12.1m), which represents 5.2% of personnel expenses (previous year: 3.9%).

- △ GRI indicators: Company defined benefit plan obligations (G4-EC3); Benefits for full-time employees only (G4-LA2)

Human resources development

EVN's business performance is based on its highly qualified and motivated employees. Not only their know-how, but also their motivation and their continuous readiness to learn play an important role in the company's sustainable success. Maintaining and increasing employees' high levels of expertise therefore represent a focal point of human resources activities. The EVN Academy was founded to organise the training and continuing education programmes in Austria, Bulgaria and Macedonia. As part of this initiative, each area of the company has designated specific employees to serve as training coordinators. Their assignment is

to assess the development needs of their colleagues, submit the results to the EVN Academy teams and coordinate qualification programmes.

- For further information on the measures for and focal points of training and further education, see www.evn.at/hr-development/education-and-training
- △ GRI indicator: Programmes for knowledge management and lifelong learning (G4-LA10)

Continuous training and education

EVN invested a total of EUR 1.8m (previous year: EUR 1.9m) in continuous training and education during 2015/16, which represents EUR 263.4 (previous year: EUR 275.7) per employee. Each employee spent an average of 27.2 hours (previous year: 30.7 hours) on these programmes.

The offering in Lower Austria concentrated on specialist seminars and modules to strengthen social skills. Similar to the previous year, CSR content again represented a particular focal point in 2015/16 and was integrated in various established courses that were attended by 288 employees (previous year: 320 employees).

Training in Bulgaria again concentrated on technical subjects as well as personal development during the past year. The use of e-learning programmes was also increased. A competence model was introduced in 2014/15 to cover the major skills required by employees.

Training in Macedonia focused on personal development. In addition, courses on communication and conflict management were attended by 364 employees.

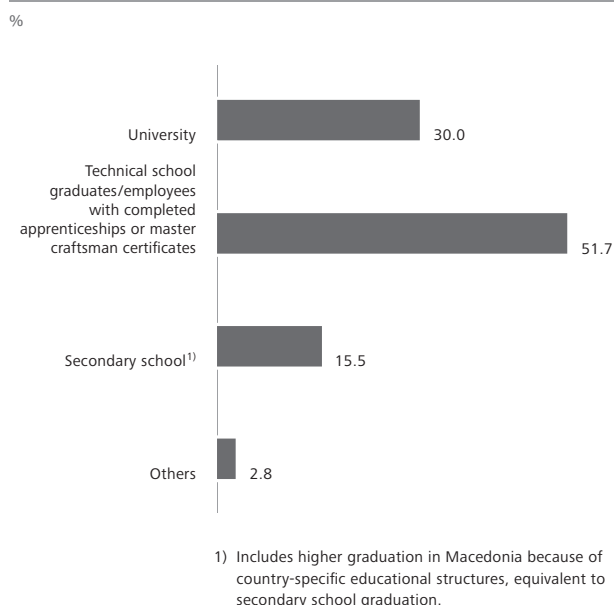
- △ GRI indicator: Education and further training (G4-LA9)

Securing skilled labour requirements

EVN has implemented various measures to meet the future demands for skilled workers and managers:

- **Talent management:** EVN supports the internal recruitment of managerial staff with training programmes to expand the qualifications and support the personal development of employees. One programme implemented to reach this goal is the EVN Summer University, "EVN SUN", a continuing education and networking platform for future managers. This year's Summer University was held from 11 to 16 September 2016 in cooperation with the Danube University Krems. International lecturers offered courses on cross-cultural management, innovation and change management, and digitisation and focus

EVN's education structure 2015/16



on the customer. The theoretical presentations were supplemented by numerous practical case studies, and EVN managers were available to discuss related issues. Eight female employees and 14 male employees from the EVN Group took part in this programme.

→ **Leadership development:** Leadership development is another important focal point of training and further education at the EVN Academy in Austria, Bulgaria and Macedonia. These programmes are designed to prepare selected employees to assume leadership and expert tasks over the medium term and help them to utilise internal career opportunities. The participants are offered a specially designed, individual management training programme. In addition, EVN supports training at the university level, for example through MBA programmes. Group meetings are also offered on a regular basis as a platform to exchange experience and discuss challenging situations.

→ **Apprenticeship training, support for students, internships:** EVN traditionally places high value on apprentice training in Austria and Germany. In order to give interested young people – above all girls – a glimpse into the workday at a utility company (e.g. as an electrical technician), EVN also regularly takes part in international apprenticeship and career information fairs. Each year EVN gives more than 150 school-

children and students an opportunity to put their theoretical knowledge to use and gain their first practical experience in traineeships. These activities underscore EVN's goal to offer young men and women opportunities at an early age and to awaken their interest for professions in the energy and environmental sector. This commitment brought EVN a third place ranking in the "Place to Perform" competition in 2015 (2014: first place), which evaluates the best traineeships among Austrian companies. Moreover, EVN has a strong commitment to cooperation with students and young professionals in Bulgaria and Macedonia: in Bulgaria, 34 students took part in an internship and used the opportunity to exchange experience on information technology and electrical engineering; and in Macedonia, 50 schoolchildren and 57 students took part in internships.

△ GRI indicator: Securing skilled labour requirements (EU14)

The inclusion of and support for regional employees leads to a greater understanding of the unique characteristics of the local culture as well as increased economic benefits for business activities. This belief is reflected in the fact that nearly all employees and most of the management staff (roughly 95%) in EVN's markets are natives of the respective region. Strengthening local management capacity represents an important aspect of the corporate strategy. EVN therefore supports career planning for local employees in Bulgaria and Macedonia with specific management training and international programmes, for example the EVN Summer University.

△ GRI indicator: Employment of local personnel (G4-EC6)

Feedback and orientation sessions

Feedback and orientation sessions (FOS) are held annually in all major EVN companies which provide, among others, a framework for the definition of concrete goals for each employee. This key management instrument allows for an appraisal by the employee's supervisor and structured reciprocal feedback on work performance and quality. More than 90% of all employees are covered by the concept of FOS and thereby receive regular feedback on their performance and development plans.

△ GRI indicator: Performance evaluation and development plans for employees (G4-LA11)

Healthcare and occupational safety

EVN places great importance on the best possible training and continuing education for employees on relevant health and safety issues. The occupational safety department established for this purpose has supplemented the applicable legal regulations with an extensive set of internal directives and guidelines. Representatives of the works councils and trade unions are involved in all workplace, health and safety issues. The Health@EVN programme implemented to support healthcare advancement has defined the following three goals: health protection, healthier living and fitness.

Occupational medical care

EVN offers its employees extensive occupational medical care, above and beyond legal requirements. Two occupational health physicians are available to answer questions on maintaining and improving workplace health and attend to employees within the framework of labour protection laws. The many related measures include medical check-ups, vaccinations, eye and hearing tests, psychological counselling, coaching, tips on healthy nutrition and special offerings for groups of employees who are exposed to particular risks.

Although EVN does not operate in countries where there is an increased risk of infectious diseases, Group guidelines such as the “EVN Pandemic Prevention” are in force at all Group subsidiaries to deal with emergencies. These instructions, which deal especially with influenza pandemics, are designed to minimise the risk of infection at the workplace and thereby ensure continued smooth business operations and uninterrupted service for EVN’s customers. In 2015/16, 853 preventive vaccinations were carried out at EVN AG and Netz Niederösterreich GmbH in Lower Austria, 236 employees underwent medical check-ups and 687 employees took advantage of consultations.

Work continued on the development of a health programme for EVN Bulgaria during the reporting year. The first initiatives included employee focus groups, information campaigns on sporting activities, the installation of bicycle parking areas, a pilot seminar

on healthy nutrition and a special Intranet page on health issues and leisure time balance. A health programme for EVN Macedonia was completed in 2015/16 and is now in implementation.

Employee health and sporting activities

In addition to the wide-ranging offering and activities of the EVN culture and sports club, the EVN running event has become an integral part of the company’s sporting world. Roughly 350 participants – employees and in some cases, their family members and children – jog or Nordic walk around the EVN headquarters each year in September. This popular event supports a good cause: for each one-kilometre round completed during the 90-minute event, EVN donates EUR 2.0 to a child in need.

Prevention of occupational accidents

All occupational accidents in the EVN Group are centrally recorded and evaluated, which supports conclusions on the safety behaviour of employees and the related accident risks. It also sets the main points of emphasis for safety training and forms the basis for intra-Group comparisons. EVN’s extensive range of training programmes on health protection, occupational health and safety and fire prevention was continued during the reporting year. The courses covered safety issues such as “working with voltage” and “working with anti-fall protection systems”. The permanent offering also includes initial and follow-up courses on first aid. In Austria, all employees are represented by safety officers in working committees that monitor and discuss the workplace safety programmes.

△ GRI indicators: Prevention of and education in serious diseases (G4-LA7); Occupational safety agreements with trade unions (G4-LA8)

The number of occupational accidents in the EVN Group rose by 2.3% to 89 in 2015/16 (previous year: 87). In addition, the number of days lost increased by 17.9% to 2,621 days (previous year: 2,224 days). There were no fatal accidents among employees during the reporting year.

△ GRI indicator: Injuries, occupational diseases, lost days, absence and fatalities (G4-LA6)

Accident and lost days statistics	2015/16	2014/15	2013/14
Number of occupational accidents ¹⁾	89	87	104
Number of staff sick days ²⁾	2,621	2,224	2,146
LTIF ³⁾	7.8	7.6	9.0

1) Number of minor accidents and of notifiable occupational accidents (excluding commuting accidents)

2) Lost days are working days only; excluding weekends resulting from work-related accidents (excluding commuting accidents)

3) Lost Time Injury Frequency Index – Frequency of occupational accidents per one million working hours

Fire statistics¹⁾		2015/16	2014/15	2013/14
Number		7	4	6
Damage	TEUR	46.2	29.4	46.0

1) Austria

Suppliers

EVN is committed to fair, partnership-based and transparent business relations with its suppliers in keeping with the principle of economy. In doing so, the company places high sustainability demands on its suppliers.

Structure of procurement activities

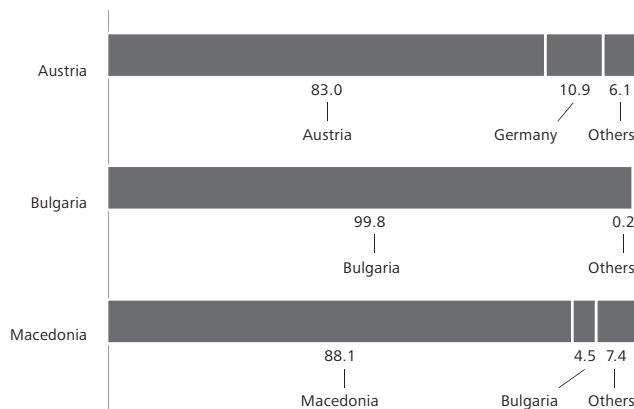
Responsibilities for the procurement of products and services are based on the relevant activity.

Procurement activity	Responsible organisational unit
Products and services	Procurement and purchasing
Primary energy and primary energy carriers	Energy trade and supply
International project business (Environmental services business)	Environmental services

The corporate procurement and purchasing department handled an order volume of roughly EUR 580.0m in 2015/16 (previous year: approximately EUR 450.0m) and maintained contacts with roughly 1,440 suppliers and contractors during this period.

Countries of origin of suppliers at main operating locations

%, Basis: Order volume



△ GRI indicator: Proportion of spending on local suppliers at significant locations (G4-EC9)

EVN is a sector contractor under EU public procurement law in many areas and must therefore meet the applicable provisions of the Austrian Federal Procurement Act as well as the principles governing competition in the EU. New bidders are regularly included in tenders. As a sector contractor, EVN is also legally required to include a reference to the complaint office in Lower Austria with every tender offer. This office can be used by the participating bidders to file complaints and request explanations, free of charge and without mandatory legal counsel. There were no justified objections in recent years.

Supply chain

The construction of infrastructure, plants and buildings plays an important role in both the energy and environmental services business. In this connection, EVN works with a wide range of companies such as planning offices, construction firms, trade contractors, plant, pipeline and cable line builders as well as suppliers of plastic pipes, transmission/cable lines, electro-technical equipment, meters, hardware and software for the operation of plants and infrastructure, and the production of work clothing.

In the international project business, EVN's German subsidiary WTE Wassertechnik is involved in the planning and construction of plants for drinking water supplies, wastewater disposal and thermal waste utilisation. WTE Wassertechnik serves as the general contractor on these projects for municipalities and, in this role, uses other firms as subcontractors. These subcontractor orders are awarded, above all, to construction companies and suppliers of machinery and electro-technical equipment and components. The core expertise of WTE Wassertechnik lies in the customised design and construction of plants. The successful realisation of a project is therefore dependent on the selection of the best suppliers for each project, technology and country. A special focus is placed on inviting bids from local companies, especially for construction services, in the international project business. However, the unequal treatment of bidders and, consequently, the

preferential treatment of local suppliers is prohibited. Machinery and electro-technical equipment and components are generally sourced in the EU – not least for quality assurance reasons – and, in some cases, also from Switzerland or Turkey.

Procurement of energy and primary energy carriers

Electricity

The electricity requirements of EVN's Austrian customers are covered by the company's own plants as well as through domestic green energy allocated in accordance with the Green Electricity Act and through medium-term supply contracts and purchases over the wholesale market. Wholesale purchases are handled by EnergieAllianz, which utilises the European Energy Exchange (EEX) and bilateral transactions with various trading partners on over-the-counter (OTC) platforms.

- ❑ For information on the composition of electricity, see page 40
- ❑ For information on the development of the EEX exchange prices, see page 91

EVN's electricity subsidiaries in Bulgaria and Macedonia are required by law to purchase most of their electricity requirements from state-owned producers, i.e. NEK and ELEM respectively. Since these countries have not yet implemented electricity labelling requirements, EVN cannot determine the source of this energy and has no influence over its origin. The remainder of the required energy is purchased over wholesale markets.

Natural gas

A large part of the natural gas purchases are still handled by EconGas GmbH on the basis of long-term supply contracts, even though EVN sold its 16.5% investment in this company during the reporting year. The remaining supplies are purchased on wholesale markets over national and international OTC trading centres and exchanges, for example in Austria (CEGH), Germany (NCG) and Holland (TTF). Most of the wholesale purchases are handled by EnergieAllianz. The majority of imports – from the European point of view – come from Russia and the North Sea.

Hard coal

EVN has a three-tiered coal supply chain for the hard coal-fired plant in Dürnröhr, Lower Austria: purchases are made directly by EVN via coal wholesalers or trading and forwarding agents (Tier 1) which, in turn, buy the coal from processing companies or exclusive exporters (coal wholesalers) (Tier 2). These firms purchase their coal supplies directly from the mining companies (Tier 3).

Hard coal was purchased from two Tier 1 suppliers in 2015/16. Roughly 70% of hard coal deliveries come from Europe, while the remaining 30% come from America. In 2015/16, EVN also took over coal stocks from a power plant block in Dürnröhr that was decommissioned by Verbund AG.

Coal purchases for the Duisburg-Walsum power plant, in which EVN holds an investment of 49% – and the operations of this plant – are managed by the joint venture partner Steag and are therefore outside EVN's sphere of influence.

△ GRI indicator: Description of the supply chain (G4-12)

High sustainability demands on suppliers

EVN places high demands on its suppliers to ensure actions that are socially, economically and ecologically responsible. In some cases, the tenders explicitly include sustainability criteria in the evaluation of offers – for example, the volume of transport-related emissions in connection with a tender for the environmental business in Lower Austria.

Guidelines and monitoring

The integrity clause developed by EVN defines the sustainability-related duties and responsibilities of suppliers in eleven points which include, above all, human rights, labour practices, protection of the environment, resource conservation and business ethics. This clause is a central component of each order and applies to all suppliers of products and services and to all sub-suppliers in the international project business.

○ Also see www.evn.at/integrity-clause

Compliance with the integrity clause is monitored through sampling based on a specially developed questionnaire. The most important suppliers are reviewed regularly, and standardised controls covering sustainability and human rights aspects are carried out when major contracts are awarded to new suppliers. The questionnaire is also used when tenders are carried out for risk products, in order to collect additional information on environmental compatibility, product and packaging recycling, and the producer's certifications. The audits carried out during the reporting year did not lead to any indications of supplier violations of the integrity clause.

EVN, as an international company, also operates in countries with a less developed understanding for human rights or may purchase services, materials or products from such countries through central procurement. In the area of primary energy procurement, the coal supply chain is reviewed on a regular basis. All coal mines that supplied hard coal for EVN's energy generation in 2015/16 meet wide-ranging international standards and are certified under ISO 14001 (environmental management). One mine in America that supplies EVN with hard coal is also certified under OHSAS 18001 (Occupational Health and Safety).

In the area of coal procurement, regular on-site inspections and controls are also carried out to ensure compliance with human rights, workers' rights and living and working conditions. EVN carried out such an on-site inspection of a mine in Poland during 2015/16,

which did not reveal any problematic issues. Any objections identified during these inspections are reported directly to the operators who are asked to solve the problems.

△ GRI indicators: Percentage of new suppliers that were screened using ecological criteria (G4-EN32), using human rights criteria (G4-HR10), using labour practices (G4-LA14) and the related impacts on society (G4-SO9)

Labour practices and humane employment

In order to minimise the risks associated with workplace safety, EVN only works with selected partners who are contractually required to employ only skilled personnel. Compliance with the directives for partner companies is reviewed by experienced, well-trained EVN employees who serve, for example, as construction coordinators or supervisors. Subcontractors and suppliers are employed for tasks with a limited period of time, especially for maintenance and repairs and for the construction of new power plants and transmission networks. EVN does not maintain central records on the number of workdays attributable to subcontractors and suppliers because this would not have any significance for their labour practices.

External services relevant for safety and/or health (e.g. in civil engineering and building construction) are performed Group-wide by 58 prequalified companies under general contracts. Point 4 of EVN's integrity clause, "Health & Safety at the Workplace", requires

Compliance with sustainability criteria – changes in monitoring

In view of the increasingly stricter requirements, the corporate compliance management department adapted and further formalised the review process for business partners in 2015/16. The EVN Group companies in Austria and WTE Wassertechnik must avoid business relations with companies that have been proven to be directly or indirectly involved in or accused of offences under human rights, corruption, antitrust or commercial law. The review process, which also includes the screening of sanction lists, follows a risk-based approach in order to place a special focus on branch and country risks. Compliance-relevant systems and data from a specialised external service provider

are also used in the review. Corresponding risk-minimising measures are implemented if the screening reveals any sensitive issues. Plans call for the implementation of this process in the 2016/17 financial year to review the business partners of EVN's Bulgarian and Macedonian companies.

The procurement and purchasing department also revised the review process for suppliers during the reporting year. In a first step, a questionnaire on sustainability issues was developed for completion by suppliers. It will become a mandatory part of EVN's public tenders for all potential suppliers in the future.

compliance with legal regulations for occupational health and safety protection at the workplace, free access to drinking water and sanitary facilities, appropriate fire protection, lighting, ventilation, suitable personal protective gear and training for its proper use. The companies are also required to instruct their employees in accordance with § 14 of the Occupational Health and Safety Act (“Arbeitsschutzgesetz”, ASchG) and § 154 of the Construction Worker Safety Regulation (“Bauverordnung”, BauV). The same rules apply to their subcontractors. The relevant training certificates must be provided automatically. If asked to, subcontractors must also confirm that they have the required certifications and qualifications to undertake the contracted work. Comparable regulations are in force at EVN’s international subsidiaries.

- △ GRI indicators: Workdays of subcontractors and suppliers for construction, servicing and maintenance (EU17); Percentage of subcontractors and suppliers who have participated in health and safety training programmes (EU18)

Report of the Supervisory Board

Ladies and Gentlemen,

The 2015/16 financial year was characterised by the continuously challenging energy sector environment, above all due to the conversion of the energy system to renewable energy. Supported by its integrated business model, EVN remained well positioned in the reporting year and generated sound results. EVN's primary goal is to provide customers with the highest possible supply security. A EUR 1bn investment programme with a focus on network infrastructure, renewable energy and water supplies was launched in 2013/14 to meet this goal and has now completed its third year on schedule. EVN's thermal power plants are also in continual operational readiness to balance the fluctuations from renewable energy generation and ensure network stability. The further increase in the use of these power plant reserves during 2015/16 underscores the strong demand for reserve capacity to stabilise the networks.

Fulfilment of duties

The Supervisory Board actively monitored and supported EVN's strategic steps as part of its designated responsibilities. Five plenary meetings and five committee meetings were held during the reporting year, in which the Supervisory Board fulfilled the tasks and duties required by legal regulations and the company's by-laws. The Executive Board provided the Supervisory Board with regular, timely and comprehensive reports on all relevant aspects of business development, including the risk position and risk management of EVN and its key Group companies. This reporting, in particular, allowed the Supervisory Board to continuously supervise and support the Executive Board's management activities. The control functions exercised by the Supervisory Board within the framework of open discussions with the Executive Board did not lead to any objections. Recommendations by the Supervisory Board were taken up by the Executive Board.

Corporate governance report, Austrian Corporate Governance Code

In a meeting on 12 December 2016, the Supervisory Board examined the corporate governance report as required by § 96 of the Austrian Stock Corporation Act and in accordance with an opinion published by the Austrian Financial Reporting and Auditing Committee. The analysis was based on a report issued by the Audit Committee on 30 November 2016 and did not lead to any objections.

EVN, as a listed company, is committed to compliance with the Austrian Corporate Governance Code. The Supervisory Board approved the implementation of the January 2015 version of the code by EVN beginning with the 2015/16 financial year. The Supervisory Board strives to consistently comply with the provisions of the code that relate to its activities. EVN complies with all rules concerning the cooperation between the Supervisory Board and the Executive Board and the internal procedures of the Supervisory Board, with two exceptions. These exceptions are specified in the corporate governance report.

Annual financial statements and consolidated financial statements

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, was appointed to audit the financial statements for the 2015/16 financial year from 1 October 2015 to 30 September 2016. This firm examined the annual financial statements of EVN AG as of 30 September 2016, which were prepared in accordance with Austrian accounting regulations, and the management report submitted by the Executive Board. KPMG presented a written audit report on the audit and issued an unqualified opinion.

The Supervisory Board received and reviewed the auditor's report. In accordance with § 92 of the Austrian Stock Corporation Act as amended by the Statutory Audit Amendment Act 2016, the Audit Committee reported to the Supervisory Board on the results of the audit and its effects on financial reporting.

Following a detailed analysis and discussions by the Audit Committee and the Supervisory Board, the Supervisory Board approved the following documents that were submitted by the Executive Board: the annual financial statements as of 30 September 2016 together with the notes, management report and corporate governance report as well as the recommendation for the use of profits. The annual financial statements as of 30 September 2016 were thereby approved in accordance with § 96 (4) of the Austrian Stock Corporation Act.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and also audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, which issued an unqualified opinion. The Audit Committee reviewed the consolidated financial

statements together with the respective notes and management report and reported on these activities to the Supervisory Board which subsequently approved these documents.

In conclusion, the Supervisory Board would like to thank the Executive Board and all employees of the EVN Group for their performance and commitment during the 2015/16 financial year. Special thanks are also directed to EVN's shareholders, customers and partners for their trust in the company.

Maria Enzersdorf, 12 December 2016

On behalf of the Supervisory Board:

A handwritten signature in black ink, appearing to read 'Bettina Glatz-Kremsner', written in a cursive style.

Bettina Glatz-Kremsner

President

Corporate governance report

EVN AG is a listed stock corporation under Austrian law whose shares are traded on the Vienna Stock Exchange. Corporate governance is therefore based on Austrian law – in particular stock corporation and capital market laws, legal regulations governing co-determination by employees and the company by-laws – as well as the Austrian Corporate Governance Code (ACGC, see www.corporate-governance.at) – and the rules of procedure for the company's corporate bodies.

Commitment to the Austrian Corporate Governance Code

Introduction

The Executive Board and the Supervisory Board of EVN are committed to the principles of good corporate governance and, in this way, meet the expectations of national and international investors for responsible, transparent and sustainable management and control. On 1 October 2015, EVN announced its commitment to comply with the ACGC in the January 2015 version.

The ACGC standards are divided into three categories. The legal requirements (L-Rules) are based on binding regulations which must be observed by all Austrian listed companies. The C-Rules (Comply or Explain) require public disclosure of the reasons in the event of non-compliance. EVN provides a detailed explanation of any deviations from these rules online under www.evn.at/Corporate-Governance-Report and presents an overview in the following section of this report. The R-Rules represent recommendations and do not require the justification of deviations.

The Executive Board and Supervisory Board formally declare that EVN complies with all C-Rules of the ACGC, with the exception of the following deviations and explanations. Furthermore, the company only deviates from a limited number of R-Rules.

Deviations from C-Rules

EVN does not fully comply with the following C-Rules of the ACGC:

Rule 16: The Supervisory Board did not appoint a member of the Executive Board to serve as chairman because the Executive Board consists of only two members in line with its assigned duties and the structure of the company. In cases where the Executive Board consists of only two members, voting is based on the following rules: meetings must be announced in the approved manner and both Executive Board members must be present. Resolutions must be passed unanimously and abstention from voting is not permitted. If a unanimous decision is not reached, the Executive Board must review and vote again on the respective point of the agenda within ten days. The Executive Board must report to the Supervisory Board if the second round of voting does not bring a unanimous decision. A spokesman is appointed for the Executive Board even when there are only two members, and the rules for the direction of the meetings and representation also apply in this case. The Supervisory Board's decision not to appoint a chairman for the Executive Board applies for an indefinite period of time.

Rule 45: All members of the Supervisory Board, with one exception, complied with the provision that prohibits them from assuming functions on the boards of other enterprises which compete with EVN. The Supervisory Board member, elected by the Annual General Meeting, who does not meet this rule represents the interests of a specific shareholder of EVN AG. This deviation applies for the full term of office of the respective Supervisory Board member.

Corporate bodies

Executive Board



Peter Layr

Spokesman of the Executive Board

Born in 1953. Doctor of Technical Sciences. Member of the EVN AG Executive Board since 1 October 1999. Appointed spokesman of the Executive Board on 20 January 2011. His term of office expires on 30 September 2019. Peter Layr has executive responsibility for the Generation, Network Infrastructure Austria and Environmental Services segments as well as the following corporate functions: data processing, procurement and purchasing as well as internal auditing. In accordance with the disclosure required by Rule 16 of the ACGC, he holds one Supervisory Board mandate in another company that is not included in the consolidated financial statements of the EVN Group ¹⁾.

1) Verbund AG, member of the Supervisory Board

The remuneration of the active members of the Executive Board totalled TEUR 1,087.7 in 2015/16 (including compensation in kind and contributions to pension funds).

Remuneration of the active Executive Board members

TEUR

	2015/16		
	Fixed remuneration	Variable remuneration	Compensation in kind
Peter Layr	386.5	134.4	13.5
Stefan Szyszkowitz ¹⁾	360.4	125.3	13.5

1) For Stefan Szyszkowitz, the pension fund contributions equalled TEUR 54,1.



Stefan Szyszkowitz

Member of the Executive Board

Born in 1964, Master of Law, Master of Business Administration. Member of the EVN AG Executive Board since 20 January 2011. His term of office ends on 19 January 2021. Executive responsibility for the Energy Trade and Supply and Energy Supply South East Europe segments as well as the following corporate functions: controlling (incl. investor relations), customer relations, finance, accounting, general secretary and corporate affairs, information and communications, human resources as well as administration and construction. In accordance with the disclosure required by Rule 16 of the ACGC, he holds three Supervisory Board mandates in other companies that are not included in the consolidated financial statements of the EVN Group¹⁾.

1) EVN-Pensionskasse Aktiengesellschaft, chairman of the Supervisory Board
CEESEG Aktiengesellschaft, member of the Supervisory Board
Wiener Börse AG, member of the Supervisory Board

The following table provides detailed information on the remuneration of the active members of the Executive Board in 2015/16:

□ For more information on the remuneration of the Executive Board, see the consolidated notes on page 196f

Supervisory Board

Members of the Supervisory Board

Name (year of birth)	Date of initial appointment	Function in listed companies and other important functions	Independence Rule 53 ¹⁾
Shareholder representatives			
Burkhard Hofer (1944) President and Chairman up to 21.01.2016	from 20.01.2011 until 21.01.2016	Member of the Supervisory Board of Flughafen Wien Aktiengesellschaft	No
Bettina Glatz-Kremsner (1962) President and Chairwoman as of 21.01.2016	from 21.01.2016	Member of the Supervisory Board of Casinos Austria Aktiengesellschaft, CEO and Member of the Supervisory Board of several subsidiaries of the Casinos Austria Group, Member of the Supervisory Board of Flughafen Wien Aktiengesellschaft and NÖ Kulturwirtschaft GesmbH	Yes
Stefan Schenker (1946) 1 st Vice-Chairman up to 21.01.2016	from 12.12.1996 until 21.01.2016	Independent forestry engineer and agriculturist	No
Norbert Griesmayr (1957) 1 st Vice-Chairman as of 21.01.2016	from 12.01.2001	Chairman of the Executive Board of VAV Versicherungs-Aktiengesellschaft, Member of the Executive Board of Privatstiftung zur Verwaltung von Anteilsrechten and Hutschinski Privatstiftung, Member of the Supervisory Board of Collegialität Versicherungsverein Privatstiftung	No
Willi Stiowick (1956) 2 nd Vice-Chairman	from 15.01.2009	Head of the Presidential Department of the Magistrate of the Provincial Capital St. Pölten, Member of the Supervisory Board of NÖ Regional GmbH	Yes
Philipp Gruber (1979)	from 21.01.2016	Administrative lawyer	Yes
Thomas Kusterer (1968)	from 17.01.2013	Member of the Executive Board of EnBW Energie Baden-Württemberg AG, Chairman of the Supervisory Board of Verbundnetz Gas AG, Member of the Supervisory Board of Netze BW GmbH	Yes
Dieter Lutz (1954)	from 12.01.2006	Managing Director of the BENDA LUTZ-WERKE GmbH and IMMRE-LUTZ GmbH, Member of the Executive Board of Benda-Lutz Skawina GmbH in Poland, Member of the Supervisory Board of NÖ Bürgschaften und Beteiligungen GmbH, Vice-President of the Lower Austrian Chamber of Commerce	Yes
Reinhard Meißl (1959)	from 12.01.2006	Head of the Finance department, Provincial Government of Lower Austria, CEO of NÖ Holding GmbH and NÖ Landes-Beteiligungsholding GmbH	Yes
Bernhard Müller (1973)	from 12.01.2006 until 21.01.2016	Administrative civil servant	Yes
Edwin Rambossek (1943)	from 20.01.2011 until 21.01.2016	Management consultant	Yes
Susanne Scharnhorst (1961)	from 21.01.2016	Management consultant	Yes
Angela Stransky (1960)	from 16.01.2014	Authorised representative of RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG and CEO of several companies in the Raiffeisen Group	Yes
Friedrich Zibuschka (1950)	from 21.01.2016	University professor at the Institute for Transport Studies at the University of Natural Resources and Life Sciences, Vienna, General Partner of Zibuschka Regional Consulting OG	Yes
Employee representatives			
Franz Hemm (1955)	from 03.05.1994	Chairman of the Central Works Council of Netz Niederösterreich GmbH, Vice-President of the Lower Austrian Chamber of Labour	
Paul Hofer (1960)	from 01.04.2007	Chairman of the Central Works Council of EVN AG	
Manfred Weinrichter (1961)	from 01.01.2001	Vice-chairman of the Central Works Council of Netz Niederösterreich GmbH	
Friedrich Bußlehner (1962)	from 01.01.2016	Central Works Council	
Monika Fraißl (1973)	from 01.07.2013	Works Council	
Otto Mayer (1959)	from 12.05.2005 until 31.12.2015	Central Works Council	

The terms of office of all Supervisory Board members elected by the Annual General Meeting expire at the end of the Annual General Meeting that will vote on the release from liability for the 2019/20 financial year. The employee representatives are delegated by the respective Works Council for an unlimited term, but may be recalled by their Works Council at any time.

1) Rule 53 of the ACGC: independence of the company and the Executive Board

10 Composition of the Supervisory Board committees

Working Committee

Burkhard Hofer (Chairman until 21.01.2016)
Bettina Glatz-Kremsner (Chairman from 21.01.2016)
Stefan Schenker (until 21.01.2016)
Norbert Griesmayr (from 21.01.2016)
Willi Stiowicek
Reinhard Meißl
Franz Hemm
Paul Hofer

Personnel Committee

Burkhard Hofer (Chairman until 21.01.2016)
Bettina Glatz-Kremsner (Chairman from 21.01.2016)
Stefan Schenker (until 21.01.2016)
Norbert Griesmayr (from 21.01.2016)
Willi Stiowicek

Audit Committee

Stefan Schenker (Chairman until 21.01.2016)
Norbert Griesmayr (Chairman from 21.01.2016)
Burkhard Hofer (until 21.01.2016)
Bettina Glatz-Kremsner (from 21.01.2016)
Willi Stiowicek
Reinhard Meißl
Franz Hemm
Paul Hofer

Remuneration for the members of the Supervisory Board

The Supervisory Board remuneration was set at an annual total amount of TEUR 98 up to 21 January 2016. The president received 15.1%, the two vice-presidents 11.0% each, and each remaining member of the Supervisory Board roughly 9.0% of this total. The attendance fee equalled EUR 190 per meeting.

The 87th Annual General Meeting on 21 January 2016 increased the remuneration for the members of the Supervisory Board, effective with the end of this Annual General Meeting, to a total amount of TEUR 118.8 per year and also raised the attendance fee to EUR 500 per meeting. In addition, the Supervisory Board was authorised to allocate this remuneration among its members based on their functions. The Executive Board was authorised to conclude a directors and officers liability insurance (D&O insurance), which also covers the members of the Supervisory Board.

Based on the authorisation of the Annual General Meeting, the Supervisory Board allocated the total remuneration of TEUR 118.8

for its members as follows: the president is to receive TEUR 18.2, the two vice-presidents each TEUR 13.2 and each remaining member of the Supervisory Board TEUR 10.6.

Remuneration of the Supervisory Board members in 2015/16 (C-Rule 51 of the ACGC)

EUR	Supervisory Board remuneration	Attendance fees
Burkhard Hofer	7,400	950
Bettina Glatz-Kremsner	9,100	3,500
Stefan Schenker	5,400	950
Norbert Griesmayr	11,000	4,070
Willi Stiowicek	12,000	4,450
Philipp Gruber	5,300	2,000
Thomas Kusterer	7,500	1,190
Dieter Lutz	9,700	2,380
Reinhard Meißl	9,700	2,570
Bernhard Müller	4,400	380
Edwin Rambossek	4,400	570
Susanne Scharnhorst	5,300	2,000
Angela Stransky	9,700	2,570
Friedrich Zibuschka	5,300	2,000

Management of the company by the Executive Board

The Executive Board of EVN must have a minimum of two members. If the Supervisory Board does not appoint a chairman or spokesman for the Executive Board, the members are entitled to designate their own spokesman. The Executive Board is responsible for managing the company to support its business activities and continued success in the interests of shareholders, employees and the general public. The work of the Executive Board is based on legal requirements, in particular stock corporation, stock exchange and commercial laws, as well as the company's by-laws and the rules of procedure for the Executive Board that were approved by the Supervisory Board. Important rules of conduct are also defined by the ACGC.

Irrespective of the Executive Board's overall responsibility, the Supervisory Board establishes and assigns specific areas of responsibility to the individual Executive Board members based on the given requirements. Certain transactions are reserved for joint discussions and decision-making by the full Executive Board. The Executive Board is required to obtain the prior consent of the Supervisory Board for business transactions that require this approval based on legal regulations or a previous Supervisory Board resolution. The rules of procedure for the Executive Board and the Supervisory Board contain a detailed list of such cases.

Reporting obligations of the Executive Board

Organisational regulations require the Executive Board to report to the Supervisory Board. These reporting standards also apply to the Supervisory Board committees. The reporting obligations of the Executive Board include quarterly reports on the development of business in the Group and information on matters of importance relating to major Group subsidiaries.

Annual General Meeting

EVN's shareholders exercise their legal and voting rights at the Annual General Meeting, whereby each share is entitled to one vote. EVN AG has no preferred shares or shares with multiple voting rights. Decisions on specific matters are reserved for the Annual General Meeting by Austrian law or the company's by-laws. These decisions include, among others, the distribution of profits, the release of the members of the Executive Board and the Supervisory Board from liability, the selection of the auditor for the individual and consolidated financial statements, and the election of the members of the Supervisory Board. Moreover, the Annual General Meeting is entitled to decide on changes in the company by-laws and planned capital measures. The results of voting and the agenda for the 87th Annual General Meeting of EVN on 21 January 2016 are available on the EVN website (www.evn.at/AGM.aspx).

Clear separation of management and control responsibilities

Austrian stock corporation law prescribes a dual management system and requires strict separation between management bodies (i. e. Executive Board) and controlling bodies (i. e. Supervisory Board). Parallel membership in both bodies is not permitted.

Communications between the Executive Board and the Supervisory Board take place at the meetings of the Supervisory Board and its committees and in writing, as required. In addition, the Executive Board and the president of the Supervisory Board maintain regular contact on issues that fall under the responsibility of the Supervisory Board. In particular, this includes the preparation of meetings.

Supervisory Board

As of 30 September 2016, the Supervisory Board of EVN AG had ten shareholder representatives elected by the Annual General Meeting and five members delegated by the Works Council. The Supervisory Board is headed by a president and two vice-presidents, who are chosen by the Supervisory Board from among its members. The minimum number of independent members was set at 50% by the Supervisory Board in a meeting on 29 May 2006. The independent members of the EVN Supervisory Board, as defined by Rule 53 of the ACGC, are listed on page 77.

The Supervisory Board performs its duties in accordance with the provisions of stock corporation law and the company's by-laws. Additional guidelines for its activities are provided by the rules of procedure for the Supervisory Board and by the ACGC.

One particular responsibility of the Supervisory Board is to supervise the work of the Executive Board, from which it may request a report at any time concerning the development of business. Legal regulations allow the Supervisory Board to extend the scope of business transactions requiring its formal consent as defined in § 95 (5) of the Austrian Stock Corporation Act through resolutions. The rules of procedure for the Executive Board and the Supervisory Board contain a detailed list of such business transactions and measures.

Independence of the Supervisory Board

A member of the Supervisory Board is considered to be independent in accordance with Rule 53 of the ACGC when he/she has no business or personal relations with the company or its Executive Board that could lead to a material conflict of interest and therefore influence the member's behaviour. If any such conflicts of interest arise, EVN requires multi-year transition periods in accordance with the ACGC.

The guidelines to determine the independence of the elected members of the Supervisory Board stipulate that these persons

- may not have any business or personal relations with EVN AG or its Executive Board that constitute a material conflict of interest and are therefore capable of influencing the member's behaviour;
- may not have served as a member of the Executive Board or a top executive of EVN AG or any of its subsidiaries during the past five years;
- may not maintain, or in the previous year did not maintain, any business relations with EVN AG or a subsidiary of EVN AG that are considered material for that member. This also applies to business relations with companies in which the Supervisory Board member holds a significant economic interest, but does not cover appointments to corporate bodies within the EVN Group. The approval of individual transactions by the Supervisory Board in accordance with L-Rule 48 of the ACGC does not automatically lead to qualification as not independent;
- may not have acted as an auditor of EVN AG or owned a share in or worked as an employee of the auditing company during the past three years;
- may not serve on the management board of another company in which a member of the Executive Board of EVN AG is a member of the Supervisory Board;

- may not serve on the Supervisory Board for more than 15 years. This does not apply to Supervisory Board members who hold an investment in the company as shareholders or who represent the interests of such shareholders; and
- may not be closely related (i.e. direct offspring, spouse, life partner, parent, uncle, aunt, brother, sister, niece, nephew) to a member of the Executive Board or to persons who hold one of the above-mentioned positions.

Function and committees of the Supervisory Board

The Supervisory Board fulfils its responsibilities as a joint decision-making body in cases where individual issues are not delegated to its committees. The Supervisory Board committees are responsible for preparing negotiations and resolutions, monitoring the implementation of the Supervisory Board's decisions and taking decisions on issues delegated by the Supervisory Board. The following committees were established by the Supervisory Board of EVN AG, each of which includes at least three elected Supervisory Board members and the legally required number of employee representatives.

The responsibilities of the **Audit Committee** are as follows:

- monitoring the accounting process and issuing recommendations or suggestions to ensure reliability;
- monitoring the effectiveness of the internal control system and, if necessary, the company's internal audit and risk management systems;
- monitoring the audit of the annual and consolidated financial statements, including the results and conclusions indicated in the reports by the Auditor Oversight Commission;
- verifying and monitoring the independence of the auditor of the annual financial statements (and consolidated financial statements), in particular with regard to additional services provided for the audited company; moreover, Art. 5 (5) of Regulation (EU) 537/2014 on the statutory audit of public-interest entities must be observed;
- reporting on the results of the audit to the Supervisory Board, explaining how the audit contributed to the reliability of financial reporting and explaining the role of the Audit Committee in this procedure;
- reviewing the annual financial statements and preparing the required authorisation, reviewing the proposal for the distribution of profits, the management report and, if applicable, the corporate governance report as well as submitting a report on the results of this review to the Supervisory Board;
- if necessary, examining the consolidated financial statements, the Group management report and the consolidated corporate governance report and, if necessary, reporting on the results of this examination to the Supervisory Board;

- the selection of an auditor for the annual and consolidated financial statements, taking the appropriateness of the fee into consideration, as well as preparing a proposal for the Supervisory Board on this selection; moreover, Art. 16 of Regulation (EU) 537/2014 on the statutory audit of public-interest entities must be observed.

The Audit Committee includes a financial expert as required by law and Rule 40 of the ACGC. All members of the Audit Committee are familiar with the sector in which the company operates.

The **Personnel Committee** is responsible for all matters concerning the relationships between the company and the members of the Executive Board, in cases where the full Supervisory Board is not responsible under law. It nominates replacements for vacant seats on the Executive Board and makes recommendations to fill vacant seats on the Supervisory Board. The Personnel Committee also serves as the Remuneration Committee, with the president of the Supervisory Board as its chairman and one member with knowledge and experience relating to remuneration policies (Rule 43 of the ACGC).

The **Working Committee** is responsible for carrying out specified tasks assigned by the full Supervisory Board. In certain urgent cases, the Working Committee is authorised by the Supervisory Board's rules of procedure to approve specific business transactions on behalf of this body.

New composition of the Supervisory Board

Elections for the entire Supervisory Board were held at the Annual General Meeting on 21 January 2016 since the previous term of office expired. The new Supervisory Board took office at the end of the Annual General Meeting on 21 January 2016 and was elected for the longest period permitted under the Austrian Stock Corporation Act, i.e. up to the Annual General Meeting that will vote on the release from liability for the 2019/20 financial year. The following persons were elected to the Supervisory Board: Bettina Glatz-Kremsner, Philipp Gruber, Susanne Scharnhorst and Friedrich Zibuschka as new members and Norbert Griesmayr, Thomas Kusterer, Dieter Lutz, Reinhard Meißl, Willi Stiowicek and Angela Stransky as re-elected members. The Works Council delegated the following persons as employee representatives to the Supervisory Board: Franz Hemm, Paul Hofer, Friedrich Bußlehner, Monika Fraißl and Manfred Weinrichter. The total number of members on the Supervisory Board remains unchanged.

In the constituent meeting of the Supervisory Board on 21 January 2016, Bettina Glatz-Kremsner was elected president, Norbert Griesmayr first vice-president and Willi Stiowicek second vice-president. The Supervisory Board established an Audit Committee,

a Personnel Committee which simultaneously serves as the Nominating and Remuneration Committee and a Working Committee in accordance with the requirements of the Austrian Stock Corporation Act, the ACGC and the rules of procedure for this body.

The former members Burkhard Hofer, Stefan Schenker, Bernhard Müller and Edwin Rambossek are thanked for their many years of successful work on the Supervisory Board and its committees. Special thanks is given to Burkhard Hofer for his work as president of the Supervisory Board and to Stefan Schenker for his work as vice-president.

Focal points of the Supervisory Board's activities

The Supervisory Board held five plenary meetings during the reporting year, at which its members fulfilled the tasks and duties required by legal regulations and the company's by-laws. A lecture on the rights and obligations of the Supervisory Board of a stock corporation provided numerous examples of the framework defined by stock corporation, stock exchange and commercial laws for the activities of the Supervisory Board members. A closed conference was also held, in which the Supervisory Board was provided with detailed information on issues surrounding the trends in the energy sector and innovation at EVN.

The Supervisory Board amended its rules of procedure following the enactment of the Statutory Audit Amendment Act in 2016 ("Abschlussprüfungsrechts-Änderungsgesetz 2016") and adapted the responsibilities of the Audit Committee in accordance with § 92 (4a) of the Austrian Stock Corporation Act in the version published in the Statutory Audit Amendment Act of 2016.

The Supervisory Board made the following changes with regard to the Advisory Committee for Environmental and Social Responsibility: the rules of procedure were updated; new members were appointed; Bettina Glatz-Kremsner was elected chairwoman; and the remuneration for the advisory board members was redefined. The composition of the Advisory Committee for Environmental and Social Responsibility is published on the EVN website under: www.evn.at/Environmental-council.

Other important decisions by the Supervisory Board included the approval of the annual financial statements and the 2016/17 budget for the EVN Group and, above all, the sale of the shares in EconGas GmbH. The approval of the budget also covered investments in heating and windpower plants, in long-distance and district heating plants, in electricity, natural gas and heating networks and in the IT infrastructure. These investments are required primarily for the protection of supply security and the transport of renewable energy. Investments approved for the

environmental services business were related to improving water quality and to international projects for water purification and waste utilisation. The Supervisory Board also approved an increase in the guarantee lines for energy trading activities in Bulgaria and the strengthening of the equity base at WEEV Beteiligungs GmbH. In addition, the Executive Board provided the Supervisory Board with information on current developments in Croatia and Montenegro.

The Supervisory Board approved the report prepared in accordance with Rule 18a of the Austrian Corporate Governance Code on measures to prevent corruption in the company. In addition, the Supervisory Board examined all possible conflicts of interest and did not identify any inconsistencies.

Average attendance at Supervisory Board meetings equalled approximately 94.7% in 2015/16. One member of the Supervisory Board (Thomas Kusterer) did not personally attend more than half of the Supervisory Board's meetings during the reporting year (Rule 58 ACGC).

Focal points of activities in the Supervisory Board's committees

The Personnel Committee of the Supervisory Board, which also serves as the Nominating and Remuneration Committee, met three times in 2015/16 to deal with issues involving the relations between the company and the Executive Board members. Discussions focused on preparations for elections to the Supervisory Board, the variable remuneration of the Executive Board and target agreements.

The Working Committee of the Supervisory Board did not meet during the reporting year. The Audit Committee of the Supervisory Board met twice in 2015/16 and dealt with all its assigned responsibilities (see page 80), above all with preparations for the resolution on the annual financial statements for 2014/15 including the use of profits, the appointment and work of the auditor and the half-year financial statements for 2015/16 including expectations for the full financial year. The Audit Committee dealt extensively with the internal control, audit, risk and compliance management system.

Evaluation of the Supervisory Board's activities

The ACGC requires the regular external evaluation of compliance with the C-Rules defined by the Code (Rule 62 of the ACGC). The corresponding external evaluation in 2014/15 concluded that, "EVN AG complied with the C-Rules of the ACGC during the 2014/15 financial year".

In 2015/16, the Supervisory Board carried out another self-evaluation of its activities as required by the ACGC. This evaluation was based on an extensive written questionnaire which was answered by the members of the Supervisory Board.

Remuneration report

Remuneration for top executives (Rule 28a of the ACGC): In light of the requirements defined by the ACGC, the current variable remuneration system for top executives was amended by the company's corporate bodies as of 1 October 2010. This adjustment set the following priorities:

Indicators to illustrate the company's economic situation:

The following quantitative parameters are used to measure the further development of management indicators that demonstrate the strategic and operating priorities of the EVN Group: increase in economic value added (EVA®) and average cash flow contribution.

Sustainability: Within the frame of the new remuneration rules, one of the primary objectives of the current version of the ACGC is to strengthen the focus of the Executive Board and top managers on sustainability and a long-term orientation. The introduction of multi-year targets and a bonus reserve further increased the solidity and stability of the variable remuneration system.

The bonus reserve is defined as a payment mechanism which is converted into an annual pro-rata bonus if the quantitative targets are met during a given period. Up to one-half of the bonus reserve is distributed after the achievement of objectives has been confirmed, while the remainder is carried forward to the next year. The introduction of a bonus reserve is designed to achieve two main goals. On the one hand, it is based on a multi-year approach that links consecutive years by carrying the unpaid bonus components from the initial reserve forward to the next period (similar to an opening account balance). On the other hand, this scheme aims to cushion and smooth the "independent" fluctuations in the company's economic performance.

Multi-year approach: The quantitative objectives are defined in advance for a period of three years. The determination of target achievement is based on internal data and information as well as external sources, e.g. benchmarks, peer group comparisons and capital market and rating evaluations. In addition to the general three-year period, the accuracy and validity of the medium-term targets is evaluated each year. These targets are only revised in exceptional cases, for example in light of unforeseeable events or

changes in the company which have a significant impact on performance.

Stock options (Rule 29 of the ACGC): EVN does not have a stock option programme for the members of the Executive Board or key managers.

Performance-based bonus programme for the Executive Board (Rules 27, 30 of the ACGC): In 2015/16 the remuneration of the Executive Board comprised a fixed component of approximately 74% and a variable component of approximately 26%. The variable component is based on the 2014/15 financial year. The performance-based component consists of the following parts: 30% based on the increase in economic value added (EVA®), 40% on the average cash flow contribution and 30% on individually agreed targets. Target corridors between 0% and 200% have been defined for the quantitative performance criteria (EVA® and the cash flow contribution), whereas 0% to 100% of the individually agreed targets can be achieved.

In keeping with the requirements of the current ACGC, the Supervisory Board of EVN approved an amendment to the previous variable remuneration scheme beginning in 2010/11. Additional information is provided under the remuneration system for top executives (Rule 28a of the ACGC).

Directors and officers insurance (D&O insurance, Rule 30 of the ACGC): EVN has arranged for a D&O insurance to cover claims for damages by the company, shareholders, creditors, competitors and customers against the Executive Board resulting from violations of their legal obligation to exercise diligence in their capacity as managing directors. The managerial bodies of the Group's subsidiaries and certain affiliated companies are jointly insured under the prevailing terms and conditions at the present time. The costs for this insurance are carried by the company. Since the premium applies to the Group and is not based on the number of insured persons, extending this insurance coverage to the members of the Supervisory Board and the corporate bodies of other Group companies does not increase the premium.

Contracts requiring the approval of the Supervisory Board (Rule 48 of the ACGC): No member of the Supervisory Board has concluded a contractual agreement with EVN or one of its subsidiaries that would entitle him or her to more than an insignificant payment. All such contracts are subject to the approval of the Supervisory Board.

Remuneration scheme for the Supervisory Board (Rule 51 of the ACGC): See the information on the Supervisory Board on page 78.

Measures to support women (Rule 60 of the ACGC): EVN is committed to offering equal opportunities to all its employees. The percentage of women in EVN's workforce amounts to 22.6%, while roughly 7.0% of the key management positions are filled by women. There are no women on EVN's Executive Board, and the percentage of women on the Supervisory Board equals 26.7%. The "Women@EVN" programme was introduced in 2010/11 to increase this ratio by improving the opportunities and perspectives offered to women working for the EVN Group in Austria. It is designed to create operating conditions that enable women to assume qualified positions in specialised areas and at the management level in line with their inclinations and skills. Women were appointed to two senior positions during the reporting year. Group-wide, eleven women currently serve as project managers (project manager career path). The percentage of young women in the Group's management development programme was higher than the current share of women in EVN's workforce during the reporting year. EVN has long pursued measures to support the work-life balance of women. These include flexible working time models, the provision of individualised support to women returning after maternity leave, day care during holidays, information events for staff members on parental leave as well as a comprehensive programme of vocational and professional education which is also open to men and women on parental leave. EVN's objective for the medium term is to increase the share of women to a level that mirrors the current educational levels of women in the applicable professional groups.

The Austrian Equal Opportunity Act requires companies with a workforce above a certain threshold to submit a biannual remuneration report (§ 11a of the Equal Opportunity Act). All companies in the EVN Group with a workforce above the legally defined threshold prepared the required report and submitted it to the central works council.

Directors' Dealings (Rule 73): No purchases of EVN AG shares by members of EVN's management or closely related persons (Art. 19 of Regulation (EU) 596/2014 on market abuse) were reported to the company or to the Austrian Financial Market Authority during 2015/16.

Related Party: EVN AG and NÖ Landes-Beteiligungsholding GmbH concluded a group and tax settlement agreement in 2005. Additional information on related party transactions as defined in IAS 24 is provided in the information on the basis of preparation in the consolidated notes (note 68).

Auditor's fees: EVN's annual and consolidated financial statements for the 2015/16 financial year were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungs-

gesellschaft, Vienna. The fees charged by KPMG in 2015/16 amounted to EUR 2.1m (previous year: EUR 1.8m) and were distributed as follows: 43.6% for auditing and audit-related services (previous year: 48.2%), 48.1% for tax consulting services (previous year: 48.8%) and 8.3% for other consulting services (previous year: 3.0%).

Internal audit and risk management

Internal audit

EVN's internal audit department reports directly to the Executive Board and to the Audit Committee of the Supervisory Board. Separate internal audit departments were also installed at EVN's subsidiaries in Bulgaria and Macedonia. The internal audit departments are responsible for auditing and controlling processes and business units, whereby continuous training for the staffs is ensured by specially organised programmes. The internal audit departments prepare annual audit plans based on the results of risk assessments. These plans are approved by the responsible corporate bodies and supplemented by ad-hoc and special audits where required. The work of the internal audit departments is based on the International Standards for the Professional Practice of Internal Auditing (IIA). Any problem areas identified during the audits are reported to the respective business units and measures for improvement are recommended. The implementation of the measures approved by EVN's management is then evaluated in follow-up audits. The above-mentioned audits did not identify any serious deficiencies that could endanger the strategy or goals of the EVN Group.

Risk management

The primary goal of risk management at EVN is to protect the Group's current and future earnings potential. Risks are recorded and analysed based on a centrally managed two-stage process that provides the responsible employees in the EVN Group with methods and tools to identify and evaluate risks. The respective business units, which are also responsible for risk management, communicate their risk exposures to the central risk management department, which classifies, analyses and evaluates risks across the entire Group. Measures to minimise corporate risks are also identified and their implementation is monitored. The two-stage risk management process is supported by standardised guidelines and consistently carried out throughout the Group. The resulting risk analyses are presented to the Executive Board and the responsible managing directors at regular intervals by the Group Risk Committee. A detailed presentation of EVN's main risks and the measures taken to control risks can be found in the chapter on risk management in the 2015/16 management report.

Issuer compliance

EVN has developed a comprehensive set of rules to prevent the misuse of insider information, which are based on the regulations defined by the Austrian Stock Corporation and Stock Exchange Acts, the Austrian Issuer Compliance Code and the Directive of the European Parliament on insider dealing and market manipulation. 21 permanent and five ad-hoc areas of EVN's business have been designated as strictly confidential, and the involved employees take part in regular training. In accordance with the Austrian Stock Exchange Act, compliance and confidentiality are monitored and evaluated by a designated compliance officer who reports directly to the Executive Board. The regular controls carried out by the compliance officer in 2015/16 did not identify any deficiencies.

EVN Code of Conduct

EVN places great importance on the integrity and legally compliant behaviour of all its employees and business partners. Through their role as an integral part of an international energy and environmental services company, the managers and employees of EVN have a far-reaching responsibility and role model function both in Austria and abroad.

The Code of Conduct, which was developed in a Group-wide process and updated during 2012, forms the basis for all compliance measures at EVN. Corporate Compliance Management (CCM), a staff department reporting directly to the Executive Board, was established as of 1 October 2012 to develop, manage and improve the Compliance Management System (CMS). The CMS defines a standardised framework for the entire Group which is designed to support employees to behave in an honest and legally compliant manner in everyday business activities.

Activities during the past two financial years focused on employee training. As a first step, EVN managers of all strategic business units were sensitised for this subject in five-hour workshops. The sensitisation of managers was followed by two-hour training sessions for all employees by the responsible compliance officers. The focus was placed on explaining the anonymous whistle-blower system and the subjects customers, capital market and investors, integrity and avoidance of corruption, as well as data protection and confidentiality. Over 8,000 employees and 200 managers have been trained on compliance in ten languages at more than 100 different locations. These activities ensure that all employees and managers in the EVN Group are well equipped to deal with the challenges resulting from adherence to the compliance rules.

An important element of the CMS is the whistle-blowing procedure, which provides a framework to report possible violations of EVN's Code of Conduct. This system is voluntary and anonymous, and the identity of the reporting person is never revealed.

The EVN Code of Conduct can be found under www.evn.at/Code-of-conduct.aspx. Its content is based on EVN's various stakeholder groups and is designed to support all employees in implementing EVN's values during their working activities.

Training courses on special subjects provide additional information for areas exposed to increased risk. In addition to content in the EVN Intranet, e-learning tools were also developed for employees. These tools have been implemented in all strategic business units and Group companies in Austria, in the WTE Group, at EVN Bulgaria and at EVN Croatia. The introduction of this content at EVN Macedonia has also started. Special content is offered for managing directors, infrastructure project managers and sales employees. A communication plan based on the specific target groups anchors and ensures the further development of awareness for compliance issues in all Group companies in Austria and abroad.

Internal processes that are exposed to particular risks from a compliance standpoint were equipped with so-called compliance controls and technically integrated in EVN's process management system during 2015/16. These controls are ongoing and thereby provide additional security for adherence to the Group's compliance rules.

Activities during the reporting year also included the intensification of business partner reviews. In line with the respective risks, the business partners of the EVN Group in Austria and the WTE Group are audited on compliance-relevant issues with the support of an external service provider. Any sensitive information revealed by this screening leads to the implementation of risk-minimising measures. Preparations are currently underway to extend this process to other Group companies.

The previous implementation of the compliance management system was tested in a survey of managers and employees. A compliance dialogue on future compliance challenges was also carried out with managers. The analysis and appraisal of the results of these internal analyses will be followed by the further optimisation of EVN's compliance management system to meet these future challenges.

The Supervisory Board received a report on the content, goals and status of the compliance organisation in its meeting on 9 December 2015 in accordance with Rule 18a of the ACGC.

In order to anchor data protection in the EVN Group, a data protection officer was appointed in Austria. This position is assigned to the Corporate Compliance Management Department and thereby reports directly to the Executive Board. The officer is independent in the exercise of his function and situated outside business processes. He will develop, direct and improve a cross-functional, Group-wide data protection management system. In

Maria Enzersdorf, 17 November 2016



Peter Layr
Spokesman of the Executive Board



Stefan Szyszkowitz
Member of the Executive Board

this way, EVN will meet and effectively address the challenges related to the EU Data Protection Regulation on a timely basis.

Audit of compliance with the Austrian Corporate Governance Code by KPMG Austria

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, has audited and reported on the corporate governance report of EVN AG, Maria Enzersdorf, pursuant to § 96 (2) of the Austrian Stock Corporation Act. This report on the evaluation of compliance with the ACGC is available under www.investor.evn.at.

Corporate governance and sustainability

In the course of its internationalisation, EVN joined the UN Global Compact in 2005. This membership includes a commitment to compliance with globally recognised principles for economic actions that are ethically and ecologically compatible. EVN has also been a member of the steering committee of the Austrian Global Compact network since 2012. This committee, which was established in 2009, evaluates the past work and plans the future activities of the Austrian UNGC network.

△ GRI indicator: Support for external initiatives (G4-15)

Involvement of management and the highest governance body in sustainability issues

The continuous development of the corporate strategy and the preparation and revision of corporate guidelines and policy statements is the responsibility of EVN's Executive Board. This work is carried out in close coordination with the Supervisory Board and is supported by steering committees and working groups that are established for specific topics. A CSR steering committee was installed to deal with issues related to sustainability. It comprises the entire management team, including the Executive Board, and therefore reflects European best practice standards. The committee's broad composition allows for the targeted management of CSR issues and continuous coordination with the corporate strategy and the operating segments' goals.

The CSR advisory team provides organisational and content-related support through its work as an interface and link between strategic decisions and operational implementation. The team assists the various departments in developing goals, measures and standards that are presented to the CSR steering committee for approval. It also identifies current trends and developments in the area of sustainability. The involvement of all corporate units and the identification of further CSR development opportunities are ensured by the nomination of CSR network officers in all departments. These network officers ensure that previous CSR activities are regularly reviewed and current activities and opportunities for improvement are discussed and realised. The handling of CSR issues by EVN's subsidiaries in Bulgaria, Macedonia, Croatia and Germany is supported by the implementation of individual CSR organisations that are based on the Austrian model.

The spokesman of the Executive Board represents the company on issues related to CSR management.

○ For information on the UN Global Compact, see www.unglobalcompact.org

○ For information on the CSR organisation, see www.responsibility.evn.at

△ GRI indicators: Sustainability management process – responsibilities and process for delegation by the highest governance body (G4-35); Reporting on economic, environmental and social topics to the highest governance body (G4-36); Role of the executive board regarding economic, ecological and social impacts, risks and opportunities (G4-42)

The Supervisory Board is provided with extensive information on current economic, ecological and social issues that are relevant for EVN at an annual closed conference. The focal points of this conference in 2015/16 were trends in the energy sector and innovation at EVN. In addition, the heads of internal audit, accounting, risk management and corporate compliance management report to the Supervisory Board twice each year at meetings of the Audit Committee. The compliance-relevant subjects discussed at these meetings can also include critical issues involving the Supervisory Board. Independent of these meetings, the Supervisory Board receives additional information on any initial suspicions of violations that may represent an economic risk to the company or damage to its reputation. The Audit Committee of the Supervisory Board is informed of any initial suspicions of violations that may have material economic effects or cause damage to the company's reputation. The chairman of the Supervisory Board is notified directly if there are any suspicions of severe compliance violations involving the Executive Board members or if the Executive Board fails to take action. No critical issues were reported to the Supervisory Board during the reporting year.

△ GRI indicators: Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics (G4-43); Process for communicating critical concerns to the highest governance body (G4-49); Nature and total number of critical concerns communicated to the highest governance body (G4-50)

The remuneration scheme for key EVN managers was adjusted during 2010. Among others, the adjustment included the following points:

- Inclusion of value-oriented indicators
- Inclusion of sustainable development factors for the respective areas

EVN's shareholders have an opportunity to express their views on management's remuneration and the remuneration scheme at the Annual General Meeting.

△ GRI indicator: Stakeholders' views on management remuneration (G4-53)

Control and assessment of sustainability performance

In addition to compliance with the provisions of the Austrian Corporate Governance Code, EVN's most effective instrument for evaluating its sustainability performance – and therefore also the Executive Board – is the annual process of collecting, analysing, evaluating, summarising and publishing facts and figures for sustainability reporting according to GRI G4, application level "comprehensive". EVN commissioned TÜV SÜD, an independent testing institute, to verify its sustainability performance and the presentation of CSR issues in the 2015/16 full report, in particular the content reported under GRI G4 and the GRI index. This verification included an interview with the

members of the Executive Board and the CSR steering committee and was concluded with a management letter issued by TÜV SÜD on its external evaluation of the company's sustainability performance.

In Lower Austria, regular external audits are carried out at EVN's three thermal power plants and 49 heat generation plants in connection with the EMAS certifications.

Good SRI ratings lead to listing in sustainability indexes

In the area of socially responsible investments, EVN's sustainability performance is evaluated by various rating agencies. These evaluations are based on environmental, social and governance criteria, with different focal points depending on the agency. EVN also participates in the Carbon Disclosure Project (CDP) and reports on its greenhouse gas emissions and the related goals, measures and concepts once each year. The rating agencies that analyse and evaluate EVN on a regular basis include, among others, oekom research, Sustainalytics, imug and Vigeo. The EVN share is included in several sustainability indexes, e. g. the Austrian VÖNIX, and these listing also involve systematic reviews.

△ GRI indicators: Evaluation of the performance of the highest governance body's performance with respect to sustainable development (G4-44); Highest committee or position that formally reviews the sustainability report (G4-48)

Management report

Energy policy environment

European energy and climate policies

European climate policies

In October 2014, the EU heads of state or government approved a framework for climate and energy policies up to 2030. This framework, which is based on the 2020 climate and energy package, commits the European Union to reaching the following three main goals by 2030:

- A reduction of at least 40% in greenhouse gas emissions below the 1990 level
- An increase in the share of renewable energy in the total energy mix to at least 27%
- An improvement of at least 27% in energy efficiency over the 2007 level

These measures are intended to meet the long-term goals for the transition to a competitive low-CO₂ economy by 2050, the Energy Road Map 2050 and the Transport White Paper. They also illustrate the harmonisation of Europe's climate policies with the global goals that were approved by the UN Climate Conference in Paris during December 2015.

Emission trading

A decision by the European Commission postponed the auctions for 900m CO₂ emission certificates to 2019 and 2020 ("backloading") and also approved a reduction in the number of certificates starting in 2019 with further adjustments through a market stabilisation reserve. This mechanism is designed to increase or decrease the number of emission certificates on the market based on the economic environment. During the final trading period (2021–2030), the number of certificates will be reduced by 2.2% each year.

Allocation of CO₂ emission certificates

EVN purchases 100% of the emission certificates required for its electricity generation over the market. The allocation of free certificates for heat generation began in 2013 at a level equal to 80% of the previously determined CO₂ emissions for each plant. Plans call for a linear reduction in free certificate allocations to 30% of the plant emissions by 2020. Moreover, the number of allocated certificates will also be reduced if there is a significant decrease in heat generation.

△ GRI indicator: Allocation of CO₂ emission allowances (EU5)

Market design for electricity

The so-called "winter package" on the design of the electricity market is expected to be presented at the end of 2016. With these new legal regulations, the EU Commission plans, among others,

to ensure the market-based implementation of renewable generation as well as the availability of sufficient generation capacity to protect supply security.

German-Austrian electricity price zone

The Agency for the Cooperation of Energy Regulators (ACER) and the German Federal Network Agency are advocating measures that would lead to the medium-term separation of the joint electricity price zone between Germany and Austria that has existed since 2002. The Austrian side – in particular Oesterreichs Energie and the Austrian electricity regulatory authority – has rejected these efforts, among others with reference to the goal of establishing an integrated EU internal energy market as well as the ongoing shortages in the German networks. Notwithstanding the uncertain outcome of the current negotiations between ACER and the European Network of Transmission System Operators for Electricity (ENTSO-E) on this subject, it can be assumed that EVN's business development will not be significantly affected by any changes in the German-Austrian electricity price zone during the 2016/17 financial year. Later effects are impossible to estimate from the present point of view.

Energy strategy 2030

The Austrian federal government has set a goal to define an energy strategy for the years up to 2030. The envisaged energy system is to be efficient, affordable and socially viable. Its overriding goals are the protection of supply security, prosperity and competitiveness as well as an intact environment. EVN supports these goals and contributes to their realisation with an investment programme that is focused on the home market of Lower Austria.

In spring 2016 the Austrian federal government presented a green book which was designed to serve as the basis for informed and factual discussions on an integrated energy and climate strategy. It not only covers the goals up to 2030, but also includes long-term perspectives up to 2050. The recently concluded consultations will be followed by the preparation of a white book during the first half of 2017.

Regulatory environment

Austria

The new regulatory period in Austria started on 1 January 2013 for natural gas and on 1 January 2014 for electricity; both periods cover five years. Consequently, the new regulatory calculation method for the natural gas distribution networks will be defined in autumn 2017 and take effect as of 1 January 2018. The interest-bearing capital base is defined by the regulatory asset base. Further key parameters for the regulatory model are the weighted average cost of capital (currently 6.42%) and productivity variables. These

variables include the general factor for all companies as well as the company-specific factor. They form the specific cost-cutting target for each company which also takes inflation adjustment into account. EVN's network company has received a very positive evaluation from the regulatory authority for its productivity in a peer-group benchmarking.

Bulgaria

Household and commercial customers in Bulgaria are supplied at regulated prices, while business customers are being gradually transitioned to the liberalised market. EVN is active in this customer segment through its trading subsidiary EVN Trading South East Europe EAD. EVN Bulgaria Elektrosnabdiavane EAD, which also supplies household and business customers on the regulated market, acts as a "supplier of last resort" and services those customers in the liberalised market segment who do not select another supplier or cannot receive electricity from their chosen supplier through no fault of their own. The sale of energy to customers in the regulated market segment as well as the procurement of the corresponding volumes is based on regulated prices which are below the market level.

The new regulatory periods in Bulgaria started on 1 August 2015 for electricity and on 1 July 2016 for heat. The period for electricity covers three years, the period for heat covers one year. The regulatory method for the electricity network defines a revenue cap which comprises the recognised operating expenses, amortisation and depreciation as well as an adequate return on the regulatory asset base. The method also takes into account the investment factor which is defined annually.

The Bulgarian regulatory authority raised the electricity tariffs for end customers in EVN's supply area by an average of 0.83% as of 1 July 2016. However, the relevant tariffs for the reporting year were still based on the 0.4% price reduction implemented on 1 August 2015. The end customer prices for heat were reduced step-by-step by 1.9% in 2015/16 as compared to the level on 1 July 2015. EVN is continuing to actively pursue the arbitration proceedings started in June 2013 at the World Bank's International Centre for the Settlement of Investment Disputes (ICSID). In 2013/14 EVN was confronted with administrative proceedings

that were initiated by the local regulatory authority and aimed at withdrawing the license for the Bulgarian electricity sales subsidiary EVN Bulgaria Elektrosnabdiavane EAD. The proceedings have still not been terminated.

Macedonia

The unbundling of the individual business areas in utility companies in Macedonia has been in progress since 1 January 2014. EVN met these requirements by establishing a sales company (EVN Macedonia Elektrosnabduvanje DOOEL) and a production company (EVN Macedonia Elektrani DOOEL) in addition to the previously founded EVN Macedonia AD, which continues to operate as a network company and a sales company for the regulated customer segment. The liberalisation of the electricity market in Macedonia will be implemented gradually by July 2020, dependent on customers' annual electricity consumption.

A tariff decision on 1 July 2016 reduced the electricity prices for end customers by an average of 0.3%. The current regulatory period which started on 1 January 2015 covers three years. Similar to Bulgaria, the regulatory method for the electricity network defines a revenue cap which comprises the recognised operating expenses, amortisation and depreciation as well as an adequate return on the regulatory asset base.

Croatia

The Croatian natural gas market for business and industrial customers has been liberalised since 2012, and the liberalisation for household customers is scheduled for April 2017. Natural gas deliveries to household customers will still be based on regulated tariffs up to 31 March 2017. The household tariffs in the supply area covered by EVN Croatia were reduced by an average of 16.5% for the period from 1 April 2016 to 31 December 2016. The regulatory authority has introduced changes to improve regulation and the implementation of balancing energy rules throughout the entire natural gas market. The latter is part of the harmonisation of Croatian regulatory requirements with the surrounding natural gas markets and with EU directives. EVN Croatia has included the balancing energy risks in its natural gas price and passed this adjustment on to the responsible business units, which eliminates the balancing energy risk for the distribution network operator.

GDP growth	%	2017f	2016e	2015	2014	2013
EU-28 ^{1) 2)}		1.4–1.6	1.7–1.8	2.2	1.5	0.2
Austria ^{2) 3)}		1.3–1.5	1.5–1.7	1.0	0.4	0.3
Bulgaria ^{1) 2) 4)}		2.7–3.0	2.2–3.1	3.0	1.5	1.3
Croatia ^{1) 2) 4) 6)}		2.0–2.5	1.9–2.6	1.6	–0.4	–1.1
Macedonia ^{5) 6)}		3.5–4.0	2.2–3.7	3.7	3.5	2.9

1) Source: "European Economic Forecast, Autumn 2016", EU-Kommission, November 2016

2) Source: "Prognose der österreichischen Wirtschaft 2016–2017", IHS, September 2016

3) Source: "Prognose für 2016 bis 2017: Konsum wächst erstmals seit drei Jahren wieder", WIFO, September 2016

4) Source: "Strategie Österreich & CEE 4. Quartal 2016", Raiffeisen Research, October 2016

5) Source: "Global Economic Prospects", World Bank, June 2016

6) Source: "World Economic Outlook", International Monetary Fund, October 2016

General business environment

The global economy has shown only tentative recovery since mid-2015. Development has been slowed by uncertainty, among others due to the British decision to leave the European Union, protectionist tendencies and geopolitical risks. However, there are definite signs of stabilisation in the economies of the emerging countries despite the ongoing structural problems. These countries are benefiting from the increase in raw material prices and the consolidation of the Chinese economy. Forecasts for the US economy, in contrast, were recently revised downward and the expected GDP growth will now lag behind the European Union. Forecasts for the EU point to economic growth of 1.7% to 1.8% in 2016 and 1.4% to 1.6% in 2017.

In Austria, economic growth in 2016 has been moderate to date – and, according to recently published preliminary indicators, will most likely continue at this pace. This hesitant recovery is still supported by domestic demand, even though the development of private consumption appears to be somewhat weaker than hoped for at the beginning of the year. Other sectors of the economy present a different picture: economic researchers expect positive impulses from the construction industry, which seems to have overcome its crisis, and from gross capital investment, which is projected to record the strongest growth since 2011 this year. These factors are expected to place Austria near the EU average: growth is projected to range from of 1.5% to 1.7% in 2016. The forecast for 2017 is slightly lower at 1.3% to 1.5%, but corresponds to the slightly reduced forecast for the entire European Union.

Economic momentum in Bulgaria has recently slowed somewhat compared with 2015, above all due to the decline in investments. The expansion of the infrastructure and the energy sector over the coming years should, however, provide added impulses for further growth. Exports and private consumption currently represent the major drivers for the Bulgarian economy. In this environment, growth is expected to range from 2.2% to 3.1% in 2016 and from 2.7% to 3.0% in 2017.

The economic recovery in Croatia is continuing, primarily as the result of sound domestic demand. Private consumption is still supported by continuing price declines, the stabilisation of the labour market and solid tourism indicators. Tourism can be described as the country's most important economic driver. Another positive factor was the increase in gross capital investment, which was based, above all, on a stronger construction industry. GDP growth is projected to range from 1.9% to 2.6% in 2016 and from 2.0% to 2.5% in 2017.

After generating growth of over 3.0% in recent years, the prolonged domestic political crisis in Macedonia is currently preventing more dynamic development. The economy could, however, continue its growth course at a high level if the political conflict is resolved in the near future. General consumer trends have not yet been negatively affected by the unstable political environment, and the export sector has also remained generally untouched by potential negative effects to date. The effects of the political uncertainty are, on the other hand, very visible in the increasing reservation surrounding foreign investment. Under the current conditions, the GDP in Macedonia is projected to increase by 2.2% to 3.7% in 2016 and by 3.5% to 4.0% in 2017.

Energy sector environment

The development of EVN's energy sector business is influenced to a significant degree by external factors. Energy consumption by retail customers – in the form of electricity, natural gas and heat – is influenced primarily by the weather, while the demand for energy by industrial customers is driven mainly by the general business environment.

The average temperatures in EVN's relevant markets were extremely mild during the 2015/16 financial year. In particular the winter months were significantly warmer than usual in all three core markets. The heating degree total in Austria remained below the long-term average, as in the previous year. Bulgaria recorded unusually warm temperatures, with a heating degree total that was 23.2 percentage points lower than 2014/15. In Macedonia, the heating degree total was 8.6 percentage points below the previous year.

The average euro price for Brent crude oil was 27.9% below the previous year at EUR 38.0 per barrel in 2015/16, above all due to the worldwide oversupply. The average EEX price for natural gas fell by 32.5% year-on-year to EUR 14.4 per MWh, not least due to

the higher temperatures during the reporting period and the resulting lower demand on the spot markets. The price of coal fell by 14.4% to EUR 46.2 per tonne, primarily due to weaker demand in China. After a strong increase in the price of CO₂ emission certificates to EUR 8.4 per tonne in the first quarter of 2015/16, the price declined to EUR 6.1 per tonne at the end of the reporting year.

The forward and spot market prices for base load and peak load electricity also continued to decline during the reporting year. This development resulted from the further expansion of electricity generation capacity from renewable sources in Austria and Germany as well as the lower prices for primary energy carriers and CO₂ emission certificates. However, the forward prices for electricity and the prices for primary energy and CO₂ emission certificates increased towards the end of the reporting year due to the temporary standstill of production capacities in France. On average, the forward prices applicable to 2015/16 fell by 12.8% to EUR 30.4 per MWh for base load electricity and by 13.0% to EUR 38.2 per MWh for peak load electricity. The spot market prices declined by 13.2% to EUR 27.8 per MWh for base load electricity and by 14.2% to EUR 34.2 per MWh for peak load electricity.

Energy sector environment – indicators		2015/16	2014/15	2013/14
Temperature-related energy demand¹⁾		%		
Austria		96.0	96.0	94.8
Bulgaria		73.1	96.3	82.2
Macedonia		92.4	101.0	90.5
Primary energy and CO₂ emission certificates				
Crude oil – Brent	EUR/bbl	38.0	52.7	79.7
Natural gas – GIMP ²⁾	EUR/MWh	14.4	21.4	22.1
Hard coal – API#2 ³⁾	EUR/t	46.2	53.9	59.5
CO ₂ emission certificates	EUR/t	6.1	7.2	5.2
Electricity – EEX forward market⁴⁾				
Base load	EUR/MWh	30.4	34.9	38.6
Peak load	EUR/MWh	38.2	43.8	49.2
Electricity – EPEX spot market⁵⁾				
Base load	EUR/MWh	27.8	32.1	33.5
Peak load	EUR/MWh	34.2	39.8	42.2

1) Calculated based on the heating degree total; the basis (100%) corresponds to the adjusted long-term average for the respective countries

2) Net Connect Germany (NCG) – EEX (European Energy Exchange) stock exchange price for natural gas

3) ARA notation (Amsterdam, Rotterdam, Antwerp)

4) Average prices for the respective EEX quarterly forward market prices, beginning one year before the respective reporting period

5) EPEX spot – European Power Exchange

Business development

The scope of consolidation and changes in comparison with the previous year are explained in the notes.

☐ Also see page 131 ff

Statement of operations

Highlights 2015/16

- 20.1% increase in electricity generation
 - Increase in thermal electricity production due to higher demand for network stabilisation in Austria and Germany
 - Decline in renewable electricity production due to lower wind and water flows
- Decrease in EBIT, increase in Group net result
 - Improvement in operating earnings for the Network Infrastructure Austria Segment
 - Weaker demand for energy in South Eastern Europe due to mild winter and growing liberalisation based on lower energy procurement costs and operating expenses
 - Less favourable estimates for the long-term development of electricity prices led to impairment losses in generation

Results of operations

Revenue recorded by the EVN Group declined by EUR 89.3m, or 4.2%, to EUR 2,046.6m in 2015/16. Higher revenue was recorded from thermal generation due to the increased use of the thermal power plants to support network stability and from the network business in Lower Austria. However, this increase was unable to offset the lower revenue from the reduction in natural gas trading activities and the revenue decline in South Eastern Europe which resulted, above all, from the increasing liberalisation and the mild winter.

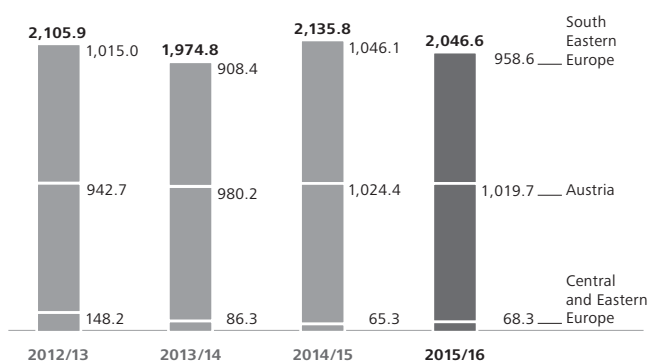
The revenue generated outside Austria fell by EUR 84.5m, or 7.6%, to EUR 1,026.9m. This represents a decrease in the share of Group revenue from 52.0% in the previous year to 50.2% in 2015/16.

Other operating income declined by EUR 11.4m, or 10.5%, in the reporting period. This development reflected the sale of the shares in the project company for the sodium hypochlorite plant in Moscow during the previous year, which led to a positive one-off effect and was recorded under this position. A contrary one-off effect in 2015/16 was provided by insurance compensation received as reimbursement for winter damages in Bulgaria.

The cost of electricity purchases from third parties and primary energy expenses totalled EUR 930.6m, which represents a year-on-year decline of EUR 135.9m or 12.7%. This development corresponds, above all, to the decline in natural gas sales volumes

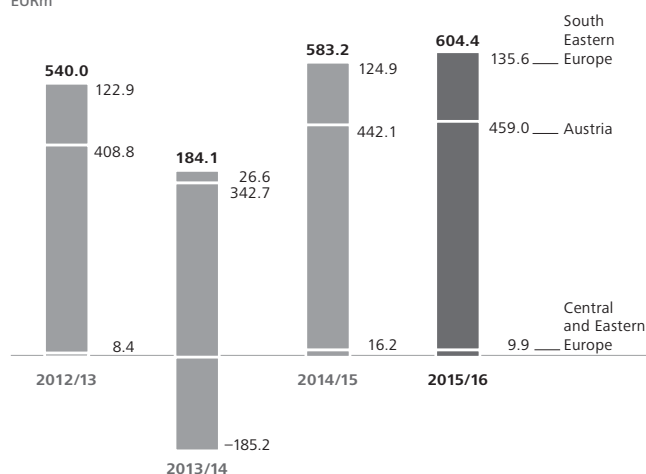
Revenue by region

EURm



EBITDA by region

EURm



Condensed consolidated statement of operations	2015/16	2014/15	+/-		2013/14
	EURm	EURm	nominal	%	EURm
Revenue	2,046.6	2,135.8	-89.3	-4.2	1,974.8
Other operating income	97.0	108.4	-11.4	-10.5	71.1
Electricity purchases and primary energy expenses	-930.6	-1,066.5	135.9	12.7	-1,032.2
Cost of materials and services	-246.7	-254.0	7.2	2.8	-251.9
Personnel expenses	-313.7	-313.5	-0.2	-0.1	-313.0
Other operating expenses	-141.6	-168.1	26.5	15.8	-359.0
Share of results from equity accounted investees with operational nature	93.5	141.1	-47.5	-33.7	94.0
EBITDA¹⁾	604.4	583.2	21.2	3.6	184.1
Depreciation and amortisation	-266.1	-260.3	-5.9	-2.3	-256.0
Effects from impairment tests	-77.9	-54.7	-23.1	-42.3	-269.5
Results from operating activities (EBIT)	260.4	268.2	-7.8	-2.9	-341.4
Financial results	-61.6	-60.3	-1.3	-2.1	-31.9
Result before income tax	198.9	207.9	-9.1	-4.4	-373.3
Income tax	-16.0	-17.3	1.2	7.1	102.8
Result for the period	182.8	190.7	-7.8	-4.1	-270.5
thereof result attributable to EVN AG shareholders (Group net result)	156.4	148.1	8.4	5.6	-299.0
thereof result attributable to non-controlling interests	26.4	42.6	-16.2	-38.0	28.5
Earnings per share in EUR¹⁾	0.88	0.83	0.05	5.7	-1.68

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

and lower energy sales volumes in South Eastern Europe. The cost of materials and services was also lower than the previous year at EUR 246.7m in 2015/16, a decline of EUR 7.2m or 2.8%.

Personnel expenses remained stable and, at EUR 313.7m, matched the prior year level (previous year: EUR 313.5m). The increase in personnel costs due the wage and salary adjustments required by collective bargaining agreements was offset by the absence of prior year one-off effects from restructuring measures in the South Eastern European companies. Continuous reorganisation and optimisation measures led to a decline of 143 in the average number of employees to 6,830 during the reporting year.

Other operating expenses fell by EUR 26.5m, or 15.8%, to EUR 141.6m. This significant decline resulted primarily from a further improvement in the collection rate in South Eastern Europe and parallel cost reductions throughout the EVN Group.

The share of results from equity accounted investees with operational nature was EUR 47.5m, or 33.7%, lower at EUR 93.5m. The decline is attributable, above all, to Rohöl-Aufsuchungs

Aktiengesellschaft and to the recognition of impairment losses to the investments in Verbund Innkraftwerke GmbH and Shkodra Region Beteiligungsholding GmbH – both to reflect less favourable estimates for the long-term development of electricity prices. An increase in the share of profit from the other companies included at equity was unable to offset this decline. In total, these developments led to an increase of EUR 21.2m, or 3.6%, in EBITDA to EUR 604.4m. The EBITDA margin also improved from 27.3% to 29.5%.

Scheduled depreciation and amortisation rose by EUR 5.9m, or 2.3%, to EUR 266.1m in 2015/16 due to the ongoing investments. The effects of impairment testing were EUR 23.1m, or 42.3%, higher at EUR 77.9m. These impairment losses included EUR 32.6m for the proportionate Duisburg-Walsum power plant, EUR 12.4m for various windpower and hydropower plants and were recognised to reflect less favourable estimates for the long-term development of electricity prices. In addition, an impairment loss of EUR 31.3m was recognised to the heating company TEZ Plovdiv to reflect the continued adverse rulings by the Bulgarian regulatory authority in the heating sector. The results from operating activities (EBIT) fell by EUR 7.8m, or 2.9%, year-on-year to EUR 260.4m.

Value analysis

		2015/16	2014/15	+/- %	2013/14
ROE ¹⁾	%	6.8	7.3	-0.5	-9.5
Average equity	EURm	2,680.4	2,611.4	2.6	2,856.0
WACC after income tax ^{1) 2)}	%	6.5	6.5	0.0	6.5
Operating ROCE (OpROCE) ^{1) 3)}	%	7.6	7.5	0.1	2.9
Average capital employed ³⁾	EURm	4,290.7	4,523.1	-5.1	4,900.5
Net operating profit after tax (NOPAT) ³⁾	EURm	327.4	341.0	-4.0	144.5
EVA [®]	EURm	48.5	47.0	3.2	-174.1

1) Changes reported in percentage points

2) The WACC given is used for the purpose of corporate management.

3) Adjusted for impairment losses and one-off effects. The market value of the investment in Verbund AG is not included in capital employed in order to consistently determine the value contribution.

Financial results amounted to EUR -61.6m and were EUR 1.3m, or 2.1%, lower than the previous year. Positive effects were provided by the absence of costs recognised in the previous year for the termination of the investment guarantee issued by the Federal Republic of Germany and the hedge for the financing of the sodium hypochlorite plant project in Moscow. In contrast, WEEV Beteiligungs GmbH made a negative contribution to earnings in 2015/16. It was based on the continuing negative difference between the current price of the Verbund AG shares held by this company and the balance sheet value.

Result before income tax for the 2015/16 financial year totalled EUR 198.9m (previous year: EUR 207.9m). After the deduction of EUR 16.0m in income tax expense and the earnings attributable to non-controlling interests, result for the period amounted to EUR 156.4m. This represents a year-on-year decline of EUR 8.4m or 5.6%.

Statement of financial position

Asset and financial position

EVN's balance sheet total rose by EUR 55.3m, or 0.9%, year-on-year to EUR 6,556.5m as of 30 September 2016.

Non-current assets increased by EUR 156.6m, or 2.8%, to EUR 5,685.8m and rose to 86.7% of total assets (previous year: 85.0%). A slight decline of EUR 2.8m, or 0.1%, to EUR 3,733.7m was recorded in intangible assets and property, plant and equipment. The carrying amount of equity accounted investees and other investments was EUR 140.1m, or 10.0%, higher than the previous year at EUR 1,537.8m, primarily due to the higher market valuation of the Verbund shares held directly by EVN AG. Other non-current assets rose by EUR 19.3m, or 4.9%, to EUR 414.2m, in particular due to a change in deferred tax assets and non-current receivables from derivative transactions.

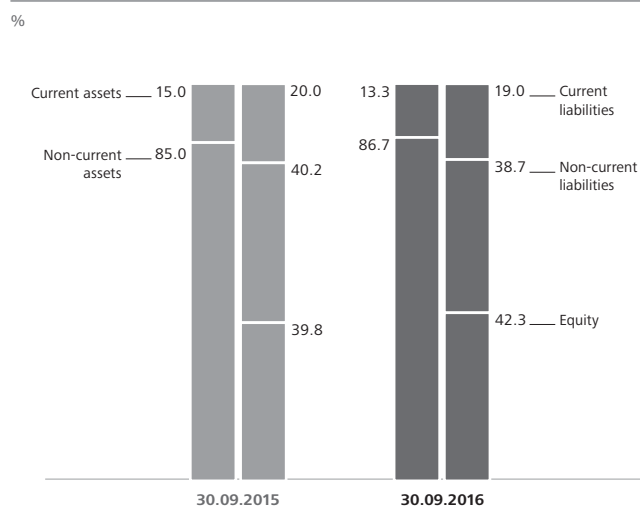
Current assets fell by EUR 105.1m, or 10.8%, to EUR 866.9m, largely due to a revenue-based decline in trade receivables.

Equity totalled EUR 2,770.7m as of 30 September 2016 and was EUR 180.5m, or 7.0%, higher than the previous year. The equity ratio rose from 39.8% in the previous year to 42.3%.

Non-current liabilities decreased by EUR 70.3m, or 2.7%, to EUR 2,540.7m in the reporting period. The reclassification of non-current loans and borrowings as short-term offset an increase in provisions, non-current tax liabilities and deferred income from network subsidies.

A decline was also recorded in current liabilities, which were EUR 54.9m, or 4.2%, lower at EUR 1,245.1m. This development resulted chiefly from a decrease in trade payables, current provisions and other current liabilities. A contrary effect was provided by the increase in current financial liabilities following the reclassification of a EUR 150.0m bond that is scheduled to mature in June 2017.

Balance sheet structure



Condensed consolidated statement of financial position	30.09.2016	30.09.2015	+/-		30.09.2014
	EURm	EURm	nominal	%	EURm
Assets					
Non-current assets					
Intangible assets and property, plant and equipment	3,733.7	3,736.6	-2.8	-0.1	3,738.7
Investments in equity accounted investees and other investments	1,537.8	1,397.8	140.1	10.0	1,553.8
Other non-current assets	414.2	394.9	19.3	4.9	485.2
	5,685.8	5,529.2	156.6	2.8	5,777.7
Current assets	866.9	972.0	-105.1	-10.8	840.4
Non current assets held for sale	3.8	0.0	3.8	-	223.7
Total assets	6,556.5	6,501.2	55.3	0.9	6,841.8
Equity and liabilities					
Equity					
Issued capital and reserves attributable to shareholders of EVN AG	2,510.8	2,334.8	176.1	7.5	2,395.2
Non-controlling interests	259.8	255.4	4.5	1.7	237.5
	2,770.7	2,590.1	180.5	7.0	2,632.7
Non-current liabilities					
Non-current loans and borrowings	1,314.5	1,535.7	-221.2	-14.4	1,747.7
Deferred tax liabilities and non-current provisions	601.2	492.3	108.9	22.1	545.5
Deferred income from network subsidies and other non-current liabilities	625.0	583.1	42.0	7.2	609.4
	2,540.7	2,611.0	-70.3	-2.7	2,902.6
Current liabilities					
Current loans and borrowings	239.1	140.1	99.0	70.7	194.2
Other current liabilities	1,006.1	1,160.0	-153.9	-13.3	1,112.3
	1,245.1	1,300.0	-54.9	-4.2	1,306.5
Total equity and liabilities	6,556.5	6,501.2	55.3	0.9	6,841.8

Net debt	30.09.2016	30.09.2015	+/-		30.09.2014
	EURm	EURm	nominal	%	EURm
Non-current loans and borrowings	1,314.5	1,535.7	-221.2	-14.4	1,747.7
Current loans and borrowings ¹⁾	225.4	129.9	95.5	73.5	173.8
Cash and cash equivalents	-223.5	-244.9	21.4	8.7	-197.2
Non-current and current securities	-158.4	-154.5	-3.8	-2.5	-62.9
Non-current and current loans receivable	-36.5	-35.3	-1.2	-3.5	-38.9
Net debt	1,121.5	1,230.9	-109.4	-8.9	1,622.4
Equity	2,770.7	2,590.1	180.5	7.0	2,632.7
Gearing (%)	40.5	47.5	-	-14.8	61.6

1) Excl. bank overdrafts contained in cash and cash equivalents

Value analysis

For the purpose of corporate management the weighted average cost of capital (WACC) after tax, taking into consideration EVN's specific company and country risks, was set at 6.5%. The return on equity (ROE) equalled 6.8% in 2015/16 (previous year: 7.3%), and the Economic Value Added (EVA[®]) totalled EUR 48.5m (previous year: EUR 47.0m). The operating return on capital employed (OpROCE) amounted to 7.6% for the reporting year (previous year: 7.5%).

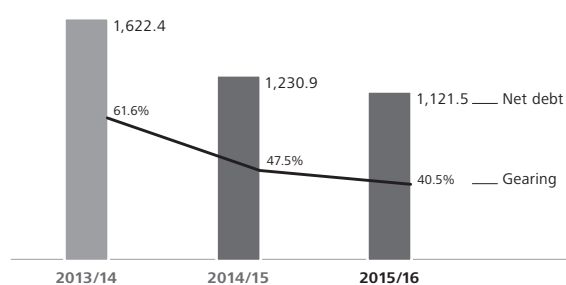
Liquidity position

The strong cash flow from operating activities allowed EVN to reduce net debt by EUR 109.4m, or 8.9%, to EUR 1,121.5m during the reporting year. This reduction combined with the increase in equity led to a decrease in the gearing ratio from 47.5% to 40.5%.

In order to safeguard its financial flexibility, the EVN Group holds a syndicated credit line of EUR 400.0m as well as bilateral credit commitments of EUR 122.0m that were not drawn as of 30 September 2016 and therefore were available in full. The second one-year extension option included in the agreement for the syndicated credit line was exercised during the reporting year, which rescheduled the maturity date from July 2020 to July 2021. The remaining terms of the bilateral credit lines concluded with five banks range up to three years. These solid liquidity reserves underscore the EVN Group's financial stability and flexibility.

Net debt and gearing

EURm and %



For additional information on the composition and terms of non-current financial liabilities, see page 172

Statement of cash flows

Gross cash flow rose by EUR 99.8m, or 22.8%, to EUR 537.9m in 2015/16. This growth was supported by the following factors which, in total, offset the decline in the result before income tax: an increase in non-cash earnings components as the result of higher depreciation and amortisation and a lower share of results from equity-accounted investees, and a change in non-current provisions. Cash flow from operating activities, including the changes in working capital, amounted to EUR 463.0m and was EUR 15.2m, or 3.2% below the previous year.

Cash flow from investing activities was EUR 157.9m lower year-on-year at EUR –230.6m. This decline resulted primarily from the sale of the sodium hypochlorite plant project in Moscow in the previous year.

Cash flow from financing activities equalled EUR –253.9m (previous year: EUR –357.3m). In the previous year, this position was influenced primarily by the repayment of financing for the sodium hypochlorite plant project. The development in 2015/16 included the dividend payment to the shareholders of EVN AG and to minority shareholders as well as the scheduled repayment of financial liabilities.

In total, cash flow amounted to EUR –21.5m in 2015/16. Cash and cash equivalents totalled EUR 223.5m as of 30 September 2016. The EVN Group also had undrawn credit lines of EUR 522.0m at its disposal to service potential short-term financing requirements.

Investments

Capital expenditure was EUR 7.2m, or 2.2%, lower year-on-year at EUR 315.4m in 2015/16.

In the Generation Segment, investments continued to focus on the expansion of windpower capacity in Lower Austria. The completion and commissioning of the Paasdorf-Lanzendorf windpark raised the available windpower capacity by roughly 19 MW during the reporting year and increased EVN's total windpower generation capacity to approximately 268 MW. However, investments in the Generation Segment were lower in 2015/16 due to the scheduling of individual projects.

Investments in the Energy Trade and Supply Segment were directed primarily to the expansion of EVN's district heating network as well as the construction of local heating plants and biomass heating plants.

Condensed consolidated statement of cash flows	2015/16	2014/15	+/-		2013/14
	EURm	EURm	nominal	%	EURm
Result before income tax	198.9	207.9	-9.1	-4.4	-373.3
Non-cash items	339.0	230.1	108.9	47.3	710.8
Gross cash flow	537.9	438.1	99.8	22.8	337.4
Changes in current and non-current balance sheet items	-75.4	35.5	-110.9	-	228.1
Income tax paid	0.6	4.6	-4.0	-86.6	-19.6
Net cash flow from operating activities	463.0	478.3	-15.2	-3.2	546.0
Changes in intangible assets and property, plant and equipment incl. deferred income from network subsidies	-239.1	-242.5	3.3	1.4	-300.5
Changes in financial assets and other non-current assets	2.6	250.4	-247.7	-98.9	14.2
Changes in current securities	5.9	-80.5	86.4	-	43.1
Net cash flow from investing activities	-230.6	-72.7	-157.9	-	-243.3
Net cash flow from financing activities	-253.9	-357.3	103.4	28.9	-335.0
Net change in cash and cash equivalents	-21.5	48.3	-69.8	-	-32.3
Cash and cash equivalents at the beginning of the period	244.9	197.2	47.7	24.2	229.5
Currency translation differences on cash and cash equivalents	0.1	-0.6	0.7	-	0.0
Cash and cash equivalents at the end of the period	223.5	244.9	-21.4	-8.7	197.2

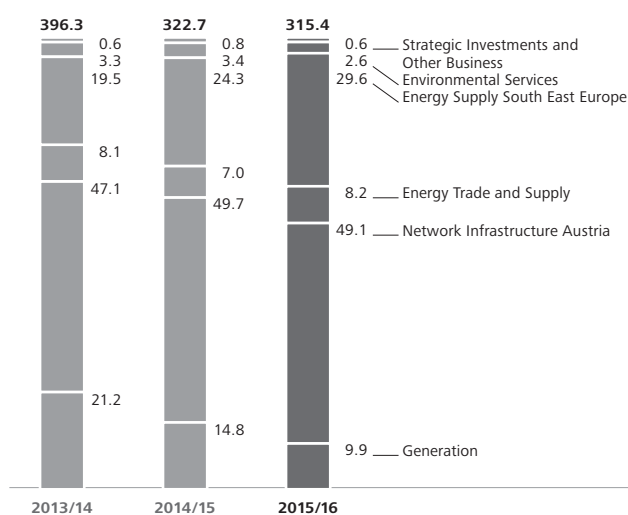
Investment priorities at EVN¹⁾

	2015/16	2014/15	+/-		2013/14
	EURm	EURm	nominal	%	EURm
Generation	31.2	47.8	-16.7	-34.8	84.1
thereof renewable energy Lower Austria	25.9	39.9	-13.9	-34.9	36.1
thereof thermal power plants	5.0	5.8	-0.8	-13.5	47.6
thereof renewable energy South Eastern Europe	0.0	1.5	-1.5	-	0.0
Energy Trade and Supply	26.0	22.7	3.3	14.7	32.3
thereof district heating plants	26.0	22.4	3.7	16.3	30.7
Network Infrastructure Austria	154.7	160.2	-5.5	-3.4	186.8
thereof electricity networks	105.1	113.4	-8.2	-7.3	135.4
thereof natural gas networks	35.2	33.9	1.3	3.8	38.6
thereof cable TV and telecommunications networks	14.5	13.0	1.5	11.5	11.8
Energy Supply South East Europe	93.5	78.5	14.9	19.0	77.5
Environmental Services	8.1	10.9	-2.8	-25.6	13.3
thereof supra-regional power lines and local networks for drinking water	7.3	9.4	-2.1	-22.1	9.4
Strategic Investments and Other Business	1.9	2.5	-0.6	-23.3	2.5
Total	315.4	322.7	-7.2	-2.2	396.3

1) After consolidation

Structure of investments

%, total in EURm



The Network Infrastructure Austria Segment continued its high level of investments, but the volume was lower than the previous year. The focus remained on the new construction or expansion of transformer stations and the expansion of the 110 kV power lines.

In the Energy Supply South East Europe Segment, investments concentrated on the further reduction of network losses. The expansion of natural gas supplies along the Dalmatian coast in Croatia also continued. Investments in this segment increased in comparison with the previous year.

The Environmental Services Segment concentrated primarily on investments in drinking water supplies, in particular on the construction of natural filter plants to improve the quality of the drinking water in Lower Austria by natural means. Another focal point involved investments to improve the performance capability of the pipeline networks.

The table shown above provides an overview of the most important investments.

Non-financial indicators

As a responsible energy and environmental services provider, EVN considers the dimensions “People”, “Environment” and “Economy” as three interrelated parts of a whole and works to achieve a balance between the requirements of the different interest groups. Sustainability aspects and the related objectives

represent an integral part of the corporate strategy and play an important role in achieving and maintaining steady growth in the company’s value. The EVN Group’s internal and external reporting also includes a number of specific indicators to monitor CSR activities. A selection of the most important non-financial indicators for EVN is presented in this chapter.

Working at EVN		2015/16	2014/15	2013/14
Number of employees	Average	6,830	6,973	7,314
Proportion of women	%	22.6	21.9	21.4
Training and educational expenses ¹⁾	EURm	1.8	1.9	2.3
Training and educational expenses per employee ¹⁾	EUR	263.4	275.7	310.4
Training hours per employee	Hours	27.2	30.7	34.9
Occupational accidents	Number	89	87	104

1) Seminar cost, trainers, e-learning

EVN as a responsible employer

The share of women in the workforce equalled 22.6% in 2015/16. EVN launched the “Women@EVN” programme in 2010/11, above all to improve the conditions that traditionally have a greater negative effect on women than on men. The goals are to guarantee equal opportunities for women and men and to increase the share of women at EVN.

EVN is well aware of the high strategic importance of its qualified workforce. Consequently, the protection and expansion of this high level of expertise represent a focal point for human resources management. The EVN Academy is responsible for the organisation and coordination of training and professional development opportunities for the Group’s employees in Austria, Bulgaria and Macedonia.

Occupational safety and accident prevention form an important focal point for all corporate units in the EVN Group. A high level of safety is guaranteed, in particular, by training and awareness-raising measures.

Supply security, environmental protection and resource conservation, sustainable energy generation and climate protection

Energy generation

A flexible generation mix is of decisive importance to ensure supply security and protect EVN’s future viability. The further expansion of energy generation from renewable sources – in particular windpower and hydropower as well as biomass and photovoltaics – therefore represents a key element of the company’s strategy. EVN’s goal is to sustainably raise the share

Energy generation		2015/16	2014/15	2013/14
Share of renewable energy in the total energy generation mix	%	34.5	43.1	42.5
Generation capacity from windpower	MW	268	250	213
Coverage ratio	%	32.1	25.3	22.7

of renewable energies in its total electricity production. In 2015/16, renewable energy sources were responsible for 34.5% of EVN's total electricity production. Activities in the home market of Lower Austria are directed, above all, to expanding windpower production to raise this generation capacity from the current level of roughly 268 MW to more than 300 MW over the medium term.

In addition to ecological responsibility, EVN also carries an economic responsibility that is reflected in the goal to generate 30% of its electricity sales volumes from its own production or procurement rights. This coverage ratio equalled 32.1% in 2015/16.

Innovation, research and development

The most important areas in EVN's materiality matrix define, among others, the framework for the company's innovation, research and development activities. Projects are focused primarily on protecting the environment and resources, safeguarding supply security and defending EVN's competitive position. The goals are to develop solutions for a low-emission future, a more efficient use of energy and a decentralised energy system based on customers' needs.

Innovation projects are increasingly planned and carried out with state-of-the-art methods such as the Design Thinking and Business Model Canvas, depending on the specific requirements. Research projects involve cooperation between different areas of the company and collaboration with numerous partners from science and industry wherever feasible and required. Since EVN concen-

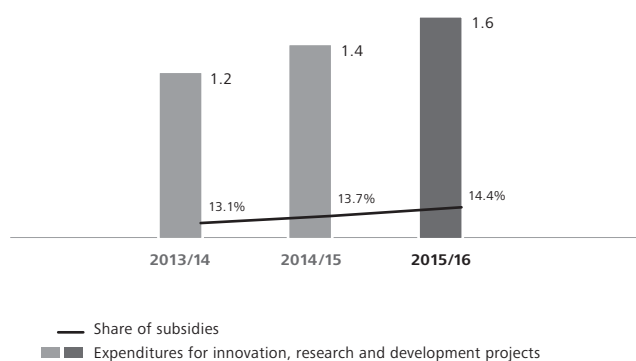
trates on applied research and development, its know-how is complemented by the expertise of scientific cooperation partners who focus on basic research. The exchange of experience in national and international projects not only adds to the success of EVN's projects, but also supports universities and public research institutions with up-to-date research topics and makes an important contribution to the qualified and practice-oriented education of students.

EVN spent EUR 1.6m (of which 14.4% were financed through public subsidies) on innovation, research and development projects in 2015/16. The focal points of the research which were continued or extended during the reporting year include, among others:

- Projects to utilise the surplus production from renewable generation, e.g. through energy storage and/or the combination of energy storage and conversion and through demand side management (power-to-heat, power-to-gas)
- Projects involving large battery storage
- Smart grid projects to examine storage opportunities and their interaction with other components from generation, networks and consumption
- Projects related to "virtual power plants"
- Projects related to "decentralised energy solutions"
- The "Green Storage Grid Project" to examine innovative heat accumulators and the opportunities for their use to increase the flexibility of combined heat and power plants
- Projects to improve energy efficiency and optimise energy requirements for energy and environmental equipment
- Follow-up project "CO₂USE" involving CO₂ separation equipment at EVN's Dürnrrohr power plant, which will use biotechnological methods to convert the CO₂ from the generation process into biodegradable plastic

Expenditures for innovation, research and development projects and share of subsidies¹⁾

EURm and %



1) Share of subsidies in total expenditure for innovation, research and development projects

The EVN trend monitor, which was introduced in 2013/14, was continued and improved during the reporting year. This innovation initiative is a Group-wide platform managed by EVN experts that enables all employees to share and follow media contributions and information on the latest trends and technologies relevant for EVN. The trend monitor supports the open exchange of information, strengthens employees' knowledge base and, in the end, serves as a source of inspiration for the development of new ideas and business models.

Risk management

Definition of risk

The EVN Group defines risk as the potential deviation from planned corporate targets and objectives.

Risk management process

The primary goal of risk management is to protect current and future earnings and cash flows through the active identification and control of risk. As part of the risk management process, a centrally organised corporate risk management provides the decentralised risk managers with effective methods and tools for identifying and assessing risks. The business units communicate their risk exposures to the corporate risk management, which helps to identify suitable actions to minimise these risks. The actions are then implemented by the decentralised business units. The corporate risk management department is responsible for analysing EVN's risk exposure. Risks related to sustainability and compliance issues are identified and managed by specialised organisational units and/or processes in agreement with central risk management. The risk management process includes the following steps:

- **Identification:** The survey and/or revision of risks based on the latest risk inventory (review of risk inventory) and the identification of new risk positions and appropriate risk management countermeasures
- **Assessment and analysis:** The qualitative and quantitative evaluation of the identified risks; the aggregation of risks from different points of view; and the modelling of earnings and cash flow distributions
- **Reporting:** Discussion and evaluation of the risk profile by the Risk Working Committee and the Group Risk Committee; the implementation of risk management measures where necessary; reporting on risk issues to the Audit Committee
- **Process review:** Definition of the organisational units that must submit to an explicit risk assessment as well as regular reviews; review whether the methods of identifying and assessing risks should be modified to reflect changed conditions; regular reviews by the internal audit department

Responsibilities of the Risk Working Committee

The Risk Working Committee supports the corporate risk management department in the correct implementation of the risk management process. It evaluates and approves changes in risk assessment methods and defines the type and scope of the risk reporting. The voting members of the committee at the Group level include the heads of the following corporate functions: controlling, the general secretariat and corporate affairs, finance, accounting and internal audit and the chief compliance officer (CCO) as well as an (internal) energy industry expert.

Group Risk Committee

The results of the risk inventory and reports are presented to and discussed by the Group Risk Committee, which consists of the Executive Board of EVN AG, the heads of the strategic business units and part of the members of the Risk Working Committee. The Group Risk Committee decides on any need for action, can organise working groups and assign specified tasks, and is authorised to approve the results of the risk inventory (risk reports).

- △ GRI indicator: The highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics (G4-46)

Risk profile

In addition to the normal industry risks and uncertainties, EVN's risk profile is influenced primarily by political, legal and regulatory challenges and changes in the competitive environment. EVN carries out an annual risk inventory that is updated as needed to reflect ad-hoc risk reports. This inventory includes the following categorisation of risks, which are described in detail below: market and competition risks, financial risks, operating risks, external risks, strategic and planning risks and other risks.

Market and competition risks

Energy trading and sales

EVN's revenues can be negatively affected by a decline in demand due to weather conditions or climate change, demographic, political or technological factors and/or the loss of customers and sales volumes for image-related or competitive reasons. In addition, the development of market prices and market volatility, a suboptimal procurement strategy and declining margins can lead to lower profit margins in the energy business.

- △ GRI indicator: Financial implications and other risks and opportunities for the organisation's activities due to climate change (EC2)

Generation/supply

Production that is increasingly decentralised and cannot be precisely planned as well as fluctuations in wind levels, water flows, sunshine hours and weather conditions can have a negative influence on earnings from the generation business (price and volume effects). The economic viability and intrinsic value of generation equipment is dependent to a significant degree on electricity and primary energy prices, the respective efficiencies, energy sector framework conditions and locations. Adverse developments can therefore lead to the recognition of an impairment loss. The creation of or addition to provisions for long-term (procurement) contracts may also be necessary. In spite of the measures implemented to date, these types of risks still exist for

thermal generation plants, hydropower plants and generation plants that use renewable energies.

Environment

EVN is exposed to risks in the environmental services business from possible fluctuations in the demand, volume and/or costs of drinking water supplies, wastewater treatment systems and thermal waste utilisation facilities. The project volume in this business can also be negatively affected by market saturation or limited resources for infrastructure projects as well as non-inclusion in or the failure to win tenders. EVN is also exposed to various risks in connection with suppliers and the realisation of projects, which include the defective fulfilment or non-fulfilment of contractually agreed performance.

Financial risks

In managing credit and default risk, EVN distinguishes between receivables due from end customers, on the one hand, and receivables from financial and energy trading transactions and major projects/plants, on the other hand. The default risk associated with end customer receivables is limited primarily by efficient receivables management, the evaluation of credit standings based on ratings and experience and the regular monitoring of payment behaviour. However, a lack of purchasing power or deteriorating payment behaviour can have a negative effect on revenue in the energy segment.

Credits risks, above all in the treasury and energy trading areas and in project and procurement management, are countered with credit monitoring and credit limit systems, hedging instruments (e.g. bank guarantees) and a targeted strategy to diversify business partners.

EVN holds investments in areas related to the core business (above all Verbund AG, Rohöl-Aufsuchungs Aktiengesellschaft, Burgenland Holding AG and ENERGIEALLIANZ Austria GmbH). The difficult energy policy environment creates a risk that the unfavourable development of earnings and equity in these companies can also have a substantial impact on EVN.

In connection with active management of the risks related to liquidity, interest rates, foreign currencies and market prices, the current low interest rate environment represents an increasing challenge for the short- to medium-term investment of liquid funds. This can lead to opportunity losses and have a negative effect on the valuation of employee-related provisions and on future tariffs.

Operating risks

The energy and network businesses are particularly vulnerable to operating risks such as operational disruptions and stoppages as well as IT and safety-related problems that can cause supply interruptions and lead to liability and reputation risks. The environmental services business is also exposed to the risk of operating disruptions or interruptions in drinking water supplies, wastewater systems and thermal waste utilisation facilities. Risks can also arise from the suboptimal design and use of technical equipment and the assessment and implementation of technological innovations. Further operational risks are related to organisation, planning, personnel and compliance.

External risks (legal, political and macroeconomic risks)

The regulatory environment, energy and environmental protection laws and the changing political and public positions on energy and infrastructure projects are major risk drivers. A change in the subsidy system, the failure to receive anticipated subsidies or a change in the legally defined tariffs can have a negative effect on the company's future asset, financial and earnings position.

Political and economic instability, arbitrary legal and regulatory measures as well as changes in the legal framework represent further challenges. EVN is exposed to the risk that necessary permits and licenses are not granted, may be withdrawn or not extended. Specific mention should be made of the license withdrawal proceedings initiated by the Bulgarian regulatory authority (EWRC) against EVN's electricity distribution company in Bulgaria (EVN Bulgaria Electrośnabdiavane EAD).

Contractual and legal risks can arise in connection with pending or potential court, arbitration and investment protection proceedings as well as audits by supervisory or regulatory authorities.

Overall risk profile

In addition to the uncertainties connected with business areas and operations outside Austria, EVN is still confronted with a challenging environment in its home market of Lower Austria. The annual risk inventory did not identify any future risks that could endanger EVN's continued existence.

Key features of the internal control and risk management system related to accounting processes

In accordance with § 267 (3b) and in connection with § 243a (2) of the Austrian Commercial Code ("Unternehmensgesetzbuch", UGB), companies whose shares are admitted for trading on a regulated market are required to disclose the key features of their internal

control and risk management system for corporate accounting processes. The Executive Board is responsible for establishing a suitable internal control and risk management system (ICS) for accounting processes as defined in § 82 of the Austrian Stock Corporation Act (“Aktengesetz”, AktG).

EVN’s ICS is monitored at regular intervals by auditing the processes that are considered to be exposed to risk. The results of these monitoring activities are reported to the Executive Board and the Supervisory Board. The ICS ensures clear lines of responsibility and eliminates unnecessary process steps, and thereby further improves the security of processes for the preparation of financial data. The description of the major features of the ICS covers five interrelated components: control environment, risk assessment, control activities, information and communication, and monitoring.

Control environment

The Code of Conduct issued by EVN and the underlying values apply to all Group employees.

○ EVN’s Code of Conduct is available under www.evn.at/code-of-conduct

The consolidated financial statements are prepared by Group accounting. The related processes are based on an accounting guideline that defines the accounting policies to be applied as well as key processes and schedules for the entire Group. Binding instructions apply to the reconciliation of intragroup accounts and other work required for the preparation of the consolidated financial statements. All employees involved in the accounting process have the necessary qualifications and undergo regular training. Complex actuarial opinions and valuations are prepared by external experts or specially qualified employees. The managers responsible for the specific processes – in general, the heads of the strategic business units and corporate services – are responsible for compliance with these processes and the related control measures.

Risk assessment and control activities

Multi-stage control measures have been implemented to prevent material misstatements in the presentation of transactions in order to ensure that the individual IFRS financial statements of all subsidiaries are recorded correctly. These measures include automated controls that are executed by the consolidation software as well as manual controls by the involved corporate services. The corporate service departments carry out extensive plausibility checks of the

individual subsidiaries’ financial statements to ensure their correct transfer to the consolidated financial statements. The review of the financial statement data includes analyses at the position, segment and Group levels, both before and after consolidation. The consolidated financial statements are not released until these quality controls are complete at all levels.

EVN AG and the major domestic and foreign subsidiaries use SAP software (FI module, finance and accounting) for their accounting. The IFRS consolidated financial statements are prepared with the Hyperion Financial Management software, whereby the data from the individual financial statements are transferred by means of an interface. The accounting systems and all upstream systems are protected by restricted access as well as automated and mandatory manual control steps.

The ICS and all accounting-related processes are reviewed by the auditor at least once each year to verify compliance with the required controls, to evaluate any risk incidents that occurred during the financial year and to determine whether the controls are still suitable to deal with the existing risks. In 2015/16, a number of process adjustments and improvements were made as part of the continuous efforts to further develop the ICS.

Information, communication and monitoring

The Executive Board provides the Supervisory Board with quarterly reports on EVN’s asset, financial and earnings position, together with a statement of financial position and a statement of operations. The Executive Board and the Supervisory Board also receive an ICS report twice each year, which contains basic information to evaluate the efficiency and effectiveness of the ICS and is designed to support the management of the ICS by the responsible corporate bodies. The report is prepared by ICS management in cooperation with the ICS Committee based on information supplied by the managers responsible for ICS, the persons who carried out the controls and the auditors.

△ GRI indicator: Frequency of the highest governance body’s review of economic, environmental and social impacts, risks and opportunities (G4-47)

This information is also distributed to management and key personnel in the involved companies to facilitate monitoring and control activities and thereby ensure the accuracy of accounting and reporting procedures. EVN’s internal audit department carries out regular reviews of the ICS, and their findings form the basis for the continuous improvement of this system.

EVN's major risks and related risk management measures

Risk category	Description	Measure
Market and competition risks		
Profit margin risk (price- and volume effects)	Energy sales and production: failure to meet profit margin targets → Procurement and selling prices (especially for energy carriers) that are volatile and/or deviate from forecasts → Declining demand for EVN's products or services, decrease in own production volumes	Procurement strategy tailored to the market environment; hedging strategies; diversification of customer segments and business areas; development of a product portfolio that reflects customer demands; long-term sale of power plant capacity
Supplier risk	Cost overruns on projects; delays in the completion of contracted services	Partnerships, contractual controls wherever possible, third party expert opinions
Financial risks¹⁾		
Foreign currency risks	Transaction risks (foreign currency exchange loss) and translation risks in connection with the conversion of foreign currency amounts in the consolidated financial statements; financing for Group companies that does not reflect the respective foreign exchange situation	Monitoring, limits and hedging instruments
Liquidity, cash flow and financing risk	Failure to repay liabilities on schedule or to obtain the required liquidity/funds when needed at the expected conditions	Long-term, centrally managed financial planning, safeguarding of financing requirements (e. g. through credit lines)
Market price risks	Decline in the value of investments (e. g. funds) and listed strategic holdings (e. g. Verbund AG, Burgenland Holding AG)	Monitoring of loss potential via daily value-at-risk calculations; investment policies
Counterparty-/credit risks	Complete or partial failure by a business partner to provide the agreed performance	Contracts, credit monitoring and credit limit systems, insurances and diversification of business partners
Investment risks	Failure of a subsidiary or holding to meet profit targets	Representation on the supervisory board and/or shareholder/risk committees of the respective company
Rating changes	Higher refinancing costs due to rating downgrades	Ensuring compliance with key financial indicators
Interest rate risks	Changes in market rates, increase in interest expense	Use of hedging instruments
Impairment risks	Recognition of impairment losses to receivables, goodwill, investments and/or other assets	Monitoring via sensitivity analysis
Risk that contingent liabilities (guarantees) will be called	Financial loss due to claim of contingent liabilities	Limit volume of contingent liabilities to the extent possible; constant monitoring
Strategy and planning risks		
Technology risk	Late identification of and reaction to new technologies (delayed investments) or to changes in customer needs; investments in "wrong" technologies	Active participation in external research projects, own demonstration facilities and pilot projects, on-going adjustments to keep technologies at the latest level
Planning risk	Model risks, incorrect or incomplete assumptions, lost opportunities	Feasibility studies by experienced, highly qualified employees, monitoring of parameters and regular updates, four-eyes principle
Organisational risks	Inefficient or ineffective processes, interfaces, duplication	Process management, documentation, internal control system (ICS)

1) For information on the use of financial instruments, also see page 185ff and page 188f

Risk category	Description	Measure
Operating risks		
Infrastructure risks	Incorrect design and use of technical facilities	Elimination of technical weaknesses, regular inspections and reviews of current and planned infrastructure
Service disruptions/network break-downs (own and third party), accidents	Supply interruptions, physical danger to persons or infrastructure through explosions/accidents	Technical upgrading at network interfaces, expansion and maintenance of network capacity
IT-/security risks (incl. cybersecurity)	System losses, (unintended) data loss transfer, hacker attacks	Strict system and risk monitoring (internal control system), backup systems, technical maintenance, external audits, occupational safety and health measures, crisis training
Workforce risks	Loss of highly qualified employees, absence due to work accidents, surplus or shortfall of personnel, communication problems, cultural barriers, fraud, intentional or unintentional misrepresentations of transactions or items in the annual financial statements	Attractive work environment, occupational health care and safety measures, flexible working time models, training, group events, internal control system (ICS)
External risks		
Legislative, regulatory and political risks	Changes in political and legal parameters and/or the regulatory environment (e. g. environmental laws, changing legal framework, regulations and market liberalisation in South Eastern Europe); network operations: non-inclusion of actual operating costs in the network tariffs established by the regulatory authority	Cooperation with interest groups, associations and government agencies on a regional, national and international level; appropriate documentation and service charges
Legal and litigation risks	Non-compliance with contracts, litigation risk from various lawsuits	Representation in local, regional, national and EU-wide interest groups, legal consulting
Social and general economic environment	Economic developments, debt/financial crisis, stagnating or declining purchasing power, rising unemployment	Best possible utilisation of (anti-)cyclical optimisation potential
Contract risks	Failure to identify legal, economic or technical problems; contract risks under financing agreements	Extensive legal due diligence, involvement of external experts/legal advisors, contract database and on-going monitoring
Other risks		
Granting of undue advantages, non-compliance	Distribution of confidential internal information to third parties and the granting of undue advantages/corruption	Internal control systems, uniform guidelines and standards, Code of Conduct, compliance organisation
Project risk	e. g. cost overruns on the construction of new capacity	Contractual agreement on economic parameters
Co-investment risk	Risks related to the implementation of major projects jointly with a partner	Contractual safeguards, efficient project management
Sabotage	Sabotage, e. g. to natural gas lines, wastewater treatment plants or waste incineration plants	Suitable security measures, regular measurement of water quality and emissions
Image risk	Reputational damage	Transparent and proactive communications, sustainable management

△ GRI indicator: Description of key impacts, risks and opportunities (G4-2)

Share structure and capital disclosures

Disclosures required by § 243a of the Austrian Commercial Code

1. The share capital of EVN AG totalled EUR 330,000,000 as of 30 September 2016 and was divided into 179,878,402 zero par value bearer shares, each of which represents an equal stake in share capital. Shareholders are not entitled to the issue of individual share certificates. There is only one class of shares, and all shares carry the same rights and responsibilities. EVN AG shares are traded in the Prime Market segment of the Vienna Stock Exchange.
 2. There are no restrictions on voting rights or agreements limiting the transfer of shares which exceed the general requirements of the Austrian Stock Corporation Act. However, it should be noted that the transferability of the investment owned by the province of Lower Austria, which holds its shares through NÖ Landes-Beteiligungsholding GmbH, St. Pölten, is limited by Austrian federal and provincial constitutional law.
 3. Based on these constitutional requirements, the province of Lower Austria is the major shareholder of EVN AG with a stake of 51.0%. The second largest shareholder is EnBW Trust e.V., an association headquartered in Karlsruhe, which is recorded in the register of associations maintained by the district court in Mannheim under VR 3737. EnBW Trust holds an investment of 32.0% of the share capital in trust for EnBW Energie Baden-Württemberg AG, which is also headquartered in Karlsruhe and recorded in the commercial register of the district court in Mannheim under HRB 107956. As of 30 September 2016, EVN AG held treasury shares representing 1.1% of share capital and free float equalled 15.9%.
 4. EVN AG has not issued any shares with special control rights.
 5. Employees who own shares in EVN AG may exercise their voting rights personally at the Annual General Meeting. EVN AG does not have a stock option programme.
 6. The Executive Board consists of at least two members. The Supervisory Board has a minimum of ten and a maximum of 15 members. Unless another majority is required by law, the Annual General Meeting passes its resolutions with a simple majority of the votes cast or with a majority of the capital represented in cases requiring a majority of capital.
 7. The Annual General Meeting on 21 January 2016 approved the termination of the share buyback programme that had been in progress since 16 January 2014. It also authorised the Executive Board to repurchase the company's bearer shares during a period of 30 months (i) for distribution to employees of the company or its subsidiaries and (ii) in accordance with § 65 (1) no. 8 of the Austrian Stock Corporation Act (acquisition with no specific purpose) at an amount equalling up to 10% of the share capital of EVN AG.
- ☐ Also see page 42
8. A change of control in EVN AG in the sense of § 243a (1) no. 8 of the Austrian Commercial Code is currently not possible because of the legal regulations described above under points 2. and 3. Therefore, there are no possible consequences of a change of control.
 9. There are no agreements to provide compensation to the members of corporate bodies or employees in the event of a public takeover as defined in § 243a (1) no. 9 of the Austrian Commercial Code.

Outlook for the 2016/17 financial year

The steadily increasing expansion of renewable generation has been accompanied by major challenges for the energy wholesale markets. Low prices have created a situation where thermal power plants can no longer operate economically. At the same time, balancing energy and capacity for the management of shortages are needed to stabilise the electricity networks. EVN has, for many years, made its thermal power plants available to support network stability. The relevant agreements have already been concluded for the winter half-years in 2016/17 and 2017/18 and for summer 2017.

EVN again plans to make substantial investments in its infrastructure during the 2016/17 financial year. The electricity networks in Lower Austria will be upgraded to accommodate the increasing feed-in from volatile renewable energy. Activities in South Eastern Europe will continue to focus on the further reduction of network losses, whereby EVN is concentrating on modern networks that meet Western European standards and on remote-read meters.

The expansion of renewable generation in Lower Austria represents another focal point of investments. New projects will be realised, above all in the area of wind energy, to meet the target for an increase to over 300 MW in the next two years. In the natural heating plants, network coverage will be extended and

existing equipment will be modernised. In addition, EVN's pipeline networks for drinking water supplies in Lower Austria will be expanded to also maintain supply standards in low precipitation regions and during dry periods. Natural filter plants, which reduce the hardness of the water by natural means with membrane technology, will be used to further improve the already high quality of water supplies.

The international project business in the Environmental Services Segment will increase its focus on the acquisition of new projects during the coming months. Special interest will be placed on new markets with an appropriate potential, in keeping with the avoidance of or protection against political risks.

EVN's integrated business model has proven to be successful in this challenging business environment for many years. The company's broad positioning along the energy value chain and its additional diversification through the environmental services business support stable earnings.

Against this background and under the assumption of average conditions in the energy business environment, the Group net result for 2016/17, which is derived from the operating business, is expected to remain largely stable. Effects from the proceedings involving the Duisburg-Walsum power plant must be evaluated separately. Other factors that could influence this net result include the regulatory background, developments in the proceedings in Bulgaria and the progress on activities in Moscow.

Maria Enzersdorf, 17 November 2016



Peter Layr
Spokesman of the Executive Board



Stefan Szyszkowitz
Member of the Executive Board

Segment reporting

Development of segments

Overview

The structure of the EVN Group is based on three general categories: the energy business, the environmental services business and other business activities. The energy business covers the entire electricity and heat value chain from generation and distribution to networks and supply, while the natural gas business is concentrated on the distribution and supply. This product portfolio is supplemented by the activities of EVN subsidiaries in related areas as well as

regional cable TV and telecommunication services. The environmental services business involves activities in the areas of drinking water supply, wastewater disposal and thermal waste utilisation.

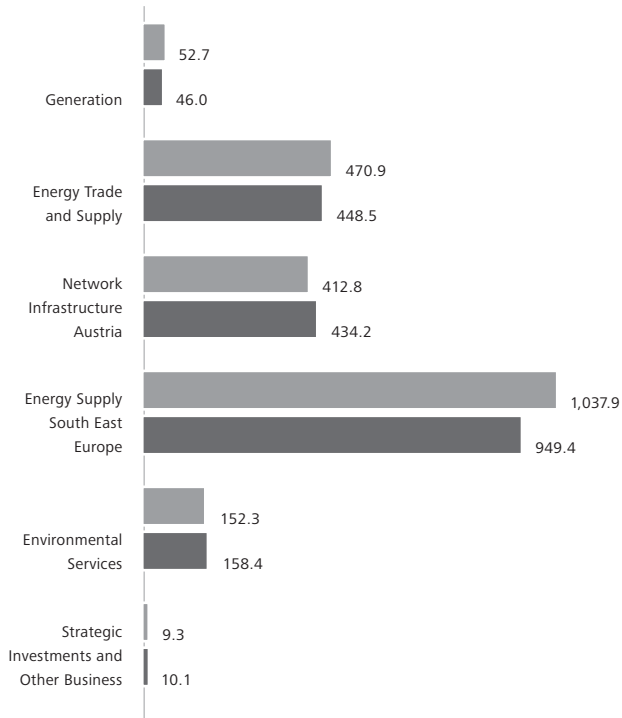
The definition of the operating segment is done in accordance with the requirements of IFRS 8 "Business Segments" and is therefore based exclusively on the internal organisational and reporting structure of the EVN Group. The following section describes the operating performance of EVN's six segments and the effects of energy sector indicators on their development.

Business areas	Segments	Activities
Energy business	Generation	Electricity generation from thermal sources and renewable energies at Austrian and international locations
	Energy Trade and Supply	Procurement of electricity and primary energy carriers, trading and sale of electricity and natural gas to end customers and on wholesale markets as well as heat generation and sale
	Network Infrastructure Austria	Operation of regional electricity and natural gas networks as well as cable TV and telecommunications networks
	Energy Supply South East Europe	Operation of electricity networks and electricity sales to end customers in Bulgaria and Macedonia, heat generation and sale in Bulgaria, electricity generation in Macedonia, construction and operation of natural gas networks in Croatia, energy trading throughout the entire region
Environmental services business	Environmental Services	Drinking water supply, wastewater disposal and thermal waste utilisation in Austria, operation of combined cycle heat and power co-generation plants in Moscow as well as international project business
Other business activities	Strategic Investments and Other Business	Strategic and other investments, corporate services

External revenue by segment

EURm

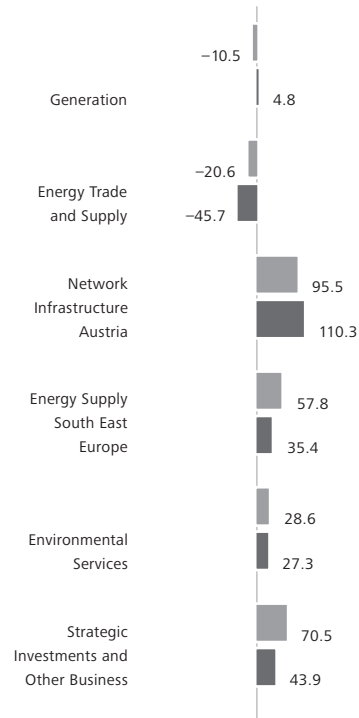
2014/15
2015/16



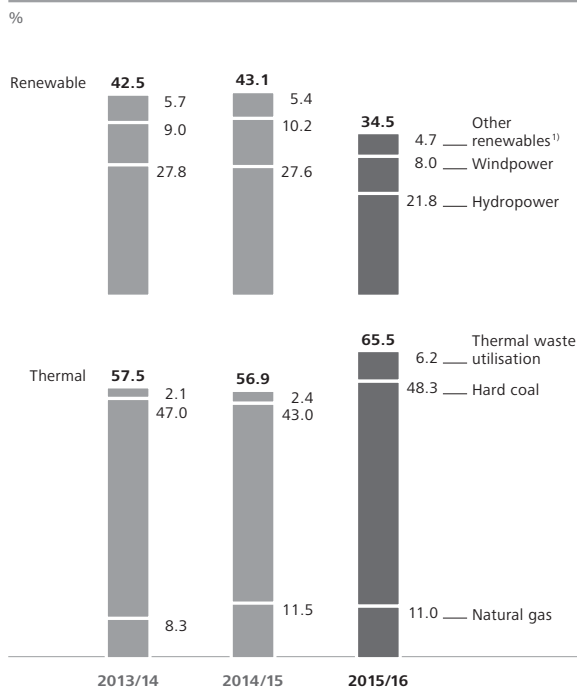
EBIT by segment

EURm

2014/15
2015/16

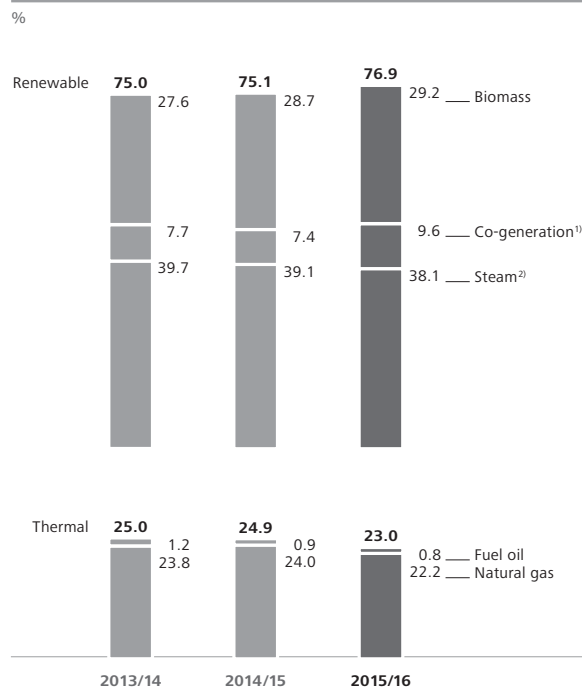


EVN electricity generation by thermal energy and renewable energy source



1) Incl. electricity generation from biomass, photovoltaics and other renewable energy sources

EVN heat generation by thermal energy and renewable energy source



1) Heat from combined heat and power plants
2) Steam from thermal waste utilisation

△ GRI indicator: Energy generation by primary energy source (EU2)

EVN's key energy business indicators

	GWh	2015/16	2014/15	+/-		2013/14
				nominal	%	
Electricity generation volumes						
Renewable energy sources		5,866	4,882	983	20.1	4,395
Thermal energy sources		2,026	2,106	-80	-3.8	1,868
Network distribution volumes						
Electricity		3,840	2,777	1,063	38.3	2,527
Natural gas ¹⁾		21,532	21,684	-153	-0.7	20,908
Energy sales volumes to end customers						
Electricity		16,288	14,989	1,299	8.7	14,143
thereof Central and Western Europe ²⁾		18,292	19,263	-972	-5.0	19,318
thereof South Eastern Europe		6,410	6,804	-394	-5.8	6,787
Natural gas		11,882	12,459	-577	-4.6	12,321
Heat		5,134	5,241	-107	-2.0	5,383
thereof Central and Western Europe ²⁾		2,082	2,038	44	2.2	1,991
thereof South Eastern Europe		1,898	1,827	71	3.9	1,806
		184	211	-27	-12.8	185

1) Incl. network distribution volumes to EVN power plants

2) Central and Western Europe covers Austria and Germany.

Generation

The Generation Segment covers the generation of electricity from thermal production capacities and renewable energy sources in Austria, Germany, Bulgaria and Albania as well as projects for the construction of power generation plants in Austria and Bulgaria. The sale of the generated electricity and the procurement of primary energy are reported under the Energy Trade and Supply Segment.

The earnings contributions from EVN's investments in Verbund Innkraftwerke GmbH and EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH & Co KG are reported under the share of equity accounted investees with operational nature as part of EBITDA. The investment in Steag-EVN Walsum 10 Kraftwerks-gesellschaft is included through proportionate consolidation.

Highlights 2015/16

- Increase in energy production through greater use of thermal power plants to support network stabilisation
 - Decline in electricity production from renewable energy due to less favourable wind conditions
 - Earnings negatively affected by impairment losses in Austria and Germany
 - Improvement in EBITDA, EBIT and result before income tax
-

Development of power generation

Electricity generation rose by 1,016 GWh, or 24.8%, to 5,105 GWh in 2015/16. The production from renewable energy fell by 48 GWh, or 2.8%, year-on-year to 1,626 GWh, while the generation from EVN's thermal power plants increased by 1,063 GWh, or 44.0%, to 3,479 GWh.

Wind flows were substantially lower and water flows slightly lower than the previous year, which led to a drop in the production volume from renewable energy. The first full year of operations at the 37-MW Prottes-Ollersdorf windpark and the commissioning of the Paasdorf-Lanzendorf windpark were unable to offset this decline.

The rise in electricity generation from thermal power plants resulted from the increased use of EVN's power plants to stabilise the networks in Austria and Germany. As in the past four years, the Theiss and Korneuburg power plants provided reserve capacity for southern Germany also during the winter 2015/16 and, in

addition, also provided reserve capacity for Austria during the summer 2016. The contracts covering the provision of these power plants will continue to the end of the winter half-year 2017/18. Production from the Duisburg-Walsum coal-fired power plant was also higher year-on-year in 2015/16.

At the Group level, EVN covered 32.1% of the electricity sold during the reporting year with its own production (previous year: 25.3%). The comparable value for Austria and Germany was 80.0% (previous year: 60.2%). The share of renewable energy in the Group's total electricity production equalled 34.5% (previous year: 43.1%).

Revenue development

Revenue in the Generation Segment rose by EUR 8.6m, or 4.0%, to EUR 221.7m in 2015/16. The increase in revenue from the delivery of balancing energy, the management of shortages in Austria and the provision of reserve capacity for network stabilisation in southern Germany more than offset the volume- and price-related decrease in revenue from renewable generation.

Operating expenses

Operating expenses declined by EUR 6.2m, or 5.1%, to EUR 113.5m for the reporting year despite the higher costs for energy carriers due to the increased use of the thermal power plants. This resulted primarily from a positive one-off effect in the operating cost invoices from individual renewable energy generation plants.

Results from equity accounted investees

The share of results from equity accounted investees with operational nature fell by EUR 9.4m, or 38.3%, to EUR -34.1m. This decline resulted chiefly from two factors: the investment in Verbund Innkraftwerke GmbH and the resulting impairment loss recognised in the fourth quarter to reflect the latest assumptions for the future development of electricity prices and an impairment loss recognised to Shkodra Region Beteiligungsholding GmbH in connection with the Ashta hydropower plant.

Operating results

EBITDA in the Generation Segment totalled EUR 74.1m in 2015/16, a year-on-year increase of EUR 5.3m or 7.7%. Depreciation and amortisation, including the effects of impairment tests, declined by EUR 10.0m, or 12.6%, to EUR 69.2m, while current depreciation and amortisation remained nearly constant. The results of the impairment tests, which reflected the less favourable estimates for the long-term development of electricity prices, amounted to EUR -15.9m and were EUR 8.6m, or 35.3% lower than the previous year. Results from operating activities (EBIT) rose by EUR 15.3m year-on-year to EUR 4.8m.

				+/-		2013/14
		2015/16	2014/15	nominal	%	
Key indicators – Generation						
Key energy business indicators		GWh				
Electricity generation volumes		5,105	4,089	1,016	24.8	3,720
thereof renewable energy sources		1,626	1,673	-48	-2.8	1,534
thereof thermal energy sources		3,479	2,416	1,063	44.0	2,186
Key financial indicators		EURm				
External revenue		46.0	52.7	-6.7	-12.7	33.7
Internal revenue		175.7	160.4	15.3	9.6	153.8
Total revenue		221.7	213.1	8.6	4.0	187.5
Operating expenses		-113.5	-119.7	6.2	5.1	-115.1
Share of results from equity accounted investees with operational nature		-34.1	-24.6	-9.4	-38.3	-38.9
EBITDA		74.1	68.7	5.3	7.7	33.6
Depreciation and amortisation including effects from impairment tests		-69.2	-79.2	10.0	12.6	-86.7
Results from operating activities (EBIT)		4.8	-10.5	15.3	-	-53.1
Financial results		-22.4	-18.2	-4.2	-22.9	-25.3
Result before income tax		-17.6	-28.7	11.1	38.7	-78.4
Total assets		1,094.5	1,157.2	-62.8	-5.4	1,218.2
Total liabilities		845.0	959.1	-114.0	-11.9	1,034.7
Investments ¹⁾		33.8	54.4	-20.6	-37.9	88.9

1) In intangible assets and property, plant and equipment

Financial results and result before income tax

Including financial results of EUR –22.4m, the result before income tax equalled EUR –17.6m in 2015/16. That represents an improvement of EUR 11.1m, or 38.7%, over the previous year.

Investments

Investments in this segment were EUR 20.6m, or 37.9%, lower at EUR 33.8m in 2015/16 and were directed almost entirely to equipment for the generation of electricity from renewable energy. The decline below the prior year level resulted from the scheduled progress on individual projects. The Paasdorf-Lanzendorf windpark, which has a capacity of roughly 19 MW, was commissioned during the reporting year, giving EVN a total of 16 windparks with a combined generation capacity of approximately 268 MW.

Outlook

Because of the continuing low or negative spreads, EVN's thermal generation capacity will continue to be used primarily to supply balancing energy and for the management of shortages. The results from renewable capacity are dependent on electricity prices and, above all, from wind and water flows. The first full year of operations at the Paasdorf-Lanzendorf windpark should provide a positive effect in 2016/17. In total, an improvement in earnings is expected in 2016/17 due to the absence of valuation effects from the previous year. However, the framework conditions in the energy sector can have a significant influence on the development of revenue and earnings in this segment.

Energy Trade and Supply

The Energy Trade and Supply Segment is responsible for the trading and sale of electricity and natural gas to end customers, primarily in the Austrian home market and in wholesale markets. The segment's business activities also include the procurement of electricity, natural gas and other primary energy carriers as well as the production and sale of heat.

The earnings contributions from EVN's investments in the sales companies EVN Energievertrieb GmbH & Co KG and ENERGIE-ALLIANZ Austria GmbH are reported under the share of equity accounted investees with operational nature as part of EBITDA.

Highlights 2015/16

- Energy sales
 - Decline in electricity and natural gas sales volumes
 - Increase in heat sales volumes
- EBITDA, EBIT and result before income tax negatively influenced by the creation of a provision

Energy sales volumes

EVN recorded a decline in electricity and natural gas sales volumes during the reporting year: electricity sales volumes fell by 5.8% to 6,410 GWh and natural gas sales volumes by 2.7% to 5,098 GWh. This development resulted, above all, from the intense competition in the business and household customer markets. In contrast, heat sales volumes rose by 3.9% year-on-year to 1,898 GWh due to the expansion of network coverage and higher demand from industrial customers.

Revenue development

Revenue in the Energy Trade and Supply Segment was EUR 22.4m, or 4.6%, lower at EUR 463.4m. This decline was caused primarily by a reduction in natural gas trading activities, a volume-related decrease in the sale of hydropower production and a lower level in wholesale prices. A positive effect was provided by increased revenue from the sale of the electricity generated in the thermal power plants.

Operating expenses

Operating expenses in this segment declined by EUR 4.9m, or 0.9%, to EUR 553.8m. This reduction is attributable primarily to the lower cost of natural gas purchases for trading that accompanied

Key indicators – Energy Trade and Supply		2015/16	2014/15	+/-		2013/14
				nominal	%	
Key energy business indicators	GWh					
Electricity		6,410	6,804	-394	-5.8	6,787
Natural gas		5,098	5,241	-143	-2.7	5,383
Heat		1,898	1,827	71	3.9	1,806
Key financial indicators	EURm					
External revenue		448.5	470.9	-22.5	-4.8	431.5
Internal revenue		15.0	14.9	0.1	0.5	17.2
Total revenue		463.4	485.8	-22.4	-4.6	448.6
Operating expenses		-553.8	-558.7	4.9	0.9	-448.5
Share of results from equity accounted investees with operational nature		62.1	70.0	-7.9	-11.3	55.2
EBITDA		-28.3	-2.9	-25.4	-	55.3
Depreciation and amortisation including effects from impairment tests		-17.4	-17.7	0.3	1.8	-16.1
Results from operating activities (EBIT)		-45.7	-20.6	-25.1	-	39.2
Financial results		-4.7	-5.0	0.3	6.9	-3.0
Result before income tax		-50.3	-25.6	-24.8	-96.9	36.2
Total assets		682.0	612.8	69.2	11.3	509.4
Total liabilities		585.1	518.7	66.4	12.8	409.3
Investments ¹⁾		26.0	22.7	3.3	14.7	32.3

1) In intangible assets and property, plant and equipment

the decline in revenue and lower procurement costs for primary energy. Operating expenses were increased by the creation of a provision for onerous contracts related to the marketing of EVN's own electricity production.

Results from equity accounted investees

The share of results from equity accounted investees with operational nature fell by EUR 7.9m, or 11.3%, to EUR 62.1m.

Operating results

EBITDA was EUR 25.4m lower year-on-year at EUR –28.3m. Depreciation and amortisation, including the effects of impairment testing, remained roughly at the prior year level in 2015/16. Overall, results from operating activities (EBIT) declined by EUR 25.1m to EUR –45.7m.

Financial results and result before income tax

Financial results improved by EUR 0.3m, or 6.9%, to EUR –4.7m. The result before income tax equalled EUR –50.3m for the reporting year, which represents a decline of EUR 24.8m, or 96.9%.

Investments

Investments in the Energy Trade and Supply Segment rose by EUR 3.3m, or 14.7%, to EUR 26.0m in 2015/16. These expenditures were concentrated in EVN's heating business, with a focus on the expansion of the district heating networks and the construction of district heating and biomass heating plants.

Outlook

The 2016/17 financial year is expected to bring positive earnings, which, however, could be influenced by price trends on the wholesale markets, the increasing competition and the sale of EVN's own electricity production.

Network Infrastructure Austria

The Network Infrastructure Austria Segment covers the operation of the regional electricity and natural gas networks as well as the cable TV and telecommunications networks in Lower Austria and Burgenland. This segment also includes corporate services, above all in connection with construction, which are reported as internal revenue.

Highlights 2015/16

- Substantial increase in natural gas network distribution volumes
 - Electricity network distribution volumes at prior year level
 - Improvement in EBITDA, EBIT and result before income tax
 - Continued focus of investments on supply security
-

Development of network distribution volumes

The electricity and natural gas network tariffs in Austria are adjusted at the beginning of each calendar year by the E-Control Commission in accordance with the incentive regulatory system. As of 1 January 2016, the electricity and natural gas network tariffs for household customers were each raised by an average of 11.0%. The previous year's adjustments covered an average reduction of 1.0% in the electricity network tariffs and 3.0% in the natural gas network tariffs.

Electricity distribution volumes rose slightly from 8,121 GWh in the previous year to 8,128 GWh in 2015/16. The growth in natural gas distribution volumes was significantly higher with an increase of 1,258 GWh, or 8.4%, to 16,216 GWh. This development reflected the stronger demand by supra-regional network operators for thermal generation to stabilise the networks in Austria and southern Germany.

Revenue development

The above-mentioned price and volume developments led to an increase of EUR 20.9m, or 4.4%, in revenue for the Network Infrastructure Austria Segment to EUR 492.9m in 2015/16. EVN also recorded a slight increase in revenue from cable TV and telecommunications services.

Key indicators – Network Infrastructure Austria			2015/16	2014/15	+/-		2013/14
					nominal	%	
Key energy business indicators		GWh					
Network distribution volumes							
	Electricity		8,128	8,121	7	0.1	7,874
	Natural gas		16,216	14,958	1,258	8.4	14,131
Key financial indicators		EURm					
	External revenue		434.2	412.8	21.4	5.2	430.9
	Internal revenue		58.7	59.2	-0.5	-0.8	53.7
	Total revenue		492.9	472.0	20.9	4.4	484.6
	Operating expenses		-272.3	-270.8	-1.5	-0.5	-297.8
	Share of results from equity accounted investees with operational nature		-	-	-	-	-
	EBITDA		220.6	201.2	19.5	9.7	186.8
	Depreciation and amortisation including effects from impairment tests		-110.3	-105.6	-4.7	-4.4	-103.6
	Results from operating activities (EBIT)		110.3	95.5	14.8	15.4	83.3
	Financial results		-17.5	-17.4	-0.1	-0.3	-19.8
	Result before income tax		92.8	78.1	14.7	18.8	63.4
	Total assets		1,883.5	1,831.5	52.0	2.8	1,787.7
	Total liabilities		1,357.1	1,294.8	62.3	4.8	1,298.2
	Investments ¹⁾		154.7	160.2	-5.5	-3.4	186.8

1) In intangible assets and property, plant and equipment

Operating expenses and operating results

Operating expenses declined by EUR 1.5m, or 0.5%, to EUR 272.3m during the reporting year. EBITDA rose by EUR 19.5m, or 9.7%, to EUR 220.6m. Despite an investment-related rise of EUR 4.7m, or 4.4%, in depreciation, EBIT increased by EUR 14.8m, or 15.4%, to EUR 110.3m.

Financial results and result before income tax

Financial results remained stable at EUR -17.5m (previous year: EUR -17.4m). The result before income tax rose by EUR 14.7m, or 18.8%, year-on-year to EUR 92.8m.

Investments

The four-year investment programme launched by EVN in 2013/14, which calls for investments of EUR 1bn in Lower Austria, continued its third year as planned in 2015/16. Approximately 70% of the total investment volume is directed to the Network Infrastructure Austria Segment. These investments are intended, in particular,

to strengthen and expand the network infrastructure to accommodate the steadily increasing, volatile electricity volumes from decentralised renewable generation. Investments in this segment totalled EUR 154.7m in 2015/16 and were EUR 5.5m, or 3.4%, lower year-on-year due to changes in the timing of individual construction projects.

Outlook

The network tariffs for electricity and natural gas will increase in 2016/17 based on the adjustments that are scheduled to take effect on 1 January 2017 in accordance with the regulatory system. This corresponds to the necessary high investments carried out in recent years, above all to accommodate renewable energy, and to the comparison of network distribution volumes with the respective reference periods. The resulting increase in scheduled depreciation should offset most of the tariff increases, and segment results are therefore expected to remain stable in 2016/17.

Energy Supply South East Europe

The Energy Supply South East Europe Segment is responsible for the operation of electricity networks and the sale of electricity to end customers in Bulgaria and Macedonia, the generation and sale of heat in Bulgaria, the production of electricity in Macedonia, the sale of natural gas to end customers in Croatia and energy trading throughout the region.

Highlights 2015/16

- Water flows in Macedonia above long-term average, but below previous year
 - Lower revenue due to mild winter and ongoing liberalisation
 - Decline in energy procurement costs and operating expenses
 - Improvement in EBITDA
 - EBIT and result before tax negatively influenced by impairment loss in Bulgarian heating business
-

Regulatory framework

The regulatory commission in Bulgaria raised the end customer prices for electricity by an average of 0.83% in EVN's supply area as of 1 July 2016. However, the tariffs more relevant for the reporting year were still based on the 0.4% reduction implemented on 1 August 2015. The end customer prices for heat in 2015/16 were reduced step-by-step by 1.9% as compared to the level on 1 July 2015. EVN is continuing to actively pursue the arbitration proceedings started in June 2013 at the World Bank's International Centre for the Settlement of Investment Disputes (ICSID). A tariff decision in Macedonia on 1 July 2016 led, as in the previous year, to an average reduction of 0.3% in the end customer prices for electricity.

Energy sector development

EVN's companies in South Eastern Europe generated 450 GWh of electricity in 2015/16, which represents a year-on-year decrease of 45 GWh or 9.1%. Water flows in Macedonia were higher than the long-term average, but failed to reach the record prior year level. The result was a decline of 34 GWh, or 16.4%, in renewable production to 175 GWh. Thermal electricity generation was also lower due to the very mild temperatures, which led to a reduction in the use of the co-generation plant in Plovdiv, and fell by 11 GWh, or 3.7%, to 276 GWh.

Electricity network sales volumes totalled 13,403 GWh and were 160 GWh, or 1.2%, lower than the previous year, above all due to the mild winter. The higher temperatures combined with liberalisation steps taken during the reporting year were also responsible for a decline of 577 GWh, or 4.6%, in electricity sales volumes to 11,882 GWh. In addition, heat sales to end customers in Bulgaria declined by 27 GWh, or 12.8%, to 184 GWh.

Revenue development

The 2015 tariff decisions in Bulgaria and Macedonia and the liberalisation steps taken in both countries as well as the lower temperatures led to a decline of EUR 88.4m, or 8.5%, in revenue for the Energy Supply South East Europe Segment to EUR 949.7m in 2015/16.

Operating expenses and operating results

Operating expenses declined in line with revenue and fell by EUR 97.2m, or 10.6%, to EUR 820.2m. Apart from a price- and volume-related decrease in energy procurement costs, energy purchases from third parties declined primarily due to the further reduction of network losses. Positive effects were provided by continuous improvements in the collection of customer receivables and further internal cost savings. EBITDA improved by EUR 8.8m, or 7.2%, to EUR 129.5m. Depreciation and amortisation, including the effects of impairment testing, rose by EUR 31.2m, or 49.5%, to EUR 94.1m. This increase resulted chiefly from an impairment loss of EUR 31.3m recognised by the Bulgarian heating company TEZ Plovdiv to reflect the continued adverse rulings by the regulatory authority in the heating sector. The results from operating activities (EBIT) fell by EUR 22.4m, or 38.8%, year-on-year to EUR 35.4m.

Financial results and result before income tax

Financial results improved by EUR 2.8m, or 10.7%, to EUR -23.3m in 2015/16. This increase was supported by the scheduled repayment of bank loans and a further decline in interest rates. The result before income tax equalled EUR 12.1m and was EUR 19.6m, or 61.8%, lower than the previous year.

Investments

Investments in the Energy Supply South East Europe Segment rose by EUR 14.9m, or 19.0%, to EUR 93.5m during the reporting year. Projects focused on the replacement of metres in Bulgaria and on efficiency improvements to the networks through the expansion of infrastructure and measures to reduce network losses.

Key indicators – Energy Supply South East Europe		2015/16	2014/15	+/-		2013/14
				nominal	%	
Key energy business indicators		GWh				
Electricity generation volumes		450	495	-45	-9.1	400
thereof renewable energy		175	209	-34	-16.4	127
thereof thermal power plants		276	286	-11	-3.7	273
Network distribution volumes		13,403	13,563	-160	-1.2	13,034
Sales volumes to end customers		12,066	12,670	-604	-4.8	12,717
thereof electricity		11,882	12,459	-577	-4.6	12,531
thereof heat		184	211	-27	-12.8	185
Key financial indicators		EURm				
External revenue		949.4	1,037.9	-88.5	-8.5	900.4
Internal revenue		0.3	0.2	0.1	45.0	0.4
Total revenue		949.7	1,038.1	-88.4	-8.5	900.8
Operating expenses		-820.2	-917.4	97.2	10.6	-880.6
Share of results from equity accounted investees with operational nature		-	-	-	-	-
EBITDA		129.5	120.7	8.8	7.2	20.2
Depreciation and amortisation including effects from impairment tests		-94.1	-62.9	-31.2	-49.5	-252.9
Results from operating activities (EBIT)		35.4	57.8	-22.4	-38.8	-232.8
Financial results		-23.3	-26.1	2.8	10.7	-29.2
Result before income tax		12.1	31.7	-19.6	-61.8	-262.0
Total assets		1,184.1	1,276.0	-91.9	-7.2	1,251.8
Total liabilities		1,006.3	1,119.4	-113.1	-10.1	1,137.8
Investments ¹⁾		93.5	78.5	14.9	19.0	77.5

1) In intangible assets and property, plant and equipment

Outlook

EVN sees itself well positioned for the increasing competition brought about by the continued liberalisation of the South Eastern European energy markets. This market deregulation is, however, expected to have an impact on segment earnings in 2016/17.

Overall, results should be stable with a positive trend due to the absence of the one-off effect from the impairment loss recognised in 2015/16. Changes in the regulatory environment and the initiated proceedings in Bulgaria could, however, have a significant influence on segment earnings.

Environmental Services

The activities of the Environmental Services Segment cover drinking water supplies, wastewater treatment and thermal waste utilisation in Austria; the international project business in Central, Eastern and South Eastern Europe; and the operation of two combined cycle heat and power co-generation plants in Moscow. The share of results from the wastewater purification projects in Zagreb (ZOV and ZOV UIP) and Prague are reported in EBITDA under the share of equity accounted investees with operational nature.

Highlights 2015/16

- New contracts for four wastewater treatment projects in Croatia and Macedonia
 - Decline in EBITDA and EBIT due to absence of positive one-off effects from prior year
 - Improvement in result before income tax
-

Revenue development

The Environmental Services Segment recorded an increase of EUR 4.2m, or 2.4%, in revenue to EUR 176.8m in 2015/16. This growth was supported by higher revenue from thermal waste utilisation in Lower Austria and the positive development of revenue from the international project business. In contrast, revenue from drinking water supplies in Lower Austria was slightly lower year-on-year. This was the result of the unusually dry summer weather in the previous year and the corresponding higher sales volumes, which were not entirely matched in 2016.

Operating expenses

Operating expenses totalled EUR 137.0m in 2015/16 (previous year: EUR 129.5m). This increase was related primarily to the absence of the positive non-recurring effects recorded in the previous year from the sale of the shares in the property company that holds the sodium hypochlorite plant project in Moscow. These items were recognised under other operating income and therefore included in operating expenses in 2014/15. Contrary effects in 2015/16 were provided by the absence of a valuation allowance recognised in the previous year to the flue gas cleaning aggregate of the former thermal waste utilisation plant project no. 1 in Moscow.

Share of results from equity accounted investees

The share of results from equity accounted investees with operational nature rose by EUR 1.4m, or 11.6%, to EUR 13.3m.

Operating results

The development of revenue and expenses in the Environmental Services Segment led, in total, to EBITDA of EUR 53.1m, which represents a decline of EUR 1.9m or 3.5%. Depreciation and amortisation were slightly lower at EUR 25.8m (previous year: EUR 26.4m), and the results from operating activities (EBIT) fell by EUR 1.3m, or 4.6%, year-on-year to EUR 27.3m.

Financial results and result before income tax

Financial results improved by EUR 5.1m, or 67.3%, to EUR -2.5m, primarily due to the absence of the one-off effects recorded in the previous year in connection with the termination of the hedge and federal guarantee for the sodium hypochlorite project in Moscow. The Environmental Services Segment generated result before income tax of EUR 24.8m in 2015/16 (previous year: EUR 21.0m).

Investments

The Environmental Services Segment invested a total of EUR 8.4m in 2015/16, which represents a year-on-year decline of EUR 2.6m or 23.6%. The focus of investments on drinking water supplies in Lower Austria continued during 2015/16: EVN's third natural filter plant in this province was commissioned in Zwentendorf an der Zaya. It will supply roughly 50,000 residents in the north-eastern Weinviertel region with water that is softened by natural means, which will help to reduce the use of detergents and descaling agents in the households. In the Waldviertel region, the performance capability of the pumping stations for the drinking water network was increased by approximately 25% to better cover peak periods during the dry months and further improve supply security. EVN also took over the management of the local water supplies for the community of Litschau (approximately 2,500 residents) as of 1 January 2016 and the community of Schwadorf (approximately 2,000 residents) as of 1 October 2016.

International project business

In the international project business, EVN successfully completed two wastewater projects each in Poland and Romania and a wastewater treatment project in Kotor-Tivat, Montenegro, with the transfer of the plants to the customers in 2015/16. One-year test operations at the wastewater treatment plant built by EVN in the Cypriot city of Larnaca also started during the first quarter of 2015/16.

Key financial indicators – Environmental Services	EURm	2015/16	2014/15	+/-		2013/14
				nominal	%	
External revenue		158.4	152.3	6.1	4.0	168.9
Internal revenue		18.3	20.3	-2.0	-9.8	22.2
Total revenue		176.8	172.6	4.2	2.4	191.1
Operating expenses		-137.0	-129.5	-7.5	-5.8	-347.5
Share of results from equity accounted investees with operational nature		13.3	11.9	1.4	11.6	11.7
EBITDA		53.1	55.1	-1.9	-3.5	-144.6
Depreciation and amortisation including effects from impairment tests		-25.8	-26.4	0.6	2.4	-70.2
Results from operating activities (EBIT)		27.3	28.6	-1.3	-4.6	-214.9
Financial results		-2.5	-7.6	5.1	67.3	-4.0
Result before income tax		24.8	21.0	3.8	18.0	-218.8
Total assets		895.1	940.6	-45.5	-4.8	1,197.6
Total liabilities		687.1	751.1	-64.0	-8.5	1,004.8
Investments ¹⁾		8.4	11.1	-2.6	-23.6	13.5

1) In intangible assets and property, plant and equipment

EVN was working on the realisation of six projects in Croatia, Macedonia, Montenegro and the Czech Republic as of 30 September 2016. Four of these projects – all involving wastewater treatment in South Eastern Europe – represented new contracts for EVN in 2015/16: In Macedonia, EVN is serving as the general contractor for the construction of three wastewater treatment plants in the cities of Kičevo, Radoviš and Strumica; these contracts have a total value of approximately EUR 20.0m. The fourth new project covers the construction of a sewage treatment plant in Vodice on the Croatian Adriatic Coast (contract value: approximately EUR 6.0m). The financing for these projects will be provided by the respective contracting authority with the support of EU subsidies. Preparations are currently underway for the start of construction on all projects, which should take place in 2016/17.

In the Czech Republic, the receipt of the building permit was followed by the start of construction for the renovation and expansion of the wastewater purification plant in Prague. The expanded plant will have a capacity to service 1.2m residents. This project, which EVN is realising in a consortium with partners, is proceeding as planned and completion is scheduled for the second half of 2017/18.

The wastewater treatment plant built by EVN in Budva, Montenegro, is also operated by the company. The start of construction on a second wastewater treatment plant in the Buljarica district is currently being coordinated with the city authorities in Budva.

Outlook

Earnings in the Environmental Services Segment contain a stable contribution from the areas of drinking water supply and thermal waste utilisation in Lower Austria. The development of the earnings contribution by international project business is, however, dependent on the progress of the respective project and on the acquisition of further projects. Business in the segment is expected to remain stable or decrease slightly in 2016/17.

Strategic Investments and Other Business

In the Strategic Investments and Other Business Segment, the earnings contributions from Rohöl-Aufsuchungs Aktiengesellschaft (RAG) and Energie Burgenland AG as well as the share of results from equity accounted investees with operational nature are reported in EBITDA. The earnings contributions from the shares in Verbund AG which are held directly by EVN, respectively indirectly by WEEV Beteiligungs GmbH are reported under financial results in this segment. This segment also includes corporate functions as well as companies outside EVN's core business which generally provide internal services.

Key financial indicators – Strategic Investments and Other Business	EURm	2015/16	2014/15	+/-		2013/14
				nominal	%	
External revenue		10.1	9.3	0.8	9.0	9.5
Internal revenue		58.1	55.4	2.7	4.8	61.5
Total revenue		68.2	64.7	3.5	5.4	71.0
Operating expenses		-74.8	-75.2	0.4	0.6	-77.5
Share of results from equity accounted investees with operational nature		52.2	83.8	-31.6	-37.7	66.0
EBITDA		45.6	73.2	-27.7	-37.8	59.4
Depreciation and amortisation including effects from impairment tests		-1.6	-2.7	1.1	40.7	-1.7
Results from operating activities (EBIT)		43.9	70.5	-26.6	-37.7	57.6
Financial results		22.1	30.6	-8.5	-27.8	61.8
Result before income tax		66.1	101.1	-35.1	-34.7	119.4
Total assets		2,720.8	2,580.4	140.4	5.4	2,750.3
Total liabilities		1,226.5	1,115.2	111.4	10.0	1,116.5
Investments ¹⁾		1.9	2.5	-0.6	-23.3	2.5

1) In intangible assets and property, plant and equipment

Highlights 2015/16

- Lower earnings contribution from RAG
- Higher earnings contribution from Energie Burgenland
- Decline in EBITDA, EBIT and result before income tax

Revenue, EBITDA and EBIT development

Revenue in this segment rose by EUR 3.5m, or 5.4%, to EUR 68.2m in 2015/16, while operating expenses remained nearly stable at EUR 74.8m (previous year: EUR 75.2m).

The share of results from equity accounted investees fell by EUR 31.6m, or 37.7%, to EUR 52.2m. This development resulted primarily from a year-on-year decline in the earnings contribution from RAG to EUR 42.3m (previous year: EUR 76.4m). The earnings contribution from Energie Burgenland, which is also included in this position, rose to EUR 9.9m (previous year: EUR 7.4m). In 2015/16 the Strategic Investments and Other Business Segment generated EBITDA of EUR 45.6m (previous year: EUR 73.2m) and EBIT of EUR 43.9m (previous year: EUR 70.5m).

Financial results and result before income tax

Financial results in this segment declined by EUR 8.5m, or 27.8%, to EUR 22.1m as the result of two contrary developments which were reported in the third quarter of 2015/16: the results from investments were increased by the higher dividend of EUR 0.35 per share from Verbund AG for the 2015 financial year (previous year: EUR 0.29 per share); however, financial results were adversely influenced by a negative earnings contribution from WEEV Beteiligungs GmbH which resulted from an impairment loss to the Verbund AG shares held by this company. The impairment loss was required to reflect the lasting decline in the share price below the recorded cost. In total, the result before income tax in this segment amounted to EUR 66.1m (previous year: EUR 101.1m).

Outlook

Results in this segment are influenced primarily by the earnings contributions from RAG, Energie Burgenland and Verbund AG. In view of the ongoing low oil and natural gas prices, which in addition to the storage business are an important factor for the development of earnings at RAG, and the earnings outlook issued by Verbund AG, segment results can be expected to remain stable or decline slightly in 2016/17.

Consolidated financial statements for 2015/16

According to International Financial Reporting Standards

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Consolidated statement of operations

EURm	Note	2015/16	2014/15
Revenue	26	2,046.6	2,135.8
Other operating income	27	97.0	108.4
Cost of materials and services	28	-1,177.3	-1,320.4
Personnel expenses	29	-313.7	-313.5
Other operating expenses	30	-141.6	-168.1
Share of results from equity accounted investees with operational nature	31	93.5	141.1
EBITDA		604.4	583.2
Depreciation and amortisation	32	-266.1	-260.3
Effects from impairment tests	32	-77.9	-54.7
Results from operating activities (EBIT)		260.4	268.2
Share of results from equity accounted investees with financial nature		-8.7	0.4
Results from other investments		14.4	11.6
Interest income		16.7	21.7
Interest expense		-77.4	-91.1
Other financial results		-6.5	-2.9
Financial results	33	-61.6	-60.3
Result before income tax		198.9	207.9
Income tax	34	-16.0	-17.3
Result for the period		182.8	190.7
thereof result attributable to EVN AG shareholders (Group net result)		156.4	148.1
thereof result attributable to non-controlling interests		26.4	42.6
Earnings per share in EUR ¹⁾	35	0.88	0.83
Dividend per share in EUR		0.42 ²⁾	0.42

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

2) Proposal to the Annual General Meeting

Consolidated statement of comprehensive income

EURm	Note	2015/16	2014/15
Result for the period		182.8	190.7
Other comprehensive income from			
Items that will not be reclassified to profit or loss		-27.7	1.6
Remeasurements IAS 19	48	-39.8	21.2
Investments in equity accounted investees	48	1.8	-13.9
Thereon apportionable income tax expense	48	10.3	-5.6
Items that may be reclassified to profit or loss		121.8	-139.4
Currency translation differences	5	1.0	-10.7
Available for sale financial instruments	48	119.5	-163.5
Cash flow hedges	48	3.2	5.4
Investments in equity accounted investees	48	33.0	-12.9
Thereon apportionable income tax expense	48	-34.9	42.2
Total other comprehensive income after tax		94.2	-137.9
Comprehensive income for the period		277.0	52.9
thereof income attributable to EVN AG shareholders		250.6	15.4
thereof income attributable to non-controlling interests		26.4	37.5

Consolidated statement of financial position

EURm	Note	30.09.2016	30.09.2015
Assets			
Non-current assets			
Intangible assets	36	221.2	220.2
Property, plant and equipment	37	3,512.5	3,516.3
Investments in equity accounted investees	38	925.8	898.1
Other investments	39	612.0	499.7
Deferred tax assets	52	100.5	86.4
Other non-current assets	40	313.7	308.4
		5,685.8	5,529.2
Current assets			
Inventories	41	140.2	132.5
Trade and other receivables	42	414.1	503.2
Securities	43	75.4	81.3
Cash and cash equivalents	62	237.2	255.1
Non-current assets held for sale	44	3.8	-
		870.8	972.0
Total assets		6,556.5	6,501.2
Equity and liabilities			
Equity			
Issued capital and reserves attributable to shareholders of EVN AG	45-49	2,510.8	2,334.8
Non-controlling interests	50	259.8	255.4
		2,770.7	2,590.1
Non-current liabilities			
Non-current loans and borrowings	51	1,314.5	1,535.7
Deferred tax liabilities	52	93.2	31.2
Non-current provisions	53	508.0	461.1
Deferred income from network subsidies	54	560.7	507.4
Other non-current liabilities	55	64.3	75.6
		2,540.7	2,611.0
Current liabilities			
Current loans and borrowings	56	239.1	140.1
Taxes payable and levies	57	55.2	63.6
Trade payables	58	399.6	472.3
Current provisions	59	97.8	146.1
Other current liabilities	60	453.4	477.9
		1,245.1	1,300.0
Total equity and liabilities		6,556.5	6,501.2

Consolidated statement of changes in equity

EURm	Share capital	Share premium and capital reserves	Retained earnings	Valuation reserve	Currency translation reserve	Treasury shares	Issued capital and reserves of EVN AG shareholders	Non-controlling interests	Total
Balance on 01.10.2014	330.0	253.1	1,794.9	52.1	-13.2	-21.6	2,395.2	237.5	2,632.7
Comprehensive income	-	-	148.1	-122.0	-10.7	-	15.4	37.5	52.9
Dividends 2013/14	-	-	-74.7	-	-	-	-74.7	-19.6	-94.3
Change in treasury shares	-	-0.1	-	-	-	-1.0	-1.1	-	-1.1
Balance on 30.09.2015	330.0	253.0	1,868.2	-69.9	-24.0	-22.5	2,334.8	255.4	2,590.1
Comprehensive income	-	-	156.4	93.1	1.0	-	250.6	26.4	277.0
Dividends 2014/15	-	-	-74.7	-	-	-	-74.7	-19.7	-94.4
Capital reduction	-	-	-	-	-	-	-	-2.2	-2.2
Change in treasury shares	-	-0.1	-	-	-	0.4	0.2	-	0.2
Other changes	-	-	-0.1	-	-	-	-0.1	-	-0.1
Balance on 30.09.2016	330.0	252.9	1,949.9	23.2	-23.0	-22.2	2,510.8	259.8	2,770.7
Note	45	46	47	48	5	49		50	

Consolidated statement of cash flows

EURm	Note	2015/16	2014/15
Result before income tax		198.9	207.9
+ Depreciation, amortisation/ – revaluation of intangible assets and property, plant and equipment	32	344.0	315.0
– Non-cash share of results of equity accounted investees and other investments	38, 39	–99.1	–153.1
+ Dividends from equity accounted investees and other investments		135.2	120.7
+ Interest expense		77.4	91.1
– Interest paid		–63.6	–76.6
– Interest income		–16.7	–21.7
+ Interest received		13.7	20.3
– Gains/+ losses from foreign exchange translations		2.6	1.2
–/+ Other non-cash financial results		–2.0	2.2
– Release of deferred income from network subsidies	27	–43.7	–38.7
– Gains/+ losses on the disposal of intangible assets and property, plant and equipment		0.7	–0.2
+ Increase/– decrease in non-current provisions	53	–9.5	–30.1
Gross cash flow		537.9	438.1
+ Decrease/– increase in inventories and receivables		69.8	53.4
+ Increase/– decrease in current provisions		–48.3	10.8
+ Increase/– decrease in trade payables and other liabilities		–97.0	–28.6
– Income tax paid		0.6	4.6
Net cash flow from operating activities		463.0	478.3
+ Proceeds from the disposal of intangible assets and property, plant and equipment		4.4	2.1
+ Proceeds from network subsidies		72.4	78.1
+ Proceeds from the disposal of financial assets and other non-current assets		45.9	290.9
+ Proceeds from the disposal of current securities		10.4	94.7
– Acquisition of intangible assets and property, plant and equipment		–315.9	–322.7
– Acquisition of financial assets and other non-current assets		–43.3	–40.7
– Acquisition of current securities		–4.5	–175.2
Net cash flow from investing activities		–230.6	–72.7
– Dividends paid to EVN AG shareholders	47	–74.7	–74.7
– Dividends paid to non-controlling interests		–19.7	–19.6
– Increase/+ decrease in nominal capital		–2.2	–
– Repurchase/+ sales of treasury shares		0.2	–1.1
– Decrease in financial liabilities		–157.5	–261.9
Net cash flow from financing activities		–253.9	–357.3
Net change in cash and cash equivalents¹⁾		–21.5	48.3
Net change in cash and cash equivalents	62		
Cash and cash equivalents at the beginning of the period ¹⁾		244.9	197.2
Currency translation differences on cash and cash equivalents		0.1	–0.6
Cash and cash equivalents at the end of the period ¹⁾		223.5	244.9
Net change in cash and cash equivalents²⁾		–21.5	48.3

1) By adding bank overdrafts this results in cash and cash equivalents according to the consolidated statement of financial position.

2) Additional information on the consolidated statement of cash flows can be found in note 62. Consolidated statement of cash flows.

Consolidated notes

Basis of preparation

1. General

EVN AG, as the parent company of the EVN Group (EVN), is a leading listed Austrian energy and environmental services provider. Its headquarters are located in A-2344 Maria Enzersdorf, Austria. In addition to serving its domestic market in the province of Lower Austria, EVN is operating in the Bulgarian, Macedonian and Croatian energy industry. EVN is also active in the area of environmental services through subsidiaries that provide customers in nine countries with water supply, wastewater treatment and thermal waste utilisation services.

The consolidated financial statements are prepared as of the balance sheet date of EVN AG. The financial year of EVN AG covers the period from 1 October to 30 September.

The consolidated financial statements are prepared on the basis of uniform accounting policies. In cases where the balance sheet date of a consolidated company differs from the balance sheet date of EVN AG, interim financial statements are prepared as of 30 September.

The consolidated financial statements were prepared on the basis of historical acquisition and production costs, unless indicated otherwise.

Certain items on the consolidated statement of financial position and the consolidated statement of operations are summarised to achieve a more understandable and clearly structured presentation. These positions are presented individually in the consolidated notes and explained according to the principle of materiality. In order to improve clarity and comparability, the amounts in the consolidated financial statements are generally shown in millions of euros (EURm), unless otherwise noted. Immaterial mathematical differences may arise from the rounding of individual items or percentage rates.

The consolidated statement of operations is prepared in accordance with the nature of expense method.

2. Reporting in accordance with IFRS

Pursuant to § 245a of the Austrian Commercial Code, the consolidated financial statements were prepared in accordance with the current guidelines set forth in the IFRSs issued by the International Accounting Standards Board (IASB) as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that were applicable as of the balance sheet date and had been adopted by the European Union (EU).

Standards and interpretations applied for the first time and changes in accounting policies

The following standards and interpretations were applied for the first time in the 2015/16 financial year:

2. Standards and interpretations applied for the first time		Effective ¹⁾
New standards and interpretations		
–		–
Revised standards and interpretations		
IAS 19	Employee Benefits – Defined Benefit Plans: Employee Contributions	01.02.2015 ²⁾
Several	Annual Improvements 2010–2012	01.02.2015 ²⁾
Several	Annual Improvements 2011–2013	01.01.2015 ²⁾

1) In accordance with the Official Journal of the EU, these standards are applicable to financial years beginning on or after the effective date.

2) Early application in 2014/15

The core objective of the annual improvements of the IFRS is the improvement of the quality of the standards. This will be achieved by the change or correction of existing IFRS for the purpose of clarifying guidelines and formulations. Seven standards were changed by the Annual Improvements 2010–2012. This concerns standards IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38. In addition, the changes to the Annual Improvements 2010–2012 also have effects on the explanatory notes. By the Annual Improvements 2011–2013, changes were effected to four standards. This concerns standards IFRS 1, IFRS 3, IFRS 13 and IAS 40.

The initial application of the other revised standards and interpretations had no effect on the consolidated financial statements.

EVN regularly monitors and analyses the effects of the revised standards and interpretations on the future presentation of and disclosures in the consolidated financial statements and the notes.

2. Standards and interpretations already adopted by the EU, but not yet compulsory		Effective ¹⁾
New standards and interpretations		
–		–
Revised standards and interpretations		
IFRS 10, IFRS 12 IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception	01.01.2016
IFRS 11	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations	01.01.2016
IAS 1	Presentation of Financial Statements – Disclosure Initiative	01.01.2016
IAS 16, IAS 38	Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation	01.01.2016
IAS 16, IAS 41	Property, Plant and Equipment and Agriculture – Bearer Plants	01.01.2016
IAS 27	Separate Financial Statements – Equity Method in Separate Financial Statements	01.01.2016
Several	Annual Improvements 2012–2014	01.01.2016

1) In accordance with IASB, these standards are applicable to financial years beginning on or after the effective date.

The so-called “Disclosure Initiative” implemented initial recommendations for changes to IAS 1 which can be realised in the near term and are related to the revision of the conceptual framework. These changes involve materiality as it relates to disclosures in the notes, information on the aggregation and disaggregation of positions on the balance sheet and statement of comprehensive income as well as explanations on the order of specific points in the notes which could, for example, be systemised in the future depending on the relevance of this data for an understanding of the company’s asset, financial and earnings position. EVN does not expect these changes to have any material influence on the consolidated financial statements. Possible adjustments could result from a revised reporting structure for the consolidated financial statements.

The Annual Improvements 2012–2014 inter alia clarified in respect of IAS 19 that the high value corporate bonds used for determining the discount rate for postemployment benefits should be denominated in the same currency as the benefits to be made. The effects on personnel provisions in Bulgaria and Macedonia will be reviewed in detail in the coming business year.

EVN does not expect the initial application in the next financial year of the other revised standards and interpretations as shown in the table above to have a material effect on the asset, financial or earnings position.

Standards and interpretations not yet effective

The following standards and interpretations had been issued as at the balance sheet date of the consolidated financial statements by the IASB, but have not yet been adopted by the EU.

2. Standards and interpretations not yet effective

		Effective ¹⁾
New standards and interpretations		
IFRS 9	Financial Instruments	01.01.2018
IFRS 14	Regulatory Deferral Accounts	01.01.2016 ²⁾
IFRS 15	Revenue from Contracts with Customers	01.01.2018 ³⁾
IFRS 16	Leases	01.01.2019
Revised standards and interpretations		
IFRS 10, IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01.01.2016 ⁴⁾
IAS 7	Disclosure Initiative	01.01.2017
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	01.01.2017
IFRS 2	Classification and Measurement of Share-based Payment Transactions	01.01.2018
IFRS 4	Applying IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts	01.01.2018
IFRS 15	Revenue from Contracts with Customers	01.01.2018

1) In accordance with IASB, these standards are applicable to financial years beginning on or after the effective date.

2) The European Commission has decided not to launch the endorsement process of this interim standard.

3) The adoption was effected by notice published in the Official Journal of the EU on 22 October 2016.

4) The IASB has proposed to postpone this initial application for an indefinite period.

On 24 July 2014 the IASB issued the final version of IFRS 9, which replaces the rules defined in IAS 39 for the recognition and measurement of financial instruments. This represents the conclusion of a project started in 2008 as a reaction to the financial crisis. The new rules require mandatory application for financial years beginning on or after 1 January 2018; early application is permitted, but the adoption by the EU is still outstanding. IFRS 9 includes revised guidelines for the classification and measurement of financial assets, expanded rules for the recognition of impairment losses to financial assets and new rules for hedge accounting. The application of the new standard is expected to have an effect on the classification and measurement of financial assets in EVN's consolidated financial statements, whereby no statements can be made at this time concerning the effects on the asset, financial or earnings position. Minor effects on the asset, financial and earnings position are also expected in the area of hedge accounting because the new rules are based more on risk management and are therefore likely to result in differences from present accounting practices. The impact of the application of IFRS 9 will be evaluated in detail when this standard is adopted into European law.

The IASB issued IFRS 14 on 30 January 2014 as a so-called interim standard. IFRS 14 permits first-time adopters (i.e. companies applying International Financial Reporting Standards for the first time) to present rate-regulated transactions in agreement with their previously applied accounting rules. As an interim standard IFRS 14 represents an interim solution that will apply until the IASB agrees on the accounting treatment of these issues within the context of its project on "rate-regulated activities". The previously issued IFRSs do not provide any guidelines for the accounting treatment of rate-regulated transactions, but a number of countries – including Austria – have issued national rules which require the recognition of regulatory deferral accounts. According to the prevailing opinion, the recognition of a regulatory asset or a regulatory liability is currently not permitted in financial statements prepared in accordance with IFRS. EVN is not directly affected by IFRS 14 because it only applies to first-time IFRS adopters. On 30 October 2015 it was announced that the European Commission does not propose the interim standard IFRS 14 for adoption in EU law, but will wait for the final standard.

IFRS 15 was issued by the IASB on 28 May 2014 and regulates the recognition of revenue from contracts with customers. The goal of this multi-year joint standardisation process between the IASB and the FASB was to unify the widely diverse requirements under IFRS and US-GAAP and to define principle-based rules for all industries. For IFRS users, IFRS 15 replaces IAS 11 "Construction Contracts" and IAS 18 "Revenue" as well as a number of interpretations, including IFRIC 18 "Transfers of Assets from Customers". IFRIC 18 covers, among others, the accounting treatment of construction subsidies received by EVN. The new standard is based on a five-step model that applies to all contracts with customers unless more specific rules are provided in other standards, e.g. for leases. With regard to the timing of revenue recognition, IFRS 15 defines whether revenue is to be recognised at a specific point in time or over time. This determination is based, above all, on the point of time the performance obligation is fulfilled, which is based on a general control model in IFRS 15. The transfer of control determines the timing of revenue recognition. IFRS 15 also provides new, more comprehensive requirements for the disclosures in the notes to the consolidated financial statements. In September 2015 the IASB postponed the

date for the mandatory application of IFRS 15 by one year to financial years beginning on or after 1 January 2018. The effects of the application of IFRS 15 will be reviewed in detail in the course of a recently started project in the coming financial year.

IFRS 16 was published by the IASB in January 2016, and will replace the previous standard on leasing arrangements IAS 17 as well as the previous interpretations. IFRS 16 contains both a changed definition of the term lease as well as changed rules on the accounting by the lessee. Under the new regulations, the previous distinction between finance leases and operating leases does not apply any more. In that sense, operating leases will be recognisable in the balance sheet like finance leases in the future. Exceptions are leases with a term of twelve months or less, or if low-value assets are concerned. The simplifications are optional. EVN currently acts as lessee in operational leases, for which reason implications are to be expected by the application of IFRS 16. A quantification of the implications on the asset, financial and earnings position of EVN is not possible at this point in time, and will be reviewed in detail in the course of a recently started project in the coming financial year.

IAS 7 Disclosure Initiative on Cash Flow Statements requires additional disclosures on the changes of financial liabilities. The additional disclosures concern both cash changes as well as non-cash changes. The changes will lead to more comprehensive notes to the consolidated financial statements of EVN.

Basis of consolidation

3. Consolidation methods

Consolidation is carried out by offsetting the consideration transferred against the fair value of the acquired assets and assumed liabilities.

All significant companies whose financial and operating activities are directly or indirectly controlled by EVN AG (i.e. subsidiaries) are fully consolidated. EVN is considered to have a controlling interest over a company in which it holds an investment when it has a right to variable returns from the investee and can influence the amount of these returns through its control.

This is usually the case when EVN's voting rights exceed 50.0%, but may also apply if EVN has the power of disposition over and is the primary beneficiary of any economic benefits arising from the business operations of these companies or if EVN is required to carry most of the risks. Companies are initially consolidated on the acquisition date or at the time EVN gains control and are deconsolidated when control ends.

In accordance with IFRS 3, assets and liabilities (including contingent liabilities) obtained through business combinations are recognised at their full fair value, irrespective of any existing non-controlling interests. Non-controlling interests in subsidiaries are carried at the proportional share of net assets (excluding the proportional share of goodwill). Intangible assets are recognised separately from goodwill if they can be separated from the acquired company or arise from statutory, contractual or other legal rights. Restructuring provisions may not be created as part of the purchase price allocation. Any remaining positive differences which represent compensation to the seller for market opportunities or developmental potential that cannot be individually identified are recognised in local currency as goodwill and allocated to cash-generating units (CGUs) in the relevant segment. Negative differences are recognised in profit or loss after a repeated measurement of the acquired company's identifiable assets and liabilities (including contingent liabilities) and measurement of the acquisition cost. The differences between fair value and the carrying amount are carried forward in accordance with the related assets and liabilities during the subsequent consolidation. A change in the investment in a fully consolidated company is accounted for directly in equity without recognition through profit or loss.

Joint arrangements are included in the consolidated financial statements of EVN AG depending on the rights and obligations attributed to the controlling parties by the respective agreement. If only rights to the net assets are involved, the joint arrangement is classified as a joint venture according to IFRS 11 and included at equity. If rights to the assets and obligations for the liabilities are involved, the joint arrangement is classified as a joint operation according to IFRS 11 and included in the consolidated financial statements through line-by-line consolidation.

Associates – i.e. companies in which EVN AG can directly or indirectly exercise significant influence – are included at equity.

Subsidiaries, joint ventures and associates are not consolidated if their influence on EVN's asset, financial and earnings position is considered to be immaterial, either individually or in total. These companies are reported at cost less any necessary impairment losses. The materiality of an investment is assessed on the basis of the balance sheet total, the proportional share of equity, external revenue and annual profit or loss as reported in the last available financial statements in relation to the respective Group totals.

Intragroup receivables, liabilities, income and expenses as well as intragroup profits and losses are eliminated unless they are immaterial. The consolidation procedure for profit or loss includes the effects of income taxes as well as the recognition of deferred taxes.

4. Scope of consolidation

The scope of consolidation is determined in accordance with the requirements of IFRS 10 (also see note **2. Reporting in accordance with IFRS**). Accordingly, 30 domestic and 37 foreign subsidiaries (including the parent company EVN AG) were fully consolidated in the consolidated financial statements as of 30 September 2016 (previous year: 31 domestic and 37 foreign subsidiaries). A total of 25 subsidiaries (previous year: 36) were not consolidated due to their immaterial influence on EVN's asset, financial and earnings position, either individually or in total.

EVN AG is the sole limited partner of EVN KG and, as such, participates to 100.0% in profit or loss of EVN KG. EnergieAllianz serves as the general partner of EVN KG, but does not hold an investment in this company. The agreements concluded between the EnergieAllianz shareholders for the management of EVN KG result in joint control. EVN KG is therefore classified as a joint venture in the sense of IFRS 11 and consolidated at equity. Contractual agreements also lead to the classification of the EnergieAllianz Group (EnergieAllianz and its subsidiaries) as a joint venture in the sense of IFRS 11; the group is therefore included in the consolidated financial statements at equity.

RBG, a fully consolidated company in which EVN AG has an unchanged interest of 50.03%, holds a 100.0% stake in RAG. RAG is consolidated at equity because contractual agreements prevent EVN from exercising control.

Bioenergie Steyr GmbH, in which EVN Wärme GmbH holds a stake of 51.0%, is included in the consolidated financial statements of EVN at equity because contractual agreements exclude any possibility of control.

Verbund Innkraftwerke Deutschland GmbH, in which EVN AG has an unchanged interest of 13.0%, is included at equity due to special contractual arrangements that allow EVN AG to exercise significant influence.

For those companies in which 50.00% is held, there is no control in accordance with IFRS 10. These companies are classified as joint ventures in the sense of IFRS 11 based on the contractual agreements and are therefore included in the consolidated financial statements at equity.

An overview of the companies included in the consolidated financial statements is provided under **EVN's investments**, starting on page 199. Notes **50. Non-controlling interests** and **66. Disclosures of interests in other entities** provide detailed information on the subsidiaries with major non-controlling interests as well as joint ventures and associates that are included in the consolidated financial statements.

The scope of consolidation (including EVN AG as the parent company) developed as follows during the reporting year:

4. Changes in the scope of consolidation	Full consolidation	Line-by-line (joint operation)	Equity	Total
30.09.2014	69	1	19	89
First consolidation	1	–	–	1
Deconsolidation	–2	–	–	–2
30.09.2015	68	1	19	88
First consolidation	1	–	–	1
Deconsolidation	–2 ¹⁾	–	–2	–4
30.09.2016	67	1	17	85
thereof foreign companies	37	1	5	43

1) Mergers

Nevawasser Projektgesellschaft mbH, Essen, Germany, which was previously not included in the consolidated financial statements of EVN for reasons of immateriality, was spun off from WTE Wassertechnik GmbH, Essen, Germany, to WTE Projektgesellschaft Süd-West Wasser mbH, Essen, Germany, in the third quarter of 2015/16. The name of the company was subsequently changed to WTE Abwicklungsgesellschaft Russland mbH, Essen, Germany. WTE Abwicklungsgesellschaft Russland mbH, Essen, Germany, was initially included through full consolidation in the third quarter of 2015/16.

Naturkraft EOOD, Plovdiv, Bulgaria, which was previously included through full consolidation, was merged with EVN Kavarna EOOD, Plovdiv, Bulgaria, as of 8 March 2016 and deconsolidated during the second quarter of 2015/16.

EVN Projektmanagement GmbH, Maria Enzersdorf, which was previously included through full consolidation, was merged with EVN Finanzservice GmbH, Maria Enzersdorf, retroactively as of 30 September 2015 based on a merger agreement dated 4 May 2016. It was deconsolidated during the third quarter of 2015/16.

The operating business of the equity accounted investee e&t Energie Handelsgesellschaft m.b.H, Vienna, was sold to ENERGIEALLIANZ Austria GmbH (EAA) as of 1 October 2015. The company was then merged with Naturkraft Energievertriebsgesellschaft m.b.H, Vienna, retroactively as of 30 September 2015 through a merger contract dated 3 December 2015 and subsequently deconsolidated.

EconGas GmbH, Vienna, which was previously included in the consolidated financial statements at equity was sold to OMV Gas & Power GmbH as of 20 May 2016 and deconsolidated in the third quarter of 2015/16.

In the course of the unbundling of the individual business segments in the energy business in Macedonia, the network business from EVN Macedonia AD, Skopje, Macedonia, is intended to be spun off to EVN Elektrodistribucija DOOEL, Skopje, Macedonia, which was newly founded for this purpose. EVN Macedonia AD, Skopje, Macedonia, which served as network company to date, holds 100.0% of the shares in EVN Elektrodistribucija DOOEL, Skopje, Macedonia. The newly founded EVN Elektrodistribucija DOOL, Skopje, Macedonia, is currently not included in the consolidated financial statements of EVN for reasons of immateriality.

On 13 July 2016, EVN Wärme acquired 50.0% of the shares in the cooperative society FWG-Fernwärmeversorgung Amstetten, registrierte Genossenschaft mit beschränkter Haftung, Amstetten. Due to its insignificance, the company is not included in EVN's consolidated financial statements.

The companies in the environmental services business that were not included in EVN's consolidated financial statements due to immateriality OOO WTE Wassertechnik West, Moscow, Russia, OAO WTE Kurjanovo, Moscow, Russia, OAO EVN Ljuberzy, Moscow, Russia, ZAO STAER, Moscow, Russia, ZAO STAER-ZWK, Moscow, Russia, as well as OOO Nordwasserwerk, Moscow, Russia, were merged into OOO EVN Umwelt Service, Moscow, Russia, as of 14 September 2016.

B3 ENERGIE GmbH, Maria Enzersdorf, which was not included in the consolidated financial statements of EVN due to immateriality, was retroactively merged into EVN Wärme GmbH, Maria Enzersdorf, as of 31 December 2015 based on a merger agreement dated 16 September 2016.

The cooperative society FWG-Fernwärmeversorgung Hollabrunn registrierte Genossenschaft mit beschränkter Haftung in Liquidation, Göllersorf, which was not included in the consolidated financial statements of EVN due to its insignificance, was deleted from the company register after its liquidation on 2 July 2016.

WTE Projektmanagement GmbH, Essen, Germany, which was not included in EVN's consolidated financial statements for reasons of immateriality, was liquidated on 15 April 2016 and subsequently deleted from the company register.

ALBNOR Company DOO, Tetovo, Macedonia, which was not included in EVN's consolidated financial statements for reasons of immateriality, was sold during the third quarter of 2015/16.

Anlagenbetriebsgesellschaft Waidhofen/Ybbs GmbH, Maria Enzersdorf, which was not included in the consolidated financial statements of EVN for reasons of immateriality, was merged with EVN Wärme GmbH, Maria Enzersdorf, retroactively to 30 September 2015 as of 11 November 2015.

As in the previous financial year there was no new acquisition of companies according to IFRS 3 during the reporting period.

5. Foreign currency translation

All Group companies record their foreign currency business transactions at the average exchange rate in effect on the date of the relevant transaction. Monetary assets and liabilities denominated in a foreign currency are also translated at the average exchange rate on the balance sheet date. Any resulting foreign currency gains or losses are recognised in profit or loss.

In accordance with IAS 21, the annual financial statements of Group companies that are prepared in a foreign currency are translated into euros for inclusion in the consolidated financial statements. This translation is based on the functional currency method, under which the assets and liabilities of companies not reporting in euros are converted by applying the average exchange rate on the balance sheet date and any income and expenses are converted at the average annual rate. Unrealised currency translation differences from long-term Group loans are recorded under the currency translation reserve in equity without recognition in profit or loss. Currency translation differences directly recognised in equity resulted in an increase of EUR 1.0m in equity during 2015/16 (previous year: decrease of EUR -10.7m); furthermore, an amount of EUR 3.0m was transferred from other comprehensive income to the consolidated statement of operations in the financial year 2015/16.

Additions and disposals are reported at the applicable average exchange rates in all tables. Changes in the average exchange rates between the balance sheet date for the reporting year and the previous year as well as differences arising from the use of average exchange rates to translate changes during the financial year are reported separately under currency translation differences in all tables.

Goodwill resulting from the acquisition of foreign subsidiaries is recorded at the exchange rate in effect on the acquisition date. This goodwill is subsequently allocated to the acquired company and translated at the exchange rate in effect on the balance sheet date. When a foreign company is deconsolidated, any related currency differences are recognised in profit or loss.

The following key exchange rates were used for foreign currency translation:

5. Foreign currency translation	2015/16		2014/15	
	Exchange rate on the balance sheet date	Average ¹⁾	Exchange rate on the balance sheet date	Average ¹⁾
Currency				
Albanian lek	137.52000	138.06308	139.73000	140.05154
Bulgarian lev ²⁾	1.95583	1.95583	1.95583	1.95583
Croatian kuna	7.52200	7.56384	7.64450	7.63091
Macedonian denar	61.49400	61.63142	61.69470	61.60592
Polish zloty	4.31920	4.33474	4.24480	4.17391
Russian ruble	70.51400	74.78526	73.24160	64.71495
Serbian denar	123.29290	122.44939	119.74910	120.38277
Czech koruna	27.02100	27.05638	27.18700	27.44215

1) Average on the last day of each month

2) The exchange rate was determined by Bulgarian law.

Accounting policies

6. Intangible assets

The recognition of business combinations as defined in IFRS 3 may result in differences between the consideration transferred and the (proportional) revalued share of equity acquired. If the difference is negative, the acquisition cost and the purchase price allocation must be reviewed. If the negative difference is reconfirmed, it is recognised in profit or loss. Positive differences result in goodwill (for general information on the treatment and impairment of goodwill, see note **3. Consolidation methods**, and note **22. Procedures and effects of impairment tests**).

Acquired intangible assets are recognised at acquisition cost less straight-line amortisation and any impairment losses, unless their useful life is classified as indefinite. Assets with a determinable limited useful life are amortised on the basis of that expected useful life, which equals three to eight years for software and three to 40 years for rights. Customer relationships capitalised in connection with a business acquisition, which have a determinable useful life because of potential market liberalisation, are amortised on a straight-line basis over five to 15 years. The expected useful lives and amortisation curves are determined by estimating the timing and distribution of cash inflows from the corresponding intangible assets over time. Intangible assets with an indefinite useful life are measured at cost and tested annually for impairment (see note **22. Procedures and effects of impairment tests**).

Internally generated intangible assets must meet the requirements of IAS 38 in order to be capitalised. This standard distinguishes between research and development expenses. As in the previous year, no development expenses were capitalised because the recognition criteria were not met.

Service concessions that meet the requirements of IFRIC 12 are classified as intangible assets. Expenses and income are recognised according to the percentage-of-completion-method at the fair value of the compensation received. The percentage of completion is assessed according to the cost-to-cost method. The requirements defined in IFRIC 12 are in particular currently met by the hydro-power station Ashta as well as the sewage treatment plant project Zagreb, both of which are included at equity.

7. Property, plant and equipment

Property, plant and equipment are carried at acquisition or production cost less straight-line depreciation and impairment losses. The acquisition or production cost also includes the estimated expenses for demolition and disposal if there is an obligation to decommission or demolish the plant and equipment or to restore property at the end of the asset's useful life. The present value of the estimated demolition and/or disposal costs is capitalised along with the acquisition or production cost and also recognised as a liability (provision). Production costs for internally generated fixed assets include appropriate material and manufacturing overheads in addition to direct material and labour costs.

Ongoing maintenance and repairs to property, plant and equipment are recognised in profit or loss, provided this work does not change the nature of the asset or lead to additional future benefits. If these measures enhance the value of the respective asset, the related expenses must be retroactively capitalised as part of the acquisition or production cost.

If the construction of property, plant and equipment continues over an extended period of time, the assets are classified as "qualifying assets". The borrowing costs incurred during the construction period are then capitalised as a part of the production cost in accordance with IAS 23. In keeping with EVN's accounting policies, a project gives rise to a qualifying asset only if construction takes at least twelve months.

Property, plant and equipment are depreciated from the time they are available for use. Depreciation for property, plant and equipment subject to wear and tear is calculated on a straight-line basis over the expected useful life of the relevant asset or its components. The expected economic and technical life is evaluated at each balance sheet date and adjusted if necessary.

Straight-line depreciation is based on the following useful lives, which are uniform throughout the Group:

7. Expected useful life of property, plant and equipment	Years
Buildings	10–50
Transmission lines and pipelines	15–50
Machinery	10–33
Meters	5–40
Tools and equipment	3–25

When property, plant and equipment are retired, the acquisition or production cost and accumulated depreciation are reported as a disposal. The difference between the net proceeds from the sale and the carrying amount are recognised in other operating income or expenses.

8. Investments in equity accounted investees

Investments in equity accounted investees are initially recognised at cost and subsequently measured at the proportional share of net assets at amortised cost plus any applicable goodwill. The carrying amounts are increased or decreased each year by the proportional share of net profit or loss, distributed dividends, other changes in equity and fair value adjustments from a preceding business combination that are carried forward. Any goodwill included in the carrying amount is not subject to scheduled amortisation in accordance with IFRS 3 and is neither reported separately in accordance with IAS 28 nor tested annually for impairment in accordance with IAS 36. An assessment is made as of each balance sheet date in accordance with IAS 39 to determine whether there are internal or external signs of impairment. If there are any such indications, the investment in the equity accounted investee must be tested for impairment in accordance with IAS 36. Confirmation of impairment leads to the recognition of an impairment loss to the earnings of the equity accounted investee (see note **22. Procedures and effects of impairment tests**).

The share of results from equity accounted investees with operational nature (see note **66. Disclosures of interests in other entities**) is reported as part of results from operating activities (EBIT).

9. Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one company and a financial liability or an equity instrument in another company.

Primary financial instruments

The following measurement categories are used by EVN:

- Available for sale financial assets (“AFS”)
- Loans and receivables (“LAR”)
- Financial assets designated at fair value through profit or loss and derivative financial instruments with a positive or negative fair value (“@FVTPL”)
- Financial liabilities measured at amortised cost (“FLAC”)

In accordance with the requirements of IFRS 7 for disclosures in the notes, the following table presents EVN’s primary financial instruments by class together with the corresponding measurement categories:

9. Classes and measurement categories of primary financial instruments	Measurement category
Non-current assets	
Other investments	
Miscellaneous investments	AFS
Other non-current assets	
Securities	@FVTPL
Loans receivable	LAR
Lease receivables and accrued lease transactions	LAR
Receivables arising from derivative transactions	Hedge Accounting, @FVTPL
Current assets	
Current receivables and other current assets	
Trade and other receivables	LAR
Receivables arising from derivative transactions	Hedge Accounting, @FVTPL
Securities	
Cash and cash equivalents	AFS
Cash on hand and cash at banks	
Cash on hand and cash at banks	LAR
Non-current liabilities	
Non-current loans and borrowings	
Bonds	FLAC
Bank loans	FLAC
Other non-current liabilities	
Lease liabilities	FLAC
Accruals of financial transactions	FLAC
Other liabilities	FLAC
Liabilities arising from derivative transactions	Hedge Accounting, @FVTPL
Current liabilities	
Current loans and borrowings	
Trade payables	FLAC
Other current liabilities	
Other financial liabilities	FLAC
Liabilities arising from derivative transactions	Hedge Accounting, @FVTPL

Primary financial instruments are recognised in the consolidated statement of financial position when EVN is contractually entitled to receive payment or other financial assets from another party. Purchases and sales at prevailing market conditions are reported as of the settlement date.

Primary financial instruments (with the exception of the financial assets designated @FVTPL) are initially recognised at fair value plus transaction costs. Subsequent measurement is based on the classification to the measurement categories listed above and the rules applicable to the individual categories. These rules are described in the notes to the individual items on the consolidated statement of financial position.

The securities reported under other non-current assets are measured @FVTPL because they are managed on a portfolio basis. The net results of financial instruments recognised as @FVTPL include interest. Nonderivative financial assets that are not classified under loans and receivables or @FVTPL are assigned to the measurement category AFS.

All financial assets that fall under the scope of application of IAS 39, with the exception of financial assets designated at fair value in profit or loss, are tested for objective signs of impairment as of each balance sheet date. For financial assets, impairment is determined in accordance with the respective measurement category in accordance with IAS 39 and recognised accordingly. For equity instruments assigned to the valuation category AFS, impairment losses are recognised when there is a significant or longer decline in fair value below the acquisition cost. EVN defines a significant or longer decline in fair value as a decline of more than 20% as of the valuation date or a permanent decline over a period of nine months.

Derivative financial instruments

The derivative financial instruments used by EVN include swaps, forwards and futures.

The main instruments used by EVN to manage and limit existing exchange rate and interest rate risks in the financial sector are foreign currency and interest rate swaps.

EVN uses swaps, futures and forwards to limit energy sector risks arising from changes in commodity and product prices as well as changes related to electricity transactions.

The forward and futures contracts concluded by EVN for the purchase or sale of electricity, natural gas and CO₂ emission certificates serve to hedge the purchase prices for expected electricity, natural gas or CO₂ emission certificates as well as the selling prices for planned electricity production. If physical delivery is effected based on the expected procurement, sale or usage requirements, the requirements of the so-called "own use exemption" under IAS 39 are met, which do not represent derivative financial instruments in terms of IAS 39, but represent pending purchase and sale transactions, which must be assessed for possible impending losses in accordance with the requirements of IAS 37. If the requirements for the own use exemption are not met – for example, by transactions for short-term optimisation – the contracts are recorded as derivatives in accordance with IAS 39.

Derivative financial instruments are recognised at cost when the contract is concluded and at fair value in subsequent periods. The fair value of derivative financial instruments is determined on the basis of quoted market prices, information provided by banks or discounting-based valuation methods whereby the counterparty risk is also included. Derivative financial instruments are reported as other (current or non-current) assets or other (current or non-current) liabilities.

The accounting treatment of the changes in the fair value of derivatives used for hedging purposes depends on the type of the hedging transaction.

Cash flow hedges are used to hedge energy price risks and interest rate risks arising from financial liabilities.

The effective portions of the gains and losses arising from the fair value measurement of derivative financial instruments classified in accordance with IAS 39 as cash flow hedges on the balance sheet are recorded under other comprehensive income under the valuation reserve without recognition in profit or loss, taking into account deferred tax liabilities/assets in accordance with IAS 39. The ineffective portion is immediately recognised in profit or loss. The cumulative amount recognised in equity remains in the other comprehensive income and is transferred as reclassification adjustment from equity to profit or loss in the same period or periods in which the hedged business transaction affects profit or loss, or the expected transaction is no longer expected to occur. The maturity of the hedging instrument is coordinated with the occurrence of the future transaction.

If the hedging instrument expires, is sold, terminated or exercised without a replacement or the continuation forming part of the documented hedging strategy of the company, or the criteria for the accounting as hedging instrument are no longer met, the amounts recognised to date under other comprehensive income remain in equity as a separate item until the expected transaction has occurred. If the occurrence of an expected transaction is no longer counted on, the amount cumulatively recognised under equity up to this point is transferred to profit or loss.

The hedging relationship between the underlying transaction and the hedging instrument as well as their effectiveness are analysed and documented at the conclusion of the relationship and subsequently at regular intervals.

Fair value hedges are used to hedge currency risks.

Derivative financial instruments classified under IAS 39 as fair value hedges serve to hedge recognised assets or liabilities against the risk of a change in fair value. For fair value hedges, in addition to the fair value change of the derivative, the contrasting fair value change of the underlying transaction, as far as it represents the hedged risk, is recognised in profit or loss. The earnings are generally shown under the item in the consolidated statement of operations under which the underlying transaction is reported. The value fluctuations of the hedging transactions are essentially offset by the value fluctuations of the hedged transactions.

If the hedging instrument expires, is sold, terminated or exercised without a replacement or the continuation forming part of the documented hedging strategy of the company, or the criteria for the accounting as hedging instrument are no longer met, accounting as hedging instrument is to be discontinued.

The hedging relationship between underlying transaction and the hedging instrument as well as their effectiveness are analysed and documented at the conclusion of the relationship and subsequently at regular intervals.

The derivatives used by EVN for hedging purposes constitute effective protection. The fair value changes of the derivatives are mostly offset by compensating value changes of the underlying transactions.

10. Other investments

Other investments include shares in associated companies which are not included in the consolidated financial statements due to immateriality. These shares are recorded at cost less any necessary impairment losses. The remaining other investments are assigned to the valuation category AFS and are recognised in the consolidated statement of financial position at fair value. If fair value cannot be reliably determined, these investments are included at cost less any necessary impairment losses. Fair value is determined on the basis of share prices wherever possible. Unrealised profits or losses are recognised in other comprehensive income. An impairment loss (see note **9. Financial instruments**) is recognised in profit or loss. When financial assets are sold, the unrealised profits or losses previously recognised in other comprehensive income are transferred to profit or loss.

11. Other non-current assets

Securities recorded under non-current assets are initially recognised as @FVTPL. These assets are recorded at cost as of the acquisition date and subsequently measured at fair value as of the balance sheet date. Changes in fair value are recognised in the consolidated statement of operations.

Originated loans are classified as LAR. Interest-bearing originated loans are recorded at amortised cost, while interest-free and low-interest originated loans are reported at their present value. All identifiable risks are taken into consideration by means of valuation adjustments.

Lease receivables and accrued lease transactions are related to the international project business of the Environmental Services Segment. They are classified as finance leases according to IAS 17 in conjunction with IFRIC 4 (see note **23. Leased and rented assets**).

Receivables arising from derivative transactions are recognised at their fair values. Gains and losses arising from changes in the fair value of derivative financial instruments are either recognised in profit or loss in the consolidated statement of operations or in other comprehensive income (see note **9. Financial instruments**).

The measurement of non-current primary energy reserves and miscellaneous other non-current assets is based on acquisition or production cost or the lower net realisable value on the balance sheet date.

12. Inventories

The measurement of inventories is based on acquisition or production cost or the lower net realisable value as of the balance sheet date. For marketable inventories, these values are derived from the current market price. For other inventories, these figures are based on the expected proceeds less future production costs. If the generation of electricity from primary energy inventories does not cover the full production cost, this electricity is carried at the lower replacement cost (which represents the best available measurement basis). Primary energy inventories held for trading purposes are carried at fair value (commodity exchange price, level 1 in accordance with IFRS 13) less selling costs. Risks arising from the length of storage or reduced marketability are reflected in experience-based reductions. The moving average price method is used to determine the consumption of primary energy inventories as well as raw materials, auxiliary materials and fuels.

The CO₂ emission certificates allocated free of charge in accordance with the Austrian Emission Certificate Act are recognised at an acquisition cost of zero based on IAS 20 and IAS 38, due to the rejection of IFRIC 3 by the European Commission. Any additional purchases of CO₂ emission certificates are recognised at cost, whereby additions to provisions for shortfalls are based on the fair value as of the balance sheet date.

13. Trade and other receivables

Current receivables are generally reported at amortised cost, which equals the acquisition cost less impairment losses for the components of the receivables that are expected to be uncollectible. Possibly impaired receivables are grouped together on the basis of comparable default risk (especially the time outstanding) and tested together for impairment; any necessary impairment losses are then recognised. The impairment losses, which are recognised in the form of individual bad debt allowances by way of adjustment accounts, are sufficient to reflect the expected default risks. Specific default incidents result in derecognition of the related receivable.

Amortised costs, less any applicable impairment losses, can be considered appropriate estimates of the current value because the remaining term to maturity is generally less than one year.

Exceptions to the above procedure are derivative financial instruments which are recognised at fair value, and foreign currency items, which are measured at the exchange rates in effect on the balance sheet date.

14. Securities

Current securities are classified as AFS and measured at their fair value. Changes in fair value are recorded under other comprehensive income without recognition in profit or loss. When the securities are sold, these gains or losses are transferred to profit or loss.

15. Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits. These items are reported at current rates. Cash balances in foreign currencies are translated at the exchange rate in effect on the balance sheet date.

16. Non-current assets held for sale

Non-current assets or groups of assets whose sale is sufficiently probable are classified as held for sale when the necessary approvals have been issued and the requirements of IFRS 5 have been met. If necessary, the carrying amount of these assets is reduced to the lower fair value less costs of disposal. Depreciation and amortisation are terminated up to the point of sale. These assets are presented separately from other assets on the balance sheet. Any gain or loss not recognised up to the date on which a non-current asset is sold is recognised on the derecognition date. The non-current assets reported as held for sale in 2015/16 are related to the intended sale of EVN-Pensionskasse Aktiengesellschaft ("EVN Pensionskasse"), Maria Enzersdorf (see note **44. Non-current assets held for sale**).

17. Equity

In contrast to borrowings, equity is defined by the IFRS framework as the “residual interest in the assets of an entity after deducting all of its liabilities”. Equity is thus the residual value of a company’s assets and liabilities.

Treasury shares held by EVN are not recognised as securities pursuant to IAS 32, but are instead reported at their (repurchase) acquisition cost and offset against equity. Any profit or loss resulting from the resale of treasury shares relative to the acquisition cost increases or decreases capital reserves.

The items recorded under other comprehensive income include certain changes in equity that are not recognised through profit or loss as well as the related deferred taxes. For example, this position contains the currency translation reserve, unrealised gains or losses from the fair value measurement of other investments (available for sale financial instruments), the effective portion of changes in the fair value of cash flow hedges as well as all remeasurements according to IAS 19. This item also includes the proportional share of gains and losses recognised directly in equity accounted investees.

18. Provisions

Provisions for pensions and obligations similar to pensions

Under the terms of a company agreement, EVN AG is required to pay a supplementary pension on retirement to employees who joined the company prior to 31 December 1989. This commitment also applies to employees who, within the context of the legal unbundling agreement for the spin-off of the electricity and natural gas networks, are now employed by Netz Niederösterreich GmbH. The amount of this supplementary pension is based on performance as well as on the length of service and the amount of remuneration at retirement. EVN, in any case, and the employees, as a rule, also make contributions to the EVN Pensionskasse pension fund and the resulting claims are fully credited toward pension payments. Therefore, EVN’s obligations toward both retired employees and prospective beneficiaries are covered in part by provisions for pensions as well as by defined contribution payments on the part of EVN Pensionskasse.

For employees who joined the company after 1 January 1990, the supplementary company pension has been replaced by a defined contribution plan that is financed through EVN Pensionskasse. This pension fund invests its pension fund assets primarily in different investment funds in accordance with the provisions of the Austrian Pension Fund Act. Pension commitments were also made to certain employees, which require EVN to pay retirement benefits under certain conditions.

Provisions for obligations similar to pensions were recognised for liabilities arising from the vested claims of current employees and the current claims of retired personnel and their dependents to receive benefits in kind in the form of electricity and natural gas.

The projected unit credit method is used to determine the provisions for pensions and obligations similar to pensions. The expected pension payments are distributed according to the number of years of service by employees until retirement, taking expected future increases in salaries and pensions into account.

The amounts of the provisions are determined by an actuary as of each balance sheet date based on an expert opinion. The measurement principles are described in note **53. Non-current provisions**. All remeasurements – at EVN AG, only gains and losses from changes in actuarial assumptions – are recognised under other comprehensive income in accordance with IAS 19.

As in the previous year, the biometric measurement principles applicable to the provisions for pensions were based on the Austrian mortality tables “Rechnungsgrundlagen AVÖ 2008-P – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler”.

The applied interest rate is based on the market yields for first-class, fixed-interest industrial bonds as of the balance sheet date, whereby the timing of the benefits was taken into account.

The service cost added to the provision is reported under personnel expenses, while the interest component of the addition is included under financial results.

Provision for severance payments

Austrian corporations are required by law to make one-off severance payments to employees whose employment began before 1 January 2003 if they are dismissed, in case of dissolution of the employment relationship by mutual consent or when they reach the legal retirement age. The amount of such payments is based on the number of years of service and the amount of the respective employee's remuneration at the time the severance payment is made.

Employees in Bulgaria and Macedonia are entitled to severance payments on retirement, which are based on the number of years of service. With regard to severance compensation entitlements, the other EVN employees are covered by similar social protection measures contingent on the legal, economic and tax framework of the country in which they work.

The provision for severance payments was calculated according to actuarial principles. This provision was measured using the same parameters as the provisions for pensions and obligations similar to pensions (the measurement principles are described in note **53. Non-current provisions**). All remeasurements – at EVN, only gains and losses from changes in actuarial assumptions – are recognised under other comprehensive income in accordance with IAS 19.

The applied interest rate is based on the market yields for first-class, fixed-interest industrial bonds as of the balance sheet date, whereby the timing of the benefits was taken into account.

The service cost added to the provision is reported under personnel expenses, while the interest component of the addition is included under financial results.

The obligation to make one-off severance payments to employees of Austrian companies whose employment commenced after 31 December 2002 has been transferred to a defined contribution plan. The payments to this external employee fund are reported under personnel expenses.

Other provisions

The other provisions reflect all recognisable legal or factual commitments to third parties based on past events, where the amount of the commitments and/or the precise starting point was still uncertain. In these cases, a reliable estimate of the amount of the obligation is required. If a reliable estimate is not possible, a provision is not recognised. These provisions are recognised at the discounted settlement amount. They are measured based on the expected value or the amount most likely to be incurred.

The applied discount rates are pre-tax rates that reflect actual market expectations for the interest rate effect. The risks attributable to a specific liability are reflected in the estimate of future cash flows.

The provisions for service anniversary bonuses required by collective wage and company agreements are measured using the same parameters as the provisions for pensions and obligations similar to pensions. A new regulation in the collective agreement for salaried employees of utility companies entitles salaried employees whose employment relationship began after 31 December 2009 to a service anniversary bonus equalling one month's salary after 15, 20, 25, 30 and 35 years and to one-half month's salary after 40 years. This new regulation was taken into account accordingly. All remeasurements – at EVN, only gains and losses from changes in actuarial

assumptions – are recognised with respect to jubilee benefits through profit or loss in accordance with IAS 19. The service cost added to the provision is reported under personnel expenses, while the interest component of the addition is included under financial results.

Waste disposal and land restoration requirements related to legal and perceived commitments are recorded at the present value of the expected future costs. Changes in the estimated costs or the interest rate are offset against the carrying amount of the underlying asset. If the decrease in a provision exceeds the carrying amount of the asset, the difference is recognised through profit or loss. The depreciation amount is to be corrected in accordance with the residual carrying amount and depreciated over the remaining useful life. If the asset has reached the end of its useful life, all subsequent changes to the provisions shall be recognized in profit or loss.

Provisions for onerous contracts are recognised at the amount of the unavoidable outflow of resources. This represents the lower of the amount that would result from performance of the contract and any compensatory payments to be made in the event of non-performance.

19. Liabilities

Liabilities are reported at amortised cost, with the exception of liabilities arising from derivative financial instruments or liabilities arising from hedge accounting (see note **9. Financial instruments**). Costs for the procurement of funds are considered part of amortised cost. Non-current liabilities are discounted by applying the effective interest method.

With respect to financial liabilities, bullet loans and borrowings with a remaining term to maturity of over one year are classified as non-current and items with a remaining term to maturity of less than one year are reported under current loans and borrowings (for information on maturities see note **51. Non-current loans and borrowings**).

If the fulfilment of a liability is expected within twelve months after balance sheet date, the liability is classified as current.

Construction subsidies and investment grants do not reduce the acquisition or production cost of the corresponding assets. They are therefore reported as liabilities in the consolidated statement of financial position in analogous application of IAS 20.

Construction subsidies – which constitute payments made by customers as part of previous investments in network construction – represent an offset to the acquisition cost of these assets. In the electricity and natural gas network business they are related to supply obligations by EVN. The granting of investment subsidies generally requires an operational management structure that complies with legal requirements and has been approved by the authorities. Construction and investment subsidies are released on a straight-line basis over the average useful life of the respective assets.

20. Revenue recognition

Realisation of revenue (in general)

Revenues from the end customer business are determined as of the balance sheet date in part based on statistical procedures used in the billing systems and accrued in line with the quantities of energy and water supplied during the reporting period. Revenues are recognised when EVN has provided a billable service to the customer.

Interest income is reported pro rata temporis using the effective interest rate of the asset. Dividends are recognised when a legal entitlement to payment arises.

IFRIC 18 regulates the accounting treatment for business transactions in which a company receives from its customers an asset or cash which is then used to acquire or construct an asset to provide the customer with access to a network or with an ongoing supply of goods or services. The construction subsidies received by EVN fall in part under the scope of application of IFRIC 18. Construction subsidies in

the electricity and natural gas network business are related to EVN's supply obligations. They are accrued as liabilities and released on a straight-line basis over the useful life of the related property, plant and equipment. The reversals of deferred income from construction subsidies are reported under other operating income.

Regulatory account

Electricity and natural gas network regulatory authorities define and evaluate appropriate "target revenue" for the individual market participants at regular intervals. Revenue above or below the target is recorded under the regulatory account and taken into consideration for future tariff adjustments.

In Austria, the amendment to the Electricity Economy and Organisational Act ("Elektrizitätswirtschafts- und -organisationsgesetzes 2010", EIWOG), which took effect on 3 March 2011, introduced a new ex-post regulation procedure for network operator revenue in the form of a regulatory account (§ 50 EIWOG). This system was also integrated into the Natural Gas Act of 2011 ("§ 71 Gaswirtschaftsgesetz 2011", GWG). The purpose of the newly established regulatory account is to provide every network operator with compensation for differences between actual revenue and the officially established revenue by means of a "virtual account". In accordance with § 50 EIWOG and § 71 GWG, these differences are taken into account in determining the cost basis for the next payment period.

In accordance with current opinions on the accounting treatment of regulatory deferral accounts, regulatory assets and regulatory liabilities were not recognised (see note **2. Reporting in accordance with IFRS**).

Contract manufacturing

Receivables from the project business (in particular, PPP projects – Public Private Partnership) and the related revenue are accounted for by applying the percentage of completion (PoC) method. Projects are subject to individual contract terms that specify fixed prices. The percentage of completion is determined using the cost-to-cost method. This entails recognising revenue and profits at the ratio of the costs actually incurred to the estimated total costs for the project. Reliable estimates of the total costs, selling prices and actual costs incurred are available. Changes in the estimated contract costs and any related losses are recognised in profit or loss as incurred. The technological and financial risks that might occur during the remaining project period are estimated for each project, and a corresponding contingency fee is included in the estimated contract costs. Impending losses on the valuation of projects not yet invoiced are expensed as incurred. Impending losses are recognised when it is probable that the total contract costs will exceed the contract revenues.

21. Income taxes and deferred taxes

The income tax expense reported in the consolidated statement of operations comprises the current income tax expense for fully consolidated companies, which is based on their taxable income and the applicable income tax rate, as well as the change in deferred tax assets and deferred tax liabilities.

The following income tax rates were applied in calculating current income taxes:

21. Corporate income tax rates	2015/16	2014/15
%		
Country of residence		
Austria	25.0	25.0
Albania	15.0	15.0
Bulgaria	10.0	10.0
Germany – Environmental Services	30.3	30.3
Germany – Generation	33.7	33.5
Estonia ¹⁾	20.0	20.0
Croatia	20.0	20.0
Lithuania	15.0	15.0
Macedonia	10.0	10.0
Montenegro	9.0	9.0
Poland	19.0	19.0
Romania	16.0	16.0
Russia	20.0	20.0
Serbia	15.0	15.0
Slovenia	17.0	17.0
Czech Republic	19.0	19.0
Cyprus	12.5	12.5

1) Taxes on corporate profits are levied when dividends are paid to the shareholders. Retained earnings are not taxed.

EVN has made use of the possibility of forming joint tax groups by forming one joint tax group as of 30 September 2016 (previous year: two tax groups). EVN AG is a member of a corporate tax group whose top-tier corporation is NÖ Landes-Beteiligungsholding GmbH, St. Pölten. The taxable profit of the companies belonging to these groups is assigned to the respective superior group member or top-tier corporation. As an offset for the transferred taxable results, the tax group contracts include a tax charge that is based on the stand-alone method.

Transferred tax losses are kept on record as internal loss carryforwards for the respective tax group members and offset against future positive earnings. Exceptions to this procedure are the contracts concluded with the group members WEEV Beteiligungs GmbH and Burgenland Holding AG, which call for a negative tax charge for these two companies if their taxable results are negative and the group's total results are positive. In other cases, the loss is recorded as an internal loss carryforward and refunded in later years in the form of a negative tax charge as soon as it is covered by positive earnings.

The transfer of losses from foreign subsidiaries within the framework of group taxation leads to the recognition of a liability equal to the nominal amount for the future corporate income tax obligation.

Future changes in the tax rate are taken into account if the relevant law has been enacted by the time the consolidated financial statements are prepared.

Deferred taxes are calculated according to the liability method at the tax rate expected when short-term differences are reversed. Deferred tax assets and deferred tax liabilities are calculated and recognised for all temporary differences (i.e. the differences between the carrying amounts in the consolidated financial statements and the annual financial statements prepared for tax purposes that will balance out in the future).

Deferred tax assets are recognised only if it is probable that there will be sufficient taxable income or taxable temporary differences to utilise these items. Tax loss carryforwards are recognised as deferred tax assets. Deferred tax assets and deferred tax liabilities are presented as a net amount in the consolidated financial statements if there is a legal right and intention to offset these items.

22. Procedures and effects of impairment tests

All assets that fall under the scope of application of IAS 36 are tested as of the balance sheet date to determine whether there are sufficient internal or external signs of impairment. Property, plant and equipment and intangible assets with definite useful lives are subject to scheduled depreciation and amortisation, and must only be tested for impairment if there are clear signs of a possible lasting decline in value. In contrast, goodwill and intangible assets with indefinite lives must be tested for impairment at least once each year.

The impairment testing of goodwill and assets for which no expected future cash flows can be identified is based on an assessment of the respective cash-generating unit (CGU). The CGUs that generate separate cash flows and – in the case of impairment tests of goodwill – derive benefits from the synergies resulting from the given business combination must be identified for the purpose of assignment.

The decisive criterion for classifying property, plant and equipment to a CGU is its technical and commercial ability to generate independent revenues. In the EVN Group, this definition applies to electricity and heat generation plants, electricity, natural gas and water distribution systems, windparks, electricity purchasing rights, data transmission lines and facilities in environmental business.

In assessing impairment, the higher of the net selling price and the value in use of the CGU is compared to the carrying amount of the CGU and the carrying amount of the asset. The net selling price corresponds to the fair value less costs of disposal.

The value in use constitutes a subjective company value assessed from the point of view of the management. The calculation of the value in use comprises the assessment of the future cash flows from the continued use of the asset and the assessment of an adequate discount rate for future cash flows.

In calculating the value in use, expansion investments or restructuring measures are not taken into consideration; specific synergies of fair value measurement may be taken into consideration. The calculation of the value in use is generally based on a detailed planning period of a maximum of five years, followed by a consistent perpetual annuity.

The fair value less costs of disposal is basically calculated in accordance with the fair value measurement hierarchy defined in IFRS 13. Since it is generally not possible to derive market values for the CGUs and assets of EVN under evaluation, the assessment of the fair value is effected in accordance with the fair value hierarchy of level 3. The fair value less costs of disposal for a CGU is calculated with a WACC-based discounted cash flow method, which is conceptually similar to the value in use procedure, but includes adjustments to the parameters in the DCF model to reflect the market participant's viewpoint. Contrary to the value in use, the planning horizon corresponds to the technical useful life of a CGU.

The calculation of both the fair value less costs of disposal and the value in use is based on the expected future cash inflows and outflows, which are basically derived from internal medium-term forecasts. The cash flow forecasts are based on the latest financial forecasts approved by the management and cover a period for which reliable forecasts can be prepared. The expected electricity prices are derived from the quotations on the futures market on the European Energy Exchange AG, Leipzig. The assumptions for additional time periods, which are only relevant for the calculation of the fair value less costs of disposal, are based on an average of two forecasts by well-known energy service providers in the energy sector. Contrary to the previous valuations, in the valuations up to 30 September 2016, the low case (previously: central case) of price forecasts of the two energy service providers was used. This was due to the lower price quotations on the stock exchanges and the connected lower long-term electricity price expectations. The formation of averages is effected in order to achieve a balanced view of the future development of electricity prices, thus taking fully into account the risks that could influence electricity prices in the future. The calculation of the fair value less costs of disposal and the value in use incorporates future expected revenues as well as operating, maintenance and repair expenses, whereby in case of property, plant and equipment as well as intangible assets, the condition of the respective asset is taken into consideration.

A weighted average cost of capital which includes the deduction of income tax (WACC) is used as the discount rate. The equity component of the WACC reflects the risk-free interest rate, a country-specific premium plus a risk premium that incorporates the market risk and

an appropriate beta coefficient based on peer group capital market indicators. The debt component of the WACC equals the basis interest rate plus a country-specific premium and a risk premium that reflects EVN's rating. The equity and debt components are weighted according to a capital structure that is appropriate for the CGU based on peer group data at market values. The resulting WACC is used to discount the cash flows in the respective CGU.

For the purpose of assessing the recoverable amount of a CGU, EVN initially assesses the fair value less costs of disposal by generally accepted valuation procedures. If the amount calculated falls below the carrying amount of the CGU, the value in use is calculated if necessary.

If the recoverable amount is lower than the carrying amount, the carrying amount must be reduced to this lower value and an impairment loss must be recognised. If the carrying amount of a CGU exceeds the recoverable amount, the goodwill, if available, is written down by the resulting difference. Any further impairment leads to a proportional reduction of the carrying amounts of the CGU's remaining assets. The respective assets are written up if the reason for impairment ceases to exist. The increase in the carrying amount resulting from the write-up may not exceed the amortised acquisition or depreciated production cost. In accordance with IAS 36, goodwill written down in connection with an impairment test may not be revalued, even if the reasons for impairment have ceased to exist.

The carrying amounts of goodwill are as follows:

22. Allocation of goodwill to cash-generating units	2015/16	2014/15
EURm		
International project business	52.9	52.9
Other CGUs	2.9	3.4
Total goodwill	55.8	56.3

Other CGUs include the goodwill in the CGU Hollabrunn. In 2015/16 an impairment loss of EUR 0.5m was recognised to the original goodwill of EUR 0.5m (see note **36. Intangible assets**).

The major assumptions used to calculate the value in use for goodwill are the cash flow forecasts, the discount rate (WACC) and the growth rate after the end of the detailed planning period.

The carrying amount of the net assets of the CGU "International project business" was EUR 237.1m. The recoverable amount was determined on the basis of the fair value less costs of disposal (level 3 under IFRS 13) and was EUR 357.3m. An after-tax WACC of 5.84% (previous year 7.98%) was used as discount rate. The present value model underlying the valuation includes a detailed planning period of four years, followed by a general planning phase until 2030 and a perpetual yield with a growth rate of 0.0% (previous year: 0.0%). The recoverable amount for the CGU was thus 50.7% over its carrying amount.

An increase (decrease) of 1% in the WACC during 2015/16, ceteris paribus, would have led to a surplus of EUR 76.1m (surplus coverage of EUR 180.5m) in the net assets of the CGU. An increase (decrease) of 1% in the growth factor during 2015/16, ceteris paribus, would have led to a surplus coverage of EUR 144.3m (surplus of EUR 103.0m) in the coverage of net assets in the CGU. Based on an after-tax WACC of 9.51%, the recoverable amount would represent the carrying amount.

23. Leased and rented assets

In accordance with IAS 17, a leased asset is allocated to the lessee or lessor based on the transfer of significant risks and rewards incidental to the ownership of the asset.

Non-current lease receivables arising in connection with PPP projects carried out by the Environmental Services Segment – in which a facility is built, financed and then operated on behalf of the customer for a fixed period of time, after which the plant becomes the property

of the customer – are classified as finance leases in accordance with IAS 17 in conjunction with IFRIC 4, and recognised as such in EVN's consolidated financial statements.

Rented assets obtained through finance leases are capitalised by the lessee at the fair value or the lower present value of the minimum lease payments, and depreciated on a straight-line basis over their expected useful life or the shorter contract period. Payment obligations resulting from future lease payments are reported as liabilities. Assets obtained through operating leases are attributed to the lessor, and the related lease payments are expensed by the lessee in equal amounts over the term of the lease.

24. Accounting estimates and forward-looking statements

The preparation of the consolidated financial statements in accordance with generally accepted IFRS accounting methods requires estimates and assumptions that have an effect on the assets, liabilities, income and expenses reported in the consolidated financial statements and on the amounts shown in the notes. The actual values may differ from these estimates. The assumptions and estimates are reviewed on a regular basis.

In particular, the following assumptions and estimates can lead to significant adjustments in the carrying amounts of individual assets and liabilities in future reporting periods.

Impairment tests require estimates, especially for future cash surpluses. A change in the general economic, industry or company environment may reduce cash surpluses and therefore lead to signs of impairment. The weighted average cost of capital (WACC) is used to determine the recoverable amounts based on capital market methods. The WACC represents the weighted average interest paid by a company for equity and debt. The weighting applied to the interest on the equity and debt components – which reflects a capital structure at market values – was derived from an appropriate peer group. Given the current volatility on the financial markets, the development of the cost of capital (and above all the country risk premiums) is monitored on a regular basis (see note **22. Procedures and effects of impairment tests**).

For the valuation of the generation portfolio, the price structure beginning with the fifth year (when predictable market prices are no longer available on the electricity exchanges) was based on average forecasts from two well-known market research institutes and information service providers in the energy sector. The most recent studies, which are updated annually due to the current volatility on the electricity markets, were used in each case.

The sensitivity of these assumptions for EVN's two largest energy generation plants, based on the carrying amount, is explained below. These plants are the Steag-EVN Walsum power plant, which is included as a joint operation based on the proportional share owned (see note **37. Property, plant and equipment**), and Verbund Innkraftwerke GmbH, which is included at equity (see note **38. Investments in equity accounted investees**).

The most important premises and judgmental decisions used to determine the scope of consolidation are described under note **4. Scope of consolidation**.

In March 2014, the Bulgarian State Energy and Water Regulatory Commission (EWRC/the regulatory authority) initiated administrative proceedings to revoke the licence of EVN Bulgaria EC. EWRC justified this action with reference to the offset by EVN Bulgaria EC of certain receivables due from the national electricity company Natsionalna Elektricheska Kompania EAD (NEK). The regulatory authority claims this offset led to the reduction of NEK's cash reserves and impaired the company's ability to meet its legal obligations. The administrative proceedings are currently pending. The valuation of the Bulgarian assets is based on current assumptions. The investment protection proceedings currently in progress at the World Bank's International Centre for the Settlement of Investment Disputes (ICSID) will continue to be pursued, with the intention of obtaining compensation for the disadvantages of the regulatory decisions.

In Moscow, the anti-monopoly commission (FAS) issued a legally binding directive that declared a 1 June 2010 decision by the city government to be in violation of competitive law. The original decision by the city government transferred the thermal waste utilisation

plant no. 1 to the investor EVN and also required and authorised an increase in the capacity to 700,000 tonnes per year. The proceedings initiated by EVN against the government measures were unsuccessful; a final appeal is still pending. On the grounds of the government measures to annul the investment agreement, the project corporation for the implementation of the project of MPZ1 filed a request for arbitration as of 27 April 2016 with the London Court of International Arbitration against the corporation Tabrin OÜ (now Veealliance) with corporate seat in Tallinn, Estland, and as of 11 October 2016 filed an action for repayment of payments made for obtaining rights from an investment agreement with the city of Moscow. The developments related to the thermal waste utilisation plant no. 1 in Moscow already raised considerable doubts over the realisation of this project in the financial year 2013/14 and led to the recognition of a valuation allowance on the existing leasing receivable and the reclassification of the carrying amount of the saleable aggregate components to inventories. It is assumed that the plant will not be constructed and appropriate compensation must be demanded from the customer or project seller. Further developments on this project, including the cancellation or reversal of existing supply agreements with subcontractors, could lead to changes in presentation and values during the coming financial years (see notes **40. Other non-current assets** and **41. Inventories**).

The project company founded to construct the Duisburg-Walsum power plant, in which EVN holds an investment of 49.0%, filed an arbitration claim against the general contractor consortium, Hitachi Ltd and Hitachi Power Europe GmbH, on 17 December 2013 and a lawsuit against an insurance company on 10 December 2013. The claims are based on damages incurred by the project company due to the delayed completion of the Duisburg-Walsum power plant. They cover lump-sum compensation for the delay, delay-related added costs, pre-financed repair costs and damages arising from the inability to receive allocations of CO₂ emission certificates as well as claims against an insurance company. The Hitachi consortium filed claims against the project company in a countersuit. In a related lawsuit, the insurance company has filed a claim for repayment of previous payments on account. In the legal proceedings against the insurance company, a partial judgment on the underlying basis for the claim and a partial final judgment were issued in favour of the project company on 1 July 2015, which state that the facts of the case indicate the insurance company is required to pay compensation for the damage to the power plant in April 2011. Both the insurance company and the project company (here with regard to the acceptance of attorneys' costs) have filed appeals against these decisions. The amount of the insurance compensation to which the project company is entitled will be decided in a separate court proceeding. Statistics from the power plant's first operating period point to higher specific heat consumption, and therefore lower effectiveness, than promised by the general contractor. A control measurement has since confirmed this conclusion. On 16 September 2015 another arbitration claim was thus filed against the general contractor consortium Hitachi Ltd and Hitachi Power Europe GmbH Hitachi. The outcome of these proceedings could lead to valuation adjustments in future periods (see note **37. Property, plant and equipment**).

EVN AG and Verbund Thermal Power GmbH & Co KG iL operate the Dürnrrohr power plant based on a contract dated 28 April 1980 and 16 April 1980, whereby one of the two blocks was assigned to each of the contract partners for management and operation. In December 2014 Verbund terminated the existing management contract as of 30 June 2015 and, in April 2015, stated its intention to permanently shut down its block at the joint Dürnrrohr power plant. This decision subsequently led to an increase in maintenance and operating costs for EVN. EVN takes the view that this cancellation is legally invalid because the existing contract was concluded for the technical service life of the equipment in the Dürnrrohr power plant and therefore remains unchanged and in force. The company has therefore filed an action for a declaratory judgment with the Commercial Court in Vienna. The outcome of these proceedings could lead to valuation adjustments in future periods (see note **37. Property, plant and equipment**).

The measurement of the existing provisions for pensions and obligations similar to pensions as well as the provisions for severance payments is based on assumptions for the discount rate, retirement age, life expectancy and future pension and salary increases that may lead to changes in measurement during future periods. Moreover, future increases or decreases in electricity and natural gas tariffs could lead to changes in the measurement of obligations similar to pensions. The inclusion of the pension scheme contribution as defined by the remuneration law for Lower Austrian civil servants (NÖ Landes- und Gemeindebezügegesetz) could also lead to lower pensions provisions in the future (see note **53. Non-current provisions**).

Assumptions and estimates are also required to determine the useful life of non-current assets (see notes **6. Intangible assets** and **7. Property, plant and equipment**) and the provisions for legal proceedings and environmental protection (see note **18. Provisions**)

as well as estimates for other obligations and risks (see note **67. Other obligations and risks**). In addition, it is necessary to make assumptions and estimates for the valuation of receivables and inventories (see notes **12. Inventories** and **13. Trade and other receivables**). These estimates are based on historical data and other assumptions considered appropriate under the given circumstances.

25. Principles of segment reporting

The identification of operating segments is based on the internal organisational and reporting structure and information prepared for internal management decisions (the "management approach"). The Executive Board of the EVN Group (the chief operating decision-maker as defined in IFRS 8) reviews internal management reports on each operating segment at least once each quarter. EVN has defined the following operating segments: Generation, Energy Trade and Supply, Network Infrastructure Austria, Energy Supply South East Europe, Environmental Services and Strategic Investments and Other Business. This conforms in full to the internal reporting structure. The assessment of all segment information is consistent with IFRS. EBITDA is used as an indicator to measure the earning power of the individual segments. For each segment, EBITDA represents the total net operating profit or loss before interest, taxes, amortisation of intangible assets and depreciation of property, plant and equipment for the companies included in the segment, taking intragroup income and expenses into account (see note **61. Segment reporting**).

Notes to the consolidated statement of operations

26. Revenue

Revenue recorded by the individual business segments developed as follows:

26. Revenue	2015/16	2014/15
EURm		
Generation	46.0	52.7
Energy Trade and Supply	448.5	470.9
Network Infrastructure Austria	434.2	412.8
Energy Supply South East Europe	949.4	1,037.9
Environmental Services	158.4	152.3
Strategic Investments and Other Business	10.1	9.3
Total	2,046.6	2,135.8

Revenue includes income of EUR 1.4m (previous year: EUR 5.3m) from contract work on international PPP projects (see note **40. Other non-current assets**).

27. Other operating income

27. Other operating income	2015/16	2014/15
EURm		
Income from the reversal of deferred income from network subsidies	43.7	38.7
Own work capitalised	20.9	18.2
Change in work in progress	-1.2	0.9
Insurance compensation	13.0	6.1
Interest on late payments	7.5	8.2
Rental income	1.9	2.4
Income from the disposal of intangible assets and property, plant and equipment	-0.7	0.2
Miscellaneous operating income	11.8	33.8
Total	97.0	108.4

In addition to bonuses, subsidies and services that are not related to business operations, miscellaneous operating income in the previous year includes the results from the sale of the sodium hypochlorite plant.

The changes to insurance compensation resulted mainly from insurance compensation received for winter damage in South East Europe.

28. Cost of materials and services

The expenses for the purchase of electricity from third parties and the purchase of energy carriers consist primarily of the costs for electricity, natural gas, hard coal and biomass. Also included here are costs of EUR 12.3m (previous year: EUR 5.5m) for the purchase of additional CO₂ emission certificates during the reporting period due to the insufficient allocation of free certificates.

Third-party services and other materials and services were related primarily to the project business in the Environmental Services Segment as well as services for the operation and maintenance of plants. This position also includes costs directly attributable to the required services.

28. Cost of materials and services

EURm	2015/16	2014/15
Electricity purchases from third parties and primary energy expenses	930.6	1,066.5
Third-party services and other materials and services	246.7	254.0
Total	1,177.3	1,320.4

29. Personnel expenses

Personnel expenses include payments of EUR 6.2m (previous year: EUR 6.2m) to EVN Pensionskasse as well as contributions of EUR 0.9m (previous year: EUR 0.9m) to EVN pension funds.

29. Personnel expenses

EURm	2015/16	2014/15
Salaries and wages	240.6	242.7
Severance payments	5.5	7.7
Pension costs	9.6	5.5
Compulsory social security contributions and payroll-related taxes	51.4	51.1
Other employee-related expenses	6.6	6.6
Total	313.7	313.5

The average number of employees was as follows:

29. Employees by segment¹⁾

	2015/16	2014/15
Generation	143	154
Network Infrastructure Austria	1,227	1,254
Energy Trade and Supply	292	280
Energy Supply South East Europe	4,166	4,276
Environmental Services	497	507
Strategic Investments and Other Business	504	501
Total	6,830	6,973

1) Average for the year

The average number of employees comprised 97.2% salaried and 2.8% wage employees (previous year: 96.2% salaried and 3.8% wage employees), whereby no distinction is made between salaried and wage employees in Bulgaria and Macedonia. Wage employees are therefore counted together with salaried employees in these countries.

30. Other operating expenses

30. Other operating expenses	2015/16	2014/15
EURm		
Legal and consulting fees, expenses related to risks of legal proceedings	22.7	16.5
Write-off of receivables	20.7	37.2
Business operation taxes and duties	12.4	16.3
Advertising expenses	12.3	12.7
Transportation and travelling expenses, automobile expenses	10.0	10.4
Telecommunications and postage	9.6	10.6
Insurance	9.5	9.2
Maintenance	8.1	7.6
Rents	5.6	6.2
Employee training	1.8	1.9
Miscellaneous other operating expenses	28.8	39.4
Total	141.6	168.1

The position “legal and consulting fees, expenses related to risks of legal proceedings” also contains changes in the provision for legal proceedings. Rents also include the changes in the provisions for network access fees in Bulgaria.

Miscellaneous other operating expenses in the previous period included environmental protection expenses, fees for monetary transactions, licenses, membership fees and administrative and office expenses as well as the costs for the creation of a provision for impending payments from liabilities for EconGas GmbH.

31. Share of results from equity accounted investees with operational nature

31. Share of results from equity accounted investees with operational nature	2015/16	2014/15
EURm		
EVN KG	55.9	63.8
RAG	42.3	76.4
Energie Burgenland	9.9	7.4
ZOV; ZOV UIP	12.4	12.1
Shkodra	-6.8	0.7
Verbund Innkraftwerke	-27.5	-25.9
Other companies	7.3	6.4
Total	93.5	141.1

The share of results from equity accounted investees with operational nature (see note **66. Disclosures of interests in other entities**) has been reported as part of the results from operating activities (EBIT).

The share of results from equity accounted investees with operational nature consists primarily of earnings contributions, impairment losses recognised to assets capitalised in connection with acquisitions and other necessary impairment losses (see note **38. Investments in equity accounted investees**).

The negative earnings contribution from the Verbund Innkraftwerke GmbH reflected the substantially lower estimates for the long-term development of electricity prices as indicated by current market analyses. The revised electricity price assumptions led to the recognition of an impairment loss of EUR 27.6m on the share of results from this equity accounted investee. In the previous year an impairment loss of EUR 26.8m had been recorded because of a substantial decline in estimates of electricity prices.

The negative earnings contribution from Shkodra Region Beteiligungsholding GmbH is due to the substantially lower estimates for the long-term development of electricity prices in connection with the Ashta hydropower plant. An impairment loss of EUR 4.1m was already recognised in the first quarter. The updated electricity price assumption led to a further impairment of the shares of EUR 4.1m as of 30 September.

The unrecognised cumulative losses of Shkodra Region Beteiligungsholding GmbH totalled EUR –7.1m (previous year: EUR 0.0m), while the unrecognised losses of Econgaz GmbH amounted to EUR –7.6m in the previous year.

32. Depreciation and amortisation and effects from impairment tests

The procedure used for impairment testing is described in regard to the accounting policies under note 22. **Procedures and effects of impairment tests.**

32. Depreciation and amortisation and effects from impairment tests by items of the consolidated statement of financial position

EURm	2015/16	2014/15
Intangible assets	21.5	17.0
Property, plant and equipment	326.6	300.3
Write-up of property, plant and equipment	–4.1	–2.4
Total	344.0	315.0

32. Depreciation and amortisation and effects from impairment tests

EURm	2015/16	2014/15
Scheduled depreciation and amortisation	266.1	260.3
Effects from impairment tests (impairment) ¹⁾	82.0	57.1
Effects from impairment tests (reversal of impairment) ¹⁾	–4.1	–2.4
Total	344.0	315.0

1) For details, see notes 36. Intangible assets and 37. Property, plant and equipment

33. Financial results

33. Financial results	2015/16	2014/15
EURm		
Income from investments		
WEEV Beteiligungs GmbH	-8.8	0.4
Other companies	0.0 ^{*)}	0.0 ^{*)}
Share of results of equity accounted investees with financial nature	-8.7	0.4
Dividend payments	17.6	14.1
thereof Verbund AG	14.0	11.6
thereof other companies	3.6	2.4
Write-down/Disposals	-3.3	-2.5
Results from other investments	14.4	11.6
Total income from investments	5.6	12.0
Interest results		
Interest income on financial assets	11.5	16.3
Other interest income	5.2	5.3
Total interest income	16.7	21.7
Interest expense on financial liabilities	-60.0	-65.2
Interest expense personnel provisions	-9.6	-10.5
Other interest expense	-7.8	-15.3
Total interest expense	-77.4	-91.1
Total interest results	-60.7	-69.4
Other financial results		
Results of valuation gains/losses and disposals of non-current securities (@FVTPL)	-1.8	1.5
Currency gains/losses	-2.6	-1.2
Other financial results	-2.1	-3.2
Total other financial results	-6.5	-2.9
Financial results	-61.6	-60.3

*) Small amount

Share of results of equity accounted investees with financial nature (see note **66. Disclosures of interests in other entities**) is reported as part of the financial results.

WEEV Beteiligungs GmbH was founded together with the syndicate partner Wiener Stadtwerke Holding AG to participate in the capital increase by Verbund AG and was initially included in EVN's consolidated financial statements at equity during the financial year of 2010/11. The adjustments to reflect the change in market value are recorded to the valuation reserve after the deduction of deferred taxes in accordance with IAS 39. However, IFRSs require the recognition of an impairment charge through profit or loss when there is a significant and lasting decline in the share price (see note **48. Valuation reserves**). The unrecognised negative other results from WEEV Beteiligungs GmbH amounted to EUR 0.0m (previous year: EUR -2.7m).

Interest income on financial assets includes interest from investment funds that focus chiefly on fixed-interest securities as well as the interest component from the lease business. Other interest income generally relates to income from cash and cash equivalents and from securities recorded under current financial assets. The interest income from assets that are not designated at fair value through profit or loss totalled EUR 15.3m (previous year: EUR 20.2m).

Interest expense on financial liabilities represents regular interest payments on issued bonds and bank loans. Other interest expense includes the accrued interest expense on non-current provisions, expenses for current loans as well as lease costs for biomass equipment, distribution and heating networks. The interest expense on liabilities not designated at fair value through profit or loss totalled EUR 67.8m (previous year: EUR 74.6m).

34. Income tax expense

34. Income tax expense	2015/16	2014/15
EURm		
Current income tax income and expense	-3.5	-4.4
thereof Austrian companies	-15.0	-18.8
thereof foreign companies	11.4	14.4
Deferred tax income and expense	19.6	21.7
thereof Austrian companies	8.6	8.2
thereof foreign companies	11.0	13.4
Total	16.0	17.3

The following table explains the reasons for the difference between the Austrian corporate income tax rate of 25.0% that applied in 2016 (previous year: 25.0%) and the tax income based on the Group net result reported on the consolidated statement of operations for the 2015/16 financial year:

34. Calculation of the effective tax rate	2015/16		2014/15	
	%	EURm	%	EURm
Result before income tax		198.9		207.9
Income tax rate/income tax expense at nominal tax rate	25.0	49.7	25.0	52.0
- Different corporate income tax rates in other countries	-1.5	-3.1	-4.0	-8.3
- Tax-free income from investments	-6.5	-12.9	-12.1	-25.1
+ Revaluation of deferred taxes	1.8	3.6	2.9	6.0
- Tax share valuations and impairment on Group receivables	-11.8	-23.5	-5.1	-10.6
+ Non-deductible expenses	1.0	2.0	1.4	2.9
- Other tax free income	-0.5	-0.9	-0.2	-0.4
+ Aperiodic tax increases	0.7	1.4	0.2	0.4
-/+ Other items	-0.2	-0.3	0.1	0.3
Effective tax rate/effective income tax expense	8.1	16.0	8.3	17.3

The valuation of investments according to tax law are related primarily to the impairment losses recognised on the investments in EVN Nk BuB, EVN UBS, OOO EVN Umwelt Service, Shkodra, TEZ Plovdiv (previous year: EVN Kavarna and EVN Nk BuB) and the investment revaluation in EVN Bulgaria EC.

EVN's effective tax rate for the reporting year equalled 8.1% of result before income tax (previous year: 8.3%). The effective tax rate represents the weighted average of the effective local corporate tax rates of all consolidated subsidiaries (see note **52. Deferred taxes**).

35. Earnings per share

Earnings per share were calculated by dividing Group net result (= proportional share of result attributable to EVN AG shareholders) by the weighted average number of ordinary shares outstanding in 2015/16, i.e. 177,763,333 (previous year: 177,871,236). This amount may be diluted by so-called potential shares arising from stock options or convertible bonds. Since EVN did not have any such shares, there is no difference between basic and diluted earnings per share. Based on Group net result of EUR 156.4m for the 2015/16 financial year (previous year: EUR 148.1m), earnings per share equalled EUR 0.88 (previous year: EUR 0.83).

Notes to the consolidated statement of financial position

Assets

Non-current assets

The net value represents the residual book value, which equals the acquisition or production cost less accumulated depreciation or amortisation.

Currency translation differences arise from the translation of foreign companies' assets using different exchange rates at the beginning and end of the 2015/16 financial year.

36. Intangible assets

Rights include electricity procurement rights, transportation rights for natural gas pipelines and other rights (primarily software licenses). In the past other intangible assets primarily included the customer bases of the Bulgarian and Macedonian electricity supply companies.

The impairment testing of goodwill in accordance with IAS 36 led to the recognition of impairment losses totalling EUR 0.5m in the Energy Trade and Supply Segment during the reporting year. In 2011/12 EVN purchased all of the shares in Fernwärmegenossenschaft (FWG) Hollabrunn. The initial consolidation of this company included the capitalisation of EUR 2.8m in goodwill and the allocation of this goodwill to the CGU Hollabrunn and was written down to EUR 0.5m in the financial year 2014/15. This cash-generating unit comprises the Hollabrunn district heating plant and the related district heating network in Hollabrunn. Another impairment loss of EUR 0.7m was recognised in 2015/16 of which EUR 0.5m was allocated to goodwill and EUR 0.2m to property, plant and equipment. The recoverable amount was determined on the basis of fair value less costs of disposal (level 3 according to IFRS 13) and equalled EUR 3.1m. An after-tax WACC of 5.53% was used as discount rate. The present value model underlying the valuation included a detailed planning period of four years and a time-limited annuity that was based on the underlying useful life. The estimated heating revenues are based on linear price trends and continuous sales volumes. The price increases for annual expenses were estimated at 2.0%.

In the financial year 2015/16, an impairment of the procurement rights from the Donaukraftwerk Freudenau in the amount of EUR 4.5m became necessary in the Generation Segment due to the significant deterioration of the long-term development of energy prices. EVN holds energy procurement rights of 12.5% at the Donaukraftwerk Freudenau for the operating period of the power plant. The recoverable amount was determined on the basis of fair value less costs of disposal (level 3 according to IFRS 13) and equalled EUR 41.2m. An after-tax WACC of 5.51% was used as discount rate. The present value model underlying the valuation includes a detailed planning period of four years, followed by a general planning phase until 2040 and a perpetual annuity with a growth rate of 0.0%. The price increases for annual expenses were estimated at 2.0%.

Other impairments of EUR 0.4m concerned in particular access to the power supply system as well as other intangible assets in connection with wind farms.

In 2015/16, a total of EUR 1.6m (previous year: EUR 1.4m) was invested in research and development; EUR 0.2m thereof were capitalised (previous year: EUR 0.0m).

36. Reconciliation of intangible assets

2015/16 financial year

EURm	Goodwill	Rights	Other intangible assets	Total
Gross value 30.09.2015	216.7	358.0	98.4	673.1
Currency translation differences	–	–	0.0 ^{*)}	0.0 ^{*)}
Changes in the scope of consolidation	–	–	0.0 ^{*)}	0.0 ^{*)}
Additions	–	20.3	1.2	21.5
Disposals	–	–6.0	–0.1	–6.1
Transfers	–	0.4	–	0.4
Gross value 30.09.2016	216.7	372.8	99.6	689.1
Accumulated amortisation 30.09.2015	–160.4	–208.7	–83.7	–452.9
Currency translation differences	–	–0.0 ^{*)}	–	–0.0 ^{*)}
Changes in the scope of consolidation	–	–	0.0 ^{*)}	0.0 ^{*)}
Scheduled amortisation	–	–13.0	–3.1	–16.1
Impairment losses	–0.5	–4.8	–0.1	–5.4
Additions	–	0.0 ^{*)}	0.0 ^{*)}	0.0 ^{*)}
Disposals	–	6.0	0.0 ^{*)}	6.0
Accumulated amortisation 30.09.2016	–160.9	–220.1	–86.9	–467.9
Net value 30.09.2015	56.3	149.3	14.7	220.2
Net value 30.09.2016	55.8	152.7	12.7	221.2

2014/15 financial year

EURm	Goodwill	Rights	Other intangible assets	Total
Gross value 30.09.2014	216.7	336.7	95.3	648.7
Currency translation differences	–	0.0 ^{*)}	0.0 ^{*)}	0.0 ^{*)}
Changes in the scope of consolidation	–	–0.1	–	–0.1
Additions	–	9.3	3.8	13.1
Disposals	–	–16.1	–0.3	–16.3
Transfers	–	28.2	–0.4	27.8
Gross value 30.09.2015	216.7	358.0	98.4	673.1
Accumulated amortisation 30.09.2014	–158.1	–213.9	–80.2	–452.2
Currency translation differences	–	0.0 ^{*)}	–	0.0 ^{*)}
Changes in the scope of consolidation	–	0.1	–	0.1
Scheduled amortisation	–	–10.6	–3.5	–14.0
Impairment losses	–2.4	–0.4	–0.3	–3.0
Disposals	–	16.0	0.3	16.3
Accumulated amortisation 30.09.2015	–160.4	–208.7	–83.7	–452.9
Net value 30.09.2014	58.6	122.8	15.1	196.5
Net value 30.09.2015	56.3	149.3	14.7	220.2

^{*)} Small amount

37. Property, plant and equipment

Additions to property, plant and equipment included capitalised borrowing costs of EUR 2.3m (previous year: EUR 3.1m). The interest rate used for capitalisation ranged from 1.9%–3.7% (previous year: 1.0%–3.7%).

Land and buildings included land with a value of EUR 62.9m (previous year: EUR 60.7m). As of the balance sheet date, EVN held a mortgage with a maximum value of EUR 1.8m as in the previous year.

The impairment testing of assets in accordance with IAS 36 led to the recognition of the following impairment losses in 2015/16:

An impairment loss of EUR 32.6m was recognised to Steag-EVN Walsum power plant, which is included in the consolidated financial statements as a joint operation based on the proportional share owned. This impairment loss was based on the considerably less favourable estimates for the long-term development of electricity prices. The recoverable amount was determined on the basis of the fair value less costs of disposal (level 3 under IFRS 13) and equalled EUR 282.9m. An after-tax WACC of 5.31% was used as discount rate. The present value model underlying the valuation includes a detailed planning period of four years, followed by a general planning phase until 2040 as well as a continuation phase continuing the last planning year of the general planning phase until 2043. The estimated energy revenue during the detailed planning period is based on the price-forward curve for futures quotations on the European Energy Exchange AG, Leipzig, and in the general planning phase on a price structure that reflects the forecasts by two well-known market research institutes and information service providers in the energy sector. Current estimates for the outcome of the pending legal proceedings were also included in the valuation (see note **24. Accounting estimates and forward-looking statements**). The price increases for annual expenses in the general planning phase were estimated at 2.0%.

In case of an increase (reduction) of the WACC by 0.5% in relation to the power plant Steag-EVN Walsum, included proportionally as a joint operation, in the financial year 2015/16, *ceteris paribus*, would have resulted in impairment losses of EUR 44.0m (impairment losses of EUR 20.3m). An increase (reduction) of the underlying electricity price assumptions by 5% would, *ceteris paribus*, have led to a recovery in value of EUR 9.9m (impairment losses of EUR 76.3m).

In Bulgaria, due to the continuously negative regulatory changes in the heating sector as well as due to the considerably reduced expectations for the long-term development of electricity prices, impairment losses in the amount of EUR 31.3m had to be recognised to the co-generation plant at TEZ Plovdiv. The recoverable amount was determined on the basis of fair value less costs of disposal (level 3 under IFRS 13) and amounted to EUR 52.8m. An after-tax WACC of 7.61% was used as discount rate. The present value model underlying the valuation covers a detailed planning period of four years, a general planning phase until 2026 and a perpetual annuity with a growth rate of 2.0%. The price increases for annual expenditures were estimated at 1.1%–2.5%.

Furthermore, due to the considerably less favourable estimates for the long-term development of electricity prices impairment losses of EUR 2.3m were recognised to EVN's windpark in Kavarna. The recoverable amount was determined on the basis of fair value less costs of disposal (level 3 under IFRS 13) and amounted to EUR 10.7m. An after-tax WACC of 7.66% was used as discount rate during the subsidised feed-in tariff phase and 8.21% for the free market phase. The present value model underlying the valuation covers a detailed planning period of four years and a general planning phase until the end of useful life. After the end of the expected subsidy period in the year 2019, the expected energy revenues are based on a price structure that reflects the forecasts by two well-known market research institutes and information service providers in the energy sector. The price increases for annual expenditures were assumed to be between 1.0% and 2.5%.

Further impairment testing on the grounds of less favourable estimates for the long-term development of electricity prices led to impairment losses in the amount of EUR 6.7m for small hydroelectric stations and windparks of EVN Naturkraft. The recoverable amounts were determined on the basis of fair value less costs of disposal (level 3 under IFRS 13) and amounted to a total of EUR 35.8m. An after-tax WACC of 5.51% was used as discount rate.

Other impairment losses covered EUR 2.1m for other thermal generation equipment.

37. Reconciliation of property, plant and equipment

	Land and buildings	Lines	Technical equipment	Meters	Other plant, tools and equipment	Prepayments and equipment under construction	Total
2015/16 financial year							
EURm							
Gross value 30.09.2015	790.1	3,808.8	2,972.2	224.9	200.6	167.2	8,164.0
Currency translation differences	0.4	1.0	3.2	0.1	0.1	0.2	5.0
Changes in the scope of consolidation	2.2	6.1	2.4	–	0.0 ^{*)}	–	10.7
Additions	8.1	103.2	63.6	21.7	13.7	99.8	310.1
Disposals	–10.2	–9.4	–52.1	–8.4	–43.1	–0.1	–123.2
Transfers	19.2	49.8	25.4	0.1	3.1	–96.5	1.0
Gross value 30.09.2016	809.8	3,959.5	3,014.7	238.5	174.4	170.7	8,367.6
Accumulated amortisation 30.09.2015	–433.7	–2,037.8	–1,865.3	–142.4	–161.0	–7.4	–4,647.7
Currency translation differences	–0.2	–0.5	–2.3	–0.0 ^{*)}	–0.1	–	–3.1
Changes in the scope of consolidation	–	–	–	–	–	–	–
Scheduled depreciation	–20.9	–102.7	–97.4	–14.6	–14.5	–	–250.1
Impairment losses	–4.2	–14.3	–58.1	–	–0.0 ^{*)}	–0.0 ^{*)}	–76.6
Revaluation	1.8	1.5	0.7	–	–	–	4.1
Disposals	9.4	9.2	48.7	8.3	42.7	–	118.3
Transfers	0.2	–0.3	0.3	0.0 ^{*)}	–0.2	0.0 ^{*)}	–
Accumulated amortisation 30.09.2016	–447.7	–2,144.8	–1,973.4	–148.7	–133.1	–7.4	–4,855.0
Net value 30.09.2015	356.4	1,771.0	1,106.9	82.5	39.6	159.9	3,516.3
Net value 30.09.2016	362.1	1,814.8	1,041.3	89.8	41.3	163.3	3,512.5
2014/15 financial year							
EURm							
Gross value 30.09.2014	762.1	3,695.9	2,817.8	216.1	222.4	239.9	7,954.2
Currency translation differences	–0.1	–0.2	–24.2	–0.0 ^{*)}	–0.1	–6.9	–31.6
Changes in the scope of consolidation	–0.2	–	–0.2	–	–0.3	–	–0.7
Additions	13.1	94.9	83.8	17.5	12.2	93.2	314.8
Disposals	–1.5	–8.1	–6.4	–8.4	–19.2	–0.9	–44.6
Transfers	16.7	26.3	101.5	–0.2	–14.4	–158.1	–28.2
Gross value 30.09.2015	790.1	3,808.8	2,972.2	224.9	200.6	167.2	8,164.0
Accumulated amortisation 30.09.2014	–402.0	–1,962.1	–1,694.5	–138.3	–178.2	–36.9	–4,412.0
Currency translation differences	0.0 ^{*)}	0.1	12.3	0.0 ^{*)}	0.1	6.7	19.2
Changes in the scope of consolidation	0.2	–	0.2	–	0.2	–	0.6
Scheduled depreciation	–20.0	–100.8	–98.3	–12.6	–14.5	–	–246.2
Impairment losses	–12.3	–1.5	–40.1	–	–0.2	–0.0 ^{*)}	–54.1
Revaluation	0.3	1.3	0.8	–	–	–	2.4
Disposals	1.1	8.1	5.5	8.2	19.0	–	42.0
Transfers	–1.2	17.2	–51.2	0.3	12.6	22.9	0.5
Accumulated amortisation 30.09.2015	–433.7	–2,037.8	–1,865.3	–142.4	–161.0	–7.4	–4,647.7
Net value 30.09.2014	360.1	1,733.8	1,123.3	77.8	44.2	203.0	3,542.2
Net value 30.09.2015	356.4	1,771.0	1,106.9	82.5	39.6	159.9	3,516.3

*) Small amount

At the CGUs attributable to EVN Wärme "Eggenburg", "Dürnrrohr Umgebung", "Mistelbach", "Waidhofen/Thaya", "Wiener Neustadt" and "Zwettl", a value recovery of EUR 2.6m was recorded. The recoverable amount was determined for the CGUs "Eggenburg" and "Zwettl" on the basis of the value in use, and for the remaining CGUs on the basis of the fair value less costs of disposal (level 3 under IFRS 13), and amounted to EUR 23.3m. An after-tax WACC of 5.53% was used for the discount rate, which corresponds to an iteratively derived WACC before taxes in the amount of 8.84% for the CGU „Eggenburg“ and 6.16% for the CGU „Zwettl“, respectively.

Other revaluations relate to EUR 0.1m for telecom networks of Kabelplus, EUR 1.1m for windparks and EUR 0.3m for a small hydroelectric power station.

In 2014/15, impairment losses of EUR 1.1m were recorded at EVN Naturkraft and EUR 27.6m at the power plant Steag-EVN Walsum, which is included in the consolidated financial statements as a joint operation based on the proportional share owned. This impairment loss was based on the less favourable estimates for the long-term development of electricity prices and the higher specific heat consumption, and therefore lower effectiveness, of the plant at the start of commercial operations. Furthermore, due to unfavourable regulatory changes for the production of electricity in Bulgaria, impairments of EUR 4.4m for EVN's windpark in Kavarna were reported. Furthermore, due to the closure by Verbund of a power plant unit at the joint venture power station Dürnrrohr, impairments of EUR 17.0m were necessary.

Prepayments and equipment under construction included acquisition costs of EUR 162.9m (previous year: EUR 158.3m) relating to equipment under construction as of the balance sheet date.

For leased and rented equipment, the present value of payment obligations for the use of heating networks and heat generation plants is reported on the consolidated statement of financial position. The net value of these assets totalled EUR 9.8m as of the balance sheet date (previous year: EUR 10.7m). The related lease and rental liabilities were recognised under other non-current liabilities.

The net value of property, plant and equipment and intangible assets pledged as collateral had a carrying amount of EUR 40.0m (previous year: EUR 44.7m).

38. Investments in equity accounted investees

The companies included in the consolidated financial statements at equity are listed in the notes under **EVN's investments** starting on page 199. Note **66. Disclosures of interests in other entities** contains financial information on joint ventures and associates that are included at equity in EVN's consolidated financial statements.

All investments in equity accounted investees were recognised at their proportional share of IFRS income or loss based on an interim or annual report with a balance sheet date that does not precede the balance sheet date of EVN AG by more than three months. There were no listed market prices for the investments in equity accounted investees.

In 2015/16, an impairment loss of EUR 27.6m was recognised to Verbund Innkraftwerke GmbH to reflect less favourable estimates for the long-term development of electricity prices. The recoverable amount of EVN's participation interest in Verbund Innkraftwerke GmbH was determined on the basis of the fair value less costs of disposal (level 3 under IFRS 13) and equalled EUR 75.9m. The after-tax WACC equalled 5.01%. The present value model underlying the valuation included a detailed planning period of four years followed by a general planning phase up to 2040 and a perpetual annuity with a growth rate of 0.0%. Less favourable estimates for the long-term development of electricity prices led to the recognition of impairment losses totalling EUR 26.8m already in the previous year (also see note **31. Share of results from equity accounted investees with operational nature**).

For the Verbund Innkraftwerke GmbH, which is included at equity, an increase (reduction) of the WACC by 0.5% would have resulted, ceteris paribus, in impairment losses of EUR 40.8m in the financial year 2015/16 (impairment losses of EUR 11.2m). An increase (reduction) of the underlying electricity price by 5% would have led, ceteris paribus, to impairment losses of EUR 18.1m in the financial year 2015/16 (impairment losses of EUR 37.1m).

In the financial year 2015/16, impairment losses of EUR 8.2m in relation to the Shkodra Region Beteiligungsholding GmbH were recognised to the hydroelectric power plant Ashta. A capital increase carried out in October 2015 gave rise to impairment tests for the values of the investment and led to impairment losses of EUR 4.1m. On 30 September, due to a significantly deteriorated forecast for the long-term development of electricity prices, an impairment of EUR 4.1m was necessary. The recoverable amount for the EVN share in Shkodra Region Beteiligungsholding GmbH was determined on the basis of the fair value less costs of disposal (level 3 under IFRS 13) and amounted to EUR -14.9m. The after-tax WACC equalled 12.48%. The present value model underlying the valuation covers a planning period until 2027 for the regulated phase, a planning period until 2040 for the free market phase and subsequently a time-limited annuity until 2043. Subsequently, the power plant will become the property of Albania (also see note **31. Share of results from equity accounted investees with operational nature**).

During the financial year the shares in Verbund AG held by WEEV fell significantly under the acquisition costs over a longer period of time. The adjustment to changed market values were offset against the valuation reserves from the time of the last devaluation as of 30 June 2013 after taking into account the deduction of deferred taxes under IAS 39. In case of a significant reduction of the share price over a longer period of time, the provisions of IFRS require the recognition of an impairment charge through profit or loss, which resulted in impairment losses to the shares in WEEV Beteiligungs GmbH in the amount of EUR 9.9m (see note **48. Valuation reserves**).

The shares in ZOV were assigned to the financing banks as collateral for loans (previous year: EUR 87.1m). EVN's proportional share of equity in this company totalled EUR 95.5m as of 30 September 2016.

38. Reconciliation of investments in equity accounted investees**2015/16 financial year**

EURm

Gross value 30.09.2015	918.6
Additions	24.4
Disposals	-8.2
Gross value 30.09.2016	934.7
Accumulated amortisation 30.09.2015	-20.5
Currency translation differences	1.5
Disposals	8.2
Impairment losses	-45.7
Proportional share of results	130.4
Dividends	-117.6
Changes recognised in other comprehensive income	34.7
Accumulated amortisation 30.09.2016	-8.9
Net value 30.09.2015	898.1
Net value 30.09.2016	925.8

2014/15 financial year

EURm

Gross value 30.09.2014	918.4
Additions	0.1
Gross value 30.09.2015	918.6
Accumulated amortisation 30.09.2014	-29.3
Currency translation differences	0.8
Impairment losses	-26.8
Proportional share of results	168.3
Dividends	-106.7
Changes recognised in other comprehensive income	-26.7
Accumulated amortisation 30.09.2015	-20.5
Net value 30.09.2014	889.1
Net value 30.09.2015	898.1

39. Other investments

The other investments include holdings in affiliates and associates, which are not consolidated due to immateriality, as well as miscellaneous stakes of less than 20.0% that were not included at equity.

The other investments include shares in listed companies with a market value of EUR 595.7m (previous year: EUR 476.1m), of which EUR 7.4m (previous year: EUR 30.9m) are used as collateral. The other investments included in this position amount to EUR 16.3m (previous year: EUR 23.5m) and are carried at amortised cost less impairment losses. They represent shares in companies which are not traded on an active market, i.e. which are not freely tradable. The changes in the value of other investments that were recognised under other comprehensive income totalled EUR 119.5m (previous year: EUR -163.5m) and represented adjustments to reflect amended market and stock exchange prices.

EVN AG and Wiener Stadtwerke Holding AG (WSTW) entered into an agreement on 22 September 2010 for the syndication of their directly and indirectly held shareholdings in Verbund AG. This agreement gives the two companies joint control over approximately 26% of the voting shares in Verbund AG. In spite of the syndicate agreement, the scope of possible influence over the financial and business policies of Verbund AG is very limited. The requirements for classification as a controlling influence (IAS 28) are therefore not met and the shares in Verbund AG were therefore accounted for by applying IAS 39.

39. Reconciliation of other investments

2015/16 financial year

EURm	Investments in affiliates	Miscellaneous investments	Total other investments
Gross value 30.09.2015	15.4	403.3	418.7
Additions	0.2	1.2	1.4
Disposals	-3.5	-0.9	-4.4
Transfer to financial assets available for sale	-3.8	-	-3.8
Gross value 30.09.2016	8.3	403.5	411.8
Accumulated amortisation 30.09.2015	-6.6	87.6	81.0
Impairment losses	-2.4	-0.4	-2.8
Disposals	2.5	-	2.5
Changes recognised in other comprehensive income	-	119.5	119.5
Accumulated amortisation 30.09.2016	-6.6	206.8	200.1
Net value 30.09.2015	8.8	490.9	499.7
Net value 30.09.2016	1.7	610.3	612.0

2014/15 financial year

EURm	Investments in affiliates	Miscellaneous investments	Total other investments
Gross value 30.09.2014	14.4	403.7	418.2
Changes in the scope of consolidation	-	-0.0 ^{*)}	-0.0 ^{*)}
Additions	1.0	-	1.0
Disposals	-0.0 ^{*)}	-0.4	-0.5
Gross value 30.09.2015	15.4	403.3	418.7
Accumulated amortisation 30.09.2014	-4.2	250.7	246.5
Impairment losses	-2.5	-	-2.5
Disposals	-	0.4	0.4
Changes recognised in other comprehensive income	-	-163.5	-163.5
Accumulated amortisation 30.09.2015	-6.6	87.6	81.0
Net value 30.09.2014	10.3	654.4	664.7
Net value 30.09.2015	8.8	490.9	499.7

^{*)} Small amount

40. Other non-current assets

Securities reported under other non-current assets consist mainly of shares in investment funds and serve as coverage for the provisions for pensions and obligations similar to pensions as required by Austrian tax law. The carrying amounts correspond to the fair value as of the balance sheet date. Additions and disposals resulted from the regrouping of assets during 2015/16.

Lease receivables and accrued lease transactions result from the project business within the context of PPP projects. Current manufacturing contracts resulted in receivables of EUR 54.4m (previous year: EUR 51.3m). The additions also include EUR 2.2m of capitalised borrowing costs (previous year: EUR 2.4m). The capitalisation rates ranged from 3.87% to 4.91% (previous year: 4.15%–5.15%).

On 16 July 2012, the Bulgarian Energy and Water Regulatory Commission (EWRC) approved a change, retroactive to 1 July 2012, in the method used to calculate the compensation for the additional costs of renewable electricity and for electricity from highly efficient co-generation plants. The Bulgarian Energy Act requires utility companies to purchase electricity from producers of renewable energy. The large number of new supply contracts with renewable electricity producers led to higher sales volumes, which significantly increased electricity procurement prices for EVN in Bulgaria. Bulgarian legal regulations for renewable energy require the reimbursement of these additional costs by end customers. EVN has filed an appeal against the 16 July 2012 decision and initiated proceedings to require the continuation of direct compensation by the national electricity company Natsionalna Elektricheska Kompania EAD (NEK). The revised method to determine the compensation for the additional costs of renewable electricity and for electricity from highly efficient co-generation plants was amended as of 1 August 2013, and NEK was required to carry the additional costs for electricity from renewable energy and for electricity from highly efficient co-generation plants. EVN incurred costs totalling EUR 127.1m from 1 July 2012 to 31 July 2013, which require interim financing. A tariff decision on 1 July 2014 confirmed the amount and reasons for the additional costs and clarified that they must be refunded directly by NEK. By decision of 15 September 2016, the court of arbitration of the Bulgarian Chamber of Industry and Trade acknowledged the validity of the set-off of NEK receivables by EVN Bulgaria EC. On this basis, the part of the claims covered by the proceedings were set off vis-à-vis NEK, reducing the amount of gross receivables to EUR 90.2m (previous year: EUR 127.1m).

As of 30 September 2016, the remaining net receivables were EUR 57.9m (previous year: EUR 94.4m). They are now entirely shown under other non-current assets (previous year: EUR 51.9m under other non-current assets and EUR 42.5m under current receivables; see note **42. Trade and other receivables**).

The basis for the assessment of the receivables are essentially the setoffs against NEK and compensations of invoice amounts. The receivables are value-adjusted by EUR 32.4m (previous year: EUR 32.7m). The expected future performance is dependent on the actions and decisions of the Bulgarian regulatory authority, and the valuation of this receivable is therefore connected with uncertainty. Consequently, there is a risk of a significant adjustment in the coming financial year.

40. Reconciliation of other non-current assets

EURm

	Other financial assets						Total
	Securities	Loans receivable	Lease receivables and accrued lease transactions	Receivables arising from derivative transactions	Remaining other non-current assets	Primary energy reserves	
Gross value 30.09.2015	74.3	34.0	319.5	5.7	86.5	15.1	535.2
Additions	10.5	1.8	3.1	–	0.0 ^{*)}	–	15.4
Disposals	–2.9	–1.2	–	–	–37.1	–0.0 ^{*)}	–41.1
Changes in market value	2.1	–	–	16.8	–	–	18.8
Transfers	–	–3.8	–26.9	–	41.3	–	10.6
Gross value 30.09.2016	84.0	30.9	295.7	22.5	90.9	15.1	539.0
Accumulated amortisation 30.09.2015	–1.0	–1.0	–191.4	–	–32.7	–0.6	–226.8
Disposals	–	1.0	–	–	–	0.0 ^{*)}	1.0
Impairment losses ¹⁾	–0.0 ^{*)}	–	–	–	–	–	–0.0 ^{*)}
Revaluation ¹⁾	–	–	–	–	0.4	–	0.4
Accumulated amortisation 30.09.2016	–1.0	–	–191.4	–	–32.3	–0.6	–225.4
Net value 30.09.2015	73.3	33.1	128.1	5.7	53.8	14.4	308.4
Net value 30.09.2016	82.9	30.9	104.3	22.5	58.6	14.4	313.7

1) Impairment losses in 2014/15: EUR –1.1m; revaluation in 2014/15: EUR 0.0m

*) Small amount

The reconciliation of the future minimum lease payments to their present value is as follows:

40. Terms to maturity of non-current lease receivables and accrued lease transactions

EURm

	Remaining term to maturity as of 30.09.2016			Remaining term to maturity as of 30.09.2015		
	Principal components	Interest components	Total	Principal components	Interest components	Total
< 5 years	57.9	11.9	69.8	79.3	21.4	100.8
> 5 years	46.3	7.0	53.4	48.8	11.8	60.6
Total	104.3	18.9	123.2	128.1	33.2	161.4

The total of the principal components corresponds to the capitalised value of the lease receivables and accrued lease transactions. The interest components correspond to the proportionate share of the interest component of the total lease payment and do not represent discounted amounts. The interest components of the lease payments in 2015/16 were reported as interest income on non-current assets.

Current assets

41. Inventories

Primary energy reserves consist mainly of hard coal supplies.

The CO₂ emission certificates relate exclusively to certificates purchased to fulfil the requirements of the Austrian Emission Certificate Act, which have not yet been used. The corresponding obligation for any shortfall in the certificates is reported under current provisions (see note 59. Current provisions).

41. Inventories

EURm	30.09.2016	30.09.2015
Primary energy inventories	49.9	38.6
CO ₂ emission certificates	0.6	0.8
Raw materials, supplies, consumables and other inventories	26.9	28.8
Customer orders not yet invoiced	17.2	18.6
Aggregate components	45.6	45.6
Total	140.2	132.5

The aggregate components originate from the former thermal waste utilisation plant no. 1 in Moscow and are expected to be used in future projects. In the financial year 2015/16, these assets were written down to the lower net realisable value through impairment losses of EUR 0.0m (previous year: EUR 11.0m).

The inventory risk resulting from low turnover and reduced market prices was taken into account through an additional increase of EUR 0.5m in the valuation adjustment (previous year: EUR 7.3m). This was contrasted by write-ups of EUR 0.2m (previous year: EUR 1.4m). The inventories are not subject to any restrictions on disposal or other encumbrances.

42. Trade and other receivables

Trade accounts receivable relate mainly to electricity, natural gas and heating customers.

The valuation adjustments to receivables are related primarily to South Eastern Europe. Since receivables in this region may only be written off for tax purposes after a court decision has been issued, collection generally takes a long time. This fact and the high number of pending court cases led to a continual increase in the valuation allowance, which rose by EUR 10.9m in 2015/16 (previous year: EUR 16.0m).

42. Allowances to receivables

EURm	30.09.2016			30.09.2015		
	Gross receivables	Allowance	Net receivables	Gross receivables	Allowance	Net receivables
Austria	46.3	6.9	39.4	56.1	4.4	51.7
Germany	23.8	0.4	23.4	22.2	0.4	21.8
Bulgaria	134.7	24.1	110.6	157.4	25.3	132.1
Macedonia	289.5	220.2	69.3	291.1	210.6	80.5
Others	10.4	–	10.4	11.6	–	11.6
Total	504.7	251.6	253.0	538.3	240.7	297.6

42. Maturity of receivables not impaired

EURm	30.09.2016	30.09.2015
Not yet due	126.1	151.7
Past due 1–90 days	58.1	80.9
Past due 91–180 days	32.0	23.1
Past due 181–360 days	29.9	17.1
Past due >360 days	7.0	24.7
Net receivables	253.0	297.6

Receivables from investments in equity accounted investees and receivables from non-consolidated subsidiaries arise primarily from intragroup transactions related to energy supplies as well as Group financing and services provided to those companies.

As in the previous year, receivables arising from derivative transactions consist mainly of the positive fair values of derivatives in the energy business.

Other receivables and assets include receivables of EUR 0.0m (previous year: EUR 42.5m) due from NEK, based on compensation for the additional costs of renewable electricity (also see note **40. Other non-current assets**). In addition, this position includes receivables from insurances, current loans and prepayments made.

The carrying amount of trade and other receivables pledged as collateral for EVN's own liabilities amounted to EUR 0.5m (previous year: EUR 0.5m).

42. Trade and other receivables	30.09.2016	30.09.2015
EURm		
Financial assets		
Trade accounts receivable	253.0	297.6
Receivables from investments in equity accounted investees	15.4	45.8
Receivables from non-consolidated subsidiaries	5.1	0.8
Receivables from employees	9.3	1.5
Receivables arising from derivative transactions	9.1	7.3
Lease receivables	34.7	46.4
Other receivables and assets	54.1	80.5
	380.7	479.8
Other receivables		
Taxes and levies receivable	33.4	23.4
	33.4	23.4
Total	414.1	503.2

43. Securities

The structure of the securities portfolio as of the balance sheet date is as follows:

43. Composition of securities	30.09.2016	30.09.2015
EURm		
Funds	75.4	81.2
thereof cash funds	74.7	80.4
thereof other fund products	0.7	0.8
Shares	0.0 ^{*)}	0.0 ^{*)}
Total	75.4	81.3

^{*)} Small amount

There were no gains on the sale of securities during the reporting year (previous year: EUR 0.0m). However, an increase in value of EUR 0.1m (previous year: EUR 0.1m) was recorded without recognition through profit or loss to reflect an improvement in the market prices.

44. Non-current assets held for sale

Assets held for sale in the financial year 2015/16 in the amount of EUR 3.8m are related to the EVN-Pensionskasse Aktiengesellschaft ("EVN-Pensionskasse"), Maria Enzersdorf. EVN-Pensionskasse is currently not included in the consolidated financial statements of EVN AG due to immateriality; the investment is recognised at cost less any impairments.

As a company pension fund within the scope of a defined contribution pension plan, the EVN-Pensionskasse offers old age, invalidity and survivors pension exclusively to eligible staff members of the EVN Group. To this end, EVN-Pensionskasse has entered into pension fund contracts with EVN AG, Netz Niederösterreich GmbH, EVN Wärme GmbH, EVN Wasser GmbH, kabelplus GmbH, EVN Umweltholding und Betriebs GmbH, EVN Geoinfo GmbH as well as EVN Business Service GmbH.

The rapidly changing environment of the financial markets as well as the increasing regulatory requirements for pension funds have led to a consolidation of both company pension funds as well as inter-company pension funds in Austria. In accordance with the updated Group strategy 2020, the focus is placed on the consolidation of the EVN Group, combined with selective growth by strengthening the core business. The Executive Board of EVN AG has thus decided to outsource the EVN-Pensionskasse. As the most suitable option for the outsourcing, a merger into an inter-company pension fund with a cash compensation in return for a waiver of the issue of shares is currently under consideration. The closing of the transaction is planned for 30 June 2017 at the latest, once regulatory approval has been granted.

Liabilities

Equity

The development of equity in 2015/16 and 2014/15 is shown on page 125.

45. Share capital

The share capital of EVN AG totals EUR 330.0m (previous year: EUR 330.0m) and is divided into 179,878,402 (previous year: 179,878,402) zero par value bearer shares.

46. Share premium and capital reserves

The share premium and capital reserves comprise appropriated capital reserves of EUR 195.6m (previous year: EUR 195.6m) from capital increases and unappropriated capital reserves of EUR 57.2m (previous year: EUR 57.3m), both in accordance with Austrian stock corporation law.

47. Retained earnings

Retained earnings of EUR 1,949.9m (previous year: EUR 1,868.2m) comprise the proportional share of retained earnings attributable to EVN AG and all other consolidated companies from the date of initial consolidation as well as the proportional share of retained earnings from business combinations achieved in stages.

Dividends are based on the result of EVN AG as reported in the annual financial statements and developed as follows:

47. Reconciliation of EVN AG's result for the period

EURm

Reported result for the period 2015/16	44.9
Retained earnings from the 2014/15 financial year	0.2
Release of untaxed reserves	0.8
Release of retained earnings	29.0
Less addition to untaxed reserves	-0.1
Distributable result for the period	74.8
Proposed dividend	-74.7
Retained earnings for the 2016/17 financial year	0.1

Liabilities do not include the proposed dividend of EUR 0.42 per share for the 2015/16 financial year, which will be recommended to the Annual General Meeting.

The 87th Annual General Meeting on 21 January 2016 approved a proposal by the Executive Board and the Supervisory Board to distribute a dividend of EUR 74.7m, or EUR 0.42 per share, to the shareholders of EVN AG for the 2014/15 financial year. The dividend payment to shareholders was made on 29 January 2016.

48. Valuation reserves

The valuation reserve contains changes in financial instruments available for sale and cash flow hedges, IAS 19 remeasurements and the proportional share of changes in the equity of investments in equity accounted investees.

In addition, the statement of comprehensive income includes EUR 0.0m (previous year: EUR -5.2m) for the share of changes in the valuation reserves that are attributable to non-controlling interests (see **Consolidated statement of comprehensive income**, page 123).

48. Valuation reserves EURm	30.09.2016			30.09.2015		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Items recognised under other comprehensive income from						
Available for sale financial instruments	207.2	-51.8	155.4	87.6	-21.9	65.7
Cash flow hedges	-45.7	14.8	-30.9	-48.9	15.5	-33.4
Remeasurements IAS 19	-130.5	32.5	-98.0	-90.6	22.2	-68.5
Investments in equity accounted investees	-1.9	-1.4	-3.3	-36.7	3.0	-33.7
Total	29.0	-5.8	23.2	-88.7	18.8	-69.9

The item "Investments in equity accounted investees" in the above table includes the changes recognised by WEEV Beteiligungs GmbH in connection with the shares held in Verbund AG (AFS financial instruments) as well as the components of cash flow hedges and remeasurements in accordance with IAS 19 that are recorded directly in equity.

In 2015/16, cash flow hedges totalling EUR 0.5m (previous year: EUR 7.2m) were transferred from other comprehensive income to the consolidated statement of operations. The ineffective part of the cash flow hedges resulted in expenses of EUR 0.1m as of the balance sheet date.

Due to the impairment losses at WEEV Beteiligungs GmbH set out in explanatory note **48. Valuation reserves**, an amount of EUR 5.0m was transferred from other comprehensive income to the consolidated statement of operations.

49. Treasury shares

The 87th Annual General Meeting approved the premature termination of the share buyback programme that started on 16 January 2014 and authorised the Executive Board to carry out a new share buyback programme for up to 10% of EVN's share capital over a period of 30 months. The Executive Board made use of this authorisation and approved the repurchase of up to 1,000,000 shares, representing up to 0.556% of the current share capital. By resolution of 5 October 2016 the Executive Board prematurely terminated this share buyback programme.

A total of 110,800 shares (0.06% of the share capital; previous year: 186,571 shares or 0.10% of the share capital) were repurchased during the financial year 2015/16 at a purchase price of EUR 1.1m and a market value as of the reporting date of EUR 1.2m (30 September 2015: purchase price of EUR 1.9m and a market value of EUR 1.8m) and a total of 133,050 treasury shares were sold for distribution to employees as special bonus called for by a company agreement (previous year: 68,244 shares). EVN AG is not entitled to any rights arising from treasury shares. In particular, these shares are not entitled to dividends.

The number of shares outstanding developed as follows:

49. Reconciliation of the number of outstanding shares	Zero par value shares	Treasury shares	Outstanding shares
30.09.2014	179,878,402	-1,939,992	177,938,410
Purchase of treasury shares	-	-186,571	-186,571
Disposal of treasury shares	-	68,244	68,244
30.09.2015	179,878,402	-2,058,319	177,820,083
Purchase of treasury shares	-	-110,800	-110,800
Disposal of treasury shares	-	133,050	133,050
30.09.2016	179,878,402	-2,036,069	177,842,333

The weighted average number of shares outstanding, which is used as the basis for calculating earnings per share, equals 177,763,333 shares (previous year: 177,871,236 shares).

50. Non-controlling interests

The item "Non-controlling interests" comprises the non-controlling interests in the equity of fully consolidated subsidiaries.

The following table shows information about each fully consolidated subsidiary of EVN with material non-controlling interests before intercompany eliminations:

50. Financial information of subsidiaries with material non-controlling interests	30.09.2016			30.09.2015		
	RBG	BUHO	EVN Macedonia	RBG	BUHO	EVN Macedonia
EURm						
Subsidiaries						
Non-controlling interests in per cent	49.97%	26.37%	10.00%	49.97%	26.37%	10.00%
Carrying amount of non-controlling interests	197.1	36.7	17.8	193.8	36.1	15.0
Result attributable to non-controlling interests	21.1	2.7	2.7	38.2	2.0	2.5
Dividends attributable to non-controlling interests	17.5	2.2	–	17.5	2.1	–
Statement of financial position						
Non-current assets	394.0	176.6	289.9	387.1	175.5	285.8
Current assets	0.1	8.4	95.3	0.2	7.1	92.6
Non-current liabilities	–	–	120.4	–	–	130.5
Current liabilities	0.0 ^{*)}	0.0 ^{*)}	87.9	0.0 ^{*)}	0.0 ^{*)}	98.9
Statement of operations						
Revenue	–	0.0 ^{*)}	357.4	–	0.0 ^{*)}	375.5
Result after income tax	42.3	10.1	26.7	76.4	7.4	24.9
Net cash flows						
Net cash flow from operating activities	35.0	9.4	58.4	35.0	8.2	43.9
Net cash flow from investing activities	–	–	–20.2	–	–	–18.6
Net cash flow from financing activities	–35.1	–8.3	–23.8	–35.0	–8.1	–27.5

^{*)} Small amount

Non-current liabilities

51. Non-current loans and borrowings

Non-current loans and borrowings comprised the following as of the balance sheet date:

51. Breakdown of non-current loans and borrowings	Nominal interest rate (%)	Term	Nominal amount	Carrying amount 30.09.2016 EURm	Carrying amount 30.09.2015 EURm	Fair value 30.09.2016 EURm
Bonds				550.3	679.4	683.7
EUR bond	5.250	2009–2017	EUR 150.0m	–	149.6	–
EUR bond	5.250	2009–2019	EUR 30.0m	29.8	29.8	33.8
EUR bond	4.250	2011–2022	EUR 293.0m	284.7	285.1	354.2
JPY bond	3.130	2009–2024	JPY 12.0bn	113.5	92.8	124.8
EUR bond	4.125	2012–2032	EUR 100.0m	97.7	97.6	136.8
EUR bond	4.125	2012–2032	EUR 25.0m	24.6	24.5	34.2
Bank loans (incl. promissory note loans)	0.07–5.37	until 2047	–	764.2	856.2	838.5
Total				1,314.5	1,535.7	1,522.2

The maturity structure of the non-current loans and borrowings is as follows:

EURm	Remaining term to maturity as of 30.09.2016			Remaining term to maturity as of 30.09.2015		
	< 5 years	> 5 years	Total	< 5 years	> 5 years	Total
51. Maturity of non-current loans and borrowings						
Bonds	29.8	520.4	550.3	179.4	500.1	679.4
thereof fixed interest	29.8	406.9	436.8	179.4	407.2	586.6
thereof variable interest	–	113.5	113.5	–	92.8	92.8
Bank loans	310.6	453.6	764.2	356.5	499.8	856.2
thereof fixed interest	226.2	431.7	657.9	245.2	469.8	715.0
thereof variable interest	84.4	21.9	106.3	111.3	30.0	141.2
Total	340.4	974.0	1,314.5	535.8	999.9	1,535.7

Bonds

All bonds involve bullet repayment on maturity. The foreign currency bond is hedged against interest and foreign exchange risk by means of cross currency swaps.

The bonds are carried at amortised cost. Foreign currency liabilities are translated at the exchange rate in effect on the balance sheet date. In accordance with IAS 39, hedged liabilities are adjusted to reflect the corresponding change in the fair value of the hedged risk in cases where hedge accounting is applied. The resulting change in the bond liability is offset by a contrary development in the fair value of the swaps. The results from the crosscurrency swap concluded to hedge the JPY bond totalled EUR 2.4m in 2015/16 (thereof EUR 14.1m for valuation of the bond and EUR 16.5m for the valuation of the swap; previous year: EUR 0.6m earnings effect, thereof EUR 4.8m for valuation of the bond and EUR 4.2m for the valuation of the swap). The fair value was calculated on the basis of available market information for the respective bond price and the exchange rate as of the balance sheet date.

Bank loans

The loans consist of general borrowings from banks, which are subsidised in part by interest and redemption grants from the Austrian Environment and Water Industry Fund. This position also includes the EUR 121.5m promissory note loans that were issued in October 2012.

Accrued interest expense is included under other current liabilities.

52. Deferred taxes

In the course of a more transparent and detailed presentation of deferred taxes, the amounts for the previous year were adapted.

52. Deferred taxes	30.09.2016	30.09.2015
EURm		
Deferred tax assets		
Employee-related provisions	-53.2	-43.0
Tax loss carryforwards	-9.5	-18.4
Investment depreciation	-61.2	-56.1
Property, plant and equipment	-38.9	-28.9
Financial instruments	-25.3	-25.9
Provisions	-10.7	-1.8
Other deferred tax assets	-4.8	-4.3
Deferred tax liabilities		
Property, plant and equipment	25.1	15.6
Intangible assets	12.8	15.6
Untaxed reserves	25.7	26.5
Financial instruments	41.2	15.3
Provisions	75.3	45.4
Other deferred tax liabilities	16.0	4.8
Total	-7.3	-55.2
thereof deferred tax assets	-100.5	-86.4
thereof deferred tax liabilities	93.2	31.2

Deferred taxes developed as follows:

52. Changes in deferred taxes	2015/16	2014/15
EURm		
Deferred taxes on 01.10.	-55.2	-39.0
- Changes resulting from currency translation reserve and other changes	3.8	-1.4
- Changes in deferred taxes recognised through profit and loss	19.6	21.7
- Changes in deferred taxes recognised directly in equity from the valuation reserve	24.6	-36.6
Deferred taxes on 30.09.	-7.3	-55.2

Losses for which deferred tax assets were recognised can be used over the coming years based on projected tax results. Deferred tax assets of EUR 84.8m (previous year: EUR 79.5m) related to loss carryforwards were not recognised because they are not expected to be used within the foreseeable future. Of this total, EUR 3.2m will expire during the next five years (previous year: EUR 4.6m). The remaining loss carryforwards that were not capitalised can be carried forward for an indefinite period of time.

Deferred tax liabilities of EUR 70.5m (previous year: EUR 8.6m) on temporary differences of EUR 284.4m (previous year: EUR 67.8m) were not recognised because these differences will remain tax-free in the foreseeable future. These temporary differences arise from differences between the tax base of the participation interest and the proportional share of equity owned, respectively between the tax base of the participation interest and the carrying amount of the equity accounted investees (outside basis differences).

53. Non-current provisions

53. Non-current provisions	30.09.2016	30.09.2015
EURm		
Provisions for pensions	282.0	259.6
Provisions for obligations similar to pensions	24.8	20.5
Provisions for severance payments	95.1	90.3
Other non-current provisions	106.1	90.7
Total	508.0	461.1

The amounts reported for the provisions for pensions and for obligations similar to pensions as well as for provisions for severance payments were generally calculated on the basis of the following parameters:

- Interest rate 1.35% p. a. (previous year: 2.40% p. a.)
- Remuneration increases 2.00% p. a.; in subsequent years 2.00% p. a. (previous year: remuneration increases 2.00% p. a., in subsequent years 2.00% p. a.)
- Pension increases 2.00% p. a.; in subsequent years 2.00% p. a. (previous year: pension increases: 2.00% p. a., in subsequent years 2.00%)
- Austrian mortality tables ("Rechnungsgrundlagen AVÖ 2008-P – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler"), also used in the previous year

As of 30 September 2016, the weighted average remaining term equalled 13.6 years for the pension obligations (previous year: 13.9 years). Payments for pensions are expected to total EUR 15.1m in 2016/17 (previous year: EUR 15.5m).

53. Reconciliation of provisions for pensions	2015/16	2014/15
EURm		
Present value of pension obligations (DBO) as of 01.10.	259.6	282.4
+ Service costs	2.2	2.5
+ Interest costs	6.3	6.8
– Pension payments	–15.2	–16.1
+/- Actuarial loss/gain	29.1	–16.0
thereof		
demographic assumptions	–	–
financial assumptions	–36.1	–15.8
assumptions based on experience	–7.0	–0.1
Present value of pension obligations (DBO) as of 30.09.	282.0	259.6

53. Reconciliation of the provision for obligations similar to pensions	2015/16	2014/15
EURm		
Present value of the provision for obligations similar to pensions (DBO) as of 01.10.	20.5	31.8
+ Service costs	0.5	0.6
+ Interest costs	0.5	0.8
– Payments	–0.9	–11.3
+/- Actuarial loss/gain	4.2	–1.4
thereof		
demographic assumptions	–	–
financial assumptions	4.2	–0.5
assumptions based on experience	0.0 ^{*)}	–0.9
Present value of the provision for obligations similar to pensions (DBO) as of 30.09.	24.8	20.5

*) Small amount

As of 30 September 2016, the weighted average remaining term equalled 18.4 years for the obligations similar to pensions (previous year: 17.3 years). Payments for obligations similar to pensions are expected to total EUR 0.8m in 2016/17 (previous year: EUR 0.7m).

53. Reconciliation of the provision for severance payments		
EURm	2015/16	2014/15
Present value of severance payment obligations (DBO) as of 01.10.	90.3	93.6
+/- Changes in the scope of consolidation	-	-0.2
+ Service costs	3.8	3.2
+ Interest costs	2.3	2.4
- Severance payments	-6.8	-4.8
+/- Actuarial loss/gain	5.4	-3.8
thereof		
demographic assumptions	-	-
financial assumptions	7.1	-3.4
assumptions based on experience	-1.7	-0.4
Present value of severance payment obligations (DBO) as of 30.09.	95.1	90.3

As of 30 September 2016, the weighted average remaining term of the severance payment obligations equalled 9.6 years (previous year: 10.9 years). Severance payments are expected to total EUR 5.4m in 2016/17 (previous year: EUR 3.9m).

A change in the actuarial parameters (ceteris paribus) would have the following effect on the provisions for pensions and obligations similar to pensions as well as the provisions for severance payments:

53. Sensitivity analysis for provisions for pensions					
%		30.09.2016		30.09.2015	
	Change in assumption	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO
Interest rate	0.50	7.36	-6.53	6.87	-6.13
Remuneration increases	1.00	-2.93	3.19	-2.81	3.16
Pension increases	1.00	-10.66	13.06	-9.67	11.75
Remaining life expectancy	1 year	-4.93	5.03	-4.56	4.62

53. Sensitivity analysis for provisions for obligations similar to pensions					
%		30.09.2016		30.09.2015	
	Change in assumption	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO
Interest rate	0.50	10.05	-8.70	9.10	-7.95
Remuneration increases	1.00	-	-	-	-
Pension increases	1.00	-13.02	16.40	-11.89	14.76
Remaining life expectancy	1 year	-4.22	4.25	-3.86	3.87

53. Sensitivity analysis for provisions for severance payments

%	30.09.2016		30.09.2015		
	Change in assumption	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO
Interest rate	0.50	5.00	-4.64	4.99	-4.65
Remuneration increases	1.00	-9.90	11.30	-10.15	11.56

The sensitivity analysis was carried out separately for each key actuarial parameter. Only one parameter was changed at a time during the examination, while the other variables remained constant (*ceteris paribus*). The calculation of the changed obligation reflected the calculation of the actual obligation. The analytical capacity of this method is limited because the interdependencies between the individual actuarial parameters are not taken into account. With respect to the severance compensation obligations, a sensitivity analysis was not carried out for the remaining life expectancy because this parameter has only an immaterial effect on the liability.

53. Reconciliation of other non-current provisions

EURm	Service anniversary bonuses	Rents for network access	Process costs and risks	Environmental and disposal risks	Other non-current provisions	Total
Carrying amount 01.10.2015	21.4	7.0	10.4	49.4	2.3	90.7
Currency translation differences	0.0 ^{*)}	–	0.0 ^{*)}	–	0.0 ^{*)}	0.0 ^{*)}
Interest expense	0.7	0.1	0.2	0.5	0.3	1.8
Use	0.1	–	-1.3	-0.4	-0.4	-2.0
Release	-0.6	-1.2	-1.0	-3.6	-0.1	-6.5
Additions	1.5	0.3	5.2	9.7	1.6	20.2
Transfers	-0.3	0.2	1.3	1.0	-0.4	1.9
Carrying amount 30.09.2016	22.9	6.4	14.7	56.8	3.5	106.1

^{*)} Small amount

Rents for network access involve provisions for rents to gain access to third-party facilities in Bulgaria. Various legal proceedings and lawsuits, which for the most part arise from operating activities and are currently pending, are reported under process costs and risks. Environmental and disposal risks primarily encompass the estimated costs for demolition or disposal as well as provisions for environmental risks and risks related to contaminated sites.

54. Deferred income from network subsidies

The investment subsidies are related primarily to heating plants, facilities of EVN Wasser, small hydroelectric power stations and wind-power plants of EVN Naturkraft and facilities of Netz Niederösterreich.

54. Deferred income from network subsidies

EURm	Network subsidies	Investment subsidies	Total
Carrying amount 01.10.2015	454.3	53.1	507.4
Currency translation differences	0.2	–	0.2
Changes in the scope of consolidation	–	2.6	2.6
Additions	83.1	14.4	97.5
Release	–	-0.0 ^{*)}	-0.0 ^{*)}
Transfers	-41.2	-5.7	-46.9
Carrying amount 30.09.2016	496.3	64.4	560.7

^{*)} Small amount

55. Other non-current liabilities

Leases are related mainly to the long-term utilisation of heating networks and heat generation plants. The accruals from financial transactions are related to present value advantages from lease-and-lease-back transactions in connection with electricity procurement rights from the Danube power plants.

The liabilities from derivative transactions include the negative fair values from hedges concluded for bonds, which are contrasted in part by the development of the bond liability, and for project financing related to the Duisburg-Walsum power plant project.

The remaining other non-current liabilities include, among others, accrued tax liabilities related to the tax group in Austria, accrued long-term electricity delivery obligations and non-current prepayments made by customers.

55. Other non-current liabilities		30.09.2016	30.09.2015
EURm			
Leases		14.3	16.0
Accruals from financial transactions		1.5	2.0
Liabilities from derivative transactions		37.3	48.7
Remaining other non-current liabilities		11.2	8.9
Total		64.3	75.6

55. Term to maturity of other non-current liabilities

	Remaining term to maturity as of 30.09.2016			Remaining term to maturity as of 30.09.2015		
	< 5 years	> 5 years	Total	< 5 years	> 5 years	Total
Leases	7.3	7.0	14.3	7.7	8.3	16.0
Accruals from financial transactions	1.5	0.0 ^{*)}	1.5	1.8	0.1	2.0
Liabilities from derivative transactions	25.1	12.2	37.3	32.1	16.7	48.7
Remaining other non-current liabilities	3.7	7.6	11.2	2.2	6.7	8.9
Total	37.5	26.8	64.3	43.8	31.8	75.6

*) Small amount

Current liabilities

56. Current loans and borrowings

Bank overdrafts are included under cash and cash equivalents in the consolidated statement of cash flows.

56. Current loans and borrowings		30.09.2016	30.09.2015
EURm			
Bank loans		75.5	101.4
Bond liabilities		149.9	28.5
Bank overdrafts and other current loans		13.7	10.2
Total		239.1	140.1

Loans of EUR 75.5m were reclassified to current financial liabilities because they are now due within one year (previous year: EUR 101.1m). The bond liabilities (EUR bond) will mature on 23 June 2017 and were therefore reclassified from non-current to current loans and borrowings.

57. Taxes payable and levies

Taxes payable and levies as of the balance sheet date comprise the following:

57. Taxes payable and levies	30.09.2016	30.09.2015
EURm		
Energy taxes	24.2	29.2
Value added tax	16.5	18.1
Corporate income tax	5.5	7.8
Other taxes and duties	9.0	8.6
Total	55.2	63.6

58. Trade payables

Trade payables include obligations resulting from outstanding invoices amounting to EUR 84.4m (previous year: EUR 102.6m).

59. Current provisions

The provisions for personnel entitlements comprise special payments not yet due, outstanding leave and liabilities resulting from a voluntary early retirement programme for employees. The provisions for legally binding agreements totalled EUR 8.8m as of the balance sheet date (previous year: EUR 7.2m).

59. Reconciliation of current provisions

EURm	Personnel entitlements	Onerous contracts	Rents for network access	Process risks	Other current provisions	Total
Carrying amount 01.10.2015	74.3	51.1	3.0	3.8	14.0	146.1
Currency translation differences	0.0 ^{*)}	–	–	0.0 ^{*)}	0.0 ^{*)}	0.0 ^{*)}
Use	–9.4	–39.3	–	–1.0	–1.7	–51.4
Release	–	–	–	–0.1	–2.0	–2.1
Additions	9.9	–6.6	–	0.9	1.7	5.8
Transfers	2.0	–	–0.2	0.8	–3.4	–0.8
Carrying amount 30.09.2016	76.7	5.2	2.8	4.4	8.6	97.8

^{*)} Small amount

60. Other current liabilities

The liabilities to investments in equity accounted investees consist primarily of cash pooling balances between EVN Finanzservice and these companies as well as amounts due to EAA for the distribution and procurement of electricity.

The other financial liabilities include a liability of EUR 45.8m (previous year: EUR 55.5m) related to a tariff decision in Bulgaria on 1 July 2014, which requires the repayment of revenue from previous periods. This position also includes a liability of EUR 60.9m related to the contract performance guarantee for the Duisburg-Walsum power plant project (carrying amount: EUR 65.7m; previous year: EUR 63.6m) that was drawn in November 2013. The other components of this position include accrued interest, employee-related liabilities and deposits received.

Other liabilities include the following: prepayments received to cover the costs of electricity, natural gas and heating supplies; prepayments to cover the installation of customer equipment; obligations to social security carriers; and subsidies received for construction costs and investments that will be recognised to revenue within one year.

60. Other current liabilities

EURm

	30.09.2016	30.09.2015
Financial liabilities		
Liabilities to investments in equity accounted investees	134.7	151.8
Liabilities to non-consolidated subsidiaries	10.4	9.5
Deferred interest expenses	17.6	18.3
Liabilities arising from derivative transactions	18.8	17.7
Other financial liabilities	143.7	148.2
	325.1	345.4
Other liabilities	128.3	132.5
Total	453.4	477.9

Segment reporting

61. Segment reporting EURm	Generation		Energy Trade and Supply		Network Infrastructure Austria		Energy Supply South East Europe	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
External revenue	46.0	52.7	448.5	470.9	434.2	412.8	949.4	1,037.9
Internal revenue (between segments)	175.7	160.4	15.0	14.9	58.7	59.2	0.3	0.2
Total revenue	221.7	213.1	463.4	485.8	492.9	472.0	949.7	1,038.1
Operating expenses	-113.5	-119.7	-553.8	-558.7	-272.3	-270.8	-820.2	-917.4
Share of results from equity accounted investees operational	-34.1	-24.6	62.1	70.0	-	-	-	-
EBITDA	74.1	68.7	-28.3	-2.9	220.6	201.2	129.5	120.7
Depreciation and amortisation	-69.2	-79.2	-17.4	-17.7	-110.3	-105.6	-94.1	-62.9
thereof impairment losses	-15.9	-24.5	-2.1	-3.3	-0.1	-	-31.3	-0.5
thereof revaluation	1.4	-	2.6	2.4	0.1	-	-	-
Results from operating activities (EBIT)	4.8	-10.5	-45.7	-20.6	110.3	95.5	35.4	57.8
EBIT margin (%)	2.2	-4.9	-9.9	-4.2	22.4	20.2	3.7	5.6
Share of results from equity accounted investees financial	-	-	-	-	-	-	-	-
Interest income	0.9	0.5	0.2	0.2	0.2	0.1	0.4	0.5
Interest expense	-20.7	-22.9	-4.2	-1.9	-17.7	-17.6	-23.7	-26.3
Financial results	-22.4	-18.2	-4.7	-5.0	-17.5	-17.4	-23.3	-26.1
Result before income tax	-17.6	-28.7	-50.3	-25.6	92.8	78.1	12.1	31.7
Goodwill	-	-	-	0.5	1.8	1.8	-	-
Carrying value of investments in equity accounted investees	79.7	110.1	146.6	130.5	-	-	-	-
Total assets	1,094.5	1,157.2	682.0	612.8	1,883.5	1,831.5	1,184.1	1,276.0
Liabilities	845.0	959.1	585.1	518.7	1,357.1	1,294.8	1,006.3	1,119.2
Investments ¹⁾	33.8	54.4	26.0	22.7	154.7	160.2	93.5	78.5

1) In intangible assets and property, plant and equipment

61. Segment reporting

EURm	Environmental Services		Strategic Investments and Other Business		Consolidation ²⁾		Total	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
External revenue	158.4	152.3	10.1	9.3	–	–	2,046.6	2,135.8
Internal revenue (between segments)	18.3	20.3	58.1	55.4	–326.1	–310.5	–	–
Total revenue	176.8	172.6	68.2	64.7	–326.1	–310.5	2,046.6	2,135.8
Operating expenses	–137.0	–129.5	–74.8	–75.2	436.1	377.7	–1,535.6	–1,693.6
Share of results from equity accounted investees operational	13.3	11.9	52.2	83.8	–	–	93.5	141.1
EBITDA	53.1	55.1	45.6	73.2	109.9	67.2	604.4	583.2
Depreciation and amortisation	–25.8	–26.4	–1.6	–2.7	–25.6	–20.4	–344.0	–315.0
thereof impairment losses	–	–	–0.0 ¹⁾	–1.2	–32.6	–27.6	–82.0	–57.1
thereof revaluation	–	–	–	–	–	–	4.1	2.4
Results from operating activities (EBIT)	27.3	28.6	43.9	70.5	84.3	46.8	260.4	268.2
EBIT margin (%)	15.5	16.6	64.4	109.0	–	–	12.7	12.6
Share of results from equity accounted investees financial	–	–	–8.7	0.4	–	–	–8.7	0.4
Interest income	10.5	14.9	31.9	31.1	–27.3	–25.7	16.7	21.7
Interest expense	–9.8	–21.6	–28.6	–26.5	27.3	25.7	–77.4	–91.1
Financial results	–2.5	–7.6	22.1	30.6	–13.4	–16.6	–61.6	–60.3
Result before income tax	24.8	21.0	66.1	101.1	71.0	30.1	198.9	207.9
Goodwill	54.0	54.0	–	–	–	–	55.8	56.3
Carrying value of investments in equity accounted investees	97.8	88.3	601.7	569.3	–	–	925.8	898.1
Total assets	895.1	940.6	2,720.8	2,580.4	–1,903.5	–1,897.3	6,556.5	6,501.2
Liabilities	687.1	751.1	1,226.5	1,115.2	–1,921.2	–1,847.1	3,785.8	3,911.1
Investments ¹⁾	8.4	11.1	1.9	2.5	–2.9	–6.7	315.4	322.7

1) In intangible assets and property, plant and equipment

2) Explained below in the notes to segment reporting

*) Small amount

61. Segment information by products – revenue

EURm	2015/16	2014/15
Electricity	1,472.8	1,522.8
Natural gas	161.1	203.0
Heat	125.2	133.1
Environmental services	158.4	152.3
Others	129.0	124.7
Total	2,046.6	2,135.8

61. Segment information by country – revenue¹⁾

EURm	2015/16	2014/15
Austria	1,025.6	1,022.7
Germany	52.5	47.5
Bulgaria	568.2	638.4
Macedonia	382.3	401.5
Others	18.0	25.8
Total	2,046.6	2,135.8

61. Segment information by country – non-current assets¹⁾

EURm	30.09.2016		30.09.2015	
	Intangible assets	Property, plant and equipment	Intangible assets	Property, plant and equipment
Austria	124.7	2,375.9	122.4	2,329.7
Germany	45.2	328.7	45.5	374.7
Bulgaria	47.5	480.5	48.4	489.9
Macedonia	3.7	288.4	3.9	283.2
Others	0.0 ^{*)}	39.1	0.0 ^{*)}	38.7
Total	221.2	3,512.5	220.2	3,516.3

1) The allocation of segment information by countries is based on the location of the companies.

*) Small amount

61. Notes to segment reporting

The segments of business cover the following activities:

Business areas	Segments	Activities
Energy business	Generation	Electricity generation from thermal sources and renewable energies at Austrian and international locations
	Energy Trade and Supply	Procurement of electricity and primary energy carriers, trading and sale of electricity and natural gas to end customers and on wholesale markets as well as heat generation and sale
	Network Infrastructure Austria	Operation of regional electricity and natural gas networks as well as cable TV and telecommunications networks
	Energy Supply South East Europe	Operation of electricity networks and electricity sales to end customers in Bulgaria and Macedonia, heat generation and sale in Bulgaria, electricity production in Macedonia, construction and operation of natural gas networks in Croatia, energy trading throughout the entire region
Environmental services business	Environmental Services	Drinking water supply, wastewater disposal and thermal waste utilisation in Austria, combined cycle heat and power co-generation plants in Moscow as well as international project business
Other business activities	Strategic Investments and Other Business	Strategic and other investments, corporate services

Principle of segment allocation and transfer pricing

Subsidiaries are allocated directly to their respective segments. EVN AG is allocated to the segments on the basis of data from the cost accounting system.

The transfer prices for energy between the individual segments are based on comparable prices for special contract customers, and thus represent applicable market prices. For the remaining items, pricing is based on cost plus an appropriate mark-up.

Reconciliation of segment results at the Group level

Services performed between segments are eliminated in the consolidation column. The results in the "total" column reflect the amounts shown in the consolidated statement of operations. Also included are transition amounts, which result from the difference between the viewpoints of the Generation and Energy Trade and Supply Segments and the Group with respect to the inclusion of Steag-EVN Walsum as a joint operation. The Generation Segment has not identified any signs of impairment to its proportional investment in the power plant resulting from the inclusion of Steag-EVN Walsum as a joint operation, and the Energy Trade and Supply Segment has already recognised provisions for onerous contracts connected with the marketing of its electricity production. In contrast, an impairment charge is required from the Group's point of view. These circumstances led to a transition of EUR 84.3m (previous year: EUR 46.8m) from the segment total to Group EBIT.

Group disclosures

IFRS 8 requires additional segment information classified by products (external revenues from customers broken down by products and services) and countries (external revenues from customers and non-current assets broken down by countries) if this information is not provided as part of the segment reporting.

Information on transactions with major external customers is required only if these transactions amount to 10.0% or more of a company's external revenues. EVN has no transactions with customers that meet this criterion because of its large number of customers and diverse business activities.

Other information

62. Consolidated statement of cash flows

The consolidated statement of cash flows shows the changes in cash and cash equivalents during the reporting year as a result of cash inflows and outflows. The consolidated statement of cash flows is presented in accordance with the indirect method. Non-cash expenses were added to and non-cash income was subtracted from profit before income tax.

62. Cash and cash equivalents	30.09.2016	30.09.2015
EURm		
Cash	237.2	255.1
thereof cash on hand	0.5	0.6
thereof cash at banks	236.7	254.5
Bank overdrafts	-13.7	-10.2
Total	223.5	244.9

Of the total deposits with financial institutions, EUR 2.5m (previous year: EUR 5.8m) represent pledges.

63. Risk management

Interest rate risk

EVN defines interest rate risk as the risk that fluctuations in the fair value or future cash flows of a financial instrument due to changes in the market interest rate could adversely affect interest income and expense as well as equity. This risk is minimised through the regular monitoring of interest rate risk and compliance with limits as well as hedging strategies that include the use of derivative financial instruments (also see note **9. Financial instruments**).

EVN monitors interest rate risk through sensitivity analyses, among others with a daily value-at-risk (VaR) calculation. This procedure calculates the VaR with a confidence level of 99.0% for one day according to the variance-covariance method (delta-gamma approach). The interest VaR, including the hedging instruments used by EVN, equalled EUR 6.6m as of 30 September 2016 (previous year: EUR 8.3m). The reduction of volatility of interest rates in the course of the financial year is also reflected in a reduction of the interest VaR in comparison to the previous balance sheet date.

Foreign exchange risk

For EVN, the risk to profit or loss arising from fluctuations in foreign exchange rates arises from transactions carried out in currencies other than the euro. EVN is exposed to foreign exchange risk on receivables, liabilities, and cash and cash equivalents that are not held in the Group's functional currency (BGN, HRK, JPY, MKD, PLN, RUB). The most significant driver of foreign exchange risk for EVN is a bond issued in Japanese yen (JPY). Foreign exchange risk is managed by way of the central compilation, analysis and management of risk positions, and by hedging the bond denominated in foreign currencies through cross currency swaps (see notes **9. Financial instruments** and **51. Non-current loans and borrowings**).

The foreign exchange VaR, based on the major foreign currency risk drivers in the financial area, remains immaterial and amounted to TEUR 9.2 (previous year: TEUR 3.7) after the inclusion of hedging instruments.

Other market risks

EVN defines other market risks as the risk of price changes resulting from market fluctuations in primary energy, CO₂ emission certificate, electricity and securities.

In EVN's energy trading activities, energy trading contracts are entered into for the purpose of managing price risk. Price risks result from the procurement and sale of electricity, natural gas, hard coal, oil and CO₂ emission certificates.

For price hedging purposes in the energy sector, EVN uses both financial derivatives, which are invariably converted to cash, as well as commodity derivatives, which are generally based on physical delivery.

Commodity derivatives are differentiated by contracts subject to a possible further optimisation and contracts under the expected purchase, sale or usage requirements for the supply of customers, EVN's facilities or the marketing of energy produced in EVN facilities (own use). The following chart shows the outstanding contracts from the optimisation and expected usage requirements as of the balance sheet date.

63. Price hedging in the energy business

EURm

	2015/16					2014/15				
	Nominal volumes		Fair values			Nominal volumes		Fair values		
	Purchases	Disposals	Positive	Negative	Net	Purchases	Disposals	Positive	Negative	Net
Swaps	54.6	-15.4	8.3	-3.1	5.2	62.5	-6.8	1.0	-12.7	-11.7
Futures	10.4	-18.8	0.4	-3.7	-3.3	10.6	-26.7	4.3	-	4.3
Forwards	45.1	-154.6	9.5	-14.8	-5.3	48.0	-146.0	18.3	-1.7	16.6

The price risk for securities results from fluctuations on the capital markets. The most significant securities position held by EVN is its investment in Verbund AG. The price risk VaR for the Verbund AG shares held by EVN as of the balance sheet date was EUR 27.0m (previous year: EUR 19.0m), whereby the price would be influenced by the sale of a large block of Verbund shares by EVN. The year-on-year decline in the VaR resulted from the position's lower share price/market value. The year-on-year increase in the VaR resulted essentially from the position's higher share price/market value.

Liquidity risk

Liquidity risk represents the risk of not being able to raise the required financial resources to settle liabilities on their due date as well as the inability to raise the necessary liquidity at the expected terms and conditions. EVN minimises this risk by means of short-term and medium-term financial and liquidity planning. In concluding financing agreements, special attention is paid to managing the terms to maturity in order to achieve a balanced maturity profile and thus avoid the bundling of repayment dates. The EVN Group uses cash pooling to equalise liquidity balances.

As of the balance sheet date, the liquidity reserve consisted of liquid assets and short-term securities in the amount of EUR 298.9m (previous year: EUR 326.2m). Moreover, EVN had EUR 400.0m of contractually agreed and unused syndicated lines of credit (previous year: unused lines of credit totalling EUR 400.0m) and EUR 122.0m of contractually agreed and unused bilateral lines of credit (previous year: EUR 175.0m) as of the balance sheet date. The liquidity risk was therefore extremely low. The gearing ratio equalled 40.5% as of the balance sheet date (previous year: 47.5%) and underscores EVN's sound capital structure.

63. Expected occurrence of cash flows of loans and borrowings and other liabilities

2015/16 financial year		Carrying amount	Total payment flows	Contractually stipulated payment flows		
EURm	< 1 year			1–5 years	> 5 years	
Bonds	700.1	896.5	180.5	117.8	598.1	
Bank loans	839.7	995.3	92.9	363.3	539.2	
Lease liabilities	16.5	18.4	2.2	9.7	6.5	
Liabilities arising from derivative transactions ¹⁾	56.1	57.8	18.4	30.3	9.1	
Total	1,612.4	1,968.0	294.1	521.1	1,152.9	

2014/15 financial year		Carrying amount	Total payment flows	Contractually stipulated payment flows		
EURm	< 1 year			1–5 years	> 5 years	
Bonds	707.9	930.8	58.7	274.8	597.3	
Bank loans	957.7	1,147.7	101.4	443.3	603.0	
Liabilities arising from derivative transactions ¹⁾	66.4	75.8	8.8	41.5	25.5	
Lease liabilities	17.9	19.4	1.9	10.6	6.8	
Total	1,749.9	2,173.8	170.8	770.3	1,232.6	

1) Nominal value of derivative financial liabilities EUR 420.5m (previous year: EUR 324.3m)

63. Expected occurrence of cash flows of cash flow hedges

2015/16 financial year		Total payment flows	Contractually stipulated payment flows		
EURm	< 1 year		1–5 years	> 5 years	
Cash flows of hedged items		-221.4	-19.1	-76.7	-125.6
Cash flows from hedging instruments		-37.7	-6.7	-21.9	-9.1

2014/15 financial year		Total payment flows	Contractually stipulated payment flows		
EURm	< 1 year		1–5 years	> 5 years	
Cash flows of hedged items		-243.9	-19.1	-78.0	-146.7
Cash flows from hedging instruments		-50.0	-9.3	-28.0	-12.8

Credit risk

Credit and default risk represents the risk of a loss when business partners fail to meet their contractual obligations. This risk is inherent to all agreements with delayed payment terms or fulfilment at a later date. To limit default risk, the company evaluates the credit standing of its business partners. External ratings (including Standard & Poor's, Moody's, Fitch and KSV 1870) are used for this purpose, and the business volume is limited in accordance with the rating and the probability of default. Sufficient collateral is required before a transaction is entered into if the partner's credit rating is inadequate.

EVN monitors credit risk and limits default risk for financial receivables in the treasury area (e.g. investments, financial and interest derivatives) and for derivatives and forward transactions which are concluded to hedge the risks connected with EVN's energy business or are related to end customers and other debtors.

In order to reduce credit risk, hedging transactions are entered into only with well-known banks that have good credit ratings. EVN also ensures that funds are deposited at banks with the best possible credit standing based on international ratings.

The default risk for customers is monitored separately at EVN and supported primarily by ratings and values derived from experience. Credit risks are taken into account through individual and general bad debt allowances. Default risk is also minimised with efficient receivables management and the continuous monitoring of customer payment behaviour.

63. Impairment losses by class

EURm

	30.09.2016	30.09.2015
Write-offs/value adjustments		
Non-current assets		
Other investments	2.8	2.5
Loans receivable	0.3	1.0
	3.1	3.4
Current assets		
Receivables	20.7	37.2
Total	23.8	40.6

The Group's maximum default risk for the items reported on the consolidated statement of financial position as of 30 September 2016 and 30 September 2015 reflect the carrying amounts shown in notes **40. Other non-current assets**, **42. Trade and other receivables** and **43. Securities**, excluding financial guarantees.

The maximum default risk for derivative financial instruments equals the positive fair value (see note **65. Reporting on financial instruments**).

The maximum risk from financial guarantees is described in note **67. Other obligations and risks**.

64. Capital management

EVN's goal in the area of capital management is to maintain a solid capital structure in order to use the resulting financial strength for value-creating investments and an attractive dividend policy. As of 30 September 2016, the equity ratio equalled 42.3% (previous year: 39.8%). Gearing is measured as the ratio of net debt to equity, whereby net debt is calculated as current and non-current financial liabilities less cash and cash equivalents, current and non-current securities and loans receivable. As of 30 September 2016, gearing equalled 40.5% (previous year: 47.5%).

64. Capital management

EURm

	30.09.2016	30.09.2015
Non-current loans and borrowings	1,314.5	1,535.7
Current loans and borrowings ¹⁾	225.4	129.9
Cash and cash equivalents	-223.5	-244.9
Non-current and current securities	-158.4	-154.5
Non-current and current loans receivable	-36.5	-35.3
Net debt	1,121.5	1,230.9
Equity	2,770.7	2,590.1
Gearing (%)	40.5	47.5

1) Excluding bank overdrafts contained in cash and cash equivalents.

The EVN Group uses cash pooling to manage liquidity and optimise interest rates. EVN Finanzservice GmbH and each of the participating Group subsidiaries have concluded a corresponding contract that defines the modalities for cash pooling.

65. Reporting on financial instruments

Fair value generally reflects the listed price on the balance sheet date. If this price is not available, fair value is calculated in accordance with financial methods, e.g. by discounting the expected cash flows at the prevailing market interest rate. The input factors required for the calculations are explained below.

The fair value of shares in unlisted subsidiaries and other investments is based on discounted expected cash flows or comparable transactions. For financial instruments listed on an active market, the trading price as of the balance sheet date represents fair value. Most of the receivables, cash and cash equivalents, and current financial liabilities have short terms to maturity. Therefore, the carrying value of these instruments as of the balance sheet date approximately corresponds to fair value. The fair value of bonds is calculated as the present value of the discounted future cash flows based on prevailing market interest rates.

The following table shows the financial instruments carried at fair value and their classification in the fair value hierarchy according to IFRS 13.

Level 1 input factors are observable parameters such as quoted prices for identical assets or liabilities. These prices are used for valuation purposes without modification.

Level 2 input factors represent other observable parameters which must be adjusted to reflect the specific characteristics of the valuation object. Examples of the parameters used to measure the financial instruments classified under level 2 are forward price curves derived from market prices, exchange rates, interest structure curves and the counterparty credit risk.

Level 3 input factors are non-observable factors which reflect the assumptions that would be used by a market participant to determine an appropriate price.

There were no reclassifications between the various levels during the reporting period.

65. Information on classes and categories of financial instruments

EURm

Classes	Measurement category	Fair value hierarchy (according to IFRS 13)	30.09.2016		30.09.2015	
			Carrying amount	Fair value	Carrying amount	Fair value
Non-current assets						
Other investments						
Non-financial assets	–	–	6.6	–	13.8	–
Investments	AFS	–	9.8	–	9.8	–
Miscellaneous investments	AFS	Level 1	595.7	595.7	476.1	476.1
			612.0		499.7	
Other non-current assets						
Securities	@FVTPL	Level 1	82.9	82.9	73.3	73.3
Loans receivable	LAR	Level 2	30.9	39.5	33.1	40.4
Lease receivables and accrued lease transaction	LAR	Level 2	104.3	118.0	128.1	146.1
Receivables arising from derivative transactions	@FVTPL	Level 2	6.3	6.3	5.7	5.7
Receivables arising from derivative transactions	Hedging	Level 2	16.2	16.2	–	–
Remaining other non-current assets	LAR		58.6	58.6	53.8	53.8
Non-financial assets (primary energy reserves)	–		14.4	–	14.4	–
			313.7		308.4	
Current assets						
Current receivables and other current assets						
Trade and other receivables	LAR		371.6	371.6	472.6	472.6
Receivables arising from derivative transactions	@FVTPL	Level 2	9.1	9.1	7.3	7.3
Non-financial assets	–		33.4	–	23.4	–
			414.1		503.2	
Securities	AFS	Level 1	75.4	75.4	81.3	81.3
Cash and cash equivalents						
Cash on hand and cash at banks	LAR		237.2	237.2	255.1	255.1
			237.2	237.2	255.1	255.1
Non-current liabilities						
Non-current loans and borrowings						
Bonds	FLAC	Level 2	550.3	683.7	679.4	805.3
Bank loans	FLAC	Level 2	764.2	838.5	856.2	916.7
			1,314.5		1,535.7	
Other non-current liabilities						
Leases	FLAC	Level 2	14.3	16.5	16.0	16.4
Accruals of financial transactions	FLAC		1.5	1.5	2.0	2.0
Other liabilities	FLAC		11.2	11.2	8.9	8.9
Liabilities arising from derivative transactions	@FVTPL	Level 2	8.4	8.4	4.2	4.2
Liabilities arising from derivative transactions	Hedging	Level 2	28.8	28.8	44.5	44.5
			64.3		75.6	
Current liabilities						
Current loans and borrowings						
	FLAC		239.1	239.1	140.1	140.1
Trade payables	FLAC		399.6	399.6	472.3	472.3
Other current liabilities						
Other financial liabilities	FLAC		306.4	306.4	327.7	327.7
Liabilities arising from derivative transactions	@FVTPL	Level 2	12.2	12.2	1.1	1.1
Liabilities arising from derivative transactions	Hedging	Level 2	6.6	6.6	16.6	16.6
Non-financial liabilities	–		128.3	–	132.5	–
			453.4		477.9	
thereof aggregated to measurement categories						
Available for sale financial assets	AFS		680.8		567.2	
Loans and receivables	LAR		802.6		942.6	
Financial assets designated at fair value in profit or loss	@FVTPL		98.3		86.3	
Financial liabilities at amortised cost	FLAC		2,286.6		2,502.7	

65. Net results by measurement categories EURm	2015/16		2014/15	
	Net result	Of which impairment losses	Net result	Of which impairment losses
Classes				
Available for sale financial assets (AFS)	-2.8	-2.8	-8.4	-2.5
Loans and receivables (LAR)	-26.0	-21.0	-42.5	-38.1
Financial assets at fair value through profit or loss (@FVTPL)	-1.5	-	1.5	-
Financial liabilities at amortised cost (FLAC)	-	-	-0.1	-
Total	-30.3	-23.8	-49.5	-40.6

Derivative financial instruments

Derivative financial instruments are used primarily to hedge the company's liquidity, exchange rate, price and interest rate risks. The operative goal is to ensure the long-term continuity of the Group's earnings. All derivative financial instruments are integrated in a risk management system as soon as the respective contracts are concluded. This allows for the preparation of a daily overview of all main risk indicators. A separate staff unit has been established to monitor risk controlling and continuously develop risk analyses based on the value-at-risk (VaR) method.

The nominal values represent the separate totals of the items classified as financial derivatives on the balance sheet date. These are reference values which do not provide a measure of the risk incurred by the company through the use of these financial instruments. In particular, potential risk factors include fluctuations in the underlying market parameters and the credit risk of the contracting parties. Derivative financial instruments are recognised at their fair value.

Derivative financial instruments comprise the following:

65. Derivative financial instruments	30.09.2016		30.09.2015	
	Nominal value ¹⁾	Fair value ²⁾	Nominal value ¹⁾	Fair value ²⁾
Currency swaps				
JPYm (over 5 years) ³⁾	12,000.0	16.2	12,000.0	-3.8
Interest rate swaps				
EURm (over 5 years) ³⁾	216.0	-35.5	234.5	-48.4
Derivatives energy				
Purchase/disposals (hard coal) ³⁾	0.0	0.0	20.0	-5.2
Purchase/disposals (electricity, natural gas, hard coal, CO ₂)	-72.2	-5.3	-39.7	4.5

1) In m nominal currency

2) In EURm

3) Used as a hedging instrument in accordance with IAS 39

Due to the effectiveness measurement carried out on the balance sheet date 30 September 2016, the hedging relationships in relation to black coal were terminated. The cumulative loss in the amount of EUR 0.5m will continue to be stated separately under equity until the transactions formerly hedged occur.

Positive fair values are recognised as receivables from derivative transactions under other non-current assets or other current assets, depending on their remaining term to maturity. Negative fair values are recognised as liabilities from derivative transactions under other non-current liabilities or other current liabilities, depending on their remaining term to maturity.

66. Disclosures of interests in other entities

An overview of the companies included in the consolidated financial statements is provided beginning on page 199 under **EVN's investments**.

Information on the joint ventures and associates that were included in EVN's consolidated financial statements at equity in 2015/16 is provided below.

The share of results from equity accounted investees with operational nature has been reported as part of the results from operating activities (EBIT).

The following overview shows the classification of the equity accounted investees based on operating and financial criteria:

66. Joint ventures that were included at equity in the consolidated financial statements as of 30.09.2016 in accordance with IFRS 11	Operational nature	Financial nature
Company		
AUL Abfallumladelogistik Austria GmbH	●	
Bioenergie Steyr GmbH	●	
Degremont WTE Wassertechnik Praha v.o.s.	●	
eGi EDV Dienstleistungsgesellschaft m.b.H.		●
EnergieAllianz	●	
EVN KG	●	
EVN-WE Wind KG	●	
Fernwärme St. Pölten GmbH	●	
Fernwärme Steyr GmbH	●	
RAG	●	
Shkodra	●	
sludge2energy GmbH	●	
WEEV Beteiligungs GmbH		●
ZOV	●	
66. Associates that were included at equity in the consolidated financial statements as of 30.09.2016 in accordance with IAS 28	Operational nature	Financial nature
Company		
Energie Burgenland AG	●	
Verbund Innkraftwerke GmbH	●	
ZOV UIP	●	

The following table shows summarised financial information about each individually material joint venture included in the consolidated financial statements:

66. Financial information of material joint ventures

EURm

Joint venture	30.09.2016			30.09.2015		
	EVN KG	RAG	ZOV	EVN KG	RAG	ZOV
Statement of financial position						
Non-current assets	14.9	649.2	253.5	12.1	630.8	257.0
Current assets	181.9	91.8	47.1	161.7	62.7	43.1
Non-current liabilities	0.0 ^{*)}	418.3	79.9	1.7	399.3	97.3
Current liabilities	92.0	93.7	24.4	76.5	80.4	24.1
Reconciliation of the carrying amount of the share of EVN in the joint venture						
Net assets	104.8	229.0	196.3	95.6	213.8	178.7
Share of EVN in net assets in per cent	100.0%	100.00%	48.50%	100.00%	100.00%	48.50%
Share of EVN in net assets	104.8	229.0	95.2	95.6	213.8	86.7
+/- Revaluations	-0.0 ^{*)}	172.7	0.3	0.0 ^{*)}	181.0	0.5
Carrying amount of the share of EVN in the joint venture	104.8	401.7	95.5	95.6	394.8	87.1
Statement of operations						
Revenue	431.0	411.5	16.5	504.5	417.6	17.8
Scheduled depreciation and amortisation	-0.0 ^{*)}	-52.7	-	0.0 ^{*)}	-53.5	-
Interest income	0.1	0.0 ^{*)}	0.2	0.1	0.1	0.5
Interest expense	-0.0 ^{*)}	-5.1	-7.8	0.0 ^{*)}	-5.8	-9.0
Income tax	-	-17.3	-5.9	0.0 ^{*)}	-22.4	-5.7
Result for the period	55.9	50.6	23.5	63.8	65.4	23.0
Other comprehensive income	17.3	-0.4	1.0	-9.8	-11.5	1.2
Comprehensive income	73.2	50.2	24.5	54.1	53.9	24.2
Dividends received by EVN	64.0	35.0	5.0	53.8	35.0	3.5

^{*)} Small amount

The following table shows summarised financial information about each individually immaterial joint venture included in the consolidated financial statements:

66. Financial information of individually immaterial joint ventures (EVN share)

EURm

	2015/16	2014/15
Carrying value of the joint ventures as of the balance sheet date	71.2	39.5
Result for the period	-1.0	8.5
Other comprehensive income	16.8	-7.7
Comprehensive income	15.8	0.8

The following table shows summarised financial information about each individually material associate included in the consolidated financial statements:

66. Financial information of material associates							
EURm							
Associate	30.09.2016			30.09.2015			
	Verbund IKW	ZOV UIP	Energie Burgenland	EconGas	Verbund IKW	ZOV UIP	Energie Burgenland
Statement of financial position							
Non-current assets	1,256.2	0.3	728.2	48.9	1,288.8	0.2	765.5
Current assets	27.5	4.1	152.3	1,393.3	17.2	3.3	143.6
Non-current liabilities	83.9	–	163.6	98.8	88.5	–	170.4
Current liabilities	11.4	1.7	409.5	1,388.1	10.0	0.7	425.4
Reconciliation of the carrying amount of the share of EVN in the associate							
Net assets	1,188.4	2.7	307.4	–44.7	1,207.5	2.8	313.3
Share of EVN in net assets in per cent	13.00%	31.00%	36.08%	16.51%	13.00%	31.00%	36.08%
Share of EVN in net assets	154.5	0.8	110.9	–7.4	157.0	0.9	113.0
+/- Revaluations	–78.2	–	64.6	7.4	–51.3	–	61.3
Carrying amount of the share of EVN in the associate	76.3	0.8	175.5	–	105.7	0.9	174.4
Statement of operations							
Revenue	66.4	12.4	305.7	1,630.3	77.4	10.7	332.5
Result for the period	–6.1	3.2	10.5	–2.2	5.5	3.4	19.2
Other comprehensive income	–	–	1.0	0.1	–	–	4.6
Comprehensive income	–6.1	3.2	11.6	–2.1	5.5	3.4	25.4
Dividends received by EVN	2.0	1.0	9.3	–	3.9	1.0	8.3

The consolidated financial statements include no associates that are individually immaterial.

67. Other obligations and risks

The commitments entered into by EVN and the related risks are as follows:

67. Other obligations and risks		
EURm		
	30.09.2016	30.09.2015
Guarantees in connection with energy transactions	75.6	105.3
Guarantees in connection with projects in the Environmental Services Segment	59.8	43.4
Guarantees related to the construction and operation of		
energy networks	1.1	5.2
power plants	109.8	156.4
Order obligations for investments in intangible assets and property, plant and equipment	64.0	68.7
Further obligations arising from guarantees or other contractual contingent liabilities	0.3	0.5
Total	310.6	379.4
thereof in connection with equity accounted investees	122.6	150.4

Neither provisions nor liabilities were recognised for the above-mentioned items because claims to the fulfilment of obligations or the actual occurrence of specific risks were not expected at the time these consolidated financial statements were prepared. The above-mentioned obligations were contrasted by corresponding recourse claims of EUR 95.6m (previous year: EUR 95.6m).

Contingent liabilities related to guarantees for subsidiaries in connection with energy transactions are recognised on the basis of the guarantees issued by EAA at an amount equalling the risk exposure of EVN AG. This risk is measured by the changes between the stipulated price and the actual market price, whereby EVN is only exposed to procurement risks when market prices decline and to selling risks when market prices increase.

Accordingly, fluctuations in market prices may lead to a change in the risk exposure after the balance sheet date. The risk assessment resulted in a contingent liability of EUR 45.0m as of 30 September 2016. The nominal volume of the guarantees underlying this assessment was EUR 283.5m. As of 31 October 2016, the market price risk was EUR 37.8m based on an underlying nominal volume of EUR 283.5m.

Various legal proceedings and lawsuits related to operating activities are pending or claims may be filed against EVN in the future. The attendant risks were analysed in relation to their probability of occurrence. The evaluation of possible claims showed that the legal proceedings and lawsuits, individually and as a whole, would not have a material negative effect on EVN's business, liquidity, profit or loss or financial position.

Additional obligations arising from guarantees and other contractual contingent liabilities consisted chiefly of outstanding capital contributions and loan commitments to affiliates as well as liabilities for affiliates' loans.

68. Information on transactions with related parties

In accordance with IAS 24, transactions with related parties arise through direct or indirect control, significant influence or joint management. Related parties include close family members of the respective natural persons. Key management personnel and their close family members are also considered to be related parties.

EVN's related parties include all companies in the scope of consolidation, other subsidiaries, joint ventures and associates that are not included in the consolidated financial statements, the main shareholders NÖ Landes-Beteiligungsholding GmbH, St. Pölten, and its subsidiary EnBW Trust e.V., Karlsruhe, Germany, as well as people who are responsible for the planning, management and supervision of the Group's activities. In particular, related parties also include the members of the Executive Board and the Supervisory Board as well as their family members. A list of the Group companies can be found starting on page 199 under **EVN's investments**.

On 20 December 2013, EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany, concluded a trust agreement with EnBW Trust within the framework of a so-called contractual trust arrangement model. This agreement led to the transfer by EnBW of its 32.5% investment in EVN AG in trust to EnBW Trust. As of 30 September 2016, EnBW Trust held an investment of 32.0% in EVN AG.

Transactions with related companies

Main shareholder

A group and tax settlement agreement was concluded with NÖ Landes-Beteiligungsholding GmbH, St. Pölten, in connection with the inclusion of EVN AG in a corporate tax group as defined in § 9 of the Austrian Corporate Tax Act. EVN AG has since added further subsidiaries to the tax group based on this agreement. This resulted in a current receivable of EUR 16.4m as of 30 September 2016 (previous year: current receivable of EUR 9.9m) due to NÖ Landes-Beteiligungsholding GmbH, St. Pölten.

Investments in equity accounted investees

Within the context of its ordinary business operations, EVN has concluded supply and service contracts with numerous companies included at equity in its consolidated financial statements. Long-term agreements were concluded with EAA (formerly e&t) for the sale

and procurement of electricity and natural gas, and long-term procurement contracts were concluded with EconGas for natural gas. The investment in EconGas was sold during the financial year 2015/16 and is therefore not included in the figures for the financial year 2015/2016.

The value of services provided to investments in equity accounted investees is as follows:

68. Transactions with joint ventures included at equity	2015/16	2014/15
EURm		
Revenue	278.1	276.1
Cost of services received	-58.4	-63.8
Trade accounts receivable	15.4	44.4
Trade accounts payable	23.6	51.4
Loans	12.8	9.3
Non-current loans and borrowings	9.6	9.6
Receivables from cash pooling	-	-
Liabilities from cash pooling	111.1	100.1
Interest income from loans	0.6	0.6
Interest expense on non-current loans and borrowings	0.1	0.1
Interest balance from cash pooling	0.0	0.0 ^{*)}

*) Small amount

68. Transactions with associates included at equity	2015/16	2014/15
EURm		
Revenue	-	-
Cost of services received	-42.5	-78.4
Trade accounts receivable	-	1.4
Trade accounts payable	0.6	0.2

Transactions with related individuals Executive Board and Supervisory Board

The payments to members of the Executive Board and the Supervisory Board consist primarily of salaries, severance payments, pensions and Supervisory Board remuneration.

The remuneration paid to the active members of the Executive Board in 2015/16 totalled TEUR 1,087.7 (including compensation in kind and contributions to pension funds; previous year: TEUR 987.9).

68. Remuneration of the active Executive Board	2015/16			2014/15		
TEUR						
	Fixed remuneration	Variable remuneration	Compensation in kind	Fixed remuneration	Variable remuneration	Compensation in kind
Peter Layr	386.5	134.4	13.5	380.5	91.3	11.3
Stefan Szyszkowitz	360.4	125.3	13.5	354.8	85.2	11.3

Furthermore, an addition of TEUR 1,784.0 was made to the provision for pensions obligations on behalf of Peter Layr in 2015/16 (thereof TEUR 185.3 of interest expense, including TEUR 1,405.6 of actuarial gains/losses). In the previous year, the change amounted to TEUR -271.2 (thereof TEUR 192.1 of interest expense, including TEUR -668.7 of actuarial gains/losses). For Stefan Szyszkowitz, the

pension fund contributions equalled TEUR 54.1 (previous year: TEUR 53.5) and TEUR 1,137.3 were added to the provision for pensions (thereof TEUR 75.1 of interest expense, including TEUR 928.2 of actuarial gains/losses). In 2014/15, the change to the provision for pensions amounted to TEUR –283.8 (thereof TEUR 82.4 of interest expense, including TEUR –522.2 of actuarial gains/losses). The addition to the provisions for severance payments equalled TEUR 22.6 for Peter Layr in 2015/16 (thereof TEUR 12.1 of interest expense, including TEUR –2.5 of actuarial gains/losses) and TEUR 21.4 in the previous year (thereof TEUR 11.6 of interest expense, including TEUR –3.0 of actuarial gains/losses). For Stefan Szyszkowitz, TEUR 7.6 were contributed to an external employee fund (previous year: TEUR 6.9).

The year-on-year change in the remuneration of the active members of the Executive Board is attributable primarily to the change in performance-based components and the annual wage and salary increases mandated by collective bargaining agreements. The members of the Executive Board are entitled to legally defined severance compensation at the end of their functions. They are also entitled to a contractually agreed pension on retirement, whereby the pension payments under the Austrian social security scheme and any payments from EVN Pensionskasse are credited against this amount.

The payments to former members of the Executive Board or their surviving dependents amounted to TEUR 1,181.5 in 2015/16 (previous year: TEUR 1,200.2).

Expenses for severance payments and pensions for active members of senior management totalled TEUR 3,697.4 in 2015/16 (thereof TEUR 192.4 of interest expense, including TEUR 3,083.7 of actuarial gains/losses) and TEUR –31.3 in the previous year (thereof TEUR 250.1 of interest expense, including TEUR –786.6 of actuarial gains/losses).

The above amounts include expenses recognised in accordance with national law, as required by the Austrian Corporate Governance Code. In accordance with IFRS, actuarial gains and losses are recorded under other comprehensive income without recognition in profit or loss in keeping with IAS 19.

The Supervisory Board remuneration totalled EUR 0.1m in 2015/16 (previous year: EUR 0.1m). The members of the Advisory Committee for Environmental and Social Responsibility received remuneration of EUR 0.1m during the reporting year (previous year: EUR 0.1m).

The basic principles underlying the remuneration system are presented in the remuneration report, which is part of the corporate governance report.

Transactions with other related companies

The disclosure requirements for the notes do not cover information on intragroup transactions. Therefore, business transactions between EVN and its subsidiaries are not reported. Business transactions with non-consolidated subsidiaries and companies not included at equity are generally not reported due to their immateriality.

Related parties can also be direct customers of a company within the EVN Group, whereby these business relationships reflect prevailing market rates and conditions and are immaterial in relation to the total income recorded by the EVN Group in 2015/16. The resulting items which were outstanding as of 30 September 2016 were reported under trade accounts receivable.

69. Significant events after the balance sheet date

On 5 October 2016, the Executive Board approved the premature termination of the current share buyback programme. The authorisation resolution of the 87th Annual General Meeting of EVN AG remains intact and is still valid.

The Austrian E-Control-Commission has approved an increase in electricity and natural gas network tariffs in a draft proposal; both of these increases will take effect on 1 January 2017. This corresponds to the required high investment activities in the previous years, in particular for including renewable energy generation, as well as to the comparison of network sales volume to the respective reference period.

70. Information on management and staff

The corporate bodies of EVN AG are:

Executive Board

Peter Layr – Spokesman of the Executive Board
Stefan Szyszkowitz – Member of the Executive Board

Supervisory Board

Chairperson

Dr. Burkhard Hofer (until 21.01.2016)
Bettina Glatz-Kremsner (from 21.01.2016)

Vice-Chairman

Stefan Schenker (until 21.01.2016)
Norbert Griesmayr (from 21.01.2016)
Willi Stiwowicek

Members

Norbert Griesmayr (until 21.01.2016)	Philipp Gruber (from 21.01.2016)
Dieter Lutz	Thomas Kusterer
Bernhard Müller (until 21.01.2016)	Reinhard Meißl
Angela Stransky	Edwin Rambossek (until 21.01.2016)
Friedrich Zibuschka (until 21.01.2016)	Susanne Scharnhorst (from 21.01.2016)

Employee representatives

Franz Hemm	Manfred Weinrichter
Paul Hofer	Monika Fraiße
Otto Mayer (until 31.12.2015)	Friedrich Bußlehner (from 01.01.2016)

71. Approval of the 2015/16 consolidated financial statements for publication

These consolidated financial statements were prepared by the Executive Board as of the date indicated below. The individual financial statements, which were also included in the consolidated financial statements after their adjustment to reflect International Financial Reporting Standards, and the consolidated financial statements of EVN AG will be submitted to the Supervisory Board on 12 December 2016 for examination, and the Supervisory Board will also be asked to approve the individual financial statements.

72. Auditing fees

EVN's consolidated financial statements and annual financial statements for the 2015/16 financial year were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. Auditing and consulting fees amounted to EUR 2.1m for the reporting year (previous year: EUR 1.8m), whereby 43.6% are attributable to auditing and audit-related services, 48.1% to tax advising and 8.3% to other consulting services. All companies in the scope of consolidation were included.

Maria Enzersdorf, 17 November 2016

EVN AG
The Executive Board



Peter Layr
Spokesman of the Executive Board



Stefan Szyszkowitz
Member of the Executive Board

EVN's investments according to § 245a (1) ICW § 265 (2) UGB

The following table lists EVN's investments classified by segment of business. The list of companies not included in the consolidated financial statements of EVN AG for materiality reasons is based on the companies' last available local annual financial statements as of the respective balance sheet date. The data from companies that report in a foreign currency is translated into euros at the exchange rate on the balance sheet date of EVN AG.

1. EVN's investments in the energy business ≥ 20.0% as of 30 September 2016

1.1. Included in the consolidated financial statements of EVN

Company, registered office	Shareholder	Interest %	Balance sheet date	Method of consolidation 2015/16
Bioenergie Steyr GmbH, Behamberg	EVN Wärme	51.00	30.09.2016	E
ENERGIEALLIANZ Austria GmbH ("EnergieAllianz"), Vienna	EVN	45.00	30.09.2015	E
EVN Beteiligungsgesellschaft Alpha GmbH ("EVN Bet. Alpha"), Maria Enzersdorf	EVN	100.00	30.09.2016	V
EVN Bulgaria Electrorazpredelenie EAD ("EVN Bulgaria EP"), Plovdiv, Bulgaria	BG SN Holding	100.00	31.12.2015	V
EVN Bulgaria Electrosnabdiavane EAD ("EVN Bulgaria EC"), Plovdiv, Bulgaria	BG SV Holding	100.00	31.12.2015	V
EVN Bulgaria EAD ("EVN Bulgaria"), Sofia, Bulgaria	EVN	100.00	31.12.2015	V
EVN Bulgaria Fernwärme Holding GmbH ("BG FW Holding"), Maria Enzersdorf	EVN Bet. Alpha	100.00	30.09.2016	V
EVN Bulgaria RES Holding GmbH ("EVN Bulgaria RES"), Maria Enzersdorf	EVN Naturkraft	100.00	30.09.2016	V
EVN Bulgaria Toplofikatsia EAD ("TEZ Plovdiv"), Plovdiv, Bulgaria	BG FW Holding	100.00	31.12.2015	V
EVN Croatia Plin d.o.o, Zagreb, Croatia	Kroatien Holding	100.00	31.12.2015	V
EVN Energievertrieb GmbH & Co KG ("EVN KG"), Maria Enzersdorf	EVN	100.00	30.09.2016	E
EVN Gorna Arda Development EOOD, Sofia, Bulgaria	EVN Bulgaria	100.00	31.12.2015	V
EVN Geoinfo GmbH ("EVN Geoinfo"), Maria Enzersdorf	Utilitas	100.00	30.09.2016	V
EVN Kavarna EOOD ("EVN Kavarna"), Plovdiv, Bulgaria	EVN Bulgaria RES	100.00	31.12.2015	V
EVN Kraftwerks- und Beteiligungsgesellschaft mbH ("EVN Kraftwerk"), Maria Enzersdorf	EVN	100.00	30.09.2016	V
EVN Liegenschaftsverwaltung Gesellschaft m.b.H. ("EVN LV"), Maria Enzersdorf	EVN/Utilitas	100.00	30.09.2016	V
EVN Macedonia AD ("EVN Macedonia"), Skopje, Macedonia	EVN	90.00	31.12.2015	V
EVN Macedonia Elektrani DOOEL, Skopje, Macedonia	EVN Macedonia	100.00	31.12.2015	V
EVN Macedonia Elektrosnabduvanje DOOEL, Skopje, Macedonia	EVN Macedonia	100.00	31.12.2015	V
EVN Macedonia Holding DOOEL, Skopje, Macedonia	EVN	100.00	31.12.2015	V
EVN Mazedonien GmbH ("EVN Mazedonien"), Maria Enzersdorf	EVN	100.00	30.09.2016	V
evn naturkraft Beteiligungs- und Betriebs-GmbH ("EVN Nk BuB"), Maria Enzersdorf	EVN Naturkraft	100.00	30.09.2016	V
evn naturkraft Erzeugungsgesellschaft m.b.H. ("EVN Naturkraft"), Maria Enzersdorf	EVN	100.00	30.09.2016	V
EVN Service Centre EOOD, Plovdiv, Bulgaria	EVN Bulgaria	100.00	31.12.2015	V
EVN Trading d.o.o. Beograde, Belgrad, Serbia	EVN SEE	100.00	31.12.2015	V
EVN Trading DOOEL, Skopje, Macedonia	EVN SEE	100.00	31.12.2015	V
EVN Trading South East Europe EAD ("EVN SEE"), Sofia, Bulgaria	EVN Bulgaria	100.00	31.12.2015	V
EVN Wärme GmbH ("EVN Wärme"), Maria Enzersdorf	EVN	100.00	30.09.2016	V
EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH & Co KG ("EVN-WE Wind KG"), Vienna	EVN Naturkraft	50.00	30.09.2015	E
Fernwärme St. Pölten GmbH, St. Pölten	EVN	49.00	31.12.2015	E
Fernwärme Steyr GmbH, Steyr	EVN Wärme	49.00	30.09.2015	E
Hydro Power Company Gorna Arda AD, Bulgaria	EVN	70.00	31.12.2015	V
kabelplus GmbH ("kabelplus"), Maria Enzersdorf	Utilitas	100.00	30.09.2016	V

Method of consolidation::

V: Fully consolidated company (subsidiary)
 NV: Non-consolidated subsidiary

JO: Company included as joint operation
 NJO: Company not included as a joint operation

E: Company included at equity
 NE: Company not included at equity

1.1. Included in the consolidated financial statements of EVN					Method of consolidation 2015/16
Company, registered office	Shareholder	Interest %	Balance sheet date		
Netz Niederösterreich GmbH ("Netz NÖ"), Maria Enzersdorf	EVN	100.00	30.09.2016		V
Shkodra Region Beteiligungsholding GmbH ("Shkodra"), Vienna	EVN	49.99	31.12.2015		E
Steag-EVN Walsum 10 Kraftwerksgesellschaft mbH, Essen, Germany	EVN Kraftwerk	49.00	31.12.2015		JO
Verbund Innkraftwerke GmbH, Töging, Germany ¹⁾	EVN Nk BuB	13.00	31.12.2015		E
Wasserkraftwerke Trieb und Krieglach GmbH ("WTK"), Maria Enzersdorf	EVN Naturkraft	70.00	30.09.2016		V

1) This company is included in the consolidated financial statements at equity and presented in the above table despite a participation interest \leq 20.0% because of special contractual arrangements that allow for the exercise of significant influence.

1.2. Not included in the consolidated financial statements of EVN due to immateriality				Shareholders' equity TEUR	Last year's profit/loss TEUR	Balance sheet date	Method of consolidation 2015/16
Company, registered office	Shareholder	Interest %	Currency				
ARGE Coop Telekom, Maria Enzersdorf	EVN Geoinfo	50.00	EUR	100 (86)	39 (25)	31.12.2015 (31.12.2014)	NE
ARGE Digitaler Leitungskataster NÖ, Maria Enzersdorf	EVN Geoinfo	30.00	EUR	253 (280)	-26 (49)	31.12.2015 (31.12.2014)	NE
ARGE GIP.nö, Maria Enzersdorf	EVN Geoinfo	60.00	EUR	0 (-17)	17 (-17)	31.12.2015 (31.12.2014)	NE
Bioenergie Wiener Neustadt GmbH, Wiener Neustadt	EVN Wärme	90.00	EUR	539 (639)	-100 (-17)	31.12.2015 (31.12.2014)	NV
Biowärme Amstetten-West GmbH, Amstetten	EVN Wärme	49.00	EUR	223 (148)	75 (57)	31.12.2015 (31.12.2014)	NE
Energiespeicher Sulzberg GmbH, Maria Enzersdorf	EVN Sulzberg	51.00	EUR	23 (1,735)	-1,533 (0)	30.09.2016 (30.09.2015)	NV
EVN Albania SHPK, Tirana, Albania (in liquidation)	EVN	100.00	ALL	- (112)	- (-50)	- (31.12.2014)	NV
EVN Asset Management EOOD, Plovdiv, Bulgaria	EVN Bulgaria	100.00	BGN	6 (6)	0 (-1)	31.12.2015 (31.12.2014)	NV
EVN Bulgaria Beteiligungs- und Managementholding 20 GmbH ("EVN BuM 20"), Maria Enzersdorf	EVN	100.00	EUR	35,954 (27,090)	8,866 (-2)	30.09.2016 (30.09.2015)	NV
EVN Bulgaria Beteiligungs- und Managementholding 21 GmbH ("EVN BuM 21"), Maria Enzersdorf	EVN	100.00	EUR	285,095 (308,587)	0 (23,513)	30.09.2016 (30.09.2015)	NV
EVN Bulgaria Stromerzeugung Holding GmbH ("BG SE Holding"), Maria Enzersdorf	EVN	100.00	EUR	30,707 (30,675)	0 (-2)	30.09.2016 (30.09.2015)	NV
EVN Bulgaria Stromnetz Holding GmbH ("BG SN Holding"), Maria Enzersdorf	EVN BuM 21	100.00	EUR	300,082 (308,589)	15,000 (23,516)	30.09.2016 (30.09.2015)	NV
EVN Bulgaria Stromvertrieb Holding GmbH ("BG SV Holding"), Maria Enzersdorf	EVN BuM 20	100.00	EUR	35,955 (27,089)	8,868 (-2)	30.09.2016 (30.09.2015)	NV
EVN Energiespeicher Sulzberg Beteiligungs GmbH ("EVN Sulzberg"), Maria Enzersdorf	EVN Naturkraft	100.00	EUR	39 (1,735)	-1,897 (0)	30.09.2016 (30.09.2015)	NV
EVN Kroatien Holding GmbH ("Kroatien Holding"), Maria Enzersdorf	EVN	100.00	EUR	12,627 (12,628)	-1 (-1)	30.09.2016 (30.09.2015)	NV
EVN TRADING L.L.C., Pristina, Kosovo	EVN SEE	100.00	EUR	- (-)	- (-)	31.12.2015 (31.12.2014)	NV
EVN Trading SHPK, Tirana, Albania	EVN SEE	100.00	ALL	6 (11)	-5 (-8)	31.12.2015 (31.12.2014)	NV

1.2. Not included in the consolidated financial statements of EVN due to immateriality							
Company, registered office	Shareholder	Interest %	Currency	Shareholders' equity TEUR	Last year's profit/loss TEUR	Balance sheet date	Method of consolidation 2015/16
EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH ("EVN-WE Wind GmbH"), Vienna	EVN Naturkraft	50.00	EUR	42 (40)	1 (1)	30.09.2015 (30.09.2014)	NE
Fernwärme Mariazellerland GmbH, Mariazell	EVN Wärme	48.86	EUR	158 (255)	-97 (-247)	31.12.2015 (31.12.2014)	NE
IN-ER Erözü Kft., Nagykanizsa, Hungary	EVN	70.00	HUF	1,769 (1,755)	-6 (-18)	31.12.2015 (31.12.2014)	NV
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH, Vienna	EVN Naturkraft	33.33	EUR	44 (42)	3 (6)	31.12.2015 (31.12.2014)	NE
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH & Co KG, Vienna	EVN Naturkraft	33.33	EUR	6,878 (6,530)	349 (344)	31.12.2015 (31.12.2014)	NE
MAKGAS DOOEL, Skopje, Macedonia (in liquidation)	EVN	100.00	MKD	- (0)	- (0)	- (31.12.2014)	NV
Netz Niederösterreich Beteiligung 30 GmbH ("Netz Bet. 30"), Maria Enzersdorf	Utilitas	100.00	EUR	1,788 (1,789)	0 (0)	30.09.2016 (30.09.2015)	NV
Netz Niederösterreich Grundstücksverwaltung Bergern GmbH, Maria Enzersdorf	Netz Bet. 30	100.00	EUR	1,778 (1,780)	-1 (4)	30.09.2016 (30.09.2015)	NV
FWG-Fernwärmeversorgung Amstetten registrierte Genossenschaft mit beschränkter Haftung, Amstetten	EVN Wärme	50.00	EUR	914 (-)	84 (-)	30.06.2015 (30.06.2014)	NE
EVN Elektrodistribucija DOOEL, Skopje, Macedonia ¹⁾	EVN Macedonia	100.00	MKD	- (-)	- (-)	- (-)	NV

1) The company was newly established during the 2015/16 financial year.

2. EVN's investments in the environmental services business ≥ 20.0% as of 30 September 2016

2.1. Included in the consolidated financial statements of EVN				
Company, registered office	Shareholder	Interest %	Balance sheet date	Method of consolidation 2015/16
AUL Abfallumladelogistik Austria GmbH, Maria Enzersdorf	EVN Abfall	50.00	30.09.2016	E
Cista Dolina – SHW Komunalno podjetje d.o.o., Kranjska Gora, Slovenia	WTE Betrieb	100.00	30.09.2016	V
Degremont WTE Wassertechnik Praha v.o.s., Prague, Czech Republic	WTE Essen	35.00	31.12.2015	E
EVN Abfallverwertung Niederösterreich GmbH ("EVN Abfall"), Maria Enzersdorf	EVN Bet. 51/52	100.00	30.09.2016	V
EVN Beteiligung 51 GmbH, Maria Enzersdorf	EVN	100.00	30.09.2016	V
EVN Beteiligung 52 GmbH, Maria Enzersdorf	EVN	100.00	30.09.2016	V
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 1 mbH ("EVN MVA1"), Essen, Germany	WTE Essen	100.00	30.09.2016	V
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 3 mbH ("EVN MVA3"), Maria Enzersdorf	EVN Umwelt/ Utilitas	100.00	30.09.2016	V
EVN Umwelt Beteiligungs und Service GmbH ("EVN UBS"), Maria Enzersdorf	EVN Umwelt	100.00	30.09.2016	V
EVN Umwelt Finanz- und Service-GmbH ("EVN UFS"), Maria Enzersdorf	EVN Umwelt	100.00	30.09.2016	V
EVN Umweltholding und Betriebs-GmbH ("EVN Umwelt"), Maria Enzersdorf	EVN	100.00	30.09.2016	V
evn wasser Gesellschaft m.b.H. ("EVN Wasser"), Maria Enzersdorf	EVN/Utilitas	100.00	30.09.2016	V
OAO BUDAPRO-ZAVOD No. 1, Moscow, Russia	EVN MVA1	100.00	31.12.2015	V
OAO „EVN MSZ 3“ ("OAO MVA3"), Moscow, Russia	EVN MVA3	100.00	31.12.2015	V
OAO „WTE Süd-West“, Moscow, Russia	Süd-West	100.00	31.12.2015	V
OOO EVN Umwelt Service, Moscow, Russia	EVN UBS	100.00	31.12.2015	V
OOO EVN Umwelt, Moscow, Russia	EVN UBS	100.00	31.12.2015	V

2.1. Included in the consolidated financial statements of EVN				Method of consolidation 2015/16
Company, registered office	Shareholder	Interest %	Balance sheet date	
Saarberg Hölter Projektgesellschaft Süd Butowo mbH ("Süd Butowo"), Essen, Germany	WTE Essen	100.00	30.09.2016	V
SHW Hölter Projektgesellschaft Zelenograd mbH ("Zelenograd"), Essen, Germany	WTE Essen	100.00	30.09.2016	V
sludge2energy GmbH, Berching, Germany	WTE Essen	50.00	31.12.2015	E
Storitveno podjetje Lasko d.o.o., Lasko, Slovenia	WTE Essen	100.00	30.09.2016	V
WTE Betriebsgesellschaft mbH ("WTE Betrieb"), Hecklingen, Germany	WTE Essen	100.00	30.09.2016	V
WTE desalinizacija morske vode d.o.o., Budva, Montenegro	WTE Essen	100.00	31.12.2015	V
WTE otpadne vode Budva DOO, Podgorica, Montenegro	WTE Essen	100.00	31.12.2015	V
WTE Projektgesellschaft Natriumhypochlorit mbH ("WTE Hyp"), Essen, Germany	EVN UFS/ WTE Essen	100.00	30.09.2016	V
WTE Projektgesellschaft Süd-West Wasser mbH ("Süd-West"), Essen, Germany	WTE Essen	100.00	30.09.2016	V
WTE Projektgesellschaft Trinkwasseranlage d.o.o., Beograd-Vracar, Serbia	WTE Essen	100.00	30.09.2016	V
WTE Projektna družba Bled d.o.o., Bled, Slovenia	WTE Essen	100.00	30.09.2016	V
WTE Projektna družba Kranjska Gora d.o.o., Kranjska Gora, Slovenia	WTE Essen	100.00	30.09.2016	V
WTE Wassertechnik GmbH ("WTE Essen"), Essen, Germany	EVN Bet. 52	100.00	30.09.2016	V
WTE Wassertechnik (Polska) Sp.z.o.o., Warsaw, Poland	WTE Essen	100.00	30.09.2016	V
Zagrebacke otpadne vode d.o.o. ("ZOV"), Zagreb, Croatia	WTE Essen	48.50	31.12.2015	E
Zagrebacke otpadne vode – upravljanje i pogon d.o.o. ("ZOV UIP"), Zagreb, Croatia	WTE Essen	33.00	31.12.2015	E
WTE Abwicklungsgesellschaft Russland mbH ("Abwicklung"), Essen, Germany	Süd-West	100.00	30.09.2016	V

2.2. Not included in the consolidated financial statements of EVN due to immateriality				Shareholders' equity TEUR	Last year's profit/loss TEUR	Balance sheet date	Method of consolidation 2015/16
Company, registered office	Shareholder	Interest %	Currency				
ABeG Abwasserbetriebsgesellschaft mbH, Offenbach am Main, Germany	WTE Essen	49.00	EUR	624 (579)	45 (-1)	30.09.2016 (30.09.2015)	NE
Abwasserbeseitigung Kötschach-Mauthen Errichtungs- und Betriebsgesellschaft mbH, Kötschach-Mauthen	EVN Abfall	26.00	EUR	37 (37)	0 (0)	31.12.2015 (31.12.2014)	NE
OOO EVN-Ekotechprom MSZ3, Moscow, Russia	OAD MVA3	70.00	RUB	325 (593)	-291 (14)	31.12.2015 (31.12.2014)	NV
OOO Süd-West Wasserwerk, Moscow, Russia	Süd-West	70.00	RUB	1,804 (2,065)	266 (721)	31.12.2015 (31.12.2014)	NV
EVN Projektgesellschaft KSV Ljuberzy mbH ("Ljuberzy"), Essen, Germany	Süd-West	100.00	EUR	23 (23)	0 (0)	30.09.2016 (30.09.2015)	NV
SHW/RWE Umwelt Aqua Vodogradnja d.o.o., Zagreb, Croatia	WTE Essen	50.00	HRK	432 (414)	11 (-46)	31.12.2015 (31.12.2014)	NE
Wasserver- und Abwasserentsorgungsgesellschaft Märkische Schweiz mbH, Buckow, Germany	WTE Essen	49.00	EUR	544 (540)	3 (4)	31.12.2015 (31.12.2014)	NE
Wiental-Sammelkanal Gesellschaft m.b.H, Untertullnerbach	EVN Wasser	50.00	EUR	868 (870)	-1 (-2)	31.12.2015 (31.12.2014)	NE
WTE Baltic UAB, Kaunas, Lithuania	WTE Essen	100.00	EUR	161 (682)	-30 (51)	30.09.2016 (30.09.2015)	NV
WTE Projektgesellschaft Kurjanovo mbH ("Kurjanovo"), Essen, Germany	WTE Essen	100.00	EUR	21 (21)	-1 (-1)	30.09.2016 (30.09.2015)	NV

3. EVN's – investments in the Strategic Investments and Other Business Segment ≥ 20.0% as of 30 September 2016

3.1. Included in the consolidated financial statements of EVN

Company, registered office	Shareholder	Interest %	Balance sheet date	Method of consolidation 2015/16
Burgenland Holding Aktiengesellschaft ("BUHO"), Eisenstadt	EVN	73.63	30.09.2016	V
Energie Burgenland AG, Eisenstadt	BUHO	49.00	30.09.2015	E
EVN Business Service GmbH, Maria Enzersdorf	Utilitas	100.00	30.09.2016	V
EVN Finanzmanagement und Vermietungs-GmbH ("EVN FM"), Maria Enzersdorf	EVN	100.00	30.09.2016	V
EVN Finanzservice GmbH, Maria Enzersdorf	EVN FM	100.00	30.09.2016	V
EVN WEEV Beteiligungs GmbH, Maria Enzersdorf	EVN	100.00	31.08.2016	V
e&i EDV Dienstleistungsgesellschaft m.b.H., Vienna	EVN	50.00	30.09.2016	E
R 138-Fonds, Vienna	EVN/Netz NÖ/ EVN Wasser	100.00	30.09.2016	V
RAG-Beteiligungs-Aktiengesellschaft ("RBG"), Maria Enzersdorf	EVN	50.03	31.03.2016	V
Rohöl-Aufsuchungs Aktiengesellschaft ("RAG"), Vienna	RBG	100.00	31.12.2015	E
UTILITAS Dienstleistungs- und Beteiligungs-Gesellschaft m.b.H ("Utilitas"), Maria Enzersdorf	EVN	100.00	30.09.2016	V
WEEV Beteiligungs GmbH, Maria Enzersdorf ¹⁾	EVN WEEV	50.00	30.06.2016	E

1) In Verbund AG, 12.63% are held, and thereof indirectly through the WEEV Beteiligungs GmbH 1.09%.

3.2. Not included in the consolidated financial statements of EVN due to immateriality

Company, registered office	Shareholder	Interest %	Currency	Shareholders' equity TEUR	Last year's profit/loss TEUR	Balance sheet date	Method of consolidation 2015/16
EVN Beteiligung 40 GmbH ("EVN Bet. 40"), Maria Enzersdorf	EVN	100.00	EUR	26 (29)	-2 (0)	30.09.2016 (30.09.2015)	NV
EVN-Pensionskasse Aktiengesellschaft ("EVN-Pensionskasse"), Maria Enzersdorf	EVN	100.00	EUR	4,463 (4,142)	321 (162)	31.12.2015 (31.12.2014)	NV

Auditor's report

Report on the consolidated financial statements

We have audited the accompanying **consolidated financial statements** of

**EVN AG,
Maria Enzersdorf, Austria,**

that comprise the **consolidated statement of financial position as of 30 September 2016**, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year then ended, and the notes.

Management's Responsibility for the Consolidated Financial Statements

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to § 245a UGB (Austrian Commercial Code) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing – ISA. In accordance with International Standards on Auditing, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 30 September 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 17 November 2016

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
signed by:

Rainer Hassler
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.

Glossary

Biogas

A mixture comprised largely of methane and carbon dioxide which is created during the oxygen-free digestion of organic renewable raw materials, slurry or organic residues from the foodstuffs industry.

Brent

The most important crude oil for European consumption, produced in the North Sea.

Capital employed

Equity plus interest-bearing loans or assets minus non-interest-bearing liabilities.

Cash-generating unit (CGU)

The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The present value of future cash flows can be used to value a CGU.

CO₂ (carbon dioxide)

Chemical compound consisting of carbon and oxygen which is largely created by the combustion of fossil fuels.

CO₂ emission certificate

CO₂ emission certificates were introduced in the European Union as of 1 January 2005 as part of the drive to implement the Kyoto Accords and allow the emission of a certain amount of greenhouse gas emissions. The certificates are allocated within the framework of the "National Allotment Plan", depending on the level of a company's emissions.

CO₂ emission certificate trading/ EU emission trading

As part of the EU's emission certificate trading system, the member states distribute CO₂ emission rights to companies. Firms whose actual CO₂ emissions exceed the volume of the allocated certificates must purchase additional emission rights.

Code of conduct

Voluntary obligation to follow or avoid certain behavioural patterns and to ensure that no one achieves an advantage through the evasion of these patterns.

Combined cycle heat and power/co-generation

Simultaneous generation of electrical energy and heat in a single facility. Combined production allows the plant to reach a high level of efficiency and, in this way, optimally use the primary energy.

Corporate governance code

Behavioural code for companies which defines the principles of good management and control; this is not a set of legal regulations, but a guideline that invites voluntary compliance.

Coverage ratio

Ratio of the volume of electricity produced in EVN's own power generating facilities and the Group's total sales volume of electricity.

Degree of efficiency

The efficiency of a plant represents the ratio of input to output (i.e. the quantity of electrical energy generated in relation to the primary energy employed).

Derivative financial instruments

Financial instruments which create rights and obligations derived from market developments, e.g. options, swaps and futures. These financial instruments can be used to minimise financial risks.

Directors and Officers (D&O) insurance

A liability insurance policy covering damage to assets which is arranged by a company to protect its corporate bodies and key employees.

Dividend yield

Ratio of the distributed dividend to the share price.

Earnings before Interest and Taxes (EBIT)

Also referred to as operating earnings; an indicator of a company's ability to generate earnings from its operating activities.

Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)

Earnings before interest, taxes, depreciation and amortisation of property, plant and equipment and intangible assets; is used as a simple cash flow parameter.

Earnings per share

Net profit divided by the average number of shares outstanding for the period.

EMAS

European Union directive for environmental management systems.

Economic Value Added (EVA®)

Difference between the yield spread (ROCE less WACC) multiplied by average capital employed; benchmark for the shareholder value created in a company.

E-Control (Energie-Control Austria)

The regulatory authority established by lawmakers on the basis of the Energy Liberalisation Act to monitor the implementation of the liberalisation process for the Austrian electricity and natural gas markets, and to intervene in the marketplace if necessary.

Energy units

Energy (Wh) = output × time
Kilowatt hour:

1 Watt hour (Wh) × 10³

Megawatt hour MWh:

1 Wh × 10⁶

Gigawatt hour GWh:

1 Wh × 10⁹

Natural gas energy content:

1 Nm³

1 m³ natural gas = 11.07 kWh

Equity ratio

Equity as a per cent of total capital.

European Energy Exchange (EEX)

The largest energy marketplace in Continental Europe, headquartered in Leipzig.

Ex-dividend day

The day on which shares are traded without an entitlement to dividends. On this day the dividend is deducted from the price of the respective share.

Fair value

The price based on all relevant factors in an efficient market; forms the basis for transactions between willing and independent partners.

Forward market

In contrast to the spot market, the forward or futures market is characterised by a contractually stipulated time lag between the conclusion of a transaction and actual delivery. At the time a contract is concluded, the buyer is not required to have the necessary liquid funds, nor is the seller required to have the purchased goods. The price of the goods is determined at the time the contract is concluded.

Funds From Operations (FFO)

Net cash flow from operating activities minus interest expense.

Gearing

Ratio of net debt to equity.

Global Reporting Initiative (GRI)

Initiative aimed at developing globally applicable guide-

lines for sustainability reporting to ensure the standardised presentation of companies from an economic, ecological and social point of view.

Heating degree total

Parameter showing the temperature-related energy requirements for heating purposes.

Hedge

An instrument used to manage or limit financial risk or to avoid losses resulting from negative changes in the market value of interest-, currency- or share-related transactions. A company aiming to “hedge” a particular transaction concludes another transaction linked to the underlying business.

Population equivalent value

This indicator shows the expected biological burden of wastewater treatment facilities. It is based on the population equivalent and calculated by adding the number of inhabitants and the population equivalent.

Interest cover

Ratio of FFO (funds from operations) to interest expense.

International Financial Reporting Interpretation Committee/Standard Interpretation Committee (IFRIC, formerly SIC)

This committee is responsible for interpreting and providing more precise information on the IFRSs issued by the International Accounting Standards Board (IASB).

International Financial Reporting Standards/ International Accounting Standards (IFRS, formerly IAS)

The designation IAS was changed to IFRS in 2001; the IASs issued prior to that year are still published under the earlier designation. IFRSs/IASs are issued by the International Accounting Standards Board (IASB).

International Securities Identification Number (ISIN)

Individual security identification numbers allow for the computerised recording of securities on an international basis.

ISO 14001

International environmental management standard that defines the requirements for related systems.

Issuer Compliance Directive

Regulation issued by the Austrian Financial Market Authority in 2007. It defines principles for the flow of information in companies as well as organisational measures to prevent the misuse of insider information.

Kilowatt peak (kWp)

Maximum output of a photovoltaic module or solar plant.

Management approach

Presentation of the management and controlling aspects of a company.

Net debt coverage

Ratio of FFO (funds from operations) to interest-bearing net debt.

Net debt

Net total of interest-bearing assets and liabilities (issued bonds and liabilities to credit institutes less loans, securities and liquid funds).

Net Operating Profit After Tax (NOPAT)

Taxable profit before the deduction of financing costs.

Network loss

The difference between the electrical current fed into an electricity network and the electrical energy that is actually delivered. Network losses generally arise due to the physical characteristics of the transmission lines.

Other comprehensive income

The total of all income not recognised through profit or loss minus expenses for the reporting period that are not recognised through profit or loss.

Payout ratio

Ratio of dividends to earnings per share.

PPP model (Public Private Partnership)

PPP projects involve the construction and financing of plants for customers; after a predefined period of time, the plant becomes the property of the customer. These projects were previously designated as BOOT projects.

Primary energy

Energy obtained from natural sources. In addition to fossil fuels such as natural gas, petroleum, black and brown coal, primary energy sources also include nuclear fuels like uranium and renewable energy sources like water, sun and wind.

Regulatory Asset Base (RAB)

The interest-bearing capital base equals intangible assets plus property, plant and equipment minus recognised fees for network access and operational readiness (construction subsidies) and any goodwill arising from balance sheet items. Adjustments are made to account for the standardisation of depreciation periods and the release of construction subsidies.

Renewable electricity

Electricity that is generated solely from renewable sources like water, wind, biogas, biomass, photovoltaic, geothermal, landfill gas and sewage gas.

Results from operating activities (EBIT)

See earnings before interest, taxes, depreciation and amortisation.

Return On Capital Employed (ROCE)

This ratio shows the return on the capital used in a company. For the calculation, net profit for the period and interest expense less tax effects are compared with average capital employed. In order to consistently show the develop-

ment of the value contribution, operating ROCE (OpROCE) is adjusted for impairment losses, one-off effects and the market value of the investment in Verbund AG.

Return On Equity (ROE)

Return on equity is used to evaluate the creation of value by a company on the basis of equity. For calculation purposes, net profit for period is compared with average equity.

Smart meter/metering

An electricity meter with an additional function that allows the utility company to read the meter offsite with an online system.

Spot market/spot trading

General designation for markets in which delivery, acceptance of the goods and payment (clearing) are carried out immediately after the conclusion of the business transaction (also see ARA region).

Stakeholders

Individuals or groups who have an active interest in a company. In addition to the owners, stakeholders include employees, customers, suppliers, states, NGOs and local interest groups.

Syndicated credit line

A binding commitment by a banking consortium to provide a line of credit which a company can draw upon in varying amounts, terms and currencies.

Thermal waste utilisation

The controlled industrial burning of waste at temperatures exceeding 1,000 °Celsius, which leads to the destruction or reduction of harmful substances. At the same time, the energy contained in the waste materials is released and used for electricity generation or district heating.

Total shareholder return

Benchmark for measuring the value development of a stock over a certain period of time; includes dividends and the increase in the share price.

UN Global Compact

An initiative launched by the United Nations to support ecological and economic interests in the areas of human rights, work, the environment and corruption.

Value at Risk (VaR)

Process to calculate the potential loss arising from changes in the price of a specific trading position based on a certain assumed level of probability.

Value chain elements

The electricity sector is generally divided into four value creation phases: generation, distribution, sale and consumption.

VÖNIX (VBV Austrian Sustainability Index)

Share index comprising the listed Austrian companies that have taken the lead with regard to social and ecological performance.

Weighted Average Cost of Capital (WACC)

This indicator has two components – the cost of debt and the cost of equity – which are weighted according to their share in total capital. The cost of debt equals the actual, average credit interest adjusted for tax effects, while the cost of equity equals the return on a risk-free investment plus a risk mark-up that is calculated individually for every company.

CSR programme

EVN's CSR programme was developed in an iterative process during the CSR target discussions. Based on the EVN materiality matrix, specific area focal points were identified and Group-wide CSR targets and measures were defined. The CSR programme is updated and expanded regularly in cooperation with all departments. Activities in 2015/16 also included the identification of targets and measures that would make a tangible contribution to reaching the 17 goals for sustainable development set by the United Nations, which took effect on 1 January 2016. The allocation of the identified targets and measures to the individual UN Sustainable Development Goals (SDG) is also shown in the following section.

- For the EVN materiality matrix, also see page 28f
- For information on the CSR programme, also see www.responsibility.evn.at
- Also see <https://sustainabledevelopment.un.org/sdgs>

CSR measures by area of activity

Area of activity: Supply security


Target: increase the Group-wide coverage ratio to 30% of electricity sales

→ Status: 32.1% (previous year: 25.3%)

Target: maintain high network quality and low disruption times in spite of increasingly volatile and decentralised generation capacity on the market

→ Status: see the information on electricity disruptions on page 39

EVN defined the following department targets and implemented the following measures to meet these corporate goals:

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
Increase the Group-wide coverage ratio to 30% of electricity sales	Realisation of power plant projects; capacity expansion will focus primarily on renewable energies, in particular windpower and hydropower projects in Austria	Ongoing	Measure in implementation	7.2
 EVN Wärme: increase supply security for local heating plants; reduce use of substitute fuels EMAS target	Development of a comprehensive disruption reporting system for all local heating plants	Ongoing	Measure in implementation: step-by-step roll-out of modules to all plants; integration of existing reporting systems in new central system; new reporting control centre is complete and will now be connected with the plants	9.1
EVN Wasser: risk management for potential pollution hazards	Preparation of water security plans; risk analysis of catchment area	01.12.2017	Planned	6.3
EVN Wasser: emergency plans to handle supply shortages/quality problems	Cooperation with the Austrian Armed Forces to maintain supply capability in the event of a disaster	01.09.2016	Successfully completed	6.3

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
EVN Abfall: improve quality of waste	Optimisation of the incoming inspection process	Ongoing	Successfully completed	9.1
	Improvement in customer information for acceptance criteria on the homepage	01.11.2016	Measure in implementation	9.1
Kabelplus: maintain and further improve network stability in the entire Kabelplus network in Lower Austria	Replacement of approximately 12,000 amplifiers and distributors in the entire Kabelplus network in Lower Austria	2014/15 – 2018/19	Measure in implementation: tender completed and contract awarded, replacement process started	9.1

Area of activity: Focus on the customers

Target: increase the number of energy advising discussions

→ Status: 9,200 energy advising discussions held (previous year: 7,950)

EVN defined the following department targets and implemented the following measures to meet these corporate goals:

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
Improve customer service	Training of employees for new customer shops; greater availability	31.12.2017	Measure in implementation: six service centres opened, others planned	4
	Optimised training concept for employees with customer contacts: integration of Kabelplus customer service staff and team leaders in the EVN customer service centre; exchange of know-how between EVN and Kabelplus staff to develop a backup pool of employees; coaching for discussions with customers	31.03.2017	Measure in implementation: implemented in part	–
Improve customer service	Concept to intensify communications with customers on energy savings, energy efficiency and the sustainable handling of resources in connection with EVN products; review of implementation of planned measures; development of a training model lasting several hours	31.12.2016	Measure in implementation: concept prepared in draft form, measures under evaluation	7.3
Expand service products and tariffs for renewable energy	Addition of a “hydropower” version based on 100% renewable energy to every EVN electricity tariff (Klassik, Float, Float Cap, Garant)	Started on 01.10.2015	Successfully completed	–
Expand service products for energy efficiency	Development of new products that allow customers to conserve resources and/or reduce the use of energy; the products include analysis, advising and implementation, are directed to business and household customers and focus on issues such as lighting service, solar power plants, e-mobility, energy check, the replacement of heating equipment, renovation, smart home, thermography etc.	Ongoing	Measure in implementation: measures partly qualify under the Energy Efficiency Act	7.3
Customer-friendly contracts	Design of transparent and understandable contracts	Ongoing	Measure in implementation	17
Information for customers on service disruptions	Overview of service disruptions for customers on EVN website	31.12.2016	Planned	9.1

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
EVN Bonus World: improve customer service	Expansion of bonus options to also include the Lower Austria card	Ongoing	Successfully completed	–
Continue to develop strategy for energy efficiency services	Development and introduction or expansion of efficient energy services (e.g.: photovoltaic equipment and battery storage to help customers optimise their use, heating subsidies, increase in energy advising as an energy efficiency service, energy efficiency audits for businesses, launch of energy efficiency campaigns etc.)	Ongoing	Measure in implementation	7.3
Reasonable, presentable and understandable pricing policy	Ongoing adjustment of working prices for electricity and natural gas for household customers as part of EnergieAllianz (e.g. average reduction of 5% for electricity and natural gas as of 1 October 2016)	01.10.2016	Successfully completed	–
Support for households at risk of poverty	Households exempt from radio/TV duties (= customers at risk of poverty) were contacted individually in writing and offered a one-time bonus of 1,500 points (value: EUR 30) to exchange for an energy savings package	30.10.2016	Successfully completed	1.4
Renaming of products from 100% renewable energy: change in name affix from "hydropower" to "nature"	The mix of electricity products from 100% renewable energy has very high-quality labelling: 60% hydropower, 40% other renewable energies; as of 1 October 2016 the electricity products with 100% renewable energy will carry the designation "nature"	01.10.2016	Successfully completed	7.2
EVN flood assistance	EVN's flood assistance introduced in 2002 (flood disaster in Lower Austria) for customers who actively register; the same applies on a voluntary basis for victims of the 2016 floods (only household customers): affected customers receive one month of free energy after the receipt of their next annual invoice	Ongoing	Successfully completed	9.1
Know-how development and transfer	Research project for smart grids; distribution and use of know-how	End of 2017	Measure in implementation: research activities in Lichtenegg, Südstadt, Seitenstetten and Korneuburg	9.2
EVN Bulgaria: create greater awareness among customers for the conscious use of natural resources	Information programme on receipt of invoice via email or SMS; use of online platform "Online+"	Ongoing	Measure in implementation	12.2
EVN Macedonia: increase the awareness for energy efficiency and for the safe handling of electricity	Target group: schoolchildren and young people: energy efficiency clubs and education on the subject in schools; workshop(s) on renewable energy using the Lego method	Ongoing	Measure in implementation: energy efficiency clubs in twelve schools, workshops for young people on renewable energy using an innovative Lego method	7.3
	Founding of a joint energy efficiency platform with the Federal Ministry of Science, Research and Economy and the Energy Agency	Ongoing	Measure in implementation: increase customer awareness for energy savings through TV campaign: energy savings campaign in the media, brochures and energy advising online or by the customer care centres	7.3

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
EVN Macedonia: install and operate an information centre at the Matka hydropower plant	Creation of a museum in the historical Matka hydropower plant; this is the first museum of its type in Macedonia, it provides interactive information on the history of the power plant and the introduction of electricity to Macedonia	Ongoing	Measure in implementation	4.7
Kabelplus: development of a TV set combined with a control tablet that serves as a gaming, video communication and information portal for senior citizens	Cooperation between Kabelplus and scientific partners at the University of Applied Sciences St. Pölten for the further development of the "Brelomat 2" prototype	2016/17	Measure in implementation	9.1
Kabelplus: introduction of a radiotelephony product with which to offer customers who can only access the Internet via radio an opportunity to choose an alternative provider for fixed-link telephony	In the future, Kabelplus will also offer its customers telephone services via the "Mimo" radio link	2015/16	Successfully completed	9.1
Kabelplus: security awareness	Project to create and maintain an awareness for information security on the part of customers	2016/17	Planned	9.1

Area of activity: Sustainable increase in corporate value

Target: remain a pioneer for sustainability in Austria; continued inclusion in sustainability indices and addition of new listings

→ Status: the EVN share is currently listed in several sustainability indices, e.g. the Austrian VÖNIX

Target: long-term integration of sustainability aspects in risk management

→ Status: 8.3% (previous year: 8.3%) of risks considered using sustainability aspects

EVN defined the following department targets and implemented the following measures to meet these corporate goals:

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
Establish Group-wide CSR standards	Further development and standardisation of CSR goals, organisation and processes	2016/17	Measure in implementation: further development of Group-wide CSR goals	–
	Development of long-term CSR perspectives and focus; related decisions by CSR Advisory Committee	2016/17	Measure in implementation: workshop held with CSR officers, recommendations developed for CSR focus; decisions by CSR Advisory Committee awaited	–
	Organisation of stakeholder survey on CSR materiality matrix	30.09.2017	Planned	–
Integration of CSR indicators in controlling reports	Definition, identification and mapping of CSR-relevant key performance indicators in internal documentation for management	2016/17	Measure in implementation: analysis completed to determine relevance and collectability of individual indicators with the respective departments; start of data collection	–

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
Consolidate in core markets: active portfolio management	Identification of holdings that do not reflect the corporate strategy; preparation of recommendations for decision-makers	Ongoing	Measure in implementation: concept developed; implementation ongoing	–
Successfully integrate new holdings	Continued inclusion of the benchmarks developed from previous integration projects in the integration of new investments to ensure the appropriate inclusion of all stakeholder interests	Ongoing	Measure in implementation: concept successfully developed; no integration projects carried out to date	–
Include CSR programme in the activities of the internal audit department	Inclusion of CSR aspects in standard audits; inclusion of CSR-specific audit in annual audit schedule	Ongoing	Successfully completed	–
WTE Wassertechnik: further development of documentation and controls for financial reporting processes	Adherence to internal control system (ICS)	Ongoing	Successfully completed	–
EVN Macedonia: idea management	Collection of ideas from external and internal stakeholders to optimise processes in the company	Ongoing	Measure in implementation: idea management is classified in four phases: collection, analysis, evaluation and implementation of ideas; external ideas are developed in cooperation with universities, companies and research institutes	–
EVN Macedonia: innovation management	Introduction of systematic planning, management and control of innovations and their implementation in economically successful products and services	Ongoing	Measure in implementation	9.4

Area of activity: Responsible employer

Target: expansion of internal job market and increase in internal recruiting

→ 90% of management positions were filled internally in 2015/16 (previous year: 80%)

Target: increased share of women in new hiring (based on the current per cent by position) and higher share of women in management development programmes (based on the current per cent of women in management)

→ Status: share of women in the company was 22.6% in 2015/16 (previous year: 21.9%);
share of women in new hiring equalled 34.2% in 2015/16 (previous year: 41.7%);
share of women in management was 7% in 2015/16 (previous year: 7%);
share of women in management development measures equalled 36% in 2015/16 (previous year: 28%)

Target: development and implementation of target group-specific health programmes for all employees

→ Status: 50% of the employees took part in preventive measures (previous year: 50%)

Target: continuous reduction in LTIF and accident severity; very good level in industry comparison

→ Status: LTIF: 7.8 (previous year: 8.5); accident severity: 29.4 (previous year: 21.4)

Target: creation of awareness for sustainability through the integration of sustainability aspects in existing training and educational programmes

→ Status: 288 employees were reached in 2015/16 (previous year: 320)

EVN defined the following department targets and implemented the following measures to meet these corporate goals:

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
Improve work-life balance; support open culture of discussion; employee protection; improve working climate	New employee break room; additional meeting rooms and conversation areas; noise level indicators; daylight lamps; recording of customer conversations to protect employees	30.06.2016	Successfully completed	–
Improve satisfaction and identification of employees with the company	Further development of feedback and orientation sessions: support for employees during the year by supervisors; alignment of goal attainment in following year	Ongoing	Successfully completed	–
Promote health awareness among employees	Further development of health programme	31.03.2016	Successfully completed	3.8
	First aid courses and medical check-ups	Ongoing	Measure in implementation	3.8
	Annual lecture on health	Ongoing	Measure in implementation	3.8
Develop sustainable solutions for employees affected by the acquisition or sale of companies	Active communication policy, protection of employees' interests	Ongoing	Measure in implementation: standardised M&A process developed and implemented	–
Idea management	Collection of ideas from internal and external stakeholders for the improvement of company processes and services	Ongoing	Measure in implementation: systematic collection and evaluation of ideas, cooperation with universities, successful realisation of ideas	–
Employee health	Regional focus for fruit juices offered at EVN (e.g. fruits grown in the local region)	Ongoing	Successfully completed	12.7

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
Strengthen awareness for and promote digitalisation	Increased digital transfer of internal know-how (department WIKIs in HR area, seminars etc.)	30.09.2017	Measure in implementation	4.4
	Information films to increase awareness of digitalisation are available	30.09.2017	Measure in implementation	4.4
	Promote digitalisation in existing processes	30.09.2018	Measure in implementation	4.4
Improve target orientation, increase closeness to customers and strengthen cooperation: EVN Working World	EVN Working World: comprehensive management support programme on the subject of the working world: management in the context of the new working world and of change	30.09.2020	Measure in implementation	8.2
	Pilot project for mobile working hours	30.09.2017	Measure in implementation	8.2
	Installation of working world coaches as connection to the departments	30.09.2020	Measure in implementation	8.2
	Wide-ranging communication measures: employee survey, workshops, presentation, info-points, pilot office etc.	30.09.2020	Measure in implementation	8.2
EVN Abfall: implement safety training system	Changeover to electronic training system and modifications in entrance area	2016	Measure in implementation	8.8
EVN Bulgaria: increase awareness for health	Health & Balance @ EVN Bulgaria – internal information campaign to increase awareness for health	2016	Measure in implementation: internal information activities on healthy nutrition	3.8
EVN Bulgaria: improve occupational safety	Construction of a new training centre for employees in Stara Zagora allows for the use of the “live working” and “switched-off” methods on low-voltage overhead power lines; start of a long-term, internal campaign on occupational safety for all KEZ which covers the counting and awarding of prizes for accident-free days	Ongoing	Measure in implementation: 320 technicians completed a two-day programme in the new training centre during 2015/16; target attainment for campaign on accident-free days in 13 KEZ (999 days without accidents)	8.8
EVN Croatia: increase know-how and efficiency	Know-how transfer with the Group; language courses; training for certification as natural gas expert; computer training; introduction of a training passport for technicians	2017	Measure in implementation: for 2016/17 (communication days)	–
EVN Croatia: support for employees' health	Supplementary health insurance	2015	Successfully completed	3.8
EVN Macedonia: increase diversity in the company	Full participation of women and equal opportunity to attain management positions in the energy branch	2018/19	Measure in implementation	5.5
EVN Macedonia: positioning as an attractive employer	Scholarships for students at technical universities, practical training for students and school children, trainee programme for university graduates, cooperation with universities	Ongoing	Measure in implementation: six scholarships, 18 trainee positions and 53 practical training positions awarded in 2015/16	4.4

Area of activity: Environmental protection and resource conservation


Target: primary energy savings of approximately 2.5 GWh per year at EVN Wärme

→ Status: 50% savings in 2015/16 (previous year: 15%)

Target: increase in energy efficiency at EVN's plants and buildings (savings measured in MWh)

→ 1,764.9 MWh savings in 2015/16 (previous year: 3.1 MWh)

EVN defined the following department targets and implemented the following measures to meet these corporate goals:

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG	
 EMAS target	Improve environmental performance at EVN headquarters	Implement an environmental management system at EVN headquarters	2017	Measure in implementation: evaluation of aspects and development of measures completed; legal compliance-assessment in progress	12.6
Paper-free office	Resource conservation through increase in online correspondence and e-mail invoices	30.09.2016	Successfully completed	12.4	
Create awareness of importance and value of energy among schoolchildren and encourage conscious use of energy	Redesign of teaching materials on heat pump; adaptation of all day care centre materials; development of a concept for energy savings in schools as part of a pilot project in Wiener Neustadt	2015/16	Successfully completed	4.7	
	New teaching aids with a focus on renewable energy for secondary level I; new school website www.young.evn.at ; new lecture on energy savings for middle schools and general secondary schools	2015/16	Successfully completed	4.7	
Reduce energy consumption in the IT department by 5% per year	Automatic shutdown of computers during the night via Wake on LAN	2018/19	Measure in implementation: implemented in the IT department on a trial basis; technical difficulties identified for Group-wide implementation; alternative solutions under evaluation	12.2	
Reduce printed pages by 20%	General supplier for scanning/printing/copying; installation of Intranet 2.0	2017	Planned	12.5	
Increase energy efficiency (savings measured in MWh)	Energy efficiency measures in EVN plants and buildings: optimised LED lighting concept in hydropower plants; increase own electricity generation with photovoltaic equipment at natural filter plants (e.g. Drösing); install moisture regulation controls in the Schütt and Dorfmühle power plants	Ongoing	Measure in implementation	7.3	
Bird protection in Austria	Cabling and labelling of overhead power lines to protect the great bustard in Lower Austria as part of the LIFE+ project	2015	Successfully completed; follow-up project currently in implementation (by 2022)	15.5	
	BirdLife project to protect the imperial eagle in Laaer Becken	2017	Planned: insulation of lattice masts	15.5	
Reduce use of pesticides	Create a natural grassland on the headquarters grounds; trials and monitoring for several years, then evaluation and decision on possible expansion	2018/19	Measure in implementation: adaptation of fauna and flora naturally proceeds at a slow pace	12.4	

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
EVN Abfall: implement environmental management system	EMAS certification	2016	Measure in implementation	11.6
EVN Abfall: utilise sewage sludge – adapt pyrolysis plant for heat recovery	Optimise pre-treatment at the Dürnrrohr plant	2016/17	Measure in implementation	12.4
EVN Abfall: measures to increase energy efficiency	Trials for gradual reduction of waste gas temperature, adaptation of Lines 1+2	2018	Planned	7.3
	Trials for gradual reduction of waste gas temperature in Line 3	2017	Measure in implementation	7.3
 EVN Wärme: continuous improvement in indicators for district heating plants EMAS target	Ongoing improvement in data quality; collection and control of data; introduction of valuation models for optimisation as part of technical controlling and resulting improvement in plant indicators, e.g. plant efficiency	Multi-year target	Measure in implementation: basic system under development; start-up in first half-year 2013; connection of district heating plants to the new system over five years	9.1
EVN Wärme: reduce primary energy by approximately 2.5 GWh each year	Replacement of Süd Mödling steam network with hot water network	End of 2017/18	Measure in implementation	13.2
 EVN Wärme: resource conservation at biomass plants EMAS target	Utilisation of 80% of biomass ash per year as valuable substitute material; resulting conservation of resources, greenhouse gas-relevant emissions and landfill costs	Ongoing	Measure in implementation: utilisation of 56% of biomass ash in 2015/16	13.2
Kabelplus: sustainable disposal of large volume of recyclable materials resulting from amplifier replacement project	Materials such as aluminium, steel and copper, which occur in the form of electronic waste, will be separated and sold or recycled as part of a social project	2014 to 2019	Successfully completed: Socius association to participate as waste disposal partner	12.5
WTE Wassertechnik: offices	Replacement of lighting with LED	01.07.2016	Successfully completed	12.2
WTE Wassertechnik: management systems	Performance of energy audit EN 16247	01.12.2016	Measure in implementation	7.3
EVN Bulgaria: create greater awareness among employees for the careful use of resources	Waste recycling programme	Ongoing	Measure in implementation: 1,259 tonnes of waste, including 24 tonnes of paper, were recycled in 2015/16	12.4
EVN Bulgaria: bird protection in Bulgaria	Insulation of dangerous masts and power lines with the support of the Bulgarian bird protection association (BDZP, BirdLife)	2018	Measure in implementation: installation of 285 additional nest platforms and insulation of 742 masts in 2015/16; since the start of the project, 1,936 nest platforms were installed and 4,606 power lines/masts were insulated	15.5
EVN Bulgaria: protection of the imperial eagle in Bulgaria	Project Life+: minimisation of risks and dangers of power lines for the imperial eagle; planned measures: cabling of approximately 40 km of overhead power lines; protective insulation for 2,740 masts; population monitoring	2018	Measure in implementation: in 2015/16, 35 km of overhead power lines cabled, 14 transformer stations and one switching station installed and 481 masts covered with protective insulation; population monitoring	15.5
EVN Bulgaria: create greater awareness for energy efficiency and safety in working with electricity	“Energy efficiency in schools” programme for second, third and fourth graders – education on safety and energy efficiency in cooperation with the Ministry of Education and school inspectors	Ongoing	Measure in implementation: inclusion of approximately 20,000 schoolchildren since the start of the project in 2009; a further 11,000 schoolchildren joined the project in 2015/16	7.3

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
EVN Macedonia: increase awareness for handling electronic waste	Campaign to increase awareness among employees for the dangers of electronic waste; related collection campaign	2016/17	Measure in implementation: cooperation between companies and EVN Macedonia employees to collect electronic waste; employees receive a credit voucher as a contribution to the purchase of a new appliance	12.5
EVN Wasser: reduce electricity consumption	Use of balancing energy to fill elevated tanks; electricity supplies supplemented by photovoltaic equipment	01.12.2017	Measure in implementation: three photovoltaic plants constructed	7.2

Area of activity: Sustainable energy generation and climate protection

Target: expansion of windpower capacity to 300 MW over the medium term

→ Status: approximately 268 MW of installed windpower as of 30 September 2016 (previous year: approximately 250 MW)

Target: 50% of total electricity production volume generated from renewable energies over the long term

→ Status: 34.5% of energy generated from renewable sources in 2015/16 (previous year: 43.1%)

EVN defined the following department targets and implemented the following measures to meet these corporate goals:

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
50% of electricity generation from renewable sources	Further expansion of windpower, hydropower and photovoltaic generation plants	2020	Measure in implementation: current status: 34.5%	7.2
Expand windpower capacity to over 300 MW	Construction of a windpark in Paasdorf-Lanzendorf (approximately 19 MW)	2016	Successfully completed	7.2
	Construction of a windpark in Oberwaltersdorf (9.2 MW)	2017	Planned: approved by the municipal authority; tariff approved	7.2
	Construction of a further wind turbine at the Glinzendorf windpark (1 MW)	2016	Measure in implementation: turbine under construction	7.2
	Construction of a windpark in Sommerein (33 MW)	2018	Planned: approved by the municipal authority; tariff approved	7.2
Ongoing greening and technical revitalisation of 72 EVN hydropower plants	Ongoing projects to improve greening, e.g. through the construction of fish migration ladders, parallel technical revitalisation to support a constant generation level	Ongoing	Measure in implementation	7.2
Increase effectiveness of thermal power plants	Optimisation of start-up process at the Korneuburg power plant; reduction of emissions and natural gas consumption at the Dürnröhr power plant through optimisation of district heating output	Ongoing	Measure in implementation	7.3
Load management: development of methods	Development of methods to integrate the increasing generation from renewable energy in the market and to master the network stabilisation activities currently taken over from the thermal power plants	2014/15 – 2017/18	Various projects in implementation	7.2

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
Research and development to better utilise the energy content of the fuels used, create innovative storage solutions and reduce CO ₂ emissions	Bioplastics made of algae, heat storage, CO ₂ , sunlight and innovative storage technologies (incl. power-to-gas)	Ongoing	Measure in implementation: – Follow-up project to CO ₂ USE, demonstration project in preparation – GreenStorageGrid project: integration of innovative storage solutions in the Dürnröhr heat distribution unit under analysis – Power-to-gas: analysis for implementation of projects in an industrial environment	9.4
Electricity labelling: reduction from three to two labelling groups	Internal conversion of labelling to two product mix groups: “renewable energy” (currently 60% hydropower and 40% other renewable energy carriers) and “conventional energy”	01.05.2016	Successfully completed	7.2
Increase inclusion of CO ₂ -neutral aspects in event planning	Prepare guideline and checklist for CO ₂ -neutral events	2017/18	Measure in implementation: concept in preparation	13.2
EVN Abfall: reduce electricity and compressed air consumption	Optimisation of compressed air network at the MVA Dürnröhr in order to minimise the use of electricity in the generation of compressed air	2016/17	Measure in implementation	7.3
EVN Abfall: CO ₂ savings in waste transport	Further increase in waste transport via rail through creation of unloading opportunities at the Dürnröhr waste utilisation plant for all transport containers and wagons currently on the market	Ongoing	Measure in implementation	12.2
EVN Wärme: expansion of local heating plants with blended biogas product	Construction of eight plants	2016/17	Planned	13.2
 EVN Wärme: reduce emissions from individual household heating through construction of new heating plants	Construction and operation of additional biomass district heating plants; current project: Großenzersdorf	2016/17	Measure in implementation	13.2
South East Europe: increase energy efficiency	Redesign and renovation of the facade at the headquarters in Skopje; reduction of approximately 65% in current energy consumption	2016/17	Measure in implementation	7.3
	Renovation of Plovdiv district heating network	Ongoing	Measure in implementation	7.3
	Supply of cooling energy via the district heating network	Ongoing	Measure in implementation	7.3

In addition to the six major areas of activity, EVN also worked on department targets and numerous measures in other important areas of activity during the reporting year:

Area of activity: Corruption prevention

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
Raise employee awareness for the prevention of corruption, the protection of fair competition and the observance of human rights	Further development of the extensive Group-wide Compliance Management System; advising and training for all managers and employees by CCO/DCO/NCO, incl. use of electronic media; information for employees via managers with support of CCO/DCO/NCO	30.09.2016	Successfully completed: face-to-face training programmes implemented; ongoing advising and e-learning in implementation throughout the Group	16.5
Identify inappropriate behaviour	Introduction of a whistle-blowing programme throughout the Group	30.09.2016	Successfully completed: all reports in all regions are handled in accordance with whistle-blowing procedures	16.5
Compliance controls in processes	In all organisational units, implementation of separate compliance controls in processes exposed to special risks; ongoing assessment of control performance and effectiveness	30.09.2018	Measure in implementation: implementation in Austria completed; implementation in Bulgaria, Macedonia, Croatia and WTE in preparation	16.6
Optimise acceptance for compliance and organisational implementation of CMS	Evaluate previous implementation of CMS and demands on compliance through internal surveys and interviews with managers	30.12.2016	Measure in implementation: implementation in Austria completed; implementation in Bulgaria, Macedonia, Croatia and WTE in preparation	16.6
Third party due diligence	Implementation and roll-out of a system (technical and organisational) to evaluate business partners	30.09.2016	Successfully completed: implementation in Austria and WTE completed; implementation in Bulgaria, Macedonia and Croatia in preparation	–

Area of activity: Stakeholder dialogue

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
Continuous dialogue with all stakeholders	Regular dialogue with EVN advisory boards and through focus groups as well as regular stakeholder surveys on the materiality matrix	Ongoing	Measure in implementation: focus groups successfully completed; results will be integrated in the organisation; survey of major areas of activity in next financial year	–
Active communication and cooperation with other companies; organisation of and participation in CSR events	Exchange at external CSR events, participation in UN Global Compact (UNGC) steering committee	Ongoing	Measure in implementation: participation in UNGC Steering Committee, SDG working group, Austrian CSR Day 2016, respACT membership meetings, exchange of experience	17
Stakeholder dialogue on expansion of windpower plants	Together with the communications department, evn naturkraft is carrying out in-depth stakeholder processes (with citizens, municipalities, NGOs etc.)	Ongoing	Successfully completed	16.7

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
Create stakeholder understanding for projects by Netz NÖ	Organisation of stakeholder dialogues for larger projects (e.g. dialogue events with affected residents)	Ongoing	Measure in implementation: coordination of possible public meetings with local communities	16.7
EVN Croatia: increase dialogue and transparency	Stakeholder survey on the company's most important areas of activity	2015	Successfully completed	16.7

Area of activity: One EVN

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
Develop Group-wide CSR standards	Development of a Group-wide CSR organisation (organisation and processes) based on the structure in Austria; communication with CSR network officers in Bulgaria, Macedonia, Croatia and Germany	Ongoing	Measure in implementation: external and internal stakeholder surveys carried out in Bulgaria and Croatia; planned for WTE and EVN Macedonia in 2016/17	–
Integration, modernisation	Internal events and know-how transfer across divisions and borders	Ongoing	Measure in implementation	–
EVN Macedonia: internal branding	Introduction of EVN key values to increase employee motivation and anchor a common corporate culture	2015/16	Successfully completed	–

Area of activity: Human rights

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
Improve understanding of human rights requirements	Participation in UNGC events, analysis of guidelines on human rights followed by internal know-how transfer	2016/17	Measures in implementation: survey of status, analysis with CSR officers, development of a declaration of principle of human rights	–

Area of activity: Supply chain responsibility

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
Anchor integrity clause (incl. social, ecological and corruptions aspects) with all contractors	Ongoing adjustment of integrity clause and consistent integration in all framework agreements and orders	Ongoing	Measure in implementation	12.7
	Review of major contractors – new and those determined by the materiality matrix – for compliance with integrity clause	2017	Measure in implementation	12.7
	Follow-up training for failure to comply with key parts of the integrity clause	Ongoing	Measure in implementation: in connection with the review of compliance with the integrity clause	12.7

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
	Revision of control questionnaire for sustainable procurement	2017/18	Measure in implementation	12.7
	Revision of integrity clause	2017/18	Measure in implementation	12.7
	Reviews of tenders/contract awards as warranted	Ongoing	Measure in implementation	12.7
	Preparation of a self-declaration questionnaire based on the integrity clause	2017/18	Measure in implementation	12.7
	Self-declaration questionnaire as attachment for participants in top-level tenders	2018/19	Measure in implementation	12.7

Area of activity: Social commitment

Department target	Measures	Milestone Deadline	Status as of 30 September 2016	SDG
Kabelplus: support for social institutions	Kabelplus is adding new "k+" stickers to its 17,000 amplifiers/distribution switchboards in Lower Austria; this project was implemented by the Socius association, which thereby provided employment for job seekers in the 50+ segment for several months	2015/16	Successfully completed	1.2
EVN Bulgaria: increase interest in technical professions, improve quality of training, recruitment	Cooperation with schools, colleges and universities in Bulgaria	Ongoing	Measure in implementation: plant tours, advising of graduates, career days and sponsoring; 137 students from technical universities, colleges and secondary schools took part in plant tours during 2015/16	4.4
EVN Bulgaria: organise social activities in the supply areas in Bulgaria	"EVN for Bulgaria 2016": support programme for external social projects	2016	Measure in implementation: financing for four external social projects focused on energy efficiency which are particularly important for the region	1.4
EVN Croatia: participation in social activities	Support for rehabilitation centre: sport activities with young people; support for schools and universities with teaching materials; cooperation with the Technical University in Split: support for expansion of a laboratory	2017	Measure in implementation	4.7
WTE Wassertechnik: focus of social sponsoring activities on projects for the support of children and young people in Germany	WTE social fund with EUR 10,000 per year	Ongoing	Measure in implementation	4

Assurance statement

**refers to EVN Full Report 2015/16,
financial year 1 October 2015 to 30 September 2016**

To the readers of the sustainability part of the full report of EVN AG.

Scope and criteria of the statement

TÜV SÜD Landesgesellschaft Österreich GmbH was commissioned by EVN AG to verify and assure its Full Report 2015/16, in particular those sections contain Corporate Social Responsibility (CSR) relevant topics and the GRI Index, for the financial year 2015/16, starting 1 October 2015 and ending by 30 September 2016.

The Report relates to the CSR data and information for all activities of EVN regarding power production and distribution, heat production and supply, water purification and water supply and waste incineration.

From a geographical standpoint the Report covers EVN's main activities in Austria, Germany, Bulgaria, Macedonia and other countries controlled from Austria.

Management responsibility

EVN's management was responsible for preparing the Report and for maintaining effective internal controls of the data and information disclosed. TÜV SÜD's responsibility was to carry out an assurance engagement on the Report in accordance with our contract with EVN.

Ultimately, the Report has been approved by, and remains the responsibility of EVN AG.

Approach

The assurance was undertaken against the Global Reporting Initiative – G4 Sustainability Reporting Guidelines 2013 (GRI G4) and GRI's G4 sector disclosures „Electric Utilities“ 2013.

The objectives of the assurance engagement were to:

- Confirm that the Report meets the requirements of GRI G4, option “comprehensive”
- Validate EVN's sustainability data and CSR-Information.

Our assurance is based on samples and covered the following activities:

- Reviewing the stakeholder engagement process and related information
- Reviewing EVN's CSR materiality matrix
- Evaluating EVN's material issues
- Understanding how EVN determines, responds and reports on their material issues
- Interviewing a selection of employees at EVN in Austria and abroad
- Auditing EVN's data management processes and reviewing supporting evidence made available by EVN.

Note 1: The verification was undertaken at EVN's head quarter in Maria Enzersdorf, Austria, in accordance with our contract and therefore did not include verifying data back to its original sources, nor did it assess the accuracy and completeness of the data reported by individual locations.

Note 2: Economic performance data were taken from the audited financial accounts directly.

- Assessing the use of performance data within EVN's business decision-making processes.
- Confirming that the GRI index allows stakeholders to access CSR performance indicators.

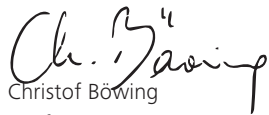
Level of assurance & materiality

The opinion expressed in this Assurance Statement has been derived on the base of a limited level of assurance and at the materiality of the professional judgement of the Verifier.

Audit opinion

Based on our assurance nothing has come to our attention that would cause us to believe that the Report does not meet GRI's G4 option "comprehensive" requirements or GRI's sector disclosure as we found nothing that would cause us to contradict this conclusion.

Finally we arrived at the conclusion, that EVN did not exclude material aspects in the report and the process yielded reliable CSR data.



Christof Böwing

Verifier

TÜV SÜD Landesgesellschaft Österreich GmbH



Landesgesellschaft
Österreich

Date: 17 November 2016

GRI G4 Content Index

The GRI G4 Content Index forms the underlying structure for EVN's Full Report 2015/16. It shows the sections of the report where information on the individual indicators can be found and also indicates which **aspects** and/or **indicators** are reported or not reported based on **materiality criteria**. **Partial omissions** are designated as such in the relevant sections of the report. All significant aspects and indicators were reviewed as part of an **audit** by **TÜV SÜD** (see page 224f). The GRI Index is also available on the Internet under www.evn.at/GRI-Content-Index.

General Standard Disclosure	Description	Reference to report page or online information	Additional notes
General Standard Disclosures			
Strategy and Analysis			
G4-1	Statement by the most senior decision-maker	28ff	
G4-2	Description of key impacts, risks and opportunities	101ff	
Organisational Profile			
G4-3	Name of the organisation	22ff	
G4-4	Overview of products	22ff	
G4-5	Location of the organisation's headquarters	22ff	
G4-6	Overview of significant operations	24f	The company's main operating locations are Austria, Bulgaria, Macedonia and Germany.
G4-7	Nature of ownership and legal form	43	
G4-8	Markets	24f	
G4-9	Scale of the organisation	22ff, front cover	
G4-10	Employment structure	58ff	
G4-11	Percentage of employees under collective agreements	63	
G4-12	Description of the supply chain	68f	
G4-13	Changes in the shareholder structure or supply chain Significant changes in the organisation		No major changes
G4-14	Precautionary principle	28ff, 50	
G4-15	Commitment to voluntary initiatives	35, 86	
G4-16	Active memberships	www.evn.at/EVN-Group/responsibility/CSR-strategy/Content.aspx	
EU1	Installed capacity	27	
EU2	Energy generation by primary energy source	110	
EU3	Number of customers	23ff	
EU4	Total length of transmission and distribution lines	22	
EU5	Allocation of CO ₂ emission allowances	88	
Identified Material Aspects and Boundaries			
G4-17	Companies included in the consolidated financial statements	199ff	
G4-18	Definition of report content	34, back cover	
G4-19	Material aspects	28f	
G4-20	Boundaries for all material aspects within the organisation	28f	
G4-21	Boundaries for all material aspects outside the organisation	28f	
G4-22	Restatements of information provided in previous reports		No significant restatement
G4-23	Changes in the scope and aspect boundaries		No major changes
Stakeholder Engagement			
G4-24	List of stakeholders	33	
G4-25	Selection of stakeholders	33	
G4-26	Stakeholder engagement	33ff, 35	
G4-27	Results of engagement	33ff	

General Standard Disclosure	Description	Reference to report page or online information	Additional notes
Report Profile			
G4-28	Reporting period	Back cover	
G4-29	Previous report	Back cover	
G4-30	Reporting cycle	Back cover	
G4-31	Contact for sustainability management	Back cover	
G4-32	GRI Index	226	
G4-33	External assurance	224f	
Governance			
G4-34	Governance structure and governance bodies, sustainability committees	75ff	
G4-35	Process for sustainability management – responsibilities and implementation process starting from the highest governance body	86	
G4-36	Reporting on economic, environmental and social topics to the highest governance body	86	
G4-37	Processes for consultation between stakeholders and the highest governance body	33f	
G4-38	Composition of the highest governance body and its committees	75ff	
G4-39	Separation between Supervisory Board and Executive Board	75ff	
G4-40	Nomination and selection processes for the highest governance body	75ff	
G4-41	Processes to avoid conflicts of interest	75ff	
G4-42	Responsibilities of the highest governance body in defining goals, values and strategies related to economic, environmental and social impacts	86	
G4-43	Development of the highest governance body's collective knowledge in connection with sustainability	86	
G4-44	Evaluation of the highest governance body's performance with regard to sustainable development	87	
G4-45	Role of the highest governance body in the identification and management of economic, environmental and social impacts, risks, and opportunities	35	
G4-46	Role of the highest governance body in reviewing risk management processes for economic, environmental and social risks	101	
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	103	
G4-48	Highest committee or position that formally reviews and approves the sustainability report	87	
G4-49	Process for communicating critical concerns to the highest governance body	86	
G4-50	Nature and total number of critical concerns communicated to the highest governance body	86	
G4-51	Remuneration policies for the highest governance body and senior executives	76, 78, 82f	
G4-52	Determination of remuneration	82f	
G4-53	Inclusion of stakeholders' views regarding remuneration	86f	
G4-54	Ratio of the annual total compensation for the highest-paid individual to the median annual total compensation for all employees	63	
G4-55	Ratio of percentage increase in annual total compensation for the highest-paid individual to the median percentage increase in annual total compensation for all employees	63	
Ethics and Integrity			
G4-56	Code of Conduct	28, 45	
G4-57	Internal and external processes for compliance and integrity	45	
G4-58	Mechanisms for reporting concerns on integrity	46	

Specific Standard Disclosure	Description	Reference to report page or online information	Additional notes
Specific Standard Disclosures			
CATEGORY: ECONOMIC			
Economic Performance		92ff, 121ff	
G4-EC1	Direct economic value generated and distributed	47	
G4-EC2	Financial implications and other risks and opportunities posed by the climate change	101	
G4-EC3	Coverage of the organisation's obligations from the defined benefit pension plan	64	
G4-EC4	Financial assistance received from the government	48	
Market Presence		24ff	
G4-EC5	Ratio of entry level wage by gender to minimum wage at significant locations	63	
G4-EC6	Percentage of senior management at significant locations of operation that are hired from the local community	64f	
Indirect Economic Impacts		47f	
G4-EC7	Development and impact of significant infrastructure investments and services supported	47	
G4-EC8	Type and scope of significant indirect economic impacts	47	
Procurement Practices		68ff	
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	68	
Availability and Reliability		28ff	
EU10	Planned capacity in relation to expected demand	30f	
Demand Side Management		100f	
Research and Development		100f	
Plant Decommissioning			Not relevant; EVN does not operate any nuclear power plants
System Efficiency			
EU11	Efficiency of thermal power generation plants	51	
EU12	Efficiency of long-distance lines and distribution networks	39	
CATEGORY: ENVIRONMENTAL			
Materials			
G4-EN1	Materials used by weight and volume	53	
G4-EN2	Percentage of recycled input materials in relation to total materials used	53	
Energy			
G4-EN3	Energy consumption within the organisation	52f	
G4-EN4	Energy consumption outside the organisation		N/a due to the company's business activities
G4-EN5	Energy intensity	52f	
G4-EN6	Reduction of energy consumption	52f	
G4-EN7	Reduction in the energy requirements of products and services		N/a due to the company's business activities
Water			
G4-EN8	Total water withdrawal by source	53f	
G4-EN9	Water sources significantly affected by withdrawal of water	54	
G4-EN10	Percentage and total volume of water recycled and reused	54	

Specific Standard Disclosure	Description	Reference to report page or online information	Additional notes
Biodiversity			
G4-EN11	Locations adjacent to protected areas and areas with high biodiversity value outside protected areas	55	
G4-EN12	Description of significant impact of business activities, production and services on biodiversity	54	
EU13	Biodiversity of replacement areas	55	
G4-EN13	Protected or restored habitats	54f	
G4-EN14	Number of IUCN red list species and national conservation list species with habitats in areas affected by business operations	55	
Emissions			
G4-EN15	Direct greenhouse gas emissions (Scope 1)	50ff	
G4-EN16	Indirect energy-related greenhouse gas emissions (Scope 2)	50ff	
G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	50ff	
G4-EN18	Intensity of greenhouse gas emissions	50ff	
G4-EN19	Reduction of greenhouse gas emissions	50ff	
G4-EN20	Emissions of ozone-depleting substances		All EVN plants are closed plants
G4-EN21	NO _x , SO _x and other significant air emissions	50ff	
Wastewater and Waste			
G4-EN22	Total water discharge by quality and destination	56f	
G4-EN23	Waste	56	
G4-EN24	Total number and volume of significant spills	56	
G4-EN25	Exports/imports of hazardous waste	56	
G4-EN26	Identity, size, protected status and biodiversity of water bodies and related habitats significantly affected by the organisation	57	
Products and Services			
G4-EN27	Reduction of environmental impacts of products	Not reported due to classification in the materiality matrix	
G4-EN28	Percentage of reclaimed products sold and their packaging materials by category		N/a due to the company's business activities
Compliance			
G4-EN29	Fines and non-monetary sanctions for non-compliance with environmental laws and regulations		No relevant incidents
Transport			
G4-EN30	Significant environmental impacts of transportation		N/a due to the company's business activities
Total			
GN-EN31	Total expenditures and investments for environmental protection	57	
Supplier Environmental Assessment			
G4-EN32	Percentage of suppliers screened using environmental criteria	69f	
G4-EN33	Environmental impacts of the supply chain	Not reported due to classification in the materiality matrix	
Environmental Grievance Mechanisms			
G4-EN34	Number of complaints about environmental impacts	Not reported due to classification in the materiality matrix	

Specific Standard Disclosure	Description	Reference to report page or online information	Additional notes
CATEGORY: SOCIAL			
Labour Practices and Decent Work			
Employment			
G4-LA1	Total staff and fluctuation	58, 60	
G4-LA2	Benefits provided only to full-time employees	64	
EU14	Securing skilled labour requirements	64f	
EU15	Percentage of employees who will retire in the next five to ten years	61	
EU17	Work days of subcontractors and suppliers for construction, servicing and maintenance	70f	
EU18	Subcontractors and suppliers who have participated in health and safety training programmes	70f	
G4-LA3	Percentage of employees who return to work and remain after parental leave	63	
Labour-Management Relations			
G4-LA4	Minimum notice periods regarding changes in collective agreements	62f	
Occupational Health and Safety			
G4-LA5	Percentage of employees represented in occupational safety committees	62f	
G4-LA6	Injuries, occupational diseases, lost days, absences and fatalities	66	
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	66	
G4-LA8	Health and safety topics covered in formal agreements with trade unions	66	
Training and Education			
G4-LA9	Training per employee	64	
G4-LA10	Programmes for skills management	64ff	
G4-LA11	Employees receiving regular reviews	65	
Diversity and Equal Opportunity			
G4-LA12	Diversity and equal opportunity	60f	
Equal Remuneration for Women and Men			
G4-LA13	Remuneration differences by gender	62f	
Supplier Assessment for Labour Practices			
G4-LA14	Percentage of suppliers screened using labour practices criteria	69f	
G4-LA15	Impacts on labour practices in the supply chain	Not reported due to classification in the materiality matrix	
Labour Practices Grievance Mechanisms			
G4-LA16	Number of complaints about labour practices	Not reported due to classification in the materiality matrix	
Human Rights			
Investments			
G4-HR1	Human rights in investments	46	
G4-HR2	Total number of training hours for employees devoted to human rights policies and procedures in the organisation	45	
Non-discrimination			
G4-HR3	Number of incidents of discrimination and actions taken	47	
Freedom of Association and Collective Bargaining			
G4-HR4	Right to association and collective bargaining	46f	

Specific Standard Disclosure	Description	Reference to report page or online information	Additional notes
Child Labour			
G4-HR5	Business locations and suppliers with a risk of child labour	Not reported due to classification in the materiality matrix	
Forced or Compulsory Labour			
G4-HR6	Business locations and suppliers with a risk of forced or compulsory labour	Not reported due to classification in the materiality matrix	
Security Practices			
G4-HR7	Security personnel who have received training in human rights	46	
Indigenous Rights			
G4-HR8	Incidents of violations involving rights of indigenous peoples	Not reported due to classification in the materiality matrix	
Human Rights Reviews			
G4-HR9	Business locations subject to human rights reviews	46	
Supplier Human Rights Assessment			
G4-HR10	Percentage of suppliers screened using human rights criteria	69f	
G4-HR11	Human rights impacts in the supply chain	Not reported due to classification in the materiality matrix	
Human Rights Grievance Mechanisms			
G4-HR12	Number of complaints regarding human rights impacts	Not reported due to classification in the materiality matrix	
Society			
Local Communities			
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programmes	35, 38	
EU22	Relocations	No relocations during the reporting period	
G4-SO2	Operations with significant negative impacts on local communities	35	
Anti-corruption			
G4-SO3	Assessed operations	46	
G4-SO4	Training on anti-corruption	45	
G4-SO5	Incidents of corruption	46	
Public Policy			
G4-SO6	Total value of political contributions by country and recipient	No relevant incidents	
Anti-competitive Behaviour			
G4-SO7	Anti-trust laws	48	
Compliance			
G4-SO8	Significant fines	49	
Disaster and Emergency Planning			
Supplier Assessment for Impacts on Society			
G4-SO9	Percentage of suppliers screened using criteria for impacts on society	69f	
G4-SO10	Impacts on society in the supply chain	Not reported due to classification in the materiality matrix	
Grievance Mechanisms for Impacts on Society			
G4-SO11	Number of complaints regarding impacts on society	Not reported due to classification in the materiality matrix	

Specific Standard Disclosure	Description	Reference to report page or online information	Additional notes
Product Responsibility			
Customer Health and Safety			
G4-PR1	Products assessed for health and safety impacts	40f	
G4-PR2	Incidents of non-compliance with product safety and customer health requirements	49	
EU25	Accidents at plants with damage to external persons	41	
Product and Service Labelling			
G4-PR3	Product information	40	
G4-PR4	Incidents of non-compliance with mandatory or voluntary labelling requirements for products and services	No relevant incidents	
G4-PR5	Customer satisfaction surveys	37f	
Marketing			
G4-PR6	Sale of banned or disputed products	40	
G4-PR7	Total number of incidents of non-compliance with mandatory or voluntary advertising requirements	No relevant incidents	
Customer Privacy			
G4-PR8	Total number of substantiated complaints received concerning breaches of customer privacy and the loss of customer data	No substantiated complaints	
Compliance			
G4-PR9	Fines for non-compliance with laws and regulations concerning the provision and use of products and services	49	
Access			
EU26	Population in sales area without electricity supply	Full coverage of basic energy supply for the populations can be assumed in all countries where EVN is the electricity supplier.	
EU27	Electricity disconnections due to payment arrears	39	
EU28	Frequency of power failures for regulatory reasons	39	
EU29	Average duration of a power failure	39	
EU30	Average availability of power stations	39	
Accessibility		36, 62	

About this report

EVN has published an integrated annual and sustainability report, a so-called "full report", for each financial year since 2009/10. The equal treatment of sustainability content, including the CSR programme, with the annual report and corporate governance report reflects EVN's self-image as a responsible energy and environmental services provider. A central element of EVN's integrated business model is the well-balanced treatment of its various stakeholder groups. The multifaceted and diverse information needs of these stakeholder groups are reflected in the structure of this full report. In addition, this report meets the high "Advanced Level" requirements defined by the UN Global Compact and also presents EVN's progress in meeting the relevant standards.

References

Additional information on certain topics is provided on EVN's homepage and cross-referenced in this report. The full report also includes references to the GRI standards and to other information within the report. Different reference signs are used to facilitate the reader's orientation inside and outside the report. The signs used in this full report are listed below:

- Reference to additional information in the full report
- Reference to content on the Internet
- △ Reference to the GRI standards

Printing

The 2015/16 full report was printed according to the cradle-to-cradle principle. That means only pollutant-free and recyclable materials were used in the printing process.

Scope of the report

EVN's financial year begins on 1 October and ends on 30 September. The components of the integrated financial and sustainability report is based on EVN's scope of consolidation as of

30 September 2016, in accordance with consolidation regulations. Information on the scope of consolidation is provided in the notes.

This report meets the requirements of the Global Reporting Initiative (GRI) Version 4 "comprehensive" and includes the additional GRI indicators for the utility industry (Electric Utility Sector Supplements). EVN's objective is to provide detailed information on the subjects that are of key importance to its stakeholders. The reporting content is based on legal requirements, the information needs of stakeholders and the most important areas of activity in EVN's materiality matrix.

There were no material changes in the scope or presentation of information compared with the previous year's report. In agreement with the GRI reporting standards, information of low importance is not provided in order to maximise relevance and transparency by concentrating on the most significant issues. The indicators that are not applicable to EVN are designated as such in the GRI Content Index at the end of this report.

The Accounting Department, Controlling Department, Human Resources Management and Environmental Protection and Controlling Department were responsible for the collection and calculation of data. The data are based on the GRI indicator protocol, which was applied as completely as possible. Compliance with this reporting standard and the related criteria was reviewed and confirmed by TÜV SÜD.

EVN also believes in equal gender treatment in its internal and external publications, including this full report. Any statements made in the male form to improve readability refer equally to both genders.

The editorial deadline for this report was 17 November 2016.

- For information on EVN's materiality matrix, see page 28f
- For the CSR assurance statement, see page 224f
- For the GRI Content Index, see page 226ff
- For information on the Global Reporting Initiative, see www.globalreporting.org

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We have put together this full report with the greatest possible diligence, and have checked the data. Nevertheless, rounding off, compositor's or printing errors can not be excluded. In the summing up of rounded amounts and percentages, the application of automatic calculating devices could result in rounding-off differences. This full report also contains forward-looking statements, estimates and assumptions which are based on all the information available to us at the time when this document was completed. Such statements are typically made in connection with terms such as "expect", "estimate", "plan", "anticipate" etc. We would like to point out that, due to variety of different factors, the performance and results achieved by the company may differ from the expectations and forward-looking statements contained in this report. This full report is also available in German. In case of doubt, the definitive version is the German one.

Editorial deadline: 17 November 2016

Publishing date: 13 December 2016

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www.evn.at

www.investor.evn.at

www.verantwortung.evn.at

Online report

EVN online Full Report 2015/16

www.investor.evn.at/gb/gb2016

Financial calendar 2016/17¹⁾

Record date Annual General Meeting	09.01.2017	Results Q. 1 2016/17	28.02.2017
88 th Annual General Meeting	19.01.2017	Results HY. 1 2016/17	24.05.2017
Ex-dividend day	25.01.2017	Results Q. 1–3 2016/17	24.08.2017
Record date	26.01.2017	Annual results 2016/17	14.12.2017
Dividend payment	27.01.2017		

EVN share – basic information²⁾

Share capital	330,000,000.00 EUR
Denomination	179,878,402 shares
Identification Number (ISIN)	AT0000741053
Tickers	EVNVI (Reuters); EVN AV (Bloomberg); AT; EVN (Dow Jones); EVNVY (ADR)
Stock exchange listing	Vienna
ADR programme; depositary	Sponsored Level I ADR programme (5 ADR = 1 share); The Bank of New York Mellon
Ratings	A3, stable (Moody's); BBB+, stable (Standard & Poor's)

1) Preliminary

2) As of 30 September 2016

