

# New Challenges. New Opportunities. New Horizons.

Letter to Shareholders HY. 1 2018/19  
1 October 2018 – 31 March 2019  
Half-year financial report



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# Key figures

		2018/19 HY. 1	2017/18 HY. 1	+/- %	2018/19 Q. 2	2017/18 Q. 2	+/- %	2017/18
<b>Sales volumes</b>								
Electricity generation volumes	GWh	2,976	3,318	-10.3	1,427	1,631	-12.5	5,526
thereof from renewable energy	GWh	1,184	1,167	1.5	664	590	12.7	2,213
Electricity sales volumes to end customers	GWh	10,710	10,155	5.5	5,692	5,461	4.2	18,413
Natural gas sales volumes to end customers	GWh	4,002	4,413	-9.3	2,252	2,518	-10.6	5,178
Heat sales volumes to end customers	GWh	1,569	1,630	-3.7	852	902	-5.6	2,219
<b>Consolidated statement of operations</b>								
Revenue <sup>1)</sup>	EURm	1,246.1	1,249.0	-0.2	650.1	656.5	-1.0	2,078.7
EBITDA	EURm	330.3	470.8	-29.9	167.1	239.2	-30.2	671.8
EBITDA margin <sup>2)</sup>	%	26.5	37.7	-11.2	25.7	36.4	-10.7	32.3
Results from operating activities (EBIT)	EURm	198.1	340.3	-41.8	100.6	174.4	-42.3	392.9
EBIT margin <sup>2)</sup>	%	15.9	27.2	-11.4	15.5	26.6	-11.1	18.9
Result before income tax	EURm	175.0	315.3	-44.5	93.1	161.1	-42.2	355.7
Group net result	EURm	129.0	229.4	-43.8	69.8	117.2	-40.4	254.6
Earnings per share	EUR	0.72	1.29	-43.8	0.39	0.66	-40.4	1.43
<b>Statement of financial position</b>								
Balance sheet total	EURm	7,532.2	6,753.9	11.5	7,532.2	6,753.9	11.5	7,831.1
Equity	EURm	4,160.6	3,428.7	21.3	4,160.6	3,428.7	21.3	4,092.6
Equity ratio <sup>2)</sup>	%	55.2	50.8	4.5	55.2	50.8	4.5	52.3
Net debt <sup>3)</sup>	EURm	1,041.3	1,128.2	-7.7	1,041.3	1,128.2	-7.7	963.7
Gearing <sup>2)</sup>	%	25.0	32.9	-7.9	25.0	32.9	-7.9	23.5
<b>Cash flow and investments</b>								
Gross cash flow	EURm	389.2	438.4	-11.2	188.5	205.3	-8.2	560.3
Net cash flow from operating activities	EURm	107.1	253.9	-57.8	114.7	138.5	-17.2	603.5
Investments <sup>4)</sup>	EURm	134.5	136.0	-1.2	54.9	74.1	-25.9	356.4
<b>Share performance</b>								
Share price at 31 March	EUR	12.98	15.86	-18.2	12.98	15.86	-18.2	16.88
Value of shares traded <sup>5)</sup>	EURm	91.8	100.9	-9.0	-	-	-	169.7
Market capitalisation at 31 March	EURm	2,335	2,853	-18.2	2,335	2,853	-18.2	3,036
<b>Employees</b>	∅	<b>6,876</b>	<b>6,818</b>	<b>0.9</b>	<b>6,831</b>	<b>6,811</b>	<b>0.3</b>	<b>6,831</b>

1) The comparative information for the first half-year of 2017/18 and for the 2017/18 financial year was adjusted – see the section on “Changes in presentation of the consolidated financial statements and adjustment of prior year data”.

2) Changes reported in percentage points

3) Incl. non-current personnel provisions

4) In intangible assets and property, plant and equipment

5) Vienna Stock Exchange, single counting

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# Highlights

## Business development in the first half of 2018/19

- Development in line with expectations – after two financial years which were influenced by non-recurring effects – return in Group net result for 2018/19 to the long-term level as forecasted
- Revenue nearly stable, decline in EBITDA (–29.9%), EBIT (–41.8%) and Group net result (–43.8%)

## Operations influenced by different factors

- Energy sector results influenced by mild weather
- Earnings development in Networks Segment slowed by price and volume effects
- Very good wind flows offset lower earnings contribution from thermal generation
- Contractual supply of thermal power plants in winter half-year 2018/19 substantially below previous year (430 MW vs. 1,090 MW in 2017/18)
- Deployment of reserve capacity for southern Germany no longer possible due to separation of the German-Austrian electricity price zone as of 1 October 2018

## Increase in wholesale prices leads to decline in results from sales activities

- Negative effect from valuation of hedges held by EVN KG as of 31 March 2019
- Higher procurement costs for electricity and natural gas will be passed on to household customers as of 1 June 2019 within the framework of EnergieAllianz

## Continued dynamic expansion of wind power generation capacity

- Installed capacity rises to 336 MW
- Construction on three further wind parks with a total capacity of 31 MW proceeding on schedule

## Investment strategy with clear focus on regulated and stable activities

- Annual investments of up to EUR 400m over the coming years
- Thereof roughly EUR 300m annually for network infrastructure, renewable generation and drinking water supplies in Lower Austria

## Improvement in framework conditions for natural gas network operations in Croatia

- Concession to supply the Split-Dalmatia and Šibenik-Knin counties extended from 30 to 50 years (term now ends in 2060)

## Decision in arbitration proceedings against the Republic of Bulgaria

- Out-of-court settlement already achieved in February 2017 with the state-owned Bulgarian electricity company NEK over parts of the claims
- No further compensation for claims according to the decision by the arbitration court on 10 April 2019

## Successes in the international project business

- Transfer of a completed wastewater treatment plant project in Croatia
- Orders received for four new general contractor assignments in Poland and Lithuania with a total value of approximately EUR 65m<sup>1)</sup>

## Improved ratings from both rating agencies

- Standard & Poor's: Rating upgraded from A– to A, stable outlook<sup>1)</sup>
- Moody's: Rating upgraded from A2 to A1, stable outlook<sup>2)</sup>
- EVN's goal is to maintain solid A category ratings in the future

## Outlook on the 2018/19 financial year confirmed

- The 2017/18 financial year was positively influenced by a strong rise in energy prices, in particular during the second half-year. This led to an exceptional non-cash effect on earnings from the valuation of hedges as of the reporting date. Against this background and assuming average conditions in the energy business environment, Group net result for 2018/19 is expected to range from EUR 160m to EUR 180m.
- However, Group net result could be significantly influenced by the future regulatory background in South East Europe and the progress of activities in Moscow.

1) As of April 2019

2) As of May 2019

# Interim management report

## General business and energy sector environment

<b>GDP growth</b>	%	<b>2020f</b>	<b>2019e</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
EU-28 <sup>1)2)</sup>		1.7	1.4–1.5	2.0–2.1	2.6	2.1
Austria <sup>2)3)</sup>		1.6–1.8	1.5–1.7	2.7	2.6	2.0
Bulgaria <sup>1)2)4)5)</sup>		2.5–3.4	3.0–3.3	3.1–3.3	3.8	3.9
Croatia <sup>1)2)4)6)</sup>		2.0–2.5	2.5–2.6	2.6–2.7	2.9	3.5
North Macedonia <sup>5)6)</sup>		3.1–3.2	2.9–3.0	2.5–2.7	0.2	2.8

1) Source: "European Economic Forecast, Spring 2019", EU-Commission, May 2019

2) Source: "Prognose der österreichischen Wirtschaft 2019–2020", IHS, March 2019

3) Source: "Prognose für 2019 und 2020: Stabilisierung der Konjunktur im 2. Halbjahr 2019", WIFO, March 2019

4) Source: "Strategie Österreich & CEE 2. Quartal 2019", Raiffeisen Research, March 2019

5) Source: "Global Economic Prospects", World Bank, January 2019

6) Source: "World Economic Outlook", International Monetary Fund, April 2019

### General business environment

The global economy lost substantial momentum during the second half of 2018. Growth continued at a sound pace in the USA – primarily due to strong fiscal impulses – but slowed in the European Union. The generally high uncertainty, for example concerning the terms of the Brexit and the further development of trade conflicts, was reflected in a worsening of economically relevant sentiment indicators. According to economic forecasters, GDP growth in the European Union should decline from approximately 2% in 2018 to roughly 1.4% in 2019 and then rise slightly to 1.7% in 2020.

The current political and economic uncertainties also represent a significant downward risk for the Austrian economy. In actual fact, the domestic economy began to weaken in 2018 after a strong start at the beginning of the year. The less optimistic economic outlook for the eurozone is felt primarily by the export-oriented Austrian industrial sector. In contrast, consumer confidence is steady at a high level and, in particular, private consumption continues to provide key support for the economy. The expectations for Austria reflect the forecasts for the European Union: Growth should range from 1.5% to 1.7% in 2019 before increasing slightly to 1.6% to 1.8% in 2020.

<b>Energy sector environment</b>		<b>2018/19 HY.1</b>	<b>2017/18 HY.1</b>	<b>2018/19 Q.2</b>	<b>2017/18 Q.2</b>
<b>Temperature-related energy demand<sup>1)</sup></b>					
Austria	%	93.6	107.8	97.0	112.7
Bulgaria	%	94.0	95.8	88.4	99.4
North Macedonia	%	97.8	99.9	98.2	98.9
<b>Primary energy and CO<sub>2</sub> emission certificates</b>					
Crude oil – Brent	EUR/bbl	58.8	53.5	55.2	54.7
Natural gas – GIMP <sup>2)</sup>	EUR/MWh	22.0	20.5	19.2	21.9
Hard coal – API#2 <sup>3)</sup>	EUR/t	75.7	75.0	68.0	70.7
CO <sub>2</sub> emission certificates	EUR/t	21.0	8.6	22.8	9.8
<b>Electricity – EEX forward market<sup>4)</sup></b>					
Base load	EUR/MWh	47.0	35.6	49.3	36.8
Peak load	EUR/MWh	59.4	45.7	62.2	43.7
<b>Electricity – EPEX spot market<sup>5)</sup></b>					
Base load	EUR/MWh	53.3	34.4	46.6	35.6
Peak load	EUR/MWh	63.0	45.2	55.3	44.1

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

<b>EVN's key energy business indicators</b>	<b>2018/19</b>	<b>2017/18</b>	<b>+/-</b>		<b>2018/19</b>	<b>2017/18</b>	<b>+/-</b>
GWh	<b>HY. 1</b>	<b>HY. 1</b>	nominal	%	<b>Q. 2</b>	<b>Q. 2</b>	%
<b>Electricity generation volumes</b>	<b>2,976</b>	<b>3,318</b>	<b>342</b>	<b>-10.3</b>	<b>1,427</b>	<b>1,631</b>	<b>-12.5</b>
Renewable energy sources	1,184	1,167	18	1.5	664	590	12.7
Thermal energy sources	1,792	2,151	-359	-16.7	762	1,041	-26.8
<b>Network distribution volumes</b>							
Electricity	12,297	12,329	-32	-0.3	6,355	6,458	-1.6
Natural gas <sup>1)</sup>	10,695	12,418	-1,723	-13.9	5,307	6,511	0.4
<b>Energy sales volumes to end customers</b>							
<b>Electricity</b>	<b>10,710</b>	<b>10,155</b>	<b>554</b>	<b>5.5</b>	<b>5,692</b>	<b>5,461</b>	<b>4.2</b>
thereof Central and Western Europe <sup>2)</sup>	4,099	3,748	350	9.4	2,184	2,000	9.2
thereof South Eastern Europe	6,611	6,407	204	3.2	3,508	3,461	1.3
<b>Natural gas</b>	<b>4,002</b>	<b>4,413</b>	<b>-411</b>	<b>-9.3</b>	<b>2,252</b>	<b>2,518</b>	<b>-10.6</b>
<b>Heat</b>	<b>1,569</b>	<b>1,630</b>	<b>-61</b>	<b>-3.7</b>	<b>852</b>	<b>902</b>	<b>-5.6</b>
thereof Central and Western Europe <sup>2)</sup>	1,394	1,452	-58	-4.0	752	792	-5.2
thereof South Eastern Europe	175	178	-3	-1.6	100	110	-8.3

1) Incl. network distribution volumes to EVN power plants

2) Central and Western Europe covers Austria and Germany.

The pattern of domestic demand-driven growth in Bulgaria remains unchanged. Consumption supported by rising wages and private household incomes continues to represent the main driver. The second key support for this economy is provided by the ongoing high volume of public sector investments. In light of these factors, the unemployment rate should hold steady at the current low level of 5.3%. The economic growth of approximately 3.2% in 2018 is expected to be followed by 3.0% to 3.3% in 2019 and 2.5% to 3.4% in 2020.

The expectations for Croatia are similarly positive. Household consumption and investment activity are the primary drivers for growth at the present time and are not expected to lose this standing in the near future. In view of the government's strategic goal to enter the eurozone as soon as possible, Croatian fiscal policy in 2019 will continue to focus on maintaining a nearly balanced budget and further reducing government debt. Forecasts point to GDP growth of 2.5% to 2.6% in 2019 and 2.0% to 2.5% in 2020.

North Macedonia recorded nearly zero growth in 2017. The political crisis left the government virtually incapable of acting in many areas and, for example, public infrastructure projects were postponed. The crisis, however, appears to have passed. Positive impulses are now provided, above all, by flourishing exports and a renewed increase in investments. The settlement of the name dispute with Greece has also been helpful in that it opens the way for accession negotiations with the European Union. Projections for growth range from 2.9% to 3.0% in 2019 and from 3.1% to 3.2% in 2020.

### Energy sector environment

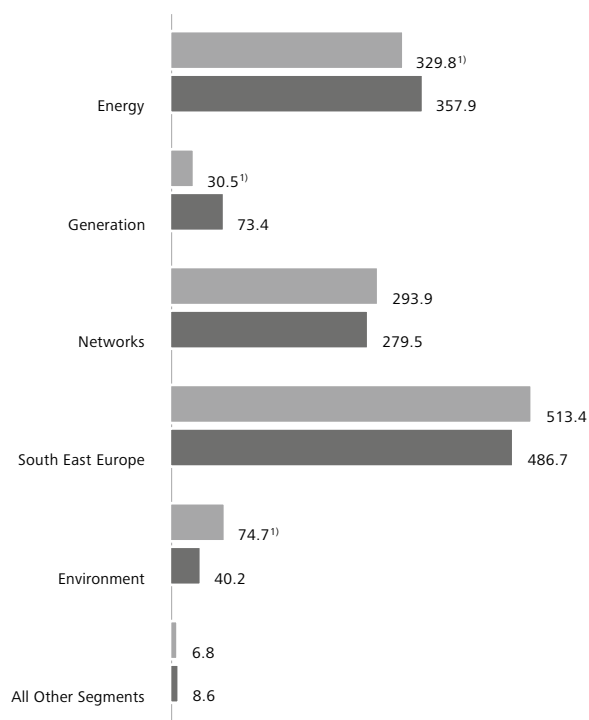
Temperatures in each of EVN's three core markets exceeded the long-term average during the first half of 2018/19. In Austria, the heating degree total – which defines the temperature-related demand for energy – fell by 14.2 percentage points year-on-year. The decline in South East Europe was more moderate: The heating degree total declined by 1.8 percentage points in Bulgaria and by 2.1 percentage points in North Macedonia.

The average EEX price for natural gas rose by 7.2% to EUR 22.0 per MWh in the first half of 2018/19. In contrast, average coal prices reflected the previous year at EUR 75.7 per tonne. The strong upward trend in the price of CO<sub>2</sub> emission certificates continued: At EUR 21.0 per tonne, prices were substantially higher than the previous year. This increase resulted from a reduction in the supply of emission certificates – owing to an artificial shortage – but was also related to the stronger economic growth and the related higher demand for certificates by the industrial sector. In addition, in February 2018 the European Parliament approved an even stronger reduction in the supply of emission certificates beginning in 2021.

The market prices for base load and peak load electricity also trended upward during the reporting period. Forward prices rose by 32.0% year-on-year to EUR 47.0 per MWh for base load electricity and by 30.1% to EUR 59.4 per MWh for peak load electricity. The spot market movements were even more pronounced with a year-on-year increase of 55.0% to EUR 53.3 per MWh in the price for base load electricity and 39.3% to EUR 63.0 per MWh in the price for peak load electricity. This development is attributable, above all, to the higher prices for CO<sub>2</sub> emission certificates and the increased procurement prices for primary energy carriers.

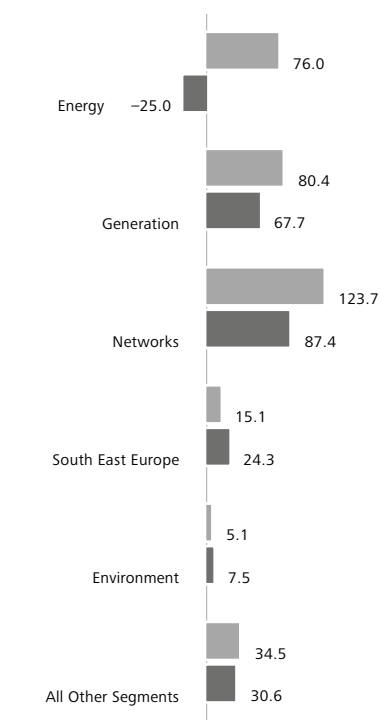
## External revenue by segments HY. 1

EURm  
2017/18  
2018/19



## EBIT by segments HY. 1

EURm  
2017/18  
2018/19



1) The comparative information was adjusted – see the section on “Changes in presentation of the consolidated financial statements and adjustment of prior year data”.

Electricity prices in Austria were higher than in Germany during the winter half-year due to the separation of the common Austrian-German price zone as of 1 October 2018; the further development must be monitored.

## Business development

### Statement of operations

#### Highlights

- Revenue: -0.2% to EUR 1,246.1m
- EBITDA: -29.9% to EUR 330.3m
- EBIT: -41.8% to EUR 198.1m
- Financial results: +7.9% to EUR -23.1m
- Group net result: -43.8% to EUR 129.0m

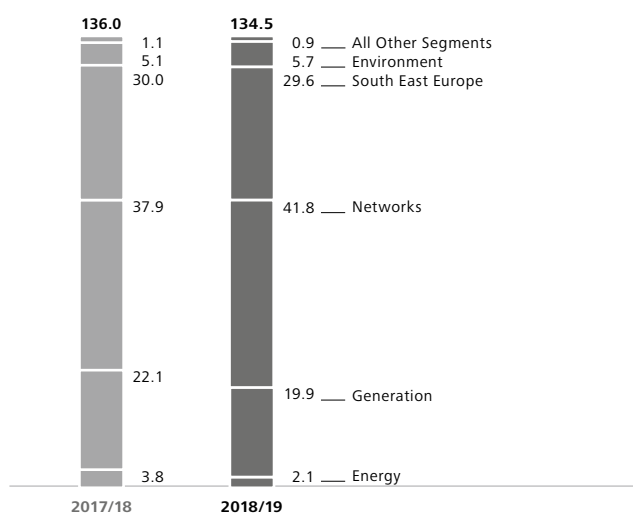
Revenue recorded by the EVN Group remained nearly stable in year-on-year comparison at EUR 1,246.1m in the first half of 2018/19 (previous year: EUR 1,249.0m). This development was based on contrary factors: Positive impulses were provided, for example, by increases in renewable generation, heat supplies and valuation effects from hedges for electricity generation. These impulses were contrasted by lower revenue from thermal generation, a price- and volume-related decline in the Networks Segment and a change in the calculation method for the so-called “green electricity mark-up” in Bulgaria which, however, has no effect on profit or loss (also see the comments on the South East Europe Segment).

Other operating income rose by 34.8% to EUR 61.4m, among others due to positive changes in inventories in the international project business.

The cost of electricity purchases from third parties and primary energy expenses were also influenced by contrary effects in the first half of 2018/19. Upstream network costs and the valuation

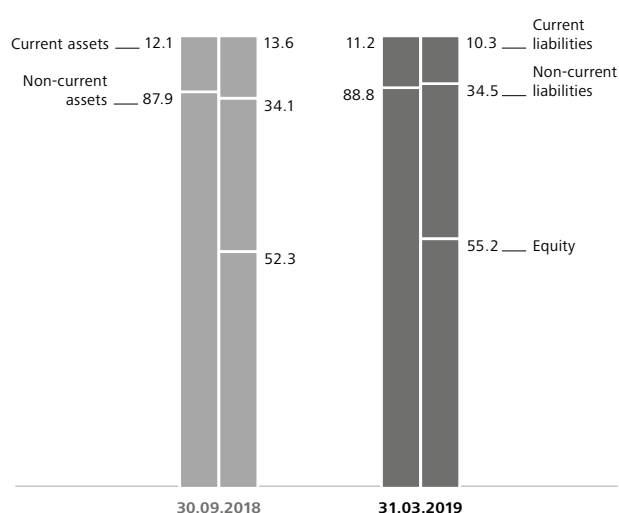
## Structure of investments HY. 1

%, total in EURm



## Balance sheet structure as of the balance sheet date

%



of hedges for primary energy carriers and CO<sub>2</sub> emission certificates were responsible for an increase, while the above-mentioned change in the calculation method for the green electricity mark-up in Bulgaria and the lower use of the thermal power plants led to a reduction. In total, this position was 7.8% higher than the comparable prior year period at EUR 637.0m.

The cost of materials and services was 1.8% lower at EUR 122.5m as a result of developments in the international project business.

Personnel expenses rose by 4.7% to EUR 162.9m due to adjustments required by collective agreements. The average number of employees increased slightly to 6,876 (previous year: 6,818 employees).

Other operating expenses fell by 6.1% to EUR 59.4m, among others due to a reduction in the write-off of receivables in South East Europe.

The share of results from equity accounted investees with operational nature fell to EUR 4.6m in the first half of 2018/19 (previous year: EUR 111.0m). This decline reflected the development of business in EVN KG during the first half of 2018/19, which was influenced by higher procurement costs and by

negative effects from the valuation of hedges as of 31 March 2019, in combination with a lower earnings contribution from RAG.

EBITDA recorded by the EVN Group declined to EUR 330.3m in the first half of 2018/19 (previous year: EUR 470.8m), and the EBITDA margin fell from 37.7% to 26.5%.

Scheduled depreciation and amortisation increased slightly to EUR 133.2m as the result of investments (previous year: EUR 129.9m). The effects of impairment testing were reduced during the reporting period by a reversal of impairments to reflect the extension of the concession in Croatia (also see the comments on the South East Europe Segment). The effects of impairment testing totalled EUR 1.0m (previous year: EUR -0.6m). EVN generated EBIT of EUR 198.1m in the first half of 2018/19 (previous year: EUR 340.3m).

Financial results improved from EUR -25.1m to EUR -23.1m.

The result before income tax declined by 44.5% year-on-year to EUR 175.0m. After the deduction of EUR 30.8m (previous year: EUR 69.6m) in income tax expense and the earnings attributable to non-controlling interests, Group net result for the period amounted to EUR 129.0m (previous year: EUR 229.4m).



### Statement of cash flows

Gross cash flow fell by 11.2% year-on-year to EUR 389.2m in the first half of 2018/19, primarily due to the decline in the result before income tax. A contrary effect was provided by lower non-cash results from equity accounted investees.

Cash flow from operating activities amounted to EUR 107.1m (previous year: EUR 253.9m) and was influenced by the negative development of working capital as of 31 March 2019.

Cash flow from investing activities reflected the reduction of investments in cash funds and in securities in the R 138 fund, following an increase in these investments during the previous year. The net investments in property, plant and equipment and in intangible assets – which focused on the network infrastructure, wind power and drinking water supplies – were slightly higher than the previous year. In total, cash flow from investing activities amounted to EUR 4.4m (previous year: EUR –196.7m).

Cash flow from financing activities totalled EUR –156.4m (previous year: EUR –118.3m) and included the dividend payment for the 2017/18 financial year as well as the scheduled repayment of financial liabilities.

Cash flow amounted to EUR –44.9m in the first half of 2018/19, and cash and cash equivalents totalled EUR 169.6m as of 31 March 2019. The EVN Group also had contractually agreed, undrawn credit lines of EUR 492.0m at its disposal to service potential short-term financing requirements.

### Statement of financial position

EVN's balance sheet total equalled EUR 7,532.2m as of 31 March 2019 and was 3.8% lower than on 30 September 2018.

The decrease is attributable in part to the development of non-current assets, which fell by 2.8% to EUR 6,692.2m largely due to the negative earnings contribution from EVN KG and this company's lower dividend for the 2017/18 financial year. Other non-current assets also declined in year-on-year comparison – the main reasons included reduced investments in long-term securities in the R 138 fund as well as a reduction in receivables from derivative transactions. This reduction reflected the lower valuation of derivatives in the energy business which was caused by the increase in wholesale prices. A further factor involved the reclassification of inventories to current assets. The Verbund shares reported under other investments were relatively stable at EUR 42.78 per share as of 31 March 2019 (30 September 2018: EUR 42.42 per share), as were intangible assets and property, plant and equipment.

Current assets declined by 11.5% to EUR 840.0m, chiefly due to a decrease in cash funds, cash and cash equivalents and receivables as of 31 March 2019. This was contrasted by a higher balance of inventories, which resulted from an increase in customer orders not yet invoiced, and from primary energy inventories, which were influenced, among others, by the above-mentioned reclassification of an inventory position from non-current to current assets.

Equity amounted to EUR 4,160.6m as of 31 March 2019 and, despite the dividend payment for the 2017/18 financial year, was 1.7% higher than on 30 September 2018. Positive factors included the earnings generated during the reporting period and measurement effects recognised directly in equity. The equity ratio equalled 55.2% as of 31 March 2019 (30 September 2018: 52.3%).

Non-current liabilities fell by 2.8% to EUR 2,596.5m in the first half of 2018/19. This decline resulted primarily from the reclassification of financial liabilities from non-current to current as well as a reduction in non-current liabilities from derivative transactions and non-current tax liabilities.

Current liabilities were 27.4% lower at EUR 775.1m, primarily owing to a decline in liabilities to equity accounted investees, trade payables and current liabilities from derivative transactions. These reductions were contrasted by an increase in current tax liabilities.

## Risk management report

pursuant to § 125 (4) of the Austrian Stock Exchange Act 2018 ("Börsegesetz 2018")

### Risk profile

The identified risk profile of the EVN Group is influenced primarily by normal industry risks and uncertainties and, above all, by political, legal and regulatory challenges. At the present time, no future risks can be identified that could endanger the continued existence of the EVN Group.

The overall risk profile has not changed significantly since the end of the previous financial year on 30 September 2018 and is therefore applicable to the remaining six months of the 2018/19 financial year. The major risks and uncertainties to which the Group is exposed are summarised in the following section, whereby the categorisation is based on the EVN risk management process.

## EVN's major risks and related risk management measures

Risk category	Description	Measure
<b>Market and competition risks</b>		
<b>Profit margin risk</b> (price and volume effects)	<p>Energy sales and production: failure to meet profit margin targets</p> <ul style="list-style-type: none"> <li>→ Procurement and selling prices (esp. for energy carriers and emission certificates) that are volatile and/or deviate from forecasts</li> <li>→ Weaker demand (above all due to weather/climate change, politics, reputation or competition)</li> <li>→ Decline in own generation</li> <li>→ Reduced project volume in the environmental services business (in particular due to market saturation, limited resources for infrastructure projects, non-inclusion in or failure to win tenders)</li> </ul>	Procurement strategy tailored to the market environment; hedging strategies; diversification of customer segments and business areas; product portfolio that reflects customer demands; longer-term sale of power plant capacity
<b>Supplier risk</b>	Cost overruns on planned projects; incomplete performance of contracted services or failure to meet contract obligations	Partnerships; contractual controls wherever possible; third party expert opinions
<b>Financial risks</b>		
<b>Foreign currency risks</b>	Transaction risks (foreign exchange losses) and translation risks on 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; hedging instruments
<b>Liquidity, cash flow and financing risk</b>	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 financing requirements (e. g. through credit lines)
<b>Market price risks</b>	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 guidelines
<b>Counterparty/credit risks</b> (default risks)	Complete or partial failure of a business partner or customer to provide the agreed performance	Contractual construction; credit monitoring and credit limit systems; regular monitoring of customer behaviour; hedging instruments; insurance; systematic diversification of business partners
<b>Investment risks</b>	Failure of a core subsidiary or holding company to meet profit targets	Representation on corporate bodies of the respective company
<b>Rating changes</b>	Higher refinancing costs due to rating downgrades	Ensuring compliance with key financial indicators
<b>Interest rate risks</b>	Changes in market rates; increase in interest expense; negative effects of low interest rates on the valuation of assets and provisions and on future tariffs	Use of hedging instruments; fixed interest rates in financing contracts
<b>Impairment risks</b>	Recognition of impairment losses to receivables, goodwill, investments, generation equipment and other assets (profitability/value significantly dependent on electricity and primary energy prices and energy sector framework conditions)	Monitoring via sensitivity analyses
<b>Guarantee risk</b>	Financial loss due to claim of contingent liabilities	Limit volume of guarantees as far as possible; routine monitoring

## EVN's major risks and related risk management measures

Risk category	Description	Measure
<b>Strategy and planning risks</b>		
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; ongoing 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 and interfaces; duplication	Process management; documentation; internal control system (ICS)
<b>Operating risks</b>		
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 breakdowns (own and third party), accidents	Supply interruptions; physical danger to persons or infrastructure through explosions/accidents	Technical upgrading at interfaces of the different networks; expansion and maintenance of network capacity
IT/security risks (incl. cybersecurity)	System losses; data loss or unintended 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; events for employees for the exchange of information and networking purposes; internal control system (ICS)
<b>External risks</b>		
Legislative, regulatory and political risks	Change in political and legal parameters and/or the regulatory environment (e. g. environmental laws, changes in the legal framework, shifting subsidy scheme, market liberalisation in South East Europe); political and economic instability; network operations: non-inclusion of actual operating costs in the network tariffs established by 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; regulatory and supervisory audits	Representation in local, regional, national and EU-wide interest groups; legal consulting
Social and general economic environment	Macroeconomic 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 ongoing monitoring

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## EVN's major risks and related risk management measures

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Risk category	Description	Measure
<b>Other risks</b>		
Granting of undue advantages, non-compliance, data protection incidents	Distribution of confidential internal information to third parties and the granting of undue advantages/corruption; violation of regulations for the protection of personal data	Internal control system; uniform guidelines and standards; Code of Conduct; compliance organisation
Project risk	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 partners	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

## Transactions with related parties

The material transactions with related companies and persons which require disclosure are presented in the notes.

## Segment reporting

### Overview

EVN's corporate structure comprises six reportable segments. In accordance with IFRS 8 "Operating Segments", they are differentiated and defined solely on the basis of the internal organisational

and reporting structure. Business activities which cannot be reported separately because they are below the quantitative thresholds are aggregated under "All Other Segments".

Business areas	Segments	Major activities
Energy business	Energy	<ul style="list-style-type: none"> <li>→ Marketing of electricity produced in the Generation Segment</li> <li>→ Procurement of electricity, natural gas and primary energy carriers</li> <li>→ Trading with and sale of electricity and natural gas to end customers and on wholesale markets</li> <li>→ Production and sale of heat</li> <li>→ 45.0% investment in ENERGIEALLIANZ Austria GmbH<sup>1)</sup></li> <li>→ Investment as sole limited partner in EVN Energievertrieb GmbH &amp; Co KG (EVN KG)<sup>1)</sup></li> </ul>
	Generation	<ul style="list-style-type: none"> <li>→ Generation of electricity from thermal production capacities and renewable energy sources at Austrian and international locations</li> <li>→ Operation of a thermal waste utilisation plant in Lower Austria<sup>2)</sup></li> <li>→ 13.0% investment in Verbund Innkraftwerke GmbH (Germany)<sup>1)</sup></li> <li>→ 49.0% investment in Walsum 10 hard coal-fired power plant (Germany)<sup>3)</sup></li> <li>→ 49.99% investment in Ashta run-of-river power plant (Albania)<sup>1)</sup></li> </ul>
	Networks	<ul style="list-style-type: none"> <li>→ Operation of distribution networks and network infrastructure for electricity and natural gas in Lower Austria</li> <li>→ Cable TV and telecommunication services in Lower Austria and Burgenland</li> </ul>
	South East Europe	<ul style="list-style-type: none"> <li>→ Operation of distribution networks and network infrastructure for electricity in Bulgaria and North Macedonia</li> <li>→ Sale of electricity to end customers in Bulgaria and North Macedonia</li> <li>→ Generation of electricity from hydropower in North Macedonia</li> <li>→ Generation, distribution and sale of heat in Bulgaria</li> <li>→ Construction and operation of natural gas networks in Croatia</li> <li>→ Energy trading for the entire region</li> </ul>
Environmental services business	Environment	<ul style="list-style-type: none"> <li>→ Water supply and wastewater disposal in Lower Austria</li> <li>→ International project business: planning, construction, financing and/or operation (depending on the project) of plants for drinking water supplies, wastewater treatment and thermal waste utilisation</li> </ul>
Other business activities	All Other Segments	<ul style="list-style-type: none"> <li>→ 50.03% investment in RAG-Beteiligungs-Aktiengesellschaft, which holds 100% of the shares in RAG Austria AG (RAG)<sup>1)</sup></li> <li>→ 73.63% investment in Burgenland Holding AG, which holds a stake of 49.0% in Energie Burgenland AG<sup>1)</sup></li> <li>→ 12.63% investment in Verbund AG<sup>4)</sup></li> <li>→ Corporate services</li> </ul>

1) The earnings contribution represents the share of results from equity accounted investees with operational nature and is included in EBITDA.

2) The thermal waste utilisation plant in Zwentendorf/Dürnrohr that was previously held in the Environment Segment was assigned to the Generation Segment beginning with the fourth quarter of 2017/18.

3) The investment in Steag-EVN Walsum 10 Kraftwerksgesellschaft is accounted for as a joint operation.

4) Dividends are included under financial results.

## Energy

### Highlights

- Higher electricity sales volumes, temperature-related decline in natural gas and heat sales volumes
- Valuation effects from hedges
- EBITDA, EBIT and result before income tax below previous year

Energy sales volumes to end customers followed different trends in the first half of 2018/19. Electricity sales volumes rose by 9.4% year-on-year to 4,099 GWh, while natural gas sales volumes fell by 9.6% to 3,944 GWh and heat sales volumes by 4.0% to 1,394 GWh. The declines were due, above all, to temperatures that were substantially milder than the previous year.

Revenue in the Energy Segment rose by 7.9% over the previous year to EUR 360.5m in spite of a decline in sales of the electricity and heat generated by EVN. Operating expenses increased by

7.0% to EUR 333.7m. In both cases, in addition to the upward trend in market prices, the increases resulted primarily from effects from the valuation of hedges as of 31 March 2019.

The share of results from equity accounted investees with operational nature totalled EUR –42.2m in the first half of 2018/19 (previous year: EUR 63.5m). This decline resulted chiefly from higher primary energy prices and the subsequent increase in procurement costs and from negative effects from the valuation of hedges held by EVN KG. EBITDA in this segment amounted to EUR –15.3m for the reporting period (previous year: EUR 85.7m).

Scheduled depreciation and amortisation reflected the prior year level at EUR 9.6m. EBIT in the Energy Segment equalled EUR –25.0m (previous year: EUR 76.0m).

Financial results improved from EUR –2.1m to EUR –0.9m in the first half of 2018/19, and the result before income tax totalled EUR –25.9m (previous year: EUR 73.9m).

Investments in this segment were 35.0% lower year-on-year at EUR 3.5m and focused entirely on the expansion of the heating plants and networks.

Key indicators – Energy		2018/19	2017/18	+/-		2018/19	2017/18	+/-
		HY. 1	HY. 1	nominal	%	Q. 2	Q. 2	%
<b>Key energy business indicators</b>	GWh							
<b>Energy sales volumes to end customers</b>								
Electricity		4,099	3,748	350	9.4	2,184	2,000	9.2
Natural gas		3,944	4,365	-420	-9.6	2,222	2,493	-10.9
Heat		1,394	1,452	-58	-4.0	752	792	-5.2
<b>Key financial indicators</b>	EURm							
External revenue <sup>1)</sup>		357.9	329.8	28.2	8.5	189.6	180.6	5.0
Internal revenue		2.6	4.3	-1.7	-39.7	1.4	2.3	-41.3
<b>Total revenue<sup>1)</sup></b>		<b>360.5</b>	<b>334.1</b>	<b>26.4</b>	<b>7.9</b>	<b>191.0</b>	<b>182.9</b>	<b>4.4</b>
Operating expenses <sup>1)</sup>		-333.7	-311.9	-21.8	-7.0	-171.7	-172.9	0.7
Share of results from equity accounted investees with operational nature		-42.2	63.5	-105.6	-	-28.6	27.2	-
<b>EBITDA</b>		<b>-15.3</b>	<b>85.7</b>	<b>-101.0</b>	<b>-</b>	<b>-9.3</b>	<b>37.2</b>	<b>-</b>
Depreciation and amortisation including effects from impairment tests		-9.6	-9.7	0.1	0.9	-4.8	-4.8	0.2
<b>Results from operating activities (EBIT)</b>		<b>-25.0</b>	<b>76.0</b>	<b>-100.9</b>	<b>-</b>	<b>-14.2</b>	<b>32.4</b>	<b>-</b>
Financial results		-0.9	-2.1	1.2	57.6	-0.4	-1.5	75.3
<b>Result before income tax</b>		<b>-25.9</b>	<b>73.9</b>	<b>-99.7</b>	<b>-</b>	<b>-14.5</b>	<b>30.9</b>	<b>-</b>
Total assets		750.0	729.2	20.8	2.8	750.0	729.2	2.8
Total liabilities		642.7	622.8	19.9	3.2	642.7	622.8	3.2
Investments <sup>2)</sup>		3.5	5.3	-1.9	-35.0	2.0	3.1	-33.8

1) The comparative information was adjusted – see the section on “Changes in presentation of the consolidated financial statements and adjustment of prior year data”.

2) In intangible assets and property, plant and equipment

As of 1 June 2019 the higher procurement costs for electricity and natural gas will be passed on to household customers within the framework of EnergieAllianz.

## Generation

### Highlights

- Increase in electricity generation from renewable energy
  - Expansion of wind power capacity
  - Good wind flows
- Supply of 430 MW in reserve capacity to prevent shortages in the electricity network
- EBITDA, EBIT and result before income tax below previous year

by the expansion of EVN's wind power capacity. In the last few months alone, new wind parks were commissioned in Gänserndorf West (6 MW, repowering, December 2018), Au am Leithaberge (18 MW, December 2018) and Sommerein (33 MW, July 2018). Water flows exceeded the long-term average throughout the reporting period, but were unable to match the very good prior year level. Electricity generation from the thermal power plants declined by 21.7% to 1,560 GWh following a reduction in the reserve capacity under contract to prevent shortages. Since 1 October 2018, 430 MW from the natural gas plant in Theiss have served as reserve capacity for the Austrian transmission network (previous year: 1,090 MW of capacity reserved for southern Germany). The underlying contract initially covers three years. The thermal power plant capacities in Theiss and Korneuburg, which are currently not under contract to prevent shortages, have been deactivated and conserved due to the present market environment. In total, electricity generation in this segment was 13.2% lower year-on-year at 2,550 GWh in the first half of 2018/19.

Electricity generation from renewable energy rose by 4.5% to 991 GWh in the first half of 2018/19. This development was supported by a year-on-year increase in wind flows and, above all,

At the Group level, EVN covered 27.8% of the electricity sold during the reporting period with its own production (previous year: 32.7%). The share of renewable energy in the Group's total electricity production increased to 39.8% (previous year: 35.2%).

Key indicators – Generation		2018/19	2017/18	+/-		2018/19	2017/18	+/-
		HY. 1	HY. 1	nominal	%	Q. 2	Q. 2	%
<b>Key energy business indicators</b>		GWh						
Electricity generation volumes		2,550	2,939	-388	-13.2	1,200	1,445	-17.0
thereof renewable energy sources		991	948	43	4.5	563	469	20.1
thereof thermal energy sources		1,560	1,991	-431	-21.7	637	976	-34.8
<b>Key financial indicators</b>		EURm						
External revenue <sup>1)</sup>		73.4	30.5	43.0	-	39.8	13.6	-
Internal revenue		106.9	127.8	-21.0	-16.4	48.7	69.5	-29.9
<b>Total revenue<sup>1)</sup></b>		<b>180.3</b>	<b>158.3</b>	<b>22.0</b>	<b>13.9</b>	<b>88.6</b>	<b>83.1</b>	<b>6.5</b>
Operating expenses <sup>1)</sup>		-83.6	-56.6	-27.0	-47.8	-36.3	-27.5	-31.7
Share of results from equity accounted investees with operational nature		2.4	2.4	-0.1	-3.4	1.6	0.6	-
<b>EBITDA</b>		<b>99.0</b>	<b>104.2</b>	<b>-5.1</b>	<b>-4.9</b>	<b>53.9</b>	<b>56.2</b>	<b>-4.2</b>
Depreciation and amortisation including effects from impairment tests		-31.3	-23.8	-7.6	-31.8	-16.2	-11.6	-39.9
<b>Results from operating activities (EBIT)</b>		<b>67.7</b>	<b>80.4</b>	<b>-12.7</b>	<b>-15.8</b>	<b>37.7</b>	<b>44.6</b>	<b>-15.6</b>
Financial results		-8.0	-6.9	-1.1	-16.2	-3.7	-3.4	-9.1
<b>Result before income tax</b>		<b>59.7</b>	<b>73.5</b>	<b>-13.8</b>	<b>-18.8</b>	<b>34.0</b>	<b>41.2</b>	<b>-17.7</b>
Total assets		1,055.5	945.7	109.8	11.6	1,055.5	945.7	11.6
Total liabilities		783.5	663.5	120.0	18.1	783.5	663.5	18.1
Investments <sup>2)</sup>		31.1	33.7	-2.5	-7.6	6.5	25.2	-74.1

1) The comparative information was adjusted – see the section on “Changes in presentation of the consolidated financial statements and adjustment of prior year data”.

2) In intangible assets and property, plant and equipment

Revenue in the Generation Segment rose by 13.9% year-on-year to EUR 180.3m in the first half of 2018/19. This increase was supported by a positive contribution from renewable electricity generation and, in particular, by revenue from the thermal waste utilisation plant in Zwentendorf/Dürnrohr which has been included in this segment since the fourth quarter of 2017/18. This reclassification and a year-on-year rise in primary energy costs were responsible for an increase of 47.8% in operating expenses to EUR 83.6m.

The share of results from equity accounted investees with operational nature, at EUR 2.4m in the first half of 2018/19, reflected the prior year and was based primarily on the earnings contribution from Verbund Innkraftwerke GmbH. EBITDA in the Generation Segment totalled EUR 99.0m for the reporting period, which represents a year-on-year decline of 4.9%.

Depreciation and amortisation, including the effects of impairment tests, rose to EUR 31.3m (previous year: EUR 23.8m), also due to the inclusion of the thermal waste utilisation plant in this segment. In total, EBIT equalled EUR 67.7m (previous year: EUR 80.4m).

Financial results amounted to EUR –8.0m for the reporting period (previous year: EUR –6.9m). The result before income tax equalled EUR 59.7m, which represents a year-on-year decline of 18.8%.

Investments in this segment declined slightly from EUR 33.7m in the first half of 2017/18 to EUR 31.1m as of 31 March 2019. EVN's wind power generation capacity increased to 336 MW by the end of March 2019 (30 September 2018: 318 MW). The expansion towards the targeted 500 MW of wind power capacity – with 370 MW as the interim goal for the end of 2019/20 – is therefore on schedule.

## Networks

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### Highlights

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- Natural gas network distribution volumes negatively influenced by lower use of power plants and warm weather; slight decline in electricity distribution volumes
  - Revenue development also weakened by reduction in network usage fees
  - EBITDA, EBIT and result before income tax below previous year
- 

EVN recorded a decline in both electricity and natural gas network distribution volumes in Lower Austria during the first half of 2018/19. The decline in electricity network distribution volumes was relatively low with a minus of 1.4% to 4,545 GWh, but more substantial for natural gas with a minus of 14.2% to 10,567 GWh. These lower volumes are primarily attributable to the milder temperatures and the reduced use of EVN's natural gas-fired power plants to support network stabilisation.

The compensation for network sales volumes in the first quarter of 2018/19 was still based on the network tariffs set by the E-Control Commission for the 2018 calendar year. The new tariffs introduced by the E-Control Commission as of 1 January 2019 resulted in an average reduction of 5.7% for electricity and 9.3% for natural gas for household customers. These adjustments reflect the application of changed parameters for the new regulatory period (in particular, the lower weighted average cost of capital). They also reflect an offset for positive volume effects resulting from the cold winter weather in earlier periods.



<b>Key indicators – Networks</b>		<b>2018/19 HY. 1</b>	<b>2017/18 HY. 1</b>	<b>+/-</b>		<b>2018/19 Q. 2</b>	<b>2017/18 Q. 2</b>	<b>+/- %</b>
				nominal	%			
<b>Key energy business indicators</b>		GWh						
<b>Network distribution volumes</b>								
Electricity		4,545	4,608	-63	-1.4	2,282	2,347	-2.8
Natural gas		10,567	12,320	-1,753	-14.2	5,237	6,456	-18.9
<b>Key financial indicators</b>		EURm						
External revenue		279.5	293.9	-14.4	-4.9	140.3	149.1	-6.0
Internal revenue		25.1	28.9	-3.7	-12.9	11.6	13.6	-14.8
<b>Total revenue</b>		<b>304.6</b>	<b>322.8</b>	<b>-18.2</b>	<b>-5.6</b>	<b>151.8</b>	<b>162.7</b>	<b>-6.7</b>
Operating expenses		-155.9	-139.6	-16.3	-11.7	-83.4	-77.8	-7.1
Share of results from equity accounted investees with operational nature		-	-	-	-	-	-	-
<b>EBITDA</b>		<b>148.8</b>	<b>183.3</b>	<b>-34.5</b>	<b>-18.8</b>	<b>68.4</b>	<b>84.9</b>	<b>-19.4</b>
Depreciation and amortisation including effects from impairment tests		-61.4	-59.6	-1.9	-3.1	-31.0	-30.0	-3.5
<b>Results from operating activities (EBIT)</b>		<b>87.4</b>	<b>123.7</b>	<b>-36.3</b>	<b>-29.4</b>	<b>37.4</b>	<b>54.9</b>	<b>-31.9</b>
Financial results		-8.5	-8.5	-0.1	-0.7	-4.2	-4.2	-1.1
<b>Result before income tax</b>		<b>78.8</b>	<b>115.2</b>	<b>-36.4</b>	<b>-31.6</b>	<b>33.2</b>	<b>50.7</b>	<b>-34.6</b>
Total assets		1,951.5	1,937.9	13.6	0.7	1,951.5	1,937.9	0.7
Total liabilities		1,321.6	1,331.6	-10.0	-0.7	1,321.6	1,331.6	-0.7
Investments <sup>1)</sup>		56.2	51.6	4.6	9.0	29.4	27.1	8.8

1) In intangible assets and property, plant and equipment

Based on these volume and price effects, revenue in the Networks Segment fell by 5.6% year-on-year to EUR 304.6m.

Operating expenses were 11.7% higher than the previous year at EUR 155.9m, primarily due to an increase in upstream network costs.

The above developments led to a decline of 18.8% in segment EBITDA to EUR 148.8m. After the deduction of scheduled depreciation and amortisation – which rose slightly to EUR 61.4m as the result of investments (previous year: EUR 59.6m) – EBIT fell by 29.4% year-on-year to EUR 87.4m.

Financial results generally reflected the previous year at EUR -8.5m in the first half of 2018/19. The Networks Segment recorded result before income tax of EUR 78.8m for the reporting period, which represents a decline of 31.6%.

In line with EVN's corporate strategy, investments in the network infrastructure in Lower Austria represent a key focal point and thereby make an important contribution to reliable supply security and quality. Investments in the Networks Segment reflected this strategy with an increase of 9.0% to EUR 56.2m during the reporting period. The many projects currently in progress include, among others, the extension of the 110-kV power lines and the expansion of transformer stations.

## South East Europe

### Highlights

- Following an out-of-court settlement in 2016/17, the arbitration proceedings against Bulgaria are terminated without further compensation for claims
- Concession extended for natural gas activities in two Croatian counties
- Receipt of license as a "supplier of universal service" in North Macedonia
- Increase in EBITDA, EBIT and result before income tax

As announced in an ad-hoc press release, the World Bank's International Centre for the Settlement of Investment Disputes issued its decision in the arbitration proceedings initiated by EVN AG against the Republic of Bulgaria on 10 April 2019. The part of the claims in the arbitration proceedings which involved compensation for obligations related to renewable energy was already settled in February 2017 through an offset between a Bulgarian subsidiary of EVN and the state-owned Bulgarian electricity company NEK. This mutually accepted compensation of EUR 127.1m for outstanding

<b>Key indicators – South East Europe</b>		<b>2018/19</b>	<b>2017/18</b>	<b>+/-</b>		<b>2018/19</b>	<b>2017/18</b>	<b>+/-</b>
		<b>HY. 1</b>	<b>HY. 1</b>	<b>nominal</b>	<b>%</b>	<b>Q. 2</b>	<b>Q. 2</b>	<b>%</b>
<b>Key energy business indicators</b>		GWh						
Electricity generation volumes		240	191	49	25.8	135	91	48.4
thereof renewable energy		47	74	-27	-37.0	27	47	-42.6
thereof thermal power plants		194	117	77	65.5	108	44	-
Electricity network distribution volumes		7,752	7,721	31	0.4	4,073	4,111	-0.9
Energy sales volumes to end customers		6,844	6,633	211	3.2	3,638	3,596	1.2
thereof electricity		6,611	6,407	204	3.2	3,508	3,461	1.3
thereof natural gas		58	48	10	20.3	30	25	21.2
thereof heat		175	178	-3	-1.6	100	110	-8.3
<b>Key financial indicators</b>		EURm						
External revenue		486.7	513.4	-26.6	-5.2	256.0	273.6	-6.4
Internal revenue		0.5	0.4	0.0 <sup>*)</sup>	7.3	0.2	0.3	-32.8
<b>Total revenue</b>		<b>487.2</b>	<b>513.8</b>	<b>-26.6</b>	<b>-5.2</b>	<b>256.2</b>	<b>273.8</b>	<b>-6.4</b>
Operating expenses		-433.2	-467.4	34.2	7.3	-225.3	-243.0	7.3
Share of results from equity accounted investees with operational nature		-	-	-	-	-	-	-
<b>EBITDA</b>		<b>54.0</b>	<b>46.4</b>	<b>7.6</b>	<b>16.3</b>	<b>30.9</b>	<b>30.8</b>	<b>0.3</b>
Depreciation and amortisation including effects from impairment tests		-29.7	-31.3	1.6	5.0	-14.3	-15.5	7.8
<b>Results from operating activities (EBIT)</b>		<b>24.3</b>	<b>15.1</b>	<b>9.1</b>	<b>60.3</b>	<b>16.6</b>	<b>15.3</b>	<b>8.4</b>
Financial results		-10.6	-10.3	-0.3	-2.8	-5.2	-4.9	-5.5
<b>Result before income tax</b>		<b>13.7</b>	<b>4.9</b>	<b>8.8</b>	<b>-</b>	<b>11.4</b>	<b>10.4</b>	<b>9.8</b>
Total assets		1,179.3	1,186.7	-7.4	-0.6	1,179.3	1,186.7	-0.6
Total liabilities		925.6	953.1	-27.5	-2.9	925.6	953.1	-2.9
Investments <sup>1)</sup>		39.8	40.9	-1.0	-2.5	15.1	17.0	-11.2

1) In intangible assets and property, plant and equipment

\*) Small amount

receivables from the additional costs for renewable electricity financed in advance by EVN Bulgaria EC led to a positive pre-tax earnings effect of approximately EUR 42m in the 2016/17 financial year from the write-up of receivables written off in earlier years together with default interest. The arbitration decision issued in April 2019 did not award EVN AG any additional compensation for its claims. Therefore, the arbitration proceedings will not have any further effect on EVN's profit or loss or balance sheet in the 2018/19 financial year. EVN AG decided – after an appropriate legal analysis – not to pursue the very limited possibilities for an appeal of the arbitration court's decision and has closed the issue of legal proceedings against the Republic of Bulgaria.

The so-called "green electricity mark-up" in Bulgaria is no longer included in the energy price, but reported separately and charged to customers following the change in the calculation method as of 1 July 2018. This change has no effect in total because revenue and procurement costs are reduced by the same amount.

In connection with the unbundling of the individual areas in the energy business stipulated by the government and to meet the related legal requirements, the name of the Macedonian network distribution operator EVN Elektro distribucija DOOEL was changed to Elektro distribucija DOOEL as of 1 January 2019.

EVN won the tender for the license as the "supplier of universal service" in North Macedonia at the end of February 2019. As of 1 July 2019, this will form the basis to supply energy to all households and small companies with less than 50 employees and which generated less than EUR 2m of revenues in the past two years through the newly founded distribution company "EVN Home DOO". The license has an initial term of five years.

In Croatia, EVN operates natural gas distribution networks in three counties – Zadar, Split-Dalmatia and Šibenik-Knin – based on concessions. The concessions for Split-Dalmatia and Šibenik-Knin were extended from 30 to 50 years in April 2019, i. e. to 2060.

The resulting improvement in the economic framework conditions in these two regions was included as a reversal of impairments in segment results following an impairment test.

The energy sector indicators for the South East Europe Segment show a slight increase of 0.4% to 7,752 GWh in electricity network distribution volumes and an increase of 3.2% to 6,611 GWh in electricity sales volumes to end customers. Heating-related energy demand in Bulgaria and North Macedonia at 94.0% and 97.8%, respectively, were both below the long-term average and the previous year's level, while volumes in the liberalised market segment in Bulgaria increased due to the reacquisition of commercial customers. Heat sales volumes declined slightly by 1.6% to 175 GWh as a result of the warmer weather.

Electricity generation in South East Europe was characterised by different developments during the reporting period. Hydrological conditions in North Macedonia, which were unusually good in the previous year, were below the long-term average in the first half of 2018/19. This was reflected in a decline of 37.0% to 47 GWh in renewable generation in this segment. Thermal generation rose by 65.5% to 194 GWh, whereby the comparable prior year value was influenced by an unscheduled standstill at the co-generation plant in Plovdiv.

The above-mentioned change (with no effect on profit or loss) in the invoicing method for the green electricity mark-up in Bulgaria led to a 5.2% decline in segment revenue to EUR 487.2m in spite of the positive energy sector developments.

Lower write-offs of receivables and the change in the calculation method for the green electricity mark-up led to a decrease of 7.3% in operating expenses to EUR 433.2m. EBITDA increased by 16.3% to EUR 54.0m. Depreciation and amortisation, including the effects of impairment tests, declined to EUR 29.7m (previous year: EUR 31.3m) due to the above-mentioned reversal of impairments in Croatia. EBIT in the South East Europe Segment totalled EUR 24.3m for the reporting period (previous year: EUR 15.1m).

Financial results were nearly constant at EUR -10.6m, and the result before income tax amounted to EUR 13.7m (previous year: EUR 4.9m).

EVN's investments in South East Europe declined by 2.5% to EUR 39.8m. A major part of these projects involve new connections, the exchange of meters and investments in the distribution networks to protect supply security.

## Environment

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### Highlights

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- Successes in the international project business
    - Commissioning of a wastewater treatment plant in Croatia
    - Order received for four new general contractor assignments with a total value of approximately EUR 65m (as of April 2019)
  - EBITDA below previous year, higher EBIT and result before income tax
  - Focus of investments on drinking water supplies in Lower Austria
- 

In the international project business, the volume of projects in progress during the first half of 2018/19 was lower than the previous year. This was also reflected in the development of revenue in the Environment Segment, since the recently acquired orders will only have an increasingly positive impact on revenue in future periods. A comparison with the previous year is also influenced by the reassignment of the thermal waste utilisation plant in Zwentendorf/Dürnröhr to the Generation Segment in the fourth quarter of 2017/18. In contrast, revenue from drinking water supplies in Lower Austria increased slightly during the reporting period. In total, revenue in the Environment Segment fell by 51.4% to EUR 40.2m in the first half of 2018/19.

Operating expenses declined by 51.1% to EUR 36.2m during the reporting period, in line with developments in the international project business and the above-mentioned reassignment of the thermal waste utilisation plant.

The share of results from equity accounted investees with operational nature increased by 16.6% to EUR 9.2m due to the shift of earnings contributions from the wastewater treatment plant project in Zagreb from the 2017/18 financial year to 2018/19.

EBITDA in the Environment Segment fell by 20.6% to EUR 13.2m in the first half of 2018/19. This decline is substantially lower than the reduction in revenue because the reclassification of the thermal waste utilisation plant was offset in part by an improvement in the international project business. Since scheduled depreciation on the thermal waste utilisation plant is no longer recorded in this segment, EBIT increased to EUR 7.5m (previous year: EUR 5.1m).

<b>Key financial indicators – Environment</b>	EURm	2018/19	2017/18	+/-		2018/19	2017/18	+/-
		HY. 1	HY. 1	nominal	%	Q. 2	Q. 2	%
External revenue <sup>1)</sup>		40.2	74.7	-34.5	-46.2	20.0	36.4	-45.1
Internal revenue		0.0 <sup>*)</sup>	8.1	-8.1	-99.9	0.0 <sup>*)</sup>	4.5	-100.0
<b>Total revenue<sup>1)</sup></b>		<b>40.2</b>	<b>82.8</b>	<b>-42.6</b>	<b>-51.4</b>	<b>20.0</b>	<b>40.8</b>	<b>-51.1</b>
Operating expenses <sup>1)</sup>		-36.2	-74.1	37.9	51.1	-18.4	-34.8	47.2
Share of results from equity accounted investees with operational nature		9.2	7.9	1.3	16.6	3.3	3.6	-9.6
<b>EBITDA</b>		<b>13.2</b>	<b>16.7</b>	<b>-3.4</b>	<b>-20.6</b>	<b>4.9</b>	<b>9.6</b>	<b>-49.6</b>
Depreciation and amortisation including effects from impairment tests		-5.7	-11.5	5.8	50.6	-2.9	-5.7	49.4
<b>Results from operating activities (EBIT)</b>		<b>7.5</b>	<b>5.1</b>	<b>2.4</b>	<b>46.9</b>	<b>2.0</b>	<b>3.9</b>	<b>-49.9</b>
Financial results		-2.6	-0.3	-2.3	-	-1.4	0.0 <sup>*)</sup>	-
<b>Result before income tax</b>		<b>4.9</b>	<b>4.8</b>	<b>0.1</b>	<b>2.7</b>	<b>0.6</b>	<b>3.9</b>	<b>-85.8</b>
Total assets		645.9	789.2	-143.3	-18.2	645.9	789.2	-18.2
Total liabilities		501.1	620.0	-118.8	-19.2	501.1	620.0	-19.2
Investments <sup>2)</sup>		7.7	7.0	0.8	10.9	5.5	4.1	33.9

1) The comparative information was adjusted – see the section on “Changes in presentation of the consolidated financial statements and adjustment of prior year data”.

2) In intangible assets and property, plant and equipment

\*) Small amount

Financial results equalled EUR –2.6m (previous year: EUR –0.3m). The Environment Segment recorded an increase of 2.7% in result before income tax to EUR 4.9m for the first half of 2018/19.

EVN invested a total of EUR 7.7m in the Environment Segment during the reporting period, which represents an increase of 10.9% over the previous year. The continuous improvement of supply security for drinking water, above all in the areas surrounding Vienna which are characterised by strong population growth, is the focus of ongoing projects which involve the expansion of cross-regional transport pipelines. Another focal point of investments during the first half of 2018/19 was the completion of the fourth natural filter plant and the start of test operations in March 2019. The new plant on the Wienerherberg well field now supplies roughly 60,000 residents in the region south of Vienna with high-quality drinking water which is softened mechanically and without the use of chemicals.

In the international project business, WTE Wassertechnik completed a wastewater treatment plant in Croatia and transferred this project to the customer on schedule in January 2019. The company also received four new general contractor assignments in Poland and Lithuania by mid-April 2019, which have a combined value of approximately EUR 65m. WTE Wassertechnik will

now plan and construct a thermal sludge treatment plant – the first of its kind in Lithuania – at the site of the wastewater treatment plant in Utena, which has a capacity to service 100,000 residents. The construction period for this project is estimated at 22 months, and the investment volume totals approximately EUR 15m. The recently acquired contracts in Poland – in addition to the wastewater treatment plant project in Gdynia already mentioned in the report on the first quarter 2018/19 and a smaller project in Pruszków – involve, in particular, the contract for the modernisation of the wastewater treatment plant in Opole (contract value approximately EUR 30m). EVN is currently working on seven general contractor assignments in the field of wastewater treatment in Lithuania, Poland, North Macedonia and Bahrain (as of April 2019).

In Kuwait, the exclusive negotiations and preparations in the tender for an extensive wastewater treatment project are still in progress. Activities recently concentrated, above all, on the founding of the required project company, which will be under the majority ownership of state-owned Kuwaiti institutions with WTE Wassertechnik as a minority shareholder. Negotiations also covered the envisaged project financing. The responsible tender offices are expected to award the contract during the current financial year.

<b>Key financial indicators – All Other Segments</b>	EURm	<b>2018/19</b>	<b>2017/18</b>	<b>+/-</b>		<b>2018/19</b>	<b>2017/18</b>	<b>+/-</b>
		<b>HY. 1</b>	<b>HY. 1</b>	<b>nominal</b>	<b>%</b>	<b>Q. 2</b>	<b>Q. 2</b>	<b>%</b>
External revenue		8.6	6.8	1.8	27.0	4.5	3.2	39.6
Internal revenue		32.1	29.6	2.5	8.5	16.0	14.3	12.4
<b>Total revenue</b>		<b>40.7</b>	<b>36.4</b>	<b>4.4</b>	<b>12.0</b>	<b>20.6</b>	<b>17.5</b>	<b>17.4</b>
Operating expenses		-44.3	-38.3	-6.0	-15.7	-23.6	-18.3	-29.0
Share of results from equity accounted investees with operational nature		35.1	37.2	-2.1	-5.6	21.9	22.0	-0.7
<b>EBITDA</b>		<b>31.6</b>	<b>35.3</b>	<b>-3.7</b>	<b>-10.6</b>	<b>18.8</b>	<b>21.2</b>	<b>-11.3</b>
Depreciation and amortisation including effects from impairment tests		-0.9	-0.8	-0.1	-16.3	-0.5	-0.4	-16.1
<b>Results from operating activities (EBIT)</b>		<b>30.6</b>	<b>34.5</b>	<b>-3.9</b>	<b>-11.2</b>	<b>18.4</b>	<b>20.8</b>	<b>-11.9</b>
Financial results		22.7	18.6	4.0	21.5	7.3	0.7	-
<b>Result before income tax</b>		<b>53.3</b>	<b>53.2</b>	<b>0.2</b>	<b>0.3</b>	<b>25.7</b>	<b>21.6</b>	<b>19.3</b>
Total assets		4,156.3	3,265.5	890.8	27.3	4,156.3	3,265.5	27.3
Total liabilities		1,436.8	1,248.6	188.1	15.1	1,436.8	1,248.6	15.1
Investments <sup>1)</sup>		1.2	1.4	-0.2	-15.1	0.6	1.1	-43.6

1) In intangible assets and property, plant and equipment

## All Other Segments

### Highlights

- Different development of earnings contributions:
  - Increase at Energie Burgenland
  - Decline at RAG
- Lower EBITDA, EBIT and result before income tax

Revenue in this segment rose by 12.0% to EUR 40.7m in the first half of 2018/19, and operating expenses increased by 15.7% to EUR 44.3m.

The share of results from equity accounted investees with operational nature declined by 5.6% to EUR 35.1m.

The higher earnings contribution from Energie Burgenland was unable to fully offset the lower earnings contribution from RAG.

In total, EBITDA equalled EUR 31.6m (previous year: EUR 35.3m) and EBIT equalled EUR 30.6m (previous year: EUR 34.5m).

Financial results in this segment amounted to EUR 22.7m and were 21.5% higher than the previous year. The dividend of EUR 0.42 per share distributed by Verbund AG on 20 May 2019 for the 2018 financial year will be included in this segment's financial results for the third quarter of 2018/19.

The result before income tax equalled EUR 53.3m in the first half of 2018/19, which represents a slight increase of 0.3%.

# Consolidated interim report

according to IAS 34

## Consolidated statement of operations

EURm	2018/19 HY. 1	2017/18 HY. 1	+/- %	2018/19 Q. 2	2017/18 Q. 2	+/- %	2017/18
Revenue <sup>1)</sup>	1,246.1	1,249.0	-0.2	650.1	656.5	-1.0	2,078.7
Other operating income <sup>1)</sup>	61.4	45.5	34.8	33.3	23.3	43.8	98.9
Electricity purchases and primary energy expenses	-637.0	-591.2	-7.8	-334.8	-324.0	-3.3	-961.3
Cost of materials and services	-122.5	-124.7	1.8	-60.9	-61.8	1.4	-275.1
Personnel expenses	-162.9	-155.5	-4.7	-81.5	-76.6	-6.3	-321.7
Other operating expenses	-59.4	-63.3	6.1	-37.3	-31.6	-18.2	-135.7
Share of results from equity accounted investees with operational nature	4.6	111.0	-95.9	-1.9	53.4	-	188.0
<b>EBITDA</b>	<b>330.3</b>	<b>470.8</b>	<b>-29.9</b>	<b>167.1</b>	<b>239.2</b>	<b>-30.2</b>	<b>671.8</b>
Depreciation and amortisation	-133.2	-129.9	-2.5	-67.6	-65.0	-4.1	-258.3
Effects from impairment tests	1.0	-0.6	-	1.2	0.1	-	-20.6
<b>Results from operating activities (EBIT)</b>	<b>198.1</b>	<b>340.3</b>	<b>-41.8</b>	<b>100.6</b>	<b>174.4</b>	<b>-42.3</b>	<b>392.9</b>
Share of results from equity accounted investees with financial nature	0.5	0.1	-	0.4	-	-	0.1
Results from other investments	-	-0.9	-	-	-0.8	-	20.1
Interest income	4.5	5.3	-16.5	2.6	2.8	-8.1	10.7
Interest expense	-26.3	-27.2	3.2	-12.9	-13.6	5.7	-54.0
Other financial results	-1.7	-2.4	30.3	2.3	-1.7	-	-14.0
<b>Financial results</b>	<b>-23.1</b>	<b>-25.1</b>	<b>7.9</b>	<b>-7.6</b>	<b>-13.3</b>	<b>43.1</b>	<b>-37.2</b>
<b>Result before income tax</b>	<b>175.0</b>	<b>315.3</b>	<b>-44.5</b>	<b>93.1</b>	<b>161.1</b>	<b>-42.2</b>	<b>355.7</b>
Income tax expense	-30.8	-69.6	55.8	-13.7	-34.5	60.3	-76.1
<b>Result for the period</b>	<b>144.2</b>	<b>245.7</b>	<b>-41.3</b>	<b>79.4</b>	<b>126.6</b>	<b>-37.3</b>	<b>279.6</b>
thereof result attributable to EVN AG shareholders (Group net result)	129.0	229.4	-43.8	69.8	117.2	-40.4	254.6
thereof result attributable to non-controlling interests	15.2	16.3	-6.7	9.5	9.4	1.5	25.0
Earnings per share in EUR <sup>2)</sup>	0.72	1.29	-43.8	0.39	0.66	-40.8	1.43

1) The comparative information was adjusted – see the section on “Changes in presentation of the consolidated financial statements and adjustment of prior year data.”

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

## Consolidated statement of comprehensive income

EURm	<b>2018/19</b>	<b>2017/18</b>	<b>+/-</b>	<b>2018/19</b>	<b>2017/18</b>	<b>+/-</b>	<b>2017/18</b>
	<b>HY.1</b>	<b>HY.1</b>	<b>%</b>	<b>Q.2</b>	<b>Q.2</b>	<b>%</b>	
<b>Result for the period</b>	<b>144.2</b>	<b>245.7</b>	<b>-41.3</b>	<b>79.4</b>	<b>126.6</b>	<b>-37.3</b>	<b>279.6</b>
<b>Other comprehensive income from</b>							
<b>Items that will not be reclassified to profit or loss</b>	<b>7.9</b>	<b>-1.3</b>	<b>-</b>	<b>180.4</b>	<b>-2.1</b>	<b>-</b>	<b>-8.5</b>
Remeasurements IAS 19	-5.4	-4.9	-9.7	-2.7	-2.4	-12.8	-14.3
Investments in equity accounted investees	0.2	2.5	-92.2	-	-0.3	-	2.3
Shares and other equity instruments measured at fair value and reported in other comprehensive income <sup>1)</sup>	15.8	-	-	243.1	-	-	-
thereon apportionable income tax expense	-2.6	1.2	-	-60.1	0.6	-	3.5
<b>Items that may be reclassified to profit or loss</b>	<b>2.9</b>	<b>120.7</b>	<b>-97.6</b>	<b>0.9</b>	<b>114.1</b>	<b>-99.2</b>	<b>777.9</b>
Currency translation differences	2.5	-0.6	-	2.3	-0.1	-	2.1
Available for sale financial instruments <sup>1)</sup>	-	160.4	-	-	151.6	-	1,025.4
Cash flow hedges	-0.1	3.4	-	0.2	1.7	-88.2	7.4
Investments in equity accounted investees	0.2	-1.9	-	-1.4	-0.7	-92.4	0.8
thereon apportionable income tax expense	0.3	-40.5	-	-0.2	-38.3	99.4	-257.8
<b>Total other comprehensive income after tax</b>	<b>10.8</b>	<b>119.5</b>	<b>-91.0</b>	<b>181.2</b>	<b>112.1</b>	<b>61.7</b>	<b>769.4</b>
<b>Comprehensive income for the period</b>	<b>155.0</b>	<b>365.2</b>	<b>-57.6</b>	<b>260.6</b>	<b>238.6</b>	<b>9.2</b>	<b>1,049.0</b>
thereof income attributable to EVN AG shareholders	139.2	347.6	-59.9	252.2	229.4	9.9	1,023.4
thereof income attributable to non-controlling interests	15.8	17.6	-10.3	8.4	9.2	-8.4	25.6

1) See the section on "IFRS 9 Financial Instruments"

## Consolidated statement of financial position

EURm	31.03.2019	30.09.2018	+/-	
			nominal	%
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	179.2	182.1	-2.9	-1.6
Property, plant and equipment	3,445.2	3,438.7	6.4	0.2
Investments in equity accounted investees	886.8	995.7	-108.9	-10.9
Other investments	1,960.0	1,944.2	15.8	0.8
Deferred tax assets	62.9	68.8	-5.9	-8.6
Contract assets <sup>1)</sup>	0.6	-	0.6	-
Other non-current assets	157.5	252.4	-94.8	-37.6
	<b>6,692.2</b>	<b>6,881.9</b>	<b>-189.8</b>	<b>-2.8</b>
<b>Current assets</b>				
Inventories	115.9	94.6	21.3	22.5
Trade and other receivables	464.9	500.3	-35.4	-7.1
Securities	89.6	139.8	-50.1	-35.9
Cash and cash equivalents	169.6	214.5	-44.9	-20.9
	<b>840.0</b>	<b>949.1</b>	<b>-109.1</b>	<b>-11.5</b>
<b>Total assets</b>	<b>7,532.2</b>	<b>7,831.1</b>	<b>-298.9</b>	<b>-3.8</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	330.0	330.0	-	-
Share premium and capital reserves	253.4	253.4	-	-
Retained earnings	2,340.8	2,297.0	43.8	1.9
Valuation reserve	1,001.7	992.9	8.8	0.9
Currency translation reserve	-17.5	-20.0	2.5	12.6
Treasury shares	-20.5	-20.5	-	-
Issued capital and reserves attributable to shareholders of EVN AG	3,887.9	3,832.8	55.1	1.4
Non-controlling interests	272.7	259.9	12.8	4.9
	<b>4,160.6</b>	<b>4,092.6</b>	<b>67.9</b>	<b>1.7</b>
<b>Non-current liabilities</b>				
Non-current loans and borrowings	998.0	1,040.5	-42.4	-4.1
Deferred tax liabilities	459.6	471.0	-11.4	-2.4
Non-current provisions	481.0	480.8	0.2	-
Deferred income from network subsidies	609.8	602.6	7.2	1.2
Other non-current liabilities	48.0	75.4	-27.4	-36.3
	<b>2,596.5</b>	<b>2,670.3</b>	<b>-73.8</b>	<b>-2.8</b>
<b>Current liabilities</b>				
Current loans and borrowings	69.4	89.1	-19.7	-22.1
Taxes payable and levies	125.9	85.6	40.2	47.0
Trade payables	250.3	337.1	-86.8	-25.8
Current provisions	90.1	91.4	-1.3	-1.4
Other current liabilities	239.4	464.9	-225.5	-48.5
	<b>775.1</b>	<b>1,068.1</b>	<b>-293.0</b>	<b>-27.4</b>
<b>Total equity and liabilities</b>	<b>7,532.2</b>	<b>7,831.1</b>	<b>-298.9</b>	<b>-3.8</b>

1) See the section on "IFRS 15 Revenue from Contracts with Customers"



## Consolidated statement of changes in equity

EURm	Issued capital and reserves of EVN AG shareholders	Non-controlling interests	<b>Total</b>
<b>Balance on 30.09.2017</b>	<b>2,892.1</b>	<b>258.0</b>	<b>3,150.1</b>
Comprehensive income for the period	347.6	17.6	365.2
Dividends 2016/17	-83.6	-2.7	-86.4
Other changes/Changes in the scope of consolidation	-0.1	-0.1	-0.1
<b>Balance on 31.03.2018</b>	<b>3,155.9</b>	<b>272.7</b>	<b>3,428.7</b>
<b>Balance on 30.09.2018</b>	<b>3,832.8</b>	<b>259.9</b>	<b>4,092.6</b>
Change in accounting method (IFRS 9 Group) <sup>1)</sup>	-1.3	-0.5	-1.8
Change in accounting method (IFRS 9 at equity) <sup>1)</sup>	0.7	-	0.7
Change in accounting method (IFRS 15 Group) <sup>2)</sup>	-0.1	-	-0.1
Change in accounting method (IFRS 15 at equity)	0.2	-	0.2
<b>Balance on 01.10.2018</b>	<b>3,832.3</b>	<b>259.4</b>	<b>4,091.7</b>
Comprehensive income for the period	139.2	15.8	155.0
Dividends 2017/18	-83.7	-2.5	-86.1
<b>Balance on 31.03.2019</b>	<b>3,887.9</b>	<b>272.7</b>	<b>4,160.6</b>

1) See the section on "Significant changes based on the initial application of IFRS 9"

2) See the section on "Significant changes based on the initial application of IFRS 15"

## Condensed consolidated statement of cash flows

EURm	2018/19	2017/18	+/-		2017/18
	HY. 1	HY. 1	nominal	%	
<b>Result before income tax</b>	<b>175.0</b>	<b>315.3</b>	<b>-140.3</b>	<b>-44.5</b>	<b>355.7</b>
+ Depreciation and amortisation of intangible assets and property, plant and equipment	132.2	130.5	1.7	1.3	278.9
- Non-cash share of results of equity accounted investees and other investments	-5.0	-110.2	105.2	95.4	-208.2
+ Dividends from equity accounted investees and other investments	115.1	128.8	-13.6	-10.6	163.3
+ Interest expense	26.3	27.2	-0.9	-3.2	54.0
- Interest paid	-20.4	-21.2	0.8	3.7	-42.9
- Interest income	-4.5	-5.3	0.9	16.5	-10.7
+ Interest received	4.1	4.3	-0.2	-4.3	8.4
+/- Losses/gains from foreign exchange translations	1.7	0.2	1.4	-	10.5
+/- Other non-cash financial results	2.6	1.3	1.3	95.7	3.4
- Release of deferred income from network subsidies	-24.5	-23.2	-1.4	-5.9	-47.9
- Decrease in non-current provisions	-11.7	-8.7	-3.1	-35.6	-3.6
+/- Losses/gains on the disposal of intangible assets and property, plant and equipment	-1.7	-0.5	-1.1	-	-0.7
<b>Gross cash flow</b>	<b>389.2</b>	<b>438.4</b>	<b>-49.3</b>	<b>-11.2</b>	<b>560.3</b>
- Changes in assets and liabilities arising from operating activities	-275.9	-185.2	-90.7	-49.0	45.2
+/- Income tax paid	-6.1	0.7	-6.8	-	-2.0
<b>Net cash flow from operating activities</b>	<b>107.1</b>	<b>253.9</b>	<b>-146.8</b>	<b>-57.8</b>	<b>603.5</b>
+ Proceeds from the disposal of intangible assets and property, plant and equipment	3.4	5.9	-2.5	-42.1	20.9
+/- Changes in intangible assets and property, plant and equipment	-104.2	-95.1	-9.1	-9.6	-283.1
+/- Changes in financial assets and other non-current assets	57.7	-13.1	70.7	-	-54.3
+/- Changes in current securities	47.6	-94.4	141.9	-	-140.6
<b>Net cash flow from investing activities</b>	<b>4.4</b>	<b>-196.7</b>	<b>201.1</b>	<b>-</b>	<b>-457.1</b>
- Dividends paid to EVN AG shareholders	-83.7	-83.6	-	-	-83.6
- Dividends paid to non-controlling interests	-2.5	-2.7	0.2	8.7	-23.7
- Increase in interest in fully consolidated companies	-	-	-	-	-0.1
+/- Sales/repurchase of treasury shares	-	-	-	-	1.1
- Changes in financial liabilities	-70.2	-31.9	-38.3	-	-47.2
<b>Net cash flow from financing activities</b>	<b>-156.4</b>	<b>-118.3</b>	<b>-38.1</b>	<b>-32.2</b>	<b>-153.5</b>
<b>Net change in cash and cash equivalents</b>	<b>-44.9</b>	<b>-61.1</b>	<b>16.2</b>	<b>26.5</b>	<b>-7.1</b>
<b>Cash and cash equivalents at the beginning of the period<sup>1)</sup></b>	<b>214.5</b>	<b>221.8</b>	<b>-7.3</b>	<b>-3.3</b>	<b>221.8</b>
Currency translation differences on cash and cash equivalents	-	-	-	-	-0.1
<b>Cash and cash equivalents at the end of the period<sup>1)</sup></b>	<b>169.6</b>	<b>160.7</b>	<b>8.9</b>	<b>5.6</b>	<b>214.5</b>

1) By adding bank overdrafts this results in cash and cash equivalents according to the consolidated statement of financial position.

## Notes to the consolidated interim report

### Accounting and valuation methods

This consolidated interim report as of 31 March 2019, of EVN AG, taking into consideration § 245a Austrian Commercial Code (UGB), was prepared in accordance with the guidelines set forth in the International Financial Reporting Standards (IFRS) by the International Accounting Standards Board (IASB) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that were applicable at the balance sheet date and adopted by the European Union (EU).

EVN has exercised the option stipulated in IAS 34 to present condensed notes. Accordingly, the consolidated interim report contains merely condensed reporting compared to the Annual report, pursuant to IAS 34, as well as selected information and details pertaining to the period under review. For this reason, it should be read together with the Annual report of the 2017/18 financial year (balance sheet date: 30 September 2018).

The accounting and valuation methods applied in preparing the consolidated financial statements as of 30 September 2018 remain unchanged, with the exception of the following new rules issued by the IASB which require mandatory application in the current financial year. The preparation of a consolidated interim report according to IFRS requires EVN to make assumptions and estimates which influence the reported figures. Actual results can deviate from these estimates

In order to improve clarity and comparability, all amounts in the notes and tables are generally shown in millions of euros (EURm)

unless indicated otherwise. Immaterial mathematical differences may arise from the rounding of individual items or percentage rates. The financial statements of companies included in this consolidated interim report are prepared on the basis of unified accounting and valuation methods.

### Reporting in accordance with IFRS

The following standards and interpretations require mandatory application beginning with the 2018/19 financial year:

<b>Standards and interpretations applied for the first time</b>		Effective <sup>1)</sup>
<b>New standards and interpretations</b>		
IFRS 9	Financial Instruments	01.01.2018
IFRS 15	Revenue from Contracts with Customers	01.01.2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	01.01.2018
<b>Revised standards and interpretations</b>		
Several	Annual Improvements 2014–2016	01.01.2018
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	IFRS 15 Revenue from Contracts with Customers – Clarifications	01.01.2018
IAS 40	Transfers of Investment Property	01.01.2018

1) In accordance with the Official Journal of the EU, these standards are applicable to financial years beginning on or after the effective date.

The effects of the initial mandatory application of IFRS 9 and IFRS 15 are explained in detail in the following sections. The initial obligatory application for all other revised standards and interpretations did not have any impact on the consolidated interim report.

## IFRS 9 Financial Instruments

IFRS 9 replaces the existing rules for the recognition and measurement of financial instruments under IAS 39. In comparison with IAS 39, IFRS 9 includes new rules for the classification and measurement of financial assets and expanded rules for the recognition of impairment losses to financial assets. It also defines new rules for hedge accounting.

### Classification and measurement

IFRS 9 provides for a new classification of financial assets which, in contrast to IAS 39, is based on the respective business model and the characteristics of the contractual payment flows for the individual financial instruments. In the future, financial assets must be allocated to one of the following three categories: “at amortised cost (AC)”, “at fair value through profit or loss (FVTPL)” or “at fair value through other comprehensive income (FVOCI)”.

An evaluation by the EVN Group showed that most of the financial assets – in particular loans receivable, other non-current assets, trade and other receivables as well as cash on hand and at banks – will continue to meet the criteria for classification at amortised cost. Investments in equity instruments are generally classified as FVTPL; investments in equity instruments which were previously classified as available for sale (AFS) and are held over the long term will be assigned to the category FVOCI under the application of IFRS 9.5.7.5. Related valuation adjustments to these instruments will no longer be reclassified to the consolidated statement of operations in the future. The investments in equity instruments which were previously measured at amortised cost based on the exemption provided by IAS 39.46(c) do not lead to a material increase in the carrying amount.

## IFRS 9 Financial Instruments

Classification and measurement	Previous measurement category in accordance with IAS 39	New measurement category in accordance with IFRS 9	Carrying amount IFRS 9 as of 01.10.2018	Carrying amount IAS 39 as of 30.09.2018
EURm				
<b>Measurement at fair value</b>				
Investments	AFS	FVOCI <sup>1)</sup>	1,939.6	1,939.6
Securities (non-current)	FVTPL	FVTPL	135.1	135.1
Securities (current)	AFS	FVTPL	139.8	139.8
Receivables arising from derivative transactions <sup>2)</sup>	FVTPL	FVTPL	83.2	83.2
Liabilities arising from derivative transactions <sup>2)</sup>	FVTPL	FVTPL	122.3	122.3
<b>Measurement at amortised cost</b>				
Loans receivable	LAR	AC	38.3	38.3
Lease receivables	LAR	AC	28.7	28.7
Contract assets	–	AC	0.2 <sup>3)</sup>	–
Remaining other non-current assets	LAR	AC	0.6 <sup>4)</sup>	0.2
Trade and other receivables	LAR	AC	418.5 <sup>5)</sup>	419.5
Cash on hand and at banks	LAR	AC	214.5	214.5
Bonds	FLAC	AC	504.5	504.5
Bank loans	FLAC	AC	536.0	536.0
Leases	FLAC	AC	4.8	4.8
Accruals of financial transactions	FLAC	AC	0.6	0.6
Other liabilities	FLAC	AC	20.3	20.3
Current loans and borrowings	FLAC	AC	89.1	89.1
Trade payables	FLAC	AC	337.1	337.1
Other financial liabilities	FLAC	AC	292.7	292.7

1) The option provided by IFRS 9.5.7.5, which permits the assignment of other investments to the category FVOCI, was applied to all investments.

2) Including hedging instruments

3) Valuation adjustments in accordance with IFRS 15 (contract assets)

4) Valuation adjustments in accordance with IFRS 15 (incremental costs for obtaining a contract)

5) Valuation adjustments in accordance with IFRS 9 (impairments)

## Impairments

With regard to the recognition of impairment losses on financial assets, IFRS 9 replaces the “incurred loss model” with the “expected loss model”. Financial assets carried at amortised cost, contractual assets as defined in IFRS 15 and debt instruments measured at FVOCI are now subject to the provisions of the “expected loss model” on initial recognition and are tested for impairment. Impairment losses must be recognised in one of two forms: on the basis of a twelve-month model at the amount of the credit losses expected within the next twelve months or on the basis of a lifetime loss model at the amount of the credit losses expected over the lifetime of the asset. The latter alternative must be applied to trade receivables without material financing components and to assets whose credit risk has increased significantly since initial recognition. In the EVN Group, the twelve-month model will be applied, in particular, to loans receivable, lease receivables and bank deposits, when the requirements of IFRS 9.7.2.19a are met. The preparation of the consolidated financial statements as of 30 September 2018 included impairment testing at the Group level in accordance with IFRS 9 for the following balance sheet positions: loans receivables, lease receivables and cash at banks. These impairment tests would have led, in total, to the recognition of an immaterial impairment loss of EUR 0.1m. EVN did not recognise this impairment because the amount is immaterial.

The application of the lifetime loss model is mandatory for trade receivables without material financing components. EVN applied the rules provided by IFRS 9B5.5.35, which provide for the use of an impairment matrix as a practical expedient to determine the amount of an impairment loss. The default incidents in recent years were analysed by region and core market, and an impairment matrix was then developed for the EVN Group based on time intervals. The calculations as of 30 September 2018 resulted in an additional need for the recognition of impairment losses totalling EUR 1.0m at the Group level as well as the reversal of impairment losses totalling EUR 0.9m for equity accounted investees.

<b>Impairment – receivables</b>	Trade receivables	Other receivables (general approach) <sup>1)</sup>	<b>Total</b>
EURm			
<b>30.09.2018 (IAS 39)</b>	<b>301.3</b>	<b>399.9</b>	<b>701.2</b>
Impairment losses – adjustment	-1.0	-	-1.0
<b>01.10.2018 (IFRS 9)</b>	<b>300.3</b>	<b>399.9</b>	<b>700.2</b>

1) The general approach covers the following balance sheet positions: loans receivables, lease receivables, remaining other non-current assets and other receivables as well as cash on hand and at banks.

## Hedge accounting

The new model for hedge accounting is intended to create a better connection between the company’s risk management strategy, the reasons for the conclusion of hedges and the recognition and measurement of these hedges. In addition to convergence with the goals and strategies of corporate risk management, IFRS 9 expands the range of acceptable underlying transactions and requires a rather qualitative and future-oriented approach for evaluating the effectiveness of the hedge relationship.

The hedges held by the EVN Group on the transition date for the hedging of foreign exchange and interest rate risks meet the requirements of IFRS 9. They are in agreement with the strategies and goals of risk management in the EVN Group and can therefore also be continued under the provisions of IFRS 9.

## Transition

In principle, IFRS 9 is to be applied retrospectively. EVN, however, has decided to utilise the exception rule and will not adjust the comparative information for classification and measurement (including impairment) in previous accounting periods as of the initial application date. Differences between the carrying amounts which result from the application of IFRS 9 will generally be recorded under retained earnings without recognition through profit or loss as of 1 October 2018. In contrast, the new rules for hedge accounting will principally be applied prospectively.

### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 defines a five-step model for the recognition of revenue from contracts with customers and replaces all previously applicable standards and related interpretations. Under this model, a company recognises revenue at an amount equal to the consideration expected in exchange for the accepted performance obligations, i. e. the transfer of goods or the provision of services. A determination must therefore be made when a contract is concluded as to whether the resulting revenue should be recognised at a point in time or over time. Revenue is recognised when the customer obtains control over the goods or services. This standard also includes extensive requirements for qualitative and quantitative disclosures on the assets resulting from the capitalised costs for the acquisition and fulfilment of contracts with customers.

EVN's customer contracts were analysed as part of a Group-wide project to identify the contracts that could lead to a potential change in the previous method used to realise revenue. The application of IFRS 15 is not expected to result in any material effects on the scope or timing of revenue recognition, especially in EVN's core energy supply business. The EVN Group will, as soon as the corresponding prerequisites are met, utilise the practical expedient provided by IFRS 15.B16, which permits the recognition of revenue at the amount the company is entitled to invoice.

The contract analyses also identified the following issues for the EVN Group:

The costs to acquire a contract with a customer represent additional costs. When the company assumes it will be able to reclaim these costs, the related amounts must generally be capitalised and amortised over the period in which the goods or services are transferred to the customer. If the expected amortisation period does not exceed one year, the practical expedient permits the expensing of these costs. In 2017/18, this would have led to the capitalisation of EUR 0.4m for contract acquisition costs.

Payments to customers for sales purposes, e. g. free months, are generally recognised as revenue deductions. A payment made when the contract is concluded leads to the recognition of an asset which must be released over the minimum contract term. In 2017/18, this would have led to the capitalisation of an asset amounting to EUR 0.2m.

The arbitration decision issued in November 2016 led to a contract modification as defined in IFRS 15.21b for the project company STEAG-EVN Walsum 10 Kraftwerksgesellschaft mbH ("SEK") in connection with granted network subsidies. These subsidies must be treated as if they were always part of the existing contract, which means revenues must be adjusted on a cumulative basis starting with the initial recognition of a network subsidy. This led to an increase of EUR 0.7m and will subsequently result in an annual increase of EUR 0.1m in the revenue recognised until the end of the contract term.

The initial application of IFRS 15 will be made retrospectively, whereby the cumulative adjustment amounts from the initial application will be recorded under retained earnings as of 1 October 2018.

### **Significant changes based on the initial application of IFRS 9 and IFRS 15**

EVN initially applied IFRS 9 and IFRS 15 as of 1 October 2018. As explained in the preceding sections, the comparative information for prior accounting periods was not adjusted. The effects on profit or loss from the application of the new standards were recorded under retained earnings as of 1 October 2018.

The following section shows the effects on EVN's consolidated financial statements from the initial application of IFRS 9 and IFRS 15, in particular on the consolidated statement of financial position and on equity.

## Adjustments to the consolidated statement of financial position

EURm	01.10.2018	Adjustment IFRS 9	Adjustment IFRS 15	30.09.2018
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	182.1			182.1
Property, plant and equipment	3,438.7			3,438.7
Investments in equity accounted investees	996.9	0.9	0.3	995.7
Other investments	1,944.2			1,944.2
Deferred tax assets	69.0		0.2	68.8
Contract assets	0.2		0.2	–
Other non-current assets	252.8		0.4	252.4
	<b>6,884.0</b>	<b>0.9</b>	<b>1.1</b>	<b>6,881.9</b>
<b>Current assets</b>				
Inventories	94.6			94.6
Trade and other receivables	499.3	–1.0		500.3
Securities	139.8			139.8
Cash and cash equivalents	214.5			214.5
	<b>948.2</b>	<b>–1.0</b>	<b>–</b>	<b>949.1</b>
<b>Total assets</b>	<b>7,832.1</b>	<b>–</b>	<b>1.1</b>	<b>7,831.1</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	330.0			330.0
Share premium and capital reserves	253.4			253.4
Retained earnings	2,295.5	–1.7	0.2	2,297.0
Valuation reserve	994.0	1.1		992.9
Currency translation reserve	–20.0			–20.0
Treasury shares	–20.5			–20.5
Issued capital and reserves attributable to shareholders of EVN AG	3,832.3	–0.6	0.2	3,832.8
Non-controlling interests	259.4	–0.5		259.9
	<b>4,091.8</b>	<b>–1.1</b>	<b>0.2</b>	<b>4,092.6</b>
<b>Non-current liabilities</b>				
Non-current loans and borrowings	1,040.5			1,040.5
Deferred tax liabilities	472.2	1.0	0.2	471.0
Non-current provisions	480.8			480.8
Deferred income from network subsidies	603.3		0.7	602.6
Other non-current liabilities	75.4			75.4
	<b>2,672.2</b>	<b>1.0</b>	<b>0.9</b>	<b>2,670.3</b>
<b>Current liabilities</b>				
Current loans and borrowings	89.1			89.1
Taxes payable and levies	85.6			85.6
Trade payables	337.1			337.1
Current provisions	91.4			91.4
Other current liabilities	464.9			464.9
	<b>1,068.1</b>	<b>–</b>	<b>–</b>	<b>1,068.1</b>
<b>Total equity and liabilities</b>	<b>7,832.1</b>	<b>–</b>	<b>1.1</b>	<b>7,831.1</b>

## Adjustments to equity

EURm	Retained earnings	Valuation reserves (only AFS)	Valuation reserves (only FVOCI)	Non-controlling interests	Equity total
<b>Balance on 30.09.2018</b>	<b>2,297.0</b>	<b>1,108.5</b>	<b>-</b>	<b>259.9</b>	<b>4,092.6</b>
<b>Classification IFRS 9</b>					
Reclassification of current securities from AFS to FVTPL	-1.1	1.1	-	-	-
Reclassification of equity instruments from AFS to FVOCI	-	-1,109.5	1,109.5	-	-
	<b>-1.1</b>	<b>-1,108.5</b>	<b>1,109.5</b>	<b>-</b>	<b>-</b>
<b>Impairment IFRS 9</b>					
Impairments trade receivables (Group)	-0.5	-	-	-0.5	-1.0
Deferred taxes on initial application effects (Group)	-0.8	-	-	-	-0.8
Reversal of impairment trade receivables (at equity)	0.9	-	-	-	0.9
Deferred taxes on initial application effects (at equity)	-0.2	-	-	-	-0.2
	<b>-0.6</b>	<b>-</b>	<b>-</b>	<b>-0.5</b>	<b>-1.1</b>
<b>Adjustments IFRS 15</b>					
Incremental costs for obtaining a contract (Group)	0.4	-	-	-	0.4
Incremental costs for obtaining a contract (at equity)	0.3	-	-	-	0.3
Contract assets	0.2	-	-	-	0.2
Contract modification Walsum 10	-0.7	-	-	-	-0.7
Deferred taxes on initial application effects	-0.1	-	-	-	-0.1
	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.2</b>
<b>Balance on 01.10.2018</b>	<b>2,295.5</b>	<b>-</b>	<b>1,109.5</b>	<b>259.4</b>	<b>4,091.8</b>

### Changes in presentation of the consolidated financial statements and adjustment of prior year data

The presentation of income from the release of network subsidies was adjusted in 2018/19. These subsidies were previously reported in total under other operating income. However, the income from the release of network subsidies from the unregulated markets is now reported under revenue. Income from the release of network subsidies from the regulated markets is still reported under other operating income (see the following table).

### Seasonally-related effects on business operations

In particular, the energy business is subject to weather-related fluctuations in power generation and sales, thus lower revenue and earnings are typically achieved in the second half of the financial year. The environmental business is also subject to seasonal effects. The construction of many large projects is usually scheduled to begin in the springtime due to weather conditions. For this reason, the Environment Segment usually generates lower revenues in the first half of the financial year than in the second half. Accordingly,

EURm	2018/19 HY. 1 (New presentation)	2017/18 HY. 1 (New presentation)	Adjustment	2017/18 HY. 1 (Previous presentation)
Revenue	1,246.1	1,249.0	3.0	1,246.0
Other operating income	61.4	45.5	-3.0	48.5



business in the Environment Segment serves to principally counteract the seasonable nature of the energy business. However, the volatile nature of large construction projects results in fluctuations in revenue and earnings, which depend on the progress made in the particular projects.

### Auditor's review

The consolidated interim report was neither subject to a comprehensive audit nor subject to an auditor's review by chartered accountants.

### Scope of consolidation

The scope of consolidation is established in accordance with the requirements contained in IFRS 10. Accordingly, including the parent company EVN AG, a total of 30 domestic and 31 foreign subsidiaries (30 September 2018: 31 domestic and 32 foreign subsidiaries) were fully consolidated as of 31 March 2019. As of 31 March 2019, a total of 22 subsidiaries were not consolidated due to their immaterial influence on the assets, liabilities, cash flows and profit and loss, both in detail and altogether (30 September 2018: 21).

<b>Changes in the scope of consolidation</b>	Fully	Line-by-line (Joint Operation)	Equity	Total
<b>30.09.2017</b>	<b>63</b>	<b>1</b>	<b>17</b>	<b>81</b>
First consolidation	–	–	1	1
Deconsolidation	–	–	–2	–2
<b>30.09.2018</b>	<b>63</b>	<b>1</b>	<b>16</b>	<b>80</b>
First consolidation	–	–	–	–
Deconsolidation	–2	–	–	–2
<b>31.03.2019</b>	<b>61</b>	<b>1</b>	<b>16</b>	<b>78</b>
thereof foreign companies	31	1	5	37

The following companies were previously included through full consolidation, but were deconsolidated during the first quarter of 2018/19 because they are immaterial: EVN Umwelt Finanz- und Service GmbH, Maria Enzersdorf, and WTE Projektgesellschaft Natriumhypochlorit mbH, Essen, Germany.

During the reporting period there was no new acquisition of companies according to IFRS 3.

### Selected notes to the consolidated statement of operations

<b>Revenue by product</b>	<b>2018/19</b>	<b>2017/18</b>
EURm	HY. 1	HY. 1
Electricity	878.4	883.4
Natural gas	128.8	125.5
Heat	100.2	97.0
Environmental services	40.2	74.4
Others	98.5	68.7
<b>Total</b>	<b>1,246.1</b>	<b>1,249.0</b>

<b>Revenue by country</b>	<b>2018/19</b>	<b>2017/18</b>
EURm	HY. 1	HY. 1
Austria	733.3	706.0
Germany	15.7	21.4
Bulgaria	275.8	305.4
North Macedonia	209.9	207.3
Others	11.4	8.9
<b>Total</b>	<b>1,246.1</b>	<b>1,249.0</b>

The share of results from equity accounted investees with operational nature developed as follows:

<b>Share of results from equity accounted investees with operational nature</b>	<b>2018/19</b>	<b>2017/18</b>
EURm	HY. 1	HY. 1
EVN KG	–44.3	60.2
RAG	18.9	22.0
Energie Burgenland	16.3	15.2
ZOV; ZOV UIP	7.3	6.0
Verbund Innkraftwerke	1.2	1.8
Other companies	5.2	5.9
<b>Total</b>	<b>4.6</b>	<b>111.0</b>

The share of results from equity accounted investees with operational nature fell to EUR 4.6m in the first half of 2018/19 (previous year: EUR 111.0m). The decline is attributable to a lower earnings contribution from RAG and, above all, to the development of business at EVN KG. This company's selling activities were negatively affected by the higher procurement costs which

followed an increase in wholesale prices during the reporting period and by negative effects from the valuation of hedges as of 31 March 2019.

Earnings per share are calculated by dividing the Group net result (= net profit for the period attributable to EVN AG shareholders) by the weighted average number of shares outstanding, i. e. 177,994,578 as of 31 March 2019 (31 March 2018: 177,927,548 shares). There is no difference between basic earnings per share and diluted earnings per share. Calculated on the basis of a Group net result amounting to EUR 129.0m (previous year: EUR 229.4m), earnings per share at the balance sheet date 31 March 2019 totalled EUR 0.72 (previous year: EUR 1.29 per share).

#### Selected notes to the consolidated statement of financial position

In the first half of 2018/19, EVN activated intangible assets and property, plant and equipment to the sum of EUR 134.5m (previous year: EUR 136.0m). Property, plant and equipment with a net carrying amount (book value) of EUR 1.7m were disposed of (previous year EUR 5.3m), with a capital gain of EUR 1.7m (previous year: capital gain of EUR 0.5m).

The item investments in equity accounted investees decreased by EUR 108.9m, or 10.9%, to EUR 886.8m. This decline resulted primarily from the distributions made by at equity consolidated companies, which totalled EUR 115.1m. This reduction was contrasted by current earnings contributions of EUR 5.0m and valuation changes not recognised in profit and loss that amounted to EUR 0.4m.

The other investments of EUR 1,960.0m, mainly classified as FVOCI, include shares in listed companies with a market value of EUR 1,877.3m, which increased by EUR 15.8m since the last balance sheet date. In accordance with IFRS 9, the adjustments to the changed market values were offset with the valuation reserve after the deduction of deferred taxes.

The number of EVN shares in circulation developed as follows:

<b>Development of the number of shares in circulation</b>		<b>2018/19</b>
Number		<b>HY. 1</b>
<b>Balance 30.09.2018</b>		<b>177,994,578</b>
Purchase of treasury shares		–
<b>Total 31.03.2019</b>		<b>177,994,578</b>

As of 31 March 2019, the number of treasury shares amounted to 1,883,824 (or 1.05% of the share capital) with an acquisition value of EUR 20.5m. The treasury shares held by EVN are not entitled to any rights, and in particular, they are not entitled to dividends.

The 90<sup>th</sup> Annual General Meeting of EVN AG on 17 January 2019 approved the recommendation by the Executive Board and Supervisory Board to distribute a dividend of EUR 0.44 per share plus a one-off bonus dividend of EUR 0.03 for the 2017/18 financial year, which comprises a total dividend payout of EUR 83.7m. Ex-dividend date was 23 January 2019, and the dividend payment to shareholders of EVN took place on 25 January 2019.

The non-current loans and borrowings are composed as follows:

<b>Breakdown of non-current loans and borrowings</b>		
EURm	<b>31.03.2019</b>	<b>30.09.2018</b>
Bonds	511.9	504.5
Bank loans	486.2	536.0
<b>Total</b>	<b>998.0</b>	<b>1,040.5</b>

The increase of EUR 7.4m in the bonds resulted primarily from a change in the value of hedged foreign exchange risk. This was contrasted by an opposite movement in the market value of the hedges.

The issue of the EUR 121.5m promissory note loans in October 2012 is also reflected in the bank loans.

## Segment reporting

EURm	Energy		Generation		Networks		South East Europe	
	2018/19 HY.1	2017/18 HY.1	2018/19 HY.1	2017/18 HY.1	2018/19 HY.1	2017/18 HY.1	2018/19 HY.1	2017/18 HY.1
External revenue	357.9	329.8	73.4	30.5	279.5	293.9	486.7	513.4
Internal revenue (between segments)	2.6	4.3	106.9	127.8	25.1	28.9	0.5	0.4
<b>Total revenue</b>	<b>360.5</b>	<b>334.1</b>	<b>180.3</b>	<b>158.3</b>	<b>304.6</b>	<b>322.8</b>	<b>487.2</b>	<b>513.8</b>
Operating expenses	-333.7	-311.9	-83.6	-56.6	-155.9	-139.6	-433.2	-467.4
Share of results from equity accounted investees operational	-42.2	63.5	2.4	2.4	-	-	-	-
<b>EBITDA</b>	<b>-15.3</b>	<b>85.7</b>	<b>99.0</b>	<b>104.2</b>	<b>148.8</b>	<b>183.3</b>	<b>54.0</b>	<b>46.4</b>
Depreciation and amortisation	-9.6	-9.7	-31.3	-23.8	-61.4	-59.6	-29.7	-31.3
<b>Results from operating activities (EBIT)</b>	<b>-25.0</b>	<b>76.0</b>	<b>67.7</b>	<b>80.4</b>	<b>87.4</b>	<b>123.7</b>	<b>24.3</b>	<b>15.1</b>
Financial results	-0.9	-2.1	-8.0	-6.9	-8.5	-8.5	-10.6	-10.3
<b>Result before income tax</b>	<b>-25.9</b>	<b>73.9</b>	<b>59.7</b>	<b>73.5</b>	<b>78.8</b>	<b>115.2</b>	<b>13.7</b>	<b>4.9</b>
Total assets	750.0	729.2	1,055.5	945.7	1,951.5	1,937.9	1,179.3	1,186.7
Investments <sup>1)</sup>	3.5	5.3	31.1	33.7	56.2	51.6	39.8	40.9

	Environment		All Other Segments		Consolidation		Total	
	2018/19 HY.1	2017/18 HY.1	2018/19 HY.1	2017/18 HY.1	2018/19 HY.1	2017/18 HY.1	2018/19 HY.1	2017/18 HY.1
External revenue	40.2	74.7	8.6	6.8	-	-	1,246.1	1,249.0
Internal revenue (between segments)	-	8.1	32.1	29.6	-167.4	-199.2	-	-
<b>Total revenue</b>	<b>40.2</b>	<b>82.8</b>	<b>40.7</b>	<b>36.4</b>	<b>-167.4</b>	<b>-199.2</b>	<b>1,246.1</b>	<b>1,249.0</b>
Operating expenses	-36.2	-74.1	-44.3	-38.3	166.4	198.6	-920.4	-889.2
Share of results from equity accounted investees operational	9.2	7.9	35.1	37.2	-	-	4.6	111.0
<b>EBITDA</b>	<b>13.2</b>	<b>16.7</b>	<b>31.6</b>	<b>35.3</b>	<b>-1.0</b>	<b>-0.6</b>	<b>330.3</b>	<b>470.8</b>
Depreciation and amortisation	-5.7	-11.5	-0.9	-0.8	6.5	6.2	-132.2	-130.5
<b>Results from operating activities (EBIT)</b>	<b>7.5</b>	<b>5.1</b>	<b>30.6</b>	<b>34.5</b>	<b>5.5</b>	<b>5.5</b>	<b>198.1</b>	<b>340.3</b>
Financial results	-2.6	-0.3	22.7	18.6	-15.2	-15.7	-23.1	-25.1
<b>Result before income tax</b>	<b>4.9</b>	<b>4.8</b>	<b>53.3</b>	<b>53.2</b>	<b>-9.6</b>	<b>-10.1</b>	<b>175.0</b>	<b>315.3</b>
Total assets	645.9	789.2	4,156.3	3,265.5	-2,206.4	-2,100.3	7,532.2	6,753.9
Investments <sup>1)</sup>	7.7	7.0	1.2	1.4	-5.1	-3.8	134.5	136.0

1) In intangible assets and property, plant and equipment

The results shown in the total column represent the results reported on the consolidated statement of operations. The consolidation column reflects the elimination of intersegment transactions. Also included are transition amounts, which result from the difference between the viewpoints of the Energy and Generation 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 Segment has already recognised provisions for onerous contracts connected with the marketing of its electricity production. In contrast, an impairment charge is required for the Walsum 10 power plant from the Group's point of view.

## Selected notes on financial instruments

### Information on classes and categories of financial instruments

EURm

Classes	Measurement category	Fair value hierarchy (IFRS 13)	31.03.2019		30.09.2018	
			Carrying amount	Fair value	Carrying amount	Fair value
<b>Non-current assets</b>						
<b>Other investments</b>						
Investments	FVOCI	Level 3	78.1	78.1	78.1	78.1
Miscellaneous investments	FVOCI	Level 1	1,877.3	1,877.3	1,861.5	1,861.5
<b>Other non-current assets</b>						
Securities	FVTPL	Level 1	91.9	91.9	135.1	135.1
Loans receivable	AC	Level 2	34.9	41.3	38.3	44.7
Lease receivables	AC	Level 2	22.7	25.3	28.7	31.8
Receivables arising from derivative transactions	FVTPL	Level 2	4.7	4.7	35.1	35.1
Receivables arising from derivative transactions	Hedging	Level 2	1.8	1.8	0.6	0.6
Remaining other non-current assets	AC		1.3	1.3	0.2	0.2
<b>Current assets</b>						
<b>Current receivables and other current assets</b>						
Trade and other receivables	AC		408.8	408.8	419.5	419.5
Receivables arising from derivative transactions	FVTPL	Level 2	31.5	31.5	47.5	47.5
Securities	FVTPL	Level 1	89.6	89.6	139.8	139.8
<b>Cash and cash equivalents</b>						
Cash on hand and cash at banks	AC		169.6	169.6	214.5	214.5
<b>Non-current liabilities</b>						
<b>Non-current loans and borrowings</b>						
Bonds	AC	Level 2	511.9	601.4	504.5	591.9
Bank loans	AC	Level 2	486.2	553.9	536.0	593.7
<b>Other non-current liabilities</b>						
Leases	AC	Level 2	4.6	5.3	4.8	5.6
Accruals of financial transactions	AC		0.4	0.4	0.6	0.6
Other liabilities	AC		21.3	21.3	20.3	20.3
Liabilities arising from derivative transactions	FVTPL	Level 2	7.2	7.2	29.9	29.9
Liabilities arising from derivative transactions	Hedging	Level 2	14.6	14.6	19.9	19.9
<b>Current liabilities</b>						
<b>Current loans and borrowings</b>						
Trade payables	AC		69.4	69.4	89.1	89.1
<b>Other current liabilities</b>						
Other financial liabilities	AC		126.8	126.8	292.7	292.7
Liabilities arising from derivative transactions	FVTPL	Level 2	23.8	23.8	67.4	67.4
Liabilities arising from derivative transactions	Hedging	Level 2	4.9	4.9	5.1	5.1
<b>thereof aggregated to measurement categories</b>						
Designated at fair value through other comprehensive income	FVOCI		1,955.4		1,939.6	
Designated at fair value through profit or loss	FVTPL		270.0		480.3	
Financial assets and financial liabilities at amortised cost	AC		2,108.3		2,486.2	

The previous 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.

#### Information on transactions with related parties

There were no changes in the group of individuals and companies who are considered as related parties compared to the Annual report of 2017/18.

The value of services provided to investments in equity accounted investees is as follows:

<b>Transactions with investments in equity accounted investees</b>	<b>2018/19</b>	<b>2017/18</b>
EURm	HY. 1	HY. 1
Revenue	174.0	195.9
Cost of materials and services	50.1	50.3
Trade accounts receivable	16.2	42.2
Trade accounts payable	20.8	19.8

#### Other obligations and risks

Other obligations and risks increased by EUR 94.4m to EUR 419.3m compared to 30 September 2018. This change was mainly due to the increase in scheduled orders for investments in intangible assets, the increase in guarantees in connection with energy transactions as well as the increase in guarantees for subsidiaries in

connection with the construction and operation of projects in the Environment Segment.

Contingent liabilities related to guarantees for subsidiaries for 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 20.7m as of 31 March 2019. The nominal volume of the guarantees underlying this assessment was EUR 259.5m.

#### Significant events after the balance sheet date

The following events occurred between the balance sheet date for the quarterly financial statements on 31 March 2019 and the editorial deadline for this consolidated interim financial report on 23 May 2019:

The 72<sup>nd</sup> Annual General Meeting of Verbund AG on 30 April 2019 approved a dividend of EUR 0.42 per share for the 2018 financial year (previous year: EUR 0.42 per share).

On 10 April 2019 the World Bank's International Centre for the Settlement of Investment Disputes issued its decision in the arbitration proceedings initiated by EVN AG against the Republic of Bulgaria (also see the comments on the South East Europe Segment). The part of the claims in the arbitration proceedings which involved compensation for obligations related to renewable energy were settled in February 2017 through an offset between a Bulgarian subsidiary of EVN and the state-owned Bulgarian electricity company NEK. The arbitration decision issued in April 2019 did not award EVN AG any additional compensation for its claims. Therefore, the arbitration proceedings will not have any further effect on EVN's profit or loss or balance sheet in the 2018/19 financial year.

The rating agency Standard & Poor's raised EVN's rating from A- to A (stable outlook) in April 2019, and Moody's increased its rating from A2 to A1 (stable outlook) in May 2019.

With regard to the EUR 400m syndicated credit line, the one-year extension option provided by the credit agreement was exercised in May 2019. This extended the maturity date from May 2023 to May 2024.

## Statement by the Executive Board

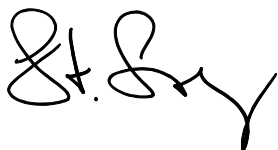
pursuant to § 125 (1) no. 3 of the Austrian Stock Exchange Act 2018 ("Börsegesetz 2018")

The Executive Board of EVN AG certifies that these condensed interim financial statements which were prepared in accordance with the decisive reporting standards present a true and fair view of the assets, liabilities, financial position and profit or loss of the

EVN Group and that the half-year management report of the Group presents a true and fair view of the assets, liabilities, financial position and profit or loss of the EVN Group with regard to important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, with regard to the principal risks and uncertainties for the remaining six months of the financial year and to transactions with related companies and individuals to be disclosed.

Maria Enzersdorf, 23 May 2019

EVN AG  
The Executive Board



**Stefan Szyszkowitz**  
Spokesman of the Executive Board



**Franz Mittermayer**  
Member of the Executive Board

# EVN on the capital market

## The EVN share

### Market environment and performance

Most of the European stock markets trended downward during the period from October 2018 to March 2019. By way of example: The German benchmark index DAX fell by 5.9% and Vienna's ATX lost 9.3% during the same period. The performance of the major international market indexes also reflected this generally subdued development, as is evidenced by the US benchmark index Dow Jones with a decline of 2.0%.

In contrast to this trend, the DJ Euro Stoxx Utilities, the relevant industry index for EVN, recorded an increase of 13.3%. The EVN share was, however, unable to follow this positive example and lost 23.1% of its value during the reporting period. The average

daily turnover in EVN shares equalled 52,707 (single counting). That represents an annual trading volume of EUR 91.8m (single counting) for EVN's shares on the Vienna Stock Exchange and 0.92% of the total trading volume in Vienna's Prime Market.

### Strategy for the use of financial resources and dividend

EVN's strategy for the use of its financial resources includes establishing a balance between current investment projects and attractive dividends for its shareholders. The 90<sup>th</sup> Annual General Meeting on 17 January 2019 approved a dividend of EUR 0.44 plus a one-time bonus dividend of EUR 0.03 per eligible share to the shareholders of EVN AG for the 2017/18 financial year. The ex-dividend day was 23 January 2019, and payment was made to shareholders on 25 January 2019.

		2018/19 HY. 1	2017/18 HY. 1
<b>EVN share – performance</b>			
Share price at 31 March	EUR	12.98	15.86
Highest price	EUR	17.28	18.00
Lowest price	EUR	12.16	13.07
Value of shares traded <sup>1)</sup>	EURm	91.8	100.9
Average daily turnover <sup>1)</sup>	Shares	52,707	52,253
Share of total turnover <sup>1)</sup>	%	0.55	0.58
Market capitalisation at 31 March	EURm	2,335	2,853
ATX prime weighting at 31 March	%	0.92	1.00

1) Vienna Stock Exchange, single counting

## Shareholder structure

In accordance with Austrian federal and provincial constitutional law, the province of Lower Austria is the major shareholder of EVN AG with a stake of 51.0%. These constitutional requirements limit the transfer of the investment, which is held directly by NÖ Landes-Beteiligungsholding GmbH, St. Pölten.

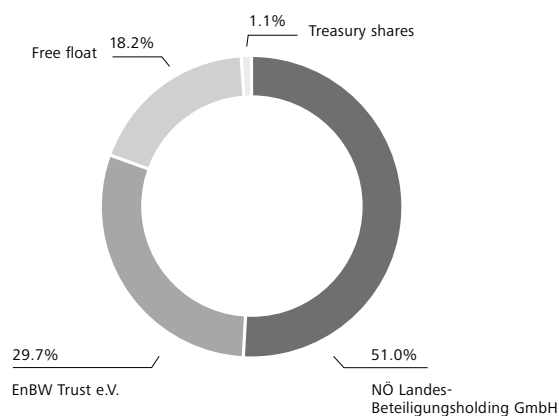
The second largest shareholder of EVN AG is EnBW Trust e.V., an association headquartered in Karlsruhe, which is recorded in the register of associations maintained by the district court in Mannheim under VR 3737. As of 31 March 2019, EnBW Trust held an investment of 29.7% of the share capital in trust 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.

## External ratings

Independent ratings issued by Moody's and Standard & Poor's represent an important element of EVN's financing strategy, whereby the goal is to maintain solid A category ratings. The two rating agencies updated their ratings for EVN in April, respectively May 2019:

- Standard & Poor's: Rating upgraded from A- to A, stable outlook
- Moody's: Rating upgraded from A2 to A1, stable outlook

### Shareholder structure<sup>1)</sup>





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[www.evn.at](http://www.evn.at)

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

[www.verantwortung.evn.at](http://www.verantwortung.evn.at)

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## Financial calendar<sup>1)</sup>

Results Q. 1–3 2018/19	22.08.2019
Annual results 2018/19	12.12.2019

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## EVN share – Basic information<sup>2)</sup>

Share capital	EUR 330,000,000.00
Denomination	179,878,402 shares
ISIN security code number	AT0000741053
Tickers	EVNV.VI (Reuters); EVN AV (Bloomberg); EVN (Dow Jones); EVNVY (ADR)
Listing	Vienna
ADR programme; depositary	Sponsored Level I ADR programme (5 ADR = 1 share); The Bank of New York Mellon
Ratings	A1, stable (Moody's); A, stable (Standard & Poor's)

1) Preliminary

2) As of 31 March 2019

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We would like to thank Stefanie Trettler (water technician) who provided her workplace for a photo shooting. The photo formed the basis for the design of our report cover.

Editorial deadline: 23 May 2019