

# EVN IR News

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## Business development in the first quarter of 2020/21

(1 October 2020 – 31 December 2020)

### Highlights

- Positive business development supports improvement in revenue, EBIT and Group net result
- Weather-related higher energy demand in the core markets
- Commissioning of the Kettlasbrunn II wind park with 8.4 MW of installed capacity
- Start of construction on a biomass combined heat and power plant in Krems with an investment volume of EUR 30m
- Expansion of drinking water supplies in the Waldviertel region with the construction of a 60 km cross-regional supply pipeline from Krems to Zwettl
- New general contractor assignment for the modernisation of a wastewater treatment plant in Poland
- Extensive investment programme in progress for supply security, a CO<sub>2</sub>-free energy future and drinking water supplies with up to EUR 450m per year

### Key results

- **Revenue:** +4.8% to EUR 604.1m
- **EBIT:** +14.4% to EUR 135.9m
- **Group net result:** +12.7% to EUR 93.5m
- **Net debt:** EUR 1,052.4m (30 September 2020: EUR 1,037.7m)

### Effects of the Covid-19 pandemic

Due to EVN's integrated business model and broad customer diversification, the Covid-19 pandemic has had only a limited effect on the development of business and earnings to date. Delays on construction projects and investments in the Networks Segment were recovered in part during the first quarter of 2020/21. However, the international project business has been complicated by national lockdowns, travel restrictions and interruptions in international supply chains.

### Energy sector environment

The temperature-related energy demand exceeded the previous year in EVN's three relevant markets – Austria, Bulgaria and North Macedonia – during the first quarter of 2020/21. In Austria, this indicator also topped the long-

term average. Increases were also recorded in the market prices for base load and peak load electricity, natural gas and CO<sub>2</sub> emission certificates.

### EBIT and Group net result above previous year

Revenue recorded by the EVN Group rose by 4.8% year-on-year to EUR 604.1m in the first quarter of 2020/21. This increase was supported, above all, by the international project business and, in this connection, the wastewater treatment plant project in Kuwait which started in summer 2020. Weather conditions were also reflected in slightly higher network sales in all three core markets. Contrary factors were lower effects from the valuation of hedges for electricity generation and a decline in revenue from natural gas trading.

The increase in other operating income to EUR 137.8m (previous year: EUR 20.3m) is primarily attributable to a non-recurring effect from the takeover of an additional electricity procurement right. The cost of electricity purchases from third parties and primary energy expenses fell by 7.9% to EUR 242.2m in line with the decline in revenue from natural gas trading.

Developments in the international project business were responsible for an increase of 74.8% in the cost of materials and services to EUR 115.1m.

Personnel expenses were 2.8% higher year-on-year at EUR 87.7m. In addition to adjustments required by collective bargaining agreements, this increase resulted, among others, from additional hiring for the wastewater treatment plant project in Kuwait. The average number of employees equalled 7,152 in the first quarter of 2020/21 (previous year: 7,015 employees).

The share of results from equity accounted investees with operational nature amounted to EUR 60.2m (previous year: EUR 29.1m). This year-on-year increase was based primarily on an improvement in operating earnings and valuation effects from hedges held by EVN KG.

EBITDA recorded by the EVN Group totalled EUR 333.8m in the first quarter of 2020/21, which represents an increase of 75.1% over the previous year. Scheduled depreciation and amortisation rose by 18.3% to EUR 84.8m, chiefly due to the high level of investment. In connection with the above-mentioned takeover of an additional electricity procurement right, an impairment loss of EUR 113.1m was recognised to a thermal power plant. In total EBIT increased by 14.4% to EUR 135.9m.

Financial results improved by 25.9% to EUR –8.0m. Group net result for the first quarter of 2020/21 equalled EUR 93.5m, which represents an increase of 12.7% over the previous year

### Solid balance sheet structure

EVN has a solid and stable capital structure which will provide a good foundation over the coming years for the realisation of the extensive investment programme in the areas of supply security, a CO<sub>2</sub>-free energy future and drinking water supplies. Net debt remained constant at approximately EUR 1 bn.

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

#### Energy business

Electricity generation totalled 1,047 GWh in the first quarter of 2020/21. Renewable generation was 4.3% lower year-on-year at 543 GWh (previous year: 544 GWh). The share of renewable generation rose to 51.9% during the reporting period (previous year: 49.7%). Wind flows fell below the previous year and long-term average, but water flows were above average. Electricity generation in the thermal power plants declined by 8.3% to 504 GWh, primarily due to a reduction in the use of the Walsum 10 power plant.

## Environmental and water business

The continuous improvement of supply security and drinking water quality in Lower Austria represents a focal point of EVN's investments. The most important projects currently in progress include the construction of the fifth natural filter plant in Petronell-Carnuntum and the expansion of the cross-regional supply pipelines.

In the international project business, a general contractor assignment was received in November 2020 for the modernisation of a wastewater treatment plant in Poland (contract value: approximately EUR 11m). As of 31 December 2020, WTE Wassertechnik had nine projects for wastewater treatment and thermal sludge utilisation under planning and construction in Germany, Poland, Lithuania, Romania, Croatia, Bahrain and Kuwait as well as three further thermal sludge utilisation projects in progress in Germany through sludge2energy.

## Medium-term investment plan

EVN is planning a far-reaching investment programme for the coming years with annual investments of up to EUR 450m, including roughly three-fourths in Lower Austria. These extensive network investments will protect supply security and support a CO<sub>2</sub>-free energy future as well as growth in the Networks Segment. Other focal points include renewable generation (wind power, photovoltaics and biomass) and drinking water supplies. The first quarter of 2020/21 also saw the start of construction on a biomass combined heat and power plant in Krems that will produce 5 MW of electrical and 15 MW of thermal generation and supply green electricity for 15,000 households and natural heat for up to 30,000 households. Commissioning is scheduled for the first calendar quarter of 2023.

## Outlook confirmed for the 2020/21 financial year

Under the assumption of average conditions in the energy business environment, EVN expects Group net result of approximately EUR 200 to 230m for the 2020/21 financial year. However, the further course of the corona crisis and the resulting macroeconomic effects could have a negative influence on individual business areas at EVN and, in turn, on the development of earnings for the entire Group.

The Letter to Shareholders on the first quarter of 2020/21 is available under [www.investor.evn.at](http://www.investor.evn.at).

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## EVN in figures

	GWh	2020/21	2019/20	+/-		2019/20
		Q. 1	Q. 1	Nominal	%	
<b>Key energy business indicators</b>						
<b>Electricity generation volumes</b>		<b>1,047</b>	<b>1,094</b>	<b>-47</b>	<b>-4.3</b>	<b>3,785</b>
Renewable energy sources		543	544	-1	-0.2	2,250
Thermal energy sources		504	550	-45	-8.3	1,535
<b>Network distribution volumes</b>						
Electricity		5,965	5,767	198	3.4	22,154
Natural gas <sup>1)</sup>		5,234	4,960	274	5.5	15,228
<b>Energy sales volumes to end customers</b>						
<b>Electricity</b>		<b>5,174</b>	<b>5,054</b>	<b>120</b>	<b>2.4</b>	<b>19,813</b>
thereof Central and Western Europe <sup>2)</sup>		2,259	2,114	144	6.8	8,463
thereof South Eastern Europe		2,915	2,940	-25	-0.8	11,351
<b>Natural gas</b>		<b>1,826</b>	<b>1,719</b>	<b>107</b>	<b>6.2</b>	<b>4,957</b>
<b>Heat</b>		<b>783</b>	<b>708</b>	<b>76</b>	<b>10.7</b>	<b>2,303</b>
thereof Central and Western Europe <sup>2)</sup>		722	646	75	11.6	2,111
thereof South Eastern Europe		62	61	0	0.6	192

<sup>1)</sup> Incl. Network distribution volumes to EVN power plants

<sup>2)</sup> Central and Western Europe covers Austria and Germany

	EURm	2020/21	2019/20	+/-		2019/20
		Q. 1	Q. 1	Nominal	%	
<b>Condensed consolidated statement of operations</b>						
<b>Revenue<sup>1)</sup></b>		<b>604.1</b>	<b>576.2</b>	<b>27.9</b>	<b>4.8</b>	<b>2,107.5</b>
Other operating income <sup>1)</sup>		137.8	20.3	117.5	-	64.4
Electricity purchases and primary energy expenses		-242.2	-263.1	20.9	7.9	-888.3
Costs of materials and services		-115.1	-65.8	-49.2	-74.8	-316.9
Personnel expenses		-87.7	-85.4	-2.4	-2.8	-349.3
Other operating expenses		-23.4	-20.8	-2.7	-12.9	-121.1
Share of results from equity accounted investees with operational nature		60.2	29.1	31.1	-	94.1
<b>EBITDA</b>		<b>333.8</b>	<b>190.6</b>	<b>143.2</b>	<b>75.1</b>	<b>590.4</b>
Depreciation and amortisation		-84.8	-71.6	-13.1	-18.3	-296.7
Effects from impairment tests		-113.1	-0.1	-112.9	-	-20.6
<b>Results from operating activities (EBIT)</b>		<b>135.9</b>	<b>118.8</b>	<b>17.1</b>	<b>14.4</b>	<b>273.1</b>
<b>Financial results</b>		<b>-8.0</b>	<b>-10.7</b>	<b>2.8</b>	<b>25.9</b>	<b>-15.8</b>
<b>Result before income tax</b>		<b>128.0</b>	<b>108.1</b>	<b>19.9</b>	<b>18.4</b>	<b>257.3</b>
Income tax expense		-26.4	-17.4	-9.0	-51.5	-28.7
<b>Result for the period</b>		<b>101.6</b>	<b>90.7</b>	<b>10.9</b>	<b>12.0</b>	<b>228.6</b>
thereof result attributable to EVN AG shareholders (Group net result)		93.5	82.9	10.5	12.7	199.8
thereof result attributable to non-controlling interests		8.2	7.8	0.4	5.2	28.9
<b>Earnings per share in EUR<sup>1)</sup></b>		<b>0.52</b>	<b>0.47</b>	<b>0.1</b>	<b>12.6</b>	<b>1.12</b>

<sup>1)</sup> There is no difference between basic and diluted earnings per share.