

CREDIT OPINION

24 April 2023

Update

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RATINGS

EVN AG

Domicile	Maria Enzersdorf, Austria
Long Term Rating	A1
Type	Senior Unsecured - Dom Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

EVN AG

Update to credit analysis

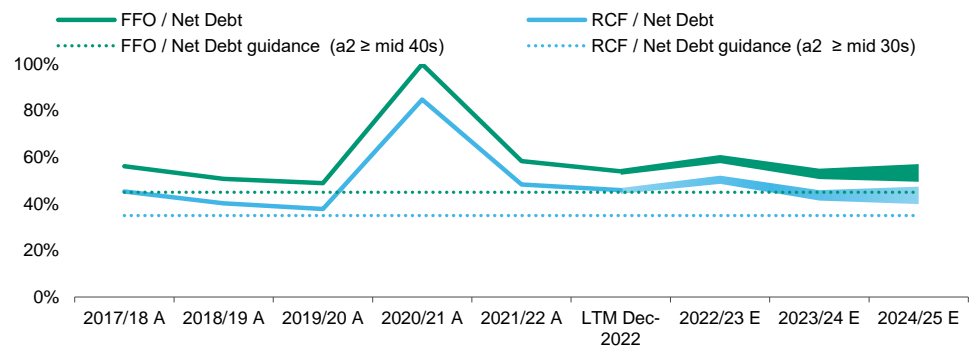
Summary

EVN AG's (EVN, A1 stable) credit profile is supported by its high degree of regulated earnings — around half of the group's EBITDA comes from regulated domestic network activities, which have very low business risk, and other non-regulated but relatively low-risk utility activities in Lower Austria; its strong competitive position in its core market of Lower Austria, a market characterised by high customer loyalty; a strong financial profile, with funds from operations (FFO)/net debt averaging 66% in the last three fiscal years, underpinned by its continued prudent financial policy; and the majority ownership by the [State of Lower Austria](#) (Aa1 stable), required by legislation, resulting in EVN's A1 rating incorporating a one-notch rating uplift for potential support.

EVN's credit quality is constrained by its significant portion of earnings emanating from activities with higher business risk, in particular, operations in South East Europe (SEE) (typically accounting for around 20% of group EBITDA) and the international projects division, though the group has taken measures to reduce these risks in recent years; and its overall low scale compared with similarly rated peers.

Exhibit 1

We expect EVN to maintain a comfortable headroom to its ratio guidance through fiscal year 2024



All figures and ratios are calculated using Moody's estimates and standard adjustments. Moody's projections are Moody's opinion and do not represent the views of the issuer.

Source: Moody's Investors Service

This report was republished on 24 April with updated analyst contact details.

Credit strengths

- » Around half of the group's earnings derive from activities with very low (distribution networks in Lower Austria) or relatively low (select multi-utility activities primarily) business risk, which generate stable and predictable cash flow
- » Strong competitive position in the core market of Lower Austria
- » Continued prudent financial policy
- » Majority ownership by the State of Lower Austria, which provides one notch of uplift to the final rating

Credit challenges

- » Significant portion of earnings derived from activities with high business risk, in particular, operations in SEE (typically accounting for around 20% of group EBITDA) and international projects
- » Significant investment programme, although focused on the regulated and stable business in Lower Austria (primarily distribution networks, onshore wind and water) and supported by a prudent financial policy

Rating outlook

The stable outlook reflects our view that EVN will maintain FFO/net debt at least in the mid-40s and retained cash flow (RCF)/net debt at least in the mid-30s (both in percentage terms) without an increase in business risk.

Factors that could lead to an upgrade

- » We see no potential for an upgrade in the medium term. EVN's rating is constrained by its small size compared with that of its European utility peers that we rate; its dependence on prevailing market conditions in its core market of Lower Austria, with Austria accounting for 70%-80% of group EBITDA in recent years; and the fact that a significant portion of group EBITDA is derived from activities with higher business risk.

Factors that could lead to a downgrade

- » Downward rating pressure would develop if EVN appeared unlikely to maintain our ratio guidance for FFO/net debt and RCF/net debt in the mid-40s and mid-30s (both in percentage terms), respectively.
- » Downward rating pressure would also arise if there was a significant deterioration in EVN's business risk, for example, as a result of a change in investment strategy; the operating environment of its activities in SEE and the international projects business; or the composition and size of the international projects business.

Key indicators

Exhibit 2

EVN AG's key credit metrics

	Sep-19	Sep-20	Sep-21	Sep-22	LTM Dec-22	12-18 Months Forward View
(CFO Pre-W/C) / Net Debt	50.8%	48.9%	100.0%	58.4%	54.0%	55% - 60%
RCF / Net Debt	40.2%	37.8%	84.8%	48.4%	45.9%	45% - 50%
(FFO + Interest Expense) / Interest Expense	10.5x	10.7x	13.2x	17.5x	18.6x	15x - 17x

FFO and RCF for financial year 2020/21 include increase in provision, which resulted from the takeover of an additional electricity procurement right contract on Walsum 10 power plant. All figures and ratios are calculated using Moody's estimates and standard adjustments. Moody's Projections (proj.) are Moody's opinion and do not represent the views of the issuer. Periods are fiscal year-end unless indicated. LTM = Last 12 months. For definitions of Moody's most common ratio terms please see accompanying [User's Guide](#).
Source: *Moody's Financial Metrics*™

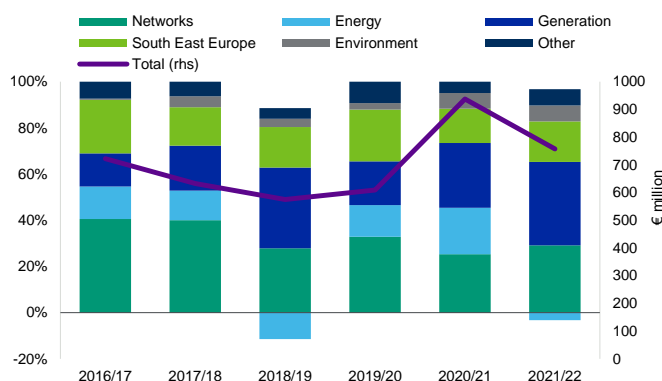
This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Profile

EVN AG (EVN) is a multi-utility company with a primary focus on the State of Lower Austria, where the company typically generates around half its revenue and 75%-80% of its EBITDA. EVN is the second-largest Austrian electric utility, with its energy activities (comprising electricity generation, distribution and supply; gas distribution and supply; and district heat generation and supply) accounting for more than 90% of revenue.

Exhibit 3

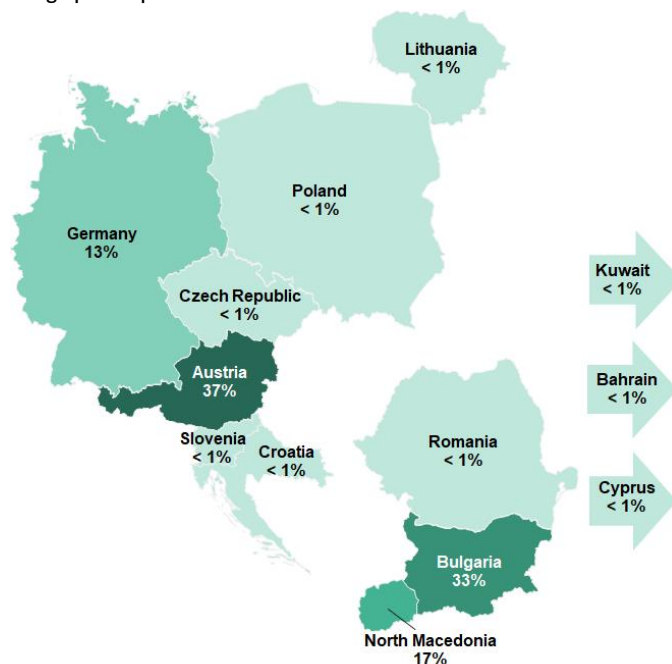
Split of EVN's EBITDA by business segment



Sources: EVN and Moody's Investors Service

Exhibit 4

Most of EVN's revenue is realised in Austria Geographical split of revenue for fiscal 2022



Sources: EVN and Moody's Investors Service

Exhibit 5

EVN's reporting segments and associated activities

Business area	Reporting segments	Activities
Energy business	Generation	Electricity generation from thermal sources and renewable energies at Austrian and international locations
	Energy	Procurement of electricity and primary energy carriers, trading and sale of electricity and natural gas to end customers and on wholesale markets as well as heat generation and sale
	Networks	Operation of regional electricity and natural gas networks as well as cable TV and telecommunications networks
	South East Europe	Operation of electricity networks and electricity sales to end customers in Bulgaria and North Macedonia, heat generation and sale in Bulgaria, electricity generation in North Macedonia, construction and operation of natural gas networks in Croatia, energy trading throughout the entire region
Environmental services business	Environment	Water supply and wastewater disposal in Austria, as well as an international project business constructing, financing and/or operating plants for drinking water supplies, waste treatment and thermal waste utilisation
Other business activities	All Other Segments	Strategic and other investments, corporate services

(1) Operation of a thermal waste utilisation plant in Lower Austria (Zwentendorf/Dürnrohr) has been reported in "Generation" since 1 July 2018 (previously in "Environment"). (2) Within "All Other Segments", EVN's main holdings comprise a stake in Austria's largest generator [Verbund](#) (12.63% stake, A3 stable), a 73.63% stake in Burgenland Holding AG (with a 49.00% shareholding in the regional electric and gas utility Energie Burgenland AG), and the Austrian gas storage company RAG Austria AG (RAG, 50.03% stake).

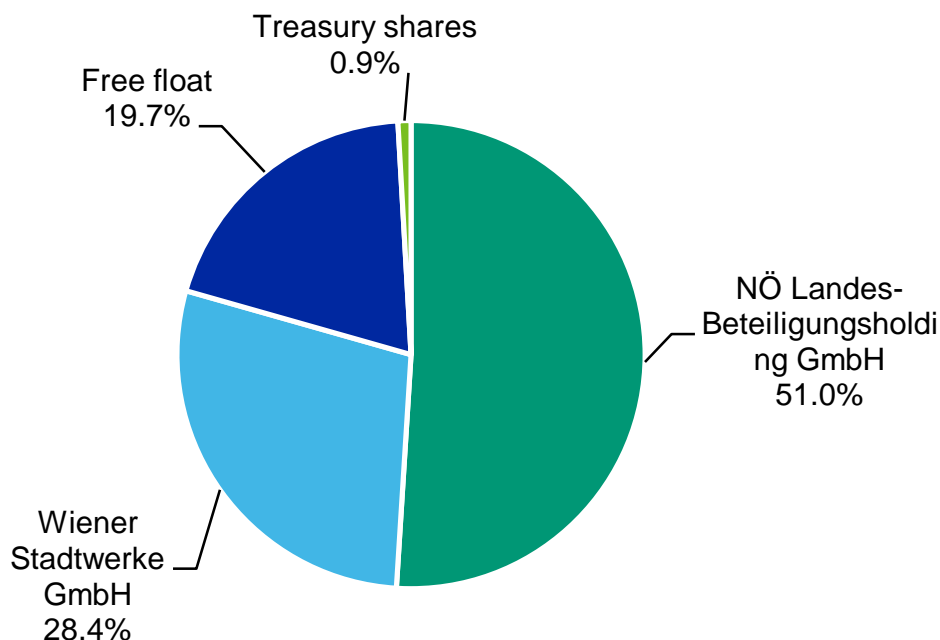
Source: EVN

EVN's main shareholders are the State of Lower Austria (51.0% ownership) and Wiener Stadtwerke GmbH (28.4% stake), with the balance (19.7%) in free float and 0.9% of treasury shares.

In mid-April 2023, EVN had a market capitalisation of around €3.8 billion.

Exhibit 6

State of Lower Austria is EVN's majority shareholder, in accordance with Austrian federal and provincial constitutional law
Shareholder structure as of 31 December 2022



NÖ Landes-Beteiligungsholding GmbH is a subsidiary of the State of Lower Austria. (NÖ Holding GmbH is the sole owner of NÖ Landes-Beteiligungsholding GmbH. The State of Lower Austria solely owns NÖ Holding GmbH.)

Free float includes shares held by employees.

Source: EVN

Detailed credit considerations

Low business risk in domestic network activities, underpinned by a developed regulatory regime

EVN's regulated electricity and gas distribution networks in Lower Austria are the largest contributors to the group's EBITDA, accounting for 25%-35% in recent years. These monopoly activities are governed by a well-defined and stable regulatory regime — ex-ante incentive-based regulation has existed for more than 10 years in distribution (since 2006 and 2008 for electricity and gas, respectively) — and thus generate stable and predictable cash flow.

Allowed returns have diminished, but impact is manageable because of strong operational performance and continued asset base growth

EVN benefits from cash flow visibility into its distribution operations following regulatory determinations by the Austrian energy regulator (E-Control) for the 2023-27 (gas) and 2019-23 (electricity) regulatory periods.

Austria entered into a new regulatory period for gas distribution from 2023 to 2027, which saw allowed returns cut to 3.72% (from 4.88%) on the existing regulated asset base (RAB) and 4.88% (from 5.20%) on the new RAB. This change was largely expected (reflecting a low interest rate environment in previous years, and E-Control using the five-year trailing average of the 10-year government bond to set the risk-free rate).

As for electricity distribution, current regulatory period ends at the end of 2023. The period — spanning from 2019 to 2023 — allows returns of 4.88% on existing RAB and 5.20% on new RAB. While it would be reasonable to anticipate a further cut in remuneration for the upcoming new regulatory period (both electricity transmission and gas distribution have seen cuts to their allowed returns), the

current interest rate environment is very different from that of the average of the past five years. It remains unclear to what extent the regulator eventually could opt to reflect this in the parameters for the upcoming new regulatory period for electricity distribution.

EBITDA for EVN's network business in Austria was down by 10% in the first quarter of the current fiscal year (ending 30 September 2023), reflecting mainly a substantial decline in distributed volumes. EVN has guided its pre-tax income for the networks segment for the fiscal year to be lower than last year on the back of lower volumes and reduced allowed returns. However, EVN does not carry any volume risks, and the lower volumes will be fully recovered with a two-year lag.

Despite the cut in allowed returns for gas distribution and uncertainties around the future parameters for electricity distribution, we expect EVN's networks business to display stable to growing returns over the next three years. This reflects:

- » the incremental income from earning a higher allowed return on its existing assets than the average Austrian Distribution System Operator (DSO) for this period because E-Control has determined that EVN has above-average efficiency, particularly for its gas operations
- » our expectation of some outperformance against regulatory cost allowances in this period (0.40% for gas and 0.95% in the period for electricity, with EVN keeping 100% of any gains)
- » EVN's significant capital spending programme, primarily in electricity (principally associated with smart meters, constructing and expanding transformer stations and expanding 110kV power lines), which will result in distribution RAB growth well above 5% per annum over the next few years, offsetting some of this EBITDA reduction (from higher regulatory return and regulatory depreciation)

Exhibit 7

Summary of regulatory framework for EVN's Austrian distribution networks

	Electricity (2019-23)	Gas (2023-27)	Comment
Regulatory authority	E-Control	E-Control	
Regulatory period start	01-Jan-19	01-Jan-23	
Regulatory period end	31-Dec-23	31-Dec-28	Adjustment of WACC and cost efficiency parameters
Duration of regulatory period	5 years	5 years	
Regulatory method	Revenue cap	Revenue cap	
Regulated Asset Base	Annually adjusted	Annually adjusted	Annual investments are added to the RAB in the following year
WACC (pre-tax, nominal)	- New RAB (as of 2019) 5.20% - Existing RAB of DSO with average efficiency 4.88%	- New RAB (in 2023) 4.88% - Existing RAB of DSO with average efficiency 3.72%	Set for length of regulatory period Higher WACC for existing RAB of DSOs with above average efficiency (such as EVN/Netz NÖ)
Cost efficiency: general productivity factor	0.95%	0.40%	Gains from cost reductions remain with the company during the regulatory period
Cost efficiency: company specific factor	0% (100%) - 2.931% (80%)	0% (100%) - 2.931% (80%)	Efficiency values shown in parentheses
Inflation	Annual adjustment	Annual adjustment	Network operator price index which consists of consumer price index and wage increase index

Sources: E-Control and Moody's Investors Service

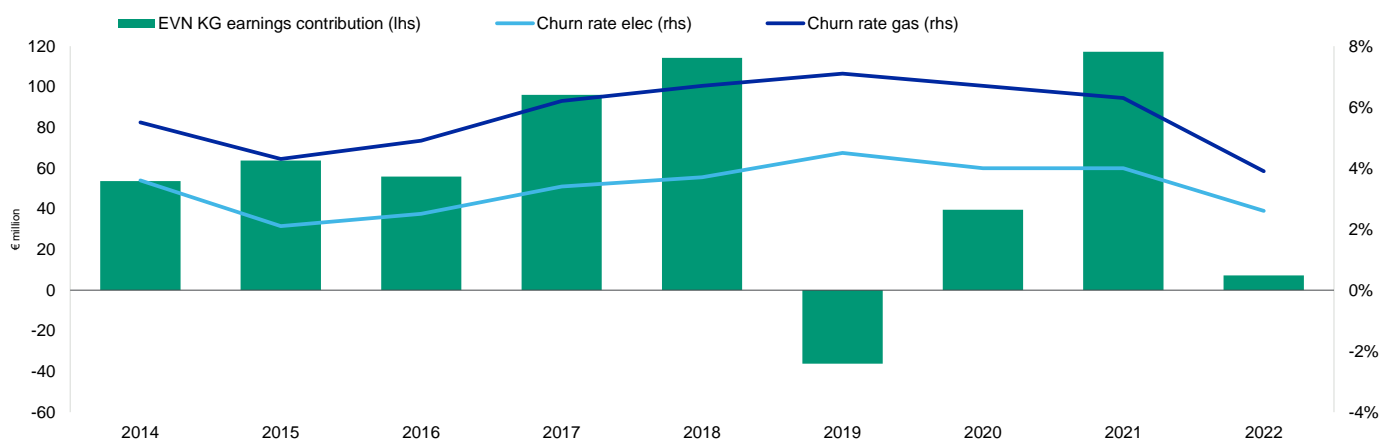
Strong competitive position in Lower Austria

EVN's strong competitive position in Lower Austria is reflected in its supply market shares of 72% in electricity and 36% in natural gas in the region. These markets are characterised by high customer loyalty, with annual churn rates in the region averaging around 4.0% in electricity and 6.0% in gas over the last five years. During the fiscal year 2021/2022, the supply business suffered substantially from increased procurement costs and EVN KG's earnings contribution dropped massively from the year earlier. The energy division overall reported a negative EBITDA of -€27 million for the last fiscal year. Semiannual price increases were taken on 1 September 2022, and we expect the energy segment to again return to growth over the next 12-18 months. However, earnings contribution from this segment is likely to remain somewhat muted over the next two years at least.

Exhibit 8

Increased procurement costs reduced earnings in fiscal 2022

Churn rates in Lower Austria and earnings contribution from EVN KG



(1) If a customer changes tariff but retains the supplier, it still counts as customer switching and is, therefore, included in the churn statistics. (2) EVN KG is a supplier of electricity and natural gas for household customers in Lower Austria. Its earnings contribution reflects the share of results from equity-accounted investees with an operational nature and refer to the year ending 30 September (EVN's reporting year end), rather than 31 December, for churn rates.

Sources: EVN, E-Control and Moody's Investors Service

Lower Austria accounts for around 16% of the national GDP, which is the third-highest contribution after Vienna and Upper Austria, and its per capita GDP is below the Austrian average. The regional economy is highly dependent on services. Corporate services, public services, retailing and tourism comprise a significant share of the regional economy, but Lower Austria also has a substantial industrial base, with companies operating in the chemical, food and beverages, steel, automobile, textile, electronics and paper sectors. (See the latest [State of Lower Austria credit opinion](#), published in June 2022, for more information.)

Significant cash flow contributions from other multi-utility activities in Lower Austria

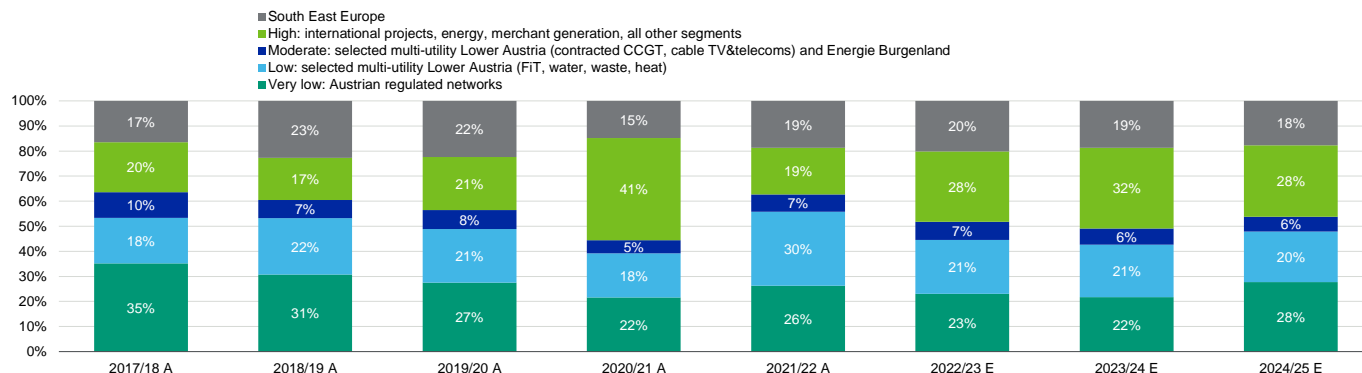
Further earnings stability is derived from other multi-utility activities in Lower Austria, which have either relatively low (power generation from subsidised renewables [onshore wind for EVN]; heat; water and waste) or moderate (cable TV and telecoms) business risk. We estimate these activities collectively will account for around 30% of the group's EBITDA over the next two years. Accredited existing wind projects receive feed-in tariffs for 13 years; drinking and wastewater is monopolistic but not regulated; thermal waste utilisation is underpinned by long-term contracts with municipalities; and district heating is not regulated but the risks mainly relate to prices of substitute sources of heat.

During the last fiscal year, the generation segment in particular contributed very positively to the company's results. Generation increased its EBITDA to €293 million, up 12% from the prior year. This trend continued into the first quarter of the current fiscal year as EVN continued to reap the benefits of higher electricity prices. EBITDA during the first quarter was up by 16% against the prior year. We expect generation to continue to contribute solidly to EVN's earnings, although earnings may be cushioned by excess levies that the Austrian government has put in place once electricity prices move above a certain threshold.

Exhibit 9

Other multi-utility activities in Lower Austria account for a significant portion of group EBITDA, but business risk varies by activity

Moody's-estimated breakdown of group EBITDA by business risk profile



Moody's forecasts represent Moody's opinion, not the views of the issuer.

Source: Moody's Investors Service

Strong financial metrics underpinned by continued prudent financial policy

EVN's strong financial metrics, reflected in FFO/net debt averaging 66% in the last three fiscal years, are underpinned by its continued prudent financial policy. The company's strong operating performance has enabled a significant reduction in the business' leverage in recent years. In the last fiscal year, however, the company's net debt increased substantially to reach €1,194 million (Moody's-adjusted) as of September 2022. While the company's underlying funds from operations slightly decreased; the main driver behind the increase in net debt is ascribed to the volatile commodity and electricity markets. This has led to temporarily distortions in cash flow as EVN has faced higher procurement costs, whereas there has been a delay until these costs could be passed on to the customers. In addition, EVN saw a step-up in capital spending of almost €150 million, whereas its Kuwait project was in a peak phase of realisation and required working capital. EVN's reported net debt increased by a further €335 million during the first quarter of this year, largely for the same reasons. We expect net debt for the current fiscal year to show a modest increase from the previous year before it stabilises around the levels recorded in fiscal year 2021/2022.

We expect the group to retain a strong financial profile given its continued investment focus on regulated and stable activities in Lower Austria (primarily in distribution grids, subsidised onshore wind and drinking water) for further growth and modest dividend levels (around 40% of net income over the medium term).

EVN has guided to gross capital spending of up to €500 million per annum over the next few years, with around 75% of its capital spending to be directed to its core market of Lower Austria. The vast majority of spending will be oriented towards distribution networks, renewable generation and drinking water, which are stable and regulated businesses. We expect earnings from renewable generation to grow with the group's planned growth in onshore wind¹, because no existing subsidies will roll off during fiscal 2022 to fiscal 2023, levelised costs of onshore wind have fallen at a much greater rate than the fall in feed-in tariffs (around €80/MWh currently) and wind parks outside of Austrian subsidy scheme benefit from current higher wholesale prices.

We expect EVN to maintain a prudent financial policy: the group stated at the end of fiscal 2022 that it aims to maintain the absolute amount of the ordinary dividend at €0.52/share.

EVN's financial policies are prudent and underpin the current rating. The company's track record and adherence to conservative financial policies are reflected in EVN's strong governance scoring under our ESG framework.

Credit quality constrained by the fact that a significant portion of earnings still comes from activities with high business risk

EVN generates around 40% of group EBITDA from activities that we qualify to have a higher business risk. While EVN has taken measures to reduce the risks in recent years and has demonstrated a track record of managing them, it still faces high risks given the size of these operations relative to the group.

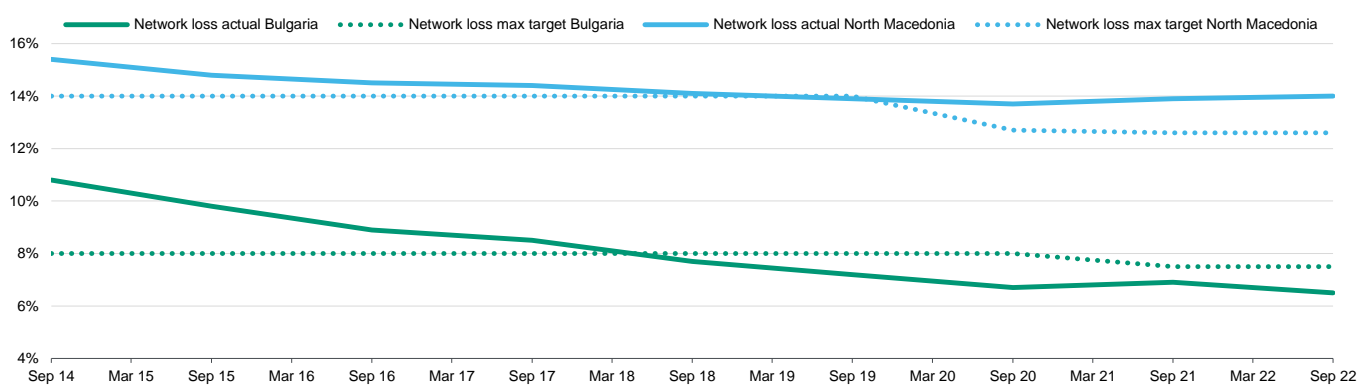
Operations in South East Europe (SEE)

Operations in SEE typically account for around 20% of group EBITDA, with most of this division's earnings coming from Bulgaria and North Macedonia. EVN's investment programme in the region is focused on reducing network losses as this is a key driver of the division's performance. The regulators in these countries left targets for network losses unchanged in the most recent regulatory determination, summer 2018, and EVN is now performing in line with these allowances following continual improvements in operational efficiency in Bulgaria, but still above target in North Macedonia.

In both Bulgaria and North Macedonia, EVN has to cover grid losses by purchasing electricity on the wholesale market. As a result, SSE earnings saw steep declines in EBITDA during the beginning of the last fiscal year. Supplementary compensation payments were obtained later in the year and the SSE segment reported a fairly flat EBITDA in comparison to the prior year. We expect the segment to display flat to low-single-digit growth over the next few years.

Exhibit 10

Electricity network losses now below regulatory maximum target following continual improvements in operating efficiency in recent years



Sources: EVN and Moody's Investors Service

International projects

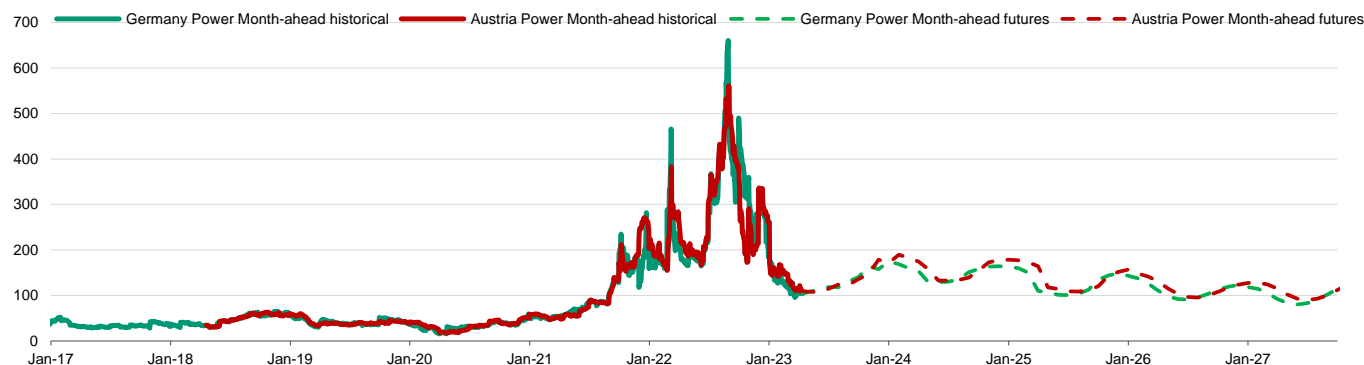
EVN's German subsidiary, WTE, has undertaken more than 100 international projects. As of January 2023, projects were primarily in the area of water and wastewater services. Projects continue to be predominantly in Central and South Eastern Europe, with an expansion in Gulf states, as reflected in a contract award for a wastewater project in Bahrain in fiscal 2018 and a contract award for a wastewater treatment plant and sewage infrastructure project in Kuwait in fiscal 2020.

While both projects, in particular the Kuwait project, are very large compared with prior projects undertaken by the group, and in the context of the group, the group has a track record of delivering projects on budget and on time, including these types of projects. We also assess the country risk, although high, as lower than in some other jurisdictions that EVN has previously undertaken projects in.

Commodity prices

Since the separation of the Austrian-German electricity price zone on 1 October 2018, Austrian power prices have traded at a premium. Following the steep rise in gas, CO₂ and electricity prices, the price premium has widened. Although future power prices are currently in backwardation, we expect a higher level of electricity prices to last through 2023 at least. The higher level of electricity prices will benefit EVN's unsubsidised hydro generation in Austria (by around €1 million per €/MWh movement in power prices). However, less of its thermal generation has been contracted by the national electricity transmission system operator (TSO, APG, owned by [Verbund AG](#), A3 stable) to provide grid stability services.

Exhibit 11

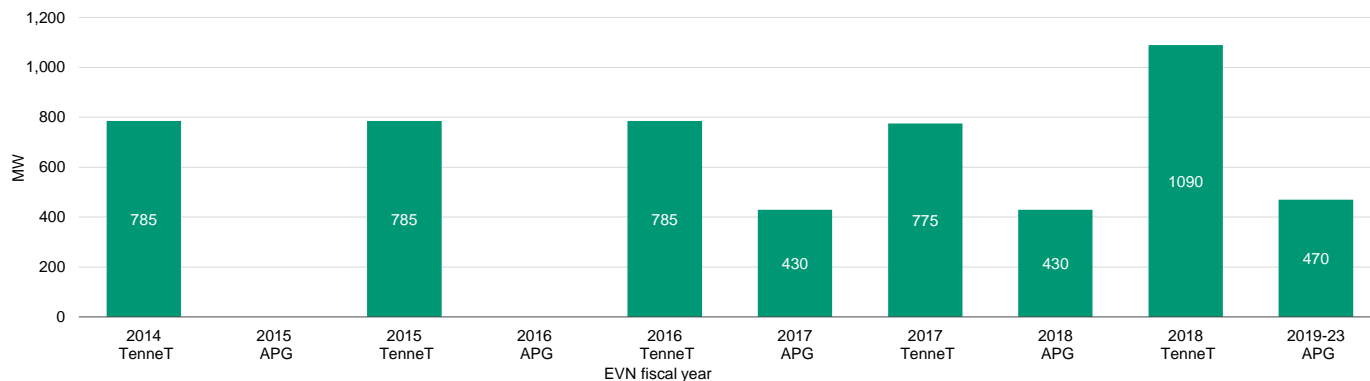
Power prices in Austria are higher than in Germany

Sources: FactSet and Moody's Investors Service

All of EVN's other gas-fired power plants in Austria were deactivated and conserved since 1 October 2018. As of September 2021, EVN announced the full exit from coal-fired power generation following sale of the 49% investment in the Walsum 10 power plant. Germany seeks to exit all coal fired generation by 2030, if possible.

The operating environment for thermal generation has been difficult for a number of years in the past, meaning that EBITDA contribution from these activities have been modest. Contracted thermal capacity with TSOs have fallen from previous years.

Exhibit 12

EVN's contracted thermal capacity with TSOs has fallen

(1) From fiscal 2019, APG procured capacity reserve for Austrian power plants; (2) the 470MW of contracted capacity with APG from Theiss with a tenor extended until October 2023.
Source: APG

One-notch rating uplift from government shareholding

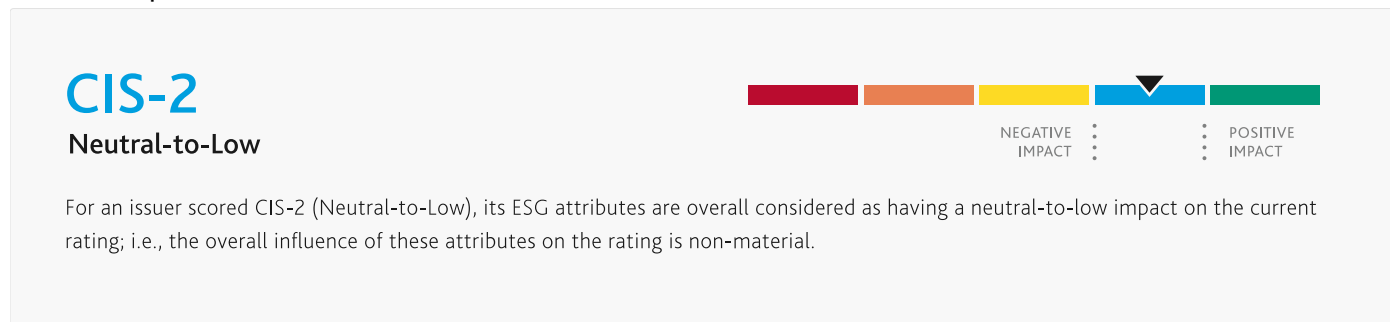
EVN's A1 ratings incorporate one notch of uplift from its standalone credit quality or Baseline Credit Assessment (BCA) of a2. EVN is 51% owned by the State of Lower Austria, via the holding company NÖ Landes-Beteiligungsholding GmbH. There is moderate dependence between the State of Lower Austria and the company, reflecting the fact that EVN generates most of its earnings in Lower Austria, a trend that is likely to continue given the company's focus on domestic regulated and stable businesses. EVN's A1 rating factors in our expectation of moderate support from the State of Lower Austria, reflecting EVN's stable ownership structure, supported by the requirement under federal and provincial constitutional law that a minimum 51% stake in the company must be owned by the State of Lower Austria, and the economic importance of EVN as the main supplier of utility services in Lower Austria.

ESG considerations

EVN AG's ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 13

ESG Credit Impact Score



Source: Moody's Investors Service

EVN's ESG Credit Impact score is neutral-to-low (**CIS-2**), indicating that its ESG attributes have a neutral-to-low impact on the current rating. EVN's **CIS-2** reflects moderately negative exposure to environmental and social risks, mitigated by the positive influence of governance considerations, and our expectation that its shareholders would provide support to the company, if this were to become necessary.

Exhibit 14

ESG Issuer Profile Scores



Source: Moody's Investors Service

Environmental

EVN's environmental risk is moderately negative (**E-3** issuer profile score). Its physical climate risk is moderately negative reflecting its exposure to hedging risk from the sale of natural gas and electricity, with electricity sale volumes c.6.2 times higher than electricity produced by its generation business and the volatility of hydro and wind generation which accounted for nearly 67% of generation output in the last twelve months ending 30 September 2022. The large share of EVN's earnings from regulated networks and multi-utility operations as well as the exit from the Walsum coal plant in Germany announced in September 2021 positions EVN in the low-to-neutral risk category for carbon transition risk. EVN's physical assets have a moderately negative risk of damage to physical assets from floods. This is balanced by neutral-to-low risk exposure from water management, waste and pollution of air and soil, and natural capital.

Social

We assess EVN's social risk as moderately negative (**S-3** issuer profile score), reflecting the exposure of its regulated activities in Austria and South East Europe, which accounted for 65% of earnings in the 2022 fiscal year, to the risk that public concern over environmental, social or affordability issues could lead to adverse regulatory or political intervention. These risks are balanced by neutral-to-low risks to health and safety, human capital, customer relationships and responsible production.

Governance

EVN has a positive exposure to governance considerations (**G-1** issuer profile score) which reflects the company's prudent financial policy which has enabled EVN to deleverage significantly in recent years. This largely mitigates the fact that, as the State of Lower Austria owns 51% of EVN's shares, we view the independence of EVN's board as weak.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis

EVN has excellent multiyear liquidity. EVN's liquidity is supported by cash and cash equivalents of €159.1 million as of December 2022; access to a €400 million undrawn revolving credit facility without financial covenants, maturing in May 2025. Further liquidity buffer is provided by an additional €266 million worth of bilateral credit facilities. Aside a €122.4 million of bank loan due this year and an €87.4 million bond due fiscal 2023/24, EVN does have limited debt falling due over the next five years.

Methodology and scorecard

Our assessment of EVN is based on our rating methodologies for [Unregulated Utilities and Unregulated Power Companies](#), published in May 2017, under which EVN is rated under the unregulated utilities segment; and [Government-Related Issuers](#), published in February 2020, given EVN's 51% ownership by the State of Lower Austria. Accordingly, and based on our estimate of moderate support in case of financial distress, the A1 rating for EVN factors in one notch of uplift from the group's standalone credit quality or BCA of a2.

Exhibit 15

Rating factors

EVN AG

Unregulated Utilities and Unregulated Power Companies Industry [1][2]	Current LTM 12/31/2022		Moody's 12-18 Month Forward View As of 4/19/2023 [3]	
Factor 1 : Scale (10%)	Measure	Score	Measure	Score
a) Scale (USD Billion)	Baa	Baa	Baa	Baa
Factor 2 : Business Profile (40%)				
a) Market Diversification	Baa	Baa	Baa	Baa
b) Hedging and Integration Impact on Cash Flow Predictability	Baa	Baa	Baa	Baa
c) Market Framework & Positioning	Ba	Ba	Ba	Ba
d) Capital Requirements and Operational Performance	Baa	Baa	Baa	Baa
e) Business Mix Impact on Cash Flow Predictability	Aa	Aa	Aa	Aa
Factor 3 : Financial Policy (10%)				
a) Financial Policy	A	A	A	A
Factor 4 : Leverage and Coverage (40%)				
a) (CFO Pre-W/C + Interest) / Interest (3 Year Avg)	14.4x	Aa	15x - 17x	Aa
b) (CFO Pre-W/C) / Net Debt (3 Year Avg)	65.1%	Aa	55% - 60%	A
c) RCF / Net Debt (3 Year Avg)	54.3%	Aa	45% - 50%	Aa
b) (CFO Pre-W/C) / Debt (3 Year Avg)		NA		
c) RCF / Debt (3 Year Avg)		NA		
Rating:				
a) Scorecard-Indicated Outcome		A2		A2
Government-Related Issuer				Factor
a) Baseline Credit Assessment				a2
b) Government Local Currency Rating				Aa1
c) Default Dependence				Moderate
d) Support				Moderate
e) Actual Rating Assigned				A1

(1) All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

(2) As of 31/12/2022.

(3) This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Source: Moody's Financial Metrics™

Ratings

Exhibit 16

Category	Moody's Rating
EVN AG	
Outlook	Stable
Senior Unsecured -Dom Curr	A1

Source: Moody's Investors Service

Appendix

Exhibit 17

Peer comparison
EVN AG

(in EUR million)	EVN AG A1 Stable			EnBW AG Baa1 Stable			VERBUND AG A3 Stable			EWE AG Baa1 Stable		
	FYE	FYE	LTM	FYE	FYE	LTM	FYE	FYE	FYE	FYE	FYE	LTM
	Sep-21	Sep-22	Dec-22	Dec-20	Dec-21	Sep-22	Dec-20	Dec-21	Dec-22	Dec-20	Dec-21	Jun-22
Revenue	2,395	4,062	4,336	19,694	32,148	52,881	3,450	4,777	10,346	5,643	6,120	7,064
EBITDA	692	708	795	2,705	2,898	2,325	1,361	1,616	3,173	1,000	1,505	2,306
Total Assets	11,140	12,430	10,974	45,965	71,273	88,204	11,983	17,276	19,150	10,129	19,410	26,333
Total Debt	1,337	1,762	1,749	21,248	22,759	23,491	1,358	3,423	3,939	3,250	4,876	4,739
Net Debt	741	1,194	1,458	14,211	10,526	15,211	1,308	3,105	3,530	1,454	2,977	2,216
FFO / Net Debt	100.0%	58.4%	54.0%	17.0%	25.0%	21.6%	80.6%	65.7%	46.3%	49.1%	26.6%	31.9%
RCF / Net Debt	84.8%	48.4%	45.9%	13.9%	19.5%	18.1%	59.0%	55.4%	32.7%	39.0%	20.3%	28.1%
(FFO + Interest Expense) / Interest Expense	13.2x	17.5x	18.6x	5.7x	6.4x	6.2x	22.1x	44.9x	22.3x	8.1x	8.3x	6.1x
Debt / Book Capitalization	15.0%	17.3%	19.6%	65.2%	66.9%	65.5%	14.8%	33.1%	30.0%	47.3%	46.6%	38.6%

All figures and ratios are calculated using Moody's estimates and standard adjustments. FYE = Financial year-end. LTM = Last 12 months.

Source: Moody's Financial Metrics™

Exhibit 18

Moody's-adjusted net debt breakdown
EVN AG

(in EUR million)	FYE Sep-19	FYE Sep-20	FYE Sep-21	FYE Sep-22	LTM Dec-22
As Reported Total Debt	1,063	1,233	1,098	1,590	1,577
Pensions	283	261	239	172	172
Leases	48	0	0	0	0
Non-Standard Adjustments	49	52	0	0	0
Moody's Adjusted Total Debt	1,443	1,545	1,337	1,762	1,749
Cash & Cash Equivalents	(434)	(540)	(596)	(569)	(291)
Moody's Adjusted Net Debt	1,009	1,005	741	1,194	1,458

All figures are calculated using Moody's estimates and standard adjustments. Nonstandard adjustments pertain to EVN's share of (1) WEEV debt (only relevant up to and including FYE September 2016); and (2) the Ashta power plant guarantee.

Source: Moody's Financial Metrics™

Exhibit 19

Moody's-adjusted FFO breakdown
EVN AG

(in EUR million)	FYE Sep-19	FYE Sep-20	FYE Sep-21	FYE Sep-22	LTM Dec-22
As Reported Funds from Operations (FFO)	543	459	724	719	810
Leases	7	0	0	0	0
Alignment FFO	(53)	(9)	17	(22)	(22)
Moody's Adjusted Funds from Operations (FFO)	512	492	741	697	788

All figures are calculated using Moody's estimates and standard adjustments.

Source: Moody's Financial Metrics™

Exhibit 20

Select historical adjusted financial data

EVN AG

	FYE	FYE	FYE	FYE	LTM
(in EUR million)	Sep-19	Sep-20	Sep-21	Sep-22	Dec-22
INCOME STATEMENT					
Revenue	2,204	2,108	2,395	4,062	4,336
EBITDA	611	573	692	708	795
EBIT	379	322	416	443	523
Interest Expense	54	51	61	42	45
BALANCE SHEET					
Net Debt	1,009	1,005	741	1,194	1,458
CASH FLOW					
Funds from Operations (FFO)	512	492	741	697	788
FFO / Net Debt	50.8%	48.9%	100.0%	58.4%	54.0%
Capital Expenditures	(335)	(312)	(346)	(488)	(478)
Dividends	106	112	113	119	119
Retained Cash Flow (RCF)	406	380	628	577	669
RCF / Net Debt	40.2%	37.8%	84.8%	48.4%	45.9%
Free Cash Flow (FCF)	11	30	331	(457)	(703)
FCF / Net Debt	1.1%	3.0%	44.7%	-38.3%	-48.2%
PROFITABILITY					
% Change in Sales (YoY)	6.0%	-4.4%	13.6%	69.6%	61.1%
EBIT margin %	17.2%	15.3%	17.3%	10.9%	12.1%
EBITDA margin %	27.7%	27.2%	28.9%	17.4%	18.3%
INTEREST COVERAGE					
EBIT / Interest Expense	7.0x	6.3x	6.8x	10.5x	11.7x
EBITDA / Interest Expense	11.3x	11.3x	11.4x	16.8x	17.8x
(EBITDA - CAPEX) / Interest Expense	5.1x	5.1x	5.7x	5.2x	7.1x
LEVERAGE					
Debt / EBITDA	2.4x	2.7x	1.9x	2.5x	2.2x
Net Debt / EBITDA	2.1x	2.1x	1.6x	2.0x	1.8x

All figures and ratios are calculated using Moody's estimates and standard adjustments.

Source: Moody's Financial Metrics™

Endnotes

- 1 Installed capacity reached 421MW as of September 2022, compared with 269MW as of September 2017, and will reach 1,050MW over the medium term, provided appropriate remuneration arrangements are in place.

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