Letter to Shareholders 2012/13

Q. 1–3 2012/13
October 1st, 2012–June 30th, 2013

Highlights

- Results from operating activities at prior-year level
- Decrease in Group net profit by 34.8% to EUR 145.2m due to negative financial results
- Higher cash flow from operating activities
- Provision for reserve capacity for Germany over the next three winter half-years
- Outlook 2012/13: Group net profit approximately 40% below prior year

Key figures

		2012/13 Q. 1–3	2011/12 Q. 1–3	+/– in %	2012/13 Q. 3	2011/12 Q. 3	+/– in %	2011/12 9/30/2012
Sales volumes								
Electricity generation volumes[1]	GWh	2,812	2,520	11.6	780	649	20.2	3,284
Electricity sales volumes to end customers	GWh	15,600	16,417	–5.0	4,424	4,607	–4.0	21,241
Natural gas sales volumes to end customers	GWh	5,967	5,858	1.9	791	687	15.1	6,166
Heat sales volumes to end customers[2]	GWh	1,779	1,702	4.5	342	276	24.1	1,951
Statement of operations								
Revenue	EURm	2,204.5	2,256.8	–2.3	552.1	565.9	–2.4	2,846.5
EBITDA[3][4]	EURm	415.1	428.6	–3.2	84.9	94.5	–10.2	474.5
EBITDA margin[3][4]	%	18.8	19.0	–0.2	15.4	16.7	–1.3	16.7
Results from operating activities (EBIT)[3][4]	EURm	238.8	238.5	0.1	26.8	27.4	–2.4	223.2
EBIT margin[3][4]	%	10.8	10.6	0.3	4.8	4.8	–	7.8
Profit before income tax	EURm	217.8	291.7	–25.3	22.9	15.2	50.7	259.7
Group net profit	EURm	145.2	222.8	–34.8	13.7	13.8	–0.8	194.9
Earnings per share	EUR	0.81	1.24	–34.5	0.08	0.08	–4.1	1.09
Statement of financial position								
Balance sheet total	EURm	6,923.3	6,894.7	0.4	6,923.3	6,894.7	0.4	6,863.2
Equity	EURm	3,008.0	3,110.3	–3.3	3,008.0	3,110.3	–3.3	3,013.7
Equity ratio	%	43.4	45.1	–1.7	43.4	45.1	–1.7	43.9
Net debt	EURm	1,588.8	1,739.3	–8.7	1,588.8	1,739.3	–8.7	1,703.7
Gearing	%	52.8	55.9	–3.1	52.8	55.9	–3.1	56.5
Cash flow and investments								
Gross cash flow	EURm	498.4	445.0	12.0	119.3	186.4	–36.0	480.3
Net cash flow from operating activities	EURm	382.1	275.3	38.8	226.2	226.0	0.1	461.0
Investments[5]	EURm	187.2	184.9	1.2	62.7	65.2	–3.9	308.3
Employees	Ø	7,501	7,776	–3.5	7,514	7,692	–2.3	7,594

1) The Q. 1–3 2011/12 and Q. 3 2011/12 figures have been adjusted.
2) The 2011/12 financial year figure has been adjusted.
3) The Q. 1–3 2011/12 figure has been adjusted (EBITDA/EBIT EUR +12.4m; financial results EUR –12.4m). Details see Reporting according to IFRS, page 22.
4) The 2011/12 financial year figure has been adjusted (EBITDA/EBIT EUR +16.5m; financial results EUR –16.5m). Details see Reporting according to IFRS, page 22.
5) In intangible assets and property, plant and equipment

Contents

Statement by the Executive Board

Dear shareholders,

In the first three quarters of the 2012/13 financial year EVN generated revenue of EUR 2,204.5m in an operating environment that remained challenging. That represents a decline of 2.3% in comparison with the first three quarters of the previous year. EBITDA fell by 3.2%, but EBIT remained stable at EUR 238.8m due to a decrease in depreciation and amortisation. Group net profit dropped 34.8% to EUR 145.2m, above all due to effects attributable to the investments in EconGas GmbH and Devoll Hydropower ShA that were reported in previous quarters and are described in this report under financial results. The negative earnings effect from the Verbund shares held by WEEV Beteiligungs GmbH increased from EUR 22.5m as of the previous balance sheet date on March 31st, 2013 to EUR 29.4m due to a further decline in the share price.

The provision of 785 MW in reserve capacity for the next three winter half-years to supply Southern Germany with energy on demand will open new opportunities for EVN in the changing European energy market. The operation of the gas-fired power plants would otherwise not be profitable due to the continuing negative spread between primary energy procurement costs and electricity prices.

The commissioning of the Duisburg-Walsum coal-fired power plant continued during the reporting period. After an examination of the turbines, the general contractor Hitachi cleared the equipment for stress tests and full load status under coal-firing has already been reached. This unscheduled inspection was considered necessary by Hitachi because of damages at two similar machines in Japan. However, it will delay the commercial start-up by at least one month.

In Lower Austria, EVN is now installing its 100th wind power turbine in a new wind park near Deutsch-Wagram. Five 3 MW wind turbines will be built at this location together with a partner. The new equipment will be able to supply roughly 10,000 households with environmentally friendly electricity. When this project is completed, EVN will have 14 wind parks with a total capacity of 213 MW in operation.

Annual price adjustments by the regulatory authorities in South Eastern Europe led to a reduction in the electricity prices for end customers by an average of 3.0% in Macedonia and an average of 4.2% in Bulgaria. However, there was no equivalent change in procurement prices. These price adjustments will require further efficiency improvements and lead to the revision of investment plans. As of August 1st, 2013 the regulatory authorities in Bulgaria also introduced a new mechanism to cover the additional production costs resulting from renewable energy sources, but this change is not expected to result in additional expenses for EVN. The existing claims by EVN are being pursued in arbitration proceedings at the International Center for the Settlement of Investment Disputes, an organisation established by the World Bank.

Discussions are also continuing with the city of Moscow over the realisation of the environmental projects in this city. The main issues involve the still outstanding building permit for the waste incineration plant and the commercial start-up of the completed sodium hypochlorite production plant.

Standard & Poor's and Moody's confirmed EVN's BBB+ and A3 long-term investment grade rating during the third quarter of 2012/13. Both rating agencies also certified EVN's stable outlook.

The continuing disruptions on the European energy markets represent major challenges for the industry. These challenges involve the demand-driven management of production forms that are becoming increasingly difficult to plan while maintaining supply security and dealing with a continuously changing market environment. The consequence will be a necessary structural adjustment of the market design.

As announced in April 2013, we expect a decline of roughly 40% in Group net profit for the 2012/13 financial year.

Our colleague, Herbert Pöttschacher, started his well-deserved retirement on July 1st, 2013. At this point, we would like to thank Mr. Pöttschacher for his many years of excellent teamwork and wish him all the best for the future.

Maria Enzersdorf, August 2013

Peter Layr
Spokesman of the Executive Board

Stefan Szyszkowitz
Member of the Executive Board

Interim management report

Overall business and energy sector environment

GDP growth	%	2014f	2013f	2012	2011	2010
EU-27[1]		1.4	–0.1	–0.3	1.6	2.1
Austria[2)3]		1.6–1.8	0.4–0.6	0.8	2.7	2.3
Bulgaria[1)2)4]		1.7–2.5	0.5–1.5	0.8	1.8	0.4
Macedonia[5)6]		2.0–3.0	1.0–2.0	–0.3	3.1	1.8
Croatia[1)2)4]		0.2–1.5	–0.5–(–1.0)	–2.0	0.0	–2.3
Albania[4)5)6]		2.5–3.5	1.6–2.0	1.3	3.1	3.9

1) Source: "European Economic Forecast, Spring 2013", EU Commission, May 2013
2) Source: "Prognose der Österreichischen Wirtschaft 2013–14", IHS, June 2013
3) Source: "Prognose für 2013 und 2014: Krise im Euroraum hemmt Aufschwung in Österreich", WIFO, June 2013
4) Source: "Strategie Österreich und CEE 3. Quartal 2013", Raiffeisen Research, June 2013
5) Source: "ECA Economic Outlook", Worldbank, April 2013
6) Source: "World Economic Outlook", International Monetary Fund, April 2013

Business environment

The economic environment in the European Union (EU) remains tense. There are still fundamental differences in the euro zone, and the necessary structural reforms have only been implemented to a limited extent. However, it is assumed that the economy will bottom out during the second half of 2013 and then set course for recovery. The EU Commission sees only reserved economic development in 2013, but expects an upturn with growth of 1.4% in 2014.

This environment has also led to a downward revision in the forecasts for economic growth in Austria: The economic growth of 0.8% recorded in 2012 is now expected to be followed by a maximum increase of only 0.6% in 2013. However, the forecasts for 2014 remain unchanged with growth projected at 1.8%.

Bulgaria is expected to follow moderate GDP growth of 0.8% in 2012 with a stronger increase of up to 1.5% in 2013 and up to 2.5% in 2014. In Macedonia, budget consolidation pressure in the neighbouring countries led to a sharp economic downturn in 2012 and a 0.3% decline in GDP. This trend is now expected to reverse with an increase of up to 2.0% in 2013 and growth of 2.0% to 3.0% in 2014.

The Croatian economy remained in a recession throughout 2012 and forecasts for 2013 point to a GDP decline of

Key indicators for the energy sector environment		2012/13 Q. 1–3	2011/12 Q. 1–3	+/– in %	2012/13 Q. 3	2011/12 Q. 3	+/– in %
Temperature-related energy demand[1]	%						
Austria		107.1	99.6	7.5	133.2	109.3	23.9
Bulgaria		88.0	108.2	–20.2	40.2	57.4	–17.2
Macedonia		95.1	121.3	–26.2	101.7	135.8	–34.1
Primary energy and CO_2 certificates							
Crude oil – Brent	EUR/bbl	82.8	85.2	–2.7	78.4	84.4	–7.1
Natural gas – GIMP[2]	EUR/MWh	30.0	28.9	3.9	29.0	30.1	–3.8
Coal – API#2[3]	EUR/t	65.1	85.1	–23.4	61.6	81.0	–24.0
CO_2 emission certificates (2nd/3rd period)	EUR/t	5.6	8.2	–32.3	4.1	7.0	–41.7
Electricity – EEX forward market[4]							
Base load	EUR/MWh	49.6	56.6	–12.3	42.6	50.3	–15.3
Peak load	EUR/MWh	61.5	69.7	–11.8	51.7	60.3	–14.2
Electricity – EPEX spot market[5]							
Base load	EUR/MWh	38.8	45.1	–14.1	32.6	40.4	–19.3
Peak load	EUR/MWh	50.2	55.7	–9.8	41.4	49.0	–15.4

1) Calculated based on the heating degree total; in Austria the basis (100%) corresponds to the long-term average value from 1996 to 2010, in Bulgaria it corresponds to the long-term average value from 2004 to 2011 and in Macedonia it corresponds to the long-term average value beginning in 2001; changes reported in percentage points.
2) Gas Import Price (GIMP)
3) ARA notation (Amsterdam, Rotterdam, Antwerp)
4) Average prices for the respective EEX (European Energy Exchange) quarterly forward market prices, beginning one year before the respective reporting period
5) EPEX spot – European Power Exchange

1.0% in 2013 – despite the country's accession to the EU on July 1st, 2013. Noticeable recovery with growth of up to 1.5% is only expected for 2014, based on an assumed increase in investments and exports.

In Albania, growth was negatively affected by the economic crisis in the country's most important trading partners. The sharp 1.3% drop in GDP during 2012 is forecasted to be followed by an increase of up to 2.0% in 2013 and an increase of 2.5% to 3.5% in 2014.

Energy sector environment

The first three quarters of the 2012/13 financial year were characterised by significant regional differences in temperatures. The heating degree total in Austria was 7.5 percentage points higher than the previous year, while Bulgaria and Macedonia reported a decline of 20.2 and 26.2 percentage points, respectively.

The average euro price for crude oil (Brent) equalled EUR 82.8 per barrel for the reporting period, or 2.7% below the comparable prior year value. This decline resulted, among others, from the subdued growth in the emerging Asian economies and high crude oil stocks in the USA. The price of coal fell by 23.4% during the first three quarters of 2012/13 to EUR 65.1 per tonne due to the high stock levels in Europe and weaker demand in Asia. Natural gas prices in Austria, which are linked in part to the price of oil, traded at EUR 30.0 per MWh in the first three quarters of 2012/13, or 3.9% higher than the previous year. The downward trend in the price of CO_2 emission certificates continued, with a 32.3% decline below the prior year to EUR 5.6 per tonne.

The spot market prices and forward market prices for base load and peak load electricity remained on a downward trend throughout the reporting period. This latest decline resulted, above all, from the increased generation of electricity from renewable energy – in particular from photovoltaic sources – and weaker demand from the industrial sector in Germany. In comparison with the first three quarters of the previous year, the spot market prices fell by 14.1% to EUR 38.8 for base load electricity and by 9.8% to EUR 50.2 per MWh for peak load electricity.

Business development

Statement of operations

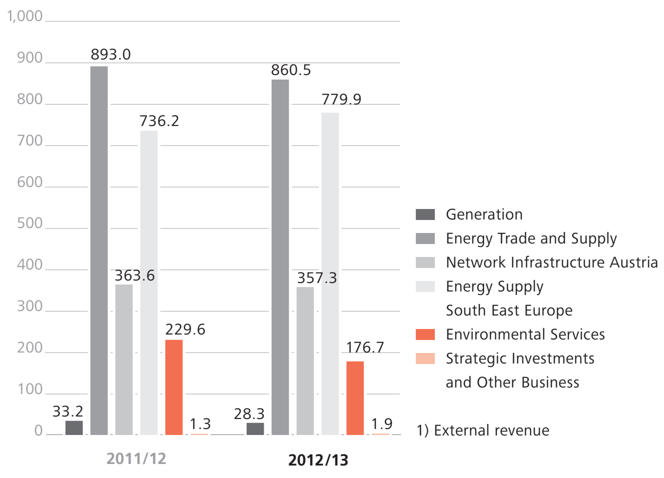
Key figures

- Revenue: –2.3% to EUR 2,204.5m
- EBITDA: –3.2% to EUR 415.1m
- EBIT: stable at EUR 238.8m
- Financial results: EUR –21.0m
- Group net profit: EUR 145.2m

EVN generated revenue of EUR 2,204.5m in the first three quarters of the 2012/13 financial year. This represents a year-on-year decline of EUR 52.3m, or 2.3%, which occurred despite a slight improvement in energy revenues. It resulted primarily from a comparatively lower volume of final invoices in the international environmental project business, the pass on of lower additional costs for renewable electricity through price reductions and lower sales volumes of marketed natural gas. In addition, the comparable prior-year period also included revenue from the sale of first facility GmbH in summer 2012. The increase in energy revenue reflected higher revenues in South Eastern Europe that resulted, above all, from price increases for end customers in Macedonia in the previous year and from higher sales volumes in the Austrian heating business. Revenue generated outside Austria amounted to EUR 907.6m (previous year: EUR 908.5m), or 41.2% of total Group revenue (previous year: 40.3%).

Revenue by segments[1)] Q. 1–3

in EURm



1) External revenue

Other operating income rose by EUR 19.3m, or 35.3%, to EUR 74.1m. This increase resulted from a higher level of inventories due to customer projects in the Network Infrastructure Austria segment that had not been invoiced as of the closing date.

Expenditures for electricity purchases and primary energy increased EUR 16.3m, or 1.3%, to EUR 1,289.7m. This position was influenced by an addition to a provision for impending losses on the sale of EVN's own production and by additional costs of renewable electricity in Bulgaria.

The cost of materials and services fell by EUR 44.2m, or 17.3%, to EUR 211.8m in the first three quarters of 2012/13. This change reflected a lower volume in the international project business of the Environmental Services segment.

The average number of employees declined by 275, or 3.5%, to 7,501. The 4.6% decrease in Austria is a direct effect of the sale of first facility GmbH. Process and organisational optimisation measures led to a 3.0% year-on-year reduction in the number of employees outside Austria. In total, personnel expenses fell by EUR 10.6m, or 4.5%, to EUR 222.6m.

Other operating expenses rose by EUR 19.2m, or 15.9%, to EUR 139.5m. As reported in the first half of 2012/13, changes in provisions were the reason for this increase.

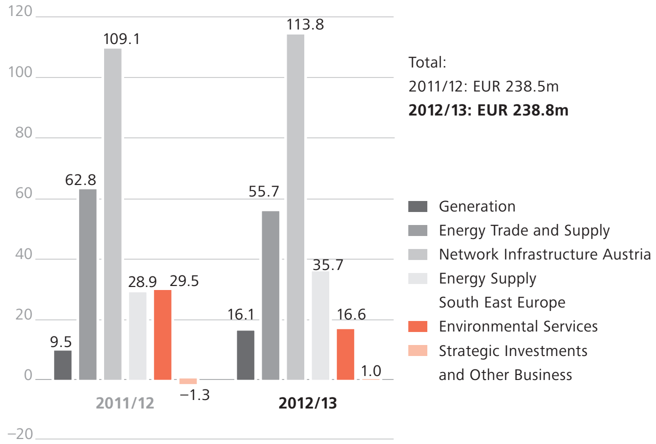
The above factors led to a decline of EUR 13.5m, or 3.2%, in EBITDA to EUR 415.1m. The EBITDA margin nearly matched the prior-year level at 18.8%.

Depreciation and amortisation fell by EUR 13.9m, or 7.3%, to EUR 176.3m. In the previous year, impairment charges to the biomass pilot plant in Dürnrohr and the wind park Kavarna were responsible for a non-recurring increase in this position. The decrease was contrasted during the first three quarters of 2012/13 by higher scheduled depreciation due to the commissioning of the combined cycle heat and power co-generation plant in Lyuberzy, Moscow, and of the co-generation plant in Plovdiv, Bulgaria, as well as the expansion of the domestic heating business by EUR 8.3m, or 5.0%, to EUR 176.3m.

Results from operating activities (EBIT) totalled EUR 238.8m and nearly matched the prior year. The EBIT margin also roughly reflected the previous year at 10.8%.

EBIT by segments Q. 1–3

in EURm



Financial results fell from EUR 53.2m to EUR –21.0m. As reported in the first half of 2012/13, this reduction is attributable to the following factors: a negative earnings contribution from EconGas, a non-recurring negative effect from the sale of the 50% investment in the Albanian Devoll hydropower plant project and a valuation-related impairment charge to the Verbund shares held by WEEV Beteiligungs GmbH which were purchased in connection with the 2010 capital increase by Verbund. This impairment charge, which was recognised through profit or loss, was recorded for the first time during the first half of 2012/13 to reflect the lasting and significant decline in the price of the Verbund shares below their cost. This market-based revaluation led to a negative contribution of EUR 29.4m to financial results as of June 30th, 2013. In contrast, the earnings contribution from RAG increased by EUR 13.9m compared to the previous year.

The above developments led to a year-on-year decline of EUR 73.9m, or 25.3%, in profit before income tax to EUR 217.8m. After the deduction of income tax expense, which was slightly lower during the first half-year, profit for the period fell by EUR 71.4m, or 28.2%, to EUR 181.4m.

EVN generated Group net profit of EUR 145.2m for the first three quarters of 2012/13, which represents a decline of EUR 77.6m, or 34.8%.

Statement of cash flows

Gross cash flow rose by EUR 53.5m, or 12.0%, to EUR 498.4m in the first three quarters of 2012/13, in spite of the decline in profit before income tax. This increase was supported by high non-cash expenses from EconGas, WEEV and Devoll that are included under the share of profit from equity accounted investees as well as a change in non-current provisions.

Net cash flow from operating activities was EUR 106.7m, or 38.8%, higher for the reporting period. This development reflected the lower year-on-year growth in working capital as of June 30th, 2013.

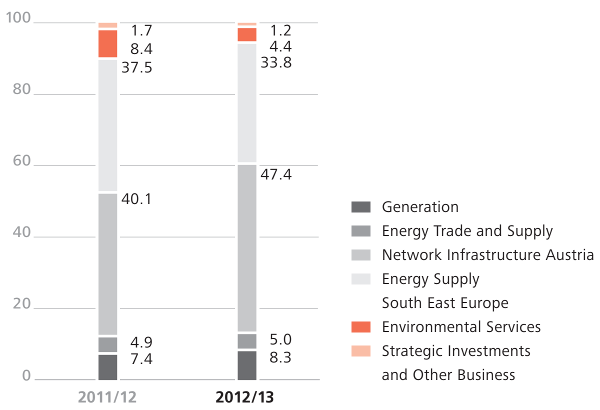
Net cash flow from investing activities was EUR 24.0m, or 10.3%, lower at EUR 257.2m, chiefly due to the purchase of short-term securities.

Net cash flow from financing activities fell by EUR 11.3 m, or 44.3%. This decline resulted, above all, from the dividend payments to shareholders of EVN AG and non-controlling interests, the current share buyback programme and the scheduled repayment of loans and borrowings. The proceeds of EUR 121.5m from the issue of promissory note loans in October 2012 were unable to offset this decline.

In total, EVN generated positive cash flow of EUR 87.9m for the first three quarters of 2012/13 (previous year: EUR 16.5m), which supported an increase in cash and cash equivalents to EUR 222.0m. In addition, EVN's financial flexibility is strengthened by committed, undrawn credit lines totalling EUR 675.0m.

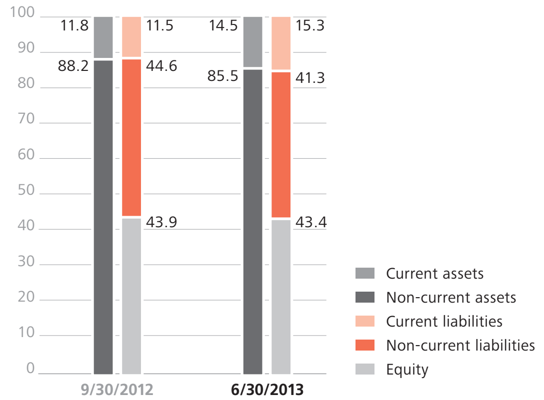
Structure of investments Q. 1–3

in %



Balance sheet structure as per the balance sheet date

in %



Statement of financial position

EVN's balance sheet total rose by EUR 60.0m, or 0.9%, over the level on September 30th, 2012 to EUR 6,923.3m as of June 30th, 2013.

Non-current assets declined by EUR 135.8m, or 2.2%, during the first three quarters of 2012/13 to EUR 5,918.1m and represented 85.5% of total assets (September 30th, 2012: 88.2%). The carrying amount of the investments in equity accounted investees was EUR 20.8m, or 2.0%, lower at EUR 1,027.9m. As reported in the first half of 2012/13, this decline reflected profit distributions (above all of RAG) that more than offset the contrary effect of the equity contribution for the Duisburg-Walsum power plant project. Another reason for the decline in this position was the sale of the investment in Devoll Hydropower ShA. The carrying amount of the other investments fell by EUR 59.0m, or 8.8%, to EUR 609.7m following a decrease in the market value of the Verbund shares held directly by EVN AG as of June 30th, 2013. Other non-current assets declined due to the reclassification of securities to cash and cash equivalents within the fund held to cover the provisions for pensions and changes in the market value of interest rate hedges for bonds issued by EVN.

Current assets rose by EUR 195.8m, or 24.2%, due to an increase in receivables from the energy business as of June 30th, 2013. In addition, the positive cash flow from operating activities and the above-mentioned reclassification of non-current securities within the fund held to cover the provisions for pensions led to an increase of EUR 91.8m, or 56.7%, in cash and cash equivalents over the level on September 30th, 2012.

Equity declined EUR 5.7m, or 0.2%, below the level on September 30th, 2012 to EUR 3,008.0m. The reduction in the first three quarters of 2012/13 resulted from the payment of a EUR 76.7m dividend to the shareholders of EVN AG and non-controlling interests for the 2011/12 financial year. This was contrasted by profit recorded for the period and the change in the market value of the Verbund shares held directly by EVN AG, which is recorded under equity without recognition through profit or loss. The equity ratio equalled 43.4% as of June 30th, 2013 (September 30th, 2012: 43.9%). Due to the positive cash flow from operating activities and lower investments net debt declined to EUR 1,588.8m (September 30th, 2012: EUR 1,703.7m), resulting in a gearing of 52.8% (September 30th, 2012: 56.5%).

Non-current liabilities were EUR 204.8m, or 6.7%, lower at EUR 2,857.8m. This decline was related chiefly to the reclassification from non-current to current liabilities of a maturing EUR 91.4m bullet repayment loan and a EUR 202.6m CHF-bond due in February 2014. These items were contrasted by an increase of EUR 73.7m, or 15.0%, in non-current provisions to EUR 564.4m.

The above-mentioned reclassification of financing that is due in the coming months led to an increase of EUR 270.6m, or 34.4%, in current liabilities to EUR 1,057.5m. The changes in trade payables (decline of EUR 82.0m, or 21.3%, to EUR 302.4m) and other current liabilities (increase of EUR 32.2m, or 17.8%, to EUR 213.5m) resulted from seasonal fluctuations.

Segment development

Overview

EVN's Group structure encompasses the Energy business, the Environmental services business as well as Strategic Investments and Other Business. In functional terms, the electricity and heating activities of the Energy business covers the entire value chain from generation and transmission all the way to networks and supply whilst the gas business encompasses the value added stages transmission and networks. The portfolio is supplemented by the activities of its subsidiaries in related areas as well as in regional cable TV and telecommunication services. The Environmental services business encompasses activities in the areas of drinking water supply, wastewater disposal and thermal waste incineration.

According to IFRS 8 "Business Segments" the operating segments are identified solely on the basis of internal organisational

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

Key energy business indicators	GWh	2012/13 Q. 1–3	2011/12 Q. 1–3	+/– nominal	+/– in %	2012/13 Q. 3	2011/12 Q. 3	+/– in %
Electricity generation volumes[1]		2,812	2,520	292	11.6	780	649	20.2
Renewable energy sources[2]		1,489	1,116	374	33.5	585	399	46.6
Thermal energy sources[1][3]		1,323	1,404	–81	–5.8	196	250	–21.9
Network distribution volumes								
Electricity		16,046	16,709	–662	–4.0	4,640	4,673	–0.7
Natural gas[4]		13,136	13,356	–220	–1.6	2,577	2,453	5.1
Energy sales volumes to end customers								
Electricity		15,600	16,417	–817	–5.0	4,424	4,607	–4.0
Central and Western Europe[5]		5,556	5,636	–80	–1.4	1,621	1,721	–5.8
South Eastern Europe		10,044	10,781	–737	–6.8	2,803	2,887	–2.9
Natural gas		5,967	5,858	109	1.9	791	687	15.1
Heat		1,779	1,702	77	4.5	342	276	24.1
Central and Western Europe[5]		1,584	1,472	112	7.6	322	258	24.8
South Eastern Europe		195	230	–35	–15.2	20	18	13.6

1) The Q. 1–3 2011/12 and Q. 3 2011/12 figures have been adjusted.
2) Incl. bio-co-generation plant in Austria in the Energy Trade and Supply segment, small hydropower plants in Macedonia in the Energy Supply South East Europe segment and combined cycle heat and power co-generation plants in Moscow in the Environmental Services segment. Revenues from such energy production are included in such respective segments.
3) Incl. co-generation plant in Bulgaria in the Energy Supply South East Europe segment and in Austria in the Energy Trade and Supply segment, respectively. Revenues from such energy production are included in such respective segments.
4) Incl. network distribution volumes to EVN power stations as well as natural gas distribution volumes in Croatia.
5) Central and Western Europe covers Austria and Germany.

and reporting structure. Below both the operating performance of the six segments and the effects of energy sector indicators on their development are described.

Generation

The Generation segment comprises the generation of electricity from thermal production capacities and renewable sources of energy in Austria, Germany, Bulgaria and Albania, as well as projects related to future power-generating plants in Austria, Germany and Bulgaria.

External revenue of this segment comprises mainly the sale of electricity from renewable windpower. With regard to Intra-Group revenue the market price for electricity is reflected for generation (mainly related to hydropower plants as well as windpower plants not included in the support scheme any longer). The option value is applied for the thermal power generation of EVN AG and the storage power plants. The option value mainly reflects the pre-defined difference between the forward prices for electricity and the related fuel costs. Besides provision for reserve capacity the power request to support network reliability in Southern Germany is reflected in the option value. In contrast, the marketing of the electricity which was generated and the procurement of primary energy are included in the Energy Trade and Supply segment.

The income from investments mainly encompasses the earnings contributions of the Duisburg-Walsum, Verbund-Inn River, Ashta and Devoll power plants or power plant projects.

Highlights

- Increase in production from renewable energy sources
  - Good water flows
  - Higher volumes from the Inn River power plants
  - Start of operations at the Ashta hydropower plant
- Decline of 10.3% in revenue
  - Lower option value due to absence of free CO_2 emission certificates
  - Continuing decline in the market prices for electricity
  - Unfavourable wind conditions
- Extension of the contract to provide reserve capacity for Germany over the next three winter half-years
- Financial results lower due to negative earnings effect from the sale of the Devoll hydropower plant project

EVN generated 2,278 GWh of electricity during the first three quarters of 2012/13, for a year-on-year increase of 123 GWh, or 5.7%. Production from renewable energy sources totalled 1,253 GWh and was 262 GWh, or 26.5%, higher than the first three quarters of the previous year. This development was supported, above all, by an increase in water flows over the comparable prior-year period as well as higher volumes from the Inn River power plants and the start of operations at the Ashta hydropower plant in Albania. The production coefficient for the hydropower plants equalled 112.0% for the reporting period (previous year: 107.0%). In contrast, production from

Key indicators – Generation		2012/13 Q. 1–3	2011/12 Q. 1–3	+/– in %	2012/13 Q. 3	2011/12 Q. 3	+/– in %
Key energy business indicators	GWh						
Electricity generation volumes[1]		2,278	2,154	5.7	566	543	4.3
Renewable energy sources		1,253	991	26.5	483	364	32.8
Thermal energy sources[1]		1,024	1,163	–11.9	133	180	–26.1
Key financial indicators	EURm						
External revenue		28.3	33.2	–14.8	10.0	11.4	–12.1
Internal revenue		62.9	68.5	–8.1	14.9	22.8	–34.6
Total revenue		91.2	101.7	–10.3	25.0	34.3	–27.1
Operating expenses[2]		–54.5	–55.0	0.8	–20.4	–22.3	8.2
EBITDA[2]		36.7	46.7	–21.5	4.6	12.0	–62.0
Depreciation and amortisation		–20.6	–37.2	44.8	–6.8	–16.3	58.3
Results from operating activities (EBIT)[2]		16.1	9.5	69.7	–2.2	–4.3	47.6
Financial results[2]		–35.8	–10.6	–	–2.3	–2.9	20.6
Profit before income tax		–19.6	–1.1	–	–4.5	–7.2	36.7
Total assets		850.8	806.8	5.5	850.8	806.8	5.5
Investments[3]		19.7	14.6	35.3	9.8	7.0	40.0

1) The Q. 1–3 2012/13 and Q. 3 2011/12 figures have been adjusted.
2) The figure for the prior year has been adjusted (see Reporting according to IFRS, page 22).
3) In intangible assets and property, plant and equipment

the EVN thermal power plants fell by 139 GWh, or 11.9%, to 1,024 GWh, primarily due to reduced operations at the gas-fired power plants following a decline in power requests from the Federal Network Agency in Germany. In the third quarter of 2012/13 EVN and the Federal Network Agency in Germany signed a contract covering the provision of 785 MW in reserve capacity per winter half-year for the next three years to supply Southern Germany with energy on demand.

At the Group level, EVN covered 18.0% of electricity sales (previous year: 15.3%) through its own production. The coverage ratio of electricity from the Group's own production equalled 50.6% (previous year: 44.7%), excluding energy sales by the Energy Supply South East Europe segment. Renewable energy as a share of total electricity generation at the Group level equalled 53.0% for the first three quarters of 2012/13 (previous year: 44.3%).

Revenue recorded by the Generation segment declined by EUR 10.5m, or 10.3%, to EUR 91.2m, despite the good level of water flows. This development reflected the continuing decline in the market price of electricity as well as less favourable wind conditions. Another negative factor was the reduction in the option value of the thermal power plants due to the absence of free CO_2 emission certificates as of January 1st, 2013. Up to this date, CO_2 emission certificates were settled by the Energy Trade and Supply segment. As in the previous year, this was contrasted by revenue from the provision and use of reserve capacity to support network reliability in Southern Germany.

Operating expenses roughly matched the prior year at EUR 54.5m. In total, these developments led to a decline of EUR 10.0m, or 21.5%, in EBITDA to EUR 36.7m. Depreciation and amortisation were EUR 16.7m, or 44.8%, lower at EUR 20.6m, whereby the comparable prior-year period was influenced by impairment charges of EUR 17.7m to the biomass pilot plant in Dürnrohr and the wind park in Kavarna. EBIT totalled EUR 16.1m for the reporting period, for an increase of EUR 6.6m or 69.7% over the previous year.

Financial results fell by EUR 25.2m to EUR –35.8m for the reporting period. As described in the first half of 2012/13, this decline resulted chiefly from a non-recurring negative effect on earnings from the sale of EVN's 50% investment in the Devoll hydropower plant project. Profit before tax amounted to EUR –19.6m, which is EUR 18.6m lower than the comparable prior-year period.

The volume of investments rose by EUR 5.2m, or 35.3%, to EUR 19.7m during the reporting period, above all due to project design costs for the continued strong expansion of windpower capacities. Work started on the realisation of a wind park in Prellenkirchen, Lower Austria, during the second quarter of 2012/13. Together with a partner, EVN is constructing eight wind turbines with a total capacity of 24 MW. Operations are scheduled to start during the winter season in 2013/14. In the future, this wind park will supply some 16,000 households with environmentally friendly electricity. In the third quarter of 2012/13 EVN started work on the construction of a wind park in Deutsch-Wagram together with a partner. This project will include the 100th wind turbine built by EVN. These five wind turbines will have a total capacity of 15 MW and supply approximately 10,000 households with electricity.

Energy Trade and Supply

The Energy Trade and Supply segment encompasses the trading and selling of electricity and natural gas to end customers, mainly in the Austrian domestic market and in wholesale markets, as well as the sourcing of electricity, natural gas and other primary energy carriers as well as the production and sale of heat. In July 2012, the sale and thus the deconsolidation of the subsidiary first facility GmbH took place.

Intra-Group revenue basically comprises the sale of electricity to the Network Infrastructure Austria segment for purposes of compensating for network losses.

The income from investments primarily consists of the earnings contribution of EconGas as well as of e&t and the district heating plant operators in St. Pölten and in Steyr.

Highlights

- Energy sales to end customers:
  - Decline in electricity sales volumes
  - Higher natural gas volumes
  - Increase in heat sales volumes
- Lower sales volumes of marketed natural gas
- Decline in electricity sourcing costs due to lower transfer prices for renewable electricity
- Negative earnings contribution from EconGas

Energy sales to end customers in the individual markets were characterised by different developments in the first three quarters of 2012/13. Electricity sales fell by 80 GWh, or 1.4%, to 5,556 GWh, while sales volumes of natural gas increased by 109 GWh, or 1.9%, to 5,967 GWh. Heat sales to end customers rose by 112 GWh, or 7.6%, to 1,584 GWh due to the steady expansion of this business and the colder weather.

Revenues declined by EUR 36.3m, or 3.9%, to EUR 894.2m for the first three quarters of 2012/13, despite an increase in natural gas and heating sales volumes. This development is attributable primarily to the transfer of lower additional costs

Key indicators – Energy Trade and Supply		2012/13 Q. 1–3	2011/12 Q. 1–3	+/– in %	2012/13 Q. 3	2011/12 Q. 3	+/– in %
Key energy business indicators	GWh						
Energy sales volumes to end customer							
Electricity		5,556	5,636	–1.4	1,621	1,721	–5.8
Natural gas		5,967	5,858	1.9	791	687	15.1
Heat		1,584	1,472	7.6	322	258	24.8
Key financial indicators	EURm						
External revenue		860.5	893.0	–3.6	187.8	191.9	–2.1
Internal revenue		33.6	37.5	–10.2	10.1	11.3	–10.2
Total revenue		894.2	930.4	–3.9	197.9	203.1	–2.6
Operating expenses[1)]		–827.3	–855.3	3.3	–197.4	–202.7	2.6
EBITDA[1)]		66.9	75.1	–11.0	0.6	0.5	22.0
Depreciation and amortisation		–11.2	–12.4	9.3	–3.7	–5.2	28.3
Results from operating activities (EBIT)[1)]		55.7	62.8	–11.3	–3.1	–4.7	33.3
Financial results[1)]		–26.4	6.3	–	–2.2	–5.2	56.9
Profit before income tax		29.3	69.0	–57.5	–5.4	–9.9	45.7
Total assets		554.3	611.3	–9.3	554.3	611.3	–9.3
Investments[2)]		9.4	9.0	3.7	3.6	3.6	1.3

1) The figure for the prior year has been adjusted (see Reporting according to IFRS, page 22).
2) In intangible assets and property, plant and equipment

for renewable electricity through price reductions in the previous year as well as lower sales volumes of marketed natural gas and a decline in electricity prices. The volume- and price-related increase in heating revenues was unable to offset this development. In addition, the comparable prior year period also included revenue from first facility GmbH, which was sold in July 2012.

Operating expenses were EUR 28.0m, or 3.3%, lower at EUR 827.3m. This reduction is related, above all, to a decrease in electricity sourcing costs due to lower transfer prices for renewable electricity. Operating expenses were increased by higher prices for the primary energy required for district heating plants and higher natural gas sourcing costs for sales to end customers. In addition, the first three quarters of both 2012/13 and 2011/12 were negatively influenced by the creation of a provision for impending losses on the sale of EVN's own production. EBITDA fell by EUR 8.2m, or 11.0%, to EUR 66.9m.

After the deduction of slightly lower depreciation and amortisation, EBIT totalled EUR 55.7m for the reporting period. This represents a year-on-year decline of EUR 7.1m, or 11.3%. Financial results fell from EUR 6.3m to EUR –26.4m due to lower income from investments. This decline was caused primarily by the previously reported negative earnings contribution of EUR 20.4m from EconGas in the first quarter of 2012/13.

Investments in this segment were slightly higher in year-on-year comparison at EUR 9.4m for the first three quarters of 2012/13. The expansion of the plants and district heating network remained the focal point of these expenditures. In the first quarter of 2012/13, operations started at the biomass district heating plant in Steyr. This facility was built together with Energie AG Oberösterreich and now supplies approximately 12,000 households with electricity and heat.

Network Infrastructure Austria

The Network Infrastructure Austria segment encompasses the operation of the regional electricity and natural gas networks as well as the networks for cable TV and telecommunications in Lower Austria and Burgenland.

In addition, this segment also provides Intra-Group services, especially in connection with construction activities, that are recognised as Intra-Group revenue.

Income from investments mainly consists of the dividend payment of the R138 Fund to EVN Netz GmbH. Furthermore, on October 29th, 2012, Gas Connect Austria disposed 45.0% of its shares in its subsidiary AGGM Austrian Gas Grid Management AG, equally to the provincial distribution companies EVN Netz GmbH, OÖ. Ferngas Netz GmbH and Gasnetz Steiermark GmbH. Closing happened on February 11th, 2013.

Highlights

- Increase in electricity network distribution volumes due to cooler temperatures
- Decline in natural gas network distribution volumes
  - Weaker demand from industrial customers
  - Further decrease in the use of EVN's gas-fired power plants
- Adjustment of network tariffs as of January 1st, 2013
  - Electricity: –0.4%
  - Natural gas: –2.5%

The network tariffs for electricity and natural gas are adjusted each year as of January 1st in accordance with the incentive regulatory system through a resolution of the E-Control Commission: as of January 1st, 2013, the natural gas network tariffs were reduced by an average of 2.5% (January 1st, 2012: reduction of 1.9%) and the electricity network tariffs were reduced by an average of 0.4% (January 1st, 2012: stable).

Network distribution volumes for electricity were 77 GWh, or 1.3%, higher at 6,028 GWh during the first three quarters of 2012/13, above all due to cooler temperatures. In contrast, natural gas distribution volumes fell by 225 GWh, or 1.7%, to 13,131 GWh, despite an increase in the household and commercial customer segments, in particular due to weaker demand from industrial customers and a further decrease in the use of EVN's gas-fired power plants.

Revenue in the Network Infrastructure Austria segment totalled EUR 391.2m for the reporting period, which is EUR 9.8m, or 2.5%, lower than the comparable prior-year period. This decline resulted chiefly from a decrease in other revenue, which reflected the lower number of invoiced customer projects as of June 30th, 2013. Electricity and natural gas grid revenue roughly matched the previous year at EUR 318.6m. Revenue from cable TV and telecommunications business increased slightly during the reporting period.

Operating expenses fell by EUR 14.9m, or 6.8%, to EUR 203.9m, mainly due to customer projects that had not been invoiced as of June 30th, 2013. This was contrasted by a prior period adjustment in the first three quarters of 2011/12. EBITDA was EUR 5.1m, or 2.8%, higher than the previous year at EUR 187.3m. Depreciation and amortisation remained nearly constant for the reporting period. EBIT rose by EUR 4.6m, or 4.3%, to EUR 113.8m.

Financial results amounted to EUR –13.4m, which is EUR 0.6m, or 4.3%, below the comparable prior-year period. Profit before income tax was EUR 4.1m, or 4.2%, higher than the prior year at EUR 100.3m.

The volume of investments rose by EUR 14.6m, or 19.7%, to EUR 88.8m during the first three quarters of 2012/13. Investments continue to focus on the construction of the Westschiene natural gas transport pipeline and network expansion to ensure supply security against the backdrop of the intensive expansion of renewable energy.

Key indicators – Network Infrastructure Austria		2012/13 Q. 1–3	2011/12 Q. 1–3	+/– in %	2012/13 Q. 3	2011/12 Q. 3	+/– in %
Key energy business indicators	GWh						
Network distribution volumes							
Electricity		6,028	5,951	1.3	1,833	1,812	1.1
Natural gas		13,131	13,356	–1.7	2,577	2,453	5.1
Key financial indicators	EURm						
External revenue		357.3	363.6	–1.7	88.1	88.8	–0.8
Internal revenue		33.9	37.5	–9.4	8.9	12.0	–26.1
Total revenue		**391.2**	**401.1**	**–2.5**	**96.9**	**100.8**	**–3.8**
Operating expenses[1]		–203.9	–218.8	6.8	–61.6	–68.8	10.4
EBITDA[1]		**187.3**	**182.2**	**2.8**	**35.3**	**32.0**	**10.1**
Depreciation and amortisation		–73.5	–73.1	–0.6	–24.0	–23.8	–0.9
Results from operating activities (EBIT)[1]		**113.8**	**109.1**	**4.3**	**11.3**	**8.2**	**36.7**
Financial results[1]		**–13.4**	**–12.9**	**–4.3**	**–4.8**	**–4.9**	**2.2**
Profit before income tax[1]		**100.3**	**96.3**	**4.2**	**6.5**	**3.4**	**93.6**
Total assets		1,753.4	1,657.7	5.8	1,753.4	1,657.7	5.8
Investments[2]		88.8	74.1	19.7	38.8	33.1	17.5

1) The figure for the prior year has been adjusted (see Reporting to IFRS, page 22).
2) In intangible asset and property, plant and equipment

Energy Supply South East Europe

The Energy Supply South East Europe segment encompasses the operation of electricity networks and the sale of electricity to end customers in Bulgaria and Macedonia, the generation and sale of heat in Bulgaria, the sale of natural gas to end customers in Croatia as well as energy trading throughout the region.

Highlights

- Increase in electricity generation
  - Takeover of the operation of further small hydropower plants in Macedonia
  - Full-year operation of the new co-generation plant in Plovdiv
- Temperature-related decline in sales volumes
- Increase in end customer tariffs for electricity in Macedonia during 2012
- Electricity and heat tariff changes for end customers in Bulgaria

The regulatory authorities in Bulgaria raised the end customer prices for electricity by 13.6% as of July 1st, 2012. This increase was justified, above all, by the higher share of renewable energy and costs for the initial purchase of CO_2 emission certificates. The Bulgarian regulatory authorities also approved a change in the method used to calculate compensation for the additional costs of renewable electricity and for electricity from highly efficient co-generation plants as of July 1st, 2012. As a reaction to the demonstrations in Bulgaria during February 2013, the regulatory authorities cut the price of electricity for end customers by 7.3% as of March 5th, 2013 based on a reduction in the allowable network losses of the distribution network operators.

A 20.6% reduction in the end customer prices for heat in Bulgaria as of July 1st, 2012 was followed by a further 5.9% price cut as of January 1st, 2013. This latter decrease was based on a reduction in the price of natural gas (–9.8%).

In Macedonia, the regulatory authorities followed the 7.8% price increase as of January 1st, 2012 (EVN Macedonia: 4.8%), with a further 9.8% increase in end customer prices as of August 1st, 2012 (EVN Macedonia: 6.1%). The main objective of this price adjustment is to cover the additional costs for the procurement of energy on the wholesale market by EVN Macedonia starting on October 1st, 2012. These purchases are required to meet surplus demand that is not covered by Macedonian power generating capacities, which was previously the responsibility of the state-owned company ELEM. Network losses must also be purchased in full on the wholesale market starting on Janu-

Key indicators – Energy Supply South East Europe		2012/13 Q. 1–3	2011/12 Q. 1–3	+/– in %	2012/13 Q. 3	2011/12 Q. 3	+/– in %
Key energy business indicators	GWh						
Electricity generation volumes		**346**	**202**	**71.1**	**115**	**65**	**76.6**
Renewable energy sources		102	13	–	67	8	–
Thermal energy sources		244	189	29.1	48	57	–15.8
Network distribution volumes[1]		**10,019**	**10,758**	**–6.9**	**2,807**	**2,862**	**–1.9**
Heat sales volumes to end customers		**195**	**230**	**–15.2**	**20**	**18**	**13.6**
Key financial incidators	EURm						
External revenue		779.9	736.2	5.9	209.2	201.5	3.8
Internal revenue		0.3	0.1	–	0.1	0.0*)	–
Total revenue		**780.2**	**736.3**	**6.0**	**209.3**	**201.5**	**3.8**
Operating expenses[2]		–694.7	–659.3	–5.4	–171.3	–172.4	0.6
EBITDA[2]		**85.5**	**77.0**	**11.0**	**37.9**	**29.1**	**30.5**
Depreciation and amortisation		–49.7	–48.1	–3.5	–16.0	–15.4	–3.9
Results from operating activities (EBIT)[2]		**35.7**	**28.9**	**23.6**	**21.9**	**13.6**	**60.6**
Financial results[2]		**–21.4**	**–19.5**	**–9.7**	**–6.6**	**–6.8**	**1.8**
Profit before income tax		**14.3**	**9.4**	**52.6**	**15.3**	**6.9**	**–**
Total assets		1,282.6	1,218.9	5.2	1,282.6	1,218.9	5.2
Investments[3]		63.2	69.3	–8.8	13.0	16.5	–21.2

*) Small amount

1) In Bulgaria and Macedonia energy sales volumes fairly equal present network distribution volumes.

2) The figure for the prior year has been adjusted (see Reporting according to IFRS, page 22).

3) In intangible assets and property, plant and equipment

ary 1st, 2012, in contrast to the former method that allowed for part of the purchases at regulated prices.

Information regarding the recent price decisions in Bulgaria (as of August 1st, 2013) and Macedonia (as of July 1st, 2013) is provided in the section Significant events after the balance sheet date on page 25.

The volume of electricity generated by EVN in South Eastern Europe during the first three quarters of 2012/13 rose by 144 GWh, or 71.1%, to 346 GWh. This increase reflected the operation of the seven small revitalised hydropower plants in Macedonia that were leased up to January 2013 and taken over in February as well as their good water flows and the new co-generation plant in Plovdiv, Bulgaria.

The milder temperatures in year-on-year comparison (heating degree total: Bulgaria –20.2 and Macedonia –26.2 percentage points) led to a decline of 739 GWh, or 6.9%, in electricity sales volumes to 10,019 GWh. Heat sales to end customers in Bulgaria fell by 35 GWh, or 15.2%, to 195 GWh.

Revenue in this segment rose by EUR 43.9m, or 6.0%, to EUR 780.2m for the reporting period, despite the decline in sales volumes. This improvement resulted, above all, from the price increases in Macedonia in the previous year and the full-year operation of the co-generation plant in Plovdiv, Bulgaria.

Operating expenses increased by EUR 35.4m, or 5.4%, year-on-year to EUR 694.7m, primarily due to higher procurement costs that were caused by the above-mentioned effects in Bulgaria and Macedonia as well as an increase in other operating expenses. EBITDA rose by EUR 8.5m, or 11.0%, over the prior year to EUR 85.5m.

Depreciation and amortisation rose by EUR 1.7m, or 3.5%, to EUR 49.7m, chiefly due to the commissioning of the co-generation plant. EBIT increased by EUR 6.8m, or 23.6%, to EUR 35.7m.

Financial results were EUR 1.9m, or 9.7%, lower than the prior year at EUR –21.4m, above all resulting from higher interest expenses due to financing for the capital increase in the Bulgarian subsidiaries during 2011/12. Profit before income tax increased by EUR 4.9m, or 52.6%, to EUR 14.3m.

The volume of investments was EUR 6.1m, or 8.8%, lower at EUR 63.2m. This decline is attributable to the high level of investment in the previous year for the construction of the co-generation plant. Investments in the reporting period again focused on the modernisation and expansion of network infrastructure.

Environmental Services

The Environmental Services segment encompasses drinking water supply, wastewater treatment and waste incineration activities in EVN's domestic market as well as the international project business in 18 countries of Central, Eastern and South Eastern Europe.

The income from investments mainly relates to the earnings contributions of the Croatian ZOV (planning, financing and construction of the central wastewater treatment plant in Zagreb) and ZOV UIP (operational management of the central wastewater treatment plant in Zagreb).

Key indicators – Environmental Services	EURm	2012/13 Q. 1–3	2011/12 Q. 1–3	+/– in %	2012/13 Q. 3	2011/12 Q. 3	+/– in %
External revenue		176.7	229.6	–23.0	56.2	71.8	–21.7
Internal revenue		14.7	14.8	–0.7	5.3	5.2	1.3
Total revenue		**191.3**	**244.3**	**–21.7**	**61.5**	**77.0**	**–20.1**
Operating expenses[1]		–153.3	–195.2	21.5	–51.6	–58.4	11.6
EBITDA[1]		**38.0**	**49.2**	**–22.6**	**9.9**	**18.6**	**–46.9**
Depreciation and amortisation		–21.5	–19.7	–9.1	–7.6	–6.5	–17.0
Results from operating activities (EBIT)[1]		**16.6**	**29.5**	**–43.8**	**2.2**	**12.0**	**–81.4**
Financial results[1]		**9.2**	**6.9**	**33.6**	**3.7**	**1.9**	**93.1**
Profit before income tax		**25.7**	**36.3**	**–29.2**	**6.0**	**14.0**	**–57.3**
Total assets		1,477.5	1,455.6	1.5	1,477.5	1,455.6	1.5
Investments[2]		8.2	15.6	–47.5	0.7	4.9	–86.3

1) The figure for the prior year has been adjusted (see Reporting according to IFRS, page 22).
2) In intangible assets and property, plant and equipment

Highlights

- Lower revenue in the international project business due to higher project invoicing in past year
- Operations started by EVN at one of Europe's largest wastewater purification plants in Warsaw during March 2013
- Difficult progress on environmental projects in Moscow
- Further activities to protect and improve water supply in Lower Austria

The Environmental Services segment generated revenue of EUR 191.3m in the first three quarters of 2012/13, which represents a decline of EUR 53.0m, or 21.7%, in comparison with the previous year. This development resulted primarily from a decline in the international project business due to higher project invoicing in the previous year.

Operating expenses declined in proportion to revenue, falling by EUR 41.9m, or 21.5%, to EUR 153.3m. EBITDA was EUR 11.1m, or 22.6%, lower than the previous year at EUR 38.0m.

Depreciation and amortisation rose by EUR 1.8m, or 9.1%, to EUR 21.5m. EBIT totalled EUR 16.6m, which is EUR 12.9m, or 43.8%, lower than the previous year. Financial results rose by EUR 2.3m, or 33.6%, to EUR 9.2m, above all due to higher net interest result, but were unable to offset the decline in results from operating activities. Profit before income tax equalled EUR 25.7m; for a year-on-year decline of EUR 10.6m, or 29.2%.

The volume of investments was reduced by nearly one-half to EUR 8.2m for the reporting period. This decline is attributable primarily to the completion of construction on the co-generation plant that is located on the premises of Lyuberzy wastewater purification plant near Moscow during the first quarter of 2012/13.

EVN is currently realising 12 international projects in the environmental services business, which had a total order volume of EUR 542.9m as of June 30th, 2013. Work continued during the reporting period on the co-generation plant in Lyuberzy, Russia, and the wastewater purification plant in Mia Milia, Cyprus. Another project was started in Cyprus for the modernisation and expansion of the existing wastewater purification plant in Larnaca. In Romania, EVN received a contract in December 2012 for the planning and construction of three wastewater purification plants in and around Silvaniei in the administrative district of Salaj. The construction of the plants started during the third quarter 2012/13, and completion is scheduled within two and one-half years. The wastewater purification plants in Gherla and Huedin, Romania, were completed during the third quarter after a construction period of only 21 months and one-year test operations have already started. One-year test operations also started at the sludge treatment plant in Vilnius, Lithuania, during the first quarter of 2012/13 and have proven successful to date. The wastewater purification plant projects in Budva, Montenegro, and Šentjernej, Slovenia, are proceeding on schedule. Operations started at one of Europe's largest wastewater purification plants in Warsaw, Poland, during the reporting period. The capacity of this plant now makes it possible to purify all municipal wastewater in the Polish capital. In contrast, progress on the environmental projects in Moscow has been difficult. The sodium hypochlorite production plant that will purify the surface water in Moscow was built in accordance with the terms of the contract, but the municipal government has delayed the commercial start-up. Furthermore, the construction permit for the waste incineration plant is still outstanding.

In water supplies for Austria, EVN took over the management and operation of the drinking water supply network for the township of Angern in January 2013. EVN has supplied this community with drinking water in part since 1987 and in full since 2008. The local network taken over by EVN covers 1,623 households and 33.8 km. In addition, the pumping plant in Oberzögersdorf, Lower Austria, started operations during March 2013 after a four-month construction period. This new facility will also safeguard drinking water supplies for 50,000 residents in Russbachtal, Lower Austria, during the peak summer months. In the eastern region of Lower Austria EVN will also construct two natural filtering plants in Drösing and Obersiebenbrunn, which will naturally reduce the hardness of the water and lead to an improvement in quality. These plants should be completed by the end of 2014 and will supply all of the communities serviced by evn wasser in Marchfeld and March-Zaya, Sulzbachtal, Lower Austria. In this region, evn wasser will then supply roughly 50,000 residents.

Key indicators – Strategic Investments and Other Business	EURm	2012/13 Q. 1–3	2011/12 Q. 1–3	+/– in %	2012/13 Q. 3	2011/12 Q. 3	+/– in %
External revenue		1.9	1.3	48.6	0.8	0.6	47.6
Internal revenue		49.2	48.0	2.4	16.3	16.6	–1.8
Total revenue		51.1	49.3	3.6	17.2	17.2	–0.1
Operating expenses[1]		–48.8	–49.4	1.0	–20.0	–19.5	–2.7
EBITDA[1]		2.2	–0.1	–	–2.9	–2.3	–24.2
Depreciation and amortisation		–1.3	–1.2	–5.6	–0.4	–0.4	–9.7
Results from operating activities (EBIT)[1]		1.0	–1.3	–	–3.3	–2.7	–22.1
Financial results[1][2]		75.0	92.4	–18.8	8.4	5.8	44.0
Profit before income tax[1]		76.0	91.1	–16.6	5.1	3.1	62.8
Total assets		2,695.4	2,721.6	–1.0	2,695.4	2,721.6	–1.0
Investments[3]		2.2	3.1	–28.2	0.6	0.8	–22.7

1) The figure for the prior year has been adjusted (see Reporting according to IFRS, page 22).
2) Details on gain from other investments see Notes to the consolidated interim report, page 23.
3) In intangible assets and property, plant and equipment

Strategic Investments and Other Business

The Strategic Investments and Other Business segment basically encompasses the interests in RAG, Burgenland Holding AG and Verbund AG. In addition, this segment includes central Group functions as well as companies outside of EVN's core business, especially those that provide Intra-Group services.

Highlights

- Negative earnings contribution from investment in WEEV (EUR –29.4m)
- Higher earnings contribution from RAG (EUR 66.7m)

EBITDA in this segment amounted to EUR 2.2m for the first three quarters of 2012/13 and exceeded the comparable prior period value by EUR 2.3m. This development was supported by an increase in Intra-Group revenue and a decline in operating expenses. EBIT rose to EUR 1.0m, or by EUR 2.2m.

Financial results, which are of primary importance for this segment, fell by EUR 17.3m, or 18.8%, to EUR 75.0m, chiefly due to a lower share of profit from equity accounted investees. This decline is attributable primarily to a negative earnings contribution from WEEV Beteiligungs GmbH, which rose by further EUR 6.9m after the balance sheet date on March 31st, 2013 to equal EUR 29.4m for the first three quarters of 2012/13. The decline resulted from the market valuation of the Verbund shares held by WEEV and the subsequent recognition of an impairment loss to reflect the significant and continuing decline in the share price below cost. This negative contribution was contrasted by a year-on-year increase of EUR 13.9m in the earnings contribution from RAG.

Profit before tax fell by EUR 15.1m, or 16.6%, year-on-year to EUR 76.0m for the reporting period.

Consolidated interim report

according to IAS 34

Consolidated statement of operations

EURm	2012/13 Q. 1–3	2011/12 Q. 1–3	+/– in %	2012/13 Q. 3	2011/12 Q. 3	+/– in %	2011/12 9/30/2012
Revenue	2,204.5	2,256.8	–2.3	552.1	565.9	–2.4	2,846.5
Other operating income	74.1	54.7	35.3	25.5	22.1	15.3	81.3
Electricity purchases and primary energy expenses	–1,289.7	–1,273.5	–1.3	–297.8	–291.8	–2.1	–1,630.6
Costs of materials and services	–211.8	–256.0	17.3	–74.3	–85.0	12.6	–350.0
Personnel expenses[1)2)]	–222.6	–233.2	4.5	–74.4	–78.6	5.4	–312.6
Other operating expenses	–139.5	–120.3	–15.9	–46.3	–38.2	–21.2	–160.1
EBITDA[1)2)]	**415.1**	**428.6**	**–3.2**	**84.9**	**94.5**	**–10.2**	**474.5**
Depreciation and amortisation	–176.3	–190.1	7.3	–58.1	–67.1	13.4	–251.3
Results from operating activities (EBIT)[1)2)]	**238.8**	**238.5**	**0.1**	**26.8**	**27.4**	**–2.2**	**223.2**
Share of profit of equity accounted investees	9.1	82.3	–89.0	16.3	7.6	–	87.0
Gain from other investments	26.8	25.1	6.6	0.3	0.3	0.9	24.3
Interest income	22.6	23.4	–3.5	6.6	7.3	–8.5	30.9
Interest expense[1)2)]	–75.6	–75.2	–0.5	–24.3	–24.4	0.3	–104.4
Other financial results	–3.8	–2.5	–55.5	–2.9	–3.0	4.1	–1.3
Financial results[1)2)]	**–21.0**	**53.2**	**–**	**–3.9**	**–12.2**	**68.4**	**36.5**
Profit before income tax	**217.8**	**291.7**	**–25.3**	**22.9**	**15.2**	**51.0**	**259.7**
Income tax expense	–36.4	–38.9	6.4	0.5	2.0	–75.3	–25.9
Profit for the period	**181.4**	**252.7**	**–28.2**	**23.4**	**17.2**	**36.3**	**233.8**
Profit attributable to EVN AG shareholders (Group net profit)	145.2	222.8	–34.8	13.7	13.8	–0.6	194.9
Profit attributable to non-controlling interests	36.2	29.9	20.9	9.7	3.4	–	38.9
Earnings per share in EUR[3)]	0.81	1.24	–34.5	0.08	0.08	–4.15	1.09

1) The Q. 1–3 2011/12 figure has been adjusted (EBITDA/EBIT EUR +12.4m; financial results EUR –12.4m). Details see Reporting according to IFRS, page 22.
2) The 2011/12 financial year figure has been adjusted (EBITDA/EBIT EUR +16.5m; financial results EUR –16.5m). Details see Reporting according to IFRS, page 22.
3) There is no difference between basic and diluted earnings per share.

Consolidated statement of comprehensive income

EURm	2012/13 Q. 1–3	2011/12 Q. 1–3	+/– in %	2012/13 Q. 3	2011/12 Q. 3	+/– in %	2011/12 9/30/2012
Profit for the period	181.4	252.7	–28.2	23.4	17.2	36.3	233.8
Other comprehensive income from							
Items that will not be reclassified to profit or loss	–20.7	–24.4	15.1	–16.9	–24.4	30.9	–30.0
Remeasurements IAS 19	–27.7	–32.5	14.9	–22.5	–32.5	30.7	–40.2
Investments in equity accounted investees	–	–	–	–	–	–	–
Thereon apportionable income tax expense	6.9	8.1	–14.3	5.7	8.1	–30.1	10.2
Items that may be reclassified to profit or loss	–45.7	–120.9	62.2	–74.6	–201.0	62.9	–188.9
Currency translation differences from operations	–5.7	5.0	–	–5.3	–5.3	–0.2	8.9
Net change in fair value of other investments	–60.6	–144.6	58.1	–93.2	–190.1	51.0	–223.5
Net change in fair value of cash flow hedges	–4.3	–4.5	3.9	–0.1	–14.4	99.6	–5.3
Investments in equity accounted investees	8.7	–14.1	–	0.6	–15.0	–	–26.1
Thereon apportionable income tax expense	16.2	37.3	–56.5	23.3	23.8	–2.1	57.1
Total other comprehensive income after tax	–66.5	–145.3	54.3	–91.5	–225.3	59.4	–218.9
Comprehensive income for the period	114.9	107.4	7.0	–68.1	–208.2	67.3	14.9
Income attributable to EVN AG shareholders	78.7	77.6	1.4	–77.8	–211.6	63.2	–24.0
Income attributable to non-controlling interests	36.2	29.9	20.9	9.7	3.4	–	38.9

Consolidated statement of financial position

EURm	6/30/2013	9/30/2012	+/– nominal	+/– in %
Assets				
Non-current assets				
Intangible assets	397.8	403.1	–5.3	–1.3
Property, plant and equipment	3,019.8	3,009.2	10.6	0.4
Investments in equity accounted investees	1,027.9	1,048.7	–20.8	–2.0
Other investments	609.7	668.7	–59.0	–8.8
Deferred tax assets	32.9	25.9	7.0	26.8
Other non-current assets	830.2	898.3	–68.2	–7.6
	5,918.1	6,053.9	–135.8	–2.2
Current assets				
Inventories	103.7	106.1	–2.4	–2.3
Trade and other receivables	603.6	537.6	66.0	12.3
Securities	43.8	3.4	40.4	–
Cash and cash equivalents	254.0	162.1	91.8	56.7
	1,005.1	809.3	195.8	24.2
Total assets	6,923.3	6,863.2	60.0	0.9
Equity and liabilities				
Equity				
Share capital	330.0	330.0	–	–
Share premium and capital reserves	253.3	253.3	–	–
Retained earnings	2,186.4	2,116.2	70.2	3.3
Valuation reserve	15.4	76.2	–60.7	–79.7
Currency translation reserve	–2.3	3.4	–5.7	–
Treasury shares	–19.7	–10.7	–8.9	–83.0
Issued capital and reserves attributable to shareholders of EVN AG	2,763.1	2,768.3	–5.2	–0.2
Non-controlling interests	244.9	245.4	–0.5	–0.2
	3,008.0	3,013.7	–5.7	–0.2
Non-current liabilities				
Non-current loans and borrowings	1,656.5	1,933.3	–276.8	–14.3
Deferred tax liabilities	95.4	119.2	–23.8	–19.9
Non-current provisions	564.4	490.7	73.7	15.0
Deferred income from network subsidies	488.7	469.5	19.1	4.1
Other non-current liabilities	52.8	49.9	2.9	5.8
	2,857.8	3,062.6	–204.8	–6.7
Current liabilities				
Current loans and borrowings	326.2	49.4	276.8	–
Taxes payable	113.9	87.0	26.9	31.0
Trade payables	302.4	384.4	–82.0	–21.3
Current provisions	101.4	84.9	16.6	19.5
Other current liabilities	213.5	181.3	32.2	17.8
	1,057.5	786.9	270.6	34.4
Total equity and liabilities	6,923.3	6,863.2	60.0	0.9

Consolidated statement of changes in equity

EURm	Issued capital and reserves of EVN AG shareholders	Non-controlling interests	Total
Balance on 9/30/2011	2,804.1	361.7	3,165.8
Comprehensive income for the period	77.6	29.9	107.4
Acquisition of interest in fully consolidated companies	69.7	–118.7	–49.0
Capital increase	–	0.8	0.8
Dividends 2010/11	–73.6	–38.4	–112.0
Acquisition of own shares	–0.7	–	–0.7
Changes in the scope of consolidation/Other items	–2.0	–	–2.0
Balance on 6/30/2012	2,875.0	235.3	3,110.3
Balance on 9/30/2012	2,768.3	245.4	3,013.7
Comprehensive income for the period	78.7	36.2	114.9
Acquisition of own shares	–8.9	–	–8.9
Dividends 2011/12	–75.0	–36.7	–111.7
Balance on 6/30/2013	2,763.1	244.9	3,008.0

Condensed consolidated statement of cash flows

EURm	2012/13 Q. 1–3	2011/12 Q. 1–3	+/– nominal	+/– in %	2011/12
Profit before income tax	217.8	291.7	–73.9	–25.3	259.7
+ Depreciation and amortisation of intangible assets and property, plant and equipment	176.3	190.1	–13.9	–7.3	251.3
+ Non-cash share of income of equity accounted investees	88.2	11.8	76.5	–	7.1
+/– Other non-cash financial results	–0.4	1.4	–1.7	–	0.1
– Release of deferred income from network subsidiaries	–29.5	–26.3	–3.2	–12.1	–35.9
–/+ Decrease/increase in non-current provisions	46.1	–21.5	67.6	–	0.4
+/– Other non-cash expenses/gains	–	–2.1	2.0	98.9	–2.3
Gross cash flow	498.4	445.0	53.5	12.0	480.3
– Changes in assets and liabilities arising from operating activities	–91.2	–154.3	63.1	40.9	9.7
– Income tax paid	–25.1	–15.4	–9.8	–63.7	–28.9
Net cash flow from operating activities	382.1	275.3	106.7	38.8	461.0
– Changes in intangible assets and property, plant and equipment as well as in the acquisition of subsidiaries, net of cash acquired	–132.3	–128.8	–3.5	–2.7	–232.0
–/+ Changes in financial assets and other non-current assets	–85.3	–157.9	72.5	45.9	–155.6
–/+ Changes in current securities	–39.6	53.4	–93.1	–	53.8
Net cash flow from investing activities	–257.2	–233.3	–24.0	–10.3	–333.9
+/– Payments of nominal capital by non-controlling interests/ acquisition of shares	–	0.8	–0.8	–	–46.3
– Dividends paid to EVN AG shareholders	–75.0	–73.6	–1.4	–1.9	–73.6
– Dividends paid to non-controlling interests	–1.7	–38.4	36.7	95.6	–38.4
–/+ Acquisition/disposal of own shares	–8.9	–0.7	–8.2	–	–4.2
+/– Changes in financial liabilities	48.7	86.4	–37.7	–43.6	56.8
Net cash flow from financing activities	–36.9	–25.6	–11.3	–44.3	–105.6
Net change in cash and cash items	87.9	16.5	71.4	–	21.5
Cash and cash items at the beginning of the period	134.1	112.6	21.5	19.1	112.6
Cash and cash items at the end of the period	222.0	129.1	92.9	72.0	134.1

Segment reporting

EURm	Generation		Energy Trade and Supply		Network Infrastructure Austria		Energy Supply South East Europe	
	2012/13 Q. 1–3	2011/12 Q. 1–3	2012/13 Q. 1–3	2011/12 Q. 1–3	2012/13 Q. 1–3	2011/12 Q. 1–3	2012/13 Q. 1–3	2011/12 Q. 1–3
External revenue	28.3	33.2	860.5	893.0	357.3	363.6	779.9	736.2
Intra-Group revenue (between segments)	62.9	68.5	33.6	37.5	33.9	37.5	0.3	0.1
Total revenue	**91.2**	**101.7**	**894.2**	**930.4**	**391.2**	**401.1**	**780.2**	**736.3**
Operating expenses[1]	–54.5	–55.0	–827.3	–855.3	–203.9	–218.8	–694.7	–659.3
EBITDA[1]	**36.7**	**46.7**	**66.9**	**75.1**	**187.3**	**182.2**	**85.5**	**77.0**
Depreciation and amortisation	–20.6	–37.2	–11.2	–12.4	–73.5	–73.1	–49.7	–48.1
Results from operating activities (EBIT)[1]	**16.1**	**9.5**	**55.7**	**62.8**	**113.8**	**109.1**	**35.7**	**28.9**
Financial results[1]	–35.8	–10.6	–26.4	6.3	–13.4	–12.9	–21.4	–19.5
Profit before income tax[1]	**–19.6**	**–1.1**	**29.3**	**69.0**	**100.3**	**96.3**	**14.3**	**9.4**
Total assets	850.8	806.8	554.3	611.3	1,753.4	1,657.7	1,282.6	1,218.9
Investments[2]	19.7	14.6	9.4	9.0	88.8	74.1	63.2	69.3

	Environmental Services		Strategic Investments and Other Business		Consolidation		Total	
	2012/13 Q. 1–3	2011/12 Q. 1–3	2012/13 Q. 1–3	2011/12 Q. 1–3	2012/13 Q. 1–3	2011/12 Q. 1–3	2012/13 Q. 1–3	2011/12 Q. 1–3
External revenue	176.7	229.6	1.9	1.3	–	–	2,204.5	2,256.8
Intra-Group revenue (between segments)	14.7	14.8	49.2	48.0	–194.6	–206.3	–	–
Total revenue	**191.3**	**244.3**	**51.1**	**49.3**	**–194.6**	**–206.3**	**2,204.5**	**2,256.8**
Operating expenses[1]	–153.3	–195.2	–48.8	–49.4	193.1	204.8	–1,789.4	–1,828.2
EBITDA[1]	**38.0**	**49.2**	**2.2**	**–0.1**	**–1.5**	**–1.5**	**415.1**	**428.6**
Depreciation and amortisation	–21.5	–19.7	–1.3	–1.2	1.5	1.5	–176.3	–190.1
Results from operating activities (EBIT)[1]	**16.6**	**29.5**	**1.0**	**–1.3**	**–**	**–**	**238.8**	**238.5**
Financial results[1]	9.2	6.9	75.0	92.4	–8.3	–9.3	–21.0	53.2
Profit before income tax[1]	**25.7**	**36.3**	**76.0**	**91.1**	**–8.3**	**–9.3**	**217.8**	**291.7**
Total assets	1,477.5	1,455.6	2,695.4	2,721.6	–1,690.7	–1,577.1	6,923.3	6,894.7
Investments[2]	8.2	15.6	2.2	3.1	–4.2	–0.8	187.2	184.9

1) The figures for the prior year have been adjusted (see Reporting according to IFRS, page 22).
2) In intangible assets and property, plant and equipment

Notes to the consolidated interim report

Accounting and valuation methods

This consolidated interim report as of June 30th, 2013, of EVN AG, taking into consideration § 245a Austrian Commercial Code (UGB), was prepared in accordance with the guidelines set forth in IFRS by the International Financial Reporting 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 2011/12 financial year (balance sheet date: September 30th, 2012).

The accounting and valuation methods are essentially the same as those applied as of September 30th, 2012, with the exception of those described under the section "Reporting according to IFRS" below. 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 according to IFRS

The following standards and interpretations were applied for the first time in the 2012/13 financial year:

Standards and interpretations applied for the first time		Effective[1]
New interpretations		
–	–	–
Revised standards and interpretations		
IAS 1	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	7/1/2012
IAS 12	Income Taxes: Deferred Tax – Recovery of Underlying Assets	1/1/2012
IFRS 1	First-time Adoption of IFRS – Severe Hyperinflation	7/1/2011

1) In accordance with the Official Journal of the EU, these standards are to be applied beginning with the financial year that starts on or after the date on which the standards become binding.

The revisions made to IAS 1 serve the purpose of more clearly presenting the increasing number of items contained under other comprehensive income. A differentiation is made between items in other comprehensive income which will subsequently be able to be reclassified in profit or loss (so-called "recycling") and items in which such a reclassification will never take place. From the first quarter 2012/13 the revisions led to a corresponding adaption of the consolidated statement of comprehensive income in the consolidated financial statements of EVN.

The initial obligatory application of the other revised standards did not have any impact on the consolidated interim report.

The following accounting policy was changed in the 2012/13 financial year:

Starting with the first quarter of 2012/13, the interest component of the provisions for pensions and obligations similar to pensions, for severance payments and for service anniversary bonuses, has been reported under financial results. In the past, interest cost was included under personnel expenses. The change in this accounting policy complies with IAS 1 and the framework of IFRS, improves the presentation of financial performance and allows for a better comparison with important benchmark companies. The new accounting policy was applied retrospectively in accordance with IAS 8, effective from October 1st, 2011.

This change in accounting policy increased interest expense by EUR 11.5m in the first three quarters of 2012/13, and reduced personnel expenses by the same amount (Q. 1–3 2011/12: increase of EUR 12.4m in interest expense, personnel expenses correspondingly lower; 2011/12 financial year: increase of EUR 16.5m in interest expense, personnel expenses correspondingly lower). The change in accounting policy has no impact on earnings per share.

The footnotes concerning the retrospective adjustment of prior-year figures are related in part to the above-mentioned change in accounting policy and to the application of IAS 19 (2011) in the third quarter 2011/12. The effects of the application of IAS 19 (2011) were explained in detail in the 2011/12 financial statements.

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 generally achieved in the second half of the financial year. The Environmental services 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 Environmental services business usually generates lower revenues in the first half of the financial year than in the second half. Accordingly, business in the Environmental Services 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 IAS 27. Accordingly, including the parent company EVN AG, a total of 26 domestic and 38 foreign subsidiaries (September 30th, 2012: 26 domestic and 36 foreign subsidiaries) were fully consolidated as of June 30th, 2013. As of June 30th, 2013, a total of 31 affiliated companies were not consolidated due to their immaterial influence on the assets, liabilities, cash flows and profit and loss, both in detail and altogether (September 30th, 2012: 33).

Scope of consolidation	Fully	Proportionate	Equity	Total
9/30/2012	62	5	18	85
First consolidation/start-ups	2	–	–	2
Deconsolidation	–	–	–1	–1
6/30/2013	64	5	17	86
thereof foreign companies	38	–	4	42

In April 2012, EVN was awarded a contract for the planning, construction, financing and operation of a drinking water treatment plant for the Municipality of Zrenjanin, Serbia. On this occasion, WTE Projektgesellschaft Trinkwasseranlage d.o.o. was established in July 2012, and was fully consolidated for the first time as of the first quarter of 2012/13.

As of the first quarter 2012/13, OOO EVN Umwelt joined the group of fully consolidated companies. The purpose of the new company is the handling of management services for other EVN companies operating in Russia.

EVN and Statkraft A.S. reached an agreement regarding the sale of EVN AG's 50%-stake in Devoll Hydropower ShA to Statkraft A.S. The closing took place on May 7th, 2013 resulting in a deconsolidation of the previously at equity consolidated company.

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

Selected notes to the consolidated statement of operations

No impairment losses were recognised in the first three quarters of 2012/13. In the prior-year period an impairment loss was recognised to the biomass pilot plant at the Dürnrohr power plant site due to unfavourable market conditions as well as an impairment loss for the Kavarna wind park in Bulgaria, mainly due to a disadvantageous decision on tariffs for green electricity as of July 1st, 2012. The composition of depreciation developed as followed:

Content of depreciation EURm	2012/13 Q. 1–3	2011/12 Q. 1–3
Scheduled depreciation	–176.3	–167.9
Impairment	–	–22.2
Total depreciation	–176.3	–190.1

The income from investments developed as followed:

Income from investments EURm	2012/13 Q. 1–3	2011/12 Q. 1–3
RAG	66.7	52.8
EconGas	–20.4	7.7
ZOV; ZOV UIP	8.9	8.7
Energie Burgenland AG	7.4	10.1
Devoll Hydropower ShA	–27.5	–1.0
WEEV Beteiligungs GmbH	–29.4	0.9
Other companies	3.3	3.2
Share of profit of equity accounted investees	9.1	82.3
Verbund AG	24.1	22.1
Other companies	2.7	3.0
Gain from other investments	26.8	25.1
Total income from investments	35.8	107.4

One reason for the sharp decline in investment income was the negative contribution of EconGas resulting from the significant spread between long-term oil-linked natural gas supply and hub-priced sales and the allocation of a provision for impending losses on contractually agreed, long-term transportation and LNG capacity bookings that was recogniced in the first quarter of 2012/13. In addition, the planned sale of the stake held by EVN AG in Devoll Hydropower ShA led to a negative pre-tax effect of EUR 27.5m. The negative earnings contribution by WEEV Beteiligungs GmbH resulted from an impairment loss recognised to the shares held by WEEV in Verbund, which reflected the significant and continuing decline in the share price below initial cost. WEEV Beteiligungs GmbH was founded together with Wiener Stadtwerke Holding AG as the syndicate partner to participate in the capital increase by Verbund and was initially consolidated at equity by EVN in the first quarter of 2010/11. In accordance with IAS 39, the adjustments made to reflect changes in the market value of these shares were previously allocated to the valuation reserve after the deduction of deferred taxes. However, IFRS require the recognition of an impairment charge through profit or loss when there is a significant and continuous decline in the share price; this impairment charge was responsible for the reported negative contribution to earnings.

Earnings per share are calculated by dividing Group net profit (= Net profit for the period attributable to EVN AG shareholders) by the weighted average number of shares outstanding, i.e. 178,468,387 as of June 30th, 2013 (June 30th, 2012: 179,472,022 shares). There is no difference between basic earnings per share and diluted earnings per share. Calculated on the basis of a Group net profit amounting to EUR 145.2m (June 30th, 2012: EUR 222.8m), earnings per share at the balance sheet date June 30th, 2013 totalled EUR 0.81 (June 30th, 2012: EUR 1.24 per share).

Selected notes to the consolidated statement of financial position

In the first three quarters of 2012/13, EVN acquired intangible assets and property, plant and equipment to the sum of EUR 187.2m (previous year: EUR 184.9m). Property, plant and equipment with a net carrying amount (book value) of EUR 2.2m were disposed of (previous year: EUR 7.5m), with a capital gain of EUR 0.6m (previous year: EUR 2.2m).

The item investments in equity accounted investees fell by EUR 20.8m, or 2.0%, to EUR 1,027.9m. This decline resulted primarily from the distributions by at equity consolidated companies, which totalled EUR 97.3m. The reduction is contrasted by additions of EUR 54.4m related to the equity contribution for the Duisburg-Walsum power plant project in Germany as well as by the current earnings contribution of EUR 9.1m. There were also changes related to valuation changes not recognised in profit and loss and currency translation differences.

Other investments totalling EUR 609.7m, which are assigned to the category of "available-for-sale", include the shares of listed companies with a market value of EUR 585.2m, an decrease of EUR 60.6m from the prior balance sheet date. The adjustments made to reflect changed market values were, in accordance with IAS 39, allocated to the valuation reserve after taking into account the deduction of deferred taxes.

The number of EVN shares in circulation developed as followed:

Development of the number of shares in circulation Number	2012/13 Q. 1–3
Balance 9/30/2012[1)]	179,000,770
Acquisition of own shares	–855,000
Total 6/30/2013	178,145,770

1) Figure slightly adjusted

On December 28th, 2012, the Executive Board of EVN AG resolved, in connection with the existing share buyback programme, to acquire an additional number of up to 1,000,000 of its own shares, representing up to 0.556% of the current share capital of EVN AG. Furthermore, the Executive Board resolved to extend the share buyback programme, that commenced on June 6th, 2012, until August 31st, 2013.

As of June 30th, 2013, the number of own shares amounted to 1,732,632 (or 0.96% of the share capital) with an acquisition value of EUR 19.7m and a market value of EUR 17.0m (September 30th, 2012: EUR 10.7m). The treasury shares held by EVN AG are not entitled to any rights, and in particular, they are not entitled to dividends.

The Annual General Meeting of EVN AG held on January 17th, 2013, approved the proposal of the Executive Board and Supervisory Board to distribute a dividend of EUR 0.42 per share for the 2011/12 financial year, which comprises a total dividend payout of EUR 75.0m. Ex-dividend date was January 22nd, 2013, and the dividend payment to shareholders of EVN AG took place on January 25th, 2013.

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

Break-down of non-current loans and borrowings EURm	6/30/2013	9/30/2012
Bonds	770.6	1,028.6
Bank loans	885.8	904.7
Total non-current loans and borrowings	1,656.5	1,933.3

The EUR 258.0m decline in bonds resulted primarily from the reclassification of the CHF bond in current loans and borrowings and the decline from revaluation of the hedged foreign currency exposure. The issue of the EUR 121.5m promissory note loans in October 2012 is reflected in the bank loans. Loans in the extent of EUR 91.4m were reclassified to current financial liabilities, as these are now due within one year. Furthermore, this item reflects the ongoing, scheduled redemption as well as the drawing upon lines of credit.

Selected notes to the consolidated statement of cash flows

Interest income and interest expense are allocated to current business activities. Interest income amounted to EUR 19.8m (previous year: EUR 21.4m), whereas interest expense was EUR 43.6m (previous year: EUR 45.2m). Furthermore, cash inflows from dividends of EUR 97.3m (previous year: EUR 119.2m) are included in operating cash flow.

Information on transactions with related parties

There were no major changes in the group of individuals and companies who are considered as related parties compared to the Annual report of 2011/12.

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

Transactions with investments in equity accounted investees EURm	2012/13 Q. 1–3	2011/12 Q. 1–3
Revenue	118.1	124.2
Cost of materials and services	550.1	622.8
Trade accounts receivable	95.4	74.8[1)]
Trade accounts payable	60.1	21.3[1)]

1) Values at September 30th, 2012

Other obligations and risks

Other obligations and risks increased by EUR 26.7m to EUR 994.1m compared to September 30th, 2012. This change was mainly due to the increased guarantees for subsidiaries in connection with energy transactions as of the reporting date as well as the rise in scheduled orders for investments in intangible assets and property, plant and equipment. This increase was in contrast to the decline in guarantees for subsidiaries in connection with the construction and operation of power plants.

Contingent liabilities relating to guarantees for subsidiaries in connection with energy transactions arising from guarantees issued by e&t Energie Handelsgesellschaft mbH as well as by EconGas GmbH are only recognised to the amount of the actual risk to EVN AG. This risk is measured by the changes between the stipulated price and the actual market price. Risks relating to procurement transactions only exist in the case of declining market prices, whereas risks concerning sales transactions exist on the basis of increased market prices. Accordingly, the risk can correspondingly change after the balance sheet date due to market price changes. The risk valuation as of June 30th, 2013 resulted in contingent liabilities of EUR 105.4m. The nominal volume of the guarantees underlying this valuation amounted to EUR 463.0m.

Significant events after the balance sheet date

The following events of material importance took place between the quarterly balance sheet date of June 30th, 2013 and the editorial deadline of the consolidated interim report on August 21st, 2013:

As of July 1st, 2013, the regulatory authorities in Macedonia reduced end customer prices for electricity by 3.0% and increased wholesale prices.

The regulatory authorities in Bulgaria cut household end customer prices for electricity by an average of 4.2% as of August 1st, 2013.

ENERGIEALLIANZ Austria GmbH and its regional energy sales companies announced the start of an energy efficiency campaign (e.g. special allowances for the purchase of energy-efficient appliances, energy-related services) and also announced an average reduction of 3.6% in electricity and natural gas prices for households and small business customers as of October 1st, 2013.

On August 6th, 2013, EVN AG executed and completed the issuance of treasury shares for employees. A total of 72,265 of EVN's own non-par value shares (treasury stock), corresponding to 0.04% of the current share capital of EVN AG, were transferred to these employees of EVN AG and certain subsidiaries (EVN Netz GmbH, evn wasser Gesellschaft m.b.H.) off-market.

Within the context of the share buyback programme that was launched on June 6th, 2013, an additional 158,000 shares were repurchased over the Vienna Stock Exchange from June 30th, 2013 to the editorial deadline for this quarterly report on August 21st, 2013. EVN AG held 1,818,367 treasury shares, or 1.01% of share capital, as of the editorial deadline for this quarterly report.

EVN share

Highlights

- Cut in key interest rate by EZB to 0.5% at the beginning of May
- Positive development on stock markets and high volatilities

The steady recovery on stock markets that drove numerous indexes to historical highs by mid-May was followed by in part sharp corrections and high volatility. This development reflected the repeated uncertainty on capital markets which resulted, among others, from comments by the US Federal Reserve over the approaching reduction of support measures. Other negative factors included the difficult financial rescue in Cyprus and the government crisis in Portugal.

The European Central Bank cut its key interest rate by 25 basis points to a historical low of 0.5% at the beginning of May 2013 and underscored its intention to maintain this expansive monetary policy over the longer term.

Stock market performance was generally positive during the reporting period in spite of the still difficult situation. The German DAX gained 10.3% from October 2012 to June 2013, and Vienna's leading ATX index rose by 6.4%. In contrast, the Dow Jones Euro Stoxx Utilities, the relevant industry index for EVN, lost 9.5% during the reporting period due to the continuing economic uncertainty and low electricity prices.

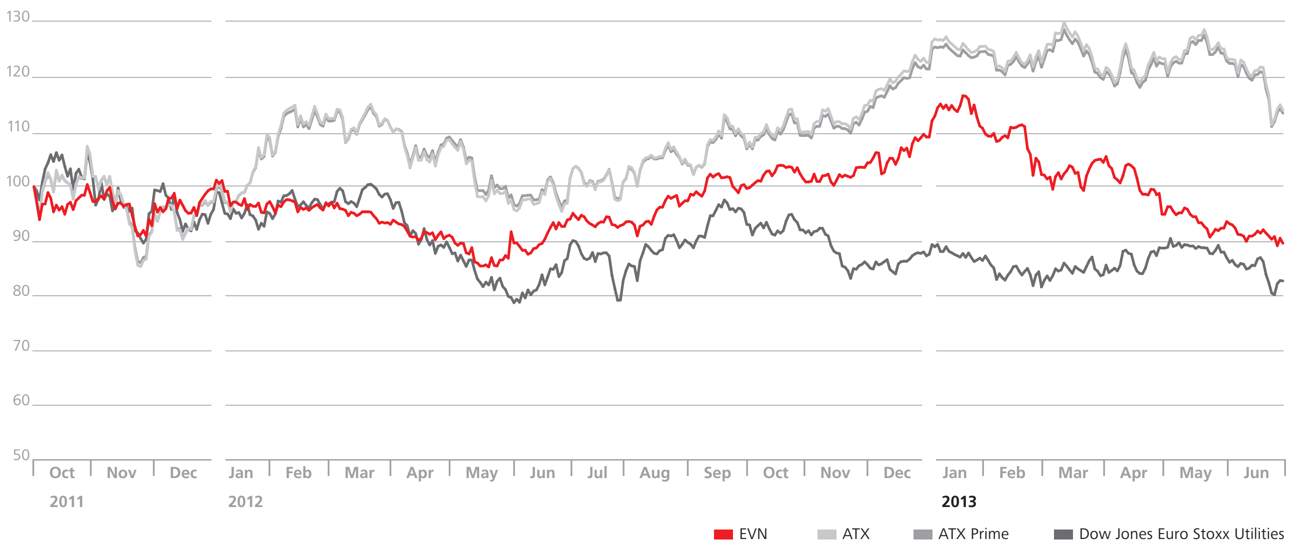
The EVN share closed the third quarter of the 2012/13 financial year at EUR 9.65, which represents a market capitalisation of EUR 1.74bn as of June 30th, 2013 and a 10.9% decline in the share price. The daily turnover of the EVN share rose slightly in year-on-year comparison to 52,945 shares (single counting). The trading volume of the EVN share on the Vienna Stock Exchange totalled EUR 107.0m for the reporting period (single counting), which corresponds to 0.98% of the total trading volume on the Vienna Stock Exchange.

On December 28th, 2012, the Executive Board of EVN AG elected to make use of an authorisation granted by the 83rd Annual General Meeting (AGM) on January 19th, 2012 and repurchase up to an additional 1,000,000 of the company's shares within the framework of the current share buyback programme. This would represent up to 0.556% of the current share capital of EVN AG. The share buyback programme, which started on June 6th, 2012, was extended and is now expected to end on August 31st, 2013. A total of 931,530 shares were repurchased from the start of the share buyback programme on June 6th, 2012 up to the end of December 2012. A further 478,000 shares were repurchased from January to June 2013 during the extension period, which raised the total number of shares repurchased under the current share buyback programme to 1,409,530. EVN held 1,732,632 treasury shares as of June 30th, 2013, including the shares repurchased in 2008, which represent 0.96% of share capital.

The 84th AGM on January 17th, 2013 approved the distribution of a dividend of EUR 75.0m or EUR 0.42 per share to

EVN share price – relative development

in %



EVN share – performance		2012/13 Q.1–3	2011/12 Q.1–3
Share price at the end of June	EUR	9.65	10.15
Highest price	EUR	12.66	10.95
Lowest price	EUR	9.60	9.00
Value of shares traded[1]	EURm	107	94
Average daily turnover[1]	Shares	52,945	50,422
Share of total turnover[1]	%	0.79	0.61
Market capitalisation at the end of June	EURm	1,736	1,826
ATX weighting at the end of June	%	0.98	1.21
WBI (Vienna Stock Exchange weighting) at the end of June	%	2.34	2.68

1) Vienna Stock Exchange, single counting

the shareholders of EVN AG for the 2011/12 financial year. The ex-dividend day was January 22nd, 2013 and the payment date January 25th, 2013.

A new member was also elected to the Supervisory Board at this AGM. Hans-Peter Villis (CEO of EnBW Energie Baden-Württemberg AG up to September 30th, 2012) resigned from the Supervisory Board at the end of the 84th AGM on January 17th, 2013. He was followed by Thomas Kusterer (CFO, member of the Executive Board of EnBW Energie Baden-Württemberg AG) who will serve out Mr. Villis' remaining term of office on the Supervisory Board, i.e. up to the AGM that will vote on the release of liability for the 2014/15 financial year.

Furthermore, § 5 (2) of the articles of incorporation of EVN AG were amended to implement recent changes to the Austrian Company Law Amendment Act ("Gesellschaftsrechts-Änderungsgesetz 2011 BGBl I 53/2011") and the claim to the issue of individually securitised shares was eliminated. This legal amendment requires the withdrawal of all individually securitised shares and their replacement by collective certificates. All outstanding effective share certificates were cancelled through a resolution of the Executive Board on June 25th, 2013 and publication in the official gazette of the "Wiener Zeitung". Details on the cancellation of individually securitised shares can be found under **www.evn.at/Investoren/Aktie/Kraftloserklarung-von-Aktien.aspx.**

The Standard & Poor's and Moody´s rating agencies confirmed EVN's long-term investment grade rating in April, respectively June 2013. EVN AG is currently rated by Standard & Poor's with BBB+ (stable outlook) and by Moody´s with A3 (stable outlook).

On the basis of federal and provincial constitutional law requirements, the province of Lower Austria continues to be the major shareholder of EVN AG, with a stake of 51.0%. Lower Austria's shareholding is formally held via its investment holding company, NÖ Landes-Beteiligungsholding GmbH, St. Pölten. The second largest shareholder is EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany, with a stake of 32.5%. The treasury shares held by EVN AG represent some 1% of the total number of shares issued, and free float amounts to 15.5%.

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Online Letter to Shareholders
www.financialreport.evn.at/?report=EN2013-Q3

Information on the internet
www.evn.at
www.investor.evn.at
www.responsibility.evn.at

Financial calendar[1]	
Annual results 2012/13	12/12/2013
85th Annual General Meeting of EVN AG	1/16/2014
Ex-dividend day	1/21/2014
Dividend payment	1/24/2014
Results Q. 1 2013/14	2/27/2014
Results HY. 1 2013/14	5/28/2014
Results Q. 1–3 2013/14	8/28/2014
Annual results 2013/14	12/11/2014

1) Preliminary

EVN share – Basic information	
Share capital	EUR 330,000,000.00
Denomination	179,878,402 non-par value 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
Sustainability index	VÖNIX, FTSE4Good, Ethibel, ECPI
Ratings	A3, stable (Moody's); BBB+, stable (Standard & Poor's)

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