

# EVN conference call HY. 1 2016/17 results

24 May 2017

- 
- Key drivers for positive business development
    - Increase in electricity generation by 22.5%
    - Positive impact of low temperatures on network distribution and energy sales volumes
    - Sound operational performance of international project business
  - Settlement with state-owned Bulgarian NEK regarding disputed receivables
  - Operating result negatively influenced by valuation allowance on inventories
    - Non-recurring non-cash effect in the international project business
  - Rating upgrades
    - Moody's: from A3 to A2, stable outlook
    - S&P: from BBB+ to A-, stable outlook

# Key financials HY. 1 2016/17



	HY. 1 2016/17 EURm	+/- %
<b>Revenue</b>	1,309.8	9.4
<b>EBITDA</b>	481.1	13.9
Depreciation and amortisation	-131.4	0.2
Effects from impairment tests	-30.1	-
<b>EBIT</b>	319.6	10.0
Financial results	-25.4	35.9
<b>Group net result</b>	233.8	23.1
Net cash flow from operating activities	262.4	11.2
Investments <sup>1)</sup>	109.8	-5.0
Net debt	904.1	-21.3
	%	
Equity ratio <sup>2)</sup>	45.6	4.2
	EUR	
Earnings per share	1.31	23.1

<sup>1)</sup> In intangible assets and property, plant and equipment

<sup>2)</sup> Changes reported in percentage points

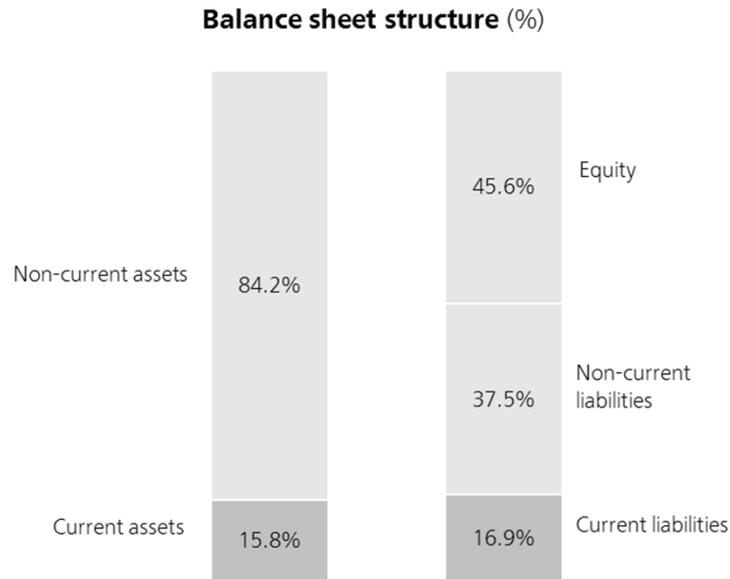
## → Revenue above previous year

- Higher revenue from generation
- Temperature-based increase in network distribution and energy sales volumes
- Positive impulses from international project business

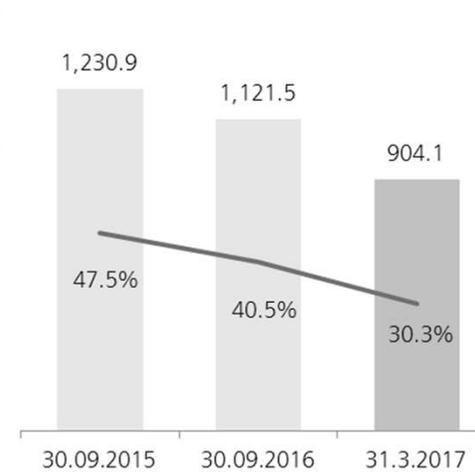
## → Increase in EBITDA, EBIT and Group net result

- Higher operating expenses
- Improvement in the energy business results
- Positive one-off effect from settlement with Bulgarian NEK

# Solid balance sheet structure, reduced net debt

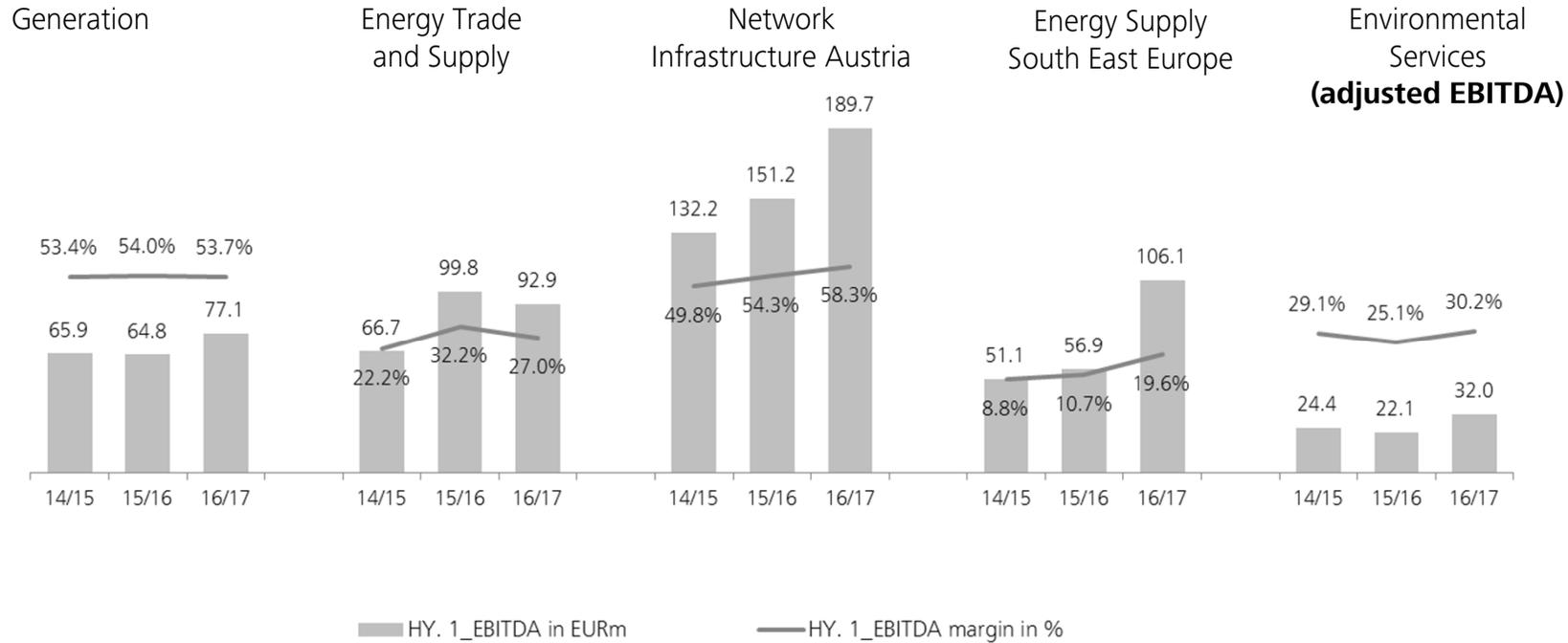


**Net debt (in EURm) and Gearing (in %)**



- Improvement of equity ratio to 45.6% (30 September 2016: 42.3%)
- Reduction of net debt to EUR 904.1m (30 September 2016: EUR 1,121.5m)
- Gearing decreased to 30.3% (30 September 2016: 40.5%)

# EBITDA development by segments



→ Higher renewable and thermal generation

→ Higher energy sales volumes  
→ Rise in demand for energy purchases

→ Positive price and weather-related volume effects

→ Higher network distribution and sales volumes  
→ Positive one-off effect from settlement with NEK

→ Positive performance of international project business  
→ EBITDA adjusted by EUR 45.5m valuation allowance to inventories  
→ Unadjusted EBITDA: EUR -13.5m

	HY. 1 2016/17	+/-
<b>Electricity generation volumes</b>	GWh	%
Total	3,684	25.2
Renewable energy sources	839	9.2
Thermal energy sources	2,845	30.9
<b>Financial performance</b>	EURm	%
Revenue	143.7	19.8
EBITDA	77.1	19.0
EBIT	22.2	-40.9

## → Increase in energy production

- Strong demand for thermal generation to support network stability
- Rise in renewables

## → Higher revenue

- Increased generation volumes

## → Improvement in EBITDA, lower EBIT

- Higher operating expenses due to additional use of thermal power plants
- Impairment loss to planned Gorna Arda hydropower project (Q. 1 2016/17)

# Energy Trade and Supply



<b>Sales volumes to end customers</b>	HY. 1 2016/17 GWh	+/- %
Electricity	3,548	1.2
Natural gas	4,587	11.1
Heat	1,415	10.9

<b>Financial performance</b>	HY. 1 2016/17 EURm	+/- %
Revenue	344.7	11.0
EBITDA	92.9	-6.9
EBIT	83.5	-8.3

## → Energy sales above prior year

- Development supported by colder winter temperatures

## → Decline in EBITDA and EBIT

- Higher energy purchases (due to greater use of thermal power plants and natural gas trading)
- Decline contrasted by slightly higher earnings contribution from electricity and natural gas sales company

<b>Network distribution volumes</b>	HY. 1 2016/17 GWh	+/- %
Electricity	4,511	4.2
Natural gas <sup>1)</sup>	13,288	18.2

<b>Financial performance</b>	HY. 1 2016/17 EURm	+/- %
Revenue	325.4	16.8
EBITDA	189.7	25.5
EBIT	132.2	37.2

## → Increase in network distribution volumes

- Increase due to low temperatures
- Additional positive impact on natural gas distribution volumes from greater use of thermal power plants

## → Improvement in EBITDA and EBIT

- Positive price and volume effects

<sup>1)</sup> Including network sales to EVN's power stations

# Energy Supply South East Europe



<b>Key energy business indicators</b>	HY. 1 2016/17 GWh	+/- %
Electricity generation volumes	266	7.7
Network distribution volumes	7,897	8.2
Electricity sales volumes	6,877	2.2
Heat sales volumes	200	28.1

<b>Financial performance</b>	HY. 1 2016/17 EURm	+/- %
Revenue	542.0	1.6
EBITDA	106.1	86.6
EBIT	74.9	-

## → Slightly higher revenue

- Temperature-related growth in network distribution and energy sales volumes
- Increase in energy demand contrasted by negative effects from continuing liberalisation

## → Improvement in EBITDA and EBIT

- Positive non-recurring effect from the settlement with the Bulgarian national electricity company NEK (reversal of past valuation allowances to receivables plus default interest)

<b>Financial performance</b>	<b>HY. 1 2016/17</b> EURm	<b>+/-</b> %
Revenue	105.9	20.3
EBITDA	-13.5	-
EBIT	-26.5	-
Financial results	0.1	-
Result before income tax	-26.4	-

## → Increase in revenue

- Positive impulses from international project business

## → Negative EBITDA and EBIT

- Increase in operating expenses in line with revenue growth in international project business
- Negative non-recurring non-cash effect through valuation allowance on inventories

## → Potential contract in Kuwait

- Best bidder for a wastewater treatment plant project (after opening of offers in March)
- Contract still to be awarded

# Cash flows



	HY. 1 2016/17 EURm	+/- in %
Gross cash flow	422,5	9,8
Net cash flow from operating activities	262,4	11,2
Net cash flow from investing activities	0,8	-
Net cash flow from financing activities	-162,8	6,1
Net change in cash and cash equivalents	100,3	-

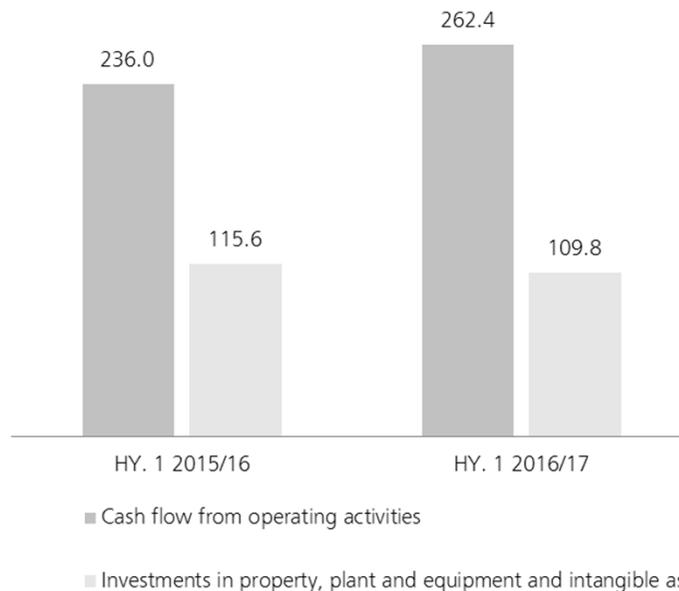
## → Increase of operating cash flow

- Changes in working capital and non-current provisions
- Negative impact from Walsum arbitration decision, however, corresponding positive effect contained in cash flow from investing activities

## → Cash flow from financing activities

- Dividend payment for FY 2015/16
- Scheduled repayments of loans

**Cash flow from operating activities and investments** (EURm)



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- Group net result is expected to increase over the previous year on the order of the non-recurring effect from the settlement in Bulgaria
    - In this connection, reversal of valuation allowances to receivables recorded in previous years and default interest totalling approximately EUR 38m after tax were recognised
    - Outlook assumes average conditions in the energy business environment
  - Continuation of investment strategy
    - EUR 1bn investment programme for networks, renewable generation and drinking water supplies in Lower Austria to be continued
  - Presentation of Q. 1-3 2016/17 results
    - 24 August 2017

# Contact details



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