



# EVN conference call Q. 1 2018/19 results

28 February 2019

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- Development in line with expectations
    - Return in Group net result for FY 2018/19 to the long-term level according to outlook
    - After two exceptionally positive years (influenced by non-recurring effects)
  - Split of German-Austrian electricity price zone as of 1 October 2018
  - Wind expansion on track – capacity increased to 336 MW
  - Investment focus on regulated and stable activities
    - Annual investments of up to EUR 400m over the coming years
    - Thereof ~EUR 300m for networks, renewables and water supplies in Lower Austria
  - Outlook for FY 2018/19 confirmed

# Key financials Q. 1 2018/19



	<b>Q. 1 2018/19</b>	+/-
	EURm	%
<b>Revenue</b>	596.0	0.6
<b>EBITDA</b>	163.2	-29.5
Depreciation and amortisation	-65.6	-1.0
Effects from impairment tests	-0.2	72.9
<b>EBIT</b>	97.4	-41.3
Financial results	-15.5	-31.9
<b>Group net result</b>	59.1	-47.3
Net cash flow from operating activities	-7.6	-
Investments <sup>1)</sup>	79.5	28.5
Net debt	1,033.2	-8.8
	%	
Equity ratio <sup>2)</sup>	53.0	3.6

## → Different developments in revenue

- Increase in renewable generation and heat sales
- Price- and volume-related decline in the Network Segments

## → Lower EBITDA

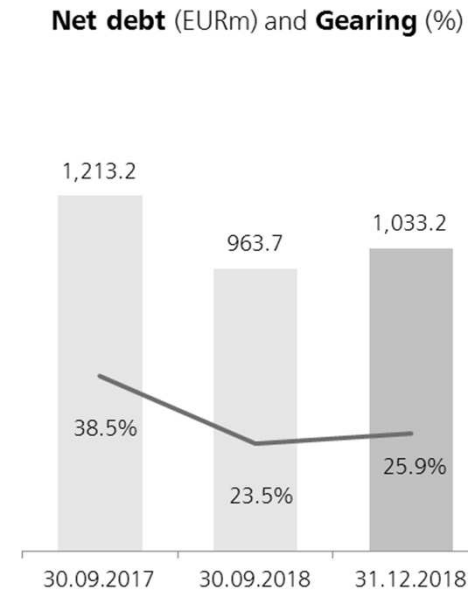
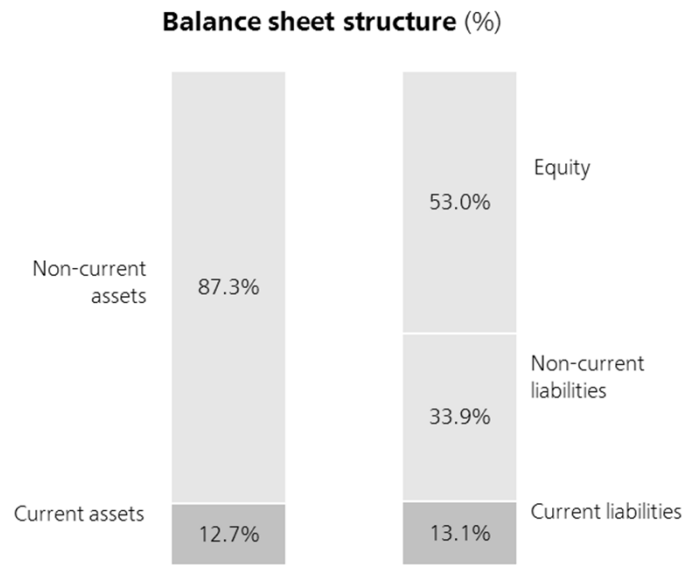
- Lower earnings contribution from EVN KG (higher procurement costs and valuation of hedges)

## → Decline in EBIT and Group net result

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

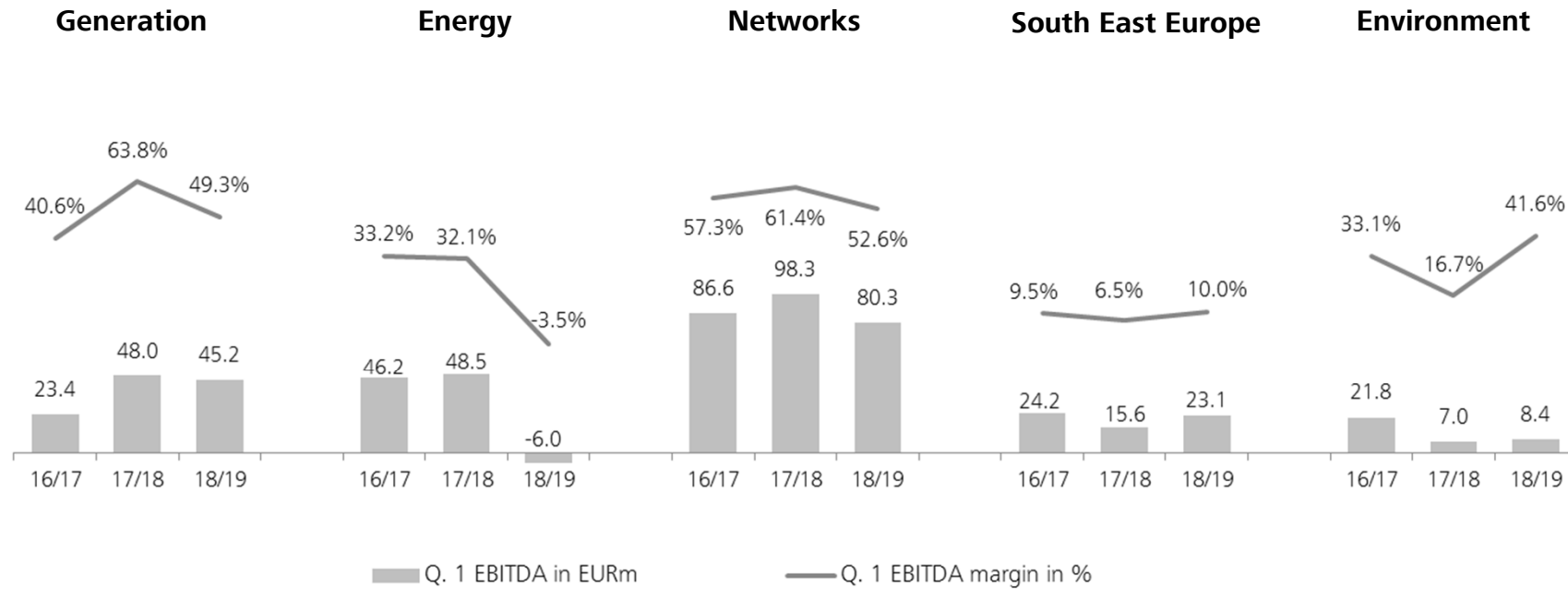
<sup>2)</sup> Changes reported in percentage points

# Solid balance sheet structure



- Net debt remains low at EUR 1,033.2m despite slight increase as compared to 30 September 2018 (EUR 963.7m)
- Gearing increased from 23.5% to 25.9%

# EBITDA development by segments



- Electricity generation below previous year
- Reassignment of the thermal waste utilisation plant to this Segment in Q. 4 2017/18

- Weather-related decline in natural gas and heat sales volumes
- Negative impact from sales activities (EVN KG) due to increased procurement costs

- Negative volume and price effects in natural gas networks
- Higher upstream network costs

- Increase in network and energy sales volumes
- Lower write-offs of receivables

- Reassignment of the thermal waste utilisation plant to the Generation Segment in Q. 4 2017/18
- Positive impact from wastewater project in Zagreb

# Generation



	<b>Q. 1 2018/19</b>	+/-
<b>Electricity generation volumes</b>	GWh	%
Total	1,350	-9.6
Renewable energy sources	427	-10.8
Thermal energy sources	923	-9.0

	<b>Q. 1 2018/19</b>	+/-
<b>Financial performance</b>	EURm	%
Revenue	91.7	22.0
EBITDA	45.2	-5.8
EBIT	30.0	-16.0

The thermal waste utilisation plant in Zwentendorf/Dürnrohr that was previously held in the Environment Segment was assigned to the Generation Segment beginning with Q. 4 2017/18

## → Decline in electricity generation

- Y-o-y decrease in water flows offsets increase in wind generation
- 430 MW contractual reserve capacity for network stabilisation (previous year: 1,090 MW)
- Increase in electricity prices

## → Higher revenue y-o-y

- Renewable generation benefits from increase in electricity prices

## → Decline in EBITDA and EBIT

- Increase in primary energy expenses

<b>Sales volumes to end customers</b>	<b>Q. 1 2018/19</b> GWh	+/- %
Electricity	1,914	9.5
Natural gas	1,723	-7.9
Heat	642	-2.6

<b>Financial performance</b>	<b>Q. 1 2018/19</b> EURm	+/- %
Revenue	169.5	12.1
EBITDA	-6.0	-
EBIT	-10.8	-

→ **Different development of energy sales volumes**

- Higher electricity sales volumes
- Weather-related decline in natural gas and heat sales volumes

→ **Higher revenue; EBITDA and EBIT below previous year**

- Sales activities in EVN KG (at equity consolidated with operational nature) suffered from valuation of hedges and higher procurement costs

<b>Network distribution volumes</b>	<b>Q. 1 2018/19</b> GWh	+/- %
Electricity	2,263	0.1
Natural gas <sup>1)</sup>	5,330	-9.1

<b>Financial performance</b>	<b>Q. 1 2018/19</b> EURm	+/- %
Revenue	152.8	-4.5
EBITDA	80.3	-18.3
EBIT	49.9	-27.4

1) Including network sales to EVN's power stations

→ **Different development of network distribution volumes**

- Slight rise in electricity distribution volumes
- Decline in natural gas due to the reduced use of natural gas-fired power plants and higher temperatures

→ **Revenue below previous year**

- Negative volume and price effects

→ **EBITDA and EBIT declined y-o-y**

- Higher upstream network costs

→ **New 5-year regulatory period for electricity distribution networks as of 1 January 2019**



<b>Key energy business indicators</b>	<b>Q. 1 2018/19</b> GWh	+/- %
Electricity generation volumes	106	5.3
Network distribution volumes	3,679	1.9
Electricity sales volumes	3,103	5.3
Heat sales volumes	75	9.3

<b>Financial performance</b>	<b>Q. 1 2018/19</b> EURm	+/- %
Revenue	231.0	-3.7
EBITDA	23.1	48.1
EBIT	7.6	-

→ **Income-neutral change of calculation method for “green electricity mark-up”**

– Corresponding decrease in revenue and procurement costs

→ **Higher network and energy sales volumes**

→ **Improvement in EBITDA and EBIT**

– Lower write-offs of receivables

<b>Financial performance</b>	<b>Q. 1 2018/19</b> EURm	+/- %
Revenue	20.2	-51.8
EBITDA	8.4	19.4
EBIT	5.5	-
Financial results	-1.2	-
Result before income tax	4.4	-

The thermal waste utilisation plant in Zwentendorf/Dürnrohr that was previously held in the Environment Segment was assigned to the Generation Segment beginning with Q. 4 2017/18

→ **Decline in revenue**

- Less dynamic development of international project business

→ **EBITDA and EBIT above prior year**

- Positive impact from wastewater project in Zagreb

# Cash flows



	Q. 1 2018/19 EURm	+/- in %
Gross cash flow	200.7	-13.9
Net cash flow from operating activities	-7.6	-
Net cash flow from investing activities	-28.7	82.4
Net cash flow from financing activities	-35.7	-
Net change in cash and cash equivalents	-72.1	-24.5

## → CF from operating activities

- Changes in working capital

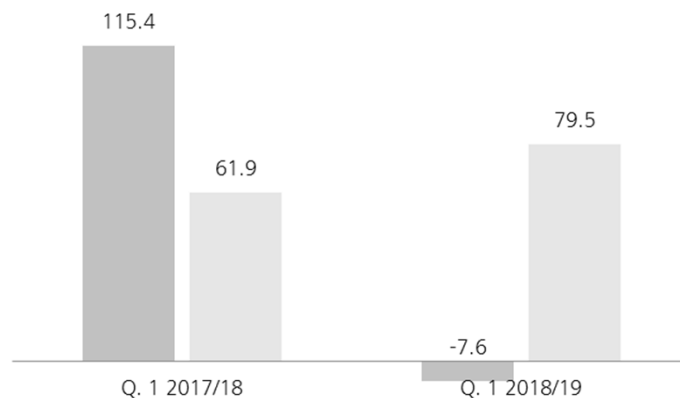
## → CF from investing activities

- Ongoing high investments in regulated and stable activities contrasted by network subsidies and sale of securities held in funds

## → CF from financing activities

- Increase in the scheduled repayment of financial liabilities

Cash flow from operating activities and investments (EURm)

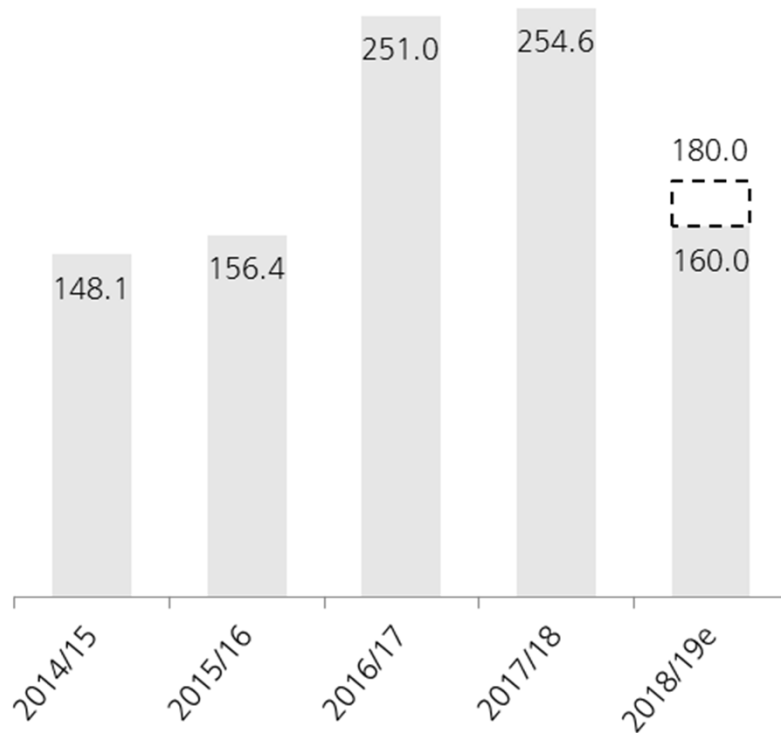


- Cash flow from operating activities
- Investments in property, plant and equipment and intangible assets

# Outlook for 2018/19 confirmed



→ Development of Group net result



→ Group net result for 2017/18 positively influenced by valuation of hedges

→ Expected Group net result for 2018/19 in the range of EUR 160m to EUR 180m

→ Factors that could influence the Group net result include

- Regulatory background
- Proceedings currently in progress in Bulgaria
- Remaining proceeding over the Walsum 10 power plant project
- Progress on activities in Moscow

# Contact details



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