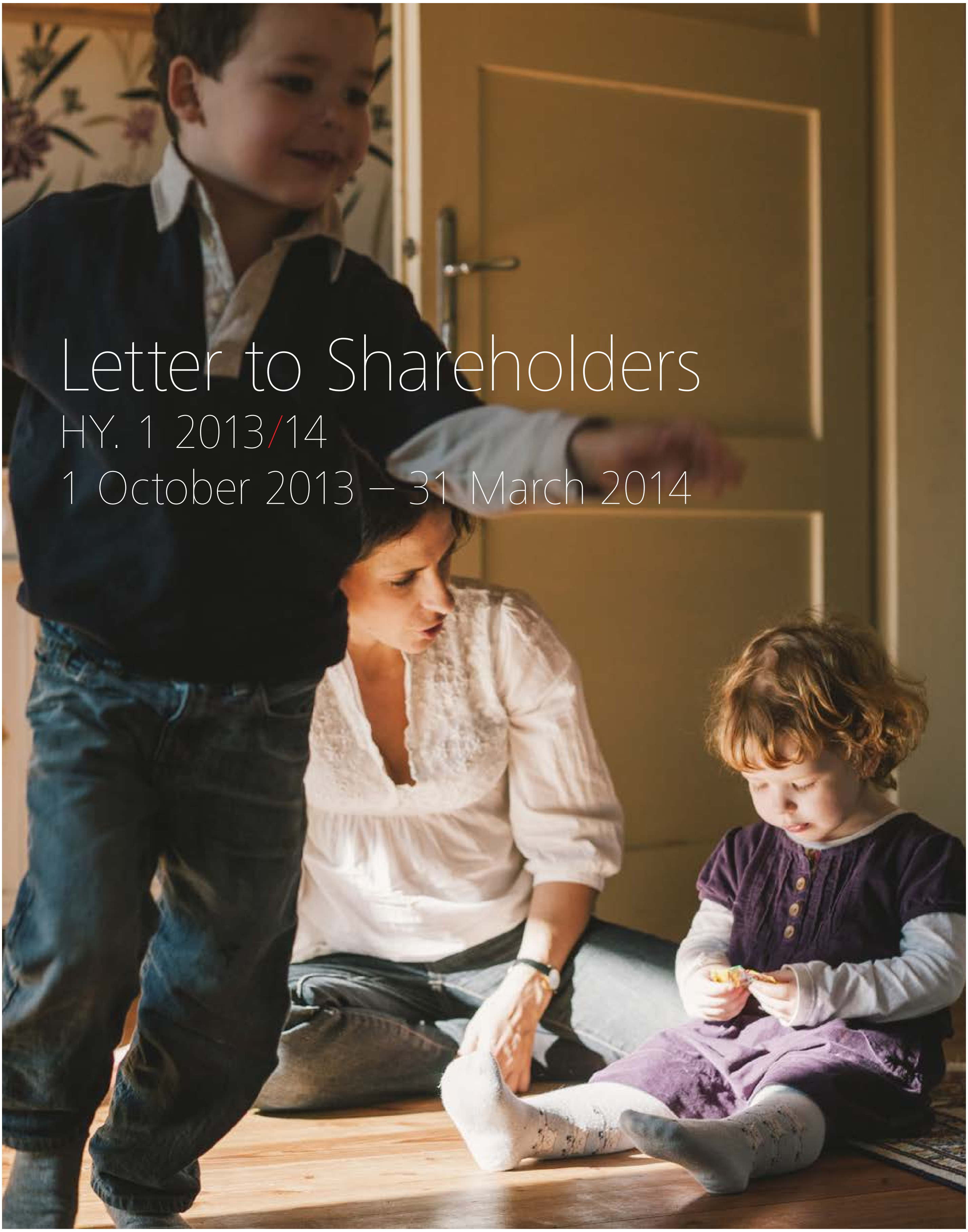
EVN



# Letter to Shareholders

HY. 1 2013/14

1 October 2013 – 31 March 2014

# Highlights

- Results from operating activities negatively influenced by price and quantity effects in the energy business and declines in the environmental services business
- Financial results increased to EUR 53.4m
- Improvement in Group net profit by 44.1%
- Net cash flow from operating activities 40.7% above the previous year
- Outlook 2013/14: Group net profit is expected to be higher than in the 2012/13 financial year, however, no return to recent years' levels

# Key figures

| | | 2013/14 HY. 1 | 2012/13 HY. 1 | +/– in % | 2013/14 Q. 2 | 2012/13 Q. 2 | +/– in % | 2012/13 30.09.2013 |
|---|---|---|---|---|---|---|---|---|
| **Sales volumes** | | | | | | | | |
| Electricity generation volumes | GWh | 2,072 | 2,032 | 2.0 | 1,104 | 1,108 | –0.4 | 3,701 |
| Electricity sales volumes to end customers | GWh | 10,653 | 11,176 | –4.7 | 5,374 | 5,773 | –6.9 | 20,209 |
| Natural gas sales volumes to end customers | GWh | 4,376 | 5,176 | –15.5 | 2,324 | 2,991 | –22.3 | 6,333 |
| Heat sales volumes to end customers | GWh | 1,393 | 1,437 | –3.0 | 739 | 793 | –6.7 | 2,062 |
| **Statement of operations** | | | | | | | | |
| Revenue | EURm | 1,481.5 | 1,652.4 | –10.3 | 750.4 | 858.4 | –12.6 | 2,755.0 |
| EBITDA | EURm | 303.0 | 330.2 | –8.3 | 148.4 | 156.8 | –5.3 | 457.6 |
| EBITDA margin | % | 20.4 | 20.0 | 0.5 | 19.8 | 18.3 | 1.5 | 16.6 |
| Results from operating activities (EBIT) | EURm | 184.9 | 212.1 | –12.8 | 88.9 | 95.8 | –7.3 | 218.5 |
| EBIT margin | % | 12.5 | 12.8 | –0.4 | 11.8 | 11.2 | 0.7 | 7.9 |
| Profit before income tax | EURm | 238.3 | 194.9 | 22.3 | 148.7 | 90.4 | 64.6 | 180.3 |
| Group net profit | EURm | 189.5 | 131.5 | 44.1 | 124.8 | 60.0 | – | 114.7 |
| Earnings per share | EUR | 1.06 | 0.74 | 44.5 | 0.70 | 0.34 | – | 0.64 |
| **Statement of financial position** | | | | | | | | |
| Balance sheet total | EURm | 7,196.3 | 7,064.7 | 1.9 | 7,196.3 | 7,064.7 | 1.9 | 7,102.1 |
| Equity | EURm | 3,108.9 | 3,113.5 | –0.1 | 3,108.9 | 3,113.5 | –0.1 | 3,066.5 |
| Equity ratio | % | 43.2 | 44.1 | –0.9 | 43.2 | 44.1 | –0.9 | 43.2 |
| Net debt | EURm | 1,421.7 | 1,734.7 | –18.0 | 1,421.7 | 1,734.7 | –18.0 | 1,562.3 |
| Gearing | % | 45.7 | 55.7 | –10.0 | 45.7 | 55.7 | –10.0 | 50.9 |
| **Cash flow and investments** | | | | | | | | |
| Gross cash flow | EURm | 292.1 | 379.1 | –23.0 | 186.0 | 227.5 | –18.3 | 553.6 |
| Net cash flow from operating activities | EURm | 219.3 | 155.9 | 40.7 | 119.8 | 101.2 | 18.4 | 561.7 |
| Investments[1] | EURm | 131.1 | 124.5 | 5.3 | 65.6 | 50.2 | 30.7 | 328.4 |
| **Employees** | Ø | 7,406 | 7,495 | –1.2 | 7,371 | 7,487 | –1.6 | 7,497 |

1) In intangible assets and property, plant and equipment

# Contents

# Statement by the Executive Board

## Dear Shareholders,

**The mild temperatures** also continued during the second quarter of our 2013/14 financial year. Significantly warmer weather in Austria and South Eastern Europe – both in comparison with the previous year and based on long-term statistics – led to a decline in sales volumes of electricity, natural gas and heat. River water flows were below the comparatively high prior year level as a result of the lower precipitation and led to a decline in electricity generation from the hydropower plants. In addition, the market prices for electricity continued to fall due to the expansion of generation from renewable energy sources and lower prices for primary energy sources such as crude oil, gas and coal. These developments have made the profitable operation of thermal production facilities much more difficult.

**EVN was unable to disengage from these influential factors** and recorded a year-on-year decline in operating results for the first half of 2013/14. Revenue fell by 10.3%, EBITDA by 8.3% and EBIT by 12.8%. Financial results improved substantially due to the absence of non-recurring effects from the previous year, which supported an increase of 44.1% in Group net profit to EUR 189.5m.

**In the network business in Austria,** the regulatory authority adjusted the tariffs as of 1 January 2014. A 9.0% reduction in the electricity network tariff was contrasted by a 7.7% increase in the natural gas network tariff. EVN's primary objective is to safeguard supply security for its customers. Therefore, investments will be concentrated on the expansion and development of network infrastructure over the coming years. These investments are also required to service the smooth transport of the energy generated by the rising number of windpower plants in the network region.

**The further development of renewable energy sources** was supported by the start of construction on the Prottes-Ollersdorf wind park during the reporting period. This park, with its 12 wind turbines, will have an installed capacity of approximately 37 MW and is scheduled to be commissioned in spring 2015. A photovoltaic plant was also opened in Schönkirchen during May 2014 and offers EVN's customers an opportunity for investment. This plant has roughly 4,000 panels with a total output of approximately 1,000 $kW_{peak}$.

**The Duisburg-Walsum coal-fired power plant,** in which EVN holds an investment of 49%, was commissioned in December 2013. EVN has filed an arbitration request against the general contractor to settle the damages resulting from the delayed completion.

**In Bulgaria,** as announced in an ad-hoc announcement published on 19 March 2014, EVN is confronted with the unlawfully threatened suspension of the license for its electricity supply subsidiary EVN Bulgaria Elektrosnabdiavane EAD. EVN Bulgaria Elektrosnabdiavane EAD settled its claim for a refund of the additional costs for renewable energy in part through compensation with the state-owned electricity distribution company NEK, which – in accordance with legal regulations – would have been jointly responsible for reimbursement of these added costs within the tariff system. That was also confirmed by a national supreme court. Notwithstanding, the regulatory authority now claims that EVN Bulgaria Elektrosnabdiavane EAD was not eligible for compensation. The regulator's position is that EVN Bulgaria Elektrosnabdiavane EAD would have had to pay the amounts invoiced by NEK in cash. On this basis, the Bulgarian regulatory authority is trying to pursue the license suspension in an administrative proceeding. EVN will protect its rights as best as possible in the – in its opinion – unjustified proceedings in front of any available (arbitration) courts and bodies. The arbitration proceedings started at the World Bank's International Centre for the Settlement of Investment Disputes last year will be pursued actively.

**In the environmental services business,** a solution has still not been found for the projects in Moscow. Since the city of Moscow is not prepared to stand by the permit granted for the commissioning of the sodium hypochlorite plant and to meet its payment obligations, EVN decided to draw a guarantee issued by the Federal Republic of Germany for foreign direct investment in connection with this project. The building permit for the waste incineration plant has still not been issued by the city of Moscow.

**In the area of water supplies,** EVN took over the management and operation of facilities in the municipality of Göllersdorf as of 1 January 2014. This raised the number of end customers by 3,450 to over 87,000 residents. EVN is the drinking water supplier for over 500,000 residents in 677 partly or fully serviced cadastral municipalities in Lower Austria.

**Based on the above-mentioned developments, we want to confirm our outlook** for the 2013/14 financial year. The absence of prior period effects and the resulting negative influence on financial results for 2012/13 should support an increase in Group net profit over the 2012/13 level. The current distortions on the energy markets will, nonetheless, prevent a return to the level recorded in recent years. Group net profit could also be significantly influenced by the development of the proceedings with the Bulgarian government and progress on the projects in Moscow.

Maria Enzersdorf, May 2014

**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 | % | 2015f | 2014f | 2013e | 2012 | 2011 |
|---|---|---|---|---|---|---|
| EU-28[1)2)] | | 1.8–2.0 | 1.5 | 0.1 | –0.4 | 1.6 |
| Austria[2)3)] | | 1.7–2.0 | 1.7 | 0.4 | 0.9 | 2.8 |
| Bulgaria[1)2)4)] | | 1.8–3.5 | 1.7–2.0 | 0.6–0.9 | 0.8 | 1.8 |
| Croatia[1)2)4)] | | 1.0–1.2 | 0.0–0.5 | –0.7–(–1.0) | –1.9–(–2.0) | 0.0 |
| Macedonia[5)] | | 3.5 | 3.0 | 2.0 | –0.3 | 2.8 |
| Albania[4)5)] | | 3.0 | 2.0–2.1 | 1.3 | 1.6 | 3.0 |

1) Source: "European Economic Forecast, Winter 2014", EU Commission, February 2014
2) Source: "Prognose der Österreichischen Wirtschaft 2014–15", IHS, March 2014
3) Source: "Prognose für 2014 und 2015: Konjunktur gewinnt nur langsam an Schwung", WIFO, March 2014
4) Source: "Strategie Österreich und CEE 2. Quartal 2014", Raiffeisen Research, April 2014
5) Source: "ECA Economic Outlook", World Bank, March 2014

### General business environment

The economic recovery in the European Union (EU) continued during the reporting period, but at a much slower pace. Budgetary constraints in most of the member states have led to a cutback in government spending. However, current sentiment indicators support expectations of further improvement. The past months brought increasing signs that the structural reforms in a number of states have taken effect, as demonstrated by the recent return to GDP growth in Portugal, Spain and Italy. Forecasts for the EU point to a GDP increase of 1.5% in 2014 and 1.8% to 2.0% in 2015.

The Austrian economy grew by 0.4% in 2013, despite a weak domestic market, especially during the first six months, and an export sector that was negatively affected by the sluggish international environment. However, a slight improvement was recorded during the second half-year. The positive development of preliminary indicators points to an acceleration of economic momentum in Austria during 2014, which will also be supported by the global recovery. The latest estimates call for GDP growth of 1.7% in 2014 and 1.7% to 2.0% in 2015.

| Key indicators for the energy sector environment | | 2013/14 HY. 1 | 2012/13 HY. 1 | +/– in % | 2013/14 Q. 2 | 2012/13 Q. 2 | +/– in % |
|---|---|---|---|---|---|---|---|
| **Temperature-related energy demand[1)]** | % | | | | | | |
| Austria | | 87.0 | 104.8 | –17.8 | 84.7 | 109.0 | –24.2 |
| Bulgaria | | 81.1 | 90.4 | –9.3 | 73.7 | 88.7 | –15.0 |
| Macedonia | | 87.6 | 94.7 | –7.1 | 81.5 | 95.9 | –14.4 |
| **Primary energy and $CO_2$ certificates** | | | | | | | |
| Crude oil – Brent | EUR/bbl | 80.0 | 84.9 | –5.8 | 79.7 | 85.0 | –6.3 |
| Natural gas – NCG[2)] | EUR/MWh | 25.9 | 27.6 | –6.0 | 24.6 | 27.9 | –11.6 |
| Coal – API#2[3)] | EUR/t | 60.6 | 67.7 | –10.5 | 59.5 | 66.9 | –11.1 |
| $CO_2$ emission certificates | EUR/t | 5.0 | 7.0 | –28.0 | 5.3 | 6.3 | –16.0 |
| **Electricity – EEX forward market[4)]** | | | | | | | |
| Base load | EUR/MWh | 43.2 | 53.1 | –18.8 | 42.6 | 52.5 | –19.0 |
| Peak load | EUR/MWh | 55.8 | 66.4 | –16.0 | 54.9 | 65.5 | –16.2 |
| **Electricity – EPEX spot market[5)]** | | | | | | | |
| Base load | EUR/MWh | 36.5 | 41.6 | –12.3 | 35.5 | 41.9 | –15.2 |
| Peak load | EUR/MWh | 48.9 | 55.0 | –11.1 | 47.0 | 54.6 | –14.0 |

The values indicated are average values for the period considered.
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) Net Connect Germany (NCG) – EEX (European Energy Exchange) stock exchange price for natural gas
3) ARA notation (Amsterdam, Rotterdam, Antwerp)
4) Average prices for the respective EEX quarterly forward market prices, beginning one year before the respective reporting period
5) EPEX Spot – European Power Exchange

In South Eastern Europe, the signs have been pointing towards recovery in a number of the economies since autumn 2013. This is true, among others, for Bulgaria, where international demand has proven to be the most important growth driver. However, private consumption has also provided added support for the economic upturn. GDP growth is forecast to range from 1.7% to 2.0% in 2014 and up to 3.5% in 2015.

Croatia has recognised the necessity of reforms for several years, but the implemented measures have been limited to short-term spending cutbacks and the economic situation remains tense. GDP growth is forecasted to range from 0.0% to 0.5% in 2014 and to 1.0% to 1.2% in 2015.

In Macedonia, both private consumption and exports made an increased contribution to economic growth. The economy is expected to grow by up to 3.0% in 2014, and the upward trend should continue in 2015 with an increase of up to 3.5%.

Albania is currently faced with an urgent need to raise additional tax revenue. One of the first measures involved an increase in the corporate income tax rate to 15%. The resulting positive effects for the government budget and investment opportunities should support a GDP increase of up to 2.1% in 2014 and up to 3.0% in 2015.

### Energy sector environment

The first half of 2013/14 brought temperatures that were substantially higher than the previous year in all EVN core markets. While the heating degree total in Bulgaria and Macedonia was 9.3 and 7.1 percentage points lower than the mild prior year temperature level, Austria even recorded a decline of 17.8 percentage points.

The average euro price for Brent crude oil equalled EUR 80.0 per barrel for the reporting period. This represents a decrease of 5.8% below that of the comparable prior year period and resulted, above all, from the ongoing strength of the euro versus the US dollar. The average EEX price for natural gas was EUR 25.9 per MWh in the first half of 2013/14, or 6.0% lower than in the previous year. The coal price fell by 10.5% to EUR 60.6 per tonne, primarily due to the global oversupply. The price for $CO_2$ emission certificates declined 28.0% to EUR 5.0 per tonne.

The forward and spot market prices for base load and peak load electricity continued to fall during the reporting period. This decline resulted, above all, from the on-going expansion of renewable energy generation capacity in Austria and Germany as well as lower prices for coal and $CO_2$ emission certificates. The forward prices applicable to the reporting period fell by 18.8% to EUR 43.2 for base load electricity and by 16.0% to EUR 55.8 per MWh for peak load electricity. In comparison with the first half of 2012/13, the spot market prices declined 12.3% to EUR 36.5 per MWh for base load electricity and by 11.1% to EUR 48.9 per MWh for peak load electricity.

## Business development

### Consolidated statement of operations

#### Key figures

- Revenue: –10.3% to EUR 1,481.5m
- EBITDA: –8.3% to EUR 303.0m
- EBIT: –12.8% to EUR 184.9m
- Financial results: EUR 53.4m
  (HY. 1 2012/13: EUR –17.2m)
- Group net profit: +44.1% to EUR 189.5m

The EVN Group generated revenue of EUR 1,481.5m in the first half of 2013/14, for a decline of EUR 170.9m, or 10.3%, below the comparable prior year period. These results were influenced by a reduction in the energy business based on lower electricity prices in the trading and end customer business as well as a drop in sales volumes as a result of the mild weather. The environmental services business also recorded decreased processed orders of the international project business.

Other operating income fell by EUR 7.1m, or 14.6%, to EUR 41.5m, chiefly because of lower changes to work in process.

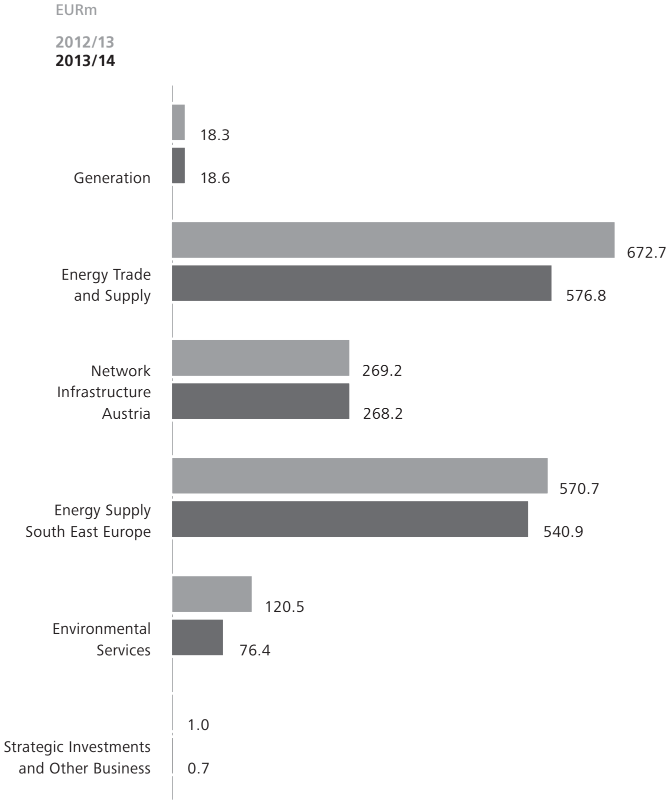
The cost of electricity purchases from third parties and primary energy expenses was EUR 120.5m, or 12.1%, lower at EUR 871.4m, above all due to a decline in electricity and gas procurement costs. In addition, the first half of the previous year was negatively influenced by provisions for onerous contracts related to the marketing of EVN's own electricity production.

The revenue decline in the international environmental services business led to a decrease in third party services and other materials, which fell by EUR 32.8m, or 23.9%, to EUR 104.7m.

The average number of employees fell by 89 to 7,406. The workforce increased slightly in Austria, but continued to decline in other countries as a result of further process and organisational optimisation measures. Personnel expenses rose by a total of EUR 6.3m, or 4.3%, to EUR 154.5m, among others due to wage and salary adjustments required by collective bargaining agreements.

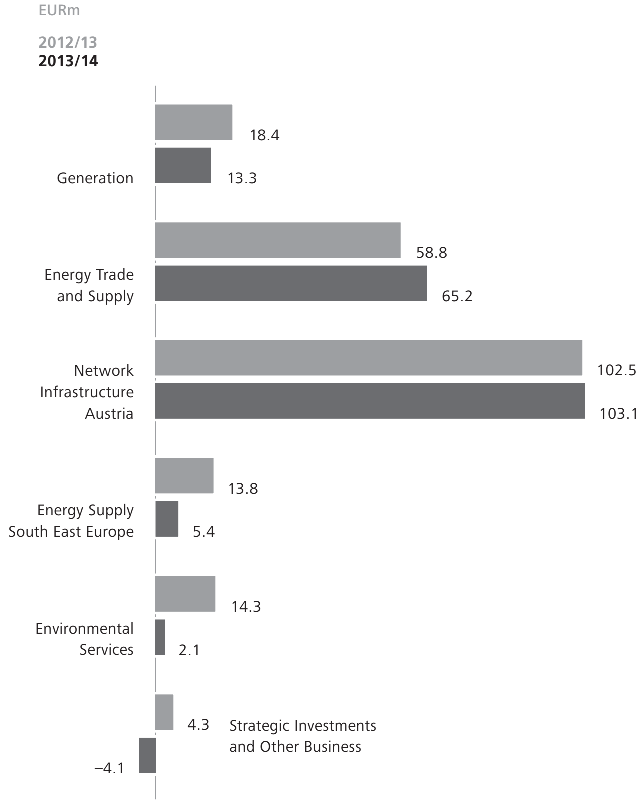
Other operating expenses amounted to EUR 89.4m for the reporting period, for a year-on-year decrease of EUR 3.8m or 4.0%.

**Revenue by segment[1)]**
**HY. 1**




1) External revenue

**EBIT by segment**
**HY. 1**




EBITDA declined EUR 27.3m, or 8.3%, to EUR 303.0m. The EBITDA margin rose from 20.0% to 20.4%.

Depreciation and amortisation nearly matched the prior year at EUR 118.0m for the first half of 2013/14 (previous year: EUR 118.2m). Results from operating activities (EBIT) totalled EUR 184.9m, which is EUR 27.1m, or 12.8%, lower than the first half of 2012/13.

Financial results improved by EUR 70.5m to EUR 53.4m due to absence of aperiodic prior period effects.

Profit before income tax amounted to EUR 238.3m, which is EUR 43.4m, or 22.3%, higher than the first half of the previous year. Profit for the period rose by EUR 46.6m, or 29.5%, to EUR 204.5m.

After the deduction of the share of profit attributable to non-controlling interests, Group net profit equalled EUR 189.5m for the first half of 2013/14. This represents a year-on-year increase of EUR 58.0m, or 44.1%.

## Consolidated statement of cash flows

Gross cash flow was EUR 87.1m, or 23.0%, lower at EUR 292.1m, despite the increase in profit before income tax, due to a decline in non-cash earnings components from equity accounted investees and non-current provisions.

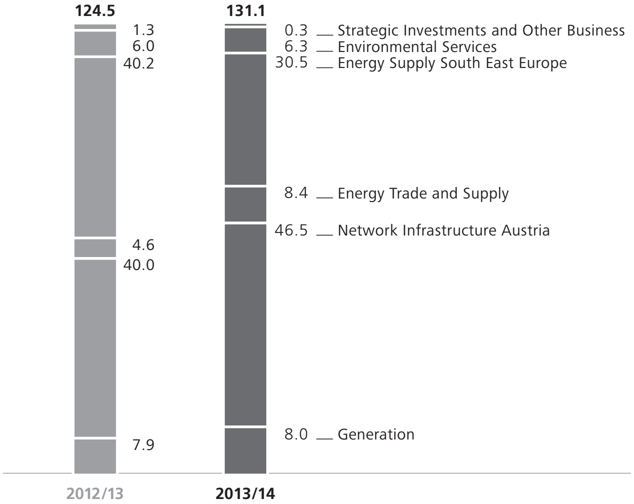
Cash flow from operating activities rose by EUR 63.4m, or 40.7%, to EUR 219.3m based on an increase in trade payables and other liabilities.

Cash flow from investing activities included the additional liquidity released by the sale of cash funds and capital repayments from equity accounted investees in the first half of 2013/14 and amounted to EUR –10.2m (previous year: EUR –136.8m).

Cash flow from financing activities equalled EUR –207.9m and reflected the scheduled repayment of a bond and the payment of the dividend approved by the 85th Annual General Meeting.

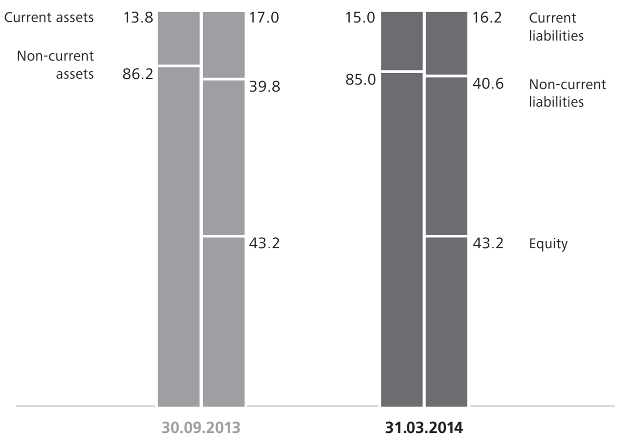
**Structure of investments HY. 1**

in %, total in EURm




**Balance sheet structure as per the balance sheet date**

in %




Cash flow for the reporting period was positive at EUR 1.2m. Cash and cash equivalents rose from EUR 224.8m to EUR 226.0m. In addition, EVN had committed, undrawn credit lines totalling EUR 675.0m at its disposal.

## Consolidated statement of financial position

EVN's balance sheet total equalled EUR 7,196.3m as of 31 March 2014, which is EUR 94.2m, or 1.3%, higher than on 30 September 2013.

Non-current assets remained nearly unchanged at EUR 6,116.0m as of 31 March 2014 (30 September 2013: EUR 6,125.1m), and represented 85.0% of total assets (30 September 2013: 86.2%). The balance of other investments declined due to a drop in the price of the Verbund shares. This decline was nearly offset in full by the other positions.

Current assets rose by EUR 103.2m, or 10.6%, to EUR 1,080.2m based on a seasonal increase in receivables from the energy business. The balance of current securities declined following the sale of a cash fund which was included on the balance sheet as of 30 September 2013.

Equity rose by EUR 42.4m, or 1.4%, to EUR 3,108.9m, despite the payment of the dividend approved by the 85th Annual General Meeting on 16 January 2014. The equity ratio equalled 43.2% as of 31 March 2014 (30 September 2013: 43.2%).

Non-current liabilities rose by EUR 89.9m, or 3.2%, to EUR 2,918.8m, primarily due to a long-term loan obtained from the European Investment Bank in the first quarter.

Current liabilities fell by EUR 38.1m, or 3.2%, to EUR 1,168.5m. The major changes involved a decline in current financial liabilities following the scheduled repayment of a bond and an increase in other current liabilities that resulted from subsidies to equity accounted investees, the valuation of raw material hedges and amounts due to energy trading partners. In addition to these changes, increases were recorded in tax liabilities, trade payables as the result of seasonal effects and current provisions.

Net debt declined EUR 140.6m below the level on 30 September 2013 to EUR 1,421.7m, and gearing was reduced from 50.9% to 45.7%.

# Risk management report

pursuant to § 87 (4) Austrian Stock Exchange Act

## Voluntary evaluation of the risk management system by KPMG Austria

EVN's risk management system was evaluated by KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, during March 2014 and considered to be functional, in line with the company's requirements and in compliance with the legal requirements for a risk management system.

## Risk profile

The risk profile of the EVN Group is influenced by normal industry risks and uncertainties and, above all, by political, legal and regulatory challenges and changes in the competitive environment. In connection with the annual risk inventory, which is updated by ad-hoc risk reports as required, the risks to which the EVN Group is exposed are classified under the following categories: market, competitive, financial, operating, environmental and other risks. Detailed information on these risks is provided in the following section.

### Market and competitive risks

**Energy Trade and Supply**

A decline in the demand for energy due to changes in the weather, economic, political and/or technological factors as well as the loss of customers or sales volumes to competitors could have a negative effect on EVN's revenue. Rising and/or more volatile market prices, a suboptimal procurement strategy and lower margins can have a negative effect on the profit margins in EVN's energy business. The weather or changes in customer behaviour and an increase in customer churn rates can lead to a continued decline in revenue.

**Generation**

Increased decentralised and inflexible production structures as well as fluctuations in wind conditions, water flows, sunshine hours and the weather can have a negative impact on earnings in the Generation Segment (price and quantity effects). The profitability and value of power generation equipment are dependent to a significant degree on the development of electricity and primary energy prices, and unfavourable developments can therefore lead to impairment charges. It may also be necessary to recognise provisions for obligations related to electricity procurement rights from specific production facilities. In addition to the continuing difficult environment for thermal energy generation, hydropower plants and production from renewable energy sources are exposed to similar risks.

**Environmental Services**

In the environmental services business, EVN sees the major risks in possible demand, volume and cost fluctuations for water supply and wastewater treatment systems as well as thermal waste utilisation facilities.

EVN is also exposed to project and supplier risks as well as the risks arising from improper fulfilment or non-fulfilment of contractually agreed services.

### Financial risks

In managing credit and receivables default risks, EVN differentiates between receivables due from end customers in the energy business and "major receivables" arising from the treasury and energy trading business and large projects.

Default risk in the end customer business is limited, above all, by efficient receivables management, the evaluation of customers' credit standing based on ratings and experience as well as the continuous monitoring of customer payment behaviour. In spite of these efforts, revenue in the energy business can be negatively influenced by weak purchasing power or a deterioration in payment habits.

Credit risks are countered, above all in the treasury and energy trading areas and in project and procurement management, by monitoring the credit standing of customers and the use of credit limit systems, security instruments such as bank guarantees and a targeted strategy for the diversification of business partners.

Valuation adjustments to receivables can have a material negative influence on EVN's earnings. This also applies to (unscheduled) write-downs and impairment charges to assets like investments in other companies and goodwill.

EVN holds investments related to its core business, among others in Verbund AG, Rohöl-Aufsuchungs AG, Energie Burgenland AG and EconGas GmbH. The difficult legal framework surrounding energy policies can lead to an increased risk that the weaker development of earnings and equity in these investments could also have a material effect on EVN. Contingent liabilities could also become due and payable.

Liquidity and (re-)financing risk is precluded by means of regular liquidity analyses, long-term, centrally managed financial planning, the diversification of credit instruments and the hedging of required cash flows. EVN is also exposed to financing risks from possible changes in its rating and to contractual risks from financing agreements.

EVN manages interest rate, exchange rate and market price risks based on a comprehensive treasury strategy that also includes daily risk analyses and the use of derivative hedging instruments.

**Operating risks**

EVN is exposed to operating risks that include disruptions and breakdowns as well as IT and security problems, above all in the energy business. The worst case scenario could involve a (nationwide) blackout. The risks related to the environmental services business include the disruption to or interruption of water supplies, wastewater treatment systems and thermal waste utilisation facilities.

Key processes in the energy and environmental services business are associated with specific dangers that expose EVN to liability and reputation risk.

**Environmental risks**

Changes in the regulatory environment, political pressure on major projects and changing requirements under energy and environmental protection laws are the primary drivers for political and legal risks.

Moreover, the existing political and economic instability in a number of the markets in Eastern and South Eastern Europe, potentially illegal or faulty legislative and regulatory measures as well as changes in the legal framework continue to represent major challenges. These challenges are addressed in cooperation with local, regional, national and international government agencies and interest groups, such as the World Bank in Washington (current investment protection proceedings against the Republic of Bulgaria).

There is a risk that the required permits and licenses may not be issued or extended or may be withdrawn. Specific risks in this connection include the proceedings launched by the Bulgarian electricity regulatory authority (DKEVR) to withdraw the license issued to EVN's electricity supply company in Bulgaria (EVN Bulgaria Elektrosnabdiavane EAD) and the failure of the city of Moscow to stand by the permit issued for the commissioning of the completed sodium hypochlorite plant.

EVN is exposed to legal and litigation risks, above all in connection with pending or potential regulatory, court, arbitration and investment protection litigation or supervisory examinations (in particular related to various power plant projects like the Walsum 10 power plant as well as foreign investments and businesses).

Contractual risks can arise, among others, from the failure to recognise legal, economic or technical problems.

**Overall risk profile**

In general, it should be noted that EVN's risk environment has not changed substantially since the end of the previous financial year on 30 September 2013.

In addition to the uncertainties connected with the various business segments and operations outside Austria, EVN is also confronted with a challenging home market in Lower Austria. The company is therefore continuing the previously implemented consolidation measures.

At the present time, there are no future risks that could endanger EVN's continued existence.

## Segment development

### Overview

The structure of the EVN Group is based on three general categories: the energy business, the environmental services business and other business activities. The energy business covers the entire electricity and heat value chain from generation and distribution to networks and supply, while the gas business is concentrated on the distribution and network stages. This product portfolio is supplemented by the activities of EVN subsidiaries in related areas as well as regional cable TV and telecommunication services. The environmental services business involves activities in the areas of drinking water supply, wastewater disposal and thermal waste incineration.

| Business areas | Segments | Activities |
|---|---|---|
| Energy business | Generation | Electricity generation from thermal sources and renewable energies at Austrian and international locations |
| | Energy Trade and Supply | Procurement of electricity and primary energy sources, trading and sale of electricity and natural gas to end customers and on wholesale markets as well as heat generation and sale |
| | Network Infrastructure Austria | Operation of the 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 sale in Bulgaria, electricity generation in Macedonia, construction and operation of natural gas networks in Croatia, energy trading throughout the entire region |
| Environmental services business | Environmental Services | Drinking water supply, wastewater disposal and thermal waste incineration in Austria, operation of combined cycle heat and power co-generation plants in Moscow as well as international project business |
| Other business activities | Strategic Investments and Other Business | Strategic and other investments, corporate services |

| Key energy business indicators | GWh | 2013/14 HY. 1 | 2012/13 HY. 1 | +/– nominal | +/– in % | 2013/14 Q. 2 | 2012/13 Q. 2 | +/– in % |
|---|---|---|---|---|---|---|---|---|
| **Electricity generation volumes** | | 2,072 | 2,032 | 40 | 2.0 | 1,104 | 1,108 | –0.4 |
| Renewable energy sources[1] | | 884 | 905 | –20 | –2.2 | 405 | 530 | –23.7 |
| Thermal energy sources[2] | | 1,188 | 1,127 | 60 | 5.4 | 699 | 578 | 21.0 |
| **Network distribution volumes** | | | | | | | | |
| Electricity | | 11,261 | 11,407 | –146 | –1.3 | 5,279 | 5,942 | –3.6 |
| Natural gas[3] | | 9,646 | 10,559 | –913 | –8.6 | 4,874 | 5,623 | –13.3 |
| **Energy sales volumes to end customers** | | | | | | | | |
| Electricity | | 10,653 | 11,176 | –523 | –4.7 | 5,374 | 5,773 | –6.9 |
| Central and Western Europe[4] | | 3,653 | 3,934 | –281 | –7.1 | 1,776 | 1,927 | –7.9 |
| South Eastern Europe | | 6,999 | 7,242 | –242 | –3.3 | 3,598 | 3,846 | –6.4 |
| Natural gas | | 4,376 | 5,176 | –800 | –15.5 | 2,324 | 2,991 | –22.3 |
| Heat | | 1,393 | 1,437 | –43 | –3.0 | 739 | 793 | –6.7 |
| Central and Western Europe[4] | | 1,240 | 1,262 | –22 | –1.7 | 651 | 689 | –5.6 |
| South Eastern Europe | | 153 | 175 | –21 | –12.2 | 89 | 104 | –14.5 |

1) 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.
2) 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.
3) Incl. network distribution volumes to EVN power plants as well as natural gas distribution volumes in Croatia
4) Central and Western Europe covers Austria and Germany.

Taking the requirements of IFRS 8 "Business Segments" into account, the operating segments are identified solely on the basis of EVN's internal organisational and reporting structure. Below is a description of both the operating performance of EVN's six segments and the effects of energy sector indicators on their development.

### Generation

The Generation Segment covers the generation of electricity from thermal production capacities and renewable energy sources in Austria, Germany, Bulgaria and Albania as well as projects for the construction of power generation plants in Austria and Bulgaria.

The external revenue recorded by this segment is derived mainly from the sale of electricity from renewable windpower. Internal revenue from electricity generation (in particular hydropower plants as well as windpower plants that are no longer covered by subsidy schemes) is based on the market price for electricity. Revenue from EVN AG's thermal power generation and the storage power plants is based on the option value, which generally reflects the pre-defined difference between the forward prices for electricity and the related fuel costs. The option value also includes the availability and use of reserve capacity to ensure network supplies in Southern Germany. The sale of the generated electricity and the procurement of primary energy are reported under the Energy Trade and Supply Segment.

Income from investments consists primarily of income from the investments in the Verbund-Inn River, Ashta and Duisburg-Walsum power plants, whereby Duisburg-Walsum was commissioned in December 2013. Up to and including the first half of 2012/13, this position also included the 50% stake in the Devoll River hydropower plant project in Albania. This holding was sold to the project partner, Statkraft A.S., in 2013.

## Highlights

- 19.0% decline in electricity generation
  - Lower water flows
  - Decline in Dürnrohr
- Revenue decreased by 10.6%
  - Declining market prices for electricity
  - Lower option value due to absence of free $CO_2$ emission certificates
- Commissioning of Prellenkirchen wind park

Electricity generation fell by 316 GWh, or 19.0%, to 1,345 GWh in the first half of 2013/14. Production from renewable energy sources declined by 31 GWh, or 4.0%, to 739 GWh. This development resulted, above all, from lower water flows in year-on-year comparison. The production coefficient for the hydropower plants equalled 99.0% for the reporting period (previous year: 118.0%). Production from renewable energy sources was favourably influenced by the new wind parks in Deutsch-Wagram and Prellenkirchen. The production from EVN's thermal power plants fell by 285 GWh, or 32.0%, to 606 GWh, chiefly due to the reduced use of the Dürnrohr power plant.

| Key indicators – Generation | | 2013/14 HY. 1 | 2012/13 HY. 1 | +/– in % | 2013/14 Q. 2 | 2012/13 Q. 2 | +/– in % |
|---|---|---|---|---|---|---|---|
| **Key energy business indicators** | GWh | | | | | | |
| Electricity generation volumes | | 1,345 | 1,661 | –19.0 | 545 | 893 | –38.9 |
| Renewable energy sources | | 739 | 770 | –4.0 | 331 | 444 | –25.4 |
| Thermal energy sources[1] | | 606 | 891 | –32.0 | 214 | 449 | –52.3 |
| **Key financial indicators** | EURm | | | | | | |
| External revenue | | 18.6 | 18.3 | 1.6 | 8.9 | 9.2 | –2.8 |
| Internal revenue | | 40.7 | 48.0 | –15.2 | 18.0 | 23.6 | –23.6 |
| Total revenue | | 59.2 | 66.2 | –10.6 | 26.9 | 32.7 | –17.8 |
| Operating expenses | | –31.2 | –34.1 | 8.5 | –14.6 | –17.5 | 16.8 |
| EBITDA | | 28.0 | 32.1 | –12.8 | 12.3 | 15.2 | –18.8 |
| Depreciation and amortisation | | –14.7 | –13.8 | –7.2 | –7.7 | –6.8 | –13.1 |
| Results from operating activities (EBIT) | | 13.3 | 18.4 | –27.7 | 4.6 | 8.3 | –45.0 |
| Financial results | | –6.2 | –33.5 | 81.4 | 0.0 | –30.1 | 99.9 |
| Profit before income tax | | 7.0 | –15.1 | – | 4.5 | –21.8 | – |
| Total assets | | 916.2 | 829.3 | 10.5 | 916.2 | 829.3 | 10.5 |
| Investments[2] | | 13.9 | 9.9 | 40.5 | 4.4 | 4.1 | 5.1 |

1) Excl. generation volumes of the Duisburg-Walsum power plant
2) In intangible assets and property, plant and equipment

At the Group level, EVN covered 19.4% of the electricity sold during the reporting period with its own production (previous year: 18.2%). Excluding energy sales by the Energy Supply South East Europe Segment, the coverage ratio for electricity from the Group's own production equalled 56.7% (previous year: 51.6%). The share of renewable energy in the Group's electricity production mix was 42.7% (previous year: 44.5%).

Revenue recorded by the Generation Segment was EUR 7.0m, or 10.6%, lower than the previous year at EUR 59.2m. The main factors for this development were the lower water flows, the continuing downward trend in the market prices for electricity and a lower option value for the thermal power plants following the discontinuation of free $CO_2$ emission certificates. Revenue was increased by higher proceeds from balancing energy and, as in the previous year, by the availability of reserve capacity to support network reliability in Southern Germany.

Operating expenses declined during the reporting period by EUR 2.9m, or 8.5%, to EUR 31.2m, above all due to a reduction in personnel expenses. EBITDA was EUR 4.1m, or 12.8%, below the comparable prior year period at EUR 28.0m. Depreciation and amortisation rose by EUR 1.0m, or 7.2%, year-on-year to EUR 14.7m. The results from operating activities (EBIT) totalled EUR 13.3m, which is EUR 5.1m, or 27.7%, lower than the first half of 2012/13.

Financial results improved by EUR 27.2m, or 81.4%, to EUR –6.2m, whereby the comparable prior year period included a non-recurring negative effect on earnings from the sale of EVN's 50% stake in the Devoll hydropower plant in Albania. Profit before income tax rose from EUR –15.1m in the first half of 2012/13 to EUR 7.0m.

Investments were EUR 4.0m, or 40.5%, higher at EUR 13.9m. This increase is attributable, above all, to the expansion of windpower capacity. The wind park in Prellenkirchen, which has a capacity of 24 MW, was commissioned in February 2014. This project involved the construction of eight wind turbines, together with a partner, which provide roughly 16,000 households with environmentally friendly electricity. Construction also started on a wind park in Prottes-Ollersdorf, which is scheduled to start operations in spring 2015 and will have an installed capacity of approximately 37 MW.

### Energy Trade and Supply

The Energy Trade and Supply Segment is responsible for the trading and sale of electricity and natural gas to end customers, primarily in the Austrian home market and in wholesale markets. The segment's business activities also include the procurement of electricity, natural gas and other primary energy carriers as well as the production and sale of heat.

Internal revenue consists primarily of electricity sales to the Network Infrastructure Austria Segment to cover network losses during the period up to and including 31 December 2013. The Group's own energy requirements are also included here.

The income from investments is based mainly on the earnings contributions from EconGas, e&t and the district heating plants in St. Pölten and Steyr.

## Highlights

- Decline in energy sales to end customers:
  - Lower sales volumes by EnergieAllianz
  - Temperature-related drop in sales volumes of electricity, natural gas and heat
- Reduction in electricity and natural gas prices as of 1 October 2013

Electricity sales volumes to end customers fell by 281 GWh, or 7.1%, to 3,653 GWh in the first half of 2013/14 due to a decline in the volumes sold by EnergieAllianz Austria outside EVN's Austrian supply region and temperatures that were warmer than in the previous year. Sales volumes were also reduced by the end of network loss deliveries as of 1 January 2014 to the Network Infrastructure Austria segment. The mild weather during the reporting period was responsible for a reduction of 800 GWh, or 15.5%, in sales volumes of natural gas to end customers to 4,376 GWh and a reduction of 22 GWh, or 1.7%, in heat sales volumes. In connection with procurement rights to production from the Duisburg-Walsum coal-fired power plant, 374 GWh of electricity were purchased.

Revenue fell by EUR 103.1m, or 14.8%, to EUR 593.2m in the first half of 2013/14. This decline resulted primarily from a temperature-related drop in sales volumes and a reduction in electricity and natural gas prices for household and small business customers as of 1 October 2013.

Operating expenses fell by EUR 109.9m, or 17.4%, to EUR 520.0m during the reporting period based on lower procurement costs for electricity and natural gas. In addition, the first half of 2012/13 included provisions for onerous contracts related to the marketing of EVN's own electricity production.

| Key indicators – Energy Trade and Supply | | 2013/14 HY. 1 | 2012/13 HY. 1 | +/– in % | 2013/14 Q. 2 | 2012/13 Q. 2 | +/– in % |
|---|---|---|---|---|---|---|---|
| **Key energy business indicators** | GWh | | | | | | |
| Energy sales volumes to end customers | | | | | | | |
| Electricity | | 3,653 | 3,934 | –7.1 | 1,776 | 1,927 | –7.9 |
| Natural gas | | 4,376 | 5,176 | –15.5 | 2,324 | 2,991 | –22.3 |
| Heat | | 1,240 | 1,262 | –1.7 | 651 | 689 | –5.6 |
| **Key financial indicators** | EURm | | | | | | |
| External revenue | | 576.8 | 672.7 | –14.3 | 290.7 | 359.0 | –19.0 |
| Internal revenue | | 16.4 | 23.5 | –30.3 | 5.7 | 12.1 | –52.9 |
| Total revenue | | 593.2 | 696.2 | –14.8 | 296.4 | 371.0 | –20.1 |
| Operating expenses | | –520.0 | –629.9 | 17.4 | –262.8 | –344.0 | 23.6 |
| EBITDA | | 73.2 | 66.3 | 10.3 | 33.6 | 27.1 | 23.9 |
| Depreciation and amortisation | | –7.9 | –7.5 | –5.3 | –4.1 | –3.8 | –6.5 |
| Results from operating activities (EBIT) | | 65.2 | 58.8 | 11.0 | 29.5 | 23.3 | 26.8 |
| Financial results | | –5.7 | –24.1 | 76.5 | –3.1 | –3.1 | –0.5 |
| Profit before income tax | | 59.6 | 34.7 | 71.8 | 26.4 | 20.2 | 30.8 |
| Total assets | | 602.4 | 639.3 | –5.8 | 602.4 | 639.3 | –5.8 |
| Investments[1] | | 11.0 | 5.7 | 91.7 | 6.4 | 3.3 | 92.8 |

1) In intangible assets and property, plant and equipment

These developments led, in total, to an increase of EUR 6.8m, or 10.3%, in EBITDA.

Depreciation and amortisation were nearly unchanged, and the results from operating activities (EBIT) rose by EUR 6.4m, or 11.0%, to EUR 65.2m.

Financial results improved by EUR 18.4m, or 76.5%, to EUR –5.7m, whereby the comparable prior year period was influenced by a negative earnings contribution from EconGas. Profit before income tax amounted to EUR 59.6m, which is EUR 24.9m, or 71.8%, higher than in the previous year.

Investments rose by EUR 5.3m, or 91.7%, to EUR 11.0m in the first half of 2013/14. The expansion of the heating plants and district heating networks were the main factors for this increase.

## Network Infrastructure Austria

The Network Infrastructure Austria Segment covers the operation of the regional electricity and natural gas networks as well as cable TV and telecommunications networks in Lower Austria and Burgenland. This segment also includes corporate services, above all in connection with construction, which are reported as internal revenue.

Income from investments in this segment includes a distribution from the R 138-Fund to Netz Niederösterreich GmbH as well as the shares held by Netz Niederösterreich GmbH in AGGM Austrian Gas Grid Management AG.

### Highlights

- Decline in natural gas distribution volumes due to milder temperatures
- Network tariffs adjusted as of 1 January 2014 (reduction in electricity network tariff, increase in natural gas network tariff)
- Increase in investments for network expansion to safeguard supply security

The network tariffs for electricity and natural gas are adjusted annually on 1 January by the E-Control Commission in accordance with the incentive regulatory system. As of 1 January 2014, the natural gas network tariffs were raised by an average of 7.7% (1 January 2013: reduction of 2.5%) and the electricity network tariffs were cut by an average of 9.0% (1 January 2013: reduction of 0.4%).

Network distribution volumes declined during the reporting period. Electricity network distribution volumes fell by 33 GWh, or 0.8%, to 4,162 GWh and gas network distribution volumes by 917 GWh, or 8.7%, to 9,639 GWh. The decrease in electricity network distribution volumes resulted, above all, from lower demand by household and business customers that was contrasted by higher volumes in the industrial customer segment. Natural gas network distribution volumes to industrial customers nearly reached the prior year level, but the comparatively milder temperatures in the first half of 2013/14 had a negative effect, especially on the demand from household customers.

Revenue declined by EUR 1.4m, or 0.5%, year-on-year to EUR 292.8m in the first half of 2013/14. Electricity and natural gas network distribution revenue was EUR 4.9m, or 2.0%, lower at EUR 238.1m, primarily due to the reduction in electricity network tariffs on 1 January 2014. This reduction was partly offset by a change of EUR 20.1m under assets for the regulatory account, which serves as an adjusting item for the negative temperature effect. Revenue from cable TV and telecommunications services was stable in comparison with the prior year.

Operating expenses fell from EUR 142.3m in the first half of 2012/13 to EUR 139.1m in the reporting period. Based on this change and the above-mentioned decline in revenue, EBITDA rose by EUR 1.7m, or 1.1%, to EUR 153.7m. Depreciation and amortisation were EUR 1.1m, or 2.2%, higher at EUR 50.6m. Results from operating activities (EBIT) amounted to EUR 103.1m, for an increase of EUR 0.6m, or 0.6%, over the comparable prior year period.

Financial results improved by EUR 0.4m, or 5.0%, to EUR –8.2m. The Network Infrastructure Austria Segment reported profit before income tax of EUR 94.9m for the reporting period, which represents an increase of EUR 1.1m, or 1.1%.

Investments rose by EUR 11.1m, or 22.2%, to EUR 61.0m in the first half of 2013/14. These expenditures are focused on network expansion to safeguard supply security in view of the rising feed-in from the intensive development of generation from renewable energy sources and on the construction of the Westschiene natural gas transport pipeline. Six transformer stations and four 110 kV lines were completed during the reporting period. The commissioning of the Westschiene natural gas transport pipeline is scheduled for mid-2014.

| Key indicators – Network Infrastructure Austria | | 2013/14 HY. 1 | 2012/13 HY. 1 | +/– in % | 2013/14 Q. 2 | 2012/13 Q. 2 | +/– in % |
|---|---|---|---|---|---|---|---|
| **Key energy business indicators** | GWh | | | | | | |
| Network distribution volumes | | | | | | | |
| Electricity | | 4,162 | 4,195 | –0.8 | 2,061 | 2,116 | –2.6 |
| Natural gas | | 9,639 | 10,556 | –8.7 | 4,874 | 5,623 | –13.3 |
| **Key financial indicators** | EURm | | | | | | |
| External revenue | | 268.2 | 269.2 | –0.4 | 135.8 | 141.9 | –4.3 |
| Internal revenue | | 24.6 | 25.1 | –1.8 | 13.3 | 11.2 | 18.6 |
| Total revenue | | **292.8** | **294.3** | **–0.5** | **149.1** | **153.1** | **–2.6** |
| Operating expenses | | –139.1 | –142.3 | 2.2 | –74.3 | –79.3 | 6.3 |
| EBITDA | | **153.7** | **152.0** | **1.1** | **74.8** | **73.8** | **1.4** |
| Depreciation and amortisation | | –50.6 | –49.5 | –2.2 | –25.5 | –25.1 | –1.3 |
| Results from operating activities (EBIT) | | **103.1** | **102.5** | **0.6** | **49.4** | **48.7** | **1.4** |
| Financial results | | **–8.2** | **–8.6** | **5.0** | **–3.6** | **–3.5** | **–2.9** |
| Profit before income tax | | **94.9** | **93.9** | **1.1** | **45.8** | **45.2** | **1.3** |
| Total assets | | 1,812.1 | 1,765.5 | 2.6 | 1,812.1 | 1,765.5 | 2.6 |
| Investments[1)] | | 61.0 | 49.9 | 22.2 | 33.7 | 24.7 | 36.5 |

1) In intangible assets and property, plant and equipment

## Energy Supply South East Europe

The Energy Supply South East Europe Segment is responsible for 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 generation of electricity in Macedonia and the sale of natural gas to end customers in Croatia as well as energy trading throughout the region.

### Highlights

- Decline in energy generation due to reduced use of Plovdiv co-generation plant
- Electricity distribution and heating volumes below prior year
- Reduction in end customer prices for electricity in Bulgaria and Macedonia

The regulatory authority in Bulgaria implemented a series of tariff changes in several steps during the past year: A reduction of 7.3% in the end customer prices for electricity as of 5 March 2013 – primarily through a cutback in the grid losses recognised by the regulatory authority for distribution network losses and the operators' cost of capital – was followed by a further cut of 4.2% in the prices for household customers on 1 August 2013. The regulatory authority also retracted the changes in the method used to calculate compensation for the additional costs of renewable electricity and for electricity from highly efficient co-generation plants. During the period from 1 July 2012 to 1 August 2013, EVN had to provide for interim financing for these additional costs. On 30 December 2013, the regulatory authority announced another cut of roughly 1.0% and 10.0%, respectively, in the day and night electricity tariffs for household customers as of 1 January 2014. This price difference resulted primarily from a further reduction to 8.0% in the recognised network losses. The end customer prices for heat in Bulgaria were lowered by 5.9% as of 1 January 2013 following a price reduction for natural gas (decrease of 9.8%).

In Bulgaria, as announced in an ad-hoc announcement published on 19 March 2014, EVN is confronted with the unlawfully threatened suspension of the license for its electricity supply subsidiary EVN Bulgaria Elektrosnabdiavane EAD. EVN Bulgaria Elektrosnabdiavane EAD settled its claim for a refund of the additional costs for renewable energy in part through compensation with the state-owned electricity distribution company NEK, which – in accordance with legal regulations – would have been jointly responsible for reimbursement of these added costs within the tariff system. That was also confirmed by a national supreme court. Notwithstanding, the regulatory authority now claims that EVN Bulgaria Elektrosnabdiavane EAD was not eligible for compensation. The regulator's position is that EVN Bulgaria Elektrosnabdiavane EAD would have had to pay the amounts invoiced by NEK in cash. On this basis, the Bulgarian regulatory authority is trying to pursue the license suspension in an administrative

| Key indicators – Energy Supply South East Europe | | 2013/14 HY. 1 | 2012/13 HY. 1 | +/– in % | 2013/14 Q. 2 | 2012/13 Q. 2 | +/– in % |
|---|---|---|---|---|---|---|---|
| **Key energy business indicators** | GWh | | | | | | |
| Electricity generation volumes | | 213 | 232 | –8.1 | 111 | 142 | –21.6 |
| Renewable energy sources | | 43 | 36 | 19.3 | 22 | 33 | –32.9 |
| Thermal energy sources | | 171 | 196 | –13.1 | 89 | 108 | –18.1 |
| Network distribution volumes[1)] | | 7,099 | 7,212 | –1.6 | 3,667 | 3,826 | –4.1 |
| Heat sales volumes to end customers | | 153 | 175 | –12.2 | 89 | 104 | –14.5 |
| **Key financial indicators** | EURm | | | | | | |
| External revenue | | 540.9 | 570.7 | –5.2 | 277.0 | 304.0 | –8.9 |
| Internal revenue | | 0.2 | 0.2 | 21.7 | 0.2 | 0.2 | 12.6 |
| Total revenue | | 541.1 | 570.9 | –5.2 | 277.2 | 304.2 | –8.9 |
| Operating expenses | | –504.7 | –523.4 | 3.6 | –253.4 | –281.2 | 9.9 |
| EBITDA | | 36.3 | 47.5 | –23.5 | 23.8 | 22.9 | 3.9 |
| Depreciation and amortisation | | –31.0 | –33.7 | 8.1 | –15.4 | –18.0 | 14.4 |
| Results from operating activities (EBIT) | | 5.4 | 13.8 | –61.2 | 8.4 | 4.9 | 71.2 |
| Financial results | | –15.3 | –14.8 | –3.8 | –7.8 | –6.5 | –19.4 |
| Profit before income tax | | –10.0 | –1.0 | – | 0.6 | –1.6 | – |
| Total assets | | 1,500.0 | 1,273.2 | 17.8 | 1,500.0 | 1,273.2 | 17.8 |
| Investments[2)] | | 39.9 | 50.2 | –20.5 | 15.5 | 13.1 | 18.5 |

1) In Bulgaria and Macedonia, energy sales volumes are approximately equivalent to present network distribution volumes.
2) In intangible assets and property, plant and equipment

proceeding. EVN will protect its rights as best as possible in the – in its opinion – unjustified proceedings in front of any available (arbitration) courts and bodies. The arbitration proceedings started at the World Bank's International Centre for the Settlement of Investment Disputes last year will be pursued actively.

The regulatory authority in Macedonia announced an average reduction of 3.0% in electricity prices for end customers as of 1 July 2013. The reduction was also accompanied by an increase in the procurement price and tariffs for the state-owned companies AD ELEM, an electricity producer, and AD MEPSO, a transmission network operator.

EVN generated 213 GWh of electricity in South Eastern Europe during the first half of 2013/14, for a decline of 19 GWh, or 8.1%. This development resulted primarily from the reduced use of the co-generation plant in Plovdiv due to the warmer weather and a technical production standstill. The renewable energy generation volume was increased by the operation of the seven small hydropower plants in Macedonia that were leased to third parties up to January 2013. The electricity distribution volumes amounted to 7,099 GWh, which is 113 GWh, or 1.6%, lower than in the previous year. Heat sales to end customers in Bulgaria were 21 GWh, or 12.2%, lower at 153 GWh, also due to the relatively mild weather.

Revenue fell by EUR 29.8m, or 5.2%, to EUR 541.1m. This decline was caused primarily by price decisions in the region and the temperature-related lower sales volumes for electricity distribution and heat in Bulgaria.

Operating expenses fell by EUR 18.6m, or 3.6%, to EUR 504.7m, chiefly due to a lower volume of energy purchases. This led to a decline of EUR 11.2m, or 23.5%, in EBITDA to EUR 36.3m. Depreciation and amortisation were EUR 2.7m, or 8.1%, lower. Results from operating activities (EBIT) amounted to EUR 5.4m, which is EUR 8.5m, or 61.2%, below the comparable prior year level.

Financial results declined by EUR 0.6m, or 3.8%, to EUR –15.3m, above all due to an increase in interest expense. Profit before income tax equalled EUR –10.0m, which is EUR 9.0m below the previous year.

Investments in this segment were EUR 10.3m, or 20.5%, lower at EUR 39.9m in the first half of 2013/14.

### Environmental Services

The activities of the Environmental Services Segment cover drinking water supply, wastewater treatment and thermal waste utilisation in Austria, the international project business including the operation of combined cycle heat and power co-generation plants in Moscow as well as the international project business in 18 countries throughout Central, Eastern and South Eastern Europe.

The income from investments is related chiefly to the earnings contributions provided by the Croatian ZOV and ZOV UIP (planning, financing, construction and operation of the central wastewater purification plant in Zagreb).

## Highlights

- Lower revenue in international project business
- Contract awarded for the planning and construction, respectively modernisation and expansion of the wastewater purification plants at Kotor-Tivat in Montenegro and Pruszkow in Warsaw
- Continued difficulties with the realisation of environmental projects in Moscow
- Taking over the management and operation of water supplies in the Lower Austrian community of Göllersdorf

| Key indicators – Environmental Services | EURm | 2013/14 HY. 1 | 2012/13 HY. 1 | +/– in % | 2013/14 Q. 2 | 2012/13 Q. 2 | +/– in % |
|---|---|---|---|---|---|---|---|
| External revenue | | 76.4 | 120.5 | –36.6 | 37.5 | 43.9 | –14.6 |
| Internal revenue | | 10.3 | 9.4 | 9.7 | 4.7 | 5.0 | –5.9 |
| **Total revenue** | | **86.7** | **129.9** | **–33.2** | **42.2** | **48.9** | **–13.7** |
| Operating expenses | | –70.6 | –101.7 | 30.6 | –34.6 | –33.3 | –3.9 |
| **EBITDA** | | **16.1** | **28.2** | **–42.9** | **7.6** | **15.5** | **–51.4** |
| Depreciation and amortisation | | –14.0 | –13.9 | –1.2 | –7.0 | –7.2 | 3.1 |
| **Results from operating activities (EBIT)** | | **2.1** | **14.3** | **–85.7** | **0.6** | **8.3** | **–93.1** |
| **Financial results** | | **5.0** | **5.5** | **–8.5** | **2.6** | **2.6** | **–1.1** |
| **Profit before income tax** | | **7.0** | **19.8** | **–64.4** | **3.2** | **10.9** | **–71.1** |
| Total assets | | 1,440.1 | 1,471.0 | –2.1 | 1,440.1 | 1,471.0 | –2.1 |
| Investments[1] | | 8.2 | 7.5 | 9.2 | 5.3 | 4.5 | 19.3 |

1) In intangible assets and property, plant and equipment

The Environmental Services Segment generated revenue of EUR 86.7m in the first half of 2013/14, for a year-on-year decrease of EUR 43.2m, or 33.2%. A lower volume of processed orders in the international project business was responsible for this development. Higher capacity use at the Lower Austrian thermal waste utilisation plant and the resulting increase in revenue were unable to offset the decline. The revenue contribution from the water supplies in Lower Austria nearly matched the prior year.

The revenue decline in the international project business was accompanied by a decrease in operating expenses of EUR 31.1m, or 30.6%, to EUR 70.6m. EBITDA equalled EUR 16.1m, compared with EUR 28.2m in the prior year. Depreciation and amortisation rose by EUR 0.2m, or 1.2%, year-on-year to EUR 14.0m. These developments led to results of operating activities (EBIT) totalling EUR 2.1m, which is EUR 12.3m, or 85.7%, lower than in the first half of 2012/13.

Financial results were EUR 0.5m, or 8.5%, lower than in the previous year at EUR 5.0m and comprise stable income from investments as well as lower net interest results. In total, the above factors led to a decline of EUR 12.7m, or 64.4%, in profit before tax to EUR 7.0m.

Investments in the Environmental Services Segment totalled EUR 8.2m for the reporting period, compared with EUR 7.5m in the first half of 2012/13. EVN is currently realising 11 international projects. In Montenegro, the contract for the planning and construction of a wastewater purification plant in Kotor-Tivat was signed on 14 February 2014; this facility will have the capacity to service up to 72,400 population equivalents. In addition, the wastewater treatment project in Budva, Montenegro, entered the commissioning phase. The Mia Milia/Haspolat wastewater purification plant in the Cypriote capital of Nicosia officially opened in April 2014.

In Poland, EVN and its Polish subsidiary received a contract for the planning, modernisation and expansion of the Pruszkow wastewater purification plant in Warsaw, Poland, which will have the capacity to service 256,000 population equivalents after the project is completed. The building permit for the modernisation and expansion of the Kujawy wastewater purification plant in Krakow was received and work has already started.

A solution has still not been found for the projects in Moscow. Since the City of Moscow is not prepared to stand by the permit granted for the commissioning of the sodium hypochlorite plant and to meet its payment obligations, EVN decided to draw a guarantee for foreign direct investments issued by the Federal Republic of Germany in connection with this project. The building permit for the waste incineration plant has still not been issued by the City of Moscow.

EVN took over the management and operation of water supplies for roughly 3,450 residents in the Lower Austrian community of Göllersdorf as of 1 January 2014. That raised the number of end customers who are supplied by EVN with drinking water to roughly 87,000. Work also started on the construction of natural filter plants in the Lower Austrian communities of Drösing and Obersiebenbrunn during the reporting period. These plants will reduce the hardness of the water by natural means. The completion of these two plants will improve the water quality for the roughly 60,000 residents in the Weinviertel and Marchfeld regions supplied by EVN. EVN is the drinking water supplier for over 500,000 residents in Lower Austria.

### Strategic Investments and Other Business

The Strategic Investments and Other Business Segment basically covers the investments in Rohöl-Aufsuchungs AG (RAG), Burgenland Holding AG and Verbund AG. This segment also includes corporate functions as well as companies outside EVN's core business which generally provide internal services.

## Highlights

- Lower earnings contribution by Rohöl-Aufsuchungs AG
- Increased earnings contribution by Burgenland Holding
- Higher earnings contribution from the investment in Verbund AG

Revenue rose by EUR 0.9m, or 2.7%, to EUR 34.8m in the first half of 2013/14. This growth was contrasted by an increase of EUR 9.3m, or 32.3%, in operating expenses to EUR 38.1m. EBITDA declined EUR 8.4m to EUR –3.3m. Depreciation and amortisation remained constant in year-on-year comparison, and results from operating activities (EBIT) were EUR 8.4m lower than in the prior year at EUR –4.1m.

Financial results, which are the most important factor for this segment, rose by EUR 29.6m, or 44.4%, to EUR 96.2m. This improvement reflected the absence of a negative non-recurring effect in the first half of 2012/13, specifically the negative earnings contribution from WEEV Beteiligungs GmbH. It also included a higher earnings contribution of EUR 11.1m from Burgenland Holding, the increased dividend payment of EUR 40.1m from Verbund AG and higher earnings from the other investments.

The earnings contribution from RAG equalled EUR 25.7m for the reporting period, which is EUR 23.2m, or 47.4%, lower than in the previous year. Earnings may negatively be affected by the planned amendment of the Austrian Mineral Raw Materials Act ("Mineralrohstoffgesetz", MinroG).

| Key indicators – Strategic Investments and Other Business | EURm | 2013/14 HY. 1 | 2012/13 HY. 1 | +/– in % | 2013/14 Q. 2 | 2012/13 Q. 2 | +/– in % |
|---|---|---|---|---|---|---|---|
| External revenue | | 0.7 | 1.0 | –33.7 | 0.4 | 0.5 | –13.3 |
| Internal revenue | | 34.1 | 32.9 | 3.8 | 16.5 | 16.5 | 0.1 |
| **Total revenue** | | **34.8** | **33.9** | **2.7** | **17.0** | **17.0** | **–0.3** |
| Operating expenses | | –38.1 | –28.8 | –32.3 | –20.1 | –14.3 | –40.7 |
| **EBITDA** | | **–3.3** | **5.1** | **–** | **–3.1** | **2.8** | **–** |
| Depreciation and amortisation | | –0.8 | –0.8 | 0.4 | –0.4 | –0.4 | 3.1 |
| **Results from operating activities (EBIT)** | | **–4.1** | **4.3** | **–** | **–3.5** | **2.3** | **–** |
| **Financial results[1)]** | | **96.2** | **66.6** | **44.4** | **71.8** | **41.2** | **74.1** |
| **Profit before income tax** | | **92.1** | **70.9** | **29.9** | **68.3** | **43.5** | **56.8** |
| Total assets | | 2,766.5 | 2,777.4 | –0.4 | 2,766.5 | 2,777.4 | –0.4 |
| Investments[2)] | | 0.4 | 1.6 | –72.6 | 0.3 | 0.9 | –64.2 |

1) For the income from investments see notes to the consolidated interim report, page 24.
2) In intangible assets and property, plant and equipment

Profit before tax rose by EUR 21.2m, or 29.9%, to EUR 92.1m in the first half of 2013/14.

# Consolidated interim report

according to IAS 34

## Consolidated statement of operations

| EURm | 2013/14 HY. 1 | 2012/13 HY. 1 | +/– in % | 2013/14 Q. 2 | 2012/13 Q. 2 | +/– in % | 2012/13 |
|---|---|---|---|---|---|---|---|
| Revenue | 1,481.5 | 1,652.4 | –10.3 | 750.4 | 858.4 | –12.6 | 2,755.0 |
| Other operating income | 41.5 | 48.6 | –14.6 | 19.7 | 17.4 | 13.3 | 95.5 |
| Electricity purchases and primary energy expenses | –871.4 | –991.9 | 12.1 | –446.6 | –548.2 | 18.5 | –1,612.6 |
| Costs of materials and services | –104.7 | –137.5 | 23.9 | –52.6 | –47.1 | –11.7 | –295.8 |
| Personnel expenses | –154.5 | –148.2 | –4.3 | –76.5 | –74.3 | –3.1 | –307.1 |
| Other operating expenses | –89.4 | –93.2 | 4.0 | –46.0 | –49.5 | 7.2 | –177.4 |
| **EBITDA** | **303.0** | **330.2** | **–8.3** | **148.4** | **156.8** | **–5.3** | **457.6** |
| Depreciation and amortisation | –118.0 | –118.2 | 0.1 | –59.5 | –60.9 | 2.3 | –239.1 |
| **Results from operating activities (EBIT)** | **184.9** | **212.1** | **–12.8** | **88.9** | **95.8** | **–7.3** | **218.5** |
| Share of results of equity accounted investees | 49.5 | –7.3 | – | 35.5 | –12.9 | – | 10.0 |
| Results from other investments | 42.3 | 26.5 | 60.0 | 42.3 | 26.5 | 59.7 | 26.8 |
| Interest income | 12.4 | 16.0 | –22.2 | 6.4 | 7.7 | –16.3 | 28.4 |
| Interest expense | –49.6 | –51.3 | 3.4 | –23.7 | –26.6 | 10.8 | –100.1 |
| Other financial results | –1.3 | –1.0 | –33.1 | –0.7 | –0.1 | – | –3.2 |
| **Financial results** | **53.4** | **–17.2** | **–** | **59.8** | **–5.5** | **–** | **–38.1** |
| **Profit before income tax** | **238.3** | **194.9** | **22.3** | **148.7** | **90.4** | **64.6** | **180.3** |
| Income tax expense | –33.7 | –36.9 | 8.6 | –13.2 | –14.5 | 8.9 | –22.1 |
| **Profit for the period** | **204.5** | **158.0** | **29.5** | **135.5** | **75.8** | **78.6** | **158.2** |
| thereof profit attributable to EVN AG shareholders (Group net profit) | 189.5 | 131.5 | 44.1 | 124.8 | 60.0 | – | 114.7 |
| thereof profit attributable to non-controlling interests | 15.0 | 26.5 | –43.2 | 10.7 | 15.8 | –32.7 | 43.5 |
| Earnings per share in EUR [1] | 1.06 | 0.74 | 44.5 | 0.70 | 0.34 | – | 0.64 |

1) There is no difference between basic and diluted earnings per share.

## Consolidated statement of comprehensive income

| EURm | 2013/14 HY. 1 | 2012/13 HY. 1 | +/– in % | 2013/14 Q. 2 | 2012/13 Q. 2 | +/– in % | 2012/13 |
|---|---|---|---|---|---|---|---|
| **Profit for the period** | **204.5** | **158.0** | **29.5** | **135.5** | **75.8** | **78.6** | **158.2** |
| **Other comprehensive income from** | | | | | | | |
| **Items that will not be reclassified to profit or loss** | **–0.8** | **–3.9** | **78.8** | **–0.5** | **–1.9** | **72.6** | **–31.0** |
| Remeasurements IAS 19 | –5.0 | –5.2 | 3.0 | –0.2 | –2.6 | 93.7 | –23.7 |
| Investments in equity accounted investees | 3.0 | – | – | –1.0 | – | – | –13.3 |
| thereon apportionable income tax expense | 1.2 | 1.3 | –8.9 | 0.7 | 0.7 | 0.2 | 5.9 |
| **Items that may be reclassified to profit or loss** | **–83.6** | **28.9** | **–** | **–40.0** | **–52.0** | **23.0** | **47.7** |
| Currency translation differences | –8.6 | –0.4 | – | –6.3 | –0.1 | – | –8.7 |
| Available for sale financial instruments | –72.3 | 32.6 | – | –23.5 | –74.1 | 68.3 | 24.9 |
| Cash flow hedges | –18.0 | –4.3 | – | –16.5 | 1.8 | – | –0.4 |
| Investments in equity accounted investees | –7.3 | 8.1 | – | –3.7 | 2.3 | – | 38.2 |
| thereon apportionable income tax expense | 22.5 | –7.1 | – | 10.0 | 18.1 | –44.9 | –6.2 |
| **Total other comprehensive income after tax** | **–84.5** | **25.0** | **–** | **–40.6** | **–53.9** | **24.8** | **16.7** |
| **Comprehensive income for the period** | **120.1** | **183.0** | **–34.4** | **94.9** | **21.9** | **–** | **174.9** |
| thereof income attributable to EVN AG shareholders | 105.0 | 156.5 | –32.9 | 84.3 | 6.1 | – | 141.9 |
| thereof income attributable to non-controlling interests | 15.0 | 26.5 | –43.2 | 10.7 | 15.8 | –32.7 | 33.0 |

# Consolidated statement of financial position

| EURm | 31.03.2014 | 30.09.2013 | +/– nominal | +/– in % |
|---|---|---|---|---|
| **Assets** | | | | |
| Non-current assets | | | | |
| Intangible assets | 389.2 | 397.6 | –8.3 | –2.1 |
| Property, plant and equipment | 3,103.8 | 3,094.3 | 9.5 | 0.3 |
| Investments in equity accounted investees | 1,066.7 | 1,047.9 | 18.8 | 1.8 |
| Other investments | 624.7 | 694.8 | –70.1 | –10.1 |
| Deferred tax assets | 43.9 | 29.4 | 14.4 | 49.0 |
| Other non-current assets | 887.8 | 861.1 | 26.7 | 3.1 |
| | **6,116.0** | **6,125.1** | **–9.1** | **–0.1** |
| Current assets | | | | |
| Inventories | 107.4 | 108.4 | –1.0 | –0.9 |
| Trade and other receivables | 716.4 | 565.5 | 150.9 | 26.7 |
| Securities | 0.7 | 43.9 | –43.2 | –98.3 |
| Cash and cash equivalents | 255.7 | 259.2 | –3.5 | –1.3 |
| | **1,080.2** | **977.0** | **103.2** | **10.6** |
| **Total assets** | **7,196.3** | **7,102.1** | **94.2** | **1.3** |
| | | | | |
| **Equity and liabilities** | | | | |
| Equity | | | | |
| Share capital | 330.0 | 330.0 | – | – |
| Share premium and capital reserves | 253.1 | 253.1 | – | – |
| Retained earnings | 2,270.7 | 2,155.7 | 115.0 | 5.3 |
| Valuation reserve | 36.3 | 112.1 | –75.9 | –67.6 |
| Currency translation reserve | –13.9 | –5.3 | –8.6 | – |
| Treasury shares | –21.9 | –20.8 | –1.0 | –4.8 |
| Issued capital and reserves attributable to shareholders of EVN AG | 2,854.3 | 2,824.8 | 29.5 | 1.0 |
| Non-controlling interests | 254.6 | 241.7 | 12.9 | 5.3 |
| | **3,108.9** | **3,066.5** | **42.4** | **1.4** |
| Non-current liabilities | | | | |
| Non-current loans and borrowings | 1,673.3 | 1,571.4 | 101.9 | 6.5 |
| Deferred tax liabilities | 96.7 | 111.5 | –14.8 | –13.2 |
| Non-current provisions | 583.0 | 591.0 | –8.0 | –1.4 |
| Deferred income from network subsidies | 512.6 | 503.5 | 9.1 | 1.8 |
| Other non-current liabilities | 53.1 | 51.5 | 1.6 | 3.1 |
| | **2,918.8** | **2,829.0** | **89.9** | **3.2** |
| Current liabilities | | | | |
| Current loans and borrowings | 116.5 | 390.3 | –273.8 | –70.1 |
| Taxes payable | 122.9 | 76.8 | 46.1 | 60.0 |
| Trade payables | 509.3 | 461.9 | 47.3 | 10.2 |
| Current provisions | 119.2 | 92.7 | 26.5 | 28.6 |
| Other current liabilities | 300.7 | 184.9 | 115.7 | 62.6 |
| | **1,168.5** | **1,206.7** | **–38.1** | **–3.2** |
| **Total equity and liabilities** | **7,196.3** | **7,102.1** | **94.2** | **1.3** |

## Consolidated statement of changes in equity

| EURm | Issued capital and reserves of EVN AG shareholders | Non-controlling interests | Total |
|---|---|---|---|
| **Balance on 30.09.2012** | 2,768.3 | 245.4 | 3,013.7 |
| Comprehensive income for the period | 156.5 | 26.5 | 183.0 |
| Change in own shares | –6.5 | – | –6.5 |
| Dividends 2011/12 | –75.0 | –1.7 | –76.7 |
| **Balance on 31.03.2013** | 2,843.4 | 270.1 | 3,113.5 |
| | | | |
| **Balance on 30.09.2013** | 2,824.8 | 241.7 | 3,066.5 |
| Comprehensive income for the period | 105.0 | 15.0 | 120.1 |
| Change in own shares | –1.0 | – | –1.0 |
| Dividends 2012/13 | –74.8 | –2.1 | –76.9 |
| Other changes | 0.2 | – | 0.2 |
| **Balance on 31.03.2014** | 2,854.3 | 254.6 | 3,108.9 |

## Condensed consolidated statement of cash flows

| EURm | 2013/14 HY. 1 | 2012/13 HY. 1 | +/– nominal | +/– in % | 2012/13 |
|---|---|---|---|---|---|
| **Profit before income tax** | 238.3 | 194.9 | 43.4 | 22.3 | 180.3 |
| + Depreciation and amortisation of intangible assets and property, plant and equipment | 118.0 | 118.2 | –0.1 | –0.1 | 239.1 |
| –/+ Non-cash share of results of equity accounted investees | 11.3 | 79.6 | –68.2 | –85.8 | 93.9 |
| –/+ Other non-cash financial results | –42.6 | –27.5 | –15.1 | –55.0 | 3.3 |
| – Release of deferred income from network subsidies | –21.7 | –19.8 | –1.9 | –9.7 | –39.8 |
| –/+ Decrease/increase in non-current provisions | –13.0 | 34.5 | –47.5 | – | 76.6 |
| +/– Other non-cash expenses/gains | 1.8 | –0.7 | 2.5 | – | 0.1 |
| **Gross cash flow** | 292.1 | 379.1 | –87.1 | –23.0 | 553.6 |
| – Changes in assets and liabilities arising from operating activities | –58.2 | –202.9 | 144.7 | 71.3 | 36.5 |
| – Income tax paid | –14.6 | –20.4 | 5.8 | 28.6 | –28.3 |
| **Net cash flow from operating activities** | 219.3 | 155.9 | 63.4 | 40.7 | 561.7 |
| – Changes in intangible assets and property, plant and equipment | –69.6 | –84.0 | 14.4 | 17.2 | –245.0 |
| – Changes in financial assets and other non-current assets | 16.2 | –52.9 | 69.1 | – | –95.3 |
| – Changes in current securities | 43.2 | 0.1 | 43.0 | – | –40.3 |
| **Net cash flow from investing activities** | –10.2 | –136.8 | 126.6 | 92.5 | –380.5 |
| – Dividends paid to EVN AG shareholders | –74.8 | –75.0 | 0.2 | 0.3 | –75.0 |
| – Dividends paid to non-controlling interests | –2.1 | –1.7 | –0.4 | –25.6 | –36.7 |
| – Acquisition of own shares | –1.0 | –6.5 | 5.5 | 84.5 | –10.2 |
| +/– Changes in financial liabilities | –130.0 | 72.1 | –202.1 | – | 31.4 |
| **Net cash flow from financing activities** | –207.9 | –11.1 | –196.8 | – | –90.5 |
| **Net change in cash and cash equivalents** | 1.2 | 8.0 | –6.8 | –85.1 | 90.7 |
| **Cash and cash equivalents at the beginning of the period**[1] | 224.8 | 134.1 | 90.7 | 67.6 | 134.1 |
| **Cash and cash equivalents at the end of the period**[1] | 226.0 | 142.1 | 83.9 | 59.1 | 224.8 |

1) By adding bank overdrafts this results in cash and cash equivalents according to the consolidated statement of financial position.

# Notes to the consolidated interim report

## Accounting and valuation methods

This consolidated interim report as at 31 March 2014, 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 2012/13 financial year (balance sheet date: 30 September 2013).

The accounting and valuation methods are essentially the same as those applied as at 30 September 2013, 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 2013/14 financial year:

| Standards and interpretations applied for the first time | | Effective[1] |
|---|---|---|
| **New standards and interpretations** | | |
| IFRS 13 | Fair Value Measurement | 01.01.2013 |
| IFRIC 20 | Stripping Costs in the Production Phase of a Surface Mine | 01.01.2013 |
| **Revised standards and interpretations** | | |
| IFRS 1 | First-time Adoption of IFRS – Government Loans | 01.01.2013 |
| IFRS 7 | Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities | 01.01.2013 |
| Several | Annual Improvements 2009–2011 | 01.01.2013 |

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.

IFRS 13 was published by the IASB in May 2011 and is the result of a joint project by the IASB and FASB to develop a standardised concept for the measurement of fair value. The measurement of fair value is based on a hypothetical transaction, whereby the sale of an asset or the transfer of a liability in the principal market for this asset or liability is assumed. If the principal market cannot be identified, measurement must take place in the most advantageous market for the asset or liability. IFRS 13 defines a three-level "fair value hierarchy", which gives the level 1 input factors the highest priority for the measurement of fair value. The transition to IFRS 13 requires the inclusion of a company's own credit risk in the fair value measurement of derivatives. In addition, the disclosures in the notes are now standardised and expanded. The effects of the prospective initial application of IFRS 13 in the first half of 2013/14 are reflected, above all, in additional disclosures on financial instruments in these interim financial statements.

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

## Seasonally-related effect 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 37 foreign subsidiaries (30 September 2013: 26 domestic and 37 foreign subsidiaries) were fully consolidated as of 31 March 2014. As at 31 March 2014, 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 (30 September 2013: 31).

| Scope of consolidation | Fully | Propor-tionate | Equity | Total |
|---|---|---|---|---|
| 30.09.2013 | 63 | 5 | 18 | 86 |
| First consolidation | – | – | 1 | 1 |
| 31.03.2014 | 63 | 5 | 19 | 87 |
| thereof foreign companies | 37 | – | 6 | 43 |

On 12 October 2011, the contract was signed for the rebuilding and expansion of the sewage treatment plant in Prague. Degremont WTE Wassertechnik Praha v.o.s. was founded for this purpose and initially consolidated at equity during the first quarter of 2013/14.

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

### Selected notes to the consolidated statement of operations

The composition of depreciation developed as followed:

| Content of depreciation<br>EURm | 2013/14<br>HY. 1 | 2012/13<br>HY. 1 |
|---|---|---|
| Scheduled depreciation | –117.7 | –118.2 |
| Impairment | –0.3 | – |
| Total depreciation | –118.0 | –118.2 |

The income from investments developed as followed:

| Income from investments<br>EURm | 2013/14<br>HY. 1 | 2012/13<br>HY. 1 |
|---|---|---|
| RAG | 25.7 | 48.9 |
| EconGas | – | –20.4 |
| Energie Burgenland | 11.1 | 6.7 |
| ZOV; ZOV UIP | 5.7 | 5.5 |
| Devoll Hydropower ShA | – | –27.5 |
| WEEV Beteiligungs GmbH | 3.3 | –22.5 |
| STEAG-EVN Walsum | 0.7 | –0.8 |
| Other companies | 3.0 | 2.8 |
| Share of results of equity accounted investees | 49.5 | –7.3 |
| Verbund AG | 40.1 | 24.1 |
| Other companies | 2.2 | 2.4 |
| Results from other investments | 42.3 | 26.5 |
| Total income from investments | 91.8 | 19.2 |

In the same period of previous year, income from investments was marked by negative earnings contributions of EconGas, Devoll Hydropower ShA and WEEV Beteiligungs GmbH. The negative contribution of EconGas resulted from the high negative spread between long-term, oil price-linked gas procurement and hub price-linked sales and from the recognition of a provision for impending losses on contractually agreed, long-term transport and LNG capacity bookings. In addition, the sale of the stake owned by EVN AG in Devoll Hydropower ShA to Statkraft A.S. led to a non-recurring negative pre-tax effect of EUR 27.5m in the previous year. The negative earnings contribution by WEEV Beteiligungs GmbH of the previous year resulted from a market valuation driven 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.

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. 177,968,040 as of 31 March 2014 (31 March 2013: 178,595,778 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 189.5m (31 March 2013: EUR 131.5m), earnings per share at the balance sheet date 31 March 2014, totalled EUR 1.06 (31 March 2013: EUR 0.74 per share).

### Selected notes to the consolidated statement of financial position

In the first half of 2013/14, EVN acquired intangible assets and property, plant and equipment to the sum of EUR 131.1m (previous year: EUR 124.5m). Property, plant and equipment with a net carrying amount (book value) of EUR 2.0m were disposed of (previous year: EUR 1.1m), with a capital loss of EUR 0.8m (previous year: capital gain of EUR 1.0m).

The item investments in equity accounted investees increased by EUR 18.8m, or 1.8%, to EUR 1,066.7m. This increase resulted from additions of EUR 34.1m related to the equity contribution for the Duisburg-Walsum power plant project in Germany as well as by the current earnings contribution of EUR 49.1m. The increase is contrasted by the distributions of RAG and ZOV UIP, which totalled EUR 60.4m. There were also changes related to valuation changes not recognised in profit and loss and currency translation differences.

Other investments totalling EUR 624.7m, which are assigned to the category of "available-for-sale", include the shares of listed companies with a market value of EUR 598.9m, a decrease of EUR 72.2m 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<br>Number | 2013/14<br>HY. 1 |
|---|---|
| Balance 30.09.2013 | 178,034,790 |
| Purchase of treasury shares | –113,500 |
| Total 31.03.2014 | 177,921,290 |

On 30 May 2012, 28 December 2012 and 29 August 2013, the Executive Board of EVN AG approved the repurchase of the company's shares in connection with the share buyback programme. These decisions were based on an authorisation of the 83rd Annual General Meeting of EVN AG on 19 January 2012, with each buyback covering the purchase of up to 1,000,000 of the company's shares. The maximum purchase under each of these decisions would represent up to 0.556% of the current share capital of EVN AG. This programme was terminated and replaced by a new authorisation for the repurchase of shares by the 85th Annual General Meeting on 16 January 2014.

As of 31 March 2014, the number of treasury shares amounted to 1,957,112 (or 1.09% of the share capital) with an acquisition value of EUR 21.9m and a market value of EUR 20.0m (30 September 2013: EUR 20.8m). The treasury shares held by EVN AG are not entitled to any rights, and in particular, they are not entitled to dividends.

The 85th Annual General Meeting of EVN AG, held on 16 January 2014, approved the proposal of the Executive Board and Supervisory Board to distribute a dividend of EUR 0.42 per share for the 2012/13 financial year, which comprises a total dividend payout of EUR 74.8m. Ex-dividend date was 21 January 2014, and the dividend payment to shareholders of EVN AG took place on 24 January 2014.

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

| Break-down of non-current loans and borrowings<br>EURm | 31.03.2014 | 30.09.2013 |
|---|---|---|
| Bonds | 701.0 | 707.0 |
| Bank loans | 972.3 | 864.4 |
| Total non-current loans and borrowings | 1,673.3 | 1,571.4 |

The EUR 6.0m decline in bonds resulted primarily from revaluation of the hedged foreign currency exposure. This was offset by a corresponding increase in the fair values of the swaps.

Bank loans include loans to finance the current capital expenditure programme, in particular for network investments in Lower Austria, as well as on-going scheduled instalment payments. The issue of the EUR 121.5m promissory note loans in October 2012 is also reflected in the bank loans.

## Segment reporting

| EURm | Generation | | Energy Trade and Supply | | Network Infrastructure Austria | | Energy Supply South East Europe | |
|---|---|---|---|---|---|---|---|---|
| | 2013/14 HY. 1 | 2012/13 HY. 1 | 2013/14 HY. 1 | 2012/13 HY. 1 | 2013/14 HY. 1 | 2012/13 HY. 1 | 2013/14 HY. 1 | 2012/13 HY. 1 |
| External revenue | 18.6 | 18.3 | 576.8 | 672.7 | 268.2 | 269.2 | 540.9 | 570.7 |
| Internal revenue (between segments) | 40.7 | 48.0 | 16.4 | 23.5 | 24.6 | 25.1 | 0.2 | 0.2 |
| **Total revenue** | **59.2** | **66.2** | **593.2** | **696.2** | **292.8** | **294.3** | **541.1** | **570.9** |
| Operating expenses | –31.2 | –34.1 | –520.0 | –629.9 | –139.1 | –142.3 | –504.7 | –523.4 |
| **EBITDA** | **28.0** | **32.1** | **73.2** | **66.3** | **153.7** | **152.0** | **36.3** | **47.5** |
| Depreciation and amortisation | –14.7 | –13.8 | –7.9 | –7.5 | –50.6 | –49.5 | –31.0 | –33.7 |
| **Results from operating activities (EBIT)** | **13.3** | **18.4** | **65.2** | **58.8** | **103.1** | **102.5** | **5.4** | **13.8** |
| Financial results | –6.2 | –33.5 | –5.7 | –24.1 | –8.2 | –8.6 | –15.3 | –14.8 |
| **Profit before income tax** | **7.0** | **–15.1** | **59.6** | **34.7** | **94.9** | **93.9** | **–10.0** | **–1.0** |
| Total assets | 916.2 | 829.3 | 602.4 | 639.3 | 1,812.1 | 1,765.5 | 1,500.0 | 1,273.2 |
| Investments[1] | 13.9 | 9.9 | 11.0 | 5.7 | 61.0 | 49.9 | 39.9 | 50.2 |

| | Environmental Services | | Strategic Investments and Other Business | | Consolidation[2] | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2013/14 HY. 1 | 2012/13 HY. 1 | 2013/14 HY. 1 | 2012/13 HY. 1 | 2013/14 HY. 1 | 2012/13 HY. 1 | 2013/14 HY. 1 | 2012/13 HY. 1 |
| External revenue | 76.4 | 120.5 | 0.7 | 1.0 | – | – | 1,481.5 | 1,652.4 |
| Internal revenue (between segments) | 10.3 | 9.4 | 34.1 | 32.9 | –126.4 | –139.0 | – | – |
| **Total revenue** | **86.7** | **129.9** | **34.8** | **33.9** | **–126.4** | **–139.0** | **1,481.5** | **1,652.4** |
| Operating expenses | –70.6 | –101.7 | –38.1 | –28.8 | 125.3 | 138.0 | –1,178.5 | –1,322.2 |
| **EBITDA** | **16.1** | **28.2** | **–3.3** | **5.1** | **–1.1** | **–1.0** | **303.0** | **330.2** |
| Depreciation and amortisation | –14.0 | –13.9 | –0.8 | –0.8 | 1.1 | 1.0 | –118.0 | –118.2 |
| **Results from operating activities (EBIT)** | **2.1** | **14.3** | **–4.1** | **4.3** | **–** | **–** | **184.9** | **212.1** |
| Financial results | 5.0 | 5.5 | 96.2 | 66.6 | –12.4 | –8.3 | 53.4 | –17.2 |
| **Profit before income tax** | **7.0** | **19.8** | **92.1** | **70.9** | **–12.4** | **–8.3** | **238.3** | **194.9** |
| Total assets | 1,440.1 | 1,471.0 | 2,766.5 | 2,777.4 | –1,840.9 | –1,690.9 | 7,196.3 | 7,064.7 |
| Investments[1] | 8.2 | 7.5 | 0.4 | 1.6 | –3.4 | –0.3 | 131.1 | 124.5 |

1) In intangible assets and property, plant and equipment
2) Services performed between segments are eliminated in the consolidation column.
The results in the "total" column reflect the amounts shown in the consolidated statement of operations.

## Selected notes on financial instruments

### Information on classes and categories of financial instruments
EURm

| Classes | Measurement category | Fair value hierarchy (according to IFRS 13) | 31.03.2014 Carrying amount | 31.03.2014 Fair value | 30.09.2013 Carrying amount | 30.09.2013 Fair value |
|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | |
| Other investments | | | | | | |
| Investments in affiliates | – | – | 10.2 | – | 8.1 | – |
| Miscellaneous investments[1] | AFS | Level 1 | 614.4 | 614.4 | 686.7 | 686.7 |
| | | | 624.7 | | 694.8 | |
| Other non-current assets | | | | | | |
| Securities | @FVTPL | Level 1 | 72.3 | 72.3 | 57.1 | 57.1 |
| Loans receivable | LAR | | 39.4 | 39.4 | 39.2 | 39.2 |
| Lease receivables and accrued lease transactions | LAR | | 697.2 | 697.2 | 703.6 | 703.6 |
| Non-financial assets | – | | 78.8 | – | 61.1 | – |
| | | | 887.8 | | 861.1 | |
| **Current assets** | | | | | | |
| Current receivables and other current assets | | | | | | |
| Trade and other receivables | LAR | | 683.4 | 683.4 | 507.5 | 507.5 |
| Receivables arising from derivative transactions | Hedge Accounting | Level 2 | 0.5 | 0.5 | 35.1 | 35.1 |
| Non-financial assets | – | | 32.5 | – | 22.9 | – |
| | | | 716.4 | | 565.5 | |
| Securities | AFS | Level 1 | 0.7 | 0.7 | 43.9 | 43.9 |
| Cash and cash equivalents | | | | | | |
| Cash on hand and cash at banks | LAR | | 255.7 | 255.7 | 259.2 | 259.2 |
| | | | 255.7 | | 259.2 | |
| **Non-current liabilities** | | | | | | |
| Non-current loans and borrowings | | | | | | |
| Bonds | FLAC | | 701.0 | 799.9 | 707.0 | 792.2 |
| Bank loans | FLAC | | 972.3 | 972.3 | 864.4 | 864.4 |
| | | | 1,673.3 | | 1,571.4 | |
| Other non-current liabilities | | | | | | |
| Leases | FLAC | | 20.4 | 20.4 | 21.5 | 21.5 |
| Accruals of financial transactions | FLAC | | 3.1 | 3.1 | 3.9 | 3.9 |
| Other liabilities | FLAC | | 6.6 | 6.6 | 9.5 | 9.5 |
| Liabilities arising from derivative transactions | Hedge Accounting | Level 2 | 23.0 | 23.0 | 16.6 | 16.6 |
| | | | 53.1 | | 51.5 | |
| **Current liabilities** | | | | | | |
| Current loans and borrowings | FLAC | | 116.5 | 116.5 | 390.3 | 390.3 |
| Trade payables | FLAC | | 509.3 | 509.3 | 461.9 | 461.9 |
| Other current liabilities | | | | | | |
| Other financial liabilities | FLAC | | 207.3 | 207.3 | 101.1 | 101.1 |
| Liabilities arising from derivative transactions | Hedge Accounting | Level 2 | 26.1 | 26.1 | 6.0 | 6.0 |
| Non-financial liabilities | – | | 67.3 | – | 77.8 | – |
| | | | 300.7 | | 184.9 | |
| **Aggregated to measurement categories** | | | | | | |
| Available for sale financial assets | AFS | | 615.2 | | 730.6 | |
| Loans and receivables | LAR | | 1,675.8 | | 1,509.5 | |
| Financial assets designated at fair value through profit or loss | @FVTPL | | 72.3 | | 57.1 | |
| Financial liabilities at amortised cost | FLAC | | 2,536.5 | | 2,559.7 | |

1) Primarily listed investments that are classified being available for sale.

The previous table shows the financial instruments carried at fair value and their classification in the fair value hierarchy according to IFRS 13.

Level 1 input factors are observable parameters such as quoted prices for identical assets or liabilities. These prices are used for valuation purposes without modification.

Level 2 input factors represent other observable parameters which must be adjusted to reflect the specific characteristics of the valuation object. Examples of the parameters used to measure the financial instruments classified under level 2 are forward price curves derived from market prices, exchange rates, interest structure curves and the counterparty credit risk.

Level 3 input factors are unobservable factors that must be modified to reflect the assumptions that market participants would use to determine an appropriate price for the respective asset or liability. At the present time, EVN has no financial instruments that are measured at fair value in accordance with level 3.

There were no reclassifications between the various levels during the reporting period.

### Selected notes to the statement of cash flows

Interest income and interest expense are allocated to current business activities. Interest income amounted to EUR 11.5m (previous year: EUR 9.4m), whereas interest expense was EUR 24.0m (previous year: EUR 27.8m). Furthermore, cash inflows from dividends of EUR 60.4m (previous year: EUR 72.3m) 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 2012/13.

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

| Transactions with investments in equity accounted investees<br>EURm | 2013/14<br>HY. 1 | 2012/13<br>HY. 1 |
|---|---|---|
| Revenue | 78.2 | 95.9 |
| Cost of materials and services | 343.5 | 431.7 |
| Trade accounts receivable | 93.4 | 106.1[1)] |
| Trade accounts payable | 96.1 | 22.4[1)] |

1) Values at 30 September 2013

### Other obligations and risks

Other obligations and risks increased by EUR 44.7m to EUR 937.8m compared to 30 September 2013. This change was mainly due to the rise in scheduled orders for investments in intangible assets and property, plant and equipment as well as the increased guarantees for subsidiaries in connection with energy transactions as at the reporting date. This increase was in contrast to the decline in guarantees for subsidiaries in connection with the construction and operation of power plants as well as a decrease in guarantees in connection with construction projects in the Environmental Services segment.

Contingent liabilities related to guarantees for energy transactions are recognised on the basis of the guarantees issued by e&t Energie Handelsgesellschaft mbH and EconGas GmbH at an amount equalling the risk exposure of EVN AG. This risk is measured by the changes between the stipulated price and the actual market price, whereby EVN is only exposed to procurement risks when market prices decline and to selling risks when market prices increase. Accordingly, fluctuations in market prices may lead to a change in the risk exposure after the balance sheet date. The risk assessment resulted in a contingent liability of EUR 108.9m as of 31 March 2014. The nominal volume of the guarantees underlying this assessment was EUR 450.5m.

### Events after the balance sheet date

The following events of material importance took place between the quarterly balance sheet date of 31 March 2014, and the editorial deadline of the consolidated interim report on 27 May 2014:

The 67th Ordinary General Meeting of Verbund AG held on 9 April 2014 resolved to distribute a dividend of EUR 1.00 per share (previous year: EUR 0.60 per share) for the 2013 financial year. The dividend was already recognised in the current reporting period in terms of the valuation of the shareholding and in the financial results.

Within the context of the share buyback programme that was launched on 22 January 2014, an additional 41,000 shares were repurchased over the Vienna Stock Exchange from 31 March 2014 to 26 May 2014. As of 26 May 2014, EVN AG held 1,998,112 treasury shares or 1.1% of share capital.

In April 2014, the rating agency Standard & Poor's confirmed EVN's BBB+ long-term, investment grade rating and the "stable" outlook.

## Statement by the Executive Board
pursuant to § 87 (1) Z 3 Austrian Stock Exchange Act

The Executive Board of EVN AG certifies, to the best of its knowledge, that these unaudited condensed interim financial statements which were prepared in accordance with the decisive reporting standards present a true and fair view of the assets, liabilities, financial position and profit or loss of the EVN Group with regard to important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, with regard to the principal risks and uncertainties for the remaining six months of the financial year and to transactions with related companies and individuals to be disclosed.

Maria Enzersdorf, 27 May 2014

EVN AG
The Executive Board

**Peter Layr**
Spokesman of the Executive Board

**Stefan Szyszkowitz**
Member of the Executive Board

# The EVN share

Almost all major stock indices recorded growth during the reporting period from 1 October 2013 to 31 March 2014. The German benchmark index DAX and the US Dow Jones each rose by 10% to a near historical high.

This development was supported by continuing reports of sound corporate earnings, expansive monetary policies by key central banks and favourable trends in numerous preliminary indicators such as the Purchasing Managers Index. The recent stabilisation in the European peripheral countries also had a steadying influence on the financial markets, as did the successful return of Greece and Portugal to the capital market with bond issues in April 2014.

The announcement of the start of tapering (reduction in monthly bond purchases) by the US Federal Reserve resulted in initial uncertainty, but had no further negative effects on the capital markets.

In response to the continuing low level of inflation, the European Central Bank (ECB) cut the prime lending rate by 25 basis points to 0.25% in mid-November 2013. The further development of the inflation rate will determine interest rate and monetary policies over the coming months. It is currently assumed that the ECB will hold the prime lending rate at a low level for a longer period.

The EVN share was reclassified from the ATX to the ATX Prime of the Vienna Stock Exchange as of 24 March 2014. In a market that remained difficult for utility companies, the EVN share lost 9.5% during the first six months of the 2013/14 financial year and traded at EUR 10.22 on 31 March 2014. The Dow Jones Euro Stoxx Utilities, the relevant industry index for EVN, rose by 18.2% and the ATX Prime by 1.2% during this same period. Vienna's benchmark ATX index fell by 0.2%.

The market capitalisation of EVN AG totalled EUR 1.84bn as of 31 March 2014. The daily turnover of EVN shares was slightly higher than the comparable prior year period at 57,778 (single counting). This represents an annual trading volume of EUR 79m (single counting) and 0.66% of the total trading volume on the Vienna Stock Exchange. EVN was weighted at 0.76% in the ATX Prime as of 31 March 2014.

From the start of the share buyback programme on 6 January 2012 to its termination on 16 January 2014, EVN repurchased 1,640,030 of its shares.

The 85th Annual General Meeting on 16 January 2014 approved a new authorisation for the Executive Board to repurchase the company's shares (i) pursuant to § 65 (1) no. 4 of the Austrian Stock Corporation Act for distribution to the company's employees or to other subsidiaries and (ii) pursuant to § 65 (1) no. 8 of the Austrian Stock Corporation Act for no specific purpose at an amount equal to a maximum of 10 per cent of the share capital of EVN AG during a period of 30 months starting on the date the resolution is passed. On that same day, the Executive Board of EVN AG decided to make use of this authori-

**The EVN share price – relative development**

| EVN share – performance | | 2013/14 HY. 1 | 2012/13 HY. 1 |
|---|---|---|---|
| Share price at the end of March | EUR | 10.22 | 11.30 |
| Highest price | EUR | 12.50 | 12.66 |
| Lowest price | EUR | 10.01 | 10.73 |
| Value of shares traded[1] | EURm | 79 | 77 |
| Average daily turnover[1] | Shares | 57,778 | 54,811 |
| Share of total turnover[1] | % | 0.66 | 0.87 |
| Market capitalisation at the end of March | EURm | 1,838 | 2,033 |
| ATX weighting at the end of March | % | 0.76 | 0.99 |
| WBI (Vienna Stock Exchange weighting) at the end of March | % | 2.12 | 2.60 |

1) Vienna Stock Exchange, single counting

sation and to repurchase up to 1,000,000 shares – representing up to 0.556% of current share capital – over the Vienna Stock Exchange. This share buyback is intended primarily to improve the supply and demand for the EVN share on the Vienna Stock Exchange, whereby trading in treasury shares is excluded as a purpose of the buyback. The share buyback programme started on 22 January 2014 and will end on 30 September 2014 at the latest. A total of 67,000 shares were repurchased by 31 March 2014 within the framework of this new share buyback programme.

EVN AG held 1,957,112 treasury shares as of 31 March 2014, including the shares repurchased during 2008 and between 2012 and 2014. These treasury shares represent approximately 1.1% of share capital.

EVN's strategy for the use of its financial resources includes establishing a balance between current investment projects and attractive dividends for shareholders. The 85th Annual General Meeting on 16 January 2014 approved the distribution of a dividend of EUR 74.8m, or EUR 0.42 per share, to shareholders for the 2012/13 financial year. The ex-dividend day was 21 January 2014, and payment was made to shareholders on 24 January 2014.

In accordance with Austrian federal and provincial constitutional law, the province of Lower Austria is the major shareholder of EVN AG with a stake of 51%. This shareholding is formally held by NÖ Landes-Beteiligungsholding GmbH, St. Pölten, which is a subsidiary of the province of Lower Austria. On 20 December 2013, EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany, concluded a trust agreement with EnBW Trust within the framework of a so-called contractual trust arrangement model. This led to the transfer in trust of EnBW's 32.5% stake in EVN to EnBW Trust. Therefore, the second largest shareholder is EnBW Trust e.V., Karlsruhe, Germany, with a stake of 32.5%. The treasury shares held by EVN AG represent approximately 1.1% of share capital, and free float equalled 15.4%.

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**Online Letter to Shareholders**
www.financialreport.evn.at/?report=EN2014-Q2

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

| Financial calendar[1] | |
|---|---|
| Results Q. 1–3 2013/14 | 28.08.2014 |
| Annual results 2013/14 | 11.12.2014 |

1) Preliminary

| EVN share – Basic information | |
|---|---|
| Share capital | EUR 330,000,000.00 |
| Denomination | 179,878,402 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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