

# EVN IR News

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16.12.2021

## Business development in the 2020/21 financial year

(1 October 2020 – 30 September 2021)

### Highlights

- Group net result of EUR 325.3m based on solid operating performance and non-cash, non-recurring effects
- EVN Climate Initiative – new climate protection goals agreed with the Science Based Targets Initiative outline the path to reduce CO<sub>2</sub> emissions
- Exit from coal-based electricity generation with the sale of the 49% investment in the Walsum 10 hard coal-fired power plant
- Share of renewable electricity generation: 57.1%
- Investments remain focused on renewable generation, network infrastructure and drinking water supplies in Lower Austria
- Dividend proposal: EUR 0.52 per share

### Key results

- **Revenue:** +13.6% to EUR 2,394.9m
- **EBITDA:** +41.7% to EUR 836.5m
- **EBIT:** +41.5% to EUR 386.4m
- **Group net result:** +62.9% to EUR 325.3m
- **Net debt:** EUR 813.8m (30 September 2020: EUR 1,037.7m)

### Energy sector environment

The 2020/21 financial year was influenced by a significant year-on-year decline in temperatures in EVN's three core markets. The average EEX price for natural gas nearly tripled due to the generally higher demand for natural gas, lower natural gas storage volumes in Europe and the economic restart after the Covid-19-related decline in demand during 2020. Spot market prices for electricity were nearly twice as high on average as the previous year owing to a significant increase in primary energy prices as well as unfavourable wind flows. On the forward market, electricity prices were three and a half-times higher than the previous year. The market price for CO<sub>2</sub> emission certificates reflected a year-on-year increase of almost 70%.

### Effects of the corona crisis

Due to its integrated business model and broad customer diversification, the corona crisis had only a selective negative influence on EVN's operating results in 2020/21. However, Covid-19-related lockdowns, travel restrictions

and distortions in international supply chains complicated the international environmental project business and led in part to project delays.

### Group net result above previous year

Revenue recorded by the EVN Group rose by 13.6% year-on-year to EUR 2,394.9m in 2020/21. This sound development was supported primarily by the international project business, in particular by the wastewater treatment project in Kuwait which started in summer 2020. Increased revenue was also recorded by the energy distribution business in South East Europe and by network operations: In addition to cooler weather in all three core markets, the higher network tariffs set by the Austrian E-Control as of 1 January 2021 had also an effect. Revenue growth was also supported by an increase in electricity generation and by higher electricity prices. The lower valuation effects from electricity generation hedges represented a contrary factor.

Other operating income rose to EUR 250.1m (previous year: EUR 64.4m), chiefly from effects related to the Walsum 10 power plant. EVN took over additional electricity procurement rights in the first quarter of 2020/21 and, on 30 September 2021, sold its 49% investment in the power plant and terminated the related electricity purchases.

The cost of electricity purchases from third parties and primary energy expenses rose by 19.9% to EUR 1,064.7m. The main factors for this upward trend were higher energy procurement costs in South East Europe and at EVN Wärme, a higher volume of thermal generation and the related increased use of primary energy, and rising wholesale prices. Effects from the valuation of hedges led to a reduction of these costs. The cost of materials and services increased by 60.7% to EUR 509.2m due to developments in the international project business. Personnel expenses were 3.4% higher than the previous year at EUR 361.3m. In addition to adjustments required by collective bargaining agreements, this increase resulted, among others, from additional hiring for the wastewater treatment project in Kuwait.

The share of results from equity accounted investees with operational nature rose to EUR 239.6m (previous year: EUR 94.1m), chiefly due to the improvement in operating earnings and valuation effects from hedges held by EVN KG. In addition, the impairment losses recognised to Verbund Innkraftwerke GmbH and the Ashta hydropower plant in the previous year (EUR 20.7m, respectively EUR 4.9m) were offset in 2020/21 by revaluations of EUR 25.3m and EUR 23.8m, respectively.

Based on these developments, EBITDA rose by 41.7% year-on-year to EUR 836.5m. Higher investments and the amortisation of capitalised advance project costs for the project in Kuwait were responsible for an increase of 13.8% in scheduled depreciation and amortisation to EUR 337.7m. In addition, impairment losses of EUR 113.1m were recorded to a thermal power plant in the first quarter of 2020/21 following the takeover of an additional electricity procurement right. EBIT for the 2020/21 financial year totalled EUR 386.4m (previous year: EUR 273.1m).

Financial results declined to EUR –20.0m (previous year: EUR –15.8m) despite the better performance of the R138 fund and an increase in the dividend from Verbund AG to EUR 0.75 per share for the 2020 financial year (previous year: EUR 0.69). The reduction resulted from an interest rate hedge that was concluded for the entire term of the bank financing for the Walsum 10 power plant but was terminated prematurely following the sale of the investment in this power plant as of 30 September 2021.

Group net result for the 2020/21 financial year rose by 62.9% to EUR 325.3m.

### Solid balance sheet structure

EVN has a solid and stable capital structure which provides a sound foundation for the realisation of its investment focal points in Lower Austria over the coming years. Net debt totalled EUR 813.8m as of 30 September 2021.

## Energy. Water. Life. – Developments in the energy and environmental services business

### Energy business

Electricity generation from renewable energy rose by 1.5% to 2,283 GWh in 2020/21. A decline in wind flows compared with the previous year was offset by an increase in water flows. However, wind power production was lower year-on-year despite the expansion of capacity. EVN had an installed wind power capacity of 394 MW as of 30 September 2021 (previous year: 367 MW). This increase resulted from the commissioning of the Kettlasbrunn II wind park (8.4 MW) in December 2020 and the acquisition of an existing wind park (18.5 MW) in Lower Austria as of 30 June 2021.

In line with the Strategy 2030, EVN plans to expand the Group's wind power capacity to 750 MW by 2030 if energy sector conditions are appropriate. This goal will be met through projects in Lower Austria and Bulgaria. Photovoltaic projects will also be realised in Lower Austria, Bulgaria and North Macedonia, with a Group-wide installed capacity of 300 MW.

Thermal electricity generation rose by 11.7% to 1,715 GWh in 2020/21 because the Walsum 10 power plant was more frequently called on than in 2019/20. Thermal generation capacity reflected a further step towards the future reduction of CO<sub>2</sub> emissions: As of 30 September 2021, EVN sold its 49% investment in the Walsum 10 hard coal-fired power plant to the joint venture partner STEAG and ended electricity purchases from this source. That marked EVN's final exit from hard coal-based electricity generation. The Theiss gas-fired power plant remains operational to provide the Austrian network transmission operator with contractually agreed reserve capacity, which was used solely for network stabilisation in 2020/21. Reserve capacity of 470 MW has been contractually agreed for 2021/22.

### Environmental and water business

Investments in drinking water supplies remain focused on the expansion of cross-regional pipeline networks, for example the construction of a new 60 km transport pipeline from Krems to Zwettl to protect water supplies in the Waldviertel and Weinviertel regions. In addition to other pipeline projects, EVN is also investing in the construction of its fifth natural filter plant. It will be commissioned in Petronell during January 2022 and shall supply ten communities east of Vienna International Airport with naturally softened drinking water.

As of 30 September 2021, WTE Wassertechnik was working on the planning and construction of 14 projects in Germany, Poland, Lithuania, Romania, Bahrain and Kuwait. Included here are four projects for thermal sludge utilisation plants in Germany.

### Outlook for the 2021/22 financial year

EVN expects Group net result to range from approximately EUR 200m to EUR 240m for the 2021/22 financial year. However, stronger or longer distortions on the energy markets could have a negative impact on expected earnings. Investments will increase to approximately EUR 500m and will be focused, above all, on the regulated and stable business areas of network infrastructure, renewable generation and drinking water supplies. These activities are intended to protect EVN's solid business foundation and support continued growth.

For the complete Full Report on the 2020/21 financial year, see [www.investor.evn.at](http://www.investor.evn.at).

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## EVN in figures

	GWh	2020/21	2019/20	+/-		2018/19
				Nominal	%	
<b>Key energy business indicators</b>						
<b>Electricity generation volumes</b>		<b>3,997</b>	<b>3,785</b>	<b>213</b>	<b>5.6</b>	<b>5,594</b>
Renewable energy sources		2,283	2,250	33	1.5	2,315
Thermal energy sources		1,715	1,535	180	11.7	3,279
<b>Network distribution volumes</b>						
Electricity		23,257	22,154	1,103	5.0	22,734
Natural gas <sup>1)</sup>		16,184	15,228	956	6.3	16,080
<b>Energy sales volumes to end customers</b>						
<b>Electricity</b>		<b>20,207</b>	<b>19,813</b>	<b>394</b>	<b>2.0</b>	<b>19,924</b>
thereof Central and Western Europe <sup>2)</sup>		8,717	8,463	254	3.0	7,941
thereof South Eastern Europe		11,490	11,351	139	1.2	11,983
<b>Natural gas</b>		<b>5,412</b>	<b>4,957</b>	<b>455</b>	<b>9.2</b>	<b>5,083</b>
<b>Heat</b>		<b>2,545</b>	<b>2,303</b>	<b>242</b>	<b>10.5</b>	<b>2,196</b>
thereof Central and Western Europe <sup>2)</sup>		2,342	2,111	230	10.9	1,987
thereof South Eastern Europe		203	192	11	5.8	209

<sup>1)</sup> Incl. Network distribution volumes to EVN power plants

<sup>2)</sup> Central and Western Europe covers Austria and Germany

	EURm	2020/21	2019/20	+/-		2018/19
				Nominal	%	
<b>Condensed consolidated statement of operations</b>						
<b>Revenue</b>		<b>2,394.9</b>	<b>2,107.5</b>	<b>287.4</b>	<b>13.6</b>	<b>2,204.0</b>
Other operating income		250.1	64.4	185.7	-	117.8
Electricity purchases and primary energy expenses		-1,064.7	-888.3	-176.4	-19.9	-1,081.3
Costs of materials and services		-509.2	-316.9	-192.3	-60.7	-280.3
Personnel expenses		-361.3	-349.3	-12.0	-3.4	-338.7
Other operating expenses		-113.0	-121.1	8.1	6.7	-120.2
Share of results from equity accounted investees with operational nature		239.6	94.1	145.5	-	130.5
<b>EBITDA</b>		<b>836.5</b>	<b>590.4</b>	<b>246.1</b>	<b>41.7</b>	<b>631.7</b>
Depreciation and amortisation		-337.7	-296.7	-41.0	-13.8	-269.8
Effects from impairment tests		-112.4	-20.6	-91.8	-	41.6
<b>Results from operating activities (EBIT)</b>		<b>386.4</b>	<b>273.1</b>	<b>113.3</b>	<b>41.5</b>	<b>403.5</b>
<b>Financial results</b>		<b>-20.0</b>	<b>-15.8</b>	<b>-4.2</b>	<b>-26.4</b>	<b>-29.9</b>
<b>Result before income tax</b>		<b>366.4</b>	<b>257.3</b>	<b>109.1</b>	<b>42.4</b>	<b>373.5</b>
Income tax expense		-14.7	-28.7	13.9	48.6	-46.7
<b>Result for the period</b>		<b>351.7</b>	<b>228.6</b>	<b>123.1</b>	<b>53.8</b>	<b>326.9</b>
thereof result attributable to EVN AG shareholders (Group net result)		325.3	199.8	125.6	62.9	302.4
thereof result attributable to non-controlling interests		26.4	28.9	-2.5	-8.7	24.5
<b>Earnings per share in EUR<sup>1)</sup></b>		<b>1.83</b>	<b>1.12</b>	<b>0.7</b>	<b>62.8</b>	<b>1.70</b>

<sup>1)</sup> There is no difference between basic and diluted earnings per share.