

# EVN AG

Austria, Utilities

## Rating composition

Business Risk Profile		
Industry risk profile	A+	A-
Competitive position	A-	
Financial Risk Profile		
Credit metrics	AA-	A+
Cash flow generation	Good	
<b>Preliminary credit assessment</b>		
<b>A</b>		
Supplementary rating drivers		
Liquidity	+/-0 notches	+/-0 notches
Governance & structure	+/-0 notches	
Financial policy	+/-0 notches	
<b>Secondary credit assessment</b>		
<b>A</b>		
External rating drivers		
Parent/government support	+1 notch	+1 notch
Peer context	+/-0 notches	
<b>Issuer rating</b>		
<b>A+</b>		

## Key metrics

Scope credit ratios*	Scope estimates			
	2023/24	2024/25	2025/26E	2026/27E
Scope-adjusted EBITDA interest cover	>20x	>20x	20x	17x
Scope-adjusted debt/EBITDA	0.9x	1.1x	1.3x	1.6x
Scope-adjusted free operating cash flow/debt	46%	13%	-2%	-9%
Liquidity	>200%	>200%	>200%	>200%

## Rating sensitivities

### The upside scenario for the ratings and Outlook is:

- Debt/EBITDA around 1.0x (remote in view of the company's investment plan)

### The downside scenarios for the ratings and Outlook are (individually):

- Debt/EBITDA above 1.75x on a sustained basis
- Prolonged period of negative free operating cash flow (FOCF)
- Change in shareholder structure with Lower Austria no longer holding majority share (remote)

\*All credit metrics refer to Scope-adjusted figures.

Issuer

A+

Outlook

Stable

Short-term debt

S-1+

Senior unsecured debt

A+

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### Related methodologies

[General Corporate Rating Methodology, Apr 2026](#)

[European Utilities Rating Methodology, Apr 2026](#)

[Government Related Entity Rating Methodology, Sep 2025](#)

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- Supplementary rating drivers: +/-0 notches
- External rating drivers: +1 notch
- Debt ratings

## 1. Key rating drivers

### Positive rating drivers

- Vertically integrated business model with regulated power distribution; strong position in power generation (hydro and wind); and leading position in energy supply in Lower Austria
- Volatility in power generation and trading offset by exposure to less cyclical segments (regulated and quasi-regulated) such as grids, heat, telecommunications, water and contracting of remaining reserve capacities
- Less margin volatility and dilution following the disposal of WTE Wassertechnik GmbH (international environmental services business) and some stabilisation of the supply business within the Energy trade and supply segment and EVN KG
- Solid geographical diversification across Central and South East Europe as well as different infrastructure segments
- Enhanced cash flow profile through recurring contributions from holdings, especially Verbund AG, RAG Austria AG and Burgenland Energie AG
- Cash flows further stabilised by past and future investments primarily in low-risk utility segments, i.e. regulated grids, regulated renewables and water supply infrastructure (ESG factor)
- Consistent de-risking of power generation portfolio with full exit from coal-fired power generation a few years ago and further ramp-up of renewables portfolio (less than 20% of future power generation volumes related to thermal capacity) (ESG factor)
- Strong leverage (debt/EBITDA) in the 1.0x-1.7x range
- Very strong debt protection (EBITDA interest coverage of 15x-20x) and strong liquidity
- Government-related entity status: potential parent support from Lower Austria as majority shareholder

### Negative rating drivers

- Volume risks in power generation in dry hydrological years and/or meagre wind years in addition to industry-inherent volatility of achievable prices for outright unregulated power generation
- Generally higher market, political and regulatory risks in South East European (SEE) markets
- Overall margins can be significantly affected by volatile and low-margin energy supply business, but this is slightly offset by strong operating profitability as measured by Scope-adjusted return on capital employed
- Working capital swings related to energy procurement could temporarily pressure leverage and FOCF
- Rising pressure on FOCF amid ramp-up of investment programme, which could turn FOCF negative in some periods

## 2. Rating Outlook

The **Stable Outlook** reflects our expectation that EVN will maintain its robust financial risk profile, with leverage (debt/EBITDA) sustained at up to 1.7x over the next few years. This is based on the assumption that, in contrast to recent years, EVN will use its strong balance sheet and raise additional debt to finance capex and dividends during its more ambitious capex phase. The Outlook also reflects our expectation that EVN's ownership structure will remain unchanged, as the government of Lower Austria is legally required to retain a majority stake.

## 3. Corporate profile

EVN AG is Austria's second-largest utility with a fully integrated business model. Besides its electricity and gas infrastructure, the company is also exposed to other infrastructure services such as water treatment and supply, waste incineration management and cable television. The province of Lower Austria holds 51% of EVN via holding company NÖ Landes-Beteiligungsholding GmbH, fulfilling the minimum ownership required by law.

Multi-utility with government-related entity status

## 4. Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
11 May 2026	Affirmation	A+/Stable
14 May 2025	Affirmation	A+/Stable
14 May 2024	Affirmation	A+/Stable

## 5. Financial overview (financial data in EUR m)

Scope credit ratios	Scope estimates					
	2022/23	2023/24	2024/25	2025/26E	2026/27E	2027/28E
EBITDA interest cover	>20x	>20x	>20x	20x	17x	15x
Debt/EBITDA	1.0x	0.9x	1.1x	1.3x	1.6x	1.7x
Free operating cash flow/debt	13%	46%	13%	-2%	-9%	-4%
Liquidity	>200%	>200%	>200%	>200%	>200%	>200%
<b>EBITDA</b>						
Reported EBITDA	869	799	909	835	908	968
add: operating lease payments	-	-	-	-	-	-
add: recurring associate dividends received	275	340	254	210	180	180
less: capitalised expenses	-	-	-	-	-	-
Other items <sup>1</sup>	99	(3)	(149)	(100)	(120)	(120)
<b>EBITDA</b>	<b>1,242</b>	<b>1,136</b>	<b>1,012</b>	<b>945</b>	<b>968</b>	<b>1,028</b>
<b>Funds from operations (FFO)</b>						
EBITDA	1,242	1,136	1,012	945	968	1,028
less: interest	(39)	(50)	(45)	(48)	(57)	(67)
less: cash tax paid	(49)	(34)	(20)	(50)	(48)	(49)
Other non-operating charges before FFO	-	-	-	-	-	-
<b>Funds from operations</b>	<b>1,154</b>	<b>1,052</b>	<b>948</b>	<b>847</b>	<b>863</b>	<b>913</b>
<b>Free operating cash flow (FOCF)</b>						
Funds from operations	1,154	1,052	948	847	863	913
Change in working capital	6	300	363	(45)	(45)	(43)
Non-operating cash flow	(427)	(236)	(408)	100	50	50
less: capital expenditures (net)	(567)	(641)	(753)	(930)	(1,000)	(1,000)
Other items	-	-	-	-	-	-
<b>Free operating cash flow</b>	<b>166</b>	<b>476</b>	<b>150</b>	<b>(29)</b>	<b>(131)</b>	<b>(80)</b>
<b>Interest</b>						
Net cash interest per cash flow statement	31	40	36	39	48	58
add: interest component, operating leases	-	-	-	-	-	-
add: 50% of interest paid on hybrid debt	-	-	-	-	-	-
Other items <sup>2</sup>	9	10	9	9	9	9
<b>Interest</b>	<b>39</b>	<b>50</b>	<b>45</b>	<b>48</b>	<b>57</b>	<b>67</b>
<b>Debt</b>						
Reported financial (senior) debt	1,527	1,193	1,315	1,292	1,631	1,857
add: subordinated (hybrid) debt (net of equity credit)	-	-	-	-	-	-
add: shareholder loans (net of equity credit)	-	-	-	-	-	-
less: cash and cash equivalents	(337)	(251)	(277)	(138)	(165)	(138)
add: non-accessible cash	-	-	-	-	-	-
add: pension adjustment	88	95	74	74	74	74
add: other debt-like items	-	-	-	-	-	-
<b>Debt</b>	<b>1,278</b>	<b>1,037</b>	<b>1,112</b>	<b>1,228</b>	<b>1,541</b>	<b>1,793</b>

<sup>1</sup> Share of results from equity accounted investees with operational nature included in reported EBITDA, gains/losses on asset disposals, one-off items, foreign exchange gains/losses, changes in provisions

<sup>2</sup> Estimated interests on asset retirement obligations, interest on pensions

### 6. Environmental, social and governance (ESG) profile<sup>3</sup>

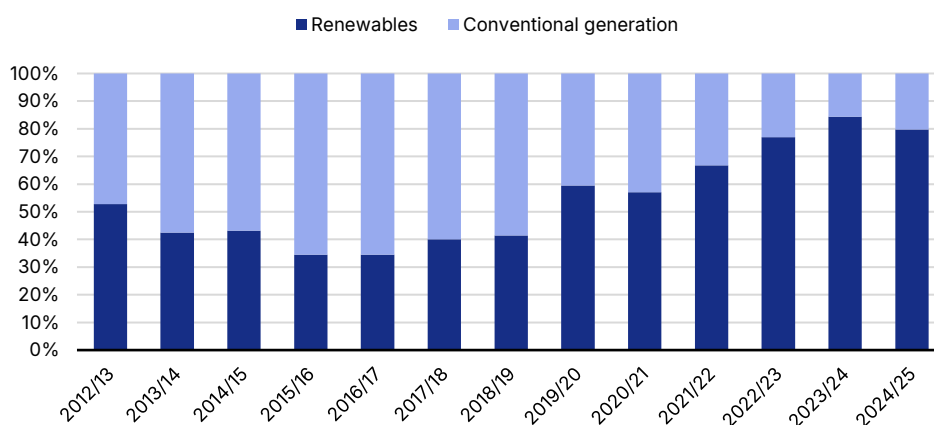
Environment	Social	Governance
Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency)	Labour management	Management and supervision (supervisory boards and key person risk)
Efficiencies (e.g. in production)	Health and safety (e.g. staff and customers)	Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate)
Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables)	Clients and supply chain (geographical/product diversification)	Corporate structure (complexity)
Physical risks (e.g. business/asset vulnerability, diversification)	Regulatory and reputational risks	Stakeholder management (shareholder payouts and respect for creditor interests)

ESG factors: credit positive credit negative credit neutral

Following the exit from coal-fired power generation a few years ago, EVN's has continued to de-risk its power generation activities, ramping-up its renewable energy generation capacity, in particular onshore wind. This has led to more granular power generation asset base and a steadily improving carbon footprint as the share of clean power generation rises (ESG factor: credit-positive environmental rating driver). Power generation from renewable energy power plants (hydro, onshore wind and photovoltaics) has already reached well above 75% of EVN's total generation volumes over the past few years, highlighting the company's significant efforts in this area. Similarly, the carbon footprint of EVN's power generation fleet is estimated to be below 100g CO<sub>2</sub>e/kWh. We expect this positive trend to continue, given EVN's continued expansion of renewable energy capacities under its updated Strategy 2030.

Consistent de-risking of power generation

**Figure 1: Shift from thermal to renewable power generation**



Sources: EVN, Scope

The vast majority of net investment over the next few years is earmarked for grid investment and renewables in EVN's core market of Lower Austria. This supports the energy transition in Austria, further reduces transition risks and strengthens the company's overall cash flow profile.

Risk-averse investment strategy supports ongoing energy transition

Regulatory risks are credit-neutral overall. The operation of regulated grids in Lower Austria provides stable recurring earnings (30%-40% of EBITDA), bolstered by a reliable and supportive regulatory framework and solid grid efficiency. However, grid activities in SEE markets such as

Credit-neutral regulatory risk

<sup>3</sup> These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity's cash flow and, by extension, its credit quality.

Bulgaria and North Macedonia expose the utility to higher regulatory and political risk as well as temporary adverse effects on achievable margins due to the electricity grid infrastructure's higher grid losses.

EVN's prudent stakeholder management is credit protective, underpinned by a conservative financial policy and a commitment to retaining a solid financial risk profile with low leverage and strong debt protection.

Credit-protective stakeholder management

## 7. Business risk profile: A-

Despite its small size compared to pan-European utility incumbents, EVN's business risk profile is comparatively low risk and widely diversified, leading to largely resilient operating performance. This is due to:

Well-balanced and low-risk business approach

- its fully integrated utility business model in electricity supply focused on robust regulated infrastructure;
- diversification across different markets in Central and South East Europe;
- indirect exposure to energy upstream activities through its stakes in Austrian Verbund AG and RAG Austria AG and associated dividend income;
- significant exposure to other low-risk and less cyclical infrastructure segments such as television/cable networks, drinking water supply and heat generation;
- its continued focus on strengthening its regulated business in its core market (Lower Austria) through the ongoing ramp-up of renewable energy capacities and the upgrade of its grid infrastructure, supporting the energy transition in Austria;
- strong end-customer outreach in electricity and gas supply in Lower Austria with a low churn rate as a result of strong branding and a one-stop-shop offering; and
- limited legacy risks related to the generation portfolio, already rectified through the operation of remaining thermal capacities as a reserve capacity.

However, EVN's business risk profile remains constrained by:

Manageable business risks

- its exposure to volatile energy trading and supply;
- higher market risks for activities in SEE; and
- its overall profitability profile, which can be volatile primarily due to the energy trade and supply exposure.

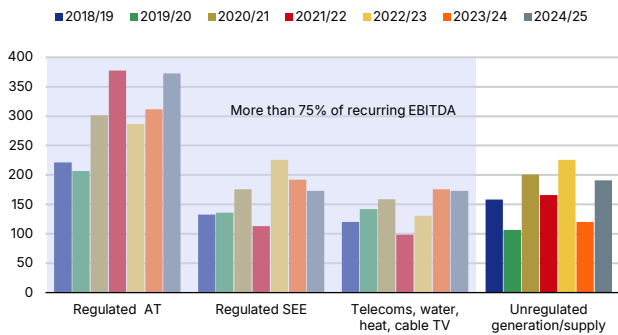
While credit risks remain, and can drive cash flow volatility, they are largely mitigated by the utility's integrated business model and the natural hedge provided by its significant shareholdings in other companies. These include Austria's largest power generator Verbund and Austria's largest gas storage company RAG Austria.

Risk mitigation through integrated business model and stakes in other companies

EVN's business strength is underpinned by its risk-averse and forward-looking capex strategy, which builds on the company's very low leverage and robust operating performance. Although the increased investment programme will weigh on FOCF and credit metrics in the short term, it should enhance the resilience and stability of EVN's business profile over time. Capital allocation under the updated Strategy 2030 programme remains focused on regulated and quasi-regulated activities, particularly energy grids and renewables, which together account for 75%–85% of total capex. Accordingly, we project that the share of stable, regulated EBITDA will settle around 80% in the medium term, and the company's market position will be further reinforced by its expansion in predictable, policy-supported segments of the utility value chain. As a result, EVN's increasingly robust business risk profile is well-positioned to weather future market volatility.

Capex allocation geared towards further strengthening of business risk profile

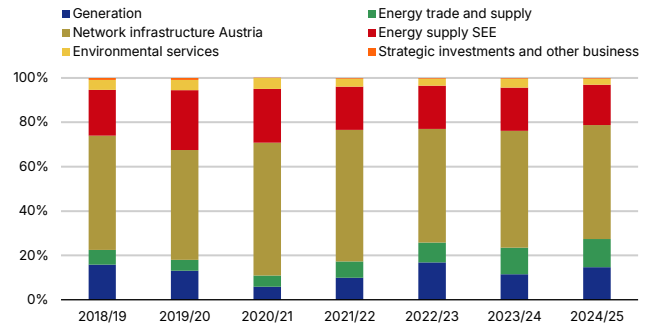
**Figure 2: Recurring share of regulated vs unregulated business (measured by EBITDA in EUR m)**



Sources: EVN, Scope estimates

EVN's credit quality is further supported by the risk mitigation provided by its diversified exposure to a wide range of low-correlated utility segments and countries.

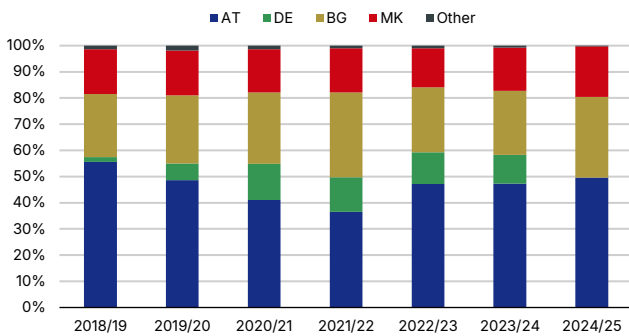
**Figure 3: Capex allocation to lower-risk and high-margin segments such as grid infrastructure**



Sources: EVN, Scope estimates

Risk mitigation via segments and markets

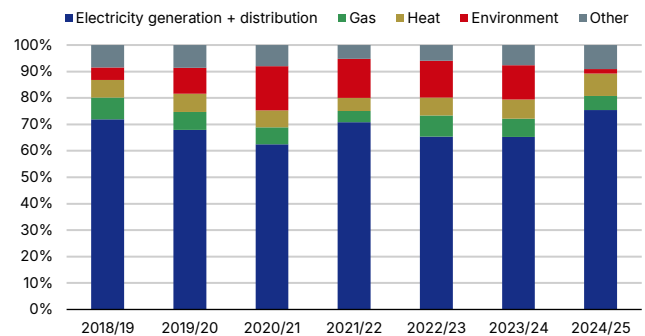
**Figure 4: Geographical outreach (based on sales)**



Sources: EVN, Scope

We expect EVN's EBITDA margin to stabilise around 25% over the next few years, towards the upper end of the 20%-25% range observed over the past few years. This development will likely be driven by the company's exit from the volatile, low-margin environmental services business and a steadily rising share of high-margin grid and generation business, partly offset by margin dilution from the supply business amid elevated energy prices.

**Figure 5: Diversification by product type (based on sales)**



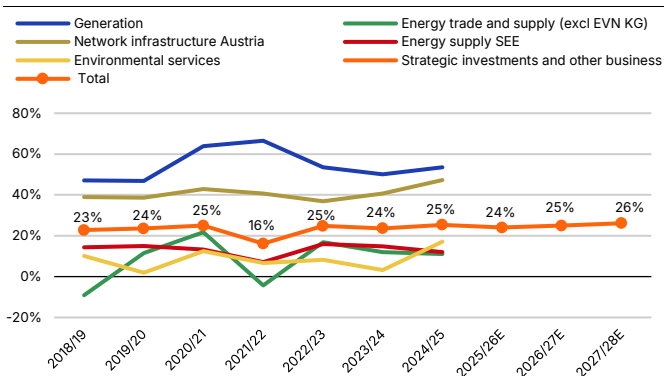
Sources: EVN, Scope

EBITDA margin likely to stabilise around 25%

Profitability is further supported by a strong return on capital employed, consistently trending above 15%. This underlines the utility's efficient capital allocation despite its large exposure to regulated grid activities.

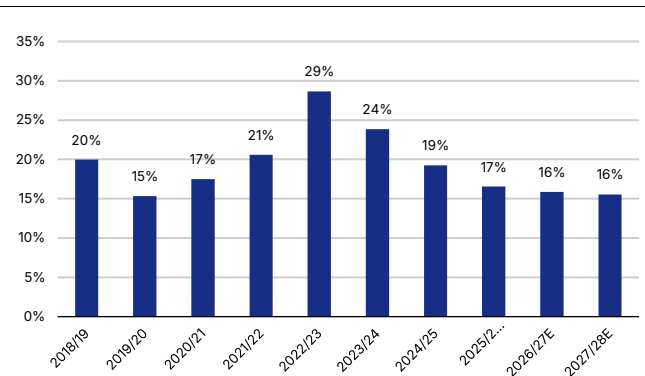
Strong return on capital employed despite high asset intensity from grids business

**Figure 6: EBITDA margin**



Sources: EVN, Scope estimates

**Figure 7: Scope-adjusted return on capital employed**



Sources: EVN, Scope estimates

### 8. Financial risk profile: A+

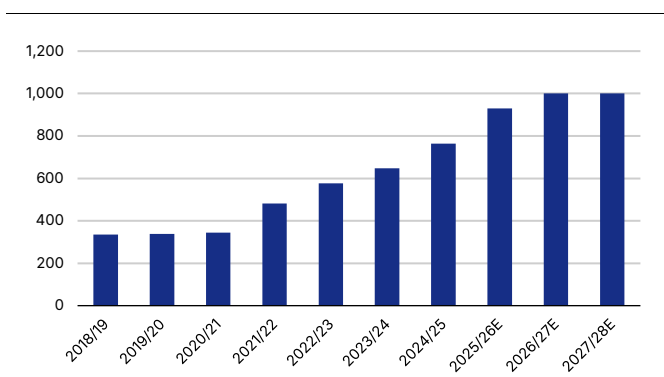
EVN's financial risk profile remains one of the strongest among European integrated utilities. We foresee some pressure from increasing leverage and the likely weakening of free operating and discretionary cash flows over the next few years, which will necessitate new external debt funding. However, the company's financial profile continues to support a solid investment grade rating.

One of the strongest financial risk profiles among European utilities

EVN has historically maintained a prudent financial policy, balancing investments and shareholder returns with operating cash flow. The result has been stable net debt levels and minimal reliance on new external financing. However, the company's strategic shift towards a more ambitious investment programme marks a turning point and we anticipate moderately negative free operating and discretionary cash flows over the coming years. The updated capex plan includes net annual investments of around EUR 1.0bn (versus around EUR 0.9bn previously), signalling a more growth-oriented strategy compared to previous years when debt issuance was limited.

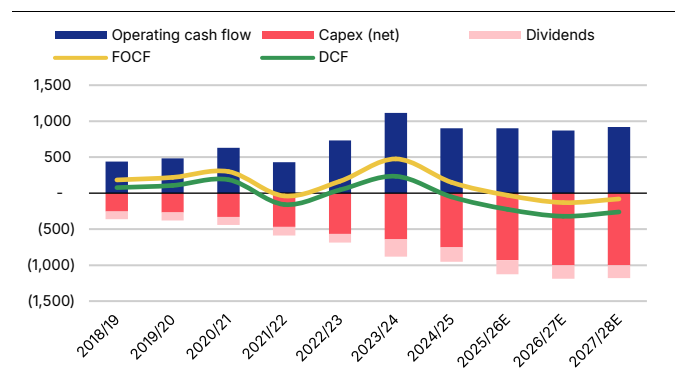
Updated investment plan will eat into free operating cash flow

Figure 8: Steadily increasing net capex\* (EUR m) ...



\* including investment grants but excluding divestments  
Sources: EVN, Scope estimates

Figure 9: ... likely to result in negative free operating and discretionary cash flow (EUR m)



Sources: EVN, Scope estimates

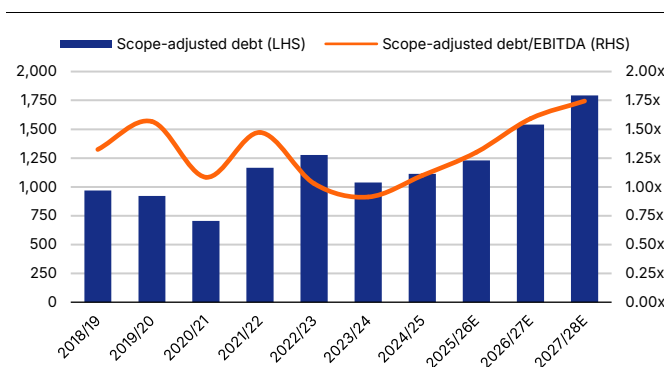
As a result, we project that debt will increase to about EUR 1.8bn by end-BY 2027/28 compared to EUR 1.1bn at end-BY 2024/25. This will be partly offset by EBITDA settling at around EUR 1.0bn over the next three years. Consequently, we expect EVN's very low leverage (debt/EBITDA) of 1.1x at the end of BY 2024/25 to rise. However, we forecast that it will remain within a robust corridor of 1.3x to 1.7x through BY 2027/28, thereby remaining commensurate with an unchanged rating.

Leverage increasing but remaining low over the medium term

We expect manageable interest costs, supported by an average borrowing rate of around 3.5%, with EBITDA interest cover forecast above 15x.

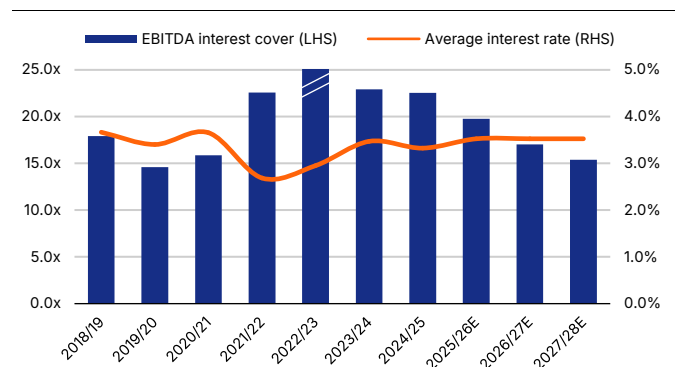
Consistently strong interest coverage

Figure 10: Development of debt in EUR m and leverage



Sources: EVN, Scope estimates

Figure 11: EBITDA interest coverage and average effective interest rate



Sources: EVN, Scope estimates

Despite the planned increase in debt, we believe that EVN will remain committed to maintaining its strong financial profile by adjusting capex or dividend payouts if leverage moves outside the target

Some flexibility on capex and dividends

range. Financing terms will become increasingly important for EVN as capex becomes partially financed externally. As a result, we believe the company would prioritise maintaining its credit profile over new growth opportunities if necessary.

### 9. Supplementary rating drivers: +/-0 notches

Liquidity remains strong with ratios consistently above 200%. EVN has limited debt maturities over the next couple of years (less than EUR 100m by end-BY 2027/28). More substantial debt maturities are likely to be refinanced through the issuance of a new debt instrument with a similar notional. The company will likely raise new debt to fund the portion of capex that cannot be covered by operating cash flow and cash. EVN benefits from broad access to different debt funding sources such as bank loans, various credit lines, public bonds and promissory note loans (Schuldscheindarlehen). It also keeps a strategic liquidity reserve through its shareholding in Austria's Verbund.

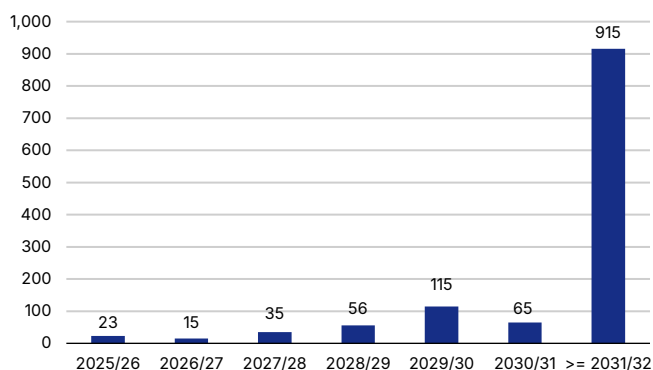
Adequate liquidity

**Table 1: Liquidity sources and uses (in EUR m)**

	2025/26E	2026/27E	2027/28E
Unrestricted cash (t-1)	277	138	165
Open committed credit lines (t-1)	705	670	540
Free operating cash flow (t)	(29)	(131)	(80)
Short-term debt (t-1)	23	15	35
<b>Liquidity</b>	<b>&gt;200%</b>	<b>&gt;200%</b>	<b>&gt;200%</b>

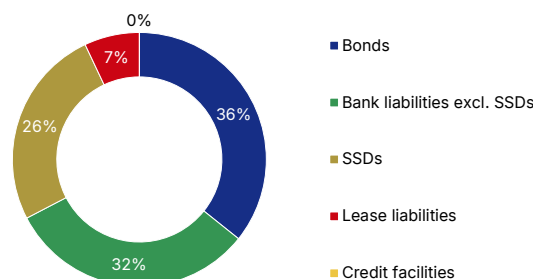
Sources: EVN, Scope estimates

**Figure 12: Maturity profile at end of BY 2024/2025 (in EUR m) – excluding leases**



Sources: EVN, Scope

**Figure 13: Well diversified funding (debt categories at end of BY 2024/2025)**



Sources: EVN, Scope

EVN's financial policy is generally risk-averse, underpinned by a track record of positive free operating cash flow, a conservative dividend policy, and close attention to maintaining leverage within the rating thresholds. Although the updated investment programme entails higher external funding needs and a phase with negative discretionary cash flow, we do not expect it to compromise the company's financial risk profile. Overall, EVN's financial policy is credit-neutral, reflecting a slight shift away from past conservatism without materially weakening credit quality.

Updated financial policy less conservative than in the past, but does not jeopardise credit profile

### 10. External rating drivers: +1 notch

The issuer rating incorporates a one-notch uplift to our secondary credit assessment of A, leading to a final issuer rating of A+. This follows the framework set out in our rating methodology on government-related entities with a bottom-up rating approach, reflecting the public sponsor’s capacity and willingness to provide support. The federal state of Lower Austria, whose credit quality we deem to be higher than that of EVN, holds a 51% majority stake in EVN through its investment vehicle, NÖ Landes-Beteiligungsholding GmbH, which needs to be kept as stipulated by law. EVN is essential to the federal state, particularly its gas and electricity distribution infrastructure.

We have limited the upnotching on EVN’s standalone credit assessment to one notch because: i) a large part of EVN’s activities are not essential public services; ii) EVN’s substantial business exposure to SEE markets makes it likely that non-core assets in these markets would be disposed of before the company requests funding from its controlling shareholder; and iii) the public sponsor does not have full ownership.

### 11. Debt ratings

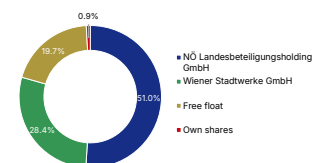
All public debt is raised at group level. EVN does not have a commercial paper programme at present and uses bank overdrafts for short-term funding purposes instead.

Senior unsecured debt is rated at A+, the same level as the issuer rating.

Short-term debt is rated at S-1+ which is based on the underlying A+/Stable issuer rating and strong liquidity ratios. We expect internally and externally available liquidity to cover upcoming debt maturities by more than 200%. Moreover, the company has a strong track record of accessing external funding from banks and investors through private placements and capital market debt.

One-notch uplift to secondary credit assessment reflects government-related entity status

#### Shareholder structure



Senior unsecured debt rating: A+

Short-term debt rating: S-1+

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