

# EVN IR News

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## Business development in the 2022/23 financial year

(1 October 2022 – 30 September 2023)

### Highlights

- Group net result of EUR 529.7m; influenced primarily by earnings growth in South East Europe, a higher dividend from Verbund AG and positive earnings contributions from renewable electricity generation
- Negative earnings contribution of roughly EUR –240m from the Austrian energy supply company for electricity and natural gas
- Dividend proposal: EUR 0.52 per share plus a special dividend of EUR 0.62 per share
- Increase in renewable generation to 77.0% following the commissioning of new wind power and photovoltaic plants with over 70 MW of combined capacity
- EVN is Austria's largest charging station operator for e-mobility with roughly 2,500 charging points
- Investments increased to historical high of approximately EUR 700m, including roughly 88% classified as ecologically sustainable under the EU Taxonomy Regulation

### Energy sector environment

The weather in EVN's three core markets during the 2022/23 financial year was characterised by milder temperatures. The heating degree total – which defines the temperature-related demand for energy – in Austria was slightly lower and in Bulgaria and North Macedonia substantially lower than the long-term average. The massive fluctuations and distortions in the previous financial year were followed by a decline in primary energy and energy prices during 2022/23, especially during the summer months. However, a contrasting trend appeared towards the end of the reporting year – with the exception of CO<sub>2</sub> emission certificate prices. Their price was subject to fluctuation, but rose by 8% on average over the prior year value. This development also had an impact on the market prices for electricity, which declined significantly during the reporting year but remained at a relatively high level compared with previous years.

### EBITDA, EBIT and Group net result above previous year

Revenue recorded by the EVN Group declined by 7.2% year-on-year to EUR 3,768.7m in 2022/23. This development resulted primarily from a decline in revenue in South East Europe which, in turn, was caused by lower network and energy sales volumes and by the downward trend in wholesale prices. In the international project business, the largely completed wastewater treatment plant in Kuwait led to lower revenue. This decline was moderated by price and volume effects from renewable electricity generation, positive valuation effects from hedges, higher revenue from natural gas trading, increased selling prices at EVN Wärme and higher network tariffs.

Declining wholesale prices in South East Europe led to a reduction of 26.5% in the cost of electricity purchases from third parties and primary energy expenses to EUR 1,675.5m in 2022/23. These costs include positive upfront effects from the procurement of energy to cover network losses, which will be offset in the following year in accordance

with the regulation methodology. Contrasting factors included, in particular, higher costs for network losses and upstream network costs at Netz Niederösterreich as well as increased energy procurement costs of EVN Wärme. Higher electricity production volumes in the Verbund Innkraftwerke also increased the cost of electricity purchases from third parties.

The cost of materials and services declined by 6.3% to EUR 662.7m in line with the development of revenue in the international project business and offset inflation-based increases in the other Group companies. Personnel expenses were 12.6% higher year-on-year at EUR 419.2m due to adjustments required by collective bargaining agreements. The EVN Group had an average workforce of 7,255 in 2022/23 (previous year: 7,135 employees). Other operating expenses rose by 27.7% to EUR 202.2m. This amount includes the levy on the surplus revenue from electricity production which is based on the Federal Act on the Energy Crisis Contribution for Electricity which was implemented in Austria during December 2022.

The share of results from equity accounted investees amounted to EUR –67.6m (previous year: EUR 98.9m). This decline – which was already reported during the financial year – is attributable to the energy supply company EVN KG, where the development of earnings was significantly impaired by several factors. They included higher procurement costs for energy that can only be passed on to customers with a delay, the lower valuation of hedges as of 30 September 2023 and additions to provisions for impending losses from contractual supply obligations. EVN KG reported a loss of EUR 240.3m for the reporting year. In contrast, higher earnings contributions were received from RAG, the Verbund Innkraftwerke and Burgenland Energie. A further positive effect was a revaluation to the Ashta hydropower plant.

Based on these developments, EBITDA recorded by the EVN Group rose by 15.1% year-on-year to EUR 869.0m in 2022/23. Scheduled depreciation and amortisation rose by 5.8% to EUR 336.5m based on investments. A year-on-year comparison of the effects of impairment testing is influenced, above all, by the sharp decline of impairment losses totalling EUR 114.8m in 2021/22. Impairment losses in 2022/23 amounted to EUR 7.1m and were related chiefly to district heating equipment in Lower Austria. Revaluations of EUR 3.2m were recorded to plants operated by EVN Wärme and EVN Wasser.

These developments led to an increase in EBIT to EUR 528.5m (previous year: EUR 331.6m). Financial results improved to EUR 127.6m in 2022/23 (previous year: EUR –30.5m) and were influenced, above all, by an increase in the dividend from Verbund AG to EUR 3.60 per share for the 2022 financial year (previous year: EUR 1.05 per share). In total, the earnings contribution from the Verbund investment equalled EUR 158.0m in 2022/23. In the previous year, financial results were negatively influenced by foreign exchange effects and the value adjustment to a loan.

The result before income tax totalled EUR 656.2m in 2022/23 (previous year: EUR 301.2m). After the deduction of income tax expense – which increased to EUR 74.0m (previous year: EUR 64.0m) – and the earnings attributable to non-controlling interests, Group net result for the 2022/23 financial year equalled EUR 529.7m (previous year: EUR 209.6m).

## Solid balance sheet structure, increased investment programme and EU Taxonomy Regulation

The capital structure is stable and solid and provides a sound foundation for the realisation of the investments planned as part of the EVN Strategy 2030. The volume of investments increased to EUR 694.1m in 2022/23 and are planned to range from EUR 700m to EUR 900m annually in the years up to 2030 with three-fourths of this total in Lower Austria. This represents a substantial contribution by EVN to the energy future.

The share of capital expenditure (CapEx) classified as ecologically sustainable under the EU Taxonomy Regulation rose to 87.8% in 2022/23 (previous year: 84.7%).

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

### EVN Climate Initiative

With the EVN Climate Initiative and the formulation of science-based reduction targets for greenhouse gas emissions, EVN has anchored climate protection in all its activities as part of the Strategy 2030. These goals and the related measures underscore EVN's efforts to make a measurable contribution to contain global warming. Massive investments in the expansion of renewable generation capacity highlight EVN's central role as an enabler of the CO<sub>2</sub>-free energy future. Significant progress was made in 2022/23 with the repowering of the wind park in Japons, the completion of the wind park in Palterndorf-Dobermannsdorf and the commissioning of three large-scale photovoltaic plants in Grafenwörth, Trumau und Theiss. Two additional photovoltaic projects in Lower Austria and North Macedonia are also scheduled for commissioning in the coming weeks. Based on the existing project pipeline, EVN's generation capacity from wind power and photovoltaics will increase to over 770 MW, respectively 300 MWp by 2030.

### Energy business

Electricity generation from renewable energies rose by 2.1% to 2,295 GWh in 2022/23. Wind flows were substantially below average, but were offset by a year-on-year increase in electricity production from hydropower. The share of renewable generation equalled 77.0% (previous year: 66.8%). Thermal generation declined by 38.6% to 686 GWh, chiefly due to the reduced use of the Theiss power plant by the Austrian transmission network operator for network stabilisation.

### Environmental and water business

Improving the security and quality of drinking water supplies in Lower Austria is a focal point of EVN's investments. Construction started in 2022/23 on the second section of the 60 km transport pipeline from Krems to Zwettl to secure long-term water supplies for the Waldviertel and Weinviertel regions. The sixth natural filter plant, which is located in Bisamberg (investment volume: EUR 7.0m), was also commissioned during the reporting year, and construction started on a further plant in Obersulz. In the international project business, WTE Wassertechnik was working on the planning and construction of twelve projects in Germany, Poland, North Macedonia, Romania, Bahrain and Kuwait as of 30 September 2023. As announced in an ad-hoc release on 18 September 2023, a structured bidder process was started for WTE Wassertechnik.

## Outlook on the 2023/24 financial year

The Executive Board will make a recommendation to the 95<sup>th</sup> Annual General Meeting which calls for the distribution of an ordinary dividend of EUR 0.52 plus a special dividend of EUR 0.62 per share, in total EUR 1.14 per share, for the 2022/23 financial year.

For the 2023/24 financial year, EVN expects Group net result within a range of roughly EUR 420m to EUR 460m – under the assumption of a stable regulatory and energy policy environment. EVN's future dividend policy has also been revised to reflect the investment and growth perspectives up to 2030 and beyond. The dividend will equal at least EUR 0.82 per share in the future, whereby EVN wants its shareholders to appropriately participate in any additional earnings growth. In the mid term, a payout ratio equalling 40% of Group net result, adjusted for extraordinary effects, is targeted.

For the complete Full Report on the 2022/23 financial year, see [www.investor.evn.at](http://www.investor.evn.at).

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## EVN in figures

		2022/23	2021/22	+/-		2020/21
				Nominal	%	
<b>Key energy business indicators</b>	GWh					
<b>Electricity generation volumes</b>		<b>2,981</b>	<b>3,365</b>	<b>-384</b>	<b>-11.4</b>	<b>3,997</b>
Renewable energy sources		2,295	2,248	48	2.1	2,283
Thermal energy sources		686	1,117	-431	-38.6	1,715
<b>Network distribution volumes</b>						
Electricity		21,483	23,092	-1,609	-7.0	23,257
Natural gas <sup>1)</sup>		12,454	15,877	-3,423	-21.6	16,184
<b>Energy sales volumes to end customers</b>						
<b>Electricity</b>		<b>18,153</b>	<b>20,853</b>	<b>-2,700</b>	<b>-12.9</b>	<b>20,207</b>
thereof Central and Western Europe <sup>2)</sup>		7,551	8,662	-1,111	-12.8	8,717
thereof South Eastern Europe		10,602	12,191	-1,590	-13.0	11,490
<b>Natural gas</b>		<b>4,291</b>	<b>4,987</b>	<b>-696</b>	<b>-14.0</b>	<b>5,412</b>
<b>Heat</b>		<b>2,272</b>	<b>2,545</b>	<b>-273</b>	<b>-10.7</b>	<b>2,545</b>
thereof Central and Western Europe <sup>2)</sup>		2,096	2,328	-231	-9.9	2,342
thereof South Eastern Europe		176	217	-41	-18.9	203

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

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

		2022/23	2021/22	+/-		2020/21
				Nominal	%	
<b>Condensed consolidated statement of operations</b>	EURm					
<b>Revenue</b>		<b>3,768.7</b>	<b>4,062.2</b>	<b>-293.5</b>	<b>-7.2</b>	<b>2,394.9</b>
Other operating income		127.5	109.5	18.0	16.4	250.1
Electricity purchases and primary energy expenses		-1,675.5	-2,278.2	602.7	26.5	-1,064.7
Costs of materials and services		-662.7	-707.1	44.3	6.3	-509.2
Personnel expenses		-419.2	-372.2	-47.0	-12.6	-361.3
Other operating expenses		-202.2	-158.4	-43.9	-27.7	-113.0
Share of results from equity accounted investees with operational nature		-67.6	98.9	-166.5	-	239.6
<b>EBITDA</b>		<b>869.0</b>	<b>754.8</b>	<b>114.2</b>	<b>15.1</b>	<b>836.5</b>
Depreciation and amortisation		-336.5	-318.0	-18.5	-5.8	-337.7
Effects from impairment tests		-3.9	-105.2	101.3	96.3	-112.4
<b>Results from operating activities (EBIT)</b>		<b>528.5</b>	<b>331.6</b>	<b>196.9</b>	<b>59.4</b>	<b>386.4</b>
<b>Financial results</b>		<b>127.6</b>	<b>-30.5</b>	<b>158.1</b>	<b>-</b>	<b>-20.0</b>
<b>Result before income tax</b>		<b>656.2</b>	<b>301.2</b>	<b>355.0</b>	<b>-</b>	<b>366.4</b>
Income tax expense		-74.0	-64.0	-10.0	-15.6	-14.7
<b>Result for the period</b>		<b>582.1</b>	<b>237.1</b>	<b>345.0</b>	<b>-</b>	<b>351.7</b>
thereof result attributable to EVN AG shareholders (Group net result)		529.7	209.6	320.1	-	325.3
thereof result attributable to non-controlling interests		52.4	27.5	24.9	90.5	26.4
<b>Earnings per share in EUR<sup>1)</sup></b>		<b>2.97</b>	<b>1.18</b>	<b>1.8</b>	<b>-</b>	<b>1.83</b>

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