

EVN IR News

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27.05.2021

Business development in the first half of 2020/21

(1 October 2020 – 31 March 2021)

Highlights

- Positive business development supports improvement in revenue, EBIT and Group net result
- Weather-related higher energy demand in Austria, Bulgaria and North Macedonia
- 376 MW of installed wind power capacity as of 31 March 2021
- Construction on a biomass combined heat and power plant in Krems; green electricity for 15,000 households and natural heat for up to 30,000 households
- Commissioning of the fifth natural filter plant in Petronell-Carnuntum scheduled for winter 2021/22
- New general contractor assignment for the modernisation of a drinking water treatment plant in Romania
- EVN returns to the ATX

Key results

- **Revenue:** +7.6% to EUR 1,284.8m
- **EBIT:** +10.3% to EUR 254.5m
- **Group net result:** +15.3% to EUR 176.0m
- **Net debt:** EUR 929.9m (30 September 2020: EUR 1,037.7m)

Effects of the Covid-19 pandemic

Due to EVN's integrated business model and broad customer diversification, the Covid-19 pandemic has had only a limited effect on the development of business and earnings to date. Delays on construction projects and investments in the Networks Segment were recovered in part during the first half of 2020/21. However, the international project business has been complicated by national lockdowns, travel restrictions and interruptions in international supply chains.

Energy sector environment

The first half of 2020/21 brought a year-on-year decline in temperatures in EVN's three core markets; in Austria, the temperature-related energy demand also exceeded the long-term average. The markets were characterised by rising prices for base load and peak load electricity, natural gas and CO₂ emission certificates during the reporting period.

Revenue, EBIT and Group net result above previous year

Revenue recorded by the EVN Group rose by 7.6% to EUR 1,284.8m in the first half of 2020/21. This growth was supported, primarily, by the international project business and, in this connection, the wastewater treatment plant project in Kuwait which started in summer 2020. Network sales also increased during the reporting period, whereby positive factors included the cooler weather in all three core markets and the higher network tariffs set by E-Control in Austria as of 1 January 2021. Contrary factors were lower effects from the valuation of hedges for electricity generation and a decline in revenue from natural gas trading.

Other operating income rose to EUR 165.5m (previous year: EUR 41.9m), primarily owing to the effects from the takeover of an additional electricity procurement right. The cost of electricity purchases from third parties and primary energy expenses increased by 2.4% to EUR 568.7m, while a decline in revenue from natural gas trading led to a reduction of the related costs.

Developments in the international project business were responsible for an increase of 81.4% in the cost of materials and services to EUR 240.8m. Personnel expenses were 4.1% higher year-on-year at EUR 176.9m. In addition to adjustments required by collective bargaining agreements, this increase resulted, among others, from additional hiring for the wastewater treatment plant project in Kuwait.

The share of results from equity accounted investees with operational nature increased to EUR 127.3m (previous year: EUR 61.2m), primarily due to an improvement in operating earnings and changes in the valuation effects from hedges held by EVN KG. In addition to higher earnings contributions from RAG and Energie Burgenland, the improvement was supported by a revaluation of EUR 9.6m to the Ashta hydropower plant based on a reduction of the country risk premium. EBITDA recorded by the EVN Group rose by 37.8% year-on-year to EUR 535.8m in the first half of 2020/21.

Scheduled depreciation and amortisation increased by 17.2% to EUR 168.2m owing to the high level of investment and the amortisation of capitalised start-up costs for the project in Kuwait. In connection with the takeover of an additional electricity procurement right, impairment losses totalling EUR 113.1m were recognised to a thermal power plant. EBIT increased by 10.3% to EUR 254.5m in the first half of 2020/21.

Financial results improved by 27.8% to EUR –21.0m supported, in particular, by better performance of the R 138 fund. Group net result for the period equalled EUR 176.0m, which represents an increase of 15.3% over the previous year.

Solid balance sheet structure

EVN has a solid and stable capital structure which will provide a good foundation over the coming years for the realisation of the extensive investment programme in the areas of supply security, a CO₂-free energy future and drinking water supplies. Net debt remained constant at approximately EUR 1 bn.

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

Energy business

Electricity generation decreased by 3.1% to 2,079 GWh in the first half of 2020/21. Renewable generation amounted to 1,112 GWh (previous year: 1,155 GWh). The share of renewable generation equalled 53.5% during the reporting period (previous year: 53.8%). Wind flows fell substantially below the previous year and long-term average, but water flows were above average. Electricity generation in the thermal power plants declined by 2.4% to 968 GWh due to the lower use of the Theiss power plant for network stabilisation.

Environmental and water business

The continuous improvement of supply security and drinking water quality in Lower Austria represents a focal point of EVN's investments. The most important projects currently in progress include the expansion of the cross-regional supply pipelines and the construction of the fifth natural filter plant in Petronell-Carnuntum, which should be commissioned as planned during the winter 2021/22 based on the current progress of construction.

In the international project business, a new contract in Romania was received during February 2021. It has a volume of approximately EUR 12m and involves the upgrading and modernisation of the Gilau drinking water treatment plant to supply the city of Cluj-Napoca. As of 31 March 2021, WTE Wassertechnik had nine projects for wastewater, drinking water and thermal sewage sludge treatment under planning and construction in Germany, Poland, Lithuania, Romania, Bahrain and Kuwait as well as three further thermal sludge utilisation projects in progress in Germany (Halle-Lochau, Hannover und Straubing) through the joint venture with sludge2energy.

Investment programme for the coming years

EVN is planning a far-reaching investment programme for the coming years with annual investments of up to EUR 450m, including roughly three-fourths in Lower Austria. These extensive network investments will protect supply security and support a CO₂-free energy future as well as growth in the Networks Segment. Other focal points for EVN include renewable generation (wind power, photovoltaics and biomass) and drinking water supplies.

Outlook confirmed for the 2020/21 financial year

Under the assumption of average conditions in the energy business environment, EVN expects Group net result of approximately EUR 200 to 230m for the 2020/21 financial year. However, the further course of the corona crisis and the resulting macroeconomic effects could have a negative influence on individual business areas at EVN and, in turn, on the development of earnings for the entire Group.

The Letter to Shareholders on the first half of 2020/21 is available under www.investor.evn.at.

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EVN in figures

	GWh	2020/21	2019/20	+/-		2019/20
		HY. 1	HY. 1	Nominal	%	
Key energy business indicators						
Electricity generation volumes		2,079	2,146	-67	-3.1	3,785
Renewable energy sources		1,112	1,155	-43	-3.7	2,250
Thermal energy sources		968	991	-24	-2.4	1,535
Network distribution volumes						
Electricity		12,569	12,164	404	3.3	22,154
Natural gas ¹⁾		10,750	10,336	413	4.0	15,228
Energy sales volumes to end customers						
Electricity		10,976	10,905	71	0.7	19,813
thereof Central and Western Europe ²⁾		4,588	4,422	166	3.7	8,463
thereof South Eastern Europe		6,389	6,483	-95	-1.5	11,351
Natural gas		4,167	3,907	261	6.7	4,957
Heat		1,733	1,581	151	9.6	2,303
thereof Central and Western Europe ²⁾		1,569	1,425	144	10.1	2,111
thereof South Eastern Europe		164	156	7	4.8	192

¹⁾ Incl. Network distribution volumes to EVN power plants

²⁾ Central and Western Europe covers Austria and Germany

	EURm	2020/21	2019/20	+/-		2019/20
		HY. 1	HY. 1	Nominal	%	
Condensed consolidated statement of operations						
Revenue¹⁾		1,284.8	1,194.4	90.4	7.6	2,107.5
Other operating income ¹⁾		165.5	41.9	123.6	-	64.4
Electricity purchases and primary energy expenses		-568.7	-555.2	-13.4	-2.4	-888.3
Costs of materials and services		-240.8	-132.7	-108.1	-81.4	-316.9
Personnel expenses		-176.9	-169.9	-7.0	-4.1	-349.3
Other operating expenses		-55.5	-50.8	-4.7	-9.2	-121.1
Share of results from equity accounted investees with operational nature		127.3	61.2	66.1	-	94.1
EBITDA		535.8	388.8	147.0	37.8	590.4
Depreciation and amortisation		-168.2	-143.6	-24.6	-17.2	-296.7
Effects from impairment tests		-113.1	-14.5	-98.6	-	-20.6
Results from operating activities (EBIT)		254.5	230.7	23.7	10.3	273.1
Financial results		-21.0	-29.1	8.1	27.8	-15.8
Result before income tax		233.5	201.7	31.8	15.8	257.3
Income tax expense		-38.7	-33.2	-5.5	-16.5	-28.7
Result for the period		194.8	168.5	26.4	15.7	228.6
thereof result attributable to EVN AG shareholders (Group net result)		176.0	152.7	23.3	15.3	199.8
thereof result attributable to non-controlling interests		18.8	15.8	3.0	19.1	28.9
Earnings per share in EUR¹⁾		0.99	0.86	0.1	15.2	1.12

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