

EVN Conference Call

Q. 1–3 2013/14 Results

28 August 2014

IFRS changes to the Scope of Consolidation

- Initial application of IFRS 10–12
 - Q. 1–3 2013/14 financial statements were prepared in accordance with new consolidation standards
 - Standards are mandatory for all companies which prepare their consolidated financial statements according to IFRS

- Three companies of EVN 's scope of consolidation are affected

Company	So far – IAS 31	Future – IFRS 11	Effects on the group financial statements
EVN Energievertrieb GmbH & Co KG	Company included on a proportionate basis (100 percent)	at Equity	<ul style="list-style-type: none"> • Assets and liabilities of the companies are not reported anymore • At equity investment will be included in the balance sheet in the amount of the proportionate equity • Earnings contribution is reported in the position „Results from equity accounted investees with operational nature“ under the results of operating activities (EBIT)
EnergieAllianz Austria GmbH	Company included on a proportionate basis (45 percent)	at Equity	
STEAG-EVN Walsum 10	at Equity	joint operation – Line by line accounting (49 percent)	<ul style="list-style-type: none"> • Derecognition of the at equity investment • Proportional reporting of all assets and liabilities in the balance sheet • Proportional reporting of all P&L positions; in comparison the at equity result in the amount of profit after tax will no longer be displayed

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- Energy business negatively influenced by price and quantity effects
 - Lower results from operating activities before impairment tests
 - New tariff scenarios led to reduced mid term expectations resulting in impairments; nevertheless, positive EBIT contribution achieved (impairments excluded)
 - Negative Group net result
 - Strong operating cash flow

	EURm	2013/14 Q. 1–3	+/- in %
Revenue		1,514.4	-8.7
<i>Results from at equity investees</i>		108.9	16.0
EBITDA		377.0	-23.1
Results before impairments		186.2	-40.8
<i>Impairments</i>		-209.2	-
EBIT		-23.0	-
Financial results		-9.8	82.2
Group net result		-44.7	-
Net cash flow from operating activities		367.2	-6.6
	EUR		
Earnings per share		-0.25	-

Year-on-year decline in revenue

- Previous regulatory price reductions in Bulgaria and Macedonia
- Negative “one-off” due to Bulgarian price decision on 1 July 2014
- Temperature-related quantity effects in the energy business
- Reduced processed orders in int. projects

Decreased EBITDA and Result before impairments

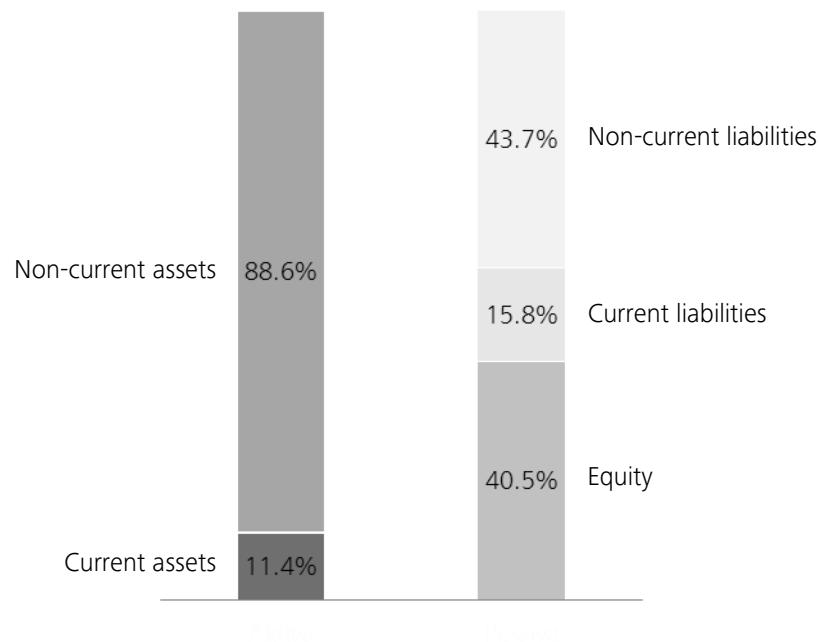
- Despite lower OPEX

Impairments driven by SEE investments

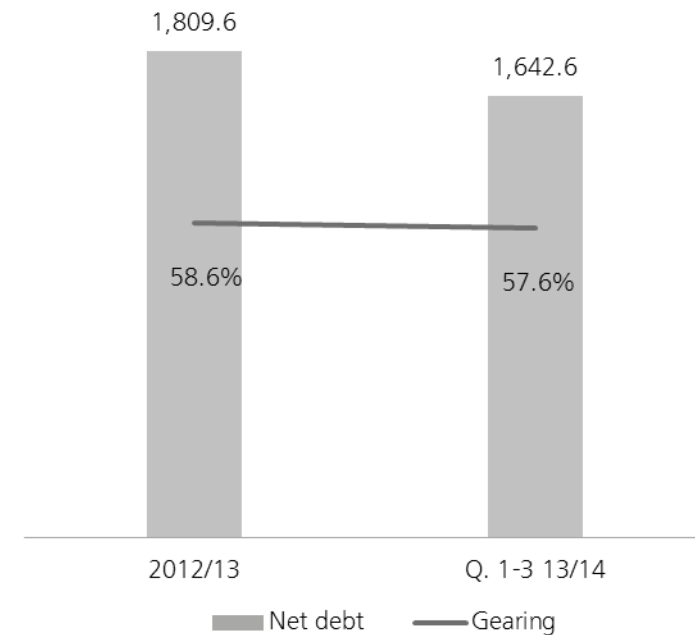
Increase in financial results

Strong net cash flow from operating activities

Balance sheet in %

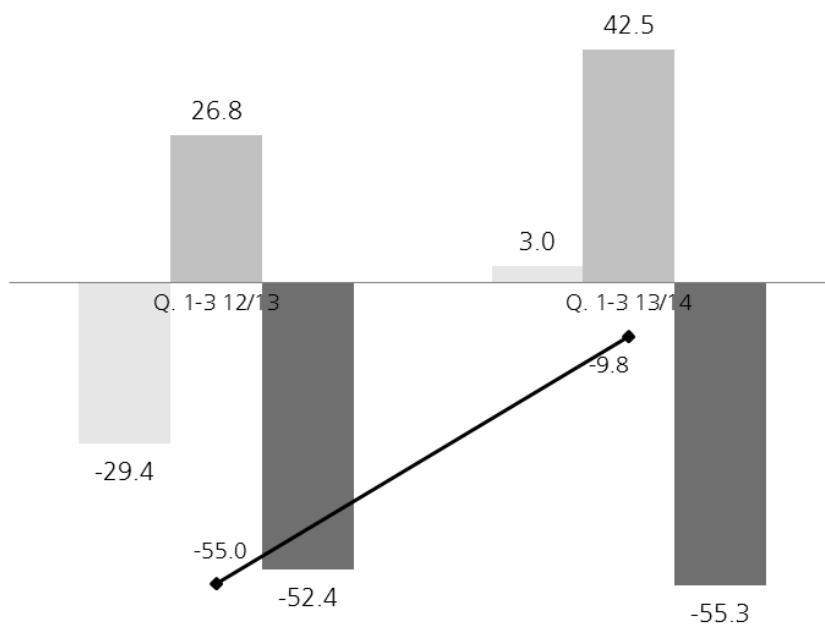


Net debt in EURm; Gearing in %



- Equity ratio 40.5%
- Non-current liabilities increased due to the EUR 150.0m loan from EIB
- Current liabilities decreased mainly due to bond redemption
- Net debt reduced by EUR 167.0m to EUR 1,642.6m
- Gearing declined from 58.6% to 57.6%

Structure of financial result in EURm; development in %

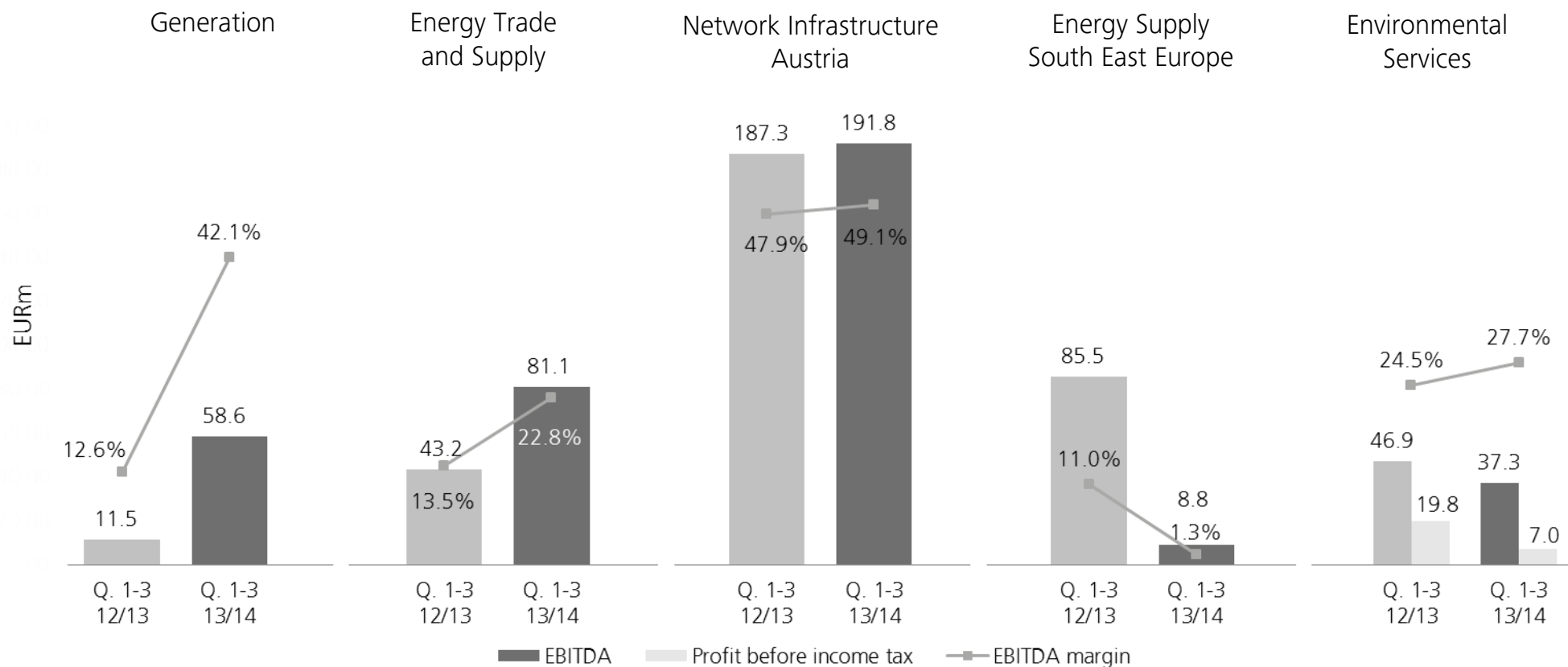


- Share of results from equity accounted investees with financial nature
- Income from other investments
- Total interest and other financial results
- ◆ Financial results

Increase in financial results

- Improvement by EUR 45.2m to EUR –9.8m
- Absence of negative one-off effect from WEEV in the previous year
- Higher dividend payment of EUR 40.1m from Verbund AG
- Increased interest expenses due to Duisburg-Walsum

EBITDA development by segments



Commissioning of Duisburg–Walsum; absence of last year’s one-off

Sales of Duisburg–Walsum production; absence of last year’s one-off

Increase in natural gas network tariffs, decrease in electricity network tariffs

Latest tariff decisions led to impairments; mild winter and low rainfall

Lower number of processed orders in the international project business

		2013/14	+/-
Electricity generation volumes	GWh	Q. 1–3	in %
Total		1,809	–20.6
Renewable energy sources		1,126	–10.2
Thermal energy sources		683	–33.4
Financial performance	EURm		
Revenue		139.3	52.7
<i>Results from at equity investees</i>		1.4	–
EBITDA		58.6	–
EBIT		8.2	–

Decreased power generation

- Lowered production from renewables due to reduced water flows
- Inspection related production decline in Dürnröhr

Year-on-year increase in EBITDA and EBIT

- Revenue increase in spite of challenging energy sector conditions
 - Commissioning of Walsum
- Results from at equity accounted investees increased
 - Absence of last year’s negative one-off effects
- Increase in operating expenses and depreciation due to commissioning of Walsum

End customer price adjustment¹⁾			
Electricity and natural gas	1.10.2013	-3.6%	

Sales volumes to end customers		2013/14 Q. 1-3	+/- in %
	GWh		
Electricity		5,207	-6.3
Natural gas		5,038	-15.6
Heat		1,545	-2.4

Financial performance			
	EURm		
Revenue		355.3	11.1
<i>Results from at equity investees</i>		51.1	47.7
EBITDA		81.1	87.5
EBIT		69.4	-

Decrease in sales volumes

- Lower sales volumes by EnergieAllianz
- Mostly temperature-related reduction in sales volumes of electricity, natural gas and heat

Year-on-year increase in EBITDA and EBIT

- Increased revenues
 - Lower sales volumes more than offset by new marketing of Walsum generation
- Results from at equity accounted investees increased
 - Mainly affected by absence of last year's negative one-off effects
- Increase in operating expenses
- Depreciation remains nearly unchanged

1) Average, household sector (source: EVN)

Tariff adjustments¹⁾			
Electricity	1.1.2014	-9.0%	
Natural gas	1.1.2014	7.7%	
Network distribution volumes		2013/14 Q. 1-3	+/- in %
	GWh		
Electricity		6,011	-0.3
Natural gas ²⁾		12,063	-8.1
Financial performance			
	EURm		
Revenue		390.4	-0.2
EBITDA		191.8	2.4
EBIT		116.2	2.1

Lower distribution volumes

- Electricity: lower demand from households and small businesses almost compensated by higher demand from industrial customers
- Natural gas: temperature-related decrease

Increase in EBITDA and EBIT

- Lower electricity and gas network distribution revenue almost compensated by positive change of assets recognised for the regulatory account
- Slightly higher cable TV and telecommunication revenue
- Year-on-year drop in operating expenses

1) Average, according to the regulator in Austria (E-Control)

2) Including network sales to EVN's power stations

End customer price adjustments¹⁾			
Bulgaria	electricity	1.7.2014	0.6% ¹⁾
		1.1.2014	-1.0%/-10.0% ²⁾
	heat	1.1.2013	5.1%
Macedonia	electricity	1.7.2014	3.5%
		1.7.2013	-3.0%

Key energy business indicators	GWh	2013/14 Q. 1-3	+/- in %
Electricity generation volumes		310	-10.6
Network distribution volumes ³⁾		10,002	-0.2
Heat sales volumes to end customers		172	-11.6

Financial performance	EURm		
Revenue		661.1	-15.3
EBITDA		8.8	-89.7
EBIT		-230.8	-

Lower electricity generation and distribution volumes

- Decreased rainfall limited hydropower plants production; reduced usage of co-generation plant in Plovdiv
- Weather related decline in heat sales

Drop in EBITDA and EBIT

- Lower sales revenues due to
 - Previous regulatory tariff decisions
 - Recognition of regulatory liability in Bulgaria
- OPEX decline due to
 - Continuous operative improvements
 - Recognition of regulatory receivable in Bulgaria
- EUR 193.5m impairments mainly on Bulgarian and Macedonian customer bases and goodwill

1) Average, household sector, according to the regulators in Bulgaria (SEWRC) and Macedonia (ERC)
 2) 1% decrease in day tariffs; 10% decrease in night tariffs
 3) In Bulgaria and Macedonia energy sales volumes fairly equal present network distribution volumes

Financial performance	EURm	2013/14 Q. 1-3	+/- in %
Revenue		134.8	-29.5
EBITDA		37.3	-20.5
EBIT		14.0	-44.9
Financial results		-2.1	-
Profit before income tax		12.0	-53.5

Year-on-year drop in EBITDA and EBIT

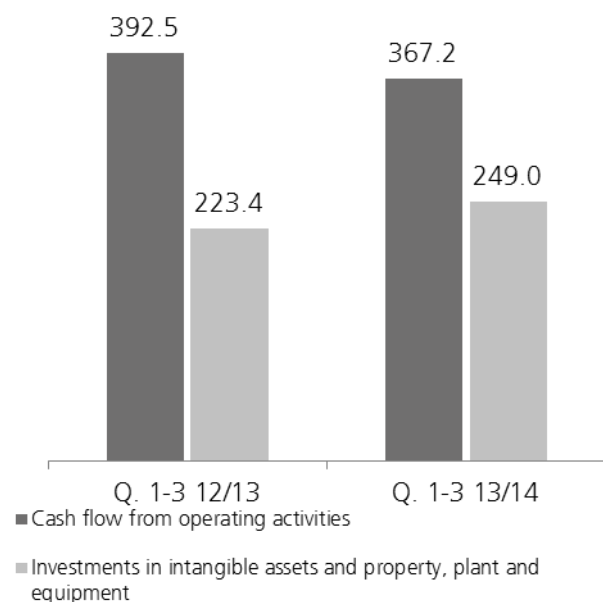
- Reduction in revenue
 - Decrease in the number of processed orders in the international project business
 - Rise in revenue in thermal waste utilisation in Austria
 - Expansion of drinking water supply to new communities
- Decline in operating expenses

Business development

- Opening of the wastewater purification plant Mia Milia/Haspolat, Cyprus
- Moscow: guarantee drawn from the Federal Republic of Germany, continued discussions with the city of Moscow

	EURm	2013/14 Q. 1-3	+/- in %
Gross CF		349.3	-29.2
Net CF from operating activities		367.2	-6.4
Net CF from investing activities		-156.5	35.1
Net CF from financing activities		-238.6	-
Net change in cash and cash equivalents		-27.8	-

Operating cash flow and Investments in EURm



Year-on-year decline in gross cash flow

- Negative Group net result, however, mainly due to higher depreciation and amortisation
- Lower non-cash earnings components from equity accounted investees
- Initial recognition of a regulatory receivable

Lower net cash flow from operating activities

- Despite higher regulatory liabilities and trade payables and lower income tax payments

Net cash flow from investing activities

- Investments in network infrastructure and production capacities
- Sale of short-term cash funds

→ Outlook 2013/14:

- Negative Group net result
- Due to non-cash effects no impact on expected dividend payment

→ EVN's strategy:

- Consolidation of existing business in core markets
- Increase of efficiency
- Continued investment priority in Lower Austria

→ EVN's strengths:

- Broad and stable customer base
- Integrated business model

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