

# Energy. Water. Life.

Full Report  
2018/19



## **Dear Ladies and Gentlemen, Dear Shareholders,**

The future of the global climate has dominated public discussions in recent months. EVN's activities during the 2018/19 financial year included the early termination of coal-generated electricity production in Lower Austria – also against the backdrop of the substantial increase in the price of CO<sub>2</sub> emission certificates – as well as the accelerated expansion of wind power. Our wind power generation capacity has increased by roughly 100 MW to 367 MW in only two financial years, which means we have reached our interim goal one year earlier than planned. These two examples alone show that we are committed to supporting the future-oriented transformation of our energy system towards renewable generation.

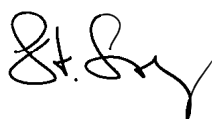
Our long-term strategy as a listed company is focused on clearly defined corporate values and a responsibility towards our stakeholders. This strategy reflects EVN's priority areas of activity, above all supply security and customer satisfaction. At the same time, our decisions and actions must also integrate numerous long-term strategic considerations and business requirements. Included here, not least, are the careful planning and systematic implementation of an investment programme that also comprehensively meets energy sector, legal and regulatory requirements.

During the past financial year, we again dedicated significant portions of our total

investments towards Lower Austria's network infrastructure. We see these investments as a central step on the road to a climate-friendly energy system because they are an indispensable requirement for protecting network stability in view of a further increase in volatile renewable generation.

We are also making a substantial contribution in support of renewable generation: EVN, currently the leading wind power producer in Lower Austria, set an ambitious goal several years ago to increase this capacity to 500 MW. While our work is directed to meeting this goal, we are also evaluating projects for large-scale photovoltaic facilities, especially at our own power plant locations. Here we see a potential of up to 100 MW in our markets over the medium term, subject to appropriate framework conditions.

Energy. Water. Life. This new slogan has represented EVN since the 2018/19 financial year. By supplying energy – electricity, natural gas, district heating and cooling – and managing drinking water and wastewater, we make an essential contribution to our customers' quality of life – each and every day. These activities are also the focal point of a new campaign which was introduced in our home market of Lower Austria during spring 2019: With top quality energy and drinking water supplies, EVN provides well-being, supply security and customer service day for day, around the clock.



**Stefan Szyszkowitz**  
Spokesman of the Executive Board



**Franz Mittermayer**  
Member of the Executive Board

# Key figures

		2018/19	2017/18	+/- %	2016/17
<b>Sales volumes</b>					
Electricity generation volumes	GWh	5,594	5,526	1.2	6,059
thereof from renewable energy	GWh	2,315	2,213	4.6	2,093
Electricity sales volumes to end customers	GWh	19,924	18,413	8.2	18,544
Natural gas sales volumes to end customers	GWh	5,083	5,178	-1.8	5,744
Heat sales volumes to end customers	GWh	2,196	2,219	-1.0	2,293
<b>Consolidated statement of operations</b>					
Revenue <sup>1)</sup>	EURm	2,204.0	2,078.7	6.0	2,215.6
EBITDA	EURm	631.7	671.8	-6.0	721.6
EBITDA margin <sup>1) 2)</sup>	%	28.7	32.3	-3.7	32.6
Results from operating activities (EBIT)	EURm	403.5	392.9	2.7	346.9
EBIT margin <sup>1) 2)</sup>	%	18.3	18.9	-0.6	15.7
Result before income tax	EURm	373.5	355.7	5.0	325.5
Group net result	EURm	302.4	254.6	18.8	251.0
<b>Consolidated statement of financial position</b>					
Balance sheet total	EURm	8,188.6	7,831.1	4.6	6,454.9
Equity	EURm	4,552.1	4,092.6	11.2	3,150.1
Equity ratio <sup>2)</sup>	%	55.6	52.3	3.3	48.8
Net debt	EURm	999.5	963.7	3.7	1,213.2
Gearing <sup>2)</sup>	%	22.0	23.5	-1.6	38.5
Return on equity (ROE) <sup>2)</sup>	%	7.6	7.7	-0.2	9.2
<b>Consolidated cash flow and investments</b>					
Net cash flow from operating activities	EURm	429.7	603.5	-28.8	508.9
Investments <sup>3)</sup>	EURm	391.4	356.4	9.8	303.8
Net debt coverage (FFO) <sup>2)</sup>	%	50.9	69.0	-18.2	48.7
Interest cover (FFO)	x	11.7	14.4	-18.9	10.1
<b>Value added</b>					
Net operating profit after tax (NOPAT)	EURm	216.3	314.8	-31.3	425.7
Capital employed <sup>4)</sup>	EURm	4,135.4	4,094.2	1.0	4,173.5
Operating return on capital employed (OpROCE) <sup>2)</sup>	%	5.2	7.7	-2.5	10.2
Weighted average cost of capital (WACC) <sup>2) 5)</sup>	%	6.3	6.3	-	6.3
Economic value added (EVA <sup>®</sup> ) <sup>6)</sup>	EURm	-42.1	58.9	-	164.8
<b>Share</b>					
Earnings	EUR	1.70	1.43	18.7	1.41
Dividend	EUR	0.47 + 0.03 <sup>7)</sup>	0.44 + 0.03 <sup>7)</sup>	6.4	0.44 + 0.03 <sup>7)</sup>
Dividend yield <sup>2)</sup>	%	3.1	2.8	0.3	3.6
<b>Share performance</b>					
Share price at 30 September	EUR	16.14	16.88	-4.4	13.22
Highest price	EUR	17.28	18.00	-4.0	13.40
Lowest price	EUR	12.16	13.07	-7.0	10.47
Market capitalisation at 30 September	EURm	2,903	3,036	-4.4	2,377
<b>Credit rating</b>					
Moody's		A1, stable	A2, positive		A2, stable
Standard & Poor's		A, stable	A-, stable		A-, stable

1) Previous year's figures were adjusted – see the consolidated notes, note 2. Reporting in accordance with IFRS,

Changes in the presentation of the consolidated financial statements and adjustment of prior year data

2) Changes reported in percentage points

3) In intangible assets and property, plant and equipment

4) Average adjusted capital employed

5) Exact value 2016/17, 2017/18 and 2018/19: 6.25%

6) As defined by Stern Stewart & Co.

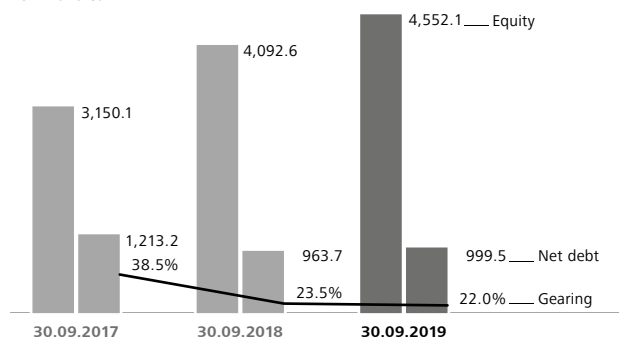
7) Bonus dividend of EUR 0.03 per share; 2018/19 financial year: proposal to the Annual General Meeting

	2018/19	2017/18	2016/17
<b>Employees</b>			
Number of employees on a full-time equivalent basis (FTE)	Ø 6,908	6,831	6,840
Number of employees as of 30 September (headcount)	number 7,327	7,200	7,181
thereof women	number 1,686	1,664	1,674
thereof men	number 5,641	5,536	5,507
Proportion of women	% 23.0	23.1	23.3
Employee fluctuation	% 3.4	1.9	2.6
Training hours per employee	hrs. 34.1	33.8	31.3
Number of occupational accidents <sup>1) 2)</sup>	number 85	100	89
<b>Environment</b>			
Direct greenhouse gas emissions (Scope 1) <sup>2)</sup>	t CO <sub>2</sub> e 2,726,185	2,573,847	2,839,782
Specific greenhouse gas emissions (Scope 1) <sup>2)</sup>	t CO <sub>2</sub> e/GWh 310.80	291.62	301.82
NO <sub>x</sub> emissions	t 1,979	2,353	2,497
Hazardous waste and residual materials <sup>3)</sup>	t 19,604	19,348	11,524
Water consumption <sup>4)</sup>	m m <sup>3</sup> 32.2	32.7	31.5

- 1) Number of occupational accidents with lost days (excluding commuting accidents)  
2) Adjustment of prior year information due to a change in the calculation method  
3) Without building residues and power plant by-products  
4) Drinking water supplies from purified ground water by evn wasser

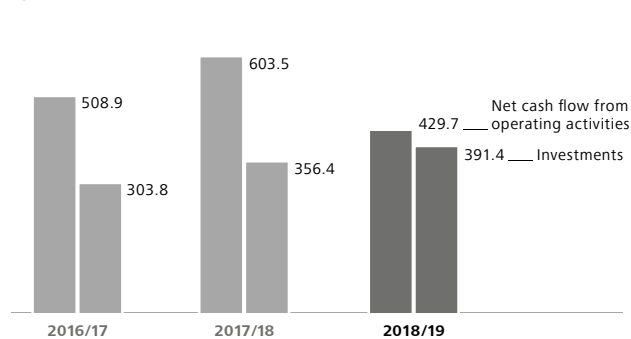
## Equity, net debt and gearing

EURm and %



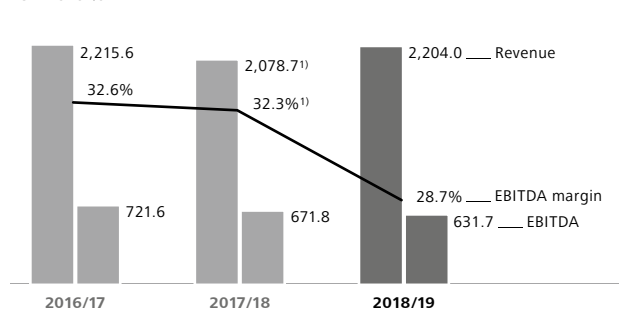
## Cash flow and investments

EURm



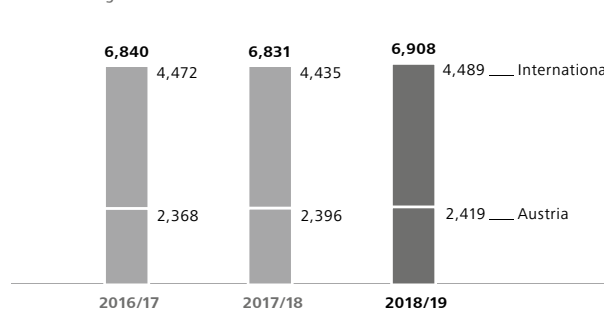
## Revenue<sup>1)</sup>, EBITDA and EBITDA margin<sup>1)</sup>

EURm and %



## Employees by region

Annual average



- 1) Previous year's figures were adjusted – see the consolidated notes, note 2. Reporting in accordance with IFRS, Changes in presentation of the consolidated financial statements and adjustment of prior year data

## **Highlights 2018/19**

Revenue

**+6.0% to EUR 2,204.0m**

EBIT

**+2.7% to EUR 403.5m**

Group net result

**+18.8% to EUR 302.4m**

Dividend proposal

**EUR 0.47 + 0.03 bonus per share**



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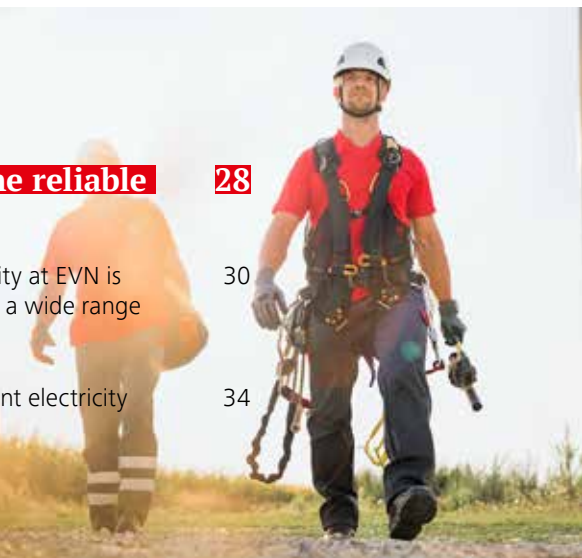
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## About this report

Under the title “EVN Full Report”, we publish an integrated annual and sustainability report for each financial year. The equal treatment of non-financial and financial information and the corporate governance report in this publication underscore our self-image as a responsible energy and environmental services provider.

### Applied standards and guidelines

This full report meets the requirements of the Global Reporting Initiative (GRI), option “core”, and also presents additional performance indicators. Moreover, it includes company-specific indicators as defined by the GRI Sector Supplement for the Electric Utilities Sector. The indicators listed in the GRI content index reflect the requirements of the Global Reporting Initiative and, consequently, provide a summary of the content. The GRI content index does not cover supplementary non-financial information.

This report also meets the high standards set by the UN Global Compact and provides information on progress in this area.

The following corporate departments were responsible for the collection and calculation of data in accordance with national and international standards and with the guidelines for financial

and sustainability reporting: accounting, controlling and human resources management as well as the staff department for innovation, sustainability and environmental protection. The consolidated financial statements were prepared in accordance with § 245a of the Austrian Commercial Code based on the requirements of the IFRSs issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) which required mandatory application as of the balance sheet date and had been adopted by the European Union. Non-financial reporting was based on the applicable standards and sector supplements of the Global Reporting Initiative, which were applied as completely as possible.

### Reporting in accordance with the Austrian Sustainability and Diversity Improvement Act

EU Directive 2014/95/EU on the disclosure of non-financial and diversity-related information (NFI Guideline) was implemented in Austria through the Sustainability and Diversity Improvement Act (“Nachhaltigkeits- und Diversitätsverbesserungsgesetz”). In order to meet the related requirements, we selected the option to prepare a separate non-financial report for the

2018/19 consolidated financial statements and integrate this information in our full report. The disclosures required by the Sustainability and Diversity Improvement Act on environmental, social and employee issues, respect for human rights and combatting corruption are therefore presented under the section “Non-financial report” and listed separately in the table of contents for easier orientation.

### Reporting principles and structure

A central element of EVN’s integrated business model is the equal treatment given to the interests and concerns of our various stakeholders. This is reflected, above all, in the EVN materiality matrix, which identifies the priority topics for the various interest groups based on a regular survey. The non-financial reporting content is selected according to its relevance for sustainability and in order to achieve a balanced and complete presentation of the most important current issues in line, as well as with the following principles:

→ **Inclusion of stakeholders:** The reporting content is based on legal requirements and the information needs of our stakeholders, which were identified through a stakeholder survey in 2016/17. This structured survey process takes place every three years.



→ **Materiality:** EVN's most important activity and subject areas are defined by the EVN materiality matrix based on the results of the stakeholder survey and are reflected in the structure for this full report. The classification by area of activity is intended to give equal treatment to the diverse and varied information needs of EVN's target groups. In agreement with the GRI reporting standards, information of low importance is not provided in order to maximise relevance and transparency by concentrating on the most significant issues.

→ **Completeness:** The reporting meets the applicable legal requirements as well as the applied GRI standards.

□ For information on EVN's materiality matrix, see page 16f

### External verification

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft was responsible for the audit of the consolidated financial statements and the verification of compliance with GRI standards and the Austrian Sustainability and Diversity Improvement Act for the 2018/19 financial year.

□ The auditors' report can be found on page 222ff

□ For the independent assurance report on the non-financial report in accordance with GRI standards and the Austrian Sustainability and Diversity Improvement Act, see page 88f

### References

You can find additional information on certain topics on EVN's website, as indicated by the cross-references in this report. The full report also includes references to GRI standards and to other information within the report. The signs used in this full report are listed below:

- Reference to additional information in this full report
- Reference to content on the internet
- △ Reference to GRI standards

### Content accuracy and gender-specific wording

We prepared this full report and verified the data with the greatest possible diligence. Nevertheless, rounding, typesetting and/or printing errors cannot be excluded. The use of automatic data processing equipment can lead to rounding differences in the addition of rounded amounts and percentage rates. This full report also contains forward-looking statements, estimates and assumptions which are based on the information available to us up to the editorial deadline. Such statements are typically connected with terms such as "expect", "estimate",

"plan", "anticipate" etc. We would like to point out that actual circumstances – and, in turn, the company's performance and results – may differ from the expectations and forward-looking statements contained in this report for a variety of reasons.

EVN is also committed to equal treatment in references to men and women in its internal and external publications, i. e. also in this full report. Texts in which only the masculine form is used to improve readability should be understood to refer to both genders equally.

This full report is available in German and English. In case of doubt, the German version takes precedence.

The editorial deadline for this report was 18 November 2019.

- For information on the GRI content index, see page 230ff
- For information on the Global Reporting Initiative, see [www.globalreporting.org](http://www.globalreporting.org)
- For information on the UN Global Compact, see [www.unglobalcompact.org](http://www.unglobalcompact.org)
- △ GRI indicators: GRI 102-46, GRI 102-54

# EVN – energy company and environmental services provider

EVN’s activities cover the energy and the environmental service business. The headquarters of this international Group are located in Lower Austria, further core markets are Bulgaria and North Macedonia. In total, EVN is currently active in 16 countries.

## Business areas

### Energy business

Our integrated business model covers the entire value chain:

- Energy generation
- Operation of distribution networks
- Delivery of electricity, natural gas and heat to end customers (with different focal points in our individual markets)

### Environmental services business

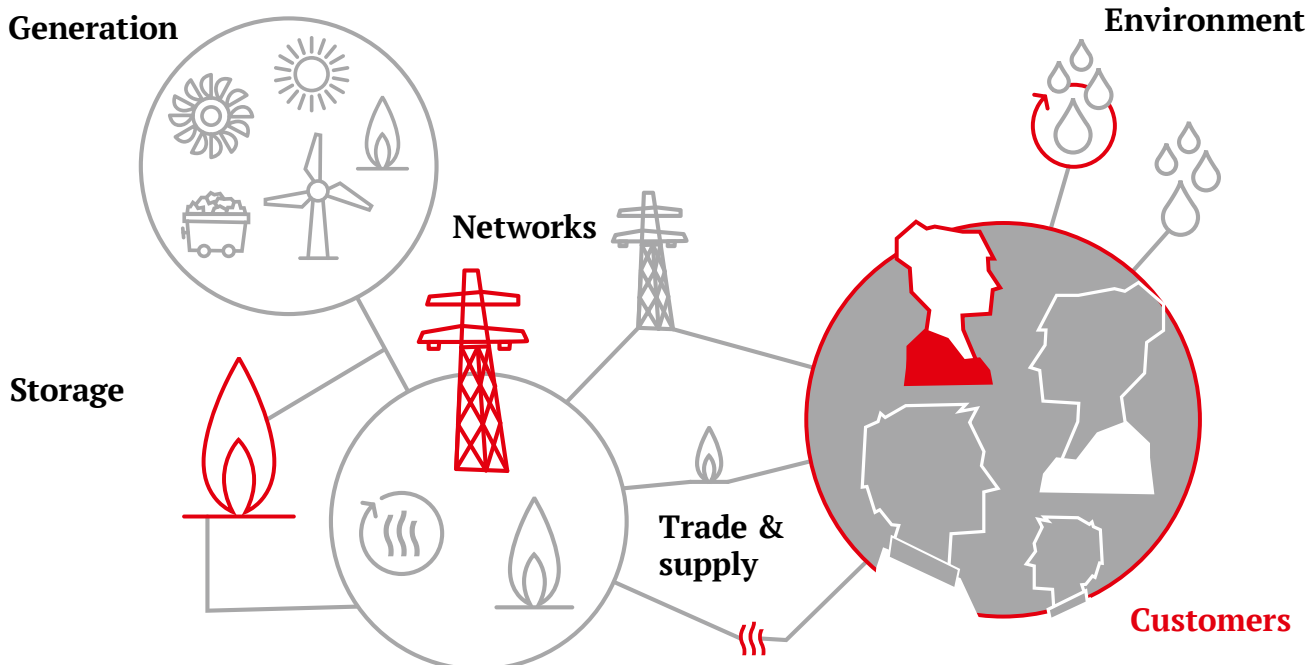
- Drinking water supplies in Lower Austria
- International projects business: planning, construction, financing and operation of plants for drinking water supplies, wastewater disposal as well as thermal waste and sludge utilisation

### Investments

Investments in areas related to the core business supplement and hedge our value chain:

- Verbund AG (12.63%)
- Burgenland Holding AG (73.63%), which, in turn, holds 49.0% of Energie Burgenland AG
- RAG Austria AG (50.03%)

## Value chain



DE

AT

HR

BG

AL

MK

## Markets<sup>1)</sup> and business areas

### Austria

- **Generation:** electricity, heat, thermal waste utilisation
- **Network operations:** electricity, natural gas, heat, cable TV, telecommunications
- **Energy supplies:** electricity, natural gas, heat
- **Environmental services business:** drinking water supplies

### Bulgaria

- **Generation:** electricity, heat
- **Network operations:** electricity, heat
- **Energy supplies:** electricity, heat

### North Macedonia

- **Generation:** electricity
- **Network operations:** electricity
- **Energy supplies:** electricity

### Germany

- **Generation:** electricity
- **Energy supplies:** electricity
- **Environmental services business:** drinking water supplies and wastewater treatment, as well as thermal sludge utilisation

### Croatia

- **Network operations:** natural gas
- **Energy supplies:** natural gas
- **Environmental services business:** wastewater treatment

### Albania

- **Generation:** electricity

### Other countries

- **International project business:** plants for drinking water supplies, wastewater treatment and thermal waste and sludge utilisation

1) Map outlines markets in the energy business

**157,951 km**  
networks

**1,704 MW**  
electricity generation  
capacity

**42.2%**  
renewable

**57.8%**  
thermal

**143,013 km**  
electricity

**893 km**  
heat

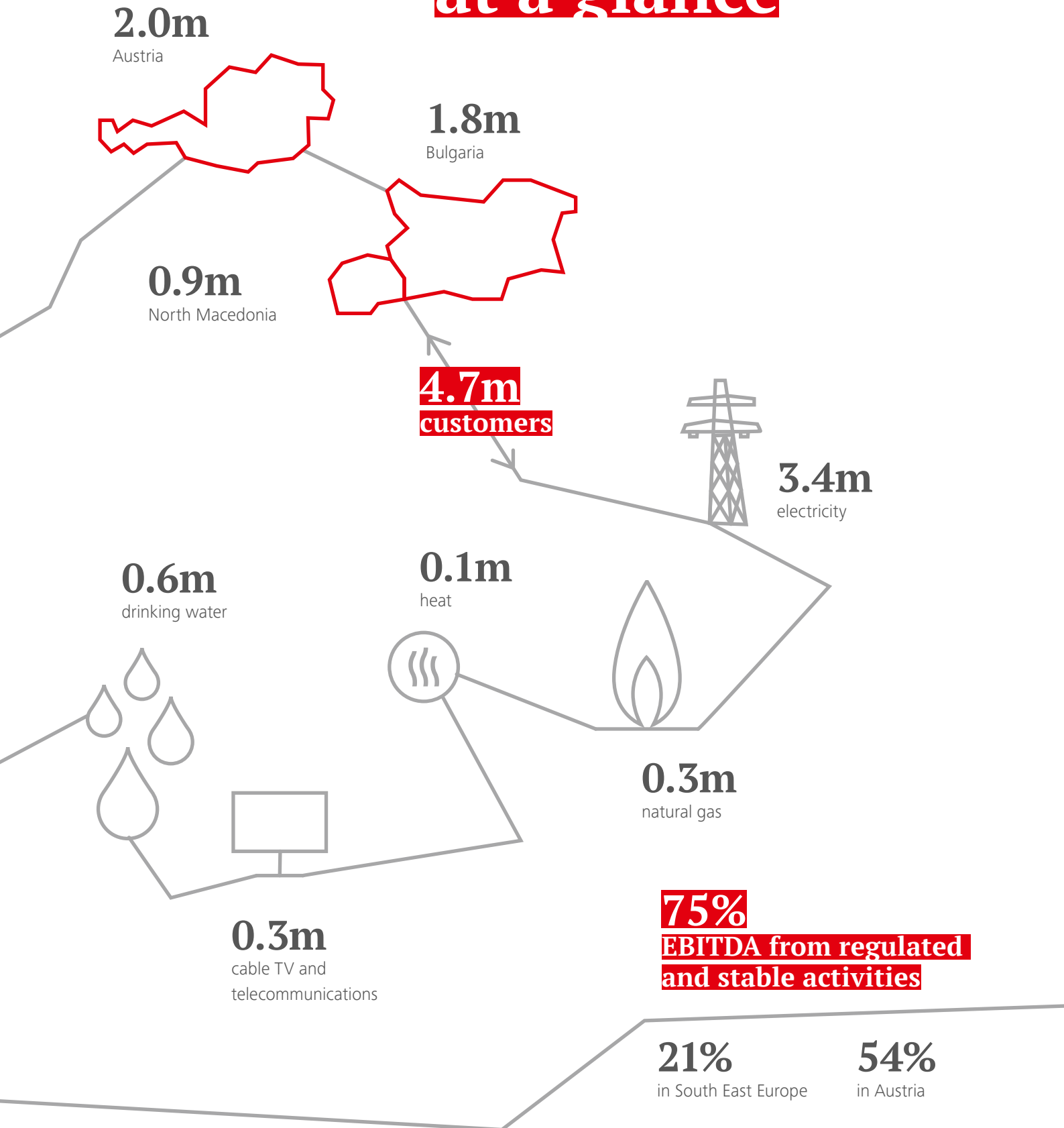
**14,045 km**  
natural gas

**6,908**  
employees

**35.0%**  
in Austria

**65.0%**  
international

# Key data at a glance



**Forward-looking.  
Goal-oriented.  
Sustainable.**

*“As an energy and drinking water supplier for Lower Austria – this country’s largest province – we are committed to a social and political consensus that will allow us to meet the United Nation’s Sustainable Development Goals. We see it as an obligation as well as a challenge to make a real contribution in all our markets. The guiding principle for our actions is our materiality matrix, which reflects the interests and concerns of our stakeholders.”*

**Stefan Szyszkowitz  
and Franz Mittermayer**

**EVN Executive Board**





# Our shareholders can depend on EVN for stability and continuity.

**Franz Mittermayer and Stefan Szyszkowitz on changing customer expectations, climate protection and renewable energies, extensive investments and success in the international project business.**

*“In 2020 we will have reduced our CO<sub>2</sub> footprint in Lower Austria by roughly two thirds in comparison with 2005 – through the massive expansion of our renewable generation and the earlier-than-planned shutdown of hard coal-fired production in Dürnrohr.”*

*Stefan Szyszkowitz,  
spokesman of the Executive Board*



and to help us find the answers to customers' changing requirements. In order to meet these demands, we need motivated colleagues who are receptive to change and have the necessary positive mindset. Our ideas and actions can't simply stop at the department or company door. Of course, we naturally want to keep our focus on our customers' needs. It's also interesting to see the changes on the labour markets in our core countries. One solution for these challenges is dual training, like the programmes we created together with partner schools in Bulgaria and North Macedonia. Innovative methods for human resources development are also part of our future approach in Lower Austria: here we are launching a new course of studies that will allow our employees to complete training to become a "digitalisation master".

**To begin with: What is the core message behind the slogan for this report, "Energy. Water. Life."?**

**Stefan Szyszkowitz:** Our customers have clear expectations: high-quality supplies in the form of a broad portfolio of products and services that support and facilitate – and frequently also form the basis for – their daily living and working routines. The indispensable foundation for all this is a highly developed technical infrastructure, from generation to distribution through our networks.

**Franz Mittermayer:** That's not only true for energy, but also for drinking water. In order to guarantee reliable, high-quality supplies for our customers, we've been making massive investments in water supplies for many years. This investment programme will undoubtedly continue for at least another decade, with special weight on the expansion of the pipeline infrastructure. As you know, a cross-regional network – and here we are currently speaking of a total length of approximately 2,800 km – allows us to

establish both a quantitative and qualitative equilibrium and, in this way, protect supplies for our customers.

**What do change and challenges mean for EVN's employees?**

**Stefan Szyszkowitz:** We are open to new forms of communication and cooperation – which is what we mean with the "new EVN Working World". Additionally, we are using the opportunities created by digitalisation to make internal processes more efficient

**In August 2019, EVN produced electricity in the Dürnrohr power plant for the last time with hard coal. How did you reach this decision?**

**Franz Mittermayer:** The German-Austrian electricity price zone was terminated

on 1 October 2018, which means it's no longer possible to have our thermal power plants, including Dürnrrohr, under contract to serve as reserve capacity for southern Germany as we had in previous years. That eliminated a major reason to keep these plants in operational readiness, particularly since the price of CO<sub>2</sub> emission certificates had nearly tripled by the end of May 2019 – over a period of only one and a half years. In the end, we decided not to order any more coal, and the ship with the final delivery for Dürnrrohr arrived in late May 2019. Apart from business considerations, this decision will make an active contribution to climate protection: by terminating operations before the end of the plant's technical useful life in 2025, we will avoid approximately 3.6m tonnes of CO<sub>2</sub>.

**Stefan Szyszkowitz:** However, this shutdown creates a major challenge for supply security, and other power plants in Austria will need to step in. As long as the electricity produced from water, wind and the sun can't be stored in sufficient volumes to protect supply security, we will need alternative forms of reserve

capacity. Here I am thinking, above all, of fast-starting gas turbines, comparable to the ones in aircraft, which can be bundled into flexibly deployable energy stations. In order to create the necessary framework conditions, we need a coordinated approach – not only in Austria, but at the European level.

**And what lies in the future for Dürnrrohr?**

**Franz Mittermayer:** Dürnrrohr will be assigned new responsibilities as a key energy location. Our thermal waste utilisation plant will continue to generate process steam for industrial customers, in addition to conventional electricity and district heating. In order to meet our obligations towards these customers, for example in the event of maintenance-related downtime, we are currently installing an additional gas-fired boiler for steam production. We are also planning to construct a sewage sludge incineration plant and install a large-scale photovoltaic plant – and are currently studying the optimal capacity. It could range up to 20 MW, which would make it Lower Austria's largest photovoltaic

*“Supply security means that our electricity customers always have the desired quantity of electricity when it is needed – and here I mean the 50 Hertz frequency quality that is standard in Europe.”*

*Franz Mittermayer,  
member of the Executive Board*



facility – all things considered, a very nice alternative for the site of a former coal-fired power plant.

**In recent months, public discourse has increasingly turned to climate protection. What answers does EVN have for climate-conscious customers?**

**Franz Mittermayer:** Our latest answer is joulie, a highly innovative web-based package that supports the use of photovoltaic equipment in private households. joulie – which is an EVN innovation – not only optimises generation and consumption for the equipment's operator, it also markets the surplus electricity. This

future-oriented step will transform us from a pure supplier into an energy manager for our climate-conscious household customers.

**Stefan Szyszkowitz:**

This is only one of many offers. For many years, our customers have been able, for example, to purchase electricity from 100% renewable generation through our “Nature” product line. Here we can see a welcome trend in that large customers – companies as well as municipalities – are increasingly and directly asking for green electricity. In recent years, we have also changed our supply mix to substantially reduce the share of electric-

ity with a CO<sub>2</sub> footprint. And we intend to make further progress in this area over the coming years.

**Keyword: investments.**

**What were the focal points in 2018/19, and what are your plans for the future?**

**Stefan Szyszkowitz:** Our projects are concentrated on the network infrastructure because the current schedule includes a higher investment cycle for the distribution network of the future. During the next three years, we also expect to invest additional funds for the introduction of smart meters in Lower Austria.

At the same time, we are continuing to invest in renewable generation: during the past financial year, we significantly accelerated the expansion of our wind power capacity and completed five projects. That means we have reached our medium-term expansion goal of roughly 370 MW one year earlier than originally planned. We want to expand EVN's wind power capacity to roughly 500 MW by the end of 2023, subject to

appropriate framework conditions. This goal is based on a pipeline of roughly one dozen projects in Lower Austria, which have already been developed and, in part, approved by municipal authorities. However, we are also evaluating the feasibility of large-scale photovoltaic equipment in our supply areas and currently see a potential of up to 100 MW for the EVN Group as a whole. The third focal point for our investments – as previously mentioned – is drinking water supplies for Lower Austria.

Translated into figures, this means investments will be in the range of EUR 400m per year over the next four financial years. And roughly three quarters of this annual total will account for Lower Austria.

**And what is the latest news from the international project business?**

**Franz Mittermayer:**

Here we are looking at an exciting new field. Our attention has recently turned to the development of concepts and solutions for the drying and thermal utilisation

of sewage sludge – which is an issue with great potential for the future. With our know-how in the planning, construction and operation of these types of plants, we have exactly the right solutions in our portfolio. WTE Wassertechnik is currently working on contracts for the construction of sewage sludge incineration plants in Germany, Lithuania and Bahrain.

**In conclusion: What expectations can shareholders have for EVN?**

**Stefan Szyszkowitz:**

Stability and continuity are two factors our shareholders can definitely depend on. Our strategic positioning for EVN reflects a clear focus on regulated and stable activities that safeguard the company's plannable cash flows and, in turn, its fundamental stability. This explains the concentration of our investments in these business areas and our very conservative approach to additional growth in fields with a higher risk-return profile.

Sustainability is a further important aspect that also has a significant influence on

our company's capital market operations. Our strategy is closely tied to responsible and sustainable actions. We believe this makes the EVN share attractive, above all for people who are interested in sustainable financial investments.

Since our goal is to secure ratings in the solid A range, we place high priority on balancing the use of funds between investments and distributions to our shareholders – and follow a dividend policy that is focused, above all, on stability. We plan to ask the Annual General Meeting to approve an ordinary dividend of EUR 0.47 per share for the 2018/19 financial year. Our shareholders are also interested in planning their cash flows and, to make their work easier, we will work to hold this ordinary annual dividend at least constant in the future. The past financial year marks the 30<sup>th</sup> anniversary of EVN's listing on the Vienna Stock Exchange: we want our shareholders to join us in this celebration and will also ask the Annual General Meeting to approve a bonus dividend of EUR 0.03 per share.

## A focused strategy

**Our path to the future follows clearly defined principles: we have anchored our central, sustained goals and values in our vision, our mission and our corporate values and thereby created an orientation system for all our activities as an energy company and environmental services provider. This value structure underlies the principles and rules for our interaction with our employees, suppliers and business partners. It also forms the basis for our corporate strategy, which is strictly focused on the concerns and priorities of our stakeholders.**

### Our values

Our strong sense of responsibility for our daily supply and disposal activities is reflected in strict standards for our business activities and the management of our Group. Compliance with ethical values and all applicable legal requirements is a matter of course.

We are committed to the concept of sustainable management and, in this sense, work to create a balance between economic, ecological and social factors. Our guiding principle is to achieve a fair balance between the concerns of everyone interested in our company – our stakeholders.

Economic responsibility for the long-term existence of our Group requires our top performance. Maximum expertise and reliability create satisfaction for our customers and partners and, in turn, safeguard our long-term success.

We meet our responsibility for the environment, in particular, through the greatest possible conservation of resources, the minimisation of emissions and the increased use of renewable energy carriers. A decisive role in this process is played by continuous innovation and efficiency improvements.

Our social responsibility is reflected in a number of ways. Concern over the well-being of our employees, fair compensation and the design of a positive corporate culture that is shaped by openness, loyalty and mutual respect are just as important as service to humanity and appropriate positioning in a society that is influenced by a wide variety of factors. We promote and support activities and initiatives – from employees as well as third parties – in the areas of art, culture, social issues and sport – on both a tangible and intangible basis. This includes high transparency

*“A clear commitment to our responsibility and the inclusion of our stakeholders is the central theme underlying our strategy.”*

*Stefan Szyszkowitz,  
spokesman of  
the Executive Board*

- The EVN Code of Conduct: see page 60ff, 102f
- EVN's environmental policy statement: see page 46
- EVN's integrity clause for suppliers: see page 60, 74f
- Also see [www.evn.at/corporate-policy-statement](http://www.evn.at/corporate-policy-statement)
- △ GRI indicator: GRI 102-16

and an open approach to dialogue, inside and outside our company.

In addition to these basic expressions of our vision, mission and corporate values, numerous other binding documents define the framework for behaviour and actions in the EVN Group. We are a member of the UN Global Compact and, as such, are clearly committed to compliance with the global principles of ethical and economic actions.



**Value system, sustainability and stakeholder management as integral parts of the corporate strategy**

“Sustainability” – which is understood to represent a comprehensive term, above all, for ethical, social and environment-related aspects – is the fundamental principle for our actions. In combination with our value system, this concept creates a clear framework for our entrepreneurial activities, which, in turn, is the foundation for our core strategies. Taking the interests of our internal and external stakeholders into account represents a key element in this

context and we stay in close contact with them in many different ways.

The core of our stakeholder management is an institutionalised dialogue with our various stakeholder groups, which are shown on the following diagram. They are regularly identified and ranked by priority in connection with the updating of our materiality matrix, whereby this process always includes an evaluation of the relevance of the individual stakeholder groups for our company.

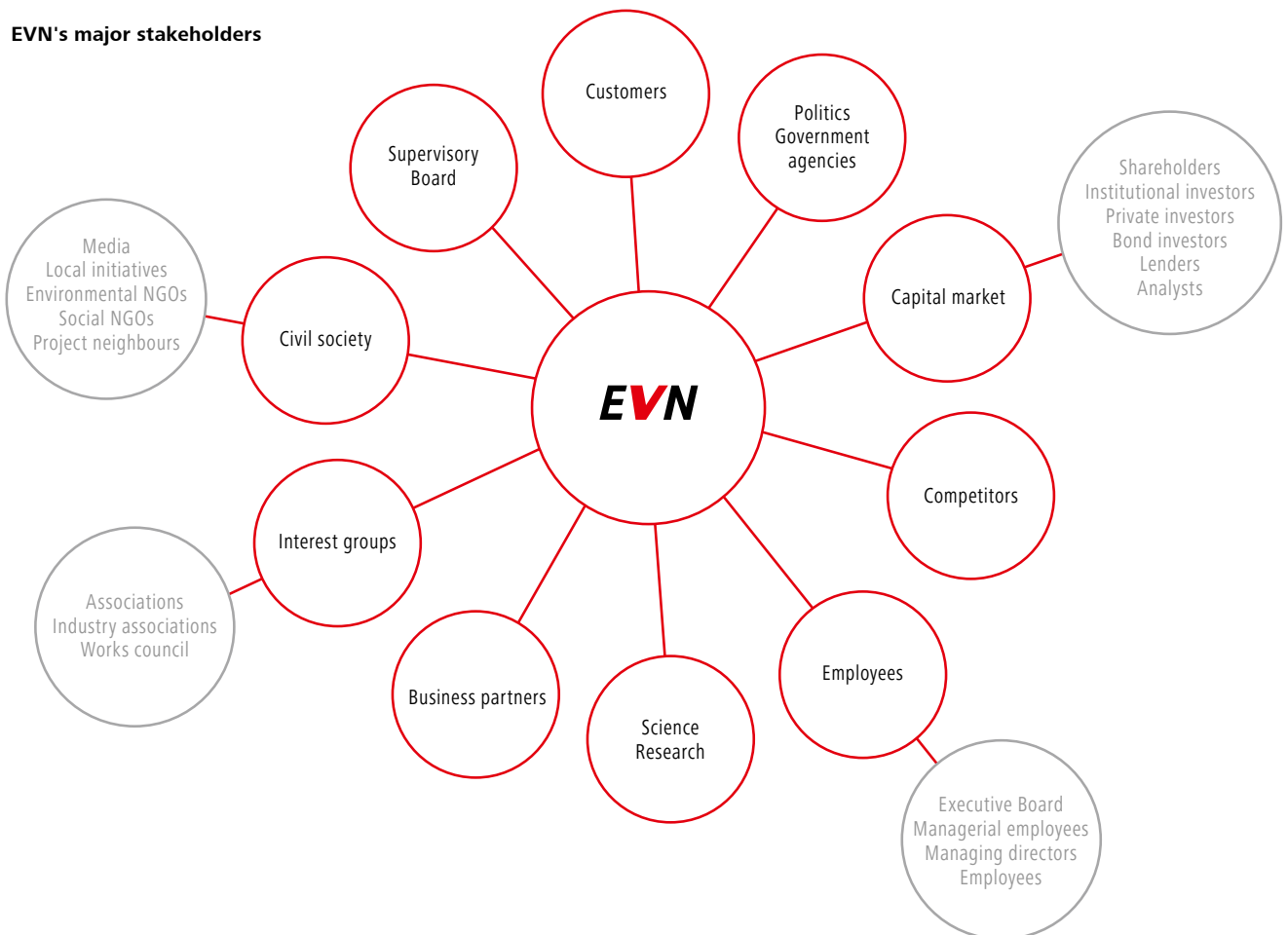
The systematic presentation of our most important sustainability issues in the

form of our materiality matrix takes place every three years, with the next update planned for the 2019/20 financial year. The last survey in 2016/17 included a workshop with external and internal experts, which helped us to identify the social, ecological and economic impact of our business activities in connection with the individual areas of activity. This structured survey process allows us to focus on the issues that have the highest importance for our stakeholders as well as a high economic, ecological or social impact. Our corporate strategy thereby always reflects the latest ecological and social developments and

is strongly geared to the Sustainable Development Goals (SDG) defined by the United Nations. Our reporting is also concentrated on the major issues and areas of activity.

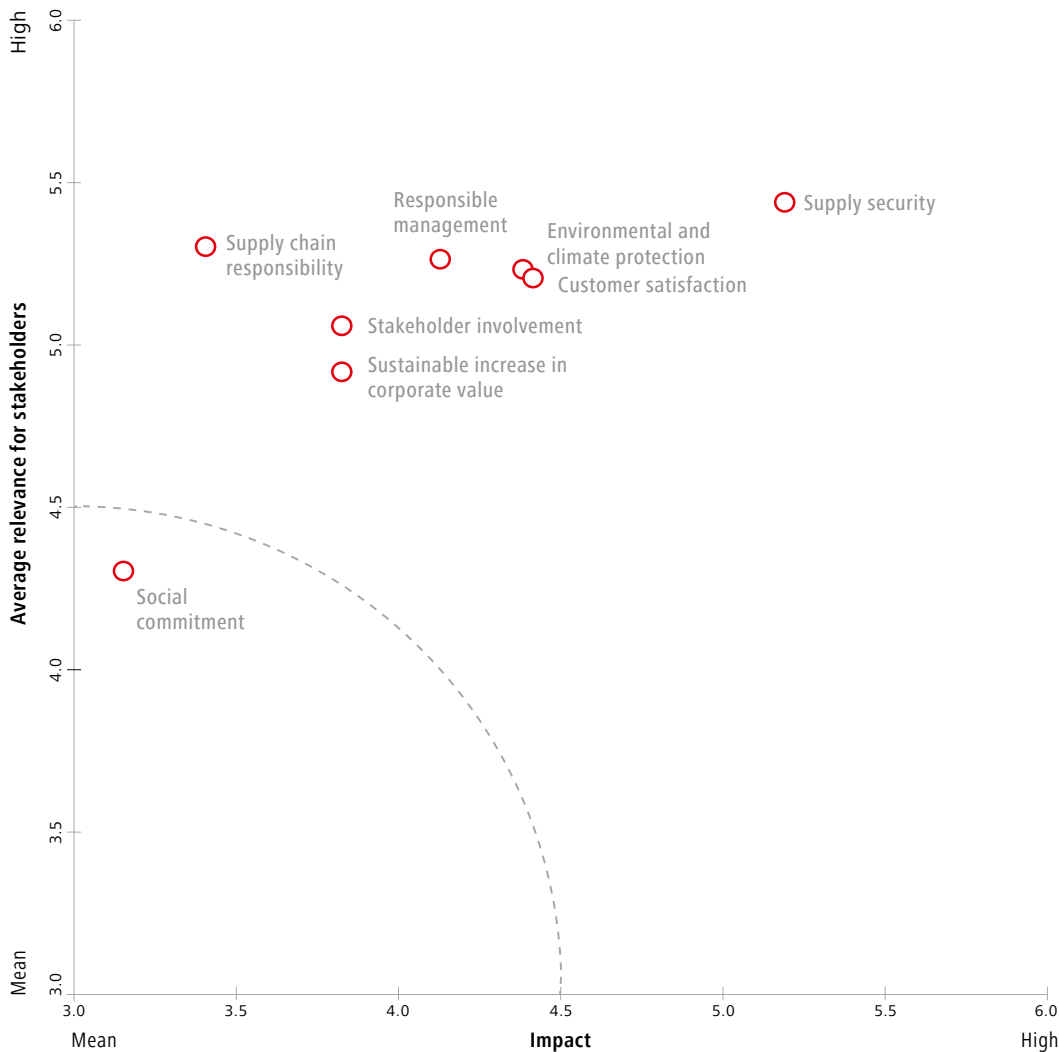
○ For information on the SDG and the respective sub-targets, also see <https://sustainable-development.un.org/sdgs>

**EVN's major stakeholders**





**EVN materiality matrix**



**High target congruency with energy and climate policies**

Especially as an integrated energy company, we see ourselves as a logical partner for politics and society. We want to make an active contribution to meet the climate and energy goals defined at both the European and Austrian levels in all our business areas. The alignment of our corporate strategy with these goals is therefore

an important issue for us. The concepts and solutions to address climate change, which are expected from our industry, take precedence on EVN's agenda. This focus is underscored by the massive expansion of our equipment for renewable electricity generation and our investments in network infrastructure, which make an essential contribution to integrating the increasing decentralised generation in the energy system.

- For information on the energy policy environment, see page 104f
- △ GRI indicators: GRI 102-29, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47, GRI 413-1

**Eight major areas of activity**

The EVN materiality matrix with its eight areas of activity and their potential positive or negative impact on society, ecology and/or the economy serves as the basis for the alignment of our corporate strategy with the interests of our stakeholders.

# Our core strategies

## Integrated business model as a solid basis

### ? Sector environment and trends

Programmes to combat climate change create distortions on the international energy markets

Reorientation of business models by a number of energy providers (above all in Germany)

## Expansion and improvement of our network infrastructure

### ? Sector environment and trends

Strain on networks due to the transport of rising and volatile feed-in from renewable generation

## Further expansion of our wind power capacity in Lower Austria

### ? Sector environment and trends

Global targets for the reduction of greenhouse gas emissions

European and Austrian climate policy with clear commitment to system conversion towards renewable generation

## Use of our gas-fired power plants for network stabilisation

### ? Sector environment and trends

Demand for the cross-regional exchange of services and management of shortages to balance out the increasing feed-in volumes from renewable generation and protect network stability

### ! Our strategy

Diversification along the entire value chain

Increase in the capacity from renewable generation with parallel protection of supply security

Stable and regulated activities form a solid backbone

### ! Our strategy

Focus on supply security and quality

Continuous and future-oriented expansion of facilities in the regulated network segment

### ! Our strategy

Increase in wind power capacity from the current level of 367 MW to approximately 500 MW by the end of 2023 (subject to appropriate framework conditions)

Increase in renewable generation to 50% of total electricity production

### ! Our strategy

Framework contract to provide reserve capacity for Austrian network transmission operator

Commitment to gas-fired power plants to manage shortages and, in this way, protect supply security

! This strategy element applies to the following area of activity:

Sustainable increase in corporate value

Supply security; environmental and climate protection

Supply security; environmental and climate protection; sustainable increase in corporate value

Supply security; sustainable increase in corporate value

**Strong base in end customer business**

**Optimisation of our activities in South East Europe**

**Increased focus on drinking water supplies in Lower Austria**

**Diversification through selected projects in the international environmental services business**

**? Sector environment and trends**

Increasing competition in the end customer market

Rising demand for digitalisation and smart technologies

**? Sector environment and trends**

Energy supply in South East Europe between challenging framework conditions and future potential

**? Sector environment and trends**

Increase in water consumption due to demographic changes (urbanisation) and growing number of weather-related peak periods

Rising quality demands on water supplies (e.g. hardness of the water)

**? Sector environment and trends**

Specific regional characteristics and general conditions require individual solutions for municipal water supplies and wastewater disposal as well as the utilisation of sewage sludge

**! Our strategy**

Competent partner to our customers for supply, individual advising and products and services to support energy efficiency

Customer closeness for fast solution of concerns and needs

Expansion of digital product and service offering

**! Our strategy**

Commitment to supply security and quality, also in South East Europe

Focus on measures to reduce network losses and improve the collection rate

Efficiency improvements in the operating business

**! Our strategy**

Increase in pumping station capacity to improve performance and expansion of cross-regional pipeline networks

Construction of natural filter plants to reduce the hardness of the water by natural means

Development of new drinking water sources

**! Our strategy**

Concentration of our solution expertise on selected projects in municipalities and countries with strong credit standings

Creation of added value for our customers as the basis for our economic success

Development of solutions for the thermal utilisation of sewage sludge as a new business field with high future potential

*Customer satisfaction; responsible management*

*Supply security; sustainable increase in corporate value; responsible management*

*Supply security; sustainable increase in corporate value*

*Sustainable increase in corporate value; responsible management*

## Efficient CSR organisation

The following diagram illustrates the CSR organisation in the EVN Group, which – in agreement with European best practice – reflects the special priority placed on the following principles:

- The full Executive Board is responsible for sustainability and all related activities, including sustainability management. Since the Executive Board – in close coordination with the Supervisory Board – is also responsible for strategy, the interface for the (further) development of these issues is anchored at the highest corporate level.
- The CSR steering committee, which meets twice

each year, comprises the members of the Executive Board as well as key managers from various areas of the company. The composition of the committee members ensures that the strategies, measures and goals defined in these meetings are rolled out and implemented in operating activities throughout the EVN Group.

### Group-wide focus on energy and climate policies

Our CSR organisation ensures that energy and climate policy issues are addressed according to structured methods at all

relevant levels of the EVN Group. The assignment of responsibilities for the coordination of sustainability activities and environment- and climate-related issues to the staff department for innovation, sustainability and environmental protection, which reports directly to the Executive Board, has proven to be very effective. In addition, most of our innovation and research projects involve technologies that are intended to make a positive contribution to the environment and climate.

An intradepartmental sustainability team, which is integrated in the staff department for innovation, sustainability and environmental protection, ensures full compliance with our Group's high sustainability standards. Its members are trained to stress the importance of sustainability and the ethical and social aspects of business operations, to communicate their know-how to the sustainability experts in the individual areas of our company and to support these men and women in implementing sustainability-related activities. The aspects of climate change that are relevant for our business activities also have high priority for this team.

### EVN's advisory boards: valuable inputs from different areas

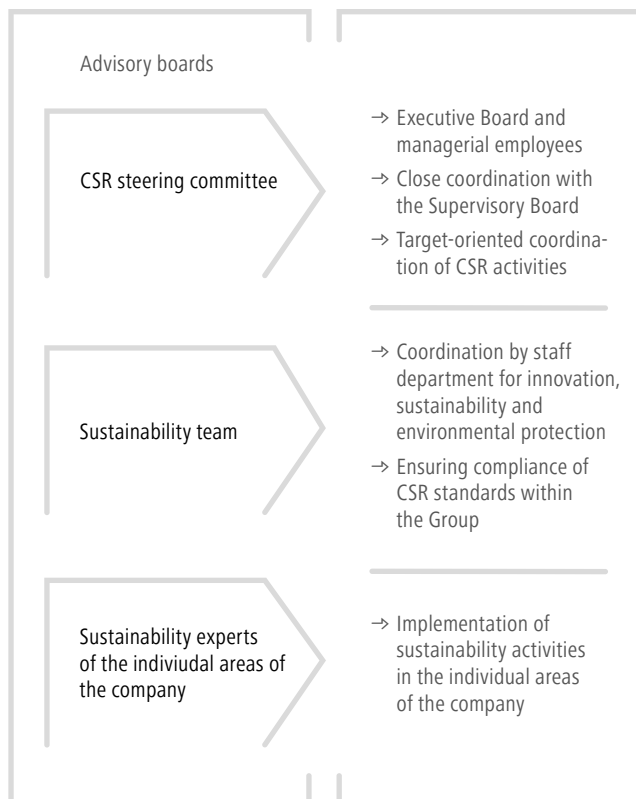
In addition to the regular exchange of information with internal experts, our Executive Board and Supervisory Board are supported

by individual advisory boards in diverse areas:

- EVN Customer Advisory Board
- Advisory Committee for Environmental and Social Responsibility
- Advisory Board of the EVN Social Fund
- EVN Art Advisory Board

The EVN Customer Advisory Boards in Austria and Bulgaria help us to identify and integrate the practical views of private persons, whereby we pay close attention to the greatest possible diversity among the regularly changing members. On the other advisory boards, external experts from various disciplines contribute their valuable know-how and unique outsiders' perspectives.

### EVN CSR organisation



- For information on the project-related stakeholder dialogue, see page 78f
- For information on the EVN Customer Advisory Board, see page 38f and [www.evn.at/Customer-Advisory-Board](http://www.evn.at/Customer-Advisory-Board)
- For information on the Advisory Committee for Environmental and Social Responsibility, see page 46 and [www.evn.at/Environmental-council](http://www.evn.at/Environmental-council)
- Interview with Jörg Krampe, member of the EVN Advisory Committee for Environmental and Social Responsibility: see page 47
- For information on the EVN Social Fund, also see page 80 and [www.evn.at/social-fund](http://www.evn.at/social-fund)
- For information on the EVN Art Advisory Board, also see page 80 and [www.evn-sammlung.at](http://www.evn-sammlung.at)
- △ GRI indicators: GRI 102-21, GRI 102-42, GRI 102-44

## Impact of our business activities on society, the environment and the economy

The following table, which is structured according to the areas of activity on the EVN materiality matrix, provides an overview of the major potential effects of our business activities. It also includes examples of instruments and measures that are designed to minimise possible negative effects. These instruments and measures are in keeping with the EVN Code of Conduct and the overriding behavioural standards regarding compliance. More detailed information can be found in the individual sections of the non-financial report.

### Sustainability risks

The high priority given to sustainability in our company is reflected in the identification and management of sustainability and compliance risks through clearly structured and defined methods as part of our annual central risk management process. These activities are the responsibility of the central risk management team which, together with the decentralised risk officers in our business units, identifies risks and develops measures for their minimisation. Sustainability risks represent interdisciplinary material and, consequently, are included in all risk categories. Of special note here are the risks related to supply security, sustainable management and environmental or climate risks. Our differentiated risk management process allows us to identify and analyse risks and their effects on the various organisational and hierarchical levels and, in turn, develop suitable countermeasures. We ensure the inclusion of the management and Executive Board levels

by presenting and discussing the results and analyses of the risk inventory in the risk working group and the Group Risk Committee.

The risks arising from climate change represent a threat for EVN, above all with regard to the demand for our products and the development of procurement and selling prices. We therefore also incorporate the related fluctuations (e.g. volume declines as a result of warmer winter weather) in the planning process through appropriate sensitivity factors and scenario analyses. These evaluations focus on the extent to which climatic factors may increase or decrease the volumes on which our forecasts are based and could therefore have a negative effect on our earnings. Comparable issues influence the selection of the scenarios for the development of future energy and primary energy prices. Issues like climate change and its effects on our business activities are discussed within this framework at the management,

Executive Board and Supervisory Board levels.

Supply security risks involve, among others, supply interruptions or danger to people or infrastructure from explosions or accidents. In order to ensure trouble-free operations and protect the technical safety of our power plants – both of which are important requirements for reliable supplies – we carry out regular inspections and maintenance work which result in planned downtime. Actual interruptions in electricity supplies are calculated and monitored in the networks according to the System Average Interruption Frequency Index (SAIFI) – which measures the mean supply interruption – and the System Average Interruption Duration Index (SAIDI) – which measures the average annualised duration of unplanned power interruptions.

Occupational safety and accident prevention are also important issues in all our business units. We guarantee the required high level of safety, above all, through

*“The regular, structured identification of sustainability and compliance risks is our starting point for the development of targeted countermeasures.”*

*Thomas Polzer,  
head of corporate finance  
and risk management*

training and by raising employees' awareness. In addition to legal requirements, we have developed an extensive set of internal rules which includes directives and guidelines. All work accidents in the EVN Group are recorded and analysed centrally by the occupational safety department. As shown in the following table under the "responsible management" area of activity, employee-related risks also include the loss of highly qualified staff or the intended or unintended misrepresentation of transactions or positions in the annual financial statements. These risks are addressed, among others, with the creation of an

attractive work environment and flexible working time models as well as our internal control system (ICS).

The staff department for innovation, sustainability and environmental protection is responsible for the identification and analysis of the ecological impact of our business activities with regard to the use of resources, energy and water consumption, emissions, biodiversity and transport as well as wastewater and waste disposal (environmental risks). Based on its analyses, this department also supports the operating units in preventing or minimising their effects on the environment.

- Additional details on the Group-wide risk management process, which includes the identification of sustainability risks, are provided on page 118f
- For additional information on SAIFI and SAIDI, see page 35
- For additional information on the subjects of occupational safety, accident prevention and compliance, see page 66ff and 60ff
- Details on the ecological impact of EVN's activities can be found on page 44ff
- GRI indicators: GRI 102-15, GRI 203-2

**Overview of the major potential effects of our business activities (selected items)**

EVN area of activity and definition	Impact assessment (excerpt) "-" = negative; "+" = positive	Management instruments and measures (excerpt)	Sustainable Development Goals (SDG)
<p><b>Supply security</b> ... stands for reliable supplies, also in crisis situations. The key factors in the energy area include a proactive procurement strategy, a flexible generation mix with sufficient reserve and storage capacity as well as the technical quality of the networks.</p>	<ul style="list-style-type: none"> <li>- Influence on habitats (people, animals and nature)/negative impact on biodiversity through network expansion, hydropower plants and the construction of wind power plants</li> <li>- Consumption of natural resources</li> <li>- Emissions</li> <li>- Impact of network breakdowns on society and the economy</li> <li>+ Increase in the share of renewable energy</li> <li>+ Reliable energy supplies for society and the economy</li> <li>+ Provision of infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>→ Certified environmental management systems</li> <li>→ Goal: expand wind power to 500 MW over the medium term</li> <li>→ Top priority for supply security and quality</li> <li>→ EVN-internal crisis and emergency plans (e.g. flooding, hydropower plants)</li> <li>→ Extensive monitoring activities (e.g. water quality)</li> <li>→ Low network losses and electricity supply interruptions</li> </ul>	<ul style="list-style-type: none"> <li>→ SDG 6 Clean water and sanitation</li> <li>→ SDG 7 Affordable and clean energy</li> <li>→ SDG 9 Industry, innovation and infrastructure</li> <li>→ SDG 12 Responsible consumption and production</li> </ul>
<p><b>Customer satisfaction</b> ... stands for products and services that are transparent and meet individual needs, for high service quality, for target group-oriented communications and for support for our customers in the efficient use of energy.</p>	<ul style="list-style-type: none"> <li>- Data protection incidents</li> <li>+ Improved, more efficient use of energy</li> <li>+ Cooperation projects protect jobs in the region</li> <li>+ High standards for supply security</li> <li>+ High availability of EVN power plants</li> </ul>	<ul style="list-style-type: none"> <li>→ Top priority for supply security and quality</li> <li>→ Top priority for data protection</li> <li>→ Extensive monitoring activities (e.g. water quality)</li> <li>→ Monitoring of mean electricity supply interruption</li> <li>→ Support for customers in improving consumption efficiency</li> </ul>	<ul style="list-style-type: none"> <li>→ SDG 7 Affordable and clean energy</li> <li>→ SDG 10 Reduced inequalities</li> <li>→ SDG 12 Responsible consumption and production</li> <li>→ SDG 13 Climate action</li> </ul>



**Overview of the major potential effects of our business activities (selected items)**

EVN area of activity and definition	Impact assessment (excerpt) “-“ = negative; “+“ = positive	Management instruments and measures (excerpt)	Sustainable Development Goals (SDG)
<p><b>Environmental and climate protection</b> ... stands for the system conversion towards climate-neutral generation with energy storage for balancing purposes. Until this status is achieved, the thermal power plants take on a bridge function to protect supply security. Efficiency improvements and innovation initiatives make an important contribution in all areas – because our products and services should generally be as environmentally friendly as possible.</p>	<ul style="list-style-type: none"> <li>- Influence on habitats (people, animals and nature)/negative impact on biodiversity through network expansion, hydropower plants and the construction of wind power plants</li> <li>- Consumption of natural resources</li> <li>- Emissions</li> <li>+ High standards for supply quality</li> <li>+ Efficient and environmentally friendly energy supplies for society and the economy</li> <li>+ Macroeconomic contribution through innovation initiatives</li> <li>+ Contribution to meeting international and national climate targets</li> <li>+ Reduction of greenhouse gas-relevant emissions</li> </ul>	<ul style="list-style-type: none"> <li>→ Advisory Committee for Environmental and Social Responsibility</li> <li>→ Certified environmental management systems</li> <li>→ Goal: expand wind power to 500 MW over the medium term</li> <li>→ Earlier-than-planned exit from coal at Dürnröhr plant in August 2019</li> <li>→ EVN-internal crisis and emergency plans (e. g. flooding, hydropower plants)</li> <li>→ Wide-ranging measures for species conservation, protection of biodiversity and the protection and restoration of natural habitats</li> <li>→ Innovation, research and development activities</li> <li>→ High demands on sustainability along the supply chain</li> <li>→ Ongoing modernisation of natural gas pipeline network</li> <li>→ Focus on efficiency improvements</li> </ul>	<ul style="list-style-type: none"> <li>→ SDG 7 Affordable and clean energy</li> <li>→ SDG 9 Industry, innovation and infrastructure</li> <li>→ SDG 12 Responsible consumption and production</li> <li>→ SDG 13 Climate action</li> <li>→ SDG 15 Life on land</li> </ul>
<p><b>Sustainable increase in corporate value</b> ... stands for entrepreneurial actions that are focused, among others, on continuous adjustments to reflect our dynamic environment through targeted innovations, a value-oriented investment strategy and the stable development of dividends.</p>	<ul style="list-style-type: none"> <li>- Risk of a loss in value for equity and debt investors</li> <li>+ Stable development of dividends</li> <li>+ Improvement of the infrastructure in countries/regions where projects are in progress or were carried out</li> <li>+ Job security</li> </ul>	<ul style="list-style-type: none"> <li>→ Protection of projects through guarantees</li> <li>→ Goal: balance between investment projects and an attractive return for shareholders</li> <li>→ EVN Code of Conduct</li> <li>→ EVN integrity clause as an integral part of every supplier relationship</li> <li>→ Corporate compliance management</li> <li>→ Innovation, research and development activities</li> </ul>	<ul style="list-style-type: none"> <li>→ SDG 7 Affordable and clean energy</li> <li>→ SDG 8 Decent work and economic growth</li> <li>→ SDG 9 Industry, innovation and infrastructure</li> </ul>
<p><b>Social commitment</b> ... stands for the acceptance of responsibility for people in challenging life situations, above all for children and young people. The focus is also on measures to fight energy poverty as well as on the evn art collection, EVN archive and EVN Social Fund.</p>	<ul style="list-style-type: none"> <li>+ Support for children and young people in challenging life situations</li> <li>+ Improvement in customers' consumption behaviour</li> <li>+ Instruction for elementary school-children on the scientific and practical basics of electricity</li> </ul>	<ul style="list-style-type: none"> <li>→ Combatting energy poverty</li> <li>→ Support for customers in improving consumption efficiency</li> <li>→ Responsibility for art and culture through the evn art collection</li> <li>→ EVN Social Fund</li> <li>→ EVN School Service</li> </ul>	<ul style="list-style-type: none"> <li>→ SDG 1 No poverty</li> <li>→ SDG 4 Quality education</li> <li>→ SDG 10 Reduced inequalities</li> <li>→ SDG 12 Responsible consumption and production</li> </ul>
<p><b>Stakeholder involvement</b> ... stands for a proactive dialogue with our stakeholder groups and the responsible handling of their concerns, e. g. through the involvement of neighbouring residents in the expansion and operation of our plants.</p>	<ul style="list-style-type: none"> <li>- Asymmetric inclusion of various stakeholder groups</li> <li>- Lack of identification with the expectations and requirements of the various stakeholder groups</li> <li>- Adverse effects of air pollution from the power plants</li> <li>- Adverse effects of noise from plant construction and operations</li> <li>+ Protection of interests of major stakeholder groups</li> <li>+ Protection and improvement of the quality of life through reliable energy supplies</li> <li>+ Protection of the quality of life through supplies of high-quality drinking water</li> </ul>	<ul style="list-style-type: none"> <li>→ EVN Customer Advisory Board to protect the interests of the different stakeholder groups in a balanced way</li> <li>→ Regular stakeholder survey</li> <li>→ Proactive stakeholder involvement</li> <li>→ Project-related stakeholder communications</li> <li>→ EVN materiality matrix as an instrument to reconcile corporate and stakeholder interests</li> </ul>	<ul style="list-style-type: none"> <li>→ SDG 17 Partnerships for the goals</li> </ul>

**Overview of the major potential effects of our business activities (selected items)**

EVN area of activity and definition	Impact assessment (excerpt) “-” = negative; “+” = positive	Management instruments and measures (excerpt)	Sustainable Development Goals (SDG)
<p><b>Responsible management</b> ... stands for ethical, legally correct behaviour and the forward-looking development of the business model with a focus on digitalisation and innovative energy services. Also important is the acceptance of our responsibility as an employer in order to ensure sustainable human resources development in a constantly changing working environment.</p>	<ul style="list-style-type: none"> <li>- Risk of a loss in value for equity and debt investors</li> <li>- Work accidents</li> <li>- Fraud incidents, corruption</li> <li>+ Job creation</li> <li>+ Job security</li> <li>+ Attractive working environment</li> <li>+ Stable development of dividends</li> <li>+ Macroeconomic contribution through training and continuing education</li> <li>+ Macroeconomic contribution through infrastructure projects and investments</li> </ul>	<ul style="list-style-type: none"> <li>→ EVN Code of Conduct</li> <li>→ Compliance training</li> <li>→ EVN values</li> <li>→ Anonymous whistle-blowing procedure</li> <li>→ Corporate social partnership</li> <li>→ Sustainable human resources development</li> <li>→ Principles and guidelines of the International Labour Organisation (ILO) and UN Global Compact</li> <li>→ High standards for health protection and occupational safety</li> <li>→ Flexible working time models</li> <li>→ Internal control system (ICS)</li> <li>→ Re-entry of employees on parental leave; retention periods that exceed legal requirements</li> <li>→ Innovation, research and development activities</li> <li>→ Integrated business model</li> <li>→ Focus on regulated and stable activities</li> <li>→ Goal: ratings in the solid A-range</li> <li>→ Goal: balance between investment projects and an attractive return for shareholders</li> </ul>	<ul style="list-style-type: none"> <li>→ SDG 1 No poverty</li> <li>→ SDG 3 Good health and well-being</li> <li>→ SDG 4 Quality education</li> <li>→ SDG 5 Gender equality</li> <li>→ SDG 8 Decent work and economic growth</li> <li>→ SDG 10 Reduced inequalities</li> </ul>
<p><b>Supply chain responsibility</b> ... stands for anchoring social and ecological aspects in procurement and tenders as well as ensuring compliance with human rights by our suppliers.</p>	<ul style="list-style-type: none"> <li>- Violations of human rights or occupational safety by suppliers or subcontractors</li> <li>- Insufficient efforts to protect the environment and conserve resources</li> <li>+ Regional creation of value through cooperation</li> <li>+ Fair and transparent tenders</li> </ul>	<ul style="list-style-type: none"> <li>→ High sustainability demands along the supply chain</li> <li>→ Sustainable focus of all EVN procurement procedures</li> <li>→ EVN integrity clause as an integral part of every supplier relationship</li> <li>→ Self-reporting form for all bidders in tenders</li> <li>→ Regular control of compliance with human rights and workers' rights in the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>→ SDG 8 Decent work and economic growth</li> </ul>

## Sustainably attractive for investors

The importance we place on the economic interests of our stakeholders is most evident in our efforts to balance value-oriented investments and an attractive return for our shareholders in all our strategic decisions. In this respect, investment decisions are taken in accordance with strict profitability criteria and, particularly, in keeping with the energy sector, legal und regulatory framework conditions which are relevant for our activities.

We also attach great importance to achieving and maintaining a position as a reliable partner on the capital market and meeting the expectations of our equity and debt investors. Not least for this reason, our business activities are focused on regulated and stable business areas. This forms the basis not only for plannable cash flows, but also for continuity in our dividend policy. A clear

strategic orientation is also crucial for the ratings which establish the conditions for our positioning on the debt market.

Our focus on the sustainable increase in corporate value is also reflected in the core points of our equity story:

- High share of regulated and stable activities
- Stable home market in Lower Austria

- Integrated business model
- Solid capital structure
- Attractive dividends

### Investor relations

We work to strengthen the long-term confidence of the capital market in EVN with active, regular and target group-oriented communications with all market participants. Our capital market operations are based on a commitment to providing timely, transparent, understandable and substantial information. We hold quarterly telephone conferences in connection with the publication of results as well as regular meetings with analysts and investors at international road shows and investor conferences. In this way, the Executive Board and the investor relations team work to continuously improve the awareness of and understanding for EVN and strengthen the long-term confidence in our share.

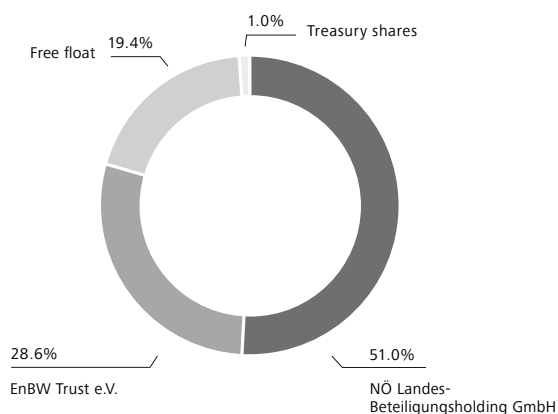
### Dividend policy

EVN's objective is to establish a balance between its investment projects and attractive dividends for shareholders. The Executive Board will make a recommendation to the 91<sup>st</sup> Annual General Meeting on 16 January 2020, which calls for the distribution of an ordinary dividend of EUR 0.47 per share for the 2018/19 financial year plus a one-time bonus dividend of EUR 0.03 per share to mark the 30<sup>th</sup> anniversary of EVN's listing on the Vienna Stock Exchange. EVN's future dividend policy is directed to holding the absolute amount of the ordinary dividend constant at a level of at least EUR 0.47 per share.

### Market environment and performance

Developments on most of the international stock markets failed to follow a clearly identifiable trend during the reporting year from Octo-

### Shareholder structure<sup>1)</sup>



1) As at 30 September 2019

ber 2018 to September 2019. The German benchmark index DAX rose by 1.5% and the US benchmark index Dow Jones by 1.7%, while Vienna's benchmark index ATX closed this 12-month period nearly 10% lower. The DJ Euro Stoxx Utilities, the relevant industry index for EVN, gained 26.2%. However, the EVN share was unable to follow this positive example and lost 4.4% year-on-year. The average daily turnover in EVN shares equalled 53,555 in 2018/19 (single counting), which represents an annual trading volume of EUR 190.1m (single counting) for EVN's shares on the Vienna Stock Exchange and 0.6% of the total trading volume in Vienna's Prime Market.

## The EVN share as a sustainable investment

Ecological and social issues and goals are anchored just as firmly in our core strategies as economic targets. For this reason, we have intensified our activities to also position the EVN share as an investment for sustainability-oriented investors and are working to optimally meet their information needs. The following aspects highlight this orientation:

- A commitment by the Executive Board and Supervisory Board to manage and further develop the EVN Group in order to achieve a sustainable increase in the corporate value
  - Close integration of values, behavioural standards, stakeholder dialogue, sustainability issues and core strategies
  - High compliance and governance standards
- Investment strategy and innovation activities that support environmental and climate protection:
  - Focus on investments in CO<sub>2</sub>-free generation capacity
  - Future-oriented expansion of the network infrastructure to integrate the increase in decentralised renewable generation and strengthen supply security
  - Research projects on supply security, electricity storage and environmental and resource conservation
- Innovative products and solutions for climate-conscious customers:
  - Broad range of products from 100% renewable Austrian energy sources
  - Continuous reduction of the CO<sub>2</sub> component in the total supply mix
  - Product innovation joulie: optimal utilisation of electricity generated by customers' own photovoltaic equipment for future-oriented prosumers
- Contribution to reduce CO<sub>2</sub> emissions through the early termination of coal-based electricity generation from the Dürnröhr power plant at the beginning of August 2019
- Future topic: drinking water
  - Extensive investments in supply security for Lower Austria despite rising water consumption as a result of population growth, consumer behaviour and climate change
- Sustainable sewage sludge utilisation as a new business field in the international project business:
  - Know-how in plant design and construction plus operation as a contribution to resource conservation and health protection

EVN share		2018/19	2017/18	2016/17
Share price at 30 September	EUR	16.14	16.88	13.22
Highest price	EUR	17.28	18.00	13.40
Lowest price	EUR	12.16	13.07	10.47
Price performance	%	-4.4	27.7	25.2
Total shareholder return	%	-1.6	31.3	29.2
Performance ATX	%	-10.0	0.9	37.9
Performance Dow Jones Euro Stoxx Utilities	%	26.2	-3.4	13.5
Value of shares traded <sup>1)</sup>	EURm	190.1	169.7	97.9
Average daily turnover <sup>1)</sup>	Shares	53,555	42,769	33,921
Market capitalisation at 30 September	EURm	2,903	3,036	2,377
Weighting ATX prime	%	1.13	1.09	0.81
Earnings per share <sup>2)</sup>	EUR	1.70	1.43	1.41
Dividend per share	EUR	0.47 + 0.03 <sup>3)</sup>	0.44 + 0.03 <sup>3)</sup>	0.44 + 0.03 <sup>3)</sup>
Price/earnings per share	x	9.5	11.8	9.4
Dividend yield	%	3.1	2.8	3.6

1) Vienna Stock Exchange, single counting

2) Shares outstanding at 30 September

3) Bonus dividend of EUR 0.03 per share; 2018/19 financial year: proposal to the Annual General Meeting

## External ratings

External evaluations by independent rating agencies represent an important part of EVN's capital market operations and financing strategy. Our goal is to maintain ratings in the solid A range. These agencies updated their ratings for EVN in April and May 2019:

- **Standard & Poor's:** rating raised from A- to A, stable outlook
- **Moody's:** rating raised from A2 to A1, stable outlook

### Sustainability ratings and indexes

In addition to traditional financial criteria, sustainable investments also take environmental, social and ethical factors into account. Independent sustainability rating agencies evaluate the performance of companies with regard to sustainability. Sustainability indexes also help interested investors to identify companies that meet international standards for responsibility

towards the environment and stakeholders.

EVN is regularly evaluated by the following independent sustainability rating agencies:

- MSCI ESG Research
- ISS Oekom Research
- Vigeo Ratings
- Sustainalytics
- Carbon Disclosure Project (CDP)

The EVN share has been included in the VÖNIX

sustainability index of the Vienna Stock Exchange since 2005. This index includes listed companies in Austria which are considered leaders for their social and ecological performance. The continued inclusion in this index for 2019/20 has already been confirmed. The EVN share is also included in the Ethibel Excellence Register compiled by the Ethibel Sustainability Index Group (ESI).

△ GRI indicator: GRI 102-12

# **EVN – the reliable supplier.**

**Fully committed to supply security.**

**24/7 supply security is our central promise to customers. Energy and drinking water must always be available in sufficient quality and quantity whenever it is needed – we never compromise. And we have implemented a broad range of measures to meet this promise.**





“Our customers need to know that they can rely on EVN, each and every day. This is also my personal concern.”

Irene Pinczolitsch,  
employee Netz  
Niederösterreich GmbH

## Supply security at EVN is protected by a wide range of measures

Our networks – which form the basis for delivering supplies to our customers – are extensive and diverse. Just like the measures we have implemented to protect the smooth functioning of this infrastructure and, in turn, safeguard supply security. These measures generally remain discreetly in the background because ideally our customers do not notice them. However, we see them everywhere in virtually all areas of our business.


**Electricity:** The interview on the following page with Franz Mittermayer, member of the Executive Board with responsibility, among others, for the Generation and Network segments, details the far-reaching bundle of measures implemented by EVN to protect electricity

supplies, explains why these measures are necessary and describes the many connections.

**Basic supplies for e-mobility:** We made an early and decisive contribution to the spread of e-mobility in our home

market with the installation of an area-wide basic supply network of e-charging stations in Lower Austria. From our perspective as an energy supplier, we are steadily expanding the charging infrastructure in the public area and, increasingly, also in the private sector

and supporting the dynamic growth of e-mobility with numerous initiatives. Joint roaming projects allow drivers with an EVN electricity fuel card to choose from 3,500 loading stations throughout Austria.



*“EVN’s activities on behalf of supply security often go unnoticed, but they are all the more effective.”*

*René Maier,  
high voltage engineer*



## “Reliable electricity supplies are a major challenge.”

A conversation with Franz Mittermayer,  
member of the EVN Executive Board

Mr. Mittermayer, the growing popularity of renewable energies has been accompanied by a greater focus on the issue of supply security. What exactly does this term mean?

**Franz Mittermayer:** Supply security means the electricity customer always has the desired quantity and quality of electricity when it is needed. And with quality, I mean the 50 Hertz frequency stability that is standard in Europe. That's not as easy as it may seem because physics set very narrow limits. To be specific: when the rigidly connected European electricity network doesn't generate exactly as much electricity as customers need, the frequency fluctuates.

**And what does electricity from renewable sources have to do with all this?**

The use of conventional power plants can be planned and managed very precisely, but renewable electricity is volatile because of its dependence on the wind and sun. In addition, a wide range of decentralised, independent equipment feeds electricity into the general network, which makes the issue even more complex. However, it's not only the volatility of electricity from renewable sources, consumer behaviour has also changed significantly – and is still changing. Take a look, for example, at e-mobility, smart homes or heat pump systems. These factors are contributing to the rising demand for electricity. In the past, an average household had a connected load of only 5 kW, but the demand today is, in fact, much higher – especially when an e-car needs to be charged or a house needs to be heated with a heat pump when temperatures are very low.

**What do you see as the answer to these challenges?**

I could answer this question with a single word: investments – primarily in two areas: in backup services for the power plant segment, on the one hand, and in network infrastructure, on the other hand. Power plants are always needed – and that normally on very short notice – when there is not enough wind and sun to generate the electricity we need. Since the existing thermal power plants are generally not very flexible, we must invest here over the medium and long term, for example in fast-starting gas turbines. We are currently evaluating these types of projects for our plants in Dürnröhr, Korneuburg or Theiss.

**And what type of investments are needed in the network business?**

In this area, we need to make sure we can actually transport the steadily increasing volume of electricity from decentralised wind and photovoltaic facilities. This involves the high-voltage sector on the one hand, where we are continuously expanding the transmission network as well as our peripheral equipment and systems, meaning transformer stations, substations, IT etc. And the low-voltage sector on the other hand, where we need to upgrade our local networks to meet the increasing demands. That means we not only need to add more substations but, in some cases, also stronger lines. All this shows that reliable electricity supplies are a major challenge.

**The wind and sun sometimes produce more electricity than is needed. What happens with the surplus volumes?**

That brings us to the subject of day-night or summer-winter compensation, in other words to electricity storage. Day-night compensation takes place through local batteries in households or through sector coupling – meaning the use of electricity in transportation or industry – but, up to now, the economical storage of electricity in larger volumes over longer periods has only been possible in pump storage plants like EVN's facility in Ottenstein. However, these types of plants can only allow for compensation over a relatively short period of time.

Batteries still don't really represent an economic option for seasonal storage, so we need to develop new innovative concepts. One is the electrolytic conversion of surplus wind and solar power into hydrogen, which is then stored and can be used to generate energy as required. Interesting trials – in which EVN is also involved – are currently in progress here. This “green gas” could gradually replace the natural gas we currently use, for example in our new gas turbines.

**In effect, this means we still need reserve capacity?**

Absolutely, because the final transformation of the energy system to renewable energies will still take some time – even though we, and many other players, are working intensively to make this reality. And precisely during this transition period, supply security is particularly important. That's why we are investing continuously in our network infrastructure – in addition to the steady expansion of our own wind power and, in the future, also in photovoltaic capacity. With these two focal points, we are making an active contribution to the energy transformation.

**Natural gas:** Our long-term contracts for natural gas storage facilities ensure uninterrupted supplies, especially in periods with temperature-related higher consumption or possible shortages at the European level (e. g. due to political crises in transit or origin countries). Our investment in RAG – with its strategic focus, above all, on the natural gas storage busi-

ness – has high strategic importance in this context.

**District heating:** As the largest natural heat supplier in Austria, we invest continuously in the maintenance and new construction of biomass heating plants and the expansion of our district heating networks. This allows us to provide our customers with reliable and comfortable supplies of

renewable energy from locally available biomass.

**Cable TV and telecommunication services:** High-performance networks and technical infrastructure also form the basis for uninterrupted high-quality, reliable solutions in this area.

**Drinking water:** The development of wells and well fields, the installation

and expansion of cross-regional connecting lines plus the construction and operation of natural filter plants – with this bundle of measures, we safeguard reliable supplies of high-quality drinking water.

EVN power generation capacities	30.09.2019		30.09.2018		30.09.2017	
	MW	%	MW	%	MW	%
<b>Renewable energy</b>	<b>719</b>	<b>42.2</b>	<b>673</b>	<b>27.5</b>	<b>624</b>	<b>26.1</b>
thereof hydropower <sup>1)</sup>	307	18.0	306	12.5	306	12.8
thereof wind power	367	21.5	318	13.0	269	11.2
thereof photovoltaics	6	0.3	5	0.2	5	0.2
thereof biomass	13	0.7	18	0.7	18	0.8
thereof other renewables <sup>2)</sup>	26	1.5	26	1.1	26	1.1
<b>Thermal energy<sup>3)</sup></b>	<b>985</b>	<b>57.8</b>	<b>1,771</b>	<b>72.5</b>	<b>1,771</b>	<b>73.9</b>
thereof natural gas <sup>4)</sup>	583	34.2	1,037	42.4	1,037	43.3
thereof hard coal <sup>5)</sup>	355	20.8	734	30.0	734	30.6
thereof energy hub Dürnrohr <sup>6)</sup>	46	2.7	–	–	–	–
<b>Total</b>	<b>1,704</b>	<b>100.0</b>	<b>2,444</b>	<b>100.0</b>	<b>2,395</b>	<b>100.0</b>

1) Includes purchasing rights from the Danube hydropower plants in Melk, Greifenstein and Freudenau and from investments in the hydropower plants Nussdorf in Vienna and Ashta in Albania as well as in Verbund Innkraftwerke

2) Includes two sludge-fired combined heat and power plants in Moscow.

3) Includes co-generation and combined heat and power plants in Austria and Bulgaria; capacity data (net output) according to participation interests

4) The thermal power plant capacity in Theiss and Korneuburg which is no longer under contract as reserve capacity was deactivated and conserved in view of the current market environment and is therefore no longer included.

5) The hard coal-fired power plant in Dürnrohr is no longer included because electricity production from hard coal was terminated ahead of schedule in August 2019.

6) Includes the steam cogeneration from thermal waste utilisation in Zwentendorf/Dürnrohr

Energy generation		2018/19	2017/18	2016/17
Coverage ratio	%	28.1	30.0	32.7
Share of renewable energy in the total energy generation mix	%	41.4	40.0	34.5





“The demand and quality requirements for drinking water supplies are increasing continuously – and we have good solutions for both.”

Raimund Paschinger,  
managing director  
evn wasser

## » Top-quality drinking water – today and tomorrow

“Austria: a country rich in water” – this almost poetically sounding, but verifiable slogan is frequently used in connection with images of bubbling springs and clear mountain streams. For our drinking water customers, this image becomes reality in the form of tap water, which is always available in top quality. Ensuring reliable supplies of this product requires know-how and continuous investments. And the demand for drinking water is rising continuously: it is a trend which reflects the demographic developments in our supply area – especially the growing population in metropolitan regions – as well as the changing climatic conditions.

All these factors lead to fluctuations in the local availability of drinking water, while demand peaks are rising at the same time. Another requirement is the consumer’s increasing focus on quality. A growing number of households are no longer relying on their own wells because they are unable to meet today’s higher standards.

EVN currently operates an extensive drinking water pipeline network with a total length of approximately 2,800 km. It is fed from 99 well fields and 99 high-level tanks throughout Lower Austria. In this way, we protect direct and continuous supplies for our customers. Our range of services is also supplemented by natural filter plants. In 2018/19, we completed construction on the fourth plant of this type. The investment of roughly EUR 8m in the Wienerherberg well field south of Vienna makes it possible for nearly 100,000 residents in 18 communities to benefit from high-quality drinking water supplies which are softened

mechanically and without the use of chemicals. Soft water protects electrical household equipment like washing machines, dishwashers and electric kettles and eliminates the individual use of chemical water softeners. Additional natural filter plants are currently in the planning stage.

Our investments over the coming years are also focused on the expansion and new construction of cross-regional pipeline networks. One of our major projects is the new supply pipeline between Krems and Zwettl with an overall length of 60 km. In total, we plan to invest approximately EUR 165m in drinking water supplies for Lower Austria until 2030. Preparations are currently in progress to develop a well in the Alpine foothills of Lower Austria, which will provide optimal drinking water supplies for future generations. This “cold spring” lies at the foot of the 1,002 m high Eibl Mountain, and 100 to 200 litres per second gush from its cliffs. It could supply 100,000 households with fresh drinking water. Through its know-how and investments, EVN is optimally equipped to ensure reliable and high-quality water supplies also over the long term.



## Highly efficient electricity networks

**In Lower Austria, unscheduled network breakdowns remained at a comparatively low level during the 2018 calendar year and were limited to roughly 24 minutes as a result of our ongoing investments to improve the network infrastructure. The same is true for network losses – with around 4% in Austria, we hold an absolute top rank internationally with this indicator.**

The comparable values for Bulgaria and North Macedonia are higher due to the different electricity network infrastructure, and our investment programmes are therefore concentrated on the further reduction of network losses and the continuous improvement of efficiency.

We have thus reduced our network losses in Bulgaria from approximately 20% at the time of our market entry in 2004/05 to a recent level of 7.2% and from approximately 25% in 2005/06 to now 13.9% in North Macedonia.

△ GRI indicator: GRI EU12

### Electricity disruptions far below the sector average

The reliability of our electricity supplies is also confirmed by externally calculated indicators. The mean supply interruption<sup>1)</sup> – calculated according to the System Average Interruption Duration Index (SAIDI), equalled 23.99 minutes in the 2018 calendar year (previous year: 38.09 minutes) and was again lower than the Austrian average<sup>2)</sup> of 31.47 minutes (previous year: 53.22 minutes). Information is not provided on the SAIDI and SAIFI at EVN's locations in Bulgaria and North Macedonia because a clear database is not available for the necessary calculations.

ruptions<sup>1)</sup>, as calculated according to the System Average Interruption Duration Index (SAIDI), equalled 23.99 minutes in the 2018 calendar year (previous year: 38.09 minutes) and was again lower than the Austrian average<sup>2)</sup> of 31.47 minutes (previous year: 53.22 minutes). Information is not provided on the SAIDI and SAIFI at EVN's locations in Bulgaria and North Macedonia because a clear database is not available for the necessary calculations.

△ GRI indicators: GRI EU28, GRI EU29

### Nearly complete availability of power plants

The following table shows the scheduled and unscheduled periods in 2018/19 when our operational thermal power plants and wind parks were not available. Not included is the capacity in the Theiss and Korneuburg thermal power plants which is no longer under contract as reserve capacity and was therefore deactivated and conserved as of 1 October 2018. For the 2018/19 financial year, 430 MW in the Theiss gas-fired power plant served as contractual

reserve capacity for the Austrian transmission network operator. Due to the threefold increase in the price for CO<sub>2</sub> emission certificates over the past one and a half years, we decided to terminate electricity production in the Dürnröhr hard coal-fired power plant earlier than planned during August 2019.

△ GRI indicator: GRI EU30

- 1) Source: Netz Niederösterreich GmbH, breakdown and disruption statistics for 2017 and 2018
- 2) Source: E-Control, breakdown and disruption statistics for 2017 and 2018

### Average non-availability of power plants 2018/19<sup>1)</sup>

		Planned		Unplanned	
		Hours	% <sup>2)</sup>	Hours	% <sup>2)</sup>
Wind power plant <sup>3)</sup>	Austria	123.5	1.5	396.4	4.6
Small hydropower plants	Austria	96.4	1.1	460.2	5.3
Pump storage plants	Austria	669.2	7.6	52.1	0.6
Natural gas-fired power plant Theiss	Austria	1,455.8	16.6	13.5	0.2
Hard coal-fired power plant Dürnröhr	Austria	2,968.0	33.9	10.3	0.1
Hard coal-fired power plant Walsum 10	Germany	529.2	6.0	189.4	2.2

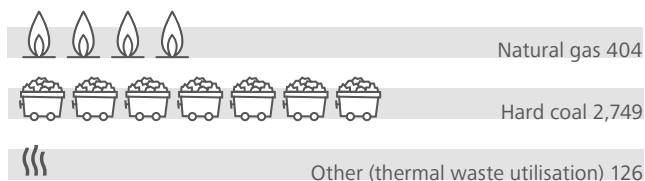
- 1) The thermal power plant capacity in Theiss and Korneuburg which is no longer under contract as reserve capacity was deactivated in view of the current market environment and is therefore no longer included.
- 2) Reference value: 8,760 operating hours per year (standard operational capacity)
- 3) Average value per wind turbine; The plants commissioned in 2018/19 are included on a proportional basis.

### Electricity generation by energy source (GWh)

Renewables 2,315 GWh (41.4%)

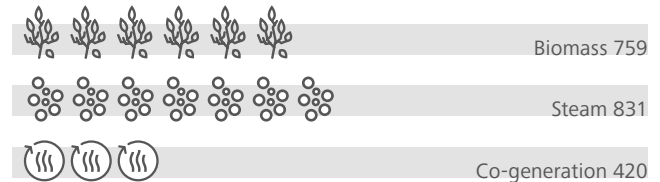


Thermal 3,279 GWh (58.6%)



### Heat generation by energy source (GWh)

Renewables 2,012 GWh (83.9%)



Thermal 386 GWh (16.1%)



△ GRI indicator: GRI EU2



**Always there.**

**Full commitment for  
our customers.**

**EVN's activities are only effective when they are focused on the needs of our customers. Our foremost goal is, therefore, to give each and every one of them the best possible, individual support. Through our intensive personal contact, we know exactly what our customers want and need. This forms the basis for our efforts to continuously increase their satisfaction with our products and services.**





“When I need something from EVN, my customer advisor is always available and knows just what to do. I really appreciate that.”

Philipp S.,  
EVN customer in  
Lower Austria

## Focus on the customer

Our central product is the energy we deliver to end customers, but we also supply drinking water and provide cable TV and telecommunication services in Lower Austria. EVN's products and services are, however, much more than this. They also include energy advising and the sale of energy-efficient products and energy services. The specialised know-how that forms the basis for the day-to-day contacts between our employees and our customers is just as extensive, even when most of these communications involve basic issues – such as the registration and cancellation of services, assistance with tariffs or questions on invoices.



Our activities are always focused on the needs and satisfaction of our customers. This is reflected in the high ranking given to “customer satisfaction” as an area of activity on the EVN materiality matrix. Top professionalism and maximum customer closeness are the guiding principles that define our services. For our customers in Austria, Bulgaria and North Macedonia, we have created a wide variety of simple, easy-to-use communication channels for all types of questions and concerns:

- EVN's Service Centres, customer events and trade fairs provide an optimal setting for personal contacts with our customers.
- A service telephone with individual numbers for specific topics and concerns simplifies direct contacts with our staff.
- Our emergency call centre is on duty 24/7 to help our customers.
- E-mail and various other online services (e.g. chat) also represent important channels where our customers can reach us at any time.

□ For information on energy efficiency services and products, also see page 52

### Intensive dialogue in the Customer Advisory Boards

We have installed Customer Advisory Boards in Austria and Bulgaria to support the regular and systematic exchange of ideas between EVN and representatives of our various customer segments. Their recommendations and ideas flow directly into the design and improvement of our services, products and communication measures.

### More than 1m customer inquiries

... were answered by our customer relations team during 2018/19 in Lower Austria alone. This volume demonstrates the continuing high demand for personal and individual advising.

In 2018/19 the Customer Advisory Boards made valuable contributions, among others, to the introduction of the “kabelplus mobile” product.

The EVN Customer Advisory Board in Austria started its fifth term of office with new members during the 2019 calendar year. Its first meeting focused on the issue of customer satisfaction, and initial ideas and suggestions for improvement will now be evaluated by the involved specialist departments.

◯ Also see [www.evn.at/Customer-Advisory-Board](http://www.evn.at/Customer-Advisory-Board)

**Continuous improvement in service quality**

We define customer satisfaction, on the one hand, through products and

services that meet individual needs and are transparently invoiced. On the other hand, customer satisfaction is also a result of high service quality, target group-oriented communications and assistance for our customers on issues involving the efficient use of energy. In these key areas, our goal is to create and maintain a fair and highly professional partnership with our customers in all our markets. Service is an area where we want to distinguish ourselves from the competition through stronger commitment and, in this way, better meet our customers’ needs and become even more successful. Examples of our efforts include the prompt processing of inquiries, active complaint management that includes the development of specific suggestions for improvement after the

evaluation of every complaint and the regular analysis through sampling of email answers to optimise the quality of our advising.

These quality assurance measures are reinforced by our high priority on focused modules and training programmes for the customer relations staff. Training at EVN is a continuous process that covers individual programmes as well as team-building seminars and instructions for new employees. EVN’s customer service team leaders have also received special training and certification for conducting voice coaching courses.

We also draw on best practice examples to improve our services. This involves monitoring the services offered by other companies and systematically winning

innovative and successful approaches of other economic sectors, such as telecommunication and banking, as a source of inspiration and fresh ideas.

**New ISO standard for EVN’s customer service**

EVN’s customer service was certified according to ISO 18295-1 in December 2018. This new, internationally recognised quality seal replaced EN 15838, which had served as the standard since 2010. EVN is one of the first companies in Austria to have its customer centres certified under this strict, global standard. The extensive audit which preceded certification covered a detailed examination of employee recruiting, training, communication forms, data security and many other aspects.

**Numerous, customer-friendly payment forms**

We offer our customers in all our markets a broad range of flexible payment forms which also reflect the different market practices. For example: customers in Austria can pay quarterly or semi-annually via direct debit or transfer, while monthly invoicing is customary



*In North Macedonia our customers can comfortably pay by credit card in our Service Centres.*

in Bulgaria and North Macedonia. In addition to direct debits and transfers, customers can also pay their bills directly in our service centres. Cash payments are accepted here, and special terminals are also available for credit card payments.



### Customer orientation as a focal point in 2018/19

The Executive Board defined customer orientation as one of EVN's focal points in Austria for the 2018/19 financial year. The goal was – and is – to concentrate even more on the needs of and benefits for customers. K<sup>2</sup>, a programme introduced to improve our internal and external customer orientation, includes a range of specific initiatives to create a greater awareness on the part of employees for customer orientation throughout the EVN Group. The medium-term goal of K<sup>2</sup> is to make EVN the energy provider with the best customer orientation in Austria.

In order to continuously optimise our performance at the customer interfaces, we organise an event every two years for our customer service employees in Austria, Bulgaria and North Macedonia. These meetings provide an opportunity to exchange experience and discuss the specific content and requirements for daily service activities. The results flow into the development of appropriate measures for the entire Group.

### Sustained high customer satisfaction

We commission regular independent, external surveys to proactively analyse and evaluate the quality of our customer service and the satisfaction of customers in our three core markets. The survey data and analyses combined with long-term trends show the development of customer satisfaction and help us to analyse relevant business transactions. The results provide valuable information on opportunities for improvement and, in a next step, are evaluated by the involved departments. We then define concrete approaches for improvement measures.

In Austria, we also calculate a monthly index to monitor and measure customer loyalty. The index and underlying indicators help us to identify changes in customer behaviour and the underlying causes at an early point in time, which allows for quick reaction. On a very positive note, the index value has remained stable at a high level in recent years.

### Strategies to combat energy poverty

EVN's values also include a commitment to social responsibility. This is reflected, among others, in our work to combat energy poverty. In this area we cooperate primarily with social aid organisations on projects that provide targeted support for low-income households. These projects concentrate on measures to reduce energy consumption and the realisation of cost-cutting opportunities that often lead to significant savings. We have had very good experience with programmes based on the "train the trainer" principle, which prepare social counsellors to conduct advising discussions (e.g. on subjects like potential subsidies for heating costs etc.), and we also accompany the counsellors in their work with people threatened by poverty.

△ GRI indicator: GRI 203-2

### Municipalities now see light

EVN's customers in Lower Austria also include 152 municipalities with approximately 83.6 thousand light points in total. Here we offer an extensive package of lighting services that covers operation, maintenance and repairs as well as the expansion of road lighting. In order to react quickly to breakdowns, the package also includes 24-hour emergency service which can be contacted by community leaders and residents via a special EVN portal. Our advising for customised lighting solutions in the municipal sector also involves the use of efficient and economical LED technology.

### 20 years of customer relations

EVN transformed its customer service department into a customer relations department 20 years ago. At that time, a mere twelve employees were involved in advising our customers in Lower Austria. Today, the department has a staff of 116 – which is clear proof for the high importance our company places on active customer support. In our supply areas in Bulgaria and North Macedonia, we quickly developed our customer service departments based on the Austrian model. Our staff in this area numbered 158 in Bulgaria and 60 in North Macedonia during 2018/19.

## Product labelling and responsibility

**The high standards that govern our personal contacts and interaction with customers are also reflected in the high quality demands we place on our products and services. The related requirements are deeply anchored in EVN's value hierarchy.**

In accordance with legally required electricity labelling regulations, our customer invoices in Austria include information on the geographical origin of the electricity delivered, its composition by primary energy carrier and the environmental impact of its generation (e.g. CO<sub>2</sub> emissions and radioactive waste). Our product portfolio is based on the following principles within this legal framework:

- A long-standing commitment to 0% nuclear-generated and grey electricity
- Proof that 100% of the electricity originates entirely from Austrian sources
- An offering of electricity products that are generated 100% from renewable energy sources
- A hybrid alternative that includes a maximum component of electricity from renewable sources as well as electricity from conventional generation
- Options to select fixed or variable energy prices as the basis for the tariff

Compliance with these principles is verified each year by an independent auditor, whereby the data for the 2019 calendar year will only be available after the edito-

rial deadline for this full report. The values for 2018 show a very encouraging trend from an ecological viewpoint: CO<sub>2</sub> emissions from the electricity delivered by EVN KG to its end customers totalled 86.61 g/kWh and not only represented a further year-on-year decline (2017: 103.69 g/kWh; 2016: 192.67 g/kWh), but were also clearly below 100 g/kWh for the first time. This reduction was made possible by a further cutback in the share of electricity generated with hard coal – its share in the supply mix equalled only 0.3% in 2018 (2017: 0.3%), and the share of electricity generated from natural gas fell from 27.2% to 23.3%.

In Bulgaria, electricity for the regulated market segments must be purchased from the state-owned energy supplier NEK. This company does not label its products, and no other options are available. Our Bulgarian sales company therefore has no influence over the electricity mix. A similar rule applies in North Macedonia: our distribution company is legally required to purchase the electricity for customers in the regulated market segments from the state-owned electricity company ELEM and, consequently, also has no influ-

ence over the composition of the delivered electricity. The sales companies in both countries are not required to label electricity.

- For information on energy procurement, also see 74
- Also see [www.responsibility.evn.at](http://www.responsibility.evn.at)
- Also see [www.evn.at/Herkunft](http://www.evn.at/Herkunft) (available in German only)
- △ GRI indicator: GRI 417-1

### Customer health and safety

We minimise the potential health and safety risks from our products with careful, responsible actions along our entire value chain. EVN's quality management plays an important role in this process by defining high standards for all relevant product-related activities and processes. Included here are the (further) development of the product portfolio, innovation, research and development activities as well as all processes for the certification, manufacture, production, distribution, marketing, sales promotion, use, maintenance, disposal and recycling of our products. In keeping with our comprehensive responsibility approach, our products and services are continuously monitored with respect to

customer satisfaction, health and safety based on continuous quality assurance procedures.

- △ GRI indicators: GRI 102-11, GRI 416-1

## “The perfect offering for environmentally conscious customers”



Leopold Wanzenböck, managing director of the green electricity specialist Naturkraft Energievertriebsgesellschaft m.b.H., is delighted to see the growing demand for high-quality green electricity. EVN holds a 45% investment in Naturkraft indirectly through EnergieAllianz Austria.

The volume of green electricity delivered annually by Naturkraft to end customers has quadrupled over the past ten years. “There has been a sharp rise in demand, from private households as well as business customers”, explains Leopold Wanzenböck. “We are increasingly also supplying large customers that see this as a way to improve their carbon footprint, including well-known Austrian corporations such as Vöslauer, Ottakringer and Ströck. Beginning in January 2020, we will also be supplying the A1 Telekom Austria Group and Brau Union Österreich.”

Naturkraft has high standards: “We supply 100% green electricity from Austria at fair prices, and that throughout the entire country. In other words, we have the perfect offering for environmentally conscious customers who are looking for quality and willing to pay a slightly higher price.”

Naturkraft purchases its electricity directly from the producers – small private photovoltaic equipment operators as well as larger wind park

firms. Wanzenböck: “In addition to added value in the form of higher quality, direct purchases from numerous green electricity producers mean higher costs compared with the procurement of larger volumes on the electricity exchange. However, our customers have the guarantee that their electricity only comes from small hydropower plants, wind parks or photovoltaic equipment right here in Austria.” Naturkraft also provides detailed information on the origin of its electricity through its website – and has received the Austrian eco-label for its “NaturStrom” product: “We purchase 100% of our energy from Austria, with a certificate of origin directly from the source, and the composition of our electricity is verified each year by TÜV Austria. This is a very important issue for many of our customers.”

In view of the steady upward trend in demand, the company plans to continue its growth course in the future and could, in fact, be supported by the current public discussions: “The Fridays for Future movement has not triggered an upsurge in demand at the present time. But I could imagine a development like this over the medium and long term”, indicates Leopold Wanzenböck. “This movement will certainly strengthen our position as a pure eco-electricity provider, and we want to use this as the basis to significantly increase our sales volumes and market share over the coming years.”



“We supply 100% green electricity from Austria at fair prices and throughout the entire country.”

Leopold Wanzenböck,  
managing director  
Naturkraft

## Data protection

**The professional protection and non-disclosure of personal data and business information has always been standard practice for our company.**

This is reflected in the inclusion of data protection as a separate subject in the EVN Code of Conduct. Based on seven principles, all employees are instructed to ensure the careful handling of personal and confidential data in their daily activities. The high importance of this subject is also reflected in our corporate organisation: data protection is anchored in the corporate compliance management staff department, which reports directly to the Executive Board. In addition, we have a local data protection officer in each of our markets.

Our data protection management system ensures that the EVN Group has implemented and met all requirements of the EU General Data Protection Regulation (GDPR) which

took effect in May 2018 as well as the requirements of the new Austrian Data Protection Act which was introduced in 2018.

EVN's business directive on data protection defines the framework for the data protection management system. We are well aware of the vote of confidence we receive from our customers and – not least for this reason – the safe and confidential treatment of personal data is one of the key principles for our daily operations.

Standardised data protection processes have been implemented to allow for the timely and efficient evaluation and handling of data privacy requests and/or the deletion of information. In 2018/19, we received four requests from the Data Protection Authority to submit

comments. The related proceedings were subsequently terminated by the authority.

Complaints involving the failure to protect personal data are recorded and processed quickly to allow for the fast implementation of any necessary corrective measures. No justified complaints concerning the violation of customer protection rights were identified during the reporting year. Nine cases related to the possible loss of customer data were identified, but internal investigations did not detect any risks for the rights and freedoms of the involved persons.

A separate email address is available for direct contact with EVN's data protection officer: [datenschutz@evn.at](mailto:datenschutz@evn.at).

△ GRI indicator: GRI 418-1







# Conserve resources, minimise emissions.

Fully committed to protection  
of the environment and  
climate.

Only if we can minimise – and  
continue to reduce – our  
resource consumption and the  
emissions from our activities  
can we achieve long-term –  
or even better: sustainable –  
success. We therefore engage  
in careful and conscious  
actions in the sense of our  
materiality matrix, which  
defines “environmental and  
climate protection” as one of  
the priority areas of activity.

## Environmentally and climate-friendly actions are an integral part of all our activities

**Our fundamental goals and values for the protection of the environment and climate are anchored in EVN's environmental policy statement. It includes, among others, guidelines to minimise environmental impact, conserve resources through state-of-the-art environmental engineering and continuously improve our environmental performance.**

EVN has operated an environmental management system on a voluntary basis since 1995. As an integrated management system, it meets the EMAS (Eco-Management and Audit Scheme) and ISO 14001 standards as well as fire and workforce protection regulations. It also calls for the definition of measurable environmental objectives. The basic requirements for certification under EMAS include full compliance with environmental regulations and a comprehensive accompanying review. All our thermal power plants in Lower Austria as well as the 56 heat generation plants and four cooling plants are subject to these standards. Our thermal waste utilisation plant in Zwentendorf/Dürnrohr is additionally certified under ISO 9001 and according to the specifications for the monitoring label "specialised waste management company". The environmental management systems in Bulgaria and North Macedonia also reflect international standards: for example, the certified, integrated quality and environmental management system in Bulgaria meets the requirements of ISO 9001:2008,

ISO 14001:2004 and BS OHSAS 18001:20017.

We make an important contribution to meeting Austria's climate goals through the increased use of renewable energy carriers, efficiency improvement measures and comprehensive advising for our customers on ways to reduce their energy consumption. A balanced mix of optimal supply security and a minimal impact on the environment are the decisive factors for our actions in this area. Our activities on behalf of climate protection include various initiatives and strategic approaches:

- Greater use of renewable energy sources: water, wind, sun, biomass and biogas
- Increase in the energy efficiency of EVN's production facilities and networks
- Active participation in innovation, development and research projects
- Information and advising for our customers on the reduction of energy consumption
- Regional added value through the use of domestic energy carriers like biomass and biogas

*"Our investments in the area of water continue to be focused on the expansion and new construction of cross-regional pipeline networks."*

*Franz Dinhobl,  
managing director  
evn wasser*

→ Use of motor vehicles with alternative drives, e.g. e-cars

○ Also see [www.evn.at/environmental-policy-statement](http://www.evn.at/environmental-policy-statement)

The Executive Board and Supervisory Board receive information and guidance on environmental and sustainability issues from the 27 members of EVN's Advisory Committee for Environmental and Social Responsibility. Their meetings in 2018/19 focused, above all, on the issues of CO<sub>2</sub>-free electricity generation in Austria and current developments in the area of sewage sludge.

○ Also see [www.evn.at/Environmental-council](http://www.evn.at/Environmental-council)

□ For information on the impact of business activities on society, the environment and the economy, also see page 21ff

△ GRI indicators: GRI 102-31, GRI 413-1

## Supply security and quality can't be taken for granted

A conversation with Professor Jörg Krampe, head of the Institute for Water Quality and Resource Management at TU Wien

Most Austrians assume that we have always had – and will continue to have – uninterrupted supplies of energy and drinking water. In order to protect this exceptionally good situation over the long term, EVN supplements its internal know-how with the evaluations of external experts. One of these experts is Professor Jörg Krampe, head of the Institute for Water Quality and Resource Management at TU Wien and a member of EVN's Advisory Committee for Environmental and Social Responsibility.

### Professor Krampe, will we always have enough drinking water?

**Jörg Krampe:** In Austria, we are in the fortunate position to have sufficient, high-quality water reserves. The challenge for the supplier, consequently, is related less to the required volumes and more to their distribution. Three aspects play a special role at the present time. The infrastructure of water supply consists mostly of pipelines, many of which are now outdated. Extensive replacement measures must therefore be planned for the near future. We are also witnessing an increase in the number of extreme weather events throughout the region – meaning heavy rains and dryer periods. Creating a balance between the individual source locations therefore means network expansion – similar to the situation in the natural gas

and electricity sectors. And that, in turn, increases the importance of security aspects like access controls, IT security and infrastructure protection.

A very professional approach is needed here and, in this environment, major suppliers like EVN can naturally rely on considerably more experience and ability in the expansion and operation of larger networks than smaller companies. But to return to your question: the uninterrupted supply of our households with high-quality water should not be taken for granted – it's the result of regular investments in a highly complex infrastructure and its continuous improvement.

### What role does the infrastructure play in maintaining the water quality?

In Austria, practically 100% of our tap water is ground or spring water. Consequently, the treatment of drinking water is an issue in only a few regions. Included here, for example, are several of EVN's supply areas in eastern Austria, where the drinking water must be treated because of increased hardness. With its natural filter plants, EVN has the capacity to reduce the hardness of the water by natural means. A further connection between water quality and infrastructure is that more extensive networks make it easier to mix water from different sources and, in this way, guarantee consistently high quality across an entire region.



However, the most important measures to protect the high quality of our water over the long term take place at the other end of the pipeline. Our objective should be to return the used water to the water cycle as clean as possible. The treatment plants in Austria have done excellent work in this area for many years, but we are facing a variety of new challenges from trace substances such as drug residues, microplastic and hormones. Here the thermal utilisation of sewage sludge represents an important building block for future concepts. It not only prevents dangerous substances from ending up in the environment, but even supports the recycling and energetic recovery of valuable raw materials such as phosphorous. This subject is also a focal point of EVN's projects – for example, the plan to construct a sewage sludge utilisation plant at the energy location in Dürnröhr. I am pleased to see that EVN is thereby addressing a further important station in the water cycle.

### What can the individual consumer do to help protect the high quality of our water here in Austria?

As consumers, we need to realise that many of the chemicals we use in our households end up in our water, and what we put in the soil ends up in the ground water. We should all think twice before spraying chemicals like fertilizers and plant protection products or herbicides at home – and use these chemicals sparingly or evaluate alternatives. In the end, ground water is also the source of the cool, fresh and healthy drinking water that comes out of the tap in our apartments and houses.



## Environmental impact of our thermal power plants

The direct and indirect environmental impact of our power plants is evaluated annually as part of an ABC analysis which covers the following aspects: air, water, wastewater, waste, soil, land usage, resource and energy consumption, noise, vibrations, radioactivity and biodiversity. The analysis examines the environmental impact of the plants under normal operations and disruptions and also assesses their environmental relevance as well as opportunities for improvement.



### Direct environmental impact

The most important direct environmental impact of our power plants arises from the emission of the following air pollutants: CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>2</sub>, dust and CO. We use state-of-the-art burners and efficient flue gas cleaning equipment to minimise the environmental impact of our

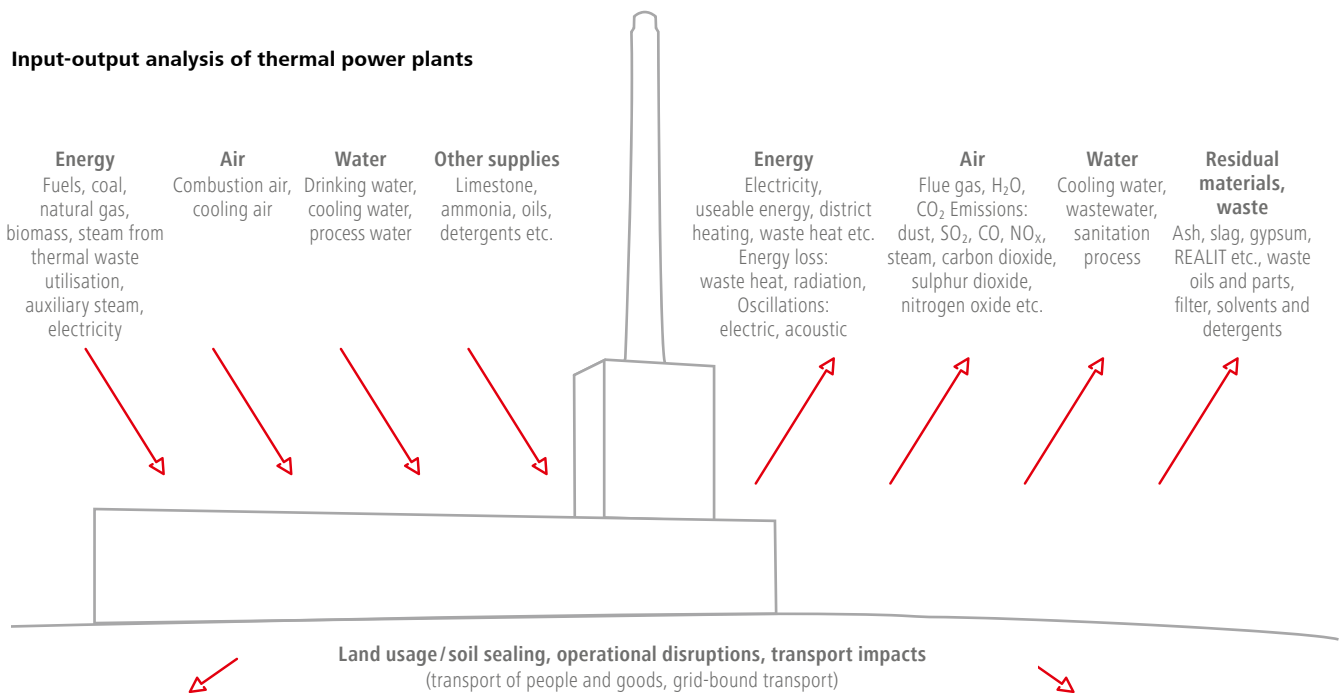
power plants through NO<sub>x</sub> and SO<sub>2</sub> emissions. The flue ash, coarse ash and REALIT (a waste product from flue gas cleaning) which result from incineration and flue gas cleaning processes are used by the cement and building materials industries.

In our plants, we also use water as a heat transfer medium and for cooling

purposes. The cooling water drawn from the Danube River is returned to the river in accordance with all applicable environmental regulations. Other environmentally relevant processes include the treatment of raw water and boiler water. Wastewater from sanitary facilities is discharged through the public sewage network into a treatment plant, and ammonia-

containing wastewater from condensate cleaning is disposed in line with the applicable requirements. The wastewater from water treatment and water that does not contain ammonia is returned to the water cycle after neutralisation. The regular measurement of pH values and annual external analyses ensure, without exception, that all required limits are met.

### Input-output analysis of thermal power plants



## Emissions

**As an energy company and environmental services provider, we see it as our responsibility to make a substantial contribution to the fight against climate change. This contribution involves, above all, the minimisation of emissions. Our focus here is placed, not least, on the transformation of the energy system towards climate-neutral generation – and, above all, on the expansion of our wind power capacity.**

We have implemented effective technical measures to prevent and reduce the noise resulting from mechanical processes. These measures include, for example, the use of low-noise machinery and aggregates and the insulation of machines.

The impact of our power plants on the environment is assessed through extensive monitoring of the surrounding areas. EVN operates permanent air quality measurement stations for this purpose and carries out hydrological evidence-protection measures, i.e. groundwater testing, in the areas surrounding its power plants.

### Indirect environmental impact

The indirect environmental impact is related primarily to the delivery of the primary energy carriers used by EVN. In order to avoid unnecessary waste and conserve resources, we include ecological factors in the procurement processes for the required operating products.

○ Also see [www.evn.at/environmental-policy-statement](http://www.evn.at/environmental-policy-statement)

### CO<sub>2</sub> emission certificates

The CO<sub>2</sub> emissions of all EVN thermal power plants and our eight district heating plants are recorded under the EU emissions trading system.

The gas-fired power plant in Theiss was under contract during the 2018/19 financial year as reserve capacity for the Austrian transmission network operator, but at a maximum volume of 430 MW. As of 1 October 2018, we therefore deactivated and conserved the thermal power plant capacity in Theiss and Korneuburg which was not covered by such a contract. We also terminated electricity production at the hard coal-fired power plant in Dürnröhr earlier than planned at the

beginning of August 2019 in view of the threefold increase in the price of CO<sub>2</sub> emission certificates during the past one and a half years. CO<sub>2</sub> emission certificates were, as a result, only required in 2018/19 for the remaining operations at the hard coal-fired plant in Dürnröhr, for electricity production at the gas-fired plant in Theiss as required by the Austrian transmission network operator to support network stability and in the Walsum 10 hard coal-fired power plant (in line with our electricity purchasing rights). We purchase the required emission certificates on the wholesale market through EnergieAllianz Austria.

EVN needed approximately 1.8m CO<sub>2</sub> emission certificates in 2018/19. Of this total, 3% were allocated free of charge for heat generation.

△ GRI indicator: GRI EU5

**Direct and indirect greenhouse gas emissions**

The direct and indirect greenhouse gas emissions reported in this chapter were calculated according to the rules and factors defined by the EU Emission Trading Guideline for the individual countries. This procedure involves the calculation of CO<sub>2</sub> emissions based on the standard calorific value and standard emission factors as well as inputs from the fuel analysis. Other biogenic CO<sub>2</sub> emissions are not taken into account because the possibilities for data collection are inadequate. In allocating emissions to the individual categories (scopes), we follow the recommendations in the Greenhouse Gas Protocol (GHG Protocol) issued by the World Resource Institute (WRI). The values shown always refer to the respective financial year.

The absolute volume of direct greenhouse gas emissions (Scope 1) equalled 2,726,185 t CO<sub>2</sub> in 2018/19, which represents a year-on-year increase of 6.1% (previous year: 2,573,847 t CO<sub>2</sub>).

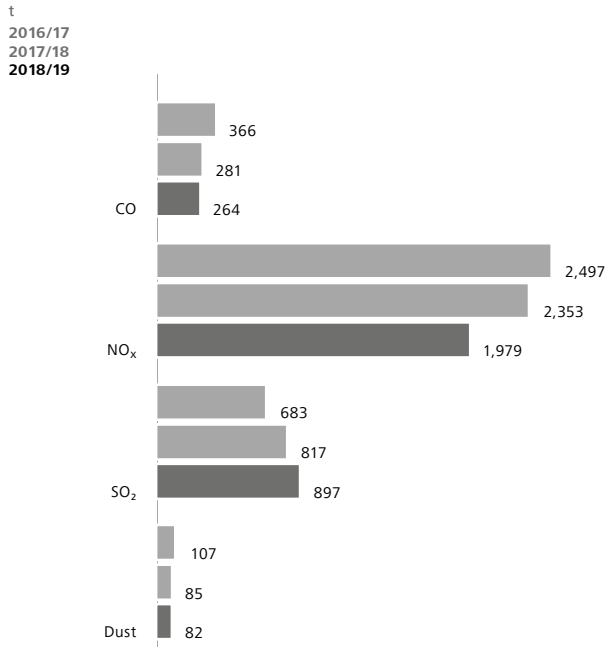
**Measures to reduce greenhouse gas-relevant emissions**

With our investment and innovation activities, we want to make an important contribution to environmental and climate protection. We see a considerable potential in the expansion of CO<sub>2</sub>-free generation capacity, especially wind power. Our target therefore calls for an increase in our wind power capacity to approximately 500 MW by 2023 (subject to appropriate framework conditions). In 2018/19 we commissioned five new wind parks and thereby created the basis for a further avoidance of roughly 78,400 t CO<sub>2</sub> (Scope 1). EVN's wind parks, in total, save roughly 471,600 t of CO<sub>2</sub> per year (Scope 1).

We also decided to discontinue electricity production at the hard coal-fired power plant in Dürnröhr earlier than originally planned in August 2019. In addition to economic considerations, this step also makes an important contribution to climate protection: by terminating operations before the end of the plant's technical useful life in 2025, we will prevent roughly 3.6m t of CO<sub>2</sub> emissions (Scope 1).

△ GRI indicators: GRI 305-5, GRI 305-7

**Further significant air emission quantities by EVN<sup>1)</sup>**



1) Generation and thermal waste utilisation plants (excl. local heating plants); Austria, Germany, Bulgaria and Russia; in North Macedonia, there are no emissions from electricity production.

**An important contribution to low-CO<sub>2</sub> energy generation**

Our initiatives in 2018/19 made an active contribution to meeting Austria's climate and energy targets:

- The early termination of hard coal-fired electricity generation in Dürnröhr will prevent 3,600,000 t of CO<sub>2</sub> emissions during the period from 2020 to 2025
- Our wind parks will prevent roughly 471,600 t of CO<sub>2</sub> emissions per year; including roughly 78,400 t CO<sub>2</sub> through the five new wind parks completed in 2018/19





<b>Scope 1 – Direct GHG emissions<sup>1) 2)</sup></b>		<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>
Austria and Germany <sup>3)</sup>	t CO <sub>2</sub> e	2,554,212	2,426,230	2,664,823
Bulgaria	t CO <sub>2</sub> e	169,226	144,606	172,042
North Macedonia	t CO <sub>2</sub> e	2,148	2,327	2,291
Russia	t CO <sub>2</sub> e	600	684	626
<b>Total</b>	t CO <sub>2</sub> e	<b>2,726,185</b>	<b>2,573,847</b>	<b>2,839,782</b>
	t CO <sub>2</sub> e/GWh	<b>310.80</b>	<b>291.62</b>	<b>301.82</b>

- 1) EVN's direct emissions (Scope 1) include the CO<sub>2</sub> emissions from its own plants and facilities, which result from the use of primary energy carriers (hard coal, natural gas, heating oil) for energy generation and for its own use and transportation (fuels) as well as from gas network losses.
- 2) Calculation method: CO<sub>2</sub> emissions from electricity and heat production + own consumption for production; gas network losses of methane in CO<sub>2</sub> equivalents; in accordance with the GHG protocol; the intensity is based on the entire electricity and heat production in GWh (=denominator).
- 3) Adjustment of prior year information due to a change in the calculation method

<b>Scope 2 (location-based) – Indirect GHG emissions<sup>1) 2)</sup></b>		<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>
Austria and Germany	t CO <sub>2</sub> e	256,127	201,930	214,744
Bulgaria	t CO <sub>2</sub> e	179,388	180,896	204,417
North Macedonia	t CO <sub>2</sub> e	533,717	521,340	556,663
Russia	t CO <sub>2</sub> e	15,162	15,739	16,340
<b>Total</b>	t CO <sub>2</sub> e	<b>984,394</b>	<b>919,905</b>	<b>992,164</b>
	t CO <sub>2</sub> e/GWh	<b>49.40</b>	<b>49.96</b>	<b>53.50</b>

- 1) Adjustment of prior year information due to a change in the calculation method; Indirect emissions (Scope 2) are emissions attributed to the production of the volumes of electricity and cooling used by EVN. In addition, electricity network losses have been included.
- 2) Calculation method: Conversion of electricity and cooling volumes into MWh based on the electricity mix of ENTSO-E, respectively a country-specific electricity mix; The total amount of electricity sold was used in the denominator in order to calculate the intensity.

<b>Scope 2 (market-based) – Indirect GHG emissions<sup>1) 2)</sup></b>		<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>
Austria and Germany	t CO <sub>2</sub> e	195,842	161,340	190,494
Bulgaria	t CO <sub>2</sub> e	265,193	267,144	302,433
North Macedonia	t CO <sub>2</sub> e	533,717	521,340	556,663
Russia	t CO <sub>2</sub> e	15,162	15,739	16,340
<b>Total</b>	t CO <sub>2</sub> e	<b>1,009,913</b>	<b>965,563</b>	<b>1,065,930</b>
	t CO <sub>2</sub> e/GWh	<b>50.69</b>	<b>52.44</b>	<b>57.48</b>

- 1) Adjustment of prior year information due to a change in the calculation method; Indirect emissions (Scope 2) are emissions attributed to the production of the volumes of electricity and cooling used by EVN. In addition, electricity network losses have been included.
- 2) Calculation method: Conversion of electricity and cooling volumes into MWh based on the electricity mix of ENTSO-E, respectively a country-specific electricity mix; The total amount of electricity sold was used in the denominator in order to calculate the intensity.

<b>Other indirect GHG emissions (Scope 3)<sup>1) 2)</sup></b>		<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>
<b>Total</b>	t CO <sub>2</sub> e	<b>7,540,215</b>	<b>7,224,874</b>	<b>7,680,936</b>
	t CO <sub>2</sub> e/GWh	<b>378.43</b>	<b>392.36</b>	<b>414.20</b>

- 1) Adjustment of prior year information due to a change in the calculation method; Scope 3 emissions include further indirect emissions, which arise in the supply chain (emissions from the extraction and transport of primary energy carriers) through the electricity and natural gas sold to and used by end customers and from the travel by EVN employees with public transportation.
- 2) Calculation method: Network sales volumes (adjusted for own generation; converted into CO<sub>2</sub> based on EVN's electricity mix) + natural gas sales (based on standard factors from the Austrian greenhouse gas inventory) + travel activity (CO<sub>2</sub> reported by travel agencies)

<b>Intensity of GHG emissions<sup>1) 2)</sup></b>		<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>
<b>Total CO<sub>2</sub> emissions</b>	t CO <sub>2</sub> e/GWh	<b>449.89</b>	<b>454.33</b>	<b>474.02</b>

- 1) Adjustment of prior year information due to a change in the calculation method; total specific emissions from Scope 1–3 in relation to the sales volumes of electricity and natural gas (19,924 GWh of electricity and 5,083 GWh of natural gas for 2018/19)
- 2) Upstream CO<sub>2</sub> effects from the primary energy carriers, calculated on the basis of the UNFCCC factors

△ GRI indicators: GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4

## Responsible use of energy

**As a responsible energy and environmental services company, we not only want to use our extensive know-how to conserve resources, protect the environment and use energy efficiently in our internal operations – we also want to share this expertise with our customers.**

EVN's energy intensity<sup>1)</sup> totalled 26.3 MWh of primary energy for each GWh of energy sold in 2018/19 (previous year: 24.4 MWh). The use of new technologies and continuous optimisation measures, also in connection with additional voluntary targets linked to our EMAS certifications, help us to realise further efficiency improvements.

1) Energy intensity indicates EVN's own consumption of electricity, natural gas, heat and heating oil as a percentage of the total energy sales volume

△ GRI indicator: GRI 302-3

### Energy efficiency measures

Many different measures help us to continuously improve our own energy efficiency and, at the same time, reduce the emissions from our production and energy procurement activities and the use of energy by our customers. As an energy supplier in Austria, we have also been

legally required to implement energy savings measures for end customers at an amount equal to 0.6% of the previous year's energy sales volumes since 1 January 2015. The target for the 2018 calendar year was 45.3 GWh, which we met with a wide variety of measures.

We even exceeded the legally defined target for 2018 when we include our own energy efficiency measures – for example, the conversion to energy-efficient LED lighting and on-demand equipment or the installation of photovoltaic equipment to cover our internal electricity requirements. A number of these measures resulted from the continuous improvement process which represents an integral part of the environmental management system at our generation plants.

△ GRI indicator: GRI 302-5

### Measures to reduce energy consumption

In 2018/19 we cut our direct energy consumption by approximately 3,000 kWh through the installation of district cooling to replace electrically powered air conditioning in one of our company buildings. We reduce our indirect energy consumption by using e-cars wherever possible, especially for short trips. Business travel is also being reduced by the increased use of video conferences and webinars: for example, the use of webinars as a substitute for classroom training saved roughly 13 t of CO<sub>2</sub> in 2018/19.

Energy consumption outside the organisation (Scope 3) totalled 27,224 GWh in 2018/19 (previous year: 25,831 GWh).

△ GRI indicators: GRI 302-1, GRI 302-2, GRI 302-4

### Energy efficiency measures for customers

Examples of the measures for our various customer segments (households, commercial and industrial customers as well as cities and municipalities) are:

- Energy advising
- Energy services (among others, to identify energy saving opportunities)
- E-mobility
- Replacement of boilers
- Conversion to efficient LED street lighting in municipalities
- Substitution of district heating from EVN Wärme for less efficient heating systems
- Installation of photovoltaic equipment and storage batteries to increase decentralised generation while, at the same time, optimising consumption (demand-side management)

### EVN's direct and indirect own energy consumption by primary energy sources

		2018/19	2017/18	2016/17
<b>Non-renewable energy carriers</b>				
	MWh	5,516	5,817	5,834
thereof natural gas	MWh	5,198	5,295	5,356
thereof heating oil <sup>1)</sup>	MWh	317	522	477
<b>Renewable energy carriers</b>	MWh	–	–	–
<b>Electricity, heating and cooling energy</b>	MWh	640,502	632,163	678,824
<b>Total</b>	MWh	646,018	637,980	690,492

1) Heating oil is used in North Macedonia and Bulgaria only.

## Responsible use of resources

The materials used in our company consist mainly of primary energy carriers such as fossil fuels, waste and biomass. We also use various supplies as secondary components in our energy generation and wastewater treatment plants. Only a limited amount of recycling material is used with these components for technical reasons.

<b>Material and other supplies – used in energy generation, wastewater treatment, thermal waste incineration</b>		<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>
<b>Renewable energy carriers</b>				
Biomass	terajoule <sup>1)</sup>	3,341	3,389	3,400
<b>Non-renewable energy carriers</b>				
Fossil fuels <sup>2)</sup>	terajoule <sup>1)</sup>	31,304	31,562	35,781
<b>Non-renewable materials</b>				
Limestone	t	27,491	20,547	21,657
Ammonia	t	897	957	1,073
Ammonia water <sup>3)</sup>	t	2,136	1,672	1,579
Demineralised water	m <sup>3</sup>	175,937	219,133	213,627
Lubricating oils <sup>3)</sup>	t	7	2	2
Hydrochloric acid <sup>3)</sup>	t	219	192	188
Sodium hydroxide <sup>3)</sup>	t	67	113	62
Dosing media	t	10	9	9
Rock salt <sup>3)</sup>	t	131	101	85
Lime hydrate	t	340	343	312
Precipitants	l	1,645	1,631	1,296
Flocculating agents	l	404	386	334
Urea	t	15	15	15
<b>Other energy carriers</b>				
Waste <sup>4)</sup>	terajoule <sup>1)</sup>	5,581	5,635	5,559

1) Information provided in terajoules because of the different fuel qualities

2) Natural gas, hard coal, heating oil

3) Amount includes Bulgaria beginning with the 2017/18 financial year

4) For incineration by the thermal waste utilisation plant in Dürnröhr/Zwentendorf

<b>Material utilisation – network construction in Lower Austria<sup>1)</sup></b>		<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>
Additional power lines	km	251	356	302
Additional natural gas pipelines	km	25	10	15
Additional heating lines	km	14	18	15

1) Includes overhead lines as well as underground cables and pipelines.

△ GRI indicator: GRI 301-1

## Sustainable water management

**At EVN, we use the resource water for normal household purposes (e.g. in sanitary facilities) or as process water (e.g. in heating networks or for lubrication). We draw the required quantities from municipal drinking water supplies or from our own ground wells. The cooling water used in our plant operations comes from surface water.**

All ordinary household wastewater is cleaned in municipal treatment plants before it reaches any surface water. The wastewater flows from our power plants are continuously tested for quality and – after treatment to eliminate any relevant adverse factors – returned to the water cycle in accordance with the applicable environmental regulations. In 2018/19, the cooling water flow rate at our Lower Austrian thermal power plants totalled 256.5m<sup>3</sup> (previous year: 276.0m<sup>3</sup>). This corresponds to 0.43% of the average annual volume of the Danube recorded at the Korneuburg gauge<sup>1)</sup> (measuring point number 207241), which amounted to 59,707m<sup>3</sup> and remains clearly below the allowed threshold of 5%.

In cases where the type or quantity of a wastewater stream at one of our locations differs from ordinary household wastewater and connections to a sewage system are available, we conclude contracts with sewage treatment plant operators based on the indirect discharge ordinance. These contracts contain detailed provisions for the

allowable amount of wastewater, the main substances it may contain and the required wastewater inspections. Direct discharges into surface water are regulated by the wastewater emission ordinance and various water-related guidelines. Our wastewater streams are also tested regularly by accredited external institutions. We naturally comply with all requirements defined by various public authorities for cooling water discharge temperatures. The seepage water or rainwater from our own landfills is recycled by using it for flue gas cleaning.

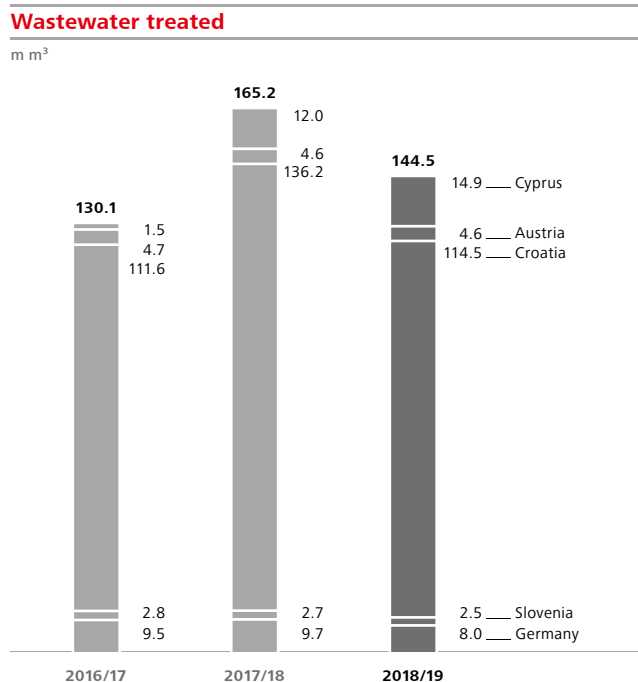
However, water is also important for our company in another context: drinking water supplies for Lower Austria are provided by evn wasser, while WTE Wassertechnik is involved in the international project business through the planning, construction and operation of plants for drinking water supplies and wastewater disposal. The management of sewage sludge represents a further – and new – business field. The goal here is to construct efficient and ecologically compatible plants for the thermal utilisation of sewage sludge.

In the area of wastewater disposal, our plants treated roughly 144.5m<sup>3</sup> of wastewater in 2018/19 with a mean purification performance of 87.5%<sup>2)</sup> (previous year: 87.7%; 165.2m<sup>3</sup>). The resulting sewage sludge is used partly for agricultural purposes and compost production and partly deposited in landfills or used to generate heat.

1) Source: "Austrian Hydrographical Annual 2015", Federal Ministry for Sustainability and Tourism

2) Average value over the parameters for chemical oxygen requirements, biological oxygen requirements, total nitrogen and total phosphorous. The per cent value represents the quantity of pollutants removed.

△ GRI indicators: GRI 303-1, GRI 303-2, GRI 303-3, GRI 303-4, GRI 303-5, GRI 306-5



Water <sup>1)</sup> m m <sup>3</sup>			2018/19	2017/18	2016/17
<b>Water withdrawn<sup>2)</sup></b>	<b>Total</b>		<b>294.4</b>	<b>314.4</b>	<b>322.9</b>
	thereof by source	Surface water	259.7	279.0	288.9
		Groundwater	34.3	35.0	33.6
		Delivered water	0.3	0.4	0.4
<b>Water released<sup>2)</sup></b>	<b>Total</b>		<b>262.2</b>	<b>281.7</b>	<b>291.4</b>
	thereof by destination	Surface water	259.7	279.0	288.9
		Water released to third parties (municipal wastewater treatment)	2.5	2.7	2.5
	thereof by treatment	No treatment	259.7	279.0	288.9
		Treatment level – wastewater purification (municipalities)	0.2	0.3	0.3
		Treatment level – wastewater purification (EVN Group)	2.3	2.4	2.1
	<b>Water consumption<sup>3)</sup></b>	<b>Total</b>		<b>32.2</b>	<b>32.7</b>

1) The treated water from our customers in the environmental services business is not included in the water balance.

2) All of the water withdrawn and released is fresh water (≤1,000 mg/l total dissolved solids).

3) Drinking water supplies from purified ground water by evn wasser



**Thermal sludge utilisation –  
the next logical step after  
wastewater treatment**

A conversation with Manfred Graf,  
head of thermal utilisation at EVN

An interesting new area of business for the EVN Group – specifically for WTE Wassertechnik, which is specialised in the treatment of drinking water and wastewater – is currently materialising in the thermal treatment of sewage sludge. This residual material was generally spread on fields or composted in the past, but the practice is changing because

sewage sludge can contain harmful substances like microplastic, hormones, antibiotics and other drug residues. The main point here, however, not only concerns the reduction of pollutants, but also the conservation of resources. Manfred Graf, who is responsible for EVN’s thermal sewage sludge treatment business, explains: “The treatment of sewage sludge can lead to the recovery of phosphorous – a finite

raw material that is only found in a few countries throughout the world. As an example, the new waste sewage sludge ordinance in Germany requires nearly comprehensive phosphorous recycling beginning in 2029 – which generally entails thermal treatment.” This also makes sense from an energetic standpoint because the utilisation of sewage sludge – apart from generating electricity to meet internal needs – can be used for district heating. Several plants are currently in the planning or construction stage in Germany, and WTE is working on such a project in Halle-Lochau through sludge2energy, a joint venture formed with a German partner company in 2012. There is also a growing interest in this field outside Germany, and all larger cities and metropolitan areas will have a need for these services over the medium term.

For the EVN Group, the most promising markets currently include Germany and Austria – among others, two plants with different dimensions and technologies are in

the planning stage for our energy location in Dürnröhr – as well as the Arabian Peninsula. WTE is currently working on a large sewage sludge utilisation facility in Tubli, Bahrain, as part of a project to expand a wastewater treatment plant.

WTE was also commissioned to develop a smaller plant in northern Europe – specifically in the Lithuanian city of Utena. Manfred Graf: “Our five current projects cover a broad spectrum of plant sizes and types. They allow us to gain wide-ranging experience and, at the same time, demonstrate our know-how in developing reference plants for different applications.” Not least due to its many years of expertise in the customised planning and turnkey realisation of projects, EVN is well prepared to meet the expected demand as a general contractor for planning and construction as well as a plant operator. Manfred Graf smiles: “The potential for sewage sludge utilisation is really impressive.”

## Environmentally compatible waste management

Material and substance flows in the EVN Group are closely monitored and controlled to avoid waste, support recycling and ensure appropriate disposal. In addition, material and equipment suppliers as well as disposal partners are selected on the basis of ecological criteria.

All regularly occurring hazardous and non-hazardous waste is transferred to licensed disposal specialists based on framework contracts. These specialists dispose of the waste in an environmentally compatible manner consistent with the legal regulations applicable in the respective countries. No hazardous or non-hazardous waste was

disposed across national borders in 2018/19.

We utilise all flue ash, coarse ash and REALIT, while roughly one-half of the biomass ash from district heat production is transferred to disposal firms and then utilised. The remaining amounts are deposited in a landfill in accordance with the applicable regulations.

All environmentally relevant incidents are recorded in a standardised reporting system that covers the plants in Austria, Germany, Bulgaria and North Macedonia. Our company registered only one environmentally relevant incident in 2018/19: in the boiler room of our district heating plant in Ernsthofen, Lower Austria, a defective manometer led to the leak-

age of 400 l of heating oil. This incident had no impact on the environment because the oil leaked out onto the sealed floor of the heating room. The heating oil was removed, and the floor was correctly cleaned.

△ GRI indicators: GRI 306-3, GRI 306-4

### Development of waste quantities<sup>1)</sup>

		2018/19	2017/18	2016/17
Hazardous waste and residual materials	t	19,604	19,348	11,524
Non-hazardous waste and residual materials	t	237,346	267,224	259,242

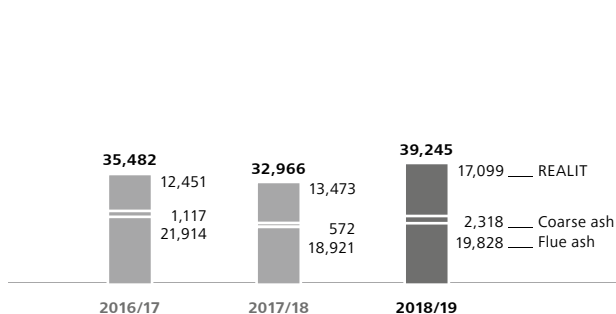
### Export of hazardous waste

Hazardous waste	t	0	0	0
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1) Without construction residue or power plant by-products

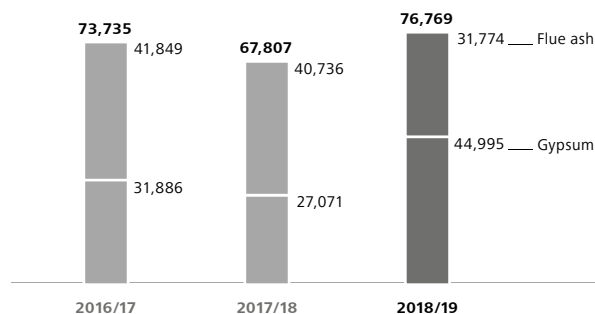
### Utilised quantities of power plant by-products – Austrian power plants

t/year



### Utilised quantities of power plant by-products – Walsum 10 power plant

t/year





## Biodiversity

**We are committed to minimising the impact of all our business activities on nature. Our top priority is the protection of flora and fauna and the preservation of the natural habitats of animals and plants in the areas surrounding our plants and projects. Not only the responsible realisation of construction projects, but also the responsible operation of our plants is a matter of course.**

That means:

- Minimisation of resource and land use
- Minimisation of negative effects on the landscape
- Minimisation of energy losses in energy generation and transmission

As a result of our infrastructure – which consists primarily of power plants and networks – the potential impact of our business activities is chiefly related to habitats in the water and in the air. Hydropower plants can have an influence on biodiversity, above all because of the limited passage through rivers, while the effects of thermal power plants are related to the temperature of the cooling water released into the rivers. Wind power plants and overhead power lines can represent a danger for various types of birds or

bats when they are located at the same height as their flight routes.

We minimise the impact of our construction projects with ecological planning and construction monitoring. In addition, we implement a wide variety of measures and programmes to protect the natural habitats in our area of influence. These activities often take place in close cooperation with external experts from NGOs and local authorities. Current projects to protect biodiversity include, among others:

- Underground cables as a substitute for overhead lines wherever technically and economically possible
- Power poles in colour schemes and heights that fit in with the landscape

- Cable installation through ploughing as an alternative to digging
- Cooperation with BirdLife Austria to insulate power poles as protection for the imperial eagle in the Laaer Basin
- Operation of online monitoring equipment to regularly test the water quality at various levels in the Ottenstein reservoir
- Joint project with the Association for the Protection of Great Bustards in Austria (continuation of the EU LIFE+ programme)
- Species protection measures at selected wind power projects (e. g. joint concept with BirdLife to develop compensatory measures to create alternative habitats for birds)
- Installation of fish bypasses at small-scale hydropower plants

- Construction of nest platforms to protect the endangered white stork in Bulgaria and North Macedonia
- Joint project with the Bulgarian Association for Bird Protection to protect the imperial eagle (EU LIFE+ programme)
- Joint project with Green Balkans, a Bulgarian environmental protection association, to protect the black vulture (EU LIFE+ programme)
- Project to protect snakes by using ultrasonic devices for rodent prevention in network infrastructure plants in North Macedonia

△ GRI indicator: GRI 304-4

### Endangered animal and plant species as defined by the International Union for Conservation of Nature (IUCN) and included on national lists in Austria, Bulgaria and North Macedonia in 2019

Category	Animals	Plants
Critically endangered	51	7
Endangered	79	19
Vulnerable	152	23
Near threatened	146	18
Least concern	1,398	696
<b>Total</b>	<b>1,826</b>	<b>763</b>



# Committed to clear values.

Responsibility towards employees,  
partners and suppliers.

EVN's materiality matrix speaks a clear language: "responsible management", "sustainable increase in corporate value" and "supply chain responsibility" represent key issues for our stakeholders. That explains why we also place high value on ethical and legally compliant behaviour by our employees, business partners and suppliers, who we, in turn, treat with the same responsibility and respect.





“Respect and mutual appreciation guide us in our actions – both inside and outside the company.”

Julia Handler,  
recruiting

## Human rights, ethics and integrity

**We have put our commitment to full compliance into practice by implementing a series of compliance guidelines and measures which apply within the EVN Group. The starting point is formed by the EVN Code of Conduct with its ten subject areas. It regulates, among others, the aspects of our business activities in the areas of human rights, governance, compliance, corporate ethics, the prevention of corruption, public appearance and competitive behaviour as well as occupational safety and accident prevention. We have also issued additional detailed guidelines for specific target groups such as employees or suppliers and for specific issues such as the prevention of corruption.**

The rules in our Code of Conduct are based on a diverse group of principles and policies which were adapted to meet our company's characteristics and requirements. They range from national laws and international regulations, such as the OECD and UN Global Compact guidelines and agreements, to the policy statements and principles issued by the International Labour Organisation (ILO) and internal organisational directives and corporate principles that go beyond legal requirements. Reliability, transparency, trust and quality in our interaction with internal and external partners represent the central guidelines.

The EVN Code of Conduct was issued in German, English and the languages of our foreign subsidiaries. It is also available to the general public on our website. Interested business partners can obtain detailed information on our compliance management at any time.

- For EVN's integrity clause for suppliers, see page 75
- Also see [www.evn.at/Code-of-conduct.aspx](http://www.evn.at/Code-of-conduct.aspx)

### Human rights

A very central subject area in our Code of Conduct is our unlimited and unequivocal commitment to the respect, observance and protection of human rights and ethical principles at all our locations. We are committed to com-

pliance with the ten principles of the UN Global Compact and, in particular, decisively reject any form of child labour or forced labour. A related obligation is the prohibition of discrimination based on nationality or ethnic background, gender, sexual orientation, culture, religion, age or health. This applies not only to our business partners, but also to our interaction with our employees.

As an international corporation, we are also active in countries with a less developed understanding for human rights issues. Although the respective governments are primarily responsible for protecting human rights, we consider it our responsibility – within our possibilities – to also encourage compliance in this area outside our direct scope of operation.

### Prevention of corruption

We are decisively opposed to all types of corruption and

define this term very broadly. For EVN, it includes illegal payments (e.g. bribes, kick-back payments, fictitious services, false classification/account assignment) as well as all forms of gratuities (e.g. gifts, invitations, subjective benefits, immaterial advantages like awards and patronage). Our employees and their close family members are prohibited from accepting any form of these payments or gratuities – with the exception, for example, of small mementoes that reflect local or national practices.

A comprehensive set of preventive measures – including internal behavioural guidelines and specific training programmes – have been implemented to create a greater awareness for the prevention of corruption among our employees. Accordingly, the issue of corruption represents a special focal point of the regular compliance risk surveys conducted by the staff department corporate compliance

### Behavioural norm for suppliers

Full compliance and the strict observance of the EVN Code of Conduct represent binding guidelines for our behaviour in the areas of human rights, the prevention of corruption, ethics and integrity. Our suppliers are required to follow these same principles and values. Consequently, we expect them to comply with the EVN integrity clause, which also covers the issue of human rights.

management. These analyses are based on a catalogue of criteria whose key elements include the operating environment, the country, industry and scope of business activities as well as the initiation and processing of business transactions.

△ GRI indicators: GRI 102-16, GRI 205-1

### Organisation of compliance management

EVN has had a separate compliance management system (CMS) since 2012. It defines a standardised framework for the entire Group, which is designed to support the honest and legally compliant behaviour of our employees in their everyday business activities.

The CMS is built on three main elements:

- Prevention through the creation of awareness and training
- Identification of violations of the Code of Conduct
- Reaction through information and improvement

The staff department corporate compliance management (CCM) is responsible for the operation and continuous improvement of the CMS and, in this function, reports directly to the Executive Board. In addition to the chief compliance officer and CCM staff, decentralised compliance officers were assigned to EVN's individual operating areas and national compliance officers were installed for Bulgaria, North Macedonia and the WTE Wassertechnik international project business. This structure ensures that the centrally managed CMS is optimally geared to meet the requirements of the various specialist areas and regions. Thus a total of eleven employees in the EVN Group have specific compliance responsibilities.

### Group-wide identification of compliance risks

Compliance risks which, in line with EVN's interpretation also cover human rights and the prevention of corruption, are identified annually for the entire Group on a systematic basis and from different viewpoints. These risks are surveyed as part of the annual risk inventory since any violations represent an important issue for EVN's risk management. The reviews carried out by our internal audit department also cover the observance of

all compliance-relevant directives and rules.

CCM carried out another comprehensive, Group-wide assessment of compliance risks in 2018/19, which included the structured review and evaluation of all subject areas in the EVN Code of Conduct. Its goal was to identify and analyse existing risks from a broader standpoint in order to further improve the CMS through the development of new targeted measures – for example, related to training. The conclusion of the risk assessment in the Austrian Group companies during 2018/19 will be followed by similar procedures in EVN's international companies.

△ GRI indicator: GRI 205-1

### Whistle-blowing procedure

Our employees have access to a confidential and anonymous whistle-blowing procedure, which permits the reporting of (presumed) compliance violations via the EVN Intranet or designated compliance e-mail addresses. It can be used to communicate any concerns over unethical or illegal actions.

Special compliance e-mail addresses also allow business partners to use the whistle-blowing procedure. A Group directive defines the procedures for dealing with the reported concerns and protecting the whistle-blower.

Compliance violations represent a breach of employees' responsibilities and may lead

to consequences under criminal law, whereby decisions are the responsibility of the designated institutions. Confirmed suspicions result in prosecution under labour and/or civil law, depending on the severity of the case and the scope of the damage. Therefore, employees who unintentionally come into conflicts of interest or loyalty during their work are advised to contact EVN's compliance officer directly and without delay.

We received no reports of discrimination based on ethnic, national or social origin, skin colour, gender, sexual orientation, religion or political orientation during 2018/19.

However, we received three reports in 2018/19 concerning alleged violations of the principle of integrity and the prevention of corruption which are anchored in the Code of Conduct. Two reports concerning employees, which were not the subject of a lawsuit, were confirmed after an internal investigation, and measures were taken to prevent similar incidents in the future. None of these cases led to the dismissal of or a warning notice to the involved employees or to the termination of contracts with business partners.

△ GRI indicators: GRI 205-3, GRI 406-1

### Review of business partners

Our business partners are also required to comply with high, strict ethical standards. We give high priority to the

### Compliance readiness check

CCM carried out an evaluation of the compliance culture and application of the CMS in EVN's companies in Bulgaria, North Macedonia and the WTE Wassertechnik international project business during 2018/19. The evaluation covered the structures as well as the knowledge and awareness of employees on this issue. The results will now be used to make compliance measures more efficient and target-oriented. The compliance readiness check will now be standardised and carried out in all countries where EVN is active over the coming years.

issues of human rights, working conditions and labour laws, environmental and climate protection and business ethics. Throughout the entire EVN Group, we attempt to avoid business relations with companies that have been proven to be directly or indirectly involved in or accused of offences against human rights or violations of corruption, anti-trust or commercial law. The review process for potential business partners, which also includes the screening of sanction lists, follows a risk-based approach that is specifically focused on industry and country risks. For Austria and the WTE Wassertechnik international project business, we also use the compliance database and software of a specialised external service provider. Risk-minimising measures are implemented if the screening reveals any sensitive issues.

△ GRI indicator: GRI 102-17

### Compliance training

In order to firmly anchor the issue of compliance throughout the EVN Group, we regularly emphasise the importance of correct, ethical behaviour to all managers, employees and the members of the Supervisory Board. This information is generally presented in training courses and workshops which concentrate on human rights, corporate ethics, the preven-

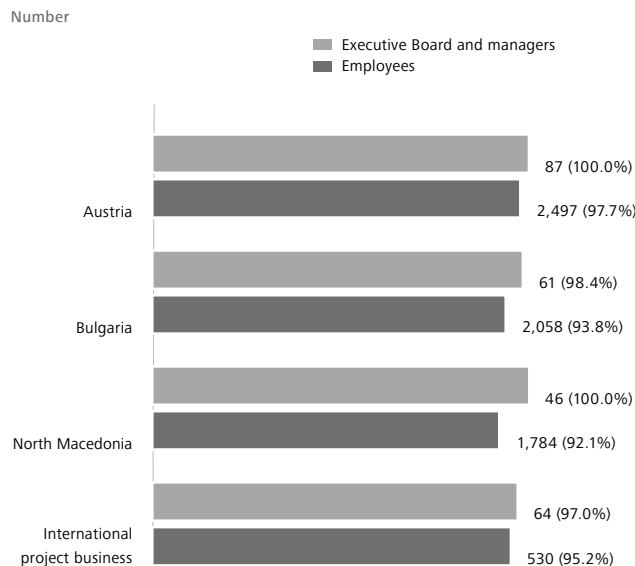
tion of corruption, public appearances and competitive behaviour. The programmes range from mandatory standardised training courses for new employees in the Group, above all on the ten subject areas of the EVN Code of Conduct, to supplementary e-learning programmes and special courses for areas exposed to increased risk. The special courses are directed, for example, to employees in highly competitive business sectors and the international project business as well as employees with contacts to public authorities. The members of the Supervisory Board have also received additional comprehensive training from external experts in the past.

CCM cooperates with managers from various departments to strengthen and improve our compliance principles and rules and our ethical values. These multi-hour workshops also equip managers with the tools to transfer the defined content to their staffs. The managers in Bulgaria, North Macedonia and the international project business, together with their employees, represented a special focal point in 2018/19. In Austria, managers received in-depth training on equal opportunity and conflicts of interest during the reporting year.

△ GRI indicator: GRI 205-2

### Participation in mandatory compliance training<sup>1)</sup>

(as of 30.09.2019)



1) Includes non-consolidated subsidiaries



## Our employees – the basis for our success

**The EVN Group had an average of 6,908 employees on a full-time equivalent basis in 2018/19 and 7,327 employees (headcount) as of 30 September 2019. Our workforce consists of men and women from different nationalities, cultures and generations. With their high qualifications, they play a central role in all our business activities. The awareness of this strategic importance is reflected in our actions as a responsible and fair employer, which allow us, not least, to safeguard efficient, goal-oriented human resources development in a continuously changing working environment.**



*“The wide variety of attractive offerings and flexible solutions underscores the high priority EVN gives to its employees.”*

*Claudia Tabacco-Buchta,  
HR management*

### Diversity

Our company’s international market presence is also reflected in our workforce: EVN’s employees come from more than 25 countries, above all from Austria, Bulgaria and North Macedonia. We are firmly committed to the hiring and advancement of regional employees because this improves our understanding of the special characteristics of the local culture and increases the economic benefits of our business activities. Our goal, therefore, is to maximise the number of employees and managers from the respective region in all our markets (approximately 90%). In particular the strengthening of local management capacity represents an important aspect of our corporate strategy.

In addition to our own staff, 162 leased employees also worked for the EVN Group as of 30 September 2019. They represented 2.2% of EVN’s total workforce. We use personnel leasing for several reasons: first, as a preliminary step to a conventional employment relationship (integration leasing); second, for tasks and projects covering a limited time period; third, to handle peak work periods; and fourth, in business areas with an uncertain market situation.

The remuneration of leased employees is based on the salary or wage defined by collective bargaining agreements or legal regulations for our employees in comparable positions. In 2018/19, the ratio of the highest salary and average salary<sup>1)</sup>

at EVN in Austria equalled approximately 7.5:1.

As of 30 September 2019, our workforce included 1,686 women (23.0%) and 5,641 men (77.0%). In order to increase the percentage of women in the EVN Group, we launched the Women@EVN programme. It includes requirements-oriented seminars, internal networking opportunities and several other initiatives to improve the framework conditions for our female staff and support highly qualified women in developing a career path with a management focus. Specific measures to improve equal opportunity have also been in place in North Macedonia since 2015/16. Over the medium term, we are working to increase the percentage of women to a level that mirrors the

current educational levels of women in the applicable professional groups.

<sup>1)</sup> The calculation was based on the average value.

- For information on diversity and the diversity concept for the Supervisory Board and Executive Board, see the corporate governance report on page 93ff
- △ GRI indicators: GRI 102-8, GRI 202-1, GRI 202-2, GRI 401-1, GRI 405-1

**Diversity of employees 2018/19<sup>1)</sup>**

**Gender**

**1,686 women**

Austria	518
Bulgaria	576
North Macedonia	459
Other countries	133

**5,641 men**

Austria	2,101
Bulgaria	1,676
North Macedonia	1,534
Other countries	330



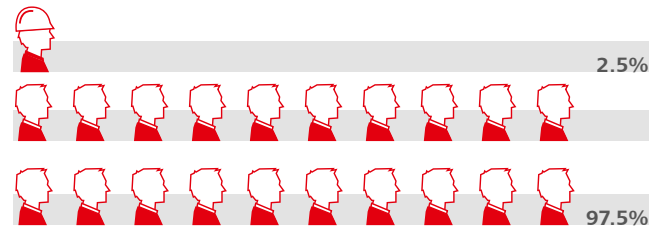
**Type of employment<sup>2)</sup>**

**180 workers**

Austria	62
Bulgaria	–
North Macedonia	–
Other countries	118

**7,147 employees**

Austria	2,557
Bulgaria	2,252
North Macedonia	1,993
Other countries	345



**Principles and models for our employee relations**

In addition to national laws, international guidelines and the basic values described in the Code of Conduct, EVN has defined principles and models for the interaction with our employees in a set of binding documents.

Our goal is to apply these same high standards in all countries where we are active. This led to the definition of three key values – ensure, encourage and enable – for the EVN Group several years ago:

**ensure:** We ensure quality and corporate success.

- We are committed to continuity and safety. Our employees are hard-working, competent, reliable and quality-conscious.
- Through their individual contributions, each of our employees ensures that

we can implement our strategy and provide energy and environmental services to our customers in the best possible way.

- This position ensures the healthy growth of the EVN Group.

**encourage:** We encourage people.

- The way we think and act encourages people.
- A good atmosphere and a positive working climate are just as important for our corporate success as for our employees' development.
- We are the right company for people who love to learn and who – where necessary – also offer constructive criticism.

**enable:** We enable the future.

- We not only talk, we also enable.
- We always choose the correct and solution-oriented way.

- Whatever we do, our focus is always on the environment, as it is the source of the energy we generate.
- We are committed to sustainability in all areas.

These values also represent an integral part of the key documents that describe our corporate and management culture, e.g. the managerial mission statement, and the feedback and orientation sessions which are held regularly with more than 80% of our employees in Austria. In these discussions, employees receive feedback on their performance and a framework for development planning. A total of 429 women (21%) and 1,584 men (79%) in Austria took part in a feedback session during 2018/19. This important management tool includes an appraisal by the employee's supervisor as well as structured reciprocal feedback on work performance and quality plus the

definition of specific goals for the employee.

We motivate our employees not only by meeting our legal obligations as an employer, but also by providing numerous additional voluntary benefits. The following fundamental principles define our corporate culture:

- Equal treatment, equal opportunity and diversity
- Work-life balance
- Health care, occupational safety and accident prevention
- Corporate social partnership and internal communication
- Human resources development and advancement

△ GRI indicators: GRI 102-16, GRI 404-3



## Part-time employees<sup>3)</sup>

### 464 total

Austria	280
Bulgaria	11
North Macedonia	136
Other countries	37

### 342 women

Austria	208
Bulgaria	2
North Macedonia	98
Other countries	34

1) As of 30 September 2019

2) In Bulgaria and North Macedonia, there is no distinction between employee and worker.

3) EVN only uses limited one-year employment contracts for new employees. Further data was not collected in this respect because the category is irrelevant.



## Equal treatment and equal opportunity

In agreement with the principles of the UN Global Compact and the International Labour Organisation, all EVN employees are treated equally regardless of their nationality or ethnic background, gender, sexual

orientation, culture and religion, age or state of health. We also expressly reject any form of discrimination in hiring, training, career development, working conditions and compensation for employees with the same professional and personal qualifications. Our employees' compensa-

tion is independent of gender and based solely on the applicable collective bargaining agreement or their specific responsibilities and qualifications. At EVN, there is no difference in the compensation paid to women and men who have the same training and perform the same activities.

In keeping with our commitment to equal treatment and opportunity, we also support the integration of people with special needs in our workforce. We employed 122 persons with special needs in 2018/19, representing 1.7% of the total number of employees.

Newly hired employees 2018/19		Austria	Bulgaria	North Macedonia	Other countries	Total	
						Nominal	% <sup>1)</sup>
<30 years		86	72	67	17	242	3.3
thereof women	Number	26	10	33	3	72	1.0
thereof men	Number	60	62	34	14	170	2.3
30–50 years		62	78	32	31	203	2.8
thereof women	Number	12	24	13	5	54	0.7
thereof men	Number	50	54	19	26	149	2.0
>50 years		6	3	2	12	23	0.3
thereof women	Number	2	1	1	1	5	0.1
thereof men	Number	4	2	1	11	18	0.2
<b>Total</b>		<b>154</b>	<b>153</b>	<b>101</b>	<b>60</b>	<b>468</b>	<b>6.4</b>
thereof women	Number	40	35	47	9	131	1.8
thereof men	Number	114	118	54	51	337	4.6

1) In relation to total workforce as of 30 September 2019.

△ GRI indicator: GRI 401-1

## Work-family balance

A further central concern is to help our employees achieve a balance between their working and family life. An important step in this direction was the signing of a “charter on the new compatibility between parents and business” in May 2011, which underscores our commitment to a parent-oriented human resources policy. Our employees in many areas have the freedom to define their working hours. This independence is based on a flexitime model without core times, which allows for the free organisation of working hours unless otherwise required for operational reasons (e. g. shift work). We also offer various part-time working models which play an important role, above all, in connection with childcare. In addition, we support employees with family responsibilities through facilities that include a parent-and-child office and our supervised summer holiday programme for children.

Our salaried employees in Austria, Bulgaria and North Macedonia are legally entitled to parental leave after the birth of a child, and we naturally approve this leave within the framework of the applicable laws. In South East Europe, this option is used less frequently than in Lower Austria. We maintain direct contact with our employees during the entire leave period and, in doing so, facilitate their return to work. Employees on parental leave are invited to special information events and can take advantage of our extensive training programme.

Men at EVN are also increasingly using the available models.

In 2018/19, 40 women and 19 men were on parental leave in Austria, and nearly all mothers and fathers returned to EVN after that time (return rate: 97.5% for women, 100% for men). One employee left the company after parental leave in 2018/19; in the previous year all employees on parental leave returned to their jobs and were also employed by EVN after twelve months.

▲ GRI indicator: GRI 401-3

## Occupational safety

An important subject area in our Code of Conduct involves our efforts on behalf of occupational safety and the prevention of accidents in all our business units. In addition to the many European and national requirements, we have defined our own principles for occupational safety and health protection. These principles are anchored in EVN’s safety mission statement and seven-point safety strategy. They are supplemented by an extensive set of internal directives and guidelines which describe the safety risks associated with our activities and define the necessary countermeasures.

Despite extensive safety precautions, two fatal work accidents unfortunately occurred in North Macedonia during 2018/19. The circumstances surrounding the accidents were investigated in detail, and the insights gained will now flow into the Group’s training measures.

## The new world of work at EVN: together simply better



The world is changing. Digitalisation, networking and the energy revolution are creating new framework conditions for the entire industry. We want to continue to offer our customers a portfolio of innovative products and services in the future and, to meet this objective, we have launched a project to redesign the working world at our headquarters by 2020 – with the aim of promoting teamwork across all departments.

The core measure of the “EVN Working World” project involves the opening of workspace. Individual and group offices are being replaced by open areas with networking zones, shared infrastructure and state-of-the-art conference rooms. The goal is to optimise the flow of infor-

mation and dialogue between areas and between supervisors and colleagues. This concept promotes a new working culture where experience and expertise from different departments will be used to develop new customer solutions.

An important aspect in this connection is the issue of flexibility. Our employees are entitled to work up to 100 hours each year at a location of their choice, which makes childcare easier or reduces travelling time to and from the office. The EVN Working World will also include a variety of technical improvements, including the introduction of innovative technologies such as Skype for Business and new digital equipment.

A separate occupational safety department records and analyses work accidents involving our own employees and leased personnel and introduces any necessary countermeasures. The recording of identified risks and incidents as well as the monitoring of implemented measures are based on the requirements of ISO 45001. Close contacts between the safety officers in the individual business units and safety experts ensure that identified risks and preventive measures are integrated in all safety and health protection documents. The first contact for safety-related concerns is the responsible safety officer who has the necessary technical expertise for the specific work process

as well as occupational safety know-how. Moreover, all EVN employees and leased personnel are represented by safety officers in working committees that monitor and discuss the workplace safety programmes. This exchange takes place once each year in accordance with legal regulations. Representatives of our works council are also involved in all workplace, health and safety issues.

Our accident analysis is based on specific events and was expanded to include the regular analysis of “near-miss” incidents and accidents by contract firms. Nearly one-third of all work accidents involve tripping, stumbling and twisted

Accident and lost days statistics	2018/19	2017/18	2016/17
Deaths after work-related injuries	2	–	–
Ratio of deaths	0.2	–	–
Occupational accidents <sup>1) 2)</sup>	85	100	89
thereof severe accidents with lost days >6 months	–	5	1
Ratio of severe accidents with lost days >6 months	–	0.4	0.1
Staff sick days <sup>2)</sup>	2,376	3,535	2,354
LTIF <sup>3)</sup>	4.3	4.8	5.3
Number of LTIF-relevant occupational accidents <sup>4)</sup>	53	58	64
Lost days/employees	10	11	10

- 1) Number of occupational accidents (excluding commuting accidents)  
 2) Lost days (including weekends and public holidays) resulting from occupational accidents (excluding commuting accidents); previous years' figures adjusted due to a change in calculation method  
 3) Lost Time Injury Frequency Index – frequency of occupational accidents per one million working hours  
 4) Lost days resulting from work-related accidents (excluding commuting accidents), the causes of which are connected to the occupation

ankles, followed by physical strain during work procedures, falls, cuts and stab wounds. Major potential hazards for serious accidents with long work absences are, for example, traffic accidents, falls from power poles and torn ligaments or broken bones during power line inspections.

Our efforts in support of accident prevention include information and instructions for our employees on all issues related to health and safety. We use a safety manual that addresses the special working conditions in the energy sector and have also issued manuals for specific areas such as hydropower plants or wind power equipment. Each of these documents is updated on a regular basis and is a required part of the initial instructions for new employees (on initial hiring or transfer to another work area). Detailed instructions are also given to third parties working within our operational areas, which include detailed information on the specific dangers connected with EVN's equipment. The instructions on worker protection include

general information and, above all, behaviour- and action-related directions for the employee's individual workplace or area of responsibility. The following points are also covered:

- Names and functions of the responsible safety expert, safety officer, fire safety officer and fire protection officer
- Safety symbols used on-site, colour coding, auxiliary equipment as well as its meaning and use
- Fire safety regulations and fire alarm plan
- Safety, rescue and fire protection equipment (e.g. fire extinguishers or first aid kits)
- Any special dangers connected with the workplace and their prevention or avoidance (e.g. handling of machinery or behaviour near electrical equipment)

Examples of the regular training and targeted awareness-raising measures in the area of occupational safety include the seminars on "Work safety – electricity", "Working with voltage" and "Construction of high- and low-voltage overhead lines:

the safety-related aspects of power line construction". These courses provide the involved employees with a mix of theoretical and practical training on the safety aspects of their day-to-day work.

In 2018/19 we launched a further initiative to underscore the importance of wide-ranging occupational safety in our company. Nearly every meeting now begins with occupational safety as the first topic on the agenda. In addition, video animation on the office info screens provides regular information on this subject. All documents, training materials and contact partners for occupational safety are available also to our employees via the EVN Intranet.

△ GRI indicators: GRI 403-1, GRI 403-2, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-9

### Occupational health care

We live up to our responsibility for our employees' health by offering extensive occupational medical care that exceeds legal requirements. In Austria, two occupational health physicians are available to answer questions on maintaining and improving workplace health and attend to employees within the framework of labour protection laws. The many related measures include medical check-ups, vaccinations, eye and hearing tests as well as psychological counselling, coaching, tips on healthy nutrition and special offerings for groups of employees who are exposed to particular risks. Our subsidiaries in Bulgaria and North Macedonia have also implemented

healthcare programmes to increase awareness and improve the health of our employees. EVN does not operate in countries with an increased risk of infectious diseases or working conditions which could permanently endanger our employees' health, but Group guidelines such as the "EVN Pandemic Prevention" are in force at all subsidiaries to deal with emergencies.

In addition to company-sponsored measures, the EVN culture and sports club offers employees a wide range of activities which are also focused on health protection.

△ GRI indicators: GRI 403-2, GRI 403-3, GRI 403-6

### Corporate social partnership and internal communication

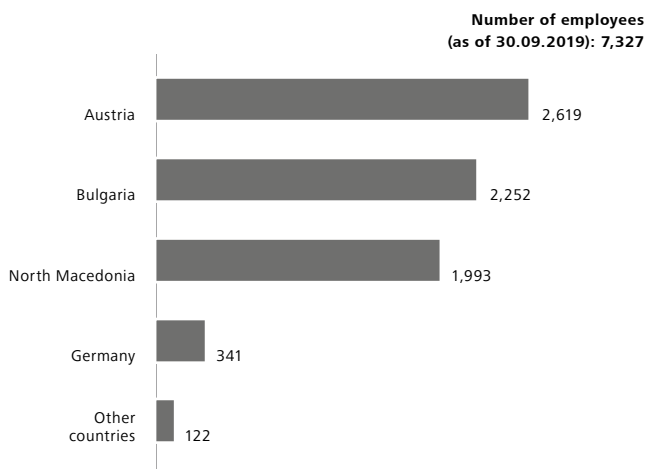
Over 90% of all employees in our Group (especially in Austria, Bulgaria and North Macedonia) are represented by works councils or unions, and their remuneration is protected by collective bargaining agreements, tariffs or legal minimum wage regulations. The employee representatives in Austria, Bulgaria and North Macedonia are regularly involved in collective negotiations. The remuneration scheme for over 90% of EVN's employees is based on the collective bargaining agreements that apply to the main business locations (Austria, Bulgaria, North Macedonia and Germany). Most of our

employees in Austria are covered by the collective agreement for salaried employees in electricity companies, which was revised by the participating social partners in 2018/19 and adapted for the future.

Transparency is an integral part of our major business decisions, in line with our managerial mission statement and applicable legal regulations. The employee representatives – in addition to EVN AG, all other larger companies in our Group have these types of designated representatives – are informed of important business decisions on a regular and timely basis or, respectively, are involved in the decision processes. This approach applies to strategic

### Employees per operating location 2018/19

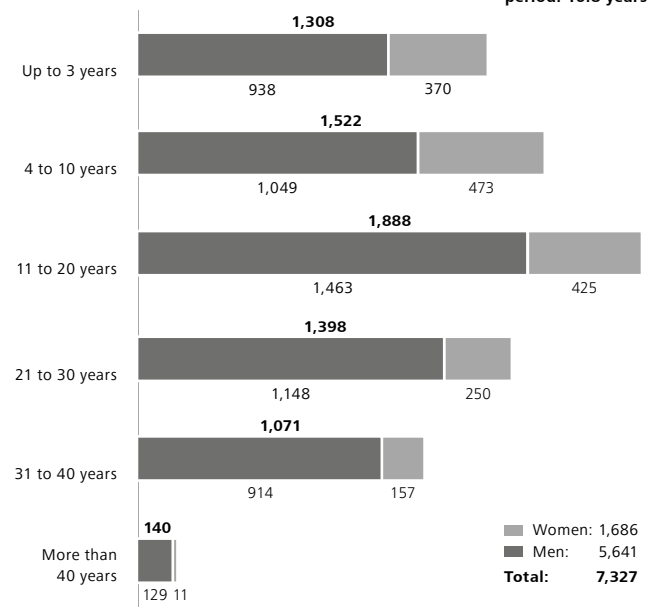
Number



△ GRI indicators: GRI 102-8, GRI 405-1

### Employment period of employees 2018/19

Average employment period: 16.8 years



“To make sure the measures really work, occupational safety must be internalised.”

*Horst Wagner, occupational safety*



## Occupational safety is a top priority!

The health and safety of our workforce are of course high priority issues for EVN. Accidents not only endanger employees' well-being, but can also lead to material damage, supply interruptions and long downtime. Accident prevention has therefore always been an integral part of EVN's DNA and a central element of our corporate culture.

### What moved us in 2018/19

We took a number of steps during the past two financial years to increase the awareness of employees throughout the Group for the importance of occupational safety. As the basis for these measures, senior employees were informed of the status of accidents at EVN and the related ranking in international comparison at the EVN Safety Day. EVN currently counts as one of the safest employers in its sector in Austria, but a comparison beyond the country's borders or with other industries shows room for improvement.

Significant progress in safety performance across the entire Group is therefore essential.

### First EVN Safety Day

The first EVN Safety Day was held in May 2018, and key employees of the EVN Group as well as safety officers and works council representatives were invited. The Executive Board opened the event with a presentation of the Group's strategy to improve occupational safety and introduced EVN's new safety mission statement. Lucy Innes, a guest speaker from the British utility company UK Power Networks Services, then explained how her company became the energy supplier with the lowest accident rate in England. The afternoon followed with an information programme for the safety officers.

### Occupational safety on your mind

The number of work accidents in the EVN Group has declined steadily for some time, but the

trend has stagnated in recent years. Here it appears that EVN has exhausted the classical measures for increasing occupational safety. Our employees already have excellent protective clothing, optimal training and access at all times to the information needed to effectively protect themselves against accidents.

Not least for this reason, we hardly register any accidents in the handling of our electricity, natural gas, heat or water. Most of the accidents in the Group represent falls that occur in connection with related activities like removing or transporting material – and are often the result of carelessness or a lack of concentration.

In addition to strict compliance with all standard occupational safety measures, it has become more important to anchor the issue of safety even stronger in the minds of our employees and make this part of their inner conviction. A range of initiatives has been developed to support this behaviour-oriented occupational safety.

### A good idea with safety

We outlined a special focal point for an ideas competition that started in 2018 – the prevention of commuting accidents, which have recently been on the rise. Within the framework of this competition, our employees dealt with the subject of driving safety. Several interesting suggestions were or are currently being implemented, including traffic safety measures on the company premises. A prize was also presented to the competition's winner.





## An open exchange on equal footing

A conversation with Paul Hofer, chairman of the EVN Group's European works council

**Mr. Hofer, in addition to national employee representatives, EVN has also had a European works council since 2007. Where do you see the main function of this board?**

Paul Hofer: Apart from our work on specific issues, I see a very important function in an open, direct exchange between the employee representatives in our main markets and EVN's Executive Board. This releases enormous potential because it increases the depth of information for everyone involved and, above all, strengthens mutual understanding and trust.

**And how would you characterise the exchange and cooperation with management?**

From my point of view – which is also shared by my colleagues – very positively. In principle, we have the right to be informed

and consulted on relevant issues – meaning all matters that have greater importance for employees or which involve more than one country. In practice, this works through a very close partnership at EVN: we routinely meet at least twice each year for regular consultations with the Group's management, where the exchange of information is very open, and we also have an opportunity to make an active contribution.

Not only the head of human resources for the EVN Group, but also the Executive Board is almost always present at these events. This is something we really appreciate because we can communicate eye to eye.

**Let's turn to the essential points – what issues are you dealing with in the European works council?**

In general, our work is focused on social harmony and justice in the EVN Group. That's why we are basically working to achieve equal treatment under the same basic conditions, but naturally with a good measure of sound judgment and consideration for the individual markets.

Specific issues where we also make a contribution across borders and have achieved a great deal are occupational safety, social benefits such as pensions, health programmes ranging from vaccinations up to the prevention of psychological stress, Group-wide employee assessments and the related issues of education, development opportunities and career planning. Another point is the lack of specialists, which is becoming an increasing problem especially in Bulgaria – here the Group is working to address this problem with the rollout of the Austrian dual training system in South East Europe. However, we are also

active through transnational community-building initiatives in culture and sport. One example is the EVN Run, which now takes place in all countries at the same time. With this wide-ranging involvement, we also want to help EVN remain an attractive employer in all its markets – and experience shows that our approach has been well received by the Executive Board.

decisions as well as changes and adjustments involving employees. We provide our employees and employee representatives with information at regularly scheduled meetings and, in the event of operational changes, always comply with the legally required notification periods.

Employee-related issues are also handled in workplace, health and safety committees that include, among others, representatives of the works councils or unions. In addition, members of the works council serve on the Supervisory Board and the Advisory Committee for Environmental and Social Responsibility. Apprentices have a voice in the works council through elected youth representatives. The South East European subsidiaries are members of a European works council, which holds regular meetings and serves as a platform for communication and exchange for the EVN employees in Austria, Bulgaria and North Macedonia.

One of our central concerns is to develop and carry out necessary restructuring measures in a socially acceptable manner and in agreement with the trade unions. This productive cooperation also formed the basis for a socially acceptable solution for the involved employees in connection with the shutdown of the Dürnröhr coal-fired power plant. The trend in primary energy and electricity prices and the threefold increase in the price for CO<sub>2</sub> emission certificates over the past one and a half years prompted our decision to terminate electricity produc-

tion in Dürnröhr earlier than planned during August 2019. Dürnröhr will, however, be maintained and expanded as an energy location: we are currently installing an additional gas-fired boiler to generate steam for industrial customers, and a sewage sludge incineration plant and a large-scale photovoltaic plant are currently in the planning stage. A total of 70 employees were affected by the restructuring measure, whereby half can continue at this location. Most of the other employees are scheduled to retire in the near future, and the remaining staff will generally be transferred to other EVN units or will replace retiring colleagues.

Our "EVN Intern" magazine provides employees with regular and extensive information on corporate developments. The EVN Intranet also contains a broad overview of current events in the company, information on energy supplies and reports by the employee representatives as well as information on current seminars and other training events. In order to support the preferred internal filling of positions, job advertisements are also first posted on the Intranet.

△ GRI indicators: GRI 102-41, GRI 402-1, GRI 413-1

### Human resources development and advancement

The qualifications of our workforce represent an important element for protecting the sustainable success of our company. Consequently, preserving and increasing our employees'

high level of expertise represent a central element of our human resources management. The related training and professional development programmes in Austria, Bulgaria and North Macedonia are carried out by the local EVN Academies.

We invested EUR 356.8 per employee in continuous training and education during 2018/19 (previous year: EUR 335.9), which represents a total of EUR 2.5m (previous year: EUR 2.3m). Each employee spent an average of 34.05 hours (previous year: 33.8 hours) on these programmes.

Our activities in the area of human resources reflect our high priority on the development of future specialists and managers, not least due to the steady increase in the average age of our workforce (44.4 years). The need for employees with these qualifications is rising as many of our current employees retire, and we are working to address the situation with specifically designed training programmes and measures to support the transfer of know-how between older and younger employees. Apprentice training has also always had high priority for EVN. As of 30 September 2019, 78 apprentices were employed at EVN.

In order to optimally round out our training programmes, we offer a dual programme of theoretical vocational school education and practical on-the-job experience in our Austrian companies. This traditional model is supplemented by internal courses and seminars as well as support for double

and multiple qualifications. Most of our apprentices remain as employees after completing their programmes. There are no legal regulations in South East Europe covering this type of dual training and, for that reason, we are attempting to establish a similar EVN-internal structure in these countries through cooperation with schools.

△ GRI indicator: GRI 404-2

“With our broad-based training programmes and exciting career opportunities, we are a very attractive company for qualified employees.”

Wolfgang Maier,  
head of HR

### Additional benefits

Many of the EVN Group companies also offer their employees numerous voluntary benefits independent of their age, gender or the scope of employment:

→ **Supplementary health insurance:** We offer supplementary health insurance at favourable conditions as a voluntary

benefit for our employees in Austria and Bulgaria. Framework agreements with insurance providers in the individual countries ensure optimal medical care for all participants.

△ GRI indicator: GRI 403-6

→ **Pension benefits:** All EVN employees (100% of the Group’s workforce) are covered by statutory pension insurance. As a supplement, all our Austrian employees with permanent contracts are entitled to participate in a private, fund-based pension programme after a one-year waiting period. In this way, we help our employees to accumulate additional retirement benefits. The pension fund is not held by the EVN Group, but is a defined contribution scheme, in which the amount of the future pension is

derived from the employer and employee contributions up to the date of retirement. EVN’s contribution in 2018/19 equalled at least 2% of each eligible employee’s monthly gross remuneration. Contributions by employees are voluntary, whereby roughly 41% of the workforce in Austria took advantage of this offer in 2018/19. Our responsibility as an employer is also illustrated by the introduction of voluntary pension insurance for all our full-time and part-time employees in Bulgaria.

△ GRI indicator: GRI 201-3

### Support for employee commitment to social causes

Many of our employees not only work for the company, but also make valuable contributions to society through

their volunteer work in organisations like the Red Cross or the local fire brigade. In total, 427 EVN employees are currently active volunteers in these types of aid organisations. We support this commitment, in our function as an employer, by excusing employees from work for up to half of the invested time in case of an operation.

### Employee benefits

We spent a total of EUR 17.5m on employee benefits (pension contributions, other employee benefits) in 2018/19 (previous year: EUR 13.9m), which represents 5.2% of personnel expenses (previous year: 4.3%).

△ GRI indicator: GRI 401-2

Employee fluctuation – persons leaving 2018/19 <sup>1)</sup>		Austria	Bulgaria	North Macedonia	Other countries	Total	
						Nominal	% <sup>2)</sup>
< 30 years		17	15	17	6	55	0.8
thereof women	Number	5	8	6	3	22	0.3
thereof men	Number	12	7	11	3	33	0.5
30 – 50 years		37	20	48	7	112	1.5
thereof women	Number	17	7	14	3	41	0.6
thereof men	Number	20	13	34	4	71	1.0
> 50 years		10	6	66	1	83	1.1
thereof women	Number	5	3	31	–	39	0.5
thereof men	Number	5	3	35	1	44	0.6
<b>Total</b>	Number	<b>64</b>	<b>41</b>	<b>131</b>	<b>14</b>	<b>250</b>	<b>3.4</b>
thereof women	Number	27	18	51	6	102	1.4
thereof men	Number	37	23	80	8	148	2.0

1) This indicator does not include transfers within the Group, retirements, trainees or persons leaving based on the Bulgarian social compensation plan.

2) In relation to total workforce as of 30 September 2019

△ GRI indicator: GRI 401-1



## The dual training system: a new approach for Bulgaria and North Macedonia

South East Europe has virtually no tradition of high-quality dual training similar to the Austrian apprenticeship, which combines practical on-the-job experience with theoretical vocational school education. EVN has therefore developed its own dual training concept in close cooperation with schools in Bulgaria and North Macedonia. In this way, we help young people to receive practical education and also make contact with skilled talents for a successful future.

### Bulgaria attracts young talents

Following the start of our cooperation with technical schools in Bulgaria two years ago, we are now working with six training centres. Our training programme for electrical technology, which covers the entire five-year period, was attended by 61 young people during the 2018/19 school year. The first “EVN graduates” completed their studies in 2019.

The curriculum for the first three years of the Bulgarian programme is directed primarily to theoretical education. However, EVN experts visit the classes during this phase to share their practical experience. The young men and women can also watch experienced EVN technicians at

work in a separate training area. The focus for the last two school years shifts to practical training – and here many of these students decide in favour of EVN for their apprenticeships – which is clear proof that early connections pay off and bring talented people to EVN.



The schools have a great interest in cooperating with EVN. This is not only a result of our positive contribution to education – we also provide an e-learning programme for students and teachers, equip one classroom in each of the six partner schools each year and support various school events. Particularly good students also receive financial assistance. And, of course, all students who complete internships at EVN are paid fairly.

### Comprehensive package for North Macedonia

Our commitment to schooling in North Macedonia started as early as 2013 with practical education for students at EVN in Skopje. Ten students attended the programme at that time, and today we maintain

rooms, protective equipment and e-learning solutions. With the help of more than 100 EVN employees, roughly 120 students currently receive extensive support. The first will graduate in 2020, and we want to hire the best 20 as specialists within the framework of a training programme.

The curriculum for our specially designed programme in North Macedonia, which carries EVN’s signature, is very similar to the Austrian apprenticeship model. It has since become the benchmark project in a wide-ranging educational reform that is currently being implemented by the North Macedonian Ministry of Education. And we have also been recognised numerous times at another level. Among others, EU Social Affairs Commissioner Marianne Thyssen highlighted our training programme as Europe’s best practice example for vocational training at the Awards for Vocational Education and Training Excellence which were presented by the European Alliance for Apprenticeship in November 2018.

close partnerships with ten schools throughout the country and have instructed roughly 300 electrical technology students in a wide range of professional skills to date.

As part of a three-year programme at two schools, we have contributed our technical know-how as well as a comprehensive package since 2017: it covers training and mentoring for teachers and students as well as the provision of teaching materials, technical equipment for the class-



## Suppliers

### Supply chain

EVN's business activities as a whole and, above all, the investment focal points on network infrastructure, renewable generation and drinking water supplies require extensive cooperation with construction firms, plant, pipeline and cable line builders as well as suppliers of electro-technical equipment and components, pipes, transmission and cable lines, meters, hardware, software and work clothing.

Our German subsidiary WTE Wassertechnik – which is active in the international project business through the planning and construction of plants for drinking water supplies, wastewater disposal and thermal waste utilisation – serves as a general contractor and commissions subcontractors, in particular construction firms and suppliers of machinery, electro-technical equipment and components, to perform additional services.

### Procurement of energy and primary energy carriers

#### Electricity

We cover the electricity supplies for our Austrian customers through medium-term supply contracts and – via EnergieAllianz Austria – through purchases over the wholesale market. These supplies are purchased directly over the electricity exchange, through bilateral transactions with various

trading partners or over-the-counter (OTC) platforms – and also include the production from our own power plants. We also purchase green energy, which is allocated in accordance with the Green Electricity Act based on our share of the electricity sales volume in the respective regulatory area.

- For information on electricity labelling, see page 41
- For information on the development of the EEX exchange prices, see page 107

Our electricity subsidiaries in Bulgaria and North Macedonia are required by law to purchase the electricity for sale to customers in the regulated market segments from the state-owned producers, i. e. NEK and ELEM respectively. The remainder of the electricity required for customers in the already liberalised segments is purchased over wholesale markets.

#### Natural gas

Long-term supply contracts cover a large part of our natural gas purchases. The remaining volumes are purchased on wholesale markets over national and international OTC trading centres and exchanges, for example in Austria (CEGH) or Germany (NCG). Most of the wholesale natural gas purchases are also handled by EnergieAllianz Austria. The majority of imports – from the European point of view – come from Russia and Norway.

#### Hard coal

Electricity production at the hard coal-fired plant in Dürnröhr was terminated during August 2019, i.e. nearly six years before the end of the plant's technical useful life in 2025. The hard coal used up to the early end of coal-fired electricity generation was purchased directly from two Tier 1 suppliers (coal wholesalers and/or trading and forwarding agents) which, in turn, purchased their supplies from processing companies or exclusive exporters (coal wholesalers) (Tier 2). These firms purchased their coal supplies directly from the mining companies (Tier 3). Roughly 45% of hard coal deliveries came from Europe, while the rest came from America and Russia. Coal purchases for the German Walsum 10 power plant, in which EVN holds a 49% investment, as well as the operation of this plant are managed by the joint venture partner STEAG and therefore outside our direct sphere of influence.

△ GRI indicator: GRI 102-9

#### Organisation of procurement activities

Responsibilities for the procurement of products and services in the EVN Group are based on the relevant activity.

All EVN purchase orders with a volume of EUR 10,000 or more have been handled over a web-based procurement portal since the beginning of June 2019. The entire procurement process – from the EU-wide announcement to the tender, submission of offers and contract award – can now be processed online. This broad-based roll-out of e-procurement has paved the way, above all, for the introduction of strategic procurement. The new platform has substantially increased transparency and also supports viable supplier management, not least in regard to the strict sustainability criteria defined by our integrity clause.

We handled a total procurement volume of approximately EUR 624.0m in 2018/19 (previous year: approximately EUR 648.0m) at our main locations in Austria, Bulgaria and North Macedonia. EVN maintained direct supplier relationships with 1,470 suppliers and contractors during this financial year.

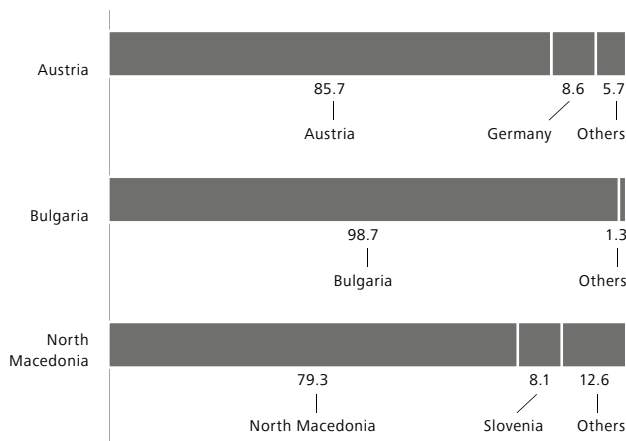
△ GRI indicator: GRI 204-1

Procurement activity	Responsible organisational unit
Products and services	Procurement and purchasing
Primary energy and primary energy carriers	Energy procurement and supply
International project business (environmental services business)	Environment



### Countries of origin of suppliers at main operating locations

%, Basis: Order volume



### High sustainability demands

EVN is committed to fair, partnership-based and transparent business relations with its suppliers. We place high demands on sustainability, but always in keeping with economic efficiency. The underlying principles are anchored in a separate area of activity in our materiality matrix under “supply chain responsibility”. Our high demands are reflected in EVN’s integrity clause, which requires suppliers to meet strict standards in areas that include human rights, labour practices, protection of the environment, resource conservation and business ethics. The integrity clause represents a central component of each order – it applies Group-wide to all suppliers of products and services and to all sub-suppliers in the international project business without exception. There

were no complaints over compliance with the integrity clause by suppliers during the 2018/19 financial year.

○ Also see [www.evn.at/integrity-clause](http://www.evn.at/integrity-clause)

EVN is classified as a sector contractor under EU public procurement law in many areas and is therefore subject to the applicable provisions of the Austrian Federal Procurement Act. We comply in full not only with these regulations, but also with the principles governing competition in the EU and the individual member states. New bidders are regularly included in tenders. All tenders with a contract value over EUR 100,000 that involve sector activities have been announced nationwide since March 2019. As a sector contractor, we are also legally required to include a reference to the complaint office in Lower

Austria with every tender offer. This office can be used by all participating bidders to file complaints and request explanations, free of charge and without mandatory legal counsel. There were no justified objections in recent years.

### Documentation of sustainability criteria

The implementation of our new e-procurement portal was accompanied by additional measures to further standardise and improve compliance with our high sustainability demands on suppliers. Every interested bidder in Austria must complete a self-reporting form on all aspects of the integrity clause at the time of full registration. All potential suppliers therefore complete standardised, systemised questions at an early point in time on sustainability, risk assessment and behavioural rules in the areas of environment, health and safety, human and labour rights, business ethics, supply chain, and occupational safety and accidents. We also include explicit sustainability criteria in the evaluation of selected tenders.

The regular reviews carried out by EVN in previous years included a focus on the hard coal supply chain, in particular regarding compliance with human rights, workers’ rights and living and working conditions. We were therefore able to confirm that all coal mines which supplied hard coal for EVN’s energy generation in 2018/19 meet wide-ranging international standards and are certified under ISO 14001 (environmental management).

One mine in America that supplied EVN with hard coal is also certified under OHSAS 18001 (Occupational Health and Safety). We did not carry out any on-site inspections at mining companies during 2018/19 – in contrast to previous financial years – because the last hard coal order for the Dürnröhr plant was delivered at the end of May 2019 and coal-fired generation was terminated prematurely in August 2019.

# **Good corporate citizen.**

**Oriented towards dialogue,  
fair, social.**

**EVN is active in many countries  
and at a wide variety of loca-  
tions, but our regional roots are  
very important. We are well  
aware of the great responsibility  
this involves and, consequently,  
engage in an active dialogue  
with our many different stake-  
holders to create an equitable  
balance between their often  
contrary interests. This balance  
also includes a strong commit-  
ment to social responsibility  
through numerous initiatives  
and measures.**





“I see EVN’s support for the arts as a very positive step.”

Lazar Lyutakov,  
artist

## Proactive interaction with our stakeholders

We see the social acceptance of our activities as a basic requirement for EVN's long-term, sustainable success and good public perception. The overriding principle in this context is the creation and maintenance of an appropriate and equitable consideration of the diverse concerns our stakeholder groups share with us. This is reflected in the importance given to a regular, proactive and open dialogue with our stakeholders, which is anchored as a key management principle in the EVN Code of Conduct. A separate guideline for stakeholder management was also issued to ensure the regular integration of these interest groups at the strategic level.

The foundation for the structured harmonisation of our corporate strategy with stakeholder interests and the analysis of the social, ecological and economic impact of our activities is formed by the EVN materiality matrix, which is updated every three years together with our major stakeholders. Various stakeholder groups were also involved in the preparation of this full report, e.g. the Supervisory Board, Executive Board, employees and the Advisory Committee for Social and Environmental Responsibility.

- For details on stakeholders and the EVN materiality matrix, see page 16f
- △ GRI indicator: GRI 102-43

### Project-related stakeholder dialogue

In addition to a regular dialogue with various stakeholder groups, we are also involved in an open and detailed exchange with relevant NGOs and interest groups on various issues. The development of trusting and sustainable long-term relations with groups which are sometimes critical of

EVN's projects and activities help us in our planning and communications. A good discussion climate and mutual understanding, outside conventional conflict lines, create the necessary requirements for the joint development of alternative solutions that are acceptable to all project parties. Apart from increased planning quality and security, the proactive inclusion of NGOs and interest groups often leads to more intensive and professional communications with neighbouring residents and local initiatives. The

experience with previous projects also plays an important role here.

Project communications – meaning project-related stakeholder management and dialogue – has been institutionalised at EVN. From small-scale hydropower plants, pipelines and wind parks to biomass heating plants, we plan and realise all our construction projects with the active participation of neighbouring residents, citizens' groups, NGOs, political representatives, local initiatives and associations.

EVN's stakeholders and the type of inclusion (Extract)	Survey (employee and customer surveys at regular intervals, stakeholder surveys etc.)	Ongoing and regular contact	Working group, forum, annual general meeting (1–2 times per year or more often)	Advisory boards, expert committees (1–2 times per year or more often)	Supervisory Board
Employees	+	+	+	+	+
Customers	+	+	+	+	+
Business partners	+	+	+	+	+
Civil society	+	+	+	+	–
Media	+	+	+	–	–
Capital market	+	+	+	+	+

Ecological and social aspects are included in the development of all our projects from the very beginning. Our extensive dialogue is intended, in particular, to support the following goals:

- Support for the feasibility of projects
- Reduction of risks and prevention of damage to EVN's image
- Positive perception of the company and its activities
- High acceptance by internal and external stakeholders

The insights gained through stakeholder communications regularly flow into the due diligence audits that are conducted before the start of every project. These audits also represent an integral part of internal decision-making processes by the Executive Board and/or the Supervisory Board, depending on the scope of the project.

△ GRI indicator: GRI 102-29

### Responsible handling of local stakeholder interests

The timing and form of information are critical for the dialogue with residents who are directly involved in a project planned by EVN. In particular, we concentrate on:

- Early identification of the expectations and requirements of the various interest groups
- Professional, structured and proactive communications with all local stakeholders
- Transparent and extensive presentation of all relevant project information

in easily understandable information materials, and the continuous development and improvement of these materials

- Use of modern, open communication formats for project information
- Coordination of communications with political decisionmakers, support for municipalities in their communications and mediation in conflict situations

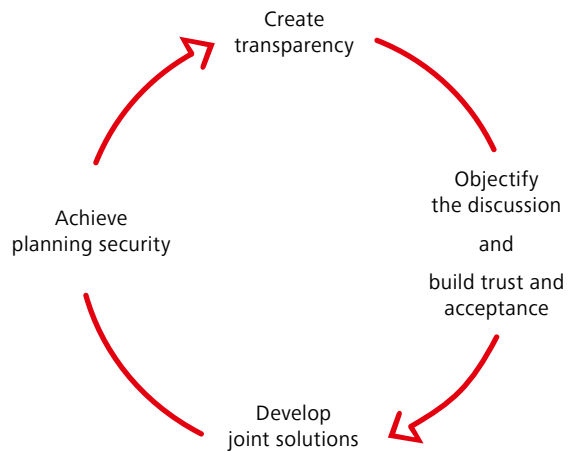
Our project communications take place in close coordination and cooperation with the project managers and other responsible persons, whereby the continuous improvement of these employees' communication skills is also part of our activities. Local stakeholders can, of course, contact us at any time to discuss their concerns. In addition to direct contact with the project manager, this is also possible over the EVN service telephone or via e-mail (info@evn.at).

△ GRI indicator: GRI 413-1

### Crisis management

We have prepared comprehensive plans to deal with crises, emergencies and other contingencies and developed training programmes for major segments of our business, especially for risk scenarios that also affect the population. Crisis situations are simulated regularly at all EVN locations. In addition, internal and external exercises and training sessions on crisis management are held in Lower Austria. The emergency staff receive regular training, while duty personnel take

### Our premises for successful project communication



part in annual training courses and all employees attend annual security training. Crisis management systems have also been installed in Bulgaria and North Macedonia.

### Support for interest groups and initiatives

We play an important role in the functioning of public life and the economy through the operation of our infrastructure and wide-ranging services. In order to meet these commitments as best as possible, we are a member, on a voluntary or legally required basis, of numerous national and international organisations and interest groups. The examples include Oesterreichs Energie and Eurelectric as industry associations as well as the UN Global Compact and respACT as social and ecological initiatives. All activities involved with these memberships take place in agreement with the rules of conduct defined by our compliance management system. In accordance with legal

regulations, EVN is also listed in the Austrian lobbying and interest group register and the transparency register of the European Union.

- For information on active memberships, also see [www.evn.at/memberships](http://www.evn.at/memberships)
- △ GRI indicators: GRI 102-12, GRI 102-13



The artist Lazar Lyutakov with one of his art objects.

## Social commitment

**Our social responsibility extends to many different interest groups, and we have implemented numerous social and cultural initiatives outside the scope of our operating business to meet this responsibility. EVN's social commitment is focused on the education of children and young people as well as improving the quality of life for people in challenging situations. Following are several examples of our activities in a social context.**



**Youth and school platform:** One focal point of our social responsibility is the support of knowledge on “(the careful use of) energy, energy efficiency and energy savings”. The EVN School Service was established for this purpose in Lower Austria, Bulgaria and North Macedonia to organise projects, lectures and competitions with children and young people. A total of TEUR 457.5 was spent on these projects during the 2018/19 financial year.

### Art that connects. The evn collection in Plovdiv, the European Capital of Culture 2019

We make an important contribution to the economy and society with our products and services, but our responsibility for society goes much further. Over the long term, we want to develop strong social roots in all our core markets. The evn collection is one example of our efforts to meet this goal. Founded in 1995, it has grown to include a diverse collection of modern works by international artists.

In 2019, the evn collection organised the first-ever programme outside Austria: an exhibition in Plovdiv, a city in south Bulgaria and this year's European

Capital of Culture. Plovdiv is not only rich in historical attractions, it is also EVN's headquarters in Bulgaria and, since 2005, the hub for all our activities in our Bulgarian supply area.

This year the related activities were complemented by various art projects presented as part of the Capital of Culture programme. Together with three artists, the evn collection designed a special exhibit in Plovdiv. It presents works by Lazar Lyutakov, who was born in Bulgaria and now lives in Vienna, as well as works by Franz Kapfer and Martina Vacheva.

○ Also see [www.young.evn.at](http://www.young.evn.at)

**EVN Junior Ranger Programme:** On the Ybbs River, where we operate a number of small hydropower plants with fish ladders as well as a project for sustainable fisheries management, we organised another training programme in spring 2019 which led to the certification of 13 young people as “EVN Junior Rangers”. The programme was held on four afternoons and included theoretical and practical instruction by experts on hydrobiology, flora and fauna in water meadows, river ecology and fisheries as well as nature and river conservation.

**Bonus points for a good cause:** In the EVN Bonus World, our customers can take advantage of various offers to use the bonus points they collect with their energy purchases or the use of other EVN services. Bonus points can be used as financial compensation through the payment of the customer's bills or as a contribution to an EVN social project. This latter method allows our customers to donate their bonus points, e. g. for professional counselling for the psychologically disadvantaged.

**EVN Social Fund:** The EVN Social Fund, which has an annual endowment of roughly EUR 100,000, supports institutions in Lower Austria that work with children and adolescents. Decisions on the projects to be sponsored are taken by an expert committee that meets twice each year. The recommendations for the use of funds are made unanimously to the Executive Board based on a predefined criteria catalogue. In 2018/19, we supported 18 projects with a total of TEUR 118.5.

○ Also see [www.evn.at/social-fund](http://www.evn.at/social-fund)

○ Also see [www.evn-sammlung.at](http://www.evn-sammlung.at)

## Value creation for our stakeholders

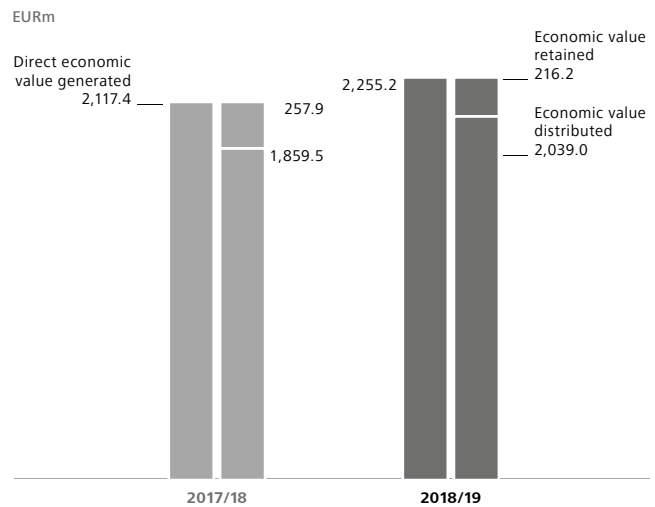
EVN's economic success is significantly influenced by our stakeholders who, at the same time, share in our financial results. Our most important stakeholder groups – shareholders, society as a whole, the public sector, employees, suppliers and debt investors – also receive a direct financial benefit from our activities.

On the revenue side, in particular the income generated by our business operations and investments contributes to the creation of value. This value is distributed primarily to our investors and lenders (dividends, interest), to society as a whole (donations, sponsoring, social programmes) and to the public sector (taxes, duties) as well as to our employees (wages, salaries, social security contributions) and suppliers (primary

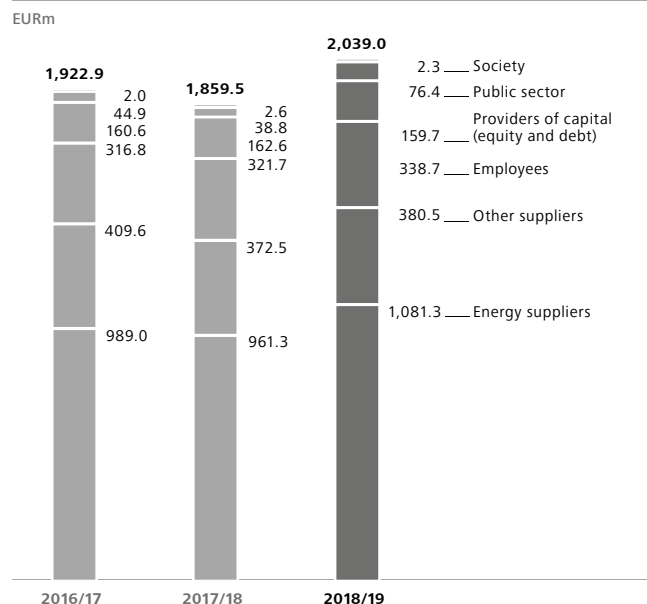
energy carriers, materials and purchased services). The graph on the right shows the economic value generated by EVN as a total over each bar. The difference between revenues and the amounts distributed represents economic value retained, which is available, among others, for the further development of our company through important future-oriented investments.

△ GRI indicator: GRI 201-1

### Direct economic value generated



### Economic value distributed



## Sustainability programme

**Our sustainability programme was developed in an iterative process during target discussions. Specific area focal points were identified on the basis of the EVN materiality matrix, and Group-wide sustainability targets and measures were defined in a next step. The sustainability programme is updated and expanded regularly in cooperation with all departments.**

We also identified the targets and measures that currently make a tangible contribution to reaching the 17 Sustainable Development Goals (SDG) set by the United Nations. The following section shows the assignment of the identified targets and measures to the respective SDG.

- The EVN materiality matrix: see page 17
- For information on the SDG and the individual targets, also see <https://sustainabledevelopment.un.org/sdgs>

### Corporate goals by area of activity (excerpt)

#### Supply security

Target: maintain the Group coverage ratio at 30% of electricity sales  
 → Status: 28.1% own coverage in 2018/19 (previous year: 30.0%)

Target: maintain high network quality and low disruption times in spite of the increasingly volatile and decentralised generation capacity on the market  
 → Status: minimal downtime in industry comparison (2018: 23.99 minutes; 2017: 38.09 minutes – Austrian average: 31.47 minutes; previous year: 53.22 minutes)

- For information on electricity disruptions, also see page 35

#### Environmental and climate protection

Target: expansion of wind power capacity to 500 MW over the medium term  
 → Status: installed capacity of 367 MW as of 30 September 2019 (previous year: 318 MW)

Target: increase in renewable generation to 50% of total electricity production  
 → Status: 41.4% of energy generation from renewable sources in 2018/19 (previous year: 40.0%)

Target: end of hard coal-fired operations at the thermal power plant in Dürnröhr by 2025  
 → Status: earlier termination of hard coal-fired electricity generation in August 2019

#### Responsible management

Target: increase the share of women in the company (to reflect the current educational levels of women in the applicable professional groups)  
 → Status: 23.0% share of women in the company during 2018/19 (previous year: 23.1%)

Target: continuous reduction of the Lost Time Injury Frequency Index (LTIF); attainment of a very good level in industry comparison  
 → Status: LTIF in 2018/19: 4.3 (previous year: 4.8)

EVN has defined the following project targets and implemented the following measures, among others, to meet these corporate goals:

Project target	Measures	Milestone Deadline	Status as of 30 September 2019	Sustainable Development Goals (SDG)
<b>Supply security</b>				
<ul style="list-style-type: none"> <li>→ Supply security for customers in electricity, natural gas, heat and water</li> <li>→ Protection of supply security during system conversion to renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>→ Investments in network expansion to integrate renewable generation</li> <li>→ Expansion and new construction of cross-regional drinking water networks</li> <li>→ Integration of additional decentralised generation capacity for network stabilisation</li> </ul>	<p>Continuity in investment strategy – continuation of investment offensive for network infrastructure</p> <p>Expansion of cross-regional drinking water networks – investments of EUR 165m; roughly 300 km of additional transport pipelines (by 2030)</p>	<ul style="list-style-type: none"> <li>→ Continued strong focus on maximum availability of supplies and services</li> <li>→ Start of construction on new transport and connecting lines</li> </ul>	<ul style="list-style-type: none"> <li>→ SDG 6 Clean water and sanitation (6.3)</li> <li>→ SDG 7 Affordable and clean energy (7.1, 7.2)</li> <li>→ SDG 9 Industry, innovation and infrastructure (9.4)</li> </ul>
<ul style="list-style-type: none"> <li>→ Protection of drinking water quality</li> <li>→ Optimisation of quality assurance process</li> </ul>	<ul style="list-style-type: none"> <li>→ Quality improvement through water softening</li> <li>→ Use of additional continuous monitoring systems under evaluation</li> </ul>	<p>Natural filter plant at the Wienerherberg well field commissioned at end of May 2019</p>	<ul style="list-style-type: none"> <li>→ Construction of natural filter plants to reduce the water hardness by natural means</li> <li>→ Successful start of operations by natural filter plant at the Wienerherberg well field; water supplies for 18 communities</li> <li>→ Further development of quality assurance process</li> </ul>	<ul style="list-style-type: none"> <li>→ SDG 6 Clean water and sanitation (6.3)</li> <li>→ SDG 14 Life below water</li> </ul>
<b>Environmental and climate protection</b>				
<p>Energy efficiency</p> <ul style="list-style-type: none"> <li>→ for the responsible and reasonable use of resources and</li> <li>→ in the provision of EVN's products and services</li> </ul>	<ul style="list-style-type: none"> <li>→ Implementation of energy efficiency measures for customers and in the company</li> <li>→ Support for customers in efficient energy consumption</li> <li>→ Reduction of internal requirements at generation plants</li> <li>→ Implementation of energy efficiency measures at EVN buildings</li> </ul>	<p>Ongoing continuation of energy efficiency measures in the core business (products and services)</p>	<ul style="list-style-type: none"> <li>→ Compliance with legal requirements defined by the Austrian Energy Efficiency Act plus additional efforts by EVN and customers</li> <li>→ Continuous development of decentralised energy solutions (photovoltaic, storage, energy management)</li> <li>→ Further development of the joule optimisation assistant; easy and affordable access to renewable energy systems; integration in the overall energy system with the optimisation assistant; participation in the energy market through the virtual power plant</li> </ul>	<ul style="list-style-type: none"> <li>→ SDG 7 Affordable and clean energy (7.3)</li> <li>→ SDG 12 Responsible consumption and production (12.2)</li> </ul>
<p>Improvement in EVN's environmental performance</p>	<ul style="list-style-type: none"> <li>→ Institutionalised environmental management and controlling</li> <li>→ EMAS for heating and electricity generation plants</li> </ul>	<p>Annual environmental programmes with improvement measures</p>	<p>Environmental programme 2018/19 completed</p>	<ul style="list-style-type: none"> <li>→ SDG 3 Ensure healthy lives and promote wellbeing for all at all ages (3.9)</li> <li>→ SDG 7 Affordable and clean energy (7.3)</li> <li>→ SDG 13 Climate action</li> <li>→ SDG 15 Life on land (15.5)</li> </ul>

Project target	Measures	Milestone Deadline	Status as of 30 September 2019	Sustainable Development Goals (SDG)
<ul style="list-style-type: none"> <li>→ System-wide development towards decentralised renewable generation</li> <li>→ Supplemented by controllable central and decentral energy storage</li> </ul>	<ul style="list-style-type: none"> <li>→ Investments in renewable energy as key measures for climate protection</li> <li>→ Increase electricity storage and solution flexibility</li> <li>→ Develop and test innovative storage solutions</li> <li>→ Hydrogen research programme</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>→ 367 MW installed wind power capacity and 307 MW installed hydropower capacity</li> <li>→ Conversion of existing power plant pool to meet network support requirements</li> <li>→ Detailed testing at Prottes large battery storage facility (e.g. offline simulation of operating modes, simulation of multi-modal operations, characterisation of battery cells, laboratory testing of converter unit, hardware-in-the-loop, tests of various operating modes parallel to field trials); black start capability and multi-modal operations of the storage battery confirmed</li> <li>→ Power-to-gas/wind-to-hydrogen project completed</li> <li>→ Storage expansion programme at RAG supported by FFG-subsidised research project "Underground Sun Conversion"; subsidised as part of the energy research programme by the Austrian Climate and Energy Fund; commissioning of "Underground Sun" research facility at the end of October 2018</li> <li>→ Power-to-heat plant in Theiss in operation</li> <li>→ Decentralised energy solutions for customers (photovoltaic, storage, energy management) included in offering; market introduction of joulie (sales instrument that permits the simple configuration of photovoltaic equipment with fast price calculations; joulie supports the increase in own consumption and helps to improve savings by optimising the power-on time of electrical equipment; joulie visualises consumption and electricity production)</li> </ul>	<ul style="list-style-type: none"> <li>→ SDG 7 Affordable and clean energy (7.1, 7.2)</li> <li>→ SDG 9 Industry, innovation and infrastructure (9.4)</li> <li>→ SDG 12 Responsible consumption and production</li> </ul>
Further development of sustainability initiatives in South East Europe	<ul style="list-style-type: none"> <li>→ Investments in electricity networks and meters</li> <li>→ Reduction of network losses</li> <li>→ Further development of environmental and nature protection (waste management and bird protection)</li> <li>→ Activities to increase customers' energy efficiency and technical understanding</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>→ Focus on investments in network-relevant infrastructure</li> <li>→ Cooperation with public authorities, NGOs and customers on environmental protection and the improvement of energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>→ SDG 7 Affordable and clean energy (7.3)</li> <li>→ SDG 9 Industry, innovation and infrastructure (9.1, 9.4)</li> <li>→ SDG 12 Responsible consumption and production (12.4, 12.5)</li> <li>→ SDG 15 Life on land (15.5)</li> </ul>



Project target	Measures	Milestone Deadline	Status as of 30 September 2019	Sustainable Development Goals (SDG)
Recycling of by-products and waste products	→ Evaluation of opportunities to utilise biomass ash as a composting additive	Biomass ash can be used as a composting additive when the relevant quality parameters are met	→ Use confirmed by technical review	→ SDG 12 Responsible consumption and production (12.5)
Reduction of environmentally relevant chemicals	→ Preparation of general list of operating materials for assessment and selection of products	Completion of a reverse osmosis plant at the end of 2018	Reverse osmosis plant in operation since September 2018 as replacement for water purification; reduction in materials required for water purification (sodium hydroxide and hydrochloric acid)	→ SDG 12 Responsible consumption and production (12.4)
Reduction of pollutants in wastewater	→ Construction of a pilot plant by evn wasser for nitrogen removal	Project runs up to the end of 2019; further nitrogen removal; reduction of space and energy requirements	Development of a biofilm process for the further microbiological cleaning of nitrogenous water (for ground water and as a downstream biology step for municipal wastewater)	→ SDG 6 Clean water and sanitation (6.3)

### Responsible management

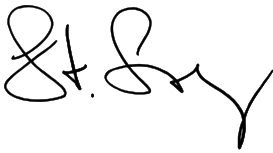
<ul style="list-style-type: none"> <li>→ Increase the share of women in the company</li> <li>→ Increase the interest of women for technical professions</li> </ul>	<ul style="list-style-type: none"> <li>→ Create attractive working times for men and women; increase flexibility of working hours and locations</li> <li>→ Support for training measures specifically directed to women and for the development of networks with other successful women from external areas</li> <li>→ Stronger presence at relevant educational and training trade fairs to increase the overall percentage of women in technical professions</li> <li>→ Targeted opinion-building in management circles</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>→ Share of women in recruiting currently exceeds the percentage of women in the Group</li> <li>→ Above-average participation of women in human resources development programmes</li> </ul>	→ SDG 5 Gender equality (5.5)
Protect the company's future viability, with a focus on results-oriented work and employee satisfaction	<ul style="list-style-type: none"> <li>→ Continuous development of the corporate organisation to adapt to the steadily changing working world</li> <li>→ Support for mobility and decentralised work, among others through investments in state-of-the-art mobile end user devices</li> <li>→ Process support for employees and regular exchange of experience to optimise the working world with external and internal stakeholders</li> </ul>	Ongoing implementation	Very advanced in EVN's external organisation, gradual implementation in the headquarters	→ SDG 8 Decent work and economic growth (8.2)

Project target	Measures	Milestone Deadline	Status as of 30 September 2019	Sustainable Development Goals (SDG)
<b>Sustainable increase in corporate value</b>				
Further development of business model to include digitalisation	<ul style="list-style-type: none"> <li>→ Increased focus on electricity network controls</li> <li>→ Digital interaction with customers</li> <li>→ Protection of critical infrastructure</li> <li>→ Provision of innovative energy services</li> <li>→ Activities in research and technology development</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>→ Gradual introduction of automated controls for internal and external assets</li> <li>→ Further development of joule optimisation assistant</li> <li>→ Research project in Echtsenbach as next step after field trials in Seitenstetten up to the end of March 2019; testing of an all-electricity scenario to protect future optimal supply security with simultaneous system expansion towards renewable generation; technology test programme started</li> </ul>	<ul style="list-style-type: none"> <li>→ SDG 7 Affordable and clean energy</li> <li>→ SDG 9 Industry, innovation and infrastructure</li> </ul>
Support for expansion of alternative drive systems in mobility	<ul style="list-style-type: none"> <li>→ Development of an extensive charging infrastructure for customers</li> <li>→ Creation of a platform for the customer-friendly charging of e-vehicles throughout Austria</li> <li>→ Gradual conversion of EVN motor vehicle pool to alternative drive vehicles</li> </ul>	<ul style="list-style-type: none"> <li>→ Ongoing expansion of charging network</li> <li>→ Gradual conversion to e-cars by EVN planned (beginning in 2018; e-vehicles to comprise 20% of the car fleet by 2022)</li> </ul>	<ul style="list-style-type: none"> <li>→ Currently 3,500 loading stations are available to all users of an EVN fuel card throughout Austria</li> <li>→ Further development of EVN's e-mobility app "Autoladen"</li> <li>→ Platform operational since March 2017</li> <li>→ 38 e-vehicles in EVN's motor pool; 25 additional e-cars planned for 2019/20 financial year</li> </ul>	<ul style="list-style-type: none"> <li>→ SDG 7 Affordable and clean energy</li> <li>→ SDG 9 Industry, innovation and infrastructure (9.4)</li> <li>→ SDG 11 Sustainable cities and communities</li> </ul>
<b>Supply chain responsibility</b>				
Focus of all EVN procurement processes on sustainability	<ul style="list-style-type: none"> <li>→ Revision of integrity clause for suppliers</li> <li>→ Systematic application of a self-declaration form for all bidders in tenders</li> <li>→ Analysis and classification of relevance of sustainability aspects in procurement processes and development of target-oriented measures</li> </ul>	Extension to all relevant procurement processes by 2019	<ul style="list-style-type: none"> <li>→ Survey of measures completed for the procurement of construction and waste disposal services</li> <li>→ Self-declaration form in use</li> </ul>	<ul style="list-style-type: none"> <li>→ SDG 8 Decent work and economic growth</li> </ul>
<b>Stakeholder involvement</b>				
Updating of EVN's stakeholder dialogue on sustainability	<ul style="list-style-type: none"> <li>→ Further development of current stakeholder dialogue for the external evaluation of EVN's areas of activity</li> </ul>	External evaluation of areas of activity every three years	Revision of stakeholder dialogue concept started	<ul style="list-style-type: none"> <li>→ SDG 17 Partnerships for the goals</li> </ul>

This sustainability programme is an expression of our efforts to connect the areas of activity in our materiality matrix with concrete project goals and measures. We want these areas of activity to have a significant influence on our daily activities as a company, just the same as the core strategies which place our responsible and sustainable orientation in a medium- and long-term context. The communication of our sustainability programme in concrete terms is also intended to strengthen the commitment of our employees further because we want our actions to always be in harmony with our strategy and in the best interests of our stakeholders.

Maria Enzersdorf, 18 November 2019

EVN AG  
The Executive Board



**Stefan Szyszkowitz**  
Spokesman of the Executive Board



**Franz Mittermayer**  
Member of the Executive Board

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# Independent assurance report on the non-financial reporting 2018/19

We have performed an independent limited assurance engagement on the consolidated non-financial report as well as the sustainability disclosures and indicators in the “Full Report” (the “NFI reporting”) for the financial year 2018/19 of

**EVN AG**  
 (“the Company”).

## **Management’s responsibility**

The legal representatives are responsible for the proper preparation of the NFI reporting in accordance with the reporting criteria. The Company applies the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) as well as the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, Option “Core”) as reporting criteria and publishes the NFI report in the Full Report 2018/19.

The responsibility of the legal representatives of the company includes the selection and application of reasonable methods for non-financial reporting (especially the selection of material topics) as well as the use of assumptions and estimates for individual non-financial disclosures that are reasonable under the circumstances. Furthermore, the responsibility includes the design, implementation and maintenance of systems, processes and internal controls relevant for the preparation of the sustainability reporting in a way that is free of – intended or unintended – material misstatements.

## **Auditors’ responsibility and scope of the engagement**

Our responsibility is to state whether, based on our procedures performed, anything has come to our attention that causes us to believe that the NFI reporting of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, Option “Core”) in all material respects.

Clarification on the assurance scope due to the integrated NFI reporting in the Full Report: Our assurance included the following area of the Full Report:

→ NFI disclosures and indicators referred to the GRI content index in the “Full Report 2018/19”.

Our engagement was conducted in conformity with the International Standard on Assurance Engagements (ISAE 3000) applicable to such engagements. This standard requires us to comply with our professional requirements including independence requirements, and to plan and perform the engagement to enable us to express a conclusion with limited assurance, taking into account materiality.

An independent assurance engagement with the purpose of expressing a conclusion with limited assurance is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance, thus providing reduced assurance. In spite of conscientious planning and execution of the engagement it cannot be ruled out that material mistakes, unlawful acts or irregularities within the non-financial reporting will remain undetected.

The procedures selected depend on the auditor’s judgment and included the following procedures in particular:

- Inquiries of personnel on corporate level responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting boundaries of the Company;
- Conduct of a media analysis on relevant information concerning the sustainability performance of the Company in the reporting period;
- Evaluation of the design and implementation of the systems and processes for the collection, processing and control of the disclosures on environmental, social and employees matters, respect for human rights and anti-corruption and bribery, including the consolidation of the data;
- Inquiries of personnel on corporate level responsible for providing and consolidating and for carrying out internal control procedures concerning the disclosures on concepts, risks, due diligence processes, results and performance indicators;

- Inspection of selected internal and external documents in order to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;
- Assessment of local data collection, validation and reporting processes as well as reliability of the reported data on the basis of sample testing on the site in Bulgaria (Povdiv);
- Analytical evaluation of the data and trend explanations of quantitative disclosures, submitted by all sites for consolidation at corporate level;
- Evaluation of the consistency of the for the Company applicable requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) and of the GRI Standards (Option “Core”) with disclosures and indicators in the NFI reporting;
- Evaluation of the overall presentation of the disclosures by critical reading of the NFI report.

The procedures that we performed do not constitute an audit or a review. Our engagement did not focus on revealing and clarifying illegal acts such as fraud, nor did it focus on assessing the efficiency of management. Furthermore, it is not part of our engagement to review future-related disclosures, figures from previous periods and statements from external information sources and expert opinions. Disclosures which were audited within the scope of the Annual Financial Statement were assessed for correct presentation (no substantial testing).

This assurance report is issued based on the assurance agreement concluded with the Company. Our responsibility and liability towards the Company and any third party is subject to paragraph 7 of the General Conditions of Contract for the Public Accounting Professions. The respective latest version of the AAB is accessible at <http://www.kpmg.at/aab>.

### Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the NFI reporting of the Company is not in accordance with the requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) and the GRI Standards (option “Core”) in all material respects.

Vienna, 18 November 2019

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft signed by:

Rainer Hassler  
Wirtschaftsprüfer (Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.





# Report of the Supervisory Board

## Ladies and Gentlemen,

EVN's steady focus on regulated and stable business areas and the selective and careful addition of activities with a higher risk-return profile are the guarantee for a very solid capital structure which, not least, is reflected in rating agencies' evaluations. Consequently, the Supervisory Board sees EVN strategically and financially well positioned for the future.

After a detailed analysis, EVN's management decided to terminate electricity production at the hard coal-fired power plant in Dürnrrohr earlier than planned in 2018/19 because of the current economic environment. The Supervisory Board expressly supports this step and welcomes its positive contribution to environmental and climate protection. A commitment to and passion for a clean energy future are, however, also visible in many other areas of EVN's strategy. I would like to emphasise two aspects, in particular, here: on the one hand, the high level of investments in the dynamic expansion of wind power – where EVN met its medium-term goal to reach roughly 370 MW of installed capacity in 2018/19, one full year ahead of schedule. On the other hand, EVN's investments in the network infrastructure make a decisive contribution towards increasing the feed-in of decentralised renewable energy generation in the Austrian energy sector, a goal shared by politics as well as the general public.

### **Fulfilment of duties**

The Supervisory Board actively monitored and supported EVN's strategic steps as part of its designated responsibilities. Four plenary meetings and five committee meetings were held during the reporting year, in which the Supervisory Board fulfilled the tasks and duties required by legal regulations and the company's by-laws. The Executive Board provided the Supervisory Board with regular, timely and comprehensive reports on all relevant aspects of business development, including the risk position and risk management of EVN and its key Group companies. This reporting, in particular, allowed the Supervisory Board to continuously supervise and support the Executive Board's management activities. The control functions exercised by the Supervisory Board within the framework of open discussions with the Executive Board did not lead to any objections. Recommendations by the Supervisory Board were taken up by the Executive Board.

### **Changes on the Supervisory Board**

Irene Pugn and Uwe Mitter were delegated to the Supervisory Board by the Works Council as of 14 May 2019 to replace Manfred Weinrichter and Franz Hemm who had resigned.

### **Consolidated corporate governance report, Austrian Corporate Governance Code**

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, audited the consolidated corporate governance report prepared by EVN AG in accordance with § 96 (2) of the Austrian Stock Corporation Act and reported to the Executive Board and the Supervisory Board on their work. In a meeting on 11 December 2019, the Supervisory Board examined the consolidated corporate governance report as required by § 96 of the Austrian Stock Corporation Act and in accordance with an opinion published by the Austrian Financial Reporting and Auditing Committee. This analysis was based on a report issued by the Audit Committee on 26 November 2019 and did not lead to any objections.

EVN, as a listed company, is committed to compliance with the Austrian Corporate Governance Code. The Supervisory Board approved the implementation of the January 2018 version of the code by EVN as of 1 March 2018. The Supervisory Board strives to consistently comply with the provisions of the code that relate to its activities. EVN complies with all rules concerning the cooperation between the Supervisory Board and the Executive Board and the internal procedures of the Supervisory Board, with one exception. This exception is specified in the consolidated corporate governance report.

### **Annual financial statements and consolidated financial statements**

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, was appointed to audit the financial statements for the 2018/19 financial year from 1 October 2018 to 30 September 2019. This firm examined the annual financial statements of EVN AG as of 30 September 2019, which were prepared in accordance with Austrian accounting regulations, and the management report submitted by the Executive Board. KPMG presented a written audit report on the audit and issued an unqualified opinion.

The Supervisory Board received and reviewed the auditor's report. In accordance with § 92 of the Austrian Stock Corporation Act, the Audit Committee reported to the Supervisory Board on the results of the audit and its effects on financial reporting as well as the additional report prepared by the auditor based on the requirements of Art. 11 of Regulation (EU) No. 537/2014 on the statutory audit of public-interest entities.

Following a detailed analysis and discussions by the Audit Committee and the Supervisory Board, the Supervisory Board approved the following documents that were submitted by the Executive Board: the annual financial statements as of 30 September 2019 together with the notes, the management report and the consolidated corporate governance report as well as the recommendation for the use of profits. The annual financial statements as of 30 September 2019 were thereby approved in accordance with § 96 (4) of the Austrian Stock Corporation Act.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and also audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, which issued an unqualified opinion. The Audit Committee reviewed the consolidated financial statements together with the management report and reported on these activities to the Supervisory Board, which subsequently approved these documents.

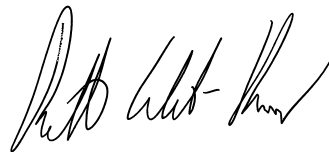
KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, carried out a limited assurance review of the independent non-financial report on the consolidated financial statements, which was prepared by EVN to meet the requirements for the disclosure of non-financial and diversity-related information in accordance with the Austrian Sustainability and Diversity Improvement Act. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, reported on the results of this review in writing and also issued an independent assurance report on the non-financial report.

The non-financial statement included in the management report on the annual financial statements of EVN AG was read by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, in connection with the year-end audit to determine whether it materially contradicts the annual financial statements or otherwise appears to be materially misstated based on the understanding gained from the audit. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, issued a written report on these results, together with the results of the year-end audit of EVN AG.

In conclusion, the Supervisory Board would like to thank the Executive Board and all employees of the EVN Group for their performance and commitment during the 2018/19 financial year. Special thanks are also directed to EVN's shareholders, customers and partners for their trust in the company.

Maria Enzersdorf, 11 December 2019

On behalf of the Supervisory Board



**Bettina Glatz-Kremsner**  
President

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# Consolidated corporate governance report

## Basic principles

EVN AG (EVN) is an Austrian stock corporation whose shares are traded on the Vienna Stock Exchange. Corporate governance is therefore based on Austrian law – in particular the Stock Corporation Act and capital market laws, legal regulations governing co-determination by employees and the company by-laws, as well as the Austrian Corporate Governance Code (ACGC) and the rules of procedure for the company's corporate bodies.

## Commitment to the Austrian Corporate Governance Code

### Introduction

The Executive Board and Supervisory Board of EVN are committed to the principles of good corporate governance and, in this way, meet the expectations of national and international investors for responsible, transparent and sustainable management and control. On 1 March 2018, EVN announced its commitment to comply with the ACGC in the January 2018 version. The ACGC is available under [www.corporate-governance.at](http://www.corporate-governance.at).

Burgenland Holding Aktiengesellschaft is a stock corporation under Austrian law, which is listed on the Vienna Stock Exchange and included in EVN's scope of consolidation. The corporate governance report prepared and published by this company is available under [www.buho.at/corporate-governance-report](http://www.buho.at/corporate-governance-report).

The ACGC rules are divided into three categories<sup>1)</sup>. The legal requirements (L-Rules) are based on binding regulations which must be observed by all Austrian listed companies. The C-Rules (Comply or Explain) should be observed; any deviations must be explained

and justified. EVN provides a detailed explanation of any deviations from these rules online under [www.evn.at/Corporate-Governance-Report](http://www.evn.at/Corporate-Governance-Report) and presents an overview in the following section of this report. The R-Rules (Recommendations) represent recommendations and do not require the disclosure or justification of deviations.

1) In order to improve readability, reference to the ACGC is not provided for the rules in the following section.

The Executive Board and Supervisory Board formally declare that EVN complies with all C-Rules of the ACGC, irrespective of the following deviation and explanation. Furthermore, the company only deviates from a limited number of R-Rules.

### Deviations from C-Rules

EVN does not fully comply with the following C-Rule of the ACGC:

**C-Rule 16:** EVN does not comply with this rule which requires the management board to have a chairman. The Supervisory Board did not appoint a member of the Executive Board to serve as chairman because the Executive Board consists of only two members in line with its assigned duties and the company's structure. In this case, a valid resolution by the Executive Board requires that meetings are announced in the approved manner and both Executive Board members must be present. Resolutions must be passed unanimously and abstention from voting is not permitted. If a unanimous decision is not reached, the Executive Board must review and vote again on the respective point of the agenda within ten days. The Executive Board must report to the Supervisory Board if the second round of voting does not bring a unanimous decision. A spokesman is appointed for the Executive Board even when there are only two members, and the rules for the direction of the meetings and representation apply to the spokesman in this case. The Supervisory Board's decision not to appoint a chairman for the Executive Board applies for an indefinite period.

## Executive Board

### Composition

#### Stefan Szyszkowitz

Spokesman of the Executive Board

Born in 1964, Master of Law, Master of Business Administration. Joined EVN in 1993, appointed to the Executive Board of EVN in January 2011 and designated spokesman of the Executive Board in October 2017. His term of office ends on 19 January 2021. Executive responsibility for the Energy and South East Europe segments as well as the following corporate functions: controlling, customer relations, finance, accounting, general secretary and investment management, legal and public affairs, information and communications, and human resources. In accordance with the disclosure required by C-Rule 16, he holds four supervisory board mandates in other companies that are not included in the consolidated financial statements of the EVN Group<sup>1)</sup>.

- 1) CEESEG Aktiengesellschaft, member of the supervisory board  
Wiener Börse AG, member of the supervisory board  
Österreichische Post Aktiengesellschaft, member of the supervisory board  
Verbund AG, member of the supervisory board

#### Functions in significant subsidiaries<sup>1)</sup>

	Function
Burgenland Holding Aktiengesellschaft	Chairman of the supervisory board
EVN Macedonia AD	Chairman of the supervisory board
Netz Niederösterreich GmbH	Vice-Chairman of the supervisory board
RAG-Beteiligungs-Aktiengesellschaft	Chairman of the supervisory board

- 1) In addition to the supervisory board functions, the Executive Board manages significant subsidiaries based on quarterly reporting by segment.

### Working procedures

The Executive Board of EVN must have a minimum of two members. If the Supervisory Board does not appoint a chairman or spokesman for the Executive Board, the members are entitled to designate their own spokesman. The Executive Board is responsible for managing the company to support its business activities and continued success in the interests of shareholders, employees and the general public. The work of the Executive Board is based on legal requirements, in particular stock corporation, stock exchange and commercial laws, the by-laws and the rules of procedure for the Executive Board that were approved by the Supervisory Board as well as the ACGC.

Irrespective of the Executive Board's overall responsibility, the Supervisory Board establishes and assigns specific areas of respon-

#### Franz Mittermayer

Member of the Executive Board

Born in 1958, Master of Mechanical Engineering and Industrial Management. Joined EVN in 1993, appointed to the Executive Board of EVN in October 2017. His term of office expires on 30 September 2022. Executive responsibility for the Generation, Networks and Environment segments as well as the following corporate functions: data processing, procurement and purchasing, administration and construction, and internal auditing.

#### Functions in significant subsidiaries<sup>1)</sup>

	Function
Burgenland Holding Aktiengesellschaft	Vice-Chairman of the supervisory board
Netz Niederösterreich GmbH	Chairman of the supervisory board
RAG-Beteiligungs-Aktiengesellschaft	Member of the supervisory board

- 1) In addition to the supervisory board functions, the Executive Board manages significant subsidiaries based on quarterly reporting by segment.

sibility to the individual Executive Board members based on the given requirements. Certain transactions are reserved for joint discussions and decision-making by the full Executive Board. The Executive Board is required to obtain the prior consent of the Supervisory Board for business transactions that require this approval based on legal regulations or a previous Supervisory Board resolution. The rules of procedure for the Executive Board and the Supervisory Board contain a detailed list of such cases.

Organisational regulations require the Executive Board to report to the Supervisory Board. These reporting standards also apply to the Supervisory Board committees. The reporting obligations of the Executive Board include quarterly reports on the development of business in the Group and information on matters of importance relating to major Group subsidiaries.

## Remuneration

The remuneration of the active Executive Board members totalled TEUR 1,234.9 in 2018/19 (including compensation in kind and contributions to pension funds). Of this total, TEUR 651.3 are attributable to Stefan Szyszkowitz and TEUR 583.6 to Franz Mittermayer.

**Performance-based bonus programme for the Executive Board (C-Rules 27, 30):** In 2018/19 the remuneration of the Executive Board comprised a fixed component of approximately 74% and a variable component of approximately 26%. The variable component is based on the 2017/18 financial year. The performance-based component consists of the following: 30% based on the increase in economic value added (EVA®), 40% on the average cash flow contribution and 30% on individually agreed targets. Target corridors ranging from 0% to 200% were defined for the quantitative performance criteria (the increase in EVA® and the cash flow contribution), whereas 0% to 100% of the individually agreed targets can be achieved. Additional information on the remuneration scheme for senior management staff (C-Rule 28a) is provided in the remuneration report.

**Principles applicable to entitlements and claims by the Executive Board of the company on termination of their functions (C-Rule 30):** Contributions were made to the employee pension fund on behalf of the Executive Board members. Each Executive Board member is also entitled to a contractually agreed pension on retirement; payments from the Austrian pension scheme and VBV-Pensionskasse are considered part of this amount.

**Directors and officers insurance (C-Rule 30):** The members of the Executive Board are covered by an asset/liability insurance for corporate directors (D&O insurance). The policy covers claims for damages by the company, shareholders, creditors, competitors and customers against the Executive Board resulting from violations of the legal obligation to exercise diligence in their capacity as managing directors. The costs for this insurance are carried by the company.

## Supervisory Board

### Composition

As of 30 September 2019, the Supervisory Board of EVN AG had ten shareholder representatives elected by the Annual General Meeting and five members delegated by the Works Council. The Supervisory Board is headed by a chairwoman and two vice-chairmen, who are chosen by the Supervisory Board from among its members. The minimum number of independent members was set at 50% by the Supervisory Board in a meeting on 29 May 2006. The independence of the members of the EVN Supervisory Board, as defined by C-Rule 53, is documented on the list on page 96.

The Supervisory Board performs its duties in accordance with legal regulations, in particular the provisions of stock corporation law and the company's by-laws. Additional guidelines for its activities are provided by the Supervisory Board's rules of procedure and by the ACGC.

One particular responsibility of the Supervisory Board is to supervise the work of the Executive Board, from which it may request a report at any time concerning the development of business. Legal regulations allow the Supervisory Board to extend the scope of business transactions requiring its formal consent as defined in § 95 (5) of the Austrian Stock Corporation Act through resolutions. The rules of procedure for the Executive Board and the Supervisory Board contain a detailed list of such business transactions and measures.

The composition of the Supervisory Board changed as follows during 2018/19: The Works Council delegated Irene Pugl and Uwe Mitter to the Supervisory Board as of 14 May 2019 as replacements for Manfred Weinrichter and Franz Hemm who resigned from this body.

### Executive Board remuneration

C-Rule 31, TEUR

	2018/19		
	Fixed remuneration	Variable remuneration	Compensation in kind
Stefan Szyszkowitz <sup>1)</sup>	414.8	162.3	11.4
Franz Mittermayer <sup>2)</sup>	387.1	124.6	13.9

1) For Stefan Szyszkowitz, the pension fund contributions equalled TEUR 62.8.

2) For Franz Mittermayer, the pension fund contributions equalled TEUR 58.0.

□ For more information on the remuneration of the Executive Board, see the consolidated notes on page 214



## Members of the Supervisory Board

<b>Shareholder representatives</b>	Date of initial appointment <sup>1)</sup>	Functions in listed companies and other important functions	Independence C-Rule 53 <sup>2)</sup>	Diversity factors <sup>3)</sup>
Bettina Glatz-Kremsner President and Chairwoman	21.01.2016	Chairwoman of the management board of Casinos Austria Aktiengesellschaft; managing director of Österreichische Lotterien Gesellschaft m.b.H.; chairwoman of the supervisory board of Flughafen Wien Aktiengesellschaft; general council member of Oesterreichische Nationalbank	Yes	Female born 1962 Austria
Norbert Griesmayr 1 <sup>st</sup> Vice-Chairman	12.01.2001	Chairman of the management board of Hutschinski Privatstiftung; member of the management board of Privatstiftung zur Verwaltung von Anteilsrechten; managing director of Alma-Kano Gesellschaft m.b.H.; vice-chairman of the supervisory board of BauWelt Handels-Aktiengesellschaft and Collegialität Versicherungsverein Privatstiftung; member of the supervisory board of VAV Versicherungs-Aktiengesellschaft	No	Male born 1957 Austria
Willi Stoiwicek 2 <sup>nd</sup> Vice-Chairman	15.01.2009	Head of the presidential committee of the provincial capital St. Pölten; member of the supervisory board of NÖ Regional GmbH	Yes	Male born 1956 Austria
Philipp Gruber	21.01.2016	Administrative lawyer; chairman of the management board of Business Messen Wiener Neustadt Genossenschaft für Wirtschaftsförderung registrierte Genossenschaft mit beschränkter Haftung; chairman of Abwasserverband Wiener Neustadt-Süd; member of the Wiener Neustadt town council	Yes	Male born 1979 Austria
Dieter Lutz	12.01.2006	Managing director of IMMRE-LUTZ GmbH; member of the supervisory board of NÖ Bürgschaften und Beteiligungen GmbH; vice-president of the Lower Austrian chamber of commerce	Yes	Male born 1954 Austria
Reinhard Meißl	12.01.2006	Head of the financial group in the provincial government of Lower Austria; managing director of NÖ Holding GmbH and NÖ Landes-Beteiligungsholding GmbH	Yes	Male born 1959 Austria
Susanne Scharnhorst	21.01.2016	Management consultant	Yes	Female born 1961 Austria
Angela Stransky	16.01.2014	Authorised officer of Raiffeisenlandesbank Niederösterreich-Wien AG and managing director in numerous companies of the Raiffeisen Group	Yes	Female born 1960 Austria
Friedrich Zibuschka	21.01.2016	Associate professor in the Institute for Transportation Studies at the University of Natural Resources and Life Sciences, Vienna; general partner of Zibuschka Regional Consulting OG	Yes	Male born 1950 Austria
Johannes Zügel	19.01.2017	Head of investment management at EnBW Energie Baden-Württemberg AG	Yes	Male born 1966 Germany
<b>Employee representatives</b>				
Paul Hofer	01.04.2007	Chairman of the Central Works Council of EVN; member of the supervisory board of VBV-Pensionskasse Aktiengesellschaft		Male born 1960 Austria
Uwe Mitter	14.05.2019	Chairman of the Central Works Council of Netz Niederösterreich GmbH		Male born 1971 Austria
Irene Pügl	14.05.2019	Chairwoman of the Works Council of EVN Business Service GmbH		Female born 1975 Austria
Friedrich Bußlehner	01.01.2016	Vice-Chairman of the Central Works Council of Netz Niederösterreich GmbH		Male born 1962 Austria
Monika Fraißl	01.07.2013	Vice-Chairwoman of the Works Council of Netz Niederösterreich GmbH (headquarters)		Female born 1973 Austria
Franz Hemm	03.05.1994 (until 13.05.2019)	Chairman of the Central Works Council of Netz Niederösterreich GmbH		Male born 1955 Austria
Manfred Weinrichter	01.01.2001 (until 13.05.2019)	Vice-Chairman of the Central Works Council of Netz Niederösterreich GmbH		Male born 1961 Austria

1) The terms of office of the Supervisory Board members elected by the Annual General Meeting expire at the end of the Annual General Meeting that will vote on their release from liability for the 2019/20 financial year.

2) Independence of the company and the Executive Board

3) Diversity factors include gender, year of birth and citizenship.

### Independence

A member of the Supervisory Board is considered to be independent in accordance with C-Rule 53 when he/she has no business or personal relations with the company or its management board that could lead to a material conflict of interest and therefore influence the member's behaviour. If any such conflicts of interest arise, EVN requires multi-year transition periods in accordance with the ACGC.

The guidelines to determine the independence of the elected members of the Supervisory Board stipulate that these persons

- may not have any business or personal relations with EVN or its Executive Board that constitute a material conflict of interest and are therefore capable of influencing the member's behaviour;
- may not have served as a member of the Executive Board or a top executive of EVN or any of its subsidiaries during the past five years;
- may not maintain, or in the previous year did not maintain, any business relations with EVN or a subsidiary of EVN that are considered material for that member. This also applies to business relations of EVN or a subsidiary of EVN with companies in which the Supervisory Board member holds a significant economic interest, but does not cover appointments to corporate bodies within the EVN Group. The approval of individual transactions by the Supervisory Board in accordance with L-Rule 48 does not automatically lead to qualification as not independent;
- may not have acted as an auditor of EVN or owned a share in or worked as an employee of the auditing company during the past three years;
- may not serve on the management board of another company in which a member of the Executive Board of EVN is a member of the supervisory board;
- may not serve on the Supervisory Board for more than 15 years. This does not apply to Supervisory Board members who hold an investment in the company as shareholders or who represent the interests of such shareholders; and
- may not be closely related (i. e. direct offspring, spouse, life partner, parent, uncle, aunt, brother, sister, niece, nephew) to a member of the Executive Board or to persons who hold one of the above-mentioned positions.

### Contracts requiring the approval of the Supervisory Board

**(L-Rule 48):** No contractual agreements were concluded between a member of the Supervisory Board and EVN or one of its subsidiaries which would entitle the member to more than an insignificant payment. All such contracts are subject to the approval of the Supervisory Board.

### Working procedures

The Austrian Stock Corporation Act prescribes a dual management system and requires strict separation between management bodies (i. e. Executive Board) and controlling bodies (i. e. Supervisory Board). Parallel membership in both bodies is not permitted.

Communications between the Executive Board and the Supervisory Board take place at the meetings of the Supervisory Board and its committees and in writing, as required. In addition, the Executive Board and the chairwoman of the Supervisory Board maintain regular contact on issues that fall under the responsibility of the Supervisory Board. In particular, this includes the preparation of meetings.

The Supervisory Board held four plenary meetings during the reporting year, at which its members fulfilled the tasks and duties required by legal regulations and the company's by-laws. The reports by the Executive Board and other points on the agenda for these meetings regularly covered the economic, ecological and social aspects of the subjects under discussion. In addition, a closed conference provided the setting for an extensive discussion by the Supervisory Board of the Austrian climate and energy strategy from EVN's perspective.

The most important decisions taken by the Supervisory Board during the reporting year included the authorisation of the 2017/18 annual financial statements and the approval of the 2019/20 budget for the EVN Group. The resolution on the budget also covered the approval of investments in heat and wind power plants, in district and neighbourhood heating plants, in the electricity, natural gas and heating networks and in the IT infrastructure, in particular to protect supply security and the transport of renewable energy. In the power plant area, the Supervisory Board authorised the replacement of a turbine in the Theiss power plant. Other approvals covered the submission of a binding offer for the construction of a sewage sludge treatment plant in Germany and the definition of an internal procedure for evaluating transactions concluded as part of ordinary business activities and at standard market conditions in accordance with § 95a of the Austrian Stock Corporation Act. The resignation of one employee representative from EVN's Advisory Committee for Environmental and Social Responsibility was followed by the nomination of a replacement by the Supervisory Board. The Supervisory Board also approved the designation of two staff members as joint proxies, together with the right to conduct real estate transactions in accordance with § 49 (2) of the Austrian Commercial Code.

The Supervisory Board approved the report on the current implementation of Regulation (EU) No. 596/2014 (market abuse

regulation) and the report prepared in accordance with C-Rule 18a on measures to prevent corruption in the company. In addition, the Supervisory Board examined all potential conflicts of interest and did not identify any inconsistencies.

The average attendance at Supervisory Board meetings equalled 91.7% in 2018/19. No member was absent from more than half the Supervisory Board meetings during the past financial year.

### Evaluation of the Supervisory Board's activities

In accordance with C-Rule 36, the Supervisory Board carried out another self-evaluation of its activities in 2018/19. This assessment was based on an extensive written questionnaire which was answered by the members of the Supervisory Board. The results of the evaluation were discussed in a plenary meeting.

### Committees

The Supervisory Board fulfils its responsibilities as a joint decision-making body in cases where individual issues are not delegated to its committees. These committees are responsible for preparing negotiations and resolutions, monitoring the implementation of the Supervisory Board's decisions and taking decisions on issues delegated by the Supervisory Board. The following committees were established by the Supervisory Board of EVN, each of which includes at least three elected Supervisory Board members and the legally required number of employee representatives.

#### Working Committee

Name	Function
Bettina Glatz-Kremsner	Chairwoman
Norbert Griesmayr	Member
Willi Stiowicek	Member
Reinhard Meißl	Member
Franz Hemm (until 13.05.2019)	Employee representative
Paul Hofer	Employee representative
Uwe Mitter (as of 14.05.2019)	Employee representative

The Working Committee is responsible for carrying out specified tasks assigned by the full Supervisory Board. In certain urgent cases, the Working Committee is authorised by the Supervisory Board's rules of procedure to approve specific business transactions on behalf of this body.

This committee did not meet during the 2018/19 financial year.

#### Personnel Committee

Name	Function
Bettina Glatz-Kremsner	Chairwoman; remuneration expert
Norbert Griesmayr	Member
Willi Stiowicek	Member

The Personnel Committee serves as both the Nominating and Remuneration Committee. In its function as the Remuneration Committee, it has one member with knowledge and experience relating to remuneration policies (C-Rule 43). This committee is responsible for all matters concerning the relationships between the company and the members of the Executive Board, in cases where the full Supervisory Board is not responsible under law. The related activities cover, in particular, the employment contracts with the Executive Board members, the implementation of C-Rules 27, 27a and 28 and a review of the remuneration policy for the Executive Board members. As the Nominating Committee, it is responsible for nominating replacements for vacant seats on the Executive Board and making recommendations to fill vacant seats on the Supervisory Board.

The Personnel Committee held three meetings in 2018/19. The agendas covered the definition of targets and the verification of the target attainment for the Executive Board's variable remuneration, a review of the variable remuneration scheme and the approval of a report on the remuneration policy for the Executive Board.

#### Audit Committee

Name	Function
Norbert Griesmayr	Chairman
Bettina Glatz-Kremsner	Member
Willi Stiowicek	Member
Reinhard Meißl	Member; financial expert
Franz Hemm (until 13.05.2019)	Employee representative
Paul Hofer	Employee representative
Uwe Mitter (as of 14.05.2019)	Employee representative

The responsibilities of the Audit Committee are as follows:

- monitoring the accounting process and issuing recommendations or suggestions to ensure reliability;
- monitoring the effectiveness of the company's internal control, internal audit and risk management systems;
- monitoring the audit of the annual and consolidated financial statements, including the results and conclusions indicated in the reports by the Auditor Oversight Commission;

- verifying and monitoring the independence of the auditor of the annual financial statements (and consolidated financial statements), in particular with regard to additional services provided for the audited company; moreover, Art. 5 (5) of Regulation (EU) No. 537/2014 on the statutory audit of public-interest entities must be observed;
- reporting on the results of the audit to the Supervisory Board, explaining how the audit contributed to the reliability of financial reporting and explaining the role of the Audit Committee in this procedure;
- reviewing the annual financial statements and preparing the required authorisation, reviewing the proposal for the distribution of profits, the management report and, if applicable, the corporate governance report as well as submitting a report on the results of this review to the Supervisory Board;
- if necessary, examining the consolidated financial statements, the Group management report and the consolidated corporate governance report and, if necessary, reporting on the results of this examination to the Supervisory Board;
- selecting an auditor for the annual and consolidated financial statements, taking the appropriateness of the fee into consideration, as well as preparing a proposal for the Supervisory Board on this selection; moreover, Art. 16 of Regulation (EU) No. 537/2014 on the statutory audit of public-interest entities must be observed.

The Audit Committee includes a financial expert as required by law and L-Rule 40. All members of the Audit Committee are familiar with the sector in which the company operates.

This committee met twice in 2018/19 and dealt with all its assigned responsibilities, above all with preparations for the resolution on the consolidated financial statements (based on IFRS)

and annual financial statements (based on the Austrian Commercial Code) as of 30 September 2018, including the notes, management report and consolidated non-financial report, the corporate governance report and the recommendation for the use of profits as well as the half-year financial statements for 2018/19 including expectations for the full financial year. The Audit Committee also dealt extensively with the internal control, audit, risk and compliance management systems.

In addition, the Audit Committee made a recommendation for the appointment of an auditor for the annual and consolidated financial statements for the 2018/19 financial year and distributed a report by the auditor on the provision of non-audit services.

### Remuneration

The Supervisory Board remuneration is set at a total amount of TEUR 118.8 per year. The president receives TEUR 18.2, the two vice-presidents each TEUR 13.2 and each remaining member of the Supervisory Board TEUR 10.6. The attendance fee equals TEUR 0.5 per meeting of the Supervisory Board or a committee. The members of the Supervisory Board are also covered by a directors and officers liability insurance (D&O insurance).

**Directors and officers insurance (C-Rule 30):** EVN has arranged for D&O insurance to cover claims for damages by the company, shareholders, creditors, competitors and customers against the Executive Board resulting from violations of their legal obligation to exercise diligence in their capacity as managing directors. The costs for this insurance are carried by the company. Since the premium applies to the Group and is not based on the number of insured persons, extending this insurance coverage to the members of the Supervisory Board does not increase the premium.

### Supervisory Board remuneration

C-Rule 51, TEUR

	Supervisory Board remuneration	Attendance fees
Bettina Glatz-Kremsner	18.2	5.5
Norbert Griesmayr	13.2	5.5
Willi Stiowicek	13.2	5.0
Philipp Gruber	10.6	2.0
Dieter Lutz	10.6	3.0
Reinhard Meißl	10.6	2.5
Susanne Scharnhorst	10.6	2.5
Angela Stransky	10.6	3.0
Friedrich Zibuschka	10.6	3.0
Johannes Zügel	10.6	3.0

## Annual General Meeting

EVN's shareholders exercise their legal and voting rights at the Annual General Meeting, whereby each share is entitled to one vote. EVN has no preferred shares or shares with multiple voting rights. Decisions on specific matters are reserved for the Annual General Meeting by Austrian law or the company's by-laws.

The Annual General Meeting votes on the distribution of profits, the release of the members of the Executive Board and Supervisory Board from liability, the selection of the auditor for the annual and consolidated financial statements, and the election of the Supervisory Board members. Moreover, the Annual General Meeting is entitled to decide on changes in the company by-laws and planned capital measures. The results of voting and the agenda for the 90<sup>th</sup> Annual General Meeting of EVN on 17 January 2019 are available on the EVN website ([www.evn.at/AGM.aspx](http://www.evn.at/AGM.aspx)).

## Measures to support women

(§ 243c (2) no. 2 of the Austrian Commercial Code)

The percentage of women in EVN's workforce equalled 23.0% in 2018/19, and roughly 13% of the positions for managing directors and authorised officers were filled by women. The Women@EVN programme is designed to achieve the greatest possible diversity at the upper management level and gradually increase the percentage of women in management positions. Numerous initiatives have been implemented to create a framework that enables women to assume qualified positions in specialised areas and at the management level in line with their inclinations and skills.

Group-wide, ten women currently serve as project managers (project manager career path). The percentage of young women in the Group's management development programme was higher than the current share of women in EVN's workforce during the reporting year.

EVN has long pursued measures to support women's work-life balance. Examples of these measures are flexible working time models, the provision of individualised support to women returning after maternity leave, day care during holidays, information events for staff members on parental leave as well as a comprehensive programme of vocational and professional education which is open to all employees on parental leave. EVN's objective for the medium term is to increase the share of women to a level that mirrors their current educational levels in the applicable professional groups.

The Austrian Equal Opportunity Act requires companies with a workforce above a certain threshold to submit a biannual remuneration report (§ 11a of the Equal Opportunity Act). All companies in the EVN Group with a workforce above the legally defined threshold prepared the required report and submitted it to the Central Works Council.

## Diversity concept for appointments to the Executive Board and Supervisory Board

(§ 243c (2) no. 3 of the Austrian Commercial Code)

The EVN Group is committed to offering equal opportunities to all its employees. The company is convinced that diversified teams produce better results and are more effective and innovative than single-gender groups. This principle also applies to the company's management and supervisory bodies.

There are no women on EVN's Executive Board at the present time, and no new appointments were made during 2018/19. New appointments are based on public announcements in accordance with the Austrian law governing personnel appointments.

Technical qualifications and personal expertise are the main criteria for the election of members to the Supervisory Board. The goal is to ensure a balanced composition of specialised know-how and personal qualifications. A special focus is placed on diversity with regard to the representation of both genders, a balanced age structure and the international character and professional background of the members.

Based on its current composition, EVN's Supervisory Board – as a whole and in the individual committees – has the necessary expertise required by the company, especially in the business, legal and technical fields.

EVN's Supervisory Board has included five women since 14 May 2019: three shareholder representatives and, since that date, two employee representatives. Bettina Glatz-Kremsner has served as chairwoman of the Supervisory Board since 21 January 2016. The percentage of women equalled 33.3% for the Supervisory Board as a whole. The current composition of EVN's Supervisory Board meets the requirements of the Austrian Equality Act for Men and Women on Supervisory Boards (Federal Gazette I 104/2017) with regard to the number of shareholder representatives and the number of employee representatives. This law calls

for a ratio of 30% for both genders on the supervisory boards of listed corporations with a specified minimum number of supervisory board members and employees. At the present time, EVN is required to meet the 30% quota for the Supervisory Board in total (§ 86 (9) of the Austrian Stock Corporation Act).

The members of the Supervisory Board range in age from 40 to 69 years.

## Remuneration report

The principles underlying the remuneration policy for the members of the Executive Board and Supervisory Board are explained under the respective sections of this report.

**Remuneration for top executives (R-Rule 28a):** EVN has implemented a variable remuneration system for top executives which meets the requirements of the ACGC and sets the following priorities:

- **Indicators to illustrate the company's economic situation:** The following quantitative parameters are used to measure the further development of management indicators that demonstrate the strategic and operating priorities of the EVN Group: increase in economic value added (EVA®) and average cash flow contribution.
- **Sustainability:** One of the primary objectives of the current version of the ACGC is to strengthen the focus of the Executive Board and top managers on sustainability and a long-term orientation. The solidity and stability of the variable remuneration system was further increased by the introduction of multi-year targets and a bonus reserve.
- **Bonus reserve:** The bonus reserve is defined as a payment mechanism which is converted into an annual pro-rata bonus if the quantitative targets are met during a given period. Up to one-half of the bonus reserve is distributed after the achievement of objectives has been confirmed, while the remainder is carried forward to the next year. The introduction of a bonus reserve is designed to achieve two main goals. On the one hand, it is based on a multi-year approach that links consecutive years by carrying the unpaid bonus components from the initial reserve forward to the next period (similar to an opening account balance). On the other hand, this scheme aims to cushion and smooth the "independent" fluctuations in the company's economic performance.

- **Multi-year approach:** The quantitative objectives were defined in advance for a three-year period up to the 2018/19 financial year, but the measurement period will be extended to four years beginning with 2019/20. The target attainment is based on internal data and information as well as external sources, e.g. benchmarks, peer group comparisons, capital market and rating evaluations. In addition to the general period, the accuracy and validity of the medium-term targets is evaluated each year. These targets are only revised in exceptional cases, for example in light of unforeseeable events or changes in the company which have a significant impact on performance.

**Stock options (L-Rule 29):** EVN does not have a stock option programme for the members of the Executive Board.

**Directors and officers insurance (C-Rule 30):** The current D&O insurance covers claims for damages by the company, shareholders, creditors, competitors and customers against the Executive Board resulting from violations of their legal obligation to exercise diligence in their capacity as managing directors. The managerial bodies of the Group's subsidiaries and certain affiliated companies are jointly insured under the prevailing terms and conditions at the present time. The costs for this insurance are carried by the company. Since the premium applies to the Group and is not based on the number of insured persons, extending this insurance coverage to the members of the corporate bodies of other Group companies does not increase the premium.

**Related party:** EVN AG and NÖ Landes-Beteiligungsholding GmbH concluded a group and tax settlement agreement in 2005. Additional information on related party transactions as defined in IAS 24 is provided under the basis of preparation in note 65 to the consolidated financial statements.

**Auditor's fees:** The annual and consolidated financial statements for the 2018/19 financial year were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The total fees charged by KPMG in 2018/19 amounted to EUR 1.7m (previous year: EUR 1.6m) and were distributed as follows: 33.4% for auditing services (previous year: 34.1%), 14.3% for audit-related services (previous year: 17.5%), 31.0% for tax consulting services (previous year: 39.8%) and 21.3% for other consulting services (previous year: 8.6%).



## Internal audit, risk management and compliance

### Internal audit

EVN's internal audit department reports directly to the Executive Board and to the Audit Committee of the Supervisory Board. The subsidiaries in Bulgaria and North Macedonia have separate internal audit departments, whereby their staffs – similar to the corporate internal audit staff – also receive regular training. The internal audit departments are responsible for auditing and controlling processes and business units. Their activities follow annual audit plans which are based on the results of risk assessments. These plans are approved by the responsible corporate bodies and supplemented by ad-hoc and special audits where required. The work of the internal audit departments is based on the International Professional Practices Framework (IPPF) which was issued by the Institute of Internal Auditors (IIA). Any problem areas identified during the audits are reported to the respective business units and measures for improvement are recommended. The implementation of the measures approved by EVN's management is then evaluated in follow-up audits. The above-mentioned audits did not identify any serious deficiencies that could endanger the strategy or goals of the EVN Group.

### Risk management

The goal of risk management at EVN is to protect the Group's current and future earnings potential. Risks are recorded and analysed based on a centrally managed two-stage process that provides the responsible employees in the EVN Group with methods and tools to identify and evaluate risks. The respective business units, which are also responsible for risk management, communicate their risk exposures to the central risk management department, which classifies, analyses and evaluates risks across the entire Group. Measures to minimise corporate risks are also identified and their implementation is monitored. The two-stage risk management process is supported by standardised guidelines and consistently carried out throughout the Group. The resulting risk analyses are presented to the Executive Board and the responsible managing directors at regular intervals by the Group Risk Committee. A detailed presentation of EVN's main risks and the measures taken to control risks can be found in the section on "risk management" in the 2018/19 management report.

### Capital market compliance

EVN has issued a comprehensive set of rules to prevent the misuse of insider information, which are based on Regulation (EU) No. 596 /2014 (market abuse regulation), the Austrian Stock Corporation Act and capital market law, and the EU's Market

Abuse Directive. Twenty permanent and three ad-hoc areas of EVN's business have been designated as strictly confidential, and the involved employees take part in regular training. Compliance and confidentiality are monitored and evaluated by a designated compliance officer who reports directly to the Executive Board. The regular controls carried out by the compliance officer in 2018/19 did not identify any deficiencies.

**Directors' dealings (C-Rule 73):** No purchases of EVN shares by members of EVN's management or closely related persons (Art. 19 of Regulation (EU) No. 596 /2014 (market abuse regulation)) were reported to the company or to the Austrian Financial Market Authority during 2018/19.

### Compliance and EVN Code of Conduct

EVN places great importance on the integrity and legally compliant behaviour of all its employees and business partners. Through their role as an integral part of an international energy and environmental services company, the managers and employees of EVN have a far-reaching responsibility and a role model function both in Austria and abroad.

The Code of Conduct, which was developed in a Group-wide process, forms the basis for all compliance measures at EVN. Corporate compliance management (CCM), a staff department reporting directly to the Executive Board, is responsible for the development, management and improvement of the compliance management system (CMS). The CMS defines a standardised framework for the entire Group which is designed to support the honest and legally compliant behaviour of employees in everyday business activities.

The EVN Code of Conduct can be found under [www.evn.at/Code-of-conduct.aspx](http://www.evn.at/Code-of-conduct.aspx). Its content reflects EVN's various stakeholder groups and is designed to support all employees in integrating EVN's values into their everyday working activities.

EVN has carried out comprehensive training for its employees on ethical and legally compliant behaviour since 2013/14 based on a compliance box developed especially for this purpose. The training lasts a minimum of two and a half hours and is based on EVN's Code of Conduct. Compliance training was provided for nearly 1,900 employees and managers in five languages and eight countries during 2018/19. Supplementary information is also available to employees in the EVN Intranet. All employees are required to complete a one-hour modular e-learning programme after their mandatory training course. Special training sessions on relevant topics are also held for areas exposed to increased risk, during which managers in EVN's international companies completed half-day workshops which included the handling of realistic compliance scenarios. Since

the introduction of the CMS, more than 9,000 employees and managers have received training on the Code of Conduct in various cycles with different formats on subjects that include customers, the capital market and investors, integrity and the prevention of corruption and data protection and confidentiality.

An important element of the CMS is the whistle-blowing procedure, which provides a framework to communicate possible violations of EVN's Code of Conduct. This system is voluntary, and reports can be submitted anonymously. In cases where the information is submitted under a specific name, the identity of the reporting person is treated confidentially.

The specific assessment of compliance risks in the individual organisational units forms the basis for the development of compliance measures. In keeping with the adjusted organisational structure of the EVN Group and the ongoing changes in the business environment, a compliance risk assessment was carried out during 2018/19 in individual workshops with managers and technical experts in Austria based on the focal points of the Code of Conduct.

As a means of strengthening and advancing compliance awareness, compliance scenarios were discussed and solution approaches were developed in workshops with managers and staff in the EVN Group. Activities in Austria focused on extensive training in the areas of equal opportunity and conflicts of interest. This content was transferred to management and integrated in the basic training for employees. A compliance readiness check was carried out in Bulgaria, North Macedonia and the international project business of WTE Wassertechnik GmbH to examine the compliance culture and review the actual implementation of the CMS. The awareness of compliance issues, the CMS structures and employees' knowledge formed the content of the analysis.

Compliance is viewed as an internal business partner for all areas of the business. Approaches were therefore developed with all compliance officers to increase customer orientation. They will be implemented to further optimise the CMS service offering and provide even better support for business activities in all areas of the EVN Group.

The Supervisory Board received a report on the content, goals and status of the compliance organisation in its meeting on 12 December 2018 in accordance with C-Rule 18a.

EVN's data protection officer, together with the data protection officers in the individual business units, is responsible for coordinating activities to meet the requirements of the EU General Data Protection Regulation. Their joint activities ensure the protection of personal data in accordance with legal regulations.

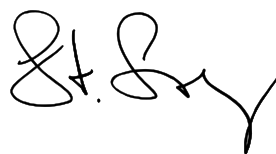
## External evaluation

In accordance with C-Rule 62, compliance with the C-Rules of the ACGC must be evaluated at least every three years by an external institution and the results of this evaluation must be included in the corporate governance report.

The required external evaluation was carried out in 2017/18. It concluded that EVN complied with the C-Rules of the ACGC, with only a few exceptions, during the 2016/17 financial year to the extent these rules were covered by the declaration of commitment issued by EVN. A number of rules did not apply to EVN during the evaluation period.

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, evaluated the consolidated corporate governance report prepared by EVN in accordance with § 96 (2) of the Austrian Stock Corporation Act and reported on the results of their review to the Executive Board and the Supervisory Board. This report on compliance with the Austrian Corporate Governance Code can be found under [www.investor.evn.at](http://www.investor.evn.at).

Maria Enzersdorf, 18 November 2019



**Stefan Szyszkowitz**  
Spokesman of the Executive Board



**Franz Mittermayer**  
Member of the Executive Board

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# Management report

## Energy policy environment

The energy policy framework conditions for our work are determined to a substantial degree by the targets defined in European energy and climate policies as well as their implementation at the national level. The interaction of European institutions – for example, the Agency for the Cooperation of Energy Regulators (ACER) and the Energy Community – plays a key role in this respect.

### European energy and climate policy

The goal set by the European Council in 2011 to cut greenhouse gas emissions in the European Union 80% to 95% below the 1990 level by 2050 was underscored by the signing of the Paris Agreement on Climate Change. The climate and energy roadmap issued by the European Council includes the following interim goals for the years up to 2030:

- A reduction of at least 40% in greenhouse gas emissions below the 1990 level
- An increase in the share of renewable energy in the total energy mix to at least 32%
- An improvement of at least 32.5% in energy efficiency
- Cross-border electricity interconnecting lines equalling at least 15% of domestic generation capacity

### Clean energy package

In order to meet these overriding goals, the European Union approved a package of measures in the reporting year under the title “Clean Energy for all Europeans”. These measures involve the energy sector, above all in the following areas: the organisation of the electricity market, supply security for electricity, the management of the future energy union, energy efficiency and renewable energy.

One objective of this package is to create new framework conditions for decentralised generation structures on the European energy market. The European electricity market of the future will include the possible use of capacity mechanisms through the fee-based provision of generation capacity. These efforts are intended to protect supply security and establish a permanent load balance on the future European electricity market. In addition, regional and European calculations for capacity requirements are planned. Furthermore, “prosumers”, i. e. active consumers, shall become market participants with their own decentralised generation capacity – also as part of citizens’ energy collectives.

The creation of suitable technical solutions for the network structure against the backdrop of increasing decentralised generation will require the inclusion of all network operators in the transformation of the electricity system. The formation of a European

organisation of distribution network operators (DSO entity) is intended to improve cooperation with the transmission network operators.

### Future climate policy targets in the EU

Even before officially taking office, the new president of the European Union, recommended a much stronger reduction in greenhouse gas emissions by 2030 – namely 55% below the 1990 level. Plans call for the presentation of a strategy paper by the beginning of 2020 as the basis for revising the current legal regulations and framework conditions.

### Austrian climate and energy strategy

Austria – as well as all other member states of the European Union – must submit a final national energy and climate plan to the EU Commission by the end of 2019. The basis for this plan is formed by #mission2030, a climate and energy strategy presented by the former Austrian federal government in June 2018. The targets defined by #mission2030 include, among others, an exit from fossil fuel-based energy by 2050 and an increase in the share of renewable energy to between 45% and 50% of primary energy requirements by 2030. Another target calls for electricity consumption to be covered in full (national balance) by renewable energy sources in 2030. In the area of energy efficiency, Austria has set a goal to raise primary energy intensity 25% to 30% over the 2015 level by 2030.

### Austrian green electricity regulations

The Austrian Parliament passed an amendment to the Green Electricity Act in September 2019. It creates a transitional solution to reduce the waiting lists for wind power projects which have already received government approval through the advanced payout of subsidies. This amendment also extends the operations of numerous biomass and biogas plants until the new Renewable Energy Expansion Act is passed and enacted.

The Renewable Energy Expansion Act must be passed by the Austrian Parliament during the current legislative period. It is expected to define new framework conditions for the further expansion of renewable energies as a means of meeting Austrian and European climate goals, while also supporting the implementation of the Clean Energy Package and new rules to guarantee supply security.

### German-Austrian electricity price zone

The possibility of unrestricted electricity trading between Germany and Austria, which took effect in 2002, has been limited to the management of shortages since 1 October 2018 based on a long-term capacity limit of 4.9 GW between the two countries. The Austrian network transmission operator has also been required to

contribute up to 1.0 GW to stabilise the German transmission networks since 1 October 2018, and this volume will increase to 1.5 GW as of 1 October 2019. Since 1 October 2018, EVN has provided the Austrian distribution network operator with reserve capacity for network stabilisation – namely 430 MW from the Theiss gas-fired power plant.

## Regulatory environment

### Austria

The operation of the distribution networks and network infrastructure for electricity and natural gas in Lower Austria is the responsibility of EVN's subsidiary Netz Niederösterreich GmbH. All investments and expenditures by this company to ensure the continuous operations of the network infrastructure are remunerated through network tariffs which are set by the E-Control Commission each year in accordance with the Austrian regulatory method.

Key parameters for the determination of the network tariffs include the interest-bearing capital base (regulatory asset base) of the network operator and the weighted average cost of capital. Also included is an incentive in the form of productivity factors, which serve as individual cost reduction targets for the respective company and also include inflationary adjustments. E-Control sets the weighted average cost of capital and cost reduction targets for an entire regulatory period, which equals five years in Austria.

The regulatory authority reduced the weighted average cost of capital with the start of the new regulatory periods for the natural gas distribution network and for the electricity distribution network on 1 January 2018 and 1 January 2019, respectively, to reflect the generally lower interest rate levels. However, a differentiation was made for the first time between the efficiency of the various network operators and between existing and new equipment in order to create incentives for further investments and efficiency improvements. This benefits network operators with higher productivity in industry comparison as well as with the slightly higher interest rates on the capital required for new investments. EVN's network company has received a very positive evaluation from the regulatory authority for its productivity in peer-group benchmarking.

### Bulgaria

The electricity market for industrial customers in Bulgaria has been completely liberalised, and commercial customers will now receive gradual access to the free market. Commercial customers in the regulated market will still be supplied by EVN Bulgaria in 2019/20. After that time, the company will only supply household customers and serve as a "supplier of last resort" for customers in the liberalised market segment who do not select another supplier or

cannot receive electricity from their chosen supplier through no fault of their own. Energy sales to customers in the regulated market segment and the procurement of the corresponding volumes are based on regulated prices. EVN Trading SEE will continue to act as a supplier for the liberalised customers.

The Bulgarian regulatory authority set new energy tariffs for the regulated market segments as of 1 July 2019. The end customer prices for household customers in EVN's supply area were increased by 3.5% on average for electricity and by roughly 7.4% for heat (previous year: average increase of 1.4% for electricity and reduction of roughly 4.0% for heat as of 1 July 2018).

The second year of the new three-year regulation period for the electricity network in Bulgaria began on 1 July 2019. The regulatory method for this network defines a revenue cap which covers recognised operating expenses, amortisation and depreciation as well as an adequate return on the regulatory asset base. The applied method also includes the projected network distribution volumes as well as an annually defined investment factor that covers planned future investments. EP Yug is responsible for the operation of the electricity distribution networks in EVN's Bulgarian supply area.

### North Macedonia

In order to achieve the legally required unbundling of the individual fields in the energy business and meet the related requirements, EVN operates through various companies in North Macedonia. Network operations in the regulated market segment are the responsibility of EVN Elektro distribucija DOOEL, which was renamed Elektro distribucija DOOEL as of 1 January 2019. Customers in the liberalised market segment receive deliveries from the sales company EVN Macedonia Elektrosnabduvanje DOOEL, while EVN Macedonia Elektrani DOOEL serves as a production company.

EVN won the tender for the license as the "supplier of universal service" for North Macedonia at the end of February 2019. Through EVN Home DOO, a newly founded sales company, it supplies electricity to all households and small businesses in the regulated market segments. The related license initially covers five years.

The tariff decisions which took effect in North Macedonia on 1 July 2019 did not result in any changes for electricity end customers (previous year: average reduction of 0.2%). The second year of the new three-year regulation period for the electricity network also began on 1 July 2019. Similar to the framework in Bulgaria, the regulatory method for this network defines a revenue cap which covers recognised operating expenses, amortisation and depreciation as well as an adequate return on the regulatory asset base.

## Croatia

The full liberalisation of the Croatian natural gas market has been postponed until 2021, but household customers have already received the right to change suppliers. The market for commercial and industrial customers has been liberalised since 2012, and this growing liberalisation has led to greater competition among the natural gas suppliers active in Croatia. The consolidation and takeover processes that have taken hold in the natural gas sector lead to expectations of a further increase in competition.

## General business environment

The global economy has recently shown signs of weakness, and the industrial sector, specifically, is experiencing a downturn. The lingering trade conflict between the USA and China as well as the uncertainty surrounding the Brexit have slowed the demand for investments and, in turn, triggered a reduction in industrial production and trade across the globe. However, there are no signs of a worldwide recession at the present time: financing conditions remain favourable due to loose monetary policies; fiscal policy has, in some cases, served as a stimulus for growth; and consumer demand is continuing to grow substantially in many countries. In this environment, the European Union's economic research institutes are expecting a decline in GDP growth from 2.1% in 2018 to 1.4% in 2019 and 2020.

The unfavourable international environment has caused the Austrian economy to cool significantly, and the export sector, in particular, has lost substantial momentum. Additional downward risks for the domestic economy can be found in the uncertainties connected with economic policy and the potential spread of the slowdown in growth to the service sector. Conversely, the continuation of low-cost financing conditions and positive trends on the labour market as well as fiscal impulses and strong consumer demand are driving

the economy. GDP forecasts for Austria show a reduction from the 2.4% recorded in 2018 to 1.5% to 1.7% in 2019 and 1.3% to 1.4% in 2020.

In Bulgaria, economic growth has accelerated steadily throughout the 2019 calendar year. This trend was supported by private consumption and investments as well as a recent increase in foreign trade. Current expectations indicate that the sound demand for exports will remain a positive factor. Growth prospects were reinforced by a stronger competitive position and declining unemployment with an accompanying increase in wages. These developments were also responsible for an upgrade by Moody's, which raised the outlook for the Bulgarian state from stable to positive and confirmed the country's Baa2 rating. The favourable climate is expected to provide fertile ground for continued economic growth – after 3.1% in 2018 – of 3.0% to 3.6% in 2019 and 2.5% to 3.0% in 2020.

The forecasts for economic development in Croatia are similarly positive. Domestic demand remains the major driver for growth but, for the first time in years, investments made a stronger contribution than private consumption. There has been an increase, above all, in public infrastructure investments, while tourism continues to show solid development. In contrast, exports recently slowed in reaction to the increasingly challenging global environment. GDP growth is expected to range from 2.8% to 3.0% in 2019 and from 2.5% to 2.7% in 2020.

Following an agreement in the decades-long dispute with Greece, the name of the Former Yugoslav Republic of Macedonia was officially changed to the Republic of North Macedonia in February 2019. This step represents an important milestone for the country on its way towards EU and NATO membership. The North Macedonian economy overcame the stagnation recorded in 2017 with GDP growth of 2.7% in 2018. Positive impulses were created, above all, by the flourishing export sector and private

<b>GDP growth</b>	%	<b>2020f</b>	<b>2019e</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
EU-28 <sup>1)2)</sup>		1.4	1.4	2.1	2.7	2.0
Austria <sup>2)3)</sup>		1.3–1.4	1.5–1.7	2.4	2.5	2.0
Bulgaria <sup>1)2)4)5)</sup>		2.5–3.0	3.0–3.6	3.1	3.8	3.9
Croatia <sup>1)2)4)6)</sup>		2.5–2.7	2.8–3.0	2.6	2.9	3.5
North Macedonia <sup>5)6)</sup>		3.2–3.4	2.9–3.2	2.7	0.2	2.8

1) Source: "European Economic Forecast, Autumn 2019", EU-Commission, November 2019

2) Source: "Prognose der österreichischen Wirtschaft 2019–2020", IHS, October 2019

3) Source: "Prognose für 2019 und 2020: Abschwächung der Konjunktur, aber keine Rezession", WIFO, October 2019

4) Source: "Strategie Österreich & CEE 4. Quartal 2019", Raiffeisen Research, September 2019

5) Source: "Global Economic Prospects", World Bank, June 2019

6) Source: "World Economic Outlook", International Monetary Fund, October 2019

consumption, which benefited from measures that included an increase in the minimum wage and higher employment. Structural reforms and the stable banking sector will also provide long-lasting incentives for investment. Investors' confidence has at the same time been substantially improved by the stabilisation of the political situation. The forecasts for economic growth in North Macedonia range from 2.9% to 3.2% in 2019 and 3.2% to 3.4% in 2020.

## Energy sector environment

External factors have a significant influence on the development of the energy business. The weather plays a key role in the demand for electricity, natural gas and heat by household customers, while the general business environment represents a main driver for the energy requirements of industrial customers.

Temperatures in EVN's three core markets were above the long-term level during the 2018/19 financial year. In Austria, the cooler weather in May 2019 partly offset the reduced demand

for energy during the mild winter half-year, but the heating degree total – which defines the temperature-related demand for energy – was 3.0 percentage points below the long-term average and 4.8 percentage points lower than the prior year. Bulgaria and North Macedonia also experienced another unusually mild weather period, but the heating degree totals in these two countries were slightly higher than the previous year with a plus of 0.6 percentage points and 1.3 percentage points, respectively.

The cooling-related demand for energy, in contrast, differed by national market: the cooling degree total was 1.2 percentage points below the previous year in Austria, but 1.8 percentage points and 35.6 percentage points, respectively, higher than the previous year in Bulgaria and North Macedonia.

The average EEX price for natural gas declined further from a very low level in 2018/19, falling by 20.9% year-on-year to EUR 17.1 per MWh. Well-filled storage facilities and high imports of liquid natural gas to Europe were the main reasons for this development. Average hard coal prices were 19.5% lower at EUR 62.6 per tonne, not only as a result of the weakening economy but also

<b>Energy sector environment – indicators</b>		<b>2018/19</b>	<b>2017/18</b>
<b>Heating-related energy demand<sup>1)</sup></b>		%	
Austria		97.0	101.8
Bulgaria		93.9	93.3
North Macedonia		96.9	95.6
<b>Cooling-related energy demand<sup>1)</sup></b>		%	
Austria		104.0	105.2
Bulgaria		105.0	103.2
North Macedonia		129.1	93.5
<b>Primary energy and CO<sub>2</sub> emission certificates</b>			
Crude oil – Brent	EUR/bbl	58.6	58.3
Natural gas – GIMP <sup>2)</sup>	EUR/MWh	17.1	21.6
Hard coal – API#2 <sup>3)</sup>	EUR/t	62.6	77.7
CO <sub>2</sub> emission certificates	EUR/t	23.3	12.6
<b>Electricity – EEX forward market<sup>4)</sup></b>			
Base load	EUR/MWh	45.7	34.1
Peak load	EUR/MWh	55.6	42.2
<b>Electricity – EPEX spot market<sup>5)</sup></b>			
Base load	EUR/MWh	45.5	39.2
Peak load	EUR/MWh	52.4	47.5

1) Calculated based on the heating degree total respectively cooling degree total; The basis (100%) corresponds to the adjusted long-term average for the respective countries.

2) Net Connect Germany (NCG) – EEX (European Energy Exchange) stock exchange price for natural gas

3) ARA notation (Amsterdam, Rotterdam, Antwerp)

4) Average prices for the respective EEX quarterly forward market prices, beginning one year before the respective reporting period

5) EPEX spot – European Power Exchange



due to a particularly sharp rise of 84.5% in the price of CO<sub>2</sub> emission certificates during 2018/19. In addition to the reduction in the supply of emission certificates caused by an artificial shortage, the higher price was also based on stronger demand by industrial customers. Another determining factor was the decision by the European Parliament in February 2018 in favour of an even stronger reduction in emission certificates beginning in 2021.

The market prices for base load and peak load electricity also increased during the 2018/19 financial year: average forward prices rose by 34.1% year-on-year to EUR 45.7 per MWh for base load electricity and by 31.8% to EUR 55.6 per MWh for peak load electricity. The increase in average spot market prices was more moderate but still considerably higher than the prior year, with a plus of 15.9% to EUR 45.5 per MWh for base load electricity and 10.2% to EUR 52.4 per MWh for peak load electricity. This upward trend also reflected the rising price of CO<sub>2</sub> emission certificates. In Austria, the separation of the common Austrian-German price zone as of 1 October 2018 led to an increase in the electricity price compared with Germany. A calculation by the Austrian Energy Agency showed that wholesale electricity prices in Austria were EUR 3.40 per MWh on average higher than in Germany during the first twelve months after the separation. These price differences were characterised by strong seasonal fluctuation and were substantially higher during the winter half-year than in the summer months.

## Business development

The scope of consolidation and changes in comparison with the previous year are explained in the consolidated notes.

☐ Also see page 151f

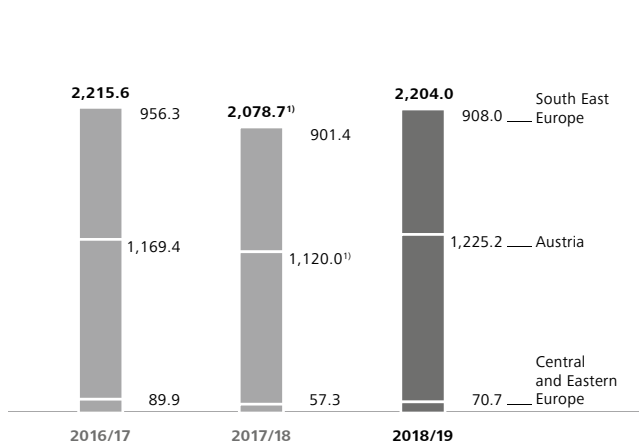
### Statement of operations

#### Highlights 2018/19

- Group net result above previous year due to non-cash, non-recurring effects
  - Lower market interest rates and higher electricity prices required revaluations of previously impaired renewable generation assets, electricity procurement rights, district heating assets and customer bases (in Bulgaria and North Macedonia)
- Sound earnings contribution from wind power
- Earnings development negatively influenced, as expected, by higher wholesale prices, loss of network stabilisation contracts for southern Germany and price and volume effects in the Networks Segment

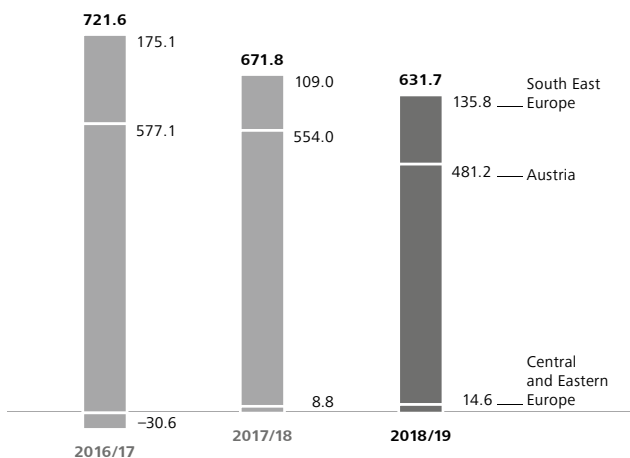
#### Revenue by region<sup>1)</sup>

EURm



#### EBITDA by region

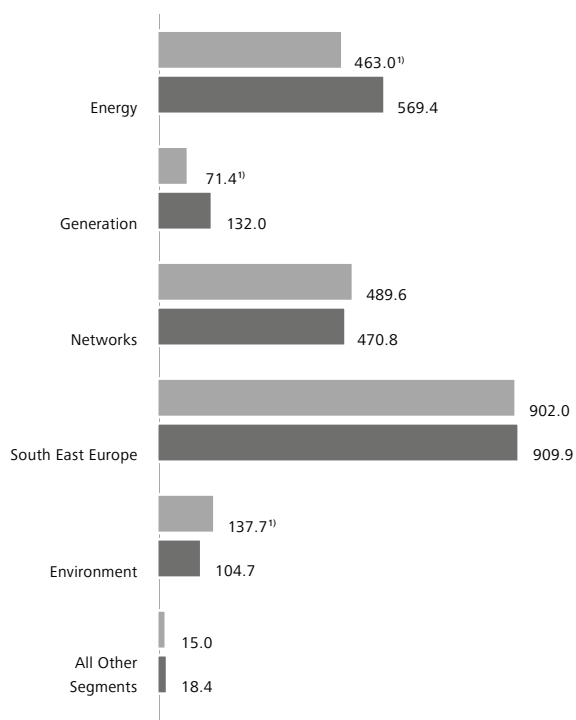
EURm



1) Previous year's figures were adjusted – see the consolidated notes, note 2. Reporting in accordance with IFRS, Changes in the presentation of the consolidated financial statements and adjustment of prior year data

## External revenue by segment

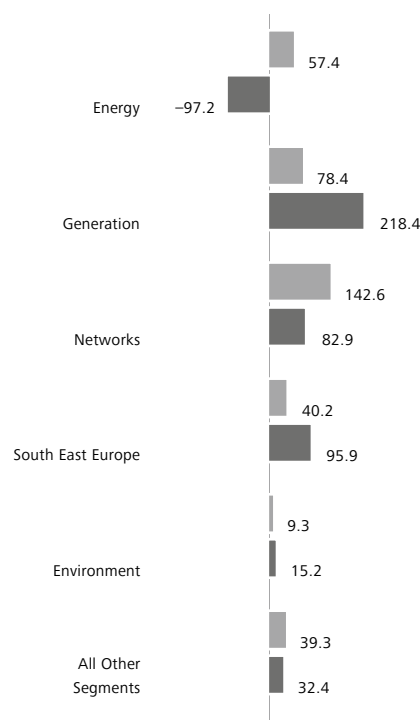
EURm

 2017/18  
2018/19


1) The comparative information was adjusted – see the consolidated notes, note 2. Reporting in accordance with IFRS, Changes in the presentation of the consolidated financial statements and adjustment of prior year data

## EBIT by segment

EURm

 2017/18  
2018/19


Management report

## Results of operations

Revenue recorded by the EVN Group rose by 6.0% year-on-year to EUR 2.2bn in 2018/19. This increase was supported, above all, by the substantial growth in renewable generation, positive impulses from heat supplies and valuation effects from hedges for electricity production. Positive revenue development in South East Europe was contrasted by a changed, but earnings-neutral calculation for the so-called “green electricity mark-up” in Bulgaria (also see the comments on the South East Europe Segment). Lower revenue was also recorded from thermal generation and the Networks Segment.

The revenue generated by EVN outside Austria amounted to EUR 978.7m (previous year: EUR 958.8m). This represents a decline in the share of Group revenue from 46.1% in the previous year to 44.4% in 2018/19.

Positive changes in inventories – especially in the international project business – supported an increase of 19.1% in other operating income to EUR 117.8m.

The cost of electricity purchases from third parties and primary energy expenses rose by EUR 120.0m. It reflected the increased expenses which resulted from the higher valuation of hedges for primary energy carriers and CO<sub>2</sub> emission certificates as well as higher upstream network costs. The above-mentioned change in the calculation of the “green electricity mark-up” in Bulgaria, among others, was responsible for a reduction and, consequently, a contrary effect.

The cost of materials and services increased by 1.9% year-on-year to EUR 280.3m.

<b>Condensed consolidated statement of operations</b>	<b>2018/19</b>	<b>2017/18</b>	<b>+/-</b>		<b>2016/17</b>
	<b>EURm</b>	<b>EURm</b>	<b>Nominal</b>	<b>%</b>	<b>EURm</b>
<b>Revenue<sup>1)</sup></b>	<b>2,204.0</b>	<b>2,078.7</b>	<b>125.3</b>	<b>6.0</b>	<b>2,215.6</b>
Other operating income <sup>1)</sup>	117.8	98.9	18.9	19.1	101.9
Electricity purchases and primary energy expenses	-1,081.3	-961.3	-120.0	-12.5	-989.0
Cost of materials and services	-280.3	-275.1	-5.2	-1.9	-313.7
Personnel expenses	-338.7	-321.7	-17.0	-5.3	-316.8
Other operating expenses	-120.2	-135.7	15.5	11.4	-139.0
Share of results from equity accounted investees with operational nature	130.5	188.0	-57.6	-30.6	162.6
<b>EBITDA</b>	<b>631.7</b>	<b>671.8</b>	<b>-40.2</b>	<b>-6.0</b>	<b>721.6</b>
Depreciation and amortisation	-269.8	-258.3	-11.5	-4.5	-262.3
Effects from impairment tests	41.6	-20.6	62.2	-	-112.5
<b>Results from operating activities (EBIT)</b>	<b>403.5</b>	<b>392.9</b>	<b>10.6</b>	<b>2.7</b>	<b>346.9</b>
<b>Financial results</b>	<b>-29.9</b>	<b>-37.2</b>	<b>7.3</b>	<b>19.5</b>	<b>-21.4</b>
<b>Result before income tax</b>	<b>373.5</b>	<b>355.7</b>	<b>17.8</b>	<b>5.0</b>	<b>325.5</b>
Income tax	-46.7	-76.1	29.4	38.7	-53.9
<b>Result for the period</b>	<b>326.9</b>	<b>279.6</b>	<b>47.3</b>	<b>16.9</b>	<b>271.5</b>
thereof result attributable to EVN AG shareholders (Group net result)	302.4	254.6	47.8	18.8	251.0
thereof result attributable to non-controlling interests	24.5	25.0	-0.6	-2.3	20.5
<b>Earnings per share in EUR<sup>2)</sup></b>	<b>1.70</b>	<b>1.43</b>	<b>0.3</b>	<b>18.7</b>	<b>1.41</b>

1) Previous year's figures were adjusted – see the consolidated notes, note 2. Reporting in accordance with IFRS,

Changes in the presentation of the consolidated financial statements and adjustment of prior year data

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

The annual salary and wage adjustments required by collective agreements and a higher average number of employees led to an increase of 5.3% in personnel expenses to EUR 338.7m. The EVN Group had an average workforce of 6,908 in 2018/19 (previous year: 6,831 employees).

Other operating expenses were 11.4% lower at EUR 120.2m, among other factors due to a reduction in receivables write-offs in South East Europe.

The share of results from equity accounted investees with operational nature was influenced by contrary developments and fell by 30.6% year-on-year to EUR 130.5m. Weaker business development at EVN KG due to higher procurement costs and negative effects from the valuation of hedges as of 30 September 2019 combined with a lower earnings contribution from RAG led to a reduction. Positive contrasting factors included the higher earnings contribution from Verbund Innkraftwerke GmbH, which was supported by an improvement in the operating business, and a revaluation of the investment (EUR 92.2m) to reflect the decline in market interest rates and expectations of an increase in electricity prices.

Based on these developments, EBITDA declined by 6.0% year-on-year to EUR 631.7m. Scheduled depreciation and amortisation rose by 4.5% to EUR 269.8m consistent with the high level of investments, but impairment testing – as reported in an ad-hoc announcement on 21 October 2019 – led to positive revaluations and related non-recurring effects. These revaluations reflected the general decline in market interest rates as well as expectations of an increase in electricity prices and were related primarily to previously impaired renewable generation assets, electricity procurement rights and district heating assets and to customer bases (in Bulgaria und North Macedonia). The results of impairment testing were responsible for a positive effect of EUR 41.6m: included here are the above-mentioned revaluations as well as an impairment loss to the proportionate investment held by EVN in the Walsum 10 power plant (EUR 13.0m) and to other thermal generation assets. EBIT for the 2018/19 financial year therefore rose by a total of 2.7% to EUR 403.5m.

Financial results improved by 19.5% to EUR -29.9m, in particular due to an increase in the value of the R 138 fund and to improved results from other investments.

The result before income tax rose by 5.0% year-on-year to EUR 373.5m. After the deduction of EUR 46.7m in income tax expense (previous year: EUR 76.1m) and the earnings attributable to non-controlling interests, Group net result for the 2018/19 financial year equalled EUR 302.4m (previous year: EUR 254.6m).

## Statement of financial position

### Asset and financial position

EVN's balance sheet total rose by 4.6% over the level on 30 September 2018 to EUR 8,188.6m as of 30 September 2019.

This increase was based primarily on the development of non-current assets, which rose by 6.5% to EUR 7,330.9m, and resulted chiefly from the substantially higher price of the Verbund share on the balance sheet date (EUR 50.20 as of 30 September 2019 versus EUR 42.42 as of 30 September 2018). Intangible assets and property, plant and equipment also increased as the result of

higher investments and revaluations during the reporting year. The revaluations were based on the decline in market interest rates as well as expectations of higher electricity prices and were related primarily to previously impaired renewable generation assets, electricity purchase rights and district heating assets and to the customer bases in Bulgaria and North Macedonia.

A decline was recorded in the investments in equity-accounted investees because the negative earnings contribution from EVN KG and its lower distribution for 2017/18 were only offset in part by a higher earnings contribution from Verbund Innkraftwerke GmbH. Other non-current assets were also lower than on 30 September 2018. This reduction was caused primarily by a lower balance of non-current securities in the R 138 fund, a decline in receivables from derivative transactions (to reflect the increase in wholesale prices and the resulting lower valuation of energy derivatives) and the reclassification of inventories to current assets.

Condensed consolidated statement of financial position	30.09.2019	30.09.2018	+/-		30.09.2017
	EURm	EURm	Nominal	%	EURm
<b>Assets</b>					
<b>Non-current assets</b>					
Intangible assets and property, plant and equipment	3,798.0	3,620.8	177.2	4.9	3,560.6
Investments in equity accounted investees and other investments	3,297.5	2,939.9	357.6	12.2	1,873.8
Other non-current assets	235.4	321.2	-85.8	-26.7	289.5
	<b>7,330.9</b>	<b>6,881.9</b>	<b>449.0</b>	<b>6.5</b>	<b>5,723.8</b>
<b>Current assets</b>	<b>857.7</b>	<b>949.1</b>	<b>-91.5</b>	<b>-9.6</b>	<b>731.0</b>
<b>Non-current assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>8,188.6</b>	<b>7,831.1</b>	<b>357.5</b>	<b>4.6</b>	<b>6,454.9</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Issued capital and reserves attributable to shareholders of EVN AG	4,295.6	3,832.8	462.9	12.1	2,892.1
Non-controlling interests	256.5	259.9	-3.4	-1.3	258.0
	<b>4,552.1</b>	<b>4,092.6</b>	<b>459.4</b>	<b>11.2</b>	<b>3,150.1</b>
<b>Non-current liabilities</b>					
Non-current loans and borrowings	990.0	1,040.5	-50.4	-4.8	1,125.4
Deferred tax liabilities and non-current provisions	1,081.2	951.8	129.5	13.6	624.4
Deferred income from network subsidies and other non-current liabilities	661.9	678.0	-16.1	-2.4	642.4
	<b>2,733.2</b>	<b>2,670.3</b>	<b>62.9</b>	<b>2.4</b>	<b>2,392.2</b>
<b>Current liabilities</b>					
Current loans and borrowings	68.8	89.1	-20.3	-22.8	50.5
Other current liabilities	834.6	979.1	-144.5	-14.8	862.1
	<b>903.3</b>	<b>1,068.1</b>	<b>-164.8</b>	<b>-15.4</b>	<b>912.6</b>
<b>Total equity and liabilities</b>	<b>8,188.6</b>	<b>7,831.1</b>	<b>357.5</b>	<b>4.6</b>	<b>6,454.9</b>

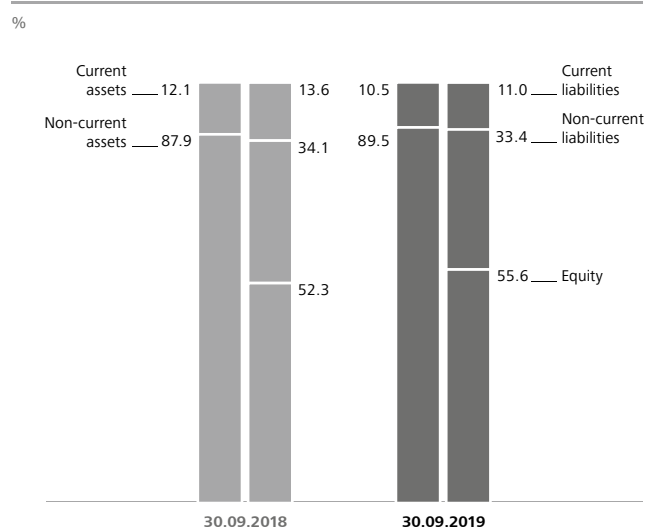
Current assets declined by 9.6% to EUR 857.7m, primarily due to the lower valuation of receivables and investments in cash funds as of 30 September 2019. In contrast, inventories increased as the result of a rise of customer contracts which were not yet invoiced and the higher balance of raw materials and supplies which followed the above-mentioned reclassification.

EVN's equity increased by 11.2% year-on-year to EUR 4,552.1m as of 30 September 2019. This development was supported by the Group net result for 2018/19 and, above all, by positive effects from valuations recorded directly in equity (especially the increase in the Verbund share price). The equity ratio equalled 55.6% as of 30 September 2019 (30 September 2018: 52.3%).

Non-current liabilities rose by 2.4% to EUR 2,733.2m as of 30 September 2019, despite declines under individual components of this position. Non-current tax liabilities were increased by the higher market price of the Verbund share; non-current employee-related provisions rose following the application of a lower discount rate; and a higher balance of network subsidies was recorded. These items were contrasted by a reduction which resulted from the reclassification of financial liabilities from non-current to current and a decline in non-current liabilities from derivative transactions.

Current liabilities fell by 15.4% to EUR 903.3m, chiefly due to declines in the amounts payable to equity accounted investees, trade payables, current liabilities from derivative transactions and current financial liabilities. Higher current tax liabilities represented a contrary factor.

### Balance sheet structure



### Value analysis

The weighted average cost of capital (WACC) after tax – including EVN's specific company and country risks – was set at 6.25% for the purpose of corporate management. The operating return on capital employed (OpROCE) amounted to 5.2% for the reporting year (previous year: 7.7%). The economic value added (EVA®) generated in 2018/19 totalled EUR –42.1m (previous year: EUR 58.9m).

### Value analysis

		2018/19	2017/18	+/- %	2016/17
Average equity	EURm	4,322.4	3,621.4	19.4	2,960.4
WACC after income tax <sup>1)2)</sup>	%	6.3	6.3	–	6.3
Operating ROCE (OpROCE) <sup>1)3)</sup>	%	5.2	7.7	–2.5	10.2
Average capital employed <sup>3)</sup>	EURm	4,135.4	4,094.2	1.0	4,173.5
Net operating profit after tax (NOPAT) <sup>3)</sup>	EURm	216.3	314.8	–31.3	425.7
EVA®	EURm	–42.1	58.9	–	164.8

1) Changes reported in percentage points

2) The WACC given (exact value: 6.25%) is used for the purpose of corporate management.

3) Adjusted for impairment losses and one-off effects; The market value of the investment in Verbund AG is not included in capital employed in order to consistently determine the value contribution.

Capital structure indicators	30.09.2019	30.09.2018	+/-		30.09.2017
	EURm	EURm	Nominal	%	EURm
Non-current loans and borrowings	990.0	1,040.5	-50.4	-4.8	1,125.4
Current loans and borrowings <sup>1)</sup>	68.4	89.1	-20.6	-23.2	49.2
Cash and cash equivalents	-246.2	-214.5	-31.7	-14.8	-221.8
Non-current and current securities	-187.2	-274.8	87.6	31.9	-59.0
Non-current and current loans receivable	-36.8	-42.2	5.4	12.8	-43.9
<b>Financial net debt</b>	<b>592.0</b>	<b>598.0</b>	<b>-5.9</b>	<b>-1.0</b>	<b>849.9</b>
<b>Net debt</b>	<b>999.5</b>	<b>963.7</b>	<b>35.8</b>	<b>3.7</b>	<b>1,213.2</b>
<b>Equity</b>	<b>4,552.1</b>	<b>4,092.6</b>	<b>459.4</b>	<b>11.2</b>	<b>3,150.1</b>
<b>Gearing (%)<sup>2)</sup></b>	<b>22.0</b>	<b>23.5</b>	<b>-</b>	<b>-1.5</b>	<b>38.5</b>

1) Excl. bank overdrafts contained in cash and cash equivalents

2) Changes reported in percentage points

### Liquidity position

EVN has steadily reduced its net debt in recent years. Net debt now approximates EUR 1bn – with fluctuations as of the respective balance sheet dates (net debt including non-current employee-related provisions as of 30 September 2019: EUR 999.5m). This basis and the renewed growth in equity, which was also supported by the higher price of the Verbund share, led to a further decrease in the gearing ratio from 23.5% to 22.0%.

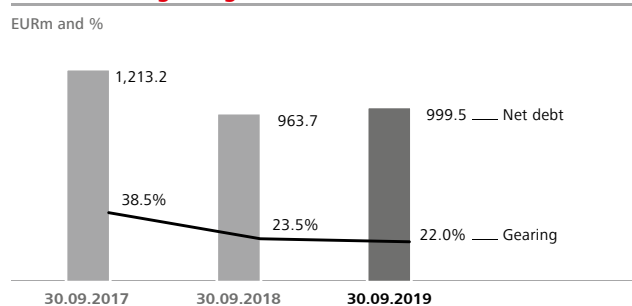
In order to safeguard its financial flexibility, the EVN Group holds a syndicated credit line of EUR 400.0m as well as contractually agreed bilateral credit commitments of approximately EUR 92.0m. These bilateral commitments were not drawn as of 30 September 2019 and were therefore available in full. The syndicated credit line is seen as a strategic liquidity reserve: the one-year extension option included in the contract was exercised in May 2019, and the contract will now end in May 2024 (instead of May 2023). The remaining terms of the bilateral credit lines concluded with seven banks range up to three years. These solid liquidity reserves underscore the EVN Group's financial stability and flexibility.

### Statement of cash flows

Gross cash flow declined by 1.8% to EUR 550.5m in 2018/19. Positive factors included the result before income tax and a lower balance of non-cash earnings from equity accounted investees, while opposite effects resulted from impairment tests and the related reduction of amortisation and depreciation.

Cash flow from operating activities amounted to EUR 429.7m (previous year: EUR 603.5m) and was negatively influenced by the development of working capital as of 30 September 2019.

### Net debt and gearing



For additional information on the composition and terms of non-current financial liabilities, see page 185f

Cash flow from investing activities totalled EUR –207.1m (previous year: EUR –457.1m). This change was primarily attributable to investments in cash funds and securities in the R 138 fund: an increase in the previous year was followed by a reduction in 2018/19. Net investments in property, plant and equipment and intangible assets – which were concentrated on the network infrastructure, wind power and drinking water supplies – were, however, higher than the previous year.

Cash flow from financing activities totalled EUR –191.0m (previous year: EUR –153.5m). This amount includes the dividend payment for the 2017/18 financial year to the shareholders of EVN AG and to non-controlling interests as well as the scheduled repayment of financial liabilities.



In total, cash flow amounted to EUR 31.5m in 2018/19, and cash and cash equivalents equalled EUR 246.2m as of 30 September 2019. The EVN Group also had contractually agreed, undrawn credit lines of approximately EUR 492.0m at its disposal to service potential short-term financing requirements.

### Investments

Capital expenditure was 9.8% higher year-on year at EUR 391.4m in 2018/19. In line with its strategy, EVN's investments focused on the electricity and gas networks, renewable generation, natural heat and drinking water in Lower Austria.

The higher investments in the Energy Segment compared to the previous year included, among others, the further expansion of the district heating networks in the communities surrounding Vienna and the construction of cross-regional district heating connector lines in the thermal-spring region and in the central Schwarza Valley.

In the Generation Segment investments were also higher than the previous year and reflected the ongoing expansion of wind power capacity in Lower Austria. Five new wind parks were completed and commissioned during 2018/19: Gänserndorf West (which was fully renovated as part of a repowering and upgraded to meet the latest technical standards), Au am Leithaberge, Obersiebenbrunn, Markgrafneusiedl and Glinzendorf. EVN's wind power capacity totalled 367 MW as of 30 September 2019 (30 September 2018: 318 MW), which means the interim goal for the targeted expansion to 500 MW was met ahead of schedule.

Investments in the network infrastructure for Lower Austria increased substantially during 2018/19 – they represent a central element of EVN's corporate strategy and make an important contribution to ensuring reliable supply security and quality. Major projects during the reporting year included, among others, the upgrading of the Gerstl and Wilhelmsburg transformer stations

<b>Condensed consolidated statement of cash flows</b>	<b>2018/19</b>	<b>2017/18</b>	<b>+/-</b>		<b>2016/17</b>
	<b>EURm</b>	<b>EURm</b>	<b>Nominal</b>	<b>%</b>	<b>EURm</b>
Result before income tax	373.5	355.7	17.8	5.0	325.5
Non-cash items	176.9	204.6	-27.7	-13.5	246.8
<b>Gross cash flow</b>	<b>550.5</b>	<b>560.3</b>	<b>-9.8</b>	<b>-1.8</b>	<b>572.3</b>
Changes in current and non-current balance sheet items	-114.2	45.2	-159.4	-	-52.8
Income tax paid	-6.6	-2.0	-4.6	-	-10.5
<b>Net cash flow from operating activities</b>	<b>429.7</b>	<b>603.5</b>	<b>-173.9</b>	<b>-28.8</b>	<b>508.9</b>
Changes in intangible assets and property, plant and equipment incl. deferred income from network subsidies	-321.8	-262.3	-59.6	-22.7	-144.5
Changes in financial assets and other non-current assets	65.4	-54.3	119.7	-	-1.0
Changes in current securities	49.3	-140.6	189.9	-	74.9
<b>Net cash flow from investing activities</b>	<b>-207.1</b>	<b>-457.1</b>	<b>250.0</b>	<b>54.7</b>	<b>-70.6</b>
<b>Net cash flow from financing activities</b>	<b>-191.0</b>	<b>-153.5</b>	<b>-37.5</b>	<b>-24.4</b>	<b>-439.9</b>
<b>Net change in cash and cash equivalents</b>	<b>31.5</b>	<b>-7.1</b>	<b>38.7</b>	<b>-</b>	<b>-1.6</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>214.5</b>	<b>221.8</b>	<b>-7.3</b>	<b>-3.3</b>	<b>223.5</b>
Currency translation differences on cash and cash equivalents	0.2	-0.1	0.3	-	-0.1
<b>Cash and cash equivalents at the end of the period</b>	<b>246.2</b>	<b>214.5</b>	<b>31.7</b>	<b>14.8</b>	<b>221.8</b>

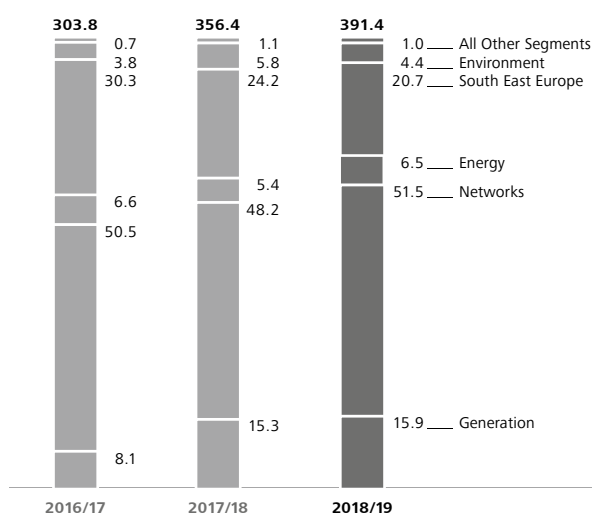
Investment priorities <sup>1)</sup>	2018/19	2017/18	+/-		2016/17
	EURm	EURm	Nominal	%	EURm
<b>Energy</b>	25.6	19.2	6.4	33.3	20.0
<b>Generation</b>	62.2	54.6	7.6	13.9	24.6
thereof renewable energy Lower Austria	51.7	43.3	8.4	19.3	13.7
thereof thermal power plants	10.5	11.1	-0.6	-5.1	10.3
<b>Networks</b>	201.7	171.6	30.1	17.6	153.3
thereof electricity networks	134.6	108.6	26.0	23.9	101.8
thereof natural gas networks	43.7	40.6	3.1	7.6	35.8
thereof cable TV and telecommunications networks	23.4	22.3	1.1	5.0	15.7
<b>South East Europe</b>	81.1	86.4	-5.2	-6.1	92.0
<b>Environment</b>	17.4	20.7	-3.3	-16.0	11.5
thereof cross-regional supply pipelines and local networks for drinking water	14.8	17.3	-2.4	-14.1	8.3
<b>All Other Segments</b>	3.5	4.0	-0.5	-12.5	2.3
<b>Total</b>	<b>391.4</b>	<b>356.4</b>	<b>35.1</b>	<b>9.8</b>	<b>303.8</b>

1) After consolidation

▲ GRI indicator: 203-1

### Structure of investments

%, total in EURm



and the expansion of the Bisamberg transformer station. Other completed projects involved the replacement of a 110-kV power line between Gresten and Pottenbrunn with a length of nearly 50 km and the construction of a new transformer station with 110-kV power line connections in Wöllersdorf.

EVN's investments in the South East Europe Segment were generally stable year-on-year and chiefly directed to new connections, the replacement of meters and the expansion of the distribution networks to support supply security.

In line with EVN's strategic orientation, investments in the Environment Segment are concentrated on improving the security and quality of drinking water supplies in Lower Austria. Projects focused on the construction of new transport pipelines in the region surrounding Vienna, where the population has grown substantially in recent years. The new natural filter plant on the Wienerherberg well field advanced from trial to routine operations in 2018/19 and now supplies 18 communities with high-quality drinking water. The ground-breaking ceremony for another plant of this type, which will reduce the hardness of the water by natural means, took place in Petronell. As of 30 September 2019, investments in the Environment Segment were slightly lower than the previous year.

## Innovation, research and development

The areas of activity in the EVN materiality matrix also define the framework for our innovation, research and development activities. Our projects are focused primarily on safeguarding supply security, protecting the environment and resources, and strengthening the company's competitive position. In 2018/19 we spent EUR 1.2m (of which 8.1% was financed through public subsidies; previous year: EUR 3.4m) on innovation, research and development projects. In addition to the operation of a blockchain prototype, activities were directed to the testing and implementation of technological solutions to further strengthen supply security.

Included here, among others, are the following:

- **Battery storage project at the Prottes wind park:** The advantage of this new battery, which has been used in test operations, lies in its reaction capabilities in the millisecond range, which allow for significantly faster reaction to grid load changes. For example, this type of storage makes it possible to stabilise grid frequency and offset voltage fluctuations. The battery's functions were tested together with the project partners, and its basic applicability for different grid stabilisation purposes – e.g. voltage stability, blind current compensation, phase compensation, frequency stabilisation and virtual flywheel mass operations – were demonstrated. Short-circuit tests were also carried out at the 30 kV and 110 kV voltage levels and provided interesting and valuable information on the reaction of grid-integrated storage facilities to such conditions. A black start and isolated operation test was also conducted. For this purpose a blackout was simulated, and a local grid with battery storage and wind turbines from the neighbouring Prottes/Ollersdorf wind park was configured. The battery storage successfully supplied the electricity required to restart the wind park equipment. The start of operations was followed by the storage of the generated electricity in the large battery. These activities confirmed the general suitability of the battery for decentralised grid restoration.

Continuous operation tests were carried out up to August 2019 in cooperation with TU Wien and the Austrian Institute of Technology (AIT). They involved the combination of multiple battery storage functions as a means of significantly increasing operational performance capability and flexibility. This new multimodal operating procedure will also support cost savings in the future. One innovative feature is the provision of an instantaneous reserve (virtual flywheel mass operations), which

is currently the responsibility of large power plants and must be provided by other means in the future after these plants are deactivated. The most important benefit for end customers is the technology connected with these large storage batteries, which can make a key contribution to stable electricity supplies in the future as the share of electricity generated from renewable energies rises and replaces large-scale power plants.

- **Technologies to stabilise the distribution network:** The growing number of decentralised generation plants and the increasing penetration of the energy system by e-mobility and heat pumps can lead to a violation of the allowed voltage limits in the low-voltage grid. In addition to the conventional solution in the form of further grid expansion, compliance with these limits can also be achieved, in part, through the implementation of innovative technologies. Several pilot tests were carried out, and the resulting grid data was recorded. The analysis included testing the combination of a tap-change low voltage transformer (RONT) with the intelligent distribution network management system iNES as well as the use of a linear voltage regulator – a further technology to stabilise the low-voltage grid. In particular, communications with our decentralised metering points and the effects on grid stability were examined and evaluated.
- **joulie optimisation assistant:** EVN's joulie makes it possible for private customers to plan and optimise their individual, decentralised electricity generation (photovoltaic equipment, battery, heat pump, warm water and e-mobility) online and also make money on the energy trading market. Their equipment becomes part of a virtual power plant and thereby makes an active contribution to the energy transition. EVN's real-time power plant optimisation system for energy trading (EZISSE) automatically creates an immediate link with the virtual power plant through the joulie optimisation assistant which is installed in the customer's equipment. Customers have full control over their systems at all times via app or web portal as well as a real-time overview of all key equipment data, components and energy flows (generation, consumption, battery charge level, grid feed-in, self-supply level).

This innovative EVN development makes a valuable contribution to meeting global sustainability targets:

- Affordable and clean energy: joulie gives end customers easy access to reliable, sustainable and up-to-date energy supplies.

- Climate protection: joulie makes renewable energy systems scalable and, in this way, also makes an important contribution to the fight against climate change.
- Sustainable cities and communities and sustainable rural living: Support for regional added value through cooperation with regional partners for installation.

joulie received numerous awards during the 2018/19 financial year:

- First place at the Green and Blue Building Awards
- Nomination for the ICEBERG Innovation Leadership Award
- Nominee in the State Prize for Innovation within the context of the Lower Austrian Innovation Prize
- Top-three placement in the ranking for the VERENA Prize at the State Prize for Innovation

→ **All-electricity project E-Mobility Echtsenbach:** EVN conducted a first relevant field test in Seitenstetten during the past year to analyse and document the effects of the simultaneous charging of numerous e-cars or the parallel feed-in from multiple photovoltaic equipment on network stability. The test demonstrated that increased individual generation with simultaneous feed-in leaves traces in the distribution net-

work in the form of voltage fluctuations and peak loads. In order to also guarantee optimal supply security for its customers in the future and, at the same time, proactively support the expansion of renewable generation and e-mobility, EVN launched the E-Mobility Echtsenbach cooperation project as a follow-up field trial in 2018/19. Netz Niederösterreich GmbH and the entire EVN Group are pursuing the smooth integration of renewable generation, e-mobility and heat pumps with the continuous protection of supply security for customers in agreement with the goals of #mission2030.

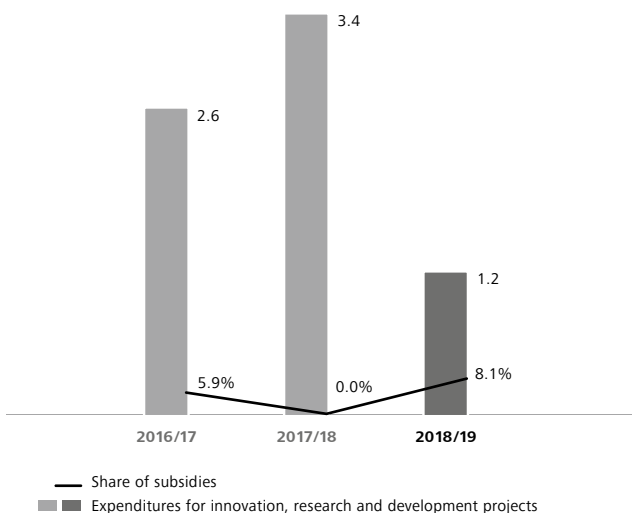
The core points of this research project involved extensive measurements and analyses which covered the participating customers as well as the low-voltage network in Echtsenbach. 24 households in an estate composed of detached houses received e-cars to test a scenario in which conventional drive mobility was replaced by e-mobility. The new “P(U)-Regelung“ concept was also successfully tested for the first time within the framework of this project: it reduces the charging capacity for e-cars when the voltage declines and, therefore, protects the network from potential breakdowns.

Work on the E-Mobility Echtsenbach project was conducted together with the contributing partners, who were involved from the planning stage, on to implementation in the form of field tests, up to the final phase. These activities were accompanied by the technical experts at TU Wien and the Austrian Institute of Technology (AIT) in order to draw definite conclusions from the collected data and derive suitable measures through a dialogue that also included the participating customers. The information gained from this project will now flow into the further network expansion. It is intended to support the best possible integration of fluctuating renewable generation and help to establish the wide-ranging use of e-mobility. The findings and measurement results can also be used to develop new regulatory standards and norms. The E-Mobility Echtsenbach project represents an important milestone for further innovation projects related to electricity in the context of the energy transformation.

People always form the focal points for the development and realisation of innovation projects at EVN. Our design-thinking process therefore combines technological feasibility, economic marketability and attractiveness for people and evaluates these factors together. A cooperative approach is an important part of this work: the Executive Board and mid-level management are key partners in the innovation process and the most important men-

### Expenditures for innovation, research and development projects and share of subsidies<sup>1)</sup>

EURm and %



1) Share of subsidies in total expenditure for innovation, research and development projects

tors and supporters for the implementation of innovative solutions. But this process operates in two directions by unifying the top-down inputs from the management level with the bottom-up solution approaches supplied by employees. The staff department for innovation, sustainability and environmental protection, which represents the anchor for innovation management in the EVN Group, regularly collects inputs on specific areas of action from the management level and, at the same time, through various innovation instruments, makes it possible for employees to actively participate in the innovation process and contribute to the company's development. The so-called "innovation challenge", for example, gives EVN's trainees an opportunity to deal with subjects related to customer service, digitalisation and digital media as part of their work. In small teams, each with an EVN coach, they developed exciting new concepts and solutions for the energy customers of the future.

## Risk management

### Definition of risk

The EVN Group defines risk as the potential deviation from planned corporate targets and objectives.

### Risk management process

The primary goal of risk management is to protect current and future earnings and cash flows through the active identification and control of risk. As part of this process, a centrally organised corporate risk management department provides the decentralised risk managers with effective methods and tools for identifying and assessing risks. The responsible business units communicate their risk exposures to corporate risk management, which defines suitable actions to minimise these risks. The necessary actions are then implemented by the individual business units. The corporate risk management department is also responsible for analysing EVN's risk exposure. The risks related to sustainability, climate and compliance issues are identified annually and managed by specialised organisational units and/or processes in agreement with central risk management. EVN's risk management process includes the following steps:

- **Identification:** The survey and/or revision of risks based on the latest risk inventory (review of risk inventory) and the identification of new risk positions and appropriate risk management countermeasures
- **Assessment and analysis:** The qualitative and quantitative evaluation of the identified risks; the aggregation of risks from different points of view; and the modelling of earnings and cash flow distributions
- **Reporting:** Discussion and evaluation of the risk profile by the Risk Working Committee and the Group Risk Committee; the implementation of further risk management measures where necessary; reporting on risk issues to the Audit Committee
- **Process review:** Definition of the organisational units that must submit to an explicit risk assessment; regular reviews to determine whether the methods used to identify and assess risks should be modified to reflect changed conditions; routine reviews by the internal audit department

### Responsibilities of the Risk Working Committee

The Risk Working Committee supports the corporate risk management department in the correct implementation of the risk management process. It evaluates and approves changes in risk (assessment) methods and defines the type and scope of risk reporting. The voting members of the committee at the corporate level include the heads of the following corporate functions: controlling, legal and public affairs, finance, accounting, internal audit and the chief compliance officer (CCO) as well as an (internal) energy industry expert.

### Group Risk Committee and control

The results of the risk inventory and the related reports are presented to and discussed by the Group Risk Committee, which consists of the Executive Board of EVN AG, the heads of the organisational units and the members of the Risk Working Committee. The Group Risk Committee decides on any need for action, can establish working groups and assign specified tasks, and is authorised to approve the results of the risk inventory (risk reports).

△ GRI indicator: GRI 102-30

### Risk profile

In addition to the normal industry risks and uncertainties, EVN's risk profile is influenced primarily by political, legal and regulatory challenges and changes in the competitive environment. EVN carries out an annual risk inventory that is updated as needed through ad-hoc risk reports. This inventory includes the following categorisation of risks: market and competition risks, financial risks, operating risks, external risks, strategic and planning risks and other risks. The high priority given to sustainability at EVN is reflected in the inclusion of sustainability risks as an interdisciplinary issue in all risk categories; these risks are included in our integrated report. The following table shows the risks classified under the above categories and the measures designated for their minimisation.

### Expansion of the risk inventory in accordance with the Sustainability and Diversity Improvement Act

Prior to the enactment of the Sustainability and Diversity Improvement Act, the potential effects of sustainability aspects on the individual risk categories were also identified and analysed (e. g. risks involving supply security, employees or the environment). The risk inventory was expanded during 2017/18 in line with the

Sustainability and Diversity Improvement Act to systematically identify potential risks and effects of EVN's business activities and business relations on areas of environmental, social and employee-related issues, the observance of human rights and the fight against corruption. Their financial impact on the EVN Group was then assessed. The identified risks and their impact were dealt with in accordance with the steps defined by the risk management process.

□ For information on the most important effects of the Sustainability and Diversity Improvement Act, see page 21ff

### Overall risk profile

In addition to the uncertainties connected with the areas of business and operations outside Austria, EVN continues to be confronted with a challenging environment in its home market of Lower Austria. The annual risk inventory did not identify any future risks that could endanger EVN's continued existence.

### Key features of the internal control and risk management system related to accounting processes

In accordance with § 267 (3b) and in connection with § 243a (2) of the Austrian Commercial Code, those companies whose shares are admitted for trading on a regulated market are required to disclose the key features of their internal control and risk management system for corporate accounting processes in the management report. The Executive Board is responsible for establishing a suitable internal control and risk management system (ICS) for accounting processes as defined in § 82 of the Austrian Stock Corporation Act. The effectiveness of the ICS must be monitored by the Audit Committee in accordance with § 92 (4a) no. 4b of the Austrian Stock Corporation Act.

EVN's ICS for accounting processes is monitored at regular intervals by auditing the processes that are considered to be exposed to risk. The results of these monitoring activities are reported to the Executive Board and the Audit Committee. The ICS ensures clear lines of responsibility and eliminates unnecessary process steps, and thereby further improves the security of processes for the preparation of financial statements. The description of the major features of the ICS covers five interrelated components: control environment, risk assessment, control activities, information and communication, and monitoring.



## EVN's major risks and related risk management measures

Risk category	Description	Measure
<b>Market and competition risks</b>		
<b>Profit margin risk (price and volume effects)</b>	<p>Energy sales and production: failure to meet profit margin targets</p> <ul style="list-style-type: none"> <li>→ Procurement and selling prices (esp. for energy carriers) that are volatile and/or deviate from forecasts</li> <li>→ Weaker demand (above all due to weather/climate change, politics, reputation or competition)</li> <li>→ Decline in own generation</li> <li>→ Reduced project volume in the environmental services business (in particular due to market saturation, limited resources for infrastructure projects, non-inclusion in or failure to win tenders)</li> </ul>	Procurement strategy tailored to the market environment; hedging strategies; diversification of customer segments and business areas; product portfolio that reflects customer demands; longer-term sale of power plant capacity
<b>Supplier risk</b>	Cost overruns on planned projects; incomplete performance of contracted services or failure to meet contract obligations	Partnerships; contractual controls wherever possible; third party expert opinions
<b>Financial risks<sup>1)</sup></b>		
<b>Foreign currency risks</b>	Transaction risks (foreign exchange losses) and translation risks on the conversion of foreign currency amounts in the consolidated financial statements; financing for Group companies that does not reflect the respective foreign exchange situation	Monitoring; limits; hedging instruments
<b>Liquidity, cash flow and financing risk</b>	Failure to repay liabilities on schedule or to obtain the required liquidity/funds when needed at the expected conditions	Long-term, centrally managed financial planning; safeguarding financing requirements (e. g. through credit lines)
<b>Market price risks</b>	Decline in the value of investments (e. g. funds) and listed strategic holdings (e. g. Verbund AG, Burgenland Holding AG)	Monitoring of loss potential via daily value-at-risk calculations; investment guidelines
<b>Counterparty/credit risks (default risks)</b>	Complete or partial failure of a business partner or customer to provide the agreed performance	Contractual construction; credit monitoring and credit limit systems; regular monitoring of customer behaviour; hedging instruments; insurance; systematic diversification of business partners
<b>Investment risks</b>	Failure of a core subsidiary or holding company to meet profit targets	Representation on corporate bodies of the respective company
<b>Rating changes</b>	Higher refinancing costs due to rating downgrades	Ensuring compliance with key financial indicators
<b>Interest rate risks</b>	Changes in market rates; increase in interest expense; negative effects of low interest rates on the valuation of assets and provisions and on future tariffs	Use of hedging instruments; fixed interest rates in financing contracts
<b>Impairment risks</b>	Recognition of impairment losses to receivables, goodwill, investments, generation equipment and other assets (profitability/value significantly dependent on electricity and primary energy prices and energy sector framework conditions)	Monitoring via sensitivity analyses
<b>Guarantee risk</b>	Financial loss due to claim of contingent liabilities	Limit volume of guarantees as far as possible; routine monitoring

1) For information on the use of financial instruments, also see page 199f and page 205ff

## EVN's major risks and related risk management measures

Risk category	Description	Measure
<b>Strategy and planning risks</b>		
Technology risk	Late identification of and reaction to new technologies (delayed investments) or to changes in customer needs; investments in "wrong" technologies	Active participation in external research projects; own demonstration facilities and pilot projects; ongoing adjustments to keep technologies at the latest level
Planning risk	Model risks; incorrect or incomplete assumptions; lost opportunities	Feasibility studies by experienced, highly qualified employees; monitoring of parameters and regular updates; four-eyes principle
Organisational risks	Inefficient or ineffective processes and interfaces; duplication	Process management; documentation; internal control system (ICS)
<b>Operating risks</b>		
Infrastructure risks	Incorrect design and use of technical facilities	Elimination of technical weaknesses; regular inspections and reviews of current and planned infrastructure
Service disruptions/network breakdowns (own and third party), accidents	Supply interruptions; physical danger to persons or infrastructure through explosions/accidents	Technical upgrading at interfaces of the different networks; expansion and maintenance of network capacity
IT/security risks (incl. cybersecurity)	System losses; data loss or unintended transfer; hacker attacks	Strict system and risk monitoring (internal control system); backup systems; technical maintenance; external audits; occupational safety and health measures; crisis training
Workforce risks	Loss of highly qualified employees; absence due to work accidents; surplus or shortfall of personnel; communication problems; cultural barriers; fraud; intentional or unintentional misrepresentations of transactions or items in the annual financial statements	Attractive work environment; occupational health care and safety measures; flexible working time models; training; events for employees for the exchange of information and networking purposes; internal control system (ICS)
<b>External risks</b>		
Legislative, regulatory and political risks	Change in political and legal parameters and/or the regulatory environment (e. g. environmental laws, changes in the legal framework, shifting subsidy scheme, market liberalisation in South East Europe); political and economic instability; network operations: non-inclusion of actual operating costs in the network tariffs established by regulatory authority	Cooperation with interest groups, associations and government agencies on a regional, national and international level; appropriate documentation and service charges
Legal and litigation risks	Non-compliance with contracts; litigation risk from various lawsuits; regulatory and supervisory audits	Representation in local, regional, national and EU-wide interest groups; legal consulting
Social and general economic environment	Macroeconomic developments; debt/financial crisis; stagnating or declining purchasing power; rising unemployment	Best possible utilisation of (anti-)cyclical optimisation potential
Contract risks	Failure to identify legal, economic or technical problems; contract risks under financing agreements	Extensive legal due diligence; involvement of external experts/legal advisors; contract database and ongoing monitoring

## EVN's major risks and related risk management measures

Risk category	Description	Measure
<b>Other risks</b>		
Granting of undue advantages, non-compliance, data protection incidents	Distribution of confidential internal information to third parties and the granting of undue advantages/corruption; violation of regulations for the protection of personal data	Internal control system; uniform guidelines and standards; Code of Conduct; compliance organisation
Project risk	Cost overruns on the construction of new capacity	Contractual agreement on economic parameters
Co-investment risk	Risks related to the implementation of major projects jointly with partners	Contractual safeguards; efficient project management
Sabotage	Sabotage, e. g. to natural gas lines, wastewater treatment plants or waste incineration plants	Suitable security measures; regular measurement of water quality and emissions
Image risk	Reputational damage	Transparent and proactive communications; sustainable management

△ GRI indicator: GRI 102-15

### Control environment

The Code of Conduct issued by EVN and the underlying values apply to all Group employees.

○ EVN's Code of Conduct is available under [www.evn.at/code-of-conduct](http://www.evn.at/code-of-conduct)

The consolidated financial statements are prepared by Group accounting. The related processes are based on an accounting guideline that defines the accounting policies to be applied as well as key processes and schedules for the entire Group. Binding instructions apply to the reconciliation of intragroup accounts and other work required for the preparation of the consolidated financial statements. All employees involved in the accounting process have the necessary qualifications and undergo regular training. Complex actuarial opinions and valuations are prepared by external experts or specially qualified employees. The managers responsible for the specific processes – in general, the heads of the organisational units and corporate services – are responsible for compliance with these processes and the related control measures.

### Risk assessment and control activities

Multi-stage control measures have been implemented to prevent material misstatements in the presentation of transactions in order to ensure that the individual financial statements of all subsidiaries are recorded correctly. These measures include automated controls that are executed by the consolidation software as well as manual controls by the involved corporate services. These corporate service departments carry out extensive plausibility checks of the individual subsidiaries' financial statements to ensure their correct

transfer to the consolidated financial statements. The review of the financial statement data includes analyses at the position, segment and Group levels, both before and after consolidation. The consolidated financial statements are not released until these quality controls are complete at all levels.

EVN AG and the major domestic and foreign subsidiaries use SAP software (FI module, finance and accounting) for their accounting. The IFRS consolidated financial statements are prepared with the Hyperion Financial Management software, whereby the data from the individual financial statements of the consolidated companies are transferred by means of an interface. The accounting systems and all upstream systems are protected by restricted access as well as automated and mandatory manual control steps.

The ICS for financial reporting and all accounting-related processes are reviewed by the auditor at least once each year to verify compliance with the required controls, to evaluate any risk incidents that occurred during the financial year and to determine whether the controls are still suitable to deal with the existing risks. In 2018/19, a number of process adjustments and improvements were made as part of the continuous efforts to further develop the ICS for financial reporting.

### Information, communication and monitoring

The Executive Board provides the Supervisory Board with quarterly reports on EVN's asset, financial and earnings position, together with a statement of financial position and a statement of operations. The Executive Board and the Audit Committee also receive a report on the ICS for financial accounting twice each year, which

contains basic information to evaluate the efficiency and effectiveness of the ICS and is designed to support the management of the ICS by the responsible corporate bodies. The report is prepared by ICS management in cooperation with the ICS Committee based on information supplied by the managers responsible for ICS, the persons who carried out the controls and the auditors.

This information is also distributed to management and key personnel in the involved companies to facilitate monitoring and control activities and thereby ensure the accuracy of accounting and reporting procedures. EVN's internal audit department carries out regular reviews of the ICS for financial accounting, and their findings are also included in the continuous improvement of this system.

△ GRI indicators: GRI 102-31, GRI 102-33

## Consolidated non-financial report

The consolidated non-financial statement required by the Austrian Sustainability and Diversity Improvement Act was prepared in accordance with § 267a of the Austrian Commercial Code and is presented as an independent non-financial report.

□ See page 1ff

## Disclosures required by § 243a of the Austrian Commercial Code

1. The share capital of EVN AG totalled EUR 330,000,000 as of 30 September 2019 and was divided into 179,878,402 zero par value bearer shares, each of which represents an equal stake in share capital. Shareholders are not entitled to the issue of individual share certificates. There is only one class of shares, and all shares carry the same rights and responsibilities. EVN AG shares are traded in the Prime Market segment of the Vienna Stock Exchange.
2. There are no restrictions on voting rights or agreements limiting the transfer of shares which exceed the general requirements of the Austrian Stock Corporation Act. However, it should be noted that the transferability of the investment owned by the province of Lower Austria, which holds its shares through NÖ Landes-Beteiligungsholding GmbH, St. Pölten, is limited by Austrian federal and provincial constitutional law.
3. Based on these constitutional requirements, the province of Lower Austria is the major shareholder of EVN AG with a stake of 51.0%. The second largest shareholder is EnBW Trust e. V., an association headquartered in Karlsruhe, which is recorded in the register of associations maintained by the district court in Mannheim under VR 3737. As of 30 September 2019 EnBW Trust held an investment of 28.6% of the share capital in trust for EnBW Energie Baden-Württemberg AG, which is also headquartered in Karlsruhe and recorded in the commercial register of the district court in Mannheim under HRB 107956. As of 30 September 2019, EVN AG held treasury shares representing 1.0% of share capital and free float equalled 19.4%.
4. EVN AG has not issued any shares with special control rights.
5. Employees who own shares in EVN AG may exercise their voting rights personally at the Annual General Meeting. EVN AG does not have a stock option programme.
6. The Executive Board consists of at least two members. The Supervisory Board has a minimum of ten and a maximum of 15 members. Unless another majority is required by law, the Annual General Meeting passes its resolutions with a simple majority of the votes cast or with a majority of the capital represented in cases requiring a majority of capital.
7. There were no authorisations as defined by § 243a (1) no. 7 of the Austrian Commercial Code in effect during the 2018/19 financial year which entitled the Executive Board, in particular, to issue or repurchase the company's shares. However, it should be noted that an earlier authorisation issued by the Annual General Meeting expired in 2017/18: this authorisation entitled the Executive Board to repurchase the company's bearer shares (i) for distribution to employees of the company or its subsidiaries and (ii) in accordance with § 65 (1) no. 8 of the Austrian Stock Corporation Act (acquisition with no specific purpose) at an amount equalling up to 10% of EVN's share capital. The possibility of issuing previously repurchased treasury shares to employees remains unaffected by this expiration.
8. A change of control in EVN AG in the sense of § 243a (1) no. 8 of the Austrian Commercial Code is currently not possible because of the legal regulations described above under points 2. and 3. Therefore, there are no possible consequences of a change of control.
9. There are no agreements to provide compensation to the members of corporate bodies or employees in the event of a public takeover.

## Outlook for the 2019/20 financial year

EVN has followed two central strategic focal points for a number of years to make an active contribution to the transformation of the energy system: on the one hand, a substantial investment in renewable generation capacity and, on the other hand, massive investments in its network infrastructure to integrate the increasing volume of decentralised generation, especially in Lower Austria.

The interim goal to reach roughly 370 MW of installed wind power capacity was met as of 30 September 2019 – one year earlier than planned – and EVN is now working towards the targeted 500 MW. It should be possible to meet this goal by the end of 2023 subject to appropriate framework conditions. This growth target is supported by a pipeline of previously developed, and in part already approved, projects at attractive wind locations in Lower Austria. EVN is also evaluating the feasibility of large-scale photovoltaic systems in its supply areas.

Business activities in 2019/20 will continue to include the further expansion of renewable generation capacity, while activities at the thermal power plants in Lower Austria will reflect the decisions taken in 2018/19. Based on the earlier-than-planned termination of hard coal-fired production at the Dürnröhr power plant as well as the deactivation and conservation of the thermal power plant capacities in Theiss and Korneuburg

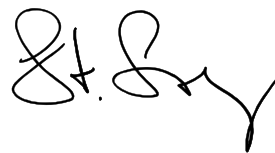
which are no longer under contract as reserve capacity, only 430 MW in Theiss serve as reserve capacity for the Austrian transmission network operator. The underlying contract initially runs to September 2021.

Plans also call for the continuation of EVN's investments in the electricity networks. The roll-out of smart meters in Lower Austria marks the start of an additional investment cycle and, consequently, the already very high level of investments will increase in 2019/20. However, these investments reflect the goal to generate high earnings contributions from regulated and stable business areas in the Lower Austrian home market. The ongoing investment initiative to further improve drinking water supply security and quality also contributes to meet this goal.

In the international project business, EVN will concentrate on existing contracts and, above all, on the expected major project in Kuwait. Projects and tenders for thermal sewage sludge utilisation plants also represent an attractive future issue in this area.

Assuming average conditions in the energy business environment, Group net result for 2019/20 is expected to range from EUR 200m to EUR 230m. The year-on-year decline is attributable to the positive valuation effects of approximately EUR 110m after tax in 2018/19. The result from operating activities is therefore expected to remain constant.

Maria Enzersdorf, 18 November 2019



**Stefan Szyszkowitz**  
Spokesman of the Executive Board



**Franz Mittermayer**  
Member of the Executive Board

# Segment reporting

## Overview

EVN's corporate structure comprises six reportable segments. In accordance with IFRS 8 "Operating Segments", they are differentiated and defined solely on the basis of the internal organisational and reporting structure.

Business activities which cannot be reported separately because they are below the quantitative thresholds are aggregated under "All Other Segments".

Business areas	Segments	Major activities
Energy business	Energy	<ul style="list-style-type: none"> <li>→ Marketing of electricity produced in the Generation Segment</li> <li>→ Procurement of electricity, natural gas and primary energy carriers</li> <li>→ Trading with and sale of electricity and natural gas to end customers and on wholesale markets</li> <li>→ Production and sale of heat</li> <li>→ 45.0% investment in ENERGIEALLIANZ Austria GmbH<sup>1)</sup></li> <li>→ Investment as sole limited partner in EVN Energievertrieb GmbH &amp; Co KG (EVN KG)<sup>1)</sup></li> </ul>
	Generation	<ul style="list-style-type: none"> <li>→ Generation of electricity from thermal production capacities and renewable energy sources at Austrian and international locations</li> <li>→ Operation of a thermal waste utilisation plant in Lower Austria<sup>2)</sup></li> <li>→ 13.0% investment in Verbund Innkraftwerke GmbH (Germany)<sup>1)</sup></li> <li>→ 49.0% investment in Walsum 10 hard coal-fired power plant (Germany)<sup>3)</sup></li> <li>→ 49.99% investment in Ashta run-of-river power plant (Albania)<sup>1)</sup></li> </ul>
	Networks	<ul style="list-style-type: none"> <li>→ Operation of distribution networks and network infrastructure for electricity and natural gas in Lower Austria</li> <li>→ Cable TV and telecommunication services in Lower Austria and Burgenland</li> </ul>
	South East Europe	<ul style="list-style-type: none"> <li>→ Operation of distribution networks and network infrastructure for electricity in Bulgaria and North Macedonia</li> <li>→ Sale of electricity to end customers in Bulgaria and North Macedonia</li> <li>→ Generation of electricity from hydropower in North Macedonia</li> <li>→ Generation, distribution and sale of heat in Bulgaria</li> <li>→ Construction and operation of natural gas networks in Croatia</li> <li>→ Energy trading for the entire region</li> </ul>
Environmental services business	Environment	<ul style="list-style-type: none"> <li>→ Water supply and wastewater disposal in Lower Austria</li> <li>→ International project business: planning, construction, financing and/or operation (depending on the project) of plants for drinking water supplies, wastewater treatment and thermal waste utilisation</li> </ul>
Other business activities	All Other Segments	<ul style="list-style-type: none"> <li>→ 50.03% investment in RAG-Beteiligungs-Aktiengesellschaft, which holds 100% of the shares in RAG Austria AG (RAG)<sup>1)</sup></li> <li>→ 73.63% investment in Burgenland Holding AG, which holds a stake of 49.0% in Energie Burgenland AG<sup>1)</sup></li> <li>→ 12.63% investment in Verbund AG<sup>4)</sup></li> <li>→ Corporate services</li> </ul>

1) The earnings contribution represents the share of results from equity accounted investees with operational nature and is included in EBITDA.

2) The thermal waste utilisation plant in Zwentendorf/Dürnröhr that was previously held in the Environment Segment was assigned to the Generation Segment beginning with the fourth quarter of 2017/18.

3) The investment in Steag-EVN Walsum 10 Kraftwerksgesellschaft is accounted for as a joint operation.

4) Dividends are included under financial results.



Key energy business indicators	GWh	2018/19	2017/18	+/-		2016/17
				Nominal	%	
<b>Electricity generation volumes</b>		<b>5,594</b>	<b>5,526</b>	<b>68</b>	<b>1.2</b>	<b>6,059</b>
thereof renewable energy sources		2,315	2,213	102	4.6	2,093
thereof thermal energy sources		3,279	3,313	-34	-1.0	3,966
<b>Network distribution volumes</b>						
Electricity		22,734	22,520	214	1.0	22,622
Natural gas <sup>1)</sup>		16,080	17,126	-1,046	-6.1	18,777
<b>Energy sales volumes to end customers</b>						
<b>Electricity</b>		<b>19,924</b>	<b>18,413</b>	<b>1,511</b>	<b>8.2</b>	<b>18,544</b>
thereof Central and Western Europe <sup>2)</sup>		7,941	7,080	861	12.2	6,493
thereof South East Europe		11,983	11,333	650	5.7	12,051
<b>Natural gas</b>		<b>5,083</b>	<b>5,178</b>	<b>-95</b>	<b>-1.8</b>	<b>5,744</b>
<b>Heat</b>		<b>2,196</b>	<b>2,219</b>	<b>-23</b>	<b>-1.0</b>	<b>2,293</b>
thereof Central and Western Europe <sup>2)</sup>		1,987	2,011	-24	-1.2	2,062
thereof South East Europe		209	208	2	0.8	231

1) Incl. network distribution volumes to EVN power plants

2) Central and Western Europe covers Austria and Germany.

## Energy

### Highlights 2018/19

- Higher electricity sales volumes; lower natural gas and heat sales volumes due to milder temperatures
- Valuation effects from hedges
- Positive non-recurring effect from revaluation of district heating assets
- EBITDA, EBIT and result before income tax below previous year

### Development of energy sales volumes

EVN's energy sales volumes to end customers followed different trends in 2018/19. Electricity sales volumes rose by 12.2% to 7,941 GWh based on higher demand by industrial customers, while natural gas sales volumes declined by 2.1% to 4,974 GWh and heat sales volumes by 1.2% to 1,987 GWh due to milder temperatures in long-term comparison.

### Revenue development

The development of revenue in the Energy Segment is dependent primarily on the marketing of the electricity generated in

EVN's thermal power plants that is reported in this segment. These generation volumes were substantially lower in 2018/19 as a result of factors related to the Theiss and Korneuburg thermal power plants. The capacity in these plants which was no longer under contract to serve as reserve capacity was deactivated as of 1 October 2018, and the remaining operational capacity of 430 MW in Theiss was used solely to manage shortages for the Austrian transmission network operator. However, the resulting decline in revenue was offset by positive effects from the valuation of hedges as of 30 September 2019 as well as an increase in heat supplies and natural gas trading. Segment revenue, in total, therefore rose by 18.9% to EUR 573.5m.

### Operating expenses

Operating expenses increased by 20.7% to EUR 625.8m in 2018/19. These higher costs resulted chiefly from the valuation of hedges for primary energy carriers and CO<sub>2</sub> emission certificates as of 30 September 2019.

### Results from equity accounted investees

The share of results from equity accounted investees with operational nature totalled EUR -32.7m in 2018/19 (previous year: EUR 117.0m). This decline was caused primarily by higher energy procurement prices and negative effects from the valuation of hedges held by EVN KG as of 30 September 2019.

Key indicators – Energy				+/-		2016/17
		2018/19	2017/18	Nominal	%	
<b>Key energy business indicators</b>	GWh					
Electricity sales volumes		7,941	7,080	861	12.2	6,493
Natural gas sales volumes		4,974	5,083	-109	-2.2	5,660
Heat sales volumes		1,987	2,011	-24	-1.2	2,062
<b>Key financial indicators</b>	EURm					
External revenue <sup>1)</sup>		569.4	463.0	106.4	23.0	512.0
Internal revenue		4.1	19.4	-15.3	-78.7	8.4
<b>Total revenue<sup>1)</sup></b>		<b>573.5</b>	<b>482.4</b>	<b>91.1</b>	<b>18.9</b>	<b>520.5</b>
Operating expenses <sup>1)</sup>		-625.8	-518.5	-107.3	-20.7	-518.1
Share of results from equity accounted investees with operational nature		-32.7	117.0	-149.7	-	99.4
<b>EBITDA</b>		<b>-85.0</b>	<b>80.8</b>	<b>-165.8</b>	<b>-</b>	<b>101.8</b>
Depreciation and amortisation including effects from impairment tests		-12.2	-23.4	11.2	47.7	-27.9
<b>Results from operating activities (EBIT)</b>		<b>-97.2</b>	<b>57.4</b>	<b>-154.7</b>	<b>-</b>	<b>73.9</b>
Financial results		-2.2	-3.3	1.1	33.6	-2.7
<b>Result before income tax</b>		<b>-99.4</b>	<b>54.2</b>	<b>-153.6</b>	<b>-</b>	<b>71.2</b>
Total assets		827.6	862.7	-35.1	-4.1	696.3
Total liabilities		696.5	764.6	-68.1	-8.9	599.2
Investments <sup>2)</sup>		26.4	19.5	6.9	35.3	20.0

1) Previous year's figures were adjusted – see the consolidated notes, note 2. Reporting in accordance with IFRS, Changes in the presentation of the consolidated financial statements and adjustment of prior year data

2) In intangible assets and property, plant and equipment

### Operating results

EBITDA in this segment amounted to EUR –85.0m (previous year: EUR 80.8m). Depreciation and amortisation, including the effects of impairment testing, fell by 47.7% to EUR 12.2m. Scheduled depreciation and amortisation remained nearly stable, while the decline in market interest rates led to the revaluation of district heating assets which had been impaired in previous years. In addition to this positive non-recurring effect, EBITDA in the previous year was influenced by impairment losses recognised to district heating assets. EBIT in the Energy Segment equalled EUR –97.2m in 2018/19 (previous year: EUR 57.4m).

### Financial results and result before income tax

Financial results improved by 33.6% to EUR –2.2m. The result before income tax for 2018/19 totalled EUR –99.4m (previous year: EUR 54.2m).

### Investments

Investments in this segment rose by 35.3% year-on-year to EUR 26.4m and were related entirely to the expansion of the heating plants and networks.

### Outlook

Sales results in 2018/19 were negatively affected, above all, by the sharp rise in wholesale prices during the past one and a half years. This upward trend was responsible for higher procurement costs and negative effects from the valuation of hedges held by EVN KG as of 30 September 2019. Positive earnings in this segment are again expected in 2019/20 based on lower effects from the valuation of hedges and normalisation in the operating business.

## Generation

### Highlights 2018/19

- Increase in renewable electricity generation
  - Expansion of wind power capacity
  - High wind flows
- Provision of 430 MW as reserve capacity to prevent shortages in the electricity network
- Early termination of electricity generation from hard coal in Dürnröhr
- EBITDA, EBIT and result before income tax above previous year

### Development of power generation

EVN recorded a sound increase of 9.6% in renewable electricity generation to 1,941 GWh in 2018/19. This positive development was supported by a substantial year-on-year improvement in wind flows and by the ongoing expansion of EVN's wind power capacity.

Water flows were above the long-term average, similar to the previous year. EVN accelerated the expansion of its wind power capacity during the reporting year with the commissioning of five projects and, in doing so, met its medium-term goal one year earlier than planned: as of 30 September 2019, the installed wind power capacity totalled 367 MW (30 September 2018: 318 MW). Plans call for this capacity to reach roughly 500 MW by the end of 2023 if the framework conditions are right. EVN's growth target for wind power is supported by a pipeline of previously developed, and in part already approved, projects at attractive wind locations in Lower Austria.

The 2018/19 financial year brought significant changes for EVN's thermal power plants. The separation of the German-Austrian electricity price zone as of 1 October 2018 ended the use of the thermal power plants for network stabilisation in southern Germany and led to a substantial reduction in EVN's reserve capacity under contract to prevent shortages: in 2018/19 only 430 MW were under contract as reserve capacity for the Austrian transmission network operator, initially for three years (previous year: 1,090 MW in total for southern Germany). In view of the current market

Key indicators – Generation		2018/19	2017/18	+/-		2016/17
				Nominal	%	
<b>Key energy business indicators</b>	GWh					
Electricity generation volumes		4,850	4,794	57	1.2	5,280
thereof renewable energy sources		1,941	1,771	170	9.6	1,695
thereof thermal energy sources		2,909	3,023	-114	-3.8	3,585
<b>Key financial indicators</b>	EURm					
External revenue <sup>1)</sup>		132.0	71.4	60.6	84.9	53.7
Internal revenue		204.7	200.8	3.9	2.0	186.3
<b>Total revenue<sup>1)</sup></b>		<b>336.7</b>	<b>272.1</b>	<b>64.5</b>	<b>23.7</b>	<b>240.0</b>
Operating expenses <sup>1)</sup>		-178.2	-155.1	-23.1	-14.9	-125.1
Share of results from equity accounted investees with operational nature		102.1	6.6	95.5	-	-11.1
<b>EBITDA</b>		<b>260.6</b>	<b>123.7</b>	<b>136.9</b>	<b>-</b>	<b>103.7</b>
Depreciation and amortisation including effects from impairment tests		-42.3	-45.3	3.1	6.7	-110.7
<b>Results from operating activities (EBIT)</b>		<b>218.4</b>	<b>78.4</b>	<b>140.0</b>	<b>-</b>	<b>-7.0</b>
Financial results		-15.4	-14.0	-1.4	-9.8	-10.0
<b>Result before income tax</b>		<b>203.0</b>	<b>64.4</b>	<b>138.6</b>	<b>-</b>	<b>-17.0</b>
Total assets		1,169.7	1,056.8	112.9	10.7	923.4
Total liabilities		781.9	804.5	-22.6	-2.8	662.6
Investments <sup>2)</sup>		67.8	58.9	8.9	15.2	26.3

1) Previous year's figures were adjusted – see the consolidated notes, note 2. Reporting in accordance with IFRS, Changes in the presentation of the consolidated financial statements and adjustment of prior year data

2) In intangible assets and property, plant and equipment

environment, EVN therefore deactivated and conserved the thermal power plant capacity in Theiss und Korneuburg which is currently not under contract to prevent shortages at the beginning of October 2018. Electricity production at the hard coal-fired power plant in Dürnröhr was also terminated earlier than planned at the beginning of August 2019 in the wake of a threefold increase in the price of CO<sub>2</sub> emission certificates over the past one and a half years.

These developments led to a decline of 3.8% in EVN's thermal generation to 2,909 GWh in 2018/19. Operations at the Walsum 10 power plant increased during 2018/19 after scheduled and special inspections in the previous year.

#### Revenue development

Revenue in the Generation Segment rose by 23.7% year-on-year to EUR 336.7m in 2018/19. This increase reflected the above-mentioned energy sector developments as well as the inclusion of revenue from the thermal waste utilisation plant in Zwentendorf/Dürnröhr beginning with the fourth quarter of 2017/18.

#### Operating expenses

Operating expenses increased by 14.9% to EUR 178.2m, also due to the transfer of the thermal waste utilisation plant to this segment.

#### Results from equity accounted investees

The share of results from equity accounted investees with operational nature rose to EUR 102.1m in 2018/19 (previous year: EUR 6.6m). This increase was based largely on a substantially higher earnings contribution from Verbund Innkraftwerke GmbH following an improvement in the company's operating business and on a revaluation to reflect the decline in market interest rates and expectations of higher electricity prices.

#### Operating results

EBITDA in the Generation Segment totalled EUR 260.6m (previous year: EUR 123.7m). Depreciation and amortisation, including the effects of impairment testing, declined by 6.7% to EUR 42.3m. Scheduled depreciation and amortisation were increased by the inclusion of the thermal waste utilisation plant in this segment, while impairment tests and the resulting revaluations led to positive non-recurring effects. These non-recurring effects were related, above all, to previously impaired renewable generation assets and to electricity procurement rights; the revaluations

reflected the decline in market interest rates and expectations of higher electricity prices. In contrast, the impairment tests of thermal generation equipment led to the recognition of impairment losses. In total, EBIT equalled EUR 218.4m (previous year: EUR 78.4m).

#### Financial results and result before income tax

Financial results in the Generation Segment were generally stable at EUR –15.4m (previous year: EUR –14.0m), and the result before income tax amounted to EUR 203.0m (previous year: EUR 64.4m).

#### Investments

Investments in this segment rose by 15.2% year-on-year to EUR 67.8m and reflect the previously mentioned acceleration in the expansion of EVN's wind power capacity during 2018/19.

#### Outlook

The impairment testing of previously impaired renewable generation assets and electricity procurement rights in the Generation Segment led to positive non-recurring effects of approximately EUR 110m in 2018/19, which resulted from the decline in market interest rates and expectations of higher electricity prices. These non-recurring effects significantly increased segment earnings during the reporting year.

EVN increased its wind power capacity by 49 MW to 367 MW in 2018/19 in 2019/20. The initial inclusion of this additional equipment for a full year should have a positive influence on the production of wind electricity. However, the earnings contribution from renewable generation is not only dependent on the installed capacity and – for the plants that no longer produce at subsidised tariffs (capacity as of 30 September 2019: roughly 127 MW) – on electricity prices, but also to a significant extent on water and wind flows. These earnings are, consequently, difficult to forecast.

The earnings contribution from thermal generation will be lower in 2019/20 because the remaining thermal capacity – with the exception of 430 MW at the gas-fired power plant in Theiss which are under contract as reserve capacity for the Austrian transmission network operator – was deactivated and conserved because of the current market environment and coal-fired operations in Dürnröhr were terminated earlier than originally scheduled.

In view of the above aspects, earnings in this segment are expected to decline in 2019/20.

Key indicators – Networks		2018/19	2017/18	+/-		2016/17
				Nominal	%	
<b>Key energy business indicators</b>	GWh					
<b>Network distribution volumes</b>						
Electricity		8,511	8,565	-54	-0.6	8,452
Natural gas		15,838	16,927	-1,090	-6.4	18,642
<b>Key financial indicators</b>	EURm					
External revenue		470.8	489.6	-18.8	-3.8	497.9
Internal revenue		63.2	64.7	-1.6	-2.4	68.8
<b>Total revenue</b>		<b>534.0</b>	<b>554.4</b>	<b>-20.4</b>	<b>-3.7</b>	<b>566.7</b>
Operating expenses		-325.8	-301.0	-24.8	-8.2	-273.8
Share of results from equity accounted investees with operational nature		-	-	-	-	-
<b>EBITDA</b>		<b>208.2</b>	<b>253.4</b>	<b>-45.2</b>	<b>-17.8</b>	<b>292.9</b>
Depreciation and amortisation including effects from impairment tests		-125.3	-110.8	-14.5	-13.1	-115.2
<b>Results from operating activities (EBIT)</b>		<b>82.9</b>	<b>142.6</b>	<b>-59.7</b>	<b>-41.9</b>	<b>177.6</b>
Financial results		-17.1	-17.1	-	0.2	-16.6
<b>Result before income tax</b>		<b>65.8</b>	<b>125.4</b>	<b>-59.6</b>	<b>-47.5</b>	<b>161.0</b>
Total assets		2,010.5	1,944.7	65.8	3.4	1,921.3
Total liabilities		1,410.9	1,332.1	78.7	5.9	1,317.2
Investments <sup>1)</sup>		202.1	173.0	29.1	16.8	153.3

1) In intangible assets and property, plant and equipment

## Networks

### Highlights 2018/19

- Revenue negatively influenced by price and volume effects
  - Tariff reductions due to lower cost of capital rates (new regulatory periods)
  - Decline in electricity and natural gas network sales volumes as a result of the weather; further decline in natural gas following reduced use of power plants
- EBITDA, EBIT and result before income tax below previous year

### Development of network distribution volumes

EVN recorded a reduction in network distribution volumes during 2018/19. Electricity distribution volumes declined by a moderate 0.6% to 8,511 GWh as a result of the warm weather.

Natural gas network distribution volumes fell by 6.4% to 15,838 GWh, above all due to the reduced use of gas-fired power plants supplied by EVN for network stabilisation.

### Revenue development

The E-Control Commission approved an average reduction of 5.7% in electricity network tariffs and 9.3% in natural gas network tariffs for household customers as of 1 January 2019. These tariffs reflected the application of changed parameters (in particular, a lower weighted average cost of capital) for the new regulatory periods. The tariff reductions also included an offset for positive volume effects caused by the cold winter weather in previous periods.

□ For information on the regulatory environment, see page 105

These volume and price effects were responsible for a 3.7% year-on-year decline in segment revenue to EUR 534.0m.

### Operating expenses and operating results

Operating expenses rose by 8.2% to EUR 325.8m, above all due to higher upstream network costs and increased costs for third party services. These developments were responsible for a 17.8% drop in EBITDA to EUR 208.2m. Scheduled depreciation and amortisation increased by 13.1% to EUR 125.3m as the result of investments, and EBIT therefore fell by 41.9% to EUR 82.9m.

### Financial results and result before income tax

Financial results were nearly stable at the prior year level and amounted to EUR –17.1m in 2018/19. The Networks Segment generated result before income tax of EUR 65.8m for the reporting year (previous year: EUR 125.4m).

### Investments

Investments in the Networks Segment rose by 16.8% to EUR 202.1m in 2018/19. This high level underscores EVN's strategic focus on massive investments in the expansion and strengthening of the networks and in the construction of new transformer stations and substations in order to protect supply security and quality. EVN is also committed to the expansion of the network infrastructure in its Lower Austrian supply area to effectively integrate the growing volume of decentralised renewable generation.

### Outlook

The new five-year regulatory period that began on 1 January 2019 includes the initial application of a lower weighted average cost of capital for the electricity distribution network for the full twelve months of the 2019/20 financial year. The lower cost of capital rates and the subsequent volume correction for prior periods required by the calculation methodology will influence network tariffs in 2020. Moreover, the wide-ranging network investments will lead to an increase in scheduled depreciation and amortisation. Segment results are therefore expected to be lower than the previous year in 2019/20.

## South East Europe

### Highlights 2018/19

- Increase in network and energy sales volumes
- Positive non-recurring effect from interest rate-related revaluation of customer bases
- EBITDA, EBIT and result before income tax above previous year

### Energy sector and regulatory development

In the South East Europe Segment, the heating-related demand for energy remained below the long-term average but was slightly higher than the previous year. Electricity network sales volumes in this segment rose by 1.9% to 14,223 GWh and energy sales volumes to end customers by 5.7% to 12,302 GWh. Electricity sales in Bulgaria were also positively influenced by the reacquisition of commercial customers. Heat sales volumes in Bulgaria were nearly stable at 209 GWh.

Electricity generation in South East Europe was characterised by different developments during the reporting year. The unusually high water flows in North Macedonia during the previous year were followed by hydrological conditions in 2018/19 that were below the long-term average. As a result, renewable generation in this segment fell by 27.6% to 125 GWh. Thermal generation rose by 41.0% to 300 GWh, but the comparable prior year value was influenced by an unscheduled standstill at the co-generation plant in Plovdiv.

The so-called "green electricity mark-up" in Bulgaria is no longer included in the energy price following a change in the calculation method which took effect on 1 July 2018. It is now reported and charged to customers separately. This change has no effect in total because revenue and procurement costs are reduced by the same amount.

□ For information on the regulatory environment, see page 105f

### Revenue development

Despite the above-mentioned, earnings-neutral change in the calculation method for the "green electricity mark-up" in Bulgaria, revenue in this segment rose slightly by 0.9% year-on-year to EUR 910.7m as a result of the generally favourable energy sector developments.



<b>Key indicators – South East Europe</b>		<b>2018/19</b>	<b>2017/18</b>	<b>+/-</b>		<b>2016/17</b>
				<b>Nominal</b>	<b>%</b>	
<b>Key energy business indicators</b>						
	GWh					
<b>Electricity generation volumes</b>		<b>425</b>	<b>385</b>	<b>40</b>	<b>10.3</b>	<b>436</b>
thereof renewable energy		125	172	-47	-27.6	129
thereof thermal power plants		300	213	87	41.0	306
<b>Network distribution volumes</b>		<b>14,223</b>	<b>13,955</b>	<b>268</b>	<b>1.9</b>	<b>14,170</b>
<b>Sales volumes to end customers</b>		<b>12,302</b>	<b>11,636</b>	<b>666</b>	<b>5.7</b>	<b>12,366</b>
thereof electricity		11,983	11,333	650	5.7	12,051
thereof natural gas		109	95	14	15.2	84
thereof heat		209	208	2	0.8	231
<b>Key financial indicators</b>						
	EURm					
External revenue		909.9	902.0	7.9	0.9	957.5
Internal revenue		0.8	0.8	-	-0.4	0.5
<b>Total revenue</b>		<b>910.7</b>	<b>902.8</b>	<b>7.9</b>	<b>0.9</b>	<b>958.0</b>
Operating expenses		-779.6	-798.2	18.6	2.3	-790.6
Share of results from equity accounted investees with operational nature		-	-	-	-	-
<b>EBITDA</b>		<b>131.1</b>	<b>104.6</b>	<b>26.5</b>	<b>25.3</b>	<b>167.3</b>
Depreciation and amortisation including effects from impairment tests		-35.2	-64.4	29.3	45.4	-86.3
<b>Results from operating activities (EBIT)</b>		<b>95.9</b>	<b>40.2</b>	<b>55.7</b>	<b>-</b>	<b>81.0</b>
Financial results		-20.6	-20.6	-	-0.2	-23.0
<b>Result before income tax</b>		<b>75.3</b>	<b>19.6</b>	<b>55.7</b>	<b>-</b>	<b>58.0</b>
Total assets		1,211.6	1,207.7	3.9	0.3	1,161.1
Total liabilities		913.1	956.5	-43.3	-4.5	937.6
Investments <sup>1)</sup>		81.1	86.4	-5.2	-6.1	92.0

1) In intangible assets and property, plant and equipment

### Operating expenses und operating results

Operating expenses declined by 2.3% to EUR 779.6m due to a reduction in receivables write-offs and the changed calculation method for the "green electricity mark-up". EBITDA in the South East Europe Segment increased by 25.3% to EUR 131.1m in 2018/19.

As reported in an ad-hoc announcement on 21 October 2019, impairment testing based on the lower market interest rates led to an increase in the value of customer bases in Bulgaria and North Macedonia which were written down through impairment losses in 2013/14. These revaluations reduced depreciation and amortisation, including the results of impairment testing, by EUR 23.0m in 2018/19. Additional reductions resulted from a revaluation recorded by the Bulgarian district heating company TEZ Plovdiv and from natural gas activities in Croatia. The revaluation recorded by the district heating company was also related to the decline in

interest rates, while the revaluation in Croatia reflected improved economic conditions. The operating environment in Croatia was improved by a decision in April 2019 to extend the concessions for the natural gas distribution networks in the Split-Dalmatia and Šibenik-Knin counties from 30 to 50 years – i. e. to 2060. Depreciation and amortisation, including the effects of impairment testing, fell by 45.4% to EUR 35.2m. EBIT in the South East Europe Segment totalled EUR 95.9m in 2018/19 (previous year: EUR 40.2m).

### Financial results and result before income tax

Financial results were nearly constant at EUR -20.6m, and the result before income tax amounted to EUR 75.3m (previous year: EUR 19.6m).

### Investments

EVN's investments in South East Europe declined year-on-year to EUR 81.1m in 2018/19 and chiefly involved new connections, the

exchange of meters and investments in the distribution networks to protect supply security.

### Decision in the arbitration proceedings against the Republic of Bulgaria

The World Bank's International Centre for the Settlement of Investment Disputes issued its decision in the arbitration proceedings initiated by EVN AG against the Republic of Bulgaria during April 2019. This decision did not award EVN AG any additional compensation for its claims, which means there were no further effects on EVN's profit or loss or balance sheet. The part of the claims in the arbitration proceedings which involved compensation for obligations related to renewable energy was settled in February 2017 through an offset between a Bulgarian subsidiary of EVN and the state-owned Bulgarian electricity company NEK. The arbitration proceedings against the Republic of Bulgaria are now closed.

### Outlook

Impairment testing in the South East Europe Segment led to positive, non-cash, non-recurring effects in 2018/19. The continuous liberalisation of the energy markets represents a major future challenge for the development of revenue and earnings in this segment. Results in this segment can also be influenced by changes in the regulatory environment as well as weather-related effects on network and energy sales volumes. Under the assumption of stable regulatory and energy sector framework conditions, EBIT is expected to range from EUR 40m to EUR 60m in 2019/20.

## Environment

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### Highlights 2018/19

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- EBIT and result before income tax above previous year despite decline in EBITDA
  - Achievements in the international project business
    - Commissioning of one wastewater treatment plant each in Croatia and North Macedonia
    - Receipt of six new general contractor assignments
- 

### International project business

WTE Wassertechnik – EVN's German subsidiary which is responsible for the international project business in the Group – commis-

sioned two wastewater treatment plants, one in Vodice, Croatia, and another in Kočani, North Macedonia, on schedule and transferred them to the customers in 2018/19. The company also received six general contractor assignments from Lithuania, Poland, Romania and Croatia during the reporting year, which have a combined value of approximately EUR 86m. As of 30 September 2019, WTE Wassertechnik was working on eight general contractor assignments in the wastewater sector in Lithuania, Poland, Romania, Croatia and Bahrain.

Progress was made during the past financial year on the preparations and exclusive negotiations – also covering the envisaged project financing – for an extensive wastewater treatment project in Kuwait. The required project company has already been founded and will be under the majority ownership of state-owned Kuwaiti institutions with WTE Wassertechnik as a minority shareholder. At the beginning of April 2019, WTE Wassertechnik also received a contract to operate an existing wastewater treatment plant. However, the final awarding of the contract for the Umm Al Hayman wastewater treatment project is still outstanding.

A new field – the planning and construction of plants for the thermal utilisation of sewage sludge – is becoming increasingly important for the international project business. WTE Wassertechnik is currently working on such projects in Lithuania and Bahrain. Another plant is currently under construction in the German city of Halle-Lochau by sludge2energy, a joint venture established with the German partner company Huber SE.

WTE Wassertechnik continued its discussions with the municipality of Budva and the Republic of Montenegro during the reporting year over the early termination of the wastewater treatment plant project in Budva, Montenegro. The claims by WTE Wassertechnik are covered in part by a guarantee issued by the Republic of Montenegro and in full by further guarantees issued by the municipality of Budva and the Federal Republic of Germany.

### Revenue development

Revenue in the Environment Segment fell by 30.3% year-on-year to EUR 105.1m in 2018/19, despite an increase in revenue from drinking water supplies in Lower Austria. This decline is primarily attributable to the transfer of the thermal waste utilisation plant in Zwentendorf/Dürnröhr to the Generation Segment during the fourth quarter of 2017/18.

### Operating expenses

Operating expenses in this segment also declined by 29.2% to EUR 94.6m as a result of the above-mentioned transfer.

<b>Key financial indicators – Environment</b>	EURm	<b>2018/19</b>	<b>2017/18</b>	+/-		<b>2016/17</b>
				Nominal	%	
External revenue <sup>1)</sup>		104.7	137.7	-33.0	-24.0	180.9
Internal revenue		0.5	13.1	-12.6	-96.4	16.6
<b>Total revenue<sup>1)</sup></b>		<b>105.1</b>	<b>150.8</b>	<b>-45.6</b>	<b>-30.3</b>	<b>197.5</b>
Operating expenses <sup>1)</sup>		-94.6	-133.7	39.1	29.2	-207.7
Share of results from equity accounted investees with operational nature		16.2	13.0	3.2	24.8	13.9
<b>EBITDA</b>		<b>26.8</b>	<b>30.1</b>	<b>-3.3</b>	<b>-11.0</b>	<b>3.7</b>
Depreciation and amortisation including effects from impairment tests		-11.6	-20.8	9.2	44.4	-24.9
<b>Results from operating activities (EBIT)</b>		<b>15.2</b>	<b>9.3</b>	<b>5.9</b>	<b>63.8</b>	<b>-21.2</b>
Financial results		-11.7	-10.4	-1.3	-12.9	-1.6
<b>Result before income tax</b>		<b>3.5</b>	<b>-1.1</b>	<b>4.6</b>	<b>-</b>	<b>-22.8</b>
Total assets		682.0	644.1	38.0	5.9	816.4
Total liabilities		530.1	498.4	31.7	6.4	637.1
Investments <sup>2)</sup>		17.4	20.7	-3.3	-16.0	11.6

1) Previous year's figures were adjusted – see the consolidated notes, note 2. Reporting in accordance with IFRS, Changes in the presentation of the consolidated financial statements and adjustment of prior year data

2) In intangible assets and property, plant and equipment

### Results from equity accounted investees

The results from equity accounted investees with operational nature rose by 24.8% year-on-year to EUR 16.2m. This increase was supported, above all, by the earnings contribution from the wastewater treatment project in Zagreb. Results for 2018/19 also include the final earnings contribution from the wastewater treatment project in Prague. This plant was commissioned in September 2018, and WTE Wassertechnik was in charge of the operational management for the first twelve months.

### Operating results

EBITDA in the Environment Segment declined by 11.0% to EUR 26.8m in 2018/19. The transfer of the thermal waste utilisation plant in Zwentendorf/Dürnrrohr and the absence of scheduled depreciation and amortisation for these assets led to an increase of 63.8% in EBIT to EUR 15.2m.

### Financial results and result before income tax

Financial results amounted to EUR -11.7m, compared with EUR -10.4m in the previous year. In total, this segment reported result before income tax of EUR 3.5m in 2018/19 (previous year: EUR -1.1m).

### Investments

Investments in the Environment Segment were 16.0% lower year-on-year at EUR 17.4m in 2018/19 and continued to focus on drinking water supplies. Further massive investments were made in the pipeline networks and, consequently, also in cross-regional supply security during the reporting year. The fourth natural filter plant in EVN's supply area was commissioned in the south of Vienna during spring 2019. Investments in further plants to reduce the hardness of the water by natural means will also continue in the future. The ground-breaking ceremony for the next project of this type already took place in Petronell during September 2019. Approximately EUR 9.4m will be invested here up to the planned commissioning at the end of 2021 in order to supply soft drinking water to the 50,000 residents of ten communities in the region east of Vienna International Airport.

### Outlook

The development of earnings in the Environment Segment is significantly influenced by the further acquisition and realisation of assignments in the international project business. Assuming the order is received for the major project in Kuwait, segment earnings in 2019/20 are expected to exceed the previous year.

Key financial indicators – All Other Segments	EURm	2018/19	2017/18	+/-		2016/17
				Nominal	%	
External revenue		18.4	15.0	3.4	22.7	13.4
Internal revenue		64.3	61.0	3.3	5.4	59.5
<b>Total revenue</b>		<b>82.7</b>	<b>76.0</b>	<b>6.7</b>	<b>8.8</b>	<b>73.0</b>
Operating expenses		-93.2	-87.2	-6.0	-6.9	-80.7
Share of results from equity accounted investees with operational nature		44.8	51.4	-6.6	-12.9	60.4
<b>EBITDA</b>		<b>34.2</b>	<b>40.2</b>	<b>-6.0</b>	<b>-14.9</b>	<b>52.7</b>
Depreciation and amortisation including effects from impairment tests		-1.8	-0.9	-0.9	-	-1.4
<b>Results from operating activities (EBIT)</b>		<b>32.4</b>	<b>39.3</b>	<b>-6.9</b>	<b>-17.6</b>	<b>51.2</b>
<b>Financial results</b>		<b>52.2</b>	<b>43.8</b>	<b>8.4</b>	<b>19.3</b>	<b>45.6</b>
<b>Result before income tax</b>		<b>84.6</b>	<b>83.1</b>	<b>1.5</b>	<b>1.8</b>	<b>96.8</b>
Total assets		4,586.5	4,374.4	212.1	4.8	3,040.0
Total liabilities		1,674.4	1,670.8	3.6	0.2	1,265.8
Investments <sup>1)</sup>		3.5	4.0	-0.5	-12.5	2.3

1) In intangible assets and property, plant and equipment

## All Other Segments

### Highlights 2018/19

- Different development of earnings contributions
  - Increase from Energie Burgenland
  - Decline from RAG
- Result before income tax above previous year, despite reduction in EBITDA and EBIT

### Revenue, EBITDA and EBIT development

Revenue in this segment rose by 8.8% to EUR 82.7m in 2018/19, while operating expenses increased by 6.9% to EUR 93.2m.

In contrast, the share of results from equity accounted investees with operational nature declined by 12.9% to EUR 44.8m. A higher earnings contribution from Energie Burgenland only partly offset the lower earnings contribution from RAG.

These developments were also responsible for a decline of 14.9% in EBITDA to EUR 34.2m. Depreciation and amortisation, including the effects of impairment testing, were 0.9% higher at EUR 1.8m. EBIT amounted to EUR 32.4m, which represents a year-on-year decrease of 17.6%.

### Financial results and result before income tax

Financial results – which include the dividend of EUR 0.42 per share distributed by Verbund AG on 20 May 2019 for the 2018 financial year (previous year: EUR 0.42 per share) – were 19.3% higher than the previous year at EUR 52.2m. Also included here are a performance increase from the R 138 fund and a reduction in interest expense based on the decline in EVN's financial debt.

The result before income tax in this segment was 1.8% lower than the previous year at EUR 84.6m in 2018/19.

### Outlook

Results in this segment are influenced primarily by the earnings contributions from RAG, Energie Burgenland and Verbund AG. These contributions are expected to be slightly higher than the previous year in 2019/20.



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# Consolidated financial statements for 2018/19

According to International Financial Reporting Standards

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## Consolidated statement of operations

EURm	Note	2018/19	2017/18
Revenue	24	2,204.0	2,078.7 <sup>1)</sup>
Other operating income	25	117.8	98.9 <sup>1)</sup>
Cost of materials and services	26	-1,361.6	-1,236.4
Personnel expenses	27	-338.7	-321.7
Other operating expenses	28	-120.2	-135.7
Share of results from equity accounted investees with operational nature	29	130.5	188.0
<b>EBITDA</b>		<b>631.7</b>	<b>671.8</b>
Depreciation and amortisation	30	-269.8	-258.3
Effects from impairment tests	30	41.6	-20.6
<b>Results from operating activities (EBIT)</b>		<b>403.5</b>	<b>392.9</b>
Share of results from equity accounted investees with financial nature		-	0.1
Results from other investments		23.2	20.1
Interest income		8.1	10.7
Interest expense		-51.5	-54.0
Other financial results		-9.8	-14.0
<b>Financial results</b>	31	<b>-29.9</b>	<b>-37.2</b>
<b>Result before income tax</b>		<b>373.5</b>	<b>355.7</b>
Income tax	32	-46.7	-76.1
<b>Result for the period</b>		<b>326.9</b>	<b>279.6</b>
thereof result attributable to EVN AG shareholders (Group net result)		302.4	254.6
thereof result attributable to non-controlling interests		24.5	25.0
Earnings per share in EUR <sup>2)</sup>	33	1.70	1.43
Dividend per share in EUR		0.50 <sup>3)</sup>	0.47

1) The comparative information was adjusted – see note 2. Reporting in accordance with IFRS, Changes in the presentation of the consolidated financial statements and adjustment of prior year data

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

3) Proposal to the Annual General Meeting: dividend of EUR 0.47 per share + one-time bonus dividend of EUR 0.03 per share

## Consolidated statement of comprehensive income

EURm	Note	2018/19	2017/18
<b>Result for the period</b>		<b>326.9</b>	<b>279.6</b>
<b>Other comprehensive income from</b>			
<b>Items that will not be reclassified to profit or loss</b>		<b>233.5</b>	<b>-8.5</b>
Remeasurements IAS 19	45	-55.4	-14.3
Investments in equity accounted investees	45	-10.7	2.3
Shares and other equity instruments measured at fair value and reported in other comprehensive income <sup>1)</sup>		381.6	-
Thereon apportionable income tax expense	45	-82.0	3.5
<b>Items that may be reclassified to profit or loss</b>		<b>5.1</b>	<b>777.9</b>
Currency translation differences	5	10.8	2.1
Available for sale financial instruments <sup>1)</sup>	45	-	1,025.4
Cash flow hedges	45	-0.1	7.4
Investments in equity accounted investees	45	-7.3	0.8
Thereon apportionable income tax expense	45	1.8	-257.8
<b>Total other comprehensive income after tax</b>		<b>238.6</b>	<b>769.4</b>
<b>Comprehensive income for the period</b>		<b>565.5</b>	<b>1,049.0</b>
thereof income attributable to EVN AG shareholders		546.0	1,023.4
thereof income attributable to non-controlling interests		19.5	25.6

1) See note 2. Reporting in accordance with IFRS, IFRS 9 Financial Instruments

## Consolidated statement of financial position

EURm	Note	30.09.2019	30.09.2018
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	34	218.5	182.1
Property, plant and equipment	35	3,579.6	3,438.7
Investments in equity accounted investees	36	972.1	995.7
Other investments	37	2,325.4	1,944.2
Deferred tax assets	49	72.1	68.8
Other non-current assets	38	163.3	252.4
		<b>7,330.9</b>	<b>6,881.9</b>
<b>Current assets</b>			
Inventories	39	104.1	94.6
Trade and other receivables	40	417.4	500.3
Securities	41	89.7	139.8
Cash and cash equivalents	59	246.6	214.5
		<b>857.7</b>	<b>949.1</b>
<b>Total assets</b>		<b>8,188.6</b>	<b>7,831.1</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital and reserves attributable to shareholders of EVN AG	42–46	4,295.6	3,832.8
Non-controlling interests	47	256.5	259.9
		<b>4,552.1</b>	<b>4,092.6</b>
<b>Non-current liabilities</b>			
Non-current loans and borrowings	48	990.0	1,040.5
Deferred tax liabilities	49	543.8	471.0
Non-current provisions	50	537.5	480.8
Deferred income from network subsidies	51	615.7	602.6
Other non-current liabilities	52	46.2	75.4
		<b>2,733.2</b>	<b>2,670.3</b>
<b>Current liabilities</b>			
Current loans and borrowings	53	68.8	89.1
Taxes payable and levies	54	138.3	85.6
Trade payables	55	301.0	337.1
Current provisions	56	90.4	91.4
Other current liabilities	57	304.9	464.9
		<b>903.3</b>	<b>1,068.1</b>
<b>Total equity and liabilities</b>		<b>8,188.6</b>	<b>7,831.1</b>

## Consolidated statement of changes in equity

EURm	Share capital	Share premium and capital reserves	Retained earnings	Valuation reserve	Currency translation reserve	Treasury shares	Issued capital and reserves of EVN AG shareholders	Non-controlling interests	Total
<b>Balance on 01.10.2017</b>	330.0	253.0	2,126.2	226.2	-22.1	-21.2	2,892.1	258.0	3,150.1
Comprehensive income	-	-	254.6	766.7	2.1	-	1,023.3	25.6	1,048.9
Dividends 2016/17	-	-	-83.6	-	-	-	-83.6	-23.7	-107.3
Change in treasury shares	-	0.4	-	-	-	0.7	1.1	-	1.1
Other changes	-	-	-0.0 <sup>1)</sup>	0.0 <sup>1)</sup>	0.0 <sup>1)</sup>	-	0.0 <sup>1)</sup>	-0.1	-0.0 <sup>1)</sup>
Change in the scope of consolidation	-	-	-0.2	-	0.0 <sup>1)</sup>	-	-0.2	0.1	-0.1
<b>Balance on 30.09.2018</b>	330.0	253.4	2,297.0	992.9	-20.0	-20.5	3,832.8	259.9	4,092.6
Change in accounting method (IFRS 9 Group) <sup>1)</sup>	-	-	-2.4	1.1	-	-	-1.3	-0.5	-1.8
Change in accounting method (IFRS 9 at equity) <sup>1)</sup>	-	-	0.7	-	-	-	0.7	-	0.7
Change in accounting method (IFRS 15 Group) <sup>2)</sup>	-	-	-0.1	-	-	-	-0.1	-	-0.1
Change in accounting method (IFRS 15 at equity) <sup>2)</sup>	-	-	0.2	-	-	-	0.2	-	0.2
<b>Balance on 01.10.2018</b>	330.0	253.4	2,295.5	994.0	-20.0	-20.5	3,832.4	259.4	4,091.8
Comprehensive income	-	-	302.4	232.8	10.7	-	546.0	19.5	565.5
Dividends 2017/18	-	-	-83.7	-	-	-	-83.7	-22.5	-106.1
Change in treasury shares	-	0.2	-	-	-	0.8	1.0	-	1.0
Other changes	-	-	-	-	-	-	-	-	-
Change in the scope of consolidation	-	-	-	-	-	-	-	-	-
<b>Balance on 30.09.2019</b>	330.0	253.6	2,514.2	1,226.8	-9.3	-19.7	4,295.6	256.5	4,552.1
Note	42	43	44	45	5	46		47	

1) See note 2. Reporting in accordance with IFRS, Significant changes based on the initial application of IFRS 9 and IFRS 15

2) See note 2. Reporting in accordance with IFRS, Significant changes based on the initial application of IFRS 9 and IFRS 15

\*) Small amount

## Consolidated statement of cash flows

EURm	Note	2018/19	2017/18
<b>Result before income tax</b>		<b>373.5</b>	<b>355.7</b>
+ Depreciation, amortisation/– revaluation of intangible assets and property, plant and equipment	30	228.2	278.9
– Results of equity accounted investees and other investments	36, 37	–153.7	–208.2
+ Dividends from equity accounted investees and other investments		161.1	163.3
+ Interest expense		51.5	54.0
– Interest paid		–41.4	–42.9
– Interest income		–8.1	–10.7
+ Interest received		7.4	8.4
+ Losses/– gains from foreign exchange translations		9.9	10.5
+ /– Other non-cash financial results		–1.6	3.4
– Release of deferred income from network subsidies	59	–50.6	–47.9
– Gains/+ losses on the disposal of intangible assets and property, plant and equipment		–3.1	–0.7
– Decrease/+ increase in non-current provisions	50	–22.6	–3.6
<b>Gross cash flow</b>		<b>550.5</b>	<b>560.3</b>
+ Decrease/– increase in inventories and receivables		109.7	–69.8
+ Increase/– decrease in current provisions		–1.0	–0.1
+ Increase/– decrease in trade payables and other liabilities		–222.8	115.2
– Income tax paid		–6.6	–2.0
<b>Net cash flow from operating activities</b>		<b>429.7</b>	<b>603.5</b>
+ Proceeds from the disposal of intangible assets and property, plant and equipment		5.7	20.9
+ Proceeds from network subsidies		64.4	68.2
+ Proceeds from the disposal of financial assets and other non-current assets		72.4	25.1
+ Proceeds from the disposal of current securities		49.3	–
– Acquisition of intangible assets and property, plant and equipment		–391.9	–351.3
– Acquisition of financial assets and other non-current assets		–7.0	–79.3
– Acquisition of current securities		–	–140.6
<b>Net cash flow from investing activities</b>		<b>–207.1</b>	<b>–457.1</b>
– Dividends paid to EVN AG shareholders	44	–83.7	–83.6
– Dividends paid to non-controlling interests		–22.5	–23.7
– Increase in interest in fully consolidated companies		–	–0.1
+ Sales of treasury shares		1.0	1.1
+ Increase in financial liabilities	59	3.2	2.0
– Decrease in financial liabilities	59	–89.1	–49.2
<b>Net cash flow from financing activities</b>		<b>–191.0</b>	<b>–153.5</b>
<b>Net change in cash and cash equivalents<sup>1)</sup></b>		<b>31.5</b>	<b>–7.1</b>
<b>Net change in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period <sup>1)</sup>	59	214.5	221.8
Currency translation differences on cash and cash equivalents		0.2	–0.1
Cash and cash equivalents at the end of the period <sup>1)</sup>		246.2	214.5
<b>Net change in cash and cash equivalents<sup>2)</sup></b>		<b>31.5</b>	<b>–7.1</b>

1) The addition of bank overdrafts results in cash and cash equivalents as reported on the consolidated statement of financial position.

2) Additional information on the consolidated statement of cash flows can be found in note 59. Consolidated statement of cash flows.

# Consolidated notes

## Basis of preparation

### 1. General

EVN AG, as the parent company of the EVN Group (EVN), is a leading listed Austrian energy and environmental services provider. Its headquarters are located in A-2344 Maria Enzersdorf, Austria. In addition to serving its domestic market in the province of Lower Austria, EVN operates in the Bulgarian, North Macedonian, Croatian, German and Albanian energy industry. EVN is also active in the area of environmental services through subsidiaries that provide customers in 13 countries with water supply, wastewater treatment and thermal waste utilisation services.

The consolidated financial statements are prepared as of the balance sheet date of EVN AG. The financial year of EVN AG covers the period from 1 October to 30 September.

The consolidated financial statements are prepared on the basis of uniform accounting policies. In cases where the balance sheet date of a consolidated company differs from the balance sheet date of EVN AG, interim financial statements are prepared as of 30 September.

The consolidated financial statements are prepared on the basis of historical acquisition and production costs, unless indicated otherwise.

Certain items on the consolidated statement of financial position and the consolidated statement of operations are summarised to achieve a more understandable and clearly structured presentation. These positions are presented individually in the consolidated notes and explained according to the principle of materiality. In order to improve clarity and comparability, the amounts in the consolidated financial statements are generally shown in millions of euros (EURm), unless otherwise noted. Immaterial mathematical differences may arise from the rounding of individual items or percentage rates.

The consolidated statement of operations is prepared in accordance with the nature of expense method.

### 2. Reporting in accordance with IFRS

Pursuant to § 245a of the Austrian Commercial Code, the consolidated financial statements were prepared in accordance with the current guidelines set forth in the IFRSs issued by the International Accounting Standards Board (IASB) as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that were applicable as of the balance sheet date and had been adopted by the European Union (EU).

#### Standards and interpretations applied for the first time and changes in accounting policies

The following standards and interpretations were applied for the first time in the 2018/19 financial year:

<b>Standards and interpretations applied for the first time</b>		Effective <sup>1)</sup>	Expected material effects on EVN's consolidated financial statements
<b>New standards and interpretations</b>			
IFRS 9	Financial Instruments	01.01.2018	See below
IFRS 15	Revenue from Contracts with Customers	01.01.2018	See below
IFRIC 22	Foreign Currency Transactions and Advance Consideration	01.01.2018	See below
<b>Revised standards and interpretations</b>			
Several	Annual Improvements 2014–2016	01.01.2018	None
IFRS 2	Classification and Measurement of Share-based Payment Transactions	01.01.2018	None
IFRS 4	Applying IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts	01.01.2018	None
IFRS 15	IFRS 15 Revenue from Contracts with Customers – Clarifications	01.01.2018	See below
IAS 40	Transfers of Investment Property	01.01.2018	None

1) In accordance with the Official Journal of the EU, these standards are applicable to financial years beginning on or after the effective date.



## IFRS 9 Financial Instruments

IFRS 9 replaces the existing rules for the recognition and measurement of financial instruments under IAS 39. In comparison with IAS 39, IFRS 9 includes new rules for the classification and measurement of financial assets and expanded rules for the recognition of impairment losses to financial assets. It also defines new rules for hedge accounting.

### Classification and measurement

IFRS 9 provides for a new classification of financial assets which, in contrast to IAS 39, is based on the respective business model and the characteristics of the contractual payment flows for the individual financial instruments. In the future, financial assets must be allocated to one of the following three categories: “at amortised cost (AC)”, “at fair value through profit or loss (FVTPL)” or “at fair value through other comprehensive income (FVOCI)”. An evaluation by the EVN Group showed that most of the financial assets – in particular loans receivable, other non-current assets, trade and other receivables as well as cash on hand and at banks – will continue to meet the criteria for classification at amortised cost. Investments in equity instruments are generally classified as FVTPL; investments in equity instruments which were previously classified as available for sale (AFS) and are held over the long term will be assigned to the category FVOCI under the application of IFRS 9.5.7.5. Related valuation adjustments to these instruments will no longer be reclassified to the consolidated statement of operations in the future. The investments in equity instruments which were previously measured at amortised cost based on the exemption provided by IAS 39.46(c) do not lead to a material increase in the carrying amount. The securities recorded under non-current and current assets at EVN represent shares in funds, they are measured at FVTPL.

## IFRS 9 Financial Instruments

<b>Classification and measurement</b>	Previous measurement category in accordance with IAS 39	New measurement category in accordance with IFRS 9	Carrying amount IFRS 9 as of 01.10.2018	Carrying amount IAS 39 as of 30.09.2018
EURm				
<b>Measurement at fair value</b>				
Other investments	AFS	FVOCI <sup>1)</sup>	1,939.6	1,939.6
Securities (non-current)	FVTPL	FVTPL	135.1	135.1
Securities (current)	AFS	FVTPL	139.8	139.8
Receivables arising from derivative transactions <sup>2)</sup>	FVTPL	FVTPL	83.2	83.2
Liabilities arising from derivative transactions <sup>2)</sup>	FVTPL	FVTPL	122.3	122.3
<b>Measurement at amortised cost</b>				
Loans receivable	LAR	AC	38.3	38.3
Lease receivables	LAR	AC	28.7	28.7
Remaining other non-current assets	LAR	AC	0.6 <sup>3)</sup>	0.2
Trade and other receivables	LAR	AC	418.5 <sup>4)</sup>	419.5
Cash on hand and at banks	LAR	AC	214.5	214.5
Bonds	FLAC	AC	504.5	504.5
Bank loans	FLAC	AC	536.0	536.0
Other liabilities	FLAC	AC	20.3	20.3
Current loans and borrowings	FLAC	AC	89.1	89.1
Trade payables	FLAC	AC	337.1	337.1
Other financial liabilities	FLAC	AC	292.7	292.7

1) The option provided by IFRS 9.5.7.5, which permits the assignment of other investments to the category FVOCI, was applied to all investments.

2) Including hedging instruments

3) Valuation adjustments in accordance with IFRS 15 (incremental costs for obtaining a contract)

4) Valuation adjustments in accordance with IFRS 9 (impairments)

## Impairments

With regard to the recognition of impairment losses on financial assets, IFRS 9 replaces the “incurred loss model” with the “expected loss model”. Financial assets carried at amortised cost, contractual assets as defined in IFRS 15 and debt instruments measured at FVOCI are now subject to the provisions of the expected loss model on initial recognition and are tested for impairment. Impairment losses must be recognised in one of two forms: on the basis of a twelve-month model at the amount of the credit losses expected within the next twelve-months or on the basis of a lifetime loss model at the amount of the credit losses expected over the lifetime of the asset. The latter alternative must be applied to trade receivables without material financing components and to assets whose credit risk has increased significantly since initial recognition. The standard offers a practical expedient for lease receivables, which also permits the application of the lifetime model. EVN decided not to apply this option and assesses the probability of default based on the twelve-month model. In the EVN Group, the twelve month model will be applied, in particular, to loans receivable, lease receivables and bank deposits, when the requirements of IFRS 9.7.2.19a are met. The preparation of the consolidated financial statements as of 30 September 2018 included impairment testing at the Group level in accordance with IFRS 9 for the following balance sheet positions: loans receivables, lease receivables and cash at banks. These impairment tests would have led, in total, to the recognition of an immaterial impairment loss of EUR 0.1m. EVN did not recognise this impairment because the amount is immaterial.

The application of the lifetime loss model is mandatory for trade receivables without material financing components. EVN applies the rules provided by IFRS 9B5.5.35, which provide for the use of an impairment matrix as a practical expedient to determine the amount of an impairment loss. The default incidents in recent years were analysed by region and core market, and an impairment matrix was then developed for the EVN Group based on time intervals. The calculations as of 30 September 2018 resulted in an additional need for the recognition of impairment losses totalling EUR 1.0m at the Group level as well as the reversal of impairment losses totalling EUR 0.9m for equity accounted investees.

<b>Impairment – receivables</b>			
EURm	Trade receivables	Other receivables (general approach) <sup>1)</sup>	<b>Total</b>
<b>30.09.2018 (IAS 39)</b>	<b>301.3</b>	<b>399.9</b>	<b>701.2</b>
Impairment losses – adjustment	-1.0	-	-1.0
<b>01.10.2018 (IFRS 9)</b>	<b>300.3</b>	<b>399.9</b>	<b>700.2</b>

1) The general approach covers the following balance sheet positions: loans receivables, lease receivables, remaining other non-current assets and other receivables as well as cash on hand and at banks.

## Hedge accounting

The new model for hedge accounting is intended to create a better connection between the company’s risk management strategy, the reasons for the conclusion of hedges and the recognition and measurement of these hedges. In addition to convergence with the goals and strategies of corporate risk management, IFRS 9 expands the range of acceptable underlying transactions and requires a rather qualitative and future-oriented approach for evaluating the effectiveness of the hedge relationship.

The hedges held by the EVN Group on the transition date for the hedging of foreign exchange and interest rate risks meet the requirements of IFRS 9. They are in agreement with the strategies and goals of risk management in the EVN Group and can therefore also be continued under the provisions of IFRS 9.

## Transition

In principle, IFRS 9 is to be applied retrospectively. EVN, however, has decided to utilise the exception rule and will not adjust the comparative information for classification and measurement (including impairment) in previous accounting periods as of the initial application date. Differences between the carrying amounts which result from the application of IFRS 9 will generally be recorded under retained earnings without recognition through profit or loss as of 1 October 2018. In contrast, the new rules for hedge accounting will principally be applied prospectively.

### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 defines a five-step model for the recognition of revenue from contracts with customers and replaces all previously applicable standards and related interpretations. Under this model, a company recognises revenue at an amount equal to the consideration expected in exchange for the accepted performance obligations, i. e. the transfer of goods or the provision of services. A determination must therefore be made when a contract is concluded as to whether the resulting revenue should be recognised at a point in time or over time. Revenue is recognised when the customer obtains control over the goods or services. This standard also includes extensive requirements for qualitative and quantitative disclosures on the assets resulting from the capitalised costs for the acquisition and fulfilment of contracts with customers.

EVN's customer contracts were analysed as part of a Group-wide project to identify the contracts that could lead to a potential change in the previous method used to realise revenue. The application of IFRS 15 is not expected to result in any material effects on the scope or timing of revenue recognition, especially in EVN's core energy supply business. The rules defined by IFRS 15.25a, in particular, are relevant for EVN's core business – the supply and delivery of energy. Revenue is recognised over time in this business because the customer receives continuous service and consumes the energy immediately, and another company would not be required to repeat the previously provided performance if it took over the contract and fulfilled the remaining performance obligations. The EVN Group will, as soon as the corresponding prerequisites are met, utilise the practical expedient provided by IFRS 15.B16, which permits the recognition of revenue at the amount the company is entitled to invoice.

The contract analyses also identified the following issues for the EVN Group:

The costs to acquire a contract with a customer represent additional costs. When the company assumes it will be able to reclaim these costs, the related amounts must generally be capitalised and amortised over the period in which the goods or services are transferred to the customer. If the expected amortisation period does not exceed one year, the practical expedient permits the expensing of these costs. In 2017/18, this would have led to the capitalisation of EUR 0.4m for contract acquisition costs.

Payments to customers for sales purposes, e. g. free months, are generally recognised as revenue deductions. A payment made when the contract is concluded leads to the recognition of an asset which must be released over the minimum contract term. In 2017/18, this would have led to the capitalisation of an asset amounting to EUR 0.2m.

The arbitration decision issued in November 2016 led to a contract modification as defined in IFRS 15.21b for the project company STEAG-EVN Walsum 10 Kraftwerksgesellschaft mbH ("SEK") in connection with granted network subsidies. This modification must be treated as if it was always part of the existing contract, which means revenues must be adjusted on a cumulative basis starting with the initial recognition of a network subsidy. This led to an increase of EUR 0.7m and will subsequently result in an annual increase of EUR 0.1m in the revenue recognised until the end of the contract term.

The initial application of IFRS 15 will be made retrospectively, whereby the cumulative adjustment amounts from the initial application will be recorded under retained earnings as of 1 October 2018.

### **Significant changes based on the initial application of IFRS 9 and IFRS 15**

EVN initially applied IFRS 9 and IFRS 15 as of 1 October 2018. As explained in the preceding sections, the comparative information for prior accounting periods was not adjusted. The effects on profit or loss from the application of the new standards were recorded under retained earnings as of 1 October 2018.

The following section shows the effects on EVN's consolidated financial statements from the initial application of IFRS 9 and IFRS 15, in particular on the consolidated statement of financial position and on equity. The additional disclosures required by IFRS 15.C8 are not provided because the information is immaterial.

<b>Adjustments to the consolidated statement of financial position</b>				
EURm	<b>01.10.2018</b>	Adjustment IFRS 9	Adjustment IFRS 15	<b>30.09.2018</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	182.1	–	–	182.1
Property, plant and equipment	3,438.7	–	–	3,438.7
Investments in equity accounted investees	996.9	0.9	0.3	995.7
Other investments	1,944.2	–	–	1,944.2
Deferred tax assets	69.0	–	0.2	68.8
Other non-current assets	253.0	–	0.6	252.4
	<b>6,884.0</b>	<b>0.9</b>	<b>1.1</b>	<b>6,881.9</b>
<b>Current assets</b>				
Inventories	94.6	–	–	94.6
Trade and other receivables	499.3	–1.0	–	500.3
Securities	139.8	–	–	139.8
Cash and cash equivalents	214.5	–	–	214.5
	<b>948.2</b>	<b>–1.0</b>	<b>–</b>	<b>949.1</b>
<b>Total assets</b>	<b>7,832.1</b>	<b>–</b>	<b>1.1</b>	<b>7,831.1</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	330.0	–	–	330.0
Share premium and capital reserves	253.4	–	–	253.4
Retained earnings	2,295.5	–1.7	0.2	2,297.0
Valuation reserve	994.0	1.1	–	992.9
Currency translation reserve	–20.0	–	–	–20.0
Treasury shares	–20.5	–	–	–20.5
Issued capital and reserves attributable to shareholders of EVN AG	3,832.3	–0.6	0.2	3,832.8
Non-controlling interests	259.4	–0.5	–	259.9
	<b>4,091.8</b>	<b>–1.1</b>	<b>0.2</b>	<b>4,092.6</b>
<b>Non-current liabilities</b>				
Non-current loans and borrowings	1,040.5	–	–	1,040.5
Deferred tax liabilities	472.2	1.0	0.2	471.0
Non-current provisions	480.8	–	–	480.8
Deferred income from network subsidies	603.3	–	0.7	602.6
Other non-current liabilities	75.4	–	–	75.4
	<b>2,672.2</b>	<b>1.0</b>	<b>0.9</b>	<b>2,670.3</b>
<b>Current liabilities</b>				
Current loans and borrowings	89.1	–	–	89.1
Taxes payable and levies	85.6	–	–	85.6
Trade payables	337.1	–	–	337.1
Current provisions	91.4	–	–	91.4
Other current liabilities	464.9	–	–	464.9
	<b>1,068.1</b>	<b>–</b>	<b>–</b>	<b>1,068.1</b>
<b>Total equity and liabilities</b>	<b>7,832.1</b>	<b>–</b>	<b>1.1</b>	<b>7,831.1</b>

<b>Adjustments to equity</b>	Retained earnings	Valuation reserves (only AFS)	Valuation reserves (only FVOCI)	Non-controlling interests	Equity total
EURm					
<b>Balance on 30.09.2018</b>	<b>2,297.0</b>	<b>1,108.5</b>	<b>–</b>	<b>259.9</b>	<b>4,092.6</b>
<b>Classification IFRS 9</b>					
Reclassification of current securities from AFS to FVTPL	–1.1	1.1	–	–	–
Reclassification of equity instruments from AFS to FVOCI	–	–1,109.5	1,109.5	–	–
	<b>–1.1</b>	<b>–1,108.5</b>	<b>1,109.5</b>	<b>–</b>	<b>–</b>
<b>Impairment IFRS 9</b>					
Impairments trade receivables (Group)	–0.5	–	–	–0.5	–1.0
Deferred taxes on initial application effects (Group)	–0.8	–	–	–	–0.8
Reversal of impairment trade receivables (at equity)	0.9	–	–	–	0.9
Deferred taxes on initial application effects (at equity)	–0.2	–	–	–	–0.2
	<b>–0.6</b>	<b>–</b>	<b>–</b>	<b>–0.5</b>	<b>–1.1</b>
<b>Adjustments IFRS 15</b>					
Incremental costs for obtaining a contract (Group)	0.4	–	–	–	0.4
Incremental costs for obtaining a contract (at equity)	0.3	–	–	–	0.3
Contract assets	0.2	–	–	–	0.2
Contract modification Walsum 10	–0.7	–	–	–	–0.7
Deferred taxes on initial application effects	–0.1	–	–	–	–0.1
	<b>0.2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.2</b>
<b>Balance on 01.10.2018</b>	<b>2,295.5</b>	<b>–</b>	<b>1,109.5</b>	<b>259.4</b>	<b>4,091.8</b>

### IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 regulates the accounting treatment of transactions which include the receipt or payment of consideration in a foreign currency. The interpretation clarifies that the date on which an asset arising from advance consideration is recognised represents the relevant date for determining the exchange rate applicable to a non-monetary asset. EVN applies this interpretation in connection with advance payments made or received in a foreign currency in the international project business.

<b>Standards and interpretations already adopted by the EU, but not yet compulsory</b>		Effective <sup>1)</sup>	Expected material effects on EVN's consolidated financial statements
<b>New standards and interpretations</b>			
IFRS 16	Leases	01.01.2019	See below
IFRIC 23	Uncertainty over Income Tax Treatments	01.01.2019	None
<b>Revised standards and interpretations</b>			
IAS 19	Plan Amendment, Curtailment or Settlement	01.01.2019	None
IAS 28	Long-term Interests in Associates and Joint Ventures	01.01.2019	None
IFRS 9	Prepayment Features with Negative Compensation	01.01.2019	None
Several	Annual Improvements 2015–2017	01.01.2019	None

1) In accordance with IASB, these standards are applicable to financial years beginning on or after the effective date.

### IFRS 16 Leases

The IASB published IFRS 16 in January 2016 as a replacement for the previous standard on leases (IAS 17) and related interpretations. IFRS 16 requires mandatory application for financial years beginning on or after 1 January 2019. It includes a new definition of the term “lease” and introduces major changes in the accounting rules for lessees. The goal of the new standard is the balance sheet recognition of nearly all leases and the related contractual rights and obligations for the lessee as rights of use or lease liabilities, which means the former differentiation between finance and operating leases is no longer applicable. The accounting rules for the lessor do not change materially in comparison with the previously applied IAS 17. The business transactions in which EVN serves as the lessor are immaterial. The accounting model for IFRS 16 does not significantly differ from that for IAS 17.

EVN selected the modified retrospective approach for the conversion to IFRS 16, which means the prior year data were not adjusted. The lease liability represents the discounted present value of the remaining lease payments based on the application of an incremental borrowing rate as of the initial application date. An option provided by IFRS 16 was applied, which permits the recognition of a right of use at an amount equal to the lease liability less any advance lease payments. EVN differentiates between non-lease and lease components and waives the application of the practical expedient defined by IFRS 16.15. Moreover, EVN did not reassess whether a contract includes a lease in the sense of IFRS 16, provided the contract was previously identified as a lease as of the initial application date. Conversely, IFRS 16 is not applied to agreements which were classified as agreements without leases under IAS 17 in connection with IFRIC 4. The practical expedients provided by IFRS 16 were applied to low-value leases, short-term leases (< 12 months) and leases with a remaining term of twelve months or less as of the initial application date. These payments are still recorded under other expenses. In line with the transitional relief, the option to waive impairment testing was applied. The identified leases were instead reviewed as of the initial application date to determine whether they represent onerous contracts. In the event a lease was identified as onerous, the capitalised right of use was reduced by an existing provision.

EVN carried out a Group-wide project to implement IFRS 16. The analysis of the existing contracts, the recognition of these contracts and the analysis of the effects were, for the most part, completed by the end of the reporting year on 30 September 2019. The effects of the changeover to IFRS 16 on the individual components of the consolidated financial statements and the presentation of the EVN Group's asset, financial and earnings position can be described as follows from the current point of view: on the balance sheet, the introduction of this standard and the required recognition of rights of use resulted in an increase of approximately EUR 70.0m in non-current assets and corresponding lease liabilities as of the initial application date. Net debt also rose by the same amount. In addition, the initial application of IFRS 16 will increase EBITDA for the 2019/20 financial year by roughly EUR 5.8m. Material effects on Group earnings are not expected.

The most important application scenarios for the EVN Group from the lessee's point of view are leases and easement agreements related to the expansion of wind parks, leased commercial space and warehouse areas which are assumed to be based on long-term leases.

### Standards and interpretations not yet effective

The following standards and interpretations had been issued by the IASB as of 30 September 2019, but have not yet been adopted by the EU.

<b>Standards and interpretations not yet applicable and not yet adopted by the EU</b>		Effective <sup>1)</sup>	Expected material effects on EVN's consolidated financial statements
<b>New standards and interpretations</b>			
IFRS 17	Insurance Contracts	01.01.2021	None
<b>Revised standards and interpretations</b>			
IAS 1 & IAS 8	Definition of Material	01.01.2020	None
IFRS 3	Business Combinations – Definition of a Business	01.01.2020	None
Several	Amendments to References to the Conceptual Framework in IFRS Standards	01.01.2020	None

1) In accordance with IASB, these standards are applicable to financial years beginning on or after the effective date.

EVN regularly monitors and analyses the effects of the application of revised standards and interpretations on the future presentation of the consolidated financial statements and the future disclosures in the consolidated notes.

### Changes in the presentation of the consolidated financial statements and adjustment of prior year data

The presentation of income from the reversal of deferred income from network subsidiaries was adjusted in 2018/19. In connection with the Group-wide IFRS 15 project, EVN redefined the presentation method for the reversal of deferred income from network subsidiaries through profit or loss. Network subsidiaries in the regulated electricity and natural gas sector, where the regulator determines the amount and underlying reason, are recognised as liabilities in accordance with IAS 20 and reported, as in the past, under other operating income as income from the reversal of deferred income from network subsidiaries. The network subsidiaries for all other areas are recorded as non-refundable advance payments (liabilities) in accordance with IFRS 15 and released to profit or loss under revenue (see the following table).

<b>Consolidated statement of operations</b>	<b>2018/19</b>	<b>2017/18</b>		<b>2017/18</b>
EURm	(New presentation)	(New presentation)	Adjustment	(Previous presentation)
Revenue	2,204.0	2,078.7	6.1	2,072.6
Other operating income	117.8	98.9	-6.1	105.0

## Basis of consolidation

### 3. Consolidation methods

Consolidation is carried out by offsetting the consideration transferred against the fair value of the acquired assets and assumed liabilities.

All significant companies whose financial and operating activities are directly or indirectly controlled by EVN AG (i.e. subsidiaries) are fully consolidated. EVN is considered to have a controlling interest over a company in which it holds an investment when it has a right to variable returns from the investee and can influence the amount of these returns through its control.

This is usually the case when EVN's voting rights exceed 50.0%, but may also apply if EVN has the power of disposition over and is the primary beneficiary of any economic benefits arising from the business operations of these companies or if EVN is required to carry most of the risks. Companies are initially consolidated on the acquisition date or at the time EVN gains control and are deconsolidated when control ends.

In accordance with IFRS 3, assets and liabilities (including contingent liabilities) obtained through business combinations are recognised at their full fair value, irrespective of any existing non-controlling interests. Non-controlling interests in subsidiaries are carried at the proportional share of net assets (excluding the proportional share of goodwill). Intangible assets are recognised separately from goodwill if they can be separated from the acquired company or arise from statutory, contractual or other legal rights. Any remaining positive differences



which represent compensation to the seller for market opportunities or developmental potential that cannot be individually identified are recognised in local currency as goodwill and allocated to cash-generating units (CGUs) in the relevant segment (for information on the treatment and recoverability of goodwill, see notes **34. Intangible assets** and **21. Procedures and effects of impairment tests**). Negative differences are recognised in profit or loss after a repeated measurement of the acquired company's identifiable assets and liabilities (including contingent liabilities) and measurement of the acquisition cost. The differences between fair value and the carrying amount are carried forward in accordance with the related assets and liabilities during the subsequent consolidation. A change in the investment in a fully consolidated company is accounted for directly in equity without recognition through profit or loss. As in the previous financial year, there were no acquisitions of companies as defined in IFRS 3 during the reporting period.

Joint arrangements are included in the consolidated financial statements of EVN depending on the rights and obligations attributed to the controlling parties by the respective agreement. If only rights to the net assets are involved, the joint arrangement is classified as a joint venture according to IFRS 11 and included at equity. If rights to the assets and obligations for the liabilities are involved, the joint arrangement is classified as a joint operation according to IFRS 11 and included in the consolidated financial statements through line-by-line consolidation.

Associates – i. e. companies in which EVN AG can directly or indirectly exercise significant influence – are included at equity.

Subsidiaries, joint ventures and associates are not consolidated if their influence on EVN's asset, financial and earnings position is considered to be immaterial, either individually or in total. These companies are reported at cost less any necessary impairment losses. The materiality of an investment is assessed on the basis of the balance sheet total, the proportional share of equity, external revenue and annual profit or loss as reported in the last available financial statements in relation to the respective Group totals.

Intragroup receivables, liabilities, income and expenses as well as interim profits and losses are eliminated unless they are immaterial. The consolidation procedure for profit or loss includes the effects of income taxes as well as the recognition of deferred taxes.

#### 4. Scope of consolidation

The scope of consolidation is determined in accordance with the requirements of IFRS 10. Accordingly, 29 domestic and 32 foreign subsidiaries (including the parent company EVN AG) were fully consolidated in the consolidated financial statements as of 30 September 2019 (previous year: 31 domestic and 32 foreign subsidiaries). A total of 19 subsidiaries (previous year: 21) were not consolidated due to their immaterial influence on EVN's asset, financial and earnings position, either individually or in total.

EVN AG is the sole limited partner of EVN KG and, as such, participates to 100.0% in the profit or loss of EVN KG. EnergieAllianz serves as the general partner of EVN KG, but does not hold an investment in this company. The agreements concluded between the EnergieAllianz shareholders for the management of EVN KG result in joint control. EVN KG is therefore classified as a joint venture in the sense of IFRS 11 and consolidated at equity. Contractual agreements also lead to the classification of the EnergieAllianz Group (EnergieAllianz and its subsidiaries) as a joint venture in the sense of IFRS 11; the group is therefore included in the consolidated financial statements at equity.

RBG, a fully consolidated company in which EVN AG has an unchanged interest of 50.03%, holds a 100.0% stake in RAG. RAG is consolidated at equity because contractual agreements prevent EVN from exercising control.

Bioenergie Steyr, in which EVN Wärme holds a stake of 51.0%, is included in EVN's consolidated financial statements at equity because contractual agreements exclude any possibility of control.

Verbund Innkraftwerke, Germany, in which EVN AG has an unchanged interest of 13.0%, is included at equity due to special contractual arrangements that allow for the exercise of significant influence.

The criteria for control defined by IFRS 10 are not considered to be met in companies with an investment of 50.00%. These companies are classified as joint ventures in the sense of IFRS 11 based on the respective contractual agreements and are therefore included in the consolidated financial statements at equity.

An overview of the companies included in the consolidated financial statements is provided under **EVN's investments**, starting on page 217. Notes **47. Non-controlling interests** and **63. Disclosures of interests in other entities** provide detailed information on the subsidiaries with major non-controlling interests as well as joint ventures and associates that are included in the consolidated financial statements.

The scope of consolidation (including EVN AG as the parent company) developed as follows during the reporting year:

<b>Changes in the scope of consolidation</b>	Full consolidation	Line-by-line (joint operation)	Equity	<b>Total</b>
<b>30.09.2017</b>	<b>63</b>	<b>1</b>	<b>17</b>	<b>81</b>
Initial consolidation	–	–	1	1
Deconsolidation	–	–	–2	–2
<b>30.09.2018</b>	<b>63</b>	<b>1</b>	<b>16</b>	<b>80</b>
Initial consolidation	1	–	–	1
Deconsolidation	–2	–	–	–2
Reorganisation <sup>1)</sup>	–1	–	–	–1
<b>30.09.2019</b>	<b>61</b>	<b>1</b>	<b>16</b>	<b>78</b>
thereof foreign companies	32	1	5	38

1) Internal reorganisation

EVN Home DOO, Skopje, North Macedonia was initially included through full consolidation as of 1 July 2019. This newly founded sales company took over deliveries to household customers and small business customers in the regulated sector of North Macedonia at the beginning of July 2019.

The following companies were previously included through full consolidation, but were deconsolidated during the first quarter of 2018/19 because they are immaterial: EVN Umwelt Finanz- und Service GmbH, Maria Enzersdorf, and WTE Projektgesellschaft Natriumhypochlorit mbH, Essen, Germany.

## 5. Foreign currency translation

All Group companies record their foreign currency business transactions at the average exchange rate in effect on the date of the relevant transaction. Monetary assets and liabilities denominated in a foreign currency are translated at the average exchange rate on the balance sheet date. Any resulting foreign currency gains or losses are recognised in profit or loss. The exchange rate applied to the initial recognition of an asset, expense or income is derived from the date on which a company initially recognises the related non-monetary asset or non-monetary liability.

In accordance with IAS 21, the annual financial statements of Group companies that are prepared in a foreign currency are translated into euros for inclusion in the consolidated financial statements. This translation is based on the functional currency method, under which the assets and liabilities of companies not reporting in euros are converted at the average exchange rate on the balance sheet date and any income and expenses are converted at the average annual rate. Unrealised currency translation differences from long-term Group loans are recorded under the currency translation reserve in equity without recognition in profit or loss. Currency translation differences directly recognised in equity resulted in an increase of EUR 10.8m in 2018/19 (previous year: EUR 2.1m) and include EUR –8.7m which were reclassified from other comprehensive income to the consolidated statement of operations.

Additions and disposals are reported at the applicable average exchange rates in all tables. Changes in the average exchange rates between the balance sheet date for the reporting year and the previous year as well as differences arising from the use of average exchange rates to translate changes during the financial year are reported separately under currency translation differences in all tables.

Goodwill resulting from the acquisition of foreign subsidiaries is recorded at the exchange rate in effect on the acquisition date. This goodwill is subsequently allocated to the acquired company and translated at the exchange rate in effect on the balance sheet date. When a foreign company is deconsolidated, any related currency differences are recognised in profit or loss.

The following key exchange rates were used for foreign currency translation:

Foreign currency translation	2018/19		2017/18	
	Exchange rate on the balance sheet date	Average <sup>1)</sup>	Exchange rate on the balance sheet date	Average <sup>1)</sup>
Albanian lek	122.11000	123.80077	126.29000	129.88692
Bulgarian lev <sup>2)</sup>	1.95583	1.95583	1.95583	1.95583
Croatian kuna	7.41100	7.41497	7.43460	7.44503
Hungarian forint	334.83000	323.84923	324.37000	316.56769
North Macedonian denar	61.49500	61.51280	61.49380	61.51948
Polish zloty	4.37820	4.30480	4.27740	4.24698
Russian rouble	70.75570	73.92941	76.14220	71.88993
Serbian denar	117.52830	118.05547	118.41790	118.53138
Czech koruna	25.81300	25.75438	25.73100	25.63185

1) Average on the last day of each month

2) The exchange rate was determined by Bulgarian law.

## Accounting policies

### 6. Intangible assets

Acquired intangible assets are recognised at acquisition cost less straight-line amortisation and any impairment losses, unless their useful life is classified as indefinite. Assets with a determinable limited useful life are amortised on the basis of that expected useful life, which equals three to eight years for software and three to 40 years for rights. Customer relationships capitalised in connection with a business acquisition, which have a determinable useful life because of potential market liberalisation, are amortised on a straight-line basis over five to 15 years. The expected useful lives and amortisation curves are determined by estimating the timing and distribution of cash inflows from the corresponding intangible assets over time. Intangible assets with an indefinite useful life are measured at cost and tested annually for impairment (see note **21. Procedures and effects of impairment tests**).

Internally generated intangible assets must meet the requirements of IAS 38 in order to be capitalised. This standard distinguishes between research and development expenses.

Service concessions that meet the requirements of IFRIC 12 are classified as intangible assets. Expenses and income are recognised according to the percentage of completion-method at the fair value of the compensation received. The percentage of completion is assessed according to the cost-to-cost method. The requirements defined in IFRIC 12 are in particular currently met by the Ashta hydro-power plant as well as the sewage treatment plant project in Zagreb, both of which are included at equity.

### 7. Property, plant and equipment

Property, plant and equipment are carried at acquisition or production cost less scheduled straight-line depreciation and any necessary impairment losses. The acquisition or production cost also includes the estimated expenses for demolition and disposal if there is an obligation to decommission or demolish the plant and equipment or to restore property at the end of the asset's useful life. The present value of the estimated demolition and/or disposal costs is capitalised along with the acquisition or production cost and also recognised as a liability (provision). Production costs for internally generated fixed assets include appropriate material and manufacturing overheads in addition to direct material and labour costs.

Ongoing maintenance and repairs to property, plant and equipment are recognised in profit or loss, provided this work does not change the nature of the asset or lead to additional future benefits. If these measures enhance the value of the respective asset, the related expenses must be capitalised retroactively as part of the acquisition or production cost.

If the construction of property, plant and equipment continues over an extended period of time, these items are classified as "qualifying assets". The borrowing costs incurred during the construction period are then capitalised as a part of the production cost in accordance with IAS 23. In keeping with EVN's accounting policies, a project gives rise to a qualifying asset only if construction takes at least twelve months.

Property, plant and equipment are depreciated from the time they are available for use. Depreciation for property, plant and equipment subject to wear and tear is calculated on a straight-line basis over the expected useful life of the relevant asset or its components. The expected economic and technical life is evaluated at each balance sheet date and adjusted if necessary.

Straight-line depreciation is based on the following useful lives, which are uniform throughout the Group:

<b>Expected useful life of property, plant and equipment</b>	Years
Buildings	10–50
Transmission lines and pipelines	15–50
Machinery	10–50
Meters	5–40
Tools and equipment	3–25

When property, plant and equipment are sold, the acquisition or production cost and accumulated depreciation are reported as a disposal. The difference between the net proceeds from the sale and the carrying amount are recognised in other operating income or expenses.

### 8. Investments in equity accounted investees

Investments in equity accounted investees are initially recognised at cost. In subsequent periods, the carrying amounts of these investments are adjusted by the share of profit or loss attributable to EVN, less any dividends received, and by EVN's share of other comprehensive income and any other changes in equity. Investments accounted for according to the equity method are tested for impairment in accordance with IAS 36 if there are any indications of a loss in value (see note **21. Procedures and effects of impairment tests**).

The share of results from equity accounted investees with operational nature is reported as part of results from operating activities (EBIT). The share of results from equity accounted investees with financial nature is reported as part of financial results (see notes **29. Share of results from equity accounted investees with operational nature**, **31. Financial results** and **63. Disclosures of interests in other entities**).

### 9. Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one company and a financial liability or an equity instrument in another company.

#### Primary financial instruments

Primary financial instruments are measured in accordance with the rules defined by IFRS 9. Initial recognition is based on fair value as of the settlement date, including transaction costs, unless the financial instruments are recognised at fair value through profit or loss. Primary financial instruments are recognised in the consolidated statement of financial position when EVN is contractually entitled to receive payment or other financial assets from another party.

Following the initial application of IFRS 9, EVN has classified its financial assets under the following measurement categories since 1 October 2018:

- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)
- At amortised cost (AC)

The classification of financial assets on initial recognition is based on the business model and the characteristics of the contractual cash flows.

A financial asset is classified at amortised cost (AC) when it is held to collect contractual cash flows and these cash flows consist entirely of interest and principal payments on the outstanding amount. EVN holds loans receivable, trade receivables, remaining other non-current assets, cash on hand and cash at banks within the framework of a business model whose objective is to collect contractual cash flows. Consequently, the cash flow criterion is also met and the financial assets are classified at amortised cost (AC).

The non-current and current securities held by EVN are held within a business model whose objective is neither to collect contractual cash flows nor to collect contractual cash flows and to sell financial assets. These securities are classified at fair value through profit or loss (FVTPL). Derivative financial assets (outside hedge accounting) must be classified at fair value through profit or loss (FVTPL) (see **Derivative financial instruments**).

Investments in equity instruments are generally measured at fair value through profit or loss (FVTPL). However, EVN decided, at the time IFRS 9 was initially applied, to exercise the "FVOCI option" provided by IFRS 9.5.7.5 and classify all its equity instruments irrevocably at fair value through other comprehensive income (FVOCI).

Financial liabilities are still classified under the following measurement categories:

- Fair value through profit or loss (FVTPL)
- At amortised cost (AC)

Subsequent measurement is based on the classification to the measurement categories listed above and the rules applicable to the individual categories. These rules are described in the notes to the individual items on the consolidated statement of financial position.

The introduction of IFRS 9 led to the application at the time of initial recognition of the expected credit loss model (ECL) to debt instruments carried at amortised cost, debt instruments measured at FVOCI, lease receivables and contractual assets as defined in IFRS 15. Under the ECL model, impairment losses are not only recognised for losses which have already occurred but also for expected future credit losses. The related classification is based on a three-stage impairment model. When a financial asset is initially recognised, a loss allowance must be determined for the credit losses expected to occur within one year (risk category 1). Any significant deterioration in the debtor's credit standing leads to the extension of this timeframe to the full term of the financial asset (risk category 2). An impaired credit standing or actual default by the debtor results in reclassification to risk category 3. The criteria for the transfer between risk categories are based on EVN's internal rating system.

EVN determines the expected future credit loss by multiplying the "probability of default (PoD)" with the carrying amount of the financial asset "exposure at default (EAD)" and the actual loss resulting from customer default "loss given default (LGD)".

In contrast to the above-mentioned ECL model, the simplified approach does not include the measurement of the twelve-month expected credit loss but only the lifetime expected credit loss. A simplified approach must be applied to trade receivables and IFRS 15 contractual assets without a significant financing component. An option is also available to apply the simplified approach to trade receivables and IFRS 15 contractual assets with a significant financing component. EVN uses this option. The option to apply the simplified approach to IAS 17 and IFRS 16 lease receivables is not applied.

EVN uses the practical expedient defined by IFRS 9B5.5.35 for trade receivables and measures the expected credit loss with a provision matrix (also see note **13. Trade and other receivables**).

### **Derivative financial instruments**

The main instruments used by EVN to manage and limit existing exchange rate and interest rate risks in the financial sector are foreign currency and interest rate swaps. EVN uses swaps, futures and forwards to limit energy sector risks arising from changes in commodity and product prices as well as changes related to electricity transactions.

The forward and futures contracts concluded by EVN for the purchase or sale of electricity, natural gas and CO<sub>2</sub> emission certificates serve to hedge the purchase prices for expected electricity and natural gas deliveries or CO<sub>2</sub> emission certificates as well as the selling prices for planned electricity production. If physical delivery is based on the expected procurement, sale or usage requirements, the criteria for the so-called "own use exemption" under IFRS 9 are met. The contracts are then not considered derivative financial instruments in terms of

IFRS 9, but represent pending purchase and sale transactions, which must be assessed for possible impending losses from pending transactions in accordance with IAS 37. If the requirements for the own use exemption are not met – for example, by transactions for short-term optimisation – the contracts are recorded as derivatives in accordance with IFRS 9. Corresponding expenses and income from such derivative financial instruments are reported under results from operating activities.

Derivative financial instruments are recognised at fair value, which generally reflects the acquisition cost, when the respective contract is concluded and measured at fair value in subsequent periods. The fair value of derivative financial instruments is determined on the basis of quoted market prices, information provided by banks or discounting-based valuation methods whereby the counterparty risk is also included. Derivative financial instruments are reported as other (current or non-current) assets or other (current or non-current) liabilities.

EVN has designated part of the listed derivatives as hedges within the framework of hedge accounting. The requirements defined by IFRS 9 for this designation include, among others, an approved underlying transaction or hedging instrument, the formal designation and documentation of the hedge relationship, an economic relationship between the underlying transaction and the hedge as well as an appropriately documented hedging strategy.

The accounting treatment of the changes in the fair value of derivatives used for hedging purposes depends on the type of the hedging transaction.

Cash flow hedges are used to hedge interest rate risks arising from financial liabilities.

The effective portions of the gains and losses arising from the fair value measurement of derivative financial instruments classified as cash flow hedges according to IFRS 9 are recorded as part of the valuation reserve under other comprehensive income without recognition in profit or loss, taking into account deferred tax liabilities/assets. The ineffective portion is immediately recognised in profit or loss. The cumulative amount recognised in equity remains in other comprehensive income and is transferred as a reclassification adjustment from equity to profit or loss in the same period or periods in which the hedged transaction actually affects profit or loss, or is no longer expected to occur. The maturity of the hedging instrument is coordinated with the occurrence of the future transaction.

Fair value hedges are used to hedge currency risks.

Derivative financial instruments classified as fair value hedges under IFRS 9 serve to hedge recognised assets or liabilities against the risk of a change in fair value. For fair value hedges, the recognition in profit or loss includes the change in the fair value of the derivative as well as the contrasting change in the fair value of the underlying transaction, as far as it reflects the hedged risk. The related earnings are generally reported under the same position in the consolidated statement of operations as the underlying transaction. Changes in the value of the hedges are essentially offset by the changes in the value of the hedged transactions.

The derivatives used by EVN for hedging purposes constitute effective protection. The changes in the fair value of these derivatives are generally offset by compensating changes in the underlying transactions.

#### **10. Other investments**

Other investments include, among others, shares in associated companies which are not included in the consolidated financial statements due to immateriality. These shares are recorded at cost less any necessary impairment losses. The remaining other investments were classified irrevocably at fair value through other comprehensive income (“FVOCI option”) in accordance with IFRS 9.5.7.5 following the introduction of IFRS 9. The fair value of these investments is based on available information and derived from market quotations, discounted cash flow calculations or the multiplier method. The measurement and deconsolidation results from these equity instruments are recorded under other comprehensive income. Dividends received are still reported on the consolidated statement of operations under income from investments, despite the use of this option (also see note **31. Financial results**).



### **11. Other non-current assets**

Securities recorded under other non-current assets are initially recognised as FVTPL. These assets are recorded at fair value as of the acquisition date and subsequently measured at fair value as of the balance sheet date. Changes in fair value are recognised in the consolidated statement of operations.

Loans receivable are classified as AC, whereby the carrying amount on the acquisition date corresponds to the fair value. These loans are subsequently measured at amortised cost in keeping with the effective interest rate method and also reflect any necessary impairment losses.

Lease receivables arise from the international project business in the Environment Segment. They are classified as finance leases according to IAS 17 in conjunction with IFRIC 4.

Receivables arising from derivative transactions are recognised at their fair values. Gains and losses arising from changes in the fair value of derivative financial instruments are either recognised in profit or loss in the consolidated statement of operations or in other comprehensive income (see note **9. Financial instruments**).

The measurement of the remaining non-current assets is based on acquisition or production cost or the lower net realisable value on the balance sheet date.

### **12. Inventories**

The measurement of inventories is based on acquisition or production cost or the lower net realisable value as of the balance sheet date. For marketable inventories, these values are derived from the current market price. For other inventories, these figures are based on the expected proceeds less future production costs. Risks arising from the length of storage or reduced marketability are reflected in experience-based reductions. The moving average price method is used to determine the consumption of primary energy inventories as well as raw materials, auxiliary materials and fuels.

### **13. Trade and other receivables**

Current receivables are generally recorded at amortised cost, which equals the acquisition cost less impairment losses for the components of the receivables that are expected to be uncollectible. EVN applies the practical expedient provided by IFRS 9B5.5.35 to trade receivables and determines the expected credit loss with a provision matrix. The input factors for the matrix include analyses of default incidents in previous financial years based on different regional characteristics for the core markets. The expected credit losses determined by the matrix are ranked by the time (over)due based on historical default rates and subsequently written off through profit or loss. The compiled information is reviewed annually, and the default rates are adjusted if necessary. All other receivables are accounted for in accordance with the ECL model (also see note **9. Financial instruments**).

Amortised costs, less any applicable impairment losses, can be considered appropriate estimates of the current value because the remaining term to maturity is generally less than one year.

Exceptions to the above procedure are receivables arising from derivative transactions which are recognised at fair value, and foreign currency items, which are measured at the exchange rates in effect on the balance sheet date.

### **14. Securities**

Current securities are classified as FVTPL and measured at their fair value. Changes in fair value are recognised in the consolidated statement of operations.

### **15. Cash and cash equivalents**

Cash and cash equivalents include cash on hand and demand deposits. Cash balances in foreign currencies are translated at the exchange rate in effect on the balance sheet date.

## 16. Equity

In contrast to borrowings, equity is defined by the IFRS framework as the “residual interest in the assets of an entity after deducting all of its liabilities”. Equity is thus the residual value of a company’s assets and liabilities.

Treasury shares held by EVN are not recognised as securities pursuant to IAS 32, but are instead reported at their (repurchase) acquisition cost and offset against equity. Any profit or loss resulting from the resale of treasury shares relative to the acquisition cost increases or decreases capital reserves.

The items recorded under other comprehensive income include certain changes in equity that are not recognised through profit or loss as well as the related deferred taxes. For example, this position contains the currency translation reserve, valuation results from equity instruments (FVOCI), the effective portion of changes in the fair value of cash flow hedges as well as all remeasurements according to IAS 19. This item also includes the proportional share of gains and losses recognised directly in equity accounted investees.

## 17. Provisions

### Personnel provisions

The projected unit credit method is used to determine the provisions for pensions and similar obligations as well as severance payments. The expected pension payments are distributed according to the number of years of service by employees until retirement, taking expected future increases in salaries and pensions into account.

The amounts of the provisions are determined by an actuary as of each balance sheet date based on an expert opinion. The measurement principles are described in note **50. Non-current provisions**. All remeasurements – at EVN, only gains and losses from changes in actuarial assumptions – are recognised under other comprehensive income in accordance with IAS 19.

The calculation of the provisions for pensions, as in the previous year, was based on the Austrian mortality tables “AVÖ 2018-P – Rechnungsgrundlagen für die Pensionsversicherung”, which were issued by the Actuarial Association Austria (AVÖ) on 15 August 2018.

The applied interest rate is based on the market yields for first-class, fixed-interest industrial bonds as of the balance sheet date, whereby the maturities of the benefits was taken into account.

The service cost added to the provision is reported under personnel expenses, while the interest component of the addition is included under financial results.

### Provisions for pensions and pension-related obligations

Under the terms of a company agreement, EVN AG is required to pay a supplementary pension on retirement to employees who joined the company prior to 31 December 1989. This commitment also applies to employees who, within the context of the legal unbundling agreement for the spin-off of the electricity and natural gas networks, are now employed by Netz NÖ. The amount of this supplementary pension is based on performance as well as on the length of service and the amount of remuneration at retirement. EVN, in any case, and the employees, as a rule, also make contributions to the umbrella pension fund VBV Pensionskasse AG (VBV) and the resulting claims are fully credited toward pension payments. Therefore, EVN’s obligations toward both retired employees and prospective beneficiaries are covered in part by provisions for pensions as well as by defined contribution payments on the part of VBV.

For employees who joined the company after 1 January 1990, the supplementary company pension was replaced by a defined contribution plan that is financed through VBV. VBV is responsible for the investment of the pension plan assets. Pension commitments were also made to certain employees, which require EVN to pay retirement benefits under certain conditions.

Provisions for pension-related obligations were recognised for liabilities arising from the vested claims of current employees and the current claims of retired personnel and their dependents to receive benefits in kind in the form of electricity and natural gas.

### **Provision for severance payments**

Austrian corporations are required by law to make one-off severance payments to employees whose employment began before 1 January 2003 if they are dismissed, in case of dissolution of the employment relationship by mutual consent or when they reach the legal retirement age. The amount of such payments is based on the number of years of service and the amount of the respective employee's remuneration at the time the severance payment is made.

Employees in Bulgaria and North Macedonia are entitled to severance payments on retirement, which are based on the number of years of service. With regard to severance compensation entitlements, the other EVN employees are covered by similar social protection measures contingent on the legal, economic and tax framework of the country in which they work.

The obligation to make one-off severance payments to employees of Austrian companies whose employment commenced after 31 December 2002 has been transferred to a defined contribution plan. The payments to this external employee fund are reported under personnel expenses.

### **Other provisions**

The other provisions reflect all recognisable legal or factual commitments to third parties based on past events, where the amount of the commitments and/or the precise starting point was still uncertain. In these cases, a reliable estimate of the amount of the obligation is required. If a reliable estimate is not possible, a provision is not recognised. These provisions are recognised at the discounted settlement amount. They are measured based on the expected value or the amount most likely to be incurred.

Risk-free, pre-tax interest rates are used for the discount rates. The risks and uncertainties related to the expected expenditures are included in the estimates for the future cash flows.

The provisions for service anniversary bonuses required by collective wage and company agreements are measured using the same parameters as the provisions for pensions and similar obligations. A new regulation in the collective agreement for salaried employees of Austrian utility companies entitles salaried employees whose employment relationship began after 31 December 2009 to a service anniversary bonus equalling one month's salary after 15, 20, 25, 30 and 35 years and to one-half month's salary after 40 years. All remeasurements – at EVN, only gains and losses from changes in actuarial assumptions – involving service anniversary bonuses are recognised through profit or loss in accordance with IAS 19. The service cost added to the provision is reported under personnel expenses, while the interest component of the addition is included under financial results.

Waste disposal and land restoration requirements resulting from legal and perceived commitments are recorded at the present value of the expected future costs. Changes in the estimated costs or the interest rate are offset against the carrying amount of the underlying asset. If the decrease in a provision exceeds the carrying amount of the asset, the difference is recognised through profit or loss. The related depreciation is corrected in accordance with the residual carrying amount and depreciated over the remaining useful life. If the asset has reached the end of its useful life, all subsequent changes to the provisions are recognised in profit or loss.

Provisions for onerous contracts are recognised at the amount of the unavoidable outflow of resources. This represents the lower of the amount that would result from performance of the contract and any compensatory payments to be made in the event of non-performance.

## **18. Liabilities**

Liabilities are reported at amortised cost, with the exception of liabilities arising from derivative financial instruments or liabilities arising from hedge accounting (see note **9. Financial instruments**). Costs for the procurement of funds are considered part of amortised cost. Non-current liabilities are discounted by applying the effective interest method.

With respect to financial liabilities, bullet loans and borrowings with a remaining term to maturity of over one year are classified as non-current and items with a remaining term to maturity of less than one year are reported under current loans and borrowings (for information on maturities see note **48. Non-current loans and borrowings**).

If the fulfilment of a liability is expected within twelve months after balance sheet date, the liability is classified as current.

Network subsidies – which constitute payments made by customers to cover previous investments by EVN in the upstream network – represent an offset to the acquisition cost of these assets. In the electricity and natural gas network business, they are related to supply obligations by EVN. The granting of investment subsidies generally requires an operational management structure that complies with legal requirements and has been approved by the authorities.

Network and investment subsidies represent an offset to the acquisition or production cost of the related asset and, in accordance with the application of IAS 20 and IFRS 15, are recognised as liabilities. Network and investment subsidies are released on a straight-line basis over the average useful life of the respective assets. The release of network subsidies from the regulated business is reported under other operating income, while comparable items from the non-regulated business are reported under revenue (also see notes **2. Reporting in accordance with IFRS** and **19. Revenue recognition**).

### 19. Revenue recognition

IFRS 15 provides a five-step model for the recognition and measurement of revenue from contracts with customers. Under this model, revenue from contracts with customers is recognised when control over a good or service is transferred to the customer. A determination must therefore be made when a contract is concluded as to whether the resulting revenue should be recognised at a specific point in time or over time.

Revenue in the EVN Group results primarily from the sale (energy deliveries) and distribution (network utilisation/network services) of electricity, natural gas, heat and water to industrial, household and commercial customers. The EVN Group also generates revenue from waste utilisation, telecommunications and the international project business. The provision of goods and services by the EVN Group generally takes place over a specific time period, and revenue is therefore recognised over time.

The major services are described below:

#### Energy deliveries

Revenue results primarily from the transfer of electricity, natural gas, heat and water. Since the customer uses these services as they are provided, revenue is recognised over time. Revenue is recognised at an amount that reflects the services provided and entitled to be invoiced by EVN. In particular for household customers who only receive one invoice per year, the variable consideration is determined by extrapolating the energy consumption based on usage profiles and current temperature trends. The payment terms for energy deliveries generally represent 14 days. There is no significant financing component.

#### Network utilisation and services

EVN supplies electricity, natural gas, heat and water to its customers within the framework of network usage. The related performance obligation lies, above all, in the continuous provision and availability of energy through the network infrastructure. Revenue from these services is also recognised over time and when the services are provided, as described above. The payment terms for network usage generally represent 14 days. There is no significant financing component.

Network subsidies constitute payments made by customers to cover previous investments by EVN in the upstream network, to the extent they represent compensation for granting usage or purchase rights. Network subsidies in the regulated electricity and natural gas business, where the regulator determines the amount and underlying reason, are recognised as liabilities in accordance with IAS 20 and reported, as in the past, under other operating income as income from the reversal of deferred income from network subsidies. The network subsidies for all other areas are recorded as non-refundable advance payments (liabilities) in accordance with IFRS 15 and have been released to profit or loss under other revenue since 2018/19 (also see note **2. Reporting in accordance with IFRS**).

#### **International project business**

Revenue from the international project business is also recognised in accordance with the percentage of completion as defined by IFRS 15. Projects are characterised by individual contract conditions with fixed prices and payments which follow a fixed schedule. If the construction services provided exceed the amount of the payment, a contract asset is recognised. If the payments are higher than the construction services provided, a contract liability is recorded. The percentage of completion is determined by the cost-to-cost method, which calls for the recognition of revenue and contract results in relation to actually incurred production costs as a per cent of the expected total costs. Reliable estimates of the total costs for the contracts, selling prices and incurred costs are available. Any changes in the estimated total contract costs and possible resulting losses are recognised in profit or loss in the period incurred. The technological and financial risks which could occur during the remaining term of a project are included through individual estimates and an appropriate amount is added to the expected total costs. Impending losses from the valuation of projects not yet invoiced are expensed immediately. These losses are realised when it is probable that the total contract costs will exceed the contract revenue.

#### **Other**

EVN also generates revenue from telecommunications, waste utilisation and energy services. Most of the related contracts include services which are consumed by the customer as they are provided, and this revenue is also recognised over time. Revenue from waste utilisation is recognised at a point in time.

Interest income is recorded pro rata temporis using the effective interest rate applicable to the particular asset. Dividends are recognised when a legal entitlement to payment arises.

The costs for obtaining contract are expensed as incurred if the amortisation period for the related asset equals one year or less. Significant financing components are not included when the period between the transfer to the customer of the promised good or service and payment by the customer is less than one year.

#### **Significant judgments related to revenue recognition**

Consumption-based fees for energy deliveries and network utilisation represent variable consideration, which is determined according to the expected value method defined by IFRS 15.53a. Meter-reading dates are spread over the entire year, especially for household customers with rolling invoices. The volumes of energy consumed during the period between the last meter-reading and the balance sheet date must be extrapolated with statistical methods and therefore estimated. The procedure used by EVN assigns each customer to a standard consumption profile in the form of an annual consumption curve for electricity and/or natural gas and extrapolates each customer individually.

In the international project business, the percentage of completion is decisive for the recognition of revenue. Progress on the respective projects is determined by an input-based method (cost-to-cost method). This method requires numerous estimates and judgmental decisions, above all for the identification of incurred costs, total contract costs and realisable contract revenue as well as the related contract risks (technical, political and financial risks). These estimates are reviewed regularly and adjusted if necessary.

## **20. Income taxes and deferred taxes**

The income tax expense reported in the consolidated statement of operations comprises the current income tax expense for fully consolidated companies, which is based on their taxable income and the applicable income tax rate, as well as the change in deferred tax assets and deferred tax liabilities.

The following income tax rates were applied in calculating current income taxes:

<b>Corporate income tax rates</b>	<b>2018/19</b>	<b>2017/18</b>
%		
<b>Country of residence</b>		
Austria	25.0	25.0
Albania	15.0	15.0
Bulgaria	10.0	10.0
Germany – Environment	30.3	30.3
Germany – Generation	34.0	34.0
Estonia <sup>1)</sup>	20.0	20.0
Croatia	18.0	18.0
Kuwait	15.0	15.0
Lithuania	15.0	15.0
North Macedonia	10.0	10.0
Montenegro	9.0	9.0
Poland	19.0	19.0
Romania	16.0	16.0
Russia	20.0	20.0
Serbia	15.0	15.0
Slovenia	19.0	19.0
Czech Republic	19.0	19.0
Cyprus	12.5	12.5

1) Taxes on corporate profits are levied when dividends are paid to the shareholders. Retained earnings are not taxed.

EVN utilised the corporate tax group option through the formation of one such tax group as of 30 September 2019 (previous year: one). NÖ Landes-Beteiligungsholding GmbH, St. Pölten, serves as the head of this group, which includes EVN AG as a member. A group and tax settlement contract was concluded for this purpose. EVN also has the right to designate other corporate entities as members of this tax group.

The taxable profit of the companies belonging to this group is attributable to EVN AG, which calculates combined results based on the attributed taxable profit. The contract calls for the payment of a positive tax charge, which is based on the stand-alone method, when the aggregated results are positive. If the aggregated results are negative, the tax losses are kept on record and offset against future positive results. The related disclosures are reported under income taxes. The transfer of losses from foreign subsidiaries within group taxation leads to the recognition of a liability equal to the nominal amount of the future corporate income tax obligation.

As an offset for the transferred taxable results, the tax group contracts include a tax charge that is based on the stand-alone method. Transferred tax losses are kept on record as internal loss carryforwards for the respective tax group members and offset against future positive earnings. Exceptions to this procedure are the contracts concluded with the group members WEEV Beteiligungs GmbH in liquidation and Burgenland Holding, which call for a negative tax charge for these two companies if their taxable results are negative and the group's total results are positive. In other cases, the loss is recorded as an internal loss carryforward and refunded in later years in the form of a negative tax charge as soon as it is covered by positive earnings.

Future changes in the tax rate are taken into account if the relevant law has been enacted by the time the consolidated financial statements are prepared.

Deferred taxes are calculated according to the liability method at the tax rate expected when short-term differences are reversed. Deferred tax assets and deferred tax liabilities are calculated and recognised for all temporary differences (i.e. the differences between the carrying amounts in the consolidated financial statements and the annual financial statements prepared for tax purposes that will balance out in the future).

Deferred tax assets are recognised only if it is probable that there will be sufficient taxable income or taxable temporary differences to utilise these items. Tax loss carryforwards are recognised as deferred tax assets. Deferred tax assets and deferred tax liabilities are presented as a net amount in the consolidated financial statements if there is a legal right and intention to offset these items.

An audit of the entire tax group by the fiscal authorities is currently in progress and should be concluded in the coming weeks. Appropriate provisions have been recognised for the resulting risks.

## **21. Procedures and effects of impairment tests**

EVN carries out its impairment tests in accordance with the rules defined by IAS 36. Property, plant and equipment and intangible assets, including goodwill, are tested for impairment when there are internal or external indications of a loss in value. Intangible assets with an indefinite useful life and goodwill are tested at least once each year for signs of impairment.

The impairment testing of goodwill and assets for which no expected future cash flows can be identified is based on an assessment of the respective cash-generating unit (CGU). The decisive criterion used by EVN to classify a generation unit as a CGU is the technical and commercial ability to generate independent revenue. In the EVN Group, this definition applies to the electricity and heat generation plants, electricity, natural gas and water distribution systems, wind parks, electricity procurement rights, telecommunications networks and facilities in the environmental services business.

The value in use is calculated in accordance with the rules defined by IAS 36. Due to the long-term nature of investments in generation equipment, EVN uses cash flow forecasts that reflect the economic useful life of the equipment. The impairment testing of hydropower plants generally assumes the renewal of the concession and, consequently, perpetual operation at the respective location. For generation equipment, the detailed planning period of four years is followed by a general planning period up to the end of the asset's economic useful life. However, this general planning period is limited to the availability of external forecasts for electricity prices (currently 2040).

The fair value less costs of disposal is basically calculated in accordance with the fair value measurement hierarchy defined in IFRS 13. Since it is generally not possible to derive market values for the CGUs and assets of EVN under evaluation, the fair value is estimated in accordance with level 3 in the fair value hierarchy. The fair value less costs of disposal for a CGU is calculated with a WACC-based discounted cash flow method, which is conceptually similar to the value in use procedure, but includes adjustments to the parameters in the DCF model to reflect a market participant's viewpoint.

The calculation of the fair value less disposal costs and the value in use is based on the future cash inflows and outflows which are basically derived from internal medium-term forecasts. The cash flow forecasts are based on the latest financial plans approved by management. The assumptions for the future development of electricity prices are derived from the quotations on the futures market of the European Energy Exchange AG, Leipzig, Germany. For the period extending beyond this time, an average is developed (50:50) from the forecasts issued by two well-known information service providers in the energy sector. This average is intended to present a balanced picture of the future development of electricity prices. Valuation is based on the most realistic price forecasts by the two information service providers, and therefore fully reflects the risks that could influence electricity prices in the future.

A weighted average cost of capital which includes the deduction of income tax (WACC) is used as the discount rate. The equity component of the WACC reflects the risk-free interest rate, a country-specific premium plus a risk premium that incorporates the market risk and an appropriate beta coefficient based on peer group capital market indicators. The debt component of the WACC equals the basis interest rate plus a country-specific premium and a risk premium that reflects EVN's rating. The equity and debt components are weighted according to a capital structure that is appropriate for the CGU based on peer group data at market values. The resulting WACC is used to discount the cash flows in the respective CGU.



For the purpose of estimating the recoverable amount, EVN initially assesses the value in use. In cases where this amount is lower than the carrying amount of the asset, or the CGU, the fair value less costs of disposal is calculated if necessary.

## 22. Accounting estimates and forward-looking statements

The preparation of the consolidated financial statements in accordance with generally accepted IFRS accounting methods requires estimates and assumptions that have an effect on the assets, liabilities, income and expenses reported in the consolidated financial statements and on the amounts shown in the notes. The actual values may differ from these estimates. The assumptions and estimates are reviewed on a regular basis.

In particular, the following assumptions and estimates can lead to significant adjustments in the carrying amounts of individual assets and liabilities in future reporting periods.

Impairment tests require estimates, especially for future cash surpluses. A change in the general economic, industry or company environment may reduce cash surpluses and therefore lead to signs of impairment. The weighted average cost of capital (WACC) is used to determine the recoverable amounts based on capital market methods. The WACC represents the weighted average interest paid by a company for equity and debt. The weighting applied to the interest on the equity and debt components – which reflects a capital structure at market values – was derived from an appropriate peer group. Given the current volatility on the financial markets, the development of the cost of capital (and above all the country risk premiums) is monitored on a regular basis (see note **21. Procedures and effects of impairment tests**).

For the valuation of the generation portfolio, the price structure beginning with the fifth year (when predictable market prices are no longer available on the electricity exchanges) was based on average forecasts from two well-known market research institutes and information service providers in the energy sector. The most recent studies, which are updated annually due to the current volatility on the electricity markets, were used in each case. The following notes show the sensitivity of these assumptions for the largest CGUs, based on the carrying amount, where a triggering event was identified and for which an impairment loss or reversal was recognised in the financial statements: **34. Intangible assets**, **35. Property, plant and equipment** and **36. Investments in equity accounted investees**.

The most important premises and judgmental decisions used to determine the scope of consolidation are described under note **4. Scope of consolidation**.

The World Bank's International Centre for the Settlement of Investment Disputes issued its decision in the arbitration proceedings initiated by EVN AG against the Republic of Bulgaria on 10 April 2019. The part of the claims in the arbitration proceedings which involved compensation for obligations related to renewable energy was already settled in February 2017 through an offset between a Bulgarian subsidiary of EVN and the state-owned Bulgarian electricity company NEK. The arbitration decision issued in April 2019 did not award EVN AG any additional compensation for its claims. EVN AG decided, after an appropriate legal analysis, not to pursue the very limited possibilities for an appeal of the arbitration court's decision and has closed the issue of legal proceedings against the Republic of Bulgaria. Therefore, the arbitration proceedings have no further effect on EVN's profit or loss or statement of financial position in 2018/19.

EVN holds rights for Wien Energie to purchase electricity from Steag-EVN Walsum 10 Kraftwerksgesellschaft (SEK) through a contract concluded in 2007 and charges fees for the delivery of this electricity. The end price includes a so-called "performance price 1", which is based primarily on the (not yet finally determined) investment costs for the Walsum 10 power plant. Wien Energie filed an arbitration action suit against EVN on 24 May 2017 with the permanent arbitration court of the Vienna Chamber of Commerce to obtain a detailed breakdown of this performance price 1. Wien Energie has also issued numerous instructions to EVN concerning the procedures related to SEK, in particular regarding the enforcement of a financial clause. On 25 September 2017 EVN filed a counterclaim with the permanent arbitration court of the Vienna Chamber of Commerce, requesting a decision that Wien Energie is not entitled to issue these types of instructions. The action suit filed by Wien Energie as well as EVN's counterclaim were upheld, and EVN has turned over the related documents to Wien Energie.

The valuation of the provisions for pensions, pension-related obligations and severance payments are based on assumptions for the discount rate, retirement age and life expectancy as well as pension and salary increases. The adjustment of these parameters in future periods can lead to valuation adjustments. Moreover, future changes in electricity and natural gas tariffs can lead to valuation adjustments in the pension-related obligations (see note **50. Non-current provisions**).

Assumptions and estimates are also required to determine the useful life of non-current assets (see notes **6. Intangible assets** and **7. Property, plant and equipment**) and the provisions for legal proceedings and environmental protection (see note **17. Provisions**) as well as estimates for other obligations and risks (see note **64. Other obligations and risks**). In addition, it is necessary to make assumptions and estimates for the valuation of receivables and inventories (see notes **12. Inventories** and **13. Trade and other receivables**) and for the recognition of revenue (see note **19. Revenue recognition**). These estimates are based on historical data and other assumptions considered appropriate under the given circumstances.

### 23. Principles of segment reporting

The identification of operating segments is based on the internal organisational and reporting structure and information prepared for internal management decisions (the “management approach”). The Executive Board of the EVN Group (the chief operating decision-maker as defined in IFRS 8) reviews internal management reports on each operating segment at least once each quarter. EVN has defined the following operating segments: Generation, Energy, Networks, South East Europe, Environment and All Other Segments. This conforms in full to the internal reporting structure. The assessment of all segment information is consistent with IFRS. EBITDA is used as an indicator to measure the earning power of the individual segments. For each segment, EBITDA represents the total net operating profit or loss before interest, taxes, amortisation of intangible assets and depreciation of property, plant and equipment for the companies included in the segment, taking intragroup income and expenses into account (see note **58. Notes to segment reporting**).

## Notes to the consolidated statement of operations

### 24. Revenue

IFRS 15 was applied for the first time in 2018/19. Accordingly, revenue from contracts with customers is recognised when control over a good or service is transferred to the customer. Consideration is recorded at the amount the company expects to receive for these goods or services. From the current point of view, the application of IFRS 15 will have no material effects on the scope or timing of revenue recognition for EVN’s core energy supply business (also see note **2. Reporting in accordance with IFRS**).

The presentation of the income from the reversal of deferred income from network subsidies was adjusted in 2018/19 (also see note **2. Reporting in accordance with IFRS**).

In addition to revenue from contracts with customers, EVN generates other revenue from its ordinary business activities. This revenue is presented separately in the following table:

<b>Revenue</b>	<b>2018/19</b>	<b>2017/18</b>
EURm		
Revenue from contracts with customers	2,123.9	2,142.6
Other revenue	80.0	-63.9
<b>Total</b>	<b>2,204.0</b>	<b>2,078.7</b>

Other revenue consists primarily of revenue from the valuation of electricity derivatives.

The following tables show the revenue from contracts with customers classified by segment and product:

<b>Revenue from contracts with customers by segment</b>		
EURm	<b>2018/19</b>	<b>2017/18</b>
Generation <sup>1)</sup>	131.8	71.4
Energy <sup>1)</sup>	489.3	526.9
Networks	469.8	489.6
South East Europe	909.9	902.0
Environment <sup>1)</sup>	104.7	137.7
All Other Segments	18.4	15.0
<b>Total</b>	<b>2,123.9</b>	<b>2,142.6</b>

1) The comparative information was adjusted.

<b>Revenue from contracts with customers by product</b>		
EURm	<b>2018/19</b>	<b>2017/18</b>
Electricity	1,504.4	1,523.0
Natural gas	181.5	190.4
Heat	146.0	136.1
Environmental services	104.7	136.9
Other <sup>1)</sup>	187.5	156.2
<b>Total</b>	<b>2,123.9</b>	<b>2,142.6</b>

1) The comparative information was adjusted.

EVN generally recognises revenue over time in its core business of energy supplies and deliveries as well as in the international project business. An exception to this practice is the recognition of revenue by EVN Wärmekraftwerke GmbH in connection with the thermal waste utilisation plant in Dürnröhr, where revenue is recognised at a specific point in time. The related revenue amounted to EUR 54.8m in 2018/19 (previous year: EUR 59.0m).

The following table shows the revenue which is expected to result from future performance obligations which had not been fulfilled, or only fulfilled in part, by 30 September 2019.

<b>Transaction prices allocated to remaining performance obligations</b>			
EURm	<b>&lt; 1 year</b>	<b>1–5 years</b>	<b>&gt; 5 years</b>
Network subsidies	6.5	26.8	42.7
International project business	49.0	267.0	–
<b>Total</b>	<b>55.2</b>	<b>291.5</b>	<b>55.0</b>

EVN applies the practical expedient provided by IFRS 15.B16 when the respective requirements are met and recognises revenue at the amount it is entitled to invoice. Moreover, contracts for electricity and natural gas deliveries as well as contracts for network utilisation in the household customer business are concluded for an indefinite period. The customer has a unilateral right to terminate the contracts at any time. As a result, EVN does not have a contractual right to transfer the related performance obligations or to receive consideration. EVN therefore uses the practical expedients provided by IFRS 15.121 and does not disclose any information on the remaining performance obligations.

## 25. Other operating income

<b>Other operating income</b>	<b>2018/19</b>	<b>2017/18</b>
EURm		
Income from the reversal of deferred income from network subsidies <sup>1)</sup>	44.5	41.8
Own work capitalised	24.5	20.8
Change in work in progress	15.0	8.5
Insurance compensation	7.9	3.2
Rental income	3.1	3.4
Income from the disposal of intangible assets and property, plant and equipment	3.1	0.7
Miscellaneous other operating income	19.6	20.6
<b>Total</b>	<b>117.8</b>	<b>98.9</b>

1) The comparative information was adjusted.

Miscellaneous other operating income consists, above all, of bonuses, subsidies and services that are not related to business activities.

## 26. Cost of materials and services

<b>Cost of materials and services</b>	<b>2018/19</b>	<b>2017/18</b>
EURm		
Electricity purchases from third parties and primary energy expenses	1,081.3	961.3
Third-party services and other materials and services	280.3	275.1
<b>Total</b>	<b>1,361.6</b>	<b>1,236.4</b>

The expenses for electricity purchases from third parties and primary energy carriers consist primarily of the costs for electricity, natural gas, hard coal and biomass. Also included here are costs of EUR 17.9m (previous year: EUR 20.5m) for the purchase of additional CO<sub>2</sub> emission certificates during the reporting period due to the insufficient allocation of free certificates.

Third-party services and other materials and services were related primarily to the project business in the Environment Segment as well as services for the operation and maintenance of plants. This position also includes costs directly attributable to the required services.

## 27. Personnel expenses

<b>Personnel expenses</b>	<b>2018/19</b>	<b>2017/18</b>
EURm		
Salaries and wages	261.4	250.0
Severance payments	4.3	4.5
Pension costs	10.0	6.7
Compulsory social security contributions and payroll-related taxes	55.6	53.3
Other employee-related expenses	7.5	7.2
<b>Total</b>	<b>338.7</b>	<b>321.7</b>

Personnel expenses included contributions of EUR 6.8m (previous year: EUR 6.6m) to VBV Pensionskasse as well as contributions of EUR 1.3m (previous year: EUR 1.1m) to employee pension funds.

The average number of employees was as follows:

<b>Employees by segment<sup>1)</sup></b>	<b>2018/19</b>	<b>2017/18</b>
Generation	252	250
Networks	1,255	1,232
Energy	304	307
South East Europe	4,126	4,121
Environment	432	384
All Other Segments	539	536
<b>Total</b>	<b>6,908</b>	<b>6,831</b>

1) Average for the year

The average number of employees comprised 97.5% salaried and 2.5% wage employees (previous year: 97.3% salaried and 2.7% wage employees), whereby no distinction is made between salaried and wage employees in Bulgaria and North Macedonia. Wage employees are therefore counted together with salaried employees in these countries.

## 28. Other operating expenses

<b>Other operating expenses</b>	<b>2018/19</b>	<b>2017/18</b>
EURm		
Business operation taxes and duties	18.9	18.1
Legal and consulting fees, expenses related to process risks	15.9	13.3
Transportation and travelling expenses, automobile expenses	12.6	12.2
Advertising expenses	11.9	13.0
Maintenance	10.5	9.2
Insurance	10.1	9.9
Telecommunications and postage	9.5	9.0
Rents	8.0	7.3
Employee training	2.5	2.3
Write-up/write-off of receivables	-1.3	17.6
Miscellaneous other operating expenses	21.6	23.8
<b>Total</b>	<b>120.2</b>	<b>135.7</b>

The position legal and consulting fees, expenses related to process risks also contains changes in the provision for process costs and risks. Rents also include the changes in the provisions for network access fees in Bulgaria.

The change in the write-up and write-off of receivables resulted, on the one hand, from the absence of individual bad debt allowances recorded in the previous year and, on the other hand, from the payment of previously written off receivables totalling EUR 4.3m in the South East Europe Segment.

Miscellaneous other operating expenses include environmental protection expenses, fees for monetary transactions, licenses, membership fees and administrative and office expenses.

## 29. Share of results from equity accounted investees with operational nature

<b>Share of results from equity accounted investees with operational nature</b>		
EURm	<b>2018/19</b>	<b>2017/18</b>
EVN KG	-36.2	114.3
RAG	32.6	39.8
Energie Burgenland	12.2	11.6
ZOV; ZOV UIP	13.9	10.1
Verbund Innkraftwerke	96.3	6.3
Other companies	11.5	5.8
<b>Total</b>	<b>130.5</b>	<b>188.0</b>

The share of results from equity accounted investees with operational nature (see note **63. Disclosures of interests in other entities**) is reported as part of the results from operating activities (EBIT).

The share of results from equity accounted investees with operational nature consists primarily of earnings contributions, impairment losses recognised to assets capitalised in connection with acquisitions and other necessary impairment losses and write-ups (see note **36. Investments in equity accounted investees**).

The share of results from equity accounted investees with operational nature fell to EUR 130.5m in 2018/19 (previous year: EUR 188.0m). This decline was based on a lower earnings contribution from RAG and, above all, on the development of business at EVN KG. Sales activities at EVN KG were negatively influenced by higher wholesale prices and the resulting increase in procurement costs as well as the negative valuation of hedges as of the balance sheet date.

The positive earnings contribution from Verbund Innkraftwerke resulted primarily from a write-up of EUR 92.2m which followed an improvement in forward electricity quotations and a reduction in the WACC (also see note **36. Investments in equity accounted investees**).

## 30. Depreciation and amortisation and effects from impairment tests

The procedure used for impairment testing is described as part of the disclosures on accounting policies under note **21. Procedures and effects of impairment tests**.

<b>Depreciation and amortisation and effects from impairment tests by items of the consolidated statement of financial position</b>		
EURm	<b>2018/19</b>	<b>2017/18</b>
Intangible assets	14.9	13.3
Property, plant and equipment	275.5	291.8
Write-up of intangible assets	-42.1	-10.3
Write-up of property, plant and equipment	-20.2	-16.0
<b>Total</b>	<b>228.2</b>	<b>278.9</b>

<b>Depreciation and amortisation and effects from impairment tests</b>		
EURm	<b>2018/19</b>	<b>2017/18</b>
Scheduled depreciation and amortisation	269.8	258.3
Effects from impairment tests (impairment) <sup>1)</sup>	20.6	46.9
Effects from impairment tests (reversal of impairment) <sup>1)</sup>	-62.3	-26.3
<b>Total</b>	<b>228.2</b>	<b>278.9</b>

1) For details, see notes 34. Intangible assets and 35. Property, plant and equipment

### 31. Financial results

<b>Financial results</b>	<b>2018/19</b>	<b>2017/18</b>
EURm		
<b>Income from investments</b>		
e&i EDV Dienstleistungsgesellschaft m.b.H.	–	0.1
<b>Share of results from equity accounted investees with financial nature</b>	–	<b>0.1</b>
Dividend payments	23.0	21.1
thereof CEESEG AG	0.9	1.2
thereof Verbund AG	18.4	18.4
thereof Verbund Hydro Power GmbH	1.0	1.0
thereof other companies	2.6	0.4
Write-down/Disposals	0.2	–1.0
<b>Results from other investments</b>	<b>23.2</b>	<b>20.1</b>
<b>Total income from investments</b>	<b>23.3</b>	<b>20.2</b>
<b>Interest results</b>		
Interest income on financial assets	5.0	6.5
Other interest income	3.1	4.2
<b>Total interest income</b>	<b>8.1</b>	<b>10.7</b>
Interest expense on financial liabilities	–41.3	–43.8
Interest expense personnel provisions	–7.3	–7.2
Other interest expense	–2.9	–3.0
<b>Total interest expense</b>	<b>–51.5</b>	<b>–54.0</b>
<b>Total interest results</b>	<b>–43.4</b>	<b>–43.3</b>
<b>Other financial results</b>		
Results from changes in exchange rates and the disposal of non-current financial assets	2.2	–1.8
Results from changes in exchange rates and the disposal of current financial assets	–1.4	–0.0 <sup>*)</sup>
Currency gains/losses	–7.9	–10.5
Other financial results	–2.8	–1.8
<b>Total other financial results</b>	<b>–9.8</b>	<b>–14.0</b>
<b>Financial results</b>	<b>–29.9</b>	<b>–37.2</b>

\*) Small amount

The share of results from equity accounted investees with financial nature (see note **63. Disclosures of interests in other entities**) is reported as part of financial results.

Interest income on financial assets includes interest from investment funds that focus chiefly on fixed-interest securities as well as the interest component from the lease business. Other interest income generally relates to income from cash and cash equivalents and from securities recorded under current financial assets. The interest income on assets, which was calculated according to the effective interest method, totalled EUR 5.8m (previous year: EUR 8.7m).

Interest expense on financial liabilities represents regular interest payments on issued bonds and bank loans. Other interest expense includes the accrued interest expense on non-current provisions, expenses for current loans as well as lease costs for biomass equipment, distribution and heating networks. The interest expense on liabilities not designated at fair value through profit or loss totalled EUR 44.2m (previous year: EUR 46.8m).



### 32. Income tax expense

<b>Income tax expense</b>	<b>2018/19</b>	<b>2017/18</b>
EURm		
Current income tax income and expense	57.5	20.7
thereof Austrian companies	44.7	4.8
thereof foreign companies	12.8	15.9
Deferred tax income and expense	-10.9	55.4
thereof Austrian companies	-23.1	55.3
thereof foreign companies	12.3	0.1
<b>Total</b>	<b>46.7</b>	<b>76.1</b>

The following table explains the reasons for the difference between the Austrian corporate income tax rate of 25.0% that applied in 2019 (previous year: 25.0%) and the tax expense based on the Group net result reported on the consolidated statement of operations for the 2018/19 financial year:

<b>Calculation of the effective tax rate</b>	<b>2018/19</b>		<b>2017/18</b>	
	%	EURm	%	EURm
<b>Result before income tax</b>		<b>373.5</b>		<b>355.7</b>
<b>Income tax rate/income tax expense at nominal tax rate</b>	<b>25.0</b>	<b>93.4</b>	<b>25.0</b>	<b>88.9</b>
- Different corporate income tax rates in other countries	-2.7	-10.2	-0.1	-0.2
- Effect of tax rate change	-	-	-0.2	-0.7
- Tax-free income from investments	-12.8	-48.0	-6.3	-22.6
+ Revaluation of deferred taxes	-1.6	-5.9	1.1	3.8
+/- Tax share valuations and impairment on Group receivables	3.1	11.5	0.8	2.8
+ Non-deductible expenses	0.9	3.4	0.7	2.6
- Other tax free income	-0.5	-1.9	-0.1	-0.4
+ Aperiodic tax increases	1.2	4.4	0.7	2.5
-/+ Other items	-	-0.1	-0.2	-0.7
<b>Effective tax rate/effective income tax expense</b>	<b>12.5</b>	<b>46.7</b>	<b>21.4</b>	<b>76.1</b>

The tax share valuations are related primarily to the investment revaluation on the investments in EVN UBS, OOO EVN Umwelt Service, EVN Bulgaria and BG FW Holding (previous year: investment revaluation on the investments in EVN Nk BuB and OOO EVN Umwelt Service).

EVN's effective tax rate for the reporting year equalled 12.5% of the result before income tax (previous year: 21.4%). The effective tax rate represents the weighted average of the effective local corporate tax rates of all consolidated subsidiaries (see note 49. **Deferred taxes**).

### 33. Earnings per share

Earnings per share were calculated by dividing Group net result (= proportional share of net result attributable to EVN AG shareholders) by the weighted average number of ordinary shares outstanding in 2018/19, i.e. 178,006,833 (previous year: 177,938,720). This amount may be diluted by so-called potential shares arising from stock options or convertible bonds. Since EVN does not have any such shares, there is no difference between basic and diluted earnings per share. Based on the Group net result of EUR 302.4m for the 2018/19 financial year (previous year: EUR 254.6m), earnings per share equalled EUR 1.70 (previous year: EUR 1.43).

## Notes to the consolidated statement of financial position

### Assets

#### 34. Intangible assets

Goodwill is allocated to the CGUs “international project business” and “other CGUs”. Rights include electricity procurement rights, transportation rights for natural gas pipelines and other rights (primarily software licenses). Other intangible assets primarily include the customer bases of the Bulgarian and North Macedonian electricity supply companies.

#### Reconciliation of intangible assets

##### 2018/19 financial year

EURm	Goodwill	Rights	Other intangible assets	Total
<b>Gross value 30.09.2018</b>	<b>216.7</b>	<b>413.1</b>	<b>76.0</b>	<b>705.8</b>
Additions	–	9.0	–	9.0
Disposals	–	–6.4	–3.5	–9.8
Transfers	–	0.3	–	0.3
<b>Gross value 30.09.2019</b>	<b>216.7</b>	<b>416.0</b>	<b>72.5</b>	<b>705.2</b>
<b>Accumulated amortisation 30.09.2018</b>	<b>–160.9</b>	<b>–288.4</b>	<b>–74.4</b>	<b>–523.7</b>
Scheduled amortisation	–	–14.3	–0.6	–14.9
Impairment losses	–	–	–	–
Additions	–	19.1	23.0	42.1
Disposals	–	6.3	3.5	9.8
Transfers	–	–	–	–
<b>Accumulated amortisation 30.09.2019</b>	<b>–160.9</b>	<b>–277.3</b>	<b>–48.5</b>	<b>–486.8</b>
<b>Net value 30.09.2018</b>	<b>55.8</b>	<b>124.7</b>	<b>1.5</b>	<b>182.1</b>
<b>Net value 30.09.2019</b>	<b>55.8</b>	<b>138.7</b>	<b>24.0</b>	<b>218.5</b>

##### 2017/18 financial year

EURm	Goodwill	Rights	Other intangible assets	Total
<b>Gross value 30.09.2017</b>	<b>216.7</b>	<b>381.2</b>	<b>102.4</b>	<b>700.3</b>
Additions	–	11.9	0.3	12.2
Disposals	–	–2.0	–	–2.0
Transfers	–	22.0	–26.7	–4.7
<b>Gross value 30.09.2018</b>	<b>216.7</b>	<b>413.1</b>	<b>76.0</b>	<b>705.8</b>
<b>Accumulated amortisation 30.09.2017</b>	<b>–160.9</b>	<b>–272.6</b>	<b>–89.8</b>	<b>–523.3</b>
Scheduled amortisation	–	–12.7	–0.6	–13.3
Impairment losses	–	–0.0 <sup>*)</sup>	–	–0.0 <sup>*)</sup>
Additions	–	10.3	–	10.3
Disposals	–	2.1	–	2.1
Transfers	–	–15.4	16.0	0.5
<b>Accumulated amortisation 30.09.2018</b>	<b>–160.9</b>	<b>–288.4</b>	<b>–74.4</b>	<b>–523.7</b>
<b>Net value 30.09.2017</b>	<b>55.8</b>	<b>108.6</b>	<b>12.6</b>	<b>177.1</b>
<b>Net value 30.09.2018</b>	<b>55.8</b>	<b>124.7</b>	<b>1.5</b>	<b>182.1</b>

<sup>\*)</sup> Small amount

The carrying amount of goodwill is allocated as follows: EUR 52.9m to the CGU “international project business” and EUR 2.9m to the CGU “other CGUs”.

The carrying amount of the net assets in the CGU “international project business” totalled EUR 264.9m. The recoverable amount was determined on the basis of the value in use and equalled EUR 460.6m. A WACC after tax of 4.17% (previous year: 5.80%) was used as the discount rate, which represents an iteratively derived pre-tax WACC of 4.59% (previous year: 6.33%). The recoverable amount of the CGU was 73.9% higher than the carrying amount. An increase (decrease) of 0.5% in the WACC in 2018/19, ceteris paribus, would have led to a surplus cover of EUR 156.2m in the net assets of the CGU (surplus cover of EUR 245.4m). The recoverable amount would equal the carrying amount based on a WACC after tax of 8.54%.

In the South East Europe Segment, a reduction in the WACC led to a write-up of EUR 7.5m to the customer base of the CGU “electricity distribution Bulgaria” and EUR 15.5m to the customer base of the CGU “electricity distribution North Macedonia”. The recoverable amount of the CGU “electricity distribution Bulgaria” was determined on the basis of the value in use and equalled EUR 442.5m. A WACC after tax of 5.51% was used as the discount rate, which represents an iteratively derived pre-tax WACC of 6.10%. The recoverable amount of the CGU “electricity distribution North Macedonia” was determined on the basis of the value in use and equalled EUR 416.4m. A WACC after tax of 7.04% was used as the discount rate, which corresponds to an iteratively derived pre-tax WACC of 8.17%.

In the Generation Segment, the increase in forward electricity prices and a reduction in the WACC led to a write-up of EUR 18.9m to electricity purchasing rights from the Freudenuh hydropower plant. EVN holds procurement rights of 12.5% to the electricity generated by the Donaukraftwerk Freudenuh during its operating life. The recoverable amount was determined on the basis of the value in use and equalled EUR 66.4m. A WACC after tax of 3.78% (previous year: 5.72%) was used as the discount rate, which represents an iteratively derived pre-tax WACC of 4.67% (previous year: 7.17%). An increase (decrease) of 0.5% in the WACC and/or an increase/decrease of 5% in the underlying assumptions for the electricity price would each have resulted in a write-up of EUR 18.9m.

In 2018/19, a total of EUR 1.2m (previous year: EUR 3.4m) was invested in research and development; EUR 0.4m thereof were capitalised (previous year: EUR 2.0m).

## 35. Property, plant and equipment

## Reconciliation of property, plant and equipment

2018/19 financial year							
EURm	Land and buildings	Lines	Technical equipment	Meters	Other plants, tools and equipment	Equipment under construction	Total
<b>Gross value 30.09.2018</b>	849.6	4,259.7	3,013.6	264.7	195.1	196.2	8,778.9
Currency translation differences	–	–	5.0	–	–	0.1	5.1
Additions	19.9	127.8	83.0	20.3	30.5	116.6	398.2
Disposals	–6.7	–27.7	–14.8	–16.0	–19.9	–1.3	–86.5
Transfers	10.3	57.6	32.6	–	5.0	–105.5	0.1
<b>Gross value 30.09.2019</b>	873.1	4,417.5	3,119.4	269.0	210.8	206.0	9,095.7
<b>Accumulated amortisation 30.09.2018</b>	–509.3	–2,342.5	–2,178.9	–157.8	–142.7	–9.0	–5,340.2
Currency translation differences	–	–	–4.1	–	–	–	–4.1
Scheduled depreciation	–21.5	–111.1	–87.1	–15.7	–19.5	–	–254.9
Impairment losses	–3.7	–0.5	–14.0	–	–1.0	–1.3	–20.6
Revaluation	6.0	7.5	6.6	–	–	–	20.2
Disposals	5.8	27.4	14.3	15.6	19.5	0.9	83.4
<b>Accumulated amortisation 30.09.2019</b>	–522.8	–2,419.2	–2,263.1	–158.0	–143.8	–9.4	–5,516.2
<b>Net value 30.09.2018</b>	340.3	1,917.2	834.7	106.9	52.4	187.2	3,438.7
<b>Net value 30.09.2019</b>	350.3	1,998.3	856.3	111.1	67.0	196.6	3,579.6
2017/18 financial year							
EURm	Land and buildings	Lines	Technical equipment	Meters	Other plants, tools and equipment	Equipment under construction	Total
<b>Gross value 30.09.2017</b>	818.4	4,111.6	2,966.1	255.3	184.7	168.8	8,504.9
Currency translation differences	–0.0 <sup>*)</sup>	–0.0 <sup>*)</sup>	–7.5	–0.0 <sup>*)</sup>	–0.0 <sup>*)</sup>	0.0 <sup>*)</sup>	–7.5
Additions	20.5	110.5	66.8	24.1	22.8	109.0	353.7
Disposals	–2.2	–10.0	–33.0	–15.5	–13.4	–0.8	–74.9
Transfers	13.1	47.5	21.1	0.8	1.2	–80.9	2.8
<b>Gross value 30.09.2018</b>	849.6	4,259.7	3,013.6	264.7	195.1	196.2	8,778.9
<b>Accumulated amortisation 30.09.2017</b>	–479.1	–2,247.0	–2,091.5	–155.8	–139.5	–8.3	–5,121.3
Currency translation differences	0.0 <sup>*)</sup>	0.0 <sup>*)</sup>	5.9	0.0 <sup>*)</sup>	0.0 <sup>*)</sup>	–	6.0
Changes in the scope of consolidation	–	–	0.0 <sup>*)</sup>	–	0.0 <sup>*)</sup>	–	0.0 <sup>*)</sup>
Scheduled depreciation	–20.4	–107.7	–84.0	–16.4	–16.5	–	–245.0
Impairment losses	–10.1	–4.0	–32.0	–0.1	–0.0 <sup>*)</sup>	–0.6	–46.9
Revaluation	2.4	6.3	7.0	–	0.3	–	16.0
Disposals	2.0	9.8	15.6	14.4	13.0	–	54.9
Transfers	–4.1	0.0 <sup>*)</sup>	0.1	0.0 <sup>*)</sup>	0.0 <sup>*)</sup>	–	–3.9
<b>Accumulated amortisation 30.09.2018</b>	–509.3	–2,342.5	–2,178.9	–157.8	–142.7	–9.0	–5,340.2
<b>Net value 30.09.2017</b>	339.3	1,864.6	874.6	99.5	45.2	160.4	3,383.6
<b>Net value 30.09.2018</b>	340.3	1,917.2	834.7	106.9	52.4	187.2	3,438.7

\*) Small amount

Land and buildings included land with a value of EUR 61.0m (previous year: EUR 58.9m). EVN held a mortgage with a maximum value of EUR 1.8m as of 30 September 2019, unchanged from the previous year.

Additions to property, plant and equipment included capitalised borrowing costs of EUR 1.3m (previous year: EUR 1.4m). The interest rate used for capitalisation ranged from 1.4% to 3.8% (previous year: 2.0%–3.8%).

For leased and rented equipment, the present value of payment obligations for the use of heating networks and heat generation plants is reported on the consolidated statement of financial position. The net value of these assets totalled EUR 2.4m as of the balance sheet date (previous year: EUR 3.0m). The related lease and rental liabilities were recognised under other non-current liabilities (see note **52. Other non-current liabilities**).

As in the previous year, no property, plant and equipment or intangible assets were pledged as collateral as of 30 September 2019.

The impairment testing of assets in accordance with IAS 36 led to the recognition of the following impairment losses and write-ups in 2018/19:

Current market analyses and the related less favourable estimates for the development, in combination, of long-term electricity prices, primary energy prices and the prices for emission certificates (clean dark spread) led to the recognition of an impairment loss of EUR 13.0m to EVN's proportional interest in the jointly operated Walsum 10 power plant.<sup>1)</sup> The recoverable amount was determined on the basis of the value in use and amounted to EUR 89.1m. The applied discount rate equalled an after-tax WACC of 3.27% (previous year: 4.94%) and represents an iteratively derived pre-tax WACC of 5.27% (previous year: 6.63%). An increase (decrease) of 0.5% in the WACC in 2018/19, ceteris paribus, would have resulted in an impairment loss of EUR 15.8m (impairment loss of EUR 10.0m). An increase (decrease) of 5% in the underlying assumptions for the electricity price in 2018/19, ceteris paribus, would have resulted in a recovery in value of EUR 12.8m (impairment loss of EUR 39.1m).

1) The impairment testing of the power plant component took place solely at the Group level. At the segment level, a provision was recognised for the marketing of EVN's own electricity production. The impairment loss is therefore reported in the transition column "consolidation".

The impairment test of the CGU "thermal-spring region" (formerly Baden-Mödling) led to a write-up of EUR 3.3m in the Energy Segment due to the approval of a subsidised follow-up tariff and a reduction of the WACC. The recoverable amount was determined on the basis of the value in use and equalled EUR 50.7m. The applied discount rate equalled an after-tax WACC of 3.28% (previous year: 5.24%) and represents an iteratively derived pre-tax WACC of 5.24% (previous year: 6.96%). Similarly, an improvement in the economic framework conditions and a reduction in the WACC for six EVN Wärme heating plants led to a write-up of EUR 5.1m. The recoverable amount was determined on the basis of the value in use and totalled EUR 15.0m. The applied discount rate equalled an after-tax WACC ranging from 3.28% to 3.59%, which represents an iteratively derived pre-tax WACC of 4.97% to 6.57%.

Other impairment tests by EVN Wärme resulted in the recognition of impairment losses totalling EUR 0.9m in the Energy Segment due to a deterioration in the economic framework conditions for four heating plants. The recoverable amount was determined on the basis of the value in use and totalled EUR 3.4m. The applied discount rate equalled an after-tax WACC of 3.12% to 3.50%, which represents an iteratively derived pre-tax WACC of 3.32% to 4.08%.

As a result of the improvement in the forward quotations for electricity and a reduction in the WACC, EVN Naturkraft carried out impairment tests for various wind parks and small hydropower plants. These tests resulted in a write-up of EUR 4.6m in the Generation Segment for two wind parks and six small hydropower plants. The recoverable amount was determined on the basis of the value in use and totalled EUR 16.7m. The applied discount rate equalled an after-tax WACC of 3.09% to 3.78%, which represents an iteratively derived pre-tax WACC of 3.72% to 5.95%.

In Bulgaria, a reduction in the WACC led to a write-up of EUR 2.9m to the TEZ Plovdiv co-generation plant in the South East Europe Segment. The recoverable amount was determined on the basis of fair value less costs to sell (Level 3 as defined by IFRS 13) and equalled EUR 45.1m. The applied discount rate equalled an after-tax WACC of 5.83%. The present value model underlying the valuation includes a detailed planning period of four years, a general planning phase through 2029 and a perpetual yield.

A reduction in the WACC also led to a write-up of EUR 2.4m to EVN's Kavarna wind park in the Generation Segment. The recoverable amount was determined on the basis of the value in use and equalled EUR 11.2m. The applied discount rate equalled an after-tax WACC of 5.46% for the subsidised feed-in tariff phase and 5.5% for the free market phase, which represent iteratively derived pre-tax WACCs of 6.06% and 6.11%, respectively.

Other impairment losses of EUR 5.2m were related to the thermal power plants in Korneuburg and Dürnrohr, which were deactivated and conserved in 2018/19.

### **36. Investments in equity accounted investees**

The companies included in the consolidated financial statements at equity are listed in the notes under **EVN's investments** starting on page 217. Note **63. Disclosures of interests in other entities** contains financial information on joint ventures and associates that are included at equity in EVN's consolidated financial statements.

All investments in equity accounted investees were recognised at their proportional share of IFRS income or loss based on an interim or annual report with a balance sheet date that does not precede the balance sheet date of EVN by more than three months. There were no listed market prices for the investments in equity accounted investees.

## Reconciliation of investments in equity accounted investees

### 2018/19 financial year

EURm

<b>Gross value 30.09.2018</b>	<b>911.2</b>
Additions	0.5
Disposals	-22.2
<b>Gross value 30.09.2019</b>	<b>889.5</b>
<b>Accumulated amortisation 30.09.2018</b>	<b>84.4</b>
Currency translation differences	0.5
Disposals	21.8
Revaluation	93.1
Proportional share of results	37.4
Dividends	-137.9
Transfers	1.3
Changes recognised in other comprehensive income	-18.0
<b>Accumulated amortisation 30.09.2019</b>	<b>82.6</b>
<b>Net value 30.09.2018</b>	<b>995.7</b>
<b>Net value 30.09.2019</b>	<b>972.1</b>

### 2017/18 financial year

EURm

<b>Gross value 30.09.2017</b>	<b>911.0</b>
Additions	0.4
Disposals	-0.2
<b>Gross value 30.09.2018</b>	<b>911.2</b>
<b>Accumulated amortisation 30.09.2017</b>	<b>43.8</b>
Currency translation differences	-6.0
Disposals	-
Revaluation	2.5
Proportional share of results	185.7
Dividends	-144.4
Changes recognised in other comprehensive income	3.0
<b>Accumulated amortisation 30.09.2018</b>	<b>84.4</b>
<b>Net value 30.09.2017</b>	<b>954.8</b>
<b>Net value 30.09.2018</b>	<b>995.7</b>

A write-up of EUR 92.2m was recorded to Verbund Innkraftwerke in 2018/19 to reflect the improvement in the forward quotations for electricity and a reduction in the WACC. The recoverable amount of EVN's participation interest in Verbund Innkraftwerke was determined on the basis of the value in use and amounted to EUR 163.9m. The applied discount rate equalled an after-tax WACC of 3.39% (previous year: 5.20%) and represents an iteratively derived pre-tax WACC of 4.41% (previous year: 6.52%) (also see note **29. Share of results from equity accounted investees with operational nature**). An increase (decrease) of 0.5% in the WACC in 2018/19, ceteris paribus, would have resulted in a write-up of EUR 66.4m (write-up of EUR 106.1m) to the equity accounted Verbund Innkraftwerke. An increase (decrease) of 5% in the underlying assumptions for the electricity price in 2018/19, ceteris paribus, would have resulted in a write-up of EUR 106.1m (write-up of EUR 75.5m).



A write-up of EUR 0.9m was recorded to the Ashta hydropower plant owned by Ashta Beteiligungsverwaltung GmbH. The recoverable amount of EVN's participation interest in Ashta Beteiligungsverwaltung GmbH was determined on the basis of the value in use and equalled EUR 4.4m. The applied discount rate equalled an after-tax WACC of 8.64% and represents an iteratively derived pre-tax WACC of 9.52% (also see note **29. Share of results from equity accounted investees with operational nature**).

The shares in ZOV were assigned to the financing banks as collateral for loans. EVN's proportional share of equity in this company totalled EUR 113.9m as of 30 September 2019 (previous year: EUR 112.0m).

### 37. Other investments

The item other investments includes holdings in affiliates and associates, which are not consolidated due to immateriality, as well as miscellaneous stakes of less than 20.0% that were not included at equity.

The shares in affiliates and associates which are not consolidated due to immateriality are measured at cost less any necessary impairment losses and totalled EUR 4.5m in 2018/19 (previous year: EUR 4.6m). The other investments classified as FVOCI consist primarily of shares in Verbund AG with a value of EUR 2,202.9m (previous year: EUR 1,861.5m) and miscellaneous other investments of EUR 118.0m (previous year: EUR 78.2m). The valuation adjustments were recorded under other comprehensive income, the dividends were recorded in the consolidated statement of operations (also see note **31. Financial results**).

EVN AG and Wiener Stadtwerke Holding AG (WSTW) entered into an agreement on 22 September 2010 for the syndication of their directly and indirectly held shareholdings in Verbund AG. This agreement gives the two companies joint control over approximately 26% of the voting shares in Verbund AG. In spite of the syndicate agreement, the scope of possible influence over the financial and business policies of Verbund AG is very limited. The requirements for classification as a controlling influence (IAS 28) are therefore not met and the shares in Verbund AG were therefore accounted for by applying IFRS 9.

In 2018/19, the valuation of the investment in CEESEG AG based on the discounted cash flow method resulted in a write-up of EUR 1.7m. The recoverable amount was determined on the basis of fair value less costs to sell (Level 3 according to IFRS 13) and amounted to EUR 18.7m. An after-tax WACC of 7.35% was used as the discount rate. The present value model underlying the valuation includes forecasted distributions for the coming year as well as a perpetual yield without a growth rate.

The valuation of the investment in Verbund Hydro Power AG in 2018/19 based on the discounted cash flow method resulted in a write-up of EUR 37.0m. The recoverable amount was determined on the basis of fair value less costs to sell (Level 3 according to IFRS 13) and amounted to EUR 96.7m. An after-tax WACC of 3.78% was used as the discount rate. The present value model underlying the valuation assumes publicly available information on the annual financial statements and forecasts the next four years as well as a perpetual yield (without a growth rate), based on available data for electricity prices.

The valuation of the investment in AGGM Austrian Gas Grid Management AG in 2018/19 based on the discounted cash flow method resulted in a write-up of EUR 1.1m. The recoverable amount was determined on the basis of fair value less costs to sell (Level 3 according to IFRS 13) and amounted to EUR 2.5m. An after-tax WACC of 3.18% was used as the discount rate. The present value model underlying the valuation is based on a perpetual yield without a growth rate which, in turn, was developed from the average trend of data from publicly available financial statements for 2015–2018 and a forecast for the 2019 financial year.

### 38. Other non-current assets

<b>Other non-current assets</b>	<b>30.09.2019</b>	<b>30.09.2018</b>
EURm		
<b>Non-current financial assets</b>		
Securities	97.6	135.1
Loans receivable	33.0	38.3
Lease receivables	18.3	28.7
Receivables arising from derivative transactions	12.0	35.7
<b>Non-current other assets</b>		
Primary energy reserves	0.7	14.5
Contract assets	0.6	–
Remaining other non-current assets	1.1	0.2
<b>Total</b>	<b>163.3</b>	<b>252.4</b>

Securities reported under other non-current assets consist mainly of shares in investment funds and serve as coverage for the provisions for pensions and similar obligations as required by Austrian tax law. The carrying amounts correspond to the fair value as of the balance sheet date.

Lease receivables result from the project business within the context of PPP projects. The decline in 2018/19 is primarily attributable to contractually agreed principal payments.

The receivables arising from derivative transactions include the positive market values of derivatives in the energy business as well as cross-currency swaps.

Primary energy reserves were, for the most part, reclassified from non-current to current in 2018/19 because they will be sold within twelve months.

The reconciliation of the future minimum lease payments to their present value is as follows:

	Remaining term to maturity as of 30.09.2019			Remaining term to maturity as of 30.09.2018		
	Principal components	Interest components	Total	Principal components	Interest components	Total
<5 years	5.8	1.4	7.2	15.2	2.1	17.3
>5 years	12.4	1.4	13.9	13.4	1.4	14.8
<b>Total</b>	<b>18.3</b>	<b>2.8</b>	<b>21.1</b>	<b>28.6</b>	<b>3.5</b>	<b>32.0</b>

The total of the principal components corresponds to the capitalised value of the lease receivables. The interest components correspond to the proportionate share of the interest component of the total lease payment and do not represent discounted amounts. The interest components of the lease payments in 2018/19 were reported as interest income on non-current assets.

**Current assets****39. Inventories**

<b>Inventories</b>	<b>30.09.2019</b>	<b>30.09.2018</b>
EURm		
Primary energy inventories	36.6	49.6
CO <sub>2</sub> emission certificates	4.7	3.1
Raw materials, supplies, consumables and other inventories	34.2	29.0
Customer orders not yet invoiced	28.6	13.0
<b>Total</b>	<b>104.1</b>	<b>94.6</b>

Primary energy inventories consist primarily of natural gas and oil supplies.

The CO<sub>2</sub> emission certificates relate exclusively to certificates purchased to fulfil the requirements of the Austrian Emission Certificate Act, which have not yet been used. The corresponding obligation for any shortfall in the certificates is reported under current provisions (see note **56. Current provisions**).

The inventory risk arising from low turnover and declining market prices for raw materials, supplies, consumables and other inventories was reflected in an increase of EUR 9.2m in the valuation allowance (previous year: EUR 1.5m). This was contrasted by write-ups of EUR 0.3m (previous year: EUR 0.2m). The inventories are not subject to any restrictions on disposal or other encumbrances.

EVN assumes that capitalised contracts costs, which arise especially in the international project business, will be recoverable. These costs totalled EUR 25.1m as of 30 September 2019 and are presented under customer orders not yet invoiced. In 2018/19, EUR 14.4m were capitalised and EUR 1.2m realised in line with the progress on the respective projects. No impairment losses were recognised to the capitalised contract costs.

**40. Trade and other receivables**

<b>Trade and other receivables</b>	<b>30.09.2019</b>	<b>30.09.2018</b>
EURm		
<b>Financial assets</b>		
Trade accounts receivable	259.3	301.3
Receivables from investments in equity accounted investees	24.1	64.1
Receivables from non-consolidated subsidiaries	6.7	7.9
Receivables from employees	0.1	0.3
Receivables arising from derivative transactions	33.6	47.5
Lease receivables	12.5	18.3
Other receivables and assets	24.4	27.8
	<b>360.8</b>	<b>467.0</b>
<b>Other receivables</b>		
Taxes and levies receivable	38.1	31.8
Prepayments	18.5	1.4
	<b>56.6</b>	<b>33.2</b>
<b>Total</b>	<b>417.4</b>	<b>500.3</b>

Trade accounts receivable relate mainly to electricity, natural gas and heating customers. This position also includes the receivable from the Budva wastewater treatment project. Notes to impairment losses and default risks for trade receivables can be found in note **60. Risk management**.

Receivables from investments in equity accounted investees and receivables from non-consolidated subsidiaries arise primarily from intragroup transactions related to energy supplies as well as Group financing and services provided to those companies.

The receivables from derivative transactions consist chiefly of the positive market values of derivatives in the financial area and energy business.

Other receivables and assets include, among others, receivables from insurances and short-term loans receivable.

As of 30 September 2019, as in the previous year, no receivables were pledged as collateral for EVN's own liabilities.

#### 41. Securities

<b>Composition of securities</b>	<b>30.09.2019</b>	<b>30.09.2018</b>
EURm		
Funds	89.7	139.8
thereof cash funds	89.4	139.4
thereof other fund products	0.3	0.4
Shares	–	0.0 <sup>*)</sup>
<b>Total</b>	<b>89.7</b>	<b>139.8</b>

<sup>\*)</sup> Small amount

A write-down of EUR –0.8m through profit or loss was recorded in 2018/19 to reflect the decline in market prices (previous year: write-down of EUR –1.4m without recognition through profit or loss).

## Liabilities

### Equity

The development of equity in 2018/19 and 2017/18 is shown on page 141.

#### 42. Share capital

The share capital of EVN AG totals EUR 330.0m (previous year: EUR 330.0m) and is divided into 179,878,402 (previous year: 179,878,402) zero par value bearer shares.

#### 43. Share premium and capital reserves

The share premium and capital reserves comprise appropriated capital reserves of EUR 204.4m (previous year: EUR 204.4m) from capital increases and unappropriated capital reserves of EUR 58.3m (previous year: EUR 58.3m), both in accordance with Austrian stock corporation law.

#### 44. Retained earnings

Retained earnings of EUR 2,514.2m (previous year: EUR 2,297.0m) comprise the proportional share of retained earnings attributable to EVN AG and all other consolidated companies from the date of initial consolidation as well as the proportional share of retained earnings from business combinations achieved in stages.

Dividends are based on the result of EVN AG as reported in the annual financial statements and developed as follows:

<b>Reconciliation of EVN AG's result for the period</b>	
EURm	
<b>Reported result for the period 2018/19</b>	<b>154.1</b>
Retained earnings from the 2017/18 financial year	0.1
Less additions to voluntary reserves	-65.1
<b>Distributable result for the period</b>	<b>89.1</b>
Proposed dividend	-89.0
Retained earnings for the 2019/20 financial year	0.1

Liabilities do not include the dividend of EUR 0.47 per share plus a one-time bonus dividend of EUR 0.03 per share for the 2018/19 financial year which will be proposed to the Annual General Meeting.

The 90<sup>th</sup> Annual General Meeting on 17 January 2019 approved a proposal by the Executive Board and the Supervisory Board to distribute a dividend of EUR 83.7m, or EUR 0.47 per share including a one-time bonus dividend of EUR 0.03, to the shareholders of EVN AG for the 2017/18 financial year. The dividend payment to shareholders was made on 25 January 2019.

#### 45. Valuation reserves

The valuation reserve contains changes in the market value of cash flow hedges and financial assets classified at fair value through other comprehensive income (FVOCI) as well as IAS 19 remeasurements and the proportional share of changes in the equity of investments in equity accounted investees.

In addition, the statement of comprehensive income includes EUR -5.0m (previous year: EUR 0.5m) for the share of changes in the valuation reserves that are attributable to non-controlling interests (see **Consolidated statement of comprehensive income**, page 139).

The part of the valuation reserve attributable to equity accounted investees consists primarily of components from cash flow hedges that were recorded under equity as well as remeasurements in accordance with IAS 19 and the valuation of FVOCI instruments.

Valuation reserves EURm	30.09.2019			30.09.2018		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Items recognised under other comprehensive income from						
Available for sale financial instruments	–	–	–	1,477.9	–369.4	1,108.5
Financial assets classified at fair value through other comprehensive income	1,860.5	–465.1	1,395.4	–	–	–
Cash flow hedges	–24.7	8.2	–16.5	–24.6	8.1	–16.5
Remeasurements IAS 19	–173.7	43.1	–130.7	–118.2	29.4	–88.9
Investments in equity accounted investees	–22.7	1.3	–21.4	–9.8	–0.4	–10.2
<b>Total</b>	<b>1,639.3</b>	<b>–412.5</b>	<b>1,226.8</b>	<b>1,325.3</b>	<b>–332.4</b>	<b>992.9</b>

In 2018/19, cash flow hedges totalling EUR 1.9m (previous year: EUR 1.8m) were transferred from other comprehensive income to the consolidated statement of operations. Due to the ineffectiveness of the hedges an amount of EUR –1.3m was recognised in profit or loss.

#### 46. Treasury shares

A total of 73,528 treasury shares were sold during the reporting year to permit their issue as a special payment in accordance with a company agreement (previous year: 67,030 shares). EVN AG is not entitled to any rights arising from treasury shares. In particular, these shares are not entitled to dividends.

The number of shares outstanding developed as follows:

Reconciliation of the number of outstanding shares	Zero par value shares	Treasury shares	Outstanding shares
<b>30.09.2017</b>	<b>179,878,402</b>	<b>–1,950,854</b>	<b>177,927,548</b>
Purchase of treasury shares	–	–	–
Disposal of treasury shares	–	67,030	67,030
<b>30.09.2018</b>	<b>179,878,402</b>	<b>–1,883,824</b>	<b>177,994,578</b>
Purchase of treasury shares	–	–	–
Disposal of treasury shares	–	73,528	73,528
<b>30.09.2019</b>	<b>179,878,402</b>	<b>–1,810,296</b>	<b>178,068,106</b>

The weighted average number of shares outstanding, which is used as the basis for calculating earnings per share, equals 178,006,833 shares (previous year: 177,938,720 shares).





The maturity structure of the non-current loans and borrowings is as follows:

Maturity of non-current loans and borrowings EURm	Remaining term to maturity as of 30.09.2019			Remaining term to maturity as of 30.09.2018		
	<5 years	>5 years	Total	<5 years	>5 years	Total
Bonds	396.5	122.8	519.3	287.7	216.8	504.5
thereof fixed interest	289.2	122.8	412.0	287.7	122.6	410.3
thereof variable interest	107.3	–	107.3	–	94.2	94.2
Bank loans	155.5	315.2	470.7	189.3	346.6	536.0
thereof fixed interest	145.4	314.3	459.7	180.4	346.0	526.4
thereof variable interest	10.1	0.9	11.0	8.9	0.7	9.6
<b>Total</b>	<b>552.0</b>	<b>438.0</b>	<b>990.0</b>	<b>477.0</b>	<b>563.5</b>	<b>1,040.5</b>

### Bonds

All bonds involve bullet repayment on maturity. The foreign currency bond is hedged against interest and foreign exchange risk by means of cross-currency swaps.

The bonds are carried at amortised cost. Foreign currency liabilities are translated at the exchange rate in effect on the balance sheet date. In accordance with IFRS 9, hedged liabilities are adjusted to reflect the corresponding change in the fair value of the hedged risk in cases where hedge accounting is applied (see note **62. Reporting on financial instruments**).

### Bank loans

The loans consist of general borrowings from banks and loans, which are subsidised in part by interest and redemption grants from the Austrian Environment and Water Industry Fund. This position also includes the EUR 121.5m promissory note loans that were issued in October 2012.

Accrued interest expense is included under other current liabilities.

**49. Deferred taxes**

<b>Deferred taxes</b>	<b>30.09.2019</b>	<b>30.09.2018</b>
EURm		
<b>Deferred tax assets</b>		
Employee-related provisions	-58.6	-48.2
Tax loss carryforwards	-22.4	-14.8
Investment depreciation	-19.6	-38.6
Property, plant and equipment	-47.4	-38.2
Financial instruments	-11.4	-17.1
Provisions	-11.1	-4.5
Other deferred tax assets	-	-9.3
<b>Deferred tax liabilities</b>		
Property, plant and equipment	49.5	56.9
Intangible assets	2.9	0.7
Financial instruments	481.6	379.5
Provisions	96.7	106.9
Other deferred tax liabilities	11.4	28.7
<b>Total</b>	<b>471.6</b>	<b>402.1</b>
thereof deferred tax assets	-72.1	-68.8
thereof deferred tax liabilities	543.8	471.0

Deferred taxes developed as follows:

<b>Changes in deferred taxes</b>	<b>2018/19</b>	<b>2017/18</b>
EURm		
<b>Deferred taxes on 01.10.</b>	<b>402.1</b>	<b>92.2</b>
- Changes resulting from currency translation differences and other changes	0.2	0.3
- Changes in deferred taxes recognised through profit and loss	-10.9	55.4
- Changes in deferred taxes recognised directly in equity from the valuation reserve	80.2	254.2
<b>Deferred taxes on 30.09.</b>	<b>471.6</b>	<b>402.1</b>

Projected tax results will permit the utilisation over the coming years of losses for which deferred tax assets were previously recorded. Deferred tax assets of EUR 88.9m (previous year: EUR 95.4m) related to loss carryforwards were not recognised because they are not expected to be used within the foreseeable future. Of this total, EUR 76.0m (previous year: EUR 76.0m) are attributable to EVN MVA 1. Of this total, EUR 2.6m will expire during the next five years (previous year: EUR 3.0m). The remaining loss carryforwards that were not capitalised can be carried forward for an indefinite period of time.

Deferred tax liabilities of EUR 92.3m (previous year: EUR 92.0m) on temporary differences of EUR 383.9m (previous year: EUR 373.6m) were not recognised because these differences will remain tax-free in the foreseeable future. These temporary differences arise from differences between the tax base of the participation interest and the proportional share of equity owned, respectively between the tax base of the participation interest and the carrying amount of the equity accounted investees (outside basis differences).

The changes recorded under other comprehensive income are primarily attributable to financial instruments (EUR 95.6m; previous year: EUR 258.8m) and employee-related provisions (EUR -13.8m; previous year: EUR -3.5m).

## 50. Non-current provisions

<b>Non-current provisions</b>	<b>30.09.2019</b>	<b>30.09.2018</b>
EURm		
Provisions for pensions	283.1	253.7
Provisions for pension-related obligations	29.3	23.6
Provisions for severance payments	95.0	88.4
Other non-current provisions	130.0	115.1
<b>Total</b>	<b>537.5</b>	<b>480.8</b>

The amounts reported for the provisions for pensions, similar obligations and severance payments were generally calculated on the basis of the following parameters:

- Interest rate 0.70% p. a. (previous year: 1.85% p. a.)
- Remuneration increases 2.00% p. a.; in subsequent years 2.00% p. a. (previous year: remuneration increases 2.00% p. a., in subsequent years 2.00% p. a.)
- Pension increases 2.00% p. a.; in subsequent years 2.00% p. a. (previous year: pension increases 2.00% p. a., in subsequent years 2.00% p. a.)
- Austrian mortality tables AVÖ 2018-P – Rechnungsgrundlagen für die Pensionsversicherung

<b>Reconciliation of provisions for pensions</b>	<b>2018/19</b>	<b>2017/18</b>
EURm		
<b>Present value of pension obligations (DBO) as of 01.10.</b>	<b>253.7</b>	<b>250.4</b>
+ Service costs	1.9	-1.0
+ Interest costs	4.7	4.7
- Pension payments	-16.8	-14.5
+/- Actuarial loss/gain	39.6	14.1
thereof		
demographic assumptions	-	9.0
financial assumptions	42.5	-0.0 <sup>1)</sup>
assumptions based on experience	-2.9	5.2
<b>Present value of pension obligations (DBO) as of 30.09.</b>	<b>283.1</b>	<b>253.7</b>

<sup>1)</sup> Small amount

As of 30 September 2019, the weighted average remaining term equalled 14.7 years for the pension obligations (previous year: 13.3 years). Pension payments are expected to total EUR 14.4m in 2019/20 (previous year: EUR 14.9m).

<b>Reconciliation of the provisions for pension-related obligations</b>	<b>2018/19</b>	<b>2017/18</b>
EURm		
<b>Present value of the provisions for pension-related obligations (DBO) as of 01.10.</b>	<b>23.6</b>	<b>22.8</b>
+ Service costs	0.4	0.5
+ Interest costs	0.4	0.4
- Payments	-0.9	-0.9
+/- Actuarial loss/gain	5.7	0.8
thereof		
demographic assumptions	-	0.6
financial assumptions	5.7	-
assumptions based on experience	-	0.2
<b>Present value of the provisions for pension-related obligations (DBO) as of 30.09.</b>	<b>29.3</b>	<b>23.6</b>

As of 30 September 2019, the weighted average remaining term equalled 19.1 years for the pension-related obligations (previous year: 17.5 years). The payments for pension-related obligations are expected to total EUR 0.9m in 2019/20 (previous year: EUR 0.9m).

<b>Reconciliation of the provision for severance payments</b>	<b>2018/19</b>	<b>2017/18</b>
EURm		
<b>Present value of severance payment obligations (DBO) as of 01.10.</b>	<b>88.4</b>	<b>90.1</b>
– Currency translation differences	–	–0.0 <sup>*)</sup>
+ Service costs	3.0	3.4
+ Interest costs	1.7	1.8
– Severance payments	–8.3	–6.2
+/- Actuarial loss/gain	10.3	–0.6
thereof		
demographic assumptions	–	–1.3
financial assumptions	9.6	0.1
assumptions based on experience	0.7	0.6
<b>Present value of severance payment obligations (DBO) as of 30.09.</b>	<b>95.0</b>	<b>88.4</b>

\*) Small amount

As of 30 September 2019, the weighted average remaining term of the severance payment obligations equalled 9.4 years (previous year: 9.5 years). Severance payments are expected to total EUR 7.2m in 2019/20 (previous year: EUR 7.0m).

A change in the actuarial parameters (ceteris paribus) would have the following effect on the provisions for pensions, pension-related obligations and severance payments:

<b>Sensitivity analysis for provision for pensions</b>		<b>30.09.2019</b>		<b>30.09.2018</b>	
%	Change in assumption	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO
Interest rate	0.50	7.99	–7.03	7.13	–6.34
Remuneration increases	1.00	–3.01	3.24	–2.62	2.80
Pension increases	1.00	–11.37	14.05	–10.38	12.65
Remaining life expectancy	1 year	–5.03	5.16	–4.63	4.71

<b>Sensitivity analysis for provision for pension-related obligations</b>		<b>30.09.2019</b>		<b>30.09.2018</b>	
%	Change in assumption	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO
Interest rate	0.50	10.47	–9.05	9.48	–8.26
Remuneration increases	1.00	–	–	–	–
Pension increases	1.00	–13.98	17.80	–12.70	15.91
Remaining life expectancy	1 year	–4.32	4.39	–3.88	3.91

### Sensitivity analysis for provision for severance payments

%	30.09.2019		30.09.2018		
	Change in assumption	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO
Interest rate	0.50	4.91	-4.58	4.89	-4.56
Remuneration increases	1.00	-8.98	10.13	-9.44	10.24

The sensitivity analysis was carried out separately for each key actuarial parameter. Only one parameter was changed at a time during the examination, while the other variables remained constant (ceteris paribus). The method used to calculate the changed obligation reflected the calculation of the actual obligation. The analytical capacity of this method is limited because the interdependencies between the individual actuarial parameters are not taken into account. With respect to the severance compensation obligations, a sensitivity analysis was not carried out for the remaining life expectancy because this parameter has only an immaterial effect on the liability.

### Reconciliation of other non-current provisions

EURm	Service anniversary bonuses	Rents for network access	Process costs and risks	Environmental and disposal risks	Other non-current provisions	Total
<b>Carrying amount 01.10.2018</b>	24.3	6.6	8.6	68.3	7.2	115.1
Currency translation differences	-	-	-	-	-	-
Interest expense	0.5	-	-	0.7	-	1.2
Use	-2.1	-	-	-	-3.7	-5.8
Release	-	-0.3	-1.8	-0.8	-1.3	-4.3
Additions	3.4	0.3	2.2	17.0	1.2	24.3
Transfers	0.1	-	-	-	-	0.1
Reclassification	-	-	-1.0	-	0.5	-0.5
<b>Carrying amount 30.09.2019</b>	26.2	6.6	8.1	85.2	3.9	130.0

Rents for network access involve provisions for rents to gain access to third-party facilities in Bulgaria. Various legal proceedings and lawsuits, which for the most part arise from operating activities and are currently pending, are reported under process costs and risks. Environmental and disposal risks primarily encompass the estimated costs for demolition or disposal as well as provisions for environmental risks and risks related to contaminated sites. At the present time, the use of the provisions for environmental and disposal risks is expected within a timeframe of two to 27 years.

### 51. Deferred income from network subsidies

The investment subsidies are related primarily to heating plants, facilities operated by evn wasser, small hydropower plants and wind power plants operated by EVN Naturkraft and facilities operated by Netz NÖ.

EURm	Network subsidies (IFRS 15)	Network subsidies (IAS 20)	Investment subsidies	Total
<b>Deferred income from network subsidies</b>				
<b>Carrying amount 01.10.2018</b>	66.2	471.3	65.0	602.6
Additions	7.7	53.0	5.4	66.2
Reclassification	-6.4	-40.9	-5.9	-53.1
<b>Carrying amount 30.09.2019</b>	67.6	483.5	64.6	615.7

**52. Other non-current liabilities**

<b>Other non-current liabilities</b>	<b>30.09.2019</b>	<b>30.09.2018</b>
EURm		
Leases	3.9	4.8
Accruals from financial transactions	0.2	0.6
Liabilities from derivative transactions	20.2	49.7
Remaining other non-current liabilities	22.0	20.3
<b>Total</b>	<b>46.2</b>	<b>75.4</b>

Leases are related mainly to the long-term utilisation of heating networks and heat generation plants. The accruals from financial transactions involve present value advantages from lease and leaseback transactions in connection with electricity procurement rights from the Danube power plants.

The liabilities from derivative transactions include the negative fair values from hedges concluded for bonds, which are contrasted in part by the development of the bond liability, and for project financing related to the Walsum 10 power plant.

The remaining other non-current liabilities include, among others, accrued tax liabilities related to the tax group in Austria, accrued long-term electricity delivery obligations and long-term compensation payments received.

**Term to maturity of other non-current liabilities**

	Remaining term to maturity as of 30.09.2019			Remaining term to maturity as of 30.09.2018		
	<5 years	>5 years	Total	<5 years	>5 years	Total
Leases	3.3	0.6	3.9	3.4	1.4	4.8
Accruals from financial transactions	0.1	–	0.2	0.6	–	0.6
Liabilities from derivative transactions	17.3	2.9	20.2	41.7	8.0	49.7
Remaining other non-current liabilities	18.0	3.9	22.0	9.0	11.2	20.3
<b>Total</b>	<b>38.8</b>	<b>7.4</b>	<b>46.2</b>	<b>54.8</b>	<b>20.6</b>	<b>75.4</b>

**Current liabilities****53. Current loans and borrowings**

Bank overdrafts are included under cash and cash equivalents in the consolidated statement of cash flows.

<b>Current loans and borrowings</b>	<b>30.09.2019</b>	<b>30.09.2018</b>
EURm		
Bank loans	68.4	59.1
Bond liabilities	–	30.0
Bank overdrafts and other current loans	0.3	0.0 <sup>*)</sup>
<b>Total</b>	<b>68.8</b>	<b>89.1</b>

\*) Small amount

Loans of EUR 68.4m were reclassified to current financial liabilities because they are now due within one year (previous year: EUR 59.1m).

#### 54. Taxes payable and levies

Taxes payable and levies as of the balance sheet date comprise the following:

<b>Taxes payable and levies</b>	<b>30.09.2019</b>	<b>30.09.2018</b>
EURm		
Energy taxes	29.7	28.2
Value added tax	21.4	14.1
Corporate income tax	71.7	33.6
Other taxes and duties	15.4	9.7
<b>Total</b>	<b>138.3</b>	<b>85.6</b>

#### 55. Trade payables

Trade payables include obligations resulting from outstanding invoices amounting to EUR 115.2m (previous year: EUR 98.3m).

#### 56. Current provisions

##### Reconciliation of current provisions

	Personnel entitlements	Rents for network access	Process risks	Other current provisions	<b>Total</b>
<b>Carrying amount 01.10.2018</b>	<b>74.2</b>	<b>2.8</b>	<b>1.7</b>	<b>12.7</b>	<b>91.4</b>
Use	-9.7	-	-0.7	-3.5	-13.8
Release	-	-	-	-0.1	-0.1
Additions	10.9	-	0.3	0.7	11.9
Transfers	-	-	-	0.5	0.5
Reclassification	-	-	1.0	-0.6	0.4
<b>Carrying amount 30.09.2019</b>	<b>75.5</b>	<b>2.8</b>	<b>2.4</b>	<b>9.7</b>	<b>90.4</b>

The provisions for personnel entitlements comprise special payments not yet due, outstanding leave and liabilities resulting from a voluntary early retirement programme for employees. The provisions for legally binding agreements totalled EUR 5.6m as of the balance sheet date (previous year: EUR 6.0m).



**57. Other current liabilities**

<b>Other current liabilities</b>	<b>30.09.2019</b>	<b>30.09.2018</b>
EURm		
<b>Financial liabilities</b>		
Liabilities to investments in equity accounted investees	112.4	225.4
Liabilities to non-consolidated subsidiaries	0.6	1.8
Deferred interest expenses	14.6	15.5
Liabilities arising from derivative transactions	21.5	72.6
Other financial liabilities	35.8	50.0
	<b>185.0</b>	<b>365.3</b>
<b>Other liabilities</b>		
Prepayments received	51.9	35.4
Deferred income from network subsidies	52.3	49.5
Liabilities relating to social security	15.6	14.8
	<b>119.9</b>	<b>99.7</b>
<b>Total</b>	<b>304.9</b>	<b>464.9</b>

The liabilities to investments in equity accounted investees consist primarily of cash pooling balances between EVN AG and these companies as well as amounts due to EAA for the distribution and procurement of electricity.

The liabilities from derivative transactions include, in particular, the negative market values of derivatives in the energy business.

The other financial liabilities include a liability of EUR 17.0m (previous year: EUR 26.5m) related to a tariff decision in Bulgaria on 1 July 2014, which requires the repayment of revenue from previous periods. The other components of this position include employee-related liabilities and deposits received.

The prepayments included under other liabilities consist chiefly of advance payments from the international project business. In accordance with the recognition of revenue over time, any surplus of these prepayments over the progress of performance is accounted for as a contract liability under IFRS 15. Prepayments from the international project business totalled EUR 16.7m as of 30 September 2019, whereby payments of EUR 18.6m were received and EUR 1.9m recognised as revenue in 2018/19.

## Segment reporting

<b>Segment reporting</b>								
EURm	Energy		Generation		Networks		South East Europe	
	<b>2018/19</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2017/18</b>
External revenue	569.3	463.0 <sup>1)</sup>	131.8	71.4 <sup>1)</sup>	469.8	489.6	909.9	902.0
Internal revenue (between segments)	4.2	19.4	204.8	200.8	64.1	64.7	0.8	0.8
<b>Total revenue</b>	<b>573.5</b>	<b>482.4</b>	<b>336.7</b>	<b>272.1</b>	<b>534.0</b>	<b>554.4</b>	<b>910.7</b>	<b>902.8</b>
Operating expenses	-625.8	-518.5 <sup>1)</sup>	-178.2	-155.1 <sup>1)</sup>	-325.8	-301.0	-779.6	-798.2
Share of results from equity accounted investees operational	-32.7	117.0	102.1	6.6	-	-	-	-
<b>EBITDA</b>	<b>-85.0</b>	<b>80.8</b>	<b>260.6</b>	<b>123.7</b>	<b>208.2</b>	<b>253.4</b>	<b>131.1</b>	<b>104.6</b>
Depreciation and amortisation	-12.2	-23.4	-42.3	-45.3	-125.3	-110.8	-35.2	-64.4
thereof impairment losses	-1.4	-3.8	-6.3	-14.8	-	-	-	-2.1
thereof revaluation	8.4	0.1	25.9	18.2	-	7.3	28.0	-
<b>Results from operating activities (EBIT)</b>	<b>-97.2</b>	<b>57.4</b>	<b>218.4</b>	<b>78.4</b>	<b>82.9</b>	<b>142.6</b>	<b>95.9</b>	<b>40.2</b>
EBIT margin (%)	-17.0	12.0	64.9	29.0	15.5	25.7	10.5	4.5
Share of results from equity accounted investees financial	-	-	-	-	-	-	-	-
Interest income	0.1	0.2	0.9	0.8	0.2	0.2	0.1	0.0 <sup>*)</sup>
Interest expense	-2.3	-2.5	-15.4	-14.3	-17.3	-17.4	-20.7	-20.7
Financial results	-2.2	-3.3	-15.4	-14.0	-17.1	-17.1	-20.6	-20.6
<b>Result before income tax</b>	<b>-99.4</b>	<b>54.2</b>	<b>203.0</b>	<b>64.4</b>	<b>65.8</b>	<b>125.4</b>	<b>75.3</b>	<b>19.6</b>
Goodwill	-	-	1.2	1.2	1.8	1.8	-	-
Carrying value of investments in equity accounted investees	109.6	218.9	175.6	75.1	-	-	-	-
Total assets	827.6	862.7	1,169.7	1,056.8	2,010.5	1,944.7	1,211.6	1,207.7
Total liabilities	696.5	764.6	781.9	804.5	1,410.9	1,332.1	913.1	956.5
Investments <sup>2)</sup>	26.4	19.5	67.8	58.9	202.1	173.0	81.1	86.4

1) The comparative information was adjusted.

2) In intangible assets and property, plant and equipment

\*) Small amount

<b>Segment reporting</b>								
EURm	Environment		All Other Segments		Consolidation <sup>3)</sup>		Total	
	<b>2018/19</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2017/18</b>
External revenue	104.7	137.7 <sup>1)</sup>	18.4	15.0	–	–	2,204.0	2,078.7
Internal revenue (between segments)	0.5	13.1	64.3	61.0	–338.7	–359.9	–	–
<b>Total revenue</b>	<b>105.1</b>	<b>150.8</b>	<b>82.7</b>	<b>76.0</b>	<b>–338.7</b>	<b>–359.9</b>	<b>2,204.0</b>	<b>2,078.7</b>
Operating expenses	–94.6	–133.7 <sup>1)</sup>	–93.2	–87.2	394.4	398.8	–1,702.8	–1,594.9
Share of results from equity accounted investees operational	16.2	13.0	44.8	51.4	–	–	130.5	188.0
<b>EBITDA</b>	<b>26.8</b>	<b>30.1</b>	<b>34.2</b>	<b>40.2</b>	<b>55.7</b>	<b>39.0</b>	<b>631.7</b>	<b>671.8</b>
Depreciation and amortisation	–11.6	–20.8	–1.8	–0.9	0.2	–13.2	–228.2	–278.9
thereof impairment losses	–	–0.8	–	–	–13.0	–25.4	–20.6	–46.9
thereof revaluation	–	–	–	0.7	–	–	62.3	26.3
<b>Results from operating activities (EBIT)</b>	<b>15.2</b>	<b>9.3</b>	<b>32.4</b>	<b>39.3</b>	<b>55.9</b>	<b>25.7</b>	<b>403.5</b>	<b>392.9</b>
EBIT margin (%)	14.5	6.2	39.2	51.8	–	–0.0 <sup>1)</sup>	18.3	19.0
Share of results from equity accounted investees financial	–	–	–	0.1	–	–	–	0.1
Interest income	3.0	5.5	28.8	27.8	–24.8	–23.9	8.1	10.7
Interest expense	–5.8	–5.5	–14.9	–17.5	24.9	23.9	–51.5	–54.0
Financial results	–11.7	–10.4	52.2	43.8	–15.2	–15.7	–29.9	–37.2
<b>Result before income tax</b>	<b>3.5</b>	<b>–1.1</b>	<b>84.6</b>	<b>83.1</b>	<b>40.7</b>	<b>10.1</b>	<b>373.5</b>	<b>355.7</b>
Goodwill	52.9	52.9	–	–	–	–	55.8	55.8
Carrying value of investments in equity accounted investees	116.0	114.5	570.9	587.1	–	–	972.1	995.7
Total assets	682.0	644.1	4,586.5	4,374.4	–2,299.3	–2,259.3	8,188.6	7,831.1
Total liabilities	530.1	498.4	1,674.4	1,670.8	–2,370.3	–2,288.5	3,636.5	3,738.4
Investments <sup>2)</sup>	17.4	20.7	3.5	4.0	–6.8	–6.0	391.4	356.4

1) The comparative information was adjusted.

2) In intangible assets and property, plant and equipment

3) Explained below in the notes to segment reporting

\*) Small amount

**Segment information by product – revenue**

EURm	2018/19	2017/18
Electricity	1,584.4	1,459.1
Natural gas	181.5	190.4
Heat	146.0	136.1
Environmental services	104.7	136.9
Others <sup>1)</sup>	187.5	156.2
<b>Total</b>	<b>2,204.0</b>	<b>2,078.7</b>

1) The comparative information was adjusted.

**Segment information by country – revenue<sup>1)</sup>**

EURm	2018/19	2017/18
Austria <sup>2)</sup>	1,225.2	1,120.0
Germany <sup>2)</sup>	41.4	38.8
Bulgaria	529.6	535.6
North Macedonia	378.4	365.8
Others	29.3	18.5
<b>Total</b>	<b>2,204.0</b>	<b>2,078.7</b>

1) The allocation of segment information by countries is based on the location of the companies.

2) The comparative information was adjusted.

**Segment information by country – non-current assets<sup>1)</sup>**

EURm	30.09.2019		30.09.2018	
	Intangible assets	Property, plant and equipment	Intangible assets	Property, plant and equipment
Austria	126.2	2,600.6	111.6	2,469.5
Germany	44.8	132.9	45.1	147.6
Bulgaria	27.7	499.8	20.8	486.2
North Macedonia	19.7	304.4	4.6	296.9
Others	–	41.9	0.0 <sup>*)</sup>	38.5
<b>Total</b>	<b>218.5</b>	<b>3,579.6</b>	<b>182.1</b>	<b>3,438.7</b>

1) The allocation of segment information by countries is based on the location of the companies.

\*) Small amount

## 58. Notes to segment reporting

The segments of business cover the following activities:

Business areas	Segments	Major activities
<b>Energy business</b>	<b>Energy</b>	<ul style="list-style-type: none"> <li>→ Marketing of electricity produced in the Generation Segment</li> <li>→ Procurement of electricity, natural gas and primary energy carriers</li> <li>→ Trading with and sale of electricity and natural gas to end customers and on wholesale markets</li> <li>→ Production and sale of heat</li> <li>→ 45.0% investment in ENERGIEALLIANZ Austria GmbH<sup>1)</sup></li> <li>→ Investment as sole limited partner in EVN Energievertrieb GmbH &amp; Co KG (EVN KG)<sup>1)</sup></li> </ul>
	<b>Generation</b>	<ul style="list-style-type: none"> <li>→ Generation of electricity from thermal production capacities and renewable energy sources at Austrian and international locations</li> <li>→ Operation of a thermal waste utilisation plant in Lower Austria<sup>2)</sup></li> <li>→ 13.0% investment in Verbund Innkraftwerke GmbH (Germany)<sup>1)</sup></li> <li>→ 49.0% investment in Walsum 10 hard coal-fired power plant (Germany)<sup>3)</sup></li> <li>→ 49.99% investment in Ashta run-of-river power plant (Albania)<sup>1)</sup></li> </ul>
	<b>Networks</b>	<ul style="list-style-type: none"> <li>→ Operation of distribution networks and network infrastructure for electricity and natural gas in Lower Austria</li> <li>→ Cable TV and telecommunication services in Lower Austria and Burgenland</li> </ul>
	<b>South East Europe</b>	<ul style="list-style-type: none"> <li>→ Operation of distribution networks and network infrastructure for electricity in Bulgaria and North Macedonia</li> <li>→ Sale of electricity to end customers in Bulgaria and North Macedonia</li> <li>→ Generation of electricity from hydropower in North Macedonia</li> <li>→ Generation, distribution and sale of heat in Bulgaria</li> <li>→ Construction and operation of natural gas networks in Croatia</li> <li>→ Energy trading for the entire region</li> </ul>
<b>Environmental services business</b>	<b>Environment</b>	<ul style="list-style-type: none"> <li>→ Water supply and wastewater disposal in Lower Austria</li> <li>→ International project business: planning, construction, financing and/or operation (depending on the project) of plants for drinking water supplies, wastewater treatment and thermal waste utilisation</li> </ul>
<b>Other business activities</b>	<b>All Other Segments</b>	<ul style="list-style-type: none"> <li>→ 50.03% investment in RAG-Beteiligungs-Aktiengesellschaft, which holds 100% of the shares in RAG Austria AG (RAG)<sup>1)</sup></li> <li>→ 73.63% investment in Burgenland Holding AG, which holds a stake of 49.0% in Energie Burgenland AG<sup>1)</sup></li> <li>→ 12.63% investment in Verbund AG<sup>4)</sup></li> <li>→ Corporate services</li> </ul>

1) The earnings contribution represents the share of results from equity accounted investees with operational nature and is included in EBITDA.

2) The components of the thermal power plants in Dürnrrohr and Korneuburg, which were previously held by EVN AG and operated together with Verbund Thermal Power, as well as the thermal power plant in Theis were transferred to EVN Abfallverwertung NÖ GmbH and are now managed as EVN Wärmekraftwerke GmbH. This company (including the thermal waste utilisation plant in Zwentendorf/Dürnrrohr that was previously held in the Environment Segment) was assigned to the Generation Segment beginning with the fourth quarter of 2017/18.

3) The investment in Steag-EVN Walsum 10 Kraftwerksgesellschaft is accounted for as a joint operation.

4) Dividends are included under financial results.

**Principle of segment allocation and transfer pricing**

Subsidiaries are allocated directly to their respective segments. EVN AG is allocated to the segments on the basis of data from the cost accounting system.

The transfer prices for energy between the individual segments are based on comparable prices for special contract customers, and thus represent applicable market prices. For the remaining items, pricing is based on cost plus an appropriate mark-up.

**Reconciliation of segment results at the Group level**

Services performed between segments are eliminated in the consolidation column. The results in the total column reflect the amounts shown in the consolidated statement of operations. Also included are transition amounts, which result from the difference between the viewpoints of the Generation and Energy segments and the Group with respect to the inclusion of Steag-EVN Walsum as a joint operation. The Generation Segment has not identified any signs of impairment to its proportional investment in the power plant resulting from the inclusion of Steag-EVN Walsum as a joint operation, and the Energy Segment has already recognised provisions for onerous contracts connected with the marketing of its electricity production. In contrast, an impairment charge for the Walsum 10 power plant is required from the Group's point of view. These circumstances led to a transition of EUR 55.9m (previous year: EUR 25.7m) from the segment total to Group EBIT.

**Group disclosures**

IFRS 8 requires additional segment information classified by products (external revenues from customers broken down by products and services) and countries (external revenues from customers and non-current assets broken down by countries) if this information is not provided as part of the segment reporting.

Information on transactions with major external customers is required only if these transactions amount to 10.0% or more of a company's external revenues. EVN has no transactions with customers that meet this criterion because of its large number of customers and diverse business activities.

## Other information

### 59. Consolidated statement of cash flows

The consolidated statement of cash flows shows the changes in cash and cash equivalents during the reporting year as a result of cash inflows and outflows. The consolidated statement of cash flows is presented in accordance with the indirect method. Non-cash expenses were added to and non-cash income was subtracted from profit before income tax.

<b>Cash and cash equivalents</b>	<b>30.09.2019</b>	<b>30.09.2018</b>
EURm		
Cash	246.6	214.5
thereof cash on hand	0.2	0.4
thereof cash at banks	246.4	214.1
Bank overdrafts	-0.3	0.0 <sup>*)</sup>
<b>Total</b>	<b>246.2</b>	<b>214.5</b>

\*) Small amount

Of the total cash at banks, EUR 0.4m (previous year: EUR 1.8m) represent pledges.

The reversal of deferred income from network subsidies from the regulated business is recorded under other operating income (also see note **25. Other operating income**), while the comparable items from the non-regulated business are recorded under revenue.

<b>Reversal of network and investment subsidies</b>	<b>2018/19</b>	<b>2017/18</b>
EURm		
Income from the reversal of network and investment subsidies (regulated business)	44.5	41.8
Revenue from the reversal of network and investment subsidies (non-regulated business)	6.2	6.1
<b>Total</b>	<b>50.6</b>	<b>47.9</b>

The change in financial liabilities, which is primarily attributable to cash flow from financing activities, is shown in the following table:

<b>Cash flow from financing activities</b>	<b>Current financial liabilities</b>	<b>Non-current financial liabilities</b>	<b>Total</b>
EURm			
<b>Balance on 01.10.2018</b>	<b>89.1</b>	<b>1,040.5</b>	<b>1,129.5</b>
Payments received	-	3.2	3.2
Payments made	-89.2	-	-89.2
Reclassification of liquid funds	0.3	-	0.3
Currency translation	-	0.9	0.9
Change in fair value	-	12.1	12.1
Change in costs for the procurement of funds	-	2.1	2.1
Reclassification	68.8	-68.8	-
<b>Balance on 30.09.2019</b>	<b>68.8</b>	<b>990.0</b>	<b>1,058.8</b>

### 60. Risk management

Market risk represents the risk that the fair value or future cash flows of a financial instrument fluctuate as the result of market risk factors. Market risk is classified in the following three components: interest rate, foreign exchange and other market risks. The goal of risk management in the EVN Group is to reduce the market-based volatility of earnings on the consolidated statement of operations. Other relevant risks include credit or default risk and liquidity risk.



### Interest rate risk

EVN defines interest rate risk as the risk that fluctuations in the fair value or future cash flows of a financial instrument due to changes in the market interest rate could adversely affect interest income and expense as well as equity. This risk is minimised through the regular monitoring of interest rate risk and compliance with limits as well as hedging strategies that include the use of derivative financial instruments (also see notes **9. Financial instruments** and **62. Reporting on financial instruments**).

EVN monitors interest rate risk through sensitivity analyses and, among others, with a daily value-at-risk (VaR) calculation. This procedure calculates the VaR with a confidence level of 99.0% for one day according to the variance-covariance method (delta-gamma approach). The interest VaR, including the hedging instruments used by EVN, equalled EUR 3.5m as of 30 September 2019 (previous year: EUR 2.7m). The lower volatility of interest rates during the reporting year was reflected in a year-on-year decline in the value at risk for interest rates.

### Foreign exchange risk

For EVN, the risk to profit or loss arising from fluctuations in foreign exchange rates arises from transactions carried out in currencies other than the euro. EVN is exposed to foreign exchange risk on receivables, liabilities, and cash and cash equivalents that are not held in the Group's functional currency (i. e. BGN, BHD, CZK, HRK, JPY, KWD, MKD, PLN, RUB). The major driver of foreign exchange risk for EVN is a bond issued in Japanese yen (JPY). Foreign exchange risk is managed by way of the central compilation, analysis and management of risk positions, and by hedging the bonds denominated in foreign currency (Yen 12bn) through cross-currency swaps (for a nominal value of Yen 10bn). Cross-currency swaps for a nominal value of Yen 2bn were terminated on 15 January 2019 based on the related settlement agreement concluded with a bank. This agreement gave both parties the right to early termination of the cross-currency swap in January 2019. Deposits totalling Yen 2bn were held with financial institutions as of 30 September 2019 (see notes **9. Financial instruments** and **48. Non-current financial liabilities**).

The foreign exchange VaR, based on the major foreign currency risk drivers in the financial area, remains immaterial and amounted to TEUR 148.7 (previous year: TEUR 75.6) after the inclusion of hedging instruments.

### Other market risks

EVN defines other market risks as the risk of price changes resulting from market fluctuations in primary energy, CO<sub>2</sub> emission certificates, electricity and securities.

In EVN's energy trading activities, energy trading contracts are entered into for the purpose of managing price risk. Price risks result from the procurement and sale of electricity, natural gas, hard coal, and CO<sub>2</sub> emission certificates.

EVN uses futures, forwards and swaps to hedge the prices of electricity, natural gas, coal and CO<sub>2</sub> in the energy business. These swaps are generally fulfilled. The contracts which cover expected procurement, sale or usage requirements are evaluated as own-use transactions. The table on page 207 shows the outstanding contracts as of 30 September 2019 (also see note **62. Reporting on financial instruments**). An increase or decrease of 5% in the price would have resulted in an aggregated commodity price risk of EUR 1.4m for EVN as of 30 September 2019 (previous year: EUR 3.5m).

The price risk for securities results from fluctuations on the capital markets. The most significant securities position held by EVN is its investment in Verbund AG. The price risk VaR for the Verbund AG shares held by EVN as of the balance sheet date was EUR 105.1m (previous year: EUR 69.8m), whereby the price would be influenced by the sale of a large block of Verbund shares by EVN. The year-on-year increase in the VaR resulted essentially from the position's higher share price/market value.

### Liquidity risk

Liquidity risk represents the risk of not being able to raise the required financial resources to settle liabilities on their due date as well as the inability to raise the necessary liquidity at the expected terms and conditions. EVN minimises this risk by means of short-term and medium-term financial and liquidity planning. In concluding financing agreements, special attention is paid to managing the terms to maturity in order to achieve a balanced maturity profile and thus avoid the bundling of repayment dates. The EVN Group uses cash pooling to equalise liquidity balances.

The liquidity reserve as of 30 September 2019 comprised cash and cash equivalents of EUR 246.2m (previous year: EUR 214.5m) and current securities of EUR 89.7m (previous year: EUR 139.8m) which can be sold at any time. Moreover, EVN had EUR 400.0m of contractually agreed and unused syndicated lines of credit (previous year: unused lines of credit totalling EUR 400.0m) and EUR 92.0m of contractually agreed and unused bilateral lines of credit (previous year: EUR 92.0m) as of the balance sheet date. The liquidity risk was therefore extremely low. The gearing ratio equalled 22.0% as of the balance sheet date (previous year: 23.5%) and underscores EVN's sound capital structure.

### Expected occurrence of cash flows of loans and borrowings and other liabilities

30.09.2019 EURm	Carrying amount	Total payment flows	Contractually stipulated payment flows		
			<1 year	1–5 years	>5 years
Bonds	519.3	638.9	21.1	453.8	164.1
Bank loans	539.1	644.1	80.3	193.5	370.3
Lease liabilities	4.7	5.3	1.0	3.8	0.5
Liabilities arising from derivative transactions	41.7	35.9	20.3	12.6	3.0
<b>Total</b>	<b>1,104.9</b>	<b>1,324.2</b>	<b>122.7</b>	<b>663.6</b>	<b>537.9</b>

30.09.2018 EURm	Carrying amount	Total payment flows	Contractually stipulated payment flows		
			<1 year	1–5 years	>5 years
Bonds	534.5	674.9	52.3	357.9	264.6
Bank loans	595.1	718.9	71.8	234.6	412.5
Lease liabilities	6.4	8.4	2.8	4.3	1.3
Liabilities arising from derivative transactions	122.3	126.2	72.3	42.6	11.4
<b>Total</b>	<b>1,258.2</b>	<b>1,528.4</b>	<b>199.1</b>	<b>639.4</b>	<b>689.8</b>

### Credit and default risk

Credit and default risk represents the risk of a loss when business partners fail to meet their contractual obligations. This risk is inherent to all agreements with delayed payment terms or fulfilment at a later date. Default risk generally arises in connection with trade receivables and the debt instruments held as financial assets by the Group. The carrying amount of the financial assets and contractual assets represents the maximum default risk.

To limit default risk, the company evaluates the credit standing of its business partners. External ratings (including Standard & Poor's, Moody's, Fitch and KSV 1870) are used for this purpose, and the business volume is limited in accordance with the rating and the probability of default. Sufficient collateral is required before a transaction is entered into if the partner's credit rating is inadequate.

EVN monitors credit risk and limits default risk for financial receivables and for derivatives and forward transactions which are concluded to hedge the risks connected with EVN's energy business or are related to end customers and other debtors.

In order to reduce credit risk, hedging transactions are entered into only with well-known banks that have good credit ratings. EVN also ensures that funds are deposited at banks with the best possible credit standing based on international ratings.

The default risk for customers is monitored separately at EVN and supported primarily by ratings and experience-based values. Default risk is also minimised with efficient receivables management and the continuous monitoring of customer payment behaviour.

The recognition of impairment losses to financial assets carried at amortised cost and to contractual assets in accordance with IFRS 15 has been based on the ECL model for expected credit losses since 1 October 2018.

EVN measures the impairment losses for trade receivables without a significant financing component and for contractual assets at an amount equal to the expected lifetime credit losses. In contrast, the impairment losses

- for financial assets with a low default risk as of the balance sheet date and
  - for bank deposits without a significant increase in the default risk since initial recognition
- are based on the expected 12-month credit loss.

From the viewpoint of the EVN Group, a financial asset has a low default risk when its credit rating meets the “investment grade” definition. The Group sees this condition as met with an internal rating of 5a or higher or with an equivalent rating of BB– or higher from Standard and Poor’s (S&P).

EVN uses appropriate and reliable information which is relevant and available without undue expenditure of time and expense to determine whether the default risk of a financial asset has increased significantly since initial recognition and to estimate the expected credit losses. The default risk of a financial asset is assumed to have increased significantly when the related credit rating has declined to 5b on EVN’s internal rating scale, which represents the S&P equivalent of B+.

The EVN Group considers a financial asset to be in default when:

- the debtor is unlikely to meet his/her credit obligations in full without measures by the Group to realise collateral (if available), or
- the financial asset declines to 5c on EVN’s internal rating scale, which represents the S&P equivalent of CCC+, or
- payment on trade receivables has not been received after a second reminder or insolvency proceedings are opened over a company or private person.

Default probabilities and collection rates based on the applicable rating category are used to calculate the required impairment loss. The amount of the impairment loss equals the present value of the expected credit loss.

The following table includes information on the default risk and expected credit losses for financial instruments carried at amortised cost. It does not cover trade receivables, receivables from equity accounted investees, receivables from unconsolidated investments or amounts due from employees. The risk allowance for all financial instruments represents the expected twelve-month credit loss because the default risk is low. The amounts shown in the table include both current and non-current components.

<b>Major financial instruments covered by the ECL model</b>	Equivalent S&P	Default probability (%) <sup>1)</sup>	Loans receivable	Lease receivables	Bank deposits <sup>2)</sup>	Calculated impairment <sup>3)</sup>
EVN rating class 1	AAA	0.00	–	–	246.4	–
EVN rating class 2	Up to AA–	0.03	19.6	7.1	–	–
EVN rating class 3	Up to A–	0.06	16.3	–	–	–
EVN rating class 4	Up to BBB–	0.24	–	15.9	–	–
EVN rating class 5a	Up to BB–	0.95	–	3.1	–	–
EVN rating class 5b	Up to B–	6.75	–	–	–	–
EVN rating class 5c	Up to D	26.89	–	–	–	–
No rating	–	–	0.9	4.7	–	–
<b>Total</b>	–	–	<b>36.8</b>	<b>30.8</b>	<b>264.4</b>	–

1) Assumed loss rate (for banks 60%, for corporates 80%)

2) Since the bank deposits are due on demand, the default probability was set at one day.

3) The impairment losses were not recorded because the related amounts are immaterial.

EVN uses the practical expedient provided by IFRS 9B5.5.35 for trade receivables and calculates the expected credit losses with a provision matrix. The input factors include analyses of default incidents in previous financial years based on different regional characteristics for the core markets. These factors form the basis for the development of a provision matrix with different time ranges.

The following tables include information on the default risk and expected credit losses for trade receivables, which were determined on the basis of a provision matrix for EVN's core markets:

### Expected credit losses in Austria 2018/19

EURm

	Default probability range (%)	Default probability average (%)	Gross amount	Net amount	Cumulative impairment loss
Not overdue	0.0–1.1	0.1	21.7	21.7	–
Up to 89 days overdue	0.1–1.4	0.7	2.1	2.1	–
Up to 179 days overdue	3.3–34.9	20.3	0.4	0.3	0.1
Up to 359 days overdue	4.7–43.7	37.5	0.6	0.4	0.2
>360 days overdue	8.5–53.2	41.5	4.0	2.3	1.7
Remainder not included	–	–	13.9	13.9	–
<b>Total</b>	–	–	<b>42.7</b>	<b>40.7</b>	<b>2.0</b>

The remaining amount which was not included represents business relations with government-related entities and debtors with exceptionally good credit ratings. The probability of default was identified individually for each debtor. No credit losses occurred during 2018/19.

### Expected credit losses in Bulgaria 2018/19

EURm

	Default probability range (%)	Default probability average (%)	Gross amount	Net amount	Cumulative impairment loss
Not overdue	0.0–0.2	0.2	57.9	57.8	0.1
Up to 89 days overdue	1.8–48.0	7.7	4.4	4.0	0.3
Up to 179 days overdue	36.4–100.0	47.3	0.7	0.4	0.4
Up to 359 days overdue	47.0–100.0	66.2	1.0	0.4	0.7
>360 days overdue	36.4–100.0	100.0	14.5	–	14.5
Remainder not included	–	–	0.3	0.3	–
<b>Total</b>	–	–	<b>78.8</b>	<b>62.9</b>	<b>16.0</b>

### Expected credit losses in North Macedonia 2018/19

EURm

	Default probability range (%)	Default probability average (%)	Gross amount	Net amount	Cumulative impairment loss
Not overdue	0.3–5.5	5.2	59.5	56.4	3.1
Up to 89 days overdue	1.0–21.4	11.7	15.9	14.0	1.9
Up to 179 days overdue	33.8–68.4	66.5	5.3	1.8	3.5
Up to 359 days overdue	52.8–82.1	80.0	10.2	2.1	8.2
>360 days overdue	100.0	100.0	210.5	–	210.5
<b>Total</b>	–	–	<b>301.4</b>	<b>74.3</b>	<b>227.1</b>

The remaining gross trade receivables of EUR 81.5m are related primarily to the international project business. Since the customers are government-related entities, the probability of default was calculated on the basis of external ratings. An impairment loss of EUR 10.0m (previous year: EUR 10.0m) was recognised for a receivable with a gross carrying amount of EUR 54.0m (previous year: EUR 56.6m) which is classified under level 3.

The following table shows the development of impairment losses to trade receivables in 2018/19:

<b>Impairment losses – trade receivables</b>	Impairment loss
<b>Balance on 30.09.2018</b>	255.4
Adjustments in accordance with IFRS 9	1.0
<b>Balance on 01.10.2018</b>	256.4
Additions	3.5
Disposals	-4.8
<b>Balance on 30.09.2019</b>	255.1

Impairment losses were recognised to the income statement as follows in 2018/19:

<b>Impairment losses by class</b>	<b>30.09.2019</b>	<b>30.09.2018</b>
EURm		
<b>Write-offs/value adjustments</b>		
<b>Non-current assets</b>		
Non-financial assets	–	1.0
	–	1.0
<b>Current assets</b>		
Trade and other receivables	-1.3	17.6
<b>Total</b>	<b>-1.3</b>	<b>17.6</b>

The Group's maximum default risk for the items reported on the consolidated statement of financial position as of 30 September 2019 and 30 September 2018 reflect the carrying amounts shown in notes **38. Other non-current assets**, **40. Trade and other receivables** and **41. Securities**, excluding financial guarantees.

The maximum default risk for derivative financial instruments equals the positive fair value (see note **62. Reporting on financial instruments**).

The maximum risk from financial guarantees is described in note **64. Other obligations and risks**.

### **61. Capital management**

EVN's goal in the area of capital management is to maintain a solid capital structure in order to use the resulting financial strength for value-creating investments and an attractive dividend policy. EVN has defined an equity ratio of more than 40% and net debt coverage of more than 30% as its targets. As of 30 September 2019, the equity ratio equalled 55.6% (previous year: 52.3%). Net debt coverage, which represents the ratio of funds from operations to net debt, equalled 50.9% (previous year: 69.0%). Net debt is calculated as the total of current and non-current financial liabilities minus cash and cash equivalents, current and non-current securities and loans receivable and plus non-current personnel provisions.

<b>Capital management</b>		
EURm	<b>30.09.2019</b>	<b>30.09.2018</b>
Non-current loans and borrowings and leases	993.9	1,040.5
Current loans and borrowings <sup>1)</sup>	68.4	89.1
Cash and cash equivalents	-246.2	-214.5
Non-current and current securities	-187.2	-274.8
Non-current and current loans receivable	-36.8	-42.2
<b>Net financial debt</b>	<b>592.0</b>	<b>598.0</b>
Non-current personnel provisions <sup>2)</sup>	407.5	365.8
<b>Net debt</b>	<b>999.5</b>	<b>963.7</b>
<b>Funds from operations</b>	<b>508.3</b>	<b>665.1</b>
<b>Equity</b>	<b>4,552.1</b>	<b>4,092.6</b>
<b>Gearing (%)</b>	<b>22.0</b>	<b>23.5</b>
<b>Net debt coverage (%)</b>	<b>50.9</b>	<b>69.0</b>

1) Excluding bank overdrafts contained in cash and cash equivalents

2) Excluding provisions for service anniversary bonuses

The EVN Group uses cash pooling to manage liquidity and optimise interest rates. EVN AG and each of the participating Group subsidiaries have concluded a corresponding contract that defines the modalities for cash pooling.

## 62. Reporting on financial instruments

Fair value generally reflects the listed price on the balance sheet date. If this price is not available, fair value is calculated in accordance with financial methods, e. g. by discounting the expected cash flows at the prevailing market interest rate. The input factors required for the calculations are explained below.

The fair value of shares in unlisted subsidiaries and other investments is based on discounted expected cash flows or comparable transactions. For financial instruments listed on an active market, the trading price as of the balance sheet date represents fair value. Most of the receivables, cash and cash equivalents, and current financial liabilities have short terms to maturity. Therefore, the carrying value of these instruments as of the balance sheet date approximately corresponds to fair value. The fair value of bonds is calculated as the present value of the discounted future cash flows based on prevailing market interest rates.

The following table shows the financial instruments carried at fair value and their classification in the fair value hierarchy according to IFRS 13.

Level 1 input factors are observable parameters such as quoted prices for identical assets or liabilities. These prices are used for valuation purposes without modification. Level 2 input factors represent other observable parameters which must be adjusted to reflect the specific characteristics of the valuation object. Examples of the parameters used to measure the financial instruments classified under Level 2 are forward price curves derived from market prices, exchange rates, interest structure curves and the counterparty credit risk. Level 3 input factors are non-observable factors which reflect the assumptions that would be used by a market participant to determine an appropriate price. There were no reclassifications between the various levels during the reporting period.

## Information on classes and categories of financial instruments

EURm

Classes	Measurement category	Fair value hierarchy (according to IFRS 13)	30.09.2019		30.09.2018	
			Carrying amount	Fair value	Carrying amount	Fair value
<b>Non-current assets</b>						
<b>Other investments</b>						
Investments	FVOCI	Level 3	118.0	118.0	78.2	78.2
Miscellaneous investments	FVOCI	Level 1	2,202.9	2,202.9	1,861.5	1,861.5
<b>Other non-current assets</b>						
Securities	FVTPL	Level 1	97.6	97.6	135.1	135.1
Loans receivable	AC	Level 2	33.0	40.4	38.3	44.7
Lease receivables	AC	Level 2	18.3	19.8	28.7	31.8
Receivables arising from derivative transactions	FVTPL	Level 2	5.4	5.4	35.1	35.1
Receivables arising from derivative transactions	Hedging	Level 2	6.5	6.5	0.6	0.6
<b>Current assets</b>						
<b>Current receivables and other current assets</b>						
Trade and other receivables	AC		327.2	327.2	419.5	419.5
Receivables arising from derivative transactions	FVTPL	Level 2	33.6	33.6	47.5	47.5
Securities	FVTPL	Level 1	89.7	89.7	139.8	139.8
<b>Cash and cash equivalents</b>						
Cash on hand and cash at banks	AC		246.6	246.6	214.5	214.5
<b>Non-current liabilities</b>						
<b>Non-current loans and borrowings</b>						
Bonds	AC	Level 2	519.3	615.8	504.5	591.9
Bank loans	AC	Level 2	470.7	559.9	536.0	593.7
<b>Other non-current liabilities</b>						
Leases	AC	Level 2	3.9	4.2	4.8	5.6
Accruals of financial transactions	AC		0.2	0.2	0.6	0.6
Other liabilities	AC		22.0	22.0	20.3	20.3
Liabilities arising from derivative transactions	FVTPL	Level 2	4.6	4.6	29.9	29.9
Liabilities arising from derivative transactions	Hedging	Level 2	15.7	15.7	19.9	19.9
<b>Current liabilities</b>						
<b>Current loans and borrowings</b>						
Trade payables	AC		68.8	68.8	89.1	89.1
<b>Other current liabilities</b>						
Other financial liabilities	AC		163.5	163.5	292.7	292.7
Liabilities arising from derivative transactions	FVTPL	Level 2	16.3	16.3	67.4	67.4
Liabilities arising from derivative transactions	Hedging	Level 2	5.2	5.2	5.1	5.1
<b>thereof aggregated to measurement categories</b>						
Fair value through other comprehensive income	FVOCI		2,320.8		1,939.6	
Financial assets designated at fair value through profit or loss	FVTPL		226.2		357.4	
Financial assets and liabilities at amortised cost	AC		2,188.1		2,486.2	
Financial liabilities designated at fair value through profit or loss	FVTPL		20.8		97.3	

<b>Net results by measurement category<sup>1)</sup></b>				
EURm				
Classes	2018/19		2017/18	
	Net result	Of which impairment losses	Net result	Of which impairment losses
Fair value through other comprehensive income (FVOCI)	–	–	–0.0 <sup>*)</sup>	–0.0 <sup>*)</sup>
Financial assets at amortised cost (AC)	2.1	1.3	–29.8	–17.6
Financial assets and liabilities at fair value through profit or loss (FVTPL)	33.5	–	–6.9	–
Financial assets and liabilities (hedging)	10.5	–	0.2	–
Financial liabilities at amortised cost (AC)	–13.0	–	–0.4	–
<b>Total</b>	<b>33.1</b>	<b>1.3</b>	<b>–36.9</b>	<b>–17.6</b>

1) The net results only involve changes to the consolidated statement of operations; interest expense/income and dividends are not included.

\*) Small amount

### Derivative financial instruments and hedging transactions

Derivative financial instruments are used primarily to hedge the company's liquidity, exchange rate, price and interest rate risks. The operative goal is to ensure the long-term continuity of the Group's earnings. All derivative financial instruments are integrated in a risk management system as soon as the respective contracts are concluded. This allows for the preparation of a daily overview of all main risk indicators.

The nominal values represent the separate totals of the items classified as financial derivatives on the balance sheet date. These are reference values which do not provide a measure of the risk incurred by the company through the use of these financial instruments. In particular, potential risk factors include fluctuations in the underlying market parameters and the credit risk of the contracting parties. Derivative financial instruments are recognised at their fair value.

Derivative financial instruments comprise the following:

Derivative financial instruments	30.09.2019					30.09.2018				
	Nominal value <sup>1)</sup>		Fair values <sup>2)</sup>			Nominal value <sup>1)</sup>		Fair values <sup>2)</sup>		
	Purchases	Disposals	Positive	Negative	Net	Purchases	Disposals	Positive	Negative	Net
<b>Currency swaps</b>										
JPYm (>5 years) <sup>3)</sup>	10,000.0	–	6.5	–	6.5	–	12,000.0	–	–4.7	–4.7
<b>Interest rate swaps</b>										
EURm (<5 years) <sup>3)</sup>	15.6	–	–	–1.2	–1.2	18.0	–	–	–1.7	–1.7
EURm (>5 years) <sup>3)</sup>	137.5	–	–	–19.7	–19.7	153.4	–	0.6	–18.5 <sup>4)</sup>	–17.9 <sup>4)</sup>
<b>Derivatives energy</b>										
Swaps	28.4	–	0.4	–2.0	–1.6	59.6	–0.9	23.0	–0.1	22.9
Futures	22.5	–16.0	33.6	–3.3	30.3	30.9	–37.8	46.8	–24.9	21.9
Forwards	11.7	–93.2	4.9	–15.4	–10.5	30.9	–137.3	12.8	–72.3	–59.5

1) In m nominal currency

2) In EURm

3) Used as a hedging instrument in accordance with IFRS 9

4) The comparative information was adjusted.

Positive fair values are recognised as receivables from derivative transactions under other non-current assets or other current assets, depending on their remaining term to maturity. Negative fair values are recognised as liabilities from derivative transactions under other non-current liabilities or other current liabilities, depending on their remaining term to maturity. A maturity analysis of the derivative financial liabilities is provided in the table on liquidity risk (see note **60. Risk management**).

EVN uses hedges to manage earnings volatility. The underlying transaction and the hedge are designed to ensure a match between the parameters relevant for measurement (critical terms match). In order to gauge the effectiveness, the underlying transactions are recorded in the treasury management system and evaluated to determine whether the relationship with the respective hedges was or will be



effective. Possible sources of ineffectiveness are, for example, timing shifts or a change in the volume of an existing underlying transaction as well as adjustments for the credit risk of hedges and underlying transactions. All measures are based on internal guidelines.

The EVN Group applied the accounting rules for hedges defined by IFRS 9 to the following items as of 30 September 2019: the hedge of a bond issued in JPY (also see note **48. Non-current loans and borrowings**), the hedge of future payments of variable interest financial liabilities related to Walsum 10 and the hedge of a loan held by evn naturkraft.

The hedge of the JPY bond primarily involves EUR/JPY cross-currency swaps. These cross-currency swaps (for a nominal value of JPY 12bn up to 15 January 2019 and for a nominal value of JPY 10bn since that date) represent a fair value hedge and are recorded and measured in the treasury management system, designated as a hedge and documented. The corresponding change in the bond liability from the hedge represents a contrary movement to the market value of the swaps. The results from the hedge of the JPY bond with cross-currency swaps totalled EUR –0.3m in 2018/19 (measurement of the bond EUR –12.1m and measurement of the swaps EUR 11.8m; previous year: earnings effect EUR –0.2m, including measurement of the bond EUR –0.4m and measurement of the swaps EUR 0.2m) and were recorded under other financial results. The market value was derived from the information available on the balance sheet date and based on the applicable bond price and exchange rate. A cross-currency swap for a nominal value of JPY 2bn was concluded to hedge the JPY bond through a settlement agreement with a bank. The related agreement entitled both parties to early termination in January 2019, and the cross-currency swap was terminated by the bank as of 15 January 2019. In connection with this termination, EVN dissolved the fair value hedge relationship and collected a settlement payment of EUR 0.6m. The interest rate-based fair value adjustment of the JPY bond related to the terminated EUR 1.2m swap will be released to profit or loss until the bond matures on 9 January 2024.

EVN's objective is to achieve a balanced mix of fixed and variable interest financial liabilities which is based on operating circumstances. Both fixed-interest and variable rate financing is used because of the different payment characteristics of investments. In order to hedge the above-mentioned risks (Walsum 10 and evn naturkraft loans), interest rate swaps are used to exchange variable for fixed interest. All transactions are recorded and measured in the treasury management system, designated as a hedge and documented. All hedges connected with financial liabilities were classified as effective as of 30 September 2019.

<b>Fair value hedging instruments – 30.09.2019</b>					
EURm	Carrying amount		Balance sheet position	Nominal amount	Change in fair value
Cross-currency swaps	6.5		Other non-current assets	10.0 <sup>1)</sup>	11.8

<b>Fair value hedge – underlying transaction 30.09.2019</b>					
EURm	Carrying amount	Fair value adjustment	Balance sheet position	Nominal amount	Change in fair value
JPY bond	–90.5	–5.7	Non-current financial liabilities	10.0 <sup>1)</sup>	–12.1

1) JPY bn

<b>Cash flow hedging instruments – 30.09.2019</b>					
EURm	Carrying amount		Balance sheet position	Nominal amount	Change in fair value
Interest rate swaps Steag-EVN-Walsum 10 Kraftwerksgesellschaft	–19.7		Other current/non-current liabilities	137.5	–1.2 <sup>1)</sup>
Interest rate swaps ENK (French lease)	–1.2		Other current/non-current liabilities	15.6	0.5

1) The difference to the change in the carrying amount of the interest rate swaps is attributable to the accrued interest which is included in the carrying amount.

**Cash flow hedges – underlying transactions 30.09.2019**

EURm	Change in fair value	Reserve for measurement of cash flow hedges
Debt financing Steag-EVN-Walsum 10 Kraftwerksgesellschaft	2.5	17.6 <sup>1)</sup>
ENK (French lease)	-0.5	1.2

1) Other comprehensive income included EUR 5.9m as of 30 September 2019 (previous year: EUR 7.8m) for the remaining balance of the cash flow hedges for which hedge accounting is no longer applied.

**Effects on the statement of comprehensive income, statement of financial position and statement of operations 30.09.2019**

EURm	Hedge gains/ losses recognised in other comprehensive income	Ineffectiveness recognised to profit or loss	Positions for which ineffectiveness was recognised	Reclassification from OCI to statement of operations	Positions for which reclassification was recognised
Debt financing Steag-EVN-Walsum 10 Kraftwerksgesellschaft	2.5	-1.3	Other financial results	-1.9	Interest expense
ENK (French Lease)	-0.5	-	-	-	-

**Nominal amount and average interest rate**

EURm	30.09.2020	30.09.2021	30.09.2022
<b>Interest rate swaps</b>			
Nominal amount	134.8	116.4	88.9
Fixed interest rate (%)	3.114	3.110	3.036

The following table shows the maturity of the interest rate swaps which are designated as cash flow hedges. The terms of the hedges correspond to the occurrence of the future transactions. The periods in which the cash flows occur represent the periods in which they are expected to have an effect on results.

**Expected occurrence of cash flows from cash flow hedges**

EURm	Total payment flows	Contractually stipulated payment flows		
		<1 year	1–5 years	>5 years
<b>30.09.2019</b>				
Cash flows of hedged items	-154.2	-18.7	-81.9	-53.7
Cash flows from hedging instruments	-22.0	-5.1	-13.9	-3.0
<b>30.09.2018</b>				
Cash flows of hedged items	-179.2	-18.7	-86.2	-74.2
Cash flows from hedging instruments	-21.3	-5.6	-13.1	-2.7

**63. Disclosures of interests in other entities**

An overview of the companies included in the consolidated financial statements is provided beginning on page 217 under **EVN's investments**.

Information on the joint ventures and associates that were included in EVN's consolidated financial statements at equity in 2018/19 is provided below.

The share of results from equity accounted investees with operational nature is reported as part of the results from operating activities (EBIT).

The following table shows the classification of the equity accounted investees based on operating and financial criteria:

<b>Joint ventures that were included at equity in the consolidated financial statements as of 30.09.2019 in accordance with IFRS 11</b>	<b>Operational nature</b>	<b>Financial nature</b>
<b>Company</b>		
Bioenergie Steyr GmbH	●	
Degremont WTE Wassertechnik Praha v.o.s.	●	
e&i EDV Dienstleistungsgesellschaft m.b.H.		●
EnergieAllianz	●	
EVN KG	●	
EVN-WE Wind KG	●	
Fernwärme St. Pölten GmbH	●	
Fernwärme Steyr GmbH	●	
RAG	●	
Ashta	●	
sludge2energy GmbH	●	
ZOV	●	
<b>Associates that were included at equity in the consolidated financial statements as of 30.09.2019 in accordance with IAS 28</b>	<b>Operational nature</b>	<b>Financial nature</b>
<b>Company</b>		
Energie Burgenland	●	
Verbund Innkraftwerke	●	
ZOV UIP	●	

The following table provides summarised financial information on each individually material joint venture included in the consolidated financial statements:

<b>Financial information of material joint ventures</b>						
EURm						
<b>Joint venture</b>	<b>30.09.2019</b>			<b>30.09.2018</b>		
	<b>EVN KG</b>	<b>RAG</b>	<b>ZOV</b>	<b>EVN KG</b>	<b>RAG</b>	<b>ZOV</b>
<b>Statement of financial position</b>						
Non-current assets	4.7	651.3	219.4	17.4	551.5	235.5
Current assets	166.9	94.8	60.3	364.7	184.7	62.3
Non-current liabilities	–	281.4	22.8	0.0 <sup>*)</sup>	317.3	40.7
Current liabilities	110.6	227.6	22.0	208.9	170.8	34.6
<b>Reconciliation of the carrying amount of the share of EVN in the joint venture</b>						
Net assets	60.9	237.1	234.9	173.2	248.2	222.6
Share of EVN in net assets in per cent	100.0	100.0	48.50	100.0	100.0	48.50
Share of EVN in net assets	60.9	237.1	113.9	173.2	248.2	112.0
+/- Revaluations	–	151.1	–	–	156.2	0.0 <sup>*)</sup>
Carrying amount of the share of EVN in the joint venture	60.9	388.2	113.9	173.2	404.4	112.0
<b>Statement of operations</b>						
Revenue	517.1	436.7	19.3	450.5	470.5	16.1
Scheduled depreciation and amortisation	–0.1	–60.9	–	–0.0 <sup>*)</sup>	–37.2	–0.0 <sup>*)</sup>
Interest income	–	1.2	0.3	0.0 <sup>*)</sup>	0.3	0.1
Interest expense	–	–4.6	–4.0	–0.4	–3.8	–4.9
Income tax	–	–14.7	–5.8	–	–5.4	–4.1
Result for the period	–36.2	36.2	26.3	114.3	45.1	18.8
Other comprehensive income	–6.7	–8.8	1.1	–4.6	2.8	0.7
Comprehensive income	–42.9	27.5	27.4	109.7	47.9	19.4
Dividends received by EVN	70.4	40.0	11.4	83.3	42.0	1.3

\*) Small amount

The following table provides summarised financial information on the individually immaterial joint ventures included in the consolidated financial statements:

<b>Financial information of individually immaterial joint ventures (EVN share)</b>		
EURm		
	<b>2018/19</b>	<b>2017/18</b>
Carrying value of the joint ventures as of the balance sheet date	60.9	53.4
Result for the period	10.3	5.9
Other comprehensive income	–0.2	0.8
Comprehensive income	10.2	6.6

The following table provides summarised financial information on each individually material associate included in the consolidated financial statements:

<b>Financial information of material associates</b>						
EURm						
<b>Associate</b>	<b>30.09.2019</b>			<b>30.09.2018</b>		
	<b>Verbund IKW</b>	<b>ZOV UIP</b>	<b>Energie Burgenland</b>	<b>Verbund IKW</b>	<b>ZOV UIP</b>	<b>Energie Burgenland</b>
<b>Statement of financial position</b>						
Non-current assets	1,080.9	0.3	708.9	1,053.2	0.2	695.7
Current assets	46.9	4.3	165.1	45.1	3.0	172.4
Non-current liabilities	40.4	–	170.7	27.0	–	172.0
Current liabilities	11.4	1.0	371.4	6.8	0.6	371.6
<b>Reconciliation of the carrying amount of the share of EVN in the associate</b>						
Net assets	1,076.1	3.5	331.9	1,064.4	2.6	324.6
Share of EVN in net assets in per cent	13.00	31.00	36.08	13.00	31.00	36.08
Share of EVN in net assets	139.9	1.1	119.8	138.4	0.8	117.1
+/- Revaluations	24.0	–0.1	62.8	–69.5	–	65.5
Carrying amount of the share of EVN in the associate	163.9	1.0	182.5	68.8	0.8	182.6
<b>Statement of operations</b>						
Revenue	87.0	12.5	342.0	75.6	13.2	318.5
Result for the period	24.0	4.1	24.8	–102.6	3.4	19.8
Other comprehensive income	–	–	–5.0	–	–	–6.4
Comprehensive income	24.0	4.1	19.8	–102.6	3.4	13.4
Dividends received by EVN	1.3	1.0	9.8	1.3	1.0	9.3

The consolidated financial statements include no associates that are individually immaterial.

#### 64. Other obligations and risks

The commitments entered into by EVN and the related risks are as follows:

<b>Other obligations and risks</b>		
EURm		
	<b>30.09.2019</b>	<b>30.09.2018</b>
Guarantees in connection with energy transactions	98.1	50.9
Guarantees in connection with projects in the Environment Segment	77.0	53.6
Guarantees related to the construction and operation of		
energy networks	2.8	3.0
power plants	101.0	104.5
Order obligations for investments in intangible assets and property, plant and equipment	89.6	112.8
Further obligations arising from guarantees or other contractual contingent liabilities	0.1	0.1
<b>Total</b>	<b>368.6</b>	<b>324.9</b>
thereof in connection with equity accounted investees	75.1	74.0

Neither provisions nor liabilities were recognised for the above-mentioned items because claims to the fulfilment of obligations or the actual occurrence of specific risks were not expected at the time these consolidated financial statements were prepared. The above-mentioned obligations were contrasted by corresponding recourse claims of EUR 49.7m (previous year: EUR 32.8m).

Contingent liabilities related to guarantees for subsidiaries in connection with energy transactions are recognised on the basis of the guarantees issued by EAA at an amount equalling the risk exposure of EVN AG. This risk is measured by the changes between the stipulated price and the actual market price, whereby EVN is only exposed to procurement risks when market prices decline and to selling risks when market prices increase.

Accordingly, fluctuations in market prices may lead to a change in the risk exposure after the balance sheet date. The risk assessment resulted in a contingent liability of EUR 11.4m as of 30 September 2019. The nominal volume of the guarantees underlying this assessment was EUR 289.0m. As of 31 October 2019, the market price risk was EUR 13.9m based on an underlying nominal volume of EUR 289.0m.

Various legal proceedings and lawsuits related to operating activities are pending or claims may be filed against EVN in the future. The attendant risks were analysed in relation to their probability of occurrence. The evaluation of possible claims showed that the legal proceedings and lawsuits, individually and as a whole, would not have a material negative effect on EVN's business, liquidity, profit or loss or financial position.

Additional obligations arising from guarantees and other contractual contingent liabilities consisted chiefly of outstanding capital contributions to affiliates as well as liabilities for affiliates' loans.

#### **65. Information on transactions with related parties**

In accordance with IAS 24, transactions with related parties arise through direct or indirect control, significant influence or joint management. Related parties further include close family members of the respective natural persons. Key management personnel and their close family members are also considered to be related parties.

EVN's related parties include all companies in the scope of consolidation, other subsidiaries, joint ventures and associates that are not included in the consolidated financial statements, as well as people who are responsible for the planning, management and supervision of the Group's activities. In particular, related parties also include the members of the Executive Board and the Supervisory Board as well as their family members. A list of the Group companies can be found starting on page 217 under **EVN's investments**.

The province of Lower Austria holds 51.0% of the shares of EVN AG through NÖ Landes-Beteiligungsholding GmbH, St. Pölten. Therefore, the province of Lower Austria and companies under its control or significant influence are classified as related parties of the EVN Group. Since the province of Lower Austria is a government-related entity which has control over EVN AG due to its majority shareholding, EVN has elected to apply the exemption provided by IAS 24.25. This exemption releases EVN from the requirement to disclose business transactions and outstanding balances with related parties when the related party is a government-related entity. The business transactions with companies under the control or significant influence of NÖ Landes-Beteiligungsholding GmbH are related mainly to the provision of electricity, natural gas, network and telecommunications services.

On 20 December 2013, EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany, concluded a trust agreement with EnBW Trust within the framework of a so-called contractual trust arrangement model. This agreement led to the transfer by EnBW of its 32.5% investment in EVN AG in trust to EnBW Trust. As of 30 September 2019, EnBW Trust held an investment of 28.6% in EVN AG.

#### **Transactions with related parties**

##### **Main shareholder**

A group and tax settlement agreement was concluded with NÖ Landes-Beteiligungsholding GmbH, St. Pölten, in connection with the inclusion of EVN AG in a corporate tax group as defined in § 9 of the Austrian Corporate Tax Act. EVN AG has since added further subsidiaries to the tax group based on this agreement. This resulted in a current liability of EUR 54.5m to NÖ Landes-Beteiligungsholding GmbH, St. Pölten, as of 30 September 2019 (previous year: EUR 16.2m). All other business relationships with the main shareholder or companies attributable to the main shareholder are carried out at arm's length.

##### **EnBW Trust e.V.**

There were no material business relations with EnBW Energie Baden-Württemberg AG or EnBW Trust e.V. in 2018/19, with the exception of the dividend payment.

### Investments in equity accounted investees

Within the context of its ordinary business operations, EVN has concluded supply and service contracts with numerous companies included at equity in its consolidated financial statements. Long-term agreements were concluded with EAA for the sale and procurement of electricity and natural gas, and long-term procurement contracts were concluded with Verbund Innkraftwerke for electricity.

The value of services provided to investments in equity accounted investees is as follows:

<b>Transactions with joint ventures included at equity</b>		
EURm	2018/19	2017/18
Revenue	307.2	335.0
Cost of services received	-88.4	-100.7
Trade accounts receivable	12.2	23.6
Other receivables	11.9	40.5
Trade accounts payable	16.6	24.9
Other liabilities	33.2	116.7
Loans	16.3	19.9
Liabilities from cash pooling	61.8	83.1
Interest income from loans	0.7	0.9

<b>Transactions with associates included at equity</b>		
EURm	2018/19	2017/18
Revenue	-	-
Cost of services received	-9.3	-7.3
Trade accounts receivable	-	-
Trade accounts payable	0.9	0.6

### Transactions with related individuals

#### Executive Board and Supervisory Board

The payments to members of the Executive Board and the Supervisory Board consist primarily of salaries, severance payments, pensions and Supervisory Board remuneration.

The remuneration paid to the active members of the Executive Board in 2018/19 totalled TEUR 1,234.9 (including compensation in kind and contributions to pension funds; previous year: TEUR 1,160.3).

<b>Remuneration of the active Executive Board</b>						
TEUR	2018/19			2017/18		
	Fixed remuneration	Variable remuneration	Compensation in kind	Fixed remuneration	Variable remuneration	Compensation in kind
Stefan Szyszkowitz	414.8	162.3	11.4	401.7	184.4	14.3
Franz Mittermayer	387.1	124.6	13.9	346.2	83.1	13.8

The pension fund contributions in 2018/19 equalled TEUR 62.8 for Stefan Szyszkowitz (previous year: TEUR 60.7) and TEUR 58.0 for Franz Mittermayer (previous year: TEUR 56.1).

An addition of TEUR 1,894.0 (thereof TEUR 88.5 of interest expense and TEUR 1,621.5 of actuarial gains/losses) was made to the provision for pension obligations on behalf of Stefan Szyszkowitz in 2018/19. In the previous year, a change of TEUR 823.2 was recorded (thereof TEUR 72.8 of interest expense and TEUR 593.1 of actuarial gains/losses). The addition to the provision for pension obligations on behalf of Franz Mittermayer amounted to TEUR 1,911.3 (thereof TEUR 114.8 of interest expense and TEUR 1,566.7 of actuarial gains/losses). In the previous year, a change of TEUR 4,223.1 was recorded (thereof TEUR 33.7 of interest expense and TEUR 4,119.3 of actuarial gains/losses).

In 2018/19 contributions of TEUR 9.0 (previous year: TEUR 9.2) were made to an external employee fund on behalf of Stefan Szyszkowitz and TEUR 8.0 (previous year: TEUR 6.8) on behalf of Franz Mittermayer.

The year-on-year change in the remuneration of the active members of the Executive Board is attributable primarily to the change in performance-based components and the annual wage and salary increases mandated by collective bargaining agreements. Franz Mittermayer has been a member of the Executive Board since 1 October 2017. His variable remuneration of the previous year therefore only includes preliminary payments on account for the 2017/18 financial year and no remuneration for the previous 2016/17 financial year. The special payments for Franz Mittermayer in 2017/18 also only involved proportional payments for the period beginning on 1 October 2017.

The members of the Executive Board are also entitled to a contractually agreed pension at retirement, whereby pension payments under the Austrian social security scheme and any payments from the VBV-Pensionskasse are credited against this amount.

The payments to former members of the Executive Board or their surviving dependents amounted to TEUR 4,019.2 in 2018/19 (previous year: TEUR 1,972.0).

Expenses for severance payments and pensions for active members of senior management totalled TEUR 1,198.7 in 2018/19 (thereof TEUR 41.7 of interest expense and TEUR 846.2 of actuarial gains/losses) and TEUR 533.3 in the previous year (thereof TEUR 94.3 of interest expense and TEUR 603.2 of actuarial gains/losses).

The above amounts include expenses recognised in accordance with national law, as required by the Austrian Corporate Governance Code. In accordance with IFRS, actuarial gains and losses are recorded under other comprehensive income in keeping with IAS 19.

The Supervisory Board remuneration totalled EUR 0.1m in 2018/19 (previous year: EUR 0.1m). The members of the Advisory Committee for Environmental and Social Responsibility received remuneration of EUR 0.1m during the reporting year (previous year: EUR 0.1m).

The basic principles underlying the remuneration system are presented in the remuneration report, which is part of the corporate governance report.

#### **Transactions with other related companies**

The disclosure requirements for the notes do not cover information on intragroup transactions. Therefore, business transactions between EVN and its subsidiaries are not reported. Business transactions with non-consolidated subsidiaries and companies not included at equity are generally not reported because they are immaterial.

Related parties can also be direct customers of a company within the EVN Group, whereby these business relationships reflect prevailing market rates and conditions and are immaterial in relation to the total income recorded by the EVN Group in 2018/19. The resulting items outstanding as of 30 September 2019 are reported under trade accounts receivable.

#### **66. Significant events after the balance sheet date**

No material events occurred between the balance sheet date on 30 September 2019 and the editorial deadline for the consolidated financial statements on 18 November 2019.

#### **67. Information on management and staff**

The corporate bodies of EVN AG are:

##### **Executive Board**

Stefan Szyszkowitz – Spokesman of the Executive Board

Franz Mittermayer – Member of the Executive Board



## Supervisory Board

### Chairwoman

Bettina Glatz-Kremsner

### Vice-Chairmen

Norbert Griesmayr

Willi Stiohwicek

### Members

Dieter Lutz

Angela Stransky

Friedrich Zibuschka

Philipp Gruber

Reinhard Meißl

Susanne Scharnhorst

Johannes Zügel

### Employee representatives

Paul Hofer

Uwe Mitter (as of 14.05.2019)

Franz Hemm (until 13.05.2019)

Irene Pugn (as of 14.05.2019)

Monika Fraißl

Friedrich Bußlehner

Manfred Weinrichter (until 13.05.2019)

## 68. Approval of the 2018/19 consolidated financial statements for publication

These consolidated financial statements were prepared by the Executive Board as of the date indicated below. The individual financial statements, which were also included in the consolidated financial statements after their adjustment to reflect International Financial Reporting Standards, and the consolidated financial statements of EVN AG will be submitted to the Supervisory Board on 11 December 2019 for examination, and the Supervisory Board will also be asked to approve the individual financial statements.

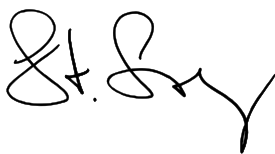
## 69. Auditing fees

EVN's consolidated financial statements and annual financial statements for the 2018/19 financial year were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The costs for KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, totalled EUR 0.5m (previous year: EUR 0.5m) and were distributed as follows: 46.8% for auditing services, 40.0% for audit-related services and 13.2% for other consulting services. Auditing and consulting fees for the Group amounted to EUR 1.7m for the reporting year (previous year: EUR 1.6m), whereby 33.4% are attributable to auditing, 14.3% to audit-related services, 31.0% to tax advising and 21.3% to other consulting services. All companies in the scope of consolidation were included.

Maria Enzersdorf, 18 November 2019

EVN AG

The Executive Board



**Stefan Szyszkowitz**

Spokesman of the Executive Board



**Franz Mittermayer**

Member of the Executive Board

## EVN's investments according to § 245a (1) in connection with § 265 (2) UGB

The following table lists EVN's investments classified by segment of business. The list of companies not included in the consolidated financial statements of EVN AG for materiality reasons is based on the companies' last available local annual financial statements as of the respective balance sheet date. The data from companies that report in a foreign currency is translated into euros at the exchange rate on the balance sheet date of EVN AG.

### 1. EVN's investments in the energy business $\geq 20.0\%$ as of 30 September 2019

#### 1.1. Included in the consolidated financial statements of EVN

Company, registered office	Shareholder	Interest %	Balance sheet date	Method of consolidation 2018/19
Ashta Beteiligungsverwaltung GmbH, Vienna	EVN	49.99	31.12.2018	E
Bioenergie Steyr GmbH, Behamberg	EVN Wärme	51.00	30.09.2019	E
Biowärme Amstetten-West GmbH, Amstetten	EVN Wärme	49.00	31.12.2018	E
Elektrorazpredelenie Yug EAD ("EP Yug"), Plovdiv, Bulgaria	BG SN Holding	100.00	31.12.2018	V
ENERGIEALLIANZ Austria GmbH ("EnergieAllianz"), Vienna	EVN	45.00	30.09.2019	E
EVN Bulgaria Elektrosnabdiavane EAD ("EVN Bulgaria EC"), Plovdiv, Bulgaria	BG SV Holding	100.00	31.12.2018	V
EVN Bulgaria EAD ("EVN Bulgaria"), Sofia, Bulgaria	EVN	100.00	31.12.2018	V
EVN Bulgaria Fernwärme Holding GmbH ("BG FW Holding"), Maria Enzersdorf	EVN	100.00	30.09.2019	V
EVN Bulgaria RES Holding GmbH ("EVN Bulgaria RES"), Maria Enzersdorf	EVN Naturkraft	100.00	30.09.2019	V
EVN Bulgaria Stromerzeugung Holding GmbH ("BG SE Holding"), Maria Enzersdorf	EVN Naturkraft	100.00	30.09.2019	V
EVN Bulgaria Stromnetz Holding GmbH ("BG SN Holding"), Maria Enzersdorf	EVN	100.00	30.09.2019	V
EVN Bulgaria Stromvertrieb Holding GmbH ("BG SV Holding"), Maria Enzersdorf	EVN	100.00	30.09.2019	V
EVN Bulgaria Toplofikatsia EAD ("TEZ Plovdiv"), Plovdiv, Bulgaria	BG FW Holding	100.00	31.12.2018	V
EVN Croatia Plin d.o.o., Zagreb, Croatia	Kroatien Holding	100.00	31.12.2018	V
ELEKTRODISTRIBUCIJA DOOEL, Skopje, North Macedonia	EVN Macedonia	100.00	31.12.2018	V
EVN Energievertrieb GmbH & Co KG ("EVN EV"), Maria Enzersdorf	EVN	100.00	30.09.2019	E
EVN Geoinfo GmbH ("EVN Geoinfo"), Maria Enzersdorf	Utilitas	100.00	30.09.2019	V
EVN Home DOO, Skopje, North Macedonia	EVN Macedonia/ EVN Supply	100.00	–	V
EVN Kavarna EOOD ("EVN Kavarna"), Plovdiv, Bulgaria	EVN Bulgaria RES	100.00	31.12.2018	V
EVN Kraftwerks- und Beteiligungsgesellschaft mbH ("EVN Kraftwerk"), Maria Enzersdorf	EVN	100.00	30.09.2019	V
EVN Kroatien Holding GmbH ("Kroatien Holding"), Maria Enzersdorf	EVN	100.00	30.09.2019	V
EVN Liegenschaftsverwaltung Gesellschaft m.b.H. ("EVN LV"), Maria Enzersdorf	EVN/Utilitas	100.00	30.09.2019	V
EVN Macedonia AD ("EVN Macedonia"), Skopje, North Macedonia	EVN Mazedonien	90.00	31.12.2018	V
EVN Macedonia Elektrani DOOEL, Skopje, North Macedonia	EVN Macedonia	100.00	31.12.2018	V
EVN Macedonia Elektrosnabduvanje DOOEL ("EVN Supply"), Skopje, North Macedonia	EVN Macedonia	100.00	31.12.2018	V
EVN Macedonia Holding DOOEL, Skopje, North Macedonia	EVN	100.00	31.12.2018	V
EVN Mazedonien GmbH ("EVN Mazedonien"), Maria Enzersdorf	EVN	100.00	30.09.2019	V
evn naturkraft Erzeugungsgesellschaft m.b.H. ("EVN Naturkraft"), Maria Enzersdorf	EVN	100.00	30.09.2019	V
EVN Service Centre EOOD, Plovdiv, Bulgaria	EVN Bulgaria	100.00	31.12.2018	V
EVN Trading d.o.o. Beograd, Belgrade, Serbia	EVN Trading SEE	100.00	31.12.2018	V
EVN Trading DOOEL, Skopje, North Macedonia	EVN Trading SEE	100.00	31.12.2018	V
EVN Trading South East Europe EAD ("EVN Trading SEE"), Sofia, Bulgaria	EVN Bulgaria	100.00	31.12.2018	V
EVN Wärme GmbH ("EVN Wärme"), Maria Enzersdorf	EVN	100.00	30.09.2019	V

#### Method of consolidation:

V: Fully consolidated company (subsidiary)  
NV: Non-consolidated subsidiary

JO: Company included as joint operation  
NJO: Company not included as a joint operation

E: Company included at equity  
NE: Company not included at equity

<b>1.1. Included in the consolidated financial statements of EVN</b>					
Company, registered office	Shareholder	Interest %	Balance sheet date	Method of consolidation 2018/19	
EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH & Co KG ("EVN-WE Wind KG"), Vienna	EVN Naturkraft	50.00	30.09.2019	E	
Fernwärme St. Pölten GmbH, St. Pölten	EVN	49.00	31.12.2018	E	
Fernwärme Steyr GmbH, Steyr	EVN Wärme	49.00	30.09.2019	E	
Hydro Power Company Gorna Arda AD, Sofia, Bulgaria	BG SE Holding	76.00	31.12.2018	V	
kabelplus GmbH, ("kabelplus"), Maria Enzersdorf	Utilitas	100.00	30.09.2019	V	
Netz Niederösterreich GmbH ("Netz NÖ"), Maria Enzersdorf	EVN	100.00	30.09.2019	V	
Steag-EVN Walsum 10 Kraftwerksgesellschaft mbH ("SEK"), Essen, Germany	EVN Kraftwerk	49.00	31.12.2018	JO	
Verbund Innkraftwerke GmbH ("Verbund Innkraftwerke"), Töging, Germany <sup>1)</sup>	EVN Naturkraft	13.00	31.12.2018	E	
Wasserkraftwerke Trieb und Krieglach GmbH ("WTK"), Maria Enzersdorf	EVN Naturkraft	70.00	30.09.2019	V	

1) This company is included in the consolidated financial statements at equity and presented in the above table despite a participation interest ≤20.0% because of special contractual arrangements that allow for the exercise of significant influence.

<b>1.2. Not included in the consolidated financial statements of EVN due to immateriality</b>							
Company, registered office	Shareholder	Interest %	Shareholders' equity TEUR	Last year's profit/loss TEUR	Balance sheet date	Method of consolidation 2018/19	
ARGE Coop Telekom, Maria Enzersdorf	EVN Geoinfo	50.00	82 (110)	21 (49)	31.12.2018 (31.12.2017)	NE	
ARGE Digitaler Leitungskataster NÖ, Maria Enzersdorf	EVN Geoinfo	30.00	382 (276)	107 (68)	31.12.2018 (31.12.2017)	NE	
Bioenergie Wiener Neustadt GmbH, Wiener Neustadt	EVN Wärme	90.00	477 (474)	3 (-27)	31.12.2018 (31.12.2017)	NV	
Energiespeicher Sulzberg GmbH, Maria Enzersdorf	EVN Sulzberg	51.00	10 (43)	-32 (-36)	30.09.2019 (30.09.2018)	NV	
EVN Asset Management EOOD, Plovdiv, Bulgaria	EVN Bulgaria	100.00	6 (6)	0 (0)	31.12.2017 (31.12.2016)	NV	
EVN Energiespeicher Sulzberg Beteiligungs GmbH ("EVN Sulzberg"), Maria Enzersdorf	EVN Naturkraft	100.00	25 (58)	-34 (-37)	30.09.2019 (30.09.2018)	NV	
EVN Gorna Arda Development EOOD, Sofia, Bulgaria	EVN Bulgaria	100.00	78 (77)	2 (-89)	31.12.2018 (31.12.2017)	NV	
EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH ("EVN-WE Wind GmbH"), Vienna	EVN Naturkraft	50.00	44 (43)	1 (0)	30.09.2018 (30.09.2017)	NE	
Fernwärme Mariazellerland GmbH, Mariazell	EVN Wärme	48.86	-76 (-10)	-66 (-76)	31.12.2018 (31.12.2017)	NE	
FWG-Fernwärmeversorgung Amstetten registrierte Genossenschaft mit beschränkter Haftung in Liquidation, Amstetten	EVN Wärme	100.00	184 (743)	-9 (88)	30.06.2018 (30.06.2017)	NE	
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH, Vienna	EVN Naturkraft	33.33	41 (39)	3 (3)	31.12.2018 (31.12.2017)	NE	
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH & Co KG, Vienna	EVN Naturkraft	33.33	7,937 (7,547)	391 (304)	31.12.2018 (31.12.2017)	NE	

## 1.2. Not included in the consolidated financial statements of EVN due to immateriality

Company, registered office	Shareholder	Interest %	Shareholders' equity TEUR	Last year's profit/loss TEUR	Balance sheet date	Method of consolidation 2018/19
EVN Beteiligung 60 GmbH ("EVN Bet. 60"), Maria Enzersdorf	Utilitas	100.00	1,783 (1,784)	-1 (-2)	30.09.2019 (30.09.2018)	NV
EVN Grundstücksverwaltung Bergern GmbH, Maria Enzersdorf	EVN Bet. 60	100.00	1,789 (1,789)	2 (6)	30.09.2019 (30.09.2018)	NV
Netz Niederösterreich Beteiligung 31 GmbH ("Netz Bet. 31"), Maria Enzersdorf	Netz NÖ	100.00	1,997 (1,999)	-1 (-3)	30.09.2019 (30.09.2018)	NV
Netz Niederösterreich Liegenschaftsbesitz 31 GmbH, Maria Enzersdorf	Netz Bet. 31	100.00	1,963 (1,954)	-6 (-29)	30.09.2019 (30.09.2018)	NV

## 2. EVN's investments in the environmental services business $\geq 20.0\%$ as of 30 September 2019

### 2.1. Included in the consolidated financial statements of EVN

Company, registered office	Shareholder	Interest %	Balance sheet date	Method of consolidation 2018/19
Cista Dolina – SHW Komunalno podjetje d.o.o., Kranjska Gora, Slovenia	WTE Betrieb	100.00	30.09.2019	V
Degremont WTE Wassertechnik Praha v.o.s., Prague, Czech Republic	WTE Wassertechnik	35.00	31.12.2018	E
EVN Wärmekraftwerke GmbH ("EVN Wärmekraftwerke"), Maria Enzersdorf	EVN/EVN Bet. 52	100.00	30.09.2019	V
EVN Beteiligung 52 GmbH ("EVN Bet. 52"), Maria Enzersdorf	EVN	100.00	30.09.2019	V
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 1 mbH ("EVN MVA1"), Essen, Germany	WTE Wassertechnik	100.00	30.09.2019	V
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 3 mbH ("EVN MVA3"), Maria Enzersdorf	EVN Umwelt/Utilitas	100.00	30.09.2019	V
EVN Umwelt Beteiligungs und Service GmbH ("EVN UBS"), Maria Enzersdorf	EVN Umwelt	100.00	30.09.2019	V
EVN Umweltholding und Betriebs-GmbH ("EVN Umwelt"), Maria Enzersdorf	EVN	100.00	30.09.2019	V
evn wasser Gesellschaft m.b.H. ("evn wasser"), Maria Enzersdorf	EVN/Utilitas	100.00	30.09.2019	V
AO Budapro-zavod No. 1, Moscow, Russia	EVN MVA1	100.00	31.12.2018	V
AO EVN MSZ 3 ("AO MVA3"), Moscow, Russia	EVN MVA3	100.00	31.12.2018	V
OOO EVN Umwelt Service, Moscow, Russia	EVN UBS	100.00	31.12.2018	V
OOO EVN Umwelt, Moscow, Russia	EVN UBS	100.00	31.12.2018	V
sludge2energy GmbH, Berching, Germany	WTE Wassertechnik	50.00	31.12.2018	E
Storitveno podjetje Lasko d.o.o., Lasko, Slovenia	WTE Wassertechnik	100.00	30.09.2019	V
WTE Abwicklungsgesellschaft Russland mbH, Essen, Germany	International	100.00	30.09.2019	V
WTE Betriebsgesellschaft mbH ("WTE Betrieb"), Hecklingen, Germany	WTE Wassertechnik	100.00	30.09.2019	V
WTE desalinizacija morske vode d.o.o., Budva, Montenegro	WTE Betrieb	100.00	31.12.2018	V

<b>2.1. Included in the consolidated financial statements of EVN</b>					
Company, registered office	Shareholder	Interest %	Balance sheet date	Method of consolidation 2018/19	
WTE International GmbH ("International"), Essen, Germany	WTE Wassertechnik	100.00	30.09.2019	V	
WTE otpadne vode Budva DOO, Podgorica, Montenegro	WTE Wassertechnik	100.00	31.12.2018	V	
WTE Projektna druzba Bled d.o.o., Bled, Slovenia	WTE Wassertechnik	100.00	30.09.2019	V	
WTE Wassertechnik GmbH ("WTE Wassertechnik"), Essen, Germany	EVN Bet. 52	100.00	30.09.2019	V	
WTE Wassertechnik (Polska) Sp.z.o.o., Warsaw, Poland	WTE Wassertechnik	100.00	30.09.2019	V	
Zagrebacke otpadne vode d.o.o. ("ZOV"), Zagreb, Croatia	WTE Wassertechnik	48.50	31.12.2018	E	
Zagrebacke otpadne vode – upravljanje i pogon d.o.o. ("ZOV UIP"), Zagreb, Croatia	WTE Wassertechnik	33.00	31.12.2018	E	

<b>2.2. Not included in the consolidated financial statements of EVN due to immateriality</b>						
Company, registered office	Shareholder	Interest %	Shareholders' equity TEUR	Last year's profit/loss TEUR	Balance sheet date	Method of consolidation 2018/19
Abwasserbeseitigung Kötschach-Mauthen Errichtungs- und Betriebsgesellschaft mbH, Kötschach-Mauthen	EVN Wärme-kraftwerke	26.00	37 (37)	0 (0)	31.12.2018 (31.12.2017)	NE
EVN Umwelt Finanz- und Service-GmbH ("EVN UFS"), Maria Enzersdorf	EVN Umwelt	100.00	43 (-)	-6 (-)	30.09.2019 (-)	NV
JV WTE Tecton Azmeel W.L.L, Al Seef (Manama), Bahrain	WTE Wassertechnik	50.00	- (-)	- (-)	- (-)	NE
OOO EVN-Ekotechprom MSZ3, Moscow, Russia	AO MVA3	70.00	-9,917 (-8,904)	-335 (-2,124)	31.12.2018 (31.12.2017)	NV
Saarberg Hölter Projektgesellschaft Süd Butowo mbH ("Süd Butowo"), Essen, Germany	WTE Wassertechnik	100.00	25 (26)	-1 (-1)	30.09.2019 (30.09.2018)	NV
SHW Hölter Projektgesellschaft Zelenograd mbH, Essen, Germany	WTE Wassertechnik	100.00	16 (16)	- (-1)	30.09.2019 (30.09.2018)	NV
SHW/RWE Umwelt Aqua Vodogradnja d.o.o., Zagreb, Croatia	WTE Wassertechnik	50.00	566 (566)	-12 (156)	31.12.2018 (31.12.2017)	NE
Umm Al Hayman Holding Company W.L.L, Kuwait City, Kuwait	WTE Wassertechnik	50.00	- (-)	- (-)	- (-)	NE
Wasserver- und Abwasserentsorgungsgesellschaft Märkische Schweiz mbH, Buckow, Germany	WTE Wassertechnik	49.00	553 (550)	3 (3)	31.12.2018 (31.12.2017)	NE
Wiental-Sammelkanal Gesellschaft m.b.H, Untertullnerbach	evn wasser	50.00	866 (866)	0 (0)	31.12.2018 (31.12.2017)	NE
WTE Abwicklungsgesellschaft Kuwait mbH, Essen, Germany	International	100.00	23 (23)	0 (0)	30.09.2019 (30.09.2018)	NV
WTE Baltic UAB, Kaunas, Lithuania	WTE Wassertechnik	100.00	153 (141)	12 (32)	30.09.2019 (30.09.2018)	NV
WTE Projektgesellschaft Kurjanovo mbH ("Kurjanovo"), Essen, Germany	WTE Wassertechnik	100.00	18 (19)	-1 (-1)	30.09.2019 (30.09.2018)	NV
WTE Projektgesellschaft Natriumhypochlorit mbH, Essen, Germany	EVN UFS/WTE Wassertechnik	100.00	25 (-)	0 (-)	30.09.2019 (-)	NV

### 3. EVN's investments in other business activities ≥ 20.0% as of 30 September 2019

#### 3.1. Included in the consolidated financial statements of EVN

Company, registered office	Shareholder	Interest %	Balance sheet date	Method of consolidation 2018/19
Burgenland Holding Aktiengesellschaft ("Burgenland Holding" or "BUHO"), Eisenstadt	EVN	73.63	30.09.2019	V
Energie Burgenland AG, Eisenstadt	BUHO	49.00	30.09.2019	E
EVN Business Service GmbH ("EVN Business"), Maria Enzersdorf	Utilitas	100.00	30.09.2019	V
EVN Finanzservice GmbH, Maria Enzersdorf	EVN	100.00	30.09.2019	V
EVN WEEV Beteiligungs GmbH ("EVN WEEV"), Maria Enzersdorf	EVN	100.00	31.08.2019	V
e&i EDV Dienstleistungsgesellschaft m.b.H., Vienna	EVN	50.00	30.09.2019	E
R 138-Fonds, Vienna	EVN/Netz NÖ/ evn wasser	100.00	30.09.2019	V
RAG-Beteiligungs-Aktiengesellschaft ("RBG"), Maria Enzersdorf	EVN	50.03	31.03.2019	V
RAG Austria AG ("RAG"), Vienna	RBG	100.00	31.12.2018	E
UTILITAS Dienstleistungs- und Beteiligungs-Gesellschaft m.b.H ("Utilitas"), Maria Enzersdorf	EVN	100.00	30.09.2019	V

#### 3.2. Not included in the consolidated financial statements of EVN due to immateriality

Company, registered office	Shareholder	Interest %	Shareholders' equity TEUR	Last year's profit/loss TEUR	Balance sheet date	Method of consolidation 2018/19
EVN Beteiligung 40 GmbH, Maria Enzersdorf	EVN	100.00	20 (22)	-2 (-2)	30.09.2019 (30.09.2018)	NV
WEEV Beteiligungs GmbH in Liquidation, Maria Enzersdorf	EVN/EVN WEEV	100.00	4,095 (5,036)	-0 (4,059)	30.06.2019 (30.06.2018)	NV

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# Auditors' report

## Report on the Consolidated Financial Statements

### Audit Opinion

We have audited the **consolidated financial statements** of

**EVN AG,  
Maria Enzersdorf, Austria**

and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 September 2019, the consolidated statement of operations and consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 30 September 2019, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

### Basis for our Opinion

We conducted our audit in accordance with the EU Regulation 537/2014 ("AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Auditors' Responsibility" section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

### Impairment of intangible assets, property, plant and equipment and investments in equity accounted investees

Refer to notes 21, 29, 30, 34, 35 and 36 to the consolidated financial statements and the chapter Business development in the Group management report.

### Risk for the Financial Statements

Intangible assets, property, plant and equipment (PPE) and investments in equity accounted investees with a total carrying amount of EUR 4,770.2m account for 58.3% of total assets of the Group as of the balance sheet date.

At each reporting date, the Company assesses whether there is any indication that the recoverable amount has decreased significantly and that therefore, intangible assets, property, plant and equipment and equity accounted investees are impaired. For those items of intangible assets, PPE and equity accounted investees, for which impairment losses were recognised in prior periods, the Company assesses whether the impairment loss no longer exists and therefore needs to be reversed.

Impairment testing for items of intangible assets and PPE for which separate future cash inflows cannot be determined is performed at the level of the cash-generating unit (CGU). In testing impairment, the Company in general first determines the value in use and if necessary, the fair value less costs of disposal. The value in use as well as fair value less costs of disposal are calculated as the present value of the future cash flows using a discounted cash flow method.

The result of this measurement depends to a high degree on management's planning assumptions and estimates of future cash flows as well as on the discount rates used in the calculations. As such, these assumptions and estimations are subject to significant estimation uncertainties and therefore, impairment of intangible assets, property, plant and equipment and equity accounted investees was classified as a key audit matter.

#### **Our response**

We analysed the documentation of the impairment processes of intangible assets, property, plant and equipment and equity accounted investees and critically questioned whether these processes are suitable for the appropriate measurement of intangible assets, property, plant and equipment and equity accounted investees. Moreover, we collected information about the significant internal controls and evaluated the key controls in respect of their design, implementation and operating effectiveness.

We critically questioned the Company's assessment of whether there is any indication that intangible assets, property, plant and equipment and equity accounted investees may be impaired or whether an impairment loss recognised in prior periods may need to be reversed, and compared the assessment with our understanding gained during the audit of the consolidated financial statements.

In consultation with our valuation specialists, we assessed the measurement technique model, planning assumptions and measurement parameter for selected issues. The assumptions used for determining the interest rates were assessed for appropriateness by comparing them to industry- and market-specific reference values. We reconciled planning data used in the measurement to medium-term planning approved by management. We assessed the appropriateness of planning estimates by comparing – on a sample basis – actual cash flows with prior period estimated cash flows and discussing deviations with management. We agreed the respective carrying amounts to the fixed assets sub ledger.

#### **Revenue recognition from end customer business**

Refer to notes 19 and 24 and the chapter Business development in the Group management report.

#### **Risk for the Financial Statements**

The consolidated statement of operations report total revenue of EUR 2,204.m.

A significant portion of consolidated revenue relates to revenue generated from end customer business in Austria which is subject to specific risks due to the complexity of the systems required for the appropriate recognition and deferral of revenue and the effect of continuous changes on the business, pricing and tariff models. Revenue is derived from the billings systems based on statistical methods and deferred based on the power volumes supplied. Revenue is recognised if a billable service has been provided to the customer.

Recognition and measurement of this specific and significant portion of revenue is subject to management's estimate and assumptions to a high degree and requires application of complex calculation techniques. Therefore, revenue generated from end customer business was classified as a key audit matter.

#### **Our response**

Taking into consideration the fact that there is an increased risk related to the appropriate recognition of revenue due to the complexity as well as underlying estimates and assumptions, we assessed the relevant processes and controls implemented by the Group in respect of recognition of revenue from end customer business including the respective IT systems in cooperation with our specialists from Information Risk Management (IRM). We evaluated key controls in respect of their operating effectiveness.

In addition, we performed adequate analyses as well as tests of detail on the appropriate recognition of revenue and critically assessed the appropriateness of management's estimates and assumptions.



### **Responsibilities of Management and Audit Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibility**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements – whether due to fraud or error – and to issue an auditors' report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the AP Regulation and Austrian Standards on Auditing (and therefore ISAs), we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- We obtain an understanding of the internal control system relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control system.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective notes in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with the Audit Committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in the internal control system that we identify during our audit.
- We communicate to the Audit Committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit i. e. key audit matters. We describe these key audit matters in our auditors' report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our auditors' report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

## Report on Other Legal Requirements

### Group Management Report

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the group management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports as applied in Austria.

### Opinion

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

### Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

**Other Information**

Management is responsible for other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report, and the auditors' report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact. If we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

**Additional Information in accordance with Article 10 AP Regulation**

At the Annual General Meeting dated 17 January 2019, we were elected as group auditors. We were appointed by the Supervisory Board on 22 March 2019. We have been the Group's auditors for more than 20 years without interruption.

We declare that our opinion expressed in the "Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence, throughout the course of the audit, from the audited Group.

**Engagement Partner**

The engagement partner is Mr. Rainer Hassler.

Vienna, 18 November 2019

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft  
signed by:

Rainer Hassler  
Wirtschaftsprüfer  
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.

# Glossary

To improve readability in this report, Group companies are partly referred to using abbreviated names. The full company names are given in EVN's investments starting on page 217.

## **Austrian Sustainability and Diversity Improvement Act**

An Austrian law enacted in 2017 which implements EU Directive 2014/95/EU to create European minimum standards for greater transparency and better comparability in the non-financial reporting.

## **Biogas**

A mixture comprised largely of methane and carbon dioxide which is created during the oxygen-free digestion of organic renewable raw materials, slurry or organic residues from the foodstuffs industry.

## **Biomass**

Organic material (dead organisms, organic metabolic products and residual materials); certain parts can be used as fuel in combined heat and power plants to generate electricity and heat or cooling.

## **Capital employed**

Equity plus interest-bearing loans or assets minus non-interest-bearing liabilities.

## **Cash-generating Unit (CGU)**

The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The present value of future cash flows can be used to value a CGU.

## **CIP (Continuous Improvement Process)**

The CIP is designed to support a steady improvement in the quality of products, processes and service through independent efforts by employees in their departments and teams to realise continuous improvements in their areas of responsibility and working environments. The focus here is on all types of small improvements.

## **CO<sub>2</sub> (carbon dioxide)**

Chemical compound consisting of carbon and oxygen which is largely created by the combustion of fossil fuels.

## **CO<sub>2</sub>e**

The unit CO<sub>2</sub>e or CO<sub>2</sub>-equivalent indicates the relative greenhouse gas potential. 1 t CO<sub>2</sub>e equals the quantity of a material with the same mean heating effect on the atmosphere as one tonne of CO<sub>2</sub>.

## **CO<sub>2</sub> emission certificate**

CO<sub>2</sub> emission certificates were introduced in the European Union as of 1 January 2005 as part of the drive to implement the Kyoto Accords and allow the emission of a certain amount of greenhouse gas emissions. The certificates are allocated within the framework of the "National Allotment Plan", depending on the level of a company's previous emissions.

## **CO<sub>2</sub> emission certificate trading/EU emission trading**

As part of the EU's emission certificate trading system, the member states distribute CO<sub>2</sub> emission rights to companies. Firms whose actual CO<sub>2</sub> emissions exceed the volume of the allocated certificates must purchase additional emission rights.

## **Combined cycle heat and power/co-generation**

Simultaneous generation of electricity and heat in a single facility. Combined production allows the plant to reach a high level of efficiency and, in this way, optimally use the primary energy.

## **Control area**

A control area represents a geographically distinct group of high voltage and extra-high voltage networks, whose stability is guaranteed by a responsible transmission network operator.

## **Corporate governance code**

Behavioural code for companies which defines the principles of good management and control; this is not a set of legal regulations, but a guideline that invites voluntary compliance.

## **Coverage ratio**

Ratio of the volume of electricity produced in EVN's own power generating facilities and the Group's total sales volume of electricity.

## **Degree of efficiency**

The efficiency of a plant represents the ratio of input to output (i. e. the quantity of electrical energy generated in relation to the primary energy employed).

## **Dividend yield**

Ratio of the distributed dividend to the share price.

## **Due diligence audit**

This type of audit is designed to analyse the strengths and weaknesses as well as the related risks of a project, property or company, and thereby plays an important role in its valuation.

## **Earnings per share**

Group net result divided by the average number of shares outstanding for the period.

## **EBIT (Earnings before Interest and Taxes)**

Also referred to as results from operating activities; an indicator of a company's ability to generate earnings from its business operations.

## **EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation)**

Earnings before interest, taxes, depreciation and amortisation of property, plant and equipment and intangible assets, or operating results before depreciation and amortisation of property, plant and equipment and intangible assets; is also used as a simple cash flow parameter.

## **Economic Value Added (EVA®)**

Difference between the yield spread (ROCE less WACC) multiplied by average capital employed; benchmark for the shareholder value created in a company.

## **E-Control (Energie-Control Austria)**

The regulatory authority established by Austrian lawmakers on the basis of the Energy Liberalisation Act to monitor the implementation of the liberalisation process for the Austrian electricity and natural gas markets and to intervene in the marketplace if necessary.

**EEX (European Energy Exchange)**

The largest energy marketplace in continental Europe, headquartered in Leipzig.

**Energy units**

Energy (Wh) = output × time

Kilowatt hour kWh:

1 Watt hour (Wh) × 10<sup>3</sup>

Megawatt hour MWh:

1 Wh × 10<sup>6</sup>

Gigawatt hour GWh:

1 Wh × 10<sup>9</sup>

Natural gas energy content:

1 Nm<sup>3</sup>

1 m<sup>3</sup> natural gas = 11.07 kWh

**EMAS**

European Union directive for environmental management systems.

**Equity ratio**

Equity as a per cent of total capital.

**Ex-dividend day**

The day on which shares are traded without an entitlement to dividends. On this day the dividend is deducted from the price of the respective share.

**Fair value**

The price based on all relevant factors in an efficient market; it forms the basis for transactions between willing and independent partners.

**Forward market**

In contrast to the spot market, the forward or futures market is characterised by a contractually stipulated time lag between the conclusion of a transaction and actual delivery. At the time a contract is concluded, the buyer is not required to have the necessary liquid funds, nor is the seller required to have the purchased goods. The price of the goods is determined at the time the contract is concluded.

**Funds from Operations (FFO)**

Net cash flow from operating activities minus interest expense.

**Gearing**

Ratio of net debt to equity.

**Global Reporting Initiative (GRI)**

Initiative aimed at developing globally applicable guidelines for sustainability reporting to ensure the standardised presentation of companies from an economic, ecological and social point of view.

**Heating degree total**

Parameter showing the temperature-related energy requirements for heating purposes.

**Hedge**

An instrument used to manage or limit financial risk or to avoid or limit losses resulting from negative changes in the market value of interest-, currency- or share-related transactions. A company aiming to "hedge" a particular transaction concludes another transaction linked to the underlying business.

**Interest cover**

Ratio of FFO (funds from operations) to interest expense.

**International Financial Reporting Interpretation Committee/Standard Interpretation Committee (IFRIC, formerly SIC)**

This committee is responsible for interpreting and providing more precise information on the IFRSs issued by the International Accounting Standards Board (IASB).

**International Financial Reporting Standards/International Accounting Standards (IFRS, formerly IAS)**

The designation IAS was changed to IFRS in 2001; the IASs issued prior to that year are still published under the earlier designation. IFRSs/IASs are issued by the International Accounting Standards Board (IASB).

**ISO 14001**

International environmental management standard that defines the globally recognised requirements for related systems.

**Management approach**

Presentation of the management and controlling aspects of a company.

**Net debt**

Net total of interest-bearing assets and liabilities (issued bonds, liabilities to credit institutes and non-current employee-related provisions less loans, securities and liquid funds).

**Net debt coverage**

Ratio of FFO (funds from operations) to interest-bearing net debt.

**Net Operating Profit after Tax (NOPAT)**

Taxable profit before the deduction of financing costs.

**Network loss**

The difference between the electrical current fed into an electricity network and the electrical energy that is actually delivered. Network losses generally arise due to the physical characteristics of the transmission lines.

**Other comprehensive income**

The total of all income not recognised through profit or loss minus expenses for the reporting period that are not recognised through profit or loss.

**PPP project (Public Private Partnership)**

PPP projects involve the construction and financing of plants for public customers; after a predefined period of time, the plant becomes the property of the customer. These projects were previously designated as BOOT projects.

**Primary energy**

Energy obtained from natural sources. In addition to fossil fuels such as natural gas, petroleum, hard and brown coal, primary energy sources also include nuclear fuels like uranium and renewable energy sources like water, sun and wind.

**REALIT**

A by-product from flue gas cleaning which is 100% recycled by EVN.

**Regulatory Asset Base (RAB)**

The interest-bearing capital base equals intangible assets plus property, plant and equipment minus recognised fees for network access and operational readiness (construction subsidies) and any goodwill arising from balance sheet items. Adjustments are made to account for the standardisation of depreciation periods and the release of construction subsidies.

**Renewable electricity**

Electricity that is generated solely from renewable sources like water, wind, biogas, biomass, photovoltaic, geothermal, landfill gas and sewage gas.

**Results from operating activities**

See EBIT.

**Return on Equity (ROE)**

Return on equity is used to evaluate the creation of value by a company on the basis of equity. For calculation purposes, net profit for the period is compared with average equity.

**ROCE (Return on Capital Employed)**

This ratio shows the return on the capital used in a company. For the calculation, net profit for the period and interest expense less tax effects are compared with average capital employed. In order to consistently show the development of the value contribution, operating ROCE (OpROCE) is adjusted for impairment losses, one-off effects and the market value of the investment in Verbund AG.

**Sector contractor**

The Austrian Federal Procurement Act of 1 February 2006 defines sector contractors as companies which provide supplies to the general public in the areas of natural gas, heat, water, transportation, postal services and power generation.

**Smart meter/metering**

An electricity meter with an additional function that allows the utility company to read the meter offsite with an online system.

**Spot market/spot trading**

General designation for markets in which delivery, acceptance of the goods and payment (clearing) are carried out immediately after the conclusion of the business transaction.

**Syndicated credit line**

A binding commitment by a banking consortium to provide a line of credit which a company can draw upon in varying amounts, terms and currencies.

**Thermal waste utilisation**

The controlled industrial burning of waste at temperatures exceeding 1,000 °Celsius, which leads to the destruction or reduction of harmful substances. At the same time, the energy contained in the waste materials is released and used for electricity generation or district heating.

**Total shareholder return**

Benchmark for measuring the value development of a stock over a certain period of time; includes dividends and the increase in the share price.

**UN Global Compact**

An initiative launched by the United Nations to support ecological and economic interests in the areas of human rights, work, the environment and corruption.

**Value at Risk (VaR)**

Process to calculate the potential loss arising from changes in the price of a specific trading position based on a certain assumed level of probability.

**Weighted Average Cost of Capital (WACC)**

This indicator has two components – the cost of debt and the cost of equity – which are weighted according to their share in total capital. The cost of debt equals the actual, average credit interest adjusted for tax effects, while the cost of equity equals the return on a risk-free investment plus a risk mark-up that is calculated individually for every company.

**Wind-to-hydrogen**

Electricity that is generated in wind power plants is converted into hydrogen and then fed into the natural gas network.

# GRI Content Index

The GRI Content Index forms the underlying structure for EVN's Full Report 2018/19. It shows – according to the requirements of the Global Reporting Initiative (option “core”) – where in this report general disclosures and topic-specific disclosures are reported based on **materiality criteria**. The GRI Content Index also includes additional company-specific indicators which were labelled accordingly.

○ For the GRI Content Index, also see [www.evn.at/GRI-Content-Index](http://www.evn.at/GRI-Content-Index)

△ GRI indicator: GRI 102-55

GRI standard	Disclosure	Reference to report page and online information or omission
<b>General disclosures</b>		
<b>GRI 102: General disclosures 2016</b>		
<b>Organisational profile</b>		
102-1	Name of the organisation	EVN AG as the parent company of the EVN Group (EVN)
102-2	Activities, brands, products, and services	6f. No products are offered that are prohibited in EVN's main markets.
102-3	Location of headquarters	2344 Maria Enzersdorf, Austria
102-4	Location of operations	7. The company's main operating locations are Austria, Bulgaria, North Macedonia and Germany.
102-5	Ownership and legal form	25. Legal form: listed stock corporation
102-6	Markets served	7
102-7	Scale of the organisation	Cover, 8f. As of 30 September 2019, EVN AG, as the parent company, and 61 subsidiaries were included through full consolidation in the consolidated financial statements.
102-8	Information on employees and other workers	63, 68. d. Not applicable: The number of leased personnel represents 2.2% of the total workforce, whereby their representation in our overall business activities is immaterial in relation to EVN's employees. e. No significant seasonal changes in the number of employees. f. Employee-related data represent actual amounts (no underlying assumptions) and are taken from the human resources department's IT system.
102-9	Supply chain	74
102-10	Significant changes to the organisation and its supply chain	No material changes in the organisation or supply chain.
102-11	Precautionary principle or approach	41
102-12	External initiatives	79
102-13	Membership of associations	79

GRI standard	Disclosure	Reference to report page and online information or omission
<b>Strategy</b>		
102-14	Statement from senior decision-maker	Editorial, 15ff
102-15 <sup>1)</sup>	Key impacts, risks, and opportunities	21ff, 48f
<b>Ethics and integrity</b>		
102-16	Values, principles, standards, and norms of behaviour	60f
102-17 <sup>1)</sup>	Mechanisms for advice and concerns about ethics	61f
<b>Governance</b>		
102-18	Governance structure	20
102-19 <sup>1)</sup>	Delegating authority	20
102-20 <sup>1)</sup>	Executive-level responsibility for economic, environmental, and social topics	20
102-21 <sup>1)</sup>	Consulting stakeholders on economic, environmental, and social topics	16f, 20, 78f
102-22 <sup>1)</sup>	Composition of the highest governance body and its committees	93ff (Corporate governance report)
102-23 <sup>1)</sup>	Chair of the highest governance body	93ff (Corporate governance report)
102-24 <sup>1)</sup>	Nominating and selecting the highest governance body	93ff (Corporate governance report)
102-25 <sup>1)</sup>	Conflicts of interest	93ff (Corporate governance report)
102-26 <sup>1)</sup>	Role of highest governance body in setting purpose, values, and strategy	20
102-27 <sup>1)</sup>	Collective knowledge of highest governance body	20. The report by the Executive Board and the discussions of the other points on the agenda at the Supervisory Board meetings also regularly covered the economic, ecological and social aspects of the respective issues. In addition, a closed conference by the Supervisory Board provided the framework for extensive discussions on the Austrian climate and energy strategy from EVN's perspective.
102-29 <sup>1)</sup>	Identifying and managing economic, environmental, and social impacts	16f
102-30 <sup>1)</sup>	Effectiveness of risk management processes	118ff (Risk management report)
102-31 <sup>1)</sup>	Review of economic, environmental, and social topics	15ff, 46, 91f (Report of the Supervisory Board). Annual review of the non-financial report by the Supervisory Board in accordance with the Austrian Sustainability and Diversity Improvement Act.
102-32 <sup>1)</sup>	Highest governance body's role in sustainability reporting	Members of the Executive Board
102-33 <sup>1)</sup>	Communicating critical concerns	118ff (Risk management report)
102-34 <sup>1)</sup>	Nature and total number of critical concerns	No critical concerns
102-36 <sup>1)</sup>	Process for determining remuneration	95 (Corporate governance report)
102-37 <sup>1)</sup>	Stakeholders' involvement in remuneration	In the 2018/19 financial year, there was no involvement of stakeholders in EVN's remuneration policy.
<b>Stakeholder engagement</b>		
102-40	List of stakeholder groups	16
102-41	Collective bargaining agreements	68ff
102-42	Identifying and selecting stakeholders	16
102-43	Approach to stakeholder engagement	16f, 78
102-44	Key topics and concerns raised	16f



GRI standard	Disclosure	Reference to report page and online information or omission
<b>Reporting practice</b>		
102-45	Entities included in the consolidated financial statements	151f (Notes). The non-financial report covers the fully consolidated companies included in EVN's scope of consolidation, which required reporting as of 30.09.2019 based on the consolidation principles. Calculations on the material topic of the "environment and climate" additionally include, in particular, the Walsum 10 hard coal-fired power plant. The prior year data on the "environment and climate" were adjusted to reflect the inclusion of the thermal waste treatment plant in Moscow.
102-46	Defining report content and topic boundaries	4f
102-47	List of material topics	16f
102-48	Restatements of information	There were no major changes in the scope of the report compared with the previous year (EVN Full Report 2017/18). The prior year data on GHG emissions, work accidents and compliance training were adjusted retroactively due to a change in the respective calculation method.
102-49	Changes in reporting	About this report. No major changes.
102-50	Reporting period	The reporting period covers the financial year from 01.10.2018 to 30.09.2019.
102-51	Date of most recent report	EVN Full Report 2017/18, published on 12.12.2018.
102-52	Reporting cycle	Annual reporting
102-53	Contact point for questions regarding the report	Imprint. Investor relations: investor.relations@evn.at Sustainability: nachhaltigkeit@evn.at
102-54	Claims of reporting in accordance with the GRI standards	About this report. This report was prepared in agreement with the GRI standards, option "core".
102-55	GRI Content Index	230
102-56	External assurance	88f. External review of the non-financial report by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

GRI standard	Disclosure	Reference to report page and online information or omission
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## Material topics

### Supply security

#### GRI 103: Management approach 2016

103-1	Explanation of the material topic and its boundary	28ff
103-2	The management approach and its components	28ff
103-3	Evaluation of the management approach	28ff

#### Company-specific supplementary indicators

EU2 <sup>1)</sup>	Energy generation by primary energy source	35
EU12 <sup>1)</sup>	Efficiency of long-distance lines and distribution networks	34
EU26 <sup>1)</sup>	Population in sales area without electricity supply	Full coverage of basic energy supply for the populations can be assumed in all countries where EVN is the electricity supplier.
EU28, EU29 <sup>1)</sup>	Frequency and duration of a power failure	35
EU30 <sup>1)</sup>	Average availability of power plants	35

## Customer satisfaction

#### GRI 103: Management approach 2016

103-1	Explanation of the material topic and its boundary	36ff
103-2	The management approach and its components	36ff
103-3	Evaluation of the management approach	36ff

#### GRI 203: Indirect economic impacts 2016

203-1	Infrastructure investments and services supported	114f (Management report). All infrastructure investments are commercial in nature.
203-2 <sup>1)</sup>	Significant indirect economic impacts	40

#### GRI 416: Customer health and safety 2016

416-1	Assessment of the health and safety impacts of product and service categories	41
416-2 <sup>1)</sup>	Incidents of non-compliance concerning the health and safety impacts of products and services	No relevant incidents

#### GRI 417: Marketing and labelling 2016

417-1	Requirements for product and service information and labelling	41
417-2 <sup>1)</sup>	Incidents of non-compliance concerning product and service information and labelling	No relevant incidents
417-3 <sup>1)</sup>	Incidents of non-compliance concerning marketing communications	No relevant incidents

#### GRI 418: Customer privacy 2016

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	43
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GRI standard	Disclosure	Reference to report page and online information or omission
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## Sustainable increase in corporate value

### GRI 103: Management approach 2016

103-1	Explanation of the material topic and its boundary	12ff, 25ff
103-2	The management approach and its components	12ff, 25ff
103-3	Evaluation of the management approach	12ff, 25ff

### GRI 201: Economic performance 2016

201-1	Direct economic value generated and distributed	81
201-3 <sup>1)</sup>	Defined benefit plan obligations and other retirement plans	72. b., i., ii., iii. Not applicable: As a supplement to entitlements arising from statutory pension insurance, EVN employees can participate in an umbrella pension fund which is independent of the EVN Group.

## Responsible management

### GRI 103: Management approach 2016

103-1	Explanation of the material topic and its boundary	58ff
103-2	The management approach and its components	58ff
103-3	Evaluation of the management approach	58ff

### GRI 202: Market presence 2016

202-1	Ratios of standard entry level wage by gender compared to local minimum wage	63. Not applicable: The salary/wage structure of more than 90% of our employees is based on the collective agreements applicable to the main business locations (Austria, Bulgaria, North Macedonia and Germany).
202-2 <sup>1)</sup>	Proportion of senior management hired from the local community	63. Austria, Bulgaria and North Macedonia are the main locations of the EVN Group. Employees from these countries are designated as "local". Management: All members of the management of fully consolidated companies (Executive Board, managing directors, authorised officers etc.), including investments which are immaterial but controlled.

### GRI 205: Anti-corruption 2016

205-1	Operations assessed for risks related to corruption	60f. 100% of the business locations were evaluated as part of the Group-wide risk inventory.
205-2 <sup>1)</sup>	Communication and training about anti-corruption policies and procedures	62. Not applicable: There is no further breakdown of salaried employees by category because this information is not relevant for EVN's management and human resources development policies.
205-3 <sup>1)</sup>	Confirmed incidents of corruption and actions taken	61

GRI standard	Disclosure	Reference to report page and online information or omission
<b>GRI 206: Anti-competitive behaviour 2016</b>		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Four lawsuits concerning anti-competitive behaviour which identified the company as a participant were pending during 2018/19. In Bulgaria, the appeal filed by EP Yug and EVN Bulgaria EC with the administrative supreme court concerning a EUR 1.9m fine is still open. This fine was levied by the Bulgarian competition commission (CPC) in December 2017, based on allegations from 2013 that these two companies had provided inadequate support or hindered the registration process on the free market and customers' efforts to change suppliers. The proceedings opened by CPC in 2016 over similar allegations against EP Yug and EVN Bulgaria EC are also still pending.
<b>GRI 401: Employment 2016</b>		
401-1 <sup>1)</sup>	New employee hires and employee turnover	63, 65
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	72
401-3 <sup>1)</sup>	Parental leave	66
<b>GRI 402: Labour/Management relations 2016</b>		
402-1	Minimum notice periods regarding operational changes	There are no minimum notice periods under Austrian law or company agreements.
<b>GRI 403: Occupational health and safety 2018</b>		
403-1	Occupational health and safety management system	66f
403-2	Hazard identification, risk assessment, and incident investigation	66f, 68
403-3	Occupational health services	68
403-4	Worker participation, consultation, and communication on occupational health and safety	66f
403-5	Worker training on occupational health and safety	66f
403-6	Promotion of worker health	66f, 68
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Not applicable: No safety or health risks are directly linked to business relationships with EVN.
403-9	Work-related injuries	67. b. Not applicable: Leased personnel are included in the statistics on occupational safety and health protection, but they do not represent a significant part of the total workforce (2.2%); a separate analysis is therefore not provided. See GRI 102-8. f. The data collection covers all subsidiaries with a total workforce of more than 10 employees (incl. leased personnel).
<b>GRI 404: Training and education 2016</b>		
404-2	Programmes for upgrading employee skills and transition assistance programmes	71
404-3 <sup>1)</sup>	Percentage of employees receiving regular performance and career development reviews	64. Not applicable: There is no further breakdown of salaried employees by category because this information is not relevant for EVN's management and human resources development policies.

GRI standard	Disclosure	Reference to report page and online information or omission
<b>GRI 405: Diversity and equal opportunity 2016</b>		
405-1	Diversity of governance bodies and employees	63ff, 68. a., ii.: Age distribution of the Executive and Supervisory Boards: < 30 years: 0% 30 – 50 years: 23.5% > 50 years: 76.5% a. and b., iii.: Not applicable: No further diversity characteristics. b.: Not applicable: There is no further breakdown of salaried employees by category because this information is not relevant for EVN's management and human resources development policies.
<b>GRI 406: Non-discrimination 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	62
<b>GRI 407: Freedom of association and collective bargaining 2016</b>		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	For EVN and its subsidiaries at all locations, the right to the freedom of association and collective bargaining represents a central aspect in the implementation of the Universal Declaration of Human Rights and the core labour standards of the International Labour Organisation (ILO).
<b>GRI 410: Security practices 2016</b>		
410-1	Security personnel trained in human rights policies or procedures	Not applicable: Security personnel are generally employed by third-party firms. These firms are required by contract to comply with the integrity clause and, in particular, with human rights policies. Internal security personnel receive training (including the observance of human rights) as part of their introduction to compliance issues.
<b>GRI 412: Human rights assessment 2016</b>		
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	EVN defines significant investment agreements as individual new projects with a total investment amount >EUR 50m which are realised in countries with a less developed understanding of human rights issues. There were no such cases during the reporting period.
<b>GRI 415: Public policy 2016</b>		
415-1	Political contributions	Internal guidelines prohibit contributions to political parties and related organisations.
<b>GRI 419: Socioeconomic compliance 2016</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	No relevant incidents

GRI standard	Disclosure	Reference to report page and online information or omission
<b>Environmental and climate protection</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its boundary	44ff
103-2	The management approach and its components	44ff
103-3	Evaluation of the management approach	44ff
<b>GRI 301: Materials 2016</b>		
301-1	Materials used by weight or volume	53
301-2 <sup>1)</sup>	Recycled input materials used	Not applicable: EVN generally does not use recycled input materials. However, the company supports, for example, the use of recycled building materials.
301-3 <sup>1)</sup>	Reclaimed products and their packaging materials	Not applicable due to the company's business activities.
<b>GRI 302: Energy 2016</b>		
302-1 <sup>1)</sup>	Energy consumption within the organisation	52. b. iv.: Not applicable: No steam purchases. d.: See GRI EU2, page 35. g.: Not applicable: The emission factors and heating values from the national greenhouse gas inventory are used for natural gas and heating oil. No further conversion factors. Data on energy consumption is provided in MWh.
302-2 <sup>1)</sup>	Energy consumption outside of the organisation	52. b. Calculation method: Network sales volumes (adjusted for own generation) + natural gas sales c. Not applicable: No conversion factors were used. Data on energy consumption is provided in MWh.
302-3 <sup>1)</sup>	Energy intensity	52
302-4 <sup>1)</sup>	Reduction of energy consumption	52
302-5	Reductions in energy requirements of products and services	52. Calculation method: 0.6% of the respective previous year's energy sales volume
<b>GRI 303: Water and effluents 2018</b>		
303-1	Interactions with water as a shared resource	54
303-2	Management of water discharge-related impacts	54f
303-3 <sup>1)</sup>	Water withdrawal	55
303-4 <sup>1)</sup>	Water discharge	No water discharge limits were exceeded. Limits, analysis requirements and the type of priority substances as defined in the Emission Register-Directive for Surface Water, the Wastewater Emission Directive and the Contaminant Release and Transfer Register. Water discharge consists primarily of cooling water which includes no priority substances.
303-5 <sup>1)</sup>	Water consumption	55

GRI standard	Disclosure	Reference to report page and online information or omission
<b>GRI 304: Biodiversity 2016</b>		
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	57
<b>GRI 305: Emissions 2016</b>		
305-1	Direct (Scope 1) GHG emissions	51. Global Warming Potential (GWP) for CO <sub>2</sub> = 1; GWP for methane = 28. Source of emission factors: Coal – emission and oxidation factor from analysis by external, accredited testing institute based on EU-ETS; natural gas – current national greenhouse gas inventory by the respective country with primary energy consumption (Austria, Bulgaria, Germany) and oxidation factor based on EU-ETS; fuel (diesel, gasoline, natural gas) – Federal Environmental Agency
305-2 <sup>1)</sup>	Energy indirect (Scope 2) GHG emissions	51. Global Warming Potential (GWP) for CO <sub>2</sub> = 1. Source of emission factors: EVN's supply mix – annual calculation and review of previous calendar year; residual mix (Bulgaria, North Macedonia) – data from "Reliable Disclosure Systems for Europe" (Re-DISS); ENTSO-E – factors as defined by ENTSO-E "European Network of Transmission System Operators for Electricity"; own generation factor
305-3 <sup>1)</sup>	Other indirect (Scope 3) GHG emissions	51. Global Warming Potential (GWP) for CO <sub>2</sub> = 1. Source of emission factors: EVN's supply mix – annual calculation and review of previous calendar year; residual mix (Bulgaria, North Macedonia) – data from "Reliable Disclosure Systems for Europe" (Re-DISS); ENTSO-E – factors as defined by ENTSO-E "European Network of Transmission System Operators for Electricity"; natural gas – emission factors from the current national greenhouse gas inventory
305-4 <sup>1)</sup>	GHG emissions intensity	51
305-5 <sup>1)</sup>	Reduction of GHG emissions	50. Calculation method: CO <sub>2</sub> savings [t CO <sub>2</sub> e p. a.] = assumed annual generation volume [GWh] x CO <sub>2</sub> emission factor per GWh of fossil primary energy carrier (country-specific)
305-6 <sup>1)</sup>	Emissions of ozone-depleting substances (ODS)	Not applicable: All EVN plants are closed units.
305-7 <sup>1)</sup>	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	50. No relevant emissions of persistent organic pollutants (POP), volatile organic compounds (VOC), hazardous air pollutants (HAP); no other relevant categories; b. Not applicable: No emission factors included: emission volumes as recorded in EVN's plant measurement systems; continuous measurement of freight in accordance with emission measurement directive and regular individual measurements based on applicable laws and directives, freight calculations via flue gas volumes

GRI standard	Disclosure	Reference to report page and online information or omission
<b>GRI 306: Effluents and waste 2016</b>		
306-1	Water discharge by quality and destination	This indicator is covered by GRI 303-4 (GRI 303: Water and effluents 2018).
306-3 <sup>1)</sup>	Significant spills	56
306-4 <sup>1)</sup>	Transport of hazardous waste	56
306-5 <sup>1)</sup>	Water bodies affected by water discharges and/or runoff	55
<b>GRI 307: Environmental compliance 2016</b>		
307-1	Non-compliance with environmental laws and regulations	No incidents
<b>Company-specific supplementary indicators</b>		
EU5 <sup>1)</sup>	CO <sub>2</sub> emission certificates	49

## Stakeholder involvement

<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its boundary	15ff, 78ff
103-2	The management approach and its components	15ff, 78ff
103-3	Evaluation of the management approach	15ff, 78ff
<b>GRI 413: Local communities 2016</b>		
413-1	Operations with local community engagement, impact assessments and development programmes	16f, 46, 70f, 79. a., i.: There are no formal social impact assessments. Social aspects are regularly included in project development as part of our project-related stakeholder dialogue. a., iv.: There is no formal programme to support community development. a., vi.: 100% of projects with relevance for the general public or neighbouring residents are covered by a project-related stakeholder dialogue. a., viii.: There is no formal grievance process for local communities. Direct contact with the responsible project manager or over the EVN service telephone or via email (info@evn.at) is possible for all projects.



GRI standard	Disclosure	Reference to report page and online information or omission
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## Supply chain responsibility

### GRI 103: Management approach 2016

103-1	Explanation of the material topic and its boundary	74f
103-2	The management approach and its components	74f
103-3	Evaluation of the management approach	74f

### GRI 204: Procurement practices 2016

204-1	Proportion of spending on local suppliers	75. Austria, Bulgaria and North Macedonia are the main locations of the EVN Group. Suppliers from these countries are designated as "local".
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### GRI 308: Supplier environmental assessment 2016

308-1	New suppliers that were screened using environmental criteria	No information available: This information does not have the necessary quality for disclosure. Appropriate data collection is planned for the report which will cover the 2020/21 financial year.
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### GRI 414: Supplier social assessment 2016

414-1	New suppliers that were screened using social criteria	No information available: This information does not have the necessary quality for disclosure. Appropriate data collection is planned for the report which will cover the 2020/21 financial year.
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1) Performance indicator reported in addition to the "core" option

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# Contact

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### Information on the internet

[www.evn.at](http://www.evn.at)  
[www.investor.evn.at](http://www.investor.evn.at)  
[www.responsibility.evn.at](http://www.responsibility.evn.at)

### Online report

EVN online Full Report 2018/19  
[www.investor.evn.at/gb/gb2019](http://www.investor.evn.at/gb/gb2019)

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### Financial calendar 2019/20<sup>1)</sup>

Record date Annual General Meeting	06.01.2020	Results Q. 1 2019/20	27.02.2020
91 <sup>st</sup> Annual General Meeting	16.01.2020	Results HY. 1 2019/20	28.05.2020
Ex-dividend day	22.01.2020	Results Q. 1–3 2019/20	27.08.2020
Record date	23.01.2020	Annual results 2019/20	16.12.2020
Dividend payment day	24.01.2020		

1) Preliminary

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### Basic information<sup>1)</sup>

Share capital	EUR 330,000,000.00
Denomination	179,878,402 shares
Identification Number (ISIN)	AT0000741053
Tickers	EVNV.VI (Reuters); EVN AV (Bloomberg); AT; EVN (Dow Jones); EVNVY (ADR)
Stock exchange listing	Vienna
ADR programme; depository	Sponsored Level I ADR programme (5 ADR = 1 share); The Bank of New York Mellon
Ratings	A1, stable (Moody's); A, stable (Standard & Poor's)

1) As of 30 September 2019

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