# EVN conference call HY. 1 2018/19 results

29 May 2019

# Highlights HY. 1 2018/19

- Development in line with expectations; full-year guidance confirmed
  - Higher procurement costs and valuation of hedges weigh on supply business
  - New regulatory periods with lower WACC for Austrian distribution networks
  - Decline in reserve capacity contracts (430 MW vs. 1,090 MW in 2017/18)
- Wind generation benefits from increased capacity and favourable wind conditions
- Price increases for electricity and natural gas for household customers (as of 1 June 2019)

⇨ Highlights continued on next page

# Highlights HY. 1 2018/19 – continued

EVN

→ Developments in South East Europe

- Bulgaria: Following out-of-court settlement with positive one-off in 2016/17, ICSID-case terminated in April 2019 without further compensation for claims
- North Macedonia: License for "supplier of universal service" (as of 1 July 2019)
- Croatia: Two concessions for natural gas activities extended to 50 years

→ Successes in international project business

- Four new general contractor assignments in Poland and Lithuania with total contract value ~EUR 65m

→ Rating upgrades from both agencies

- S&P: from A- to A, stable outlook
- Moody's: from A2 to A1, stable outlook

# Key financials HY. 1 2018/19

| | HY. 1 2018/19<br>EURm | +/–<br>% |
|---|---|---|
| **Revenue** | 1,246.1 | -0.2 |
| **EBITDA** | 330.3 | -29.9 |
| Depreciation and amortisation | -133.2 | -2.5 |
| Effects from impairment tests | 1.0 | – |
| **EBIT** | 198.1 | -41.8 |
| Financial results | -23.1 | 7.9 |
| **Group net result** | 129.0 | -43.8 |

| | | |
|---|---|---|
| Net cash flow from operating activities | 107.1 | -57.8 |
| Investments[1)] | 134.5 | -1.2 |
| Net debt | 1,041.3 | -7.7 |

| | % | |
|---|---|---|
| Equity ratio[2)] | 55.2 | 4.5 |

→ **Different developments in revenue**

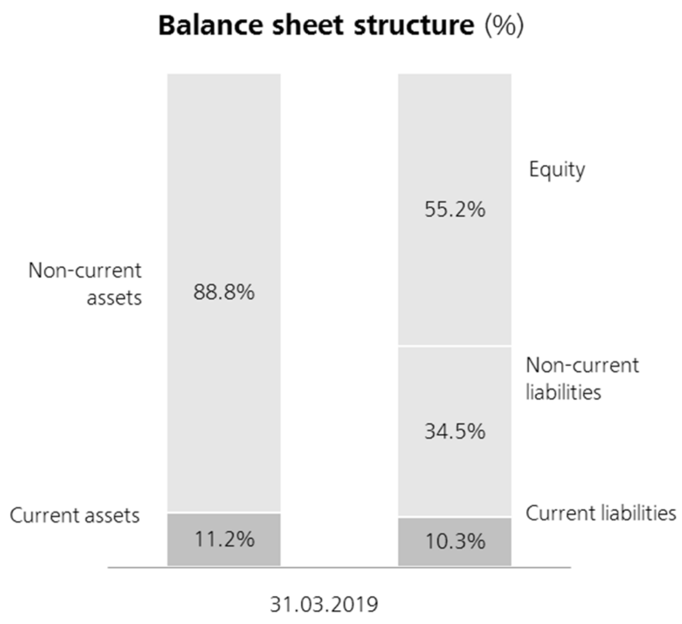
- Increase in renewable generation and heat sales
- Price- and volume-related decline in the Networks Segment

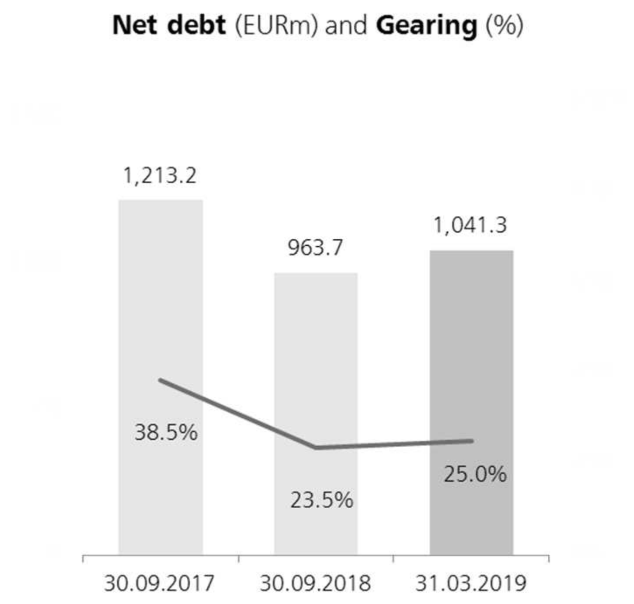
→ **Decline in EBITDA, EBIT and Group net result**

- Negative earnings contribution from EVN KG (higher procurement costs and valuation of hedges)

1) In intangible assets and property, plant and equipment
2) Changes reported in percentage points

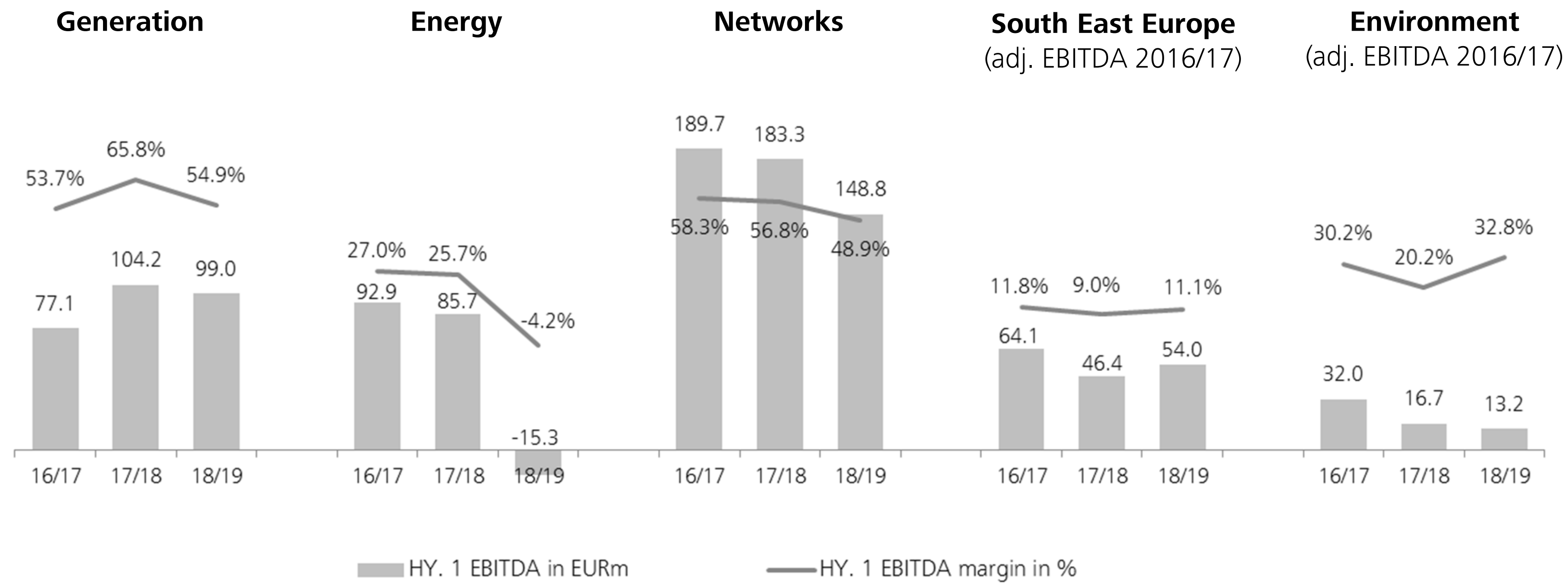
# Solid balance sheet structure




- Net debt now fluctuates around EUR 1bn after substantial deleveraging over the past years
- Gearing increased from 23.5% to 25.0%

# EBITDA development by segments




**Generation**

- → Increase in renewable generation
- → Decline in reserve capacity contracts
- → Reassignment of the thermal waste utilisation plant to this Segment in Q. 4 2017/18

**Energy**

- → Higher electricity sales volumes
- → Weather-related decline in natural gas and heat sales volumes
- → Negative impact from supply business (EVN KG)

**Networks**

- → Negative volume and price effects
- → Higher upstream network costs

**South East Europe**

- → Increase in network and energy sales volumes
- → Lower write-offs of receivables

**Environment**

- → Volume in international projects below previous year
- → Reassignment of the thermal waste utilisation plant to the Generation Segment in Q. 4 2017/18

# Generation

| Electricity generation volumes | HY. 1 2018/19 GWh | +/– % |
|---|---|---|
| Total | 2,550 | -13.2 |
| Renewable energy sources | 991 | 4.5 |
| Thermal energy sources | 1,560 | -21.7 |

| Financial performance | HY. 1 2018/19 EURm | +/– % |
|---|---|---|
| Revenue | 180.3 | 13.9 |
| EBITDA | 99.0 | -4.9 |
| EBIT | 67.7 | -15.8 |

The thermal waste utilisation plant in Zwentendorf/Dürnrohr that was previously held in the Environment Segment was assigned to the Generation Segment beginning with Q. 4 2017/18

→ **Decline in electricity generation**

- Y-o-y increase in wind generation; good hydrology but below even better previous year
- 430 MW contractual reserve capacity for network stabilisation (last year: 1,090 MW)

→ **Higher revenue y-o-y**

- Renewable generation benefits from increase in electricity prices

→ **Decline in EBITDA and EBIT**

- Increase in primary energy expenses

# Energy

| Sales volumes to end customers | HY. 1 2018/19 GWh | +/– % |
|---|---:|---:|
| Electricity | 4,099 | 9.4 |
| Natural gas | 3,944 | -9.6 |
| Heat | 1,394 | -4.0 |

| Financial performance | HY. 1 2018/19 EURm | +/– % |
|---|---:|---:|
| Revenue | 360.5 | 7.9 |
| EBITDA | -15.3 | – |
| EBIT | -25.0 | – |

→ **Different development of energy sales volumes**

- Higher electricity sales volumes
- Weather-related decline in natural gas and heat sales volumes

→ **EBITDA and EBIT below previous year**

- Sales activities in EVN KG (at equity consolidated with operational nature) suffered from valuation of hedges and higher procurement costs

# Networks

| Network distribution volumes | HY. 1 2018/19 GWh | +/– % |
|---|---|---|
| Electricity | 4,545 | -1.4 |
| Natural gas[1)] | 10,567 | -14.2 |

| Financial performance | HY. 1 2018/19 EURm | +/– % |
|---|---|---|
| Revenue | 304.6 | -5.6 |
| EBITDA | 148.8 | -18.8 |
| EBIT | 87.4 | -29.4 |

1) Including network sales to EVN's power stations

→ **Decline in network distribution volumes**

- Slight decline in electricity
- Natural gas affected by reduced use of natural gas-fired power plants and higher temperatures

→ **Tariff reductions in 2019**

- New regulatory periods provide for lower WACC

→ **Revenue below previous year**

- Negative volume and price effects

→ **EBITDA and EBIT declined y-o-y**

- Higher upstream network costs

# South East Europe

| Key energy business indicators | HY. 1 2018/19 GWh | +/– % |
| --- | --- | --- |
| Electricity generation volumes | 240 | 25.8 |
| Network distribution volumes | 7,752 | 0.4 |
| Electricity sales volumes | 6,611 | 3.2 |
| Heat sales volumes | 175 | -1.6 |

| Financial performance | HY. 1 2018/19 EURm | +/– % |
| --- | --- | --- |
| Revenue | 487.2 | -5.2 |
| EBITDA | 54.0 | 16.3 |
| EBIT | 24.3 | 60.3 |

→ **Income-neutral change of calculation method for “green electricity mark-up”**
  – Corresponding decrease in revenue and procurement costs

→ **Higher network and energy sales volumes**

→ **Improvement in EBITDA and EBIT**
  – Lower write-offs of receivables

# Environment

| Financial performance | HY. 1 2018/19 EURm | +/– % |
|---|---|---|
| Revenue | 40.2 | -51.4 |
| EBITDA | 13.2 | -20.6 |
| EBIT | 7.5 | 46.9 |
| Financial results | -2.6 | – |
| Result before income tax | 4.9 | 2.7 |

The thermal waste utilisation plant in Zwentendorf/Dürnrohr that was previously held in the Environment Segment was assigned to the Generation Segment beginning with Q. 4 2017/18

→ **Decline in revenue**

– Less dynamic development of international project business

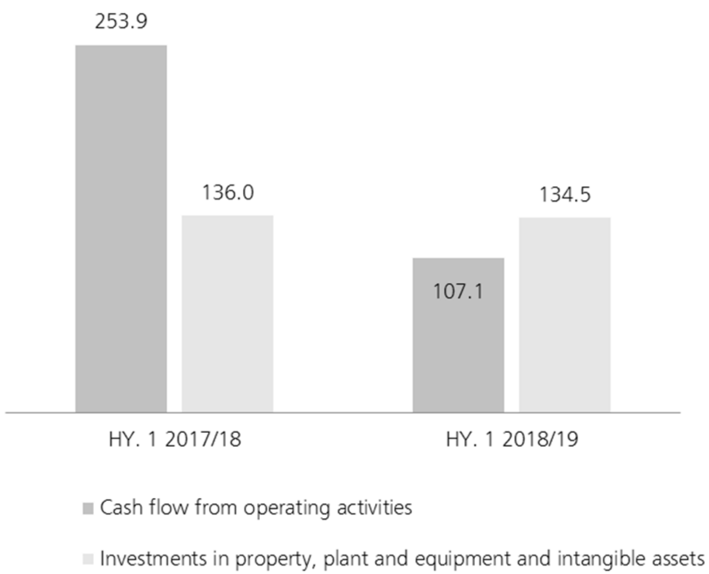
→ **EBITDA below and EBIT above prior year**

– Positive impact from wastewater project in Zagreb

# Cash flows

| | HY. 1 2018/19 EURm | +/– in % |
|---|---|---|
| Gross cash flow | 389.2 | -11.2 |
| Net cash flow from operating activities | 107.1 | -57.8 |
| Net cash flow from investing activities | 4.4 | – |
| Net cash flow from financing activities | -156.4 | -32.2 |
| Net change in cash and cash equivalents | -44.9 | 26.5 |

**Cash flow from operating activities and investments** (EURm)




→ **CF from operating activities**

– Changes in working capital

→ **CF from investing activities**

– Reduction of investments in cash funds and in securities in R 138 fund

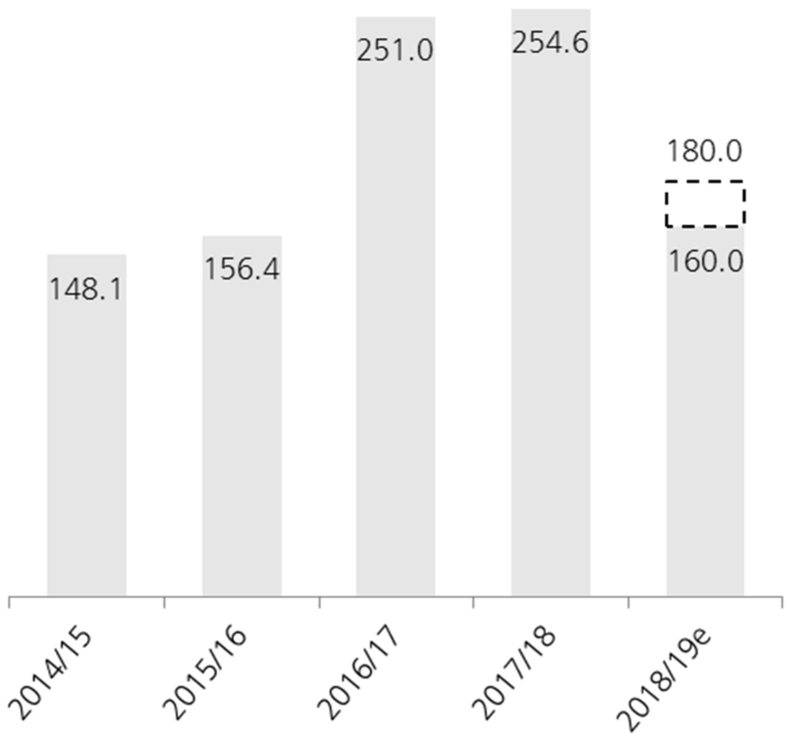
– Y-o-y increase of net investments with a focus on regulated and stable activities

→ **CF from financing activities**

– Dividend payment for FY 2017/18 and scheduled repayment of financial liabilities

# Outlook for 2018/19 confirmed

→ Development of Group net result




→ Group net result for 2017/18 positively influenced by valuation of hedges

→ Expected Group net result for 2018/19 in the range of EUR 160m to EUR 180m

→ Factors that could influence the Group net result include

– Future regulatory background in South East Europe

– Progress on activities in Moscow

# Contact details

→ Stefan Szyszkowitz, CEO

→ IR contact partners:
- Gerald Reidinger
- Matthias Neumüller
- Doris Lohwasser

→ IR contact details
- E-mail: investor.relations@evn.at
- Phone: +43 2236 200-12128
- Phone: +43 2236 200-12473

→ Information on the internet
- www.evn.at
- www.investor.evn.at
- www.responsibility.evn.at

→ Headquarters of EVN AG
- EVN Platz
  2344 Maria Enzersdorf

# Disclaimer

Certain statements made in this presentation may constitute „Forward-Looking Statements" within the meaning of the U.S. federal securities law. Forward-looking information is subject to various known and unknown risks and uncertainties. These include statements concerning our expectations and other statements that are not historical facts.

The Company believes any such statements are based on reasonable assumptions and reflect the judgement of EVN's management based on factors currently known by it.

No assurance can be given that these forward-looking statements will prove accurate and correct, or that anticipated, projected future results will be achieved.

For additional information regarding risks, investors are referred to EVN's latest Annual report.