# EVN – energy company and environmental services provider

September 2019


RELIABLE SUPPLIES
EVN
Energy. Water. Life.

# Agenda

# Integrated business model as basis for our value chain

**Generation**
Thermal (1,771 MW)
Renewable (691 MW)[1)]

**Storage**
Natural gas

**Networks**
Electricity (142,106 km)
Natural gas (14,012 km)
Heat (876 km)

**Trade and supply**
Electricity
Natural gas
Heat

**Customers**[2)]
Electricity (3.4m)
Natural gas (0.3m)
Heating (0.1m)
Drinking water (0.6m)

**Environment**
Drinking water supply
Wastewater treatment
Thermal waste utilisation

[1)] Thereof 336 MW wind power (as of 31 March 2019)

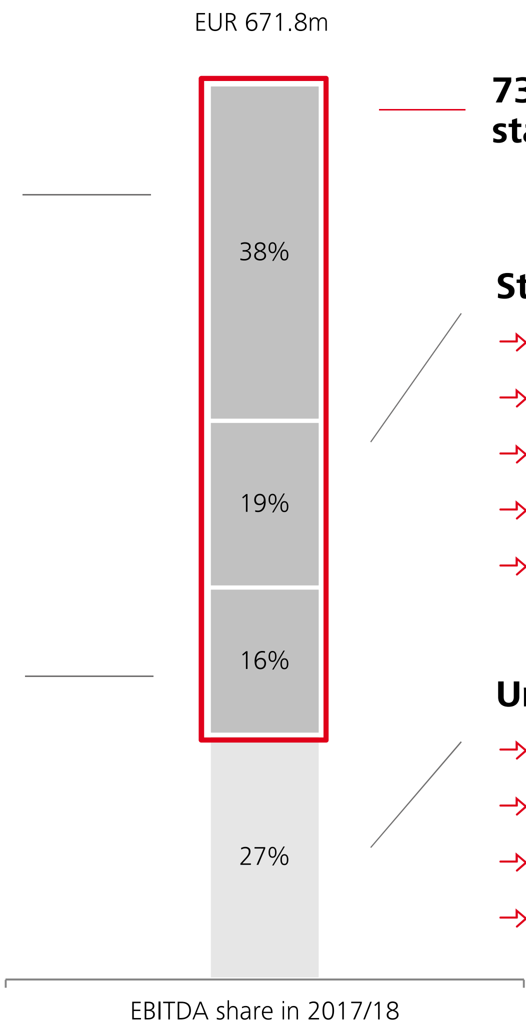
[2)] Number of customers in brackets

## → Foreign markets in the energy business

- Bulgaria: Electricity distribution networks, electricity supply, generation and heat
- North Macedonia: Electricity distribution networks, electricity supply and generation
- Selected activities in Germany, Croatia and Albania

# High share of regulated and stable business

**73% of EBITDA from regulated and stable business** (in FY 2017/18)




**Regulated business in Lower Austria**
- Electricity distribution networks
- Natural gas distribution networks
- Wind generation

**Regulated business in SEE**
- Electricity distribution networks
- Electricity supply
- Heat

**Stable business in Lower Austria**
- Water supply (2.3%)
- Heat (5.9%)
- Waste incineration (4.0%)
- Cable TV and telecommunication (4.6%)
- Earnings contribution from Burgenland Holding (1.7%)

**Unregulated business**
- Generation
- Energy trade and supply
- International environmental projects
- Storage of natural gas as well as E&P of oil and natural gas

# Sustaining high share of stable income from regulated network business

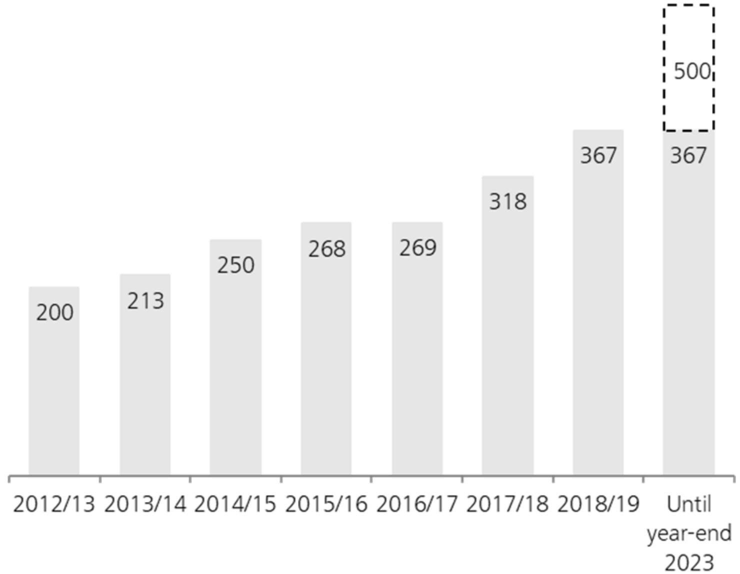
- Investments in electricity networks
  - New construction or expansion of transformer stations
  - Expansion of 110 kV power lines
  - Smart meter
- Investments in gas networks
  - Replacement of PVC gas pipelines
- Ø future RAB growth 3-4% p.a.

# Regulated business in Austria

| Network | Electricity | Natural gas | Comments |
|---|---|---|---|
| Regulatory authority | E-Control GmbH | E-Control GmbH | |
| Start of the regulatory period | 01.01.2019 | 01.01.2018 | |
| Next regulatory adjustment | 01.01.2024 | 01.01.2023 | Adjustment of WACC and productivity factors |
| Duration of the regulatory period | 5 years | 5 years | |
| Regulatory method | Revenue caps | Revenue caps | |
| RAB (EURm) | Annually adjusted | Annually adjusted | Annual investments are added to the RAB in the following year |
| WACC (pre-tax, nominal) | – New RAB (as of 2019): 5.20%<br>– Existing RAB of DSO with average efficiency: 4.88% | – New RAB (as of 2018): 5.20%<br>– Existing RAB of DSO with average efficiency: 4.88% | Set for length of regulatory period<br>Higher WACC for existing RAB of DSO with above-average efficiency (such as EVN/Netz NÖ) |
| General productivity factor | 0.95% | 0.67% | Gains from cost reductions remain with the company during the regulatory period |
| Inflation | Annual adjustment | Annual adjustment | Network operator price index consists of consumer price index and wage increase index |

# Dynamic expansion of wind power capacity


- 500 MW target until year-end 2023[1)]
  - Pipeline of approved and developed projects in Lower Austria
  - Feed-in tariffs in Austria fixed for 13 years
- Development of EVN's installed wind capacity (in MW)

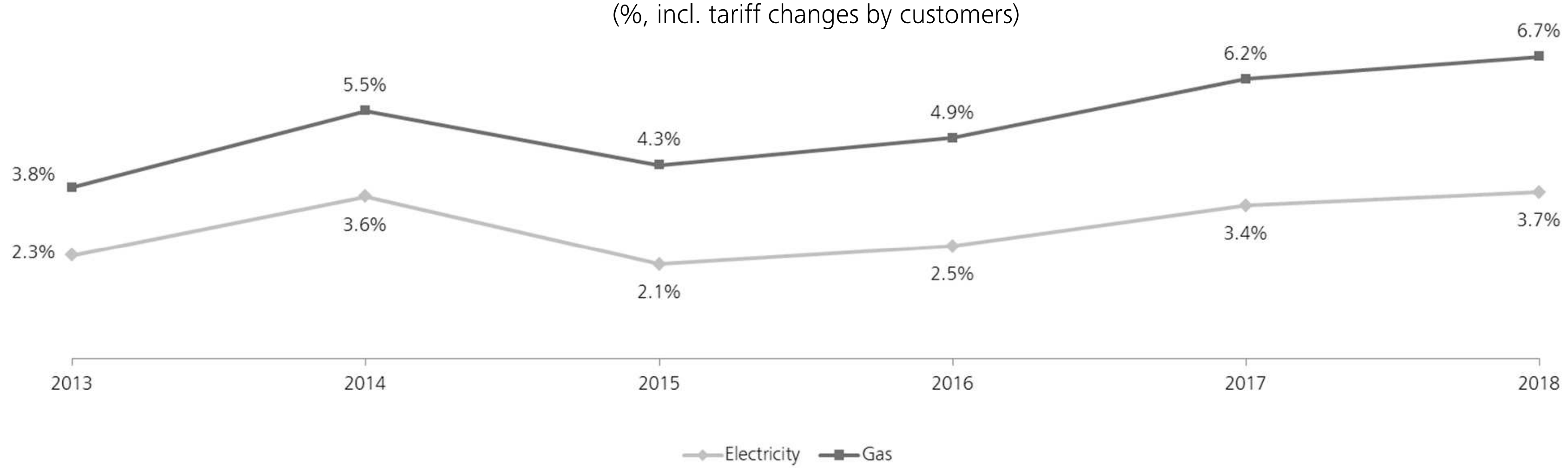



1) Subject to appropriate framework conditions

# Strong market position in Austria

| EVN's electricity market share in **Lower Austria** | Electricity market shares in the **Austrian** market | Gas market shares in **Lower Austria** | Gas market shares in the **Austrian** market |
|---|---|---|---|
| EVN: **66%** | EVN: **9%**<br>EAA & Partners: **17%** | EVN: **33%** | EVN: **6%**<br>EAA & Partners: **8%** |
| **Market size: 8.6 TWh** | **63 TWh** | **17 TWh** | **97 TWh** |

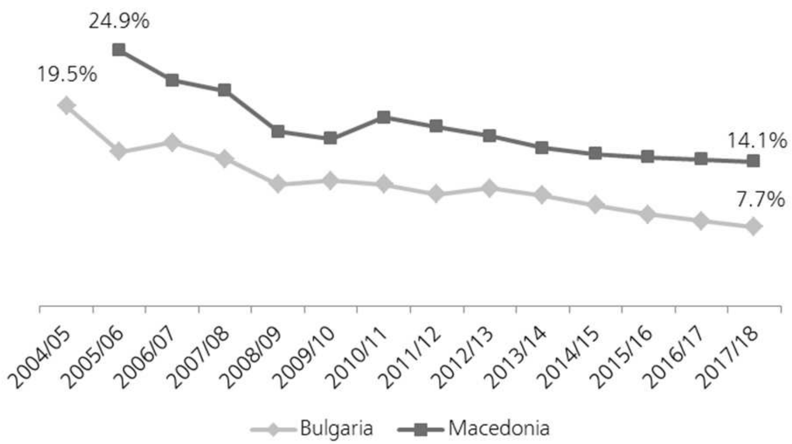
**Churn rates in Lower Austria**
(%, incl. tariff changes by customers)




Market shares refer to FY 2017/18; EVN holds a 45% stake in EAA & Partners
Source market shares: E-Control 2018, annual report and company numbers
Source churn rates: E-Control, market statistics – consumer attitude/churn rates electricity and gas according to network areas

# Continuous efforts to achieve further operating improvements in SEE

→ Improvement of grid efficiency




→ Number of customers

- Bulgaria: 1.8m
- North Macedonia: 0.8m

→ Commitment to supply security

→ Investment strategy for SEE

- Expansion and upgrading of network infrastructure to continuously reduce network losses
- Replacement of metres to further improve collection rates

# Drinking water business in Lower Austria – stable earnings contribution and future growth area

- Largest regional drinking water supplier
  - 0.6m drinking water customers
  - Supra-regional pipeline networks and local water supply networks
  - Operation of 4 natural filter plants to reduce the hardness of water by natural means
- Expansion of cross-regional pipeline networks (until 2030)
  - ~EUR 165m total investments
  - ~300 km additional pipelines

# International environmental projects further diversify EVN's business mix

Sludge drying and thermal sludge treatment plant project Tubli (Bahrain)

- International project business
  - WTE Wassertechnik GmbH (Germany)
  - Planning and construction of plants for drinking water supplies, wastewater disposal and thermal waste incineration
  - Operation and financing (upon request)
  - 7 projects under construction (Poland, Lithuania, Romania, Bahrain)[1)]
- Sludge treatment facilities as area with high future potential

[1)] As of July 2019

# Significant contribution to EVN's net profit from strategic investments

EVN

- 12.63% Verbund — **EUR 18.4m[1]**
- 73.63% Burgenland Holding AG — **EUR 11.6m[1]**
- 50.03% RAG — **EUR 39.8m[1]**

[1] Contribution to EVN's net profit in FY 2017/18

## → Verbund AG

– #1 electricity producer in Austria and #2 hydropower producer in Europe with 8.2 GW installed capacity

## → Burgenland Holding AG

– Holds a 49% stake in Energie Burgenland (#1 green energy producer in Austria, distribution networks, sale of energy)

## → RAG Austria AG

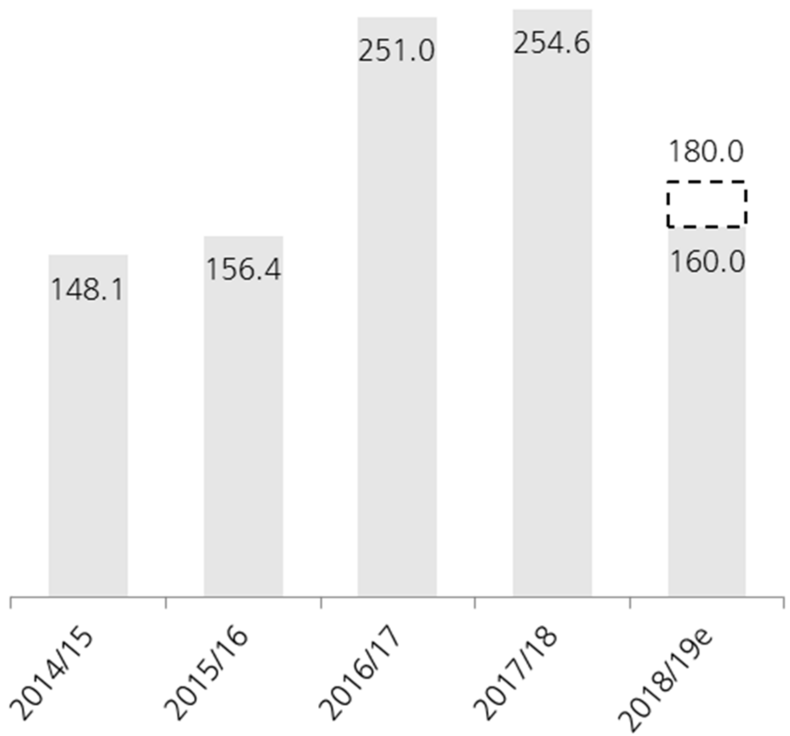
– ~6bn $m^3$ storage capacity for natural gas

# Key messages to our shareholders

- High share of earnings from regulated and stable business
- Continuous strengthening and expansion of domestic regulated and stable activities
  - Networks, wind generation, heating, drinking water supply
- Benefit from solid home market
  - Maintain strong anchorage in the supply business despite growing competition
- Robustness of integrated business model
- Commitment to stable dividend policy

# Outlook for 2018/19 confirmed

→ Development of Group net result

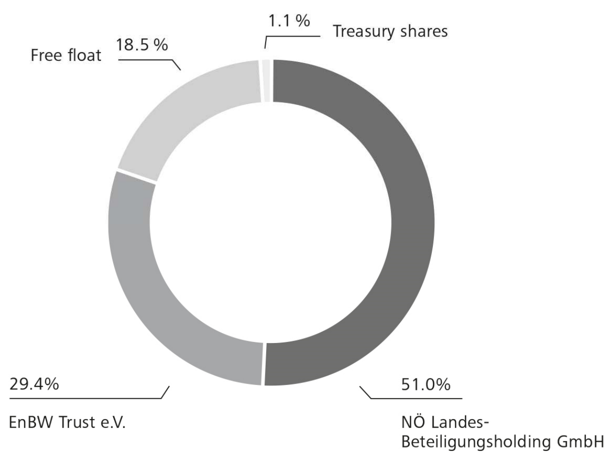



→ Group net result for 2017/18 positively influenced by valuation of hedges

→ Group net result for 2018/19 is expected to reflect the upper end of the assumed range of EUR 160m to EUR 180m

# EVN share

→ Shareholder structure
(as of 30 June 2019)




→ According to federal and provincial laws, the Province of Lower Austria is required to hold a stake of at least 51% in EVN

| | 2017/18 | 2016/17 |
|---|---|---|
| Dividend per share (EUR) | 0.44 + 0.03[1)] | 0.44 + 0.03[1)] |
| Payout ratio (%) | 32.8 | 33.3 |
| Dividend yield (%) | 2.8 | 3.6 |
| | **30.06.2019** | |
| Share price (EUR) | 13.30 | |
| Market capitalisation (EURm) | 2,392 | |

1) Bonus dividend of EUR 0.03 per share

# Agenda

EVN

- → EVN at a glance
- → Business development (FY 2017/18)
- → Back-up information

# Key financials

(FY 2017/18)

| | FY 2017/18 EURm | +/– % |
|---|---|---|
| **Revenue** | 2,072.6 | -6.5 |
| **EBITDA** | 671.8 | -6.9 |
| Depreciation and amortisation | -258.3 | 1.5 |
| Effects from impairment tests | -20.6 | 81.7 |
| **EBIT** | 392.9 | 13.3 |
| Financial results | -37.2 | -73.9 |
| **Group net result** | 254.6 | 1.4 |

| | | |
|---|---|---|
| Net cash flow from operating activities | 603.5 | 18.6 |
| Investments[1)] | 356.4 | 17.3 |
| Net debt | 963.7 | -20.6 |

| | % | |
|---|---|---|
| Equity ratio[2)] | 52.3 | 3.5 |

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

## → Decline in revenue

- Thermal electricity generation below high prior year level and reduced natural gas trading activities
- Temperature-related drop in revenue in South Eastern Europe
- Decline from international project business

## → Lower EBITDA

- Decreased operating expenses
- Increase in results from equity accounted investees due to valuation effects of hedges at EVN KG

## → Improvement in EBIT and Group net result

- Prior year influenced by impairment losses

# Key energy business indicators

(FY 2017/18)

| | **2017/18**<br>GWh | +/–<br>% |
|---|---|---|
| **Electricity generation volumes** | 5,526 | -8.8 |
| Renewable energy sources | 2,213 | 5.7 |
| Thermal energy sources | 3,313 | -16.5 |
| **Network distribution volumes** | | |
| Electricity | 22,520 | -0.4 |
| Natural gas | 17,126 | -8.8 |
| **Energy sales volumes to end customers** | | |
| Electricity | 18,413 | -0.7 |
| thereof Austria and Germany | 7,080 | 9.0 |
| thereof South Eastern Europe | 11,333 | -6.0 |
| Natural gas | 5,178 | -9.9 |
| Heat | 2,219 | -3.2 |

→ Increased renewable generation

- Good water flows and continuous expansion of wind power capacities

→ Decline in thermal production

→ Temperature-related decrease in network distribution and energy sales volumes

# EBITDA development by segments

(FY 2017/18)

| Segment | 2017/18<br>EURm | +/–<br>% | Comment |
|---|---|---|---|
| Generation | 123.7 | 19.2 | Higher renewable electricity generation; supply of entire thermal capacity (1.090 MW) to secure network stability |
| Energy | 80.8 | -20.6 | Temperature-related decline in natural gas and heat sales volumes; valuation effects from hedges |
| Networks | 253.4 | -13.5 | Negative price and volume effects |
| South East Europe | 104.6 | -37.5 | Temperature-related decline in network and energy sales volumes; prior year positively influenced by non-recurring effect from settlement with Bulgarian NEK |
| Environment | 30.1 | - | Less dynamic development of international project business; prior year affected by negative non-recurring effect (valuation allowance on inventories) |

# Agenda

- → EVN at a glance
- → Business development (FY 2017/18)
- → Back-up information

# Key financials

(Q. 1-3 2018/19)

| | Q. 1-3 2018/19 | +/– |
|---|---|---|
| | EURm | % |
| **Revenue** | 1,712.6 | 3.5 |
| **EBITDA** | 435.7 | -25.5 |
| Depreciation and amortisation | -199.6 | -3.6 |
| Effects from impairment tests | 0.4 | – |
| **EBIT** | 236.4 | -39.0 |
| Financial results | -14.4 | 2.0 |
| **Group net result** | 168.2 | -38.4 |

| | | |
|---|---|---|
| Net cash flow from operating activities | 238.8 | -32.1 |
| Investments[1)] | 220.6 | 7.6 |
| Net debt | 1,000.4 | -2.0 |

| | % | |
|---|---|---|
| Equity ratio[2)] | 55.5 | 3.8 |

→ **Different developments in revenue**

- Increase in renewable generation and heating business
- Price- and volume-related decline in the Networks Segment

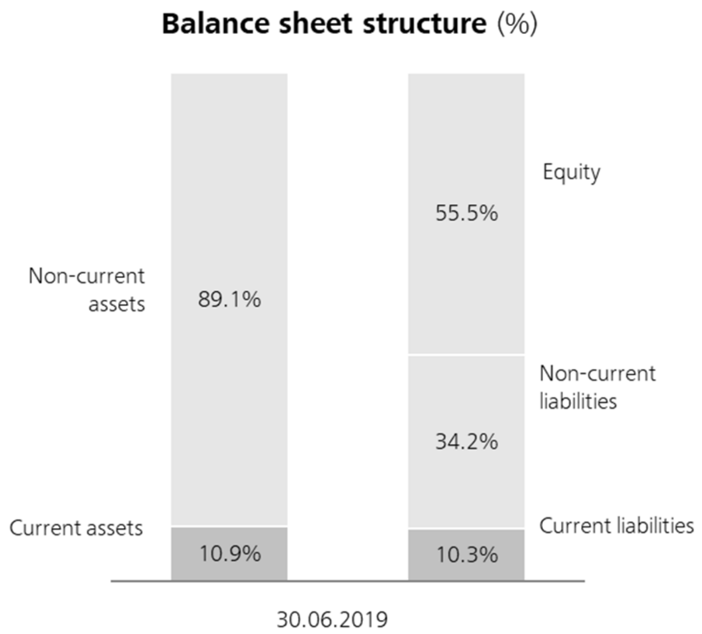
→ **Decline in EBITDA, EBIT and Group net result**

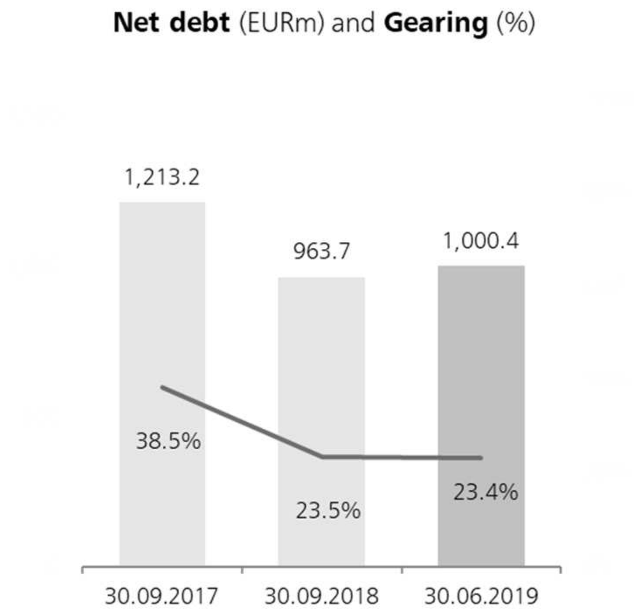
- Negative earnings contribution from EVN KG (higher procurement costs and valuation of hedges)

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

# Solid balance sheet structure

(Q. 1-3 2018/19)

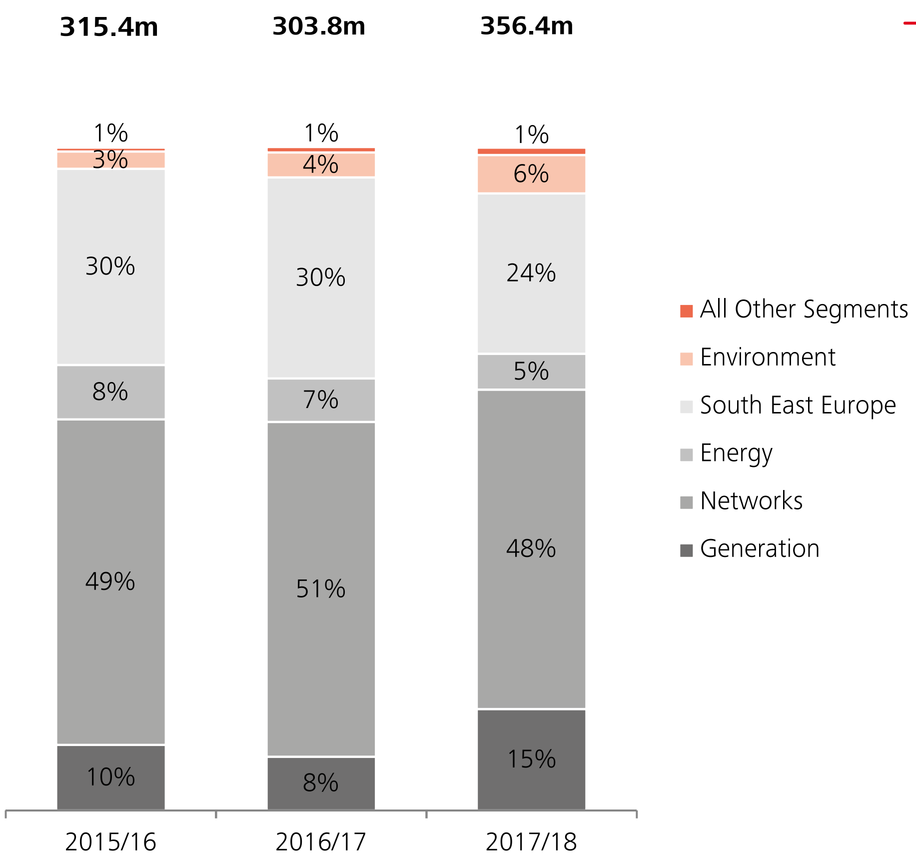



- Net debt fluctuates around EUR 1bn after substantial deleveraging over the past years
- Strong balance sheet as a basis for future investments (~EUR 400m p.a. over the coming years)

# Structure of investments[1]

(FY 2017/18)



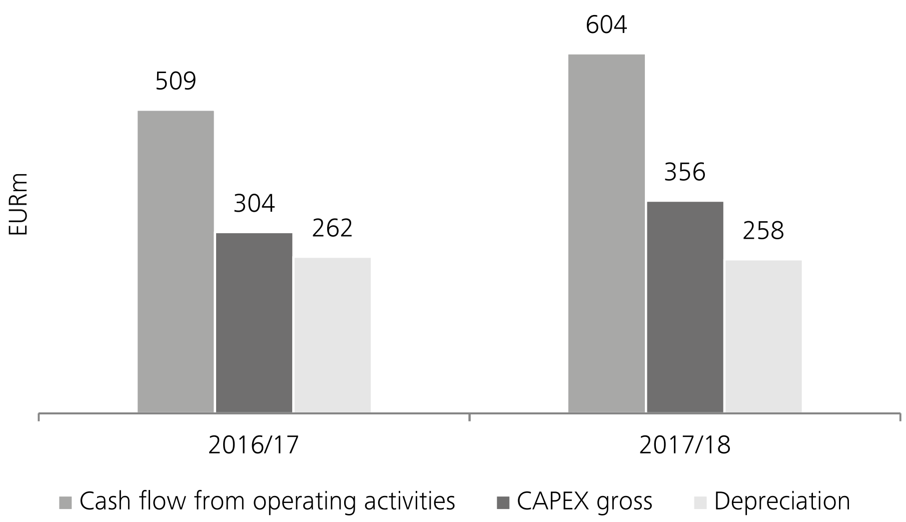

## → Investment strategy

- Approximately EUR 400m p.a. over the next financial years
- Thereof approximately EUR 300m will be directed to networks, renewable generation and drinking water in Lower Austria

[1] In intangible assets and property, plant and equipment

# Strong operating cash flow

(FY 2017/18)



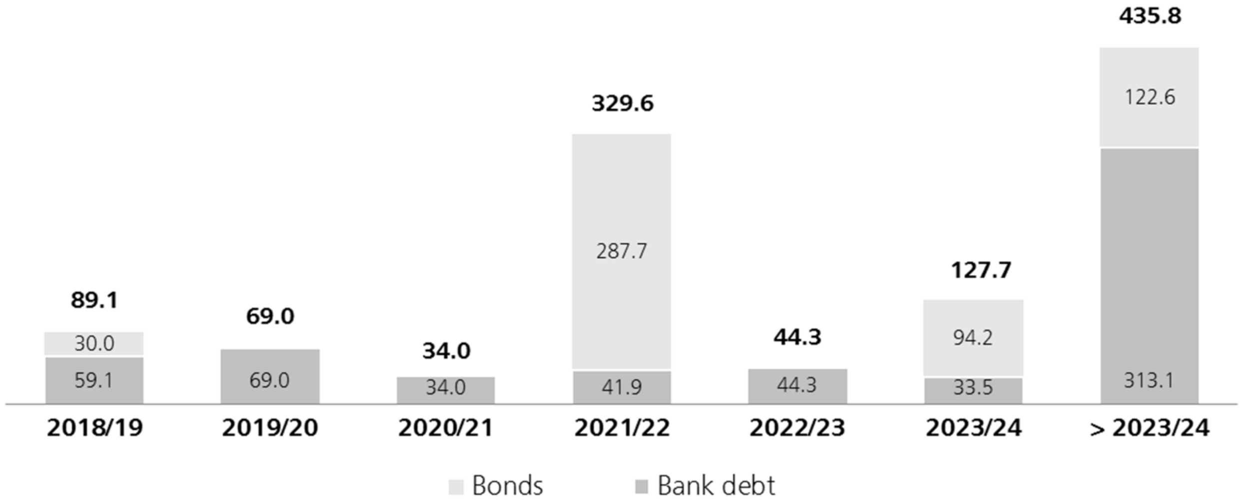

- Strong operating cash flow due to high share of regulated and stable business
  - Covers investments
  - Secures attractive dividend payments
- Investment program with a strong focus on RAB-growth
  - Ø future RAB growth 3-4% p.a.

# Dividend and financial policy

- Stable dividend policy
- Financial policy
  - EVN’s goal is to maintain solid A category ratings in the future
  - In order to achieve such ratings, EVN is strictly monitoring the adjusted FFO/Net debt target ratios of both rating agencies
- Credit ratings
  - Moody’s: A1, stable (May 2019)
  - S&P: A, stable (April 2019)

# Well-balanced maturity profile

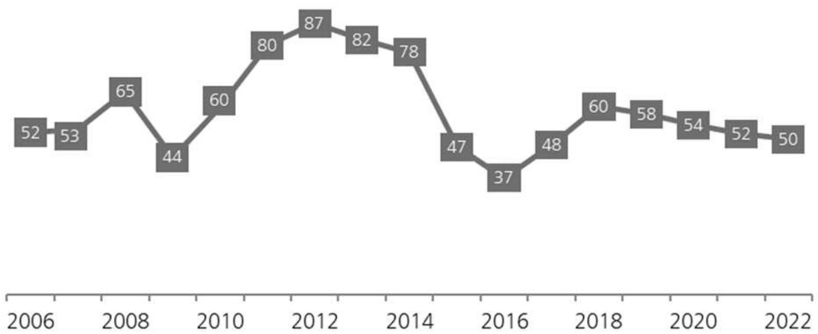
**Debt maturity profile** (in EURm)




→ EUR 492m undrawn, committed credit lines (as of 31.03.2019)

# Challenging market environment

**Crude oil price Brent in EUR/bbl**

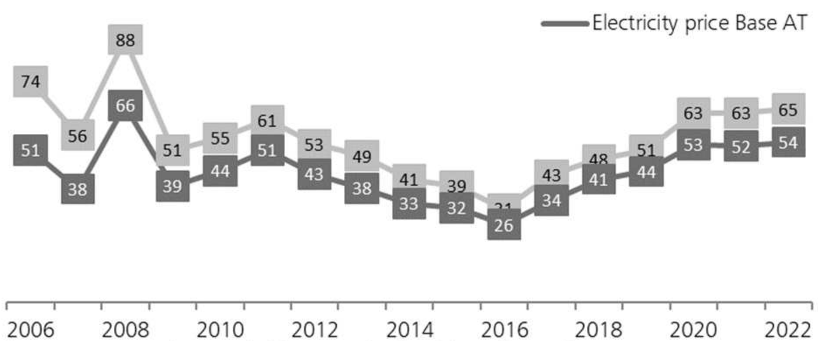



The respective spot market prices had been considered until the notification day

**Hard coal prices API2 in EUR/tonne**

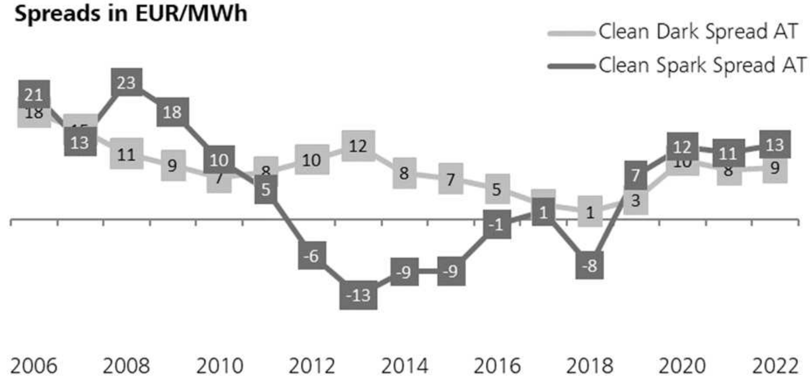

The respective spot market prices had been considered until the notification day

**Electricity prices in EUR/MWh**




The respective spot market prices had been considered until the notification day

**Spreads in EUR/MWh**




The respective spot market prices had been considered until the notification day

Source: EVN, mid-August 2019

# RAG Austria AG


Natural gas storage facility Haidach (Province of Salzburg)

**Key financials (FY 2018)**

| | | |
|---|---|---|
| Revenue | EURm | 509.4 |
| EBIT | EURm | 60.2 |

[1] Indirectly through RAG-Beteiligungs-Aktiengesellschaft (100%)

- Shareholder structure
  - EVN AG (50.03%)[1]
  - Uniper Exploration & Production GmbH (29.97%)
  - Energie Steiermark Kunden GmbH (10.00%)
  - Salzburg AG (10.00%)
- 100% of RAG earnings are recognised as share of profit of equity accounted investees with operational nature
- 49.97% of RAG earnings assigned to minority interest
- EVN contractually not entitled to exercise a controlling influence over RAG

# Contact details

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

- Headquarters of EVN AG
  - EVN Platz
    2344 Maria Enzersdorf

- Financial calendar
  - Next event: Results FY 2018/19,
    12 December 2019
  - www.investor.evn.at/financial-calender

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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.