

# Letter to Shareholders Q. 1–3 2015 /16

1 October 2015 – 30 June 2016



EVN Future Lab  
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# Highlights

- Higher demand for network stability leads to increase in thermal electricity production
- Operational improvements across the entire value chain in the energy business
- Group net result above prior year
- New contract for sewage treatment plant in Croatia
- Outlook 2015/16: largely stable Group net result expected

# Key figures

		2015/16 Q. 1–3	2014/15 Q. 1–3	+/- in %	2015/16 Q. 3	2014/15 Q. 3	+/- in %	2014/15 (30.09.2015)
<b>Sales volumes</b>								
Electricity generation volumes	GWh	4,662	3,902	19.5	1,299	967	34.3	4,882
thereof from renewable energy	GWh	1,531	1,668	-8.2	565	586	-3.6	2,106
Electricity sales volumes to end customers	GWh	14,275	14,802	-3.6	4,036	4,233	-4.6	19,263
Natural gas sales volumes to end customers	GWh	4,850	4,937	-1.8	705	702	0.4	5,241
Heat sales volumes to end customers	GWh	1,794	1,752	2.4	362	349	3.7	2,038
<b>Consolidated statement of operations</b>								
Revenue	EURm	1,616.6	1,664.1	-2.9	419.8	439.4	-4.5	2,135.8
EBITDA	EURm	525.4	497.2	5.7	103.1	113.1	-8.9	583.2
EBITDA margin	%	32.5	29.9	8.8	24.5	25.7	-1.2	27.3
Results from operating activities (EBIT)	EURm	299.3	286.5	4.5	8.6	49.0	-82.4	268.2
EBIT margin	%	18.5	17.2	1.3	2.1	11.2	-9.1	12.6
Result before income tax	EURm	259.8	245.4	5.9	8.7	29.9	-70.9	207.9
Group net result	EURm	198.8	187.1	6.3	9.0	21.7	-58.7	148.1
Earnings per share	EUR	1.12	1.05	6.4	0.05	0.12	-58.7	0.83
<b>Statement of financial position</b>								
Balance sheet total	EURm	6,549.6	6,521.1	0.4	6,549.6	6,521.1	0.4	6,501.2
Equity	EURm	2,733.3	2,635.3	3.7	2,733.3	2,635.3	3.7	2,590.1
Equity ratio	%	41.7	40.4	1.3	41.7	40.4	1.3	39.8
Net debt	EURm	1,098.8	1,293.6	-15.1	1,098.8	1,293.6	-15.1	1,230.9
Gearing	%	40.2	49.1	-8.9	40.2	49.1	-8.9	47.5
<b>Cash flow and investments</b>								
Gross cash flow	EURm	450.0	387.6	16.1	65.3	81.9	-20.3	438.1
Net cash flow from operating activities	EURm	397.7	316.1	25.8	304.5	223.7	36.1	478.3
Investments <sup>1)</sup>	EURm	193.7	198.4	-2.4	78.1	61.6	26.8	322.7
<b>Employees</b>								
	∅	6,830	7,004	-2.5	6,820	6,915	-1.4	6,973

1) In intangible assets and property, plant and equipment

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# Statement by the Executive Board

Dear Shareholders,

EVN recorded an increase of 5.7% in EBITDA to EUR 525.4m and 4.5% in EBIT to EUR 299.3m during the first three quarters of 2015/16 in spite of a 2.9% decline in revenue to EUR 1,616.6m. This development was supported by operational improvements across the entire value chain in the energy business and offset the decline in the Environmental Services Segment resulting from the sale of the sodium hypochlorite plant in Moscow during the previous year. Higher operating results, together with slightly better financial results, led to a 6.3% improvement in Group net result to EUR 198.8m despite an increase in income taxes.

As reported at the half-year, we are looking back on a mild winter in all of our three core markets. The unusually low heating degree total and the continuing liberalisation in Bulgaria had the strongest effects on revenue. Wind and water flows were substantially lower than the previous year, which also led to a decline in electricity production from renewable sources. However, our electricity generation increased by 19.5% to 4,662 GWh based on higher demand for thermal generation to support network stability.

We completed the next major step in the expansion of our renewable generation capacity during July 2016 with the commissioning of the Paasdorf-Lanzendorf windpark in the Weinviertel region. The six new wind turbines have an installed capacity of approximately 19 MW and increase EVN's wind-power generation capacity to 269 MW. That moves us significantly closer to our medium-term goal of more than 300 MW.

In addition to the increased use of renewable energy sources such as wind, water, sun and biomass, we are also supporting the system transformation towards renewable energy with ongoing investments in our network infrastructure. That will protect our capability to meet our customers' high demands for supply security, in spite of the steadily increasing feed-in of electricity from volatile renewable generation. Our thermal power plants in Lower Austria also make an important contribution to network stability by supplying balancing energy and electricity for the management of shortages in Austria and southern Germany. The importance of these services is underscored by the more frequent use of our power plants for these purposes during the first three quarters of 2015/16.

Our distribution company is continuing to pass on purchasing advantages from price developments on the energy market to its household customers. After a 5% decrease in energy prices for both electricity and natural gas last October, EVN's distribution company reduced the natural gas working prices for households by a further 7% on average as of 1 May 2016 within the framework of EnergieAllianz. An additional reduction of 5% on average in the electricity working prices for households will follow on 1 October 2016.

Two strategically important projects related to drinking water supplies in Lower Austria were completed in the third quarter of 2015/16 and will further improve supply quality for our customers. EVN's third natural filter plant in Lower Austria, which will reduce the hardness of the water by natural means, was commissioned in Zwentendorf an der Zaya. We also increased the performance capability of the pumping stations in the Waldviertel region by roughly 25%, which will allow us to supply sufficient drinking water during peak periods in the traditionally dry months. Investments to further improve the quality of drinking water and to protect drinking water supplies in Lower Austria will also remain a focal point of EVN's activities in the future.

Our international project business was awarded another contract in South Eastern Europe during the reporting period: After EVN was selected to plan and build three wastewater treatment plants in Macedonia – as reported at the half-year – we received a contract in June 2016 for the construction of a sewage treatment plant in Vodice, Croatia. EVN is serving as the general contractor on both projects,

and financing for the projects with a contract value of approximately EUR 20.0m (Macedonia) and EUR 6.0m (Croatia) will be provided by the customers, both using EU subsidies.

Under the assumption of average conditions in the energy sector, the Group net result for 2015/16 is expected to remain largely stable. Factors that could significantly influence the Group net result include the regulatory background, developments in the proceedings related to claims from the tariff decisions in Bulgaria and in connection with the Duisburg-Walsum power plant as well as the progress of the activities in Moscow.

Maria Enzersdorf, August 2016



**Peter Layr**  
Spokesman of the Executive Board



**Stefan Szyszkowitz**  
Member of the Executive Board

# Interim management report

## Overall business and energy sector environment

GDP growth	%	2017f	2016e	2015	2014	2013
EU-28 <sup>1)2)</sup>		1.8–1.9	1.8	2.0	1.4	0.2
Austria <sup>2)3)</sup>		1.5–1.7	1.5–1.7	0.9	0.4	0.3
Bulgaria <sup>1)2)4)6)</sup>		2.4–3.0	2.0–2.5	3.0	1.5	1.3
Croatia <sup>1)2)4)5)</sup>		1.5–2.1	1.5–2.0	1.6	–0.4	–1.1
Macedonia <sup>5)6)</sup>		3.6–4.0	3.6–3.7	3.7	3.5	2.9

1) Source: „European Economic Forecast, Spring 2016“, EU-Kommission, May 2016

2) Source: „Prognose der österreichischen Wirtschaft 2016–2017“, IHS, June 2016

3) Source: „Prognose für 2016 bis 2017: Stärkeres Wachstum in risikoreichem Umfeld“, WIFO, June 2016

4) Source: „Strategie Österreich & CEE 3. Quartal 2016“, Raiffeisen Research, July 2016

5) Source: „World Economic Outlook“, International Monetary Fund, April 2016

6) Source: „Global Economic Prospects“, World Bank, June 2016

### General business environment

Although the pace of growth in the USA and United Kingdom has slowed slightly in recent months, there are increasing signs of stabilisation in the global economy. Forecasts for the European Union point to growth of roughly 1.8% annually in 2016 and 2017, which will be driven by investments and consumer spending.

The Austrian economy is expected to reflect developments in European Union with growth of 1.5% to 1.7% in 2016 and 2017. Experts see positive impulses for the GDP, among others, in the

following factors: an increase in construction investments, the rising purchasing power of private households and the improvement in foreign trade which is expected for 2017 due to the recovery of the global economy.

Bulgaria recently reported moderate GDP growth and a decline in unemployment. Expectations for the coming year assume a continuation of the current positive trend based on private consumption. Projections for GDP growth range from 2.0% to 2.5% in 2016 and from 2.4% to 3.0% in 2017.

Key indicators for the energy sector environment		2015/16 Q.1–3	2014/15 Q.1–3	2015/16 Q.3	2014/15 Q.3
<b>Temperature-related energy demand<sup>1)</sup></b>	%				
Austria		89.7	87.7	111.9	95.5
Bulgaria		73.1	94.6	9.4	121.1
Macedonia		92.9	99.9	42.3	166.0
<b>Primary energy and CO<sub>2</sub> certificates</b>					
Crude oil – Brent	EUR/bbl	37.0	55.0	40.3	56.0
Natural gas – NCG <sup>2)</sup>	EUR/MWh	14.6	21.8	13.2	21.2
Coal – API#2 <sup>3)</sup>	EUR/t	43.7	55.1	43.3	53.0
CO <sub>2</sub> emission certificates	EUR/t	6.6	7.0	5.7	7.3
<b>Electricity – EEX forward market<sup>4)</sup></b>					
Base load	EUR/MWh	31.6	35.7	27.0	31.3
Peak load	EUR/MWh	40.1	45.3	32.5	37.8
<b>Electricity – EPEX spot market<sup>5)</sup></b>					
Base load	EUR/MWh	27.7	31.8	24.8	28.4
Peak load	EUR/MWh	34.8	40.1	29.3	33.1

1) Calculated based on the heating degree total; in Austria the basis (100%) corresponds to the long-term average value from 1996 to 2010, in Bulgaria from 2004 to 2012 and in Macedonia from 2001 to 2015; changes reported in percentage points.

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



Croatia is also experiencing positive economic development at the present time. Private consumption continues to benefit from falling prices, stabilisation on the employment market and a strong tourism season. In this environment, growth is expected to reach 1.5% to 2.1% in 2016 and 2017.

Experts in Macedonia explain the current favourable consumer sentiment with the positive development of the labour market and the increase in real incomes. GDP growth has also been supported by the ongoing sound foreign demand which originates, above all, in Germany as Macedonia's most important trading partner. Based on the current general conditions, the forecasted growth rates remain stable at 3.6% to 3.7% in 2016 and 3.6% to 4.0% in 2017.

### Energy sector environment

The temperatures in EVN's relevant markets remained mild throughout the first three quarters of 2015/16. In particular the winter months brought temperatures that exceeded the long-term average in all of the Group's three core markets. The heating degree total in Austria was 2.0 percentage points higher than the previous year, but still remained below the long-term average. Bulgaria recorded unusually mild temperatures during the reporting period, with a heating degree total that was 21.5 percentage points under the previous year's low level. The temperatures in Macedonia were also warmer, and the heating degree total was 7.0 percentage points below the previous year.

The average euro price for Brent crude oil equalled EUR 37.0 per barrel during the first three quarters of 2015/16, a decrease of 32.7% versus the comparable prior year period, primarily due to the continuing worldwide oversupply. The average EEX price for natural gas was also lower than the previous year and fell by 33.0% to EUR 14.6 per MWh for the first nine months of 2015/16. This decline was caused, among others, by the higher temperatures during the reporting period and the resulting lower demand on the spot markets. The price of coal fell by 20.7% to EUR 43.7 per tonne, above all due to weaker demand in China. After a strong increase in the price of CO<sub>2</sub> emission certificates to EUR 8.4 per tonne in the first quarter of 2015/16, the overall development for the first three quarters showed a decline to EUR 6.6 per tonne.

The decline in the forward and spot market prices for base load and peak load electricity continued during the reporting period. This development was caused by the further expansion of electricity generation capacity from renewable sources in Austria and Germany as well as the low prices for primary energy carriers and CO<sub>2</sub> emission certificates. The forward prices applicable to the reporting period fell by 11.5% to EUR 31.6 per MWh for base load electricity and by 11.6% to EUR 40.1 per MWh for peak load electricity. The spot market prices declined by 13.0% to EUR 27.7 per MWh for base load electricity and by 13.1% to EUR 34.8 per MWh for peak load electricity.

## Business development

### Statement of operations

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#### Highlights 2015/16

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- Revenue: -2.9% to EUR 1,616.6m
  - EBITDA: +5.7% to EUR 525.4m
  - EBIT: +4.5% to EUR 299.3m
  - Financial results: +4.2% to EUR -39.5m
  - Group net result: +6.3% to EUR 198.8m
- 

EVN recorded a year-on-year decline of EUR 47.5m, or 2.9%, in revenue to EUR 1,616.6m in the first nine months of 2015/16. An increase in revenue was recorded from the marketing of the electricity generated in EVN's power plants and from the network business in Lower Austria. However, this development was unable to fully offset the decline resulting from a reduction in the Group's natural gas trading activities and the revenue decrease in South Eastern Europe that was caused, above all, by the continuing market liberalisation and the mild winter.

Other operating income fell by EUR 21.6m, or 23.9%, to EUR 68.8m. This decline was caused primarily by the sale of the shares in the project company that holds the sodium hypochlorite plant in Moscow, which was reported under this position in the previous year. Generally positive effects were provided by increased insurance compensation which resulted from winter damages in Bulgaria.

The cost of electricity purchased from third parties and primary energy expenses reflected the decline in revenue and fell by EUR 75.9m, or 9.0%, to EUR 765.3m for the reporting period.

The cost of materials and services was EUR 9.2m, or 5.0%, lower year-on-year at EUR 177.0m, chiefly due to a reduction in project-related material and service expenses.

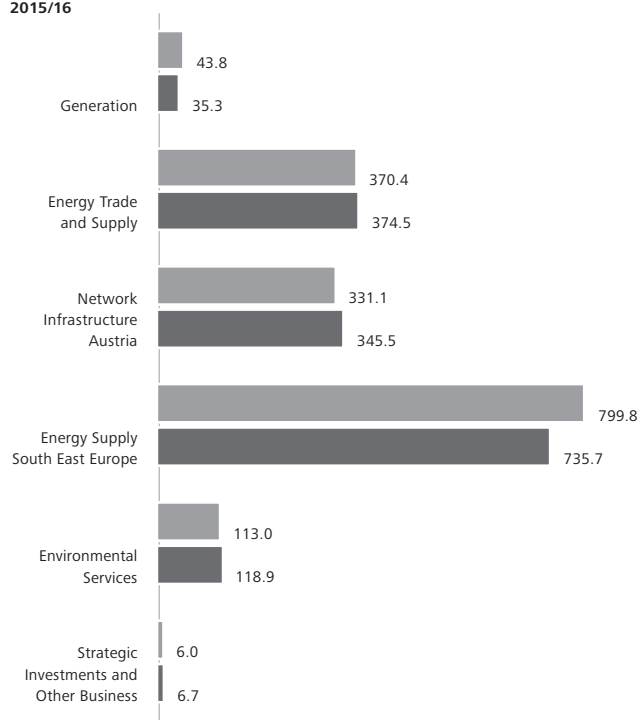
The average number of employees declined by 174 year-on-year to 6,830 based on the Group's continuous reorganisation and optimisation measures. The salary and wage adjustments resulting from collective bargaining agreements were offset by the absence of non-recurring prior year effects related to restructuring measures in Macedonia. Personnel expenses declined by a total of EUR 7.0m, or 2.9%, to EUR 234.0m.

Other operating expenses totalled EUR 102.8m and were EUR 17.8m, or 14.7%, lower than the comparable prior year level. This significant decline resulted primarily from further improvements in the collection of receivables in South Eastern Europe and parallel cost reductions throughout the entire EVN Group.

## External revenue by segments Q. 1–3

in EURm

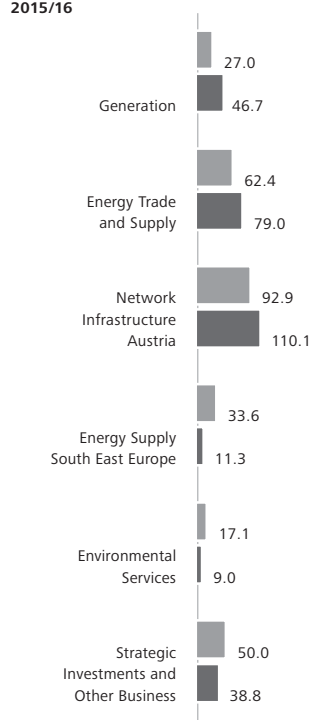
2014/15  
2015/16



## EBIT by segments Q. 1–3

in EURm

2014/15  
2015/16



The share of results from equity accounted investees with operational nature fell by EUR 12.7m, or 9.6%, to EUR 119.2m. This decline was attributable, above all, to Rohöl-Aufsuchungs Aktiengesellschaft and was not fully offset by higher earnings contributions from other equity accounted investees.

In total, these developments led to an increase of EUR 28.2m, or 5.7%, in EBITDA to EUR 525.4m. The EBITDA margin improved from 29.9% to 32.5%.

Depreciation and amortisation rose by EUR 7.6m, or 4.0%, to EUR 199.3m as a result of the Group's ongoing investment activity. The effects of impairment testing also increased by EUR 7.8m, or 41.1%, to EUR 26.8m. The major component of the impairment losses was related to the Bulgarian heating company TEZ Plovdiv and reflected the continued adverse rulings of the regulatory authority in the heating sector. In spite of these developments, results from operating activities (EBIT) totalled EUR 299.3m and were EUR 12.8m, or 4.5%, higher than the first three quarters of the previous year.

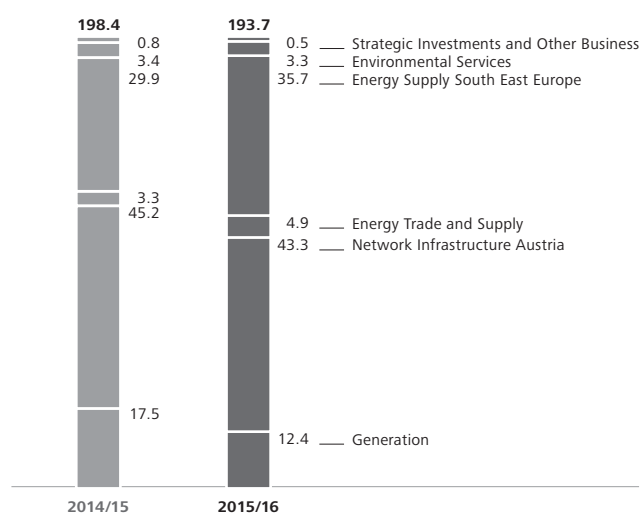
Financial results amounted to EUR –39.5m and improved by EUR 1.7m, or 4.2%, over the previous year. Positive effects were provided by the absence of the costs recognised in the previous year to terminate the investment guarantee granted by the Federal Republic of Germany for the sodium hypochlorite plant project in Moscow and the related interest rate hedge. In contrast, a negative earnings contribution was received from WEEV Beteiligungs GmbH. It was based on the ongoing negative difference between the current price of the Verbund shares held by this company and the respective carrying amount.

The result before income tax rose by EUR 14.5m, or 5.9%, year-on-year to EUR 259.8m in the first three quarters of 2015/16. Group net result equalled EUR 198.8m after the deduction of income tax expense totalling EUR 40.2m and the share of results attributable to non-controlling interests. This represents an increase of EUR 11.7m, or 6.3%, over the first nine months of the previous year.

## Structure of investments

### Q. 1–3

in %, total in EURm



## Statement of cash flows

Gross cash flow rose by EUR 62.3m, or 16.1%, to EUR 450.0m in the first three quarters of 2015/16, primarily due to the increase in the result before income tax and a decline in the non-cash earnings components from equity-accounted investees. Including the changes in working capital, cash flow from operating activities totalled EUR 397.7m and was EUR 81.6m, or 25.8%, higher than the first three quarters of the previous year.

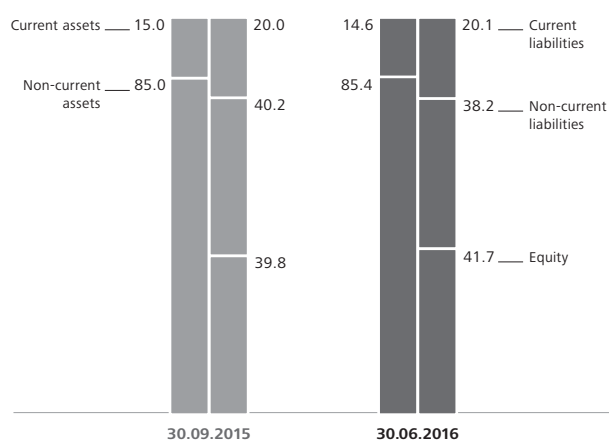
Cash flow from investing activities was EUR 208.1m lower than the comparable prior year level at EUR –161.4m. The sale of the sodium hypochlorite plant in Moscow during the previous year was the main reason for this decline.

Cash flow from financing activities equalled EUR –215.2m for the reporting period, compared with EUR –340.6m in the first three quarters of the previous year. This development resulted primarily from the repayment of the financing for the sodium hypochlorite plant project in the previous financial year. The current reporting period was influenced by the dividend payment to the shareholders of EVN AG and minority shareholders and by the scheduled repayment of financial liabilities.

Total cash flow for the first nine months of 2015/16 amounted to EUR 21.1m. Cash and cash equivalents equalled EUR 265.9m as of 30 June 2016 and were EUR 47.8m, or 21.9%, higher than on 30 June 2015. In addition, EVN had committed, undrawn credit lines totalling EUR 575.0m at its disposal to meet possible short-term financing requirements.

## Balance sheet structure as of the balance sheet date

in %





## Statement of financial position

EVN's balance sheet total equalled EUR 6,549.6m as of 30 June 2016, which is EUR 48.4m, or 0.7%, higher than on 30 September 2015.

Non-current assets increased by EUR 63.3m, or 1.1%, to EUR 5,592.4m in the first three quarters of 2015/16 and rose slightly as a share of total assets to 85.4% (30 September 2015: 85.0%). In addition to a capital increase carried out in the reporting period by the equity accounted investee WEEV Beteiligungs GmbH, the change in non-current assets resulted from a valuation-based rise in other investments and investments by the R 138 fund. Contrary factors were higher depreciation of property, plant and equipment and an impairment loss recognised to the Bulgarian TEZ Plovdiv.

Current assets declined by EUR 14.8m, or 1.5%, to EUR 957.2m, primarily due to a decrease in receivables and inventories. This development was partly offset by an increase in cash and cash equivalents.

Equity rose by EUR 143.1m, or 5.5%, to EUR 2,733.3m based on the positive Group net result recorded for the first nine months of 2015/16 and including the dividend payment in January 2016 as well as valuations recorded directly in equity. The equity ratio equalled 41.7% as of 30 June 2016 (30 September 2015: 39.8%).

Non-current liabilities fell by EUR 110.6m, or 4.2%, to EUR 2,500.4m. Non-current financial liabilities declined following reclassifications to current liabilities, but there was an increase in the deferred income from network subsidies and non-current provisions.

Current liabilities increased by EUR 15.9m, or 1.2%, to EUR 1,316.0m. The above reclassifications within financial liabilities and an increase in tax liabilities were offset in part by declines in trade payables, provisions and other liabilities.

Net debt declined by EUR 132.1m, or 10.7%, below the level on 30 September 2015 to EUR 1,098.8m, and gearing fell to 40.2% (30 September 2015: 47.5%).

EVN's key energy business indicators	GWh	2015/16	2014/15	+/-		2015/16	2014/15	+/-
		Q. 1-3	Q. 1-3	nominal	in %	Q. 3	Q. 3	in %
<b>Electricity generation volumes</b>		<b>4,662</b>	<b>3,902</b>	<b>760</b>	<b>19.5</b>	<b>1,299</b>	<b>967</b>	<b>34.3</b>
Renewable energy sources		1,531	1,668	-137	-8.2	565	586	-3.6
Thermal energy sources		3,131	2,234	897	40.1	734	382	92.5
<b>Network distribution volumes</b>								
Electricity		16,480	16,582	-102	-0.6	4,855	4,838	0.3
Natural gas <sup>1)</sup>		14,045	12,874	1,171	9.1	2,774	2,498	11.1
<b>Energy sales volumes to end customers</b>								
<b>Electricity</b>		<b>14,275</b>	<b>14,802</b>	<b>-528</b>	<b>-3.6</b>	<b>4,036</b>	<b>4,233</b>	<b>-4.6</b>
thereof Central and Western Europe <sup>2)</sup>		4,956	5,181	-225	-4.3	1,449	1,553	-6.7
thereof South Eastern Europe		9,319	9,621	-303	-3.1	2,587	2,680	-3.5
<b>Natural gas</b>		<b>4,850</b>	<b>4,937</b>	<b>-87</b>	<b>-1.8</b>	<b>705</b>	<b>702</b>	<b>0.4</b>
<b>Heat</b>		<b>1,794</b>	<b>1,752</b>	<b>42</b>	<b>2.4</b>	<b>362</b>	<b>349</b>	<b>3.7</b>
thereof Central and Western Europe <sup>2)</sup>		1,623	1,554	69	4.4	347	325	6.7
thereof South Eastern Europe		171	198	-27	-13.7	15	24	-36.7

1) Incl. network distribution volumes to EVN power plants.

2) Central and Western Europe covers Austria and Germany.

## Segment reporting

### Overview

The structure of the EVN Group is based on three general categories: the energy business, the environmental services business and other business activities. The energy business covers the entire electricity and heat value chain from generation and distribution to networks and supply, while the natural gas business is concentrated on the distribution and supply. This product portfolio is supplemented by the activities of EVN subsidiaries in related areas as well as regional

cable TV and telecommunication services. The environmental services business involves activities in the areas of drinking water supply, wastewater disposal and thermal waste utilisation.

The definition of the operating segment is done in accordance with the requirements of IFRS 8 "Business Segments" and is therefore based exclusively on the internal organisational and reporting structure of the EVN Group. The following section describes the operating performance of EVN's six segments and the effects of energy sector indicators on their development.

Business areas	Segments	Activities
Energy business	Generation	Electricity generation from thermal sources and renewable energies at Austrian and international locations
	Energy Trade and Supply	Procurement of electricity and primary energy carriers, trading and sale of electricity and natural gas to end customers and on wholesale markets as well as heat generation and sale
	Network Infrastructure Austria	Operation of regional electricity and natural gas networks as well as cable TV and telecommunications networks
	Energy Supply South East Europe	Operation of electricity networks and electricity sales to end customers in Bulgaria and Macedonia, heat generation and sale in Bulgaria, electricity generation in Macedonia, construction and operation of natural gas networks in Croatia, energy trading throughout the entire region
Environmental services business	Environmental Services	Drinking water supply, wastewater disposal and thermal waste utilisation in Austria, operation of combined cycle heat and power co-generation plants in Moscow as well as international project business
Other business activities	Strategic Investments and Other Business	Strategic and other investments, corporate services

## Generation

The Generation Segment covers the generation of electricity from thermal production capacities and renewable energy sources in Austria, Germany, Bulgaria and Albania as well as projects for the construction of power generation plants in Austria and Bulgaria.

The external revenue recorded by this segment is derived mainly from the sale of electricity from windpower. Internal revenue from electricity generation (in particular hydropower plants as well as windpower plants that are no longer covered by subsidy schemes) is based on the market price for electricity. Revenue from power plants with flexible generation capacity is based on the option value, which reflects the profit margins from the option values realised over the short and medium term. The billing for energy deliveries from Steag-EVN Walsum 10 Kraftwerksgesellschaft mbH is generally based on operating, financing and primary energy costs. The sale of the generated electricity and the procurement of primary energy are reported under the Energy Trade and Supply Segment.

The income from EVN's investments in the Verbund-Inn River power plants and EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH & Co KG are reported under the share of equity accounted investees with operational nature as part of the results

from operating activities (EBIT). The investment in STEAG-EVN Walsum 10 Kraftwerksgesellschaft is included through proportionate consolidation.

## Highlights

- Increase in energy production due to greater use of thermal power plants to support network stability
- Decline in electricity generation from renewable energy due to lower wind and water flows
- EBITDA, EBIT and result before income tax above prior year level

Electricity production in the Generation Segment rose by 796 GWh, or 24.4%, to 4,056 GWh in the first three quarters of 2015/16. While the production from renewable energy fell by 99 GWh, or 7.5%, year-on-year to 1,220 GWh, the generation from EVN's thermal power plants rose by 895 GWh, or 46.1%, to 2,836 GWh. Wind and water flows were substantially lower than the previous year and led to a drop in production volume, despite the expansion of windpower capacity. The rise in electricity generation from ther-

Key indicators – Generation		2015/16	2014/15	+/-		2015/16	2014/15	+/-
		Q. 1-3	Q. 1-3	nominal	in %	Q. 3	Q. 3	in %
<b>Key energy business indicators</b>	GWh							
Electricity generation volumes		4,056	3,260	796	24.4	1,114	775	43.8
thereof renewable energy sources		1,220	1,318	-99	-7.5	451	467	-3.3
thereof thermal energy sources		2,836	1,942	895	46.1	663	307	-
<b>Key financial indicators</b>	EURm							
External revenue		35.3	43.8	-8.5	-19.4	10.9	13.5	-19.4
Internal revenue		135.8	127.5	8.4	6.6	40.3	34.4	17.0
<b>Total revenue</b>		<b>171.1</b>	<b>171.2</b>	<b>-0.2</b>	<b>-0.1</b>	<b>51.1</b>	<b>47.9</b>	<b>6.7</b>
Operating expenses		-79.6	-87.7	8.1	9.2	-28.5	-29.5	3.3
Share of results from equity accounted investees with operational nature		-3.2	1.3	-4.5	-	1.0	0.6	64.5
<b>EBITDA</b>		<b>88.4</b>	<b>84.9</b>	<b>3.5</b>	<b>4.1</b>	<b>23.6</b>	<b>19.0</b>	<b>24.2</b>
Depreciation and amortisation including effects from impairment tests		-41.7	-58.0	16.3	28.1	-14.4	-13.6	-5.7
<b>Results from operating activities (EBIT)</b>		<b>46.7</b>	<b>27.0</b>	<b>19.8</b>	<b>73.3</b>	<b>9.1</b>	<b>5.3</b>	<b>71.1</b>
Financial results		-15.2	-18.3	3.1	16.8	-3.6	-5.9	39.8
<b>Result before income tax</b>		<b>31.5</b>	<b>8.6</b>	<b>22.8</b>	<b>-</b>	<b>5.6</b>	<b>-0.6</b>	<b>-</b>
Total assets		1,146.7	1,195.6	-48.9	-4.1	1,146.7	1,195.6	-4.1
Total liabilities		865.2	968.7	-103.5	-10.7	865.2	968.7	-10.7
Investments <sup>1)</sup>		26.6	41.1	-14.5	-35.3	11.9	2.7	-

1) In intangible assets and property, plant and equipment

mal power plants resulted from the increased use of EVN's power plants to stabilise the networks in Austria and Germany.

At the Group level, EVN covered 32.7% of the electricity sold during the reporting period with its own production (previous year: 26.4%). The share of renewable energy in the Group's total production equalled 32.8%. This represents a decline from the comparable prior year level of 42.7%, which resulted from the more favourable weather conditions in 2014/15 and the reduced use of the thermal power plants to support network stability.

Revenue in the Generation Segment totalled EUR 171.1m for the first three quarters of 2015/16 and reflected the prior year level (previous year: EUR 171.2m). The increased revenue from the provision of balancing energy and reserve capacity for southern Germany was able to nearly offset the volume- and price-related decrease in revenue from renewable generation.

Operating expenses fell by EUR 8.1m, or 9.2%, to EUR 79.6m, mainly due to a decline in the cost of primary energy carriers.

The share of results from equity accounted investees with operational nature was EUR 4.5m lower at EUR -3.2m. This development reflected a weather- and market price-related slight decline in the share of results from Verbund Innkraftwerke GmbH and, above all, the impairment loss recognised to the investment in the Ashta hydropower plant, which was reported in the first quarter.

EBITDA in the Generation Segment totalled EUR 88.4m in the first three quarters of 2015/16, a year-on-year increase of EUR 3.5m, or 4.1%. Depreciation and amortisation, including the results of impairment tests, declined by EUR 16.3m, or 28.1%, to EUR 41.7m. However, the comparable prior year period included an impairment loss of EUR 17.0m to the Dürrohr power plant. Results from operating activities (EBIT) rose by EUR 19.8m, or 73.3%, to EUR 46.7m.

Financial results improved by EUR 3.1m, or 16.8%, to EUR -15.2m following scheduled repayments and the subsequent reduction of financial liabilities. Result before income tax amounted to EUR 31.5m and was EUR 22.8m higher than in the first three quarters of the previous year.

Investments in this segment were EUR 14.5m, or 35.3%, lower at EUR 26.6m in the first three quarters of 2015/16. This decline resulted primarily from the completion and commissioning of the Prottes-Ollersdorf windpark in the second quarter of 2014/15, which was responsible for the comparatively high level of investment in the comparable prior year period.

## Energy Trade and Supply

The Energy Trade and Supply Segment is responsible for the trading and sale of electricity and natural gas to end customers, primarily in the Austrian home market and in wholesale markets. The segment's business activities also include the procurement of electricity, natural gas and other primary energy carriers as well as the production and sale of heat.

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### Highlights

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- Energy sales volumes continue to be influenced by mild winter and competition
  - Reduction in operating expenses
  - EBITDA, EBIT and result before income tax above prior year level
- 

EVN recorded a decline in electricity and natural gas sales volumes during the reporting period. This development resulted primarily from the mild temperatures during the winter 2015/16 as well as the effects of energy efficiency measures and intense competition on the end customer market. In contrast, heat sales volumes increased – despite the mild weather – due to higher demand from industrial customers.

Revenue in this segment rose by EUR 3.5m, or 0.9%, to EUR 385.1m despite the decline in electricity and natural gas sales volumes. The increase was supported chiefly by higher revenue from the electricity generated in the thermal power plants.

Operating expenses were EUR 5.3m, or 1.4%, lower at EUR 361.9m. This development resulted, above all, from lower primary energy purchasing costs from third parties for heat generation and for natural gas marketing.

The share of results from equity accounted investees with operational nature rose by EUR 8.3m, or 13.7%, to EUR 68.8m. In total, the above developments led to an increase of EUR 17.1m, or 22.8%, in EBITDA to EUR 92.0m.

Depreciation and amortisation rose by EUR 0.5m, or 4.2%, to EUR 13.0m. Results from operating activities (EBIT) totalled EUR 79.0m, which represents an increase of EUR 16.6m, or 26.6%, over the previous year.

Financial results amounted to EUR -2.7m for the reporting period (previous year: EUR -3.6m). Result before income tax rose by EUR 17.5m, or 29.7%, to EUR 76.3m in the first three quarters of 2015/16.

<b>Key indicators – Energy Trade and Supply</b>		<b>2015/16</b>	<b>2014/15</b>	<b>+/-</b>		<b>2015/16</b>	<b>2014/15</b>	<b>+/-</b>
		<b>Q. 1-3</b>	<b>Q. 1-3</b>	<b>nominal</b>	<b>in %</b>	<b>Q. 3</b>	<b>Q. 3</b>	<b>in %</b>
<b>Key energy business indicators</b>	GWh							
<b>Energy sales volumes to end customers</b>								
Electricity		4,956	5,181	-225	-4.3	1,449	1,553	-6.7
Natural gas		4,824	4,937	-112	-2.3	696	702	-0.9
Heat		1,623	1,554	69	4.4	347	325	6.7
<b>Key financial indicators</b>	EURm							
External revenue		374.5	370.4	4.1	1.1	70.3	77.6	-9.4
Internal revenue		10.6	11.2	-0.6	-5.3	4.4	3.9	11.8
<b>Total revenue</b>		<b>385.1</b>	<b>381.6</b>	<b>3.5</b>	<b>0.9</b>	<b>74.7</b>	<b>81.5</b>	<b>-8.4</b>
Operating expenses		-361.9	-367.2	5.3	1.4	-85.0	-87.2	2.6
Share of results from equity accounted investees with operational nature		68.8	60.5	8.3	13.7	2.5	14.0	-81.7
<b>EBITDA</b>		<b>92.0</b>	<b>74.9</b>	<b>17.1</b>	<b>22.8</b>	<b>-7.8</b>	<b>8.2</b>	<b>-</b>
Depreciation and amortisation including effects from impairment tests		-13.0	-12.5	-0.5	-4.2	-4.3	-4.2	-3.9
<b>Results from operating activities (EBIT)</b>		<b>79.0</b>	<b>62.4</b>	<b>16.6</b>	<b>26.6</b>	<b>-12.1</b>	<b>4.1</b>	<b>-</b>
Financial results		-2.7	-3.6	0.9	25.3	-1.0	-2.2	54.3
<b>Result before income tax</b>		<b>76.3</b>	<b>58.9</b>	<b>17.5</b>	<b>29.7</b>	<b>-13.1</b>	<b>1.9</b>	<b>-</b>
Total assets		550.1	473.6	76.5	16.2	550.1	473.6	16.2
Total liabilities		449.2	368.8	80.4	21.8	449.2	368.8	21.8
Investments <sup>1)</sup>		9.4	6.5	2.9	44.5	2.9	2.2	31.6

1) In intangible assets and property, plant and equipment

Investments in this segment increased by EUR 2.9m, or 44.5%, year-on-year to EUR 9.4m and focused, in total, on the expansion of the heating plants and network.

### Network Infrastructure Austria

The Network Infrastructure Austria Segment covers the operation of the regional electricity and natural gas networks as well as the cable TV and telecommunications networks in Lower Austria and Burgenland. This segment also includes corporate services, above all in connection with construction, which are reported as internal revenue. Income from investments in this segment includes the distributions from the R-138 fund and AGGM Austrian Gas Grid Management AG to Netz Niederösterreich GmbH.

### Highlights

- Increase in electricity and natural gas network distribution volumes
- Revenue above previous year
- Improvement in EBITDA, EBIT and result before income tax
- Investment focus on supply security

The electricity and natural gas network tariffs in Austria are adjusted annually on 1 January by the E-Control Commission in accordance with the incentive regulatory system. As of 1 January 2016, the electricity and natural gas network tariffs for household customers were increased by an average of 11.0% each. The adjustments as of 1 January 2015 involved a reduction in the network tariffs of 1.0% for electricity and 3.0% for natural gas.

Electricity distribution volumes rose by 1.3% to 6,230 GWh in the first three quarters of 2015/16, above all due to growth in the industrial customer segment. Natural gas distribution volumes

<b>Key indicators – Network Infrastructure Austria</b>		<b>2015/16</b>	<b>2014/15</b>	<b>+/-</b>		<b>2015/16</b>	<b>2014/15</b>	<b>+/-</b>
		<b>Q. 1–3</b>	<b>Q. 1–3</b>	<b>nominal</b>	<b>in %</b>	<b>Q. 3</b>	<b>Q. 3</b>	<b>in %</b>
<b>Key energy business indicators</b>		GWh						
<b>Network distribution volumes</b>								
Electricity		6,230	6,152	77	1.3	1,902	1,891	0.6
Natural gas		13,991	12,855	1,136	8.8	2,754	2,493	10.5
<b>Key financial indicators</b>		EURm						
External revenue		345.5	331.1	14.4	4.3	91.8	89.1	3.0
Internal revenue		36.4	34.9	1.5	4.2	11.4	11.5	-0.2
<b>Total revenue</b>		<b>381.9</b>	<b>366.0</b>	<b>15.8</b>	<b>4.3</b>	<b>103.2</b>	<b>100.5</b>	<b>2.6</b>
Operating expenses		-189.8	-195.7	5.9	3.0	-62.3	-62.4	0.1
Share of results from equity accounted investees with operational nature		-	-	-	-	-	-	-
<b>EBITDA</b>		<b>192.1</b>	<b>170.3</b>	<b>21.8</b>	<b>12.8</b>	<b>40.9</b>	<b>38.1</b>	<b>7.2</b>
Depreciation and amortisation including effects from impairment tests		-82.0	-77.4	-4.6	-5.9	-27.2	-25.7	-5.6
<b>Results from operating activities (EBIT)</b>		<b>110.1</b>	<b>92.9</b>	<b>17.2</b>	<b>18.5</b>	<b>13.7</b>	<b>12.4</b>	<b>10.4</b>
Financial results		-12.9	-13.0	0.1	0.8	-4.2	-4.3	0.3
<b>Result before income tax</b>		<b>97.2</b>	<b>79.9</b>	<b>17.3</b>	<b>21.6</b>	<b>9.5</b>	<b>8.2</b>	<b>15.9</b>
Total assets		1,825.4	1,822.9	2.5	0.1	1,825.4	1,822.9	0.1
Total liabilities		1,291.3	1,303.2	-11.9	-0.9	1,291.3	1,303.2	-0.9
Investments <sup>1)</sup>		83.9	89.6	-5.7	-6.3	37.6	37.5	0.5

1) In intangible assets and property, plant and equipment

increased by 8.8%, to 13,991 GWh, primarily due to the frequent use of EVN's natural gas-fired power plants to stabilise the Austrian and southern German electricity networks.

These price and volume factors led to an increase of EUR 15.8m, or 4.3%, in revenue to EUR 381.9m. In contrast, operating expenses declined by EUR 5.9m, or 3.0%, to EUR 189.8m, chiefly due to lower service costs, network losses and expenses related to the upstream network.

These developments led to an increase of EUR 21.8m, or 12.8%, in EBITDA to EUR 192.1m. In addition, EBIT rose by EUR 17.2m, or 18.5%, to EUR 110.1m, despite an investment-related increase of EUR 4.6m, or 5.9%, in depreciation and amortisation to EUR 82.0m.

Financial results were stable at EUR -12.9m (previous year: EUR -13.0m). Result before income tax recorded by the Network Infrastructure Austria Segment amounted to EUR 97.2m in the first three quarters of 2015/16, which represents a year-on-year increase of EUR 17.3m, or 21.6%.

The capital expenditure programme announced by EVN in 2013/14, which calls for investments of EUR 1bn in Lower Austria over a period of four years, entered its third year as planned during the reporting period. Roughly 70% of this programme will be directed to the Network Infrastructure Austria Segment. The related investments involve the expansion or new construction of the network infrastructure and are designed, above all, to transport the increased feed-in from decentralised generation sources. Investments in this segment totalled EUR 83.9m in the first three quarters of 2015/16. This represents a year-on-year decline of EUR 5.7m, or 6.3%, which resulted from the postponement of individual construction projects.

#### **Energy Supply South East Europe**

The Energy Supply South East Europe Segment is responsible for the operation of electricity networks and the sale of electricity to end customers in Bulgaria and Macedonia, the generation and sale of heat in Bulgaria, the production of electricity in Macedonia, the sale of natural gas to end customers in Croatia and energy trading throughout the region.



<b>Key indicators – Energy Supply South East Europe</b>		<b>2015/16</b>	<b>2014/15</b>	<b>+/-</b>		<b>2015/16</b>	<b>2014/15</b>	<b>+/-</b>
		<b>Q. 1–3</b>	<b>Q. 1–3</b>	<b>nominal</b>	<b>in %</b>	<b>Q. 3</b>	<b>Q. 3</b>	<b>in %</b>
<b>Key energy business indicators</b>		GWh						
Electricity generation volumes		365	414	-49	-11.9	119	126	-6.1
thereof renewable energy		139	179	-40	-22.3	63	66	-3.6
thereof thermal power plants		226	235	-9	-3.9	55	61	-8.9
Network distribution volumes <sup>1)</sup>		10,250	10,430	-179	-1.7	2,953	2,947	0.2
Heat sales volumes to end customers		171	198	-27	-13.7	15	24	-36.7
<b>Key financial indicators</b>		EURm						
External revenue		735.7	799.8	-64.1	-8.0	202.1	218.6	-7.5
Internal revenue		0.2	0.2	0.1	47.6	0.1	0.0	61.4
<b>Total revenue</b>		<b>735.9</b>	<b>800.0</b>	<b>-64.0</b>	<b>-8.0</b>	<b>202.2</b>	<b>218.6</b>	<b>-7.5</b>
Operating expenses		-649.4	-720.4	71.0	9.9	-172.5	-190.1	9.2
Share of results from equity accounted investees with operational nature		-	-	-	-	-	-	-
<b>EBITDA</b>		<b>86.6</b>	<b>79.6</b>	<b>7.0</b>	<b>8.8</b>	<b>29.7</b>	<b>28.5</b>	<b>4.1</b>
Depreciation and amortisation including effects from impairment tests		-75.3	-46.0	-29.3	-63.6	-43.8	-15.4	-
<b>Results from operating activities (EBIT)</b>		<b>11.3</b>	<b>33.6</b>	<b>-22.3</b>	<b>-66.4</b>	<b>-14.1</b>	<b>13.1</b>	<b>-</b>
Financial results		-17.7	-19.9	2.2	11.0	-5.8	-6.4	9.9
<b>Result before income tax</b>		<b>-6.4</b>	<b>13.7</b>	<b>-20.1</b>	<b>-</b>	<b>-19.8</b>	<b>6.7</b>	<b>-</b>
Total assets		1,268.8	1,279.4	-10.6	-0.8	1,268.8	1,279.4	-0.8
Total liabilities		1,109.8	1,138.9	-29.0	-2.5	1,109.8	1,138.9	-2.5
Investments <sup>2)</sup>		69.1	59.3	9.8	16.6	24.6	16.6	48.3

1) In Bulgaria and Macedonia energy sales volumes are approximately equivalent to present network distribution volumes.

2) In intangible assets and property, plant and equipment

## Highlights

- Water flows in Macedonia above long-term average, but lower than the previous year
- Mild winter in Bulgaria and Macedonia leads to weaker energy demand
- Lower revenue, energy procurement costs and operating expenses
- Increase in EBITDA, decline in EBIT and result before income tax

The regulatory authority in Bulgaria increased the end customer prices for electricity in EVN's supply area by an average of 0.83% as of 1 July 2016. Of relevance for the reporting period, however, was the 0.4% price reduction implemented on 1 August 2015. Following a step-by-step reduction in the end customer prices for heat by 7.0% and an additional 0.7% in the previous year, the regulator decided upon a further reduction of 2.5% in 2016. EVN

is continuing to actively pursue the arbitration proceedings started in June 2013 at the World Bank's International Centre for the Settlement of Investment Disputes (ICSID).

A tariff decision in Macedonia reduced the end customer prices for electricity by an average of 0.25% as of 1 July 2016. Similar to the previous decisions, this adjustment also failed to include the cost elements related to the next planned liberalisation steps.

EVN now supplies customers in all three Croatian counties (Zadar, Šibenik and Split) for which EVN Croatia has signed concession agreements covering the construction and operation of natural gas distribution networks. The current focus is on the connection of new customers through measures to increase the network coverage and on the further expansion of the local network.

EVN's companies in South Eastern Europe generated 365 GWh of electricity in the first three quarters of 2015/16, which represents a year-on-year decline of 49 GWh, or 11.9%. Water flows in Macedonia were clearly higher than the long-term average throughout the reporting period, but did not reach the previous

year's record level. This led to a 40 GWh, or 22.3%, drop in renewable production to 139 GWh. In Bulgaria, the average temperatures were even higher than the mild winter 2014/15. The result was a reduction in the operating time of the co-generation plant in Plovdiv and a subsequent decrease of 9 GWh, or 3.9%, in thermal generation to 226 GWh.

Electricity network sales volumes declined by a total of 179 GWh, or 1.7%, year-on-year to 10,250 GWh. Moreover, heat sales to end customers in Bulgaria fell by 27 GWh, or 13.7%, to 171 GWh.

Revenue of this segment reflected this development and fell by EUR 64.0m, or 8.0%, to EUR 735.9m. In addition to the 2015 tariff decisions in Bulgaria and Macedonia and the liberalisation steps taken in both countries, revenue growth was also weakened by the mild winter weather in Bulgaria and Macedonia.

Operating expenses, however, also fell during the reporting period and were EUR 71.0m, or 9.9%, lower year-on-year at EUR 649.4m. Energy purchases from third parties declined because of the lower prices and volumes and, not least, due to the further reduction of network losses. Positive effects were also provided by continuous improvements in the collection of customer receivables and further measures to optimise the organisation. In total, EBITDA rose by EUR 7.0m, or 8.8%, to EUR 86.6m.

Depreciation and amortisation, including the effects of impairment testing, rose by EUR 29.3m, or 63.6%, to EUR 75.3m. In addition to an increase of EUR 3.2m, or 7.0%, in scheduled depreciation and amortisation to EUR 49.2m, an impairment loss of EUR 26.1m was recognised to TEZ Plovdiv in Bulgaria to reflect the continued adverse rulings of the regulatory authority in the heating sector. The results from operating activities (EBIT) thus amounted to EUR 11.3m and were EUR 22.3m, or 66.4%, lower than the previous year.

Financial results improved by EUR 2.2m, or 11.0%, to EUR -17.7m based on the scheduled repayment of loans and a further decline in interest rates. Result before income tax totalled EUR -6.4m in the first three quarters of 2015/16, EUR 20.1m lower than the previous year.

Investments rose by EUR 9.8m, or 16.6%, to EUR 69.1m during the reporting period.

## Environmental Services

The activities of the Environmental Services Segment cover drinking water supply, wastewater treatment and thermal waste utilisation in Austria; the international project business in Central, Eastern and South Eastern Europe; and the operation of two combined cycle heat and power co-generation plants in Moscow.

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### Highlights

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- Commissioning of natural filter plant for drinking water supplies in northern Weinviertel region
  - Contract for construction of a sewage treatment plant in Vodice, Croatia
  - Decline in EBITDA, EBIT and result before income tax due to absence of positive non-recurring effects from prior year
- 

The Environmental Services Segment recorded an increase of EUR 4.8m, or 3.8%, in revenue to EUR 132.3m in the first three quarters of 2015/16. This growth was supported by positive revenue development in the international project business, higher sales volumes of drinking water supplies and thermal waste utilisation in Lower Austria.

Operating expenses rose by EUR 13.6m, or 13.6%, to EUR 113.6m during the reporting period. This increase was related primarily to the positive non-recurring effects from the sale of the shares in the project company for the sodium hypochlorite plant in Moscow, which were recorded under other operating income and also included in operating expenses in the previous year. The absence of these non-recurring effects was only offset in part by a decline in the cost of materials during the reporting period, which resulted from the absence of a valuation allowance recognised in the previous year to the flue gas cleaning aggregate in the former project for the construction of thermal waste utilisation plant no. 1 in Moscow.

The share of results from equity accounted investees with operational nature remained generally stable at EUR 9.5m (previous year: EUR 9.4m). These developments led, in total, to EBITDA of EUR 28.3m, which represents a decline of EUR 8.7m, or 23.5%. Depreciation and amortisation were nearly constant at EUR 19.3m (previous year: EUR 19.9m), and the results from operating activities (EBIT) fell by EUR 8.1m, or 47.5%, year-on-year to EUR 9.0m.

Financial results improved by EUR 4.8m, or 75.2%, to EUR -1.6m. This development resulted primarily from the absence of the negative one-off effects caused by the termination of the hedge and the federal guarantee for the sodium hypochlorite project in Moscow. Result before income tax equalled EUR 7.4m in the first three quarters of 2015/16 (previous year: EUR 10.6m).

<b>Key financial indicators – Environmental Services</b>	EURm	2015/16	2014/15	+/-		2015/16	2014/15	+/-
		Q. 1–3	Q. 1–3	nominal	in %	Q. 3	Q. 3	in %
External revenue		118.9	113.0	5.9	5.2	39.9	39.0	2.5
Internal revenue		13.4	14.5	-1.1	-7.8	4.4	4.9	-9.1
<b>Total revenue</b>		<b>132.3</b>	<b>127.6</b>	<b>4.8</b>	<b>3.8</b>	<b>44.3</b>	<b>43.8</b>	<b>1.2</b>
Operating expenses		-113.6	-100.0	-13.6	-13.6	-41.4	-34.7	-19.3
Share of results from equity accounted investees with operational nature		9.5	9.4	0.1	1.2	3.2	3.4	-6.2
<b>EBITDA</b>		<b>28.3</b>	<b>36.9</b>	<b>-8.7</b>	<b>-23.5</b>	<b>6.1</b>	<b>12.5</b>	<b>-50.9</b>
Depreciation and amortisation including effects from impairment tests		-19.3	-19.9	0.6	2.9	-6.5	-6.7	3.1
<b>Results from operating activities (EBIT)</b>		<b>9.0</b>	<b>17.1</b>	<b>-8.1</b>	<b>-47.5</b>	<b>-0.3</b>	<b>5.8</b>	<b>-</b>
Financial results		-1.6	-6.4	4.8	75.2	0.1	1.4	-91.3
<b>Result before income tax</b>		<b>7.4</b>	<b>10.6</b>	<b>-3.3</b>	<b>-30.7</b>	<b>-0.2</b>	<b>7.3</b>	<b>-</b>
Total assets		910.6	957.5	-46.9	-4.9	910.6	957.5	-4.9
Total liabilities		723.5	765.8	-42.3	-5.5	723.5	765.8	-5.5
Investments <sup>1)</sup>		6.6	6.8	-0.3	-4.1	3.3	2.0	64.8

1) In intangible assets and property, plant and equipment

In the first three quarters of 2015/16, EVN's Environmental Services Segment continued its investments to improve the security of high-quality drinking water supplies in Lower Austria. The natural filter plant, which was constructed on the well field in Zwentendorf an der Zaya, was commissioned step-by-step in May 2016 according to schedule. This plant will supply roughly 30,000 residents in the northern Weinviertel region with drinking water that is softened without the use of chemicals. Another project involved a 25% increase in the performance capability of the Waldviertel regional pumping stations to improve the management of peak periods, especially during the summer months. EVN also recently expanded its supply area for the drinking water business: In June 2016, the municipal council of Schwadorf (Wien-Umgebung district) approved the transfer of the management of the local water supply network for its approximately 2,000 residents to EVN as of 1 October 2016.

In the international project business, EVN was awarded a contract in June 2016 for the construction of a new sewage treatment plant in Vodice on the Adriatic Coast in Croatia. This project has a contract volume of approximately EUR 6.0m and covers a capacity of approximately 20,000 residents. It will make an important contribution to improving the quality of the sea water for this Dalmatian tourism community. EVN will serve as the general contractor on the project. The financing will be provided by the contracting authority and is supported by the EU Cohesion Fund. EVN worked on the realisation of eight projects in Croatia, Macedonia, Montenegro, the Czech Republic and Cyprus as of 30 June 2016.

### Strategic Investments and Other Business

The Strategic Investments and Other Business Segment basically covers the investments in Rohöl-Aufsuchungs Aktiengesellschaft (RAG), Energie Burgenland (held by Burgenland Holding AG) and Verbund AG. This segment also includes corporate functions as well as companies outside EVN's core business which generally provide internal services.

### Highlights

- Lower earnings contributions from RAG
- Stable earnings contribution from Energie Burgenland
- Decline in EBITDA, EBIT and result before income tax

Revenue in this segment remained nearly stable at EUR 49.4m in the first three quarters of 2015/16 (previous year: EUR 48.5m), while operating expenses declined by EUR 3.2m, or 5.7%, to EUR 53.5m.

The share of results from equity accounted investees with operational nature fell by EUR 16.6m, or 27.4%, to EUR 44.0m due to a lower earnings contribution from RAG. The earnings contribution from Energie Burgenland, which is also reported under this position, remained stable during the reporting period. In total, these developments led to EBITDA of EUR 40.0m (previous year: EUR 52.4m) and results from operating activities (EBIT) amounting to EUR 38.8m (previous year: EUR 50.0m).

<b>Key financial indicators – Strategic Investments and Other Business</b>	EURm	2015/16	2014/15	+/-		2015/16	2014/15	+/-
		Q. 1–3	Q. 1–3	nominal	in %	Q. 3	Q. 3	in %
External revenue		6.7	6.0	0.7	11.5	4.8	1.7	–
Internal revenue		42.7	42.5	0.3	0.7	12.1	14.8	–18.0
<b>Total revenue</b>		<b>49.4</b>	<b>48.5</b>	<b>1.0</b>	<b>2.0</b>	<b>17.0</b>	<b>16.5</b>	<b>2.6</b>
Operating expenses		–53.5	–56.7	3.2	5.7	–19.6	–17.9	–9.5
Share of results from equity accounted investees with operational nature		44.0	60.7	–16.6	–27.4	13.8	8.8	56.8
<b>EBITDA</b>		<b>40.0</b>	<b>52.4</b>	<b>–12.4</b>	<b>–23.7</b>	<b>11.2</b>	<b>7.4</b>	<b>50.1</b>
Depreciation and amortisation including effects from impairment tests		–1.2	–2.3	1.1	49.0	–0.4	–0.4	–12.2
<b>Results from operating activities (EBIT)</b>		<b>38.8</b>	<b>50.0</b>	<b>–11.3</b>	<b>–22.5</b>	<b>10.8</b>	<b>7.1</b>	<b>52.0</b>
Financial results		24.0	32.5	–8.5	–26.1	14.5	–1.8	–
<b>Result before income tax</b>		<b>62.8</b>	<b>82.5</b>	<b>–19.7</b>	<b>–23.9</b>	<b>25.3</b>	<b>5.3</b>	<b>–</b>
Total assets		2,702.7	2,654.9	47.8	1.8	2,702.7	2,654.9	1.8
Total liabilities		1,189.8	1,124.7	65.1	5.8	1,189.8	1,124.7	5.8
Investments <sup>1)</sup>		0.9	1.5	–0.6	–39.1	0.5	0.7	–26.2

1) In intangible assets and property, plant and equipment

Financial results declined by EUR 8.5m, or 26.1%, to EUR 24.0m based on two contrary developments. The results from investments were increased by the higher dividend of EUR 0.35 per share from Verbund AG for the 2015 financial year (previous year: EUR 0.29 per share). However, financial results were adversely influenced by a negative earnings contribution from WEEV Beteiligungs GmbH which resulted from an impairment loss to the Verbund AG shares

held by this company. The impairment loss was required to reflect the lasting decline in the share price below the recorded cost.

The Strategic Investments and Other Business Segment recorded result before income tax of EUR 62.8m for the reporting period (previous year: EUR 82.5m).

# Consolidated interim report

according to IAS 34

## Consolidated statement of operations

EURm	2015/16 Q. 1-3	2014/15 Q. 1-3	+/- in %	2015/16 Q. 3	2014/15 Q. 3	+/- in %	2014/15
Revenue	1,616.6	1,664.1	-2.9	419.8	439.4	-4.5	2,135.8
Other operating income	68.8	90.3	-23.9	26.4	23.8	11.0	108.4
Electricity purchases and primary energy expenses	-765.3	-841.2	9.0	-184.1	-203.0	9.3	-1,066.5
Costs of materials and services	-177.0	-186.3	5.0	-65.6	-59.7	-9.9	-254.0
Personnel expenses	-234.0	-241.0	2.9	-79.1	-81.9	3.4	-313.5
Other operating expenses	-102.8	-120.6	14.7	-34.8	-32.1	-8.3	-168.1
Share of results from equity accounted investees with operational nature	119.2	131.9	-9.6	20.5	26.7	-23.4	141.1
<b>EBITDA</b>	<b>525.4</b>	<b>497.2</b>	<b>5.7</b>	<b>103.1</b>	<b>113.2</b>	<b>-9.0</b>	<b>583.2</b>
Depreciation and amortisation	-199.3	-191.7	-4.0	-67.6	-64.2	-5.4	-260.3
Effects from impairment tests	-26.8	-19.0	-41.1	-26.8	-	-	-54.7
<b>Results from operating activities (EBIT)</b>	<b>299.3</b>	<b>286.5</b>	<b>4.5</b>	<b>8.6</b>	<b>49.0</b>	<b>-82.4</b>	<b>268.2</b>
Share of results from equity accounted investees with financial nature	-8.6	0.6	-	-3.6	-0.1	-	0.4
Results from other investments	17.5	11.9	46.4	17.3	-1.5	-	11.6
Interest income	13.1	17.6	-25.4	4.5	6.1	-27.2	21.7
Interest expense	-57.1	-71.7	20.3	-18.3	-20.0	8.5	-91.1
Other financial results	-4.3	0.4	-	0.2	-3.6	-	-2.9
<b>Financial results</b>	<b>-39.5</b>	<b>-41.2</b>	<b>4.2</b>	<b>0.1</b>	<b>-19.1</b>	<b>-</b>	<b>-60.3</b>
<b>Result before income tax</b>	<b>259.8</b>	<b>245.4</b>	<b>5.9</b>	<b>8.7</b>	<b>29.9</b>	<b>-70.9</b>	<b>207.9</b>
Income tax expense	-40.2	-29.3	-37.2	7.5	-2.5	-	-17.3
<b>Result for the period</b>	<b>219.7</b>	<b>216.1</b>	<b>1.7</b>	<b>16.2</b>	<b>27.4</b>	<b>-40.9</b>	<b>190.7</b>
thereof result attributable to EVN AG shareholders (Group net result)	198.8	187.1	6.3	9.0	21.7	-58.7	148.1
thereof result attributable to non-controlling interests	20.9	29.0	-28.0	7.2	5.7	27.2	42.6
Earnings per share in EUR <sup>1)</sup>	1.12	1.05	6.4	0.05	0.12	-58.7	0.83

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

## Consolidated statement of comprehensive income

EURm	2015/16 Q. 1-3	2014/15 Q. 1-3	+/- in %	2015/16 Q. 3	2014/15 Q. 3	+/- in %	2014/15
<b>Result for the period</b>	<b>219.7</b>	<b>216.1</b>	<b>1.7</b>	<b>16.2</b>	<b>27.4</b>	<b>-40.9</b>	<b>190.7</b>
<b>Other comprehensive income from</b>							
<b>Items that will not be reclassified to profit or loss</b>	<b>-20.5</b>	<b>-25.8</b>	<b>20.6</b>	<b>-14.3</b>	<b>9.2</b>	<b>-</b>	<b>1.6</b>
Remeasurements IAS 19	-31.0	-16.8	-84.3	-17.7	13.8	-	21.2
Investments in equity accounted investees	2.4	-13.1	-	-1.1	-1.2	10.8	-13.9
thereon apportionable income tax expense	8.1	4.2	94.1	4.5	-3.4	-	-5.6
<b>Items that may be reclassified to profit or loss</b>	<b>41.7</b>	<b>-92.6</b>	<b>-</b>	<b>68.1</b>	<b>-77.4</b>	<b>-</b>	<b>-139.4</b>
Currency translation differences	-1.0	-7.4	86.8	1.1	0.3	-	-10.7
Available for sale financial instruments	33.7	-116.5	-	59.4	-101.9	-	-163.5
Cash flow hedges	1.8	9.1	-80.1	3.0	9.4	-68.4	5.4
Investments in equity accounted investees	18.6	-4.4	-	25.0	-7.6	-	-12.9
thereon apportionable income tax expense	-11.4	26.5	-	-20.3	22.4	-	42.2
<b>Total other comprehensive income after tax</b>	<b>21.2</b>	<b>-118.4</b>	<b>-</b>	<b>53.9</b>	<b>-68.2</b>	<b>-</b>	<b>-137.9</b>
<b>Comprehensive income for the period</b>	<b>240.9</b>	<b>97.7</b>	<b>-</b>	<b>70.0</b>	<b>-40.8</b>	<b>-</b>	<b>52.9</b>
thereof income attributable to EVN AG shareholders	220.0	74.0	-	62.8	-41.2	-	15.4
thereof income attributable to non-controlling interests	20.9	23.7	-12.0	7.2	0.4	-	37.5



## Consolidated statement of financial position

EURm	30.06.2016	30.09.2015	+/-	
			nominal	in %
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	228.1	220.2	7.8	3.6
Property, plant and equipment	3,492.5	3,516.3	-23.8	-0.7
Investments in equity accounted investees	943.6	898.1	45.5	5.1
Other investments	532.0	499.7	32.4	6.5
Deferred tax assets	87.2	86.4	0.8	0.9
Other non-current assets	309.0	308.4	0.5	0.2
	<b>5,592.4</b>	<b>5,529.2</b>	<b>63.3</b>	<b>1.1</b>
<b>Current assets</b>				
Inventories	118.3	132.5	-14.2	-10.7
Trade and other receivables	472.4	503.2	-30.9	-6.1
Securities	85.7	81.3	4.4	5.4
Cash and cash equivalents	280.9	255.1	25.8	10.1
	<b>957.2</b>	<b>972.0</b>	<b>-14.8</b>	<b>-1.5</b>
<b>Total assets</b>	<b>6,549.6</b>	<b>6,501.2</b>	<b>48.4</b>	<b>0.7</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	330.0	330.0	-	-
Share premium and capital reserves	253.0	253.0	-	-
Retained earnings	1,992.3	1,868.2	124.1	6.6
Valuation reserve	-47.7	-69.9	22.2	31.8
Currency translation reserve	-24.9	-24.0	-1.0	-4.1
Treasury shares	-23.6	-22.5	-1.1	-4.9
Issued capital and reserves attributable to shareholders of EVN AG	<b>2,479.0</b>	<b>2,334.8</b>	<b>144.2</b>	<b>6.2</b>
Non-controlling interests	254.3	255.4	-1.1	-0.4
	<b>2,733.3</b>	<b>2,590.1</b>	<b>143.1</b>	<b>5.5</b>
<b>Non-current liabilities</b>				
Non-current loans and borrowings	1,340.5	1,535.7	-195.2	-12.7
Deferred tax liabilities	32.8	31.2	1.6	5.1
Non-current provisions	498.6	461.1	37.5	8.1
Deferred income from network subsidies	558.8	507.4	51.4	10.1
Other non-current liabilities	69.7	75.6	-5.9	-7.8
	<b>2,500.4</b>	<b>2,611.0</b>	<b>-110.6</b>	<b>-4.2</b>
<b>Current liabilities</b>				
Current loans and borrowings	247.5	140.1	107.4	76.7
Taxes payable and levies	96.5	63.6	32.8	51.6
Trade payables	411.1	472.3	-61.2	-13.0
Current provisions	108.5	146.1	-37.6	-25.8
Other current liabilities	452.4	477.9	-25.5	-5.3
	<b>1,316.0</b>	<b>1,300.0</b>	<b>15.9</b>	<b>1.2</b>
<b>Total equity and liabilities</b>	<b>6,549.6</b>	<b>6,501.2</b>	<b>48.4</b>	<b>0.7</b>

## Consolidated statement of changes in equity

EURm	Issued capital and reserves of EVN AG shareholders	Non-controlling interests	Total
<b>Balance on 30.09.2014</b>	2,395.2	237.5	2,632.7
Comprehensive income for the period	74.0	23.7	97.7
Dividends 2013/14	-74.7	-19.6	-94.4
Change in treasury shares	-0.8	-	-0.8
<b>Balance on 30.06.2015</b>	2,393.7	241.6	2,635.3
<b>Balance on 30.09.2015</b>	2,334.8	255.4	2,590.1
Comprehensive income for the period	220.0	20.9	240.9
Capital reduction	-	-2.2	-2.2
Dividends 2014/15	-74.7	-19.7	-94.4
Change in treasury shares	-1.1	-	-1.1
<b>Balance on 30.06.2016</b>	2,479.0	254.3	2,733.3

## Condensed consolidated statement of cash flows

EURm	2015/16 Q. 1-3	2014/15 Q. 1-3	+/-		2014/15
			nominal	in %	
<b>Result before income tax</b>	259.8	245.4	14.5	5.9	207.9
+ Depreciation and amortisation of intangible assets and property, plant and equipment	226.1	210.7	15.4	7.3	315.0
- Non-cash share of results of equity accounted investees and other investments	-128.1	-144.4	16.3	11.3	-153.1
+ Dividends from equity accounted investees and other investments	129.6	116.9	12.7	10.8	120.7
+ Interest expense	57.1	71.7	-14.6	-20.3	91.1
- Interest paid	-58.0	-69.4	11.4	16.4	-76.6
- Interest income	-13.1	-17.6	4.5	25.4	-21.7
+ Interest received	11.0	16.8	-5.8	-34.3	20.3
-/+ Other non-cash financial results	1.1	-3.1	4.2	-	2.2
- Release of deferred income from network subsidiaries	-31.7	-28.4	-3.4	-11.8	-38.7
-/+ Decrease/increase in non-current provisions	-6.8	-11.3	4.4	39.2	-30.1
+/- Other non-cash expenses/gains	2.9	0.3	2.6	-	0.9
<b>Gross cash flow</b>	450.0	387.6	62.3	16.1	438.1
- Changes in assets and liabilities arising from operating activities	-56.6	-80.5	23.9	29.7	35.6
- Income tax paid	4.3	9.0	-4.7	-52.4	4.6
<b>Net cash flow from operating activities</b>	397.7	316.1	81.6	25.8	478.3
- Changes in intangible assets and property, plant and equipment	-145.3	-143.5	-1.8	-1.3	-242.5
- Changes in financial assets and other non-current assets	-11.7	229.3	-241.0	-	250.3
- Changes in current securities	-4.4	-40.5	36.1	89.1	-80.5
<b>Net cash flow from investing activities</b>	-161.4	45.4	-206.8	-	-72.7
- Dividends paid to EVN AG shareholders	-74.7	-74.7	0.1	0.1	-74.7
- Dividends paid to non-controlling interests	-19.7	-19.6	-0.1	-0.5	-19.6
+/- Change in nominal capital and other changes in capital	-3.3	-0.8	-2.6	-	-1.1
+/- Changes in financial liabilities	-117.4	-245.4	128.0	52.1	-261.9
<b>Net cash flow from financing activities</b>	-215.2	-340.6	125.4	36.8	-357.3
<b>Net change in cash and cash equivalents</b>	21.1	20.9	0.2	0.8	48.3
<b>Cash and cash equivalents at the beginning of the period<sup>1)</sup></b>	244.9	197.2	47.7	24.2	197.2
<b>Cash and cash equivalents at the end of the period<sup>1)</sup></b>	265.9	218.1	47.8	21.9	244.9

1) By adding bank overdrafts this results in cash and cash equivalents according to the consolidated statement of financial position.

## Notes to the consolidated interim report

### Accounting and valuation methods

This consolidated interim report as of 30 June 2016, of EVN AG, taking into consideration § 245a Austrian Commercial Code (UGB), was prepared in accordance with the guidelines set forth in IFRS by the International Financial Reporting Standards Board (IASB) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that were applicable at the balance sheet date and adopted by the European Union (EU).

EVN has exercised the option stipulated in IAS 34 to present condensed notes. Accordingly, the consolidated interim report contains merely condensed reporting compared to the Annual report, pursuant to IAS 34, as well as selected information and details pertaining to the period under review. For this reason, it should be read together with the Annual report of the 2014/15 financial year (balance sheet date: 30 September 2015).

The accounting and valuation methods applied in preparing the consolidated financial statements as of 30 September 2015 remain unchanged. The preparation of a consolidated interim report according to IFRS requires EVN to make assumptions and estimates which influence the reported figures. Actual results can deviate from these estimates.

In order to improve clarity and comparability, all amounts in the notes and tables are generally shown in millions of euros (EURm) unless indicated otherwise. Immaterial mathematical differences may arise from the rounding of individual items or percentage rates. The financial statements of companies included in this consolidated interim report are prepared on the basis of unified accounting and valuation methods.

### Reporting in accordance with IFRS

The following standards and interpretations require mandatory application beginning with the 2015/16 financial year:

<b>Standards and interpretations applied for the first time</b>		Effective <sup>1)</sup>
<b>New standards and interpretations</b>		
–	–	–
<b>Revised standards and interpretations</b>		
IAS 19	Employee Benefits – Defined Benefit Plans: Employee Contributions	01.02.2015
Several	Annual Improvements 2010–2012	01.02.2015
Several	Annual Improvements 2011–2013	01.01.2015

1) In accordance with the Official Journal of the EU, these standards are applicable to financial years beginning on or after the effective date.

The revised standards and interpretations were applied prematurely in 2014/15 and had no effect on the consolidated interim financial statements.

### Seasonally-related effects on business operations

In particular, the energy business is subject to weather-related fluctuations in power generation and sales, thus lower revenue and earnings are typically achieved in the second half of the financial year. The environmental services business is also subject to seasonal effects. The construction of many large projects is usually scheduled to begin in the springtime due to weather conditions. For this reason, the Environmental Services Segment usually generates lower revenues in the first half of the financial year than in the second half. Accordingly, business in the Environmental Services Segment serves to principally counteract the seasonable nature of the energy business. However, the volatile nature of large construction projects results in fluctuations in revenue and earnings, which depend on the progress made in the particular projects.

### Auditor's review

The consolidated interim report was neither subject to a comprehensive audit nor subject to an auditor's review by chartered accountants.

### Scope of consolidation

The scope of consolidation is established in accordance with the requirements contained in IFRS 10. Accordingly, including the parent company EVN AG, a total of 30 domestic and 37 foreign subsidiaries (30 September 2015: 31 domestic and 37 foreign subsidiaries) were fully consolidated as of 30 June 2016. As of 30 June 2016, a total of 32 subsidiaries were not consolidated due to their immaterial influence on the assets, liabilities, cash flows and profit and loss, both in detail and altogether (30 September 2015: 36).

<b>Changes in the scope of consolidation</b>	Fully	Line-by-line (Joint Operation)	Equity	Total
<b>30.09.2014</b>	<b>69</b>	<b>1</b>	<b>19</b>	<b>89</b>
First consolidation	1	–	–	1
Deconsolidation	–2	–	–	–2
<b>30.09.2015</b>	<b>68</b>	<b>1</b>	<b>19</b>	<b>88</b>
First consolidation	1	–	–	1
Deconsolidation	–2	–	–2	–4
<b>30.06.2016</b>	<b>67</b>	<b>1</b>	<b>17</b>	<b>85</b>
thereof foreign companies	37	1	6	44

Nevawasser Projektgesellschaft mbH, Essen, Germany, which was previously not included in the consolidated financial statements of EVN AG for reasons of immateriality, was spun off from WTE Wasser-

technik GmbH, Essen, Germany, to WTE Projektgesellschaft Süd-West Wasser mbH, Essen, Germany, in the third quarter of 2015/16. The name of the company was subsequently changed to WTE Abwicklungsgesellschaft Russland mbH, Essen, Germany. WTE Abwicklungsgesellschaft Russland mbH continues to hold 100% of the shares in OOO Nordwasserwerk, Moscow, Russia. WTE Abwicklungsgesellschaft Russland mbH, Essen, Germany, was initially included through full consolidation in the third quarter of 2015/16.

Naturkraft EOOD, Plovdiv, Bulgaria, which was previously included through full consolidation, was merged with EVN Kavarna EOOD, Plovdiv, Bulgaria, as of 8 March 2016 and deconsolidated during the second quarter of 2015/16.

EVN Projektmanagement GmbH, Maria Enzersdorf, which was previously included through full consolidation, was merged with EVN Finanzservice GmbH, Maria Enzersdorf, retroactively as of 30 September 2015 based on a merger agreement dated 4 May 2016.

The operating business of the equity accounted investee e&t Energie Handelsgesellschaft m.b.H, Vienna, was sold to ENERGIEALLIANZ Austria GmbH (EAA) as of 1 October 2015. The company was then merged with Naturkraft Energievertriebsgesellschaft m.b.H, Vienna, retroactively as of 30 September 2015 through a merger contract dated 3 December 2015 and subsequently deconsolidated.

EconGas GmbH, Vienna, which was previously included in the consolidated financial statements at equity was sold to OMV Gas & Power GmbH as of 20 May 2016 and deconsolidated in the third quarter of 2015/16.

Anlagenbetriebsgesellschaft Waidhofen/Ybbs GmbH, Maria Enzersdorf, which was not included in the consolidated financial statements of EVN for reasons of immateriality, was merged with EVN Wärme GmbH, Maria Enzersdorf, retroactively to 30 September 2015 as of 11 November 2015.

WTE Projektmanagement GmbH, Essen, Germany, which was not included in EVN's consolidated financial statements for reasons of immateriality, was liquidated on 15 April 2016 and subsequently deleted from the company register.

ALBNOR Company DOO, Tetovo, Macedonia, which was not included in EVN's consolidated financial statements for reasons of immateriality, was sold during the third quarter of 2015/16.

During the reporting period there was no new acquisition of companies according to IFRS 3.

#### Selected notes to the consolidated statement of operations

In Bulgaria, continuing unfavourable regulations issued by the regulatory authority in the heating sector resulted in the recognition of

an impairment loss of EUR 26.1m to TEZ Plovdiv. The recoverable amount was determined on the basis of fair value less costs of disposal (level 3 according to IFRS 13) and equalled EUR 56.6m. An after-tax WACC of 7.6% was selected as the discount rate. The present value model underlying the valuation covers a planning period up to 2026 that is followed by a perpetual annuity.

The share of results from equity accounted investees with operational nature developed as follows:

<b>Share of results from equity accounted investees with operational nature</b>	<b>2015/16</b>	<b>2014/15</b>
EURm	<b>Q. 1-3</b>	<b>Q. 1-3</b>
EVN KG	62.0	54.6
RAG	32.8	49.9
Energie Burgenland	11.2	10.8
ZOV; ZOV UIP	9.6	9.4
Shkodra	-3.1	0.0 <sup>*)</sup>
Verbund Innkraftwerke	-0.3	0.0 <sup>*)</sup>
Other companies	7.1	7.2
<b>Share of results from equity accounted investees with operational nature</b>	<b>119.2</b>	<b>131.9</b>

<sup>\*)</sup> Small amount

The share of results from the equity accounted investee Shkodra includes an impairment loss of EUR 4.1m to the carrying amount, which is related to the Ashta hydropower plant. A capital increase in October 2015 gave rise to a review of the carrying amount for possible signs of impairment. The recoverable amount of EVN's investment in Shkodra was determined on the basis of fair value less costs of disposal (level 3 according to IFRS 13) and equalled EUR 2.8m. An after-tax WACC of 8.16% was used as the discount rate during the regulated phase and 10.29% for the free market phase. The present value model underlying the valuation includes a planning period up to 2043, after which the ownership of the power plant will be transferred to the state of Albania.

The income from investments, that encompasses the share of results from equity accounted investees with financial nature and the results from other investments, developed as follows:

<b>Income from investments</b>	<b>2015/16</b>	<b>2014/15</b>
EURm	<b>Q. 1-3</b>	<b>Q. 1-3</b>
WEEV Beteiligungs GmbH	-8.6	0.6
Other companies	0.0 <sup>*)</sup>	0.0 <sup>*)</sup>
<b>Share of results of equity accounted investees with financial nature</b>	<b>-8.6</b>	<b>0.6</b>
Verbund AG	14.0	11.6
Other companies	3.5	0.3
<b>Results from other investments</b>	<b>17.5</b>	<b>11.9</b>
<b>Total income from investments</b>	<b>8.9</b>	<b>12.5</b>

<sup>\*)</sup> Small amount

The negative earnings contribution from WEEV Beteiligungs GmbH resulted from a market-price related impairment loss to the Verbund AG shares held by WEEV, which was recognised to reflect the significant and lasting decline in the share price below its cost. In accordance with IAS 39, the adjustments to the lower market values were recognised from the date of the last impairment loss as of 30 June 2013, after the deduction of deferred taxes, and charged to the valuation reserve. IFRS require the recognition of an impairment loss through profit or loss when there is a significant and lasting decline in the share price, and this led to the reported negative earnings contribution. The price of the Verbund shares increased as of 30 June 2016 and led to a change in value that was recorded directly in equity.

Earnings per share are calculated by dividing Group net profit (= net profit for the period attributable to EVN AG shareholders) by the weighted average number of shares outstanding, i.e. 177,751,783 as of 30 June 2016 (30 June 2015: 177,916,067 shares). There is no difference between basic earnings per share and diluted earnings per share. Calculated on the basis of a Group net result amounting to EUR 198.8m (30 June 2015: EUR 187.1m), earnings per share at the balance sheet date 30 June 2016 totalled EUR 1.12 (30 June 2015: EUR 1.05 per share).

#### Selected notes to the consolidated statement of financial position

In the first three quarters of 2015/16, EVN acquired intangible assets and property, plant and equipment to the sum of EUR 193.7m (previous year: EUR 198.4m). Property, plant and equipment with a net carrying amount (book value) of EUR 3.2m were disposed of (previous year: EUR 1.1m), with a capital loss of EUR 1.2m (previous year: capital gain of EUR 0.2m).

The item investments in equity accounted investees increased by EUR 45.5m, or 5.1%, to EUR 943.6m. This increase resulted primarily from current earnings contributions of EUR 110.6m as well as from valuation changes not recognised in profit or loss that amounted to EUR 21.0m. This increase was contrasted by the distributions by at equity consolidated companies, which totalled EUR 112.0m.

Other investments totalling EUR 532.0m, which are classified as "available for sale", include the shares of listed companies. The market value of these shares equalled EUR 509.8m and increased by EUR 33.7m from the prior balance sheet date. In accordance with IAS 39, the adjustments made to reflect the changed market values were allocated to the valuation reserve after the deduction of deferred taxes.

The number of EVN shares in circulation developed as follows:

<b>Development of the number of shares in circulation</b>		<b>2015/16</b>
Number		<b>Q. 1-3</b>
Balance 30.09.2015		177,820,083
Purchase of treasury shares		-110,800
<b>Total 30.06.2016</b>		<b>177,709,283</b>

The 87<sup>th</sup> Annual General Meeting approved the premature termination of the share buyback programme that started on 16 January 2014 and authorised the Executive Board to carry out a new share buyback programme for up to 10% of EVN's share capital over a period of 30 months. The Executive Board made use of this authorisation and approved the repurchase of up to 1,000,000 shares, representing up to 0.556% of current share capital, by 31 October 2016. A total of 90,000 shares, representing 0.05% of share capital, were repurchased between 28 January and 30 June 2016.

As of 30 June 2016, the number of treasury shares amounted to 2,169,119 (or 1.2% of the share capital) with an acquisition value of EUR 23.6m and a market value of EUR 21.4m (30 September 2015: EUR 20.3m). The treasury shares held by EVN are not entitled to any rights, and in particular, they are not entitled to dividends.

The 87<sup>th</sup> Annual General Meeting of EVN held on 21 January 2016, approved the proposal of the Executive Board and Supervisory Board to distribute a dividend of EUR 0.42 per share for the 2014/15 financial year, which comprises a total dividend payout of EUR 74.7m. Ex-dividend date was 27 January 2016, and the dividend payment to shareholders of EVN took place on 29 January 2016.

The non-current loans and borrowings are composed as follows:

<b>Break-down of non-current loans and borrowings</b>		
EURm	<b>30.06.2016</b>	<b>30.09.2015</b>
Bonds	550.3	679.4
Bank loans	790.2	856.2
<b>Total non-current loans and borrowings</b>	<b>1,340.5</b>	<b>1,535.7</b>

The reduction of EUR 129.1m in bonds resulted primarily from the reclassification of a bond to current financial liabilities and from the change in the value of hedged foreign exchange risk.

The issue of the EUR 121.5m promissory note loans in October 2012 is also reflected in the bank loans.

## Segment reporting

EURm	Generation		Energy Trade and Supply		Network Infrastructure Austria		Energy Supply South East Europe	
	2015/16 Q. 1-3	2014/15 Q. 1-3	2015/16 Q. 1-3	2014/15 Q. 1-3	2015/16 Q. 1-3	2014/15 Q. 1-3	2015/16 Q. 1-3	2014/15 Q. 1-3
External revenue	35.3	43.8	374.5	370.4	345.5	331.1	735.7	799.8
Internal revenue (between segments)	135.8	127.5	10.6	11.2	36.4	34.9	0.2	0.2
<b>Total revenue</b>	<b>171.1</b>	<b>171.2</b>	<b>385.1</b>	<b>381.6</b>	<b>381.9</b>	<b>366.0</b>	<b>735.9</b>	<b>800.0</b>
Operating expenses	-79.6	-87.7	-361.9	-367.2	-189.8	-195.7	-649.4	-720.4
Share of results from equity accounted investees operational	-3.2	1.3	68.8	60.5	-	-	-	-
<b>EBITDA</b>	<b>88.4</b>	<b>84.9</b>	<b>92.0</b>	<b>74.9</b>	<b>192.1</b>	<b>170.3</b>	<b>86.6</b>	<b>79.6</b>
Depreciation and amortisation	-41.7	-58.0	-13.0	-12.5	-82.0	-77.4	-75.3	-46.0
<b>Results from operating activities (EBIT)</b>	<b>46.7</b>	<b>27.0</b>	<b>79.0</b>	<b>62.4</b>	<b>110.1</b>	<b>92.9</b>	<b>11.3</b>	<b>33.6</b>
Financial results	-15.2	-18.3	-2.7	-3.6	-12.9	-13.0	-17.7	-19.9
<b>Result before income tax</b>	<b>31.5</b>	<b>8.6</b>	<b>76.3</b>	<b>58.9</b>	<b>97.2</b>	<b>79.9</b>	<b>-6.4</b>	<b>13.7</b>
Total assets	1,146.7	1,195.6	550.1	473.6	1,825.4	1,822.9	1,268.8	1,279.4
Investments <sup>1)</sup>	26.6	41.1	9.4	6.5	83.9	89.6	69.1	59.3

	Environmental Services		Strategic Investments and Other Business		Consolidation		Total	
	2015/16 Q. 1-3	2014/15 Q. 1-3	2015/16 Q. 1-3	2014/15 Q. 1-3	2015/16 Q. 1-3	2014/15 Q. 1-3	2015/16 Q. 1-3	2014/15 Q. 1-3
External revenue	118.9	113.0	6.7	6.0	-	-	1,616.6	1,664.1
Internal revenue (between segments)	13.4	14.5	42.7	42.5	-239.2	-230.7	-	-
<b>Total revenue</b>	<b>132.3</b>	<b>127.6</b>	<b>49.4</b>	<b>48.5</b>	<b>-239.2</b>	<b>-230.8</b>	<b>1,616.6</b>	<b>1,664.1</b>
Operating expenses	-113.6	-100.0	-53.5	-56.7	237.4	229.0	-1,210.4	-1,298.8
Share of results from equity accounted investees operational	9.5	9.4	44.0	60.7	-	-	119.2	131.9
<b>EBITDA</b>	<b>28.3</b>	<b>36.9</b>	<b>40.0</b>	<b>52.4</b>	<b>-1.8</b>	<b>-1.8</b>	<b>525.4</b>	<b>497.2</b>
Depreciation and amortisation	-19.3	-19.9	-1.2	-2.3	6.3	5.4	-226.1	-210.7
<b>Results from operating activities (EBIT)</b>	<b>9.0</b>	<b>17.1</b>	<b>38.8</b>	<b>50.0</b>	<b>4.5</b>	<b>3.6</b>	<b>299.3</b>	<b>286.5</b>
Financial results	-1.6	-6.4	24.0	32.5	-13.4	-12.5	-39.5	-41.2
<b>Result before income tax</b>	<b>7.4</b>	<b>10.6</b>	<b>62.8</b>	<b>82.5</b>	<b>-8.9</b>	<b>-8.9</b>	<b>259.8</b>	<b>245.4</b>
Total assets	910.6	957.5	2,702.7	2,654.9	-1,854.7	-1,862.8	6,549.6	6,521.1
Investments <sup>1)</sup>	6.6	6.8	0.9	1.5	-2.9	-6.5	193.7	198.4

1) In intangible assets and property, plant and equipment

The results shown in the total column represent the results reported on the consolidated income statement. The consolidation column reflects the elimination of intersegment transactions. Also included are transition amounts, which result from the difference between the viewpoints of the Generation and Energy Trade and Supply 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 Trade and Supply Segment has already recognised provisions for onerous contracts connected with the marketing of its electricity production. In contrast, an impairment charge is required from the Group's point of view.



## Selected notes on financial instruments

### Information on classes and categories of financial instruments

EURm

Classes	Measurement category	Fair value hierarchy (according to IFRS 13)	30.06.2016		30.09.2015	
			Carrying amount	Fair Value	Carrying amount	Fair Value
<b>Non-current assets</b>						
<b>Other investments</b>						
Non-financial assets	–		12.5	–	13.8	–
Miscellaneous investments	AFS		9.8	–	9.8	–
Miscellaneous investments	AFS	Level 1	509.8	509.8	476.1	476.1
			<b>532.0</b>		<b>499.7</b>	
<b>Other non-current assets</b>						
Securities	@FVTPL	Level 1	86.7	86.7	73.3	73.3
Loans receivable	LAR	Level 2	33.2	41.4	33.1	40.4
Lease receivables and accrued lease transactions	LAR	Level 2	111.3	126.1	128.1	146.1
Receivables arising from derivative transactions	@FVTPL	Level 2	24.9	24.9	5.7	5.7
Remaining other non-current assets	LAR		38.4	38.4	53.8	53.8
Non-financial assets (primary energy reserves)	–		14.4	–	14.4	–
			<b>309.0</b>		<b>308.4</b>	
<b>Current assets</b>						
<b>Current receivables and other current assets</b>						
Trade and other receivables	LAR		443.3	443.3	472.6	472.6
Receivables arising from derivative transactions	@FVTPL	Level 2	8.4	8.4	7.3	7.3
Non-financial assets	–		20.7	–	23.4	–
			<b>472.4</b>		<b>503.2</b>	
Securities	AFS	Level 1	85.7	85.7	81.3	81.3
<b>Cash and cash equivalents</b>						
Cash on hand and cash at banks	LAR		280.9	280.9	255.1	255.1
			<b>280.9</b>		<b>255.1</b>	
<b>Non-current liabilities</b>						
<b>Non-current loans and borrowings</b>						
Bonds	FLAC	Level 2	550.3	662.5	679.4	805.3
Bank loans	FLAC	Level 2	790.2	858.6	856.2	916.7
			<b>1,340.5</b>		<b>1,535.7</b>	
<b>Other non-current liabilities</b>						
Leases	FLAC	Level 2	14.2	15.2	16.0	16.4
Accruals of financial transactions	FLAC		1.6	1.6	2.0	2.0
Other liabilities	FLAC		7.2	7.2	8.9	8.9
Liabilities arising from derivative transactions	Hedging, @FVTPL	Level 2	46.6	46.6	48.7	48.7
			<b>69.7</b>		<b>75.6</b>	
<b>Current liabilities</b>						
<b>Current loans and borrowings</b>						
Trade payables	FLAC		247.5	247.5	140.1	140.1
Other current liabilities	FLAC		411.1	411.1	472.3	472.3
<b>Other current liabilities</b>						
Other financial liabilities	FLAC		320.4	320.4	327.7	327.7
Liabilities arising from derivative transactions	Hedging, @FVTPL	Level 2	17.6	17.6	17.7	17.7
Non-financial liabilities	–		114.4	–	132.5	–
			<b>452.4</b>		<b>477.9</b>	
<b>thereof aggregated to measurement categories</b>						
Available for sale financial assets	AFS		605.3		567.2	
Loans and receivables	LAR		907.1		942.6	
Financial assets designated at fair value in profit or loss	@FVTPL		120.0		86.3	
Financial liabilities at amortised cost	FLAC		2,342.6		2,502.7	

The previous 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 transactions with related parties

EconGas GmbH was sold to OMV Gas & Power GmbH on 20 May 2016. This transaction will lead to a reduction in the cost of services due to the long-term supply contracts for natural gas. The provision recognised on 30 September 2015 for impending payments from liabilities to EconGas GmbH was utilised.

The value of services provided to investments in equity accounted investees is as follows:

<b>Transactions with investments in equity accounted investees</b>	<b>2015/16</b>	<b>2014/15</b>
EURm	Q. 1-3	Q. 1-3
Revenue	232.0	219.5
Cost of materials and services	91.2	115.6
Trade accounts receivable	63.8	34.6
Trade accounts payable	17.3	19.4

#### Other obligations and risks

Other obligations and risks decreased by EUR 5.3m to EUR 374.1m compared to 30 September 2015. This change was mainly due to the decrease in guarantees in connection with the construction and operation of power plants as well as a decrease in guarantees for subsidiaries in connection with construction projects in the Environmental Services Segment. This reduction was contrasted by an increase in scheduled orders for investments in intangible assets and property, plant and equipment.

Contingent liabilities related to guarantees for subsidiaries for 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 77.0m as of 30 June 2016. The nominal volume of the guarantees underlying this assessment was EUR 283.5m.

#### Events after the balance sheet date

The following events occurred between the quarterly balance sheet date of 30 June 2016 and the editorial deadline for this consolidated interim report on 17 August 2016:

A total of 133,050 shares, representing 0.07% of the current share capital of EVN AG, were transferred to employees on 4 August 2016. That concluded and terminated the issue of treasury shares to employees which was announced on 13 May 2016.

# The EVN share

## Market environment and performance

Different trends characterised the international stock markets throughout the reporting period, with increasing volatility towards the end of June due to the referendum over the UK's membership in the European Union. The US benchmark index Dow Jones rose by 10.1% from October 2015 to June 2016, but the German benchmark index DAX increased by only 0.2%. In contrast, Vienna's benchmark index ATX lost 6.0% during this same period. The DJ Euro Stoxx Utilities, the relevant industry index for EVN, on the other hand, recorded a plus of 3.2%, but was outperformed by the EVN share with an increase of 4.1%. The average daily turnover in EVN shares equalled 28,775 (single counting), which corresponds to a trading volume of EUR 53.47m (single counting) for EVN shares on the Vienna Stock Exchange and 0.25% of the total trading volume.

## Share buyback programme

The 87<sup>th</sup> Annual General Meeting on 21 January 2016 approved the premature termination of the share buyback programme that had been in progress since 16 January 2014. It also authorised the Executive Board to repurchase the company's bearer shares during a period of 30 months (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 the share capital of EVN AG. On 21 January 2016, the Executive Board approved the repurchase of up to 1,000,000 shares, representing up to 0.556%

of share capital, based on this authorisation. A total of 90,000 shares, representing 0.05% of share capital were repurchased from 28 January to 30 June 2016 within the context of this new share buyback programme. EVN AG held 2,169,119 treasury shares as of 30 June 2016, including the shares repurchased in earlier years, which represent approximately 1.2% of share capital.

## Strategy for the use of financial resources and dividend

EVN's strategy for the use of its financial resources includes establishing a balance between current investment projects and attractive dividends for shareholders. This strategy is reflected in a targeted payout ratio equalling approximately 40% of Group net result over the long term. The 87<sup>th</sup> Annual General Meeting on 21 January 2016 approved a dividend of EUR 0.42 per eligible share, or EUR 74.7m in total, to the shareholders of EVN AG for the 2014/15 financial year. The ex-dividend date was 27 January 2016, and payment was made to shareholders on 29 January 2016.

## Shareholder structure

EVN is a listed stock corporation under Austrian law whose shares are traded in the Prime Market segment of the Vienna Stock Exchange. In accordance with Austrian federal and provincial constitutional law, NÖ Landes-Beteiligungsholding GmbH, St. Pölten, which is a subsidiary of the province of Lower Austria, is the majority shareholder with 51.0% of the shares. The second largest shareholder is EnBW Trust e.V. (EnBW Trust), an association headquartered in Karlsruhe which is recorded in the register of associations

## The EVN share price – relative development



		<b>2015/16</b>	<b>2014/15</b>
		<b>Q. 1-3</b>	<b>Q. 1-3</b>
<b>EVN share – performance</b>			
Share price at 30 June	EUR	10.26	9.82
Highest price	EUR	10.52	10.56
Lowest price	EUR	9.65	9.50
Value of shares traded <sup>1)</sup>	EURm	53.47	63.99
Average daily turnover <sup>1)</sup>	Shares	28,775	34,672
Share of total turnover <sup>1)</sup>	%	0.25	0.31
Market capitalisation at 30 June	EURm	1,846	1,766
ATX weighting at 30 June	%	1.01	0.87
WBI (Vienna Stock Exchange) weighting at 30 June	%	2.37	2.05

1) Vienna Stock Exchange, single counting

maintained by the district court in Mannheim under VR 3737. EnBW Trust holds an investment of 32.2% in trust for EnBW Energie Baden-Württemberg AG (EnBW), which is also headquartered in Karlsruhe and recorded in the commercial register of the district court in Mannheim under HRB 107956. As of 30 June 2016, EVN AG held treasury shares representing 1.2% of share capital and free float equalled 15.6%.

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## Online Letter to Shareholders

[www.finanzbericht.evn.at/?report=EN2016-Q3](http://www.finanzbericht.evn.at/?report=EN2016-Q3)

## 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)

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## Financial calendar<sup>1)</sup>

Annual results 2015/16	13.12.2016
88 <sup>th</sup> Annual General Meeting	19.01.2017
Ex-dividend day	25.01.2017
Record date	26.01.2017
Dividend payment	27.01.2017
Results Q. 1 2016/17	28.02.2017
Results HY. 1 2016/17	24.05.2017
Results Q. 1–3 2016/17	24.08.2017
Annual results 2016/17	14.12.2017

1) Preliminary

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## EVN share – Basic information<sup>1)</sup>

Share capital	EUR 330,000,000.00
Denomination	179,878,402 shares
ISIN security code number	AT0000741053
Tickers	EVNVVI (Reuters); EVN AV (Bloomberg); EVN (Dow Jones); EVNVY (ADR)
Listing	Vienna
ADR programme; depository	Sponsored Level I ADR programme (5 ADR = 1 share); The Bank of New York Mellon
Sustainability index	VÖNIX, FTSE4Good, Ethibel, ECPI
Ratings	A3, stable (Moody's); BBB+, stable (Standard & Poor's)

1) As of 30 June 2016

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