Energy. Water. Life.

Letter to Shareholders Q. 1 2019/20

1 October – 31 December 2019

Contents

Key figures

		2019/20 Q. 1	2018/19 Q. 1	+/– %	2017/18 Q. 1	2018/19
Sales volumes						
Electricity generation volumes	GWh	1,094	1,549	–29.4	1,687	5,594
thereof from renewable energy	GWh	544	520	4.6	577	2,315
Electricity sales volumes to end customers	GWh	5,054	5,018	0.7	4,694	19,924
Natural gas sales volumes to end customers	GWh	1,719	1,750	–1.8	1,894	5,083
Heat sales volumes to end customers	GWh	708	717	–1.3	728	2,196
Consolidated statement of operations						
Revenue	EURm	576.2	596.0	–3.3	592.5	2,204.0
EBITDA	EURm	190.6	163.2	16.8	231.6	631.7
EBITDA margin[1]	%	33.1	27.4	5.7	39.1	28.7
Results from operating activities (EBIT)	EURm	118.8	97.4	21.9	166.0	403.5
EBIT margin[1]	%	20.6	16.4	4.3	28.0	18.3
Result before income tax	EURm	108.1	81.9	32.0	154.2	373.5
Group net result	EURm	82.9	59.1	40.3	112.2	302.4
Earnings per share	EUR	0.47	0.33	40.2	0.63	1.70
Statement of financial position						
Balance sheet total	EURm	7,965.6	7,522.0	5.9	6,627.5	8,188.6
Equity	EURm	4,446.3	3,985.9	11.6	3,276.5	4,552.1
Equity ratio[1]	%	55.8	53.0	2.8	49.4	55.6
Net debt[2]	EURm	1,127.4	1,033.2	9.1	1,132.5	999.5
Gearing[1]	%	25.4	25.9	–0.6	34.6	22.0
Cash flow and investments						
Gross cash flow	EURm	140.7	200.7	–29.9	233.1	550.5
Net cash flow from operating activities	EURm	–28.9	–7.6	–	115.4	429.7
Investments[3]	EURm	76.2	79.5	–4.2	61.9	391.4
Share performance						
Share price at 31 December	EUR	17.30	12.58	37.5	16.70	16.14
Value of shares traded[4]	EURm	49.0	48.1	1.9	37.7	190.1
Market capitalisation at 31 December	EURm	3,112	2,263	37.5	3,004	2,903
Employees	Ø	**7,015**	**6,885**	**1.9**	**6,824**	**6,908**

1) Changes reported in percentage points
2) Incl. non-current personnel provisions
3) In intangible assets and property, plant and equipment
4) Vienna Stock Exchange, single counting

Highlights

Solid business development in the first quarter of 2019/20
- → Revenue below previous year (–3.3%), improvement in EBITDA (+16.8%), EBIT (+21.9%) and Group net result (+40.3%)
- → Normalisation of the operating business in energy sales, lower effects from the valuation of hedges
- → Share of renewable electricity generation rises to 49.7%
- → As expected, earnings development in Networks Segment negatively affected by lower tariffs
- → Sound development in South East Europe

Subdued energy sector framework conditions
- → Temperature-related energy demand in Lower Austria below long-term average, but above very mild first quarter of previous year
- → Unusually mild temperatures in Bulgaria and North Macedonia: heating degree total significantly below previous year and long-term average
- → Wind flows in Austria above long-term average, but below previous year
- → Water flows in the Danube and Inn Rivers, which are relevant for EVN's electricity purchasing rights, above previous year but below-average hydrological conditions for EVN's small hydropower plants
- → Decline in forward and spot market prices for base load and peak load electricity during the reporting period
- → Substantial drop in coal and natural gas prices with parallel increase in prices for CO_2 emission certificates

New network tariffs for household customers as of 1 January 2020
- → Average increase of 0.3% for electricity
- → Average reduction of 8.1% for natural gas

Medium-term investment plan
- → Annual investments of approximately EUR 400m
- → Thereof roughly EUR 300m each year for network infrastructure, renewable generation and drinking water supplies in Lower Austria
- → Evaluation of large-scale photovoltaic projects (potential of up to 100 MW in EVN's supply areas) in addition to planned expansion of wind power

Contract awarded for Umm Al Hayman wastewater treatment project (Kuwait)
- → WTE Wassertechnik commissioned as general contractor for the planning and construction of a wastewater treatment plant (contract value (converted): approximately EUR 600m) and – together with partners – for a sewage network with pumping stations (contract value (converted): approximately EUR 950m).

Annual General Meeting approves dividend for 2018/19
- → EUR 0.50 per share (EUR 0.47 ordinary dividend plus EUR 0.03 bonus dividend) approved on 16 January 2020; dividend payment date: 24 January 2020
- → Dividend policy: constant ordinary dividend of at least EUR 0.47 per share

Outlook for 2019/20 confirmed
- → Assuming average conditions in the energy business environment, Group net result for 2019/20 is expected to range from EUR 200m to EUR 230m.
- → The year-on-year decline is attributable to the positive valuation effects of approximately EUR 110m after tax in 2018/19. The result from operating activities is therefore expected to remain constant.

Interim management report

Energy sector environment

Energy sector environment		2019/20 Q. 1	2018/19 Q. 1	2017/18 Q. 1
Temperature-related energy demand[1]				
Austria	%	92.8	89.3	101.8
Bulgaria	%	74.1	102.1	90.6
North Macedonia	%	66.4	97.4	101.1
Primary energy and CO_2 emission certificates				
Crude oil – Brent	EUR/bbl	58.2	62.4	52.4
Natural gas – GIMP[2]	EUR/MWh	12.9	24.8	19.2
Hard coal – API#2[3]	EUR/t	50.9	83.5	79.4
CO_2 emission certificates	EUR/t	25.4	19.1	7.5
Electricity – EEX forward market[4]				
Base load	EUR/MWh	51.5	44.7	34.4
Peak load	EUR/MWh	64.2	56.7	44.3
Electricity – EPEX spot market[5]				
Base load	EUR/MWh	39.9	59.4	33.2
Peak load	EUR/MWh	48.8	70.7	46.4

1) Calculated based on the heating degree total; the basis (100%) corresponds to the adjusted long-term average for the respective countries.
2) Net Connect Germany (NCG) – EEX (European Energy Exchange) stock exchange price for natural gas
3) ARA notation (Amsterdam, Rotterdam, Antwerp)
4) Average prices for the respective EEX quarterly forward market prices, beginning one year before the respective reporting period
5) EPEX spot – European Power Exchange

EVN's key energy business indicators GWh	2019/20 Q. 1	2018/19 Q. 1	+/– Nominal	%	2017/18 Q. 1
Electricity generation volumes	1,094	1,549	–456	–29.4	1,687
Renewable energy sources	544	520	24	4.6	577
Thermal energy sources	550	1,029	–480	–46.6	1,110
Network distribution volumes					
Electricity	5,767	5,942	–175	–3.0	5,871
Natural gas[1]	4,960	5,388	–428	–7.9	5,907
Energy sales volumes to end customers					
Electricity	5,054	5,018	36	0.7	4,694
thereof Central and Western Europe[2]	2,114	1,914	200	10.4	1,748
thereof South Eastern Europe	2,940	3,103	–164	–5.3	2,946
Natural gas	1,719	1,750	–31	–1.8	1,894
Heat	708	717	–9	–1.3	728
thereof Central and Western Europe[2]	646	642	4	0.6	660
thereof South Eastern Europe	61	75	–13	–17.8	68

1) Incl. network distribution volumes to EVN power plants
2) Central and Western Europe covers Austria and Germany.

Business development

Statement of operations

Highlights

- → Revenue: –3.3% to EUR 576.2m
- → EBITDA: +16.8% to EUR 190.6m
- → EBIT: +21.9% to EUR 118.8m
- → Financial results: +30.8% to EUR –10.7m
- → Group net result: +40.3% to EUR 82.9m

Revenue recorded by the EVN Group declined by 3.3% year-on-year to EUR 576.2m in the first quarter of 2019/20. This development resulted, above all, from a reduction in thermal generation – the Dürnrohr power plant was still in operation during the previous year – and in the Networks Segment. Contrasting factors included the increase in energy revenue in Bulgaria and revenue in the international project business.

Negative changes in inventories – above all in the international project business – led to a decline of 27.5% in other operating income to EUR 20.3m.

The reduction in thermal generation was also reflected in lower primary energy expenses. Consequently, the cost of electricity purchases from third parties and primary energy expenses fell by 12.9% to EUR 263.1m – whereby the prior year increase was influenced by the valuation of hedges. A positive effect was also provided by the decline in natural gas procurement costs, which resulted chiefly from lower wholesale prices and purchased volumes.

The cost of materials and services rose by 6.9% to EUR 65.8m in line with developments in the international project business.

Personnel expenses were 4.9% higher year-on-year at EUR 85.4m. This increase is attributable to adjustments required by collective bargaining agreements as well as additional hiring for the major project awarded to WTE Wassertechnik in Kuwait. The average number of employees equalled 7,015 in the first quarter of 2019/20 (previous year: 6,885 employees).

Other operating expenses fell by 6.1% to EUR 20.8m.

The share of results from equity accounted investees with operational nature rose to EUR 29.1m in the first quarter of 2019/20 (previous year: EUR 6.5m). This increase resulted primarily from a positive non-recurring effect at RAG and a substantial improvement in earnings at EVN KG. However, it should be noted that the previous year was adversely affected by higher wholesale procurement prices and negative valuation effects from hedges.

These developments were responsible for an increase of 16.8% in EBITDA to EUR 190.6m and an improvement in the EBITDA margin from 27.4% to 33.1%. Scheduled depreciation and amortisation rose by 9.2% to EUR 71.6m due to higher investments, the capitalisation of rights of use following the initial application of IFRS 16 and an increase in the carrying amount of property, plant and equipment based on revaluations as of 30 September 2019. EBIT amounted to EUR 118.8m in the first quarter of 2019/20 (previous year: EUR 97.4m).

Financial results improved to EUR –10.7m (previous year: EUR –15.5m), in particular based on the development of key stock market indexes and the related stronger performance of the R 138 fund.

The result before income tax was 32.0% higher than in the first quarter of 2018/19 at EUR 108.1m. After the deduction of EUR 17.4m in income tax expense, which roughly reflected the previous year, and the earnings attributable to non-controlling interests, Group net result for the period totalled EUR 82.9m. This represents a year-on-year increase of 40.3%.

Statement of cash flows

Gross cash flow was 29.9% lower than the previous year at EUR 140.7m in the first quarter of 2019/20. This decline was caused by lower dividend payments from equity accounted investees.

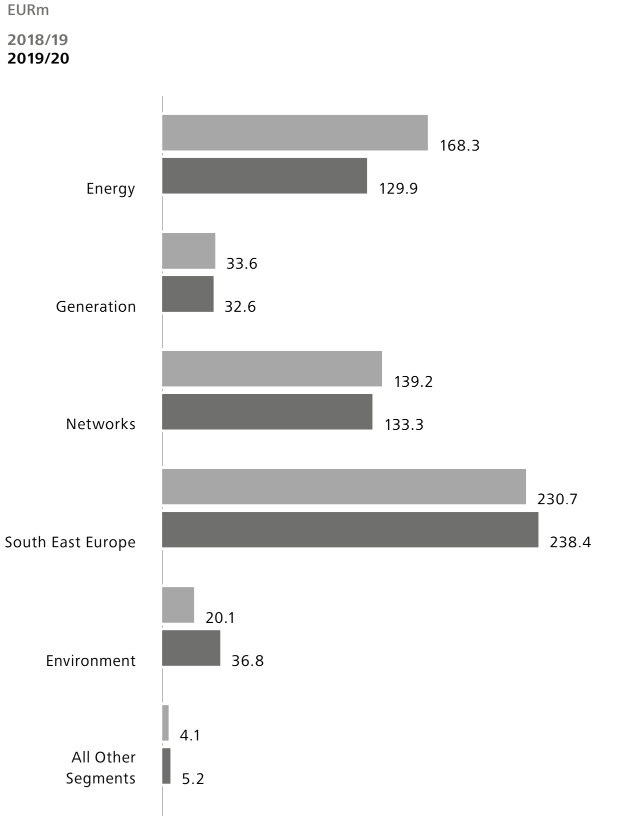
Cash flow from operating activities declined to EUR –28.9m (previous year: EUR –7.6m) and reflected the development of working capital as of 31 December 2019.

Cash flow from investing activities amounted to EUR –10.7m in the first quarter of 2019/20 (previous year: EUR –28.7m). Investments in property, plant and equipment and proceeds from the reduction of investments in cash funds were nearly stable at the prior year level, but the guarantee payment from the Republic of Montenegro for the wastewater treatment plant project in Budva led to the indicated change. These items were contrasted by the payment of the first equity tranche for the wastewater treatment project in Kuwait.

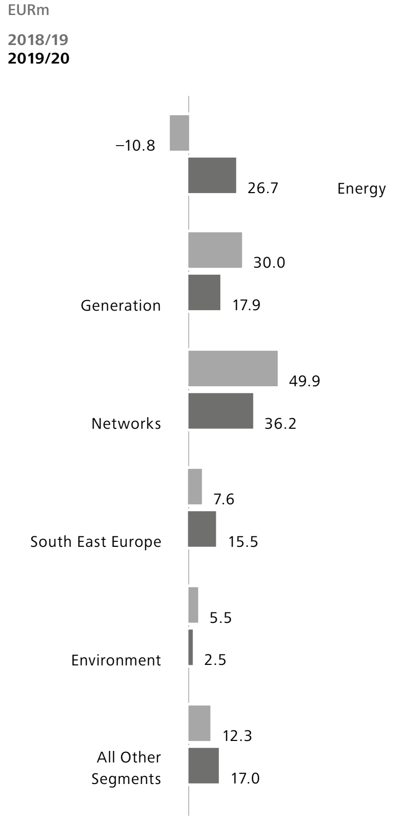
Cash flow from financing activities amounted to EUR –50.8m for the reporting period (previous year: EUR –35.7m) and reflected the scheduled repayment of financial liabilities.

Cash flow totalled EUR –90.4m in the first quarter of 2019/20, and cash and cash equivalents equalled EUR 155.9m as of 31 December 2019. The EVN Group also had contractually agreed, undrawn credit lines of EUR 492.0m at its disposal to service potential short-term financing requirements.

External revenue by segments
Q. 1



EBIT by segments
Q. 1



Statement of financial position

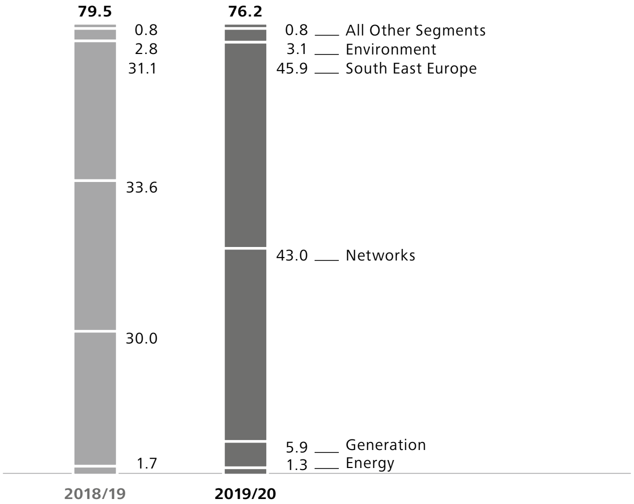
EVN's balance sheet total equalled EUR 7,965.6m as of 31 December 2019 and was 2.7% lower than on 30 September 2019. This decrease is attributable, above all, to the development of non-current assets, which fell by 2.3% in total to EUR 7,163.9m. The development of the Verbund share price was primarily responsible for the decline in the carrying amount of non-current assets (EUR 44.74 as of 31 December 2019 versus EUR 50.20 as of 30 September 2019). In contrast, intangible assets increased following the initial application of IFRS 16 and the related capitalisation of rights of use.

Current assets were 6.5% lower at EUR 801.7m. The growth in inventories, which was caused by a higher balance of emission certificates and an increase in prepayments, was contrasted by declines in receivables, investments in cash funds and cash and cash equivalents. The decrease in receivables was based, above all, on the guarantee payment received from the Republic of Montenegro for the wastewater treatment plant project in Budva and on a reduction in receivables from derivatives; this development was contrasted by a seasonal increase in receivables from the energy business.

Equity amounted to EUR 4,446.3m as of 31 December 2019 and was 2.3% below the value on 30 September 2019. This decline is primarily attributable to the lower market price of the Verbund share at the end of the reporting period. The earnings contribution from Verbund in the first quarter of 2019/20 was unable to fully offset the resulting negative valuation effect, which is included in equity without recognition through profit or loss. The statement of financial position for the first quarter does not include the dividend of EUR 0.50 per share (ordinary dividend of EUR 0.47 plus a one-off bonus dividend of EUR 0.03 per share) for the 2018/19 financial year which was approved by the 91st Annual General Meeting on 16 January 2020 and paid on 24 January 2020. The equity ratio, which was significantly influenced by the price of the Verbund share, equalled 55.8% as of 31 December 2019 (30 September 2019: 55.6%).

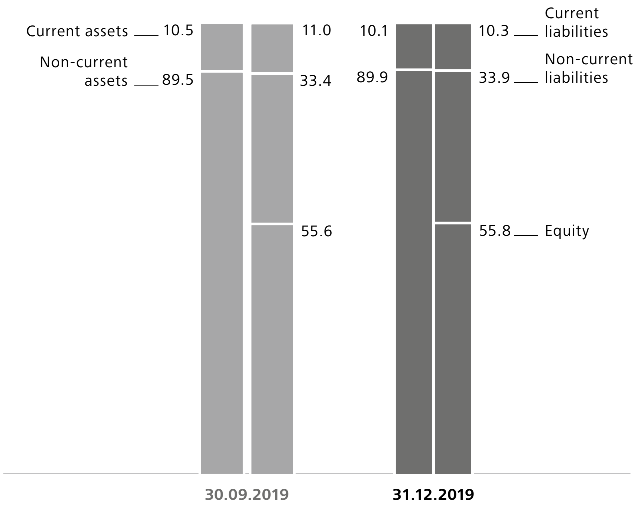
Structure of investments
Q. 1

%, total in EURm



Balance sheet structure
as of the balance sheet date

%



Non-current liabilities declined by 1.3% to EUR 2,698.0m. The main reasons for the reduction were the lower price of the Verbund share and the related decrease in non-current tax liabilities, the reclassification of financial liabilities from non-current to current and the application of a higher discount rate to the measurement of non-current employee-related provisions. Contrasting factors included the recognition of non-current lease liabilities totalling EUR 69.7m in connection with the initial application of IFRS 16, which led to an increase in miscellaneous other liabilities.

Current liabilities fell by 9.1% to EUR 821.3m, chiefly due to a lower balance of trade payables at the end of the reporting quarter and a decline in amounts due to equity accounted investees.

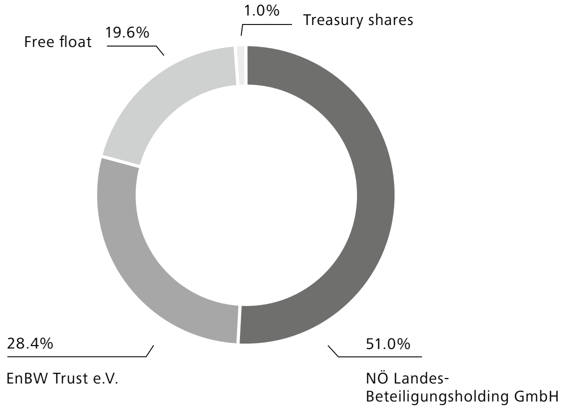
Net debt rose by 12.8% over the level on 30 September 2019 to EUR 1,127.4m as of 31 December 2019, among others due to the above-mentioned recognition of non-current lease liabilities in connection with the initial application of IFRS 16. This development was also reflected in an increase in gearing from 22.0% to 25.4%.

Shareholder structure

In accordance with Austrian federal and provincial constitutional law, the province of Lower Austria is the major shareholder of EVN AG with a stake of 51.0%. These constitutional requirements limit the transfer of the investment, which is held directly by NÖ Landes-Beteiligungsholding GmbH, St. Pölten.

The second largest shareholder of EVN AG is EnBW Trust e.V., an association headquartered in Karlsruhe, which is recorded in the register of associations maintained by the district court in Mannheim under VR 3737. As of 31 December 2019, EnBW Trust held an investment of 28.4% of the share capital in trust for EnBW Energie Baden-Württemberg AG, which is also headquartered in Karlsruhe and recorded in the commercial register of the district court in Mannheim under HRB 107956.

Shareholder structure[1)]



1) As of 31 December 2019

Segment reporting

Overview

EVN's corporate structure comprises six reportable segments. In accordance with IFRS 8 "Operating Segments", they are differentiated and defined solely on the basis of the internal organisational and reporting structure. Business activities which cannot be reported separately because they are below the quantitative thresholds are aggregated under "All Other Segments".

Business areas	Segments	Major activities
Energy business	Energy	→ Marketing of electricity produced in the Generation Segment → Procurement of electricity, natural gas and primary energy carriers → Trading with and sale of electricity and natural gas to end customers and on wholesale markets → Production and sale of heat → 45.0% investment in ENERGIEALLIANZ Austria GmbH[1)] → Investment as sole limited partner in EVN Energievertrieb GmbH & Co KG (EVN KG)[1]
	Generation	→ Generation of electricity from thermal production capacities and renewable energy sources at Austrian and international locations → Operation of a thermal waste utilisation plant in Lower Austria → 13.0% investment in Verbund Innkraftwerke GmbH (Germany)[1)] → 49.0% investment in Walsum 10 hard coal-fired power plant (Germany)[2)] → 49.99% investment in Ashta run-of-river power plant (Albania)[1)]
	Networks	→ Operation of distribution networks and network infrastructure for electricity and natural gas in Lower Austria → Cable TV and telecommunication services in Lower Austria and Burgenland
	South East Europe	→ Operation of distribution networks and network infrastructure for electricity in Bulgaria and North Macedonia → Sale of electricity to end customers in Bulgaria and North Macedonia → Generation of electricity from hydropower in North Macedonia → Generation, distribution and sale of heat in Bulgaria → Construction and operation of natural gas networks in Croatia → Energy trading for the entire region
Environmental services business	Environment	→ Water supply and wastewater disposal in Lower Austria → International project business: planning, construction, financing and/or operation (depending on the project) of plants for drinking water supplies, wastewater treatment and thermal waste utilisation
Other business activities	All Other Segments	→ 50.03% investment in RAG-Beteiligungs-Aktiengesellschaft, which holds 100% of the shares in RAG Austria AG (RAG)[1)] → 73.63% investment in Burgenland Holding AG, which holds a stake of 49.0% in Energie Burgenland AG[1)] → 12.63% investment in Verbund AG[3)] → Corporate services

1) The earnings contribution represents the share of results from equity accounted investees with operational nature and is included in EBITDA.
2) The investment in Steag-EVN Walsum 10 Kraftwerksgesellschaft is accounted for as a joint operation.
3) Dividends are included under financial results.

Energy

EBITDA, EBIT and result before income tax above previous year

- Revenue 22.7% below previous year, primarily due to a decline in the marketing of own electricity generation and a reduction in natural gas trading
- Operating expenses fell by 33.6%, mainly resulting from lower usage of primary energy carriers
- Share of results from equity accounted investees with operational nature rose to EUR 8.2m (previous year: EUR –13.6m, including effects from the measurement of hedges held by EVN KG as of 31 December 2018)
- Scheduled depreciation and amortisation as well as financial results remained nearly constant

Increase in electricity sales volumes, decline in natural gas sales volumes

- Increase of 10.4% in electricity sales volumes following higher supplies to large customers in Austria and Germany
- Competition-related decline of 1.9% in natural gas sales volumes
- Heat sales volumes at prior year level

Investment volume increased to EUR 6.5m

- Focus on the expansion of heating plants and networks

Key indicators – Energy		2019/20 Q. 1	2018/19 Q. 1	+/– Nominal	%	2017/18 Q. 1
Key energy business indicators	GWh					
Energy sales volumes to end customers						
Electricity		2,114	1,914	200	10.4	1,748
Natural gas		1,691	1,723	–32	–1.9	1,871
Heat		646	642	4	0.6	660
Key financial indicators	EURm					
External revenue		129.9	168.3	–38.4	–22.8	149.1
Internal revenue		1.2	1.3	0.0	–1.2	2.0
Total revenue		**131.1**	**169.5**	**–38.4**	**–22.7**	**151.2**
Operating expenses		–107.6	–161.9	54.3	33.6	–139.0
Share of results from equity accounted investees with operational nature		8.2	–13.6	21.8	–	36.3
EBITDA		**31.7**	**–6.0**	**37.7**	**–**	**48.5**
Depreciation and amortisation including effects from impairment tests		–5.0	–4.8	–0.2	–5.1	–4.9
Results from operating activities (EBIT)		**26.7**	**–10.8**	**37.5**	**–**	**43.6**
Financial results		–0.4	–0.5	0.1	24.8	–0.6
Result before income tax		**26.3**	**–11.3**	**37.6**	**–**	**43.0**
Total assets		829.7	814.1	15.5	1.9	714.0
Total liabilities		687.5	709.1	–21.6	–3.0	607.7
Investments[1]		6.5	1.4	5.0	–	2.3

1) In intangible assets and property, plant and equipment

Generation

Share of renewable electricity generation rose to 49.7% (previous year: 33.6%)

- → Electricity generation from renewable energy 8.0% higher year-on-year at 461 GWh
  - – Increase in wind power despite lower wind flows owing to commissioning of new wind power plants in 2018/19
  - – Water flows above previous year, but below long-term average
- → Electricity generation from thermal power plants cut by half to 452 GWh
  - – Earlier-than-planned termination of electricity generation from hard coal in Dürnrohr at the beginning of August 2019
  - – Use of thermal power plant in Theiss for network stabilisation below previous year
- → Decline in coverage ratio from 30.9% to 21.6%

EBITDA, EBIT and result before income tax below previous year

- → Decline of 19.6% in revenue, primarily due to lower thermal generation
- → Operating expenses reduced by 15.6% to EUR 40.0m
- → Scheduled depreciation and amortisation rose to EUR 16.6m; main factors include expansion of wind power and a higher depreciation base after revaluation of plant and equipment in previous year
- → Financial results nearly at prior year level

Reduction in investment volume as of 31 December 2019 after intensive expansion of wind power capacity in previous year

Key indicators – Generation		2019/20 Q. 1	2018/19 Q. 1	+/– Nominal	%	2017/18 Q. 1
Key energy business indicators	GWh					
Electricity generation volumes		913	1,350	–437	–32.3	1,493
thereof renewable energy sources		461	427	34	8.0	479
thereof thermal energy sources		452	923	–471	–51.0	1,014
Key financial indicators	EURm					
External revenue		32.6	33.6	–1.0	–2.9	16.9
Internal revenue		41.2	58.1	–17.0	–29.2	58.3
Total revenue		73.8	91.7	–17.9	–19.6	75.2
Operating expenses		–40.0	–47.3	7.4	15.6	–29.0
Share of results from equity accounted investees with operational nature		0.6	0.8	–0.1	–18.9	1.8
EBITDA		34.5	45.2	–10.7	–23.7	48.0
Depreciation and amortisation including effects from impairment tests		–16.6	–15.1	–1.5	–9.7	–12.2
Results from operating activities (EBIT)		17.9	30.0	–12.2	–40.6	35.8
Financial results		–4.5	–4.3	–0.2	–4.7	–3.5
Result before income tax		13.3	25.7	–12.4	–48.2	32.3
Total assets		1,205.2	1,136.5	68.6	6.0	934.5
Total liabilities		803.7	882.2	–78.5	–8.9	659.3
Investments[1]		6.1	24.6	–18.5	–75.1	8.5

1) In intangible assets and property, plant and equipment

Networks

Different development of network sales volumes
- → Slight increase for electricity
- → Decline for natural gas due to lower use of thermal power plants for network stabilisation

Revenue development negatively affected by price and volume effects
- → Tariff reductions by E-Control as of 1 January 2019 (based on a reduction in the cost of capital to reflect low interest rates)

Decline in EBITDA, EBIT and result before income tax
- → High level of investment led to increase in scheduled depreciation and amortisation

Investments in supply security above previous year

E-Control set new network tariffs for household customers as of 1 January 2020
- → Average increase of 0.3% for electricity
- → Average reduction of 8.1% for natural gas

Key indicators – Networks		2019/20 Q. 1	2018/19 Q. 1	+/– Nominal	%	2017/18 Q. 1
Key energy business indicators	GWh					
Network distribution volumes						
Electricity		2,284	2,263	21	0.9	2,261
Natural gas		4,898	5,330	–433	–8.1	5,864
Key financial indicators	EURm					
External revenue		133.3	139.2	–6.0	–4.3	144.8
Internal revenue		11.4	13.6	–2.2	–16.0	15.3
Total revenue		144.7	152.8	–8.1	–5.3	160.1
Operating expenses		–76.1	–72.5	–3.6	–5.0	–61.7
Share of results from equity accounted investees with operational nature		–	–	–	–	–
EBITDA		68.6	80.3	–11.8	–14.7	98.3
Depreciation and amortisation including effects from impairment tests		–32.3	–30.4	–1.9	–6.3	–29.6
Results from operating activities (EBIT)		36.2	49.9	–13.7	–27.4	68.8
Financial results		–3.1	–4.3	1.1	26.4	–4.3
Result before income tax		33.1	45.7	–12.6	–27.5	64.5
Total assets		2,031.5	1,921.1	110.4	5.7	1,894.2
Total liabilities		1,426.1	1,315.2	110.9	8.4	1,325.1
Investments[1]		32.8	26.7	6.0	22.6	24.5

1) In intangible assets and property, plant and equipment

South East Europe

Decline in network and energy sales volumes

- Significantly milder temperatures in Bulgaria and North Macedonia

Electricity generation 4.3% below previous year

- Weather-related cutback in production at co-generation plant in Plovdiv

EBITDA, EBIT and result before income tax above previous year

- Increase in revenue despite weather-related decline in sales volumes
- Reduction in procurement costs for network losses in Bulgaria
- Investment-related rise in scheduled depreciation and amortisation

Increase in investments during reporting period

Key indicators – South East Europe		2019/20 Q. 1	2018/19 Q. 1	+/– Nominal	+/– %	2017/18 Q. 1
Key energy business indicators	GWh					
Electricity generation volumes		101	106	–5	–4.3	100
thereof renewable energy		21	20	1	5.5	27
thereof thermal power plants		80	86	–6	–6.5	73
Electricity network distribution volumes		3,483	3,679	–196	–5.3	3,611
Energy sales volumes to end customers		3,030	3,205	–176	–5.5	3,037
thereof electricity		2,940	3,103	–164	–5.3	2,946
thereof natural gas		29	27	1	4.4	23
thereof heat		61	75	–13	–17.8	68
Key financial indicators	EURm					
External revenue		238.4	230.7	7.7	3.3	239.8
Internal revenue		0.2	0.3	–0.1	–18.4	0.2
Total revenue		238.6	231.0	7.6	3.3	239.9
Operating expenses		–205.3	–207.9	2.6	1.3	–224.4
Share of results from equity accounted investees with operational nature		–	–	–	–	–
EBITDA		33.3	23.1	10.3	44.5	15.6
Depreciation and amortisation including effects from impairment tests		–17.8	–15.4	–2.4	–15.4	–15.8
Results from operating activities (EBIT)		15.5	7.6	7.9	–	–0.2
Financial results		–5.4	–5.4	0.0	–0.7	–5.4
Result before income tax		10.1	2.3	7.8	–	–5.6
Total assets		1,254.3	1,221.1	33.1	2.7	1,177.6
Total liabilities		945.1	977.7	–32.7	–3.3	953.9
Investments[1]		35.0	24.8	10.3	41.4	23.9

1) In intangible assets and property, plant and equipment

Environment

EBITDA, EBIT and result before income tax below previous year

- → Increase in project volume (in particular, contracts in Poland and Bahrain) supported revenue growth in international project business
- → Higher revenue in international project business accompanied by rise in operating expenses
- → Decline in share of results from equity accounted investees with operational nature – prior year positively influenced by the temporal shift of earnings contributions from the wastewater treatment plant project in Zagreb and final earnings contributions from the wastewater treatment plant project in Prague
- → Investment-related increase in scheduled depreciation and amortisation

Slight increase in investments

- → Continued focus of investments on drinking water supplies in Lower Austria (expansion and new construction of crossregional pipelines; construction of natural filter plant in Petronell)

Contract for Umm Al Hayman wastewater treatment project (Kuwait) awarded in January 2020

- → Planning and construction of a wastewater treatment plant (public-private partnership)
  - – Capacity: 500,000 m³/day (approximately 1.7m residents)
  - – General contractor: WTE Wassertechnik (100%)
  - – Contract value: approximately EUR 600m (converted)
  - – Construction period: 2.5 years, operation by WTE Wassertechnik for 25 years
  - – Financing: equity and debt at a ratio of 20:80; equity component and contribution by WTE Wassertechnik equals 20%, respectively approximately EUR 30m (protected against political risks by an investment guarantee issued by the Federal Republic of Germany)
- → Planning and construction of sewage infrastructure (design-build-operate)
  - – Pipelines (roughly 450 km) and pumping stations
  - – General contractor: WTE Wassertechnik (67.6%) and two local Kuwaiti partners
  - – Contract value: approximately EUR 950m (converted)
  - – Construction period: up to four years; operation by WTE Wassertechnik for three years
  - – Financing by the State of Kuwait

Introduction of further steps to terminate the wastewater treatment plant project in Budva, Montenegro

- → The enforcement of claims by WTE Wassertechnik in connection with the guarantees issued by the Republic of Montenegro and the municipality of Budva for this project led to payment of the guaranteed amount of EUR 29.3m by the Republic of Montenegro in December 2019.
- → The arbitration proceedings defined by the guarantee contract were initiated in January 2020 to enforce the claims against the municipality of Budva.
- → After WTE Wassertechnik terminated the investment contract prematurely in May 2018 due to the failure of the municipality of Budva to fulfil its contractual obligations, the company also ended its provisional operation of the wastewater treatment plant as of 31 January 2020.

Key financial indicators – Environment	EURm	2019/20 Q. 1	2018/19 Q. 1	+/– Nominal	%	2017/18 Q. 1
External revenue		36.8	20.1	16.7	83.1	38.3
Internal revenue		0.1	0.1	0.0	–13.5	3.6
Total revenue		**36.9**	**20.2**	**16.7**	**82.5**	**42.0**
Operating expenses		–34.1	–17.9	–16.2	–90.9	–39.3
Share of results from equity accounted investees with operational nature		2.7	6.0	–3.3	–55.0	4.3
EBITDA		**5.5**	**8.4**	**–2.8**	**–33.8**	**7.0**
Depreciation and amortisation including effects from impairment tests		–3.0	–2.8	–0.2	–7.9	–5.8
Results from operating activities (EBIT)		**2.5**	**5.5**	**–3.1**	**–55.0**	**1.2**
Financial results		–1.1	–1.2	0.0	1.5	–0.3
Result before income tax		**1.4**	**4.4**	**–3.0**	**–69.1**	**0.9**
Total assets		692.5	642.8	49.6	7.7	815.0
Total liabilities		537.2	500.9	36.4	7.3	634.1
Investments[1]		2.6	2.2	0.4	17.9	2.9

1) In intangible assets and property, plant and equipment

All Other Segments

Higher share of results from equity accounted investees with operational nature

- Higher earnings contribution from RAG due to a positive non-recurring effect from the sale of oil production facilities in Lower Austria
- Lower earnings contribution from Energie Burgenland

Increase in EBITDA, EBIT and result before income tax

Key financial indicators – All Other Segments	EURm	2019/20 Q. 1	2018/19 Q. 1	+/– Nominal	%	2017/18 Q. 1
External revenue		5.2	4.1	1.1	27.9	3.5
Internal revenue		17.1	16.1	1.1	6.6	15.3
Total revenue		**22.3**	**20.2**	**2.2**	**10.9**	**18.8**
Operating expenses		–22.3	–20.7	–1.6	–7.7	–20.0
Share of results from equity accounted investees with operational nature		17.5	13.3	4.2	31.9	15.2
EBITDA		**17.6**	**12.7**	**4.8**	**38.0**	**14.1**
Depreciation and amortisation including effects from impairment tests		–0.5	–0.4	–0.1	–21.0	–0.4
Results from operating activities (EBIT)		**17.0**	**12.3**	**4.7**	**38.6**	**13.7**
Financial results		17.8	15.3	2.5	16.2	17.9
Result before income tax		**34.8**	**27.6**	**7.2**	**26.2**	**31.6**
Total assets		4,348.7	3,979.6	369.2	9.3	3,161.8
Total liabilities		1,589.2	1,375.5	213.7	15.5	1,252.7
Investments[1]		0.6	0.6	0.0	–2.1	0.3

1) In intangible assets and property, plant and equipment

Consolidated interim report

according to IAS 34

Consolidated statement of operations

EURm	2019/20 Q. 1	2018/19 Q. 1	+/– Nominal	%	2018/19
Revenue	576.2	596.0	–19.8	–3.3	2,204.0
Other operating income	20.3	28.0	–7.7	–27.5	117.8
Electricity purchases and primary energy expenses	–263.1	–302.2	39.1	12.9	–1,081.3
Cost of materials and services	–65.8	–61.6	–4.3	–6.9	–280.3
Personnel expenses	–85.4	–81.4	–4.0	–4.9	–338.7
Other operating expenses	–20.8	–22.1	1.4	6.1	–120.2
Share of results from equity accounted investees with operational nature	29.1	6.5	22.6	–	130.5
EBITDA	**190.6**	**163.2**	**27.4**	**16.8**	**631.7**
Depreciation and amortisation	–71.6	–65.6	–6.0	–9.2	–269.8
Effects from impairment tests	–0.1	–0.2	0.1	31.7	41.6
Results from operating activities (EBIT)	**118.8**	**97.4**	**21.4**	**21.9**	**403.5**
Results from other investments	–	–	–	–	23.2
Interest income	1.3	1.9	–0.6	–30.5	8.1
Interest expense	–12.0	–13.5	1.5	11.2	–51.5
Other financial results	–0.1	–4.0	3.9	97.8	–9.8
Financial results	**–10.7**	**–15.5**	**4.8**	**30.8**	**–29.9**
Result before income tax	**108.1**	**81.9**	**26.2**	**32.0**	**373.5**
Income tax expense	–17.4	–17.1	–0.3	–1.9	–46.7
Result for the period	**90.7**	**64.8**	**25.8**	**39.9**	**326.9**
thereof result attributable to EVN AG shareholders (Group net result)	82.9	59.1	23.8	40.3	302.4
thereof result attributable to non-controlling interests	7.8	5.7	2.0	35.8	24.5
Earnings per share in EUR[1]	0.47	0.33	0.1	40.2	1.70

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

Consolidated statement of comprehensive income

EURm	2019/20 Q. 1	2018/19 Q. 1	+/– Nominal	%	2018/19
Result for the period	90.7	64.8	25.8	39.9	326.9
Other comprehensive income from					
Items that will not be reclassified to profit or loss	–175.0	–172.4	–2.6	–1.5	233.5
Remeasurements IAS 19	3.2	–2.8	6.0	–	–55.4
Investments in equity accounted investees	1.7	0.2	1.5	–	–10.7
Shares and other equity instruments measured at fair value and reported in other comprehensive income	–239.6	–227.3	–12.2	–5.4	381.6
thereon apportionable income tax expense	59.7	57.5	2.2	3.8	–82.0
Items that may be reclassified to profit or loss	–21.5	2.0	–23.4	–	5.1
Currency translation differences	–	0.2	–0.2	–95.9	10.8
Cash flow hedges	3.2	–0.3	3.5	–	–0.1
Investments in equity accounted investees	–31.4	1.5	–33.0	–	–7.3
thereon apportionable income tax expense	6.8	0.5	6.3	–	1.8
Total other comprehensive income after tax	–196.4	–170.5	–26.0	–15.2	238.6
Comprehensive income for the period	–105.8	–105.6	–0.1	–0.1	565.5
thereof income attributable to EVN AG shareholders	–114.3	–112.9	–1.3	–1.2	546.0
thereof income attributable to non-controlling interests	8.5	7.3	1.2	16.2	19.5

Consolidated statement of financial position

EURm	31.12.2019	30.09.2019	+/– Nominal	%
Assets				
Non-current assets				
Intangible assets	221.8	218.5	3.3	1.5
Property, plant and equipment	3,577.1	3,579.6	–2.4	–0.1
Right-of-use assets[1]	75.9	–	75.9	–
Investments in equity accounted investees	972.4	972.1	0.3	–
Other investments	2,085.8	2,325.4	–239.6	–10.3
Deferred tax assets	69.7	72.1	–2.5	–3.4
Other non-current assets	161.3	163.3	–2.0	–1.2
	7,163.9	**7,330.9**	**–167.0**	**–2.3**
Current assets				
Inventories	151.7	104.1	47.6	45.7
Trade and other receivables	406.9	417.4	–10.4	–2.5
Securities	59.4	89.7	–30.3	–33.8
Cash and cash equivalents	183.7	246.6	–62.8	–25.5
	801.7	**857.7**	**–56.0**	**–6.5**
Total assets	**7,965.6**	**8,188.6**	**–223.0**	**–2.7**
Equity and liabilities				
Equity				
Share capital	330.0	330.0	–	–
Share premium and capital reserves	253.6	253.6	–	–
Retained earnings	2,597.2	2,514.2	82.9	3.3
Valuation reserve	1,029.6	1,226.8	–197.2	–16.1
Currency translation reserve	–9.2	–9.3	–	0.4
Treasury shares	–19.7	–19.7	–	–
Issued capital and reserves attributable to shareholders of EVN AG	4,181.4	4,295.6	–114.3	–2.7
Non-controlling interests	265.0	256.5	8.5	3.3
	4,446.3	**4,552.1**	**–105.8**	**–2.3**
Non-current liabilities				
Non-current loans and borrowings	970.6	990.0	–19.4	–2.0
Deferred tax liabilities	475.3	543.8	–68.4	–12.6
Non-current provisions	527.3	537.5	–10.1	–1.9
Deferred income from network subsidies	617.3	615.7	1.6	0.3
Other non-current liabilities	107.5	46.2	61.2	–
	2,698.0	**2,733.2**	**–35.2**	**–1.3**
Current liabilities				
Current loans and borrowings	63.3	68.8	–5.5	–8.0
Taxes payable and levies	160.5	138.3	22.2	16.0
Trade payables	259.4	301.0	–41.6	–13.8
Current provisions	85.2	90.4	–5.2	–5.8
Other current liabilities	253.0	304.9	–51.9	–17.0
	821.3	**903.3**	**–82.0**	**–9.1**
Total equity and liabilities	**7,965.6**	**8,188.6**	**–223.0**	**–2.7**

1) See the section on "IFRS 16 Leases"

Consolidated statement of changes in equity

EURm	Issued capital and reserves of EVN AG shareholders	Non-controlling interests	Total
Balance on 30.09.2018	3,832.8	259.9	4,092.6
Comprehensive income for the period	–112.9	7.3	–105.6
Other changes/Changes in the scope of consolidation	–0.7	–0.5	–1.1
Balance on 31.12.2018	3,719.2	266.7	3,985.9
Balance on 30.09.2019	4,295.6	256.5	4,552.1
Comprehensive income for the period	–114.3	8.5	–105.8
Balance on 31.12.2019	4,181.4	265.0	4,446.3

Condensed consolidated statement of cash flows

EURm	2019/20 Q. 1	2018/19 Q. 1	+/– Nominal	%	2018/19
Result before income tax	108.1	81.9	26.2	32.0	373.5
+ Depreciation and amortisation of intangible assets and property, plant and equipment	71.8	65.8	6.0	9.1	228.2
– Results of equity accounted investees and other investments	–29.1	–6.5	–22.6	–	–153.7
+ Dividends from equity accounted investees and other investments	5.9	75.0	–69.1	–92.2	161.1
+ Interest expense	12.0	13.5	–1.5	–11.2	51.5
– Interest paid	–9.6	–11.5	1.8	16.0	–41.4
– Interest income	–1.3	–1.9	0.6	30.5	–8.1
+ Interest received	1.1	1.9	–0.8	–40.9	7.4
+/– Losses/gains from foreign exchange translations	1.5	0.7	0.7	–	9.9
+/– Other non-cash financial results	–1.3	1.9	–3.2	–	–1.6
– Release of deferred income from network subsidies	–12.8	–12.2	–0.6	–4.8	–50.6
– Decrease in non-current provisions	–6.4	–7.5	1.2	15.4	–22.6
+/– Losses/gains on the disposal of intangible assets and property, plant and equipment	0.8	–0.5	1.3	–	–3.1
Gross cash flow	**140.7**	**200.7**	**–60.0**	**–29.9**	**550.5**
– Changes in assets and liabilities arising from operating activities	–160.5	–200.7	40.2	20.0	–114.2
+/– Income tax paid	–9.1	–7.6	–1.5	–20.1	–6.6
Net cash flow from operating activities	**–28.9**	**–7.6**	**–21.3**	**–**	**429.7**
+ Proceeds from the disposal of intangible assets and property, plant and equipment	0.7	0.9	–0.2	–24.1	5.7
+/– Changes in intangible assets and property, plant and equipment	–60.9	–61.3	0.4	0.7	–327.5
+/– Changes in financial assets and other non-current assets	19.3	2.5	16.8	–	65.4
+/– Changes in current securities	30.2	29.2	1.0	3.6	49.3
Net cash flow from investing activities	**–10.7**	**–28.7**	**18.1**	**62.9**	**–207.1**
– Dividends paid to EVN AG shareholders	–	–	–	–	–83.7
– Dividends paid to non-controlling interests	–	–	–	–	–22.5
+/– Sales/repurchase of treasury shares	–	–	–	–	1.0
– Changes in financial and lease liabilities	–50.8	–35.7	–15.1	–36.5	–85.9
Net cash flow from financing activities	**–50.8**	**–35.7**	**–15.1**	**–42.3**	**–191.0**
Net change in cash and cash equivalents	**–90.4**	**–72.1**	**–18.3**	**–25.4**	**31.5**
Cash and cash equivalents at the beginning of the period[1]	**246.2**	**214.5**	**31.7**	**14.8**	**214.5**
Currency translation differences on cash and cash equivalents	0.1	–	0.1	–	0.2
Cash and cash equivalents at the end of the period[1]	**155.9**	**142.5**	**13.5**	**9.5**	**246.2**

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 31 December 2019, of EVN AG, taking into consideration § 245a Austrian Commercial Code (UGB), was prepared in accordance with the guidelines set forth in the International Financial Reporting Standards (IFRS) by the International Accounting 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 2018/19 financial year (balance sheet date: 30 September 2019).

The accounting and valuation methods applied in preparing the consolidated financial statements as of 30 September 2019 remain unchanged, with the exception of the following new rules issued by the IASB which require mandatory application in the current financial year. 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 2019/20 financial year:

Standards and interpretations applied for the first time		Effective[1]
New standards and interpretations		
IFRS 16	Leases	01.01.2019
IFRIC 23	Uncertainty over Income Tax Treatments	01.01.2019
Revised standards and interpretations		
IAS 19	Plan Amendment, Curtailment or Settlement	01.01.2019
IAS 28	Long-term Interests in Associates and Joint Ventures	01.01.2019
IFRS 9	Prepayment Features with Negative Compensation	01.01.2019
Several	Annual Improvements 2015–2017	01.01.2019

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 effects of the initial mandatory application of IFRS 16 are explained in detail in the following sections. The initial mandatory application of the other revised standards and interpretations had no material effect on the consolidated interim financial report.

IFRS 16 Leases

The IASB published IFRS 16 in January 2016 as a replacement for the previous standard on leases (IAS 17) and related interpretations. IFRS 16 requires mandatory application for financial years beginning on or after 1 January 2019. It includes a new definition of the term "lease" and introduces major changes in the accounting rules for lessees. The goal of the new standard is the balance sheet recognition of nearly all leases and the related contractual rights and obligations for the lessee as rights of use or lease liabilities, which means the former differentiation between finance and operating leases is no longer applicable. The most important application scenarios for the EVN Group from the lessee's point of view are leases and easement agreements, leased commercial space and warehouse areas which are assumed to be based on long-term leases. The business transactions in which EVN serves as the lessor are immaterial. The accounting rules for the lessor do not change materially in comparison with the previously applied IAS 17.

Transition

EVN selected the modified retrospective approach for the conversion to IFRS 16, which means the prior year data were not adjusted. The lease liability represents the discounted present value of the remaining lease payments based on the application of an incremental borrowing rate as of the initial application date.

An option provided by IFRS 16 was applied, which permits the recognition of a right of use at an amount equal to the lease liability less any advance lease payments. EVN differentiates between non-lease and lease components and waives the application of the practical expedient defined by IFRS 16.15. Moreover, EVN did not reassess whether a contract includes a lease in the sense of IFRS 16, provided the contract was previously identified as a lease as of the initial application date. Conversely, IFRS 16 is not applied to agreements which were classified as agreements without leases under IAS 17 in connection with IFRIC 4. The practical expedients provided by IFRS 16 were applied to low-value leases, short-term leases (< twelve months) and leases with a remaining term of twelve months or less as of the initial application date. These payments are still recorded under other expenses. In line with the transitional relief, the option to waive impairment testing was applied. The identified leases were instead reviewed as of the initial application date to determine whether they represent onerous contracts. In the event a lease was identified as onerous, the capitalised right of use was reduced by an existing provision.

Significant changes based on the initial application of IFRS 16

EVN initially applied IFRS 16 as of 1 October 2019. As explained in the preceding sections, the comparative information for prior accounting periods was not adjusted.

The following section explains the effects of the initial application of IFRS 16 on EVN's consolidated financial statements, in particular on the consolidated statement of financial position.

Adjustments to the consolidated statement of financial position

EURm	30.09.2019	Adjustments IFRS 16	01.10.2019
Assets			
Non-current assets			
Right of use	–	74.7	74,7
	7,330.9	74.7	7,405.6
Current assets			
	857.7	–	857.7
Total assets	8,188.6	74.7	8,263.3
Equity and liabilities			
Equity			
	4,552.1	–	4,552.1
Non-current liabilities			
Other non-current liabilities	46.2	69.7	115.9
	2,733.2	69.7	2,802.9
Current liabilities			
Other current liabilities	304.9	5.0	309.9
	903.3	5.0	908.3
Total equity and liabilities	8,188.6	74.7	8,263.3

On the consolidated statement of financial position, the initial application of this standard led to an equal increase in the rights of use and lease liabilities. The new accounting rules led to a slight reduction in the equity ratio and, at the same time, to a slight increase in net debt.

Effects on the consolidated statement of operations

EURm	2019/20 Q. 1
Other operating expenses	1.3
EBITDA	1.3
Depreciation and amortisation	–0.8
Results from operating activities (EBIT)	0.5
Interest expense	–0.1
Financial result	–0.1

Lease payments have been split into interest and principal components since 1 October 2019. The capitalised rights of use will be amortised over the defined useful life. The changeover in the first quarter of 2019/20 resulted in an EBITDA effect of EUR 1.3m.

The changed presentation of lease payments led to minor reclassifications on EVN's consolidated statement of cash flows. Prior to the application of IFRS 16, the full lease payments were included under cash flow from operating activities. The principal component is now reported under cash flow from financing activities and the interest component under cash flow from operating activities.

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 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 Environment Segment usually generates lower revenues in the first half of the financial year than in the second half. Accordingly, business in the Environment 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 29 domestic and 33 foreign subsidiaries (30 September 2019: 29 domestic and 32 foreign subsidiaries) were fully consolidated as of 31 December 2019. As of 31 December 2019, a total of 19 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 2019: 19).

Changes in the scope of consolidation	Fully	Line-by-line (Joint Operation)	Equity	Total
30.09.2018	63	1	16	80
First consolidation	1	–	–	1
Deconsolidation	–2	–	–	–2
Reorganisation	–1	–	–	–1
30.09.2019	61	1	16	78
First consolidation	1	–	–	1
Deconsolidation	–	–	–	–
31.12.2019	62	1	16	79
thereof foreign companies	33	1	5	39

WTE O&M Kuwait Sewerage Treatment O.P.C. is a 100% Kuwaiti subsidiary and was initially included through full consolidation as of 1 October 2019.

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

Selected notes to the consolidated statement of operations

Revenue by product EURm	2019/20 Q. 1	2018/19 Q. 1
Electricity	394.8	416.4
Natural gas	50.2	60.3
Heat	47.2	45.7
Environmental services	36.8	20.1
Others	47.2	53.5
Total	576.2	596.0

Revenue by country EURm	2019/20 Q. 1	2018/19 Q. 1
Austria	308.7	353.3
Germany	18.2	7.2
Bulgaria	146.3	133.2
North Macedonia	91.4	96.6
Others	11.7	5.7
Total	576.2	596.0

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

Share of results from equity accounted investees with operational nature EURm	**2019/20** **Q. 1**	2018/19 Q. 1
EVN KG	6.3	–16.0
RAG	12.7	6.5
Energie Burgenland	4.9	6.8
ZOV; ZOV UIP	2.3	4.3
Verbund Innkraftwerke	–	0.4
Other companies	2.8	4.5
Total	29.1	6.5

The share of results from equity accounted investees with operational nature rose to EUR 29.1m in the first quarter of 2019/20 (previous year: EUR 6.5m). This increase resulted primarily from the earnings generated by EVN KG. In the previous year, the earnings recorded by EVN KG were negatively influenced by the valuation of hedges as of the balance sheet date.

Earnings per share are calculated by dividing the Group net result (= net profit for the period attributable to EVN AG shareholders) by the weighted average number of shares outstanding, i. e. 178,068,106 as of 31 December 2019 (31 December 2018: 177,994,578 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 82.9m (previous year: EUR 59.1m), earnings per share at the balance sheet date 31 December 2019 totalled EUR 0.47 (previous year: EUR 0.33 per share).

Selected notes to the consolidated statement of financial position

In the first quarter of 2019/20, EVN acquired intangible assets and property, plant and equipment to the sum of EUR 76.2m (previous year: EUR 79.5m). Property, plant and equipment with a net carrying amount (book value) of EUR 1.5m were disposed of (previous year EUR 0.4m), with a capital loss of EUR 0.8m (previous year: capital gain of EUR 0.5m).

The other investments of EUR 2,085.8m, mainly classified as FVOCI, include shares in listed companies with a market value of EUR 1,963.3m, which decreased by EUR 239.6m since the last balance sheet date. In accordance with IFRS 9, the adjustments to the changed market values were offset with the valuation reserve after the deduction of deferred taxes.

The number of EVN shares in circulation developed as follows:

Development of the number of shares in circulation Number	**2019/20** **Q. 1**
Balance 30.09.2019	178,068,106
Purchase of treasury shares	–
Balance 31.12.2019	178,068,106

As of 31 December 2019, the number of treasury shares amounted to 1,810,296 (or 1.01% of the share capital) with an acquisition value of EUR 19.7m. The treasury shares held by EVN are not entitled to any rights, and in particular, they are not entitled to dividends.

The 91st Annual General Meeting of EVN AG on 16 January 2020 approved the recommendation by the Executive Board and Supervisory Board to distribute a dividend of EUR 0.47 per share plus a one-time bonus dividend of EUR 0.03 per share for the financial year 2018/19 to mark the 30th anniversary of EVN's listing on the Vienna Stock Exchange. The total dividend payout amounts to EUR 89.0m. Ex-dividend date was 22 January 2020, and the dividend payment to shareholders of EVN took place on 24 January 2020.

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

Breakdown of non-current loans and borrowings EURm	**31.12.2019**	30.09.2019
Bonds	515.1	519.3
Bank loans	455.6	470.7
Total	970.6	990.0

The decrease of EUR 4.3m in the bonds resulted primarily from a change in the value of hedged foreign exchange risk of the JPY bond. This was contrasted by an opposite movement in the market value of the hedges.

The bank loans include promissory note loans in the amount of EUR 87.5m (previous year: EUR 121.5m). The promissory note loans were issued in October 2012.

Segment reporting

EURm	Energy		Generation		Networks		South East Europe	
	2019/20 Q. 1	2018/19 Q. 1	2019/20 Q. 1	2018/19 Q. 1	2019/20 Q. 1	2018/19 Q. 1	2019/20 Q. 1	2018/19 Q. 1
External revenue	129.9	168.3	32.6	33.6	133.3	139.2	238.4	230.7
Internal revenue (between segments)	1.2	1.3	41.2	58.1	11.4	13.6	0.2	0.3
Total revenue	**131.1**	**169.5**	**73.8**	**91.7**	**144.7**	**152.8**	**238.6**	**231.0**
Operating expenses	–107.6	–161.9	–40.0	–47.3	–76.1	–72.5	–205.3	–207.9
Share of results from equity accounted investees operational	8.2	–13.6	0.6	0.8	–	–	–	–
EBITDA	**31.7**	**–6.0**	**34.5**	**45.2**	**68.6**	**80.3**	**33.3**	**23.1**
Depreciation and amortisation	–5.0	–4.8	–16.6	–15.1	–32.3	–30.4	–17.8	–15.4
Results from operating activities (EBIT)	**26.7**	**–10.8**	**17.9**	**30.0**	**36.2**	**49.9**	**15.5**	**7.6**
Financial results	–0.4	–0.5	–4.5	–4.3	–3.1	–4.3	–5.4	–5.4
Result before income tax	**26.3**	**–11.3**	**13.3**	**25.7**	**33.1**	**45.7**	**10.1**	**2.3**
Total assets	829.7	814.1	1,205.2	1,136.5	2,031.5	1,921.1	1,254.3	1,221.1
Investments[1]	6.5	1.4	6.1	24.6	32.8	26.7	35.0	24.8

	Environment		All Other Segments		Consolidation		Total	
	2019/20 Q. 1	2018/19 Q. 1	2019/20 Q. 1	2018/19 Q. 1	2019/20 Q. 1	2018/19 Q. 1	2019/20 Q. 1	2018/19 Q. 1
External revenue	36.8	20.1	5.2	4.1	–	–	576.2	596.0
Internal revenue (between segments)	0.1	0.1	17.1	16.1	–71.2	–89.4	–	–
Total revenue	**36.9**	**20.2**	**22.3**	**20.2**	**–71.2**	**–89.4**	**576.2**	**596.0**
Operating expenses	–34.1	–17.9	–22.3	–20.7	70.6	89.0	–414.7	–439.2
Share of results from equity accounted investees operational	2.7	6.0	17.5	13.3	–	–	29.1	6.5
EBITDA	**5.5**	**8.4**	**17.6**	**12.7**	**–0.6**	**–0.5**	**190.6**	**163.2**
Depreciation and amortisation	–3.0	–2.8	–0.5	–0.4	3.6	3.3	–71.8	–65.8
Results from operating activities (EBIT)	**2.5**	**5.5**	**17.0**	**12.3**	**3.0**	**2.8**	**118.8**	**97.4**
Financial results	–1.1	–1.2	17.8	15.3	–13.9	–15.2	–10.7	–15.5
Result before income tax	**1.4**	**4.4**	**34.8**	**27.6**	**–10.9**	**–12.4**	**108.1**	**81.9**
Total assets	692.5	642.8	4,348.7	3,979.6	–2,396.1	–2,193.3	7,965.6	7,522.0
Investments[1]	2.6	2.2	0.6	0.6	–7.4	–0.8	76.2	79.5

1) In intangible assets and property, plant and equipment

The results shown in the total column represent the results reported on the consolidated statement of operations. The consolidation column reflects the elimination of intersegment transactions. Also included are transition amounts, which result from the difference between the viewpoints of the Energy and Generation segments and the Group with respect to the inclusion of Steag-EVN Walsum as a joint operation. The Generation Segment has not identified any signs of impairment to its proportional investment in the power plant resulting from the inclusion of Steag-EVN Walsum as a joint operation, and the Energy Segment has already recognised provisions for onerous contracts connected with the marketing of its electricity production. In contrast, an impairment charge is required for the Walsum 10 power plant 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 (IFRS 13)	31.12.2019 Carrying amount	31.12.2019 Fair value	30.09.2019 Carrying amount	30.09.2019 Fair value
Non-current assets						
Other investments						
Investments	FVOCI	Level 3	118.0	118.0	118.0	118.0
Miscellaneous investments	FVOCI	Level 1	1,963.3	1,963.3	2,202.9	2,202.9
Other non-current assets						
Securities	FVTPL	Level 1	104.8	104.8	97.6	97.6
Loans receivable	AC	Level 2	33.2	39.5	33.0	40.4
Lease receivables	AC	Level 2	17.9	18.9	18.3	19.8
Receivables arising from derivative transactions	FVTPL	Level 2	–	–	5.4	5.4
Receivables arising from derivative transactions	Hedging	Level 2	2.5	2.5	6.5	6.5
Current assets						
Current receivables and other current assets						
Trade and other receivables	AC		325.4	325.4	327.2	327.2
Receivables arising from derivative transactions	FVTPL	Level 2	16.8	16.8	33.6	33.6
Securities	FVTPL	Level 1	59.4	59.4	89.7	89.7
Cash and cash equivalents						
Cash on hand and cash at banks	AC		183.7	183.7	246.6	246.6
Non-current liabilities						
Non-current loans and borrowings						
Bonds	AC	Level 2	515.1	600.4	519.3	615.8
Bank loans	AC	Level 2	455.6	524.9	470.7	559.9
Other non-current liabilities						
Leases	AC	Level 2	3.7	4.1	3.9	4.2
Accruals of financial transactions	AC		0.2	0.2	0.2	0.2
Other liabilities	AC		21.7	21.7	22.0	22.0
Liabilities arising from derivative transactions	FVTPL	Level 2	–	–	4.6	4.6
Liabilities arising from derivative transactions	Hedging	Level 2	12.3	12.3	15.7	15.7
Current liabilities						
Current loans and borrowings	AC		63.3	63.3	68.8	68.8
Trade payables	AC		259.4	259.4	301.0	301.0
Other current liabilities						
Other financial liabilities	AC		136.8	136.8	163.5	163.5
Liabilities arising from derivative transactions	FVTPL	Level 2	8.5	8.5	16.3	16.3
Liabilities arising from derivative transactions	Hedging	Level 2	4.8	4.8	5.2	5.2
thereof aggregated to measurement categories						
Fair value through other comprehensive income	FVOCI		2,081.2		2,320.8	
Financial assets designated at fair value through profit or loss	FVTPL		181.1		226.2	
Financial assets and financial liabilities at amortised cost	AC		2,016.0		2,174.3	
Financial liabilities designated at fair value through profit or loss	FVTPL		8.5		20.8	

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

There were no changes in the group of individuals and companies who are considered as related parties compared to the Annual report of 2018/19.

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

Transactions with investments in equity accounted investees EURm	**2019/20** **Q. 1**	2018/19 Q. 1
Revenue	53.4	95.8
Cost of materials and services	16.5	33.2
Trade accounts receivable	22.8	30.9
Trade accounts payable	27.7	17.6

Other obligations and risks

Other obligations and risks increased by EUR 32.7m to EUR 401.3m compared to 30 September 2019. This change was mainly due to the increase in scheduled orders for investments in intagible assets and the increase in guarantees in connection with energy transactions.

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 24.1m as of 31 December 2019. The nominal volume of the guarantees underlying this assessment was EUR 289.0m.

Significant events after the balance sheet date

The following events occurred after the balance sheet date for the quarterly financial statements on 31 December 2019 and the editorial deadline for this consolidated interim financial report on 24 February 2020:

A decision by the E-Control Commission which took effect on 1 January 2020 increased the electricity network tariffs for household customers by an average of 0.3% and reduced the natural gas network tariffs by an average of 8.1%.

On 23 January 2020 the consortium comprising WTE Wassertechnik and a Kuwaiti financial investor (each with a share of 50%) was awarded the contract for construction of the Umm Al Hayman wastewater treatment project in Kuwait. The agreement for the construction and realisation of this wastewater treatment project within the framework of a public-private partnership was signed by the Ministry of Public Works in Kuwait and the project company founded for this assignment (indirect WTE interest: 20%). WTE Wassertechnik will serve as the general contractor for planning and construction, in particular for a wastewater treatment plant (contract value (converted): approximately EUR 600m) and – together with partners – for a sewage network with pumping stations (contract value (converted): approximately EUR 950m).

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Financial calendar[1]	
Results HY. 2019/20	28.05.2020
Results Q. 1–3 2019/20	27.08.2020
Annual results 2019/20	16.12.2020

EVN share – Basic information[2]	
Share capital	330,000,000.00 EUR
Denomination	179,878,402 shares
ISIN security code number	AT0000741053
Tickers	EVNV.VI (Reuters); EVN AV (Bloomberg); EVN (Dow Jones); EVNVY (ADR)
Listing	Vienna
ADR programme; depositary	Sponsored Level I ADR programme (5 ADR = 1 share); The Bank of New York Mellon
Ratings	A1, stable (Moody's); A, stable (Standard & Poor's)

1) Preliminary
2) As of 31 December 2019

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