

# Energy. Water. Life.

Letter to Shareholders HY. 1 2019/20

1 October 2019 – 31 March 2020

Half-year financial report



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# Key figures

		2019/20 HY. 1	2018/19 HY. 1	+/- %	2019/20 Q. 2	2018/19 Q. 2	+/- %	2018/19
<b>Sales volumes</b>								
Electricity generation volumes	GWh	2,146	2,976	-27.9	1,052	1,426	-26.2	5,594
thereof from renewable energy	GWh	1,155	1,184	-2.4	611	664	-8.0	2,315
Electricity sales volumes to end customers	GWh	10,905	10,710	1.8	5,851	5,692	2.8	19,924
Natural gas sales volumes to end customers	GWh	3,907	4,002	-2.4	2,188	2,252	-2.9	5,083
Heat sales volumes to end customers	GWh	1,581	1,569	0.8	874	852	2.5	2,196
<b>Consolidated statement of operations</b>								
Revenue	EURm	1,194.4	1,246.1	-4.2	618.1	650.1	-4.9	2,204.0
EBITDA	EURm	388.8	330.3	17.7	198.2	167.1	18.7	631.7
EBITDA margin <sup>1)</sup>	%	32.6	26.5	6.0	32.1	25.7	6.4	28.7
Results from operating activities (EBIT)	EURm	230.7	198.1	16.5	111.9	100.6	11.2	403.5
EBIT margin <sup>1)</sup>	%	19.3	15.9	3.4	18.1	15.5	2.6	18.3
Result before income tax	EURm	201.7	175.0	15.2	93.6	93.1	0.5	373.5
Group net result	EURm	152.7	129.0	18.3	69.7	69.8	-0.2	302.4
Earnings per share	EUR	0.86	0.72	18.3	0.39	0.39	-	1.70
<b>Statement of financial position</b>								
Balance sheet total	EURm	7,268.8	7,532.2	-3.5	7,268.8	7,532.2	-3.5	8,188.6
Equity	EURm	3,996.5	4,160.6	-3.9	3,996.5	4,160.6	-3.9	4,552.1
Equity ratio <sup>1)</sup>	%	55.0	55.2	-0.3	55.0	55.2	-0.3	55.6
Net debt <sup>2)</sup>	EURm	1,191.2	1,041.3	14.4	1,191.2	1,041.3	14.4	999.5
Gearing <sup>1)</sup>	%	29.8	25.0	4.8	29.8	25.0	4.8	22.0
<b>Cash flow and investments</b>								
Gross cash flow	EURm	321.1	389.2	-17.5	181.4	188.5	-3.8	550.5
Net cash flow from operating activities	EURm	31.2	107.1	-70.9	60.1	114.7	-47.6	429.7
Investments <sup>3)</sup>	EURm	128.4	134.5	-4.5	52.2	54.9	-4.9	391.4
<b>Share performance</b>								
Share price at 31 March	EUR	13.34	12.98	2.8	13.34	12.98	2.8	16.14
Value of shares traded <sup>4)</sup>	EURm	127.0	91.8	38.3	-	-	-	190.1
Market capitalisation at 31 March	EURm	2,400	2,335	2.8	2,400	2,335	2.8	2,903
<b>Employees</b>	∅	<b>7,021</b>	<b>6,876</b>	<b>2.1</b>	<b>7,026</b>	<b>6,831</b>	<b>2.9</b>	<b>6,908</b>

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 despite negative non-cash, non-recurring effects**

- Revenue below previous year (–4.2%), improvement in EBITDA (+17.7%), EBIT (+16.5%) and Group net result (+18.4%)
- Electricity generation below previous year
- Forecasted return to positive earnings contribution from EVN KG continues in the second quarter of 2019/20
- Earnings development in the Networks Segment negatively affected by lower tariffs, as expected
- Negative non-cash valuation effects of approximately EUR 15m after tax (impairment losses to energy generation equipment in South East Europe and the customer base in North Macedonia due to the increase in country risk premiums caused by the Covid-19 pandemic)

## **Preliminary estimate of possible further effects from the corona crisis**

- Reduced demand for energy from industrial and commercial customers during the lockdown
  - EVN's integrated business model and broad diversification of customers serve as compensating factors for stabilisation
  - Volume effects in network sales will be corrected in future periods through tariffs within the regulatory framework
- Government-ordered measures cause delays of construction projects; focus of investments remains unchanged: network infrastructure, renewable generation and drinking water supplies in Lower Austria
- Unchanged high financial flexibility and solid liquidity reserves due to low net debt and contractually committed, undrawn credit lines of EUR 557m<sup>1)</sup>

## **Successful reduction of CO<sub>2</sub> footprint in energy generation**

- Share of renewable generation rises to 53.8% (first half-year 2018/19 still influenced by electricity generation in Dürnröhr: 39.8%)

## **Continuous expansion of renewable generation capacity**

- Installed wind power capacity currently at 367 MW; expansion to roughly 500 MW planned by end of 2023
- Construction of Kettlasbrunn wind park (8.4 MW installed capacity); commissioning expected by year-end 2020
- Evaluation of large-scale photovoltaic projects (potential of up to 100 MW in EVN's supply areas)

## **Further expansion of cross-regional drinking water pipelines to cover peak demand periods**

- Steady increase in drinking water sales volumes in cross-regional and end customer supply areas
- Construction of new and strengthening of existing pipelines
- Start of construction on a 60 km pipeline from Krems to Zwettl

## **General contractor assignment for the construction of a thermal sludge treatment plant in Hanover**

- Sludge2Energy (50:50 joint venture between WTE Wassertechnik and the German Huber SE) as general contractor
- Contract volume: approximately EUR 40m

## **First issuance of a green promissory note loan in April 2020**

- Purpose: financing for wind power projects in Lower Austria
- Nominal value: EUR 100.0m
- Term: 10 years

## **Reduced outlook for the 2019/20 financial year**

- As reported in an ad hoc announcement on 29 April 2020, EVN expects Group net profit of EUR 180m to EUR 200m for the 2019/20 financial year (instead of the previously announced EUR 200m to EUR 230m) under the assumption of average conditions in the energy business environment during the second half-year.
- This reduced outlook reflects the impact of the Covid-19 pandemic (delayed start of construction on the wastewater project in Kuwait and the above-mentioned impairment losses).

## **Confirmation of dividend policy**

- EVN's dividend policy is directed to holding the absolute amount of the ordinary dividend constant at a level of at least EUR 0.47 per share.

## **Change in shareholder structure**

- The approvals of the antitrust authorities for the acquisition by Wiener Stadtwerke GmbH of the 28.35% investment in EVN held by EnBW Trust e.V. are still outstanding.

1) As of 19 May 2020

# Interim management report

## General business and energy sector environment

<b>GDP growth</b>	%	<b>2021f</b>	<b>2020f</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
EU-27 <sup>1) 2) 6)</sup>		6.1	-1.8 to -7.4	1.5	2.1	2.7
Austria <sup>1) 2) 3) 6)</sup>		5.0	-2.0 to -7.0	1.6	2.4	2.5
Bulgaria <sup>1) 2) 4) 5)</sup>		6.0	-3.9 to -7.2	3.4 to 3.6	3.1	3.5
Croatia <sup>1) 2) 4) 6)</sup>		5.1	-4.8 to -9.0	2.8 to 2.9	2.7	3.1
North Macedonia <sup>1) 5) 6)</sup>		4.0	-3.9 to -4.0	3.1 to 3.6	2.7	0.2

1) Source: "European Economic Forecast, Spring 2020", EU-Commission, May 2020

2) Source: "Prognose der österreichischen Wirtschaft 2020", IHS, March 2020

3) Source: "Coronavirus-Pandemie: Scharfer, aber im besten Fall kurzer Einbruch der Konjunktur", WIFO, March 2020

4) Source: "COVID-19 Compendium Central & Eastern Europe", Raiffeisen Research, March 2020

5) Source: "Global Economic Prospects", World Bank, January 2020

6) Source: "World Economic Outlook", International Monetary Fund, April 2020

### General business environment

The coronavirus has had a firm grip on the entire world – and, in turn, on the global economy – since February 2020. It has also triggered a worldwide recession whose scope and duration are impossible to estimate at the present time. This crisis is not only unique, but also challenging and makes the preparation of reliable macroeconomic studies and forecasts by analysts and institutions de facto impossible. Moreover, the available analyses are subject to continuous changes because of developments

surrounding the Covid-19 pandemic and the wide range of government policies introduced to stabilise and stimulate national economies.

In preparing this report, the decision was therefore taken not to include the customary summaries of the major economic trends and estimates in EVN's core markets. However, the available forecast data on GDP growth is presented in the usual form in a table, but this data could be obsolete by the time the report is published.

<b>Energy sector environment</b>		<b>2019/20 HY.1</b>	<b>2018/19 HY.1</b>	<b>2019/20 Q.2</b>	<b>2018/19 Q.2</b>
<b>Temperature-related energy demand<sup>1)</sup></b>					
Austria	%	93.2	93.6	93.6	97.0
Bulgaria	%	80.0	94.0	84.0	88.4
North Macedonia	%	84.9	97.8	98.7	98.2
<b>Primary energy and CO<sub>2</sub> emission certificates</b>					
Crude oil – Brent	EUR/bbl	52.1	58.8	46.0	55.2
Natural gas – GIMP <sup>2)</sup>	EUR/MWh	11.6	22.0	10.2	19.2
Hard coal – API#2 <sup>3)</sup>	EUR/t	48.0	75.7	45.2	68.0
CO <sub>2</sub> emission certificates	EUR/t	24.7	21.0	24.1	22.8
<b>Electricity – EEX forward market<sup>4)</sup></b>					
Base load	EUR/MWh	51.3	47.0	51.2	49.3
Peak load	EUR/MWh	63.6	59.4	63.0	62.2
<b>Electricity – EPEX spot market<sup>5)</sup></b>					
Base load	EUR/MWh	35.7	53.3	31.5	46.6
Peak load	EUR/MWh	43.3	63.0	37.9	55.3

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

<b>EVN's key energy business indicators</b> GWh	<b>2019/20</b>	<b>2018/19</b>	<b>+/-</b>		<b>2019/20</b>	<b>2018/19</b>	<b>+/-</b>
	<b>HY. 1</b>	<b>HY. 1</b>	<b>Nominal</b>	<b>%</b>	<b>Q. 2</b>	<b>Q. 2</b>	<b>%</b>
<b>Electricity generation volumes</b>	<b>2,146</b>	<b>2,976</b>	<b>-829</b>	<b>-27.9</b>	<b>1,052</b>	<b>1,426</b>	<b>-26.2</b>
Renewable energy sources	1,155	1,184	-29	-2.4	611	664	-8.0
Thermal energy sources	991	1,792	-800	-44.7	442	762	-42.1
<b>Network distribution volumes</b>							
Electricity	12,164	12,297	-133	-1.1	6,398	6,355	0.7
Natural gas <sup>1)</sup>	10,336	10,695	-359	-3.4	5,376	5,307	1.3
<b>Energy sales volumes to end customers</b>							
<b>Electricity</b>	<b>10,905</b>	<b>10,710</b>	<b>196</b>	<b>1.8</b>	<b>5,851</b>	<b>5,692</b>	<b>2.8</b>
thereof Central and Western Europe <sup>2)</sup>	4,422	4,099	323	7.9	2,308	2,184	5.7
thereof South Eastern Europe	6,483	6,611	-128	-1.9	3,544	3,508	1.0
<b>Natural gas</b>	<b>3,907</b>	<b>4,002</b>	<b>-95</b>	<b>-2.4</b>	<b>2,188</b>	<b>2,252</b>	<b>-2.9</b>
<b>Heat</b>	<b>1,581</b>	<b>1,569</b>	<b>12</b>	<b>0.8</b>	<b>874</b>	<b>852</b>	<b>2.5</b>
thereof Central and Western Europe <sup>2)</sup>	1,425	1,394	31	2.2	779	752	3.6
thereof South Eastern Europe	156	175	-19	-10.6	95	100	-5.3

1) Incl. network distribution volumes to EVN power plants

2) Central and Western Europe covers Austria and Germany.

### Energy sector environment

The temperatures in EVN's three core markets remained below the long-term average during the first half of 2019/20. In Austria, the heating degree total – which defines the temperature-related demand for energy – nearly matched the previous year, while the decline in South East Europe was more pronounced: The heating degree total fell by 14 percentage points in Bulgaria and by 12.9 percentage points in North Macedonia.

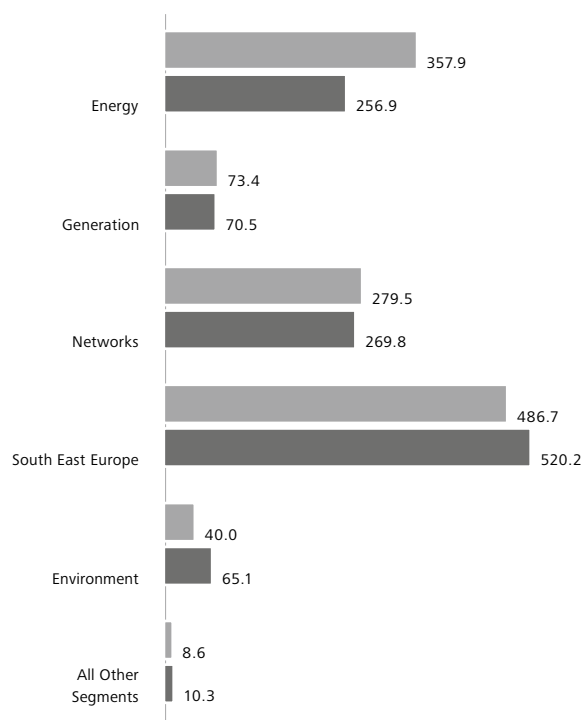
The average EEX price for natural gas fell to nearly half the prior year level from October 2019 to March 2020 and equalled EUR 11.6 per MWh at the end of the reporting period. This sharp drop resulted from the mild weather and higher LNG stocks in Europe which, in turn, led to comparatively high levels in natural gas storage facilities. The decline in demand caused by the Covid-19 pandemic also led to increasing pressure on prices beginning

in mid-March. This weaker demand was also reflected in lower coal prices, which averaged EUR 48.0 per tonne in the first half of 2019/20 and were 36.6% below the previous year. The price of CO<sub>2</sub> emission certificates rose by 17.8% to EUR 24.7 per tonne during the reporting period but has since fallen to approximately EUR 20 per tonne in the wake of the Covid-19 pandemic.

The market prices for base load and peak load electricity also trended downward during the first half of 2019/20, in line with the development of primary energy prices. The spot market prices for base load and peak load electricity averaged EUR 35.7 per MWh and EUR 43.3 per MWh and were 33.0% and 31.2%, respectively, below the previous year. A timing shift led to a year-on-year increase of 9.2% in the median forward price for base load electricity to EUR 51.3 per MWh and 7.0% for peak load electricity to EUR 63.6 per MWh.

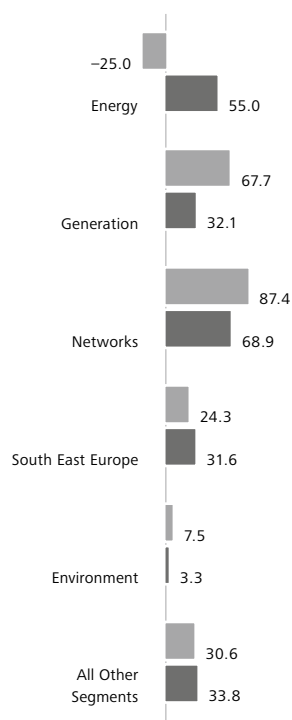
## External revenue by segments HY. 1

EURm  
2018/19  
2019/20



## EBIT by segments HY. 1

EURm  
2018/19  
2019/20



## Business development

### Statement of operations

#### Highlights

- Revenue: -4.2% to EUR 1,194.4m
- EBITDA: +17.7% to EUR 388.8m
- EBIT: +16.5% to EUR 230.7m
- Financial results: -25.9% to EUR -29.1m
- Group net result: +18.4% to EUR 152.7m

Revenue recorded by the EVN Group was 4.2% lower year-on-year at EUR 1,194.4m in the first half of 2019/20. This decline resulted, above all, from a decrease in thermal generation – the Dürnröhr

power plant was still in operation during the previous year – and in the Networks Segment. A price-related revenue decline was also recorded in natural gas trading. Positive factors included higher energy revenue in Bulgaria and in the international project business.

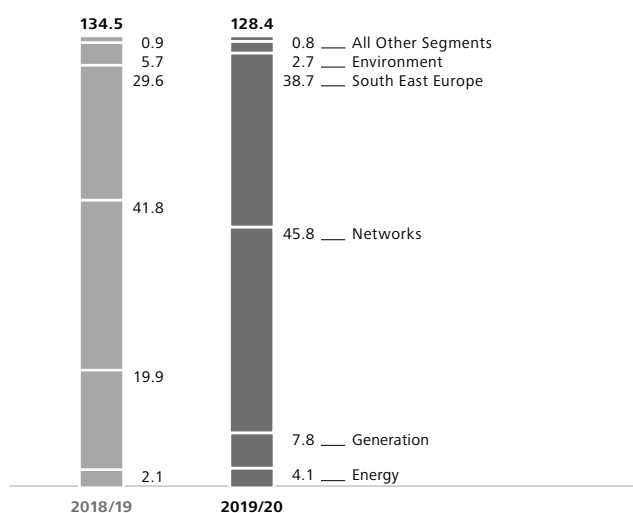
Other operating income fell by 31.7% to EUR 41.9m due to the invoicing of customer projects and the related changes in inventories.

In line with the development of energy revenue, the cost of electricity purchases from third parties and primary energy expenses fell by 12.8% to EUR 555.2m. The main reasons for this development were the decline in primary energy carriers which accompanied the reduction in thermal generation, lower wholesale prices and a reduction in purchased volumes. The negative effects from the valuation of hedges were also lower than the previous year.

The cost of materials and services rose by 8.4% to EUR 132.7m, in keeping with the development of the international project business.

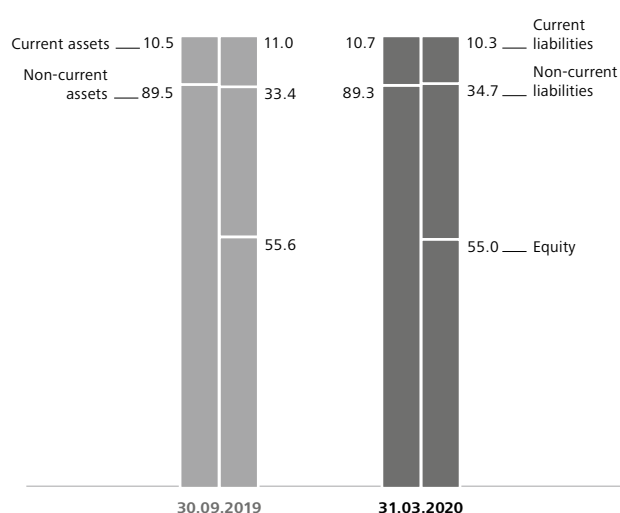
## Structure of investments HY. 1

%, total in EURm



## Balance sheet structure as of the balance sheet date

%



Personnel expenses were 4.3% higher than the previous year at EUR 169.9m. In addition to adjustments required by collective bargaining agreements, this increase resulted, among others, from additional hiring for the contract in Kuwait which was awarded to WTE Wassertechnik. The average number of employees equalled 7,021 in the first half of 2019/20 (previous year: 6,876 employees).

Other operating expenses fell by 14.5% to EUR 50.8m.

The share of results from equity accounted investees with operational nature rose to EUR 61.2m in the first half of 2019/20 (previous year: EUR 4.6m). In addition to a positive non-recurring effect at RAG, this increase resulted mainly from a substantial improvement in earnings at EVN KG. This company's prior year results were influenced by higher procurement costs and by negative effects from the valuation of hedges as of 31 March 2019. In the first half of 2019/20, the share of results from equity accounted investees with operational nature was reduced by an impairment loss of EUR 4.9m to the Ashta hydropower plant.

This impairment loss was recognised to reflect the higher country risk premium that resulted from the Covid-19 pandemic.

EBITDA recorded by the EVN Group rose by 17.7% to EUR 388.8m, and the EBITDA margin improved from 26.5% to 32.6%.

Higher investments, the capitalisation of rights of use following the initial application of IFRS 16 and the increased carrying amount of property, plant and equipment that resulted from revaluations as of 30 September 2019 led to an increase of 7.8% in scheduled depreciation and amortisation to EUR 143.6m. An increase in the country risk premiums due to the Covid-19 pandemic also led to the recognition of impairment losses to energy generation equipment in South East Europe and to the customer base in North Macedonia. EVN generated EBIT of EUR 230.7m in the first half of 2019/20 (previous year: EUR 198.1m).

Financial results declined to EUR -29.1m in the reporting period (previous year: EUR -23.1m), in particular due to the weaker performance of the R 138 fund as a consequence of the development of the relevant stock indexes.



The result before income tax rose by 15.2% year-on-year to EUR 201.7m. After the deduction of EUR 33.2m (previous year: EUR 30.8m) in income tax expense and the earnings attributable to non-controlling interests, Group net result for the period amounted to EUR 152.7m. This represents an increase of 18.4% over the previous year.

### Statement of cash flows

Despite the increase in the result before income tax and in scheduled depreciation and amortisation, gross cash flow fell by 17.5% year-on-year to EUR 321.1m in the first half of 2019/20. This decline was based on a higher non-cash earnings contribution from equity accounted investees which was contrasted by lower dividends from these companies.

Cash flow from operating activities fell to EUR 31.2m (previous year: EUR 107.1m) due to the negative development of working capital as of 31 March 2020.

Cash flow from investing activities was influenced by lower investments in property, plant and equipment and by the reduction of investments in cash funds and in securities in the R 138 fund. Other important factors included the guarantee payment from the Republic of Montenegro for the wastewater treatment plant project in Budva and contrasting cash outflows through the payment of the first equity tranche for the wastewater treatment plant project in Kuwait. In total, cash flow from investing activities amounted to EUR 57.2m (previous year: EUR 4.4m).

Cash flow from financing activities totalled EUR –150.8m in the reporting period (previous year: EUR –156.4m) and included the dividend payment for the 2018/19 financial year as well as the scheduled repayment of financial liabilities.

Cash flow amounted to EUR –62.4m in the first half of 2019/20, and cash and cash equivalents totalled EUR 183.4m as of 31 March 2020. The EVN Group also had contractually committed, undrawn credit lines of EUR 512.0m at its disposal to service potential short-term financing requirements.

### Statement of financial position

EVN's balance sheet total equalled EUR 7,268.8m as of 31 March 2020 and was 11.2% lower than on 30 September 2019. The decrease is primarily attributable to the development of non-current assets, which declined by 11.5% to EUR 6,488.7m. The main driver for this reduction – in addition to declines in the equity accounted investees EVN KG and EnergieAllianz – was the development of the Verbund share price (EUR 33.02 as of

31 March 2020 versus EUR 50.20 as of 30 September 2019). The carrying amount of other non-current assets was also lower than on 30 September 2019 because of a reduction in non-current securities in the R 138 fund. A lower volume of investments and higher depreciation and amortisation led to a reduction in property, plant and equipment as of 31 March 2020, while non-current assets were increased following the initial application of IFRS 16 and the related capitalisation of rights of use.

Current assets declined by 9.1% to EUR 780.0m during the reporting period due to a decline in cash funds and cash and cash equivalents which was offset in part by an increase in inventories. Receivables were slightly higher in total, but as the result of contrary developments: The seasonal increase in trade receivables was contrasted, in particular, by a guarantee payment received from the Republic of Montenegro in the first quarter of 2019/20 for the wastewater treatment plant project in Budva, lower receivables from derivative transactions and a decline in current tax receivables.

Although Group net result for the reporting period was higher than the dividend paid in January 2020 for the 2018/19 financial year, equity totalled EUR 3,996.5m and was 12.2% below the level on 30 September 2019. This decline resulted, above all, from the lower market price of the Verbund share. The equity ratio equalled 55.0% as of 31 March 2020 (30 September 2019: 55.6%)

Non-current liabilities declined by 7.6% to EUR 2,524.8m in the first half of 2019/20. This decrease resulted primarily from a reduction in non-current tax liabilities due to the lower price of the Verbund share, the reclassification of financial liabilities from non-current to current and the application of a higher discount rate to the valuation of non-current employee-related provisions. A contrary factor was the recognition of non-current lease liabilities totalling EUR 68.1m in connection with the initial application of IFRS 16, which led to an increase in other non-current liabilities.

Current liabilities fell by 17.3% to EUR 747.5m, chiefly due to a decline in trade payables as of 31 March 2020 and a reduction in liabilities to equity accounted investees. In contrast, current financial and tax liabilities increased during the reporting period.

EVN's net debt rose by 19.2% over the level on 30 September 2019 to EUR 1,191.2m as of 31 March 2020, among others due to the above-mentioned recognition of non-current lease liabilities in connection with the initial application of IFRS 16. Consequently, gearing also increased to 29.8% (30 September 2019: 22.0%).

## Risk management report

pursuant to § 125 (4) of the Austrian Stock Exchange Act 2018 ("Börsegesetz 2018")

### Risk profile

The risk profile of the EVN Group is influenced primarily by common industry risks and uncertainties and, above all, by political, legal and regulatory challenges. The classification of the related aspects is based on EVN's risk management process.

Parallel to the announcement of the first official measures in Austria at the end of February and the beginning of March 2020 to contain the further spread of Covid-19, EVN's central risk management carried out a Group-wide analysis of the potential risks and effects of the corona crisis. This analysis indicated that the uncertainties and effects of a pandemic which are relevant for EVN can be allocated to existing risk categories. Therefore, the

qualitative and quantitative assessment of the risks identified in connection with the corona crisis was based on the risk categories listed in the following table. The future development of primary energy prices and the cost of capital as well as economic growth in EVN's relevant markets were identified as the major uncertainties. Economists are currently discussing very different scenarios concerning the scope and duration of a recession, and the longer-term impact on the energy markets is also still uncertain. EVN expects primary energy prices will normalise over the medium term.

The above-mentioned uncertainties have led to an increase in the overall risk profile since the end of the previous financial year on 30 September 2019. However, it is still not possible to identify any future risks at the present time that could endanger the continued existence of the EVN Group. The following table provides a summary of the material risks and uncertainties to which the EVN Group is exposed.

## EVN's major risks and related risk management measures

Risk category	Description	Measure
<b>Market and competition risks</b>		
<b>Profit margin risk (price and volume effects)</b>	<p>Energy sales and production: failure to meet profit margin targets</p> <ul style="list-style-type: none"> <li>→ Procurement and selling prices (esp. for energy carriers) that are volatile and/or deviate from forecasts</li> <li>→ Weaker demand (above all due to weather/climate change, politics, reputation or competition)</li> <li>→ Decline in own generation</li> <li>→ Reduced project volume in the environmental services business (in particular due to market saturation, limited resources for infrastructure projects, non-inclusion in or failure to win tenders)</li> </ul>	Procurement strategy tailored to the market environment; hedging strategies; diversification of customer segments and business areas; product portfolio that reflects customer demands; longer-term sale of power plant capacity
<b>Supplier risk</b>	Cost overruns on planned projects; incomplete performance of contracted services or failure to meet contract obligations	Partnerships; contractual controls wherever possible; third party expert opinions
<b>Financial risks</b>		
<b>Foreign currency risks</b>	Transaction risks (foreign exchange losses) and translation risks on the conversion of foreign currency amounts in the consolidated financial statements; financing for Group companies that does not reflect the respective foreign exchange situation	Monitoring; limits; hedging instruments
<b>Liquidity, cash flow and financing risk</b>	Failure to repay liabilities on schedule or to obtain the required liquidity/funds when needed at the expected conditions	Long-term, centrally managed financial planning; safeguarding financing requirements (e. g. through credit lines)
<b>Market price risks</b>	Decline in the value of investments (e. g. funds) and listed strategic holdings (e. g. Verbund AG, Burgenland Holding AG)	Monitoring of loss potential via daily value-at-risk calculations; investment guidelines
<b>Counterparty/credit risks (default risks)</b>	Complete or partial failure of a business partner or customer to provide the agreed performance	Contractual construction; credit monitoring and credit limit systems; regular monitoring of customer behaviour; hedging instruments; insurance; systematic diversification of business partners
<b>Investment risks</b>	Failure of a core subsidiary or holding company to meet profit targets	Representation on corporate bodies of the respective company
<b>Rating changes</b>	Higher refinancing costs due to rating downgrades	Ensuring compliance with key financial indicators
<b>Interest rate risks</b>	Changes in market rates; increase in interest expense; negative effects of low interest rates on the valuation of assets and provisions and on future tariffs	Use of hedging instruments; fixed interest rates in financing contracts
<b>Impairment risks</b>	Recognition of impairment losses to receivables, goodwill, investments, generation equipment and other assets (profitability/value significantly dependent on electricity and primary energy prices and energy sector framework conditions)	Monitoring via sensitivity analyses
<b>Guarantee risk</b>	Financial loss due to claim of contingent liabilities	Limit volume of guarantees as far as possible; routine monitoring

## EVN's major risks and related risk management measures

Risk category	Description	Measure
<b>Strategy and planning risks</b>		
Technology risk	Late identification of and reaction to new technologies (delayed investments) or to changes in customer needs; investments in "wrong" technologies	Active participation in external research projects; own demonstration facilities and pilot projects; ongoing adjustments to keep technologies at the latest level
Planning risk	Model risks; incorrect or incomplete assumptions; lost opportunities	Feasibility studies by experienced, highly qualified employees; monitoring of parameters and regular updates; four-eyes principle
Organisational risks	Inefficient or ineffective processes and interfaces; duplication	Process management; documentation; internal control system (ICS)
<b>Operating risks</b>		
Infrastructure risks	Incorrect design and use of technical facilities	Elimination of technical weaknesses; regular inspections and reviews of current and planned infrastructure
Service disruptions/network breakdowns (own and third party), accidents	Supply interruptions; physical danger to persons or infrastructure through explosions/accidents	Technical upgrading at interfaces of the different networks; expansion and maintenance of network capacity
IT/security risks (incl. cybersecurity)	System losses; data loss or unintended transfer; hacker attacks	Strict system and risk monitoring (internal control system); backup systems; technical maintenance; external audits; occupational safety and health measures; crisis training
Workforce risks	Loss of highly qualified employees; absence due to work accidents; surplus or shortfall of personnel; communication problems; cultural barriers; fraud; intentional or unintentional misrepresentations of transactions or items in the annual financial statements	Attractive work environment; occupational health care and safety measures; flexible working time models; training; events for employees for the exchange of information and networking purposes; internal control system (ICS)
<b>External risks</b>		
Legislative, regulatory and political risks	Change in political and legal parameters and/or the regulatory environment (e. g. environmental laws, changes in the legal framework, shifting subsidy scheme, market liberalisation in South East Europe); political and economic instability; network operations: non-inclusion of actual operating costs in the network tariffs established by regulatory authority	Cooperation with interest groups, associations and government agencies on a regional, national and international level; appropriate documentation and service charges
Legal and litigation risks	Non-compliance with contracts; litigation risk from various lawsuits; regulatory and supervisory audits	Representation in local, regional, national and EU-wide interest groups; legal consulting
Social and general economic environment	Macroeconomic developments; debt/financial crisis; stagnating or declining purchasing power; rising unemployment	Best possible utilisation of (anti-)cyclical optimisation potential
Contract risks	Failure to identify legal, economic or technical problems; contract risks under financing agreements	Extensive legal due diligence; involvement of external experts/legal advisors; contract database and ongoing monitoring

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**EVN's major risks and related risk management measures**

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Risk category	Description	Measure
<b>Other risks</b>		
Granting of undue advantages, non-compliance, data protection incidents	Distribution of confidential internal information to third parties and the granting of undue advantages/corruption; violation of regulations for the protection of personal data	Internal control systems; uniform guidelines and standards; Code of Conduct; compliance organisation
Project risk	Cost overruns on the construction of new capacity	Contractual agreement on economic parameters
Co-investment risk	Risks related to the implementation of major projects jointly with partners	Contractual safeguards; efficient project management
Sabotage	Sabotage, e. g. to natural gas lines, wastewater treatment plants or waste incineration plants	Suitable security measures; regular measurement of water quality and emissions
Image risk	Reputational damage	Transparent and proactive communications; sustainable management

## Transactions with related parties

The material transactions with related companies and persons which require disclosure are presented in the notes.

## Segment reporting

### Overview

EVN's corporate structure comprises six reportable segments. In accordance with IFRS 8 "Operating Segments", they are differentiated and defined solely on the basis of the internal organisational

and reporting structure. Business activities which cannot be reported separately because they are below the quantitative thresholds are aggregated under "All Other Segments".

Business areas	Segments	Major activities
Energy business	Energy	<ul style="list-style-type: none"> <li>→ Marketing of electricity produced in the Generation Segment</li> <li>→ Procurement of electricity, natural gas and primary energy carriers</li> <li>→ Trading with and sale of electricity and natural gas to end customers and on wholesale markets</li> <li>→ Production and sale of heat</li> <li>→ 45.0% investment in ENERGIEALLIANZ Austria GmbH<sup>1)</sup></li> <li>→ Investment as sole limited partner in EVN Energievertrieb GmbH &amp; Co KG (EVN KG)<sup>1)</sup></li> </ul>
	Generation	<ul style="list-style-type: none"> <li>→ Generation of electricity from thermal production capacities and renewable energy sources at Austrian and international locations</li> <li>→ Operation of a thermal waste utilisation plant in Lower Austria</li> <li>→ 13.0% investment in Verbund Innkraftwerke GmbH (Germany)<sup>1)</sup></li> <li>→ 49.0% investment in Walsum 10 hard coal-fired power plant (Germany)<sup>2)</sup></li> <li>→ 49.99% investment in Ashta run-of-river power plant (Albania)<sup>1)</sup></li> </ul>
	Networks	<ul style="list-style-type: none"> <li>→ Operation of distribution networks and network infrastructure for electricity and natural gas in Lower Austria</li> <li>→ Cable TV and telecommunication services in Lower Austria and Burgenland</li> </ul>
	South East Europe	<ul style="list-style-type: none"> <li>→ Operation of distribution networks and network infrastructure for electricity in Bulgaria and North Macedonia</li> <li>→ Sale of electricity to end customers in Bulgaria and North Macedonia</li> <li>→ Generation of electricity from hydropower in North Macedonia</li> <li>→ Generation, distribution and sale of heat in Bulgaria</li> <li>→ Construction and operation of natural gas networks in Croatia</li> <li>→ Energy trading for the entire region</li> </ul>
Environmental services business	Environment	<ul style="list-style-type: none"> <li>→ Water supply and wastewater disposal in Lower Austria</li> <li>→ International project business: planning, construction, financing and/or operation (depending on the project) of plants for drinking water supplies, wastewater treatment and thermal waste utilisation</li> </ul>
Other business activities	All Other Segments	<ul style="list-style-type: none"> <li>→ 50.03% investment in RAG-Beteiligungs-Aktiengesellschaft, which holds 100% of the shares in RAG Austria AG (RAG)<sup>1)</sup></li> <li>→ 73.63% investment in Burgenland Holding AG, which holds a stake of 49.0% in Energie Burgenland AG<sup>1)</sup></li> <li>→ 12.63% investment in Verbund AG<sup>3)</sup></li> <li>→ Corporate services</li> </ul>

1) The earnings contribution represents the share of results from equity accounted investees with operational nature and is included in EBITDA.

2) The investment in Steag-EVN Walsum 10 Kraftwerksgesellschaft is accounted for as a joint operation.

3) Dividends are included under financial results.

## Energy

### Increase in electricity and heat sales volumes, decline in natural gas sales volumes

- Increase of 7.9%, respectively 2.2% in electricity and heat sales volumes due to positive development of sales to industrial customers in Austria and Germany
- Competition-related decline of 2.7% in natural gas sales volumes

### EBITDA, EBIT and result before income tax above previous year

- Revenue 28.1% lower, primarily owing to a decline in the marketing of own electricity generation, a reduction in natural gas trading and valuation effects from hedges
- Operating expenses fell by 35.3%, above all due to lower usage of primary energy carriers, a decline in procurement prices and valuation effects from hedges
- Share of results from equity accounted investees with operational nature rose to EUR 22.1m (previous year: EUR -42.2m) based on positive operating developments and lower year-on-year effects from the valuation of hedges held by EVN KG

### Investment volume increased to EUR 10.7m

- Focus on the expansion of heating plants and networks

### Confirmation of segment outlook for 2019/20

- Prior year segment results significantly influenced by higher procurement costs and negative effects from the valuation of hedges held by EVN KG as of 31 March 2019
- Forecasted normalisation of operating business and lower earnings effects from the valuation of hedges in 2019/20
- Reduced demand for energy from industrial and commercial customers due to Covid-19
- Positive segment results expected for 2019/20

Key indicators – Energy		2019/20	2018/19	+/-		2019/20	2018/19	+/-
		HY. 1	HY. 1	Nominal	%	Q. 2	Q. 2	%
<b>Key energy business indicators</b>	GWh							
<b>Energy sales volumes to end customers</b>								
Electricity		4,422	4,099	323	7.9	2,308	2,184	5.7
Natural gas		3,842	3,944	-102	-2.7	2,152	2,222	-3.1
Heat		1,425	1,394	31	2.2	779	752	3.6
<b>Key financial indicators</b>	EURm							
External revenue		256.9	357.9	-101.0	-28.2	127.0	189.7	-33.0
Internal revenue		2.2	2.6	-0.4	-14.9	1.0	1.3	-27.6
<b>Total revenue</b>		<b>259.1</b>	<b>360.5</b>	<b>-101.4</b>	<b>-28.1</b>	<b>128.0</b>	<b>191.0</b>	<b>-33.0</b>
Operating expenses		-216.0	-333.7	117.6	35.3	-108.4	-171.7	36.9
Share of results from equity accounted investees with operational nature		22.1	-42.2	64.3	-	13.9	-28.6	-
<b>EBITDA</b>		<b>65.2</b>	<b>-15.3</b>	<b>80.5</b>	<b>-</b>	<b>33.5</b>	<b>-9.3</b>	<b>-</b>
Depreciation and amortisation including effects from impairment tests		-10.2	-9.6	-0.6	-6.2	-5.2	-4.8	-7.4
<b>Results from operating activities (EBIT)</b>		<b>55.0</b>	<b>-25.0</b>	<b>79.9</b>	<b>-</b>	<b>28.3</b>	<b>-14.2</b>	<b>-</b>
Financial results		-0.8	-0.9	0.1	8.8	-0.4	-0.4	-14.6
<b>Result before income tax</b>		<b>54.2</b>	<b>-25.9</b>	<b>80.0</b>	<b>-</b>	<b>27.9</b>	<b>-14.5</b>	<b>-</b>
Total assets		760.4	750.0	10.4	1.4	760.4	750.0	1.4
Total liabilities		623.9	642.7	-18.8	-2.9	623.9	642.7	-2.9
Investments <sup>1)</sup>		10.7	3.5	7.3	-	4.3	2.0	-

1) In intangible assets and property, plant and equipment

## Generation

### Share of renewable electricity generation rises to 53.8% (previous year: 39.8%)

- Electricity generation from renewable energy slightly lower year-on-year at 978 GWh
  - Commissioning of new wind power plants supported increase in wind power despite lower wind flows
  - Water flows below previous year
- Electricity generation from thermal power plants cut by half to 771 GWh
  - Termination of electricity generation in Dürnröhr (August 2019)
  - Use of thermal power plants in Theiss (for network stabilisation) and Walsum 10 below previous year
- Coverage ratio of 19.7% (previous year: 27.8%)

### EBITDA, EBIT and result before income tax below previous year

- Decline of 18.4% in revenue, primarily due to lower thermal generation
- Operating expenses reduced by 7.9% to EUR 77.0m
- Decline in share of results from equity accounted investees with operational nature to EUR –3.2m (previous year: EUR 2.4m), primarily caused by an impairment loss of EUR 4.9m to the Ashta hydropower plant following an increase in the country risk premium in connection with Covid-19

- Scheduled depreciation and amortisation, including the effects of impairment testing, 10.6% over the previous year
  - Increase in scheduled depreciation to EUR 33.3m based on the expansion of wind power capacity and a higher depreciation base after revaluation of plant and equipment in previous year
  - Impairment loss of EUR 1.3m recognised to the Kavarna wind park following an increase in the country risk premium in connection with Covid-19

### Reduction in investment volume after expansion of wind power capacity in previous year

#### Confirmation of segment outlook for 2019/20

- Prior year segment results increased significantly by positive non-recurring effects
- Earnings contribution from renewable generation dependent on wind and water flows as well as – for plants that no longer produce at subsidised tariffs – on electricity prices
- Further decline in earnings contribution from thermal generation projected; share of Walsum 10 in Group revenue below 3%
- Segment results expected to be lower than the previous year

Key indicators – Generation		2019/20	2018/19	+/-		2019/20	2018/19	+/-
		HY. 1	HY. 1	Nominal	%	Q. 2	Q. 2	%
<b>Key energy business indicators</b>		GWh						
Electricity generation volumes		1,749	2,550	-801	-31.4	835	1,200	-30.4
thereof renewable energy sources		978	990	-13	-1.3	516	563	-8.3
thereof thermal energy sources		771	1,560	-789	-50.6	319	637	-49.9
<b>Key financial indicators</b>		EURm						
External revenue		70.5	73.5	-2.9	-4.0	37.9	39.9	-4.9
Internal revenue		76.5	106.8	-30.3	-28.4	35.3	48.7	-27.4
<b>Total revenue</b>		<b>147.0</b>	<b>180.3</b>	<b>-33.3</b>	<b>-18.4</b>	<b>73.2</b>	<b>88.6</b>	<b>-17.3</b>
Operating expenses		-77.0	-83.6	6.6	7.9	-37.0	-36.3	-2.1
Share of results from equity accounted investees with operational nature		-3.2	2.4	-5.6	-	-3.9	1.6	-
<b>EBITDA</b>		<b>66.8</b>	<b>99.0</b>	<b>-32.3</b>	<b>-32.6</b>	<b>32.3</b>	<b>53.9</b>	<b>-40.0</b>
Depreciation and amortisation including effects from impairment tests		-34.7	-31.3	-3.3	-10.6	-18.1	-16.2	-11.4
<b>Results from operating activities (EBIT)</b>		<b>32.1</b>	<b>67.7</b>	<b>-35.6</b>	<b>-52.6</b>	<b>14.3</b>	<b>37.7</b>	<b>-62.1</b>
Financial results		-7.4	-8.0	0.6	7.3	-2.9	-3.7	21.4
<b>Result before income tax</b>		<b>24.7</b>	<b>59.7</b>	<b>-35.0</b>	<b>-58.6</b>	<b>11.4</b>	<b>34.0</b>	<b>-66.6</b>
Total assets		1,168.6	1,055.5	113.1	10.7	1,168.6	1,055.5	10.7
Total liabilities		773.1	783.5	-10.4	-1.3	773.1	783.5	-1.3
Investments <sup>1)</sup>		11.7	31.1	-19.4	-62.3	5.6	6.5	-14.0

1) In intangible assets and property, plant and equipment



## Networks

### Different development of network sales volumes

- Electricity network sales volumes at prior year level in first half of 2019/20
- Decline for natural gas due to lower use of thermal power plants for network stabilisation

### Revenue development negatively affected by price and volume effects

- First full-year application of lower weighted average cost of capital based on the new five-year regulatory period for the electricity distribution network
- Network tariffs for household customers reduced by 8.1% on average for natural gas and increased by 0.3% on average for electricity as of 1 January 2020

### Decline in EBITDA, EBIT and result before income tax

- High level of investment leads to increase in scheduled depreciation and amortisation

### Investments in supply security above previous year

- Investments in 2019/20 expected to be slightly lower than the previous year in total because of construction delays caused by the Covid-19 pandemic

### Confirmation of segment outlook for 2019/20

- Negative price effects as forecasted
- Investment-related increase in scheduled depreciation and amortisation
- Segment results therefore expected to be lower than the previous year

### Any decline in network sales volumes due to the corona crisis will be offset in future periods

- Volume-based revenue declines will be corrected through future tariff adjustments in accordance with the Austrian regulatory method

Key indicators – Networks		2019/20	2018/19	+/-		2019/20	2018/19	+/-
		HY. 1	HY. 1	Nominal	%	Q. 2	Q. 2	%
<b>Key energy business indicators</b>	GWh							
<b>Network distribution volumes</b>								
Electricity		4,545	4,545	0	0.0	2,261	2,282	-0.9
Natural gas		10,193	10,567	-374	-3.5	5,295	5,237	1.1
<b>Key financial indicators</b>	EURm							
External revenue		269.8	279.5	-9.6	-3.5	136.6	140.3	-2.6
Internal revenue		22.8	25.1	-2.3	-9.1	11.5	11.6	-1.1
<b>Total revenue</b>		<b>292.7</b>	<b>304.6</b>	<b>-11.9</b>	<b>-3.9</b>	<b>148.0</b>	<b>151.8</b>	<b>-2.5</b>
Operating expenses		-159.0	-155.9	-3.2	-2.0	-82.9	-83.4	0.6
Share of results from equity accounted investees with operational nature		-	-	-	-	-	-	-
<b>EBITDA</b>		<b>133.7</b>	<b>148.8</b>	<b>-15.1</b>	<b>-10.1</b>	<b>65.1</b>	<b>68.4</b>	<b>-4.8</b>
Depreciation and amortisation including effects from impairment tests		-64.8	-61.4	-3.4	-5.5	-32.5	-31.0	-4.7
<b>Results from operating activities (EBIT)</b>		<b>68.9</b>	<b>87.4</b>	<b>-18.5</b>	<b>-21.2</b>	<b>32.6</b>	<b>37.4</b>	<b>-12.8</b>
Financial results		-4.5	-8.5	4.0	47.4	-1.3	-4.2	68.7
<b>Result before income tax</b>		<b>64.4</b>	<b>78.8</b>	<b>-14.4</b>	<b>-18.3</b>	<b>31.3</b>	<b>33.2</b>	<b>-5.6</b>
Total assets		2,031.0	1,951.5	79.4	4.1	2,031.0	1,951.5	4.1
Total liabilities		1,395.3	1,321.6	73.7	5.6	1,395.3	1,321.6	5.6
Investments <sup>1)</sup>		58.8	56.2	2.7	4.8	26.1	29.4	-11.4

1) In intangible assets and property, plant and equipment

## South East Europe

### Decline in network and energy sales volumes

- Unusually mild temperatures; energy demand for heating 20.0 and 15.1 percentage points, respectively, below the long-term average in Bulgaria and North Macedonia

### Electricity generation 2.6% below previous year

- Lower production at the co-generation plant in Plovdiv due to the mild winter and a scheduled inspection

### EBITDA, EBIT and result before income tax above previous year

- Increase in revenue despite weather-related decline in sales volumes
- Corresponding increase in cost of electricity purchases from third parties and higher personnel expenses
- Positive effect from reduction of procurement costs for network losses in Bulgaria

- Impairment losses to the Bulgarian district heating company TEZ Plovdiv (EUR 9.9m) and the customer base in North Macedonia (EUR 3.2m) following an increase in the country risk premiums due to the Covid-19 pandemic
- Investment-related rise of 10.9% in scheduled depreciation and amortisation to EUR 35.3m
- First half-year 2019/20 includes EUR 13.2m of impairment losses which are contrasted by revaluations of EUR 28.0m in 2018/19

### Increase in investments during the reporting period

### Confirmation of segment outlook for 2019/20

- Segment EBIT is expected to range from EUR 40m to EUR 60m in 2019/20 (assuming stable regulatory framework conditions during the second half-year)

Key indicators – South East Europe		2019/20		2018/19		+/-		2019/20		2018/19		+/-	
		HY. 1		HY. 1		Nominal		Q. 2		Q. 2		%	
<b>Key energy business indicators</b>		GWh											
Electricity generation volumes		234	240	-6	-2.6	132	134	-1.2					
thereof renewable energy		52	46	6	12.6	31	27	17.9					
thereof thermal power plants		182	194	-12	-6.2	101	108	-6.0					
Electricity network distribution volumes		7,619	7,752	-133	-1.7	4,137	4,073	1.6					
Energy sales volumes to end customers		6,704	6,844	-140	-2.0	3,675	3,638	1.0					
thereof electricity		6,483	6,611	-128	-1.9	3,544	3,508	1.0					
thereof natural gas		64	58	7	11.7	36	30	18.4					
thereof heat		156	175	-19	-10.6	95	100	-5.3					
<b>Key financial indicators</b>		EURm											
External revenue		520.2	486.7	33.5	6.9	281.8	256.0	10.1					
Internal revenue		0.4	0.5	-0.1	-15.8	0.2	0.2	-12.1					
<b>Total revenue</b>		<b>520.6</b>	<b>487.2</b>	<b>33.4</b>	<b>6.9</b>	<b>282.0</b>	<b>256.2</b>	<b>10.1</b>					
Operating expenses		-440.4	-433.2	-7.2	-1.7	-235.1	-225.3	-4.4					
Share of results from equity accounted investees with operational nature		-	-	-	-	-	-	-					
<b>EBITDA</b>		<b>80.2</b>	<b>54.0</b>	<b>26.2</b>	<b>48.5</b>	<b>46.9</b>	<b>30.9</b>	<b>51.5</b>					
Depreciation and amortisation including effects from impairment tests		-48.6	-29.7	-18.8	-63.3	-30.7	-14.3	-					
<b>Results from operating activities (EBIT)</b>		<b>31.6</b>	<b>24.3</b>	<b>7.4</b>	<b>30.4</b>	<b>16.1</b>	<b>16.6</b>	<b>-3.1</b>					
Financial results		-11.2	-10.6	-0.7	-6.2	-5.8	-5.2	-11.9					
<b>Result before income tax</b>		<b>20.4</b>	<b>13.7</b>	<b>6.7</b>	<b>49.0</b>	<b>10.3</b>	<b>11.4</b>	<b>-9.9</b>					
Total assets		1,209.1	1,179.3	29.8	2.5	1,209.1	1,179.3	2.5					
Total liabilities		901.0	925.6	-24.6	-2.7	901.0	925.6	-2.7					
Investments <sup>1)</sup>		49.7	39.8	9.9	24.9	14.7	15.1	-2.2					

1) In intangible assets and property, plant and equipment

## Environment

### Higher revenue from drinking water supplies in Lower Austria and the international project business

- Increase in drinking water sales volumes based on strong demand for cross-regional supplies and by end customers
- Higher project volumes (in particular, contracts in Poland and Bahrain)

### EBITDA, EBIT and result before income tax below previous year

- Revenue growth generally accompanied by corresponding increase in operating expenses
  - Increase in third-party services and other material costs due to revenue growth in international project business
  - Negative change in inventories, also included under operating expenses, as additional factor
- 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 earnings contributions from the wastewater treatment plant project in Prague

### Investment programme focussed on the further expansion of cross-regional pipelines in Lower Austria

- Investments below previous year at 31 March 2020, in part due to the corona crisis; increase planned during the second half-year
- Commissioning of a new, 20 km drinking water supply pipeline for roughly 70,000 residents in 13 communities in the area south of Vienna; a densely populated region with steady growth
- Start of construction on a 60 km pipeline from Krems to Zwettl
- Construction of natural filter plant in Petronell

### Order book in the international project business

- Nine projects currently under planning and construction (Bahrain, Croatia, Kuwait, Lithuania, Romania, Poland)

### New general contractor assignment for thermal sludge utilisation

- Construction of a thermal sludge utilisation plant in Hanover
- Capacity: 130,000 t dehydrated sludge per year; 10.5 MW district heating capacity
- Contract received in February 2020

Key financial indicators – Environment	EURm	2019/20	2018/19	+/-		2019/20	2018/19	+/-
		HY. 1	HY. 1	Nominal	%	Q. 2	Q. 2	%
External revenue		65.1	40.0	25.2	62.9	28.3	19.9	42.6
Internal revenue		0.2	0.2	0.0	-11.2	0.1	0.1	-8.8
<b>Total revenue</b>		<b>65.4</b>	<b>40.2</b>	<b>25.1</b>	<b>62.5</b>	<b>28.4</b>	<b>20.0</b>	<b>42.3</b>
Operating expenses		-63.0	-36.2	-26.8	-73.8	-28.9	-18.4	-57.3
Share of results from equity accounted investees with operational nature		6.9	9.2	-2.4	-25.5	4.2	3.3	28.2
<b>EBITDA</b>		<b>9.2</b>	<b>13.2</b>	<b>-4.0</b>	<b>-30.2</b>	<b>3.7</b>	<b>4.9</b>	<b>-23.9</b>
Depreciation and amortisation including effects from impairment tests		-5.9	-5.7	-0.2	-3.9	-2.9	-2.9	-0.1
<b>Results from operating activities (EBIT)</b>		<b>3.3</b>	<b>7.5</b>	<b>-4.2</b>	<b>-56.1</b>	<b>0.8</b>	<b>2.0</b>	<b>-59.1</b>
Financial results		-3.4	-2.6	-0.8	-30.7	-2.2	-1.4	-56.9
<b>Result before income tax</b>		<b>-0.1</b>	<b>4.9</b>	<b>-5.0</b>	<b>-</b>	<b>-1.4</b>	<b>0.6</b>	<b>-</b>
Total assets		684.3	645.9	38.4	5.9	684.3	645.9	5.9
Total liabilities		542.5	501.1	41.3	8.2	542.5	501.1	8.2
Investments <sup>1)</sup>		3.7	7.7	-4.0	-51.7	1.1	5.5	-79.7

1) In intangible assets and property, plant and equipment

- General contractor: sludge2energy, a 50:50 joint venture between WTE Wassertechnik and the German partner company Huber SE
- Contract volume: approximately EUR 40m
- Planned commissioning: end of 2022

#### Covid-19-related delay in the Umm Al Hayman wastewater treatment project (Kuwait)

- Start of construction postponed due to government-ordered preventive measures to limit the further spread of the coronavirus in Kuwait
- Consequently, partial shift to following years of earnings expected in 2019/20

#### Confirmation of segment outlook for 2019/20

- Earnings development in Environment Segment significantly influenced by the realisation of assignments in the international project business
- Contract performance for the wastewater treatment project in Kuwait expected to start in 2019/20
- Segment earnings expected to exceed previous year

### 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
- Contrasting effect through decline at Energie Burgenland

#### Increase in EBITDA, EBIT and result before income tax

#### Confirmation of segment outlook for 2019/20

- Segment results expected to be slightly higher than the previous year

Key financial indicators – All Other Segments	EURm	2019/20	2018/19	+/-		2019/20	2018/19	+/-
		HY. 1	HY. 1	Nominal	%	Q. 2	Q. 2	%
External revenue		10.3	8.6	1.7	19.4	5.0	4.5	11.6
Internal revenue		33.8	32.1	1.6	5.1	16.6	16.0	3.7
<b>Total revenue</b>		<b>44.0</b>	<b>40.7</b>	<b>3.3</b>	<b>8.1</b>	<b>21.7</b>	<b>20.6</b>	<b>5.4</b>
Operating expenses		-44.5	-44.3	-0.2	-0.6	-22.2	-23.6	5.7
Share of results from equity accounted investees with operational nature		35.4	35.1	0.3	0.8	17.9	21.9	-18.1
<b>EBITDA</b>		<b>34.9</b>	<b>31.6</b>	<b>3.4</b>	<b>10.7</b>	<b>17.3</b>	<b>18.8</b>	<b>-7.8</b>
Depreciation and amortisation including effects from impairment tests		-1.1	-0.9	-0.2	-21.0	-0.6	-0.5	-21.0
<b>Results from operating activities (EBIT)</b>		<b>33.8</b>	<b>30.6</b>	<b>3.2</b>	<b>10.4</b>	<b>16.8</b>	<b>18.4</b>	<b>-8.6</b>
Financial results		14.0	22.7	-8.7	-38.2	-3.8	7.3	-
<b>Result before income tax</b>		<b>47.8</b>	<b>53.3</b>	<b>-5.5</b>	<b>-10.3</b>	<b>13.0</b>	<b>25.7</b>	<b>-49.5</b>
Total assets		3,734.5	4,156.3	-421.8	-10.1	3,734.5	4,156.3	-10.1
Total liabilities		1,455.5	1,436.8	18.7	1.3	1,455.5	1,436.8	1.3
Investments <sup>1)</sup>		1.0	1.2	-0.2	-14.7	0.5	0.6	-26.8

1) In intangible assets and property, plant and equipment

# EVN on the capital market

## The EVN share

### Market environment and performance

The spread of the coronavirus was responsible for generally negative performance on the European stock markets from October 2019 to March 2020. The leading indexes in Austria (ATX) and Germany (DAX) fell by 20.1% and 33.5%, respectively. Comparable negative trends were also visible on the major international stock indexes, including the US benchmark index Dow Jones which lost 18.6% during the above period.

The DJ Euro Stoxx Utilities, the relevant industry index for EVN, fell by 14.1% during this same period, and the EVN share lost 17.4% of its value in the generally negative market environment. The average daily turnover in EVN shares equalled 65,357 (single counting). That represents an annual trading volume of

EUR 127m (single counting) for EVN's shares on the Vienna Stock Exchange and 0.72% of the total trading volume in Vienna's Prime Market.

### Dividend policy

EVN's strategy is to create and maintain a balance between current investment projects and attractive dividends for its shareholders. The 91<sup>st</sup> Annual General Meeting on 16 January 2020 approved an ordinary dividend of EUR 0.47 plus a one-time bonus dividend of EUR 0.03 per eligible share to the shareholders of EVN AG for the 2018/19 financial year. The ex-dividend day was 22 January 2020, and payment was made to shareholders on 24 January 2020.

EVN's dividend policy is directed to holding the absolute amount of the ordinary dividend constant at a level of at least EUR 0.47 per share.

### EVN share – performance

		2019/20 HY. 1	2018/19 HY. 1
Share price at 31 March	EUR	13.34	12.98
Highest price	EUR	18.36	17.28
Lowest price	EUR	11.22	12.16
Value of shares traded <sup>1)</sup>	EURm	127.0	91.8
Average daily turnover <sup>1)</sup>	Shares	65,357	52,707
Market capitalisation at 31 March	EURm	2,400	2,335
ATX prime weighting at 31 March	%	1.36	0.92

1) Vienna Stock Exchange, single counting

## 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 51.00%. These constitutional requirements limit the transfer of the investment, which is held directly by NÖ Landes-Beteiligungsholding GmbH, St. Pölten.

Wiener Stadtwerke GmbH and EnBW Trust e.V. signed a share purchase agreement on 5 March 2020 for the 51,000,000 EVN shares (28.35% of share capital) held by EnBW Trust e.V. in trust for EnBW Energie Baden-Württemberg AG. This share purchase is subject to the approval of the antitrust authorities. The closing of the share purchase agreement is envisaged as per 7 December 2020 at the latest. An appropriate notification will be issued when the purchase is finalised.

EVN holds treasury shares representing 1.01% of share capital, and free float currently equals 19.64%.

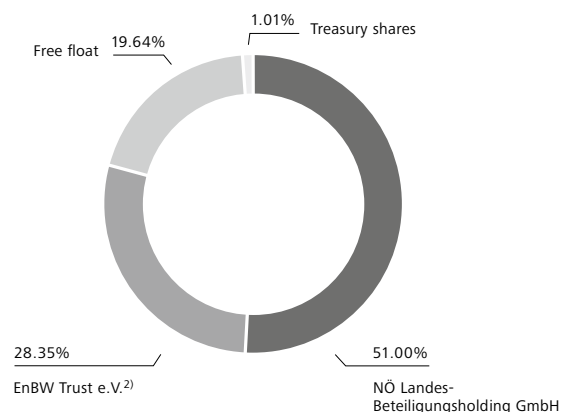
## External ratings

Independent ratings issued by Moody's and Standard & Poor's represent an important element of EVN's financing strategy, whereby the goal is to maintain solid A category ratings.

Both rating agencies confirmed their ratings for EVN in May 2020. However, Standard & Poor's revised the outlook from stable to negative in line with the outlook for the province of Lower Austria, EVN's majority shareholder:

- Standard & Poor's: A, outlook negative
- Moody's: A1, outlook stable

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



1) As at 31 March 2020

2) The approvals of the antitrust authorities for the acquisition by Wiener Stadtwerke GmbH of the 28.35% investment in EVN held by EnBW Trust e.V. are still outstanding.

# Consolidated interim report

according to IAS 34

## Consolidated statement of operations

EURm	2019/20 HY. 1	2018/19 HY. 1	+/- %	2019/20 Q. 2	2018/19 Q. 2	+/- %	2018/19
Revenue	1,194.4	1,246.1	-4.2	618.1	650.1	-4.9	2,204.0
Other operating income	41.9	61.4	-31.7	21.6	33.3	-35.3	117.8
Electricity purchases and primary energy expenses	-555.2	-637.0	12.8	-292.1	-334.8	12.7	-1,081.3
Cost of materials and services	-132.7	-122.5	-8.4	-66.9	-60.9	-9.8	-280.3
Personnel expenses	-169.9	-162.9	-4.3	-84.5	-81.5	-3.8	-338.7
Other operating expenses	-50.8	-59.4	14.5	-30.1	-37.3	19.4	-120.2
Share of results from equity accounted investees with operational nature	61.2	4.6	-	32.1	-1.9	-	130.5
<b>EBITDA</b>	<b>388.8</b>	<b>330.3</b>	<b>17.7</b>	<b>198.2</b>	<b>167.1</b>	<b>18.7</b>	<b>631.7</b>
Depreciation and amortisation	-143.6	-133.2	-7.8	-71.9	-67.6	-6.4	-269.8
Effects from impairment tests	-14.5	1.0	-	-14.4	1.2	-	41.6
<b>Results from operating activities (EBIT)</b>	<b>230.7</b>	<b>198.1</b>	<b>16.5</b>	<b>111.9</b>	<b>100.6</b>	<b>11.2</b>	<b>403.5</b>
Share of results from equity accounted investees with financial nature	-	-	-98.6	-	0.4	-98.7	0.0
Results from other investments	-	0.5	-	-	-	-	23.2
Interest income	2.6	4.5	-42.3	1.3	2.6	-51.1	8.1
Interest expense	-23.2	-26.3	11.8	-11.3	-12.9	12.4	-51.5
Other financial results	-8.4	-1.7	-	-8.3	2.3	-	-9.8
<b>Financial results</b>	<b>-29.1</b>	<b>-23.1</b>	<b>-25.9</b>	<b>-18.3</b>	<b>-7.6</b>	<b>-</b>	<b>-29.9</b>
<b>Result before income tax</b>	<b>201.7</b>	<b>175.0</b>	<b>15.2</b>	<b>93.6</b>	<b>93.1</b>	<b>0.5</b>	<b>373.5</b>
Income tax expense	-33.2	-30.8	-7.8	-15.8	-13.7	-15.2	-46.7
<b>Result for the period</b>	<b>168.5</b>	<b>144.2</b>	<b>16.8</b>	<b>77.8</b>	<b>79.4</b>	<b>-2.0</b>	<b>326.9</b>
thereof result attributable to EVN AG shareholders (Group net result)	152.7	129.0	18.4	69.7	69.8	-0.2	302.4
thereof result attributable to non-controlling interests	15.8	15.2	3.9	8.1	9.5	-15.2	24.5
Earnings per share in EUR <sup>1)</sup>	0.86	0.72	18.3	0.39	0.39	-	1.70

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

## Consolidated statement of comprehensive income

EURm	2019/20 HY.1	2018/19 HY.1	+/- %	2019/20 Q.2	2018/19 Q.2	+/- %	2018/19
<b>Result for the period</b>	<b>168.5</b>	<b>144.2</b>	<b>16.83</b>	<b>77.8</b>	<b>79.4</b>	<b>-2.0</b>	<b>326.9</b>
<b>Other comprehensive income from</b>							
<b>Items that will not be reclassified to profit or loss</b>							
Remeasurements IAS 19	15.5	-5.4	-	12.3	-2.7	-	-55.4
Investments in equity accounted investees	1.3	0.2	-	-0.4	-	-	-10.7
Shares and other equity instruments measured at fair value and reported in other comprehensive income	-771.9	15.8	-	-532.3	243.1	-	381.6
thereon apportionable income tax expense	189.1	-2.6	-	129.4	-60.1	-	-82.0
<b>Items that may be reclassified to profit or loss</b>							
Currency translation differences	-7.7	2.5	-	-7.7	2.3	-	10.8
Cash flow hedges	4.0	-0.1	-	0.9	0.2	-	-0.1
Investments in equity accounted investees	-82.9	0.2	-	-51.5	-1.4	-	-7.3
thereon apportionable income tax expense	20.1	0.3	-	13.3	-0.2	-	1.8
<b>Total other comprehensive income after tax</b>	<b>-632.4</b>	<b>10.8</b>	<b>-</b>	<b>-436.0</b>	<b>181.2</b>	<b>-</b>	<b>238.6</b>
<b>Comprehensive income for the period</b>	<b>-464.0</b>	<b>155.0</b>	<b>-</b>	<b>-358.2</b>	<b>260.6</b>	<b>-</b>	<b>565.5</b>
thereof income attributable to EVN AG shareholders	-482.4	139.2	-	-368.1	252.2	-	546.0
thereof income attributable to non-controlling interests	18.4	15.8	16.61	9.9	8.4	16.9	19.5



## Consolidated statement of financial position

EURm	31.03.2020	30.09.2019	+/-	
			Nominal	%
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	218.1	218.5	-0.4	-0.2
Property, plant and equipment	3,547.5	3,579.6	-32.0	-0.9
Right-of-use assets <sup>1)</sup>	76.2	-	76.2	-
Investments in equity accounted investees	910.8	972.1	-61.4	-6.3
Other investments	1,554.0	2,325.4	-771.3	-33.2
Deferred tax assets	66.2	72.1	-6.0	-8.3
Other non-current assets	116.0	163.3	-47.3	-28.9
	<b>6,488.7</b>	<b>7,330.9</b>	<b>-842.2</b>	<b>-11.5</b>
<b>Current assets</b>				
Inventories	119.9	104.1	15.9	15.2
Trade and other receivables	419.8	417.4	2.4	0.6
Securities	0.3	89.7	-89.4	-99.7
Cash and cash equivalents	240.1	246.6	-6.5	-2.6
	<b>780.0</b>	<b>857.7</b>	<b>-77.6</b>	<b>-9.1</b>
<b>Total assets</b>	<b>7,268.8</b>	<b>8,188.6</b>	<b>-919.8</b>	<b>-11.2</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	330.0	330.0	0.0	-
Share premium and capital reserves	253.6	253.6	0.0	0.0
Retained earnings	2,577.9	2,514.2	63.6	2.5
Valuation reserve	599.5	1,226.8	-627.3	-51.1
Currency translation reserve	-17.0	-9.3	-7.7	-83.4
Treasury shares	-19.7	-19.7	0.0	-
Issued capital and reserves attributable to shareholders of EVN AG	3,724.2	4,295.6	-571.4	-13.3
Non-controlling interests	272.3	256.5	15.8	6.2
	<b>3,996.5</b>	<b>4,552.1</b>	<b>-555.6</b>	<b>-12.2</b>
<b>Non-current liabilities</b>				
Non-current loans and borrowings	969.7	990.0	-20.3	-2.0
Deferred tax liabilities	316.3	543.8	-227.5	-41.8
Non-current provisions	513.7	537.5	-23.8	-4.4
Deferred income from network subsidies	619.0	615.7	3.4	0.5
Other non-current liabilities	106.1	46.2	59.9	-
	<b>2,524.8</b>	<b>2,733.2</b>	<b>-208.4</b>	<b>-7.6</b>
<b>Current liabilities</b>				
Current loans and borrowings	92.1	68.8	23.4	34.0
Taxes payable and levies	164.1	138.3	25.8	18.7
Trade payables	216.9	301.0	-84.1	-27.9
Current provisions	87.1	90.4	-3.2	-3.6
Other current liabilities	187.1	304.9	-117.7	-38.6
	<b>747.4</b>	<b>903.3</b>	<b>-155.9</b>	<b>-17.3</b>
<b>Total equity and liabilities</b>	<b>7,268.8</b>	<b>8,188.6</b>	<b>-919.8</b>	<b>-11.2</b>

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
<b>Balance on 30.09.2018</b>	<b>3,832.8</b>	<b>259.9</b>	<b>4,092.6</b>
Change in accounting method (IFRS 9 Group)	-1.3	-0.5	-1.8
Change in accounting method (IFRS 9 at equity)	0.7	-	0.7
Change in accounting method (IFRS 15 Group)	-0.1	-	-0.1
Change in accounting method (IFRS 15 at equity)	0.2	-	0.2
<b>Balance on 01.10.2018</b>	<b>3,832.3</b>	<b>259.4</b>	<b>4,091.8</b>
Comprehensive income for the period	139.2	15.8	155.0
Dividends 2017/18	-83.7	-2.5	-86.1
<b>Balance on 31.03.2019</b>	<b>3,887.9</b>	<b>272.7</b>	<b>4,160.6</b>
<b>Balance on 30.09.2019</b>	<b>4,295.6</b>	<b>256.5</b>	<b>4,552.1</b>
Comprehensive income for the period	-482.4	18.4	-464.0
Dividends 2018/19	-89.0	-2.6	-91.6
<b>Balance on 31.03.2020</b>	<b>3,724.2</b>	<b>272.3</b>	<b>3,996.5</b>

## Condensed consolidated statement of cash flows

EURm	2019/20	2018/19	+/-		2018/19
	HY. 1	HY. 1	Nominal	%	
<b>Result before income tax</b>	<b>201.7</b>	<b>175.0</b>	<b>26.7</b>	<b>15.2</b>	<b>373.5</b>
+ Depreciation and amortisation of intangible assets and property, plant and equipment	158.1	132.2	25.9	19.6	228.2
- Non-cash share of results of equity accounted investees and other investments	-61.2	-5.0	-56.2	-	-153.7
+ Dividends from equity accounted investees and other investments	46.6	115.1	-68.5	-59.5	161.1
+ Interest expense	23.2	26.3	-3.1	-11.8	51.5
- Interest paid	-20.8	-20.4	-0.4	-1.7	-41.4
- Interest income	-2.6	-4.5	1.9	42.3	-8.1
+ Interest received	2.6	4.1	-1.5	-37.1	7.4
+/- Losses/gains from foreign exchange translations	3.0	1.7	1.3	79.5	9.9
+/- Other non-cash financial results	5.7	2.6	3.1	-	-1.6
- Release of deferred income from network subsidiaries	-25.7	-24.5	-1.1	-4.7	-50.6
- Decrease in non-current provisions	-10.3	-11.7	1.4	12.1	-22.6
+/- Losses/gains on the disposal of intangible assets and property, plant and equipment	0.8	-1.7	2.5	-	-3.1
<b>Gross cash flow</b>	<b>321.1</b>	<b>389.2</b>	<b>-68.1</b>	<b>-17.5</b>	<b>550.5</b>
- Changes in assets and liabilities arising from operating activities	-264.1	-275.9	11.8	4.3	-114.2
+/- Income tax paid	-25.7	-6.1	-19.6	-	-6.6
<b>Net cash flow from operating activities</b>	<b>31.2</b>	<b>107.1</b>	<b>-75.9</b>	<b>-70.9</b>	<b>429.7</b>
+ Proceeds from the disposal of intangible assets and property, plant and equipment	1.0	3.4	-2.4	-69.5	5.7
+/- Changes in intangible assets and property, plant and equipment	-96.7	-104.2	7.6	7.2	-327.5
+/- Changes in financial assets and other non-current assets	63.5	57.7	5.9	10.2	65.4
+/- Changes in current securities	89.4	47.6	41.8	87.9	49.3
<b>Net cash flow from investing activities</b>	<b>57.2</b>	<b>4.4</b>	<b>52.8</b>	<b>-</b>	<b>-207.1</b>
- Dividends paid to EVN AG shareholders	-89.0	-83.7	-5.4	-6.4	-83.7
- Dividends paid to non-controlling interests	-2.6	-2.5	-0.1	-3.2	-22.5
+/- Sales/repurchase of treasury shares	0.0	0.0	0.0	-	1.0
- Changes in financial and lease liabilities	-59.2	-70.2	11.0	15.7	-85.9
<b>Net cash flow from financing activities</b>	<b>-150.8</b>	<b>-156.4</b>	<b>5.6</b>	<b>3.6</b>	<b>-191.0</b>
<b>Net change in cash and cash equivalents</b>	<b>-62.4</b>	<b>-44.9</b>	<b>-17.5</b>	<b>-39.0</b>	<b>31.5</b>
<b>Cash and cash equivalents at the beginning of the period<sup>1)</sup></b>	<b>246.2</b>	<b>214.5</b>	<b>31.7</b>	<b>14.8</b>	<b>214.5</b>
Currency translation differences on cash and cash equivalents	-0.4	-	-0.4	-	0.2
<b>Cash and cash equivalents at the end of the period<sup>1)</sup></b>	<b>183.4</b>	<b>169.6</b>	<b>13.8</b>	<b>8.1</b>	<b>246.2</b>

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 March 2020, 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:

<b>Standards and interpretations applied for the first time</b>		Effective <sup>1)</sup>
<b>New standards and interpretations</b>		
IFRS 16	Leases	01.01.2019
IFRIC 23	Uncertainty over Income Tax Treatments	01.01.2019
<b>Revised standards and interpretations</b>		
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.

<b>Adjustments to the consolidated statement of financial position</b>		Adjustments IFRS 16	<b>01.10.2019</b>
EURm	30.09.2019		
<b>Assets</b>			
<b>Non-current assets</b>			
Rights of use	–	74.7	74.7
	7,330.9	74.7	7,405.6
<b>Current assets</b>			
	857.7	–	857.7
<b>Total assets</b>	<b>8,188.6</b>	<b>74.7</b>	<b>8,263.3</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
	4,552.1	–	4,552.1
<b>Non-current liabilities</b>			
Other non-current liabilities	46.2	69.7	115.9
	2,733.2	69.7	2,802.9
<b>Current liabilities</b>			
Other current liabilities	304.9	5.0	309.9
	903.3	5.0	908.3
<b>Total equity and liabilities</b>	<b>8,188.6</b>	<b>74.7</b>	<b>8,263.3</b>

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.

<b>Effects on the consolidated statement of operations</b>		<b>2019/20 HY. 1</b>
EURm		
Other operating expenses		3.7
<b>EBITDA</b>		<b>3.7</b>
Depreciation and amortisation		–1.6
<b>Results from operating activities (EBIT)</b>		<b>2.1</b>
Interest expense		–0.3
<b>Financial result</b>		<b>–0.3</b>

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 half-year of 2019/20 resulted in an EBIT effect of EUR 2.1m.

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 March 2020. As of 31 March 2020, 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	Line-by-line			Total
	Fully	(Joint Operation)	Equity	
<b>30.09.2018</b>	<b>63</b>	<b>1</b>	<b>16</b>	<b>80</b>
First consolidation	1	–	–	1
Deconsolidation	–2	–	–	–2
Reorganisation	–1	–	–	–1
<b>30.09.2019</b>	<b>61</b>	<b>1</b>	<b>16</b>	<b>78</b>
First consolidation	1	–	–	1
Deconsolidation	–	–	–	–
<b>31.03.2020</b>	<b>62</b>	<b>1</b>	<b>16</b>	<b>79</b>
thereof foreign companies	33	1	5	39

WTE O&M Kuwait Sewerage Treatment S.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	2019/20	2018/19
	EURm	EURm
	HY.1	HY.1
Electricity	827.6	878.4
Natural gas	101.5	128.8
Heat	104.0	100.2
Environmental services	65.1	40.2
Others	96.1	98.5
<b>Total</b>	<b>1,194.4</b>	<b>1,246.1</b>

Revenue by country	2019/20	2018/19
	EURm	EURm
	HY.1	HY.1
Austria	622.9	733.3
Germany	32.0	15.7
Bulgaria	313.0	275.8
North Macedonia	206.6	209.9
Others	19.9	11.4
<b>Total</b>	<b>1,194.4</b>	<b>1,246.1</b>

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>2019/20</b>	<b>2018/19</b>
EURm	HY. 1	HY. 1
EVN KG	20.3	-44.3
RAG	23.1	18.9
Energie Burgenland	12.3	16.3
ZOV; ZOV UIP	6.6	7.3
Ashta	-4.5	0.0
Verbund Innkraftwerke	0.6	1.2
Other companies	2.6	5.2
<b>Total</b>	<b>61.2</b>	<b>4.6</b>

The share of results from equity accounted investees with operational nature rose to EUR 61.2m in the first half of 2019/20 (previous year: EUR 4.6m). 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. An impairment loss was recognised to the investment in Ashta Beteiligungsverwaltung GmbH to reflect the increase in the country risk premium which resulted from the Covid-19 pandemic and the related impact on the Ashta hydropower plant.

In view of the increased country risk premiums resulting from the Covid-19 pandemic, a higher weighted average cost of capital (WACC) was applied to the CGUs in South East and East Europe. Impairment testing led to expenses totalling EUR 14.4m which were recognised to profit or loss in the second quarter of 2019/20. The customer base of the CGU "Electricity North Macedonia" was reduced through an impairment loss of EUR 3.2m. In Bulgaria, an impairment loss of EUR 9.9m was recognised to the TEZ Plovdiv co-generation plant and approximately EUR 1.3m to the Kavarna wind park.

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. 179,878,402 as of 31 March 2020 (31 March 2019: 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 152.7m (previous year: EUR 129.0m), earnings per share at the balance sheet date 31 March 2020 totalled EUR 0.86 (previous year: EUR 0.72 per share).

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

In the first half of 2019/20, EVN acquired intangible assets and property, plant and equipment to the sum of EUR 128.4m (previous year: EUR 134.5m). Property, plant and equipment with a net carrying amount (book value) of EUR 1.8m were disposed

of (previous year EUR 1.7m), with a capital loss of EUR 0.8m (previous year: capital gain of EUR 1.7m).

The other investments of EUR 2,085.8m, mainly classified as FVOCI, include the Verbund shares held by EVN with a market value of EUR 1,449.0m, which decreased by EUR 753.8m since the last balance sheet date due to the development of the Verbund share price. In accordance with IFRS 9, the adjustments to the changed market values were offset with the valuation reserve after the deduction of deferred taxes. Furthermore, the valuation of the investment in Verbund Hydro Power GmbH led to an impairment loss of EUR 17.2m which was recognised directly in equity.

The number of EVN shares in circulation developed as follows:

<b>Development of the number of shares in circulation</b>	<b>2019/20</b>
Number	HY. 1
<b>Balance 30.09.2019</b>	<b>178,068,106</b>
Purchase of treasury shares	-
<b>Total 31.03.2020</b>	<b>178,068,106</b>

As of 31 March 2020, 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 91<sup>st</sup> 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 30<sup>th</sup> 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:

<b>Breakdown of non-current loans and borrowings</b>	<b>31.03.2020</b>	<b>30.09.2019</b>
EURm		
Bonds	518.8	519.3
Bank loans	450.9	470.7
<b>Total</b>	<b>969.7</b>	<b>990.0</b>

The decrease of EUR 0.5m in the bonds resulted primarily from a change in the value of hedged foreign exchange risk. 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	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
	HY.1	HY.1	HY.1	HY.1	HY.1	HY.1	HY.1	HY.1
External revenue	256.9	357.9	70.5	73.4	269.8	279.5	520.2	486.7
Internal revenue (between segments)	2.2	2.6	76.5	106.9	22.8	25.1	0.4	0.5
<b>Total revenue</b>	<b>259.1</b>	<b>360.5</b>	<b>147.0</b>	<b>180.3</b>	<b>292.7</b>	<b>304.6</b>	<b>520.6</b>	<b>487.2</b>
Operating expenses	-216.0	-333.7	-77.0	-83.6	-159.0	-155.9	-440.4	-433.2
Share of results from equity accounted investees operational	22.1	-42.2	-3.2	2.4	-	-	-	-
<b>EBITDA</b>	<b>65.2</b>	<b>-15.3</b>	<b>66.8</b>	<b>99.0</b>	<b>133.7</b>	<b>148.8</b>	<b>80.2</b>	<b>54.0</b>
Depreciation and amortisation	-10.2	-9.6	-34.7	-31.3	-64.8	-61.4	-48.6	-29.7
<b>Results from operating activities (EBIT)</b>	<b>55.0</b>	<b>-25.0</b>	<b>32.1</b>	<b>67.7</b>	<b>68.9</b>	<b>87.4</b>	<b>31.6</b>	<b>24.3</b>
Financial results	-0.8	-0.9	-7.4	-8.0	-4.5	-8.5	-11.2	-10.6
<b>Result before income tax</b>	<b>54.2</b>	<b>-25.9</b>	<b>24.7</b>	<b>59.7</b>	<b>64.4</b>	<b>78.8</b>	<b>20.4</b>	<b>13.7</b>
Total assets	760.4	750.0	1,168.6	1,055.5	2,031.0	1,951.5	1,209.1	1,179.3
Investments <sup>1)</sup>	10.7	3.5	11.7	31.1	58.8	56.2	49.7	39.8

	Environment		All Other Segments		Consolidation		Total	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
	HY.1	HY.1	HY.1	HY.1	HY.1	HY.1	HY.1	HY.1
External revenue	65.1	40.2	10.3	8.6	1.4	-	1,194.4	1,246.1
Internal revenue (between segments)	0.2	-	33.8	32.1	-135.9	-167.4	-	-
<b>Total revenue</b>	<b>65.4</b>	<b>40.2</b>	<b>44.0</b>	<b>40.7</b>	<b>-134.4</b>	<b>-167.4</b>	<b>1,194.4</b>	<b>1,246.1</b>
Operating expenses	-63.0	-36.2	-44.5	-44.3	133.2	166.4	-866.8	-920.4
Share of results from equity accounted investees operational	6.9	9.2	35.4	35.1	-	-	61.2	4.6
<b>EBITDA</b>	<b>9.2</b>	<b>13.2</b>	<b>34.9</b>	<b>31.6</b>	<b>-1.2</b>	<b>-1.0</b>	<b>388.8</b>	<b>330.3</b>
Depreciation and amortisation	-5.9	-5.7	-1.1	-0.9	7.2	6.5	-158.1	-132.2
<b>Results from operating activities (EBIT)</b>	<b>3.3</b>	<b>7.5</b>	<b>33.8</b>	<b>30.6</b>	<b>6.0</b>	<b>5.5</b>	<b>230.7</b>	<b>198.1</b>
Financial results	-3.4	-2.6	14.0	22.7	-15.8	-15.2	-29.1	-23.1
<b>Result before income tax</b>	<b>-0.1</b>	<b>4.9</b>	<b>47.8</b>	<b>53.3</b>	<b>-9.8</b>	<b>-9.6</b>	<b>201.7</b>	<b>175.0</b>
Total assets	684.3	645.9	3,734.5	4,156.3	-2,319.1	-2,206.4	7,268.8	7,532.2
Investments <sup>1)</sup>	3.7	7.7	1.0	1.2	-7.4	-5.1	128.4	134.5

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)	31.03.2020		30.09.2019	
			Carrying amount	Fair value	Carrying amount	Fair value
<b>Non-current assets</b>						
<b>Other investments</b>						
Investments	FVOCI	Level 3	100.2	100.2	118.0	118.0
Miscellaneous investments	FVOCI	Level 1	1,449.0	1,449.0	2,202.9	2,202.9
<b>Other non-current assets</b>						
Securities	FVTPL	Level 1	55.6	55.6	97.6	97.6
Loans receivable	AC	Level 2	33.0	39.0	33.0	40.4
Lease receivables	AC	Level 2	17.7	18.6	18.3	19.8
Receivables arising from derivative transactions	FVTPL	Level 2	1.0	1.0	5.4	5.4
Receivables arising from derivative transactions	Hedging	Level 2	5.8	5.8	6.5	6.5
Remaining other non-current assets	AC					
<b>Current assets</b>						
<b>Current receivables and other current assets</b>						
Trade and other receivables	AC		338.1	338.1	327.2	327.2
Receivables arising from derivative transactions	FVTPL	Level 2	21.1	21.1	33.6	33.6
Securities	FVTPL	Level 1	0.3	0.3	89.7	89.7
<b>Cash and cash equivalents</b>						
Cash on hand and cash at banks	AC		240.1	240.1	246.6	246.6
<b>Non-current liabilities</b>						
<b>Non-current loans and borrowings</b>						
Bonds	AC	Level 2	518.8	588.1	519.3	615.8
Bank loans	AC	Level 2	450.9	505.2	470.7	559.9
<b>Other non-current liabilities</b>						
Leases	AC	Level 2	3.5	3.9	3.9	4.2
Accruals of financial transactions	AC		0.1	0.1	0.2	0.2
Other liabilities	AC		21.4	21.4	22.0	22.0
Liabilities arising from derivative transactions	FVTPL	Level 2	0.1	0.1	4.6	4.6
Liabilities arising from derivative transactions	Hedging	Level 2	12.9	12.9	15.7	15.7
<b>Current liabilities</b>						
<b>Current loans and borrowings</b>						
Trade payables	AC		92.1	92.1	68.8	68.8
<b>Other current liabilities</b>						
Other financial liabilities	AC		77.2	77.2	163.5	163.5
Liabilities arising from derivative transactions	FVTPL	Level 2	5.8	5.8	16.3	16.3
Liabilities arising from derivative transactions	Hedging	Level 2	7.4	7.4	5.2	5.2
<b>thereof aggregated to measurement categories</b>						
Fair value through other comprehensive income	FVOCI		1,549.1		2,320.8	
Financial assets designated at fair value through profit or loss	FVTPL		78.0		226.2	
Financial assets and financial liabilities at amortised cost	AC		2,009.9		2,174.3	
Financial liabilities designated at fair value through profit or loss	FVTPL		5.9		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:

<b>Transactions with investments in equity accounted investees</b>	<b>2019/20</b>	<b>2018/19</b>
EURm	<b>HY. 1</b>	<b>HY. 1</b>
Revenue	108.1	174.0
Cost of materials and services	25.5	50.1
Trade accounts receivable	18.1	16.2
Trade accounts payable	10.8	20.8

#### Other obligations and risks

Other obligations and risks increased by EUR 244.8m to EUR 613.4m compared to 30 September 2019. This change was mainly due to the increase in scheduled orders for investments in intangible assets and property, plant and equipment as well as the increase in guarantees in connection with energy transactions and projects in the environmental sector.

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 79.9m as of 31 March 2020. The nominal volume of the guarantees underlying this assessment was EUR 289.0m.

#### Significant events after the balance sheet date

The following events occurred between the balance sheet date for the quarterly financial statements on 31 March 2020 and the editorial deadline for this consolidated interim financial report on 19 May 2020:

EVN issued its first green promissory note loan (nominal value: EUR 100.0m; term: 10 years) in April 2020. This transaction is intended to provide financing for wind power projects in Lower Austria.

In May 2020, EVN used the second one-year extension option in the credit agreement for the syndicated EUR 400.0m credit line. This extended the maturity date from May 2024 to May 2025.

Both rating agencies confirmed their ratings for EVN in May 2020. However, Standard & Poor's revised the outlook from stable to negative in line with the outlook for the province of Lower Austria, EVN's majority shareholder:

- Standard & Poor's: A, outlook negative
- Moody's: A1, outlook stable

## Statement by the Executive Board

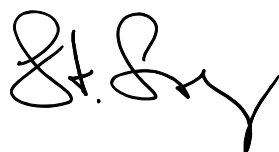
pursuant to § 125 (1) no. 3 of the Austrian Stock Exchange Act 2018 ("Börsegesetz 2018")

The Executive Board of EVN AG certifies that these condensed interim financial statements which were prepared in accordance with the decisive reporting standards present a true and fair view of the assets, liabilities, financial position and profit or loss of the

EVN Group and that the half-year management report of the Group presents a true and fair view of the assets, liabilities, financial position and profit or loss of the EVN Group with regard to important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, with regard to the principal risks and uncertainties for the remaining six months of the financial year and to transactions with related companies and individuals to be disclosed.

Maria Enzersdorf, 19 May 2020

EVN AG  
The Executive Board



**Stefan Szyszkowitz**  
Spokesman of the Executive Board



**Franz Mittermayer**  
Member of the Executive Board

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[www.evn.at](http://www.evn.at)

[www.investor.evn.at](http://www.investor.evn.at)

[www.verantwortung.evn.at](http://www.verantwortung.evn.at)

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

Results Q. 1–3 2019/20	27.08.2020
Annual results 2019/20	16.12.2020

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## EVN share – Basic information<sup>2)</sup>

Share capital	EUR 330,000,000.00
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; depository	Sponsored Level I ADR programme (5 ADR = 1 share); The Bank of New York Mellon
Ratings	A1, stable (Moody's); A, negative (Standard & Poor's)

1) Preliminary

2) As of 31 March 2020

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