Renewable, efficient, innovative: shaping the future.

Interim report quarters 1–3/2015

Verbund
Power for the Future

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Key figures

	Unit	Q1–3/2014[4]	**Q1–3/2015**	Change
Revenue[1]	€m	2,088.7	**2,106.5**	0.9%
EBITDA	€m	633.0	**727.7**	15.0%
EBITDA adjusted[2]	€m	688.1	**681.2**	–1.0%
Operating result	€m	205.7	**386.4**	87.8%
Profit after tax from discontinued operations[3]	€m	26.8	**–**	–
Group result	€m	63.8	**228.7**	258.2%
Group result adjusted[2]	€m	174.2	**245.2**	40.7%
Earnings per share	€	0.18	**0.66**	258.2%
EBIT margin[1]	%	9.8	**18.3**	–
EBITDA margin[1]	%	30.3	**34.5**	–
Cash flow from operating activities	€m	612.2	**581.6**	–5.0%
Additions to property, plant and equipment (excluding business combination)	€m	257.2	**180.8**	–29.7%
Free cash flow after dividend	€m	–133.6	**393.6**	–
Average number of employees		3,300	**3,107**	–5.8%
Electricity sales volume	GWh	38,052	**38,809**	2.0%
Hydro coefficient		0.99	**0.94**	–

	Unit	31/12/2014	**30/9/2015**	Change
Total assets	€m	12,247.3	**11,732.2**	–4.2%
Equity	€m	5,280.5	**5,376.4**	1.8%
Equity ratio (adjusted)	%	44.7	**47.7**	–
Net debt	€m	4,059.6	**3,703.7**	–8.8%
Gearing	%	76.9	**68.9**	–

[1] The comparative figures were adjusted retrospectively in accordance with IAS 8. // [2] Adjusted for extraordinary effects. // [3] The comparative figures have been adjusted retrospectively in accordance with IFRS 5. // [4] The calculation of the figures takes account of the profit after tax from discontinued operations (equates to the profit after tax attributable to the French companies Pont-sur-Sambre Power S.A.S. and Toul Power S.A.S., which were classified as "held for sale" until their deconsolidation in 2014).

Report of the Executive Board

Dear Shareholders,

As in the earlier part of the year, conditions in the European electricity market remained challenging during quarter 3/2015. Low prices for primary energy sources and CO_2 emission rights have led to a further decrease in wholesale prices on the futures market and have negatively impacted energy companies' incomes. Another detrimental factor is the continued rise in electricity generation capacities due to the high subsidies paid for solar power and wind power. Moreover, the volatile nature of energy generation from power plants producing renewable energy means that greater flexibility is needed in grid operations. These conditions present opportunities, however, in addition to the negative effects referred to. In quarter 3/2015, VERBUND succeeded in generating additional income using flexible products such as control power and balancing energy and by selling congestion management services. VERBUND benefits in this process from the flexibility of the Group's power plants, especially the pumped storage power plants.

Despite the difficult conditions in the energy market, we continued to work steadily towards our goal of being a CO_2-free, cost-effective and innovative provider of electricity and related services in quarter 3/2015. One milestone we have reached on this path is represented by the 10 September 2015 decision of the arbitral tribunal relating to an agreement to supply district heating to the Graz metropolitan area. Regarding the issue of having to maintain an outage reserve, the presiding arbitral tribunal ruled that VERBUND had no obligation whatsoever to maintain any such reserve. VERBUND is therefore re-evaluating all possible options with respect to the Mellach power plants site. In an environment which continues to be difficult, VERBUND plans to make selective investments in the area of hydropower plants. The Reißeck II pumped storage power plant, for instance, will be completed in 2016.

VERBUND also made further progress in quarter 3/2015 with respect to the future of energy. An example of this is the ECO-Home product we launched to make both flats and houses more "intelligent." ECO-Home measures and visualises all relevant energy flows, sends status updates and alarms to the residents' mobile phones and enables automatic control. Another example is the approval by the competition authorities of the energy partnership between VERBUND and SOLAVOLTA, the Austrian market leader in photovoltaic solutions. Its 50% share in the partnership will allow VERBUND to offer additional attractive products to its customers.

VERBUND's income trend was positive in quarters 1–3/2015: EBITDA increased by 15.0% to €727.7m, and the Group result rose to €228.7m – a substantial increase over the first three quarters of the previous year. In both years, however, the income trend was massively impacted by non-recurring effects, particularly the reversal of provisions due to legal settlements in the Grid segment and the impairment loss recognised on the Mellach combined cycle gas turbine power plant in quarters 1–3/2015. Adjusted for these non-recurring effects, EBITDA amounted to €681.2m. We thus succeeded in maintaining this key figure at nearly the prior-year level despite the difficult environment described and a drop of five percentage points in the water supply compared with the previous year. The adjusted Group result rose by 40.7% to €245.2m. The increase was primarily attributable to additional income from the increasingly volatile electricity market as a result of the higher earnings generated from marketing control power and balancing energy and from congestion management as well as our programme to reduce costs and increase efficiency.

Assuming an average own generation from hydropower in the fourth quarter, we expect EBITDA for financial year 2015 to be approximately €900m and the Group result to be approximately €240m. The planned payout ratio for 2015 will amount to around 50% of the Group result after adjustment for non-recurring effects.

Dipl-Ing. Wolfgang Anzengruber | Dr. Johann Sereinig | Dr. Peter F. Kollmann | Dr. Günther Rabensteiner

Investor relations

Following the general upward trend seen on stock exchanges at the start of the current financial year, sentiment on the financial markets reversed over the course of the second quarter of 2015 due to weak global economic indicators. All over the world, this past third quarter was characterised by substantial share price corrections brought about by global economic concerns and the Greek crisis in Europe. In the US, the Dow Jones Industrial Average stock index experienced its weakest quarter in years during the third quarter of 2015, closing at 8.6% below the year-end level. The Euro Stoxx 50 performed similarly, losing all of its first-half gains and closing the third quarter of 2015 down 1.5% from the level at the end of 2014. Japan's leading index, the Nikkei 225, forfeited all gains recorded in the first half of the year to close the reporting period 0.4% under its closing level on 31 December 2014.

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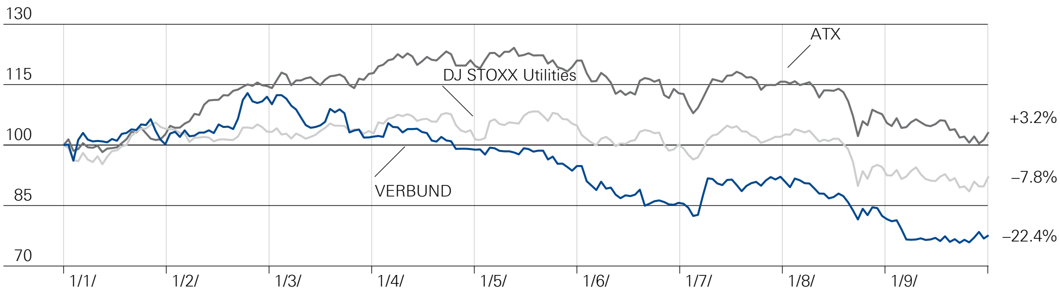
VERBUND share price: relative performance 2015



VERBUND shares likewise registered a sharp price drop in the first nine months of 2015. Fuelled by hopes of a CO_2 market reform, the prices for VERBUND shares had been rising until just a few days prior to publication of the figures for financial year 2014 on 11 March 2015. Afterwards, however, the share price began falling again until the start of July. The share price then increased briefly in July on the back of the increase in guidance for financial year 2015. Starting in August, however, prices for our shares began dropping again as dictated by global price corrections. VERBUND shares closed at €11.9 on 30 September 2015, down 22.4% from 31 December 2014. The shares thus underperformed against the ATX (+3.2%) and the DJ STOXX Utilities sector index (–7.8%) in quarters 1–3/2015.

Upcoming dates:
Publication of 2015 results: 9 March 2016

Shares: key figures

	Unit	Q1–3/2014	**Q1–3/2015**	Change
Share price high	€	16.7	**17.3**	3.6%
Share price low	€	13.7	**11.6**	–15.1%
Closing price	€	15.9	**11.9**	–25.6%
Performance	%	2.8	**–22.4**	–
Market capitalisation	€m	5,539.5	**4,123.8**	–25.6%
ATX weighting	%	2.9	**2.6**	–
Value of shares traded	€m	897.5	**982.6**	9.5%
Shares traded per day	Shares	324,105	**366,929**	13.2%

Group interim management report

Business performance

Electricity supply and sales volumes

Group electricity supply GWh

	Q1–3/2014	Q1–3/2015	Change
Hydropower[1]	24,006	22,742	–5.3%
Wind/solar power	558	663	18.7%
Thermal power	1,160	1,563	34.7%
Own generation	25,724	**24,968**	–2.9%
Electricity purchased for trading and sales	12,298	13,650	11.0%
Electricity purchased for grid loss and control power volumes	2,564	3,071	19.8%
Electricity supply	40,586	**41,689**	2.7%

[1] including purchase rights

VERBUND's own generation in quarters 1–3/2015 amounted to 24,968 GWh, a decrease of 2.9%, or 756 GWh, versus the same quarters of the previous year. Generation from hydropower declined by 5.3%, or 1,263 GWh, compared with quarters 1–3/2014.

At 0.94, the hydro coefficient of the run-of-river power plants was 6% below the long-term average and five percentage points below the prior-year figure. The output from annual storage power plants also decreased, with a drop of 4.6%.

By contrast, wind power and photovoltaic installations produced 104 GWh more electricity despite the sale of the Bulgarian generation plants (generation in quarters 1–3/2014: 21 GWh). The increase was attributable above all to greater wind power capacity in Austria and windier conditions in Romania.

Generation from thermal power plants rose by 403 GWh in the reporting period. The Mellach combined cycle gas turbine power plant produced 364 GWh more electricity in quarters 1–3/2015 due to increased use of congestion management. The output from VERBUND's other thermal power plants in Austria increased by 182 GWh. The main reason for the rise was the increased use of coal from August 2014 onward in order to reduce inventories at the Dürnrohr power plant, which was decommissioned on 30 April 2015. The two thermal power plants in France, both of which have now been sold, had produced a total of 142 GWh in quarters 1–3/2014.

Electricity purchased from third parties for trading and sales increased by 1,352 GWh. Electricity purchased from third parties for grid losses and control power, including congestion management, rose by 507 GWh.

Group electricity sales volume and own use

GWh

	Q1–3/2014	Q1–3/2015	Change
Consumers	7,009	6,642	–5.2%
Resellers	16,678	18,313	9.8%
Traders	14,366	13,854	–3.6%
Electricity sales volume	38,052	**38,809**	2.0%
Own use	2,077	2,314	11.4%
Control power volumes	457	566	23.9%
Electricity sales volume and own use	40,586	**41,689**	2.7%

VERBUND's electricity sales volume increased by 756 GWh in quarters 1–3/2015. Electricity volumes delivered to consumers declined by 367 GWh, however. While international sales volumes were maintained at a nearly constant level (–20 GWh), domestic sales decreased (–347 GWh) due to the decline in the business and industrial customer segment. Sales to resellers increased by 1,635 GWh, primarily due to higher demand in Austria as a result of greater use of congestion management in particular. Electricity deliveries to trading firms declined by 512 GWh, mainly due to a decrease in sales via the stock exchanges owing to lower generation during the reporting period in comparison with the previous year. Own use of electricity rose by 237 GWh, however, predominantly as a result of higher generation from pumping in quarters 1–3/2015.

Electricity sales by country

GWh

	Q1–3/2014	Q1–3/2015	Change
Austria	19,436	20,332	4.6%
Germany	16,918	15,685	–7.3%
France	1,030	2,219	115.4%
Romania	312	366	17.4%
Others	356	206	–42.0%
Electricity sales volume	38,052	**38,809**	2.0%

In quarters 1– 3/2015, approximately 52% of the electricity sold by VERBUND went to the Austrian market. Sales in France rose significantly (+115%) due to VERBUND's marketing of power generated by third parties and increased deliveries to resellers and traders. International trading and sales activities focussed on the German market, which accounted for 85% of all volumes sold abroad.

Financial performance

Although the result attributable to the French Pont-sur-Sambre and Toul CCGTs – which have been sold – must be presented separately from the result from continuing operations (for details, see selected explanatory notes to the financial statements), the analysis of financial performance refers to the combined result from the Group's continuing and discontinued operations. Profit after tax from discontinued operations corresponds to the share of profit attributable to the 100% equity interests Pont-sur-Sambre Power S.A.S. and Toul Power S.A.S. until they were deconsolidated in the previous year. The sale of the other equity interests remaining after deconsolidation was completed effective 6 March 2015.

Results €m

	Q1–3/2014	**Q1–3/2015**	Change
Revenue	2,088.7	**2,106.5**	0.9%
EBITDA	633.0	**727.7**	15.0%
Operating result	205.7	**386.4**	87.8%
Group result	63.8	**228.7**	258.2%
Earnings per share in €	0.18	**0.66**	258.2%

Electricity revenue

VERBUND's electricity revenue decreased by €98.9m to €1,676.7m in quarters 1–3/2015. In terms of quantities, electricity sales volumes rose by 2.0%, or 756 GWh. Average sales prices declined, however, due to market conditions, with both the futures and spot market prices for 2015 decreasing.

Grid revenue

Grid revenue increased by €89.9m to €333.7m in quarters 1–3/2015 compared with the same period in 2014. Some of the provisions and impairment losses recognised in previous years to comply with the System Usage Rates Directive (Systemnutzungstarife-Verordnung, SNT-VO) and the System Charges Order (Systemnutzungsentgelte-Verordnung, SNE-VO) were reversed to reflect legal settlements. This led to a gain of €40.4m in quarters 1–3/2015. In addition, international grid revenue was higher due to the auctioning off of cross-border capacities, and national grid revenue increased due to higher tariff revenue.

Other revenue and other operating income

Other revenue increased by €26.8m to €96.1m. The increase is mainly attributable to higher revenue from gas deliveries. Other operating income rose by €11.4m to €47.1m, primarily due to the gain on disposal of the Bulgarian wind farm as well as the resale of fuel from the decommissioned Dürnrohr and Neudorf/Werndorf power plants.

Expenses for electricity, grid, gas and certificate purchases

Expenses for electricity, grid, gas and certificate purchases fell by 0.6% to €945.2m. Purchases of electricity from third parties for trading and sales as well as for grid losses and control power increased by a total of 1,859 GWh. However, the increase in quantities was more than compensated by reduced purchase prices. Expenses for electricity purchases thus declined by €52.5m compared with quarters 1–3/2014 while expenses for grid purchases increased slightly (€+0.9m). Expenses for gas purchases rose by €56.3m to €67.5m. Since quarter 3/2012, it has been necessary to recognise the natural gas supply agreement for the Mellach CCGT at fair value through profit or loss. The resulting effect on profit or loss amounted to €–12.9m in quarters 1–3/2015 (quarters 1–3/2014: €+14.7m).

Fuel expenses

Fuel and other usage-dependent expenses fell by 2.8% to €87.1m. Higher expenses were associated primarily with the greater use of thermal power plants in Austria (for details, see the section on Electricity supply and sales volumes) and the related higher expenses for emission rights. Lower expenses resulted from the fact that no more charges were incurred for French power plant companies Pont-sur-Sambre Power S.A.S. and Toul Power S.A.S., which have been sold. Moreover, the write-down of coal inventories due to current measurement had a distinctly negative impact in 2014.

Personnel expenses

Personnel expenses fell by €36.0m to €236.4m. Expenses for current employees (excluding pensioners and employees in partial retirement) decreased by €6.0m as a result of the consistent implementation of personnel management measures (€6.5m) and the sale of the two French power plant companies, Pont-sur-Sambre Power S.A.S. and Toul Power S.A.S. (€2.3m). The 2.0% (€3.5m) adjustment stipulated in the collective agreement had the opposite effect of increasing personnel expenses. A reduction of €30.0m was recorded in employee benefits relating to pension and severance payments ("Sozialkapital"). The decline was mainly due to the fact that the corresponding figure for the previous year had been heavily influenced by the recognition of provisions for partial retirement and restructuring.

Amortisation and depreciation

Amortisation of intangible assets and depreciation of property, plant and equipment declined by 9.8% to €276.1m, primarily due to a decrease in the depreciation base for property, plant and equipment compared with the previous year.

Other operating expenses

Other operating expenses decreased by €30.2m to €158.8m. The reduction was above all due to the fact that the expenses recognised in 2014 in connection with a verdict issued by the ICC International Court of Arbitration on the natural gas supply agreement between Pont-sur-Sambre Power S.A.S. and ENI S.p.A., which was cancelled in 2012, were not incurred in the current period as well as the fact that operating expenses are no longer incurred for French power plant companies Pont-sur-Sambre Power S.A.S. and Toul Power S.A.S., which have been sold. By contrast, other operating expenses decreased in quarters 1– 3/2014 due to the reversal of a provision relating to the Töging power plant.

Effects from impairment tests

Effects from impairment tests amounted to €–63.6m in quarters 1–3/2015 (quarters 1–3/2014: €–122.3m) and resulted mainly from the impairment losses recognised on the Mellach combined cycle gas turbine power plant (€–58.3m) and a wind farm in Romania (€–5.3m). In quarters 1–3/2014, effects from impairment tests related primarily to impairment losses recognised on the Romanian wind farms and the reversal of impairment losses recognised on the Mellach and Pont-sur-Sambre combined cycle gas turbine power plants.

Operating result

As a consequence of the above trends, operating result increased by 87.8% to €386.4m and operating result before effects from impairment tests rose by 37.2%.

Result from interests accounted for using the equity method

Result from interests accounted for using the equity method decreased by €4.0m to €23.1m. This was primarily due to earnings contributions from KELAG amounting to €23.1m (quarters 1–3/2014: €28.3m) and from Shkodra Region Beteiligungsholding amounting to €0.6m (quarters 1–3/2014: €–1.5m).

Interest income and expenses

Interest income fell by 0.2% compared with quarters 1–3/2014 to €23.7m. Interest expenses decreased by €98.1m to €119.7m. In quarter 3/2014, loans taken out to finance the French gas power plants were repaid early (prior to finalising the sale) as a result of contractual obligations in connection with the sale of 100% of the shares in Pont-sur-Sambre Power S.A.S. and Toul Power S.A.S. This led to expenses of €60.3m in quarters 1–3/2014. The sharp decline in bond interest rates also had a positive effect (€–17.9m).

Other financial result

Other financial result improved by €1.1m to €3.5m in quarters 1–3/2015. This was primarily due to the measurement of interest hedging transactions (€+13.8m), the measurement of a long position relating to VERBUND's share in Gemeinschaftskraftwerk Inn GmbH (€–1.1m), measurement of an obligation to return an interest (€–8.4m) and the negative balance of foreign exchange gains and losses (€–1.2m).

Effects from impairment tests on the financial result

No impairment losses or reversals of impairment losses were recognised in the financial result in quarters 1–3/2015. Effects from impairment tests amounted to €–13.3m in quarters 1–3/2014 and resulted mainly from the impairment losses on equity interests in Shkodra Region Beteiligungsholding GmbH and Energie AG Oberösterreich.

Financial result

Financial result increased by a total of €103.7m to €–63.6m.

Taxes on income

Taxes on income changed by €113.2m to €–58.4m. As at 30 September 2014, deferred taxes were recognised in the amount of €109.5m in connection with the disposal of the French Pont-sur-Sambre and Toul combined cycle gas turbine power plants.

Group result

After deducting an effective tax rate of 18.1% and non-controlling interests in the amount of €35.7m, the Group result amounted to €228.7m. This represents an increase of 258.2% compared with the previous year. Earnings per share amounted to €0.66 (quarters 1–3/2014: €0.18) for 347,415,686 shares. Group result after adjustment for non-recurring effects was €245.2m, representing a year-on-year increase of 40.7%.

Financial position

Consolidated balance sheet (short version)

€m

	31/12/2014	Share	**30/9/2015**	**Share**	Change
Non-current assets	11,166.6	91.2%	11,036.9	94.1%	–1.2%
Current assets	1,070.7	8.7%	695.3	5.9%	–35.1%
Non-current assets held for sale	10.0	0.1%	0.0	0.0%	–100.0%
Total assets	12,247.3	100.0%	**11,732.2**	**100.0%**	–4.2%
Equity	5,280.5	43.1%	5,376.4	45.8%	1.8%
Non-current liabilities	5,394.2	44.0%	5,472.2	46.6%	1.4%
Current liabilities	1,572.5	12.8%	883.6	7.5%	–43.8%
Liabilities associated with assets held for sale	0.2	0.0%	0.0	0.0%	–100.0%
Liabilities	12,247.3	100.0%	**11,732.2**	**100.0%**	–4.2%

Assets

VERBUND's assets decreased by 4.2% in quarters 1–3/2015. Capital expenditure on property, plant and equipment amounting to €180.8m was offset by depreciation of €271.0m. Impairment tests performed on the Mellach CCGT and the Romanian wind farm led to impairment losses of €–63.6m. The most significant additions to assets related to capital expenditure for the Reißeck II/Carinthia pumped storage power plant and the wind farms in Austria and Romania. The carrying amount of interests accounted for using the equity method remained largely unchanged. The decline in current receivables was mainly due to the receipt of the sale price from the disposal of French power plant companies Pont-sur-Sambre Power S.A.S. and Toul Power S.A.S. and the repayment of short-term investments of funds, which were subsequently used to redeem bonds.

Equity and liabilities

Equity increased slightly compared with 31 December 2014, above all due to the profit for the period generated in quarters 1–3/2015. The dividend payment of VERBUND AG for 2014 had the opposite effect. Net debt decreased by 8.8% to €3,703.7m compared with 31 December 2014. Current financial liabilities decreased, mainly due to scheduled bond repayments. The decline in current other liabilities is primarily attributable to lower trade payables and outstanding capital expenditure invoices and maintenance expenses.

Cash flows

Cash flow statement (short version)

€m	Q1–3/2014	Q1–3/2015	Change
Cash flow from operating activities	612.2	581.6	–5.0%
Cash flow from investing activities	376.5	205.9	–45.3%
Cash flow from financing activities	–882.3	–764.3	–13.4%
Change in cash and cash equivalents	106.4	23.2	–78.2%
Cash and cash equivalents as at 30/9/	189.4	**64.9**	–65.8%

Cash flow from operating activities

Cash flow from operating activities amounted to €+581.6m in quarters 1–3/2015, representing a deterioration of €30.6m. The decrease resulted in particular from lower net cash inflows from the Energy segment, mainly due to lower sales prices and a reduced water supply, and was offset by higher net cash inflows from the Grid segment.

Cash flow from investing activities

Cash flow from investing activities amounted to €+205.9m in quarters 1–3/2015 and thus changed by €–170.6m. The reasons for the development were lower net cash inflows from current and non-current investments (€–469.2m) and the €8.4m increase in capital expenditure for interests accounted for using the equity method and other equity interests (the capital expenditure for quarters 1–3/2015 related mainly to SMATRICS GmbH & Co KG). This was partially offset by cash inflows (€+175.9m) from disposals of other equity interests (Pont-sur-Sambre Power S.A.S. and Toul Power S.A.S.) and consolidated subsidiaries (Haos Invest EAD). In addition, capital expenditure for intangible assets and property, plant and equipment was €143.6m below the prior-year level.

Cash flow from financing activities

Cash flow from financing activities amounted to €–764.3m in quarters 1–3/2015, a change of €+118.0m. The change resulted primarily from lower dividend payments (€+259.7m) in quarters 1–3/2015 in combination with a concurrent decrease in proceeds from financial liabilities (€–100.0m), an increase in cash outflows from money market transactions (€–25.2m) and higher repayments of financial liabilities (€–15.9m).

Opportunity and risk management

Conditions for utilities remain challenging due to the ongoing restructuring of the European energy market. The supply and demand mechanisms that have operated thus far on the electricity market have become distorted by the politically driven transition to new forms of energy. This is particular evident when considering the following two aspects: wholesale electricity prices, which are currently below the long-term generation costs, and expenses for handling critical situations in the transmission grid (relating to control power and congestion management), which are rising sharply. VERBUND is dealing with the present environment by focussing on its own strengths. We plan to take advantage of our programme to reduce costs and increase efficiency to improve our earnings position. Moreover, we will tap into future opportunities by establishing new lines of business (energy services). VERBUND additionally plans to invest in measures to maintain the security of supply, in generation from hydropower and in strengthening the sales base. However, the restructuring of thermal generation involves court proceedings. The primary issues here are the cessation of a long-term gas delivery contract and termination of a joint operation.

Operating result: management of grid congestion and measurement effects

Electricity generation from hydropower depends largely on hydrological conditions that cannot be controlled. As a producer of hydropower, VERBUND still generates positive profit contributions – even under the prevailing market conditions. Earnings for hydropower generation are volatile due to the rapidly increasing use of power plants for control power and congestion management. Ongoing legal proceedings and changed general conditions may lead to impairment losses and reversals of impairment losses as well as changes in provisions and thus fluctuations in the operating result. All else remaining equal, a change in the factors shown below would be reflected as follows (annual power generation priced in as at the 30 September 2015 reporting date):

- +/–1% generation from hydropower plants: €+/–1.6m
- +/–1% generation from wind power: €+/–0.2m
- €+/–1/MWh wholesale electricity prices (hydropower plants and thermal power plants): €+/–0.8m

Financial result: measurement effects

The potential extent of fluctuation in the financial result is affected by the following: investment income, measurement effects, changes in market prices and interest rates and the cost of either having to provide additional collateral or of collateral provided being called in.

Operating segments

Energy

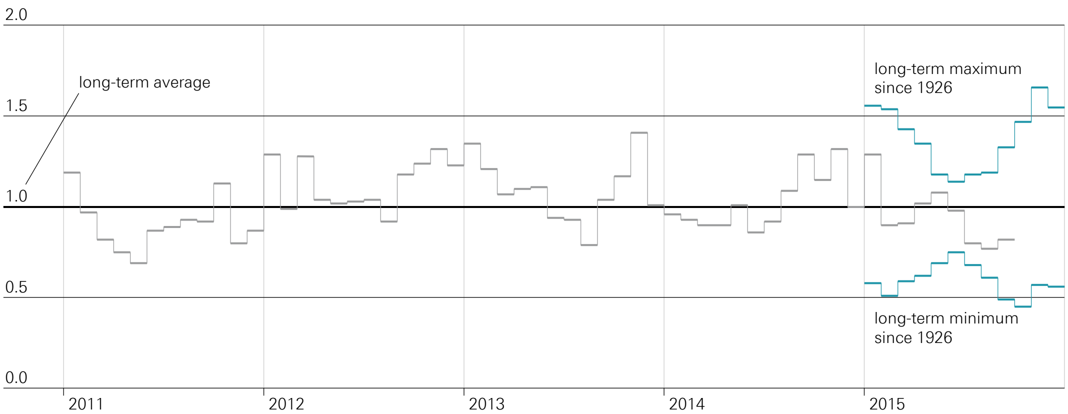
Electricity supply – Energy segment

GWh

	Q1–3/2014	Q1–3/2015	Change
Hydropower[1]	24,006	22,742	–5.3%
Wind/solar power	558	663	18.7%
Thermal power	1,160	1,563	34.7%
Own generation	25,724	**24,968**	–2.9%
Electricity purchased for trading and sales	12,298	13,650	11.0%
Intragroup	132	114	–13.4%
Electricity supply	38,154	**38,732**	1.5%

[1] including purchase rights

Hydro coefficient (monthly averages)



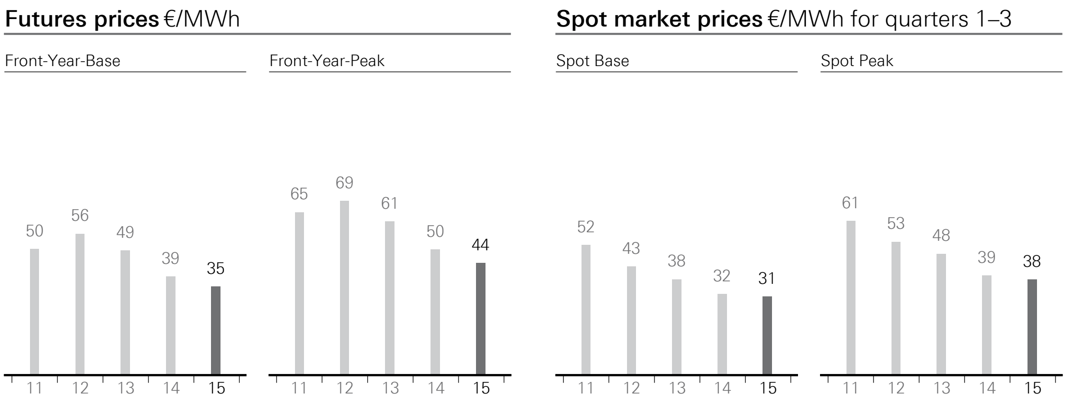
Electricity generation

VERBUND's total generation in the Energy segment decreased by 2.9% in quarters 1–3/2015 to 24,968 GWh compared with the prior-year period. Generation from hydropower fell by 5.3%. At 0.94, the hydro coefficient of the run-of-river power plants was 6% below the long-term average and five percentage points below the previous year's figure. The annual storage power plants produced 4.6% less electricity.

In contrast, generation from wind power and photovoltaic installations rose by 18.7%. The increase was attributable above all to expanded wind power capacity in Austria and windier conditions in Romania. Approximately 94% of VERBUND's own generation in quarters 1–3/2015 came from renewable energy sources.

Generation from thermal power plants rose by 34.7%. Two factors were chiefly responsible for the rise in generation: the increased use of thermal power plants for congestion management measures and the intensified use of coal in order to reduce inventories at the decommissioned Dürnrohr plant.

Purchases of electricity from third parties for trading and sales increased by 11%.



Futures prices traded in the year before supply. The years stated are the respective years of supply. Average prices. *source: EEX, EPEX Spot*

Electricity prices

At an average of €35.1/MWh, prices for electricity futures contracts applicable to financial year 2015 (front-year base 2015 traded in 2014) were down 10.3% from the prior-year level. As a result of its hedging strategy, VERBUND had already priced in the majority of its own generation in 2014 via the futures market. Spot market base prices fell by 3.0% in quarters 1–3/2015 to €31.1/MWh compared to the prior-year periods.

Electricity sales volume

Electricity sales and own use – Energy segment

GWh

	Q1–3/2014	Q1–3/2015	Change
Consumers	7,009	6,642	–5.2%
Resellers	14,812	15,338	3.6%
Traders	14,241	13,735	–3.6%
Intragroup	608	1,322	117.6%
Electricity sales volume	36,669	**37,036**	1.0%
Own use	1,484	1,695	14.2%
Electricity sales volume and own use	38,154	**38,732**	1.5%

VERBUND's electricity sales volume and own use rose by a total of 1.5% in quarters 1–3/2015 compared with the same period in 2014. Volumes sold to resellers rose by 3.6% while sales to trading firms decreased by 3.6%. Sales volumes in the domestic consumer market decreased by 7.8%. At the end of the third quarter of 2015, VERBUND had around 327,000 customers in the Austrian household/agriculture and commercial segment consuming up to 100,000 kWh of electricity annually as well as approximately 14,000 end consumers for climate-neutral gas. Internationally, sales volumes to industrial consumers were maintained at an approximately constant level. The increase in own use was due to the more favourable conditions in the market for pumped storage power plants in quarters 1–3/2015.

Expansion of generation from hydropower

Commissioning of the new Reißeck II/Carinthia pumped storage power plant has been extended until the spring of 2016 to ensure that leak tightness in the headwater tunnel will be sufficient for decades of operation with no restrictions on flexibility. Parts of the interior of the headwater tunnel are being additionally sealed using injections and sheeting, a process made more difficult by the complex geological conditions in some of the mountainous sections.

Expansion of generation from wind power

Construction of the Bruck-Göttlesbrunn wind farm with a total capacity of 21 MW was completed according to schedule in the third quarter of the year. On 1 August 2015, the wind farm commenced regular operations. This increases VERBUND's output from wind power in Austria to 106 MW. Completion of this wind farm marks, for the time being, the end of the program to expand wind power in Austria.

Grid

The billable energy volumes transmitted via the 380/220 kV grid (excluding electricity used for pumping) increased by 464 GWh year-on-year to 17,733 GWh in quarters 1–3/2015. According to the transmission schedules, the APG control area imported a net amount of 8,650 GWh.

Electricity supply – Grid segment GWh

	Q1–3/2014	Q1–3/2015	Change
Electricity purchased for grid loss and control power volumes	2,564	3,071	19.8%
Intragroup	608	1,322	117.6%
Electricity supply	3,172	**4,393**	38.5%

Electricity sales and own use – Grid segment GWh

	Q1–3/2014	Q1–3/2015	Change
Resellers	1,866	2,976	59.5%
Traders	125	119	–4.6%
Intragroup	132	114	–13.4%
Electricity sales volume	2,122	**3,208**	51.2%
Own use	593	619	4.5%
Control power volumes	457	566	23.9%
Electricity sales volume and own use	3,172	**4,393**	38.5%

The volume increases in the Grid segment were attributable above all to a greater use of congestion management measures and control power due to increasingly critical grid conditions. The volume of VERBUND's electricity that was used to make up for grid losses also rose slightly.

Security of supply and congestion management

In the third quarter of 2015, it was again necessary to intervene in power plant operations in order to maintain the security of supply in the APG control area. Extensive action also had to be taken at Austrian power plants in order to handle congestion outside of the APG grid, particularly in Poland and Germany. Frequent recourse was taken to the contracted reserve power plants in the grid, which were an important component in maintaining the security of supply during the summer period.

Repeal of System Usage Rates Directive and System Charges Order

The Austrian Constitutional Court has rescinded the System Usage Rate Directives (SNT-VO) of 2009, 2010 and 2011 and the System Charges Order (SNE-VO) of 2012. The rulings affect the pending proceedings in relation to the grid usage fee for pumped storage power plants, the grid loss fee and the system services fee.

In the majority of proceedings, pro-rata repayment of the tariffs and charges was ordered on the basis of the E-Control specifications. The proceedings in question are regarded as closed now that there had been a legally valid cost decision with the resulting expected recognition of the repayment amounts.

Tariff regulation

In this year's tariff review, the weighted average cost of capital (WACC) was again set at 6.42% before taxes. The primary objective of the 2015 tariff review was to secure the return on capital employed.

380 kV Salzburg line: investigation relating to the environmental impact assessment

The termination of the investigation relating to the environmental impact assessment underway since September 2012 was announced by the EIA by way of an edict dated 28 August 2015. According to the EIA, a decision can be rendered in the approval proceedings now that the most important evidence relating to the case has been submitted in full and all of the parties have been heard in each stage of the proceedings. An official decision by the first-instance authority is expected at the end of 2015.

Equity interests

Foreign

Sorgenia S.p.A. (Group)

Following completion of the sale of shares in Sorgenia S.p.A. and transfer of the shares to a banking syndicate on 27 March 2015, the general meeting of Sorgenia Holding S.p.A. on 15 April 2015 adopted a resolution to liquidate the company. The liquidation of Sorgenia Holding S.p.A. was formally concluded in the third quarter of 2015 following the general meeting of 31 July 2015, at which the proceeds of the liquidation were approved, and the deletion of the company from the Italian commercial register on 26 August 2015.

Domestic

KELAG – Kärntner Elektrizitäts-Aktiengesellschaft

The contribution of KELAG to the result from interests accounted for using the equity method amounted to €23.1m in quarters 1–3/2015 (quarters 1–3/2014: €28.3m). KELAG is expected to report a stable performance in financial year 2015 despite the uncertain market environment.

Events after the reporting date

Effective 20 October 2015, debt securities with a principal amount of €146.5m that were associated with the 2009–2019 bond were repurchased. The repurchased debt securities were retired and cancelled. The difference between the carrying amount of the derecognised financial liability and the amount paid was approximately €–22.1m and was recognised in profit or loss.

Consolidated interim financial statements

of VERBUND

Income statement

€m

In accordance with IFRSs	Notes	Q1–3/2014[1]	Q1–3/2015	Q3/2014[1]	Q3/2015
Revenue		2,079.4	**2,106.5**	672.7	**701.1**
Electricity revenue	1	1,766.3	1,676.7	578.6	582.9
Grid revenue	2	243.8	333.7	73.9	94.1
Other revenue		69.3	96.1	20.1	24.1
Other operating income		35.6	47.1	8.1	15.6
Expenses for electricity, grid, gas and certificate purchases	3	–939.0	–945.2	–261.8	–321.0
Fuel expenses and other usage-dependent expenses	4	–78.3	–87.1	–8.9	–29.8
Personnel expenses	5	–270.1	–236.4	–81.4	–70.7
Amortisation of intangible assets and depreciation of property, plant and equipment		–306.0	–276.1	–111.7	–90.7
Other operating expenses		–149.6	–158.8	–44.8	–58.2
Operating result before effects from impairment tests		371.9	450.0	172.2	146.3
Impairment losses[2]	6	–175.9	–63.6	–161.3	–63.6
Reversal of impairment losses[2]	6	36.7	0.0	0.0	0.0
Operating result		232.8	**386.4**	10.9	**82.7**
Result from interests accounted for using the equity method	7	27.2	23.1	13.9	6.4
Other result from equity interests		10.3	5.7	0.5	0.9
Interest income	8	23.7	23.7	7.7	7.8
Interest expenses	9	–146.6	–119.7	–44.2	–37.6
Other financial result	10	1.9	3.5	5.1	–8.9
Financial result before effects from impairment testing		–83.5	–63.6	–17.1	–31.4
Impairment losses	11	–13.3	0.0	0.0	0.0
Financial result		–96.7	**–63.6**	–17.1	**–31.4**
Profit before tax		136.1	**322.7**	–6.2	**51.3**
Taxes on income		–69.7	–58.4	–41.7	–7.3
Profit after tax from continuing operations		66.3	**264.4**	–47.8	**44.0**
Profit after tax from discontinued operations[3]	12	26.8	**0.0**	58.9	**0.0**
Profit for the period		93.2	**264.4**	11.0	**44.0**
Attributable to the shareholders of VERBUND AG (Group result)		63.8	228.7	7.2	32.4
Attributable to non-controlling interests		29.3	35.7	3.8	11.6
Earnings per share in €[4]		0.18	**0.66**	0.02	**0.09**

[1] The comparative figures have been adjusted retrospectively in accordance with IAS 8. // [2] The impairment losses and/or reversals of impairment losses have been reduced by the amount of the change in related deferred contributions to building costs and government grants. // [3] Profit after tax from discontinued operations corresponds to the profit after tax attributable to the French companies Pont-sur-Sambre Power S.A.S. and Toul Power S.A.S. that were classified as “held for sale” until their deconsolidation in the previous year. // [4] Diluted earnings per share correspond to basic earnings per share.

Statement of comprehensive income

In accordance with IFRSs	Notes	Q1–3/2014	Q1–3/2015	Q3/2014	Q3/2015
					€m
Profit for the period		93.2	**264.4**	11.0	**44.0**
Remeasurements of the net defined benefit liability	13	–49.7	–41.9	–36.1	–0.1
Other comprehensive income from interests accounted for using the equity method		–3.3	–8.8	–1.0	–4.7
Total of items that will not be reclassified subsequently to the income statement		–53.0	**–50.6**	–37.2	**–4.8**
Differences from currency translation		0.7	–0.3	–2.1	–0.3
Measurements of available-for-sale financial instruments		14.4	0.2	10.0	–2.4
Measurements of cash flow hedges		7.3	32.5	–6.4	27.8
Other comprehensive income from interests accounted for using the equity method		0.2	0.0	0.0	0.2
Total of items that will be reclassified subsequently to the income statement		22.6	**32.5**	1.5	**25.2**
Other comprehensive income before tax		–30.4	**–18.1**	–35.7	**20.4**
Taxes on income relating to items that will not be reclassified subsequently to the income statement		12.8	10.7	9.3	0.0
Taxes on income relating to items that will be reclassified subsequently to the income statement		–4.1	–8.2	0.3	–6.4
Other comprehensive income after tax		–21.7	**–15.6**	–26.2	**14.0**
Total comprehensive income for the period		71.5	**248.7**	–15.1	**57.9**
Attributable to the shareholders of VERBUND AG		44.4	216.3	–17.0	46.5
Attributable to non-controlling interests		27.1	32.4	1.9	11.4

Balance sheet

€m

In accordance with IFRSs	Notes	31/12/2014	30/9/2015
Non-current assets		11,166.6	**11,036.9**
Intangible assets		796.4	800.5
Property, plant and equipment		9,436.6	9,255.6
Interests accounted for using the equity method		260.4	262.7
Other equity interests	16	102.3	107.2
Investments and other receivables	16	571.0	610.8
Current assets		1,070.7	**695.3**
Inventories	14	56.5	32.1
Trade receivables and other receivables	16	972.5	598.3
Cash and cash equivalents	16	41.7	64.9
Assets held for sale	15	10.0	**0.0**
Total assets		12,247.3	**11,732.2**

€m

In accordance with IFRSs	Notes	31/12/2014	30/9/2015
Equity		5,280.5	**5,376.4**
Attributable to the shareholders of VERBUND AG		4,689.1	4,810.5
Attributable to non-controlling interests		591.4	565.9
Non-current liabilities		5,394.2	**5,472.2**
Financial liabilities	16	2,900.5	2,885.8
Provisions		844.7	883.8
Deferred tax liabilities		486.3	515.1
Contributions to building costs and grants		740.0	744.4
Deferred income – cross-border leasing		50.4	49.2
Other liabilities	16	372.2	393.9
Current liabilities		1,572.5	**883.6**
Financial liabilities	16	806.4	233.2
Provisions		193.2	128.3
Current tax liabilities		55.6	128.9
Trade payables and other liabilities	16	517.3	393.2
Liabilities directly associated with assets held for sale	15	0.2	**0.0**
Total liabilities		12,247.3	**11,732.2**

Statement of changes in equity

In accordance with IFRSs	Share capital	Capital reserves	Retained earnings	Remeasure-ments of net defined benefit liability
Notes				13
As at 1/1/2014	347.4	954.3	3,873.3	– 158.8
Profit for the period	–	–	63.8	–
Other comprehensive income	–	–	–	– 37.5
Total comprehensive income for the period	–	–	63.8	– 37.5
Shifts between shareholder groups	–	–	0.1	– 3.3
Dividends	–	–	– 347.4	–
Other changes in equity	–	–	0.1	–
As at 30/9/2014	347.4	954.3	3,590.0	– 199.6
As at 1/1/2015	**347.4**	**954.3**	**3,652.2**	**– 254.2**
Profit for the period	–	–	228.7	–
Other comprehensive income	–	–	–	– 35.8
Total comprehensive income for the period	**–**	**–**	**228.7**	**– 35.8**
Shifts between shareholder groups	–	–	4.9	0.0
Dividends	–	–	– 100.8	–
Other changes in equity	–	–	1.0	0.0
As at 30/9/2015	**347.4**	**954.3**	**3,786.1**	**– 290.0**

€m

	Difference from currency translation	Measurements of available-for-sale financial instruments	Measurements of cash flow hedges	Other components of other comprehensive income	Equity attributable to the shareholders of VERBUND AG	Equity attributable to non-controlling interests	Total equity
	–3.5	3.2	–78.3	9.6	4,947.3	605.6	5,552.9
	–	–	–	–	63.8	29.3	93.2
	0.7	11.7	5.5	0.2	–19.4	–2.3	–21.7
	0.7	11.7	5.5	0.2	44.4	27.1	71.5
	–	–	–	–	–3.2	11.2	8.0
	–	–	–	–	–347.4	–70.9	–418.3
	–	–	–	0.3	0.4	0.0	0.5
	–2.8	14.9	–72.8	10.1	4,641.5	573.0	5,214.5
	–2.8	**24.2**	**–29.4**	**–2.7**	**4,689.1**	**591.4**	**5,280.5**
	–	–	–	–	228.7	35.7	264.4
	–0.4	0.1	24.6	–0.9	–12.4	–3.3	–15.6
	–0.4	**0.1**	**24.6**	**–0.9**	**216.3**	**32.4**	**248.7**
	0.0	0.0	0.0	0.0	4.9	0.0	4.9
	–	–	–	–	–100.8	–57.9	–158.6
	0.0	0.0	0.0	0.0	1.0	0.0	1.0
	–3.2	**24.4**	**–4.9**	**–3.6**	**4,810.5**	**565.9**	**5,376.4**

Cash flow statement

€m			
In accordance with IFRSs	Notes	Q1–3/2014	**Q1–3/2015**
Profit for the period		93.2	264.4
Amortisation of intangible assets and depreciation of property, plant and equipment (net of reversals of impairment losses)		427.2	341.4
Impairment losses on investments (net of reversals of impairment losses)		13.5	1.9
Result from interests accounted for using the equity method (net of dividends received)		– 13.0	– 9.0
Result from the disposal of non-current assets		– 7.9	2.7
Change in non-current provisions and deferred tax liabilities		– 141.4	28.5
Change in contributions to building costs and grants		25.2	4.4
Income from the reversal of deferred income from cross-border leasing transactions		– 1.2	– 1.2
Other non-cash expenses and income		28.8	– 14.4
Subtotal		424.5	**618.6**
Change in inventories		5.0	24.4
Change in trade receivables and other receivables		183.3	– 14.0
Change in trade payables and other liabilities		– 59.9	– 55.8
Change in current provisions and current tax liabilities		59.4	8.4
Cash flow from operating activities[1]	17	612.2	**581.6**

[1] Cash flow from operating activities includes taxes paid on income of €45,8m (quarters 1–3/2014: €33.3m), interest paid of €97.6m (quarters 1–3/2014: €123.3m), interest received of €18.3m (quarters 1–3/2014: €24.4m) and dividends received of €21.3m (quarters 1–3/2014: €22.1m).

€m

In accordance with IFRSs	Notes	Q1–3/2014	Q1–3/2015
Cash outflow from capital expenditure for intangible assets and property, plant and equipment		–349.0	–205.4
Cash inflow from the disposal of intangible assets and property, plant and equipment		22.2	9.2
Cash outflow from capital expenditure for investments		–17.6	–27.6
Cash inflow from the disposal of investments		581.2	2.3
Cash outflow from capital expenditure for interests accounted for using the equity method and other equity interests		–1.2	–9.5
Cash inflow from the disposal of subsidiaries and interests accounted for using the equity method and other equity interests		0.5	176.4
Cash inflow from the disposal of current investments		140.4	260.6
Cash flow from investing activities		376.5	**205.9**
Cash inflow from shifts between shareholder groups		5.5	4.9
Cash outflow (previous year: inflow) from money market transactions		0.2	–25.0
Cash inflow from the assumption of financial liabilities (excluding money market transactions)		100.0	0.0
Cash outflow from the repayment of financial liabilities (excluding money market transactions)		–569.7	–585.6
Dividends paid		–418.3	–158.6
Cash flow from financing activities		–882.3	**–764.3**
Change in cash and cash equivalents		106.4	**23.2**
Cash and cash equivalents as at 1/1/		83.3	**41.7**
Change in cash and cash equivalents		106.4	23.2
Classification as “held for sale”		–0.4	0.0
Cash and cash equivalents as at 30/9/		189.4	**64.9**

Selected explanatory notes

Financial reporting principles

Basic principles

These consolidated interim financial statements of VERBUND as at 30 September 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable to interim financial statements as adopted by the European Union.

The condensed format of VERBUND's consolidated interim financial statements is consistent with IAS 34 "Interim Financial Reporting"; for further information and disclosures please refer to VERBUND's consolidated financial statements as at 31 December 2014, which form the basis for these consolidated interim financial statements of VERBUND.

Basis of consolidation

VERBUND GETEC Energiecontracting GmbH was formed effective 5 January 2015 as a 50:50 joint venture between VERBUND Solutions GmbH and GETEC heat & power AG and included in the consolidated financial statements using equity method accounting. Under VERBUND's accounting policies, the proportionate equity interest is adjusted no later than one quarter following the underlying changes.

Effective 12 June 2015, VERBUND Sales Deutschland GmbH was formed as a wholly owned subsidiary of VERBUND Sales GmbH and subsequently consolidated.

Effective 18 August 2015, 50% of the shares in SOLAVOLTA Energie- und Umwelttechnik GmbH were acquired. SOLAVOLTA Energie- und Umwelttechnik GmbH is a company specialising in consulting, planning and the construction of photovoltaic plants and currently operates the largest solar park in Eastern Austria. Total consideration paid was €1.9m, €1.6m of which was cash and €0.3m was contingent consideration which depends on achieving financial milestones in the years 2015–2017. The 50% equity interest is included in the consolidated financial statements using equity method accounting. In accordance with VERBUND's accounting policies, the proportionate equity interest is adjusted no later than one quarter following the underlying changes.

The sale of the 100% equity interest in Haos Invest EAD to Inwind SpLtd. and Inovent Holding AD was completed effective 6 March 2015 (closing). Since VERBUND lost control on this date, the assets and liabilities of Haos Invest EAD classified as "held for sale" as at 31 December 2014 were deconsolidated effective 6 March 2015:

Gain on disposal	€m
Cash and cash equivalents	8.1
Other receivables[1]	4.9
Fair value of consideration received	13.0
Carrying amount of deconsolidated assets held for sale[2]	9.8
Carrying amount of deconsolidated liabilities associated with assets held for sale	–0.3
Carrying amount of deconsolidated net assets	9.6
Gain on disposal[3]	3.4

[1] Of which €3.8m from a conditional purchase price claim that became due on 11 May 2015. // [2] Of which cash and cash equivalents of €0.4m. // [3] Gain on disposal was recognised in other operating income.

Accounting policies

With the exception of the new IASB accounting standards described below, the same accounting policies were applied in these consolidated interim financial statements of VERBUND as in VERBUND's consolidated financial statements as at 31 December 2014.

The addition of rounded amounts and the calculation of percentages may lead to rounding differences as a result of the use of computing software.

New accounting standards

Newly applicable or applied accounting standards

Standard or interpretation		Published by the IASB (endorsed by the EU)	Mandatory application for VERBUND	Material effects on the consolidated interim financial statements of VERBUND
IFRIC 21	Levies	20/5/2013 (13/6/2014)	1/1/2015	none
Various	Annual Improvements to IFRSs 2010 – 2012 Cycle	12/12/2013 (17/12/2014)	1/1/2015	none
Various	Annual Improvements to IFRSs 2011 – 2013 Cycle	12/12/2013 (18/12/2014)	1/1/2015	none

Change in classification

In order to improve the presentation of financial performance, expenses in connection with control power services are no longer presented as offset with income in connection with control power services in grid revenue. Instead, the expenses in connection with control power services are reported under expenses for electricity, grid, gas and certificate purchases. Therefore the income statements for the reporting and comparative periods have been adjusted accordingly:

Adjustments to income statement items €m

	Q1–3/2014	**Q1–3/2015**	Q3/2014	**Q3/2015**
Revenue	28.8	33.2	11.5	6.0
Expenses for electricity, grid, gas and certificate purchases	– 28.8	– 33.2	– 11.5	– 6.0

Segment reporting

Operating result in the total column corresponds to operating result in the income statement. Therefore, the reconciliation to profit/loss before tax can be taken from the income statement.

VERBUND Sales Deutschland GmbH, which was newly formed effective 12 June 2015, was assigned to the Energy segment.

VERBUND GETEC Energiecontracting GmbH, which was newly formed effective 5 January 2015, and the 50% equity interest in SOLAVOLTA Energie- und Umwelttechnik GmbH acquired effective 18 August 2015 were assigned to the Equity Interests & Services segment.

€m

	Energy	Grid	Equity Interests & Services	Elimination	Total Group
Q1–3/2015					
External revenue	1,591.2	506.0	9.3	0.0	2,106.5
Internal revenue	139.2	89.6	54.1	– 282.9	0.0
Total revenue	1,730.4	595.6	63.4	– 282.9	2,106.5
Operating result	280.4	142.3	– 13.0	– 23.3	386.4
Depreciation and amortisation	– 215.5	– 54.3	– 7.4	1.0	– 276.1
Effects from impairment tests	– 63.6	0.0	0.0	0.0	– 63.6
Other material non-cash items	21.7	64.8	3.4	– 35.4	54.5
Result from equity interests	–	–	28.8	–	28.8
Of which result from interests accounted for using the equity method	–	–	23.1	–	23.1
Capital employed	7,386.7	1,036.4	7,350.2	– 7,119.6	8,653.8
Of which carrying amount of interests accounted for using the equity method	2.3	1.3	259.1	0.0	262.7
Additions to intangible assets and property, plant and equipment	121.5	64.8	3.5	0.0	189.9
Additions to equity interests	0.0	0.2	9.6	0.0	9.8

€m

	Energy	Grid	Equity Interests & Services	Elimination	Total Group
Q1–3/2014					
External revenue	1,726.1	344.2	9.0	0.0	2,079.4
Internal revenue	94.9	52.8	57.0	– 204.7	0.0
Total revenue	1,821.0	397.1	66.0	– 204.7	2,079.4
Operating result	**239.3**	**14.6**	**– 19.2**	**– 1.8**	**232.8**
Depreciation and amortisation	– 248.0	– 51.6	– 7.3	0.9	– 306.0
Effects from impairment tests	– 139.1	0.0	0.0	0.0	– 139.1
Other material non-cash items	– 73.1	8.5	3.7	– 7.7	– 68.6
Result from equity interests	0.0	0.0	24.2	0.0	24.2
Of which result from interests accounted for using the equity method	0.0	0.0	27.2	0.0	27.2
Of which effects from impairment tests	0.0	0.0	– 13.3	0.0	– 13.3
Capital employed	7,673.1	1,017.3	7,880.8	– 7,437.2	9,134.0
Of which carrying amount of interests accounted for using the equity method	2.2	1.3	251.4	0.0	255.0
Additions to intangible assets and property, plant and equipment	192.7	80.8	3.9	0.0	277.4
Additions to equity interests	0.0	0.0	1.2	0.0	1.2

Notes to the income statement

(1) Electricity revenue

Electricity revenue by customer area €m

	Q1–3/2014 Domestic	**Q1–3/2015 Domestic**	Q1–3/2014 Foreign	**Q1–3/2015 Foreign**	Q1–3/2014 Total	**Q1–3/2015 Total**	Change
Electricity deliveries to traders	26.7	37.3	643.1	609.9	669.8	647.2	– 3.4%
Electricity deliveries to resellers	499.2	440.4	109.3	141.8	608.5	582.3	– 4.3%
Electricity deliveries to consumers	331.8	302.7	165.5	144.6	497.3	447.3	– 10.1%
Electricity revenue by customer area	857.7	**780.4**	917.9	**896.3**	1,775.6	**1,676.7**	– 5.6%
Electricity deliveries to discontinued operations					3.1	–	– 100.0%
Electricity deliveries of discontinued operations					– 12.4	–	100.0%
Electricity revenue[1]					1,766.3	**1,676.7**	– 5.1%

[1] To present business performance more accurately, revenue from energy trading is shown as a net amount, i.e. amounts realised and measured are each presented net of expenses. Without this net presentation, electricity revenue (and expenses for the purchase of electricity) would have been €1,485.2m higher in quarters 1–3/2015 (quarters 1– 2/2014: €1,774.0m).

(2) Grid revenue

Grid revenue by customer area €m

	Q1–3/2014 Domestic	**Q1–3/2015 Domestic**	Change	Q1–3/2014 Foreign	**Q1–3/2015 Foreign**	Change
Electric power companies	140.4	**200.8**	43.1%	0.0	**0.0**	n.a.
Industrial clients	10.4	**15.1**	45.0%	0.0	**0.0**	n.a.
Other	47.8	**56.6**	18.2%	45.1	**61.2**	35.6%
Grid revenue	198.6	**272.5**	37.2%	45.1	**61.2**	35.6%

The Austrian Constitutional Court cancelled the System Usage Rates Directives (Systemnutzungstarife-Verordnungen, SNT-VO) for 2009, 2010 and 2011 in decisions handed down on 27 September 2011. As a consequence of these decisions, Austrian Power Grid AG (APG) is faced with the possibility of having to repay usage fees for pumped storage power plants, as well as grid loss fees and fees for system services in all proceedings that were affected cases and/or which are included in the expansion of the affected cases.

The System Charges Order (SNE-VO) for 2012 was also challenged by the generating companies in relation to these fee components; however, the Austrian Constitutional Court has already confirmed that the SNE-VO conforms to the law in relation to grid loss fees and usage fees for pumped storage power plants. With respect to the fees for system services, the Austrian Constitutional Court annulled the provisions of the SNE-VO for 2012 which had been challenged. Therefore, the impending SNE-VO repayment obligations for 2012 only relate to those processes for system services fees that are (virtually) affected cases.

Negotiations between generating companies and grid operators regarding the general settlement of all processes still ongoing were conducted under the banner of Oesterreichs Energie (an advocacy group for the Austrian electricity industry) in coordination with the regulator. A basic agreement was reached to the effect that the grid operator will be responsible for partial repayment. The provisions for electricity and grid deliveries recognised in connection with these proceedings were to be reversed accordingly as of 30 June 2015. The reversal in the amount of €37.1m was recognised under grid revenue from domestic electric power companies. In addition, valuation allowances on receivables were to be reversed in this connection in the amount of €3.3m.

Nearly all legal settlements were implemented as expected between 30 June 2015 and 30 September 2015. The still ongoing individual proceedings are expected to be settled over the course of 2016.

(3) Expenses for electricity, grid, gas and certificate purchases

Expenses for electricity, grid, gas and certificate purchases €m

	Q1–3/2014	**Q1–3/2015**	Change
Expenses for electricity purchases (including control power)	794.3	**741.9**	–6.6%
Expenses for grid purchases (system use)	133.4	**134.5**	0.8%
Expenses for gas purchases[1]	11.2	**67.5**	n.a.
Purchases of emission rights (trade)[2]	–0.6	**0.8**	n.a.
Purchases of proof of origin and green certificates	0.8	**0.4**	–45.4%
Expenses for electricity, grid, gas and certificate purchases	939.0	**945.2**	0.7%

[1] VERBUND and EconGas GmbH have entered into a long-term natural gas supply agreement which, as a consequence of its management, had to be cassified as a freestanding derivative and recognised at fair value through profit or loss (see: (16) Additional disclosures regarding financial instruments). In quarters 1–3/2015, the resulting impact on profit or loss amounted to €–12.9m (quarters 1–3/2014: €14.7m). // [2] In quarters 1–3/2014, the negative expenses for emission rights purchases mainly resulted from the measurement of inventories of emission rights held for trading.

(4)
Fuel expenses and other usage-dependent expenses

Fuel expenses and other usage-dependent expenses

€m	Q1–3/2014	Q1–3/2015	Change
Fuel expenses[1]	66.4	68.1	2.5%
Emission rights acquired in exchange for consideration	3.5	7.8	119.7%
Other usage-dependent expenses	8.4	11.3	34.7%
Fuel expenses and other usage-dependent expenses	78.3	**87.1**	11.2%

[1] Fuel expenses in quarters 1–3/2015 included a write-down of coal inventories to net realisable value in the amount of €7.0m (quarters 1–3/2014: €21.7m).

(5)
Personnel expenses

Personnel expenses

€m	Q1–3/2014	Q1–3/2015	Change
Wages and salaries	188.8	185.3	– 1.8%
Expenses for social security contributions as required by law as well as income-based charges and compulsory contributions	42.9	42.7	– 0.4%
Other social expenses	2.8	2.7	– 1.4%
Subtotal	234.4	**230.7**	– 1.6%
Expenses for severance payments	4.0	4.2	5.8%
Expenses for pensions and similar obligations	31.8	1.5	– 95.3%
Personnel expenses	270.1	**236.4**	– 12.5%

(6)
Impairment losses and reversal of impairment losses

Effects from impairment tests

€m	Q1–3/2014	Q1–3/2015	Change
Mellach combined cycle gas turbine power plant	37.8	– 59.9	n.a.
Change in deferred grants for the Mellach combined cycle gas turbine power plant	– 1.1	1.6	n.a.
Romanian wind farms	– 154.8	– 5.3	96.6%
Dürnrohr coal-fired power plant	– 8.9	0.0	100.0%
Kavarna wind farm	– 6.4	0.0	100.0%
Preliminary project costs for a wind farm in Romania	– 5.5	0.0	100.0%
Other	– 0.2	– 0.1	– 65.2%
Effects from impairment tests	– 139.1	**– 63.6**	54.3%

Impairment test – Mellach combined cycle gas turbine power plant

	31/12/2014	30/9/2015
Cash-generating unit	Combined cycle gas turbine power plant (installed electrical capacity: 848 MW)	Combined cycle gas turbine power plant (installed electrical capacity: 848 MW)
Indications of a (reduction in) impairment	Updated electricity and/or gas price forecasts and updated discount rate	Updated electricity and/or gas price forecasts, strategic grid reserve premium for Germany
Basis for recoverable amount	Fair value (level 3) less costs of disposal	Fair value (level 3) less costs of disposal
Valuation technique	Net present value approach (DCF method)	Net present value approach (DCF method)

Impairment test – Mellach combined cycle gas turbine power plant

	31/12/2014	**30/9/2015**
Derivation of cash flow	VERBUND Thermal Power GmbH & Co KG in Liqu. budgets (based mainly on near-market data)	VERBUND Thermal Power GmbH & Co KG in Liqu. budgets (based mainly on near-market data)
Volume	Optimisation model with primary inputs: installed capacity, heat extraction (maximum 400 MW) and efficiency at full capacity (58.8%)	Optimisation model with primary inputs: installed capacity, heat extraction (maximum 400 MW) and efficiency at full capacity (58.8%)
Pricing	External price forecasts; expected revenue in connection with the temporary Graz district heating outage reserve and/or strategic grid reserve; estimates of maintenance and decommissioning costs by the responsible managers; rates of price increases for annual expenses of 2.0% to 2.75%	External price forecasts; expected revenue from strategic grid reserve, congestion management, redispatch and temporary Graz district heating outage reserve, estimates of maintenance and decommissioning costs by the responsible managers; rates of price increases for annual expenses of 2.0% to 2.75%
Planning period	Total capacity averaging around 100,000 equivalent operating hours (reached on average in 2040)	Total capacity averaging around 100,000 equivalent operating hours (reached on average in 2040)
Key measurement assumptions	Development of clean spark spreads, discount rate, estimation of the outcome of the arbitration proceedings and expected revenue in connection with the temporary Graz district heating outage reserve	Development of clean spark spreads, discount rate, expected revenue from strategic grid reserve, congestion management, redispatch and temporary Graz district heating outage reserve
Discount rate	WACC after taxes: 5.75%	WACC after taxes: 5.00%
Recoverable amount	€153.2m	€93.4m
Impairment losses and/or reversal of impairment losses in the period[1]	€12.2m	€– 59.9m

[1] The impairment loss and/or reversal of impairment losses was reduced by the amount of change in deferred government grants. A reversal of impairment losses (reason: decision to temporarily decommission) was recognised in the previous year as at 30 June 2014 in the amount of €37.8m. This reversal of impairment losses was confirmed on 30 September 2014 (reason: temporary injunction by the Graz-West district court regarding the Graz district heating outage reserve). As at 31 December 2014, the reversal of impairment losses recognised during the year decreased to €12.2m.

(7)
Result from interests accounted for using the equity method

Result from interests accounted for using the equity method

€m

	Q1–3/2014 Domestic	**Q1–3/2015 Domestic**	Change	Q1–3/2014 Foreign	**Q1–3/2015 Foreign**	Change
Income or expenses	28.7	**23.1**	– 19.5%	– 1.5	**0.0**	103.0%

(8) Interest income

Interest income

€m	Q1–3/2014	Q1–3/2015	Change
Interest from investments under closed items on the balance sheet	21.1	21.3	0.9%
Interest from money market transactions	0.9	0.6	– 33.8%
Other interest and similar income	1.7	1.7	4.8%
Interest income	23.7	**23.7**	– 13.8%

(9) Interest expenses

Interest expenses

€m	Q1–3/2014	Q1–3/2015	Change
Interest on bonds	68.7	50.8	– 26.0%
Interest on bank loans	27.2	23.5	– 13.8%
Interest on financial liabilities under closed items on the balance sheet	21.1	21.3	0.9%
Net interest expense on personnel-related liabilities	17.4	11.9	– 31.9%
Interest on other liabilities from electricity supply commitments	13.4	13.1	– 1.8%
Expenses from the repurchase of bonds	0.0	1.6	n.a.
Interest on other non-current provisions	3.0	1.1	– 62.0%
Profit attributable to limited partners	0.1	0.1	43.1%
Borrowing costs capitalised in accordance with IAS 23	– 12.7	– 13.8	– 8.7%
Other interest and similar expenses	8.4	10.0	20.1%
Interest expenses	146.6	**119.7**	– 18.3%

(10) Other financial result

Other financial result

€m	Q1–3/2014	Q1–3/2015	Change
Foreign exchange gains	6.6	13.7	108.1%
Measurement of long position: Gemeinschaftskraftwerk Inn GmbH	9.3	8.2	– 12.1%
Measurement of derivatives in the finance area	– 11.9	1.9	115.7%
Income from securities and loans	3.2	1.9	– 41.0%
Measurement of an obligation to return an interest	0.0	– 8.4	n.a.
Foreign exchange losses	– 5.3	– 13.6	– 157.9%
Other	0.0	– 0.1	n.a.
Other financial result	1.9	**3.5**	139.6%

(11) Impairment losses

No impairment losses had to be recognised in quarters 1–3/2015. The impairment losses in quarters 1–3/2014 related to the equity-accounted interest in Shkodra Region Beteiligungsholding GmbH (€9.4m) as well as the other equity interest in Energie AG Oberösterreich (€3.9m).

(12)
Profit after tax from discontinued operations

Profit after tax from discontinued operations[1]

€m	Q1–3/2014
Revenue	12.4
Electricity revenue	12.4
Other revenue	0.0
Other operating income	0.1
Expenses for electricity, grid, gas and certificate purchases	– 3.4
Fuel expenses and other usage-dependent expenses	– 11.3
Personnel expenses	– 2.3
Amortisation of intangible assets and depreciation of property, plant and equipment	0.0
Other operating expenses[2]	– 39.4
Operating result before effects from impairment tests	– 43.9
Effects from impairment tests	16.9
Operating result	– 27.1
Interest income	0.0
Interest expenses[3]	– 71.2
Other financial result	0.6
Financial result	– 70.6
Profit before tax	– 97.7
Taxes on income[4]	124.6
Profit after tax from discontinued operations[5]	26.8
Earnings per share in €[6]	0.1

[1] Profit after tax from discontinued operations was determined using the incremental approach. This shows which income and expenses are still or are no longer expected after the sale has been completed. // [2] In quarters 1–3/2014 this includes expenses of €24.2m relating to a decision by the ICC International Court of Arbitration regarding the natural gas supply agreement between Pont-sur-Sambre Power S.A.S. and ENI S.p.A. which was dissolved in 2012. // [3] In the course of the sale, loans for the financing of the French combined cycle gas turbine power plants had to be repaid early. With respect to the early repayment of principal, the creditors had to be compensated for the interest that would have been incurred during the remaining term of the loan. This amended estimate with respect to future cash flows led to the recognition of interest expenses in the amount of €60.3m. // [4] Since it was assumed on 30 September 2014 that the sale of the French combined cycle gas turbine power plants would be carried out by selling 100% of the shares in Pont-sur-Sambre Power S.A.S. and Toul Power S.A.S., deferred taxes were recognised for outside-basis differences in the amount of €109.5m. // [5] Profit after tax from discontinued operations can be entirely attributed to the shareholders of VERBUND AG. // [6] Diluted and basic earnings per share correspond to one another.

Profit from discontinued operations corresponds to the profit attributable to the wholly owned equity interests Pont-sur-Sambre Power S.A.S. and Toul Power S.A.S. until they were deconsolidated in the previous year. The sale of the other equity interests remaining after the deconsolidation was completed effective 6 March 2015 (see: (15) Assets and liabilities held for sale).

Notes to the statement of comprehensive income

(13)
Remeasurements of net defined benefit liability

Existing personnel-related provisions were measured on the basis of an actuarial report updated on 30 June 2015. The discount rate for this was 1.50% (30 September 2014: 2.75%; 31 December 2014: 2.00%).

Notes to the balance sheet

(14) Inventories

Inventories

€m	31/12/2014	30/9/2015	Change
Inventories of primary energy sources held for generation	31.6	**14.3**	–54.8%
Natural gas held for trading	8.2	0.0	–100.0%
Measurements of natural gas held for trading	0.6	0.0	–100.0%
Natural gas held for trading	8.8	**0.0**	–100.0%
Emission rights held for trading	8.3	8.2	–1.6%
Measurements of emission rights held for trading	3.0	4.4	47.2%
Fair value of emission rights held for trading	11.3	**12.6**	11.3%
Proof of origin and green electricity certificates	0.2	**0.2**	–5.8%
Other	4.5	**5.1**	12.4%
Inventories	56.5	**32.1**	–43.1%

The measurement benchmark for inventories of natural gas and emission rights held for trading by VERBUND is the fair value less costs to sell in accordance with the exception provided for raw materials and commodity broker-traders (brokerage exemption). The stock exchange price for front-month gas forwards on the Central European Gas Hub (CEGH) or NetConnect Germany (NCG) is the relevant price for inventories of natural gas held for trading. The fair value of emission rights held for trading corresponds to the price quoted on the European Energy Exchange (EEX). The fair values are based on Level 1 measurements.

(15) Assets and liabilities held for sale

The sale to KKR Credit Advisors (US) of the 100% other equity interests in Pont-sur-Sambre Power S.A.S. and Toul Power S.A.S. classified as "held for sale" as at 31 December 2014 was completed effective 6 March 2015 (closing). Impairment losses on receivables from Pont-sur-Sambre Power S.A.S. and Toul Power S.A.S. were recognised in the amount of €0.5m as other operating expenses as a result of the sale.

The sale of the 100% equity interest in Haos Invest EAD to Inwind SpLtd. and Inovent Holding AD was completed effective 6 March 2015 (closing). Since VERBUND lost control on this date, the assets and liabilities of Haos Invest EAD classified as "held for sale" as at 31 December 2014 were deconsolidated effective 6 March 2015. A conditional purchase price component that became due on 11 May 2015 was taken into account when determining the gain on disposal in the amount of €3.4m that was recognised as other operating income.

The creditor banks of the 45.75% other equity interest in Sorgenia S.p.A. (Group) classified as "held for sale" as at 31 December 2014 carried out a €400m capital increase (debt/equity swaps) at Sorgenia S.p.A. (Group) as part of an Italian restructuring process ("128 bis Agreement") effective 27 March 2015. As a result, VERBUND's interest in Sorgenia S.p.A. (Group) decreased to less than 1%. Subsequently, VERBUND also sold the remaining equity interest in Sorgenia S.p.A. (Group) effective 27 March 2015 to Nuova Sorgenia Holding S.p.A. (a newly formed company of the creditor banks of Sorgenia S.p.A. (Group)). The sale had no impact on profit for the period.

(16) Additional disclosures regarding financial instruments

Carrying amounts and fair values by measurement categories 30/9/2015

€m

Assets – balance sheet items	Measurement categories under IAS 39	Level	Carrying amount	Fair value
Interests in non-consolidated subsidiaries	FAAC	–	10.6	–
Other equity interests	FAAFS	2	83.2	83.2
Other equity interests	FAAC	–	13.4	–
Other equity interests			**107.2**	
Securities	FAAFS	1	89.9	89.9
Securities	FAAC	–	3.0	–
Securities – closed items on the balance sheet	LAR	2	61.3	54.9
Other loans – closed items on the balance sheet	LAR	2	282.5	311.5
Derivatives in the finance area – closed items on the balance sheet	FAHFT	2	123.0	123.0
Loans to investees	LAR	2	38.9	41.1
Other loans	LAR	2	6.0	6.0
Other	–	–	6.3	–
Other non-current investments and non-current other receivables			**610.8**	
Trade receivables	LAR	–	232.2	–
Receivables from investees	LAR	–	43.6	–
Loans to investees	LAR	2	3.5	3.9
Other loans	LAR	2	1.0	1.0
Derivatives in the energy area	FAHFT	1	21.0	21.0
Derivatives in the energy area	FAHFT	2	111.5	111.5
Long position: Gemeinschaftskraftwerk Inn GmbH	FAHFT	3	25.3	25.3
Money market transactions	LAR	2	5.0	5.0
Emission rights	IAS 38, IAS 2	–	0.7	–
Other	LAR	–	29.2	–
Other	–	–	125.3	–
Trade receivables and current other receivables			**598.3**	
Cash and cash equivalents	**LAR**	**–**	**64.9**	**–**
Aggregated by measurement categories				
Financial assets at cost	FAAC[1]		27.0	
Loans and receivables	LAR[2]		768.0	
Financial assets available for sale	FAAFS[3]		173.1	
Financial assets held for trading	FAHFT[4]		280.8	

[1] Financial Assets at Cost // [2] Loans and Receivables // [3] Financial Assets Available for Sale // [4] Financial Assets Held for Trading

Carrying amounts and fair values by measurement categories 30/9/2015

€m

Liabilities – balance sheet items	Measurement categories under IAS 39	Level	Carrying amount	Fair value
Bonds	FLAAC	2	1,547.6	1,706.7
Financial liabilities to banks and to others	FLAAC	2	1,102.3	1,142.9
Financial liabilities to banks – closed items on the balance sheet	FLAAC	2	109.5	146.5
Financial liabilities to banks – closed items on the balance sheet	FLAFVPL	2	357.2	357.2
Capital shares attributable to limited partners	IAS 32	–	2.4	–
Non-current and current financial liabilities			**3,119.0**	
Electricity supply commitment	–	–	177.3	–
Obligation to return an interest	FLAAC	3	117.3	193.4
Derivatives in the energy area	FLHFT	3	69.6	69.6
Trade payables	FLAAC	–	1.5	–
Deferred income for grants (emission rights)	IAS 20	–	0.3	–
Other	FLAAC	–	28.0	–
Non-current other liabilities			**393.9**	
Trade payables	FLAAC	–	110.2	–
Derivatives in the energy area	FLHFT	2	61.5	61.5
Derivatives in the energy area	FLHFT	3	6.6	6.6
Derivatives in the finance area	FLHFT	2	37.0	37.0
Other	FLAAC	–	91.2	–
Other	–	–	83.8	–
Trade payables and current other liabilities			**393.2**	
Aggregated by measurement categories				
Financial liabilities at amortised cost	FLAAC[1]		3,107.6	
Financial liabilities at fair value through profit or loss	FLAFVPL[2]		357.2	
Financial liabilities held for trading	FLHFT[3]		177.6	

[1] Financial Liabilities at Amortised Cost // [2] Financial Liabilities at Fair Value through Profit or Loss // [3] Financial Liabilities Held for Trading

Carrying amounts and fair values by measurement categories 31/12/2014

€m

Assets – balance sheet items	Measurement categories under IAS 39	Level	Carrying amount	Fair value
Interests in non-consolidated subsidiaries	FAAC	–	0.8	–
Other equity interests	FAAFS	2	83.2	83.2
Other equity interests	FAAC	–	18.3	–
Other equity interests			**102.3**	
Securities	FAAFS	1	89.7	89.7
Securities	FAAC	–	3.0	–
Securities – closed items on the balance sheet	LAR	2	57.0	51.0
Other loans – closed items on the balance sheet	LAR	2	260.1	286.5
Derivatives in the finance area – closed items on the balance sheet	FAHFT	2	113.8	113.8
Loans to investees	LAR	2	40.9	43.6
Other loans	LAR	2	1.4	1.4
Other	–	–	5.1	–
Other non-current investments and non-current other receivables			**571.0**	
Trade receivables	LAR	–	264.9	–
Receivables from investees	LAR	–	65.7	–
Receivables from other equity interests classified as “held for sale“	LAR	–	150.4	–
Loans to investees	LAR	2	3.5	3.9
Other loans	LAR	2	0.4	0.4
Derivatives in the energy area	FAHFT	2	125.6	125.6
Long position: Gemeinschaftskraftwerk Inn GmbH	FAHFT	3	17.1	17.1
Money market transactions	LAR	2	265.2	264.2
Emission rights	IAS 38, IAS 2	–	7.2	–
Other	LAR	–	27.9	–
Other	–	–	44.6	–
Trade receivables and current other receivables			**972.5**	
Cash and cash equivalents	**LAR**	**–**	**41.7**	**–**
Aggregated by measurement categories				
Financial assets at cost	FAAC[1]		22.1	
Loans and receivables	LAR[2]		1,179.1	
Financial assets available-for-sale	FAAFS[3]		172.9	
Financial assets held for trading	FAHFT[4]		256.6	

[1] Financial Assets at Cost // [2] Loans and Receivables // [3] Financial Assets Available for Sale // [4] Financial Assets Held for Trading

Carrying amounts and fair values by measurement categories 31/12/2014 €m

Liabilities – balance sheet items	Measurement categories under IAS 39	Level	Carrying amount	Fair value
Bonds	FLAAC	2	2,118.0	2,314.3
Financial liabilities to banks and to others	FLAAC	2	1,155.7	1,213.7
Financial liabilities to banks – closed items on the balance sheet	FLAAC	2	99.5	125.3
Financial liabilities to banks – closed items on the balance sheet	FLAFVPL	2	331.5	331.5
Capital shares attributable to limited partners	IAS 32	–	2.3	–
Non-current and current financial liabilities			3,706.9	
Electricity supply commitment	–	–	180.4	–
Obligation to return an interest	FLAAC	3	104.2	134.3
Derivatives in the energy area	FLHFT	3	54.2	54.2
Trade payables	FLAAC	–	2.5	–
Deferred income for grants (emission rights)	IAS 20	–	0.0	–
Other	FLAAC	–	31.0	–
Non-current other liabilities			372.2	
Trade payables	FLAAC	–	144.2	–
Derivatives in the energy area	FLHFT	1	3.2	3.2
Derivatives in the energy area	FLHFT	2	88.5	88.5
Derivatives in the energy area	FLHFT	3	9.1	9.1
Derivatives in the finance area	FLHFT	2	47.0	47.0
Other	FLAAC	–	151.5	–
Other	–	–	73.8	–
Trade payables and current other liabilities			517.3	
Aggregated by measurement categories				
Financial liabilities at amortised cost	FLAAC[1]		3,806.5	
Financial liabilities at fair value through profit or loss	FLAFVPL[2]		331.5	
Financial liabilities held for trading	FLHFT[3]		201.9	

[1] Financial Liabilities at Amortised Cost // [2] Financial Liabilities at Fair Value through Profit or Loss // [3] Financial Liabilities Held for Trading

Of the derivative financial instruments in the energy area classified as FAHFT and FLHFT in the above table, positive fair values of €55.2m (31 December 2014: €41.6m) and negative fair values of €36.2m (31 December 2014: €47.1m) related to hedging relationships designated as cash flow hedges. These fair values represent gross amounts; following the inter-portfolio netting carried out in accordance with VERBUND's accounting policies, cash flow hedges can no longer be isolated.

Valuation techniques and input factors for determining fair values

Level	Financial instruments	Valuation technique	Input factor
1	Listed securities	Market approach	Nominal values, stock exchange price
1	Listed energy forwards	Market approach	Settlement price published by the stock exchange
2	Other assets and liabilities measured at fair value in the finance area	Net present value approach	Cash flows already fixed or determined via forward rates, yield curve, credit risk of the contracting parties
2	Securities and other loans under closed items on the balance sheet, long-term loans, liabilities to banks, bonds and other financial liabilities	Net present value approach	Payments associated with the financial instruments, yield curve, credit risk of the contracting parties (credit default swaps or credit spread curves)
2	Other equity interest in Energie AG Oberösterreich	Market approach	Trading multiple
2	Non-listed energy forwards	Net present value approach	Forward price curve derived from stock exchange, yield curve, credit risk of the contracting parties
3	Non-listed energy forwards (natural gas supply contract for the Mellach combined cycle gas turbine power plant)	Net present value approach	Price forecasts for natural gas and crude oil, take-or-pay volumes optimised according to utilisation for a monthly period, contractual term, yield curve, credit risk of the contracting parties, customary demand charge, likelihood of winning the competition law proceedings
3	Return obligation (obligation to transfer back the 50% interest acquired in Donaukraftwerk Jochenstein AG)	Net present value approach	Price forecasts for electricity, weighted average cost of capital after taxes
3	Long position: Gemeinschaftskraftwerk Inn GmbH (GKI)	Net present value approach or Black Scholes Model	Price forecast for electricity and discount rate for calculating the value of the underlying asset (weighted average cost of capital after taxes), volatility of the underlying asset, yield curve
–	Cash and cash equivalents, trade receivables and payables, current other receivables, other borrowing within current credit lines as well as current other liabilities	–	Carrying amounts as a realistic estimate of fair value
–	Interests in non-consolidated subsidiaries and other equity interests	–	Reliable estimate of future cash flows mostly not possible; no comparable transactions for fair value measurement using analogy methods

Level 3 measurement of financial instruments: natural gas supply contract

€m

	2014	**2015**
Carrying amount as at 1/1/	65.4	**63.4**
Measurement gains or losses (recognised in expenses for electricity, grid, gas and certificate purchases)	– 14.7	12.9
Carrying amount as at 30/9/	50.8	**76.2**

VERBUND Thermal Power GmbH & Co KG in Liqu. and EconGas GmbH have entered into a long-term natural gas supply agreement. The mode of operation resulting from the optimisation of the Mellach combined cycle gas turbine power plant led to the resale of significant volumes of natural gas. Such management of the natural gas supply agreement is regarded as a net settlement of the natural gas supply agreement under IFRSs; as a consequence, the exemption for own-use contracts in IAS 39 (own-use exemption) was no longer applicable. Therefore, the natural gas supply agreement has been classified as a freestanding derivative and recognised at fair value through profit or loss since 2012.

An application for redress for competition law infringements by EconGas GmbH was filed with the Higher Regional Court of Vienna on 29 May 2013 and the purchase of gas from EconGas GmbH was discontinued. Since this time, the potential outcomes of these proceedings have been taken into account in the measurement by using scenario models.

Sensitivity analysis for significant, non-observable input factors[1]

€m

	Assumption	Change in assumption	If assumption increases, operating result changes by	If assumption decreases, operating result changes by
Forecast (oil-indexed) contract price for natural gas[2]	€33.4/MWh	± 5%	– 16.5	18.7
Forecast wholesale price for natural gas[3]	€30.4/MWh	± 5%	18.8	– 14.8
Term[4]	2026	n.a.	n.a.	n.a.
Annual take-or-pay volume[5]	3,125 GWh	n.a.	n.a.	n.a.
Customary demand charge[6]	n.a.	n.a.	n.a.	n.a.
Scenarios relating to the outcome of the anti-competitive conduct proceedings[6]	n.a.	n.a.	n.a.	n.a.

[1] In the sensitivity analysis, one non-observable input factor was changed at a time while the other factors of influence remained constant. However, in reality changes in the non-observable inputs can also occur simultaneously. This can result in the amplification or (at least partial) neutralisation of the effects. // [2] The contractual price shown relates to the year 2025. The sensitivity analysis varies the contract price constantly over time up to the planning horizon. // [3] The wholesale price shown relates to the year 2025. The sensitivity analysis varies the wholesale price for natural gas constantly over time up to the planning horizon. // [4] A 20 year term lasting until 2031 was negotiated in the natural gas supply agreement. However, both contractual parties have a one-off opportunity to terminate the agreement after 15 years. The fair value was determined based on a 15 year term, since the contractual partner who is disadvantaged at that time will presumably terminate the natural gas supply agreement. // [5] A fixed annual take-or-pay volume was negotiated over the entire term of the natural gas supply agreement. Therefore, the annual take-or-pay volume can only be changed if the agreement is amended. // [6] The note disclosures on the customary demand charge and the scenarios for the outcome of the proceedings to redress the anti-competitive conduct by EconGas GmbH as well as on the sensitivity of this input factor have been omitted, because it is likely that their inclusion would seriously prejudice VERBUND's position in the proceedings for anti-competitive conduct.

Level 3 measurement of financial instruments: long position: GKI	2014	2015 (€m)
Carrying amount as at 1/1/	–	**17.1**
Additions	0.0	–
Measurement gains or losses (recognised in other financial result)	9.3	8.2
Carrying amount as at 30/9/	9.3	**25.3**

Effective 22 August 2014, VERBUND sold 40% of its 50% equity interest in Gemeinschaftskraftwerk Inn GmbH to TIWAG-Tiroler Wasserkraft AG. As part of this transaction, TIWAG-Tiroler Wasserkraft AG granted VERBUND a put and a call option: VERBUND can sell its remaining 10% equity interest in Gemeinschaftskraftwerk Inn GmbH to TIWAG-Tiroler Wasserkraft AG or increase its 10% equity interest to 25% between 1 June 2018 and 30 June 2018 by acquiring shares in TIWAG-Tiroler Wasserkraft AG. The strike price for the two options corresponds to the investment costs incurred up to that point plus interest for the power plant joint venture on the Inn River.

Sensitivity analysis for significant, non-observable input factors[1] (€m)

	Assumption	Change in assumption	If assumption increases, operating result changes by	If assumption decreases, operating result changes by
Electricity price[2]	€71.1/MWh	± 5%	5.3	– 5.0
Discount rate	5.00%	± 0.25 PP	– 5.9	7.0
Volatility of the underlying asset	11.00%	± 1 PP	0.3	– 0.2

[1] In the sensitivity analysis, one non-observable input factor was changed at a time while the other factors of influence remained constant. However, in reality changes in the non-observable inputs can also occur simultaneously. This can result in the amplification or (at least partial) neutralisation of the effects. // [2] The electricity price shown relates to the year 2025. The sensitivity analysis varies the price of electricity constantly over time up to the planning horizon.

Notes to the cash flow statement

(17) Cash flows from operating activities

Cash flows from operating activities in quarters 1–3/2015 include variation margin payments from futures contracts in the energy area in the amount of €3.7m (quarters 1–3/2014: €10.2m).

Other note disclosures

Dividends paid

Dividends paid	Total (€m)	Number of ordinary shares	Per share (€)
Dividend paid in 2015 for financial year 2014	100.8	347,415,686	0.29
Dividend paid in 2014 for financial year 2013[1]	347.4	347,415,686	1.00

[1] The dividend paid of €1.00 per share is made up of a basic dividend of €0.55 and a special dividend of €0.45.

Purchase commitments

Purchase commitments for property, plant and equipment, intangible assets and other services

€m

	30/9/2015	of which due in 2015	of which due 2016–2020
Total commitment	**348.4**	155.2	175.7

Contingent liabilities

VERBUND's last remaining cross-border leasing transaction has an off-balance sheet financing structure. As at 30 September 2015, VERBUND's subsidiary liability for the non-redeemed portion of lease liabilities from cross-border leasing transactions amounted to €550.4m (31 December 2014: €530.3m). Of the rights of recourse against primary debtors, a total of €384.3m (31 December 2014: €375.4m) was secured through counter-guarantees from financial institutions, entities entitled to purchase electricity and regional authorities (from guarantors' liabilities). In addition, €229.4m (31 December 2014: €203.8m) was covered by off-balance sheet investments.

As at 30 September 2015, other liabilities included contingent liabilities of €33.9m (31 December 2014: €29.9m) in the form of guarantees issued by VERBUND for Verbundplan Birecik Baraji Isletme Ltd. Sti. (VBOC), which is not consolidated.

Pending court proceedings

There is a long-term natural gas supply agreement in place between VERBUND Thermal Power GmbH & Co KG in Liqu. and EconGas GmbH. An application for redress for competition law infringements by EconGas GmbH was filed with the Higher Regional Court of Vienna on 29 May 2013 and the purchase of gas from EconGas GmbH was discontinued (see also: (16) Additional disclosures regarding financial instruments). No disclosures have been provided in respect of any contingent liabilities or provisions that may arise from the competition law proceedings because it is likely that such note disclosures would seriously prejudice VERBUND's position in the proceedings.

On 11 November 2014, upon application by Energie Steiermark Wärme GmbH ("Wärme GmbH"), VERBUND was served a temporary injunction by the Graz West district court on 11 September 2014 (decision dated 5 September 2014), which was subsequently amended on 26 November 2014 (decision handed down by the Graz-West district court on 26 November 2014), as well as a request for arbitration by the Economic Chamber of Lower Austria on 24 September 2014. The subject of the legal dispute between VERBUND and Wärme GmbH was divergent views concerning the outage reserves of an additional power plant block for district heating deliveries by the Mellach power plant based on the existing district heating agreement. On 10 September 2015, the presiding arbitral trinunal decided that VERBUND was in no way obligated to maintain an additional power plant block as an outage reserve at the Mellach site. Thus, the arbitral tribunal wholeheartedly confirmed VERBUND's legal interpretation. The temporary injunction that obligated VERBUND for the duration of its existence to have an operational outage reserve thermally ready at the Mellach site for the delivery of a maximum of 230 MW in each case during the period from 15 September to 15 May of the subsequent year was cancelled effective 1 October 2015. The expected temporary revenue from maintaining an outage reserve was taken into account during the impairment test of the Mellach combined cycle gas turbine power plant (see: (6) Impairment losses and reversal of impairment losses).

On 19 May 2015, VERBUND was served notice of an action by EVN AG (the action was brought before the Vienna Commercial Court on 5 May 2015). The subject of this action is EVN AG's action for a declaratory judgement to the effect that VERBUND's termination of the operating provisions of the construction, operation and management agreement from 1980 effective 30 June 2015 in connection with the completed shutdown of VERBUND's power plant block at the site of the power plant joint venture in Dürnrohr is unlawful and that EVN lost benefits from the synergy effects of joint management. No disclosures have been provided in respect of any contingent liabilities or provisions that may arise in relation to this action because it is likely that such note disclosures would seriously prejudice VERBUND's position in the proceedings.

Transactions with related parties

Transactions with investees accounted for using the equity method €m

	Q1–3/2014	Q1–3/2015	Change
Income statement			
Electricity revenue	34.5	37.1	7.5%
Grid revenue	13.6	16.6	128.3%
Other revenue	0.2	0.8	n.a.
Other operating income	2.0	2.2	9.6%
Expenses for electricity, grid, gas and certificate purchases	–24.3	–23.1	–28.4%
Other operating expenses	–0.3	–1.2	n.a.
Interest income	1.5	1.5	–0.3%
Interest expenses	0.0	0.0	–17.8%
Other financial result	1.8	1.7	–5.5%

Transactions with investees accounted for using the equity method €m

	31/12/2014	30/9/2015	Change
Balance sheet			
Investments and other non-current receivables	23.8	21.8	–8.5%
Trade receivables and other current receivables	44.1	26.6	–39.7%
Contributions to building costs and grants	280.2	272.8	–2.6%
Trade payables and other current liabilities	1.6	3.2	101.6%

The calculation of the above amounts reflects the fact that Sorgenia S.p.A. (Group) was still a related party of VERBUND as defined by IAS 24 in the previous year.

Electricity revenue with equity-accounted investees primarily came from KELAG-Kärntner Elektrizitäts-AG (€23.2m; quarters 1–3/2014: €27.4m) and OeMAG Abwicklungsstelle für Ökostrom AG (€13.9m; quarters 1–3/2014: €7.1m). Electricity revenue was offset by electricity purchases from KELAG-Kärntner Elektrizitäts-AG in the amount of €19.2m (quarters 1– 3/2014: €16.4m).

Electricity revenue from companies controlled or significantly influenced by the Republic of Austria in quarters 1–3/2015 totalled €21.4m (quarters 1–3/2014: €42.3m). The electricity was purchased primarily by Bundesbeschaffungs GmbH (BBG), Autobahnen- und Schnellstraßen-Finanzierungs-AG (ASFINAG) and Telekom Austria Group.

Electricity purchased from companies controlled or significantly influenced by the Republic of Austria amounted to a total of €0.5m in quarters 1–3/2015 (quarters 1–3/2014: €0.4m). The electricity was delivered primarily by Österreichische Bundesbahnen (ÖBB).

There is a long-term natural gas supply agreement with EconGas GmbH for the Mellach combined cycle gas turbine power plant. The effect on profit or loss of the fair value measurement of the natural gas supply agreement with EconGas GmbH which is to be qualified as a free-standing derivative that is being called into question under competition laws amounted to €–12.9m in quarters 1–3/2015 (quarters 1–3/2014: €14.7m; see (16) Additional disclosures regarding financial instruments). The corresponding derivative financial instrument in the energy area was recognised in non-current other liabilities in the amount of €69.6m (31 December 2014: €54.2m) and in current other liabilities in the amount of €6.6m (31 December 2014: €9.1m). No disclosures have been provided in respect of any contingent liabilities or provisions that may arise in relation to the competition law proceedings because it is likely that such note disclosures would seriously prejudice VERBUND's position in the proceedings.

VERBUND's expenses for monitoring by Energie-Control in quarters 1–3/2015 amounted to a total of €9.2m (quarters 1–3/2014: €9.4m).

Audit and/or review

These consolidated interim financial statements of VERBUND have neither been audited nor reviewed by an auditor.

Events after the reporting date

Effective 20 October 2015, debt securities with a principal amount of €146.5m that were associated with the 2009–2019 bond were repurchased. The repurchased debt securities were retired and cancelled. The difference between the carrying amount of the derecognised financial liability and the amount paid was approximately €–22.1m and was recognised in profit or loss.

Responsibility statement of the legal representatives

We confirm according to the best of our knowledge that the condensed consolidated interim financial statements of VERBUND as at 30 September 2015, prepared in accordance with the accounting standards for interim financial reports under International Financial Reporting Standards (IFRSs), give a true and fair view of the assets and liabilities, financial position and profit or loss of the Group.

We also confirm that the Group interim management report of VERBUND gives a true and fair view of the assets and liabilities, cash flows and profit or loss of the Group with respect to the important events during the first nine months of the financial year and their effects on the condensed consolidated interim financial statements as at 30 September 2015 and with respect to the principal risks and uncertainties in the remaining three months of the financial year.

Vienna, 3 November 2015
The Executive Board

Dipl.-Ing. Wolfgang Anzengruber
Chairman of the Executive Board

Dr. Johann Sereinig
Vice-Chairman of the Executive Board

Dipl.-Ing. Dr. Günther Rabensteiner
Member of the Executive Board

Dr. Peter F. Kollmann
Member of the Executive Board

EDITORIAL DETAILS

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Shareholder structure:
– Republic of Austria (51.0 %)
– Syndicate (>25.0 %) consisting of EVN AG (the shareholders of which are: Niederösterreichische Landes-Beteiligungsholding GmbH 51%, EnBW Energie Baden-Württemberg AG 32.5%) and Wiener Stadtwerke (whose sole shareholder is the City of Vienna)
– TIWAG-Tiroler Wasserkraft AG (>5.0 %, the sole shareholder is the province of Tyrol)
– Free float (<20.0 %): no further information is available concerning proprietors of shares in free float.

Legal and statutory limitations of voting rights:
With the exception of regional authorities and companies in which regional authorities hold an interest of at least 51%, the voting rights of each shareholder in the Annual General Meeting are restricted to 5% of the share capital.

Regulatory body/trade associations:
E-Control GmbH/E-Control Kommission
Bundesministerium für Wissenschaft, Forschung und Wirtschaft
Wirtschaftskammer Österreich
Oesterreichs Energie

Object of the Group:
The Group focus is the generation, transportation, trading with and sale of electrical energy and energy from other sources as well as the provision and performance of energy services.

Purpose of publication:
Information for customers, partners and the general public about the utilities sector and the Group.

Specific laws applicable:
Austrian Electricity Industry and Organisation Act (Elektrizitätswirtschafts- und -organisationsgesetz, ElWOG) with associated regulations and implementation laws. The legal bases listed can be accessed via the legal information system of the Federal Chancellery of the Republic of Austria at www.ris.bka.gv.at.

Verbund

Power for the Future