

EVN IR News

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Business development in the first three quarters of 2023/24

(1 October 2023 – 30 June 2024)

Highlights

- Robust business development supported by diversified business model
- Energy supply business still under pressure
- Stabilisation of wholesale prices for electricity and energy carriers
- Commissioning of the wind park Sigless-Pöttelsdorf (8.4 MW; repowering) in June 2024
- Further windparks in Prellenkirchen (47.6 MW; repowering) and Paasdorf (22.2 MW) under construction
- Increase in share of renewable generation to 83.9% (previous year: 76.4%)
- Commissioning of a further natural filter plant in Obersulz

Energy sector environment

The reporting period was influenced by mild temperatures. Temperature-related energy demand was substantially below the long-term average and the previous year in all three markets. Wind flows increased year-on-year but were slightly below average. Water flows were very positive. Wholesale prices for electricity and energy carriers stabilised – after a phase influenced by historic distortions and enormous volatility – clearly below previous year's level.

EBITDA, EBIT and Group net result above previous year

Revenue recorded by the EVN Group declined by 13.9% to EUR 2,500.6m in the first three quarters of 2023/24. This development resulted primarily from the downward trend in wholesale prices for electricity and natural gas in all three core markets as well as the resulting effects from the valuation of hedges. Other contributing factors included the reduced use of the Theiss power plant for network stabilisation, volume and price effects from natural gas network sales volumes, and a weather-related decline in heat sales as well as lower network tariffs in Bulgaria which offset the overcompensation for the added costs of network loss coverage in the previous year in accordance with the regulation methodology. The international project business also reported a decrease in revenue due to the largely completed wastewater treatment plant in Kuwait. The decline in revenue was offset in part by an increase in renewable production and higher network tariffs for electricity in Lower Austria.

In line with the development of revenue, the cost of energy purchases from third parties and primary energy expenses fell by 21.6% year-on-year to EUR 1,050.8m. This reduction resulted chiefly from the decline in wholesale prices in South East Europe and lower primary energy costs for electricity and heat generation. The cost of materials and services fell by 16.3% to EUR 382.5m corresponding to the development of revenue in the international project business.

Other operating expenses were 15.1% higher at EUR 159.1m. Included here is an impairment loss of EUR 22.5m which was recognised to a receivable in the international project business during the first quarter of 2023/24 following a court of arbitration judgement. This position also includes the energy crisis levy on the surplus proceeds from electricity generation.

The share of results from equity accounted investees with operational nature is still influenced by developments in the energy supply company EVN KG, which reported a negative contribution of EUR –115.1m for the first three quarters of 2023/24 (previous year: EUR –268.7m). The negative valuation of hedges as of the closing date was lower in period comparison, and provisions recognised for contractual delivery obligations were utilised. However, intensified competition and the resulting downward trend in natural gas tariffs led to an impairment of natural gas inventories purchased as a strategic reserve in the past to protect supply security. The challenging framework conditions – above all, intensified competition, energy savings and increasing electricity generation from customers' photovoltaic systems – had an additional negative influence on electricity and natural gas sales and made the planning of sales volumes more difficult. In contrast to an increase in earnings at Burgenland Energie, declines were recorded by RAG and Verbund Innkraftwerke – but from an above-average prior year level. In total, the share of results from equity accounted investees with operational nature amounted to EUR 4.2m (previous year: EUR –157.7m).

Based on these developments, EBITDA recorded by the EVN Group rose by 9.3% year-on-year to EUR 657.9m. The higher pace of investments led to an increase of 5.4% in scheduled depreciation and amortisation to EUR 257.7m. In total, EBIT increased by 11.3% over the previous year to EUR 399.9m.

Financial results totalled EUR 162.3m (previous year: EUR 132.5m). This improvement reflected the higher dividend from Verbund AG for the 2023 financial year as well as the better performance of the R138 fund. These positive developments were offset by an increase in interest expense.

The result before income tax rose by 14.3% to EUR 562.2m. After the deduction of EUR 45.4m in income tax expense (previous year: EUR 37.6m) and the earnings attributable to non-controlling interests, Group net result for the period equalled EUR 479.6m. That represents a year-on-year increase of 14.5%.

Solid balance sheet structure

EVN has a solid and stable capital structure which provides a sound foundation for the realisation of the extensive investment programme of EUR 700 to 900m annually. These investments will continue to focus on the network infrastructure, renewable generation and drinking water supplies; three-fourths of them in Lower Austria. In the first three quarters of 2023/24 investments were 15.2% higher at EUR 438.6m compared to the previous year. Net debt totalled EUR 1,134.7m as of 30 June 2024 (30 September 2023: EUR 1,364.3m).

Energy. Water. Life. – Developments in the energy and environmental services business

Energy business

EVN's electricity generation rose by 11.0% year-on-year to 2,586 GWh in the first three quarters of 2023/24. A substantial increase in wind power generation based on year-on-year higher wind flows, capacity expansion as well as above-average water flows led to a 22.4% increase in renewable generation to 2,169 GWh. Reduced use of the Theiss power plant for network stabilisation by the Austrian transmission network operator led to a decline in thermal generation by 25.3% to 417 GWh. The share of renewable generation, in total, improved to 83.9% (previous year: 76.4%).

The expansion of wind power generation makes good progress. As of 30 June 2024, EVN had an installed capacity of 478 MW which is supposed to raise to more than 770 MW until 2030. In the reporting period, windparks in Altlichtenwarth-Grosskrut (12.4 MW), Prottes (18 MW) and Sigless-Pöttelsdorf (8.4 MW, repowering) were commissioned. Two further windparks are currently under construction and preparations for constructions were started for both additional wind power as well as photovoltaic projects.

Environmental and water business

The focal point of investments in drinking water supplies remains on the planning and construction of transport and connecting pipelines to further improve and protect supply security. Construction on the second section as well as preparations for the third section are proceeding as planned for the 60 km transport pipeline from Krems to Zwettl which will provide long-term protection for water supplies in the Waldviertel and Weinviertel regions. In the reporting period the natural filter plant in Obersulz was commissioned and construction of a further plant in Reisenberg in the Industrieviertel is in preparation.

In the international project business, WTE Wassertechnik was working on the planning and construction of nine projects for wastewater treatment, drinking water treatment and thermal sewage sludge utilisation in Germany, Poland, Romania, North Macedonia, Bahrain and Kuwait as of 30 June 2024. In the reporting period the wastewater plant in Kuwait was completed and a successful test run took place; around three quarters of the wastewater treatment infrastructure was finalised.

Confirmation of the outlook for the 2023/24 financial year

EVN expects Group net result at the upper part of the previously communicated range of EUR 420m to EUR 460m for the current 2023/24 financial year based on the development of the operating business and under the assumption of a stable regulatory and energy policy environment. The dividend is expected to equal at least EUR 0.82 per share for the current financial year.

The Letter to Shareholders on the first three quarters of 2023/24 is available under www.investor.evn.at.

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EVN in figures

	GWh	2023/24	2022/23	+/-		2022/23
		Q. 1-3	Q. 1-3	Nominal	%	
Key energy business indicators						
Electricity generation volumes		2,586	2,330	256	11.0	2,981
Renewable energy sources		2,169	1,771	398	22.4	2,295
Thermal energy sources		417	558	-141	-25.3	686
Network distribution volumes						
Electricity		16,503	16,514	-11	-0.1	21,483
Natural gas ¹⁾		9,819	10,671	-852	-8.0	12,454
Energy sales volumes to end customers						
Electricity		13,083	14,208	-1,126	-7.9	18,153
thereof Central and Western Europe ²⁾		4,853	5,911	-1,058	-17.9	7,551
thereof South Eastern Europe		8,230	8,297	-68	-0.8	10,602
Natural gas		2,881	4,061	-1,180	-29.1	4,291
Heat		1,807	2,009	-202	-10.1	2,272
thereof Central and Western Europe ²⁾		1,654	1,845	-190	-10.3	2,096
thereof South Eastern Europe		153	164	-12	-7.1	176

¹⁾ Incl. Network distribution volumes to EVN power plants

²⁾ Central and Western Europe covers Austria and Germany

	EURm	2023/24	2022/23	+/-		2022/23
		Q. 1-3	Q. 1-3	Nominal	%	
Condensed consolidated statement of operations						
Revenue		2,500.6	2,904.1	-403.5	-13.9	3,768.7
Other operating income		94.5	89.6	4.9	5.4	127.5
Electricity purchases and primary energy expenses		-1,050.8	-1,340.0	289.1	21.6	-1,675.5
Costs of materials and services		-382.5	-457.0	74.5	16.3	-662.7
Personnel expenses		-349.0	-298.7	-50.2	-16.8	-419.2
Other operating expenses		-159.1	-138.2	-20.9	-15.1	-202.2
Share of results from equity accounted investees with operational nature		4.2	-157.7	161.9	-	-67.6
EBITDA		657.9	602.1	55.8	9.3	869.0
Depreciation and amortisation		-257.7	-244.5	-13.2	-5.4	-336.5
Effects from impairment tests		-0.3	1.6	-1.9	-	-3.9
Results from operating activities (EBIT)		399.9	359.2	40.7	11.3	528.5
Financial results		162.3	132.5	29.8	22.5	127.6
Result before income tax		562.2	491.7	70.5	14.3	656.2
Income tax expense		-45.4	-37.6	-7.8	-20.7	-74.0
Result for the period		516.8	454.1	62.7	13.8	582.1
thereof result attributable to EVN AG shareholders (Group net result)		479.6	419.1	60.6	14.5	529.7
thereof result attributable to non-controlling interests		37.1	35.0	2.1	6.1	52.4
Earnings per share in EUR¹⁾		2.69	2.35	0.3	14.4	2.97

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