EVN

Close by. And secure.

Letter to Shareholders Q. 1–3 2016/17

1 October 2016 – 30 June 2017

Key figures

		2016/17 Q. 1–3	2015/16 Q. 1–3	+/– %	2016/17 Q. 3	2015/16 Q. 3	+/– %	2015/16
Sales volumes								
Electricity generation volumes	GWh	4,940	4,662	6.0	821	1,299	–36.8	5,866
thereof from renewable energy	GWh	1,575	1,531	2.9	544	565	–3.7	2,026
Electricity sales volumes to end customers	GWh	14,410	14,275	0.9	3,985	4,036	–1.3	18,292
Natural gas sales volumes to end customers	GWh	5,369	4,850	10.7	747	705	6.0	5,134
Heat sales volumes to end customers	GWh	1,994	1,794	11.2	380	362	5.0	2,082
Consolidated statement of operations								
Revenue	EURm	1,765.5	1,616.6	9.2	455.7	419.8	8.6	2,046.6
EBITDA	EURm	603.0	525.4	14.8	121.9	103.0	18.4	604.4
EBITDA margin[1]	%	34.2	32.5	1.7	26.8	24.5	2.2	29.5
Results from operating activities (EBIT)	EURm	301.2	299.3	0.6	–18.5	8.6	–	260.4
EBIT margin[1]	%	17.1	18.5	–1.5	–4.1	2.1	–6.1	12.7
Result before income tax	EURm	293.4	259.8	12.9	–0.9	8.7	–	198.9
Group net result	EURm	242.0	198.8	21.7	8.3	9.0	–7.9	156.4
Earnings per share	EUR	1.36	1.12	21.7	0.05	0.05	–8.2	0.88
Statement of financial position								
Balance sheet total	EURm	6,311.0	6,549.6	–3.6	6,311.0	6,549.6	–3.6	6,556.5
Equity	EURm	2,994.8	2,733.3	9.6	2,994.8	2,733.3	9.6	2,770.7
Equity ratio[1]	%	47.5	41.7	5.7	47.5	41.7	5.7	42.3
Financial net debt	EURm	899.6	1,098.8	–18.1	899.6	1,098.8	–18.1	1,121.5
Gearing[1]	%	30.0	40.2	–10.2	30.0	40.2	–10.2	40.5
Cash flow and investments								
Gross cash flow	EURm	508.4	450.5	12.8	85.9	65.9	30.3	537.9
Net cash flow from operating activities	EURm	380.6	398.2	–4.4	118.2	162.3	–27.2	463.0
Investments[2]	EURm	171.2	193.7	–11.6	61.3	78.1	–21.4	315.4
Share performance								
Share price at 30 June	EUR	13.09	10.26	27.6	13.09	10.26	27.6	10.56
Value of shares traded[3]	EURm	77.5	53.5	45.0	–	–	–	65.8
Market capitalisation at 30 June	EURm	2,355	1,846	27.6	2,355	1,846	27.6	1,899
Employees	Ø	6,844	6,830	0.2	6,842	6,820	0.3	6,830

1) Changes reported in percentage points
2) In intangible assets and property, plant and equipment
3) Vienna Stock Exchange, single counting

Contents

Highlights

Generally positive framework conditions to date in 2016/17
- Significantly cooler temperatures in the core markets of Austria, Bulgaria and Macedonia compared with both the previous year and the long-term average
- Stronger demand for supra-regional services and the management of shortages led to increased use of EVN's thermal power plants

Positive business development
- Increase in revenue (+9.2%)
- Improvement in EBITDA (+14.8%), EBIT (+0.6%) and Group net result (+21.7%)

Arbitration decision of approximately EUR 200m in favour of the Walsum 10 power plant project in November 2016
- Reduction of acquisition cost as major effect

Positive one-off effect from agreement with state-owned Bulgarian electricity company NEK in February 2017
- Reversal of valuation allowances to receivables recorded in previous years for the additional costs of renewable energy which were financed in advance (plus default interest)

Dynamic development in environmental services business
- Continuous expansion of drinking water supplies in Lower Austria accompanied by continuous improvement in supply security and quality
- Best bidder for a wastewater project in Kuwait after the opening of offers in March 2017; contract still to be awarded

Further expansion of windpower business
- Expansion of wind generation capacity from present level of 269 MW to over 300 MW in 2017/18 through windparks in Oberwaltersdorf (10 MW) and Sommerein (33 MW), which are currently under construction
- Medium-term expansion goal for approximately 500 MW of installed capacity (based on appropriate legal framework)

Sustainable investments in Lower Austria
- Focused continuation of activities on networks, renewable generation and drinking water

Outlook on the 2016/17 financial year
- The Group net result is expected to increase over the previous year on the order of the non-recurring effect from the settlement with NEK in Bulgaria. In this connection, the reversal of valuation allowances to receivables recorded in previous years and default interest totalling approximately EUR 38m after tax were recognised.
- The outlook is based on the assumption of average conditions in the energy business environment. Other factors that could influence the Group net result include the regulatory environment, developments in the proceedings in Bulgaria, the remaining proceedings related to the Walsum 10 power plant project and the progress of activities in Moscow.

Interim management report

Energy sector environment

Energy sector environment – indicators		2016/17 Q. 1–3	2015/16 Q. 1–3	2016/17 Q. 3	2015/16 Q. 3
Temperature-related energy demand[1]	%				
Austria		114.8	97.3	147.6	128.4
Bulgaria		108.7	82.1	110.9	15.6
Macedonia		109.1	92.4	97.9	43.1
Primary energy and CO_2 emission certificates					
Crude oil – Brent	EUR/bbl	46.6	37.0	45.0	40.3
Natural gas – NCG[2]	EUR/MWh	17.7	14.6	16.6	13.2
Hard coal – API#2[3]	EUR/t	74.9	43.7	69.4	43.3
CO_2 emission certificates	EUR/t	5.2	6.6	4.8	5.7
Electricity – EEX forward market[4]					
Base load	EUR/MWh	28.2	31.6	26.8	27.0
Peak load	EUR/MWh	35.4	40.1	32.3	32.5
Electricity – EPEX spot market[5]					
Base load	EUR/MWh	36.2	27.7	29.8	24.8
Peak load	EUR/MWh	44.7	34.8	33.6	29.3

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

Business development

EVN's key energy business indicators	GWh	2016/17 Q. 1–3	2015/16 Q. 1–3	+/– nominal	+/– %	2016/17 Q. 3	2015/16 Q. 3	+/– %
Electricity generation volumes		4,940	4,662	278	6.0	821	1,299	–36.8
Renewable energy sources		1,575	1,531	44	2.9	544	565	–3.7
Thermal energy sources		3,365	3,131	234	7.5	277	734	–62.2
Network distribution volumes								
Electricity		17,397	16,480	917	5.6	4,988	4,855	2.8
Natural gas[1]		16,364	14,045	2,319	16.5	3,013	2,774	0.8
Energy sales volumes to end customers								
Electricity		14,410	14,275	135	0.9	3,985	4,036	–1.3
thereof Central and Western Europe[2]		4,998	4,956	41	0.8	1,449	1,449	0.0[*]
thereof South Eastern Europe		9,412	9,319	94	1.0	2,536	2,587	–2.0
Natural gas		5,369	4,850	519	10.7	747	705	6.0
Heat		1,994	1,794	200	11.2	380	362	5.0
thereof Central and Western Europe[2]		1,776	1,623	153	9.4	361	347	4.2
thereof South Eastern Europe		219	171	47	27.7	19	15	22.6

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

Statement of operations

Highlights

- → Revenue: +9.2% to EUR 1,765.5m
- → EBITDA: +14.8% to EUR 603.0m
- → EBIT: +0.6% to EUR 301.2m
- → Financial results: +80.3% to EUR –7.8m
- → Group net result: +21.7% to EUR 242.0m

Revenue recorded by the EVN Group rose by EUR 148.9m, or 9.2%, to EUR 1,765.5m in the first nine months of 2016/17. This growth was supported, above all, by the increased use of the thermal power plants to stabilise the networks in Austria and southern Germany, by temperature-related higher electricity and natural gas network distribution volumes in Lower Austria and by an increase in the international project business. Further positive impulses were provided by renewable generation and the energy business in South Eastern Europe, which also benefited from temperature-related volume effects.

Other operating income rose by EUR 10.8m, or 15.8%, year-on-year to EUR 79.6m. Also included here are the earnings effects of the settlement between EVN's Bulgarian supply company and the Bulgarian state-owned electricity company NEK.

The cost of electricity purchases from third parties and primary energy expenses rose by EUR 28.2m, or 3.7%, to EUR 793.5m in the first three quarters of 2016/17. The increase resulting from the weather-related higher demand for energy and the additional use of the thermal power plants for network stabilisation was offset in part by the settlement with the Bulgarian state-owned electricity company NEK.

The cost of materials and services was EUR 55.5m, or 31.4%, higher at EUR 232.6m. This increase resulted primarily from a valuation allowance recognised in the second quarter of 2016/17 to the remaining aggregate components from the former thermal waste utilisation plant no. 1 project in Moscow, which are reported under inventories, and to the positive development of revenue in the international project business.

Personnel expenses were slightly lower than the first three quarters of the previous year, with a decrease of EUR 0.5m, or 0.2%, to EUR 233.5m. In contrast, the average number of employees rose slightly to 6,844 (previous year: 6,830).

The share of results from equity accounted investees increased due to the positive development of EVN KG in its electricity and natural gas sales and Energie Burgenland. This growth was offset in part by an impairment loss recognised to the investment in Verbund Innkraftwerke GmbH. In total, these factors led to an improvement of EUR 4.8m, or 4.0%, in the share of results from equity accounted investees with operational nature to EUR 124.1m.

EBITDA recorded by the EVN Group rose by EUR 77.6m, or 14.8%, to EUR 603.0m. Scheduled depreciation and amortisation were EUR 3.2m, or 1.6%, lower than the previous year at EUR 196.1m. In contrast, the effects of impairment testing amounted to EUR 105.8m in the first three quarters of 2016/17 (previous year: EUR 26.8m). The increase is attributable to an impairment loss of EUR 28.9m recognised to the Gorna Arda hydropower plant project in Bulgaria during the first quarter of 2016/17 and to other impairment losses which included EVN's investment in the Walsum 10 power plant (EUR 19.1m), electricity procurement rights and renewable as well as thermal generation assets (EUR 19.9m) and the Bulgarian district heating company TEZ Plovdiv (EUR 26.6m). EBIT totalled EUR 301.2m for the first three quarters of 2016/17 (previous year: EUR 299.3m).

The development of financial results was significantly influenced by positive valuation effects from the Verbund shares previously held by WEEV Beteiligungs GmbH, which was formerly included at equity. These shares were transferred to EVN AG in June 2017 within the scope of structural simplifications. The positive valuation effects resulted from an increase in the share price over the carrying amount on 30 June 2017. Higher interest income and a decline in interest expense also supported the improvement in financial results to EUR –7.8m (previous year: EUR –39.5m).

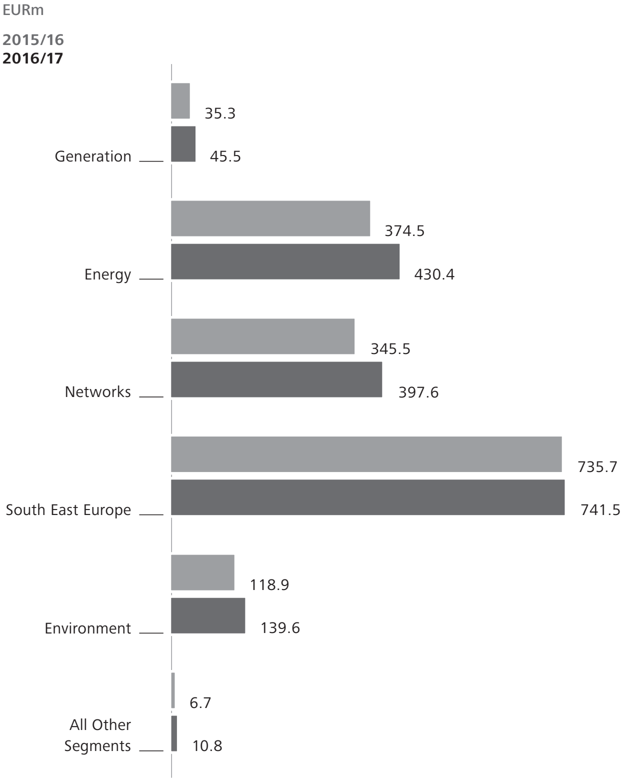
The result before income tax equalled EUR 293.4m and exceeded the previous year by EUR 33.5m or 12.9%. After the deduction of EUR 38.2m (previous year: EUR 40.2m) in income tax expense and earnings attributable to non-controlling interests, Group net result for the period amounted to EUR 242.0m and was EUR 43.2m, or 21.7%, higher than the first three quarters of the previous year.

Statement of cash flows

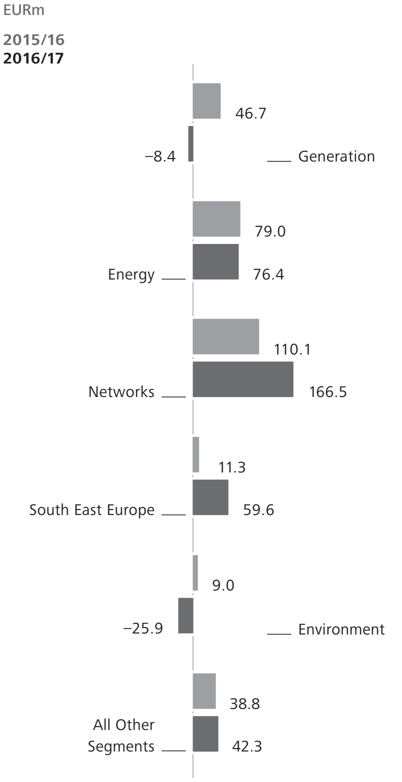
Gross cash flow rose by EUR 57.9 m, or 12.8%, to EUR 508.4m. This increase resulted primarily from the improvement in the result before income tax and a correction to the higher non-cash components of comprehensive income. The changes in cash flow from operating activities were attributable, above all, to the reduction of liabilities following the arbitration decision for the Walsum 10 power plant project. Cash flow from operating activities was EUR 17.7m, or 4.4%, lower than the previous year at EUR 380.6m.

In contrast, the arbitration decision for the Walsum 10 power plant project had a positive effect on cash flow from investing activities and offset the effect on cash flow from operating activities. Another important factor in comparison with the previous year was the sale of non-current securities, which resulted from a

External revenue by segments
Q. 1–3



EBIT by segments
Q. 1–3



temporary change in the composition of the R 138 fund as of the balance sheet date. A contrary effect was created by the transfer of the Verbund shares previously held by WEEV Beteiligungs GmbH to EVN AG in June 2017. Cash flow from investing activities amounted to EUR 47.7m for the first three quarters of 2016/17 (previous year: EUR –162.0m).

Cash flow from financing activities totalled EUR –362.1m for the reporting period (previous year: EUR –215.2m). It includes the dividend payment to the shareholders of EVN AG for the 2015/16 financial year and minority shareholders as well as the scheduled repayment of financial liabilities – including the scheduled redemption of a bond (nominal value EUR 150.0m) in June 2017.

In total, cash flow amounted to EUR 66.1m in the first three quarters of 2016/17. Cash and cash equivalents totalled EUR 289.9m as of 30 June 2017. The EVN Group also has undrawn committed credit lines of approximately EUR 487.0m at its disposal to service potential short-term financing requirements.

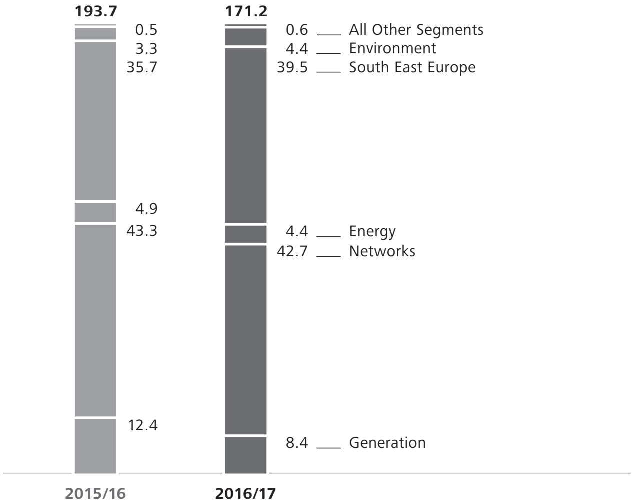
Statement of financial position

EVN's balance sheet total equalled EUR 6,311.0m as of 30 June 2017. This represents a decline of EUR 245.6m, or 3.7%, compared with the level on 30 September 2016.

This reduction resulted primarily from changes in non-current assets, which fell by EUR 213.8m, or 3.8%, to EUR 5,472.0m as of 30 June 2017. In spite of this decline, non-current assets reflected the level on 30 September 2016 and remained constant at 86.7% of total assets. The main factors for the decline included the following: the reduction of the acquisition costs for the Walsum 10 power plant project based on an arbitration decision in November 2016 in favour of the project company; the settlement of outstanding receivables based on an agreement reached with the Bulgarian state-owned electricity company NEK in February 2017; and impairment losses recorded during the reporting period. Additionally, the investments in the R 138 fund included a lower component of non-current securities on the balance sheet date. The reduction in non-current

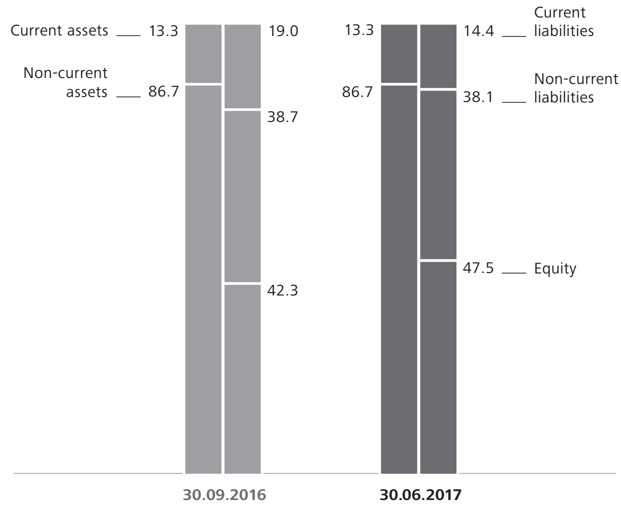
Structure of investments Q. 1–3

%, total in EURm



Balance sheet structure as of the balance sheet date

%



assets was contrasted by an increase in other investments, which resulted from the transfer of the Verbund shares previously held by WEEV Beteiligungs GmbH to EVN AG in June 2017 and a share price-related increase in the carrying amount of the investment in Verbund AG.

Current assets decreased by EUR 31.8m, or 3.6%, to EUR 839.0m, primarily due to a valuation allowance recognised to the aggregate components from the former thermal waste utilisation plant no. 1 project in Moscow, which are reported under inventories. This decline was contrasted by an increase in liquid funds, which resulted from the above-mentioned changes in the R 138 fund.

Notwithstanding the dividend payment in January 2017, equity rose by EUR 224.1m, or 8.1%, to EUR 2,994.8m based on the results recorded for the first nine months of 2016/17 and positive measurement effects that were not recognised through profit or loss. The equity ratio equalled 47.5% as of 30 June 2017 (30 September 2016: 42.3%).

Non-current liabilities fell by EUR 135.1m, or 5.3%, to EUR 2,405.6m, chiefly due to the reclassification of financial liabilities from non-current to current. A bank loan was also repaid prematurely during the reporting period.

Current liabilities were EUR 334.5m, or 26.9%, lower at EUR 910.6m. This development resulted chiefly from a decline in other current liabilities following the arbitration decision on the Walsum 10 power plant project. Specifically, it involved the derecognition of a liability recorded in 2013 following the utilisation of the contract performance guarantee by the project company. The development of current liabilities was also influenced by the scheduled repayment of financial liabilities and a decrease in trade payables, which were contrasted by an increase in current taxes payable as of 30 June 2017.

EVN's financial net debt totalled EUR 899.6m as of 30 June 2017 and was EUR 221.9m lower than on 30 September 2016.

Segment reporting

Overview

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

The designation of individual segments was changed. This represents only a change in the name and not in the content. The former segment name is shown in brackets in the following overview for better orientation.

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

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

Generation

Highlights

- Year-on-year increase in electricity production from renewable and thermal energy
- Supply of balancing energy and reserve capacity for Austria and southern Germany
- EBIT and result before income tax below previous year

Electricity generation was higher than the comparable prior year period at 4,338 GWh in the first three quarters of 2016/17, an increase by 282 GWh, or 7.0%. In spite of a decline in water flows, the production of electricity from renewable energy rose by 66 GWh, or 5.4%, to 1,286 GWh. This development resulted primarily from a year-on-year increase in wind flows and from the commissioning of the Paasdorf-Lanzendorf windpark in summer 2016. EVN's thermal power plants were frequently used to stabilise the networks in Austria and Germany during the first three quarters of 2016/17. Despite lower production volumes in the Walsum 10 power plant, thermal generation was 216 GWh, or 7.6%, higher than the previous year at 3,053 GWh.

At the Group level, EVN covered 34.3% of the electricity sold during the reporting period with its own production (previous year: 32.7%). The share of renewable energy in the Group's total electricity production was 31.9% in the first three quarters of 2016/17 (previous year: 32.8%).

Revenue in the Generation Segment rose by EUR 18.7m, or 11.0%, to EUR 189.8m for the reporting period. This improvement resulted, above all, from a year-on-year increase in revenue from the supply of balancing energy and reserve capacity to stabilise the networks in Austria and southern Germany. The first full year of operations of the Paasdorf-Lanzendorf windpark also had a positive influence on revenue.

Operating expenses increased by EUR 13.5m, or 16.9%, to EUR 93.0m, chiefly due to higher primary energy costs and expenses for power plant inspections.

The share of results from equity accounted investees with operational nature amounted to EUR –12.4m (previous year: EUR –3.2m). This decline was caused primarily by an impairment loss recognised to the investment in Verbund Innkraftwerke GmbH.

EBITDA in the Generation Segment fell by EUR 4.0m, or 4.5%, year-on-year to EUR 84.4m. Depreciation and amortisation,

Key indicators – Generation		2016/17 Q. 1–3	2015/16 Q. 1–3	+/– nominal	+/– %	2016/17 Q. 3	2015/16 Q. 3	+/– %
Key energy business indicators	GWh							
Electricity generation volumes		4,338	4,056	282	7.0	654	1,114	–41.3
thereof renewable energy sources		1,286	1,220	66	5.4	446	451	–1.1
thereof thermal energy sources		3,053	2,836	216	7.6	208	663	–68.7
Key financial indicators	EURm							
External revenue		45.5	35.3	10.2	28.9	16.1	10.9	48.1
Internal revenue		144.4	135.8	8.5	6.3	30.1	40.3	–25.3
Total revenue		**189.8**	**171.1**	**18.7**	**11.0**	**46.2**	**51.1**	**–9.7**
Operating expenses		–93.0	–79.6	–13.5	–16.9	–26.6	–28.5	6.8
Share of results from equity accounted investees with operational nature		–12.4	–3.2	–9.2	–	–12.3	1.0	–
EBITDA		**84.4**	**88.4**	**–4.0**	**–4.5**	**7.3**	**23.6**	**–69.1**
Depreciation and amortisation including effects from impairment tests		–92.8	–41.7	–51.2	–	–37.9	–14.4	–
Results from operating activities (EBIT)		**–8.4**	**46.7**	**–55.1**	**–**	**–30.6**	**9.1**	**–**
Financial results		–6.4	–15.2	8.9	58.1	–4.2	–3.6	–17.0
Result before income tax		**–14.8**	**31.5**	**–46.3**	**–**	**–34.8**	**5.6**	**–**
Total assets		919.6	1,146.7	–227.1	–19.8	919.6	1,146.7	–19.8
Total liabilities		676.1	865.2	–189.1	–21.9	676.1	865.2	–21.9
Investments[1]		14.7	26.6	–11.8	–44.6	3.4	11.9	–71.7

1) In intangible assets and property, plant and equipment

Key indicators – Energy		2016/17 Q. 1–3	2015/16 Q. 1–3	+/– nominal	%	2016/17 Q. 3	2015/16 Q. 3	+/– %
Key energy business indicators	GWh							
Energy sales volumes to end customers								
Electricity		4,998	4,956	41	0.8	1,449	1,449	0.0*)
Natural gas		5,310	4,824	486	10.1	724	696	4.0
Heat		1,776	1,623	153	9.4	361	347	4.2
Key financial indicators	EURm							
External revenue		430.4	374.5	55.9	14.9	89.9	70.3	28.0
Internal revenue		6.4	10.6	–4.2	–39.8	2.2	4.4	–50.4
Total revenue		**436.8**	**385.1**	**51.7**	**13.4**	**92.1**	**74.7**	**23.4**
Operating expenses		–422.0	–361.9	–60.1	–16.6	–103.8	–85.0	–22.2
Share of results from equity accounted investees with operational nature		80.0	68.8	11.2	16.3	13.6	2.5	–
EBITDA		**94.8**	**92.0**	**2.8**	**3.1**	**1.9**	**–7.8**	**–**
Depreciation and amortisation including effects from impairment tests		–18.4	–13.0	–5.4	–41.4	–9.0	–4.3	–
Results from operating activities (EBIT)		**76.4**	**79.0**	**–2.6**	**–3.3**	**–7.1**	**–12.1**	**41.6**
Financial results		–2.1	–2.7	0.5	20.4	–0.7	–1.0	31.9
Result before income tax		**74.3**	**76.3**	**–2.0**	**–2.7**	**–7.7**	**–13.1**	**40.9**
Total assets		672.5	550.1	122.4	22.3	672.5	550.1	22.3
Total liabilities		572.0	449.2	122.9	27.4	572.0	449.2	27.4
Investments 1)		7.6	9.4	–1.9	–19.7	1.7	2.9	–38.9

*) Small amount
1) In intangible assets and property, plant and equipment

including the results of impairment testing, rose by EUR 51.2m to EUR 92.8m, and the effects of impairment testing totalled EUR 55.6m (previous year: EUR 0.8m). These effects resulted, above all, from impairment losses recognised to the planned Bulgarian hydropower plant in Gorna Arda (as reported in the first quarter of 2016/17), to electricity procurement rights and to renewable and thermal generation assets. Segment EBIT therefore fell by EUR 55.1m to EUR –8.4m.

Financial results improved by EUR 8.9m, or 58.1%, to EUR –6.4m owing to positive one-off effects in interest results. The result before income tax amounted to EUR –14.8m and was EUR 46.3m below the previous year.

Investments in this segment were EUR 11.8m, or 44.6%, lower year-on-year at EUR 14.7m, whereby the previous year was heavily influenced by the completion of the Paasdorf-Lanzendorf windpark.

Energy

Highlights

- Energy sales to end customers above prior year
- Higher energy purchases from third parties due to increased use of thermal power plants for network stabilisation
- EBIT and result before income tax below previous year

Energy sales to end customers were substantially higher in the first three quarters of 2016/17 due to the cold winter temperatures. Electricity sales volumes were 41 GWh, or 0.8%, higher than the previous year at 4,998 GWh, while natural gas sales volumes rose by 486 GWh, or 10.1%, to 5,310 GWh and heat sales volumes increased by 153 GWh, or 9.4%, to 1,776 GWh.

Revenue in this segment amounted to EUR 436.8m for the reporting period, which represents an increase of EUR 51.7m or 13.4%. Higher revenue from the sale of the electricity generated in the

Key indicators – Networks		2016/17 Q. 1–3	2015/16 Q. 1–3	+/– nominal	%	2016/17 Q. 3	2015/16 Q. 3	+/– %
Key energy business indicators	GWh							
Network distribution volumes								
Electricity		6,471	6,230	242	3.9	1,960	1,902	3.0
Natural gas		16,265	13,991	2,274	16.3	2,978	2,754	8.1
Key financial indicators	EURm							
External revenue		397.6	345.5	52.1	15.1	104.0	91.8	13.4
Internal revenue		45.4	36.4	9.0	24.8	13.6	11.4	19.2
Total revenue		**443.0**	**381.9**	**61.2**	**16.0**	**117.6**	**103.2**	**14.0**
Operating expenses		–190.6	–189.8	–0.8	–0.4	–55.0	–62.3	11.8
Share of results from equity accounted investees with operational nature		–	–	–	–	–	–	–
EBITDA		**252.4**	**192.1**	**60.3**	**31.4**	**62.6**	**40.9**	**53.3**
Depreciation and amortisation including effects from impairment tests		–85.9	–82.0	–3.9	–4.8	–28.4	–27.2	–4.6
Results from operating activities (EBIT)		**166.5**	**110.1**	**56.4**	**51.2**	**34.2**	**13.7**	**–**
Financial results		–12.7	–12.9	0.2	1.8	–4.1	–4.2	3.0
Result before income tax		**153.8**	**97.2**	**56.6**	**58.2**	**30.1**	**9.5**	**–**
Total assets		1,931.0	1,825.4	105.6	5.8	1,931.0	1,825.4	5.8
Total liabilities		1,342.0	1,291.3	50.7	3.9	1,342.0	1,291.3	3.9
Investments[1]		73.1	83.9	–10.9	–12.9	34.2	37.6	–9.2

1) In intangible assets and property, plant and equipment

thermal power plants, natural gas trading activities and heat sales more than offset contrary effects from the valuation of hedges as of 30 June 2017.

Operating expenses rose by EUR 60.1m, or 16.6%, year-on-year to EUR 422.0m. This development resulted primarily from higher energy purchases from third parties due to the greater use of the thermal power plants to protect network stability and the expansion of natural gas trading. Operating expenses were reduced by the valuation of hedges as of 30 June 2017 and by the recalculation of internal cost allocations following the arbitration decision on the Walsum 10 power plant project.

The share of results from equity accounted investees with operational nature increased by EUR 11.2m, or 16.3%, to EUR 80.0m. EBITDA equalled EUR 94.8m and was EUR 2.8m, or 3.1%, higher than the previous year.

Depreciation and amortisation, including the effects of impairment testing, rose by EUR 5.4m, or 41.4%, to EUR 18.4m. This increase resulted primarily from an impairment loss recognised in the heating business. In total, EBIT fell by EUR 2.6m, or 3.3%, to EUR 76.4m year-on-year.

Financial results in this segment improved slightly to EUR –2.1m, compared with EUR –2.7m in the previous year. The result before income tax totalled EUR 74.3m for the first three quarters of 2016/17 (previous year: EUR 76.3m).

Investments in this segment were EUR 1.9m, or 19.7%, lower year-on-year at EUR 7.6m and were focused solely on the expansion of the heating plants and network.

Networks

Highlights

- Increase in network distribution volumes
  - Cold winter leads to additional demand
  - Natural gas distribution volumes also influenced by increase in thermal electricity generation
- Improvement in EBITDA, EBIT and result before income tax
- Focus of investments remains on supply security

The cold winter was responsible for an increase in EVN's network distribution volumes – in both the electricity and natural gas businesses – during the first three quarters of 2016/17. Electricity distribution volumes rose by 242 GWh, or 3.9%, to 6,471 GWh, while natural gas distribution volumes were 2,274 GWh, or 16.3%, higher year-on-year at 16,265 GWh. The volume growth resulted not only from the colder weather, but also from the more frequent use of the thermal power plants to ensure network stability.

Revenue in the Networks Segment rose by EUR 61.2m, or 16.0%, year-on-year to EUR 443.0m for the reporting period based on higher volumes and the increase in network tariffs approved by the E-Control Commission as of 1 January 2017. The network tariff adjustments approved by the regulatory authority correspond to the high investments made in recent years, above all to accommodate the steady growth in electricity volumes from renewable generation, and to the comparison of network distribution volumes with the respective reference periods.

Higher expenses for the upstream network led to an increase in operating expenses, which rose by EUR 0.8m, or 0.4%, over the previous year to EUR 190.6m. These developments resulted in EBITDA of EUR 252.4m (previous year: EUR 192.1m). After the deduction of an investment-related rise of EUR 3.9m, or 4.8%, in depreciation and amortisation, EBIT amounted to EUR 166.5m (previous year: EUR 110.1m).

Financial results totalled EUR –12.7m and remained nearly stable at the prior year level. The Networks Segment generated result before income tax of EUR 153.8m, which represents an increase of EUR 56.6m, or 58.2%, over the previous year.

The steady expansion of the network infrastructure remains a central strategic goal for EVN in order to protect supply security and quality over the long term. This is demonstrated by the continuing high level of investment in the Networks Segment. Despite the postponement of individual projects, EVN's capital expenditure in this area totalled EUR 73.1m for the first three quarters of 2016/17 (previous year: EUR 83.9m).

South East Europe

Highlights

→ Temperature-related growth in network distribution and energy sales volumes
→ Positive non-recurring effect from the settlement with the Bulgarian national electricity company NEK
→ EBITDA, EBIT and result before income tax above prior year

In Bulgaria, the name of EVN Bulgaria EP was changed to Elektrorazpredelenie Yug as of 19 May 2017 in connection with the further unbundling of the individual energy sector business areas. This company is responsible for the operation of electricity distribution networks. The adjustments to the end customer prices for electricity for household customers in EVN's supply area, which were approved by the Bulgarian regulatory authority as of 1 July 2016 (average increase of 0.8%) and 7 April 2017 (average increase of 1.0%), were followed by a further average increase of 1.7% as of 1 July 2017.

The continued unbundling of the individual energy sector business areas in Macedonia was reflected in the start of operations by the newly founded EVN Elektrodistribucija DOOEL, Skopje, as of 1 January 2017. This company now serves as the network distributor. A tariff decision on 1 July 2017 further reduced the electricity prices for end customers by an average of 0.3% (previous year: average reduction of 0.3%).

The temperatures in Bulgaria and Macedonia reflected the levels in Austria during the past winter and were also significantly lower than the previous year. This led to an increase of 675 GWh, or 6.6%, in network distribution volumes to 10,925 GWh as well as an increase of 175 GWh, or 1.8%, in energy distribution volumes to end customers to 9,690 GWh. Electricity generation remained nearly stable at 361 GWh (previous year: 365 GWh). The heat sales volumes to end customers in Bulgaria increased by 47 GWh, or 27.7%, to 219 GWh.

These energy sector developments supported an increase of EUR 5.8m, or 0.8%, in the segment's revenue to EUR 741.8m for the first three quarters of 2016/17.

Operating expenses declined by EUR 40.8m, or 6.3%, to EUR 608.6m for the reporting period. This reduction is attributable primarily to a positive non-recurring effect resulting from the agreement reached in February 2017 between EVN's supply company EVN Bulgaria EC and the state-owned Bulgarian electricity company NEK. The agreement involved outstanding receivables for the additional costs of renewable energy which were financed in advance by EVN Bulgaria EC (plus default interest).

Key indicators – South East Europe		2016/17 Q. 1–3	2015/16 Q. 1–3	+/– nominal	%	2016/17 Q. 3	2015/16 Q. 3	+/– %
Key energy business indicators	GWh							
Electricity generation volumes		361	365	–4	–1.0	96	119	–19.1
thereof renewable energy		106	139	–34	–24.2	41	63	–35.5
thereof thermal power plants		256	226	30	13.3	55	55	–0.3
Network distribution volumes		10,925	10,250	675	6.6	3,029	2,953	2.6
Energy sales volumes to end customers		9,690	9,516	175	1.8	2,578	2,612	–1.3
thereof electricity		9,412	9,319	94	1.0	2,536	2,587	–2.0
thereof natural gas		59	26	33	–	24	9	–
thereof heat		219	171	47	27.7	19	15	22.6
Key financial indicators	EURm							
External revenue		741.5	735.7	5.8	0.8	199.7	202.1	–1.2
Internal revenue		0.3	0.2	0.0*)	9.8	0.1	0.1	9.2
Total revenue		741.8	735.9	5.8	0.8	199.7	202.2	–1.2
Operating expenses		–608.6	–649.4	40.8	6.3	–172.7	–172.5	–0.1
Share of results from equity accounted investees with operational nature		–	–	–	–	–	–	–
EBITDA		133.2	86.6	46.7	53.9	27.1	29.7	–8.8
Depreciation and amortisation including effects from impairment tests		–73.6	–75.3	1.6	2.2	–42.3	–43.8	3.2
Results from operating activities (EBIT)		59.6	11.3	48.3	–	–15.3	–14.1	–8.4
Financial results		–17.6	–17.7	0.1	0.5	–5.1	–5.8	10.9
Result before income tax		42.0	–6.4	48.4	–	–20.4	–19.8	–2.8
Total assets		1,156.0	1,268.8	–112.8	–8.9	1,156.0	1,268.8	–8.9
Total liabilities		925.6	1,109.8	–184.2	–16.6	925.6	1,109.8	–16.6
Investments[1]		67.6	69.1	–1.5	–2.2	19.3	24.6	–21.7

*) Small amount
1) In intangible assets and property, plant and equipment

EBITDA in the South East Europe Segment therefore rose by EUR 46.7m, or 53.9%, to EUR 133.2m. Depreciation and amortisation, including the effects of impairment testing, were slightly lower than the comparable prior year period at EUR 73.6m (previous year: EUR 75.3m). Scheduled depreciation and amortisation declined, but the Bulgarian district heating company TEZ Plovdiv was forced to recognise an impairment loss of EUR 26.6m after the tariff decision on 1 July 2017 failed to improve the regulatory framework. EBIT totalled EUR 59.6m for the reporting period (previous year: EUR 11.3m).

Financial results were nearly constant at EUR –17.6m. In total, this segment recorded an improvement in the result before income tax to EUR 42.0m (previous year: EUR –6.4m).

Investments in this segment declined slightly by EUR 1.5m, or 2.2%, year-on-year to EUR 67.6m. EVN's capital expenditures in South Eastern Europe are focused, above all, on the protection of supply security, the continuous reduction of network losses and the ongoing replacement of meters. In Croatia, EVN is continuing to expand its natural gas distribution networks through the integration of additional cities and customers in Zadar, Sibenik and Split, the three counties for which it holds concession agreements. These investments are designed to utilise future opportunities to provide natural gas supplies to tourism facilities.

Through a decision on 29 June 2017, the Bulgarian competition authority initiated proceedings against EVN's electricity distribution and distribution network company in Bulgaria. These proceedings are based on allegations of the abuse of a dominant market position which, from EVN's viewpoint, are unfounded. A decision on 4 August 2017 formally ended the legal proceedings initiated by the Bulgarian regulatory authority for the electricity sector (EWRC) against EVN EC on 19 March 2014. These proceedings were originally intended to withdraw the license held by EVN EC and were terminated following the agreement reached with NEK in February 2017. The international arbitration proceedings initiated by EVN against the Republic of Bulgaria at the World Bank's International Centre for the Settlement of Investment Disputes (ICSID) remain active notwithstanding the settlement with NEK and subject to any potential implications of this settlement on the proceedings.

Environment

Highlights

- Positive developments in the international project business
  - Contract-based transfer of the South-West Moscow drinking water project at the end of December 2016
  - Best bidder for a wastewater treatment plant project in Kuwait
- Operating result negatively influenced by non-recurring, non-cash effect (valuation allowance to inventories)

Revenue in the Environment Segment rose by EUR 19.1m, or 14.4%, to EUR 151.4m in the first three quarters of 2016/17. This increase was supported primarily by the positive development of the international project business, while revenue from thermal waste utilisation and water supplies in Lower Austria remained roughly at the prior year level.

Operating expenses were EUR 54.2m, or 47.7%, higher at EUR 167.8m. The main factors underlying this increase were a valuation allowance recognised in the second quarter of the reporting year to the remaining aggregate components (currently reported under inventories) from the former thermal waste utilisation plant no. 1 project in Moscow and the positive development of the international project business.

The share of results from equity accounted investees with operational nature was stable at EUR 9.5m. EBITDA was negatively affected by the non-recurring, non-cash effect from the above-mentioned valuation allowance and amounted to EUR –6.9m (previous year: EUR 28.3m).

Depreciation and amortisation were nearly constant at EUR 18.9m (previous year: EUR 19.3m), and EBIT totalled EUR –25.9m (previous year: EUR 9.0m).

Financial results improved by EUR 0.2m, or 13.1%, to EUR –1.4m. The result before tax equalled EUR –27.3m (previous year: EUR 7.4m).

Investments in the Environment Segment rose by EUR 0.9m, or 14.2%, year-on-year to EUR 7.5m. The focus for drinking water supplies included an increase in pumping station capacity and the expansion of the cross-regional pipeline networks – a strategy whose effectiveness is visible particularly in low-precipitation months. In addition to safeguarding reliable supplies for the population of Lower Austria, EVN also places great importance on improving the quality of drinking water. To this effect preparations recently started for the construction of a natural filter plant on the Wienerherberg well field in Ebergassing, which will reduce the hardness of the drinking water by natural means for roughly 100,000 residents. EVN also took over the management of the local drinking water networks in two additional Lower Austrian communities during April and July 2017.

Activities in EVN's international project business included work on seven wastewater projects in Croatia, Macedonia, Montenegro and the Czech Republic as of 30 June 2017. The projects currently under construction are proceeding as planned. In Russia, the local property company for the South-West Moscow drinking water supply plant was transferred to the city of Moscow, as previously

Key financial indicators – Environment	EURm	**2016/17 Q. 1–3**	2015/16 Q. 1–3	+/– nominal	+/– %	**2016/17 Q. 3**	2015/16 Q. 3	+/– %
External revenue		139.6	118.9	20.7	17.4	41.3	39.9	3.5
Internal revenue		11.8	13.4	–1.6	–12.0	4.2	4.4	–4.9
Total revenue		**151.4**	**132.3**	**19.1**	**14.4**	**45.5**	**44.3**	**2.7**
Operating expenses		–167.8	–113.6	–54.2	–47.7	–42.0	–41.4	–1.6
Share of results from equity accounted investees with operational nature		9.5	9.5	–0.1	–0.6	3.0	3.2	–3.3
EBITDA		**–6.9**	**28.3**	**–35.2**	**–**	**6.6**	**6.1**	**6.9**
Depreciation and amortisation including effects from impairment tests		–18.9	–19.3	0.4	1.8	–5.9	–6.5	8.3
Results from operating activities (EBIT)		**–25.9**	**9.0**	**–34.8**	**–**	**0.6**	**–0.3**	**–**
Financial results		–1.4	–1.6	0.2	13.1	–1.5	0.1	–
Result before income tax		**–27.3**	**7.4**	**–34.6**	**–**	**–0.8**	**–0.2**	**–**
Total assets		815.1	910.6	–95.5	–10.5	815.1	910.6	–10.5
Total liabilities		644.8	723.5	–78.7	–10.9	644.8	723.5	–10.9
Investments[1]		7.5	6.6	0.9	14.2	2.4	3.3	–27.3

1) In intangible assets and property, plant and equipment

Key financial indicators – All Other Segments	EURm	2016/17 Q. 1–3	2015/16 Q. 1–3	+/– nominal	%	2016/17 Q. 3	2015/16 Q. 3	+/– %
External revenue		10.8	6.7	4.2	62.0	4.7	4.8	–3.0
Internal revenue		43.2	42.7	0.4	1.0	13.9	12.1	14.6
Total revenue		**54.0**	**49.4**	**4.6**	**9.3**	**18.6**	**17.0**	**9.6**
Operating expenses		–57.6	–53.5	–4.1	–7.7	–20.3	–19.6	–3.6
Share of results from equity accounted investees with operational nature		47.0	44.0	2.9	6.6	11.3	13.8	–17.9
EBITDA		**43.3**	**40.0**	**3.4**	**8.4**	**9.6**	**11.2**	**–13.7**
Depreciation and amortisation including effects from impairment tests		–1.1	–1.2	0.1	9.7	–0.4	–0.4	10.4
Results from operating activities (EBIT)		**42.3**	**38.8**	**3.5**	**9.0**	**9.3**	**10.8**	**–13.9**
Financial results		45.4	24.0	21.4	89.0	33.1	14.5	–
Result before income tax		**87.7**	**62.8**	**24.9**	**39.6**	**42.4**	**25.3**	**67.7**
Total assets		2,758.7	2,702.7	56.0	2.1	2,758.7	2,702.7	2.1
Total liabilities		1,108.3	1,189.8	–81.5	–6.9	1,108.3	1,189.8	–6.9
Investments[1]		1.0	0.9	0.1	11.0	0.7	0.5	35.0

1) In intangible assets and property, plant and equipment

reported, at the end of December 2016 after receipt of the final instalment. This plant was constructed, financed and operated for ten years by EVN. Additional adaptation and expansion work was also carried out by EVN at the request of the city of Moscow prior to the transfer.

In March 2017 a bidder consortium formed by WTE Wassertechnik GmbH and a Kuwaiti financial investor submitted the best offer in the tender for a wastewater treatment project in Kuwait. The contract has not yet been formally awarded by the tendering authorities, but is expected to take place during the current calendar year.

All Other Segments

Highlights

- → Higher earnings contribution from Energie Burgenland
- → Slight decline in earnings contribution from RAG
- → Positive valuation effect in financial results
- → Improvement in EBITDA, EBIT and result before income tax

Revenue in this segment increased by EUR 4.6m, or 9.3%, to EUR 54.0m in the first three quarters of 2016/17, while operating expenses were EUR 4.1m, or 7.7%, higher at EUR 57.6m.

The share of results from equity accounted investees rose to EUR 47.0m (previous year: EUR 44.0m) and reflected an improvement in results from Energie Burgenland as well as a slight decline at RAG. In the first three quarters of 2016/17, EBITDA totalled EUR 43.3m (previous year: EUR 40.0m) and EBIT EUR 42.3m (previous year: EUR 38.8m).

Financial results were EUR 21.4m, or 89.0%, higher at EUR 45.4m. This increase was supported, above all, by positive valuation effects from the Verbund shares which were transferred by WEEV Beteiligungs GmbH to EVN AG in June 2017 within the scope of structural simplifications and reflected an increase in the share price over the carrying amount on 30 June 2017. EVN AG now directly holds 12.63% of the shares of Verbund AG. Financial results contain the lower dividend of EUR 0.29 per share distributed by Verbund AG for the 2016 financial year (previous year: EUR 0.35 per share).

Result before income tax in this segment amounted to EUR 87.7m for the reporting period, which represents a year-on-year increase of EUR 24.9m, or 39.6%.

Consolidated interim report

according to IAS 34

Consolidated statement of operations

EURm	2016/17 Q. 1–3	2015/16 Q. 1–3	+/– %	2016/17 Q. 3	2015/16 Q. 3	+/– %	2015/16
Revenue	1,765.5	1,616.6	9.2	455.7	419.8	8.6	2,046.6
Other operating income	79.6	68.8	15.8	26.5	26.4	0.5	97.0
Electricity purchases and primary energy expenses	–793.5	–765.3	–3.7	–196.3	–184.1	–6.6	–930.6
Cost of materials and services	–232.6	–177.0	–31.4	–64.6	–65.6	1.5	–246.7
Personnel expenses	–233.5	–234.0	0.2	–77.6	–79.1	1.9	–313.7
Other operating expenses	–106.6	–102.8	–3.7	–37.5	–34.8	–8.0	–141.6
Share of results from equity accounted investees with operational nature	124.1	119.2	4.0	15.7	20.5	–23.2	93.5
EBITDA	**603.0**	**525.4**	**14.8**	**121.9**	**103.1**	**18.3**	**604.4**
Depreciation and amortisation	–196.1	–199.3	1.6	–64.7	–67.6	4.3	–266.1
Effects from impairment tests	–105.8	–26.8	–	–75.7	–26.8	–	–77.9
Results from operating activities (EBIT)	**301.2**	**299.3**	**0.6**	**–18.5**	**8.6**	**–**	**260.4**
Share of results from equity accounted investees with financial nature	14.7	–8.6	–	14.8	–3.6	–	–8.7
Results from other investments	17.8	17.5	2.0	17.9	17.3	3.7	14.4
Interest income	17.1	13.1	30.4	3.0	4.5	–31.9	16.7
Interest expense	–51.3	–57.1	10.2	–16.7	–18.3	8.6	–77.4
Other financial results	–6.1	–4.3	–41.2	–1.5	0.2	–	–6.5
Financial results	**–7.8**	**–39.5**	**80.3**	**17.6**	**0.1**	**–**	**–61.6**
Result before income tax	**293.4**	**259.8**	**12.9**	**–0.9**	**8.7**	**–**	**198.9**
Income tax expense	–38.2	–40.2	4.9	15.6	7.5	–	–16.0
Result for the period	**255.1**	**219.7**	**16.1**	**14.7**	**16.2**	**–9.3**	**182.8**
thereof result attributable to EVN AG shareholders (Group net result)	242.0	198.8	21.7	8.3	9.0	–7.9	156.4
thereof result attributable to non-controlling interests	13.1	20.9	–37.1	6.4	7.2	–11.0	26.4
Earnings per share in EUR [1]	1.36	1.12	21.7	0.05	0.05	–8.2	0.88

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

Consolidated statement of comprehensive income

EURm	2016/17 Q. 1–3	2015/16 Q. 1–3	+/– %	2016/17 Q. 3	2015/16 Q. 3	+/– %	2015/16
Result for the period	255.1	219.7	16.1	14.7	16.2	–9.3	182.8
Other comprehensive income from							
Items that will not be reclassified to profit or loss	4.0	–19.9	–	–2.0	–13.7	85.2	–27.7
Remeasurements IAS 19	5.3	–30.5	–	0.6	–17.1	–	–39.8
Investments in equity accounted investees	–0.0*)	2.4	–	–2.5	–1.1	–	1.8
thereon apportionable income tax expense	–1.3	8.1	–	–0.1	4.5	–	10.3
Items that may be reclassified to profit or loss	61.1	41.7	46.4	16.1	68.1	–76.4	121.8
Currency translation differences	2.0	–1.0	–	–2.3	1.1	–	1.0
Available for sale financial instruments	76.0	33.7	–	33.3	59.4	–44.0	119.5
Cash flow hedges	11.0	1.8	–	2.6	3.0	–13.7	3.2
Investments in equity accounted investees	–4.4	18.6	–	–8.5	25.0	–	33.0
thereon apportionable income tax expense	–23.5	–11.4	–	–9.0	–20.3	55.6	–34.9
Total other comprehensive income after tax	65.1	21.8	–	14.0	54.5	–74.2	94.2
Comprehensive income for the period	320.2	241.5	32.6	28.7	70.7	–59.3	277.0
thereof income attributable to EVN AG shareholders	306.7	220.6	39.0	22.3	63.4	–64.9	250.6
thereof income attributable to non-controlling interests	13.6	20.9	–35.0	6.4	7.2	–11.0	26.4

*) Small amount

Consolidated statement of financial position

EURm	30.06.2017	30.09.2016	+/– nominal	%
Assets				
Non-current assets				
Intangible assets	173.0	221.2	–48.2	–21.8
Property, plant and equipment	3,332.1	3,512.5	–180.5	–5.1
Investments in equity accounted investees	959.3	925.8	33.4	3.6
Other investments	748.8	612.0	136.8	22.3
Deferred tax assets	98.9	100.5	–1.6	–1.6
Other non-current assets	160.0	313.7	–153.7	–49.0
	5,472.0	**5,685.8**	**–213.8**	**–3.8**
Current assets				
Inventories	95.2	140.2	–45.0	–32.1
Trade and other receivables	412.4	414.1	–1.7	–0.4
Securities	15.5	75.4	–59.9	–79.5
Cash and cash equivalents	312.1	237.2	74.9	31.6
Non-current assets held for sale	3.8	3.8	–	–
	839.0	**870.8**	**–31.8**	**–3.6**
Total assets	**6,311.0**	**6,556.5**	**–245.6**	**–3.7**
Equity and liabilities				
Equity				
Share capital	330.0	330.0	–	–
Share premium and capital reserves	252.9	252.9	–	–
Retained earnings	2,117.3	1,949.9	167.4	8.6
Valuation reserve	85.9	23.2	62.7	–
Currency translation reserve	–21.0	–23.0	2.0	8.7
Treasury shares	–22.2	–22.2	–	–
Issued capital and reserves attributable to shareholders of EVN AG	2,742.9	2,510.8	232.0	9.2
Non-controlling interests	251.9	259.8	–7.9	–3.1
	2,994.8	**2,770.7**	**224.1**	**8.1**
Non-current liabilities				
Non-current loans and borrowings	1,192.3	1,314.5	–122.2	–9.3
Deferred tax liabilities	97.5	93.2	4.3	4.6
Non-current provisions	483.5	508.0	–24.5	–4.8
Deferred income from network subsidies	582.2	560.7	21.5	3.8
Other non-current liabilities	50.1	64.3	–14.2	–22.1
	2,405.6	**2,540.7**	**–135.1**	**–5.3**
Current liabilities				
Current loans and borrowings	88.2	239.1	–150.9	–63.1
Taxes payable and levies	111.2	55.2	56.0	–
Trade payables	256.2	399.6	–143.4	–35.9
Current provisions	93.7	97.8	–4.2	–4.2
Other current liabilities	361.4	453.4	–92.0	–20.3
	910.6	**1,245.1**	**–334.5**	**–26.9**
Total equity and liabilities	**6,311.0**	**6,556.5**	**–245.6**	**–3.7**

Consolidated statement of changes in equity

EURm	Issued capital and reserves of EVN AG shareholders	Non-controlling interests	Total
Balance on 30.09.2015	**2,334.8**	**255.4**	**2,590.1**
Comprehensive income for the period	220.6	20.9	241.5
Capital reduction	–	–2.2	–2.2
Dividends 2014/15	–74.7	–19.7	–94.4
Change in treasury shares	–1.1	–	–1.1
Balance on 30.06.2016	**2,479.6**	**254.3**	**2,733.9**
Balance on 30.09.2016	**2,510.9**	**259.8**	**2,770.7**
Comprehensive income for the period	306.7	13.6	320.2
Dividends 2015/16	–74.7	–21.5	–96.2
Other changes	0.0*)	–	0.0*)
Balance on 30.06.2017	**2,742.9**	**251.9**	**2,994.8**

*) Small amount

Condensed consolidated statement of cash flows

EURm	2016/17 Q. 1–3	2015/16 Q. 1–3	+/– nominal	+/– %	2015/16
Result before income tax	**293.4**	**259.8**	**33.5**	**12.9**	**198.9**
+ Depreciation and amortisation of intangible assets and property, plant and equipment	301.9	226.1	75.8	33.5	344.0
– Non-cash share of results of equity accounted investees and other investments	–156.6	–128.1	–28.5	–22.2	–99.1
+ Dividends from equity accounted investees and other investments	121.1	129.6	–8.5	–6.6	135.2
+ Interest expense	51.3	57.1	–5.8	–10.2	77.4
– Interest paid	–51.6	–58.0	6.4	11.0	–63.6
– Interest income	–17.1	–13.1	–4.0	–30.4	–16.7
+ Interest received	15.7	11.0	4.6	41.8	13.7
+/– Other non-cash financial results	2.2	1.1	1.1	98.7	–2.0
– Release of deferred income from network subsidies	–33.9	–31.7	–2.2	–6.9	–43.7
– Decrease in non-current provisions	–18.5	–6.3	–12.2	–	–9.5
+/– Other non-cash expenses/gains	0.7	2.9	–2.2	–75.3	3.3
Gross cash flow	**508.4**	**450.5**	**57.9**	**12.8**	**537.9**
– Changes in assets and liabilities arising from operating activities	–131.9	–56.6	–75.3	–	–75.5
+ Income tax paid	4.1	4.3	–0.2	–4.4	0.6
Net cash flow from operating activities	**380.6**	**398.2**	**–17.7**	**–4.4**	**463.0**
+ Proceeds from the disposal of intangible assets and property, plant and equipment[1]	95.4	2.0	93.4	–	4.4
+/– Changes in intangible assets and property, plant and equipment	–128.0	–147.3	19.3	13.1	–243.5
+/– Changes in financial assets and other non-current assets	20.4	–12.3	32.7	–	2.6
+/– Changes in current securities	59.9	–4.4	64.3	–	5.9
Net cash flow from investing activities	**47.7**	**–162.0**	**209.7**	**–**	**–230.6**
– Dividends paid to EVN AG shareholders	–74.7	–74.7	–0.0*)	–	–74.7
– Dividends paid to non-controlling interests	–21.5	–19.7	–1.8	–9.0	–19.7
+/– Decrease/increase in nominal capital	–	–2.2	2.2	–	–2.2
+/– Sales/repurchase of treasury shares	–	–1.1	1.1	–	0.2
– Changes in financial liabilities	–266.0	–117.4	–148.5	–	–157.5
Net cash flow from financing activities	**–362.1**	**–215.2**	**–147.0**	**–68.3**	**–253.9**
Net change in cash and cash equivalents	**66.1**	**21.1**	**45.0**	**–**	**–21.5**
Cash and cash equivalents at the beginning of the period[2]	**223.5**	**244.9**	**–21.4**	**–8.7**	**244.9**
Cash and cash equivalents at the end of the period[2]	**289.9**	**265.9**	**24.0**	**9.0**	**223.5**

*) Small amount
1) Thereof EUR 92.0m from the arbitration decision for the Walsum 10 power plant project
2) By adding bank overdrafts this results in cash and cash equivalents according to the consolidated statement of financial position.

Notes to the consolidated interim report

Accounting and valuation methods

This consolidated interim report as of 30 June 2017, of EVN AG, taking into consideration § 245a Austrian Commercial Code (UGB), was prepared in accordance with the guidelines set forth in the International Financial Reporting Standards (IFRS) by the International Accounting Standards Board (IASB) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that were applicable at the balance sheet date and adopted by the European Union (EU).

EVN has exercised the option stipulated in IAS 34 to present condensed notes. Accordingly, the consolidated interim report contains merely condensed reporting compared to the Annual report, pursuant to IAS 34, as well as selected information and details pertaining to the period under review. For this reason, it should be read together with the Annual report of the 2015/16 financial year (balance sheet date: 30 September 2016).

The accounting and valuation methods applied in preparing the consolidated financial statements as of 30 September 2016 remain unchanged. The preparation of a consolidated interim report according to IFRS requires EVN to make assumptions and estimates which influence the reported figures. Actual results can deviate from these estimates.

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

Reporting in accordance with IFRS

The following standards and interpretations require mandatory application beginning with the 2016/17 financial year:

Standards and interpretations applied for the first time		Effective[1]
New standards and interpretations		
–	–	–
Revised standards and interpretations		
IAS 1	Presentation of Financial Statements – Disclosure Initiative	01.01.2016
IAS 16, IAS 38	Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation	01.01.2016
IAS 16, IAS 41	Property, Plant and Equipment and Agriculture – Bearer Plants	01.01.2016
IAS 27	Separate Financial Statements – Equity Method in Separate Financial Statements	01.01.2016
IFRS 10, IFRS 12, IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception	01.01.2016
IFRS 11	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations	01.01.2016
Several	Annual Improvements 2012–2014	01.01.2016

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

The initial obligatory application of the revised standards and interpretations did not have any impact on the consolidated interim report.

Seasonally-related effects on business operations

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

Auditor's review

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

Scope of consolidation

The scope of consolidation is established in accordance with the requirements contained in IFRS 10. Accordingly, including the parent company EVN AG, a total of 28 domestic and 36 foreign subsidiaries (30 September 2016: 30 domestic and 37 foreign subsidiaries) were fully consolidated as of 30 June 2017. As of 30 June 2017, a total of 21 subsidiaries were not consolidated due to their immaterial influence on the assets, liabilities, cash flows and profit and loss, both in detail and altogether (30 September 2016: 25).

Changes in the scope of consolidation	Fully	Line-by-line (Joint Operation)	Equity	Total
30.09.2015	68	1	19	88
First consolidation	1	–	–	1
Deconsolidation	–2[1]	–	–2	–4
30.09.2016	67	1	17	85
First consolidation	1	–	–	1
Deconsolidation	–4	–	–	–4
30.06.2017	64	1	17	82
thereof foreign companies	36	1	5	42

1) Mergers

EVN Finanzmanagement und Vermietungs-GmbH, Maria Enzersdorf, which was previously included through full consolidation, was merged with EVN Finanzservice GmbH, Maria Enzersdorf, retroactively as of 30 September 2016 based on a merger contract dated 7 April 2017 and subsequently deconsolidated in the third quarter of 2016/17.

EVN Beteiligungsgesellschaft Alpha GmbH, Maria Enzersdorf, which was previously included through full consolidation, was merged with EVN Bulgaria Fernwärme Holding GmbH, Maria Enzersdorf, retroactively as of 30 September 2016 based on a merger contract dated 7 April 2017 and subsequently deconsolidated in the third quarter of 2016/17.

EVN Bulgaria Beteiligungs- und Managementholding 20 GmbH, Maria Enzersdorf, which was not included in EVN's consolidated financial statements due to immateriality, was merged with EVN Bulgaria Stromvertrieb Holding GmbH, Maria Enzersdorf, retroactively as of 30 September 2016 based on a merger contract dated 7 April 2017.

EVN Bulgaria Beteiligungs- und Managementholding 21 GmbH, Maria Enzersdorf, which was not included in EVN's consolidated financial statements due to immateriality, was merged with EVN Bulgaria Stromnetz Holding GmbH, Maria Enzersdorf, retroactively as of 30 September 2016 based on a merger contract dated 7 April 2017.

EVN Elektrodistribucija DOOEL, Skopje, Macedonia, which was founded in 2015/16, was previously not included in EVN's consolidated financial statements due to immateriality. This company was initially included through full consolidation in the second quarter of 2016/17.

WTE Projektna druzba Kranjska Gora d.o.o., Kranjska Gora, Slovenia, which was previously included through full consolidation, was deleted from the company register on 23 January 2017 following the conclusion of liquidation proceedings and subsequently deconsolidated during the second quarter of 2016/17.

The South-West Moscow drinking water project was settled in accordance with the contract terms at the end of December 2016. With the payment of the final instalment, the Moscow city government acquired the right to purchase the shares in OAO "WTE Süd-West", Moscow, Russia, and its 70% subsidiary OOO Süd-West Wasserwerk, Moscow, Russia, which was not included in the consolidated financial statements for reasons of immateriality. This option was subsequently exercised by the city government. The transfer of shares to the Moscow city government which was recorded in the shareholders' register and thus the deconsolidation of OAO "WTE Süd-West" took place on 28 December 2016 and terminated the operational management of the drinking water plant by EVN after ten years.

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

Selected notes to the consolidated statement of operations

EVN's Bulgarian sales company and the Bulgarian national electricity company NEK reached a settlement on 13 February 2017 over the additional costs of renewable energy which were financed in advance by EVN Bulgaria EC. The resulting positive non-recurring effect of approximately EUR 42.0m on result before income tax was included, in part, under the cost of materials as a write-up to receivables and, in part, under other operating income based on the awarded default interest.

The cost of materials and services includes a valuation adjustment of EUR 45.5m to the aggregate components (recorded under inventories) from the former thermal waste utilisation plant project no. 1 in Moscow. This impairment loss reflects the fact that alternative uses for these components in other waste utilisation projects are unlikely to materialise as originally planned.

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

Share of results from equity accounted investees with operational nature EURm	**2016/17** Q. 1–3	**2015/16** Q. 1–3
EVN KG	75.7	62.0
RAG	31.3	32.8
Energie Burgenland	15.6	11.2
ZOV; ZOV UIP	8.8	9.6
Shkodra	–	–3.1
Verbund Innkraftwerke	–12.7	–0.3
Other companies	5.3	7.1
Share of results from equity accounted investees with operational nature	124.1	119.2

Less favourable estimates for the long-term development of electricity prices and an increase in the WACC led to the recognition of an impairment loss of EUR 13.1m to Verbund Innkraftwerke GmbH. The recoverable amount for EVN's investment in Verbund Innkraftwerke GmbH was determined on the basis of the value in use and equalled EUR 62.5m. The applied discount rate equalled a WACC after tax of 5.32% and represents an iteratively derived WACC before tax of 6.37%.

The increase in the share of results from equity accounted investees with operational nature is attributable primarily to EVN KG and Energie Burgenland. The year-on-year increase in the earnings contribution from EVN KG is based on a decline in procurement costs and weather-related factors. The development of the earnings contribution from Energie Burgenland is related primarily to positive non-recurring income tax effects.

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

Income from investments EURm	**2016/17** Q. 1–3	**2015/16** Q. 1–3
WEEV Beteiligungs GmbH	14.7	–8.6
Other companies	0.0*)	0.0*)
Share of results of equity accounted investees with financial nature	14.7	–8.6
Verbund AG	11.6	14.0
Other companies	6.2	3.5
Results from other investments	17.8	17.5
Total income from investments	32.5	8.9

*) Small amount

The results from investments rose by EUR 23.6m to EUR 32.5m. This increase resulted, above all, from positive valuation effects from the Verbund shares which were transferred by WEEV Beteiligungs GmbH to EVN AG in June 2017, within the scope of structural simplifications, and reflected an increase in the share price over the carrying amount on 30 June 2017. EVN AG now holds a direct investment of 12.63% in Verbund AG. Financial results were negatively influenced by the lower dividend of EUR 0.29 per share distributed by Verbund AG for the 2016 financial year (previous year: EUR 0.35 per share).

Earnings per share are calculated by dividing the Group net result (= net profit for the period attributable to EVN AG shareholders) by the weighted average number of shares outstanding, i.e. 177,842,333 as of 30 June 2017 (30 June 2016: 177,751,783 shares). There is no difference between basic earnings per share and diluted earnings per share. Calculated on the basis of a Group net result amounting to EUR 242.0m (previous year: EUR 198.8m), earnings per share at the balance sheet date 30 June 2017 totalled EUR 1.36 (previous year: EUR 1.12 per share).

Selected notes to the consolidated statement of financial position

Less favourable estimates for the long-term development of electricity prices and a revised estimate for the reporting period based on current discussions in Europe over changes in CO_2 regulations led to the recognition of an impairment loss of EUR 19.1m to the Steag-EVN Walsum power plant.[1)] This investment is classified as a joint operation and included in the consolidated financial statements through line-by-line consolidation. The recoverable amount was determined on the basis of the value in use and equalled EUR 162.3m. The applied discount rate equalled a WACC after tax of 5.25% and represents an iteratively derived WACC before tax of 6.76%.

1) The impairment testing of the power plant component took place solely at the Group level. At the segment level, a provision was recognized for the marketing of EVN's own electricity production. The impairment loss is therefore reported in the transition column "consolidation".

Reinvestments at increasingly shorter intervals and higher maintenance costs for the energy supply centre at the Dürnrohr power plant provided substantial indications of technical obsolescence. This was reflected in the recognition of an impairment loss of EUR 3.9m in the Generation Segment. The recoverable amount was determined on the basis of the value in use and equalled EUR –1.8m. The applied discount rate equalled a WACC after tax of 5.77% and represents an iteratively derived WACC before tax of 4.65%.

In the Generation Segment, an impairment loss of EUR 16.9m was recognised to electricity procurement rights from the Freudenau Danube power plant to reflect less favourable estimates for the long-term development of electricity prices and an increase in the WACC. EVN holds procurement rights to 12.5% of the electricity generated by this power plant during the term of its operation. The recoverable amount was determined on the basis of the value in use and equalled EUR 22.9m. The applied discount rate equalled a WACC after tax of 5.84% and represents an iteratively derived WACC before tax of 6.40%.

In the South East Europe Segment, an impairment loss of EUR 26.6m was recognised to the TEZ Plovdiv co-generation plant in Bulgaria to reflect the continuing adverse regulatory tariff decisions in the heating area as well as an increase in the WACC. The recoverable amount was determined on the basis of the value in use and equalled EUR 30.9m. The applied discount rate equalled a WACC after tax of 7.87% and represents an iteratively derived WACC before tax of 8.74%.

In the Energy Segment, an impairment loss of EUR 3.7m was recognised to heat supplies in the greater Mödling area to reflect the lack of a follow-up tariff for co-generation equipment in the amendment to the Green Electricity Act which was passed in July 2017. The recoverable amount was determined on the basis of the value in use and equalled EUR 30.3m. The applied discount rate equalled a WACC after tax of 5.68% and represents an iteratively derived WACC before tax of 7.77%.

Further impairment tests based on less favourable estimates for the long-term development of electricity prices and increased WACCs led to the recognition of impairment losses totalling EUR 3.3m to two wind parks and a small hydropower plant in the Generation Segment. The recoverable amount was determined on the basis of the value in use and amounted to EUR 21.7m. The applied discount rate equalled a WACC after tax of 5.84% and represents an iteratively derived WACC before tax of 6.23% to 6.52%.

As announced in an ad-hoc press release on 23 November 2016, an arbitration court awarded compensation of approximately EUR 200m to the project company for the construction of the Walsum 10 power plant. EVN AG holds an indirect investment of 49% in this project company. The arbitration decision led, above all, to a reduction of the acquisition cost for the power plant and also resulted in the derecognition of a liability connected with the utilisation of a contract performance guarantee by the project company in 2013 and to an increase in current receivables due from the general contractor consortium comprising Hitachi Ltd and Hitachi Power Europe GmbH.

Due to changes in the energy policy environment in Bulgaria the Gorna Arda hydropower plant project was put on hold because its realisation is not possible under the current circumstances. Impairment losses of EUR 28.9m were therefore recognised in the Generation Segment during the reporting period.

In the first three quarters of 2016/17, EVN acquired intangible assets and property, plant and equipment to the sum of EUR 171.0m (previous year: EUR 193.7m). Property, plant and equipment with a net carrying amount (book value) of EUR 3.8m were disposed of (previous year EUR 3.2m), with a capital loss of EUR 0.4m (previous year: capital loss of EUR 1.2m).

The item investments in equity accounted investees increased by EUR 33.4m, or 3.6%, to EUR 959.3m. This rise was primarily due to EUR 138.7m of current earnings contributions during the reporting period. This increase was contrasted by reductions of EUR 104.7m from the distributions made by at equity consolidated companies and valuation changes not recognised in profit and loss that amounted to EUR 4.4m.

The other investments of EUR 748.8m classified as available for sale include shares in listed companies with a market value of EUR 732.4m, which had increased by EUR 136.7m since the last balance sheet date. This increase resulted from changes in the value of the Verbund shares (EUR 75.8m) and from the transfer of the Verbund shares previously held by WEEV Beteiligungs GmbH to EVN AG (EUR 60.9m). In accordance with IAS 39, the adjustments to the changed market values were offset with the valuation reserve after the deduction of deferred taxes.

The number of EVN shares in circulation developed as follows:

Development of the number of shares in circulation Number	**2016/17** **Q. 1–3**
Balance 30.09.2016	177,842,333
Purchase of treasury shares	–
Total 30.06.2017	177,842,333

The 87th Annual General Meeting on 21 January 2016 approved the premature termination of the share buyback programme that started on 16 January 2014 and authorised the Executive Board to carry out a new share buyback programme for up to 10% of EVN's share capital over a period of 30 months. The Executive Board made use of this authorisation and approved the repurchase of up to 1,000,000 shares, representing up to 0.556% of the current share capital. On 5 October 2016, the Executive Board approved the premature termination of the current share buyback programme. The authorisation resolution of the 87th Annual General Meeting of EVN AG remains intact and is still valid.

As of 30 June 2017, the number of treasury shares amounted to 2,036,069 (or 1.13% of the share capital) with an acquisition value of EUR 22.2m and a market value of EUR 20.1m (30 September 2016: EUR 20.1m). The treasury shares held by EVN are not entitled to any rights, and in particular, they are not entitled to dividends.

The 88th Annual General Meeting of EVN held on 19 January 2017, approved the proposal of the Executive Board and Supervisory Board to distribute a dividend of EUR 0.42 per share for the 2015/16 financial year, which comprises a total dividend payout of EUR 74.7m. Ex-dividend date was 25 January 2017, and the dividend payment to shareholders of EVN took place on 27 January 2017.

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

Break-down of non-current loans and borrowings EURm	**30.06.2017**	**30.09.2016**
Bonds	535.9	550.3
Bank loans	656.4	764.2
Total non-current loans and borrowings	1,192.3	1,314.5

The reduction of EUR 14.4m in the bonds resulted primarily from a change in the value of hedged foreign exchange risk related to the JPY bond. This was contrasted by an opposite movement in the market value of the hedges.

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

Segment reporting

EURm	Generation		Energy		Networks		South East Europe	
	2016/17 Q. 1–3	2015/16 Q. 1–3	**2016/17 Q. 1–3**	2015/16 Q. 1–3	**2016/17 Q. 1–3**	2015/16 Q. 1–3	**2016/17 Q. 1–3**	2015/16 Q. 1–3
External revenue	45.5	35.3	430.4	374.5	397.6	345.5	741.5	735.7
Internal revenue (between segments)	144.4	135.8	6.4	10.6	45.4	36.4	0.3	0.2
Total revenue	**189.8**	**171.1**	**436.8**	**385.1**	**443.0**	**381.9**	**741.8**	**735.9**
Operating expenses	–93.0	–79.6	–422.0	–361.9	–190.6	–189.8	–608.6	–649.4
Share of results from equity accounted investees operational	–12.4	–3.2	80.0	68.8	–	–	–	–
EBITDA	**84.4**	**88.4**	**94.8**	**92.0**	**252.4**	**192.1**	**133.2**	**86.6**
Depreciation and amortisation	–92.8	–41.7	–18.4	–13.0	–85.9	–82.0	–73.6	–75.3
Results from operating activities (EBIT)	**–8.4**	**46.7**	**76.4**	**79.0**	**166.5**	**110.1**	**59.6**	**11.3**
Financial results	–6.4	–15.2	–2.1	–2.7	–12.7	–12.9	–17.6	–17.7
Result before income tax	**–14.8**	**31.5**	**74.3**	**76.3**	**153.8**	**97.2**	**42.0**	**–6.4**
Total assets	919.6	1,146.7	672.5	550.1	1,931.0	1,825.4	1,156.0	1,268.8
Investments[1]	14.7	26.6	7.6	9.4	73.1	83.9	67.6	69.1

	Environment		All Other Segments		Consolidation		Total	
	2016/17 Q. 1–3	2015/16 Q. 1–3	**2016/17 Q. 1–3**	2015/16 Q. 1–3	**2016/17 Q. 1–3**	2015/16 Q. 1–3	**2016/17 Q. 1–3**	2015/16 Q. 1–3
External revenue	139.6	118.9	10.8	6.7	–	–	1,765.5	1,616.6
Internal revenue (between segments)	11.8	13.4	43.2	42.7	–251.4	–239.2	–	–
Total revenue	**151.4**	**132.3**	**54.0**	**49.4**	**–251.4**	**–239.2**	**1,765.5**	**1,616.6**
Operating expenses	–167.8	–113.6	–57.6	–53.5	253.2	237.4	–1,286.5	–1,210.4
Share of results from equity accounted investees operational	9.5	9.5	47.0	44.0	–	–	124.1	119.2
EBITDA	**–6.9**	**28.3**	**43.3**	**40.0**	**1.8**	**–1.8**	**603.0**	**525.4**
Depreciation and amortisation	–18.9	–19.3	–1.1	–1.2	–11.1	6.3	–301.9	–226.1
Results from operating activities (EBIT)	**–25.9**	**9.0**	**42.3**	**38.8**	**–9.3**	**4.5**	**301.2**	**299.3**
Financial results	–1.4	–1.6	45.4	24.0	–13.0	–13.4	–7.8	–39.5
Result before income tax	**–27.3**	**7.4**	**87.7**	**62.8**	**–22.3**	**–8.9**	**293.4**	**259.8**
Total assets	815.1	910.6	2,758.7	2,702.7	–1,942.0	–1,854.7	6,311.0	6,549.6
Investments[1]	7.5	6.6	1.0	0.9	–0.3	–2.9	171.2	193.7

1) In intangible assets and property, plant and equipment

The results shown in the total column represent the results reported on the consolidated statement of operations. The consolidation column reflects the elimination of intersegment transactions. Also included are transition amounts, which result from the difference between the viewpoints of the Generation and Energy Segments and the Group with respect to the inclusion of Steag-EVN Walsum as a joint operation. The Generation Segment has not identified any signs of impairment to its proportional investment in the power plant resulting from the inclusion of Steag-EVN Walsum as a joint operation, and the Energy Segment has already recognised provisions for onerous contracts connected with the marketing of its electricity production. In contrast, an impairment charge is required from the Group's point of view.

Selected notes on financial instruments

Information on classes and categories of financial instruments

EURm

Classes	Measurement category	Fair value hierarchy (according to IFRS 13)	30.06.2017 Carrying amount	30.06.2017 Fair value	30.09.2016 Carrying amount	30.09.2016 Fair value
Non-current assets						
Other investments						
Non-financial assets	–	–	6.6	–	6.6	–
Miscellaneous investments	AFS	–	9.8	–	9.8	–
Miscellaneous investments	AFS	Level 1	732.4	732.4	595.7	595.7
			748.8		612.0	
Other non-current assets						
Securities	@FVTPL	Level 1	16.3	16.3	82.9	82.9
Loans receivable	LAR	Level 2	34.1	42.1	30.9	39.5
Lease receivables and accrued lease transactions	LAR	Level 2	89.9	100.5	104.3	118.0
Receivables arising from derivative transactions	@FVTPL	Level 2	4.0	4.0	6.3	6.3
Receivables arising from derivative transactions	Hedging	Level 2	0.6	0.6	16.2	16.2
Remaining other non-current assets	LAR		0.6	0.6	58.6	58.6
Non-financial assets (primary energy reserves)	–		14.4	–	14.4	–
			160.0		313.7	
Current assets						
Current receivables and other current assets						
Trade and other receivables	LAR		387.7	387.7	371.6	371.6
Receivables arising from derivative transactions	@FVTPL	Level 2	13.0	13.0	9.1	9.1
Non-financial assets	–		11.7	–	33.4	–
			412.4		414.1	
Securities	AFS	Level 1	15.5	15.5	75.4	75.4
Cash and cash equivalents						
Cash on hand and cash at banks	LAR		312.1	312.1	237.2	237.2
			312.1		237.2	
Non-current liabilities						
Non-current loans and borrowings						
Bonds	FLAC	Level 2	535.9	639.6	550.3	683.7
Bank loans	FLAC	Level 2	656.4	717.8	764.2	838.5
			1,192.3		1,314.5	
Other non-current liabilities						
Leases	FLAC	Level 2	12.5	14.3	14.3	16.5
Accruals of financial transactions	FLAC		1.2	1.2	1.5	1.5
Other liabilities	FLAC		11.1	11.1	11.2	11.2
Liabilities arising from derivative transactions	@FVTPL	Level 2	5.8	5.8	8.4	8.4
Liabilities arising from derivative transactions	Hedging	Level 2	19.5	19.5	28.8	28.8
			50.1		64.3	
Current liabilities						
Current loans and borrowings	FLAC		88.2	88.2	239.1	239.1
Trade payables	FLAC		256.2	256.2	399.6	399.6
Other current liabilities						
Other financial liabilities	FLAC		235.6	235.6	306.4	306.4
Liabilities arising from derivative transactions	@FVTPL	Level 2	17.2	17.2	12.2	12.2
Liabilities arising from derivative transactions	Hedging	Level 2	6.1	6.1	6.6	6.6
Non-financial liabilities	–		102.5	–	128.3	–
			361.4		453.4	
thereof aggregated to measurement categories						
Available for sale financial assets	AFS		757.6		680.8	
Loans and receivables	LAR		824.4		802.6	
Financial assets designated at fair value in profit or loss	@FVTPL		56.3		98.3	
Financial liabilities at amortised cost	FLAC		1,797.1		2,286.6	

The previous table shows the financial instruments carried at fair value and their classification in the fair value hierarchy according to IFRS 13.

Level 1 input factors are observable parameters such as quoted prices for identical assets or liabilities. These prices are used for valuation purposes without modification.

Level 2 input factors represent other observable parameters which must be adjusted to reflect the specific characteristics of the valuation object. Examples of the parameters used to measure the financial instruments classified under level 2 are forward price curves derived from market prices, exchange rates, interest structure curves and the counterparty credit risk.

Level 3 input factors are non-observable factors which reflect the assumptions that would be used by a market participant to determine an appropriate price.

There were no reclassifications between the various levels during the reporting period.

Selected notes to the statement of cash flows

The changes in cash flow from operating activities were attributable, above all, to the reduction of liabilities following the arbitration decision for the Walsum 10 power plant project. Cash flow from operating activities was EUR 17.5m, or 4.4%, lower than the previous year at EUR 380.8m.

The arbitration decision for the Walsum 10 power plant project had a positive effect on cash flow from investing activities – at an amount similar to the above-mentioned effect on cash flow from operating activities. A contrary effect was created by the transfer of the Verbund shares previously held by WEEV Beteiligungs GmbH to EVN AG in June 2017. Cash flow from investing activities amounted to EUR 47.7m for the first three quarters of 2016/17 (previous year: EUR –162.0m).

Information on transactions with related parties

There were no major changes in the group of individuals and companies who are considered as related parties compared to the Annual report of 2015/16.

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

Transactions with investments in equity accounted investees EURm	**2016/17** Q. 1–3	**2015/16** Q. 1–3
Revenue	301.6	232.0
Cost of materials and services	96.7	91.2
Trade accounts receivable	15.8	17.3
Trade accounts payable	27.1	63.8

Other obligations and risks

Other obligations and risks increased by EUR 79.6m to EUR 390.2m compared to 30 September 2016. This change was mainly due to the increase in guarantees for subsidiaries in connection with energy transactions as well as an increase in scheduled orders for investments in intangible assets and property, plant and equipment.

Contingent liabilities related to guarantees for subsidiaries for energy transactions are recognised on the basis of the guarantees issued by EAA at an amount equalling the actual risk exposure of EVN AG. This risk is measured by the changes between the stipulated price and the actual market price, whereby EVN is only exposed to procurement risks when market prices decline and to selling risks when market prices increase. Accordingly, fluctuations in market prices may lead to a change in the risk exposure after the balance sheet date. The risk assessment resulted in a contingent liability of EUR 52.9m as of 30 June 2017. The nominal volume of the guarantees underlying this assessment was EUR 263.0m.

Significant events after the balance sheet date

The following events occurred after the balance sheet date for the quarterly financial statements on 30 June 2017 and the editorial deadline for this consolidated interim financial report on 17 August 2017:

The merger of EVN-Pensionskasse Aktiengesellschaft with VBV-Pensionskasse Aktiengesellschaft, as the accepting company, was recorded in the company register on 7 July 2017. This completed the transfer of EVN-Pensionskasse Aktiengesellschaft to the VBV Group.

On 4 August 2017 a total of 85,215 treasury shares, representing 0.05% of the share capital of EVN AG, were released to employees. This step concludes and terminates the transfer of shares to employees which was announced on 5 May 2017.

A decision on 4 August 2017 formally ended the legal proceedings initiated by the Bulgarian regulatory authority for the electricity sector (EWRC) against EVN EC on 19 March 2014. These proceedings were originally intended to withdraw the license held by EVN EC and were terminated following the agreement reached with NEK in February 2017.

On 9 August 2017 EVN concluded additional contracts covering the provision of reserve capacity for southern Germany by its thermal power plants. These contracts increase the capacity provided by EVN for network stabilisation in the winter half-year 2017/18 from 450 MW to 1,090 MW.

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Information on the internet
www.evn.at
www.investor.evn.at
www.verantwortung.evn.at

Financial calendar[1]	
Annual results 2016/17	14.12.2017
Record date Annual General Meeting	08.01.2018
89^{th} Annual General Meeting	18.01.2018
Ex-dividend day	24.01.2018
Record date	25.01.2018
Dividend payment	26.01.2018
Results Q. 1 2017/18	28.02.2018
Results HY. 2017/18	30.05.2018
Results Q. 1–3 2017/18	23.08.2018
Annual results 2017/18	13.12.2018

1) Preliminary

Basic information	
Share capital	EUR 330,000,000.00
Denomination	179,878,402 shares
ISIN security code number	AT0000741053
Tickers	EVNV.VI (Reuters); EVN AV (Bloomberg); EVN (Dow Jones); EVNVY (ADR)
Listing	Vienna
ADR programme; depositary	Sponsored Level I ADR programme (5 ADR = 1 share); The Bank of New York Mellon
Ratings	A2, stable (Moody's); A–, stable (Standard & Poor's)

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