

Letter to Shareholders HY. 1 2015 /16

Half-year financial report
1 October 2015 – 31 March 2016



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Highlights

- Increase in thermal electricity production to protect network stability
- Group net result above prior year
- Contract for three wastewater projects in Macedonia
- Confirmation of ratings by Moody's (A3) and Standard & Poor's (BBB+), both with stable outlook
- Outlook 2015/16: largely stable Group net result expected

Key figures

		2015/16 HY. 1	2014/15 HY. 1	+/- in %	2015/16 Q. 2	2014/15 Q. 2	+/- in %	2014/15 (30.09.2015)
Sales volumes								
Electricity generation volumes	GWh	3,363	2,935	14.6	1,727	1,570	10.0	4,882
thereof from renewable energy	GWh	966	1,082	-10.7	528	574	-8.1	2,106
Electricity sales volumes to end customers	GWh	10,239	10,569	-3.1	5,256	5,499	-4.4	19,263
Natural gas sales volumes to end customers	GWh	4,129	4,235	-2.5	2,340	2,449	-4.4	5,241
Heat sales volumes to end customers	GWh	1,432	1,403	2.1	800	766	4.5	2,038
Consolidated statement of operations								
Revenue	EURm	1,196.8	1,224.7	-2.3	623.5	624.9	-0.2	2,135.8
EBITDA	EURm	422.4	384.0	10.0	237.4	199.2	19.2	583.2
EBITDA margin	%	35.3	31.4	12.6	38.1	31.9	6.2	27.3
Results from operating activities (EBIT)	EURm	290.7	237.5	22.4	171.2	116.3	47.2	268.2
EBIT margin	%	24.3	19.4	4.9	27.5	18.6	8.8	12.6
Result before income tax	EURm	251.1	215.5	16.6	148.4	118.7	25.1	207.9
Group net result	EURm	189.9	165.4	14.8	111.0	92.4	20.2	148.1
Earnings per share	EUR	1.07	0.93	14.9	0.62	0.51	20.2	0.83
Statement of financial position								
Balance sheet total	EURm	6,484.8	6,691.8	-3.1	6,484.8	6,691.8	-3.1	6,501.2
Equity	EURm	2,683.0	2,693.7	-0.4	2,683.0	2,693.7	-0.4	2,590.1
Equity ratio	%	41.4	40.3	1.1	41.4	40.3	1.1	39.8
Net debt	EURm	1,148.9	1,359.4	-15.5	1,148.9	1,359.4	-15.5	1,230.9
Gearing	%	42.8	50.5	-7.6	42.8	50.5	-7.6	47.5
Cash flow and investments								
Gross cash flow	EURm	384.6	305.7	25.8	202.5	139.1	45.6	438.1
Net cash flow from operating activities	EURm	236.0	209.4	12.7	142.8	117.0	22.0	478.3
Investments ¹⁾	EURm	115.6	136.8	-15.5	58.2	71.3	-18.4	322.7
Employees								
	∅	6,837	7,048	-3.0	6,813	7,371	-7.6	6,973

1) In intangible assets and property, plant and equipment

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Statement by the Executive Board

Dear Shareholders,

EVN's electricity production rose substantially during the first half of 2015/16. The use of our thermal power plants to supply balancing energy and manage shortages played an important role in this process and, accordingly, helped to protect supply security and support the system transformation towards renewable energy. We also intend to make our thermal power plants available for these key duties in the future. EVN's thermal power plants will also be used as required during the summer months in 2016 and 2017, in particular to stabilise the networks in Austria based on contractual agreements. Our contract to provide reserve capacity for southern Germany covers the next two winter half-years.

Due to weather effects and resulting from substantially weaker wind and water flows, the electricity production from renewable sources fell by 10.7% to 966 GWh during the reporting period. The temperatures during the winter half-year 2015/16 – in Austria as well as in Bulgaria and Macedonia – exceeded the long-term average and slowed the development of our volumes and revenue.

Revenue declined by 2.3% to EUR 1,196.8m, but EVN recorded an increase of 10.0% in EBITDA to EUR 422.4m for the first half of 2015/16. Higher operating results were reported by the Energy Trade and Supply, Network Infrastructure Austria and Energy Supply South East Europe Segments. Group net result rose by 14.8% to EUR 189.9m.

Activities in the area of energy production from renewable sources included further progress, as planned, on the construction of the Paasdorf-Lanzendorf windpark. From the current point of view, we will be able to commission this windpark with its six wind turbines and an installed capacity of 19.2 MW in the course of this summer. This will move us one step closer to our goal of raising wind-power generation capacity from the current level of 250 MW to over 300 MW within the next two to three years.

Our distribution company in Austria passed on recent purchasing advantages from the decline in natural gas wholesale prices to our private customers within the framework of EnergieAllianz Austria through a price reduction as of 1 May 2016. After a 5% decrease in energy prices of both electricity and natural gas last October, this further adjustment reduces the natural gas working prices for households by approximately 7% on average.

With regard to water supplies in Lower Austria, our focus remains on the continuous improvement of the supply infrastructure. Within our four-year programme launched in 2013/14 and aimed at strengthening supply security in Lower Austria, we are therefore investing more than EUR 50m in water supply networks and other plants. The related projects include an increase in the performance capability of the Waldviertel pumping stations. Construction is also proceeding on the natural filter plant in Zwentendorf an der Zaya, where test operations are scheduled to begin in June and will lead to an improvement in the water quality and a substantial reduction in the hardness of the water.

Our environmental business registered a major international success during the reporting period: EVN was selected as the general contractor for the planning and construction of three wastewater treatment plants in Macedonia. These projects have a total contract value of approximately EUR 20m and will be financed by European Union subsidies to support the candidate country Macedonia.

The updates to our credit ratings by the rating agencies Moody's and Standard & Poor's also brought gratifying results: Moody's confirmed the previous rating A3 and stable outlook in February 2016, and Standard & Poor's retained its BBB+ rating and stable outlook in an analysis at the beginning of April. These ratings in the good investment grade area are confirmation of our solid balance sheet structure and profitability.

Under the assumption of average conditions in the energy sector, the Group net result for 2015/16 is expected to remain largely stable. Factors that could significantly influence the Group net result include the regulatory background, developments in the proceedings related to claims from the tariff decisions in Bulgaria and in connection with the Duisburg-Walsum power plant as well as the progress of the activities in Moscow.

Maria Enzersdorf, May 2016



Peter Layr
Spokesman of the Executive Board



Stefan Szyszkowitz
Member of the Executive Board

Interim management report

Overall business and energy sector environment

GDP growth	%	2017f	2016f	2015e	2014	2013
EU-28 ¹⁾²⁾		1.8–1.9	1.7–1.8	1.9–2.0	1.4	0.2
Austria ²⁾³⁾		1.5–1.6	1.5–1.6	0.9	0.4	0.3
Bulgaria ¹⁾²⁾⁴⁾		2.4–3.0	2.0–2.2	2.9–3.0	1.5	1.3
Croatia ¹⁾²⁾⁴⁾⁵⁾		1.5–2.1	1.5–1.9	1.6	–0.4	–1.0
Macedonia ⁵⁾⁶⁾		3.6–3.7	3.4–3.6	3.2–3.7	3.5	2.7

1) Source: "European Economic Forecast, Winter 2016", EU Commission, May 2016

2) Source: "Prognose der österreichischen Wirtschaft 2016–2017", IHS, March 2016

3) Source: "Prognose für 2016 bis 2017: Konsum gleicht Exportabschwächung in Österreich aus", WIFO, March 2016

4) Source: "Strategie Österreich & CEE 2. Quartal 2016", Raiffeisen Research, April 2016

5) Source: "World Economic Outlook", International Monetary Fund, April 2016

6) Source: "Global Economic Prospects", World Bank, January 2016

General business environment

Global economic development has been slowed by the ongoing recession in key emerging countries such as Russia and Brazil. In China, growth was reduced to nearly 7% by its transformation to a more consumer-based economy. However, the global economy has received support from a moderate increase in momentum in the USA, Japan and the Eurozone. Projections for GDP growth in the European Union point to an increase of 1.7% to 1.8% in 2016 and 1.8% to 1.9% in 2017.

The Austrian economy is expected to generate stronger growth over the coming years, with forecasts showing an increase of 1.5% to 1.6% in 2016 and 2017. Experts see positive impulses, above all, in the tax reform that took effect at the beginning of 2016 and the resulting upturn in consumer spending. The projected increase of up to 10% in the unemployment rate, in contrast, will have a negative effect.

Key indicators for the energy sector environment		2015/16 HY. 1	2014/15 HY. 1	2015/16 Q. 2	2014/15 Q. 2
Temperature-related energy demand¹⁾		%			
Austria		87.8	87.1	92.4	94.3
Bulgaria		80.3	93.3	86.7	92.5
Macedonia		96.2	96.7	92.6	101.6
Primary energy and CO₂ certificates					
Crude oil – Brent	EUR/bbl	35.2	54.5	30.4	48.0
Natural gas – NCG ²⁾	EUR/MWh	15.3	22.2	13.3	21.7
Coal – API#2 ³⁾	EUR/t	44.0	56.1	41.0	54.0
CO ₂ emission certificates	EUR/t	7.0	6.8	5.6	7.0
Electricity – EEX forward market⁴⁾					
Base load	EUR/MWh	34.0	38.0	33.2	37.9
Peak load	EUR/MWh	43.9	49.1	42.9	48.8
Electricity – EPEX spot market⁵⁾					
Base load	EUR/MWh	29.1	33.5	25.1	32.3
Peak load	EUR/MWh	37.6	43.5	32.1	41.2

1) Calculated based on the heating degree total; in Austria the basis (100%) corresponds to the long-term average value from 1996 to 2010, in Bulgaria from 2004 to 2012 and in Macedonia from 2001 to 2015; changes reported in percentage points.

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

In Bulgaria, the ongoing positive economic environment continues to drive growth. Low oil prices, a favourable lending environment and moderate wage increases combined with a parallel decline in unemployment are viewed as the positive factors for real GDP growth. Net exports, which represent a further growth driver, are expected to remain constant at a high level. Forecasts for the economy show an increase of 2.0% to 2.2% in 2016 and 2.4% to 3.0% in 2017.

Croatia has reported an early start into this year's tourism season. This will create positive impulses for employment and the purchasing power of private households, while inflationary pressure should remain low. Tourism remains the economic driver for this Adriatic country. However, experts point to an urgent need for reforms in the public sector and in the healthcare and educational systems. GDP growth is projected to range from 1.5% to 1.9% in 2016 and from 1.5% to 2.1% in 2017.

Macedonia continues to benefit from sound and steady foreign demand, but purchasing power remains clearly below the European average despite an improvement in real incomes. Growth is expected to increase by 3.4% to 3.6% in 2016 and by 3.6% to 3.7% in 2017.

Energy sector environment

EVN's relevant markets were characterised by different temperature trends during the first half of 2015/16. However, the winter months brought temperatures that exceeded the long-term average in all of the Group's three core markets. The heating degree total in Austria remained nearly unchanged at the prior year level. The winter weather in Bulgaria was also extremely mild: the heating degree total was not only 13.0 percentage points lower than the previous year, but also substantially below the long-term average. The temperatures in Macedonia during the winter 2015/16 reflected the previous year, and the heating degree total was therefore only slightly lower than the long-term average.

The euro price for Brent crude oil averaged EUR 35.2 per barrel during the first half of 2015/16, a decrease of 35.5% versus the comparable prior year period, above all due to the current worldwide oversupply. The average EEX price for natural gas was also lower than the previous year and fell by 30.8% to EUR 15.3 per MWh for the first six months of 2015/16. This decline was caused, among others, by the higher temperatures during the reporting period and the resulting lower demand on the spot markets. The cyclical weaker demand for coal, especially in China, was responsible for a 21.6% drop in prices to EUR 44.0 per tonne. After a strong 26.2% increase in the price of CO₂ emission certificates to EUR 8.4 per tonne in the first quarter of 2015/16, the overall development for the first half-year showed a decline to EUR 7.0 per tonne. The price per tonne was 2.9% higher year-on-year as of 31 March 2016.

The continuing expansion of electricity generation capacity from renewable sources in Austria and Germany as well as the low prices for primary energy carriers and – despite the recent slight increase – the still low price for CO₂ emission certificates led to a further drop in the forward and spot market prices for base load and peak load electricity during the first half of 2015/16. The forward prices applicable to the reporting period fell by 10.6% to EUR 34.0 per MWh for base load electricity and by 10.7% to EUR 43.9 per MWh for peak load electricity. In comparison with the first six months of 2014/15, the spot market prices declined by 13.1% to EUR 29.1 per MWh for base load electricity and by 13.7% to EUR 37.6 per MWh for peak load electricity.

Business development

Statement of operations

Highlights 2015/16

- Revenue: –2.3% to EUR 1,196.8m
 - EBITDA: +10.0% to EUR 422.4m
 - EBIT: +22.4% to EUR 290.7m
 - Financial results: –79.3% to EUR –39.5m
 - Group net result: +14.8% to EUR 189.9m
-

EVN recorded a year-on-year decline of EUR 28.0m, or 2.3%, in revenue to EUR 1,196.8m in the first half of 2015/16. Higher revenue was generated by the marketing of the electricity generated in EVN's power plants and by the network business in Lower Austria. However, this increase was unable to fully offset the decline resulting from a reduction in the Group's natural gas trading activities and the volume-related revenue decrease following the mild winter in South Eastern Europe that was further amplified by lower prices.

Other operating income fell by EUR 24.2m, or 36.3%, to EUR 42.4m. This decline was caused primarily by the sale of the shares in the project company that holds the sodium hypochlorite plant in Moscow, which was reported under this position in the previous year.

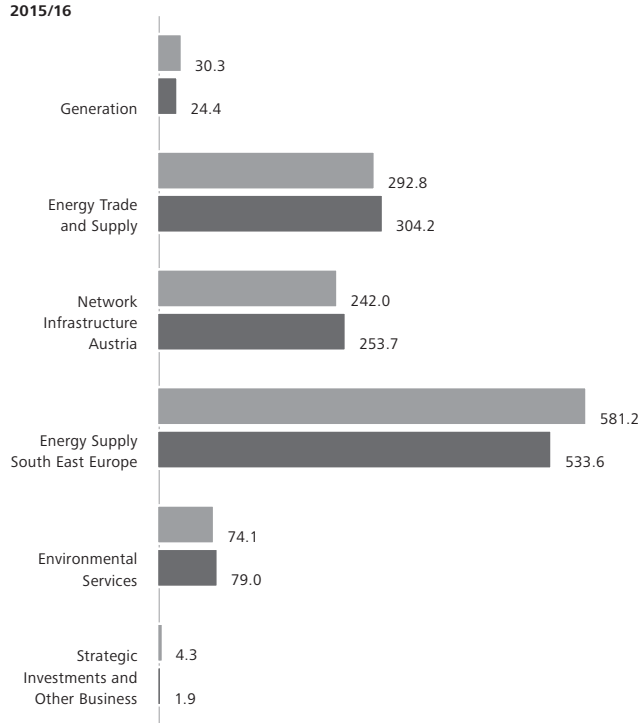
The cost of electricity purchased from third parties and primary energy expenses correlated with the decline in revenue and amounted to EUR 581.2m for the reporting period. This represents a decrease of EUR 57.1m, or 8.9%, compared with the previous year.

The cost of materials and services was EUR 15.2m, or 12.0%, lower year-on-year at EUR 111.4m, chiefly due to a reduction in project-related material and service expenses.

External revenue by segments HY. 1

in EURm

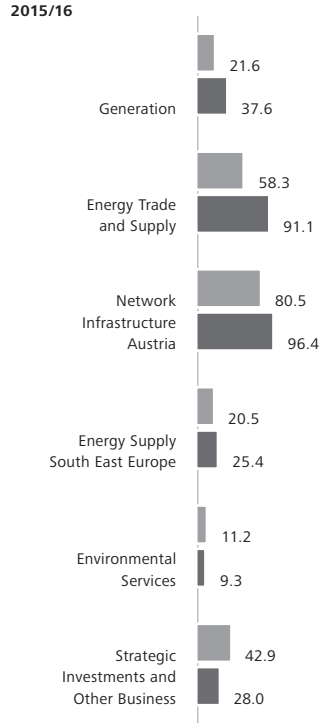
2014/15
2015/16



EBIT by segments HY. 1

in EURm

2014/15
2015/16



The average number of employees declined by 211 year-on-year to 6,837 due to the Group's continuous reorganisation and optimisation measures. This reduction offset the salary and wage adjustments resulting from collective bargaining agreements and non-recurring effects related to restructuring measures in Macedonia. Personnel expenses declined by a total of EUR 4.2m, or 2.7%, to EUR 154.9m.

Other operating expenses totalled EUR 68.0m and were EUR 20.4m, or 23.1%, lower than the comparable prior year level. This significant decline resulted primarily from further improvements in the collection of receivables and parallel cost reduction in South Eastern Europe and from operating improvements throughout the entire EVN Group.

The share of results from equity accounted investees with operational nature declined by EUR 6.4m, or 6.1%, to EUR 98.8m. An improvement in earnings at EVN's electricity and natural gas distribution company in Austria was contrasted, above all, by lower earnings at Rohöl-Aufsuchungs AG.

In total, these developments led to an increase of EUR 38.4m, or 10.0%, in EBITDA to EUR 422.4m. The EBITDA margin improved from 31.4% to 35.3%.

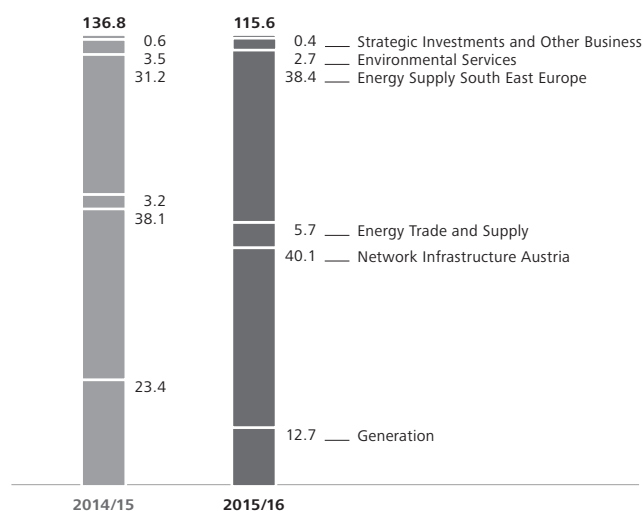
Depreciation and amortisation rose by EUR 4.2m, or 3.3%, to EUR 131.7m as a result of the Group's investment activity. Results from operating activities (EBIT) totalled EUR 290.7m and were EUR 53.2m, or 22.4%, higher than the first half of the previous year.

Financial results amounted to EUR -39.5m and were EUR 17.5m, or 79.3%, lower than the previous year. The decline was caused particularly by a negative earnings contribution from WEEV Beteiligungs GmbH which resulted from an impairment loss on the shares of Verbund AG. This impairment loss was recognised to reflect the ongoing negative difference between the current share price and the carrying amount of the shares. The dividend from Verbund AG was also not included in the results from investments for the reporting period because it was only approved by the Annual General Meeting of Verbund AG on 13 April 2016. In contrast, financial results were positively influenced by the absence of the costs recognised in the previous year to terminate the investment guarantee granted by the Federal Republic of Germany for the project of the sodium hypochlorite plant in Moscow and the related interest rate hedge.

The result before income tax rose by EUR 35.7m, or 16.6%, year-on-year to EUR 251.1m in the first half of 2015/16. Group net result equalled EUR 189.9m after the deduction of income tax

Structure of investments HY. 1

in %, total in EURm



expense totalling EUR 47.7m and the share of results attributable to non-controlling interests. This represents an increase of EUR 24.4m, or 14.8%, over the first half of the previous year.

Statement of cash flows

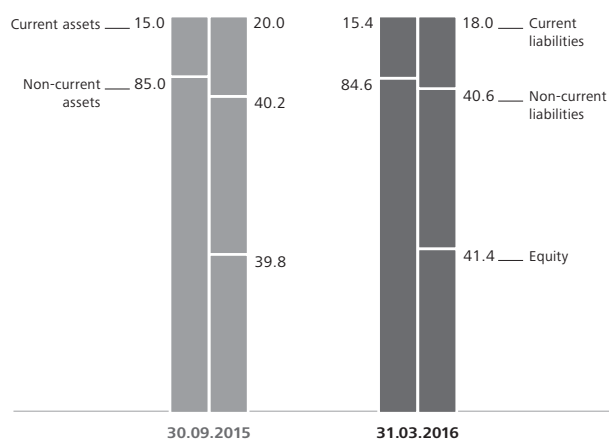
Gross cash flow rose by EUR 78.9m, or 25.8%, to EUR 384.6m in the first half of 2015/16, primarily due to the increase in the result before income tax and a decline in the non-cash earnings components from equity-accounted investees and results from other investments. Including the changes in working capital, cash flow from operating activities totalled EUR 236.0m and was EUR 26.6m, or 12.7%, higher than the first half of the previous year.

Cash flow from investing activities was EUR 181.8m lower than the first half of 2014/15 at EUR –86.3m. The main reason for this decline was the sale of the sodium hypochlorite plant in Moscow during the previous year.

Cash flow from financing activities equalled EUR –173.3m for the reporting period, compared with EUR –300.4m in the first half of the previous year. This development resulted mainly from the repayment of the financing for the sodium hypochlorite plant project in 2014/15. The current reporting period was influenced by the payment of the dividend for the 2014/15 financial year and by the scheduled repayment of financial liabilities.

Balance sheet structure as of the balance sheet date

in %



Total cash flow for the first six months of 2015/16 amounted to EUR –23.6m. Cash and cash equivalents equalled EUR 221.4m as of 31 March 2016 and were EUR 19.6m, or 9.7%, higher than on 31 March 2015. In addition, EVN had committed, undrawn credit lines totalling EUR 575.0m at its disposal to meet possible short-term financing requirements.

Statement of financial position

EVN's balance sheet total equalled EUR 6,484.8m as of 31 March 2016, which is EUR 16.4m, or 0.3%, lower than on 30 September 2015.

Non-current assets declined by EUR 42.1m, or 0.8%, to EUR 5,487.0m in the first half of 2015/16 and fell slightly to 84.6% as a share of total assets (30 September 2015: 85.0%). The changes in intangible assets and property, plant and equipment nearly balanced out, but distributions led to a decline in the carrying amount

of the equity accounted investees and to a valuation-related decrease in the other investments.

Current assets rose by EUR 25.7m, or 2.6%, to EUR 997.7m, primarily due to a seasonal increase in the receivables from end customers.

Equity rose by EUR 92.9m, or 3.6%, to EUR 2,683.0m based on the positive Group result recorded for the first half of 2015/16. The equity ratio equalled 41.4% as of 31 March 2016 (30 September 2015: 39.8%). The dividend of EUR 0.42 per share approved by the 87th Annual General Meeting on 21 January 2016 was paid on 29 January 2016 and is therefore reflected in equity.

Non-current liabilities rose by EUR 27.0m, or 1.0%, to EUR 2,638.0m. Non-current financial liabilities and other non-current liabilities declined, but there was an increase in the deferred income from network subsidies and non-current provisions.

Current liabilities fell by EUR 136.3m, or 10.5%, to EUR 1,163.7m. All non-current liabilities declined during the reporting period, with the exception of tax liabilities which were higher as of 31 March 2016.

Net debt declined by EUR 81.9m, or 6.7%, below the level on 30 September 2015 to EUR 1,148.9m, and gearing fell to 42.8% (30 September 2015: 47.5%).

EVN's key energy business indicators	GWh	2015/16	2014/15	+/-		2015/16	2014/15	+/-
		HY. 1	HY. 1	nominal	in %	Q. 2	Q. 2	in %
Electricity generation volumes		3,363	2,935	428	14.6	1,727	1,570	10.0
Renewable energy sources		966	1,082	-116	-10.7	528	574	-8.1
Thermal energy sources		2,397	1,853	544	29.4	1,199	996	20.4
Network distribution volumes								
Electricity		11,625	11,744	-119	-1.0	6,033	6,133	-1.6
Natural gas ¹⁾		11,254	10,377	878	8.5	5,852	5,907	-0.9
Energy sales volumes to end customers								
Electricity		10,239	10,569	-331	-3.1	5,256	5,499	-4.4
thereof Central and Western Europe ²⁾		3,507	3,629	-121	-3.3	1,713	1,824	-6.1
thereof South Eastern Europe		6,731	6,941	-210	-3.0	3,543	3,675	-3.6
Natural gas		4,129	4,235	-106	-2.5	2,340	2,449	-4.4
Heat		1,432	1,403	29	2.1	800	766	4.5
thereof Central and Western Europe ²⁾		1,276	1,229	47	3.8	703	664	5.8
thereof South Eastern Europe		156	174	-18	-10.5	97	102	-4.3

1) Incl. network distribution volumes to EVN power plants.

2) Central and Western Europe covers Austria and Germany.

Risk management report

pursuant to § 87 (4) of the Austrian Stock Exchange Act ("Börsegesetz")

Risk profile

The risk profile of the EVN Group is influenced primarily by normal industry risks and uncertainties and, above all, by political, legal and regulatory challenges. At the present time, no future risks can be identified that could endanger the continued existence of the EVN Group.

The overall risk profile has not changed significantly since the end of the previous financial year on 30 September 2015 and is therefore applicable to the remaining six months of the 2015/16 financial year. The major risks and uncertainties to which the Group is exposed are summarised in the following section, whereby the categorisation is based on the EVN risk management process.

Market and competitive risks

Energy trading and sales

EVN's revenues can be negatively affected by a decline in demand due to weather conditions or climate change, demographic, political or technological factors or the loss of customers and sales volumes for image-related or competitive reasons. In addition, the development of market prices and market volatility, a suboptimal procurement strategy and declining margins can lead to lower profit margins in the energy business.

Generation/supply

Production that is increasingly decentralised and cannot be precisely planned as well as fluctuations in wind levels, water flows, sunshine hours and weather conditions can have a negative influence on earnings from the generation business (price and volume effects). The economic viability and intrinsic value of generation equipment is dependent to a significant degree on electricity and primary energy prices, the respective efficiencies, energy sector framework conditions and locations. Adverse developments can therefore lead to the recognition of an impairment loss. The creation of or addition to provisions for long-term (procurement) contracts may also be necessary. In spite of the measures implemented to date, these types of risks still exist for thermal generation plants, hydropower plants and generation plants that use renewable energies.

Environment

EVN is exposed to risks in the environmental services business from possible fluctuations in the demand, volume and/or costs of drinking water supplies, wastewater treatment systems and thermal waste utilisation facilities. The project volume in this business can also be negatively affected by market saturation or limited resources for infrastructure projects as well as non-inclusion in or the failure to win tenders. EVN is also exposed to various risks in connection with suppliers and the realisation of projects, which include the defective fulfilment or non-fulfilment of contractually agreed performance.

Financial risks

In managing credit and default risks, EVN distinguishes between receivables due from end customers, on the one hand, and receivables from financial and energy trading transactions and major projects/plants, on the other hand.

The default risk associated with end customer receivables is limited primarily by efficient receivables management, the evaluation of credit standings based on ratings and experience and the regular monitoring of payment behaviour. However, a lack of purchasing power or deteriorating payment behaviour can have a negative effect on revenue in the energy segment.

Credits risks, above all in the treasury and energy trading areas and in project and procurement management, are countered with credit monitoring and credit limit systems, hedging instruments (e.g. bank guarantees) and a targeted strategy to diversify business partners.

EVN holds investments in areas related to the core business (above all Verbund AG, Rohöl-Aufsuchungs AG, Burgenland Holding AG, EnergieAllianz Austria GmbH). The difficult energy policy environment creates a risk that the unfavourable development of earnings and equity in these companies can also have a substantial impact on EVN.

In connection with active management of the risks related to liquidity, interest rates, foreign currencies and market prices, the current low interest rate environment represents an increasing challenge for the short- to medium-term investment of liquid funds. This can lead to opportunity losses and have a negative effect on the valuation of employee-related provisions and on future tariffs.

Operating risks

The energy and network businesses are particularly vulnerable to operating risks such as operational interruptions and disruptions as well as IT and safety-related problems that can cause supply interruptions and lead to liability and reputation risks. The environmental services business is also exposed to the risk of operating disruptions or interruptions in drinking water supplies, wastewater systems and thermal waste utilisation facilities.

Risks can also arise from the suboptimal design and use of technical equipment and the assessment and implementation of technological innovations. Further operational risks are related to organisation, planning, personnel and compliance.

External risks

The regulatory environment, energy and environmental protection laws and the changing political and public positions on energy and infrastructure projects are major risk drivers. A change in the subsidy system, the failure to receive anticipated subsidies or a change in the legally defined tariffs can have a negative effect on the company's future asset, financial and earnings position.

Political and economic instability, arbitrary legal and regulatory measures as well as changes in the legal framework represent further challenges. EVN is exposed to the risk that necessary permits and licenses are not granted, may be withdrawn or not extended. In this respect, specific mention should be made of the license withdrawal proceedings initiated by the Bulgarian regulatory authority (EWRC) against EVN's electricity distribution company in Bulgaria (EVN Bulgaria Electrosnabdiavane EAD). EVN has implemented the necessary measures to enforce its rights in these proceedings, which it considers to be unjustified.

Contractual and legal risks can arise in connection with pending or potential court, arbitration and investment protection proceedings as well as audits by supervisory or regulatory authorities.

Segment reporting

Overview

The structure of the EVN Group is based on three general categories: the energy business, the environmental services business and other business activities. The energy business covers the entire electricity and heat value chain from generation and distribution to networks and supply, while the natural gas business is concentrated on the distribution and supply. This product portfolio is supplemented by the activities of EVN subsidiaries in related areas as well as regional

cable TV and telecommunication services. The environmental services business involves activities in the areas of drinking water supply, wastewater disposal and thermal waste utilisation.

The definition of the operating segment is done in accordance with the requirements of IFRS 8 "Business Segments" and is therefore based exclusively on the internal organisational and reporting structure of the EVN Group. The following section describes the operating performance of EVN's six segments and the effects of energy sector indicators on their development.

Business areas	Segments	Activities
Energy business	Generation	Electricity generation from thermal sources and renewable energies at Austrian and international locations
	Energy Trade and Supply	Procurement of electricity and primary energy carriers, trading and sale of electricity and natural gas to end customers and on wholesale markets as well as heat generation and sale
	Network Infrastructure Austria	Operation of regional electricity and natural gas networks as well as cable TV and telecommunications networks
	Energy Supply South East Europe	Operation of electricity networks and electricity sales to end customers in Bulgaria and Macedonia, heat generation and sale in Bulgaria, electricity generation in Macedonia, construction and operation of natural gas networks in Croatia, energy trading throughout the entire region
Environmental services business	Environmental Services	Drinking water supply, wastewater disposal and thermal waste utilisation in Austria, operation of combined cycle heat and power co-generation plants in Moscow as well as international project business
Other business activities	Strategic Investments and Other Business	Strategic and other investments, corporate services

Generation

The Generation Segment covers the generation of electricity from thermal production capacities and renewable energy sources in Austria, Germany, Bulgaria and Albania as well as projects for the construction of power generation plants in Austria and Bulgaria.

The external revenue recorded by this segment is derived mainly from the sale of electricity from windpower. Internal revenue from electricity generation (in particular hydropower plants as well as windpower plants that are no longer covered by subsidy schemes) is based on the market price for electricity. Revenue from power plants with flexible generation capacity is based on the option value, which reflects the profit margins from the option values realised over the short and medium term. The billing for energy deliveries from Steag-EVN Walsum 10 Kraftwerksgesellschaft mbH is generally based on operating, financing and primary energy costs. The sale of the generated electricity and the procurement of primary energy are reported under the Energy Trade and Supply Segment.

The income from EVN's investments in the Verbund-Inn River power plants and EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH & Co KG are reported under the share of equity accounted investees with operational nature as part of the results

from operating activities (EBIT). The investment in STEAG-EVN Walsum 10 Kraftwerksgesellschaft is included through proportionate consolidation.

Highlights

- Increase in energy production through significantly greater use of thermal power plants to support network stability
- Decline in electricity generation from renewable energy due to lower wind and water flows
- Slight decline in EBITDA, EBIT and result before income tax above prior year level

Electricity generation rose by 457 GWh, or 18.4%, to 2,942 GWh in the first half of 2015/16. While the production from renewable energy fell by 82 GWh, or 9.7%, year-on-year to 769 GWh, the generation from EVN's thermal power plants rose by 539 GWh, or 33.0%, to 2,174 GWh. Wind and water flows were substantially lower than the previous year and led to a drop in renewable energy generation despite the expansion of windpower capacity. The

Key indicators – Generation		2015/16	2014/15	+/-		2015/16	2014/15	+/-
		HY. 1	HY. 1	nominal	in %	Q. 2	Q. 2	in %
Key energy business indicators	GWh							
Electricity generation volumes		2,942	2,486	457	18.4	1,484	1,321	12.4
thereof renewable energy sources		769	851	-82	-9.7	419	449	-6.8
thereof thermal energy sources		2,174	1,635	539	33.0	1,065	871	22.3
Key financial indicators	EURm							
External revenue		24.4	30.3	-5.9	-19.5	14.7	15.9	-7.5
Internal revenue		95.6	93.1	2.5	2.7	47.2	48.3	-2.2
Total revenue		120.0	123.3	-3.4	-2.7	61.9	64.2	-3.5
Operating expenses		-51.0	-58.1	7.1	12.2	-25.9	-29.0	10.6
Share of results from equity accounted investees with operational nature		-4.1	0.7	-4.9	-	0.1	0.5	-89.2
EBITDA		64.8	65.9	-1.1	-1.7	36.0	35.7	1.0
Depreciation and amortisation including effects from impairment tests		-27.3	-44.3	17.1	38.5	-13.6	-30.9	55.9
Results from operating activities (EBIT)		37.6	21.6	16.0	73.8	22.4	4.8	-
Financial results		-11.7	-12.4	0.7	5.8	-5.7	-6.2	7.5
Result before income tax		25.9	9.2	16.7	-	16.7	-1.4	-
Total assets		1,245.2	1,243.5	1.7	0.1	1,245.2	1,243.5	0.1
Total liabilities		934.4	1,021.5	-87.1	-8.5	934.4	1,021.5	-8.5
Investments ¹⁾		14.7	38.3	-23.6	-61.6	9.3	24.3	-61.9

1) In intangible assets and property, plant and equipment

Theiss and Korneuburg thermal power plants were again available to provide reserve capacity for southern Germany during the winter of 2015/16 and, in addition, the Dürnröhr power plant was used to manage shortages. The use of the thermal power plants to stabilise the networks in Austria and Germany was significantly higher year-on-year by the end of the first half of 2015/16.

EVN covered 32.8% of the electricity sold during the reporting period with its own production (previous year: 27.8%). The share of renewable energy in the Group's total production fell from 36.9% in the first half of the previous year to 28.7% due to the unfavourable weather conditions and the increased use of the thermal power plants.

Revenue in the Generation Segment totalled EUR 120.0m for the reporting period and was EUR 3.4m, or 2.7%, lower than the previous year. The increased revenue from the provision of balancing energy and reserve capacity for southern Germany was unable to fully offset the volume-related decrease in revenue from renewable generation.

Operating expenses fell by EUR 7.1m, or 12.2%, to EUR 51.0m, primarily due to a decline in the cost of primary energy carriers.

The share of results from equity accounted investees with operational nature was EUR 4.9m lower at EUR -4.1m. This development reflected a weather- and market price-related slight decline in the share of results from Verbund Innkraftwerke GmbH and, above all, the impairment loss recognised to the investment in the Ashta hydropower plant which was reported in the first quarter.

In total, EBITDA in the Generation Segment amounted to EUR 64.8m in the first half of 2015/16, for a year-on-year decline of EUR 1.1m, or 1.7%. Depreciation and amortisation, including the results of impairment tests, decreased by EUR 17.1m, or 38.5%, to EUR 27.3m. While the comparable prior year period included an impairment loss of EUR 17.8m to the Dürnröhr power plant, no effects from impairment testing were recognised in the first half of 2015/16. Results from operating activities (EBIT) rose by EUR 16.0m, or 73.8%, to EUR 37.6m.

Financial results improved by EUR 0.7m, or 5.8%, to EUR -11.7m following scheduled repayments and the subsequent reduction of financial liabilities. Result before income tax amounted to EUR 25.9m and was EUR 16.7m higher than the first half year of the previous year.

Investments in this segment were EUR 23.6m, or 61.6%, lower at EUR 14.7m in the first half of 2015/16. This decline resulted primarily from the completion and commissioning of the Prottes-Ollersdorf windpark, which was responsible for the comparatively high level of investment in the second quarter of 2014/15.

Energy Trade and Supply

The Energy Trade and Supply Segment is responsible for the trading and sale of electricity and natural gas to end customers, primarily in the Austrian home market and in wholesale markets. The segment's business activities also include the procurement of electricity, natural gas and other primary energy carriers as well as the production and sale of heat.

Highlights

- Decline in energy sales volumes due to the mild winter and ongoing intense competition
 - Reduction in operating expenses
 - EBITDA, EBIT and result before income tax above prior year level
-

The first half of 2015/16 brought an increase in EVN's heat sales volumes to end customers in Austria, but a decline in electricity and natural gas sales volumes. The primary reasons were the mild temperatures during the winter 2015/16, the effects of energy efficiency measures and intense competition on the end customer market.

Nonetheless, revenue in this segment rose by EUR 10.3m, or 3.4%, to EUR 310.4m primarily due to higher revenue from the electricity generated in the thermal power plants.

Operating expenses declined by EUR 3.1m, or 1.1%, to EUR 276.9m. This development resulted, above all, from lower primary energy purchases from third parties for heat generation and for natural gas marketing.

The share of results from equity accounted investees with operational nature rose by EUR 19.7m, or 42.3%, to EUR 66.3m. In total, the above developments led to an increase of EUR 33.1m, or 49.6%, in EBITDA to EUR 99.8m.

Depreciation and amortisation rose by EUR 0.4m, or 4.3%, to EUR 8.7m. Results from operating activities (EBIT) totalled EUR 91.1m, which represents an increase of EUR 32.7m, or 56.1%, over the previous year.

Financial results amounted to EUR -1.7m for the reporting period (previous year: EUR -1.4m). Result before income tax rose by EUR 32.4m, or 56.9%, to EUR 89.4m in the first half of 2015/16.

Investments increased by EUR 2.2m, or 50.9%, year-on-year to EUR 6.6m and focused, in total, on the expansion of the heating plants and network.

Key indicators – Energy Trade and Supply		2015/16 HY. 1	2014/15 HY. 1	+/-		2015/16 Q. 2	2014/15 Q. 2	+/-
				nominal	in %			in %
Key energy business indicators	GWh							
Energy sales volumes to end customers								
Electricity		3,507	3,629	-121	-3.3	1,713	1,824	-6.1
Natural gas		4,129	4,235	-106	-2.5	2,340	2,449	-4.4
Heat		1,276	1,229	47	3.8	703	664	5.8
Key financial indicators	EURm							
External revenue		304.2	292.8	11.4	3.9	154.6	141.1	9.5
Internal revenue		6.2	7.3	-1.1	-14.5	3.7	3.2	12.9
Total revenue		310.4	300.1	10.3	3.4	158.2	144.4	9.6
Operating expenses		-276.9	-280.0	3.1	1.1	-137.1	-135.7	-1.0
Share of results from equity accounted investees with operational nature		66.3	46.6	19.7	42.3	39.3	27.9	40.5
EBITDA		99.8	66.7	33.1	49.6	60.4	36.6	65.1
Depreciation and amortisation including effects from impairment tests		-8.7	-8.3	-0.4	-4.3	-4.3	-4.2	-3.8
Results from operating activities (EBIT)		91.1	58.3	32.7	56.1	56.0	32.4	73.0
Financial results		-1.7	-1.4	-0.3	-21.6	-0.7	-0.8	7.2
Result before income tax		89.4	57.0	32.4	56.9	55.3	31.6	75.0
Total assets		598.7	493.5	105.2	21.3	598.7	493.5	21.3
Total liabilities		495.8	364.5	131.2	36.0	495.8	364.5	36.0
Investments ¹⁾		6.6	4.4	2.2	50.9	3.4	2.9	16.6

1) In intangible assets and property, plant and equipment

Network Infrastructure Austria

The Network Infrastructure Austria Segment covers the operation of the regional electricity and natural gas networks as well as the cable TV and telecommunications networks in Lower Austria and Burgenland. This segment also includes corporate services, above all in connection with construction, which are reported as internal revenue. Income from investments in this segment includes the distributions from the R-138 fund and AGGM Austrian Gas Grid Management AG to Netz Niederösterreich GmbH.

Highlights

- Increase in electricity and natural gas network distribution volumes
- Revenue above previous year
- Improvement in EBITDA, EBIT and result before income tax
- Investment focus on supply security

The electricity and natural gas network tariffs in Austria are adjusted annually on 1 January by the E-Control Commission in accordance with the incentive regulatory system. As of 1 January 2016, the electricity and natural gas network tariffs for household customers were increased by an average of 11.0% each. The adjustments as of 1 January 2015 involved a reduction in the network tariffs of 1.0% for electricity and 3.0% for natural gas.

Electricity distribution volumes rose by 66 GWh, or 1.6%, to 4,328 GWh in the first half of 2015/16, above all due to growth in the industrial customer segment. Natural gas distribution volumes increased by 875 GWh, or 8.4%, to 11,237 GWh primarily due to the frequent use of EVN's natural gas-fired power plants to stabilise the Austrian and southern German electricity networks.

These price and volume factors led to an increase of EUR 13.2m, or 5.0%, in revenue to EUR 278.7m. Operating expenses on the other hand were EUR 5.8m, or 4.4%, lower at EUR 127.5m, chiefly due to a decline in service costs, network losses and expenses related to the upstream network.

Key indicators – Network Infrastructure Austria		2015/16 HY. 1	2014/15 HY. 1	+/-		2015/16 Q. 2	2014/15 Q. 2	+/- in %
				nominal	in %			
Key energy business indicators		GWh						
Network distribution volumes								
Electricity		4,328	4,261	66	1.6	2,181	2,158	1.1
Natural gas		11,237	10,363	875	8.4	5,842	5,899	-1.0
Key financial indicators		EURm						
External revenue		253.7	242.0	11.7	4.8	137.5	125.8	9.3
Internal revenue		25.0	23.5	1.5	6.3	13.3	11.9	11.8
Total revenue		278.7	265.5	13.2	5.0	150.7	137.6	9.5
Operating expenses		-127.5	-133.3	5.8	4.4	-73.0	-73.2	0.3
Share of results from equity accounted investees with operational nature		-	-	-	-	-	-	-
EBITDA		151.2	132.2	19.0	14.4	77.7	64.4	20.7
Depreciation and amortisation including effects from impairment tests		-54.8	-51.7	-3.2	-6.1	-27.5	-26.3	-4.9
Results from operating activities (EBIT)		96.4	80.5	15.9	19.7	50.2	38.1	31.6
Financial results		-8.6	-8.7	0.1	1.0	-4.3	-4.3	-1.8
Result before income tax		87.7	71.8	16.0	22.2	45.8	33.9	35.3
Total assets		1,848.1	1,824.5	23.6	1.3	1,848.1	1,824.5	116.3
Total liabilities		1,312.6	1,319.6	-7.0	-0.5	1,312.6	1,319.6	-
Investments ¹⁾		46.3	52.1	-5.8	-11.2	23.3	23.8	-2.0

1) In intangible assets and property, plant and equipment

The development of revenue and expenses led to an increase of EUR 19.0m, or 14.4%, in EBITDA to EUR 151.2m. EBIT was EUR 15.9m, or 19.7%, higher at EUR 96.4m. This comparatively lower growth resulted from an investment-related increase in depreciation and amortisation, which rose by EUR 3.2m, or 6.1%, to EUR 54.8m.

Financial results were stable at EUR -8.6m (previous year: EUR -8.7m). Result before income tax recorded by the Network Infrastructure Austria Segment amounted to EUR 87.7m in the first half of 2015/16, which represents a year-on-year increase of EUR 16.0m or 22.2%.

The capital expenditure programme announced by EVN in 2013/14, which calls for investments of EUR 1bn in Lower Austria over a period of four years, entered its third year as planned during the

first half of 2015/16. Roughly 70% of the total programme will be directed to the expansion or new construction of the network infrastructure, in particular to transport the increased feed-in of wind-power-generated electricity. Investments in this segment totalled EUR 46.3m in the first half of 2015/16. This represents a year-on-year decline of EUR 5.8m, or 11.2%, which resulted from the postponement of individual construction projects.

Energy Supply South East Europe

The Energy Supply South East Europe Segment is responsible for the operation of electricity networks and the sale of electricity to end customers in Bulgaria and Macedonia, the generation and sale of heat in Bulgaria, the production of electricity in Macedonia, the sale of natural gas to end customers in Croatia and energy trading throughout the region.

Key indicators – Energy Supply South East Europe		2015/16 HY. 1	2014/15 HY. 1	+/-		2015/16 Q. 2	2014/15 Q. 2	+/-
				nominal	in %			in %
Key energy business indicators		GWh						
Electricity generation volumes		246	288	-41	-14.4	152	168	-9.4
thereof renewable energy		76	114	-38	-33.1	49	66	-24.9
thereof thermal power plants		170	174	-4	-2.2	103	102	0.6
Network distribution volumes ¹⁾		7,297	7,483	-185	-2.5	3,852	3,976	-3.1
Heat sales volumes to end customers		156	174	-18	-10.5	97	102	-4.3
Key financial indicators		EURm						
External revenue		533.6	581.2	-47.7	-8.2	281.2	307.2	-8.5
Internal revenue		0.2	0.1	0.0	41.6	0.1	0.1	67.6
Total revenue		533.7	581.3	-47.6	-8.2	281.3	307.2	-8.4
Operating expenses		-476.8	-530.3	53.5	10.1	-239.1	-271.8	12.0
Share of results from equity accounted investees with operational nature		-	-	-	-	-	-	-
EBITDA		56.9	51.1	5.8	11.4	42.2	35.4	19.1
Depreciation and amortisation including effects from impairment tests		-31.5	-30.6	-0.9	-3.1	-16.0	-15.3	-4.4
Results from operating activities (EBIT)		25.4	20.5	4.9	23.9	26.2	20.1	30.4
Financial results		-12.0	-13.5	1.6	11.5	-6.2	-7.8	20.7
Result before income tax		13.4	7.0	6.5	92.8	20.0	12.3	63.0
Total assets		1,291.9	1,270.1	21.8	1.7	1,291.9	1,270.1	1.7
Total liabilities		1,121.9	1,138.5	-16.6	-1.5	1,121.9	1,138.5	-1.5
Investments ²⁾		44.5	42.7	1.8	4.2	20.1	15.7	28.2

1) In Bulgaria and Macedonia energy sales volumes are approximately equivalent to present network distribution volumes.

2) In intangible assets and property, plant and equipment

Highlights

- Electricity production in Macedonia declines due to lower water flows, but still exceeds long-term average
- Energy demand in Bulgaria reduced by high temperatures
- Lower revenue and energy procurement costs
- Improvement in EBITDA, EBIT and result before income tax

The regulatory authority in Bulgaria reduced the end customer prices for electricity in EVN's supply area by an average of 0.4% as of 1 August 2015. In addition, the end customer prices for heat

were cut by 7.0% as of 1 July 2015 and by a further 0.7% as of 1 October 2015. EVN is continuing to actively pursue the arbitration proceedings started in June 2013 at the World Bank's International Centre for the Settlement of Investment Disputes (ICSID).

A tariff decision in Macedonia reduced the end customer prices for electricity by an average of 0.3% as of 1 July 2015. This adjustment failed to include the cost elements related to the next planned liberalisation steps.

EVN now supplies customers in all three Croatian counties (Zadar, Sibenik and Split) for which EVN Croatia has signed concession agreements covering the construction and operation of natural gas distribution networks. The current focus is on the connection of new customers through measures to increase the network coverage and on the further expansion of the local network.

EVN's companies in South East Europe generated 246 GWh of electricity in the first half of 2015/16, which represents a year-on-year decline of 41 GWh or 14.4%. Water flows in Macedonia were higher than the long-term average, but did not reach the previous year's record level. This led to a 38 GWh, or 33.1%, drop in renewable production to 76 GWh. In Bulgaria, the average temperatures were even higher than the mild winter 2014/15. The result was a reduction in the operating time of the co-generation plant in Plovdiv and a subsequent decrease of 4 GWh, or 2.2%, in thermal generation to 170 GWh.

Electricity network sales volumes declined by a total of 185 GWh, or 2.5%, year-on-year to 7,297 GWh. Moreover, heat sales to end customers in Bulgaria fell by 18 GWh, or 10.5%, to 156 GWh.

Revenue correlated with this development and fell by EUR 47.6m, or 8.2%, to EUR 533.7m in the first half of 2015/16. In addition to the 2015 tariff decisions in Bulgaria and Macedonia and the liberalisation steps taken in both countries, the mild winter weather in Bulgaria weakened revenue growth.

Operating expenses also fell during the reporting period and were EUR 53.5m, or 10.1%, lower year-on-year at EUR 476.8m. Energy purchases from third parties declined because of the lower volumes and, not least, due to the further reduction of network losses. Continuous improvements in the collection of customer receivables also led to a decrease in the related valuation allowances. In total, EBITDA rose by EUR 5.8m, or 11.4%, to EUR 56.9m.

Depreciation and amortisation rose by only EUR 0.9m, or 3.1%, to EUR 31.5m. The results from operating activities (EBIT) amounted to EUR 25.4m and were EUR 4.9m, or 23.9%, higher than the previous year.

Financial results improved by EUR 1.6m, or 11.5%, to EUR -12.0m based on the scheduled repayment of loans and a further decline in interest rates. Result before income tax equalled EUR 13.4m in the first half of 2015/16, which is EUR 6.5m, or 92.8%, higher than the previous year.

Investments in the Energy Supply South East Europe Segment rose by EUR 1.8m, or 4.2%, to EUR 44.5m during the reporting period.

Environmental Services

The activities of the Environmental Services Segment cover drinking water supply, wastewater treatment and thermal waste utilisation in Austria; the international project business in Central, Eastern and South Eastern Europe; and the operation of two combined cycle heat and power co-generation plants in Moscow.

Highlights

- Contract for three wastewater projects in Macedonia
 - Start of construction on a wastewater purification plant in Prague
 - Increase in revenue
 - Decline in EBITDA and EBIT, year-on-year improvement in result before income tax
-

The Environmental Services Segment recorded an increase of EUR 4.2m, or 5.1%, in revenue to EUR 88.0m in the first half of 2015/16. This growth was supported by higher sales volumes of drinking water supplies in Lower Austria and positive revenue development in the international project business. Revenues from thermal waste utilisation in Lower Austria reflected the previous year.

Operating expenses rose to EUR 72.2m (previous year: EUR 65.4m) during the reporting period due to the absence of the positive non-recurring effects which resulted from the sale of the shares in the project company for the sodium hypochlorite plant in Moscow during the previous year. This increase was only offset in part by a decline in the cost of materials in the international project business, which resulted from the absence of a valuation allowance recognised in the previous year to the flue gas cleaning aggregate in the former project for the construction of thermal waste utilisation plant no. 1 in Moscow.

The share of results from equity accounted investees with operational nature increased slightly from EUR 6.0m in the previous year to EUR 6.4m in the first half of 2015/16. These developments led, in total, to EBITDA of EUR 22.1m, which represents a decline of EUR 2.3m or 9.5%. Depreciation and amortisation were nearly constant at EUR 12.8m (previous year: EUR 13.2m), and the results from operating activities (EBIT) fell by EUR 1.9m, or 17.3%, to EUR 9.3m year-on-year.

Financial results amounted to EUR -1.7m and improved by EUR 6.2m, or 78.1%, over the previous year. This development resulted primarily from the absence of the negative one-off effects on financial results caused by the termination of the hedge and the federal guarantee for the sodium hypochlorite project in Moscow. Result before income tax equalled EUR 7.6m in the first half of 2015/16 (previous year: EUR 3.4m).

Key financial indicators – Environmental Services	EURm	2015/16	2014/15	+/-		2015/16	2014/15	+/-
		HY. 1	HY. 1	nominal	in %	Q. 2	Q. 2	in %
External revenue		79.0	74.1	4.9	6.7	35.4	33.1	6.8
Internal revenue		9.0	9.7	-0.7	-7.1	4.5	4.4	0.7
Total revenue		88.0	83.8	4.2	5.1	39.8	37.6	6.1
Operating expenses		-72.2	-65.4	-6.9	-10.5	-33.2	-45.5	26.9
Share of results from equity accounted investees with operational nature		6.4	6.0	0.3	5.3	3.6	3.2	11.5
EBITDA		22.1	24.4	-2.3	-9.5	10.2	-4.7	-
Depreciation and amortisation including effects from impairment tests		-12.8	-13.2	0.4	2.8	-6.4	-6.5	2.2
Results from operating activities (EBIT)		9.3	11.2	-1.9	-17.3	3.8	-11.2	-
Financial results		-1.7	-7.9	6.2	78.1	-2.1	1.9	-
Result before income tax		7.6	3.4	4.2	-	1.7	-9.4	-
Total assets		906.4	964.6	-58.2	-6.0	906.4	964.6	-6.0
Total liabilities		721.6	773.1	-51.5	-6.7	721.6	773.1	-6.7
Investments ¹⁾		3.2	4.8	-1.6	-33.0	1.8	3.6	-48.9

1) In intangible assets and property, plant and equipment

EVN invested a total of EUR 3.2m in the Environmental Services Segment during the first half of 2015/16, which represents a year-on-year decline of EUR 1.6m, or 33.0%. These expenditures were focused primarily on further improving the quality and supply security of drinking water. Other investments involved improvements to the performance capability of the Waldviertel pumping stations to handle the increase in peak periods, especially during the summer months. The construction of a natural filter plant in Zwentendorf an der Zaya, which will reduce the hardness of the water by natural means, has reached an advanced stage and should be completed at the end of June. As of 1 January 2016, EVN expanded its supply area in Lower Austria by taking over the management of the water supply network for the municipality of Litschau.

In the international project business, EVN worked on the realisation of seven projects in Macedonia, Montenegro, the Czech Republic and Cyprus as of 31 March 2016. In Macedonia, EVN won a contract for the construction of three wastewater treatment plants in Kičevo, Radoviš and Strumica. EVN acts as the general contractor for the planning and construction of the sewage treatment plants and the expansion and modernisation of the wastewater disposal networks. This contract has a total value of approximately EUR 20.0m, and the plants will be financed with European Union subsidies to support the candidate country Macedonia. In Prague, the consortium that includes EVN received the building permit and has started work on the renovation and expansion of a wastewater purification plant that will have a capacity to service 1.2m residents.

Strategic Investments and Other Business

The Strategic Investments and Other Business Segment basically covers the investments in Rohöl-Aufsuchungs AG (RAG), Energie Burgenland (held by Burgenland Holding AG) and Verbund AG. This segment also includes corporate functions as well as companies outside EVN's core business which generally provide internal services.

Highlights

- Lower earnings contributions from equity accounted investees with operational nature (RAG and Energie Burgenland)
- Decline in EBITDA, EBIT and result before income tax

Revenue in the Strategic Investments and Other Business Segment remained nearly stable at EUR 32.5m in the first half of 2015/16 (previous year: EUR 31.9m), while operating expenses declined by EUR 4.9m, or 12.7%, to EUR 33.9m.

The share of results from equity accounted investees with operational nature fell by EUR 21.6m, or 41.7%, to EUR 30.3m due to lower earnings contributions from RAG and Energie Burgenland. In total, these developments resulted in EBITDA of EUR 28.8m (previous year: EUR 44.9m) and results from operating activities (EBIT) of EUR 28.0m (previous year: EUR 42.9m)

Key financial indicators – Strategic Investments and Other Business	EURm	2015/16	2014/15	+/-		2015/16	2014/15	+/-
		HY. 1	HY. 1	nominal	in %	Q. 2	Q. 2	in %
External revenue		1.9	4.3	-2.4	-56.3	0.2	1.7	-90.0
Internal revenue		30.6	27.6	3.0	10.7	15.4	14.9	3.3
Total revenue		32.5	31.9	0.5	1.7	15.6	16.6	-6.0
Operating expenses		-33.9	-38.8	4.9	12.7	-17.7	-19.8	10.6
Share of results from equity accounted investees with operational nature		30.3	51.9	-21.6	-41.7	13.6	35.8	-61.9
EBITDA		28.8	44.9	-16.1	-35.9	11.5	32.5	-64.7
Depreciation and amortisation including effects from impairment tests		-0.8	-2.0	1.2	60.0	-0.4	-1.6	74.9
Results from operating activities (EBIT)		28.0	42.9	-14.9	-34.8	11.1	30.9	-64.2
Financial results		9.5	34.3	-24.8	-72.3	-3.7	19.2	-
Result before income tax		37.5	77.3	-39.7	-51.4	7.4	50.1	-85.2
Total assets		2,461.1	2,762.4	-301.3	-10.9	2,461.1	2,762.4	-10.9
Total liabilities		1,038.7	1,168.2	-129.5	-11.1	1,038.7	1,168.2	-11.1
Investments ¹⁾		0.4	0.8	-0.4	-49.7	0.4	0.8	-54.7

1) In intangible assets and property, plant and equipment

Financial results declined by EUR 24.8m, or 72.3%, to EUR 9.5m. This development reflected the fact that the dividend from Verbund AG was not included in the results from investments for the reporting period because it was only approved by the respective Annual General Meeting on 13 April 2016. The negative earnings contribution from WEEV Beteiligungs GmbH also influenced financial results. It was based on an impairment loss recognised to the shares in Verbund AG, which was required to reflect the lasting decline in the share price below the recorded cost. The segment recorded result before income tax of EUR 37.5m for the reporting period (previous year: EUR 77.3m).

Consolidated interim report

according to IAS 34

Consolidated statement of operations

EURm	2015/16 HY. 1	2014/15 HY. 1	+/- in %	2015/16 Q. 2	2014/15 Q. 2	+/- in %	2014/15
Revenue	1,196.8	1,224.7	-2.3	623.5	624.9	-0.2	2,135.8
Other operating income	42.4	66.6	-36.3	20.8	18.8	10.7	108.4
Electricity purchases and primary energy expenses	-581.2	-638.3	8.9	-298.3	-326.9	8.8	-1,066.5
Costs of materials and services	-111.4	-126.6	12.0	-51.5	-60.5	14.9	-254.0
Personnel expenses	-154.9	-159.1	2.7	-76.2	-77.4	1.6	-313.5
Other operating expenses	-68.0	-88.5	23.1	-37.4	-46.9	20.3	-168.1
Share of results from equity accounted investees with operational nature	98.8	105.2	-6.1	56.5	67.4	-16.2	141.1
EBITDA	422.4	384.0	10.0	237.4	199.3	19.1	583.2
Depreciation and amortisation	-131.7	-127.5	-3.3	-66.2	-63.9	-3.5	-260.3
Effects from impairment tests	-0.0 ^{*)}	-19.0	99.9	-0.0 ^{*)}	-19.0	99.9	-54.7
Results from operating activities (EBIT)	290.7	237.5	22.4	171.2	116.3	47.2	268.2
Share of results from equity accounted investees with financial nature	-5.0	0.7	-	-5.0	0.9	-	0.4
Results from other investments	0.2	13.5	-98.5	-	13.5	-100.0	11.6
Interest income	8.7	11.5	-24.4	4.6	5.0	-8.3	21.7
Interest expense	-38.8	-51.7	24.9	-19.3	-21.0	8.3	-91.1
Other financial results	-4.6	4.0	-	-3.2	3.9	-	-2.9
Financial results	-39.5	-22.0	-79.3	-22.8	2.4	-	-60.3
Result before income tax	251.1	215.5	16.6	148.4	118.7	25.1	207.9
Income tax expense	-47.7	-26.8	-78.0	-30.7	-9.2	-	-17.3
Result for the period	203.5	188.7	7.8	117.7	109.4	7.6	190.7
thereof result attributable to EVN AG shareholders (Group net result)	189.9	165.4	14.8	111.0	92.4	20.2	148.1
thereof result attributable to non-controlling interests	13.6	23.3	-41.5	6.7	17.1	-60.8	42.6
Earnings per share in EUR ¹⁾	1.07	0.93	14.9	0.62	0.51	20.2	0.83

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

*) Small amount

Consolidated statement of comprehensive income

EURm	2015/16 HY. 1	2014/15 HY. 1	+/- in %	2015/16 Q. 2	2014/15 Q. 2	+/- in %	2014/15
Result for the period	203.5	188.7	7.8	117.7	109.4	7.6	190.7
Other comprehensive income from							
Items that will not be reclassified to profit or loss							
Remeasurements IAS 19	-6.2	-35.0	82.2	7.9	-21.5	-	1.6
Investments in equity accounted investees	-13.3	-30.7	56.5	-12.5	-28.2	55.8	21.2
thereon apportionable income tax expense	3.5	-12.0	-	17.4	-0.3	-	-13.9
	3.6	7.6	-52.4	3.0	7.0	-57.3	-5.6
Items that may be reclassified to profit or loss							
Currency translation differences	-26.4	-15.2	-73.4	-33.7	13.2	-	-139.4
Available for sale financial instruments	-2.0	-7.6	73.2	4.4	4.2	5.4	-10.7
Cash flow hedges	-25.7	-14.6	-75.3	-25.3	11.4	-	-163.5
Investments in equity accounted investees	-1.1	-0.3	-	-3.1	-1.6	-99.1	5.4
thereon apportionable income tax expense	-6.4	3.2	-	-18.1	1.5	-	-12.9
	8.9	4.1	-	8.4	-2.3	-	42.2
Total other comprehensive income after tax	-32.6	-50.2	35.0	-25.8	-8.3	-	-137.9
Comprehensive income for the period	170.8	138.5	23.4	91.9	101.1	-9.1	52.9
thereof income attributable to EVN AG shareholders	157.2	115.2	36.5	85.2	84.1	1.4	15.4
thereof income attributable to non-controlling interests	13.6	23.3	-41.5	6.7	17.1	-60.8	37.5

Consolidated statement of financial position

EURm	31.03.2016	30.09.2015	+/-	
			nominal	in %
Assets				
Non-current assets				
Intangible assets	229.0	220.2	8.7	4.0
Property, plant and equipment	3,503.8	3,516.3	-12.5	-0.4
Investments in equity accounted investees	887.3	898.1	-10.8	-1.2
Other investments	473.6	499.7	-26.0	-5.2
Deferred tax assets	85.2	86.4	-1.3	-1.5
Other non-current assets	308.2	308.4	-0.3	-0.1
	5,487.0	5,529.2	-42.1	-0.8
Current assets				
Inventories	117.2	132.5	-15.3	-11.5
Trade and other receivables	564.3	503.2	61.1	12.1
Securities	84.7	81.3	3.5	4.2
Cash and cash equivalents	231.5	255.1	-23.5	-9.2
	997.7	972.0	25.7	2.6
Total assets	6,484.8	6,501.2	-16.4	-0.3
Equity and liabilities				
Equity				
Share capital	330.0	330.0	-	-
Share premium and capital reserves	253.0	253.0	-	-
Retained earnings	1,983.4	1,868.2	115.2	6.2
Valuation reserve	-100.5	-69.9	-30.6	-43.8
Currency translation reserve	-26.0	-24.0	-2.0	-8.5
Treasury shares	-23.6	-22.5	-1.1	-4.9
Issued capital and reserves attributable to shareholders of EVN AG	2,416.2	2,334.8	81.4	3.5
Non-controlling interests	266.8	255.4	11.5	4.5
	2,683.0	2,590.1	92.9	3.6
Non-current liabilities				
Non-current loans and borrowings	1,491.3	1,535.7	-44.4	-2.9
Deferred tax liabilities	40.6	31.2	9.4	30.1
Non-current provisions	477.6	461.1	16.5	3.6
Deferred income from network subsidies	556.0	507.4	48.6	9.6
Other non-current liabilities	72.6	75.6	-3.1	-4.1
	2,638.0	2,611.0	27.0	1.0
Current liabilities				
Current loans and borrowings	99.2	140.1	-40.9	-29.2
Taxes payable and levies	109.9	63.6	46.2	72.6
Trade payables	426.1	472.3	-46.2	-9.8
Current provisions	113.1	146.1	-33.0	-22.6
Other current liabilities	415.4	477.9	-62.5	-13.1
	1,163.7	1,300.0	-136.3	-10.5
Total equity and liabilities	6,484.8	6,501.2	-16.4	-0.3

Consolidated statement of changes in equity

EURm	Issued capital and reserves of EVN AG shareholders	Non-controlling interests	Total
Balance on 30.09.2014	2,395.2	237.5	2,632.7
Comprehensive income for the period	115.2	23.3	138.5
Dividends 2013/14	-74.7	-2.1	-76.9
Change in treasury shares	-0.6	-	-0.6
Balance on 31.03.2015	2,435.1	258.7	2,693.7
Balance on 30.09.2015	2,334.8	255.4	2,590.1
Comprehensive income for the period	157.2	13.6	170.8
Dividends 2014/15	-74.7	-2.2	-76.9
Change in treasury shares	-1.1	-	-1.1
Balance on 31.03.2016	2,416.2	266.8	2,683.0

Condensed consolidated statement of cash flows

EURm	2015/16 HY. 1	2014/15 HY. 1	+/-		2014/15
			nominal	in %	
Result before income tax	251.1	215.5	35.7	16.6	207.9
+ Depreciation and amortisation of intangible assets and property, plant and equipment	131.7	146.5	-14.8	-10.1	315.0
- Non-cash share of results of equity accounted investees and other investments	-93.9	-119.4	25.5	21.3	-153.1
+ Dividends from equity accounted investees and other investments	109.3	89.5	19.8	22.1	120.7
+ Interest expense	38.8	51.7	-12.9	-24.9	91.1
- Interest paid	-28.0	-42.9	14.9	34.8	-76.6
- Interest income	-8.7	-11.5	2.8	24.4	-21.7
+ Interest received	7.2	10.4	-3.2	-30.6	20.3
-/+ Other non-cash financial results	1.5	-5.4	6.9	-	2.2
- Release of deferred income from network subsidiaries	-21.2	-18.9	-2.3	-12.0	-38.7
-/+ Decrease/increase in non-current provisions	-4.8	-10.2	5.4	53.2	-30.1
+/- Other non-cash expenses/gains	1.6	0.4	1.2	-	0.9
Gross cash flow	384.6	305.7	78.9	25.8	438.1
- Changes in assets and liabilities arising from operating activities	-153.8	-106.2	-47.6	-44.9	35.6
- Income tax paid	5.1	9.9	-4.8	-48.0	4.6
Net cash flow from operating activities	236.0	209.4	26.5	12.7	478.3
- Changes in intangible assets and property, plant and equipment	-75.8	-107.6	31.8	29.5	-242.5
- Changes in financial assets and other non-current assets	-7.0	218.2	-225.2	-	250.3
- Changes in current securities	-3.5	-15.1	11.6	77.1	-80.5
Net cash flow from investing activities	-86.3	95.5	-181.8	-	-72.7
- Dividends paid to EVN AG shareholders	-74.7	-74.7	0.1	0.1	-74.7
- Dividends paid to non-controlling interests	-2.2	-2.1	-0.0 ^{*)}	-1.9	-19.6
- Acquisition of own shares	-1.1	-0.6	-0.5	-92.3	-1.1
+/- Changes in financial liabilities	-95.4	-222.9	127.5	57.2	-261.9
Net cash flow from financing activities	-173.3	-300.4	127.0	42.3	-357.3
Net change in cash and cash equivalents	-23.6	4.6	-28.2	-	48.3
Cash and cash equivalents at the beginning of the period¹⁾	244.9	197.2	47.7	24.2	197.2
Cash and cash equivalents at the end of the period¹⁾	221.4	201.8	19.6	9.7	244.9

1) By adding bank overdrafts this results in cash and cash equivalents according to the consolidated statement of financial position.

*) Small amount

Notes to the consolidated interim report

Accounting and valuation methods

This consolidated interim report as of 31 March 2016, of EVN AG, taking into consideration § 245a Austrian Commercial Code (UGB), was prepared in accordance with the guidelines set forth in IFRS by the International Financial Reporting 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 2014/15 financial year (balance sheet date: 30 September 2015).

The accounting and valuation methods applied in preparing the consolidated financial statements as of 30 September 2015 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 2015/16 financial year:

Standards and interpretations applied for the first time		Effective ¹⁾
New standards and interpretations		
–	–	–
Revised standards and interpretations		
IAS 19	Employee Benefits – Defined Benefit Plans: Employee Contributions	01.02.2015
Several	Annual Improvements 2010–2012	01.02.2015
Several	Annual Improvements 2011–2013	01.01.2015

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 revised standards and interpretations were applied prematurely in 2014/15 and had no effect on the consolidated interim financial statements.

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 services 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 Environmental Services Segment usually generates lower revenues in the first half of the financial year than in the second half. Accordingly, business in the Environmental Services 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 31 domestic and 36 foreign subsidiaries (30 September 2015: 31 domestic and 37 foreign subsidiaries) were fully consolidated as of 31 March 2016. As of 31 March 2016, a total of 35 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 2015: 36).

Changes in the scope of consolidation	Fully	Line-by-line (Joint Operation)	Equity	Total
30.09.2014	69	1	19	89
First consolidation	1	–	–	1
Deconsolidation	–2	–	–	–2
30.09.2015	68	1	19	88
First consolidation	–	–	–	–
Deconsolidation	–1	–	–1	–
31.03.2016	67	1	18	86
thereof foreign companies	36	1	6	43

The operating business of the equity accounted investee e&t Energie Handelsgesellschaft m.b.H, Vienna, was sold to EAA as of 1 October 2015. The company was then merged with Naturkraft Energievertriebsgesellschaft m.b.H, Vienna, retroactively as of 30 September 2015 through a merger contract dated 3 December 2015 and subsequently deconsolidated.

Anlagenbetriebsgesellschaft Waidhofen/Ybbs GmbH, Maria Enzersdorf, which was not included in the consolidated financial statements of EVN for reasons of immateriality, was merged with EVN Wärme GmbH, Maria Enzersdorf, retroactively to 30 September 2015 as of 11 November 2015.

Naturkraft EOOD, Plovdiv, Bulgaria, which was previously included through full consolidation, was merged with EVN Kavarna EOOD, Plovdiv, Bulgaria, as of 8 March 2016 and deconsolidated during the second quarter of 2015/16.

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

Selected notes to the consolidated statement of operations

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

Share of results from equity accounted investees with operational nature	2015/16	2014/15
EURm	HY. 1	HY. 1
EVN KG	60.0	42.0
RAG	19.8	38.7
Energie Burgenland	10.4	13.2
ZOV; ZOV UIP	6.4	6.0
Shkodra	–3.8	–
Verbund Innkraftwerke	–0.5	0.0 ^{*)}
Other companies	6.5	5.3
Share of results from equity accounted investees with operational nature	98.8	105.2

^{*)} Small amount

The share of results from the equity accounted investee Shkodra includes an impairment loss of EUR 4.1m to the carrying amount, which is related to the Ashta hydropower plant. A capital increase in October 2015 gave rise to a review of the carrying amount for possible signs of impairment. The recoverable amount of EVN's investment in Shkodra was determined on the basis of fair value less costs of disposal (level 3 according to IFRS 13) and equalled EUR 2.8m. An after-tax WACC of 8.16% was used as the discount rate during the regulated phase and 10.29% for the free market phase. The present value model underlying the valuation includes a planning period up to 2043, after which the ownership of the power plant will be transferred to the state of Albania.

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

Income from investments	2015/16	2014/15
EURm	HY. 1	HY. 1
WEEV Beteiligungs GmbH	–5.0	0.7
Other companies	0.0 ^{*)}	0.0 ^{*)}
Share of results of equity accounted investees with financial nature	–5.0	0.7
Verbund AG	–	11.6
Other companies	0.2	1.8
Results from other investments	0.2	13.5
Total income from investments	–4.8	14.2

^{*)} Small amount

The negative earnings contribution from WEEV Beteiligungs GmbH resulted from a market-price related impairment loss to the Verbund AG shares held by WEEV, which was recognised to reflect the significant and lasting decline in the share price below its cost. In accordance with IAS 39, the adjustments to the lower market values were recognised from the date of the last impairment loss as of 30 June 2013, after the deduction of deferred taxes, and charged to the valuation reserve. IFRS require the recognition of an impairment loss through profit or loss when there is a significant and lasting decline in the share price, and this led to the reported negative earnings contribution.

Earnings per share are calculated by dividing Group net profit (= net profit for the period attributable to EVN AG shareholders) by the weighted average number of shares outstanding, i.e. 177,773,033 as of 31 March 2016 (31 March 2015: 177,923,816 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 189.9m (31 March 2015: EUR 165.4m), earnings per share at the balance sheet date 31 March 2016 totalled EUR 1.07 (31 March 2015: EUR 0.93 per share).

Selected notes to the consolidated statement of financial position

In the first half of 2015/16, EVN acquired intangible assets and property, plant and equipment to the sum of EUR 115.6m (previous year: EUR 136.8m). Property, plant and equipment with a net carrying amount (book value) of EUR 0.7m were disposed of (previous year: EUR 1.0m), with a capital gain of EUR 0.3m (previous year: capital loss of EUR 0.0m).

The item investments in equity accounted investees decreased by EUR 10.8m, or 1.2%, to EUR 887.3m. This decline resulted primarily from the distributions by at equity consolidated companies, which totalled EUR 109.3m as well as from valuation changes not recognised in profit and loss that amounted to EUR 2.9m. This reduction was contrasted by the current earnings contributions of EUR 93.7m.

Other investments totalling EUR 473.6m, which are classified as “available for sale”, include the shares of listed companies. The market value of these shares equalled EUR 450.4m and declined by EUR 25.7m from the prior balance sheet date. In accordance with IAS 39, the adjustments made to reflect the changed market values were allocated to 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	2015/16 HY. 1
Number	
Balance 30.09.2015	177,820,083
Purchase of treasury shares	-110,800
Total 31.03.2016	177,709,283

The 87th Annual General Meeting 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 current share capital, by 31 October 2016. A total of 90,000 shares, representing 0.05% of share capital, were repurchased between 28 January and 31 March 2016.

As of 31 March 2016, the number of treasury shares amounted to 2,169,119 (or 1.2% of the share capital) with an acquisition value of EUR 23.6m and a market value of EUR 21.4m (30 September 2015: EUR 20.3m). The treasury shares held by EVN are not entitled to any rights, and in particular, they are not entitled to dividends.

The 87th Annual General Meeting of EVN held on 21 January 2016, approved the proposal of the Executive Board and Supervisory Board to distribute a dividend of EUR 0.42 per share for the 2014/15 financial year, which comprises a total dividend payout of EUR 74.7m. Ex-dividend date was 27 January 2016, and the dividend payment to shareholders of EVN took place on 29 January 2016.

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

Break-down of non-current loans and borrowings	31.03.2016	30.09.2015
EURm		
Bonds	686.0	679.4
Bank loans	805.3	856.2
Total non-current loans and borrowings	1,491.3	1,535.7

The increase of EUR 6.6m in bonds resulted primarily from a change in the value of the hedged foreign exchange risk. 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 Trade and Supply		Network Infrastructure Austria		Energy Supply South East Europe	
	2015/16 HY. 1	2014/15 HY. 1	2015/16 HY. 1	2014/15 HY. 1	2015/16 HY. 1	2014/15 HY. 1	2015/16 HY. 1	2014/15 HY. 1
External revenue	24.4	30.3	304.2	292.8	253.7	242.0	533.6	581.2
Internal revenue (between segments)	95.6	93.1	6.2	7.3	25.0	23.5	0.2	0.1
Total revenue	120.0	123.3	310.4	300.1	278.7	265.5	533.7	581.3
Operating expenses	-51.0	-58.1	-276.9	-280.0	-127.5	-133.3	-476.8	-530.3
Share of results from equity accounted investees operational	-4.1	0.7	66.3	46.6	-	-	-	-
EBITDA	64.8	65.9	99.8	66.7	151.2	132.2	56.9	51.1
Depreciation and amortisation	-27.3	-44.3	-8.7	-8.3	-54.8	-51.7	-31.5	-30.6
Results from operating activities (EBIT)	37.6	21.6	91.1	58.3	96.4	80.5	25.4	20.5
Financial results	-11.7	-12.4	-1.7	-1.4	-8.6	-8.7	-12.0	-13.5
Result before income tax	25.9	9.2	89.4	57.0	87.7	71.8	13.4	7.0
Total assets	1,245.2	1,243.5	598.7	493.5	1,848.1	1,824.5	1,291.9	1,270.1
Investments ¹⁾	14.7	38.3	6.6	4.4	46.3	52.1	44.5	42.7

	Environmental Services		Strategic Investments and Other Business		Consolidation		Total	
	2015/16 HY. 1	2014/15 HY. 1	2015/16 HY. 1	2014/15 HY. 1	2015/16 HY. 1	2014/15 HY. 1	2015/16 HY. 1	2014/15 HY. 1
External revenue	79.0	74.1	1.9	4.3	-	0.0 ^{*)}	1,196.8	1,224.7
Internal revenue (between segments)	9.0	9.7	30.6	27.6	-166.5	-161.2	-	-
Total revenue	88.0	83.8	32.5	31.9	-166.5	-161.3	1,196.8	1,224.7
Operating expenses	-72.2	-65.4	-33.9	-38.8	165.3	160.1	-873.1	-945.9
Share of results from equity accounted investees operational	6.4	6.0	30.3	51.9	-	-	98.8	105.2
EBITDA	22.1	24.4	28.8	44.9	-1.2	-1.2	422.4	384.0
Depreciation and amortisation	-12.8	-13.2	-0.8	-2.0	4.2	3.6	-131.7	-146.5
Results from operating activities (EBIT)	9.3	11.2	28.0	42.9	3.0	2.4	290.7	237.5
Financial results	-1.7	-7.9	9.5	34.3	-13.4	-12.5	-39.5	-22.0
Result before income tax	7.6	3.4	37.5	77.3	-10.4	-10.1	251.1	215.5
Total assets	906.4	964.6	2,461.1	2,762.4	-1,866.5	-1,866.7	6,484.8	6,691.8
Investments ¹⁾	3.2	4.8	0.4	0.8	-0.1	-6.3	115.6	136.8

1) In intangible assets and property, plant and equipment

*) Small amount

The results shown in the total column represent the results reported on the consolidated income statement. 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 Trade and Supply 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 Trade and Supply 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)	31.03.2016		30.09.2015	
			Carrying amount	Fair Value	Carrying amount	Fair Value
Non-current assets						
Other investments						
Non-financial assets	–		13.4	–	13.8	–
Miscellaneous investments	AFS		9.8	–	9.8	–
Miscellaneous investments	AFS	Level 1	450.4	450.4	476.1	476.1
			473.6		499.7	
Other non-current assets						
Securities	@FVTPL	Level 1	88.7	88.7	73.3	73.3
Loans receivable	LAR	Level 2	33.7	42.7	33.1	40.4
Lease receivables and accrued lease transactions	LAR	Level 2	115.9	131.4	128.1	146.1
Receivables arising from derivative transactions	@FVTPL	Level 2	12.9	12.9	5.7	5.7
Remaining other non-current assets	LAR		43.5	43.5	53.8	53.8
Non-financial assets (primary energy reserves)	–		13.4	–	14.4	–
			308.2		308.4	
Current assets						
Current receivables and other current assets						
Trade and other receivables	LAR		529.1	529.1	472.6	472.6
Receivables arising from derivative transactions	@FVTPL	Level 2	16.8	16.8	7.3	7.3
Non-financial assets	–		18.4	–	23.4	–
			564.3		503.2	
Securities	AFS	Level 1	84.7	84.7	81.3	81.3
Cash and cash equivalents						
Cash on hand and cash at banks	LAR		231.5	231.5	255.1	255.1
			231.5		255.1	
Non-current liabilities						
Non-current loans and borrowings						
Bonds	FLAC	Level 2	686.0	831.6	679.4	805.3
Bank loans	FLAC	Level 2	805.3	888.9	856.2	916.7
			1,491.3		1,535.7	
Other non-current liabilities						
Leases	FLAC	Level 2	15.0	16.1	16.0	16.4
Accruals of financial transactions	FLAC		1.8	1.8	2.0	2.0
Other liabilities	FLAC		7.2	7.2	8.9	8.9
Liabilities arising from derivative transactions	Hedging, @FVTPL	Level 2	48.6	48.6	48.7	48.7
			72.6		75.6	
Current liabilities						
Current loans and borrowings						
Trade payables	FLAC		99.2	99.2	140.1	140.1
Other current liabilities	FLAC		426.1	426.1	472.3	472.3
Other current liabilities						
Other financial liabilities	FLAC		286.5	286.5	327.7	327.7
Liabilities arising from derivative transactions	Hedging, @FVTPL	Level 2	24.5	24.5	17.7	17.7
Non-financial liabilities	–		104.4	–	132.5	–
			415.4		477.9	
thereof aggregated to measurement categories						
Available for sale financial assets	AFS		544.9		567.2	
Loans and receivables	LAR		953.8		942.6	
Financial assets designated at fair value in profit or loss	@FVTPL		118.4		86.3	
Financial liabilities at amortised cost	FLAC		2,327.1		2,502.7	

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

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

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

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

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

Information on transactions with related parties

There were no major changes in the group of individuals and companies who are considered as related parties compared to the Annual report of 2014/15.

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

Transactions with investments in equity accounted investees	2015/16	2014/15
EURm	HY. 1	HY. 1
Revenue	170.6	139.6
Cost of materials and services	70.4	95.0
Trade accounts receivable	58.1	47.6
Trade accounts payable	29.3	24.8

Other obligations and risks

Other obligations and risks increased by EUR 50.0m to EUR 429.4m compared to 30 September 2015. This change was mainly due to the rise in guarantees for subsidiaries in connection with energy transactions, guarantees for subsidiaries in connection with construction projects in the Environmental Services Segment as well as the increased 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 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 104.9m as of 31 March 2016. The nominal volume of the guarantees underlying this assessment was EUR 268.5m.

Events after the balance sheet date

The following events occurred between the quarterly balance sheet date of 31 March 2016 and the editorial deadline for this consolidated interim report on 20 May 2016:

The 69th Annual General Meeting of Verbund AG on 13 April 2016 approved a dividend of EUR 0.35 per share for the 2015 financial year (previous year: EUR 0.29 per share).

On 13 May 2016 the Executive Board of EVN AG approved the reclassification of a maximum of 306,000 treasury shares for transfer to employees of the company and specified subsidiaries during the third calendar quarter of 2016. These shares will be issued to employees who are entitled by a company agreement to a special payment and have selected this alternative. They will also be issued to a circle of employees from a certain area as a one-off payment for special achievements.

Following the antitrust authority's release of the transaction agreed in December 2015, the sale to OMV of the EconGas shares held by EVN (16.51%), Wien Energie (16.51%) and Energie Burgenland (2.73%) closed on 20 May 2016.

Statement by the Executive Board

pursuant to § 87 (1) no 3 of the Austrian Stock Exchange Act

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

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

Maria Enzersdorf, 20 May 2016

EVN AG
The Executive Board



Peter Layr
Spokesman of the Executive Board



Stefan Szyszkowitz
Member of the Executive Board

The EVN share

Market environment and performance

Different trends characterised the international stock markets during the first half of EVN's 2015/16 financial year. The German benchmark index DAX rose by 3.2% from October 2015 to March 2016, while the US benchmark index Dow Jones recorded a stronger increase of 8.6%. Vienna's benchmark index ATX and the DJ Euro Stoxx Utilities, the relevant industry index for EVN, recorded a moderate plus of 1.8% and 0.7%, respectively, during the same period. The EVN share topped this performance with an increase of 2.5%. Based on the closing price of EUR 10.10, this represents a market capitalisation of EUR 1.82bn on 31 March 2016. The average daily turnover in EVN shares equalled 32,259 (single counting), which corresponds to a trading volume of EUR 39.55m (single counting) for EVN shares on the Vienna Stock Exchange and 0.27% of the total trading volume.

Share buyback programme

The 87th Annual General Meeting on 21 January 2016 approved the premature termination of the share buyback programme that had been in progress since 16 January 2014. It also authorised the Executive Board to repurchase the company's bearer shares during a period of 30 months (i) for distribution to employees of the company or its subsidiaries and (ii) in accordance with § 65 (1) no. 8 of the Austrian Stock Corporation Act (acquisition with no specific purpose) at an amount equalling up to 10% of the share capital of EVN AG.

On 21 January 2016, the Executive Board approved the repurchase of up to 1,000,000 shares, representing up to 0.556% of share capital, based on this authorisation. A total of 90,000 shares, representing 0.05% of share capital were repurchased from 28 January to 31 March 2016 within the context of this new share buyback programme. EVN AG held 2,169,119 treasury shares as of 31 March 2016, including the shares repurchased in earlier years, which represent approximately 1.2% of share capital.

Strategy for the use of financial resources and dividend

EVN's strategy for the use of its financial resources includes establishing a balance between current investment projects and attractive dividends for shareholders. This strategy is reflected in a targeted payout ratio equalling approximately 40% of Group net result over the long term.

The 87th Annual General Meeting on 21 January 2016 approved a dividend of EUR 0.42 per eligible share, or EUR 74.4m in total, to shareholders for the 2014/15 financial year. The ex-dividend day was 27 January 2016, and payment was made to shareholders on 29 January 2016.

Shareholder structure

EVN is a listed stock corporation under Austrian law whose shares are traded in the Prime Market segment of the Vienna Stock Exchange. In accordance with Austrian federal and provincial con-

The EVN share price – relative development



		2015/16	2014/15
		HY. 1	HY. 1
EVN share – performance			
Share price at 31 March	EUR	10.10	10.47
Highest price	EUR	10.52	10.56
Lowest price	EUR	9.65	9.50
Value of shares traded ¹⁾	EURm	39.55	46.79
Average daily turnover ¹⁾	Shares	32,259	37,721
Share of total turnover ¹⁾	%	0.27	0.35
Market capitalisation at 31 March	EURm	1,817	1,883
ATX weighting at 31 March	%	0.94	0.88
WBI (Vienna Stock Exchange) weighting at 31 March	%	2.20	2.12

1) Vienna Stock Exchange, single counting

stitutional law, NÖ Landes-Beteiligungsholding GmbH, St. Pölten, which is a subsidiary of the province of Lower Austria, is the majority shareholder with 51.0% of the shares. The second largest shareholder is EnBW Trust e.V. (EnBW Trust), an association headquartered in Karlsruhe which is recorded in the register of associations maintained by the district court in Mannheim under VR 3737. EnBW Trust holds an investment of 32.2% in trust for EnBW Energie Baden-Württemberg AG (EnBW), which is also headquartered in Karlsruhe and recorded in the commercial register of the district court in Mannheim under HRB 107956. As of 31 March 2016, EVN AG held treasury shares representing 1.2% of share capital and free float equalled 15.6%.

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Online Letter to Shareholders

www.finanzbericht.evn.at/?report=EN2016-Q2

Information on the internet

www.evn.at
www.investor.evn.at
www.responsibility.evn.at

Financial calendar¹⁾

Results Q. 1–3 2015/16	25.08.2016
Annual results 2015/16	13.12.2016

1) Preliminary

EVN share – Basic information¹⁾

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
Sustainability index	VÖNIX, FTSE4Good, Ethibel, ECPI
Ratings	A3, stable (Moody's); BBB+, stable (Standard & Poor's)

1) As of 31 March 2016

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