Smart Power.
Sustainable solutions for the future of energy.

Interim report quarter 1/2018

Verbund
Power for the Future

Contents

At a glance

- Positive earnings trend due to good water supply and higher earnings contribution from the Grid segment
- Water supply in quarter 1/2018 was 17 percentage points above the long-term average and 25 percentage points higher than the level in quarter 1/2017
- Lower revenue from flexibility products, particularly from congestion management
- Increasing number of customers demonstrates attractiveness of Group's broad range of products
- Earnings outlook for 2018 raised: EBITDA of approx. €870m, Group result of approx. €320m

KPIs

	Unit	Q1/2017	**Q1/2018**	Change
Revenue	€m	810.2	748.4	–7.6%
EBITDA	€m	227.5	270.0	18.7%
EBITDA adjusted	€m	227.5	270.0	18.7%
Operating result	€m	141.3	188.1	33.1%
Group result	€m	93.5	121.6	30.1%
Group result adjusted	€m	93.5	121.6	30.1%
Earnings per share	€	0.27	0.35	30.1%
EBIT margin	%	17.4	25.1	–
EBITDA margin	%	28.1	36.1	–
Cash flow from operating activities	€m	153.4	298.5	94.6%
Additions to property, plant and equipment (excluding business acquisitions)	€m	27.7	33.7	21.7%
Free cash flow before dividends	€m	94.6	240.9	154.6%
Average number of employees		2,858	2,739	–4.2%
Electricity sales volume	GWh	13,767	14,111	2.5%
Hydro coefficient		0.92	1.17	–

	Unit	31/12/2017	**31/3/2018**	Change
Total assets	€m	11,283.6	11,350.8	0.6%
Equity	€m	5,690.8	5,865.4	3.1%
Equity ratio (adjusted)	%	52.4	53.5	–
Net debt	€m	2,843.8	2,589.4	–8.9%
Gearing	%	50.0	44.1	–

Report of the Executive Board

Dear Shareholders,

Decarbonisation, decentralisation and digitalisation all represent megatrends in the transition to new forms of energy. As these trends continue to advance, new business models are emerging for energy supply companies and M&A transactions have again become a frequent occurrence. The German energy market underwent a substantial reorganisation in quarter 1/2018 when RWE and E.ON announced a major transaction. An extensive exchange of assets and business lines between the two German energy groups will create two distinct companies in terms of the business model whose activities will no longer overlap. Going forward, E.ON will concentrate on energy networks and sales, and RWE on electricity production and energy trading.

VERBUND views these developments as confirmation of the Group's chosen direction and regards itself as very well positioned in the emerging environment. The Group began making preparations early on for operating in this market. VERBUND's clear strategic positioning, coupled with systematic implementation in recent years of the measures defined in the Group's restructuring programmes, have created the basis for profitable corporate development.

Most of the electricity we generate is already carbon-free as it comes from cost-effective and sustainable hydropower. Our flexible portfolio of power plants allows us to balance the increasing volatility of the electricity grids extremely quickly and efficiently. We thus make a key contribution to integrating the new renewable energy sources and maintaining the security of supply on a long-term basis. We also enjoy stable and sustainable earnings contributions thanks to our regulated high-voltage grid in combination with a long-term network development plan that includes attractive investments.

We are also very well positioned in the area of innovative technologies. For example, we are currently investigating new energy storage technologies. Integration of an industrial-scale battery storage unit is currently underway at one of our run-of-river power plants.

As the leading supplier of green electricity and flexibility products in Austria and Germany, VERBUND positioned itself in the market at an early stage. We offer our customers an attractive, broad-based portfolio. The revolution of energy trading through digitalisation is in full swing. As part of our comprehensive digitalisation strategy, we deal with a variety of innovative technologies. In the area of automated trading, we digitally closed more than 600,000 deals just last year. We utilise the VISION digital platform developed in-house to automate the entire process for our key accounts, from purchasing electricity directly online to online invoicing. New disruptive technologies such as robot trading and blockchain applications will permanently alter the energy trading landscape. Blockchain technology has the potential to further reduce transaction costs in trading operations and to increase liquidity in the market by facilitating market access for new players. In this regard, we are already working on peer-to-peer trading solutions together with Salzburg AG, among other things. At the E-world energy & water exhibition – a European energy trade fair held last February in Essen, Germany – we presented the first joint live transaction using the Enerchain platform developed by Ponton.

We have also positioned ourselves as a solutions-driven provider of energy-related services in the areas of industry, households, municipalities and e-mobility. This puts us squarely in the position of both a producer of energy and a provider of energy services for customer-specific, environmentally friendly and cost-effective products. We operate in close proximity to the market, anticipate trends early on and take good advantage of the ensuing opportunities.

However, it is not only our energy activities that are sustainable and innovative, but also our finance operations. We were the first company in the world to issue a green Schuldschein via a fully integrated, digital issuing platform. The Schuldschein was issued in a volume of €100m and has a term to maturity of ten years. This represents another milestone set by VERBUND in the Group's digitalisation and sustainability strategy. After being the first company in the German-speaking region to issue a green bond in 2014, issuing the first digital green Schuldschein was the next logical step for us as a driver of innovation.

The results posted by VERBUND for quarter 1/2018 are likewise very good. EBITDA increased by 18.7% to €270.0m and the Group result was up by 30.1% on the prior-year period to €121.6m. The unusually good water supply in quarter 1/2018 had a significant positive effect on the earnings trend. The hydro coefficient for the run-of-river power plants came to 1.17, or 25 percentage points above the prior-year figure and 17 percentage points higher than the long-term average. Generation from annual storage power plants also increased substantially. In addition, the higher earnings contribution from the Grid segment and the good results from the programmes to reduce costs and increase efficiency that we have implemented in recent years had a positive impact. By contrast, revenue from flexibility products saw a pronounced year-on-year decline, given that quarter 1/2017 was an exceptionally good quarter for flexibility products.

Due to the good water supply occurring in quarter 1/2018, VERBUND has raised its earnings forecast for financial year 2018. Based on expectations of average levels of own generation from hydropower and wind power in quarters 2–4/2018, we anticipate EBITDA of around €870m and a Group result of approximately €320m in financial year 2018. VERBUND is planning a dividend payout ratio between 40% and 45% of the Group result for financial year 2018 after adjustment for non-recurring effects.

VERBUND is one of the leading European companies for renewable energy and security of supply. We are ready for the new energy world!

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

Investor relations

The start of 2018 saw price gains on the international stock markets, which again reached historic highs. Increasing fears of rising inflation led to global price corrections between the end of January and mid-February 2018, after which equity prices trended sideways until the end of quarter 1/2018. In the US, the share price correction negated the price gains posted in January, resulting in the US Dow Jones Industrial index dropping 2.5% below the year-end 2017 price as at the end of quarter 1/2018 – despite having hit multiple all-time highs at the beginning of the year. The price declines seen on the Euro Stoxx 50 and the Nikkei 225, the leading Japanese index, were even greater with losses of 4.1% and 5.8%, respectively. The downward trend can be attributed to general investor preference for the US stock market in times of market volatility as opposed to the European and Japanese markets.

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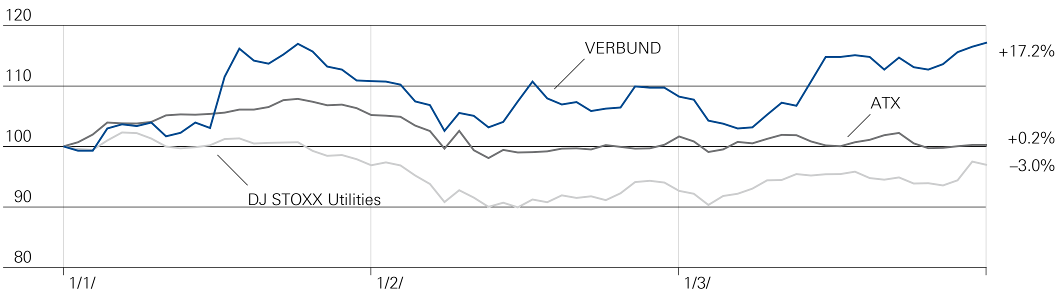
VERBUND share price: relative performance 2018



VERBUND shares gained significant ground until mid-January 2018, after which prices trended downward until the start of February. This was followed by volatile sideways movement and yet another price increase until publication of the annual results for 2017 on 14 March 2018. The ensuing trend until the end of the reporting period contained another slight price rally. VERBUND shares ended the first quarter at €23.6, up a substantial 17.2% from the closing price on 31 December 2017. The Group's shares thus outperformed both the ATX (+0.2%) and the DJ STOXX Utilities sector index (–3.0%).

Upcoming dates:
Dividend payment date:
11 May 2018
Half-year results:
26 July 2018

KPIs – shares

	Unit	Q1/2017	**Q1/2018**	Change
Share price high	€	16.5	23.6	43.1%
Share price low	€	14.7	20.0	35.6%
Closing price	€	15.9	23.6	48.3%
Performance	%	4.9	17.2	–
Market capitalisation	€m	5,529.1	8,199.0	48.3%
ATX weighting	%	2.5	3.2	–
Value of shares traded	€m	268.7	337.6	25.6%
Shares traded per day	Shares	269,263	243,086	–9.7%

Interim Group management report

Business performance

Electricity supply and sales volume

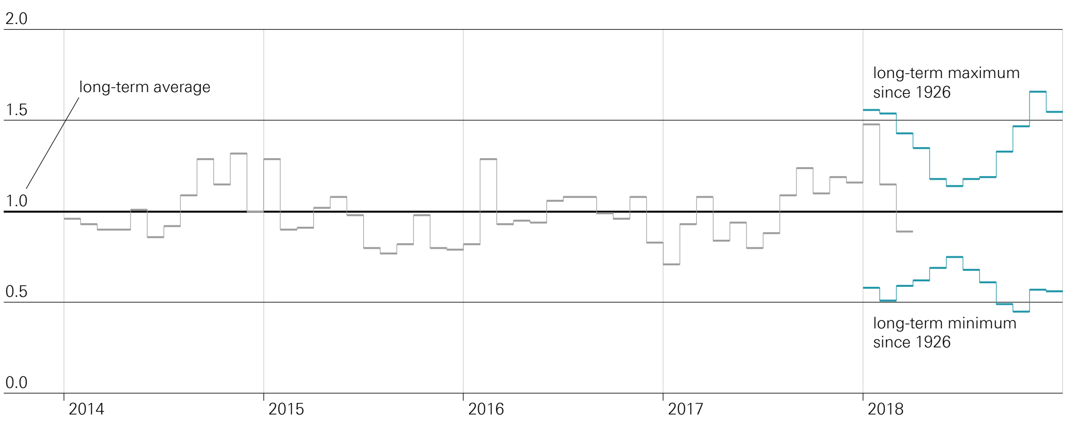
Group electricity supply GWh

	Q1/2017	Q1/2018	Change
Hydropower[1]	5,577	7,175	28.6%
Wind power	284	268	–5.4%
Thermal power	975	454	–53.4%
Own generation	6,836	**7,898**	15.5%
Electricity purchased for trading and sales	6,764	6,144	–9.2%
Electricity purchased for grid loss and control power volumes	1,478	1,326	–10.2%
Electricity supply	15,078	**15,368**	1.9%

[1] incl. purchase rights

VERBUND's own generation was up by 1,062 GWh to 7,898 GWh as at the end of quarter 1/2018, an increase of 15.5% compared with quarter 1/2017. Generation from hydropower rose by 1,598 GWh compared with the prior-year reporting period. At 1.17, the hydro coefficient for the run-of-river power plants was 25 percentage points above the prior-year figure and 17 percentage points higher than the long-term average. Generation from annual storage power plants increased by 34.7% in quarter 1/2018 due to the high level of natural water flow and high reservoir levels at 31 December 2017.

Hydro coefficient (monthly averages)



VERBUND's wind power installations generated 15 GWh less electricity in quarter 1/2018 than in the prior-year period, mainly due to the less windy conditions in Romania.

Generation from thermal power plants decreased by 521 GWh in quarter 1/2018. The Mellach combined cycle gas turbine power plant produced 503 GWh less electricity in the reporting period due to the significant reduction in the use of congestion management compared with the prior year. Generation at the Mellach coal-fired power plant decreased by 18 GWh.

Purchases of electricity from third parties for trading and sales decreased by 621 GWh in quarter 1/2018, and electricity purchased from third parties for grid losses and control power declined by 151 GWh.

Group electricity sales volume and own use

GWh

	Q1/2017	Q1/2018	Change
Consumers	2,976	3,142	5.6%
Resellers	6,565	6,768	3.1%
Traders	4,225	4,201	–0.6%
Electricity sales volume	13,767	**14,111**	2.5%
Own use	1,021	851	–16.6%
Control power	290	405	39.7%
Electricity sales volume and own use	15,078	**15,368**	1.9%

VERBUND's electricity sales volume rose by 344 GWh, or 2.5%, in quarter 1/2018. Most of the increase was attributable to higher sales to resellers (+203 GWh) and in the consumer segment. Electricity volumes delivered to consumers rose by 166 GWh. Here, a significant increase in the Group's international business more than compensated for the decline in sales to domestic customers. As at 31 March 2018, our private customer base amounted to approximately 460,000 electricity and gas customers. Electricity deliveries to trading firms were nearly unchanged at –24 GWh. Own use of electricity decreased by 170 GWh in quarter 1/2018. The decline was due to lower generation from turbining.

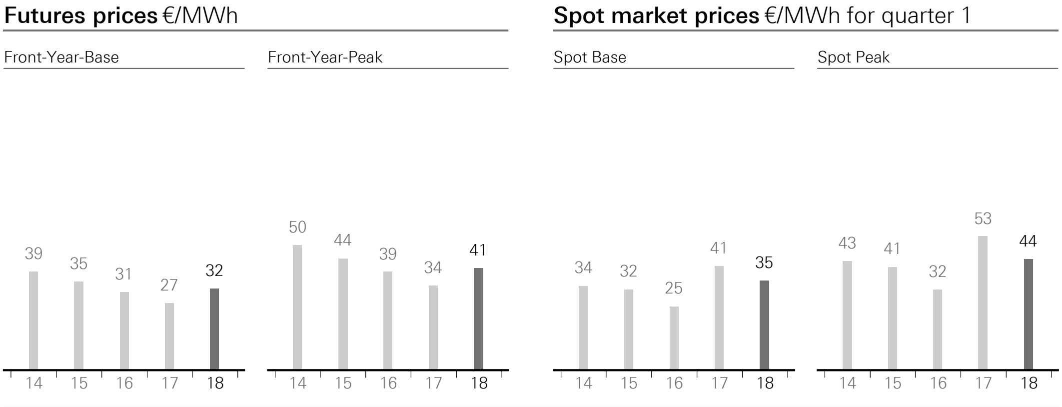
Electricity sales by country

GWh

	Q1/2017	Q1/2018	Change
Austria	7,970	6,507	–18.4%
Germany	5,045	6,215	23.2%
France	607	1,001	64.9%
Others	145	389	–
Electricity sales volume	13,767	**14,111**	2.5%

Approximately 46% of the electricity sold by VERBUND in quarter 1/2018 went to the Austrian market. The decrease compared with the previous year's figure of 58% was due to the trend among even Austrian resellers and traders to purchase in Germany. International trading and sales activities focused on the German market, which accounted for around 82% of all volumes sold abroad in the quarter just ended.

Electricity prices



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

At an average of €32.4/MWh, prices for electricity futures contracts (front-year base 2018, traded in 2017) were up 21.8% on the average level for the prior-year reporting period. Based on its hedging strategy, VERBUND had already included most of its own generation for 2018 in its pricing calculation in 2016 and 2017 via the futures market. In the reporting period, spot market prices (base price) fell by 14.1% to €35.5/MWh. The prior-year comparison period (quarter 1/2017) was characterised by unusually cold weather, when low wind yields in Germany and low temperatures across Europe, especially in January 2017, kept spot market prices at a high level in the German-Austrian electricity market. No comparable price fluctuations resulted from the cold periods seen at the end of February 2018 and around mid-March 2018.

Financial performance

Results €m

	Q1/2017	Q1/2018	Change
Revenue	810.2	748.4	–7.6%
EBITDA	227.5	270.0	18.7%
Operating result	141.3	188.1	33.1%
Group result	93.5	121.6	30.1%
Earnings per share in €	0.27	0.35	30.1%

Electricity revenue

VERBUND's electricity revenue declined by €83.4m to €557.2m in quarter 1/2018. In terms of quantities, electricity sales volumes increased by 344 GWh, or 2.5%, year-on-year. One of the reasons for the declining revenue trend was the lower level of prices on the spot markets in quarter 1/2018 compared with the previous year. Electricity revenue was also reduced by the initial application of IFRS 15 (which had no impact on profit or loss; please refer to the notes to the consolidated financial statements for details on the initial application of IFRS 15).

Grid revenue

Grid revenue increased by €15.6m to €139.5m in quarter 1/2018 compared with the same period in 2017. The rise was largely attributable to higher domestic grid revenue as a result of tariff increases. However, grid revenue was negatively impacted by lower international revenue from the auctioning off of cross-border capacities and revenue declines relating to control power.

Other revenue and other operating income

Other revenue rose by €6.1m to €51.7m. The increase can be attributed to higher proceeds from the sale of green electricity certificates and from district heating deliveries. Other operating income rose slightly by €+0.5m to €10.2m.

Expenses for electricity, grid, gas and certificate purchases

Expenses for electricity, grid, gas and certificate purchases decreased by €83.8m to €345.0m. The volume of electricity purchased from third parties for trading and sales as well as for grid losses and control power declined by a total of 772 GWh. Expenses were also reduced by the initial application of IFRS 15 (which had no impact on profit or loss; please refer to the notes to the consolidated financial statements for details on the initial application of IFRS 15). Expenses for electricity purchases thus declined by €61.7m compared with quarter 1/2017. Expenses for grid purchases decreased by €18.8m, and expenses for gas purchases fell by €5.9m, primarily as a result of the initial application of IFRS 15 (which had no impact on profit or loss).

Fuel expenses

Fuel and other usage-/revenue-dependent expenses decreased by €17.9m to €24.6m. The decline is mainly attributable to the reduced use of the Mellach combined cycle gas turbine power plant for congestion management (for details please refer to the section entitled Electricity supply and sales volume).

Personnel expenses

Personnel expenses declined by €2.6m to €75.3m. Despite a rise of 3.0% in pay rates under the collective bargaining agreement, expenses for current employees were down by €2.0m due in particular to systematic implementation of the programmes to reduce costs and increase efficiency.

Other operating expenses

Other operating expenses increased slightly, rising by €0.5m to €43.6m. The increase was mainly due to a slight increase in goods and services purchased from third parties.

EBITDA

As a result of the above-mentioned factors, EBITDA rose by 18.7% to €270.0m.

Depreciation and amortisation

Amortisation of intangible assets and depreciation of property, plant and equipment declined by €4.2m to €81.9m. The reduction was mostly due to a decrease in the depreciation base for property, plant and equipment compared with the previous year, mainly as a result of fixed asset disposals and impairment losses.

Result from interests accounted for using the equity method

The result from interests accounted for using the equity method rose by €0.2m to €7.2m. The increase was mainly due to the earnings contributions from KELAG in the amount of €7.2m (Q1/2017: €7.1m).

Interest income and expenses

Interest income increased by €0.3m to €8.0m compared with quarter 1/2017. Interest expenses declined by €2.0m to €32.0m, due in particular to lower interest on credit facilities and bonds as a result of scheduled and early repayments of principal.

Other financial result

The other financial result increased by €1.6m in quarter 1/2018 to €–0.9m. The improvement was mainly due to the non-recurrence in the current period of income realised from the measurement of a long position relating to VERBUND's share in Gemeinschaftskraftwerk Inn GmbH (€+4.3m).

Group result

After taking account of an effective tax rate of 22.9% and non-controlling interests in the amount of €10.7m, the Group result amounted to €121.6m. This represents an increase of 30.1% compared with the previous year. Earnings per share amounted to €0.35 (Q1/2017: €0.27) for 347,415,686 shares.

Financial position

Consolidated balance sheet (short version) €m

	31/12/2017	Share	**31/3/2018**	**Share**	Change
Non-current assets	10,661.5	94%	10,560.7	93%	–0.9%
Current assets	622.1	6%	790.1	7%	27.0%
Total assets	11,283.6	100%	**11,350.8**	**100%**	0.6%
Equity	5,690.8	50%	5,865.4	52%	3.1%
Non-current liabilities	4,584.7	41%	4,497.8	40%	–1.9%
Current liabilities	1,008.1	9%	987.6	9%	–2.0%
Equity and liabilities	11,283.6	100%	**11,350.8**	**100%**	0.6%

Assets

VERBUND's non-current assets decreased slightly in quarter 1/2018. With respect to property, plant and equipment, additions of €33.7m were offset by depreciation of €80.3m. The main additions to property, plant and equipment related to investments in the Austrian transmission grid and replacement investments at Austrian hydropower plants. The increase in current assets resulted mainly from short- and medium-term investments of cash and cash equivalents.

Equity and liabilities

Equity increased by 3.1% compared with 31 December 2017. The improvement was mainly attributable to the profit for the period generated in quarter 1/2018 and the positive impact of the measurement of cash flow hedges on other comprehensive income. The decrease in current and non-current liabilities is primarily due to the decline in financial liabilities as a result of scheduled and unscheduled repayments of principal as well as measurement effects.

Cash flows

Cash flow statement (short version)

€m

	Q1/2017	Q1/2018	Change
Cash flow from operating activities	153.4	298.5	94.6%
Cash flow from investing activities	–57.5	–176.7	–
Cash flow from financing activities	–64.5	–75.0	16.2%
Change in cash and cash equivalents	31.3	46.8	49.4%
Cash and cash equivalents as at 31/3/	59.3	**75.4**	27.2%

Cash flow from operating activities

Cash flow from operating activities amounted to €298.5m in quarter 1/2018, up €145.1m on the prior-year figure. The increase was mainly the result of the improved water supply (hydro coefficient of 1.17 in Q1/2018 compared with 0.92 in Q1/2017) and higher earnings in the Grid segment, due in large part to lower congestion management expenses.

Cash flow from investing activities

Cash flow from investing activities amounted to €–176.7m in quarter 1/2018 (Q1/2017: €–57.5m). The decrease compared with Q1/2017 was mainly due to cash outflows representing capital expenditure for current investments (€–120.0m).

Cash flow from financing activities

Cash flow from financing activities amounted to €–75.0m in quarter 1/2018, representing a change of €–10.4m. The main reason for the decline was lower repayments of financial liabilities (€173.1m) in combination with lower cash inflows from money market transactions (€–183.5m).

Opportunity and risk management

VERBUND's business model is based on the production of renewable base-load and peak-load energy using competitive hydropower resources from the centre of Europe. The Group also contributes to stabilising the transmission grid by means of its Mellach combined cycle gas turbine power plant. The transmission grid is operated by Austrian Power Grid (APG), the Group's wholly owned subsidiary, which is also responsible for grid development and expansion. VERBUND thus makes a key contribution to maintaining the security of supply in Austria.

VERBUND is moreover working towards achieving a decentralised, digital energy market. This entails projects to increase digitalisation throughout the Group and to improve information security, cyber security and data protection.

As part of its grid expansion activities, VERBUND issued its first green Schuldschein in quarter 1/2018 in the amount of €100m via a digital blockchain issuing platform. The transaction demonstrates VERBUND's ability to take excellent advantage of current opportunities thanks to its operating flexibility.

Significant judicial proceedings are underway relating to the flooding on the Drau in 2012 and on the Danube in 2013.

The current draft detailing Austria's climate and energy strategy up to 2030 calls for changes in the legal framework that are generally to be seen as positive for VERBUND.

Operating result

Electricity generation from hydropower is the main factor that could potentially impact the operating result, particularly because hydrological conditions cannot be controlled. Potential successes in the marketing of control power and in congestion management can increase earnings volatility. Changes in the operating environment and ongoing judicial proceedings could necessitate measurement-related adjustments to VERBUND's assets as well as changes in provisions.

Financial result

The potential extent of fluctuation in the financial result is determined by the volatility of investment income, measurement effects on the balance sheet arising from changes in market prices and interest rates, and potential expenses from collateral provided being called in.

Sensitivities

All else remaining equal, a change in the factors shown below would be reflected in the projected Group result for full-year 2018 as follows (based on the hedging status as at 31 March 2018 for generation volumes and interest rates):

- +/–1% in generation from hydropower plants: €+/–4.7m
- +/–1% in generation from wind power: €+/–0.3m
- €+/–1/MWh in wholesale electricity prices (renewable generation): €+/–3.1m
- +/– 1 percentage point in interest rates: €+/–0.3m

Segment report

Renewable generation segment

Hydropower and wind generation technologies are brought together under the Renewable generation segment.

KPIs – Renewable generation segment

	Unit	Q1/2017	**Q1/2018**	Change
Total revenue	€m	185.4	**231.4**	24.8%
EBITDA	€m	102.5	**137.6**	34.3%
Result from interests accounted for using the equity method	€m	0.1	**0.1**	–
Capital employed	€m	7,072.5	**6,755.3**	–4.5%

EBITDA for the Renewable generation segment rose by €35.1m to €137.6m. The increase was due mainly to the significant rise in generation from hydropower compared with the previous year. In quarter 1/2018, the hydro coefficient was 1.17, up from 0.92 in quarter 1/2017. The result from interests accounted for using the equity method of the Renewable generation segment was at the prior-year level and was largely made up of the earnings contribution from Ashta Beteiligungsverwaltung GmbH. Capital employed for the Renewable generation segment fell by €317.2m to €6,755.3m, due in particular to the impairment losses recognised as at 31 December 2017.

Current information on the Renewable generation segment

Projects in the area of hydropower

Work on the Gries new construction project and the Tuxbach expansion project progressed on schedule in quarter 1/2018. In addition, the measures to increase efficiency at the Ybbs power plant on the Danube were completed for three of the six generator sets. With regard to the Töging/Jettenbach expansion and renovation project, the public hearing was held in quarter 1/2018. The official approval notice is expected for quarter 3/2018, when the construction decision will be prepared.

Projects in the area of wind power

Following the commercial merger of our three Romanian wind farm companies to form VERBUND Wind Power Romania S.R.L., the technical merger into a single dispatchable unit was completed in quarter 1/2018. The merger will result in fewer errors in forecasting day-ahead schedules and will also reduce costs for balancing energy.

Sales segment

The Sales segment comprises all of VERBUND's trading and sales activities.

KPIs – Sales segment

	Unit	Q1/2017	**Q1/2018**	Change
Total revenue	€m	632.0	**531.5**	– 15.9%
EBITDA	€m	31.8	**20.8**	– 34.7%
Result from interests accounted for using the equity method	€m	0.0	**0.0**	–
Capital employed	€m	274.1	**243.1**	– 11.3%

EBITDA for the Sales segment decreased by €11.0m to €20.8m, primarily as a result of lower earnings contributions from the control power business and from consumer sales. Capital employed was down €31.1m on the prior-year figure for the Sales segment, mainly due to significant changes in working capital.

Current information on the Sales segment

VERBUND's trading activities currently focus on continuing to expand the Group's portfolio of innovative green electricity and flexibility products, on the direct marketing of renewable energy (especially wind power and small-scale hydropower) and on taking advantage of short-term market opportunities. VERBUND continuously adapts its comprehensive portfolio of products and services to meet changing market requirements. The products and services included in the portfolio range from plant use optimisation and market access services to flexible marketing and hedging products as well as forecasting and regulatory services. One particularly important area for VERBUND relates to innovative products designed to meet individual customer needs. Examples include green electricity products, virtual power plants and the direct marketing of renewable energy, all of which are considered growth areas. The energy market is highly dynamic and subject to constant change. As the proportion of renewable energy increases relative to the total electricity market, short-term electricity trading is gaining notably in significance, as is the optimum marketing of flexible generation units – including in the area of control power products and grid services. Thus the marketing of flexibility for the Group's own plants as well as for customers in the areas of generation management (e.g. with the aid of virtual power plants or demand side management), optimisation of balancing energy operations, intraday trading and the marketing of balancing services is both a challenge and the central task of electricity/energy trading. Added to this are the challenges arising from the increasing digitalisation of the energy market. VERBUND strives to proactively face these challenges by developing the relevant customer products, such as its VISION communication and service platform.

Grid segment

The Grid segment comprises the activities of Austrian Power Grid AG (APG).

KPIs – Grid segment

	Unit	Q1/2017	**Q1/2018**	Change
Total revenue	€m	243.8	**216.6**	– 11.2%
EBITDA	€m	57.4	**90.1**	57.0%
Result from interests accounted for using the equity method	€m	0.0	**0.0**	–
Capital employed	€m	1,264.6	**1,293.5**	2.3%

EBITDA for the Grid segment rose by €32.7m to €90.1m, mainly due to a higher profit contribution thanks to lower congestion management expenses. Capital employed increased to €1,293.5m, primarily as a result of net capital expenditure for intangible assets and property, plant and equipment.

Current information on the Grid segment

Security of supply and congestion management

Quarter 1/2018 saw a continuation of the trend towards having to frequently intervene in power plant operations in order to ensure system operations. These extensive measures at power plants, while not always economically viable, were necessary to maintain the security of supply in the APG control area. The action taken also served to manage congestion outside of the APG grid, particularly in Germany. Repeated recourse had to be taken to the "grid reserve" power plants contracted from TenneT TSO GmbH in Austria – to the limits of their capacity – so as to maintain security of supply.

Tariff regulation

The 2018 cost calculation process was initiated in February 2018. Securing a return on capital employed continues to represent the primary objective.

General overhaul of the 220-kV St. Peter–Ernsthofen line

The negotiations with the authorities on overhauling the line were conducted in quarter 1/2018. The provisional lines necessary for implementation were already completed in March 2018. Construction is set to begin in April of this year.

New construction to replace the Weinviertel line

The state government of Lower Austria issued the EIA approval notice for the "new construction to replace the APG Weinvertelleitung" on 20 February 2018. The notice was made public on 1 March 2018 and is available for inspection for eight weeks from that date onwards.

All other segments

"All other segments" is a combined heading under which the Energy services segment, Thermal generation segment, Services segment and Equity interests segment are brought together given that they are below the quantitative thresholds.

KPIs – All other segments

	Unit	Q1/2017	Q1/2018	Change
Total revenue	€m	100.9	68.3	–32.3%
EBITDA	€m	41.1	27.5	–33.2%
Result from interests accounted for using the equity method	€m	6.9	7.2	4.0%
Capital employed	€m	399.4	464.7	16.4%

EBITDA for "All other segments" fell by €13.6m to €27.5m. The decline was mainly the result of the lower EBITDA reported in the Thermal generation segment (€–14.2m) due to the decreased use for congestion management. The result for "All other segments" from interests accounted for using the equity method nearly matched the prior-year level and related primarily to KELAG-Kärntner Elektrizitäts-Aktiengesellschaft. Capital employed rose by €65.3m year-on-year to €464.7m, mainly due to reversals of impairment losses that had been recognised for the Mellach combined cycle gas turbine power plant in the second half of 2017.

Current information on the Energy services segment

Marketing VERBUND's energy services products

With regard to VERBUND's Eco-Home product, we continue to focus on expanding sales alliances with energy supply companies and creating combined offers that include VERBUND electricity products.

With respect to the demand response power pool, the technical changes have been implemented in order to meet the regulatory requirements ensuing from the merger of the German and Austrian tertiary control reserve market from mid-2018 onwards.

In the area of hydrogen and energy storage, further projects were launched in addition to the H2FUTURE project subsidised by the EU in the amount of €12m. As part of the H2FUTURE project, construction began in January 2018 on a proton exchange membrane (PEM) electrolyser installation at voestalpine in Linz. With a capacity of 6 MW, the PEM electrolyser will be one of the world's largest electrolysers. In the SYNERG-E project, which is likewise subsidised by the EU, the first battery storage units were procured in quarter 1/2018. The units will be installed at high-capacity e-mobility charging stations during the coming months and are intended to help balance out future power peaks and compensate for their effects on the grid.

SOLAVOLTA and SMATRICS

SOLAVOLTA (VERBUND share: 50%) succeeded in doubling sales in quarter 1/2018 compared with the prior-year period in its photovoltaic systems customer segment (small-scale and large-scale systems). The company also significantly increased sales of energy storage units in the reporting period.

SMATRICS (VERBUND share: 40%) continued to develop its managed infrastructure portfolio in quarter 1/2018. The company took advantage of the portfolio to win a project – together with Siemens –

to build and operate up to 2,000 charging points at all of Volkswagen's German production locations. The public charging network will be expanded as part of two EU projects: EVA+ (20 charging stations with output of 50 kW) and ULTRA-E (four locations with output of up to 350 kW). The roaming alliances were also expanded further in quarter 1/2018 through the conclusion of a roaming agreement with ladenetz.de, an alliance of 140 municipal utilities in Germany.

Current information on the Thermal generation segment

The Mellach CGGT is operated solely for the purpose of guaranteeing the security of supply in connection with congestion management. On 10 April 2018, APG put out a call for expressions of interest in maintaining reserve capacities to prevent congestion for the period between 1 October 2018 and 30 September 2023. The detailed conditions for the tender phase have not yet been announced.

Current information on the Services segment

The project to equip the VERBUND corporate network with broadband technology (DWDM) was completed in quarter 1/2018, and the new network has been put into operation.

VERBUND is making preparations for the new statutory provisions set to take effect in quarter 2/2018 (the NIS Directive under the EU General Data Protection Regulation) as part of a Group project entitled "Information security, cyber security and data protection". To this end, information security and data protection management systems (ISMSs and DPMSs) are being introduced across the Group. The existing guidelines, roles and responsibilities were adapted to the new requirements in quarter 1/2018, and a number of document templates relevant to data protection (order processing agreements, consent forms, etc.) were prepared in consultation with the Group's lawyers. Risk assessments and the initial audits for certification to ISO 27001 were carried out for the relevant infrastructure defined as critical under the Network and Information Security (NIS) Directive (Germany: IT Security Act; Austria: future NIS Act) because it exceeds certain threshold levels (such as those for central control stations and large-scale power plants).

Current information on the Equity interests segment

KELAG-Kärntner Elektrizitäts-Aktiengesellschaft

KELAG's contribution to the result from interests accounted for using the equity method was €7.2m in quarter 1/2018 (Q1/2017: €7.1m). For financial year 2018 as a whole, KELAG is expected to report stable performance.

Events after the reporting date

There were no events requiring disclosure between the reporting date of 31 March 2018 and authorisation for issue on 25 April 2018.

Consolidated interim financial statements

of VERBUND

Income statement

€m

In accordance with IFRSs	Notes	Q1/2017	Q1/2018
Revenue		810.2	**748.4**
Electricity revenue	1	640.6	557.2
Grid revenue	2	123.9	139.5
Other revenue		45.6	51.7
Other operating income		9.7	10.2
Expenses for electricity, grid, gas and certificate purchases	3	–428.7	–345.0
Fuel expenses and other usage-/revenue-dependent expenses	4	–42.4	–24.6
Personnel expenses	5	–78.0	–75.3
Other operating expenses		–43.2	–43.6
EBITDA		227.5	**270.0**
Amortisation of intangible assets and depreciation of property, plant and equipment		–86.2	–81.9
Impairment losses		0.0	0.0
Operating result		141.3	**188.1**
Result from interests accounted for using the equity method	6	7.0	7.2
Other result from equity interests		4.1	1.2
Interest income	7	7.8	8.0
Interest expenses	8	–33.9	–32.0
Other financial result	9	–2.6	–0.9
Financial result		–17.6	**–16.5**
Profit before tax		123.7	**171.6**
Taxes on income		–25.8	–39.3
Profit for the period		97.9	**132.3**
Attributable to the shareholders of VERBUND AG (Group result)		93.5	121.6
Attributable to non-controlling interests		4.4	10.7
Earnings per share in €[1]		0.27	**0.35**

[1] Diluted earnings per share correspond to basic earnings per share.

Statement of comprehensive income

€m

In accordance with IFRSs	Notes	Q1/2017	**Q1/2018**
Profit for the period		97.9	**132.3**
Remeasurements of net defined benefit liability		–0.1	–0.1
Other comprehensive income from interests accounted for using the equity method		2.3	–3.6
Total of items that will not be reclassified subsequently to the income statement		2.2	**–3.7**
Differences from currency translation		–0.3	0.0
Measurements of available-for-sale financial instruments		1.5	–
Measurements of cash flow hedges		82.0	60.1
Other comprehensive income from interests accounted for using the equity method		–0.1	0.1
Total of items that will be reclassified subsequently to the income statement		83.1	**60.1**
Other comprehensive income before tax		85.3	**56.5**
Taxes on income relating to items that will not be reclassified subsequently to the income statement		0.0	0.0
Taxes on income relating to items that will be reclassified subsequently to the income statement		–20.9	–15.0
Other comprehensive income after tax		64.4	**41.5**
Total comprehensive income for the period		162.4	**173.8**
Attributable to the shareholders of VERBUND AG		157.9	163.1
Attributable to non-controlling interests		4.5	10.7

Balance sheet

€m

In accordance with IFRSs	Notes	31/12/2017	31/3/2018
Non-current assets		10,661.5	**10,560.7**
Intangible assets		675.6	679.0
Property, plant and equipment		8,871.3	8,823.9
Interests accounted for using the equity method		313.0	316.5
Other equity interests	11	137.5	137.5
Investments and other receivables	11	664.1	603.8
Current assets		622.1	**790.1**
Inventories	10	10.5	11.4
Trade receivables and other receivables	11	583.0	703.2
Cash and cash equivalents	11	28.6	75.4
Total assets		11,283.6	**11,350.8**

€m

In accordance with IFRSs	Notes	31/12/2017	31/3/2018
Equity		5,690.8	**5,865.4**
Attributable to the shareholders of VERBUND AG		5,064.1	5,227.9
Attributable to non-controlling interests		626.8	637.5
Non-current liabilities		4,584.7	**4,497.8**
Financial liabilities	11	2,141.6	2,030.5
Provisions		821.8	816.5
Deferred tax liabilities		558.4	595.1
Contributions to building costs and grants		747.5	743.0
Deferred income – cross-border leasing		45.6	44.0
Other liabilities	11	269.7	268.8
Current liabilities		1,008.1	**987.6**
Financial liabilities	11	214.0	222.3
Provisions		53.6	57.7
Current tax liabilities		95.8	126.5
Trade payables and other liabilities	11	644.8	581.1
Total equity and liabilities		11,283.6	**11,350.8**

Statement of changes in equity

In accordance with IFRSs	Called and paid-in share capital	Capital reserves	Retained earnings	Remeasure-ments of net defined benefit liability
Notes				
As at 1/1/2017	347.4	954.3	3,987.2	–273.3
Profit for the period	–	–	93.5	–
Other comprehensive income	–	–	–0.2	2.2
Total comprehensive income for the period	–	–	93.3	2.2
Other changes in equity	–	–	–0.4	0.0
As at 31/3/2017	347.4	954.3	4,080.1	–271.0
As at 1/1/2018	**347.4**	**954.3**	**4,187.5**	**–263.7**
Initial application of IFRS 9	–	–	49.9	–
As at 1/1/2018 adjusted	**347.4**	**954.3**	**4,237.4**	**–263.7**
Profit for the period	–	–	121.6	–
Other comprehensive income	–	–	0.0	–3.6
Total comprehensive income for the period	**–**	**–**	**121.6**	**–3.6**
Other changes in equity	–	–	1.0	0.0
As at 31/3/2018	**347.4**	**954.3**	**4,360.0**	**–267.3**

€m

	Difference from currency translation	Measure-ments of financial instruments	Measure-ments of cash flow hedges	Other components of other compre-hensive income	Equity attributable to the share-holders of VERBUND AG	Equity attributable to non-controlling interests	Total equity
	–3.9	30.3	–160.4	0.0	4,881.6	647.9	5,529.5
	–	–	–	–	93.5	4.4	97.9
	–0.4	1.1	61.6	0.0	64.4	0.0	64.4
	–0.4	1.1	61.6	0.0	157.9	4.5	162.4
	0.0	0.0	0.0	0.0	–0.4	0.0	–0.4
	–4.3	31.4	–98.8	0.0	5,039.1	652.4	5,691.5
	–7.2	**53.3**	**–207.6**	**0.0**	**5,064.1**	**626.8**	**5,690.8**
	–	–50.1	–	–	–0.2	0.0	–0.2
	–7.2	**3.1**	**–207.6**	**0.0**	**5,063.9**	**626.7**	**5,690.6**
	–	–	–	–	121.6	10.7	132.3
	–0.1	0.1	45.1	0.0	41.5	0.0	41.5
	–0.1	**0.1**	**45.1**	**0.0**	**163.1**	**10.7**	**173.8**
	0.0	0.0	0.0	0.0	1.0	0.0	1.0
	–7.2	**3.2**	**–162.5**	**0.0**	**5,227.9**	**637.5**	**5,865.4**

Cash flow statement

€m

In accordance with IFRSs	Notes	Q1/2017	**Q1/2018**
Profit for the period		97.9	132.3
Amortisation of intangible assets and depreciation of property, plant and equipment (net of reversals of impairment losses)		86.2	82.0
Impairment losses on investments (net of reversals of impairment losses)		0.0	2.0
Result from interests accounted for using the equity method (net of dividends received)		–7.0	–7.2
Result from the disposal of non-current assets		–0.5	–0.4
Change in non-current provisions and deferred tax liabilities		9.6	17.5
Change in contributions to building costs and grants		0.8	–4.5
Other non-cash expenses and income		7.0	7.2
Subtotal		194.0	**228.9**
Change in inventories		1.0	–0.9
Change in trade receivables and other receivables		25.8	7.9
Change in trade payables and other liabilities		–79.3	27.8
Change in current provisions and current tax liabilities		12.0	34.8
Cash flow from operating activities[1]		153.4	**298.5**

[1] Cash flow from operating activities includes income taxes paid of €0.7m (Q1/2017: €5.1m), interest paid of €3.5m (Q1/2017: €7.9m), interest received of €0.2m (Q1/2017: €0.0m) and dividends received of €1.4m (Q1/2017: €4.3m).

In accordance with IFRSs	Notes	Q1/2017	Q1/2018
			€m
Cash outflow from capital expenditure for intangible assets and property, plant and equipment		–57.3	–58.9
Cash inflow from the disposal of intangible assets and property, plant and equipment		0.4	1.3
Cash outflow from capital expenditure for investments		0.0	0.0
Cash inflow from the disposal of investments		1.3	0.9
Cash outflow from capital expenditure for interests accounted for using the equity method and other equity interests		–1.9	0.0
Cash outflow from capital expenditure for current investments		0.0	–120.0
Cash flow from investing activities		–57.5	**–176.7**
Cash inflow from money market transactions		188.2	4.7
Cash outflow from the repayment of financial liabilities (excluding money market transactions)		–252.7	–79.6
Cash flow from financing activities		–64.5	**–75.0**
Change in cash and cash equivalents		31.3	**46.8**
Cash and cash equivalents as at 1/1/		28.0	**28.6**
Change in cash and cash equivalents		31.3	46.8
Cash and cash equivalents as at 31/3/		59.3	**75.4**

Selected explanatory notes

Financial reporting principles

Basic principles

These consolidated interim financial statements of VERBUND as at 31 March 2018 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable to interim financial statements as adopted by the European Union.

The condensed format of VERBUND's consolidated interim financial statements is consistent with IAS 34 "Interim Financial Reporting"; for further information and disclosures please refer to VERBUND's consolidated financial statements as at 31 December 2017, which form the basis for these consolidated interim financial statements of VERBUND.

Accounting policies

With the exception of the IASB's new accounting standards described below, the same accounting policies were applied in these consolidated interim financial statements of VERBUND as in VERBUND's consolidated financial statements as at 31 December 2017.

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

Newly applicable or applied accounting standards

Newly applicable or applied accounting standards

Standard or interpretation		Published by the IASB (endorsed by the EU)	Mandatory application for VERBUND	Material effects on the consolidated interim financial statements of VERBUND
IAS 40	Amendments: Transfers of Investment Property	8/12/2016 (14/3/2018)	1/1/2018	None
IFRS 2	Amendments: Classification and Measurement of Share-based Payment Transactions	20/6/2016 (26/2/2018)	1/1/2018	None
IFRS 4	Amendments: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	12/9/2016 (3/11/2017)	1/1/2018	None
IFRS 9	Financial Instruments	24/7/2014 (22/11/2016)	1/1/2018	See below
IFRS 9	Amendments: Prepayment Features with Negative Compensation	12/10/2017 (22/3/2018)	1/1/2019	None
IFRS 15	Revenue from Contracts with Customers	28/5/2014 and 11/9/2015 (22/9/2016)	1/1/2018	See below
IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers	12/4/2016 (31/10/2017)	1/1/2018	See below
IFRIC 22	Foreign Currency Transactions and Advance Consideration	8/12/2016 (28/3/2018)	1/1/2018	None

The IASB published the final version of IFRS 9 on 24 July 2014 and amendments to IFRS 9 regarding prepayment features with negative compensation on 12 October 2017. The new provisions of IFRS 9 (including amendments) have been applied since 1 January 2018. IFRS 9 reforms the classification and measurement of financial instruments. The new categories specify recognition at cost or fair value (either through profit or loss for the period or through other comprehensive income) depending on the type of financial instrument or business model. The recognition of impairment losses on financial assets was also revised. In accordance with IFRS 9, impairment losses are to be recognised based on an expected credit loss model. In comparison with the rules under IAS 39 (incurred loss model), provisions are to be recognised earlier under the new rules. In the area of hedge accounting, many restrictions under IAS 39 were lifted, with a stronger emphasis on the economic aspect of the hedging relationship.

Compared with the previously applied accounting policies, there are differences with respect to subsequent measurement of shares of investment funds. In the past, such interest was accounted for as securities under the available-for-sale category (FAAFS). Changes in fair value were thus recognised in other comprehensive income. In accordance with IFRS 9, shares of investment funds are to be classified as measured at fair value through profit or loss (FVPL) because the payments made in connection with the fund do not constitute solely payments of principal and interest. Changes in fair value are therefore recognised under the other financial result. In addition, equity instruments from the “at amortised cost” (FAAC) and “available for sale” (FAAFS) categories were classified as “at fair value through other comprehensive income” (FVOCI) under IFRS 9 because they are held over a longer term for strategic reasons. All measurement and disposal gains or losses for these equity instruments are recognised in other comprehensive income. However, dividends received in connection with these equity instruments must still be reported in the other result from equity interests. Financial assets from the loans and receivables (LAR) category were classified as measured at amortised cost (AC) under IFRS 9, because the payments in connection with these financial assets constitute solely payment of principal and interest and they are held to collect contractual cash flows. As at 1 January 2018 the recognition of impairment losses for these financial assets based on the expected credit loss model led to a decrease in the carrying amount of the securities – closed items on the balance sheet (€0.1m), other loans – closed items on the balance sheet (€0.1m) and loans to investees (€0.0m). With respect to the other financial assets and liabilities, there was no change in the subsequent measurement as a result of the new classification rules of IFRS 9.

The table below shows the original measurement category and the carrying amount that was determined under IAS 39, the new measurement category and the carrying amount that was determined under IFRS 9 when IFRS 9 was applied for the first time:

Measurement categories and carrying amounts as at 1/1/2018

€m

	Measurement category in accordance with IAS 39	Measurement category in accordance with IFRS 9	Carrying amount IAS 39	Carrying amount IFRS 9
Interests in unconsolidated subsidiaries	FAAC	FVOCI	1.0	1.0
Interests in unconsolidated subsidiaries	FAAFS	FVOCI	10.8	10.8
Other equity interests	FAAFS	FVOCI	123.8	123.8
Other equity interests	FAAC	FVOCI	1.9	1.9
Securities	FAAFS	FVPL	138.3	138.3
Securities	FAAFS	FVOCI	7.5	7.5
Securities	FAAC	FVOCI	1.0	1.0
Securities – closed items on the balance sheet	LAR	AC	59.7	59.5
Other loans – closed items on the balance sheet	LAR	AC	274.9	274.7
Derivatives in the finance area – closed items on the balance sheet	FAHFT	FVPL	89.8	89.8
Loans to investees	LAR	AC	58.3	58.2
Other loans	LAR	AC	5.1	5.1
Trade receivables	LAR	AC	345.7	345.7
Receivables from investees	LAR	AC	27.9	27.9
Loans to investees	LAR	AC	4.9	4.9
Other loans	LAR	AC	0.2	0.2
Derivatives in the energy area	FAHFT	FVPL	104.7	104.7
Long position: Gemeinschaftskraftwerk Inn GmbH	FAHFT	FVPL	19.2	19.2
Cash and cash equivalents	LAR	AC	28.6	28.6
Other	LAR	AC	44.8	44.8
Total financial assets			**1,348.2**	**1,347.9**
Bonds	FLAAC	AC	1,395.0	1,395.0
Financial liabilities to banks and to others	FLAAC	AC	533.4	533.4
Financial liabilities to banks – closed items on the balance sheet	FLAAC	AC	106.3	106.3
Financial liabilities to banks – closed items on the balance sheet	FLAFVPL	FVPL	318.0	318.0
Obligation to return an interest	FLAAC	AC	78.3	78.3
Trade payables	FLAAC	AC	1.5	1.5
Other	FLAAC	AC	27.0	27.0
Trade payables	FLAAC	AC	171.5	171.5
Derivatives in the energy area	FLHFT	FVPL	264.0	264.0
Derivatives in the finance area	FLHFT	FVPL	18.6	18.6
Other	FLAAC	AC	115.1	115.1
Total financial liabilities			**3,028.7**	**3,028.7**

The table below shows the effects of the initial application of IFRS 9 on the components of equity:

Effects of the initial application of IFRS 9 €m

	Retained earnings	Measure-ments of financial instruments	Equity attributable to the share-holders of VERBUND AG	Equity attributable to non-controlling interests	Total equity
Reclassification of shares of investment funds from FAAFS to the FVPL category	11.4	–11.4	0.0	0.0	0.0
Reclassification of equity instruments from FAAFS/FAAC to the FVOCI category	38.7	–38.7	0.0	0.0	0.0
Recognition of impairment losses based on the expected credit loss model	–0.2	0.0	–0.2	0.0	–0.2
Total	49.9	–50.1	–0.2	0.0	–0.2

The IASB published the final version of IFRS 15 on 28 May 2014. The mandatory date of initial application was shifted with the publication dated 11 September 2015 to financial years beginning on or after 1 January 2018. In addition, clarifications to the rules under IFRS 15 were provided on 12 April 2016. IFRS 15 replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. The new standard provides for a five-step model for the recognition of revenue. First the contract(s) with a customer are to be identified, followed by the company's own performance obligations. Afterwards, the transaction price is determined and allocated to the performance obligations in the contract. Revenue is recognised in the fifth step when the entity has satisfied its performance obligation. A large number of VERBUND's contracts entered into with customers fall under the scope of IFRS 9 because they are not own-use contracts. As a general rule, these contracts are excluded from the scope of IFRS 15. However, they will be treated as revenue as defined under IFRS 15 upon physical settlement. There will be a change as a result of IFRS 15 with respect to own-use transactions for which VERBUND bears the risk of default for the grid fees and levies charged to the customers. Since VERBUND bears the risk of default associated with these payments, VERBUND was classified as the principal based on the risk and rewards approach under IAS 18; therefore, revenue was recognised and presented as a gross amount. In contrast, in accordance with IFRS 15 control over the goods or services before they are transferred to the customers is the crucial factor determining whether an entity is acting as a principal or as an agent. In this assessment, risk of default no longer plays a role. Therefore, VERBUND is more likely to be considered an agent with respect to these payments. This means that revenue has no longer been realised for these payments since 1 January 2018 (net presentation). Beyond that, there have been no significant effects on the scope or timing of revenue recognition as a result of the initial application of IFRS 15. The initial application of IFRS 15 was carried out retrospectively, with the cumulative adjustments as at the date of initial application being recognised. The table below shows the effects of the initial application of IFRS 15 on these consolidated interim financial statements:

Effects of the initial application of IFRS 15 €m

	Q1/2018
Electricity revenue	–54.4
Expenses for electricity, grid, gas and certificate purchases	54.4
EBITDA	**0.0**

New accounting standards not yet applicable or applied

The IASB published the final version of IFRS 16 on 13 January 2016. This standard will replace IAS 17, IFRIC 4, SIC 15 and SIC 27 in the future. The new standard sets out that all leases and the associated contractual rights and obligations are to be recognised on the lessee's balance sheet. As part of the Group-wide IFRS 16 transition project, work was carried out in quarter 1/2018 on the integration of a centralised database solution for the management and future recognition of leases in VERBUND's IT landscape. In parallel, progress is also being made on the assessment of the leases based on the criteria set out in IFRS 16. The new rules of IFRS 16 will lead to an increase in total assets, lower other operating expenses and, at the same time, higher depreciation charges and interest expenses, as well as to a shift of the expense from leases to the commencement of the respective lease term. An exact quantification of the effects on the consolidated financial statements of VERBUND is not possible at this time due to the current status of the implementation project. However, based on current information, it is assumed that the application of IFRS 16 will not have a significant effect on the reported net debt of VERBUND. The initial application of IFRS 16 will be carried out retrospectively, with the cumulative adjustments as at the date of initial application being recognised.

Segment reporting

EBITDA in the total column corresponds to EBITDA in the income statement. Therefore, the reconciliation to profit before tax can be taken from the income statement. Transactions between segments are carried out at arm's length. All segment data are measured in accordance with IFRSs.

€m

	Renewable generation	Sales	Grid	All other segments	Recon-ciliation/ consoli-dation	Total Group
Q1/2018						
External revenue	43.4	484.8	204.0	14.6	1.5	748.4
Internal revenue	187.9	46.6	12.6	53.7	−300.9	0.0
Total revenue	231.4	531.5	216.6	68.3	−299.3	748.4
EBITDA	**137.6**	**20.8**	**90.1**	**27.5**	**−5.9**	**270.0**
Depreciation and amortisation	−58.9	−0.3	−20.0	−2.6	−0.1	−81.9
Effects from impairment tests (operating result)	0.0	0.0	0.0	0.0	0.0	0.0
Other material non-cash items	11.7	−6.4	2.9	12.4	0.6	21.2
Result from interests accounted for using the equity method	0.1	0.0	0.0	7.2	0.0	7.2
Capital employed	6,755.3	243.1	1,293.5	464.7	−12.6	8,744.0
of which carrying amount of interests accounted for using the equity method	2.6	0.0	1.4	312.4	0.0	316.5
Additions to intangible assets and property, plant and equipment	17.1	0.7	18.5	2.4	0.1	38.9
Additions to interests accounted for using the equity method	0.0	0.0	0.0	0.0	0.0	0.0

€m

	Renewable generation	Sales	Grid	All other segments	Recon-ciliation/ consoli-dation	Total Group
Q1/2017						
External revenue	37.1	532.2	228.6	10.7	1.5	810.2
Internal revenue	148.3	99.8	15.2	90.2	−353.5	0.0
Total revenue	185.4	632.0	243.8	100.9	−352.0	810.2
EBITDA	**102.5**	**31.8**	**57.4**	**41.1**	**−5.3**	**227.5**
Depreciation and amortisation	−64.3	−0.3	−19.2	−2.3	−0.1	−86.2
Effects from impairment tests (operating result)	0.0	0.0	0.0	0.0	0.0	0.0
Other material non-cash items	11.6	32.4	3.1	11.9	0.5	59.6
Result from interests accounted for using the equity method	0.1	0.0	0.0	6.9	0.0	7.0
Capital employed	**7,072.5**	**274.1**	**1,264.6**	**399.4**	**−41.7**	**8,968.9**
of which carrying amount of interests accounted for using the equity method	2.5	0.0	1.3	288.1	0.0	292.0
Additions to intangible assets and property, plant and equipment	20.7	0.2	11.4	0.5	0.3	33.0
Additions to interests accounted for using the equity method	0.0	0.0	0.0	0.8	0.0	0.8

Notes to the income statement

(1) Electricity revenue

Electricity revenue by customer area €m

	Q1/2017 Domestic	**Q1/2018 Domestic**	Change	Q1/2017 Foreign	**Q1/2018 Foreign**	Change
Electricity deliveries to resellers	112.4	104.2	–7.3%	142.3	164.8	15.8%
Electricity deliveries to consumers[1]	124.1	73.1	–41.1%	97.3	52.4	–46.1%
Electricity deliveries to traders	24.1	36.5	51.8%	140.4	126.1	–10.2%
Electricity revenue by customer area[2]	260.6	**213.8**	–17.9%	380.0	**343.3**	–9.7%

[1] IFRS 15 was applied for the first time in quarter 1/2018. As a result, VERBUND was classified as an agent in connection with recharged grid fees/cost allocations and electricity revenue in the amount of €54.4m was therefore shown as netted with the corresponding procurement costs (for further details see the section entitled Newly applied or applicable accounting standards). // [2] To present business performance more accurately, revenue from energy trading is shown as a net amount, i.e. amounts realised and measured are each presented net of expenses. Without this net presentation, electricity revenue (and expenses for the purchase of electricity) would have been €752.8m higher in quarter 1/2018 (Q1/2017: €1,051.5m).

(2) Grid revenue

Grid revenue by customer area €m

	Q1/2017 Domestic	**Q1/2018 Domestic**	Change	Q1/2017 Foreign	**Q1/2018 Foreign**	Change
Electric power companies	71.0	105.4	48.4%	1.9	5.2	177.6%
Industrial clients	2.1	3.0	41.3%	0.0	0.0	n.a.
Other	16.8	7.2	–57.2%	32.2	18.8	–41.6%
Grid revenue	89.9	**115.5**	28.5%	34.1	**24.0**	–29.6%

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

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

	Q1/2017	**Q1/2018**	Change
Expenses for electricity purchases (including control power)	381.8	320.2	–16.2%
Expenses for grid purchases (system use)	22.7	3.9	–83.0%
Expenses for gas purchases	24.7	18.8	–24.0%
Purchases of emission rights (trade)	–0.6	1.5	n.a.
Purchases of proof of origin and green certificates	0.1	0.7	n.a.
Expenses for electricity, grid, gas and certificates purchases[1]	428.7	**345.0**	–19.5%

[1] IFRS 15 was applied for the first time in quarter 1/2018. As a result, VERBUND was classified as an agent in connection with recharged grid fees/cost allocations and electricity revenue in the amount of €54.4m was therefore shown as netted with the corresponding procurement costs (for further details see the section entitled Newly applied or applicable accounting standards).

(4) Fuel expenses and other usage-dependent expenses

Fuel expenses and other usage-/revenue-dependent expenses €m

	Q1/2017	**Q1/2018**	Change
Fuel expenses	34.1	17.1	–49.8%
Emission rights acquired in exchange for consideration	3.7	2.5	–33.6%
Other revenue-dependent expenses	4.7	5.0	7.5%
Other usage-dependent expenses	0.0	0.0	n.a.
Fuel expenses and other usage-/revenue-dependent expenses	42.4	**24.6**	–42.1%

(5) Personnel expenses

Personnel expenses €m

	Q1/2017	Q1/2018	Change
Wages and salaries	60.2	58.8	–2.3%
Expenses for social security contributions as required by law as well as income-based charges and compulsory contributions	13.6	13.0	–4.3%
Other social expenses	1.0	1.0	–3.7%
Subtotal	74.8	**72.8**	–2.7%
Expenses for termination benefits	0.5	–0.1	–123.3%
Expenses for pensions and similar obligations	2.6	2.7	1.8%
Personnel expenses	78.0	**75.3**	–3.4%

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

Result from interests accounted for using the equity method €m

	Q1/2017 Domestic	Q1/2018 Domestic	Change	Q1/2017 Foreign	Q1/2018 Foreign	Change
Income or expenses	7.1	**7.1**	0.4%	–0.1	**0.1**	170.6%

(7) Interest income

Interest income €m

	Q1/2017	Q1/2018	Change
Interest from investments under closed items on the balance sheet	7.3	7.4	1.6%
Other interest and similar income	0.5	0.6	35.1%
Interest income	7.8	**8.0**	–13.8%

(8) Interest expenses

Interest expenses €m

	Q1/2017	Q1/2018	Change
Interest on bonds	12.4	12.3	–1.5%
Interest on financial liabilities under closed items on the balance sheet	7.3	7.4	1.6%
Interest on other liabilities from electricity supply commitments	4.2	4.0	–3.6%
Interest on bank loans	5.0	2.8	–43.4%
Net interest expense on personnel-related liabilities	2.8	2.7	–2.8%
Interest on a share redemption obligation	1.6	1.2	–24.4%
Interest on other non-current provisions	0.4	1.1	163.5%
Profit or loss attributable to limited partners	–0.1	0.1	n.a.
Borrowing costs capitalised in accordance with IAS 23	–1.1	–1.0	12.6%
Other interest and similar expenses	1.5	1.4	–4.4%
Interest expenses	33.9	**32.0**	–5.8%

(9)
Other financial result

Other financial result

€m	Q1/2017	**Q1/2018**	Change
Measurement of derivatives in the finance area	1.1	0.6	–46.3%
Income from securities and loans	0.6	0.6	1.7%
Foreign exchange gains	0.4	0.1	–74.0%
Foreign exchange losses	–0.4	–0.1	87.0%
Change in expected credit losses	0.0	–0.1	n.a.
Measurement of non-derivative financial instruments	0.0	–2.2	n.a.
Measurement of long position: Gemeinschaftskraftwerk Inn GmbH	–4.3	0.0	100.0%
Other	0.0	0.1	n.a.
Other financial result	–2.6	**–0.9**	139.6%

Notes to the balance sheet

(10)
Inventories

Inventories

€m	31/12/2017	**31/3/2018**	Change
Inventories of primary energy sources held for generation	2.6	**1.5**	–40.8%
Emission rights held for trading	1.6	1.5	–2.3%
Measurements of emission rights held for trading	1.5	3.4	130.3%
Fair value of emission rights held for trading	3.1	**4.9**	61.7%
Proof of origin and green electricity certificates	0.9	**0.9**	1.5%
Other	3.9	**4.0**	2.8%
Inventories	10.5	**11.4**	9.0%

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

(11) Additional disclosures regarding financial instruments

Carrying amounts and fair values by measurement category 31/3/2018

€m

Assets – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Interests in unconsolidated subsidiaries	FVOCI	2	10.8	10.8
Interests in unconsolidated subsidiaries	FVOCI	AC	1.0	1.0
Other equity interests	FVOCI	1	20.5	20.5
Other equity interests	FVOCI	2	98.6	98.6
Other equity interests	FVOCI	AC	6.7	6.7
Other equity interests			**137.5**	
Securities	FVPL	1	136.2	136.2
Securities	FVOCI	3	7.5	7.5
Securities	FVOCI	AC	1.0	1.0
Securities – closed items on the balance sheet	AC	2	55.6	53.5
Other loans – closed items on the balance sheet	AC	2	258.8	289.6
Derivatives in the finance area – closed items on the balance sheet	FVPL	2	69.3	69.3
Loans to investees	AC	2	40.3	42.2
Other loans	AC	2	5.1	4.9
Other	–	–	30.1	–
Other non-current investments and non-current other receivables			**603.8**	
Trade receivables	AC	–	377.9	–
Receivables from investees	AC	–	25.0	–
Loans to investees	AC	2	22.0	22.3
Other loans	AC	2	0.2	0.2
Derivatives in the energy area	FVPL	1	0.3	0.3
Derivatives in the energy area	FVPL	2	65.8	65.8
Long position: Gemeinschaftskraftwerk Inn GmbH	FVPL	3	18.6	18.6
Money market transactions	AC	2	119.8	120.1
Emission rights	IAS 38, IAS 2	–	8.5	–
Other	AC	–	36.6	–
Other	–	–	28.4	–
Trade receivables and current other receivables			**703.2**	
Cash and cash equivalents	**AC**	**–**	**75.4**	**–**
Aggregated by measurement category				
Financial assets at amortised costs	AC		1,016.7	
Financial assets at fair value through profit and loss	FVPL		290.1	
Financial assets at fair value through other comprehensive income	FVOCI		146.1	

Carrying amounts and fair values by measurement category 31/3/2018

€m

Liabilities – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Bonds	AC	2	1,407.8	1,498.1
Financial liabilities to banks and to others	AC	2	458.3	489.9
Financial liabilities to banks – closed items on the balance sheet	AC	2	101.5	131.9
Financial liabilities to banks – closed items on the balance sheet	FVPL	2	282.3	282.3
Capital shares attributable to limited partners	IAS 32	–	2.9	–
Non-current and current financial liabilities			**2,252.8**	
Electricity supply commitment	–	–	161.2	–
Obligation to return an interest	AC	3	79.5	126.5
Trade payables	AC	–	1.1	–
Deferred income for grants (emission rights)	IAS 20	–	0.4	–
Other	AC	–	26.6	–
Non-current other liabilities			**268.8**	
Trade payables	AC	–	184.9	–
Derivatives in the energy area	FVPL	1	0.6	0.6
Derivatives in the energy area	FVPL	2	198.7	198.7
Derivatives in the finance area	FVPL	2	17.2	17.2
Other	AC	–	93.0	–
Other	–	–	86.8	–
Trade payables and current other liabilities			**581.1**	
Aggregated by measurement category				
Financial liabilities at amortised costs	AC		2,352.7	
Financial liabilities at fair value through profit and loss	FVPL		498.7	

Carrying amounts and fair values by measurement category 31/12/2017

€m

Assets – balance sheet items	Measurement category under IAS 39	Level	Carrying amount	Fair value
Interests in unconsolidated subsidiaries	FAAC	–	1.0	–
Interests in unconsolidated subsidiaries	FAAFS	2	10.8	10.8
Other equity interests	FAAFS	1	20.5	20.5
Other equity interests	FAAFS	2	103.4	103.4
Other equity interests	FAAC	–	1.9	–
Other equity interests			**137.5**	
Securities	FAAFS	1	138.3	138.3
Securities	FAAFS	3	7.5	7.5
Securities	FAAC	–	1.0	–
Securities – closed items on the balance sheet	LAR	2	59.7	57.1
Other loans – closed items on the balance sheet	LAR	2	274.9	304.8
Derivatives in the finance area – closed items on the balance sheet	FAHFT	2	89.8	89.8
Loans to investees	LAR	2	58.3	60.4
Other loans	LAR	2	5.1	5.0
Other	–	–	29.5	–
Other non-current investments and non-current other receivables			**664.1**	
Trade receivables	LAR	–	345.7	–
Receivables from investees	LAR	–	27.9	–
Loans to investees	LAR	2	4.9	5.1
Other loans	LAR	2	0.2	0.2
Derivatives in the energy area	FAHFT	2	104.7	104.7
Long position: Gemeinschaftskraftwerk Inn GmbH	FAHFT	3	19.2	19.2
Emission rights	IAS 38, IAS 2	–	7.9	–
Other	LAR	–	44.8	–
Other	–	–	27.5	–
Trade receivables and current other receivables			**583.0**	
Cash and cash equivalents	**LAR**	**–**	**28.6**	**28.6**
Aggregated by measurement category				
Financial assets at amortised costs	FAAC		3.9	
Loans and receivables	LAR		850.1	
Financial assets available for sale	FAAFS		280.5	
Financial assets held for trading	FAHFT		213.8	

Carrying amounts and fair values by measurement category 31/12/2017

€m

Liabilities – balance sheet items	Measurement category under IAS 39	Level	Carrying amount	Fair value
Bonds	FLAAC	2	1,395.0	1,499.2
Financial liabilities to banks and to others	FLAAC	2	533.4	570.0
Financial liabilities to banks – closed items on the balance sheet	FLAAC	2	106.3	141.3
Financial liabilities to banks – closed items on the balance sheet	FLAFVPL	2	318.0	318.0
Capital shares attributable to limited partners	IAS 32	–	2.8	–
Non-current and current financial liabilities			2,355.5	
Electricity supply commitment	–	–	163.0	–
Obligation to return an interest	FLAAC	3	78.3	125.1
Trade payables	FLAAC	–	1.5	–
Other	FLAAC	–	27.0	–
Non-current other liabilities			269.7	
Trade payables	FLAAC	–	171.5	–
Derivatives in the energy area	FLHFT	2	264.0	264.0
Derivatives in the finance area	FLHFT	2	18.6	18.6
Other	FLAAC	–	115.1	–
Other	–	–	75.6	–
Trade payables and current other liabilities			644.8	
Aggregated by measurement category				
Financial liabilities at amortised costs	FLAAC		2,428.2	
Financial liabilities at fair value through profit or loss	FLAFVPL		318.0	
Financial liabilities held for trading	FLHFT		282.6	

Of the derivative financial instruments in the energy area classified as FVPL/FAHFT and FVPL/FLHFT in the above table, positive fair values of €32.7m (31 December 2017: €40.7m) and negative fair values of €258.8m (31 December 2017: €326.7m) relate to hedging relationships designated as cash flow hedges. These fair values represent gross amounts; following the inter-portfolio netting carried out in accordance with VERBUND's accounting policies, cash flow hedges can no longer be isolated.

Valuation techniques and input factors for determining fair values

Level	Financial instruments	Valuation technique	Input factor
1	Energy forwards	Market approach	Settlement price published by the stock exchange
1	Securities, other equity interest in Burgenland Holding AG	Market approach	Stock exchange price
2	Securities and other loans under closed items on the balance sheet, long-term loans, liabilities to banks, bonds and other financial liabilities	Net present value approach	Payments associated with the financial instruments, yield curve, credit risk of the contracting parties (credit default swaps or credit spread curves)
2	Interests in unconsolidated subsidiaries, other equity interest in Energie AG Oberösterreich	Market approach	Trading multiple, transaction price
2	Non-listed energy forwards	Net present value approach	Forward price curve derived from stock exchange, yield curve, credit risk of the contracting parties
2	Other financial assets and liabilities measured at fair value through profit or loss in the finance area	Net present value approach	Cash flows already fixed or determined via forward rates, yield curve, credit risk of the contracting parties
3	Return obligation (obligation to transfer back the 50% interest acquired in Donaukraftwerk Jochenstein AG)	Net present value approach	Price forecasts for electricity, weighted average cost of capital after taxes
3	Long position: Gemeinschaftskraftwerk Inn GmbH (GKI)	Net present value approach	Price forecast for electricity and discount rate for calculating the value of the underlying asset (weighted average cost of capital after taxes)
3	Securities (shares of CEESEG AG)	Net present value approach	Expected distribution of profits, cost of equity
AC	Other interests in unconsolidated subsidiaries, other equity interests and other securities	–	Carrying amounts as a best estimate of fair value
–	Cash and cash equivalents, trade receivables and payables, current other receivables, other borrowing within current credit lines as well as current other liabilities	–	Carrying amounts as a best estimate of fair value

Level 3 measurement of financial instruments: long position: GKI

€m	2017	**2018**
Carrying amount as at 1/1/	4.3	**19.2**
Measurement gains or losses (recognised in other financial result)	–4.3	0.0
Measurement gains or losses (recognised as a measurement of cash flow hedges)	4.6	–0.6
Carrying amount as at 31/3/	4.6	**18.6**

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

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

€m	Assumption	Change in assumption	If assumption increases, financial asset changes by[2]	If assumption decreases, financial asset changes by[2]
Electricity price[3]	€43.3/MWh	± 5%	–2.2	2.2
Discount rate	5.00%	± 0.25 PP	2.8	–3.4

[1] In the sensitivity analysis, one non-observable input factor was changed at a time while the other factors of influence remained constant. However, in reality changes in the non-observable inputs can also occur simultaneously. This can result in the amplification or (at least partial) neutralisation of the effects. // [2] The change in the financial asset relates only to the put option. Therefore, it is to be recognised as a measurement of cash flow hedges. // [3] The electricity price shown relates to the year 2025. The sensitivity analysis varies the price of electricity steadily over time up to the planning horizon.

Other note disclosures

Purchase commitments

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

€m	**31/3/2018**	of which due in 2018	of which due 2019-2023
Total commitment	**451.5**	329.1	122.1

Contingent liabilities

VERBUND's last remaining cross-border leasing transaction has an off-balance sheet financing structure. As at 31 March 2018, VERBUND's subsidiary liability for the non-redeemed portion of lease liabilities from cross-border leasing transactions amounted to €460.4m (31 December 2017: €504.1m). Of the rights of recourse against primary debtors, a total of €286.4m (31 December 2017: €327.9m) was secured through counter-guarantees from financial institutions, entities entitled to purchase electricity and regional authorities (from guarantors' liabilities). In addition, €236.8m (31 December 2017: €240.2m) was covered by off-balance sheet investments.

Court proceedings pending

In connection with the proceedings between VERBUND and EVN AG (shutdown of the power plant block at the Dürnrohr site), further talks were held in quarter 1/2018 regarding a settlement. No disclosures have been provided in respect of any contingent liabilities or provisions that may arise in relation to these proceedings because it is likely that such note disclosures would seriously prejudice VERBUND's position in the proceedings.

There were no significant developments compared with the status described as of 31 December 2017 in connection with the claims for damages asserted in the wake of the flooding of the Drau River in 2012. No disclosures have been provided in respect of any contingent liabilities or provisions that may arise in relation to these claims for damages because it is likely that such note disclosures would seriously prejudice VERBUND's position in the proceedings.

In connection with the amortisation of goodwill for the investment in VERBUND Innkraftwerke GmbH claimed for tax purposes for the years 2014–2023, the appeal against the 2014 notice of assessment for the group parent remains pending. The tax benefit for these years (reduction of future tax payments in the amount of €8.2m per year) is recognised in accordance with VERBUND's accounting policies if it is reasonably likely.

Transactions with related parties

Transactions with investees accounted for using the equity method €m

	Q1/2017	**Q1/2018**	Change
Income statement			
Electricity revenue	12.9	**14.0**	8.2%
Grid revenue	7.2	**10.5**	45.7%
Other revenue	0.0	**0.0**	n.a.
Other operating income	0.5	**0.2**	–58.0%
Expenses for electricity, grid, gas and certificate purchases	–4.5	**–3.7**	16.1%
Other operating expenses	–0.1	**–1.4**	n.a.
Interest income	0.4	**0.4**	–0.7%
Interest expenses	0.0	**0.0**	100.0%
Other financial result	0.5	**0.5**	–6.2%

Transactions with investees accounted for using the equity method €m

	31/12/2017	**31/3/2018**	Change
Balance sheet			
Investments and other non-current receivables	33.6	**33.1**	–1.5%
Trade receivables and other current receivables	29.8	**31.3**	5.1%
Contributions to building costs and grants	282.9	**280.5**	–0.9%
Trade payables and other current liabilities	1.4	**1.4**	2.3%

Electricity revenue with equity-accounted investees primarily came from KELAG-Kärntner Elektrizitäts-AG (€11.6m; Q1/2017: €11.7m) and OeMAG Abwicklungsstelle für Ökostrom AG (€2.3m; Q1/2017: €0.7m). The electricity revenue was offset by electricity purchases from KELAG-Kärntner Elektrizitäts-AG in the amount of €3.7m (Q1/2017: €4.4m).

Electricity revenue with companies controlled or significantly influenced by the Republic of Austria in quarter 1/2018 totalled €10.0m (Q1/2017: €13.6m). Electricity was purchased mainly by Österreichische Bundesbahnen (ÖBB), Telekom Austria Group and OMV. Electricity purchased from companies controlled or significantly influenced by the Republic of Austria amounted to a total of €0.3m in quarter 1/2018 (Q1/2017: €3.9m). The electricity was supplied by Österreichische Bundesbahnen (ÖBB). Gas trading contracts and gas deliveries on the part of OMV resulted in a total expense of €10.6m in other revenue and purchased gas, respectively (Q1/2017: €0.1m).

VERBUND's expenses for monitoring by E-Control in quarter 1/2018 amounted to a total of €1.1m (Q1/2017: €3.3m).

Audit and/or review

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

Events after the reporting date

There were no events requiring disclosure between the reporting date of 31 March 2018 and authorisation for issue on 25 April 2018.

Vienna, 25 April 2018
Executive Board

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

Dr. Johann Sereinig
Vice-Chairman of the Executive Board

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

Dr. Peter F. Kollmann
Member of the Executive Board

Responsibility statement of the legal representatives

We confirm according to the best of our knowledge that the condensed consolidated interim financial statements of VERBUND as at 31 March 2018, prepared in accordance with the accounting standards for interim financial reports under International Financial Reporting Standards (IFRSs), give a true and fair view of the assets and liabilities, financial position and profit or loss of the Group.

We also confirm that the Group interim management report of VERBUND gives a true and fair view of the assets and liabilities, financial position and profit or loss of the Group with respect to the important events during the first three months of the financial year and their effects on the condensed consolidated interim financial statements as at 31 March 2018 as well as with respect to the principal risks and uncertainties in the remaining nine months of the financial year.

Vienna, 25 April 2018
Executive Board

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

Dr. Johann Sereinig
Vice-Chairman of the Executive Board

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

Dr. Peter F. Kollmann
Member of the Executive Board

EDITORIAL DETAILS

Published by: VERBUND AG
Am Hof 6a, 1010 Vienna

This **Interim Report** was produced
in-house with firesys.
Charts and table concept:
Roman Griesfelder, aspektum gmbh
Creative concept and design: Brainds
Design and consulting: Grayling
Translation and linguistic consulting:
ASI GmbH – Austria Sprachendienst International
Printing: VERBUND AG (in-house)

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Commercial Court of Vienna
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Shareholder structure:
– Republic of Austria (51.0%)
– Syndicate (>25.0%) consisting of EVN AG (the shareholders of which are: Niederösterreichische Landes-Beteiligungsholding GmbH, 51%, EnBW Energie Baden-Württemberg AG, 30.6%) and Wiener Stadtwerke (the sole shareholder is the City of Vienna)
– TIWAG-Tiroler Wasserkraft AG (>5.0%, the sole shareholder is the province of Tyrol)
– Free float (<20.0%): no further information is available concerning owners of shares in free float.

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

Regulatory body/trade associations:
E-Control GmbH/E-Control Kommission
Bundesministerium für Finanzen
Wirtschaftskammer Österreich
Oesterreichs Energie

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

Executive Board:
Wolfgang Anzengruber (Chairman),
Johann Sereinig (Vice-Chairman),
Peter F. Kollmann,
Günther Rabensteiner

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

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

Verbund
Power for the Future