EVN

Full Report 2014/15

EVN Future Lab
@EVN_Future_Lab

The world of tomorrow?
#We_have_answers

EVN
Future Lab

Designing the future with its many different facets is the central subject of this full report. EVN is actively and consciously addressing the accompanying challenges. In order to identify and systematically examine the many different future scenarios, EVN founded the future lab – an internal think tank – in 2014/15. The objectives of its analyses were to pinpoint possible development trends, determine the company's current position and develop future-oriented business models. This full report provides an overview of the processes used by the EVN Future Lab and the results achieved to date.

At this point, we would like to thank all the contributors to the future lab for their dedication and commitment!

Key figures

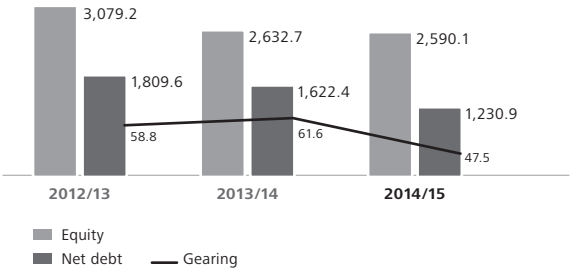
		2014/15	2013/14	+/– in %	2012/13[1]
Sales volumes					
Electricity generation volumes	GWh	4,882	4,395	11.1	3,332
thereof from renewable energy	GWh	2,106	1,868	12.8	1,181
Electricity sales volumes to end customers	GWh	19,263	19,317	–0.3	20,403
Natural gas sales volumes to end customers	GWh	5,241	5,383	–2.6	6,475
Heat sales volumes to end customers	GWh	2,038	1,991	2.4	1,911
Consolidated statement of operations					
Revenue	EURm	2,135.8	1,974.8	8.2	2,105.9
EBITDA	EURm	583.2	184.1	–	540.0
EBITDA margin[2]	%	27.3	9.3	–	25.6
Results from operating activities (EBIT)	EURm	268.2	–341.4	–	242.2
EBIT margin[2]	%	12.6	–17.3	–	11.5
Result before income tax	EURm	207.9	–373.3	–	170.7
Group net result	EURm	148.1	–299.0	–	109.3
Consolidated statement of financial position					
Balance sheet total	EURm	6,501.2	6,841.8	–5.0	7,283.7
Equity	EURm	2,590.1	2,632.7	–1.6	3,079.2
Equity ratio[2]	%	39.8	38.5	–	42.3
Net debt	EURm	1,230.9	1,622.4	–24.1	1,809.6
Gearing[2]	%	47.5	61.6	–	58.8
Return on equity (ROE)[2]	%	7.3	–9.5	–	5.0
Consolidated cash flow and investments				–	
Net cash flow from operating activities	EURm	478.3	546.0	–12.4	570.0
Investments[3]	EURm	322.7	396.3	–18.6	372.9
Net debt coverage (FFO)[2]	%	48.4	41.3	–	38.3
Interest cover (FFO)	x	7.4	8.1	–9.0	8.8
Value added					
Net operating profit after tax (NOPAT)	EURm	341.0	144.5	–	307.3
Capital employed[4]	EURm	4,523.1	4,900.5	–7.7	5,046.6
Return on capital employed (ROCE)[2]	%	5.3	–3.8	–	3.9
Operating ROCE[2]	%	7.5	2.9	–	6.1
Weighted average cost of capital (WACC)[2]	%	6.5	6.5	–	6.5
Economic value added (EVA®)[5]	EURm	47.0	–174.1	–	–20.7
Share					
Earnings	EUR	0.83	–1.68	–	0.61
Dividend	EUR	0.42[6]	0.42	–	0.42
Payout ratio[2]	%	50.4	–	–	68.6
Dividend yield[2]	%	4.3	4.1	–	3.7
Share performance					
Share price at 30 September	EUR	9.85	10.13	–2.7	11.29
Highest price	EUR	10.56	12.50	–15.6	12.66
Lowest price	EUR	9.50	9.76	–2.6	9.42
Market capitalisation at 30 September	EURm	1,773.0	1,821.0	–2.6	2,031.0
Credit rating					
Moody's		A3, stable	A3, negative	–	A3, stable
Standard & Poor's		BBB+, stable	BBB+, stable	–	BBB+, stable

1) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see Full Report 2013/14, page 148).
2) Changes reported in percentage points
3) In intangible assets and property, plant and equipment
4) Average adjusted capital employed
5) As defined by Stern Stewart & Co
6) Proposal to the Annual General Meeting

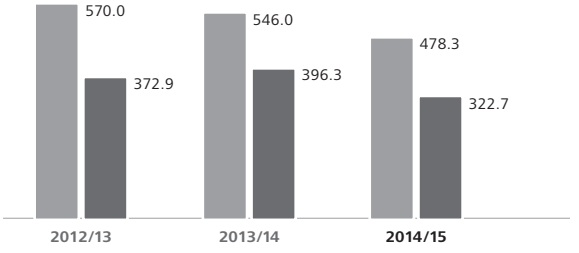
		2014/15	2013/14	2012/13
Employees				
Number of employees	Ø	6,973	7,314	7,445
thereof Austria	Ø	2,378	2,407	2,407
thereof abroad	Ø	4,595	4,907	5,038
Employee fluctuation	%	2.2	2.8	3.2
Proportion of women	%	21.9	21.4	21.9
Training hours per employee	hrs.	30.7	34.9	31.3
Number of occupational accidents		83	97	121
Environment				
Direct greenhouse gas emissions (Scope 1)	t	2,610,312	2,215,563	1,677,385
Specific greenhouse gas emissions (Scope 1)	kg/MWh	334.31	336.21	281.54
NO_x emissions	t	893	823	1,065
Hazardous waste[1)]	t	11,246	10,703	9,266
Water consumption (drinking and process water)	m³	2,275,214	2,279,469	2,040,738

1) Without building residues and power station by-products

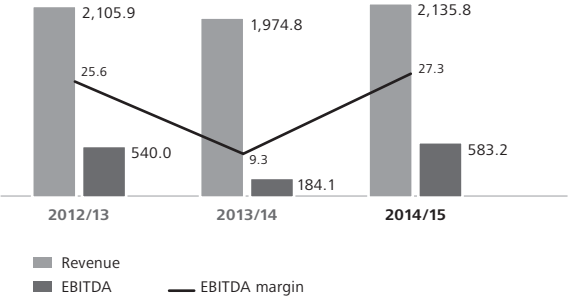
Equity, net debt in EURm
Gearing in %



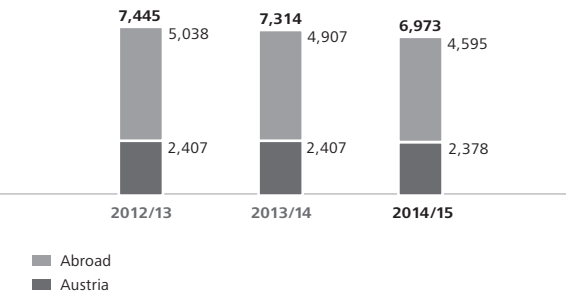
Cash flow and investments in EURm



Revenue, EBITDA in EURm
EBITDA margin in %



Employees by region



Contents

About this report

EVN has published an integrated annual and sustainability report, a so-called "full report", for each financial year since 2009/10. The equal treatment of sustainability content, including the CSR programme, with the annual report and corporate governance report reflects EVN's self-image as a responsible energy and environmental services provider. A central element of EVN's integrated business model is the well-balanced treatment of its various stakeholder groups. The multifaceted and diverse information needs of these stakeholder groups are reflected in the structure of this full report. In addition, this report meets the high "Advanced Level" requirements defined by the UN Global Compact and also presents EVN's progress in meeting the relevant standards.

References

Additional information on certain topics is provided on EVN's homepage and cross-referenced in this report. The full report also includes references to the GRI standards and to other information within the report. Different reference signs are used to facilitate the reader's orientation inside and outside the report. The signs used in the 2014/15 full report are listed below:

△ Reference to the GRI standards

□ Reference to additional information within the full report

○ Reference to content on the Internet

Printing

The 2014/15 full report was printed according to the cradle-to-cradle principle. This means that only pollutant-free and recyclable materials were used in the printing process. Our high commitment to sustainability is thus also underscored in the production of this report.

Scope of the report

EVN's financial year begins on 1 October and ends on 30 September. The components of the integrated financial and sustainability report is based on EVN's scope of consolidation as of 30 September 2015, in accordance with consolidation regulations. Information on the scope of consolidation is provided in the notes.

This report meets the requirements of the Global Reporting Initiative (GRI) Version 4 "comprehensive" and includes the additional GRI indicators for the utility industry (Electric Utility Sector Supplements).

EVN's objective is to provide detailed information on the subjects that are of key importance to its stakeholders. The reporting content is based on legal requirements, the information needs of stakeholders and the most important areas of activity in EVN's materiality matrix (page 37). In developing this matrix, EVN's internal and external stakeholders identified the areas that bear the greatest impact, opportunities and risks for the company and its stakeholders. The CSR materiality matrix is evaluated on a regular basis to incorporate new trends and subjects that are relevant to the various stakeholder groups. A detailed list of the areas of activity and the related GRI aspects used to define the reporting content can be found online under **www.evn.at/EVN-Group/responsibility/CSR-reporting.aspx**.

Compared to the previous year's report, there were no material changes in the scope or presentation of information. In agreement with the GRI reporting standards, information of low importance is not provided in order to maximise relevance and transparency by concentrating on the most significant issues. The indicators that are not applicable to EVN are designated as such in the GRI Content Index at the end of this report.

The Accounting Department, Controlling Department, Human Resources Management and Environmental Protection and Controlling Department were responsible for the collection and calculation of data. The data are based on the GRI indicator protocol, which was applied as completely as possible. Compliance with this reporting standard and the related criteria was reviewed and confirmed by TÜV SÜD (see page 235).

EVN also believes in equal gender treatment in its internal and external publications, including this full report. Any statements made in the male form to improve readability refer equally to both genders.

The editorial deadline for this report was 25 November 2015.

□ For further information on the definition of this report's content, see page 42f.

○ For information on the Global Reporting Initiative, go to: **www.globalreporting.org**

□ The GRI Content Index can be found beginning on page 237.

Editorial

Dear Shareholders,
Ladies and Gentlemen,

In 2014/15, the operating business recorded sound performance and, based on the good development of cash flow, we were able to substantially reduce our net debt (see page 116).

However, the structural issues for the energy market remain unchanged. The profitable operation of natural gas-fired power plants is still not possible because of the distortions on the wholesale markets. However, there is an increasing variety of new market mechanisms that include the provision of power plant reserves. EVN has made its natural gas-fired power plants available as reserves for southern Germany since 2011 and will continue to do so in the future (see page 130).

The opening of the electricity markets in South East Europe is proceeding. Business customers in Bulgaria are being gradually transitioned to the liberalised market, while household and commercial customers are still supplied at regulated prices. The liberalisation in Macedonia is progressing gradually for individual customer groups, in each case dependent on their annual electricity consumption. EVN has positioned itself in both countries with its own supply and trading companies to participate in the liberalised market (see pages 107f and 135ff).

In the environmental services business, we reached an agreement with the city of Moscow over the sodium hypochlorite plant during the 2014/15 financial year. The plant was sold to the municipal water supply and wastewater disposal company and successfully started operations in March 2015. Our focus will now turn to new projects in this area (see page 137ff).

EVN's investment strategy calls for a clear focus on the home market of Lower Austria. The related projects cover EUR 1bn of investments in network infrastructure, renewable energy and drinking water supplies over a period of four years. Our focus will be placed on network investments to transport the growing feed-in volumes from renewable energy generation and to protect network stability. The primary goal for this programme is to guarantee supply security for our customers. Projects in the area of windpower included the recent completion of the Prottes-Ollersdorf windpark with a capacity of 37 MW. That gives EVN a current windpower generation capacity of 250 MW and moves us closer to our overall capacity goal of 300 MW. Our activities in the area of drinking water supplies involve the further strengthening of our pipeline networks in metropolitan areas. At the same time, we are building natural filter plants to reduce the hardness of the water by natural means and thereby meet the rising demands on water quality. Two such plants have already started operations, and a third plant is currently under construction.

The energy sector is currently in a phase of transition. Well-tried principles appear to be no longer valid, different business models are developing and new competitors are entering the markets. EVN recently addressed these issues through an intensive focus on scenarios and options for the Group's future development. We have therefore chosen "the future" as the subject for this full report and will describe the process we used to develop possible future scenarios. We will then examine those scenarios we consider to be realistic and consequently present EVN's possible answers (see page 14ff).

Peter Layr
Spokesman of the Executive Board

Stefan Szyszkowitz
Member of the Executive Board

❑ Detailed information on the members of the Executive Board and their responsibilities can be found in the corporate governance report starting on page 96.

"Intelligent networks and energy management are the future ..."

Peter Layr und Stefan Szyszkowitz, the two members of the Executive Board of EVN AG, in an interview on the energy markets, in general, and the development of the EVN Group, in particular, during the 2014/15 financial year.

Mr. Layr, EVN is active in a number of different business areas. How would you best describe your company?

Layr: We like to use the term "comprehensive supplier". EVN delivers many different products used by our customers every day: energy in the form of electricity, natural gas and heat as well as clean drinking water and telecommunication services. In addition, we also ensure that wastewater is cleaned and returned to the natural cycle, and waste is thermally utilised. These activities are rounded off by energy-related advising services. All in all, we offer our customers a wide range of individual products or combinations to choose from. However, the basic principle for all our products and services is the same: quality and supply security are our top priority.

Wouldn't it be easier to concentrate on individual products or business areas?

Layr: We focus on the needs of our customers, which is why we offer a wide range of public utilities. Our business model has an important advantage for our customers: they can obtain all these services – which are actually closely related – from a single supplier. And the experienced staffs in our customer centres and emergency teams are available to help our customers day and night in all these areas.

Szyszkowitz: As an integrated company, we are active at all levels of the value chain in the energy business. We generate electricity with our own renewable and thermal power plants and equipment, we transport energy over our own network infrastructure, and we deliver the energy directly to our customers within the framework of EnergieAllianz Austria. Our generation plants are a natural hedge, as we are always able to supply our customers with sufficient energy, even when it is not available – or only at a very high price – on the market. And with our electricity, natural gas and heating networks, we make sure that this energy also reaches our customers.

Offering customers a broad range of products and thereby also security and comfort does, without a doubt, create advantages for success on the market. How does the company benefit from this approach?

Layr: For the company, we see two major advantages. First of all, an extensive offering strengthens customer ties. When we win over customers with the quality of our services in one segment, they trust us to also provide this same high expertise in other areas. Our customers' satisfaction is reflected in high loyalty to EVN, and that gives us a broad and stable customer structure. The second positive effect is diversification that is closely related to the core business and serves as a source of stability for our earnings. In particular, this helps us to offset the fluctuating earnings from the different levels of the value chain during the energy sector cycles.

What is the role of the environmental services business in this respect?

Szyszkowitz: The environmental services business is not dependent on energy sector developments and is therefore an added source of stability for the EVN Group. It also strengthens our positioning as a responsible company which makes a positive contribution to the environment and society with its business activities.

Diversification is a central element of EVN's strategy. What does this mean for the different stakeholder groups?

Szyszkowitz: Our shareholders can count on stable business development. For our customers, we are a dependable partner who can keep his promise to deliver secure and sustainable supplies. And our workforce benefits from our reliability as an employer.

Let's turn to the 2014/15 financial year. How was business?

Layr: In view of the difficult situation on the energy market, we can be satisfied with the past financial year. We again generated clearly positive earnings. Our balance sheet structure can be described as solid, and our ratings remain within the good investment grade range.

Szyszkowitz: Operating cash flow was strong and covered our investments as well as the dividend. At the same time, we also substantially reduced net debt. Thanks to these developments, we are a very welcome player on the capital market and can raise financing at any time by issuing bonds or arranging for loans.

You mentioned investments. What is EVN's general investment strategy?

Layr: Over a period of four years, we will be investing a total of one billion euros in our network infrastructure, renewable energy and drinking water supplies in Lower Austria. We have accomplished a great deal during the past two years, but there is still a lot of work to be done.

Why exactly these areas?

Layr: This focus is based on our goal to provide optimal supply security for our customers. Well-developed networks are essential for reliably transporting the growing – but highly volatile – volume of electricity generated by renewable sources. We are intensifying the expansion of renewable generation to increase our Group-wide coverage ratio (editor's note: the ratio of electricity produced in EVN's own power plants to the total sales volume) and the share of biogenic energy production. The situation with regard to drinking

> **"We will be investing a total of 1 billion euros in our network infrastructure, renewable energy and drinking water supplies in Lower Austria."** Peter Layr

water supplies is similar. Here quality and supply security are also our top priorities. These investments guarantee that our customers will always have enough clean drinking water, even during the hot summer months when demand is higher.

How do you ensure that these investments also pay off?

Szyszkowitz: As a listed company, we have a responsibility to our shareholders to monitor the profitability of our investments. Apart from that, it is a basic requirement for sustainably successful business operations. The incentive model introduced for the network business in Austria encourages us to optimise our costs and improve productivity. In this way, everyone benefits from efficient structures. The increase in the coverage ratio, which we also intend to reach by expanding the use of renewable energy, will give us even better protection against fluctuations on the electricity markets. However, we are intentionally expanding the use of renewable energy only in Austria – and here naturally in our home market of Lower Austria – because we can depend on stable framework conditions in this country. In the area of drinking water supplies, we can offer our customers a fair price-performance ratio by linking the price of water to the consumer price index. As you can see, success is also dependent on cost efficiency in this business area.

Mr. Layr, several months ago, you said you didn't want to make any further investments in generation from fossil energy carriers. What is the outlook for the thermal power plants?

Layr: It is true that the trend is clearly pointing towards renewable energy. However, thermal generation and, above all, the natural gas-fired power plants will continue to play an important role as reserve capacity for the energy system. This reserve capacity is absolutely necessary to ensure network stability. It provides the necessary energy when there is little wind and sun and, through its flexibility, protects the stability of the networks when the generation from solar power and windpower is high.

What are your goals for the expansion of renewable energy?

Szyszkowitz: The goal is to increase the share of electricity generated from renewable energy in our own plants over the medium term. Our expansion plans are concentrated on wind energy in Lower Austria. Here we already have over 250 MW of installed capacity, which we will raise to a level of 300 MW within the next three years. A number of other projects are also in the pipeline; in some cases we have already received the permits or are working on the approval process. The realisation of these projects will also depend on the further development of commercial energy storage technologies.

Keyword: storage technologies. What steps is EVN taking to support the development of alternatives for the "storage" of electricity?

Layr: Here we are working at various levels. The most important project at the present time is the construction of a large storage facility with a capacity of 2.5 MW. In other terms, that roughly represents the power of 100 mid-sized e-cars. Together with the Vienna University of Technology, we will be carrying out a scientific analysis over a period of two years to evaluate the possibility of stabilising networks with this large storage facility. However, the time horizon for the pilot project is significantly longer: this battery has a service life of 15 years.

Will these types of storage batteries be able to replace other forms of reserve capacity?

Szyszkowitz: Solving the storage problem is the key issue for the success of the energy transition. We don't think batteries can solve the problem of storing large volumes of electricity at the present time because the costs are still too high. But these batteries can very well play a role in network stabilisation.

How can additional energy requirements be covered?

Szyszkowitz: The flexible use of thermal generation plants will continue to be necessary. In contrast to the past, these plants will not feed electricity continuously into the network, but will only cover peak periods on a temporary basis. Natural gas-fired power plants are an alternative here because they can be quickly placed on line. In this regard, the protection of supply security has top priority.

Are natural gas-fired power plants still profitable when they are only used for a very limited period of time?

Layr: Under the current system, they are not cost-effective. However, the German Federal Network Agency shows that there are also approaches for alternative models. The agency contracts for the allocation of reserve capacity and renders an appropriate fee for these services. In this way, power plant operators can earn additional income with the temporary use of their facilities. As a matter of fact, EVN has provided the transmission network operator in southern Germany with reserve capacity through its natural gas-fired power plants in Theiss and Korneuburg since 2011 and will continue to do so over the coming years. The respective agreements have already been signed. That these reserves are actually needed is demonstrated by the fact that our plants were called on more than 80 times during the past year.

Szyszkowitz: This reserve capacity is currently provided on the basis of bilateral agreements. However, we need to see a fundamental decision for the adjustment of the market design. In a networked Europe supply security doesn't stop at national borders. The technical and economic parameters in the individual countries must be coordinated, and the market model must be adjusted to reflect this changing environment. But supply security still has the highest social priority.

The installation of intelligent meters, so-called smart meters, is now a frequent subject of media reports. How is EVN dealing with this issue?

Layr: Since 2013, we have carried out a number of pilot projects to test various types of equipment and technologies for safe data transmission. We are currently working on the technical requirements to make sure that the reading of consumption data is safe. As you are well aware, data security is the central issue for the introduction of smart meters. We also plan to ask every customer whether he or she wants to use the functions available with the intelligent meters – because we believe a conscious decision by the consumer will increase the acceptance of this new meter generation. We must also consider the fact that smart meters are important elements of the network infrastructure that must be protected against cyber-attacks in order to ensure supply security. For that reason, we will set particularly high standards for the selection of the equipment.

Another legal requirement is the new Austrian Energy Efficiency Act. How is the implementation proceeding?

Szyszkowitz: As an energy provider, we have been required to demonstrate the implementation of energy efficiency measures with our customers since 1 January 2015. Specifically, this rule calls for a 0.6% reduction in energy consumption each year. This issue is particularly important for us, as EVN also stands for "Energie vernünftig nutzen" (using energy responsibly). We therefore offer our customers direct and wide-ranging assistance to implement energy efficiency measures and reach their energy saving goals.

How do you intend to meet the legal requirements?

Layr: With our energy services, we have already taken a number of concrete steps. We offer various services to help our customers reduce their energy consumption. Examples are the thermographic analysis of buildings or advising in connection with the replacement of heating equipment, where we show our customers the existing inefficiencies in their use of energy and, at the same time, offer suggestions for energy savings.

What has been the reaction to these new services?

Szyszkowitz: We are seeing a growing interest on the part of our customers. With the introduction of our so-called "Bonus World", we have also created an added incentive to make use of our services. This campaign has made it possible for our electricity and natural gas customers to receive bonus points since 1 October 2014, which they can then exchange for energy services. And that means real cash savings for our customers.

Layr: Customers have two important benefits from the bonus point programme. On the one hand, they save part of the costs for the implementation of energy saving measures. And on the other hand, they sustainably reduce their energy consumption. EVN also has a twofold benefit: with our support for energy efficiency measures, we can demonstrate our proven advising expertise and also meet legal requirements. By the way, the bonus points can also be used to purchase new and more efficient appliances and equipment.

"The goal is to increase the share of electricity generated from renewable energy in our own plants over the medium term." Stefan Szyszkowitz

The supply of heat has also become an important part of your activities. How is this business doing?

Szyszkowitz: EVN is the largest supplier of natural heat in Austria. With natural heat, we mean the generation of heat from biomass – in other words, primarily from wood chips. We extended this business into the metropolitan regions at a very early stage and now cover large areas of Lower Austria with our more than 60 plants.

Layr: These plants are located in communities and cities across the entire province. That means we have already created the proverbial customer closeness and positioned the EVN brand throughout our supply area. What is even more important, however, is that we can offer our customers maximum comfort in heating supplies together with production that is environmentally friendly.

You are also active in providing drinking water for Lower Austria. What are customers' demands on this business?

Layr: We currently supply more than 560,000 residents in Lower Austria, directly or indirectly, with clean drinking water. Supply security naturally also has top priority in this business area. That is why we continuously develop new water sources and wellfields, or create connections between existing sources, to deliver the required volumes throughout our entire supply area, even during months with low precipitation.

Szyszkowitz: In addition to our customers' understandable demand for secure supplies, the water quality is also an increasing issue. This is related, above all, to a reduction in the hardness of the water. We can meet this demand with our natural filter plants through the use of membrane technology and without the use of chemicals. Two of these plants are already in operation, and a third is currently under construction.

Let's return to the energy business. How is the business development in your foreign markets in South East Europe?

Layr: We are seeing a stabilisation in the political environment as well as an improvement in economic growth. However, the challenges of the past years remain: the gradual liberalisation, both in Macedonia and in Bulgaria, is changing the environment. The market participants and, above all, customers are, to a certain extent, not really prepared. Together with the local regulatory authorities and other stakeholders, we are trying to find solutions for the implementation of this liberalisation. Functioning markets need stable framework conditions and active market participants. These solutions must be based on trust, and trust doesn't materialise overnight. This development also took a number of years in Austria.

Szyszkowitz: The operational measures to improve performance are another important factor. Here we have accomplished a great deal with full-scale meter data management and improvements in the network infrastructure. We are also working intensively to further reduce network losses and, at the same time, increase the collectability of receivables. Therefore, we are optimistic that we will be able to generate higher earnings contributions in this region over the medium term.

What were the most important events in the environmental services' international project business?

Szyszkowitz: After intensive negotiations with the city of Moscow, we found a positive solution for the sodium hypochlorite plant project. The local municipal water supply and wastewater disposal company purchased the plant, and the proceeds from this transaction not only covered EVN's investment costs, but also future earnings contributions.

And what are your plans for the Environmental Services Segment?

Layr: We now want to concentrate on the acquisition of new projects. The oil exporting countries in the Near and Middle East, in particular the countries on the Arabian Peninsula, have a substantial need for investments in drinking water supplies and wastewater disposal. With our project experience, we can make a contribution in this region and develop new markets for EVN. Of course, we are proceeding very carefully with the acquisition of projects and are only entering new markets after we are certain to have sufficient protection against political risks.

"We offer our customers direct and wide-ranging assistance to implement energy efficiency measures and reach their energy saving goals."

Stefan Szyszkowitz

Mr. Layr, what challenges do you see for the energy sector, in general, and for EVN, in particular, during the coming years?

Layr: Digitalisation is currently changing all areas of our life. It is also creating new opportunities for optimisation and new business ideas in the energy sector. New competitors are entering the market with their "smart" solutions. In the EVN Future Lab, our open space platform, we are analysing the latest trends and developing interesting options (editor's note: for additional information on the EVN Future Lab, see page 14ff).

What can your customers expect?

Szyszkowitz: We intend to expand our range of services for the different customer groups and, in doing so, make greater use of the possibilities offered by the Internet. Through digitalisation, we also see opportunities to optimise processes along our value chain.

"Data security is the central issue for the introduction of smart meters." Peter Layr

Our goal is to improve and streamline our existing activities – and we also want to take advantage of the potential to develop new business areas. At the same time, we are faced with new challenges in the area of data security. In this respect, I want to emphasise that we take this issue particularly seriously in connection with all digitalisation measures. Data security is absolutely necessary to ensure supply security for the benefit of our customers.

What role will EVN play in the energy system of the future?

Layr: Intelligent networks and energy management are the future. The increasing decentralisation of production that is accompanying the expansion of windpower and photovoltaic capacity will make it even more important to preserve the stability of energy supplies in the future. The individual customers don't really want to be bothered with optimising the use of the available energy themselves or arranging for their own energy supplies. To put it simply, energy must be there when it is needed. And that is exactly where we come in, whether the issue is an individual solution for a specific household or a larger solution for an entire community. An important part of energy management is the network business, which will be based on conventional technologies also in the future – and that means power lines must be maintained and repaired when they are damaged. In this connection, I want to recall the severe ice damages during the past year, which were mastered in an exemplary manner by our employees. We have more than 90 years of experience and have proven that we understand our business. You can therefore rely on EVN to responsibly meet its obligations for the benefit of its customers also in the future.

Report of the Supervisory Board

Dear Ladies and Gentlemen,

EVN remained well positioned with its integrated business model in a continually challenging energy sector environment and generated sound results in the 2014/15 financial year. The company pursues a strategy which is designed to provide customers with the highest possible supply security and, in return, benefits from a loyal customer base. This strategy is supported by investments that focus on the networks and the expansion of generation from renewable energy. The operational readiness of EVN's power plant reserves further balances the fluctuations from renewable energy generation and protects network stability. The environmental services business successfully concluded a major project during the reporting year with the sale of the sodium hypochlorite plant in Moscow. In the area of drinking water supplies, EVN also works to meet customers' high demands for quality and supply security by increasing its investments in this business area.

Fulfilment of duties

The Supervisory Board actively monitored and supported EVN's strategic steps as part of its designated responsibilities. Five plenary meetings were held during the reporting year, in which the Supervisory Board fulfilled the tasks and duties required by legal regulations and the company's by-laws. The Executive Board provided the Supervisory Board with regular, timely and comprehensive reports on all relevant aspects of EVN's business development, including the risk position and risk management, as well as the development of key Group companies. This reporting, in particular, allowed the Supervisory Board to continuously supervise and support the Executive Board's management activities. The control functions exercised by the Supervisory Board within the framework of open discussions with the Executive Board did not lead to any objections. Recommendations by the Supervisory Board were taken up by the Executive Board. The Supervisory Board covered the subjects of cybersecurity and the protection of critical infrastructure in the course of a closed conference, during which the discussions focused on international developments, risks and solution approaches as well as on developments in Austria and the related measures in the EVN Group.

Major resolutions passed by the Supervisory Board

The Supervisory Board appointed Stefan Szyszkowitz to the Executive Board for a further five-year term beginning on 20 January 2016, i.e. to 19 January 2021, and granted statutory powers of representation to Werner Hengst and Johannes Lang as of 1 January 2015. Other important decisions by the Supervisory Board included the approval of the annual financial statements and the 2015/16 budget for the EVN Group and, above all, the merger of ENERGIEALLIANZ Austria GmbH and e&t Energie Handelsgesellschaft m.b.H. The approval of the budget also covered investments in heating and windpower plants, in long-distance and district heating plants, in electricity, natural gas and heating networks and in the IT infrastructure. These investments are required primarily for the protection of supply security and the transport of renewable energy. Investments approved for the environmental services business pertained to improving water quality and to international projects for water purification.

Corporate Governance Report, Austrian Corporate Governance Code, Supervisory Board committees

In a meeting on 9 December 2015, the Supervisory Board examined the corporate governance report as required by § 96 of the Austrian Stock Corporation Act and in accordance with a June 2011 opinion released by the Austrian Financial Reporting and Auditing Committee. The analysis was based on a report issued by the Audit Committee on 25 November 2015 and did not lead to any objections.

EVN, as a listed company, is committed to compliance with the Austrian Corporate Governance Code. The Supervisory Board approved the implementation of the January 2015 version of the code by EVN beginning in 2015/16. The Supervisory Board strives to consistently comply with the provisions of the

code that relate to its activities. EVN complies with all rules concerning the cooperation between the Supervisory Board and the Executive Board and the internal procedures of the Supervisory Board, with two exceptions. These exceptions are specified in the corporate governance report.

The efficiency of the Supervisory Board's activities, in particular its organisation and working procedures, was evaluated by an external institution during the reporting year. The related services essentially covered the preparation of a questionnaire that included mandatory, facultative and company-specific elements, the discussion of the questionnaire with the chairman of the Supervisory Board and a written analysis of the evaluation. The structure of the questionnaire was based on questions derived directly from the Austrian Corporate Governance Code (e.g. shareholders and the Annual General Meeting, the audit committee, Supervisory Board und Executive Board etc.) and, in particular, on operating issues like training, processes/organisation and committee work. The report on the external evaluation includes a summary which confirms EVN's compliance with the C-Rules of the Austrian Corporate Governance Code during the reporting year.

In accordance with the requirements of the Austrian Corporate Governance Code, the Supervisory Board carried out a further self-evaluation of its activities in 2014/15 which focused, above all, on its organisation and working procedures. This evaluation was based on an extensive written questionnaire that was answered by the Supervisory Board members. The results of the evaluation were then analysed during an extensive discussion.

The Supervisory Board approved the report prepared in accordance with Rule 18a of the Austrian Corporate Governance Code on measures to prevent corruption in the company. In addition, the Supervisory Board examined all possible conflicts of interest and did not identify any inconsistencies.

The Supervisory Board established the following committees in line with the requirements of the Austrian Corporate Governance Code and the rules of procedure for the Supervisory Board: the Audit Committee, the Personnel Committee which simultaneously serves as a Remuneration and Nominating Committee, and the Working Committee.

The Personnel Committee met three times during the 2014/15 financial year and dealt with issues pertaining to relations between the company and the members of the Executive Board. The Working Committee did not meet during the reporting year. The Audit Committee met twice in 2014/15 and dealt primarily with six-month results, including the outlook for the full financial year, the preparation of the resolution for the approval of the annual financial statements and the appointment and work of the auditor. The Audit Committee also dealt extensively with the control, internal audit, risk and compliance management systems.

The corporate governance report provides additional information on the composition and working processes of the Supervisory Board and its committees as well as the remuneration of Supervisory Board members and the guidelines defined by the Supervisory Board to ensure its independence.

Annual financial statements and consolidated financial statements

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, was appointed to audit the financial statements for the 2014/15 financial year from 1 October 2014 to 30 September 2015. This firm examined the annual financial statements of EVN AG as of 30 September 2015, which were prepared in accordance with Austrian accounting regulations, and the management report submitted by the Executive Board. KPMG presented a written audit report on the audit and issued an unqualified opinion.

Following detailed analysis and discussions by the Audit Committee and the Supervisory Board, the Supervisory Board approved the following documents that were submitted by the Executive Board: the annual financial statements as of 30 September 2015 together with the notes, management report and corporate governance report; and the recommendation for the use of profits. The annual financial statements as of 30 September 2015 were thereby approved in accordance with § 96 (4) of the Austrian Stock Corporation Act

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and also audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, which issued an unqualified opinion. The Supervisory Board approved the consolidated financial statements together with the respective notes and management report.

In conclusion, the Supervisory Board would like to thank the Executive Board and all employees of the EVN Group for their performance and commitment during the 2014/15 financial year. Special thanks are also directed to EVN's shareholders, customers and partners for their trust in the company.

Maria Enzersdorf, 9 December 2015

On behalf of the Supervisory Board:

Burkhard Hofer
President

Operating highlights 2014/15

Energy business

→ **Demand driven by temperature trends during the winter months**
- Increase in network volumes of electricity, natural gas and heat
- Temperatures at mild prior year level in Lower Austria, significantly cooler in Bulgaria and Macedonia

→ **11.1% increase in electricity generation**
- Wind and water flows above long-term average
- Renewable generation capacity increased by 37 MW with the commissioning of the Prottes-Ollersdorf windpark
- Substantially higher use of the natural gas-fired power plants in Theiss and Korneuburg to support network stability in Austria and Germany

→ **Successful marketing of natural gas-fired power plants**
- Theiss and Korneuburg power plants: 785 MW of reserve capacity, in total, provided for southern Germany (winter half-year 2014/15)
- Provision of natural gas-fired power plants as reserve capacity contractually agreed through winter half-year 2017/18

→ **Adjustment of network tariffs and electricity prices**
- 1 January 2015: network tariffs in Lower Austria reduced by 1.0% for electricity and 2.5% for natural gas
- 1 October 2015: energy prices in electricity and natural gas reduced by an average of 5% each for household customers in Lower Austria within the framework of EnergieAllianz Austria

→ **Focus on supply security**
- Investments of EUR 1bn in network infrastructure, renewable energy and drinking water supplies in Lower Austria proceeding as planned
- EVN windparks included in balancing energy market to support protection of network stability
- Commissioning of innovative storage plants – for example, the "energy converter" in the Theiss power plant uses excess electricity to generate heat

Environmental services business

→ **Focus on water quality**
- Construction, respectively commissioning of natural filter plants to improve the drinking water quality by natural means
- EVN supplies over 560,000 drinking water customers, of which over 100,000 are already supplied directly

→ **Progress in international project business**
- Successful sale of sodium hypochlorite plant to the water supply and wastewater treatment company of the city of Moscow
- Commissioning of three wastewater treatment plants in Silvaniei, Romania

Financing

→ **Continuous improvement of asset and financial indicators**
- Substantial reduction in net debt and gearing
- Stable financing structure secured through good investment grade ratings (Standard and Poor's confirms BBB+/stable; Moody's upgrades outlook to A3/stable)

EVN Future Lab: new impulses, new mind-set

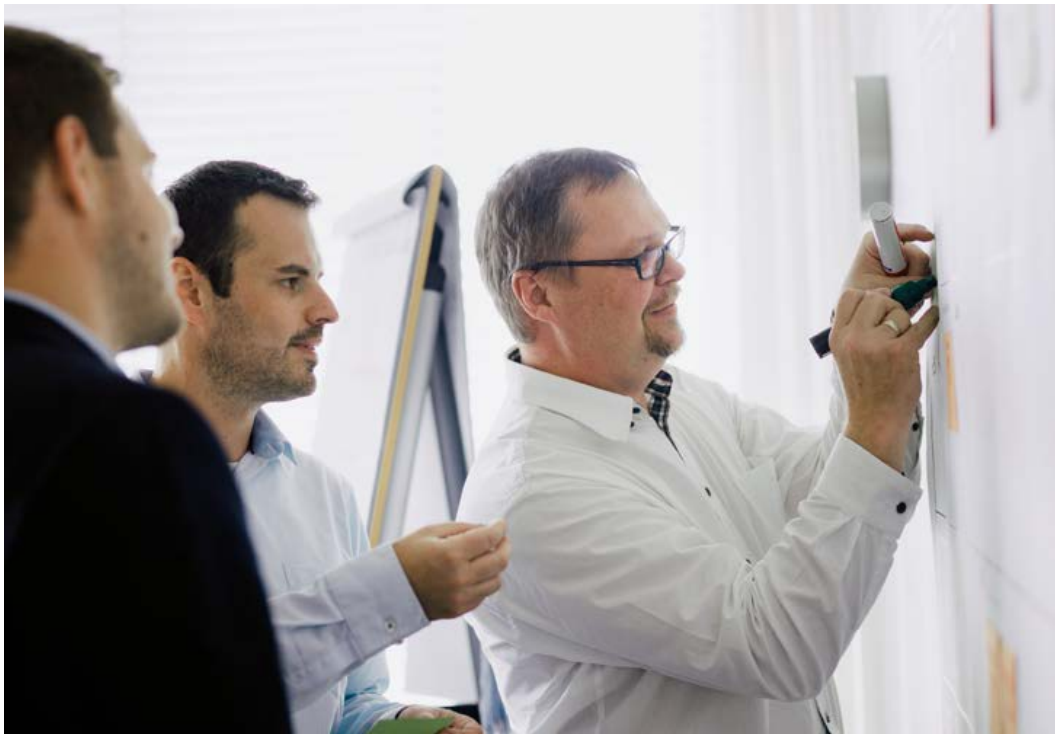
The energy industry is currently in a period of transition. Renewable energies are on the rise, more and more customers are generating their own electricity and smart solutions are changing all areas of our life. Conventional, centrally structured generation and supply concepts are increasingly becoming the subject of critical examination. At the same time, issues such as supply security and network stability are becoming a focal point of attention. Yet the adjustment of Europe's energy policy is still far from complete. Thus the market-oriented management of generation through CO_2 emission certificates has led to distortions and, time and time again, discussions are turning to fossil fuels that are extracted with new, in part untested processes whose long-term ecological effects are still unknown. This changing environment demands new solutions. Reason enough for EVN to examine its own position and contemplate what the future will bring.

EVN's Executive Board therefore initiated an internal thought process that was designed to address the world of tomorrow and the related lifestyle shifts. "The world is constantly changing. And this naturally influences our customers' demands on EVN as an energy and environmental services provider. We don't want to be surprised by this development, but plan to make an active contribution to designing the future", explains Peter Layr, spokesman of EVN's Executive Board, the reasons for this project. "We wanted to determine our current position and, above all, explore what the world could look like in ten years and consider how we can continue to operate successfully in that environment", adds Stefan Szyszkowitz, member of EVN's Executive Board. "We need future-oriented business models and, for this special purpose, we created the EVN Future Lab."

The immediate goal of the future lab was not to develop new business models, but "to explore opportunities and options – in other words, to create the foundation and impulses for the development of new activities", explains Andrea Edelmann, EVN's innovation officer. She served as the leader of this roughly one-year process and thereby contributed her extensive know-how on analytical methods.

Temporary think tank as open space

My work didn't involve project management in the usual sense of the word, especially because we didn't explicitly conduct the future lab as a project. My role was more that of an 'enabler'. We defined ourselves as an open space that generally organises itself", comments Edelmann. This is underscored by its designation as a "lab". The goal was to think above and beyond the normal scope of business, "which meant no taboos: all inputs are taken into account, the team decides and every result is a team product", explains Gernot Alfons, managing director of the EVN subsidiary EVN Abfallwertung Niederösterreich GmbH and also a member of the future lab. "We considered ourselves to be a temporary think tank outside the company's normal hierarchies and structures."



Imaginary trip into 2025

In spring 2014 the Executive Board set the wheels in motion, and 16 EVN employees from various areas started off on a common journey – the defining image for the future lab. They were a widely diverse group as seen by their positions in the corporate hierarchy as well as their ages, qualifications and perspectives: the team included experienced managers as well as young experts. All areas were covered – the energy industry with representatives from engineering, distribution and services, environmental services with experts from water and waste management and the supporting units with business, legal and IT specialists.

The questions for the team were: *What will – or could – the world and an appropriate business model for EVN look like in 2025? How will EVN make money? What options does the company have?* Georg Reitter, EVN's business segment manager for Energy Trade and Supply, who accompanied the process as one of three mentors at the management level: "In order to explore these issues, three key questions were formulated: Who are we today? Where are we going? How can we be successful when we get there?"

Answers to the three key questions

In order to develop structured answers to these questions, three phases were defined after the process was planned and the working methodology was selected. The team first identified existing and expected *trends and deviations* and, on this basis, formulated *theses* for future developments that could be combined into different consistent scenarios. That allowed for the creation of the largest possible "future space". Within the various scenarios, *options for action* by EVN were then developed and evaluated on the basis of their robustness. These tasks were covered in workshops lasting one and a half days per phase with the entire team working under the direction of different phase supervisors. Smaller groups were responsible for the time-consuming workshop preparations and follow-up.

In addition to regular status meetings, two extensive discussion rounds with the three mentors provided an opportunity for the integration of management's viewpoint in the process and the presentation of interim results as well as joint reflection and the definition of focal points. "These discussion rounds were extremely valuable for the process because they provided us with feedback and important new inputs", recalls Andrea Edelmann.

Development of specific business models

After the conclusion of the third phase, the team members and mentors together selected the options that would be developed into concrete business models during the next step. These options were also discussed at length in the specialist departments, whereby interdisciplinary teams of volunteers contributed their specific expertise and facilitated the precise formulation of the ideas.

Similar to the investor pitches made by start-ups, a series of presentations to internal experts, managers and the Executive Board was held in spring 2015. The potential business models were introduced and specific projects were selected for realisation.

Trends – theses – scenarios

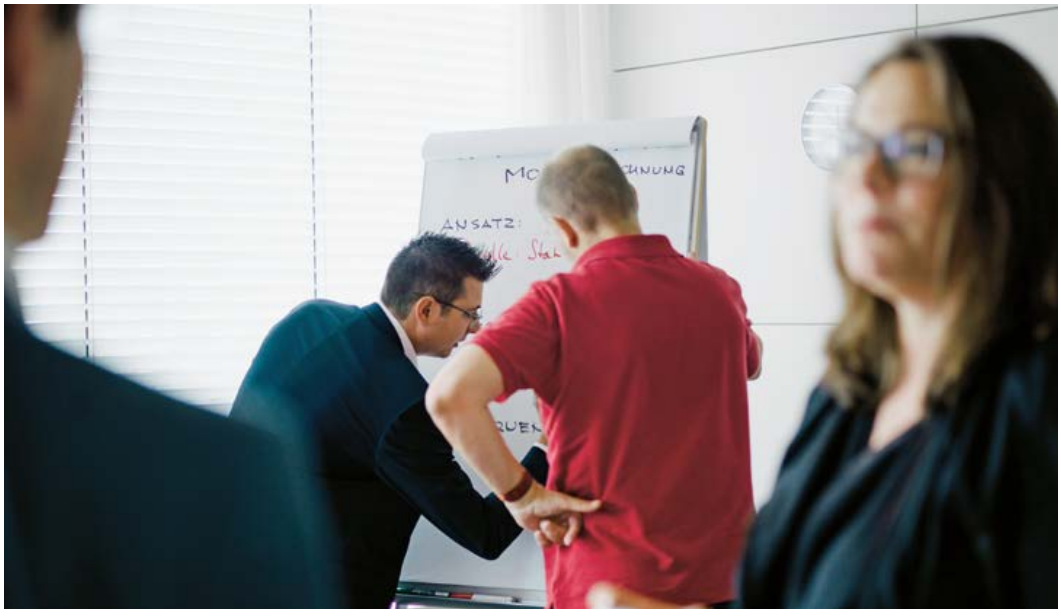
But exactly where did the journey go, where did the road lead through these trends, theses and options? Andrea Edelmann: "We worked in an iterative manner, in other words in multiple loops, using state-of-the-art methods. Essentially, we used a combination of the scenario method with trend analysis and the design thinking approach."

EVN Future Lab – process overview

Definition process/methods

The extensive introductory research on trends and influencing factors involved interviews with roughly 50 EVN managers and experts and 40 external specialists from various fields. The results of the EVN trend monitor – an internal Web platform for the structured identification of current trends – and the Group conference "SmartEVN 2013" were also integrated into this process. The result was a list of twelve heavily aggregated and, in the team's view, particularly relevant issues for EVN, which included increasing digitalisation, the development of smart utilities, continuing urbanisation and shifts in mobility, the emphasis on sustainability aspects in production and resource consumption, the rapid pace of innovation and technology development and the changes in the economic and legal environment.

The bundle of theses developed on this basis were then classified under five subject areas: economy, ecology, technology, society and politics. "The theses were understood to represent statements on the future that were derived from the previously identified trends



6
Presentation and discussion
of results with the Executive Board and management

7
Workshop
Selection of options for action

8
Transfer
to individual teams

9
Development
of business models

10
Pitches
to experts/managers

11
Pitch
to Executive Board/ selection/go

12
Realisation

Methods used by the EVN Future Lab

EVN's future lab teams used the latest strategic planning methods for their work – including the scenario method and the design thinking approach. Their goal was to develop concrete and, above all, realistic future scenarios with corresponding solution approaches for the EVN Group.

Scenario method – ready for the future
The goal of the scenario method is to define possible alternative future developments – i.e. "scenarios" – as the basis for strategic decisions and options for actions. The starting point is formed by a trend scenario, which is a development that appears plausible from the current point of view. Alternative scenarios are then created around the trend scenario, which include positive as well as negative developments. Discontinuities and deviations within this bundle of scenarios form the basis for further future development options that are conceivable, but not expected from the current point of view. All scenarios are then evaluated with respect to their plausibility. These "robust" scenarios are then used to derive options for various actors. This allows decision-makers to actively prepare for potential future developments.

Design thinking – in search of simple answers
"A problem may be complicated, but problem-solving is not", is a central principle of the design thinking approach, which is used to develop problem solutions in many areas – from politics to research. Design thinking combines creative and analytical processes that are used by interdisciplinary teams to analyse a problem holistically and down to the smallest detail. This often leads to a corresponding solution approach.

and their combination", explains Andrea Edelmann. "Each team member was required to formulate ten theses. In total, that resulted in considerably more than 100 theses representing a significant scope." And she lists a number of examples: "The theses ranged from 'the customer generates his own energy' to 'the growing importance of public-private-partnership models' and 'access to clean water becomes a luxury'."

The next step was to order these theses and combine them into scenarios. Roman Igelspacher, EVN's expert for the energy industry: "The goal was to have the scenarios depict the world as it could be in ten years based on our theses. We first grouped the theses that appeared to naturally fit together, which produced a number of definitely plausible scenarios. In order not to rely completely on our gut feelings, we then carried out a cross-check with a peer group using the proven scenario method." The peer group consisted of the trend scouts in charge of the EVN trend monitor, who are therefore very familiar with the subject matter. Their cross-check brought a clear conclusion: "It confirmed and sharpened the focus of our scenarios", indicates Andrea Edelmann.

Thinking in four worlds

What do these four scenarios look like – these four conceivable worlds in 2025? "The spectrum is quite large", says Franz Mittermayer, EVN's business segment manager for Environmental Services and another future lab mentor. "It ranges from the scenario of a 'smart world' where modern technologies prevail and the energy

revolution has been successful, to the assumption of 'reindustrialisation' with a return to conventional energy supplies and a 'directionless' situation with an eternal transformation process and no particular strategy to a 'downswing' characterised by recession and a return to less sophisticated technologies."

Each of these scenarios was described in detail to picture the envisioned world as realistically as possible. Roman Igelspacher: "We also structured the descriptions according to the previously mentioned categories – economy, ecology, technology, society and politics – which were then broken down even further." Of course, the effects of the individual scenarios on EVN's various business areas were also analysed and presented in detail. The plausibility assessment was based on a survey of EVN's managers and employees who were asked to identify the world in which they most likely see themselves in the future: "smart world" and "directionless" were ranked as the most likely scenarios.

Bundling experience with the EVN trend monitor

The EVN trend monitor is a unique web platform created by EVN's innovation management to collect and combine information on developments, technologies and the latest studies and analyses.

The platform can be accessed via the Intranet and allows EVN employees to actively exchange their know-how and experience. An editorial team prepares the employees' inputs for the trend monitor. In addition, 16 internal experts serve as trend scouts and examine current developments.

In keeping with the motto "many heads are better than one", the EVN trend monitor also forms the basis for strategic decisions that are designed to lead the EVN Group into a successful future.

From an option to the business idea

The last phase – and home stretch – for the future lab involved the identification of new business ideas. In line with the concept of a "journey", the members of the future lab virtually entered the various worlds and explored the respective opportunities, potential risks and related options. Their main focus was the expansion of EVN's existing activities or the development of new business areas, opportunities for efficiency improvement and the accompanying measures that would be required to realise the respective business models.

In a parallel process, EVN's "DNA" was also determined in order to identify potential capabilities and possible deficits. Gernot Alfons: "We consciously focused not only on our strengths, but also reflected on our weaknesses to support our further development." For this purpose, the company's activities and know-how were examined, including EVN's far-reaching experience with mass processes as well as its assets, along with its broad access to customers, organisation and employees.

A detailed factsheet was prepared for each of the identified options to evaluate the robustness of the approach – i.e. its suitability for multiple scenarios – as well as the time horizon, interfaces to current projects and the steps required for implementation. "In the end, the objective of the factsheet was to answer the question: 'Does this option make sense for us, and is its implementation realistic?'", summarises Andrea Edelmann.

Five options were selected together with the mentors. The team then further developed, refined and transformed these into concrete business models with the support of experts from EVN's specialist departments. Clear rules were defined for the subsequent model presentations. "The reference point was formed by the typical pitches made by start-ups to attract potential investors", explains Andrea Edelmann. "We based the presentations on the pitch decks of successful start-ups and also used methods like the Business Model Canvas, which presents a comprehensive view of the business plan from the perspective of the customer or investor. In this way, we made certain that the most important elements of the business model – like the value for customers, customer segments, competition and unique position, cost and revenue models as well as scalability – were covered."

The following pitches provided an opportunity for an evaluation of the proposals by EVN's experts and managers in two so-called "challenging rounds" during which valuable inputs were also added. The business models were then presented to the Executive Board and the management team. This round led to the selection of five new business ideas which are currently being realised. "The process has been officially completed, but we now also have a large pool of ideas and subjects which, of course, will be pursued", says Peter Layr, spokesman of EVN's Executive Board.

When asked to name the specific effects on EVN's further development, Peter Layr states: "Even if we take a conservative approach to valuing these projects, they will make an interesting contribution to our revenues and earnings. Another important factor is the future-oriented mind-set created by the future lab, which I expect will also provide important impulses for EVN in the future. These impulses will be supported, not least by the strong network that has grown among the participants."

The Business Model Canvas

The so-called Business Model Canvas was developed in 2008 to support the fast and clearly organised presentation of a business plan. It is a template that is used, above all, by start-ups to present their business models to potential investors. The template includes nine fields in which the key elements of a business plan can be inserted: key activities, customer segments and relationships, value propositions, infrastructure, sales channels, revenue streams, cost structure and partners.

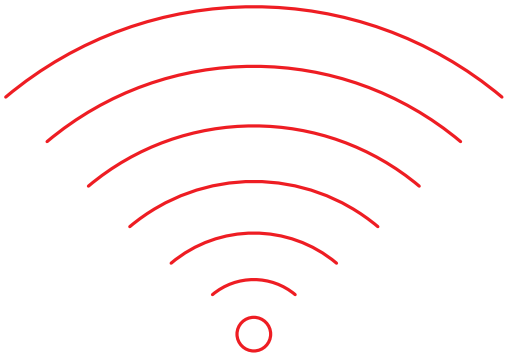
EVN used this modern presentation technique for the internal presentation of each of the business models developed by the future lab.

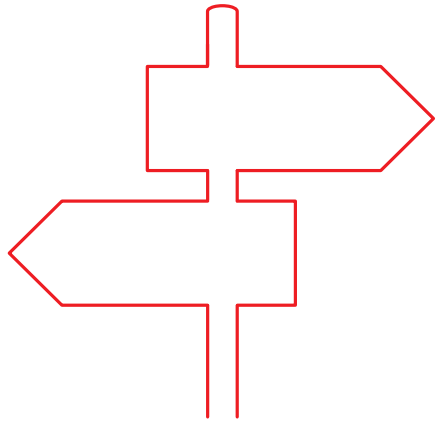
Case study: SmartGrid large battery

One of the projects selected by the Executive Board involves the use of battery storage to balance the volatility of renewable energy and protect network stability. A large battery with 2.2 MW of voltage and a capacity of 2 MWh is used for this purpose. It is the same lithium-ion battery used in electrically powered cars. Together with the Vienna University of Technology, EVN is working on an extensive research project to investigate the opportunities offered by batteries for network and frequency stabilisation. "With this large battery, we want to make a contribution to ensuring reliable electricity supplies in spite of the increased feed-in of electricity generated by wind and sun", states Executive Board spokesman Peter Layr. "The future lab has provided the decisive impulse for the realisation of this project."

The four "worlds"

Four basic scenarios were developed by the EVN Future Lab – through the aggregation of theses related to the future development of the world – which formed the basis for the investigation of options and the development of business ideas for EVN. These scenarios were intended to show the world as it could be in ten years and provide a realistic background for concrete approaches to the company's further development. Here an overview:



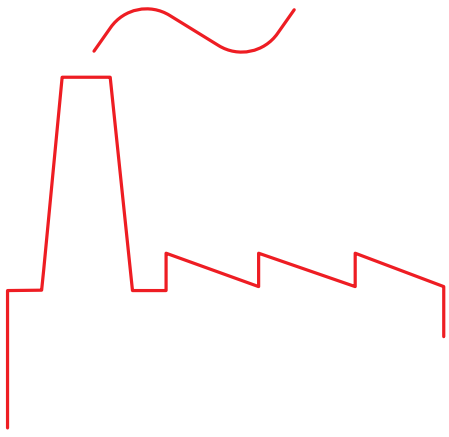


Smart world

"Smart technologies" have become an integral part of our life in many areas of today's close-knit, smart Europe. Mobile telephones without "smart" technology have more or less disappeared from the market, and everyone is connected online. The energy revolution has been successful, and fossil energy sources have been almost completely replaced by renewable, locally generated electricity. Digitalisation has significantly increased the speed of economic processes. Ideas are being realised faster and are quickly transforming many start-ups into flourishing companies.

Directionless

This scenario assumes a complete lack of direction in government (energy) policies. For example: the administrative reform has not materialised, the pension gap has not been closed and the political and legal framework conditions for the energy sector have still not been clearly defined. As a result, there have been no major structural changes in the energy industry. Economic momentum is too weak to create major impulses, and there is fierce competition for market shares.



Reindustrialisation

Oil and gas have again taken over the central role in energy supplies, and new exploration technologies have triggered a new boom in many parts of the world. Europe is also making massive use of its conventional energy resources and is therefore less dependent on international developments. Low energy prices are driving economic momentum, while environmental considerations have been dismissed or disregarded in the interest of growth.

Downswing

This scenario is based on the assumption of a widespread recession throughout Europe. Prosperity has fallen to a similarly low level across the entire continent. The energy revolution has been stopped by a lack of funds, and energy conservation has become more important for economic reasons. The energy industry is witnessing a concentration on a very limited number of providers, and there is no financing for decentralised solutions. The main focus is on simple, robust technologies.

Company profile and resources

EVN is a leading, international, listed energy and environmental services company. Its headquarters are located in Lower Austria, the largest Austrian province.

EVN is currently active in 13 countries and employed an average workforce of 6,973 during the 2014/15 financial year. The company's main operating locations are Austria, Bulgaria, Macedonia and Germany, each with a workforce of more than 100. The major activities of the EVN Group are combined under the national and international **energy business** (energy generation, network operations including cable TV and telecommunications and energy supply) and the **environmental services business** (drinking water supply, wastewater disposal and thermal waste utilisation), which are complemented by strategic investments.

△ GRI indicators: Name of organisation (G4-3); Overview of products (G4-4); Location of the organisation's headquarters (G4-5); Locations of significant operations (G4-6); Scale of the organisation (G4-9)

EVN is divided into six segments, which also correspond to IFRS reporting requirements (the following page numbers refer to the respective segment reports):

- Generation; see page 130ff.
- Energy Trade and Supply; see page 132.
- Network Infrastructure Austria; see page 132ff.
- Energy Supply South East Europe; see page 135ff.
- Environmental Services (Austrian environmental services business and international project business); see page 137ff.
- Strategic Investments and Other Business; see page 139f.

Energy business

EVN follows an integrated business model that covers the entire value chain in the energy business. Its activities include energy generation, the operation of energy distribution networks and the delivery of energy to end customers. The company is active in the areas of **electricity, natural gas and heat** – with different focal points in the individual markets. EVN provides a full range of these services in Lower Austria, while business activities in Bulgaria and Macedonia concentrate on the operation of electricity networks and electricity supplies to end customers. Heat is also sold to end customers in Bulgaria. In Germany, EVN holds investments in power plants and trades and sells energy through EnergieAllianz. Business activities also involve the construction and operation of natural gas distribution networks in Croatia and support for national energy supplies in Albania through the operation of the Ashta hydropower plant.

△ GRI indicator: Markets (G4-8)

Regional coverage in the energy business

Regional coverage in the energy business

	Electricity grid	Natural gas grid	Electricity supply	Natural gas supply	Heat supply	Hydropower	Windpower	Photovoltaics	Biomass	Thermal power
Austria	●	●	●	●	●	●	●	●	●	●
Bulgaria	●		●		●		●	●		●
Macedonia	●		●			●				
Croatia		●		●						
Germany			●	●		● 1)				● 2)
Albania						● 3)				

1) EVN share: 13%
2) EVN share: 49%
3) EVN share: 50%

Renewable energy – high share of EVN's total capacity

EVN has a total capacity of 2,371 MW for electricity generation, 600 MW of which are based on renewable energy sources.

183	MW from hydropower	**109 MW in Austria:** 5 storage power stations and 67 run-of-river power stations (thereof 63 in Lower Austria, 9 in Styria) **74 MW in South Eastern Europe:** 48 MW from 11 hydropower plants in Macedonia and 26 MW from the Ashta hydropower plant in Albania
123	MW of hydropower purchasing rights	**Electricity purchasing rights** from the Danube power plants in Melk, Greifenstein and Freudenau, the investment in the Nussdorf power plant in Vienna and the investments in 13 Verbund Inn River power plants in Germany
250	MW windpower	**234 MW in Lower Austria:** 117 windpower plants in 15 windparks **16 MW in South Eastern Europe:** 8 windpower plants in Bulgaria
13	MW from biomass-fired combined heat and power plants	**3 biomasse-fired** combined heat and power plants in Lower Austria
4.5	MWp solar power	**1.7 MWp in Lower Austria:** photovoltaic plants with a capacity of 0.6 MWp in Zwentendorf and 1.1 MWp in Schönkirchen **2.8 MWp in South Eastern Europe:** 2 photovoltaic plants in Bulgaria
26	MW from other renewable sources	**26 MW in Moscow:** 2 sludge-fired combined heat and power plants

△ GRI indicator: Installed capacity (EU1)

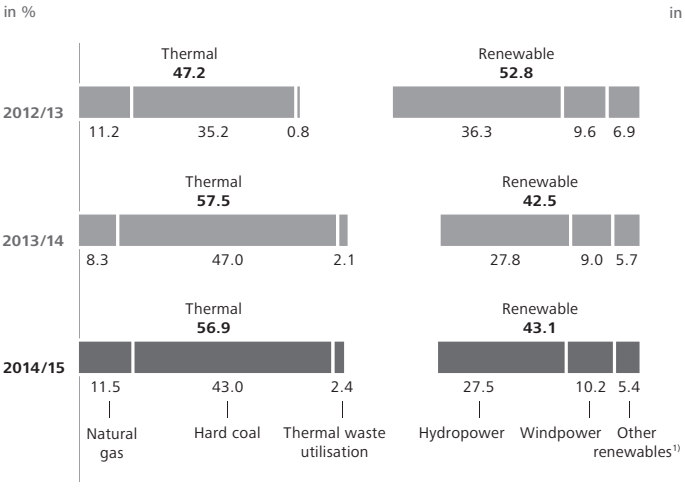
Energy generation

EVN can rely on a balanced mix of energy generation capacity. In Austria, the company operates natural gas- and hard coal-fired power plants as well as plants that use renewable sources (hydropower, windpower and – to a lesser extent – solar energy) for energy generation. This combination of thermal generation plants and generation capacity from renewable sources is important to ensure reliable supplies for customers at all times. A key aspect in this regard is the ability to supplement the volatile generation from renewable energy sources with predictable feed-in volumes from conventional facilities that are available at short notice. Supply stability is protected, above all, by the thermal power generation plants (the gas-fired power plants in Theiss and Korneuburg, the hard coal-fired power plants in Dürnrohr and Duisburg-Walsum) and hydropower from EVN's five pump storage power plants. EVN continues to focus on renewable energy sources, in particular windpower, for the expansion of generation capacity. Approximately 600 MW of EVN's total installed capacity is currently based on renewable energy.

EVN power generation capacities (EU1)	30.09.2015		30.09.2014		30.09.2013	
	in MW	in %	in MW	in %	in MW	in %
Renewable energy	600	25.3	563	24.1	550	27.0
thereof hydropower[1]	306	12.9	306	13.1	307	15.1
thereof windpower	250	10.5	213	9.1	200	9.8
thereof photovoltaics	5	0.2	5	0.2	3	0.1
thereof biomass	13	0.5	13	0.6	13	0.6
thereof other renewables[2]	26	1.1	26	1.1	26	1.3
Thermal energy[3]	1,771	74.7	1,771	75.9	1,487	73.0
thereof natural gas	1,037	43.8	1,037	44.4	1,088	53.4
thereof hard coal	734	30.9	734	31.4	398	19.5
Total	2,371	100.0	2,334	100.0	2,037	100.0

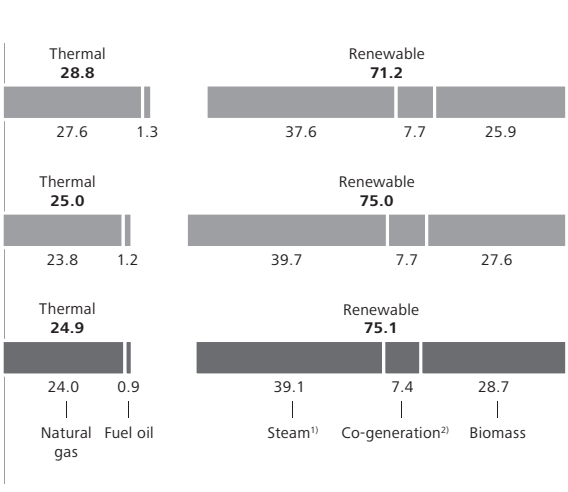
1) Incl. purchasing rights from the Danube hydropower plants in Melk, Greifenstein and Freudenau and from investments in the hydropower plants Nussdorf in Vienna and Ashta in Albania as well as in Verbund-Innkraftwerke GmbH
2) Contains two sludge-fired combined heat and power plants in Moscow
3) Incl. co-generation and combined heat and power plants in Austria and Bulgaria; change in presentation of thermal power plant capacities in 2013/14 from gross output to net output; capacity data according to participation interests

EVN electricity generation by thermal energy and renewable energy source (EU2)



1) Incl. electricity generation from biomass, photovoltaics and other renewable energy sources

EVN heat generation by thermal energy and renewable energy source (EU2)



1) Steam from thermal waste utilisation
2) Heat from combined heat and power

The energy generated by these plants is generally sold at market prices in Austria, while the prices in South Eastern Europe are largely regulated. Subsidised feed-in tariffs apply to the energy generated by windpower and photovoltaic plants in Austria for a period of 13 years in each case. In Bulgaria, EVN generates electricity in eight windpower plants and two photovoltaic plants. The windpower electricity is charged at subsidised feed-in tariffs for twelve years, and photovoltaic electricity can be fed into the network at subsidised tariffs for 20 years. In Macedonia, EVN generates electricity in eleven small hydropower plants which is sold at market prices.

△ GRI indicators: Installed capacity (EU1); Energy generation by primary energy source (EU2)

Network operations

For the distribution of electricity and natural gas, EVN operates electricity networks in Lower Austria, Bulgaria and Macedonia and natural gas networks in Lower Austria and Croatia. The operation of these networks is based on a regulated business model under which the tariffs charged by the network operator for the distribution of electricity and natural gas are set by the respective regulatory authority. The increased use of renewable energy sources, especially from windpower and photovoltaic plants, has created substantial challenges for the stability of these networks due to the high volatility of the generated electricity volumes.

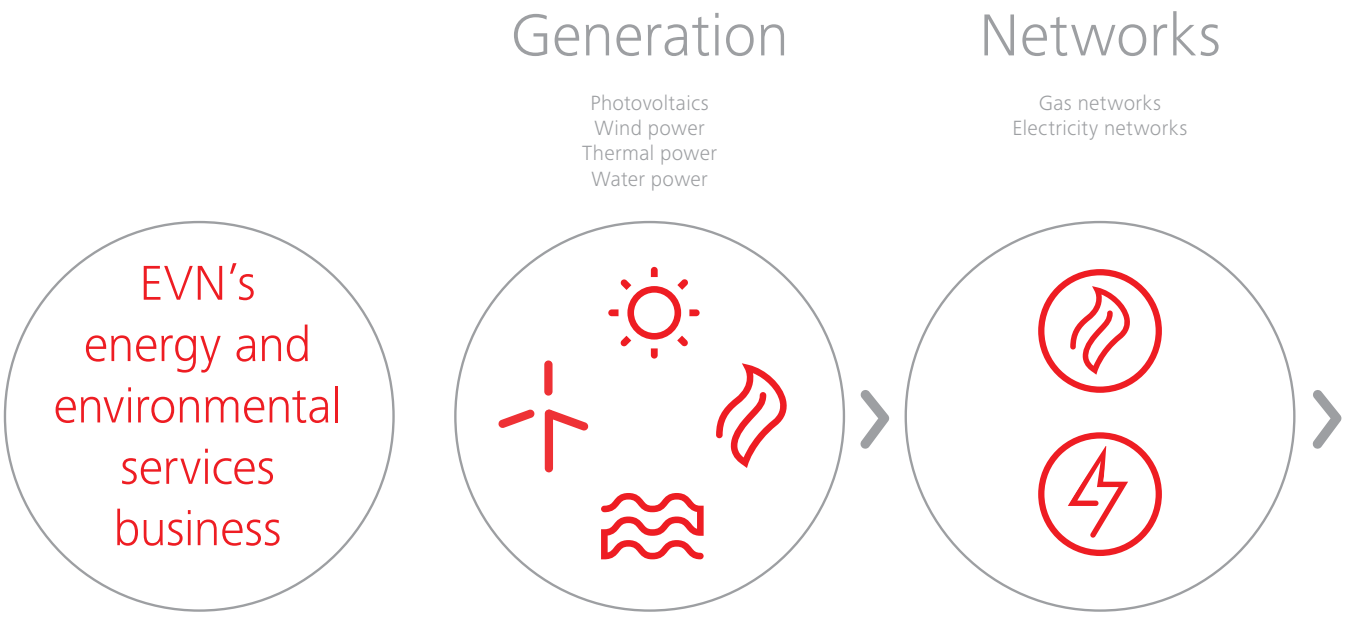
In addition to electricity and natural gas distribution, network operations also include **cable TV, Internet and telecommunications services** in Lower Austria and the neighbouring province of Burgenland.

Energy distribution/networks (EU4)	30.09.2015
Electricity networks	
Power lines	139,068 km
Customers	3,331,000
Sales volumes 2014/15	21,657 GWh
Natural gas networks[1]	
Natural gas pipelines	13,948 km
Customers	293,300
Sales volumes 2014/15	14,989 GWh
Other[2]	
Customer units cable TV and telecommunications	228,000

1) In Austria and Croatia
2) In Austria

Energy supply

Electricity is sold to Austrian end customers in a market that was liberalised during 2001, while the natural gas market has been liberalised since 2002. The respective prices are determined by supply and demand. EVN's energy offering is complemented by compet-



itively priced heat from over 60 biomass plants, which makes the company Austria's largest supplier of natural heat. In addition to a wide range tariff models that are designed to meet the individual needs of customers, EVN offers a wide variety of **energy services** from a single hand. Due to an attractive service and support portfolio the EVN brand enjoys high positive recognition, above all in its home market of Lower Austria. This forms the basis for strong customer loyalty and makes EVN the market leader in Lower Austria.

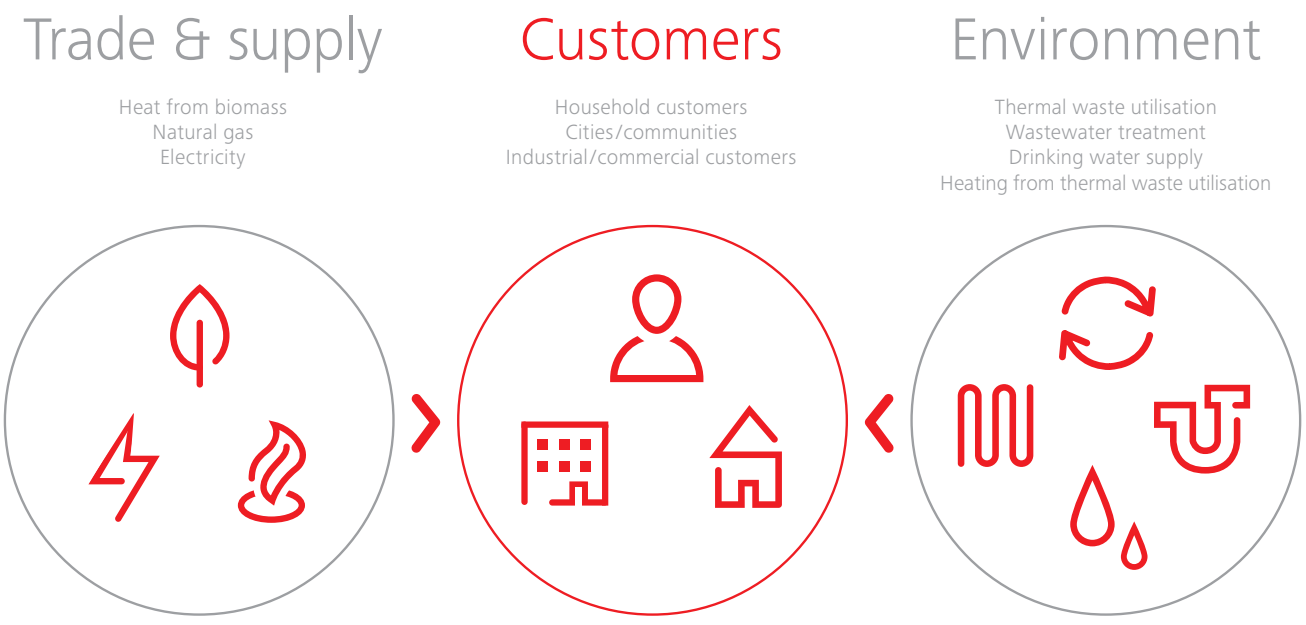
In South Eastern Europe, the energy markets are moving towards liberalisation. The market for large industrial customers in Bulgaria and Macedonia has already been liberalised. The full opening of the market for industrial and commercial customers is expected to be followed by the transitioning of the market for household customers, who are still supplied at regulated prices. The tariffs in Bulgaria, where EVN sells heat from its co-generation plant in Plovdiv to customers, are set by the regulatory authority.

EVN supplies roughly 1.1m electricity, natural gas and heat customers in Lower Austria, approximately 1.7m electricity and heat customers in Bulgaria and nearly 800,000 electricity customers in Macedonia. The expansion of the natural gas supply business along the Dalmatian Coast in Croatia is progressing, and customers have been connected to the network in all three of the region's counties.

Energy supply	30.09.2015
Electricity	
Sales volumes 2014/15	19,263 GWh
Natural gas	
Sales volumes 2014/15	5,241 GWh
Heating	
Heating lines	818 km
Customers	83,900
Sales volumes 2014/15	2,038 GWh

Environmental services business

Environmental services, EVN's second major business, are classified in three areas: **water supply, thermal waste utilisation and the international project business.** In Lower Austria, EVN supplies more than 560,000 residents directly or indirectly with drinking water. A strong reputation as a reliable electricity, natural gas and heat provider has led numerous communities to entrust EVN with water networks that they can no longer operate efficiently. EVN is therefore recording steady growth in this business area. The operation of a thermal waste utilisation plant in Dürnrohr not only relies on state-of-the-art technology to make a significant contribution to waste disposal, but also uses the heat released by the incineration process to supply EVN's customers in the provincial capital of St. Pölten.



Regional coverage in the environmental services business

International project business (Status: 30.09.2015)

	Drinking water projects	Wastewater projects
Germany	▲	▲
Croatia		▲
Montenegro		● ▲
Austria[1]	▲	▲
Poland		●
Romania		●
Russia[2]	▲	
Slovenia		▲
Czech Republic		●
Cyprus		● ▲

▲ Operation ● Under construction

1) Thermal waste utilisation plant
2) Thermal waste utilisation plant

GRI indicator: Markets (G4-8)

In the international project business, EVN owns one of the leading European service companies for water and environmental services projects: WTE, a German subsidiary, which has successfully realised more than 100 projects in 18 countries. Its core expertise covers the customised design and construction of energy-efficient, resource-conserving and ecologically optimised plants for drinking water supplies, wastewater disposal and thermal waste utilisation. Plant operations and the arrangement of project financing complement this wide field of services in the international project business. WTE's projects are generally commissioned by cities and communities in Central, Eastern and South Eastern Europe.

Drinking water/wastewater	30.09.2015
Drinking water supply in Austria	
Customers	562,900
thereof directly supplied	101,300
Water pipes	2,519 km
Sales volumes 2014/15	27.4m m^3
Drinking water/wastewater in Central, Eastern and South Eastern Europe	
Drinking and wastewater projects	106
thereof completed	98
thereof installed drinking water capacity	1,053,000 PE[1]
thereof installed wastewater capacity	16,182,000 PE[1]

1) Population equivalent (PE): Industrial wastewater converted to household water

Waste incineration	30.09.2015
Austria	
Plant in Zwentendorf/Dürnrohr – annual capacity	500,000 t
International	
Plant in Moscow – annual capacity	360,000 t

Strategic Investments and Other Business

EVN's strategic investments represent the logical vertical expansion of the value chain. The investments in Verbund AG and Burgenland Holding AG, which, in turn, holds 49% of Energie Burgenland AG, allow EVN to benefit from the companies' concentration on renewable electricity generation from water and wind. Rohöl-Aufsuchungs Aktiengesellschaft (RAG) gives EVN a valuable link to oil and gas exploration and the natural gas storage business in Austria.

The strategic investments of EVN AG are listed below (as of 30 September 2015):

- 12.63% investment in Verbund AG, of which 11.55% are held directly by EVN AG. The remainder represents the Verbund shares, which were purchased in connection with the capital increase by Verbund AG in 2010 and are held indirectly through WEEV Beteiligungs GmbH, a joint venture founded with Wiener Stadtwerke Holding AG in 2010.
- 73.63% investment in Burgenland Holding AG; this company holds a 49% stake in Energie Burgenland AG, a regional electricity and natural gas supply company.
- 50.03% investment in RAG-Beteiligungs-Aktiengesellschaft; this company holds 100% of the shares in Rohöl-Aufsuchungs Aktiengesellschaft, an oil and natural gas exploration and gas storage company.

Strategy

EVN's vision, mission and values define the framework for our actions. The central focus of EVN's strategy is to provide sustainable supply security for its customers in all business areas.

Vision, mission and values

Our vision

As an energy and environmental services provider, EVN meets the daily needs of its customers and makes a sustainable contribution to their quality of life by delivering reliable, high-quality services. We want to provide our customers with the supply security they are accustomed to, not only at the present time but also in the future. In doing so, top priority is given to actions that protect the environment and climate because that is the only way to ensure sustainable economic success over the long run.

Our mission

The realisation of our vision includes respect for the needs of all our stakeholders.

For our customers, we offer competitive prices and highest-quality products and services. For our shareholders, we aim to achieve a sustainable increase in value. For our employees, we create attractive working conditions. With our stakeholders, we maintain an active dialogue, and our business relations with suppliers are based on a cooperative partnership. That allows us to achieve and maintain high social acceptance.

Environmental and climate protection play a central role in all our activities. We rely on outstanding know-how, a high level of efficiency, state-of-the-art infrastructure and a constant drive to innovate to ensure the responsible use of natural resources and the continuous reduction of CO_2 emissions. This forms the basis for sustainable performance in the provision of electricity, natural gas, heating, drinking water, wastewater treatment and waste incineration services.

EVN has expanded its business activities from Lower Austria to the region of Central and South Eastern Europe. Our objective is to also realise sustainable success in these new markets based on the application of our proven principles and values.

In order to fulfil our mission, we have developed a system of values that is binding for the entire Group. The individual components of this system are described below.

Our values

EVN's **values** and managerial mission statement are based on the terms "ensure, encourage, enable". With these terms, EVN defines – both internally and externally – how it intends to act and how it wants to be perceived by its stakeholders. The publication of the values in German, English, Bulgarian and Macedonian underscores their binding nature across countries and throughout the Group, while also emphasising the focus on EVN's core markets.

For the mission statement see **www.evn.at/EVN-Group/responsibility/employees/hrprinciples.aspx**.

Our Code of Conduct

EVN's Code of Conduct includes corporate principles that extend beyond legal requirements and defines behavioural guidelines for all of the Group's employees. It establishes reference points for day-to-day business activities and is based on reliability, transparency, trust and quality in interactions with internal and external partners. The Code of Conduct also promotes responsible, self-reliant actions by employees.

Our Code of Conduct is available at **www.evn.at/code-of-conduct.aspx**.

EVN uses an **integrity clause** for suppliers which, among others, includes guidelines for sustainable procurement and defines suppliers' duties and responsibilities.

The integrity clause is available at **www.evn.at/integrity-clause**.

Our environmental policy statement

EVN's **environmental policy** statement includes the following goals:

- Minimisation of environmental impact
- Sustainability
- Improved environmental performance
- State-of-the-art environmental engineering
- Resource conservation and climate protection
- Landscape conservation
- Waste management
- Energy consulting
- Workforce motivation

For the environmental policy statement (in German only) see **www.evn.at/EVN-Group/Responsibility/Ecology**.

GRI indicator: Values, principles, standards and norms of behaviour (G4-56)

Short- and medium-term implementation of the strategy: focus on supply security

EVN places quality and supply security at the centre of its business strategy in all areas. With this focus, the company meets the needs of its stakeholders and, above all, its customers. The resulting high customer loyalty sustainably strengthens the entire company. The significance of supply security is underscored by the CSR materiality matrix, which shows the most important CSR areas of activity for EVN from the viewpoint of internal and external stakeholders.

EVN's strategy is designed to generate sustainable and stable earnings which, in turn, form the basis for steady cash flows that safeguard the financing for investments and support a stable dividend policy. The positioning of EVN as a full-service provider for electricity, natural gas, heat, energy services, water, and cable TV and telecommunication services as well as the proven integrated business model that covers generation, network operations, trading and sales in the energy business create diversification not only within the individual business areas, but also across the entire value chain.

Network expansion in the home market of Lower Austria

Higher feed-in volumes from volatile renewable energy generation represent a major challenge for the reliable provision of energy supplies. In order for EVN to keep its promise to customers to provide secure and stable energy supplies also in the future, the networks must be upgraded and expanded. EVN therefore started a programme in 2013/14 which calls for investments of EUR 1bn in Lower Austria over a period of four years. Approximately 70% of this total will be directed to the expansion of the regulated electricity networks.

EVN's goal for electricity production calls for a coverage ratio of 30%. This refers to the share of electricity sales that can be met with internal generation and/or is covered by electricity procurement rights. The targeted coverage ratio is intended to ensure secure supplies for customers and also provide protection against price fluctuations on the volatile energy markets. EVN currently has a coverage ratio of 25.3% (previous year: 22.7%).

Higher coverage ratio, higher share of renewable energy

The coverage ratio will be increased through additional generation from renewable energy sources. In contrast, new investments in thermal plants are not planned. In the medium term a generation mix consisting of both thermal and renewable production capacities is required to protect supply security. Plans call for the Dürnrohr coal-fired power plant to remain in operation up to the end of its technical useful life to support the system conversion to renewable energy and to balance fluctuations in the production of renewable energy. This plant has a remaining useful life of roughly ten to 15 years.

The intended increase of renewable energy carriers in EVN's energy generation which currently account for 43.1% is to be achieved, above all, through the expansion of windpower capacity. EVN plans to raise its installed windpower capacity from the current level of 250 MW to 300 MW over the next two to three years. Generation from renewable energy sources also includes the generation of heat and electricity from biomass. EVN holds the leading position in Austria with more than 60 biomass plants. Long-distance and district heating generation from biomass will also be expanded in the future to ensure sufficient supplies for customers.

The decentralised nature of energy generation from biomass, windpower and hydropower with over 230 plants in Lower Austria has firmly anchored the EVN brand in the awareness of regional customers. This positioning will be strengthened by EVN's plans to invest an approximate total of EUR 260m in renewable energies through the enlargement of windpower plants and the expansion and construction of biomass plants and networks as part of its investment programme. The increased focus on generation from renewable energies underscores EVN's commitment to its economic and ecological responsibility and also helps to safeguard energy supplies.

△ **GRI indicator: Planned capacity in relation to expected demand (EU10)**

Expansion and quality improvement of water supplies

Supply security is also EVN's focal point in the area of drinking water supplies for Lower Austria. It is reflected in ongoing and extensive investments, which include securing wells in the Alpine foreland and connecting pipelines between well fields. The continuous optimisation of the water quality is a further important element of EVN's market positioning. In particular, the related activities include the construction of natural filter plants that improve the water quality by natural means to reduce the hardness without the use of chemicals.

Consolidation of the energy business in South East Europe

EVN has placed its energy business on an international footing with its activities in the energy business in Bulgaria and Macedonia and in the natural gas business in Croatia. In view of the current situation on the energy markets, EVN's goal is to focus its business activities in these markets. Continuous efficiency improvement at all levels of the value chain represent an important element of this concept. There are no plans for further internationalisation steps into new markets.

Selected projects in the environmental services business

In the environmental services business, EVN exports and utilises the know-how from the operation of its waste utilisation plant in Lower Austria as well as the experience gained from numerous projects for the construction of water supply and wastewater disposal plants. Eastern and South Eastern Europe are the regional focal points for these projects. EVN realises environmental services projects on a selective basis and only after the political risks have been identified and controlled. This business increases the diversification of EVN's activities and contributes to the stable development of earnings.

Detailed information on EVN's investments in the individual business areas can be found in the segment report starting on page 128.

Sustainability in the corporate strategy

The sustainable orientation of the management of the company and the related goals are central elements of EVN's corporate strategy. Membership in the UN Global Compact, which EVN joined in 2005, underscores the commitment of EVN's Executive Board to compliance with these ten principles and the related focus of the corporate strategy on sustainability as well as the acceptance of responsibility for the influence of its business activities on society. EVN's wide-ranging CSR organisation and structured stakeholder management ensure the inclusion of sustainability aspects in the corporate strategy and the subsequent implementation of the necessary measures.

CSR organisation

The integration of sustainability issues in the corporate strategy is the responsibility of the **CSR steering committee,** which also includes the members of the Executive Board. Organisational and content-related support is provided by the **CSR advisory team** through its work as an interface and link between strategic decisions and operational implementation. This team supports the departments in developing goals, measures and standards that are presented to the CSR steering committee for approval. It also identifies current trends and developments in the area of sustainability. The spokesman of the Executive Board represents the company on issues related to CSR management.

The involvement of all corporate units and the identification of further CSR development opportunities units are ensured by the nomination of **CSR network officers** in all departments. These network officers ensure that previous CSR activities are regularly reviewed and current activities and opportunities for improvement are discussed and realised. The handling of CSR issues at EVN's subsidiaries in Bulgaria, Macedonia, Croatia and Germany is supported by the implementation of individual CSR organisations that are based on the Austrian model.

GRI indicators: Sustainability management process – responsibilities and process for delegation by the highest governance body (G4-35); Reporting on economic, environmental and social topics to the highest governance body (G4-36)

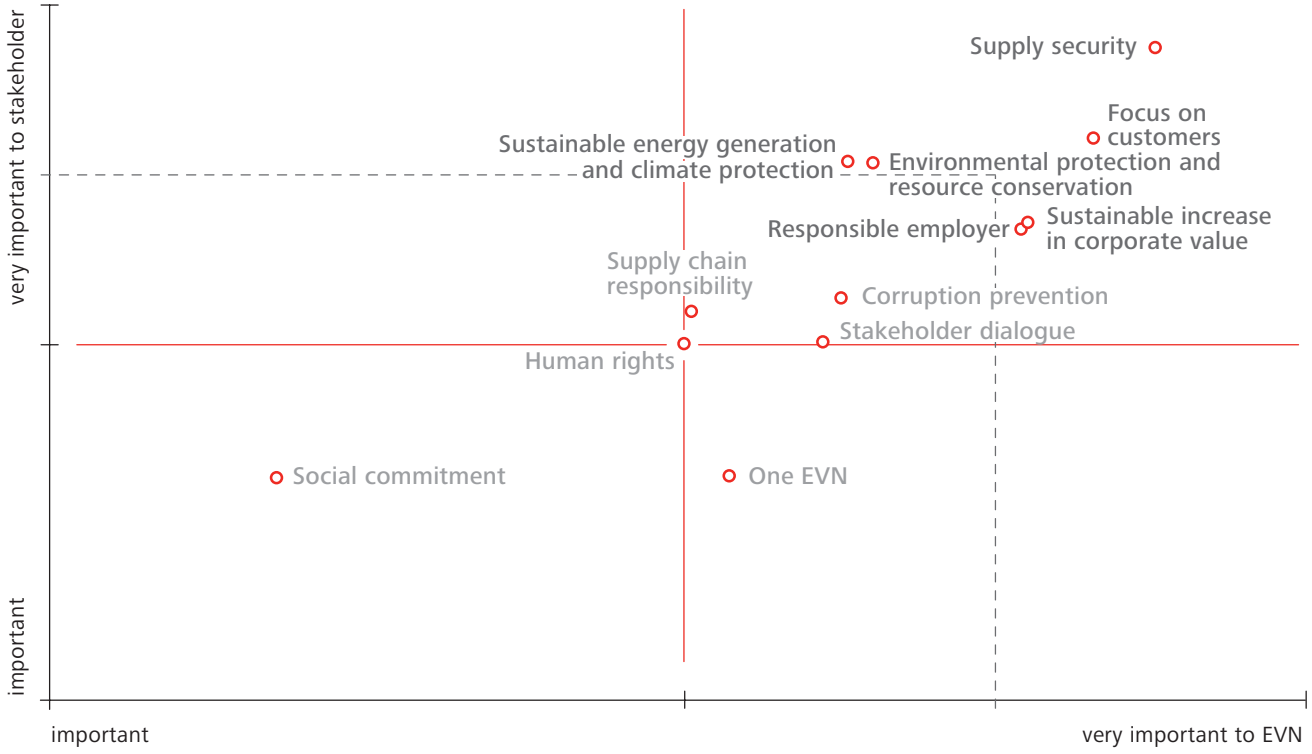
Additional information on the CSR organisation can be found under **www.responsibility.evn.at**.

Continuous alignment of corporate strategy with stakeholders' interests

EVN places high value on an ongoing dialogue with its internal and external stakeholders to review the actuality and relevance of its strategic areas of activity. The regular exchange of information between the company and the responsible corporate bodies, e.g. the EVN Customer Committee, the Advisory Committee for Environmental and Social Responsibility and the EVN Social Fund, is supplemented by issue- and project-related stakeholder dialogues. EVN carries out annual stakeholder surveys to systematise and structure its stakeholder relationships. The survey results are then discussed internally with the specialist departments in regularly scheduled CSR target discussions. These exchanges help to further strengthen and anchor the CSR strategy in EVN's core business, whereby existing goals and measures are adjusted and new goals are defined wherever necessary. The target discussions in 2014/15 included the visualisation of the value added chains of the individual departments for the first time as a means of identifying further opportunities for improvements at the process and work step levels. The CSR measures in the individual corporate units are also monitored annually.

The surveys conducted in Austria during spring 2014 and the workshops held in Bulgaria, Macedonia and Germany during autumn 2014 and spring 2015 led to the adjustment and further development of the EVN materiality matrix. The individual markets in which EVN is active have different national focal points. For example,

EVN materiality matrix



The vertical Y axis shows the assessment of our external stakeholders, thus how important ("material") certain issues defined by external experts are evaluated. In turn, the horizontal X axis shows the internal assessment of EVN. Accordingly, for example, "supply security" and "focus on customers" are two areas of action which are considered to be very material for EVN, both internally and externally.

"prevention of corruption" has a higher priority in all South East European country organisations. The CSR areas of activity "stakeholder dialogue", "human rights" and "social commitment" are also weighted higher in Bulgaria and Macedonia. In addition, Macedonia has identified a separate area of activity for "energy efficiency", while the German subsidiary WTE has defined "know-how und competence" as a separate area of activity.

△ GRI indicators: Boundaries for material aspects inside and outside the organisation (G4-20 and G4-21)

For details on the 2014 stakeholder survey and stakeholder management at EVN, see page 42ff.

For the current CSR programme see page 224ff of this report and **www.evn.at/CSR-strategy/CSR-programme**.

The EVN materiality matrix, including explanations, is available under **www.evn.at/CSR-strategy/CSR-materiality-matrix**.

The following six areas of activity were defined as central for the EVN Group:

1. Supply security
stands for the reliable supply of electricity, natural gas, heat and water, as well as Internet and telecommunication services. The expansion of generation capacity, high technical network quality, the integration of renewable energy sources (among others by offering storage solutions), a flexible generation mix and preparations for crisis situations play an important role in this area.

☐ See the chapters "Short- and medium-term strategy" on page 35f and "Customers" on page 45ff.

2. Focus on customers
stands for high customer satisfaction based on the fair and transparent design of prices and services as well as understandable and reasonable products and services for electricity, natural gas, heat, water, internet and telecommunications services.

☐ See the chapter "Customers" on page 45ff.

3. Sustainable increase in shareholder value
stands for economical business-oriented activities, adaptation to a dynamic environment through targeted innovations, a value-oriented investment strategy, stable dividend development, fairness and transparency.

☐ See the chapter "Short- and medium-term strategy" on page 35f and the notes to the consolidated financial statements on page 147ff.

4. Responsible employer
stands for the creation and protection of jobs, the responsible development of human resources, health and workplace safety, open communication, work-family balance, training and education as well as diversity and equal opportunity.

☐ See the chapter "Employees" on page 79ff.

5. Environmental protection and resource conservation
stands for the environmentally-friendly use of energy, water and waste disposal services, the systematic reduction of our environmental impact and the efficient and responsible use of energy and resources.

☐ See the chapter "Environment and climate" on page 67ff.

6. Sustainable energy generation and climate protection
stands for the expansion of renewable energies, the minimisation of negative effects on the environment, efficiency improvement as well as innovation, development and research activities.

☐ See the chapters "Short- and medium-term strategy" on page 35f and "Environment and climate" on page 67ff.

Control and assessment of sustainability performance
In addition to compliance with the provisions of the Austrian Corporate Governance Code, EVN's most effective instrument for controlling its sustainability performance – and therefore also the Executive Board – is the annual process of collecting, analysing, evaluating, summarising and publishing facts and figures for sustainability reporting according to GRI G4, application level "comprehensive".

EVN also commissioned TÜV SÜD, an independent testing institute, to verify its sustainability performance and the 2014/15 full report, in particular the content reported under GRI G4 and the GRI index, for the 2014/15 financial year. This verification included an interview with the members of the Executive Board and the CSR steering committee on sustainability issues. TÜV SÜD issued its external evaluation of the company's sustainability performance in the form of a management letter.

Numerous sustainability indices have added the EVN share to their listings in recent years. The companies included in these indices are audited on a regular basis. EVN has been included in the FTSE4Good Index since 2002 and in the Ethibel Sustainability Index Group (ESI), which covers ESI Global and ESI Europe, since 2005. In 2005 the EVN share was added to the Austrian sustainability index VÖNIX, which represents Austria's leading listed companies for social and ecological performance. Since December 2010, the EVN share has also been part of the ECPI Index and the ECPI Ethical Index EMU.

A further method for the external evaluation of EVN's sustainability performance is the continuous extension of EMAS certification to cover additional power plants and heating plants. EVN took a further step in this direction during the reporting year with the auditing of the Korneuburg thermal power plant according to EMAS/ISO 14001 in March 2014.

The internal audit is carried out by EVN's internal audit department which reports directly to the Executive Board and to the Audit Committee of the Supervisory Board. Its responsibilities include the audit of EVN's procedures and business units in Austria, while com-

parable functions for the subsidiaries in Bulgaria and Macedonia are carried out by separate internal audit departments.

The activities of the internal audit department are based on the International Standards for the Professional Practice of Internal Auditing (IIA). The problem areas identified in 2014/15 were reported to the responsible managers together with suggestions for improvement. The implementation of the measures defined by management is verified in a follow-up review. No serious deficiencies were identified that could endanger the strategy or goals of the EVN Group.

△ GRI indicators: Evaluation of the performance of the highest governance body's performance with respect to sustainable development (G4-44); Highest committee or position that formally reviews the sustainability report (G4-48)

□ The report on internal audit and risk management activities as well as information on EVN's remuneration scheme can be found in the corporate governance report starting on page 96.

Support for external initiatives

EVN has also been a member of the steering committee of the Austrian Global Compact network since 2012. This committee, which was established in 2009, evaluates the past work and plans the future activities of the Austrian UNGC network.

External initiatives

OECD	OECD Guidelines for Multinational Enterprises
UNGC	UN Global Compact
respACT	austrian business council for sustainable development
ÖGUT	Österreichische Gesellschaft für Umwelt und Technik

△ GRI indicator: Support for external initiatives (G4-15)

Success and influencing factors

The sustainable economic success of the EVN Group is closely connected with its central strategic area of activity, namely the protection of supply security. The stability and efficiency of EVN's **energy distribution networks** form the basis of this goal. The continuous improvement of these networks therefore represents one of the focal points of EVN's strategic investments in its Lower Austrian home market. In South Eastern Europe, the modernisation of the networks and the implementation of measures to prevent electricity theft are sustainably reducing network losses. Moreover, the development of earnings in the network business is significantly dependent on the regulatory environment and the tariff system.

In the area of **energy generation,** two factors are crucial for ensuring supply security: the generation of sufficient energy in company-operated facilities and a balanced mix of generation from thermal and renewable capacities. The high importance given to two strategic areas of activity in the EVN materiality matrix – "sustainable energy generation and climate protection" and "environmental protection and resource conservation" – is reflected in a strong focus on the expansion of energy generation from renewable sources and the continuous improvement of generation and distribution efficiency. The earnings from thermal energy generation are dependent on the development of primary energy prices as well as wholesale prices on the European electricity market. Earnings from the generation and sale of renewable energy are dependent on regulated feed-in tariffs, and on water flow and wind conditions.

In the area of **electricity and natural gas trading,** the volatility on the markets for primary energy, electricity procurement and electricity sales represents the major challenge. EVN therefore relies on the flexible use of its own generation capacity as a natural hedge for the electricity business. Earnings from the generation of heat from biomass, in turn, are dependent on the cost of the purchased biogenic fuels. The related end customer prices are indexed by linking the related contracts to official indices. The demand for electricity, natural gas and heat is influenced by outdoor temperatures, whereby the highest sales volumes are recorded during the winter months.

In the area of **environmental services,** the protection of fresh **drinking water supplies** is of key importance. Here EVN's investments are concentrated on the connection of wells and well fields to provide protection against system breakdowns and on the construction of natural filter plants to improve the water quality with physical methods and without the use of chemicals. The goal is to ensure sustainable, high-quality supplies of drinking water over the long term at fair prices and in agreement with the highest environmental standards.

The demand for solutions in the **international project business** is influenced by the financing capabilities of the public sector customers. In this highly competitive market, a broad international focus and experience from more than 100 completed projects have given EVN a reputation as a competent expert for the construction and operation of plants for municipal wastewater disposal, drinking

water purification and thermal waste utilisation. EVN serves as the general contractor for these projects and, consequently, is responsible for planning and turnkey construction as well as subsequent operation where desired. Through so-called PPP models (Public Private Partnership), EVN also arranges the financing without taking on any economic risks for the respective facility.

In the area of **strategic investments,** the focus is on strengthening the Group's vertical integration. The investments in Verbund AG and the Verbund Inn River power plants support electricity generation. Rohöl-Aufsuchungs Aktiengesellschaft (RAG) with its natural gas storage facilities makes a valuable contribution to protecting natural gas supplies – which is an important factor especially in times of international crises.

Financial strategy

The primary goal of EVN's financial strategy is to ensure the Group's unlimited ability to meet its payment obligations at all times. A special focus is placed on the maintenance of strong operating cash flow. Net debt, which has been reduced in recent years, will be kept at a low level or reduced further in the future. With regard to the value contributed by investments, management's goal is to achieve an increase over the long term. EVN measures the related performance indicator based on Economic Value Added (EVA®), which compares net profit after tax with the weighted average cost of capital employed. Since this calculation neutralises the cost of capital, it highlights the actual operating value added by a company.

As a utility company with a high sense of responsibility toward all its stakeholders, EVN is committed to safeguarding its sound financial position and minimising risk also in its financing activities. This also includes the arrangement of necessary financing on a timely basis and at cost-effective, market-oriented conditions. Other goals for the financial strategy include the investment of liquid funds with a focus on the optimisation of risk and returns as well as the minimisation of financial risks.

Diversification is a decisive principle for EVN's financial strategy in many respects and applies equally to investments and financing. Financial independence is protected by a balanced maturity structure and a broad range of financing instruments and partners. Flexible access to the capital market is particularly important in this respect to obtain financing at attractive conditions and long terms and with a broad investor base. In January 2015 EVN therefore renewed its debt-issuance programme, which forms the framework documentation for capital market issues and allows for the rapid implementation of new capital market financings. Approximately 50% of the financial liabilities outstanding as of 30 September 2015 represented bonds, private placements and promissory note loans.

In addition to a distinct capital market focus, EVN has established financing relationships with regional, international and multilateral banks. The diversification principle is also a central factor for these business relationships. EVN AG had credit commitments totalling EUR 575.0m in 2014/15, which serve primarily as a liquidity reserve to protect financial flexibility. They include bilateral commitments by six banks for a total volume of EUR 175.0m with remaining terms of up to four years as well as a syndicated, revolving credit facility of EUR 400.0m that was provided by an international bank consortium. The extension option included in the syndicated credit line was exercised for one year in 2014/15 and extended the maturity from July 2019 to July 2020.

EVN relies on a central organisation in the financial area to maximise efficiency and economy. Operating liquidity management is based on cash pooling for short-term requirements and on Group financing for the long term. Loans are also concluded directly by the Group companies in exceptional cases, for example for risk allocation considerations or to improve the use of political risk insurance, but these transactions always take place in close coordination with the Group Finance Department.

A detailed overview of the long-term financial liabilities can be found on page 188f of the notes.

Rating

Investment grade ratings by Moody's and Standard & Poor's

EVN's credit standing is evaluated regularly by Moody's and Standard & Poor's, the two major international rating agencies. Their ratings give EVN access to investors on the international capital markets.

In a challenging sector environment, EVN continues to meet its goal to maintain a rating in the good investment grade area. Standard & Poor's confirmed its BBB+ rating (stable outlook) in April 2015, while Moody's retained its A3 rating and raised the outlook from negative to stable in August 2015.

Good SRI ratings lead to listing in four sustainability indices

In the area of Social Responsible Investment (SRI), EVN's sustainability performance is evaluated by various rating agencies. These evaluations are based on environmental, social and governance criteria (ESG), with different focal points depending on the agency. The rating agencies that analyse and evaluate EVN on a regular basis include, among others, oekom research, Vigeo, imug and Sustainalytics. EVN also participates in the Carbon Disclosure Project (CDP) and provides interested investors each year with extensive information on its greenhouse gas emissions and the related goals, measures and concepts.

These analyses and evaluations are used by agencies and fund managers to decide on the admission of a company to various sustainability indices and funds. EVN is currently included in the VÖNIX and the FTSE4Good as well as in two indices of Ethibel and ECPI. Numerous funds are also specialised in shares that reflect the ESG criteria: for example, the rating by imug led to the addition of EVN to the German Union Investment's FairWorldFonds.

Stakeholders

As a responsible energy and environmental services provider, EVN is committed to ensuring balanced and equal treatment of the interests and requirements of all stakeholder groups.

EVN's energy and environmental services businesses are the focal point of substantial public interest and are therefore subject to more intense critical observation than companies in other industries. A proactive dialogue with all its stakeholders enables EVN to identify their expectations, recognise risks at an early stage and realise opportunities, as well as to establish, maintain and strengthen good relations with stakeholders. **Stakeholder management** is viewed not as an obligation, but more as an opportunity to sustainably improve strategic and operating management and to create effective strategies for the company's advancement and ongoing sustainability process.

Identification of the relevant stakeholder groups

The core of EVN's stakeholder management is based on strong relationships between the managers of the various strategic business units and departments with their stakeholders and the representatives of these groups. The stakeholder groups relevant for EVN are **identified** and **ranked** by priority every three years in an internal workshop. The following diagram shows EVN's stakeholder groups in the form of an ellipse whose five dimensions reflect the perceived closeness to and influence on the company.

△ GRI indicators: List of stakeholder groups (G4-24); Identification of stakeholder groups (G4-25)

Communication channels for the ongoing stakeholder dialogue

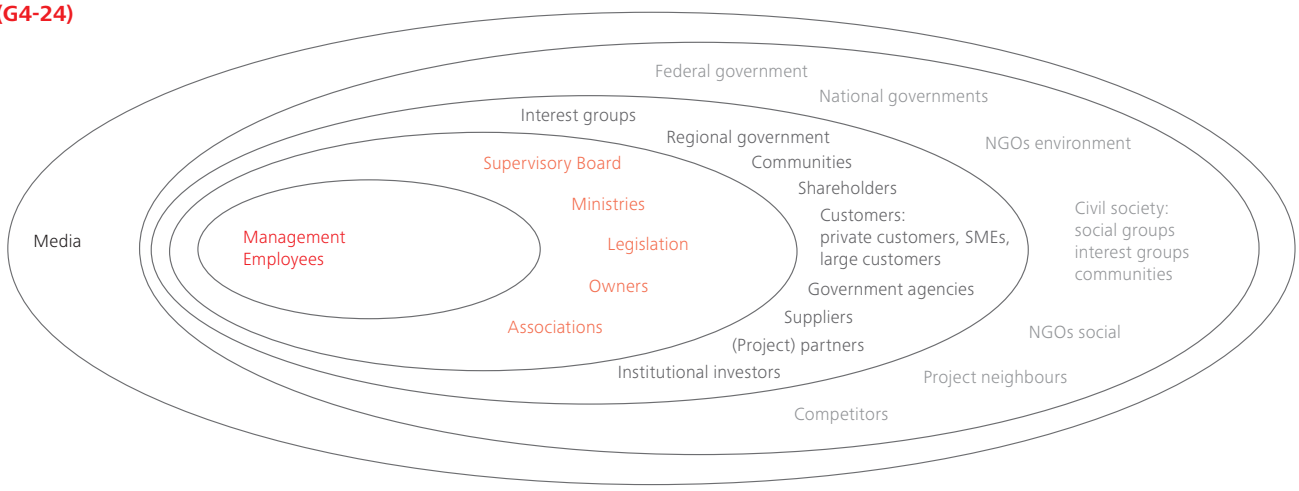
In order to also ensure the regular inclusion of stakeholders at the strategic level, EVN developed a guideline for stakeholder management in 2015. Workshops were held together with the respective internal contact partners to identify and record the relevant **communication activities and channels** for each stakeholder group. The results range from project-related working groups and mediation with regional citizens' initiatives, to written channels such as systematic surveys, regular newsletters and newspapers to a dialogue in institutionalised committees like the EVN Advisory Board for Environment and Social Responsibility, the EVN Customer Advisory Board, the EVN Social Fund and the EVN Art Advisory Board. EVN has also installed a structured complaint management system for its customers, as well as for other stakeholders. Employee-related issues are handled through extensive communications and cooperation between management and the works council.

Regular surveys of current issues

The systematisation and structuring of stakeholder relationships requires the identification of the most important issues for stakeholders at regular intervals. EVN carries out a **stakeholder survey** every three years for this purpose. The results help to identify the most important sustainability issues and to develop a focused, strategic orientation for EVN's sustainability activities. The surveys also make a valuable contribution to the early identification of key economic, social and ecological issues and, in this way, form an important input for managerial strategic decisions.

What is important?	For whom is this subject very important?			
	Customers	Employees	Owners	EVN Supervisory Board
Supply security	●			
Focus on customers		●		●
Sustainable increase in shareholder value		●	●	
Responsible employer	●	●		●
Environmental protection and resource conservation				
Sustainable energy generation and climate protection				

Illustration of EVN's stakeholders (G4-24)



The main CSR areas of activity for EVN were identified in 2009 during a workshop with the CSR network officers from all areas of the company. These interrelated themes formed the basis for EVN's materiality matrix. The latest update in 2014 included discussions of the areas of activity in focus groups and in telephone interviews with selected external stakeholders. This was followed by an online survey which gave hundreds of stakeholders the opportunity to rate the relevance of the individual areas for EVN. The updated list was then discussed and approved by the CSR steering committee, which also includes the EVN Executive Board.

As indicated above, the extensive three-year update has now been supplemented by an annual systematic process that involves stakeholders. The current focal points for the individual stakeholder groups were identified during the first year and assigned to the areas of activity in EVN's materiality matrix. The following areas were relevant for all stakeholders: "supply security", "sustainable energy generation and climate protection" and "environmental protection and resource conservation". The issues "energy efficiency" and "renewable energy" were mentioned particularly frequently. Other focal points were "customer focus", "responsible employer" and "stakeholder dialogue".

Based on these results and the 2014 survey on the materiality matrix, it was decided to hold focus group workshops with selected stakeholders during the coming year. The goal of these workshops is, above all, to better understand expectations relating to "supply security", "sustainable energy generation and climate protection" and "customer focus" and determine any need for action by EVN.

△ **GRI indicators: Definition of the report content (G4-18); Engagement of stakeholder groups and results of stakeholder engagement (G4-26 and -27)**

Market partners	Interest groups Associations	Politics Authorities	Science Research	Media	Suppliers	NGOs
●			●		●	●
●		●				●
●	●			●		
	●	●				
	●		●		●	●
	●	●	●	●		●

Project-related integration of stakeholders and their interests

EVN is well aware of the social, ecological and economic impact of its business activities. Compliance with all relevant international guidelines and agreements and national legislation, above and beyond legal requirements, is a matter of course. A special focus is placed on the execution of environmental and social impact assessments and on proactive communications for new infrastructure projects. EVN supports the early, comprehensive and open inclusion of stakeholders in decision-making processes. From small-scale hydropower plants, pipeline projects, windparks and biomass heating plants to waste utilisation plants – all these projects are planned and realised with the active participation of neighbouring residents, citizens' groups, NGOs, political representatives, local initiatives and associations. EVN views these stakeholders as valuable planning partners and information contributors for realising projects and conducting business activities to the greatest possible satisfaction of all stakeholder groups. Early inclusion creates the basis for broad acceptance, provides valuable information on the best possible resource-conserving realisation and is a decisive factor for planning security ("licence to operate").

A central role in this process is played by the project communication unit, which was established several years ago to institutionalise EVN's project-related stakeholder communications. This unit forms the Group-wide competence centre for participation, project and stakeholder communications, conflict prevention and conflict management and, as such, maintains direct contact with the managers of all major infrastructure projects. With the establishment of this unit, EVN created a bridge between the technical, financial and legal requirements of projects and Group requirements for participation, transparency and proactive communications, on the one side, and the needs and viewpoints of relevant stakeholder groups, on the other side.

Project communication supports prevention in various ways by ensuring the close and early inclusion of stakeholders in project planning:

- → Close contact with relevant stakeholders allows for the early identification of project risks.
- → The development of trusting working relationships with important NGOs and other stakeholders over the medium and long term creates effective communication channels that allow for mutually acceptable compromise solutions.
- → Involvement in project planning strengthens the expertise and awareness of project managers in the areas of stakehol der communications and participation.

The insight gained through stakeholder communications is considered in the extensive due diligence audits that are conducted before the start of a project. The results of these audits are used by the Executive Board and/or the Supervisory Board, depending on the size of the project, to evaluate the projects' feasibility. Instruments such as environmental impact assessments are also used to evaluate the sustainability risks and effects of new projects.

△ **GRI indicators: Engagement of stakeholders (G4-26); Role of the highest governance body in the identification and management of economic, environmental and social impacts, risks, and opportunities (G4-45); Operations with implemented local community engagement, impact assessments, and development programmes (G4-SO1); Operations with significant negative impacts on local communities (G4-SO2)**

EVN's stakeholders and method of inclusion (selection)	Surveys[1]	Active and frequent contact	Working group, forum, annual meetings[2]	Advisory committees, expert groups[3]	Supervisory Board
Employees	●	●	●	●	●
Customers	●	●	●	●	●
Suppliers	●	●	●	●	●
NGOs	●	●	●	●	
Media	●	●	●		
Investors	●	●	●	●	●

1) Employees and customers at regular intervals, stakeholders survey 2010, 2014
2) 1–2 per year or more often
3) 1–2 per year or more often

Customers

Customers represent the focal point of all activities for EVN. This is also demonstrated by the high importance given to the strategic areas of activity "focus on customers" and "supply security" in EVN's materiality matrix.

Nearly 4.5m customers placed their trust in the safe and reliable energy and environmental products and services offered by EVN from a single hand during the 2014/15 financial year. This broad portfolio – which includes **electricity, natural gas, heat** and **drinking water** as well as **wastewater disposal, cable TV** and **telecommunications** – helps to improve the quality of life for people in the countries of Central and South Eastern Europe where EVN is active.

In the energy business, EVN offers a wide range of solutions that are tailored to the needs of the various customer groups. The options open to customers include, for example, selecting the most suitable model from a number of tariffs, choosing fixed or variable energy prices or opting for electricity from 100% renewable energy sources or biogas. EVN, in its role as a network operator, acknowledges its responsibility to provide the customers in its supply areas with secure access to energy. The necessary network reliability is protected by an investment policy that is focused on supply security.

In addition to the customers supplied directly by EVN, the plants built by EVN's environmental services business provide drinking water supplies, wastewater disposal and thermal waste utilisation for 17.2[1)] million customers in various European countries. EVN supplies clean drinking water for roughly 562,900 customers, including 101,300 directly, in Lower Austria.

1) Population equivalent (PE) = industrial wastewater converted to household water

△ GRI indicator: Number of customer accounts (EU3)

EVN's customer structure (EU3)	30.09.2015
Energy	3,708,200
Electricity grid	3,331,000
Natural gas grid	293,300
Heating grid	83,900
Drinking water[1)]	562,900
Cable TV and telecommunication	228,200

1) Thereof directly supplied: 101,300

Close to the customer through a regional presence and personal advising

EVN has a broad customer base. In the energy business, roughly two-thirds of the customers are households, while the remainder are commercial enterprises, industrial companies and public institutions. In the project-based environmental business, EVN works primarily with public customers such as cities and municipalities.

EVN's customer service

The high importance given to the "focus on customers" in EVN's materiality matrix is reflected in continuous efforts to develop a fair and professional partnership and in the customer-oriented structure of the company's customer service. EVN is easily accessible throughout the entire supply area with its extensive network of customer centres, its telephone hotline and the EVN Shop in Wiener Neustadt. In order to ensure optimal supplies and to protect the health and safety of customers, the service centres can also be reached at any time of the day or night to report supply interruptions.

Personal advising for energy efficiency

Mobile consulting teams and the staff at the EVN Shop in Wiener Neustadt provide helpful tips and valuable information on energy savings in personal discussions and through individual services. Examples of these services include the so-called "SanierService" renovation advice as well as assistance with the replacement of heating equipment and the maintenance of electrical and natural gas equipment, the calculation of energy consumption for building certification that is required in Austria for new buildings, renovation and real estate sales, and support for the construction of photovoltaic equipment. In connection with its products, EVN offers technical solutions to improve energy efficiency and reduce energy consumption. Individual and flexible energy tariffs complete the offering for customers.

Close cooperation with customers in the international environmental services business

EVN's customers in the international environmental services business consist primarily of cities, municipalities and the relevant administrative authorities. The size and structure of the projects in this area require in-depth exchange between EVN and its customers throughout all phases. EVN's subsidiary WTE realises compact facilities for smaller, outlying locations and business enterprises as well

P_Nowak
@private_customer

bookmark

If increasing numbers of customers are generating their own energy, how can you continue to guarantee service and supply security?
#2025

◂ reply ◂▸ share ▴ favourites ▸ more

EVN Future Lab
@EVN_Future_Lab

bookmarked ✓

#We_have_answers
The continuous, future-oriented expansion of the networks is essential in this respect. That is why EVN is systematically investing one billion euros in Lower Austria over the next four years. More than two-thirds of these funds will be directed to the network infrastructure and are thus invested in supply security. In this way, we connect our customers while also optimising decentralised generation. At the same time, our power plants play an important backup role. By developing comprehensive system solutions for decentralised generation and providing reserve capacity, we plan to strengthen our role as a stabiliser and energy manager in the future.

as projects for Europe's major cities and large industrial companies. As a provider of complete project-specific models (planning, construction, financing, operation), WTE also serves as a communicator between the various project participants and therefore sees not only the direct contracting entity as its customer but also all involved organisations.

Customer Advisory Board

The founding of the Customer Advisory Board in 2011 has allowed EVN to better utilise the advantages of an intensive dialogue with its customers. This committee provides an opportunity to learn more about customers' opinions, concerns and needs. The direct exchange between customers and the company supports EVN's continuous efforts to increase customer satisfaction. The Customer Advisory Board has a key advisory function, draws attention to current trends and issues, contributes fresh ideas and recommendations and, in this way, has an important influence on the design of services, products and communication measures.

Austria

The 24 members of the Customer Advisory Board represent EVN's diverse range of household customers in Lower Austria and help the company to also see its business operations from the customers' differentiated points of view. The Customer Advisory Board is elected every two years, i.e. for the third time in spring 2015. Interested EVN customers are invited to apply in the EVN Journal, on the EVN homepage and in the EVN Newsletter. The board members are selected with a view to achieving a balance between various customer groups and thereby ensuring the inclusion of many different interests. The members of the Customer Advisory Board come together twice each year, when they also meet with EVN staff and the Executive Board to discuss issues that are relevant to customers and to develop suggestions for improvement. In 2014/15 the Customer Advisory Board focused, above all, on future-oriented issues, alternative tariffs, the EVN Bonus World and customer service.

Bulgaria and Macedonia

EVN Bulgaria first invited interested customers to apply for nomination to a Customer Advisory Board in September 2013. Meetings have since been held at four different locations in the supply area, where the 24 members exchanged information, criticism and ideas with EVN's representatives. These discussions also led to specific recommendations for the improvement of products, services and customer service. This positive experience at other locations will also be reflected in the installation of a Customer Advisory Board in Macedonia, which is currently in the planning phase.

Additional information on EVN's Customer Advisory Board and its activities can be found at **www.evn.at/Customer-Advisory-Board**

Customer satisfaction

Customer satisfaction is an issue of great importance for EVN in all its markets. In addition to personal and telephone contacts with customers, electricity invoices that are easy to understand and clearly organised, detailed information on the homepage and regular customer satisfaction analyses are further instruments used by EVN to justify customers' far-reaching trust and to meet their high expectations.

Customer service plays an important role in the success of a company, and EVN wants to distinguish itself from the competition through its strong commitment in this area. EVN underscored this commitment by taking part in an international customer service week at the beginning of October 2015, which was organised for the first time simultaneously at its three main locations for the energy business – Bulgaria, Macedonia and Austria. Several thousand companies from 40 countries worldwide participated in this well-known international event which was centred on the importance of customer satisfaction and employees in customer-related business areas. EVN Macedonia participated in this initiative for the third time and was able to contribute its positive experience with

P_Nowak @private_customer
My name is Paul Nowak. I am an EVN customer and am currently realising my dream of my own house in a Lower Austrian community.

employee information and motivation. The customer service week included internal activities in all three countries for the employees involved in direct customer contacts and other staff members interested in customer service. The offering in Austria ranged from an information stand to a quiz on the Intranet and attracted a large number of employees. A number of "customer service stars" from the customer relations department were recognised for their strong performance and extraordinary commitment.

Austria

EVN's customer service in Austria received roughly 642,000 (previous year: 640,000) telephone enquiries and 120,000 (previous year: 115,000) e-mail enquiries during 2014/15. Providing the best possible service in handling these customer contacts has top priority for EVN, and systematic customer surveys have been carried out for many years to measure customer satisfaction and form the basis for continuous improvement. The data and long-term trends show general developments in customer satisfaction and permit the analysis of relevant business transactions. The results provide valuable information on suggestions for improvement, which are discussed with the involved departments to define approaches for future measures.

The 2014 customer satisfaction survey covered 7,600 household customers in Lower Austria. Overall satisfaction was rated very high at an average of 1.75 (on a five-step scale ranging from 1 = very satisfied to 5 = not satisfied at all) and exceeded the good prior year value of 1.80. Above all, the price-performance ratio, an important indicator of basic customer satisfaction and loyalty, also remained high. Additional strengths of EVN, according to the surveyed customers, are high supply security, good customer service over the telephone and in eliminating supply disruptions, the EVN Journal and EVN's invoices. These invoices were revised in recent years and their new, modern and clear format has found great acceptance.

EVN's Customer Loyalty Index, which was introduced in 2011, measures customer loyalty based on various indicators. It has become a strategic monitoring instrument and was also calculated monthly in 2014/15. The goals of the index are to promptly recognise changes in customer loyalty, identify the causes and react quickly with suitable measures. This monitoring indicated that customers with a detailed knowledge of EVN's supplementary services have a particularly strong affinity to EVN.

A quality improvement programme has been in place for many years to verify compliance with internal quality standards in responding to customer enquiries and complaints. An external market research institute contacts customers and asks them to report their experiences with EVN's customer orientation and service quality. The latest test will run from spring 2015 to summer 2016 and cover roughly 1,900 telephone and personal mystery shopping tests. The goal is to analyse the quality of services under specific scenarios and identify opportunities for improvement that can be transformed into concrete measures.

The EVN customer service centre has been certified under EN 15838 since 2010 based on a monitoring audit for the certification of European Call Centres. This standard sets quality requirements for customer contact centres, with customer satisfaction forming the focal point. The audit covers personnel, organisation, processes, technology and service. The two-year monitoring audit required by the EN 15838 standard was successfully completed during November 2014 in EVN's offices. This certification is a strong proof of the high quality of EVN's customer service.

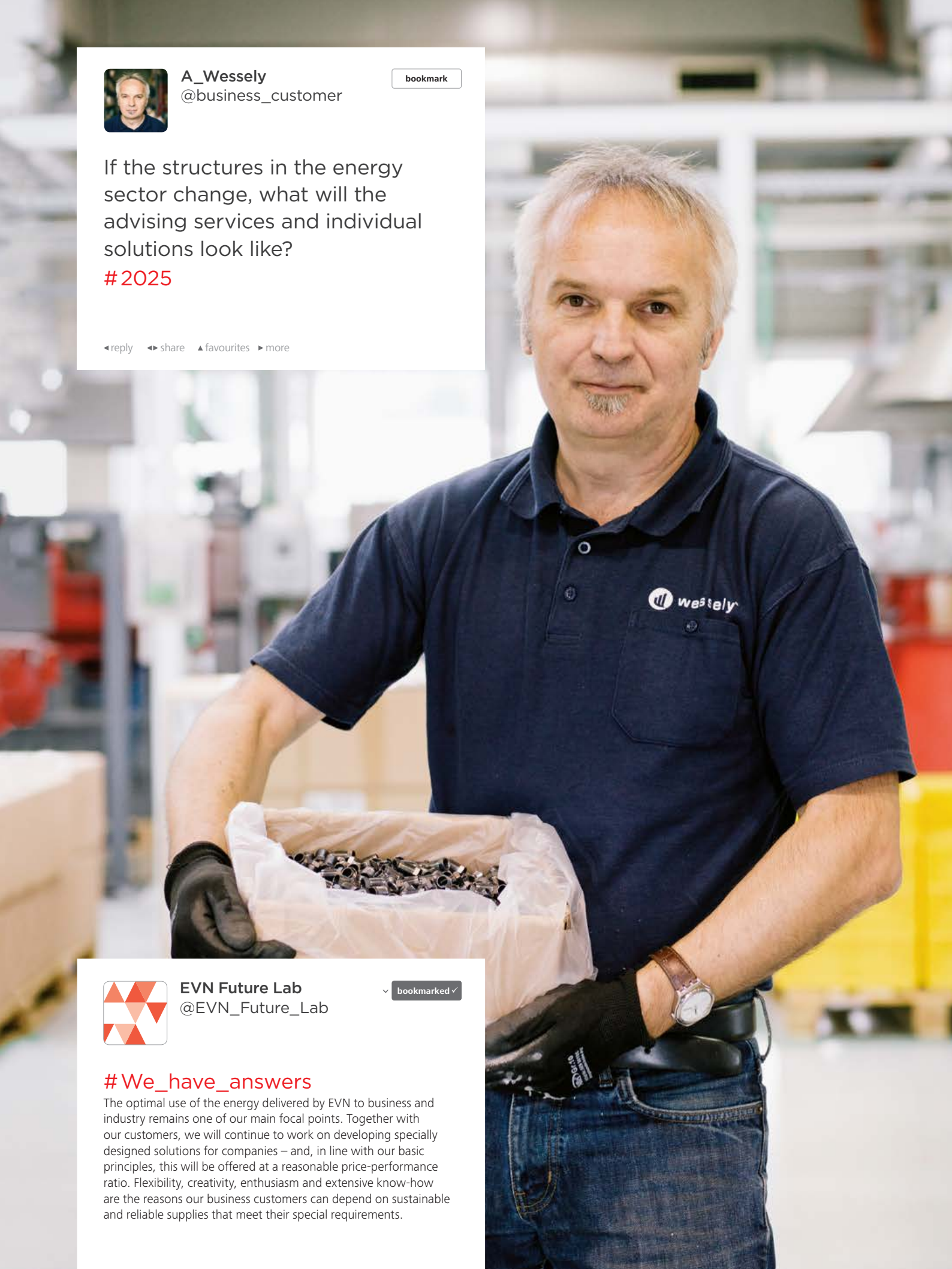
Bulgaria and Macedonia

The customer service staff at EVN Bulgaria responded to roughly 547,000 (previous year: 506,000) telephone enquiries and nearly 22,000 (previous year: 20,100) e-mail enquiries in 2014/15. The comparable figures for EVN Macedonia were approximately 444,600 (previous year: 343,700) telephone enquiries and almost 36,700 (previous year: 17,900) e-mail enquiries.

A customer survey based on the net promoter score method was launched in Bulgaria during 2015. Its goal is to evaluate customer satisfaction and loyalty based on the probability of recommendations. The call centre staff of EVN Bulgaria is carrying out the survey, which will involve roughly 1,000 customers. It is focused on issues such as new connections, customer service, remote reading, services and the elimination of supply disruptions. The first results of this customer survey, is to be carried out every two years in the future, are expected at the end of 2015.

A_Wessely @business_customer

My name is Andreas Wessely. I am the owner and managing director of Wessely GmbH in Korneuburg, Lower Austria. This company was founded in 1975 and is specialised in surface coating for machinery components such as gears, drive spindles, springs and screws. Our customers operate in many different business areas, from heavy industry to precision engineering.


A_Wessely
@business_customer
bookmark
If the structures in the energy sector change, what will the advising services and individual solutions look like?
#2025
◂reply ◂▸share ▴favourites ▸more
EVN Future Lab
@EVN_Future_Lab
bookmarked ✓
#We_have_answers
The optimal use of the energy delivered by EVN to business and industry remains one of our main focal points. Together with our customers, we will continue to work on developing specially designed solutions for companies – and, in line with our basic principles, this will be offered at a reasonable price-performance ratio. Flexibility, creativity, enthusiasm and extensive know-how are the reasons our business customers can depend on sustainable and reliable supplies that meet their special requirements.

In Macedonia, 6,350 interviews and 1,350 mystery shopping tests were carried out during the reporting year to evaluate customer satisfaction. The results of these surveys and additional internal quality analyses were integrated directly in improvement and optimisation programmes.

△ GRI indicator: Surveys on customer satisfaction (G4-PR5)

EVN Bulgaria continued its "EVN next to you" customer satisfaction programme during the reporting year, which organises meetings between representatives of EVN Bulgaria and its customers in their home cities and villages. These meetings give customers a platform to discuss basic concerns and problems in their respective region with qualified EVN contact partners.

△ GRI indicator: Operations with implemented local community engagement, impact assessments, and development programmes (G4-SO1)

Supply security with electricity: efficient infrastructure and access to basic supplies

In order to maintain supply security at the current high level, EVN has defined network quality as the focal point for its investments. The expansion and maintenance of the distribution and transmission networks therefore continued during 2014/15. Approximately 70% of the investment programme started by EVN in 2013/14 will be spent in network infrastructure in Lower Austria. The programme has a total volume of EUR 1bn which will be invested over a period of four years. Full coverage of basic energy supply for the populations can be assumed in all countries where EVN is the electricity supplier, also due to level of investments.

△ GRI indicator: Population in sales area without electricity supply (EU26)

☐ For details on investment projects, see Segment reporting starting on page 128.

Efficiency of long-distance lines and distribution networks

Network losses

EVN's focus in Lower Austria is on the expansion and stabilisation of the network infrastructure, while activities in Bulgaria and Macedonia are concentrated on the further reduction of network losses. Network losses have been cut steadily from 17% to roughly 10% in Bulgaria and from 24% to approximately 15% in Macedonia since market entry. In Austria, network losses remain stable at approximately 4%[1)].

1) A direct comparison of network losses is not possible due to the differences in the customer and network structures in EVN's various supply areas.

Electricity disruptions

The mean supply interruption for EVN – which was calculated according to the System Average Interruption Frequency Index (SAIFI) – equalled 0.83 for the 2014 calendar year (previous year: 0.71). A SAIFI value of 0.83 means that EVN's customers experience less than one power failure per year. The average annualised duration of unplanned power interruptions, as calculated according to the System Average Interruption Duration Index (SAIDI), equalled 51.95 minutes in the 2014 calendar year (previous year: 34.47 minutes) and exceeded the Austrian average of 33.26 minutes (previous year: 33.42 minutes; source: E-Control, breakdown and disruption statistics – results for 2013 and 2014). The year-on-year increase resulted, above all, from the weather conditions in Lower Austria during the winter of 2014: hoarfrost, storms and freezing rain during November and December 2014 caused numerous trees to fall on EVN's overhead lines, which interrupted electricity supplies for roughly 25,000 customers. Close cooperation between EVN and the local volunteer fire brigades as well as the untiring efforts of nearly 300 EVN employees allowed for the fast organisation of temporary emergency power supplies for the affected households and the quick repair of the damaged lines, poles and transformer stations.

Information is not provided on SAIDI and SAIFI at EVN's locations in South Eastern Europe because a clear data base is not available for the necessary calculations.

△ GRI indicators: Efficiency of long-distance lines and distribution networks (EU12); Frequency and duration of power failures (EU28 and 29)

Availability of EVN's power plants

Key factors for ensuring reliable electrical energy supplies are uninterrupted operations and the technical safety of EVN's power plants. EVN therefore carries out regular inspection and maintenance procedures which are connected with planned and coordinated downtime. The gas-fired power plants in Korneuburg and Theiss achieved 100% availability in 2014/15, with the exception of scheduled inspections and marginal unplanned downtime (0.02% – 0.3%). There were no unplanned standstills in the smaller natural gas turbines at the Theiss power plant, which are important for the generation of balancing energy because of their fast operational start-up. The unplanned downtimes of the coal-fired power plants in Dürnrohr and Duisburg-Walsum equalled 0.6% and 6.4%, respectively. EVN's windparks were in service roughly 95% of the

time during the reporting year, whereby these windpark statistics do not differentiate between scheduled and unscheduled downtime.

△ GRI indicator: Average availability of power plants (EU30)

Energy price reductions and bonus point programme

Price developments on the energy markets led EVN's supply company to implement a further price reduction in 2014/15 with which it again passed on procurement advantages to its household customers within the framework of EnergieAllianz. Following a 10% reduction in electricity prices in the previous year, EVN's supply company reduced the energy prices in electricity and natural gas (excluding network costs, taxes and duties) by a further 5% on average as of 1 October 2015.

EVN also introduced the "EVN Bonus World" customer loyalty programme in 2014/15. This initiative allows private customers to automatically collect bonus points with their electricity and natural gas purchases or the use of EVN services, which they can trade in for price reductions on the purchase of energy-efficient products and services.

Electricity disconnections due to payment arrears

EVN offers individual support and instalment payment options for customers who are unable to pay their bills on time. The past years were, however, still characterised by inconsistent payment behaviour and the frequent inability to meet scheduled payments, especially in Bulgaria and Macedonia. In 2014/15 the collection rate reached 99.5% in Bulgaria and 91.2% in Macedonia. In spite of its high commitment to social responsibility, EVN is forced to interrupt energy supplies when payment arrears extend over a longer period of time. The number of disconnections remained stable at a low level in Austria, but EVN was required to take this final step more frequently in Bulgaria and Macedonia – where, in contrast to Austria, meters are read and invoices are sent on a monthly basis.[1)] Supply interruptions are generally reversed within 24 hours in Austria, Bulgaria and Macedonia after the required payments are made or an extension or instalment payment agreement is concluded.

1) The general statistics on electricity disconnections are based on the network supply area and not on individual suppliers because the network operators are technically responsible for disconnecting the service at the supplier's request. This form of data collection distorts the statistics which is therefore not presented.

EVN has introduced numerous measures in the past to help customers meet their payment obligations on time. These measures include an educational programme on energy savings as well as a wide range of information and awareness-raising initiatives. For example, cus-

Numerous initiatives to combat energy poverty

EVN works to combat energy poverty with measures that provide specially designed support for low-income households. The projects developed by EVN are implemented in cooperation with regional interest groups and social aid organisations to increase the effectiveness of the measures. For example: **"Households at risk of poverty",** a joint project by EVN and the charity organisation Caritas, was successfully continued during the reporting year. In accordance with the "train the trainer" principle, EVN's energy advisers equip the Caritas social counsellors with the necessary know-how on energy efficiency measures, savings potential and possible subsidies (e.g. heating cost subsidies) so they can provide on-site advice to the individual households. EVN also supports the social counsellors with consulting tools (e.g. guidelines and checklists) and technical aids (e.g. energy measurement instruments). These measures are rounded off with further training by EVN and joint on-site consulting. The specific results of this project are the cost savings realised by the low-income households through energy-saving measures. In 2014/15 the Caritas social counsellors trained by EVN carried out roughly 200 advising sessions in the regional Caritas agency offices and a further 70 directly in the apartments and houses of the involved families.

This successful project with Caritas led to the start of further training courses for social workers in Lower Austrian aid organisations together with the Chamber of Labour for Lower Austria in 2014/15 under the title **"Energy efficiency against energy poverty".** 50 persons working in social professions have already been trained as part of this project.

EVN and the Chamber of Labour for Lower Austria also provided support for low-income households with the free distribution of the **"EVN efficiency start package"** in November 2014. The package contains five LED lamps and a water-saver set and helps a household to save up to EUR 125 per year. This joint campaign was directed to EVN's household customers in Lower Austria who are exempt from the green electricity flat rate for social and/or physical reasons. This efficiency package was distributed to a total of 4,150 households. Young families in Lower Austria also received efficiency packages during the reporting year as part of the **"Energy savings initiative"** started by EVN and the province of Lower Austria in June 2015.

tomers in Bulgaria can receive e-mail or text message reminders on the approaching end of the payment period to avoid disconnections due to unintentional late payments. If a customer still fails to pay within the designated period, he or she is reminded by e-mail, text message or on the EVN Bulgaria website at least three days before service is disconnected. Recently EVN also placed a special focus on the reliable delivery of invoices and simple payment procedures. In Macedonia, EVN started a widespread information campaign on energy efficiency in 2014/15 under the title "Energy Mathematics". The goal of this eight episode TV spot is to show customers how small changes in their habits and minor investments can significantly reduce energy consumption.

△ GRI indicator: Electricity disconnections due to payment arrears (EU27)

Product responsibility

Principles

Similar to the corporate policy statement and the environmental policy statement, the principles of product responsibility represent an integral part of EVN's central mission statements, which underscore their key importance. The EVN key values – ensure, encourage, enable – also highlight the importance of the EVN brand promise, which can only be met with the commitment of all employees.

Also see: **www.responsibility.evn.at**

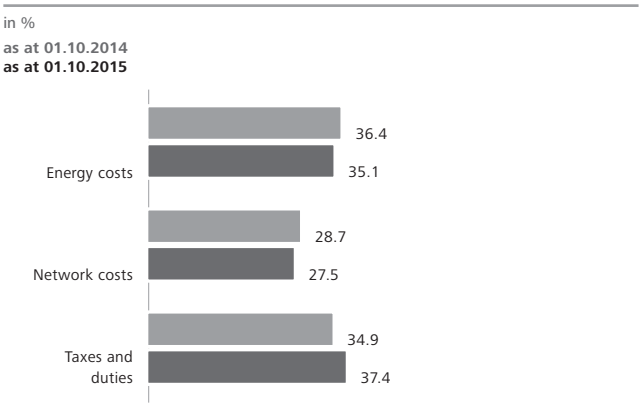
Product and service labelling

For products such as electricity and natural gas, the transparent presentation of the billing amount is important for customers. The redesign of the EVN invoices in 2012/13 supported this goal by improving clarity, in particular through the reduction of the complexity and scope of information on the invoice. EVN also offers its customers overall invoices that show the energy costs and related taxes and duties as well as the network costs. A fundamental requirement for EVN in this connection is, of course, strict compliance with all regulations for the protection rules of customer-related data.

EVN is bound, among others, to legal regulations that define the transparency and reporting of product-related information to customers. For example: electricity labelling requirements call for the disclosure of the percentage of electricity in the supply mix that comes from the respective primary energy carriers. Since the production and sale of electricity generated by nuclear power plants has become a controversial issue in public opinion, EVN has been committed for many years to having an energy mix without any nuclear-generated or grey electricity.

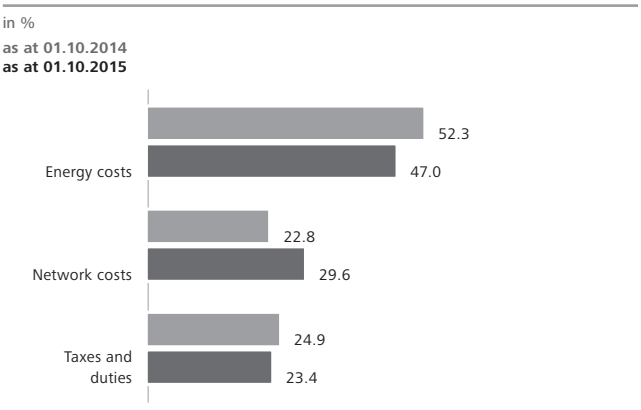
The quality of all EVN products and services is strictly monitored and continuously controlled. The electricity and natural gas networks operated by EVN are certified for compliance with the security standards issued in the form of guidelines by "Oesterreichs Energie" and the Austrian Association for Gas and Water ("Österreichische Vereinigung für das Gas- und Wasserfach", ÖVGW). Regular reviews by an independent external auditing team ensure a high level of quality, among others in the following areas:

Electricity price structure in Lower Austria (PR3)[1)]



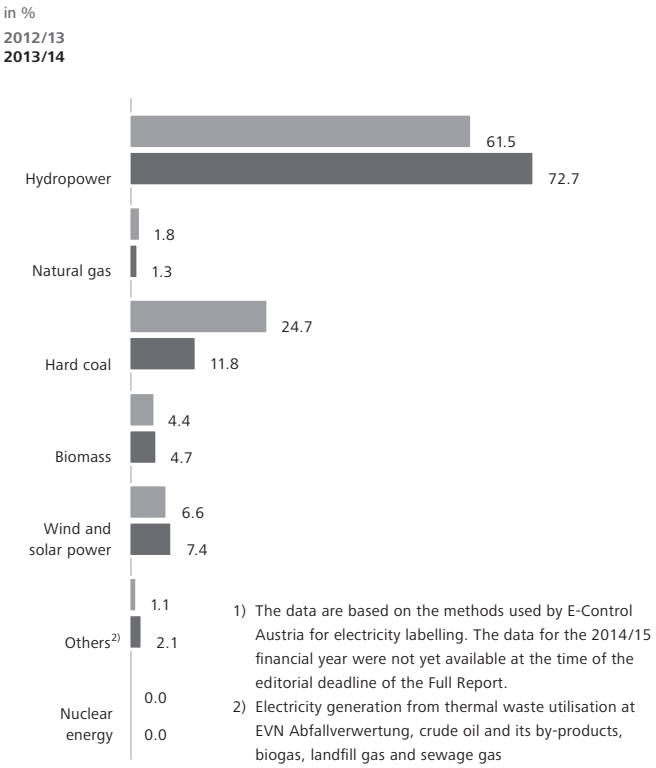
1) Assumptions: household with an annual consumption of 3,500 kWh

Natural gas price structure in Lower Austria (PR3)[1)]



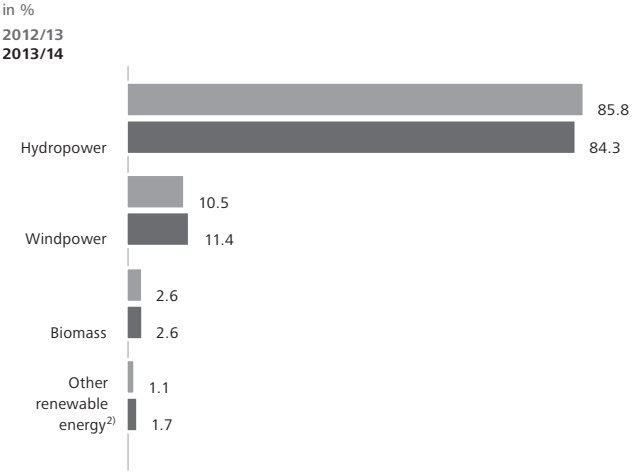
1) Assumptions: household with an annual consumption of 20,000 kWh

Composition of electricity from EVN KG in terms of primary energy sources (PR3)[1]



1) The data are based on the methods used by E-Control Austria for electricity labelling. The data for the 2014/15 financial year were not yet available at the time of the editorial deadline of the Full Report.
2) Electricity generation from thermal waste utilisation at EVN Abfallverwertung, crude oil and its by-products, biogas, landfill gas and sewage gas

Composition of electricity from Naturkraft Energievertriebsgesellschaft m.b.H. in terms of primary energy sources[1]



1) The data are based on the methods used by E-Control Austria for electricity labelling. The data for the 2014/15 financial year were not yet available at the time of the editorial deadline of the Full Report.
2) Biogas, landfill and sewage gas, photovoltaics

- → Planning, construction, operation and maintenance of grids and plants
- → Organisational structures, procedures and processes
- → Responsibilities, specialised know-how and decision-making expertise
- → Training, personnel and operating costs

△ GRI indicators: Product information (G4-PR3); Sale of banned or disputed products (G4-PR6)

☐ For more information on electricity labelling requirements, see the management report on page 106f and page 93

Advertising and marketing

In planning and designing its advertising and marketing campaigns, EVN not only focuses on its own strategic goals but also on sustainability. The central aspects of energy supply, energy saving tips and energy services receive adequate treatment in all communications. EVN rejects advertising that does not conform to generally accepted ethical or cultural standards, which encroaches on privacy or which attempts to influence particularly vulnerable target groups such as children. There were no incidents of non-compliance with legal regulations or voluntary conduct rules related to advertising in the 2014/15 financial year.

△ GRI indicator: Total number of incidents of non-compliance with regulations and voluntary codes for advertising (G4-PR7)

Customer health and safety

The responsible approach followed by EVN along the entire value chain minimises the potential risks associated with the impact of the company's products on health and safety. Quality management plays an important role in this process through its focus on the definition of and compliance with high standards for the (further) development of the product portfolio, innovation, research and development activities as well as processes for the certification, manufacture, production, distribution, marketing, sales promotion, use, maintenance, disposal and recycling of products. Recycling within the Group is based on Austrian standards and is considered exemplary in many areas, particularly in the foreign operations of EVN and its subsidiaries. This

applies, above all, to the sustainable planning, production and distribution of electricity as well as quality assurance for the networks and electricity supplies in the regions where EVN operates. All categories of products and services are continuously monitored with respect to customer satisfaction, health and safety based on comprehensive quality assurance procedures.

△ **GRI indicator: Effects on health and safety throughout the product life cycle (G4-PR1)**

Despite the extensive safety precautions taken by the company, the failure to comply with the related safety instructions can lead to accidents. EVN Macedonia registered a fatal accident in 2014/15 involving a non-company person who gained unauthorised access to a transformer station and died following contact with the power circuit.

△ **GRI indicator: Injuries and fatalities of individuals (customers, neighbours, general public; EU25)**

The Executive Agency of the Bulgarian General Labour Inspectorate conducted two audits at EVN Bulgaria EP during the period from October 2014 to October 2015. The audits resulted in four directives for EVN Bulgaria EP, which were met within the required timeframe. This agency did not impose any sanctions against the EVN Bulgaria Group for the violation of health or safety regulations during the period from October 2014 to October 2015. In addition, the Bulgarian Ministry for Economics and Energy audited two client energy centres ("KEC") for compliance with occupational safety regulations in plant operations. Two directives were issued, which were also met within the required timeframe.

As explained in the chapter "Society" under "Fines/sanctions as a result of illegal activities" (SO8), the Bulgarian regulatory authority imposed 293 fines with a total of BGN 5.86m (EUR 2.99m) on EVN Bulgaria EP for various violations allegedly discovered during an audit. Most of the fines involve violations of the recording requirements for the installation of commercial metering devices (CMDs). The reasons for the alleged violations include, for example, missing signatures by customers, witnesses and/or employees of EVN Bulgaria EP on these records. EVN Bulgaria EP has filed appeals against all of the fines with the responsible Bulgarian court. Twelve judgments were reversed, 34 were confirmed and the remaining proceedings are currently pending.

△ **GRI indicators: Violation of health and safety regulations (G4-PR2); Fines due to violations of product and service regulations (G4-PR9)**

Data protection

The Bulgarian data protection commission filed three complaints against two EVN companies in Bulgaria. Both companies submitted the statements requested by the commission, and the proceedings before the responsible authorities or courts are currently pending.

△ **GRI indicator: Justified data protection complaints (G4-PR8)**

Shareholders and investors

The capital market is particularly important for EVN due to its stock listing and the issuance of bonds.

EVN share

Market environment and performance

The European Central Bank (ECB) is continuing to pursue an expansive monetary policy for the European Union in an attempt to counter the negative effects on economic growth caused by various challenges and trouble spots. An end to the related measures is currently not in sight – to the contrary, the ECB is prepared to expand the programme in the future if necessary. In the USA, the Federal Reserve (Fed) has still not indicated a potential date for long-awaited interest rate hikes. The US economy has shown sound development, but the labour market has been unable to keep pace with the general momentum.

The international stock markets were unable to extend their good performance from the first three quarters of 2014/15 into the three-month period from July to September 2015. Numerous indices lost most of their earlier gains, above all due to the strong stock market corrections in China during the summer and the related fears of an economic downturn. In this climate, the German benchmark index DAX rose by 2.0% from the beginning of October 2014 to the end of September 2015, while the American benchmark index Dow Jones fell by 4.5%.

Vienna's benchmark index ATX also recorded positive development for the reporting year with an increase of 1.2%. The DJ Euro Stoxx Utilities, the relevant industry index for EVN, was substantially weaker with a decline of 15.7%. The EVN share was able to disengage in part from this negative development and traded at EUR 9.854 on 30 September 2015, for a decline of only 2.7% below the opening price for the 2014/15 financial year. EVN had a market capitalisation of EUR 1.77bn as of 30 September 2015. The average daily turnover in EVN shares was lower in year-on-year comparison at 31,598 (single counting). This represents an annual trading volume of EUR 79.24m (single counting) for EVN shares at the Vienna Stock Exchange, which equals 0.29% of the total trading volume.

Share buyback programme

The 85th Annual General Meeting on 16 January 2014 authorised the Executive Board of EVN AG 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 at an amount equalling up to 10% of the share capital of EVN AG. On 30 June 2015, the Executive Board of EVN AG approved an additional repurchase of up to 1,000,000 treasury shares – or up to 0.556% of the current share capital of EVN AG – based on this authorisation as part of the share buyback programme that was started on 22 January 2014. At the same time, the current share buyback programme, which was extended for the first time by a resolution of the Executive Board on 30 September 2014, was extended for a second time as of 6 July 2015 presumably to 29 January 2016. A total of 304,071 shares were repurchased from 22 January 2014 to 30 September 2015, which equal 0.2% of share capital. EVN AG held 2,058,319 treasury shares as of 30 September 2014, including the shares repurchased in earlier years, which represent approximately 1.1% of share capital.

Strategy for the use of financial resources and dividend

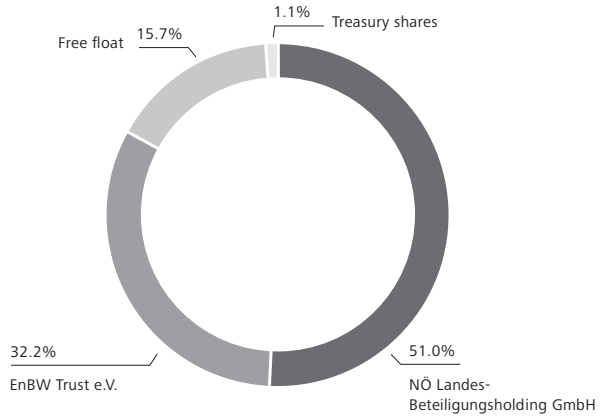
EVN's strategy includes establishing a balance between current investment projects and attractive dividends for shareholders. This strategy is reflected in a targeted payout rate of 40% of Group net profit over the long term. The Executive Board will make a recommendation to the 87th Annual General Meeting on 21 January 2016, calling for the payment of a EUR 0.42 dividend per share for the 2014/15 financial year.

The 86th Annual General Meeting on 15 January 2015 approved the payment of a EUR 0.42 dividend per share, or EUR 74.8m in total, to shareholders for the 2013/14 financial year. The ex-dividend day was 22 January 2015, and payment was made to shareholders on 28 January 2015.

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 constitutional 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 30 September 2015, EVN AG held treasury shares representing 1.1% of share capital and free float equalled 15.7%.

Shareholder structure



△ GRI indicator: Natur of ownership and legal form (G4-7)

Capital market financing

An established presence on the debt markets, the external ratings issued by Moody's and Standard & Poor's and the existing framework documentation (debt issuance programme) for capital market emissions give EVN fast and flexible access to national and international investors. This good capital market access plays an important role in the diversification of financing sources and is a key element of EVN's financing strategy. The framework documentation was renewed in January 2015 and supports issues with a volume of up to EUR 2.0bn. Public and private bonds with a total volume of EUR 693.3m are currently outstanding under the debt issuance programme.

The capital market financings currently outstanding were issued by EVN in 2009, 2011 and 2012. EVN successfully utilised a further alternative financing source for the first time in 2012 with the issue of a EUR 121.5m promissory note loan. The outstanding bonds, private placements and promissory note loans have a balanced maturity profile that extends from 2016 to 2032. No capital financing instruments were scheduled for repayment in 2014/15. Moreover, there were no new emissions during the reporting year because the positive operating cash flow led to a reduction in EVN's net debt.

Investor Relations

EVN places high priority on the provision of transparent and timely information. This commitment is designed to give all stakeholders an equal opportunity to form a realistic evaluation of the EVN Group's activities and economic development. The related activities are the responsibility of the investor relations department, which is assigned to the finance department and reports directly to the Chief Financial Officer of the EVN Group. The main focus of investor relations activities is to establish and maintain a regular and active dialogue with current and potential investors, stock and bond analysts, banks and rating agencies.

The dialogue with capital market participants is based on clear principles and rules, to which EVN is explicitly committed and which form a key element of responsible communications based on trust. Content that is timely, transparent, understandable and solid is the benchmark for the company's information policy. EVN believes in tailoring its communication media to the different needs of the various stakeholder groups, and special attention is given to sustainability-oriented investors and their information requirements.

Wide-ranging information activities

In addition to participating in numerous road shows, EVN reports comprehensively on the development of business in quarterly telephone conferences for analysts, institutional investors and banks and in semi-annual press conferences for journalists. In the reporting period private shareholders received detailed information at an afternoon information event in connection with the presentation of half-year results and at trade fairs for private investors.

T_Schinwald @analyst
My name is Teresa Schinwald. I am a stock analyst in the company research team at Raiffeisen Centrobank and have been responsible for covering the EVN share for many years.

T_Schinwald
@analyst

bookmark

If politics and society prefer renewable production, how will traditional energy suppliers survive?
#2025

◂ reply ◂▸ share ▴ favourites ▸ more

EVN Future Lab
@EVN_Future_Lab

bookmarked ✓

#We_have_answers
Energy suppliers will see a transition in their role from energy producers to energy managers. Their activities are increasingly shifting towards services that will also be offered “after the meter”, in other words even closer to the customer, in the future. Energy producers are also creating innovative business models to offer decentralised renewable solutions and tools for trading with this energy. At the same time, their generation profile is changing: approximately 40% of the energy generated by EVN is already produced by renewable sources, and over the medium term this ratio is set to increase to 50%.

EVN share		2014/15	2013/14	2012/13[1]
Share price at 30 September	EUR	9.85	10.13	11.29
Highest price	EUR	10.56	12.50	12.66
Lowest price	EUR	9.50	9.76	9.42
Price performance	%	–2.7	–10.3	4.2
Total shareholder return	%	1.5	–6.6	8.1
ATX performance	%	1.2	–12.80	21.00
Dow Jones Euro Stoxx Utilities performance	%	–15.70	23.20	0.50
Value of shares traded[2]	EURm	79	120	136
Average daily turnover[2]	Shares	31,598	45,167	50,544
Share of total turnover[2]	%	0.29	0.53	0.74
Market capitalisation at 30 September	EURm	1,773	1,821	2,031
ATX weighting	%	0.97	0.87	1.00
WBI (Vienna Stock Exchange Index) weighting	%	2.21	2.29	2.47
Earnings per share[3]	EUR	0.83	–1.68	0.61
Dividend per share	EUR	0.42[4]	0.42	0.42
Cash flow per share[3] [5]	EUR	2.46	1.90	3.01
Book value per share[3]	EUR	14.56	14.80	17.26
Price/earnings per share	X	11.8	–	18.4
Price/cash flow per share[5]	X	4.0	5.3	3.7
Price/book value per share	X	0.8	0.8	0.7
Dividend yield	%	4.3	4.1	3.7
Payout ratio	%	50.4	–	68.6

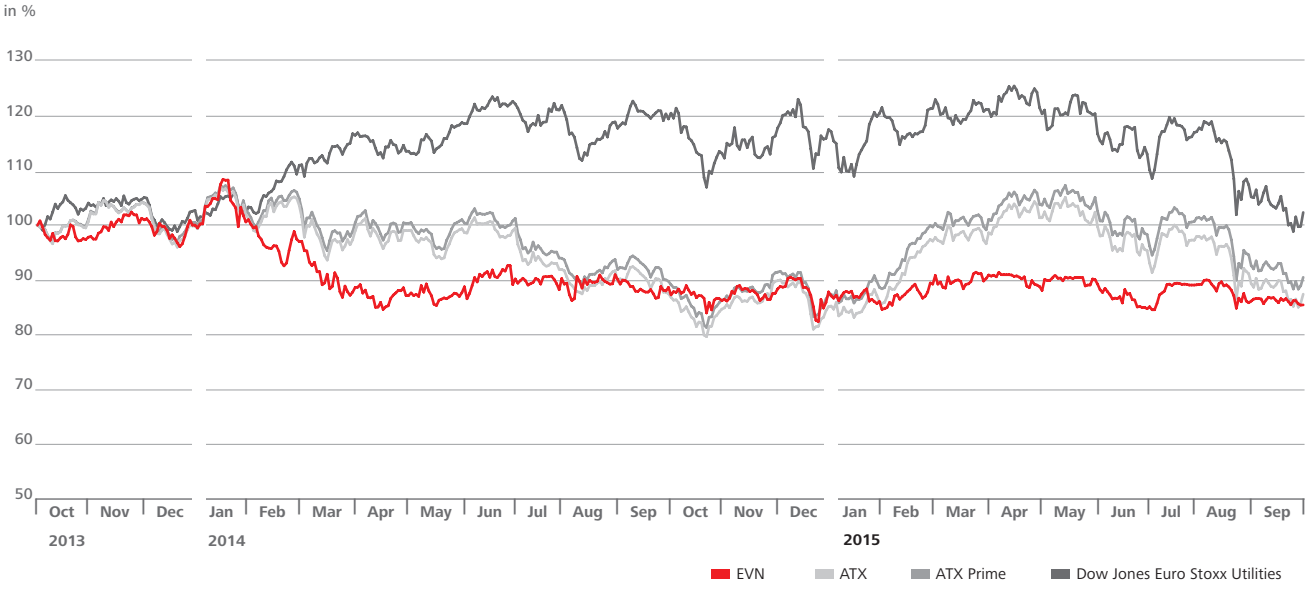
1) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see Full Report 2013/14, page 148).
2) Vienna Stock Exchange, counted once
3) Shares outstanding at 30 September
4) Proposal to the Annual General Meeting
5) Gross cash flow

EVN bonds	Public bonds	Private placements	
	EUR	JPY	EUR
Volume	300.0m	12.0bn	28.5m
Due date	13.04.2022	09.01.2024	11.03.2016
Maturity (yrs)	10.5	15	7
Coupon (% p.a.)	4.250	3.130	5.000
ISIN	XS0690623771	XS0406428036	XS0417260329

EVN bonds	Private placements			
	EUR	EUR	EUR	EUR
Volume	150.0m	30.0m	100.0m	25.0m
Due date	23.06.2017	18.03.2019	20.02.2032	23.02.2032
Maturity (yrs)	8	10	20	20
Coupon (% p.a.)	5.250	5.250	4.125	4.125
ISIN	XS0434384334	XF000NS4HD4	XS0744577627	XS0746091981

Details on the current Debt Issuance Programme can be found on the EVN Website under **www.evn.at/financial-strategy**.

EVN share price – relative development



In 2014/15 the Chief Financial Officer and the investor relations team took part in international conferences and road shows in Amsterdam, Brussels, Den Haag, Frankfurt, London, Milan, Munich, Zurich, Zürs and Vienna.

The following institutions issue regular analyses on the development of business at EVN: AlphaValue, Berenberg, Deutsche Bank, Goldman Sachs International, Kepler Cheuvreux, Macquarie Capital (Europe), Raiffeisen Centrobank and Société Générale. As of 30 September 2015, the EVN share had four "buy" and four "hold" recommendations with an average target price of EUR 11.29.

Numerous awards

EVN also received numerous national and international awards and prizes in various categories during 2014/15:

- → ARC Awards 2015 for the 2013/14 Full Report:
  - Silver in the category "Full Report"
  - Silver in the category "Interior Design"
- → 2nd Place at the Trend Austrian Annual Reporting Awards 2015 for the 2013/14 Full Report in the category "Sustainability"
- → 2nd Place at the Austrian Sustainability Reporting Award (ASRA) 2015 in the category "Integrated Annual and Sustainability Report" for the 2013/14 Full Report
- → 1st Place for EVN Macedonia at the National CSR Awards 2015 in the category "Ethical Governance" for its "Idea Management" project.
- → EVN Bulgaria ranked first in the category "Environmental Protection" at the "Good Practice of the Year" Awards in Brussels for its project "Bird Protection in Bulgaria", which was carried out together with BirdLife and the Bulgarian Bird Protection Society, and also received the European Commission's NATURA 2000 Prize.

Extensive online offering

In order to also improve resource conservation and sustainability in its capital market communications, EVN is increasing the use of electronic media. One related step involves the general elimination of mass printing and mailing in connection with EVN's shareholder letters (quarterly reports). This information is available in the form of online reports or PDF documents on the EVN website under **www.investor.evn.at.** EVN shareholders can also receive these reports in hard copy via mail if requested.

EVN's full report and quarterly reports, capital market announcements, information on the Annual General Meeting, road shows and analyst presentations as well as audio recordings of the EVN conference calls are included in EVN's Internet portals **www.investor.evn.at** and **www.responsibility.evn.at**. These websites also contain analysts' assessments of the company's development, online stock exchange information and numerous services tailored to meet the needs of individual investors.

Society

As a regionally rooted company with an international focus, EVN has been committed to social responsibility for many years. The company strives to achieve a balance between economic, ecological and social viewpoints.

EVN carries shared responsibility for the social development of its markets and has an influence on local stakeholders through numerous economic connections. All new projects therefore go through environmental and social impact assessments that also include relevant social aspects. The company's management approach covers all social aspects of its business related to governance, compliance, corporate ethics, the prevention of corruption, public appearance and competitive behaviour. This management approach is defined in the EVN Code of Conduct.

EVN has prepared comprehensive crisis, emergency and contingency plans and implemented training programmes for major segments of its business activities, especially for risk scenarios that may affect the population. Crisis situations are simulated at all EVN locations, and internal and external training programmes on crisis management are also held in Lower Austria. The emergency staff receive regular training, while duty personnel take part in annual training courses and all employees attend annual security training programmes. Crisis management systems have also been implemented in Bulgaria and Macedonia.

Ethics and integrity

EVN's dynamic international expansion in recent years was also connected with new challenges in the areas of cultural diversity, values and business ethics. In order to support the development of a shared corporate culture across language barriers and national borders, EVN issued a **Code of Conduct**. It explains the most important principles and rules of conduct for EVN's corporate culture to employees and is available in German, English and the languages of the subsidiaries in Bulgaria, Macedonia and Russia. The EVN Code of Conduct is regularly adapted to reflect current developments, above all changes in legal requirements. It is based on internal management directives and the following international regulations:

- → UN Global Compact
- → Universal Declaration on Human Rights (UN) and the European Convention for the Protection of Human Rights and Fundamental Freedoms
- → ILO (International Labour Organisation) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
- → ILO Declaration on Fundamental Principles and Rights at Work
- → OECD Guidelines for Multinational Enterprises
- → OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions
- → Austrian Corporate Governance Code

△ GRI indicator: Values, principles, and norms of behaviour (G4-56)

○ The EVN Code of Conduct is available under **www.evn.at/Code-of-conduct.aspx**.

Compliance management

The Corporate Compliance Management Department (CCM), a staff department reporting directly to the Executive Board, was created on 1 October 2012 to develop, operate and improve the Compliance Management System (CMS). The CMS defines a standardised framework for the entire Group, which is designed to support employees in honest and legally compliant behaviour in everyday business activities.

△ GRI indicator: Internal and external mechanisms for compliance and integrity (G4-57)

□ Additional information on the compliance organisation can be found in the corporate governance report on page 102ff.

Roll-out of compliance training

In 2013/14 EVN launched a programme for the extensive training of employees on ethical and legally correct behaviour, which also includes an introduction to the compliance organisation and its internal procedures. The **compliance box** "Compliance. It´s good energy." was developed for this purpose. It can be used as a collection of resources or reference work and is available in German,

H_Weiss @school_principal
My name is Hildegard Weiss. I am the school principal of the Hermann Gmeiner School in Hinterbrühl, Lower Austria. Last year, EVN's employees had a very special surprise for our children – they built a treehouse on the school grounds as part of the project "EVN for Lower Austria".

H_Weiss
@school_principal

bookmark

If the world is relying more and more on technology, where will future generations get their energy for this?
#2025

◂ reply ◂▸ share ▴ favourites ▸ more

EVN Future Lab
@EVN_Future_Lab

bookmarked ✓

#We_have_answers
Renewable energies will make the decisive contribution over the long term. They are inexhaustible and – apart from the technologies required for their use – are available free of charge. EVN has also made massive investments in this area during recent years and will continue to do so in the future. At the same time, we are working to increase efficiency and make systems available for even more widespread use. Our activities also cover the development of storage technologies that are indispensable for far-reaching renewable energy supplies.

English, Bulgarian, Macedonian and Russian. The training content is based on the ten subject areas defined in EVN's Code of Conduct. The focal points were determined by a previous risk analysis and covered "customers", "capital market and investors", "integrity and the prevention of corruption" as well as "data protection and confidentiality", which were discussed with the help of specific examples. The training courses also covered the subject of human rights as an integral part of the Code of Conduct.

Compliance training initially focused on the strategic business unit managers because of the key functions they hold and their desired role model effect. Five-hour **workshops** on compliance were held in Austria and other countries to give these managers a greater awareness of compliance-related issues. Courses were then organised for all employees. During these **training sessions** that lasted at least 2.5 hours EVN's compliance management system and the related structures and processes were explained to small groups. All new employees take part in an identical compliance training programme. By the end of the reporting year, compliance training courses had thus been held for nearly 8,000 employees and over 200 managers in ten different languages at more than 100 different locations. This ensures that the employees and managers in the EVN Group are well prepared to meet the challenges arising from the fulfilment of the compliance requirements.

△ GRI indicators: Total hours of employee training on human rights policies or procedures (G4-HR2); Anti-corruption measures trainings (G4-SO4)

Continuing development of compliance management

EVN's experts review new compliance-relevant content and issues on a regular basis. If required, this information is processed and included in the compliance box, based on a risk assessment. **Special training courses** on relevant subjects provide additional support for areas exposed to increased risk. In addition to information on the EVN Intranet, **e-learning modules** are also available to all employees as a means of strengthening their awareness for compliance and reinforcing the course content. The implementation of these tools in all strategic business units and Group companies in Austria was completed by the end of the reporting year. The roll-out of the e-learning programme in the other countries where EVN is active has been prepared and will be implemented by the middle of the 2015/16 financial year. Special courses are also offered for managing directors, managers of infrastructure projects and salespersons. A specific plan defines the main points for communications on current compliance issues.

Prevention of corruption

Corruption represents a risk factor in EVN's internal risk management system, and appropriate instructions have been issued for all Group companies based on the EVN Code of Conduct. In addition, the internal audit department also reviews compliance-related requirements and rules during its project audits. A **whistle-blowing platform** for the Austrian workforce was installed in the EVN Intranet during 2012/13 to permit the confidential and anonymous reporting of concerns related to unethical or illegal actions. The compliance training courses also focused on a comprehensive explanation of this whistle-blowing system. Both the compliance training and the compliance box provide detailed information on the reporting procedures that are available to employees in the EVN Intranet and to business partners via email under **compliance@evn.at** (with ending .bg for Bulgaria and .mk for Macedonia, respectively) Following the completion of data protection reviews at EVN's most important international locations, the whistle-blowing system has also been available to employees in Bulgaria, Germany and Macedonia since 2014/15. The entry form for reporting in the EVN Intranet is currently available in Germany and English and will be available in the other Group languages in the near future. A Group directive defines the procedure for dealing with the reported concerns and protecting the whistle-blower against reprisals.

During 2014/15 one violation of the Code of Conduct in connection with side-lining was reported via the company's whistle blowing system. Any infringements and violations related to corruption represent a breach of the employees' responsibilities and may lead to consequences under criminal law. Confirmed suspicions would result in prosecution under labour and/or civil law, depending on the severity of the case and the scope of the damage. Therefore, employees who unintentionally come into conflicts of interest or loyalty during the course of their work are advised to contact EVN's compliance officer directly and without delay.

△ GRI indicators: Reporting concerns related to integrity (G4-58); Examination of corruption risks (G4-SO3); Anti-corruption measures (G4-SO5)

Human rights

EVN is committed to the unlimited protection of human rights in all areas of its activities. Compliance with human rights principles is the responsibility of the Executive Board, which is supported by the EVN compliance officer. An important tool for this protection is the inclusion of **human rights clauses** in contracts. These clauses cover investment and procurement practices, equal opportunity, freedom of assembly, right of collective negotiations, the abolishment of child labour and forced labour, complaint procedures, safety measures and the rights of indigenous people. In 2005, EVN joined the UN Global Compact and thereby agreed to compliance with human rights principles at all its locations and business areas.

Review of compliance with human rights

The principles specified in the EVN Code of Conduct are binding for all employees and available to the general public. Since EVN requires the same strict compliance with its principles and values from suppliers and service providers, these firms are required to comply with EVN's **integrity clause**. Sampling procedures are used to audit the human rights performance of suppliers in their business relations with the EVN Group. The CSR target discussions also cover possible human rights issues along the value chain and include these points in the development of targets where applicable.

△ GRI indicators: Investment agreements with human rights clauses (G4-HR1); Number of reviews concerning the compliance with human rights and/or impact assessments (G4-HR9)

Special emphasis is placed on the protection of human rights with regard to the employment of security personnel, especially at EVN's business locations in South Eastern Europe. Consequently security personnel – either employed staff or external firms – are trained in the human rights aspects of the EVN Code of Conduct and the integrity clause. Human rights violations by security personnel can therefore be ruled out almost completely and are strictly sanctioned.

△ GRI indicator: Training for security personnel on the issue of human rights (G4-HR7)

EVN supports the UN Global Compact

Principle 1: EVN supports and respects the protection of internationally proclaimed human rights.
Principle 2: EVN makes sure that it is not complicit in human rights abuses.
Principle 3: EVN upholds the freedom of association and the effective recognition of the right to collective bargaining.
Principle 4: EVN supports the elimination of all forms of forced and compulsory labour.
Principle 5: EVN supports the effective abolition of child labour.
Principle 6: EVN supports the elimination of discrimination in respect of employment and occupation.
Principle 7: EVN supports a precautionary approach to environmental challenges.
Principle 8: EVN undertakes many national and international initiatives to promote greater environmental responsibility.
Principle 9: EVN encourages the development and diffusion of environmentally friendly technologies.
Principle 10: EVN works against corruption in all its forms.

Rights of EVN's employees and suppliers

For EVN and its subsidiaries at all locations, the right of free assembly and collective negotiation represents a cornerstone for the implementation of the Universal Declaration of Human Rights as well as the core work norms of the International Labour Organization (ILO). This right also forms an integral part of EVN's integrity clause, which is the basis for all of EVN's orders and contracts with suppliers and business partners. EVN and its subsidiaries do not conduct any business activities that could endanger the free exercise of employee rights, in particular the freedom of assembly and collective negotiation. In Austria and the other EU countries, these rights are guaranteed by law. EVN has also supported the works council in its Austrian Group companies as well as the founding of an EU works council to monitor compliance with these and other human and employee rights at the Group's facilities in the EU.

An analysis of the countries or geographical regions in which EVN's international subsidiaries operate concluded that Russia is the only business location outside the EU to be classified by the authoritative institutions as a risk country for human rights. EVN's legal department therefore conducted extensive research into human rights compliance in these risk countries and intensified its own further education in this field. In the course of the internal training sessions on the EVN Code of Conduct, the department also ensured that the management of the Russian subsidiaries and facilities were made aware of the need to comply with human and employee rights. Assessments and feedback indicated that these rights are not endangered by the business activities of EVN or its subsidiaries in Russia. As a further precautionary measure to protect human and employee rights, EVN evaluates the relevant risks prior to the start of each international project.

△ GRI indicator: Right to association and collective bargaining (G4-HR4)

As one of the key elements of international treaties, national social legislation, social guidelines and the ILO core work norms, equal treatment is a central factor for EVN's positioning as a responsible employer. Any discrimination would be condemned and sanctioned under EVN's compliance guidelines and personnel statutes. No incidents of discrimination on the grounds of ethnic, national or social origin, skin colour, gender, sexual orientation, religion or political orientation were reported during 2014/15.

△ GRI indicator: Number of incidents of discrimination and actions taken (G4-HR3)

☐ For more information on the application of the integrity clause for suppliers and service providers, see page 92f.

Projects to increase the awareness of children and young people for energy issues

EVN's social responsibility is also expressed in special projects for children and young people. The broad subject of energy and its responsible use were also the focus of activities in this area during 2014/15:

"EVN Researchers' World – The Whole World is Energy": discovering the subject of electricity through experimental learning

The "EVN Researchers' World", a **teaching and learning kit** developed by EVN on the subject of electricity, is currently in use at 320 elementary and special schools in Lower Austria. In the EVN Researchers' World, children can examine electrical phenomena, build electric circuits, demonstrate the conversion of various energy sources into electricity and learn about the careful use of energy. The kit includes materials for 25 experiments, quiz cards with assignments, solutions and examples of practical applications, a personal "researchers' booklet" for every boy and girl as well as information for the teachers. In order to prepare teachers for the subject of electrical energy and help them to optimally use the materials in their classrooms, EVN and the Lower Austrian Teachers' Training College offer supplementary training for at least one teacher per school on the use of the EVN Researchers' World. A total of 476 teachers have been trained in 25 workshops since the start of the project. The EVN Researchers' World gives roughly 27,000 children every school year an opportunity to learn and experiment.

Learning and researching in the Children's Business Week

As part of the 1st Children's Business Week in St. Pölten from 20 to 24 July 2015, companies were invited to introduce themselves to this very special target group in line with the motto "Giving children a closer look at business". EVN organised three idea workshops under the title "Electrical energy – What is that?", which were attended by roughly 80 children from seven to twelve years of age who took a detailed and creative approach to the subject.

EVN with support for diploma theses on energy subjects

Every year the experts at EVN accompany secondary school and university students on projects that deal with energy-related subjects. A particular challenge for the project participants is to develop solutions for real problems. During the 2014/15 school year, three students at the secondary technical school in Mödling, Lower Austria, focused their research paper on the planning of a multifunctional test device for the routine examination of the electrical protection system in EVN's hydropower plants. The planning phase was successfully completed with the students' graduation. Another group of students will build the device during the next school year, and EVN can look forward to a new, specially designed testing instrument. The company supports these projects by providing its employees' know-how and expertise and by financing the necessary materials.

Creation of value for society

As the employer of a workforce that totals 6,973 and a source of orders for more than 5,000 suppliers and service providers, as a listed company in which NÖ Landesbeteiligungsholding GmbH holds a stake of 51.0% and as a provider of energy and environmental services, EVN generates numerous direct and indirect positive effects for the society in its supply areas. EVN makes a direct financial contribution to the economies in which it operates through salaries, payments to suppliers, dividends and taxes. The most important contributions (excluding the multiplier effects for the entire economy) are outlined on the front cover flap of this report and in the consolidated financial statements and consolidated notes on page 141ff.

EVN Social Fund

EVN also meets its responsibility to its various stakeholder groups through numerous initiatives outside the operating business. The EVN Social Fund, which has an annual endowment of EUR 100,000, supports institutions in Lower Austria that work with children and adolescents.

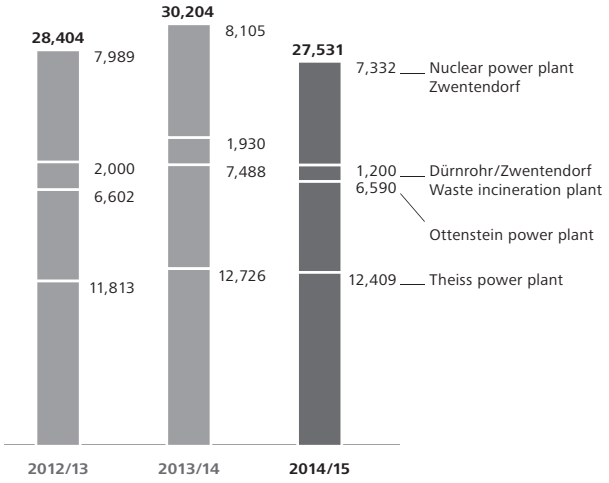
Decisions on the projects to be sponsored are taken by an expert committee that meets twice each year. Their recommendations for the use of funds are made unanimously to the Executive Board and led to the selection of 17 projects during the reporting year. EVN is also active outside Austria and provides support, above all, for day care centres, children's homes and schools in Bulgaria, Macedonia and Croatia.

Projects supported in 2014/15	EUR
Caritas – Let's move together!	7,500
Caritas – Being a girl – a world in pink?	7,000
Caritas – MO_TO – move together	8,000
Caritas St. Gabriel – Success in school through equal opportunity	8,000
Caritas – AnKICK German	6,000
Caritas – Group training in social skills	7,000
Caritas – Giving children a voice – children's rights & learning support	9,300
Association for the support of young people, Triestingtal – Intercultural girls' café, support centre ELEMENTS	6,000
Association for social housing, Neunkirchen – with all senses	1,500
Hilfswerk NÖ – FutureNet	10,000
Association for the support of young people, Neunkirchen – Girls Zone 2.0	2,000
Caritas – Get active – participation and democracy	8,000
Caritas – Salam – German in day-to-day life	10,000
Caritas St. Gabriel – turning tables	10,000
Provincial youth centre, Pottenstein – socially oriented parenting	6,500
Diakonie – open learning centre	10,000
Diakonie – UMF football	10,000
Total	**126,800**

△ GRI indicators: Indirect economic impacts (G4-EC8); Directly generated and distributed economic value (G4-EC1)

☐ The members of the Social Fund are listed on page 234.

Visitors to the EVN information centres



Investments and services in the public interest

EVN invested EUR 322.7m in the expansion and modernisation of its infrastructure and generation plants in 2014/15 (previous year: EUR 396.3m). These investments are intended to improve supply security and are therefore in the public interest. Many of the EVN power plants are open for visits by the general public and, in this way, support local tourism and education. For example, the non-operational nuclear power plant in Zwentendorf is available for tours and for educational and training purposes by private persons and companies. In connection with the construction of the pump storage power plant in Ottenstein, EVN also took over responsibility for the upkeep of the historical Ottenstein Castle in the 1950s. EVN makes an attractive contribution to the tourism offering in the Waldviertel region through the operation of the castle as an event location as well as by operating the Hotel Ottenstein, a boat rental and a restaurant on the Ottenstein reservoir.

○ See **www.hotelottenstein.at**.

△ GRI indicator: Infrastructure investments and services primarily in the public interest (G4-EC7)

Public subsidies

EVN invested EUR 1.4m (thereof 13.7% from public funding) in innovation, development, and research projects during the reporting year. EVN receives no additional financial support from the public sector. In cases where individual laws allow for the utilisation of incentives, e.g. the Green-Electricity Act or research and development tax credits, EVN evaluates the related conditions and applies for financial support where possible.

△ GRI indicator: Government financial assistance (G4-EC4)

Proceedings, fines and sanctions

The Bulgarian Commission for Protection of Competition initiated legal proceedings against EVN Bulgaria EP, EVN Bulgaria EC, EVN SEE and EVN Bulgaria to evaluate the possible infringement of legal regulations. These proceedings involve allegations of insufficient support and the obstruction of the registration process on the free market as well as the unjustified change of suppliers. A decision in this case is still pending. The Bulgarian Commission for Protection of Competition also initiated seven other proceedings against EVN Bulgaria EC and EVN Bulgaria EP, which are based on possible violations of Article 15 (unlawful agreements, resolutions and concerted practices) and Article 21 (misuse of a monopoly or controlling market position) of the Bulgarian Competitive Protection Act. One of the proceedings is still pending, and five ended with the conclusion

that EVN Bulgaria EC and EVN Bulgaria EP acted in agreement with all legal requirements. One case violation resulted in a judgment that competition law had been violated, but EVN Bulgaria EP has filed an appeal.

In Moscow, the anti-monopoly commission (FAS) issued a legally binding directive that declared a 1 June 2010 decision by the city government to be in violation of competitive law. The original decision by the city government transferred the MPZ1 waste incineration plant to the investor EVN and also required and authorised an increase in the capacity to 700,000 tonnes per year. EVN has initiated several proceedings against the government measures to repeal this directive and the investment contract, which are currently pending in various higher instances.

GRI indicator: Lawsuits in consequence of anti-competition practice, cartel or monopoly formation (G4-SO7)

In March 2014, the Bulgarian State Energy and Water Regulatory Commission (EWRC/the regulatory authority) started administrative proceedings to revoke EVN Bulgaria EC's licence. This action was justified by reference to EVN Bulgaria EC's offset of certain receivables due from the national electricity company Natsionalna Elektricheska Kompania EAD (NEK), which the regulatory authority claimed led to the reduction of NEK's cash reserves and impaired the company's ability to meet its legal obligations. The administrative proceedings are currently pending. The regulatory authority imposed a fine of BGN 1.0m on EVN Bulgaria EC during the administrative proceedings. EVN Bulgaria EC filed an appeal against this fine with the Plovdiv district court (PDC), which is the court of first instance. On 10 October 2014, the court ruled in favour of the EWRC and confirmed the fine. EVN Bulgaria EC filed an appeal against this decision with the administrative court in Plovdiv, which was rejected in a decision on 20 February 2015.

The EWRC also carried out investigations at EVN Bulgaria EP, which may lead to fines for violations allegedly revealed by a recent regulatory audit. The latest audit began on 6 January 2014 and covered EVN Bulgaria EP's operations from 1 July 2008 to 30 November 2013. The regulatory authority had, however, already conducted three audits at EVN Bulgaria EP since 2010 (two audits in 2013 alone). No reasons were given for this last audit, and EVN Bulgaria EP is unaware of any specific event or alleged violation that would provide grounds for increased controls.

As a result of the audit, the regulatory authority has imposed fines in 293 cases to date for a total of BGN 5.86m. EVN Bulgaria EP has filed appeals against all of these fines with the responsible Bulgarian court: twelve judgments were reversed, 34 were confirmed and the remaining proceedings are currently pending.

GRI indicator: Fines/sanctions as a result of illegal activities (G4-SO8)

Environment and climate

As an energy and environmental services company, EVN is committed to ensuring the careful use of resources and to making an active contribution to climate protection.

EVN and its stakeholders have defined "sustainable energy generation and climate protection" and "environmental protection and resource conservation" as central areas of activity in the EVN materiality matrix. These sustainability issues are therefore given particularly high priority in the corporate strategy and the company's daily actions. One of the primary goals is to also transfer the principles of environmentally-oriented management from Lower Austria to EVN's international subsidiaries. The extensive and regular monitoring of the many different environmental indicators is ensured by the professional management of the related negative issues. Many of these indicators are listed in this report. They all represent measured and calculated data, with the exception of one clearly designated case where only an estimate is available.

Organisation of environmental management at EVN

EVN established a separate environmental protection department already in 1990. It is responsible for the collection and analysis of data on the ecological impact of the company's activities in areas such as the use of resources, energy and water consumption, emissions, biodiversity, transportation, wastewater and waste. Based on its analyses, the department assists the operating units in preventing or minimising the environmental impact of their activities. EVN's environmental policy statement defines central goals and values as well as procedures and methods. The environmental management system at all EVN locations, which also covers occupational safety requirements, has been certified according to ISO 14001 and EMAS standards since 1995.

EVN created an Environmental Advisory Board in 1992 to advise the Executive Board on environmental and sustainability issues. In 2006, the scope of its activities was expanded to include social responsibility and its name was changed to the Advisory Committee for Environmental and Social Responsibility. The 28 members meet twice each year to discuss current issues. The meetings in 2014/15 focused on the following topics:

- → Conflicting priorities: family, work and society
- → Working in order to live? Living in order to work?
- → Global perspectives for water and energy
- → Water supplies for Lower Austria from pioneer days to modern natural filter plants

A list of the members can be found on page 234 and under **www.evn.at/Advisory-Committee-for-Environmental-and-Social-Responsibility**.

Sustainable energy generation and climate protection

EVN makes an important contribution to the attainment of Austria's climate protection targets through the continuous expansion and use of renewable energy sources, efficiency improvement measures and extensive advisory services for customers on reducing energy consumption. A central factor here is the creation of a balanced mix between optimal supply security and a minimal impact on the environment.

Climate protection management by EVN includes the following initiatives and strategic approaches:

- → Increase in the use of renewable energy sources (water, wind, sun, biomass and biogas): EVN has set a goal to generate 50% of its electricity production from renewable energy sources over the medium term. Investments are focused, above all, on the expansion of windpower capacity.
- → Improvement in the energy efficiency of EVN's own production plants and networks
- → Active participation in innovation, development and research projects to create new methods for the generation of electricity from renewable energy sources and the reduction of greenhouse gas emissions
- → Information and advice for customers on reducing their energy consumption
- → Safeguarding regional value added through the use of domestic energy sources (biomass and biogas)
- → Active participation in the introduction of alternative mobility concepts (electricity- or natural gas-powered cars)
- → Creation of a stronger awareness among the general public and employees through training courses and information events
- → Internal measures such as a stronger focus on environmental aspects in procurement

EVN's environmental policy statement can be found under **www.evn.at/EVN-Group/Responsibility/Ecology**.

Expansion of generation capacity from renewable energy

EVN is continuously investing in projects to reduce greenhouse gas emissions. The projects realised in 2014/15 increased EVN's annual savings by approximately 68,300 tonnes of CO_2. Examples of these projects are provided in the following section.

Windpower

With a total generation capacity of 250 MW (previous year: 213 MW), EVN is one of the largest windpower plant operators in Austria. EVN is also investing in new projects to raise its windpower generation capacity to 300 MW over the medium term and thereby further reduce CO_2 emissions:

→ The largest windpark realised by EVN to date was commissioned during the reporting year: in Prottes-Ollersdorf, EVN constructed twelve wind turbines with a total capacity of 36.6 MW. That represents a reduction of more than 55,000 tonnes of CO_2 per year.

Biomass

EVN currently operates more than 60 biomass plants, which make it the largest supplier of natural heat in Austria. Over 1.5m loose cubic metres of wood chips are used in these biomass plants each year. Continuous expansion is also the maxim for this area:

→ EVN's new biomass heating plant in Korneuburg brings CO_2 savings of 5,000 tonnes each year. This plant was built over a period of eight months and commissioned in November 2014. It supplies customers in the region with environmentally friendly long-distance heat over a network of roughly nine kilometres.

→ The climate alliance community of Mariazell now benefits from annual CO_2 savings of 3,300 tonnes: in November 2014 the official opening ceremony was held for the new biomass long-distance heating plant, which was constructed by a joint venture between the Mariazell municipal business corporation and EVN Wärme.

→ A further 2,500 tonnes of CO_2 per year are being saved since the opening of the new biomass heating plant in Leopoldsdorf in December 2014.

Other projects

→ With the "energy converter" in its Theiss power plant, EVN has developed an innovative method to utilise the energy peaks resulting from the surplus production of electricity from windpower and solar power to generate heat for the district heating network in the city of Krems. The use of the "energy converter" will save approximately 1m m^3 of natural gas in the future and thereby save approximately 2,500 tonnes of CO_2 per year.

△ GRI indicator: Reduction of greenhouse gas emissions (G4-EN19)

Efficiency of EVN's power plants

In addition to the expansion of generation capacity from renewable energy sources, EVN is also working to continuously increase the efficiency of its power plants, above all through certifications (e.g. according to EMAS). The related projects are intended to reduce the use of resources and cut emissions in electricity generation. EVN's CSR discussions also include the regular definition of concrete goals and measures to strengthen the efficiency of the thermal power plants, increase the coverage ratio and improve energy savings in power plant operations.

☐ For information on progress in this area during 2014/15, see the CSR programme on page 224.

The average efficiency level (per cent of the actual transformation of fuel into electricity or heat) of EVN's natural gas-fired power plants in Austria and Bulgaria equalled 70.42%[1] in 2014/15 (previous year: 71.3%). The comparable value for EVN's coal-fired power plants averaged 53.56% (previous year: 50.3%).

1) Value weighted by capacity

△ GRI indicator: Efficiency (EU11)

G_Pfiffinger @birdlife

My name is Gerald Pfiffinger. I am the managing director of BirdLife Austria, an association dedicated to supporting the protection of birds and nature in Austria.

G_Pfiffinger
@birdlife

bookmark

If the energy transition comes to a halt, how can the energy system become environmentally friendly?
#2025

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EVN Future Lab
@EVN_Future_Lab

bookmarked ✓

#We_have_answers

When the issue is respect for the environment, there is no turning back. The EVN Future Lab is working to continue and intensify the present course. Over a period of four years EVN is investing 140 million euros in wind energy and a further 120 million euros in decentralised heat generation from biomass. We currently have 250 MW of windpower capacity, which we intend to increase to 300 MW within only a few years. But environmental protection is also an important issue for EVN's conventional power plants – as is clearly demonstrated by the EMAS certification of all our plants in Austria. Our focus here is also on the use of new technologies, for example the recycling of CO_2.

Direct GHG emissions (Scope 1)[1] (EN15)		2014/15	2013/14	2012/13
Austria and Germany[2]	t CO_2	2,232,258	2,058,900	1,513,334
Bulgaria	t CO_2	162,109	154,198	161,422
Macedonia	t CO_2	2,266	2,465	2,628
Total	t CO_2	**2,396,633**	**2,215,563**	**1,677,385**
	t CO_2/GWh	**334.31**	**336.21**	**281.54**

1) EVN's direct emissions (Scope 1) include the CO_2 emissions from its own plants and facilities, which result from the use of primary energy carriers (hard coal, natural gas, crude oil) for energy generation and from its own use and transportation (fuels).
2) Commissioning of the Duisburg-Walsum power plant during business year 2013/14

Indirect GHG emissions (Scope 2)[1] (EN16)		2014/15	2013/14	2012/13
Austria and Germany[2]	t CO_2	126,222	110,248	62,903
Bulgaria	t CO_2	52,782	53,374	56,371
Macedonia	t CO_2	3,933	4,051	4,522
Total	t CO_2	**182,937**	**167,674**	**123,796**
	t CO_2/GWh	**336.27**	**358.79**	**378.85**

1) Indirect emissions (Scope 2) are emissions attributed to the volumes of electricity, heat and cooling used by EVN and the emissions attributed to their production.
2) Commissioning of the Duisburg-Walsum power plant during business year 2013/14

Emissions

Direct and indirect greenhouse gas emissions

EVN has implemented numerous measures to improve the efficiency of its operations and reduce the emissions from production, energy procurement and customer usage. Direct and indirect greenhouse gas emissions are calculated on the basis of the rules and factors defined in the EU Emission Trading Guideline for the individual countries and cover all CO_2 emissions. The calculation is based on the primary energy carriers used and the given emission factors. The allocation of the emissions to the individual categories (scopes) follows the recommendations issued by the Greenhouse Gas Protocol (GHG Protocol) of the World Resource Institute (WRI).

The absolute volume of direct greenhouse gas emissions increased in 2014/15 due to the first full year of operations in the Duisburg-Walsum coal-fired power plant, which was commissioned in December 2013.

△ GRI indicators: Direct greenhouse gas emissions (Scope 1) (G4-EN15); Indirect greenhouse gas emissions (Scope 2 and 3) (G4-EN16,17)

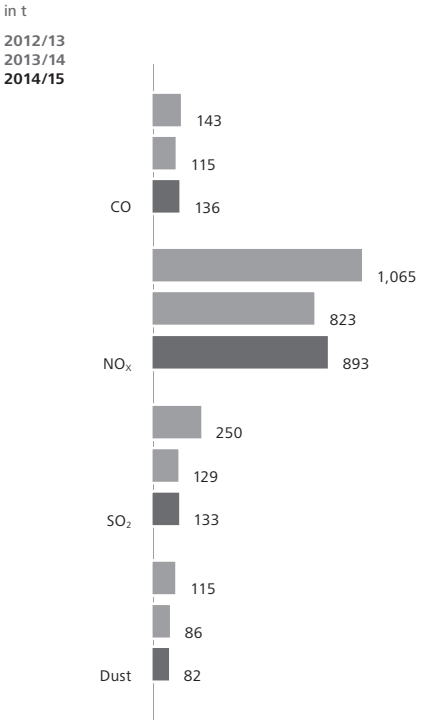
Other indirect GHG emissions (Scope 3)[1] (EN17)[2]		2014/15	2013/14	2012/13
Total	t CO_2	**6,376,738**	**7,045,323**	**7,466,395**
	t CO_2/GWh	**302.53**	**318.76**	**321.41**

1) Scope 3 emissions include further indirect emissions, which arise in the supply chain (emissions from the extraction and transport of primary energy carriers) through the electricity and natural gas sold to and used by end customers and from the travel by EVN employees with public transportation.
2) The prior year values were adjusted retrospectively (initial inclusion of the upstream CO_2 emissions from primary energy carriers calculated on the basis of the UNFCCC factors as well as changes in the calculation method).

Intensity of GHG emissions[1] (EN18)[2]		2014/15	2013/14	2012/13
Total CO_2 Emissions	t CO_2/GWh	**378.82**	**385.97**	**353.05**

1) Total specific emissions from Scope 1–3 in relation to the sales volumes of electricity and natural gas (19.263 GWh of electricity and 5.241 GWh natural gas for 2014/15)
2) The prior year values were adjusted retrospectively (initial inclusion of the upstream CO_2 emissions from primary energy carriers calculated on the basis of the UNFCCC factors as well as changes in the calculation method).

Specific emissions of the EVN thermal and district heating (power) plants (EN21)[1)]



1) Annual average of the Austrian plants

Environmental protection and resource conservation

The protection of the environment and the careful use of resources are among the central CSR issues for an energy and environmental services company. EVN's materiality matrix, with its high priority on "environmental protection and resource conservation" as a key area of activity, stands for environmentally-friendly energy, water and waste management services, the systematic improvement of the company's impact on the environment and the efficient and responsible use of energy and resources.

Responsible use of energy

EVN realises efficiency improvements in many areas through the use of new technologies and continuous optimisation measures, also in connection with additional voluntary target agreements related to its EMAS certifications.

The related goals and measures are also described in the CSR programme beginning on page 224.

The development of EVN's own energy consumption in comparison with the previous year is shown in the table on GRI indicator EN3. EVN's energy intensity[1)] totalled 26.15 MWh of primary energy for each GWh of electricity generated. EVN uses electric vehicles, among others, for short distances wherever feasible to reduce indirect energy use and is working to increase the use of vehicles with alternative power sources for longer distance travel. In addition, business trips are minimised as far as possible through the use of video conferencing. In Bulgaria, plant windows were replaced and a solar-thermal system for independent warm water supply was installed at one of the headquarters to reduce the indirect use of energy.

1) Energy intensity includes EVN's own consumption of electricity, natural gas, heat and heating oil as a percentage of the total energy sales volume.

For details on the EMAS certifications, see page 72.

GRI indicators: Energy consumption within the organisation (G4-EN3); Energy intensity (G4-EN5); Reduction of energy consumption (G4-EN6)

The products and services in EVN's core businesses (energy, water, services) do not lead to any (additional) energy consumption for customers in Austria, Bulgaria, Macedonia and Germany. No data is available on energy consumption by suppliers or service providers.

Direct and indirect own energy consumption broken down by primary energy sources (EN3, EN4)

		2014/15	2013/14[1)]	2012/13[2)]
Natural gas	MWh	7,066	5,258	6,229
Electricity	MWh	536,562	459,049	316,504
Heating	MWh	9,116	8,283	10,260
Heating oil[3)]	MWh	307	179	324
Total	MWh	**553,050**	**472,769**	**333,318**

1) From 2013/14 incl. WTE and Duisburg-Walsum power plant (proportionally)
2) From 2012/13 incl. Bioenergie Steyr (proportionally)
3) Heating oil is used in Macedonia only.

△ GRI indicator: Energy consumption outside of the organisation (G4-EN4)

Implementation of the Energy Efficiency Act at EVN

EVN's guiding principle "Using energy efficiently" ("Energie vernünftig nutzen") is an integral part of the company's logo and has underscored the high value that has for many years been placed on the efficient use of energy. In line with the motto "The most environmentally friendly, low-cost kilowatt hours are the ones that are not used", EVN has developed a variety of services to help meet this claim. Wide-ranging energy advising opportunities for businesses and households, the installation of photovoltaic equipment, the replacement of heat pumps and efficient municipal street lighting are only a few examples of the services offered by EVN to increase energy efficiency in its various customer segments.

The introduction of the "EVN Bonus World" in April 2015 not only creates incentives for customers to save energy, but also to purchase products and equipment that can further improve energy efficiency.

EVN also looks continuously for opportunities to reduce its own energy consumption. The entire workforce was invited to take part in an energy efficiency campaign and submit recommendations for energy savings. Many new ideas were received in the course of this campaign, such as the installation of photovoltaic equipment in small-scale power plants to cover internal electricity requirements. Another idea is fuel-saver training for employees who travel frequently to help reduce EVN's fuel consumption through improved driving techniques. Bonuses based on the realised savings were awarded for the implemented ideas. EVN sees this critical interaction with the subject of energy efficiency not merely as a legal obligation, but more as a promising opportunity to develop new markets and business ideas, foster new cooperation partnerships and, not least, to intensify customer contacts.

❑ For details on the Energy Efficiency Act, see the management report on page 106.

Energy storage and demand side management

The increasing, but volatile generation of electricity from renewable energy sources such as wind and sun has led to a greater demand for flexibility in the electricity network in order to maintain a continuous balance between generation and consumption. Active demand side management (DSM) and load management allows for the management of consumers' energy requirements and the appropriate adjustment of electricity generation.

EVN has been working on this subject for many years and has now successfully realised the first projects. One example is the application of the power-to-heat concept in the "energy converter" project.

EMAS: 20 years at EVN

EMAS, the Eco-Management and Audit Scheme, was introduced by the EU in 1993 as a voluntary environmental management system. Its goal is to enable organizations to continuously improve their environmental performance. The related environmental certification is considered the most demanding and comprehensive of its kind in the world. In addition to the internal auditing of compliance with legal regulations and the requirements of public authorities, this scheme defines measures to conserve resources and reduce emissions. EVN started the certification process for its power plants in 1995: the Theiss power plant was one of the first plants in Lower Austria to be certified under EMAS, and the Dürnrohr power plant followed shortly thereafter.

The newest member of EVN's EMAS family is the thermal power plant in Korneuburg, which was successfully audited under EMAS/ISO 14001 standards in March 2014. That means 100% of the energy generated by EVN's thermal power plants in Lower Austria comes from EMAS-audited locations. EVN Wärme has also used this environmental management system for 15 years. The number of certified facilities is increasing steadily from the current level of 46 to include newly built or acquired long-distance heating plants. The next external audit in spring 2016 will focus on the addition of three new plants.

As a further step in support of EMAS, a planning project was started in 2013/14 to integrate EVN's headquarters in this environmental management system. The first concrete steps were taken by the project team in spring 2015 with the definition of the system limits and relevant processes.

○ A list of all EMAS certified plants can be found under **www.umweltbundesamt.at/umweltsituation/ums/emas**.

When the supply of electricity from renewable energies exceeds the demand, warm water will be produced with a 5 MW aggregate and stored in the Theiss district heating accumulator. In this way, surplus energy can be used to supply district heating for the city of Krems.

As part of a smart grid project in Lichtenegg, Lower Austria, EVN is researching the combination of generation, energy storage, networks and consumption. The optimised interaction of the individual components should allow for energy- and cost-efficient system operations. The keys to the success of this project are seen in the communications between the system participants and the storage of the energy. A vanadium redox flow battery with 10 kW of voltage and 100 kWh of energy storage capacity will be used for this purpose. It will help to analyse the possible use of storage devices in future energy systems as a means of minimising emissions and improving the efficient use of energy in the future.

EVN also started a further activity in the area of demand side management at its Bulgarian subsidiary: the iUrban project, which is financed by the EU and will be realised from October 2013 to September 2016, is designed to develop a solution for intelligent energy management. The web-based software created for this purpose will be implemented with household customers and at the municipal level and allows for the intelligent merger of energy supply and demand. Information on consumers' habits is being collected over an online platform and will then be used for the efficient management of locally generated and consumed energy.

Responsible use of resources

Materials

The materials used by EVN consist mainly of primary energy carriers such as fossil fuels, waste and biomass. Only a limited amount of recycling material is used with these components for technical reasons. The energy generation and wastewater purification plants use various substances as secondary components.

For details on the materials used, see the tables on G4-EN1.

GRI indicators: Materials employed by weight or volume (G4-EN1); Use of recycled materials (G4-EN2)

Material utilisation for energy generation[1] (EN1)		2014/15	2013/14	2012/13
Fossil fuels[2]	Terajoule	26,483	24,157	18,195
Biomass	Terajoule	2,766	2,750	2,757
Waste[3]	Terajoule	4,959	4,682	4,205

1) The EVN thermal power generation and heating power plants in Austria, Germany and Bulgaria and the thermal waste utilisation plant in Dürnrohr/Zwentendorf
2) Natural gas, anthracite, heating oil
3) For incineration by the waste incineration plant in Dürnrohr/Zwentendorf

Material utilisation – network construction in Lower Austria[1] (EN1)		2014/15	2013/14	2012/13
Additional power lines	km	1,818	1,350	1,087
Additional natural gas pipelines	km	51	34	132
Additional heating lines	km	113	35	68

1) Includes overhead lines as well as underground cables and pipelines.

Water withdrawal (EN8)		2014/15	2013/14[1]	2012/13
Drinking water (municipal suppliers)	m³	373,491	360,338	320,877
Water use (groundwater)	m³	1,901,724	1,919,131	1,720,062
Cooling water (surface waters)	m³	163,007,226	158,617,752	237,576,241

All plants in Lower Austria, Bulgaria and Macedonia
1) From 2013/14 incl. WTE and Duisburg-Walsum power plant (proportionally)

Materials employed in energy generation and wastewater purification[1] (EN1)		2014/15[1]
Limestone	t	21,268
Ammonia	t	1,004
Ammonia water	t	1,383
Demineralised water	m³	138
Lubricating oils	t	4
Hydrochloric acid	t	186
Sodium hydroxide	t	66
Dosing media	t	11
Rock salt	t	103
Lime hydrate	t	331
Precipitants	l	1,064
Flocculating agents	l	1,020
Citric acid	l	2
Urea	t	15

1) At the EVN thermal power generation and heating power plants in Austria and Germany, at EVN Wasser and in the WTE wastewater purification plants

Water

Drinking water consumption increased during the reporting year, in particular due to the higher number of operational heat generation plants. This development was offset in part by reductions in other areas. The primary reason for the decline in utility water consumption was lower demand from the Dürnrohr power plant. The increase in cooling water consumption is explained primarily by the higher use of the thermal power plants.

△ GRI indicator: Total water withdrawal by sources (G4-EN8)

EVN plants obtain their water from municipal providers or groundwater wells. In 2014/15, the cooling water flow rate at the thermal power stations along the Danube River totalled 159.7m m³. This corresponds to 0.27% of the average annual volume of the Danube recorded at the Korneuburg gauge[1] (measuring point number 207241), which amounted to 59,981m m³ and remains clearly below the allowed threshold of 5%.

1) Source: Austrian Hydrographical Annual 2011, Federal Ministry of Agriculture, Forestry, Environment and Water Management

△ GRI indicator: Sources of water that are fundamentally affected by the withdrawal of water (G4-EN9)

In 2014/15, 198 m³ of seepage water from landfills (water meter measurement) and approximately 1,000 m³ rainwater from the seepage water basin (estimate based on the volume of precipitation) were recycled in flue gas cleaning at the Dürnrohr power plant. EVN does not use any other recycled water or grey water.

△ GRI indicator: Recovered and reused water (G4-EN10)

Biodiversity

Effects of business activities on biodiversity

EVN is committed to minimising the impact of its business activities on nature, in particular through a special focus on protecting the natural habitats of local flora and fauna in the areas surrounding the company's plants and projects. Due to the company's infrastructure – power plants and networks – this impact primarily involves habitats in the water and in the air. Hydropower plants can have an impact on biodiversity, above all because of the limited passage through rivers, while the impact of thermal power plants is related to the temperature of the cooling water released into the rivers. Windpower plants and overhead power lines can represent a danger for various types of birds such as storks, imperial eagles and great bustards as well as bats when they are located at the same height as their flight routes. Bulgaria is particularly involved, as an important route for migratory birds leads through EVN's supply area.

△ GRI indicator: Impact of business activities on biodiversity (G4-EN12)

Measures to protect and restore natural habitats

EVN is working on numerous initiatives and programmes to protect the natural habitats in its area of influence. This often takes place in close cooperation with experts from NGOs and local authorities, especially in the sensitive area of bird protection. For example: numerous bird protection measures have been implemented through joint projects in Austria, Bulgaria and Macedonia (see the list below).

EVN's properties in Austria in protected areas or adjacent to protected areas[1] (EN11)	Number	Area (ha)
Properties in protected areas (>50 m²)	679	479.4
Properties in protected landscape areas (>50 m²)	410	369.9
Properties in Natura 2000 areas (>50 m²)	526	244.1
Properties directly adjacent to protected areas	19	24.2
Total	**1,634**	**1,117.6**

1) Excluding pipeline routes; multiple answers possible

With regard to the natural habitats in water areas, EVN pays particular attention to the sensitive biodiversity of the surrounding water areas by exactly complying with administrative requirements for the discharge temperatures of cooling water into rivers (also see further below). The measures at EVN's hydropower plants help to support the migratory movements of fish through the installation of so-called "fish bypasses".

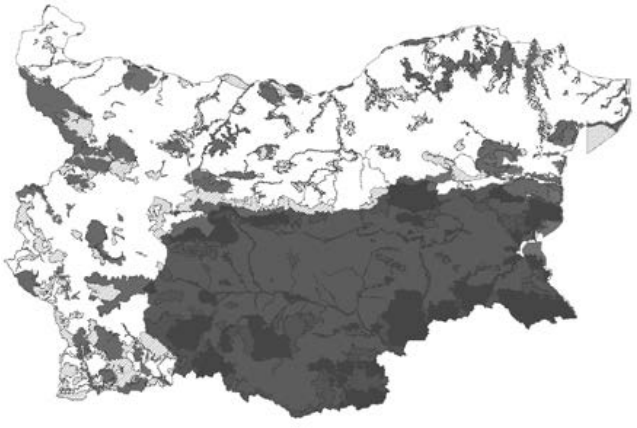
Reservoir monitoring plays an important role in protecting the biodiversity near hydropower plants. EVN holds an annual conference with the public authorities and stakeholder groups at the Ottenstein reservoir to discuss relevant issues, in particular the reservoir's importance as a habitat for fish. A central measure to protect biodiversity at the Ottenstein reservoir was the installation of online monitoring equipment, which was developed by DWS-Hydro-Ökologie GmbH together with EVN's staff department for environmental protection and controlling. This equipment continuously records and controls the parameters required to evaluate the water quality. A probe can extend to the bottom of the lake from its base on a floating measurement station to measure the pH, temperature and oxygen content at various levels. The goal of this extensive data collection is to research the effects of return pumping operations and heavy rains on the water quality as well as algae development.

EVN is also working on numerous other projects to protect biodiversity:

- → Installation of fish bypasses at the small-scale hydropower plants in Hohenstein, Erlauf, Zöbing, Wieselburg and Blumau
- → Project start in 2014/15 for the installation of protective coverings for over 150 power poles by Netz Niederösterreich GmbH in cooperation with BirdLife Austria following the successful completion of pilot projects with 20 medium-voltage poles
- → Joint projects with the association for the protection of great bustards in Austria (continuation of the LIFE+ project)
- → Construction of nest platforms for storks (endangered species of white and black storks) in Bulgaria and Macedonia
- → Joint project with the Bulgarian Association for Bird Protection to protect the imperial eagle and gyrfalcons (EU LIFE+ programme)
- → Project to protect the bird life at the Burgas lakes in Bulgaria
- → Joint project with the Macedonian Environmental Association for the Protection of Birds in the Ovce Pole region (assessment of the impact of energy grids on birds)
- → Participation in the construction of a Macedonian national environmental network MAK-NEN

Protected areas in Lower Austria (EN11)

Protected areas in Bulgaria (EN11)



- Special protected areas (SPA) by the Natura 2000 network, Directive 79/409/EEC on the conservation of wild birds (briefly: Birds Directive)
- Special areas of conversation (SAC) by the Natura 2000 network, Directive for conserving natural habitats and the animal and plant species they contain 92/43/EEC (briefly: Fauna and Flora Directive)
- EVN Bulgaria

As a continuing measure for the management of the impact on biodiversity, EVN also works to integrate supervision based on ecological principles into its construction projects.

△ GRI indicator: Habitats protected or restored (G4-EN13)

The countries in which EVN's main locations for the energy business are situated – Bulgaria, Macedonia and Austria – are also the habitats for a wide variety of flora and fauna. A list ranked by the species endangerment as defined by the International Union for Conservation of Nature (IUCN) can be found in the following table.

Endangered species as defined by the IUCN red list with habitats in Bulgaria, Macedonia and Austria (EN14)	Animals	Plants
Critically endangered	48	0
Endangered	62	10
Vulnerable	117	7
Near threatened	116	12
Least concern	1,109	415

△ GRI indicator: Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations (G4-EN14)

An extensive network is necessary to ensure complete coverage for electricity and natural gas supplies. Approximately 25% of the surface territory of Lower Austria is designated as protected areas. In order to minimise the environmental impact on these areas, EVN places great importance on responsible network planning and construction.

△ GRI indicator: Land use in protected areas (G4-EN11)

In 2014/15, alternative sites totalling 77.75 ha were held for windpower plants in Lower Austria. The alternative sites for pipeline routes are published in publically accessible documents on the environment and environmental impact tests.

△ GRI indicator: Biodiversity of alternative locations (EU13)

Waste and wastewater

EVN, together with its subsidiaries EVN Wasser and WTE, is active in providing drinking water supplies and wastewater purification. In this way, the company plays an important role in maintaining an intact water cycle. In the area of wastewater disposal, WTE treated roughly 156.3m m³ of wastewater in 2014 with a mean purification performance of 88%[1]. That represents service for roughly 1.5m residents. The sewage sludge from this process is partly used for agricultural applications and compost production and partly deposited in a landfill or used to generate heat. WTE has planned and built 100 wastewater treatment plants since its founding, and a further eight plants for 1.97m residents are currently under construction. This subsidiary is also responsible for operations at 23 of these plants. WTE's plants purify the wastewater from approximately 18.2m people and return it to the water cycle.

1) Average value over the parameters for chemical oxygen requirements, biological oxygen requirements, total nitrogen and total phosphorous. The per cent value means that 88% of the pollutants were removed.

In cases where the type or quantity of a wastewater stream differs from ordinary household wastewater and where it is connected to a sewage system, EVN concludes contracts with sewage treatment plant operators based on the indirect discharge. These contracts contain detailed provisions for the allowable amount of wastewater, the main substances it may contain and the required wastewater inspections. Direct discharges into surface water are regulated by the wastewater emission ordinance and various water-related guidelines. EVN's wastewater streams are regularly tested by accredited external institutions. Possible harmful environmental effects are minimised by strict compliance with the requirements of various public authorities for cooling water discharge temperatures. The purification plants operated by EVN's subsidiaries discharged a total of 156,219,490 m³ of purified wastewater into the surface water in five countries during 2014/15.

△ GRI indicator: Total water discharge (G4-EN22)

The hazardous and non-hazardous waste regularly occurring in Austria is transferred to licensed disposal specialists based on framework contracts. These specialists dispose of the waste in accordance with Austrian law (thermal or material utilisation or deposition). No hazardous and non-hazardous waste was disposed outside Austria during the reporting year.

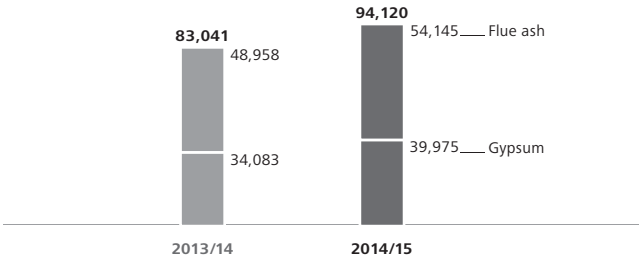
EVN recycles all fly ash and coarse ash. The waste product REALIT was stored in company-owned landfills up to October 2009 and has been utilised to 100% since November 2009. Roughly one-half of the biomass ash from district heat production is transferred to a disposal firm and then utilised.

△ GRI indicators: Waste by type and disposal method (G4-EN23); Weight of imported and exported waste deemed hazardous (G4-EN25)

EVN records all environmentally relevant incidents in a standardised reporting system that covers the plants in Austria, Bulgaria and Macedonia. There were three significant cases of contamination at EVN's Austrian plants in 2014/15. These incidents involved oil spills which led to the pollution of in total approximately 10 m³ of soil.

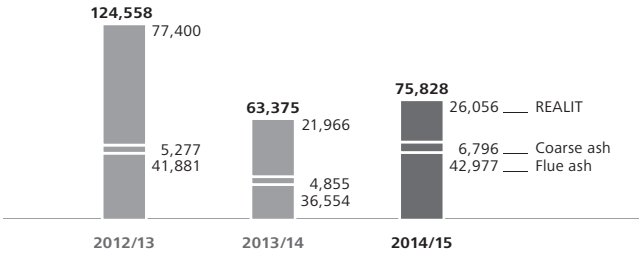
Duisburg-Walsum power plant – utilised quantities of by-products (EN23)

in t/year



Austrian power plants – utilised quantities of power plant by-products (EN23)

in t/year



None of the incidents involved contamination of the ground water. In all three cases, the polluted earth was removed and the areas were refilled with clean earth. There were no incidents in Bulgaria or Macedonia during the reporting year.

△ GRI indicator: Weight and volume of significant contamination (G4-EN24)

A major part of EVN's wastewater is cleaned by treatment plants before it reaches any surface water. At the power plants, quality-monitored wastewater flows that meet current environmental standards are discharged into the Danube River. This practice does not cause any relevant damage.

△ GRI indicator: Waters affected by wastewater discharges and surface run-off (G4-EN26)

Products and services and their transport

Due to the nature of its business activities, the environmental impact of EVN's products is related primarily to emissions. Numerous measures have been implemented to prevent and minimise these emissions, among others through innovation, development and research as well as the use of state-of-the-art filter technology in existing power plants to prevent emissions and ongoing internal efforts and advising for customers to improve energy efficiency. Plans also call for an increase in the share of renewable energy in electricity generation to 50%.

△ GRI indicator: Initiatives for the reduction of environmental impact caused by products and services (G4-EN27)

The energy supplied by EVN is delivered through power lines and, consequently, only the ecological effects from the construction of these lines are relevant. These effects are identified through nature

Development of waste quantities[1] (EN23, EN25)		2014/15	2013/14[2]	2012/13
Hazardous waste	t	11,246	10,703	9,266
Non-hazardous waste	t	166,592	180,512	137,663
Export of hazardous waste[3]				
Hazardous waste	t	0	0	0

1) With no construction residue or power plant side products
2) From 2013/14 incl. WTE and Duisburg-Walsum power plant (proportionally)
3) Oil containing PCBs from Macedonia to France for disposal

and environmental impact assessments and can be reviewed in documents that are available to the general public. The ecological effects of employee transportation are included in the indicators EN15 (fuel) and EN17 (flights). Data is not collected on the emissions resulting from transportation by EVN's suppliers.

△ GRI indicator: Significant ecological impacts of transport (G4-EN30)

Expenses and investments for environmental protection

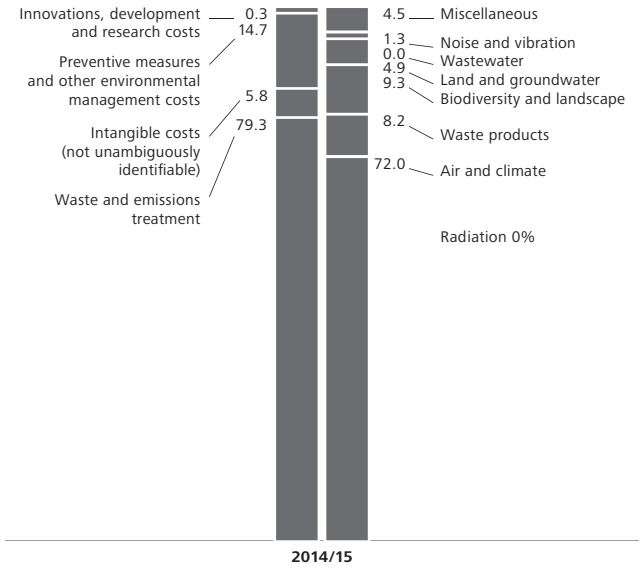
The environmental cost calculation includes all fully consolidated and relevant subsidiaries of the EVN Group in Austria. Environment-related expenditures are expected to total over EUR 10,000 for 2014/15. The collection of this data is based on the International Environmental Cost Accounting Guideline issued by the International Federation of Accountants. Environmental costs are defined as the monetised, internal costs of the impact of business activities on the environment and, in particular, the costs of damage prevention and repair. In 2014/15 the environmental cost calculation was adjusted during the implementation of a new cost accounting structure. The comparison of the reporting year data with previous periods is thus limited and therefore not presented in this report.

In 2014/15 the environmental costs of the analysed business areas amounted to EUR 88.8m. These costs include expenses for damage repairs (e.g. for the restoration of contaminated sites) as well as damage prevention (e.g. for environmental management and/or flue gas cleaning). On the charts, these expenditures are classified by environmental media and cost categories. The highest costs are found in the area of emission treatment because of the extensive amount of flue gas cleaning. Environment-related income (scrap metal sales, waste-generated steam) totalled EUR 23.5m in 2014/15.

△ GRI indicator: Total expenses and investments for environmental protection (G4-EN31)

Environmental costs by cost categories and environment media (EN31)

in %



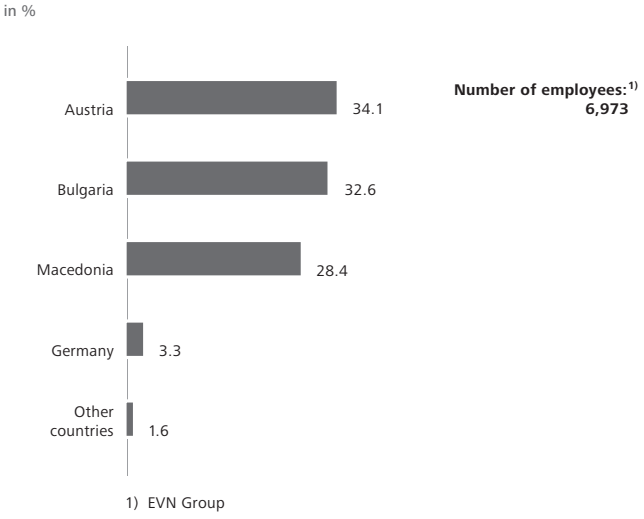
Employees

The central importance of employees for EVN and its stakeholders is underscored, not least, by the high priority given to the area of activity "responsible employer" in EVN's materiality matrix.

The EVN Group employed an average of 6,973 employees during the 2014/15 financial year. The international expansion of business over the past ten years – EVN was active in 13 countries during the reporting year – has created substantial cultural diversity within the Group. As a means of maintaining EVN's identity and brand promise toward its stakeholders in all countries according to the same high standards applied in Lower Austria, key values were introduced throughout the entire Group: E(V)Nsure, E(V)Ncourage, E(V)Nable. They represent an important element of the major instruments that determine the corporate culture, e.g. the managerial mission statement and the feedback and orientation sessions (FOS). These key values help employees to fill the EVN brand with life.

Detailed information on EVN's key values can also be found on page 34.

Employees per operating location in the 2014/15 financial year (LA1)



Principles of human resources management

EVN is committed to the equal treatment of the wide-ranging interests of its stakeholders and, for that reason, also places high value on meeting the diverse needs of its employees. EVN not only meets its legal obligations as an employer, but also provides numerous voluntary benefits. With this continuous engagement, EVN offers its employees a positive working environment where they can develop their skills and talents. The central values of the corporate culture and the treatment of employees are defined in principles that apply throughout the entire EVN Group.

Equal treatment and opportunity

The EVN Group is active in a large number of countries with different working conditions. This diverse operating environment led to the company's decision to comply with the principles of the International Labour Organization (ILO). Moreover, EVN joined the UN Global Compact in September 2005 and thereby confirmed its intention to act in accordance with the global principles of ethical business behaviour. Closely connected with this commitment is the challenge to eliminate all discrimination on the basis of nationality or ethnic background, gender, sexual orientation, culture, religion, age or state of health.

Employee key indicators (G4-10, LA1)		2014/15	2013/14	2012/13
Number of employees[1]	Number	6,973	7,314	7,445
thereof women	%	21.9	21.4	21.9
Apprentices[2]	Number	55	52	46
Employee fluctuation[3]	%	2.2	2.8	3.2
Average employment period	Years	16.8	16.0	16.1
Average age	Years	44.2	43.8	43.5
Revenue per employee[4]	EUR	306,298	270,007	282,858
Sick days per employee	Number	10	10	10
Cost of personnel in relation to revenue[4]	%	14.7	15.9	14.5

1) On full-time equivalent (FTE) basis; annual average
2) Apprentices in Austria and Germany only due to dual education system
3) Excl. departures due to Bulgarian and Macedonian redundancy programme and excluding retirement
4) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see Full Report 2013/14, page 148).

People with the same professional and personal qualifications are given equal treatment in hiring, further training and career development, working conditions and salaries. EVN also signed a "charter on the new compatibility between parents and business" in May 2011 as well as introducing the "Women@EVN" programme during the 2010/11 financial year.

Corporate social partnership

EVN takes major business decisions in a transparent manner in agreement with the managerial mission statement and in accordance with legal regulations. Employee representatives are integrated into the decision-making process and supplied with appropriate information. Workforce reductions that result from a decline in production are carried out in agreement with employee representatives and the involved employees.

Health care, occupational safety and accident prevention

Occupational safety and accident prevention have high priority in all EVN business units. The high level of safety is ensured, above all, by training and awareness-building measures. In addition to legal regulations, EVN has issued comprehensive internal safety rules in the form of business directives and guidelines. The main section is a special "Safety Handbook" tailored to working conditions in the energy industry which is available to all employees on the Intranet.

Up-to-date and comprehensive information for employees

The magazine "EVN Intern" provides employees with regular information on corporate developments. In addition, the EVN Intranet contains a broad overview of current issues related to the company, energy supply and employee representatives as well as information on seminars and other training events. A personal section allows each employee to review the data on his or her own flexi-time or remaining vacation days. In order to support the preferred internal filling of positions, job advertisements are also posted on the Intranet. These and additional measures promote the Group-wide exchange and employment of personnel.

Employee commitment to social causes

Many EVN employees not only work for the company, but also make valuable contributions to society. A large number of EVN's employees do volunteer work in organisations like the Red Cross or the local fire brigade during their free time. As an employer, EVN supports this commitment by excusing employees from work for up to half of the invested time in case of an operation. In 2014/15 EVN employees were additionally given the opportunity to work on projects for refugees or persons granted subsidiary protection and were excused from work for up to eight hours for this purpose. EVN also helps employees to accumulate the necessary vacation time for volunteer services through flexi-time work models.

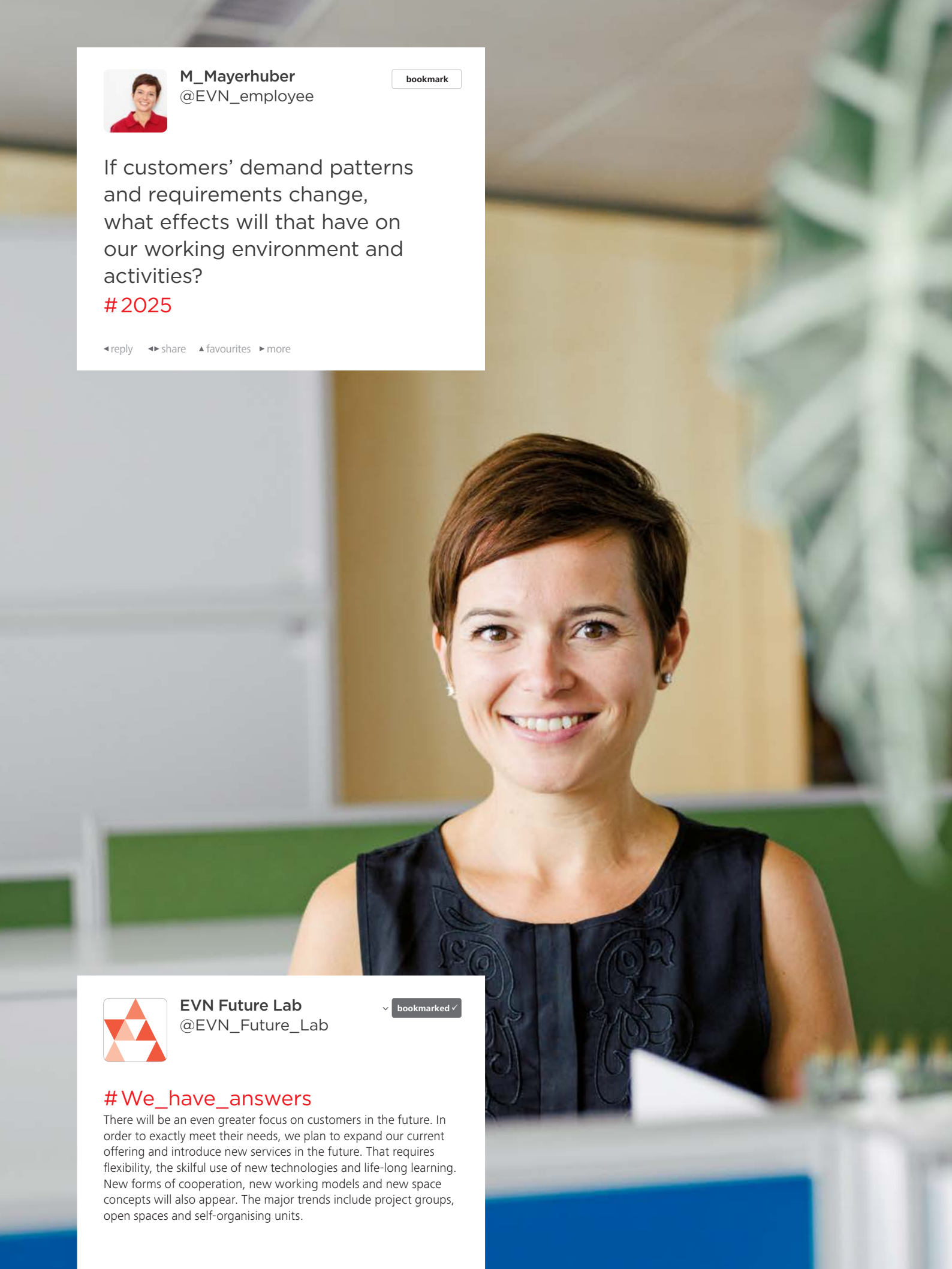
Human resources activities and initiatives

The most important activities and initiatives continued or initiated by the human resources department in 2014/15 include:

- → EVN Group Days 2015: team-building event for managers
- → Processing of the full workforce survey on mental stress on the job in Austria
- → Culture and sports club hiking day in connection with the Lower Austrian provincial exhibition
- → Further development of the feedback and orientation sessions (FOS) to increase the focus on results
- → Internal branding in Macedonia
- → Development of health programmes for Bulgaria and Macedonia
- → Children's programme Holidays@EVN
- → Parent-and-child office
- → EVN Summer University (SUN) – in cooperation with the Danube University Krems
- → Various trainee programmes
- → EVN apprentice support programme
- → Group-wide know-how transfer and dialogue
- → Management support programme

M_Mayerhuber @EVN_employee

My name is Monika Mayerhuber. I have been an EVN employee since 1999. After nearly 16 years in the customer accounting department with responsibility for our large customers, I transferred to the electro-mobility area in November 2015. I am really looking forward to the many new challenges in this business area.



M_Mayerhuber
@EVN_employee

bookmark

If customers' demand patterns and requirements change, what effects will that have on our working environment and activities?
#2025

◂reply ◂▸share ▴favourites ▸more

EVN Future Lab
@EVN_Future_Lab

bookmarked ✓

#We_have_answers
There will be an even greater focus on customers in the future. In order to exactly meet their needs, we plan to expand our current offering and introduce new services in the future. That requires flexibility, the skilful use of new technologies and life-long learning. New forms of cooperation, new working models and new space concepts will also appear. The major trends include project groups, open spaces and self-organising units.

Employee satisfaction

Increasing employees' satisfaction with their working environment and the related conditions is a central concern for EVN. Regular surveys are carried out to collect data for relevant indicators and suggestions for improvement. Most recently a survey of the EVN Macedonia employees in September 2014 formed the basis for the development and implementation of specific packages of measures in 2014/15. In response to the central concerns of employees, these packages include, among others, further steps to improve occupational safety and communication. A project carried out from September 2014 to June 2015 on the subject of internal branding was designed to further enliven EVN's key values – ensure, encourage, enable – and strengthen their integration into daily work activities. Numerous training courses and workshops were also held to improve internal communications (and, in this way, also the corporate culture) and to strengthen the employees' sense of responsibility, loyalty and teamwork.

Employee fluctuation during the reporting year equalled 2.2%. This indicator does not include transfers within the Group, retirements or mutually agreed departures based on (country-specific) social plans.

△ GRI indicator: Total staff and fluctuation (G4-LA1)

Employee fluctuation per main operating location of EVN in the 2014/15 financial year (LA1)
in %

Total EVN Group	2.2
Bulgaria	2.6
Macedonia	1.9
Austria	1.8
Other	4.4

Diversity of the workforce

Nationality

In line with EVN's international business model, the workforce includes a large number of different nationalities. Men and women from more than 20 countries work for EVN, whereby most come from Austria, Bulgaria and Macedonia.

Women and men

As of 30 September 2015, 1,556 women (21.9%) and 5,565 men (78.1%) were employed by EVN. A total of 90 women and 126 men joined EVN during the reporting year. As mentioned above, the Women@EVN programme was launched in 2010/11 to increase the share of female employees in the Group, whereby EVN is working to increase the percentage of women over the medium term to a level that mirrors the current educational levels of women in the applicable professional groups. This programme has improved the opportunities and perspectives for women working for the EVN Group in Austria since its introduction and has been supplemented by an internal women's network since 2014. EVN held various workshops in 2014/15 to develop additional measures to optimise working conditions and thereby help women attain skilled and/or managerial positions according to their interests and abilities.

At EVN, women and men with comparable functions, qualifications and length of service with the company receive the same remuneration for the same work. Austrian law requires companies with a workforce above a certain threshold to submit a biannual remuneration report (§ 11a of the Equal Opportunity Act). All companies in the EVN Group with a workforce above the legally defined threshold prepared and submitted the required report to their respective works council.

Types of employment

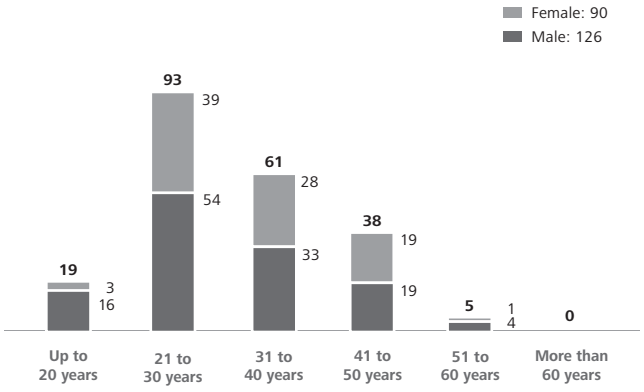
The EVN AG and Netz Niederösterreich GmbH workforces consist entirely of salaried employees. The workforces in the other Austrian Group companies comprise salaried as well as wage employees. No differentiation is made between wage and salaried employees in Macedonia and Bulgaria. The average number of apprentices during the reporting period was 55. A total of 208 leased employees also worked for the EVN Group as of 30 September 2015. The EVN Group uses personnel leasing for three reasons: first, as a preliminary step to a conventional employment relationship (integration leasing); second, for projects covering a limited time period; and third, to handle peak work periods.

△ GRI indicators: Total staff by employment type, work contract and region (G4-10); Diversity of employees and leading bodies (G4-LA12); Differences in remuneration due to gender (G4-LA13)

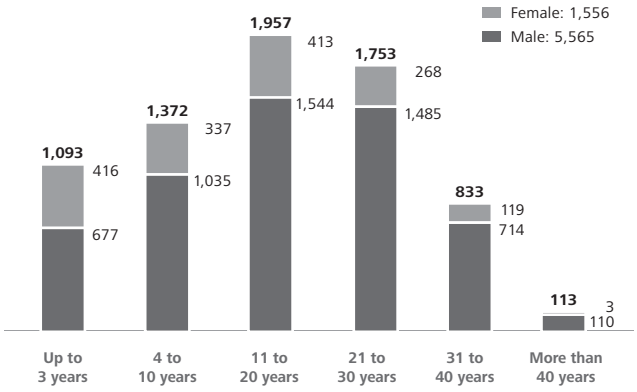
Diversity of employees 2014/15 (G4-10)		Austria	Bulgaria	Macedonia	Other countries	Total
Number of employees		**2,378**	**2,274**	**1,977**	**344**	**6,973**
thereof women	%	19.3	24.9	19.9	31.0	21.9
thereof men	%	80.7	75.1	80.1	69.0	78.1
Type of employment[1]						
Worker	%	7.0	n/s[2]	n/s[2]	25.8	3.8
Employee	%	93.0	n/s[2]	n/s[2]	74.2	96.2
Contract type						
Part-time in total	%	10.6	0.5	0.1	10.2	4.5
Part-time women	%	8.4	0.2	0.0	8.6	3.5
Individuals with special needs	%	2.0	1.4	1.0	2.2	1.6

1) In Bulgaria and Macedonia, there is no distinction between employee and worker.
2) Not specified

Total number of new employees 2014/15



Employment period of employees 2014/15

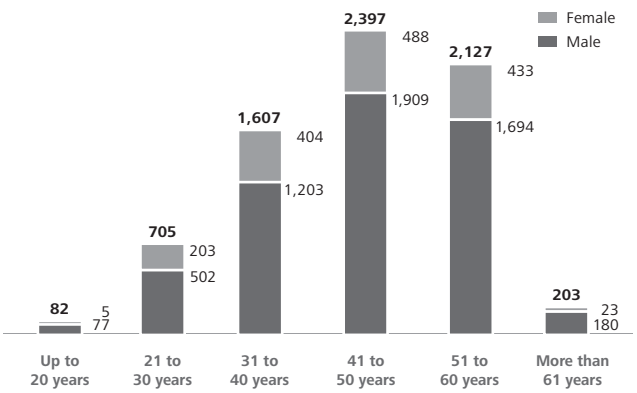


Senior employees

The average age of EVN employees currently equals 44.2 years, but this figure is projected to rise in the nearterm due to the expected increase in the legal retirement age. EVN has therefore introduced specific personnel development measures and part-time working models within the context of a partial retirement programme. In 2014/15, 90 employees at EVN AG, Netz Niederösterreich GmbH, EVN Wasser, Kabelplus, EVN Abfallverwertung and EVN Business Service decided in favour of a part-time working model.

Based on the current legal retirement age, approximately 8.5% of EVN's employees will retire during the next five years and around 21.7% in the next ten years. EVN is working to meet the resulting need for specialists and managers with specifically designed

Age structure of employees 2014/15



programmes and measures to support the transfer of know-how between older and younger employees.

EVN also incorporates the requirements of the various age groups in the development of its health programme and gives special attention to the needs of senior employees.

△ **GRI indicator: Retirements in the next five and ten years (EU15)**

Individuals with special needs

EVN places high value on integrating people with special needs in its workforce, not least because of its socio-political responsibility as a major employer. Particular importance is given to the individual design of workplaces and processes (e.g. using sign-language interpreters) to facilitate the integration of these employees into everyday business operations. Additional opportunities regarding working hours and locations are available if required. Of the 26 EVN customer centres in Lower Austria, 21 are equipped for barrier-free access.

EVN employed 111 men and women with special needs in 2014/15, representing 1.6% of the total workforce. In addition, Netz Niederösterreich GmbH and EVN Wärme GmbH placed orders of a total value of approximately EUR 596,000 with sheltered workshops during the reporting year and, in this way, made a further contribution to the employment of individuals with special needs.

Young people

EVN traditionally places high value on apprentice training in Austria and Germany. This not only reflects the Group's focus on social responsibility, but also helps to meet the demand for skilled professionals within EVN's own workforce. In order to give interested young people – above all girls – a glimpse into the workday of an electrical technician with a utility company, EVN took part in the school and professions fair in Wieselburg and the "Jobmania" in Wiener Neustadt during October 2014. EVN had a total of 55 apprentices in 2014/15, as previously mentioned, of which 14 started their training to become electrical technicians on 1 September 2015. Additional classes and seminars at EVN complement the dual programme of theoretical vocational school education and practical on-the-job training. EVN also supports double and multiple qualifications, e.g. apprentice training to qualify as natural gas and heating technicians, as a means of improving interdisciplinary qualifications.

The high quality of this training is also demonstrated by the fact that most of the apprentices remain with EVN after completing their programmes. The seven young people who started their apprenticeships with Netz Niederösterreich GmbH in 2010 successfully completed their training during the reporting year and were employed by EVN as of 30 September 2015. Experienced colleagues support the young technicians after their training is completed and thereby ensure the transfer of their know-how and experience. Every year EVN also gives more than 300 schoolchildren and students an opportunity to put their theoretical knowledge to use and gain their first practical experience in traineeships. These activities underscore EVN's goal to give young men and women opportunities at an early age and to awaken their interest for professions in the energy and environmental sector. This commitment brought EVN a first place ranking in the "Place to Perform" competition in 2014 (first place in 2011; second place in 2012; second place in 2013), which evaluates the best traineeships among Austrian companies.

EVN also has a strong commitment to cooperation with students and young professionals in Bulgaria. In April 2012, EVN Bulgaria and the Technical University Sofia signed a cooperation agreement to promote the practical skills of students as well as the exchange of experience in areas such as information technology and electrical engineering. More than 400 students have used this opportunity to learn about EVN since that time. EVN Bulgaria continued its "Youth with a future" internship programme during the reporting year, which gives talented young people an opportunity to develop their interests and gain experience during a traineeship at one of the headquarters departments in Plovdiv.

Corporate social partnership at EVN

"Convince rather than force" is the principle underlying the corporate social partnership at EVN. Employee representatives are therefore informed of major business decisions on a regular basis and integrated in the transparent decision-making processes that are based on the managerial mission statement and legal regulations. This approach applies to strategic decisions as well as to changes and adjustments involving employees. Similar to EVN AG, the larger companies in the EVN Group have also designated special employee representatives.

Employees' interests are represented in the form of works councils or trade unions. Over 90% of all EVN employees (above all in Austria, Bulgaria and Macedonia) are represented by such bodies and their remuneration is protected by collective bargaining agreements, tariffs or legal minimum wage regulations. The employee representatives in Austria, Bulgaria and Macedonia regularly play an important role in collective negotiations. In addition, employee-related issues are handled in workplace, health and safety committees that also include representatives of the works councils or unions. Members of the works council serve on the Supervisory

Board and the Advisory Committee for Environmental and Social Responsibility. Apprentices have also had a voice in the works council since the first youth representatives were appointed in 2008. The last election of youth representatives took place in June 2014. A European works council was founded in September 2007 to further integrate the South Eastern European subsidiaries and to improve cross-border communications. This council serves as a platform for communication and exchange and includes members from Austria, Bulgaria and Macedonia. The last conference was held from 9 to 11 September 2013 in Burgas, Bulgaria, and the last presidium meeting on 22 and 23 June 2015 in Maria Enzersdorf.

△ **GRI indicators: Minimum notice periods regarding operational change (G4-LA4); Percentage of employees in occupational safety committees (G4-LA5); Percentage of employees under collective agreements (G4-11); Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation (G4-EC5)**

The remuneration for the members of the EVN Executive Board reflects industry standards and is disclosed in point 68 of the consolidated notes on page 210f. In 2014/15 the ratio between the highest salary and the average salary at EVN equalled 6.5:1. The remuneration scheme for over 90% of EVN's employees is based on the collective bargaining agreements that apply to the main business locations. These collective bargaining agreements are available for review by the general public and include salary levels as well as the definition of time-dependent salary increases. The annual collective bargaining negotiations for utility companies in Austria led to salary adjustments of between 1.9% and 2.1% in 2014/15.

△ **GRI indicators: Ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (G4-54); Percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees (G4-55)**

Employee survey 2014 – development of wide-ranging measures

In August 2015, EVN completed the evaluation of the mental stress experienced by its employees. This analysis began in March 2014 with an extensive employee survey, which reached an above-average response rate of over 70%. The questions covered objective stress situations at the workplace and also identified employees' subjective priorities for improvement. Based on a comparison of the representative total norm groups, the survey results reflected the good average.

Following the analysis of the written survey responses, EVN employees developed recommendations to reduce these identified stress situations in 29 workshops that were moderated by external industrial psychologists. The recommended measures were related, above all, to the following areas: "teamwork and management", "development opportunities in the company", "information and communication" and "work procedures and processes". Most of the measures were implemented directly in the involved organisational units, for example through organisational changes. Solutions were also created for issues involving several departments – e.g. the working environment or career and development opportunities – and have, in part, already been implemented. EVN will accompany the realisation of all measures as an ongoing process over a longer period of time.

Working and living with EVN

Work-family balance

EVN provides active support for its employees in their efforts to achieve the best possible work-family balance. This applies, not least, to employees who are considering taking advantage of legally entitled parental leave. Their return to work is facilitated by contacts with EVN throughout the leave period, for example through specific information events or participation in EVN's extensive training programme. Parents can also choose to work part-time and adapt their working hours to meet their personal needs. These flexible arrangements create advantages for both sides: EVN is able to utilise the know-how of its qualified employees during the intensive childcare phase and thereby ensures the profitability of its investments in training and professional development. From the parents' point of view, close ties and regular contacts with the company ease re-entry and keep their professional expertise up to date.

EVN offers opportunities for parental leave that extend beyond legal entitlements and allow for time-out until the child is 36 months of age. Men are also increasingly using the available models: in 2014/15, 18 men and 24 women were on parental leave. As a result of these individual solutions, nearly all mothers and fathers at EVN AG, Netz Niederösterreich, EVN Wasser, EVN Geoinfo and EVN Business Service return to the company after this leave. No employees left the company after the parental leave during the reporting year (previous year: two resignations after parental leave). Another offering to simplify re-entry after parental leave is the so-called parent-and-child office, which allows employees to bring their children to work in times of difficult childcare situations. This special office is equipped with two fully functional workstations as well as child-friendly furnishings – and provides parents as well as children with an attractive environment.

For children from six to twelve years of age, the popular four-week vacation programme "Holidays@EVN" was repeated for the fifth time in summer 2015. This programme was held at the EVN corporate headquarters and adjoining green areas and in St. Pölten. More than 60 children of EVN employees enjoyed a diverse programme of games and handicraft activities, excursions and art workshops, which were organised together with the "Family Business" initiative.

△ GRI indicator: Employees returning to work after parental leave (G4-LA3)

EVN culture and sports club

The EVN culture and sports club (KSV) is an employees' initiative with a long-standing tradition. The offering ranges from soccer, yoga, mountain biking, jogging, sport shooting, curling, climbing, winter and water sports to scuba diving, sailing, surfing, fishing and tennis. Other popular activities include Pilates, chess, golf, bodywork, bodybuilding and cardio training, aviation, table tennis, hiking, photography and film or culture and tourism. EVN supports these activities, above all, in accordance with its focus on health promotion. At the same time, participation in these shared activities improves communications and strengthens social ties within the company.

The EVN culture and sports club had more than 1,800 active members during the reporting year and includes 16 individual clubs that are located in Krems, Horn, Waidhofen an der Thaya, Deutsch-Wagram, Hollabrunn, Mistelbach, St. Pölten, Waidhofen an der Ybbs, Wiener Neustadt, Korneuburg, Theiss, Dürnrohr and Maria Enzersdorf. All of the clubs have strong ties to their respective regions and generally operate autonomously.

EVN pension fund

EVN provides entitled employees with a supplement to legal pension insurance ("ASVG" pension) through a company-operated pension fund. The fund gives employees the opportunity to accumulate additional retirement benefits in the form of a private pension with the support of the company. In this way, EVN participates in securing the retirement income of its workforce. The EVN pension fund is a defined contribution scheme, in which the amount of the future pension is derived from the employer and employee contributions up to the date of retirement. EVN's responsibility as an employer is also illustrated by the pensions provided for its employees in Bulgaria, where voluntary pension insurance was introduced for all full and part-time employees.

△ GRI indicator: Company defined benefit plan obligations (G4-EC3)

Supplementary health insurance

Another voluntary benefit provided by EVN for its employees is the opportunity to conclude supplementary health insurance at favourable conditions. A framework agreement with an Austrian insurance provider guarantees optimal medical care for all participating employees.

Additional benefits such as supplementary health insurance and the EVN pension fund are available to all employees of the contributing employers in the EVN Group – regardless of age, gender or the scope of employment.

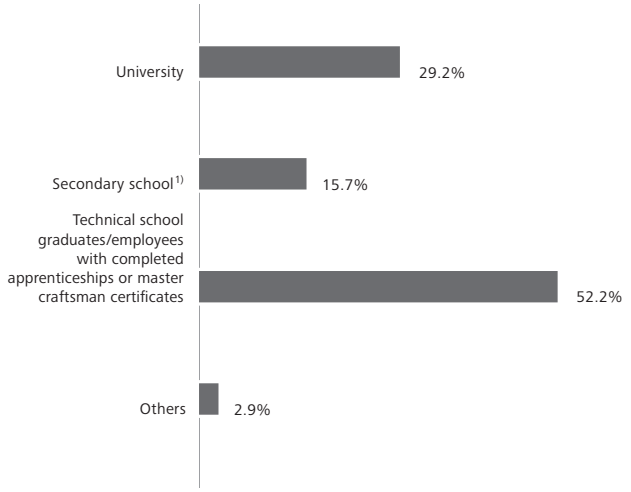
△ GRI indicator: Benefits for full-time employees only (G4-LA2)

A total of EUR 12.1m was spent on employee benefits (pension contributions, other employee benefits) in 2014/15 (previous year: EUR 15.8m), which represents 3.9% of personnel expenses (previous year: 5.1%).

Human resources development

EVN's business performance is based on its highly qualified and motivated employees. Not only their know-how, but also their motivation and their continuous readiness to learn play an important role in the company's sustainable success. Maintaining and increasing employees' high levels of expertise therefore represent a focal point of human resources activities. The EVN Academy was founded to organise the training and continuing education programmes in Austria, Bulgaria and Macedonia. Each area of the company has designated specific employees to serve as training coordinators. Their function is to assess the development needs of their colleagues, submit the results to the EVN Academy teams and coordinate qualification programmes.

EVN's education structure 2014/15



1) Includes higher graduation in Macedonia because of country-specific educational structures, equivalent to secondary school graduation.

For further information on the measures and priorities for training and further education, see **www.evn.at/Personalentwicklung/Aus-und-Weiterbildung**.

GRI indicator: Programme for knowledge management and lifelong learning (G4-LA10)

Continuous training and education

EVN invested a total of EUR 1.9m (previous year: EUR 2.3m) in continuous training and education during 2014/15, which represents EUR 275.7 (previous year: EUR 310.4) per employee. Each employee spent an average of 30.7 hours (previous year: 34.9 hours) on these programmes. The offering in Lower Austria concentrated on specialist seminars, language training and seminars to strengthen social skills. CSR content represented a particular focal point for the reporting year and was integrated in various established courses that since have been attended by nearly 320 employees.

Training in Bulgaria concentrated on technical and IT subjects as well as personal development during the past year. A competence model was also introduced that covers the major skills required by employees. This new model and its application were presented to roughly 150 managers in separate workshops during January 2015. In addition, the e-learning programmes launched by EVN Bulgaria in November 2012 have attracted 2,239 employees to date and were continued during the reporting year. Among others, roughly 1,900 persons took part in a course for the protection of personal data in 2014/15. Training in Macedonia focused on IT subjects, personal development and foreign languages.

For details on the development of training and educational expenses, see the management report on page 118.

GRI indicator: Education and further training (G4-LA9)

Securing skilled labour requirements

EVN has implemented various measures to meet the future demands for skilled workers and managers, among others in the areas of apprentice training (see page 84), talent management and leadership development:

→ **Talent management:** EVN supports the internal recruitment of managerial staff with training programmes to expand the qualifications and support the personal development of employees. One programme implemented to reach this goal is the EVN Summer University, "EVN SUN". This year's Summer University, which was held from 20 to 25 September 2015 in cooperation with the Danube University Krems, included international lecturers on innovation and change management, cross-cultural management and best practice marketing. The theoretical presentations were supplemented by numerous practical case studies. EVN managers were also available to discuss related issues. The programme included six female employees and 15 male employees from Austria, Macedonia, Bulgaria and Germany.

→ **Leadership development:** Leadership development is another important focal point of training and further education at the EVN Academies in Austria, Bulgaria and Macedonia. These programmes are designed to prepare selected employees to assume leadership and expert tasks over the medium-term and help them to utilise internal career opportunities. The participants are offered a specially designed, individual management training programme. In addition, EVN supports training at the university level, for example through MBA programmes. Group meetings were introduced during the reporting year as a platform for the exchange of experience between team leaders and department heads on challenging situations. EVN Group Days provide an additional framework for the exchange of information and teambuilding between the roughly 160 managers in the EVN Group. The 2015 conference was held under the motto "keeping fit" and focused, above all, on the use of personal resources such as physical and mental fitness.

GRI indicator: Securing skilled labour requirements (EU14)

The EVN Group introduces itself as an attractive employer at apprenticeship events and career fairs and in joint appearances with universities and universities of applied sciences. EVN participated in numerous events during 2014/15, including the following: in Austria, the Vienna University of Technology career fair, "Career Calling" in Vienna and "We are Developers" in Perchtoldsdorf; in Bulgaria, numerous events like the career fairs at the technical universities in Sofia and Plovdiv and the job fair "Career in Bulgaria – Why not?", which is directed at Bulgarian students in foreign countries; and in Macedonia, among others, at job fairs at the universities in Skopje and Tetovo. EVN is also represented on information platforms like Watchado, kununu and Facebook.

The inclusion of and support for regional employees leads to an increased understanding of the unique characteristics of the local culture and creates economic benefits. In EVN's markets, therefore, nearly all employees and most of the management staff (roughly 95%) are natives of the respective region. Strengthening local management capacity represents an important aspect of the corporate strategy. EVN therefore supports career planning for local employees in Bulgaria and Macedonia with specific management training and international programmes. Included here, for example, is the previously mentioned EVN Summer University, a training and networking platform for future managers.

△ GRI indicator: Employment of local personnel (G4-EC6)

Feedback and orientation sessions

Feedback and orientation sessions are held each year in all major EVN companies in Austria. These instruments allow for an appraisal by the employee's supervisor and structured feedback on work performance and quality. More than 90% of all employees are covered by these sessions and therefore receive regular feedback on their performance and development plans. The framework for these sessions was adapted in 2014/15 to strengthen the company's goal and results culture. The definition of specific employee goals now represents an important element of the feedback and orientation sessions. The opportunities for employee feedback to the supervisor were also expanded and better structured.

△ GRI indicator: Performance evaluation and development plans for employees (G4-LA11)

Healthcare and occupational safety

EVN places great importance on the best possible training and continuing education for employees on relevant health and safety issues. The occupational safety department established for this purpose has supplemented the applicable legal regulations with an extensive set of internal directives and guidelines. Representatives of the works councils and trade unions are involved in all workplace, health and safety issues. The Health@EVN programme implemented to support healthcare advancement has the following three goals: health protection, healthier living and fitness.

Occupational medical care

EVN offers its employees extensive occupational medical care, above and beyond legal requirements. Two occupational health physicians are available to answer questions on maintaining and improving workplace health and attend to employees within the framework of labour protection laws. The many related measures include medical check-ups, vaccinations, eye and hearing tests, psychological counselling, coaching, tips on healthy nutrition and special offerings for groups of employees who are exposed to particular risks.

Although EVN does not operate in countries where there is an increased risk of infectious diseases, Group guidelines such as the the "EVN Pandemic Prevention" are in force at all Group subsidiaries to deal with emergencies. These instructions, which deal especially with influenza pandemics, are designed to minimise the risk of infection at the workplace and thereby ensure continued smooth business operations and uninterrupted service for EVN's customers. In 2014/15, 847 preventive vaccinations were carried out at EVN AG and Netz Niederösterreich GmbH in Lower Austria and 694 employees underwent medical check-ups.

Healthy nutrition was the focal point of the 2014/15 programme because a wholesome and sensible diet not only improves the quality of life, but also helps to maintain good health. EVN therefore places high importance on the balanced and healthy combination of high-quality regional foods for employee meals. At the EVN headquarters – where a particularly large number of employees work – fresh fruit is available free of charge, and smoothies, healthy muesli and salads are also offered. This focal point was rounded off by a lecture on the subject of healthy nutrition.

Activities in 2014/15 also concentrated on the development of a health programme for EVN Bulgaria. The first initiatives included employee focus groups, information campaigns on sport opportunities, the installation of bicycle parking areas, a pilot seminar on healthy nutrition and a special Intranet page on health issues and leisure time balance. A health programme for EVN Macedonia is currently under development.

Prevention of occupational accidents

All occupational accidents in the EVN Group are centrally recorded and evaluated, which supports conclusions on the safety behaviour of employees and the related accident risks. It also sets the main points of emphasis for safety training.

EVN's extensive range of training programmes on health protection, occupational health and safety and fire prevention was continued during the reporting year. The courses covered safety issues such as "working with voltage" and "working with anti-fall protection systems". The permanent offering also includes initial and follow-up courses on first aid. In Austria, all employees are represented by safety officers in working committees that monitor and discuss the workplace safety programmes.

△ GRI indicators: Prevention of and education in serious diseases (G4-LA7); Occupational safety agreements with trade unions (G4-LA8)

The number of occupational accidents in the EVN Group fell by 14.4% to 83 in 2014/15. In contrast, the number of days lost rose slightly by 4.4% to 2,168 days. One employee was fatally injured in a traffic accident while driving a company car during the reporting year.

△ GRI indicator: Injuries, occupational diseases, lost days, absence and fatalities (G4-LA6)

Accident and lost days statistics	2014/15	2013/14	2012/13
Number of occupational accidents[1]	83	97	121
Number of staff sick days[2]	2,168	2,097	3,346
LTIF[3]	7.2	8.5	10.1

1) Number of minor accidents and of notifiable occupational accidents (excluding commuting accidents)
2) Lost days are working days only; excluding weekends resulting from work-related accidents (excluding commuting accidents)
3) Lost Time Injury Frequency Index – Frequency of occupational accidents per one million working hours

Fire statistics[1]		2014/15	2013/14	2012/13
Number		3	6	3
Damage	TEUR	21.5	46.0	15.5

1) Austria

Employee health and sporting activities

The physical fitness and health of its employees is an important issue for EVN. The company therefore motivates its employees to regularly take part in outdoor endurance sports and exercise. The Lower Austrian provincial exhibit in 2015 – which focuses on the Alps and is titled "ÖTSCHER:REICH – Die Alpen und wir" – provided an occasion for roughly 370 employees and their family members to take advantage of an invitation by the Executive Board in June 2015 to hike through the impressive "Ötschergräben" landscape, the so-called "Grand Canyon of Austria". The roughly ten kilometre tour led the hikers past the gorges, cliffs and waterfalls of the Ötscherbach River, and also to EVN's Wienerbruck hydropower plant which opened in 1911.

In addition to the wide-ranging offering and activities of the EVN culture and sports club, the EVN running event has become an integral part of the company's sporting world. Roughly 350 participants – employees and in some cases, their family members and children – jog or Nordic walk around the EVN headquarters in Maria Enzersdorf each year in September. This popular event, which was held for the ninth time in 2015, supports a good cause: for each one-kilometre round completed during the 90-minute event, EVN donates EUR 2.0 to a needy child.

Suppliers

For EVN as an international company with a broad portfolio of products and services, professional cooperation with a large number of different suppliers and service providers is an important success factor.

Fair, transparent and partnership-based business relations with its suppliers – from the initial contact to payment of the invoice – represent an integral part of EVN's business practices. EVN is committed to the principles of economy in its procurement processes and to free and fair competition, the equal treatment of all bidders, confidentiality during business transactions, transparency and the documentation of results, resource conservation and social responsibility. In exchange, the company also places high demands on its suppliers to provide services that are socially, economically and ecologically responsible.

EVN's supply chain

EVN's procurement activities can be classified under two main areas: primary energy sources and electricity are purchased by the Energy Trade and Supply Segment, while the other purchasing transactions are coordinated, managed and carried out centrally by the procurement department.

Procurement of products and services

Most of the supplier relationships – outside the area of energy procurement – are concentrated at EVN's main business locations (Austria, Germany, Bulgaria and Macedonia) and involve roughly 5,000 suppliers and service providers. The majority of these suppliers come from EU countries. Numerous suppliers are also located in Macedonia, EVN's only major business location outside the EU, and in Switzerland and Turkey for the international project business.

In selecting its suppliers, EVN is required to comply with the Austrian federal law on public procurement. EVN is the sector contractor under EU public procurement law in many areas and must therefore meet the applicable provisions. EVN also follows the principles governing competition in the EU. New bidders are regularly included in tenders, and a special focus is placed on inviting bids from local companies in tenders for the international project business. The unequal treatment of bidders, e.g. the preferential treatment of local suppliers, however, is prohibited. The construction of infrastructure, plants and buildings plays an important role in both the energy and environmental services business. In this connection, EVN works with a wide range of companies such as construction firms, trade contractors and planning offices, plant, pipeline and cable line builders as well as suppliers of plastic pipes, transmission/cable lines, electro-technical equipment, meters, hardware and software for the operation of plants and infrastructure, and the production of work clothing.

The costs in the international environmental project business consist primarily of externally purchased materials and services (construction, machinery and electro-technical equipment). The project business is characterised by continually changing framework conditions. The successful realisation of these projects therefore demands high flexibility from the procurement department for each project, customer and technology in every branch and country.

△ **GRI indicator: Proportion of spending on local suppliers at significant locations (G4-EC9)**

Electricity and natural gas procurement

Part of the energy distributed by EVN to its customers is not generated by the company's own plants, but is purchased on the market. There are a number of similarities in the structure of electricity and natural gas suppliers: in addition to concluding medium-term procurement contracts directly with producers, EVN also purchases electricity and natural gas over the wholesale market, i.e. on commodity exchanges and in off-exchange trading over so-called "over-the-counter (OTC) platforms" in bilateral transactions with individual trading partners.

Electricity

The electricity requirements of Austrian customers are covered internally by EVN's own plants as well as externally through domestic green energy allocated in accordance with the Green Electricity Act and through purchases over the wholesale market and medium-

T_Rupp @biomass_supplier
My name is Thomas Rupp. I am a forester and manage the Sparbach nature park south of Vienna. For many years, we have supplied EVN with wood chips from our forestry operations.

T_Rupp
@biomass_supplier

bookmark

If the prices for fossil energy carriers continue to decline, what does the future hold for renewable energy technologies?
#2025

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EVN Future Lab
@EVN_Future_Lab

bookmarked ✓

#We_have_answers

In addition to the prices of fossil energy carriers, the cost of CO_2 emission certificates also plays an important role in energy production. The planned reduction in the availability of CO_2 certificates as of 2019 can be expected to lead to an increase in prices which, in turn, will also drive the prices for electricity and heat generated with fossil fuels. Renewable technologies will consequently become more competitive and should move the market towards equilibrium. At the same time, the increasing efficiency of the plants is also improving the competitive position of wind energy, photovoltaics and biomass energy.

term purchase contracts. Purchases over the wholesale market up to the end of the 2014/15 financial year were handled centrally for EVN and the other EnergieAllianz partners by e&t Energiehandelsgesellschaft mbH, which utilised the European Energy Exchange (EEX) and bilateral transactions with various trading partners. Following the merger of e&t Energiehandelsgesellschaft mbH with EnergieAllianz Austria GmbH as of 1 October 2015, these wholesale purchases are now handled directly by EnergieAllianz.

EVN's electricity subsidiaries in Bulgaria and Macedonia are required by law to purchase most of their electricity requirements from state-owned producers, i.e. NEK and ELEM respectively. Since these countries have not yet implemented electricity labelling requirements, EVN cannot determine the origin of this energy. The remainder of the purchased energy comes from the wholesale markets.

Natural gas

Most of the natural gas purchases are handled by EconGas GmbH, in which EVN held an investment of 16.5% at the end of the 2014/15 financial year. This company purchases natural gas directly from the producers, through intermediate sales organisations and in national and international OTC trading centres and exchanges, e.g. in Austria (CEGH), Germany (NCG) or the Netherlands (TTF). Notable import volumes – from the European point of view – come from Russia, the North Sea and the Sahara (Algeria, Libya). One of the most important OTC natural gas trading platforms is the Central European Gas Hub in Austria, which is used by both EconGas GmbH and EVN for natural gas purchases.

Hard coal

EVN operates a hard coal-fired plant in Dürnrohr. Austria, and also holds an investment in the Walsum hard coal-fired plant in Duisburg, Germany. Coal supplies for Dürnrohr are purchased directly by EVN, while the partner company Steag handles supplies for the Duisburg-Walsum plant. The purchases for Duisburg-Walsum are based on a coal supply contract concluded between Steag and Steag-EVN Walsum 10 Kraftwerksgesellschaft mbH, which is responsible for the power plant operation. Consequently, the procurement of coal for the Duisburg-Walsum power plant is not directly within EVN's sphere of influence.

The coal supply chain for the Dürnrohr power plant has three tiers: purchases are made directly by EVN via coal wholesalers or trading and forwarding agents (Tier 1) which, in turn, buy the coal from processing companies or exclusive exporters (coal wholesalers) (Tier 2). These firms purchase their coal supplies directly from the mining companies (Tier 3). In addition to this procurement structure, EVN took over coal stocks in 2014/15 from a power plant block in Dürnrohr that was decommissioned by Verbund AG. EVN purchased coal supplies for energy generation in the Dürnrohr power plant from two intermediate traders and one coal consumer (Verbund AG) during the reporting year. Approximately 80% of the coal used in 2014/15 came from Europe and Russia, while the remaining 20% came from America.

△ GRI indicator: Description of the supply chain (G4-12)

EVN's demands on its suppliers

Evaluation of suppliers and complaint procedures

The step-by-step implementation of sustainability criteria in the selection of suppliers and their products and services is a priority for EVN's CSR agenda in order to align procurement practices with sustainability goals. A continuous dialogue with suppliers plays an important role in this process.

Integrity clause and guidelines for contract partners

An integrity clause for suppliers defines the guidelines for sustainable procurement and the duties and responsibilities of suppliers in eleven points which include, among others, human rights, labour practices, protection of the environment, resource conservation and business ethics. This clause is binding for all suppliers (100%) of products and services ordered by the procurement department for the locations in Austria, Bulgaria and Macedonia and is available for review by all investors, investment and joint venture partners, subcontractors and stakeholders on the EVN website (**www.evn.at/integrity-clause**). The integrity clause is included with each order and tender and represents an integral part of all contracts. EVN reviews compliance with the integrity clause on a regular basis and has developed a special questionnaire for this purpose. Targeted on-site evaluations were performed at the locations of major suppliers during 2014/15. Additional controls are carried out via checklists as required and in connection with appointments at major suppliers' locations. The audits carried out during the reporting year did not lead to any objections.

EVN, as an international company, also operates in countries with a less developed understanding for human rights or may purchase services, materials or products from such countries through central procurement. In connection with the sensitive area of textile procurement (work clothes), risk countries have already been excluded through an internal guideline. This exclusion is being progressively extended to cover other product groups or specific criteria and measures are being introduced to implement or exceed the EVN integrity clause. One example involves hard coal procurement in Poland and Russia, where EVN conducts its own research and verifies compliance with human and labour rights and examines the working and living conditions on a regular basis.

All EVN tenders have included an additional checklist since 2011/12, above all when risk products are involved. This checklist asks for additional information on environmental compatibility, product recycling and packaging as well as the manufacturer's certification. Not least, it also supports the evaluation of suppliers' compliance with the integrity clause. EVN's most important suppliers have been covered by this type of control since its implementation.

WTE, an EVN subsidiary, has fully integrated the "partners and suppliers" and "integrity and prevention of corruption" sections of the EVN Code of Conduct in its procurement procedures. Special attention is paid to compliance with human rights and the avoidance of child labour as defined in the relevant section of the Code of Conduct. The EVN integrity clause has been a part of all suppliers' contracts concluded by WTE's German branch since 2011/12. It is included when offers are requested, and reference is made to the required compliance. The integrity clause is explicitly discussed during contract negotiations and included as an attachment to all suppliers' contracts. The procurement department in Poland currently uses an attachment on "employer's requirements" in its suppliers' contracts, and the integrity clause will be added in the coming years. The attachment on employer's requirements covers the demands on suppliers for EU-subsidised projects and requires the tendering companies to provide proof of quality assurance and, for safety and health protection, certificates of origin for all individual components. These certificates are normally issued by the suppliers and confirm the origin of the materials used, which generally excludes components and materials from countries outside the EU.

Certifications and on-site inspections

EVN's procurement department evaluates the major suppliers and subcontractors for selected product groups, especially those from non-EU countries, in accordance with human rights and sustainability principles. This evaluation takes place on both a sampling and a regular basis when major orders are placed with new suppliers. The majority of deliveries to EVN originates in the EU. Suppliers that are not based in the EU are inspected on-site by EVN. Contractors, especially construction companies, are audited with regard to the payment of social insurance contributions for their employees. This review covers all Austrian contractors performing construction services with a volume above EUR 10,000. To date, EVN has not identified a single contractor that has failed to meet its social insurance obligations.

Audits are also carried out in the area of primary energy procurement, above all as concerning the coal supply chain. All coal mines that supplied coal for EVN's energy generation in 2014/15 meet wide-ranging international standards and are certified under ISO 14001 (environmental management). One mine in America that supplies EVN with hard coal is also certified under OAHSAS 18001 (Occupational Health and Safety). The most recent on-site inspections took place in 2013/14 and covered one mine and one processing company; no problems were identified. Any objections are immediately reported to the respective operators and a solution is sought.

△ GRI indicators: Percentage of new suppliers that were screened using ecological criteria (G4-EN32), using human rights criteria (G4-HR10), using labour practices (G4-LA14) and the related impacts on society (G4-SO9)

Electricity labelling requirements

In accordance with legal regulations, EVN's customer invoices in Austria include information on the origin of the electricity. This proof of origin shows the percentage of the electricity in the supply mix of EVN Energievertrieb GmbH & Co KG that comes from the respective primary energy carriers. The customer invoices also include information on the environmental impact (CO_2 emissions and radioactive waste). This data is reviewed by an independent auditor after the end of each financial year and reported to the regulatory authority. In 2013/14, proof of Austrian origin was provided for all electricity volumes. The comparative data for 2014/15 will only be available after the editorial deadline for this report.

☐ For details on the composition of electricity from primary energy sources, see the chapter "Customers" on page 53 and the management report on page 106f.

△ GRI indicators: Labelling of products and services (PR4); Product information (G4-PR3); Percentage of new suppliers that were screened using ecological criteria (G4-EN32)

Complaint procedures

A complaint office was established in Lower Austria for bidders in tender processes. It can be used to file complaints and request explanations, free of charge and without mandatory legal counsel. This independent office reflects legal requirements and, based on EVN's activities as a sector contractor, is mentioned in the prequalification/tender phase of every tender project. There were no justified objections in recent years.

Labour practices and humane employment

In order to minimise the risks associated with workplace safety, EVN only works with selected partners who are contractually required to employ trained personnel. Compliance with the directives for partner companies is reviewed by experienced, well-trained EVN employees who serve, for example, as construction coordinators or supervisors. Subcontractors and suppliers are used for tasks with a limited period of time, especially for maintenance and repairs and for the construction of new power plants and transmission networks. EVN does not

maintain central records on the number of workdays attributable to subcontractors and suppliers because this would not have any significance for their labour practices.

External services relevant for safety and/or health (e.g. in civil engineering and building construction) are performed by roughly 300 prequalified companies under general contracts. Point 4 of EVN's integrity clause, "Health & Safety at the Workplace", requires compliance with legal regulations for occupational health and safety protection at the workplace, free access to drinking water and sanitary facilities, appropriate fire protection, lighting, ventilation, suitable personal protective gear and training for its proper use. The companies are also required to instruct their employees in accordance with § 14 of the Occupational Health and Safety Act ("Arbeitsschutzgesetz", ASchG) and § 154 of the Construction Worker Safety Regulation ("Bauverordnung", BauV). The same rules apply to their subcontractors. The relevant training certificates must be provided automatically. Subcontractors must also confirm that they have the required certifications and qualifications to undertake the contracted work. Comparable regulations are in force at EVN's international subsidiaries.

△ **GRI indicators: Workdays of subcontractors and suppliers for construction, servicing and maintenance (EU17); Percentage of subcontractors and suppliers who have participated in health and safety training programmes (EU18)**

Corporate governance report

EVN AG is a listed stock corporation under Austrian law whose shares are traded on the Vienna Stock Exchange. Corporate governance is therefore based on Austrian law – in particular stock corporation and capital market laws, legal regulations governing co-determination by employees and the company by-laws – as well as the Austrian Corporate Governance Code (ACGC, see **www.corporate-governance.at** – and the rules of procedure for the company's corporate bodies.

Commitment to the Austrian Corporate Governance Code

Introduction

The Executive Board and the Supervisory Board of EVN are committed to the principles of good corporate governance and, in this way, meet the expectations of national and international investors for responsible, transparent and sustainable management and control. In the 2014/15 financial year the January 2012 version of the ACGC was complied with in its entirety. On 1 October 2015, EVN announced its commitment to comply with the ACGC in the January 2015 version.

The ACGC standards are divided into three categories. The legal requirements (L-Rules) are based on binding regulations which must be observed by all Austrian listed companies. The C-Rules (Comply or Explain) require public disclosure of the reasons in the event of non-compliance. EVN provides a detailed explanation of any deviations from these rules online under **www.evn.at/Corporate-Governance-Report** and provides an overview in the following section of this report. The R-Rules represent recommendations and do not require the justification of deviations.

The Executive Board and Supervisory Board formally declare that EVN complies with all C-Rules of the ACGC, with the exception of the following deviations and explanations. Furthermore, the company only deviates from a limited number of R-Rules.

Deviations from C-Rules

EVN does not fully comply with the following C-Rules of the ACGC:

Rule 16: The Supervisory Board did not appoint a member of the Executive Board to serve as chairman because the Executive Board consists of only two members in line with its assigned duties and the structure of the company. In cases where the Executive Board consists of only two members, voting is based on the following rules: meetings must be announced in the approved manner and both Executive Board members must be present. Resolutions must be passed unanimously and abstention from voting is not permitted. If a unanimous decision is not reached, the Executive Board must review and vote again on the respective point of the agenda within ten days. The Executive Board must report to the Supervisory Board if the second round of voting does not bring a unanimous decision. A spokesman is appointed for the Executive Board even when there are only two members, and the rules for the direction of the meetings and the representation also apply in this case. The Supervisory Board's decision not to appoint a chairman for the Executive Board applies for an indefinite period of time.

Rule 45: All members of the Supervisory Board, with one exception, complied with the provision that prohibits them from assuming functions on the boards of other enterprises which compete with EVN. The Supervisory Board member, elected by the Annual General Meeting, who does not meet this rule represents the interests of a specific shareholder of EVN AG. This deviation applies for the full term of office of the respective Supervisory Board member.

Rule 51: Based on an agreement between the Executive Board and Supervisory Board, the remuneration for the Supervisory Board is disclosed in total as well as in percentages for the chairman, the two vice-chairmen and the other members. This presentation provides adequate insight into the remuneration situation for the individual Supervisory Board members.

Corporate bodies

Executive Board

Peter Layr
Spokesman of the Executive Board

Born in 1953. Doctor of Technical Sciences. Joined EVN in 1978. Member of the EVN AG Executive Board since 1 October 1999. Appointed spokesman of the Executive Board in January 2011. His term of office expires on 30 September 2019. Peter Layr has executive responsibility for the Generation, Network Infrastructure Austria and Environmental Services segments as well as the following corporate functions: data processing, procurement and purchasing as well as internal auditing. In accordance with the disclosure required by Rule 16 of the ACGC, he holds one supervisory board mandate in another domestic company that is not included in the consolidated financial statements of the EVN Group[1].

1) Verbund AG, member of the Supervisory Board

Stefan Szyszkowitz
Member of the Executive Board

Born in 1964. Master of Law, Master of Business Administration. Joined EVN in 1993. Member of the EVN AG Executive Board since 20 January 2011. Appointed to office from 20 January 2016 to 19 January 2021. Executive responsibility for the Energy Trade and Supply and Energy Supply South East Europe segments as well as the following corporate functions: controlling (incl. investor relations), customer relations, finance, accounting, general secretary and corporate affairs, information and communications, human resources as well as administration and construction. In accordance with the disclosure required by Rule 16 of the ACGC, he holds three supervisory board mandates in other domestic companies that are not included in the consolidated financial statements of the Group[1].

1) EVN-Pensionskasse Aktiengesellschaft, chairman of the Supervisory Board
CEESEG Aktiengesellschaft, member of the Supervisory Board
Wiener Börse AG, member of the Supervisory Board

The remuneration of the active members of the Executive Board totalled TEUR 987.9 in 2014/15 (including compensation in kind and contributions to pension funds).

The following table provides detailed information on the remuneration of the active members of the Executive Board in 2014/15:

Remuneration of the active Executive Board members
TEUR

	2014/15		
	Fixed remuneration	Variable remuneration	Compensation in kind
Peter Layr	380.5	91.3	11.3
Stefan Szyszkowitz	354.8	85.2	11.3

1) For Stefan Szyszkowitz, the pension fund contributions equalled TEUR 53.5.

For more information on the remuneration of the Executive Board see the consolidated notes on page 210f.

Supervisory Board

Members of the Supervisory Board

Name (year of birth)	Date of initial appointment	Function in listed companies and other important functions	Independence Rule 53[1)]
Shareholder representatives			
President and Chairman Burkhard Hofer (1944)	from 20.01.2011	Member of the Supervisory Board of Flughafen Wien Aktiengesellschaft, Chairman of the Supervisory Board of HYPO NOE Gruppe Bank AG (up to 17.04.2015)	no
Stefan Schenker 1st Vice-Chairman (1946)	from 12.12.1996	Independent forestry engineer and agriculturist	no
Willi Stiowicek 2nd Vice-Chairman (1956)	from 15.01.2009	Head of the Presidential Department of the Magistrate of the Provincial Capital St. Pölten	yes
Norbert Griesmayr (1957)	from 12.01.2001	Chairman of the Executive Board of VAV Versicherungs-Aktiengesellschaft	yes
Thomas Kusterer (1968)	from 17.01.2013	Member of the Executive Board of EnBW Energie Baden-Württemberg AG	yes
Dieter Lutz (1954)	from 12.01.2006	Managing Director of the BENDA LUTZ-WERKE GmbH, Member of the management board of the Benda-Lutz Corporation, USA, Vice-President of the Lower Austrian Chamber of Commerce and of the Association of Österreichische Industrie, Group Lower Austria	yes
Reinhard Meißl (1959)	from 12.01.2006	Head of the Finance department, Provincial Government of Lower Austria, CEO of NÖ Holding GmbH and NÖ Landes-Beteiligungsholding GmbH	yes
Bernhard Müller (1973)	from 12.01.2006	Mayor of the statutory city Wiener Neustadt (up to 20.02.2015), administrative civil servant	yes
Edwin Rambossek (1943)	from 20.01.2011	Management consultant	yes
Angela Stransky (1960)	from 16.01.2014	Authorised representative of Raiffeisenlandesbank Niederösterreich-Wien AG	yes
Employee representatives			
Franz Hemm (1955)	from 03.05.1994 unlimited term	Chairman of the Central Works Council of Netz Niederösterreich GmbH, Vice-President of the Lower Austrian Chamber of Labour	
Ing. Paul Hofer (1960)	from 01.04.2007 unlimited term	Chairman of the Central Works Council of EVN AG	
Mag. Dr. Monika Fraißl (1973)	from 01.07.2013 unlimited term	Central Works Council	
Manfred Weinrichter (1961)	from 01.01.2001 unlimited term	Vice-chairman of the Central Works Council of Netz Niederösterreich GmbH	
Ing. Otto Mayer (1959)	from 12.05.2005 unlimited term	Central Works Council	

The terms of office of all Supervisory Board members elected by the Annual General Meeting expire at the end of the Annual General Meeting that will vote on the release from liability for the 2014/15 financial year. The employee representatives are delegated by the respective Works Council for an unlimited term, but may be recalled by their Works Council at any time.

1) Rule 53 of the ACGC: independence of the company and the Executive Board

A list of the Supervisory Board committees can be found on page 99f.

Independence of the Supervisory Board

A member of the Supervisory Board is considered to be independent when he/she has no business or personal relations with the company or its management board that could lead to a material conflict of interest and therefore influence the member's behaviour. If any such conflicts of interest arise, EVN requires multi-year transition periods in accordance with the ACGC.

The guidelines to determine the independence of the elected members of the Supervisory Board stipulate that these persons

- may not have any business or personal relations with EVN AG or its Executive Board that constitute a material conflict of interest and are therefore capable of influencing the member's behaviour;
- may not have served as a member of the Executive Board or a top executive of EVN AG or any of its subsidiaries during the past five years;
- may not maintain, or in the previous year did not maintain, any business relations with EVN AG or a subsidiary of EVN AG that are considered material for that member. This also applies to business relations with companies in which the Supervisory Board member holds a significant economic interest, but does not cover appointments to corporate bodies within the EVN Group. The approval of individual transactions by the Supervisory Board in accordance with L-Rule 48 of the ACGC does not automatically lead to qualification as not independent.
- may not have acted as an auditor of EVN AG or owned a share in or worked as an employee of this firm during the past three years;
- may not serve on the management board of another company in which a member of the Executive Board of EVN AG is a member of the supervisory board;
- may not serve on the Supervisory Board for more than 15 years. This does not apply to Supervisory Board members who hold an investment in the company as shareholders or who represent the interests of such shareholders; and
- may not be closely related (i.e. direct offspring, spouse, life partner, parent, uncle, aunt, brother, sister, niece, nephew) to a member of the Executive Board or to persons who hold one of the above-mentioned positions.

Function and committees of the Supervisory Board

The Supervisory Board fulfils its responsibilities as a joint decision-making body in cases where individual issues are not delegated to its committees. The Supervisory Board committees are responsible for preparing negotiations and resolutions, monitoring the implementation of the Supervisory Board's decisions and taking decisions on issues delegated by the Supervisory Board. The following committees were established by the Supervisory Board of EVN AG, each of which includes at least three elected Supervisory Board members and the legally required number of employee representatives:

The responsibilities of the **Audit Committee** are as follows:

- monitoring the accounting process;
- monitoring the effectiveness of the internal control system and, if necessary, the company's internal audit and risk management systems;
- monitoring the audit of the annual and consolidated financial statements;
- verifying and monitoring the independence of the auditor of the annual financial statements (consolidated financial statements), in particular with regard to additional services provided for the audited company;
- reviewing the annual financial statements and preparing the required authorisation, reviewing the proposal for the distribution of profits, the management report and, if applicable, the corporate governance report as well as submitting a report on the results of this review to the Supervisory Board;
- examining the consolidated financial statements and the Group management report and submitting a report on the results of this examination to the Supervisory Board of the parent company; and
- preparing a proposal for the Supervisory Board on the selection of the auditor of the annual and consolidated financial statements.

The Audit Committee includes the financial expert required by law and Rule 40 of the ACGC.

The **Personnel Committee** is responsible for all matters involving the relationships between the company and the members of the Executive Board, in cases where the full Supervisory Board is not responsible under law. The Personnel Committee nominates replacements for vacant seats on the Executive Board. As the Remuneration Committee of the Supervisory Board, the Personnel Committee has one member with knowledge and experience relating to remuneration policies (Rule 43 of the ACGC).

The **Working Committee** is responsible for carrying out the specified tasks assigned by the full Supervisory Board. In certain urgent cases, the Working Committee is authorised by the rules of procedure for the Supervisory Board to approve specific business transactions on behalf of this body.

The Supervisory Board held five plenary meetings during the reporting year, at which its members fulfilled the tasks and duties required by legal regulations and the company's by-laws. A closed conference was also held, in which the Supervisory Board dealt with the

issue of cybersecurity and the protection of critical infrastructure. These discussions covered international developments, risks and solution approaches as well as developments in Austria and measures in the EVN Group. The Audit Committee of the Supervisory Board met twice during 2014/15. The Working Committee, which also serves as an emergency committee, did not meet during the reporting year. The Personnel Committee, which also serves as a Remuneration and Nominating committee, met three times. Average attendance at Supervisory Board meetings equalled approximately 87% in 2014/15.

One member of the Supervisory Board (Bernhard Müller) did not personally attend more than half the Supervisory Board meetings during the reporting year (Rule 58 of the ACGC).

Composition of the Supervisory Board committees

Working Committee
Burkhard Hofer (Chairman)
Stefan Schenker
Willi Stiowicek
Reinhard Meißl
Franz Hemm
Paul Hofer

Personnel Committee
Burkhard Hofer (Chairman)
Stefan Schenker
Willi Stiowicek

Audit Committee
Stefan Schenker (Chairman)
Burkhard Hofer
Willi Stiowicek
Reinhard Meißl
Franz Hemm
Paul Hofer

Management of the company by the Executive Board
The Executive Board of EVN must have a minimum of two members. If the Supervisory Board does not appoint a chairman or spokesman for the Executive Board, the members are entitled to designate their own spokesman. The Executive Board is responsible for managing the company to support its business activities and continued success in the interests of shareholders, employees and the general public. The work of the Executive Board is based on legal requirements and the company's by-laws as well as the rules of procedure for the Executive Board that were approved by the Supervisory Board. Important rules of conduct are also defined by the ACGC.

Irrespective of the Executive Board's overall responsibility, the Supervisory Board establishes and assigns specific areas of responsibility to the individual Executive Board members based on the given requirements. Certain transactions are reserved for joint discussions and decision-making by the full Executive Board. The Executive Board is required to obtain the prior consent of the Supervisory Board for business transactions that require this approval based on legal regulations or a previous Supervisory Board resolution. The company by-laws contain a detailed list of such cases.

Reporting obligations of the Executive Board
Organisational regulations require the Executive Board to report to the Supervisory Board. These reporting standards also apply to the Supervisory Board committees. The reporting obligations of the Executive Board include quarterly reports on the development of business in the Group and information on matters of importance relating to major Group subsidiaries.

Annual General Meeting

The shareholders of EVN exercise their legal and voting rights at the Annual General Meeting, whereby each share is entitled to one vote. EVN AG has no preferred shares or shares with multiple voting rights. Decisions on specific matters are reserved for the Annual General Meeting by Austrian law or the company's by-laws including, among others, the distribution of profits, the release of the members of the Executive Board and the Supervisory Board from liability, the selection of the auditor for the individual and consolidated financial statements, and the election of the members of the Supervisory Board. Moreover, the Annual General Meeting is entitled to decide on changes in the company by-laws and planned capital measures. The results of voting and the agenda for the 86th Annual General Meeting of EVN on 15 January 2015 are available on the EVN website (**www.evn.at/AGM.aspx**).

Clear separation of management and control responsibilities

Austrian stock corporation law prescribes a dual management system and requires strict separation between management bodies (i.e. Executive Board) and controlling bodies (i.e. Supervisory Board). Parallel membership in both bodies is not permitted.

Communications between the Executive Board and the Supervisory Board take place at the meetings of the Supervisory Board and its committees and in writing, as required. In addition, the Executive Board and the chairman of the Supervisory Board maintain regular contact on issues that fall under the responsibility of the Supervisory Board. In particular, this includes the preparation of meetings.

Supervisory Board
As of 30 September 2015, the Supervisory Board of EVN AG had ten shareholder representatives elected by the Annual General Meeting and five members delegated by the Works Council. The Supervisory Board is headed by a chairman and two vice-chairmen, who are chosen by the Supervisory Board from among its members. The minimum number of independent members was set at 50% in a meeting on 29 May 2006. The independent members of the EVN Supervisory Board, as defined by Rule 53 of the ACGC, are listed on page 98.

The Supervisory Board performs its duties in accordance with the provisions of stock corporation law and the company's by-laws. Additional guidelines for its activities are provided by the rules of procedure for the Supervisory Board and by the ACGC.

One particular responsibility of the Supervisory Board is to supervise the work of the Executive Board, from which it may request a report at any time concerning the development of business. Legal regulations allow the Supervisory Board to extend the scope of business transactions requiring its formal consent as defined in § 95 (5) of the Austrian Stock Corporation Act through resolutions. The rules of procedure for the Executive Board and the Supervisory Board contain a detailed list of such business transactions and measures.

The ACGC requires the regular external evaluation of compliance with the C-Rules defined in the Code (Rule 62 of the ACGC). The corresponding external evaluation carried out during the reporting year concluded that, "EVN AG complied with the C-Rules of the ACGC during the 2014/15 financial year".

In 2014/15, the Supervisory Board carried out another self-evaluation of its activities as required by the Code. This evaluation was based on an extensive written questionnaire which was answered by the members of the Supervisory Board.

Remuneration report

Remuneration for top executives (Rule 28a): In light of the requirements defined by the latest version of the ACGC, the current variable remuneration system for top executives was amended by the company's corporate bodies as of 1 October 2010. In the process, the ratio of the variable remuneration to fixed salaries remained the same. This adjustment set the following priorities:

Indicators to illustrate the company's economic situation: The following quantitative parameters are used to measure the further development of management indicators that demonstrate the strategic and operating priorities of the EVN Group: increase in economic value added (EVA®) and average cash flow contribution.

Sustainability: Within the frame of the new remuneration rules, one of the primary objectives of the current version of the ACGC is to strengthen the focus of the Executive Board and top managers on sustainability and a long-term orientation. The introduction of multi-year targets and a bonus reserve further increased the solidity and stability of the variable remuneration system.

The bonus reserve is defined as a payment mechanism which is converted into an annual pro-rata bonus if the quantitative targets are met during a given period. Up to one-half of the bonus reserve is distributed after the achievement of objectives has been confirmed, while the remainder is carried forward to the next year. The introduction of a bonus reserve is designed to achieve two main goals. On the one hand, it is based on a multi-year approach that links consecutive years by carrying the unpaid bonus components from the initial reserve forward to the next period (similar to an opening account balance). On the other hand, this scheme aims to cushion and smooth the "independent" fluctuations in the company's economic performance.

Multi-year approach: The quantitative objectives are defined in advance for a period of three years. The determination of target achievement is based on internal data and information as well as external sources, e.g. benchmarks, peer group analysis and capital market and rating evaluations. In addition to the general three-year period, the accuracy and validity of the medium-term targets is evaluated each year. These targets are only revised in exceptional cases, for example in light of unforeseeable events or changes in the company which have a significant impact on performance.

Stock options (Rule 29): EVN does not have a stock option programme for the members of the Executive Board or key managers.

Performance-based bonus programme for the Executive Board (Rules 27, 30): In 2014/15, the remuneration of the Executive Board comprised a fixed component of approximately 81% and a variable component of approximately 19%. The variable component was based on the 2013/14 financial year. The performance-based component consists of the following parts: 30% based on the increase in economic value added (EVA®), 40% on the average cash flow contribution and 30% on individually agreed targets. Target corridors between 0% and 200% have been defined for the quantitative performance criteria (EVA® and the cash flow contribution), whereas 0% to 100% of the individually agreed targets can be achieved.

In keeping with the requirements of the current ACGC, the Supervisory Board of EVN AG approved an amendment to the pre-

vious variable remuneration scheme beginning in 2010/11. However, the ratio of variable remuneration to fixed salaries remained unchanged. Additional information is provided under the remuneration system for top executives (Rule 28a).

Directors and officers insurance (D&O insurance, Rule 30): EVN has arranged for D&O insurance to cover claims for damages by the company, shareholders, creditors, competitors and customers against the Executive Board resulting from violations of their legal obligation to exercise diligence in their capacity as managing directors. The managerial bodies of the Group's subsidiaries and certain affiliated companies are jointly insured under the prevailing terms and conditions at the present time. The costs for this insurance are carried by the company. Since the premium applies to the Group and is not dependent on the number of insured persons, extending this insurance coverage to the members of the Supervisory Board does not increase the premium.

Contracts requiring the approval of the Supervisory Board (Rule 48): No member of the Supervisory Board has concluded a contractual agreement with EVN or one of its subsidiaries that would entitle him or her to more than an insignificant payment. All such contracts are subject to the approval of the Supervisory Board.

Remuneration of the Supervisory Board (Rule 51): The Supervisory Board remuneration totals TEUR 98 per year. The chairman receives 15.1% of this amount, each of the two vice-chairman 11.0% and each of the other members slightly more than 9.0%. The attendance fee equals EUR 190 per person and meeting.

Measures to support women (Rule 60): EVN is committed to offering equal opportunities to all its employees. The percentage of women in EVN's workforce amounts to 21.9%, while roughly 7% of the key management positions are filled by women. There are no women on EVN's Executive Board, and the percentage of women on the Supervisory Board equals 13.3%. The Women@EVN programme was developed in 2010/11 to increase this ratio by improving the opportunities and perspectives offered to women working for the EVN Group in Austria. It is designed to create operating conditions that enable women to assume qualified positions in specialised areas and at the management level in line with their inclinations and skills. There were no appointments of women to additional senior positions during the reporting year. Group-wide, nine women currently serve as project managers (project manager career path). The percentage of young women in the Group's management development programme was higher than the current share of women in EVN's workforce during the reporting year. EVN has long pursued measures to support the work-life balance of women. These include flexible working time models, the provision of individualised support to women returning after maternity leave, day care during holidays, information events for staff members on parental leave as well as a comprehensive programme of vocational and professional education which is also open to men and women on parental leave. EVN's objective for the medium term is to increase the share of women to a level that mirrors the current educational levels of women in the applicable professional groups.

The Austrian Equal Opportunity Act requires companies with a workforce above a certain threshold to submit a biannual remuneration report (§ 11a of the Equal Opportunity Act). All companies in the EVN Group with a workforce above the legally defined threshold prepared the required report and submitted it to the applicable works council.

Directors' Dealings (Rule 73): No purchases of EVN AG shares by members of the corporate bodies or other persons listed in § 48 d (4) of the Austrian Stock Exchange Act were reported to the company or to the Austrian Financial Market Authority during 2014/15.

Related Party: EVN AG and NÖ Landes-Beteiligungsholding GmbH concluded a group and tax settlement agreement in 2005. Additional information on related party transactions as defined in IAS 24 is provided in the consolidated notes (note 68).

Auditor's fees: EVN's annual and consolidated financial statements for the 2014/15 financial year were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The fees charged by KPMG in 2014/15 amounted to EUR 1.8m (previous year: EUR 1.5m) and were distributed as follows: 48.2% for auditing and audit-related services (previous year: 52.2%), 48.8% for tax consulting services (previous year: 47.0%) and 3.0% for other consulting services (previous year: 0.8%).

Internal audit and risk management at EVN

Internal audit

EVN's internal audit department reports directly to the Executive Board and to the Audit Committee of the Supervisory Board. It is responsible for auditing and controlling processes and business units throughout the EVN Group. Separate internal audit departments were also established at EVN's subsidiaries in Bulgaria and Macedonia. The internal audit departments prepare annual audit plans based on the results of risk assessments, and these plans are approved by the responsible corporate bodies before implementation. Any problem areas identified during the audits are reported

to the respective business units and measures for improvement are recommended. The implementation of the measures approved by EVN's management is then evaluated in follow-up audits. No serious deficiencies were identified that could endanger the strategy and objectives of the EVN Group.

Risk management

The primary goal of risk management at EVN is to protect the Group's current and future earnings potential. Risks are recorded and analysed based on a centrally managed two-stage process that provides the responsible employees in the EVN Group with methods and tools to identify and evaluate risks. The respective business units, which are also responsible for risk management, communicate their risk exposures to the central risk management department, which classifies, analyses and evaluates risks across the entire Group. Measures to minimise corporate risks are also identified and their implementation is monitored. The two-stage risk management process is supported by standardised guidelines and consistently carried out throughout the Group. The resulting risk analyses are presented to the Executive Board and the responsible managing directors at regular intervals by the Group Risk Committee. A detailed presentation of EVN's main risks and the measures taken to control risks can be found in the chapter on risk management in the 2014/15 management report.

Issuer compliance

EVN has developed a comprehensive set of rules to prevent the misuse of insider information, which are based on the regulations defined by the Austrian Stock Corporation and Stock Exchange Acts, the Austrian Issuer Compliance Code and the Directive of the European Parliament on insider dealing and market manipulation. Twenty permanent and four ad-hoc areas of EVN's business have been designated as strictly confidential, and the involved employees take part in regular training. In accordance with the Austrian Stock Exchange Act, compliance and confidentiality are monitored and evaluated by a designated compliance officer who reports directly to the Executive Board. The regular controls carried out by the compliance officer in 2014/15 did not identify any deficiencies.

EVN Code of Conduct

EVN places great importance on the integrity and legally compliant behaviour of all its employees and business partners. Through their role as an integral part of an international energy and environmental services company, the managers and employees of EVN have a far-reaching responsibility and role model function both in Austria and abroad.

The Code of Conduct, which was developed in a Group-wide process and updated during 2012, forms the basis for all compliance measures at EVN.

Corporate Compliance Management (CCM), a staff department reporting directly to the Executive Board, was established as of 1 October 2012 to develop, manage and improve the Compliance Management System (CMS). The CMS defines a standardised framework for the entire Group which is designed to support employees to behave in an honest and legally compliant manner in everyday business activities.

Following the installation of a Group-wide compliance organisation in 2012/13, activities during the past two financial years focused on employee training. As EVN managers play a key role and serve as role models in establishing a sustainable compliance culture, managers of all strategic business units – in Austria and in other countries – were sensitised for this subject in five-hour interactive, dialogue-oriented workshops.

In order to spread and anchor the CMS as strongly as possible throughout the Group, the sensitisation of managers was followed by training sessions for employees. The compliance officers responsible for the respective departments explained EVN's CMS and the related structures and processes in sessions consisting of small groups and lasting for at least 2.5 hours, whereby special focus was placed on explaining the anonymous whistle-blower system. The content of the training sessions is based on the ten subject areas defined in EVN's Code of Conduct. The following subjects were defined based on the risk analysis and discussed with the help of specific case studies: customers, capital market and investors, integrity and avoidance of corruption, data protection and confidentiality.

The compliance box "Compliance. It's good energy." was developed for these training courses. It can be used as a collection of resources or reference work and was distributed to all participants at the start of the training course. The box is available in German, English, Bulgarian, Macedonian and Russian. An identical training programme is also held for all new employees.

Compliance training courses on the content described above have been held for nearly 8,000 employees and over 200 managers in ten different languages at more than 100 different locations from the start of the CMS to the end of the 2014/15 financial year. These activities ensure that all employees and managers in the EVN Group are well equipped to deal with the challenges resulting from adherence to the compliance rules.

New compliance-relevant content and issues are reviewed on a regular basis. In accordance with the risk assessment, they are processed and included in the compliance box as required. Training courses on special subjects provide additional information for areas exposed to increased risk. In order to strengthen the awareness for

compliance and reinforce the course content, employees are able to access the contents available on the EVN Intranet as well as e-learning tools developed especially for their use. The implementation of the e-learning tools was completed by the end of 2014/15 in all strategic business units and Group companies in Austria. In the other countries, this implementation is scheduled for the first six months of the new financial year. Special content is also offered for managing directors, infrastructure project managers and sales employees. A specific plan continually sets the main points for communications on current compliance issues.

An important element of the CMS is the whistle-blowing procedure, which provides a framework to report possible violations of EVN's Code of Conduct. This system is voluntary and anonymous, and the identity of the reporting person is never revealed.

The EVN Code of Conduct can be found under **www.evn.at/Code-of-conduct.aspx**. Its content is based on EVN's various stakeholder groups and is designed to support all employees in implementing EVN's values during their working activities.

The Supervisory Board received a report on the content, goals and status of the compliance organisation in its meeting on 10 December 2014 in accordance with Rule 18a of the ACGC.

Audit of compliance with the Austrian Corporate Governance Code by KPMG Austria

The report by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, on their audit of the corporate governance report of EVN AG, Maria Enzersdorf, pursuant to § 96 (2) Stock Corporation Act, to evaluate compliance with the ACGC is available under **www.investor.evn.at**.

Maria Enzersdorf, 18 November 2015

Peter Layr
Spokesman of the Executive Board

Stefan Szyszkowitz
Member of the Executive Board

Corporate governance and sustainability

Involvement of management and the highest governance body in sustainability issues

The **Executive Board** of EVN is responsible for the continuous development of the corporate strategy and for the preparation and revision of corporate guidelines and policy statements. This work is carried out in close coordination with the **Supervisory Board** and is supported by steering committees and working groups that are established for specific topics. A **CSR steering committee** was installed to deal with questions regarding sustainability. It comprises the entire management team, including the Executive Board, and therefore reflects European best practice standards. The committee's broad composition allows for the targeted management of CSR issues and continuous coordination with the corporate strategy and operating segments' goals.

△ GRI indicator: Role of the executive board regarding economic, ecological and social impacts, risks and opportunities (G4-42)

The Supervisory Board is provided with extensive information on current economic, ecological and social issues that are relevant for EVN at an annual closed **conference**. The main subjects of this conference in 2014/15 were cybersecurity and the protection of critical infrastructure. The Chief Compliance Officer also reports to the Supervisory Board twice each year at meetings of the Audit Committee. During these meetings, critical issues concerning the Supervisory Board can also be included. Independent of these meetings, the Supervisory Board receives additional information on any initial suspicions of violations that may present an economic risk to the company or damage its reputation. The Audit Committee of the Supervisory Board is informed of any initial suspicions of violations that may have material economic effects or cause damage to the company's reputation. The chairman of the Supervisory Board is notified directly if there are any suspicions of severe compliance violations involving the Executive Board members or if the Executive Board fails to take action. No critical issues were reported to the Supervisory Board during the reporting year.

△ GRI indicators: Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics (G4-43); Process for communicating critical concerns to the highest governance body (G4-49); Nature and total number of critical concerns communicated to the highest governance body (G4-50)

Involvement of stakeholders

Assistance to the Executive Board and Supervisory Board on sustainability issues is also provided by the **Advisory Committee for Environmental and Social Responsibility**. This committee consists of independent internal and external experts as well as employee representatives. For guidance on issues related to social commitment, the Executive Board can also call on the external experts who serve on the Advisory Board of the **EVN Social Fund** (details on these advisory boards can be found on page 234). The stakeholder group "customers" has been represented by a committee since 2011, whose function is to intensify the customer dialogue. The **EVN Customer Advisory Board** has 24 members who are selected to represent the interests of consumers from Lower Austria. The committee's members serve two-year terms, whereby the most recent appointments were made in spring 2015. Regular stakeholder surveys are also carried out to identify the needs and concerns of the various interest groups. The results of these surveys are presented to the Executive Board in detail and flow directly into EVN's strategy in the form of the strategic areas of activity.

△ GRI indicator: Consultation processes between stakeholders and the executive board (G4-37)

Stakeholders have an opportunity to express their views on management's **remuneration** and the remuneration scheme at the **Annual General Meeting.**

The remuneration scheme for key EVN managers was adjusted as of 1 October 2010. Among others, the adjustment included the following points:

→ Inclusion of value-oriented indicators
→ Inclusion of sustainable development factors for the respective areas

△ GRI indicator: Stakeholders' views on management remuneration (G4-53)

Management report

Energy policy environment

European energy and climate policies

Energy union

One of the goals of the new EU Commission under President Claude Juncker is the development of a package of measures to create a so-called "Energy Union". An important concern in connection with the creation of this Energy Union is the coordination of national energy policies. The objective is to create a fully integrated internal market while, at the same time, guaranteeing supply security and ensuring the attainment of climate goals.

European climate policy

The goal of the European climate policy is to reduce greenhouse gas emissions in the EU at least 40% below the 1990 level by 2030. The targets to meet this goal include an increase in the share of renewable energy in the total energy mix to 27% in 2030. Another target calls for a 20% improvement in energy efficiency over the 2007 level by 2020 and a 27% improvement by 2030.

Emission trading

After postponing the auctions for 900m CO_2 emission certificates to 2019 and 2020 ("backloading"), the European Parliament approved a reduction in the number of certificates starting in 2019. A total of 1.5m certificates will be transferred to a market stabilisation reserve, which will be used to adjust the number of certificates on the market in line with economic conditions. In July 2015 the European Commission submitted a legislative proposal for the further reform of the European Emission Trading System (EU ETS) in the fourth trading period – i.e. from 2021 to 2030. The recommended measures include an increase in the linear reduction factor from 1.74% to 2.2% to decrease the upper limit for allowable yearly CO_2 emissions starting in 2021.

Allocation of CO_2 emission certificates

EVN purchases 100% of the emission certificates required for its electricity generation over the market. The allocation of free certificates for heat generation began in 2013 at a level equal to 80% of the previously determined CO_2 emissions for each plant. Plans call for a linear reduction in free certificate allocations to 30% of the plant emissions by 2020. Moreover, the number of allocated certificates will also be reduced if there is a significant decrease in heat generation.

△ GRI indicator: Allocation of CO_2 emission allowances (EU5)

Summer package

The so-called "summer package" announced in July 2015 included not only the emission trading proposal, but also a legislative recommendation to update the Energy Efficiency Labelling Directive. This package contains several non-legislative recommendations and consultations on the redesign of the European electricity market, supply security and the end customer market. The intent is to increase the involvement of end customers and, in this way, allow them to benefit from active behaviour on the market and from new technologies.

Austrian energy and climate policies

Energy Efficiency Act

The goal of the Energy Efficiency Act is to achieve a 20% improvement in energy efficiency over the 2007 level by 2020 in accordance with EU requirements.

Since 1 January 2015, energy providers in Austria have been required to implement energy savings measures for end customers at an amount equal to 0.6% of their previous year's energy sales volumes. The failure to meet this goal results in a compensation payment of EUR 0.20 per kWh, which is transferred to a fund to finance energy savings projects and the increased use of renewable energy sources.

The Austrian Energy Agency was designated to serve as the national energy efficiency monitoring body in April 2015. In this function, the Austrian Energy Agency is responsible for evaluating and monitoring efficiency measures. Its first target evaluation is scheduled for February 2016.

EVN has already taken important steps to meet these efficiency requirements with its offering of energy services.

Energy strategy 2030

The Austrian federal government has set a goal to define an energy strategy for the years up to 2030. The envisaged energy system is to be efficient, affordable and socially viable. Its specific goals are the protection of supply security, prosperity and competitiveness as well as an intact environment. EVN supports these goals and contributes to their realisation with an investment programme that is focused on the home market of Lower Austria.

Electricity labelling requirement

The amendment to the Electricity Management and Organisation Act ("Elektrizitätswirtschafts- und -organisationsgesetz", ElWOG) that was published on 6 August 2013 requires the labelling of the electricity delivered to end customers (see § 79a ElWOG). Beginning on 1 April 2014, the operators of pump storage power plants are also obliged to provide proof of origin for the use of pump electricity, in accordance with the 2013 amendment to the energy labelling by-law.

The legally mandated labelling of electricity on the invoices of EVN Energievertrieb GmbH & Co KG was audited by KPMG Austria GmbH

Regulatory model for the operation of electricity and natural gas networks in Austria	Electricity (current)	Natural gas (current)
Regulatory authority	Energie-Control Austria	Energie-Control Austria
Start of the regulatory period	01.01.2014	01.01.2013
Duration of the regulatory period	5 years	5 years
Start of next regulatory period	01.01.2019	01.01.2018
Regulatory method	Revenue caps	Revenue caps
Weighted average cost of capital (WACC) before taxes, nominal[1)]	6.42%	6.42%
General productivity factor	1.25%	1.95%
Individual productivity factor	0.36%	0.00%
Inflation[2)]	Annual adjustment	Annual adjustment

1) The interest-bearing asset base is defined by the regulated asset base (RAB).
2) The annual adjustment for electricity is based on the consumer price and construction price indices, while the annual adjustment for natural gas also reflects the wage increase index.

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The environmental impact of the supply mix used by EVN Energievertrieb GmbH & Co KG in 2014/15 totalled 116.46 g/kWh of CO_2 emissions (previous year: 233.05 g/kWh) and 0 mg/kWh of radioactive waste (previous year: 0 mg/KWh).

△ GRI indicator: Legally prescribed information on products and services (PR3)

Regulatory environment

Austria

The new regulatory period in Austria started on 1 January 2013 for natural gas and on 1 January 2014 for electricity; both periods cover five years. The key parameters in the regulatory model are the weighted average cost of capital and an individual productivity factor. This factor represents a cost-cutting target that is individually determined for each company. The network company of EVN is evaluated at the upper end of the scale in terms of productivity in a peer-group benchmarking.

Bulgaria

Household and commercial customers in Bulgaria are supplied at regulated prices, while business customers are being gradually transitioned to the liberalised market. EVN is active in this customer segment through its trading subsidiary EVN Trading South East Europe EAD. EVN Bulgaria Electrosnabdiavane EAD, which also supplies household and business customers, acts as a "supplier of last resort" and services those customers in the liberalised market segment who do not select another supplier or cannot receive electricity from their chosen supplier through no fault of their own.

The Bulgarian regulatory authority reduced the tariffs for end customers by an average of 0.4% as of 1 August 2015. The repayment of the liability that was recognised to adjust revenues from previous periods was postponed for the current regulatory period. With this step, the regulatory authority gives the distribution companies an opportunity to expand their activities and improve the quality of their services.

In 2013/14 EVN was confronted with administrative proceedings that were initiated by the local regulatory authority and are aimed at withdrawing the license for the Bulgarian electricity sales subsidiary EVN Bulgaria Electrosnabdiavane EAD. The proceedings have still not been terminated. EVN is using all available means to enforce its claims in this – in its view unjustified – case.

Arbitration proceedings initiated in June 2013 at the International Centre for the Settlement of Investment Disputes (ICSID), an institution established by the World Bank, are still being actively pursued.

Macedonia

The unbundling of the individual business areas in utility companies in Macedonia has been in progress since 1 January 2014. EVN met these requirements by establishing a sales company (EVN Macedonia Elektrosnabduvanje DOOEL) and a production company (EVN Macedonia Elektrani DOOEL) in addition to the previously founded EVN Macedonia AD, which continues to operate as a network company.

The next steps to liberalise the electricity market in Macedonia will be implemented gradually by July 2020, independent of customers' annual electricity consumption. On 1 July 2015, the tariffs were set for the following twelve months. The end customer price was reduced by 0.3%, but the cost elements related to the planned liberalisation steps were not included.

Regulatory model for network usage tariffs in Bulgaria and Macedonia	Bulgaria electricity	Bulgaria heat	Macedonia electricity
Regulatory authority	Energy and Water Regulatory Commission (EWRC)	Energy and Water Regulatory Commission (EWRC)	Energy Regulatory Commission (ERC)
Start of the regulatory period	01.08.2015	01.07.2015	01.01.2015
Next regulatory adjustment	01.08.2018	01.07.2016	01.01.2018
Duration of the regulatory period	3 years	1 year	3 years
Regulatory method[1)]	Revenue caps	Rate of return on capital	Revenue caps
Weighted average cost of capital (WACC) before taxes, nominal	7.0%	5.1%	6.6%
Recognised network losses	8.0%	30.0%	14.0%
Productivity factor	yes	yes	no
Investment factor[2)]	yes	no	no

1) The revenue caps comprise the recognised operating expenses, the amortisation and depreciation as well as the recognised return on the regulatory asset base (RAB).
2) Annual review and approval of company's investment plans by the regulatory authority

Croatia

The Croatian natural gas market for business customers has been liberalised since 2012, but the liberalisation for household customers was postponed to 31 March 2017. Consequently, deliveries to household customers are still based on regulated tariffs. The household tariffs were reduced by an average of 7.7% for the period from 1 April 2015 to 31 December 2015.

The regulatory authority has introduced new rules for transmission and distribution network operators as well as new rules for the natural gas market. They are intended to improve regulation and the implementation of balancing energy rules throughout the entire natural gas market. The latter is part of the harmonisation of Croatian regulatory requirements with the surrounding natural gas markets and with EU directives. EVN Croatia has included the balancing energy risks in its natural gas price and passed this adjustment on to the responsible business units, which eliminates the balancing energy risk for the distribution network operator.

General business environment

The global economy has followed a very volatile course in 2015 – not least due to the turbulences in China, the world's second largest economy. For the full twelve months of 2015, forecasters are projecting worldwide economic growth of 3.0% to 3.5%. The Chinese economy is currently expected to increase by roughly 7%, which represents the lowest level since 1990. In addition, major economies such as Russia and Brazil have fallen into a recession, while the USA and the Eurozone are generating steady growth. Europe is benefiting from the successful reforms in previous crisis countries like Ireland and Spain, while factors such as the low oil price, the weaker euro and the expansive monetary policy of the European Central Bank have had an additional positive effect. Against this backdrop, estimates for growth in the Eurozone point to an increase of 1.7% to 1.9% in 2015 and 1.9% to 2.0% in 2016.

Economic momentum in Austria has been weak in 2015. Domestic companies are still hesitant to invest, despite the low level of interest rates, and private household consumption has stagnated. The gap to average growth in the Eurozone is only expected to narrow slightly during the coming year. Private consumption should

GDP growth	%	2016f	2015e	2014	2013	2012
EU-28[1) 2)]		1.9–2.0	1.7–1.9	1.3–1.4	0.1	–0.5
Austria[2) 3)]		1.4–1.6	0.7	0.4	0.3	0.9
Bulgaria[1) 2) 4)]		1.5–2.3	1.1–2.0	1.7	1.1	0.5
Croatia[1) 2) 4) 6)]		1.0–1.4	0.5–1.1	–0.4	–0.9	–2.2
Macedonia[5) 6)]		3.2–3.8	3.2–3.5	3.5–3.8	2.7	–0.4

1) Source: "European Economic Forecast, Autumn 2015", EU-Commission, November 2015
2) Source: "Prognose der österreichischen Wirtschaft 2015–2016", IHS, September 2015
3) Source: "Prognose für 2015 bis 2016: Österreichs Wirtschaft gewinnt etwas an Dynamik", WIFO, September 2015
4) Source: "Strategie Österreich & CEE 4. Quartal 2015", Raiffeisen Research, October 2015
5) Source: "Global Economic Prospects", World Bank, June 2015
6) Source: "World Economic Outlook", International Monetary Fund, October 2015

rise as a result of the 2015/16 tax reform and the resulting income relief as well as an increase in employment. According to forecasters, this more optimistic environment should be reflected in growth of 0.7% in 2015 and a slight improvement of between 1.4% to 1.6% in 2016.

In Bulgaria, the GDP rose steadily during the reporting year. The major impulses were provided by net exports and investment activity, while the demand by private households showed only slight improvement. This momentum should support the continued stabilisation of the Bulgarian labour market and government finances at a modest pace during 2015 and 2016. Economic growth of 1.1% to 2.0% is projected for 2015, and this positive trend should continue into 2016 with an increase of 1.5% to 2.3%.

The latest economic reports from Croatia confirm the start of moderate recovery. Growth has been driven primarily by increasing exports, while domestic demand is not expected to provide stronger impulses before 2016. From the current perspective, 2015 appears to be the most successful tourism year in the country's history. A decline in the high unemployment rate is also projected for the near term. The estimates for GDP growth in Croatia show an increase of 0.5% to 1.1% in 2015 and 1.0% to 1.4% in 2016.

Macedonia was the top regional performer in 2014 with a GDP increase of 3.8%. This development was supported, above all, by solid investment demand as a result of public infrastructure projects and by a strong increase in exports. However, unemployment remains at a high level in spite of the comparatively robust economy. The GDP in Macedonia is forecasted to increase by 3.2% to 3.5% in 2015 and by 3.2% to 3.8% in 2016.

Energy sector environment

The development of energy sector business at EVN is influenced to a significant degree by external factors. Energy consumption by retail customers – in the form of electricity, natural gas and heat – is influenced primarily by the weather, while the demand for energy by industrial customers is driven mainly by the general business environment.

The average temperatures in Austria during the reporting period were nearly unchanged compared with the previous year, which was characterised by an unusually mild winter. In contrast, substantially lower temperatures were recorded in South East Europe. The

Energy sector environment – indicators		2014/15	2013/14	+/– in %	2012/13
Temperature-related energy demand[1]	%				
Austria		88.1	86.9	1.2	107.5
Bulgaria		94.6	80.4	14.2	88.0
Macedonia		99.9	89.4	10.4	95.1
Primary energy and CO_2 emission certificates					
Crude oil – Brent	EUR/bbll	52.7	79.7	–33.9	82.9
Natural gas – GIMP[2]	EUR/MWh	21.4	22.1	–3.0	26.9
Hard coal – API#2[3]	EUR/t	53.9	59.5	–9.5	63.1
CO_2 emission certificates (2^{nd}/3^{rd} period)	EUR/t	7.2	5.2	38.8	5.3
Electricity – EEX forward market[4]					
Base load	EUR/MWh	34.9	38.6	–3.8	47.5
Peak load	EUR/MWh	43.8	49.2	–5.4	58.8
Electricity – EPEX spot market[5]					
Base load	EUR/MWh	32.1	33.5	–4.1	38.8
Peak load	EUR/MWh	39.8	42.2	–5.6	49.9

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 2010; 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

heating degree total rose only slightly by 1.2 percentage points in Austria, but increased by 14.2 and 10.4 percentage points, respectively, in Bulgaria and Macedonia.

The prices for primary energy carriers such as crude oil, natural gas and hard coal continued to decline in 2014/15. The decisive factor for this development was an increase in stocks due to the weaker economic outlook and resulting lower demand, which was contrasted by unchanged production quotas. The reduction in the auction volume for CO_2 emission certificates by the European Union was responsible for a year-on-year rise in prices which, however, still remain at a low level. In combination with the continuing decline in hard coal prices, electricity generation from coal-fired plants has become more economical. This has created a situation where state-of-the-art natural gas-fired plants in Austria and Germany, for example, are being registered for decommissioning or have already been decommissioned because they are no longer profitable.

The reporting year also brought a further decrease in forward and spot market prices on the European electricity exchanges. This development resulted from the supply overhang which was caused by the continued expansion of electricity generation from renewable sources, the first steps toward the exit from nuclear power generation and the weak economic climate. The consequences include the shutdown of thermal power plants, a trend that can already be observed on the market.

Business development

The scope of consolidation (see note 4. Scope of consolidation, page 151f) was reduced by one fully consolidated company in comparison with the previous year; there was no change in the total number of at equity consolidated companies. Including EVN AG as the parent company, the consolidated financial statements for the 2014/15 financial year include 68 fully consolidated companies (previous year: 69), one joint operation included through proportionate consolidation (previous year: 1) and 19 companies consolidated at equity (previous year: 19). EVN Bulgaria RES Holding GmbH was added to the scope of fully consolidated companies during the reporting year. OAO "WTE Süd-Ost", the company in which the sodium hypochlorite plant was recorded, and the subsidiary V&C Kathodischer Korrosionsschutz Gesellschaft m.b.H. were deconsolidated following their sale in 2014/15.

Statement of operations

Results of operations

Revenue recorded by the EVN Group increased by EUR 161.0m, or 8.2%, to EUR 2,135.8m in 2014/15. This growth was supported by full operations and the sale of electricity generated by the Duisburg-Walsum power plant during the entire financial year as well as by the expansion of the company's natural gas trading activities. Substantial positive impulses were also provided by the investments in South East Europe. The absence of the negative non-recurring effects related to regulatory decisions in 2013/14 and the tariff decisions in Bulgaria and Macedonia during 2014/15 made an important contribution to the improvement in revenue. Positive effects were also provided by the increased use of EVN's thermal power plants as reserve capacity.

Highlights 2014/15

→ 11.1% increase in electricity generation
- Renewable production capacity expanded by 37 MW
- Greater use of thermal power plants for network stabilisation in Austria and Germany

→ Improvement in EBITDA, EBIT and result before income tax
- Substantial increase in energy business result
- Sale of sodium hypochlorite plant to the city of Moscow
- Earnings positively influenced by operating improvements in Bulgaria and Macedonia
- Less favourable estimates for long-term development of electricity prices led to impairment losses in Generation Segment
- Absence of negative non-recurring effects from 2013/14

Condensed consolidated statement of operations	2014/15 EURm	2013/14 EURm	+/– nominal	+/– in %	2012/13[1] EURm
Revenue	**2,135.8**	**1,974.8**	**161.0**	**8.2**	**2,105.9**
Other operating income	108.4	71.1	37.2	52.3	95.2
Electricity purchases and primary energy expenses	–1,066.5	–1,032.2	–34.3	–3.3	–979.0
Cost of materials and services	–254.0	–251.9	–2.1	–0.8	–301.3
Personnel expenses	–313.5	–313.0	–0.5	–0.2	–305.3
Other operating expenses	–168.1	–359.0	190.9	53.2	–170.4
Share of results from equity accounted investees with operational nature	141.1	94.0	47.0	50.0	95.0
EBITDA[1]	**583.2**	**184.1**	**399.2**	**–**	**540.0**
Depreciation and amortisation	–260.3	–256.0	–4.3	–1.7	–237.9
Effects from impairment tests	–54.7	–269.5	214.8	79.7	–59.9
Results from operating activities (EBIT)	**268.2**	**–341.4**	**609.6**	**–**	**242.2**
Financial results	**–60.3**	**–31.9**	**–28.4**	**–88.9**	**–71.5**
Result before income tax	**207.9**	**–373.3**	**581.2**	**–**	**170.7**
Income tax	–17.3	102.8	–120.1	–	–17.9
Result for the period	**190.7**	**–270.5**	**461.2**	**–**	**152.8**
thereof result attributable to EVN AG shareholders (Group net result)	148.1	–299.0	447.1	–	109.3
thereof result attributable to non-controlling interests	42.6	28.5	14.1	49.4	43.5
Earnings per share in EUR[2]	**0.83**	**–1.68**	**2.51**	**–**	**0.61**

1) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see the EVN Full Report 2013/14, page 148).
2) There is no difference between basic and diluted earnings per share.

The revenue generated outside Austria rose by EUR 116.7m, or 11.7%, to EUR 1,111.4m. This represents an increase in the share of Group revenue from 50.4% in the previous year to 52.0% in 2014/15.

Other operating income increased by EUR 37.2m, or 52.3%, to EUR 108.4m. This strong improvement reflected the positive conclusion of negotiations with the city of Moscow over the sodium hypochlorite plant, which led to the sale of the shares in the project company during October 2014, as well as higher work in process in the network business.

The cost of electricity purchases from third parties and primary energy expenses were EUR 34.3m, or 3.3%, higher at EUR 1,066.5m. This development was based on higher energy procurement costs for the first full year of operations in the Duisburg-Walsum power plant, the use of additional natural gas volumes for trading purposes and higher energy procurement costs following an increase in energy purchase prices in Bulgaria.

The cost of materials and services increased by EUR 2.1m, or 0.8%, to EUR 254.0m. The valuation allowance recognised to the remaining components (included under inventories) of the former project for the construction of the thermal waste utilisation plant no. 1 in Moscow during the second quarter of 2014/15 and maintenance and repair costs for the overhead power lines in Lower Austria and Bulgaria after freezing rain and heavy snowfall in the winter of 2014/15 were almost offset by a decline in other services.

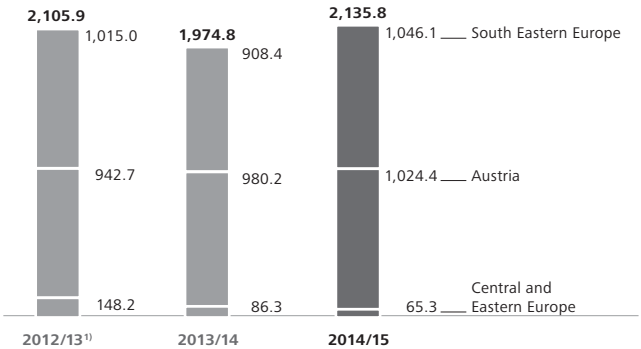
Personnel expenses remained practically unchanged at the prior year level with a slight increase of EUR 0.5m, or 0.2%, to EUR 313.5m. The increase in personnel costs due the wage and salary adjustments required by collective bargaining agreements was offset, for the most part, by further process and organisational optimisation measures, above all in the South East European companies. The average number of employees declined by 341, or 4.7%, to 6,973 during the reporting year.

Other operating expenses were EUR 190.9m, or 53.2%, lower at EUR 168.1m. The prior year value was influenced by a valuation allowance on a leasing receivable in connection with the former thermal waste utilisation plant no. 1 in Moscow. A provision was also recognised during the reporting year for impending payments related to liabilities for EconGas GmbH which, however, was nearly offset primarily by a decline in legal and consulting expenses.

The share of results from equity accounted investees with operational nature increased by EUR 47.0m, or 50.0%, to EUR 141.1m, chiefly due to an improvement in earnings at Rohöl-Aufsuchungs AG (RAG) and EVN KG. This was contrasted by an impairment loss, which was recognised to the investment in Verbund Innkraftwerke GmbH to reflect the less favourable estimates for the long-term development of electricity prices. This effect was, however, equalised by an increase in the share of profit from the other companies included at equity. EVN recorded EBITDA of EUR 583.2m for 2014/15, an increase of EUR 399.2m over the previous year.

Revenue by region

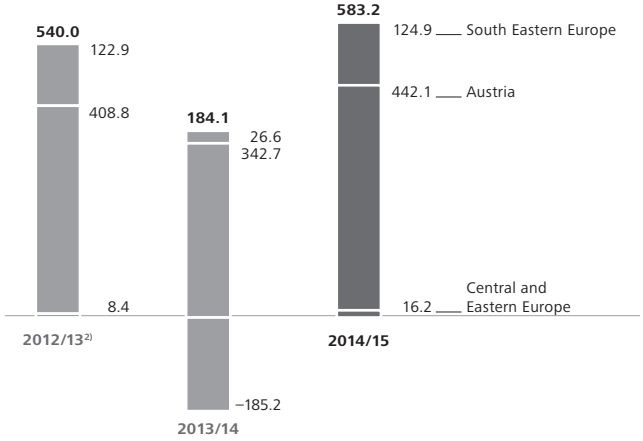
in EURm



1) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see the EVN Full Report 2013/14, page 148).

EBITDA by region 1)

in EURm



1) The presentation according to the country-of-origin principle led to variances compared with the previous year.
2) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see the EVN Full Report 2013/14, page 148).

Depreciation and amortisation rose by EUR 4.3m, or 1.7%, to EUR 260.3m in 2014/15, above all due to the ongoing investments in the networks and the expansion of renewable production capacity. The effects from impairment testing, which were influenced in the previous year primarily by negative valuation effects in Bulgaria and Macedonia, declined by EUR 214.8m, or 79.7%, to EUR 54.7m. Impairment losses of EUR 17.0m were recognised in the first half of 2014/15, in particular due to an expected future increase in maintenance and operating costs following the closing of a Verbund power plant unit at the Dürnrohr joint power plant in April 2015. Less favourable estimates for the long-term development of electricity prices led to the recognition of impairment losses totalling EUR 27.6m to the investment in the Duisburg-Walsum power plant and also to impairment losses to other electricity generation plants. The adjustment of the expected sales volumes in individual long-distance heating plants also resulted in impairment losses. Based on these developments, the results from operating activities (EBIT) amounted to EUR 268.2m and exceeded the previous year by EUR 609.6m.

Financial results amounted to EUR –60.3m and were EUR 28.4m lower than the previous year. This change reflected a decline in the dividend from Verbund AG for the 2014 financial year and the termination of the hedge for the financing of the sold sodium hypochlorite plant in Moscow as well as the costs for the related investment guarantee issued by the Federal Republic of Germany.

Result before income tax for the 2014/15 financial year equalled EUR 207.9m (previous year: EUR –373.3m). After the deduction of EUR 17.3m in income tax expense, result for the period amounted to EUR 190.7m, a year-on-year improvement of EUR 461.2m.

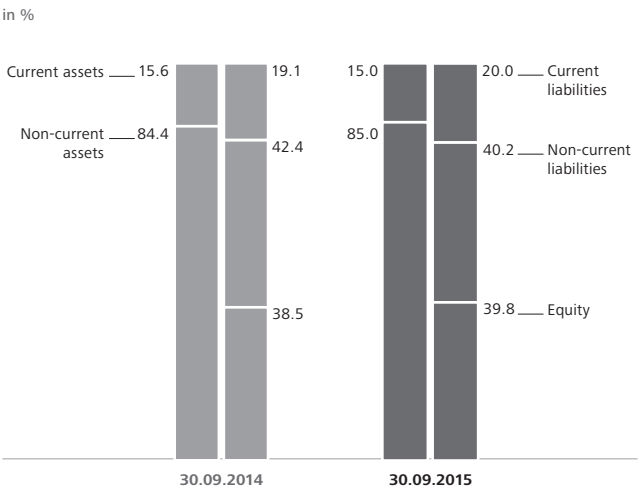
Group net result rose to EUR 148.1m (previous year: EUR –299.0m), and earnings per share increased to EUR 0.83 (previous year: EUR –1.68). The Executive Board will therefore recommend the distribution of a stable dividend of EUR 0.42 per share for the 2014/15 financial year to the 87th Annual General Meeting (previous year: EUR 0.42). This corresponds to a dividend yield of 4.3% (previous year: 4.1%) based on the share price of EVN AG on 30 September 2015 (EUR 9.854).

Statement of financial position

Asset and financial position

EVN's balance sheet total declined by EUR 340.6m, or 5.0%, year-on-year to EUR 6,501.2m as of 30 September 2015.

Balance sheet structure



Non-current assets fell by EUR 248.5m, or 4.3%, to EUR 5,529.2m. Because of the reduction in the balance sheet total, however, the share of non-current assets in total assets increased slightly to 85.0% (30 September 2014: 84.4%). Intangible assets and property, plant and equipment declined slightly by EUR 2.1m to EUR 3,736.6m. The additions resulting from the ongoing investment activity were unable to completely offset depreciation, amortisation and impairment losses. The carrying amount of equity accounted investees and other investments was EUR 156.0m, or 10.0%, lower than the previous year and amounted to EUR 1,397.8m. This development was attributable, above all, to a decline in the market value of the Verbund shares held directly by EVN AG on 30 September 2015 and an impairment loss on the participation interest in Verbund Innkraftwerke GmbH. Other non-current assets decreased by EUR 90.3m, or 18.6%, to EUR 394.9m, above all due to the reclassification of the current components of leasing receivables to current assets.

Current assets increased by EUR 131.6m, or 15.7%, to EUR 972.0m. This development was caused by higher trade receivables, additions from the reclassification of non-current assets to current assets and an increase in current securities following the investment of available liquidity in cash funds. The rise was, however, reduced slightly by the decline in inventories.

Condensed consolidated statement of financial position	30.09.2015 EURm	30.09.2014 EURm	+/– EURm	+/– in %	30.09.2013[1] EURm
Assets					
Non-current assets					
Intangible assets and property, plant and equipment	3,736.6	3,738.7	–2.1	–0.1	3,867.8
Investments in equity accounted investees and other investments	1,397.8	1,553.8	–156.0	–10.0	1,638.8
Other non-current assets	394.9	485.2	–90.3	–18.6	900.6
	5,529.2	**5,777.7**	**–248.5**	**–4.3**	**6,407.2**
Current assets	**972.0**	**840.4**	**131.6**	**15.7**	**876.5**
Non current assets held for sale	**0.0**	**223.7**	**–223.7**	**–100.0**	**0.0**
Total assets	**6,501.2**	**6,841.8**	**–340.6**	**–5.0**	**7,283.7**
Equity and liabilities					
Equity					
Issued capital and reserves attributable to shareholders of EVN AG[1]	2,334.8	2,395.2	–60.4	–2.5	2,837.5
Non-controlling interests	255.4	237.5	17.8	7.5	241.7
	2,590.1	**2,632.7**	**–42.6**	**–1.6**	**3,079.2**
Non-current liabilities					
Non-current loans and borrowings	1,535.7	1,747.7	–212.0	–12.1	1,805.7
Deferred tax liabilities and non-current provisions[1]	492.3	545.5	–53.2	–9.8	582.8
Deferred income from network subsidies and other non-current liabilities	583.1	609.4	–26.3	–4.3	583.0
	2,611.0	**2,902.6**	**–291.6**	**–10.0**	**2,971.5**
Current liabilities					
Current loans and borrowings	140.1	194.2	–54.1	–27.9	394.6
Other current liabilities	1,160.0	1,112.3	47.7	4.3	838.3
	1,300.0	**1,306.5**	**–6.4**	**–0.5**	**1,232.9**
Total equity and liabilities	**6,501.2**	**6,841.8**	**–340.6**	**–5.0**	**7,283.7**

1) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see the EVN Full Report 2013/14, page 148).

The sale of the sodium hypochlorite plant in Moscow at the end of October 2014 reduced the volume of non-current assets available for sale. The liquidity generated by this sale was used to repay the project financing or invested in cash funds.

Equity totalled EUR 2,590.1m as of 30 September 2015 and was EUR 42.6m, or 1.6%, lower than the previous year. The positive Group net result for 2014/15 was unable to fully offset the results recorded directly in equity without recognition through profit or loss and the distributions to the shareholders of EVN AG and non-controlling interests. However, the equity ratio rose to 39.8% owing to the decline in the balance sheet total (previous year: 38.5%).

Non-current liabilities declined by EUR 291.6m, or 10.0%, to EUR 2,611.0m, chiefly due to the reclassification of non-current loans and borrowings as short-term, a decrease in personnel provisions and lower deferred tax liabilities.

Current liabilities were EUR 6.4m, or 0.5%, lower at EUR 1,300.0m. The repayment of the financing for the sodium hypochlorite plant in Moscow and a decrease in trade payables were nearly offset by the creation of a provision for impending payments related to liabilities for EconGas GmbH, the reclassification of the current components of financial liabilities and an increase in other liabilities.

Value analysis

For the purpose of corporate management the weighted average cost of capital (WACC) after tax, taking into consideration EVN's specific company and country risks, was set at 6.5%.

The return on equity (ROE) equalled 7.3% in 2014/15 (previous year: –9.5%), and the Economic Value Added (EVA®) totalled EUR 47.0m (previous year: EUR –174.1m). The operating return on capital employed (OpROCE) amounted to 7.5% for the reporting year (previous year: 2.9%).

Value analysis		2014/15	2013/14	+/– in %	2012/13[1]
ROE	%	7.3	–9.5	16.8	5.0
Average equity	EURm	2,611.4	2,856.0	–8.6	3,057.4
WACC after income tax[2]	%	6.5	6.5	0.0	6.5
Operating ROCE (OpROCE)[3]	%	7.5	2.9	4.6	6.1
Average capital employed[3]	EURm	4,523.1	4,900.5	–7.7	5,046.6
Net operating profit after tax (NOPAT)[3]	EURm	341.0	144.5	–	307.3
EVA®	EURm	47.0	–174.1	–	–20.7

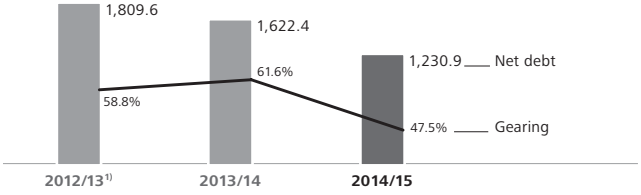
1) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see the EVN Full Report 2013/14, page 148).
2) The WACC given is used for the purpose of corporate management.
3) Adjusted for impairment losses and one-off effects. The market value of the investment in Verbund AG is not included in capital employed in order to consistently determin the value contribution.

Liquidity position

The strong cash flow from operating activities allowed EVN to reduce net debt by EUR 391.5m, or 24.1%, to EUR 1,230.9m during the reporting year. This reduction also led to a decrease in the gearing ratio from 61.6% to 47.5%, despite the decline in equity.

In order to safeguard its financial flexibility, EVN AG holds a syndicated credit line as well as bilateral credit commitments that were not drawn as of 30 September 2015 and are therefore available in full. A one-year extension option included in the agreement for the EUR 400m syndicated credit line was exercised during the reporting year and rescheduled the maturity date from July 2019 to July 2020. The remaining terms of the bilateral credit lines totalling EUR 175m, which were concluded with six banks, range up to four years. Based on these reserves, EVN's liquidity position can be regarded as stable.

Net debt in EURm, **gearing** in %



1) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see the EVN Full Report 2013/14, page 148).

Additional information on the composition and terms of non-current financial liabilities is provided in the notes beginning on page 188f.

Statement of cash flows

Gross cash flow rose by EUR 100.6m to EUR 438.1m in 2014/15 based on EVN's positive operating development and despite the higher non-cash share of results from equity accounted investees. In contrast, cash flow from operating activities fell by EUR 67.7m to EUR 478.3m due to changes in working capital that were based on non-recurring effects in the prior year.

Cash flow from investing activities totalled EUR –72.7m and was EUR 170.6m lower than the previous year. The ongoing investment programme and the investment of part of the liquid funds in current securities were contrasted by cash inflow from the sale of the sodium hypochlorite plant in Moscow.

Cash flow from financing activities equalled EUR –357.3m and reflected the repayment of the financing for the sodium hypochlorite plant and the scheduled repayment of financial liabilities. Also included here are the dividend paid in January 2015 and the dividend attributable to non-controlling interests for the 2013/14 financial year.

In total, cash flow amounted to EUR 48.3m in 2014/15, which is EUR 80.6m higher than the previous year. Cash and cash equivalents totalled EUR 244.9m as of 30 September 2015. In addition, EVN had undrawn credit lines of EUR 575.0m at its availability to service potential short-term financing requirements.

Investments

Capital expenditure fell by EUR 73.7m, or 18.6%, year-on-year to EUR 322.7m in 2014/15.

In the Generation Segment, investments focused on the expansion of windpower capacity in Lower Austria. The completion and commissioning of the 37 MW Prottes-Ollersdorf windpark, for

Net debt	30.09.2015 EURm	30.09.2014 EURm	+/– EURm	+/– in %	30.09.2013[1] EURm
Non-current loans and borrowings	1,535.7	1,747.7	–212.0	–12.1	1,805.7
Current loans and borrowings[2]	129.9	173.8	–43.9	–25.2	373.7
Cash and cash equivalents	–244.9	–197.2	–47.7	–24.2	–229.5
Non-current and current securities	–154.5	–62.9	–91.6	–	–101.1
Non-current and current loans receivable	–35.3	–38.9	3.6	9.3	–39.2
Net debt	**1,230.9**	**1,622.4**	**–391.5**	**–24.1**	**1,809.6**
Equity	**2,590.1**	**2,632.7**	**–42.6**	**–1.6**	**3,079.2**
Gearing (%)	**47.5**	**61.6**	**–**	**–14.1**	**58.8**

1) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see the EVN Full Report 2013/14, page 148).
2) Excl. bank overdrafts contained in cash and cash equivalents

example, increased EVN's total windpower generation capacity to 250 MW. Overall, investments in the Generation Segment were, however, lower than in the previous year due to the completion and commissioning of the Duisburg-Walsum power plant in 2013/14.

Investments in the Energy Trade and Supply Segment were directed primarily to the expansion of EVN's district heating network as well as the construction of local heating plants and biomass heating plants. The postponement of projects to 2015/16, above all in the heating business, led to a decline in the total investments by this segment.

The Network Infrastructure Austria Segment continued its high level of investments, but the volume remained below the previous year's level. The new construction or expansion of transformer stations and the expansion of the 110 kV power lines represented the focal points of projects.

In the Energy Supply South East Europe Segment, investments generally reflected the prior year level. The projects included, among others, the expansion of natural gas supplies along the Dalmatian coast in Croatia.

Condensed consolidated statement of cash flows	2014/15 EURm	2013/14 EURm	+/– EURm	+/– in %	2012/13[1] EURm
Result before income tax	207.9	–373.3	581.2	–	170.7
Non-cash items	230.1	710.8	–480.6	–67.6	366.5
Gross cash flow	**438.1**	**337.4**	**100.6**	**29.8**	**537.1**
Changes in current and non-current balance sheet items	35.6	228.1	–192.5	–84.4	61.1
Income tax paid	4.6	–19.6	24.3	–	–28.3
Net cash flow from operating activities	**478.3**	**546.0**	**–67.7**	**–12.4**	**570.0**
Changes in intangible assets and property, plant and equipment incl. deferred income from network subsidies	–242.5	–300.5	58.0	19.3	–289.5
Changes in financial assets and other non-current assets	250.3	14.2	236.1	–	–29.2
Changes in current securities	–80.5	43.1	–123.6	–	–40.3
Net cash flow from investing activities	**–72.7**	**–243.3**	**170.6**	**70.1**	**–359.1**
Net cash flow from financing activities	**–357.3**	**–335.0**	**–22.3**	**–6.7**	**–113.8**
Net change in cash and cash equivalents	**48.3**	**–32.3**	**80.6**	**–**	**97.2**
Cash and cash equivalents at the beginning of the period	**197.2**	**229.5**	**–32.3**	**–14.1**	**132.3**
Currency translation differences on cash and cash equivalents	–0.6	0.0	–0.6	–	0.0
Cash and cash equivalents at the end of the period	**244.9**	**197.2**	**47.7**	**24.2**	**229.5**

1) The data for the 2012/13 financial year were adjusted retrospectively in the previous year (see the EVN Full Report 2013/14, page 148).

Investment priorities at EVN[1]	2014/15 EURm	2013/14 EURm	+/– EURm	+/– in %	2012/13[2] EURm
Generation	**47.8**	**84.1**	**–36.2**	**–43.1**	**68.7**
thereof thermal power stations	5.8	36.1	–41.8	–87.8	22.8
thereof renewable energy Lower Austria	39.9	47.6	3.7	10.3	45.0
thereof renewable energy South Eastern Europe	1.5	0.0	1.4	–	0.1
Energy Trade and Supply	**22.7**	**32.3**	**–9.6**	**–29.7**	**30.0**
thereof district heating plants	22.4	30.7	–8.3	–27.2	29.1
Network Infrastructure Austria	**160.2**	**186.8**	**–26.6**	**–14.2**	**176.4**
thereof electricity networks	113.4	135.4	–22.0	–16.3	99.5
thereof natural gas networks	33.9	38.6	–4.7	–12.1	65.1
thereof cable TV and telecommunications networks	13.0	11.8	1.2	9.8	9.9
Energy Supply South East Europe	**78.5**	**77.5**	**1.1**	**1.4**	**82.4**
Environmental Services	**10.9**	**13.3**	**–2.3**	**–17.6**	**11.9**
thereof supra-regional power lines, local networks and wastewater	9.4	9.4	0.0	–0.4	5.3
Strategic Investments and Other Business	**2.5**	**2.5**	**0.0**	**1.6**	**3.5**
Total	**322.7**	**396.3**	**–73.7**	**–18.6**	**372.9**

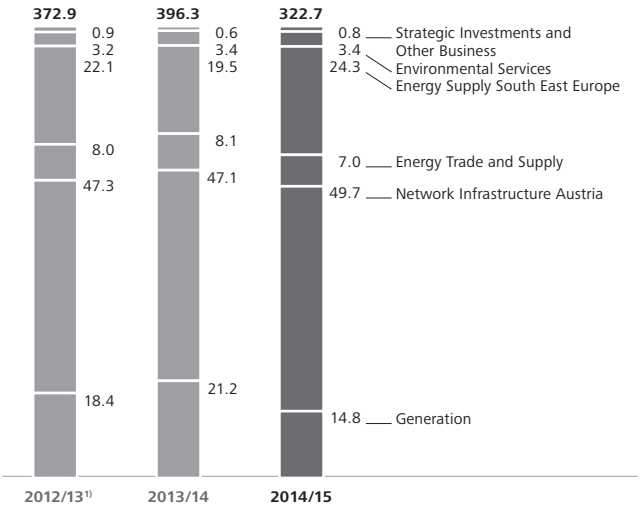
1) After consolidation
2) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see the EVN Full Report 2013/14, page 148).

The Environmental Services Segment concentrated, above all, on investments in drinking water supplies, the construction of natural filter plants to improve the quality of the drinking water in Lower Austria by natural means and wastewater disposal.

The chart shown above provides an overview of the most important investments.

Structure of investments

in %, Total in EURm



1) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see the EVN Full Report 2013/14, page 148).

Non-financial indicators

As a responsible energy and environmental services provider, EVN considers the dimensions "People", "Environment" and "Economy" as three interrelated parts of a whole and works to achieve a balance between the requirements of the different interest groups. Sustainability aspects and the related objectives represent an integral part of the corporate strategy and play an important role in achieving and maintaining steady growth in the company's value. EVN's internal and external reporting also includes a number of specific indicators to monitor CSR activities. A selection of the most important non-financial indicators for EVN is presented in this chapter.

Working at EVN		2014/15	2013/14	2012/13[1)]
Number of employees	Average	6,973	7,314	7,455
Proportion of women	%	21.9	21.4	21.9
Training and educational expenses[2)]	EURm	1.9	2.3	2.3
Training and educational expenses per employee	EUR	275.7	310.4	314.8
Training hours per employee	Hours	30.7	34.9	31.3
Occupational accidents	Number	83	97	121

1) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see the EVN Full Report 2013/14, page 148).
2) Seminar cost, trainers, e-learning

EVN as a responsible employer

The share of women in the workforce equalled 21.9% in 2014/15. EVN launched the women@EVN programme in 2010/11, above all to improve the conditions that traditionally have a greater negative effect on women than on men. The goals are to guarantee equal opportunities for women and men and to increase the share of women at EVN.

EVN is well aware of the high strategic importance of its qualified workforce. Consequently, the protection and expansion of this high level of expertise represent a focal point for human resources management. The EVN Academy is responsible for the organisation and coordination of training and professional development opportunities for the Group's employees in Austria, Bulgaria and Macedonia.

Occupational safety and accident prevention form an important focal point for all corporate units in the EVN Group. A high level of safety is guaranteed, in particular by training and awareness-raising measures.

Supply security, environmental protection and resource conservation, sustainable energy generation and climate protection

Energy generation

A flexible generation mix is of decisive importance to ensure supply security and protect EVN's future viability. The further expansion of energy generation from renewable sources – in particular windpower and hydropower as well as biomass and photovoltaics – therefore represents a key element of the company's strategy. EVN's goal is to sustainably raise the share of renewable energies in its total electricity production to 50%. In 2014/15, renewable energy sources were responsible for 43.1% of EVN's total electricity production. In the home market of Lower Austria, activities are directed, above all, to expanding windpower production to raise this generation capacity from the current level of 250 MW to approximately 300 MW over the medium term.

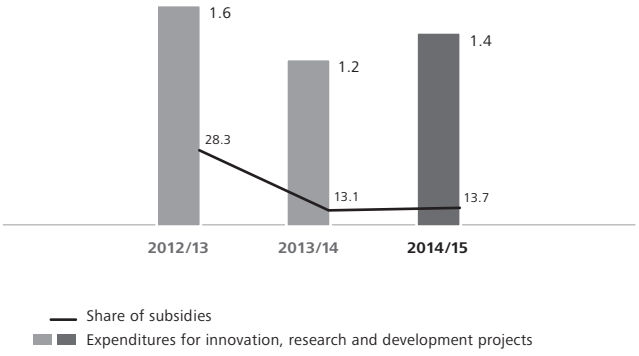
In addition to ecological responsibility, EVN also carries an economic responsibility that is reflected in the goal to generate 30% of its electricity sales volumes from its own production or procurement rights. This so-called coverage ratio equalled 25.3% in 2014/15.

Energy generation		2014/15	2013/14	2012/13
Share of renewable energy in the total energy generation mix	%	43.1	42.5	52.8
Generation capacity from windpower	MW	250	213	200
Coverage ratio	%	25.3	22.7	18.3

Innovation, research and development

EVN is involved in numerous innovation, development and research projects for an efficient, intelligent and environmentally friendly energy future. The projects in this portfolio reflect current and future demands on the core energy and environmental services businesses across all levels of the value chain. The goals of the Group's innovation, development and research activities are derived from the corporate strategy and designed to support the protection of the environment and resources, supply security and, last but not least, EVN's competitive position. Research projects involve – wherever feasible – cooperation between different areas of the company and numerous partners from science and industry. Since EVN concentrates on applied research and development, its know-how is complemented by the expertise of scientific cooperation partners who focus on basic research. The exchange of experience in national and international projects not only adds to the success of EVN's projects, but also supports universities and public research institutions with up-to-date research topics and makes an important contribution to the qualified and practice-oriented education of students.

Expenditures for innovation, research and development projects in EURm
Share of subsidies[1] in %



1) Share of subsidies in total expenditure for innovation, research and development projects

In 2014/15, EVN spent EUR 1.4m (of which 13.7% were financed through public subsidies) on innovation, research and development projects. Most of this work was directed to the network integration of renewable energy sources, e.g. the initiation and realisation of projects for innovative energy storage, decentralised generation and smart grids. The e-mobility model region Lower Austria with its numerous offers for end customers also continued its activities under EVN's direction during the reporting year. Conventional generation projects centred on the continuous optimisation of existing power plants to increase flexibility and reduce CO_2 emissions. Biotechnological methods will be used to convert the pure CO_2 resulting from the generation process into biologically degradable plastic. The Environmental Services Segment is working on energy efficiency improvements for existing waste water treatment plants, the further optimisation of energy requirements for new waste water treatment plants and the continued development of a small sewage sludge incineration plant as well as the evaluation of the resulting residue for its possible use in further processing steps.

As part of the "EVN Future Lab" project, an expert team was asked to develop possible scenarios for 2025 and to identify and evaluate development opportunities for the company. Their activities included extensive research and detailed analyses on the economic, social, technical, political and ecological trends relevant for the energy industry. The result was an outlook on 2025 using four different scenarios, which formed the basis for the development of concrete options and business models by EVN experts.

A further innovation initiative is the EVN trend monitor, which is designed to promote and facilitate the active exchange of information between EVN employees and stimulate the development of new ideas and business models. This Group-wide platform was established in 2013/14 and enables all EVN employees to share contributions on the latest energy-relevant subjects and follow current trends. The platform is structured in sections that cover the following areas: energy and the environment, business, social trends, learning and future. The main objective is to maintain a continuous and open exchange of information. So-called trend scouts were nominated for the various subject areas. They evaluate the relevance of contributions, which are then published on a weekly basis by the responsible editorial team as articles, videos or presentations.

Risk management

Risik definition

The EVN Group defines risk as the possible deviation from corporate goals.

Risk management process

The primary goal of risk management is to protect current and future earnings and cash flows through the active identification and control of risk. As part of the risk management process, a centrally organised corporate risk management department provides the decentralised risk managers with effective methods and tools for identifying and assessing risks. The business units communicate their risk exposures to this department, which helps to identify suitable actions to minimise these risks. The actions are then implemented by the decentralised business units. The corporate risk management department is responsible for analysing EVN's risk exposure. Risks related to sustainability and compliance issues are identified and managed by specialised organisational units and/or processes in agreement with central risk management.

The risk management process includes the following steps:

- → **Identification:** The survey and/or revision of risks based on the latest risk inventory (review of risk inventory) and the identification of new risk positions and appropriate countermeasures
- → **Assessment and analysis:** The qualitative and quantitative evaluation of the identified risks; the aggregation of risks from different points of view; and the modelling of earnings and cash flow distributions
- → **Reporting:** Discussion and evaluation of the risk exposure by the Risk Management Working Committee and the Group Risk Committee; the implementation of further risk management activities where necessary; reporting on risk issues to the Audit Committee
- → **Process review:** Definition of the organisational units that must submit to an explicit risk assessment as well as regular reviews to determine whether the methods of identifying and assessing risks should be modified to reflect changed conditions; regular reviews by the internal audit department

Responsibilities of the Risk Management Working Committee

The Risk Management Working Committee is responsible for supporting the correct implementation of the risk management process. It approves changes in risk measurement methods and defines the type and scope of official risk reporting. The voting members of the committee at the Group level include the heads of the following corporate functions: controlling, the general secretariat, and corporate affairs, finance, accounting, internal audit and the chief compliance officer (CCO) as well as an internal energy industry expert.

Group Risk Committee and Controlling

The results of the risk inventory and reports are presented to and discussed by the Group Risk Committee, which consists of the Executive Board of EVN AG, the heads of the strategic business units and the members of the Risk Management Working Committee. The Group Risk Committee decides on any need for action, can organise working groups and assign specified tasks, and is authorised to approve the results of the risk inventory (risk reports).

△ GRI indicator: The highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics (G4-46)

Risk profile

In addition to the normal industry risks and uncertainties, EVN's risk profile is influenced primarily by political, legal and regulatory challenges and changes in the competitive environment. EVN carries out an annual risk inventory that is updated as needed to reflect ad-hoc risk reports. This inventory includes the following categories, which are described in detail below: market and competitive risks, financial risks, operating risks, external risks, strategic and planning risks and other risks.

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.

△ GRI indicator: Financial implications and other risks and opportunities for the organisation's activities due to climate change (G4-EC2)

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 risk, 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 disruptions and stoppages 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).

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.

Overall risk profile
In addition to the uncertainties connected with business areas and operations outside Austria, EVN is still confronted with a challenging environment in its home market of Lower Austria. The annual risk inventory did not identify any future risks that could endanger EVN's continued existence.

EVN's major risks and related countermeasures

Risk category	Description	Measure
Market and competitive risks		
Profit margin risk (price- and volume effects)	Energy sales and production: failure to meet profit margin targets → Procurement and selling prices (especially for energy carriers) that are volatile and/or deviate from forecasts → Declining demand for EVN's products or services, decrease in own production volumes	Procurement strategy tailored to the market environment; hedging strategies; diversification of customer segments and business areas; development of a product portfolio that reflects customer demands, long-term sale of power plant capacities
Supplier risk	Cost overruns on projects; delays in the completion of contracted services	Partnerships, contractual controls wherever possible, third party expert opinions
Financial risks[1)]		
Foreign currency risks	Transaction risk (foreign currency exchange loss) and translation risk in connection with the conversion of foreign currency amounts in the consolidated financial statements; financing for Group companies that does not reflect the respective foreign exchange situation	Monitoring, limits and hedging instruments
Liquidity, cash flow and financing risk	Failure to repay liabilities on schedule or to obtain the required liquidity/funds at the expected conditions	Long-term, centrally managed financial planning, safeguarding of financing requirements (e.g. through credit lines)
Market price risks	Decline in the value of investments (e.g. funds) and listed strategic holdings (e.g. Verbund AG, Burgenland Holding AG)	Monitoring of loss potential via daily value-at-risk calculations
Counterparty-/credit risks	Complete or partial failure by a business partner to provide the agreed performance	Contracts, credit monitoring and credit limit systems, insurance and diversification of business partners
Investment risks	Failure of a subsidiary or holding to meet profit targets	Representation on the supervisory board and/or shareholder/risk committees of the respective company
Rating changes	Higher refinancing costs due to rating downgrades	Ensuring compliance with key financial indicators
Interest rate risks	Changes in market rates, increase in interest expense	Use of hedging instruments
Impairment risks	Recognition of impairment losses to receivables, goodwill, investments and/or other assets	Monitoring via sensitivity analysis
Risk that contingent liabilities (guarantees) will be called	Financial loss due to claim of contingent liabilities	Limit volume of contingent liabilities to the extent possible; constant monitoring
Strategy and planning risks		
Technology risk	Late identification of and reaction to new technologies (delayed investments) or to changes in customer needs; investments in "wrong" technologies	Active participation in external research projects, own demonstration facilities and pilot projects, ongoing adjustments to keep technologies at the latest level
Planning risk	Model risks, incorrect or incomplete assumptions, lost opportunities	Feasibility studies by experienced, highly qualified employees, monitoring of parameters and regular updates, four-eyes principle
Organisational risks	Inefficient or ineffective processes, interfaces, duplication	Process management, documentation, internal control system (ICS)

1) For information on the use of financial instruments, see note 63., page 199f, and 65., page 203ff.

Risk category	Description	Measure
Operating risks		
Infrastructure risks	Incorrect design and use of technical facilities	Elimination of technical weaknesses, regular inspections and reviews of current and planned infrastructure
Service disruptions/network breakdowns (own and third party), accidents	Supply interruptions, physical danger to persons or infrastructure through explosions/accidents	Technical upgrading at network interfaces, expansion and maintenance of network capacity
IT-/security risks (incl. cybersecurity)	System losses, (unintended) data loss/transfer, hacker attacks	Strict system and risk monitoring (internal control system), backup systems, technical maintenance, external audits, occupational safety and health measures, crisis training
Workforce risks	Loss of highly qualified employees, absence due to work accidents, surplus or shortfall of personnel, communication problems, cultural barriers, fraud, intentional or unintentional misrepresentations of transactions or items in the annual financial statements	Attractive work environment, occupational health care and safety measures, flexible working time models, training, group events, internal control system (ICS)
External risks		
Legislative, regulatory and political risks	Changes in political and legal parameters and/or the regulatory environment (e.g. environmental laws, changing legal framework, regulations and market liberalisation in South Eastern Europe), network operations: non-inclusion of actual operating costs in the network tariffs established by the regulatory authority	Cooperation with interest groups, associations and government agencies on a regional, national and international level; appropriate documentation and service charges
Legal and litigation risks	Non-compliance with contracts, litigation risk from various lawsuits	Representation in local, regional, national and EU-wide interest groups, legal consulting
Social and general economic environment	Economic developments, debt/financial crisis, stagnating or declining purchasing power, rising unemployment	Best possible utilisation of (anti-)cyclical optimisation potential
Contract risks	Failure to identify legal, economic or technical problems; contract risks under financing agreements	Extensive legal due diligence, involvement of external experts/legal advisors, contract database and ongoing monitoring
Other risks		
Granting of undue advantages, non-compliance	Distribution of confidential internal information to third parties and the granting of undue advantages/corruption	Internal control systems, uniform guidelines and standards, Code of Conduct, compliance organisation
Project risk	e.g. cost overruns on the construction of new capacity	Contractual agreement on economic parameters
Co-investment risk	Risks related to the implementation of major projects jointly with a partner	Contractual safeguards, efficient project management
Sabotage	Sabotage, e.g. to natural gas lines, wastewater treatment plants or waste incineration plants	Suitable security measures, regular measurement of water quality and emissions
Image risk	Reputational damage	Transparent and proactive communications, sustainable management

△ GRI indicator: Description of key impacts, risks and opportunities (G4-2)

Key features of the internal control and risk management system related to accounting processes

In accordance with § 267 (3b) and in connection with § 243a (2) of the Austrian Commercial Code ("Unternehmensgesetzbuch", UGB), companies whose shares are admitted for trading on a regulated market are required to disclose the key features of their internal control and risk management system for corporate accounting processes. The Executive Board is responsible for establishing a suitable internal control and risk management system (ICS) for accounting processes as defined in § 82 of the Austrian Stock Corporation Act ("Aktiengesetz", AktG).

EVN's ICS is monitored at regular intervals by auditing the processes that are considered to be exposed to risk. The results of these monitoring activities are reported to the Executive Board and the Supervisory Board. The ICS ensures clear lines of responsibility and eliminates unnecessary process steps, and thereby further improves the security of processes for the preparation of financial data. The description of the major features of the ICS covers five interrelated components: control environment, risk assessment, control activities, information and communication, and monitoring.

Control environment

The Code of Conduct issued by EVN and the underlying values apply to all Group employees.

EVN's Code of Conduct is available under **www.evn.at/code-of-conduct**.

The consolidated financial statements are prepared by Group accounting. The related processes are based on an accounting guideline that defines the accounting policies to be applied as well as key processes and schedules for the entire Group. Binding instructions apply to the reconciliation of intragroup accounts and other work required for the preparation of the consolidated financial statements. All employees involved in the accounting process have the necessary qualifications and undergo regular training. Complex actuarial opinions and valuations are prepared by external experts or specially qualified employees. The managers responsible for the specific processes – in general, the heads of the strategic business units and corporate services – are responsible for compliance with these processes and the related control measures.

Risk assessment and control activities

Multi-stage control measures have been implemented to prevent material misstatements in the presentation of transactions in order to ensure that the individual IFRS financial statements of all subsidiaries are recorded correctly. These measures include automated controls that are executed by the consolidation software as well as manual controls by the involved corporate services. The corporate service departments carry out extensive plausibility checks of the individual subsidiaries' financial statements to ensure their correct transfer to the consolidated financial statements. The review of the financial statement data includes analyses at the position, segment and Group levels, both before and after consolidation. The consolidated financial statements are not released until these quality controls are complete at all levels.

EVN AG and the major domestic and foreign subsidiaries use SAP software (FI module, finance and accounting) for their accounting. The IFRS consolidated financial statements are prepared with the Hyperion Financial Management software, whereby the data from the individual financial statements are transferred by means of an interface. The accounting systems and all upstream systems are protected by restricted access as well as automated and mandatory manual control steps.

The ICS and all accounting-related processes are reviewed by the auditor at least once each year to verify compliance with the required controls, to evaluate any risk incidents that occurred during the financial year and to determine whether the controls are still suitable to deal with the existing risks. In 2014/15, a number of process adjustments and improvements were made as part of the continuous efforts to further develop the ICS.

Information, communication and monitoring

The Executive Board provides the Supervisory Board with quarterly reports on EVN's asset, financial and earnings position, together with a statement of financial position and a statement of operations. The Executive Board and the Supervisory Board also receive an ICS report twice each year, which contains basic information to evaluate the efficiency and effectiveness of the ICS and is designed to support the management of the ICS by the responsible corporate bodies. The report is prepared by ICS management in cooperation with the ICS Committee based on information supplied by the managers responsible for ICS, the persons who carried out the controls and the auditors.

GRI indicator: Frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities (G4-47)

This information is also distributed to management and key personnel in the involved companies to facilitate monitoring and control activities and thereby ensure the accuracy of accounting and reporting procedures. EVN's internal audit department carries out regular reviews of the ICS, and their findings form the basis for the continuous improvement of this system.

Share structure and capital disclosures

Disclosures required by § 243a of the Austrian Commercial Code

1. The share capital of EVN AG totalled EUR 330,000,000 as of 30 September 2015 and was divided into 179,878,402 zero par value bearer shares, each of which represents an equal stake in share capital. Shareholders are not entitled to the issue of individual share certificates. There is only one class of shares, and all shares carry the same rights and responsibilities.

2. There are no restrictions on voting rights or agreements limiting the transfer of shares which exceed the general requirements of the Austrian Stock Corporation Act. However, it should be noted that the transferability of the investment owned by the province of Lower Austria, which holds its shares through NÖ Landes-Beteiligungsholding GmbH, St. Pölten, is limited by Austrian federal and provincial constitutional law.

3. Based on these constitutional requirements, the province of Lower Austria is the major shareholder of EVN AG with a stake of 51%. 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% of the share capital 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 30 September 2015, EVN AG held treasury shares representing 1.1% of share capital and free float equalled 15.7%.

4. EVN AG has not issued any shares with special control rights.

5. Employees who own shares in EVN AG may exercise their voting rights personally at the Annual General Meeting. EVN AG does not have a stock option programme.

6. The Executive Board consists of at least two members. The Supervisory Board has a minimum of ten and a maximum of 15 members. Unless another majority is required by law, the Annual General Meeting passes its resolutions with a simple majority of the votes cast or with a majority of the capital represented in cases requiring a majority of capital.

7. The Executive Board has not been granted any authorisations as defined in § 243a (1) no. 7 of the Austrian Commercial Code.

8. A change of control in EVN AG in the sense of § 243a (1) no. 8 of the Austrian Commercial Code is currently not possible because of the legal regulations described above under points 2. and 3. Therefore, there are no possible consequences of a change of control.

9. There are no agreements to provide compensation to the members of corporate bodies or employees in the event of a public takeover as defined in § 243a (1) no. 9 of the Austrian Commercial Code.

Outlook for the 2015/16 financial year

The European energy markets continue to hold numerous challenges. In particular, the massive expansion of generation from renewable energy sources has had wide-ranging consequences for electricity generation and network operations.

On the one hand, this situation has made electricity generation from thermal power plants unprofitable or the recovery of full costs impossible. The subsidy of electricity generation from renewable sources has led to a supply overhang which, in turn, has created steady pressure on wholesale prices. These prices have, for a longer period, remained at a level that is virtually impossible for thermal power plants to match.

On the other hand, transmission network operators are increasingly turning to thermal capacity to balance out the volatile generation from renewable sources and maintain network stability. The business model for thermal power plants is therefore shifting from the previous course of continuous generation to operations that are limited to specific periods. EVN identified this trend at an early point in time and has for many years made its thermal power plants available as reserve capacity for the delivery of balancing energy and the management of shortages. The company also intends to make appropriate reserve capacity available in the future. This service is currently provided on the basis of bilateral contracts, as the provision of generation capacity has not yet been established as a new market model.

EVN sees the maintenance of network stability and the protection of supply security for its customers as its most important responsibility. For this reason, it invests continuously in expanding and upgrading its network infrastructure in Lower Austria.

In the area of energy supplies in Lower Austria, EVN's supply company reduced the energy prices in electricity and natural gas for private customers within the framework of EnergieAllianz by 5% on average as of 1 October 2015.

The liberalisation of the energy sector in South East Europe is continuing. EVN sees itself well-positioned in this competitive environment and is working to utilise the opportunities that arise in these newly liberalised markets. Customers who already have free choice of a supplier are serviced by separate distribution companies. EVN's focus for network operations is to further reduce network losses through targeted investments and thereby improve the efficiency of its operations. The investment protection proceedings currently in progress at the International Centre for the Settlement of Investment Disputes (ICSID), an institution created by the World Bank, are being pursued and are intended to result in compensation for the disadvantages caused by previous tariff decisions in Bulgaria.

EVN's focus for the environmental services business in the coming months will again be placed on the acquisition of new projects. This could also include the development of new markets after the potential political risks have been examined and controlled.

Business activities involving drinking water supplies for Lower Austria will increasingly concentrate on protecting supply security and increasing the water quality. EVN ensures supply security in low-precipitation regions, in particular by developing new well fields and creating connections to existing well fields. The construction of natural filter plants, which are used primarily to reduce the water hardness, will also meet the growing demands of customers for softer water.

EVN plans to continue the investment strategy of the last years. The goal set in 2013 called for EUR 1bn of investments in the networks, renewable energy and drinking water supplies over a period of four years. The consolidation course that has been followed over the past

years will also be continued, whereby the focus will remain on the existing business areas and, within these areas, on the continuous improvement of efficiency.

EVN's integrated business model has proven to be successful in the current challenging business environment. Broad positioning along the energy value chain supports the company's stable operating development. The environmental services business provides further diversification for business activities and thereby contributes to the stability of earnings.

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

Maria Enzersdorf, 18 November 2015

Peter Layr
Spokesman of the Executive Board

Stefan Szyszkowitz
Member of the Executive Board

Segment reporting

Development of segments

Overview

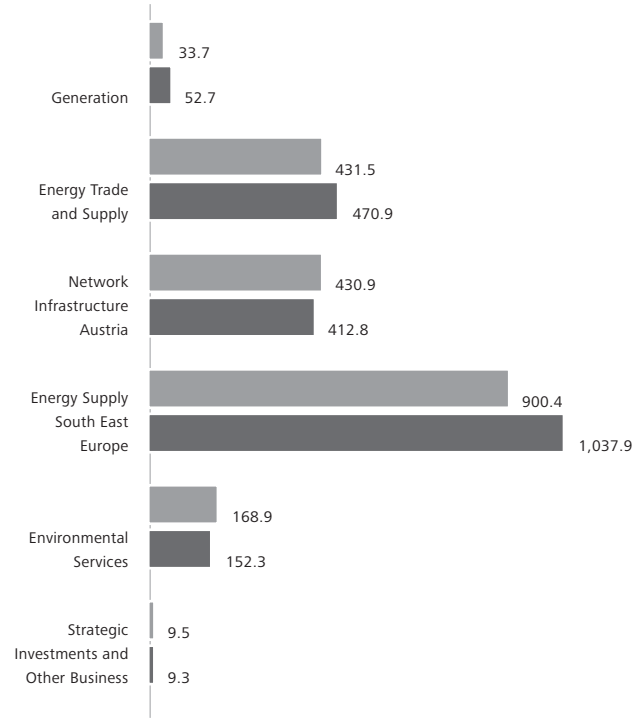
The structure of the EVN Group is based on three general categories: the energy business, the environmental services business and other business activities. The energy business covers the entire electricity and heat value chain from generation and distribution to networks and supply, while the natural 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

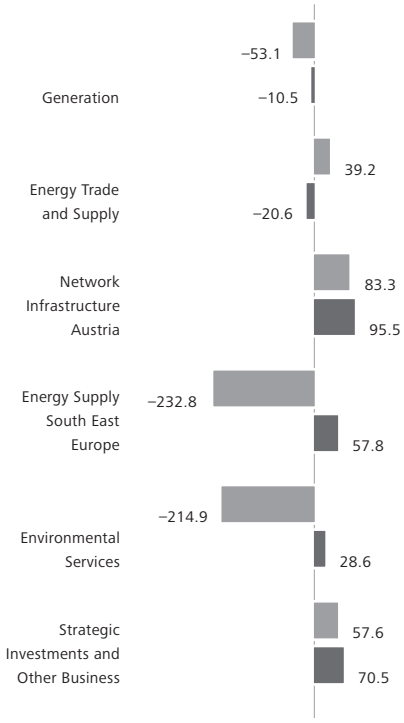
External revenue by segment

in EURm



EBIT by segment

in EURm



EVN's key energy business indicators	GWh	2014/15	2013/14	+/– nominal	+/– in %	2012/13[1]
Electricity generation volumes		4,882	4,395	488	11.1	3,701
Renewable energy sources		2,106	1,868	238	12.8	1,954
Thermal energy sources		2,777	2,527	250	9.9	1,747
Network distribution volumes						
Electricity		21,657	20,908	750	3.6	20,916
Natural gas[2]		14,989	14,143	847	6.0	15,239
Energy sales volumes to end customers						
Electricity		19,263	19,318	–55	–0.3	20,209
thereof Central and Western Europe[3]		6,804	6,787	17	0.3	7,188
thereof South Eastern Europe		12,459	12,321	138	1.1	13,020
Natural gas		5,241	5,383	–142	–2.6	6,333
Heat		2,038	1,991	47	2.4	2,062
thereof Central and Western Europe[2]		1,827	1,806	22	1.2	1,857
thereof South Eastern Europe		211	185	26	13.8	205

1) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see the EVN Full Report 2013/14, page 148).
2) Incl. network distribution volumes to EVN power plants
3) Central and Western Europe covers Austria and Germany.

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 renewable 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 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, Vienna, 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 2014/15

- → Increase of 9.9% in electricity generation in this segment
  - Commissioning of the 37 MW Prottes-Ollersdorf windpark
  - Full-year operations in the Duisburg-Walsum power plant and Prellenkirchen windpark
  - Increase of 25.6% in production from wind energy
  - Substantial rise in the use of the thermal power plants to support network stability
- → Earnings negatively affected by impairment losses in Austria and Germany
- → Improvement in EBITDA, EBIT and result before income tax

Development of power generation

Electricity generation rose by 369 GWh, or 9.9%, to 4,089 GWh in 2014/15. The thermal production from the heating plants increased by 230 GWh, or 10.5%, to 2,416 GWh and the generation from renewable energy by 139 GWh, or 9.1%, to 1,673 GWh.

As in the past two years, the Theiss and Korneuburg power plants also provided reserve capacity for southern Germany during the winter of 2014/15. A contract was signed during the reporting period which covers the allocation of 775 MW in reserve capacity for southern Germany during the winter half-year 2016/17. The power plants will therefore supply these services up to and including the winter half-year 2017/18. EVN's power plants were called on more than 80 times during 2014/15 to support network stability in Austria and Germany.

Production in the Dürnrohr coal-fired power plant was lower than the previous year due to temporary standstills resulting from the current market distortions, which have had a strong negative influence on the profitability of electricity generation in conventional power plants. However, full-year operations in the Duisburg-Walsum power plant, which was commissioned during December 2013, led to a year-on-year increase in thermal power generation. Despite the dry summer months, hydropower production rose by 1.9% as a result of the rainy spring. The generation from windpower plants rose by 25.6%, above all due to the commissioning of the 37 MW windpark in Prottes-Ollersdorf and full-year operations in the Prellenkirchen windpark, which was commissioned during the previous year.

EVN covered 25.3% of the electricity sold during the reporting year with its own production (previous year: 22.7%). The comparable value for Austria and Germany was 60.2% (previous year: 55.2%). The share of renewable energy in the Group's total production was 43.1% (previous year: 42.5%).

Revenue development

Revenue in the Generation Segment rose by EUR 25.6m, or 13.7%, to EUR 213.1m during the reporting year. This development was supported by an increase in the available production capacity and higher wind and water flows as well as revenue from the delivery of balancing energy and congestion management for the Austrian transmission network operator and revenue from the provision of reserve capacity to support network stability in southern Germany.

Operating expenses

Operating expenses increased by EUR 4.6m, or 4.0%, to EUR 119.7m in 2014/15. The increased purchase costs for energy carriers, which resulted from the full-year operations in the Duisburg-Walsum power plant and the use of the natural gas-fired power plants to support network stability, were almost fully offset by optimisation measures in the management of the thermal power plants.

Results from equity accounted investees

The share of results from equity accounted investees with operational nature improved by EUR 14.2m, or 36.6%, over the previous

Key indicators – Generation		2014/15	2013/14	+/– nominal	+/– in %	2012/13[1]
Key energy business indicators	GWh					
Electricity generation volumes		**4,089**	**3,720**	**369**	**9.9**	**3,021**
thereof renewable energy sources		1,673	1,534	139	9.1	1,637
thereof thermal energy sources		2,416	2,186	230	10.5	1,384
Key financial indicators	EURm					
External revenue		52.7	33.7	19.0	56.5	39.0
Internal revenue		160.4	153.8	6.6	4.3	75.3
Total revenue		**213.1**	**187.5**	**25.6**	**13.7**	**114.3**
Operating expenses		–119.7	–115.1	–4.6	–4.0	–78.4
Share of results from equity accounted investees with operational nature		–24.6	–38.9	14.2	36.6	–45.0
EBITDA		**68.7**	**33.6**	**35.2**	**–**	**–9.1**
Depreciation and amortisation including effects from impairment tests		–79.2	–86.7	7.5	8.6	–27.9
Results from operating activities (EBIT)		**–10.5**	**–53.1**	**42.6**	**80.3**	**–37.0**
Financial results		–18.2	–25.3	7.1	27.9	–12.5
Result before income tax		**–28.7**	**–78.4**	**49.7**	**63.4**	**–49.5**
Total assets		1,157.2	1,218.2	–61.0	–5.0	1,139.9
Total liabilities		959.1	1,034.7	–75.6	–7.3	891.5
Investments[2]		54.4	88.9	–34.5	–38.8	74.4

1) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see the EVN Full Report 2013/14, page 148).
2) In intangible assets and property, plant and equipment

year, but remained negative at EUR –24.6m. The negative results were attributable primarily to the investment in Verbund Innkraftwerke GmbH and were based on an impairment loss recorded in the fourth quarter of 2014/15 to reflect the latest assumptions for the future development of electricity prices.

Operating results

The Generation Segment recorded EBITDA of EUR 68.7m in 2014/15, which represents an increase of EUR 35.2m over the previous year. Depreciation and amortisation, including the results of impairment tests, decreased by EUR 7.5m, or 8.6%, to EUR 79.2m. Current depreciation and amortisation, on the other hand, were higher owing to the first full year of operations in the Duisburg-Walsum power plant and the commissioning of the Prellenkirchen and Prottes-Ollersdorf windparks. An impairment loss of EUR 17.0m was recognised to the Dürnrohr power plant during the first half of 2014/15. This was primarily the result of the closing of the Verbund power plant unit at this location in April 2015 and the related expectations of higher maintenance and operating costs in the future. The effects of impairment testing, which reflected less favourable estimates for the long-term development of energy prices, were EUR 11.5m, or 31.9%, lower than the previous year at EUR –24.5m. Results from operating activities (EBIT) amounted to EUR –10.5m, representing an increase of EUR 42.6m or 80.3%.

Financial results and result before income tax

Financial results totalled EUR –18.2m in 2014/15 and were EUR 7.1m higher than the previous year. This increase resulted primarily from the decline in financial liabilities and the general interest rate level. Result before income tax improved by EUR 49.7m, or 63.4%, to EUR –28.7 m (previous year: EUR –78.4m).

Investments

Investments in this segment were EUR 34.5m, or 38.8%, lower at EUR 54.4m in 2014/15. The prior year value was influenced by the investments for the completion and commissioning of the Duisburg-Walsum power plant. The investments made during the reporting year were directed almost entirely to equipment for the generation of electricity from renewable energy. Thus the Prottes-Ollersdorf windpark, which has a capacity of 37 MW, started operations during the reporting year. EVN now has a total of 15 windparks with a combined generation capacity of 250 MW.

Outlook

The continuing low or negative spreads between the cost of primary energy and the wholesale prices for electricity are leading to the reduced use of thermal generation capacity. Thermal generation is now used mainly for balancing energy and congestion management. An improvement in earnings is expected in 2015/16 due to the absence of non-recurring valuation effects. However, the extent of this improvement will depend on the actual use of the thermal generation plants to support network stability. The development of earnings should be positively influenced by the full-year operation of the Prottes-Ollersdorf windpark.

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 2014/15

- → Energy sales to end customers
  - Decline in demand for natural gas
  - Slight increase for electricity and heat
- → Revenue growth supported by sales of energy from Duisburg-Walsum power plant and increased natural gas trading
- → EBITDA, EBIT and result before income tax negatively influenced by special effects

Development of energy sales to end customers

Electricity and heat sales volumes rose slightly by 0.3% and 1.2%, respectively, during the reporting year, while natural gas sales volumes were 2.6% lower. Electricity sales were driven by stronger demand in all customer segments, while heat sales were positively influenced by temperature trends and the expansion of network coverage.

Revenue development

Revenue rose by EUR 37.2m, or 8.3%, to EUR 485.8m in 2014/15. This increase resulted primarily from the sale of generation from the Duisburg-Walsum power plant and an increase in natural gas trading activities.

Operating expenses

Operating expenses in this segment increased by EUR 110.2m, or 24.6%, to EUR 558.7m. The main factors for this development were the purchase of electricity produced by the Duisburg-Walsum power plant and the higher natural gas volumes required for the increased trading. Other factors leading to the increase in operating expenses included additional provisions for onerous contracts related to the marketing of EVN's own electricity production and the recognition of a provision for impending payments from liabilities for EconGas GmbH.

Results from equity accounted investees

The share of results from equity accounted investees with operational nature rose by EUR 14.7m, or 26.6%, to EUR 70.0m.

Operating results

EBITDA amounted to EUR –2.9m and was EUR 58.2m lower than the previous year. Depreciation and amortisation, including the effects of impairment testing, rose by EUR 1.5m, or 9.6%, to EUR 17.7m, primarily due to the continuing expansion of the heating network. Results from operating activities (EBIT) declined by EUR 59.8m to EUR –20.6m, above all due to these special effects.

Financial results and result before income tax

Financial results fell by EUR 2.0m, or 65.8%, to EUR –5.0 m (previous year: EUR –3.0m). Result before income tax equalled EUR –25.6m, a year-on-year decline of EUR 61.8m.

Investments

Investments were lower than the previous year at EUR 22.7m in 2014/15 and continued to focus on the expansion of the heating plants and network as well as the further improvement of network coverage in the heating business. With more than 60 biogas plants, EVN is the largest supplier of natural heat in Austria.

Outlook

Segment results for the reporting year were influenced, above all, by non-recurring effects from the recognition of provisions. The 2015/16 financial year should bring a return to positive earnings. However, this might not reach the 2013/14 level, due to the declining price trends.

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

Key indicators – Energy Trade and Supply		2014/15	2013/14	+/– nominal	+/– in %	2012/13[1]
Key energy business indicators	GWh					
Energy sales volumes to end customers						
Electricity		6,804	6,787	17	0.3	7,188
Natural gas		5,241	5,383	–142	–2.6	6,333
Heat		1,827	1,806	22	1.2	1,857
Key financial indicators	EURm					
External revenue		470.9	431.5	39.5	9.2	387.8
Internal revenue		14.9	17.2	–2.3	–13.1	17.9
Total revenue		**485.8**	**448.6**	**37.2**	**8.3**	**405.8**
Operating expenses		–558.7	–448.5	–110.2	–24.6	–415.5
Share of results from equity accounted investees with operational nature		70.0	55.2	14.7	26.6	38.3
EBITDA		**–2.9**	**55.3**	**–58.2**	**–**	**28.6**
Depreciation and amortisation including effects from impairment tests		–17.7	–16.1	–1.5	–9.6	–15.8
Results from operating activities (EBIT)		**–20.6**	**39.2**	**–59.8**	**–**	**12.8**
Financial results		–5.0	–3.0	–2.0	–65.8	–3.1
Result before income tax		**–25.6**	**36.2**	**–61.8**	**–**	**9.7**
Total assets		612.8	509.4	103.4	20.3	420.4
Total liabilities		518.7	409.3	109.4	26.7	332.4
Investments[2]		22.7	32.3	–9.6	–29.7	30.0

1) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see the EVN Full Report 2013/14, page 148).
2) In intangible assets and property, plant and equipment

revenue. Income from investments in this segment includes the distributions from the R-138 funds and AGGM Austrian Gas Grid Management AG to Netz Niederösterreich GmbH.

Highlights 2014/15

- → Increase in electricity and natural gas network distribution volumes
- → Adjustment of network tariffs as of 1 January 2015
  - Electricity: –1.0%
  - Natural gas: –3.0%
- → Improvement in EBITDA, EBIT and result before income tax
- → Investment focus on supply security

Development of network distribution volumes

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 2015, the electricity network tariffs were reduced by an average of 1.0% (1 January 2014: reduction of 9.0%) and the natural gas network tariffs were reduced by an average of 3.0% (1 January 2014: increase of 7.7%).

Electricity distribution volumes were higher year-on-year across all customer segments (industrial, household and business customers) with a total increase of 247 GWh, or 3.1%, to 8,121 GWh. Natural gas distribution volumes rose by 827 GWh, or 5.9%, to 14,958 GWh. This development resulted from stronger demand by all customer groups as well as the increased use of EVN's natural gas-fired power plants to stabilise the Austrian and German electricity networks.

Revenue development

In spite of the increase in network distribution volumes, revenue in the Network Infrastructure Austria Segment fell by EUR 12.6m, or 2.6%, to EUR 472.0m. This decline was caused primarily by lower revenue from completed and invoiced customer projects, which was not offset in full by the increased revenue from natural gas network operations and from cable TV and telecommunication services.

Key indicators – Network Infrastructure Austria		2014/15	2013/14	+/– nominal	+/– in %	2012/13[1]
Key energy business indicators	GWh					
Network distribution volumes						
Electricity		8,121	7,874	247	3.1	7,885
Natural gas		14,958	14,131	827	5.9	15,232
Key financial indicators	EURm					
External revenue		412.8	430.9	–18.2	–4.2	435.8
Internal revenue		59.2	53.7	5.5	10.3	61.9
Total revenue		**472.0**	**484.6**	**–12.6**	**–2.6**	**497.6**
Operating expenses		–270.8	–297.8	27.0	9.1	–285.0
Share of results from equity accounted investees with operational nature		0.0	0.0	0.0	–	0.0
EBITDA		**201.2**	**186.8**	**14.3**	**7.7**	**212.6**
Depreciation and amortisation including effects from impairment tests		–105.6	–103.6	–2.0	–2.0	–100.7
Results from operating activities (EBIT)		**95.5**	**83.3**	**12.3**	**14.7**	**112.0**
Financial results		–17.4	–19.8	2.4	12.2	–19.1
Result before income tax		**78.1**	**63.4**	**14.7**	**23.2**	**92.8**
Total assets		1,831.5	1,787.7	43.8	2.5	1,786.8
Total liabilities		1,294.8	1,298.2	–3.4	–0.3	1,266.2
Investments[2]		160.2	186.8	–26.6	–14.2	176.4

1) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see the EVN Full Report 2013/14, page 148).
2) In intangible assets and property, plant and equipment

Operating expenses and operating results

Operating expenses declined by EUR 27.0m, or 9.1%, to EUR 270.8m, chiefly due to lower expenditures for materials and services as well as lower additions to personnel provisions. A further element was the higher change in the volume of invoiced customer projects which resulted from the lower volume of projects completed during the reporting year; this led, in total, to an increase in other operating income. EBITDA rose by EUR 14.3m, or 7.7%, on this basis to EUR 201.2m. The investment-related increase in depreciation led to results from operating activities (EBIT) of EUR 95.5m (previous year: EUR 83.3m).

Financial results and result before income tax

Financial results improved by EUR 2.4m, or 12.2%, to EUR –17.4m due to lower interest costs for personnel provisions. Result before income tax therefore rose by EUR 14.7m, or 23.2%, year-on-year to EUR 78.1m in 2014/15.

Investments

EVN's investment programme continued to focus on the Network Infrastructure Austria Segment – as in past years – to ensure supply security for customers and to strengthen the network infrastructure to accommodate the feed-in from the intensive expansion of generation from renewable energy sources in the network area. Further investments were therefore made during the reporting year in the expansion and/or new construction of transformer stations and in the strengthening of the 110 kV network to transport the increased feed-in of electricity generated by windpower. Investments in this segment totalled EUR 160.2m in 2014/15. This represents a year-on-year decline of EUR 26.6m, or 14.2%, which was, however, influenced by the absence of investments into projects already completed during the previous year (e.g. the Westschiene natural gas transport pipeline), but was also influenced by the postponement of new projects. The sale of the subsidiary V&C Kathodischer Korrosionsschutz GmbH to TÜV AUSTRIA in June 2015 represented

a further strategic step towards EVN's consolidation and concentration on the core business.

Outlook

The network tariffs for electricity and natural gas will increase in 2015/16 based on the network tariff adjustments that are scheduled to take effect on 1 January 2016 in accordance with the incentive regulatory system. The network tariff increase corresponds to the high level of investment in recent years, whereby the calculation method calls for the inclusion of these investments in the tariffs with a time lag. However, the immediate increase in regular depreciation leads to expectations of a decline in results for this segment in 2015/16.

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.

Highlights 2014/15

- → Regulatory decisions in Bulgaria
  - 1 August 2015: 0.4% reduction in end customer prices for electricity
  - 1 October 2014: 9.7% increase in end customer prices for electricity with parallel increase in purchase prices
  - Two-step reduction in heat tariffs: –7.0% as of 1 July 2015 and –0.7% as of 1 October 2015
- → Regulatory decisions in Macedonia
  - 1 July 2015: 0.3% reduction in end customer prices for electricity
  - 1 October 2014: start of gradual market opening
- → Improvement in EBITDA, EBIT and result before income tax

Regulatory framework

The regulatory authority in Bulgaria raised the end customer prices for electricity by 9.7% and the allowable distribution margin to 2.3% as of 1 October 2014. However, EVN's electricity purchase prices were also increased at the same time. The responsible regulatory commission subsequently reduced the electricity prices for end customers in EVN's supply area by a slight 0.4% through a tariff decision on 1 August 2015. In addition, the end customer prices for heat were reduced 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).

In Macedonia, the regulatory authority increased the average end customer prices for electricity by 3.5% as of 1 July 2014. The relevant network tariff for EVN was raised only slightly and remained below the expected level. These adjustments also failed to include the cost elements related to the next planned liberalisation step. The electricity prices for end customers were reduced by an average of 0.3% through a tariff decision on 1 July 2015.

The expansion of EVN Croatia's natural gas distribution network in Dalmatia continued during the reporting year and included the connection to the network of Biograd and Benkovac in the county of Zadar. EVN's network has supplied the three larger cities in this county since spring 2015. Šibenik and Dugopolje (Split-Dalmatia county) were also connected to the network, and EVN Croatia now supplies customers in all three counties for which it has signed concession agreements covering the construction and operation of natural gas distribution networks.

Energy sector development

The lower temperatures during the winter in 2014/15 were reflected in rising demand for electricity and heat in EVN's South East European supply areas. This higher demand led to an increase in network sales volumes of electricity and heat sales to end customers compared with the mild winter in 2013/14.

EVN's companies in South East Europe generated 495 GWh of electricity in 2014/15, a year-on-year increase of 95 GWh or 23.9%. Of the total production, 209 GWh (previous year: 127 GWh) were generated by hydropower plants and 286 GWh (previous year: 273 GWh) from thermal generation in the co-generation plant in Plovdiv. The year-on-year increase of 64.5% in electricity generation from renewable energy resulted from an increase in hydropower production due to the weather in Macedonia and the related above-average water flows.

Network sales volumes rose by 502 GWh, or 3.9%, over the previous year to EUR 13,536 GWh. This increase in sales volumes was

Key indicators – Energy Supply South East Europe		2014/15	2013/14	+/– nominal	+/– in %	2012/13[1]
Key energy business indicators	GWh					
Electricity generation volumes		**495**	**400**	**95**	**23.9**	**427**
thereof renewable energy		209	127	82	64.5	135
thereof thermal power plants		286	273	13	4.9	292
Network distribution volumes[2]		**13,536**	**13,034**	**502**	**3.9**	**13,031**
Heat sales volumes to end customers		**211**	**185**	**26**	**13.8**	**205**
Key financial indicators	EURm					
External revenue		1,037.9	900.4	137.5	15.3	1,007.3
Internal revenue		0.2	0.4	–0.2	–46.8	0.4
Total revenue		**1,038.1**	**900.8**	**137.3**	**15.2**	**1,007.7**
Operating expenses		–917.4	–880.6	–36.8	–4.2	–890.6
Share of results from equity accounted investees with operational nature		0.0	0.0	0.0	–	0.0
EBITDA		**120.7**	**20.2**	**100.6**	**–**	**117.1**
Depreciation and amortisation including effects from impairment tests		–62.9	–252.9	190.0	75.1	–65.8
Results from operating activities (EBIT)		**57.8**	**–232.8**	**290.6**	**–**	**51.2**
Financial results		–26.1	–29.2	3.1	10.6	–27.5
Result before income tax		**31.7**	**–262.0**	**293.7**	**–**	**23.7**
Total assets		1,276.0	1,251.8	24.2	1.9	1,379.4
Total liabilities		1,119.4	1,137.8	–18.4	–1.6	1,044.7
Investments[3]		78.5	77.5	1.1	1.4	82.4

1) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see the EVN Full Report 2013/14, page 148).
2) In Bulgaria and Macedonia energy sales volumes are approximately equivalent to present network distribution volumes.
3) In intangible assets and property, plant and equipment

based on the weather-related higher demand as well as further progress in the reduction of network losses in Bulgaria und Macedonia.

Revenue development

Revenue generated by the Energy Supply South East Europe Segment increased by EUR 137.3m, or 15.2%, to EUR 1,038.1m. This growth resulted primarily from the above-mentioned increases in end customer prices in Bulgaria and Macedonia, the weather-related higher sales volumes and the absence of the negative non-recurring effect recognised in Bulgaria during the previous year for a liability connected with the required repayment of revenue from previous periods.

Operating expenses and operating results

Operating expenses rose by EUR 36.8m, or 4.2%, to EUR 917.4m in 2014/15. This increase resulted chiefly from the regulatory tariff decisions and the resulting higher energy purchasing costs. It was offset in part by the further reduction of network losses as well as improvements in the collection of receivables, which led to a decline in the related valuation allowances. EBITDA amounted to EUR 120.7m, an increase of EUR 100.6m over the previous year. Depreciation and amortisation, including the effects of impairment testing, fell to EUR 62.9m (previous year: EUR 252.9m). This substantial year-on-year decline resulted primarily from the absence of the impairment losses recognised in 2013/14 as a consequence of the 1 July 2014 tariff decisions in Bulgaria and Macedonia. Results from operating activities (EBIT) amounted to EUR 57.8m, which is EUR 290.6m higher than in 2013/14.

Financial results and result before income tax

Financial results improved by EUR 3.1m, or 10.6%, to EUR –26.1m. This increase was supported by the scheduled repayment of credit

financing and by the current low level of interest rates. Result before income tax equalled EUR 31.7m and exceeded the prior year by EUR 293.7m.

Investments

Investments in the Energy Supply South East Europe Segment were EUR 1.1m, or 1.4%, higher at EUR 78.5m in 2014/15. Projects continued to focus, above all, on efficiency improvements to the networks through the expansion of infrastructure as well as measures to reduce network losses. EVN also made further investments in the expansion of natural gas supplies in Croatia.

Outlook

The liberalisation of the energy markets is continuing in the South East European countries where EVN is active, and the company sees itself well positioned for the increasing competition among energy suppliers. In the network area, EVN's investments are focused on increasing efficiency and improving the quality of supplies. Segment results are expected to be positive in 2015/16, but could be lower than in 2014/15. Earnings could be influenced by the effects of the liberalisation and a decline in generation volumes in Macedonia after this year of above-average water flows.

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 2014/15

- → Increase in revenue from drinking water supplies
- → Completion of wastewater treatment plant projects in Poland, Romania and Cyprus
- → Sale of sodium hypochlorite plant to the city of Moscow successfully completed
- → Improvement in EBITDA, EBIT and result before income tax

Revenue development

The Environmental Services Segment recorded a decline of EUR 18.5m, or 9.7%, in revenue to EUR 172.6m in 2014/15. This development reflected the lower revenue from orders processed in the international project business. The increase in revenue from drinking water supplies in Lower Austria due to the hot and dry summer in 2015 was unable to fully offset this decline. Revenue from thermal waste utilisation in Lower Austria remained stable at the prior year level.

Operating expenses

Operating expenses amounted to EUR 129.5m for the reporting year (previous year: EUR 347.5m). This improvement resulted, above all, from the sale of the shares in the property company that holds the sodium hypochlorite plant project to the city of Moscow for EUR 250.0m in the first quarter of 2014/15. It also reflected the absence of a negative non-recurring effect of EUR 191.4m from a valuation allowance, which was recognised to a leasing receivable from the former thermal waste utilisation plant no. 1 in Moscow during the previous year. In addition, the lower volume of projects in the international project business led to a decline in the cost of materials. This was contrasted by a valuation allowance recognised in the second quarter of 2014/15 to the remaining aggregate components carried under inventories from the former thermal waste utilisation plant no. 1 project in Moscow.

Share of results from equity accounted investees

The share of results from equity accounted investees with operational nature remained stable at EUR 11.9m in 2014/15 (previous year: EUR 11.7m).

Operating results

The development of revenue and expenses in the Environmental Services Segment led, in total, to EBITDA of EUR 55.1m and results of operating activities (EBIT) of EUR 28.6m in 2014/15. This represents a year-on-year increase of EUR 199.7m in EBITDA and EUR 243.5m in EBIT. The positive effect in EBIT was further increased by the absence of the impairment loss recognised to assets of the Ljuberzy wastewater purification plant in Moscow during the previous year.

Financial results and result before income tax

Financial results declined from EUR –4.0m to EUR –7.6 m, with two factors primarily responsible for this development: lower leasing receivables from PPP projects led to a reduction in interest income, while the termination of the hedge and the costs for the investment guarantee related to the sodium hypochlorite plant in Moscow resulted in non-recurring expenses that are recorded under financial results. These non-recurring expenses were, however, covered by the sale price for the project, which is reported as part of results from operating activities. The Environmental Services Segment generated result before income tax of EUR 21.0m, compared with EUR –218.8m in the previous financial year.

Key financial indicators – Environmental Services	EURm	2014/15	2013/14	+/– nominal	+/– in %	2012/13[1]
External revenue		152.3	168.9	–16.6	–9.9	227.2
Internal revenue		20.3	22.2	–1.9	–8.5	21.1
Total revenue		**172.6**	**191.1**	**–18.5**	**–9.7**	**248.4**
Operating expenses		–129.5	–347.5	218.0	62.7	–209.7
Share of results from equity accounted investees with operational nature		11.9	11.7	0.2	2.1	11.8
EBITDA		**55.1**	**–144.6**	**199.7**	**–**	**50.5**
Depreciation and amortisation including effects from impairment tests		–26.4	–70.2	43.8	62.4	–28.9
Results from operating activities (EBIT)		**28.6**	**–214.9**	**243.5**	**–**	**21.5**
Financial results		–7.6	–4.0	–3.6	–90.8	0.3
Result before income tax		**21.0**	**–218.8**	**239.9**	**–**	**21.8**
Total assets		940.6	1,197.6	–257.0	–21.5	1,468.9
Total liabilities		751.1	1,004.8	–253.7	–25.2	1,059.3
Investments[2]		11.1	13.5	–2.4	–17.9	12.0

1) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see the EVN Full Report 2013/14, page 148).
2) In intangible assets and property, plant and equipment

Investments

The Environmental Services Segment invested a total of EUR 11.1m in 2014/15, which represents a year-on-year decline of EUR 2.4m or 17.9%.

Investments in drinking water supplies for Lower Austria are focused on supplying new communities with drinking water and improving the quality and supply security of drinking water for existing customers. EVN made decisive progress in this area during the reporting year with the commissioning of natural filter plants in Drösing and Obersiebenbrunn, which reduce the hardness of the water by natural means. These two plants and a third plant in Zwentendorf an der Zaya, which is scheduled for completion in 2016, will improve the water quality for the approximately 200,000 residents in the supply area of the eastern Weinviertel and Marchfeld regions. EVN also took over the management and operation of the water supply network in Paudorf as of 1 January 2015 and now supplies drinking water for the roughly 2,500 residents of this community.

In the international project business, EVN worked on the realisation of eight projects in Montenegro, Poland, Romania, Czech Republic and Cyprus during 2014/15. Most of these projects involve EVN's services as the general contractor with responsibility for the planning and construction of the plant, while the financing is arranged by the customer.

EVN plays an important role in improving the water quality – and thereby supporting the development of tourism – with two wastewater treatment projects on the coast of Montenegro. Construction started on a wastewater purification plant in Kotor-Tivat during January 2015, which will service up to 72,500 residents. A further wastewater purification plant built by EVN is currently in operation in Budva. Coordination meetings for the construction of a second wastewater purification plant in Budva/Buljarica are now in progress with the city of Budva, and the initial preparations have already started.

The planned measures to modernise and expand the Kujawy wastewater purification plant in Krakow, Poland, were completed during the reporting year and all four wastewater lines were successfully commissioned. This plant has a capacity to service 370,000 residents. The remaining project work should be finalised by the end of 2015. The second project in Poland will also be completed in the near future: the modernisation and expansion of the Pruszkow wastewater purification plant, which is designed to service 265,000 residents.

Business activities also focused on the realisation of two projects in Romania during the reporting year. Three wastewater treatment plants for a total of 30,000 residents were built in the city of Silvaniei. The start-up phase began in April 2015, and the plants were turned over to the customer in October 2015. In Zalau, the expansion of an existing wastewater treatment plant and the construction of a sludge treatment plant with biogas utilisation for 85,000 residents started in February 2015.

An important milestone for the renovation and expansion of the wastewater purification plant in Prague, Czech Republic, was recently set with the receipt of the construction permit. The approval process was delayed following a change in priorities by the city of Prague and the resulting concentration on flood control measures. The receipt of the construction permit will now allow for the official start of construction, which EVN is realising in a consortium with SMP, Hochtief and Degremont. The expanded wastewater purification plant will have a capacity to service 1,200,000 residents.

The commissioning process for the wastewater treatment plant in Larnaca, Cyprus, which was completed in the previous year, was nearly finished by the end of 2014/15.

In Moscow, EVN was still involved in the commissioning of the sodium hypochlorite plant during 2014/15. This plant was completed and sold based on an agreement with the city of Moscow in October 2014. The successful conclusion of the 72-hour test was followed by the transfer of the plant to the city of Moscow in March 2015.

Outlook

Earnings in the Environmental Services Segment are influenced to a significant extent by the international project business. Under the assumption of steady development in this business area, stable earnings can be expected in 2015/16.

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 2014/15

- → Higher earnings contribution from Rohöl-Aufsuchungs Aktiengesellschaft (RAG)
- → Decline in dividend from Verbund AG
- → Improvement in EBITDA and EBIT, lower result before income tax

Revenue, EBITDA and EBIT development

The Strategic Investments and Other Segment recorded revenue of EUR 64.7m in 2014/15, for a year-on-year decline of EUR 6.3m or 8.8%. However, operating expenses were EUR 2.3m, or 3.0%, lower during the reporting year. The share of results from equity accounted investees with operational nature increased by EUR 17.9m, or 27.1%, to EUR 83.8m. This development was supported primarily by the EUR 76.4m earnings contribution from RAG (previous year: EUR 58.0m), while the earnings contribution from Energie Burgenland remained nearly constant at EUR 7.4m (previous year: EUR 7.6m). EBITDA amounted to EUR 73.2m (previous year: EUR 59.4m) and results from operating activities (EBIT) equalled EUR 70.5m (previous year: EUR 57.6m).

Financial results and result before income tax

Financial results in this segment, which are influenced to a significant extent by the income from investments, were EUR 31.1m, or 50.4%, lower at EUR 30.6m in 2014/15. This decline was caused primarily by a reduction in the dividend from Verbund AG from EUR 1.00 per share in the previous year to EUR 0.29 per share in the reporting year. In total, these developments led to a decline of EUR 18.3m, or 15.3%, in result before income tax to EUR 101.1m.

Key financial indicators – Strategic Investments and Other Business	EURm	2014/15	2013/14	+/– nominal	+/– in %	2012/13[1]
External revenue		9.3	9.5	–0.2	–2.4	8.8
Internal revenue		55.4	61.5	–6.0	–9.8	59.3
Total revenue		**64.7**	**71.0**	**–6.3**	**–8.8**	**68.0**
Operating expenses		–75.2	–77.5	2.3	3.0	–75.7
Share of results from equity accounted investees with operational nature		83.8	66.0	17.9	27.1	89.9
EBITDA		**73.2**	**59.4**	**13.9**	**23.4**	**82.2**
Depreciation and amortisation including effects from impairment tests		–2.7	–1.7	–1.0	–58.4	–1.9
Results from operating activities (EBIT)		**70.5**	**57.6**	**12.9**	**22.3**	**80.3**
Financial results[2]		**30.6**	**61.8**	**–31.1**	**–50.4**	**–1.2**
Result before income tax		**101.1**	**119.4**	**–18.3**	**–15.3**	**79.1**
Total assets		2,580.4	2,750.3	–170.0	–6.2	2,887.2
Total liabilities		1,115.2	1,116.5	–1.3	–0.1	1,342.7
Investments[3]		2.5	2.5	0.0	1.6	3.5

1) The figures for the 2012/13 financial year were adjusted retrospectively in the previous year (see the EVN Full Report 2013/14, page 148).
2) For details on the income from EVN's investments, see note 33. on page 173.
3) In intangible assets and property, plant and equipment

Outlook

A lower earnings contribution can be expected from RAG in the coming year because of the continuing low oil and natural gas price levels, which will lead to a decline in the share of results from equity accounted investees with operational nature. This reduction will also influence segment results because the Verbund dividend, which is included in financial results, is expected to remain stable at a low level as indicated in announcements by Verbund AG.

Consolidated financial statements for 2014/15

According to International Financial Reporting Standards

Consolidated statement of operations

EURm	Note	2014/15	2013/14
Revenue	26	2,135.8	1,974.8
Other operating income	27	108.4	71.1
Cost of materials and services	28	–1,320.4	–1,284.0
Personnel expenses	29	–313.5	–313.0
Other operating expenses	30	–168.1	–359.0
Share of results from equity accounted investees with operational nature	31	141.1	94.0
EBITDA		**583.2**	**184.1**
Depreciation and amortisation	32	–260.3	–256.0
Effects from impairment tests	32	–54.7	–269.5
Results from operating activities (EBIT)		**268.2**	**–341.4**
Share of results from equity accounted investees with financial nature		0.4	2.8
Results from other investments		11.6	42.4
Interest income		21.7	23.5
Interest expense		–91.1	–96.7
Other financial results		–2.9	–4.0
Financial results	33	**–60.3**	**–31.9**
Result before income tax		**207.9**	**–373.3**
Income tax	34	–17.3	102.8
Result for the period		**190.7**	**–270.5**
thereof result attributable to EVN AG shareholders (Group net result)		148.1	–299.0
thereof result attributable to non-controlling interests		42.6	28.5
Earnings per share in EUR[1)]	35	0.83	–1.68
Dividend per share in EUR		0.42[2)]	0.42

1) There is no difference between basic and diluted earnings per share.
2) Proposal to the Annual General Meeting

Consolidated statement of comprehensive income

EURm	Note	2014/15	2013/14
Result for the period		190.7	–270.5
Other comprehensive income from			
Items that will not be reclassified to profit or loss		1.6	–22.1
Remeasurements IAS 19	48	21.2	–31.0
Investments in equity accounted investees	48	–13.9	1.3
Thereon apportionable income tax expense	48	–5.6	7.5
Items that may be reclassified to profit or loss		–139.4	–46.5
Currency translation differences	5	–10.7	–7.9
Available for sale financial instruments	48	–163.5	–31.6
Cash flow hedges	48	5.4	–10.6
Investments in equity accounted investees	48	–12.9	–7.8
Thereon apportionable income tax expense	48	42.2	11.5
Total other comprehensive income after tax		–137.9	–68.6
Comprehensive income for the period		52.9	–339.0
Thereof income attributable to EVN AG shareholders		15.4	–367.0
Thereof income attributable to non-controlling interests		37.5	27.9

Consolidated statement of financial position

EURm	Note	30.09.2015	30.09.2014
Assets			
Non-current assets			
Intangible assets	36	220.2	196.5
Property, plant and equipment	37	3,516.3	3,542.2
Investments in equity accounted investees	38	898.1	889.1
Other investments	39	499.7	664.7
Deferred tax assets	52	86.4	87.1
Other non-current assets	39	308.4	398.1
		5,529.2	**5,777.7**
Current assets			
Inventories	41	132.5	178.1
Trade and other receivables	42	503.2	443.9
Securities	43	81.3	0.8
Cash and cash equivalents	62	255.1	217.6
		972.0	**840.4**
Non-current assets held for sale	44	–	223.7
		972.0	1,064.1
Total assets		**6,501.2**	**6,841.8**
Equity and liabilities			
Equity			
Issued capital and reserves attributable to shareholders of EVN AG	45–49	2,334.8	2,395.2
Non-controlling interests	50	255.4	237.5
		2,590.1	**2,632.7**
Non-current liabilities			
Non-current loans and borrowings	51	1,535.7	1,747.7
Deferred tax liabilities	52	31.2	48.1
Non-current provisions	53	461.1	497.4
Deferred income from network subsidies	54	507.4	521.6
Other non-current liabilities	55	75.6	87.8
		2,611.0	**2,902.6**
Current liabilities			
Current loans and borrowings	56	140.1	194.2
Taxes payable and levies	57	63.6	61.1
Trade payables	58	472.3	505.1
Current provisions	59	146.1	137.2
Other current liabilities	60	477.9	408.9
		1,300.0	**1,306.5**
Total equity and liabilities		**6,501.2**	**6,841.8**

Consolidated statement of changes in equity

EURm	Share capital	Share premium and capital reserves	Retained earnings	Valuation reserve	Currency translation reserve	Treasury shares	Issued capital and reserves of EVN AG shareholders	Non-controlling interests	Total
Balance on 01.10.2013	**330.0**	**253.1**	**2,168.5**	**112.1**	**–5.3**	**–20.8**	**2,837.6**	**241.7**	**3,079.3**
Comprehensive income	–	–	–299.0	–60.1	–7.9	–	–367.0	27.9	–339.1
Dividends 2012/13	–	–	–74.8	–	–	–	–74.8	–32.1	–106.9
Change in treasury shares	–	–0.1	–	–	–	–0.7	–0.8	–	–0.8
Other changes	–	–	0.2	–	–	–	0.2	–	0.2
Balance on 30.09.2014	**330.0**	**253.1**	**1,794.9**	**52.1**	**–13.2**	**–21.6**	**2,395.2**	**237.5**	**2,632.7**
Comprehensive income	–	–	148.1	–122.0	–10.7	–	15.4	37.5	52.9
Dividends 2013/14	–	–	–74.7	–	–	–	–74.7	–19.6	–94.3
Change in treasury shares	–	–0.1	–	–	–	–1.0	–1.1	–	–1.1
Balance on 30.09.2015	**330.0**	**253.0**	**1,868.2**	**–69.9**	**–24.0**	**–22.5**	**2,334.8**	**255.4**	**2,590.1**
Note	45	46	47	48	5	49		50	

Consolidated statement of cash flows

EURm	Note	2014/15	2013/14[1]
Result before income tax		**207.9**	**–373.3**
+ Depreciation, amortisation/– revaluation of intangible assets and property, plant and equipment and non-current leasing receivables	32	315.0	716.9
– Non-cash share of results of equity accounted investees and other investments	38, 39	–153.1	–139.2
+ Dividends from equity accounted investees and other investments		120.7	187.9
+ Interest expense		91.1	96.7
– Interest paid		–76.6	–83.1
– Interest income		–21.7	–23.5
+ Interest received		20.3	23.2
– Gains/+ losses from foreign exchange translations		1.2	2.7
–/+ Other non-cash financial results		2.2	–2.7
– Release of deferred income form network subsidies	27	–38.7	–45.4
– Gains/+ losses on the disposal of intangible assets and property, plant and equipment	62	–0.2	1.2
+ Increase/– decrease in non-current provisions	53	–30.1	–24.0
Gross cash flow		**438.1**	**337.4**
+ Decrease/– increase in inventories and receivables		53.4	–27.7
+ Increase/– decrease in current provisions		10.8	50.2
+ Increase/– decrease in trade payables and other liabilities		–28.6	205.7
– Income tax paid		4.6	–19.6
Net cash flow from operating activities		**478.3**	**546.0**
+ Proceeds from the disposal of intangible assets and property, plant and equipment	62	2.1	3.3
+ Proceeds from network subsidies		78.1	83.5
+ Proceeds from the disposal of financial assets and other non-current assets		290.9	46.2
+ Proceeds from the disposal of current securities		94.7	163.4
– Acquisition of intangible assets and property, plant and equipment		–322.7	–387.3
– Acquisition of financial assets and other non-current assets		–40.7	–32.1
– Acquisition of current securities		–175.2	–120.3
Net cash flow from investing activities		**–72.7**	**–243.3**
– Dividends paid to EVN AG shareholders	47	–74.7	–74.8
– Dividends paid to non-controlling interests	62	–19.6	–32.1
– Repurchase/+ sales of treasury shares		–1.1	–0.8
+ Increase in financial liabilities		–	182.4
– Decrease in financial liabilities		–261.9	–409.7
Net cash flow from financing activities		**–357.3**	**–335.0**
Net change in cash and cash equivalents[2]		**48.3**	**–32.3**
Net change in cash and cash equivalents	62		
Cash and cash equivalents at the beginning of the period[2]		197.2	229.5
Currency translation differences on cash and cash equivalents		–0.6	–
Cash and cash equivalents at the end of the period[2]		244.9	197.2
Net change in cash and cash equivalents[3]		**48.3**	**–32.3**

1) Interest income and interest expense are now reported on the consolidated statement of cash flows separately under gross cash flow (previously under cash flow from operating activities as part of the increase/decrease in receivables and liabilities related to interest income and expenses). The prior year data were adjusted accordingly.
2) By adding bank overdrafts this results in cash and cash equivalents according to the consolidated statement of financial position.
3) Additional information on the consolidated statement of cash flows can be found in note 62. Consolidated statement of cash flows.

Consolidated notes

Basis of preparation

1. General

EVN AG, as the parent company of the EVN Group (EVN), is a leading listed Austrian energy and environmental services provider. Its headquarters are located in A-2344 Maria Enzersdorf, Austria. In addition to serving its domestic market in the province of Lower Austria, EVN is operating in the Bulgarian, Macedonian and Croatian energy industry. EVN is also active in the area of environmental services through subsidiaries that provide customers in 13 countries with water supply, wastewater treatment and thermal waste utilisation services.

The consolidated financial statements are prepared as of the balance sheet date of EVN AG. The financial year of EVN AG covers the period from 1 October to 30 September.

The consolidated financial statements are prepared on the basis of uniform accounting policies. In cases where the balance sheet date of a consolidated company differs from the balance sheet date of EVN AG, interim financial statements are prepared as of 30 September.

The consolidated financial statements were prepared on the basis of historical acquisition and production costs, unless indicated otherwise.

Certain items on the consolidated statement of financial position and the consolidated statement of operations are summarised to achieve a more understandable and clearly structured presentation. These positions are presented individually in the consolidated notes and explained according to the principle of materiality. In order to improve clarity and comparability, the amounts in the consolidated financial statements are generally shown in millions of euros (EURm), unless otherwise noted. Immaterial mathematical differences may arise from the rounding of individual items or percentage rates.

The consolidated statement of operations is prepared in accordance with the nature of expense method.

2. Reporting in accordance with IFRS

Pursuant to § 245a of the Austrian Commercial Code, the consolidated financial statements were prepared in accordance with the current guidelines set forth in the IFRSs issued by the International Accounting Standards Board (IASB) as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that were applicable as of the balance sheet date and had been adopted by the European Union (EU).

Standards and interpretations applied for the first time and changes in accounting policies

The following standards and interpretations were applied for the first time in the 2014/15 financial year:

2. Standards and interpretations applied for the first time		Effective[1]
New Standards and Interpretations		
IFRIC 21	Levies	17.06.2014
Revised Standards and Interpretations		
IAS 19	Employee Benefits – Defined Benefit Plans: Employee Contributions	01.02.2015[2]
IAS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	01.01.2014
Several	Annual Improvements 2010–2012	01.02.2015[2]
Several	Annual Improvements 2011–2013	01.01.2015[2]

1) In accordance with the Official Journal of the EU, these standards are applicable to financial years beginning on or after the effective date.
2) Early application in 2014/15

IFRIC 21 clarifies how, and above all when, obligations arising from levies that are imposed by public authorities and are not covered by the scope of application of another IFRS are to be accounted for under IAS 37. In accordance with IFRIC 21, a liability must be recognised when the activity that triggers the payment of the levy under the related legislation occurs. The scope of application of IFRIC 21 for EVN covers, among others, the Austrian Energy Efficiency Act ("Energieeffizienzgesetz", EEffG), which took effect on 1 January 2015. The EEffG requires energy suppliers to demonstrate the implementation of energy efficiency measures with end customers at an amount equal to 0.6% of the previous year's energy sales volumes. Failure to provide the required proof results in a settlement payment which is also regulated in the EEffG. The triggering event under the EEffG is the first energy delivery of the calendar year in which the energy efficiency measures are documented by the energy supplier based on the previous year's sales volumes. A provision must be recognised at that time equal to the energy savings requirements not fulfilled by appropriate measures as of the balance sheet date. In the EVN Group, the provisions of the EEffG are relevant primarily for the at equity accounted EVN KG as a supplier of electricity and natural gas for household customers. This legal regulation also has a lesser effect on EVN Wärme as a supplier of district heating.

The initial application of the other new and revised standards and interpretations had no effect on the consolidated financial statements.

EVN regularly monitors and analyses the effects of the revised standards and interpretations on the future presentation of and disclosures in the consolidated financial statements and the notes.

Standards and interpretations not yet effective

The following standards and interpretations had been issued as at the balance sheet date of the consolidated financial statements by the IASB, but have not yet been adopted by the EU.

2. Standards and interpretations not yet effective		Effective
New Standards and Interpretations		
IFRS 9	Financial Instruments	01.01.2018[1]
IFRS 14	Regulatory Deferral Accounts	01.01.2016[1] [2]
IFRS 15	Revenue from Contracts with Customers	01.01.2018[1]
Revised Standards and Interpretations		
IAS 1	Presentation of Financial Statements – Disclosure Initiative	01.01.2016[1]
IAS 16, IAS 38	Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation	01.01.2016[1]
IAS 16, IAS 41	Property, Plant and Equipment and Agriculture – Bearer Plants	01.01.2016[1]
IAS 27	Separate Financial Statements – Equity Method in Separate Financial Statements	01.01.2016[1]
IFRS 10, IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01.01.2016[1] [3]
IFRS 10, IFRS 12, IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception	01.01.2016[1]
IFRS 11	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations	01.01.2016[1]
Diverse	Annual Improvements 2012–2014	01.01.2016[1]

1) In accordance with IASB, these standards are applicable to financial years beginning on or after the effective date.
2) The European Commission has decided not to launch the endorsement process of this interim standard.
3) The IASB has proposed to postpone this initial application for an indefinite period.

On 24 July 2014 the IASB issued the final version of IFRS 9, which replaces the rules defined in IAS 39 for the recognition and measurement of financial instruments. This represents the conclusion of a project started in 2008 as a reaction to the financial crisis. The new rules require mandatory application for financial years beginning on or after 1 January 2018; early application is permitted, but the adoption by the EU is still outstanding. IFRS 9 includes revised guidelines for the classification and measurement of financial assets, expanded rules for the recognition of impairment losses to financial assets and new rules for hedge accounting. The application of the new standard is expected to have an effect on the classification and measurement of financial assets in EVN's consolidated financial statements, whereby no statements can be made at this time concerning the effects on the asset, financial or earnings position. Minor effects on the asset, financial and earnings position are also expected in the area of hedge accounting because the new rules are based more on risk management and are therefore likely to result in differences from present accounting practices. The impact of the application of IFRS 9 will be evaluated in detail when this standard is adopted into European law.

The IASB issued IFRS 14 on 30 January 2014 as a so-called interim standard. IFRS 14 permits first-time adopters (i.e. companies applying International Financial Reporting Standards for the first time) to present rate-regulated transactions in agreement with their previously applied accounting rules. IFRS 14 represents an interim solution that will apply until the IASB agrees on the accounting treatment of these issues within the context of its project on "rate-regulated activities". The previously issued IFRSs do not provide any guidelines for the accounting treatment of rate-regulated transactions, but a number of countries – including Austria – have issued national rules which require the recognition of regulatory deferral accounts. According to the prevailing opinion, the recognition of a regulatory asset or a regulatory liability is currently not permitted in financial statements prepared in accordance with IFRS. EVN is not directly affected by IFRS 14 because it only applies to first-time IFRS adopters. On 30 October 2015 it was announced that the European Commission does not propose the interim standard IFRS 14 for adoption in EU law, but will wait for the final standard.

IFRS 15 was issued by the IASB on 28 May 2014 and regulates the recognition of revenue from contracts with customers. The goal of this multi-year joint standardisation process between the IASB and the FASB was to unify the widely diverse requirements under IFRS and US-GAAP and to define principle-based rules for all industries. For IFRS users, IFRS 15 replaces IAS 11 "Construction Contracts" and IAS 18 "Revenue" as well as a number of interpretations, including IFRIC 18 "Transfers of Assets from Customers". IFRIC 18 covers, among

others, the accounting treatment of construction subsidies received by EVN. The new standard is based on a five-step model that applies to all contracts with customers unless more specific rules are provided in other standards, e.g. IAS 17 "Leases". With regard to the timing of revenue recognition, IFRS 15 defines whether revenue is to be recognised at a specific point in time or over time. This determination is based, above all, on the satisfaction of the performance obligation, which is based on a general control model in IFRS 15. The transfer of control determines the timing of revenue recognition. IFRS 15 also provides new, more comprehensive requirements for the disclosures in the notes to the consolidated financial statements. In September 2015 the IASB postponed the date for the mandatory application of IFRS 15 by one year to financial years beginning on or after 1 January 2018. The effects of the application of IFRS 15 will be evaluated after this standard is adopted into European law.

The so-called "Disclosure Initiative" implemented initial recommendations for changes to IAS 1 which can be realised in the near term and are related to the revision of the conceptual framework. These changes involve materiality as it relates to disclosures in the notes, information on the aggregation and disaggregation of positions on the balance sheet and statement of comprehensive income as well as explanations on the order of specific points in the notes which could, for example, be systemised in the future depending on the relevance of this data for an understanding of the company's asset, financial and earnings position. EVN does not expect these changes have any material influence on the consolidated financial statements. Possible adjustments could result from a revised reporting structure for the consolidated financial statements. The potential effects will be analysed in detail as soon as the changes are adopted into European law.

EVN does not expect the future initial application of the other new or revised standards and interpretations to have a material effect on the asset, financial or earnings position.

Basis of consolidation

3. Consolidation methods

Consolidation is carried out by offsetting the consideration transferred against the fair value of the acquired assets and assumed liabilities.

All significant companies whose financial and operating activities are directly or indirectly controlled by EVN AG (i.e. subsidiaries) are fully consolidated. EVN is considered to have a controlling interest over a company in which it holds an investment when it has a right to variable returns from the investee and can influence the amount of these returns through its control.

This is usually the case when EVN's voting rights exceed 50.0%, but may also apply if EVN has the power of disposition over and is the primary beneficiary of any economic benefits arising from the business operations of these companies or if EVN is required to carry most of the risks. Companies are initially consolidated on the acquisition date or at the time EVN gains control and are deconsolidated when control ends.

In accordance with IFRS 3, assets and liabilities (including contingent liabilities) obtained through business combinations are recognised at their full fair value, irrespective of any existing non-controlling interests. Non-controlling interests in subsidiaries are carried at the proportional share of net assets (excluding the proportional share of goodwill). Intangible assets are recognised separately from goodwill if they can be separated from the acquired company or arise from statutory contractual or other legal rights. Restructuring provisions may not be created as part of the purchase price allocation. Any remaining positive differences which represent compensation to the seller for market opportunities or developmental potential that cannot be individually identified are recognised in local currency as goodwill and allocated to cash-generating units (CGUs) in the relevant segment. Negative differences are recognised in profit or loss after a repeated measurement of the acquired company's identifiable assets and liabilities (including contingent liabilities) and measurement of the acquisition cost. The differences between fair value and the carrying amount are carried forward in accordance with the related assets and liabilities during the subsequent consolidation. A change in the investment in a fully consolidated company is accounted for directly in equity without recognition through profit or loss.

Joint arrangements are included in the consolidated financial statements of EVN AG depending on the rights and obligations attributed to the controlling parties by the respective agreement. If only rights to the net assets are involved, the joint arrangement is classified as a joint venture according to IFRS 11 and included at equity. If rights to the assets and obligations for the liabilities are involved, the joint arrangement is classified as a joint operation according to IFRS 11 and included in the consolidated financial statements through line-by-line consolidation.

Associates – i.e. companies in which EVN AG can directly or indirectly exercise significant influence – are included at equity.

Subsidiaries, joint ventures and associates are not consolidated if their influence on EVN's asset, financial and earnings position is considered to be immaterial, either individually or in total. These companies are reported at cost less any necessary impairment losses. The materiality of an investment is assessed on the basis of the balance sheet total, the proportional share of equity, external revenue and annual profit or loss as reported in the last available financial statements in relation to the respective Group totals.

Intragroup receivables, liabilities, income and expenses as well as intragroup profits and losses are eliminated unless they are immaterial. The consolidation procedure for profit or loss includes the effects of income taxes as well as the recognition of deferred taxes.

4. Scope of consolidation

The scope of consolidation is determined in accordance with the requirements of IFRS 10 (also see note **2. Reporting in accordance with IFRS).** Accordingly, 31 domestic and 37 foreign subsidiaries (including the parent company EVN AG) were fully consolidated in the consolidated financial statements as of 30 September 2015 (previous year: 31 domestic and 38 foreign subsidiaries). A total of 36 subsidiaries (previous year: 38) were not consolidated due to their immaterial influence on EVN's asset, financial and earnings position, either individually or in total.

EVN AG is the sole limited partner of EVN KG and, as such, participates to 100.0% in profit or loss of EVN KG. EnergieAllianz serves as the general partner of EVN KG, but does not hold an investment in this company. The agreements concluded between the EnergieAllianz shareholders for the management of EVN KG result in joint control. EVN KG is therefore classified as a joint venture in the sense of IFRS 11 and consolidated at equity. Contractual agreements also lead to the classification of the EnergieAllianz Group (EnergieAllianz and its subsidiaries) as a joint venture in the sense of IFRS 11; the group is therefore included in the consolidated financial statements at equity.

RBG, a fully consolidated company in which EVN AG has an unchanged interest of 50.0%, holds a 100.0% stake in RAG. RAG is consolidated at equity because contractual agreements prevent EVN from exercising control.

Bioenergie Steyr GmbH, in which EVN Wärme GmbH holds a stake of 51.0%, is included in the consolidated financial statements of EVN AG at equity because contractual agreements exclude any possibility of control.

EconGas, in which EVN AG has an unchanged interest of 16.5%, is included at equity due to special contractual arrangements that allow EVN to exercise significant influence.

Verbund Innkraftwerke Deutschland GmbH, in which EVN AG has an unchanged interest of 13.00%, is included at equity due to special contractual arrangements that allow EVN to exercise significant influence.

For those companies in which 50.00% is held, there is no control in accordance with IFRS 10. These companies are classified as joint ventures in the sense of IFRS 11 based on the contractual agreements and are therefore included in the consolidated financial statements at equity.

An overview of the companies included in the consolidated financial statements is provided under **EVN's investments**, starting on page 213. **Notes 50. Non-controlling interests** and **66. Disclosures of interests in other entities** provide detailed information on the subsidiaries with major non-controlling interests as well as joint ventures and associated companies that are included in the consolidated financial statements.

The scope of consolidation (including EVN AG as the parent company) developed as follows during the reporting year:

4. Changes in the scope of consolidation	Full consolidation	Line-by-line (Joint Operation)	Equity	Total
30.09.2013	**66**	**1**	**19**	**86**
First consolidation	3	–	1	4
Deconsolidation	–	–	–1	–1
30.09.2014	**69**	**1**	**19**	**89**
First consolidation	1	–	–	1
Deconsolidation	–2	–	–	–2
30.09.2015	**68**	**1**	**19**	**88**
thereof foreign companies	37	1	6	44

As announced in an ad-hoc press release on 29 October 2014, EVN reached an agreement with the Moscow city government over the sale of the sodium hypochlorite plant: Mosvodokanal, the water supply and wastewater disposal company of the city of Moscow, acquired the shares in the Russian property company that holds the sodium hypochlorite plant. The sale closed on 30 October 2014. The Russian property company OAO "WTE Süd-Ost", which was previously included through full consolidation, was therefore deconsolidated in the first quarter of 2014/15.

EVN MVA Nr. 1 Finanzierungs- und Servicegesellschaft mbH, Maria Enzersdorf, which is not included in the consolidated financial statements of EVN AG for reasons of immateriality, was renamed EVN Bulgaria RES Holding GmbH and organisationally assigned to evn naturkraft Erzeugungsgesellschaft m.b.H., Maria Enzersdorf, during the first half of 2014/15. This company now holds 100.0% of the shares in the two Bulgarian companies that are active in energy generation from renewable sources: EVN Kavarna EOOD, Plovdiv, and Naturkraft EOOD, Plovdiv. Both companies were previously held directly by EVN Naturkraft. EVN Bulgaria RES Holding GmbH, Maria Enzersdorf, was initially consolidated during the first half of 2014/15.

The subsidiary V&C Kathodischer Korrosionsschutz Gesellschaft m.b.H. was sold during the third quarter of 2014/15 and subsequently deconsolidated.

During the reporting period, as in the previous financial year, there was no new acquisition of companies according to IFRS 3.

5. Foreign currency translation

All Group companies record their foreign currency business transactions at the average exchange rate in effect on the date of the relevant transaction. Monetary assets and liabilities denominated in a foreign currency are also translated at the average exchange rate on the balance sheet date. Any resulting foreign currency gains or losses are recognised in profit or loss.

In accordance with IAS 21, the annual financial statements of Group companies that are prepared in a foreign currency are translated into euros for inclusion in the consolidated financial statements. This translation is based on the functional currency method, under which the assets and liabilities of companies not reporting in euros are converted by applying the average exchange rate on the balance sheet date and any income and expenses are converted at the average annual rate. Unrealised currency translation differences from long-term Group loans are recorded under the currency translation reserve in equity without recognition in profit or loss. Currency translation differences directly recognised in equity resulted in a decrease of EUR 10.7m in equity during 2014/15 (previous year: decrease of EUR 7.9m).

Additions and disposals are reported at the applicable average exchange rates in all tables. Changes in the average exchange rates between the balance sheet date for the reporting year and the previous year as well as differences arising from the use of average exchange rates to translate changes during the financial year are reported separately under currency translation differences in all tables.

Goodwill resulting from the acquisition of foreign subsidiaries is recorded at the exchange rate in effect on the acquisition date. This goodwill is subsequently allocated to the acquired company and translated at the exchange rate in effect on the balance sheet date. When a foreign company is deconsolidated, any related currency differences are recognised in profit or loss.

The following key exchange rates were used for foreign currency translation:

5. Foreign currency translation

Currency	2014/15		2013/14	
	Exchange rate on the balance sheet date	Average[1]	Exchange rate on the balance sheet date	Average[1]
Albanian lek	139.73000	140.05154	139.44000	140.06769
Bulgarian lev[2]	1.95583	1.95583	1.95583	1.95583
Croatian kuna	7.64450	7.63091	7.64250	7.62331
Macedonian denar	61.69470	61.60592	61.65340	61.60085
Polish zloty	4.24480	4.17391	4.17760	4.17750
Russian ruble	73.24160	64.71495	49.76530	46.86468
Serbian denar	119.74910	120.38277	118.85090	115.75038
Czech koruna	27.18700	27.44215	27.50000	27.21538

1) Average on the last day of each month
2) The exchange rate was determined by Bulgarian law.

Accounting policies

6. Intangible assets

The recognition of business combinations as defined in IFRS 3 may result in differences between the consideration transferred and the (proportional) revalued share of equity acquired. If the difference is negative, the acquisition cost and the purchase price allocation must be reviewed. If the negative difference is reconfirmed, it is recognised in profit or loss. Positive differences result in goodwill (for general information on the treatment and impairment of goodwill, see note **3. Consolidation methods**, and note **22. Procedures and effects of impairment tests).**

Acquired intangible assets are recognised at acquisition cost less straight-line amortisation and any impairment losses, unless their useful life is classified as indefinite. Assets with a determinable limited useful life are amortised on the basis of that expected useful life, which equals three to eight years for software and three to 40 years for rights. Customer relationships capitalised in connection with a business combination, which have a determinable useful life because of potential market liberalisation, are amortised on a straight-line basis over five to 15 years. The expected useful lives and amortisation curves are determined by estimating the timing and distribution of cash inflows from the corresponding intangible assets over time. Intangible assets with an indefinite useful life are measured at cost and tested annually for impairment (see note **22. Procedures and effects of impairment tests).**

Internally generated intangible assets must meet the requirements of IAS 38 in order to be capitalised. This standard distinguishes between research and development expenses. As in the previous year, no development expenses were capitalised because the recognition criteria were not met.

Service concessions that meet the requirements of IFRIC 12 are classified as intangible assets. The related income and expenses are recognised at the fair value of the compensation received in accordance with the percentage of completion method. The percentage of completion is determined by the cost-to-cost method. At the present time the requirements of IFRIC 12 are only met by the Ashta hydropower plant and the wastewater treatment project in Zagreb, both of which are included at equity.

7. Property, plant and equipment

Property, plant and equipment are carried at acquisition or production cost less straight-line depreciation and impairment losses. The acquisition or production cost also includes the estimated expenses for demolition and disposal if there is an obligation to decommission or demolish the plant and equipment or to restore property at the end of the asset's useful life. The present value of the estimated demolition and/or disposal costs is capitalised along with the acquisition or production cost and also recognised as a liability (provision). Production costs for internally generated fixed assets include appropriate material and manufacturing overheads in addition to direct material and labour costs.

Ongoing maintenance and repairs to property, plant and equipment are recognised in profit or loss, provided this work does not change the nature of the asset or lead to additional future benefits. If these measures enhance the value of the respective asset, the related expenses must be retroactively capitalised as part of the acquisition or production cost.

If the construction of property, plant and equipment continues over an extended period of time, the assets are classified as "qualifying assets". The borrowing costs incurred during the construction period are then capitalised as a part of the production cost in accordance with IAS 23. In keeping with EVN's accounting policies, a project gives rise to a qualifying asset only if construction takes at least twelve months.

Property, plant and equipment are depreciated from the time they are available for use. Depreciation for property, plant and equipment subject to wear and tear is calculated on a straight-line basis over the expected useful life of the relevant asset or its components. The expected economic and technical life is evaluated at each balance sheet date and adjusted if necessary.

Straight-line depreciation is based on the following useful lifes, which are uniform throughout the Group:

7. Expected useful life of property, plant and equipment	Years
Buildings	10–50
Transmission lines and pipelines	15–50
Machinery	10–33
Meters	5–40
Tools and equipment	3–25

When property, plant and equipment are retired, the acquisition or production cost and accumulated depreciation are reported as a disposal. The difference between the net proceeds from the sale and the carrying amount are recognised in other operating income or expenses.

8. Investments in equity accounted investees

Investments in equity accounted investees are initially recognised at cost and subsequently measured at the proportional share of net assets at amortised cost plus any applicable goodwill. The carrying amounts are increased or decreased each year by the proportional share of net profit or loss, distributed dividends, other changes in equity and fair value adjustments from a preceding business combination that are carried forward. Any goodwill included in the carrying amount is not subject to scheduled amortisation in accordance with IFRS 3 and is neither reported separately in accordance with IAS 28 nor tested annually for impairment in accordance with IAS 36. An assessment is made as of each balance sheet date in accordance with IAS 39 to determine whether there are internal or external signs of impairment. If there are any such indications, the investment in the equity accounted investee must be tested for impairment in accordance with IAS 36. Confirmation of impairment leads to the recognition of an impairment loss to the earnings of the equity accounted investee (see note **22. Procedures and effects of impairment tests).**

The share of results from equity accounted investees with operational nature (see note **66. Disclosures of interests in other entities)** is reported as part of results from operating activities (EBIT).

9. Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one company and a financial liability or an equity instrument in another company.

Primary financial instruments

The following measurement categories are used by EVN:

- Available for sale financial assets (“AFS”)
- Loans and receivables (“LAR”)
- Financial assets designated at fair value through profit or loss and derivative financial instruments with a positive or negative fair value (“@FVTPL”)
- Financial liabilities measured at amortised cost (“FLAC”)

In accordance with the requirements of IFRS 7 for disclosures in the notes, the following table presents EVN's primary financial instruments by class together with the corresponding measurement categories:

9. Classes and measurement categories of primary financial instruments	Measurement category
Non-current assets	
Other investments	
Miscellaneous investments	AFS
Other non-current assets	
Securities	@FVTPL
Loans receivable	LAR
Lease receivables and accrued lease transactions	LAR
Receivables arising from derivative transactions	Hedge Accounting, @FVTPL
Current assets	
Current receivables and other current assets	
Trade and other receivables	LAR
Receivables arising from derivative transactions	Hedge Accounting, @FVTPL
Securities	AFS
Cash and cash equivalents	
Cash on hand and cash at banks	LAR
Non-current liabilities	
Non-current loans and borrowings	
Bonds	FLAC
Bank loans	FLAC
Other non-current liabilities	
Lease liabilities	FLAC
Accruals of financial transactions	FLAC
Other liabilities	FLAC
Liabilities arising from derivative transactions	Hedge Accounting, @FVTPL
Current liabilities	
Current loans and borrowings	FLAC
Trade payables	FLAC
Other current liabilities	
Other financial liabilities	FLAC
Liabilities arising from derivative transactions	Hedge Accounting, @FVTPL

Primary financial instruments are recognised in the consolidated statement of financial position when EVN is contractually entitled to receive payment or other financial assets from another party. Purchases and sales at prevailing market conditions are reported as of the settlement date.

Primary financial instruments (with the exception of the financial assets designated @FVTPL) are initially recognised at fair value plus transaction costs. Subsequent measurement is based on the classification to the measurement categories listed above and the rules applicable to the individual categories. These rules are described in the notes to the individual items on the consolidated statement of financial position.

The securities reported under other non-current assets are measured @FVTPL because they are managed on a portfolio basis. The net results of financial instruments recognised as @FVTPL include interest. Nonderivative financial assets that are not classified under loans and receivables or @FVTPL are assigned to the measurement category AFS.

All financial assets that fall under the scope of application of IAS 39, with the exception of financial assets designated at fair value in profit or loss, are tested for objective signs of impairment as of each balance sheet date. For financial assets, impairment is determined in accordance with the respective measurement category in accordance with IAS 39 and recognised accordingly. For equity instruments assigned to the valuation category AFS, impairment losses are recognised when there is a significant or longer decline in fair value below the acquisition cost. EVN defines a significant or longer decline in fair value as a decline of more than 20% as of the valuation date or a permanent decline over a period of nine months.

Derivative financial instruments
The derivative financial instruments used by EVN include swaps, forwards and futures.

The main instruments used by EVN to manage and limit existing exchange rate and interest rate risks in the financial sector are foreign currency and interest rate swaps.

EVN uses swaps, futures and forwards to limit energy sector risks arising from changes in commodity and product prices as well as changes related to electricity transactions.

The forward and futures contracts concluded by EVN for the purchase or sale of electricity, natural gas and CO_2 emission certificates serve to hedge the purchase prices for expected electricity, natural gas or CO_2 emission certificates as well as the selling prices for planned electricity production. These contracts do not constitute derivative financial instruments as defined in IAS 39 because they lead to regular physical deliveries based on the expected procurement, sale or usage requirements and therefore normally meet the requirements for the own use exemption under IAS 39. The contracts represent pending purchase and sale transactions, which must be assessed for possible impending losses in accordance with the requirements of IAS 37. If the requirements for the own use exemption are not met – for example, by transactions for short-term optimisation – the contracts are recorded as derivatives in accordance with IAS 39.

Derivative financial instruments are recognised at cost when the contract is concluded and at fair value in subsequent periods. The fair value of derivative financial instruments is determined on the basis of quoted market prices, information provided by banks or discounting-based valuation methods whereby the counterparty risk is also included. Derivative financial instruments are reported as other (current or non-current) assets or other (current or non-current) liabilities.

The accounting treatment of the changes in the fair value of derivatives used for hedging purposes depends on the type of the hedging transaction.

Cash flow hedges are used to hedge energy price risks and interest rate risks arising from financial liabilities.

The effective portion of the gains and losses arising from the fair value measurement of derivative financial instruments classified as cash flow hedges under IAS 39 is recorded without recognition in profit or loss in the valuation reserve according to IAS 39. The cumulative gains and losses are transferred to profit or loss when the hedge is settled. The ineffective portion of the gain or loss is recognised immediately in profit or loss.

For fair value hedges, the carrying amount of the underlying transaction is adjusted through profit or loss by the gain or loss on the hedged item that is attributable to the hedged risk. The results are generally reported on the consolidated statement of operations under the position that contains the hedged transaction. Fluctuations in the fair value of hedges are basically offset by the changes in the fair value of the hedged transactions.

10. Other investments

Other investments include shares in associated companies which are not included in the consolidated financial statements due to immateriality. These shares are recorded at cost less any necessary impairment losses. The remaining other investments are assigned to the valuation category AFS and are recognised in the consolidated statement of financial position at fair value. If fair value cannot be reliably determined, these investments are included at cost less any necessary impairment losses. Fair value is determined on the basis of share prices wherever possible. Unrealised profits or losses are recognised in other comprehensive income. An impairment loss (see note **9. Financial instruments)** is recognised in profit or loss. When financial assets are sold, the unrealised profits or losses previously recognised in other comprehensive income are transferred to profit or loss.

11. Other non-current assets

Securities recorded under non-current assets are initially recognised as @FVTPL. These assets are recorded at cost as of the acquisition date and subsequently measured at fair value as of the balance sheet date. Changes in fair value are recognised in the consolidated statement of operations.

Originated loans are classified as LAR. Interest-bearing originated loans are recorded at amortised cost, while interest-free and low-interest originated loans are reported at their present value. All identifiable risks are taken into consideration by means of valuation adjustments.

Lease receivables and accrued lease transactions are related to the international project business of the Environmental Services Segment. They are classified as finance leases according to IAS 17 in conjunction with IFRIC 4 (see note **23. Leased and rented assets).**

Receivables arising from derivative transactions are recognised at their fair values. Gains and losses arising from changes in the fair value of derivative financial instruments are either recognised in profit or loss in the consolidated statement of operations or in other comprehensive income (see note **9. Financial instruments).**

The measurement of non-current primary energy reserves and miscellaneous other non-current assets is based on acquisition or production cost or the lower net realisable value on the balance sheet date.

12. Inventories

The measurement of inventories is based on acquisition or production cost or the lower net realisable value as of the balance sheet date. For marketable inventories, these values are derived from the current market price. For other inventories, these figures are based on the expected proceeds less future production costs. If the generation of electricity from primary energy inventories does not cover the full production cost, this electricity is carried at the lower replacement cost (which represents the best available measurement basis). Primary energy inventories held for trading purposes are carried at fair value (commodity exchange price, level 1 in accordance with IFRS 13) less selling costs. Risks arising from the length of storage or reduced marketability are reflected in experience-based reductions. The moving average price method is used to determine the consumption of primary energy inventories as well as raw materials, auxiliary materials and fuels.

The CO_2 emission certificates allocated free of charge in accordance with the Austrian Emission Certificate Act are recognised at an acquisition cost of zero based on IAS 20 and IAS 38, due to the rejection of IFRIC 3 by the European Commission. Any additional purchases of CO_2 emission certificates are recognised at cost, whereby additions to provisions for shortfalls are based on the fair value as of the balance sheet date.

13. Trade and other receivables

Current receivables are generally reported at amortised cost, which equals the acquisition cost less impairment losses for the components of the receivables that are expected to be uncollectible. Possibly impaired receivables are grouped together on the basis of comparable default risk (especially the time outstanding) and tested together for impairment; any necessary impairment losses are then recognised. The impairment losses, which are recognised in the form of individual bad debt allowances by way of adjustment accounts, are sufficient to reflect the expected default risks. Specific default incidents result in derecognition of the related receivable.

Amortised costs, less any applicable impairment losses, can be considered appropriate estimates of the current value because the remaining term to maturity is generally less than one year.

Exceptions to the above procedure are derivative financial instruments, which are recognised at fair value, and foreign currency items, which are measured at the exchange rates in effect on the balance sheet date.

14. Securities

Current securities are classified as AFS and measured at their fair value. Changes in fair value are recorded under other comprehensive income without recognition in profit or loss. When the securities are sold, these gains or losses are transferred to profit or loss.

15. Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits. These items are reported at current rates. Cash balances in foreign currencies are translated at the exchange rate in effect on the balance sheet date.

16. Non-current assets held for sale

Non-current assets or groups of assets whose sale is sufficiently probable are classified as held for sale when the necessary approvals have been issued and the requirements of IFRS 5 have been met. If necessary, the carrying amount of these assets is reduced to the lower fair value less costs of disposal. Depreciation and amortisation are terminated up to the point of sale. These assets are presented separately from other assets on the balance sheet. Any gain or loss not recognised up to the date on which a non-current asset is sold is recognised on the derecognition date. The non-current assets reported as held for sale in 2013/14 are related to the sale of the sodium hypochlorite plant in Moscow (see note **44. Non-current assets held for sale).**

17. Equity

In contrast to borrowings, equity is defined by the IFRS framework as the "residual interest in the assets of an entity after deducting all of its liabilities". Equity is thus the residual value of a company's assets and liabilities.

Treasury shares held by EVN are not recognised as securities pursuant to IAS 32, but are instead reported at their (repurchase) acquisition cost and offset against equity. Any profit or loss resulting from the resale of treasury shares relative to the acquisition cost increases or decreases capital reserves.

The items recorded under other comprehensive income include certain changes in equity that are not recognised through profit or loss as well as the related deferred taxes. For example, this position contains the currency translation reserve, unrealised gains or losses from the fair value measurement of other investments (available for sale financial instruments), the effective portion of changes in the fair value of cash flow hedges as well as all remeasurements according to IAS 19. This item also includes the proportional share of gains and losses recognised directly in equity accounted investees.

18. Provisions

Provisions for pensions and obligations similar to pensions

Under the terms of a company agreement, EVN AG is required to pay a supplementary pension on retirement to employees who joined the company prior to 31 December 1989. This commitment also applies to employees who, within the context of the legal unbundling agreement for the spin-off of the electricity and natural gas networks, are now employed by Netz Niederösterreich GmbH. The amount of this supplementary pension is based on performance as well as on the length of service and the amount of remuneration at retirement. EVN, in any case, and the employees, as a rule, also make contributions to the EVN Pensionskasse pension fund and the resulting claims are fully credited toward pension payments. Therefore, EVN's obligations toward both retired employees and prospective beneficiaries are covered in part by provisions for pensions as well as by defined contribution payments on the part of EVN Pensionskasse.

For employees who joined the company after 1 January 1990, the supplementary company pension has been replaced by a defined contribution plan that is financed through EVN Pensionskasse. This pension fund invests its pension fund assets primarily in different investment funds in accordance with the provisions of the Austrian Pension Fund Act. Pension commitments were also made to certain employees, which require EVN to pay retirement benefits under certain conditions.

Provisions for obligations similar to pensions were recognised for liabilities arising from the vested claims of current employees and the current claims of retired personnel and their dependents to receive benefits in kind in the form of electricity and natural gas.

The projected unit credit method is used to determine the provisions for pensions and obligations similar to pensions. The expected pension payments are distributed according to the number of years of service by employees until retirement, taking expected future increases in salaries and pensions into account.

The amounts of the provisions are determined by an actuary as of each balance sheet date based on an expert opinion. The measurement principles are described in note **53. Non-current provisions.** All remeasurements – at EVN AG, only gains and losses from changes in actuarial assumptions – are recognised under other comprehensive income in accordance with IAS 19.

As in the previous year, the biometric measurement principles applicable to the provisions for pensions were based on the Austrian mortality tables "Rechnungsgrundlagen AVÖ 2008-P – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler".

The applied interest rate is based on the market yields for first-class, fixed-interest industrial bonds as of the balance sheet date, whereby the timing of the benefits was taken into account.

The service cost added to the provision is reported under personnel expenses, while the interest component of the addition is included under financial results.

Provision for severance payments

Austrian corporations are required by law to make one-off severance payments to employees whose employment began before 1 January 2003 if they are dismissed or when they reach the legal retirement age. The amount of such payments is based on the number of years of service and the amount of the respective employee's remuneration at the time the severance payment is made.

Employees in Bulgaria and Macedonia are entitled to severance payments on retirement, which are based on the number of years of service With regard to severance compensation entitlements, the other EVN employees are covered by similar social protection measures contingent on the legal, economic and tax framework of the country in which they work.

The provision for severance payments was calculated according to actuarial principles. This provision was measured using the same parameters as the provisions for pensions and obligations similar to pensions (the measurement principles are described in note **53. Non-current provisions).** All remeasurements – at EVN AG, only gains and losses from changes in actuarial assumptions – are recognised under other comprehensive income in accordance with IAS 19.

The applied interest rate is based on the market yields for first-class, fixed-interest industrial bonds as of the balance sheet date, whereby the timing of the benefits was taken into account.

The service cost added to the provision is reported under personnel expenses, while the interest component of the addition is included under financial results.

The obligation to make one-off severance payments to employees of Austrian companies whose employment commenced after 31 December 2002 has been transferred to a defined contribution plan. The payments to this external employee fund are reported under personnel expenses.

Other provisions

The other provisions reflect all recognisable legal or factual commitments to third parties based on past events, where the amount of the commitments and/or the precise starting point was still uncertain. In these cases, a reliable estimate of the amount of the obligation is required. If a reliable estimate is not possible, a provision is not recognised. These provisions are recognised at the discounted settlement amount. They are measured based on the expected value or the amount most likely to be incurred.

The applied discount rates are pre-tax rates that reflect actual market expectations for the interest rate effect. The risks attributable to a specific liability are reflected in the estimate of future cash flows.

The provisions for service anniversary bonuses required by collective wage and company agreements are measured using the same parameters as the provisions for pensions and obligations similar to pensions. A new regulation in the collective agreement for salaried employees of utility companies entitles salaried employees whose employment relationship began after 31 December 2009 to a service anniversary bonus equalling one month's salary after 15, 20, 25, 30 and 35 years and to one and one-half month's salary after 40 years. This new regulation was taken into account accordingly. All remeasurements – at EVN AG, only gains and losses from changes in actuarial assumptions – are recognised with respect to jubilee benefits through profit or loss in accordance with IAS 19. The service cost added to the provision is reported under personnel expenses, while the interest component of the addition is included under financial results.

Waste disposal and land restoration requirements related to legal and perceived commitments are recorded at the present value of the expected future costs. Changes in the estimated costs or the interest rate are offset against the carrying amount of the underlying asset. If the decrease in a provision exceeds the carrying amount of the asset, the difference is recognised through profit or loss.

Provisions for onerous contracts are recognised at the amount of the unavoidable outflow of resources. This represents the lower of the amount that would result from performance of the contract and any compensatory payments to be made in the event of non-performance.

19. Liabilities

Liabilities are reported at amortised cost, with the exception of liabilities arising from derivative financial instruments or liabilities arising from hedge accounting (see note **9. Financial instruments).** Costs for the procurement of funds are considered part of amortised cost. Non-current liabilities are discounted by applying the effective interest method.

With respect to financial liabilities, bullet loans and borrowings with a remaining term to maturity of over one year are classified as non-current and items with a remaining term to maturity of less than one year are reported under current loans and borrowings (for information on maturities see note **51. Non-current loans and borrowings).**

If the fulfilment of a liability is expected within twelve months after balance sheet date, the liability is classified as short-term.

Construction subsidies and investment grants do not reduce the acquisition or production cost of the corresponding assets. They are therefore reported as liabilities in the consolidated statement of financial position in analogous application of IAS 20.

Construction subsidies – which constitute payments made by customers as part of previous investments in network construction – represent an offset to the acquisition cost of these assets. In the electricity and natural gas network business they are related to supply obligations by EVN. The granting of investment subsidies generally requires an operational management structure that complies with legal requirements and has been approved by the authorities. Construction and investment subsidies are released on a straight-line basis over the average useful life of the respective assets.

20. Revenue recognition

Realisation of revenue (in general)

Revenues from the end customer business are determined as of the balance sheet date in part based on statistical procedures used in the billing systems and accrued in line with the quantities of energy and water supplied during the reporting period. Revenues are recognised when EVN has provided a billable service to the customer.

Interest income is reported pro rata temporis using the effective interest rate of the asset. Dividends are recognised when a legal entitlement to payment arises.

IFRIC 18 regulates the accounting treatment for business transactions in which a company receives from its customers an asset or cash which is then used to acquire or construct an asset to provide the customer with access to a network or with an ongoing supply of goods or services. The construction subsidies received by EVN fall in part under the scope of application of IFRIC 18. Construction subsidies in the

electricity and natural gas network business are related to EVN's supply obligations. They are accrued as liabilities and released on a straight-line basis over the useful life of the related property, plant and equipment. The reversals of deferred income from construction subsidies are reported under other operating income.

Regulatory account

Electricity and natural gas network regulatory authorities define and evaluate appropriate "target revenue" for the individual market participants at regular intervals. Revenue above or below the target is recorded under the regulatory account and taken into consideration for future tariff adjustments.

In Austria, the amendment to the Electricity Economy and Organisational Act ("Elektrizitätswirtschafts- und -organisationsgesetzes 2010", ElWOG), which took effect on 3 March 2011, introduced a new ex-post regulation procedure for network operator revenue in the form of a regulatory account (§ 50 ElWOG). This system was also integrated into the Natural Gas Act of 2011 ("§ 71 Gaswirtschaftsgesetz 2011", GWG). The purpose of the newly established regulatory account is to provide every network operator with compensation for differences between actual revenue and the officially established revenue by means of a "virtual account". In accordance with § 50 ElWOG and § 71 GWG, these differences are taken into account in determining the cost basis for the next payment period.

In accordance with current opinions on the accounting treatment of regulatory deferral accounts, regulatory assets and regulatory liabilities were not recognised (see note **2. Reporting in accordance with IFRS).**

Contract manufacturing

Receivables from the project business (in particular, PPP projects – Public Private Partnership) and the related revenue are accounted for by applying the percentage of completion (PoC) method. Projects are subject to individual contract terms that specify fixed prices. The degree of completion is determined using the cost-to-cost method. This entails recognising revenue and profits at the ratio of the costs actually incurred to the estimated total costs for the project. Reliable estimates of the total costs, selling prices and actual costs incurred are available. Changes in the estimated contract costs and any related losses are recognised in profit or loss as incurred. The technological and financial risks that might occur during the remaining project period are estimated for each project, and a corresponding contingency fee is included in the estimated contract costs. Impending losses on the valuation of projects not yet invoiced are expensed as incurred. Impending losses are recognised when it is probable that the total contract costs will exceed the contract revenues.

21. Income taxes and deferred taxes

The income tax expense reported in the consolidated statement of operations comprises the current income tax expense for fully consolidated companies, which is based on their taxable income and the applicable income tax rate, as well as the change in deferred tax assets and deferred tax liabilities.

The following income tax rates were applied in calculating current income taxes:

21. Corporate income tax rates

%	2014/15	2013/14
Country of residence		
Austria	25.0	25.0
Albania	15.0	15.0
Bulgaria	10.0	10.0
Germany[1)]	30.3	30.3
Estonia[2)]	20.0	21.0
Croatia	20.0	20.0
Lithuania	15.0	15.0
Macedonia[3)]	10.0	10.0
Montenegro	9.0	9.0
Poland	19.0	19.0
Romania	16.0	16.0
Russia	20.0	20.0
Serbia	15.0	15.0
Slovenia	17.0	17.0
Czech Republic	19.0	19.0
Cyprus	12.5	12.5

1) 15.83% corporate income tax, incl. solidarity surcharge, and 14.42% trade tax (refers to companies in the environmental business)
2) Taxes on corporate profits are levied when dividends are paid to the shareholders. Retained earnings are not taxed.
3) Corporate profits are taxed on the basis of earnings starting in 2014. Retained earnings were not taxed up to 2013. Taxes were charged only when the earnings were distributed to shareholders. Taxes payable in the past only involved the tax on non-deductible expenses.

EVN has elected to utilise the option provided by Austrian law and maintains two (previous year: two) corporate tax groups. EVN AG is a member of a corporate tax group whose top-tier corporation is NÖ Landes-Beteiligungsholding GmbH, St. Pölten. The taxable profit of the companies belonging to these groups is assigned to the respective superior group member or top-tier corporation. As an offset for the transferred taxable results, the tax group contracts include a tax charge that is based on the stand-alone method.

Transferred tax losses are kept on record as internal loss carryforwards for the respective tax group members and offset against future positive earnings. Exceptions to this procedure are the contracts concluded with the group members WEEV Beteiligungs GmbH and Burgenland Holding AG, which call for a negative tax charge for these two companies if their taxable results are negative and the group's total results are positive. In other cases, the loss is recorded as an internal loss carryforward and refunded in later years in the form of a negative tax charge as soon as it is covered by positive earnings.

The transfer of losses from foreign subsidiaries within the framework of group taxation leads to the recognition of a liability equal to the nominal amount for the future corporate income tax obligation.

Future changes in the tax rate are taken into account if the relevant law has been enacted by the time the consolidated financial statements are prepared.

Deferred taxes are calculated according to the liability method at the tax rate expected when short-term differences are reversed. Deferred tax assets and deferred tax liabilities are calculated and recognised for all temporary differences (i.e. the differences between the carrying amounts in the consolidated financial statements and the annual financial statements prepared for tax purposes that will balance out in the future).

Deferred tax assets are recognised only if it is probable that there will be sufficient taxable income or taxable temporary differences to utilise these items. Tax loss carryforwards are recognised as deferred tax assets. Deferred tax assets and deferred tax liabilities are presented as a net amount in the consolidated financial statements if there is a legal right and intention to offset these items.

22. Procedures and effects of impairment tests

All assets that fall under the scope of application of IAS 36 are tested as of the balance sheet date to determine whether there are sufficient internal or external signs of impairment. Property, plant and equipment and intangible assets with definite useful lives are subject to scheduled depreciation and amortisation, and must only be tested for impairment if there are clear signs of a possible lasting decline in value. In contrast, goodwill and intangible assets with indefinite lives must be tested for impairment at least once each year.

The impairment testing of goodwill and assets for which no expected future cash flows can be identified is based on an assessment of the respective cash-generating unit (CGU). The CGUs that generate separate cash flows and – in the case of impairment tests of goodwill – derive benefits from the synergies resulting from the given business combination must be identified for the purpose of assignment.

The decisive criterion for classifying property, plant and equipment to a CGU is its technical and commercial ability to generate independent revenues. In the EVN Group, this definition applies to electricity and heat generation plants, electricity, natural gas and water distribution systems, wind parks, electricity purchasing rights, data transmission lines and facilities in environmental business.

In assessing impairment, the higher of the net selling price and the value in use of the CGU is compared to the carrying amount of the CGU and the carrying amount of the asset. The net selling price corresponds to the fair value less costs of disposal.

A weighted average cost of capital which includes the deduction of income tax (WACC) is used as the discount rate. The equity component of the WACC reflects the risk-free interest rate, a country-specific premium plus a risk premium that incorporates the market risk and an appropriate beta coefficient based on peer group capital market indicators. The debt component of the WACC equals the basis interest rate plus a country-specific premium and a risk premium that reflects EVN's rating. The equity and debt components are weighted according to a capital structure that is appropriate for the CGU based on peer group data at market values. The resulting WACC is used to discount the cash flows in the respective CGU.

The fair value less costs of disposal is calculated in accordance with the fair value measurement hierarchy defined by IFRS 13. Since it is generally not possible to derive market values for the respective CGUs and assets, fair value is calculated according to level 3 of this hierarchy. The fair value less costs of disposal for a CGU is calculated with a WACC-based discounted cash flow method that is conceptually similar to the value in use procedure, but includes adjustments to the parameters in the DCF model to reflect the market participants' viewpoint.

The calculation of the value in use and the fair value less cost of disposal is based on the expected future cash inflows and outflows, which are basically derived from medium-term internal forecasts. The cash flow forecasts are based on the latest financial forecasts approved by management and cover the period for which reliable forecasts can be prepared. Future assumptions concerning electricity prices are derived from the quotations on the futures market of European Energy Exchange AG, Leipzig. The assumptions for later periods are based on an average of two forecasts by well-known information service providers in the energy sector. This valuation process incorporates future expected revenues as well as operating, maintenance and repair expenses. The valuation process for property, plant and equipment and intangible assets with definite useful lives also includes the condition of the respective asset. The quality of the forecast data is regularly compared with actual results through a variance analysis. These findings are taken into consideration in developing the next medium-term corporate forecast.

If the recoverable amount is lower than the carrying amount, the carrying amount must be reduced to this lower value and an impairment loss must be recognised. If the carrying amount of a CGU exceeds the recoverable amount, the goodwill is written down by the resulting difference. Any further impairment leads to a proportional reduction of the carrying amounts of the CGU's remaining assets. The respective assets are written up if the reason for impairment ceases to exist. The increase in the carrying amount resulting from the write-up may not exceed the amortised acquisition or depreciated production cost. In accordance with IAS 36, goodwill written down in connection with an impairment test may not be revalued, even if the reasons for impairment have ceased to exist.

The carrying amounts of goodwill are as follows:

22. Allocation of goodwill to cash-generating units

EURm	2014/15	2013/14
International project business	52.9	53.1
Other CGUs	3.4	5.5
Total goodwill	**56.3**	**58.6**

Other CGUs include the goodwill in the CGU Hollabrunn. In 2014/15 an impairment loss of EUR 2.4m was recognised to the original goodwill of EUR 2.8m (see note **36. Intangible assets).**

The major assumptions used to calculate the value in use for goodwill are the cash flow forecasts, the discount rate (WACC) and the growth rate after the end of the detailed planning period. The assumptions applied to the major cash-generating units and the related sensitivity analyses are shown in the following table:

International project business

22. International project business

in %	2014/15	2013/14
Assumptions		
After–tax WACC	7.98	8.53
Growth rate after the detailed planning period	0.0	0.0

The carrying amount of the net assets in the CGU "international project business" amounted to EUR 379.1m. The recoverable amount was determined on the basis of the fair value less costs of disposal (level 3 under IFRS 13) and equalled EUR 407.3m. The recoverable amount of the CGU exceeded the carrying amount by 7.4%.

An increase (decrease) of 1% in the WACC during 2014/15, ceteris paribus, would have led to a shortfall of 3.9% (surplus coverage of 22.0%) in the net assets of the CGU. An increase (decrease) of 1% in the growth factor during 2014/15, ceteris paribus, would have led to a surplus coverage of 17.3.% (shortfall of 0.2%) in the coverage of net assets in the CGU. Based on an after-tax WACC of 8.61%, the recoverable amount would represent the carrying amount. Based on a growth factor of –0.97%, the recoverable amount would represent the carrying amount.

23. Leased and rented assets

In accordance with IAS 17, a leased asset is allocated to the lessee or lessor based on the transfer of significant risks and rewards incidental to the ownership of the asset.

Non-current lease receivables arising in connection with PPP projects carried out by the Environmental Services Segment – in which a facility is built, financed and then operated on behalf of the customer for a fixed period of time, after which the plant becomes the property of the customer – are classified as finance leases in accordance with IAS 17 in conjunction with IFRIC 4, and recognised as such in EVN's consolidated financial statements.

Rented assets obtained through finance leases are capitalised by the lessee at the fair value or the lower present value of the minimum lease payments, and depreciated on a straight-line basis over their expected useful life or the shorter contract period. Payment obligations resulting from future lease payments are reported as liabilities. Assets obtained through operating leases are attributed to the lessor, and the related lease payments are expensed by the lessee in equal amounts over the term of the lease.

24. Accounting estimates and forward-looking statements

The preparation of the consolidated financial statements in accordance with generally accepted IFRS accounting methods requires estimates and assumptions that have an effect on the assets, liabilities, income and expenses reported in the consolidated financial statements and on the amounts shown in the notes. The actual values may differ from these estimates. The assumptions and estimates are reviewed on a regular basis.

In particular, the following assumptions and estimates can lead to significant adjustments in the carrying amounts of individual assets and liabilities in future reporting periods.

Impairment tests require estimates, especially for future cash surpluses. A change in the general economic, industry or company environment may reduce cash surpluses and therefore lead to signs of impairment. The weighted average cost of capital (WACC) is used to determine the recoverable amounts based on capital market methods. The WACC represents the weighted average interest paid by a company for equity and debt. The weighting applied to the interest on the equity and debt components – which reflects a capital structure at market values – was derived from an appropriate peer group. Given the current volatility on the financial markets, the development of the cost of capital (and above all the country risk premiums) is monitored on a regular basis (see note **22. Procedures and effects of impairment tests).**

For the valuation of the generation portfolio, the price structure beginning with the fifth year (when predictable market prices are no longer available on the electricity exchanges) was based on average forecasts from two well-known market research institutes and information service providers in the energy sector. The most recent studies, which are updated annually due to the current volatility on the electricity markets, were used in each case.

The sensitivity of these assumptions for EVN's two largest energy generation plants, based on the carrying amount, is explained below. These plants are the Steag-EVN Walsum power plant, which is included as a joint operation based on the proportional share owned (see note **37. Property, plant and equipment)**, and Verbund Innkraftwerke GmbH, which is included at equity (see note **38. Investments in equity accounted investees).**

For the Steag-EVN Walsum power plant, which is included as a joint operation based on the proportional share owned, an increase (decrease) of 0.5% in the WACC, ceteris paribus, would have led to a decrease of 11.1% (decrease of 3.3%) in the carrying amount during 2014/15. An increase (decrease) of 5% in the underlying assumptions for the electricity price, ceteris paribus, would have led to an increase of 8.1% (decrease of 22.9%) in the carrying amount during 2014/15.

For Verbund Innkraftwerke GmbH, which is included at equity, an increase (decrease) of 0.5% in the WACC, ceteris paribus, would have led to a decrease of 31.4% (decrease of 6.5%) in the carrying amount during 2014/15. An increase (decrease) of 5% in the underlying assumptions for the electricity price, ceteris paribus, would have led to a decrease of 12.1% (decrease of 28.3%) in the carrying amount during 2014/15.

The most important premises and judgmental decisions used to determine the scope of consolidation are described under note **4. Scope of consolidation.**

In March 2014, the Bulgarian State Energy and Water Regulatory Commission (EWRC/the regulatory authority) initiated administrative proceedings to revoke the licence of EVN Bulgaria EC. EWRC justified this action with reference to the offset by EVN Bulgaria EC of certain receivables due from the national electricity company Natsionalna Elektricheska Kompania EAD (NEK). The regulatory authority claims this offset led to the reduction of NEK's cash reserves and impaired the company's ability to meet its legal obligations. The administrative proceedings are currently pending. The valuation of the Bulgarian assets is based on current assumptions. The investment protection proceedings currently in progress at the World Bank's International Centre for the Settlement of Investment Disputes (ICSID) will be pursued, with the intention of obtaining compensation for the disadvantages of the regulatory decisions.

In Moscow, the anti-monopoly commission (FAS) issued a legally binding directive that declared a 1 June 2010 decision by the city government to be in violation of competitive law. The original decision by the city government transferred the thermal waste utilisation plant no. 1 to the investor EVN and also required and authorised an increase in the capacity to 700,000 tonnes per year. EVN has initiated several proceedings against the government's measures to repeal the investment contract, which are currently pending in various instances. The developments related to the thermal waste utilisation plant no. 1 in Moscow raised considerable doubts over the realisation of this project in the previous financial year and led to the recognition of a valuation allowance on the existing leasing receivable and the reclassification of the carrying amount of the saleable aggregate components to inventories. It is now assumed that the plant will not be built and appropriate compensation must be claimed from the customer. Further developments on this project, including the cancellation or reversal of existing supply agreements with subcontractors, could lead to changes in presentation and values during the coming financial years (see notes **40. Other non-current assets** and **41. Inventories).**

The project company founded to construct the Duisburg-Walsum power plant, in which EVN holds an investment of 49.0%, filed an arbitration claim against the general contractor consortium, Hitachi Ltd and Hitachi Power Europe GmbH, on 17 December 2013 and a lawsuit against an insurance company on 10 December 2013. The claims are based on damages incurred by the project company due to the delayed completion of the Duisburg-Walsum power plant. They cover lump-sum compensation for the delay, delay-related added costs, pre-financed repair costs and damages arising from the inability to receive allocations of CO_2 emission certificates as well as claims against an insurance company. The Hitachi consortium filed claims against the project company in a countersuit. In a related lawsuit, the insurance company has filed a claim for repayment of previous payments on account. In the legal proceedings against the insurance company, a partial judgment on the underlying basis for the claim and a partial final judgment were issued in favour of the project company on 1 July 2015, which state that the facts of the case indicate the insurance company is required to pay compensation for the damage to the power plant in April 2011. Both the insurance company and the project company (here with regard to the acceptance of attorneys' costs) have filed appeals against these decisions. The amount of the insurance compensation to which the project company is entitled will be decided in separate court proceedings. Statistics from the power plant's first operating period point to higher specific heat consumption, and therefore lower effectiveness, than promised by the general contractor. A control measurement has since confirmed this conclusion. On 22 October 2015, respective dispute notifications were sent to the general contractor consortium Hitachi Ltd and Hitachi Power Europe GmbH. The outcome of these proceedings could lead to valuation adjustments in future periods (see note **37. Property, plant and equipment).**

EVN AG and Verbund Thermal Power GmbH & Co KG iL operate the Dürnrohr power plant based on a contract dated 28 April 1980 and 16 April 1980, whereby one of the two blocks was assigned to each of the contract partners for management and operation. In December 2014 Verbund terminated the existing management contract as of 30 June 2015 and, in April 2015, stated its intention to permanently shut down its block at the joint Dürnrohr power plant. This decision subsequently led to an increase in maintenance and operating costs for EVN. EVN takes the view that this cancellation is legally invalid because the existing contract was concluded for the technical service life of the equipment in the Dürnrohr power plant and therefore remains unchanged and in force. The company has therefore filed an action for a declaratory judgment with the Commercial Court in Vienna. The outcome of these proceedings could lead to valuation adjustments in future periods (see note **37. Property, plant and equipment).**

The measurement of the existing provisions for pensions and obligations similar to pensions as well as the provisions for severance payments is based on assumptions for the discount rate, retirement age, life expectancy and future pension and salary increases that may lead to changes in measurement during future periods. Moreover, future increases or decreases in electricity and natural gas tariffs could lead to changes in the measurement of obligations similar to pensions. The inclusion of the pension scheme contribution as defined by the remuneration law for Lower Austrian civil servants (NÖ Landes- und Gemeindebezügegesetz) could also lead to lower pensions provisions in the future (see note **53. Non-current provisions).**

Assumptions and estimates are also required to determine the useful life of non-current assets (see notes **6. Intangible assets** and **7. Property, plant and equipment)** and the provisions for legal proceedings and environmental protection (see note **18. Provisions)** as well as estimates for other obligations and risks (see note **67. Other obligations and risks).** In addition, it is necessary to make assumptions and estimates for the valuation of receivables and inventories (see notes **12. Inventories** and **13. Trade and other receivables).** These estimates are based on historical data and other assumptions considered appropriate under the given circumstances.

25. Principles of segment reporting

The identification of operating segments is based on the internal organisational and reporting structure and information prepared for internal management decisions (the "management approach"). The Executive Board of the EVN Group (the chief operating decision-maker as defined in IFRS 8) reviews internal management reports on each operating segment at least once each quarter. EVN has defined the following operating segments: Generation, Energy Trade and Supply, Network Infrastructure Austria, Energy Supply South East Europe, Environmental Services and Strategic Investments and Other Business. This conforms in full to the internal reporting structure. The assessment of all segment information is consistent with IFRS. EBITDA is used as an indicator to measure the earning power of the individual segments. For each segment, EBITDA represents the total net operating profit or loss before interest, taxes, amortisation of intangible assets and depreciation of property, plant and equipment for the companies included in the segment, taking intragroup income and expenses into account (see note **61. Segment reporting).**

Notes to the consolidated statement of operations

26. Revenue

Revenue recorded by the individual business segments developed as follows:

26. Revenue

EURm	2014/15	2013/14
Generation	52.7	33.7
Energy Trade and Supply	470.9	431.5
Network Infrastructure Austria	412.8	430.9
Energy Supply South East Europe	1,037.9	900.4
Environmental Services	152.3	168.9
Strategic Investments and Other Business	9.3	9.5
Total	**2,135.8**	**1,974.9**

Revenue includes income of EUR 5.3m (previous year: EUR 23.0m) from contract work on international PPP projects (see note **40. Other non-current assets).**

The required repayment of EUR 72.4m in revenue from previous periods, which was announced by the Bulgarian regulatory authority, was recorded under revenue in the previous year (see note **60. Other current liabilities).**

27. Other operating income

27. Other operating income

EURm	2014/15	2013/14
Income from the reversal of deferred income from network subsidies	38.7	45.4
Own work capitalised	18.2	18.3
Change in work in progress	0.9	–18.1
Interest on late payments	8.2	7.7
Insurance compensation	6.1	8.8
Rental income	2.4	2.4
Income from the disposal of intangible assets and property, plant and equipment	0.2	–1.2
Miscellaneous operating income	33.8	7.9
Total	**108.4**	**71.1**

In addition to bonuses, subsidies and services that are not related to business operations, miscellaneous operating income includes the results from the sale of the sodium hypochlorite plant in October 2014 (see note **44. Non-current assets held for sale).**

28. Cost of materials and services

The expenses for the purchase of electricity from third parties and the purchase of energy carriers consist primarily of the costs for electricity, natural gas, hard coal and biomass. Also included here are costs of EUR 5.5m (previous year: EUR 4.1m) for the purchase of additional CO_2 emission certificates during the reporting period due to the insufficient allocation of free certificates.

Third-party services and other materials and services were related primarily to the project business in the Environmental Services Segment as well as services for the operation and maintenance of plants. This position also includes costs directly attributable to the required services.

The cost of other materials and services includes a valuation allowance of EUR 11.0m that was recognised during the first half of 2014/15 to the remaining components of the former project thermal waste utilisation plant no. 1 in Moscow, which are carried under inventories. This measure involves the flue gas cleaning aggregate, which was adapted to meet the particular requirements of the city of Moscow and, based on recent market assessment, cannot be used for another purpose (see note **41. Inventories).**

28. Cost of materials and services

EURm	2014/15	2013/14
Electricity purchases from third parties and primary energy expenses	1,066.5	1,032.2
Third-party services and other materials and services	254.0	251.9
Total	**1,320.4**	**1,284.0**

29. Personnel expenses

Personnel expenses include payments of EUR 6.2m (previous year: 5.8m) to EVN Pensionskasse as well as contributions of EUR 0.9m (previous year: EUR 0.7m) to EVN pension funds.

29. Personnel expenses

EURm	2014/15	2013/14
Salaries and wages	242.7	241.6
Severance payments	7.7	4.5
Pension costs	5.5	9.5
Compulsory social security contributions and payroll-related taxes	51.1	51.1
Other employee-related expenses	6.6	6.3
Total	**313.5**	**313.0**

The average number of employees was as follows:

29. Employees by segment[1)]

	2014/15	2013/14
Generation	154	164
Network Infrastructure Austria	1,254	1,281
Energy Trade and Supply	280	279
Energy Supply South East Europe	4,276	4,532
Environmental Services	507	549
Strategic Investments and Other Business	501	510
Total	**6,973**	**7,314**

1) Average for the year

The average number of employees comprised 96.2% salaried and 3.8% wage employees (previous year: 96.0% salaried and 4.0% wage employees), whereby no distinction is made between salaried and wage employees in Bulgaria and Macedonia. Wage employees are therefore counted together with salaried employees in these countries.

30. Other operating expenses

30. Other operating expenses EURm	2014/15	2013/14
Write-off of receivables	37.2	230.7
Legal and consulting fees, expenses related to risks of legal proceedings	16.5	28.8
Business operation taxes and duties	16.3	17.6
Advertising expenses	12.7	11.4
Telecommunications and postage	10.6	10.2
Transportation and travelling expenses, automobile expenses	10.4	10.9
Insurance	9.2	9.1
Maintenance	7.6	6.8
Rents	6.2	6.9
Employee training	1.9	2.3
Miscellaneous other operating expenses	39.4	24.3
Total	**168.1**	**359.0**

The position "legal and consulting fees, expenses related to the risks of legal proceedings" also contains changes in the provision for legal proceedings. Rents also include the changes in the provisions for network access fees in Bulgaria.

Miscellaneous other operating expenses include environmental protection expenses, fees for monetary transactions, licenses, membership fees and administrative and office expenses as well as the costs for the creation of a provision for impending payments from liabilities for EconGas GmbH.

The write-offs of receivables in 2013/14 include a valuation allowance of EUR 191.4m on the leasing receivable from the thermal waste utilisation plant no. 1 in Moscow (see note **40. Other non-current assets).**

31. Share of results from equity accounted investees with operational nature

31. Share of results from equity accounted investees with operational nature EURm	2014/15	2013/14
EVN KG	63.8	53.6
RAG	76.4	58.0
Energie Burgenland	7.4	7.6
ZOV; ZOV UIP	12.1	11.7
Shkodra	0.7	–
Verbund Innkraftwerke	–25.9	–39.2
Other companies	6.4	2.4
Total	**141.1**	**94.0**

The share of results from equity accounted investees with operational nature (see note **66. Disclosures of interests in other entities)** has been reported as part of the results from operating activities (EBIT)**.**

The share of results from equity accounted investees with operational nature consists primarily of earnings contributions, impairment losses recognised to assets capitalised in connection with acquisitions and other necessary impairment losses (see note **38. Investments in equity accounted investees).**

The negative earnings contribution from the Verbund Innkraftwerke GmbH reflected the substantially lower estimates for the long-term development of electricity prices as indicated by current market analyses. The revised electricity price assumptions led to the recognition of an impairment loss of EUR 26.8m on the participation in Verbund Innkraftwerke GmbH, a company consolidated at equity. In the previous year an impairment loss of EUR 41.1m had been recorded because of a substantial decline in estimates of electricity prices.

The unrecognised cumulative losses of Shkodra Region Beteiligungsholding GmbH totalled EUR 0.0m (previous year: EUR –0.1m), while the unrecognised cumulative losses of Econgas amounted to EUR –7.6m (previous year: EUR –0.2m).

32. Depreciation and amortisation and effects from impairment tests

The procedure used for impairment testing is described in regard to the accounting policies under note **22. Procedures and effects of impairment tests.**

32. Depreciation and amortisation and effects from impairment tests by items of the consolidated statement of financial position

EURm	2014/15	2013/14
Intangible assets	17.0	205.9
Property, plant and equipment	300.3	319.5
Write-up of property, plant and equipment	–2.4	–
Total	**315.0**	**525.5**

32. Depreciation and amortisation and effects from impairment tests

EURm	2014/15	2013/14
Scheduled depreciation and amortisation	260.3	256.0
Effects from impairment tests (impairment)[1)]	57.1	269.5
Effects from impairment tests (reversal of impairment)[1)]	–2.4	–
Total	**315.0**	**525.5**

1) For details, see notes 36. Intangible assets and 37. Property, plant and equipment

33. Financial results

33. Financial results

EURm	2014/15	2013/14
Income from investments		
WEEV Beteiligungs GmbH	0.4	2.8
Other companies	0.0*)	0.0*)
Share of results of equity accounted investees with financial nature	**0.4**	**2.8**
Dividend payments	14.1	42.9
thereof Verbund AG	11.6	40.1
thereof other companies	2.4	2.8
Write-down	–2.5	–0.5
Results from other investments	11.6	42.4
Total income from investments	12.0	45.2
Interest results		
Interest income on financial assets	16.3	18.7
Other interest income	5.3	4.8
Total interest income	**21.7**	**23.5**
Interest expense on financial liabilities	–65.2	–77.5
Interest expense personnel provisions	–10.5	–14.3
Other interest expense	–15.3	–4.9
Total interest expense	**–91.1**	**–96.7**
Total interest results	**–69.4**	**–73.2**
Other financial results		
Results of valuation gains/losses and disposals of non-current securities (@FVTPL)	1.5	1.0
Currency gains/losses	–1.2	–2.7
Other financial results	–3.2	–2.3
Total other financial results	**–2.9**	**–4.0**
Financial results	**–60.3**	**–31.9**

*) Small amount

Share of results of equity accounted investees with financial nature (see note **66. Disclosures of interests in other entities)** is reported as part of the financial results.

WEEV Beteiligungs GmbH was founded together with the syndicate partner Wiener Stadtwerke Holding AG to participate in the capital increase by Verbund AG and was initially included in EVN's consolidated financial statements at equity during the financial year of 2010/11. The adjustments to reflect the change in market value are previously recorded to the valuation reserve after the deduction of deferred taxes in accordance with IAS 39. However, IFRS require the recognition of an impairment charge through profit or loss when there is a significant and lasting decline in the share price. The unrecognised negative other results from WEEV Beteiligungs GmbH amounted to EUR –2.7m (previous year: EUR 0.0m).

Interest income on financial assets includes interest from investment funds that focus chiefly on fixed-interest securities as well as the interest component from the lease business. Other interest income generally relates to income from cash and cash equivalents and from securities recorded under current financial assets. The interest income from assets that are not designated at fair value through profit or loss totalled EUR 20.2m (previous year: EUR 21.4m).

Interest expense on financial liabilities represents regular interest payments on issued bonds and bank loans. Other interest expense includes the accrued interest expense on non-current provisions, expenses for current loans as well as lease costs for biomass equipment, distribution and heating networks. This position also includes expenses arising from the termination of the hedge related to the sodium hypochlorite plant in Moscow, which was sold during the reporting year. The interest expense on liabilities not designated at fair value through profit or loss totalled EUR 74.6m (previous year: EUR 82.4m).

34. Income tax expense

34. Income tax expense

EURm	2014/15	2013/14
Current income tax income and expense	–4.4	–8.4
thereof Austrian companies	–18.8	–17.7
thereof foreign companies	14.4	9.3
Deferred tax income and expense	21.7	–94.4
thereof Austrian companies	8.2	–70.2
thereof foreign companies	13.4	–24.2
Total	**17.3**	**–102.8**

The following table explains the reasons for the difference between the Austrian corporate income tax rate of 25.0% that applied in 2015 (previous year: 25.0%) and the tax income based on the Group net result reported on the consolidated statement of operations for the 2014/15 financial year:

34. Calculation of the effective tax rate	2014/15		2013/14	
	in %	EURm	in %	EURm
Result before income tax		207.9		–373.3
Income tax rate/income tax expense at nominal tax rate	25.0	52.0	–25.0	–93.3
+/– Different corporate income tax rates in other countries	–4.0	–8.3	4.6	17.3
– Tax-free income from investments	–12.1	–25.1	–6.7	–25.2
+ Revaluation of deferred taxes	2.9	6.0	11.9	44.6
+ Impairment of goodwill	–	–	10.0	37.2
– Tax share depreciations and impairment on Group receivables	–5.1	–10.6	–26.1	–97.5
+ Non-deductible expenses	1.4	2.9	–0.5	–1.9
– Other tax free income	–0.2	–0.4	4.1	15.3
+ Aperiodic tax increases	0.2	0.4	0.2	0.8
+/– Other items	0.1	0.3	0.0*)	–0.1
Effective tax rate/effective income tax expense	**8.3**	**17.3**	**–27.5**	**–102.8**

*) Small amount

The write-offs according to tax law are related primarily to the impairment losses recognised on the investments in EVN Kavarna and EVN Nk BuB (previous year: EVN Bulgaria EC, EVN Macedonia, EVN Kavarna, EVN Nk BuB, EVN UBS and OOO EVN Umwelt Service). EVN's effective tax rate for the reporting year equalled 8.3% of result before income tax (previous year: –27.5%). The effective tax rate represents the weighted average of the effective local corporate tax rates of all consolidated subsidiaries (see note **52. Deferred taxes).**

35. Earnings per share

Earnings per share were calculated by dividing Group net result (= proportional share of result attributable to EVN AG shareholders) by the weighted average number of ordinary shares outstanding in 2014/15, i.e. 177,871,236 (previous year: 177,936,810). This amount may be diluted by so-called potential shares arising from stock options or convertible bonds. Since EVN did not have any such shares, there is no difference between basic and diluted earnings per share. Based on Group net result of EUR 148.1m for the 2014/15 financial year (previous year: EUR –299.0m), earnings per share equalled EUR 0.83 (previous year: EUR –1.68).

Notes to the consolidated statement of financial position

Assets

Non-current assets

The net value represents the residual book value, which equals the acquisition or production cost less accumulated depreciation or amortisation.

Currency translation differences arise from the translation of foreign companies' assets using different exchange rates at the beginning and end of the 2014/15 financial year.

36. Intangible assets

Rights include electricity procurement rights, transportation rights for natural gas pipelines and other rights (primarily software licenses). Other intangible assets primarily included the customer bases of the Bulgarian and Macedonian electricity supply companies.

The impairment testing of goodwill in accordance with IAS 36 led to the recognition of impairment losses totalling EUR 2.4m in the Energy Trade and Supply Segment during the reporting year. In 2011/12 EVN purchased all of the shares in Fernwärmegenossenschaft (FWG) Hollabrunn. The initial consolidation of this company included the capitalisation of EUR 2.8m in goodwill and the allocation of this goodwill to the CGU Hollabrunn. This cash-generating unit comprises the Hollabrunn district heating plant and the related district heating network in Hollabrunn. An impairment loss of EUR 2.4m was recognised in 2014/15 and was allocated in full to this goodwill. The recoverable amount was determined on the basis of fair value less costs of disposal (level 3 according to IFRS 13) and equalled EUR 3.6m. An after-tax WACC of 5.7% was used for the discount rate. The present value model underlying the valuation included a detailed planning period of four years and a time-limited annuity that was based on the underlying useful life. The estimated heating revenues are based on linear price trends and continuous sales volumes. The price increases for annual expenses were estimated at 2.0%.

Other impairment losses of EUR 0.7m involved rights as well as other intangible assets in heating plants and the Kavarna windpark.

The impairment losses recognised in the Energy Supply South East Europe Segment during the previous year resulted from an ad-hoc press release on 2 July 2014 concerning tariff changes in Bulgaria and Macedonia as of 1 July 2014. These tariff changes led to the revaluation of business activities in the two countries and the full write-off of goodwill and customer bases. In addition, the customer base of the CGU "electricity distribution Macedonia" was written off in full through an impairment loss of EUR 24.5m. This write-off reflects the indefinite useful life previously assigned to the customer base due to the unrealised market liberalisation.

In 2014/15, a total of EUR 1.4m (previous year: EUR 1.2m) was invested in research and development. The criteria required by IFRS to capitalise these items were not fulfilled.

36. Reconciliation of intangible assets

2014/15 financial year

EURm	Goodwill	Rights	Other intangible assets	Total
Gross value 30.09.2014	216.7	336.7	95.3	648.7
Currency translation differences	–	0.0*)	0.0*)	0.0*)
Changes in the scope of consolidation	–	–0.1	–	–0.1
Additions	–	9.3	3.8	13.1
Disposals	–	–16.1	–0.3	–16.3
Transfers	–	28.2	–0.4	27.8
Gross value 30.09.2015	216.7	358.0	98.4	673.1
Accumulated amortisation 30.09.2014	–158.1	–213.9	–80.2	–452.2
Currency translation differences	–	0.0*)	–	0.0*)
Changes in the scope of consolidation	–	0.1	–	0.1
Scheduled amortisation	–	–10.6	–3.5	–14.0
Impairment losses	–2.4	–0.4	–0.3	–3.0
Disposals	–	16.0	0.3	16.3
Accumulated amortisation 30.09.2015	–160.4	–208.7	–83.7	–452.9
Net value 30.09.2014	58.6	122.8	15.1	196.5
Net value 30.09.2015	56.3	149.3	14.7	220.2

*) Small amount

2013/14 financial year

EURm	Goodwill	Rights	Other intangible assets	Total
Gross value 30.09.2013	216.7	330.8	93.7	641.3
Currency translation differences	–	0.0*)	0.0*)	0.0*)
Additions	–	5.6	1.7	7.3
Disposals	–	–1.0	0.0*)	–1.1
Transfers	–	1.3	–0.1	1.2
Gross value 30.09.2014	216.7	336.7	95.3	648.7
Accumulated amortisation 30.09.2013	–9.2	–204.4	–32.8	–246.4
Currency translation differences	–	0.0*)	–	0.0*)
Scheduled amortisation	–	–9.6	–4.5	–14.1
Impairment losses	–148.9	–	–43.0	–191.8
Disposals	–	0.1	0.0*)	0.1
Accumulated amortisation 30.09.2014	–158.1	–213.9	–80.2	–452.2
Net value 30.09.2013	207.5	126.5	60.9	394.9
Net value 30.09.2014	58.6	122.8	15.1	196.5

*) Small amount

37. Property, plant and equipment

Additions to property, plant and equipment included capitalised borrowing costs of EUR 3.1m (previous year: EUR 7.6m). The interest rate used for capitalisation ranged from 1.0%–3.7% (previous year: 2.8%–8.5%).

Land and buildings included land with a value of EUR 60.7m (previous year: EUR 63.2m). As of the balance sheet date, EVN held a mortgage with a maximum value of EUR 1.8m as in the previous year. Own work capitalised during the 2014/15 financial year amounted to EUR 18.2m (previous year: EUR 18.3m).

The impairment testing of assets in accordance with IAS 36 led to the recognition of the following impairment losses in 2014/15:

An impairment loss of EUR 17.0m was recognised during the first half of the reporting year to reflect the expectations of higher maintenance and operating costs in the future following the shutdown of the Verbund power plant unit at the Dürnrohr joint power plant in April 2015. The recoverable amount of the involved CGU was determined on the basis of the fair value less costs of disposal (level 3 under IFRS 13) and equalled EUR –56.1m. An after-tax WACC of 6.44% was used for the discount rate. The present value model underlying the valuation included a detailed planning period of four years and a general planning phase up to 2025. The estimated energy revenue during the detailed planning period is based on the price-forward curve for futures quotations on the European Energy Exchange AG, Leipzig, and in the general planning phase on a price structure that reflects the forecasts by two well-known market research institutes and information service providers in the energy sector. The price increases for annual expenses were estimated at 2.0%. This impairment loss was confirmed as of 30 September 2015 due to the reduced estimates for the long-term development of electricity prices.

An impairment loss of EUR 27.6m was recognised to Steag-EVN Walsum power plant, which is included in the consolidated financial statements as a joint operation based on the proportional share owned. This impairment loss was based on the less favourable estimates for the long-term development of electricity prices and on higher specific heat consumption, and therefore lower effectiveness, of the plant at the start of commercial operations. The recoverable amount was determined on the basis of the fair value less costs of disposal (level 3 under IFRS 13) and equalled EUR 347.6m. An after-tax WACC of 5.79% was used for the discount rate. The present value model underlying the valuation included a detailed planning period of four years and a time-limited annuity that was based on the underlying useful life. The estimated energy revenue during the detailed planning period is based on the price-forward curve for futures quotations on the European Energy Exchange AG, Leipzig, and in the general planning phase on a price structure that reflects the forecasts by two well-known market research institutes and information service providers in the energy sector. Current estimates for the outcome of the pending legal proceedings were also included in the valuation (see note **24. Accounting estimates and forward-looking statements).** The price increases for annual expenses were estimated at 2.0%.

The less favourable estimates for the long-term development of electricity prices also led to the recognition of impairment losses totalling EUR 1.1m to two windparks operated by EVN Naturkraft. The recoverable amount was determined on the basis of the fair value less costs of disposal (level 3 under IFRS 13) and equalled EUR 6.8m. An after-tax WACC of 3.69% was used for the discount rate during the subsidised feed-in tariff phase and 5.70% for the free market phase. The present value model underlying the valuation included a detailed planning period of four years and a time-limited annuity that was based on the underlying useful life. The estimated energy revenue from the end of the subsidy period to 2019 is based on the price-forward curve for futures quotations on the European Energy Exchange AG, Leipzig. The price structure for the following years was based on forecasts by two well-known market research institutes and information service providers in the energy sector. The price increases for annual expenses were estimated at 2.0%.

Furthermore, impairment losses totalling EUR 4.4m were recognised to EVN's windpark in Kavarna to reflect negative regulatory changes for electricity production in Bulgaria as of 1 July 2015. The recoverable amount was determined on the basis of the fair value less costs of disposal (level 3 under IFRS 13) and equalled EUR 14.0m. An after-tax WACC of 5.88% was used for the discount rate during the subsidised feed-in tariff phase and 8.07% for the free market phase. The present value model underlying the valuation included a detailed planning period of four years and a general planning phase up to the end of the useful life. The estimated energy revenue after the end of the subsidy period was based on a price structure derived from forecasts by two well-known market research institutes and information service providers in the energy sector. The price increases for annual expenses were estimated at 1.0% to 2.5%.

Other impairment losses covered EUR 1.8m for other thermal generation equipment, EUR 1.2m for miscellaneous land and buildings and EUR 0.9m for heating plants.

An increase in value of EUR 2.4m was recognised to the CGU Mödling-Wr. Neudorf district heating network, which comprises the distribution network for Mödling, Wr. Neudorf, Biedermannsdorf and Perchtoldsdorf together with the related production equipment. The recoverable amount was determined on the basis of the fair value less costs of disposal (level 3 under IFRS 13) and equalled EUR 37.8m. An after-tax WACC of 5.70% was used for the discount rate. The present value model underlying the valuation included a detailed planning period of four years and a general planning phase up to the end of the useful life. The price increases for annual expenses were estimated at 2.0%.

In 2013/14, impairment losses of EUR 36.0m were recognised to the Dürnrohr power plant, small hydropower plants, a windpark operated by EVN Naturkraft and the windpark operated by EVN Kavarna due to less favourable estimates for the long-term development of electricity prices. An impairment loss of EUR 2.1m was also recognised to EVN Wasser following the temporary shutdown of the Bisamberg well field, while impairment losses in the Environmental Services Segment totalled EUR 39.6m.

Prepayments and equipment under construction included acquisition costs of EUR 158.3m (previous year: EUR 196.3m) relating to equipment under construction as of the balance sheet date.

For leased and rented equipment, the present value of payment obligations for the use of heating networks and heat generation plants is reported on the consolidated statement of financial position. The net value of these assets totalled EUR 10.7m as of the balance sheet date (previous year: EUR 12.2m). The related lease and rental liabilities were recognised under other non-current liabilities.

The net value of property, plant and equipment and intangible assets pledged as collateral had a carrying amount of EUR 44.7m (previous year: EUR 51.9m).

37. Reconciliation of property, plant and equipment

2014/15 financial year EURm	Land and buildings	Lines	Technical equipment	Meters	Other plant, tools and equipment	Prepayments and equipment under construction	Total
Gross value 30.09.2014	**762.1**	**3,695.9**	**2,817.8**	**216.1**	**222.4**	**239.9**	**7,954.2**
Currency translation differences	–0.1	–0.2	–24.2	–0.0*)	–0.1	–6.9	–31.6
Changes in the scope of consolidation	–0.2	–	–0.2	–	–0.3	–	–0.7
Additions	13.1	94.9	83.8	17.5	12.2	93.2	314.8
Disposals	–1.5	–8.1	–6.4	–8.4	–19.2	–0.9	–44.6
Transfers	16.7	26.3	101.5	–0.2	–14.4	–158.1	–28.2
Gross value 30.09.2015	**790.1**	**3,808.8**	**2,972.2**	**224.9**	**200.6**	**167.2**	**8,164.0**
Accumulated amortisation 30.09.2014	**–402.0**	**–1,962.1**	**–1,694.5**	**–138.3**	**–178.2**	**–36.9**	**–4,412.0**
Currency translation differences	0.0*)	0.1	12.3	0.0*)	0.1	6.7	19.2
Changes in the scope of consolidation	0.2	–	0.2	–	0.2	–	0.6
Scheduled depreciation	–20.0	–100.8	–98.3	–12.6	–14.5	–	–246.2
Impairment losses	–12.3	–1.5	–40.1	–	–0.2	–0.0*)	–54.1
Revaluation	0.3	1.3	0.8	–	–	–	2.4
Disposals	1.1	8.1	5.5	8.2	19.0	–	42.0
Transfers	–1.2	17.2	–51.2	0.3	12.6	22.9	0.5
Accumulated amortisation 30.09.2015	**–433.7**	**–2,037.8**	**–1,865.3**	**–142.4**	**–161.0**	**–7.4**	**–4,647.7**
Net value 30.09.2014	**360.1**	**1,733.8**	**1,123.3**	**77.8**	**44.2**	**203.0**	**3,542.2**
Net value 30.09.2015	**356.4**	**1,771.0**	**1,106.9**	**82.5**	**39.6**	**159.9**	**3,516.3**

*) Small amount

2013/14 financial year EURm	Land and buildings	Lines	Technical equipment	Meters	Other plant, tools and equipment	Prepayments and equipment under construction	Total
Gross value 30.09.2013	**711.5**	**3,525.2**	**2,255.0**	**202.6**	**229.9**	**693.4**	**7,617.7**
Currency translation differences	–0.2	–0.6	–9.6	–0.1	–0.2	–4.0	–14.6
Additions	9.7	112.3	105.1	19.3	14.0	142.4	402.8
Disposals	–1.8	–8.2	–9.3	–5.9	–23.7	–1.3	–50.3
Transfers	43.0	67.2	476.6	0.2	2.4	–590.7	–1.4
Gross value 30.09.2014	**762.1**	**3,695.9**	**2,817.8**	**216.1**	**222.4**	**239.9**	**7,954.2**
Accumulated amortisation 30.09.2013	**–358.6**	**–1,867.8**	**–1,495.5**	**–133.2**	**–184.7**	**–105.0**	**–4,144.8**
Currency translation differences	0.1	0.3	3.0	0.0*)	0.1	1.8	5.3
Scheduled depreciation	–20.2	–100.8	–93.5	–10.8	–16.6	–	–241.9
Impairment losses	–20.8	–1.7	–23.9	–	–	–31.3	–77.7
Disposals	1.6	7.9	7.5	5.6	23.0	1.1	46.8
Transfers	–4.1	0.0*)	–92.2	–	0.0*)	96.5	0.2
Accumulated amortisation 30.09.2014	**–402.0**	**–1,962.1**	**–1,694.5**	**–138.3**	**–178.2**	**–36.9**	**–4,412.0**
Net value 30.09.2013	**352.9**	**1,657.4**	**759.5**	**69.5**	**45.2**	**588.5**	**3,472.9**
Net value 30.09.2014	**360.1**	**1,733.8**	**1,123.3**	**77.8**	**44.2**	**203.0**	**3,542.2**

*) Small amount

38. Investments in equity accounted investees

The companies included in the consolidated financial statements at equity are listed in the notes under **EVN's investments** starting on page 213. Note **66. Disclosures of interests in other entities** contains financial information on joint ventures and associates that are included at equity in EVN's consolidated financial statements.

All investments in equity accounted investees were recognised at their proportional share of IFRS income or loss based on an interim or annual report with a balance sheet date that does not precede the balance sheet date of EVN AG by more than three months. There were no listed market prices for the investments in equity accounted investees.

In 2014/15, an impairment loss of EUR 26.8m was recognised to Verbund Innkraftwerke GmbH to reflect less favourable estimates for the long-term development of electricity prices. The recoverable amount of EVN's participation interest in Verbund Innkraftwerke GmbH was determined on the basis of the fair value less costs of disposal (level 3 under IFRS 13) and equalled EUR 105.7m. The after-tax WACC equalled 5.49%. The present value model underlying the valuation included a detailed planning period of four years followed by a general planning phase up to 2035 and a perpetual yield with a growth rate of 0.0%. Less favourable estimates for the long-term development of electricity prices led to the recognition of impairment losses totalling EUR 41.1m already in the previous year (also see note **32. Share of results from equity accounted investees with operational nature).**

The shares in ZOV were assigned to the financing banks as collateral for loans (previous year: EUR 79.0m). EVN's proportional share of equity in this company totalled EUR 87.1m as of 30 September 2015.

38. Reconciliation of investments in equity accounted investees

2014/15 financial year

EURm	
Gross value 30.09.2014	**918.4**
Additions	0.1
Disposals	–
Gross value 30.09.2015	**918.6**
Accumulated amortisation 30.09.2014	**–29.3**
Currency translation differences	0.8
Disposals	–
Impairment losses	–26.8
Proportional share of results	168.3
Dividends	–106.7
Changes recognised in other comprehensive income	–26.7
Accumulated amortisation 30.09.2015	**–20.5**
Net value 30.09.2014	**889.1**
Net value 30.09.2015	**898.1**

2013/14 financial year

EURm	
Gross value 30.09.2013	**918.8**
Additions	0.2
Disposals	–0.5
Gross value 30.09.2014	**918.4**
Accumulated amortisation 30.09.2013	**25.2**
Currency translation differences	0.4
Disposals	0.3
Impairment losses	–41.1
Proportional share of results	137.6
Dividends	–145.3
Changes recognised in other comprehensive income	–6.4
Accumulated amortisation 30.09.2014	**–29.3**
Net value 30.09.2013	**944.0**
Net value 30.09.2014	**889.1**

39. Other investments

The other investments include holdings in affiliates and associates, which are not consolidated due to immateriality, as well as miscellaneous stakes of less than 20.0% that were not included at equity.

Miscellaneous investments include shares in listed companies with a market value of EUR 476.1m (previous year: EUR 639.6m), of which EUR 30.9m (previous year: EUR 23.9m) are used as collateral. The other investments included in this position amount to EUR 23.5m (previous year: EUR 25.1m) and are carried at amortised cost less impairment losses. They represent shares in companies which are not traded on an active market, i.e. which are not freely tradable. The changes in the value of miscellaneous investments that were recognised under other comprehensive income totalled EUR –163.5m (previous year: EUR –31.5m) and represented adjustments to reflect amended market and stock exchange prices.

EVN AG and Wiener Stadtwerke Holding AG (WSTW) entered into an agreement on 22 September 2010 for the syndication of their directly and indirectly held shareholdings in Verbund AG. This agreement gives the two companies joint control over approximately 26% of the voting shares in Verbund AG. In spite of the syndicate agreement, the scope of possible influence over the financial and business policies of Verbund AG is very limited. The requirements for classification as a controlling influence (IAS 28) are therefore not met and the shares in Verbund AG were therefore accounted for by applying IAS 39.

39. Reconciliation of other investments

2014/15 financial year

EURm	Investments in affiliates	Miscellaneous investments	Total other investments
Gross value 30.09.2014	14.4	403.7	418.2
Changes in the scope of consolidation	–	–0.0*)	–0.0*)
Additions	1.0	–	1.0
Disposals	–0.0*)	–0.4	–0.5
Transfers	0.0	–	–
Gross value 30.09.2015	15.4	403.3	418.7
Accumulated amortisation 30.09.2014	–4.2	250.7	246.5
Impairment losses	–2.5	–	–2.5
Disposals	–	0.4	0.4
Changes recognised in other comprehensive income	–	–163.5	–163.5
Transfers	–	–	–
Accumulated amortisation 30.09.2015	–6.6	87.6	81.0
Net value 30.09.2014	10.3	654.4	664.7
Net value 30.09.2015	8.8	490.9	499.7

2013/14 financial year

EURm	Investments in affiliates	Miscellaneous investments	Total other investments
Gross value 30.09.2013	13.4	404.9	418.4
Additions	2.2	–	2.2
Disposals	–0.6	–1.2	–1.7
Transfers	–0.6	0.0*)	–0.6
Gross value 30.09.2014	14.4	403.7	418.2
Accumulated amortisation 30.09.2013	–5.3	281.7	276.4
Impairment losses	–	–0.2	–0.2
Disposals	0.6	0.6	1.2
Changes recognised in other comprehensive income	–	–31.5	–31.5
Transfers	0.6	–	0.6
Accumulated amortisation 30.09.2014	–4.2	250.7	246.5
Net value 30.09.2013	8.1	686.7	694.8
Net value 30.09.2014	10.3	654.4	664.7

*) Small amount

40. Other non-current assets

Securities reported under other non-current assets consist mainly of shares in investment funds and serve as coverage for the provisions for pensions and obligations similar to pensions as required by Austrian tax law. The carrying amounts correspond to the fair value as of the balance sheet date. Additions and disposals resulted from the regrouping of assets during 2014/15.

Lease receivables and accrued lease transactions result from the project business within the context of PPP projects. Current manufacturing contracts resulted in receivables of EUR 51.3m (previous year: EUR 46.5m). The additions also include EUR 2.4m of capitalised borrowing costs (previous year: EUR 1.3m). The capitalisation rates ranged from 4.15% to 5.15% (previous year: 0.96%–5.41%).

On 16 July 2012, the Bulgarian Energy and Water Regulatory Commission (EWRC/the regulatory authority) approved a change, retroactive to 1 July 2012, in the method used to calculate the compensation for the additional costs of renewable electricity and for electricity from highly efficient co-generation plants. The Bulgarian energy act requires utility companies to purchase electricity from producers of renewable energy. The large number of new supply contracts with renewable electricity producers led to higher sales volumes, which significantly increased electricity procurement prices for EVN in Bulgaria. Bulgarian legal regulations for renewable energy require the reimbursement of these additional costs by end customers. EVN has filed an appeal against the 16 July 2012 decision and initiated proceedings to require the continuation of direct compensation by the national electricity company Natsionalna Elektricheska Kompania EAD (NEK). The revised method to determine the compensation for the additional costs of renewable electricity and for electricity from highly efficient co-generation plants was amended as of 1 August 2013, and NEK was required to carry the additional costs for electricity from renewable energy and for electricity from highly efficient co-generation plants. EVN incurred costs totalling EUR 127.1m from 1 July 2012 to 31 July 2013, which require interim financing. A tariff decision on 1 July 2014 confirmed the amount and reasons for the additional costs and clarified that they must be refunded directly by NEK.

As of 30 September 2015, this receivable equalled EUR 94.4m (previous year: EUR 94.4m), whereby EUR 51.9m (previous year: EUR 70.8m) are reported under other non-current assets and EUR 42.5m (previous year: EUR 23.6m) represent current receivables (see note **42. Trade and other receivables).** The valuation of the receivable was based on the offset and retention of invoice amounts due from NEK. Consequently, the impairment loss on the receivable remained unchanged in comparison with the previous year at EUR 32.7m. The expected future performance is dependent on the actions and decisions of the Bulgarian regulatory authority, and the valuation of this receivable is therefore connected with uncertainty. Consequently, there is a risk of a significant adjustment in the coming financial year.

40. Reconciliation of other non-current assets

EURm

	Other financial assets						
	Securities	Loans receivable	Lease receivables and accrued lease transactions	Receivables arising from derivative transactions	Remaining other non-current assets	Primary energy reserves	Total
Gross value 30.09.2014	63.2	41.4	398.4	–	108.2	15.1	626.3
Additions	14.1	3.0	4.8	–	–	–	21.9
Disposals	–2.1	–3.9	–	–	–0.1	–	–6.1
Changes in market value	–0.9	–	–	5.7	–	–	4.8
Transfers	–	–6.4	–83.7	–	–21.6	–	–111.7
Gross value 30.09.2015	74.3	34.0	319.5	5.7	86.5	15.1	535.2
Accumulated amortisation 30.09.2014	–1.0	–2.5	–191.4	–	–32.7	–0.5	–228.2
Disposals	–	2.5	–	–	–	–	2.5
Impairment losses[1)]	–	–1.0	–	–	–	–0.1	–1.1
Revaluation[1)]	–	–	–	–	–	–	–
Accumulated amortisation 30.09.2015	–1.0	–1.0	–191.4	–	–32.7	–0.6	–226.8
Net value 30.09.2014	62.1	38.9	207.0	–	75.5	14.6	398.1
Net value 30.09.2015	73.3	33.1	128.1	5.7	53.8	14.4	308.4

1) Impairment losses in 2013/14: EUR –193.9m; revaluation in 2013/14: EUR 7.6m

The reconciliation of the future minimum lease payments to their present value is as follows:

40. Terms to maturity of non-current lease receivables and accrued lease transactions

EURm

	Remaining term to maturity as of 30.09.2015			Remaining term to maturity as of 30.09.2014		
	< 5 years	> 5 years	Total	< 5 years	> 5 years	Total
Interest components	21.4	11.8	33.2	46.8	19.2	66.1
Principal components	79.3	48.8	128.1	150.7	56.3	207.0
Total	100.8	60.6	161.3	197.6	75.5	273.1

The total of the principal components corresponds to the capitalised value of the lease receivables and accrued lease transactions.

The interest components correspond to the proportionate share of the interest component of the total lease payment and do not represent discounted amounts. The interest components of the lease payments in 2014/15 were reported as interest income on assets.

Current assets

41. Inventories

Primary energy reserves consist mainly of hard coal supplies.

The CO_2 emission certificates relate exclusively to certificates purchased to fulfil the requirements of the Austrian Emission Certificate Act, which have not yet been used. The corresponding obligation for any shortfall in the certificates is reported under current provisions (see note **59. Current provisions).**

41. Inventories

EURm	30.09.2015	30.09.2014
Primary energy inventories	38.6	72.3
CO_2 emission certificates	0.8	0.2
Raw materials, supplies, consumables and other inventories	28.8	29.0
Customer orders not yet invoiced	18.6	20.0
Aggregate components	45.6	56.6
Total	**132.5**	**178.1**

In 2014/15, primary energy inventories include inventories of EUR 0.0m (previous year: EUR 19.2m) that are held for trading.

The aggregate components originate from the thermal waste utilisation plant no. 1 in Moscow and are expected to be used in future projects. These assets were written down to the lower net realisable value in the first half of 2014/15 through impairment losses of EUR 11.0m (previous year: EUR 3.4m) (see note **28. Cost of materials and services).**

The inventory risk resulting from low turnover and reduced market prices was taken into account through an additional increase of EUR 7.3m in the valuation adjustment (previous year: increase of EUR 1.6m). This was contrasted by write-ups of EUR 1.4m (previous year: EUR 3.8m). The inventories are not subject to any restrictions on disposal or other encumbrances.

42. Trade and other receivables

Trade accounts receivable relate mainly to electricity, natural gas and heating customers.

The valuation adjustments to receivables are related primarily to South Eastern Europe. Since receivables in this region may only be written off for tax purposes after a court decision has been issued, collection generally takes a long time. This fact and the high number of pending court cases led to a continual increase in the valuation allowance, which rose by EUR 16.0m in 2014/15 (previous year: EUR 30.8m).

42. Allowances to receivables

EURm	30.09.2015			30.09.2014		
	Gross receivables	Allowance	Net receivables	Gross receivables	Allowance	Net receivables
Austria	56.1	4.4	51.7	41.4	5.0	36.4
Germany	22.2	0.4	21.8	21.3	0.8	20.5
Bulgaria	157.4	25.3	132.1	164.0	26.1	138.0
Macedonia	291.1	210.6	80.5	276.0	192.8	83.2
Others	11.6	–	11.6	14.8	–	14.8
Total	**538.3**	**240.7**	**297.6**	**517.6**	**224.7**	**292.9**

42. Maturity of receivables not-impaired

EURm	30.09.2015	30.09.2014
Not yet due	151.7	205.9
Past due 1–90 days	80.9	44.0
Past due 91–180 days	23.1	6.0
Past due 181–360 days	17.1	12.8
Past due > 360 days	24.7	24.0
Net receivables	**297.6**	**292.9**

Receivables from investments in equity accounted investees and receivables from non-consolidated subsidiaries arise primarily from intra-group transactions related to energy supplies as well as Group financing and services provided to those companies.

As in the previous year, receivables arising from derivatives consist mainly of the positive fair values of derivatives in the energy business.

Other receivables and assets include receivables of EUR 42.5m (previous year: EUR 23.6m) due from NEK based on compensation for the additional costs of renewable electricity (also see note **40. Other non-current assets).** In addition, this position includes receivables from insurances and prepayments made.

The carrying amount of trade and other receivables pledged as collateral for EVN's own liabilities amounted to EUR 0.5m (previous year: EUR 0.5m).

42. Trade and other receivables

EURm	30.09.2015	30.09.2014
Financial assets		
Trade accounts receivable	297.6	292.9
Receivables from investments in equity accounted investees	45.8	43.4
Receivables from non-consolidated subsidiaries	0.8	0.8
Receivables from employees	1.5	1.4
Receivables arising from derivative transactions	7.3	0.2
Other receivables and assets	126.9	68.1
	479.8	**406.8**
Other receivables		
Taxes and levies receivable	23.4	37.1
	23.4	**37.1**
Total	**503.2**	**443.9**

43. Securities

The structure of the securities portfolio as of the balance sheet date is as follows:

43. Composition of securities

EURm	30.09.2015	30.09.2014
Funds	81.2	0.8
thereof cash funds	80.4	–
thereof other fund products	0.8	0.8
Shares	0.0*)	0.0*)
Total	**81.3**	**0.8**

*) Small amount

There were no gains on the sale of securities during the reporting year (previous year: EUR 0.2m). However, an increase in value of EUR 0.1m (previous year: EUR 0.0m) was recorded without recognition through profit or loss to reflect an improvement in the market prices.

44. Non-current assets held for sale

The non-current assets of EUR 223.7m reported as held for sale in the previous year were related to the sodium hypochlorite plant in Moscow. The sale of this plant was finalised on 30 October 2014 (see note **27. Other operating income).**

Liabilities

Equity

The development of equity in 2014/15 and 2013/14 is shown on page 145.

45. Share capital

The share capital of EVN AG totals EUR 330.0m (previous year: EUR 330.0m) and is divided into 179,878,402 (previous year: 179,878,402) zero par value bearer shares.

46. Share premium and capital reserves

The share premium and capital reserves comprise appropriated capital reserves of EUR 195.6m (previous year: 195.6m) from capital increases and unappropriated capital reserves of EUR 57.3m (previous year: EUR 57.3m), both in accordance with Austrian stock corporation law.

47. Retained earnings

Retained earnings of EUR 1,868.2m (previous year: EUR 1,794.9m) comprise the proportional share of retained earnings attributable to EVN AG and all other consolidated companies from the date of initial consolidation as well as the proportional share of retained earnings from business combinations achieved in stages.

Dividends are based on the profit of EVN AG as reported in the annual financial statements and developed as follows:

47. Reconciliation of EVN AG's result for the period

EURm	
Reported result for the period 2014/15	**65.9**
Retained earnings from the 2013/14 financial year	0.1
Release of untaxed reserves	2.5
Release of retained earnings	6.5
Less addition to untaxed reserves	–0.2
Distributable result for the period	**74.9**
Proposed dividend	–74.7
Retained earnings for the 2015/16 financial year	0.2

Liabilities do not include the proposed dividend of EUR 0.42 per share for the 2014/15 financial year, which will be recommended to the Annual General Meeting.

The 86th Annual General Meeting on 15 January 2015 approved a proposal by the Executive Board and the Supervisory Board to distribute a dividend of EUR 74.7m, or EUR 0.42 per share, to the shareholders of EVN AG for the 2013/14 financial year. The dividend payment to shareholders was made on 28 January 2015.

48. Valuation reserves

The valuation reserve contains changes in financial instruments available for sale and cash flow hedges, IAS 19 remeasurements and the proportional share of changes in the equity of investments in equity accounted investees.

In addition, the statement of comprehensive income includes EUR –5.2m (previous year: EUR –0.6m) for the share of changes in the valuation reserves that are attributable to non-controlling interests (see **Consolidated statement of comprehensive income**, page 143).

48. Valuation reserves EURm	30.09.2015 Before tax	 Tax	 After tax	30.09.2014 Before tax	 Tax	 After tax
Items recognised under other comprehensive income from						
Available for sale financial instruments	87.6	–21.9	65.7	251.1	–62.8	188.3
Cash flow hedges	–48.9	15.5	–33.4	–54.3	17.1	–37.2
Remeasurements IAS 19	–90.6	22.2	–68.5	–111.8	27.8	–84.0
Investments in equity accounted investees	–36.7	3.0	–33.7	–15.1	–	–15.1
Total	**–88.7**	**18.8**	**–69.9**	**69.9**	**–17.8**	**52.1**

The item "Investments in equity accounted investees" in the above table includes the changes recognised by WEEV Beteiligungs GmbH in connection with the shares held in Verbund AG (AFS financial instruments) as well as the components of cash flow hedges and remeasurements in accordance with IAS 19 that are recorded directly in equity.

In 2014/15, cash flow hedges totalling EUR 7.2m (previous year: EUR 1.5m) were transferred from other comprehensive income to the consolidated statement of operations.

49. Treasury shares

A total of 186,571 shares, or 0.10% of share capital, were repurchased during the reporting year (30 September 2014: 164,000 shares, or 0.09% of share capital) for EUR 1.9m and a market value of EUR 1.8m as of the balance sheet date (30 September 2014: purchase price of EUR 1.8m and a market value of EUR 1.7m). This share buyback was based on the programmes approved by the 83rd Annual General Meeting and 85th Annual General Meeting of EVN AG on 19 January 2012 and 16 January 2014. In 2014/15, 68,244 treasury shares were sold for distribution to employees in place of a special payment called for by a company agreement (previous year: 67,620 shares).

The number of shares outstanding developed as follows:

49. Reconciliation of the number of outstanding shares	Zero par value shares	Treasury shares	Outstanding shares
30.09.2013	**179,878,402**	**–1,843,612**	**178,034,790**
Purchase of treasury shares	–	–164,000	–164,000
Disposal of treasury shares	–	67,620	67,620
30.09.2014	**179,878,402**	**–1,939,992**	**177,938,410**
Purchase of treasury shares	–	–186,571	–186,571
Disposal of treasury shares	–	68,244	68,244
30.09.2015	**179,878,402**	**–2,058,319**	**177,820,083**

The weighted average number of shares outstanding, which is used as the basis for calculating earnings per share, equals 177,871,236 shares (previous year: 177,936,810 shares).

EVN AG is not entitled to any rights arising from treasury shares. In particular, these shares are not entitled to dividends.

50. Non-controlling interests

The item "Non-controlling interest" comprises the non-controlling interests in the equity of fully consolidated subsidiaries.

The following table shows information about each fully consolidated subsidiary of EVN with material non-controlling interests before intercompany eliminations:

50. Financial information of subsidiaries with material non-controlling interests

EURm	30.09.2015			30.09.2014		
Subsidiaries	**RBG**	**BUHO**	**EVN Macedonia**	**RBG**	**BUHO**	**EVN Macedonia**
Non-controlling interests in percent	49.97%	26.37%	10.00%	49.97%	26.37%	10.00%
Carrying amount of non-controlling interests	193.8	36.1	15.0	178.7	35.7	12.6
Result attributable to non-controlling interests	38.2	2.0	2.5	29.0	2.0	–2.2
Dividends attributable to non-controlling interests	17.5	2.1	–	30.0	2.1	–
Statement of financial position						
Non-current assets	387.1	175.5	285.8	357.1	174.2	280.7
Current assets	0.2	7.1	92.6	0.2	6.9	97.8
Non-current liabilities	–	–	130.5	–	–	156.6
Current liabilities	0.0*)	0.0*)	98.9	0.0*)	0.0*)	97.2
Statement of operations						
Revenue	–	0.0*)	375.5	–	0.0*)	380.8
Result after income tax	76.4	7.4	24.9	58.1	7.4	–22.2
Net cash flows						
Net cash flow from operating activities	35.0	8.2	43.9	60.1	8.2	25.0
Net cash flow from investing activities	–	–	–18.6	–	–	–16.5
Net cash flow from financing activities	–35.0	–8.1	–27.5	–60.0	–8.1	–5.1

*) Small amount

Non-current liabilities

51. Non-current loans and borrowings

Non-current loans and borrowings comprised the following as of the balance sheet date:

51. Breakdown of non-current loans and borrowings	Nominal interest rate (%)	Term	Nominal amount	Carrying amount 30.09.2015 EURm	Carrying amount 30.09.2014 EURm	Fair value 30.09.2015 EURm
Bonds				679.4	705.7	805.3
EUR bond	5.000	2009–2016	28.5 EURm	–	28.4	0.0
EUR bond	5.250	2009–2017	150.0 EURm	149.6	149.4	162.4
EUR bond	5.250	2009–2019	30.0 EURm	29.8	29.7	34.7
EUR bond	4.250	2011–2022	300.0 EURm	285.1	288.6	351.6
JPY bond	3.130	2009–2024	12.0 bn JPY	92.8	87.7	103.9
EUR bond	4.125	2012–2032	100.0 EURm	97.6	97.4	122.2
EUR bond	4.125	2012–2032	25.0 EURm	24.5	24.5	30.5
Bank loans (incl. promissory note loans)	0.2–7.48	until 2042	–	856.2	1,041.9	916.7
Total				**1,535.7**	**1,747.7**	**1,722.1**

The maturity structure of the non-current loans and borrowings is as follows:

51. Maturity of non-current loans and borrowings

EURm	Remaining term to maturity as of 30.09.2015			Remaining term to maturity as of 30.09.2014		
	< 5 years	> 5 years	Total	< 5 years	> 5 years	Total
Bonds	179.4	500.1	679.4	207.5	498.3	705.7
thereof fixed interest	179.4	407.2	586.6	207.5	410.6	618.0
thereof variable interest	–	92.8	92.8	–	87.7	87.7
Bank loans	356.5	499.8	856.2	432.2	609.8	1,041.9
thereof fixed interest	245.2	469.8	715.0	259.2	528.7	787.9
thereof variable interest	111.3	30.0	141.2	173.0	81.1	254.0
Total	**535.8**	**999.9**	**1,535.7**	**639.7**	**1,108.0**	**1,747.7**

Bonds

All bonds involve bullet repayment on maturity. The foreign currency bond is hedged against interest and foreign exchange risk by means of cross currency swaps.

The bonds are carried at amortised cost. Foreign currency liabilities are translated at the exchange rate in effect on the balance sheet date. In accordance with IAS 39, hedged liabilities are adjusted to reflect the corresponding change in the fair value of the hedged risk in cases where hedge accounting is applied. The resulting change in the bond liability is largely offset by a contrary development in the fair value of the swaps. The results from the cross-currency swap concluded to hedge the JPY bond totalled EUR 0.6m in 2014/15 (thereof EUR 4.8m for valuation of the bond and EUR 4.2m for the valuation of the swap; previous year: EUR 0.5m earnings effect, thereof EUR 9.1m for valuation of the bond and EUR 8.5m for the valuation of the swap). The fair value was calculated on the basis of available market information for the respective bond price and the exchange rate as of the balance sheet date.

Bank loans

The loans consist of general borrowings from banks, which are subsidised in part by interest and redemption grants from the Austrian Environment and Water Industry Fund. This position also includes the EUR 121.5m promissory note loans that were issued in October 2012.

Accrued interest expense is included under other current liabilities.

52. Deferred taxes

52. Deferred taxes EURm	30.09.2015	30.09.2014
Deferred tax assets		
Employee-related provisions	–44.8	–51.9
Tax loss carryforwards	–74.4	–87.3
Other deferred tax assets	–13.9	–17.2
Deferred tax liabilities		
Non-current assets	57.7	56.0
Financial instruments	14.6	56.3
Other deferred tax liabilities	5.6	5.1
Total	**–55.2**	**–39.0**
thereof deferred tax assets	–86.4	–87.1
thereof deferred tax liabilities	31.2	48.1

Deferred taxes developed as follows:

52. Changes in deferred taxes

EURm	2014/15	2013/14
Deferred taxes on 01.10.	**–39.0**	**75.6**
– Changes resulting from currency translation reserve and other changes	–1.4	–1.1
– Changes in deferred taxes recognised through profit and loss	21.7	–94.4
– Changes in deferred taxes recognised directly in equity from the valuation reserve	–36.6	–19.0
Deferred taxes on 30.09.	**–55.2**	**–39.0**

Losses for which deferred tax assets were recognised can be used over the coming years based on projected tax results. Deferred tax assets of EUR 79.5m (previous year: EUR 64.7m) related to loss carryforwards were not recognised because they are not expected to be used within the foreseeable future. Of this total, EUR 4.6m will expire during the next five years (previous year: EUR 4.9m). The remaining loss carryforwards that were not capitalised can be carried forward for an indefinite period of time.

Deferred tax liabilities of EUR 8.6m (previous year: EUR 2.1m) on temporary differences of EUR 67.8m (previous year: EUR 41.8m) were not recognised because these differences will remain tax-free in the foreseeable future. These temporary differences arise from differences between the tax base of the participation interest and the proportional share of equity owned, respectively between the tax base of the participation interest and the carrying amount of the equity accounted investees (outside basis differences).

53. Non-current provisions

53. Non-current provisions

EURm	30.09.2015	30.09.2014
Provisions for pensions	259.6	282.4
Provisions for obligations similar to pensions	20.5	31.8
Provisions for severance payments	90.3	93.6
Other non-current provisions	90.7	89.6
Total	**461.1**	**497.4**

The amounts reported for the provisions for pensions and for obligations similar to pensions as well as provisions for severance payments were generally calculated on the basis of the following parameters:

- → Interest rate 2.40% p. a. (previous year: 2.40% p. a.)
- → Remuneration increases 2.00% p. a.; in subsequent years 2.00% p. a. (previous year: remuneration increases 2.50% p. a., in subsequent years 2.50% p. a.)
- → Pension increases 2.00% p. a.; in subsequent years 2.00% p. a. (previous year: pension increases: 2.50% p. a., in subsequent years 2.50%)
- → Austrian mortality tables ("Rechnungsgrundlagen AVÖ 2008-P – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler"), also used in the previous year

53. Reconciliation of provisions for pensions and obligations similar to pensions

EURm	2014/15	2013/14
Present value of pension obligations (DBO) on 01.10.	314.2	290.9
+ Service costs	3.0	2.5
+ Interest costs	7.6	10.2
– Pension payments	–27.3	–17.1
+/– Actuarial loss/gain	–17.4	27.6
Present value of pension obligations (DBO) on 30.09.[1)]	280.1	314.2

1) Includes a provision of EUR 20.5m (previous year: EUR 31.8m) for obligations similar to pensions

As of 30 September 2015, the weighted average remaining term equalled 13.9 years for the pension obligations (previous year: 14.0 years) and 17.3 years for the obligations similar to pensions (previous year: 17.3 years). Payments for pensions and similar obligations are expected to total EUR 16.3m in 2015/16 (previous year: EUR 17.2m).

53. Reconciliation of the provision for severance payments

EURm

	2014/15	2013/14
Present value of severance payment obligations (DBO) on 01.10.	93.6	90.3
+/– Changes in the scope of consolidation	–0.2	–
+ Service costs	3.2	3.3
+ Interest costs	2.4	3.4
– Severance payments	–4.8	–6.9
+/– Actuarial loss/gain	–3.8	3.5
Present value of severance payment obligations (DBO) on 30.09.	90.3	93.6

As of 30 September 2015, the weighted average remaining term of the severance payment obligations equalled 10.9 years (previous year: 11.2 years). Severance payments are expected to total EUR 3.9m in 2015/16 (previous year: EUR 4.6m).

A change in the actuarial parameters (ceteris paribus) would have the following effect on the provisions for pensions and obligations similar to pensions as well as the provisions for severance payments:

53. Sensitivity analysis for provisions for pensions and obligations similar to pensions

in %

		30.09.2015		30.09.2014	
	Change in assumption	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO
Interest rate	0.50%	7.04%	–6.26%	6.37%	–5.64%
Remuneration increases	1.00%	–2.60%	2.93%	–2.65%	3.00%
Pension increases	1.00%	–9.84%	11.97%	–9.60%	10.48%
Remaining life expectancy	1 year	–4.50%	4.56%	–4.56%	4.62%

53. Sensitivity analysis for provisions for severance payments

in %

		30.09.2015		30.09.2014	
	Change in assumption	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO
Interest rate	0.50%	4.99%	–4.65%	5.34%	–4.97%
Remuneration increases	1.00%	–10.15%	11.56%	–10.76%	12.31%

The sensitivity analysis was carried out separately for each key actuarial parameter. Only one parameter was changed at a time during the examination, while the other variables remained constant (ceteris paribus). The calculation of the changed obligation reflected the calculation of the actual obligation. The analytical capacity of this method is limited because the interdependencies between the individual actuarial parameters are not taken into account. With respect to the severance compensation obligations, a sensitivity analysis was not carried out for the remaining life expectancy because this parameter has only an immaterial effect on the liability.

53. Reconciliation of other non-current provisions

EURm

	Service anniversary bonuses	Rents for network access	Process costs and risks	Environmental and disposal risks	Other non-current provisions	Total
Carrying amount 01.10.2014	20.7	9.9	17.4	37.9	3.6	89.6
Currency translation differences	–0.0*)	–	0.0*)	–	–0.0*)	–0.0*)
Interest expense	0.6	–0.0*)	–0.0*)	0.7	–0.6	0.6
Use	–0.2	–0.3	–4.6	–0.2	–0.8	–6.1
Additions	0.3	0.4	0.7	9.8	1.1	12.4
Transfers	0.0*)	–3.0	–3.1	1.2	–0.9	–5.8
Carrying amount 30.09.2015	21.4	7.0	10.4	49.4	2.3	90.7

*) Small amount

Rents for network access involve provisions for rents to gain access to third-party facilities in Bulgaria. Various legal proceedings and lawsuits, which for the most part arise from operating activities and are currently pending, are reported under process costs and risks. Environmental and disposal risks primarily encompass the estimated costs for demolition or disposal as well as provisions for environmental risks and risks related to contaminated sites.

54. Deferred income from network subsidies

Network subsidies include additions of EUR 69.0m (previous year: EUR 63.6m).

The investment subsidies are related primarily to EVN Wasser, heating plants, the thermal waste utilisation plant in Zwentendorf and small hydropower plants operated by EVN Naturkraft.

55. Other non-current liabilities

Leases are related mainly to the long-term utilisation of heating networks and heat generation plants. The accruals from financial transactions are related to present value advantages from lease-and-lease-back transactions in connection with electricity procurement rights from the Danube power plants.

The liabilities from derivative transactions include the negative fair values from hedges concluded for bonds, which are contrasted in part by the development of the bond liability, and for project financing related to the Duisburg-Walsum power plant project.

The remaining other non-current liabilities include, among others, accrued tax liabilities related to the tax group in Austria, accrued long-term electricity delivery obligations and non-current prepayments made by customers.

55. Other non-current liabilities

EURm	30.09.2015	30.09.2014
Leases	16.0	19.8
Accruals from financial transactions	2.0	2.9
Liabilities from derivative transactions	48.7	56.9
Remaining other non-current liabilities	8.9	8.1
Total	**75.6**	**87.8**

55. Term to maturity of other non-current liabilities

EURm

	Remaining term to maturity as of 30.09.2015			Remaining term to maturity as of 30.09.2014		
	< 5 years	> 5 years	Total	< 5 years	> 5 years	Total
Leases	7.7	8.3	16.0	9.4	10.4	19.8
Accruals from financial transactions	1.8	0.1	2.0	2.3	0.6	2.9
Liabilities from derivative transactions	32.1	16.7	48.7	0.0*)	56.9	56.9
Remaining other non-current liabilities	2.2	6.7	8.9	2.6	5.5	8.1
Total	**43.8**	**31.8**	**75.6**	**14.4**	**73.4**	**87.8**

*) Small amount

Current liabilities

56. Current loans and borrowings

Bank overdrafts are included under cash and cash equivalents in the consolidated statement of cash flows.

56. Current loans and borrowings

EURm	30.09.2015	30.09.2014
Bank loans	101.4	173.8
Bonds	28.5	–
Bank overdrafts and other current loans	10.2	20.4
Total	**140.1**	**194.2**

Loans of EUR 101.4m were reclassified to current financial liabilities because they are now due within one year (previous year: EUR 173.8m). The bond liabilities (EUR bond) will mature on 11 March 2016 and were therefore reclassified from non-current to current loans and borrowings.

57. Taxes payable and levies

Taxes payable and levies as of the balance sheet date comprise the following:

57. Taxes payable and levies

EURm	30.09.2015	30.09.2014
Energy taxes	29.2	31.8
Value added tax	18.1	16.9
Corporate income tax	7.8	1.8
Other taxes and duties	8.6	10.7
Total	**63.6**	**61.1**

58. Trade payables

Trade payables include obligations resulting from outstanding invoices amounting to EUR 102.6m (previous year: EUR 157.9m).

59. Current provisions

The provisions for personnel entitlements comprise special payments not yet due, outstanding leave and liabilities resulting from a voluntary early retirement programme for employees. The provisions for legally binding agreements totalled EUR 7.2m as of the balance sheet date (previous year: EUR 3.6m).

The provision for onerous contracts includes sales-related transactions in connection with the energy business and impending payments from liabilities for EconGas GmbH.

59. Reconciliation of current provisions

EURm

	Personnel entitlements	Onerous contracts	Rents for network access	Process risks	Other current provisions	Total
Carrying amount 01.10.2014	**67.9**	**45.9**	**–**	**–**	**23.7**	**137.2**
Currency translation differences	–	–	–	–	–	–
Changes in the scope of consolidation	–0.9	–	–	–	–1.2	–2.1
Use	–38.6	–11.4	–	–	–13.0	–62.9
Additions	45.8	16.6	–	0.5	5.0	67.9
Transfers	0.1	–	3.0	3.2	–0.5	5.9
Carrying amount 30.09.2015	**74.3**	**51.1**	**3.0**	**3.8**	**14.0**	**146.1**

60. Other current liabilities

The liabilities to investments in equity accounted investees consist primarily of cash pooling balances between EVN Finanzservice and these companies as well as amounts due to e&t for the distribution and procurement of electricity.

The other financial liabilities include a liability of EUR 55.5m (previous year: EUR 72.4m) related to a tariff decision in Bulgaria on 1 July 2014, which requires the repayment of revenue from previous periods. This position also includes a liability of EUR 60.9m related to the contract performance guarantee for the Duisburg-Walsum power plant project (carrying amount: EUR 63.6m; previous year: EUR 62.6m) that was drawn in November 2013. The other components of this position include accrued interest, employee-related liabilities and deposits received.

Other liabilities include the following: prepayments received to cover the costs of electricity, natural gas and heating supplies; prepayments to cover the installation of customer equipment; obligations to social security carriers; and subsidies received for construction costs and investments that will be recognised to revenue within one year.

60. Other current liabilities

EURm

	30.09.2015	30.09.2014
Financial liabilities		
Liabilities to investments in equity accounted investees	151.8	127.3
Liabilities to non-consolidated subsidiaries	9.5	8.7
Deferred interest expenses	18.3	18.4
Liabilities arising from derivative transactions	17.7	11.6
Other financial liabilities	148.2	166.0
	345.4	331.9
Other liabilities	132.5	77.0
Total	477.9	408.9

Segment reporting

61. Segment reporting

EURm

	Generation		Energy Trade and Supply		Network Infrastructure Austria		Energy Supply South East Europe	
	2014/15	2013/14	**2014/15**	2013/14	**2014/15**	2013/14	**2014/15**	2013/14
External revenue	52.7	33.7	470.9	431.5	412.8	430.9	1,037.9	900.4
Internal revenue (between segments)	160.4	153.8	14.9	17.2	59.2	53.7	0.2	0.4
Total revenue	**213.1**	**187.5**	**485.8**	**448.6**	**472.0**	**484.6**	**1,038.1**	**900.8**
Operating expenses	–119.7	–115.1	–558.7	–448.5	–270.8	–297.8	–917.4	–880.6
Share of results from equity accounted investees operational	–24.6	–38.9	70.0	55.2	–	–	–	–
EBITDA	**68.7**	**33.6**	**–2.9**	**55.3**	**201.2**	**186.8**	**120.7**	**20.2**
Depreciation and amortisation	–79.2	–86.7	–17.7	–16.1	–105.6	–103.6	–62.9	–252.9
thereof impairment losses	–24.5	–36.0	–3.3	–	–	–	–0.5	–191.8
thereof revaluation	–	–	2.4	–	–	–	–	–
Results from operating activities (EBIT)	**–10.5**	**–53.1**	**–20.6**	**39.2**	**95.5**	**83.3**	**57.8**	**–232.8**
EBIT margin (%)	–4.9	–28.3	–4.2	8.7	20.2	17.2	5.6	–25.8
Share of results from equity accounted investees financial	–	–	–	–	–	–	–	–
Interest income	0.5	0.5	0.2	0.2	0.1	0.3	0.5	0.7
Interest expense	–22.9	–26.4	–1.9	–3.1	–17.6	–20.1	–26.3	–29.2
Financial results	–18.2	–25.3	–5.0	–3.0	–17.4	–19.8	–26.1	–29.2
Result before income tax	**–28.7**	**–78.4**	**–25.6**	**36.2**	**78.1**	**63.4**	**31.7**	**–262.0**
Goodwill	–	–	0.5	2.8	1.8	1.8	–	–
Carrying value of investments in equity accounted investees	110.1	138.9	130.5	123.7	–	–	–	–
Total assets	1,157.2	1,218.2	612.8	509.4	1,831.5	1,787.7	1,276.0	1,251.8
Liabilities	959.1	1,034.7	518.7	409.3	1,294.8	1,298.2	1,119.2	1,137.8
Investments[1)]	54.4	88.9	22.7	32.3	160.2	186.8	78.5	77.5

1) In intangible assets and property, plant and equipment

61. Segment reporting

EURm

	Environmental Services		Strategic Investments and Other Business		Consolidation[2]		Total	
	2014/15	2013/14	**2014/15**	2013/14	**2014/15**	2013/14	**2014/15**	2013/14
External revenue	152.3	168.9	9.3	9.5	–	–	2,135.8	1,974.8
Internal revenue (between segments)	20.3	22.2	55.4	61.5	–310.5	–308.8	–	–
Total revenue	**172.6**	**191.1**	**64.7**	**71.0**	**–310.5**	**–308.8**	**2,135.8**	**1,974.8**
Operating expenses	–129.5	–347.5	–75.2	–77.5	377.7	282.2	–1,693.6	–1,884.8
Share of results from equity accounted investees operational	11.9	11.7	83.8	66.0	–	–	141.1	94.0
EBITDA	**55.1**	**–144.6**	**73.2**	**59.4**	**67.2**	**–26.6**	**583.2**	**184.1**
Depreciation and amortisation	–26.4	–70.2	–2.7	–1.7	–20.4	5.8	–315.0	–525.5
thereof impairment losses	–	–41.7	–1.2	–	–27.6	–	–57.1	–269.5
thereof revaluation	–	–	–	–	–	–	2.4	
Results from operating activities (EBIT)	**28.6**	**–214.9**	**70.5**	**57.6**	**46.8**	**–20.8**	**268.2**	**–341.4**
EBIT margin (%)	16.6	–112.4	109.0	81.2	–	–	12.6	–17.3
Share of results from equity accounted investees financial	–	–	0.4	2.8	–	–	0.4	2.8
Interest income	14.9	16.6	31.1	33.2	–25.7	–28.1	21.7	23.5
Interest expense	–21.6	–18.6	–26.5	–27.3	25.7	28.1	–91.1	–96.7
Financial results	–7.6	–4.0	30.6	61.8	–16.6	–12.4	–60.3	–31.9
Result before income tax	**21.0**	**–218.8**	**101.1**	**119.4**	**30.1**	**–33.1**	**207.9**	**–373.3**
Goodwill	54.0	54.0	–	–	–	–	56.3	58.6
Carrying value of investments in equity accounted investees	88.3	80.2	569.3	546.3	–	–	898.1	889.1
Total assets	940.6	1,197.6	2,580.4	2,750.3	–1,897.3	–1,873.2	6,501.2	6,841.8
Liabilities	751.1	1,004.8	1,115.2	1,116.5	–1,847.1	–1,792.1	3,911.1	4,209.1
Investments[1]	11.1	13.5	2.5	2.5	–6.7	–5.0	322.7	396.3

1) In intangible assets and property, plant and equipment

2) Explained below in the notes to segment reporting.

61. Segment information by products – Revenue

EURm	2014/15	2013/14
Electricity	1,522.8	1,355.1
Natural gas	203.0	174.3
Heat	133.1	129.2
Environmental services	152.3	168.9
Others	124.7	147.4
Total	2,135.8	1,974.8

61. Segment information by country – Revenue[1)]

EURm	2014/15	2013/14
Austria	1,022.7	994.9
Germany	47.5	45.3
Bulgaria	638.4	509.2
Macedonia	401.5	393.1
Others	25.8	32.2
Total	2,135.8	1,974.8

61. Segment information by country – Non-current assets[1)]

	30.09.2015		30.09.2014	
EURm	Intangible assets	Property, plant and equipment	Intangible assets	Property, plant and equipment
Austria	122.4	2,329.7	98.8	2,306.6
Germany	45.5	374.7	46.0	416.2
Bulgaria	48.4	489.9	47.6	489.5
Macedonia	3.9	283.2	4.1	277.9
Others	0.0*)	38.7	0.0*)	51.9
Total	220.2	3,516.3	196.5	3,542.2

*) Small amount

1) The allocation of segment information by countries is based on the location of the companies.

61. Notes to segment reporting

The segments of business cover the following activities:

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 production 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, 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

Principle of segment allocation and transfer pricing

Subsidiaries are allocated directly to their respective segments. EVN AG is allocated to the segments on the basis of data from the cost accounting system.

The transfer prices for energy between the individual segments are based on comparable prices for special contract customers, and thus represent applicable market prices. For the remaining items, pricing is based on cost plus an appropriate mark-up.

Reconciliation of segment results at the Group level

Services performed between segments are eliminated in the consolidation column. The results in the "total" column reflect the amounts shown in the consolidated statement of operations. 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. These circumstances led to a transition of EUR 46.8m (previous year: EUR –20.8m) from the segment total to Group EBIT.

Group disclosures

IFRS 8 requires additional segment information classified by products (external revenues from customers broken down by products and services) and countries (external revenues from customers and non-current assets broken down by countries) if this information is not provided as part of the segment reporting.

Information on transactions with major external customers is required only if these transactions amount to 10.0% or more of a company's external revenues. EVN has no transactions with customers that meet this criterion because of its large number of customers and diverse business activities.

Other information

62. Consolidated statement of cash flows

The consolidated statement of cash flows shows the changes in cash and cash equivalents during the reporting year as a result of cash inflows and outflows. The consolidated statement of cash flows is presented in accordance with the indirect method. Non-cash expenses were added to and non-cash income was subtracted from profit before income tax.

Corrections in the consolidated statement of cash flows involve additions to intangible assets and property, plant and equipment that are related to an increase in the provisions for demolition. The non-cash valuation allowance recognised to the leasing receivable from the thermal waste utilisation plant no. 1 in Moscow in the previous year was corrected under gross cash flow. The related reclassification of the saleable aggregate components to inventories (see note **40. Other non-current assets)** and the change in the presentation of the sodium hypochlorite plant in Moscow (see note **44. Non-current assets held for sale)** were shown as a net amount.

Income tax refunds of EUR 4.6m (previous year: income tax payments of EUR 19.6m) were reported separately under net cash flow from operating activities.

Proceeds from the disposal of intangible assets and property, plant and equipment amounted to EUR 1.9m (previous year: EUR 4.5m). These proceeds resulted in a gain of EUR 0.2m (previous year: loss of EUR 1.2m).

Dividend payments of EUR 74.7m (previous year: EUR 74.8m) to EVN AG shareholders and EUR 19.6m (previous year: EUR 32.1m) to non-controlling interests (in RBG and BUHO) were reported under net cash flow from financing activities.

62. Cash and cash equivalents

EURm	30.09.2015	30.09.2014
Cash	255.1	217.6
thereof cash on hand	0.6	0.6
thereof cash at banks	254.5	217.0
Bank overdrafts	–10.2	–20.4
Total	**244.9**	**197.2**

Of the total deposits with financial institutions, EUR 5.8m (previous year: EUR 11.1m) represent pledges.

63. Risk management

Interest rate risk

EVN defines interest rate risk as the risk that fluctuations in the fair value or future cash flows of a financial instrument due to changes in the market interest rate could adversely affect interest income and expense as well as equity. This risk is minimised through the regular monitoring of interest rate risk and compliance with limits as well as hedging strategies that include the use of derivative financial instruments (also see note **9. Financial instruments).**

EVN monitors interest rate risk through sensitivity analyses, among others with a daily value-at-risk (VaR) calculation. This procedure calculates the VaR with a confidence level of 99.0% for one day according to the variance-covariance method (delta-gamma approach). The interest VaR, including the hedging instruments used by EVN, equalled EUR 8.3m as of 30 September 2015 (previous year: EUR 6.6m). The higher volatility of the interest environment is also reflected in a year-on-year increase in the interest VaR as of 30 September 2015.

Foreign exchange risk

For EVN, the risk to profit or loss arising from fluctuations in foreign exchange rates arises from transactions carried out in currencies other than the euro. EVN is exposed to foreign exchange risk on receivables, liabilities, and cash and cash equivalents that are not held in the Group's functional currency (BGN, HRK, JPY, MKD, PLN, RUB). The most significant driver of foreign exchange risk for EVN is a bond issued in

Japanese Yen (JPY). Foreign exchange risk is managed by way of the central compilation, analysis and management of risk positions, and by hedging the bond denominated in foreign currencies through cross currency swaps (see notes **51. Non-current loans and borrowings** and **9. Financial instruments).**

The foreign exchange VaR, based on the major foreign currency risk drivers in the financial area, remains immaterial and amounted to TEUR 3.7 (previous year: TEUR 3.4) after the inclusion of hedging instruments.

Other market risks

EVN defines other market risks as the risk of price changes resulting from market fluctuations in primary energy, CO_2 emission certificates electricity, and securities.

In EVN's energy trading activities, energy trading contracts are entered into for the purpose of managing price risk. Price risks result from the procurement and sale of electricity, natural gas, hard coal, oil, biomass and CO_2 emission certificates. Forward and future contracts and swaps are used to hedge these price risks.

63. Price hedging in the energy business

EURm

	2014/15					2013/14				
	Nominal volumes		Fair values			Nominal volumes		Fair values		
	Purchases	Disposals	Positive	Negative	Net	Purchases	Disposals	Positive	Negative	Net
Swaps	20.0	–	–	–5.2	–5.2	27.1	–	0.1	–0.6	–0.6
Futures	3.6	–15.2	2.7	–	2.7	6.1	–25.0	2.0	–0.1	1.9
Forwards	15.5	–42.7	7.7	–0.5	7.2	24.5	–63.5	3.5	–0.8	2.7

The sensitivity of measurement to market prices is discussed below. Sensitivity is calculated under the assumption that all other parameters remain unchanged. Furthermore, these derivatives serve as hedging instruments within the context of cash flow hedges. The analysis does not include derivatives that are related to the receipt or delivery of non-financial items in accordance with the company's expected purchase, sale or usage requirements (own use) and which therefore are not reported as financial instruments in accordance with IAS 39.

In the event of a 10.0% change in market prices as of the balance sheet date, the effects of the derivatives on equity would be EUR 1.4m (previous year: EUR 2.6m).

The price risk for securities results from fluctuations on the capital markets. The most significant securities position held by EVN is its investment in Verbund AG. The price risk VaR for the Verbund AG shares held by EVN as of the balance sheet date was EUR 19.0m (previous year: EUR 23.4m), whereby the price would be influenced by the sale of a large block of Verbund shares by EVN. The year-on-year decline in the VaR resulted from the position's lower share price/market value.

Liquidity risk

Liquidity risk represents the risk of not being able to raise the required financial resources to settle liabilities on their due date as well as the inability to raise the necessary liquidity at the expected terms and conditions. EVN minimises this risk by means of short-term and medium-term financial and liquidity planning. In concluding financing agreements, special attention is paid to managing the terms to maturity in order to achieve a balanced maturity profile and thus avoid the bundling of repayment dates. The EVN Group uses cash pooling to equalise liquidity balances.

As of the balance sheet date, liquid funds and short-term securities totalling EUR 326.2m were available to cover liquidity needs (previous year: EUR 198.0m). Moreover, EVN had EUR 400.0m of contractually agreed and unused syndicated lines of credit (previous year: unused lines of credit totalling EUR 400.0m) and EUR 175.0m of contractually agreed and unused bilateral lines of credit (previous year: EUR 175.0m) as of the balance sheet date. The liquidity risk was therefore extremely low. The gearing ratio equalled 47.5% as of the balance sheet date (previous year: 61.6%) and underscores EVN's sound capital structure.

63. Expected occurrence of cash flows of non-current loans and borrowings and other non-current liabilities

Business year 2014/15

EURm	Carrying amount	Total payment flows	Contractually stipulated payment flows < 5 years	Contractually stipulated payment flows > 5 years
Bonds	679.4	902.3	305.0	597.3
Non-current bank loans	856.2	1,046.3	443.3	603.0
Lease liabilities	16.0	17.5	10.6	6.8
Accruals of financial transactions	2.0	2.0	1.8	0.1
Liabilities arising from derivative transactions[1)]	48.7	66.9	41.5	25.5
Other liabilities	8.9	8.9	2.2	6.7
Total	**1,611.3**	**2,044.0**	**748.3**	**1,200.3**

Business year 2013/14

EURm	Carrying amount	Total payment flows	Contractually stipulated payment flows < 5 years	Contractually stipulated payment flows > 5 years
Bonds	705.7	960.7	344.9	615.8
Non-current bank loans	1,041.9	1,285.0	541.0	744.0
Lease liabilities	19.8	21.8	13.7	8.1
Accruals of financial transactions	2.9	2.9	2.3	0.6
Liabilities arising from derivative transactions[1)]	56.9	78.7	45.1	33.6
Other liabilities	8.1	8.1	2.6	5.5
Total	**1,835.5**	**2,357.2**	**885.9**	**1,359.8**

1) Nominal value of derivative financial liabilities EUR 324.3m (previous year: EUR 434.0m)

63. Expected occurrence of cash flows of cash flow hedges

Business year 2014/15

EURm	Total payment flows	Contractually stipulated payment flows < 5 years	Contractually stipulated payment flows > 5 years
Cash flows of hedged items	–262.8	–116.1	–146.7
Cash flows from hedging instruments	–55.2	–42.4	–12.8
Profit/Loss	–61.1	–44.5	–16.6

Business year 2013/14

EURm	Total payment flows	Contractually stipulated payment flows < 5 years	Contractually stipulated payment flows > 5 years
Cash flows of hedged items	–393.2	–218.4	–174.8
Cash flows from hedging instruments	–60.2	–45.1	–15.1
Profit/Loss	–59.7	–45.3	–14.5

Credit risk

Credit and default risk represents the risk of a loss when business partners fail to meet their contractual obligations. This risk is inherent to all agreements with delayed payment terms or fulfilment at a later date. To limit default risk, the company evaluates the credit standing of its business partners. External ratings (including Standard & Poor's, Moody's, Fitch and KSV 1870) are used for this purpose, and the business volume is limited in accordance with the rating and the probability of default. Sufficient collateral is required before a transaction is entered into if the partner's credit rating is inadequate.

EVN monitors credit risk and limits default risk for financial receivables in the treasury area (e.g. investments, financial and interest derivatives) and for derivatives and forward transactions which are concluded to hedge the risks connected with EVN's energy business or are related to end customers and other debtors.

In order to reduce credit risk, hedging transactions are entered into only with well-known banks that have good credit ratings. EVN also ensures that funds are deposited at banks with the best possible credit standing based on international ratings.

The default risk for customers is monitored separately at EVN and supported primarily by ratings and values derived from experience. Credit risks are taken into account through individual and general bad debt allowances. Default risk is also minimised with efficient receivables management and the continuous monitoring of customer payment behaviour.

63. Impairment losses by class

EURm	30.09.2015	30.09.2014
Write-offs/Value adjustments		
Non-current assets		
Other investments	2.5	0.5
Lease receivables and accrued lease transactions	–	191.4
Loans receivable	1.0	–
	3.4	192.0
Current assets		
Receivables	37.2	39.3
Total	40.6	231.3

The Group's maximum default risk for the items reported on the consolidated statement of financial position as of 30 September 2015 and 30 September 2014 reflect the carrying amounts shown in notes **40. Other non-current assets**, **42. Receivables and other current assets** and **43. Securities**, excluding financial guarantees.

The maximum default risk for derivative financial instruments equals the positive fair value (see note **65. Reporting on financial instruments).**

The maximum risk from financial guarantees is described in note **67. Other obligations and risks.**

63. Capital management

EVN's goal in the area of capital management is to maintain a solid capital structure in order to use the resulting financial strength for value-creating investments and an attractive dividend policy. As of 30 September 2015, the equity ratio equalled 39.8% (previous year: 38.5%). Gearing is measured as the ratio of net debt to equity, whereby net debt is calculated as current and non-current financial liabilities less cash and cash equivalents, current and non-current securities and loans receivable. As of 30 September 2015, gearing equalled 47.5% (previous year: 61.6%).

64. Capital management

EURm	30.09.2015	30.09.2014
Non-current loans and borrowings	1,535.7	1,747.7
Current loans and borrowings[1)]	129.9	173.8
Cash and cash equivalents	–244.9	–197.2
Non-current and current securities	–154.5	–62.9
Non-current and current loans receivable	–35.3	–38.9
Net debt	**1,230.9**	**1,622.4**
Equity	**2,590.1**	**2,632.7**
Gearing (%)	**47.5**	**61.6**

1) Excluding bank overdrafts contained in cash and cash equivalents.

The EVN Group uses cash pooling to manage liquidity and optimise interest rates. EVN Finanzservice GmbH and each of the participating Group subsidiaries have concluded a contract that defines the modalities for cash pooling.

65. Reporting on financial instruments

Fair value generally reflects the listed price on the balance sheet date. If this price is not available, fair value is calculated in accordance with financial methods, e.g. by discounting the expected cash flows at the prevailing market interest rate. The input factors required for the calculations are explained below.

The fair value of shares in unlisted subsidiaries and other investments is based on discounted expected cash flows or comparable transactions. For financial instruments listed on an active market, the trading price as of the balance sheet date represents fair value. Most of the receivables, cash and cash equivalents, and current financial liabilities have short terms to maturity. Therefore, the carrying value of these instruments as of the balance sheet date approximately corresponds to fair value. The fair value of bonds is calculated as the present value of the discounted future cash flows based on prevailing market interest rates.

The following 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.

65. Information on classes and categories of financial instruments

EURm

Classes	Measurement category	Fair value hierarchy (according to IFRS 13)	30.09.2015 Carrying amount	30.09.2015 Fair Value	30.09.2014 Carrying amount	30.09.2014 Fair Value
Non-current assets						
Other investments						
Non-financial assets	–	–	13.8	–	15.3	–
Miscellaneous investments	AFS	–	9.8	–	9.8	–
Miscellaneous investments	AFS	Level 1	476.1	476.1	639.6	639.6
			499.7		**664.7**	
Other non-current assets						
Securities	@FVTPL	Level 1	73.3	73.3	62.1	62.1
Loans receivable	LAR	Level 2	33.1	40.4	38.9	44.0
Lease receivables and accrued lease transactions	LAR	Level 2	128.1	146.1	207.0	236.1
Receivables arising from derivative transactions	@FVTPL	Level 2	5.7	5.7	–	–
Remaining other non-current assets	LAR		53.8	53.8	75.5	75.5
Non-financial assets (primary energy reserves)	–		14.4	–	14.6	–
			308.4		**398.1**	
Current assets						
Current receivables and other current assets						
Trade and other receivables	LAR		472.6	472.6	406.6	406.6
Receivables arising from derivative transactions	@FVTPL	Level 2	7.3	7.3	0.2	0.2
Non-financial assets	–		23.4	–	37.1	–
			503.2		**443.9**	
Securities	AFS	Level 1	**81.3**	**81.3**	**0.8**	**0.8**
Cash and cash equivalents						
Cash on hand and cash at banks	LAR		255.1	255.1	217.6	217.6
			255.1	**255.1**	**217.6**	**217.6**
Non-current liabilities						
Non-current loans and borrowings						
Bonds	FLAC	Level 2	679.4	805.3	705.7	836.2
Bank loans	FLAC	Level 2	856.2	916.7	1,041.9	1,165.1
			1,535.7		**1,747.7**	
Other non-current liabilities						
Leases	FLAC	Level 2	16.0	16.4	19.8	19.8
Accruals of financial transactions	FLAC		2.0	2.0	2.9	2.9
Other liabilities	FLAC		8.9	8.9	8.1	8.1
Liabilities arising from derivative transactions	Hedging, @FVTPL	Level 2	48.7	48.7	56.9	56.9
			75.6		**87.8**	
Current liabilities						
Current loans and borrowings	FLAC		**140.1**	**140.1**	**194.2**	**194.2**
Trade payables	FLAC		**472.3**	**472.3**	**505.1**	**505.1**
Other current liabilities						
Other financial liabilities	FLAC		327.7	327.7	320.3	320.3
Liabilities arising from derivative transactions	Hedging, @FVTPL	Level 2	17.7	17.7	11.6	11.6
Non-financial liabilities	–		132.5	–	77.0	–
			477.9		**408.9**	
thereof aggregated to measurement categories						
Available for sale financial assets	AFS		567.2		650.2	
Loans and receivables	LAR		942.6		945.6	
Financial assets designated at fair value in profit or loss	@FVTPL		86.3		62.3	
Financial liabilities at amortised cost	FLAC		2,502.7		2,798.2	

65. Net results by measurement categories

EURm

Classes	2014/15 Net result	2014/15 Of which impairment losses	2013/14 Net result	2013/14 Of which impairment losses
Available for sale financial assets (AFS)	–8.4	–2.5	–0.3	–0.5
Loans and receivables (LAR)	–42.5	–38.1	–235.6	–230.7
Financial assets at fair value through profit or loss (@FVTPL)	1.5	–	1.0	–
Financial liabilities at amortised cost (FLAC)	–0.1	–	–0.4	–
Total	**–49.5**	**–40.6**	**–235.3**	**–231.3**

Derivative financial instruments

Derivative financial instruments are used primarily to hedge the company's liquidity, exchange rate, price and interest rate risks. The operative goal is to ensure the long-term continuity of the Group's earnings. All derivative financial instruments are integrated in a risk management system as soon as the respective contracts are concluded. This allows for the preparation of a daily overview of all main risk indicators. A separate staff unit has been established to monitor risk controlling and continuously develop risk analyses based on the value-at-risk (VaR) method.

The nominal values represent the separate totals of the items classified as financial derivatives on the balance sheet date. These are reference values which do not provide a measure of the risk incurred by the company through the use of these financial instruments. In particular, potential risk factors include fluctuations in the underlying market parameters and the credit risk of the contracting parties. Derivative financial instruments are recognised at their fair value.

Derivative financial instruments comprise the following:

65. Derivative financial instruments

	30.09.2015 Nominal value[1]	30.09.2015 Fair value[2]	30.09.2014 Nominal value[1]	30.09.2014 Fair value[2]
Currency swaps				
JPYm (over 5 years)[3]	12,000.0	–3.8	12,000.0	–9.1
Interest rate swaps				
EURm (over 5 years)[3]	234.5	–48.4	347.3	–58.5
Derivatives energy				
Purchase/disposals (hard coal)[3]	20.0	–5.2	27.1	–0.6
Purchase/disposals (electricity, natural gas, hard coal, CO_2)	–39.7	4.5	–22.2	–0.6

1) In m nominal currency
2) In EURm
3) Used as a hedging instrument in accordance with IAS 39

Positive fair values are recognised as receivables from derivative transactions under other non-current assets or other current assets, depending on their remaining term to maturity. Negative fair values are recognised as liabilities from derivative transactions under other non-current liabilities or other current liabilities, depending on their remaining term to maturity.

66. Disclosures of interests in other entities

An overview of the companies included in the consolidated financial statements is provided beginning on page 213 under **EVN's investments**.

Information on the joint ventures and associates that were included in EVN's consolidated financial statements at equity in 2014/15 is provided below.

The share of results from equity accounted investees with operational nature has been reported as part of the results from operating activities (EBIT).

The following overview shows the classification of the equity accounted investees based on operating and financial criteria:

66. Joint ventures that were included at equity in the consolidated financial statements as of 30.09.2015 in accordance with IFRS 11	Operational nature	Financial nature
Company		
AUL Abfallumladelogistik Austria GmbH	●	
Bioenergie Steyr GmbH	●	
Degremont WTE Wassertechnik Praha v.o.s.	●	
e&i EDV Dienstleistungsgesellschaft m.b.H.		●
e&t	●	
EnergieAllianz	●	
EVN KG	●	
EVN-WE Wind KG	●	
Fernwärme St. Pölten GmbH	●	
Fernwärme Steyr GmbH	●	
RAG	●	
Shkodra	●	
sludge2energy GmbH	●	
WEEV Beteiligungs GmbH		●
ZOV	●	

66. Associates that were included at equity in the consolidated financial statements as of 30.09.2015 in accordance with IAS 28	Operational nature	Financial nature
Company		
EconGas	●	
Energie Burgenland AG	●	
Verbund Innkraftwerke GmbH	●	
ZOV UIP	●	

The following table shows summarised financial information about each individually material joint venture included in the consolidated financial statements:

66. Financial information of material joint ventures

EURm

	30.09.2015			30.09.2014		
Joint Venture	**EVN KG**	**RAG**	**ZOV**	**EVN KG**	**RAG**	**ZOV**
Statement of financial position						
Non-current assets	12.1	630.8	257.0	12.9	654.7	258.4
Current assets	161.7	62.7	43.1	160.0	105.7	40.9
Non-current liabilities	1.7	399.3	97.3	0.0*)	459.0	113.3
Current liabilities	76.5	80.4	24.1	77.6	106.8	24.4
Reconciliation of the carrying amount of the share of EVN in the joint venture						
Net assets	95.6	213.8	178.7	95.3	194.7	161.7
Share of EVN in net assets in percent	100.00%	100.00%	48.50%	100.00%	100.00%	48.50%
Share of EVN in net assets	95.6	213.8	86.7	95.3	194.7	78.4
+/– Revaluations	0.0*)	181.0	0.5	–	170.0	0.6
Carrying amount of the share of EVN in the joint venture	95.6	394.8	87.1	95.3	364.7	79.0

	2014/15			2013/14		
Statement of operations						
Revenue	504.5	417.6	17.8	533.3	462.6	13.7
Scheduled depreciation and amortisation	0.0*)	–53.5	–	0.0*)	–51.5	0.0*)
Interest income	0.1	0.1	0.5	0.1	0.1	0.6
Interest expense	0.0*)	–5.8	–9.0	0.0*)	–6.4	–10.0
Income tax	0.0*)	–22.4	–5.7	–0.1	–23.0	–5.5
Result for the period	63.8	65.4	23.0	53.6	71.0	21.9
Other comprehensive income	–9.8	–11.5	1.2	–2.1	1.3	0.5
Comprehensive income for the period	54.1	53.9	24.2	51.5	72.3	22.4
Dividends received by EVN	53.8	35.0	3.5	59.0	60.0	10.6

*) Small amount

The following table shows summarised financial information about each individually immaterial joint venture included in the consolidated financial statements:

66. Financial information of individually immaterial joint ventures (EVN share)

EURm

	2014/15	2013/14
Carrying value of the joint ventures as of the balance sheet date	39.5	40.9
Result for the period	8.5	4.8
Other comprehensive income	–7.7	–0.8
Comprehensive income	0.8	4.0

The following table shows summarised financial information about each individually material associate included in the consolidated financial statements:

66. Financial information of material associates

EURm

	30.09.2015				30.09.2014			
Associate	**EconGas**	**Verbund IKW**	**ZOV UIP**	**Energie Burgenland**	**EconGas**	**Verbund IKW**	**ZOV UIP**	**Energie Burgenland**
Statement of financial position								
Non-current assets	48.9	1,288.8	0.2	765.5	49.9	1,318.4	0.2	777.2
Current assets	1,393.3	17.2	3.3	143.6	1,018.8	14.3	3.1	118.9
Non-current liabilities	98.8	88.5	–	170.4	55.9	82.7	–	171.2
Current liabilities	1,388.1	10.0	0.7	425.4	1,013.8	12.2	0.6	414.3
Reconciliation of the carrying amount of the share of EVN in the asscociate								
Net assets	–44.7	1,207.5	2.8	313.3	–1.0	1,237.7	2.6	310.6
Share of EVN in net assets in percent	16.51%	13.00%	33.00%	36.08%	16.51%	13.00%	33.00%	36.08%
Share of EVN in net assets	–7.4	157.0	0.9	113.0	–0.2	160.9	0.9	112.1
+/– Revaluations	7.4	–51.3	–	61.3	0.2	–25.4	–	61.0
Carrying amount of the share of EVN in the associate	–	105.7	0.9	174.4	–	135.5	0.9	173.1

	2014/15				2013/14			
Statement of operations								
Revenue	1,630.3	77.4	10.7	332.5	3,409.7	86.5	10.7	312.9
Result for the period	–2.2	5.5	3.4	19.2	18.3	12.9	3.4	19.2
Other comprehensive income	0.1	–	–	4.6	10.0	–	–	–8.7
Comprehensive income	–2.1	–	3.4	25.4	28.3	–	3.4	10.5
Dividends received by EVN	–	3.9	1.0	8.3	–	5.2	1.3	8.3

The consolidated financial statements include no associates that are individually immaterial.

67. Other obligations and risks

The commitments entered into by EVN and the related risks are as follows:

67. Other obligations and risks

EURm

	30.09.2015	30.09.2014
Guarantees in connection with energy transactions	105.3	114.8
Guarantees in connection with projects in the Environmental Services Segment	43.4	161.8
Guarantees related to the construction and operation of		
energy networks	5.2	5.1
power plants	156.4	132.1
Order obligations for investments in intangible assets and property, plant and equipment	68.7	98.6
Further obligations arising from guarantees or other contractual contingent liabilities	0.5	0.6
Total	**379.4**	**513.1**
thereof in connection with equity accounted investees	150.4	173.7

Neither provisions nor liabilities were recognised for the above-mentioned items because claims to the fulfilment of obligations or the actual occurrence of specific risks were not expected at the time these consolidated financial statements were prepared. The above-mentioned obligations were contrasted by corresponding recourse claims of EUR 95.6m (previous year: EUR 98.1m).

Contingent liabilities related to guarantees for energy transactions are recognised on the basis of the guarantees issued by e&t Energie Handelsgesellschaft mbH 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 46.0m as of 30 September 2015. The nominal volume of the guarantees underlying this assessment was EUR 338.5m. As of 31 October 2015, the market price risk was EUR 42.6m based on an underlying nominal volume of EUR 335.5m.

Various legal proceedings and lawsuits related to operating activities are pending or claims may be filed against EVN in the future. The attendant risks were analysed in relation to their probability of occurrence. The evaluation of possible claims showed that the legal proceedings and lawsuits, individually and as a whole, would not have a material negative effect on EVN's business, liquidity, profit or loss or financial position. Additional obligations arising from guarantees and other contractual contingent liabilities consisted chiefly of outstanding capital contributions and loan commitments to affiliates as well as liabilities for affiliates' loans.

68. Information on transactions with related parties

In accordance with IAS 24, transactions with related parties arise through direct or indirect control, significant influence or joint management. Related parties include close family members of the respective natural persons. Key management personnel and their close family members are also considered to be related parties.

EVN's related parties include all companies in the scope of consolidation, other subsidiaries, joint ventures and associates that are not included in the consolidated financial statements, the main shareholders NÖ Landes-Beteiligungsholding GmbH, St. Pölten, and its subsidiaries, EnBW Trust e.V., Karlsruhe, Germany, as well as people who are responsible for the planning, management and supervision of the Group's activities. In particular, related parties also include the members of the Executive Board and the Supervisory Board as well as their family members. A list of the Group companies can be found starting on page 213 under **EVN's investments.**

On 20 December 2013, EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany, concluded a trust agreement with EnBW Trust within the framework of a so-called contractual trust arrangement model. This agreement led to the transfer by EnBW of its 32.5% investment in EVN AG in trust to EnBW Trust. As of 30 September 2015, EnBW Trust held an investment of 32.2% in EVN AG.

Transactions with related companies

Main shareholder

A group and tax settlement agreement was concluded with NÖ Landes-Beteiligungsholding GmbH, St. Pölten, in connection with the inclusion of EVN AG in a corporate tax group as defined in § 9 of the Austrian Corporate Tax Act. EVN AG has since added further subsidiaries to the tax group based on this agreement. This resulted in a current receivable of EUR 9.9m as of 30 September 2015 (previous year: current receivable of EUR 9.7m) due to NÖ Landes-Beteiligungsholding GmbH, St. Pölten.

Investments in equity accounted investees

Within the context of its ordinary business operations, EVN has concluded supply and service contracts with numerous companies included at equity in its consolidated financial statements. Long-term agreements were concluded with e&t for the sale and procurement of electricity, and long-term procurement contracts were concluded with EconGas for natural gas.

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

68. Transactions with joint ventures included at equity

EURm	2014/15	2013/14
Revenue	276.1	240.2
Cost of services received	–63.8	–74.9
Trade accounts receivable	44.4	35.9
Trade accounts payable	51.4	14.0
Loans	9.3	10.3
Non-current loans and borrowings	9.6	9.6
Receivables from cash pooling	–	0.1
Liabilities from cash pooling	100.1	113.3
Interest income from loans	0.6	0.5
Interest expense on non-current loans and borrowings	0.1	–0.1
Interest balance from cash pooling	0.0*)	0.0*)

*) Small amount

68. Transactions with associates included at equity

EURm	2014/15	2013/14
Revenue	–	–
Cost of services received	–78.4	–56.0
Trade accounts receivable	1.4	7.4
Trade accounts payable	0.2	–

Transactions with related individuals

Executive Board and Supervisory Board

The payments to members of the Executive Board and the Supervisory Board consist primarily of salaries, severance payments, pensions and Supervisory Board remuneration.

The remuneration paid to the active members of the Executive Board in 2014/15 totalled TEUR 987.9 (including compensation in kind and contributions to pension funds; previous year: TEUR 978.4).

The following table provides detailed information on the remuneration of the Executive Board in 2014/15:

68. Remuneration of the active Executive Board

TEUR	2014/15			2013/14		
	Fixed remuneration	Variable remuneration	Compensation in kind	Fixed remuneration	Variable remuneration	Compensation in kind
Peter Layr	380.5	91.3	11.3	372.9	95.2	10.7
Stefan Szyszkowitz	354.8	85.2	11.3	347.7	88.7	10.7

Furthermore, a change of TEUR –271.2 was made to the provision for pensions obligations on behalf of Peter Layr in 2014/15 (thereof TEUR 192.1 of interest expense, including TEUR –668.7 of actuarial gains/losses). In the previous year, the addition amounted to TEUR 1,023.9 (thereof TEUR 243.6 of interest expense, including TEUR 597.2 of actuarial gains/losses). For Stefan Szyszkowitz, the pension fund contributions equalled TEUR 53.5 (previous year: TEUR 52.4) and a change of TEUR –283.8 was made to the provision for pensions (thereof TEUR 82.4 of interest expense, including TEUR –522.2 of actuarial gains/losses). In 2013/14, the addition to the provision for pensions amounted to TEUR 582.8 (thereof TEUR 99.0 of interest expense, including TEUR 349.0 of actuarial gains/losses).

The addition to the provisions for severance payments equalled TEUR 21.4 for Peter Layr in 2014/15 (thereof TEUR 11.6 of interest expense, including TEUR –3.0 of actuarial gains/losses) and TEUR 13.6 in the previous year (thereof TEUR 16.5 of interest expense, including TEUR –15.6 of actuarial gains/losses). For Stefan Szyszkowitz, TEUR 6.9 were contributed to an external employee fund (previous year: TEUR 6.8).

The year-on-year change in the remuneration of the active members of the Executive Board is attributable primarily to the annual wage and salary increases mandated by collective bargaining agreements and to the change in performance-based components. The members of the Executive Board are entitled to legally defined severance compensation at the end of their functions. They are also entitled to a contractually agreed pension on retirement, whereby the pension payments under the Austrian social security scheme and any payments from EVN Pensionskasse are credited against this amount. The payments to former members of the Executive Board or their surviving dependents amounted to TEUR 1,200.2 in 2014/15 (previous year: TEUR 1,132.0).

Expenses for severance payments and pensions for active members of senior management totalled TEUR –31.3 in 2014/15 (thereof TEUR 250.1 of interest expense, including TEUR –786.6 of actuarial gains/losses) and TEUR 1,512.0 in the previous year (thereof TEUR 314.1 of interest expense, including TEUR 721.2 of actuarial gains/losses).

The above amounts include expenses recognised in accordance with national law, as required by the Austrian Corporate Governance Code. In accordance with IFRS, actuarial gains and losses are recorded under other comprehensive income without recognition in profit or loss in keeping with IAS 19.

The Supervisory Board remuneration totalled EUR 0.1m in 2014/15 (previous year: EUR 0.1m). The members of the Advisory Committee for Environmental and Social Responsibility received remuneration of EUR 0.1m during the reporting year (previous year: EUR 0.1m).

The basic principles underlying the remuneration system are presented in the remuneration report, which is part of the corporate governance report.

Transactions with other related companies

The disclosure requirements for the notes do not cover information on intragroup transactions. Therefore, business transactions between EVN and its subsidiaries are not reported.

Business transactions with non-consolidated subsidiaries and companies not included at equity are generally not reported due to their immateriality.

Related parties can also be direct customers of a company within the EVN Group, whereby these business relationships reflect prevailing market rates and conditions and are immaterial in relation to the total income recorded by the EVN Group in 2014/15. The resulting items which were outstanding as of 30 September 2015 were reported under trade accounts receivable.

69. Significant events after the balance sheet date

In the area of energy supply in Lower Austria, EVN's supply company reduced the energy price in electricity and natural gas for private customers within the framework of EnergieAllianz by an average of 5% as of 1 October 2015.

e&t Energie Handelsgesellschaft m.b.H. was merged with ENERGIEALLIANZ Austria GmbH as of 1 October 2015 to bundle all activities related to the procurement and sale of electricity in EnergieAllianz Austria.

Control measurements and the analysis of previous operations at the Duisburg-Walsum hard coal-fired power plant, which was commissioned in December 2013, have shown that the availability and effectiveness statistics do not meet the agreed parameters. On 22 October 2015, respective dispute notifications were sent to the general contractor consortium Hitachi Ltd and Hitachi Power Europe GmbH.

EVN is a party to the agreement envisaged on 23 October 2015 with the other shareholders over the future legal structure of EconGas GmbH. The key points include the takeover of the EconGas shares held by EVN (16.51%), Wien Energie (16.51%) and

Energie Burgenland (2.73%) by OMV and the continuation of the existing customer relationships with EVN, Wien Energie and Energie Burgenland. A contractually binding agreement is currently in preparation.

The Austrian E-Control Commission approved an increase of 11.2% in electricity network tariffs and 11.0% in natural gas network tariffs in a draft proposal; both of these increases relate to household customers and will take effect on 1 January 2016.

70. Information on management and staff

The corporate bodies of EVN AG are:

Executive Board

Peter Layr – Spokesman of the Executive Board
Stefan Szyszkowitz – Member of the Executive Board

Supervisory Board

Burkhard Hofer – Chairman
Stefan Schenker – Vice-Chairman
Willi Stiowicek – Vice-Chairman
Norbert Griesmayr
Thomas Kusterer
Dieter Lutz
Reinhard Meißl
Bernhard Müller
Edwin Rambossek
Angela Stransky
Monika Fraißl – employee representative
Franz Hemm – employee representative
Paul Hofer – employee representative
Otto Mayer – employee representative
Manfred Weinrichter – employee representative

71. Approval of the 2014/15 consolidated financial statements for publication

These consolidated financial statements were prepared by the Executive Board as of the date indicated below. The individual financial statements, which were also included in the consolidated financial statements after their adjustment to reflect International Financial Reporting Standards, and the consolidated financial statements of EVN AG will be submitted to the Supervisory Board on 9 December 2015 for examination, and the Supervisory Board will also be asked to approve the individual financial statements.

72. Auditing fees

EVN's consolidated financial statements and annual financial statements for the 2014/15 financial year were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. Auditing and consulting fees amounted to EUR 1.8m for the reporting year (previous year: EUR 1.5m), whereby 48.2% are attributable to auditing and audit-related services, 48.8% to tax advising and 3.0% to other consulting services. All companies in the scope of consolidation were included.

Maria Enzersdorf, 18 November 2015

EVN AG
The Executive Board

Peter Layr
Spokesman of the Executive Board

Stefan Szyszkowitz
Member of the Executive Board

EVN's investments according to § 245a (1) ICW § 265 (2) UGB

The following table lists EVN's investments classified by segment of business. The list of companies not included in the consolidated financial statements of EVN AG for materiality reasons is based on the companies' last available local annual financial statements as of the respective balance sheet date. The data from companies that report in a foreign currency is translated into euros at the exchange rate on the balance sheet date of EVN AG.

1. EVN's investments in the energy business ≥ 20.0% as of 30 September 2015

1.1. Included in the consolidated financial statements of EVN AG

Company, registered office	Shareholder	Interest in %	Balance sheet date	Method of consolidation 2014/15
Bioenergie Steyr GmbH, Behamberg	EVN Wärme	51.00	30.09.2015	E
EconGas GmbH ("EconGas"), Vienna[1]	EVN	16.51	31.12.2014	E
ENERGIEALLIANZ Austria GmbH ("EnergieAllianz"), Vienna	EVN	45.00	30.09.2014	E
EVN Beteiligungsgesellschaft Alpha GmbH ("EVN Bet. Alpha"), Maria Enzersdorf	EVN	100.00	30.09.2015	V
EVN Bulgaria Electrorazpredelenie EAD ("EVN Bulgaria EP"), Plovdiv, Bulgaria	BG SN Holding	100.00	31.12.2014	V
EVN Bulgaria Electrosnabdiavane EAD ("EVN Bulgaria EC"), Plovdiv, Bulgaria	BG SV Holding	100.00	31.12.2014	V
EVN Bulgaria EAD ("EVN Bulgaria"), Sofia, Bulgaria	EVN	100.00	31.12.2014	V
EVN Bulgaria Fernwärme Holding GmbH ("BG FW Holding"), Maria Enzersdorf	EVN Bet. Alpha	100.00	30.09.2015	V
EVN Bulgaria RES Holding GmbH, ("EVN Bulgaria RES"), Maria Enzersdorf[2]	EVN Naturkraft	100.00	30.09.2015	V
EVN Bulgaria Toplofikatsia EAD ("TEZ Plovdiv"), Plovdiv, Bulgaria	BG FW Holding	100.00	31.12.2014	V
EVN Croatia Plin d.o.o, Zagreb, Croatia	Croatia Holding	100.00	31.12.2014	V
EVN Energievertrieb GmbH & Co KG ("EVN KG"), Maria Enzersdorf	EVN	100.00	30.09.2015	E
EVN Gorna Arda Development EOOD, Sofia, Bulgaria	EVN Bulgaria	100.00	31.12.2014	V
EVN Geoinfo GmbH ("EVN Geoinfo"), Maria Enzersdorf	Utilitas	100.00	30.09.2015	V
EVN Kavarna EOOD ("EVN Kavarna"), Plovdiv, Bulgaria	EVN Bulgaria RES	100.00	31.12.2014	V
EVN Kraftwerks- und Beteiligungsgesellschaft mbH, ("EVN Kraftwerk"), Maria Enzersdorf	EVN	100.00	30.09.2015	V
EVN Liegenschaftsverwaltung Gesellschaft m.b.H., ("EVN LV"), Maria Enzersdorf	EVN/Utilitas	100.00	30.09.2015	V
EVN Macedonia AD ("EVN Macedonia"), Skopje, Macedonia	EVN	90.00	31.12.2014	V
EVN Macedonia Elektrani DOOEL, Skopje, Macedonia	EVN Macedonia	100.00	31.12.2014	V
EVN Macedonia Elektrosnabduvanje DOOEL, Skopje, Macedonia	EVN Macedonia	100.00	31.12.2014	V
EVN Macedonia Holding DOOEL, Skopje, Macedonia	EVN	100.00	31.12.2013	V
EVN Mazedonien GmbH ("EVN Macedonia"), Maria Enzersdorf	EVN	100.00	30.09.2015	V
evn naturkraft Beteiligungs- und Betriebs-GmbH ("EVN Nk BuB"), Maria Enzersdorf	EVN Naturkraft	100.00	30.09.2015	V
evn naturkraft Erzeugungsgesellschaft m.b.H., ("EVN Naturkraft"), Maria Enzersdorf	EVN	100.00	30.09.2015	V
EVN Projektmanagement GmbH, Maria Enzersdorf	EVN LV	100.00	30.09.2015	V
EVN Service Centre EOOD, Plovdiv, Bulgaria	EVN Bulgaria	100.00	31.12.2014	V
EVN Trading d.o.o. Beograd, Belgrad, Serbia	EVN SEE	100.00	31.12.2014	V
EVN Trading DOOEL, Skopje, Macedonia	EVN SEE	100.00	31.12.2014	V
EVN Trading South East Europe EAD ("EVN SEE"), Sofia, Bulgaria	EVN Bulgaria	100.00	31.12.2014	V
EVN Wärme GmbH ("EVN Wärme"), Maria Enzersdorf	EVN	100.00	30.09.2015	V
EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH & Co KG ("EVN-WE Wind KG"), Vienna	EVN Naturkraft	50.00	30.09.2014	E
e&t Energie Handelsgesellschaft mbH ("e&t"), Vienna	EVN	45.00	30.09.2015	E
Fernwärme St. Pölten GmbH, St. Pölten	EVN	49.00	31.12.2014	E
Fernwärme Steyr GmbH, Steyr	EVN Wärme	49.00	30.09.2014	E

Method of consolidation:

V: Fully consolidated company (subsidiary)
NV: Non-consolidated subsidiary
JO: Company included as joint operation
NJO: Company not included as a joint operation
E: Company included at equity
NE: Company not included at equity

1.1. Included in the consolidated financial statements of EVN AG Company, registered office	Shareholder	Interest in %	Balance sheet date	Method of consolidation 2014/15
Hydro Power Company Gorna Arda AD, Bulgaria	EVN	70.00	31.12.2014	V
kabelplus GmbH ("kabelplus"), Maria Enzersdorf	Utilitas	100.00	30.09.2015	V
Naturkraft EOOD, Plovdiv, Bulgaria	EVN Bulgaria RES	100.00	31.12.2014	V
Netz Niederösterreich GmbH ("Netz NÖ"), Maria Enzersdorf	EVN	100.00	30.09.2015	V
Shkodra Region Beteiligungsholding GmbH, Vienna	EVN	49.99	31.12.2014	E
Steag-EVN Walsum 10 Kraftwerksgesellschaft mbH, Essen, Germany	EVN Kraftwerk	49.00	31.12.2014	JO
Verbund Innkraftwerke GmbH, Töging, Germany[1)]	EVN Nk BuB	13.00	31.12.2014	E
Wasserkraftwerke Trieb und Krieglach GmbH ("WTK"), Maria Enzersdorf	EVN Naturkraft	70.00	30.09.2015	V

1) This company is included in the consolidated financial statements at equity and presented in the above table despite a participation interest ≤ 20.0% because of special contractual arrangements that allow for the exercise of significant influence.
2) Formerly EVN MVA Nr. 1 Finanzierungs- und Servicegesellschaft mbH, Maria Enzersdorf

1.2. Not included in the consolidated financial statements of EVN AG due to immateriality Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2014/15
Anlagenbetriebsgesellschaft Waidhofen/Ybbs GmbH,	EVN Wärme	100.00	EUR	756	–29	30.09.2015	NV
Maria Enzersdorf				(830)	(–427)	(30.9.2014)	
Albnor Company DOO, Tetovo, Macedonia	EVN Macedonia	70.00	MKD	595	–45	31.12.2014	NV
				(640)	(–85)	(31.12.2013)	
ARGE Coop Telekom, Maria Enzersdorf	EVN Geoinfo	50.00	EUR	86	25	31.12.2014	NE
				(96)	(35)	(31.12.2013)	
ARGE Digitaler Leitungskataster NÖ, Maria Enzersdorf	EVN Geoinfo	30.00	EUR	280	49	31.12.2014	NE
				(231)	(160)	(31.12.2013)	
ARGE GIP.nö, Maria Enzersdorf	EVN Geoinfo	60.00	EUR	–17	–17	31.12.2014	NE
				(–)	(–)	(31.12.2013)	
B3 ENERGIE GmbH, St. Georgen an der Gusen	EVN Wärme	100.00	EUR	–1,567	–716	30.09.2014	NV
				(–1,796)	(–839)	(30.09.2013)	
Bioenergie Wiener Neustadt GmbH, Wiener Neustadt	EVN Wärme	90.00	EUR	639	–17	31.12.2014	NV
				(656)	(49)	(31.12.2013)	
Biowärme Amstetten-West GmbH, Amstetten	EVN Wärme	49.00	EUR	148	57	31.12.2014	NE
				(91)	(27)	(31.12.2013)	
Energiespeicher Sulzberg GmbH, Maria Enzersdorf	EVN Sulzberg	51.00	EUR	1,735	0	30.09.2015	NV
				(1,218)	(–14)	(30.09.2014)	
EVN Albania SHPK, Tirana, Albania	EVN	100.00	ALL	112	–50	31.12.2014	NV
				(63)	(–46)	(31.12.2013)	
EVN Asset Management EOOD, Plovdiv, Bulgaria	EVN Bulgaria	100.00	BGN	6	–1	31.12.2014	NV
				(6)	(4)	(31.12.2013)	
EVN Bulgaria Beteiligungs- und Managementholding	EVN	100.00	EUR	27,090	–2	30.09.2015	NV
20 GmbH ("EVN BuM 20"), Maria Enzersdorf				(27,092)	(–8,872)	(30.09.2014)	
EVN Bulgaria Beteiligungs- und Managementholding	EVN	100.00	EUR	308,587	23,513	30.09.2015	NV
21 GmbH ("EVN BuM 21"), Maria Enzersdorf				(285,073)	(–3)	(30.09.2014)	
EVN Bulgaria Stromerzeugung Holding GmbH	EVN	100.00	EUR	30,675	–2	30.09.2015	NV
("BG SE Holding"), Maria Enzersdorf[1)]				(–)	(–)	(–)	
EVN Bulgaria Stromnetz Holding GmbH	EVN BuM 21	100.00	EUR	308,589	23,516	30.09.2015	NV
("BG SN Holding"), Maria Enzersdorf				(285,072)	(–3)	(30.09.2014)	
EVN Bulgaria Stromvertrieb Holding GmbH	EVN BuM 20	100.00	EUR	27,089	–2	30.09.2015	NV
("BG SV Holding"), Maria Enzersdorf				(44,830)	(–8,868)	(30.09.2014)	

1.2. Not included in the consolidated financial statements of EVN AG due to immateriality Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2014/15
EVN Energiespeicher Sulzberg Beteiligungs GmbH	EVN Naturkraft	100.00	EUR	1,735	0	30.09.2015	NV
("EVN Sulzberg"), Maria Enzersdorf				(1,586)	(–10)	(30.09.2014)	
EVN Kroatien Holding GmbH	EVN	100.00	EUR	12,628	–1	30.09.2015	NV
("Croatia Holding"), Maria Enzersdorf				(12,629)	(0)	(30.09.2014)	
EVN TRADING L.L.C., Pristina, Kosovo [1]	EVN SEE	100.00	EUR	–	–	31.12.2014	NV
				(–)	(–)	(31.12.2012)	
EVN Trading SHPK, Tirana, Albania	EVN SEE	100.00	ALL	11	–8	31.12.2014	NV
				(19)	(–10)	(31.12.2013)	
EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH ("EVN-WE Wind GmbH"), Vienna	EVN Naturkraft	50.00	EUR	40	1	30.09.2014	NE
				(39)	(2)	(30.09.2013)	
Fernwärme Mariazellerland GmbH, Mariazell	EVN Wärme	48.86	EUR	255	–247	31.12.2014	NE
				(503)	(–270)	(31.12.2013)	
FWG-Fernwärmeversorgung Hollabrunn registrierte Genossenschaft mit beschränkter Haftung in Liquidation, Göllersdorf	EVN/Utilitas	100.00	EUR	364	–10	30.06.2015	NV
				(375)	(–3)	(30.06.2014)	
IN-ER Erömü Kft., Nagykanizsa, Hungary	EVN	70.00	HUF	1,755	–18	31.12.2014	NV
				(1,790)	(8)	(31.12.2013)	
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH, Vienna	EVN Naturkraft	33.33	EUR	42	6	31.12.2014	NE
				(39)	(3)	(31.12.2013)	
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH & Co KG, Vienna	EVN Naturkraft	33.33	EUR	6,530	344	31.12.2014	NE
				(6,185)	(149)	(31.12.2013)	
MAKGAS DOOEL, Skopje, Macedonia	EVN	100.00	MKD	0	0	31.12.2014	NV
				(–)	(–)	(31.12.2013)	
Netz Niederösterreich Beteiligung 30 GmbH	Netz NÖ	100.00	EUR	1,789	0	30.09.2015	NV
("Netz Bet. 30"), Maria Enzersdorf				(1,789)	(–1)	(30.09.2014)	
Netz Niederösterreich Grundstücksverwaltung Bergern GmbH, Maria Enzersdorf	Netz Bet.30	100.00	EUR	1,780	4	30.09.2015	NV
				(1,777)	(–13)	(30.09.2014)	

1) The company was newly established during the 2014/15 financial year.

2. EVN's investments in the environmental services business ≥ 20.0% as of 30 September 2015

2.1. Included in the consolidated financial statements of EVN AG Company, registered office	Shareholder	Interest in %	Balance sheet date	Method of consolidation 2014/15
AUL Abfallumladelogistik Austria GmbH, Maria Enzersdorf	EVN Abfall	50.00	30.09.2015	E
Cista Dolina – SHW Komunalno podjetje d.o.o., Kranjska Gora, Slovenia	WTE Betrieb	100.00	30.09.2015	V
Degremont WTE Wassertechnik Praha v.o.s., Prague, Czech Republic	WTE Essen	35.00	31.12.2014	E
EVN Abfallverwertung Niederösterreich GmbH ("EVN Abfall"), Maria Enzersdorf	EVN Bet.51/52	100.00	30.09.2015	V
EVN Beteiligung 51 GmbH	EVN	100.00	30.09.2015	V
EVN Beteiligung 52 GmbH	EVN	100.00	30.09.2015	V
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 1 mbH ("EVN MVA1"), Essen, Germany	WTE Essen	100.00	30.09.2015	V
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 3 mbH ("EVN MVA3"), Maria Enzersdorf	EVN Umwelt/Utilitas	100.00	30.09.2015	V
EVN Umwelt Beteiligungs und Service GmbH ("EVN UBS"), Maria Enzersdorf	EVN Umwelt	100.00	30.09.2015	V
EVN Umwelt Finanz- und Service-GmbH ("EVN UFS"), Maria Enzersdorf	EVN Umwelt	100.00	30.09.2015	V
EVN Umweltholding und Betriebs-GmbH ("EVN Umwelt"), Maria Enzersdorf	EVN	100.00	30.09.2015	V
evn wasser Gesellschaft m.b.H. ("EVN Wasser"), Maria Enzersdorf	EVN/Utilitas	100.00	30.09.2015	V
OAO BUDAPRO-ZAVOD No. 1, Moscow, Russia	EVN MVA1	100.00	31.12.2014	V

2.1. Included in the consolidated financial statements of EVN AG

Company, registered office	Shareholder	Interest in %	Balance sheet date	Method of consolidation 2014/15
OAO "EVN MSZ 3" ("OAO MVA3"), Moscow, Russia	EVN MVA3	100.00	31.12.2014	V
OAO "WTE Süd-West", Moscow, Russia	Süd-West	100.00	31.12.2014	V
OOO EVN Umwelt Service, Moscow, Russia	EVN UBS	100.00	31.12.2014	V
OOO EVN Umwelt, Moscow, Russia	EVN UBS	100.00	31.12.2014	V
Saarberg Hölter Projektgesellschaft Süd Butowo mbH ("Süd Butowo"), Essen, Germany	WTE Essen	100.00	30.09.2015	V
SHW Hölter Projektgesellschaft Zelenograd mbH ("Zelenograd"), Essen, Germany	WTE Essen	100.00	30.09.2015	V
sludge2energy GmbH, Berching, Germany	WTE Essen	50.00	31.12.2014	E
Storitveno podjetje Lasko d.o.o., Lasko, Slovenia	WTE Essen	100.00	30.09.2015	V
WTE Betriebsgesellschaft mbH ("WTE Betrieb"), Hecklingen, Germany	WTE Essen	100.00	30.09.2015	V
WTE desalinizacija morske vode d.o.o., Budva, Montenegro	WTE Essen	100.00	31.12.2014	V
WTE otpadne vode Budva DOO, Podgoriza, Montenegro	WTE Essen	100.00	31.12.2014	V
WTE Projektgesellschaft Natriumhypochlorit mbH ("WTE Hyp"), Essen, Germany	EVN UFS / WTE Essen	100.00	30.09.2015	V
WTE Projektgesellschaft Süd-West Wasser mbH ("Süd-West"), Essen, Germany	WTE Essen	100.00	30.09.2015	V
WTE Projektgesellschaft Trinkwasseranlage d.o.o., Beograd-Vracar, Serbia	WTE Essen	100.00	30.09.2015	V
WTE Projektna druzba Bled d.o.o., Bled, Slovenia	WTE Essen	100.00	30.09.2015	V
WTE Projektna druzba Kranjska Gora d.o.o., Kranjska Gora, Slovenia	WTE Essen	100.00	30.09.2015	V
WTE Wassertechnik GmbH ("WTE Essen"), Essen, Germany	EVN Bet.52	100.00	30.09.2015	V
WTE Wassertechnik (Polska) Sp.z.o.o., Warsaw, Poland	WTE Essen	100.00	30.09.2015	V
Zagrebacke otpadne vode d.o.o. ("ZOV"), Zagreb, Croatia	WTE Essen	48.50	31.12.2014	E
Zagrebacke otpadne vode – upravljanje i pogon d.o.o. ("ZOV UIP"), Zagreb, Croatia	WTE Essen	33.00	31.12.2014	E

2.2. Not included in the consolidated financial statements of EVN AG due to immateriality

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2014/15
ABeG Abwasserbetriebsgesellschaft mbH, Offenbach am Main, Germany	WTE Essen	49.00	EUR	579 (580)	–1 (31)	30.09.2015 (30.09.2014)	NE
Abwasserbeseitigung Kötschach-Mauthen Errichtungs- und Betriebsgesellschaft mbH, Kötschach-Mauthen	EVN Abfall	26.00	EUR	37 (37)	0 (0)	31.12.2014 (31.12.2013)	NE
Nevawasser Projektgesellschaft mbH ("Nevawasser") Essen, Germany	WTE Essen	100.00	EUR	23 (23)	–1 (–1)	30.09.2015 (30.09.2014)	NV
OAO WTE Kurjanovo, Moscow, Russia	Kurjanovo	100.00	RUB	1 (2)	0 (0)	31.12.2014 (31.12.2013)	NV
OAO EVN Ljuberzy, Moscow, Russia	Ljuberzy	100.00	RUB	1 (1)	0 (0)	31.12.2014 (31.12.2013)	NV
OOO EVN-Ekotechprom MSZ3, Moscow, Russia	OAO MVA3	70.00	RUB	593 (853)	14 (–1,666)	31.12.2014 (31.12.2013)	NV
OOO Nordwasserwerk, Moscow, Russia	Nevawasser	100.00	RUB	1 (2)	0 (0)	31.12.2014 (31.12.2013)	NV
OOO Süd-West Wasserwerk, Moscow, Russia	Süd-West	70.00	RUB	2,065 (2,691)	721 (713)	31.12.2014 (31.12.2013)	NV
OOO "WTE Wassertechnik West", Moscow, Russia	WTE Essen	100.00	RUB	2 (2)	0 (0)	31.12.2014 (31.12.2013)	NV
EVN Projektgesellschaft KSV Ljuberzy mbH ("Ljuberzy"), Essen, Germany	WTE Essen	100.00	EUR	23 (23)	0 (0)	30.09.2015 (30.09.2014)	NV

2.2. Not included in the consolidated financial statements of EVN AG due to immateriality

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2014/15
SHW/RWE Umwelt Aqua Vodogradnja d.o.o., Zagreb, Croatia	WTE Essen	50.00	HRK	414	–46	31.12.2014	NE
				(1,003)	(84)	(31.12.2013)	
Wasserver- und Abwasserentsorgungsgesellschaft Märkische Schweiz mbh, Buckow, Germany	WTE Essen	49.00	EUR	540	4	31.12.2014	NE
				(536)	(6)	(31.12.2013)	
Wiental-Sammelkanal Gesellschaft m.b.H, Untertullnerbach	EVN Wasser	50.00	EUR	870	–2	31.12.2014	NE
				(871)	(–2)	(31.12.2013)	
WTE Baltic UAB, Kaunas, Lithuania	WTE Essen	100.00	EUR	682	51	30.09.2015	NV
				(183)	(17)	(30.09.2014)	
WTE Projektgesellschaft Kurjanovo mbH ("Kurjanovo"), Essen, Germany	WTE Essen	100.00	EUR	21	–1	30.09.2015	NV
				(22)	(–1)	(30.09.2014)	
WTE Projektmanagement GmbH, Essen, Germany	WTE Essen	100.00	EUR	18	0	30.09.2015	NV
				(18)	(0)	(30.09.2014)	
ZAO "STAER", Moscow, Russia	Süd Butowo	70.00	RUB	–258	–305	31.12.2014	NV
				(–5)	(–43)	(31.12.2013)	
ZAO "STAER-ZWK", Moscow, Russia	Zelenograd	70.00	RUB	18	–263	31.12.2014	NV
				(414)	(–97)	(31.12.2013)	

3. EVN AG – Investments in the Strategic Investments and Other Business Segment ≥ 20.0% as at 30 September 2015

3.1. Included in the consolidated financial statements of EVN AG

Company, registered office	Shareholder	Interest in %	Balance sheet date	Method of consolidation 2014/15
Burgenland Holding Aktiengesellschaft ("BUHO"), Eisenstadt	EVN	73.63	30.09.2015	V
Energie Burgenland AG, Eisenstadt	BUHO	49.00	30.09.2014	E
EVN Business Service GmbH, Maria Enzersdorf	Utilitas	100.00	30.09.2015	V
EVN Finanzmanagement und Vermietungs-GmbH ("EVN FM"), Maria Enzersdorf	EVN	100.00	30.09.2015	V
EVN Finanzservice GmbH, Maria Enzersdorf	EVN FM	100.00	30.09.2015	V
EVN WEEV Beteiligungs GmbH, Maria Enzersdorf	EVN	100.00	31.08.2015	V
e&i EDV Dienstleistungsgesellschaft m.b.H., Vienna	EVN	50.00	30.09.2015	E
R 138-Fonds, Vienna	EVN/Netz NÖ/ EVN Wasser	100.00	30.09.2015	V
RAG-Beteiligungs-Aktiengesellschaft ("RBG"), Maria Enzersdorf	EVN	50.03	31.03.2015	V
Rohöl-Aufsuchungs Aktiengesellschaft ("RAG"), Vienna	RBG	100.00	31.12.2014	E
UTILITAS Dienstleistungs- und Beteiligungs-Gesellschaft m.b.H ("Utilitas") Maria Enzersdorf	EVN	100.00	30.09.2015	V
WEEV Beteiligungs GmbH, Maria Enzersdorf [1)]	EVN WEEV	50.00	30.06.2015	E

1) In Verbund AG, 12.63% are held, and thereof indirectly through the WEEV Beteiligungs GmbH 1.09%.

3.2. Not included in the consolidated financial statements of EVN AG due to immateriality

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2014/15
EVN Beteiligung 40 GmbH ("EVN Bet. 40"), Maria Enzersdorf	EVN	100.00	EUR	29	0	30.09.2015	NV
				(30)	(–2)	(30.09.2014)	
EVN-Pensionskasse Aktiengesellschaft ("EVN-Pensionskasse"), Maria Enzersdorf	EVN	100.00	EUR	4,142	162	31.12.2014	NV
				(3,980)	(135)	(31.12.2013)	

Auditor's report

Report on the Consolidated financial statements
We have audited the accompanying **Consolidated financial statements** of

EVN AG,
Maria Enzersdorf,

for the reporting period from **1 October 2014 to 30 September 2015.** These Consolidated financial statements comprise the Statement of financial position as of 30 September 2015 and the Statement of operations, Statement of comprehensive income, Statement of cash flows and the Statement of changes in stockholders' equity for the year then ended, and the notes.

Management's responsibility for the Consolidated financial statements and accounting system
Management is responsible for the accounting system and for the preparation and fair presentation of these Consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements of Section 245a (Austrian Commercial Code) UGB. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and description of type and scope of the Statutory Audit
Our responsibility is to express an opinion on these Consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and International Standards on Auditing (ISAs), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the Consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the Consolidated financial statements comply with legal requirements and give a true and fair view of the asset and financial position of the Group as of 30 September 2015 and of its financial performance and its cash flows for the year from 1 October 2014 to 30 September 2015 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on the Management report for the Group

Pursuant to statutory provisions, the Management report for the Group is to be audited as to whether it is consistent with the Consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Group's position. The auditor's report also has to contain a statement as to whether the Management report for the Group is consistent with the Consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the Management report for the Group is consistent with the Consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 18 November 2015

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed

Walter Reiffenstuhl
Wirtschaftsprüfer

Heidi Schachinger
Wirtschaftsprüferin

(Austrian Chartered Accountants)

This report is a translation of the original report in German, which is solely valid.

Glossary

Biogas
A mixture comprised largely of methane and carbon dioxide which is created during the oxygen-free digestion of organic renewable raw materials, slurry or organic residues from the foodstuffs industry.

Brent
The most important crude oil for European consumption, produced in the North Sea.

Capital employed
Equity plus interest-bearing loans or assets minus non-interest-bearing liabilities.

Cash-generating unit (CGU)
The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The present value of future cash flows can be used to value a CGU (also see impairment test).

CO_2 (carbon dioxide)
Chemical compound consisting of carbon and oxygen which is largely created by the combustion of fossil fuels.

CO_2 emission certificate
CO_2 emission certificates were introduced in the European Union as of 1 January 2005 as part of the drive to implement the Kyoto Accords and allow the emission of a certain amount of greenhous gas emissions. The certificates are allocated within the framework of the "National Allotment Plan", depending on the level of a company's emissions.

CO_2 emission certificate trading/ EU emission trading
As part of the EU's emission certificate trading system, the member states distribute CO_2 emission rights to companies. Firms whose actual CO_2 emissions exceed the volume of the allocated certificates must purchase additional emission rights.

Code of Conduct
Voluntary obligation to follow or avoid certain behavioural patterns and to ensure that no one achieves an advantage through the evasion of these patterns.

Combined cycle heat and power/co-generation
Simultaneous generation of electrical energy and heat in a single facility. Combined production allows the plant to reach a high level of efficiency and, in this way, optimally use the primary energy.

Corporate Governance Code
Behavioural code for companies which defines the principles of good management and control; this is not a set of legal regulations, but a guideline that invites voluntary compliance.

Coverage ratio
Ratio of the volume of electricity produced in EVN's own power generating facilities and the Group's total sales volume of electricity.

Degree of efficiency
The efficiency of a plant represents the ratio of input to output (i.e. the quantity of electrical energy generated in relation to the primary energy employed).

Derivative financial instruments
Financial instruments which create rights and obligations derived from market developments, e.g. options, swaps and futures. These financial instruments can be used to minimise financial risks.

Directors-and-Officers (D&O) insurance
A liability insurance policy covering damage to assets which is arranged by a company to protect its corporate bodies and key employees.

Dividend yield
Ratio of the distributed dividend to the share price.

Earnings before Interest and Taxes (EBIT)
Also referred to as operating earnings; an indicator of a company's ability to generate earnings from its operating activities.

Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)
Earnings before interest, taxes, depreciation and amortisation of property, plant and equipment and intangible assets; is used as a simple cash flow parameter.

Earnings per share
Net profit divided by the average number of shares outstanding for the period.

EMAS
European Union directive for environmental management systems.

Economic Value Added (EVA®)
Difference between the yield spread (ROCE less WACC) multiplied by average capital employed; benchmark for the shareholder value created in a company.

E-Control (ECG)/ Energie-Control Austria)
The regulatory authority established by lawmakers on the basis of the Energy Liberalisation Act to monitor the implementation of the liberalisation process for the Austrian electricity and natural gas markets, and to intervene in the marketplace if necessary.

Energy units
Energy (Wh) = output x time
Kilowatt hour:
1 Watt hour (Wh) x 10^3
Megawatt hour MWH:
1 Wh x 10^6
Gigawatt hour GWh:
1 Wh x 10^9
Natural gas energy content:
1 Nm^3
1 m^3 natural gas = 11.07 kWh

Equity ratio
Equity as a per cent of total capital.

Ethibel
Independent consulting agency for environmentally and socially responsible investments that advises banks and brokers on the development of ethical savings and investment models.

European Energy Community
Energy community of the European Union whose purpose is the development of Europe's energy markets.

European Energy Exchange (EEX)
The largest energy marketplace in Continental Europe, headquartered in Leipzig.

Ex-dividend day
The day on which shares are traded without an entitlement to dividends. On this day the dividend is deducted from the price of the respective share.

Fair value
The price based on all relevant factors in an efficient market; forms the basis for transactions between willing and independent partners.

Forward market
In contrast to the spot market, the forward or futures market is characterised by a contractually stipulated time lag between the conclusion of a transaction and actual delivery. At the time a contract is concluded, the buyer is not required to have the necessary liquid funds, nor is the seller required to have the purchased goods. The price of the goods is determined at the time the contract is concluded.

FTSE4Good Index
An index that offers sustainability-oriented investors an opportunity to invest in companies that meet globally accepted standards for responsible actions in the interest of the environment and stakeholders.

Funds from Operations (FFO)
Net cash flow from operating activities minus interest expense.

Gearing
Ratio of net debt to equity.

Global Reporting Initiative (GRI)
Initiative aimed at developing globally applicable guidelines for sustainability reporting to ensure the standardised presentation of companies from an economic, ecological and social point of view.

Heating degree
total parameter showing the temperature-related energy requirements for heating purposes.

Hedge
An instrument used to manage or limit financial risk or to avoid losses resulting from negative changes in the market value of interest-, currency- or share-related transactions. A company aiming to "hedge" a particular transaction concludes another transaction linked to the underlying business.

Population equivalent value
This indicators shows the expected biological burden of wastewater treatment facilities. It is based on the population equivalent and calculated by adding the number of inhabitants and the population equivalent.

Interest cover
Ratio of FFO (funds from operations) to interest expense.

International Financial Reporting Interpretation Committee/Standard Interpretation Committee (IFRIC, formerly SIC)
This committee is responsible for interpreting and providing more precise information on the IFRSs issued by the International Accounting Standards Board (IASB).

International Financial Reporting Standards/ International Accounting Standards (IFRS, formerly IAS)
The designation IAS was changed to IFRS in 2001; the IASs issued prior to that year are still published under the earlier designation. IFRSs/IASs are issued by the International Accounting Standards Board (IASB).

International Securities Identification Number (ISIN)
Individual security identification numbers allow for the computerised recording of securities on an international basis.

ISO 14001
International environmental management standard that defines the requirements for related systems.

Issuer Compliance Directive
Regulation issued by the Austrian Financial Market Authority in 2007. It defines principles for the flow of information in companies as well as organisational measures to prevent the misuse of insider information.

Kilowatt peak (kWp)
Maximum output of a photovoltaic module or solar plant.

Management approach
Presentation of the management and controlling aspects of a company.

National allocation plan (NAP)
In the course of the EU emission trading each country in the European Union must prepare and publish a national allocation plan (NAP) that defines an upper limit for greenhouse gas emissions as well as the procedure for the issue and distribution of CO_2 emission certificates.

Net debt coverage
Ratio of FFO (funds from operations) to interest-bearing net debt.

Net debt
Net total of interest-bearing assets and liabilities (issued bonds and liabilities to credit institutes less loans, securities and liquid funds).

Net Operating Profit after Tax (NOPAT)
Taxable profit before the deduction of financing costs.

Network access fee
This one-off payment represents compensation to the network operator for the expenses incurred in establishing a network connection or modifying a connection to accommodate increased demand by a network user.

Network loss
The difference between the electrical current fed into an electricity network and the electrical energy that is actually delivered. Network losses generally arise due to the physical characteristics of the transmission lines.

Other comprehensive income
The total of all income not recognised through profit or loss minus expenses for the reporting period that are not recognised through profit or loss.

Payout ratio
Ratio of dividends to earnings per share.

PPP model (Public Private Partnership)
PPP projects involve the construction and financing of plants for customers; after a predefined period of time, the plant becomes the property of the customer. These projects were previously designated as BOOT projects.

Primary energy
Energy obtained from natural sources. In addition to fossil fuels such as natural gas, petroleum, black and brown coal, primary energy sources also include nuclear fuels like uranium and renewable energy sources like water, sun and wind.

Regulatory asset base (RAB)
The interest-bearing capital base equals intangible assets plus property, plant and equipment minus recognised fees for network access and operational readiness (construction subsidies) and any goodwill arising from balance sheet items. Adjustments are made to account for the standardisation of depreciation periods and the release of construction subsidies.

Renewable electricity
Electricity that is generated solely from renewable sources like water, wind, biogas, biomass, photovoltaic, geo-thermal, landfill gas and sewage gas.

Results from operating activities (EBIT)
See earnings before interest, taxes, depreciation and amortisation.

Return on Capital Employed (ROCE)
This ratio shows the return on the capital used in a company. For the calculation, net profit for the period and interest expense less tax effects are compared with average capital employed. In order to consistently show the development of the value contribution, operating ROCE (OpROCE) is adjusted for impairment losses, one-off effects and the market value of the investment in Verbund AG.

Return on Equity (ROE)
Return on equity is used to evaluate the creation of value by a company on the basis of equity. For calculation purposes, net profit for period is compared with average equity.

Smart meter/metering
An electricity meter with an additional function that allows the utility company to read the meter offsite with an online system.

Spot market/spot trading
General designation for markets in which delivery, acceptance of the goods and payment (clearing) are carried out immediately after the conclusion of the business transaction (also see ARA region).

Stakeholder
Individuals or groups who have an active interest in a company. In addition to the owners, stakeholders include employees, customers, suppliers, states, NGOs and local interest groups.

Sustainability index
In a business environment increasingly shaped by sustainability and social responsibility, this type of index helps sustainability-oriented investors to identify companies that are industry leaders in ecological and social performance and demonstrate appropriate behaviour towards the environment and their stakeholders.

Syndicated loan
A binding commitment by a banking consortium to provide a line of credit which a company can draw upon in varying amounts, terms and currencies.

Thermal waste utilisation
The controlled industrial burning of waste at temperatures exceeding 1,000 °Celsius, which leads to the destruction or reduction of harmful substances. At the same time, the energy contained in the waste materials is released and used for electricity generation or district heating.

Total shareholder return
Benchmark for measuring the value development of a stock over a certain period of time; includes dividends and the increase in the share price.

UN Global Compact
An initiative launched by United Nations to support ecological and economic interests in the areas of human rights, work, the environment and corruption.

Value at Risk (VaR)
Process to calculate the potential loss arising from changes in the price of a specific trading position based on a certain assumed level of probability.

Value chain elements
The electricity sector is generally divided into four value creation phases: generation, distribution, sale and consumption.

VÖNIX (VBV Austrian Sustainability Index)
Share index comprising the listed Austrian companies that have taken the lead with regard to social and ecological performance.

Weighted Average Cost of Capital (WACC)
This indicator has two components – the cost of debt and the cost of equity – which are weighted according to their share in total capital. The cost of debt equals the actual, average credit interest adjusted for tax effects, while the cost of equity equals the return on a risk-free investment plus a risk mark-up that is calculated individually for every company.

CSR programme

Discussions on CSR goals during the 2013/14 and 2014/15 financial years led to the identification of specific area focal points based on the EVN materiality matrix and to the subsequent definition of Group-wide CSR targets. These targets are classified by area of activity at the beginning of each section in the following CSR programme. The programme of CSR measures was developed in an iterative process according to the individual areas of activity. In collaboration with all departments, it is expanded regularly to include new measures in all areas of the EVN Group.

The EVN materiality matrix can be found on page 37 of this report.

The programme of CSR measures can also be found under **www.responsibility.evn.at**.

CSR measures by area of activity

Area of activity: Supply security

Target: increase the Group-wide coverage ratio to 30% of the electricity sales
→ Status: 25.3%

Target: sustainable, economical expansion of supply infrastructure
→ Status: preparation of a joint issue/criteria catalogue

EVN defined the following department targets and implemented the following measures to meet these corporate goals:

Department target		Measures	Milestone Deadline	Status as of 30 September 2015
	Increase the Group coverage ratio to 30% of electricity sales	Realisation of power plant projects in Austria and other countries. Capacity expansion will focus primarily on renewable energies, including windpower and hydropower plants in Austria and large hydropower projects in other countries.	Ongoing	Ongoing measure
	Ensure black start capability at the Theiss power plant to minimise the consequences of possible black-outs	Test operations for black start capability in the Theiss power plant	September 2015	Successfully completed
	EVN Wasser: accreditation as a certified ÖVGW water supplier during the next two years	Accreditation of EVN Wasser as a certified ÖVGW water supplier during the next two years	End of 2013/14	Successfully completed
	EVN Wasser: risk management for potential pollution hazards	Preparation of water security plans; risk analysis of catchment area	End of 2015	Planned
	EVN Wasser: emergency plans to handle supply shortages/quality problems	Cooperation with the Austrian Armed Forces to maintain supply capability in the event of a disaster	End of 2015	Measure in implementation
	EVN Abfall: improve quality of waste	Optimisation of the "incoming inspection" process	End of 2015	Measure in implementation
	EVN Abfall: increase plant availability	Step-by-step refitting of boilers with corrosion-resistant materials (cladding)	By 2015	Successfully completed
	Kabelplus: reduce modem failure rates	Increase in the number of optical feed-in points in the network	End of 2014/15	Successfully completed

Department target		Measures	Milestone Deadline	Status as of 30 September 2015
	Kabelplus: maintain and further improve network stability in the entire Kabelplus network in Lower Austria	Replacement of approximately 12,000 amplifiers and distributors in the entire Kabelplus network in Lower Austria	2014/15 – 2018/19	Measure in implementation

Area of activity: Focus on the customer

Target: increase the number of energy advising discussions

→ Status: 7,950 energy advising discussions held

EVN defined the following department targets and implemented the following measures to meet these corporate goals:

Department target		Measures	Milestone Deadline	Status as of 30 September 2015
	Improve customer service	Training of employees for new customer shops; greater availability	31.12.2017	Measure in implementation; six pilot shops in operation
		Optimised training concept for employees with customer contacts: integration of Kabelplus customer service staff and team leaders in the EVN customer service centres; exchange of know-how between EVN and Kabelplus staff to develop a backup pool of employees; coaching for discussions with customers	31.03.2016	Measure in implementation
	Transparent communications	Confirmation letter to customers as follow-up to orders placed with Power Partner for gas safety checks	30.09.2015	Successfully completed
	Improve online communications	Introduction of an online chat function for customers	01.11.2015	Successfully completed
	Customer satisfaction	Concept to intensify communications with customers on the subjects of energy savings, energy efficiency and the sustainable handling of resources in connection with EVN products; review of implementation of planned measures; development of a training model (several hours)	31.06.2016	Measure in implementation: draft concept completed, measures currently under evaluation
	International exchange of experience on customer service issues	Participation in the Customer Service Week	01.11.2015	Successfully completed
	Reasonable, presentable and understandable pricing policy	Introduction of a new bonus point system to replace the "FreiTage": instead of "rewarding" customer behaviour, this new system is designed to support the efficient use of energy.	End of 2014/15	Successfully completed
		Reduction of 1.0%, resp. 2.5% in electricity and natural gas prices for household customers	01.10.2015	Successfully completed
	Support for households at risk of poverty	Targeted distribution of the efficiency start-up kit to households at risk of poverty (households exempt from radio/TV duties)	End of 2014/15	Successfully completed
		Introduction of a special bonus as part of the EVN Bonus World and training for social organisations	End of 2014/15	Successfully completed

Department target		Measures	Milestone Deadline	Status as of 30 September 2015
	Expand service products and tariffs for renewable energy	Addition of a "hydropower" version based on 100% renewable energy to every EVN electricity tariff (Klassik, Float, Float Cap, Garant)	Starting on 01.10.2015	Measure in implementation
	Expand service products for energy efficiency	Development of new products that allow customers to conserve resources or reduce the use of energy; the products include analysis, advising and implementation, are directed to business and household customers and focus on issues such as lighting service, solar power plants, e-mobility, energy check, the replacement of heating equipment, renovation, smart home, thermography etc.	Ongoing	Measure in implementation
	South East Europe: increase the awareness for energy efficiency and, in Macedonia, also for the safe handling of electricity	Target group: schoolchildren and young people: energy efficiency clubs and education on the subject in schools; workshop[s] on renewable energy using the Lego method	Ongoing	Measure in implementation
		Founding of a joint energy efficiency platform with the Economics Ministry and the energy agency	Ongoing	Measure in implementation
	South East Europe: better and faster customer service	Evaluation of the customer billing system in Bulgaria and Macedonia	Ongoing	Measure in implementation
	Kabelplus: confidential handling of customer data	Review of employee contracts to identify any need for possible revisions or additions; survey of information categories stored for technical or business reasons.	2015/16	Planned
	Kabelplus: bandwidth increase	Significant bandwidth increase in existing customer contracts without tariff adjustments	2014/15	Successfully completed
	Kabelplus: improve customer service	Implementation of customer satisfaction analyses and mystery shopping; implementation of recommendations for improvement based on feedback	2014/15	Successfully completed
	Kabelplus: development of a TV set combined with a control tablet as the user-friendly heart of a second-screen gaming, video communication and information portal for senior citizens	Cooperation between Kabelplus and scientific partners at the University of Applied Sciences St. Pölten for the further development of the "Brelomat 2" prototype	2015/16	Measure in implementation
	Kabelplus: introduction of a radio-telephony product with which to offer customers who can only access the Internet via radio an opportunity to choose an alternative provider for fixed-link telephony.	In the future, Kabelplus will also offer its customers telephone services via the "Mimo" radio link.	2015/16	Measure in implementation
	Kabelplus: security awareness	Project to create and maintain an awareness for information security on the part of customers	2015/16	Planned

Area of activity: Sustainable increase in shareholder value

Target: remain a pioneer for sustainability in Austria; continued inclusion in sustainability indices and addition of new listings

→ EVN is currently listed in four sustainability indices (VÖNIX, FTSE4Good, ECPI, Ethibel)

Target: long-term integration of sustainability aspects in risk management

→ Status: 8% of risks considered using sustainability aspects

EVN defined the following department targets and implemented the following measures to meet these corporate goals:

Department target		Measures	Milestone Deadline	Measure in implementation
	Establish Group-wide CSR standards	Further development and standardisation of CSR goals, organisation and processes	2015/16	Measure in implementation: further development of monitoring and Group-wide CSR goals, amplification of CSR strategy based on target discussions
		CSR target discussions with specialist departments to complete CSR management	2014/15	Successfully completed: conclusion of CSR target discussions with all organisational units
	Integrate CSR indicators in controlling reports	Definition, identification and mapping of CSR-relevant key performance indicators in internal documentation for management	2015/16	Measure in implementation: analysis completed to determine relevance and collectability of individual indicators with the respective departments; start of data collection
	Integrate CSR issues in communications with investors	Inclusion of CSR issues in communications at investor relations events, conferences and road shows	01.02.2015	Successfully completed
	Increase awareness for CSR in internal audit activities	Development of further goals based on the results of the pilot project; inclusion of CSR as a separate focal point for software-based internal audits; standardised software guidelines (test labels) will ensure that the relevance of CSR for the respective audit subject is evaluated during each audit and can be included as a specific audit target	2014/15	Successfully completed
	Consolidate in core markets: active portfolio management	Identification of holdings that do not reflect the corporate strategy; preparation of recommendations for decision-makers	Ongoing	Measure in implementation
	Successfully integrate new holdings	Continued inclusion of the benchmarks developed from previous integration projects in the integration of new investments to ensure the appropriate inclusion of all stakeholder interests.	Ongoing	Measure in implementation

Area of activity: Responsible employer

Target: expansion of internal job market and increase in internal recruiting
→ Status: 80% of management positions were filled internally

Target: increased share of women in new hiring (based on the current per cent by position) and higher share of women in management development programmes (based on the current per cent of women in management)
→ Status: share of women in the company was 21.9% – share of women in new hiring rose to 41.7% in 2014/15; share of women in management was 7% – share of women in personnel development measures equalled 28% in 2014/15

Target: development and implementation of target group-specific health programmes for all employees
→ Status: 50% of the employees took part in preventive measures

Target: continuous reduction in LTIF and accident severity; very good level in industry comparison
→ Status: 8.5; accident severity: 21.4

Target: creation of awareness for sustainability through the integration of sustainability aspects in existing training and educational programmes
→ Status: 320 employees were reached in 2014/15

EVN defined the following department targets and implemented the following measures to meet these corporate goals:

Department target		Measures	Milestone Deadline	Status as of 30 September 2015
	Improve work-life balance; support open culture of discussion; employee protection; improve working climate	New employee break rooms; additional meeting rooms and conversation areas; noise level indicators; daylight lamps; recording of customer conversations to protect employees	30.06.2016	Measure in implementation; a number of segments successfully concluded
	Improve satisfaction and identification of employees with the company	Further development of feedback and orientation discussions: support for employees during the year by supervisors; alignment of goal attainment in following year	Ongoing	Introduction of new feedback and orientation discussions in 2015/16, discussions to be held annually
	Diversity management	Evaluation of audit on "job and family"	31.12.2015	Measure in implementation
	Integrate sustainability aspects in current training programmes	Development of documentation for use in current training programmes	31.03.2015	Successfully completed
	Promote health awareness among employees	Further development of health programme	31.03.2016	Measure in implementation; continuation in 2015/16
		Annual lecture on health issues	Ongoing	Ongoing measure
	Develop sustainable solutions for employees affected by the acquisition or sale of companies	Active communication policy, protection of employees' interests	Ongoing	Measure in implementation
	Idea management	Collection of ideas from internal and external stakeholders for the improvement of company processes and services	Ongoing	Measure in implementation
	Employee health	Regional focus for fruit juices offered at EVN (e.g. fruits grown in the local region)	Ongoing	Measure in implementation: systematic collection and evaluation of ideas, Cooperation with universities, successful realisation of ideas
	EVN Abfall: improved protective clothing for employees	Changeover of all employees' work clothes to protective clothing	2015	Measure in implementation
	WTE: flexible working hours	Introduction of flexitime for all WTE employees	01.10.2015	Successfully completed

Department target		Measures	Milestone Deadline	Status as of 30 September 2015
	EVN Macedonia: positioning as an attractive employer	Scholarships for students at technical universities, practical training for students and school children, trainee programme for university graduates, cooperation with universities	Ongoing	Measure in implementation
	EVN Bulgaria: improve occupational safety	Construction of a new training centre for employees in Stara Zagora allows for the use of the "live working" and "switched-off" methods on low-voltage overhead power lines	2014	Successfully completed: 180 technicians completed two two-day training course in 2014/15 at the new training centre

Area of activity: Environmental protection and resource conservation

EVN defined the following department targets and implemented the following measures to meet these corporate goals:

Department target		Measures	Milestone Deadline	Status as of 30 September 2015
EMAS target	Implement an environmental management system at EVN headquarters		2017	Measure in implementation: completion of basic data collection and discussions with the responsible managers
	Approximately 50% utilisation rate for disposed biomass ash	Cooperation with disposal firms	Ongoing	Measure in implementation
EMAS target	EVN Wärme: reduce the CO_2 footprint of the motor vehicle fleet	Replacement of 10% of diesel-driven company vehicles with natural gas-driven vehicles in 2013; replacement of 5% of diesel-driven company vehicles with alternative-drive vehicles	2014	Successfully completed: by 2014/15, 18% of the diesel-driven company vehicles were replaced by natural gas-driven vehicles
	Paper-free office	Electronic transmission of orders	2014	Successfully completed
		Resource conservation through increase in online correspondence and email invoices	30.09.2016	Measure in implementation: test run completed; goals defined for employees starting in 2016; reporting already available
	Reduce consumption of printer materials in the controlling, finance and accounting departments	Double-sided printing and black/white as standard settings; preparation of new guide-line/tips to increase awareness; reduction of infrastructure as part of room concept	30.09.2015	Successfully completed
	EVN Abfall: reduce emissions through better incineration	Optimise combustion control system	Ongoing	Measure in implementation
	EVN Abfall: recover metal from incineration residue	Improve metal separation from slag	Ongoing	Measure in implementation
	EVN Abfall: utilise sewage sludge – adapt pyrolysis plant for heat recovery	Optimise pre-treatment at the Dürnrohr plant	2015	Planned
	EVN Abfall: reduce CO_2 from waste transport	Increase rail transport of waste through creation of unloading options for all transport containers and wagons currently in use at the Dürnrohr waste utilisation plant	Ongoing	Measure in implementation
	EVN Wasser: reduce electricity consumption	Filling of elevated tanks with balancing energy/electricity supplies via PV-Anlagen	End of 2015	Planned

Department target		Measures	Milestone Deadline	Status as of 30 September 2015
	Bird protection in Austria	Cabling and labelling of overhead power lines to protect the great bustard in Lower Austria as part of the LIFE+ project	2015	Measure in implementation
	EVN Bulgaria: create greater awareness among employees for the careful use of resources	Waste recycling programme	Ongoing	Measure in implementation: 898 tonnes of waste, including 25 tonnes of paper, were recycled in 2014/15
	EVN Bulgaria: bird protection in Bulgaria	Insulation of dangerous masts and power lines with the support of the Bulgarian bird protection association (BDZP, birdlife)	2018	Measure in implementation: installation of 50 additional nest platforms and insulation of 1,740 masts in 2014/15; since the start of the project, 1,651 nest platforms were installed and 3,864 power lines/masts were insulated
	EVN Bulgaria: protection of the imperial eagle in Bulgaria	Project Life+: minimisation of risks and dangers of power lines for the imperial eagle	2018	Measure in implementation: cabling of approximately 40 km of overhead power lines; protective insulation for 2,740 masts; population monitoring
	EVN Bulgaria: create greater awareness for energy efficiency and safety in working with electricity	"Energy efficiency in schools" programme for second, third and fourth graders – education on safety and energy efficiency in cooperation with the Ministry of Education and school inspectors	Ongoing	Measure in implementation: inclusion of approximately 15,750 schoolchildren since the start of the project in 2009; a further 9,850 schoolchildren joined the project in 2014/15
	Kabelplus: sustainable disposal of large-volume materials resulting from amplifier replacement project	Materials such as aluminium, steel and copper, which occur in the form of electronic waste, will be separated and sold or recycled as part of a social project	2013/14	Measure in implementation: selection of a socially-oriented waste disposal company as a partner

Area of activity: Sustainable energy generation and climate protection

Target: expansion of windpower to 300 MW over the medium term

→ Status: installed windpower in MW as of 30 September 2015: 250 MW

Target: 50% of total electricity volume generated from renewable energies over the long term

→ Status: 43.1% of energy generated from renewable sources in 2014/15

EVN defined the following department targets and implemented the following measures to meet these corporate goals:

Department target		Measures	Milestone Deadline	Status as of 30 September 2015
	50% of electricity generation from renewable sources	Further expansion of windpower, hydropower and photovoltaic generation plants	2020	Measure in implementation; current status 43.1%
	Expand windpower capacity to 300 MW	Construction of a windpark in Prottes-Ollersdorf (37 MW)	Spring 2015	Successfully completed
		Construction of a windpark in Paasdorf-Lanzendorf (19 MW)	2016	Planned: approval of subsidy
		Construction of a windpark in Oberwaltersdorf (9.2 MW)	2017/18	Planned: Approved by the municipal authority; tariff approved
		Construction of a further wind turbine at the Glinzendorf windpark (1 MW)	2017	Planned: Approved by the municipal authority; tariff approved
		Construction of a windpark in Sommerein (33 MW)	2018	Planned: Approved by the municipal authority; tariff approved

Department target		Measures	Milestone Deadline	Status as of 30 September 2015
	Communications on expansion of windpower plants	Increased cooperation between EVN Naturkraft and the internal communication department to improve internal and external communications on expansion plans for the windpower plants	2015	Measure in implementation
	Research and development to better utilise the energy content of the fuels, create innovative storage solutions and reduce CO_2 emissions	Bioplastics made of algae, heat storage, CO_2 and sunlight	2015/16	Measure in implementation: the CO2USE project was successfully completed; a three-year follow-up project (CO2USE+EPP) was started to increase the profitability of bioplastics production.
	EVN Abfall: reduce electricity consumption	Start of a project to reduce pressure loss in the pneumatic fan	End of 2016	Planned
	South East Europe: increase energy efficiency	Redesign and renovation of the facade at the headquarters in Skopje; reduction of approximately 65% in current energy consumption	2015/15	Measure in implementation
		Renovation of the district heating network in Plovdiv	Ongoing	Measure in implementation
		Supply of cooling energy via the district heating network	Ongoing	Measure in implementation
	Load management: Development of methods	Development of methods to integrate the increasing generation from renewable energy in the market and to master the network stabilisation activities currently taken over from the thermal power plants; current projects: EZISSE, SmartBoiler, Power-To-Heat, CoGen, evn-wasser optimisation, battery storage	2014/15 – 2017/18	Measure in implementation

In addition to the six major areas of activity, EVN also worked on department targets and numerous measures in other important areas of activity during the reporting year:

Area of activity: Prevention of corruption

Department target		Measures	Milestone Deadline	Status as of 30 September 2015
	Raise employee awareness for the prevention of corruption, the protection of fair competition and the observance of human rights	Further development of the extensive Group-wide Compliance Management System; advising and training for all managers and employees by CCO/DCO/NCO, incl. use of electronic media; information for employees via managers with support of CCO/DCO/NCO	01.09.2015	Successfully completed: face-to-face training programmes implemented; ongoing advising and e-learning in implementation throughout the Group
	Identify inappropriate behaviour	Introduction of whistle-blowing programmes throughout the Group	01.05.2015	Successfully completed: whistle-blowing programmes in place in all Group companies; standardised treatment and processing of all incoming reports
	Standardise Group-wide corporate governance to support the management of investments in line with the respective risks	Preparation of sample documents and instructions for action, clustering of investments for classification according to corporate governance risks; based on this: development of control mechanisms for the various risk levels	Ongoing	Measure in implementation: standardisation in progress, activities in 2014/15 focused on clustering of investments
	Third party due diligence	Implementation and roll-out of a system (technical and organisational) to evaluate business partners	01.12.2015	Measure in implementation: concept completed

Area of activity: Stakeholder dialogue

Department target		Measures	Milestone Deadline	Status as of 30 September 2015
	Continuous dialogue with all stakeholders	Regular dialogue with EVN advisory boards and through focus groups as well as regular stakeholder surveys on the materiality matrix	Ongoing	Measure in implementation: preparation of management guideline for annual stakeholder dialogue; focus groups planned with external stakeholders
	Active communication and cooperation with other companies; organisation of and participation in CSR events	Exchange at external CSR events, participation in UN Global Compact (UNGC) steering committee	Ongoing	Measure in implementation: Participation in UNGC working groups, in the Innovation Lab Workshop at the Austrian CSR Day in 2015, in respACT membership meetings; exchange of experience
	EVN Macedonia: stakeholder survey	Survey of internal and external stakeholders on the company's most important areas of activity; development of a new materiality matrix	2015/16	Planned
	EVN Croatia: increase dialogue and transparency	Stakeholder survey on the company's most important areas of activity	2015	Measure in implementation

Area of activity: One EVN

Department target		Measures	Milestone Deadline	Status as of 30 September 2015
	Develop Group-wide CSR standards	Development of CSR organisation (organisation and processes) similar to the structure in Austria; communication with CSR network officers in Bulgaria, Macedonia, Croatia and Germany	Ongoing	Measure in implementation: workshops held in South East Europe and Germany to develop and advance major areas of activity; stakeholder-surveys planned for all countries
	Integration, modernisation	Internal events and know-how transfer across divisions and borders	Ongoing	Measure in implementation
	Ensure cross-border and interdepartmental exchange in commercial areas	Info Day: interdepartmental introduction of the individual teams and their activities followed by informal exchange	Starting in March 2015	Successfully completed: four info days held since the start of the programme; further info days planned
		Commercial Group Forum every two years, alternating with Group day	2013/14 (every two years)	Successfully completed: a Commercial Group Forum was held in 2013/14
	EVN Macedonia: internal branding	Introduction of EVN key values to increase employee motivation and anchor a common corporate culture	2015/16	Implementation in planning: workshops and internal communication measures planned
	EVN Bulgaria: internal branding	Introduction of EVN key values to increase employee motivation and anchor a common corporate culture	2015	Successfully completed: workshops and internal communication measures for all employees on key values

Area of activity: Human rights

Department target		Measures	Milestone Deadline	Status as of 30 September 2015
	Improve understanding of human rights requirements	Participation in UNGC events, analysis of guidelines on human rights followed by internal know-how transfer	2015/16	Measures in implementation: survey of status, analysis with CSR officers, development of a declaration of principle on human rights

Area of activity: Supply chain responsibility

Department target		Measures	Milestone Deadline	Status as of 30 September 2015
	Anchor integrity clause (incl. social, ecological and corruptions aspects) with all contractors	Prepare integrity clause (incl. social, ecological and corruption aspects)	2012	Successfully completed; revision in 2013 with minor adjustments to questionnaire for contractors
		Ongoing adjustment of integrity clause and consistent integration in all framework agreements and orders	Ongoing	Measure in implementation
		Review of contractors for compliance with the integrity clause	2014	Measure in implementation: first audits completed; goal for 2015 – expansion to top 20 suppliers
		Follow-up training for failure to comply with key parts of the integrity clause	Ongoing	Measure in implementation: in connection with the review of compliance with the integrity clause

Area of activity: Social commitment

Department target		Measures	Milestone Deadline	Status as of 30 September 2015
	EVN Bulgaria: increase interest in technical professions, improve quality of training, recruitment	Cooperation with schools, colleges and universities in Bulgaria	Ongoing	Measure in implementation: plant tours, advising of graduates, career days and sponsoring; approximately 125 students from technical universities, colleges and secondary schools took part in plant tours during 2014/15
	EVN Bulgaria: Organise social activities in supply areas of Bulgaria	Corporate volunteering programme for employees: "EVN for Bulgaria"	2015	Successfully completed: over 40 volunteering events successfully carried out by employees
	Kabelplus: support for social institutions	Kabelplus is adding new "k+" stickers to its 17,000 amplifiers/distribution switchboards in Lower Austria; this project will be implemented by the Socius association, which provides employment for job seekers in the 50+ segment for several months	2015/16	Measure in implementation

Advisory boards

Advisory Committee for Environmental and Social Responsibility

Theodor Zeh (Chairman)

Erika Adensamer, President of Hilfswerk Baden, secondary school teacher

Karl Bader, Member of the Lower Austrian provincial parliament, Mayor of Rohrbach an der Gölsen

Josef Edlinger, Member of the Lower Austrian provincial parliament, farmer

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Kurt Hackl, Member of the Lower Austrian provincial parliament, Deputy Mayor of Wolkersdorf, self-employed

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Walter Marschitz, Managing Director of Hilfswerk Österreich

Georg Mayer, Head of the Economic Policy Department, Lower Austrian Chamber of Labour

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Assurance statement

refers to EVN Full Report 2014/15,
financial year 1 October 2014 to 30 September 2015

To the readers of the sustainability part of the full report of EVN AG.

Scope and criteria of the statement
TÜV SÜD Landesgesellschaft Österreich GmbH was commissioned by EVN AG to verify and assure its Full Report 2014/15, in particular those sections contain Corporate Social Responsibility (CSR) relevant topics and the GRI Index, for the financial year 2014/15, starting 1 October 2014 and ending by 30 September 2015.

The Report relates to the CSR data and information for all activities of EVN regarding power production and distribution, heat production and supply, water purification and water supply and waste incineration.

From a geographical standpoint the Report covers EVN's main activities in Austria, Germany, Bulgaria, Macedonia and other countries controlled from Austria.

Management responsibility
EVN's management was responsible for preparing the Report and for maintaining effective internal controls of the data and information disclosed. TÜV SÜD's responsibility was to carry out an assurance engagement on the Report in accordance with our contract with EVN.

Ultimately, the Report has been approved by, and remains the responsibility of EVN AG.

Approach
The assurance was undertaken against the Global Reporting Initiative – G4 Sustainability Reporting Guidelines 2013 (GRI G4) and GRI's G4 sector disclosures „Electric Utilities" 2013.

The objectives of the assurance engagement were to:
- → Confirm that the Report meets the requirements of GRI G4, option "comprehensive"
- → Validate EVN´s sustainability data and CSR-Information.

Our assurance is based on samples and covered the following activities:
- → Reviewing the stakeholder engagement process and related information
- → Reviewing EVN´s CSR materiality matrix
- → Evaluating EVN's material issues
- → Understanding how EVN determines, responds and reports on their material issues
- → Interviewing a selection of employees at EVN in Austria and abroad
- → Auditing EVN´s data management processes and reviewing supporting evidence made available by EVN.

  Note 1: The verification was undertaken at EVN´s head quarter in Maria Enzersdorf, Austria, in accordance with our contract and therefore did not include verifying data back to its original sources, nor did it assess the accuracy and completeness of the data reported by individual locations.

  Note 2: Economic performance data were taken from the audited financial accounts directly.
- → Assessing the use of performance data within EVN´s business decision-making processes.
- → Confirming that the GRI index allows stakeholders to access CSR performance indicators.

Level of assurance & materiality
The opinion expressed in this Assurance Statement has been derived on the base of a limited level of assurance and at the materiality of the professional judgement of the Verifier.

Audit opinion
Based on our assurance nothing has come to our attention that would cause us to believe that the Report does not meet GRI's G4 option "comprehensive" requirements or GRI's sector disclosure as we found nothing that would cause us to contradict this conclusion.

Finally we arrived at the conclusion, that EVN did not exclude material aspects in the report and the process yielded reliable CSR data.

Christof Böwing
Verifier
TÜV SÜD Landesgesellschaft Österreich GmbH

TÜV SÜD
Landesgesellschaft Österreich

Date: 17 November 2015

GRI G4 Content Index

The GRI G4 Content Index forms the underlying structure for EVN's Full Report 2014/15. It shows the sections of the report where information on the individual indicators can be found and also indicates which **aspects** and/or **indicators** are reported or not reported based on **materiality criteria**. **Partial omissions** are designated as such in the relevant sections of the report. All significant aspects and indicators were reviewed as part of an **audit** by **TÜV SÜD** (see page 235f). The GRI Index is also available on the Internet under **www.evn.at/GRI-Content-Index**.

General Standard Disclosure	Description	Reference to report page or online information	Additional notes
General Standard Disclosures			
Strategy and Analysis			
G4-1	Statement by the most senior decision-maker	36ff	
G4-2	Description of key impacts, risks and opportunities	120ff	
Organisational Profile			
G4-3	Name of the organisation	27	
G4-4	Overview of products	27ff	
G4-5	Location of the organisation's headquarters	27ff	
G4-6	Overview of significant operations	27	
G4-7	Nature of ownership and legal form	55f	
G4-8	Markets	27f, 32	
G4-9	Scale of the organisation	27, front cover	
G4-10	Employment structure	79, 82f	
G4-11	Percentage of employees under collective agreements	84f	
G4-12	Description of the supply chain	90ff	
G4-13	Changes in the shareholder structure or supply chain Significant changes in the organisation		No major changes
G4-14	Precautionary principle	36ff, 67	
G4-15	Commitment to voluntary initiatives	39	
G4-16	Active memberships	www.evn.at/EVN-Group/responsibility/CSR-strategy/Content.aspx	
EU1	Installed capacity	28ff	
EU2	Energy generation by primary energy source	29, 129	
EU3	Number of customers	45	
EU4	Total length of transmission and distribution lines	30	
EU5	Allocation of CO_2 emission allowances	106	
Identified Material Aspects and Boundaries			
G4-17	Companies included in the consolidated financial statements	213ff	
G4-18	Definition of report content	2, 42ff	
G4-19	Material aspects	www.evn.at/EVN-Group/responsibility/CSR-reporting.aspx	
G4-20	Boundaries for all material aspects within the organisation	36ff	
G4-21	Boundaries for all material aspects outside the organisation	36ff	
G4-22	Restatements of information provided in previous reports	No significant restatement	
G4-23	Changes in the scope and aspect boundaries	No major change	
Stakeholder Engagement			
G4-24	List of stakeholders	42f	
G4-25	Selection of stakeholders	42	
G4-26	Stakeholder engagement	42ff, 105	
G4-27	Results of engagement	42ff	
Report Profile			
G4-28	Reporting period	2	
G4-29	Previous report	2	
G4-30	Reporting cycle	2	
G4-31	Contact for sustainability management	Back cover	
G4-32	GRI Index	237ff	
G4-33	External assurance	2, 235f	
Governance			
G4-34	Governance structure and governance bodies, sustainability committees	96ff	
G4-35	Process for sustainability management – responsibilities and implementation process starting from the highest governance body	36ff	
G4-36	Reporting on economic, environmental and social topics to the highest governance body	36	
G4-37	Processes for consultation between stakeholders and the highest governance body	105	
G4-38	Composition of the highest governance body and its committees	96ff	
G4-39	Separation between Supervisory Board and Executive Board	96ff	
G4-40	Nomination and selection processes for the highest governance body	96ff	
G4-41	Processes to avoid conflicts of interest	96ff	
G4-42	Responsibilities of the highest governance body in defining goals, values and strategies related to economic, environmental and social impacts	105	
G4-43	Development of the highest governance body's collective knowledge in connection with sustainability	105	
G4-44	Evaluation of the highest governance body's performance with regard to sustainable development	38f	
G4-45	Role of the highest governance body in the identification and management of economic, environmental and social impacts, risks, and opportunities	44	
G4-46	Role of the highest governance body in reviewing risk management processes for economic, environmental and social risks	120	
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	124f	
G4-48	Highest committee or position that formally reviews and approves the sustainability report	38f	
G4-49	Process for communicating critical concerns to the highest governance body	105	
G4-50	Nature and total number of critical concerns communicated to the highest governance body	105	
G4-51	Remuneration policies for the highest governance body and senior executives	97, 101f	
G4-52	Determination of remuneration	101f	
G4-53	Inclusion of stakeholders' views regarding remuneration	105	
G4-54	Ratio of the annual total compensation for the highest-paid individual to the median annual total compensation for all employees	85	
G4-55	Ratio of percentage increase in annual total compensation for the highest-paid individual to the median percentage increase in annual total compensation for all employees	85	
Ethics and Integrity			
G4-56	Code of Conduct	34, 60, www.evn.at/code-of-conduct	
G4-57	Internal and external processes for compliance and integrity	60	
G4-58	Mechanisms for reporting concerns on integrity	62f	

Specific Standard Disclosure	Description	Reference to report page or online information	Additional notes
Specific Standard Disclosures			
CATEGORY: ECONOMIC			
Economic Performance		34ff, 111ff, 141ff	
G4-EC1	Direct economic value generated and distributed	64f	
G4-EC2	Financial implications and other risks and opportunities posed by the climate change and their impact on the organisation's activities	120	
G4-EC3	Coverage of the organisation's obligations from the defined benefit pension plan	86, 190f	
G4-EC4	Financial assistance received from the government	65	
Market Presence		27ff, 32ff, 45	
G4-EC5	Ratio of entry level wage by gender to minimum wage at significant locations	84f	
G4-EC6	Percentage of senior management at significant locations of operation that are hired from the local community	88	
Indirect Economic Impacts		65	
G4-EC7	Development and impact of significant infrastructure investments and services supported	65	
G4-EC8	Type and scope of significant indirect economic impacts	64f	
Procurement Practices		90ff	
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	90	
Availability and Reliability		34ff, 50ff	
EU10	Planned capacity in relation to expected demand	35	
Demand-Side Management		72f	
Research and Development		119	
Plant Decommissioning			Not relevant; EVN does not operate any nuclear power plants
System Efficiency		34ff, 50f	
EU11	Efficiency of thermal power generation plants	68	
EU12	Efficiency of long-distance lines and distribution networks	50	
CATEGORY: ENVIRONMENTAL			
Materials		71, 73	
G4-EN1	Materials used by weight and volume	73f	
G4-EN2	Percentage of recycled input materials in relation to total materials used	73	
Energy		71ff	
G4-EN3	Energy consumption within the organisation	71	
G4-EN4	Energy consumption outside the organisation	71	
G4-EN5	Energy intensity	71	
G4-EN6	Reduction of energy consumption	71	
G4-EN7	Reduction in the energy requirements of products and services		N/a due to the company's business activities
Water		74	
G4-EN8	Total water withdrawal by source	73f	
G4-EN9	Water sources significantly affected by withdrawal of water	74	
G4-EN10	Percentage and total volume of water recycled and reused	74	
Biodiversity		74ff	
G4-EN11	Locations adjacent to protected areas and areas with high biodiversity value outside protected areas	74ff	
G4-EN12	Description of significant impact of business activities, production and services on biodiversity	74	
EU13	Biodiversity of replacement areas	76	
G4-EN13	Protected or restored habitats	74ff	
G4-EN14	Number of IUCN red list species and national conservation list species with habitats in areas affected by business operations	76f	
Emissions		68	
G4-EN15	Direct greenhouse gas emissions (Scope 1)	70	
G4-EN16	Indirect energy-related greenhouse gas emissions (Scope 2)	70	
G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	70	
G4-EN18	Intensity of greenhouse gas emissions	70	
G4-EN19	Reduction of greenhouse gas emissions	68	
G4-EN20	Emissions of ozone-depleting substances		All EVN plants are closed plants
G4-EN21	NO_x, SO_x and other significant air emissions	71	
Wastewater and Waste		76f	
G4-EN22	Total water discharge by quality and destination	76	
G4-EN23	Waste	76	
G4-EN24	Total number and volume of significant spills	76f	
G4-EN25	Exports/imports of hazardous waste	76	
G4-EN26	Identity, size, protected status and biodiversity of water bodies and related habitats significantly affected by the organisation	77	

Specific Standard Disclosure	Description	Reference to report page or online information	Additional notes
Products and Services		77f	
G4-EN27	Reduction of environmental impacts of products	77f	
G4-EN28	Percentage of reclaimed products sold and their packaging materials by category		N/a due to the company's business activities
Compliance		60ff, 103f	
G4-EN29	Fines and non-monetary sanctions for non-compliance with environmental laws and regulations		No relevant incidents
Transport		77f	
G4-EN30	Significant environmental impacts of transportation	77f	
Total		78	
GN-EN31	Total expenditures and investments for environmental protection	78	
Supplier Environmental Assessment			
G4-EN32	Percentage of suppliers screened using environmental criteria	92f	
G4-EN33	Environmental impacts of the supply chain	Not reported due to classification in the materiality matrix	
Environmental Grievance Mechanisms			
G4-EN34	Number of complaints about environmental impacts	Not reported due to classification in the materiality matrix	
CATEGORY: SOCIAL			
Labour Practices and Decent Work			
Employment		79f	
G4-LA1	Total staff and fluctuation	79, 82	
G4-LA2	Benefits provided only to full-time employees	86f	
EU15	Percentage of employees who will retire in the next five to ten years	83f	
EU17	Work days of subcontractors and suppliers for construction, servicing and maintenance	93f	
EU18	Subcontractors and suppliers who have participated in health and safety training programmes	93f	
G4-LA3	Percentage of employees who return to work and remain after parental leave	85f	
Labour-Management Relations		84f	
G4-LA4	Minimum notice periods regarding changes in collective agreements	84f	
Occupational Health and Safety		88f	
G4-LA5	Percentage of employees represented in occupational safety committees	84f	
G4-LA6	Injuries, occupational diseases, lost days, absences and fatalities	89	
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	89	
G4-LA8	Health and safety topics covered in formal agreements with trade unions	89	
Training and Education		87f, 118	
G4-LA9	Training per employee	87, 118	
G4-LA10	Programmes for skills management	68f	
G4-LA11	Employees receiving regular reviews	88	
Diversity and Equal Opportunity		82ff	
G4-LA12	Diversity and equal opportunity	82	
Equal Remuneration for Women and Men		82	
G4-LA13	Remuneration differences by gender	82	
Supplier Assessment for Labour Practices			
G4-LA14	Percentage of suppliers screened using labour practices criteria	92f	
G4-LA15	Impacts on labour practices in the supply chain	Not reported due to classification in the materiality matrix	
Labour Practices Grievance Mechanisms			
G4-LA16	Number of complaints about labour practices	Not reported due to classification in the materiality matrix	
Human Rights			
Investments			
G4-HR1	Human rights in investments	62f	
G4-HR2	Total number of training hours for employees devoted to human rights policies and procedures in the organisation	62	
Non-discrimination			
G4-HR3	Number of incidents of discrimination and actions taken	63f	
Freedom of Association and Collective Bargaining			
G4-HR4	Right to association and collective bargaining	63f	
Child Labour			
G4-HR5	Business locations and suppliers with a risk of child labour	Not reported due to classification in the materiality matrix	
Forced or Compulsory Labour			
G4-HR6	Business locations and suppliers with a risk of forced or compulsory labour	Not reported due to classification in the materiality matrix	
Security Practices			
G4-HR7	Security personnel who have received training in human rights	63	

Specific Standard Disclosure	Description	Reference to report page or online information	Additional notes
Indigenous Rights			
G4-HR8	Incidents of violations involving rights of indigenous peoples	Not reported due to classification in the materiality matrix	
Human Rights Reviews			
G4-HR9	Business locations subject to human rights reviews	62f	
Supplier Human Rights Assessment			
G4-HR10	Percentage of suppliers screened using human rights criteria	92f	
G4-HR11	Human rights impacts in the supply chain	Not reported due to classification in the materiality matrix	
Human Rights Grievance Mechanisms			
G4-HR12	Number of complaints regarding human rights impacts	Not reported due to classification in the materiality matrix	
Society			
Local Communities			
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programmes	44, 50	
EU22	Relocations	No relocations during the reporting period	
G4-SO2	Operations with significant negative impacts on local communities	44	
Anti-corruption			
G4-SO3	Assessed operations	60ff	
G4-SO4	Training on anti-corruption	60ff	
G4-SO5	Incidents of corruption	60ff	
Public Policy			
G4-SO6	Total value of political contributions by country and recipient	No relevant incidents	
Anti-competitive Behaviour			
G4-SO7	Anti-trust laws	65f	
Compliance			
G4-SO8	Significant fines	66	
Disaster and Emergency Planning		60	
Supplier Assessment for Impacts on Society			
G4-SO9	Percentage of suppliers screened using criteria for impacts on society	92f	
G4-SO10	Impacts on society in the supply chain	Not reported due to classification in the materiality matrix	
Grievance Mechanisms for Impacts on Society			
G4-SO11	Number of complaints regarding impacts on society	Not reported due to classification in the materiality matrix	
Product Responsibility			
Customer Health and Safety		53f	
G4-PR1	Products assessed for health and safety impacts	53f	
G4-PR2	Incidents of non-compliance with product safety and customer health requirements	54	
EU25	Accidents at plants with damage to external persons	54	
Product and Service Labelling		52f, 93, 106f	
G4-PR3	Product information	52f, 93, 106f	
G4-PR4	Incidents of non-compliance with mandatory or voluntary labelling requirements for products and services	93	
G4-PR5	Customer satisfaction surveys	47ff	
Marketing		53	
G4-PR6	Sale of banned or disputed products	52f	
G4-PR7	Total number of incidents of non-compliance with mandatory or voluntary advertising requirements	53	
Customer Privacy		52f	
G4-PR8	Total number of substantiated complaints received concerning breaches of customer privacy and the loss of customer data	54	
Compliance		60ff	
G4-PR9	Fines for non-compliance with laws and regulations concerning the provision and use of products and services	54	
Access		34ff, 50ff	
EU26	Population in sales area without electricity supply	50	
EU27	Electricity disconnections due to payment arrears	51f	
EU28	Frequency of power failures for regulatory reasons	50	
EU29	Average duration of a power failure	50	
EU30	Average availability of power stations	50f	
Accessibility		45ff	

Main EVN AG subsidiaries

Generation
- 100% **EVN Kraftwerks- und Beteiligungsgesellschaft mbH**
  - 49% **STEAG-EVN Walsum 10 Kraftwerksgesellschaft mbH** Operation of a coal fired power plant in Duisburg, Germany
- 100% **evn naturkraft Erzeugungsgesellschaft m.b.H.** Electricity generation from renewable energy sources
  - 100% **EVN Kavarna EOOD** Electricity generation from windpower in Bulgaria
  - 100% **Naturkraft EOOD** Electricity generation from photovoltaics in Bulgaria
  - 100% **evn naturkraft Beteiligungs- und Betriebs-GmbH**
    - 13% **Verbund-Innkraftwerke Deutschland GmbH** Hydroelectric power generation
- 100% **EVN Liegenschaftsverwaltung Gesellschaft m.b.H.** Management of elements of power plant
  - 100% **EVN Projektmanagement GmbH**
- 49.99% **Shkodra Region Beteiligungsholding GmbH** Holding in connection with hydropower project Ashta in Albania
  - 100% **Energji Ashta Sh.p.k**

Energy Trade and Supply
- 100% **EVN Energievertrieb GmbH & Co KG** Electricity and natural gas sales to end customers within EnergieAllianz
- 100% **EVN Wärme GmbH** Supply of heat, natural gas, combined cycle heat and power, biogas heat, solar energy and heat pump facilities
- 49% **Fernwärme St. Pölten GmbH** Joint venture with Stadtwerke St. Pölten in district heating business
- 45% **ENERGIEALLIANZ Austria GmbH** Joint EnergieAllianz partner sales subsidiary
  - 100% **Naturkraft Energievertriebsgesellschaft m.b.H.** Electricity sales from renewable energy sources
  - 100% **Switch Energievertriebsgesellschaft m.b.H.** Electricity and natural gas sales in Austria
- 45% **e&t Energie Handelsgesellschaft mbH** Joint EnergieAllianz partner energy trading and sourcing company
- 16.5% **EconGas GmbH** Joint venture of EnergieAllianz partner in natural gas business with OMV and EGBV
- 100% **Utilitas Dienstleistungs- und Beteiligungs Gesellschaft m.b.H**[1] Technical services

Network Infrastructure Austria
- 100% **Netz Niederösterreich GmbH** Operation of electricity and natural gas networks
- 100% **Utilitas Dienstleistungs- und Beteiligungs Gesellschaft m.b.H**[1] Technical services
  - 100% **kabelplus GmbH** Cable TV and internet services
  - 100% **EVN Geoinfo GmbH** Digital cartography

Energy Supply South East Europe
- 100% **EVN Bulgaria Electrorazpredelenie EAD** Electricity network operating in Bulgaria
- 100% **EVN Bulgaria Electrosnabdjavane EAD** Electricity supply in Bulgaria
- 100% **EVN Trading South East Europe EAD** Electricity trading in Bulgaria
  - 100% **EVN Energy Trading d.o.o. Belgrade, Serbia** Electricity trading
  - 100% **EVN Energy Trading DOOEL, Skopje, Macedonia** Electricity trading
- 100% **EVN Bulgaria Toplofikatsia EAD** District heating company in Bulgaria
- 100% **EVN Bulgaria EAD** Management company in Bulgaria
- 90% **EVN Macedonia AD** Electricity network operating and supply in Macedonia
  - 100% **EVN Macedonia Elektrani DOOEL, Skopje, Macedonia**
  - 100% **EVN Macedonia Elektrosnabduvanje DOOEL, Skopje, Macedonia**
- 100% **EVN Croatia Plin d.o.o.** Building and operating natural gas network in Croatia

Environmental Services
- 100% **evn wasser Gesellschaft m.b.H.** Drinking water supply in Lower Austria
- 100% **EVN Umweltholding und Betriebs-GmbH** Holding company for drinking water supply, wastewater and waste incinerations services
  - 100% **WTE Wassertechnik GmbH, Essen Germany** Drinking water supply and wastewater services as well as environmental projects in 18 countries[2]
  - 100% **EVN Abfallverwertung Niederösterreich GmbH** Waste incineration in Lower Austria
  - 100% **EVN Projektgesellschaft Müllverbrennungsanlage Nr. 3 mbH** Waste incineration in Moscow
  - 100% **EVN Umwelt Beteiligungs und Service GmbH**

Strategic Investments and Other Business
- 12.6% **Verbund AG**[3] Power generation, trading and transport
- 100% **EVN WEEV Beteiligungs GmbH**
  - 50% **WEEV Beteiligungs GmbH**
- 73.6% **Burgenland Holding Aktiengesellschaft**
  - 49% **Energie Burgenland AG** Electricity and natural gas supply
- 50.03% **RAG-Beteiligungs-Aktiengesellschaft**
  - 100% **Rohöl-Aufsuchungs Aktiengesellschaft** Oil and natural gas exploration and natural gas storage
- 100% **Utilitas Dienstleistungs- und Beteiligungs-Gesellschaft m.b.H.**[1] Technical services
  - 100% **EVN Business Service GmbH**
- 100% **EVN Finanzmanagement und Vermietungs GmbH** Group financing
  - 100% **EVN Finanzservice GmbH** Group financing

Status: 30 September 2015. The companies incorporated in the EVN Group Consolidated financial statements are shown. In the Environmental Services segment, only 1st and 2nd level subsidiaries are listed. The fully consolidated R138-Fonds is not included in this list due to the lack of operative activities. Interests in %

1) Utilitas services are integrated in the Strategic Investments and Other Business segment.
2) The investments of WTE Wassertechnik GmbH are project and operating companies in Central, Eastern and South Eastern Europe.
3) Verbund AG is neither a fully consolidated company nor an investment included at equity. EVN's direct investment in Verbund AG amounts to 11.5% and the indirect investment via EVN WEEV Beteiligungs GmbH und WEEV Beteiligungs GmbH amounts to 1.1%.

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We have put together this full report with the greatest possible diligence, and have checked the data. Nevertheless, rounding off, compositor's or printing errors can not be excluded. In the summing up of rounded amounts and percentages, the application of automatic calculating devices could result in rounding-off differences. This full report also contains forward-looking statements, estimates and assumptions which are based on all the information available to us at the time when this document was completed. Such statements are typically made in connection with terms such as "expect", "estimate", "plan", "anticipate" etc. We would like to point out that, due to variety of different factors, the performance and results achieved by the company may differ from the expectations and forward-looking statements contained in this report. This full report is also available in German. In case of doubt, the definitive version is the German one.

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Information on the internet

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

Online report

EVN online Full Report 2014/15
www.investor.evn.at/gb/gb2015

Financial calendar 2015/16[1)]

Record date Annual General Meeting	11.01.2016	Results Q. 1 2015/16	26.02.2016
87th Annual General Meeting	21.01.2016	Results HY. 1 2015/16	25.05.2016
Ex-dividend day	27.01.2016	Results Q. 1–3 2015/16	25.08.2016
Record-Date[2)]	28.01.2016	Annual results 2015/16	15.12.2016
Dividend payment	29.01.2016		

1) Preliminary
2) The definition of the record date follows the EU definition; the entitlement for receiving the dividend payment is defined by the ex-dividend day.

EVN share – basic information[1)]

Share capital	330,000,000.00 EUR
Denomination	179,878,402 shares
Identification Number (ISIN)	AT0000741053
Tickers	EVNV.VI (Reuters); EVN AV (Bloomberg); AT; EVN (Dow Jones); EVNVY (ADR)
Stock exchange 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 30 September 2015

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