70 years of VERBUND.
Energising the future.

VERBUND SINCE 1947
70
YEARS OF FUTURE

Verbund
Power for the Future

Interim report quarters 1-3/2017

Contents

At a glance

- Water supply in quarters 1–3/2017 was 6% below the long-term average and down 7 percentage points year-on-year
- Sharp increase in revenue from flexible products, particularly congestion management
- Fall in earnings from the Grid segment due to higher expenses for grid stabilisation
- EBITDA and Group result therefore down on a reported and adjusted basis (EBITDA –18.1% and –5.0%; Group result –20.7% and –8.8%, respectively)
- Strong free cash flow brings further reduction in debt
- Earnings outlook for 2017 revised due to non-recurring effects recognised in thermal operations in quarter 3/2017: EBITDA of approx. €830m (unchanged), Group result of approx. €320m, adjusted Group result of approx. €300m

KPIs

	Unit	Q1–3/2016	**Q1–3/2017**	Change
Revenue	€m	2,122.8	**2,161.6**	1.8%
EBITDA	€m	809.7	**663.5**	–18.1%
EBITDA adjusted	€m	698.4	**663.5**	–5.0%
Operating result	€m	466.4	**429.5**	–7.9%
Group result	€m	339.9	**269.5**	–20.7%
Group result adjusted	€m	276.4	**252.1**	–8.8%
Earnings per share	€	0.98	**0.78**	–20.7%
EBIT margin	%	22.0	**19.9**	–
EBITDA margin	%	38.1	**30.7**	–
Cash flow from operating activities	€m	657.6	**483.8**	–26.4%
Additions to property, plant and equipment (excluding business acquisitions)	€m	150.2	**135.5**	–9.8%
Free cash flow before dividends	€m	489.8	**320.2**	–34.6%
Average number of employees		2,934	**2,829**	–3.6%
Electricity sales volume	GWh	42,533	**44,161**	3.8%
Hydro coefficient		1.01	**0.94**	–

	Unit	31/12/2016	**30/9/2017**	Change
Total assets	€m	11,538.2	**11,335.0**	–1.8%
Equity	€m	5,529.5	**5,690.7**	2.9%
Equity ratio (adjusted)	%	50.0	**52.2**	–
Net debt	€m	3,221.7	**2,999.2**	–6.9%
Gearing	%	58.3	**52.7**	–

Report of the Executive Board

Dear Shareholders,

Decarbonisation, decentralisation and digitalisation, all megatrends in the energy transition, have now arrived on all continents and not just in individual countries. Our energy system is constantly evolving, and in doing so it has an impact on society and the wider economy. The challenge for energy policy remains to ensure a supply of energy that is simultaneously secure, affordable and sustainable. VERBUND believes that it is well positioned in this environment and for 70 years has been playing an active role in shaping the energy marketplace of the future.

In this, we are guided by four strategic priorities. We focus on our core markets in Austria and Germany and almost exclusively generate CO_2-free electricity from low-cost hydropower. As an environmentally friendly power supplier with green electricity and flexible products from our portfolio of flexible power plants, including pumped storage power plants, storage power plants and our Mellach combined cycle gas turbine power plant, we play an important part in balancing out the increasing volatility in the grid and ensuring the security of supply in Austria. The regulated power grid and the network development plan are enormously important for our activities. We have also positioned ourselves as a solutions-driven provider of energy-related services for industry, households and e-mobility.

Quarter 3/2017 saw a recovery in prices in the energy market. EEX wholesale power prices have climbed in recent months, due in particular to rises in hard coal and CO_2 prices. China's higher coal imports have led to a rise in global hard coal prices and the reform of the ETS currently under discussion has raised CO_2 price expectations. As a result of these recent developments, utilities focused on CO_2-free generation are now better valued again on the capital markets. This and the extensive measures implemented in recent years to increase efficiency and reduce costs enabled VERBUND AG shares to gain 31.4% between the beginning of the year and 30 September 2017.

VERBUND's EBITDA for quarters 1–3/2017 was down by 18.1% year-on-year to €663.5m and the Group result by 20.7% to €269.5m. Earnings performance in 2017, and in particular in the previous year, was positively impacted by non-recurring effects, however. Adjusted for these non-recurring effects, EBITDA declined by 5.0% to €663.5m and the Group result by 8.8% to €252.1m. This performance is attributable in particular to low water supply (hydro coefficient Q1–3/2017: 0.94; Q1–3/2016: 1.01) and substantially lower earnings in the Grid segment. Conversely, a further rise in revenue from flexible products, particularly congestion management, the successful restructuring of thermal operations and the effects of the programmes implemented in recent years to reduce costs and increase efficiency had a positive impact.

Assuming an average supply of both water and wind in quarter 4/2017, VERBUND continues to expect EBITDA of approximately €830m for full-year 2017. Due to the non-recurring effects recognised in its thermal operations in quarter 3/2017, the Group result for 2017 will be approximately €320m. The planned payout ratio for 2017 will be 40–45% of the Group result of approximately €300m after adjustment for non-recurring effects.

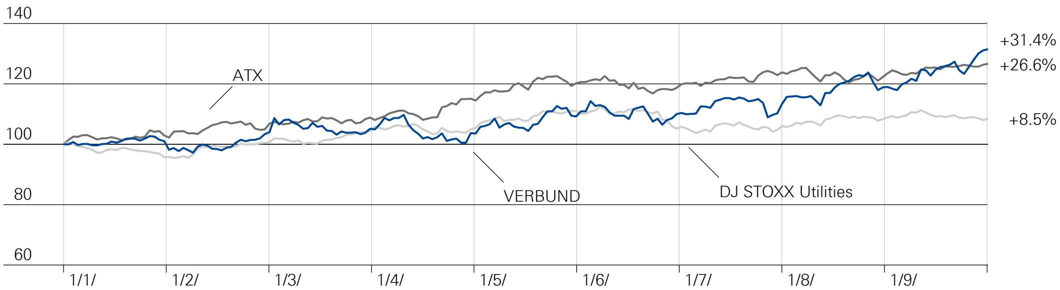
Dipl-Ing. Wolfgang Anzengruber Dr. Johann Sereinig Dr. Peter F. Kollmann Dr. Günther Rabensteiner

Investor relations

The encouraging trend on the world's stock exchanges continued in quarter 3/2017 due to the strong state of the economy, sustained low interest rates and high corporate profits. In the US, lower inflation expectations and rising corporate profits brought fresh all-time highs. The Dow Jones Industrial stock index extended its gain since the beginning of 2017 to 13.4%. Stock markets in Europe turned in a slightly more subdued performance, due primarily to fears that the European Central Bank (ECB) would adopt a more restrictive monetary policy. Conversely, promising corporate data and a good macroeconomic environment had a positive impact. As a result, the Euro Stoxx 50 was up by 9.2% since the beginning of January 2017. The Nikkei 225, the leading Japanese index, delivered a similar performance, recording an increase of 6.5% on the year-end 2016 level as at 30 September 2017. In the emerging markets, the upward trend was much more pronounced. The MSCI Emerging Markets Index rose by a substantial 25.5% in the first nine months of 2017.

Contact:
Andreas Wollein
Head of Group Finance, M&A and Investor Relations
Tel.: + 43(0)50313-52604
Email: investor-relations@verbund.com

VERBUND share price: relative performance 2017



VERBUND shares were on a volatile upward trajectory until the end of June. This was followed by a steady rise in the price from July up to the end of quarter 3/2017, attributable to the more positive market conditions for producers. On 30 September 2017, VERBUND shares closed at €19.9, up 31.4% on the closing price as at 31 December 2016. The shares thus outperformed both the ATX (+26.6%) and the DJ STOXX Utilities sector index (+8.5%).

Upcoming dates:
2017 annual results:
14 March 2018

KPIs – shares

	Unit	Q1–3/2016	**Q1–3/2017**	Change
Share price high	€	14.9	19.9	33.5%
Share price low	€	10.0	14.7	46.9%
Closing price	€	14.9	19.9	34.3%
Performance	%	25.2	31.4	–
Market capitalisation	€m	5,159.1	6,929.2	34.3%
ATX weighting	%	2.9	2.6	–
Value of shares traded	€m	637.9	786.7	23.3%
Shares traded per day	Shares	284,511	255,262	–10.3%

Interim Group management report

Business performance

Electricity supply and sales volume

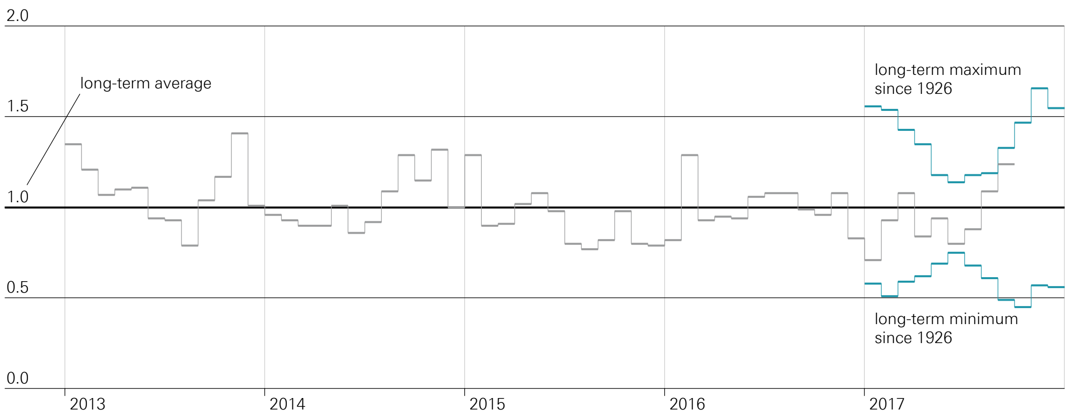
Group electricity supply GWh

	Q1–3/2016	Q1–3/2017	Change
Hydropower[1]	23,798	22,437	–5.7%
Wind/solar power	585	680	16.4%
Thermal power	707	1,667	135.9%
Own generation	25,089	**24,785**	–1.2%
Electricity purchased for trading and sales	17,360	18,500	6.6%
Electricity purchased for grid loss and control power volumes	2,623	4,528	72.6%
Electricity supply	45,072	**47,812**	6.1%

[1] incl. purchase rights

VERBUND's own generation dropped by 305 GWh, or 1.2%, compared with quarters 1–3/2016 to 24,785 GWh as at the end of quarter 3/2017. Generation from hydropower decreased by 1,360 GWh compared with the prior-year period. At 0.94, the hydro coefficient for the run-of-river power plants was 7 percentage points below the prior-year figure and down 6% on the long-term average. Generation from annual storage power plants increased by 2%.

Hydro coefficient (monthly averages)



VERBUND's wind power and photovoltaic installations generated 96 GWh more electricity in quarters 1–3/2017 than in the prior-year period, mainly due to the windier conditions in Romania. The photovoltaic farms in Spain were sold effective 12 December 2016.

Generation from thermal power plants increased by 960 GWh in quarters 1–3/2017. The Mellach combined cycle gas turbine power plant produced 892 GWh more electricity in quarters 1–3/2017 due to greater use for congestion management compared with the prior year. Generation at the Mellach coal-fired power plant increased by 68 GWh. Purchases of electricity from third parties for trading and sales rose by 1,140 GWh. Electricity purchased from third parties for grid losses and control power increased by 1,905 GWh in the reporting period.

Group electricity sales volume and own use

GWh

	Q1–3/2016	**Q1–3/2017**	Change
Consumers	8,448	8,894	5.3%
Resellers	19,710	21,310	8.1%
Traders	14,375	13,956	–2.9%
Electricity sales volume	42,533	**44,161**	3.8%
Own use	1,903	2,582	35.7%
Control power	636	1,070	68.3%
Electricity sales volume and own use	45,072	**47,812**	6.1%

VERBUND's electricity sales volume increased by 3.8% in quarters 1–3/2017. Electricity volumes delivered to consumers climbed by 446 GWh. As at 30 September 2017, our private customer base comprised approximately 428,000 electricity and gas customers. Sales to resellers rose by 1,601 GWh year-on-year due to a significant rise in congestion management services supplied by APG. By contrast, electricity deliveries to trading firms decreased by 419 GWh. The decline relates nearly entirely to deliveries in France and is attributable to the fact that PSS and Toul no longer have market access via VERBUND. Own use of electricity rose by 679 GWh. The increase was due to a significant rise in generation from reverse operation.

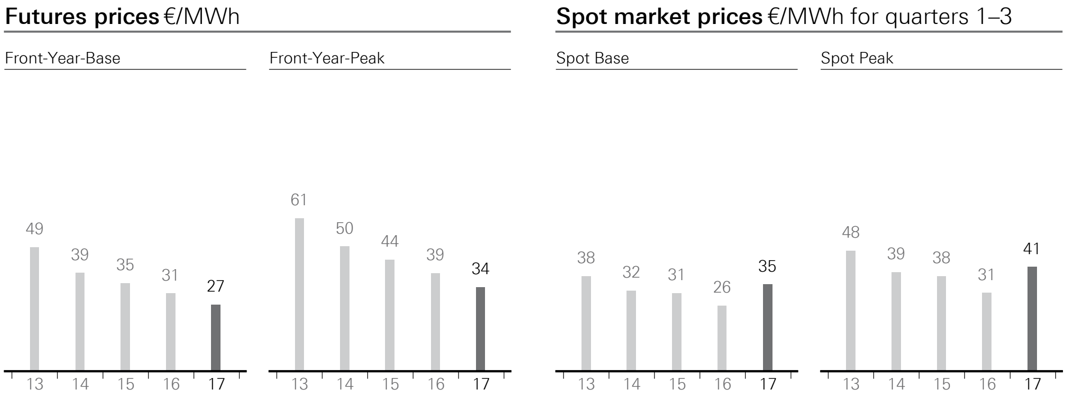
Electricity sales by country

GWh

	Q1–3/2016	**Q1–3/2017**	Change
Austria	23,243	24,510	5.5%
Germany	15,434	17,290	12.0%
France	3,239	1,900	–41.3%
Others	617	460	–25.5%
Electricity sales volume	42,533	**44,161**	3.8%

Approximately 56% of the electricity sold by VERBUND in quarters 1–3/2017 went to the Austrian market. International trading and sales activities focused on the German market, which accounted for around 88% of all volumes sold abroad.

Electricity prices



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

At an average of €26.6/MWh, prices for electricity futures contracts applicable to financial year 2017 (front-year base 2017 traded in 2016) were down 14.2% on the prior-year average. These prices are a reflection of expectations that the production of renewable energy will continue to increase and price levels will remain low in the markets for primary energy and CO_2. Based on its hedging strategy, VERBUND had already included most of its own generation in its pricing calculation in 2016 via the futures market. Spot market prices (base price) rose by 32.3% to €34.6/MWh in the reporting period. The sharp rise is attributable to the cold snap at the start of 2017, when low wind yields in Germany and low temperatures across Europe drove up spot market prices in the German–Austrian electricity market to a high level. The day-ahead figures in euros reached the triple digits in the second half of January 2017. The low wind supply and cold temperatures also resulted in firm price quotations extending into early February 2017. Prices on the spot market likewise remained above the prior-year level in quarters 2 and 3.

Financial performance

Results €m

	Q1–3/2016	**Q1–3/2017**	Change
Revenue	2,122.8	**2,161.6**	1.8%
EBITDA	809.7	**663.5**	–18.1%
Operating result	466.4	**429.5**	–7.9%
Group result	339.9	**269.5**	–20.7%
Earnings per share in €	0.98	**0.78**	–20.7%

Electricity revenue

VERBUND's electricity revenue rose by €60.3m to €1,779.7m in quarters 1–3/2017. In terms of quantities, electricity sales volumes increased by 1,628 GWh, or 3.8%, year-on-year. The higher quarterly and monthly forward prices and the higher spot market prices also had a positive impact. However, the coming into force of the so-called reimbursement model led to a decline in electricity revenue (please see the Notes to the consolidated financial statements for details on the reimbursement model). Electricity revenue of €129.4m was thus reported after offsetting against the corresponding expenses for grid purchases.

Grid revenue

Grid revenue increased by €10.0m to €297.0m in quarters 1–3/2017 compared with the same period in 2016. The rise was largely attributable to higher international grid revenue due to the auctioning off of cross-border capacities as well as to higher revenue relating to balancing energy.

Other revenue and other operating income

Other revenue decreased by €31.5m to €84.9m. This decline was the result of lower proceeds from the sale of green electricity certificates and lower revenue from gas deliveries, among other factors. Other operating income fell by €111.1m to €43.7m. In quarters 1–3/2016, VERBUND and EconGas GmbH settled various outstanding issues related to gas deliveries for the Mellach combined cycle gas turbine power plant. The resulting income amounted to €118.0m (further details are presented in the Notes to the consolidated financial statements).

Expenses for electricity, grid, gas and certificate purchases

Expenses for electricity, grid, gas and certificate purchases increased by €67.3m to €1,095.2m. The volume of electricity purchased from third parties for trading and sales as well as for grid losses and control power rose by a total of 3,045 GWh. The average purchase prices also rose compared with the prior-year period. Expenses for electricity purchases thus increased by €219.8m compared with quarters 1–3/2016. Expenses for grid purchases decreased by €116.0m, mainly due to the entry into force of the reimbursement model (please refer to Electricity revenue or to the Notes to the consolidated financial statements for details on the reimbursement model), and expenses for gas purchases fell by €36.0m.

Fuel expenses

Fuel and other usage-dependent expenses rose by €22.7m to €80.1m. The increase is mainly attributable to greater use of the Mellach combined cycle gas turbine power plant for congestion management (for details see the section on Electricity supply and sales volume).

Personnel expenses

Personnel expenses declined by €2.0m to €231.7m. Despite a rise of 1.55% in pay rates under the collective bargaining agreement, expenses for current employees were down by €4.4m due to systematic implementation of the programmes to reduce costs and increase efficiency. The updated calculation of provisions for partial retirement had an opposite effect on employee benefit expenses.

Other operating expenses

Other operating expenses declined by €14.1m to €134.8m. Changes in provisions accounted for most of the decrease, in addition to lower expenses for legal fees, auditing and consulting.

EBITDA

As a consequence of the above-mentioned factors, EBITDA decreased by 18.1% to €663.5m.

Depreciation and amortisation

Amortisation of intangible assets and depreciation of property, plant and equipment rose by €4.2m to €257.2m. The increase was due in particular to the commissioning of the Reißeck II pumped storage power plant in October 2016.

Impairment losses

In quarters 1–3/2017, impairment losses amounted to €15.0m and resulted primarily from the loss recognised on the Mellach district heating plant (€10.5m). In quarters 1–3/2016, impairment losses had amounted to €90.3m and resulted mainly from the losses recognised on the Romanian wind farms (€57.2m), the Gössendorf and Kalsdorf run-of-river power plants (€16.5m) and the Mellach combined cycle gas turbine power plant (€15.5m). Further details on impairment losses are presented in the Notes to the consolidated financial statements.

Reversals of impairment losses

Reversals of impairment losses amounted to €38.2m (Q1–3/2016: €0.0m) and were due entirely to the reversal of the impairment loss on the Mellach combined cycle gas turbine power plant. Details on reversals of impairment losses are presented in the Notes to the consolidated financial statements.

Result from interests accounted for using the equity method

The result from interests accounted for using the equity method decreased by €4.2m to €22.6m. The decline was mainly due to the earnings contributions from KELAG in the amount of €23.2m (Q1–3/2016: €27.6m).

Interest income and expenses

At €23.4m, interest income matched the prior-year level. Interest expenses dropped slightly, by €2.0m to €98.0m, due in particular to lower interests on credit facilities and bonds. A decrease in capitalised interest costs under IAS 23 had a counteracting effect.

Other financial result

The other financial result decreased by €26.0m to €–0.4m in quarters 1–3/2017. This was mainly due to the non-recurrence in the current period of income generated from the measurement of an obligation to return an interest (€–33.4m) and the positive valuation of interest rate hedging transactions (€+5.9m).

Taxes on income

Taxes on income changed from €–78.8m to €–86.7m. In quarters 1–3/2016, prior-period tax income had been recognised in the amount of €37.3m. This related to the goodwill amortisation in the tax accounts of VERBUND's equity interest in VERBUND Innkraftwerke GmbH (for 2010–2013) and Innwerk AG (for 2015).

Group result

After deduction of non-controlling interests in the amount of €28.6m, the Group result amounted to €269.5m. This represents a decrease of 20.7% compared with the previous year. Earnings per share amounted to €0.78 (Q1–3/2016: €0.98) for 347,415,686 shares. The Group result after adjustment for non-recurring effects was €252.1m, a decrease of 8.8% on the prior-year period.

Financial position

Consolidated balance sheet (short version) €m

	31/12/2016	Share	**30/9/2017**	**Share**	Change
Non-current assets	10,933.6	95%	10,813.6	95%	– 1.1%
Current assets	604.6	5%	515.7	5%	– 14.7%
Assets held for sale	0.0	0%	5.7	0%	–
Total assets	11,538.2	100%	**11,335.0**	**100%**	– 1.8%
Equity	5,529.5	48%	5,690.7	50%	2.9%
Non-current liabilities	4,908.2	43%	4,844.3	43%	– 1.3%
Current liabilities	1,100.5	10%	796.3	7%	– 27.6%
Liabilities directly associated with assets held for sale	0.0	0%	3.8	0%	–
Equity and liabilities	11,538.2	100%	**11,335.0**	**100%**	– 1.8%

Assets

VERBUND's assets decreased slightly in quarters 1–3/2017. With respect to property, plant and equipment, additions of €135.5m were offset by depreciation of €252.6m. The main additions to property, plant and equipment related to replacement investments at Austrian hydropower plants and investments in the Austrian transmission grid. The decline in current assets is primarily attributable to lower trade receivables.

Equity and liabilities

Equity increased by 2.9% compared with 31 December 2016, due above all to the profit for the period generated in quarters 1–3/2017. Dividend distributions had an opposite effect, reducing equity. The decrease in current and non-current liabilities is mainly attributable to lower current and non-current financial liabilities due to measurement effects and scheduled repayments, only some of which had to be refinanced via short-term borrowings (cash advances).

Cash flows

Cash flow statement (short version) €m

	Q1–3/2016	Q1–3/2017	Change
Cash flow from operating activities	657.6	483.8	–26.4%
Cash flow from investing activities	–204.3	–156.8	–23.3%
Cash flow from financing activities	–464.8	–341.5	–26.5%
Change in cash and cash equivalents	–11.5	–14.5	25.8%
Cash and cash equivalents as at 30/9/	18.1	**13.0**	–28.2%

Cash flow from operating activities

Cash flow from operating activities amounted to €483.8m in quarters 1–3/2017. This year-on-year decrease of €173.8m was mainly the result of changes in working capital (due in particular to cash inflows in the Grid segment related to the settlement of congestion management receivables from 2015 that were contained in the figure for quarters 1–3/2016), lower water supply and higher tax payments. Conversely, cash flow from operating activities was positively impacted by the measures already implemented under the programmes to reduce costs and increase efficiency.

Cash flow from investing activities

Cash flow from investing activities amounted to €–156.8m in quarters 1–3/2017 (Q1–3/2016: €–204.3m) and consisted mainly of capital expenditure for intangible assets and property, plant and equipment (€165.9m). Compared with quarters 1–3/2016, capital expenditure was down by €11.5m year-on-year. In addition, net payments related to investments showed an improvement of €43.3m.

Cash flow from financing activities

Cash flow from financing activities amounted to €–341.5m in quarters 1–3/2017, a change of €+123.3m. The main reason for the change was a reduction in net payments from money market transactions (€+249.2m) and dividends paid (€+42.4m) combined with higher repayments on financial liabilities (€–168.3m).

Opportunity and risk management

VERBUND has competitive hydropower resources at its disposal in the heart of Europe and generates renewable base-load and peak-load energy. In addition, VERBUND's Mellach combined cycle gas turbine power plant plays a part in stabilising the transmission grid, which is operated and expanded by its wholly owned subsidiary APG. VERBUND thus makes a key contribution to safeguarding the security of supply in Austria. VERBUND's flexible structures and processes already enable it to take advantage of opportunities in a challenging energy market environment. In its core business, VERBUND continues to pursue a strict cost management programme and a focused investment policy.

Significant judicial proceedings are currently ongoing with regard to generation from hydropower in connection with the flooding on the Drau in 2012 and on the Danube in 2013 as well as with respect to thermal generation due to the early termination of a joint operation, and work is under way to find a solution. VERBUND is systematically preparing to leverage opportunities within an increasingly decentralised and digital energy industry, among other things by increasing digitalisation across the Group, implementing measures related to the increased requirements around information security and cyber security, and implementing data protection measures.

Operating result

Potential fluctuations in the operating result could be caused primarily by electricity generation from hydropower, particularly because hydrological conditions cannot be controlled. Potential successes in the marketing of control power and in congestion management will lead to a higher degree of earnings volatility. Ongoing judicial proceedings and changes in the operating environment could result in measurement-related adjustments and changes in provisions.

Financial result

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

Sensitivities

All else remaining equal, a change in the factors shown below would be reflected in the projected Group result for full-year 2017 as follows (based on the hedging status as at 30 September 2017 for generation volumes and interest rates):

- +/–1% generation from hydropower plants: €+/–1.7m
- +/–1% generation from wind power: €+/–0.1m
- €+/–1/MWh wholesale electricity prices (renewable energy): €+/–0.7m
- +/–1 percentage point in interest rates: €+/–0.5m

Segment report

Renewable generation segment

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

KPIs – Renewable generation segment

	Unit	Q1–3/2016	Q1–3/2017	Change
Total revenue	€m	715.9	708.8	–1.0%
EBITDA	€m	426.6	436.4	2.3%
Result from interests accounted for using the equity method	€m	1.0	0.3	–74.8%
Capital employed	€m	6,729.6	6,959.5	3.4%

EBITDA of the Renewable generation segment rose by €9.8m to €436.4m. It was positively impacted in particular by reductions in fixed costs within other operating expenses and higher revenue from avoided fees for grid usage. In addition, EBITDA for quarters 1–3/2016 had been lowered by expenses from the issuance of credit notes as a result of an arbitration award. Generation from hydropower was lower year-on-year, which had an opposite effect. The hydro coefficient was 0.94 in quarters 1–3/2017 (Q1–3/2016: 1.01). The Renewable generation segment's result from interests accounted for using the equity method consisted mainly of the earnings contribution from Shkodra Region Beteiligungsholding GmbH. Capital employed of the Renewable generation segment rose by €230.0m to €6,959.5m, due mainly to the commissioning of the Reißeck II pumped storage power plant in October 2016.

Current information on the Renewable generation segment

Efficiency increases in the area of hydropower

On the Gries new construction project, work on the main structure and reservoir is progressing on schedule. On the Tuxbach expansion project, the tunnel boring machine was switched on.

Partnership with Axpo Romania SA

In Romania, a partnership was entered into with Axpo Romania SA with a view to supplying power and green electricity certificates to industrial customers with a volume of 5 GWh or above. Increasing sales of green electricity certificates reduces risk exposure in Romania. Within the partnership, Axpo is responsible for customer acquisition and billing, and VERBUND for supplying power and green electricity certificates. Energy supply contracts have already been signed with 52 customers so far in 2017. The volume of electricity supplied stood at almost 300 GWh at the end of August 2017 and the volume of green certificates sold at around 100,000.

Sales segment

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

KPIs – Sales segment

	Unit	Q1–3/2016	Q1–3/2017	Change
Total revenue	€m	1,705.2	1,711.6	0.4%
EBITDA	€m	116.3	74.1	–36.3%
Result from interests accounted for using the equity method	€m	0.0	0.0	–
Capital employed	€m	301.6	202.2	–33.0%

EBITDA of the Sales segment decreased by €42.2m to €74.1m. This was due mainly to the fact that hedging transactions were recognised at significantly lower positive fair values than in the previous year as well as to lower wholesale revenue. Higher contribution margins from flexible products (control power, congestion management, reverse pump operation business) had an offsetting effect. Capital employed of the Sales segment was down €99.4m on the prior-year figure, due primarily to the decrease in positive fair values and the simultaneous increase in the negative fair values of hedging transactions.

Current information on the Sales segment

VERBUND's trading activities currently focus on continuing to expand the portfolio of innovative green electricity and flexible products, on direct marketing of renewable energy (especially wind power and small-scale hydropower) and on taking advantage of short-term market opportunities. VERBUND continuously adapts its comprehensive portfolio of products and services to meet changing market requirements. The products and services included in the portfolio range from plant use optimisation and market access services to flexible marketing and hedging products as well as forecasting and regulatory services. One particularly important area for VERBUND involves innovative products designed to meet individual customer needs. Examples include green electricity products, virtual power plants and the direct marketing of renewable energy, all of which are considered growth areas. The energy market is changing constantly and is becoming more dynamic. Short-term electricity trading in particular is gaining in significance with the integration of European electricity markets and the rise in the proportion of renewable energy in the total electricity market. Thus the marketing of flexibility for own plants as well as for customers in the areas of generation management (e.g. with the aid of virtual power plants and demand side management), balancing energy optimisation, intraday trading and marketing of balancing services is both a challenge and the central task of electricity/energy trading.

Grid segment

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

KPIs – Grid segment

	Unit	Q1–3/2016	Q1–3/2017	Change
Total revenue	€m	500.3	580.0	15.9%
EBITDA	€m	182.4	93.5	–48.8%
Result from interests accounted for using the equity method	€m	0.0	0.2	–
Capital employed	€m	1,222.2	1,237.8	1.3%

EBITDA of the Grid segment decreased by €88.9m to €93.5m, mainly because of a lower contribution to earnings from the control power, grid loss and congestion management business. Capital employed increased slightly to €1,237.8m, primarily as a result of net capital expenditure for intangible assets and property, plant and equipment.

Current information on the Grid segment

Security of supply and congestion management

Quarter 3/2017 saw an increasing need to intervene in power plant operations. Extensive action was required at power plants to ensure the security of supply in the APG control area and sometimes to handle congestion in Germany. The contracted redispatch plants supported these activities to maintain the security of supply and repeatedly had to be used to the limits of their capacity.

Tariff regulation

APG was sent a draft of the cost decision in connection with this year's tariff review in August 2017 and submitted a written comment on this. APG's primary goal remains to ensure a return on capital employed.

New construction of the APG Weinviertel line replacement

The APG Weinviertel line project is making excellent progress and negotiations with landowners regarding easements (servitude) are going very well. The hearing under the Environmental Impact Assessment Act (Umweltverträglichkeitsprüfungsgesetz, UVP-Gesetz) took place in mid-September 2017. APG expects an EIA approval at the beginning of quarter 1/2018. It therefore appears that the implementation project will be able to start in 2019.

All other segments

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

KPIs – All other segments

	Unit	Q1–3/2016	Q1–3/2017	Change
Total revenue	€m	112.8	199.6	76.9%
EBITDA	€m	107.0	78.0	–27.2%
Result from interests accounted for using the equity method	€m	25.7	22.2	–13.9%
Capital employed	€m	324.5	450.2	38.7%

EBITDA of the other segments declined by €29.1m to €78.0m, mainly as a result of the lower EBITDA (€–29.6m) recorded in the Thermal generation segment. Although contribution margins from the use of the Mellach combined cycle gas turbine power plant for congestion management were higher in quarters 1–3/2017, EBITDA was nevertheless lower overall than in the previous year because EBITDA for quarters 1–3/2016 had been lifted by other operating income from the settlement of various outstanding issues between VERBUND and EconGas GmbH. The other segments' result from interests accounted for using the equity method nearly matched the prior-year level and related primarily to KELAG-Kärntner Elektrizitäts-Aktiengesellschaft. Compared with the previous year, capital employed rose by €125.7m to €450.2m. This was due mainly to the reversal of the impairment loss on the Mellach combined cycle gas turbine power plant, an increase in the carrying amount of the equity interest in KELAG-Kärntner Elektrizitäts-Aktiengesellschaft as a result of equity method accounting and a rise in intra-Group receivables.

Current information on the Energy services segment

For the VERBUND-Eco-Home product, new distribution channels were opened up in quarter 3/2017 for sales of the B2B white label product. The first customer contract in Germany is to be signed shortly.

Also in the quarter just ended, revenue generated from the Power Pool demand response product was much higher than budgeted. In quarter 4/2017, efforts will be stepped up to expand the sales portfolio around primary control power and the first installations tested.

In the field of integrated industry solutions, work on the theme of smart storage is under way to develop solutions and products with a consistent voltage quality and security of supply so as to be able to meet existing customer requirements. Another focus is the work to address the increasing demand for local, or decentralised, storage capacity as renewable energy continues to expand. The use of battery energy storage systems is being tested at high-capacity e-mobility locations on the EU-funded SYNERG-E project.

Moreover, VERBUND is working on establishing green hydrogen as a line of business. To this end, H2FUTURE, a project subsidised by the EU in the amount of €12m, was launched in quarter 1/2017. As part of the project, a PEM (proton exchange membrane) electrolyser installation will be built and then put into operation at project partner voestalpine in Linz. With a capacity of 6 MW, the PEM electrolyser will be one of the world's largest electrolysers.

SOLAVOLTA and SMATRICS

In the first nine months of 2017, SOLAVOLTA (in which VERBUND has a 50% stake) increased its sales of photovoltaic installations and storage units compared with the previous year. It was helped mainly by the marketing campaigns conducted in quarter 3/2017.

SMATRICS (VERBUND's share: 86%) has become the market leader in public charging in Austria. OMV AG's acquisition of a stake in the company is expected to be completed in the current financial year 2017. Its involvement opens up additional opportunities to market the charging network.

Current information on the Thermal generation segment

In recent years, VERBUND has evaluated all options for the Mellach combined cycle gas turbine power plant located near Graz in Styria, including the possibility of selling the plant. On 14 March 2017, the management of VERBUND AG announced that the Mellach CCGT would not be sold as the offers made did not meet management's expectations.

One generation line of the Mellach CCGT was contracted with transmission grid operator TenneT in order to meet reserve power plant requirements for winter 2017/18. In addition, the recently adopted amendment to the Green Electricity Act (Ökostromgesetz, ÖSG) and the Electricity Industry and Organisation Act (Elektrizitätswirtschafts- und -organisationsgesetz, EIWOG) represents the first major step towards introducing a long-term reserve for grid stabilisation purposes.

Current information on the Services segment

Following the completion of the Group's Digital Future project, a new organisational unit named the Digital Centre of Excellence was set up at VERBUND Services GmbH effective 1 September 2017 with a view to systematically continuing the digitalisation of VERBUND's core processes. The new unit's tasks include identifying digital business models and suitable processes spanning all levels of the value chain and consequently implementing digitalisation projects. In addition, VERBUND's IT and telecommunications infrastructure was recertified to quality management standard ISO 9001. On the Group's current Information Security, Cyber Security and Data Protection project, it is planned to have the relevant Group units certified to ISO 27001 following the project's completion and upon the introduction of a Group-wide information security and data protection management system (ISMS, DPMS).

Current information on the Equity interests segment

KELAG-Kärntner Elektrizitäts-Aktiengesellschaft

In quarters 1–3/2017, KELAG's contribution to the result from interests accounted for using the equity method was €23.2m (Q1–3/2016: €27.6m). Despite the uncertain market environment, KELAG is expected to report stable performance with a slight downward trend in financial year 2017.

Events after the reporting date

There were no events requiring disclosure between the reporting date of 30 September 2017 and authorisation for issue on 23 October 2017.

Consolidated interim financial statements

of VERBUND

Income statement

€m

In accordance with IFRSs	Notes	Q1–3/2016	Q1–3/2017	Q3/2016	Q3/2017
Revenue		2,122.8	**2,161.6**	662.2	**685.2**
Electricity revenue	1	1,719.4	1,779.7	550.4	579.5
Grid revenue	2	287.0	297.0	88.0	86.3
Other revenue		116.5	84.9	23.8	19.4
Other operating income	3	154.8	43.7	130.0	17.5
Expenses for electricity, grid, gas and certificate purchases	4	–1,027.9	–1,095.2	–289.4	–326.7
Fuel expenses and other usage-dependent expenses	5	–57.4	–80.1	–22.3	–12.5
Personnel expenses	6	–233.7	–231.7	–70.5	–70.2
Other operating expenses		–148.9	–134.8	–50.5	–45.7
EBITDA		809.7	**663.5**	359.5	**247.6**
Amortisation of intangible assets and depreciation of property, plant and equipment		–252.9	–257.2	–83.9	–84.5
Impairment losses[1]	7	–90.3	–15.0	0.0	–15.0
Reversal of impairment losses[1]	8	0.0	38.2	0.0	38.2
Operating result		466.4	**429.5**	275.6	**186.2**
Result from interests accounted for using the equity method	9	26.8	22.6	6.9	4.9
Other result from equity interests		3.1	7.8	0.3	2.3
Interest income	10	23.4	23.4	7.8	7.8
Interest expenses	11	–100.1	–98.0	–34.1	–31.9
Other financial result	12	25.6	–0.4	4.1	0.8
Reversals of impairment losses		0.7	0.0	0.0	0.0
Financial result		–20.5	**–44.6**	–15.1	**–16.1**
Profit before tax		445.9	**384.9**	260.6	**170.2**
Taxes on income	13	–78.8	–86.7	–62.7	–39.7
Profit for the period		367.1	**298.1**	197.9	**130.4**
Attributable to the shareholders of VERBUND AG (Group result)		339.9	269.5	186.0	115.0
Attributable to non-controlling interests		27.2	28.6	11.9	15.4
Earnings per share in €[2]		0.98	**0.78**	0.54	**0.33**

[1] The impairment losses and reversals of impairment losses have been reduced by the amount of the change in related deferred contributions to building costs and government grants. // [2] Diluted earnings per share correspond to basic earnings per share.

Statement of comprehensive income

€m

In accordance with IFRSs	Notes	Q1–3/2016	**Q1–3/2017**	Q3/2016	**Q3/2017**
Profit for the period		367.1	**298.1**	197.9	**130.4**
Remeasurements of net defined benefit liability		1.7	–7.2	–0.1	0.0
Other comprehensive income from interests accounted for using the equity method		–2.5	4.6	–4.0	2.3
Total of items that will not be reclassified subsequently to the income statement		–0.8	**–2.6**	–4.1	**2.4**
Differences from currency translation		–1.0	–1.5	–1.0	–1.2
Measurements of available-for-sale financial instruments		2.8	2.5	2.1	0.7
Measurements of cash flow hedges		–110.3	–18.0	–72.3	–89.4
Other comprehensive income from interests accounted for using the equity method		0.3	0.2	–0.2	0.2
Total of items that will be reclassified subsequently to the income statement		–108.2	**–16.9**	–71.4	**–89.6**
Other comprehensive income before tax		–109.0	**–19.5**	–75.5	**–87.3**
Taxes on income relating to items that will not be reclassified subsequently to the income statement		–0.5	1.9	0.0	0.0
Taxes on income relating to items that will be reclassified subsequently to the income statement		26.9	3.9	17.6	22.2
Other comprehensive income after tax		–82.6	**–13.7**	–57.9	**–65.1**
Total comprehensive income for the period		284.5	**284.4**	140.0	**65.3**
Attributable to the shareholders of VERBUND AG		257.2	256.2	128.0	49.9
Attributable to non-controlling interests		27.3	28.3	12.0	15.4

Balance sheet

€m

In accordance with IFRSs	Notes	31/12/2016	**30/9/2017**
Non-current assets		10,933.6	**10,813.6**
Intangible assets		811.3	823.1
Property, plant and equipment		9,010.6	8,911.9
Interests accounted for using the equity method		281.9	295.8
Other equity interests	16	114.6	115.7
Investments and other receivables	16	715.1	667.1
Current assets		604.6	**515.7**
Inventories	14	9.1	17.7
Trade receivables and other receivables	16	567.6	485.0
Cash and cash equivalents	16	28.0	13.0
Assets held for sale	15	0.0	**5.7**
Total assets		11,538.2	**11,335.0**

€m

In accordance with IFRSs	Notes	31/12/2016	**30/9/2017**
Equity		5,529.5	**5,690.7**
Attributable to the shareholders of VERBUND AG		4,964.3	5,119.0
Attributable to non-controlling interests		565.3	571.7
Non-current liabilities		4,908.2	**4,844.3**
Financial liabilities	16	2,394.9	2,295.0
Provisions		839.6	847.1
Deferred tax liabilities		569.2	602.8
Contributions to building costs and grants		751.7	751.2
Deferred income – cross-border leasing		47.2	46.0
Other liabilities	16	305.5	302.1
Current liabilities		1,100.5	**796.3**
Financial liabilities	16	324.8	142.5
Provisions		78.6	58.8
Current tax liabilities		51.8	74.4
Trade payables and other liabilities	16	645.3	520.5
Liabilities directly associated with assets held for sale	15	0.0	**3.8**
Total equity and liabilities		11,538.2	**11,335.0**

Statement of changes in equity

In accordance with IFRSs	Called and paid-in share capital	Capital reserves	Retained earnings	Remeasurements of net defined benefit liability	
Notes					
As at 1/1/2016	347.4	954.3	3,776.3	−259.1	
Profit for the period	–	–	339.9	–	
Other comprehensive income	–	–	0.2	−1.6	
Total comprehensive income for the period	–	–	340.2	−1.6	
Changes in the basis of consolidation	–	–	−7.2	0.1	
Shifts between shareholder groups	–	–	−1.7	0.0	
Dividends	–	–	−121.6	–	
Other changes in equity	–	–	−0.7	0.0	
As at 30/9/2016	347.4	954.3	3,985.4	−260.6	
As at 1/1/2017	**347.4**	**954.3**	**4,069.9**	**−273.3**	
Profit for the period	–	–	269.5	–	
Other comprehensive income	–	–	0.0	−0.3	
Total comprehensive income for the period	**–**	**–**	**269.5**	**−0.3**	
Dividends	–	–	−100.8	–	
Other changes in equity	–	–	−0.7	0.0	
As at 30/9/2017	**347.4**	**954.3**	**4,238.0**	**−273.5**	

€m

	Difference from currency translation	Measurements of available-for-sale financial instruments	Measurements of cash flow hedges	Other components of other comprehensive income	Equity attributable to the shareholders of VERBUND AG	Equity attributable to non-controlling interests	Total equity
	−2.8	23.8	20.4	−0.8	4,859.6	573.7	5,433.3
	–	–	–	–	339.9	27.2	367.1
	−1.0	2.0	−82.6	0.2	−82.8	0.1	−82.6
	−1.0	2.0	−82.6	0.2	257.2	27.3	284.5
	0.0	0.0	0.0	0.0	−7.0	−0.2	−7.2
	0.0	0.0	0.0	0.0	−1.7	0.8	−0.9
	–	–	–	–	−121.6	−43.4	−165.0
	0.0	0.0	0.0	0.6	−0.1	0.0	−0.1
	−3.8	25.9	−62.2	0.0	4,986.3	558.2	5,544.6
	−3.9	**30.3**	**−160.4**	**0.0**	**4,964.3**	**565.3**	**5,529.5**
	–	–	–	–	269.5	28.6	298.1
	−1.6	1.8	−13.3	0.0	−13.3	−0.3	−13.7
	−1.6	**1.8**	**−13.3**	**0.0**	**256.2**	**28.3**	**284.4**
	–	–	–	–	−100.8	−21.8	−122.6
	0.0	0.0	0.0	0.0	−0.7	0.0	−0.7
	−5.5	**32.1**	**−173.7**	**0.0**	**5,119.0**	**571.7**	**5,690.7**

Cash flow statement

€m

In accordance with IFRSs	Notes	Q1–3/2016	**Q1–3/2017**
Profit for the period		367.1	298.1
Amortisation of intangible assets and depreciation of property, plant and equipment (net of reversals of impairment losses)		344.8	233.0
Impairment losses on investments (net of reversals of impairment losses)		1.0	0.0
Result from interests accounted for using the equity method (net of dividends received)		–12.7	–8.4
Result from the disposal of non-current assets		0.2	–6.5
Change in non-current provisions and deferred tax liabilities		69.8	23.9
Change in contributions to building costs and grants		–4.2	1.5
Income from the reversal of deferred income from cross-border leasing transactions		–1.2	–1.2
Other non-cash expenses and income		–120.0	–14.2
Subtotal		644.9	**526.0**
Change in inventories		6.4	–8.8
Change in trade receivables and other receivables		81.9	69.3
Change in trade payables and other liabilities		–88.5	–105.9
Change in current provisions and current tax liabilities		12.9	3.2
Cash flow from operating activities[1]		657.6	**483.8**

[1] Cash flow from operating activities includes income taxes paid of €33.9m (Q1–3/2016: €13.1m), interest paid of €54.3m (Q1–3/2016: €59.1m), interest received of €0.1m (Q1–3/2016: €0.5m) and dividends received of €19.6m (Q1–3/2016: €21.9m).

€m

In accordance with IFRSs	Notes	Q1–3/2016	Q1–3/2017
Cash outflow from capital expenditure for intangible assets and property, plant and equipment		–177.3	–165.9
Cash inflow from the disposal of intangible assets and property, plant and equipment		10.7	4.5
Cash outflow from capital expenditure for investments		0.0	–0.1
Cash inflow from the disposal of investments		3.6	6.9
Cash outflow from capital expenditure for interests accounted for using the equity method and other equity interests		–1.2	–2.2
Cash outflow from capital expenditure for current investments		–40.0	0.0
Cash flow from investing activities		–204.3	**–156.8**
Cash inflow from money market transactions		0.0	53.7
Cash outflow from money market transactions		–195.5	0.0
Cash outflow from the repayment of financial liabilities (excluding money market transactions)		–104.3	–272.6
Dividends paid		–165.0	–122.6
Cash flow from financing activities		–464.8	**–341.5**
Change in cash and cash equivalents		–11.5	**–14.5**
Cash and cash equivalents as at 1/1/		28.9	**28.0**
Change in cash and cash equivalents		–11.5	–14.5
Changes in the basis of consolidation		0.7	0.0
Classification as available for sale		0.0	–0.5
Cash and cash equivalents as at 30/9/		18.1	**13.0**

Selected explanatory notes

Financial reporting principles

Basic principles

These consolidated interim financial statements of VERBUND as at 30 September 2017 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable to interim financial statements as adopted by the European Union.

The condensed format of VERBUND's consolidated interim financial statements is consistent with IAS 34 "Interim Financial Reporting"; for further information and disclosures please refer to VERBUND's consolidated financial statements as at 31 December 2016, which form the basis for these consolidated interim financial statements of VERBUND.

Accounting policies

The same accounting policies were applied in these consolidated interim financial statements of VERBUND as in VERBUND's consolidated financial statements as at 31 December 2016.

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

New accounting standards not yet applicable or applied

The status of the expectations described on 31 December 2016 regarding the effects of accounting standards to be applied in the future can be updated as follows:

We expect to make use of the opportunity to classify equity instruments as FVOCI in accordance with IFRS 9. This will reduce earnings volatility, because all measurement gains or losses and gains or losses on disposal will be recognised in other comprehensive income in the future. However, shares in investment funds are to be measured at fair value through the financial result, because the payments related to the funds are not comprised solely of interest and principal payments. As at 30 September 2017, this would have resulted in a €2.5m increase in profit for the period. However, since the implementation project has not yet been completed, no quantitative statements with respect to the full effects of the transition to IFRS 9 can be made at this time.

Based on the current findings of the ongoing implementation project, the first-time application of IFRS 15 will not have any material effects on the scope or timing of revenue recognition.

In connection with the Group-wide implementation of IFRS 16, a centralised database solution for the management and future recognition of leases is currently being integrated into VERBUND's IT landscape. The leases will be assessed in parallel to this over the coming months. Since the analysis of the impact of the new standard has not yet been completed, no quantitative statements with respect to the effects of the transition to IFRS 16 can be made at this time. An enhancement of the balance sheet, a minor increase in net debt and somewhat higher expenses at the commencement of a lease are expected, however.

Segment reporting

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

€m

	Renewable generation	Sales	Grid	All other segments	Reconciliation/ consolidation	Total Group
Q1–3/2017						
External revenue	125.3	1,491.9	526.3	15.3	2.9	2,161.6
Internal revenue	583.5	219.7	53.7	184.3	–1,041.2	0.0
Total revenue	708.8	1,711.6	580.0	199.6	–1,038.3	2,161.6
EBITDA	**436.4**	**74.1**	**93.5**	**78.0**	**–18.4**	**663.5**
Depreciation and amortisation	–191.2	–0.8	–58.0	–6.9	–0.3	–257.2
Effects from impairment tests (operating result)	0.0	0.0	0.0	23.2	0.0	23.2
Other material non-cash items	34.8	–6.1	9.2	26.8	1.6	66.3
Result from interests accounted for using the equity method	0.3	0.0	0.2	22.2	0.0	22.6
Effects from impairment tests (financial result)	0.0	0.0	0.0	0.0	0.0	0.0
Capital employed	**6,959.5**	**202.2**	**1,237.8**	**450.2**	**–76.1**	**8,773.6**
of which carrying amount of interests accounted for using the equity method	2.6	0.0	1.4	291.8	0.0	295.8
Additions to intangible assets and property, plant and equipment	71.0	0.3	61.5	4.7	0.8	138.3
Additions to interests accounted for using the equity method	0.0	0.0	0.0	1.1	0.0	1.1

€m

	Renewable generation	Sales	Grid	All other segments	Recon-ciliation/ consoli-dation	Total Group
Q1–3/2016						
External revenue	90.9	1,587.1	428.1	13.9	2.8	2,122.8
Internal revenue	625.0	118.0	72.2	98.9	−914.2	0.0
Total revenue	715.9	1,705.2	500.3	112.8	−911.4	2,122.8
EBITDA	**426.6**	**116.3**	**182.4**	**107.0**	**−22.7**	**809.7**
Depreciation and amortisation	−188.9	−1.4	−55.0	−7.2	−0.5	−252.9
Effects from impairment tests (operating result)	−74.9	0.0	0.0	−15.5	0.1	−90.3
Other material non-cash items	63.7	5.6	9.3	119.1	1.3	199.0
Result from interests accounted for using the equity method	1.0	0.0	0.0	25.7	0.0	26.8
Effects from impairment tests (financial result)	0.7	0.0	0.0	0.0	0.0	0.7
Capital employed	**6,729.6**	**301.6**	**1,222.2**	**324.5**	**47.7**	**8,625.6**
of which carrying amount of interests accounted for using the equity method	2.5	0.0	1.3	274.4	0.0	278.2
Additions to intangible assets and property, plant and equipment	74.9	0.3	82.0	2.8	0.6	160.6
Additions to interests accounted for using the equity method	0.0	0.0	0.0	1.0	0.0	1.0

Notes to the income statement

(1)
Electricity revenue

Electricity revenue by customer area

€m

	Q1–3/2016 Domestic	**Q1–3/2017 Domestic**	Change	Q1–3/2016 Foreign	**Q1–3/2017 Foreign**	Change
Electricity deliveries to resellers	423.9	442.7	4.4%	250.8	363.9	45.1%
Electricity deliveries to consumers[1]	273.5	187.5	–31.4%	278.2	291.3	4.7%
Electricity deliveries to traders	53.1	68.2	28.4%	439.8	426.1	–3.1%
Electricity revenue by customer area[2]	750.6	**698.5**	–6.9%	968.8	**1,081.2**	11.6%

[1] Agreements between VERBUND and Austrian grid operators concerning the so-called reimbursement model took effect in quarters 1–3/2017. Under this model, energy suppliers and grid operators pursue payment on outstanding receivables from consumers separately. This means that VERBUND is not exposed to a risk of default with respect to grid fees recharged to consumers. As a result, VERBUND has been classified as an agent of the grid operator in connection with the recharged grid fees, and electricity revenue of €129.4m has therefore been shown netted against the corresponding grid purchase expenses. // [2] To present business performance more accurately, revenue from energy trading is shown as a net amount, i.e. amounts realised and measured are each presented net of expenses. Without this net presentation, electricity revenue (and expenses for the purchase of electricity) would have been €1,976.7m higher in quarters 1–3/2017 (Q1–3/2016: €804.5m).

(2)
Grid revenue

Grid revenue by customer area

€m

	Q1–3/2016 Domestic	**Q1–3/2017 Domestic**	Change	Q1–3/2016 Foreign	**Q1–3/2017 Foreign**	Change
Electric power companies	183.3	185.0	0.9%	2.1	3.7	76.7%
Industrial clients	14.4	9.5	–34.3%	0.0	0.0	n.a.
Other	29.6	35.0	18.3%	57.6	64.0	11.0%
Grid revenue	227.3	**229.4**	0.9%	59.7	**67.7**	13.3%

(3)
Other operating income

In quarters 1–3/2016, VERBUND and EconGas GmbH settled various outstanding issues related to gas deliveries for the Mellach combined cycle gas turbine power plant. The natural gas supply agreement signed on 24 June 2008 is no longer in effect. The parties have agreed not to disclose the terms of the settlement.

Due to the termination of the natural gas supply agreement, the freestanding derivative recognised since 2012 and provisions reported on the balance sheet were required to be derecognised or reversed. The resulting income in quarters 1–3/2016 amounted to €118.0m.

(4)
Expenses for electricity, grid, gas and certificate purchases

Expenses for electricity, grid, gas and certificate purchases

€m

	Q1–3/2016	Q1–3/2017	Change
Expenses for electricity purchases (including control power)	760.7	980.5	28.9%
Expenses for grid purchases (system use)[1]	187.5	71.5	–61.9%
Expenses for gas purchases[2]	76.8	40.8	–46.9%
Purchases of emission rights (trade)	0.4	1.7	n.a.
Purchases of proof of origin and green certificates	2.5	0.7	–72.6%
Expenses for electricity, grid, gas and certificate purchases	1,027.9	**1,095.2**	6.5%

[1] Agreements between VERBUND and Austrian grid operators concerning the so-called reimbursement model took effect in quarters 1–3/2017. Under this model, energy suppliers and grid operators pursue payment on outstanding receivables from consumers separately. This means that VERBUND is not exposed to a risk of default with respect to grid fees recharged to consumers. As a result, VERBUND has been classified as an agent of the grid operator in connection with the recharged grid fees, and electricity revenue of €129.4m has therefore been shown netted against the corresponding grid purchase expenses. // [2] VERBUND and EconGas GmbH entered into a long-term natural gas supply agreement in the past, which as a consequence of its management had to be classified as a freestanding derivative and recognised at fair value through profit or loss. Up until the settlement of outstanding issues between VERBUND and EconGas GmbH in connection with gas deliveries for the Mellach combined cycle gas turbine power plant, expenses from the measurement of the freestanding derivative were recognised in the amount of €9.8m in quarters 1–3/2016.

(5)
Fuel expenses and other usage-dependent expenses

Fuel expenses and other usage-dependent expenses

€m

	Q1–3/2016	Q1–3/2017	Change
Fuel expenses	44.0	62.1	41.3%
Emission rights acquired in exchange for consideration	4.0	3.2	–20.0%
Other usage-dependent expenses	9.5	14.8	56.1%
Fuel expenses and other usage-dependent expenses	57.4	**80.1**	39.4%

(6)
Personnel expenses

Personnel expenses

€m

	Q1–3/2016	Q1–3/2017	Change
Wages and salaries	178.2	174.7	–1.9%
Expenses for social security contributions as required by law as well as income-based charges and compulsory contributions	41.0	39.9	–2.5%
Other social expenses	2.7	2.7	0.9%
Subtotal	221.8	**217.4**	–2.0%
Expenses for termination benefits	4.0	3.8	–4.3%
Expenses for pensions and similar obligations	8.0	10.6	32.7%
Personnel expenses	233.7	**231.7**	–0.9%

(7)
Impairment losses

Impairment losses

€m

	Q1–3/2016	Q1–3/2017	Change
Mellach district heating power plant[1]	0.0	10.5	n.a.
Romanian wind farms	57.2	0.0	–100.0%
Gössendorf and Kalsdorf run-of-river power plants	17.6	0.0	–100.0%
Change in deferred grants for the Gössendorf and Kalsdorf run-of-river power plants	–1.0	0.0	100.0%
Mellach combined cycle gas turbine power plant	15.9	0.0	–100.0%
Change in deferred grants for the Mellach combined cycle gas turbine power plant	–0.4	0.0	100.0%
Other	1.2	4.5	n.a.
Impairment losses	90.3	**15.0**	–83.4%

[1] A provision for a dismantling obligation was allocated in quarters 1–3/2017. Since the carrying amount of the power plant increased as a result, an impairment test had to be conducted.

(8) Reversals of impairment losses

Impairment test – Mellach combined cycle gas turbine power plant

	31/12/2016	**30/9/2017**
Cash-generating unit	Combined cycle gas turbine power plant (installed electrical capacity: 848 MW)	Combined cycle gas turbine power plant (installed electrical capacity: 848 MW)
Triggering event for (a reduction in) impairment	Updated electricity and/or gas price forecasts and updated discount rate	Update of the temporarily expected revenue from the grid reserve
Basis for recoverable amount	Fair value (level 3) less costs of disposal	Fair value (level 3) less costs of disposal
Valuation technique	Net present value approach (DCF method)	Net present value approach (DCF method)
Derivation of cash flow	VERBUND Thermal Power GmbH & Co KG in Liqu. budgets (based mainly on near-market data)	VERBUND Thermal Power GmbH & Co KG in Liqu. budgets (based mainly on near-market data)
Volume	Optimisation model with primary inputs: installed capacity, heat extraction (maximum 400 MW) and efficiency at full capacity (58.8%)	Optimisation model with primary inputs: installed capacity, heat extraction (maximum 400 MW) and efficiency at full capacity (58.8%)
Pricing	External price forecasts; temporarily expected revenue from the grid reserve, congestion management, redispatch, estimates of operating, maintenance and decommissioning costs by the responsible managers	External price forecasts; temporarily expected revenue from the grid reserve, congestion management, redispatch, estimates of operating, maintenance and decommissioning costs by the responsible managers
Planning period	Total capacity averaging around 100,000 equivalent operating hours or until 2040 (whichever occurs first)	Total capacity averaging around 100,000 equivalent operating hours or until 2040 (whichever occurs first)
Key valuation assumptions	Development of clean spark spreads, discount rate and temporarily expected revenue from congestion management and redispatch	Development of clean spark spreads, discount rate, temporarily expected revenue from grid reserve, congestion management and redispatch
Discount rate	WACC after taxes: 4.75%	WACC after taxes: 4.50%
Recoverable amount	€24.7m	€67.7m
Impairment losses and reversal of impairment losses in the period[1]	€–15.9m	€39.2m

[1] The reversal was reduced by the amount of change in deferred government grants (€1.0m; Q1–3/2016: €0.4m).

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

Result from interests accounted for using the equity method

€m

	Q1–3/2016 Domestic	**Q1–3/2017 Domestic**	Change	Q1–3/2016 Foreign	**Q1–3/2017 Foreign**	Change
Income or expenses	27.3	**23.2**	–14.9%	–0.4	**–0.6**	–28.0%

(10)
Interest income

Interest income €m

	Q1–3/2016	Q1–3/2017	Change
Interest from investments under closed items on the balance sheet	21.6	21.9	1.5%
Other interest and similar income	1.8	1.4	–18.1%
Interest income	23.4	**23.4**	–13.8%

(11)
Interest expenses

Interest expenses €m

	Q1–3/2016	Q1–3/2017	Change
Interest on bonds	37.8	37.7	–0.2%
Interest on financial liabilities under closed items on the balance sheet	21.6	21.9	1.5%
Interest on bank loans	16.1	11.0	–31.5%
Interest on other liabilities from electricity supply commitments	12.8	12.5	–2.8%
Net interest expense on personnel-related liabilities	11.6	8.3	–28.0%
Interest on a share redemption obligation	4.9	4.8	–2.1%
Interest on other non-current provisions	1.1	1.4	28.0%
Profit or loss attributable to limited partners	–0.2	–0.3	–69.3%
Borrowing costs capitalised in accordance with IAS 23	–10.5	–3.6	65.4%
Other interest and similar expenses	4.8	4.2	–11.9%
Interest expenses	100.1	**98.0**	–2.0%

(12)
Other financial result

Other financial result €m

	Q1–3/2016	Q1–3/2017	Change
Measurement of derivatives in the finance area	–4.1	2.2	154.5%
Income from securities and loans	1.9	1.7	–7.0%
Foreign exchange gains	3.1	0.1	–95.7%
Measurement of an obligation to return an interest	33.4	0.0	–100.0%
Foreign exchange losses	–0.1	–0.1	–16.3%
Measurement of long position: Gemeinschaftskraftwerk Inn GmbH	–4.4	–4.3	1.8%
Other	–4.2	–0.1	97.1%
Other financial result	25.6	**–0.4**	139.6%

(13)
Taxes on income

Prior-period income tax revenue in the amount of €37.3m was recognised in quarters 1–3/2016. This related to the goodwill amortisation in the tax accounts of VERBUND's equity interests in VERBUND Innkraftwerke GmbH (for 2010–2013) and Innwerk AG (for 2015).

Notes to the balance sheet

(14)
Inventories

Inventories

€m	31/12/2016	30/9/2017	Change
Inventories of primary energy sources held for generation	1.2	**8.6**	n.a.
Emission rights held for trading	2.1	2.1	1.4%
Measurements of emission rights held for trading	1.1	1.3	20.5%
Fair value of emission rights held for trading	3.2	**3.4**	8.0%
Proof of origin and green electricity certificates	0.5	**1.6**	n.a.
Other	4.2	**4.1**	–2.7%
Inventories	9.1	**17.7**	94.7%

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

(15)
Assets and liabilities held for sale

The assets and liabilities of the consolidated 85.96% equity interest in SMATRICS GmbH & Co KG were classified as held for sale effective 16 May 2017. SMATRICS GmbH & Co KG is part of the Energy services segment (included under the “All other segments” combined heading in the segment reporting). As part of a far-reaching cooperation between OMV Aktiengesellschaft and VERBUND, OMV Aktiengesellschaft is expected to take a 40% stake in SMATRICS GmbH & Co KG in quarter 4/2017. After the closing of this sale of shares, the remaining investment in SMATRICS GmbH & Co KG will be included in the consolidated financial statements of VERBUND using the equity method of accounting.

(16) Additional disclosures regarding financial instruments

Carrying amounts and fair values by measurement category 30/9/2017

€m

Assets – balance sheet items	Measurement category under IAS 39	Level	Carrying amount	Fair value
Interests in unconsolidated subsidiaries	FAAC	–	5.3	–
Other equity interests	FAAFS	2	92.6	92.6
Other equity interests	FAAC	–	17.9	–
Other equity interests			**115.7**	
Securities	FAAFS	1	136.4	136.4
Securities	FAAC	–	3.5	–
Securities – closed items on the balance sheet	LAR	2	59.5	57.2
Other loans – closed items on the balance sheet	LAR	2	276.0	308.2
Derivatives in the finance area – closed items on the balance sheet	FAHFT	2	93.8	93.8
Loans to investees	LAR	2	64.4	66.6
Other loans	LAR	2	5.1	4.9
Other	–	–	28.3	–
Other non-current investments and non-current other receivables			**667.1**	
Trade receivables	LAR	–	289.7	–
Receivables from investees	LAR	–	21.4	–
Loans to investees	LAR	2	3.5	3.7
Other loans	LAR	2	0.3	0.3
Derivatives in the energy area	FAHFT	2	90.3	90.3
Long position: Gemeinschaftskraftwerk Inn GmbH	FAHFT	3	0.4	0.4
Emission rights	IAS 38, IAS 2	–	0.4	–
Other	LAR	–	45.1	–
Other	–	–	34.0	–
Trade receivables and current other receivables			**485.0**	
Cash and cash equivalents	**LAR**	**–**	**13.0**	**–**
Aggregated by measurement category				
Financial assets at cost	FAAC		26.6	
Loans and receivables	LAR		778.0	
Financial assets available for sale	FAAFS		229.0	
Financial assets held for trading	FAHFT		184.5	

Carrying amounts and fair values by measurement category 30/9/2017

€m

Liabilities – balance sheet items	Measurement category under IAS 39	Level	Carrying amount	Fair value
Bonds	FLAAC	2	1,404.7	1,516.5
Financial liabilities to banks and to others	FLAAC	2	600.9	636.8
Financial liabilities to banks – closed items on the balance sheet	FLAAC	2	107.8	146.0
Financial liabilities to banks – closed items on the balance sheet	FLAFVPL	2	321.5	321.5
Capital shares attributable to limited partners	IAS 32	–	2.6	–
Non-current and current financial liabilities			2,437.5	
Electricity supply commitment	–	–	164.8	–
Obligation to return an interest	FLAAC	3	108.4	188.1
Trade payables	FLAAC	–	1.5	–
Deferred income for grants (emission rights)	IAS 20	–	0.2	–
Other	FLAAC	–	27.2	–
Non-current other liabilities			302.1	
Trade payables	FLAAC	–	126.8	–
Derivatives in the energy area	FLHFT	2	219.1	219.1
Derivatives in the finance area	FLHFT	2	20.1	20.1
Other	FLAAC	–	80.7	–
Other	–	–	73.9	–
Trade payables and current other liabilities			520.5	
Aggregated by measurement category				
Financial liabilities at amortised cost	FLAAC		2,458.0	
Financial liabilities at fair value through profit or loss	FLAFVPL		321.5	
Financial liabilities held for trading	FLHFT		239.1	

Carrying amounts and fair values by measurement category 31/12/2016

€m

Assets – balance sheet items	Measurement category under IAS 39	Level	Carrying amount	Fair value
Interests in unconsolidated subsidiaries	FAAC	–	5.3	–
Other equity interests	FAAFS	2	92.6	92.6
Other equity interests	FAAC	–	16.8	–
Other equity interests			**114.6**	
Securities	FAAFS	1	133.9	133.9
Securities	FAAC	–	3.5	–
Securities – closed items on the balance sheet	LAR	2	67.1	61.8
Other loans – closed items on the balance sheet	LAR	2	308.0	333.2
Derivatives in the finance area – closed items on the balance sheet	FAHFT	2	114.1	114.1
Loans to investees	LAR	2	59.3	62.3
Other loans	LAR	2	5.3	5.7
Other	–	–	23.9	–
Other non-current investments and non-current other receivables			**715.1**	
Trade receivables	LAR	–	346.3	–
Receivables from investees	LAR	–	38.6	–
Loans to investees	LAR	2	4.6	4.8
Other loans	LAR	2	0.7	0.7
Derivatives in the energy area	FAHFT	2	118.6	118.6
Long position: Gemeinschaftskraftwerk Inn GmbH	FAHFT	3	4.3	4.3
Emission rights	IAS 38, IAS 2	–	6.0	–
Other	LAR	–	26.1	–
Other	–	–	22.5	–
Trade receivables and current other receivables			**567.6**	
Cash and cash equivalents	**LAR**	**–**	**28.0**	**–**
Aggregated by measurement category				
Financial assets at cost	FAAC		25.6	
Loans and receivables	LAR		883.9	
Financial assets available for sale	FAAFS		226.5	
Financial assets held for trading	FAHFT		236.9	

Carrying amounts and fair values by measurement category 31/12/2016

€m

Liabilities – balance sheet items	Measurement category under IAS 39	Level	Carrying amount	Fair value
Bonds	FLAAC	2	1,407.5	1,553.7
Financial liabilities to banks and to others	FLAAC	2	819.3	866.4
Financial liabilities to banks – closed items on the balance sheet	FLAAC	2	118.7	160.5
Financial liabilities to banks – closed items on the balance sheet	FLAFVPL	2	370.5	370.5
Capital shares attributable to limited partners	IAS 32	–	3.7	–
Non-current and current financial liabilities			2,719.7	
Electricity supply commitment	–	–	169.9	–
Obligation to return an interest	FLAAC	3	103.6	182.0
Trade payables	FLAAC	–	3.6	–
Other	FLAAC	–	28.4	–
Non-current other liabilities			305.5	
Trade payables	FLAAC	–	157.2	–
Derivatives in the energy area	FLHFT	1	0.5	0.5
Derivatives in the energy area	FLHFT	2	253.5	253.5
Derivatives in the finance area	FLHFT	2	27.0	27.0
Other	FLAAC	–	133.7	–
Other	–	–	73.5	–
Trade payables and current other liabilities			645.3	
Aggregated by measurement category				
Financial liabilities at amortised cost	FLAAC		2,772.0	
Financial liabilities at fair value through profit or loss	FLAFVPL		370.5	
Financial liabilities held for trading	FLHFT		280.9	

Of the derivative financial instruments in the energy area classified as FAHFT and FLHFT in the above tables, positive fair values of €33.5m (31 December 2016: €28.9m) and negative fair values of €254.8m (31 December 2016: €227.1m) relate to hedging relationships designated as cash flow hedges. These fair values represent gross amounts; following the inter-portfolio netting carried out in accordance with VERBUND's accounting policies, cash flow hedges can no longer be isolated.

Valuation techniques and input factors for determining fair values

Level	Financial instruments	Valuation technique	Input factor
1	Listed securities	Market approach	Nominal values, stock exchange price
1	Listed energy forwards	Market approach	Settlement price published by the stock exchange
2	Other assets and liabilities measured at fair value in the finance area	Net present value approach	Cash flows already fixed or determined via forward rates, yield curve, credit risk of the contracting parties
2	Securities and other loans under closed items on the balance sheet, long-term loans, liabilities to banks, bonds and other financial liabilities	Net present value approach	Payments associated with the financial instruments, yield curve, credit risk of the contracting parties (credit default swaps or credit spread curves)
2	Other equity interest in Energie AG Oberösterreich	Market approach	Trading multiple
2	Non-listed energy forwards	Net present value approach	Forward price curve derived from stock exchange, yield curve, credit risk of the contracting parties
3	Return obligation (obligation to transfer back the 50% interest acquired in Donaukraftwerk Jochenstein AG)	Net present value approach	Price forecasts for electricity, weighted average cost of capital after taxes
3	Long position: Gemeinschaftskraftwerk Inn GmbH (GKI)	Net present value approach	Price forecast for electricity and discount rate for calculating the value of the underlying asset (weighted average cost of capital after taxes)
–	Cash and cash equivalents, trade receivables and payables, current other receivables, other borrowing within current credit lines as well as current other liabilities	–	Carrying amounts as a realistic estimate of fair value
–	Interests in unconsolidated subsidiaries and other equity interests	–	Reliable estimate of future cash flows mostly not possible; no comparable transactions for fair value measurement using analogy methods

Level 3 measurement of financial instruments: long position: GKI

€m	2016	2017
Carrying amount as at 1/1/	18.0	**4.3**
Measurement gains or losses (recognised in other financial result)	–4.4	–4.3
Measurement gains or losses (recognised as a measurement of cash flow hedges)	0.0	0.4
Carrying amount as at 30/9/	13.6	**0.4**

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

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

€m	Assumption	Change in assumption	If assumption increases, financial asset changes by[2]	If assumption decreases, financial asset changes by[2]
Electricity price[3]	€44.7/MWh	± 5%	3.8	3.3
Discount rate	4.50%	± 0.25 PP	4.0	5.7

[1] In the sensitivity analysis, one non-observable input factor was changed at a time while the other factors of influence remained constant. However, in reality changes in the non-observable inputs can also occur simultaneously. This can result in the amplification or (at least partial) neutralisation of the effects. // [2] The changes in the financial asset relate to the put and call option. Therefore, some of the changes have to be recognised in the financial result and some as a measurement of cash flow hedges. A 5% increase (decrease) in the electricity price would have an impact of €–0.4m (€+3.3m) on the measurement of cash flow hedges and lead to income of €+4.2m (€0.0m) in the financial result. A 0.25 percentage point increase (decrease) in the discount rate would have an impact of €+4.0m (€–0.4m) on the measurement of cash flow hedges and lead to income of €0.0m (€+6.2m) in the financial result. // [3] The electricity price shown relates to the year 2025. The sensitivity analysis varies the price of electricity steadily over time up to the planning horizon.

Other note disclosures

Dividends paid

Dividends paid

	Total (€m)	Number of ordinary shares	Per share (€)
Dividend paid in 2017 for financial year 2016	100.8	347,415,686	0.29
Dividend paid in 2016 for financial year 2015	121.6	347,415,686	0.35

Purchase commitments

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

€m	30/9/2017	of which due in 2017	of which due 2018–2022
Total commitment	**334.5**	140.1	193.8

Contingent liabilities

VERBUND's last remaining cross-border leasing transaction has an off-balance sheet financing structure. As at 30 September 2017, VERBUND's subsidiary liability for the non-redeemed portion of lease liabilities from cross-border leasing transactions amounted to €504.2m (31 December 2016: €582.3m). Of the rights of recourse against primary debtors, a total of €327.7m (31 December 2016: €392.8m) was secured through counter-guarantees from financial institutions, entities entitled to purchase electricity and regional authorities (from guarantors' liabilities). In addition, €240.9m (31 December 2016: €259.8m) was covered by off-balance sheet investments.

Court proceedings pending

In connection with the proceedings between VERBUND and EVN AG (shutdown of the power plant block at the Dürnrohr site), discussions were held in quarters 1–3/2017 regarding a potential out-of-court settlement. No disclosures have been provided in respect of any contingent liabilities or provisions that may arise in relation to these proceedings because it is likely that such note disclosures would seriously prejudice VERBUND's position in the proceedings.

Additional parties filed claims for damages in quarters 1–3/2017 in connection with the flooding of the Drau River in 2012. The claims for damages currently amount to around €109.9m (31 December 2016: €109.8m). VERBUND is contesting both the amounts and merits of these claims. No disclosures have been provided in respect of any contingent liabilities or provisions that may arise in relation to these claims for damages because it is likely that such note disclosures would seriously prejudice VERBUND's position in the proceedings.

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

Transactions with related parties

Transactions with investees accounted for using the equity method €m

	Q1–3/2016	**Q1–3/2017**	Change
Income statement			
Electricity revenue	46.0	41.3	–10.2%
Grid revenue	16.9	17.9	5.9%
Other revenue	2.6	2.6	–1.1%
Other operating income	3.1	1.1	–65.3%
Expenses for electricity, grid, gas and certificate purchases	–20.3	–10.0	50.8%
Fuel expenses and other usage-dependent expenses	–0.1	0.0	100.0%
Other operating expenses	–0.3	–0.3	–2.6%
Interest income	1.2	1.1	–8.9%
Interest expenses	0.0	0.0	73.6%
Other financial result	1.7	1.6	–6.1%

Transactions with investees accounted for using the equity method €m

	31/12/2016	**30/9/2017**	Change
Balance sheet			
Investments and other non-current receivables	42.2	39.7	–5.8%
Trade receivables and other current receivables	25.7	24.6	–4.4%
Contributions to building costs and grants	288.3	290.3	0.7%
Trade payables and other current liabilities	3.6	3.2	–11.4%

Electricity revenue with equity-accounted investees primarily came from KELAG-Kärntner Elektrizitäts-AG (€31.0m; Q1–3/2016: €25.7m) and OeMAG Abwicklungsstelle für Ökostrom AG (€8.8m; Q1–3/2016: €18.0m). The electricity revenue was offset by electricity purchases from KELAG-Kärntner Elektrizitäts-AG in the amount of €9.3m (Q1–3/2016: €12.9m).

Electricity revenue with companies controlled or significantly influenced by the Republic of Austria in quarters 1–3/2017 totalled €38.1m (Q1–3/2016: €20.5m). Electricity was purchased mainly by Österreichische Bundesbahnen (ÖBB), Telekom Austria Group and OMV. Electricity purchased from companies controlled or significantly influenced by the Republic of Austria amounted to a total of €11.9m in quarters 1–3/2017 (Q1–3/2016: €0.2m). The electricity was supplied primarily by Österreichische Bundesbahnen (ÖBB).

VERBUND's expenses for monitoring by E-Control in quarters 1–3/2017 amounted to a total of €10.4m (Q1–3/2016: €8.7m).

Audit and/or review

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

Events after the reporting date

There were no events requiring disclosure between the reporting date of 30 September 2017 and authorisation for issue on 23 October 2017.

Vienna, 23 October 2017
Executive Board

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

Dr. Johann Sereinig
Vice-Chairman of the Executive Board

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

Dr. Peter F. Kollmann
Member of the Executive Board

Responsibility statement of the legal representatives

We confirm according to the best of our knowledge that the condensed consolidated interim financial statements of VERBUND as at 30 September 2017, prepared in accordance with the accounting standards for interim financial reports under International Financial Reporting Standards (IFRSs), give a true and fair view of the assets and liabilities, financial position and profit or loss of the Group.

We also confirm that the interim Group management report of VERBUND gives a true and fair view of the assets and liabilities, financial position and profit or loss of the Group with respect to the important events during the first nine months of the financial year and their effects on the condensed consolidated interim financial statements as at 30 September 2017 as well as with respect to the principal risks and uncertainties in the remaining three months of the financial year.

Vienna, 23 October 2017
Executive Board

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

Dr. Johann Sereinig
Vice-Chairman of the Executive Board

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

Dr. Peter F. Kollmann
Member of the Executive Board

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Contact: VERBUND AG
Am Hof 6a, 1010 Vienna, Austria
Phone: +43(0)50313-0
Fax: +43(0)50313-54191
Email: information@verbund.com
Homepage: www.verbund.com
Commercial register number: FN 76023z
Commercial register court:
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Registered office: Vienna, Austria

Investor Relations:
Andreas Wollein
Phone: +43(0)50313-52604
Email: investor-relations@verbund.com

Group Communications:
Beate McGinn
Phone: +43(0)50313-53702
Email: media@verbund.com

Shareholder structure:
– Republic of Austria (51.0%)
– Syndicate (>25.0%) consisting of EVN AG (the shareholders of which are: Niederösterreichische Landes-Beteiligungsholding GmbH, 51%, EnBW Energie Baden-Württemberg AG, 32.0%) and Wiener Stadtwerke (the sole shareholder is the City of Vienna)
– TIWAG-Tiroler Wasserkraft AG (>5.0%, the sole shareholder is the province of Tyrol)
– Free float (<20.0%): no further information is available concerning owners of shares in free float.

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

Regulatory body/trade associations:
E-Control GmbH/E-Control Kommission
Bundesministerium für Wissenschaft, Forschung und Wirtschaft
Wirtschaftskammer Österreich
Oesterreichs Energie

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

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

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

Verbund
Power for the Future