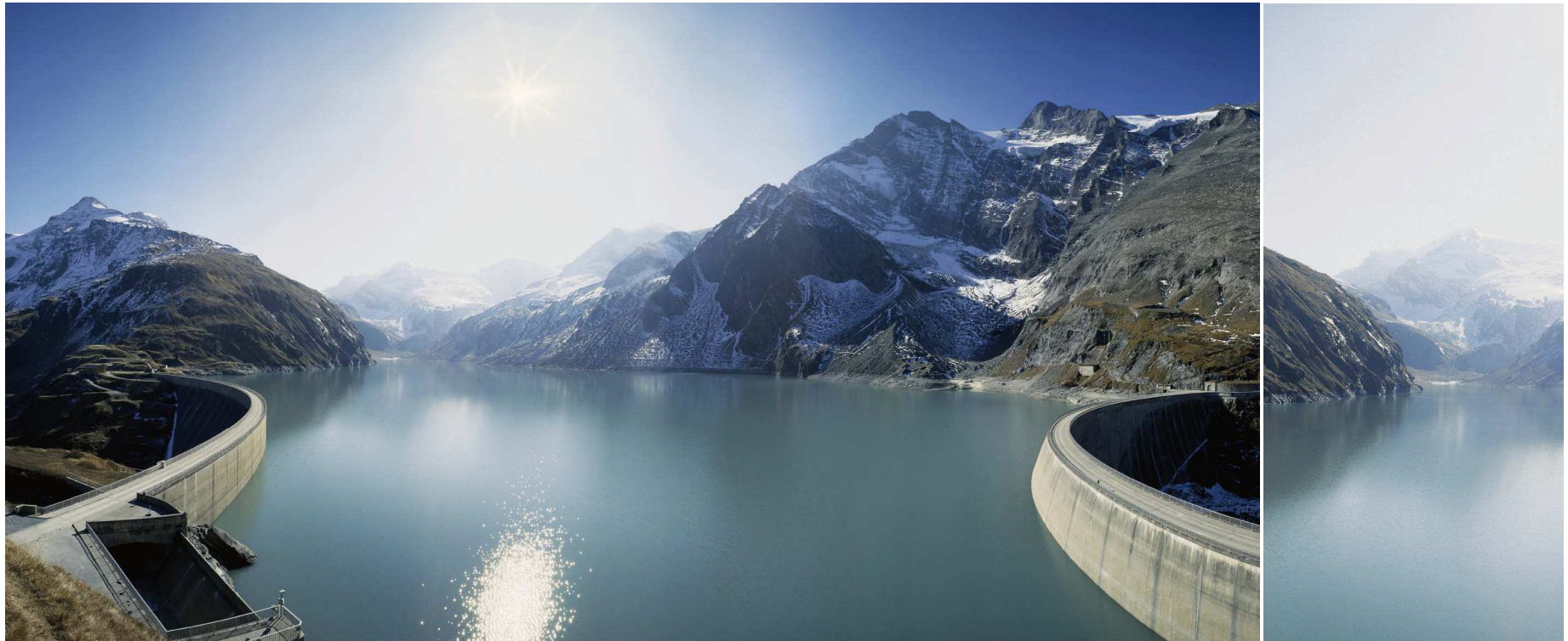


Verbund



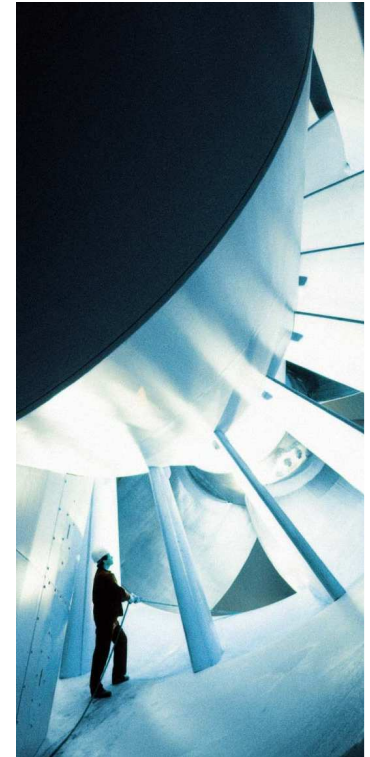
VERBUND

Results for quarters 1-3/2017

Vienna, 8/11/2017



Results quarters 1-3/2017



At a glance

Influencing factors

- Water supply 6% below the long-term average and 7 percentage points below Q1–3/2016
- Average achieved contract prices slightly lower by 0.7 €/MWh
- Substantial increase in income from the sale of flexibility products, especially from congestion management (+€57m)
- Lower contributions from the grid segment (–€89m)
- High positive one off effects in Q1-3/2016 (€111m EBITDA effect)

Results and cash flows

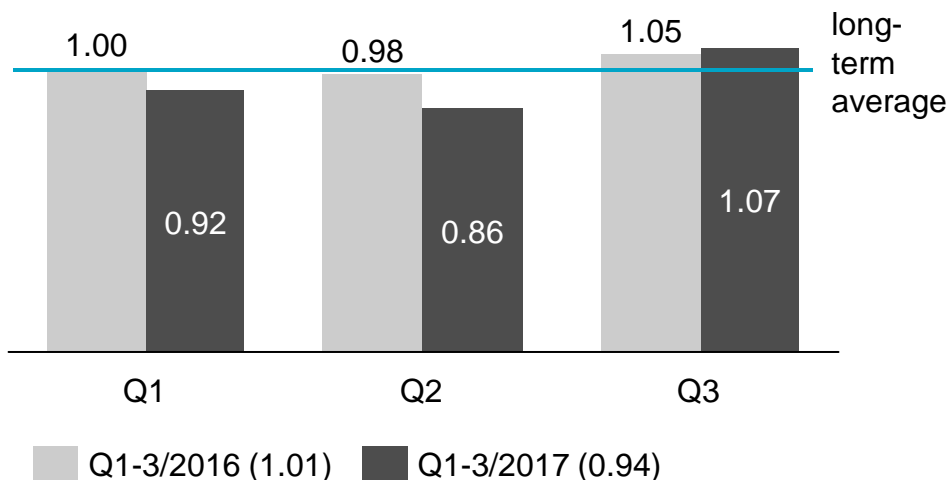
- EBITDA €663.5m (–18.1%); Adjusted EBITDA €663.5m (–5.0%)
- Group result €269.5m (–20.7%); Adjusted Group result €252.1m (–8.8%)
- Operating cash flow €483.8m (–26.4%)
- Free cash flow before dividends €320.2m (–34.6%)

Outlook 2017

- EBITDA approx. €830m, Group result approx. €320m
- Dividend policy for 2017: payout ratio between 40 and 45% of adjusted Group result of approx. €300m

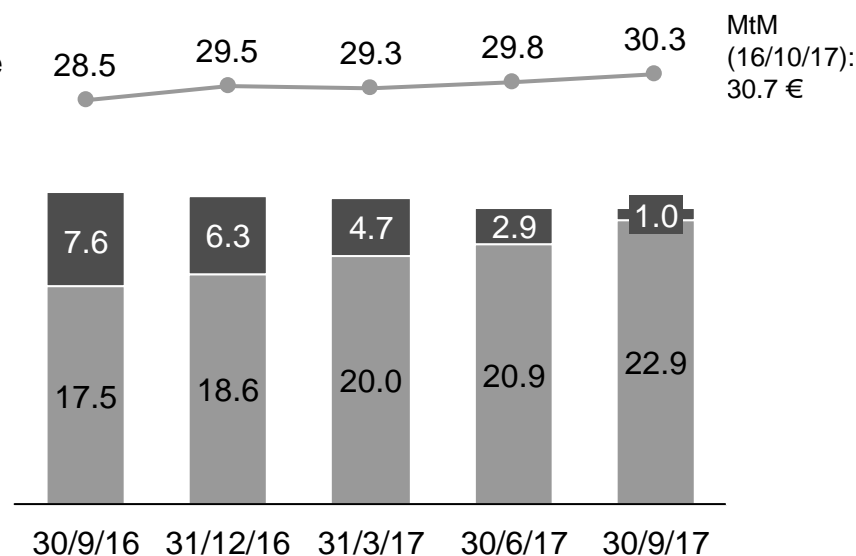
Lower hydro production and decreased own generation

Hydro coefficient (run-of-river)



Hedging volumes 2017¹/ TWh

FY 2016: €31.0/MWh



Electricity supply

- Hydropower: 22,437 GWh (–1,360 GWh, –5.7%)
 - Generation from storage power: 3,254 GWh (+67 GWh)
- Thermal Power: 1,667 GWh (+960 GWh, +135.9%)
 - CCGT Mellach: 1,221 GWh (+892 GWh)
- Wind/Solar: 680 GWh (+96 GWh, +16.4%)

—●— Achieved contract price ■ Hedged volumes
 ■ Open volumes

¹ Hydro production excluding volumes for holders of interests (at cost) and volumes resulting from pumping.

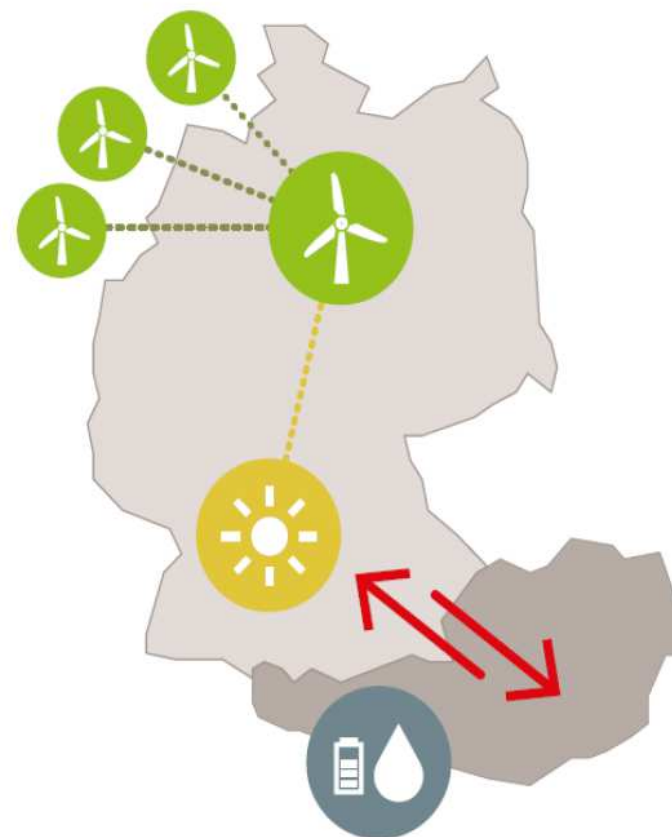
Higher sale of flexibility products

- ➡ System volatility in the European grid system increasing due to rapid development of new renewables
- ➡ Use of VERBUND power plants supplying flexible products

Flexibility products:

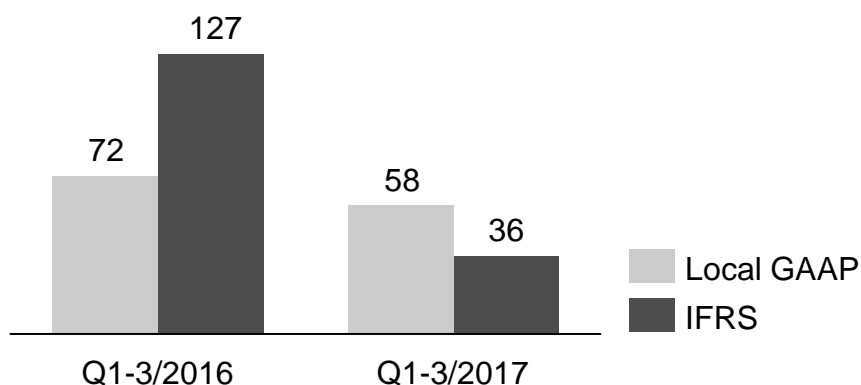
- **Control energy:** Permanent balance between generation and consumption necessary to ensure grid stability (primary/secondary/tertiary control energy)
- **Congestion management:** All measures to prevent/counteract excess load flows
- **Grid system services:** Provision of energy/capacity for grid losses, disruption management, black-start capability etc.
- **Intraday trading:** Use of short-term volatility within one day to generate additional profits
- **Capacity/cold reserve:** Contractual reservation of capacity for grid operators
- **Pumping/reverse operations:** Contributions from volumes resulting from pumping

Q1–3/2016 Actuals*	Q1–3/2017 Actuals*	FY2016 Actuals*	Guidance FY 2017*
€83m	€140m	€128m	€184m



Decline in IFRS results from grid business

Grid EBIT Q1–3/ €m



Local GAAP: stable earnings and cash flows

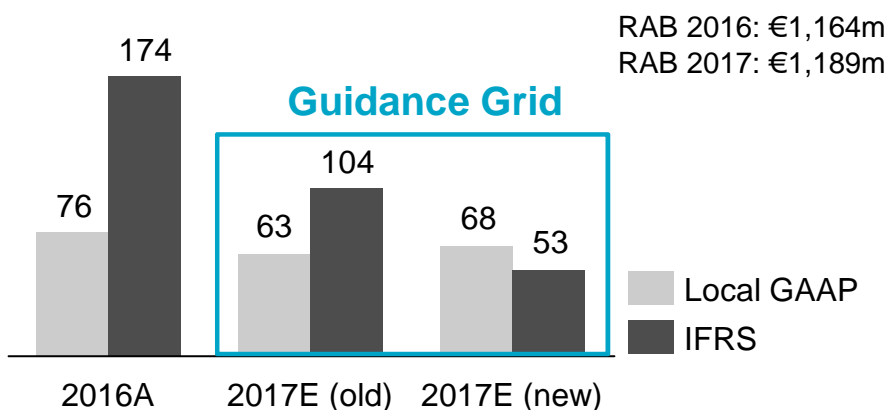
- Differences between revenues and planned revenues compensated by a regulatory account

IFRS: volatile earnings

- Revenue surpluses or shortfalls are not utilised/compensated via the regulatory account

⇒ Volatility in IFRS from: balancing energy, auctioning off of cross-border grid capacities, congestion management services

Grid EBIT FY16 and Guidance 2017/ €m



Change in Guidance Segment Grid 2017

- Increase in the internal congestion management expenses due to high volatility in the system

WACC for new regulatory period starting 1/1/2018 expected soon

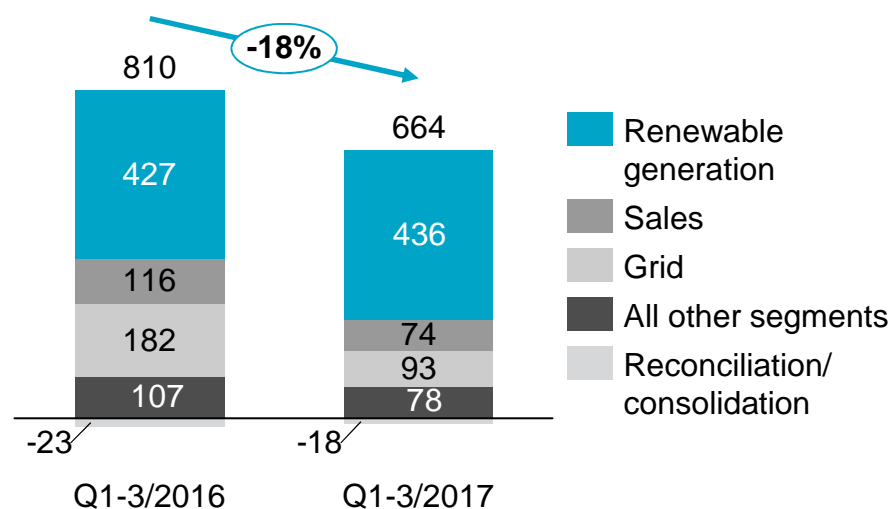
- Approx. 5%, upside from additional cost compensation likely

Positive non-recurring effects

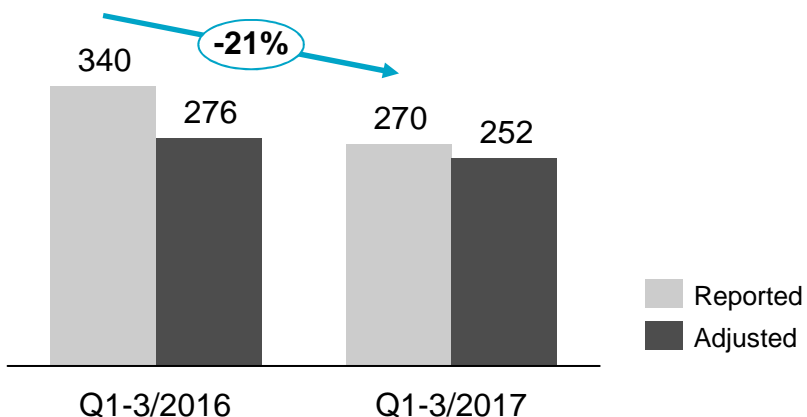
€m	Detail	Q1–3/2017	Q1–3/2016
Electricity revenue		0	-7
Other operating income		0	118
EBITDA	Total	0	111
Effects from impairment tests	Impairments coal fired power plant Mellach & Neudorf/Werndorf, reversal of impairments CCGT Mellach	23	-90
Operating result	Total	23	21
Other financial result		0	29
Effects from impairment tests		0	1
Financial result	Total	0	29
Taxes	Effects above	-6	11
Minorities		0	3
Group result	Total	17	64

Key financial figures (1)

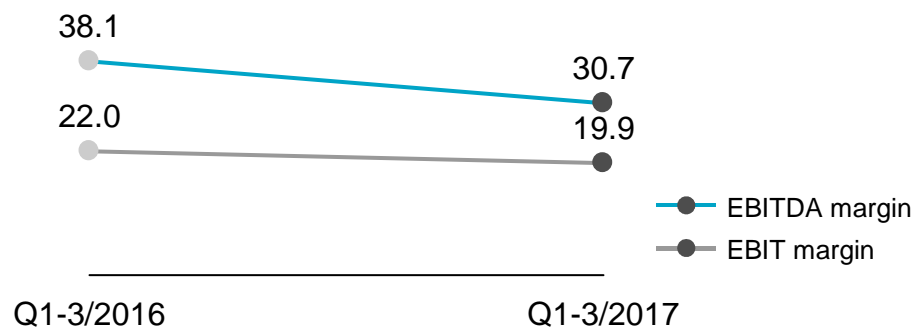
EBITDA/ €m



Group result/ €m

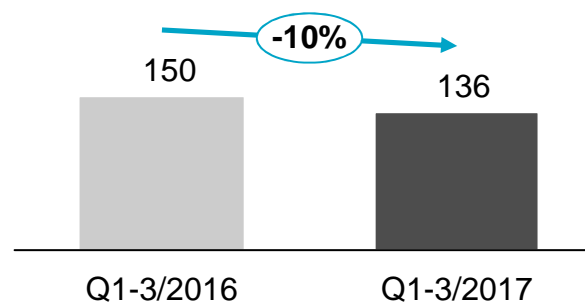


Margins/ %



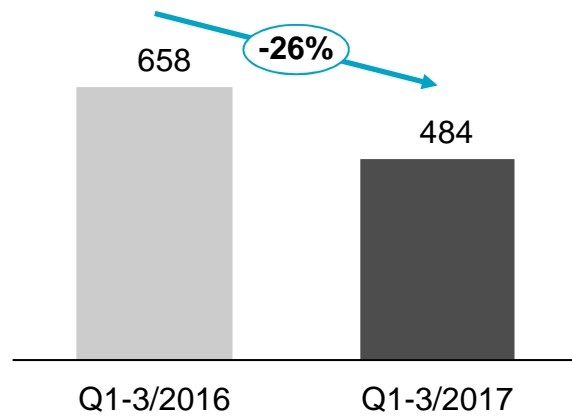
Additions/ €m

to tangible assets (without business combination)

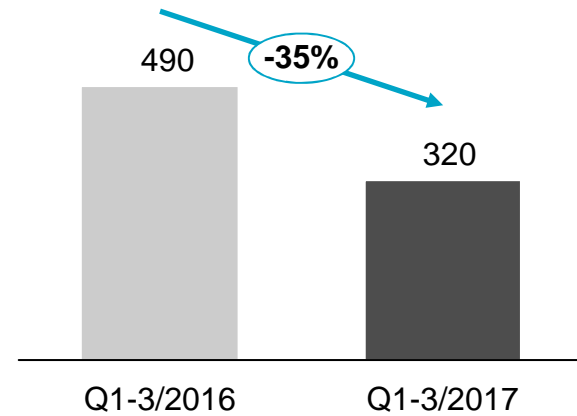


Key financial figures (2)

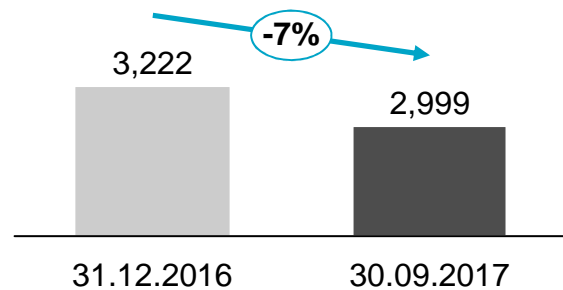
Operating cash flow/ €m



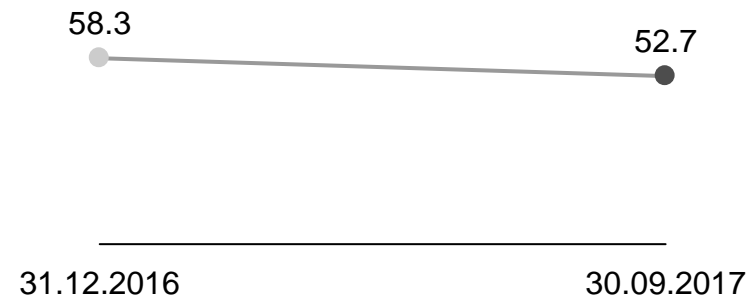
Free cash flow before dividend/ €m



Net debt/ €m

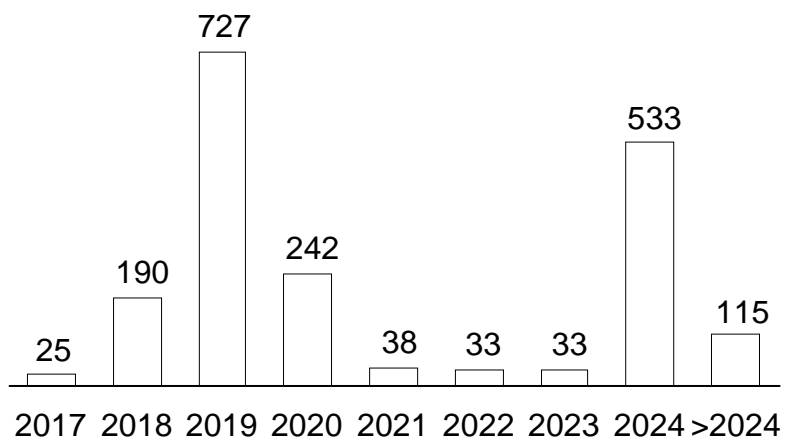


Gearing/ %

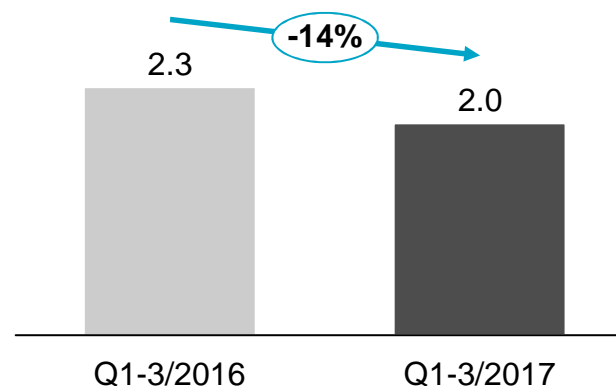


Financial liabilities

Debt maturity profile/ €m



Financial liabilities/ €bn



Financial liabilities

- Book value Financial liabilities: €2,006m

Financial ratios

- Duration: 3.7 years
- Effective interest rate: 3.7% p.a.
- Uncommitted lines of credit: approx. €521*
- Syndicated loan: €500m

Interest mix

- 93% fixed interest rate
- 7% floating interest rate

Currency

- 100% EUR

Rating

- Standard & Poor's: BBB/stable outlook
- Moody's: Baa2/stable outlook

Outlook

Sensitivities 2017

- +/- 1% generation from hydropower: +/- €1.7m in Group result
- +/- 1% generation from windpower: +/- €0.1m in Group result
- +/- 1 €/MWh in Wholesale prices (renewable generation): +/- €0.7m in Group result

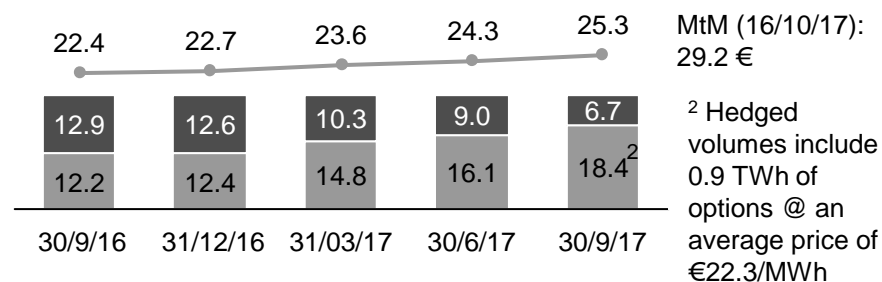
Earnings outlook 2017

EBITDA of around €830m and Group result of around €320m based on an average generation from hydropower and windpower in the fourth quarter of 2017.

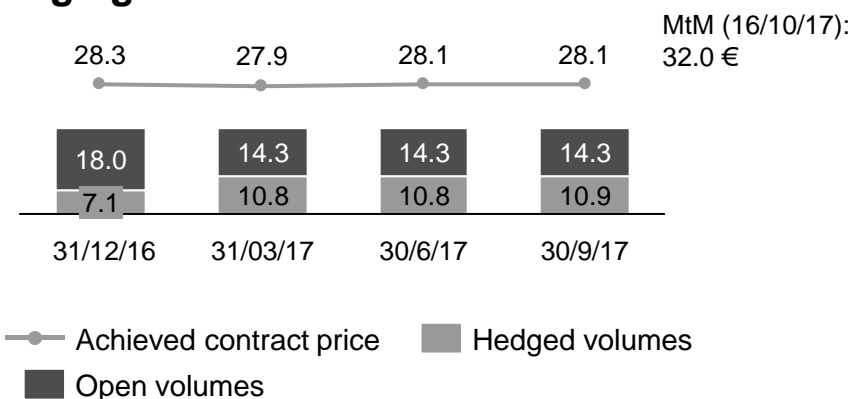
Payout ratio 2017

Between 40 and 45% based on adjusted Group result of approx. €300m.

Hedging volumes incl. options 2018¹/ TWh

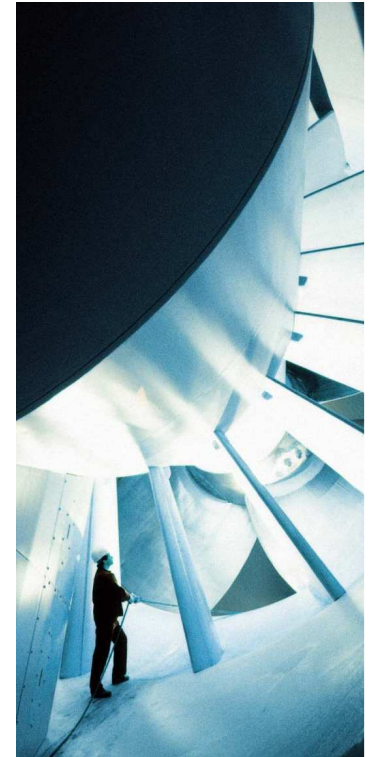


Hedging volumes 2019¹/ TWh



¹ Hydro production excluding volumes for holders of interests (at cost) and volumes resulting from pumping.

Appendix



Thermal restructuring shows positive results

Dürnrohr hard coal power plant

- Dürnrohr stopped electricity generation as of 30.4.2015

Mellach hard coal power plant

- 20/12/2016: Settlement of all outstanding matters associated with the agreement with Energie Steiermark to supply district heating to the city of Graz
- Construction of a boiler plant to satisfy district heating supply agreement, thereby having the option to close the hard coal power plant even earlier than in 2020

CCGT Mellach

- Court confirmed legal opinion of VERBUND – no obligation to keep CCGT Mellach as reserve plant
- 24/8/2016: Resolution of all outstanding matters related to gas deliveries for CCGT Mellach
- 14/3/2017: Sales process of CCGT Mellach terminated
- Amendment of Austrian Electricity Industry and Organisation Act (EIWOG) is important first step to allow the introduction of a grid reserve for preventing or removing critical grid situations

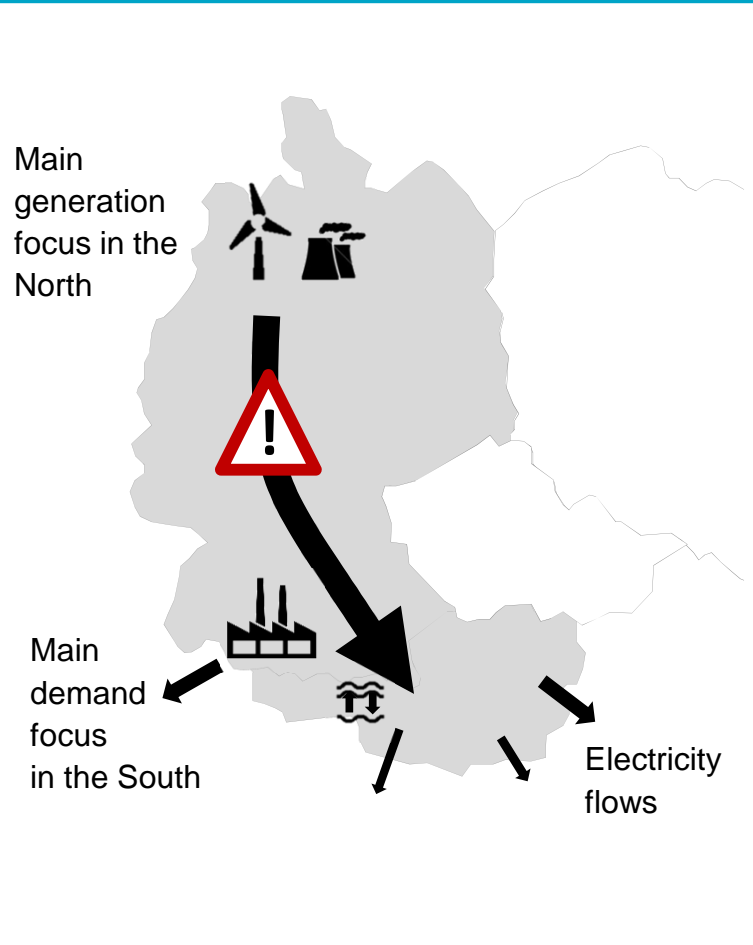


(Expected) results contribution excl. one-offs and accounting effects

Austria				
€m	2014A	2015A	2016A	2017E
EBITDA	-75	-18	+3	+72

Price zone Germany/Austria

Grid development in Germany



- Electricity surplus from north cannot fully be transported to south due to missing grid capacities
- Discussions on separation of the common price zone Germany/Austria
- Consequences of a separation:
 - Higher Power Price in Austria
 - Increasing total costs
 - Less market liquidity
 - Higher transaction costs
 - Impediment to renewables- and market integration (EU-objectives)
 - Higher market entry barriers
- Bilateral agreement between BNetzA and E-Control to introduce market separation as of 1 October 2018
 - NTC agreed at 4.9 GW (to be increased after grid expansion)
 - Additional capacities in short-term trading (day-ahead) possible
- New products (electricity futures for Germany & Austria) at EEX introduced
- Next steps
 - Discussion of legal aspects and procedures at European level
 - Decision of ENTSO-E in Q1/2018 expected

Non-recurring effects influence Group result in €m



Income statement

€m	Q1-3/2016	Q1-3/2017
		Total
Revenue	2,122.8	2,161.6
Electricity revenue	1,719.4	1,779.7
Grid revenue	287.0	297.0
Other revenue	116.5	84.9
Other operating income	154.8	43.7
Expenses for electricity purchases & use of fuels	-1,085.3	-1,175.3
Other operating & personnel expenses	-382.6	-366.5
EBITDA	809.7	663.5
Depreciation & amortisation	-252.9	-257.2
Effects from impairment tests	-90.3	23.2
EBIT	466.4	429.5
Result from equity interests & oth. interests	29.9	30.4
Interest income/expense	-76.7	-74.7
Other financial result	25.6	-0.4
Effects from impairment tests	0.7	0.0
Financial result	-20.5	-44.6
Taxes	-78.8	-86.7
Group result	339.9	269.5
Minorities	27.2	28.6
Earnings per share (€)	0.98	0.78

Balance sheet (short version)

€m	31.12.2016	30.09.2017	Change
Non-current assets	10.934	10.814	-1%
Current assets	605	516	-15%
Assets held for sale	0	6	—
Total assets	11.538	11.335	-2%
Equity	5.530	5.691	3%
Non-current liabilities	4.908	4.844	-1%
Current liabilities	1.101	796	-28%
Liabilities directly associated with assets held for sale	0	4	—
Total liabilities	11.538	11.335	-2%

Cash flow statement (short version)

€m	Q1-3/2016	Q1-3/2017	Change
Cash flow from operating activities	658	484	-26%
Cash flow from investing activities	-204	-157	-23%
Cash flow from financing activities	-465	-342	-27%
Change in cash and cash equivalents	-12	-15	—
Cash and cash equivalents at the end of the period	18	13	-28%

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