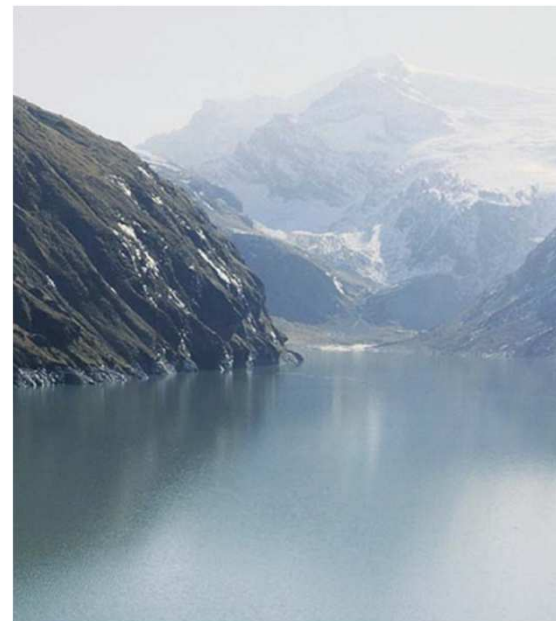
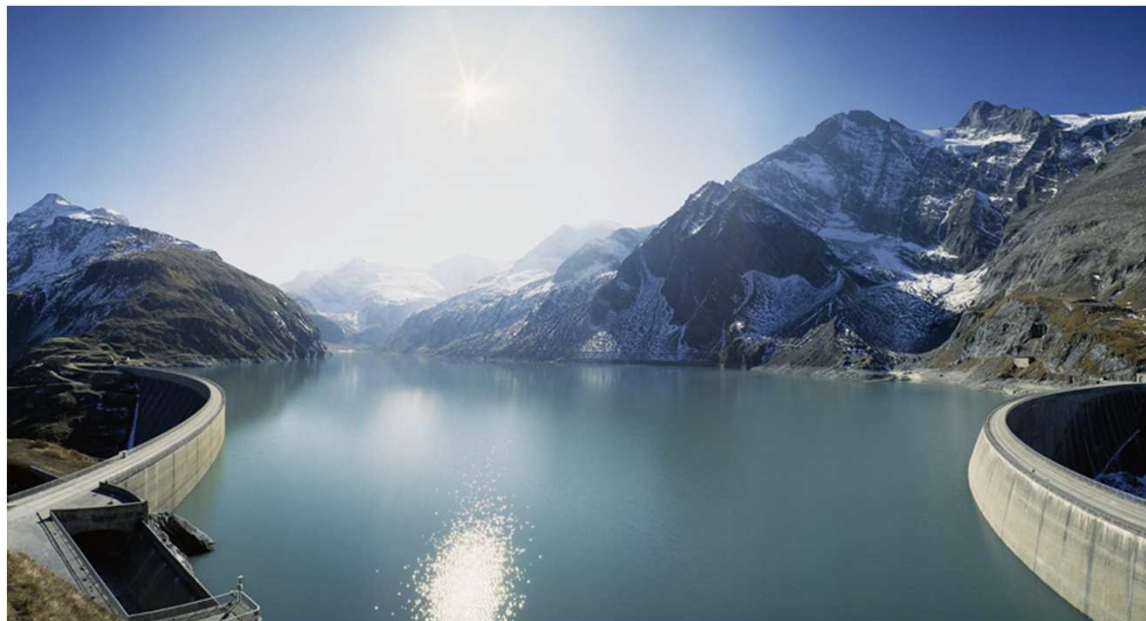


Verbund



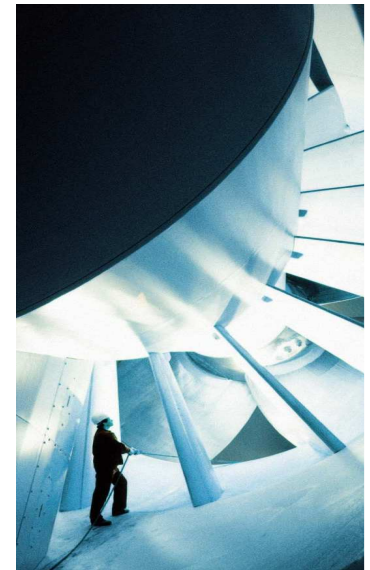
Verbund

VERBUND

Results quarter 1/2018

Vienna, 9/5/2018

© VERBUND AG, www.verbund.com



At a glance

Influencing factors

- Water supply 17 percentage points above the long-term average and 25 percentage points above Q1/2017
- Lower contribution from flexibility products
- Better result contribution from the grid segment
- Positive impact from cost cutting programs

Development of results, cash flows and debt

- EBITDA €270.0m (+18.7%)
- Group result €121.6m (+30.1%)
- Operating cash flow €298.5m (+94.6%); Free cash flow before dividends €240.9m (+154.6%)
- Net Debt € 2,589.4m (−17.3%)

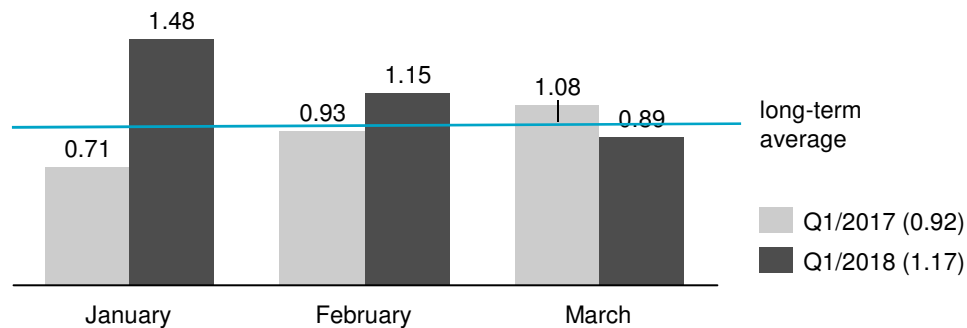
Outlook 2018 increased

- EBITDA approx. €870m, Group result approx. €320m
- Pay-out ratio between 40% and 45% on adjusted Group result

Higher water supply but still lower contract prices

Verbund

Hydro coefficient (run-of-river)

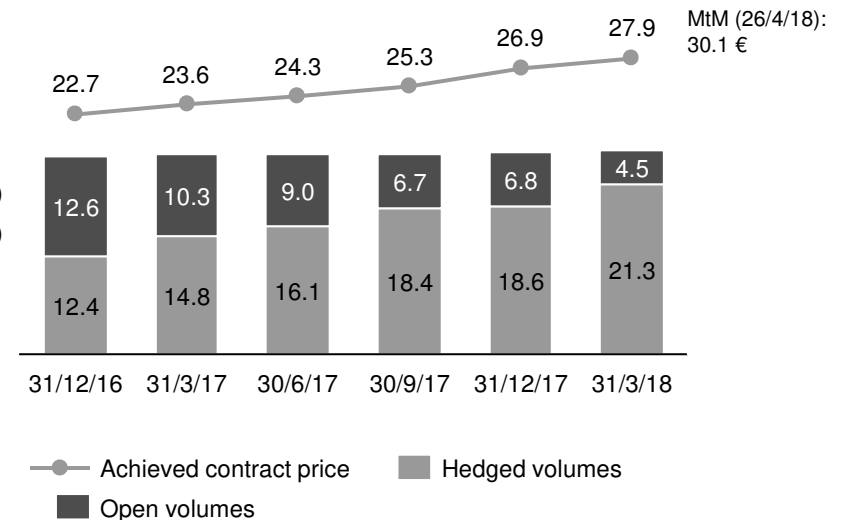


Electricity supply 15,368 GWh (+290 GWh, +1.9%)

- Hydropower: 7,175 GWh (+1,598 GWh, +28.6%)
 - Storage power: 1,408 GWh (+362 GWh)
- Thermal Power: 454 GWh (–521 GWh, –53.4%)
 - CCGT Mellach: 137 GWh (–503 GWh)
- Wind: 268 GWh (–15 GWh, –5.4%)
- Purchase from third parties: 7,470 (–772 GWh)

Hedging volumes 2018¹/ TWh

FY 2017: €30.4/MWh

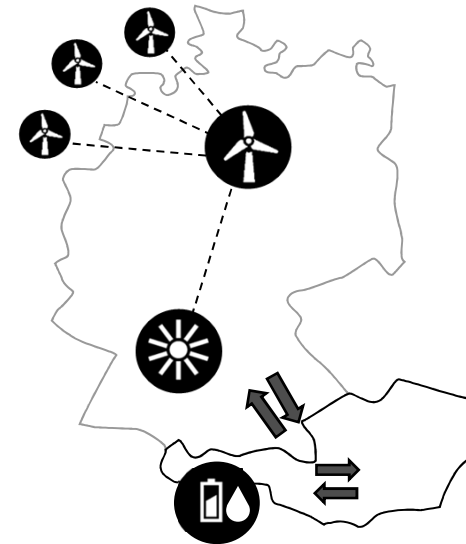
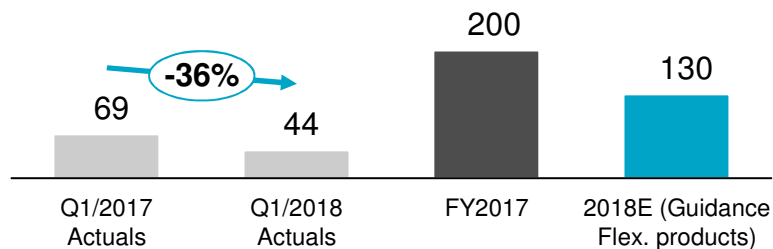


¹ Hydro production excluding volumes for holders of interests (at cost) and volumes resulting from pumping.

Flexibility products

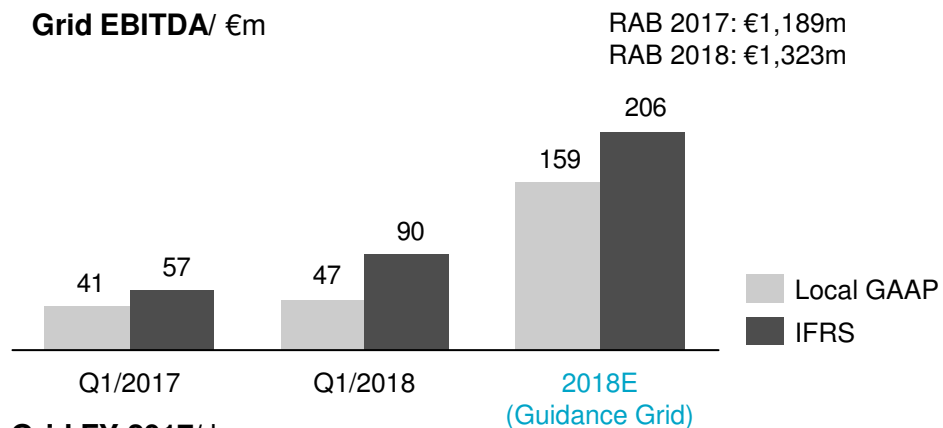
- Increasing system volatility in the European grid system due to rapid development of new renewables
- Demand for flexibility products depending on the following influencing factors:
 - Temperatures/weather in winter/summer
 - Revision of nuclear power plants
 - Hydro production
 - Installation of phase shifters
 - Congestion management within Austria (in addition to DE/AT)
- Flexibility products include control energy, congestion management, grid system services, intraday trading, capacity/cold reserve and pumping/reverse operations

Flexibility products/ €m



Higher result contribution from high voltage grid

Grid EBITDA/ €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: control energy, auctioning off of cross-border grid capacities, congestion management services

Grid FY 2017/ km

Voltage Level	Route length	System length
380-kV	1,153	2,577
220-kV	1,615	3,212
110-kV	660	1,175
110-kV (cable)	3	6
Total	3,431	6,970

Increase in grid EBITDA Q1/2018 (IFRS)

- Lower expenses for congestion management

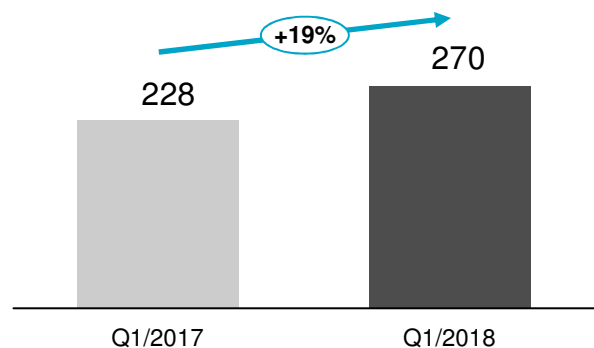
WACC for new regulatory period (2018-2022)

- Approximately 5% (4.88% pre tax for existing assets, 5.20% pre tax incl. investment-markup for new assets)

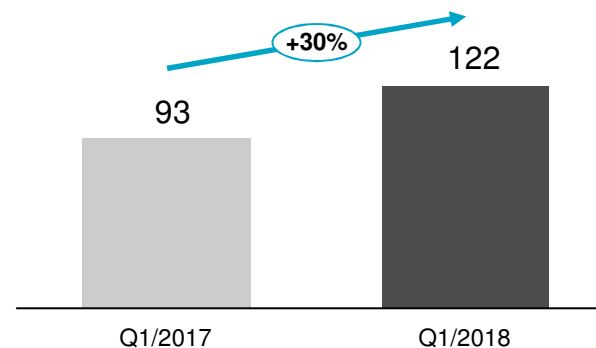
Key financial figures (1)

Verbund

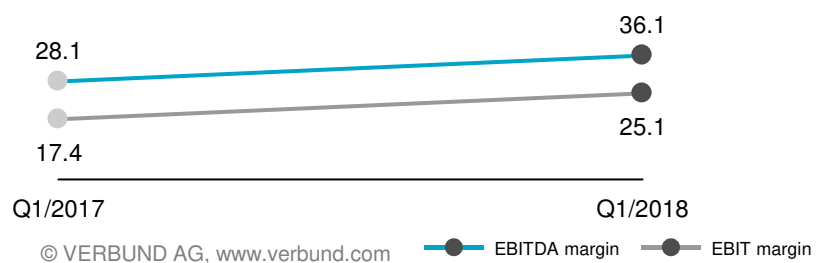
EBITDA/ €m



Group result/ €m

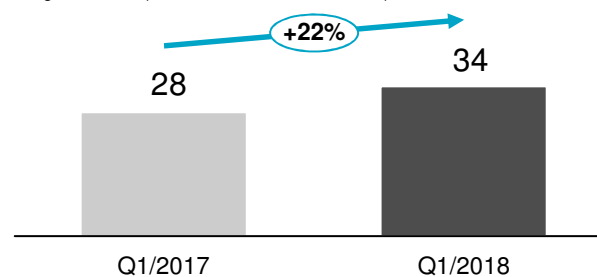


Margins/ %



Additions/ €m

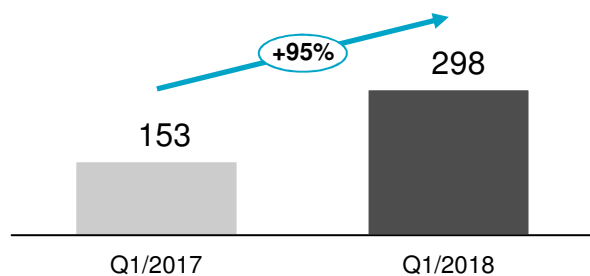
to tangible assets (without business combination)



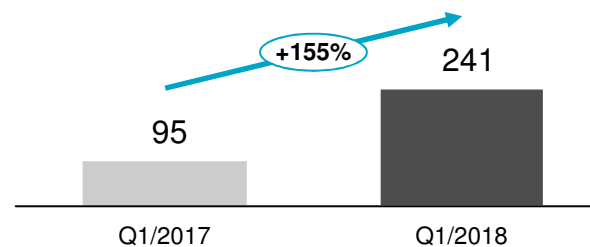
Key financial figures (2)

Verbund

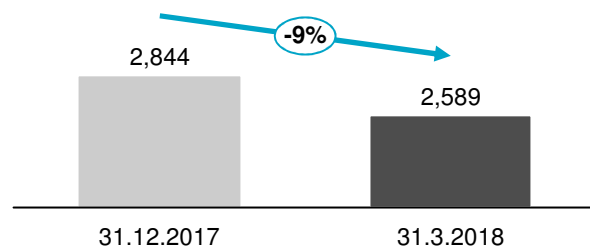
Operating cash flow/ €m



Free cash flow before dividends/ €m



Net debt/ €m

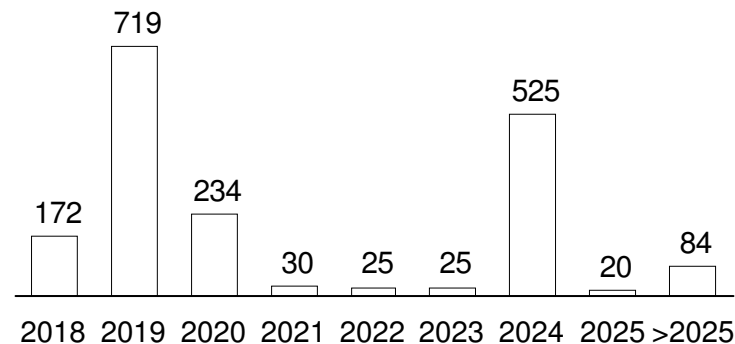


Gearing/ %

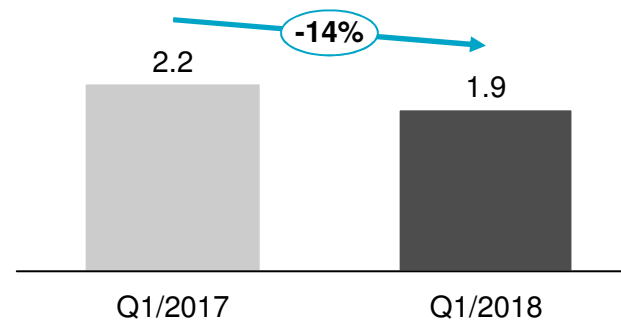


Financial liabilities

Debt maturity profile/ €m



Financial liabilities/ €bn



Financial liabilities

- Book value Financial liabilities: €1,866m

Financial ratios

- Duration: 3.3 years
- Effective interest rate: 3.8% p.a.
- Uncommitted lines of credit: approx. €586m*
- Syndicated loan: €500m

Interest mix

- 97% fixed interest rate
- 3% floating interest rate

Currency

- 100% EUR

Rating

S&P Global
Ratings

BBB+/stable outlook

MOODY'S
INVESTORS SERVICE

Baa2/positive outlook

Outlook

Sensitivities 2018

A change of 1% (generation from hydropower/ windpower) or €1/MWh (wholesale price) either way would be reflected as follows in the group result for 2018, other things being equal:

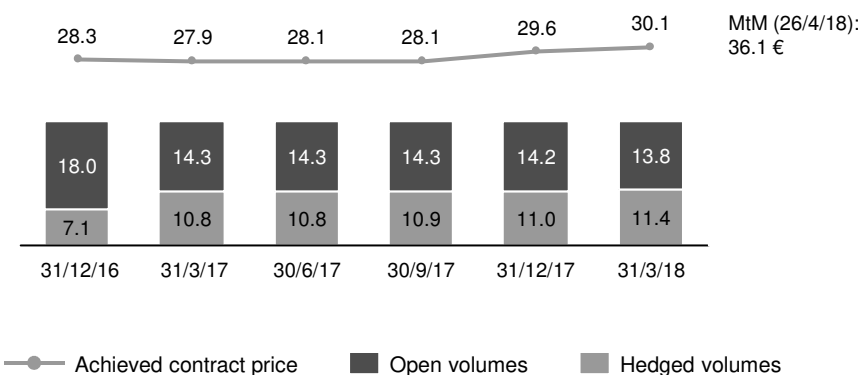
- Greater or less generation from hydropower: +/- €4.7m
- Greater or less generation from windpower: +/- €0.3m
- Wholesale prices (renewable generation): +/- €3.1m

Earnings outlook 2018 increased due to strong hydro conditions in Q1/2018

EBITDA of around €870m and Group result of around €320m based on an average generation from hydropower and windpower in Q2–4/2018.

For financial year 2018, VERBUND plans to pay out between 40 and 45% of the Group result after adjustment for non-recurring effects.

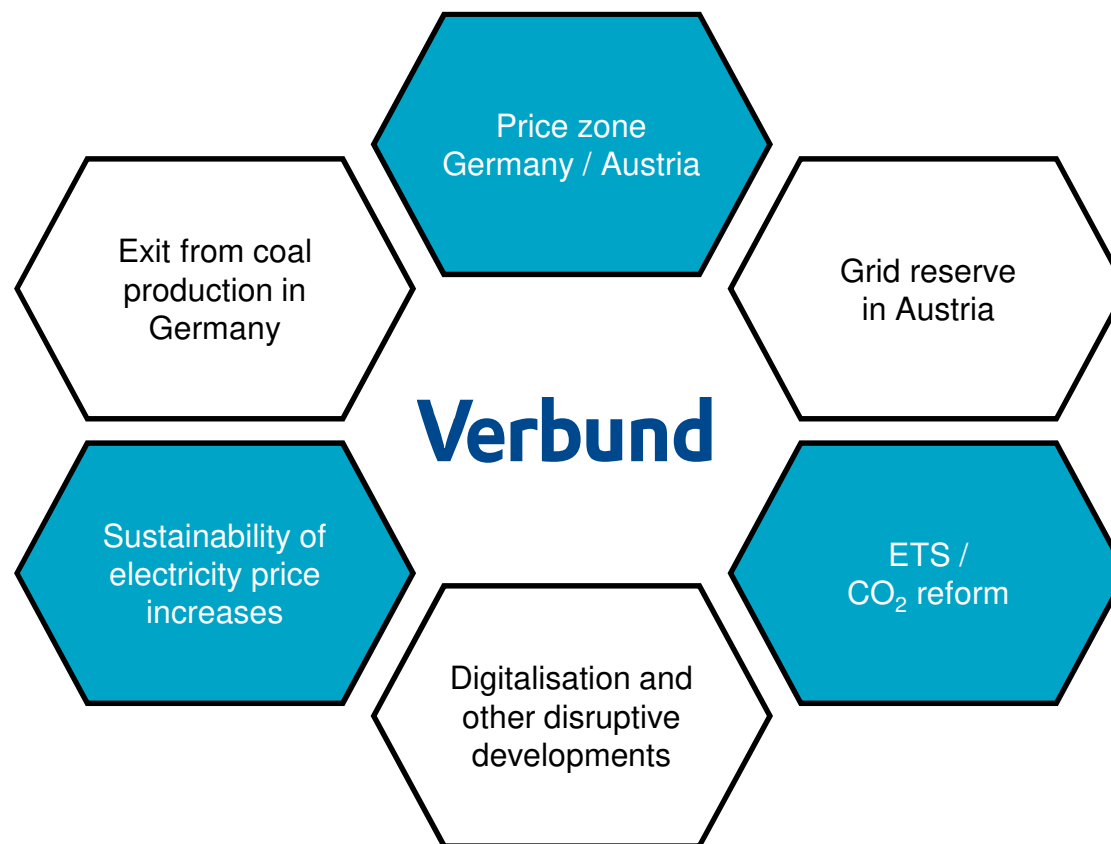
Hedging volumes 2019¹/ TWh



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

Key topics 2018

Verbund



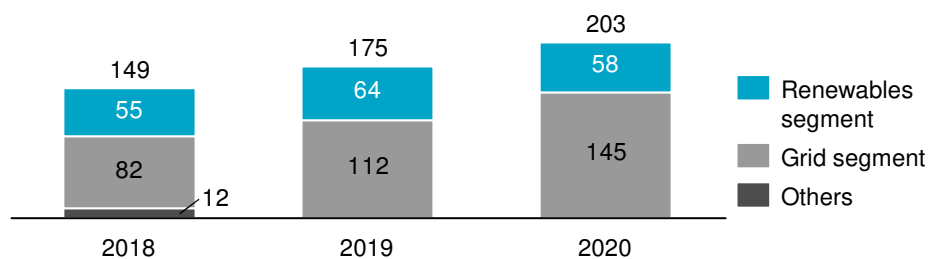
Verbund

Appendix

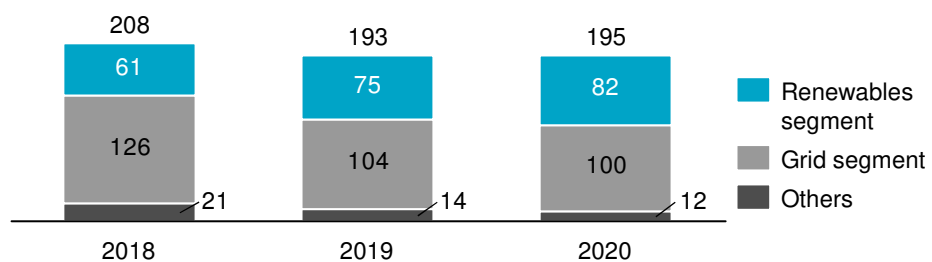


CAPEX plan 2018–2020

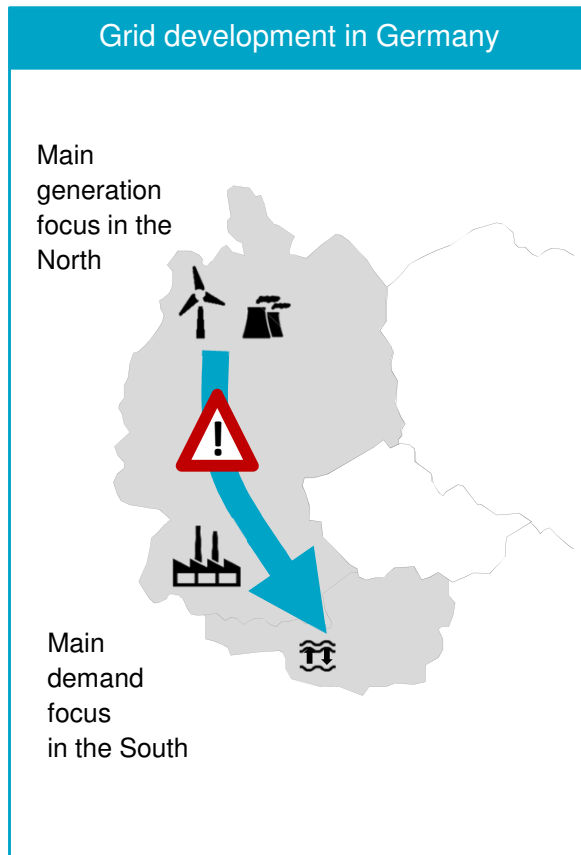
Growth CAPEX/ €m (total of €528m)



Maintenance CAPEX/ €m (total of €596m)



Price zone Germany/Austria



- 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
 - Additional capacities in short-term trading (day-ahead) possible
- New products (electricity futures for Germany & Austria) at EEX introduced
- Bidding zone review published by ENTSO-E (public consultation ended in March). Key findings:
 - "... evaluation does not provide sufficient evidence for a modification or for a maintenance of the current bidding zone (i.e. common GE/AT zone)..."
 - "...and therefore recommend to maintain the current bidding zone delimitation."
 - "The recommendation should in no way be interpreted as an endorsement or an objection against the planned split of the German/Austrian bidding zone."
- Next steps:
 - Member states are obliged to reach an agreement within 6 months on maintaining or amending the bidding zone configuration
 - Assessment of current bidding zone configuration every three years

Income statement

Verbund

€m	Q1/2017	Q1/2018
	Total	Total
Revenue	810.2	748.4
Electricity revenue	640.6	557.2
Grid revenue	123.9	139.5
Other revenue	45.6	51.7
Other operating income	9.7	10.2
Expenses for electricity purchases & use of fuels	-471.2	-369.5
Other operating & personnel expenses	-121.1	-119.0
EBITDA	227.5	270.0
Depreciation & amortisation	-86.2	-81.9
Effects from impairment tests	0.0	0.0
EBIT	141.3	188.1
Result from equity interests & oth. interests	11.1	8.4
Interest income/expense	-26.2	-23.9
Other financial result	-2.6	-0.9
Effects from impairment tests	0.0	0.0
Financial result	-17.6	-16.5
Taxes	-25.8	-39.3
Group result	93.5	121.6
Minorities	4.4	10.7
Earnings per share (€)	0.27	0.35

Balance sheet (short version)

Verbund





€m	31.12.2017	31.3.2018	Change
Non-current assets	10.662	10.561	-1%
Current assets	622	790	27%
Non-current assets held for sale	0	0	–
Total assets	11.284	11.351	1%
Equity	5.691	5.865	3%
Non-current liabilities	4.585	4.498	-2%
Current liabilities	1.008	988	-2%
Total liabilities	11.284	11.351	1%

Cash flow statement (short version)

Verbund

€m	Q1/2017	Q1/2018	Change
Cash flow from operating activities	153	298	95%
Cash flow from investing activities	-58	-177	–
Cash flow from financing activities	-65	-75	–
Change in cash and cash equivalents	31	47	49%
Cash and cash equivalents at the end of the period	59	75	27%

Capital market calendar 2018

	9/5/2018	Result and interim report quarter 1/2018
	11/5/2018	Dividend payment date
	26/7/2018	Result and interim report quarters 1–2/2018
	7/11/2018	Result and interim report quarters 1–3/2018

Management

Verbund



Wolfgang Anzengruber
CEO, Chairman of the Managing Board



Johann Sereinig
Deputy Chairman of the Managing Board



Peter Kollmann
CFO, Member of the Managing Board



Günther Rabensteiner
Member of the Managing Board

Investor relations team

Verbund



Andreas Wollein
Head of Group Finance, M&A
and Investor Relations
T +43(0)503 13-52614
andreas.wollein@verbund.com



Martin Weigl
Senior Investor Relations Manager
T +43(0)503 13-52616
martin.weigl@verbund.com



Stefan Wallner
Investor Relations Manager
T +43(0)503 13-52617
stefan.wallner@verbund.com