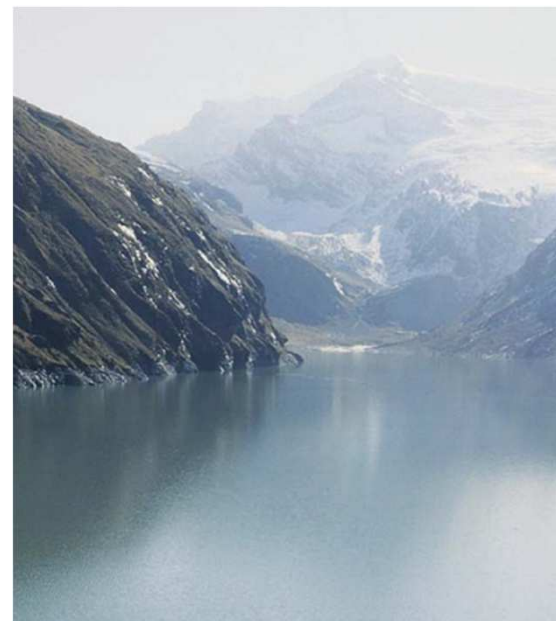
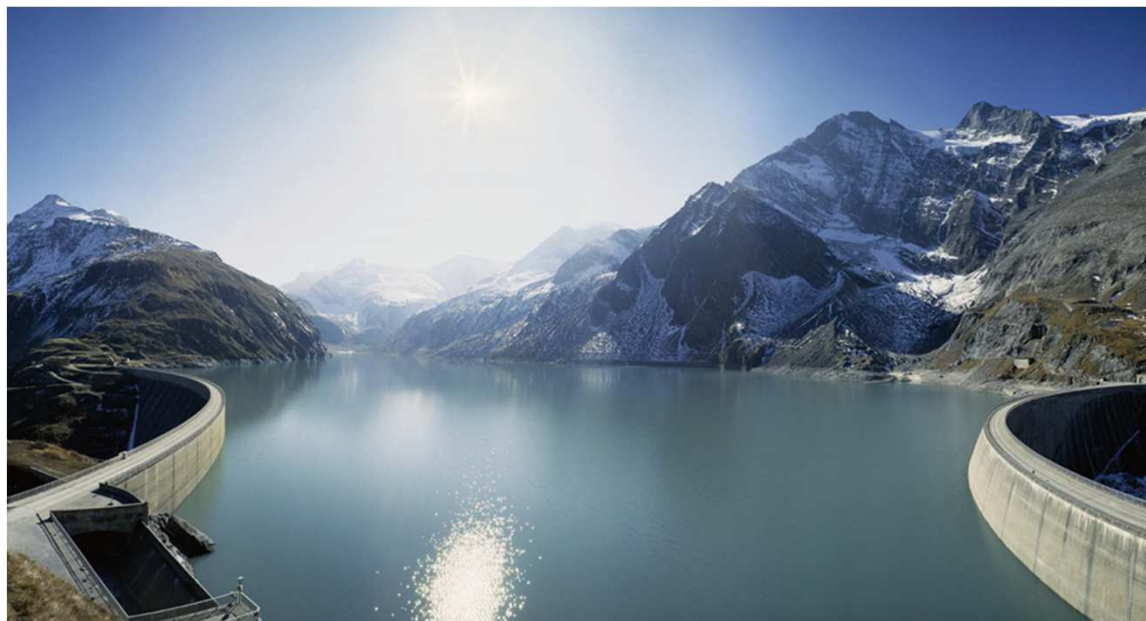


# Verbund

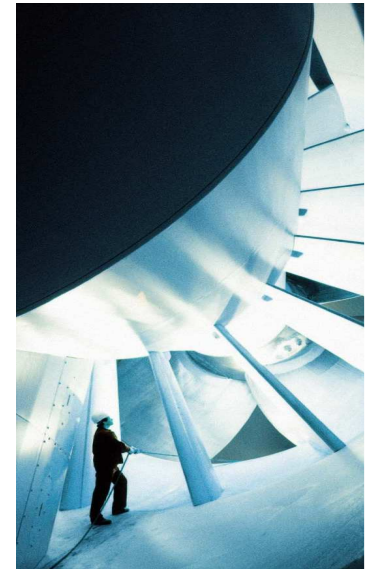


**Verbund**

# VERBUND

## Results quarter 1/2019

Vienna, 8/5/2019



# At a glance

## Influencing factors

- Higher average achieved contract prices due to increased forward and spot prices for electricity
- Hydro coefficient substantially above the long term average and even above the record levels in Q1/2018
- Lower contribution from flexibility products (especially congestion management)
- Higher contribution from the high voltage grid
- Positive impact from cost cutting and efficiency improvement programs

## Development of results, cash flows and debt

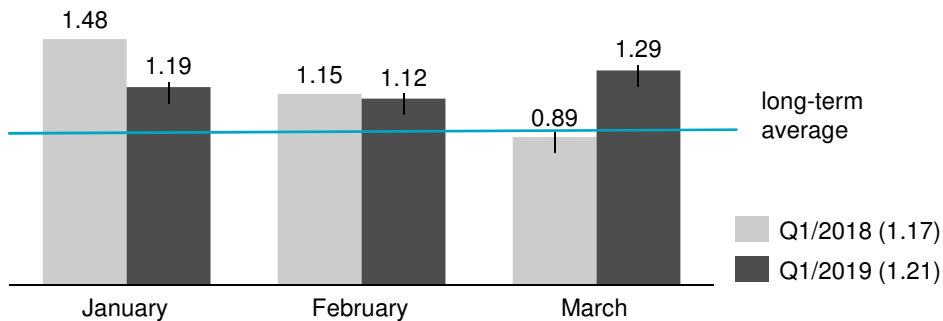
- EBITDA €348.0m (+28.9%)
- Group result €178.1m (+46.5%)
- Operating cash flow €379.8m (+27.2%); Free cash flow after dividends €305.6m (+26.9%)
- Net Debt €2,399.9m (–6.3%)

## Outlook range 2019 narrowed

- EBITDA between approx. €1,100m and €1,200m, Group result between approx. €470m and €540m
- Pay-out ratio between 40% and 45% on adjusted Group result

# Slightly lower own generation; higher average achieved contract price for hydro production

## Hydro coefficient (run-of-river)

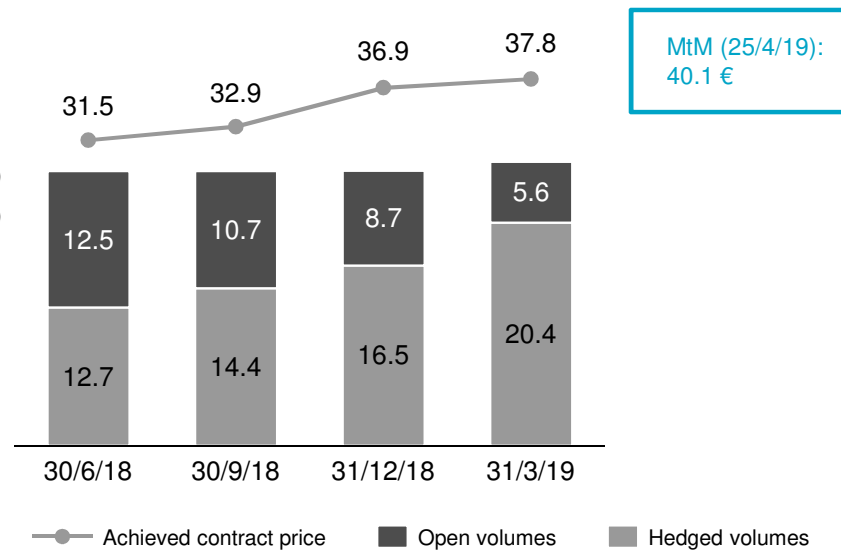


## Electricity supply 16,064 GWh (+697 GWh, +4,5%)

- Hydropower: 7,107 GWh (-68 GWh, -1.0%)
  - Storage power: 1,112 GWh (-296 GWh)
- Thermal Power: 385 GWh (-69 GWh, -15.3%)
  - CCGT Mellach: 98 GWh (-39 GWh)
- Wind: 297 GWh (+28 GWh, +10.6%)
- Purchase from third parties: 8,276 (+806 GWh)

## Hedging volumes 2019<sup>1</sup>/ TWh

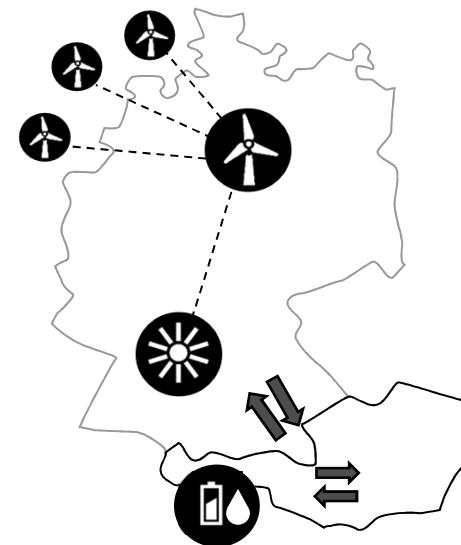
FY2018: €29.3/MWh



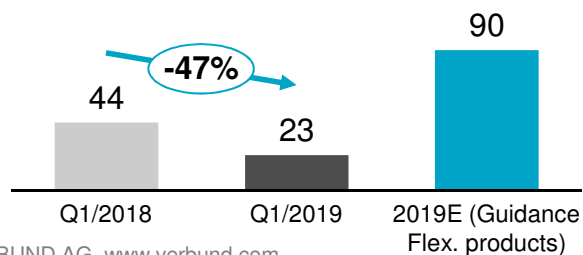
<sup>1</sup> Hydro production excluding volumes for holders of interests (at cost) and volumes resulting from pumping.

# Flexibility products

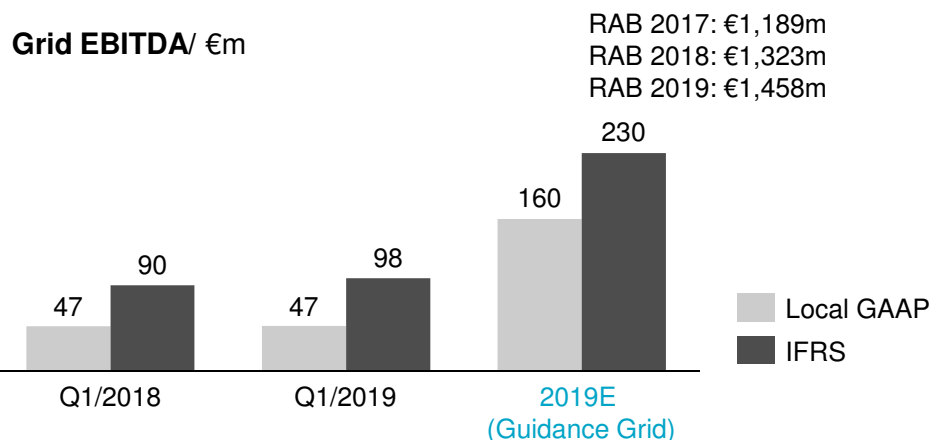
- Increasing system volatility in the European grid system due to rapid development of new renewables
- Demand for flexibility products depending on the following influencing factors:
  - Temperatures/weather in winter/summer
  - Revision of nuclear power plants
  - Hydro production
  - Installation 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



### 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 2018/ km

| Voltage Level  | Route length | System length |
|----------------|--------------|---------------|
| 380-kV         | 1,156        | 2,583         |
| 220-kV         | 1,613        | 3,206         |
| 110-kV         | 660          | 1,175         |
| 110-kV (cable) | 3            | 6             |
| <b>Total</b>   | <b>3,432</b> | <b>6,970</b>  |

### Increase in grid EBITDA in Q1/2019 (IFRS)

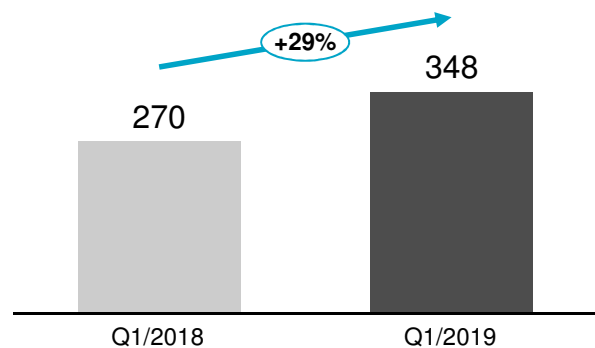
- Higher contribution margin from congestion management

### WACC for regulatory period (2018-2022)

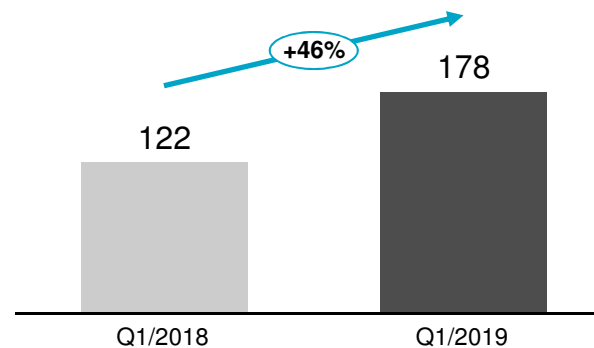
- Approximately 5% (4.88% pre tax for existing assets, 5.20% pre tax incl. investment-markup for new assets)

# Key financial figures (1)

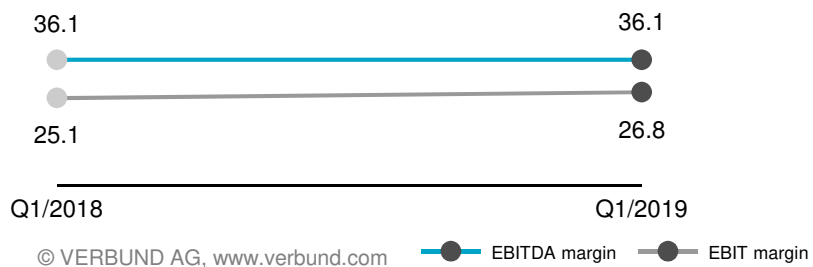
EBITDA/ €m



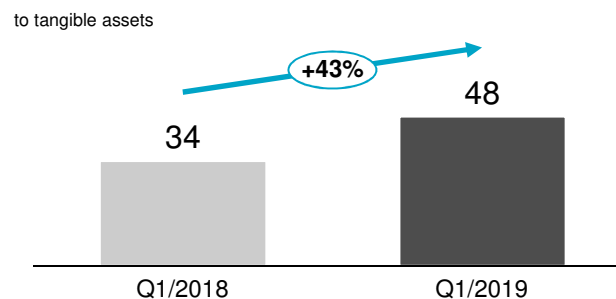
Group result/ €m



Margins/ %

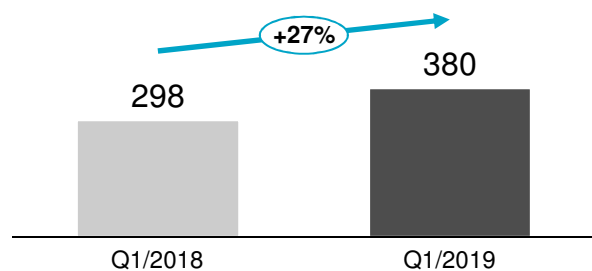


Additions/ €m

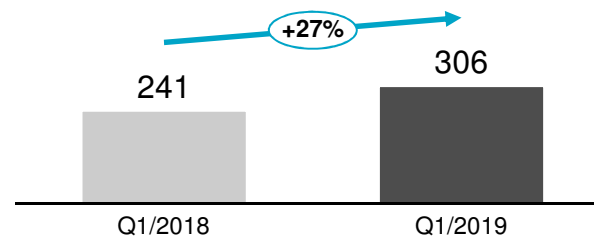


# Key financial figures (2)

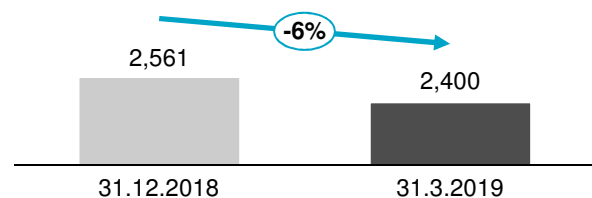
Operating cash flow/ €m



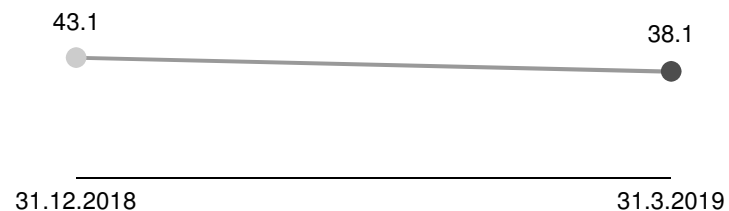
Free cash flow after dividends/ €m



Net debt/ €m



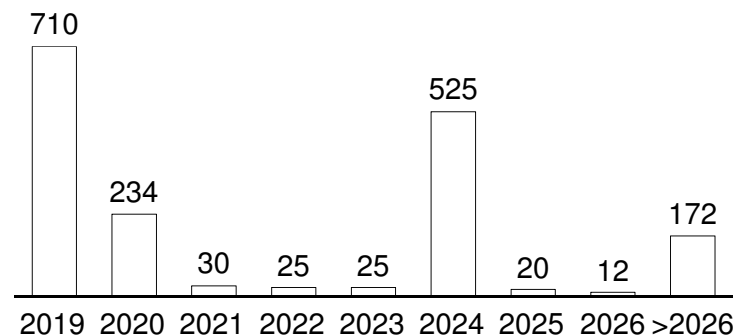
Gearing/ %



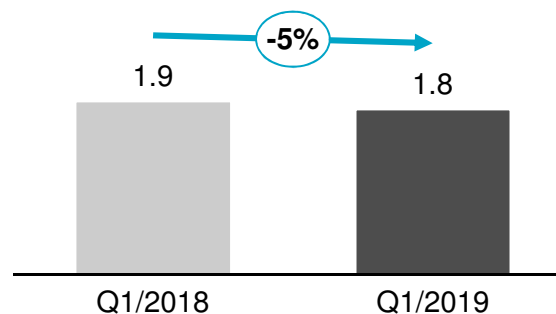


# Financial liabilities

Debt maturity profile/ €m



Financial liabilities/ €bn



## Financial liabilities

- Book value Financial liabilities: €1,782m

## Financial ratios

- Duration: 3.1 years
- Effective interest rate: 3.7% p.a.
- Uncommitted lines of credit: approx. €672m\*
- Syndicated loan: €500m

## Interest mix

- 98% fixed interest rate
- 2% floating interest rate

## Currency

- 100% EUR

## Rating

S&P Global  
Ratings

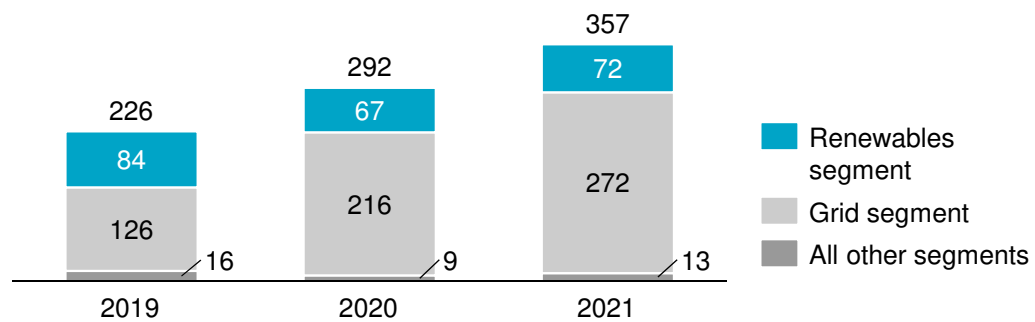
A-/stable outlook

MOODY'S  
INVESTORS SERVICE

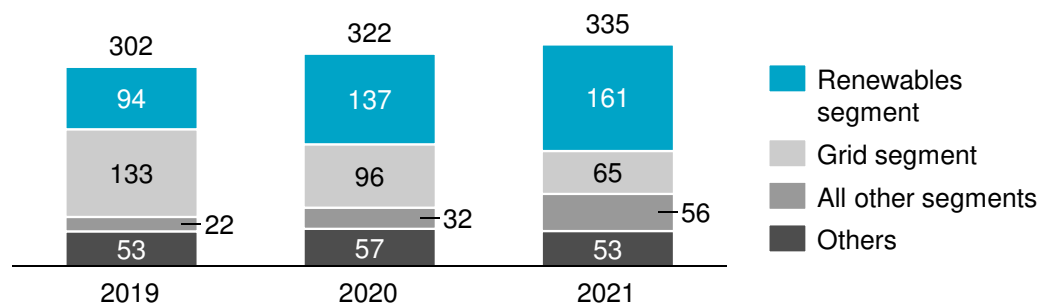
Baa1/positive outlook

# CAPEX plan 2019-2021

**Growth CAPEX/ €m (total of €875m)**



**Maintenance CAPEX/ €m (total of €959m)**



# Outlook

## Sensitivities 2019

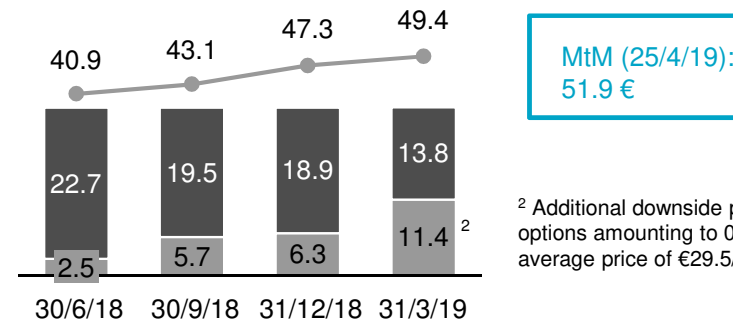
A change of 1% (generation from hydropower/ windpower) or €1/MWh (wholesale price) either way would be reflected as follows in the group result for 2019, other things being equal:

- Greater or less generation from hydropower: +/- €5.5m
- Greater or less generation from windpower: +/- €0.5m
- Wholesale prices (renewable generation): +/- €3.7m

## Earnings outlook 2019 narrowed

EBITDA of between approx. €1,100m and approx. €1,200m and Group result of between approx. €470m and approx. €540m based on an average generation from hydropower and windpower in Q2–4/2019 as well as the opportunities and risk situation of the Group. For financial year 2019, VERBUND plans to pay out between 40 and 45% of the Group result after adjustment for non-recurring effects.

Hedging volumes 2020<sup>1</sup> incl. options/ TWh



<sup>2</sup> Additional downside protection by options amounting to 0.9 TWh @ an average price of €29.5/MWh

Hedging volumes 2021<sup>1</sup>/ TWh



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

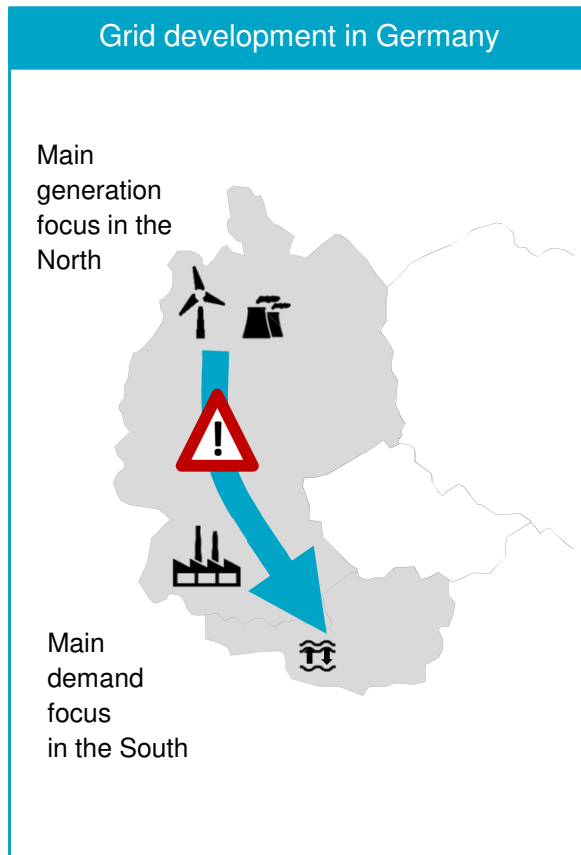
<sup>1</sup> Hydro production excluding volumes for holders of interests (at cost) and volumes resulting from pumping.

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# Appendix



# Price zone Germany/Austria



- Electricity surplus from north cannot fully be transported to south due to missing grid capacities
  - Implementation of a split of the common price zone between Germany/Austria on 1 October 2018 following a bilateral agreement between BNetzA and E-Control and approval procedures at relevant governing bodies
    - NTC agreed at 4.9 GW
- Consequences of the 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
- New products (electricity futures for Germany & Austria) at EEX introduced
- Assessment of current bidding zone configuration every three years
- Pending legal procedures

# Income statement

Verbund

| €m  | Q1/2018      | Q1/2019      |
|---|--------------|--------------|
|   | Total        | Total        |
| <b>Revenue</b>                                    | <b>748.4</b> | <b>963.2</b> |
| Electricity revenue                               | 557.2        | 764.7        |
| Grid revenue                                      | 139.5        | 152.5        |
| Other revenue                                     | 51.7         | 45.9         |
| Other operating income                            | 10.2         | 10.2         |
| Expenses for electricity purchases & use of fuels | -369.5       | -502.2       |
| Other operating & personnel expenses              | -119.0       | -123.2       |
| <b>EBITDA</b>                                     | <b>270.0</b> | <b>348.0</b> |
| Depreciation & amortisation                       | -81.9        | -89.7        |
| Effects from impairment tests                     | 0.0          | 0.0          |
| <b>EBIT</b>                                       | <b>188.1</b> | <b>258.3</b> |
| Result from equity interests & oth. interests     | 8.4          | 13.7         |
| Interest income/expense                           | -23.9        | -22.2        |
| Other financial result                            | -0.9         | 6.2          |
| Effects from impairment tests                     | 0.0          | 0.0          |
| <b>Financial result</b>                           | <b>-16.5</b> | <b>-2.2</b>  |
| Taxes   | -39.3        | -56.8        |
| <b>Group result</b>                               | <b>121.6</b> | <b>178.1</b> |
| <b>Minorities</b>                                 | <b>10.7</b>  | <b>21.1</b>  |
| <b>Earnings per share (€)</b>                     | <b>0.35</b>  | <b>0.51</b>  |

## Balance sheet (short version)

Verbund

| €m                       | 31.12.2018    | 31.3.2019     | Change    |
|--------------------------|---------------|---------------|-----------|
| Non-current assets       | 10.703        | 10.838        | 1%        |
| Current assets           | 1.002         | 1.078         | 8%        |
| <b>Total assets</b>      | <b>11.705</b> | <b>11.916</b> | <b>2%</b> |
| Equity                   | 5.941         | 6.293         | 6%        |
| Non-current liabilities  | 3.968         | 4.106         | 3%        |
| Current liabilities      | 1.796         | 1.516         | -16%      |
| <b>Total liabilities</b> | <b>11.705</b> | <b>11.916</b> | <b>2%</b> |






## Cash flow statement (short version)

Verbund

| €m  | Q1/2018   | Q1/2019    | Change     |
|---|-----------|------------|------------|
| Cash flow from operating activities                       | 298       | 380        | 27%        |
| Cash flow from investing activities                       | -177      | -280       | –          |
| Cash flow from financing activities                       | -75       | -31        | –          |
| <b>Change in cash and cash equivalents</b>                | <b>47</b> | <b>69</b>  | <b>47%</b> |
| <b>Cash and cash equivalents at the end of the period</b> | <b>75</b> | <b>108</b> | <b>43%</b> |



# Capital market calendar 2019

|   |           |   |
|---|-----------|---|
|  | 8/5/2019  | Record date for dividends                   |
|  | 20/5/2019 | Dividend payment date                       |
|  | 8/5/2019  | Result and interim report quarter 1/2019    |
|  | 1/8/2019  | Result and interim report quarters 1–2/2019 |
|  | 6/11/2019 | Result and interim report quarters 1–3/2019 |

# Management



**Wolfgang Anzengruber**  
CEO, Chairman of the Managing Board



**Michael Strugl**  
Deputy Chairman of the Managing Board



**Peter Kollmann**  
CFO, Member of the Managing Board



**Achim Kaspar**  
Member of the Managing Board

# Investor relations team



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