

Energie AG Oberösterreich at a glance

	Unit	2018/2019	Change	2017/2018
Sales revenues				
Energy segment	EUR mill.	1,053.3	17.9%	893.2
Grid segment	EUR mill.	341.0	4.1%	327.6
Waste Management segment	EUR mill.	227.1	2.0%	222.6
Czech Republic segment	EUR mill.	160.0	16.4%	137.4
Holding & Services segment	EUR mill.	32.0	-28.9%	45.0
Group	EUR mill.	1,813.4	11.5%	1,625.8
Result				
Operating result (EBIT)	EUR mill.	73.0	-57.5%	171.8
EBIT margin	%	4.0	-62.3%	10.6
Earnings before taxes	EUR mill.	55.7	-64.8%	158.1
Dividend per share	EUR	0.6	—	0.6
Statement of Financial Position				
Total	EUR mill.	2,975.4	-7.7%	3,222.7
Equity	EUR mill.	1,310.3	-5.1%	1,381.4
Equity ratio	%	44.0	2.8%	42.9
Net debt ¹⁾	EUR mill.	426.0	20.4%	353.7
Net gearing	%	32.5	27.0%	25.6
Cash flow from operating activities	EUR mill.	198.6	-23.0%	258.0
Profitability				
ROCE	%	2.8	-62.2%	7.4
Workforce (on average)				
Energy segment	FTE	449	4.2%	431
Grid segment	FTE	537	-0.4%	539
Waste Management segment	FTE	860	0.7%	854
Czech Republic segment	FTE	1,618	4.1%	1,554
Holding & Services segment	FTE	1,042	3.1%	1,011
Group	FTE	4,506	2.7%	4,389

1) Net debt = interest-bearing current and non-current liabilities minus cash and cash equivalents and short-term securities

Group overview

INTERVIEW WITH THE MANAGEMENT BOARD OF ENERGIE AG OBERÖSTERREICH



Dr. Andreas Kolar
Member of the Management Board

Chief Executive Officer Dr. Werner Steinecker MBA
Chairman of the Management Board

Dipl.-Ing. Stefan Stallinger MBA
Member of the Management Board



The members of the Management Board have also made video statements about the past fiscal year at Energie AG, which are available in our online Annual Report: www.energieag.at/annualreport

In the year under review, you were able to further boost efficiency in the company by integrating the sales divisions. How do customers stand to benefit?

Werner Steinecker: We were able to announce the successful implementation of the new sales company back in April 2019, so just short of a year after the withdrawal from joint venture ENAMO was publicised. On 1 April, the employees of the new sales company, Vertrieb GmbH, moved into the building previously occupied by ENAMO. This move was an important organisational step and a really significant symbol for the utilities merger. We'll see benefits both from the sales processes, which have now been integrated, and from reducing bureaucratic and regulatory burdens, such as the way the General Data Protection Regulation applied to the former joint venture. It's clear that simplifying our interface to the customer will provide added value for both sides. By embracing the idea of a one-stop shop, we can now offer combined products from our electricity, gas and telecoms utilities.

“In terms of operations, we can look back on a great year and be proud of the work that’s been done.”

Werner Steinecker

In addition to sales, the generation units have also been strategically realigned while water and heating activities have been pooled in the Czech Republic. What will be the advantages of these company changes?

Stefan Stallinger: Evolving towards a renewable energy system requires the generation facilities spread across different localities to be operated efficiently in order to remain competitive in the market. By merging the generation units for electricity and heat, including the heating networks, we’re creating a strong company from both an internal and an external point of view. Setting a consistent direction of travel for our core activities across the board will leave us well prepared for the questions and challenges of our renewable energy future. I’m particularly pleased with the excellent work that’s been done. But I’m also encouraged by the open-mindedness and willingness to change displayed by our managers and employees, who implemented this project without external consultants, using their own specialist knowledge.

Andreas Kolar: The newly created Czech Republic segment brings together our water and heating business activities in the Czech Republic. More than anything else, the sensitive area of water supply services hinges on our most fundamental skill – working as a stable and reliable partner. Supply reliability and supply quality are our number one priority. Bringing the eight water companies and six heating companies under the umbrella of Energie AG Bohemia will guarantee even higher standards in this area. External parties have confirmed our high degree of care and attention, as well as the sound reasons behind decisions we’ve previously made and are still planning to implement.

“Energie AG Oberösterreich certainly has an excellent credit rating. Our successful track record was confirmed when we received an outstanding ‘A’ rating with a stable outlook.”

Andreas Kolar

This year’s financial result is significantly influenced by value adjustments. Are you satisfied with that result?

Werner Steinecker: In terms of operations, we can look back on a great year and be proud of the work that’s been done. Sensible financial decisions that are necessary for the future have been taken so we can continue moving in a successful commercial direction for many years to come.

Andreas Kolar: The appreciations recorded are due to the full consolidation of the sales companies, which had become necessary and took effect this year. The second big reason is an appreciation in value of the Timelkam combined-cycle plant. This impairment is a result of changes in how the electricity grid’s value is measured. Due to the lack of comparable transactions, the previous measurement method based on comparisons within the industry was no longer possible. The value is now measured based on forecasts for future returns. This impairment is a one-off effect and will promote stable future development.

Climate policy is an important issue – if not the central issue – in current political discussions. Examples include the Austrian Federal Government's #mission2030, the President of the European Council's Green Deal and the Climate Action Programme 2030 in Germany.

Stefan Stallinger: To make the goals that have been set achievable, the appropriate conditions also need to be put in place. In that context, we're awaiting the 2020 Renewable Energies Expansion Act and the new Electricity Industry Organisation Act with interest. Time is of the essence if the goals are to be achieved.

By consistently expanding the use of renewable energy sources, we're making an important contribution to achieving the climate targets for 2030. We're sustainably promoting regional hydroelectric power with our projects in Dürnau, Bad Goisern and the power plants along the River Traun. Due to the increasing share of volatile electricity sources, such as photovoltaic systems and wind power, it's also essential to invest in supply reliability. This also means it's necessary to expand the electricity grid's storage capacity and power lines. As a group of companies, security and stability are a key part of our mission – and naturally, that also applies to the reliability of our power supply.

“By pooling the generation units for electricity and heat, including the heating grids, we're creating a strong company from both an internal and an external point of view.”

Stefan Stallinger

Interest rates are at a historic low. Is this the starting point needed for capital investments to be made in infrastructure and sustainable electricity generation?

Andreas Kolar: It is absolutely true that the low interest rates and high availability of capital create a very good market environment for further projects. However, the decisive factor for capital expenditure is the expected return. So we have to examine very carefully whether capital expenditure will actually increase the company's value. Energie AG Oberösterreich certainly has an excellent credit rating. Our successful track record was confirmed when we received an outstanding 'A' rating with a stable outlook. That has helped to make us one of Europe's leading utility companies for 20 years.

Along with the transition to clean energy, innovation and the establishment of new business models are the most important challenges facing the energy industry. Within the company, how do you ensure you have the ability to innovate?

Werner Steinecker: One of the prerequisites for sustainable success is an ability to identify trends early on and make them a practical reality as quickly as possible. As far as speeding up the implementation of new business models, we've created a new platform for that purpose with Wertstatt 8, which will be an innovation-focused company within our Group. Ideas thought up within the company can be quickly put into action by applying the principle of “build-measure-learn”. At the same time, innovations that build on one another, continually and gradually improving existing products, services, processes or business models, will continue to be advanced in the business units.

Further developments in technology and processes are based on the digitalisation strategy that's been in place since 2017. What priorities have you decided on this year?

Andreas Kolar: We have focused on optimising existing business processes through the use of automation (robotics process automation or RPA). Users benefit from the automation of repetitive tasks, allowing them to dedicate themselves to other activities that are better equipped to add value. At the same time, RPA technology reduces susceptibility to errors, and work can be performed 24 hours a day, 7 days a week. The automation has already paid off in terms of efficiency gains alone. Of course, the integration of the sales divisions offers an enormous opportunity for harmonising the IT system landscape. We're currently working all-out to make that happen.

Providing regional services is a major priority for Energie AG. How does this regional approach add value for customers?

Werner Steinecker: At Energie AG Oberösterreich, we have strong roots in Upper Austria and the regions in which we operate. As well as serving our customers, we also create and sustain jobs while taking responsibility for the environment in our country. So regional added value is a key part of our identity and our work. While regional factors already play an important role in customers' choices about food and other products, public awareness about the commodity market isn't yet as strong in that regard. Our goal is to raise awareness among our customers about regional issues in our sector as well.

Our shareholders also consist of strong players with regional backgrounds – and we'd like to thank them for their support in the successful development of the company. In particular, Markus Achleitner, a state minister who we were pleased to welcome as chairman of the Supervisory Board during this fiscal year. And we'd also like to express our sincere gratitude to our committed and skilled employees. The work they do is vital for our success as a business.

A customer-focused approach is at the heart of our mission as a company, so we'd like to thank our customers and partners for the trust they've placed in us! Our new sales structure will allow us to further improve the quality of services we have to offer.

GROUP MANAGEMENT BODIES

I MANAGEMENT BOARD

Chief Executive Officer Professor Kommerzialrat Ing. DDr. Werner Steinecker MBA, Chairman of the Management Board

Kommerzialrat Mag. Dr. Andreas Kolar, Member of the Management Board

Dipl.-Ing. Stefan Stallinger, MBA, Member of the Management Board

I SUPERVISORY BOARD

Shareholder Representatives

Provincial Counsellor Markus ACHLEITNER (Chairman from 14 February 2019)

Solicitor Mag. Stefan LANG PLL.M (Vice Chairman)

Chief Executive Officer Dr. Heinrich SCHALLER (Deputy Vice Chairman)

Unit Director Dr. Miriam EDER MBA

Chairman of the Management Board Mag. Dr. Erich ENTSTRASSER

Managing Director Mag. Dr. Christine FRAUSCHER

Member of Management Board Mag. Florian HAGENAUER MBA

Chief Executive Officer Dipl.-Ing. Erich HAIDER MBA (from 19 June 2019)

Secretary General Mag. Anna-Maria HOCHHAUSER

Thomas Peter KARBINER MSc MBA MPA

Deputy to the Chief Executive Officer Mag. Michaela KEPLINGER-MITTERLEHNER

Mag. Kathrin Renate KÜHTREIBER-LEITNER MBA

Member of Provincial Assembly Ing. Herwig MAHR

Josef WALCH, Chartered Accountant and Tax Consultant

Works Council Representatives

Ing. Mag. Leopold HOFINGER, Head of Works Council

Mag. Regina KRENN, Head of Works Council

Ing. Peter NEISSL MBA MSc, Head of Works Council

Ing. Bernhard STEINER, Head of Works Council Group Representatives

Gerhard STÖRINGER, Head of Central Works Council

Mag. Helmut LEHNER, Head of Works Council

Andreas WALZER, Head of Works Council (from 18 September 2019)

Retired in the 2018/2019 fiscal year

Member of Management Board Mag. Dr. Michael STRUGL MBA, Chairman (until 9 December 2018)

Member of Management Board Emeritus Dipl.-Ing. Wolfgang DOPF MBA (until 31 March 2019)

Christine PÖTLER, Head of Works Council (until 31 July 2019)

SHAREHOLDER STRUCTURE OF ENERGIE AG OBERÖSTERREICH

In the 2018/2019 fiscal year, the shareholder structure is as follows:

OÖ Landesholding GmbH	52.66%
State of Upper Austria	0.10%
Linz AG	10.35%
TIWAG	8.28%
Raiffeisenlandesbank Oberösterreich (consortium)	13.97%
Oberbank AG (consortium)	5.17%
VERBUND AG	5.20%
voestalpine	2.07%
OÖ Landesbank	1.03%
OÖ Sparkasse	0.52%
OÖ Versicherung	0.52%
Energie AG Belegschaft Privatstiftung (Energie AG staff)	0.05%

The remainder are treasury shares. As of **30 September 2019**

REPORT BY THE SUPERVISORY BOARD PURSUANT TO § 96 OF THE STOCK CORPORATION ACT [AKTIENGESETZ (AKTG)]

During the 2018/2019 fiscal year, the Management Board informed the Supervisory Board and the Supervisory Board Audit Committee about the activities of the Group and its subsidiaries in writing and orally on a regular basis, and it discussed all important business events with these bodies. In the 2018/2019 fiscal year, the plenum of the Supervisory Board convened regularly in a total of four ordinary meetings, the Supervisory Board in one closed meeting on the topic FTTH, while the Audit Committee convened in two meetings. The management bodies gave their approval to all business events, which is mandatory in specific cases. No objections were raised in the course of the general supervisory activities or the audit.

The financial statements of Energie AG Oberösterreich for the 2018/2019 fiscal year, from 1 October 2018 to 30 September 2019, drawn up according to the Austrian accounting regulations, together with the accounts and the management report, were audited by KPMG Austria GmbH, Chartered Accountants and Tax Consultants, Linz. The auditors submitted a written report on their audit findings and assessed that the accounts and financial statements comply with the statutory requirements, give a reasonably accurate representation of the assets, financial and earnings position, and that the management report complies with the legal requirements and reconciles with the financial statements. The auditing firm therefore issued its unqualified audit certificate.

The Supervisory Board examined the financial statements as of 30 September 2019, together with the notes and the management report, as well as the proposal for the appropriation of the profit. The Supervisory Board Audit Committee also examined the financial statement as of 30 September 2019, together with the notes and the management report, as well as the proposal for the appropriation of the profit. It drew up a written report and recommended that the Supervisory Board approve the auditor's report, together with the auditor's unrestricted certificate, as well as the present financial statement as of 30 September 2019, together with the notes and the management report, so as to thus adopt the financial statement as of 30 September 2019. The Audit Committee also recommended that the Supervisory Board adopt the proposal by the Management Board for the appropriation of the profit. The Supervisory Board noted with approval the outcome of the review conducted by the Audit Committee and of the audit conducted by the firm of chartered accountants, and established that the Supervisory Board, in turn, has no objections regarding the statements. The Supervisory Board states that it is in agreement with the management report, presented in accordance with § 96 of the Austrian Stock Corporation Act, and with the proposal for the appropriation of the profit, and that it adopts the financial statement as of 30 September 2019, which is thus established.

The consolidated financial statements for the 2018/2019 fiscal year from 1 October 2018 to 30 September 2019 drawn up in accordance with the International Financial Reporting Standards (IFRS), were also audited by KPMG Austria GmbH, Chartered Accountants and Tax Consultants, Linz. The auditors submitted a written report on their audit findings and assessed that the consolidated financial statements comply with the statutory requirements, give a reasonably accurate representation of the assets, financial and earnings position as well as the Group's cash flows, and that the management report complies with the legal requirements and reconciles with the consolidated financial statements. The auditing firm therefore issued its unqualified audit certificate. The Supervisory Board examined the

consolidated financial statements and the Group's management report in detail. The Audit Committee also examined the consolidated financial statements and the Group's management report in detail. It drew up a written report and recommended that the Supervisory Board approve the auditor's report, together with the auditor's unqualified audit certificate, as well as the present consolidated financial statements as of 30 September 2019, together with the notes and management report. The Supervisory Board noted with approval the outcome of the review conducted by the Audit Committee and of the audit conducted by the firm of chartered accountants, and established that the Supervisory Board, in turn, has no objections regarding the statements.

By drawing up the consolidated financial statements in accordance with the IFRS, the company is released from its obligation to prepare consolidated financial statements in accordance with Austrian commercial law provisions.

The consolidated non-financial report, which has become compulsory under §§ 243b and 267a of the Austrian Commercial Code (UGB) for the reporting period and is published as a separate part of the Annual Report, was prepared by the Management Board in compliance with the statutory requirements. The internal audit unit of Energie AG Oberösterreich has reviewed the non-financial report on behalf of the Supervisory Board and formed the opinion that the non-financial report was prepared in compliance with the statutory requirements. The Supervisory Board agrees with the findings of the review conducted by the internal audit unit and confirmed that it holds no objections against them. It was established that – in accordance with § 243b of the Austrian Commercial Code (Unternehmensgesetzbuch, or UGB) – there is no obligation to prepare a corporate governance report, and that in accordance with § 243c UGB, there is also no obligation to prepare a report on payments to government agencies.

The Supervisory Board would like to express its thanks to the Management Board and all company staff members for their successful work during the 2018/2019 fiscal year.

Linz, 18 December 2019

On behalf of the Supervisory Board
The Chairman of the Supervisory Board



Provincial Counsellor Markus Achleitner