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ANNUAL REPORT **2017/2018**

ENERGIE AG Oberösterreich

Wir denken an morgen

Energie AG Oberösterreich at a Glance

	Unit	2017/2018	Change	2016/2017
Sales revenues				
Energy Segment	EUR mill.	893.2	-9.7%	989.2
Grid Segment	EUR mill.	327.6	5.6%	310.2
Waste Management Segment	EUR mill.	222.6	6.8%	208.4
Water Segment	EUR mill.	137.4	1.4%	135.5
Holding & Services Segment	EUR mill.	45.0	3.7%	43.4
Group	**EUR mill.**	**1,625.8**	**-3.6%**	**1,686.7**
Result				
Operating result (EBIT)	EUR mill.	171.8	-22.5%	221.8
EBIT margin	%	10.6	-19.1%	13.1
Earnings before taxes	EUR mill.	158.1	-21.9%	202.5
Dividend per share	EUR	0.88	46.7%	0.60
Balance sheet				
Balance sheet total	EUR mill.	3,222.7	4.7%	3,079.2
Equity	EUR mill.	1,381.4	8.0%	1,279.4
Equity ratio	%	42.9	3.1%	41.6
Net debt [1)]	EUR mill.	353.7	-4.7%	371.3
Net gearing	%	25.6	-11.7%	29.0
Cash flow from operating activities	**EUR mill.**	**258.0**	**-7.5%**	**278.8**
Profitability				
ROCE	%	7.4	-21.3%	9.4
Workforce (on average)				
Energy Segment	FTE	431	-0.9%	435
Grid Segment	FTE	539	-0.9%	544
Waste Management Segment	FTE	854	7.7%	793
Water Segment	FTE	1,554	-1.3%	1,575
Holding & Services Segment	FTE	1011	1.8%	993
Group	**FTE**	**4,389**	**1.1%**	**4,340**

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

Contents

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Group Overview

INTERVIEW WITH THE MANAGEMENT BOARD OF ENERGIE AG OBERÖSTERREICH

Dr. Andreas Kolar
Member of the Management Board

Chief Executive Officer DDr. 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**

The first full fiscal year for the new line-up of the Management Board has come to an end. How satisfied are you with the work of the management team, and the progress made in this fiscal year?

Werner Steinecker: I am very satisfied with the progress and the result of this fiscal year, and with the working relationship between the Members of the Board. The different approaches taken within the Management Board – whether stemming from educational background or situation in life – make for a good working climate and have a positive effect on our stewardship of the company. These are the right conditions for overcoming the challenges that lie ahead in the area of digitalisation as we develop our innovative capacity.

> “The first digital Annual Report of Energie AG Oberösterreich is a sign of our flexibility and agility.”
>
> **Werner Steinecker**

After the outstanding performance of last year, fiscal year 2017/2018 was another very good year. Can things continue in this vein?

Andreas Kolar: Several factors were behind the very good result achieved this fiscal year. Away from the external reality of a very strong economy, we felt the benefit of strategic investments and directions adopted in the past as well as the many internal efficiency projects and the sheer professionalism of our business.

The Group’s strategic priorities in fiscal year 2018/2019 will continue to focus on furthering digitalisation, increasing innovative capacity and improving our focus on customers.

In fiscal terms, we will stick with our tried and trusted policy: a conservative approach, active risk management and a prudent investment strategy that takes account of the financial capabilities of the Group. Of course, the financial outlook for the next fiscal year will be influenced by external factors over which we have no direct control. The most important of these influences will be regulatory developments, the slowdown in the economy and key factors in the energy field, which include the electricity price and water levels.

We will push ahead with internal efforts in the cost management area as well as structural optimisation measures. Overall, we expect profits to fall slightly in 2018/2019 compared to the excellent operating result this year.

> “Digitalisation is creating advantages that will benefit us as a company, and you as a customer.”
>
> **Andreas Kolar**

Energie AG Oberösterreich and its subsidiaries have been ever-present in the media this year. In April, we were somewhat surprised to hear about plans to restructure electricity sales as organised through Linz AG within ENAMO. The main issues for the public, though, are continuing broadband expansion and the planned power line projects. What is the current status of these projects, and how will they impact on Energie AG?

Werner Steinecker: Of course the planned restructuring of the joint electricity sales between Energie AG Oberösterreich and Linz AG within the ENAMO Group was, and remains, a far-reaching outcome for both companies. The decision announced in April was perceived by the workforce and other utilities as a wake-up call in the sense that the decision was driven by changing general conditions and legal developments. It shows that the energy sector is in a volatile environment where you have to respond quickly if you want to stay at the top. This is the challenge we have set ourselves. The planned pooling of our sales units is another factor behind such thinking.

The broadband rollout you mentioned is presenting us with fresh challenges every day – a few years ago, hardly anybody would have imagined we would be entering such a highly competitive market. Today, however, we are one of the big players in Upper Austria in this future-focused field. Even though general conditions are very tough, we are striving to make further inroads through self-funded investment and specific cooperation agreements.

Stefan Stallinger: Alongside changes in the sales area, the signs also point to change in the fields of electricity and heat production. The same goes for the heating networks, which are currently controlled by three different Group companies. A joint new production company will be established to enhance competitiveness, exploit synergy and create interesting jobs. In this way we will guarantee a clean and secure source of heat and electricity generation for customers using hydroelectric power, thermal power stations, wind, photovoltaic and geothermal energy and biomass. Along with grid development, this is a major element that Energie AG is implementing to ensure the energy system of Upper Austria is fit for the challenges of the future.

In the spring, the new federal government presented their vision of energy in the future in the form of the #mission2030 climate and energy framework. What challenges will this spell for Energie AG?

Stefan Stallinger: The #mission2030 framework sets out some ambitious goals. To make these a reality, however, we first need to put the right general conditions in place.

We are committed to the necessary expansion in renewable energy, and we are currently running a whole series of effective projects in this area. The rise in volatile power generation using wind und photovoltaic energy also calls for additional grid expansion as well as greater flexibility to compensate for both short-term and seasonal fluctuations in power generation and load. We believe there are opportunities for the future as regards integrated energy and storage projects.

> “The utility sector is facing major challenges. With the energy transition putting the entire system to the test, we need to do our homework in the field of digitalisation.”
>
> **Stefan Stallinger**

Surely these factors will affect the company as a whole financially as well as practically?

Andreas Kolar: Obviously, we face considerable investment challenges in this environment. As a public joint stock company with different perspectives among our stakeholders, we always have to weigh up very carefully what investments we can and should make, and when to make them. As a capital-intensive group, however, it is crystal clear to us that investment is essential if we are to carry on guaranteeing supply reliability in future, give appropriate consideration to sustainability and generate the returns we want and need.

The renewed award by Standard & Poor’s of the excellent rating “A with stable outlook” is external confirmation of the high standard of care we have exhibited and the reasonableness of past and planned decisions.

This year there were also big changes to the Supervisory Board, the Group's control committee. Has this influenced the working relationship with the Management Board?

Werner Steinecker: I would like to express my regret at the departure of our former Supervisory Board chairman DI Gerhard Falch, who stepped down for health reasons. I wish him all the best! Typically for Upper Austria, though, we soon found an equally competent and judicious successor. With long-serving Supervisory Board member Dr. Michael Strugl at the helm, the seamless continuation of a management system that has served the Management Board very well in the past is assured, while the oversight and support of the Supervisory Board is guaranteed. For this, I would like to thank all members of the Supervisory Board on behalf of the company.

Naturally, I would also like to extend particular thanks to the company's workforce and managers, who over the past year have continued to make it, I would almost say, easy for the Management Board to run the company. As well as thanking people inside the company, I have to thank the many loyal and new customers and partners of Energie AG who showed us their trust over this past year. We will be happy to remain a partner to them in the future.

GROUP MANAGEMENT BODIES

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

SUPERVISORY BOARD

Shareholder Representatives

Dipl.-Ing. Gerhard FALCH, Chairman (until 06/02/2018);
Mag. Dr. Michael STRUGL MBA, Chairman (since 22/03/2018);
Mag. Stefan LANG PLL.M, First Vice Chairman
Dr. Heinrich SCHALLER, Second Vice Chairman
Dipl.-Ing. Wolfgang DOPF MBA
Dr. Miriam EDER MBA
Mag. Dr. Erich ENTSTRASSER
Mag. Dr. Christine FRAUSCHER (since 22/03/2018)
Mag. Florian HAGENAUER MBA
Mag. Anna-Maria HOCHHAUSER
Thomas Peter KARBINER MSc MBA MPA
Mag. Michaela KEPLINGER-MITTERLEHNER
Mag. Kathrin Renate KÜHTREIBER-LEITNER MBA, Mayor
Ing. Herwig MAHR
Josef WALCH

Works Council Representatives

Ing. Mag. Leopold HOFINGER, Chairman of Works Council
Mag. Regina KRENN, Chairwoman of Works Council
Ing. Peter NEISSL MBA MSc
Friedrich SCHEITERBAUER, Chairman of Works Council (until 12/02/2018)
Christine PÖTLER, Chairwoman of Works Council (since 12/02/2018)
Ing. Bernhard STEINER, Chairman of Group Works Council
Gerhard STÖRINGER, Chairman of Central Works Council
Egon THALMAIR, Chairman of Central Works Council (until 13/08/2018)
Mag. Helmut LEHNER, Chairman of Works Council (since 13/08/2018)

SHAREHOLDER STRUCTURE
OF ENERGIE AG OBERÖSTERREICH

In the 2017/2018 fiscal year, the shareholder structure is as follows:

OÖ. Landesholding GmbH	52.63%
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft (consortium)	13.96%
Linz AG	10.34%
TIWAG	8.27%
VERBUND AG	5.20%
Oberbank AG (consortium)	5.17%
voestalpine	2.07%
OÖ Landesbank	1.03%
OÖ Sparkasse	0.52%
OÖ Versicherung	0.52%
Energie AG employees	0.19%
State of Upper Austria	0.10%

The remainder are treasury shares. As of **30 September 2018**

THE STRATEGY
OF ENERGIE AG OBERÖSTERREICH

A STRONG REGIONAL PARTNER FOR OUR CUSTOMERS

As Upper Austria's state energy utility in Austria's strongest export state, Energie AG Oberösterreich positions itself as a modern and efficient provider of energy and infrastructure services. We stand for high-quality and reliable products and services in the fields of energy, waste management, telecommunications and water, which we continuously and consistently adapt to the needs of our customers. In this way, we make a material contribution to the sustainable development of the quality of life and the economy in the regions in which we operate. A 100% subsidiary of Energie AG, Netz Oberösterreich GmbH secures the energy supply in Upper Austria with a modern and reliable electricity and natural gas grid as well as natural gas storage facilities and is Austria's pioneer in the roll-out of smart meter technology. Our waste management division guarantees solutions in the areas of waste and recyclable materials to the highest technological and ecological standards and, thanks to the two incineration plants in Wels and Lenzing, makes a significant contribution to waste management and supply reliability in Austria.

Energie AG is at the forefront of the development and introduction of future-oriented technologies. To this end, it is investing in a modern telecommunications infrastructure with the aim of growing in these areas. In the form of a fibre-optic network of more than 5,550 kilometres in length, to which all relevant public buildings and companies are connected, we are creating a material prerequisite for the further digitalisation of Upper Austria as a business location.

In a competitive environment, we stand for sustainable and fair solutions, which we can guarantee on the basis of permanent process optimisation. In contrast to many other electricity suppliers, this enables us to continue to offer our electricity customers stable prices despite rising wholesale prices in 2018 and the separation of electricity price zones between Germany and Austria on 1 October 2018. We also think about future generations and consistently orientate our actions towards ecological, social and societal aspects.

In the important future segment of water, Energie AG has succeeded in establishing itself as a successful supplier of drinking water and disposer of waste water thanks to ongoing adaptations to changed customer requirements. Selective investments in the Group's own infrastructure are intended to deepen the partnerships with the municipalities, while simultaneously leveraging the opportunities arising from the new statutory environment.

SUPPLY RELIABILITY

In addition to investments in the highly available and state-of-the-art cable and power-line grid of Netz Oberösterreich GmbH, it is above all necessary to provide assured, flexible services for supply reliability. The CCGT (combined cycle gas-turbine) power plant in Timelkam plays an important role in congestion management here, and in grid reserve management for transmission system operators. In the future, the development and application of new technologies and intelligent system solutions for decentralised flexibility and balancing energy storage will also be of particular importance.

DECARBONISATION AS A CORNERSTONE OF THE CLIMATE AND ENERGY STRATEGY

The national energy and climate targets for 2030 as well as the decarbonisation path to be pursued up to 2050 are an important step for the future energy supply in Austria. From the perspective of Energie AG, it is relevant to take a holistic, integrated look at the energy system, taking into account the electricity and heat and mobility sectors ("sector coupling"). The goal of covering 100% of total national electricity consumption from renewable energies by 2030 is very ambitious. Appropriate general conditions must be created in good time for implementation in order, on the one hand, to build up the necessary power generation facilities while, on the other, being able to continue to guarantee the excellent supply reliability and quality.

In the area of electricity procurement, Energie AG has for a long time used its own 44 hydropower plants and corresponding rights to procure electricity generated from renewable energy sources. In addition, the further expansion of the existing generation portfolio from renewable sources – especially photovoltaics, wind and biomass – is a strategic development area. Numerous attractive projects are currently being developed to decision-making maturity and will be implemented under appropriate legal and stable general economic conditions.

By using biomass, geothermal energy and industrial waste heat, Energie AG has for many years pursued a decarbonisation strategy in the area of district heating and thus plays a pioneering role as a sustainable utility in its market sectors.

In order to achieve our growth targets and improve our strategic position, we use strategic partnerships, offer comprehensive contracting solutions and enter into cooperation agreements.

DIGITALISATION AS AN OPPORTUNITY

Digitalisation is one of the greatest challenges for Energie AG – both as a risk and, above all, as an opportunity. On the one hand, the competitive environment is changing at an enormous speed; on the other, innovative, powerful digital approaches are now available that Energie AG intends to use.

True to the motto of "digital supply reliability", Energie AG is actively shaping Upper Austria's digital future in collaboration with its customers and partners. In order to achieve these goals, key topics and objectives, and a corresponding roadmap have been developed and consistently implemented. Unconditional orientation on the needs and requirements of our customers is key here. Thanks to digital distribution channels, from platforms and portal solutions to personal online consulting, our customers are assured individual service.

In the form of blockchain, the energy industry is also benefitting a new, highly interesting technology with an enormous potential for innovation and change. Energie AG proactively launched its first applications in the areas of electricity trading, waste disposal and grid on the market at a very early stage. For example, in February 2018, after intensive preparation, the first blockchain-based electricity wholesale deal was successfully concluded with a partner. In-house experts are collaborating with leading international specialists on the implementation of further digital solutions for our customers.

OUR MOST IMPORTANT RESOURCE: MOTIVATED EMPLOYEES

Without motivated and committed employees, strategic goals would be unachievable. In order to survive in the battle for talent, Energie AG is looking to address a large target group, with female junior staff for technical departments and management positions in particular, and has set new standards in the further development of the employer brand in this area. Thanks to our extremely successful apprentice training, and bucking the trend of a skilled labour shortage throughout Europe, we are able to recruit the necessary specialists for our divisions. With these measures in the area of diversity, Energie AG is also sending an important socio-politically message to current and future generations.

STABILITY AND FLEXIBILITY

The basis of every future-orientated company is its economic success. Our financial goal is therefore to achieve attractive returns, to sustainably increase the value of the Group and to continue to be a reliable and interesting business partner for owners and investors in the future. Financial stability is supported by the balanced Group portfolio of liberalised and regulated business models. A further basis for our success is our efficient opportunity and risk management. It empowers us to identify challenges for the Group at an early stage and to take effective measures in good time.

We take a proactive approach to dynamic changes in the general conditions, such as legislative adjustments to the Renewable Energies Expansion Act, the Basic Data Protection Regulation or the EU Recycling Package, as well as market-side challenges due to changes in customer needs or competitors from outside the industry.

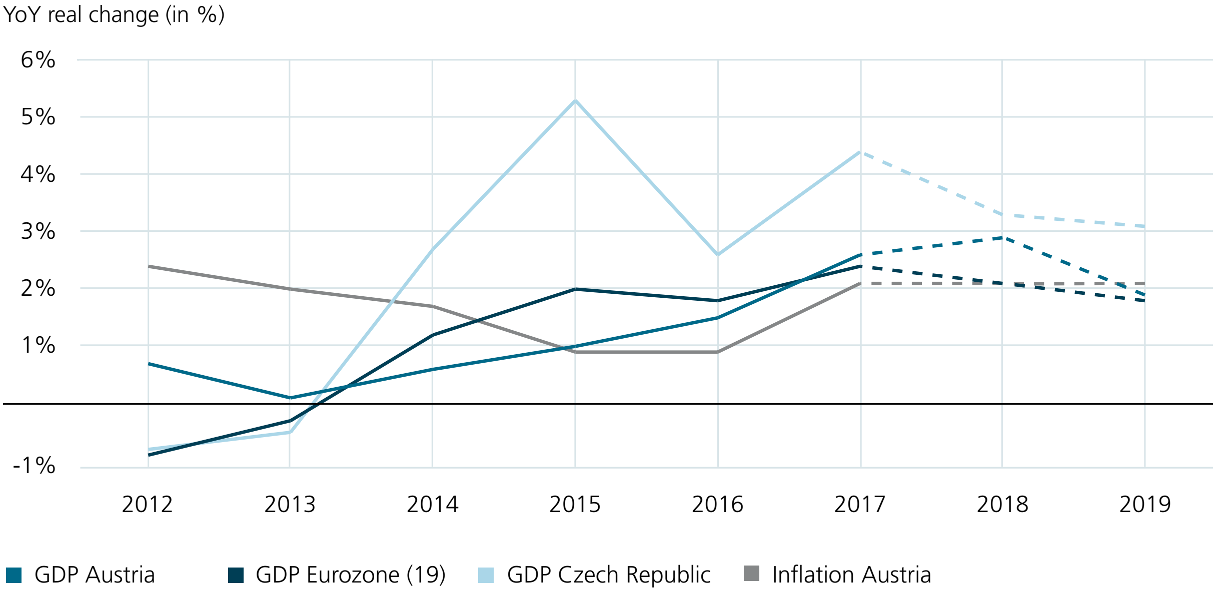
Group Management Report 2017/2018
of Energie AG Oberösterreich [1], [2]

GENERAL CONDITIONS

General Economic Conditions [3]

The positive development of Energie AG's economic environment continued in the 2017/2018 fiscal year (1 October 2017 to 30 September 2018).

GDP Growth and Inflation



After a strong increase in the **volume of world trade** in the previous year, the global economic dynamic has weakened increasingly in recent months. New tariff restrictions and trade conflicts as well as the uncertainty in the context of Brexit combined with the sharp decline in exchange rates in many emerging markets since the beginning of 2018 have had a negative impact on foreign trade activities. Economic growth in the **Euro zone** is expected to be restrained but nevertheless stable, with forecasts of 2.0% to 2.3% for 2018 and 1.6% to 2.0% for 2019.

Despite a noticeable slowdown in the **Austrian economy**'s growth rate in the second half of the reporting period, GDP growth of 2.7% to 3.0% is likely to be achieved for 2018 as a whole, and is thus at least at the level of the previous year. For 2019, economic experts expect a decline to between 1.7% and 2.0%. The downside risks of these forecasts have increased since spring, with the nature of Brexit and the threat of trade conflicts also posing potential risks here.

1) The Group management report presented here was prepared in accordance with the requirements of Section 245a of the Austrian Commercial Code (UGB) and refers to the IFRS consolidated financial statements of Energie AG in terms of Section 245a UGB.
2) In conformity with EU Directive 2014/95/EU on the disclosure of non-financial information and diversity information and its implementation in the Austrian Sustainability and Diversity Improvement Act (NaDiVeG 2017), Energie AG prepares the report on non-financial information (Non-Financial Report) 2017/2018 at the same time as the Group Management Report 2017/2018. In accordance with legal requirements, this Group Management Report refers to the information contained in the NFI Report of Energie AG, which is part of the Annual Report 2017/2018 and is published online at › www.energieag.at/sustainability.
3) Sources: IHS (Institute for Advanced Studies): Press release 5 October 2018. WIFO (Austrian Economic Chamber): Monthly reports 04/2018 and 09/2018 as well as WIFO economic data, URL: › https://www.wifo.ac.at/daten/wifo-wirtschaftsdaten, 05 October 2018. WKO (Austrian Federal Economic Chamber): Economic Situation and Forecast Release 10/2018 as well as Foreign Trade Update Czech Republic 10/2018.

The **medium-term forecasts for Austria** up to 2022 assume an average increase in economic growth of 2.1% per year and are thus a quarter of a percent point above the expected development of the Euro zone.

The forecast for the **Czech market**, which is important for Energie AG, is above the EU average in forecasts for calendar year 2018, with an increase in real GDP of 3.3% (2017: 4.4%). This development was mainly driven by private household consumption and corporate investment. For 2019, average growth of 3.1% is forecast for the Czech Republic.

Energy Policy Framework

During the reporting period, the **EU winter package "Clean Energy for All Europeans"** was developed further. A political agreement was reached on the Building Efficiency Directive, which must be adopted into national law by March 2020. Following the political agreement on the Energy Efficiency Directive, the Renewable Energies Directive and the Governance Regulation, further steps were taken towards a decarbonised energy system in July 2018. Under the "Electricity Market Design" banner, discussions are currently underway on a new internal electricity market directive and regulation. The Austrian EU Presidency aims to reach an agreement by the end of 2018.

The ambitious goals of **Germany's** coalition government, such as phasing out nuclear energy by 2022, the plans for phasing out coal, increasing the share of renewable energy sources in electricity consumption to 65% by 2030 and implementing diesel vehicle driving bans, will have a decisive impact on the pan-European development of the energy market and on mobility.

The reform of the **EU Emissions Trading Scheme** (EU ETS), which is intended to make a material contribution to the efficient achievement of the EU-wide CO_2 reduction target of at least 40% by 2030, was finalised in November 2017. The reform is intended to ensure an increase, from 1.7% to 2.2%, in the annual CO_2 reduction path and significantly reduce the surplus allowances that are transferred to the market stability reserve.

In May 2018, the Ordinance on **Effort Sharing** in Non-Emissions Trading (ETS) and the Ordinance on the Incorporation of Emissions and Reduction of Greenhouse Gases from Land Use, Land Use Change and Forestry (LULUCF) were adopted. Both regulations are intended to ensure that the EU achieves its target of reducing CO_2 emissions by at least 40% by 2030. To comply with the new Effort Sharing Ordinance, Austria must reduce its emissions in the non-ETS sector by 36% compared with 2005 until 2030.

The **EU General Data Protection Regulation** (GDPR) entered into force on 25 May 2018. In the first half of the fiscal year, precisely defined work packages prepared all relevant GDPR requirements for timely implementation in the Energie AG Group. The adjustments of the business processes for implementing the statutory requirements were subsequently completed in the reporting period and resulted in considerable additional expenses for all areas of the Group.

On 1 October 2018, the joint **electricity price zone** between Austria and Germany was separated. The reason for this were congested power lines between the generation areas in northern Europe and the southern consumer centres. Due to the restriction of tradable volumes, an increase in wholesale electricity prices in Austria compared with the German market was already expected in advance.

The European Court of Justice (ECJ) has granted comprehensive party status and judicial review rights for NGOs and neighbours in water law proceedings in the case "Protect Natur-, Arten- und Landschaftsschutz Umweltorganisation" ("Protect Nature, Species and Landscape

Protection Environmental Organisation" C-664/15 dated 20 December 2017). The Austrian legislator has taken action in response to the need for action and has submitted proposals in the form of an **Aarhus Participation Act**. A resolution has not yet been passed.

In its ruling C-329/17 of 07 August 2018, the ECJ equated **line route deforestation areas** with genuine deforestation areas and thus significantly extended the scope of application of the Austrian EIA Act 2000. The EIA authorities now have to re-examine whether or not the 110 kV Almtal-Kremstal electricity supply project of the Group's own grid company Netz Oberösterreich GmbH (Netz OÖ) requires an EIA. Netz OÖ has decided to suspend construction work for the time being.

In December 2017, the "Government Programme 2017–2022" was presented by the new Austrian Federal Government. The **Federal Government's Climate and Energy Strategy** was subsequently published at the end of May 2018. Under the "#mission2030" banner, the reduction of greenhouse gas emissions and the expansion of renewable energies in Austria is being promoted through ambitious interim targets and a consistent decarbonisation path up to the year 2050 laid down. Most of the legal implementation will be taking place in 2019.

In November 2017, the Ministry of Economic Affairs issued an amendment to the **Smart Meter Introduction Ordinance** (IME Ordinance). The main point of this amendment is a new roll-out schedule, which gives grid operators more flexibility in equipping metering points with smart metering devices. According to the amended IME Ordinance, a degree of roll-out of 80% must be achieved by the end of 2020 and a degree of roll-out of 95% by the end of 2022. In practical terms, this will allow a deadline extension of up to 3 years for the grid operators to equip their systems with smart meters. The scope of functions of the meters for opt-out customers has also been clarified.

BUSINESS DEVELOPMENT IN THE GROUP

Net Assets, Financial Position and Results of Operations

Group Overview

	Unit	2017/2018	2016/2017	Change
Sales revenues	EUR mill.	1,625.8	1,686.7	-3.6%
Operating result (EBIT)	EUR mill.	171.8	221.8	-22.5%
EBIT margin	%	10.6	13.1	-19.1%
Financial result	EUR mill.	-13.7	-19.4	29.4%
Earnings before taxes	EUR mill.	158.1	202.5	-21.9%
Balance sheet total	EUR mill.	3,222.7	3,079.2	4.7%
Equity	EUR mill.	1,381.4	1,279.4	8.0%
Equity ratio	%	42.9	41.6	3.1%
Net debt	EUR mill.	353.7	371.3	-4.7%
Net gearing	%	25.6	29.0	-11.7%
Investments in property, plant and equipment and intangible assets	EUR mill.	205.1	189.5	8.2%
Cash flow from operating activities	EUR mill.	258.0	278.8	-7.5%
Cash flow from investing activities	EUR mill.	-185.4	-161.7	-14.7%
Cash flow from financing activities	EUR mill.	-64.3	-120.1	46.5%
ROCE	%	7.4	9.4	-21.3%
WACC	%	4.4	4.9	-10.2%

In the fiscal year 2017/2018, Energie AG generated sales revenues in the amount of EUR 1,625.8 million (previous year: EUR 1,686.7 million). External sales in the Energy Segment fell by EUR 96.0 million from EUR 989.2 million to EUR 893.2 million. The decline was mainly due to lower sales revenues from gas management and electricity trading as well as the reduced use of the Timelkam CCGT (combined cycle gas-turbine) power plant for grid reserve and congestion management compared to the previous year. A sales increase was achieved in all other Segments.

Group EBIT decreased by EUR 50.0 million from EUR 221.8 million in the previous year to EUR 171.8 million.

Earnings in the Energy Segment declined by EUR 28.1 million from EUR 109.8 million to EUR 81.7 million. EBIT for the Segment includes an impairment of EUR 2.5 million on the Timelkam CCGT power plant, which was recognised due to the current market situation for grid reserve and congestion management. An appreciation in the amount of EUR 20.9 million was recorded in the previous year. At 0.95, the hydro coefficient was about 5% below the standard production capacity, but at about the same level as in the previous year. Higher earnings contributions from several thermal generation plants had a positive impact.

In the Grid Segment, EBIT fell by EUR 42.1 million from EUR 99.8 million to EUR 57.7 million. The operating result for the previous year included positive earnings contributions of EUR 16.5 million from an appreciation of the electricity grid on the basis of fair value less costs of disposal. Volume declines and regulatory tariff reductions in the natural gas grid had a negative impact on the operating result. These effects were partially offset by volume and tariff increases in the electricity grid. The high efficiency of the Netz OÖ (100%) compared with other gas grid operators in Austria had a positive effect on the financial situation.

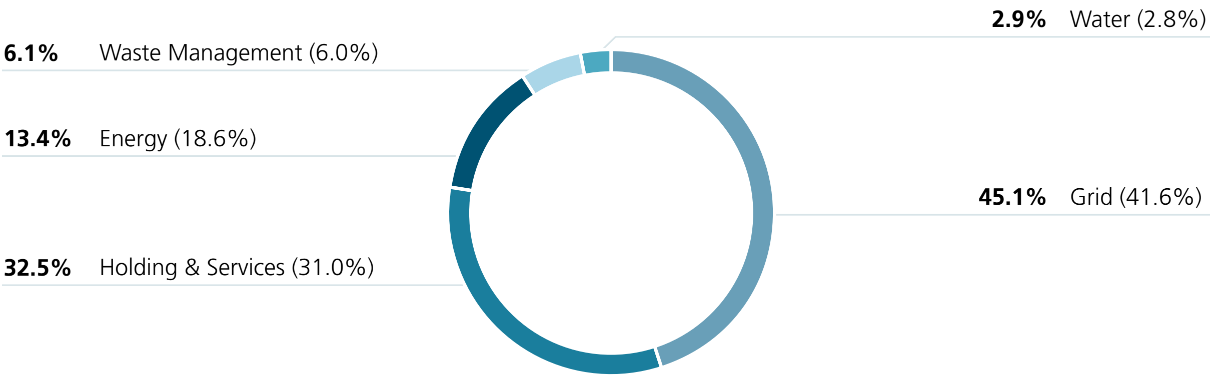
In the Waste Management Segment, EBIT rose by EUR 10.4 million from EUR 7.0 million to EUR 17.4 million. This figure for the first time includes the Group companies WDL GmbH and Komunala ODTOK d.o.o. (formerly VARINGER d.o.o.), which were previously allocated to the Water Segment. In addition to the absence of negative one-time effects from the previous year, earnings were positively influenced by positive price developments on the waste disposal market as well as by an increase in the price of steel scrap and copper. Volume increases were achieved in domestic and bulky waste, and in waste from mechanical-biological plants, while high throughput volumes were achieved at the thermal incineration facilities.

EBIT in the Water Segment in the previous year was characterised by negative one-time effects amounting to EUR 18.2 million. The Austrian and Slovenian markets have been allocated to the Waste Management Segment since 1 October 2017, which led to a decrease in the Segment result in the reporting period. In terms of operations, growth was achieved in the drinking water supply and waste water disposal sectors as well as in the service sector, with the result that EBIT in the Water Segment rose from EUR -8.1 million in the previous year to EUR 9.3 million in the 2017/2018 fiscal year.

EBIT of the Holding & Services Segment amounted to EUR 5.7 million in the reporting period, compared with EUR 13.3 million in the previous year. The decrease is mainly attributable to lower earnings from Group companies consolidated at equity.

Investments in Intangible Assets and Property, Plant and Equipment by Segments

2017/2018; previous year's figures in brackets



In fiscal year 2017/2018, investments in intangible assets and property, plant and equipment amounted to EUR 205.1 million, and were thus EUR 15.6 million or 8.2% above the previous year's level. The Grid Segment accounted with a share of 45.1% for the most part. Investments in the Holding & Services Segment include expanding the fibre-optic cable network and the smart meter rollout.

Net debt (non-current and current financial liabilities minus cash and cash equivalents) decreased by EUR 17.6 million from EUR 371.3 million to EUR 353.7 million compared to the previous year. This drop is due to lower financial liabilities on the one hand and increased liquidity on the other. Moreover, there was no new debt in fiscal year 2017/2018.

At EUR 258.0 million in the fiscal year 2017/2018, cash flow from operating activities was at a high level compared with EUR 278.8 million in the previous year.

The financial result improved from EUR -19.4 million in the previous year to EUR -13.7 million in the 2017/2018 fiscal year. This improvement was due in particular to lower interest expenses.

Financing and Investment Strategy

Although the capital markets have recovered from the 2008 financial crisis, the currently ongoing trade conflicts, the uncertain outcome of Brexit and a rising interest rate environment in the medium term pose new challenges for the international banking and economic system.

In such a volatile environment, adherence to the proven and solid funding and investment policy of Energie AG has increasingly demonstrated its value.

Top Rating Confirmed Once Again

In March 2018, Energie AG's creditworthiness was again confirmed by Standard & Poor's (S&P) with an excellent rating of "A/stable outlook". Following last year's upgrade, Standard & Poor's thus recognised the Group's ongoing efforts to further improve its operating and financial performance. The conservative and sound financial management and strong liquidity, in particular, had a positive impact on the S&P rating.

With this rating, Energie AG now occupies an absolute top position in the utility industry in a national and international context. The strong investment-grade rating assures the company excellent flexibility in financing issues in the future, as well as unhindered access to the financial and capital markets at cost-efficient terms.

Stable and Future-Proof Finances

Financial liabilities were reduced once again by EUR 9.3 million to EUR 455.1 million in the past fiscal year. The balanced repayment profile of outside financing is dominated by funds with bullet-term maturities. A significantly increased refinancing requirement for Energie AG will only exist from 2025 onwards.

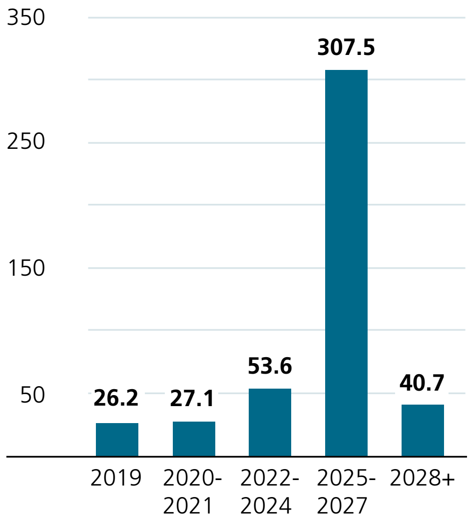
A mix of cash and highly liquid money market instruments is maintained to ensure solvency at all times. As of 30 September 2018, the Energie AG Group had liquidity reserves totalling EUR 282.5 million. Unused and partially committed credit lines of EUR 198.4 million underline Energie AG's high level of financial flexibility.

Central Group Financing

The Group's internal financial management is centrally governed at the holding level and provides both cost-optimised liquidity management and long-term funding tailored to the Group companies' needs, based on arm's length market conditions. At the end of the fiscal year 2017/2018, 26 Group companies were included in Energie AG's cash pooling system.

Maturity Profile of Financial Liabilities

As of 30/09/2018; nominal values in EUR mill.



Value-Based Management and Capital Costs

Value-based corporate management is firmly anchored in all of Energie AG's management processes. The central objective is sustainably ensuring corporate value by increasing potential benefits and generating returns for the owners on a capital market-oriented returns basis.

The weighted average cost of capital (WACC) is of central importance for the assessment of a company's value enhancement. The WACC complies with the minimum yield requirements of Group management and thus serves as a yardstick for the creation of company value. It is calculated on the basis of the weighted average cost of equity and debt. The capital costs of the non-regulated business units are determined using the reporting-date principle and based on market conditions. In a second step, the bottom-up method is used to weight these costs into the Segment and Group capital costs. The parameters specified by the regulatory authority are applied to regulated sectors.

Energie AG's cost of capital accounting is subjected to on-going evaluation, and adapted as needed, taking current publications and expert opinions into consideration. Furthermore, against the background of the volatile financial market environment, the development of the cost of capital is continuously monitored. The Group WACC for the fiscal year 2017/2018 was 4.4% (previous year: 4.9%).

The value-oriented Group targets are broken down to the individual Segments and business units, taking into account the strategy pursued and the business-specific general conditions, continually monitored and reported periodically by the Group's managerial accounting and governed by the management.

The central key indicator for operational Group management during the fiscal year is the Return on Capital Employed (ROCE), which shows how efficiently and profitably the available capital is used. This key figure is calculated as the ratio between Net Operating Profit After Tax (NOPAT) and average Capital Employed. NOPAT corresponds to EBIT less related taxes in the amount of EUR 38.3 million and other items of EUR 12.9 million. For information on Capital Employed, please refer to the **Notes to the Consolidated Financial Statements › page 101**.

By comparing ROCE or long-term Internal Rate of Return (IRR) and WACC, business units and projects are evaluated with regard to the generation of value added. Apart from strategic considerations, resources for future investments and acquisitions are allocated by prioritising projects exclusively on the basis of value-oriented criteria and methods (e.g. project-specific risk surcharges).

In the 2017/2018 fiscal year, the ROCE of the Energie AG Group was 7.4%, 2 percent points below the figure for the previous year (9.4%).

Treasury Stocks

By resolution of the Annual General Meeting on 20 December 2017, the share capital of Energie AG was reduced by EUR 308,095.00 from EUR 89,087,750.00 to EUR 88,779,655.00 by means of a simplified capital reduction through the cancellation of 308,095 no-par value registered shares of treasury stock in the form of non-voting preferred shares. As a result, Article 4 of the Company's Articles of Association was amended accordingly.

In certain cases, the Energie AG employee stock option plan provides for the right or the obligation to purchase Energie AG employee shares. In fiscal year 2017/2018, the following changes in treasury stock resulted from this security:

Treasury Stocks

	Treasury stocks in items	Share capital quota in %	Share capital quota in EUR 1,000
Treasury stocks as of 30/09/2017	308,095	0.3	308.1
Disposals 2017/2018	-308,095	-0.3	-308.1
Additions 2017/2018	50,449	0.06	50.4
Treasury stocks as of 30/09/2018	**50,449**	**0.06**	**50.4**

Related Party Disclosures

For Energie AG's transactions with related parties in the reporting period, please refer to the disclosures in the **Notes to the Consolidated Financial Statements › page 154**.

Changes under Corporate Law

The participating interests in WDL-WasserdienstleistungsGmbH (WDL GmbH) and VARINGER d.o.o. (now Komunala ODTOK d.o.o.) were spun off from Energie AG Oberösterreich Wasser GmbH to Energie AG Oberösterreich Umwelt Service GmbH (Umwelt Service GmbH) with retroactive effect from 30 September 2017. This will enable regional synergies to be leveraged due to the high degree of overlap in the market area and in the customer portfolio.

Also, on 12 October 2017, Energie AG Oberösterreich Personal Power GmbH was founded as a 100% subsidiary of Energie AG Oberösterreich Personalmanagement GmbH. The company acts as an intra-Group personnel leasing company.

INTERNAL CONTROL SYSTEM

The Energie AG Group fully complies with its obligation under stock corporation law to establish and operate valid control and monitoring systems within the framework of corporate governance. The Internal Control System (ICS), which follows the principles of the "Three Lines of Defence Model", forms part of this consistent management concept.

It includes all process-related monitoring measures that ensure the preservation of assets and the reliability of the accounting process. The ICS, which is well anchored in the Group, makes the best possible contribution to preventing risks inherent in processes. One material focus of Energie AG's ICS is to maintain and promote the efficiency of the operating processes required to achieve the company's goals, taking into account the ethical values of the vision and mission statement.

In the 2017/2018 fiscal year, too, continuous monitoring and regular training measures increased risk awareness and employee awareness of the quality assurance associated with it. Controls are individually designed to meet the requirements of the process and encompass both automated and manual control steps. Compliance with the principle of dual control was again taken into account in the reporting period.

The quality of the monitoring measures in the Group is ensured by the ongoing review of day-to-day business practice in the operational units, cyclical auditing by Group Internal Audit and structured and standardised reporting to the Management Board and supervisory bodies.

The legal obligation to equal treatment in accordance with the Electricity Industry and Organisation Act (ElWOG) and the Gas Industry Act (GWG) are subject to appropriate ICS controls and are monitored by the Equal Treatment Officer.

In the 2017/2018 fiscal year, the ICS audits integrated in the annual audit plan of Group Internal Audit showed a high degree of control awareness. In the period under review, special attention was paid to the Group-wide requirement for permanent process optimisation, taking into account the possibilities of digitalisation. The documentation in the respective control manuals was updated promptly.

The ICS thus met the legal requirements in the past fiscal year with the degree of maturity specified throughout the company, and the control measures were implemented at Energie AG with a high level of commitment.

RISKS AND OPPORTUNITIES

Changes in the energy market environment, growing competitive dynamics and adjustments of the energy policy and general regulatory conditions influence Energie AG's risks and opportunities. Energie AG meets these challenges by tapping additional earnings potential, value-based investment management and extensive efficiency-improving measures.

Energie AG's business activities are still exposed to risk, however, no risks were identified in the fiscal year 2017/2018 that, either individually or in the aggregated total, had the potential to threaten the continuation of the company.

For more details on the risks and opportunities situation, see the **Notes to the Consolidated Financial Statements › page 150**.

RESEARCH, DEVELOPMENT AND INNOVATION

Energie AG has always considered research, development and innovation to be one of its core tasks in all areas of the Group. Driven by social and political processes such as the transformation of energy systems, the energy sector is undergoing a major transformation which Energie AG seeks to shape. It is now no longer sufficient to look at the individual sectors separately; instead cross-sectoral solutions are needed to address the current issues. In addition, digitalisation and automation offer opportunities which Energie AG takes up with targeted innovation and research. Close cooperation with partners from science and industry drives excellent cost efficiency and an intensive exchange featuring valuable, mutual impulses.

In the period under review, research, development and innovation activities focused on adapting the distribution grids to increasingly decentralised generation plants and providing energy from renewable sources, as well as on developing new business models and numerous projects in the Waste Management and Water Segments. A further focus in the 2017/2018 fiscal year was the implementation of projects from the “e-bit” digitalisation offensive. These “e-bit” projects generated internal and external impetus across Group companies and resulted in proposals for further projects.

Key Performance Indicators R&D&I

	Unit	2017/2018	2016/2017	Change
Number of R&D&I projects in the Group	Number	110	98	12.2%
Staff involved in R&D&I projects	Number	334	314	6.4%
R&D&I expenditure in the Group	EUR mill.	3.7	3.2	15.6%

In fiscal year 2017/2018, research, development and innovation were carried out in the following projects (non-exhaustive list):

Photovoltaic (PV) Post-measurement

The photovoltaic plant erected in 1988 on Mount Loser was Energie AG's first major photovoltaic research project, and it is still fully functional today. After 30 years, important insights into the behaviour of PV modules over their service life and beyond have been gained by means of re-measurements and thermographic imaging in the reporting period.

Rassa – Reference Architecture for Safe Smart Grids

The Rassa project, initiated by the Smart Grids Austria technology platform, aims to develop a reference architecture for secure smart grids in Austria in close consultation with all relevant stakeholders. By adopting the principles of the reference architecture when instantiating individual components, secure and interoperable smart grid systems can be implemented in a consistent and efficient manner.

Enerchain

Together with a consortium of European utilities and a development partner, a “proof of concept” trading platform based on blockchain technology was developed in the 2017/2018 fiscal year, which in principle allows bilateral electricity and gas wholesale transactions to be conducted decentrally, anonymously and with a high degree of security. In February 2018, the first blockchain-based electricity wholesale deal was successfully concluded with a market partner. The intent is to make the platform commercially marketable in the future. Numerous technological and legal issues need to be clarified to do so.

Co-incineration of Powdery Waste

Dusty waste is a major problem and potential hazard in the thermal treatment of waste. In this project, therefore, holistic solutions and treatment processes for the problem material dust were developed in the reporting period for the co-incineration of this dusty waste in grate firing plants. The main focus was on hydrophobic dusts such as powder coatings. In addition, a scientific paper presented the basics for characterising dusts, the difficulties in manipulation and treatment, and target scenarios for handling dusty waste.

Hydrant Service Water Map

Municipalities, water utilities, fire services and other service providers rely on fast and reliable information about the water system and hydrant locations. In cooperation with the start-up company wasserkarte.info, the content of the web application developed in the 2015/2016 fiscal year was further developed to market maturity in the reporting period. On-site data acquisition is carried out using tablets or smartphones; potential further developments with regard to additional possible uses (gate valves, etc.) were taken into account in the project.

Digitalisation Projects in the Grid Segment

In the Grid Segment, several innovations in the field of digitalisation were implemented in the 2017/2018 fiscal year. The WTC web trouble ticket system starts a workflow during complaint report entry, in which all relevant information is automatically transmitted. The network technician is navigated to the incident location and uses a mobile application to close the workflow after completion on site. This efficient communication simplifies and accelerates troubleshooting. In the field of planning, the SWebAPP "Measurement Tool", a trench routing module, was used to offer the option of recording data on trench routing online and on site. The data is stored directly in the GIS database for further processing. Furthermore, the first augmented reality-based pilot application was developed for marking of underground lines (flagging) using the iPhone app.

KEY PERFORMANCE INDICATORS

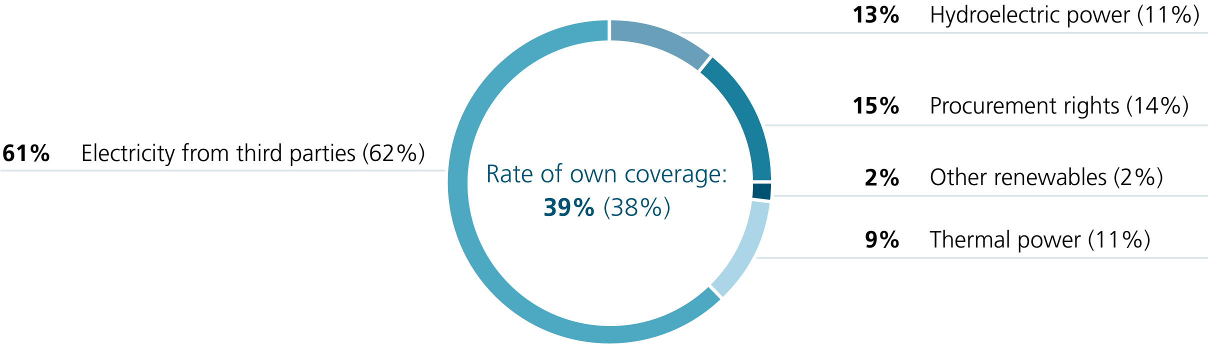
The Group at a Glance

	Unit	2017/2018	2016/2017	Change
Electricity procurement	GWh	15,494	16,900	-8.3%
Electricity procured from third parties	GWh	12,250	13,425	-8.8%
Proprietary electricity procurement [1]	GWh	3,245	3,474	-6.6%
Thermal power stations	GWh	712	981	-27.4%
Renewable energy	GWh	2,533	2,493	1.6%
Group's own hydropower plants	GWh	1,058	1,055	0.3%
Procurement rights from hydroelectric power	GWh	1,287	1,281	0.5%
Other renewable energy (photovoltaics, wind, biomass)	GWh	188	157	19.7%
Electricity grid distribution volume to end customers	GWh	8,297	8,210	1.1%
Electricity sales volume [2]	GWh	7,294	7,968	-8.5%
Natural gas grid distribution volume to end customers	GWh	18,397	20,463	-10.1%
Natural gas sales volume	GWh	4,980	5,247	-5.1%
Heat procurement	GWh	1,665	1,507	10.5%
Heat sales volume	GWh	1,524	1,345	13.3%
Total waste volume handled	1,000 to	1,766	1,755	0.6%
Thermally processed waste volume	1,000 to	642	630	1.9%
Invoiced drinking water volume	m^3 mill.	55.5	52.8	5.1%
Invoiced waste water volume	m^3 mill.	43.8	43.5	0.7%
Length of fibre-optic network	km	5,550	5,100	8.8%

1) Of which in the fiscal year 2017/2018 3,243 GWh supplied to the domestic market (previous year: 3,473 GWh)
2) In the fiscal year 2017/2018 5,753 GWh distribution to end customers on the domestic market (previous year: 6,364 GWh)

Electricity Procurement Structure Without Electricity Trading

2017/2018; previous year's figures in brackets



DEFINITION OF SEGMENTS

In accordance with internal reporting and pursuant to IFRS 8 "Operating Segments", the Energy, Grid, Waste Management, Water and Holding & Services Segments will be reported on in the **Consolidated Financial Statements › page 101**.

Segment Name	Activities Included
Energy	Production, trade and sales of electricity, gas and heat
Grid	Construction and operation of the electricity and gas grid
Waste Management	Acceptance, sorting, incineration and landfilling of waste
Water	Supplying drinking water as well as disposal of waste water
Holding & Services	Telecommunications and metering services, service companies and management functions; associated at-equity companies which are not allocated to other Segments

ENERGY SEGMENT

Energy Segment Overview

	Unit	2017/2018	2016/2017	Change
Total sales	EUR mill.	896.0	990.4	-9.5%
EBIT	EUR mill.	81.7	109.8	-25.6%
Investments in property, plant and equipment and intangible assets	EUR mill.	27.5	35.2	-21.9%
Workforce (on average) [1]	FTE	431	435	-0.9%
Electricity procurement [2]	GWh	15,289	16,700	-8.4%
Proprietary electricity procurement	GWh	3,039	3,275	-7.2%
Electricity sales volume	GWh	7,294	7,968	-8.5%
Natural gas sales volume	GWh	4,980	5,247	-5.1%
Heat procurement	GWh	1,468	1,315	11.6%
Heat sales volume	GWh	1,327	1,154	15.0%

1) All information stated in this Group Management Report that concerns employees relates to full-time equivalents (FTE) as a yearly average of the fully-consolidated and proportionately consolidated companies.
2) Incl. external procurement

THE ECONOMIC ENVIRONMENT OF THE ENERGY INDUSTRY

In the first half of the 2017/2018 fiscal year, forward market prices for electricity moved within a comparatively narrow corridor. From mid-March 2018, an upward trend was established, which ensured that the derivatives market reached its highest level since March 2012 towards the end of the fiscal year. This was mainly due to higher prices for coal and CO_2 allowances. The price for the annual base of the front year in the price zone Austria reached its highest value on 11 September 2018 at EUR 59.2/MWh, the lowest value on 2 October 2017 at EUR 33.8/MWh. At EUR 41.9/MWh, the average price was around one-third higher than in the previous year.

Prices also rose on the spot market. During the reporting period, the average European Power Exchange (EPEX) spot price base was EUR 39.5 per MWh, 11.9% higher than in the previous year. Due to the increasing feed-in of electricity from wind and photovoltaics, the market continued to be volatile with hourly prices between EUR -83.1/MWh and EUR +124.6/MWh.

The increase in hard coal prices from March 2018 was mainly triggered by strong demand in the Asia-Pacific region. Starting from USD 79.0/t at the beginning of the 2017/2018 fiscal year, the All Publications Index#2 (API2) with delivery in 2019 to the Amsterdam-Rotterdam-Antwerp Coal Trading Area (loco ARA) rose by almost 25.0% to USD 98.2/t by the end of September.

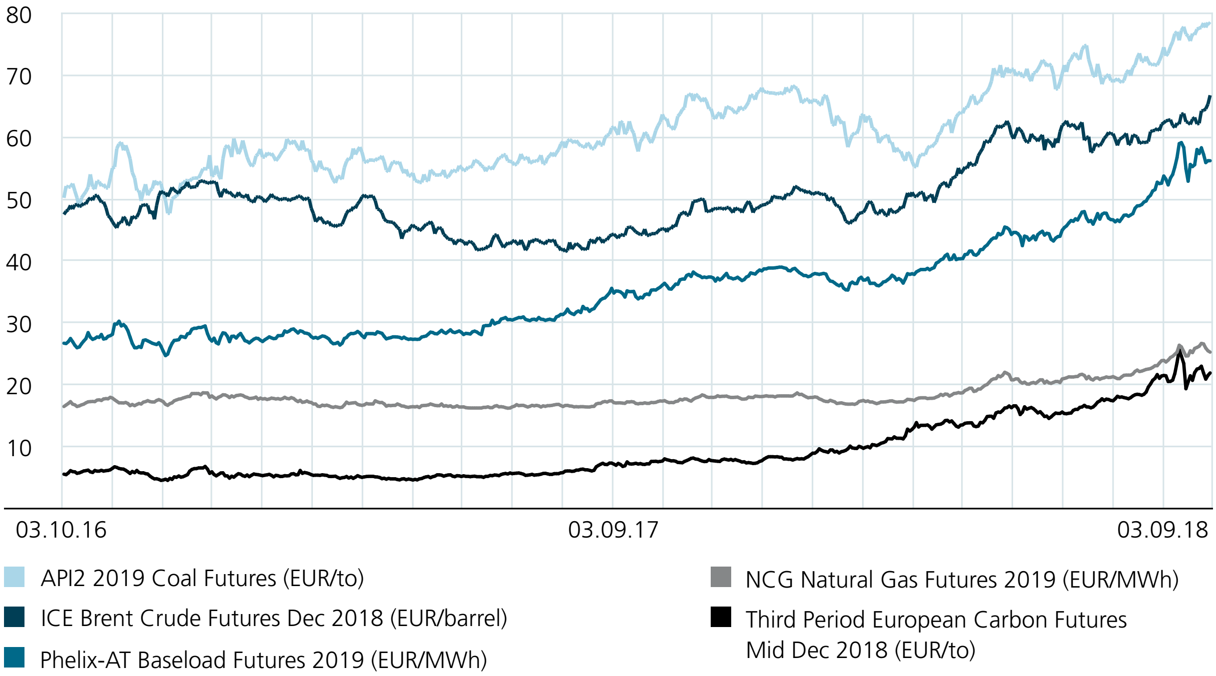
With some intermediate lows, the oil price also rose continuously in the past fiscal year. At USD 67.0 per barrel of Brent crude oil, the average price was around 25.0% higher than the previous year's level, with the peak being reached at the end of the fiscal year.

Influenced by these developments and driven by CO_2 price increases, gas procurement prices rose significantly in the course of the summer, although no demand-side bottlenecks were discernible on the market. The NetConnect Germany (NCG) gas price for the front year, which moved laterally until March 2018, averaged EUR 19.4/MWh in the reporting period, up 14.1% year-on-year. The volatility of gas prices has increased sharply overall.

The most significant increase was recorded in the price of CO_2 allowances. Stagnation in the first few months was followed by a steep rise, with the price tripling to EUR 21.8 per ton by the end of the fiscal year.

Price Development on International Energy Markets

Source: EEX, Reuters



BUSINESS DEVELOPMENT IN THE ENERGY SEGMENT

Following the fiscal year 2016/2017, which was exceptionally positive from a financial point of view, sales revenues in the Energy Segment amounted to EUR 896.0 million in the reporting period (previous year: EUR 990.4 million). The main reasons for this were lower sales revenues from gas management and electricity trading as well as reduced use of the Timelkam CCGT power plant for grid reserve and congestion management compared to the previous year.

In the Energy Segment, an operating result in the amount of EUR 81.7 million was generated in the reporting period. This corresponds to a decrease of 25.6% compared with the previous year's EBIT in the amount of EUR 109.8 million. In addition to lower earnings contributions from electricity and gas sales, this was also due to lower earnings contributions from gas management, partly due to mild weather conditions. Declines in thermal generation due to a drop in call-offs for grid reserve and congestion management were only partially offset by improved operating results at the Timelkam biomass power plant and Cogeneration-Kraftwerke Management Oberösterreich GmbH (CMOÖ).

While the previous year's EBIT was influenced by an appreciation in the amount of EUR 20.9 million for the Timelkam CCGT power plant, an impairment of EUR 2.5 million was recognised on the CCGT power plant in the reporting period following an impairment test due to the current market situation for grid reserve and congestion management.

Compared with the impairment of the 7Fields gas storage facility in the amount of EUR 6.6 million and other minor impairments in the previous year, the reporting period saw an impairment of the 7Fields gas storage facility of EUR 3.2 million and various minor impairments.

In addition, there was an appreciation in the amount of EUR 1.9 million on CMOÖ in the reporting period.

DECLINE IN THERMAL ELECTRICITY GENERATION, STABLE ELECTRICITY PROCUREMENT FROM HYDROELECTRIC POWER

Due to the reduced use of the Timelkam CCGT power plant for congestion management, proprietary electricity procurement in the Energy Segment in the 2017/2018 fiscal year amounted to 3,039 GWh, 7.2% lower than the previous year's value (3,275 GWh). Total electricity procurement in the Energy Segment, including external procurement, amounted to 15,289 GWh in the reporting period and was thus 8.4% below the figure for the previous year (16,700 GWh). This significant decline is attributable not only to the lower level of proprietary procurement but also to the reduction in external electricity trading. The provision of district heating from the power plant stations in Riedersbach and Timelkam fell by 7.5% compared with the previous year (253 GWh) to 234 GWh.

The water level of the rivers varied greatly in the course of the 2017/2018 fiscal year: while the first half of the reporting period was characterised by significantly above-average values, the second half was characterised by atypically low precipitation. For the fiscal year as a whole, the hydro coefficient of 0.95 was 5% lower than the standard production capacity, but 1 percent point higher than in the previous year. Proprietary electricity procurement from Energie AG's hydraulic power plants therefore remained stable in the 2017/2018 fiscal year.

The largest investment in the hydroelectric power sector in 2017/2018 was the construction of fish ladders at the Marchtrenk and Traun-Pucking power plants. In building these lifts to improve the ecological situation, Energie AG complies with the requirements of the Water Framework Directive and the Austrian Water Act.

The prerequisite for the extension of the water rights at the Partenstein power plant is the adaptation of the plant to the current state of the art. For this reason, a fish ladder was erected at the Langhalsen weir during the reporting period and individual parts of the plant were replaced.

Ennskraftwerke AG, in which Energie AG has a 50% shareholding, also reported electricity production below the long-term average in the 2017/2018 fiscal year, with a hydro coefficient of 0.92. All told, Energie AG holds electricity procurement rights in hydropower plants with a standard production capacity of around 1,390 GWh.

In the wind power sector, participating interests in three wind farms and one approved project continued in the 2017/2018 fiscal year. The pro rata total capacity of the wind parks is 12.7 MW. In the reporting period, electricity generated with wind power totalled 31.3 GWh (previous year: 34 GWh).

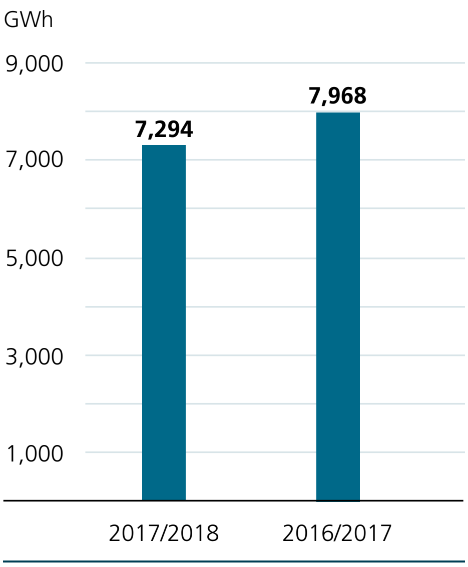
CUSTOMER LOYALTY CAMPAIGNS LED TO DECLINING SWITCHING RATES AMONG PRIVATE CUSTOMERS

The electricity sales of Energie AG are bundled in ENAMO GmbH, the joint sales company of Energie AG and LINZ AG. In the 2017/2018 fiscal year, the ENAMO group of companies encompassed ENAMO GmbH, ENAMO Ökostrom GmbH, Energie AG Oberösterreich Vertrieb GmbH & Co KG and LINZ Strom Vertrieb GmbH & Co KG.

The electricity market continued to move during the reporting period, with the result that the switching rate for 2018 across Austria is expected to remain at a similarly high level as in the previous year (E-Control Austria, 2017: 4.3%). In the private customer segment of the ENAMO Group, the number of supplier changes dropped in absolute terms.

In the 2017/2018 fiscal year, the consolidated electricity sales volume amounted to 7,294 GWh, 8.5% below the previous year's sales volume of 7,968 GWh. More than half of this decline is attributable to the industrial customer segment. Sales volumes in the business customer segment were at the previous year's level. The private customer segment continued to be a strong focus for competitors, but Energie AG Oberösterreich Vertrieb GmbH & Co KG was nevertheless able to record a slight reversal in trend with switching rates falling. The actions implemented in this segment to improve customer loyalty had a positive effect.

Electricity Sales Volume



In addition to the tried and tested campaigns such as the replacement of household appliances or the 2018 energy-saving campaign, in which ENAMO provided a total of 380,000 LED luminaires, ENAMO also successfully generated added value for its customers through innovative products, thus maintaining its position in this dynamic market. As part of the innovation and digitalisation efforts, a completely new pricing model for heat pump users was presented in the form of the "Heimvorteil smart flex" (smart flex home advantage) package. The heat pump identifies time zones with cheap or free energy and automatically switches itself on during these periods. The energy costs for the heat pump can thus be reduced without any loss of comfort – and above all completely automatically. This electricity price model is an example of the added value, functionality and use of the new smart meter technology.

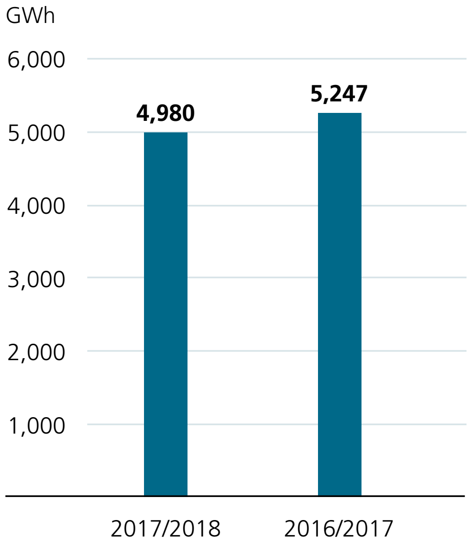
ENAMO is part of the European "PEAKApp" research project, in which energy suppliers, research institutes and software companies from seven countries are involved. The aim of the project, which was launched in 2016, is to influence customers' consumption patterns in a targeted manner towards more efficient energy use. Initial evaluations of a field test conducted in the 2017/2018 fiscal year showed promising results, including positive effects on customer switching rates. In addition, the results form the basis for the development of future electricity products and services.

In addition, ENAMO is participating in the "Flex+" research project starting in the fiscal year 2017/2018. In the scope of the project, various strategies will be developed and tested in large-scale real-life operation in order to economically leverage the flexibility of remotely controlled components such as heat pumps, boilers, PV storage systems and e-mobility.

MILD WEATHER AFFECTED GAS, HEAT AND ENERGY SERVICES

At 4,980 GWh, the volume of natural gas sold by the Group in the 2017/2018 fiscal year was 5.1% below the previous year's figure of 5,247 GWh. Compared with the colder previous year, sales volumes to business and private customers using space heating fell, primarily for weather-related reasons. During the year under review, the total number of heating degree days in Upper Austria was 7.4% lower than the average for the past ten years and 11.3% below the previous year's figure. Natural gas sales volumes to large customers remained stable.

Natural Gas Sales Volume



A customer loyalty campaign in the Gas Segment with a price guarantee for existing business and private customers was successfully extended in the spring of 2018. Thanks to this and other customer loyalty campaigns, Energie AG Oberösterreich Power Solutions GmbH (Energie AG Power Solutions) once again succeeded in retaining its customer base, achieving a switching rate well below the average. On average, in the natural gas industry, the switching rates in the business and private customer area in Austria and Upper Austria continued to rise.

Energie AG Power Solutions with its online brand “gasdiskont.at” emerged as the winner from this year's auction by the Association for Consumer Information (“Verein für Konsumenteninformation”, VKI). By supplying to the newly acquired customer base, it has been possible for the first time in several years to achieve customer growth in the natural gas business and residential customer segment.

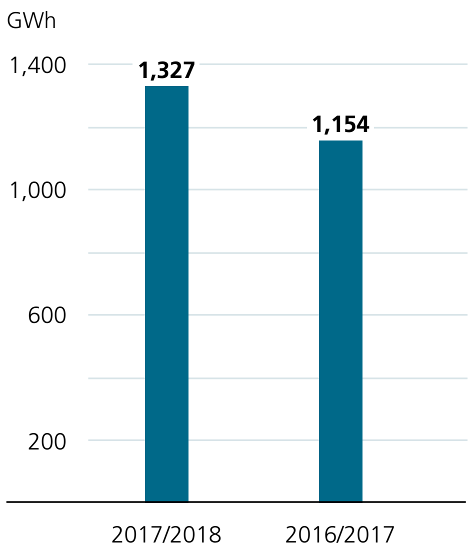
In the energy services business area, the heat sales volume from contracting plants amounted to 135 GWh in the first half of the reporting period, and thus below the previous year's figure of 141 GWh. Asset growth did not fully compensate for temperature-related shortfalls in volumes.

In the course of the 2017/2018 fiscal year, eleven new PV contracting systems with an output of 1,550 kW_p were installed, increasing the total photovoltaic output of the Group to 8.2 MW_p. As a result, a total of 7.1 GWh of electrical energy was generated in the reporting period. In addition, PV systems with 200 kW_p were implemented for customers as general contractors. The 2017/2018 fiscal year was thus characterised by the Energie AG Group's largest PV extension programme within one year to date.

CMOÖ GmbH supplies a key account customer in Laakirchen with electricity and process heat through a CCGT power plant, as well as several adjacent companies with district heating. The volume of process heat and district heating provided to customers in the 2017/2018 fiscal year was 688 GWh and thus 43.6% up on the previous year's figure of 479 GWh.

Overall, the heat sales volume in the Energy Segment amounted to 1,327 GWh in the 2017/2018 fiscal year, an increase of 15.0% on the previous year (1,154 GWh). Successful customer acquisitions more than compensated for lower volumes attributable to above-average temperatures in Austria and abroad.

Heat Sales Volume



Despite this generally mild weather compared with the previous year, the February and March months saw strong temperature fluctuations with record lows in the supply region of the Heating business unit. These significant fluctuations necessitate flexible operation of the heat generation plants, so that the modernisation and efficiency measures carried out by the Heating business unit in recent years proved their value during the reporting period. In fiscal 2017/2018, efficiency was further increased, particularly at the Kirchdorf location, through the installation of a high-efficiency hot water boiler with a thermal output of some 11 MW in conjunction with an exhaust gas heat exchanger. In this context, work started on overhauling the control technology system at the central heating plant in the context of automating the plants.

Another trend-setting project was launched in Gmunden within the reporting period. The district heating business unit receives the waste heat generated by the processes in an established industrial plant and uses it to serve district heating customers in Gmunden in an environmentally friendly and sustainable manner. The heat output is approx. 8 MW; this corresponds to the annual heat requirement of around 1,000 households. This pioneering joint project with the Gmunden-based cement plant will result in annual CO_2 savings of around 3,800 tonnes following completion in the 2019/2020 fiscal year.

In the Czech supply region, modernisation and optimisation campaigns were implemented on an ongoing basis in the 2017/2018 fiscal year. In addition to consolidation of the existing district heating networks at the individual locations, a major project in Kolín started in the 2016/2017 fiscal year was continued in the reporting period. Parts of the previous supplier's district heating network were taken over by Městské tepelné hospodářství Kolín, spol. s r.o. (MTH Kolín); in the course of this, renewal work was started, resulting in a considerable efficiency boost across the entire value chain at the site.

EXTENSION OF PUBLIC CHARGING STATIONS FOR E-MOBILITY

In the field of electromobility, the construction and operation of the public basic charging infrastructure was completed. Currently, Energie AG's customers have access to 22 charging stations (with two different power classes 22 kW/11 kW). In addition, the construction and operation of charging stations for municipalities and companies were taken over. This charging network setup was closely tied to preparations for digital billing of public electric vehicle charging.

GRID SEGMENT

Grid Segment Overview

	Unit	2017/2018	2016/2017	Change
Total sales	EUR mill.	370.2	363.9	1.7%
EBIT	EUR mill.	57.7	99.8	-42.2%
Investments in property, plant and equipment and intangible assets	EUR mill.	92.4	78.9	17.1%
Workforce (on average)	FTE	539	544	-0.9%
Electricity grid distribution volume to end customers	GWh	8,297	8,210	1.1%
Natural gas grid distribution volume to end customers	GWh	18,397	20,463	-10.1%

GENERAL LEGAL AND REGULATORY CONDITIONS IN THE GRID SEGMENT

On 1 January 2018, a new five-year regulatory period began for natural gas. The benchmarking and cost review to determine the basis for the third regulatory period for gas had already taken place in the 2016/2017 fiscal year. With 100% efficiency, Netz OÖ ranks top of the Austrian comparison of gas grid operators. One decisive issue in the past 2017/2018 fiscal year was preparations for the next regulatory period for electricity starting on 1 January 2019 with a detailed costing procedure and electricity distribution grid operator benchmark.

The grid utilisation fees for end customers in the natural gas sector were significantly reduced due to the general regulatory conditions laid down for the third regulatory period, between -5,2% at grid level 3 and -26.5% at grid level 2. In contrast to this, the grid fees in the electricity sector were increased significantly on 1 January 2018, between +25% at grid level 3 and +7% at grid level 7. The reason for this does not lie with Netz OÖ, but, according to E-Control Austria, can be attributed to the massive increase in charges for system-stabilising measures in the supra-regional transport grid, which are required to compensate for what can at times be highly fluctuating generation from wind and solar energy. The cost base of Netz OÖ itself remained stable compared to the previous year.

The general regulatory conditions for the 2018/2019 fiscal year can be judged in principle to be constant. The current regulatory period for electricity expires at the end of 2018. The Austrian Federal Economic Chamber and the Federal Chamber of Labour objected to the general economic conditions stipulated by the regulatory authority as of 1 January 2018. The decision on these objections is still pending, however, the complaints are affecting discussions on the details of electricity regulation in the following period from 2019 onwards. The goal remains to keep the general economic conditions for grid operations stable.

BUSINESS DEVELOPMENT IN THE GRID SEGMENT

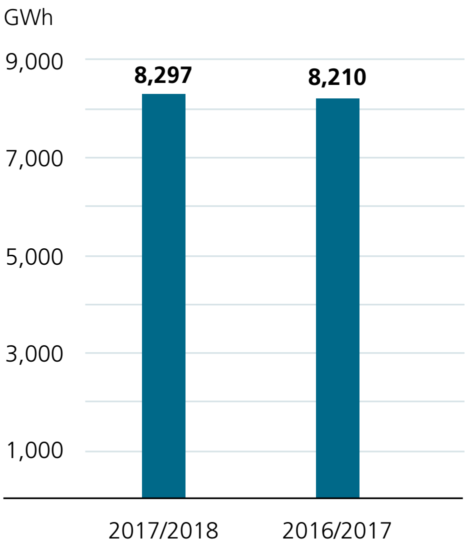
The Grid Segment generated sales revenues of EUR 370.2 million in the reporting period. This represents an increase of 1.7% over the previous year's sales of EUR 363.9 million. Lower distribution volumes in the natural gas grid and the regulatory adjustment of grid utilisation fees for natural gas were more than offset by the regulatory increase in grid utilisation fees for electricity and minor volume increases in the electricity grid.

EBIT in the Grid Segment amounted to EUR 57.7 million in the 2017/2018 fiscal year and was thus significantly lower than the unusually high result in the previous year (EUR 99.8 million). In addition to the absence of an appreciation of EUR 16.5 million from the previous year due to impairment testing of the grid facilities, volume declines as well as regulatory tariff reductions in the natural gas grid had a significant impact on the Segment's earnings. The declines were only partially offset by volume and tariff increases in the electricity grid. The deviating development compared to sales revenues results mainly from high upstream grid costs affecting net income.

ELECTRICITY AND NATURAL GAS GRID AS THE BACKBONE OF THE UPPER AUSTRIAN SUPPLY INFRASTRUCTURE

In the 2017/2018 fiscal year, 8,297 GWh of electricity was distributed to end customers from the electricity grid. This represents an increase of 87 GWh (1.1%) compared with the previous year. The increase in volume is mainly attributable to favourable economic development. As of 30 September 2018, Netz OÖ supplied approx. 502,000 active customer installations.

Electricity Grid Distribution Volume to End Customers



In the year under review, the storms "Herwart" in October 2017 and "Fabienne" in September 2018 posed challenges in grid operation with a noticeable influence on the availability parameters of the electricity grid. For details on the availability of the electricity grid in the reporting period, see the Non-Financial Report › page 55.

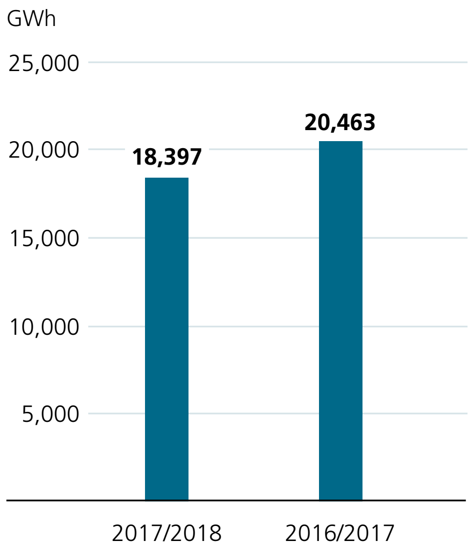
In the 2017/2018 fiscal year, the activities of the Grid Segment focused on the consistent implementation of the "Electricity Grid Master Plan Upper Austria 2026 (Stromnetz-Masterplan Oberösterreich 2026)". In addition to regular grid upgrade and expansion campaigns, these included in particular the completion of the "Jochenstein grid support" and "Feldkirchen transformer station" projects as well as the start of construction on the "Almtal und Kremstal power supply" (construction work has been interrupted since August 2018 as explained in the Energy Policy Environment › page 11) and "General renovation of Ranna-Partenstein" projects. Approval procedures for the high-voltage line project "Power Supply Pramtal South" are on-going. A route finding procedure is in progress for the "Electricity supply Mühlviertel – sub-area Rohrbach – Bad Leonfelden/Langbruck" project.

In the year under review, the programme to replace overhead medium-voltage lines that are particularly susceptible to disruption with underground cable proceeded according to plan. In the tenth year of this priority programme, a further 20 kilometres of overhead power lines were replaced by underground cables.

Due to the ongoing integration of local electricity generation facilities, ensuring voltage quality for grid customers on the low-voltage grid remains a challenge. The installed capacity from photovoltaics is already around 205 MW (previous year: 161 MW) with around 18,600 connected systems (previous year: 16,600 systems). Lessons learned from research and development projects are being successfully adopted for efficient grid integration.

In the 2017/2018 fiscal year, distribution volumes to end customers from the natural gas grid amounted to 18,397 GWh (previous year: 20,463 GWh) and were thus down by 10.1% compared with the previous year's value. In the high-pressure area, natural gas volumes fell year-on-year, primarily due to lower proprietary electricity generation by industrial operations and power plants. The reason for the decline in the household and commercial sectors was the shorter heating period in the reporting period.

Natural Gas Grid Distribution Volume to End Customers



In the past fiscal year, natural gas grid customers in Altheim, Redlham, Klaus a.d. Pyhrnbahn, Arbing, Kremsmünster and Nettingsdorf were connected to the natural gas grid or saw their connections extended. Preparatory work for the construction of the new Frankenmarkt local gas supply system was completed.

In the 2017/2018 fiscal year, a further eight gas pressure regulating stations were adapted and their efficiency increased, allowing to boost pressure on the Upper Austrian high-pressure grid to meet additional capacity requirements . The multi-year project was thus brought to a successful conclusion. In addition, sections of two high-pressure natural gas pipelines with a total length of 31 km were examined during the reporting period using intelligent pigging; various repairs were carried out on high-pressure pipelines and two high-pressure pipelines being relocated. Continuation of the cyclic fault location measurements and the expansion of the local anti-corrosion systems proceeded according to plan.

WASTE MANAGEMENT SEGMENT

Waste Management Segment Overview

	Unit	2017/2018	2016/2017	Change
Total sales	EUR mill.	229.6	215.5	6.5%
EBIT	EUR mill.	17.4	7.0	148.6%
Investments in property, plant and equipment and intangible assets	EUR mill.	12.6	11.3	11.5%
Workforce (on average)	FTE	854	793	7.7%
Total waste volume handled	1,000 to	1,766	1,755	0.6%
Thermally processed waste volume	1,000 to	642	630	1.9%

GENERAL ECONOMIC CONDITIONS OF THE WASTE MANAGEMENT SECTOR

In the 2017/2018 fiscal year, the waste management industry continued to benefit from favourable general economic conditions, thus continuing the positive trend of the previous year. Global waste flows have shifted as a result of the Chinese Ministry of the Environment's import ban on plastic waste declared on 1 January 2018. For the European waste management market, this meant, among other things, an increase in the volumes of low-quality non-recyclable plastic waste, and thermal treatment thus necessary. In turn, this ensured a high utilisation rate for all waste incineration plants throughout Europe, although new challenges for plant operation will arise in the medium term due to recycling of input materials with a higher calorific value and the lower throughput volumes associated with it.

Both nationally and internationally, the issue of responsible recycling materials management continues to be at the centre of attention. In order to close the gap between waste management and production, mandatory requirements in the sense of a reusable or recyclable product design, including the use of secondary raw materials for which new collection and sorting paths are to be created, are being discussed. Corresponding targets formulated at European level in the form of the circular economy package pose major challenges for the actors involved. As resource protection has already played a major role in waste management at the national level in the past, Austria has been given a leading role in achieving the EU objectives.

In the case of recycling materials, the price of steel scrap continued to rise compared with the previous year, while the price of copper remained stable at a high level above that of the previous year in the course of the 2017/2018 fiscal year. Fuel prices rose, in particular in the third and fourth quarters of the reporting period, and were above the previous year's annual average. However, the use of hedging strategies has mitigated the negative developments in this area. The recovered paper index fell below the average value of the previous year from the second quarter of the past fiscal year onwards, but then remained stable at this level until the end of the fiscal year.

BUSINESS DEVELOPMENT IN THE WASTE MANAGEMENT SEGMENT

In the 2017/2018 fiscal year, sales revenues in the Waste Management Segment amounted to EUR 229.6 million, which is EUR 14.1 million or 6.5% higher than the previous year's level of EUR 215.5 million. EBIT increased by EUR 10.4 million to EUR 17.4 million compared with the previous year (EUR 7.0 million). In the period under review, the sales revenue and EBIT items for the first time included the Group companies WDL GmbH and Komunala ODTOK d.o.o. (formerly VARINGER d.o.o.), which were previously allocated to the Water Segment.

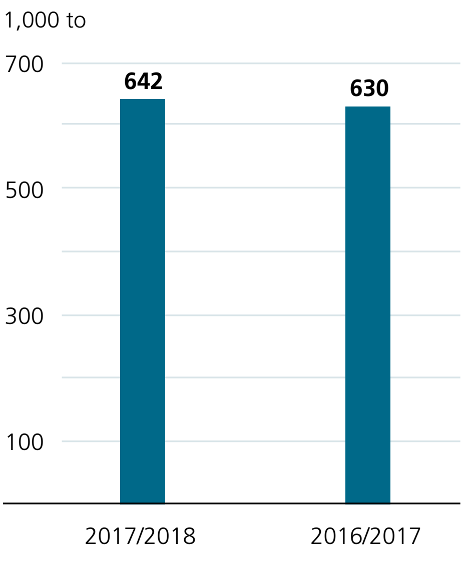
Whereas in the previous year negative one-time effects due to asset disposals in the amount of EUR 4.8 million impacted on EBIT, the positive price developments on the waste management market, both in the waste and service sectors, and higher prices for scrap metal and scrap as well as waste wood, contributed positively to the Segment's earnings in the reporting period. Volume growth was achieved in municipal waste. This mainly related to domestic and bulky waste as well as waste from mechanical-biological plants. Due to the good economic situation, positive developments were also observed in construction waste. On the other hand, prices for recovered paper declined compared with the previous year.

Energy revenues resulting from thermal incineration (electricity, district heating) were at a similarly good level as previous year. Furthermore, higher throughput volumes at the thermal incineration facilities and positive developments in other waste management services had a favourable effect on earnings in the Waste Management Segment.

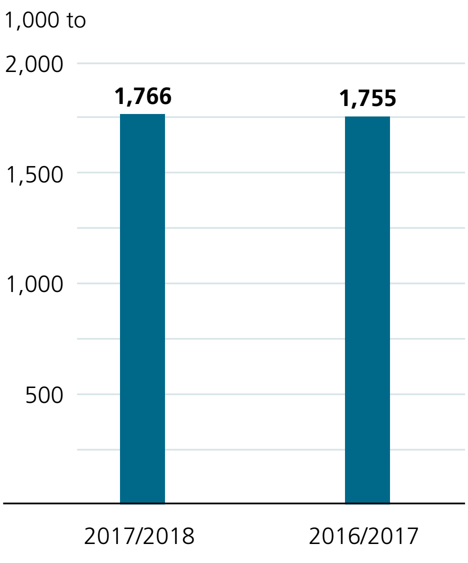
FURTHER GROWTH IN THE UTILISATION OF INCINERATION PLANTS IN AUSTRIA

In fiscal year 2017/2018, the availability of the incineration plants in Wels and Lenzing was further optimised by technological improvements, which, together with professional materials-flow management, ensured full utilisation and further growth compared with the previous year. A throughput of some 641,600 tonnes was achieved.

Thermally Processed Waste Volume



Total Waste Volume Handled



In the reporting period, the waste incineration plant in Wels distributed 197 GWh of heat (previous year: 192 GWh) to the district heating network of the town of Wels and to one other key account customer. Electricity procurement in the Waste Management Segment totalled 206 GWh (previous year: 200 GWh).

The CPA plant in Steyr (chemical-physical treatment plant for inorganic waste) was very well utilised in the past fiscal year. Following the restructuring work completed in the 2016/2017 fiscal year, a new record throughput was achieved in the past fiscal year. On the plant side, the waste water biological system was newly constructed.

In comparison with the previous year, the total volume handled in Austria and South Tyrol increased slightly to 1,766,000 metric tonnes (2016/2017 fiscal year: 1,755,000 metric tonnes).

The Waste Management Segment continued to focus its market activities in particular on long-term indexed contracts with defined delivery volumes and prices. Cooperation with the public sector was also intensified, and it is above all the municipalities which continue to represent a material target group for the company's range of services. Strategically anchored cost management was again consistently pursued, and the implementation of ongoing optimisation projects continued. The further development of digitalisation projects was another important focus.

However, the positive price trend on the waste management market led to increased competition with operators of pre-treatment plants and industrial co-incinerators, and to stronger re-municipalisation efforts by communal waste management associations that seek to establish an obligation to tender commercial waste to public waste management organisations.

INTEGRATION OF DRINKING WATER AND WASTE WATER ACTIVITIES INTO THE WASTE MANAGEMENT SEGMENT

Through the integration of the companies WDL GmbH and Komunala ODTOK d.o.o., the municipal services offered in the Waste Management Segment have now been expanded to include activities in the drinking water and waste water areas. This is intended to further intensify cooperation with local authorities and water authorities. The first steps in this direction were taken in the year under review.

WDL GmbH recorded a significant increase in the volume of drinking water supplied due to the prolonged drought. It was possible to ensure supply reliability despite high daily consumption peaks in summer. Services developed according to plan. Komunala ODTOK d.o.o. continues to be exposed to the difficult market environment in Slovenia.

STRUCTURAL OPTIMIZATION IN SOUTH TYROL LARGELY COMPLETED

The conversion work at the new Neumarkt location was completed in the year under review. Special effects in the form of asset disposals, which were recognised in the course of structural optimisation campaigns, had a negative impact on earnings. Operating business remained largely stable.

WATER SEGMENT

Water Segment Overview

	Unit	2017/2018	2016/2017	Change
Total sales	EUR mill.	137.8	135.9	1.4%
EBIT	EUR mill.	9.3	-8.1	–
Investments in property, plant and equipment and intangible assets	EUR mill.	5.9	5.4	9.3%
Workforce (on average)	FTE	1,554	1,575	-1.3%
Invoiced drinking water volume	m^3 mill.	46.3	52.8	-12.3%
Invoiced waste water volume	m^3 mill.	43.8	43.5	0.7%

GENERAL CONDITIONS IN THE WATER SECTOR

The intensified drought of the last two years is increasingly causing problems for communities that are supplied from local resources. In the supply area of Energie AG's Water Segment, only a few municipalities were affected, and these were supported with emergency supplies. With regard to the low rainfall associated with climate change, however, initial studies are being carried out to develop new resources, strengthen supraregional supplies and network supply systems.

There were no material changes in the 2017/2018 fiscal year as part of the annual adjustment of the price regime for calculating water and waste water tariffs in the Czech Republic, which focuses on the appropriate profit of operating and infrastructure companies.

On a political level in the Czech Republic, the re-municipalisation of drinking water supply and sewage disposal was again discussed in the period under review. However, numerous tenders for concessions are still a sign of acceptance of the operator model. The introduction of an independent regulator for the Czech water industry was also discussed in the 2018 election dispute.

According to forecasts, the Czech Republic will see a phase of high economic activity in 2018/2019. However, the shortage of personnel can be seen as a bottleneck in the further development of the economy. The challenges facing the subsidiaries are therefore to fill vacant positions at competitive conditions.

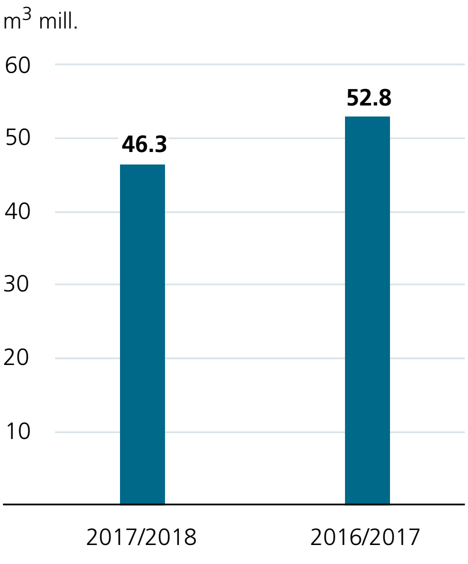
BUSINESS DEVELOPMENT IN THE WATER SEGMENT

The Water Segment generated sales revenues of EUR 137.8 million in the 2017/2018 fiscal year. Despite the disposal of Group companies WDL GmbH and Komunala ODTOK d.o.o. (formerly VARINGER d.o.o.) which have been attributed to the Waste Management Segment since 1 October 2017, this is equivalent to 1.4% growth compared to the previous year's sales in the amount of EUR 135.9 million.

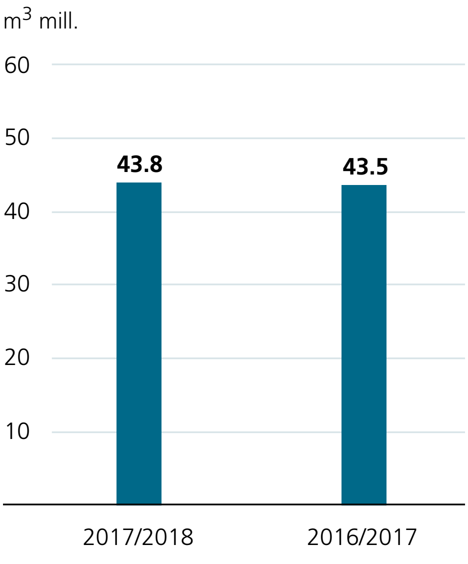
EBIT in the Water Segment grew from EUR -8.1 million in the previous year to EUR 9.3 million. While the disposal of the operating activities of WDL GmbH and Komunala ODTOK d.o.o. reduced earnings compared with the previous year, one-off effects from impairments at WDL GmbH and CEVAK a.s. in the previous year had reduced EBIT. In operational terms, growth in the core business area of drinking water supply and waste water disposal, as well as in the service sector, was achieved in the reporting period. Further positive effects on EBIT in the Water Segment are attributable to the strengthening of the Czech koruna against the euro. In addition, a new acquisition at the end of the previous year was responsible for EBIT growth.

In fiscal year 2017/2018, a total of 46.3 million m³ drinking water and 43.8 million m³ of wastewater were invoiced in the Water Segment. The drinking water volumes were down by 12.3% on the previous year's level and can be attributed to the disposal of WDL GmbH. Adjusted for the volumes of WDL GmbH, an increase of 5.0% was achieved for drinking water. Waste water volumes were slightly higher than in the previous year, by 0.7% (adjusted: 1.2%).

Invoiced Drinking Water Volume



Invoiced Waste Water Volume



In the Water Segment, around 915,000 inhabitants were supplied with drinking water as of 30 September 2018. Waste water disposal was carried out for around 708,000 customers.

STABLE DEVELOPMENT IN THE CZECH REPUBLIC

VODOSPOL s.r.o., which was acquired towards the end of the last fiscal year, was integrated into the commercial and operational processes in the Water Segment and assigned as a subsidiary to the geographically adjacent ČEVAK a.s.

In Kolín, the wholesale department was spun off from VODOS s.r.o. and has operated as an independent entity named VODOS Velkoobchod s.r.o. since 1 October 2017. The object of the company is the wholesale of water materials (e.g. pipes, fittings) associated with the drinking water and waste water business, where the intent is to establish a better position, on the external market in particular, as a result of organisational realignment.

Service sales revenues on the Czech market developed to above the previous year's level. Again growth was achieved in construction assembly services and in wholesale revenues.

HOLDING & SERVICES SEGMENT

Holding & Services Segment Overview

	Unit	2017/2018	2016/2017	Change
Total sales	EUR mill.	242.1	218.2	11.0%
EBIT	EUR mill.	5.7	13.3	-57.1%
Investments in property, plant and equipment and intangible assets	EUR mill.	66.7	58.7	13.6%
Workforce (on average)	FTE	1,011	993	1.8%
Length of fibre-optic network	km	5,550	5,100	8.8%

BUSINESS DEVELOPMENT IN THE HOLDING & SERVICES SEGMENT

In the Holding & Services Segment, sales revenues rose by 11.0% to EUR 242.1 million year-on-year. This development is mainly attributable to higher sales revenues in plant engineering and construction and in the telecommunications business area.

In contrast to this, the operating result in this Segment showed a negative trend, falling by more than half from EUR 13.3 million in the previous year to EUR 5.7 million in the reporting period. The main reason for this is the decline in the share of earnings from at-equity consolidated investments from EUR 20.6 million in the the previous year to EUR 12.9 million in the 2017/2018 fiscal year, while the results of the service companies and the telecommunications business area remained largely stable.

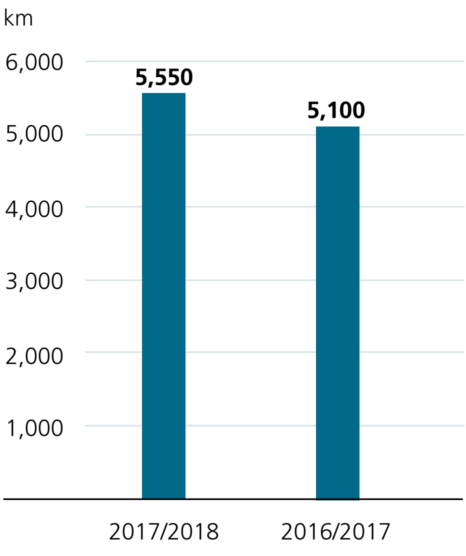
FIBRE-OPTIC EXPANSION IS THE PREREQUISITE FOR UPPER AUSTRIA AS A BUSINESS LOCATION

Promoted by the good economic environment, and the growing digitalisation of Upper Austria as a business location associated with this, demand for speed-of-light broadband internet continued to grow in the 2017/2018 fiscal year.

Following the expansion of the Group's own fibre-optic network, which comprised around 5,550 km at the end of the reporting period, Energie AG is in a position to offer a range of forward-looking services in the telecommunications business area.

In the scope of the Fibre To The Home (FTTH) expansion, housing areas in 147 Upper Austrian communities have been connected thus far. This gives private households the ability to choose from Energie AG's "powerSPEEDprivat" product portfolio (internet with speeds up to 500 Mbps download plus a TV product and telephony). FTTH expansion has become far more dynamic in the reporting period, as was the case in previous years. The allocation of considerable funds from the subsidy programmes in the scope of "Breitband Austria 2020" (Broadband Austria 2020, Access 2nd Call, Backhaul 2nd Call, and 3rd Call) were also particularly gratifying. In addition, growth was driven by follow-up

Length of Fibre-Optic Network



funding from the State of Upper Austria and the federal government for small and medium-sized enterprises (SMEs) and compulsory schools.

In addition to this, Energie AG Oberösterreich Telekom GmbH (Telekom GmbH) provides electricity metering services for the Upper Austrian grid. Following the redefinition of the roll-out schedule for smart metering devices (IME-VO Amendment 2017), Energie AG had achieved an installed basis of approx. 536,000 AMIS meters at the end of the fiscal year 2017/2018. This corresponds to a roll-out level of 82%.

STRATEGIC INVESTMENTS

The at-equity consolidated companies Wels Strom GmbH and Salzburg AG, as well as further minority holdings complete the business portfolio of Energie AG.

Wels Strom GmbH, in which Energie AG holds a 49% interest, is the integrated power supply company of the city of Wels. Other business areas include heat generation for the municipal district heating network and energy systems for key account customers.

The previous year saw the start of construction work on the new Traunleiten hydropower plant, originally built in 1901, which had already covered up to two thirds of electricity production from hydroelectric power to date. A new plant with an investment volume of EUR 48.0 million will be constructed by the end of 2019. This will double output to 18 MW with annual production of 90 GWh in the future.

In the last completed fiscal year (1 January 2017 to 31 December 2017), the electricity sales volume to customers was 675 GWh, slightly above the level of the previous year (2016: 653 GWh), 13.0% of which was covered by own production, mainly from hydroelectric power. More than 40% of the electricity sales volume was generated outside the grid area of Wels Strom GmbH.

Salzburg AG für Energie, Verkehr und Telekommunikation (Salzburg AG) is a regional infrastructure company with activities in the fields of electricity, natural gas, district heating, water, mobility and telecommunications. Energie AG holds a 26.13% stake in the company.

In the last completed fiscal year (1 January 2017 to 31 December 2017), the fields of digitalisation and innovation were further advanced in cooperation with internal and external experts. The expansion of renewable energies took priority in 2017 with an investment volume of around EUR 29.9 million in hydropower plants, photovoltaic, biomass and eco-energy plants. Salzburg AG is increasingly positioning itself as a full-service provider with its photovoltaic models including electric vehicle charging infrastructure provisioning packages tailored to various customer groups such as municipalities, commercial enterprises or private individuals in apartment buildings. With around 52 million passengers, it is also the largest mobility provider in local public transport services in the federal state of Salzburg.

Business in the 2017 fiscal year was characterised by significant volume growth in energy trading. At 3,295 GWh, the electricity sales volume to customers was roughly at the previous year's level with around 54% being covered by own production, 83.2% of which from renewable sources. Natural gas sales volumes rose by 1.7% to 1,764 GWh and district heating sales volumes by 3.4% to 812 GWh. As in the previous fiscal years, the customer base grew in terms of both telecommunications offerings and mobility.

SHARED SERVICES

The four Group-wide service companies

- Energie AG Oberösterreich Business Services GmbH (Business Services GmbH),
- Energie AG Oberösterreich Customer Services GmbH (Customer Services GmbH),
- Energie AG Oberösterreich Personalmanagement GmbH (Personalmanagement GmbH) and
- Energie AG Oberösterreich Tech Services GmbH (Tech Services GmbH)

are bundled in the Holding & Services Segment.

These service companies provide commercial and technical services for the entire Group on the common basis of precisely defined quality and safety standards. These services are guided by external market conditions for similar products and services.

Material activities at **Business Services GmbH**, which offers services in the areas of purchasing and logistics, real estate management, information technology, accounting, and insurance and legal services, were the implementation of lighthouse and innovation projects as part of the Group's digitalisation strategy as well as the implementation of the first major cloud projects.

The project launched in the 2014/2015 fiscal year to adapt the SAP system architecture for billing and customer services was continued. The new solution is scheduled to go live in the first customer segments for the 2018/2019 fiscal year.

In the area of real estate management, a strategy for the Timelkam power plant station was initialised in the reporting period, while the development of the Gmunden site continued.

Customer services in the Energie AG Group, as well as billing, provider switch management, receivables management and handling customer payments are all bundled in **Customer Services GmbH**. The 2017/2018 fiscal year was characterised by many projects, such as the implementation of the GDPR by internal customers or the establishment of the model for handling "joint generation plants" in the electricity sector for grid and plant operators. In the 2017/2018 fiscal year, employees provided services for around 1.56 million customer contracts.

The focus of **Personalmanagement GmbH** is both on governing matters related to human relations policy and human relations strategy for the Group, and on all agendas relating to personnel management, personnel accounting, training services and apprentice training.

In the 2017/2018 fiscal year, the work focus was on an employer branding campaign, and a preparation and acquisition phase for a scholarship and trainee programme specifically for women. In addition, the newly revised executive academy "Energie AG Future Lab" was launched and a conflict management system was elaborated.

Tech Services GmbH is the point of contact for all technical services within the Energie AG Group. From planning through implementation to maintenance, Tech Services GmbH offers these services not only to its affiliates but also to external customers. This ensures the marketability of pricing as well as year-round capacity utilisation of the teams necessary for trouble-free troubleshooting and the usual high quality standards. In the 2017/2018 fiscal year, the sharp rise in order volumes, due in part to FTTH expansion, posed a major challenge for Tech Services GmbH in terms of coordination and outsourcing.

OUTLOOK

Due to the separation of what was previously known as the common electricity price zone between Austria and Germany on 1 October 2018, price developments on the Austrian electricity market will be influenced by a further variable in the future. The additional costs on the futures market for the 2019 base year in the Austrian price zone were anticipated by the market in recent months at around EUR 2.50 per MWh. With the first results of the separate spot markets in October 2018 (the average additional costs for delivery in Austria compared to Germany in October 2018 were EUR 8.55/MWh), expectations were revised upwards; the additional costs for the 2019 base year in the Austrian electricity price zone are now around EUR 4.50/MWh. In principle, high price differences are expected with high wind volumes in Germany and low water flows in Austria – typically in the winter half-year. Due to European market coupling, however, there are partly also major influences from other countries, which make forecasts considerably more difficult. Despite the wholesale prices rising in the year under review, Energie AG will keep electricity retail prices for private and commercial customers constant in the 2018/2019 fiscal year. In view of the significant rise in gas prices on the commodities markets during the summer, sustained consolidation – analogous to a number of competitors – may also necessitate price adjustments on the part of Energie AG.

Within the scope of the "#mission2030" programme developed by the government, special emphasis is being placed on the expansion of renewable energies such as wind and photovoltaics. In addition, the topic of mobility is also strongly shifting into the focus. For the 2018/2019 fiscal year, the Energie AG Group is therefore looking to actively address these issues and participate in the E-Control Austria stakeholder process in order to optimise the Austrian gas market model.

Energie AG Oberösterreich and Linz AG intend to terminate their electricity sales cooperation in the joint subsidiary ENAMO GmbH. This step is necessary because the legal and market conditions have changed considerably and the organisational structure of ENAMO GmbH offers only a limited possibility to meet these challenges. In the first half of the 2018/2019 fiscal year, negotiations on the restructuring of the electricity sales business with partner Linz AG are to be finalised. This strategic and organisational realignment is to take effect as from the second half of the 2018/2019 fiscal year, subject to agreement between the partners and approval by the antitrust authorities.

For the 2018/2019 fiscal year, the Energie AG Group plans to merge the generation units and heat networks of Energie AG Oberösterreich Kraftwerke GmbH, Energie AG Oberösterreich Wärme GmbH and Energie AG Oberösterreich Power Solutions GmbH in order to combine operations at the respective locations and be able to exploit the corresponding synergies, among other things. In addition, the heating and water activities of the Energie AG Group in the Czech Republic will be bundled in the 2018/2019 fiscal year. Under the umbrella of Energie AG Bohemia s.r.o., 15 Group companies with regional activities (8 water companies, 7 heating companies) with around 1,600 employees are to be merged, thus further strengthening the market position in the Czech Republic. In the new fiscal year, activities in the district heating sector will also concentrate on the implementation of the district heating project in Gmunden.

Energie AG's electricity production capacities from Group-owned thermal power stations continue to be highly significant for providing grid reserve management. The CCGT power plants of Energie AG will again be available for national grid support for the transmission system operators in the remainder of the 2018/2019 fiscal year.

Business activities in the Grid Segment in the coming fiscal year will again also be characterised by the advancement of major projects, in particular those of the "Electricity Grid Master Plan Upper Austria 2026 (Stromnetz-Masterplan Oberösterreich 2026)", and the consistent continuation of priority programmes in the natural gas and electricity grid. General Conditions of the IVth Electricity Regulatory Period (from 1 January 2019) have, to the largest extent, been clarified. The targets stipulated in the assessment notice are slightly higher than expected on the basis of the results in the natural gas segment. With the beginning of the new regulation, the regulator also changed the rules pertaining to the cost base. This means that the grid tariffs for electricity will be lower in the next fiscal year. Despite pending appeals against decisions in the field of natural gas, a stable regulatory system in Austria is still expected. The smart meter roll-out will continue according to plan in order to achieve full roll-out as planned with a quota of over 99.5% by the end of 2019.

In response to growing customer demand, broadband expansion will continue to be driven forward in the coming fiscal year. In addition, Energie AG is expected to receive further funding commitments as part of "Broadband Austria 2020".

For the coming fiscal year, the Waste Management Segment anticipates good capacity utilisation at its thermal plants due to the high volumes available on the recycling market. The protection of the plants against contaminant input and the search for new, innovative disposal solutions for these contaminants remain central topics. Price developments on the waste disposal market continue to be viewed positively. The new waste wood recycling regulation comes into force on 1 January 2019. In addition to the resulting increase in separation costs, it is difficult at this stage to assess the impact of the new regulation.

In the water segment, the 2018/2019 fiscal year will focus on smaller operator and concession tenders as well as technical optimisation in the areas of water treatment, wastewater treatment and unaccounted for water. Beyond this, the focus will be on digital customer solutions for smart water meters and online services.

In the 2018/2019 fiscal year, Energie AG's strategic focus will be on a further increase in customer orientation and the progressive implementation of the digitalisation strategy. In particular, the planned exit from ENAMO – subject to agreement between the partners and antitrust approval – will provide opportunities for an even better focus on specific customer needs, for example with bundled products. This development is supported by consistent cost management in all areas of the Group and by on-going structural optimisations to leverage synergies. Due to the many challenges, in particular from the energy policy environment, the competitive market situation in the Energy Segment and regulatory conditions, a decline in earnings is expected for the 2018/2019 fiscal year.

Linz, 30 November 2018

The Board of Management of Energie AG Oberösterreich

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

Dr. Andreas Kolar
Member of the Management Board

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

Report on Non-Financial Information 2017/2018
of Energie AG Oberösterreich

INTRODUCTION BY THE MANAGEMENT BOARD

Given our status as a public joint stock company (Aktiengesellschaft), reports on Energie AG Oberösterreich naturally focus on our business performance. However, we know that the company's accomplishments are reflected in more than key figures. Many factors, including soft factors, have a significant influence on our Group. That is why Energie AG Oberösterreich expresses its commitment to sustainability in its mission statement – not only in our business activities, but also around environmental, social and civic issues. This commitment over the past fiscal year has been compiled for the first time in a separate report.

We would like to take this opportunity to highlight our Power Tower, which celebrated its tenth anniversary this autumn. At the time of its construction, it delivered a revolutionary approach as the first high-rise office building in the world designed to Passive House standard. The power for heating, cooling, ventilation and lighting is obtained from the earth, the ground water and the sun. As a result, the Power Tower emits 300 tonnes less in carbon emissions each year than other high-rises. At the anniversary celebration, we took the occasion to open an exhibition, which was curated by our own amateur artists. In doing so, we consciously set an example in terms of the depth of our cultural commitment. This encompasses both external partners (such as the St. Florian Sängerknaben boys' choir and the Höhenrausch project in Linz) and the company as a whole (including our employees). Our company band, one of the best symphonic wind ensembles in Austria, is also widely known. Supporting our employees and their individual talents is a mission close to our hearts.

We are firmly convinced that working together in a spirit of respect gives people a better environment and greater motivation to perform their duties. The outstanding results achieved by Energie AG Oberösterreich's apprentices in the 2018 apprentice competition are a testament to this once again. In addition to the repeat victory in the electrical engineering category, an apprentice from Energie AG Oberösterreich's apprentice workshop also led the overall standings. Against this background, we can look ahead to the future in good spirits.

ABOUT THIS REPORT

As per EU Directive 2014/95/EU on the disclosure of non-financial and diversity information (NFR Directive) and its implementation in accordance with the Austrian Sustainability and Diversity Improvement Act 2017 (Nachhaltigkeits- und Diversitätsverbesserungsgesetz; NaDiVeG), this document is the first separate report on non-financial information (Non-Financial Report) providing the required information about the Energie AG Group. This report will be published on an annual basis. The legal requirements pertaining to the Non-Financial Report were formulated with external assistance based on international frameworks. In addition to this Non-Financial Report, Energie AG provides information about its corporate responsibility in an annual **group management report** **› page 10**, in a **semi-annual report** and on its **company website**.

Spokesman and Head of Group Communications Michael Frostel (MSc) is available to answer any questions regarding this report.

This Non-Financial Report contains sections on our business, the environment, social issues, employees, and compliance and anti-corruption (including respect for human rights). Information about topics of lesser relevance has not been provided.

This Non-Financial report will present information about Energie AG's activities, the activities of our consolidated Group companies and the activities of the associated companies (in proportion to the Group's shareholding interest). Key figures are also presented, with any discrepancies noted separately.

This report was examined in the Energie AG Group audit directly commissioned by the Supervisory Board.

THE BUSINESS MODEL OF ENERGIE AG OBERÖSTERREICH

Energie AG is an infrastructure company with roots in Upper Austria, now operating in a number of different regions. The Group's headquarters are located in the Upper Austrian city of Linz.

As a provider of electricity, gas, heating, water, waste management, information and communication technology services, we work to deliver the highest levels of quality and reliability in our products, processes and services. Netz Oberösterreich GmbH (Netz OÖ), a 100% subsidiary of Energie AG, reliably builds and operates the power and natural gas grids, forming the backbone of the electricity and natural gas supply in Upper Austria.

As an experienced and competitive organisation, the Energie AG Group guarantees its customers a fair price–performance ratio and regional availability. This helps to ensure a general spirit of partnership when interacting with customers, employees, suppliers and the general public.

As the company's core business area, the **Energy Segment** **› page 22** spans electricity generation, electricity procurement, electricity and natural gas sales, and heat supply. The Energy Segment's range of services also encompasses energy efficiency services, such as energy audits for large organisations, energy certificates and building modernisation plans, special energy contracting models and system optimisation strategies.

The **Grid Segment** **› page 28** includes the construction and operation of Netz OÖ's electricity and natural gas grids.

The **Waste Management Segment** **› page 31** offers integrated waste management and custom-designed waste management solutions to its customers in Austria and South Tyrol. This includes the collection, acceptance, storage, sorting, disposal and incineration (including slag processing) of domestic and commercial waste, as well as recovery and reuse of recyclables in this area. In addition, it provides water supply and wastewater management services in Austria and Slovenia.

The **Water Segment** **› page 34** offers comprehensive drinking water supply and wastewater management services in the Czech Republic. The business models range from concession, operator and service contracts to general water services. The Water Segment also offers and carries out construction and installations on the open market. Cities, local authorities, associations and industrial enterprises are the contractual partners who form the Water Segment's client base.

In addition to the telecommunications business unit, the **Holding & Services Segment** **› page 36** comprises the management and control functions of the holding company, commercial and technical services and a number of investments consolidated at equity. The commercial and technical service companies provide services for the entire Group. Energie AG Oberösterreich Tech Services GmbH (Tech Services GmbH) also provides technical services for the Group companies, as well as for external customers. An investment of Energie AG Oberösterreich Customer Services GmbH (Customer Services GmbH) allows for the provision of classic customer service, technical support and sales support.

The telecommunications business unit focuses on connecting customers to the fibre-optic infrastructure with light-speed connectivity (originally built for the unit's own needs). In addition to local authorities, multi-site and business customers, this service has also been on offer to the mass market since 2014. As per EU Directive 2009/72/EC and the resulting Austrian introductory regulation for smart meters, Energie AG Oberösterreich Telekom GmbH (Telekom GmbH) is building a smart metering system on behalf of Netz Oberösterreich GmbH.

Energie AG's market area includes Austria, the Czech Republic, South Germany, Italy and Slovenia.

The annual report contains the **Energie AG Oberösterreich at a Glance** **› page 2** overview document, the **Shareholder Structure** **› page 6** of Energie AG Oberösterreich and the **Group Management Bodies** **› page 5**.

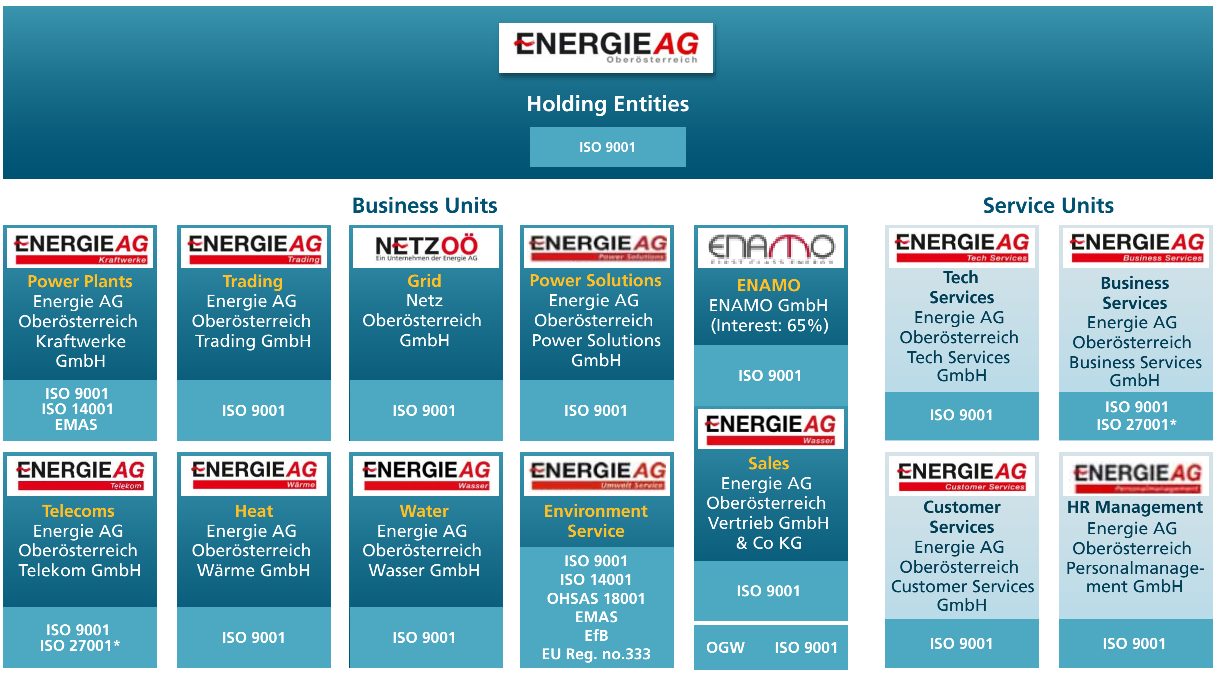
QUALITY MANAGEMENT

The high level of quality, safety and environmental protection at the Energie AG Group is ensured by an integrated quality, safety and environmental management (QSE) system. Using modern instruments and methods, this system is integrated into the Group's management systems with a focus on sustainability and maximum efficiency. The application of the ISO 9001 standard for quality management systems as a Group-wide standard contributes towards effective and efficient design, continuous improvement and transparent presentation of operational processes and procedures.

The integrated QSE management system ensures the continuous improvement of the Energie AG Group's services through the active involvement of executives, employees and customers. Regular examination from internal audits and independent external institutes guarantees top product and service quality, as well as the best possible processes for our customers and partners.

The Energie AG Group's **internal control system** › page 17 is described in the Management Report.

Energie AG Group Structure



Simplified overview of the Energie AG Group, including certification credentials
ISO 9001 – Quality Management
ISO 14001 – Environmental Management
BS OHSAS 18001 – Safety Management
Company environmental management in accordance with EMAS (Eco-Management and Audit Scheme)
EU Regulation No. 333/2011, Art. 6; Austrian V.EFB's Rules Concerning Requirements for Specialised Waste Disposal Companies (RAEF)
ISO 27001 – Information technology – Security techniques – Information security management systems
* Information services of Energie AG Oberösterreich Business Services GmbH (Business Services GmbH) and Telekom GmbH are ISO 27001-certified.

The consistent approach to strategic issues was highlighted as a very positive attribute in the regular external audit carried out by TÜV SÜD Landesgesellschaft Österreich GmbH in the period under review.

STRATEGY AND KEY TOPICS

The Energie AG Group's strategy is based on three pillars: "customer-centric culture", "organisational and operational excellence" and "secure digital services". All the Group's measures and activities aim towards these three strategic lodestars.

A structured annual strategy process is a prerequisite for consistent control over the Energie AG Group's long-term business development. This involves comparing the results of analysis regarding market developments (opportunities and risks) with the prevailing conditions in the Group (strengths and weaknesses), then formulating strategies and measures from this to ensure sustained economic efficiency and profitability.

The most recent strategy meeting with Group management was held in July 2018 under the banner "#transformation2030". The meeting focused on the current structural projects in the Group, as well as decarbonisation and digitalisation.

For further information about Energie AG's current strategy, see **Strategy › page 7**.

A number of sustainability considerations, which are significant for Energie AG both from our own perspective and from the perspective of external stakeholders, were identified in the 2017/2018 fiscal year. These factors will be regularly evaluated and will undergo continuous improvement with the involvement of internal interested parties (e.g. Management Board, executives, Supervisory Board and owners) and external stakeholders (e.g. customers, communities close to our projects, representatives from political and administrative systems). The topics were rated in a materiality matrix from "important" to "highly important" in the context of sustainability. The quantitative and qualitative indicators to be measured were set based on this evaluation matrix.

The key sustainability issues for the Energie AG Group are:

- Partnership with equity investors and outside creditors
- Business models fit for the future – innovation
- Supply reliability and quality
- Customer orientation and satisfaction
- Climate protection
- Resource conservation
- Energy efficiency
- Acting as a responsible employer
- Occupational health and safety
- Regional responsibility and social commitment
- Stakeholder Dialogue
- Legal compliance and prevention of corruption

This Non-Financial Report will cover the issues identified in the materiality analysis in its sections on our **business › page 48**, the **environment › page 49**, **social issues › page 55**, **employees and our role as a responsible employer › page 62**, **compliance and anti-corruption (including respect for human rights) › page 67**.

SUSTAINABILITY WITHIN ENERGIE AG AT A GLANCE

ENVIRONMENT

RESOURCE CONSERVATION | CLIMATE PROTECTION | ENERGY EFFICIENCY

Plan

- Consistent QSE management system
- Group's strategic goals for resource conservation, climate protection and energy efficiency
- Certified management systems (EMAS, ISO)

Measures | Results

- "Quality, Safety and Environmental (QSE) Management" Group Policy
- Steady expansion of renewable energies
- Increasing energy efficiency on the part of customers and within the Group
- Environmental impact assessments and analysis reports
- Reviewed and approved environmental statements, certifications and audits
- Rights management database
- Ensuring that all legally required staff appointments are made

Risks for Energie AG

- Loss of reputation
- Litigation
- Stricter environmental legislation

Risks for Stakeholders

- Regional ecological impacts on habitats, hydromorphology and biodiversity from the construction and operation of facilities
- Global environmental impacts from emissions

SOCIAL ISSUES

SUPPLY RELIABILITY AND QUALITY | CUSTOMER SATISFACTION | REGIONAL RESPONSIBILITY/SOCIAL COMMITMENT | STAKEHOLDER DIALOGUE

Plan

- Consistent QSE management system
- Information management system
- Data protection management system
- Crisis management
- Group's principles on democratic politics
- Group's strategic goals for supply reliability and quality, customer satisfaction and regional responsibility

Measures | Results

- "Quality, Safety and Environmental (QSE) Management", "Information Security Management in ICT", "Data Protection Management System", "Data Protection Compliance Policy" and "Sponsoring and Giving" Group policies
- Contingency plans
- Stakeholder dialogue
- Complaint management and surveys
- Support for social, cultural and sporting activities

Risks for Energie AG

- Loss of reputation
- Litigation
- Damage to business
- Fines

Risks for Stakeholders

- Critical infrastructure failure
- Health and safety risks for the local population
- Risks for information security, cyber-security
- Data protection risks

EMPLOYEES

ACTING AS A RESPONSIBLE EMPLOYER | OCCUPATIONAL HEALTH AND SAFETY

Plan

- Comprehensive human resource management
- Management systems for health and safety in the workplace
- Group's strategic goals for positioning itself as a responsible and attractive employer, as well as for health and safety at work

Measures | Results

- "Human Resource Management", "Management by Objectives" and "Management Academy" Group policies
- Safety training courses for internal and external employees
- In-house health management project energy@work
- Scholarship and trainee programmes
- Personnel Development 4.0 programme

Risks for Energie AG

- Litigation
- Shortage of skilled professionals
- High staff turnover
- Loss of expertise and practical knowledge
- Negative impacts on employer branding

Risks for Stakeholders

- Health and safety risks for company staff and temporary employees

For more details on the risks and opportunities facing the Energie AG Group, see Management Report › page 18 and Notes to the Consolidated Financial Statements › page 150.

ANTI-CORRUPTION

LEGAL COMPLIANCE AND PREVENTION OF CORRUPTION

Plan

- Compliance management system and officer in place

Measures | Results

- "Compliance Management System" and "Anti-Corruption" Group policies
- In-person training and e-learning courses

Risks for Energie AG

- Legal and compliance risks
- Fines
- Litigation
- Loss of reputation

Risks for Stakeholders

- Legal and compliance risks
- Threats to fair competition

RESPECT FOR HUMAN RIGHTS

Plan

- Code of Conduct
- See also Social Issues › page 55 and Employees › page 62

Measures | Results

- Works Council
- See also Social Issues › page 55 and Employees › page 62

Risks for Energie AG

- No significant risks at this time

Risks for Stakeholders

- Risk of discrimination against company staff and temporary employees
- Aside from this, no known risks for human rights violations

ECONOMY

Energie AG's economic goals are:

- To ensure sustainable financial stability
- To increase the company value
- Ongoing profitability for the capital employed, above the minimum rate of return
- To create an efficient and competitive corporate and organisational structure
- To implement innovative business models that are fit for the future
- To create a working environment that motivates employees to innovate

Positioning ourselves as a reliable and stable partner for equity investors and outside creditors is an important goal of Energie AG, which we are pursuing in a consistent and sustained manner. Following the Group's strategic and structural realignment in the 2013/2014 fiscal year as part of the "PowerStrategy 2020", further trend-setting projects were launched in the 2017/2018 fiscal year.

Energie AG works at an early stage to identify ideas that have potential for future business models and areas of activity. It was in this context that the Special Innovation Committee ("SoKo Innovation") was created three years ago. This working group established an innovation process aiming to engage with selected issues and make ongoing improvements. This innovation process is guided by the concepts of design thinking and interactive development of business ideas based on customer needs.

For information about the state of business at the Energie AG Group, see the **Group Management Report › page 10**. The following sections address business development in the Group: **Net Assets, Financial Position and Results of Operations › page 13**, and **Research, Development and Innovation › page 18**.

ENVIRONMENT

Energie AG's environmental goals are:

- To support and comply with goals and projects that reflect the Austrian climate and energy strategy, while taking economic sustainability into account
- To further expand renewable generation facilities
- To increase energy efficiency, with more efficient and sparing use of fuel
- To expand new green alternatives for space heating
- A forward-thinking maintenance strategy
- Ensuring that waste is disposed of and recycled in an environmentally friendly and legally compliant manner
- Providing advice to customers and improving awareness of sensible and efficient energy use

Energie AG expresses its commitment to responsible and sustainable use of the environment in all areas of activity, taking future generations into consideration. The key sustainability issues in the environmental realm are climate protection, resource conservation and energy efficiency. These issues are organised into the **Energy** **› page 51**, **Grid** **› page 52**, **Waste Management** **› page 52**, **Water** **› page 53**, and **Holding & Services** **› page 54** Segments in this section.

Most Energie AG Group projects are intended to improve energy efficiency (both in-house and for the customer) while sustainably supporting energy and climate goals, as well as the guidelines of the Austrian Federal Energy Efficiency Act 2014.

Compliance with environmental laws is a key foundational principle for success in the market. Regular internal and external reviews help to ensure the necessary compliance. At present, there are no deviations from legal provisions related to the environment.

For all the review results, see the latest environmental statements from **Energie AG Oberösterreich Umwelt Service GmbH (Umwelt Service GmbH)** and **Energie AG Oberösterreich Kraftwerke GmbH (Kraftwerke GmbH)**.

The Energie AG Group's business activity requires a reasonable amount of greenhouse gas emissions. Thermal plants are indispensable for electricity production as a means of ensuring a secure supply and stable grids. Energie AG works to counter greenhouse gas emissions by making substantial positive impacts on the environment through efficient low-CO_2 energy and heat generation, and by harnessing the benefits of primary fuel and primary raw material substitution. In addition, our refrigerator recycling service makes a significant contribution to reducing greenhouse gas emissions.

1,331 kt of CO_2 emissions (Scope 1) were released in the 2017/2018 fiscal year, of which 1,019 kt were from fossil fuel sources and 312 kt were from biogenic energy sources. The Energie AG Group can account for 74 kt of indirect CO_2 emissions (Scope 2).

The Energie AG Group's emissions predominantly come from the operation of thermal power plants, district heating plants, waste incineration plants and co-generation plants, as well as from pumping energy, distribution losses, process heat, building heating and vehicles.

CO_2 EMISSIONS FOR 2017/2018 FISCAL YEAR (IN METRIC TONNES)

Business Unit	Scope 1 (fossil) tonnes	Scope 1 (biogenic) tonnes	Scope 2 tonnes	Total tonnes
Power plants	423,853	145,941	4,536	574,330
Environmental service	499,195	136,919	15,106	651,220
Heating (Austria)	26,816	10,696	1,046	38,558
Heating (Czech Republic)	30,214	5,634	860	36,709
Power solutions	25,579	3,316	4,486	33,380
Water	5,577	9,628	11,455	26,659
Electricity grid			36,565	36,565
Gas grid	3,113			3,113
Business services	4,646			4,646
Total [1)]	**1,018,992**	**312,134**	**74,053**	**1,405,180**

1) Data from the 2017/2018 fiscal year; based on the low level of fluctuation in recent years, data for Energie AG Oberösterreich Umwelt Service GmbH (Umwelt Service GmbH): 2017 calendar year; data for Water Segment from 2016/2017 fiscal year; <1% of overall balance not included due to small scale: trading, telecommunications, service units (except for vehicle fleet) and Ennskraftwerke AG. Figures based on direct measurement, from environmental statements or conversion using direct emission factors, Environment Agency Austria CO_2 equivalent and Energie AG electricity mix (residual mix). Methane taken into account in direct emissions.

Scope 1 encompasses direct emissions from the incineration processes of stationary facilities, direct emissions from the incineration processes of mobile facilities, direct emissions of volatile gases and direct emissions from processes.

Direct greenhouse gas emissions are released when primary energy sources are converted in our facilities, vehicles and building heating (without electricity). This includes all fuels such as natural gas, heating oil, coal, diesel, petrol, liquefied petroleum gas and biogenic fuels. Energie AG creates electricity and district heating from these sources and operates its own vehicles.

Scope 2 encompasses indirect emissions from electricity purchases, indirect emissions from district heating/cooling and indirect emissions from steam purchases.

Indirect greenhouse gas emissions are released by the use of electricity from the grid and heating from non-Energie AG systems. This includes the operation of systems that generate no electricity in-house (such as power supply to Energie AG buildings, grid purchases during system shutdowns/overhauls, pumped-storage electricity, systems in the water network and systems in the gas grid (without own gas needed).

The energy audit, in line with section 9 of the Austrian Federal Energy Efficiency Act 2015 (Bundes-Energieeffizienzgesetz; EEffG), covers all Austrian locations of all Energie AG Group companies (>50% shareholding interest). As per EEffG Annex III, the energy audit examined a key energy consumption area in the relevant sites' "processes", which were analysed in detail and subsequently audited. Processes account for 92% of the Energie AG Group's total energy consumption, while transport and buildings each account for only around 4%.

ENERGY SEGMENT

In the 2017/2018 fiscal year, approximately 78.0% of Energie AG's own electricity generation came from renewable sources, with around 92.6% of this coming from hydroelectric power and the remainder from photovoltaic systems, wind, biomass and waste recycling.

Energie AG operates a total of 44 of its own hydropower plants (with a total capacity of around 280 MW and around 1,160 GWh [4] of electricity generated annually) and 20 hydropower plants from procurement rights (with a capacity of around 380 MW and around 1,390 GWh of electricity generated annually). Energie AG has seven locations [5] for thermal power plants with a capacity of 400 MW_e and up to 2,260 GWh [6] of electricity generated annually. The total installed capacity of the thermal power generation plants for heat is 1,024 MW_t.

For more information about energy generation, see the **Key Performance Indicators** **› page 20** section of the Management Report.

Energie AG operates several thermal power plants in Upper Austria, including the power plant with the highest capacity in the state: the CCGT (combined-cycle gas turbine) power plant at Timelkam, which is rated at 405 MW_e [7]. Energie AG's CCGT power plant has the necessary flexibility and a highly efficient part load operation, enabling it to be used to stabilise the electricity grid in congestion management situations. The last of the coal was burnt up at the Riedersbach power plant in 2016. Since then, we have used only natural gas and biomass to generate electricity and district heating at our Riedersbach and Timelkam sites. The biomass power plant at Timelkam (capacity: 9.5 MW_e, 28 MW_t) uses forest and herbaceous biomass to generate green electricity and district heating.

All thermal power and heat generation plants exhibit a very high degree of fuel utilisation and, in turn, efficient use of primary energy resources.

Conserving resources is more than simply a focus area in the operation of power and heat production plants; it begins as soon as infrastructure facilities are built and spans their entire useful life. The environmental impact of new production and supply facilities is kept as low as possible with the close involvement of affected stakeholders and the support of outside experts. A forward-thinking maintenance strategy ensures high system availability and maximises system lifespans.

Increasing energy efficiency in electricity and heat production, distribution grids, and customers' energy and water consumption is a permanent focus of efforts to achieve sustainability.

Heat is generated at the Kirchdorf power plant location through a highly efficient co-generation facility with around 90% total efficiency. The CO_2 emissions from power plants and heating systems are up to 60% lower than in conventional energy production. In addition, 40% of the heat demand is covered by using or recovering industrial waste heat.

Energie AG supports its customers in a variety of ways through its energy efficiency campaigns, with advisory services, sustainable electric transport, long-lasting and efficient LED lighting provided for free, and financial support for replacing old, high-energy-consumption household appliances. 105,412 two-packs of LEDs [8] were issued during the 2018 Energy Efficiency Campaign, saving a total of 2.6 GWh. The new household appliance replacement

4) Including Bad Goisern power plant (10%)
5) Riedersbach, Timelkam, Wels, Redlham, Kirchdorf, Steyr, Laakirchen
6) Including Timelkam CCGT plant (70%) and Riedersbach (location only)
7) Timelkam CCGT power plant 100%
8) Measures submitted to the Austrian Energy Efficiency Monitoring Centre

campaign, "Buy or Rent", led to 1,179 inefficient home appliances being replaced and around 110,000 kWh being saved.

Accelerating energy-efficient technologies has now been an Energie AG priority area for many years. The installation of efficient heat pumps is supported through monetary assistance, energy advisory services and demonstration systems. It was possible to install around 500 new systems in the Energie AG service area over the past fiscal year, yielding total energy savings of around 8.3 GWh.

In addition to the direct assistance, subsidised electricity products have also been available. ENAMO Ökostrom GmbH, a joint venture of Energie AG and Linz AG, has 100% renewable seller status. In addition to supplying all private and commercial customers with environmentally friendly electricity from hydroelectric power, ENAMO Ökostrom GmbH is one of nine electricity distribution companies that also offers "green electricity" certified according to the UZ46 environmental label throughout Austria.

In gas sales, the "Energy-Saving Package", which supports the installation, renewal and conversion of heating systems to condensing boiler technology for household customers, was successfully continued. In the period under review, around 370 heaters were converted to natural gas or replaced, saving around 4.8 GWh of energy (calculated based on EEffG). Contracting solutions for efficient heating systems were another focus area. The increased use of biomass, geothermal energy and industrial waste heat is particularly effective in promoting regional and renewable energies in the production of heat.

For details on the expansion of public charging stations for electric vehicles, see the **Management Report › page 27**.

GRID SEGMENT

Distribution losses are an indicator of the efficiency of energy supply networks and, in turn, of resource conservation levels in energy distribution. In the 2017/2018 fiscal year, the losses in the power grid amounted to 2.5% (215 GWh). The losses in the gas grid from discharge during repair and maintenance tasks accounted for 53,543 m³ in the 2017/2018 fiscal year.

WASTE MANAGEMENT SEGMENT

Energie AG's Waste Management Segment has been comprehensively certified in accordance with the internationally recognised EMAS (Eco Management and Audit Scheme) at all 24 sites. Investing in the highest technical standards and in environmental and climate protection is one of the foundation stones of the Waste Management Segment's business activity.

Energie AG Oberösterreich Umwelt Service GmbH's Environmental Statement 2018 received the EMAS Award for the best environmental team and sustainable environmental management.

When providing waste management services, care is taken to ensure that resources are conserved as much as possible. Key plans in this area include reducing CO_2 emissions with a modern fleet of trucks, rolling out e-business (automating commercial processes), increasing energy efficiency and decreasing overall energy consumption. In addition, the slag remaining after waste incineration is recycled at the Wels plant. In a multi-stage mechanical separation process, iron and other content remaining in the slag after incineration is removed. This not only has the advantage of separating these resources (aluminium, copper, brass and stainless steels), recycling them and reintroducing them to the metal processing cycle; there is also additional savings potential in terms of CO_2 emissions in comparison to producing these resources from scratch. Furthermore, the landfill volumes at Wels are reduced through the yearly recycling of metals. As a result, it is not necessary to resort to other landfills, saving long lorry journeys and fuel.

Biomonitoring, a scientifically-based control method, is used to track pollutant emissions at the Wels waste incineration plant. The effects of the thermal treatment plant's operation on the environment are measured continuously at several fixed points in and around the site.

In terms of energy efficiency in the Waste Management Segment, we pay particular attention to the energetic effectiveness of the grate firing and circulating fluidised-bed waste incineration plants. The efficiency criteria under Directive 2008/98/EC are assessed on an annual basis in this area. Efficient electricity conversion and/or heat extraction are crucial factors in fulfilling these criteria. Infrastructure including connections to drinking water and sewer systems is ensured at all locations. As far as technically possible, process water, rain water or seepage is used instead of potable water in the production plants.

The Waste Management Segment provides water supply and wastewater disposal lines in Austria and Slovenia, operating as a water supplier across a number of regions. The customers that use these services are cities and local authorities. Only the pipelines are owned by the Segment, whereas distribution grids are not. There is no water loss from the pipelines, with the differences between the measuring points at wells or tanks and water meter chambers at the customer's end falling within the range of the water meters' measurement tolerances. Energie AG only has limited influence over unaccounted for water in the distribution grids of the local authorities we serve, as the infrastructure in these areas is owned by the municipalities, which as a result have the power to decide on any measures (upgrades, investments, etc.)

Energie AG provides support and advisory services to the local authorities as part of our service, carrying out monitoring, measurement and broad-based analysis, as well as formulating proposed measures for decision-makers to reduce water losses.

WATER SEGMENT

Along with its Czech investments in the Water Segment, Energie AG has been committed for years to reducing unaccounted for water and water supply network damage. Given that local authorities are responsible as the infrastructure owners for renovating grids (except for one investment – VaK Beroun, a.s.), Energie AG's measures focus on locating and remedying leaks, which requires reporting and benchmarking of unaccounted for water and sustainable pipeline rehabilitation. In recent years, investments have been made in modern hardware and software for hydraulic network modelling and measurement as well as in employee training.

Valuable drinking water is lost every day due to damage to the network of water pipelines. This can be caused by various factors: the age of the network, pipe material, quality of installation, geology of the subsoil and material for the pipe bedding, distribution volume and pressure level. In the international water sector, unit water leakage is a commonly used measure of unaccounted for water. This indicates how many cubic metres of drinking water is lost per kilometre of a pipeline network per year (converted to a unit diameter) and, in turn, indicates the pipeline network's condition. The benchmarking is carried out on an annual basis in 52 Energie AG supply areas with more than 5,000 residents. In 2007, 73% of networks were in good condition and 10% in average condition. At a time when the pipeline networks have been growing older and subjected to increased wear, it has been possible to increase the proportion of networks rated as good to 90% within 10 years. Since 2016, there have no longer been any networks rated as poor in Energie AG's Czech service area.

The latest news about Energie AG's water services in the Czech Republic, complete with key performance indicators, benchmarking and environmental details, has been published on an annual basis since 2011 as information for professionals and customers in Czech and German in the **WaterPages magazine**.

HOLDING & SERVICES SEGMENT

Energie AG carries out active building benchmarking in Austria. The Group headquarters, the Power Tower in Linz, is one of the first high-rise office buildings in the world designed to Passive House standard. The 74 m-high office tower in Linz's Bahnhofsviertel copes without being connected to the district heating network and does not require any fossil fuel use. It emits around 300 tonnes less CO_2 a year than other high-rises. Power is supplied to the building via a complex system, making innovative use of traditional technologies. The power for heating, cooling, ventilation and lighting is obtained from the earth, ground water and sun. There is a photovoltaic system integrated into the façade on the southwest side of the Power Tower. In addition to the Power Tower, ongoing improvements and optimisation efforts help to ensure that energy use is low in the operations of all the other buildings of the Energie AG Group.

Fish ladders have been built at Energie AG's run-of-river power plants in accordance with the Water Framework Directive. A fish ladder was also installed at the Partenstein pumped storage power plant during the 2017/2018 fiscal year. With over 20 licenced fisheries in Upper Austria and Salzburg, Energie AG is one of the largest fisheries managers in Upper Austria. The licenced fisheries next to the hydropower plants are also sustainably managed. As well as supporting natural reproduction, Energie AG also ensures an attractive and naturally authentic population density by means of ecological breeding programmes and regular stocking with native fish species.

In purchasing processes, some environmentally relevant criteria are set as mandatory requirements in the text of requests for proposal.

SOCIAL ISSUES

Energie AG's social goals are:

- Reliability and quality in supply and waste management services
- To position ourselves as a responsible company
- To build and maintain sustainable client relationships
- Ongoing proactive and systematic dialogue with stakeholders
- To strengthen environmental consciousness among children and young people
- To avoid infringements of legal and in-house standards

In 2016, Prof Friedrich Schneider from the Department of Economics at Johannes Kepler University Linz conducted the first in-depth assessment of Energie AG's role as an important factor in the economy of Upper Austria and Austria as a whole. He subsequently published his findings as a study. During the study period (2010-2015), the company contributed around EUR 3.2 billion to Austria's gross domestic product (GDP), creating or sustaining close to 25,000 additional full-time jobs outside the Energie AG Group. In the 2017/2018 fiscal year under review, a new study was conducted in partnership with Vienna-based economic research institute Economica, including additional economic indicators such as regional value creation and fiscal effects. The study's results will be available at the end of 2018.

SUPPLY RELIABILITY AND QUALITY

Energie AG is committed to a safe and sustainable energy supply for present and future generations. Security of supply is the fundamental basis for general business growth, job creation and maintaining quality of life. Energie AG's electricity, gas, heating, telecommunications and water supply services are a major driver of Upper Austria's international competitiveness as a business location. Our Waste Management Segment offers reliable waste management services in its market areas, covering every link in the value chain at the highest technical level.

Netz OÖ operates an electricity grid consisting of 32,365 km of power lines, in addition to a 5,549 km natural gas grid. These reliable and modern grids ensure the energy supply of end consumers and power plants. The electricity grid's supply reliability, measured in terms of service-related availability (ASIDI; Average System Interruption Duration Index) and not taking regionally exceptional events into account, was 33.03 min/a in calendar year 2017 (previous year: 37.62 min/a). Customer-related system disruption (SAIDI – System Average Interruption Duration Index) stood at 36.58 min/a (previous year: 45.61 min/a). The availability of the natural gas grid was 100% in calendar year 2017 (previous year: 100%).

For some years, Energie AG Oberösterreich Telekom GmbH (Telekom GmbH) has been working on building a comprehensive fibre-optic network in Netz OÖ's service area. The fibre-optic network was 5,550 km long as of the end of the 2017/2018 fiscal year.

Water supply availability in the Water Segment is in excess of 99.99% on a constant basis. The number of water supply grid interruptions fluctuates from year to year between 0.2 and 0.3 cases of damage per kilometre per year (predominantly due to winter and frost). Meanwhile, there were around 0.1 cases of damage per kilometre per year in the sewerage system in the 2017/2018 fiscal year.

CUSTOMER ORIENTATION AND SATISFACTION

A consistent focus on the wishes and needs of present and potential customers, as well as on their satisfaction, is the foundation for strategic action in all Group companies. Customers' needs are changing, with increasing demand for digital contact methods, digital services and better service outcomes (e.g. shorter response times) in a context of rising price sensitivity.

Ongoing monitoring and professional development initiatives help to ensure high-quality customer relationship management, whether over the phone or in person. In addition, our pricing and product selection are under constant review. We pay particular attention to digital services, which we are currently developing and expanding in various forms.

GDPR Implementation

Energie AG maintains a data protection management system to ensure Group-wide implementation and compliance with the provisions of the General Data Protection Regulation (EU 2016/679; GDPR, in effect since May 2018) and the new Austrian Data Protection Act 2018 (Datenschutzgesetz; DSG).

Energie AG's Data Protection Policy explains the data protection management system's essential operational framework. Energie AG is aware of the trust that our customers place in us. As a result, we treat security, integrity and trust as a top priority when handling their personal data in our day-to-day operations.

The data protection processes we have implemented log and process valid complaints regarding breaches of customer data protection, resulting in corrective action if necessary. No valid complaints were brought to our attention by third parties or the regulator during the 2017/2018 fiscal year. The data protection management system will undergo further development and operational implementation in the 2018/2019 fiscal year.

Customer Phone Service

When customers contact us by telephone, it is highly important for their enquiry to be dealt with promptly. Trained, top-class customer service staff are essential to meeting these expectations. The high quality of customer information is also confirmed by the results of the independent nationwide tests conducted in 2017 by business magazine Trend on the topic of customer care. Energie AG was awarded the ÖGVS Service Award 2017 by the Austrian Association for Consumer Studies in the Customer Service by Telephone category. Energie AG's customer service performed extremely well against the benchmarks of the energy industry and other sectors.

In the event of failures, which cause a substantial increase in calls from affected customers within a very short period of time, calls need to be answered and processed with rapid turnaround. Even heavy and unpredictable call volumes can be managed thanks to a flexible on-call service model, individual customer service employee flexibility and suitable home office infrastructure.

Introduction and Use of New Technologies

Energie AG is actively committed to introducing and using new technologies. The customer is also at the heart of our approach in this area. For instance, Netz OÖ is one of Europe's leaders when it comes to comprehensive smart metering, which creates new opportunities for customers to save on energy by providing precise consumption information. More than 76% of all customer systems are equipped with intelligent electronic electricity meters in Netz OÖ's service area. This system provides a highly reliable power supply to customers.

The new smart meter technology presents the possibility of developing new business models. Intelligent electricity meters are the key household device that makes it possible to turn a home into a smart home. In the future, interaction between electricity meters and home automation systems will facilitate perfect use of energy, which users will be able to generate, purchase or store. All of this will bring the customer cost savings, lower consumption and greater comfort.

Our Czech water investments have been using smart digital water meters for several years at this point. To date, the consumption data has been exclusively used for billing purposes. Now two projects will make it possible to provide the data to end users on request. In its "Voda pod kontrolou" ("Water Under Control") project, the Water Segment is taking on the challenge that stems from its more than 300 contractual partners in local authorities using different types of meters. Instead, it will be rolling out a new system. Under both systems (water meters with wireless communication technology as well as meters equipped with a register unit), the customer will receive a continuous consumption overview in the final set-up and will receive an alert if certain volumes are exceeded (burst pipe warning). The "Water Under Control" project's official market launch will take place in the fourth quarter of 2018.

Information Security Management

In order to be able to reliably guarantee continuous service to customers and other stakeholders in line with their needs, Energie AG has maintained a comprehensive, Group-wide information security management system for a number of years. Especially in the age of the digital transformation and cyber-attacks, detecting and countering risks and attacks of this nature is of great importance. To this end, Energie AG periodically and systematically analyses and evaluates threats to its information security, decides its stance on any risks and takes effective steps to control and reduce these risks. Key areas of activity are ISO 27001-certified and are regular reviewed. Staff users undergo annual (electronic) training programmes and are proactively notified of any particular threats.

In addition, Energie AG has taken a large number of steps to establish and maintain an adequate level of security. However, even the most strenuous effort cannot guarantee absolute security in today's information and communication technology, meaning that there is always a certain residual risk. As a result, Energie AG has an emergency and crisis management system in place, enabling it to safely restore orderly operation and customer supply as quickly as possible in the event of a failure.

Complaint Management and Surveys

Contact with customers and partners is important for Energie AG to learn about their needs, concerns and ideas. This allows us to solve concrete problems, as well as to adapt and optimise our processes. Complaint management is a key mechanism in this area. Together with Customer Service, we analyse the communications (whether complaints or praise) on a quarterly basis, evaluating the subject areas and using these as a basis to establish options for action. In the past fiscal year, for example, at the suggestion of customers, we refrained from sending payment slips to electricity and natural gas customers without a SEPA direct debit mandate. Furthermore, we have stopped requiring multiple meter reading slips to be sent to us by post in the electricity and natural gas sectors.

Public opinion research institutes regularly conduct surveys of the general population, customers and specific target groups. For instance, in the 2017/2018 fiscal year, the public was asked which products they consider appealing. In partnership with Market, an Austrian opinion research institute, the challenges and future-related issues facing local authorities in Upper Austria were identified in the 2018 Mayors' Poll. The activities of individual company divisions can be realigned based on this information and suitable products can be developed.

Relatively strong customer loyalty is evident in the electricity sector. 63% of customers are generally very satisfied and 34% are quite satisfied with our sales arm, Energie AG Vertrieb GmbH & Co KG. Measuring loyalty levels in set categories (e.g. product range, price communication, homepage, regional commitment) provides detail that allows us to find sensible places to start improving services for our customers.

Customer satisfaction surveys are carried out at all the Waste Management Segment's sites. These include a school marking-style assessment system, in which the Segment received a 1.4 (equivalent to an "A") during the period under review (2017/2018).

STAKEHOLDER DIALOGUE

A proactive dialogue with stakeholders (such as local authorities, residents and public initiatives) has long been part of our existing business strategy. A prime example of sustainable cooperation, the model of citizen participation relating to Welser Abfallverwertung, has now been in existence for 27 years, making it the longest and most successful active model of a public participation, mediation and project environment management process.

The central element of this model is an Environmental Commission, which acts as a link between Energie AG as the operator and the neighbouring communities. The process has enabled us to continuously develop and strengthen mutual understanding. The aim is to ensure that all parties involved are included in decision-making through an open and honest information policy, while at the same time maintaining trust with constant monitoring. The principles of democratic politics were added to this model in the late 1990s.

Energie AG's principles on democratic politics set out how the company intends to proceed in protecting the interests of relevant members of the public above and beyond the legally required minimum. The principles on democratic politics are applied on a Group-wide basis for power plant expansions, grid expansions and other approval processes. Energie AG is fully committed and does everything within its means to pursue this approach. However, it should be noted that it is sometimes impossible to resolve existing conflicts – especially in the context of grid expansion – via this method of public participation and involvement. The potential for conflict often arises from unsubstantiated sources of information (such as certain online sources). Energie AG and Netz OÖ endeavour to actively support stakeholders by providing access to independent expert knowledge and studies.

In the past, a lack of transparency was regularly criticised in the planning process and decision-making for "new lines" – particularly in connection with 110 kV transmission lines. In the actual approval process, the applicants, approval authorities and politicians were repeatedly confronted with questions about the fundamental need for the overhead line/ underground cable system decision and about the basis for the intended route.

In order to improve this situation, experts from the State of Upper Austria, grid operators Netz Oberösterreich GmbH, Linz Strom Netz GmbH and Austrian Power Grid AG, and external consultants (ILF Consulting Engineers Austria GmbH and Institut Retzl GmbH, Linz) have drawn up "Guidelines for Route Choice in Planning Processes for New High-Voltage Installations".

The chosen system is based on the tried- and-tested route selection guidelines for transport projects. In the route selection procedure, the following objectives are among those that must be ensured in a transparent, reasonable and well-received process: standardised route selection procedure framework, early consideration of later approval procedures, system decision (overhead line/underground cable) based on previously defined parameters, determination of the best possible route from a broad interdisciplinary perspective according to basic defined principles, and a high level of acceptance for the proposed solution.

Adoption of the guidelines is voluntary in principle, but is recommended and supported by the State of Upper Austria. The work of planning and responsibility for the project at hand remain with the relevant grid or network operator.

Netz OÖ will be applying the route selection guidelines' methodology for the first time in the Rohrbach – Bad Leonfelden 110 kV transmission line project. A discussion with a robust exchange of opinions about the possible routes' pros and cons is currently being conducted with all interested stakeholders.

For **basic information about the route selection guidelines and the ongoing process**, see the State of Upper Austria's website.

Online Communication

In view of the introduction and continuing development of "new media", Energie AG is taking advantage of these opportunities to communicate online. The various online portals are our main sources of information: the website **› www.energieag.at**, the Press Portal **› news.energieag.at**, the project homepage **› www.wirdenkenanmorgen.at** for children and young people, Energie AG's various blogs (**› blog.energieag.at** and **› hochspannungsblog.at**), and Energie AG's specific product websites.

Energie AG offers functional self-service portals (especially in areas of mass customer demand) to meet customer needs and optimise customer service processes. These enable customers to independently carry out a number of tasks and fulfil requests relating to supply contracts with Energie AG at any time of day.

REGIONAL RESPONSIBILITY

Aside from its direct business mission and in line with its regional responsibility, the Energie AG Group supports institutions and projects with economic relevance, charitable and non-profit organisations, activities such as humanitarian and social initiatives, and academic and education projects.

At our call centre, we also operate the Upper Austria crisis and disaster hotline in order to provide an information and communication platform to the public. In the event of an emergency, the emergency services dispatch a liaison to the call centre, who ensures that information is relayed to the public-safety answering point. As a result, the Energie AG Call Centre can always provide information with absolute professionalism.

Cultural and Social Issues

Energie AG supports a host of initiatives in the cultural and social realm. On the cultural scene, we have been partners of the Höhenrausch project in Linz, for which exhibitions are regularly held in Linz's Power Tower. At the same time, the Energie AG Group supports young, talented artists with the Klemens Brosch Award and the "Dream Scholarship" project. In addition, we have been long-standing partners of many cultural initiatives throughout Upper Austria, including the Upper Austrian Regional Exhibition, Salzkammergut Festwochen summer festival, St. Florianer Sängerknaben boys' choir and Brucknertage festival. As a partner of the Red Cross and volunteer fire brigade, the Energie AG Group makes a conscious effort to support rescue organisations with a high level of voluntary commitment.

Timelkam Energy Experience Centre

In the town of Timelkam, Energie AG runs an information centre about electrical energy called the Erlebniswelt Energie Timelkam (“Timelkam Energy Experience”). Around 4,800 visitors passed through the centre in the 2017/2018 fiscal year. The facility was modernised during the year under review, with new exhibits on the digital transformation and apprentices added. Workshops for schools and the “Start of School Festival” have been held at the centre or on its grounds for the last five years.

Sports

Following the motto “sport is energy”, the Energie AG Group has been supporting top athletes and amateurs alike across Upper Austria since 2000 – our “sports family”. 15 sportspeople became fully-fledged members of the sports family in the 2017/2018 fiscal year, receiving financial assistance, as well as important services to support their sports involvement (such as physiotherapy, equipment, help with advertising and media training). The main focus of these efforts is on promoting junior talent.

Education

Raising awareness of sustainability, energy and the environment has been a cause that the Energie AG Group has embraced in a major way, even dating back to earlier years. In this spirit, we have consistently supported initiatives by youth organisations. A conscious and careful relationship with nature and the environment is one of the worldwide scout movement’s eight educational focal points. For many years, Upper Austria’s scouts, the Pfadfinder, have been implementing targeted environmental projects with the support of the Energie AG Group and the State of Upper Austria (acting on the motto “taking responsibility for tomorrow!”)

Waterdrops Project

Energie AG supported Caritas’ Wassertropfen (“Waterdrops”) well-building project in the Congo for ten years. 262 wells have been newly installed or rehabilitated to ensure a safe water supply for around half a million people. With the project in Congo coming to an end in 2018, an Energie AG follow-up project has now been launched in the Czech Republic. Following the example of Upper Austria, this will promote the development of youth organisation YoungCaritas.cz in the city of České Budějovice to introduce young people to social commitment and responsibility. The concept, commitment and donation strategy remain the same: one heller (one hundredth of a koruna) for each cubic metre of drinking water delivered to Czech customers will go towards donations.

Energie AG at School

The “Energie AG macht Schule” education programme was expanded to include the topic of the digital transformation in the 2017/2018 fiscal year. In addition to the basics such as hardware and software, the opportunities and risks associated with the use of new technologies are also highlighted. The new class materials are available for primary school years 3 and 4 (ages 8-10), as well as for middle-school pupils in either of Austria’s state school models (ages 10-14).

Energy Institute at Johannes Kepler University Linz

Science and research have traditionally been accorded high value at Energie AG. One area in which this is evident is our long-standing partnership with the Energy Institute (Energieinstitut) at Johannes Kepler University in Linz. As a founding member, we actively participate in shaping and further improving the institute, as well as drawing on its high level of expertise in energy-related areas and its interdisciplinary team. Energie AG commissions studies from the institute on a consistent basis and works together closely with it on research projects. A good example of this is the LEAFS Project (Integration of Loads and Electric Storage Systems into Advanced Flexibility Schemes for LV Networks), which Netz OÖ helps to work on. For more information, see the **Research, Development and Innovation** › page 18 section in the Management Report.

Federation, Association and Organisation Memberships

Energie AG is a member of various associations and representative groups related to its operational activities, both in Austria and abroad. In addition to the company assuming positions in various bodies in these federations, organisations and associations, Energie AG employees also perform tasks in committees and working groups. Employees who do not have active roles there can also benefit from these memberships through newsletters, online portals, webinars, participation in events, publications, studies, models, analyses, etc.

Energie AG is a member of **Oesterreichs Energie (formerly VEÖ)**, a trade association representing the Austrian electricity industry.

We are also members of the **Österreichische Energieagentur (AEA – Austrian Energy Agency GmbH)**, the national centre of excellence for energy. Energie AG considers the AEA a strong partner in terms of cooperation and services, which helps to create partnerships for its members with energy-related institutions in Central and Eastern Europe.

Our membership of the **Verein für Ökologie und Umweltforschung (Association for Ecology and Environmental Research; VÖU)** offers us a platform for an exchange of information on matters of common interest between the energy industry and applied ecological and economic research experts.

As an industry leader in Upper Austria, the **Industriellenvereinigung (Federation of Austrian Industries; IV)** and the Wirtschaftskammer (Austrian Economic Chambers; WK) are also important partners in many areas.

As a member of the **Initiative Wirtschaftsstandort ("Upper Austria Business Hub Initiative"; IWS)**, Energie AG promotes Upper Austria as a business destination by providing basic research, studies, investigations and media work.

Energie AG Oberösterreich Trading GmbH (Trading GmbH) is an associate member of the **European Federation of Energy Traders (EFET)**. EFET is committed to an open and competitive energy market.

The Waste Management Segment is a member of the **Verband Österreichischer Entsorgungsbetriebe (Association of Austrian Waste Management Enterprises; VOEB)**, an independent body representing commercial waste management organisations in Austria.

The **Bundesverband der Energie und Wasserwirtschaft (Association of Energy and Water Industries; BDEW, formerly VDEW)** pools the political interests of its member companies in Germany, which are more than 1,800 in number. Many of the topics that the BDEW deals with are also relevant and of interest to Austrian energy companies. It is for this reason that Energie AG is a member of the BDEW, with company representatives taking part in a wide range of association meetings and conferences.

The **OÖ Energiesparverband ("Upper Austrian Energy-Saving Association")** is a body instituted by the State of Upper Austria that has been the central clearinghouse for product-independent energy information since 1991. Energie AG has been a member of the association since its founding and collaborates closely with it in areas including energy consultancy, promotional funding and local authorities.

Energie AG has been a member of the **Energy Centre České Budějovice** since 1998, an energy information centre supported by the State of Upper Austria and the Region of South Bohemia. Support for energy efficiency and the use of renewable energies are ECCB's priority areas.

Since 2002, Energie AG has also been a member of the Fachgruppe Energie (Energy Working Group), which aims for cross-border cooperation in the energy sector between Upper Austria and South Bohemia. The working group supports cross-border projects and provides a platform for the exchange of knowledge and experience.

EMPLOYEES – RESPONSIBLE EMPLOYER

Energie AG's goals as an employer seeking to embrace responsibility are:

- To position ourselves as a family-friendly employer
- Personnel and Management Development
- To promote diversity and women in technical careers
- To continuously improve employer branding
- To guarantee and maintain high-quality apprentice training
- To prevent and lower the number of work-related accidents

The implementation of sustainability goals requires committed and satisfied employees. As an important employer in the supply regions, Energie AG offers attractive and secure jobs.

In the 2017/2018 fiscal year, the Energie AG Group's average consolidated staff level was 4,389 full time equivalents (FTE), representing a slight increase of 1.13% compared with the average of the 2016/2017 fiscal year (4,340 FTE).

On the reporting date of 30 September 2018, the Energie AG Group employed 4,419 staff (FTE) in four countries.

An average of 269 temporary staff (FTE) were employed in the 2017/2018 fiscal year to work on time-limited projects and help us manage workload peaks.

All staff in Austria and South Tyrol are subject to collective bargaining agreements, while staff in the Czech Republic are organised in trade unions.

Workforce Composition and Structure

	Unit	2017/2018	2016/2017
Staff (head count)	**Persons**	**4,841**	**4,778**
Workplace			
Full-time equivalents (FTE) [1]	**Number**	**4,389**	**4,340**
In Austria		2,700	2,682
Female		586	544
Male		2,114	2,138
In the Czech Republic		1,630	1,603
Female		480	379
Male		1,150	1,224
In other European countries		59	55
Female		7	9
Male		52	46
Part-time	**Persons**	**451**	**413**
Female	%	66.4	73.3
Male	%	33.6	26.7
Newly hired	**Persons**	**402**	**390**
Newly hired	%	8.6	8.2
Fluctuation rate (not including retirements)	**%**	**4.9**	**6.4**
Demographics			
Average age of workforce	Years	43.7	43.8
Diversity			
Female	%	22.2	21.9
Male	%	77.8	78.1
Women in management positions [2]	%	16.8	17.3
Men in management positions	%	83.2	82.7
Occupational development			
Training per employee	Hours	11.8	11.0
Performance review involvement rate	%	79.6	77.1
Apprentices	Persons	66	61
Apprenticeships completed	Persons	19	20

1) The information stated regarding employees relates to full-time equivalents (FTE) as a yearly average of the fully-consolidated and proportionately consolidated companies.
2) Definition of "management position": company management, heads of departments, divisions, facilities, holding companies, units, teams and groups.

LIVING AND WORKING AT ENERGIE AG OBERÖSTERREICH

Energie AG supports a balanced professional and family life. Except for the Waste Management and Water Segments, the company has been certified via the "berufund-familie" audit since 2012. This allows us to position ourselves as a family-friendly employer, gain advantages in the competition for skilled professionals, and help to create a positive working environment by means of the associated raft of measures for management and employees.

The Active Parental Leave Management system supports the Austrian employees with planning their spell on leave. A nursing care platform offers comprehensive information and service links for employees who care for and support dependents. To make holiday planning easier, Energie AG supports its employees in the first two weeks of August with a varied holiday programme for children between the ages of six and twelve. Kids Day on Easter Tuesday also helps to relieve the parents on one day of the school holidays. Energie AG congratulates employees who become parents on the birth of a newborn by sending a baby gift package.

PERSONNEL DEVELOPMENT 4.0

For a business to be able to proactively meet the demands of the future, it is important for its employees to have the relevant skills at their disposal and for diversity not only to be embraced in recruiting, but also internally (for example, when filling management positions).

The one-year FORWARD programme was launched to promote junior female staff within the company. A combination of mentoring and engagement with leadership topics is intended to support the specialists with their entry into a management career.

The plan for a Management Academy was reviewed in the 2017/2018 fiscal year and the Energie AG Future Lab was established. The Future Lab focuses intensely on personal responsibility, self-organisation and application of new methods. The Personnel Development 4.0 concept focuses on practical, media and social skills for members of staff after an initial phase to raise awareness about the subject of the digital transformation.

A conflict management system was developed during the period under review. This will be implemented in Austria over the next fiscal year.

APPRENTICE TRAINING

In-house apprenticeship training has proven to be a significant competitive advantage and response to the current shortage of skilled professionals. 1,473 apprentices in Austria have been successfully trained as top specialists in the Energie AG Group over the past seven decades. About half of these are still employed in the enterprise today.

Furthermore, we have intensified our marketing activities (trade fair appearances, media presence, folders, videos, etc.), aiming for success over the increased competition in the coming years to take on the most capable young people as apprentices. These activities will particularly focus on also boosting girls' interest in doing the training. Around 150 pupils get to experience the Energie AG apprenticeship workshop up close every year thanks to our cooperation with mandatory-attendance schools (electrical engineering polytechnic course, Powergirls, Girls Day, etc.) and the trial apprenticeship option.

The subject of the digital transformation has been accorded particularly high importance in apprentice training. From basic knowledge of digital technology through CNC technology, PLC programming and 3D printers to smart home digital control on tablet devices, apprentices are familiarised with the digital transformation. For many years, Energie AG apprentices have been testing their talents against their counterparts from other companies in the largest apprentice competition in Upper Austria. 770 apprentices from 105 businesses took part in the 2018 apprentice competition. The best apprentice from the Energie AG Group was selected as the overall winner across all categories, coming in first place with 95 points out of 100.

Another achievement in 2018 was the founding of the **zukunft.lehre.österreich association (Future Apprenticeships Austria; ZLÖ)** on Energie AG's initiative. The role of president is currently occupied by its creator, Chief Executive Officer KR Prof. Ing. DDr. Werner Steinecker MBA. The association's objective is to strengthen the image of apprenticeships in Austria. Joining forces with the other members of the association, Energie AG aims to restore the status that apprenticeships deserve as a key foundation of business and, in turn, of society and the future at large.

EMPLOYER BRANDING AND EFFORTS TO RECRUIT FEMALE TECHNICIANS

Gaining and retaining the best minds is crucial for a company's future business development. The demand for female graduates – in particular in technical fields of study – is much higher than the potential that is available on the labour market. Since diversity is also important at a technically-focused company such as ours, we have set ourselves the goal of attracting more female technical professionals to work at the Energie AG Group.

After an extensive analytical phase, an employer branding concept was developed in the 2017/2018 fiscal year. This is primarily intended to appeal to young women in academia and meet their needs. Appearing at many events and using online media, we have also advertised a scholarship programme for female technical staff and a trainee programme focusing on women in technical positions. The scholarship programme aims to draw female students' attention to Energie AG as an employer at an early stage, creating a connection between them and the company. The trainee programme also looks to bring young female academics to the company straight after they have graduated. Four female technical students were awarded scholarships in January 2018. Nine young women and three young men with academic credentials started the trainee programme on 1 October 2018. We view employer branding as a permanent project rather than a one-time pursuit.

OCCUPATIONAL HEALTH AND SAFETY

Only healthy and satisfied staff can be successful with their work for a business. Energie AG works to ensure awareness and personal responsibility around quality and occupational safety among its employees. Preventive action and information are used to prevent work-related adverse health conditions and staff are directed to be more conscious in their approach to health through the energy@work project. If an individual has already fallen ill, the company takes steps to promote their recovery. In the 2017/2018 fiscal year, Energie AG's company health management policy was awarded the "Betriebliche Gesundheitsförderung" (Workplace Health Promotion) seal of approval, which is valid until 2019 (not including the Waste Management and Water Segments).

Topical issues are discussed and solutions are developed in regular health meetings, including employee representatives, occupational health professionals and safety management specialists. Weekly exercise programmes also promote health awareness at a number of work sites. A smoking ban was implemented at all Energie AG Group workplaces in Austria in the 2017/2018 fiscal year, supported by "non-smoking initiatives". Exercises, eye tests and ball chairs are available for employees who mainly work in front of a screen. The range of occupational healthcare services includes extensive contact during consultation hours and vaccination campaigns.

In addition, a "Mental Health at Work Service Line" has been set up for all employees in Austria in order to provide support in the event of psychological problems or conflicts.

Energie AG ensures that the specifications of the Employee Protection Act and the associated regulations are consistently complied with throughout the Group, and that appropriate preventive measures are adopted. In the 2017/2018 fiscal year, around 95 announced and unannounced workplace and construction site inspections were carried out by safety experts together with those responsible on site and/or Energie AG Group management. Office workplaces were checked to ensure ergonomic design and, if necessary, adjusted to keep the number of musculoskeletal conditions among employees as low as possible.

In the 2017/2018 reporting period, there were no fatal accidents at work within the Energie AG Group. A total of 82 work incidents meeting reporting requirements were registered, which is equivalent to an accident rate of 17.46 accidents per 1,000 employees [9)]. The accident severity amounted to an average of 24.67 days of sick leave per work accident. By an international measure, this comes to an LTIF (Lost Time Injury Frequency) of 10.89 per 1,000,000 working hours.

A closer look reveals a picture that varies according to national characteristics and, in particular, the different areas of activity within the Energie AG Group. The Waste Management Segment has a higher accident rate than the rest of the company's segments, but the figures fall within the normal range compared with the wider industry.

The Waste Management Segment set itself the goal of reducing the number of accidents in the 2017/2018 fiscal year and responded to the previous year's accident trend via a joint initiative with AUVA, the Austrian Workers' Compensation Board. With a 25% reduction in the number of accidents, the target was clearly met. The Waste Management Segment's management system has also been expanded to include certification of occupational health and safety (OHSAS 18001).

The legally required training courses regarding hazards, health, safety and risk prevention steps are regularly held throughout the Energie AG Group. Our "short briefings" have proven to be a very effective method. In the 2017/2018 fiscal year, fire safety content was offered for the first time throughout Austria via an e-learning process. We are reviewing whether to add further modules.

In addition to the briefings, a large number of subject-specific training courses were held during the period under review. Employees of contractors in the technical and electrical engineering sectors were also able to attend if necessary. In addition to training courses on working with live electrical equipment, meter changes and operational use authorisation, training modules on low and high voltage electrical system operation and management authorisation were also held.

9) Up to cut-off date of 30 September, including partially consolidated companies

COMPLIANCE AND ANTI-CORRUPTION AT ENERGIE AG OBERÖSTERREICH

Energie AG's compliance and anti-corruption goals are:

- To ensure compliance with laws, regulations, and all Group-wide guidelines and standards
- To prevent property damage and reputational damage
- To minimise/avoid liability risks and non-material damage
- To raise awareness among all Energie AG employees of compliance with guidelines and the Code of Conduct
- To promote a fully applied and consistent compliance culture
- To implement effective prevention measures
- To improve legal certainty
- To ensure a values-conscious organisation culture
- To ensure fair competition

Compliance at Energie AG is based on a mutual understanding of values which is expressed in the **Code of Conduct "This is how we think; this is how we act"** and published for all stakeholders on the website.

The Code of Conduct is the key element that supports action in compliance with laws and guidelines. It is the foundation for all business activities and decisions at the Energie AG Group. It is the basis for moral, ethical and legally sound behaviour on the part of all Group employees. The Code of Conduct is mandatory for all parties.

To establish compliance effectively throughout the Group of companies, a compliance management system was established, appropriate guidelines were authored and numerous face-to-face training sessions were held in recent years. The content, responsibilities, distributions of skills, and required documentation and reporting have all been decided. Thanks to an interactive e-learning tool, staff have the ideal opportunity to harmonise their need for information with their daily working life. All managers and employees throughout the Group have been and will continue to be informed about the in-house Code of Conduct.

The experts in the various areas of legal specialism monitor the relevant national and European legislative frameworks. The Compliance Organisation is involved in issues relevant to the Group as a whole.

COMPLIANCE FORUM

The Compliance Forum was set up to ensure consistent compliance rules. Regular meetings help to ensure the necessary exchange of information and consistent treatment of compliance-related matters throughout the Group. All areas of the Group have the opportunity to submit compliance queries and receive compliance advice.

PROMOTING A COMPLIANCE-CONSCIOUS CULTURE

Management are responsible for promoting a compliance-conscious culture among staff. Energie AG ensures that employees know our compliance values and put them into practice.

The Group Management Board agreed measurable and adjustable compliance goals with management staff during the 2017/2018 fiscal year.

ANTI-CORRUPTION

Energie AG's entities and employees are subject to provisions regarding public officials (Amtsträger) within corruption law. There are comprehensive compliance standards in force at the Energie AG Group to prevent corruption. Training courses to this effect are provided on an ongoing, Group-wide basis. The "Anti-Corruption" learning module offered in Austria has so far been completed by 72% of our employees in the country.

There were no incidents of corruption in the Energie AG Group in the 2017/2018 fiscal year.

ANTITRUST COMPLIANCE

Energie AG unconditionally declares its commitment to fair competition with its competitors, business partners and other market participants. For this reason, Group-wide training courses on antitrust law were held and the existing antitrust manual was updated. With its comments on the necessary market behaviour, the manual is primarily aimed at the sales-oriented divisions and is also available to all employees in the Energie AG Group via the Intranet.

RESPECT FOR HUMAN RIGHTS

Respect for human rights is a natural part of life for the Energie AG Group. We expect all our business partners to join us in adhering to the statutory framework, along with the applicable laws and standards on human rights. In terms of respect for human rights, we cannot discern any material risks for compliance with the applicable legal standards in Europe. Risks in the earlier links of the supply chain cannot be entirely ruled out. For this reason, we exercise due diligence in procurement.

Energie AG does not tolerate any discriminatory conduct or unequal treatment, whether on the basis of national or ethnic origin, religion, age, gender or other traits. Diversity presents valuable potential for Energie AG as an international company group. We respect the unique nature of each individual, and are committed to tolerant and respectful conduct as well as open communication. The effects of this include promoting a climate of appreciation and respect for all employees within the company. Behaviours aiming towards fair and trusting interaction with one another are supported.

Linz, Austria, 30 November 2018

The Board of Management of Energie AG Oberösterreich

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

Dr. Andreas Kolar
Member of the Management Board

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

Consolidated Financial Statements 2017/2018
of Energie AG Oberösterreich

CONSOLIDATED INCOME STATEMENT
01 OCTOBER 2017 TO 30 SEPTEMBER 2018

			2017/2018 EUR 1,000	2016/2017 EUR 1,000
1.	Sales revenues	(6)	1,625,848.7	1,686,662.9
	Procurement costs for electricity and gas trading	(6)	-93,177.6	-91,884.1
	Net sales revenues	(6)	1,532,671.1	1,594,778.8
2.	Change in inventories of finished goods and work in progress		-214.3	-311.6
3.	Other capitalised corporate services		41,819.0	37,396.9
4.	Share in result of companies consolidated at equity	(17)	64,200.2	73,461.2
5.	Other operating revenues (thereof reversals of impairment EUR 2.1 thousand (previous year: EUR 37,328.4 thousand))	(8)	22,364.8	55,635.0
6.	Expenses for materials	(9)	-900,497.8	-934,076.2
7.	Personnel expense	(10)	-274,584.9	-269,654.9
8.	Depreciation, amortisation, and impairments (Thereof impairments EUR 9,360.5 thousand (previous year: EUR 37,194.4 thousand))	(11; 16)	-148,131.8	-170,033.4
9.	Other operating expenses	(12)	-165,782.6	-165,385.1
10.	**Operating result**		**171,843.7**	**221,810.7**
11.	Financing expenses	(13)	-23,182.7	-29,795.3
12.	Other interest income	(13)	908.1	3,122.4
13.	Other financial income	(14)	8,548.0	7,315.1
14.	**Financial result**		**-13,726.6**	**-19,357.8**
15.	**Earnings before taxes**		**158,117.1**	**202,452.9**
16.	Income taxes	(15)	-33,493.4	-45,779.0
17.	**Consolidated net earnings**		**124,623.7**	**156,673.9**
	Thereof attributable to non-controlling interests		990.5	-300.3
	Thereof attributable to investors in the parent company			
	Consolidated net profit		**123,633.2**	**156,974.2**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
01 OCTOBER 2017 TO 30 SEPTEMBER 2018

		2017/2018 EUR 1,000	2016/2017 EUR 1,000
1.	**Consolidated net earnings**	**124,623.7**	**156,673.9**
2.	**Other comprehensive income**		
	Items that will not be subsequently reclassified to the income statement:		
	Revaluation of the defined benefit obligation	-6,794.9	19,615.1
	Changes in value of at-equity companies recognised in equity	-258.5	671.9
	Deferred taxes	1,698.7	-4,903.7
	Items that may be subsequently reclassified to the income statement:		
	Changes in value of investments and available-for-sale securities	-6,405.1	2,088.9
	Changes in value of at-equity companies recognised in equity	–	-31.5
	Hedge accounting	55,484.5	39,147.8
	Currency translation differences	980.6	3,752.1
	Deferred taxes	-12,269.6	-10,309.1
	Total expenses and revenues recognised in other comprehensive income	**32,435.7**	**50,031.5**
3.	**Total comprehensive income after taxes**	**157,059.4**	**206,705.4**
4.	Thereof attributable to non-controlling interests	1,402.0	341.4
5.	**Thereof attributable to parent company**	**155,657.4**	**206,364.0**

CONSOLIDATED BALANCE SHEET
AS OF 30 SEPTEMBER 2018

ASSETS			30 September 2018 EUR 1,000	30 September 2017 EUR 1,000
A.	**Non-current assets**			
I.	Intangible assets and goodwill	(16)	187,150.0	193,312.2
II.	Property, plant and equipment	(16)	2,009,145.7	1,948,116.1
III.	Investments (thereof at-equity companies: EUR 313,604.3 thousand (previous year: EUR 296,072.2 thousand))	(17)	325,163.0	309,629.1
IV.	Other financial assets	(18)	65,318.8	78,310.8
			2,586,777.5	**2,529,368.2**
V.	Other non-current assets	(19)	15,950.7	13,218.4
VI.	Deferred tax assets	(15)	10,589.2	10,450.9
			2,613,317.4	**2,553,037.5**
B.	**Current assets**			
I.	Inventories	(20)	50,508.0	48,085.9
II.	Receivables and other assets	(21)	276,370.3	235,087.6
III.	Fixed term deposits	(5.9)	181,070.1	150,000.0
IV.	Cash and cash equivalents	(22)	101,436.6	93,030.3
			609,385.0	**526,203.8**
			3,222,702.4	**3,079,241.3**

LIABILITIES			30 September 2018 EUR 1,000	30 September 2017 EUR 1,000
A.	**Equity**			
I.	Share capital	(23)	88,779.7	89,087.5
II.	Capital reserves	(23)	214,809.5	214,809.5
III.	Retained earnings	(23)	1,050,716.6	980,105.8
IV.	Other reserves	(23)	12,651.0	-18,269.1
V.	Non-controlling interests	(23)	14,483.2	13,691.7
			1,381,440.0	**1,279,425.4**
B.	**Non-current liabilities**			
I.	Financial liabilities	(24)	428,882.8	454,638.9
II.	Non-current provisions	(25)	278,920.4	280,847.2
III.	Deferred tax liabilities	(15)	75,297.8	62,307.7
IV.	Construction cost subsidies	(26)	370,656.1	362,075.5
V.	Advances received	(27)	27,457.0	37,550.5
VI.	Other non-current liabilities	(28)	76,030.3	72,263.9
			1,257,244.4	**1,269,683.7**
C.	**Current liabilities**			
I.	Financial liabilities	(24)	26,229.8	9,737.8
II.	Current provisions	(29)	17,994.4	14,975.3
III.	Tax provisions	(30)	165.0	142.7
IV.	Trade payables	(24)	157,632.7	156,515.4
V.	Other current liabilities	(31)	381,996.1	348,761.0
			584,018.0	**530,132.2**
			3,222,702.4	**3,079,241.3**

STATEMENT OF CHANGES IN EQUITY
AS OF 30 SEPTEMBER 2018

	Share capital EUR 1,000	Capital reserves EUR 1,000	Retained earnings EUR 1,000	Reserves under IAS 39 EUR 1,000	Reserves under IAS 19 EUR 1,000
Balance as of 30/09/2017	**89,087.5**	**214,809.5**	**980,105.8**	**7,648.7**	**-62,391.4**
Items that will not be subsequently reclassified to the income statement:					
Revaluation of the defined benefit obligation	–	–	–	–	-7,061.7
Changes in value of at-equity companies recognised in equity	–	–	–	–	-258.5
Deferred taxes	–	–	–	–	1,765.4
Items that may be subsequently reclassified to the income statement:					
Changes in value of investments and available-for-sale securities	–	–	–	-6,401.3	–
Changes in value of at-equity companies recognised in equity	–	–	–	–	–
Hedge accounting	–	–	–	55,350.2	–
Currency translation differences	–	–	–	–	–
Deferred taxes	–	–	–	-12,237.0	–
Other comprehensive income	**–**	**–**	**–**	**36,711.9**	**-5,554.8**
Consolidated net result	–	–	123,633.2	–	–
Total comprehensive income for the period	**–**	**–**	**123,633.2**	**36,711.9**	**-5,554.8**
Dividend distribution	–	–	-53,267.8	–	–
Treasury stocks	-307.8	–	307.8	–	–
Other	–	–	-62.4	–	–
Transactions with shareholders	**-307.8**	**–**	**-53,022.4**	**–**	**–**
Balance as of 30/09/2018	**88,779.7**	**214,809.5**	**1,050,716.6**	**44,360.6**	**-67,946.2**

Other reserves							
Revaluation reserve EUR 1,000	Treasury stocks EUR 1,000	Currency translation differences EUR 1,000	Total EUR 1,000	Equity of investors in parent company EUR 1,000	Non-controlling interests EUR 1,000	Total EUR 1,000	
37,541.1	**-6,540.8**	**5,473.3**	**-18,269.1**	**1,265,733.7**	**13,691.7**	**1,279,425.4**	
–	–	–	-7,061.7	-7,061.7	266.8	-6,794.9	
–	–	–	-258.5	-258.5	–	-258.5	
–	–	–	1,765.4	1,765.4	-66.7	1,698.7	
–	–	–	-6,401.3	-6,401.3	-3.8	-6,405.1	(23)
–	–	–	–	–	–	–	
–	–	–	55,350.2	55,350.2	134.3	55,484.5	(23)
–	–	867.1	867.1	867.1	113.5	980.6	(5.18)
–	–	–	-12,237.0	-12,237.0	-32.6	-12,269.6	
–	**–**	**867.1**	**32,024.2**	**32,024.2**	**411.5**	**32,435.7**	
–	–	–	–	123,633.2	990.5	124,623.7	
–	**–**	**867.1**	**32,024.2**	**155,657.4**	**1,402.0**	**157,059.4**	
–	–	–	–	-53,267.8	-578.6	-53,846.4	
–	-1,104.1	–	-1,104.1	-1,104.1	–	-1,104.1	(23)
–	–	–	–	-62.4	-31.9	-94.3	
–	**-1,104.1**	**–**	**-1,104.1**	**-54,434.3**	**-610.5**	**-55,044.8**	
37,541.1	**-7,644.9**	**6,340.4**	**12,651.0**	**1,366,956.8**	**14,483.2**	**1,381,440.0**	

STATEMENT OF CHANGES IN EQUITY
AS OF 30 SEPTEMBER 2017

	Share capital EUR 1,000	Capital reserves EUR 1,000	Retained earnings EUR 1,000	Reserves under IAS 39 EUR 1,000	Reserves under IAS 19 EUR 1,000
Balance as of 30/09/2016	**89,087.5**	**214,809.5**	**876,445.1**	**-23,146.5**	**-77,704.1**
Items that will not be subsequently reclassified to the income statement:					
Revaluation of the defined benefit obligation	–	–	–	–	19,521.0
Changes in value of at-equity companies recognised in equity	–	–	–	–	671.9
Deferred taxes	–	–	–	–	-4,880.2
Items that may be subsequently reclassified to the income statement:					
Changes in value of investments and available-for-sale securities	–	–	–	2,089.5	–
Changes in value of at-equity companies recognised in equity	–	–	–	-31.5	–
Hedge accounting	–	–	–	39,012.7	–
Currency translation differences	–	–	–	–	–
Deferred taxes	–	–	–	-10,275.5	–
Other comprehensive income	**–**	**–**	**–**	**30,795.2**	**15,312.7**
Consolidated net result	–	–	156,974.2	–	–
Total comprehensive income for the period	**–**	**–**	**156,974.2**	**30,795.2**	**15,312.7**
Dividend distribution	–	–	-53,269.3	–	–
Treasury stocks	–	–	–	–	–
Other	–	–	-44.2	–	–
Transactions with shareholders	**–**	**–**	**-53,313.5**	**–**	**–**
Balance as of 30/09/2017	**89,087.5**	**214,809.5**	**980,105.8**	**7,648.7**	**-62,391.4**

Other reserves							
Revaluation reserve EUR 1,000	**Treasury stocks** EUR 1,000	**Currency translation differences** EUR 1,000	**Total** EUR 1,000	**Equity of investors in parent company** EUR 1,000	**Non-controlling interests** EUR 1,000	**Total** EUR 1,000	
37,541.1	**-6,490.8**	**2,191.4**	**-67,608.9**	**1,112,733.2**	**13,946.0**	**1,126,679.2**	
–	–	–	19,521.0	19,521.0	94.1	19,615.1	
–	–	–	671.9	671.9	–	671.9	
–	–	–	-4,880.2	-4,880.2	-23.5	-4,903.7	
–	–	–	2,089.5	2,089.5	-0.6	2,088.9	(23)
–	–	–	-31.5	-31.5	–	-31.5	
–	–	–	39,012.7	39,012.7	135.1	39,147.8	(23)
–	–	3,281.9	3,281.9	3,281.9	470.2	3,752.1	(5.18)
–	–	–	-10,275.5	-10,275.5	-33.6	-10,309.1	
–	**–**	**3,281.9**	**49,389.8**	**49,389.8**	**641.7**	**50,031.5**	
–	–	–	–	156,974.2	-300.3	156,673.9	
–	**–**	**3,281.9**	**49,389.8**	**206,364.0**	**341.4**	**206,705.4**	
–	–	–	–	-53,269.3	-574.6	-53,843.9	
–	-50.0	–	-50.0	-50.0	–	-50.0	(23)
–	–	–	–	-44.2	-21.2	-65.4	
–	**-50.0**	**–**	**-50.0**	**-53,363.4**	**-595.8**	**-53,959.2**	
37,541.1	**-6,540.8**	**5,473.3**	**-18,269.1**	**1,265,733.7**	**13,691.7**	**1,279,425.4**	

CASH FLOW STATEMENT

	2017/2018 EUR 1,000	2016/2017 EUR 1,000	
Earnings before income taxes	**158,117.1**	**202,452.9**	
Tax payments	-34,905.8	-26,084.6	
Earnings after taxes	**123,211.3**	**176,368.3**	
Depreciation/reversals of non-current assets	146,174.8	132,742.2	
Change in non-current provisions	-8,736.1	-11,025.7	
Change in other non-current assets	1,942.6	-790.0	
Change in other non-current liabilities	-8,558.0	-5,133.2	
Retained earnings of equity companies	-16,426.9	-15,079.0	
Construction cost subsidies received	34,386.5	28,668.0	(26)
Revenues from the reversal of construction cost subsidies	-25,805.9	-24,984.6	(26)
Losses from the disposal of assets	3,418.4	5,101.5	
Profits from the disposal of assets	-7,935.2	-9,329.7	
Other non-cash expenses and revenues	-7,023.7	15,506.0	
	234,647.8	**292,043.8**	
Change in inventories and current receivables	-55,842.4	-35,571.9	
Payments from hedging transactions	68,306.4	21,483.6	
Change in current liabilities	7,866.9	-2,946.4	
Change in current provisions	3,019.1	3,802.9	
CASH FLOW FROM OPERATING ACTIVITIES	**257,997.8**	**278,812.0**	
Inflow from the disposal of property, plant and equipment, and intangible assets	3,764.6	6,560.4	
Outflow for additions to property, plant, equipment and intangible assets	-201,766.9	-178,268.1	
Inflow from the disposal of financial assets	18,463.3	45,839.8	
Change in scope of consolidation	66.7	-1,915.0	(3)
Outflow for additions to financial assets and other financial investments	-5,905.2	-33,961.8	
CASH FLOW FROM INVESTMENTS	**-185,377.5**	**-161,744.7**	
Dividend distribution	-53,846.4	-53,843.9	(34)
Acquisition of own shares and non-controlling interests	-1,198.4	-120.3	
Principal repayment of loan for Gas- und Dampfkraftwerk Timelkam GmbH	-5,250.0	-39,143.7	(24.7)
Principal repayment of non-current liabilities to banks	–	-20,000.0	
Other changes in financial liabilities	-4,014.1	-6,950.3	(24.7)
CASH FLOW FROM FINANCING ACTIVITIES	**-64,308.9**	**-120,058.2**	
TOTAL CASH FLOW	**8,311.4**	**-2,990.9**	

	2017/2018 EUR 1,000	2016/2017 EUR 1,000	
Cash funds at beginning of period	93,030.3	95,605.0	(22)
Cash flow	8,311.4	-2,990.9	
Exchange rate effects	94.9	416.2	
Cash funds at end of period	101,436.6	93,030.3	(22)
The cash flow from operating activities includes:			
Interest received	1,014.9	801.6	
Interest paid	17,542.4	26,456.2	
Dividends received	49,374.2	59,150.6	(17)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2017/2018 OF ENERGIE AG OBERÖSTERREICH

GENERAL NOTES

1. General Information

Energie AG Oberösterreich is a modern and competitive energy and service provider in the Energy, Grid, Waste Management, Water and Holding & Services Segments.

The parent company of the Group is Energie AG Oberösterreich with registered office at Böhmerwaldstraße 3 in Linz, Austria.

The consolidated financial statements of Energie AG Oberösterreich for the 2017/2018 fiscal year were drawn up in accordance with the International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB), as they were required to be applied as of the balance sheet date, as well as in accordance with the interpretations of the International Financial Reporting Committee (IFRIC) as adopted by the European Union.

The present consolidated financial statements according to the IFRS release the company from its obligation under section 245 a of the Austrian Commercial Law Code to prepare a consolidated annual financial statement in keeping with the Austrian Commercial Law Code. Whenever the Austrian Commercial Law Code so requires, additional information is provided in the respective notes.

The figures in the consolidated financial statements are reported thousands of euros (EUR 1,000). The use of automated calculation systems may give rise to rounding differences when adding up rounded figures and percentages.

2. Change of Accounting Methods

2.1. Standards and Interpretations Applied or Amended and Adopted by the EU for the First Time

New applicable amended standards and interpretations adopted by the EU, taking effect on 1 January 2017 or later:

- IAS 7 (Amendments: Disclosure Initiative)
- IAS 12 (Amendments: Recognition of Deferred Tax Assets for Unrealised Losses)
- Annual Improvements to IFRS Standards 2014-2016 Cycle

The initial application does not result in any material changes.

2.2. Standards and Interpretations that Have Not Been Applied Early

In the 2017/2018 consolidated financial statements, the following amendments adopted by the EU were not applied early:

Entry into force in the EU on 1 January 2018 or later:

- IFRS 9 (Financial Instruments)
- IFRS 15 (Revenue from Contracts with Customers)
- IFRS 15 (Clarifications: Revenue from Contracts with Customers)
- IFRS 2 (Amendments: Classification and Measurement of Share-based Payments Transactions)
- IAS 40 (Amendments: Transfer of Investment Property)
- IFRS 4 (Amendments: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts)
- Annual Improvements to IFRS Standards 2014-2016 Cycle
- IFRIC 22 (Foreign Currency Transactions and Advance Consideration)

Entry into force in the EU on 1 January 2019:

- IFRS 16 (Leases)
- IFRS 9 (Amendments: Prepayment Features with Negative Compensations)
- IFRIC 23 (Uncertainty over Income Tax Treatments)

The following standards and interpretations, amendments and improvements of standards enter into force on 1 January 2018 or later, although they have not yet been adopted by the European Union at this time:

- IFRS 17 (Insurance Contracts)
- IAS 28 (Amendments: Long-Term Interests in Associates and Joint Ventures)
- IAS 19 (Amendments: Plan Amendment, Curtailment or Settlement)
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments References to the Conceptual Framework in IFRS Standards
- IFRS 3 (Amendments: Definition of business plan)
- IAS 1 (Amendments), IAS 8 (Amendments: Definition of material)

These standards are expected to be applied on their date of entry into force.

Entry into force on 1 January 2016, adopted by the European Union but postponed for an indefinite time:

- IFRS 10 and IAS 28 (Amendments: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

IFRS 9 (Financial Instruments)

IFRS 9, issued in July 2014, replaces the existing guidelines in IAS 39 (Financial Instruments: Recognition and Measurement). IFRS 9 contains revised guidelines for the classification and measurement of financial instruments, including a new Expected Credit Losses Model to calculate the impairment of financial assets, as well as the new general reporting requirements for hedge accounting. It also incorporates the guidelines for the recognition and the derecognition of financial instruments from IAS 39. IFRS 9 is to be used for the first time in the 2018/2019 fiscal year, although early use is permitted.

IFRS 9 is applied for the first time in fiscal year 2018/2019. The option to provisionally maintain the guidelines of IAS 39 for the accounting of hedging transactions is not exercised. IFRS 9 is applied prospectively, where applicable.

In accordance with IAS 39, unlisted equity instruments classified as available for sale did not have to be measured at their fair value if the value cannot be reliably ascertained. IFRS 9 does however strictly require their measurement at fair value. This results in an increase in value of a participating interest recognised in the item Other investments (previously AFS (at cost), now FVOCI) by EUR 4.7 million. The other effects are insignificant.

IFRS 9 no longer permits the reclassification of accumulated profits or losses from equity instruments recognised in the other comprehensive income to profit or loss.

An impairment for expected credit losses must be recognised for financial assets measured in accordance with IFRS 9.4.1.2 or IFRS 9.4.1.2.A. If the credit risk has increased since the initial recognition, or where trade receivables are concerned, the impairment will correspond to the amount of credit losses expected over the term. If the credit risk has not increased since the initial recognition, an impairment in the amount of the credit losses expected over a period of 12 months must be recognised. In the Energie AG Group, this rule particularly concerns the items "Trade receivables", "Fixed term deposits" and "Cash and cash equivalents". Impairments in the amount of EUR 0.3 million were recognised for previously unimpaired trade receivables.

Derivatives with a cash flow-hedge relationship and derivatives with a fair value-hedge relationship are also classified effective hedging transactions under IFRS 9.

	Category according to IAS 39	Category according to IFRS 9	Carrying amount IAS 39 30/09/2018 EUR 1,000
Investments			**11,558.7**
Shares in affiliated companies	AfS (at cost)	FVOCI	2,097.1
Available for sale investments	AfS	FVOCI	927.1
Other investments	AfS (at cost)	FVOCI	8,534.5
Other financial assets			**65,318.8**
Loans to affiliated companies	LaR	AC	37.0
Loans to companies in which an interest is held	LaR	AC	12,618.4
Other lendings	LaR	AC	6,307.6
Securities (held to maturity)	HtM	AC	1.0
Securities (available for sale)	AfS	FVOCI	14,892.1
Securities (available for sale)	AfS	FVPL	3,080.7
Securities (fair value option)	AtFVP&L (FV option)	FVPL	28,382.0
Receivables and other assets (non-current and current) according to the balance sheet			**292,321.0**
Thereof non-financial assets			**31,140.5**
Thereof financial assets			**261,180.5**
Trade receivables	LaR	AC	171,895.5
Receivables from affiliated companies	LaR	AC	295.7
Receivables from joint arrangements and associated companies	LaR	AC	23,517.8
Derivatives designated as hedging instruments (cash flow hedges)	n/a	n/a	2,268.1
Derivatives not designated as hedging instruments	AtFVP&L (Trading)	FVPL	33,806.4
Other financial assets	LaR	AC	29,397.0
Fixed term deposits	LaR	AC	**141,152.5**
Fixed term deposits	AtFVP&L (FV option)	FVPL	**39,917.6**
Cash and cash equivalents	LaR	AC	**101,436.6**
Total financial assets			**620,564.7**

	Category according to IAS 39	Category according to IFRS 9	Carrying amount IAS 39 30/09/2018 EUR 1,000
Financial liabilities (non-current and current)			**455,112.6**
Bonds	FLAC	FLAC	302,125.1
Liabilities to banks	FLAC	FLAC	29,266.0
Liabilities from finance leases	IAS 17	IAS 17	48,972.8
Other financial liabilities	FLAC	FLAC	74,748.7
Trade payables (current)	FLAC	FLAC	**157,632.7**
Other liabilities (non-current and current) according to the balance sheet			**458,026.4**
Thereof non-financial liabilities			**241,629.5**
Thereof financial liabilities			**216,396.9**
Liabilities to affiliated companies	FLAC	FLAC	18,219.1
Liabilities to joint arrangements and associated companies	FLAC	FLAC	92,821.3
Derivatives designated as hedging instruments (cash flow hedges)	n/a	n/a	14,287.1
Derivatives not designated as hedging instruments	AtFVP&L (Trading)	FVPL	33,361.9
Other financial liabilities (non-current and current)	FLAC	FLAC	57,707.5
Total financial liabilities			**829,142.2**

AfS Available for Sale
LaR Loans and Receivables
HtM Held to Maturity
FLAC Financial Liabilities at Amortized Cost
AtFVP&L At Fair Value through Profit or Loss
FVOCI Measurement at fair value through other comprehensive income.
AC At Cost (At amortised cost)
FVPL Measurement at fair value through profit or loss

IFRS 15 (Revenue from Contracts with Customers)

IFRS 15 was published in May 2014 and replaces the previous rules set out in IAS 18, IAS 11, IFRIC 13, IFRIC 15 and IFRIC 18. In the future, new qualitative and quantitative information will be required to allow the target audience of the financial statements to understand the type, amount, time and uncertainty of sales revenues and cash flows from contracts with customers. Using a five-step model, companies must determine at what time (or period) and what amount sales revenues are recognised. The model specifies that sales revenues must be reported at the time (or over the period) of the transfer of control over goods or services from the company to the customer with the amount which the company is expected to be entitled to. Depending on the fulfilment of various criteria, revenues are recognised as follows:

- Over a period such that the service provision of the company is reflected; or
- At a time at which the control over the goods or services is transferred to the customer.

IFRS 15 is applied for the first time in fiscal year 2018/2019. Its first-time application had retrospective effect, with any accumulated adjustment amounts from the initial application being recognised at the time of the initial application (modified retrospective application).

Major components of the sales revenues were analysed with regard to potential implications from the initial application of IFRS 15. This analysis concerns in particular:

- Sales revenues from the delivery of electricity
- Sales revenues from the sale of natural gas
- Sales revenues from the electricity and gas grid
- Sales revenues from the Waste Management Segment
- Sales revenues from the delivery and disposal of waste water

Contracts exist within the Group that provide for contractual obligations consisting of discrete and distinct goods or services. As the different components are already being factored in, recorded and billed separately, no significant changes are expected to result from these circumstances.

The overall result of the analysis showed that, based on the currently available information, no significant changes are expected from the initial application of IFRS 15. In accordance with IFRIC 18, revenues from construction cost subsidies in the amount of EUR 25.8 million are currently recognised as sales revenues over the respective useful life of the asset. In the future, construction cost subsidies will be recognised in accordance with IFRS 15. This will not result in any changes to the recognition and measurement of construction cost subsidies under IFRIC 18.

IFRS 16 (Leases)

IFRS 16, published in January 2016, replaces IAS 17, IFRIC 4, SIC-15 and SIC-27. The new standard provides that in future all leases and the contractual rights and obligations associated with these must be reported on the balance sheet of the lessee. This resolves the current differences in the recognition of operating and finance leases under IAS 17. The lessee will recognise a right-of-use asset representing its right to use an underlying asset and a lease liability in the amount of the lease's present value. The right of use asset must then be amortised and the lease liability carried forward using the effective interest method. There are exemptions possible for short-term leases and leased properties of low value. IFRS 16 will have to be applied for the first time in fiscal year 2019/2020. Early application is permitted, but not intended by Energie AG.

The most material change concerns the Group's head office in Linz. The use of the Group's head office is currently arranged on the basis of an operating lease. Under the current conditions, it is expected that a right-of-use asset and a lease liability in the amount of EUR 40.2 million (estimated lease liability as per 1 October 2019) will have to be recognised. In addition, portfolio contracts regarding property were localised in the Waste Management Segment resulting, based on the currently available information, in the recognition of a right of use asset and a corresponding liability in the amount of EUR 17.4 million.

Current finance leases (carrying amount as of 30 September 2018: EUR 22.3 million) will be continued; there will only be a reclassification of the asset as a right-of-use asset.

3. Scope of Consolidation

3.1. Principles

Subsidiaries

All material entities that are directly or indirectly controlled by Energie AG Oberösterreich (subsidiaries) are fully consolidated according to IFRS 10 and included in the consolidated financial statements. Control exists when the investor is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to influence the amount of the investor's returns. In all cases, the control results from the equity instruments that are held (participating interests in the company and shares).

Joint Arrangements

IFRS 11 outlines accounting by entities that jointly control an arrangement. Joint control involves the contractually agreed sharing of control. If the controlling parties have rights to the net assets of the arrangement (joint venture), the equity method is used for financial reporting. If the controlling parties have rights to the assets, and obligations for the liabilities, relating to the agreement (joint operations), the assets and liabilities, as well as the revenues and expenses, are recognised using proportionate consolidation.

Joint Operations

Ennskraftwerke Aktiengesellschaft produces electricity with hydropower plants. Gas- und Dampfkraftwerk Timelkam GmbH supplies electricity from the operation of a combined cycle gas-turbine power plant. The Group holds a strategic interest of 50% in both Ennskraftwerke Aktiengesellschaft and Gas- und Dampfkraftwerk Timelkam GmbH. The entities are not controlled by any party.

Under the existing electricity supply contracts, the investors purchase the electric energy produced by the Group companies, where the internal price is calculated on a pro-rata basis of the production costs, plus a corresponding profit margin. Due to the electricity supply contracts, the parties have rights to the assets attributable to the arrangements. As the arrangements' liabilities can only be settled with these cash flows, the parties have obligations for the liabilities relating to the joint arrangement. Ennskraftwerke Aktiengesellschaft and Gas- und Dampfkraftwerk Timelkam GmbH are therefore classified as joint operations according to IFRS 11.

The share of the assets and liabilities, as well as the revenues and expenses are reported in the consolidated financial statements. The average share of the electricity supply (38%) is used to determine the share for the pro rata recognition of Ennskraftwerke Aktiengesellschaft. The share of the electricity procured from Gas- und Dampfkraftwerk Timelkam GmbH, amounting to 70%, is used for the consolidation of the company.

Joint Ventures

Due to special agreements under company law, no control exists for ENAMO GmbH, ENAMO Ökostrom GmbH, Energie AG Oberösterreich Vertrieb GmbH & Co KG, "Papyrus" Altpapierservice Handelsgesellschaft m.b.H. (Salzburg), Papyrus Wertstoff Service GmbH (Bad Reichenhall, Germany) or for Fernwärme Steyr GmbH, despite holding a majority of the voting rights. These companies are controlled jointly with other investors and are therefore accounted for using the equity method.

ENAMO GmbH delivers electric energy to key account customers, Energie AG Oberösterreich Vertrieb GmbH & Co KG delivers electricity to private and business customers.

Energie AG Oberösterreich is the sole limited partner of Energie AG Oberösterreich Vertrieb GmbH & Co KG. ENAMO GmbH, a joint venture between Energie AG Oberösterreich Service- und Beteiligungsverwaltungs-GmbH and LINZ STROM GmbH, is general partner.

In line with IFRS 11, ENAMO GmbH, with the subsidiaries Energie AG Oberösterreich Vertrieb GmbH & Co KG and LINZ STROM Vertrieb GmbH & Co KG controlled by it, represents a joint arrangement or joint venture, as these companies are controlled jointly by Energie AG Oberösterreich and LINZ AG. These entities are to be accounted for at equity in the consolidated financial statements in line with IFRS 11 in conjunction with IAS 28. Due to the contractually agreed shares of the revenues, this amounts to 80% for ENAMO GmbH, 100% for Energie AG Oberösterreich Vertrieb GmbH & Co KG, and 0% for LINZ STROM Vertrieb GmbH & Co KG.

Associated Companies

Companies in which Energie AG Oberösterreich exercises a significant influence (associated companies) are consolidated using the equity method. Significant influence exists due to holdings of the entity's share capital. Salzburg AG für Energie, Verkehr und Telekommunikation is an infrastructure provider for energy, transport and telecommunication. Wels Strom GmbH is an energy utility and service company.

Structured Entities

The Group has been leasing the property at Böhmerwaldstraße 3, Linz, where Group headquarters is located, from Power Tower GmbH since the year 2008. The Group holds a 1% share in the company.

The company is not financed by the Group. The leasing contract is for an indefinite period, cancellation by the lessee is only possible 20 years after the start of the contract at the earliest, under certain circumstances only after 23 years. The Group has the unilateral right, but no obligation, to acquire Power Tower GmbH 15 or 20 years after the commencement of the lease. Leasing payments are linked to interest rate developments. The Group is required to perform the ongoing maintenance of the property and fulfill all legal requirements that could also apply to the owner. There are no other additional risks. The leasing contract has been classified as an operating lease contract in line with IAS 17. Power Tower GmbH is to be considered a structured entity pursuant to IFRS 12, but the lack of control means that it is not to be included as a subsidiary in the consolidated financial statements. The rental and leasing expenses include contingent leasing payments in the amount of EUR -1,965.7 thousand (previous year: EUR -1,946.7 thousand) calculated on the basis of variable interest rates.

Other Investments

Interests in subsidiaries, joint ventures, or associated companies that are of subordinate importance from the Group perspective are classified as “available for sale”. If there is no quoted price in an active market available, and the fair value cannot be measured reliably, the value is recognised at cost. The companies which are not consolidated because of their subordinate importance are also insignificant in the total sum.

The changes in the scope of consolidation are as follows:

	Full consolidation	Proportionate consolidation	Equity consolidation
30/09/2017	**48**	**2**	**12**
Included for the first time in the reporting year	3	0	2
30/09/2018	**51**	**2**	**14**

Energie AG Oberösterreich Personal Power GmbH (Holding & Services Segment, Austria), VODOS Velkoobchod s.r.o. (Water Segment, Czech Republic) and VODOSPOL s.r.o. (Water Segment, Czech Republic) were included in the consolidated financial statements as fully consolidated entities for the first time in the reporting period. The effects on the consolidated financial statements are insignificant.

The companies Geothermie-Wärmegesellschaft Braunau-Simbach GmbH (Energy Segment, Austria) and Geothermie-Fördergesellschaft Simbach-Braunau GmbH (Energy Segment, Germany) were for the first time included in the consolidated statements as companies consolidated at equity. The earnings contribution of both companies amounts to EUR 0.8 million.

Joint Ventures

	Energie AG Oberösterreich Vertrieb GmbH & Co KG		ENAMO GmbH		Other joint ventures	
	30/09/2018 EUR mill.	30/09/2017 EUR mill.	30/09/2018 EUR mill.	30/09/2017 EUR mill.	30/09/2018 EUR mill.	30/09/2017 EUR mill.
Non-current assets	2.6	2.4	0.1	0.1	68.3	72.8
Current assets	140.1	136.8	36.7	33.4	12.1	13.1
	142.7	**139.2**	**36.8**	**33.5**	**80.4**	**85.9**
Equity	101.5	96.4	12.6	11.2	20.3	17.7
Non-current liabilities	13.1	12.7	0.1	0.1	51.6	56.6
Current liabilities	28.1	30.1	24.1	22.2	8.5	11.6
	142.7	**139.2**	**36.8**	**33.5**	**80.4**	**85.9**
Cash and cash equivalents	0.4	0.5	4.7	0.6	5.5	5.3
Non-current financial liabilities	–	–	–	–	40.7	45.7

	Energie AG Oberösterreich Vertrieb GmbH & Co KG		ENAMO GmbH		Other joint ventures	
	2017/2018 EUR mill.	2016/2017 EUR mill.	2017/2018 EUR mill.	2016/2017 EUR mill.	2017/2018 EUR mill.	2016/2017 EUR mill.
Sales revenues	224.2	240.2	203.4	215.9	57.3	58.6
Depreciation, amortisation, and impairments	–	–	–	–	-5.7	-5.8
Interest income	0.1	0.1	–	–	–	0.8
Interest expense	-0.2	-0.2	–	–	-1.2	-1.4
Taxes	0.1	-0.1	-0.9	-1.0	-0.9	-1.0
Earnings after taxes	43.9	52.0	4.5	2.9	2.8	4.1
Share in net assets as of 1 October	96.3	91.8	7.9	9.7	4.7	3.4
Profit for the period	45.2	52.5	3.5	2.6	1.6	1.6
Dividends	-40.0	-48.0	–	-4.4	–	-0.3
Share in net assets as of 30 September	101.5	96.3	11.4	7.9	6.3	4.7
Goodwill	–	–	–	–	4.2	4.2
Carrying amount as of 30 September	**101.5**	**96.3**	**11.4**	**7.9**	**10.5**	**8.9**

Associated Companies

	Salzburg AG für Energie, Verkehr und Telekommunikation		Wels Strom GmbH		Other associated companies	
	30/09/2018 EUR mill.	30/09/2017 EUR mill.	30/09/2018 EUR mill.	30/09/2017 EUR mill.	30/09/2018 EUR mill.	30/09/2017 EUR mill.
Non-current assets	1,326.2	1,368.8	68.4	52.2	28.0	19.1
Current assets	133.2	71.5	11.9	11.8	10.8	8.2
	1,459.4	**1,440.3**	**80.3**	**64.0**	**38.8**	**27.3**
Equity	532.0	515.2	23.6	23.9	9.6	4.8
Non-current liabilities	655.2	639.7	25.7	26.5	9.4	5.2
Current liabilities	272.2	285.4	31.0	13.6	19.8	17.3
	1,459.4	**1,440.3**	**80.3**	**64.0**	**38.8**	**27.3**

	Salzburg AG für Energie, Verkehr und Telekommunikation		Wels Strom GmbH		Other associated companies	
	2017/2018 EUR mill.	2016/2017 EUR mill.	2017/2018 EUR mill.	2016/2017 EUR mill.	2017/2018 EUR mill.	2016/2017 EUR mill.
Sales revenues	1,411.8	1,259.7	75.3	78.5	5.8	1.7
Earnings after taxes	41.2	77.3	2.3	4.8	-0.1	-0.1
Dividends	-6.4	-17.6	-1.3	-2.2	–	–
Share in net assets as of 1 October	134.8	119.2	11.8	10.5	–	–
Inclusion for the first time	–	–	–	–	1.4	3.2
Profit for the period	11.7	20.2	1.1	2.4	0.8	-1.3
Impairment	–	–	–	–	–	-1.9
Dividends	-6.5	-4.6	-1.3	-1.1	–	–
Carrying amount as of 30 September	140.0	134.8	11.6	11.8	2.2	–
Goodwill	18.7	19.7	17.7	18.7	–	–
Impairment	–	-1.0	–	-1.0	–	–
Carrying amount as of 30 September	**158.7**	**153.5**	**29.3**	**29.5**	**2.2**	**–**

3.2. Group Companies

	Domicile	Interest held in % (previous year)	Consolidation method (previous year)
Austria			
Energie AG Oberösterreich	Linz	Parent company	
Energie AG Oberösterreich Service- und Beteiligungsverwaltungs-GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Business Services GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Customer Services GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Kraftwerk Ennshafen GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Kraftwerke GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Kraftwerk Labenbach GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Personalmanagement GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Personal Power GmbH	Linz	100.00 (-)	FC (-)
Energie AG Oberösterreich Trading GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Telekom GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Tech Services GmbH	Linz	100.00 (100.00)	FC (FC)
Netz Oberösterreich GmbH	Linz	100.00 (100.00)	FC (FC)
Energie-Contracting Steyr GmbH	Steyr	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Wärme GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Renewable Power GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Group Treasury GmbH	Linz	100.00 (100.00)	FC (FC)
Cogeneration-Kraftwerke Management Oberösterreich GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Power Solutions GmbH	Linz	100.00 (100.00)	FC (FC)
IfEA Institut für Energieausweis GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Umwelt Holding GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Umwelt Service GmbH	Hörsching	100.00 (100.00)	FC (FC)
ASPG Altlastensanierungsprojekte GmbH	Hörsching	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Kommunalservice GmbH	Hörsching	100.00 (100.00)	FC (FC)
Abfall-Aufbereitungs-GmbH	Hörsching	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Wasser GmbH	Linz	100.00 (100.00)	FC (FC)
MA Restabfallverwertung GmbH	Hörsching	99.00 (99.00)	FC (FC)
WDL-WasserdienstleistungsGmbH	Linz	90.00 (90.00)	FC (FC)
Market Calling Marketing GesmbH	Linz	60.00 (60.00)	FC (FC)
Gas- und Dampfkraftwerk Timelkam GmbH	Linz	50.00 (50.00)	JO (JO)
Ennskraftwerke Aktiengesellschaft	Steyr	50.00 (50.00)	JO (JO)
Energie AG Oberösterreich Vertrieb GmbH & Co KG	Linz	100.00 (100.00)	JV (JV)
ENAMO GmbH	Linz	80.00 (80.00)	JV (JV)

	Domicile	Interest held in % (previous year)	Consolidation method (previous year)
ENAMO Ökostrom GmbH	Linz	80.00 (80.00)	JV (JV)
„Papyrus" Altpapierservice Handelsgesellschaft m.b.H.	Salzburg	63.33 (63.33)	JV (JV)
Fernwärme Steyr GmbH	Steyr	51.00 (51.00)	JV (JV)
AMR Austrian Metal Recovery GmbH	Linz	50.00 (50.00)	JV (JV)
Windpower EP GmbH	Parndorf	50.00 (50.00)	JV (JV)
Bioenergie Steyr GmbH	Behamberg	49.00 (49.00)	JV (JV)
Wels Strom GmbH	Wels	49.00 (49.00)	EC (EC)
Energie Ried Wärme GmbH	Ried im Innkreis	40.00 (40.00)	EC (EC)
Salzburg AG für Energie, Verkehr und Telekommunikation	Salzburg	26.13 (26.13)	EC (EC)
Geothermie-Wärmegesellschaft Braunau-Simbach mbH	Braunau	40.00 (40.00)	EC (OC)
baulounge GmbH (former Energie AG Oberösterreich Bohemia GmbH)	Linz	100.00 (100.00)	OC (OC)
Oberösterreichische Gemeinnützige Bau- und Wohngesellschaft mit beschränkter Haftung	Linz	100.00 (100.00)	OC (OC)
mieX GmbH	Peilstein	100.00 (100.00)	OC (OC)
Energy IT Service GmbH	Linz	66.67 (66.67)	OC (OC)
BBI Breitbandinfrastruktur GmbH	Linz	55.00 (55.00)	OC (OC)
RVL Reststoffverwertung Lenzing GmbH	Lenzing	50.00 (50.00)	OC (OC)
WDL Infrastruktur GmbH	Linz	49.00 (49.00)	OC (OC)
OÖ Science-Center Wels Errichtungs-GmbH	Wels	47.67 (47.67)	OC (OC)
GRB Geothermie Ried Bohrung GmbH	Ried im Innkreis	40.00 (40.00)	OC (OC)
Recycling Innsbruck GmbH	Innsbruck	25.00 (25.00)	OC (OC)
ELG Liegenschaftsverwertung GmbH	Wallern	20.00 (20.00)	OC (OC)
Czech Republic			
Energie AG Bohemia s.r.o.	Praha	100.00 (100.00)	FC (FC)
CEVAK a.s.	České Budějovice	100.00 (100.00)	FC (FC)
Vodáreská společnost Beroun s.r.o.	Beroun	100.00 (100.00)	FC (FC)
VODOS s.r.o.	Kolín	100.00 (100.00)	FC (FC)
Energie AG Teplo Bohemia s.r.o.	České Budějovice	100.00 (100.00)	FC (FC)
Energie AG Teplo Vimperk s.r.o.	České Budějovice	100.00 (100.00)	FC (FC)
Energie AG Teplo Rokycany s.r.o.	Rokycany	100.00 (100.00)	FC (FC)
Tepelne zasobovani Rakovník spol. s.r.o.	Rakovník	100.00 (100.00)	FC (FC)
Městské tepelné hospodářství Kolín, spol. s r.o	Kolín	95.00 (95.00)	FC (FC)
Vodáreská spolecnost Chrudim a.s.	Chrudim	95.00 (95.00)	FC (FC)
VHOS a.s.	Moravská Třebová	94.58 (93.87)	FC (FC)
SATEZA a.s.	Šumperk	91.67 (91.67)	FC (FC)
Aqua Servis a.s.	Rychnov nad Kněžnou	66.00 (66.00)	FC (FC)

	Domicile	Interest held in % (previous year)	Consolidation method (previous year)
Vodovody a kanalizace Beroun a.s.	Beroun	59.20 (59.20)	FC (FC)
VODOS Velkoobchod s.r.o.	České Budějovice	100.00 (100.00)	FC (OC)
VODOSPOL s.r.o.	Klatovy	100.00 (100.00)	FC (OC)
1. Jihočeská vodohospodářská spol. s r.o.	České Budějovice	100.00 (100.00)	OC (OC)
DÉMOS, spol. s r.o.	Ústí nad Orlicí	100.00 (100.00)	OC (OC)
DÉMOS – správa, s.r.o.	Ústí nad Orlicí	100.00 (100.00)	OC (OC)
Italy			
ECOFE S.R.L.	Meran	100.00 (100.00)	FC (FC)
Salvatonica Energia S.R.L.	Meran	100.00 (100.00)	FC (FC)
Energie AG Südtirol Umwelt Service GmbH	Neumarkt	100.00 (100.00)	FC (FC)
Germany			
Erdgas Oberösterreich Vertriebs GmbH	Tittling	100.00 (100.00)	FC (FC)
Papyrus Wertstoff Service GmbH	Bad Reichenhall	63.33 (63.33)	JV (JV)
Geothermie-Fördergesellschaft Simbach-Braunau mbH	Simbach	40.00 (40.00)	EC (OC)
Poland			
Finadvice Fair Energy Wind Development sp.zo.o.	Warszawa	100.00 (-)	OC (—)
Finadvice Fair Energy Wind Development 5 Sp. z o.o.	Warszawa	100.00 (-)	OC (—)
Hungary			
Energie AG Heves Régió Környezetvédelmi és Hulladékgazdálkodási Korlátolt Felelősségű Társaság	Hejőpapi	100.00 (100.00)	FC (FC)
Slovenia			
Komunalna ODTOK d.o.o. (formerly VARINGER d.o.o.)	Maribor	100.00 (100.00)	FC (FC)

FC fully consolidated company
JV joint venture consolidated at equity
JO joint operation, proportionate consolidation of assets and liabilities, as well as expenses and revenues
EC associated company consolidated at equity
OC companies not consolidated due to immateriality

4. Consolidation Methods

Capital consolidation uses the purchase method of accounting, under which the fair value of the consideration paid for the acquired company is offset from the proportionate revaluated equity of the subsidiaries at the acquisition date. The non-controlling interests are measured at the fair value of the attributable assets and liabilities of the acquiree (partial goodwill method).

Goodwill from business combinations is measured according to IFRS 3. The acquired goodwill is essentially based on expected future revenues and synergy effects. The impairment of goodwill is tested at least once each year in accordance with IAS 36. Negative differences are recognised immediately in accordance with IFRS 3.

The financial statements of the entities fully or proportionally consolidated in the consolidated financial statements are reported according to uniform accounting and measurement principles. The separate financial statements of the fully consolidated entities, joint operations and joint ventures, as well as the entities accounted for using the equity method, are reported at the date of the consolidated financial statements, or interim reports are prepared.

Intragroup receivables and liabilities, expenses and revenues, as well as interim results are eliminated.

5. Accounting and Valuation Principles

5.1. Estimates

Compiling the consolidated financial statements required estimates to be made that influence the assets, liabilities and equity, revenues, and expenses, as well as the figures disclosed in the notes.

In particular, estimates and assumptions are made in calculating provisions and in testing asset impairment.

Estimates and assumptions in the area of personnel provisions primarily involve interest rates, wage and salary trends and fluctuation.

The salary trend used to determine the provisions for pensions consists of the expected future increase of salaries and wages under collective agreements (ECB long-term inflation target plus a surcharge) and the average increases of salaries and wages.

The interest rate for discounting the provisions for pensions is determined by an external service provider on the basis of "high quality corporate bonds" and adjusted for the company's internal duration.

The interest rate for discounting the other non-current provisions is based on a no-risk interest rate determined on the basis of AAA-rated treasury bills.

In the course of testing the impairment of assets and goodwill, estimates are made concerning future cash flows and interest rates (see item 5.4 › page 94 and following items).

To determine the useful lives of non-current assets, an estimate is made of the probable duration of the useful life of the assets for the company.

The estimates made May differ from the figures that actually result in the future and influence subsequent consolidated financial statements. In respect to the possible effects of changes in estimates, please refer to the sensitivity analyses concerning impairment testing and actuarial parameters.

Carrying Amounts	**30/09/2018** EUR 1,000	**30/09/2017** EUR 1,000
Goodwill	66,063.4	65,887.3
Property, plant and equipment	2,009,145.7	1,948,116.1
Investments	325,163.0	309,629.1
Non-current provisions	278,920.4	280,847.2
Current provisions	17,994.4	14,975.3

5.2. Intangible Assets

The goodwill resulting from the acquisition of subsidiaries is reported under intangible assets. Goodwill is recognised at cost less accumulated impairment losses.

Other assets acquired by the Group that have limited useful lives are recognised at cost less accumulated depreciation, and accumulated impairment losses.

Under certain circumstances according to IAS 38 (Intangible Assets), development costs are to be capitalised as self-created intangible assets and subsequently amortised over their useful lives.

With the exception of goodwill, intangible assets are amortised over the period of the following estimated useful lives:

	Useful life in years
Intangible assets	
Procurement rights	15 – 99
Other rights	4 – 50
Customer base	8 – 26
Dumping rights and landfills	**depending on utilization**

Costs for research activities with the prospect of providing new scientific or technical insights are recognised as expenses.

5.3. Property, Plant and Equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

The costs include expenses that are directly attributable to the acquisition of the asset. The costs for self-constructed assets include:

- material costs and production wages, including material and production overheads. General administrative expenses are not capitalised
- all other costs directly attributable to bringing the assets into working condition for their intended use
- the estimated costs of dismantling and removing the objects and restoring the site
- capitalised borrowing costs

Subsequent expenses are only capitalised when it is probable that the future economic benefit associated with these expenses will flow to the Group. Ongoing repairs and maintenance are immediately recognised as expenses.

Property, plant and equipment are depreciated from the date on which they are available for use, or in the case of self-constructed assets, from the date the asset is completed and ready for use.

As far as different useful lives are to be applied for material non-current assets, these are recognised according to the component approach (IAS 16.43).

The depreciation of significant property, plant and equipment is recognised according to the following, Group-wide uniform useful lives:

	Useful life in years
Constructions	
Buildings	50
Other structures	10 – 50
Water engineering structures	50 – 75
Technical equipment and machinery	
Power plants	10 – 50
Electricity grid	15 – 40
Waste disposal systems	6 – 20
Telecommunications facilities	7 – 20
Manufacturing plant and equipment	**3 – 10**

5.4. Impairment of Goodwill

In the fourth quarter of each fiscal year, or during the course of the year when an impairment indicator arises, any potentially incurred impairment losses are determined by subjecting the goodwill to an impairment test. For this, goodwill is allocated to units that are expected to benefit from the synergies of the combination. As a rule, the individual Group companies are identified as cash-generating units. In the Waste Management Segment, the Group companies are combined by country due to the existing management and reporting structures.

An impairment loss is recognised when the carrying amount of a cash generating unit exceeds its recoverable amount. The recoverable amount corresponds to the larger amount resulting from the fair value less the costs of disposal or the value in use. The value in use is determined by discounting future cash flows that are expected to be derived from a cash-generating unit. The fair value less cost of disposal is assessed from an external perspective, the value in use is assessed from the internal perspective of the company.

The cash flows used to determine the value in use are based on the five-year mid-term planning approved by the management board. The planning figures are based both on past experience and on external sources of information. The assumptions concerning cash flows beyond the period of detailed planning are based on analyses of the past as well as on forecasts for the future. Future restructuring and expansion investments are not included. A growth rate of 1.0% (previous year: 1.0% to 1.5%) is assumed for the time after the detailed planning period. The growth rate is derived from electricity prices and forecasts for future GDP growth, as well as expected increases in expenses. The assumptions concerning future GDP growth are based on European Commission publications. The testing of goodwill impairment is based on the goodwill's value in use.

The discount interest rate is an interest rate after taxes that reflects the current market estimates and the specific risks of the cash-generating unit.

5.4.1. Planning Assumptions in the Waste Management Segment

Planning in the Waste Management Segment is based on the Group-wide central planning assumptions concerning economic growth, inflation and the development of interest rates and exchange rates during the planning period.

Sales planning is based on detailed planning for the individual products and services of each location. In the area of incineration plants and major customers, single-customer planning based on contractual parameters was also used. For waste and recyclables, a price development was used for the planning period that was realistic to assume at the time of planning. For the other products and services, an expected course of business development was projected and the sales revenues from electricity and district heating were determined on the basis of contracts or prospective forecasting.

The recycling and throughput volumes were planned for the major waste disposal systems based on expected market developments, based on an expected throughput of 305,000 tonnes for the Wels waste incineration plant and 315,000 tonnes for the Lenzing waste recycling plant.

The material expense items such as personnel expenses, vehicle fleet costs, maintenance and taxes were planned in line with the sales and plant planning.

5.4.2. Planning Assumptions for the Water Segment

Planning for the Water Segment is based on centrally defined, country-specific planning parameters like the development of the inflation rate and economic growth, as well as interest rates and exchange rates.

Sales planning in the area of drinking water and waste water is based on a quantity and price structure which in turn is based on a trend for sales planning that is extrapolated from historical consumption data and the planning parameters. The planned drinking water and waste water prices have been determined by each planning unit, taking into consideration the existing contract data and estimates of the future development of expenses, and in compliance with any applicable general regulatory conditions.

For the planning of material expense items in the Water Segment, country-specific planning parameters were determined using the estimates of external analysts. In particular, this includes price developments for untreated water, chemicals, and fuels, as well as prices for electricity and gas.

A major planning assumption is that existing contracts for drinking water and waste water with the municipal bodies and water authorities are maintained.

5.5. Impairment of Other Intangible Assets and Property, Plant and Equipment

According to IAS 36 (Impairment of Assets), intangible assets and property, plant and equipment are to be subjected to an impairment test when there is evidence that an asset or cash-generating unit might be impaired or a previously recognised impairment needs to be reversed. An impairment is recognised when the carrying amount exceeds the recoverable amount of the asset or cash generating unit. The recoverable amount is the larger amount resulting from the fair value less the costs of disposal or the value in use.

The value in use is determined by discounting future cash flows that are expected to be derived from a cash-generating unit. The cash flows used to determine the value in use are based on the five-year mid-term planning approved by the management board. For the subsequent period, a perpetual annuity or a calculation up to the expected end of the useful life of the object is recognised. The planning figures are based both on past experience and on external sources of information. Future restructuring and expansion investments are not included. The discount interest rate is an interest rate after taxes that reflects the current market estimates and the specific risks of the cash-generating unit.

The fair value less cost of disposal is assessed from an external perspective, the value in use is assessed from the internal perspective of the company.

5.6. Investments

The measurement of investments in companies accounted for according to the equity method is increased or decreased according to the changes in equity and impairments/ reversal of impairments in proportion to the capital share held.

5.7. Inventories

Inventories are measured at average historical cost (moving average cost method) or at the lower net realisable value. Costs include direct costs as well as proportionate material and production overhead.

Impairments due to reduced realisable value are recognised using write-downs.

5.8. Emission Allowances

The CO_2 emissions allowances issued free of charge according to the Austrian Gas Emissions Allowances Act are measured at fair value at the date of allocation and recognised both under current receivables and under current liabilities. Fluctuations in fair value are recognised in the income statement. In the course of using the emission allowances, corresponding provisions are built up and the reduction of the liability from their allocation is recognised in the income statement. Upon delivery of the emission allowances to the registration office, the provision is netted against the asset.

Allowances purchased on the market are recognised under current receivables. Fluctuations in fair value are recognised in the income statement. In the course of using the emission allowances, corresponding provisions are built up. Upon delivery of the emission allowances to the registration office, the provision is netted against the asset.

5.9. Fixed Term Deposits and Current Investments

The line item “Fixed term deposits” includes highly liquid fixed term deposits with an original maturity of more than three months up to one year, provided that they are not subject to limitations on availability. They are recognised at amortised costs under the category “Loans and Receivables”. This item also recognises investments in money market funds (AtFVP&L(FV option)).

5.10. Cash and Cash Equivalents

The item “cash and cash equivalents” includes cash in hand and cheques received, as well as deposits at banks with an original maturity of up to three months, provided that they are not subject to limitations on availability. They are recognised at amortised costs under the category “Loans and Receivables”.

5.11. Financial Instruments

Purchases and sales of primary financial instruments are recognised at the settlement date. Purchases and sales of derivative financial instruments are recognised at the trade date. Recognition of the financial instruments is done at the time of acquisition, always at fair value under consideration of the transaction costs. Financial instruments are derecognised when the rights to payments from the investment have lapsed or been assigned and once the Group has relinquished all substantial risks and rewards of ownership.

5.11.1. Primary Financial Instruments

Non-consolidated investments and securities are recognised in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

Energie AG Oberösterreich utilises instruments in the categories "At Fair Value through Profit or Loss", "Held to Maturity", "Loans and Receivables", "Available for Sale" and "Financial Liabilities measured at Amortised Cost".

The category "At Fair Value through Profit or Loss" is used for derivatives "Held for Trading", as well as for financial assets that are managed in accordance with a documented risk management or investment strategy and whose performance is assessed on the basis of fair value.

Securities are classified in the category "Held to Maturity". Financial assets in this category are primary financial assets with fixed or determinable payments for which the company has the positive intention and ability to hold to maturity. They are recognised at amortised costs in the course of subsequent measurements.

The category "Loans and Receivables" includes borrowings at market rates and trade receivables, as well as other financial receivables and assets. "Loans and Receivables" are primary financial assets with fixed or determinable payments that are not quoted in an active market. The financial instruments of the "Loans and Receivables" category are subsequently measured at amortised costs.

For the categories "Held to Maturity" and "Loans and Receivables", allowances have been recognised for identifiable risks at the time an impairment is indicated. The following are considered criteria for the need for a write-down: financial difficulties of the issuer or debtor, late payment, increased probability of insolvency, a measurable reduction in expected future cash flows, and a material decline in the fair value of the financial instrument. Financial assets are only derecognised in their full carrying amount once the contractual rights to payments from the financial assets have expired (in particular in the event of insolvency). If the reasons for impairment cease to apply, the impairment is reversed up to amortised cost.

Interests in non-consolidated affiliated companies, other investments and securities are classified in the "Available for Sale" category. These are continuously reported at fair value as far as this can be measured with reliability. After deduction of deferred taxes, the resulting changes in value are recognised outside profit or loss until disposal, as far as no material or lasting impairment exists. If there is objective evidence for impairment, losses previously reported in other comprehensive income are recognised in the financial result. When estimating a possible impairment loss, all available information is taken into consideration, including credit rating, market conditions, and length and extent of the impairment. Reversals of impairments are recognised directly in equity for equity instruments, and recognised in profit or loss for debt instruments.

Non-consolidated investments and other investments are recognised as "Available for Sale at Cost". For these investments, there is no price listed on an active market and the fair value cannot be reliably measured. They are reported at cost under consideration of amortised cost and impairments. Recognising reversals of impairment losses is not permitted.

Financial liabilities, trade payables and other financial liabilities are classified as “Financial Liabilities Measured at Amortised Cost” and are recognised at amortised costs using the effective interest method. The initial recognition is measured at fair value plus transaction costs. Premiums, discounts or other costs of issue are distributed across the financing term and disclosed in the financial result.

5.11.2. Derivative Financial Instruments and Hedging Transactions

In the Group, derivative financial instruments are used above all to hedge the risks of fluctuations in interest rates and electricity and gas prices.

The requirements for hedge accounting according to IAS 39 specifically include documentation of the hedging relationship, the hedging strategy and the ongoing retrospective and prospective assessment of effectiveness. All components of changes in fair value of derivatives are included in effectivity assessment. Hedge accounting is considered to be effective when the fair value change of the hedging instrument is within a range of 80% to 125% of the corresponding fair value change of the hedged item.

If a derivative financial instrument pursuant to IAS 39 is used for hedge accounting in a cash flow hedge, the effective portion of the gain or loss on the hedging instrument's fair value is recognised in equity in other comprehensive income. This is reclassified in the income statement in the same period in which the cash flows of the hedged item are recognised in profit or loss. If the hedged item ceases to exist, the hedging result is recognised in the income statement. The ineffective portion of the change in fair value of a hedging instrument for which a cash flow hedge has been created is recognised in the income statement to the extent required.

In fair value hedge accounting, both the fair value change of the derivative, and the corresponding fair value change of the hedged item, as far as it is attributable to the hedged risk, are recognised through profit or loss.

Changes in fair value of derivatives not designated as hedging instruments are recognised in the operating result or financial result. Gains and losses from interest-rate derivatives are balanced for each contract and recognised in the interest income. The balanced net results of derivative proprietary trading instruments are recognised under sales revenues or material costs.

Contracts that were entered into and that continue to be held for the receipt or delivery of non-financial items in accordance with expected purchase, sale or usage requirements are not recognised as derivative financial instruments at fair value according to IAS 39, but rather as executory contracts according to the regulations of IAS 37.

5.12. Provisions Under IAS 19

Provisions for pensions, severance, stepped pension/early retirement benefits and anniversary bonuses are calculated according to the projected unit credit method in accordance with IAS 19 (Employee Benefits). Expected increases in wages, salaries and pensions are taken into account. Actuarial gains and losses for pension and severance provisions are recognised in other comprehensive income, and they are recognised as income for jubilee, stepped pension and early retirement provisions. Interest costs are recognised in the financial result.

5.13. Other Provisions

Other provisions include all recognisable obligations as at the balance sheet date that are based on past events and for which the amount or maturity is uncertain. Provisions are recognised at the amount that is most likely to be incurred. Discounted costs for obligations resulting from dismantling and removing property, plant and equipment assets and restoring the site are estimated, capitalised at the date the plant is added, and recognised as a provision.

5.14. Deferred Taxes

Deferred tax liabilities are recognised for all temporary differences between the amounts recognised in the consolidated balance sheet and the amounts recognised in the tax balance sheets of the individual Group companies. Future tax benefits resulting from tax losses that are carried forward are also taken into account. Values are adjusted if it is no longer probable that they can be offset.

5.15. Construction Cost Subsidies

This item primarily includes financing contributions received from electricity, gas and district heating customers. Following IFRIC 18, construction cost subsidies carried as liabilities are reversed as income in accordance with the depreciation procedure for the corresponding asset.

5.16. Investment Subsidies

Government grants for asset acquisition are recognised as investment subsidies and reversed in other operating revenues according to the useful life of the asset.

5.17. Contingent Liabilities

Potential or existing obligations (resulting from past events) for which an outflow of resources is not probable are recognised under contingent liabilities.

5.18. Foreign Currency Translations

Foreign currency translation is carried out according to the functional currency principle. The functional currency for all consolidated companies is the respective national currency. Accordingly, balance sheet items are translated at the mean exchange rate on the balance sheet date, and income statement items are translated at the mean exchange rate for the statement period. Differences from translating the pro-rata equity are recognised in other comprehensive income. Differences from currency translation of minority interests are recognised under the line item "non-controlling interest in equity". The exchange rate applied on 30 September 2018 for the Czech koruna was 25.76425 (previous year: 25.9975), for the Hungarian forint 323.368 (previous year: 311.188), for the Swiss franc 1.1393 (previous year: 1.14457), for the Polish zloty 4.28115 (previous year: 4.31156), for the US dollar 1.16042 (previous year: 1.18021). Currency translation differences from long-term intra-Group corporate loans for which repayment is neither planned nor likely are recognised outside profit or loss in currency translation differences.

5.19. Revenue Recognition

In general, revenues are recognised at the time the goods or services are delivered, as long as the receivable value has been determined or can be determined and its collection is likely. Receivables from gas and water supplies that have not been invoiced as at the balance sheet date, as well as grid services, are accrued and recognised in the line item "trade receivables".

Interest income is accrued on a pro-rata basis depending on the effective interest rate. Dividends are recognised at the time when the right to receive payment was established.

NOTES TO THE INCOME STATEMENT

6. Sales Revenues

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Energy Segment	893,166.6	989,161.6
Grid Segment	327,649.7	310,163.7
Waste Management Segment	222,590.8	208,382.1
Water Segment	137,416.0	135,543.1
Holding & Services Segment	45,025.6	43,412.4
Sales revenues	**1,625,848.7**	**1,686,662.9**
Procurement costs for proprietary electricity and gas trading	-93,177.6	-91,884.1
Net sales revenues	**1,532,671.1**	**1,594,778.8**

Sales revenues include revenues from proprietary trading of electricity and gas. Net sales revenues (after deducting procurement costs for proprietary electricity and gas trading) include the realised margin. Procurement costs for proprietary energy and gas trading pertain to quantities of electricity and gas that have been purchased solely for the purpose of reselling at the wholesale level while achieving an appropriate margin.

7. Segment Reporting

Segment Reporting by Business Units

In the Energie AG Group, identification of reportable segments according to IFRS 8 is done according to internal reporting and internal control (Management Approach).

The segment reporting includes the Energy, Grid, Waste Management, and Water and Holding & Services Segments.

The accounting policies of the reported segments are the same as those used throughout the Group. The operating result is the net profit or loss for the period that is monitored regularly by the chief operating decision-makers and used as the primary basis for assessing success and for allocating resources.

The sales transactions carried out between the Grid Segment and the other segments primarily involve grid services for which the prices are based on regulatory stipulations. Intra-Group sales transactions in the Holding & Services Segment primarily involve delivery of goods and services that are charged at prices corresponding to market conditions, as well as sales in the area of grid services (metering) which are charged at prices based on regulatory stipulations. Capital employed is the key figure relating to assets and liabilities in the Group that are reported to the chief operating decision makers on a regular basis. Capital employed includes above all equity and interest-bearing liabilities, less cash and cash equivalents, fixed term deposits, and certain financial assets.

Energy

The Energy Segment figures include the production, trade and sales of electrical energy. Electrical energy is primarily generated using hydraulic and thermal power generation plants. In addition, electrical energy is also obtained from third-party power plants via procurement rights, as well as on the electricity market. The Electricity Segment also includes Energie AG Oberösterreich Trading GmbH as a central electricity and gas trading company, as well as the 7-Fields gas reservoir. The trade with and distribution of natural gas, the heating business unit, as well as Energie AG Oberösterreich Vertrieb GmbH & Co KG (measured at equity), ENAMO GmbH, ENAMO Ökostrom GmbH, Bioenergie Steyr GmbH, Fernwärme Steyr GmbH, Windpower EP GmbH, Geothermie-Wärmegesellschaft Braunau-Simbach GmbH, Geothermie-Fördergesellschaft Simbach-Braunau GmbH and Energie Wärme Ried GmbH are allocated to the Energy Segment.

Grid

The Grid Segment includes the construction and operation of the electricity and gas grids.

Waste Management

The Waste Management Segment primarily includes the acceptance, sorting, incineration and landfilling of domestic and industrial waste. "Papyrus" Altpapierservice Handelsgesellschaft m.b.H. (measured at equity), Papyrus Wertstoff Service GmbH and Austrian Metal Recovery GmbH are allocated to the Waste Management Segment.

Water

The Water Segment primarily includes supplying drinking water, as well as disposing of wastewater.

Holding & Services

The Holding & Services Segment comprises the management and control functions of the segment, commercial and technical services, and the telecommunications business unit, as well as the two consolidated at-equity investments Salzburg AG für Energie, Verkehr und Telekommunikation and Wels Strom GmbH.

Segment reporting by business units is as follows:

2017/2018	Energy EUR mill.	Grid EUR mill.	Waste Management EUR mill.	Water EUR mill.	Holding & Services EUR mill.	Reconciliation/ elimination EUR mill.	Group EUR mill.
Sales to third parties	893.2	327.6	222.6	137.4	45.0	–	1,625.8
Intersegment sales	2.8	42.6	7.0	0.4	197.1	-249.9	–
Total sales	**896.0**	**370.2**	**229.6**	**137.8**	**242.1**	**-249.9**	**1,625.8**
Result from investments in equity companies	50.8	–	0.5	–	12.9	–	64.2
Depreciation, amortisation and impairments	-34.7	-68.1	-16.5	-5.7	-23.1	–	-148.1
Thereof impairments	-9.4	–	–	–	–	–	-9.4
Operating result	81.7	57.7	17.4	9.3	5.7	–	171.8
Carrying amount of investments in equity companys	121.9	–	3.6	–	188.1	–	313.6
Goodwill	1.1	–	45.9	18.9	0.2	–	66.1
Investments in intangible assets and property, plant and equipment	27.5	92.4	12.6	5.9	66.7	–	205.1
Capital employed	610.7	693.9	186.3	74.8	97.8	–	1,663.5

	EUR mill.
Capital employed	1,663.5
Assets not used in the service production and sales process	547.4
Non-interest bearing liabilities, provisions	1,011.8
Balance sheet total	**3,222.7**

The composition of the Waste Management Segment and the Water Segment was changed as of 1 October 2017. WDL-Wasserdienstleistungs GmbH and Komunalna ODTOK d.o.o were transferred from the Water Segment to the Waste Management Segment. The image below shows the segment information for 2017/2018 according to the old segment structure:

2017/2018	Energy EUR mill.	Grid EUR mill.	Waste Manage-ment EUR mill.	Water EUR mill.	Holding & Services EUR mill.	Recon ciliation/ elimi-nation EUR mill.	Group EUR mill.
Sales to third parties	893.2	327.6	212.7	147.3	45.0	–	1,625.8
Intersegment sales	2.8	42.6	7.0	0.4	197.1	-249.9	–
Total sales	**896.0**	**370.2**	**219.7**	**147.7**	**242.1**	**-249.9**	**1,625.8**
Result from investments in equity companies	50.8	–	0.5	–	12.9	–	64.2
Depreciation, amortisation and impairments	-34.7	-68.1	-15.5	-6.7	-23.1	–	-148.1
Thereof impairments	-9.4	–	–	–	–	–	-9.4
Operating result	81.7	57.7	15.6	11.1	5.7	–	171.8
Carrying amount of investments in equity companys	121.9	–	3.6	–	188.1	–	313.6
Goodwill	1.1	–	45.3	19.5	0.2	–	66.1
Investments in intangible assets and property, plant and equipment	27.5	92.4	11.9	6.6	66.7	–	205.1
Capital employed	610.7	693.9	169.2	91.9	97.8	–	1,663.5

	EUR mill.
Capital employed	1,663.5
Assets not used in the service production and sales process	547.4
Non-interest bearing liabilities, provisions	1,011.8
Balance sheet total	**3,222.7**

2016/2017	Energy EUR mill.	Grid EUR mill.	Waste Manage-ment EUR mill.	Water EUR mill.	Holding & Services EUR mill.	Recon ciliation/ elimi-nation EUR mill.	Group EUR mill.
Sales to third parties	989.2	310.2	208.4	135.5	43.4	–	1,686.7
Intersegment sales	1.2	53.7	7.1	0.4	174.8	-237.2	–
Total sales	**990.4**	**363.9**	**215.5**	**135.9**	**218.2**	**-237.2**	**1,686.7**
Result from investments in equity companies	52.5	–	0.4	–	20.6	–	73.5
Depreciation, amortisation and impairments	-36.3	-65.9	-18.3	-25.7	-23.8	–	-170.0
Thereof impairments	-13.2	–	-2.5	-18.2	-3.3	–	-37.2
Operating result	109.8	99.8	7.0	-8.1	13.3	–	221.8
Carrying amount of investments in equity companys	110.1	–	3.1	–	182.9	–	296.1
Goodwill	1.1	–	45.3	19.3	0.2	–	65.9
Investments in intangible assets and property, plant and equipment	35.2	78.9	11.3	5.4	58.7	–	189.5
Capital employed	596.6	651.2	168.1	91.2	102.4	–	1,609.5

	EUR mill.
Capital employed	1,609.5
Assets not used in the service production and sales process	517.9
Non-interest bearing liabilities, provisions	951.8
Balance sheet total	**3,079.2**

Revenues from the reversal of construction cost subsidies of EUR 24.8 million (previous year: EUR 24.1 million) pertain to the Grid Segment, while reversals of impairments in the amount of EUR 2.1 million (previous year: EUR 20.9 million) pertain to the Energy Segment and EUR 0.0 million (previous year: EUR 16.5 million) to the Grid Segment. Non-cash line items in connection with derivatives in the amount of EUR 5.0 million (previous year: EUR -15.7 million) pertain to the Energy Segment.

Segment Reporting by Geographical Segments

Energie AG Oberösterreich Group operates primarily in the regions "Austria" and "Czech Republic". Business operations in other countries (Italy, Germany, Slovenia, Hungary, Poland) are combined in the geographical segment "Other Countries".

2017/2018	Austria EUR mill.	Czech Republic EUR mill.	Other countries EUR mill.	Group EUR mill.
Sales to third parties	1,462.3	152.8	10.7	1,625.8
Capital employed	1,563.0	84.1	16.4	1,663.5

2016/2017	Austria EUR mill.	Czech Republic EUR mill.	Other countries EUR mill.	Group EUR mill.
Sales to third parties	1,533.8	141.8	11.1	1,686.7
Capital employed	1,508.6	83.4	17.5	1,609.5

8. Other Operating Revenues

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Income from the disposal of intangible assets and property, plant and equipment	1,201.4	3,371.7
Impairment reversals	2,093.6	37,328.4
Capitalised production costs	600.0	761.5
Rental and lease income	3,549.0	3,352.3
Income from the reversal of investment subsidies	3,202.5	3,165.5
Income from CO_2 allowances	1,784.2	1,928.8
Other income	9,934.1	5,726.8
	22,364.8	**55,635.0**

9. Expenses for Material and Other Purchased Production Services

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Electricity purchased from third parties	407,476.6	422,095.4
Grid purchases	92,639.5	65,033.9
Fuel purchase	28,787.7	29,123.1
Other purchased goods	334,929.4	386,154.1
Expenses for purchased services	129,842.2	123,553.8
	993,675.4	**1,025,960.3**
Procurement costs for proprietary electricity and gas trading	-93,177.6	-91,884.1
	900,497.8	**934,076.2**

10. Personnel Expense

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Wages and salaries	209,055.9	199,623.1
Severance payments and contributions to company pension funds	5,798.5	5,421.6
Pension payments	5,799.7	8,615.7
Expenses for statutory social security contributions and payroll-related levies and statutory contributions	53,104.8	51,061.8
Other benefit expenses	826.0	4,932.7
	274,584.9	**269,654.9**

The expenses for defined contribution pension plans are EUR 6,593.6 thousand (previous year: EUR 5,764.2 thousand). Expenses for severance payments of EUR 18.2 thousand (previous year: EUR 15.4 thousand), as well as expenses for pension payments of EUR 302.0 thousand (previous year: EUR 227.6 thousand), pertain to members of the Board of Management.

The remunerations of the Management Board and of the Supervisory Board of Energie AG Oberösterreich are as follows:

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Management Board	790.7	828.9
Former Management Board members and their survivors	750.4	748.5
Supervisory Board	103.0	101.0
	1,644.1	**1,678.4**

The average number of employees in this fiscal year amounts to 4,389 (previous year: 4,340). Part-time employees are included on a proportional basis.

11. Depreciation, Amortisation and Impairments

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Depreciation and amortisation	138,771.3	132,839.0
Impairments	9,360.5	37,194.4
	148,131.8	**170,033.4**

12. Other Operating Expenses

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Taxes	8,376.8	8,125.5
External services	52,460.3	52,032.2
Travel expenses	8,803.5	8,512.3
Insurance premiums	5,059.6	4,856.9
Postage and telecommunication	5,549.6	5,647.7
Rental and leasing expenses	7,864.8	7,804.6
Impairment of receivables	1,402.6	1,305.2
Allocation to allowances for doubtful receivables	486.2	4,005.4
Vehicle expense	18,890.0	18,080.7
Losses from the disposal of intangible assets and property, plant and equipment	3,418.4	5,099.6
Repairs	23,947.7	22,675.7
Other expenses	29,523.1	27,239.3
	165,782.6	**165,385.1**

Taxes mainly include property tax, dumpsite levy and electricity levy, as well as the Austrian landfill tax. The fees charged by the Group auditor, KPMG Austria GmbH, for auditing services and other assurance services provided for the companies of the Energie AG Oberösterreich Group amount to EUR 693.0 thousand (previous year: EUR 665.6 thousand). In addition, the Group auditor provided other consulting services for the Energie AG Oberösterreich Group totalling EUR 107.0 thousand (previous year: EUR 103.0 thousand). In the 2017/2018 fiscal year, the fees charged by foreign members of the KPMG network for audit services amount to EUR 24.1 thousand. In addition to this, other members of the KPMG network in Austria and other countries performed approved tax advisory or measurement services and other consultancy services as stipulated in Article 5 Section 3 EU Regulation for the audited company and companies in EU member states controlled by it. These services only had indirect effects on the present consolidated financial statements. The professional fees invoiced for services rendered in fiscal year 2017/18 amount to EUR 291.0 thousand.

13. Interest Income

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Financing expenses		
Interest and similar expenses	-18,341.3	-26,413.1
Interest on provisions for pensions	-4,492.9	-3,285.9
Foreign exchange losses	-348.5	-96.3
	-23,182.7	**-29,795.3**
Other interest income		
Interest and similar revenues	1,033.2	1,055.5
Foreign exchange gains	2.8	2,032.9
Measurement of interest rate derivatives	-127.9	34.0
	908.1	**3,122.4**
	-22,274.6	**-26,672.9**

14. Other Financial Result

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Result from investments		
Non-consolidated affiliated companies	124.3	24.3
Revenues from other investments	1,476.6	744.1
Other expenses incurred for participating interests	-110.8	-133.0
	1,490.1	**635.4**
Securities and lendings		
Losses from the disposal of lendings	–	-2.0
Gains from the disposal of lendings	13.5	138.7
Income from securities	742.7	706.4
Impairment of securities	-147.6	-83.5
Imputed capital gains from securities	10.0	100.8
Gains from the disposal of securities	6,720.3	5,819.3
Income from the measurement of investment funds	56.6	–
Losses from the measurement of investment funds	-337.6	–
	7,057.9	**6,679.7**
	8,548.0	**7,315.1**

15. Income Taxes

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Current income taxes	31,317.1	33,876.6
Adjustment for deferred taxes	2,176.3	11,902.4
	33,493.4	**45,779.0**

Expenses for taxes on income are EUR 5,364.2 thousand lower (previous year: EUR 5,175.4 thousand lower) than the calculated expenses for taxes on income that result from applying the respective tax rates to the earnings before taxes on income. The reasons for the difference between the calculated and reported income tax expenses are as follows:

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Earnings before taxes	158,117.1	202,452.9
Calculated tax expense	38,857.6	50,954.4
Tax effects from		
Earnings from at equity companies and investments	-5,442.2	-6,781.4
Other items	78.0	1,606.0
Effective tax expense	**33,493.4**	**45,779.0**
Effective tax rate in %	21.2	22.6

Temporary differences between the amounts recognised in the consolidated financial statements and the respective taxable amounts have the following effects on the reported deferred taxes:

	Assets		Liabilities		Net	
	2018 EUR 1,000	2017 EUR 1,000	2018 EUR 1,000	2017 EUR 1,000	2018 EUR 1,000	2017 EUR 1,000
Intangible assets	–	–	-13,994.4	-14,354.2	-13,994.4	-14,354.2
Property, plant and equipment	15,227.4	14,916.1	-86,656.6	-85,053.7	-71,429.2	-70,137.6
Financial assets	3,981.7	4,125.4	-6,853.7	-8,566.5	-2,872.0	-4,441.1
Other non-current assets	–	–	-568.1	-690.9	-568.1	-690.9
Provisions	33,607.6	29,921.7	-6,496.0	-4,389.8	27,111.6	25,531.9
Untaxed reserves	–	–	-15,973.2	-16,850.6	-15,973.2	-16,850.6
Construction cost subsidies	21,259.4	21,701.8	-2,861.7	-3,138.6	18,397.7	18,563.2
Other non-current liabilities	1,699.9	1,859.5	–	–	1,699.9	1,859.5
Hedge accounting	–	2,026.1	-11,845.0	–	-11,845.0	2,026.1
Outstanding write-downs to attributable fair value	4,105.4	6,171.7		–	4,105.4	6,171.7
Other	974.0	860.6	-315.3	-395.4	658.7	465.2
Deferred tax assets/ liabilities before offsetting	**80,855.4**	**81,582.9**	**-145,564.0**	**-133,439.7**	**-64,708.6**	**-51,856.8**

	Balance as of 30/09/ 2018 EUR 1,000	Change in the scope of consoli-dation EUR 1,000	Currency translation items EUR 1,000	Recognised in equity EUR 1,000	Recognised in profit or loss EUR 1,000	Balance as of 01/10/ 2017 EUR 1,000
Intangible assets	-13,994.4		-12.8	–	372.6	-14,354.2
Property, plant and equipment	-71,429.2	-72.9	-34.0	–	-1,184.7	-70,137.6
Financial assets	-2,872.0	–	–	1,601.5	-32.4	-4,441.1
Other non-current assets	-568.1	–	–	–	122.8	-690.9
Provisions	27,111.6	–	7.1	1,698.7	-126.1	25,531.9
Untaxed reserves	-15,973.2	–	–	–	877.4	-16,850.6
Construction cost subsidies	18,397.7	–	-0.1	–	-165.4	18,563.2
Other non-current liabilities	1,699.9	–	–	–	-159.6	1,859.5
Hedge accounting	-11,845.0	–	–	-13,871.1	–	2,026.1
Outstanding write-downs to attributable fair value	4,105.4	–	–	–	-2,066.3	6,171.7
Other	658.7	–	8.1	–	185.4	465.2
	-64,708.6	**-72.9**	**-31.7**	**-10,570.9**	**-2,176.3**	**-51,856.8**

	Balance as of 30/09/ 2017 EUR 1,000	Change in the scope of consoli- dation EUR 1,000	Currency translation items EUR 1,000	Recognised in equity EUR 1,000	Recognised in profit or loss EUR 1,000	Balance as of 01/10/ 2016 EUR 1,000
Intangible assets	-14,354.2	–	-59.0	–	652.0	-14,947.2
Property, plant and equipment	-70,137.6	–	-137.6	–	-10,213.2	-59,786.8
Financial assets	-4,441.1	–	–	-522.1	127.4	-4,046.4
Other non-current assets	-690.9	–	–	–	151.4	-842.3
Provisions	25,531.9	–	7.8	-4,903.7	-2,202.7	32,630.5
Untaxed reserves	-16,850.6	–	–	–	1,080.8	-17,931.4
Construction cost subsidies	18,563.2	–	11.1	–	479.3	18,072.8
Other non-current liabilities	1,859.5	–	–	–	-68.4	1,927.9
Hedge accounting	2,026.1	–	–	-9,787.0	-215.3	12,028.4
Outstanding write-downs to attributable fair value	6,171.7	–	–	–	-1,863.1	8,034.8
Other	465.2	–	4.7	–	169.4	291.1
	-51,856.8	**–**	**-173.0**	**-15,212.8**	**-11,902.4**	**-24,568.6**

No deferred tax liabilities were recognised for temporary differences associated with fully consolidated subsidiaries, joint arrangements, or associated companies in the amount of EUR 442,239.4 thousand (previous year: EUR 338,413.5 thousand).

Deferred taxes in the amount of EUR 1,601.5 thousand (previous year: EUR -522.1 thousand) pertain to changes in value of investments and securities available for sale; deferred taxes in the amount of EUR -13,871.1 thousand (previous year: EUR -9,787.0 thousand) pertain to changes in value from hedge accounting recognised in equity.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

16. Intangible Assets and Property, Plant and Equipment

Changes in Intangible Assets and Goodwill

2017/2018	Procurement rights EUR 1,000	Other rights EUR 1,000	Goodwill EUR 1,000	Customer base EUR 1,000	Assets under construction EUR 1,000	Total EUR 1,000
Costs						
01/10/2017	247,856.9	112,561.0	76,910.2	43,047.4	87.2	480,462.7
Change in scope of consolidation	–	1.6	–	–	–	1.6
Currency translation differences	–	35.5	176.1	204.0	0.8	416.4
Additions	500.0	3,046.6	–	–	212.1	3,758.7
Disposals	–	-101.9	–	–	–	-101.9
Transfers	–	55.4	–	–	-217.2	-161.8
30/09/2018	**248,356.9**	**115,598.2**	**77,086.3**	**43,251.4**	**82.9**	**484,375.7**
Accumulated depreciation and impairment						
01/10/2017	166,434.0	82,415.9	11,022.9	27,277.7	–	287,150.5
Currency translation differences	–	32.3	–	108.6	–	140.9
Depreciation	1,169.6	3,256.6	–	2,381.9	–	6,808.1
Impairment	–	3,387.3	–	–	–	3,387.3
Disposals	–	-91.5	–	–	–	-91.5
Transfers	–	-169.6	–	–	–	-169.6
30/09/2018	**167,603.6**	**88,831.0**	**11,022.9**	**29,768.2**	**–**	**297,225.7**
Carrying amount 01/10/2017	81,422.9	30,145.1	65,887.3	15,769.7	87.2	193,312.2
Carrying amount 30/09/2018	**80,753.3**	**26,767.2**	**66,063.4**	**13,483.2**	**82.9**	**187,150.0**

2016/2017	Procure-ment rights EUR 1,000	Other rights EUR 1,000	Goodwill EUR 1,000	Customer base EUR 1,000	Assets under con-struction EUR 1,000	Total EUR 1,000
Costs						
01/10/2016	247,256.7	106,970.1	76,171.0	42,529.3	49.3	472,976.4
Currency translation differences	–	150.2	739.2	870.9	2.8	1,763.1
Additions	600.2	7,038.5	–	–	139.5	7,778.2
Disposals	–	-392.4	–	-352.8	–	-745.2
Transfers	–	-1,205.4	–	–	-104.4	-1,309.8
30/09/2017	**247,856.9**	**112,561.0**	**76,910.2**	**43,047.4**	**87.2**	**480,462.7**
Accumulated depreciation and impairment						
01/10/2016	165,364.5	72,751.4	6,888.0	21,807.8	–	266,811.7
Currency translation differences	–	135.0	–	444.8	–	579.8
Depreciation	1,069.5	3,237.3	–	2,564.8	–	6,871.6
Impairment	–	6,639.7	4,134.9	2,813.1	–	13,587.7
Disposals	–	-347.5	–	-352.8	–	-700.3
30/09/2017	**166,434.0**	**82,415.9**	**11,022.9**	**27,277.7**	**–**	**287,150.5**
Carrying amount 01/10/2016	81,892.2	34,218.7	69,283.0	20,721.5	49.3	206,164.7
Carrying amount 30/09/2017	**81,422.9**	**30,145.1**	**65,887.3**	**15,769.7**	**87.2**	**193,312.2**

Changes in Property, Plant and Equipment

2017/2018	Land and buildings EUR 1,000	Technical equipment and machinery EUR 1,000	Manu-facturing plant and equipment EUR 1,000	Assets under construction EUR 1,000	Total EUR 1,000
Costs					
01/10/2017	1,065,345.8	3,680,397.5	200,453.3	57,289.9	5,003,486.5
Change in scope of consolidation	662.0	319.9	3.3	34.9	1,020.1
Currency translation differences	682.0	331.8	103.9	19.2	1,136.9
Additions	5,038.6	118,773.8	11,587.5	65,902.5	201,302.4
Disposals	-3,094.8	-15,313.1	-4,592.4	-469.1	-23,469.4
Transfers	5,232.8	37,198.4	2,362.8	-44,632.2	161.8
30/09/2018	**1,073,866.4**	**3,821,708.3**	**209,918.4**	**78,145.2**	**5,183,638.3**
Accumulated depreciation and impairment					
01/10/2017	594,028.6	2,292,548.0	164,729.6	4,064.2	3,055,370.4
Currency translation differences	307.8	226.5	75.6	-1.5	608.4
Depreciation	17,496.0	102,752.6	11,681.5	33.1	131,963.2
Impairment reversals	–	-2,093.6	–	–	-2,093.6
Impairment	472.5	5,500.7	–	–	5,973.2
Disposals	-332.8	-12,832.5	-4,333.3	–	-17,498.6
Transfers	-0.6	131.4	265.6	-226.8	169.6
30/09/2018	**611,971.5**	**2,386,233.1**	**172,419.0**	**3,869.0**	**3,174,492.6**
Carrying amount 01/10/2017	471,317.2	1,387,849.5	35,723.7	53,225.7	1,948,116.1
Carrying amount 30/09/2018	**461,894.9**	**1,435,475.2**	**37,499.4**	**74,276.2**	**2,009,145.7**

2016/2017	Land and buildings EUR 1,000	Technical equipment and machinery EUR 1,000	Manu-facturing plant and equipment EUR 1,000	Assets under construction EUR 1,000	Total EUR 1,000
Costs					
01/10/2016	1,042,160.0	3,562,568.6	192,300.0	47,743.4	4,844,772.0
Currency translation differences	2,973.6	1,455.1	467.4	140.4	5,036.5
Additions	15,944.9	115,195.9	10,843.7	39,689.2	181,673.7
Disposals	-2,972.5	-20,981.8	-4,502.8	-848.4	-29,305.5
Transfers	7,239.8	22,159.7	1,345.0	-29,434.7	1,309.8
30/09/2017	**1,065,345.8**	**3,680,397.5**	**200,453.3**	**57,289.9**	**5,003,486.5**
Accumulated depreciation and impairment					
01/10/2016	565,667.1	2,234,959.4	157,200.7	3,748.0	2,961,575.2
Currency translation differences	1,323.1	961.1	332.6	-5.2	2,611.6
Depreciation	17,240.5	96,957.3	11,484.8	284.8	125,967.4
Impairment reversals	–	-37,328.4	–	–	-37,328.4
Impairment	10,436.9	13,126.0	43.8	–	23,606.7
Disposals	-746.8	-15,843.1	-4,472.2	–	-21,062.1
Transfers	107.8	-284.3	139.9	36.6	–
30/09/2017	**594,028.6**	**2,292,548.0**	**164,729.6**	**4,064.2**	**3,055,370.4**
Carrying amount 01/10/2016	476,492.9	1,327,609.2	35,099.3	43,995.4	1,883,196.8
Carrying amount 30/09/2017	**471,317.2**	**1,387,849.5**	**35,723.7**	**53,225.7**	**1,948,116.1**

For the purposes of impairment testing, goodwill is allocated to the following cash-generating units and the cash flows of these cash-generating units are discounted at the following discount rates:

	Goodwill		Discount rate	
	30/09/2018 EUR mill.	30/09/2017 EUR mill.	30/09/2018 %	30/09/2017 %
Waste Management Segment				
Waste Management Austria	43.1	43.1	5.2	5.1
Others	2.8	2.2	4.0-6.4	5.9
	45.9	**45.3**		
Water Segment				
CEVAK a.s.	15.1	15.0	4.4	4.5
Other companies	3.8	4.3	4.4	4.5-4.9
	18.9	**19.3**		
Other	**1.3**	**1.3**	4.9-5.4	5.0-5.3
	66.1	**65.9**		

The recoverable amount of the “Waste Management Segment/Austria” cash-generating unit exceeds the carrying amount by EUR 20.3 million (previous year: EUR 21.4 million), while the recoverable amount of CEVAK a.s. exceeds the carrying amount by EUR 114.8 million (previous year: EUR 98.5 million). In the event of a decrease in future cash flows by 9.9%, or an increase in the interest rate by 0.53%, the carrying amount of the “Waste Management Segment/Austria” cash-generating unit corresponds to the present value of the future cash flows. A decrease in CEVAK a.s.' future cash flows by 10% would not result in an impairment.

Due to the current situation on the market for power plant for grid reserve management and redispatch, impairment testing was performed for the Timelkam combined cycle gas-turbine power plant (Energy Segment). The maximum output of the power plants amounts to 422 MW, maximum district heating supply is 100 MW. Efficiency was estimated at 55.7%. Annual electricity generation was recognised at up to 1,442 GWh per year (previous year: 1,383 GWh). The assumptions for the future electricity and gas prices are based, where available, on market data; if no market data were available, estimates were made based on market studies. The estimated electricity price is EUR 36.82 to EUR 77.45/MWh (previous year: EUR 28.77 to EUR 78.08/MWh). Expenses for maintenance and repair were recognised according to maintenance plans and contracts. Other material expense items such as personnel costs, insurance and infrastructure costs are annually increased by an estimated increase rate. The discount rate is 4.9% (previous year: 5%). The planning period ends in the 2037/2038 fiscal year. An impairment in the amount of EUR 2.5 million (previous year: impairment reversal in the amount of EUR 20.9 million) was recognised, in particular due to the new contract for grid reserve management, which provides for compensation limited to economic disadvantages. The recoverable amount determined using the DCF method corresponds to the value in use in the amount of EUR 47.3 million (previous year: EUR 53.6 million). Fluctuations in cash flows of 20% resulted in a change of EUR 9.46 million in the recoverable amount. An increase in the interest rate by 0.5% results in a reduction of the recoverable amount by EUR 1.98 million.

The impairment of the "Price Authority Heat Sales" cash-generating unit (Energy Segment) was also tested in the past fiscal year. This unit includes the Timelkam/Vöcklabruck, Riedersbach and Kirchdorf thermal plants, for which the sales prices are jointly set by a price authority. Future revenues are based on an annual output of 236.4 GWh and were planned under the assumption that cost components can be compensated by a higher price for heat over the medium term. Past price approvals by the price authority support this assumption. Using a discount rate of 4.9% (previous year: 5.0%), the recoverable amount (value in use) was assessed at EUR 8.1 million. The impairment amounts to EUR 3.0 million (previous year: EUR 3.7 million).

The impairment of the cash-generating unit "Gas storage 7-Fields" mainly depends on the expected gas prices on the trading markets during the summer and winter months (summer-winter-spread), as well as the interest rate used for discounting the payment streams. A reassessment of the future spreads has resulted in reduced future cash flows. Combined with a discounting rate increase from 5.2% to 5.5%, this resulted in an impairment of EUR 3.2 million (previous year: EUR 6.6 million), with the recoverable amount (value in use) recognised at EUR 8.8 million. A decrease in the future cash flows by 10% would result in a reduction of the recoverable amount by EUR 3.3 million. The increase in the interest rate by 0.5% results in a reduction of the recoverable amount by EUR 1.7 million.

The impairment of the electricity grid (Grid Segment) was also tested in financial year 2016/2017, in particular due to market transactions that resulted in higher proceeds on disposal. The fair value less disposal costs was recognised as the recoverable amount. The fair value was determined using an EBITDA multiplier (8.98x; 30 September 2016: 7.87x) calculated on the basis of available market transactions. The EBITDA was recognised at EUR 62.9 million (previous year: EUR 59.4 million). The disposal costs were estimated at 1% of the transaction value. The recoverable amount was EUR 559.3 million. In fiscal year 2016/2017, this resulted in impairment reversals in the amount of EUR 16.5 million and a carrying amount of EUR 484.7 million, which corresponds to the amortised cost. A reduction of the EBITDA multiplier by 0.5 would in financial year 2016/2017 have resulted in the recoverable amount being reduced by EUR 31.1 million and therefore not have required the recognition of an impairment. Due to changed regulatory framework conditions from 1 January 2019 (IVth Electricity Regulatory Period), the electricity grid CGU was also subjected to impairment testing as of 30 September 2018. The recoverable amount was determined in analogous application of the method used in the previous year and assessed to exceed the carrying amount of the CGU. As of 30 September 2018, a reduction of the multiplier by 0.5 would result in a reduction of the recoverable amount by EUR 28.5 million and an impairment in the amount of EUR 18.9 million.

A reassessment of the market situation and market opportunities for WDL Wasserdienstleistungs GmbH carried out in financial year 2016/2017 confirmed that a lower profit contribution must be expected for new contracts. Combined with higher future capital expenditure, this resulted in the recognition of an impairment of EUR 15.4 million in the previous year, which was based on a discount rate of 4.2%. The recoverable amount (value in use) was EUR 36.9 million.

Research costs in the amount of EUR 3.7 million (previous year: EUR 3.2 million) were recognised as expenses.

In the 2017/2018 fiscal year, interest on borrowed capital in the amount of EUR 1,537.5 thousand (previous year: EUR 473.5 thousand) was capitalised.

Additions to assets under construction led to outflows of payment instruments in the amount of EUR 59,370.5 thousand (previous year: EUR 35,385.6 thousand). Obligations for the acquisition of property, plant and equipment amount to EUR 32,318.3 thousand (previous year: EUR 24,567.6 thousand).

In the 2007/2008 fiscal year, property, plant and equipment assets in the Waste Management Segment were sold and leased back for a period of 15 years "Sale and Lease back"). The assets of this financing lease relationship continue to be capitalised in the balance sheet. The present value of the minimum lease payments is recognised in the same amount on the liabilities side. During and at the end of the contract term, there are options to terminate at certain points against repayment of the outstanding loan amount. At the end of the lease term, the lessor has the right to sell the asset to the lessee at the outstanding loan amount. During the leasing term, subleasing to third parties is not permitted. The carrying amount as of 30 September 2017 is EUR 22,287.5 thousand (previous year: EUR 25,725.1 thousand). The future minimum lease payments for the following year are EUR 2,618.3 thousand (previous year: EUR 2,496.4 thousand), for terms between one and five years EUR 45,929.6 thousand (previous year: EUR 11,275.6 thousand), for terms in excess of five years EUR 0.0 thousand (previous year: EUR 37,285.8 thousand). Leasing payments calculated on the basis of a variable interest rate were recognised as expenses in the amount of EUR -2,387.8 thousand (previous year: EUR -2,671.3 thousand).

The present value of the minimum lease payments is as follows:

	Minimum lease payments EUR 1,000	**Discount** EUR 1,000	**Present value of minimum lease payments** EUR 1,000
Due within one year	2,618.3	-5.8	2,624.1
Due between one and five years	45,929.6	-193.1	46,122.7
	48,547.9	**-198.9**	**48,746.8**

17. Investments

	30/09/2018 EUR 1,000	**30/09/2017** EUR 1,000
Shares in affiliated companies	2,097.1	2,992.6
Shares in companies consolidated at equity	313,604.3	296,072.2
Available for sale investments	927.1	435.9
Other Investments	8,534.5	10,128.4
	325,163.0	**309,629.1**

Due to decreased anticipated payment surpluses, the previous year's accounts recognised an impairment for Energie Ried Wärme GmbH (measured at equity) in the amount of EUR 1,909.0 thousand. In addition, the previous year saw Wels Strom GmbH impaired in the amount of EUR 958.0 thousand, and Salzburg AG für Energie, Verkehr und Telekommunikation in the amount of EUR 970.0 thousand.

A 20.0% decrease in future cash flows would result in impairments for companies valued using the equity method in the amount of EUR 36.4 million. The recoverable amount for the respective shares exceeds the carrying amount by EUR 26.1 million.

The Cash Flow Statement includes distributions from companies consolidated at-equity in the amount of EUR 47,773.3 thousand (previous year: EUR 58,382.2 thousand).

18. Other Financial Assets

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Loans to affiliated companies and companies in which an interest is held	12,655.4	4,236.2
Other lendings	6,307.6	15,469.4
Available-for-sale securities	17,972.8	29,405.2
Securities at fair value through profit or loss	28,382.0	29,199.0
Other securities	1.0	1.0
	65,318.8	**78,310.8**

19. Other Non-Current Assets

Other non-current assets result from the positive fair value of derivative financial instruments and from other receivables.

20. Inventories

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Primary energy	29,633.0	28,746.7
Raw materials and supplies	16,008.5	16,778.5
Work in progress	3,400.2	1,086.6
Finished goods	1,466.3	1,474.1
	50,508.0	**48,085.9**

21. Receivables and Other Assets

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Trade receivables	171,624.6	160,184.8
Receivables from non-consolidated affiliated companies	295.7	681.7
Receivables from joint arrangements and associated companies	23,517.8	26,774.8
Accruals and deferrals of interest	2,091.4	2,263.0
Market value of derivatives	26,441.0	10,132.1
Other	52,399.8	35,051.2
	276,370.3	**235,087.6**

Receivables from gas and water deliveries that have not been invoiced as of the balance sheet date are accrued and recognised in the line item "Trade receivables".

22. Cash and Cash Equivalents

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Cash in hand	237.8	191.1
Cash in bank	101,198.8	92,839.2
	101,436.6	**93,030.3**

23. Equity

The share capital of Energie AG Oberösterreich consists of 88,779,655 individual share certificates (previous year: 89,087,750), of which 88,600,000 are ordinary shares (previous year: 88,600,000), and 179,655 are preferred shares without voting rights (previous year: 487,750). The share capital has been fully paid in.

The capital reserves result from the share premium of the capital increase, minus the directly attributable costs of obtaining equity in the amount of EUR 1,771.9 thousand, as well as from the contribution of own shares in the 2006/2007 fiscal year, and from shares issued to staff in the 2012/2013 fiscal year.

In the 2007/08 fiscal year, 390,000 preferred shares without voting rights were contributed to Energie AG Oberösterreich. These shares were offered to Group staff members at favourable conditions during the 2007/08 fiscal year. The benefit per staff member amounted to the maximum tax-exempt sum pursuant to section 3 (1) item 15 letter b of the Austrian Income Tax Act.

In the 2012/2013 fiscal year, 87,750 shares were issued to employees of the Group at discounted prices. The capital increase took effect with entry in the Register of Companies on 29 October 2013.

Fiscal year 2017/2018 saw a reduction of the share capital due to the redemption of 308,095 treasury shares (preference shares without voting rights).

The retained earnings result from the profits that the Group generated but did not distribute.

Other reserves include IAS 39 reserves, IAS 19 reserves, revaluation reserves, and reserves for treasury stock, as well as reserves from currency translation differences.

The reserves under IAS 39 include changes in the market value of investments and securities available for sale, and changes in the market value of cash-flow hedges, as well as changes in equity recognised outside profit or loss from associated companies measured at equity.

As of 30 September 2018, the cash flow hedge reserve amounts to EUR 47,380.1 thousand (previous year: EUR -8,104.4 thousand). The effective share of the fair value changes concerning cash-flow hedges is recognised in the other comprehensive income in the cash-flow hedge reserve. The ineffective portion of the fair-value changes from cash flow hedges in the amount of EUR -244.6 thousand (previous year: EUR -575.3 thousand) was recognised as income through profit or loss. Fair value changes in the amount of EUR 54,354.8 thousand (previous year: EUR 20,909.2 thousand) are recognised as other comprehensive income. During the fiscal year, EUR 1,129.7 thousand (previous year: EUR 18,238.6 thousand) were withdrawn from the cash-flow hedge reserve and recognised as an expense through profit or loss. Of this amount, EUR 1,775.8 thousand (previous year: EUR 1,991.9 thousand) were recognised in the financial result while EUR -646.1 thousand (previous year: EUR 16,246.7 thousand) were recognised in the operating result.

The AFS reserve, which is contained in the IAS 39 reserves, includes changes in value of investments and securities classified as available for sale, which are recognised in other comprehensive income. As of 30 September 2018, the AFS reserve amounted to EUR 12,273.9 thousand (previous year: EUR 18,679.0 thousand). Changes in market value in the amount of EUR -543.8 thousand (previous year: EUR 6,146.7 thousand) were recognised as equity, and EUR -5,861.3 thousand (previous year: EUR -4,057.8 thousand) were withdrawn from the AFS reserve and recognised as income through profit or loss in the financial year.

The IAS 19 reserves result from the actuarial valuation of pension and severance provisions recognised in other comprehensive income.

The revaluation reserve results from first-time consolidations in previous years.

As of 30 September 2018, the company held 50,449 treasury shares (previous year: 308,095).

Capital Management

It is the objective of the Group's capital management to preserve a strong capital base so that the company can continue to generate adequate returns for the shareholders corresponding with the risk situation of the company, promote the future development of the company, and also provide benefits for other interest groups. Value based management is firmly entrenched in the management systems and in management processes. The equity in the books according to IFRS is what the management considers to be capital. As at the balance sheet date, the equity ratio amounted to 42.9% (previous year: 41.6%). For purposes of internal reporting and management, the return on capital employed (ROCE) is also used. The capital employed includes the assets attributable to a unit, with the exception of the assets not used in the process of creating and utilising goods and services, less non-interest bearing liabilities and certain reserves.

24. Financial Instruments and Financial Risk Management

24.1. Derivative Financial Instruments and Hedging

The use of derivative financial instruments in the Group is subject to corresponding authorisation and control procedures. It is mandatory for use to be connected with a hedged item. Proprietary trading is only carried out within very tightly defined limits.

Interest rate swaps are used for hedging future variable interest payments on funding and leasing contracts.

Futures and swaps are used to hedge price-related risks from electricity and gas procurement and electricity and gas sales. To a small extent, futures are used to hedge procurement and sales of CO_2 allowances.

Beyond that, gas-oil futures in US dollars and the corresponding foreign exchange contracts are also concluded to hedge the price risks of purchasing fuel.

The Group holds fair value hedges for firm commitments relating to transactions for procuring and supplying electricity.

Cash flow hedges are used to protect future cash flows. The Group also uses electricity, gas, CO_2, and gas-oil futures, as well as gas swaps, to hedge price risks; interest rate swaps are used to hedge the cash flow risks of variable-interest liabilities, and foreign exchange contracts for US dollar hedging.

The derivative financial instruments in the area of financing are composed as follows:

	30/09/2018			30/09/2017		
	Nominal value	**Positive market values** EUR 1,000	**Negative market values** EUR 1,000	**Nominal value**	**Positive market values** EUR 1,000	**Negative market values** EUR 1,000
Derivatives designated as cash flow hedging instruments						
Interest rate swaps	89.7 EUR mill.	–	-14,246.0	95.9 EUR mill.	–	-14,970.8
Foreign exchange contracts	0.2 USD mill.	6.4	-2.5	1.4 USD mill.	26.9	-77.4
Derivatives not designated as hedging instruments						
Interest rate swaps bond 2005-2025 [1)]	75.0 EUR mill.	2,272.5	–	75.0 EUR mill.	2,589.9	–

1) In connection with the 2005–2025 bond, fixed interest rate payments were converted into variable interest payments. The variable interest rate payments were subsequently swapped back in fixed interest rate payments using derivative instruments. No risks for future cash flows result from this item.

The derivative financial instruments in the area of energy are composed as follows:

30/09/2018	Nominal value Purchase	Sale	Positive market values EUR 1,000	Negative market values EUR 1,000
Derivatives designated as cash flow hedging instruments				
Electricity futures	117.3 EUR mill.	2.4 EUR mill.	49,551.8	-2,754.2
Gas futures	3.0 EUR mill.	0.0 EUR mill.	1,032.1	–
CO_2-futures	0.0 EUR mill.	2.9 EUR mill.	9.0	-3,501.9
Gas oil futures	0.2 USD mill.	0.0 USD mill.	58.7	–
Gas swaps	6.6 EUR mill.	0.0 EUR mill.	2,261.7	-38.5
Aluminium/copper swaps	0.0 EUR mill.	0.0 EUR mill.	–	–
Derivatives designated as fair value hedging instruments				
Electricity futures	0.7 EUR mill.	0.1 EUR mill.	18.4	-37.5
Gas futures	3.6 EUR mill.	0.0 EUR mill.	538.4	-20.0
Derivatives not designated as hedging instruments				
Electricity forwards	68.7 EUR mill.	68.7 EUR mill.	31,533.9	-31,522.0
Gas forwards	0.0 EUR mill.	3.6 EUR mill.	–	-1,840.0
Gas futures	5.6 EUR mill.	0.0 EUR mill.	–	-203.4

30/09/2017	Nominal value Purchase	Sale	Positive market values EUR 1,000	Negative market values EUR 1,000
Derivatives designated as cash flow hedging instruments				
Electricity futures	79.0 EUR mill.	5.8 EUR mill.	15,301.1	-1,681.7
Gas futures	0.0 EUR mill.	0.0 EUR mill.	–	–
CO_2-futures	0.0 EUR mill.	1.6 EUR mill.	–	-571.3
Gas oil futures	1.6 USD mill.	0.0 USD mill.	210.9	–
Gas swaps	8.9 EUR mill.	0.6 EUR mill.	112.7	-264.3
Aluminium/copper swaps	0.0 EUR mill.	1.8 EUR mill.	–	-51.4
Derivatives designated as fair value hedging instruments				
Electricity futures	1.2 EUR mill.	0.0 EUR mill.	37.1	-168.4
Gas futures	33.6 EUR mill.	12.5 EUR mill.	1,142.5	-660.8
Derivatives not designated as hedging instruments				
Electricity forwards	54.8 EUR mill.	54.8 EUR mill.	10,285.2	-10,240.7
Gas forwards	0.0 EUR mill.	0.0 EUR mill.	–	–
Gas futures	0.0 EUR mill.	0.0 EUR mill.	–	–

Positive market values are reported under other long-term and current assets, and negative market values are reported under other long-term and current liabilities.

The electricity and gas hedging instruments are designated as fair value hedging instruments as illustrated above. In the 2017/2018 fiscal year, carrying amount adjustments for hedged items resulted in losses in the amount of EUR 148.8 thousand (previous year: profit of EUR 400.6 thousand) that are recognised in the operating result. Profits of EUR 148.8 thousand (previous year: losses of EUR 400.6 thousand) resulting from changes in the fair value of the hedging instruments are recognised in the operating result.

The following table shows the contractual maturities of payments (nominal values) from the hedged items to the cash flow hedges:

	Nominal value		
30/09/2018	**Purchase**	**Sale**	**Maturity**
Hedge accounting			
Interest rate swaps	89.7 EUR mill.	0.0 EUR mill.	2018-2028
Foreign exchange contracts	0.2 USD mill.	0.0 USD mill.	2018
Electricity futures	117.3 EUR mill.	2.4 EUR mill.	2018-2022
Gas futures	3.0 EUR mill.	0.0 EUR mill.	2018-2020
CO_2-futures	0.0 EUR mill.	2.9 EUR mill.	2018-2019
Gas oil futures	0.2 USD mill.	0.0 USD mill.	2018
Gas swaps	6.6 EUR mill.	0.0 EUR mill.	2018-2021
Aluminium/copper swaps	0.0 EUR mill.	0.0 EUR mill.	–

	Nominal value		
30/09/2017	**Purchase**	**Sale**	**Maturity**
Hedge accounting			
Interest rate swaps	95.9 EUR mill.	0.0 EUR mill.	2017-2028
Foreign exchange contracts	1.4 USD mill.	0.0 USD mill.	2017-2018
Electricity futures	79.0 EUR mill.	5.8 EUR mill.	2017-2021
Gas futures	0.0 EUR mill.	0.0 EUR mill.	–
CO_2-futures	0.0 EUR mill.	1.6 EUR mill.	2017-2018
Gas oil futures	1.6 USD mill.	0.0 USD mill.	2017-2018
Gas swaps	8.9 EUR mill.	0.6 EUR mill.	2017-2021
Aluminium/copper swaps	0.0 EUR mill.	1.8 EUR mill.	2017-2018

24.2. Carrying Amounts According to IAS 39

The carrying amounts of financial assets and liabilities are grouped to classes or measurement categories according to IAS 39 or IAS 17 as follows:

	Category according to IAS 39	Carrying amount 30/09/2018 EUR 1,000	Carrying amount 30/09/2017 EUR 1,000
Investments		**11,558.7**	**13,556.9**
Shares in affiliated companies	AfS (at cost)	2,097.1	2,992.6
Available for sale investments	AfS	927.1	435.9
Other Investments	AfS (at cost)	8,534.5	10,128.4
Other financial assets		**65,318.8**	**78,310.8**
Loans to affiliated companies	LaR	37.0	38.5
Loans to companies in which an interest is held	LaR	12,618.4	4,197.7
Other lendings	LaR	6,307.6	15,469.4
Securities (held to maturity)	HtM	1.0	1.0
Securities (available for sale)	AfS	17,972.8	29,405.2
Securities (fair value option)	AtFVP&L (FV Option)	28,382.0	29,199.0
Receivables and other assets (non-current and current) according to the balance sheet		**292,321.0**	**248,306.0**
Thereof non-financial assets		**31,140.5**	**29,964.7**
Thereof financial assets		**261,180.5**	**218,341.3**
Trade receivables	LaR	171,895.5	160,603.2
Receivables from affiliated companies	LaR	295.7	681.7
Receivables from joint arrangements and associated companies	LaR	23,517.8	26,774.8
Derivatives designated as hedging instruments (cash flow hedges)	n/a	2,268.1	139.6
Derivatives not designated as hedging instruments	AtFVP&L (Trading)	33,806.4	12,875.1
Other financial assets	LaR	29,397.0	17,266.9
Fixed term deposits and current investments	LaR	**141,152.5**	**150,000.0**
Fixed term deposits and current investments	AtFVP&L (FV Option)	**39,917.6**	**–**
Cash and cash equivalents	LaR	**101,436.6**	**93,030.3**
Total financial assets		**620,564.7**	**553,239.3**

	Category according to IAS 39	Carrying amount 30/09/2018 EUR 1,000	Carrying amount 30/09/2017 EUR 1,000
Financial liabilities (non-current and current)		**455,112.6**	**464,376.7**
Bonds	FLAC	302,125.1	302,387.5
Liabilities to banks	FLAC	29,266.0	34,927.1
Liabilities from finance leases	IAS 17	48,972.8	51,578.2
Other financial liabilities	FLAC	74,748.7	75,483.9
Trade payables (current)	FLAC	**157,632.7**	**156,515.4**
Other liabilities (non-current and current) according to the balance sheet		**458,026.4**	**421,024.9**
Thereof non-financial liabilities		**241,629.5**	**225,033.4**
Thereof financial liabilities		**216,396.9**	**195,991.5**
Liabilities to affiliated companies	FLAC	18,219.1	21,989.6
Liabilities to joint arrangements and associated companies	FLAC	92,821.3	91,666.1
Derivatives designated as hedging instruments (cash flow hedges)	n/a	14,287.1	15,363.9
Derivatives not designated as hedging instruments	AtFVP&L (Trading)	33,361.9	10,240.7
Other financial liabilities (non-current and current)	FLAC	57,707.5	56,731.2
Total financial liabilities		**829,142.2**	**816,883.6**
Carrying amounts in measurement categories acc. to IAS 39			
Loans and Receivables	LaR	486,658.1	468,062.5
Held to Maturity Investments	HtM	1.0	1.0
Available for Sale Financial Assets	AfS	29,531.5	42,962.1
Financial Assets at Fair Value through Profit or Loss	AtFVP&L (Trading)	33,806.4	12,875.1
Financial Assets at Fair Value through Profit or Loss	AtFVP&L (FV option)	68,299.6	29,199.0
Financial Liabilities Measured at Amortised Cost	FLAC	732,520.4	739,700.8
Financial Liabilities at Fair Value through Profit or Loss	AtFVP&L (Trading)	33,361.9	10,240.7

AfS Available for Sale
LaR Loans and Receivables
HtM Held to Maturity
FLAC Financial Liabilities at Amortized Cost
AtFVP&L At Fair Value through Profit or Loss

Interests in non-consolidated affiliated companies and other investments are recognised as "Available for Sale at Cost". No price is quoted on any active market for these investments and their fair value can therefore not be measured with reliability. In the 2017/2018 fiscal year, a disposal of other investments (at cost) was recognised in the amount of EUR 163.1 thousand (previous year: EUR 165.4 thousand). The loss from the disposal of these assets amounted to EUR 108.0 thousand (previous year: EUR 9.6 thousand).

24.3. Offsetting of Financial Assets and Liabilities

The following table shows the effect of netting agreements:

	30/09/2018			30/09/2017		
	Recognised financial assets/ liabilities (net) EUR 1,000	Related amounts not set off in the statement of financial position EUR 1,000	Net amounts EUR 1,000	Recognised financial assets/ liabilities (net) EUR 1,000	Related amounts not set off in the statement of financial position EUR 1,000	Net amounts EUR 1,000
Financial assets						
Trade receivables	171,895.5	-18,207.8	153,687.7	160,603.2	-15,899.4	144,703.8
Receivables from joint arrangements and associated companies	23,517.8	-333.8	23,184.0	26,774.8	-4,868.2	21,906.6
Positive market value of derivatives	36,074.5	-20,337.8	15,736.7	13,014.7	-5,963.7	7,051.0
Total	**231,487.8**	**-38,879.4**	**192,608.4**	**200,392.7**	**-26,731.3**	**173,661.4**
Financial liabilities						
Trade payables	157,632.7	-18,207.8	139,424.9	156,515.4	-15,899.4	140,616.0
Liabilities to joint arrangements and associated companies	92,821.3	-333.8	92,487.5	91,666.1	-4,868.2	86,797.9
Negative market value of derivatives	47,649.0	-20,337.8	27,311.2	25,604.6	-5,963.7	19,640.9
Total	**298,103.0**	**-38,879.4**	**259,223.6**	**273,786.1**	**-26,731.3**	**247,054.8**

At the Energie AG Oberösterreich Group, the derivative financial instruments and receivables/ payables presented above are concluded on the basis of standard agreements (e.g. ISDA, EFET, German Master Agreement for Financial Derivative Transactions), which, in the event of insolvency of a business partner, permit the offsetting of outstanding transactions. The criteria for netting in the balance sheet are not met, because either no net payments are being made or the legal enforceability of the netting agreements is uncertain.

24.4. Measurement at Fair Value

24.4.1. Fair Value of Financial Assets and Liabilities that Are Measured Regularly at Fair Value

Pursuant to IFRS 13, financial instruments that are measured at fair value are classified within a fair value hierarchy. In view of possible uncertainties relating to possible estimates of the fair values, a distinction is made between three levels:

Level 1: Measurement on the basis of a published price quotation for identical assets or liabilities in an active market.

Level 2: Measurement on the basis of inputs that are observable either directly or indirectly in the market and measurements based on prices quoted in inactive markets.

Level 3: Measurement on the basis inputs not observable in the market.

If the inputs used to determine the fair value of an asset or liability are attributable to different levels of the fair value hierarchy, the measurement at fair value is wholly assigned to the the fair value hierarchy level that corresponds to the lowest input which, in the aggregate, is material for the measurement.

The financial instruments measured at fair value are assigned to levels 1 to 2 as follows:

30/09/2018	Carrying amount EUR 1,000	Measurement at market prices level 1 EUR 1,000	Measurement based on inputs observable in the market level 2 EUR 1,000	Total fair value EUR 1,000
Assets				
Investments (available for sale)	927.1	927.1	–	927.1
Securities (available for sale)	17,972.8	15,656.9	2,315.9	17,972.8
Securities (fair value option)	28,382.0	28,382.0	–	28,382.0
Fixed term deposits and current investments	39,917.6	39,917.6	–	39,917.6
Derivatives designated as hedging instruments (cash flow hedges)	2,268.1	–	2,268.1	2,268.1
Derivatives not designated as hedging instruments	33,806.4	–	33,806.4	33,806.4
Total	**123,274.0**	**84,883.6**	**38,390.4**	**123,274.0**
Liabilities				
Derivatives designated as hedging instruments (cash flow hedges)	14,287.1	–	14,287.1	14,287.1
Derivatives not designated as hedging instruments	33,361.9	–	33,361.9	33,361.9
Total	**47,649.0**	**–**	**47,649.0**	**47,649.0**

30/09/2017	Carrying amount EUR 1,000	Measurement at market prices level 1 EUR 1,000	Measurement based on inputs observable in the market level 2 EUR 1,000	Total fair value EUR 1,000
Assets				
Investments (available for sale)	435.9	435.9	–	435.9
Securities (available for sale)	29,405.2	23,526.0	5,879.2	29,405.2
Securities (fair value option)	29,199.0	29,199.0	–	29,199.0
Fixed term deposits and current investments	–	–	–	–
Derivatives designated as hedging instruments (cash flow hedges)	139.6	–	139.6	139.6
Derivatives not designated as hedging instruments	12,875.1	–	12,875.1	12,875.1
Total	**72,054.8**	**53,160.9**	**18,893.9**	**72,054.8**
Liabilities				
Derivatives designated as hedging instruments (cash flow hedges)	15,363.9	–	15,363.9	15,363.9
Derivatives not designated as hedging instruments	10,240.7	–	10,240.7	10,240.7
Total	**25,604.6**	**–**	**25,604.6**	**25,604.6**

24.4.2. Valuation Techniques and Input Used in Measuring Fair Values

In general, the fair values of the financial assets and liabilities correspond to the market prices as of the balance sheet date. If active market prices are not directly available, then – if they are not of minor significance – they are calculated using recognised actuarial measurement models and current market parameters (in particular interest rates, exchange rates and the credit rating of contractual partners). This is done by discounting the cash flows from the financial instruments to the balance sheet date.

The following valuation parameters and inputs were used:

Financial instruments	Level	Valuation techniques	Inputs
Listed securities, mutual funds	1	Market value-oriented	Nominal values, stock market price, net asset value
Other securities	2	Capital value-oriented	Payments connected to financial instruments, interest rate curve, credit risk of the contractual partners (credit default swaps or credit spread curves)
Foreign exchange contracts	2	Capital value-oriented	Exchange rates, interest rates, credit risk of the contractual partners
Listed energy futures	1	Market value-oriented	Settlement price determined at stock exchange
Non-listed energy forwards	2	Capital value-oriented	Forward price curve derived from stock exchange prices, interest rate curve, credit risk of contractual partners on a net basis
Interest rate swaps	2	Capital value-oriented	Cash flows already fixed or determined using forward rates, interest rate curve, credit risk of contractual partners
Gas/aluminium/copper swaps	2	Capital value-oriented	Cash flows already fixed or determined using forward rates, interest rate curve, credit risk of contractual partners

24.4.3. Fair Values of Financial Assets and Liabilities that Are Not Measured Regularly at Fair Value, However for which the Fair Value Must Be Disclosed

The items trade receivables, receivables from affiliated companies, receivables from joint arrangements and associated companies, other financial assets, as well as fixed term deposits and current investments are characterised by predominantly short remaining terms. Therefore, their carrying amounts as of the balance sheet date correspond approximately to the fair value. If they are material and do not have a variable interest rate, then the fair value of non-current borrowings corresponds to the present value of the payments associated with the assets, taking into consideration the current market parameters in each case (interest rates, credit spreads).

Trade payables, liabilities to affiliated companies, liabilities to joint arrangements and associated companies and other financial liabilities mainly have short remaining maturities. The values on the balance sheet are approximately the fair values. If they are material and do not have a variable interest rate, then the fair value of financial liabilities is determined using the present value of the payments associated with the liabilities, taking into consideration the applicable market parameters in each case (interest rates, credit spreads).

The following financial assets and liabilities have a fair value different from the carrying amount:

	Category according to IAS 39	Carrying amount 30/09/2018 EUR 1,000	Fair value 30/09/2018 EUR 1,000	Carrying amount 30/09/2017 EUR 1,000	Fair value 30/09/2017 EUR 1,000	Level
Assets						
Other financial assets		**18,926.0**	**20,939.4**	**19,667.1**	**22,379.7**	
Loans to companies in which an interest is held	LaR	12,618.4	14,516.1	4,197.7	4,690.4	Level 3
Other lendings	LaR	6,307.6	6,423.3	15,469.4	17,689.3	Level 3
Liabilities						
Financial liabilities		**406,139.8**	**484,270.5**	**412,798.5**	**498,897.4**	
Bonds	FLAC	302,125.1	366,000.0	302,387.5	377,643.0	Level 1
Liabilities to banks	FLAC	29,266.0	30,856.5	34,927.1	36,396.9	Level 3
Other financial liabilities	FLAC	74,748.7	87,414.0	75,483.9	84,857.5	Level 3

The fair value of the Level 3 financial assets given above were determined in agreement with generally accepted valuation techniques based on discounted cash flow analyses. The material input is the discount rate, which takes into account the default risk of the counterparty.

24.5. Net Result

The net result from financial instruments is grouped in the different classes of financial instruments as follows:

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Loans and Receivables	226.2	-4,133.0
Available for Sale Financial Assets	6,651.7	8,720.6
Financial Assets At Fair Value through Profit or Loss (FV Option)	-146.0	118.9
Financial Assets/Liabilities at Fair Value through Profit or Loss (Trading)	-844.2	145.3
Financial Liabilities Measured at Amortised Cost	-16,167.9	-20,169.1
Net result	**-10,280.2**	**-15,317.3**
Interest income and expenses from financial instruments that are measured at amortised costs:		
Total interest income	1,000.6	817.4
Total interest expense	-16,167.9	-20,169.1

The net result for the category loans and receivables mainly includes interest income from invested money and borrowings and is recognised in the financial result. In addition, this item includes revenues from the reversal of changes in value and revenues from the receipt of receivables that had previously been written off, and expenses from impairments and write-offs for trade receivables recognised in operating income.

The net result of the financial assets available for sale shows the measurement result of investments and securities without recognised outside profit or loss, as well as results from disposals and impairments shown in other financial result.

The net income of the financial assets at fair value through profit or loss (FV Option) mainly includes earnings from remeasurement and earnings from disposals, as well as dividends from securities and income from the remeasurement of money market funds and is shown in other financial income.

The net result of financial liabilities measured at amortised cost mainly includes interest expenses from financial liabilities and is part of the financial result.

The net result of financial assets and liabilities at Fair Value through Profit or Loss (held for trading) results mainly from the derivative instruments used by Energie AG Oberösterreich. The measured value of derivative instruments in the Energy Segment is recognised in the operating result, while those of the interest rate derivative instruments are recognised in the financial result.

24.6. Financial Risk Management

24.6.1. Principles of Financial Risk Management

Due to its business activities and the financial transactions it conducts, the Energie AG Group is exposed to various risks. These risks primarily include currency and interest rate risks, liquidity risks, default risks, price risks from securities, and price risks in the commodity sector (energy sector price risks).

Energy sector risks are managed by Energie AG Oberösterreich Trading GmbH, and financial risks are managed centrally by Group Treasury, which is also responsible for any hedging measures for all Group companies. Hedging against energy sector risks is handled on the basis of an internal policy on conducting energy sector hedging transactions. A financial management guideline for the Group (Treasury Policy), in which the main goals, principles and distribution of duties in the Group are set out, serves as a basis for the management of financial risks.

Hedging against energy sector and financial risks is also handled using derivative financial instruments. Transactions of this type are on principle only carried out with counterparties with very good credit ratings in order to minimise the risk of default.

24.6.2. Currency Risk

The currency risks Energie AG Group is exposed to result from financing provided in foreign currencies and the translation risk from the conversion of foreign Group companies into the Group currency (Czech Republic and Hungary).

For the currency risk of financial instruments, sensitivity analyses were carried out which show the effects of hypothetical changes in exchange rates on result (after taxes) and equity. The affected holdings as of the balance sheet date were used as a basis (CZK 439.0 million, HUF 2.7 billion, USD 0.6 million, previous year: CZK 419.1 million, HUF 2.7 billion, USD 2.7 million). Here it was assumed that the risk on the balance sheet date basically represents the risk during the fiscal year. The Group tax rate of 25% was used as the tax rate.

In addition, it was assumed for the analysis that all other variables, in particular interest rates, remain constant. In the analysis, the currency risks for financial instruments that are denominated in a currency different from the functional currency and are of a monetary nature were included. Differences resulting from the exchange rate in translating financial statements into the Group currency were not taken into consideration.

Following the aforementioned assumptions, an upward revaluation of the Euro by 10% against all other currencies on the balance sheet date would result in lower earnings (after taxes) by EUR 668.7 thousand (previous year: EUR 672.8 thousand) and a reduction in equity by EUR 1,767.8 thousand (previous year: EUR 1,934.9 thousand). Here, the sensitivity of equity, as well as the sensitivity of profit (after taxes), were affected by the sensitivity of the currency-related translation effects of net investments and hedge accounting in the amount of EUR 1,099.1 thousand (previous year: EUR 1,262.1 thousand).

Following the aforementioned assumptions, a downward revaluation of the Euro by 10% against all other currencies on the balance sheet date would result in increased earnings (after taxes) by EUR 817.3 thousand (previous year: EUR 822.3 thousand) and an increase in equity by EUR 2,160.7 thousand (previous year: EUR 2,364.8 thousand). Here, the sensitivity of equity, as well as the sensitivity of profit (after taxes), were affected by the sensitivity of the currency-related translation effects of net investments and hedge accounting in the amount of EUR 1,343.3 thousand (previous year: EUR 1,542.5 thousand).

24.6.3. Interest Rate Risk

The Energie AG Group holds interest rate-sensitive financial instruments in order to meet the requirements of operational and strategic liquidity management. Interest rate change risks mainly result from financial instruments with variable interest rates (cash flow risk). Interest rate risks result in particular from:

	30/09/2018 EUR 1,000	**30/09/2017** EUR 1,000
Cash in bank	101,436.6	92,839.2
Variable rate lendings	4,159.1	3,185.7
Variable rate loans	-183,349.5	-189,567.8
Net risk before hedge accounting	**-77,753.8**	**-93,542.9**
Hedge accounting and interest rate derivatives	58,078.2	64,329.2
Net risk after hedge accounting and interest rate derivatives	**-19,675.6**	**-29,213.7**

For the interest rate risks of these financial instruments, sensitivity analyses were carried out which show the effects of hypothetical changes in market interest rates on result (after taxes) and equity. The affected holdings as of the balance sheet date were used as a basis. Here it was assumed that the risk on the balance sheet date basically represents the risk during the fiscal year. The Group tax rate of 25% was used as the tax rate. In addition, it was assumed for the analysis that all other variables, in particular exchange rates, remain constant.

Following the aforementioned assumptions, an increase in the market interest rate by 50 basis points on the balance sheet date would result in lower earnings (after taxes) by EUR 73.8 thousand (previous year: EUR 109.6 thousand) and an increase in equity in the amount of EUR 2,059.1 thousand (previous year: EUR 2,392.1 thousand). The sensitivity of equity, as well as the sensitivity of earnings (after taxes), were in this case affected by the sensitivity of the interest rate-related cash flow hedge reserve in the amount of EUR 2,132.9 thousand (previous year: EUR 2,501.7 thousand).

Following the aforementioned assumptions, a decrease in the market interest rate by 50 basis points on the balance sheet date would result in increased earnings (after taxes) by EUR 73.8 thousand (previous year: decrease by EUR 109.6 thousand) and a reduction in equity in the amount of EUR 2,157.5 thousand (previous year: EUR 2,516.7 thousand). The sensitivity of equity, as well as the sensitivity of earnings (after taxes), were in this case affected by the sensitivity of the interest rate-related cash flow hedge reserve in the amount of EUR 2,231.3 thousand (previous year: EUR 2,626.3 thousand).

24.6.4. Commodity Price Risk

Commodity price risks arise primarily through the procurement and sale of electricity and gas. Beyond that price risks arise for Energie AG Oberösterreich due to speculative positions taken in proprietary trading. Proprietary trading is only carried out within very tightly defined limits. and the risk can therefore be considered immaterial.

Hedging instruments are used for electrical energy and gas to hedge against energy industry risks.

For the commodity price risks, sensitivity analyses were carried out which show the effect of hypothetical changes in the fair value level on result (after taxes) and equity. The affected derivative holdings in the area of energy as of the balance sheet date were used as a basis. Here it was assumed that the risk on the balance sheet date basically represents the risk during the fiscal year. The Group tax rate of 25% was used as the tax rate. In addition, it was assumed for the analysis that all other variables, in particular exchange rates, remain constant. Not taken into consideration are contracts which are for the purpose of the receipt or delivery of non-financial items according to the expected purchase, sale and use requirements of the company (own use) and which therefore are not to be reported according to IAS 39, with the exception of onerous contacts.

Sensitivity of derivative contracts regarding the electricity price:

Following the aforementioned assumptions, a 15% increase (decrease) in the fair value level as of the balance sheet date would result in a decrease (increase) in profit (after taxes) by EUR 0.0 thousand (previous year: EUR 0.0 thousand) and an increase (decrease) in equity by EUR 18,189.6 thousand (previous year: EUR 9,760.2 thousand). The sensitivity of equity, as well as the sensitivity of earnings (after taxes), were in this case affected by the sensitivity of the electricity-price-related cash flow hedge reserve in the amount of EUR 18,189.6 thousand (previous year: EUR 9,760.2 thousand).

Sensitivity of derivative contracts with regard to the prices for gas and diesel (gas-oil):

Following the aforementioned assumptions, a 25% increase (decrease) in the fair value level as of the balance sheet date would result in an increase (decrease) in profit (after taxes) by EUR 0.0 thousand (previous year: EUR 0.0 thousand) and an increase (decrease) in equity by EUR 2,457.5 thousand (previous year: EUR 2,149.6 thousand). The sensitivity of equity, as well as the sensitivity of earnings (after taxes), were in this case affected by the sensitivity of the gas-price-related cash flow hedge reserve in the amount of EUR 2,457.5 thousand (previous year: EUR 2,149.6 thousand).

24.6.5. Market Risk from Securities Measured at Fair Value

The Energie AG Oberösterreich Group holds securities and funds that result in price change risks for the company. The fluctuation risk of the securities held is limited by a conservative investment policy and ongoing monitoring, as well as ongoing quantification of the risk potential.

A sensitivity analysis carried out for the price risks from securities established the effect of hypothetical changes in the market price level on earnings (after taxes) and equity. This was based on the corresponding financial instruments “available-for-sale” and “at fair value through profit or loss” (fair value option) held on the balance sheet. Here it was assumed that the risk on the balance sheet date basically represents the risk during the fiscal year. The Group tax rate of 25% was used as the tax rate. In addition, it was assumed for the analysis that all other inputs, such as the currency, remain constant.

Following the aforementioned assumptions, a 15% increase (decrease) in the fair value level as of the balance sheet date would result in an increase (decrease) in profit (after taxes) in the amount of EUR 3,193.0 thousand (previous year: EUR 3,284.9 thousand) and in equity in the amount of EUR 5,319.2 thousand (previous year: EUR 6,642.0 thousand). Here, the sensitivity of equity, as well as the sensitivity of profit (after taxes), were affected by the sensitivity of the market-price-level-related available for sale reserve in the amount of EUR 2,126.2 thousand (previous year: EUR 3,357.1 thousand).

24.6.6. Credit Risk

Credit risks arise for the Energie AG Group due to non-fulfilment of contractual agreements by counterparties.

The credit risk is limited by performing regular credit assessments of the customer portfolio. In the area of financial and energy trading, transactions are only conducted with counterparties with a first-class credit rating. In addition, the risks are mitigated by limit systems and monitoring.

At Energie AG Oberösterreich, the maximum credit risk corresponds to the carrying amount of the reported financial assets plus the contingent liabilities listed in section 32 › page 150.

The carrying amounts of the financial assets are composed as follows:

	Carrying amount 30/09/2018 EUR 1,000	Thereof: neither impaired nor past due as of the balance sheet date EUR 1,000	Thereof: neither impaired nor past due in the following maturity ranges				Thereof: impaired as of the balance sheet date EUR 1,000
			Less than 30 days EUR 1,000	Between 30 and 60 days EUR 1,000	Between 60 and 90 days EUR 1,000	More than 90 days EUR 1,000	
Receivables and other financial assets (non-current and current)	**225,106.0**	**211,647.2**	**5,798.4**	**898.0**	**382.3**	**1,039.5**	**5,340.6**
Trade receivables	171,895.5	162,240.5	5,797.3	679.3	382.3	1,039.5	1,756.6
Receivables from affiliated companies	295.7	295.7	–	–	–	–	–
Receivables from joint arrangements and associated companies	23,517.8	23,517.8	–	–	–	–	–
Other financial assets	29,397.0	25,593.2	1.1	218.7	–	–	3,584.0
Total	**225,106.0**	**211,647.2**	**5,798.4**	**898.0**	**382.3**	**1,039.5**	**5,340.6**

	Carrying amount 30/09/2017 EUR 1,000	Thereof: neither impaired nor past due as of the balance sheet date EUR 1,000	Thereof: neither impaired nor past due in the following maturity ranges				Thereof: impaired as of the balance sheet date EUR 1,000
			Less than 30 days EUR 1,000	Between 30 and 60 days EUR 1,000	Between 60 and 90 days EUR 1,000	More than 90 days EUR 1,000	
Receivables and other financial assets (non-current and current)	**205,326.6**	**191,499.7**	**5,448.3**	**1,126.1**	**715.1**	**1,160.3**	**5,377.1**
Trade receivables	160,603.2	150,655.4	5,384.1	1,126.1	701.3	1,160.3	1,576.0
Receivables from affiliated companies	681.7	681.7	–	–	–	–	–
Receivables from joint arrangements and associated companies	26,774.8	26,715.6	59.2	–	–	–	–
Other financial assets	17,266.9	13,447.0	5.0	–	13.8	–	3,801.1
Total	**205,326.6**	**191,499.7**	**5,448.3**	**1,126.1**	**715.1**	**1,160.3**	**5,377.1**

The changes in impairments of financial assets were as follows:

	Balance as of 01/10/2017 EUR 1,000	Change in scope of consolidation EUR 1,000	Additions EUR 1,000	Use EUR 1,000	Reversal EUR 1,000	Currency translation EUR 1,000	Balance as of 30/09/2018 EUR 1,000
Other financial assets	**424.4**	**–**	**–**	**-2.6**	**–**	**0.4**	**422.2**
Loans to affiliated companies	38.5	–	–	-2.6	–	0.4	36.3
Securities (available for sale)	385.9	–	–	–	–	–	385.9
Receivables and other financial assets (non-current and current)	**9,327.4**	**21.6**	**486.9**	**-96.7**	**-1,079.5**	**5.0**	**8,664.7**
Trade receivables	9,233.5	21.6	486.2	-96.7	-1,071.5	4.2	8,577.3
Other financial assets	93.9	–	0.7	–	-8.0	0.8	87.4
Total	**9,751.8**	**21.6**	**486.9**	**-99.3**	**-1,079.5**	**5.4**	**9,086.9**

	Balance as of 01/10/2016 EUR 1,000	Change in scope of consolidation EUR 1,000	Additions EUR 1,000	Use EUR 1,000	Reversal EUR 1,000	Currency translation EUR 1,000	Balance as of 30/09/2017 EUR 1,000
Other financial assets	**385.9**	**–**	**37.5**	**–**	**–**	**1.0**	**424.4**
Loans to affiliated companies	–	–	37.5	–	–	1.0	38.5
Securities (available for sale)	385.9	–	–	–	–	–	385.9
Receivables and other financial assets (non-current and current)	**5,496.6**	**–**	**4,011.7**	**-122.1**	**-103.9**	**45.1**	**9,327.4**
Trade receivables	5,414.0	–	4,003.7	-122.1	-103.9	41.8	9,233.5
Other financial assets	82.6	–	8.0	–	–	3.3	93.9
Total	**5,882.5**	**–**	**4,049.2**	**-122.1**	**-103.9**	**46.1**	**9,751.8**

The expenses for complete derecognition of receivables amount to EUR 1,402.6 thousand (previous year: EUR 1,305.2 thousand). The revenue from the receipt of derecognised receivables amount to EUR 21.4 thousand (previous year: EUR 32.5 thousand).The income from impairment reversals in the fiscal year amounts to EUR -592.6 thousand (previous year: accumulated impairment loss of EUR 3,945.3 thousand) for financial assets classified as "loans and receivables", and EUR 0.0 thousand (previous year: EUR 0.0 thousand) for financial assets classified as "available for sale".

With regard to the holdings of financial trade and other receivables that are neither impaired nor in default, there are no indications as of the balance sheet date that the debtors will not meet their payment obligations. For the financial assets not listed in the above table, there are no material delinquencies or impairments, and there are no indications that the debtors will not meet their payment obligations.

Individual impairments are made up of a number of individual items, of which none is material when considered by itself. In addition, impairments graduated by risk groups are recognised to provide for general credit risks.

24.6.7. Liquidity Risk

A liquidity risk would exist when liquidity reserves or debt capacity were insufficient to meet financial obligations on time. Due to anticipatory liquidity planning and the liquidity reserves that are held, the liquidity risk is considered very low for the Energie AG Group. In addition, open lines of bank credit and on the capital market are also drawn on as sources for financing. Measures aimed at assuring an appropriate capital structure and a conservative financial profile assist the company in maintaining its current "A" rating.

	Carrying amount 30/09/2018 EUR 1,000	Cash flows 2018/2019		Cash flows 2019/2020 to 2022/2023		Cash flows in and after 2023/2024	
		Interest EUR 1,000	Repayments EUR 1,000	Interest EUR 1,000	Repayments EUR 1,000	Interest EUR 1,000	Repayments EUR 1,000
Financial liabilities (non-current and current)	**455,112.6**	**16,261.3**	**26,229.8**	**62,833.4**	**83,832.5**	**32,637.6**	**346,951.1**
Bonds	302,125.1	13,500.0	0.2	54,000.0	–	19,125.0	303,270.5
Liabilities to banks	29,266.0	626.9	5,627.6	740.6	21,803.7	212.5	2,589.9
Liabilities from finance leases	48,972.8	-96.4	2,723.4	-274.5	46,249.4	–	–
Other financial liabilities	74,748.7	2,230.8	17,878.6	8,367.3	15,779.4	13,300.1	41,090.7
Trade payables (current)	**157,632.7**	**–**	**157,632.7**	**–**	**–**	**–**	**–**
Other liabilities (non-current and current) according to the balance sheet	**458,026.4**						
Thereof non-financial liabilities	**241,629.5**						
Thereof financial liabilities	**216,396.9**	**3,051.6**	**186,903.2**	**9,577.4**	**12,488.1**	**7,576.4**	**2,759.5**
Liabilities to affiliated companies	18,219.1	–	18,219.1	–	–	–	–
Liabilities to joint arrangements and associated companies	92,821.3	–	92,821.3	–	–	–	–
Derivatives designated as hedging instruments (cash flow hedges)	14,287.1	3,051.6	41.0	9,577.4	–	7,576.4	–
Derivatives not designated as hedging instruments	33,361.9	–	26,936.4	–	6,425.5	–	–
Other financial liabilities (non-current and current)	57,707.5	–	48,885.4	–	6,062.6	–	2,759.5
Total	**829,142.2**	**19,312.9**	**370,765.7**	**72,410.8**	**96,320.6**	**40,214.0**	**349,710.6**

	Carrying amount 30/09/2017 EUR 1,000	Cash flows 2017/2018		Cash flows 2018/2019 to 2021/2022		Cash flows in and after 2022/2023	
		Interest EUR 1,000	Repay-ments EUR 1,000	Interest EUR 1,000	Repay-ments EUR 1,000	Interest EUR 1,000	Repay-ments EUR 1,000
Financial liabilities (non-current and current)	**464,376.7**	**16,401.8**	**9,737.8**	**64,163.6**	**66,003.9**	**48,035.8**	**390,785.7**
Bonds	302,387.5	13,500.0	0.2	54,000.0	–	32,625.0	303,711.2
Liabilities to banks	34,927.1	680.7	6,178.9	1,771.7	27,086.0	218.3	2,489.0
Liabilities from finance leases	51,578.2	-101.7	2,605.4	-351.8	11,648.1	-19.1	37,324.7
Other financial liabilities	75,483.9	2,322.8	953.3	8,743.7	27,269.8	15,211.6	47,260.8
Trade payables (current)	**156,515.4**	**–**	**156,515.4**	**–**	**–**	**–**	**–**
Other liabilities (non-current and current) according to the balance sheet	**421,024.9**						
Thereof non-financial liabilities	**225,033.4**						
Thereof financial liabilities	**195,991.5**	**3,310.0**	**170,314.4**	**10,895.0**	**8,201.6**	**9,307.7**	**2,367.6**
Liabilities to affiliated companies	21,989.6	–	21,989.6	–	–	–	–
Liabilities to joint arrangements and associated companies	91,666.1	–	91,666.1	–	–	–	–
Derivatives designated as hedging instruments (cash flow hedges)	15,363.9	3,310.0	256.0	10,895.0	–	9,307.7	–
Derivatives not designated as hedging instruments	10,240.7	–	7,823.7	–	2,417.1	–	–
Other financial liabilities (non-current and current)	56,731.2	–	48,579.0	–	5,784.5	–	2,367.6
Total	**816,883.6**	**19,711.8**	**336,567.6**	**75,058.6**	**74,205.5**	**57,343.5**	**393,153.3**

All financial instruments held on the balance sheet date and for which payments are contractually agreed upon are consolidated. Plan figures for new, future financial liabilities are not included. An average remaining term of 12 months is assumed for the current operating loans; the loan terms are however extended regularly and are, from a commercial prospective, available for longer than the stated periods. Foreign currency amounts are translated at the spot rate as of the balance sheet date. Variable interest payments from financial instruments are determined based on the last interest rates set before the balance sheet date. Financial liabilities that can be repaid at any time are always assigned to the earliest maturity range.

24.7. Development and Terms of the Most Significant Financial Liabilities

	EUR 1,000	EUR 1,000
Financial liabilities 30/09/2017		
Non-current	454,638.9	
Current	9,737.8	
		464,376.7
Principal repayment of bank loan Gas- und Dampfkraftwerk Timelkam GmbH		-5,250.0
Other movements		-4,014.1
Financial liabilities 30/09/2018		
Non-current	428,882.8	
Current	26,229.8	
		455,112.6

Energie AG Oberösterreich:

4.5% Energie AG OOe. Bond 2005-25 ISIN: XS0213737702 volume: EUR 300,000,000 matures: 4 March.

Registered bond 2010-2030, 4.75%, Volume: EUR 40,000,000

25. Non-Current Provisions

	30/09/2018 EUR 1,000	**30/09/2017** EUR 1,000
Provisions for pensions	106,567.0	102,979.6
Provisions for severance payments	86,958.2	84,927.0
Provisions for anniversary bonuses	20,004.9	17,990.8
Provisions for stepped pension and early retirement benefits	33,904.2	44,789.4
Other provisions	31,486.1	30,160.4
	278,920.4	**280,847.2**

For the most part, the provisions for pensions, severance payments and anniversary bonuses have a term that is more than five years. The provision for stepped pension and early retirement benefits will lead to payment outflows within the next five fiscal years, for the most part.

The following assumptions were made in calculating the personnel provisions:

	2017/2018 %	2016/2017 %
Discount rate	1.8	1.9
Salary trend	3.0	3.0
Pension trend	2.0	2.0
Expected return on plan assets	1.8	1.9

Biometric calculations were based on the AVÖ 2018 P (previous year: AVÖ 2008 P) calculation principles for pension funds from the Actuarial Association of Austria. The statutory retirement age was used as a basis.

A fluctuation ranging from 0% to 11.69% (previous year: 0% to 11.87%) is assumed, staggered according to length of service with the company.

25.1. Provisions for Pensions and Similar Provisions

Company agreements and commitments under individual contracts have incurred an obligation to pay pensions upon retirement to certain staff members who joined the company prior to 30 September 1996 and have accepted neither full nor partial compensation of their claims to direct payments. Beyond that, there is an obligation to pay pensions to certain staff members who retired before 1 July 1998.

For this group of people, a pension provision has been created in line with IAS 19 (Employee Benefits) using the projected unit credit method of actuarial valuation.

The Group has an obligation to make additional contributions for defined retirement benefit plan obligations that were transferred to the Group's pension fund.

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Present value of retirement benefit obligations (DBO) as of 01/10	118,634.7	136,132.2
+ Current service costs	527.6	703.9
+ Interest expense	2,147.8	1,623.4
- Pension payments	-7,351.1	-7,523.2
(-)/+ Revaluation – actuarial (gains)/losses:		
Due to experience-based adjustments	-2,212.9	-2,693.5
Due to changes in demographic assumptions	7,533.0	5.2
Due to changes in financial assumptions	2,395.3	-9,613.3
Present value of retirement benefit obligations (DBO) as of 30/09	**121,674.4**	**118,634.7**
- Fair value of fund assets	-15,107.4	-15,655.1
Recognised pension provisions as of 30/09	**106,567.0**	**102,979.6**

Changes in Fund Assets

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Plan assets as of 01/10	15,655.1	15,498.4
+/(-) Interest income (expense) of plan assets	276.6	203.4
+ Contributions to fund	–	59.4
- Payments from fund	-1,474.0	-868.4
+/(-) Asset gain/(loss)	649.7	762.3
Plan assets as of 30/09	**15,107.4**	**15,655.1**

Actual return on plan assets amounts to EUR 586.4 thousand (previous year: EUR 691.6 thousand).

The fund assets break down as follows:

	30/09/2018 %	30/09/2017 %
Shares	38.8	35.4
Bonds	42.1	41.9
Money market	12.1	14.8
Other investments	7.0	7.9
Total	**100.0**	**100.0**

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Service costs	527.6	703.9
Net interest expenses	1,871.2	1,420.0
Pension expense (recognised in profit or loss for the period)	**2,398.8**	**2,123.9**
Revaluations of retirement benefit obligations	7,065.7	-13,063.9
Pension expense (recognised in other comprehensive income)	**9,464.5**	**-10,940.0**

The present value of the defined retirement benefit plan obligations is distributed over the individual groups of employees entitled to pension benefits as follows:

	30/09/2018 %	30/09/2017 %
Active	17.3	19.7
Vested	3.2	0.0
Retired	79.5	80.3
	100.0	**100.0**

As of 30 September 2018, the weighted average remaining term of the defined benefit plan obligations was 12.7 years (previous year: 12.5 years).

Pension payments for the 2018/2019 fiscal year are expected to amount to EUR 7,157.4 thousand.

An increase or decrease in the material actuarial assumptions would have the following effects on the present value of the pension obligations:

Sensitivity Analyses

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Remaining life expectancy		
Increase by 1 year	6,954.9	6,902.5
Decrease by 1 year	-7,286.4	-7,213.7
Discount rate		
Increase by 0.5%	-7,130.1	-6,595.3
Decrease by 0.5%	7,918.3	6,820.1
Future pension increase		
Increase by 0.5%	7,246.8	6,944.0
Decrease by 0.5%	-6,633.0	-6,360.0

25.2. Provisions for Severance Payments

Based on obligations according to Austrian law and collective bargaining agreements, severance payments were paid to employees who took up service by 31 December 2002. Benefits due at the time of retirement or severance are calculated on the basis of the last salary, as well as the number of years of employment.

Based on these regulations according to labour law and collective bargaining agreements, a provision is created which is calculated according to the projected unit credit method.

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Present value of severence payment obligations (DBO) as of 01/10	84,927.0	90,464.4
+ Current service costs	3,141.8	3,455.8
+/(-) Net result from past service costs	-145.2	277.8
+ Interest expense	1,560.3	1,085.6
- Severance payments	-2,254.9	-3,805.4
(-)/+ Revaluation – actuarial (gains)/losses:		
Due to experience-based adjustments	-534.2	-591.6
Due to changes in demographic assumptions	-617.0	-20.9
Due to changes in financial assumptions	880.4	-5,938.7
Present value of severance payment obligations (DBO) as of 30/09 = recognised severance provisions as of 30/09	**86,958.2**	**84,927.0**

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Service costs	2,996.6	3,733.6
Net interest expenses	1,560.3	1,085.6
Severance expenses (recognised in profit or loss for the period)	**4,556.9**	**4,819.2**
Revaluations of the severance benefit obligation	-270.8	-6,551.2
Severance expenses (recognised in other comprehensive income)	**4,286.1**	**-1,732.0**

As of 30 September 2018, the weighted average remaining term of the defined benefit plan obligations amounted to 9.7 years (previous year: 9.8 years).

Severance payments for the 2017/2018 fiscal year are expected to amount to EUR 4,616.5 thousand.

An increase or decrease in the significant actuarial assumptions would have the following effects on the present value of the severance payment obligations:

Sensitivity Analyses

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Discount rate		
Increase by 0.5%	-4,021.30	-3,942.10
Decrease by 0.5%	4,347.40	4,262.70
Future salary increase		
Increase by 0.5%	4,342.10	4,263.40
Decrease by 0.5%	-3,428.30	-3,982.80

For employment relationships in Austria commencing on or after 1 January 2003, the employer is liable to remit 1.53% of the gross salary to an employee pension fund. This form of severance payment is recognised as a contribution-oriented plan according to IAS 19 (Employee Benefits).

25.3. Provisions for Anniversary Bonuses

Based on collective bargaining agreements, a provision for anniversary bonuses is created which is calculated according to the projected unit credit method.

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Present value of anniversary bonus obligations (DBO) as of 01/10	17,990.8	18,956.3
+ Current service costs	1,655.8	1,151.2
+ Interest expense	332.1	222.3
- Anniversary bonus payments	-1,250.1	-1,077.0
(-)/+ Revaluation – actuarial (gains)/losses	1,276.3	-1,262.0
Present value of anniversary bonus obligations (DBO) as of 30/09 = recognised provisions for anniversary bonuses as of 30/09	**20,004.9**	**17,990.8**

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Service costs	1,655.8	1,151.2
Net interest expenses	332.1	222.3
Revaluations	1,276.3	-1,262.0
Expenses for anniversary bonuses (recognised in profit or loss for the period)	**3,264.2**	**111.5**

25.4. Provisions for Stepped Pension and Early Retirement Benefits

A stepped pension (early retirement model) has been agreed upon with certain employees. This is a transitional payment for the period between the early termination of the employment relationship and the time when a claim to legal pension benefits is reached. The transitional payments for this period correspond to a previously determined percentage of the previous salary.

For the resulting obligations, a provision is created according to IAS 19 (Employee Benefits).

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Present value of early retirement benefit obligations (DBO) as of 01/10	44,789.4	53,114.6
+ Interest expense	729.8	557.9
+ Allocation due to new obligations	1,902.0	5,753.6
- Early retirement benefit payments	-11,232.3	-11,745.6
-/(+) Income/(losses) from settlements	-374.2	–
- Payments in relation to settlements	-179.9	–
(-)/+ Revaluation – actuarial (gains)/losses	-1,730.6	-2,891.1
Present value of early retirement benefit obligations (DBO) as of 30/09 = recognised early retirement benefit provisions as of 30/09	**33,904.2**	**44,789.4**

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Service costs	1,902.0	5,753.6
Net interest expenses	729.8	557.9
Revaluations	-1,730.6	-2,891.1
Expenses for stepped pension and early retirement benefits (recognised in profit or loss for the period)	**901.2**	**3,420.4**

25.5. Other Non-Current Provisions

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Carrying amount as of 01/10	30,160.4	28,318.9
Change in scope of consolidation	15.9	–
Use	-995.0	-921.2
Reversal	-134.2	-128.7
Allocation	2,438.2	2,884.6
Currency translation differences	0.8	6.8
	31,486.1	**30,160.4**

This item predominantly contains provisions for landfills.

26. Construction Cost Subsidies

This item primarily includes financing contributions received from electricity, gas and district heating customers. Following IFRIC 18, they are reversed as income over the average amortisation period for the corresponding equipment (up to 40 years).

27. Advances Received

This item essentially consists of deferred items from the sale of claims resulting from minimum waste volume rights. Due to a contractual agreement, the Group is obligated to accept a certain volume of waste. It provides for the Group to be paid for a pre-determined minimum waste volume, irrespective of the actual volume delivered. The claims from this minimum waste volume through 30 September 2021 were sold, and an interest rate of 4.2868% was agreed upon with the contract partner. This amount was recognised as a liability under advances received.

28. Other Non-Current Liabilities

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Investment subsidies	24,931.4	26,193.8
Other liabilities	51,098.9	46,070.1
	76,030.3	**72,263.9**

29. Current Provisions

Current provisions developed as follows during this fiscal year:

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Carrying amount as of 01/10	14,975.3	11,137.2
Use	-3,159.7	-3,536.9
Reversal	-1,026.2	-133.3
Allocation	7,199.4	7,492.9
Currency translation differences	5.6	15.4
	17,994.4	**14,975.3**

30. Tax Provisions

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Corporate tax for the reporting period	**165.0**	**142.7**

31. Other Current Liabilities

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Liabilities to non-consolidated affiliated companies	18,217.3	21,957.0
Liabilities to joint arrangements and associated companies	92,821.3	91,666.1
Tax liabilities	67,185.5	62,272.7
Social-security liabilities	6,262.1	6,206.0
Advances received	59,987.2	51,474.9
Market value of derivatives	27,593.4	9,656.7
Liabilities to employees	47,317.9	45,367.8
Other liabilities	62,611.4	60,159.8
	381,996.1	**348,761.0**

OTHER EXPLANATORY NOTES

32. Contingent Liabilities

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Others	**5,643.6**	**5,295.6**

Contingent liabilities include liabilities for which an outflow of resources is unlikely.

33. Other Obligations

Pursuant to an energy supply agreement between Energie AG Oberösterreich Trading GmbH and VERBUND AG, the Group procures a certain annual amount of electricity on the basis of standard market products. The cost of the delivered electricity is recognised under material costs.

There is an obligation for the next fiscal year in the amount of EUR 10,170.0 thousand (previous year: EUR 7,615.6 thousand) resulting from long-term rental, lease and occupancy contracts for the use of property, plant and equipment not shown in the balance sheet. The total amount of these obligations for the next five years is EUR 31,537.4 thousand (previous year: EUR 31,574.9 thousand), for terms in excess of five years, EUR 11,224.0 thousand (previous year: EUR 18,089.4 thousand).

34. Proposal for the Appropriation of Profit

The Management Board of Energie AG Oberösterreich proposes to the annual general meeting a dividend of EUR 0.88 (previous year: EUR 0.6) per share, amounting to a total of EUR 78,081.7 thousand (previous year: EUR 53,267.8 thousand).

35. Risk Management

Risks and Opportunities

The general conditions with regard to the government's energy policy and the regulatory framework as well as intense competitive pressure present great challenges for Energie AG. While the company is exposed to certain business risks, new markets, business models and technologies also offer opportunities for the company. This is where the pro-active management of risks and opportunities plays an important role.

The objective of the Group-wide risk management is to ascertain, evaluate and control risks early in the process, and to identify and exploit opportunities presented to the company. Risk assessments are an integral part of the management and control system and an integral part of the strategic and operational decision making process and provide support for management.

The responsible business units follow a structured process to identify and evaluate risks, opportunities and measures each quarter and record them in a central software tool. The data collected is then analysed on Group-level and incorporated into the Group's overall risk position. Reporting to the Group's management board is done quarterly and ad hoc as needed. The risk management report is an integral part of reporting to the Supervisory Board and is, in accordance with the requirements of the Austrian Company Law Amendment Act (URÄG), also reported to the audit committee regarding the efficiency and validity of the process. Proper documentation and verifiability are also guaranteed by historicization of the data as at the measurement dates.

Risk Profile and Development Trends

Risks from Operating Activities

The efficiency and intrinsic value of the assets, procurement rights and investments of the Energie AG Group are significantly influenced by **market price risks** (prices for electricity, gas, biomass, allowance pricing etc.). The expertise in the management of commodity price risks bundled in Energie AG Oberösterreich Trading GmbH makes it possible to utilise intra-Group synergies by employing risk strategies geared to the market environment.

In light of increasingly volatile markets, the stabilisation of the electricity grid is becoming an increasingly dominant challenge for transmission system operators. Energie AG's production capacities from Group-owned thermal power plants continue to be highly significant for the supply of grid reserves. The CCGT power plants of Energie AG will continue to be available to the transmission system operators for grid support in the 2017/2018 fiscal year.

Weather conditions are another important parameter affecting the development of the Group's business. Varying water levels of rivers result in fluctuating electricity generation from hydroelectric power plants, while temperatures have a significant effect on the demand for district heating, natural gas and electricity during the heating season. The electricity procurement experienced a moderate negative effect in the reporting period due to water levels falling below the long-term average. The higher than average temperatures during the 2017/2018 winter months have resulted in significantly lower sales due to the reduced heating of buildings.

The **competitive situation on the electricity and end-customer market** is having an impact on the number of active customers, sales quantities and price levels. The private customer segment is strongly in the focus of competition and saw, contrary to the overall development of the industry, electricity sales of Energie AG to its customers experiencing a slight inverse trend in the 2017/2018 financial year with declining switching rates. The measures taken in this customer segment to improve customer loyalty, service and subsidies/incentive programmes, as well as the focus on digitalisation in product development resulted in a positive effect.

Concerning the general economic conditions on the waste management markets, the trend towards easing of the markets is continuing in the **Waste Management Segment**. However, the positive price trend on the waste management market led to increased competition with operators of pre-treatment plants and industrial co-incinerators, and to stronger remunicipalisation efforts by communal waste management associations. These developments are being addressed by targeted market activities and more intensive cooperation with the public sector. Strategically anchored cost management is also being consistently pursued, and the implementation of ongoing optimisation projects is continuing.

The **Water Segment** reports a steady development in sales revenues and earnings. Ongoing optimisation campaigns in all business areas as well as the participation in (concession) tenders are the most prominent measures for securing and growing the Group's market share.

Thanks to rapidly advancing digitalisation, the expansion of **Fibre To The Home** (FTTH) and the fitting of **smart meters** is gaining in importance. The dynamic nature of FTTH expansion has been able to be significantly increased thanks to high customer requirements and the allocation of considerable funds from the subsidy programmes in the scope of "Breitband Austria 2020" (Broadband Austria 2020), as well as follow-up support for small and medium-sized enterprises (SMEs) and compulsory schools on the part of the Province of Upper Austria.

The Group's comparably high proportion of **smart meters** allows the grid operator the use of various smart grid functions. These expansions to the business model also offer new opportunities and threats, particularly in terms of IT protection regulations for end customers.

Systems involving highly complex technologies are used at times within the various business units of Energie AG. These **systems are exposed to risks** from technical failures or other damage events (natural disasters, sabotage, etc.), which may also affect their availability. Energie AG responds to these asset risks by carrying out maintenance and quality inspections, as well as implementing an optimised maintenance strategy. Energie AG operates an adequate incident management system to handle any damages incurred despite these measures and insures these risks to the extent commercially viable at economically acceptable insurance excesses.

The business processes of Energie AG are supported by **information and communication systems**, which depend on a secure and reliable information technology. Energie AG addresses the increasing risks associated with information security as well as risks in cyber space by employing a comprehensive information security management system at Group level.

Political, Regulatory and Legal Risks

Energy supply is a business model requiring a long-term perspective, which renders it highly dependent on the prevailing political, regulatory and legal framework conditions. Efforts are made to counter these risks with an intensive and constructive dialogue with government agencies and policymakers.

The **regulatory environment** for the current fiscal year can be judged in principle to be stable. General Conditions of IV. The regulatory periods for electricity (from 01/01/2019) have, to the largest extent, been clarified. Despite pending appeals against decisions in the field of natural gas, a stable regulatory system in Austria is still expected.

The **EU General Data Protection Regulation (GDPR)** entered into force on 25 May 2018. Precisely defined work packages resulted in the implementation of all relevant GDPR requirements in a timely manner throughout the Energie AG Group.

Risks from Investments

Investment risks lie in the fluctuations of revenues from investments, in the payment of dividends and the distribution of profits, and in changes in the impairment of investments. Risk optimisation primarily takes place through ongoing monitoring of existing investments.

Investment Project Risks

Projects in energy generation and distribution companies with higher and more long-term capital purchases entail a higher complexity and interdependencies between numerous input parameters. For this reason, deviations from project planning (also with ensuing delays and cost increases) cannot be completely ruled out. The crucial decision-making criterion is the expected return on the invested capital, taking into account risks and opportunities over the entire project term. Whether or not projects are implemented depends on market expectations and on whether the (energy) political environment can offer an adequate level of investment security. Risk management methods are integrated in the entire project cycle to evaluate any potential financial deviations as early as possible and prepare adequate counter-measures.

Financial Risks

Financial risks, such as the interest rate, currency and liquidity risks as well as the market price risk from financial investments, are managed and monitored centrally by the Group Treasury unit of Energie AG Oberösterreich.

Energie AG Group's exposure to **interest rate risk** can continue to be classified as very low due to the unchanged high fixed interest rate share of close to 94% of outstanding interest-bearing financial liabilities.

The **currency risk** was mainly limited to investments denominated in Czech koruna. The Group monitors currency risks continuously and mitigates these risks by taking adequate hedging measures.

An anticipatory financial planning provides the basis for managing and monitoring the **liquidity risk**. Thanks to sufficient liquidity reserves and available, partially drawn lines of credit, the solvency of Energie AG Oberösterreich and its Group companies is ensured at all times. The liquidity risk has not changed and is assessed as very low.

Energie AG Group employs a conservative investment policy to mitigate any **fluctuation risk its financial assets** (securities, investment funds). A stringent monitoring and continual quantification of exchange risks ensures the Group's strategic liquidity reserves are invested in a risk-optimised way.

Counterparty Risks

The Group uses credit rating methods, credit limit systems, hedging instruments and a targeted strategy of diversifying its business partners to address any counterparty risks it may be exposed to.

Rating

In March 2018, the excellent creditworthiness of Energie AG was again confirmed with the credit rating of "A/stable outlook" awarded by the international rating agency Standard & Poor's. This makes Energie AG once again one of Europe´s best rated utilities with the highest creditworthiness. The annual planning process includes the continuous evaluation of significant investment projects on the basis of rating-relevant key figures with the objective of ensuring that the target credit rating remains within the single-A area.

36. Related Party Disclosures

Related parties include OÖ Landesholding GmbH as majority shareholder as well as its subsidiaries, the Province of Upper Austria as sole investor of OÖ Landesholding GmbH, the joint ventures, the associated companies as well as members of the Management Board and of the Supervisory Board of Energie AG Oberösterreich and their close relations.

		Revenues EUR 1,000	Expenses EUR 1,000	Receivables EUR 1,000	Liabilities EUR 1,000
State of Upper Austria	**2017/2018**	**364.3**	**595.3**	**56.8**	**4,123.1**
	2016/2017	917.5	685.9	588.1	4,684.8
OÖ Landesholding and subsidiaries	**2017/2018**	**3,475.4**	**202.3**	**189.6**	**18,183.6**
	2016/2017	3,529.8	112.3	318.0	21,919.4
Associated companies	**2017/2018**	**14,596.0**	**869.5**	**1,088.7**	**13.9**
	2016/2017	8,427.4	1,777.1	736.7	596.3
Joint ventures	**2017/2018**	**245,011.8**	**14,531.3**	**23,597.2**	**90,045.2**
	2016/2017	260,916.4	16,315.8	26,907.5	86,553.8

State of Upper Austria

The State of Upper Austria is the sole investor of OÖ Landesholding GmbH. OÖ Landesholding GmbH is the majority shareholder of Energie AG Oberösterreich.

OÖ Landesholding GmbH

Energie AG Oberösterreich and selected Group companies are members of the OÖ Landesholding GmbH tax group. The provisions of the OÖ Landesholding GmbH tax group contract apply in the relationship of Energie AG Oberösterreich with the tax group parent, whereas Energie AG Oberösterreich calculates its taxable income taking into account the taxable income of its subordinate Group companies. In the case of positive tax income, any positive tax allocations are offset. Negative tax results are carried forward. The tax allocations amount to EUR 27,615.7 thousand (previous year: EUR 32,104.5 thousand).

Associated Companies

Salzburg AG für Energie, Verkehr und Telekommunikation

Gas and electricity deliveries at standard market terms take place between the Group and Salzburg AG. The sales revenues amount to EUR 4,888.6 thousand (previous year: EUR 4,028.1 thousand), while expenses are EUR 442.4 thousand (previous year: EUR 913.4 thousand).

Wels Strom GmbH

In addition to grid services, heat and electricity deliveries at standard market terms took place between the Group and Wels Strom GmbH. The sales revenues amount to EUR 9,250.3 thousand (previous year: EUR 4,244.2 thousand), while expenses are EUR 302.3 thousand (previous year: EUR 279.6 thousand).

Joint Ventures

ENAMO GmbH

ENAMO GmbH was established between Energie AG Oberösterreich and LINZ AG für Energie, Telekommunikation, Verkehr und Kommunale Dienste (LINZ AG) as a joint venture for electricity sales.

A business share of 35% is held by LINZ STROM GmbH für Energieerzeugung, -verteilung und Telekommunikation, a subsidiary of LINZ AG. There is an obligation to proportionally assume negative results. Deliveries of electricity and other services take place at standard market terms between the Group and ENAMO GmbH, which is consolidated at equity. The sales revenues amount to EUR 102,978.9 thousand (previous year: EUR 107,618.2 thousand), while services in the amount of EUR 6,146.9 thousand (previous year: EUR 8,194.3 thousand) were procured. Furthermore, electricity and other services are delivered between the Group and ENAMO Ökostrom GmbH, a 100% subsidiary of ENAMO GmbH. The sales revenues amount to EUR 13,175.4 thousand (previous year: EUR 14,322.6 thousand), while services in the amount of EUR 1,790.1 thousand (previous year: EUR 2,342.6 thousand) were procured.

Energie AG Oberösterreich Vertrieb GmbH & Co KG

Energie AG Oberösterreich is the sole limited partner of Energie AG Oberösterreich Vertrieb GmbH & Co KG. ENAMO GmbH is the general partner without an equity interest. Deliveries of electricity and other services take place at standard market terms between the Group and the company. The sales revenues amount to EUR 126,208.6 thousand (previous year: EUR 136,116.5 thousand), while services in the amount of EUR 4,705.9 thousand (previous year: EUR 3,693.4 thousand) were procured. There is also a cash-pooling agreement between the Group and Energie AG Oberösterreich Vertrieb GmbH & Co KG resulting in liabilities in the amount of EUR 89,433.6 thousand (previous year: EUR 85,605.5 thousand). Furthermore, there are contingent liabilities in the amount of EUR 2,170.7 thousand (previous year: EUR 1,871.7 thousand).

Members of the Management in Key Positions

Members of the management in key positions include the members of the Management Board and the Supervisory Board of Energie AG Oberösterreich, and the Management Board and the Supervisory Board of OÖ Landesholding GmbH. Please refer to Item 10 with regard to the remuneration of the members of the Management Board and the Supervisory Board of Energie AG Oberösterreich. Additional disclosable transactions included revenues of EUR 8.5 thousand (previous year: EUR 6.8 thousand) and benefits in the amount of EUR 11.0 thousand (previous year: EUR 15.8 thousand). This item also includes receivables in the amount of EUR 0.3 thousand (previous year: EUR 0.0 thousand).

Other Disclosures

Shareholder agreements exist between Energie AG Oberösterreich and the non-controlling investors, with the exception of employees. This affects the Energie AG Oberösterreich Group in particular concerning dividend arrangements, rights to appoint members of the Supervisory Board, and special minority rights.

Other transactions with non-consolidated companies are not recognised due to their subordinate importance.

37. Material Events After the Balance Sheet Date

Negotiations about the acquisition of a participating interest of 35% in ENAMO GmbH are ongoing. Measures aimed at restructuring the sales activities and activities in the area of energy generation are also planned. The acquisition process and planning of the restructuring measures are currently ongoing.

38. Disclosures on Group Management Bodies

In this fiscal year, the members of the management board of Energie AG Oberösterreich were:

KommR Prof. Ing. DDr. Werner Steinecker MBA (CEO, Kirchschlag); KommR Mag. Dr. Andreas Kolar (Member of the Management Board, Steyr); Dipl.-Ing. Stefan Stallinger MBA (Member of the Management Board, Linz).

The Supervisory Board of Energie AG Oberösterreich had the following members in the 2017/2018 fiscal year:

Mag. Dr. Michael Strugl MBA (Chairman); KommR Dipl-Ing. Gerhard Falch (Chairman until 06/02/2018); Mag. Stefan Lang PLL.M (First Vice Chairman); Dr. Heinrich Schaller (Second Vice Chairman); Dipl.-Ing. Wolfgang Dopf MBA; Dr. Miriam Eder MBA; Mag. Dr. Erich Entstrasser; Mag. Dr. Christine Frauscher (from 22/03/2018); Mag. Florian Hagenauer MBA; Mag. Anna-Maria Hochhauser; Thomas Peter Karbiner MSc MBA MPA; Mag. Michaela Keplinger-Mitterlehner; Mag. Kathrin Renate Kühtreiber-Leitner MBA; Ing. Herwig Mahr; Josef Walch.

Appointed by the Works Council: Ing. Mag. Leopold Hofinger; Mag. Regina Krenn; Ing. Peter Neißl MBA MSc; Christine Pötler (from 12/02/2018); Friedrich Scheiterbauer (until 12/02/2018); Ing. Bernhard Steiner; Gerhard Störinger; Mag. Helmut Lehner (from 13/08/2018); Egon Thalmair (until 13/08/2018).

Linz, 30 November 2018

The Board of Management of Energie AG Oberösterreich

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

Dr. Andreas Kolar
Member of the Management Board

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

AUDITOR'S CERTIFICATE

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Audit Opinion

We have audited the consolidated financial statements of

Energie AG Oberösterreich,
Linz,

and its subsidiaries ("the Group") comprising the consolidated balance sheet as at 30 September 2018, the consolidated income statement/consolidated statement of comprehensive income, the consolidated cash-flow statement and the statement of changes in consolidated equity for the fiscal year ending on 30 September 2018, as well as the notes to the consolidated accounts.

It is our opinion that the consolidated financial statements comply with the statutory requirements and offer an adequately accurate representation of the asset and financial position of the Group as at 30 September 2018, as well as the Group's earnings position and cash flows during the fiscal year ending as of that date, in accordance with the International Financial Reporting Standards (IFRS), as they are to be applied in the EU and the additional requirements stipulated in section 245a of the Austrian Commercial Code (UGB).

Basis for Forming the Audit Opinion

We have conducted our audit in accordance with the EU Directive No. 537/2014 (AP Directive hereinafter) and the Austrian Principles of Proper Auditing of Financial Statements. These principles require the application of the International Standards on Auditing (ISA). Our responsibilities under these regulations and standards are set out in more details in Section "Responsibilities of the Auditor in Auditing the Consolidated Financial Statements" of our audit certificate. We are independent from the Group in compliance with the Austrian corporate law and professional regulation and have discharged our other professional duties in accordance with these requirements. We are of the opinion that the audit evidence we have obtained is sufficient and suitable for acting as a basis for our audit assessment.

Audit Findings Bearing Special Significance

Audit findings bearing special significance are findings concerning circumstances that, in our professional judgement, were the most significant for our audit of the consolidated financial statements for the fiscal year. These findings were considered in the context of our audit of the consolidated financial statements in their entirety as well as in forming our audit opinion, which we do not present separately for these findings.

Impairment of Goodwill Assets

Please refer to the Notes, Section 5.4 "Impairment of Goodwill Assets" and Section 16 "Intangible Assets and Property, Plant and Equipment".

Risks Inherent in the Financial Statements

As at 30 September 2018, the consolidated balance sheet of Energie AG Oberösterreich reports goodwill assets with a carrying amount of EUR 66.1 million (previous year: EUR 65.9 million).

Goodwill assets are subjected to impairment testing at least once in each fiscal year. This requires the Management to make material estimates and assumptions on future profits and capital cost rates, which in the case of adjustments may significantly change the results of impairment testing. This affects the cash-generating unit “Waste Management Austria” in particular.

The risk for the consolidated financial statements is based on the uncertainty of whether goodwill assets might turn out to be overvalued if any or all of the underlying assumptions change in an unfavourable way.

Our Audit Approach

We have evaluated all impairment testing carried out by the company for material goodwill assets in consultation with our valuation experts as follows.

To form an opinion about the adequacy of the underlying internal planning, we have examined the planning process and verified the planning data, on which the measurement is based, against the current budget figures approved by the Supervisory Board as well as the mid-term planning approved by the Management Board.

Additionally, we discussed the assumptions made for growth rates and operating results with the company's respective managers and ascertained to what degree the historical experiences influence the Management's planning process, and whether external factors were given adequate consideration. We have assessed adherence to the budget by comparing the budgets of previous years with the reported actual figures.

We furthermore examined the methodology used for impairment testing and determination of the capital cost rates on its compliance with the applicable standard. Our valuation experts assessed the appropriateness of the assumptions, on which the determination of capital cost rates were based, against market- and industry-specific reference values and verified the arithmetic accuracy of the calculation procedure.

Impairment of property, plant and equipment, procurement rights and other rights

Please refer to the Notes, Section 5.5 “Impairment of Intangible Assets, Property, Plant and Equipment” and Section 16 “Intangible Assets and Property, Plant and Equipment”.

Risks Inherent in the Financial Statements

Property, plant and equipment at a carrying amount of EUR 2,009.2 million, procurement rights at a carrying amount of EUR 80.8 million and other rights at a carrying amount of EUR 26.8 million represent approx. 65.7% of the assets reported in the consolidated balance sheet of Energie AG Oberösterreich. During the 2017/2018 fiscal year, impairments in the amount of EUR 9.4 million and reversals of impairment in the amount of EUR 2.1 million were recognised through profit or loss.

In preparing the financial statements, Energie AG Oberösterreich assesses all material cash generating units (CGUs) on the presence of external or internal indications for a material change in their respective recoverable amount. Where such indicators are present, the recoverable amount for the affected cash-generating units is determined and the CGU's carrying value is impaired/appreciated accordingly to reflect the recoverable amount. With exception of the electricity grid, which is measured at the higher fair value less disposal costs (on the basis of transaction multiples observable on the market), the recoverable amount corresponds to the value in use of the cash-generating unit.

The measurement of the recoverable amount of cash-generating units under IAS 36 requires estimates and discretionary decisions, such as the estimated future cash inflows surpluses, as well as the determination of the applicable discount rate. The consolidated financial statements are therefore exposed to the risk of inadequate estimates and discretionary decisions having a significant impact on the recoverable amount and therefore the recognised value of the cash-generating units reported in the consolidated statement of financial position, as well as the operating result in the consolidated income statement.

Our Audit Approach

We have examined the Group's analysis of external and internal indicators for an impairment or recovery in value for all material cash-generating units. Where we detected an indicator for a potential impairment of cash-generating units, for which a realistic change in the measurement assumptions results in a material effect on the consolidated financial statements, we assessed the measurement carried out by the company in consultation with our valuation experts.

Our approach in auditing the material assumptions made for determining the value in use, on which the important impairment testing of cash-generating units is based, is generally identical to our approach in auditing the impairment of the company's goodwill. We refer to the audit activities explained in the previous section.

We have discussed the material impairment-critical assumptions in detail with the responsible staff members and have verified the expectations for future price developments on the energy markets against the external market appraisals used by the company.

With regard to the electricity grid measured at the higher fair value less disposal costs, we compared the transaction-based multiple used in the calculation of an asset value against the transaction multiple assessed in the external expert report, and verified the arithmetic accuracy as well as the adjustments made by management to the basis (EBITDA) on which the multiple was assessed.

We further assessed whether the information with regard to impairment testing as presented in the Notes is adequate and complete.

Responsibilities of the Legal Representatives and the Audit Committee for the Consolidated Financial Statements

The legal representatives are responsible for compiling the consolidated financial statements and their compliance with the IFRS rules applicable in the EU and the additional requirements stipulated in section 245a of the Austrian Commercial Code (UGB), which requires a reasonably accurate representation of the Group's asset, financial and earnings position. The Group's legal representatives are further responsible for the internal controls deemed necessary by them for preparing consolidated financial statements that are free from significant intentional or unintentional misrepresentations.

In compiling the consolidated financial statements, the legal representatives are responsible for forming an opinion on the Group's ability to continue its business operations, for disclosing any relevant circumstances relating to the continuation of the business operations and to base their considerations on the principle of continued business operations, unless the representatives intend to liquidate the Group, cease business operations or find themselves in lack of any viable alternative to such action.

The Audit Committee is responsible for supervising the Group's accounting processes.

Responsibilities of the Auditor for the Audit of the Consolidated Financial Statements

Our objective is to assure an adequate degree of certainty on whether the consolidated financial statements are entirely free from significant intentional or unintentional misrepresentations and to issue an audit certificate reflecting our audit findings. An adequate degree of certainty means a high degree of certainty, but is not an absolute guarantee that the audit conducted in accordance with the AP Directive and the Austrian Principles of Proper Auditing, which require application of ISA, has in fact identified all significant misrepresentations that may be contained in the audited financial statements. Misrepresentations may result from malicious acts or misconceptions and are deemed significant if they could, individually or collectively, have a potential influence on the economic decisions made by their readers on the basis of these consolidated financial statements.

In conducting our audit in accordance with the AP Directive and the Austrian Principles of Proper Auditing, which require application of ISA, we form our opinions on the basis of our professional judgement and maintain a critical view of the circumstances presented to us throughout the entire course of the audit.

Additionally, we adhere to the following:

- We identify and assess the risks stemming from any significant intentional and unintentional misrepresentations in the financial statements, plan our audit activities as a response to these risks, perform our audit activities and gain sufficient and suitable audit evidence to serve as the basis for our audit findings. The risk of significant misrepresentations resulting from malicious acts remaining undetected is higher than the risk resulting from misconceptions, because malicious acts may include fraudulent acts, forgery, intentional omissions, deceiving representations or the circumvention of internal controls.
- In order to plan audit activities that adequately address the prevailing circumstances, we gain an understanding of the system of internal controls bearing relevance for our audit, but without the objective of forming an audit opinion on its effectiveness.
- We evaluate the appropriateness of the accounting methods applied by the legal representatives, as well as the tenability of values estimated by the legal representatives and represented in the accounts and the disclosures associated with such estimates.
- We draw inferences about the appropriateness of the legal representatives operating under the accounting principle of continued business operations, as well as, on the basis of the evidence presented to us for our audit, whether any events or circumstances are subject to a considerable uncertainty that would give rise to doubts about the viability of the Group continuing its business operations. If we arrive at the conclusion that a material uncertainty exists, we are obliged to draw attention to the associated disclosures contained in the consolidated financial statements in our audit certificate, or to modify our audit certificate if these disclosures are inappropriate. We form our opinion on the basis of the audit evidence gathered by the date of our audit certificate. Future events or circumstances may however result in the Group resolving to discontinue its business operations.
- We form an opinion on the overall presentation, structure and contents of the consolidated financial statements including the disclosures therein, as well as on whether they are an adequately accurate representation of the underlying business transactions and events.
- We issue our audit opinion on the consolidated financial statements on the basis of sufficient and suitable audit evidence for the financial information of the business units or the business activities of the Group. We are responsible for managing, supervising and performing the audit of the consolidated financial statements. We bear the sole responsibility for our audit opinion.
- We consult with the Audit Committee on matters such as the planned scope and timing of the audit as well as significant audit findings, including any significant defects in the system of internal controls detected during our audit.

- We also issue a statement to the Audit Committee, which confirms that we have adhered to the relevant professional requirements pertaining to our independence and exchange information with the Audit Committee on all relationships and other circumstances that may reasonably be expected to affect our independence and, if applicable, any protective measures associated with it.
- From the circumstances discussed with the Audit Committee, we determine those that had the highest significance for the audit of the consolidated financial statements for the fiscal year and are therefore the circumstances bearing special audit significance. We describe these circumstances in our audit certificate, unless public disclosure of a certain circumstance is prohibited by law or other legal requirement, or determine in very rare cases that certain circumstances should not be disclosed in our audit certificate because the negative implications of disclosing them could reasonably be expected to exceed the benefits for the public interest.

OTHER STATUTORY AND LEGAL REQUIREMENTS

Report on the Group Management Report

Austrian corporate law requires an assessment of whether the Group Management Report reconciles with the consolidated financial statements and whether it has been compiled in compliance with the applicable legal requirements.

The legal representatives are responsible for compiling the Group Management Report in compliance with the requirements under Austrian corporate law.

We have conducted our audit on the basis of the professional principles for the auditing of the Group Management Report.

Audit Opinion

We have formed the opinion that the Group Management Report was compiled in compliance with the applicable legal requirements and that it reconciles with the consolidated financial statements.

Explanation

Our audit of the consolidated financial statements and the knowledge gained about the Group and its business environment has not identified any material misrepresentations in the Group Management Report.

Other Disclosures

The legal representatives are responsible for the other required disclosures. Such other disclosures encompass all information presented in the annual report, except the (consolidated) financial statements, the management report respectively the Group management report and the audit certificates issued for them. We expect to be provided with the Annual Report after the date of this auditor's certificate.

These other disclosures are not included in our audit opinion for the consolidated financial statements and we give no assurance for their accuracy.

The audit of the consolidated financial statements requires us to read these other disclosures as soon as they are made available and to decide whether, considering our understanding formed during the audit, they represent a material inconsistency to the consolidated financial statements or are otherwise misrepresented in a significant way.

Additional Information Pursuant to Article 10 of the AP Directive

Our firm has been elected auditors of the financial statements by the General Meeting held on 20 December 2017. The Supervisory Board issued its engagement letter on 26 March 2018. Our firm has been providing financial auditing services for more than 25 years.

We hereby declare that our audit opinion presented in Section "Report on the Consolidated Financial Statements" reconciles with the additional report to the Audit Committee pursuant to Article 11 of the AP Directive.

We hereby declare that we have not performed any prohibited non-audit services (Article 5 para. 1 AP-VO) and that we have maintained our independence from the Group companies during the conduct of our audit of the financial statements.

Auditor in Charge of the Assignment

Mag. Gabriele Lehner is the auditor in charge of the audit of the financial statements.

Linz, 30 November 2018

KPMG Austria GmbH
Chartered Accountants and Tax Consultants

Mag. Gabriele Lehner
Auditor

The consolidated financial statements with our audit certificate may only be published or disseminated in the format certified by us. This Auditor's Certificate exclusively refers to the complete German version of the consolidated financial statements including the Group management report. The provisions of Section 281 para. 2 UGB must be observed for any other versions.

REPORT OF THE SUPERVISORY BOARD IN ACCORDANCE WITH SECTION 96 OF THE STOCK CORPORATION ACT [AKTIENGESETZ (AKTG)]

During the 2017/2018 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 2017/18 fiscal year, the plenum of the Supervisory Board convened regularly in a total of four ordinary and one extraordinary meetings, 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 as of 30 September 2018, 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 unrestricted audit certificate.

The Supervisory Board examined the financial statements as of 30 September 2018, 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 2018, 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 2018, together with the notes and the management report, so as to thus adopt the financial statement as of 30 September 2018. 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 Section 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 2018, which is thus established.

The consolidated financial statements for the 2017/2018 fiscal year from 1 October 2017 to 30 September 2018 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 unrestricted 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 unrestricted audit certificate, as well as the present consolidated financial statements as of 30 September 2018, 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 Sections 243b and 267a of the Austrian Commercial Code (UGB) for the first time for the reporting period and is published as a separate part of the Annual Report, was prepared by the Management Board (with the assistance of KPMG Advisory GmbH as external consultants) 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 section 243b of the Austrian Commercial Code (Unternehmensgesetzbuch, or UGB) – there is no obligation to prepare a corporate governance report, and that in accordance with section 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 2017/2018 fiscal year.

Linz, December 2018

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

Michael Strugl

Deputy Governor Mag. Dr. Michael Strugl, MBA

STATEMENT BY THE MANAGEMENT BOARD
PURSUANT TO SECTION 124 (1) ITEM (3) OF THE STOCK EXCHANGE ACT [BÖRSEGESETZ (BÖRSEG)]

The Management Board of Energie AG Oberösterreich confirms to the best of its knowledge that the consolidated financial statements of Energie AG Oberösterreich give a true and fair view of the assets, liabilities, as well as the financial and earnings position of the Group as required by the applicable accounting standards, and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties faced by the Group.

Linz, 30 November 2018

The Board of Management of Energie AG Oberösterreich

Chief Executive Officer
DDr. Werner Steinecker MBA
Chairman of the Management Board
C.E.O.

Dr. Andreas Kolar
Member of the Management Board
C.F.O.

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

DISCLAIMER

IMPRESSUM

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Linz, December 2018

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