

## COMPANY DESCRIPTION

Verbund AG is an Austria-based electricity company. The Company generates, trades and sells electrical energy to power exchange buyers, traders, energy supply companies and industrial companies, as well as households and commercial customers. In addition, the Company operates the Austrian high voltage grid and holds interests in foreign and domestic energy supply companies. The Company generates more than four fifths of its electricity from hydropower, supplemented by thermal power and wind power, some 35 TWh of electricity in total annually. Since 1988, Verbund has been listed on the Vienna stock exchange; 51 % of the share capital is owned by the Republic of Austria.

**Main Shareholders:** Republic of Austria (51.0%)  
EVN and Wiener Stadtwerke (>25.0%)

## INCOME STATEMENT

EUR mil	2008	2009	2010	2011	2012
<b>Sales</b>	<b>3,745</b>	<b>3,483</b>	<b>3,308</b>	<b>3,028</b>	<b>3,174</b>
Cost of Goods & Services	1,948	1,727	1,730	1,507	1,430
<b>Gross Profit</b>	<b>1,797</b>	<b>1,756</b>	<b>1,578</b>	<b>1,521</b>	<b>1,744</b>
Staff Cost	306	304	308	302	320
Other Cost	169	200	211	149	191
<b>EBITDA</b>	<b>1,322</b>	<b>1,252</b>	<b>1,059</b>	<b>1,069</b>	<b>1,234</b>
Depreciation	183	209	230	242	278
<b>EBIT</b>	<b>1,139</b>	<b>1,042</b>	<b>828</b>	<b>828</b>	<b>956</b>
Financing Cost	114	61	196	384	240
Extraordinary Cost	0	0	-1	-202	56
<b>Pre-Tax Profit</b>	<b>1,025</b>	<b>982</b>	<b>634</b>	<b>646</b>	<b>660</b>
Tax	234	229	148	180	161
Minorities	104	108	84	110	110
<b>Net Profit</b>	<b>687</b>	<b>644</b>	<b>401</b>	<b>356</b>	<b>389</b>
Dividends	323	385	172	192	209

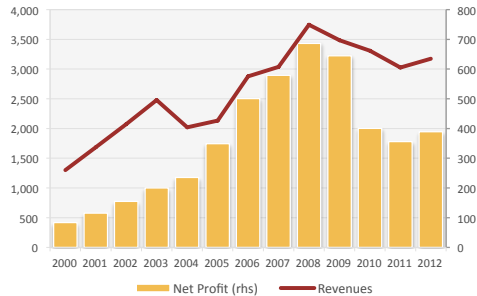
  

<b>EBITDA Margin</b>	<b>35.3%</b>	<b>35.9%</b>	<b>32.0%</b>	<b>35.3%</b>	<b>38.9%</b>
<b>EBIT Margin</b>	<b>30.4%</b>	<b>29.9%</b>	<b>25.0%</b>	<b>27.3%</b>	<b>30.1%</b>
<b>Net Margin</b>	<b>18.3%</b>	<b>18.5%</b>	<b>12.1%</b>	<b>11.8%</b>	<b>12.3%</b>

## CASH FLOW

EUR mil	2008	2009	2010	2011	2012
Net Profit	687	644	401	356	389
Depreciation	183	209	230	242	278
Non-Cash Items	74	76	434	221	242
Change in Working Capital	-10	38	-287	11	126
<b>Total Cash From Operations</b>	<b>934</b>	<b>968</b>	<b>778</b>	<b>830</b>	<b>1,035</b>
Capital Expenditures	-423	-461	-678	-565	-660
Other	-699	-1,583	-456	-221	-102
<b>Total Cash From Investing</b>	<b>-1,122</b>	<b>-2,044</b>	<b>-1,134</b>	<b>-786</b>	<b>-762</b>
Dividends Paid	-410	-403	-455	-252	-259
Issuance Of Shares	0	0	977	397	-4
Issuance Of Debt	375	1,497	197	-344	-221
<b>Total Cash From Financing</b>	<b>-35</b>	<b>1,094</b>	<b>719</b>	<b>-199</b>	<b>-484</b>
<b>NET CHANGE IN CASH</b>	<b>-222</b>	<b>18</b>	<b>363</b>	<b>-156</b>	<b>-212</b>

## REVENUES & PROFITS (EUR mil)



## BALANCE SHEET

EUR mil	2008	2009	2010	2011	2012
<b>Non-Current Assets</b>	<b>7,326</b>	<b>9,364</b>	<b>9,722</b>	<b>10,300</b>	<b>9,782</b>
Property, Plant & Equipment	4,390	5,554	5,959	6,579	7,386
<b>Current Assets</b>	<b>967</b>	<b>981</b>	<b>1,569</b>	<b>1,559</b>	<b>1,274</b>
Inventories	66	127	92	107	129
Receivables	793	728	987	1,118	1,023
Cash & Cash Equivalents	108	126	489	333	122
<b>Total Assets</b>	<b>8,294</b>	<b>10,345</b>	<b>11,291</b>	<b>11,859</b>	<b>12,387</b>
<b>Shareholders' Equity</b>	<b>3,128</b>	<b>3,410</b>	<b>4,372</b>	<b>4,919</b>	<b>5,099</b>
<b>Liabilities</b>	<b>5,166</b>	<b>6,936</b>	<b>6,919</b>	<b>6,940</b>	<b>7,288</b>
<b>Non-Current Liabilities</b>	<b>3,816</b>	<b>5,957</b>	<b>6,042</b>	<b>5,897</b>	<b>6,046</b>
Long-Term Debt	3,110	4,154	4,267	3,909	3,935
<b>Current Liabilities</b>	<b>1,350</b>	<b>979</b>	<b>877</b>	<b>1,044</b>	<b>1,242</b>
Short-Term Debt	1,044	157	229	325	386
Trade Payables	352	386	324	481	533

<b>ROE</b>	<b>26%</b>	<b>21.5%</b>	<b>11%</b>	<b>9%</b>	<b>8.9%</b>
<b>ROCE</b>	<b>9.5%</b>	<b>7.3%</b>	<b>3.9%</b>	<b>3.3%</b>	<b>3.6%</b>
<b>Net Debt/Equity</b>	<b>129%</b>	<b>123%</b>	<b>92%</b>	<b>79%</b>	<b>82%</b>

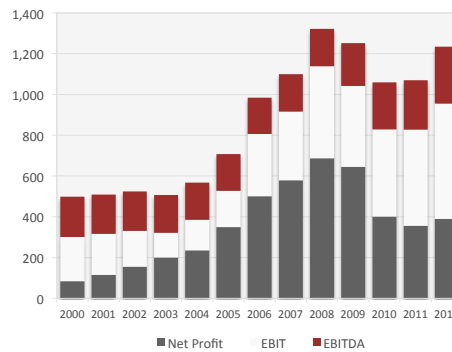
## RATIOS & OTHER

	2008	2009	2010	2011	2012
Gross Margin	48.0%	50.4%	47.7%	50.2%	55.0%
Net Debt/EBITDA	3.1	3.3	3.8	3.6	3.4
Cost of Financing	3.0%	1.4%	4.4%	8.8%	5.6%
Payout Ratio	47%	60%	43%	54%	54%
FX TO EUR (Average)	1.00	1.00	1.00	1.00	1.00
FX TO EUR (Year-End)	1.00	1.00	1.00	1.00	1.00
Shares Outstanding (Average)	308	308	313	349	348
Share Price, Year-End	32.6	29.7	27.9	20.7	18.8
Market Capitalisation (USD mil)	13,955	13,128	11,585	9,375	8,605
Enterprise Value (USD mil)	19,587	19,125	16,902	14,430	14,147
EV/EBITDA	10.1	11.0	12.1	9.7	8.9
P/E	14.6	14.2	21.8	20.3	16.8
P/BV	3.5	2.9	2.2	1.7	1.5

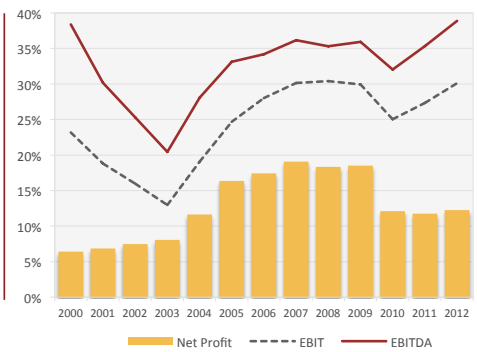
Source: Company data, Helgi Analytics calculation, Valuation multiples are based on share price as of the year-end

## Financials

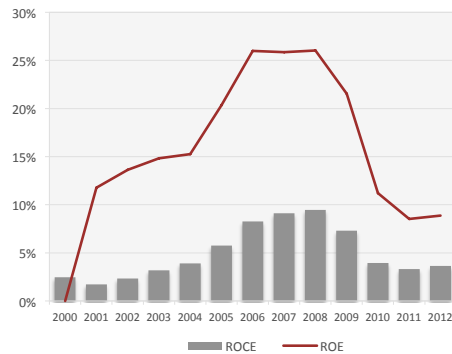
### FROM EBITDA TO NET PROFIT (EUR mil)



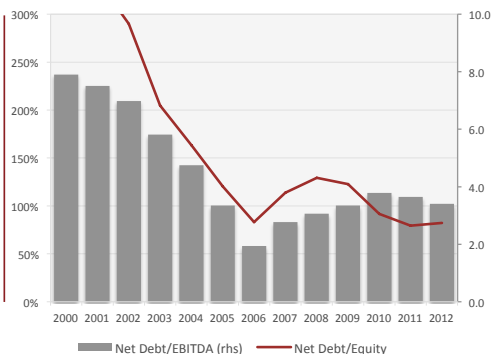
### PROFIT MARGIN



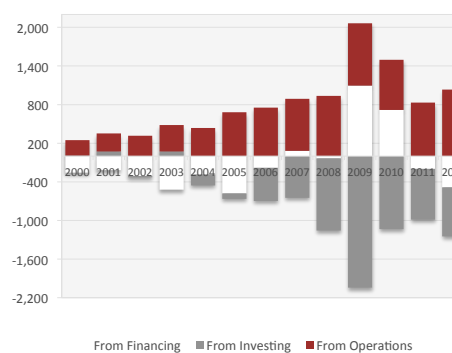
### ROE & ROCE



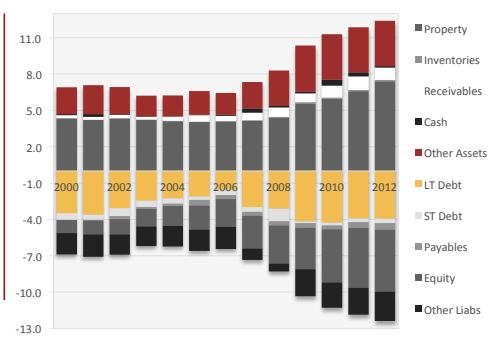
### INDEBTEDNESS



### CASH FLOW SUMMARY (EUR mil)



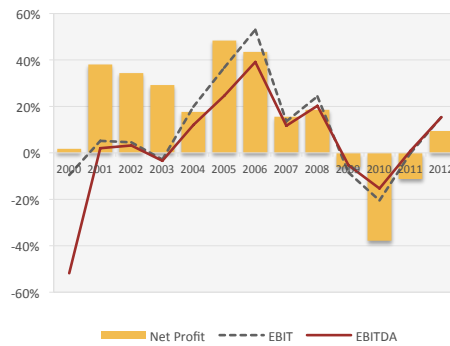
### BALANCE SHEET STRUCTURE (EUR bil)



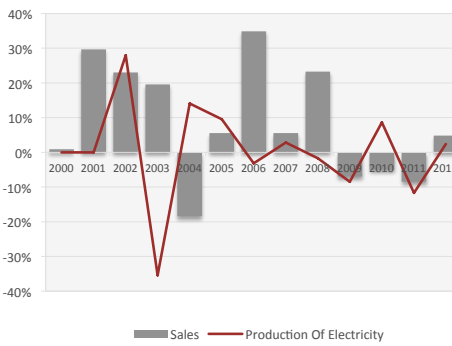
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## Momentum

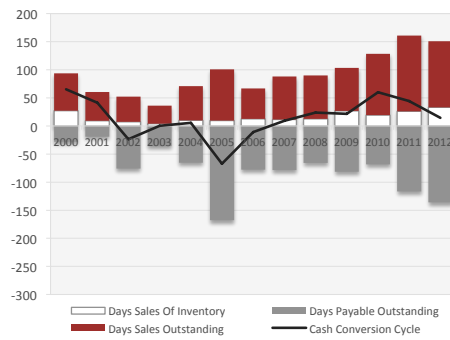
### PROFIT GROWTH



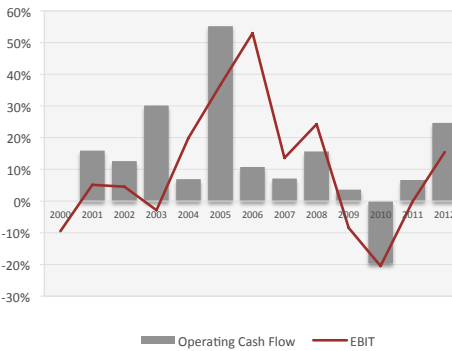
### SALES & PRODUCTION GROWTH



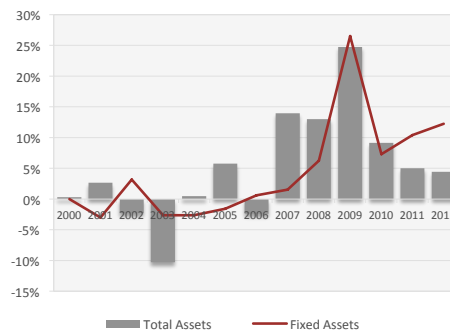
### CASH CONVERSION CYCLE (days)



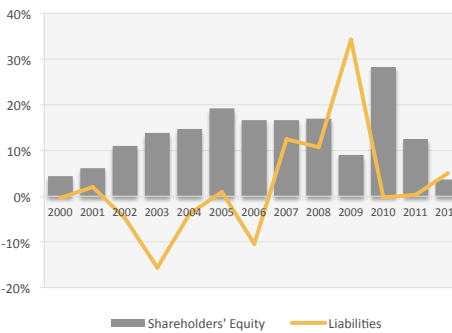
### OPERATING CASH FLOW



### ASSET GROWTH



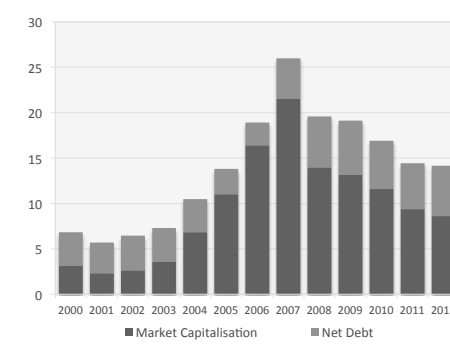
### EQUITY AND LIABILITIES GROWTH



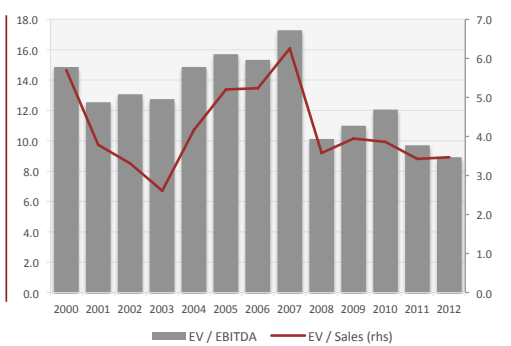
Source: Company data, Helgi Analytics calculation, Valuation multiples are based on share price as of the year-end

## Valuation

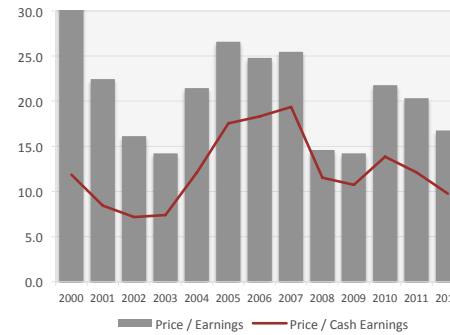
### MARKET CAPITALISATION & NET DEBT (USD bil)



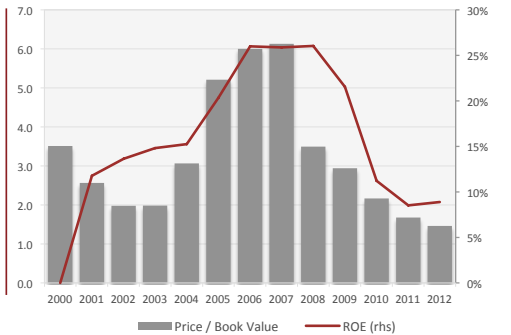
### ENTERPRICE VALUE (EV)



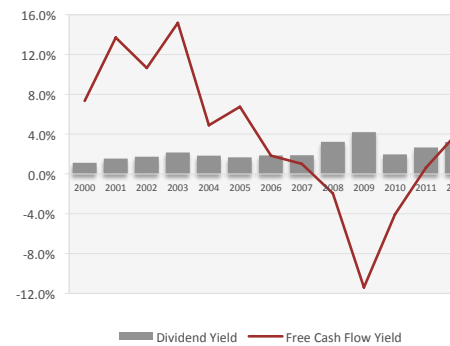
### PRICE TO EARNINGS & CASH EARNINGS



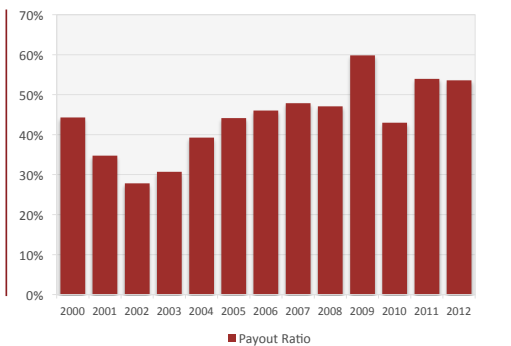
### PRICE TO BOOK VALUE



### DIVIDEND YIELD



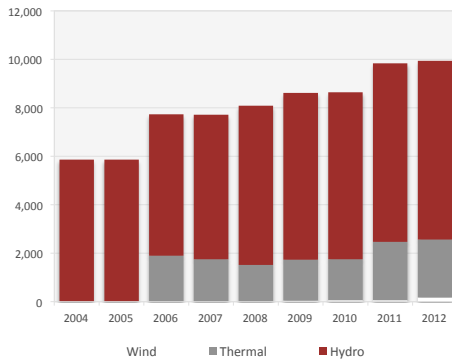
### DIVIDEND PAYOUT



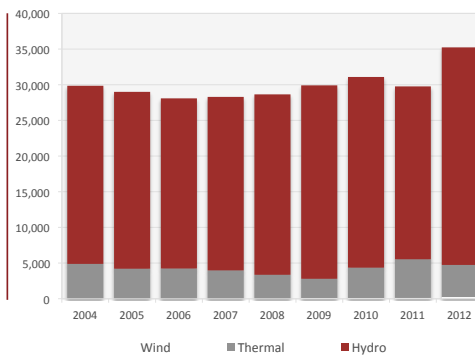
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## Business Specifics

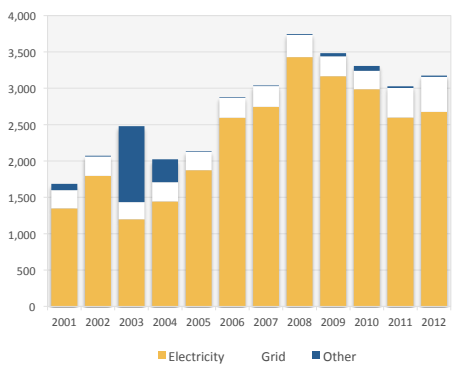
VERBUND'S ELECTRICITY CAPACITY (MW)



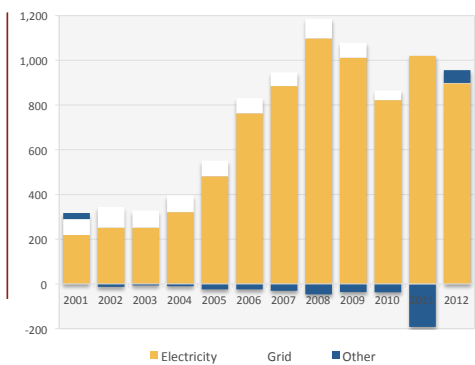
VERBUND'S OWN ELECTRICITY PRODUCTION (GWh)



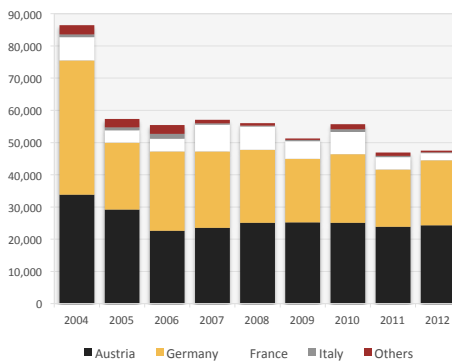
SALES BY SEGMENT (EUR mil)



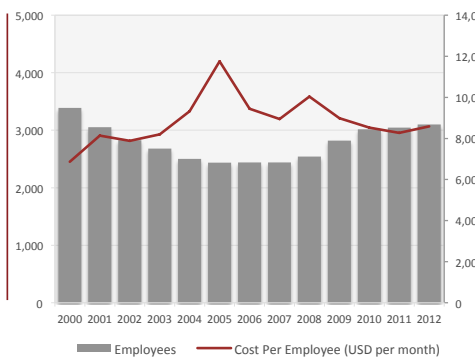
EBIT BY SEGMENT (EUR mil)



SALES OF ELECTRICITY BY COUNTRY (GWh)



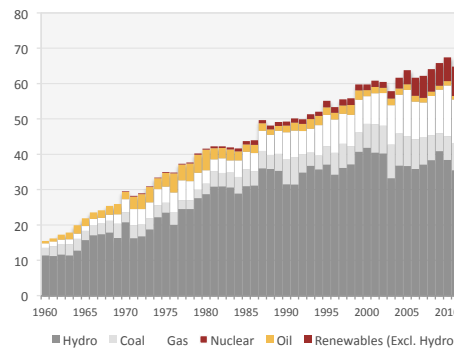
VERBUND'S WORKFORCE



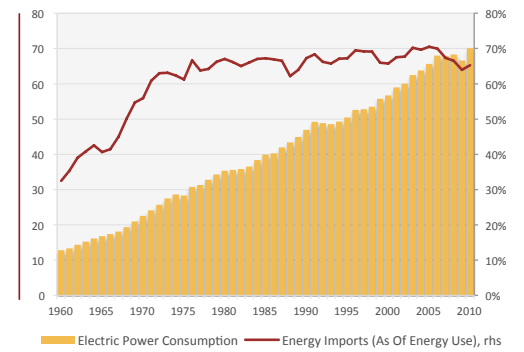
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## Market Specifics

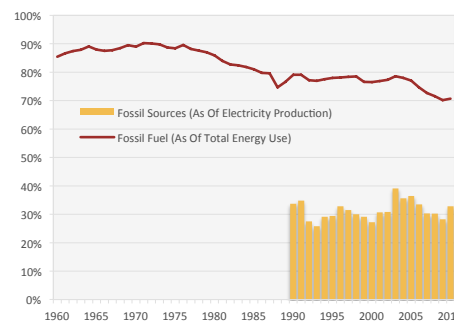
AUSTRIA'S ELECTRICITY POWER PRODUCTION (TWh)



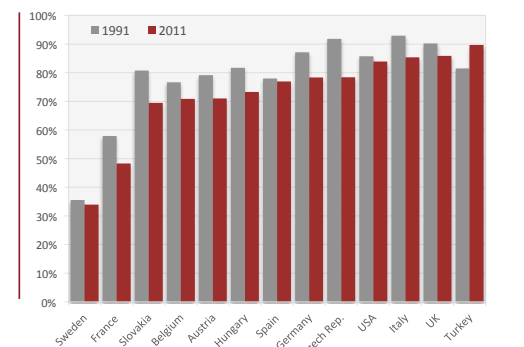
AUSTRIA'S ELECTRIC POWER CONSUMPTION (TWh)



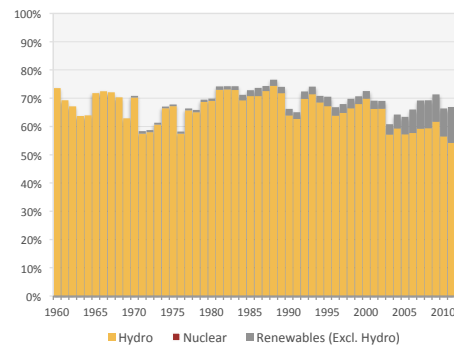
AUSTRIA'S FOSSIL FUEL (As Of Production & Consumption)



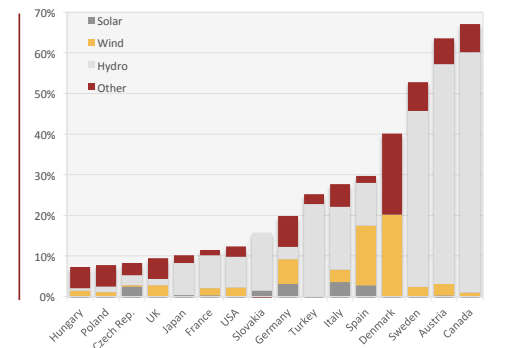
FOSSIL FUELS (As Of Total Energy Use)



AUSTRIA'S ELECTRICITY PRODUCED FROM RENEWABLES



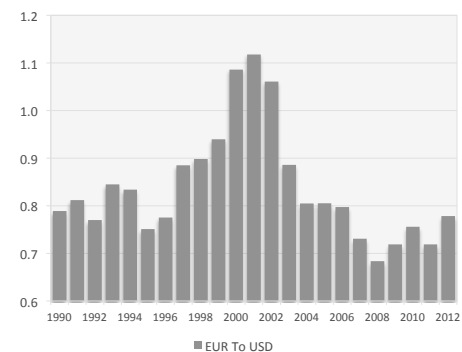
RENEWABLES ELECTRICITY (Excluding Nuclear), 2011



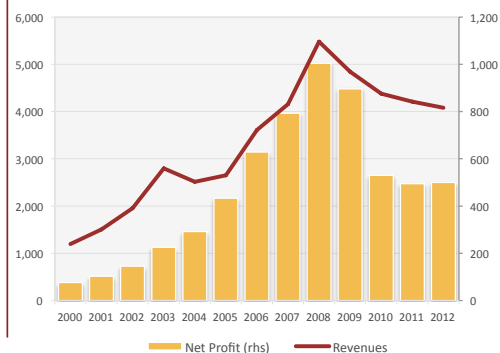
Source: Company data, Helgi Analytics calculation, Valuation multiples are based on share price as of the year-end

## Financials (USD)

### FX TO USD



### REVENUES & PROFIT (USD bil)



### INCOME STATEMENT

USD mil	2008	2009	2010	2011	2012
<b>Sales</b>	<b>5,479</b>	<b>4,845</b>	<b>4,376</b>	<b>4,211</b>	<b>4,079</b>
Cost of Goods & Services	2,850	2,402	2,288	2,096	1,838
<b>Gross Profit</b>	<b>2,629</b>	<b>2,442</b>	<b>2,088</b>	<b>2,115</b>	<b>2,242</b>
Staff Cost	n.a.	n.a.	n.a.	n.a.	n.a.
Other Cost	247	279	279	207	245
<b>EBITDA</b>	<b>1,934</b>	<b>1,741</b>	<b>1,401</b>	<b>1,487</b>	<b>1,586</b>
Depreciation	268	291	304	336	357
<b>EBIT</b>	<b>1,666</b>	<b>1,450</b>	<b>1,096</b>	<b>1,151</b>	<b>1,228</b>
Financing Cost	166	84	259	535	308
Extraordinary Cost	0	0	-1	-281	72
<b>Pre-Tax Profit</b>	<b>1,499</b>	<b>1,366</b>	<b>838</b>	<b>898</b>	<b>849</b>
Tax	343	318	196	250	207
Minorities	152	151	110	153	141
<b>Net Profit</b>	<b>1,005</b>	<b>896</b>	<b>530</b>	<b>495</b>	<b>500</b>
Dividends	473	536	228	267	268

<b>EBITDA Margin</b>	<b>35.3%</b>	<b>35.9%</b>	<b>32.0%</b>	<b>35.3%</b>	<b>38.9%</b>
<b>EBIT Margin</b>	<b>30.4%</b>	<b>29.9%</b>	<b>25.0%</b>	<b>27.3%</b>	<b>30.1%</b>
<b>Net Margin</b>	<b>18.3%</b>	<b>18.5%</b>	<b>12.1%</b>	<b>11.8%</b>	<b>12.3%</b>

### BALANCE SHEET

USD mil	2008	2009	2010	2011	2012
<b>Non-Current Assets</b>	<b>10,198</b>	<b>13,421</b>	<b>12,900</b>	<b>13,350</b>	<b>12,908</b>
Property, Plant & Equipment	6,110	7,960	7,907	8,527	9,746
<b>Current Assets</b>	<b>1,347</b>	<b>1,406</b>	<b>2,082</b>	<b>2,020</b>	<b>1,681</b>
Inventories	92	182	122	139	170
Receivables	1,104	1,043	1,310	1,449	1,350
Cash & Cash Equivalents	150	181	649	432	161
<b>Total Assets</b>	<b>11,544</b>	<b>14,827</b>	<b>14,982</b>	<b>15,372</b>	<b>16,346</b>
<b>Shareholders' Equity</b>	<b>4,354</b>	<b>4,887</b>	<b>5,802</b>	<b>6,376</b>	<b>6,729</b>
<b>Liabilities</b>	<b>7,190</b>	<b>9,940</b>	<b>9,180</b>	<b>8,996</b>	<b>9,617</b>
<b>Non-Current Liabilities</b>	<b>5,311</b>	<b>8,537</b>	<b>8,017</b>	<b>7,643</b>	<b>7,979</b>
Long-Term Debt	4,329	5,953	5,662	5,067	5,193
<b>Current Liabilities</b>	<b>1,879</b>	<b>1,403</b>	<b>1,163</b>	<b>1,353</b>	<b>1,639</b>
Short-Term Debt	1,453	225	304	421	509
Trade Payables	490	553	430	623	704

<b>ROE</b>	<b>26%</b>	<b>22%</b>	<b>11%</b>	<b>9%</b>	<b>9%</b>
<b>ROCE</b>	<b>9.5%</b>	<b>7.3%</b>	<b>3.9%</b>	<b>3.3%</b>	<b>3.6%</b>
<b>Net Debt/Equity</b>	<b>129%</b>	<b>123%</b>	<b>92%</b>	<b>79%</b>	<b>82%</b>

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USD mil	2008	2009	2010	2011	2012
Net Profit	1,005	896	530	495	500
Depreciation	268	291	304	336	357
Non-Cash Items	108	106	574	307	311
Change in Working Capital	-14	53	-379	16	162
<b>Total Cash From Operations</b>	<b>1,367</b>	<b>1,346</b>	<b>1,030</b>	<b>1,154</b>	<b>1,330</b>
Capital Expenditures	-619	-641	-897	-786	-848
Other	-1,022	-2,201	-603	-308	-131
<b>Total Cash From Investing</b>	<b>-1,641</b>	<b>-2,843</b>	<b>-1,500</b>	<b>-1,094</b>	<b>-979</b>
Dividends Paid	-600	-560	-602	-350	-333
Issuance Of Shares	n.a.	n.a.	n.a.	n.a.	n.a.
Issuance Of Debt	549	2,082	261	-479	-283
<b>Total Cash From Financing</b>	<b>-51</b>	<b>1,521</b>	<b>951</b>	<b>-277</b>	<b>-272</b>
<b>NET CHANGE IN CASH</b>	<b>-325</b>	<b>25</b>	<b>480</b>	<b>-217</b>	<b>-272</b>

### RATIOS & OTHER

	2008	2009	2010	2011	2012
Gross Margin	48.0%	50.4%	47.7%	50.2%	55.0%
Net Debt/EBITDA	3.1	3.3	3.8	3.6	3.4
Cost of Financing	3.0%	1.4%	4.4%	8.8%	5.6%
Payout Ratio	47%	60%	43%	54%	54%
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EV/EBITDA	10.1	11.0	12.1	9.7	8.9
P/E	14.6	14.2	21.8	20.3	16.8
P/BV	3.50	2.94	2.16	1.68	1.46

Source: Company data, Helgi Analytics calculation, Valuation multiples are based on share price as of the year-end



www.HelgiAnalytics.com

## ABOUT HELGI ANALYTICS

Helgi Analytics is a consulting company based in the Czech Republic. The company mainly provides consultancy in the area of financial services and real estate and focuses primarily on the region of Central and Eastern Europe.

Helgi Analytics also runs a web application called Helgi Library, which is a database/library offering data and analyses on more than 95% of the world's economy and population. The Library aims to bring interesting statistical data and analyses to a wide audience under affordable conditions. If you wish to get more details, please visit [www.helgilibrary.com](http://www.helgilibrary.com) or contact us at [info@helgianalytics.com](mailto:info@helgianalytics.com).

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