

Rating agencies wake up; 70% EPS cuts

- EPS slashed by 70% as power prices in a spin:** Watching the power price fall is like trying to catch the proverbial falling knife. German (and Austrian) power prices are down by 20% this year alone (and almost 75% from their peak in 2008), with the forward curve now sitting at a measly €23/MWh. Hardly surprising, then, that we are slashing our Verbund EPS forecasts by -18%/-65%/-72% for 2016/2017/2018 as we mark to market power prices and commodities (currencies too) across the board, including carbon, where we are no longer bulls. This creates serious balance sheet problems for Verbund. Something has to give. It is just not enough for rating agencies to rely on the Austrian Republic's parentage (own 51%). Unless power prices rise (which seems unlikely in the current environment), a capital restructuring may be required. We retain our Sell rating and reduce our price target to €4.00 per share, implying 60% downside. Verbund is sitting on a 2017 P/E of 40x.
- Balance sheet under serious pressure:** Verbund should reach 5.9x economic net debt/EBITDA by just next year, 2017. The good news is that this will not be due to an increase in debt. Alas, that does not in any way counter the collapse in EBITDA driven by lower achieved power prices. We expect gearing to remain at a touch below 6x in the coming years. That level of gearing is untenable for a regulated business, let alone a commodity-exposed business.
- 70% dividend cut unavoidable:** Even by sticking to a 50% payout ratio, Verbund will experience a DPS cut of 33% in 2016 and a further 50% in 2017. Given the balance sheet issues, surely management should reconsider paying 50% of 2015 adjusted group profits. We have assumed it will not, hence our €0.40 2015 DPS estimate. However, we flag this as a real risk.
- Hydro output assumed to return to normal:** We assume a hydro coefficient of 1.00 (ie 100% of norm) from 2016, up from the forecast 0.95 for 2015. Peak output was, back in 2011, at a 1.11 coefficient. A 10% change in hydro output affects EPS by 12%.
- Congestion management services may disappoint:** We have given Verbund the benefit of the doubt and assumed that it continues to earn profits on these ancillary services at the bumper level of €125m attained in 2015. This may prove to be too optimistic as volatility settles down.
- Cost cutting is limited:** Verbund has already reduced costs and it is difficult to envisage what else it can cut of any significance.
- Consensus has to come down, significantly:** Our EPS and DPS estimates are -11%/-57%/-61% below consensus for 2016/2017/2018.

Y/E 31/12., EURm	2013	2014	2015E	2016E	2017E
EBITDA	1,301	809	905	717	589
EBIT	933	468	491	369	241
EPS	1.67	0.36	0.72	0.53	0.27
DPS	1.00	0.29	0.40	0.27	0.13
FCF per share	0.2	2.0	1.3	0.9	0.6
Y/E net debt (net cash)	3,706	4,060	3,742	3,594	3,500
EBITDA Growth	5.3%	-37.9%	11.9%	-20.7%	-17.9%
EPS Growth	49.1%	-78.4%	101.3%	-26.4%	-50.3%
DPS Growth	66.7%	-71.0%	36.5%	-32.6%	-50.3%
ROCE	9.6%	5.1%	5.4%	4.1%	2.7%
EV/EBITDA	6.6x	10.3x	8.9x	11.0x	13.2x
P/E	6.3x	29.3x	14.6x	19.8x	39.8x
Dividend Yield	9.5%	2.7%	3.8%	2.5%	1.3%
FCF Yield	1.9%	19.0%	12.2%	8.5%	5.6%

Source: Company data, Berenberg

10 February 2016

SELL

Current price **Price target**
EUR10.55 EUR4.00

08/02/2016 Vienna Close

Market cap (EURm) 3,665
Reuters VERB.VI
Bloomberg VER AV

Changes made in this note

Rating: Sell (no change)
Price target: EUR4.00 (11.50)

Estimates changes

	2015E		2016E		2017E	
	old	Δ %	old	Δ %	old	Δ %
EBITDA	906	-0.1	787	-8.8	838	-29.8
EBIT	492	-0.2	438	-15.8	491	-50.9
EPS	0.72	0.0	0.65	-18.4	0.77	-65.4

Source: Berenberg estimates

Share data

Shares outstanding (m) 347
Enterprise value (EURm) 8,034
Daily trading volume 221,937



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SELL

10 February 2016

Current price **Price target**

EUR10.55 EUR4.00

08/02/2016 Vienna Close

Market cap (EURm) 3,665
EV (EURm) 8,034
Trading volume 221,937
Free float 19.0%

Non-institutional shareholders

Republic of Austria (51%)
EVN AG & Wiener Stadtwerke (25.0%)
TIWAG (5.0%)

Share performance

High 52 weeks EUR17.27
Low 52 weeks EUR10.36

Business description

Verbund is an Austrian electricity company active in electricity generation, trading, transmission and sales. It has a power generation capacity of over 8GW, the majority of which is hydropower.

Performance relative to

	SXXP	SX6P
1mth	0.5%	-3.6%
3mth	-5.3%	-15.2%
12mth	-15.7%	-20.6%

Investment thesis

- End power markets remain tricky, with power prices continuing to fall. Verbund is the most exposed company (we follow) to the power price.
- Rainfall is also a key profit driver. We expect a return to more-normal (ie wetter) conditions in 2016.
- We expect congestion management services to continue at their bumper €125m in 2015; we are so low against consensus, we can afford to give Verbund the benefit of the doubt and still have a Sell case.
- Our valuation is based on a blend of DCF-based sum-of-the-parts, price earnings ratio, dividend yield and a dividend discount model.

Profit and loss summary

EURm	2013	2014	2015E	2016E	2017E
Revenues	3,267	2,835	2,707	2,595	2,395
EBITDA	1,301	809	905	717	589
EBITA	933	468	491	369	241
EBIT	933	468	491	369	241
Associates contribution	-216	33	33	33	33
Net interest	116	178	137	104	101
Tax	79	98	85	75	43
Minorities	66	54	51	38	38
Net income adj.	384	216	252	185	92
EPS reported	1.67	0.36	0.72	0.53	0.27
EPS adjusted	1.67	0.36	0.72	0.53	0.27
Year end shares	347	347	347	347	347
Average shares	347	347	347	347	347
DPS	1.00	0.29	0.40	0.27	0.13

Cash flow summary

EURm	2013	2014	2015E	2016E	2017E
Net income	645	181	302	224	130
Depreciation	360	393	350	348	347
Working capital changes	56	212	23	20	36
Other non-cash items	-220	-68	50	0	0
Operating cash flow	841	718	725	592	513
Capex	-772	-23	-280	-281	-308
FCFE	70	695	445	311	205
Acquisitions, disposals	348	41	0	0	0
Other investment CF	0	0	0	0	0
Dividends paid	-306	-418	-128	-163	-112
Buybacks, issuance	0	0	0	0	0
Change in net debt	-38	-42	317	130	0
Net debt	3,706	4,060	3,742	3,594	3,500
FCF per share	0.20	2.00	1.28	0.90	0.59

Growth and margins

	2013	2014	2015E	2016E	2017E
Revenue growth	2.9%	-13.2%	-4.5%	-4.1%	-7.7%
EBITDA growth	5.3%	-37.9%	11.9%	-20.7%	-17.9%
EBIT growth	-2.4%	-49.8%	5.0%	-24.9%	-34.6%
EPS adj growth	49.1%	-78.4%	101.3%	-26.4%	-50.3%
FCF growth	49.3%	897.7%	-35.9%	-30.1%	-34.0%
EBITDA margin	39.8%	28.5%	33.4%	27.6%	24.6%
EBIT margin	28.6%	16.5%	18.1%	14.2%	10.1%
Net income margin	11.8%	7.6%	9.3%	7.1%	3.8%
FCF margin	2.1%	24.5%	16.5%	12.0%	8.6%

Key ratios

	2013	2014	2015E	2016E	2017E
Net debt / equity	66.7%	76.9%	68.1%	64.7%	62.8%
Net debt / EBITDA	2.8x	5.0x	4.1x	5.0x	5.9x
Avg cost of debt	3.3%	4.6%	3.5%	2.8%	2.9%
Tax rate	15.1%	66.6%	22.0%	25.0%	25.0%
Interest cover	8.1x	2.6x	3.6x	3.6x	2.4x
Payout ratio	59.9%	80.6%	54.6%	50.0%	50.0%
ROCE	9.6%	5.1%	5.4%	4.1%	2.7%
Capex / sales	23.6%	0.8%	10.3%	10.8%	12.9%
Capex / depreciation	214.5%	5.8%	80.0%	80.7%	88.7%

Valuation metrics

	2013	2014	2015E	2016E	2017E
P / adjusted EPS	6.3x	29.3x	14.6x	19.8x	39.8x
P / book value	0.7x	0.7x	0.7x	0.7x	0.7x
FCF yield	1.9%	19.0%	12.2%	8.5%	5.6%
Dividend yield	9.5%	2.7%	3.8%	2.5%	1.3%
EV / sales	2.6x	2.9x	3.0x	3.0x	3.3x
EV / EBITDA	6.6x	10.3x	8.9x	11.0x	13.2x
EV / EBIT	9.2x	17.9x	16.4x	21.4x	32.3x
EV / FCF	122.8x	12.0x	18.0x	25.3x	38.0x
EV / cap. employed	0.8x	0.8x	0.7x	0.7x	0.7x

Key risks to our investment thesis

- Power prices and commodities rally from current levels
- Earnings from ancillary services/congestion management rise beyond their 2015 bumper year as the market becomes more volatile and in more need of instant balancing power
- Hydro output rises on the back of higher rainfall

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Verbund AG – key investment points

Key investment point one: power prices in a spin

- **Key stat:** Verbund's net income changes up to +/- 140% for a €5/MWh move in the power price, depending on the year
- Mark to market commodities and power prices (down 20% January 2016) have shattered our Verbund forecasts
- No visible signs of recovery: coal over supplied and carbon faring little better

Key investment point two: balance sheet under severe strain

- **Key stat:** Verbund should reach 5.9x economic net debt/EBITDA by just next year, 2017.
- The good news is that this will not be due to an increase in debt.
- Alas, that does not in any way counter the collapse in EBITDA driven by lower achieved power prices.
- c6x is untenable for a regulated business, let alone a commodity-exposed business. Rating agencies: wake up.

Key investment point three: Hydro output assumed to return to normal

- **Key stat:** a 10% shift in hydro output has an impact of up to c12% on EPS.
- We assume a hydro coefficient of 1.00 (ie 100% of norm) from 2016, up from the forecast 0.95 for 2015.
- Peak output was back in 2011 at a 1.11 coefficient.

Other key investment points

- Congestion management services may disappoint from 2015's €125m bumper EBITDA, although we have given Verbund the benefit of doubt.
- Mellach disposal on the cards; all down to price
- Cost cutting is limited

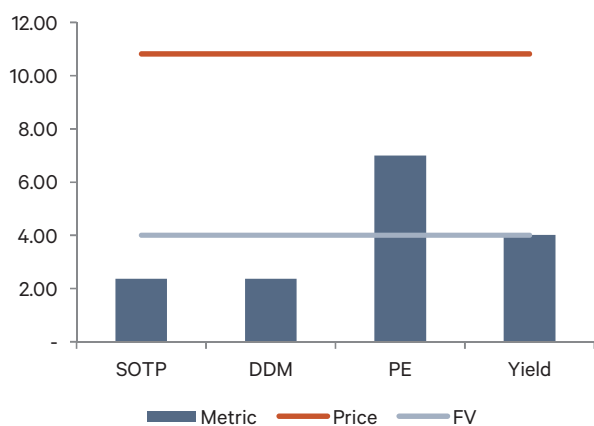
Valuation

- Our price target is €4/share (-63% downside).
- We use a blended valuation approach for Verbund, utilising SOTP (DCF/EVA), DDM, P/E and yield valuations.

Summary

The charts below illustrate our valuation under each metric and the upside/downside to the current share price.

Valuation under different metrics (€/share)



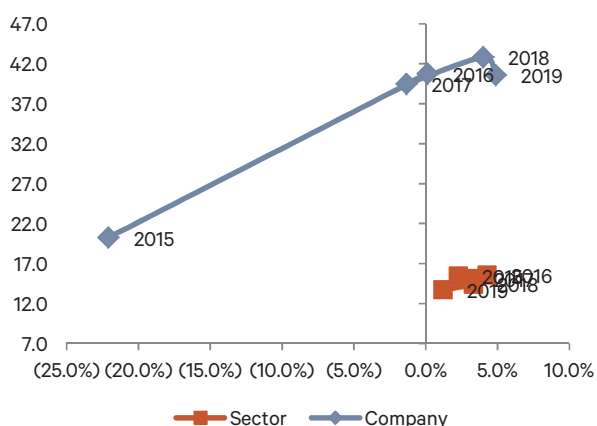
Source: Berenberg estimates

SOTP valuation (€/share)

	Value	€/Share	2016 EV/ EBITDA	Method
Electricity	4,350	12.52	7.0	DCF
Grid	808	2.32	5.4	DCF
Services	(242)	(0.70)	11.9	DCF
Other	91	0.26	(2.9)	DCF
Enterprise Value	5,007	14.41	7.0	
Debt	(3,197)	(9.20)	(4.5)	2016E
Provisions	(432)	(1.24)	(0.6)	2016E
Other	35	0.10	0.0	2016E
Minorities	(591)	(1.70)	(0.8)	2016E
Liabilities	(4,185)	(12.05)	(5.8)	
Equity	822	2.37		
NOSH	347			2016E
Equity per Share	2.37			
DPS	-			
Sum of the Parts	2.37			

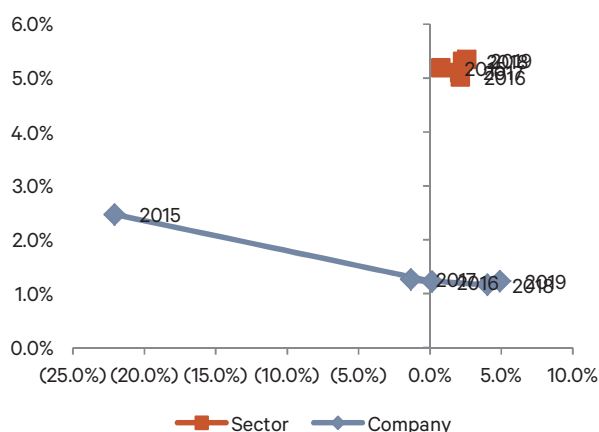
Source: Berenberg estimates

P/E versus EPS growth



Source: Berenberg estimates using three-year forward EPS CAGR

Dividend yield versus DPS growth



Source: Berenberg estimates using three-year forward DPS CAGR

Sensitivity analysis

Sensitivity analysis

Sensitivities	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA Sensitivity* to								
+/- 5 % Hydro output	5%	7%	5%	6%	6%	6%	6%	6%
+/- 5 €/MWh Power price	0%	0%	1%	13%	27%	27%	28%	28%
+/- 5 €/MWh Thermal spreads	0%	0%	0%	1%	1%	1%	1%	1%
Net Income Sensitivity* to								
+/- 5 % Hydro output	11%	20%	14%	17%	28%	27%	28%	27%
+/- 5 €/MWh Power price	0%	0%	1%	37%	131%	127%	138%	131%
+/- 5 €/MWh Thermal spreads	0%	0%	0%	2%	6%	6%	7%	6%

* N.B: Sensitivities take account of current hedged positions.

Source: Berenberg

Changes to numbers: Berenberg versus consensus

Estimate changes

Estimate Changes	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA (New - as reported; € m)	1,301	809	905	717	589	587	573	576
EBITDA (Old - as reported; € m)	1,301	809	906	787	838	938	984	1,016
Change	+0%	+0%	-0%	-9%	-30%	-37%	-42%	-43%
EBIT (New - as reported; € m)	933	468	491	369	241	241	228	232
EBIT (Old - as reported; € m)	933	468	492	438	491	592	639	672
Change	+0%	+0%	-0%	-16%	-51%	-59%	-64%	-66%
EPS (New - as reported; €)	1.67	0.36	0.72	0.53	0.27	0.27	0.25	0.27
EPS (Old - as reported; €)	1.67	0.36	0.72	0.65	0.77	1.00	1.11	1.20
Change	+0%	+0%	+0%	-18%	-65%	-72%	-77%	-78%
DPS (New - as reported; €)	1.00	0.29	0.40	0.27	0.13	0.14	0.13	0.13
DPS (Old - as reported; €)	1.00	0.29	0.40	0.33	0.38	0.50	0.55	0.60
Change	+0%	+0%	+0%	-18%	-65%	-72%	-77%	-78%

Source: Berenberg

Berenberg versus consensus

Berenberg Forecasts vs Consensus	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA* (€ m)	1,301	809	905	717	589	587	573	576
Consensus (Average)	1,224	800	862	780	764	797	823	882
Berenberg +/- vs Cons	+6%	+1%	+5%	-8%	-23%	-26%	-30%	-35%
EBIT* (€ m)	933	468	491	369	241	241	228	232
Consensus (Average)	820	306	484	420	397	448	452	528
Berenberg +/- vs Cons	+14%	+53%	+2%	-12%	-39%	-46%	-50%	-56%
Net Income* (€ m)	384	216	252	185	92	95	88	93
Consensus (Average)	373	204	255	211	202	249	253	279
Berenberg +/- vs Cons	+3%	+6%	-1%	-12%	-54%	-62%	-65%	-67%
EPS* (€)	1.67	0.36	0.72	0.53	0.27	0.27	0.25	0.27
Consensus (Average)	1.13	0.58	0.73	0.60	0.61	0.70	0.75	0.82
Berenberg +/- vs Cons	+48%	-38%	-1%	-11%	-57%	-61%	-66%	-68%
DPS (€)	1.00	0.29	0.40	0.27	0.13	0.14	0.13	0.13
Consensus (Average)	1.00	0.30	0.37	0.30	0.30	0.34	0.37	0.41
Berenberg +/- vs Cons	+0%	-2%	+8%	-12%	-56%	-60%	-66%	-67%

* Based on company's definition of metric

Source: Berenberg estimates, Bloomberg

Key assumptions

Key assumptions

Power Price Forecasts		2014A	2015E	2016E	2017E	2018E	2019E	2020E
Country	Unit							
UK (Local)	£/MWh	47.0	47.0	42.7	42.9	43.0	44.0	44.0
UK (EUR)	EUR/MWh	58.5	62.1	56.6	55.4	55.1	56.4	56.4
Germany	EUR/MWh	35.0	30.5	24.0	23.6	22.8	22.6	22.6
Nordic	EUR/MWh	33.1	32.8	20.0	20.2	22.0	21.9	21.9
Italy	EUR/MWh	52.9	46.0	38.5	38.2	38.1	41.5	41.5
Benelux	EUR/MWh	47.0	40.0	32.0	31.5	31.5	31.4	31.4
France	EUR/MWh	47.0	38.0	30.0	29.2	28.6	30.2	30.2
Spain/Portugal	EUR/MWh	47.0	47.0	42.0	41.0	41.0	40.9	40.9

Fuel Price Forecasts		2014A	2015E	2016E	2017E	2018E	2019E	2020E
Fuel	Unit							
Oil (Brent)	\$/bbl	101.9	53.5	32.8	38.5	38.5	38.5	38.5
Coal	\$/t	78.3	53.3	42.4	37.7	37.7	37.7	37.7
Gas (Europe LTC)	EUR/MWh	26.4	21.9	14.6	14.2	14.2	14.9	14.9
Gas (Italy)	EUR/MWh	23.2	20.0	12.6	12.2	12.2	12.9	12.9
Gas (UK) £	£/MWh	14.1	12.0	9.1	8.9	8.9	9.4	9.4
Carbon UK floor	£/t	14.3	20.0	22.0	23.1	23.1	23.1	23.1
US Gas Henry Hub	\$/MWh	14.7	8.7	8.6	9.4	9.8	10.3	10.7
Uranium	EUR/MWh	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Carbon	EUR/t	6.0	7.8	6.6	6.6	6.6	6.6	6.6

Year end currency rates	2014A	2015E	2016E	2017E	2018E	2019E	2020E
EURGBP	0.78	0.74	0.77	0.78	0.78	0.78	0.78
EURTRY	2.83	3.17	3.68	4.11	4.11	4.11	4.11
EURSEK	9.44	9.17	9.33	9.35	9.35	9.35	9.35
EURUSD	1.21	1.09	1.10	1.12	1.12	1.12	1.12
EURRUB	73.50	80.00	94.76	104.70	104.70	104.70	104.70
EURMXN	17.84	18.75	20.53	21.49	21.49	21.49	21.49
USDBRL	2.66	4.00	4.47	4.99	4.99	4.99	4.99

Inflation	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Central Europe	0.8%	0.1%	0.8%	1.3%	1.3%	1.3%	1.3%
Eastern Europe	5.7%	9.6%	6.0%	5.2%	5.2%	5.2%	5.2%
UK	1.5%	0.0%	1.2%	1.9%	1.9%	1.9%	1.9%
Nordic	0.4%	-0.1%	1.1%	1.6%	1.6%	1.6%	1.6%
Spain/Portugal	-0.2%	0.0%	1.0%	1.4%	1.4%	1.4%	1.4%
US	1.6%	0.1%	2.0%	2.3%	2.3%	2.3%	2.3%

Source: Berenberg

Financials

Income statement

Income Statement (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Revenue	3,267	2,835	2,707	2,595	2,395	2,429	2,427	2,441
Reported EBITDA	1,301	809	905	717	589	587	573	576
Change	+5%	-38%	+12%	-21%	-18%	-0%	-2%	+0%
Margin	+40%	+29%	+33%	+28%	+25%	+24%	+24%	+24%
Depreciation	(360)	(393)	(350)	(348)	(347)	(346)	(345)	(344)
Other OPEX	(9)	52	(64)	-	-	-	-	-
Reported EBIT	933	468	491	369	241	241	228	232
Change	-2%	-50%	+5%	-25%	-35%	-0%	-5%	+2%
Margin	+29%	+17%	+18%	+14%	+10%	+10%	+9%	+9%
Net Financial Expenses	(116)	(178)	(137)	(104)	(101)	(99)	(96)	(93)
Tax	(79)	(98)	(85)	(75)	(43)	(44)	(41)	(43)
Other	(288)	79	33	33	33	33	33	33
Minorities	(66)	(54)	(51)	(38)	(38)	(37)	(36)	(36)
Reported Net Income	384	216	252	185	92	95	88	93
Change	-39%	-44%	+17%	-26%	-50%	+3%	-8%	+6%
Margin	+12%	+8%	+9%	+7%	+4%	+4%	+4%	+4%
Number of Shares	347	347	347	347	347	347	347	347
Per Share:								
Basic EPS	1.67	0.36	0.72	0.53	0.27	0.27	0.25	0.27
Change	+49%	-78%	+101%	-26%	-50%	+3%	-8%	+6%
Reported EPS	1.67	0.36	0.72	0.53	0.27	0.27	0.25	0.27
Change	+49%	-78%	+101%	-26%	-50%	+3%	-8%	+6%
DPS	1.00	0.29	0.40	0.27	0.13	0.14	0.13	0.13
Change	+67%	-71%	+36%	-33%	-50%	+3%	-8%	+6%
Payout	60%	81%	55%	50%	50%	50%	50%	50%

Source: Berenberg

Divisional EBITDA

Electricity (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Revenue	2,728	2,375	2,169	2,051	1,899	1,880	1,872	1,880
Change	+2%	-13%	-9%	-5%	-7%	-1%	-0%	+0%
% Group	+83%	+84%	+80%	+79%	+79%	+77%	+77%	+77%
EBITDA	1,167	747	731	620	480	461	445	446
Change	+1%	-36%	-2%	-15%	-23%	-4%	-3%	+0%
Margin	+4.3%	+3.1%	+3.4%	+3.0%	+2.5%	+2.5%	+2.4%	+2.4%
% Group	+90%	+92%	+81%	+86%	+82%	+79%	+78%	+77%
EBIT	147	401	401	358	221	205	192	196
Change	-84%	+173%	-0%	-11%	-38%	-7%	-6%	+2%
Margin	+5%	+17%	+18%	+17%	+12%	+11%	+10%	+10%
% Group	+16%	+86%	+82%	+97%	+91%	+85%	+84%	+84%

Grid (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Revenue	523	449	527	533	486	538	544	549
Change	+9%	-14%	+17%	+1%	-9%	+11%	+1%	+1%
% Group	+16%	+16%	+19%	+21%	+20%	+22%	+22%	+23%
EBITDA	200	128	226	148	160	177	179	181
Change	+19.7%	-36%	+7.7%	-3.4%	+8%	+1.1%	+1%	+1%
Margin	+3.8%	+2.8%	+4.3%	+2.8%	+3.3%	+3.3%	+3.3%	+3.3%
% Group	+15%	+16%	+25%	+2.1%	+2.7%	+3.0%	+3.1%	+3.1%
EBIT	84	58	151	71	80	96	96	95
Change	+314.6%	-31%	+160%	-5.3%	+1.4%	+1.9%	-0%	-0%
Margin	+1.6%	+1.3%	+2.9%	+1.3%	+1.7%	+1.8%	+1.8%	+1.7%
% Group	+9%	+1.2%	+3.1%	+1.9%	+3.3%	+4.0%	+4.2%	+4.1%

Equity Interests & Services (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Revenue	16	11	11	11	11	11	11	12
Change	-7%	-33%	+0%	+0%	+0%	+0%	+5%	+5%
% Group	+0%	+0%	+0%	+0%	+0%	+0%	+0%	+0%
EBITDA	(28)	(25)	(20)	(20)	(20)	(20)	(20)	(20)
Change	-2.7%	-9%	-2.0%	+0%	+0%	+0%	-0%	-0%
Margin	-1.7.7%	-2.3.9%	-1.9.2%	-1.9.2%	-1.9.2%	-1.9.2%	-1.8.2%	-1.7.3%
% Group	-2%	-3%	-2%	-3%	-3%	-3%	-4%	-4%
EBIT	(4.7)	(3.5)	(2.9)	(2.9)	(2.9)	(2.9)	(2.9)	(2.8)
Change	-3%	-2.4%	-1.7%	-1%	-1%	-1%	-1%	-1%
Margin	-2.9.5%	-3.3.4%	-2.7.6%	-2.7.5%	-2.7.3%	-2.7.1%	-2.5.6%	-2.4.3%
% Group	-5%	-8%	-6%	-8%	-1.2%	-1.2%	-1.2%	-1.2%

Other* (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA	(38)	(41)	(31)	(31)	(31)	(31)	(31)	(31)
o/w Unallocated Cost Savings	-	-	-	-	-	-	-	-
o/w Unallocated Aqn / Disp	-	-	-	-	-	-	-	-
% Group	-3%	-5%	-3%	-4%	-5%	-5%	-5%	-5%
EBIT	748	44	(31)	(31)	(31)	(31)	(31)	(31)
o/w Unallocated Cost Savings	-	-	-	-	-	-	-	-
o/w Unallocated Aqn / Disp	-	-	-	-	-	-	-	-
% Group	+80%	+9%	-6%	-8%	-1.3%	-1.3%	-1.4%	-1.3%

* Includes, if applicable, other group income/costs and unallocated cost savings, CAPEX returns and acquisitions and disposals

Source: Berenberg

Cash flow statement

Cash Flow (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Net Income	645	181	302	224	130	132	124	129
Depreciation	360	393	350	348	347	346	345	344
Working Capital	56	212	23	20	36	(6)	0	(3)
Other Operating Cash Flow	(220)	(68)	50	-	-	-	-	-
Operating Cash Flow	841	718	725	592	513	472	470	471
CAPEX	(772)	(23)	(280)	(281)	(308)	(308)	(308)	(308)
FCF (Post CAPEX)	70	695	445	311	205	164	162	163
Acquisitions and Disposals	348	41	-	-	-	-	-	-
FCF (p. CAPEX, Aq&D)	417	736	445	311	205	164	162	163
Other Investment Cash Flow	-	-	-	-	-	-	-	-
Dividends	(306)	(418)	(128)	(163)	(112)	(65)	(66)	(62)
FCF (p. CAPEX, Aq&D, Divs)	112	317	317	148	93	99	96	101
Buybacks and Equity Issuance	-	-	-	-	-	-	-	-
Borrowings	229	590	-	(19)	(93)	(99)	(96)	(101)
Other Financing, Disc and FX	(379)	(949)	-	-	0	(0)	0	0
Net Change in Group Cash	(38)	(42)	317	130	-	-	-	-

Source: Berenberg

Balance sheet statement

Balance Sheet (€ m)	2013A	2014A	2015E	2016E	2017E	2018E	2019E	2020E
Intangible Fixed Assets	799	796	796	796	796	796	796	796
PP&E	9,465	9,437	9,367	9,299	9,260	9,222	9,184	9,148
Other Non-Current Assets	828	934	934	934	934	934	934	934
Total Non-Current Assets	11,092	11,167	11,097	11,029	10,990	10,952	10,914	10,878
Inventories and Receivables	1,521	1,029	983	942	869	882	881	886
Cash	83	42	359	489	489	489	489	489
Other Liquid Assets	-	-	-	-	-	-	-	-
Other Current Assets	-	-	-	-	-	-	-	-
Assets Held for Sale	137	10	-	-	-	-	-	-
Total Current Assets	1,741	1,081	1,342	1,431	1,358	1,371	1,370	1,375
Total Assets	12,833	12,247	12,438	12,460	12,348	12,323	12,284	12,253
Short-Term Debt	(654)	(806)	(806)	(806)	(806)	(806)	(806)	(806)
Payables	(665)	(517)	(494)	(474)	(437)	(443)	(443)	(445)
Provisions	(159)	(193)	(193)	(193)	(193)	(193)	(193)	(193)
o/w Nuclear Liabilities	-	-	-	-	-	-	-	-
o/w Pensions	-	-	-	-	-	-	-	-
o/w Other Provisions	(159)	(193)	(193)	(193)	(193)	(193)	(193)	(193)
Other Current Liabilities	(36)	(56)	(56)	(56)	(56)	(56)	(56)	(56)
Liabilities of Businesses Held for Sale	-	-	-	-	-	-	-	-
Total Current Liabilities	(1,515)	(1,573)	(1,549)	(1,529)	(1,492)	(1,499)	(1,498)	(1,501)
Long-Term Debt	(3,357)	(2,898)	(2,898)	(2,880)	(2,786)	(2,688)	(2,592)	(2,491)
Provisions	(717)	(845)	(845)	(845)	(845)	(845)	(845)	(845)
o/w Nuclear Liabilities	-	-	-	-	-	-	-	-
o/w Pensions	(352)	(432)	(432)	(432)	(432)	(432)	(432)	(432)
o/w Other Provisions	(365)	(413)	(413)	(413)	(413)	(413)	(413)	(413)
Other Non-Current Liabilities	(1,691)	(1,651)	(1,651)	(1,651)	(1,651)	(1,651)	(1,651)	(1,651)
Total Non-Current Liabilities	(5,766)	(5,394)	(5,394)	(5,376)	(5,282)	(5,183)	(5,088)	(4,987)
Shareholders' Equity	(4,947)	(4,689)	(4,903)	(4,964)	(4,982)	(5,049)	(5,107)	(5,174)
Minorities	(606)	(591)	(591)	(591)	(591)	(591)	(591)	(591)
Total Equity	(5,553)	(5,280)	(5,495)	(5,556)	(5,574)	(5,641)	(5,699)	(5,765)
Total Liabilities and Equity	(12,833)	(12,247)	(12,438)	(12,460)	(12,348)	(12,323)	(12,284)	(12,253)
Net Debt (As Reported)	3,706	4,060	3,742	3,594	3,500	3,402	3,306	3,205
Economic Net Debt	3,706	4,060	3,742	3,594	3,500	3,402	3,306	3,205
Net Debt / EBITDA (As Reported)	2.8	5.0	4.1	5.0	5.9	5.8	5.8	5.6
Economic Net Debt / EBITDA	2.8	5.0	4.1	5.0	5.9	5.8	5.8	5.6

Source: Berenberg