



Stock:	MVV1 GR
Name:	MVV Energie
Price:	€25.62
Market Cap (m):	€1,689
Market Cap (m):	US\$2,221
Current valuation (DCF):	€25.20
12mth price target:	€25.00
Recommendation:	Underperform
Volatility index:	

Event

- MVV published preliminary results for 2009/10. Adjusted EBIT was flat at €239m (Macq €235m) and net profits were down 3% to €95m (Macq €101m). Details will be presented at the analyst conference on January 12, 2011.
- Management will propose DPS of €0.90 (Macq 0.90).
- Management also announced a new cost cutting program of €20-30m per annum as of 2012/13, which will lead to restructuring cost of €31m in 2010/11. This implies a headcount reduction of 450 employees.

Impact

- Adjusted EBIT came in slightly (2%) above our expectations, while net profits declined due to slightly higher than expected tax payments and missed our expectations by 6%. Dividends were exactly in line with expectations.
- Management had already communicated the preparation of a new cost cutting program and the newsflow now confirms press speculation. The net impact on our estimates and fair value will be insignificant, given the recent deterioration of power generation margins.

Action and recommendation

- All in all, results are broadly in line with expectations. We don't see mentionable upside to our target price of €25 and highlight the ongoing risk of a share overhang of the stock. We reaffirm our U/P rating.

September		2009A	2010E	2011E	2012E
Sales revenue	m	3,161.0	3,205.4	3,314.7	3,428.4
EBIT	m	230.1	226.2	234.9	245.9
EBIT growth	%	-3.8	-1.5	3.9	4.7
Reported profit	m	-75.7	100.7	107.6	116.8
EPS adj		1.48	1.53	1.63	1.77
EPS adj growth	%	-11.6	3.2	6.9	8.5
PE adj	x	17.3	16.8	15.7	14.5
Total DPS		0.90	0.90	0.90	0.97
Total div yield	%	3.5	3.5	3.5	3.8

*All values are in EUR unless otherwise stated.

Source: Company data, Macquarie Research, Dec 2010.

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