

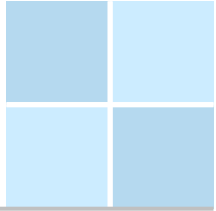


Partners in the Network

**Eigenkapitalforum**

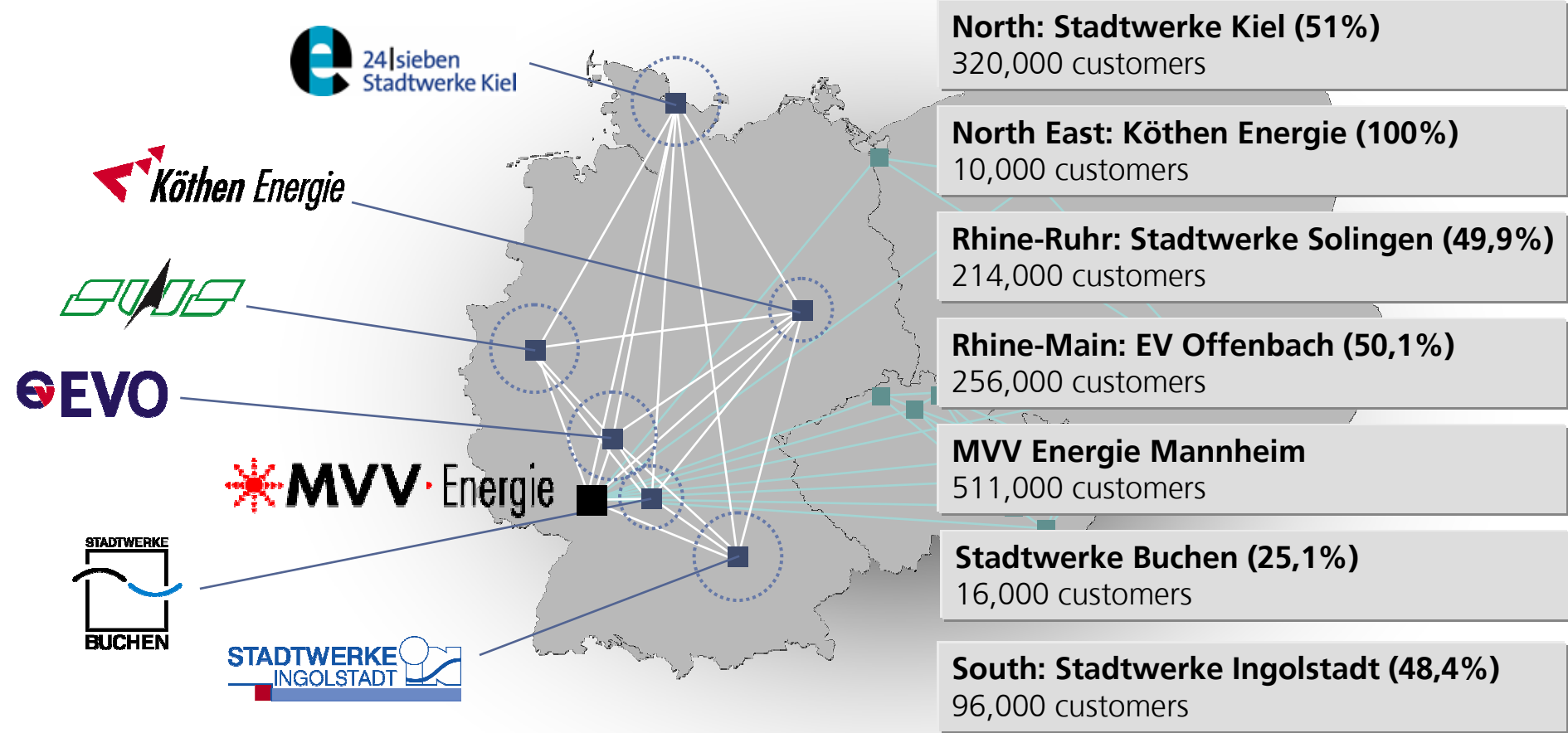
**22 November 2005**





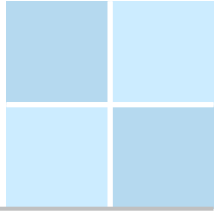
# Our Network of Municipal Utility Companies

Customers<sup>1</sup> of the core business in Germany:



<sup>1</sup> including residential units in apartment blocks





# Multiplying the Value of Our District Heating Expertise

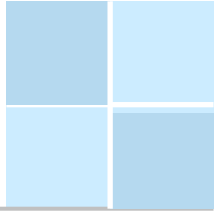
## Shareholdings in European District Heating Utility Companies



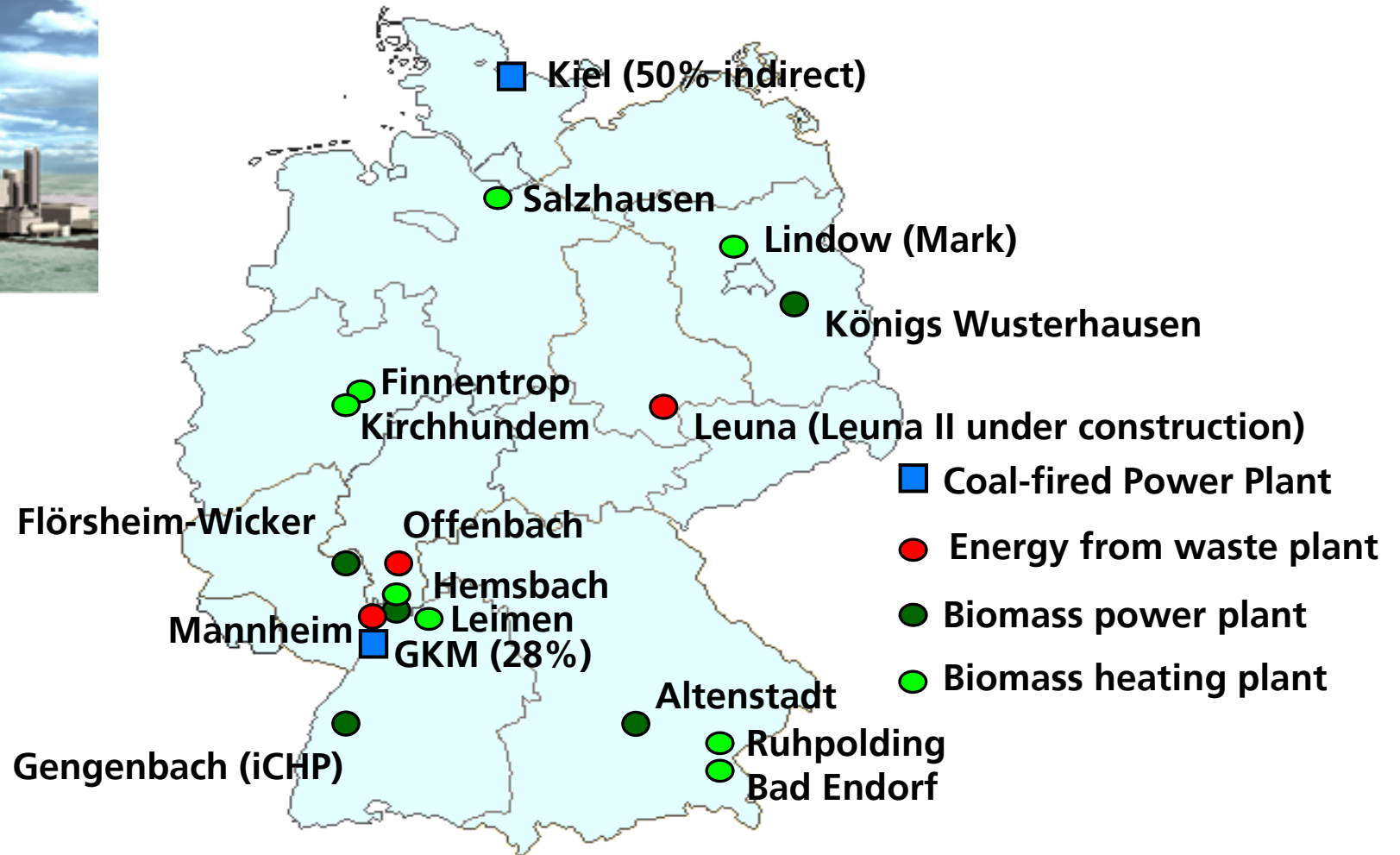
**Sales: Euro 36 million<sup>1</sup>  
192,000 customers**

**Sales: Euro 37 million<sup>1</sup>  
59,000 customers**

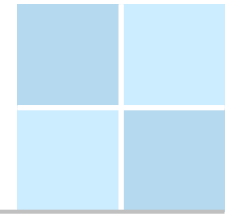
<sup>1</sup> First nine months of Fiscal Year 2004/2005



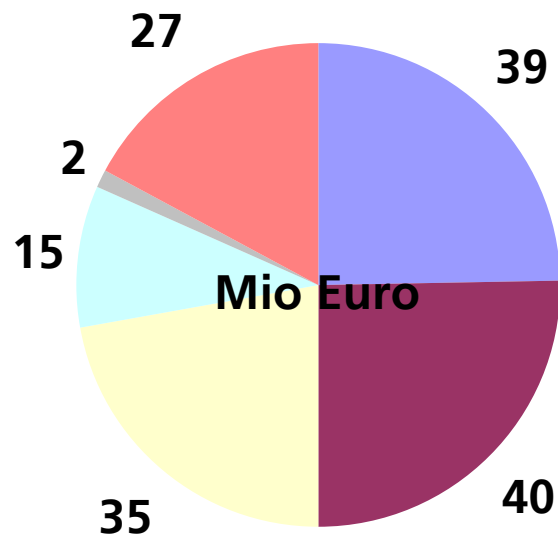
# Our Coal, Waste and Biomass Plants



# Our operating earnings (EBIT) are generated by a number of segments

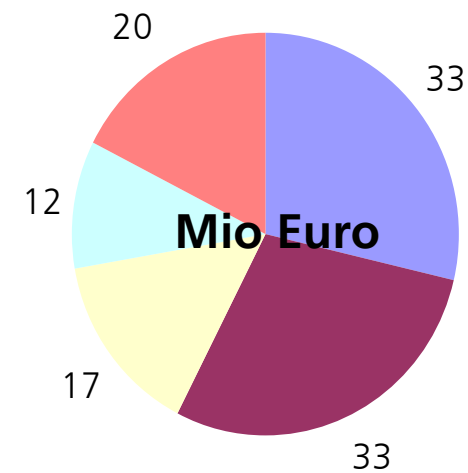


Fiscal Year 2004/2005



Fiscal Year 2003/2004 <sup>1,2</sup>

- Power
- District Heating
- Gas
- Water
- Energy Services
- Environmental Energy

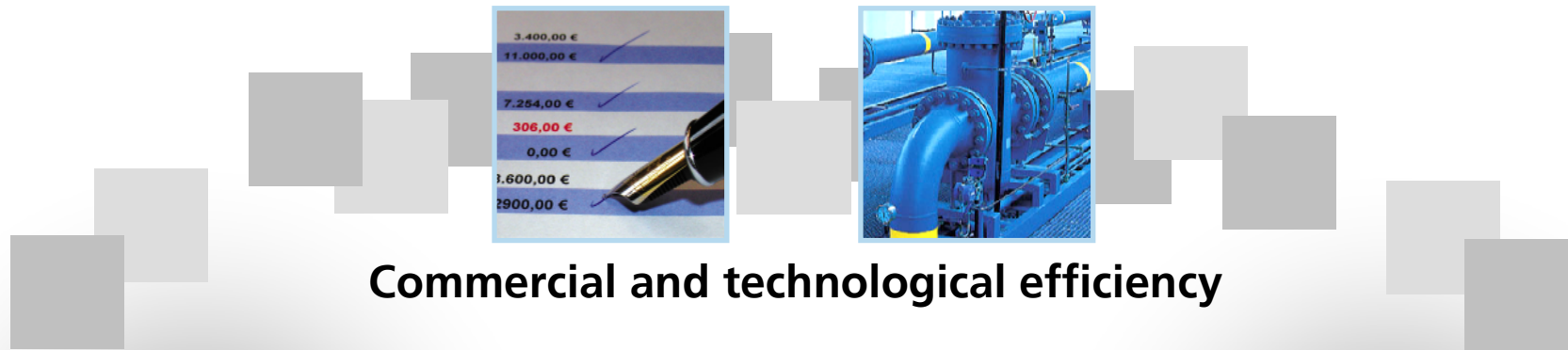
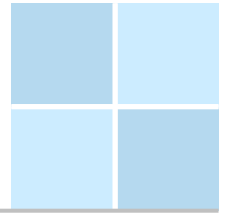


<sup>1</sup> EBIT adjusted  
<sup>2</sup> Energy Services: - 18 Mio Euro

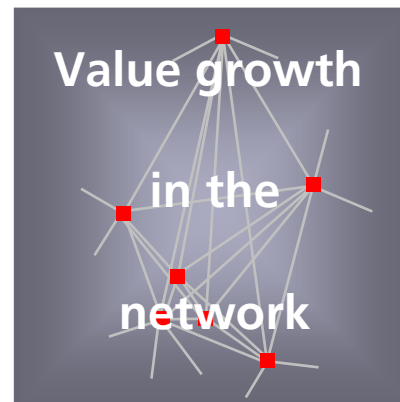
# Our Strategy



# The MVV Energie Strategy

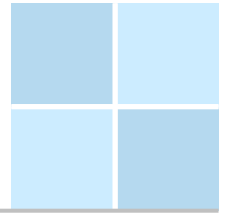


External  
Expansion of the  
network



Organic  
Growth via products

# Growth based on shareholdings in municipal utility companies



- ▶ Several hundred autonomous municipal utility companies currently active in Germany
- ▶ In many cases inadequately prepared for competition
- ▶ Often only active in distribution of electricity and gas, no proprietary generation activities
- ▶ Expected pressure on earnings due to network regulation
- ▶ Lack of resources in municipalities

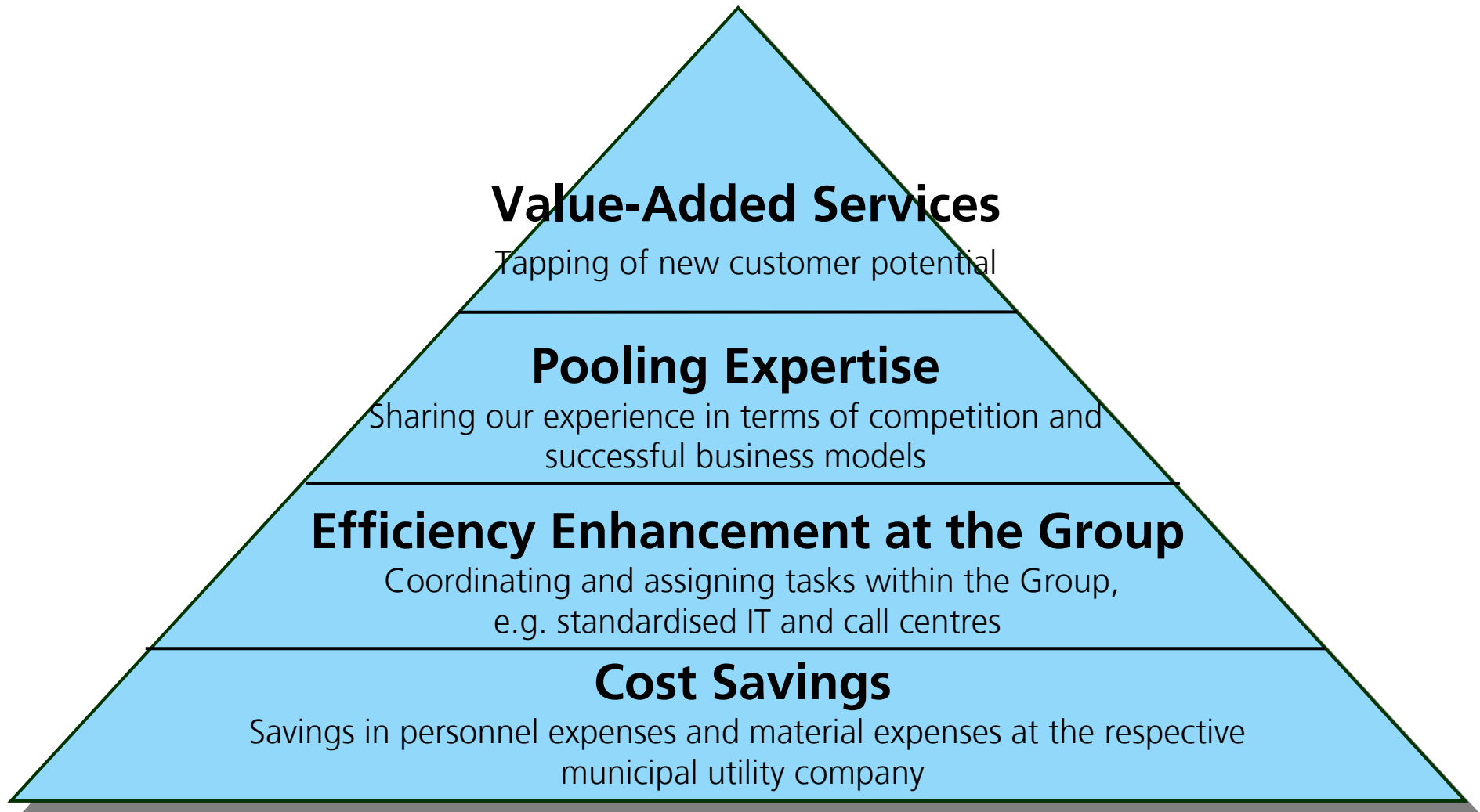
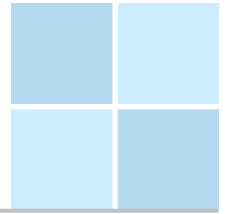


**Sale of numerous  
municipal utility  
companies expected**

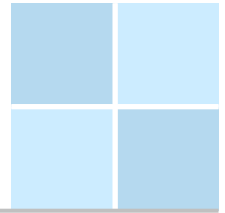
**MVV Energie is well-positioned for further acquisitions**



# Shareholdings in distribution companies enable us to tap savings potential and to access new customer groups



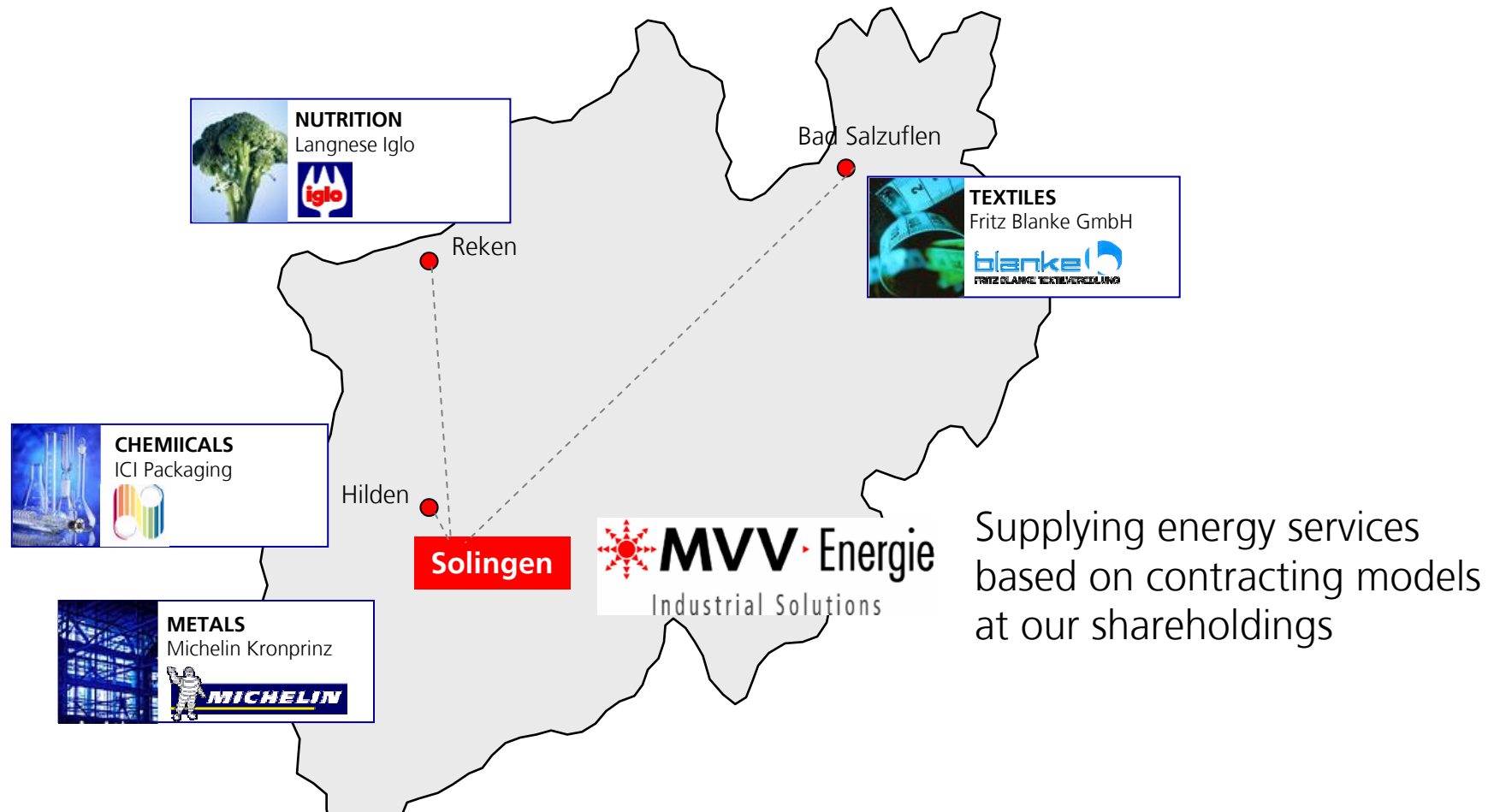
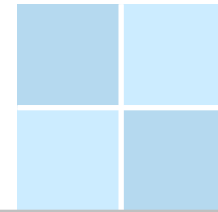
# Growth based on Energy Services



- ▶ MVV Energie is successfully positioned among the top 10 providers of energy services in the market
  
- ▶ **Goal:** based on internal and external growth to become one of the top three providers of energy and infrastructure services in Germany in the next five years
  
- ▶ 3 main product areas
  - **Industrial Solutions**
  - **Municipal Solutions**
  - **Advisory Services – national and international**

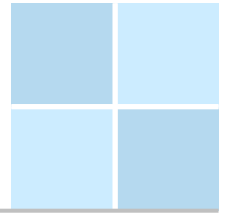


# Implementation of Our Platform Concepts - taking Nordrhein-Westfalen as an example



**Successful marketing via our shareholdings**

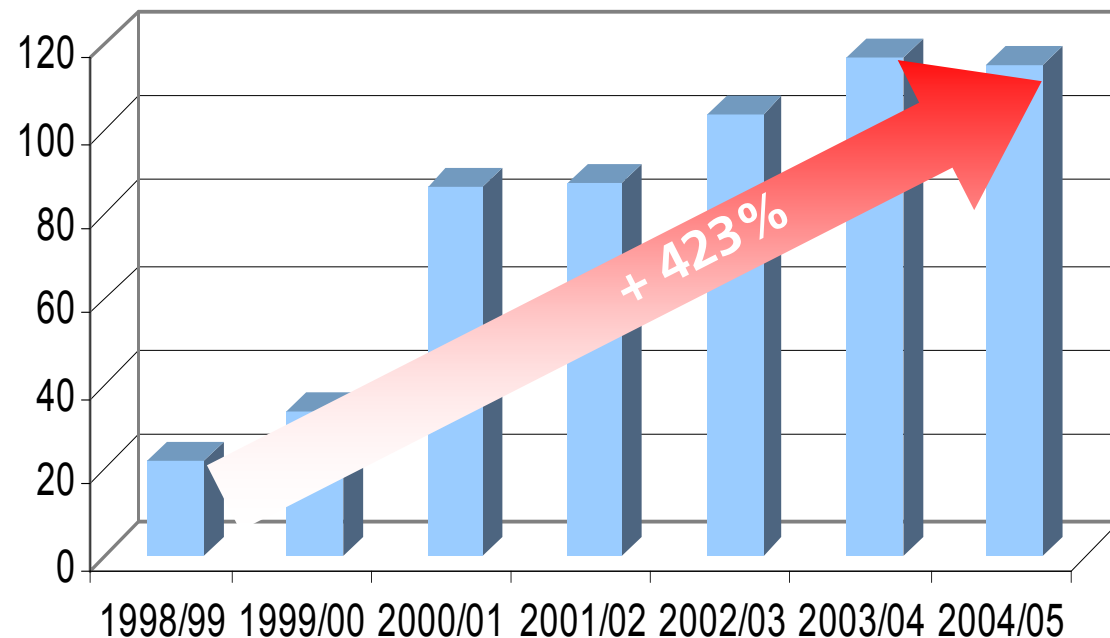
# Healthy Growth in our National and International Business in Value-Added Services



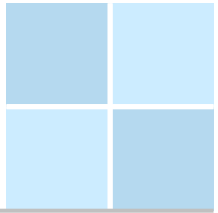
i.e.

- ▶ Contracting
- ▶ Land improvement & development
- ▶ Consulting

Sales from value-added services (Euro million)

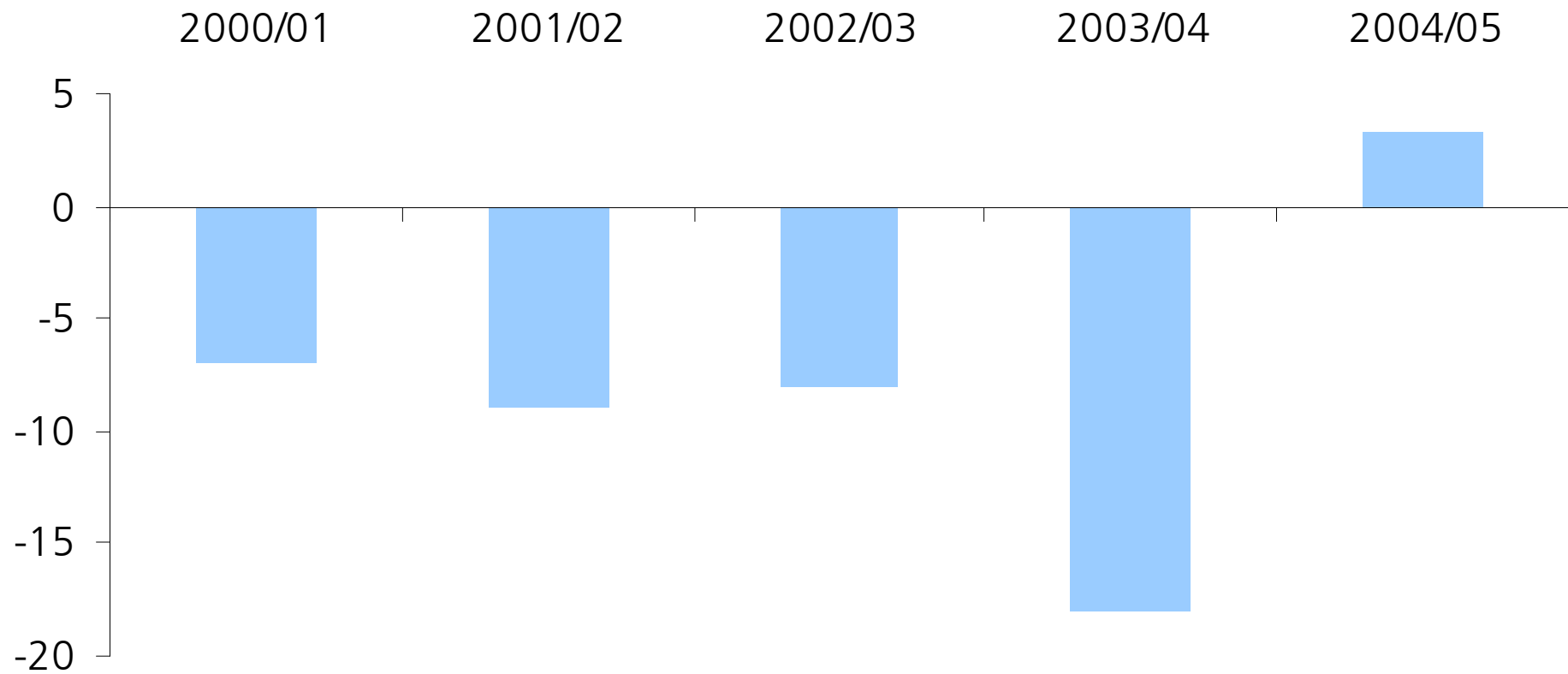


**Comprehensive solutions for customers promote commodity sales**



# Value-Added Services prior to Turnaround

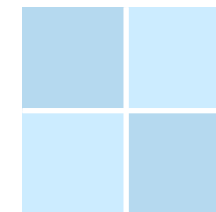
## Adjusted EBIT in Euro million



# Preliminary Figures for Fiscal Year 2004/ 2005



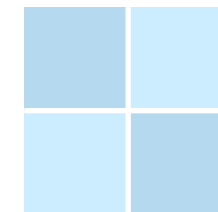
# Key Figures of the MVV Energie Group for the 2004/2005 Financial Year (previous year adjusted)



Earnings performance Euro million	adjusted <sup>1</sup>		
	2004/2005 1.10.-30.9.	2003/2004 1.10.-30.9.	% change
Sales	<b>1,958</b>	1,652	<b>+ 19</b>
EBITDA	<b>288</b>	236	<b>+ 22</b>
EBITA	<b>156</b>	106	<b>+ 47</b>
EBIT	<b>158</b>	97	<b>+ 63</b>
EBT	<b>90</b>	36	<b>+ 150</b>
Annual net deficit/surplus	<b>51</b>	19	<b>+ 168</b>
after minority interests	<b>34</b>	12	<b>+ 183</b>
Free Cash flow <sup>2</sup>	<b>60</b>	- 16	<b>-</b>
Earnings per share in Euro	<b>0,67</b>	0,24	<b>+ 179</b>

<sup>1</sup> In the previous year: excluding expenses relating to streamlining of portfolio and restructuring measures  
<sup>2</sup> Inflow of funds from ongoing business activities, less investments in tangible assets / intangible assets

# Key Figures of the MVV Energie Group for the 2004/2005 Financial Year (previous year unadjusted)



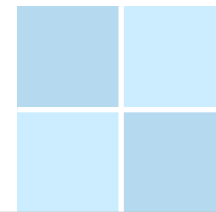
Earnings performance Euro million (Unadjusted)	2004/2005 1.10.-30.9.	2003/2004 1.10.-30.9.	% change
Sales	<b>1,958</b>	1,652	<b>+ 19</b>
EBITDA	<b>288</b>	209	<b>+ 38</b>
EBITA	<b>156</b>	55	<b>+ 184</b>
EBIT	<b>158</b>	41	<b>+ 285</b>
EBT	<b>90</b>	- 23	-
Annual net surplus/deficit	<b>51</b>	- 38	-
after minority interests	<b>34</b>	- 44	-
Free Cash flow	<b>60</b>	- 18	-
Earnings per share in Euro	<b>- 0.67</b>	- 0.86	-

<sup>1</sup> Inflow of funds from ongoing business activities, less investments in tangible assets / intangible assets

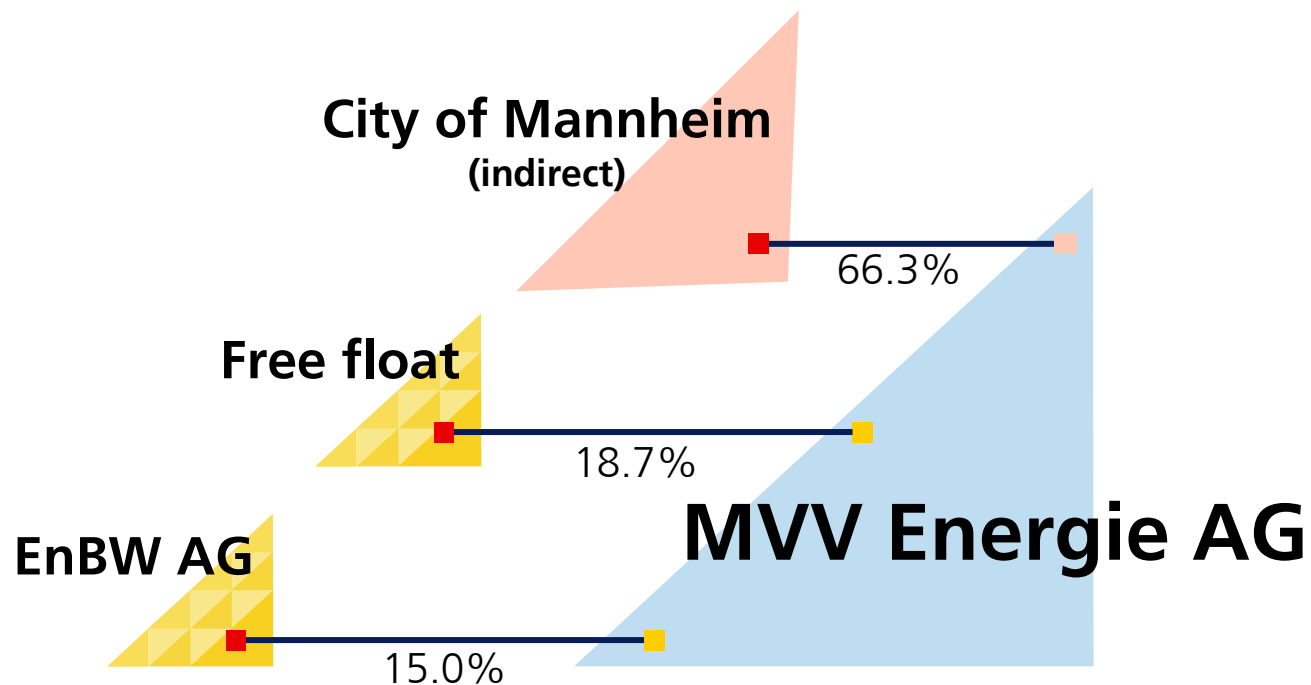


# Our Shares



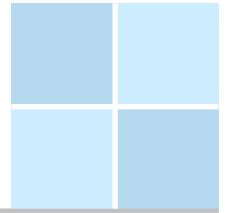


# Current Shareholders Structure and Key Figures



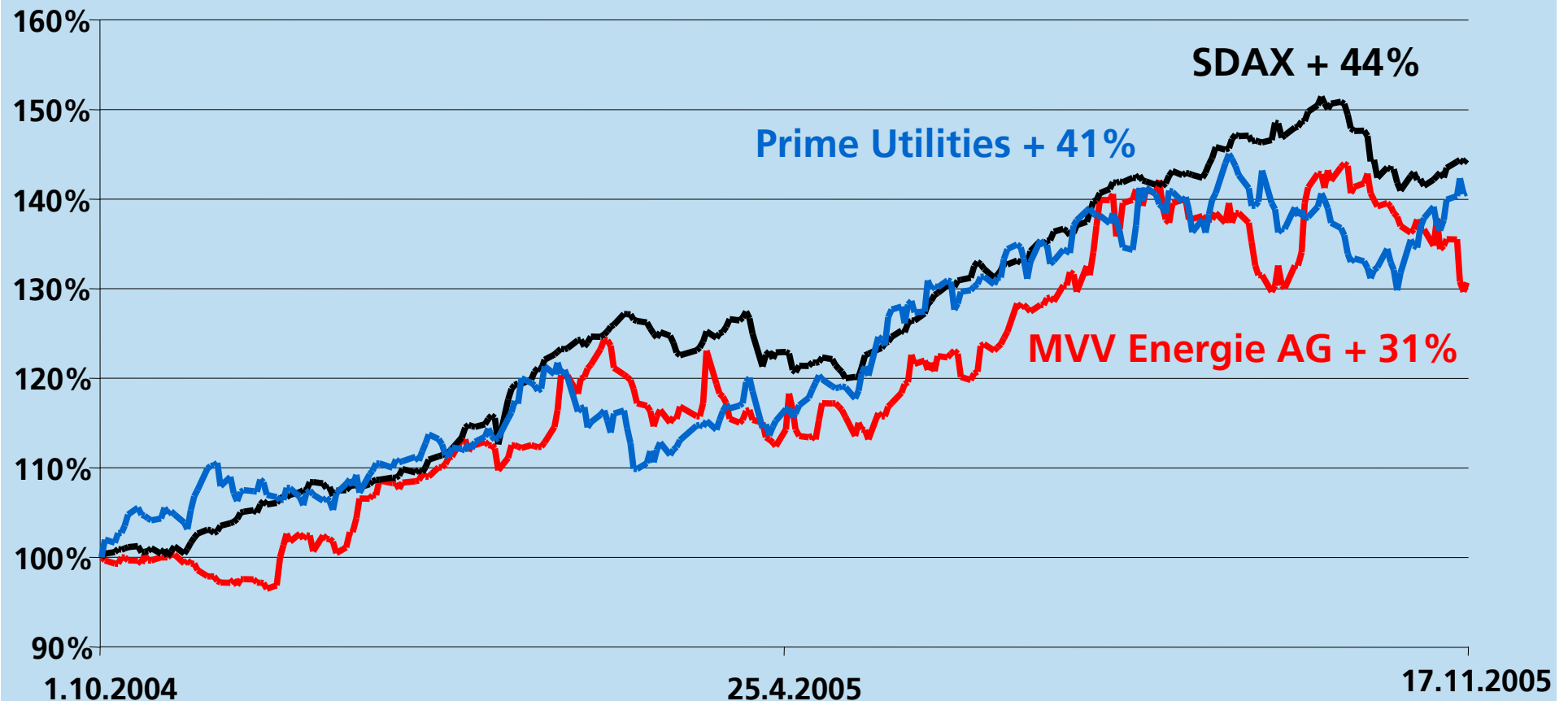
- ▶ No. of shares: 55.704 million
- ▶ Market capitalisation: Euro 984 million (Closing price on 17.11.2005: Euro 17.84)
- ▶ Free float: Euro 184 million

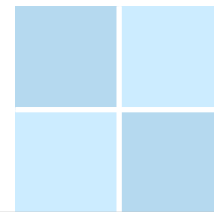
# Performance Comparison of the MVV Energie AG Share with the SDAX and Prime Utilities Indices



MVV Energie AG Share (ISIN DE 0007255903)

Xetra-Trade

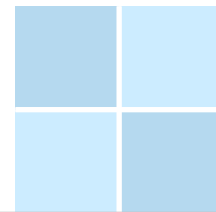




## Capital increase successfully placed

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- ▶ On 15 November, we executed a capital increase of almost 10% in order to finance current investment requirements (including Leuna II)
- ▶ Authorised capital of almost 20% is still available for the event of any larger-scale acquisition of a municipal utility company
- ▶ The use of the additional authorised capital mainly depends on investment opportunities in the market for municipal utility companies
- ▶ There are currently no suitable acquisitions opportunities in the market
- ▶ The City of Mannheim currently has no plans to dispose of its shares. It intends to remain the majority shareholder in the medium term



## Advantages for Our Shareholders

- ▶ Secure earnings thanks to **stable core business**
- ▶ Upside potential can be realised by acquiring **additional shareholdings** and expanding **value-added services** as well as **environmental energy**
- ▶ Attractive **dividend returns** (currently almost 4 %)
- ▶ Listed on the Prime Standard (**SDAX**)

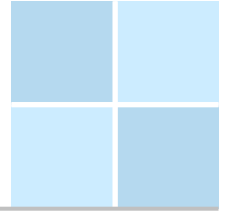


**We are committed to shareholder value**

# Outlook

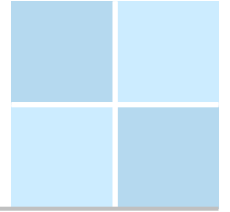


# Savings potential of the newly launched “FOKUS” programme



- ▶ Administration expenses currently amount to Euro 93 million in Mannheim alone
- ▶ “FOKUS” will enable us to save an increasing amount per year in terms of personnel and material expenses in the administrative divisions in Mannheim
- ▶ These savings are expected to reach their maximum level of Euro 29 million in 2008. Two thirds thereof will be realised in fiscal year 2005/06.
- ▶ More than half of the savings are to be achieved by cutting jobs in a socially responsible manner
- ▶ Furthermore, we also intend to realise further potential savings at our shareholdings, e.g. by reducing staff levels in Kiel

# Significant Increase in Earnings Expected in Current and Next Financial Years

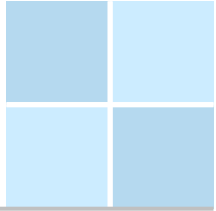


- ▶ The earnings of MVV Energie have risen in the recent financial year as a result of its strategic focusing, cost-reduction measures and the initial consolidation of Kiel
- ▶ We expect the new waste incineration plant in Leuna to have a noticeable positive impact on our earnings in the current 2005/2006 financial year
- ▶ Our Forecast for 2005/2006:
  - Sales: Euro 2,2 billion
  - EBIT: Euro 185 million
  - EBT: Euro 123 million
- ▶ We will generate a positive value spread figure on the level of the overall company (ROCE > WACC) in the current fiscal year
- ▶ Rising earnings will enable us to propose a consistent attractive dividend from the achieved free cash flow for 2004/05 and to raise dividends in the near future

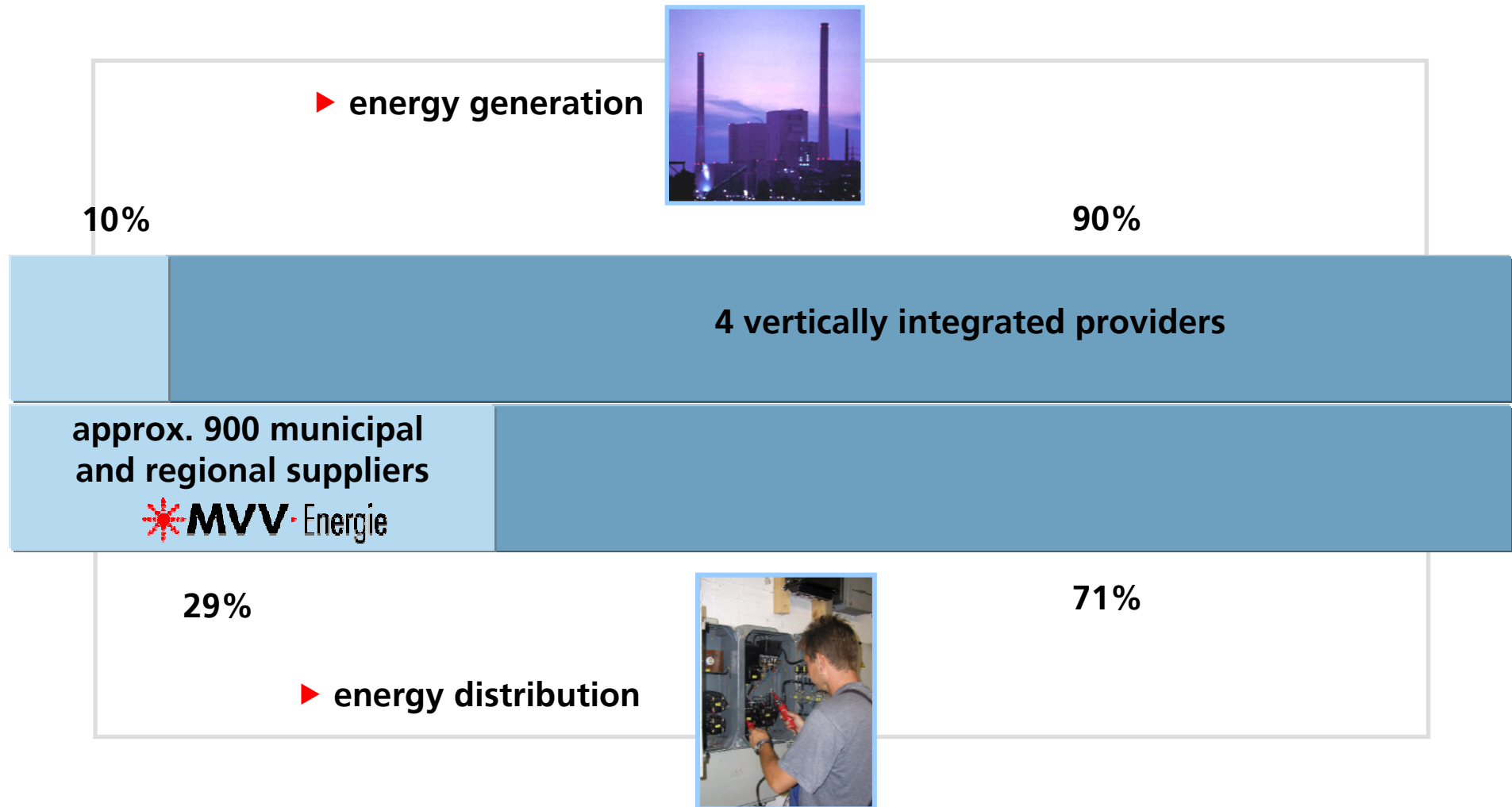


Thank you very much for your attention !



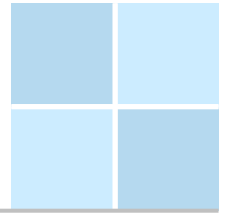


# Structure of the German Electricity Industry



# Portfolio Adjustments and Impairment Tests in 2003/04

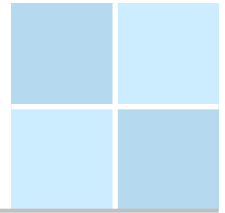
## Impact of one-off expenditures on EBIT: Euro 56 million



- ▶ Restructuring of our Powerline business
  - Depreciation of fibre-optic grids in Mannheim: Euro 10 million
  - Partial depreciation of fixed assets at Manet: Euro 7 million
  - Restructuring expenses at Manet: Euro 1 million
- ▶ Relinquishing of non-core business activities
  - Partial depreciation of MVV's shareholding in Spain : Euro 2 million
  - Loss from sale of AWATECH: Euro 8 million
  - Depreciation of financial assets in our innovations portfolio: Euro 6 million
  - Devaluation in Eternegy and Portugal projects: Euro 7 million
  - Devaluation in book values of our consulting business: Euro 2 million
- ▶ Impairment tests: Euro 3 million

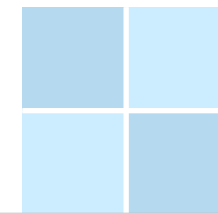
**Restructuring measures aimed at cutting costs in future**

# EBIT Adjusted for One-off Factors

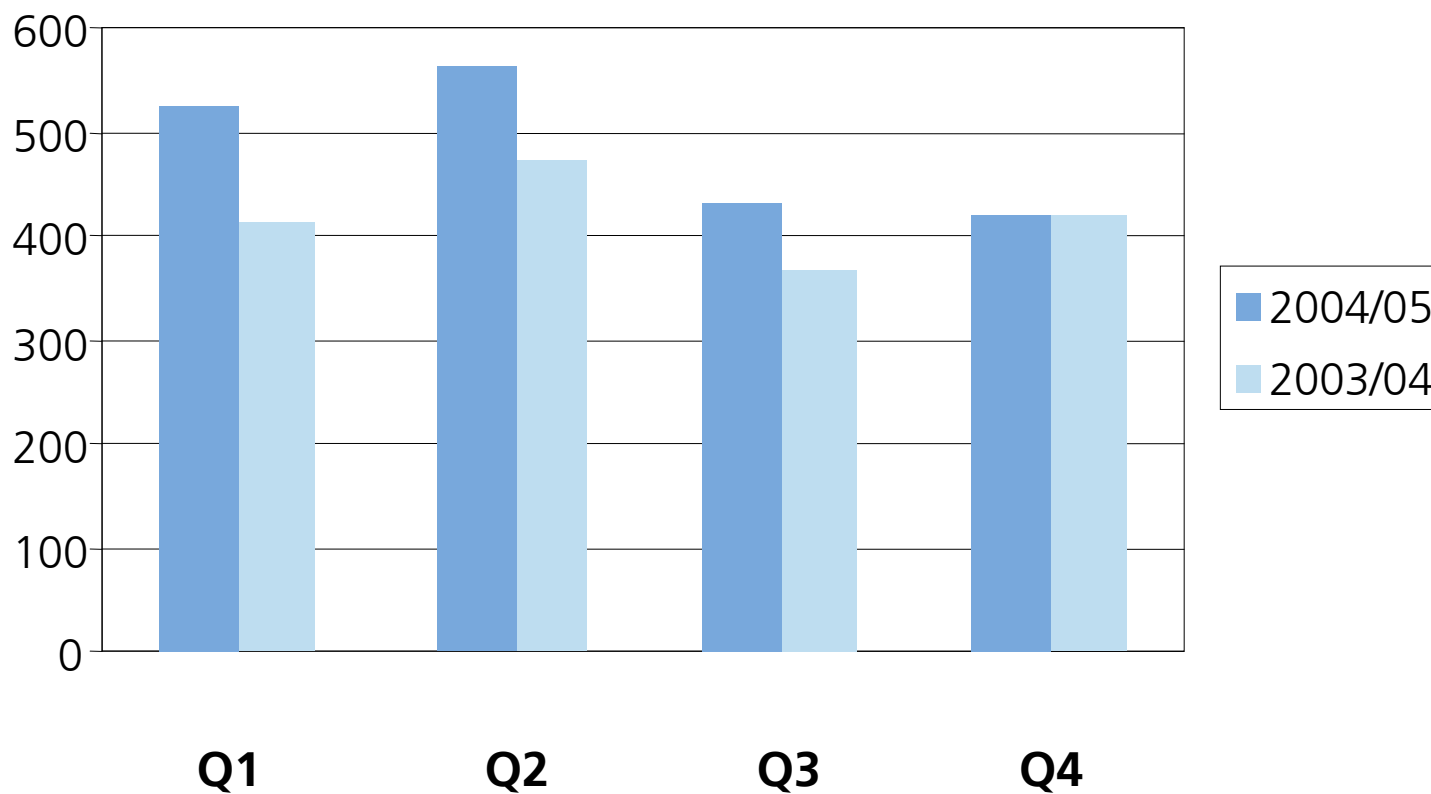


EBIT in Euro million	2004/2005 1.10.-30.9.	2003/2004 1.10.-30.9.	change
<b>EBIT (<i>unadjusted</i>)</b>	<b>158</b>	41	<b>+ 117</b>
+ costs of portfolio streamlining (Powerline: Euro 18m, Spain: Euro 2m, AWATECH: Euro 8m, innovations portfolio: Euro 13m, eternegy and Portugal: Euro 10m, consulting: Euro 2m)	–	+ 53	- 53
+ charge from impairment tests	–	+ 3	- 3
<b>EBIT (adjusted)</b>	<b><u>158</u></b>	<b><u>97</u></b>	<b><u>+ 61</u></b>

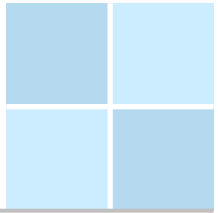
# Sales at Record Heights



Sales <sup>1</sup> by Quarter in Euro million



<sup>1</sup> in previous year release of income subsidies in particular reclassified as depreciation



# Strong Seasonal Cycles in the Results

EBIT by Quarter (previous year adjusted) in Euro million

