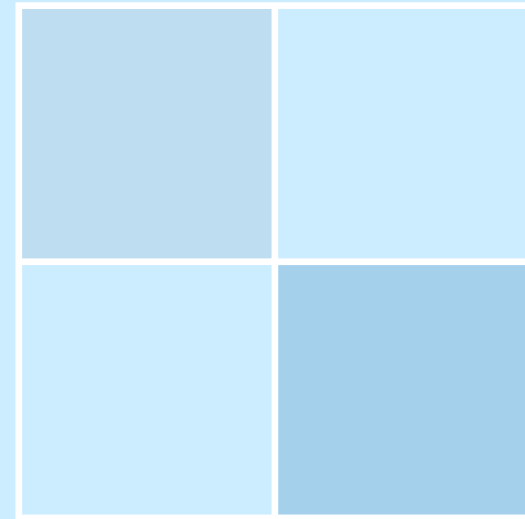


# Strong in Our Network: Value-Driven Growth



**Fact Book**

**1<sup>st</sup> Half of 2006/2007 financial year**

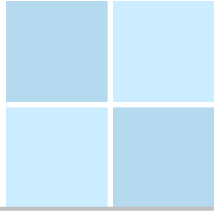
**14 May 2007**

**[www.mvv-investor.de](http://www.mvv-investor.de)**

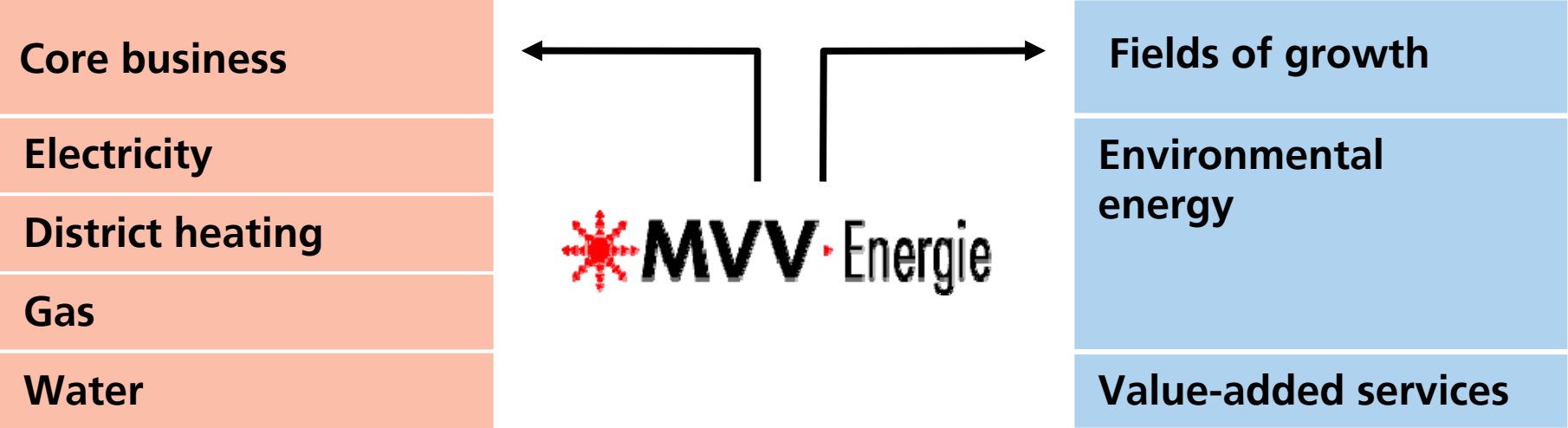


# MVV Energie in brief

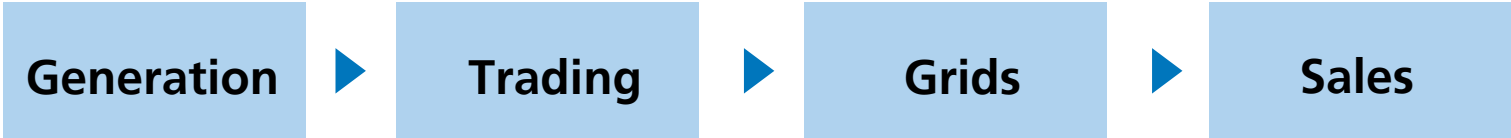


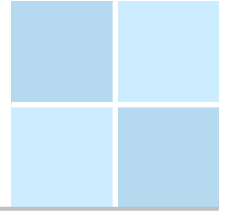


# Business activities of the MVV Energie Group



## Value chain in electricity





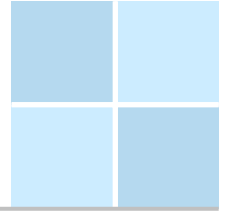
## Strong market position

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- ▶ Ranked No. 5 among European district-heating utilities in terms of volume
- ▶ Ranked No. 7 among German electricity suppliers in terms of volume of electricity sold to end customers
- ▶ Total of 1.1 million customers contracts in Germany and Eastern Europe for electricity, district heating, gas and water
- ▶ One of the top 3 utility companies to use refuse- and biomass-derived fuel to generate energy in Germany, with an annual capacity of 1.4 million tonnes
- ▶ Among the Top 5 in energy related services in Germany (contracting, land improvement & development)

**Solid foundation for further success**

# MVV Energie's concept as a distributor and service provider



## Stable core business

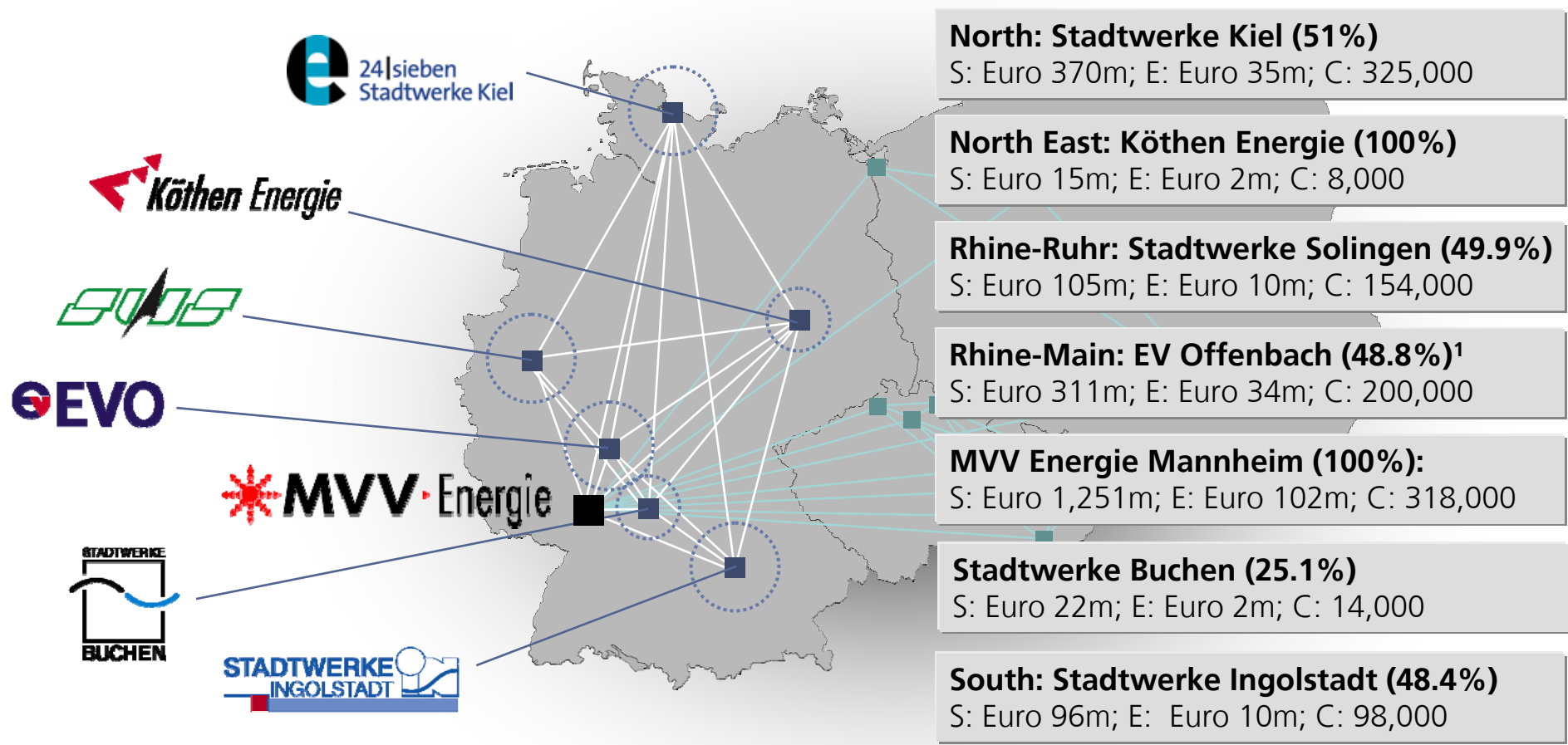
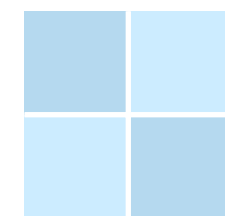
- ▶ Successful **energy distribution** (electricity, gas, district heating) as well as **energy from waste incineration, utilising biomass** and **water distribution**
- ▶ Long-term **customer retention** as a result of MVV owning its networks
- ▶ **Sound earnings** with huge potential for **cost savings**

+

## Growth potential

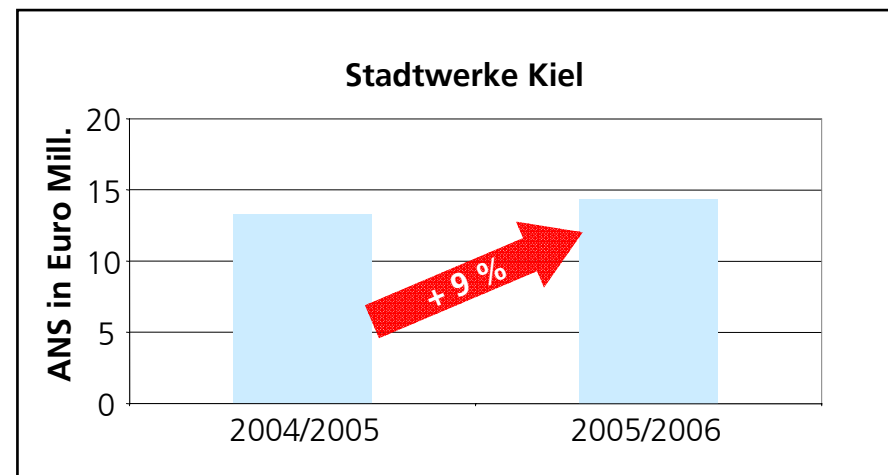
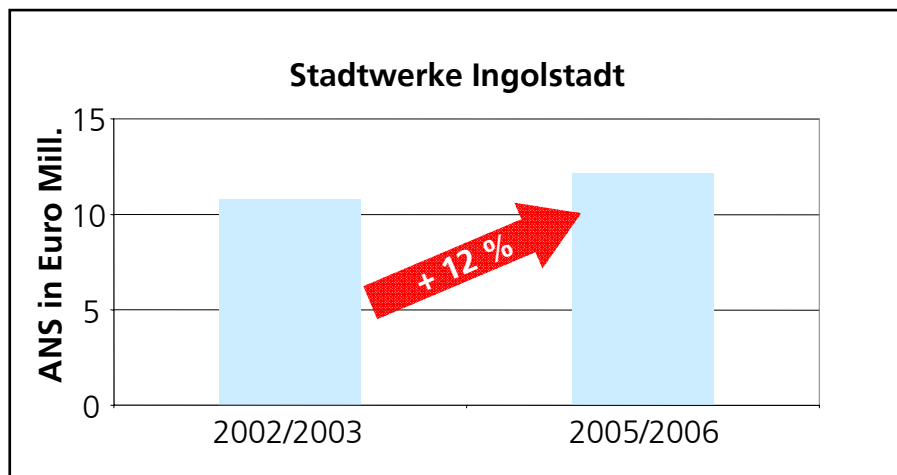
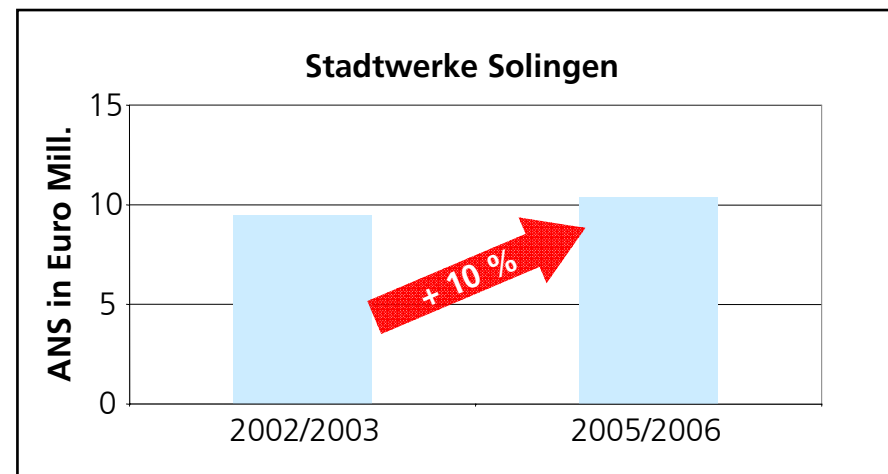
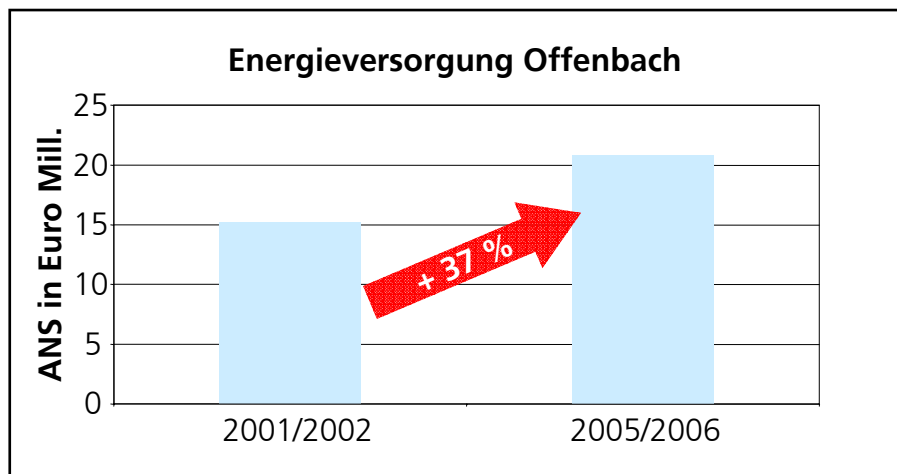
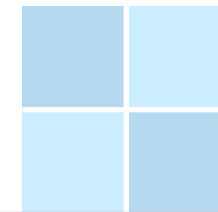
- ▶ New markets through new national and international **shareholdings**
- ▶ Utilisation of new market opportunities in the **waste to energy business**
- ▶ Building on existing customer links by means of **energy-related services**

# Our network of municipal utility companies

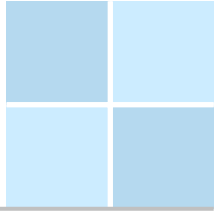


S = Sales; E = EBIT (Subgroup annual financial statements of the MVV Energie Group for the 2005/2006 financial year); C = Customer contracts; <sup>1</sup> Majority of votes 50.1%

# We have increased the value of our municipal utility shareholdings

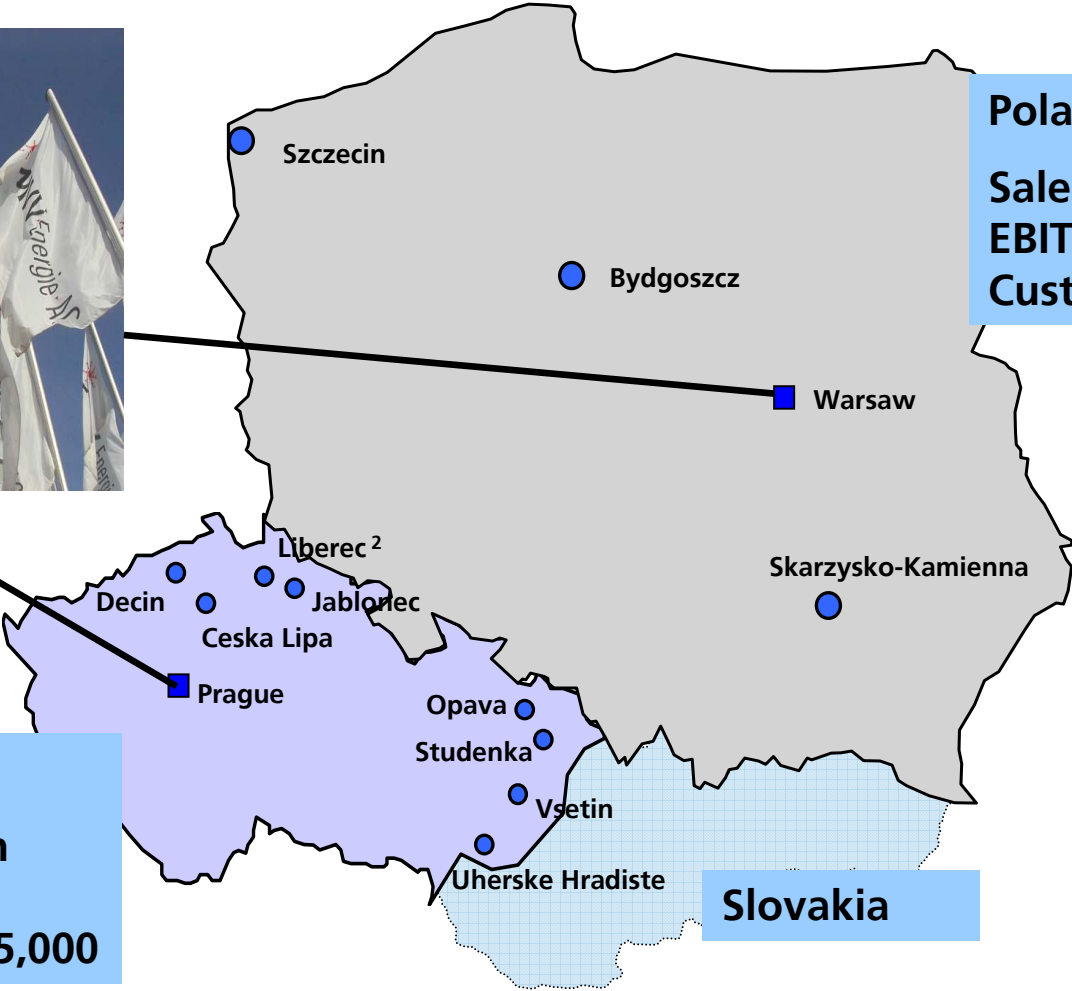


ANS = Annual net surplus



# Multiplying the value of our district heating expertise

## Shareholdings in European district heating utility companies



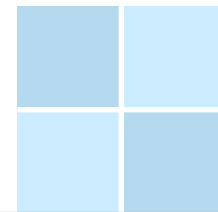
**Poland <sup>1</sup>**  
**Sales: Euro 47 million**  
**EBIT: Euro - 2 million**  
**Customer contracts: 4,000**

**Czech Republic <sup>1</sup>**  
**Sales: Euro 48 million**  
**EBIT: Euro 6 million**  
**Customer contracts: 5,000**

<sup>1</sup> 2005/2006 financial year  
<sup>2</sup> since 1<sup>st</sup> January 2007



# Growth in environmental energy



## ▶ Environmental energy in the MVV Energie network includes:

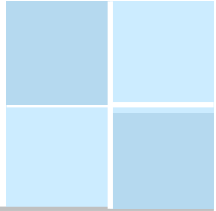
- Incineration of waste
- Resultant production of heat and electricity
- Generation of electricity from biomass

## ▶ We are benefiting from

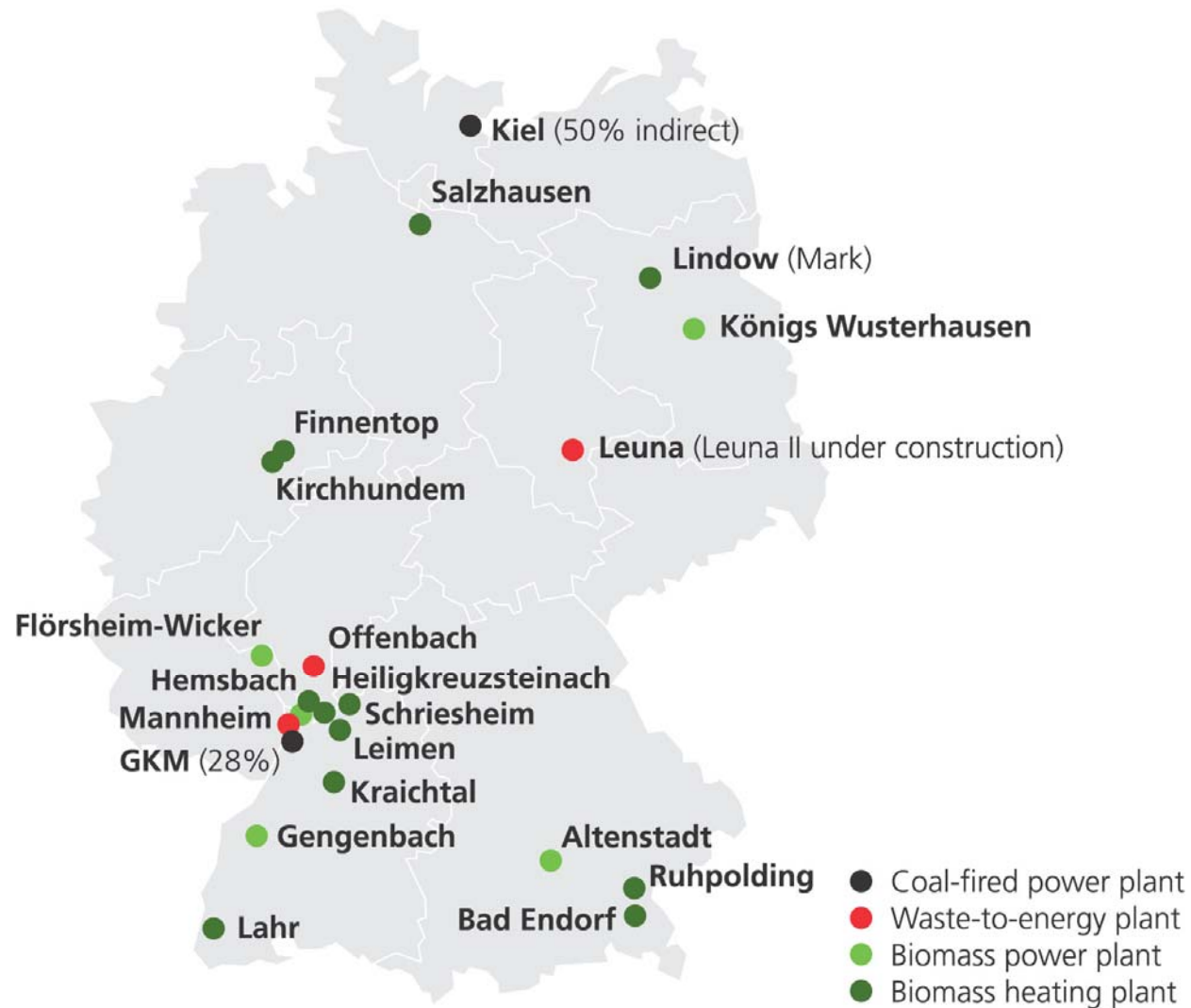
- The expansion of our incineration capacities
- Increased capacity utilization
- Soaring prices for industrial waste
- Higher prices for electricity and steam

## ▶ We expect to see further growth as a result of the second Leuna plant construction (completion in 2007), improved materials management and possible further projects

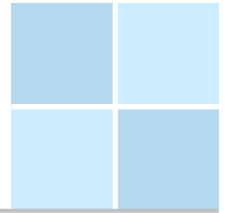




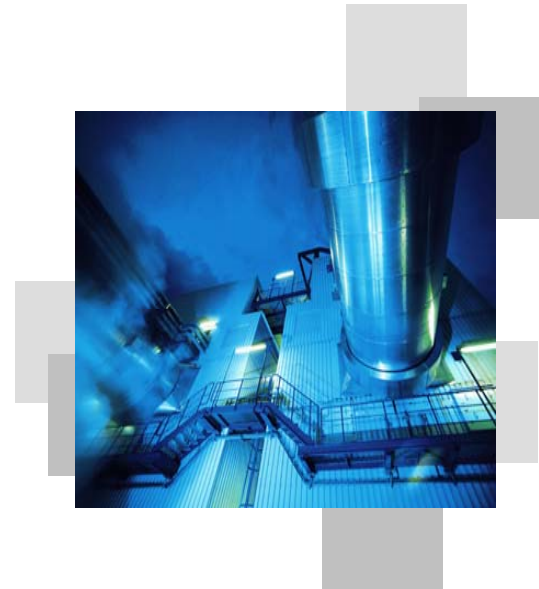
# Our coal, waste and biomass plants



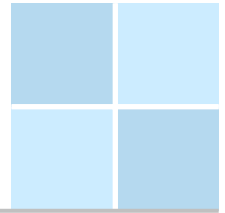
# Growth based on energy services



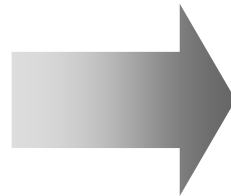
- ▶ MVV Energie is successfully positioned among the top 10 providers of energy services in the market
  
- ▶ 3 main product areas
  - **Industrial Solutions (Contracting)**
  - **Municipal Solutions (Supplying heating in the real estate and housing sector)**
  - **Advisory Services – national and international**
  
- ▶ **Goal:** based on internal and external growth, we aim to become one of the top three providers of energy and infrastructure services in Germany



# Growth based on new 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 financial resources in municipalities



**Sale of further municipal utility companies expected**

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

# Turnaround and 2005/2006 financial year



# Objectives of strategic alignment 2003/2004 – 2005/2006

**Return to value creation**

**Growth in core competencies**



**Efficiency enhancement**

## **Streamlining of portfolio**

approx. 30 shareholdings  
not consistent with strategy

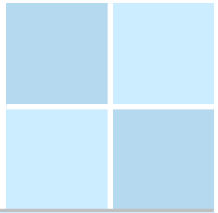
## **Value spread**

2003/2004: - 5.3 %  
2005/2006: + 2.2 %

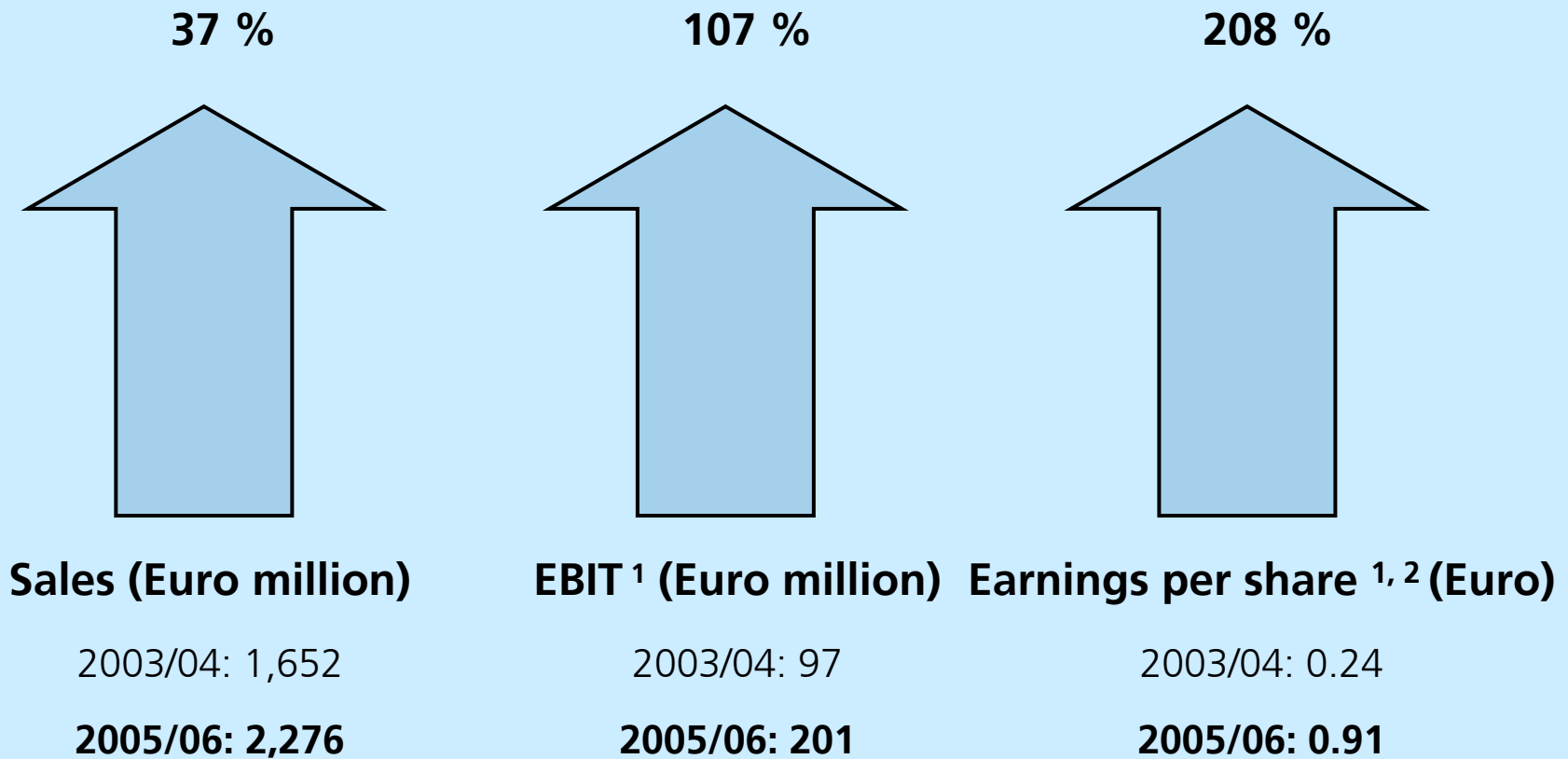
## **Increase in market capitalisation <sup>1</sup>**

1.10.2003: Euro 772 mill.  
10.5.2007: Euro 1,712 mill.

<sup>1</sup> including capital increase by approx. 10 %



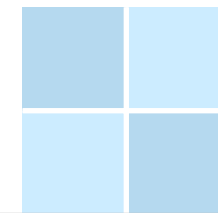
# Successful growth course 2003/2004 – 2005/2006



<sup>1</sup> 2003/2004 financial year: excluding expenses for streamlining of portfolio and restructuring expenses

<sup>2</sup> 2005/2006 financial year: increase in number of shares from 50.7 million to 55.8 million (weighted annual average) as a result of capital increases

# Successful 2005/2006 financial year



**Sales of Euro 2.3 billion and EBIT of Euro 201 million surpass earnings targets**

## **Core business**

- ▶ Successful sales activities in nationwide sale of electricity

## **High-growth fields**

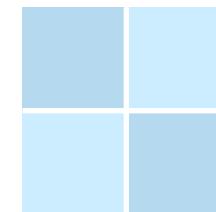
- ▶ Leuna I waste incineration plant commences operations ahead of schedule
- ▶ External growth in value-added services business

## **Group**

- ▶ Establishment of shared-service companies



# Key figures of the MVV Energie Group for the 2005/2006 financial year



Earnings performance Euro million	2005/2006	2004/2005 adjusted <sup>1</sup>	% change
External sales	<b>2,276</b>	1,958	<b>+ 16</b>
EBITDA	<b>370</b>	287	<b>+ 29</b>
EBITA	<b>223</b>	156	<b>+ 43</b>
EBIT	<b>201</b>	158	<b>+ 27</b>
EBT	<b>128</b>	80	<b>+ 60</b>
Annual net surplus	<b>64</b>	41	<b>+ 56</b>
after minority interests	<b>50</b>	28	<b>+ 79</b>
Earnings <sup>2</sup> per share <sup>3</sup> in Euro	<b>0.91</b>	0.55	<b>+ 65</b>
Cash Flow	<b>246</b>	188	<b>+ 31</b>
Number of employees <sup>4</sup>	<b>6,338</b>	6,449	<b>- 2</b>

<sup>1</sup> previous year's figures adjusted by initial statement of put option at Stadtwerke Kiel AG

<sup>2</sup> in accordance with IAS 33

<sup>3</sup> increase in number of shares (weighted annual average) from 50.7 million to 55.8 million as a result of capital increases

<sup>4</sup> including external personnel at Mannheim waste-to-energy plant of MVV Energie AG

## External sales by segment in the 2005/2006 financial year

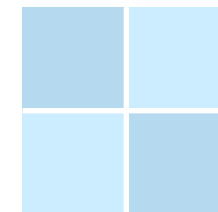
External sales in Euro million	2005/2006	2004/2005	% change
Electricity <sup>1</sup>	<b>1,069</b>	975	<b>+ 10</b>
District heating	<b>276</b>	250	<b>+ 10</b>
Gas <sup>2</sup>	<b>449</b>	366	<b>+ 23</b>
Water	<b>107</b>	106	<b>+ 1</b>
Value-added services <sup>3</sup>	<b>150</b>	108	<b>+ 39</b>
Environmental energy	<b>193</b>	131	<b>+ 47</b>
Other/consolidation <sup>3</sup>	<b>32</b>	22	<b>+ 45</b>
<b>Total external sales</b>	<b><u>2,276</u></b>	<b><u>1,958</u></b>	<b>+ 16</b>

<sup>1</sup> including energy tax of Euro 102 million (previous year: Euro 92 million)

<sup>2</sup> including gas tax of Euro 63 million (previous year: Euro 61 million)

<sup>3</sup> with effect from the 2005/06 financial year, the companies MAnet GmbH and ENERGY InnovationsPortfolio AG & Co. KGaA will no longer be reported under the Value-added services segment, but rather in the Other segment; the previous year's figures have been adjusted for reasons of comparison

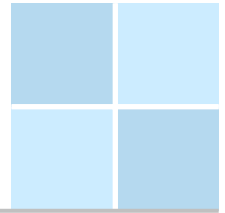
## EBIT by segment in the 2005/2006 financial year



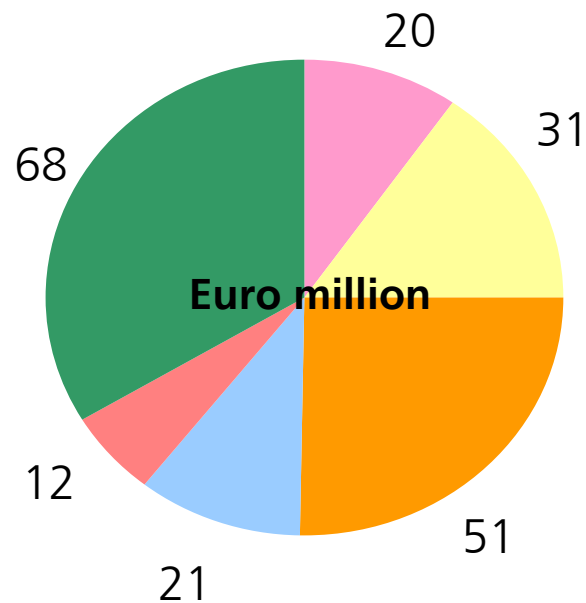
EBIT in Euro million	2005/2006	2004/2005	% change
Electricity	20	39	- 49
District heating	51	40	+ 28
Gas	31	35	- 11
Water	21	15	+ 40
Value-added services <sup>1</sup>	12	16	- 25
Environmental energy	68	27	+ 152
Other/consolidation <sup>1</sup>	- 2	- 14	+ 86
<b>Total EBIT</b>	<b>201</b>	<b>158</b>	<b>+ 27</b>

<sup>1</sup> with effect from the 2005/06 financial year, the companies MANet GmbH and ENERGY InnovationsPortfolio AG & Co. KGaA will no longer be reported under the Value-added services segment, but rather in the Other segment; the previous year's figures have been adjusted for reasons of comparison

# Our operating earnings (EBIT) are attributable to a number of segments

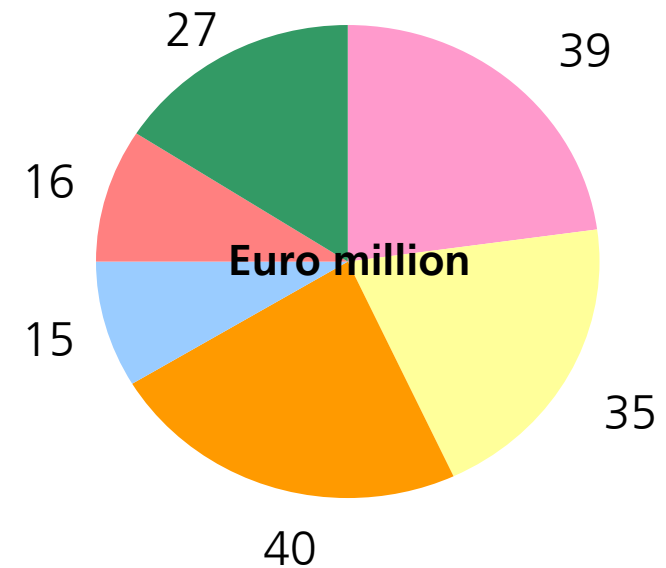


2005/06 financial year



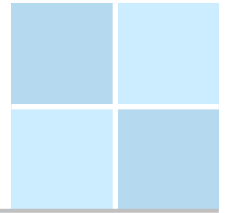
**less other/consolidation: Euro - 2 million**  
**Total EBIT: Euro 201 million**

2004/05 financial year



less other/consolidation: Euro - 14 million  
 Total EBIT: Euro 158 million

# Sales volumes in the 2005/2006 financial year



<b>Volume <sup>1</sup></b>	<b>2005/2006</b>	<b>2004/2005</b>	<b>% change</b>
Electricity (kWh million)	<b>20,338</b>	18,402	<b>+ 11</b>
of which: wholesale (kWh million) (incl. secondary distributors)	<b>10,478</b>	9,454	<b>+ 11</b>
of which: retail	<b>9,860</b>	8,948	<b>+ 10</b>
District heating <sup>2</sup> (kWh million)	<b>7,343</b>	7,446	<b>- 1</b>
Gas (kWh million)	<b>11,513</b>	11,096	<b>+ 4</b>
Water (m <sup>3</sup> million)	<b>57.9</b>	58.3	<b>- 1</b>
Combustible waste delivered (tonnes 000s)	<b>1,229</b>	872	<b>+ 41</b>

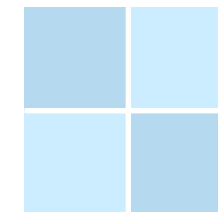
<sup>1</sup> total volume from all segments

<sup>2</sup> corrections in previous year's figure

# Key financial data for the 1<sup>st</sup> half of 2006/2007



# Key figures of the MVV Energie Group for the 1<sup>st</sup> half of 2006/2007



<b>Earnings performance Euro million</b>	<b>2006/2007 1.10.-31.3.</b>	2005/2006 1.10.-31.3.	<b>% change</b>
Sales <sup>1</sup>	<b>1,211</b>	1,233	<b>- 2</b>
EBITDA	<b>229</b>	260	<b>- 12</b>
EBITA	<b>159</b>	189	<b>- 16</b>
EBIT	<b>159</b>	189	<b>- 16</b>
EBT	<b>118</b>	150	<b>- 21</b>
Annual net surplus/deficit	<b>70</b>	85	<b>- 18</b>
after minority interests	<b>59</b>	75	<b>- 21</b>
Free Cash flow <sup>1</sup>	<b>- 45</b>	- 63	<b>+ 29</b>
Earnings per share in Euro	<b>1.05</b>	1.38	<b>- 24</b>

<sup>1</sup> excluding energy taxes  
<sup>1</sup> cash flow from operating activities, less investments in tangible assets, property, plant and equipment and investment property

## External sales by segment in the 1<sup>st</sup> half of 2006/2007

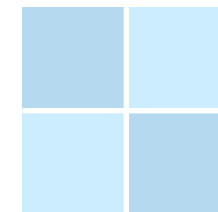
External sales in Euro million	2006/2007 1.10.-31.3.	2005/2006 1.10.-31.3.	% change
Electricity <sup>1</sup>	<b>514</b>	488	<b>+ 5</b>
District heating	<b>184</b>	196	<b>- 6</b>
Gas <sup>2</sup>	<b>245</b>	323	<b>- 24</b>
(for information – previous year: excluding gas tax)	<b>(245)</b>	(277)	<b>(- 12)</b>
Water	<b>51</b>	51	<b>-</b>
Value-added services	<b>123</b>	67	<b>+ 84</b>
Environmental energy	<b>93</b>	97	<b>- 4</b>
Other/consolidation	<b>1</b>	11	<b>- 91</b>
<b>Total external sales</b>	<b><u>1,211</u></b>	<b><u>1,233</u></b>	<b>- 2</b>

<sup>1</sup> excluding energy tax

<sup>2</sup> year under report: excluding gas tax (Euro 23 million); previous year: including gas tax (Euro 46 million) prior to legislative amendment of tax liability attribution on 1 August 2006 (arithmetic calculation)

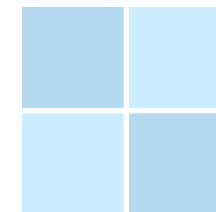


## EBIT by segment in the 1<sup>st</sup> half of 2006/2007



<b>EBIT in Euro million</b>	<b>2005/2006 1.10.-31.3.</b>	<b>2004/2005 1.10.-31.3.</b>	<b>% change</b>
Electricity	<b>19</b>	25	<b>- 24</b>
District heating	<b>62</b>	64	<b>- 3</b>
Gas	<b>22</b>	49	<b>- 55</b>
Water	<b>7</b>	9	<b>- 22</b>
Value-added services	<b>12</b>	4	<b>+ 200</b>
Environmental energy	<b>38</b>	41	<b>- 7</b>
Other/consolidation	<b>- 1</b>	- 3	<b>+ 67</b>
<b>Total EBIT</b>	<b><u>159</u></b>	<b><u>189</u></b>	<b>- 16</b>

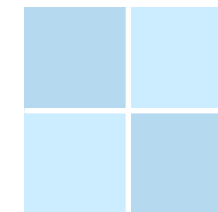
# Volumes in the 1<sup>st</sup> half of 2006/2007



<b>Volume<sup>1</sup></b>	<b>2006/2007 1.10.-31.3.</b>	<b>2005/2006 1.10.-31.3.</b>	<b>% change</b>
Electricity <sup>2</sup> (kWh million)	<b>12,040</b>	9,937	<b>+ 21</b>
of which: wholesale (incl. secondary distributors) (kWh million)	<b>6,801</b>	5,100	<b>+ 33</b>
of which: retail <sup>2</sup> (kWh million)	<b>5,239</b>	4,837	<b>+ 8</b>
District heating (kWh million)	<b>4,529</b>	5,659	<b>- 20</b>
Gas <sup>2</sup> (kWh million)	<b>6,492</b>	8,332	<b>- 22</b>
Water (m <sup>3</sup> million)	<b>27.5</b>	27.5	<b>-</b>
Combustible waste delivered (tonnes 000s)	<b>676</b>	583	<b>+ 16</b>

<sup>1</sup> total volume from all segments  
<sup>2</sup> corrections in previous year's figure

# Impact of unusual weather conditions in the 1<sup>st</sup> half of 2006/2007



	2006/2007 1.10.-31.3.	2005/2006 1.10.-31.3.	% change
<b>Degree day figures <sup>1</sup></b>			
1 <sup>st</sup> quarter	<b>976</b>	1.211	- 19
2 <sup>nd</sup> quarter	<b>815</b>	1.155	- 29
1 <sup>st</sup> half of 2006/07	<b><u>1.791</u></b>	<u>2.366</u>	- 24
<b>District heating turnover <sup>2</sup></b>			
1 <sup>st</sup> quarter (kWh million)	<b>1.838</b>	2.345	- 22
2 <sup>nd</sup> quarter (kWh million)	<b>2.691</b>	3.314	- 19
1 <sup>st</sup> half of 2006/07 (kWh million)	<b><u>4.529</u></b>	<u>5.659</u>	- 20
<b>Gas turnover <sup>2</sup></b>			
1 <sup>st</sup> quarter (kWh million)	<b>2.964</b>	3.606	- 18
2 <sup>nd</sup> quarter (kWh million)	<b>3.528</b>	4.726	- 25
1 <sup>st</sup> half of 2006/07 (kWh million)	<b><u>6.492</u></b>	<u>8.332</u>	- 22

<sup>1</sup> Degree day figure (based on VDI Directive 2067): daily difference between average outdoor temperature of 20 degrees Celsius and the daily average outdoor temperature of 15 degrees Celsius (empirical value below which heating is turned on)

<sup>2</sup> Sales volumes including volumes of environmental energy and value-added services

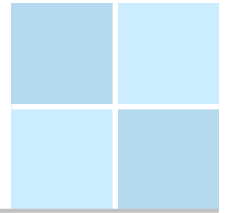
## Key figures by quarter in the 1<sup>st</sup> half of 2006/2007

<b>Euro million</b>	<b>2006/2007 1.10.-31.3.</b>	<b>2005/2006 1.10.-31.3.</b>	<b>% change</b>
<b>External sales (excluding electricity and gas tax)</b>			
1 <sup>st</sup> quarter	<b>582</b>	551	<b>+ 6</b>
2 <sup>nd</sup> quarter	<b>629</b>	682	<b>- 8</b>
1 <sup>st</sup> half of 2006/07	<b><u>1,211</u></b>	<u>1,233</u>	<b>- 2</b>
<b>EBIT</b>			
1 <sup>st</sup> quarter	<b>69</b>	77	<b>- 10</b>
2 <sup>nd</sup> quarter	<b>90</b>	112	<b>- 20</b>
1 <sup>st</sup> half of 2006/07	<b><u>159</u></b>	<u>189</u>	<b>- 16</b>
<b>Net surplus for the period (after minority interests)</b>			
1 <sup>st</sup> quarter	<b>21</b>	25	<b>- 16</b>
2 <sup>nd</sup> quarter	<b>38</b>	50	<b>- 24</b>
1 <sup>st</sup> half of 2006/07	<b><u>59</u></b>	<u>75</u>	<b>- 21</b>

# Market climate, strategy and outlook



# Challenges facing liberalised segments of electricity and gas



## Generation and wholesale

- ▶ Very high degree of concentration of electricity generation
- ▶ Low level of liquidity on gas markets

## Grids: transport and distribution

- ▶ Uncertainty as to individual grid utilisation fee approvals
- ▶ Gas grid access: new cooperation obligations
- ▶ Incentive management from 2008/2009

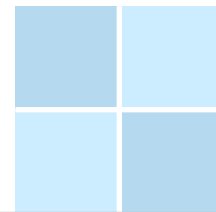
## Sales

- ▶ More competitors
- ▶ Principal price components cannot be influenced by sales activities

- ▶ **Investment in generation**
- ▶ **Establishment of a gas exchange**

- ▶ **Cooperation agreements**
- ▶ **Cost management**

- ▶ **Differentiation into new product groups**
- ▶ **Premium offerings in core markets**



# Continuity in district heating and water segments

## District heating

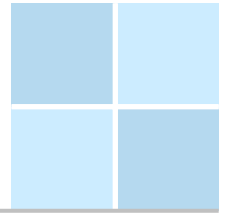
- ▶ Municipal cogeneration plants ensure efficient and ecologically advantageous supply of district heating
- ▶ Business performance remains dependent on weather conditions

## Water

- ▶ Mature market segments are provided with high-quality supply

**Permanent enhancements to operations  
External growth in submarkets**

# Growth prospects in the environmental energy and energy-related services segments



## Environmental energy

- ▶ MVV Energie is the 3rd largest player in German waste incineration market
- ▶ TAsi guidelines generate new demand
- ▶ Premium waste disposal provider

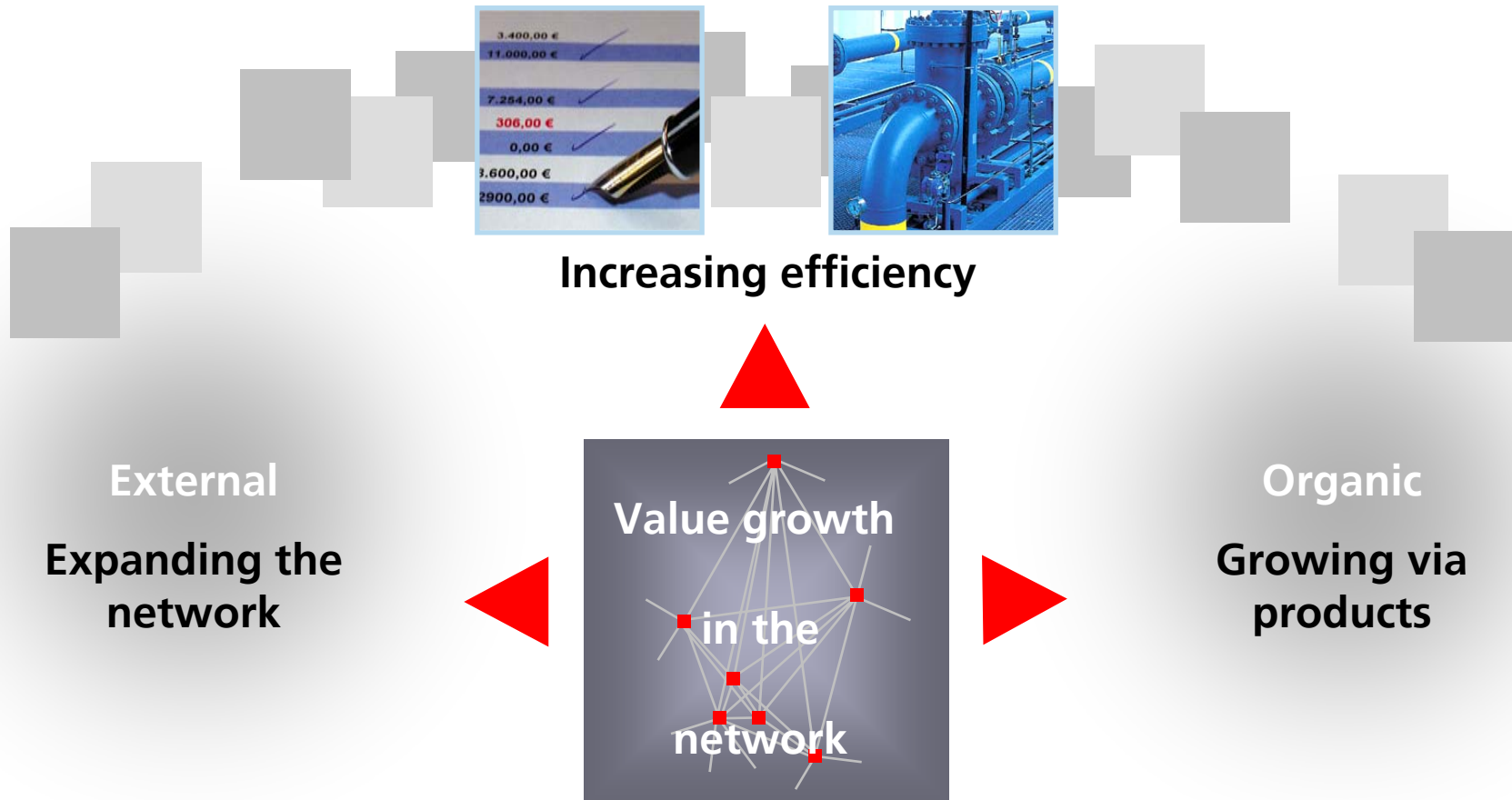
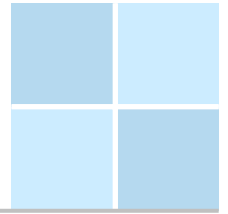
## Energy-related services

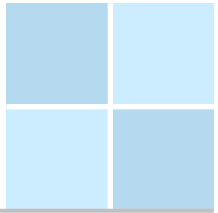
- ▶ MVV Energie is one of top 5 players in still fragmented value-added services market
- ▶ Industry on the lookout for innovative energy concepts: offering of alternative fuel solutions
- ▶ Increasing professionalism of real estate business: offering of standardised products

**Extend market position by means of internal and external growth**

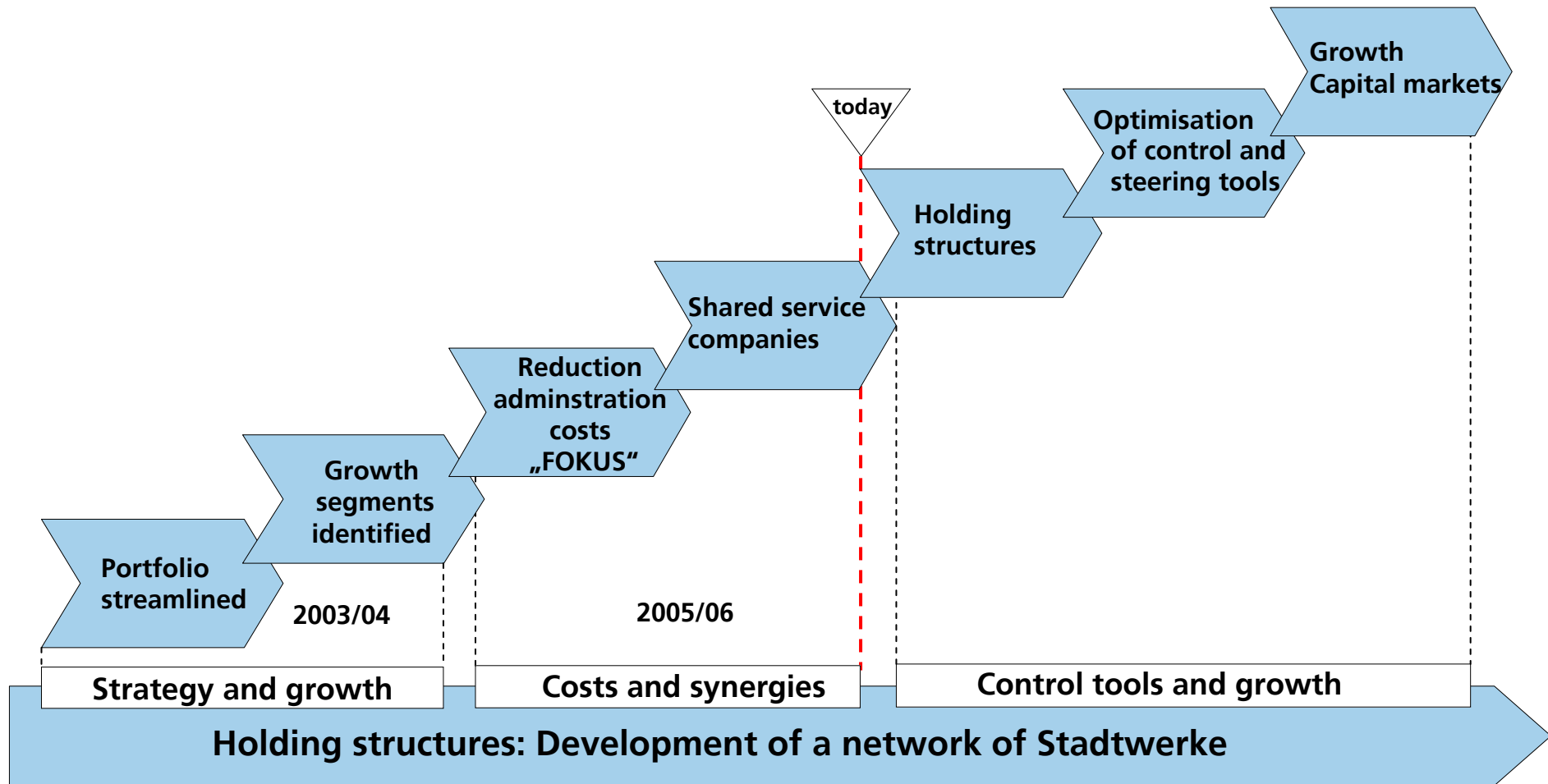


# The MVV Energie strategy

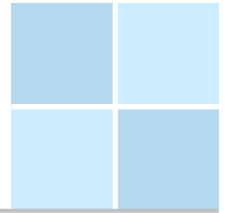




# Continuous development of MVV Energie



# We are maintaining our course – growth requires investments

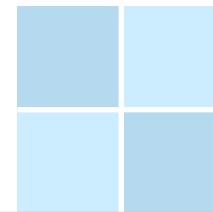


## The maintenance of our growth strategy requires a capital increase

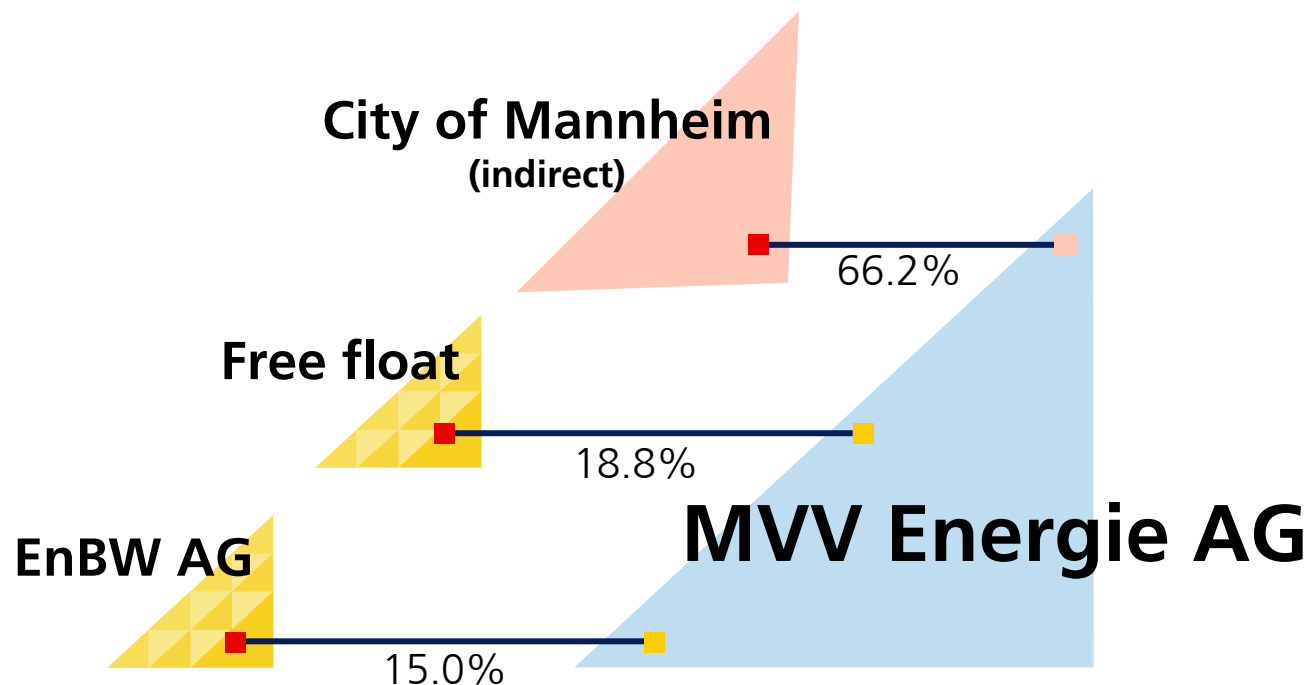
- ▶ A nominal total of around Euro 26 million of authorised capital is available (equivalent to approx. 18 % of the existing share capital)
- ▶ Planned utilisation of funds:
  - Acquisitions of municipal utility companies
  - Investments in high-growth environmental energy and energy-related services segments
  - Investments in district heating / water in Central Europe

Our share



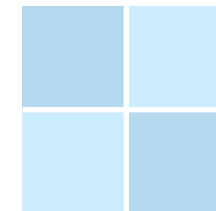


# Current shareholder structure and key figures



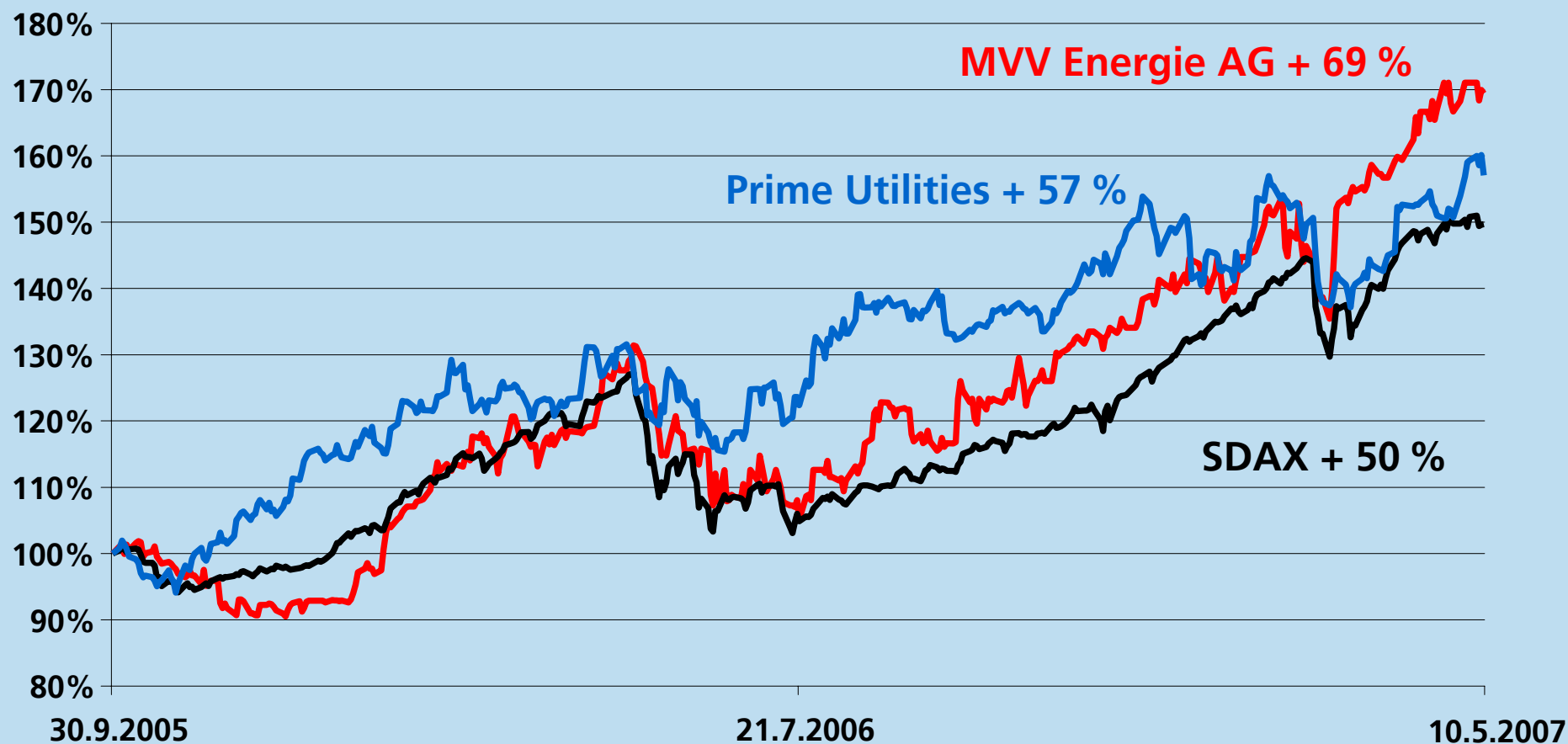
- ▶ No. of shares: 55.767 million
- ▶ Market capitalisation: Euro 1,712 million (Closing price on 10.5.2007: Euro 30.70)
- ▶ Free float: Euro 322 million

# Performance comparison of the MVV Energie AG share with the SDAX and Prime Utilities indices (FY 2005/2006 – 10.5.2007)

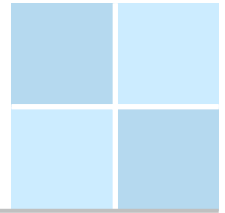


The MVV Energie share (ISIN DE000A0H52F5)

Xetra trading



# Advantages for our shareholders



- ▶ Secure earnings thanks to **stable core business**
- ▶ Huge **potential for cost reductions**
- ▶ Upside potential can be realised by acquiring **additional shareholdings** and expanding **environmental energy** as well as **energy-related services**
- ▶ Attractive **dividend returns**
- ▶ Listed on the Prime Standard (**SDAX**)



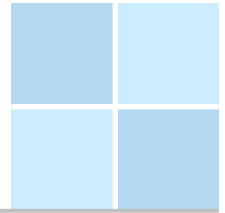
**We are committed to shareholder value**

Backup

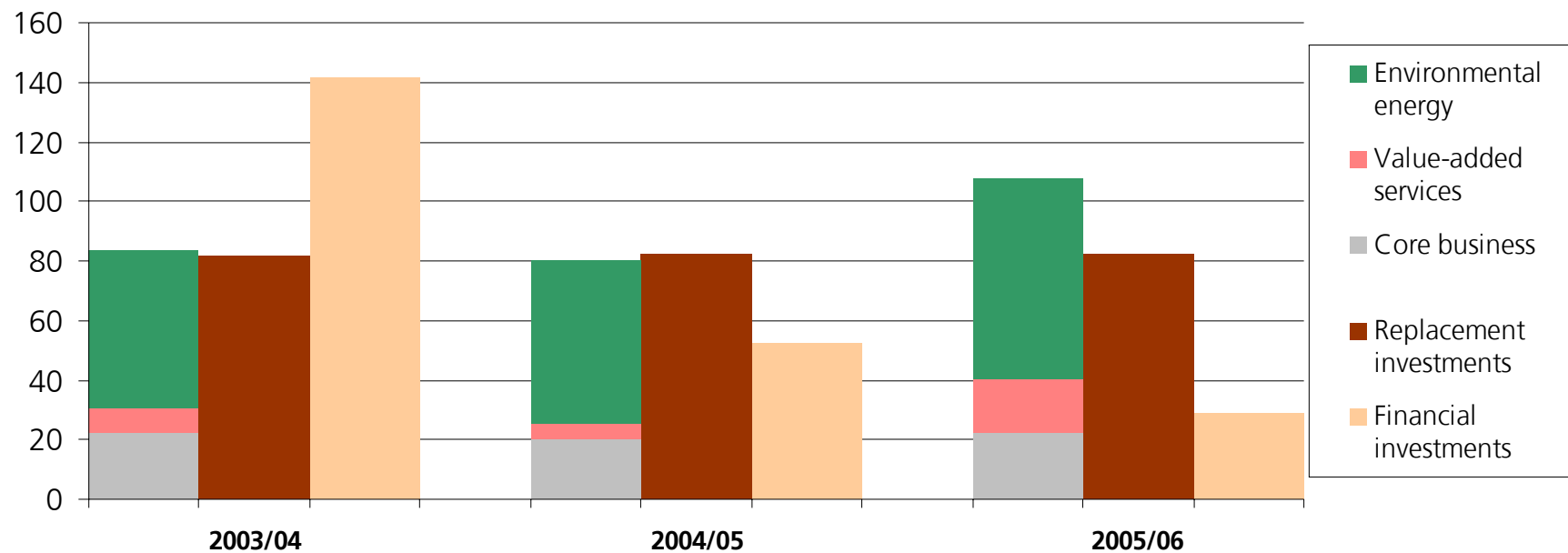




# Investments and growth



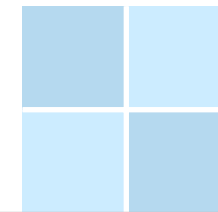
Investments<sup>1</sup> in Euro million



**Capital increase will provide scope for further growth**

<sup>1</sup> investments in intangible assets, property, plant and equipment, investment property, as well as payments for the acquisition of fully and proportionately consolidated companies and other financial assets

# Relevant effects on EBIT in the 2005/2006 financial year

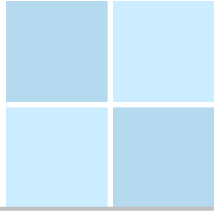


## Positive one-off factors

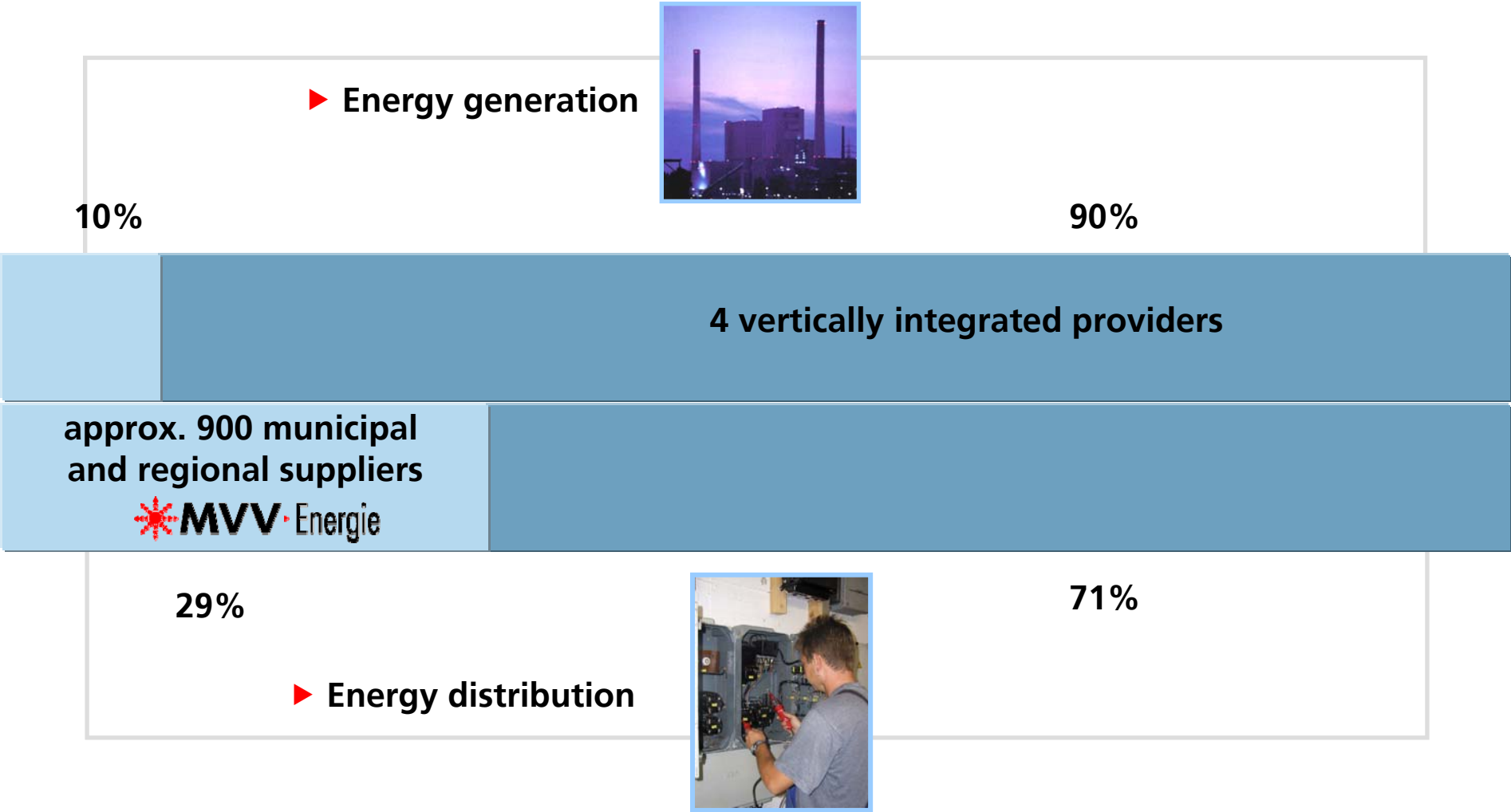
- ▶ Cost savings (FOKUS etc.)
- ▶ Enhanced operations in environmental energy segment
- ▶ Sale of MAnet and EnBW shares
- ▶ Deconsolidation factors (MVV Energie Portugal, eternegy GmbH)
- ▶ Cold winter

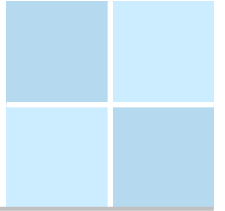
## Negative one-off factors

- ▶ Goodwill amortisation
- ▶ Personnel provisions
- ▶ Extraordinary depreciation of land, buildings, technical equipment etc.
- ▶ Write-down of ENERGY InnovationsPortfolio
- ▶ Write-down of shareholding held in EUS GmbH

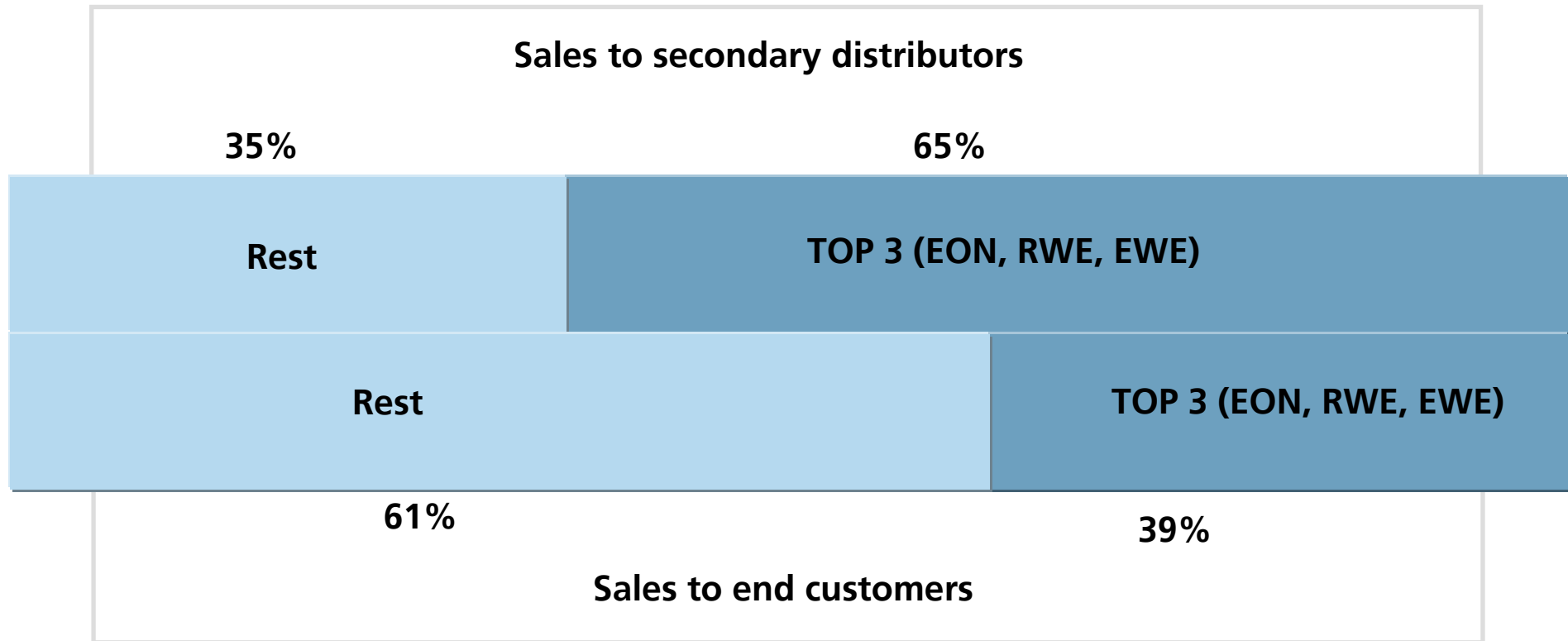


# Structure of the German electricity industry





# Top 3 companies dominate gas sales markets

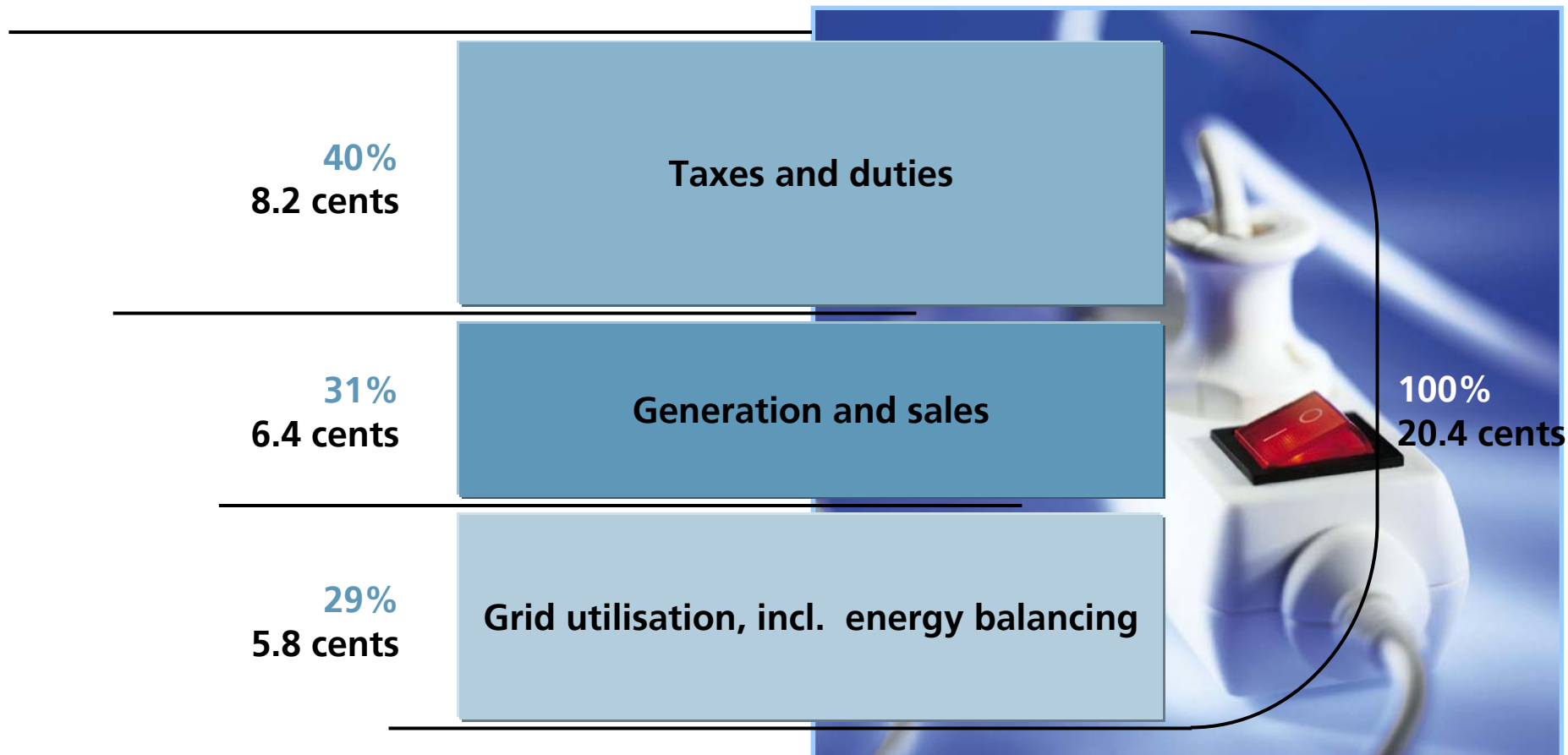
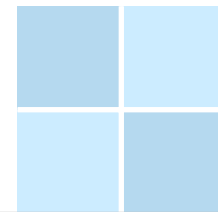


- ▶ **Secondary distributor market is highly concentrated (top 3: 65% market share)**
- ▶ **Due to cross ownership structures, the end customer market is also de facto dominated by the top 3 companies**

Source: Bremen Energy Institute (Calculation based on figures released by the Federal Association of the German Gas and Water Industries (BGW) for sales by grid gas and local gas supply companies to end customers and secondary distributors in 2003)

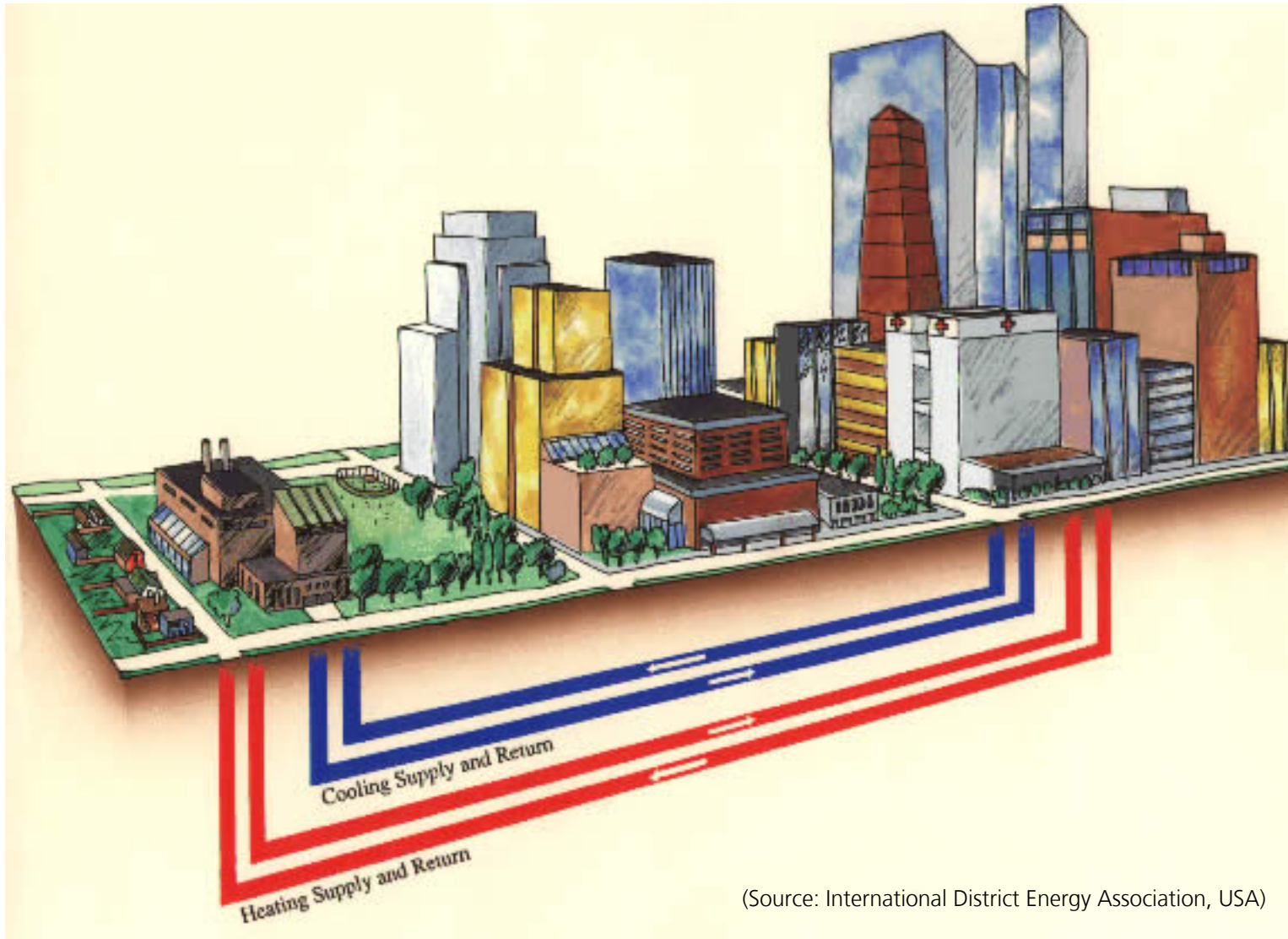
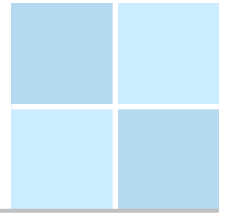
# Electricity Price Components

(per kWh)



End customer with 3,500 kWh p.a. (Sources: VDN, VDEW),  
average household customer price: 20.4 cents

# District Heating with CHP Combined Heating Power



(Source: International District Energy Association, USA)