

Energy Efficiency: Market for the Future

07/08

Fact book

Consolidated financial statements for the
2007/2008 financial year pursuant to IFRS

27 January 2009

www.mvv-investor.de



MVV Energie in brief



Business activities of the MVV Energie Group



Value chain in electricity



We have a portfolio which is largely autonomous of the regulated business (2007/2008 FY EBIT before IAS 39)

Non-regulated business: 33% of sales, 60% of EBIT					Regulated business: 67% of sales, 40% of EBIT	
Core business			Growth business		Core business	
	District heating	Water	Value-added services	Environmental energy	Electricity	Gas
Sales Euro mill. in %	303 12	102 4	277 11	194 7	1,382 52	356 14
EBIT Euro mill. in %	38 15	10 4	20 8	81 33	64 26	35 14
Market position	No. 3 in Germany	fragmented	No. 3 in Germany	No. 3 in Germany	No. 7 in Germany	No. 12 in Germany
	<ul style="list-style-type: none"> ▶ Process optimisation ▶ External growth in submarkets 		<ul style="list-style-type: none"> ▶ Organic growth ▶ Growth via acquisitions 		<ul style="list-style-type: none"> ▶ Efficiency enhancements ▶ Development of new sales forms and products 	

Strong market position of the MVV Energie Group

- ▶ Ranked No. 3 among German district heating utilities in terms of volume in 2007/08 FY
- ▶ Ranked No. 7 among German electricity suppliers in terms of volume of electricity sold to end customers
- ▶ Total of 1.09 million customer contracts in Germany and Eastern Europe for electricity, district heating and gas at the end of 2007/08 FY and 0.17 million in Germany for water
- ▶ Third-largest operator of incineration facilities in Germany (incineration capacity of 1.5 million tonnes of waste and waste timber p.a. for the generation of electricity and district heating)
- ▶ With sales of Euro 277 million in 2007/08 FY, one of the three largest energy-related service providers in Germany

Solid foundation for further success

Key financial data
for 2007/2008 financial year



Successful 2007/2008 financial year

Core business

- ▶ Successful sales activities in nationwide sale of electricity (e.g. acquisition of new customers, electricity funds)
- ▶ Positive impact of weather conditions on district heating and gas businesses
- ▶ High non-cash valuation item in connection with IAS 39

High-growth fields

- ▶ First full year of operations at Leuna II energy from waste plant
- ▶ External growth in value-added services business (e.g. real estate contracting)
- ▶ Leading position extended in field of renewable energies

Key figures of the MVV Energie Group for the 2007/2008 financial year

Earnings performance in Euro million

	2007/08 (1.10.-30.9.)	2006/07 (1.10.-30.9.)	% Change
Sales excluding electricity and natural gas tax	2,636	2,259	+17
EBITDA	486	359	+35
EBITDA before IAS 39	398	344	+16
EBIT	337	215	+57
EBIT before IAS 39	249	199	+25
EBT	269	139	+94
EBT before IAS 39	181	123	+47
Annual net surplus	185	126	+47
Annual net surplus after minority interests	170	109	+56
Earnings per share ¹ in Euro	2.60	1.96	+33
Free cash flow ²	54	188	-71

¹ increase in number of shares (weighted annual average) from 55.8 million to 65.3 million due to capital increase

² cash flow from operating activities less investments in intangible assets, property, plant and equipment and investment property

Sales by segment in the 2007/2008 financial year

Sales in Euro million

	2007/08 (1.10.-30.9.)	2006/07 (1.10.-30.9.)	% Change
Electricity ¹	1,382	1,079	+28
District heating	303	272	+11
Gas ²	356	342	+4
Water	102	104	-2
Value-added services ³	277	263	+5
Environmental energy	194	184	+5
Other/consolidation	22	15	+47
	<u>2,636</u>	<u>2,259</u>	+17

¹ excluding electricity tax

² excluding natural gas tax

³ excluding electricity and natural gas tax

EBIT by segment in the 2007/2008 financial year¹

EBIT in Euro million

	2007/08 (1.10.-30.9.)	2006/07 (1.10.-30.9.)	% Change
Electricity ¹	143	54	+165
District heating	39	42	-7
Gas ¹	43	11	+291
Water	10	19	-47
Value-added services	20	19	+5
Environmental energy	81	71	+14
Other/consolidation	1	-1	-
	<u>337</u>	<u>215</u>	+57

¹ including IAS 39 Euro 88 million (previous year: Euro 16 million); of which electricity Euro 79 million (previous year: Euro 16 million), Gas Euro 8 million (previous year: Euro 0 million), district heating Euro 1 million (previous year: Euro 0 million)

EBIT before IAS 39 by segment in the 2007/2008 financial year

EBIT in Euro million

	2007/08 (1.10.-30.9.)	2006/07 (1.10.-30.9.)	% Change
Electricity	64	38	+68
District heating	38	42	-10
Gas	35	11	+218
Water	10	19	-47
Value-added services	20	19	+5
Environmental energy	81	71	+14
Other/consolidation	1	-1	-
	<u>249</u>	<u>199</u>	+25

Sales volumes in the 2007/2008 financial year

Sales volumes¹

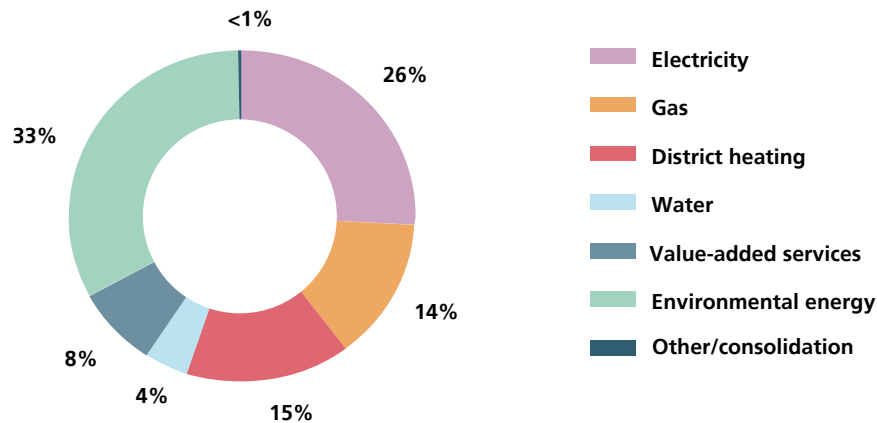
	2007/08 (1.10.-30.9.)	2006/07 (1.10.-30.9.)	% Change
Electricity in kWh million	22,733	24,443	-7
of which wholesale ² in kWh million	11,449	14,248	-20
of which retail ² in kWh million	11,284	10,195	+11
District heating ² in kWh million	7,006	6,299	+11
Gas in kWh million	9,166	9,456	-3
of which secondary distributors (including wholesale) in kWh million	1,474	2,436	-39
of which retail in kWh million	7,692	7,020	+10
Water ² in m ³ million	55.1	55.1	-
Combustible waste delivered in tonnes 000s	1,550	1,409	+10

¹ total volume from all segments

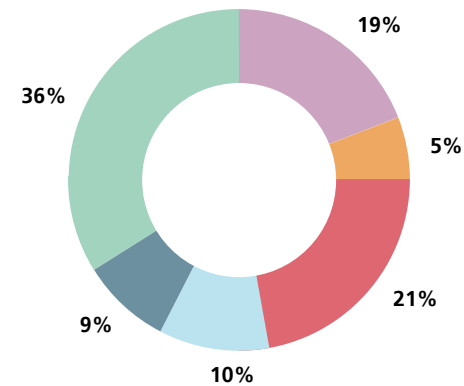
² corrections in previous year's figure (electricity wholesale 14,152 kWh million, electricity retail 10,291 kWh million; district heating 6,265 kWh million; water 56.1 m³ million)

EBIT before IAS 39 by segment – well-balanced business portfolio

EBIT before IAS 39 in 2007/08 FY¹



EBIT before IAS 39 in 2006/07 FY¹

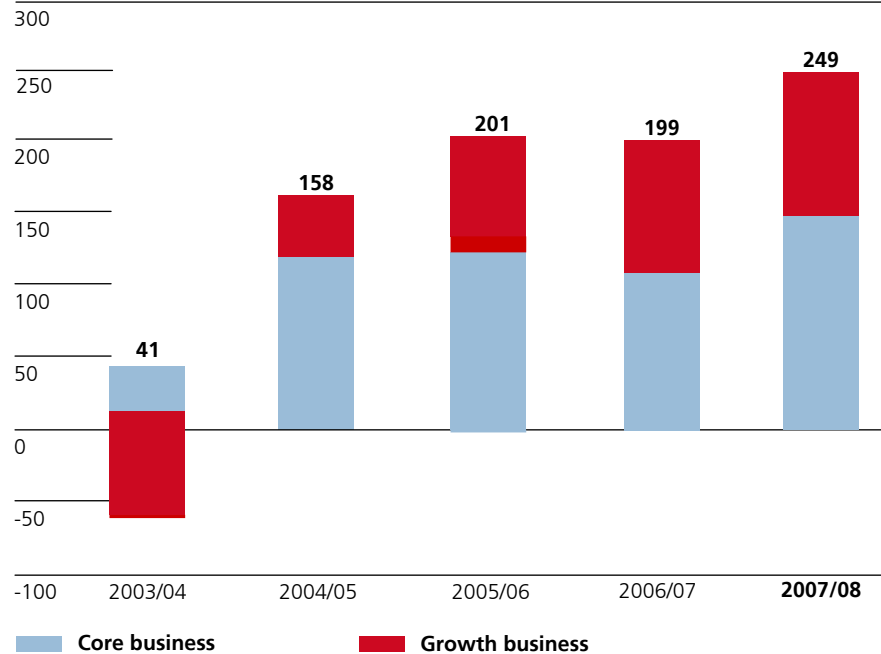


¹ 2007/08 FY: other/consolidation Euro 1 million (previous year: Euro -1 million) not shown in chart

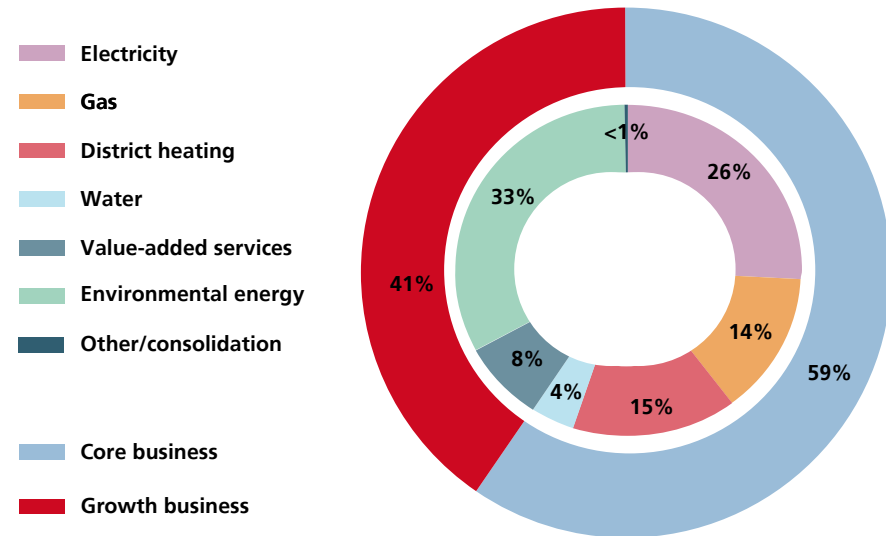
- ▶ Share of EBIT before IAS 39 attributable to business segments in 2007/08 FY
 - non-regulated markets amount to 60%
 - regulated markets amount to 40%

EBIT before IAS 39 by segments

EBIT before IAS 39 in Euro million



EBIT before IAS 39 by segments in 2007/08 FY



- ▶ Share of EBIT before IAS 39 of high-growth environmental energy and value-added services segments amount to 41% in 2007/08 FY (previous year: 45%)

Factors relevant to EBIT before IAS 39 performance

Positive one-off factors

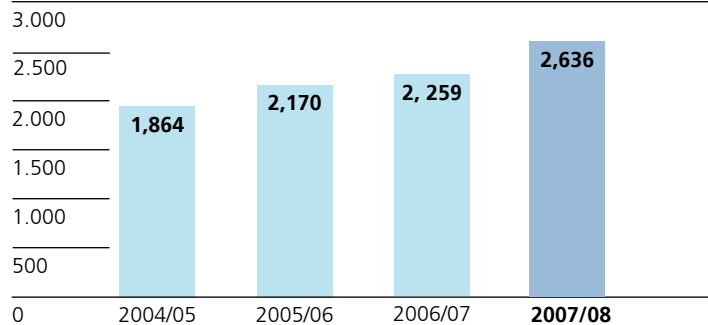
- ▶ Beneficial impact on margin of normal weather conditions in 2007/08 heating period compared with extremely mild weather conditions in previous year
- ▶ First full year of full-capacity operations at new Leuna II energy from waste plant
- ▶ Non-period income and credits
- ▶ New shareholdings in Czech Republic
- ▶ Non-repetition of charges resulting from statement of pension provisions in previous year

Negative one-off factors

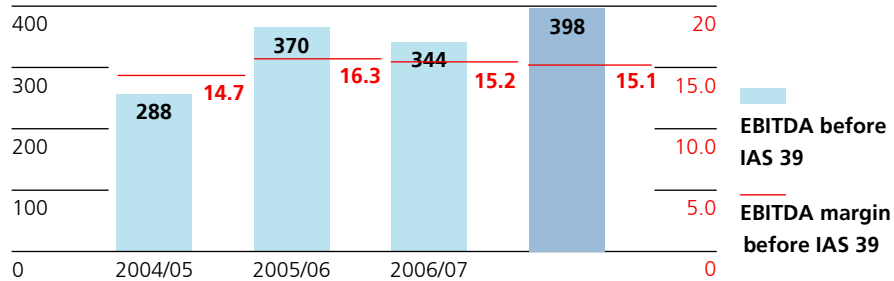
- ▶ Damaged turbine at Offenbach heating power plant
- ▶ Higher procurement costs due to sharp rise in coal prices
- ▶ Higher maintenance expenses and depreciation for Leuna II energy from waste plant
- ▶ Reduced prices for waste disposal contracts, especially in Mannheim

Key figures – track record

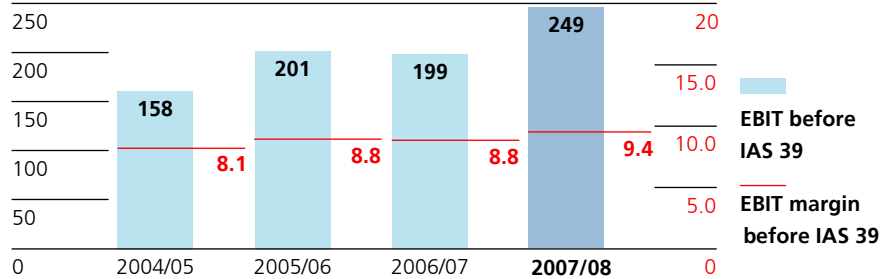
Sales in Euro million



EBITDA before IAS 39 in Euro million



EBIT before IAS 39 in Euro million



- ▶ Growth in financial ratios
- ▶ Improvement in business operating efficiency
- ▶ High dividends in recent years

Dividend

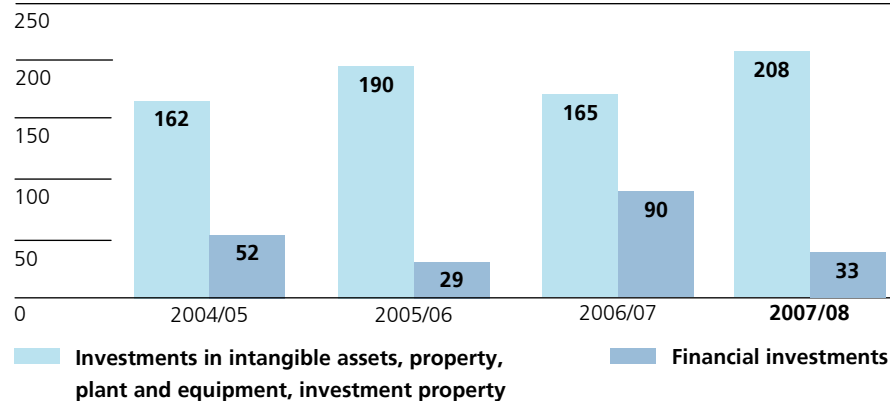
	2005/06	2006/07	2007/08
Dividend/Share (Euro)	0.80	0.80	0.90 ¹
Total dividend ² (Euro million)	44.6	52.7	59.3 ¹
Dividend yield (%)	3.4	2.7	2.7 ¹

¹ pending approval by the Annual General Meeting on 13 March 2009

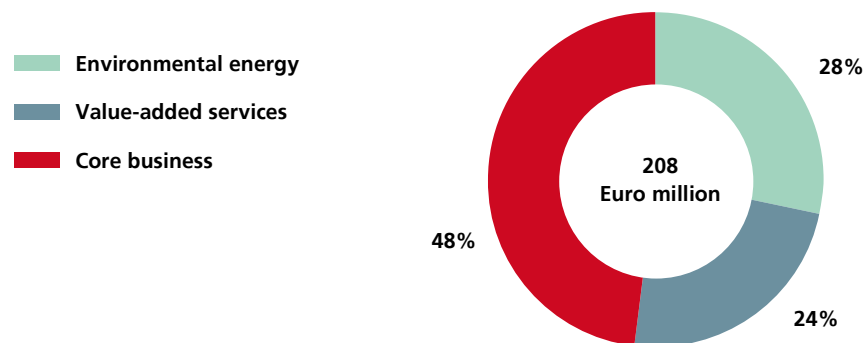
² starting in the 2006/07 FY 65,9 million shares entitled to dividend due to capital increase (2005/06 FY: 55,8 million shares)

Investment and growth

Investments in Euro million



Investments in tangible assets in 2007/08 FY



► Core business:

- Optimising and preserving substance of supply facilities and distribution grids
- Expansion of gas storage capacities in Kiel (third gas cavern)

► Environment:

- Construction of Boiler 6 at Mannheim energy from waste plant

► Energy-related services:

- Construction of industrial power plants in Gersthofen and Korbach (refuse-derived fuels)
- Acquisition/construction of biogas plants in Mechau and Karow
- Acquisition of new shareholdings in energy-related services business

Capital increase in October 2007 will provide scope for further growth

MVV Energie – Business Model and Positioning



MVV Energie's strengths – unique business portfolio

Stable core business

- ▶ **Networking** of companies with comparable portfolios on a distribution level
 - External: via **cooperation between municipal utility companies**
 - Internal: via efficiency enhancement and exploitation of **potential synergies** in municipal utility group
- ▶ Development of **innovative electricity and gas products** for nationwide sales
 - Private customers: SECURA Ökostrom
 - Industrial and business customers: electricity and gas funds

Attractive growth potential

- ▶ Via acquisitions and cooperation in the **environmental energy business** (generation of energy from waste and biomass); **market entry** into British waste market
- ▶ Organic and external growth via nationwide **expansion of energy-related services** in the growing contracting business

Current challenges

- ▶ Dependence on increasingly scarce primary energy resources
- ▶ Volatile commodity and primary energy prices, ongoing debate surrounding energy prices
- ▶ Growing sensitivity to environmental and climate-related topics
- ▶ Ambitious political climate protection targets
- ▶ Difficult economic framework for energy industry, e.g.
 - Growing competitive and cost pressure
 - New incentive regulation (from January 2009)
- ▶ International financial and economic crisis, e.g. decline in volumes at industrial customers

We see these challenges are harbouring more opportunities than risks

Climate protection and energy efficiency as market opportunities

- ▶ Integrated Climate and Energy Programme (IKEP) of the Federal Government
- ▶ Objective: structural transformation in (energy) industry to achieve
 - CO₂ reduction
 - Increased energy efficiency
- ▶ Areas promoted include
 - Expansion of electricity generation from renewable energies
 - Cogeneration and therefore also
 - Expansion of district and local heating systems
- ▶ Competitive head start in the areas receiving political support based on
 - Longstanding experience
 - Efficiency expertise
 - Numerous climate protection projects
- ▶ Financial and economic crisis and higher energy prices raise awareness of need for action in terms of municipal and industrial contracting

Our district heating, energy-related services and environmental energy segments, as well as our innovative technologies, are exploiting the market opportunities arising

Opportunities for the future by drawing on new technologies and district heating

New technologies

- ▶ Innovation and cooperation with technology and process leaders provide a basis for attractive new business opportunities
- ▶ Award from Federal Ministry of Economics and Technology for the seminal sponsored project "Model City Mannheim"
- ▶ We are testing sustainable energy technologies in the field of sustainable energy conversion
 - Energy-efficient micro-cogeneration house energy plants generating electricity and heating
 - Product development on intelligent energy management systems

District heating

- ▶ GKM expansion by 2013
- ▶ Government promotion of cogeneration
- ▶ Increasing density of existing district heating grid in the Mannheim municipal area; new preferred areas reported
- ▶ Merger of district heating grids in the region (Speyer)

Growth prospects due to expanded market positions in environmental energy and value-added services businesses

Environmental energy

- ▶ 1.5 million tonnes p.a. of capacity for non-recyclable waste incineration and generation of energy from biomass at five locations in Germany
- ▶ Plant at full capacity due to long-term contracts and material flow management
- ▶ First full-year impact in 2007/08 FY of launch of operations at Leuna II
- ▶ Premium waste disposal provider
- ▶ Climate protection requirements of EU Commission and Federal Government leading to growing markets for renewable energies and energy efficiency

Energy-related services

- ▶ We currently operate 24 biomass heat plants and biomass power and heat plants
- ▶ Great interest across Germany in energy-efficient contracting solutions
- ▶ Industry on the lookout for innovative energy concepts: offering of alternative substitute fuel solutions for large industrial locations
- ▶ Nationwide expansion of successful real estate utilities concept

Growth due to cooperation and shareholdings in the municipal utility company market

- ▶ Structural transformation expected in energy market
- ▶ Many municipal utility companies inadequately prepared for competition in electricity and gas markets
- ▶ Often only active in distribution of electricity and gas, no proprietary generation activities
- ▶ Increased pressure due to incentive regulation (from January 2009)
- ▶ Lack of financial resources in municipalities
- ▶ Antitrust restrictions on large vertical players
- ▶ Opportunities resulting from portfolio streamlining measures at large vertical players
- ▶ **Sale of further municipal utility companies expected**

MVV Energie is well-positioned for further acquisitions

Our municipal utility network



Challenges in the liberalised electricity and gas business

Generation and wholesale

- ▶ Electricity generation dominated by four vertically integrated providers
- ▶ Low level of liquidity on gas markets



- ▶ **Investment in generation**
- ▶ **Consolidation of gas portfolio in the MVV Energie Group**

Grids: transport and distribution

- ▶ Second round of fee approvals for electricity and gas
- ▶ Gas grid access: concrete implementation uncertain
- ▶ Incentive management from January 2009



- ▶ **Cooperation in grid management and operation**
- ▶ **Cost management**

Sales

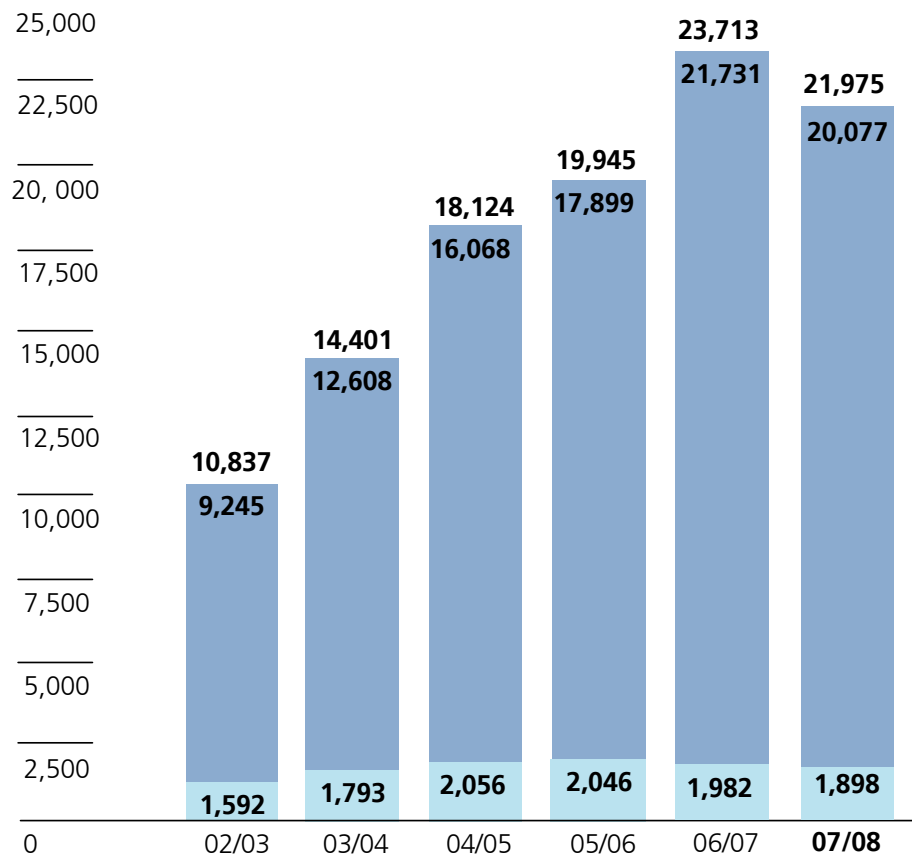
- ▶ More competitors
- ▶ Principal price components cannot be influenced by sales activities



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

Electricity turnover of the MVV Energie Group over the last 6 years

Electricity turnover of the MVV Energie Group in kWh million (electricity segment)

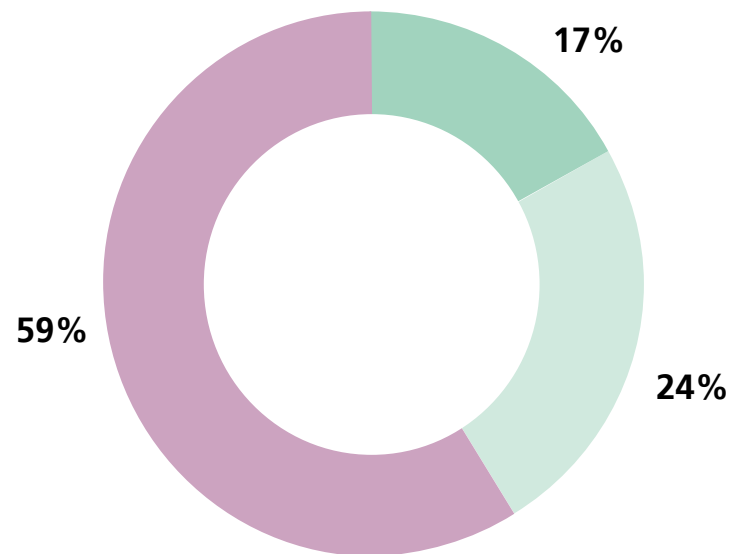


- ▶ Significant growth in wholesale electricity trading
- ▶ The share of business customers and wholesale electricity trading has increased to around 91%.

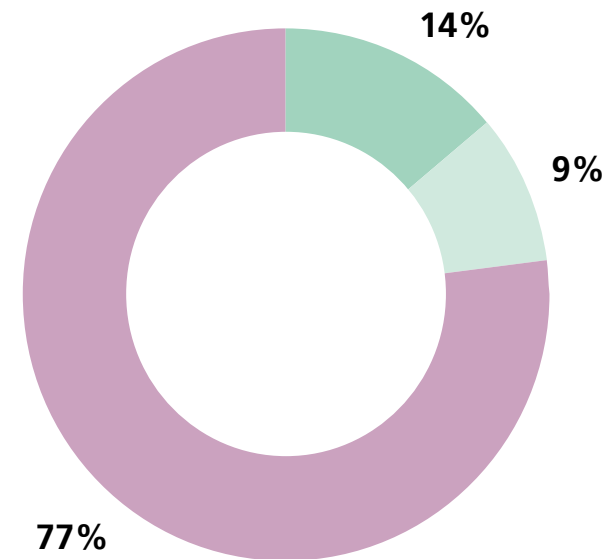
□ Total
■ Industrial and commercial customers as well as wholesale electricity trading (including secondary distributor)
■ Private and business customers

Electricity generation of the MVV Energie Group by source

Electricity generation of the MVV Energie Group in Germany in the 2007/08 FY



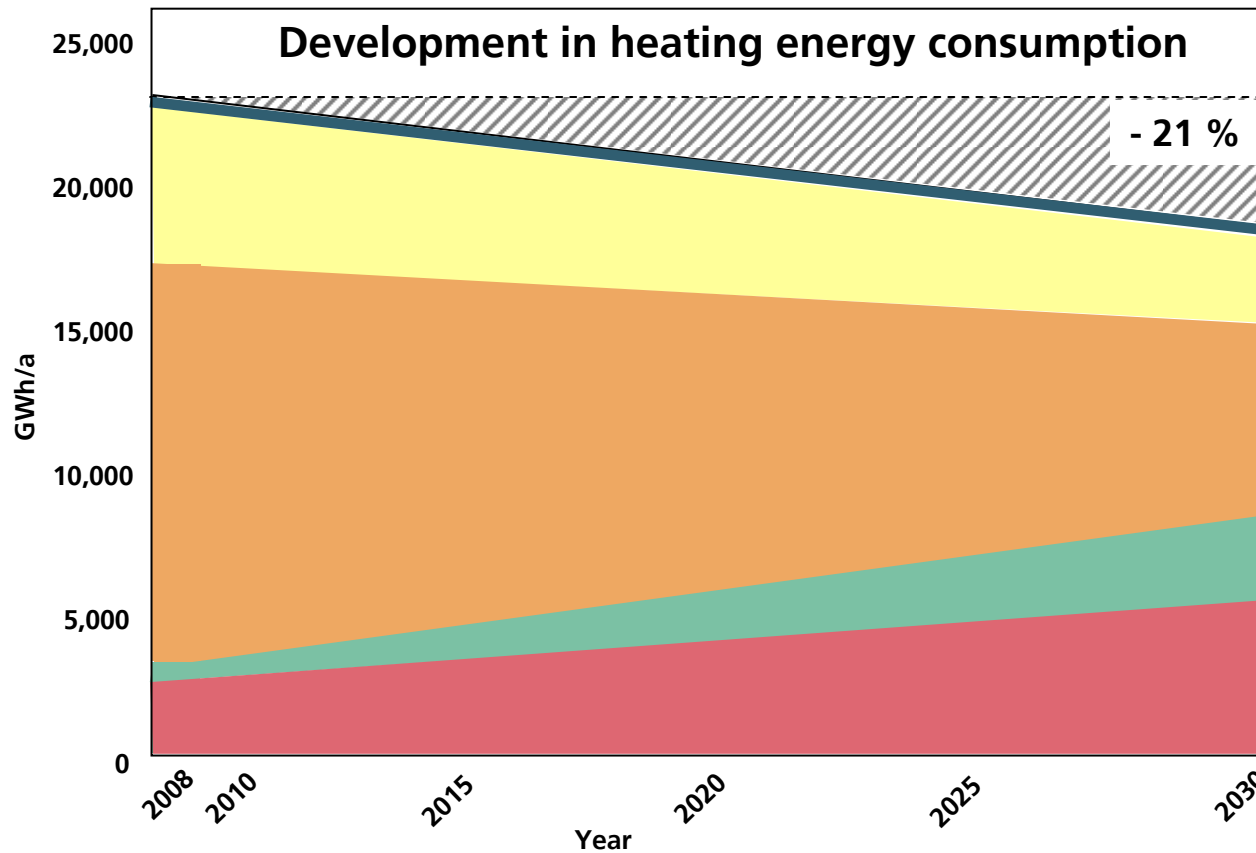
Gross electricity generation in Germany in 2007



- Electricity from renewable energies including biomass CHP plants and biogenous share of waste
- Electricity from cogeneration
- Other electricity generation

Source: Federal ministry of the environment (BMU), AGE Energiebilanzen and own calculations

Results of district heating study in Rhine/Neckar metropolitan region



Energy source in %

	2008	2030
District heating	13.0	28.9
Renewable	0.6	14.4
Gas	63.4	46.2
Oil	22.0	10.0
Other	1.0	0.4

Energy savings and increased energy efficiency will reduce consumption by 21%.

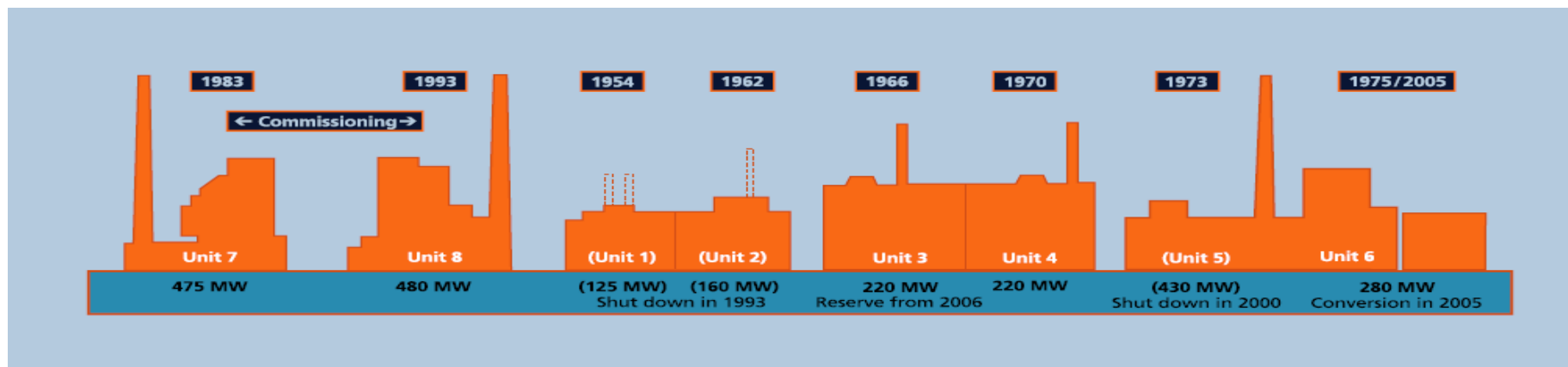
Share of renewable energies and district heating set to rise to more than 43%.

Share of fossil fuels due to fall from more than 85% to around 56%.

Foundation for further expansion of district heating

- ▶ Safeguarding secure, inexpensive, economical and environmentally-friendly supply of district heating in the long term (cogeneration)
- ▶ Climate-friendly CO₂ regime and increasing efficiency as well as saving resources
- ▶ Investment volume: Euro 1.2 billion, financing organised by GKM itself; capacity: 911 MW electric power or 500 MW thermal energy

Grosskraftwerk Mannheim (GKM); MVV Energie AG share: 28%



With Block 9, we are laying the foundation for the expansion of cogeneration and district heating – an ecologically necessary step which also makes economic sense and is being promoted by the Federal Government.

Continuity in non-regulated district heating and water businesses

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 in environmental energy business

Environmental energy includes:

- ▶ Waste incineration (generation of steam and electricity from household and commercial waste)
- ▶ Generation of electricity from biomass / old wood

Existing capacities at our sites:

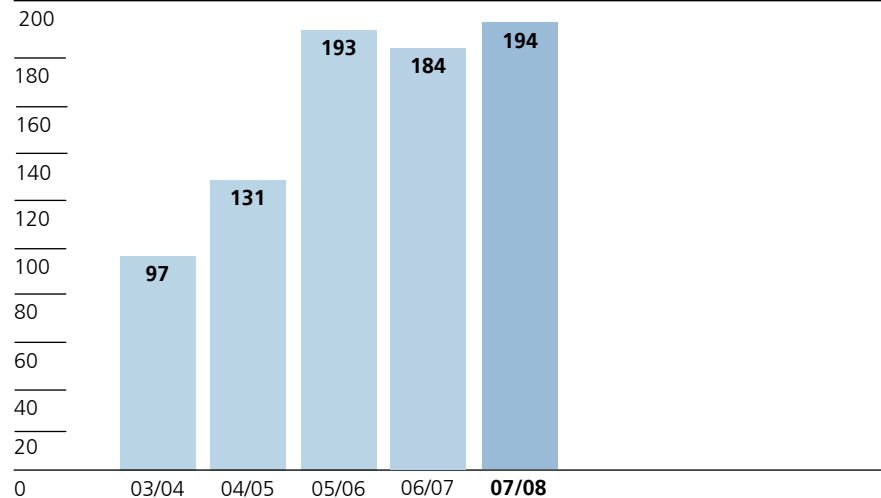
- ▶ Mannheim (550,000 t/a)
- ▶ Offenbach (250,000 t/a)
- ▶ Leuna I und II (380,000 t/a)
- ▶ Biomass-to-energy: Mannheim, Königs Wusterhausen (275,000 t/a)

Growth by:

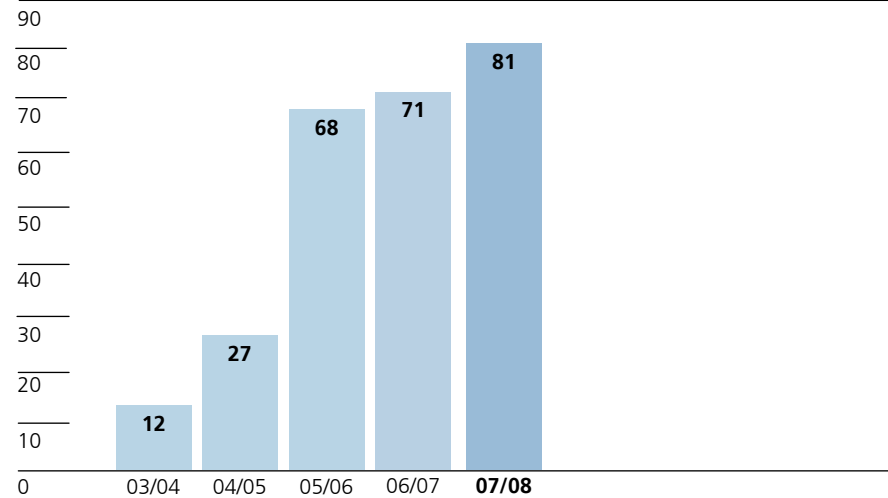
- ▶ Expanding capacity
- ▶ Waste logistics management
- ▶ External growth (new locations, acquisitions, cooperation)

Sales, EBIT and strategy in the environmental energy segment (Waste-to-energy and biomass)

Sales in Euro million



EBIT in Euro million



Key success factors

- ▶ Concentration on attractive core regions
- ▶ High degree of business operation efficiency
- ▶ Focus on waste-to-energy (WTE)
- ▶ Professional materials flow business
- ▶ Specialist in tailor-made plants

Strategic objectives

- ▶ Optimisation of existing plants
- ▶ Backward integration into sorting/recycling
- ▶ Development of own WTE projects
e.g. UK market entry
- ▶ Acquisition and turnaround of struggling third-party plants

Growth in value-added services business

Energy efficiency and smart financing:

- ▶ Represent mega-trends and thus represent important drivers for energy-related services

Target group area:

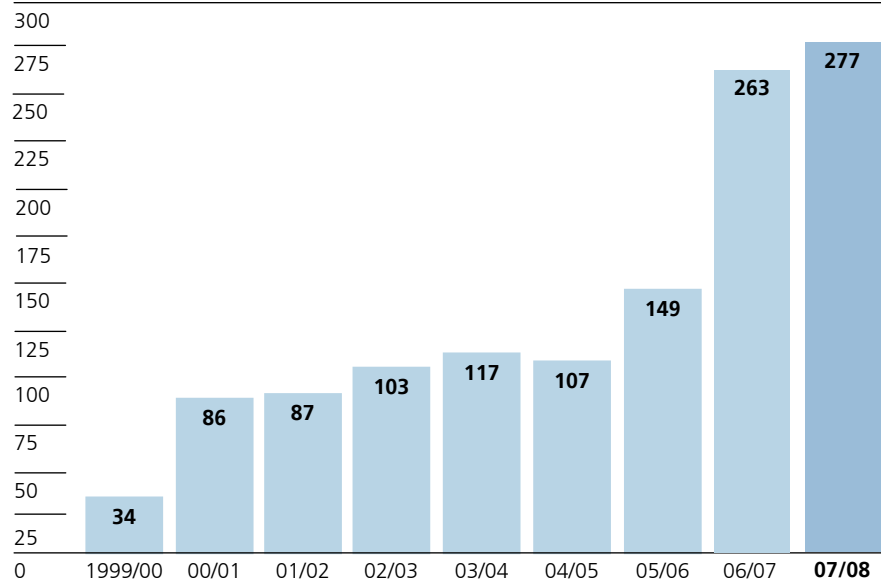
- ▶ Industrial Solutions – tailored outsourcing solutions for industry
- ▶ Municipal Solutions – savings contracting, land improvement and development projects (main customers in public sector)
- ▶ Real Estate Utilities – technical facility management, district heating supply, meter management, utilities invoicing
- ▶ Advisory Services – national and international

Growth by:

- ▶ New energy-efficient products
- ▶ Real estate utilities
- ▶ External growth (acquisitions, cooperation)

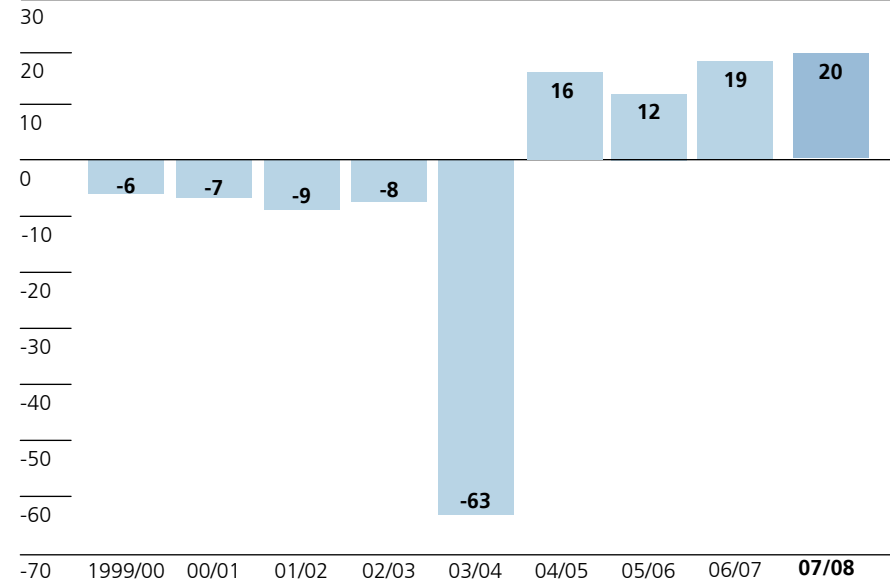
Sales and EBIT in the value-added services segment¹

Sales in Euro million



- ▶ Sales growth chiefly due to successful acquisitions and new contracts with industry, municipal administrations, real estate sector and structural changes (shared service companies)

EBIT in Euro million



- ▶ EBIT performance in previous years marked by start-up costs: streamlining of portfolio in 2003/04 FY; from 2004/05 FY onwards market successes, new companies, structural changes

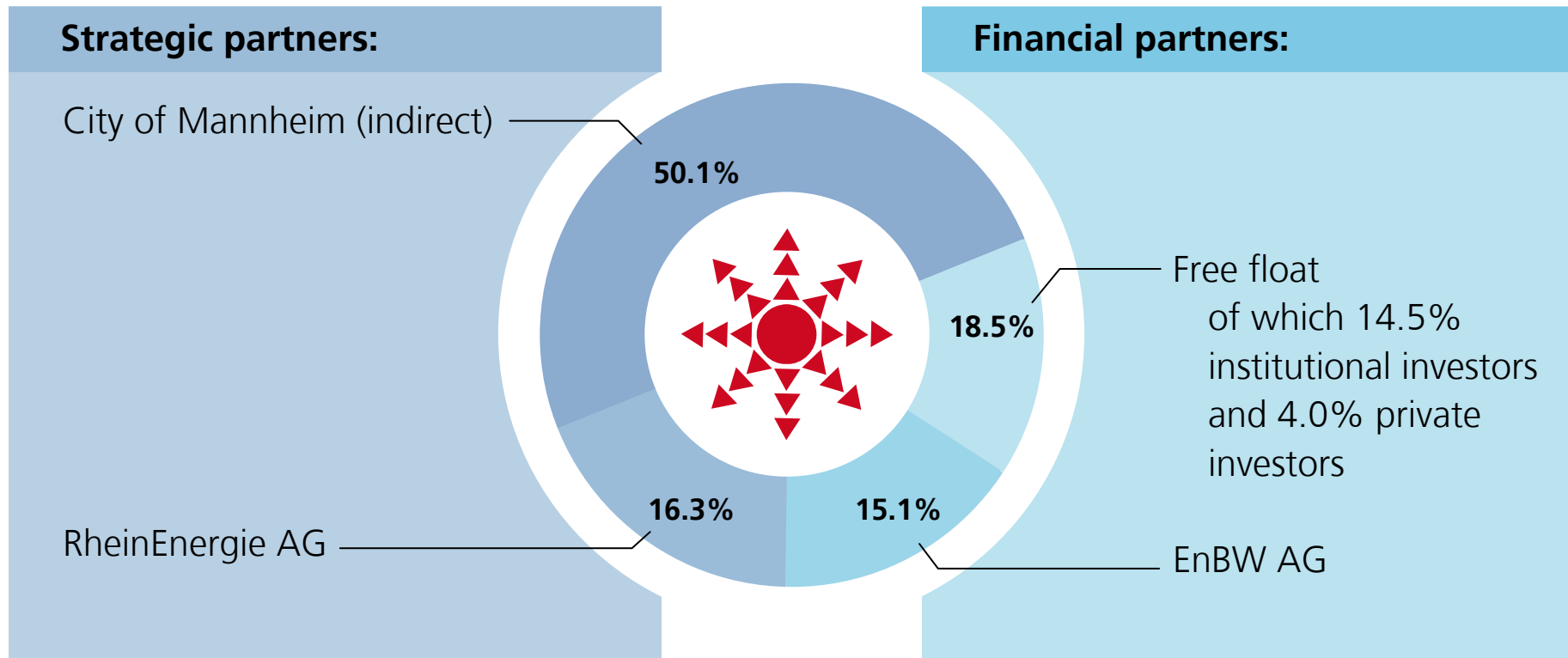
¹ source: audited, consolidated Annual Reports of the MVV Energie Group (IAS/IFRS)

The share of MVV Energie AG



 **MVV** Energie

Current shareholder structure and key figures of MVV Energie AG

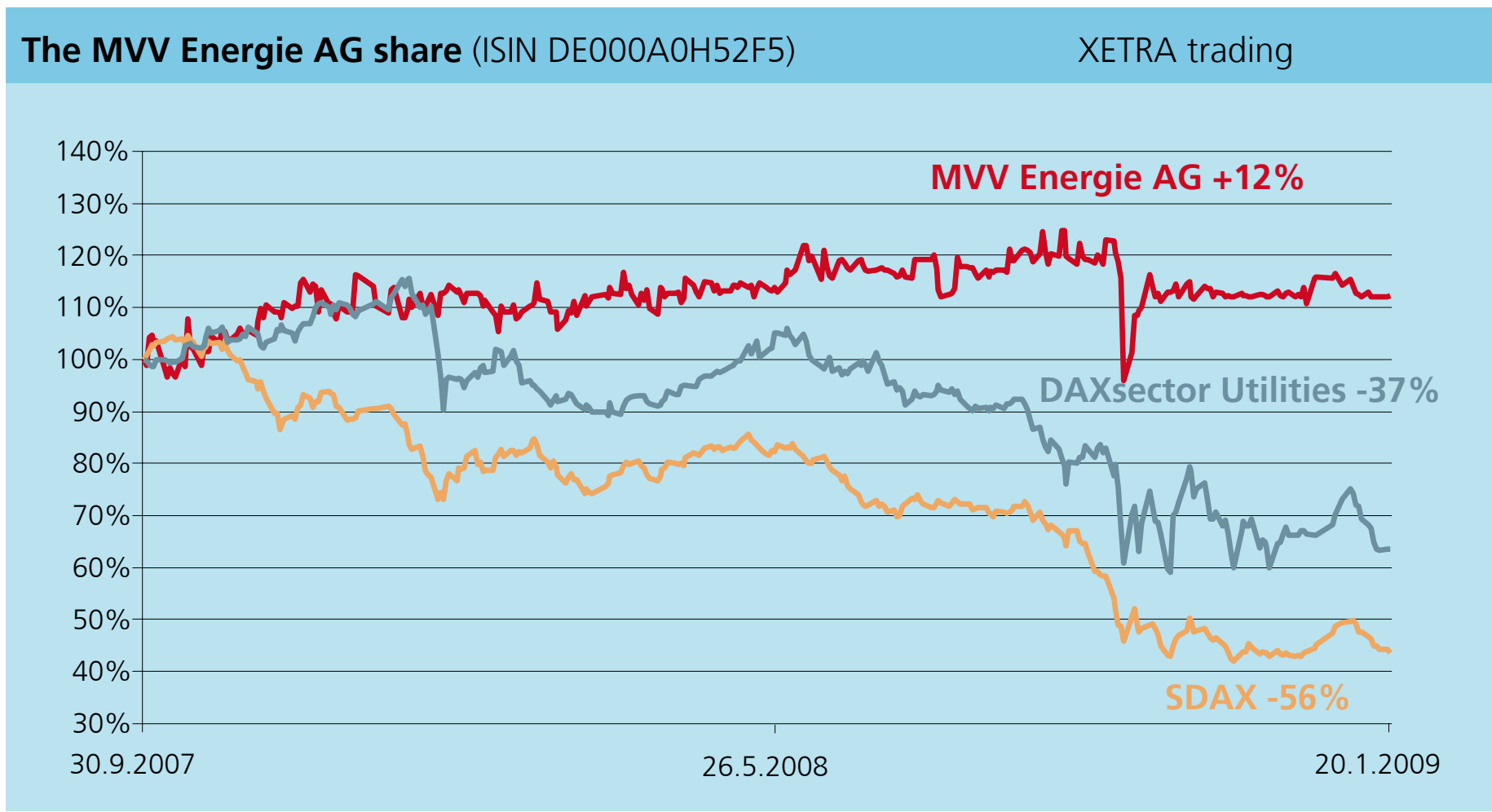


▶ **No. of shares:**
65.907 million

▶ **Market capitalisation:**
Euro 2,046 million
(Closing price on 20.1.2009:
Euro 31.05)

▶ **Free float:**
Euro 383 million

MVV Energie's share has performed well in a weak market



Share chart as performance comparison (including subscription right discount upon capital increase in October 2007 and dividend payment in March 2008) with SDAX and DAXsector Utilities

Advantages for our shareholders

- ▶ **Stable earnings** thanks to core business
- ▶ Solid balance sheet with matching maturities and **high equity ratio**
- ▶ Growth prospects by means of further **acquisitions**, expansion of **environmental energy division** and **energy-related services, strategic partnerships** and **cooperation**
- ▶ Solid **dividend returns**
- ▶ Listed in the Prime Standard (**SDAX**)



We are committed to shareholder value

Outlook



Outlook

- ▶ Sales target for 2008/09 FY: Euro 2.8 billion 
- ▶ EBIT target: slightly lower EBIT before IAS 39 than in 2007/08 FY 
- ▶ MVV Energie is an active cooperation partner in the German energy market 
- ▶ By offering new electricity and gas products, we are exploiting the opportunities resulting from increased competition 
- ▶ UK market entry in the environmental energy business 
- ▶ Growth in energy-related services 
- ▶ We are actively exploiting the growth opportunities presented by the Integrated Climate and Energy Programme 
- ▶ Investment decisions currently not affected by financial crisis 

Financial calendar of 2008/2009

- ▶ 27.1.2009 Annual Results Press Conference and Analysts` Conference in Frankfurt/Main
- ▶ 13.2.2009 Financial Report 1st Quarter of 2008/2009
- ▶ 13.3.2009 Annual General Meeting in Mannheim
- ▶ 16.3.2009 Payment of Dividend
- ▶ 15.5.2009 Financial Report 2nd Quarter of 2008/2009 and Analysts` Conference Call
- ▶ 14.8.2009 Financial Report 3rd Quarter of 2008/2009 and Analysts` Conference Call
- ▶ 19.11.2009 Publication of Preliminary Results for the 2008/2009 Financial Year and Analysts` Conference Call
- ▶ 30.12.2009 2008/2009 Annual Report

Backup



Sales and EBIT before IAS 39 performance by quarter

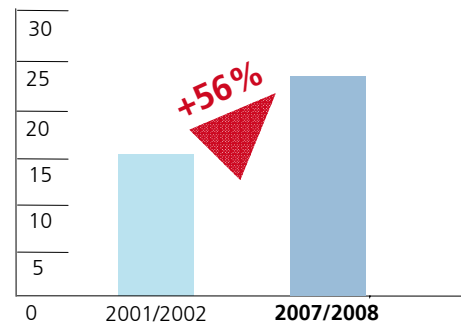
Euro million

	2007/08 (1.10.-30.9.)	2006/07 (1.10.-30.9.)	% change
1 st Quarter	663	582	+14
2 nd Quarter	749	629	+19
3 rd Quarter	630	558	+13
4 th Quarter	594	490	+21
Sales in the 2007/2008 FY	<u>2,636</u>	<u>2,259</u>	+17
1 st Quarter	87	69	+29
2 nd Quarter	107	97	+10
3 rd Quarter	57	32	+78
4 th Quarter	-2	1	-
EBIT in the 2007/2008 FY	<u>249</u>	<u>199</u>	+25

We have increased the value of our municipal utility shareholdings

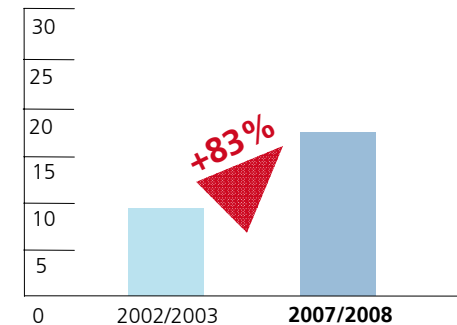
Energieversorgung Offenbach

ANS in Euro million



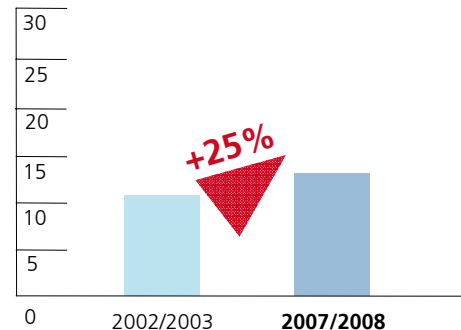
Stadtwerke Solingen

ANS in Euro million



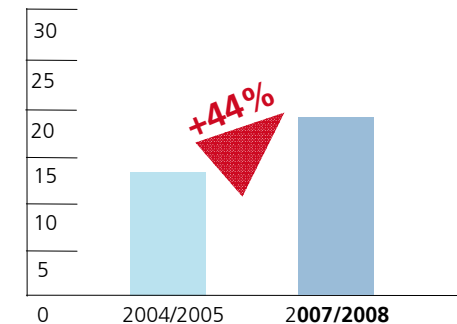
Stadtwerke Ingolstadt

ANS in Euro million



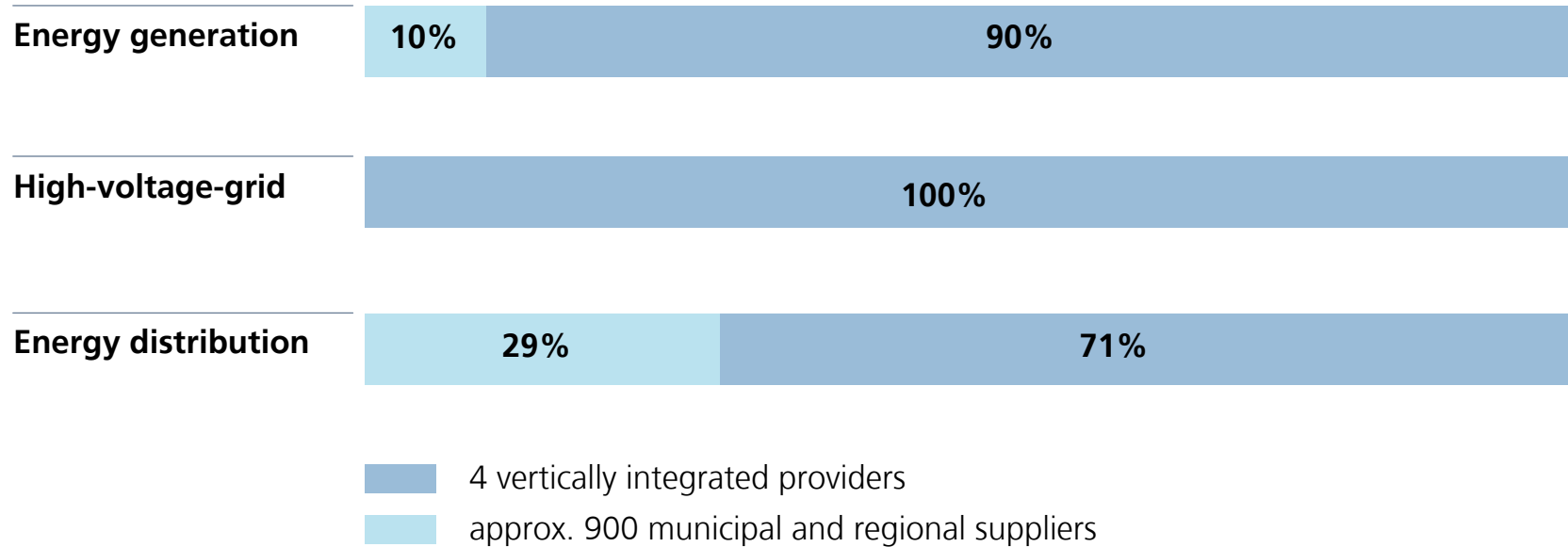
Stadtwerke Kiel

ANS in Euro million



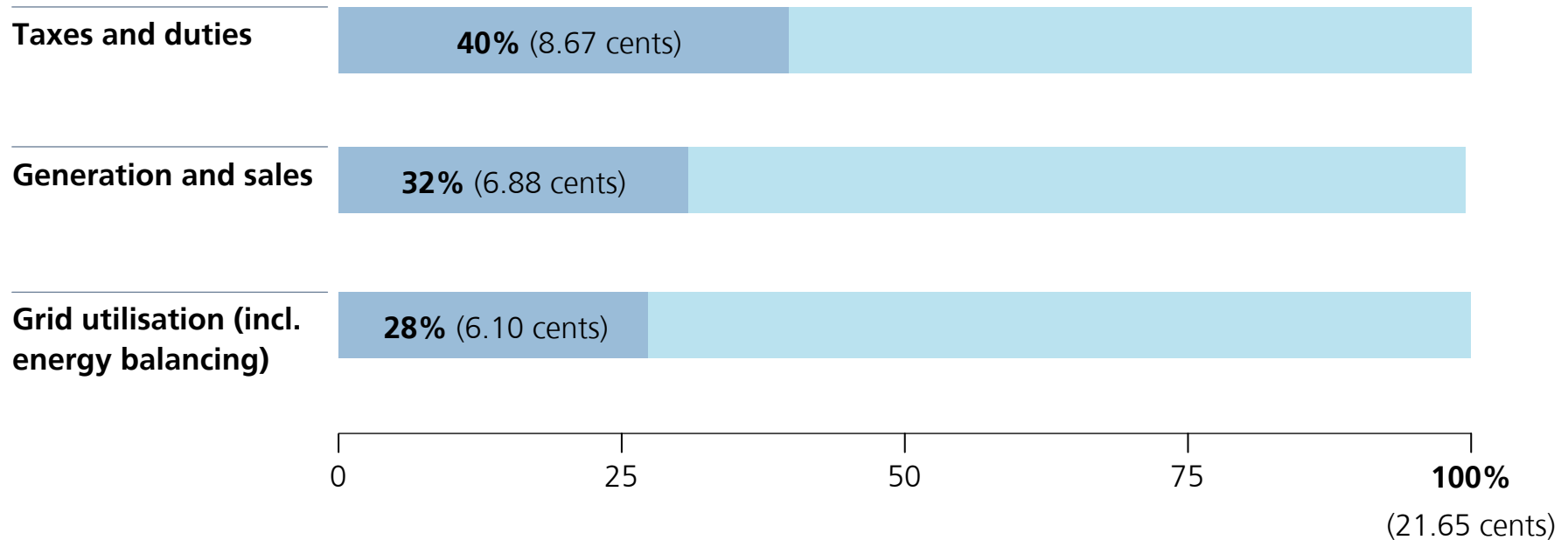
ANS = Annual net surplus

Structure of the German electricity industry



Dominance of the four dominant players restricts their growth potential in Germany – potential for MVV Energie AG

Electricity price components in Germany (per kWh)



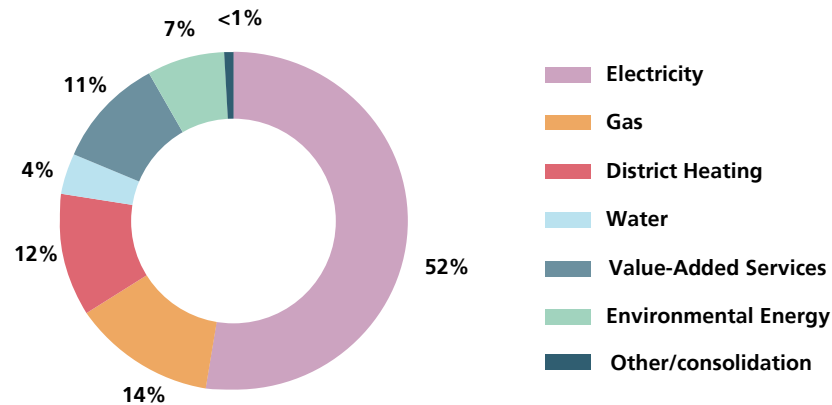
Source BDEW: End customer with 3,500 kWh p.a., average household customer price: 21.65 cents in 2008

District heating with Combined Heat and Power (CHP)

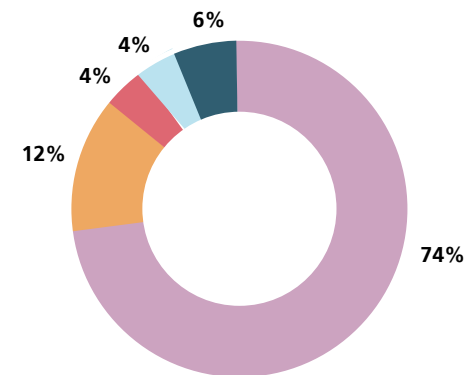


Comparison of MVV Energie and RheinEnergie AG

MVV Energie: Sales by segment in 2007/08 FY



RheinEnergie AG: Sales by segment in 2007 FY



▶ Key Figures (2006/07 FY pursuant to IFRS)

Sales ¹ :	2,636 Mio Euro
EBIT before IAS 39:	249 Mio Euro
Annual surplus:	185 Mio Euro
Equity-ratio:	33.5%
Employees:	5,901

¹ excluding energy taxes

- ▶ First publicly listed municipal utility network
- ▶ Nationwide sales activities
- ▶ Success in environmental energy and value-added services segments

▶ Key Figures (2007 FY pursuant to German GAAP)

Sales ¹ :	Euro 3,018 million
EBIT:	Euro 238 million
Annual net surplus ² :	Euro 190 million
Equity ratio:	33.0%
Employees:	2,959

¹ excluding energy taxes ² before compensation payment and profit transfer

- ▶ Municipal background to company (80% City of Cologne; 20% RWE)
- ▶ Heavily involved in Rhine region around Cologne
- ▶ Pursuing idea of cooperation between municipal utility companies