



# MVV Energie – Energising the Future

Fact book

1<sup>st</sup> Half of 2009/10 financial year

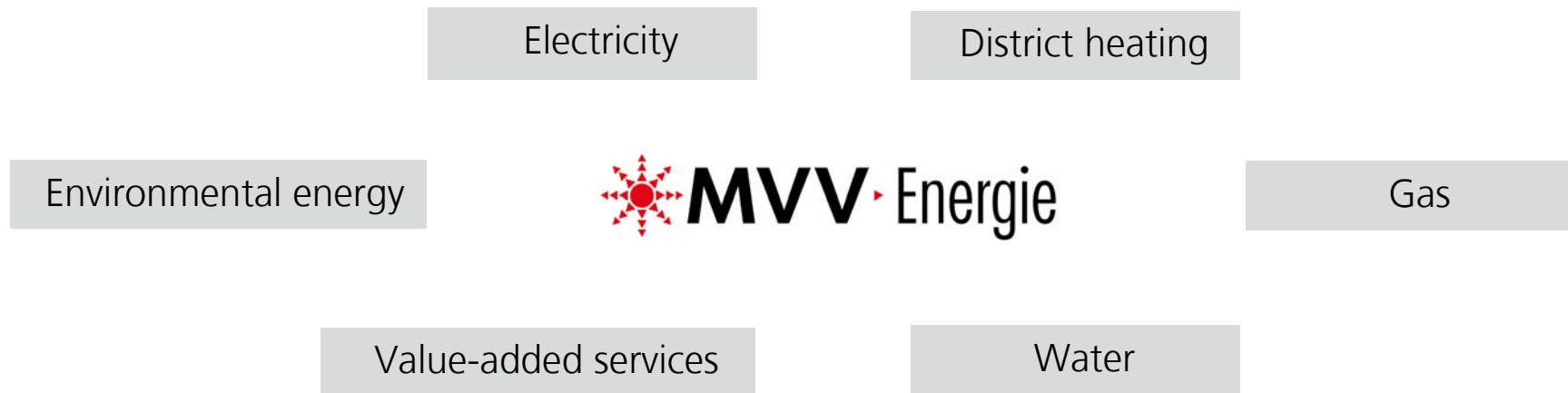
14 May 2010

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## MVV Energie in brief

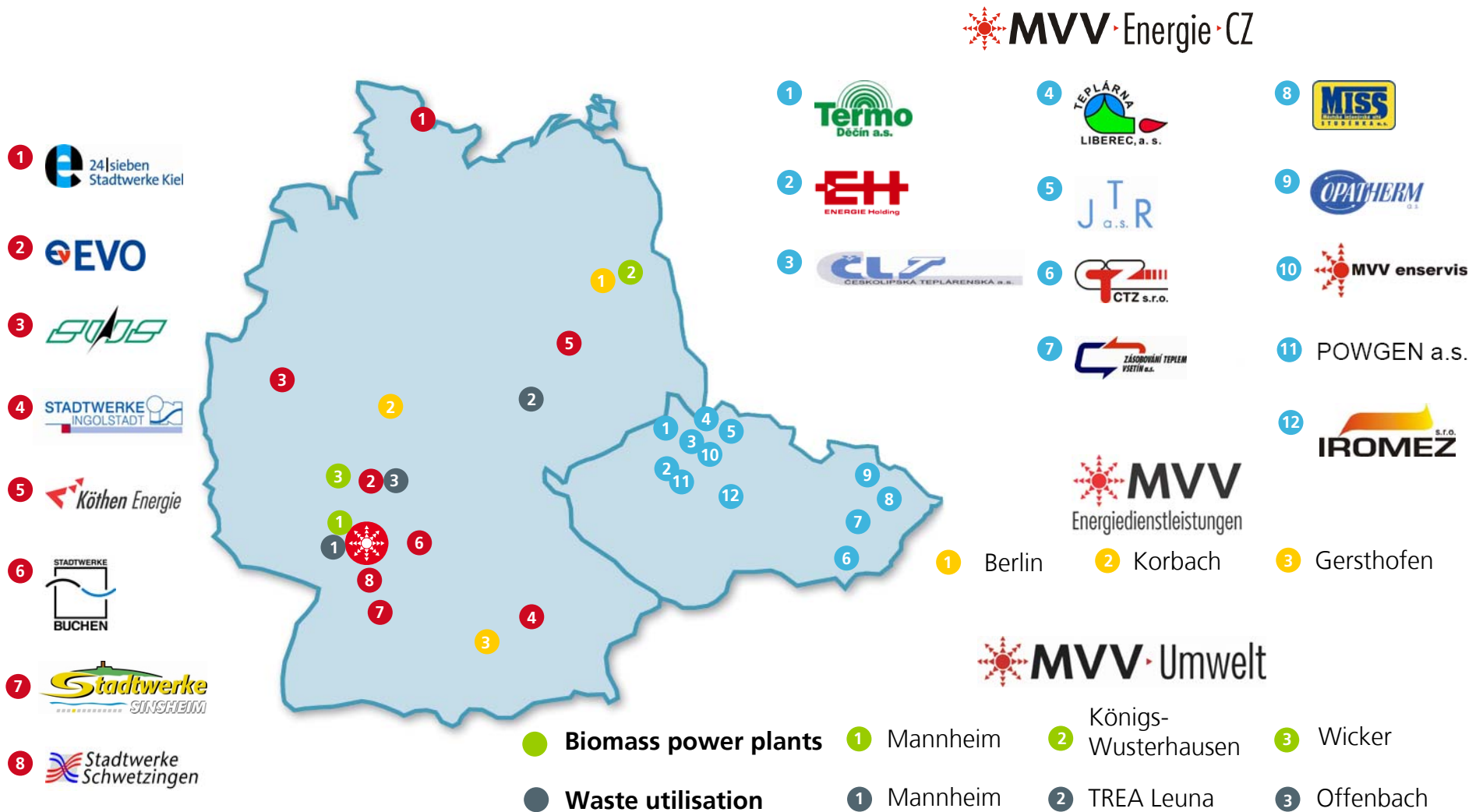
# Business activities of the MVV Energie Group



## Energy industry value chain

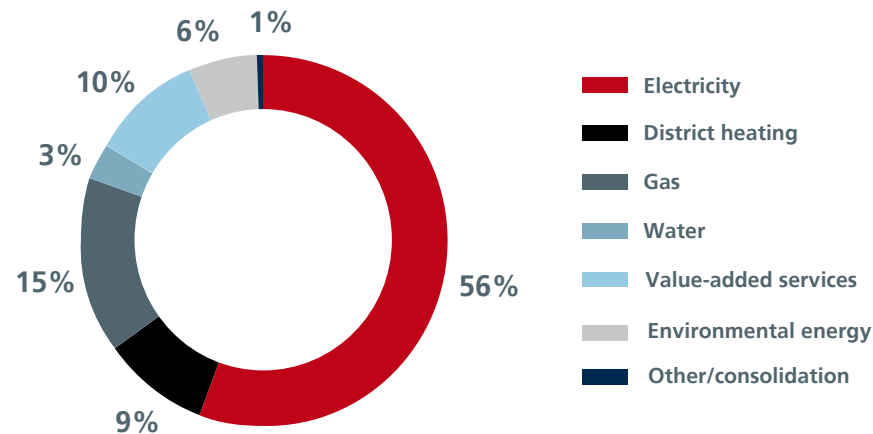


# Municipal utility companies and major locations of the MVV Energie Group

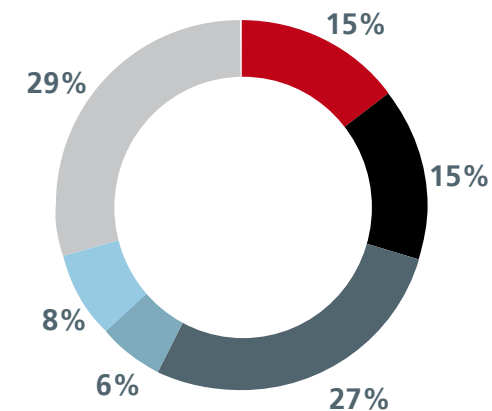


# Sales and adjusted EBIT by segment – well-balanced business portfolio

Sales by segment in 2008/09 financial year



Adjusted EBIT in 2008/09 financial year



## ► Key figures (2008/09 FY pursuant to IFRS)

Sales <sup>1</sup> :	Euro 3,161 million
Adjusted EBIT :	Euro 239 million
Adjusted annual net surplus:	Euro 185 million
Adjusted equity ratio:	33.9%
Employees:	6,053

<sup>1</sup> excluding electricity and natural gas taxes





Key financial data for the  
1<sup>st</sup> half of 2009/10 financial year

# Key figures of the MVV Energie Group for the 1<sup>st</sup> half of 2009/10 financial year – Adjusted

Earnings performance in Euro million

	2009/10 (1.10-31.3.)	2008/09 (1.10-31.3.)	% change
Sales excluding electricity and energy tax	1,843	1,788	+3
Adjusted EBITDA <sup>1</sup>	278	284	-2
Adjusted EBIT <sup>2</sup>	209	212	-1
Adjusted EBT <sup>2</sup>	166	171	-3
Adjusted net surplus for period <sup>1</sup>	112	115	-3
Adjusted net surplus for period after minority interests <sup>1,2</sup>	104	115	-10
Adjusted earnings per share <sup>1,2</sup> in Euro	1.57	1.75	-10
Free Cashflow <sup>3</sup>	-29	-185	+84

<sup>1</sup> excluding non-operative IAS 39 valuation items/fair values of financial derivatives

<sup>2</sup> in previous year change in reporting due to amended minority interests calculation methodology

<sup>3</sup> cash flow from operating activities less investments in intangible assets, property, plant and equipment and investment property

# Sales by segment in the 1<sup>st</sup> half of 2009/10 financial year

Sales in Euro million

	2009/10 (1.10-31.3.)		2008/09 (1.10-31.3.)		% change
Electricity <sup>1</sup>	1,014		874		+16
District heating	210		223		-6
Gas <sup>2</sup>	297		375		-21
Water	48		48		0
Value-added services <sup>3</sup>	170		157		+8
Environmental energy	93		96		-3
Other/consolidation	11		15		-27
	<u>1,843</u>		<u>1,788</u>		+3

<sup>1</sup>excluding electricity tax

<sup>2</sup>excluding natural gas tax

<sup>3</sup>excluding electricity and natural gas taxes



# Adjusted EBIT by segment in the 1<sup>st</sup> half of 2009/10 financial year<sup>1</sup>

Adjusted EBIT in Euro million

	2009/10 (1.10-31.3.)		2008/09 (1.10-31.3.)		% change
Electricity	31		24		+29
District heating	71		72		-1
Gas	60		63		-5
Water	5		5		0
Value-added services	10		10		0
Environmental energy	32		38		-16
Other/consolidation	-		-		-
	<u>209</u>		<u>212</u>		-1

<sup>1</sup>excluding non-operative IAS 39 valuation items/fair values of financial derivatives

# 1<sup>st</sup> half of 2009/10 financial year: EBIT adjusted for IAS 39

in Euro million

	2009/10 (1.10-31.3.)		2008/09 (1.10-31.3.)		+/- change
<b>EBIT</b>	<b>189</b>		<b>-33</b>		<b>+222</b>
<b>+ Net valuation item for financial derivatives</b>	<b>20</b>		<b>245</b>		<b>-225</b>
<b>+ Expenses for restructuring measure</b>	<b>-</b>		<b>-</b>		<b>-</b>
<b>= Adjusted EBIT</b>	<b><u>209</u></b>		<b><u>212</u></b>		<b>-3</b>

# Sales volumes in the 1<sup>st</sup> half of 2009/10 financial year (total volume from all segments)

Sales volumes <sup>1</sup>

	2009/10 (1.10-31.3.)		2008/09 (1.10-31.3.)		% change
<b>Electricity in kWh million <sup>2</sup></b>	<b>11,384</b>		<b>9,812</b>		<b>+16</b>
of which wholesale <sup>2, 3</sup>	4,533		3,405		+33
of which retail/secondary distributors <sup>2</sup>	6,851		6,407		+7
<b>District heating in kWh million</b>	<b>5,493</b>		<b>5,164</b>		<b>+6</b>
<b>Gas in kWh million</b>	<b>8,522</b>		<b>7,243</b>		<b>+18</b>
of which wholesale <sup>2</sup>	1,126		166		+578
of which retail/secondary distributors <sup>2, 3</sup>	7,396		7,077		+4
<b>Water in m<sup>3</sup> million</b>	<b>26.4</b>		<b>25.8</b>		<b>+2</b>
<b>Combustible waste delivered in tonnes 000s</b>	<b>860</b>		<b>767</b>		<b>+12</b>
of which environmental energy segment	753		736		+2
of which value-added services segment	86		31		+177
of which district heating segment	21		–		–

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

<sup>2</sup> reallocation of secondary distributors in previous year

<sup>3</sup> correction in previous year



## Key financial data for the 2008/09 financial year

## We achieved all our targets in the 2008/09 financial year

- ▶ Sales target for 2008/09 FY was above Euro 2.8 billion.  
With actual sales of Euro 3.2 billion this target has been achieved



- ▶ Adjusted EBIT target slightly lower than in 2007/08 FY (Euro 249 million).  
With actual adjusted EBIT of Euro 239 million this target has been achieved



# Key figures of the MVV Energie Group for the 2008/09 financial year – Adjusted

Earnings performance in Euro million

	2008/09 (1.10-30.9.)		2007/08 (1.10-30.9.)		% change
Sales excluding electricity and energy tax	3,161		2,636		+20
Adjusted EBITDA <sup>1</sup>	385		398		-3
Adjusted EBIT <sup>2</sup>	239		249		-4
Adjusted EBT <sup>2</sup>	165		181		-9
Adjusted annual net surplus <sup>2</sup>	12		123		-9
Adjusted annual net surplus after minority interests <sup>2</sup>	98		110		-11
Adjusted earnings per share <sup>2,3</sup> in Euro	1.48		1.69		-12
Free cash flow <sup>4</sup>	20		54		63

<sup>1</sup> excluding non-operative IAS 39 valuation items in connection with financial derivatives

<sup>2</sup> excluding non-operative IAS 39 valuation items in connection with financial derivatives and excluding one-off charges for write-downs at energy-related services subgroup

<sup>3</sup> increase in number of shares (weighted annual average) from 65.3 million to 65.9 million as a result of capital increase

<sup>4</sup> cash flow from operating activities less investments in intangible assets, property, plant and equipment and investment property

# Sales by segment in the 2008/09 financial year

Sales in Euro million

	2008/09 (1.10-30.9.)	2007/08 (1.10-30.9.)	% change
Electricity <sup>1</sup>	1,760	1,382	+27
District heating	294	303	-3
Gas <sup>2</sup>	486	356	+37
Water	101	102	-1
Value-added services <sup>3</sup>	308	277	+11
Environmental energy	194	194	0
Other/consolidation	18	22	-18
	<u>3,161</u>	<u>2,636</u>	+20

<sup>1</sup> excluding electricity tax

<sup>2</sup> excluding natural gas tax

<sup>3</sup> excluding electricity and natural gas taxes



# Adjusted EBIT by segment in the 2008/09 financial year<sup>1</sup>

Adjusted EBIT in Euro million

	2008/09 (1.10-30.9.)		2007/08 (1.10-30.9.)		% change
Electricity	35		64		-45
District heating	36		38		-5
Gas	66		35		+89
Water	14		10		+40
Value-added services	18		20		-10
Environmental energy	71		81		-12
Other/consolidation	-1		1		-200
	<u>239</u>		<u>249</u>		-4

<sup>1</sup> excluding non-operative IAS 39 valuation items in connection with financial derivatives and excluding one-off charges for write-downs at energy-related services subgroup

## 2008/09 financial year: EBIT adjusted for IAS 39 and one-off factors

in Euro million

	2008/09 (1.10-30.9.)		2007/08 (1.10-30.9.)		+/- change
<b>EBIT</b>	-23		337		-360
<b>+ Net valuation item for financial derivatives</b>	+229		-88		+317
<b>+ Expenses for restructuring measure (one-off expenses and posting write-downs)</b>	+33		-		+33
<b>= Adjusted EBIT</b>	<u>239</u>		<u>249</u>		-10

# Factors relevant to adjusted EBIT performance in the 2008/09 financial year

## Positive one-off factors

- ▶ Positive margin effects due to strong volume growth in gas business
- ▶ Cost savings due to optimised gas procurement for special contract customers
- ▶ Sale of gas cavern in Kiel and of two local gas grids in the Mannheim region

## Negative one-off factors

- ▶ Lower revenues from electricity generation
- ▶ Price cuts and losses incurred due to lower volumes of consumption at industrial electricity customers in wake of economic crisis
- ▶ Sale/deconsolidation of Polish subgroup in previous year
- ▶ Volume and price reductions in waste business
- ▶ Downtime due to inspection measures and interruptions to operations at energy from waste plants in Mannheim and Leuna

# Sales and adjusted EBIT performance by quarter

Euro million

	2008/09 (1.10-30.9.)		2007/08 (1.10-30.9.)		% change
1 <sup>st</sup> Quarter	830		663		+25
2 <sup>nd</sup> Quarter	958		749		+28
3 <sup>rd</sup> Quarter	694		630		+10
4 <sup>th</sup> Quarter	679		594		+14
<b>Sales in the financial year</b>	<b><u>3,161</u></b>		<b><u>2,636</u></b>		<b>+19</b>

1 <sup>st</sup> Quarter	92		87		+6
2 <sup>nd</sup> Quarter	120		107		+12
3 <sup>rd</sup> Quarter	38		57		+33
4 <sup>th</sup> Quarter	-11		-2		-450
<b>Adjusted EBIT in the financial year</b>	<b><u>239</u></b>		<b><u>249</u></b>		<b>-4</b>

# Sales volumes in the 2008/09 financial year (total volume from all segments)

Sales volumes <sup>1</sup>

	2008/09 (1.10-30.9.)		2007/08 (1.10-30.9.)		% change
Electricity in kWh million <sup>2</sup>	19,582		18,188		+8
of which wholesale <sup>2,3</sup>	6,939		5,797		+20
of which retail/secondary distributors <sup>3</sup>	12,643		12,391		+2
District heating in kWh million	7,217		7,006		+3
Gas in kWh million	10,851		9,166		+18
of which wholesale <sup>3</sup>	1,529		864		+77
of which retail/secondary distributors <sup>3</sup>	9,322		8,302		+12
Water in m <sup>3</sup> million	53.2		55.1		-3
Combustible waste delivered in tonnes 000s	1,599		1,550		+3

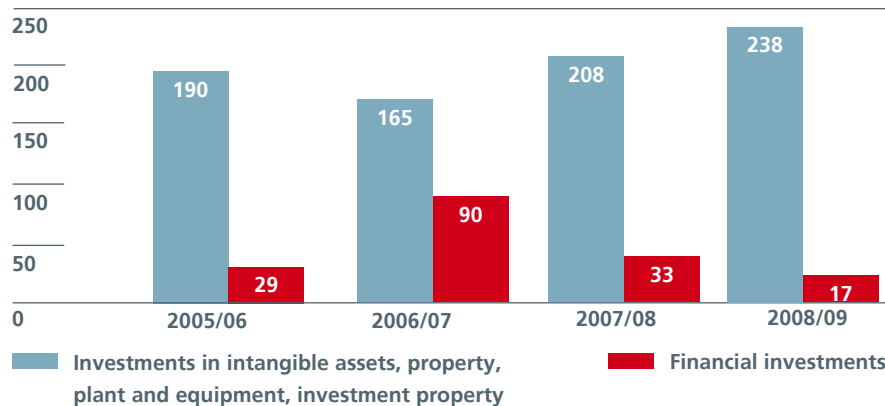
<sup>1</sup> total volume from all segments

<sup>2</sup> recalculation of own-account trading in year under report and previous year

<sup>3</sup> reallocation of secondary distributors in year under report and previous year

# Investment and growth

Investments in Euro million



Investments in intangible assets in 2008/09 financial year



## ► Existing business

- Optimising and preserving substance of supply facilities and distribution grids
- Extending the supply of district heating in Mannheim
- Renovation of supply tunnel under Kiel Firth

## ► 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)
- Construction of biomass cogeneration plant in Mertingen
- Acquisition of new shareholdings in energy-related services business



# MVV Energie – Strategic positioning



# Long-term structural transformation changes environment for the MVV Energie Group and provides framework for strategy

<b>Mega-trends</b>	<b>Implication</b>	<b>Examples</b>
<b>Structural change</b>	<b>Energy efficiency and climate protection</b>	▶ Political intervention is changing the industry – CO <sub>2</sub> certificates, Renewable Energies Act ...
<b>Stagnation / decline in demand</b>	<b>Crowding-out competition</b>	▶ Most forecast institutes <sup>1</sup> expect to see stagnation – energy companies expect decline
<b>Erosion in margins</b>	<b>Pressure on costs</b>	▶ Marked increase over time in competitive pressure / pressure to consolidate in all stages of value chain (including grids)
<b>New markets</b>	<b>Growth opportunities</b>	▶ New business fields such as energy efficiency and renewable energies potentially offer new opportunities

<sup>1</sup> EWI, BMWI, Fraunhofer, BDEW – forecast with decline scenario

# MVV 2020 – Two strategic basic approaches: optimisation and implementation

## 1 Optimisation of existing business

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### ▶ Optimisation measures to lay foundation for strategic steps and counter charges on earnings

- One-off expenses and posting write-downs aims to boost the efficiency of MVV Energiedienstleistungen GmbH for the future
- Structure and process optimisation at MVV Energie AG and major utility shareholdings

## 2 Implementation of growth initiatives

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### ▶ Enhancing portfolio of business activities

- Renewable energies (focus on wind onshore and biomass)
- Expansion of energy-related services after successful realignment
- Expansion of district heating
- Construction of the new Block 9 at GKM forms the basis for a secure long-term electricity and district heating supply
- Strengthening of industrial customer sales
- Further development of environmental energy business
- Municipal utilities/concessions

# Targeted enhancement of energy-related services business; first lay foundations to successfully exploit attractive market climate

## Opportunities

### Market potential provides "tailwind"

- ▶ Energy-related services segment is one of the few business fields with substantial growth rates (3-5% p.a.)
- ▶ Less than 50% of market potential currently tapped

### Market position achieved

- ▶ Number three in German energy-related services market

## Challenges

### Focus is required

- ▶ Achievable yields vary significantly between individual market segments
- ▶ Focus available resources (financial and personnel) on attractive market segments

### Implement restructuring in near future

- ▶ Organisational and cost structures harbour potential for optimisation – the existing business must also meet return expectations

## Entrepreneurial decision

**Exploit market growth, focus energy-related services, generate positive value added contribution**

# Targeted further development of energy-related services business – foundations laid for successful restructuring

## Key features of realignment ERS<sup>1</sup>

- ▶ **Increase operating efficiency**
- ▶ **Simplify organisational structures**
- ▶ **Reduce number of legal entities**

## Key areas of focus

- ▶ **Contracting & Energy Efficiency**  
Contracting services in the fields of energy supply, operations management and energy saving, reduce energy expenses by offering technical, commercial and all-round optimisation services
- ▶ **Industrial Parks**  
Services in the field of energy & utilities; services in the fields of occupational, environmental and health protection
- ▶ **Consulting**

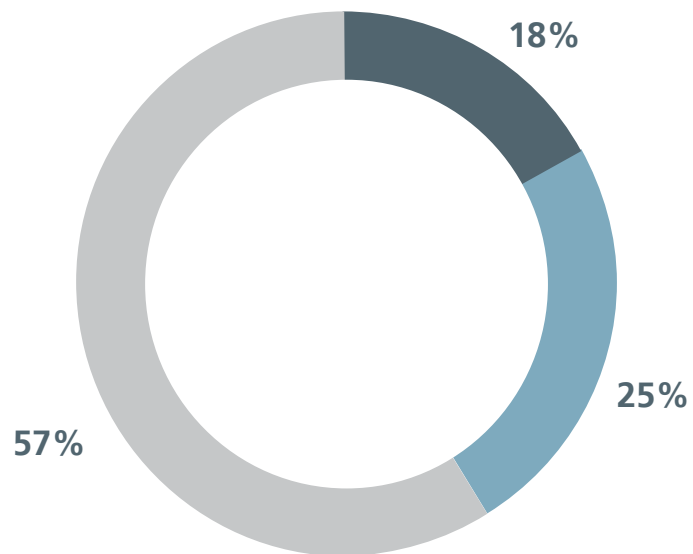
## Business areas not in focus

- ▶ **Infrastructure Planning**  
Especially land improvement and development projects and transport systems
- ▶ **Power plants not based on cogeneration**
- ▶ **Individual consulting segments**

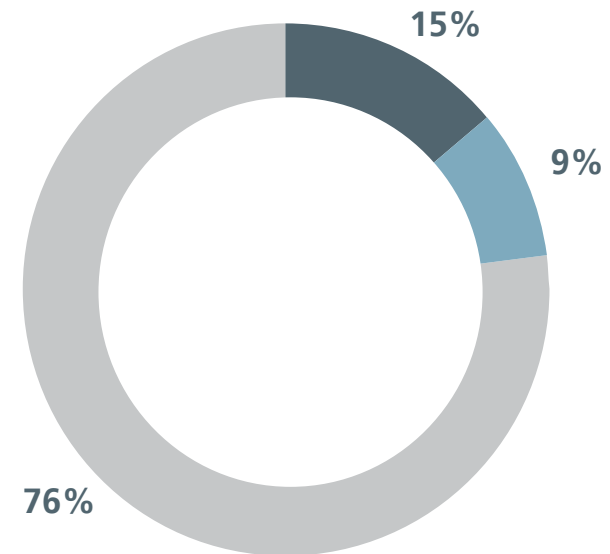
<sup>1</sup> energy-related services

# High priority for renewable energies at MVV Energie Group

Electricity generation of the MVV Energie Group in Germany in the 2008/09 FY: 3.8 TWh



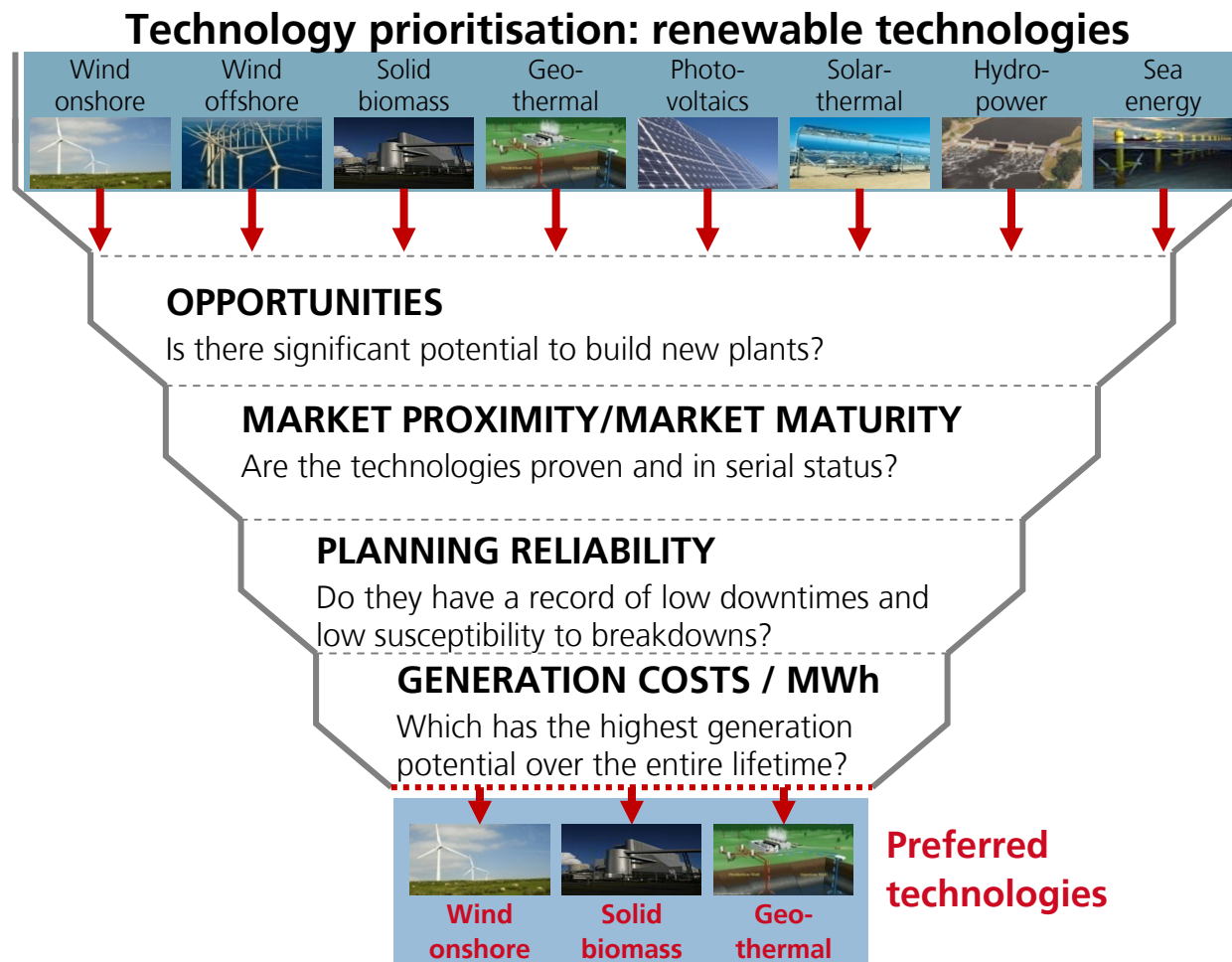
Gross electricity generation in Germany in 2008: 639 TWh



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

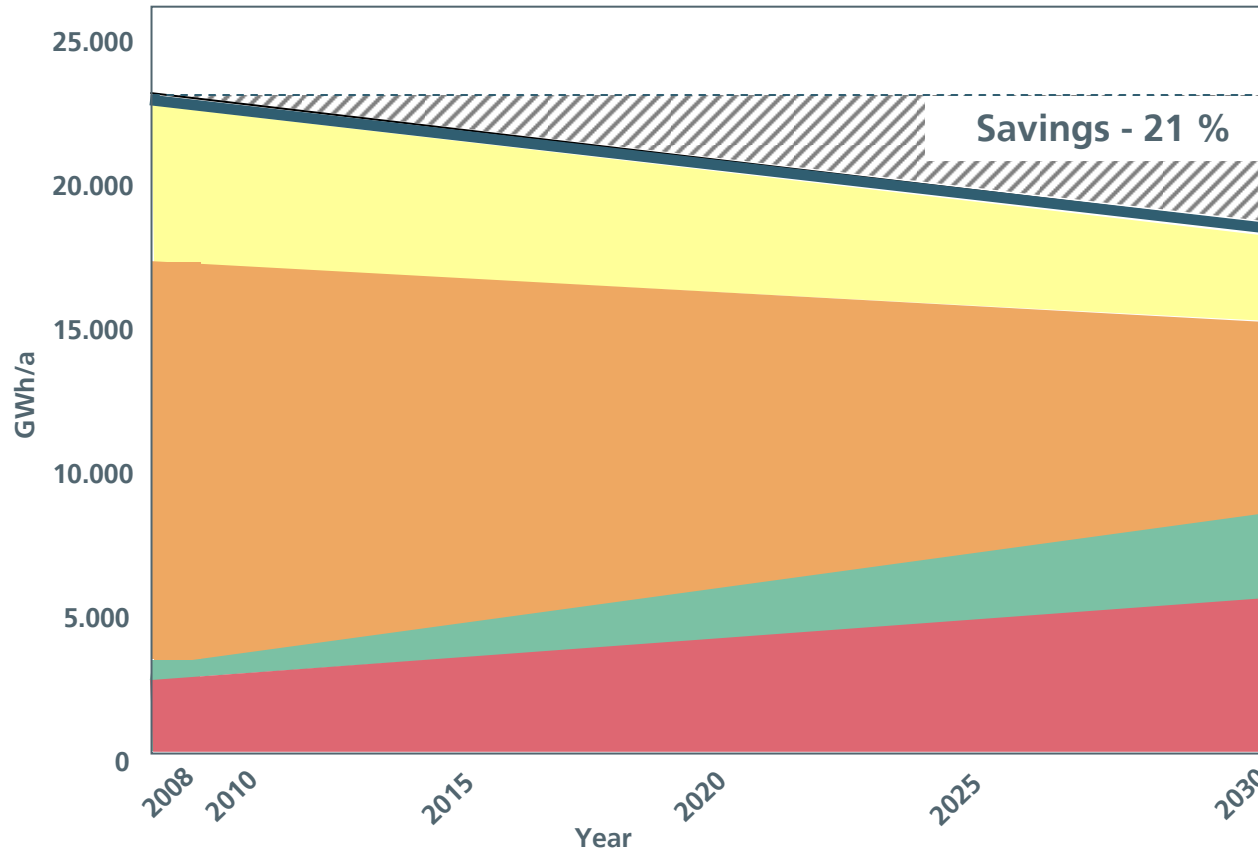
Source: Federal Ministry of the Environment (BMU), AGE Energiebilanzen (preliminary) and own calculations

# Expand renewable energies – technologies prioritised on basis of four key criteria



- ▶ Alternative renewable energies technologies assessed in accordance with four criteria within a “funnel model”
- ▶ On this basis, analysis of eight alternatives led to identification of three preferred technologies
  - Wind onshore
  - Solid biomass
  - Geothermal energy
- ▶ Monitor opportunities and implement when favourable opportunities arise

# 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

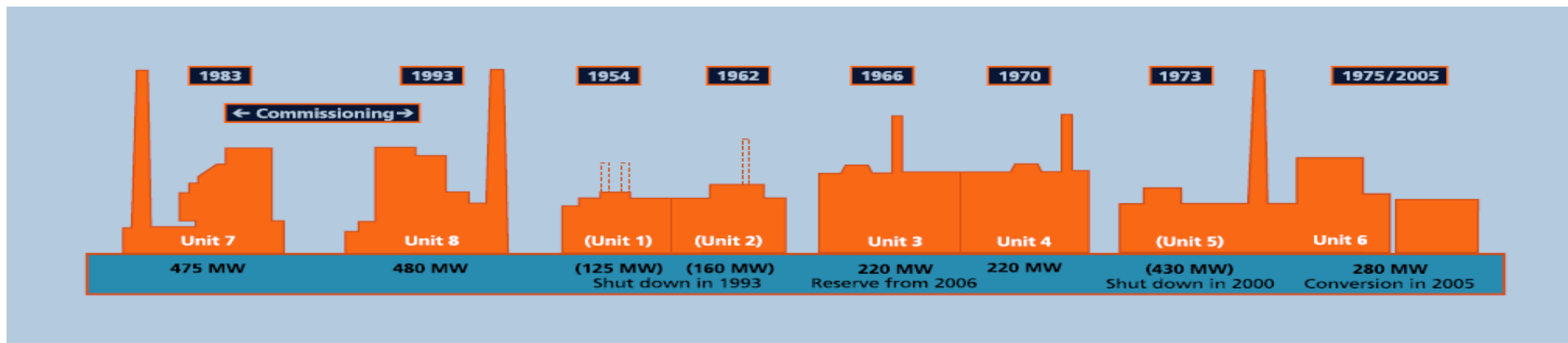
Energy savings and increased energy efficiency will reduce consumption by 21%.  
 Share of renewable energies and district heating set to rise to more than 43%.  
 Share of fossil fuels due to fall from more than 85% to around 56%.



# 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 CO<sub>2</sub> regime and increasing efficiency as well as saving resources
- ▶ Investment volume: Euro 1.2 billion, financing secured and 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.

# Expansion of district heating

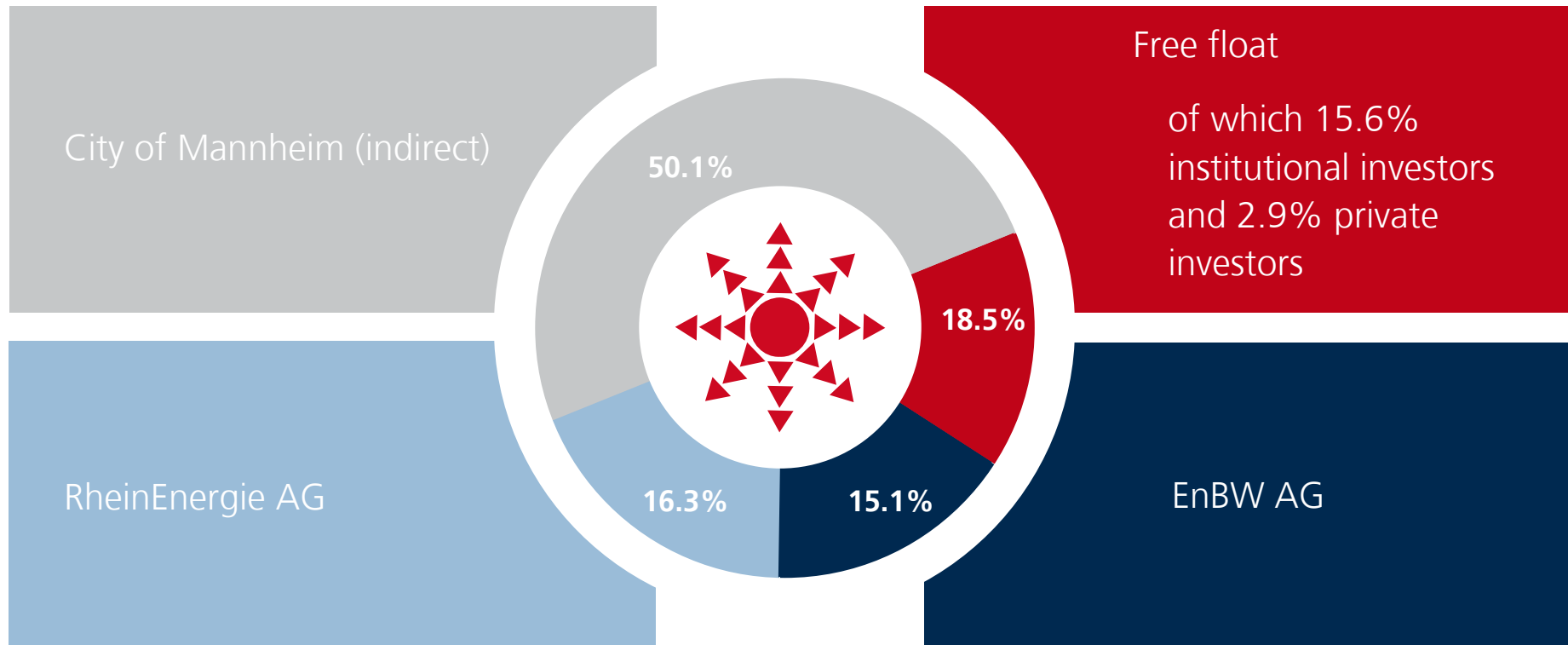
- ▶ Safeguarding secure, inexpensive, economical and environmentally-friendly supply of district heating in the long term (cogeneration)
- ▶ Climate-friendly CO<sub>2</sub> regime and increasing efficiency as well as saving resources
- ▶ Expansion (extension and concentration) of district heating in
  - Rhine/Neckar metropolitan region (Mannheim and Speyer)
  - Offenbach
  - Kiel
  - Ingolstadt

59% of households in Mannheim are connected to the district heating supply. Until 2030 the share of district heating is to be raised to 70%.



# The share of MVV Energie

# Current shareholder structure and key figures of MVV Energie AG



▶ **No. of shares:**

65.907 million

▶ **Average daily turnover:**

19,162 shares in 2008/09 FY

▶ **Market capitalisation:**

Euro 2,040 million

(Closing price on 12.5.2010:  
Euro 30.95)

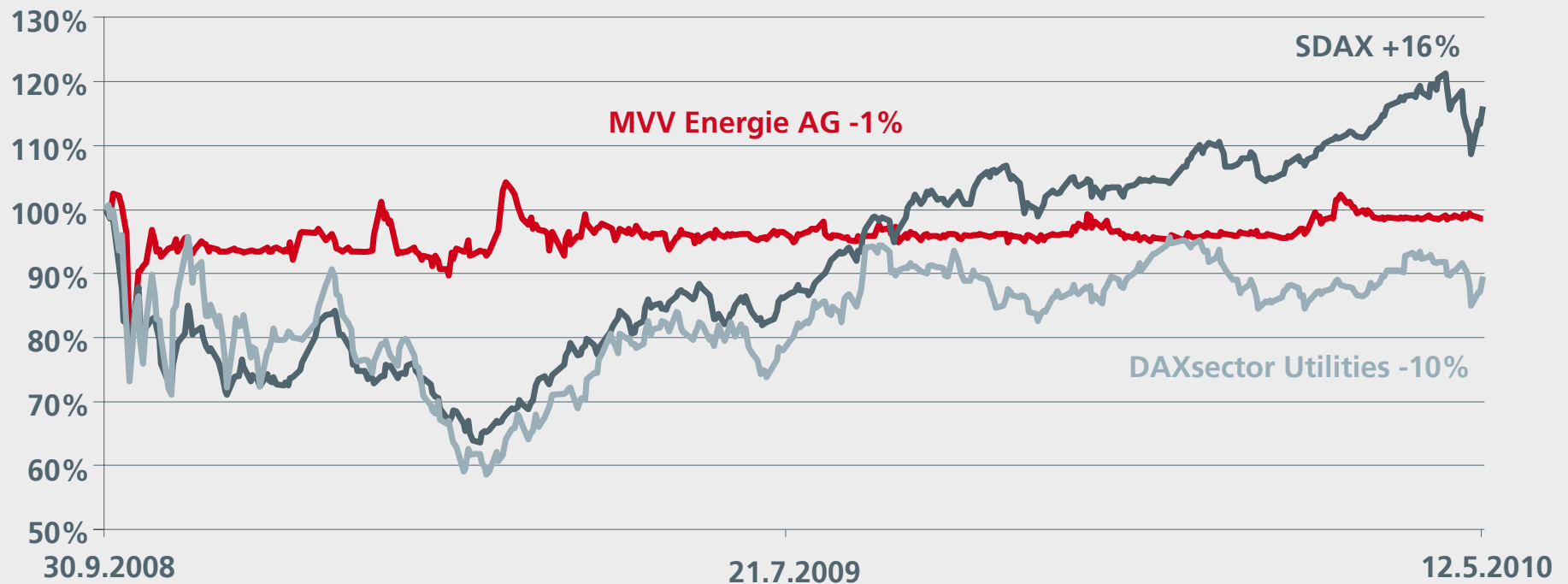
▶ **Free float:**

Euro 377 million

# MVV Energie's share proved stable in a weak market

The MVV Energie AG share (ISIN DE000A0H52F5)

XETRA trading



Share chart as performance comparison (including dividend payments in March 2009 and March 2010) with SDAX and DAXsector Utilities

# High dividend distribution in past eight years

## Dividend

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
<b>Dividend/Share (Euro)</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>0.80</b>	<b>0.80</b>	<b>0.90</b>	<b>0.90</b>
<b>Total dividend <sup>1</sup> (Euro million)</b>	<b>38.0</b>	<b>38.0</b>	<b>38.0</b>	<b>41.8</b>	<b>44.6</b>	<b>52.7</b>	<b>59.3</b>	<b>59.3</b>
<b>Dividend yield <sup>2</sup> (%)</b>	<b>5.0</b>	<b>4.9</b>	<b>5.2</b>	<b>3.9</b>	<b>3.4</b>	<b>2.7</b>	<b>2.7</b>	<b>2.9</b>

<sup>1</sup> with dividend entitlement until FY 2003/04: 50.7 million shares; FY 2004/05: 55.7 million shares; FY 2005/06: 55.8 million shares; from FY 2006/07: 65.9 million shares

<sup>2</sup> dividend yield based on respective closing price in XETRA trading on 30 September

## Advantages for our shareholders

- ▶ **Stability** due to diversified portfolio
- ▶ Solid balance sheet with matching maturities and **high equity ratio**
- ▶ High volume of **investments in future** in fields of renewable energies, energy-related services, district heating, power plant in Mannheim (GKM) and further expansion of nationwide sales of electricity and gas to industrial customers
- ▶ Solid **dividend yields**
- ▶ Listed in the Prime Standard (**SDAX**)
- ▶ Continuous **improvement in IR communications** (3rd position in SDAX stock market segment in 2009 Investor Relations Prize awarded by the business magazine Capital)



We are committed to shareholder value





## Outlook

# Outlook for 2009/10 financial year

▶ Sales target (excluding electricity and natural gas taxes) for 2009/10 financial year at around previous year's level (Euro 3.16 billion in 2008/09 financial year)



▶ Adjusted EBIT target at around previous year's level (Euro 239 million in 2008/09 financial year)



## ▶ **Variables affecting the outlook**

- Further course of economic and financial crisis
- Development in energy prices relevant to our business (electricity, coal, gas, oil, CO2 certificates)
- Weather conditions
- Regulatory and competitive factors



## Financial calendar of 2009/10

## Financial calendar of 2009/10

- ▶ 19.11.2009 Publication of Preliminary Results for the 2008/09 Financial Year and Analysts` Conference Call
- ▶ 27.1.2010 Annual Results Press Conference and Analysts` Conference in Frankfurt/Main
- ▶ 15.2.2010 Financial Report 1<sup>st</sup> Quarter of 2009/10
- ▶ 12.3.2010 Annual General Meeting in Mannheim
- ▶ 15.3.2010 Payment of Dividend
- ▶ 14.5.2010 Half-Year Financial Report of 2009/10 and Analysts` Conference Call
- ▶ 13.8.2010 Financial Report 3<sup>rd</sup> Quarter of 2009/10 and Analysts` Conference Call

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