



MVV Energie – Energising the Future

Fact book

Consolidated financial statements for the
2010/11 financial year pursuant to IFRS

15 December 2011

www.mvv-investor.de

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Key financial data for the 2010/11 financial year

We achieved all our targets in the 2010/11 financial year

▶ **Sales target (excluding electricity and natural gas taxes) for 2010/11 financial year at around previous year's level (Euro 3.4 billion in 2009/10 financial year). With actual sales of Euro 3.6 billion this target has been exceeded.**



▶ **Adjusted EBIT target at around previous year's level (Euro 243 million in 2009/10 financial year). With actual adjusted EBIT of Euro 242 million this target has been achieved.**



▶ **Payment of a constant dividend of Euro 0.90 per share for the 2010/11 financial year**



Key figures of the MVV Energie Group for the 2010/11 financial year – Adjusted

Earnings performance in Euro million

| | 2010/11 (1.10-30.9.) | 2009/10 (1.10-30.9.) | % change |
|---|----------------------|----------------------|------------|
| Sales excluding electricity and energy tax | 3,590 | 3,359 | +7 |
| Adjusted EBITDA¹ | 394 | 406 | -3 |
| Adjusted EBIT² | 242 | 243 | 0 |
| Adjusted EBT^{2,3} | 179 | 165 | +8 |
| Adjusted net surplus for period^{2,3} | 125 | 105 | +19 |
| Adjusted net surplus for period after minority interests^{2,3} | 108 | 95 | +14 |
| Adjusted earnings per share^{2,3} in Euro | 1.63 | 1.44 | +13 |
| Free cash flow⁴ | 163 | 154 | +6 |

1 excluding non-operating IAS 39 derivative measurement items and including interest income from finance leases (previous year's figure adjusted)

2 excluding non-operating IAS 39 derivative measurement items and excluding restructuring expenses and including interest income from finance leases (previous year's figure adjusted)

3 impact of the expiry of the Kiel put option

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

Sales by reporting segments in the 2010/11 financial year

Sales in Euro million

| | 2010/11 (1.10-30.9.) | 2009/10 (1.10-30.9.) ¹ pro forma |
|---|----------------------|--|
| Generation and Infrastructure | 320 | 329 |
| Trading and Portfolio Management | 800 | 684 |
| Sales and Services | 2,095 | 1,984 |
| Strategic Investments | 371 | 356 |
| Other Activities | 4 | 6 |
| Total | <u>3,590</u> | <u>3,359</u> |

¹ previous year's figures calculated as pro forma figures

Adjusted EBIT by reporting segments in the 2010/11 financial year

Adjusted EBIT in Euro million

| | 2010/11 (1.10-30.9.) | 2009/10 (1.10-30.9.) ¹ pro forma |
|---|----------------------|--|
| Generation and Infrastructure | 123 | 122 |
| Trading and Portfolio Management | 26 | 40 |
| Sales and Services | 51 | 39 |
| Strategic Investments | 37 | 37 |
| Other Activities | 5 | 5 |
| Total | <u>242</u> | <u>243</u> |

¹ previous year's figures calculated as pro forma figures

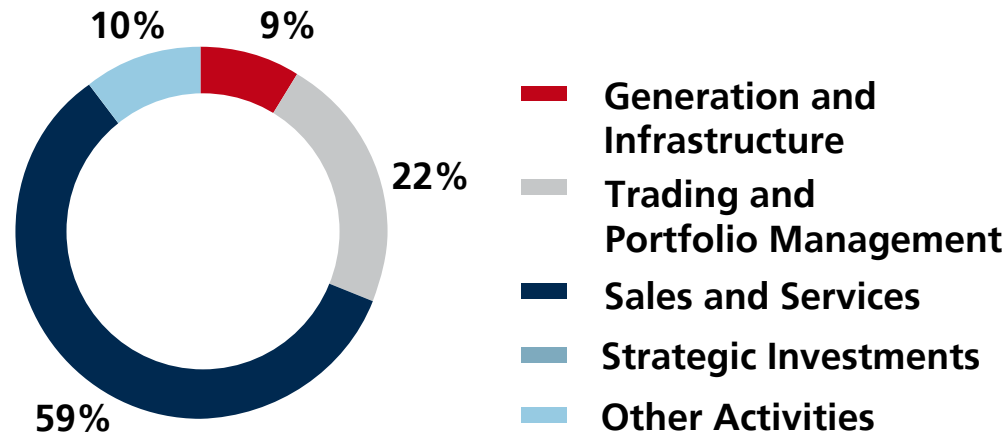
Sales volumes and combustible waste delivered in the 2010/11 financial year

Sales volumes

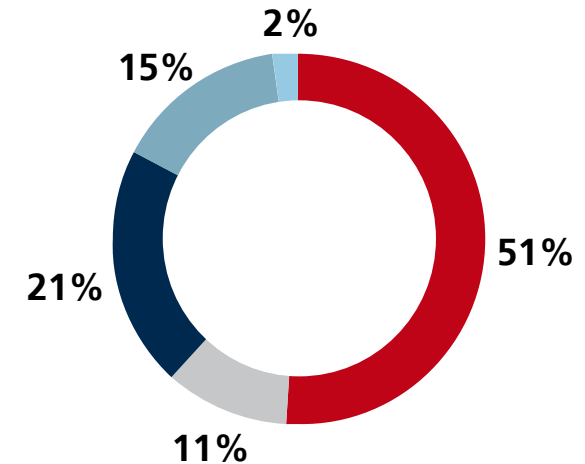
| | 2010/11 (1.10-30.9.) | 2009/10 (1.10-30.9.) | % change |
|---|----------------------|----------------------|-----------|
| Electricity in kWh million | 26,093 | 23,891 | +9 |
| of which Generation and Infrastructure | 155 | 334 | -54 |
| of which Trading and Portfolio Management | 12,855 | 10,771 | +19 |
| of which Sales and Services | 11,678 | 11,510 | +1 |
| of which Strategic Investments | 1,405 | 1,276 | +10 |
| District heating in kWh million | 7,288 | 7,586 | -4 |
| Gas in kWh million | 10,888 | 11,775 | -8 |
| of which Trading and Portfolio Management | 1,700 | 2,313 | -27 |
| of which Sales and Services | 7,759 | 7,356 | +5 |
| of which Strategic Investments | 1,429 | 2,106 | -32 |
| Water in m³ million | 53.7 | 54.2 | -1 |
| Combustible waste delivered in tonnes 000s | 1,835 | 1,762 | +4 |

Sales and adjusted EBIT by reporting segments

Share of external sales in 2010/11 FY



Share of adjusted EBIT in 2010/11 FY



► Key figures (2010/11 FY pursuant to IFRS)

| | |
|------------------------------|--------------------|
| Sales ¹ : | Euro 3.590 million |
| Adjusted EBITDA: | Euro 394 million |
| Adjusted EBIT: | Euro 242 million |
| Adjusted annual net surplus: | Euro 125 million |
| Adjusted equity ratio: | 39.5% |
| Free cash flow: | Euro 163 million |
| Number of employees: | 5,923 |

1 excluding electricity and natural gas taxes

Reconciliation of EBIT (income statement) with adjusted EBIT in the 2010/11 financial year

in Euro million

| | 2010/11 (1.10-30.9.) | 2009/10 (1.10-30.9.) | +/- change |
|--|----------------------|----------------------|------------|
| EBIT as reported in income statement | 253 | 308 | -55 |
| + Derivative measurement items under IAS 39 | -46 | -69 | +23 |
| + Restructuring expenses | 31 | - | +31 |
| + Interest income from finance leases | 4 | 4 | 0 |
| = Adjusted EBIT | <u>242</u> | <u>243</u> | -1 |

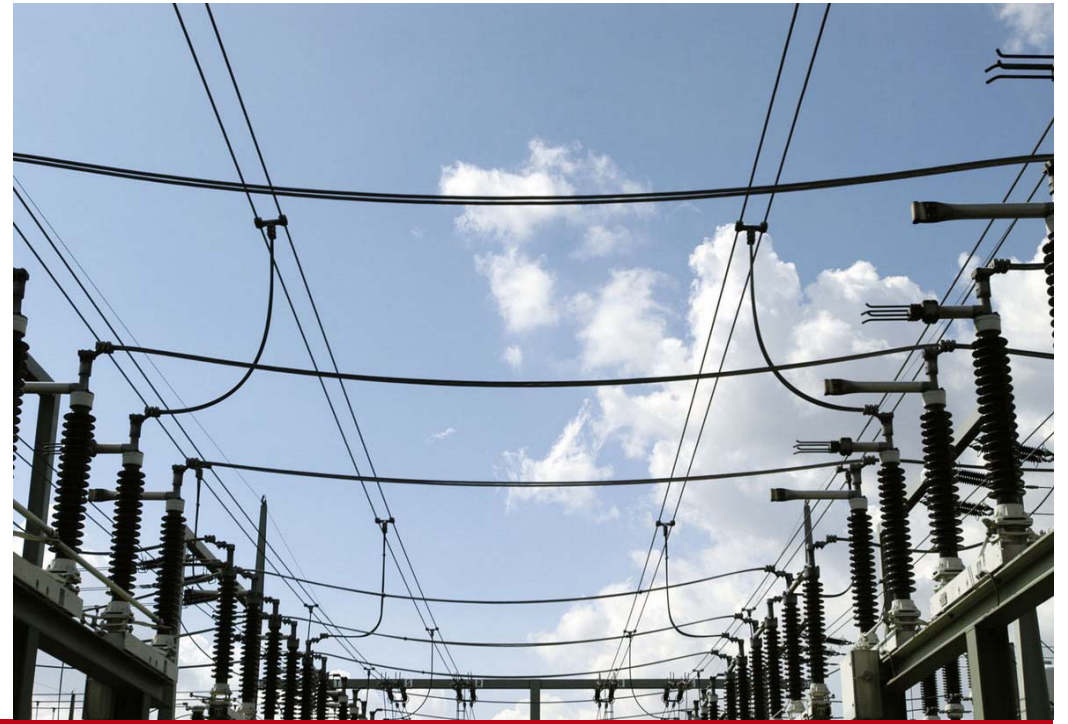
Key factors affecting year-on-year adjusted EBIT performance

Positive one-off factors

- ▶ Year-on-year comparison benefits from high write-downs in ERS business in previous year
- ▶ Improvement in generation and environmental energy
- ▶ Gas optimisation and improved trading results
- ▶ Improvements at Czech subgroup

Negative one-off factors

- ▶ Lower clean dark spreads and higher performance prices
- ▶ Weather-related reduction in district heating turnover



German energy turnaround

Long-term aims of Federal Government's Energy Concept from autumn 2010 unchanged despite nuclear energy exit

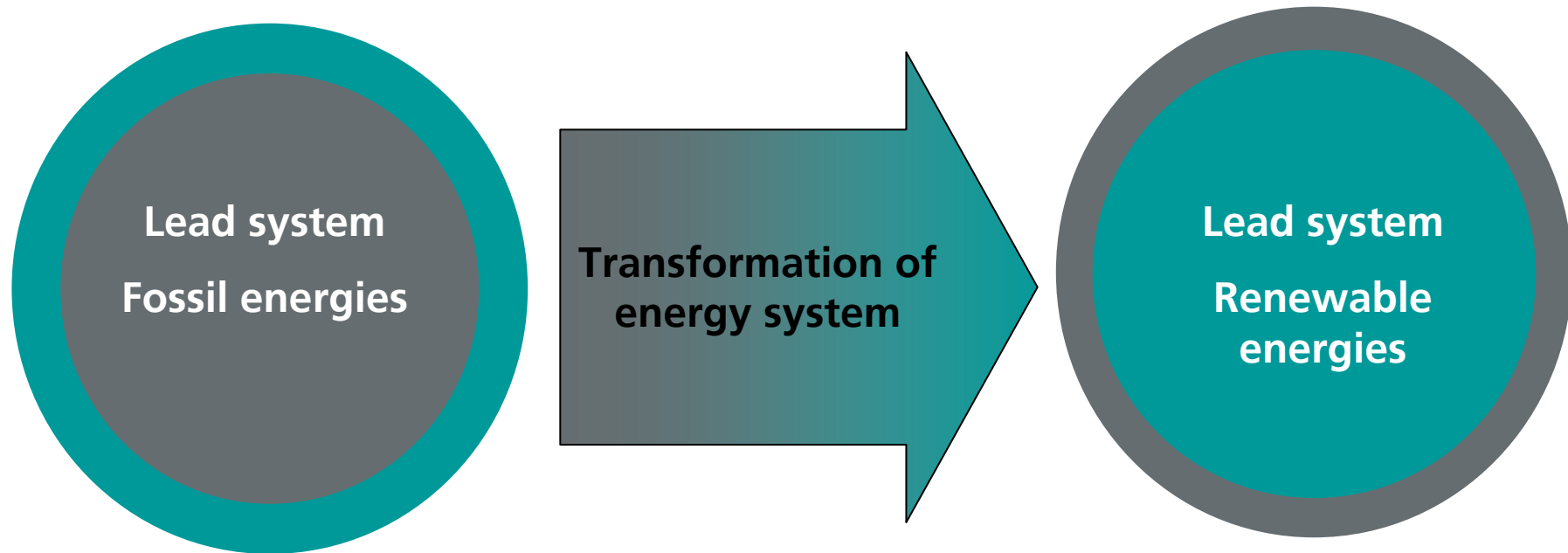
Greenhouse gas reduction: 40% (2020) / 80-95% (2050)

| | 2020 | 2050 |
|---|------|-------|
| Primary energy consumption (base: 2008) | -20% | - 50% |
| Building heating/primary energy consumption | -20% | - 80% |
| Electricity consumption (base: 2008) | -10% | -25% |
| % renewables in end energy consumption | 18% | 60% |
| % renewables in electricity consumption | 35% | 80% |

Gradual nuclear energy exit by 2022

- ▶ Extensive new legislation (including amendments to Atomic Energy, Renewable Energies and Cogeneration Acts)

Energy turnaround will require fundamental transformation in entire energy supply

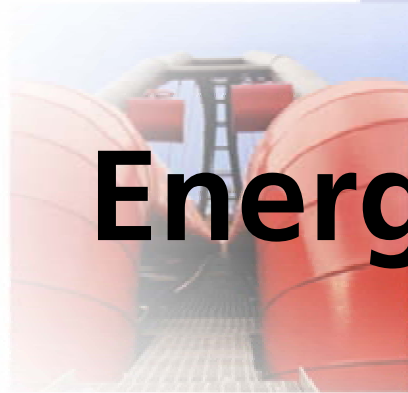


- ▶ Transformation requires new market design, new price systems, new technologies
- ▶ Energy turnaround will require all-round "management"

Key challenges involved in ecological transformation of energy system

Increased flexibility

Grid expansion & restructuring



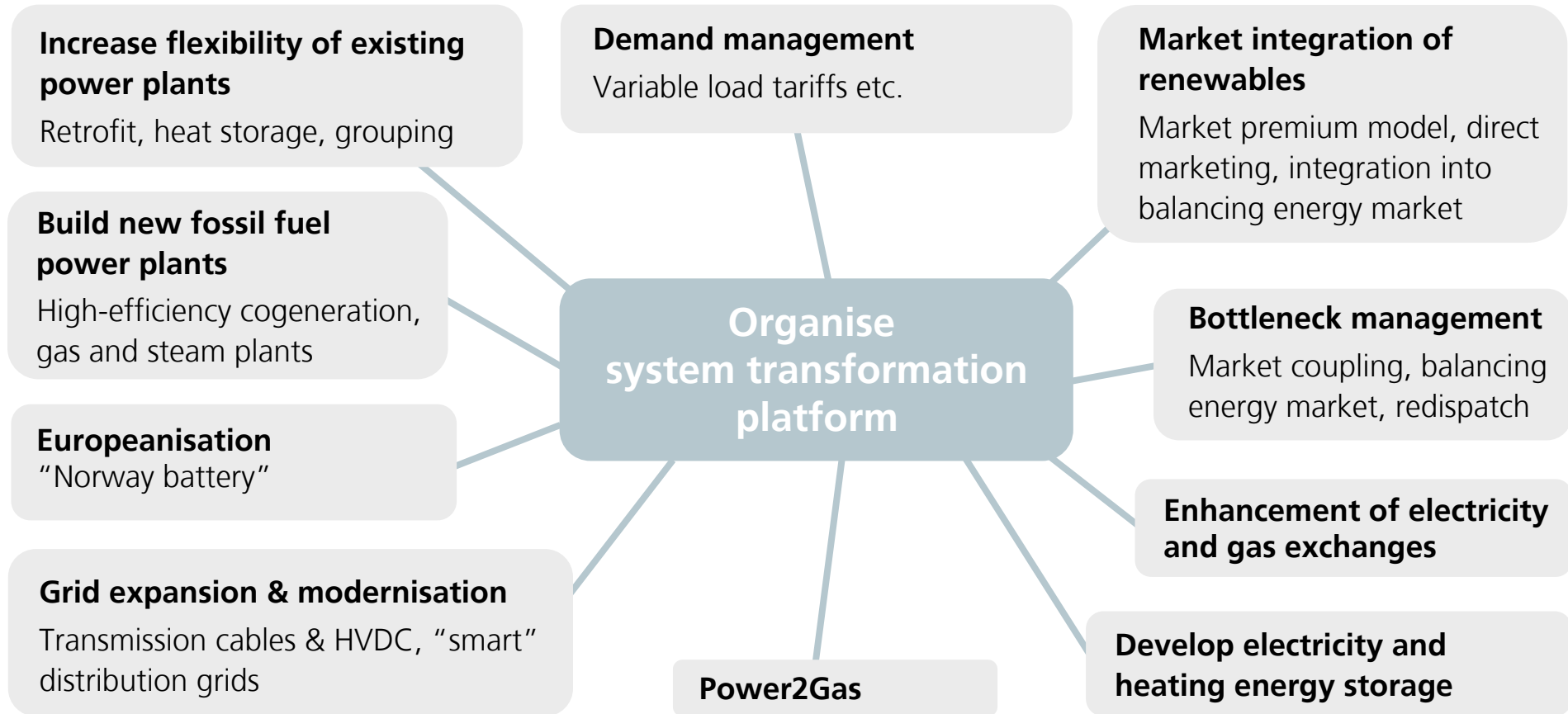
Energy Industry

Market integration of renewable energies

Energy efficiency

- ▶ Energy turnaround involves far more than just switching off nuclear power plants
- ▶ Energy turnaround means promoting energy efficiency and expanding renewable energies while simultaneously safeguarding system stability

Which key factors will be relevant in future?



- ▶ **Comprehensive market design as indispensable factor for successful transformation**
- ▶ **Broad-based consensus within society necessary for paradigm shift**



MVV Energie – Implementation of our strategy

We are making good progress with implementing our growth targets – Examples of projects implemented since MVV 2020



Successful entry into UK market



Development of wind power portfolio



Entry into biomethane business



Expansion in district heating Block 9 GKM



Expansion of district heating in Czech Republic



Joint district heating project in Ingolstadt



Expansion in energy efficiency and contracting

Kirchberg wind farm – Further step in high-growth wind power market



Kirchberg location in Rhineland-Palatinate

- ▶ Launch of operations: December 2011
- ▶ Investment: Euro 84 million
- ▶ Joint venture with juwi
- ▶ 23 E-82 E2 type wind turbines (Enercon)
- ▶ Hub height: 138 metres
- ▶ Output: 53 MW_e
- ▶ Electricity output: approx. 125 GWh p.a.
(equivalent to consumption of 35,000 households)
- ▶ CO₂ reduction: 100,000 tonnes a year

We are focusing on onshore wind power plants

Launch of biomethane business at Klein Wanzleben location

Biomethane plant at Klein Wanzleben location

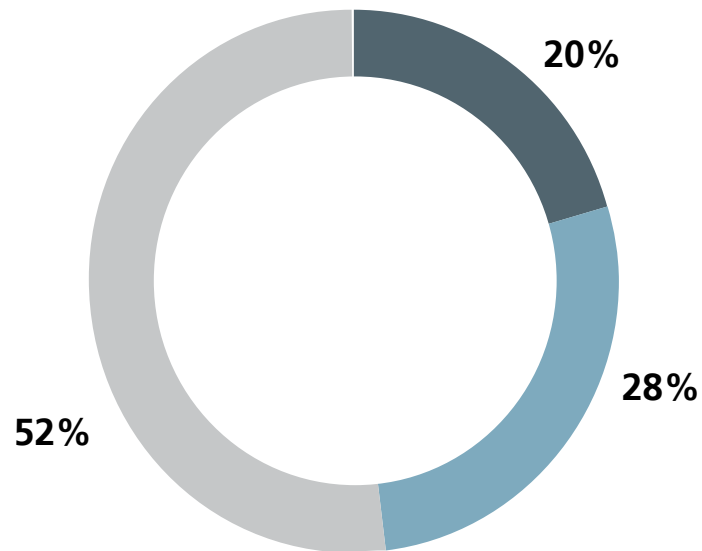
- ▶ Launch of construction work: end of May 2011
- ▶ Launch of operations: summer 2012
- ▶ Investment: Euro 12.6 million
(of which MVV Energie: Euro 9.4 million)
- ▶ Biogas production: 63 million kWh p.a.
- ▶ Raw materials requirement:
approx. 47,500 tonnes p.a. of maize silage,
2,500 tonnes p.a. of sugar beet plus
10,000 tonnes p.a. of sugar beet chips
for process heat production (own consumption)
- ▶ Planned operating term: at least 20 years



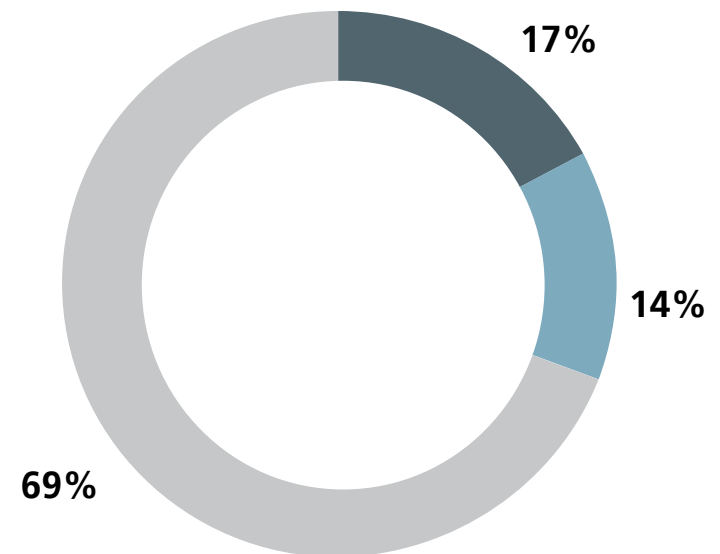
Key component in expansion of renewable energies

High priority for renewable energies at MVV Energie Group

Electricity generation of the MVV Energie Group
in Germany in FY 2010/11: 3.8 TWh



Net electricity generation
in Germany in 2010: 584 TWh



- Electricity from renewable energies, including biomass cogeneration and biogenic share of waste
- Electricity from cogeneration
- Other electricity generation

Sources: Renewable Energies Statistics Working Group (AGEE-Stat), Association of the German Energy and Water Industries (BDEW), Berliner Energieagentur GmbH/Prognos AG and own calculations (preliminary)

Implementation: Successful expansion of district heating – Ingolstadt



Ingolstadt joint district heating project

- ▶ Bavaria's largest waste heat and district heating project
- ▶ Investment: around Euro 23 million
- ▶ Joint project with Petroplus refinery, City of Ingolstadt and AUDI AG
- ▶ Construction of a 5.3 km district heating pipeline
- ▶ District heating output to be raised starting in spring 2011 from 190 GWh p.a. to approx. 300 GWh p.a. by 2013

Resource-effective use of waste industrial heat to supply heating energy

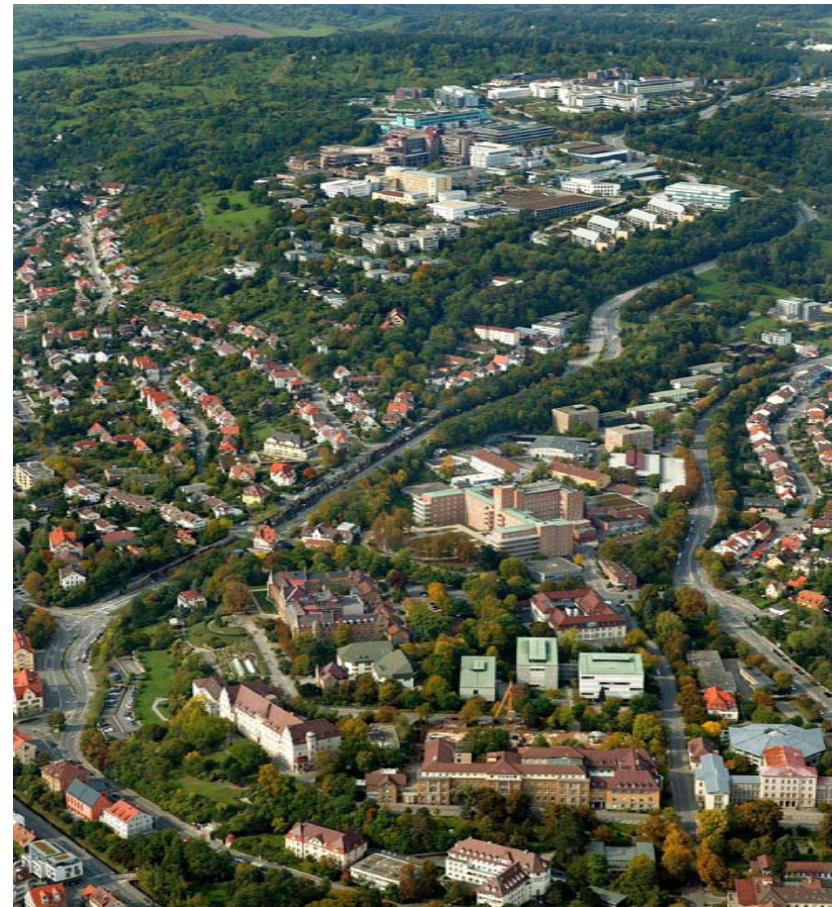
Enhanced energy efficiency and contracting – Tübingen University Hospital

Tübingen University Hospital

- ▶ Assumption of operations: July 2010
- ▶ Conversion of 40 year-old heat power plant from oil and gas to wood pellet operations
- ▶ Launch of operations with new system: end of 2012
- ▶ Investments: Euro 12 million
- ▶ Contractual term: 20 years
- ▶ Energy cost savings: 20% p.a.

Technical data

- ▶ 2 wood boilers: each 10 MW_{th}
- ▶ CO₂ reduction: 20,000 tonnes a year, or up to 98%



Environmentally-friendly heating energy generation using ecological local heating supply

TERMIZO – Heating energy from waste

TERMIZO in the Czech Republic

- ▶ TERMIZO is a waste-fired heating energy plant that meets the highest European standards
- ▶ Purchase price: approx. Euro 21 million
- ▶ All of the heating energy produced is supplied to Teplarna Liberec
- ▶ Single-line plant concept with modern flue gas cleaning

Technical data

- ▶ Heat as of end of 2010: 38.3 MW_t
- ▶ Electricity generation as of end of 2010: 4.0 MW_e
- ▶ Waste incineration capacity as of end of 2010: 106,000 tonnes p.a.



Modern plant with high availability rates

Grosskraftwerk Mannheim (GKM)

Grosskraftwerk Mannheim (GKM)

- ▶ Gross electricity generation capacity at GKM: 1,675 MW_{el}
- ▶ Gross electricity generation capacity at new Block 9: 911 MW_{el}
- ▶ Efficiency ratio of new Block 9: 70%
- ▶ Shareholder structure in GKM: 28% MVV Energie, 40% RWE, 32% EnBW
- ▶ Launch of operations at Block 9: 2015
- ▶ District heating supply secure, as Blocks 3 and 4 to remain in operation until Block 9 is online
- ▶ Immissions protection approval to use Block 3 as “cold reserve” in winter months



Output from Block 9 will cover around 25% of electricity needs in Rhine/Neckar metropolitan region

Plymouth energy from waste plant project: MVV Energie wins contract to build and operate plant

South West Devon Waste Partnership



Investment and financing

- ▶ Investment: approx. Euro 250 million
- ▶ Financial close: 25 March 2011
- ▶ Construction: from 2012
- ▶ Launch of operations: from 2014

Technical data

- ▶ Nominal capacity: 245,000 tonnes p.a.
- ▶ Net electricity production: 22.5 MW
- ▶ Max. heating energy supply: 23.3 MW

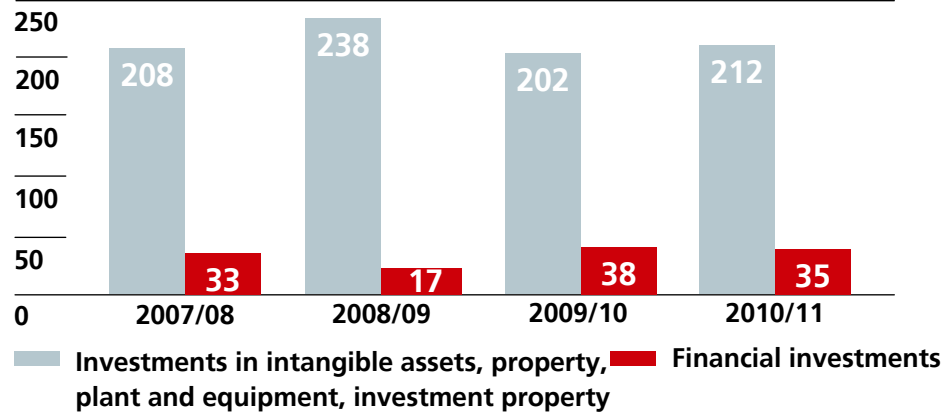
Broad revenue base

- ▶ Municipal waste contract: 25-year term, 75% bring-or-pay
- ▶ Energy supply contract with a 25-year term to supply electricity and steam to navy base
- ▶ Government support for cogeneration and generation of renewable energy from biogenic share of waste

Exporting our wealth of expertise in generating energy from waste to the UK

Investment and growth

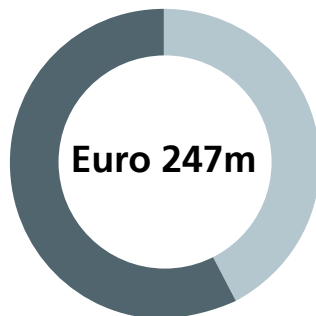
Investments in Euro million



Investments¹ in 2010/11 financial year

Growth investments

Euro 143 million



Replacement investments

Euro 104 million

¹ 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

► Existing business

- Optimising and preserving substance of supply facilities and distribution grids
- Concentration of locations and construction of new gas turbines in Kiel

► Growth investments

- Extending the supply of district heating in Mannheim and construction of a district heating pipeline to Speyer
- Ingolstadt district heating association
- Construction of Klein Wanzleben biomethane plant
- Construction of Kirchberg wind farm
- Construction of Plymouth energy from waste plant
- Contracting project Tübingen University Hospital
- Construction of cogeneration plants in Czech Republic (COGEN II)
- Acquisition of cogeneration plant TERMIZO in Czech Republic



Outlook

Outlook for 2011/12 financial year

▶ **Sales target (excluding electricity and natural gas taxes) for 2011/12 financial year slightly above previous year's level (Euro 3.59 billion in 2010/11 financial year)**



▶ **Adjusted EBIT target slightly below previous year's level (Euro 242 million including interest income from finance leases in 2010/11 financial year)**



▶ **Variables affecting the outlook**

- Development in energy prices relevant to our business (electricity, coal, gas, oil, CO₂ certificates)
- Weather conditions
- Downtime at joint power plant in Kiel (GKK)
- Development in waste prices in Germany
- Regulatory and competitive factors

High dividend distribution in past eight years

Dividend

| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------------|
| Dividend/Share (Euro) | 0.75 | 0.75 | 0.80 | 0.80 | 0.90 | 0.90 | 0.90 | 0.90³ |
| Total dividend¹ (Euro million) | 38.0 | 41.8 | 44.6 | 52.7 | 59.3 | 59.3 | 59.3 | 59.3 |
| Closing price on 30.9. (Euro) | 14.40 | 19.29 | 23.23 | 29.49 | 33.20 | 30.83 | 29.00 | 23.86 |
| Dividend yield² (%) | 5.2 | 3.9 | 3.4 | 2.7 | 2.7 | 2.9 | 3.1 | 3.8 |

¹ 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

² dividend yield based on respective closing price in XETRA trading on 30 September

³ subject to approval by the Annual General Meeting on 16 March 2012

Advantages for our shareholders

Well balanced portfolio

- ▶ Across major steps of the value added chain,
- ▶ across regions and
- ▶ across customers

Green & clean

- ▶ No nuclear exposure in own generation
- ▶ Wind onshore, biomass and biomethane
- ▶ CHP and district heating
- ▶ R&D: Smart metering and E-mobility

Solid balance sheet

- ▶ Long term investment horizon matched with long term maturities
- ▶ High equity ratio of 39.5%

Ambitious capex programme until 2020

- ▶ Euro 3 billion in total of which
 - Euro 1.5 billion in growth
 - Euro 1.5 billion in replacement investments

We are committed to shareholder value



Financial calendar of 2011/12

Financial calendar of 2011/12

- ▶ 15.12.2011 2010/11 Annual Report
- ▶ 15.12.2011 Annual Results Press Conference and Analysts` Conference in Frankfurt/Main
- ▶ 15.2.2012 Financial Report 1st Quarter of 2011/12
- ▶ 16.3.2012 Annual General Meeting in Mannheim
- ▶ 19.3.2012 Payment of Dividend
- ▶ 15.5.2012 Half-Year Financial Report of 2011/12 and Analysts` Conference Call
- ▶ 15.8.2012 Financial Report 3rd Quarter of 2011/12 and Analysts` Conference Call



Back up

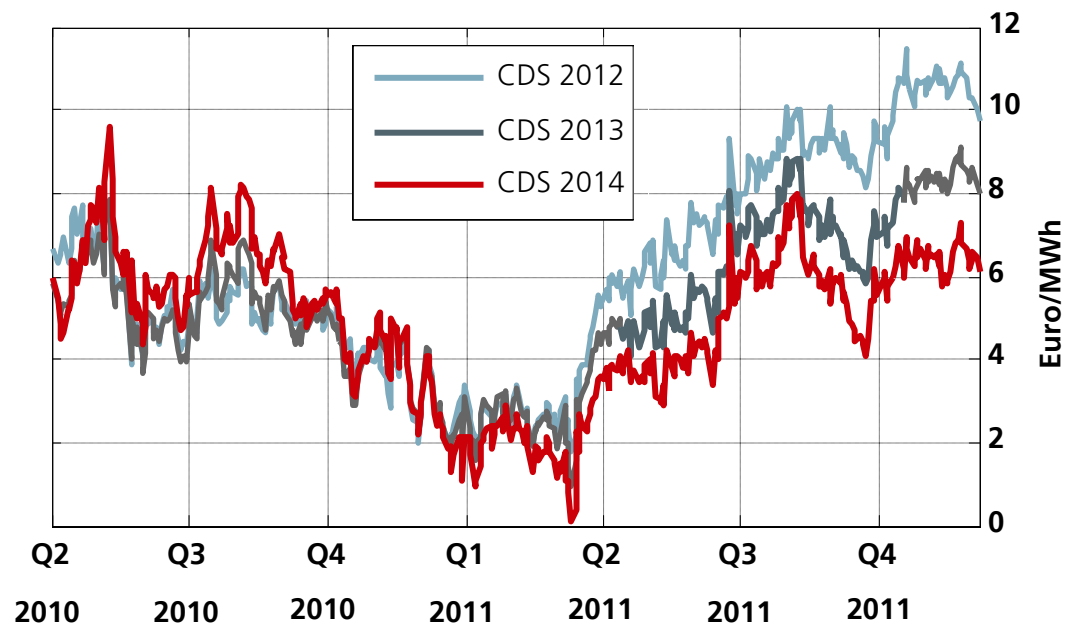
Sales and adjusted EBIT performance by quarter

Euro million

| | 2010/11 (1.10-30.9.) | | 2009/10 (1.10-30.9.) | | % change |
|------------------------------------|----------------------|--|----------------------|--|-----------|
| 1 st Quarter | 947 | | 839 | | +13 |
| 2 nd Quarter | 949 | | 1,004 | | -5 |
| 3 rd Quarter | 783 | | 711 | | +10 |
| 4 th Quarter | 911 | | 805 | | +13 |
| Sales in the financial year | <u>3,590</u> | | <u>3,359</u> | | +5 |

| | | | | | |
|--|-------------------|--|-------------------|--|----------|
| 1 st Quarter | 91 | | 85 | | +7 |
| 2 nd Quarter | 113 | | 125 | | -10 |
| 3 rd Quarter | 44 | | 43 | | +2 |
| 4 th Quarter | -6 | | -10 | | +40 |
| Adjusted EBIT in the financial year | <u>242</u> | | <u>243</u> | | 0 |

The Clean Dark Spread (CDS) development has a significant impact on the MVV Energie Group



Future CDS development will be influenced by different markets and political decisions:

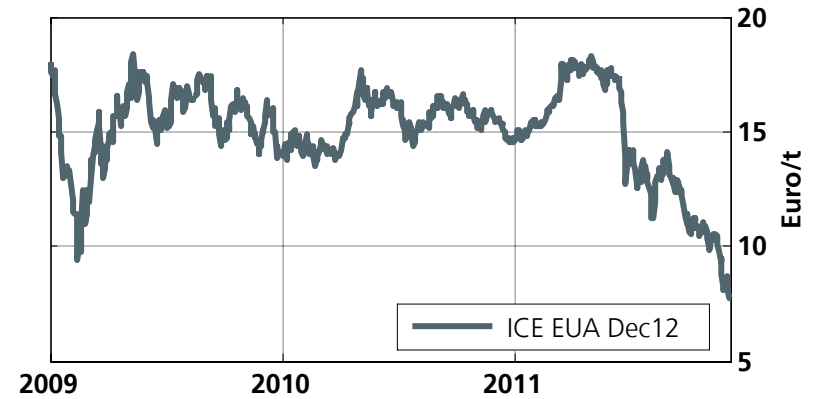
- ▶ German power generation
 - Nuclear exit
 - Renewable generation (wind, solar)
 - New conventional generation
- ▶ Global coal markets/FX
- ▶ Carbon price level

Energy price curves

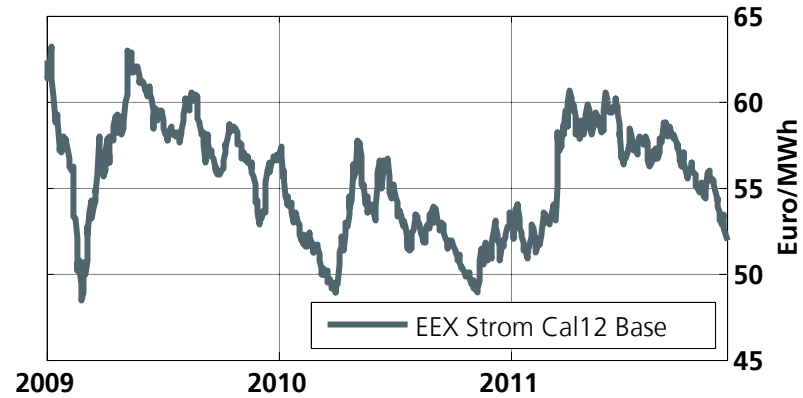
Coal



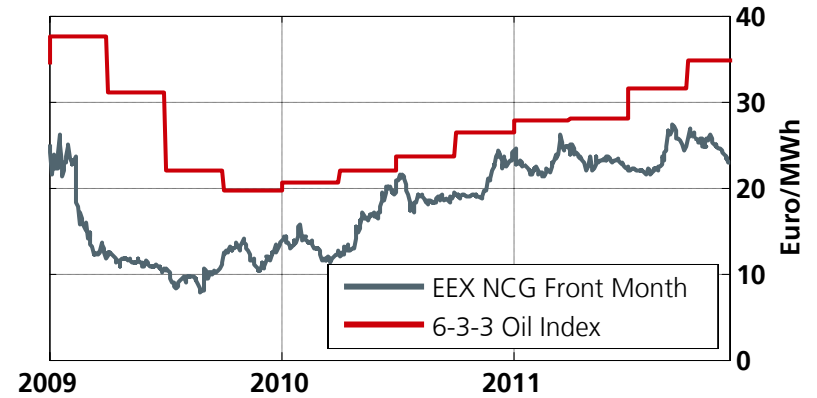
CO₂



Electricity



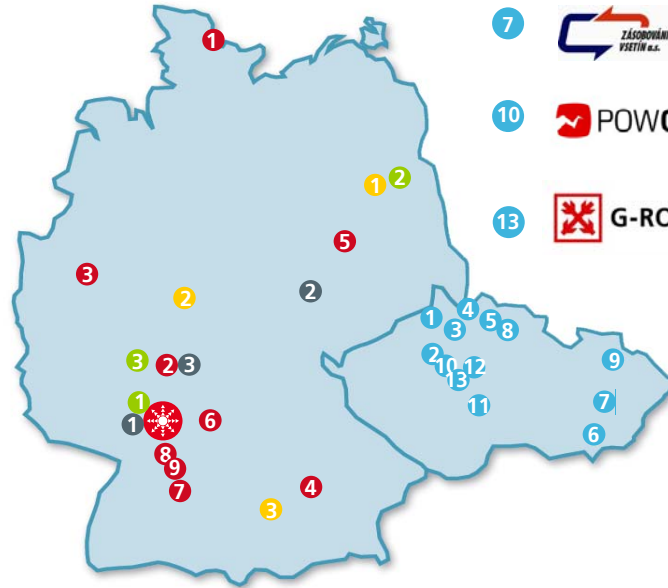
Gas



Municipal utility companies and major locations of the MVV Energie Group



- 1 TERMO DĚČÍN
- 2 EH ENERGIE Holding
- 3 CLT
- 4 TEPLARNA LIBEREC
- 5 JTR
- 6 CTZ s.r.o.
- 7 ZÁSOBOVÁNÍ TEPELN VÝSTŘÍH s.r.o.
- 8 EPRD
- 9 OPATHERM G.1
- 10 POWGEN
- 11 IROMEZ
- 12 G-LINDE
- 13 G-RONN



- 1 Berlin
- 2 Korbach
- 3 Gersthofen



- 1 Königs-Wusterhausen
- 2 Wicker
- 3 TREA Leuna
- 3 Offenbach
- 4 Plymouth (as of 2012 under construction)

- 1 24/7 STADTWERKE KIEL
- 2 EVO
- 3 EWS
- 4 STADTWERKE INGOLSTADT
- 5 Köthen Energie
- 6 STADTWERKE BUCHEN
- 7 Stadtwerke SINSHEIM
- 8 Stadtwerke Schwetzingen
- 9 Stadtwerke Walldorf GmbH

1 as of 1.1.2012

- Biomass power plant
- Waste utilisation

- 1 Mannheim
- 1 Mannheim

Decentralised energy supply – EVO wood pellet plant in Offenbach



Wood pellet plant in Offenbach

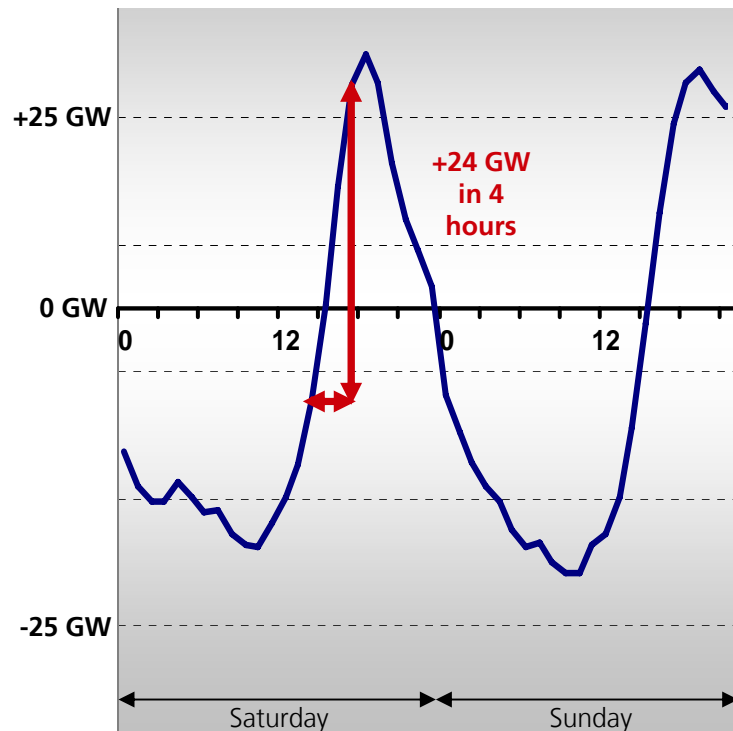
- ▶ Launch of operations: May 2011
- ▶ Investment in wood pellet plant, including adjacent biomass cogeneration plant: approx. Euro 17 million
- ▶ Wood pellet production from shavings and waste timber: initially 65,000 tonnes a year
- ▶ Possibility of doubling wood pellet production in further expansion stage
- ▶ Substitute fuel for up to 50,000 tonnes of hard coal at EVO's cogeneration plant
- ▶ CO₂ reduction: up to 80,000 tonnes a year

One of Germany's most modern plants – making a key contribution to climate protection

Market integration of renewable energies will require highly flexible gas power plants and cogeneration plants

Residual load 2030

(electricity demand – renewables feed-in)



Too little electricity

Too much electricity

Conventional power plants

Import of electricity

Storage/flexibilities

- ▶ Pump storage
- ▶ Heating energy storage
- ▶ Gas to power ("methanisation")
- ▶ Norway as battery
- ▶ Demand-side management

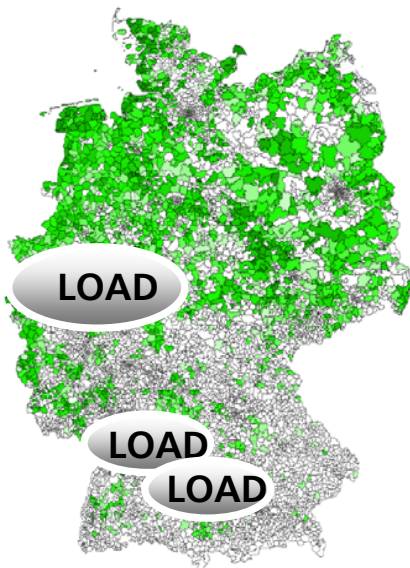
Switch off renewables plants

Export of electricity

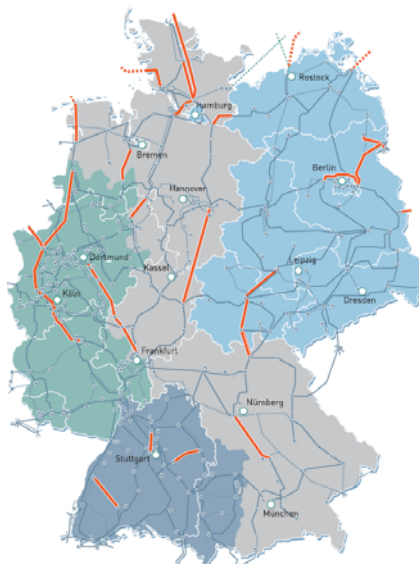
▶ Increasing need for supply-side and demand-side flexibility with high load gradients to offset fluctuating renewables feed-in volumes

Grid expansion and conversion required on transmission and distribution grid levels

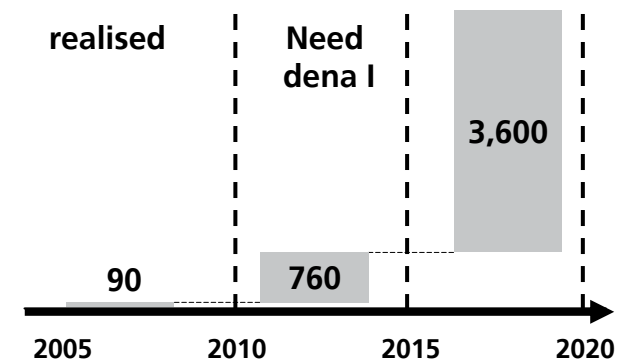
Wind output distribution



dena I grid expansion project



Grid expansion need after dena I und II [km]



- ▶ Grid expansion costs including offshore link: ~ Euro 1bn p.a.

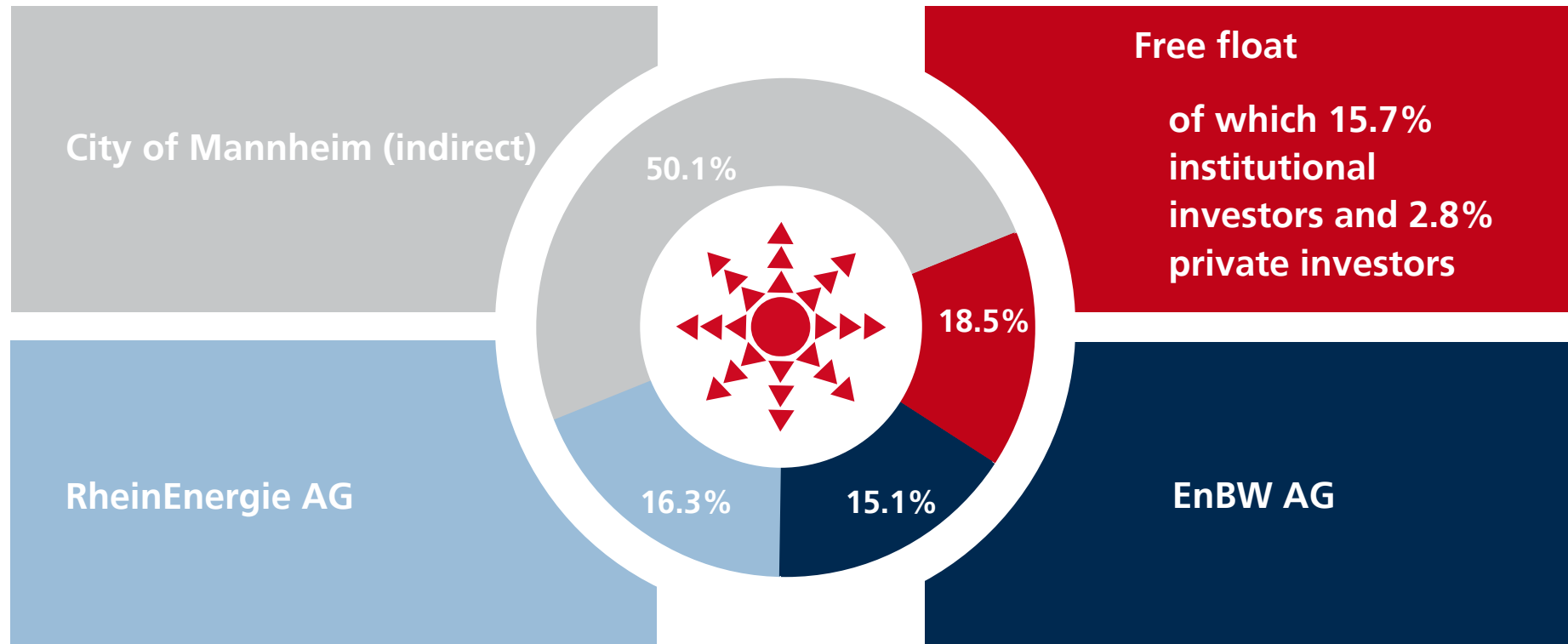
Sources: dena grid studies I and II; Renewable Energies Agency

- ▶ Expansion of smart transmission/distribution grids – key aspect of energy turnaround
- ▶ Significant delays in transmission grid expansion (8 of 24 priority projects)



The share of MVV Energie

Current shareholder structure and key figures of MVV Energie AG



▶ **No. of shares:**

65.907 million

▶ **Average daily turnover:**

8,431 shares in 2010/11 FY

▶ **Market capitalisation:**

Euro 1,561 million

(Closing price on 13.12.2011:
Euro 23.68)

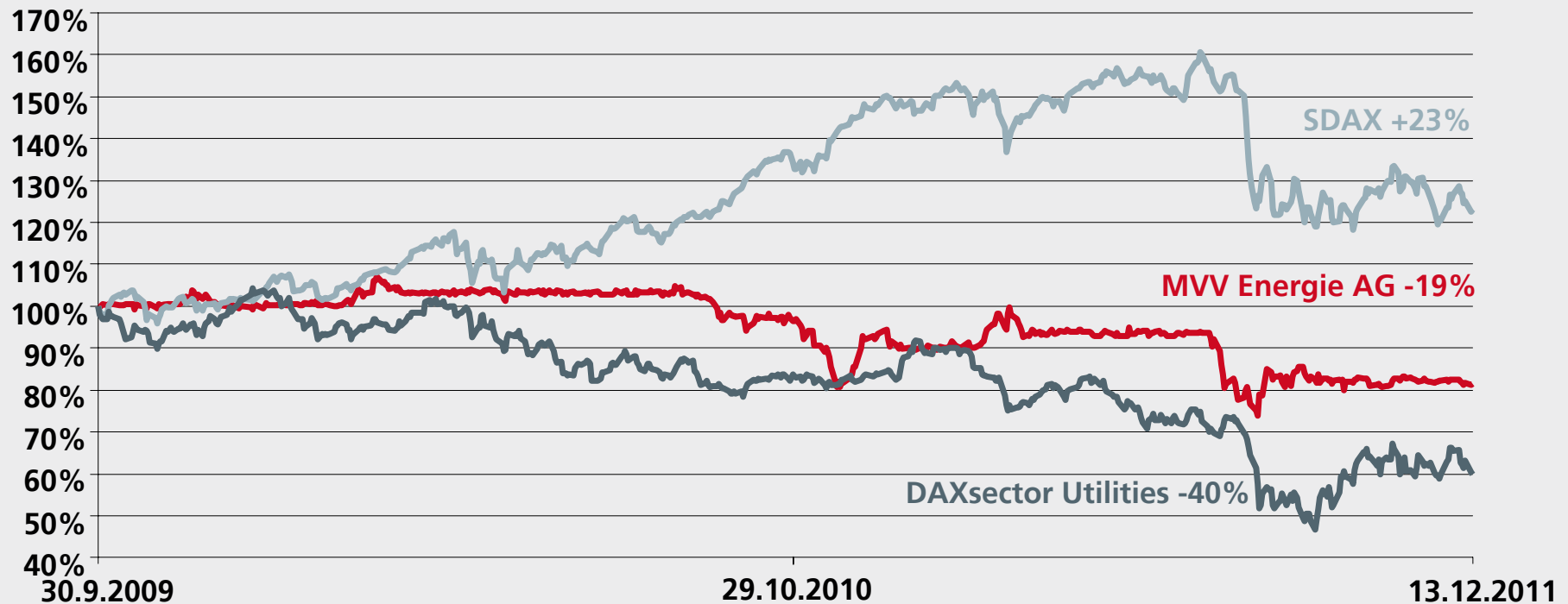
▶ **Free float:**

Euro 289 million

Following a stable performance, MVV Energie's share was also unable to escape the latest decline in prices on the market

The MVV Energie AG share (ISIN DE000A0H52F5)

XETRA trading



Share chart as performance comparison (including dividend payments in March 2010 and 2011) with SDAX and DAXsector Utilities