



MVV ENERGIE  
ENERGISING THE FUTURE

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*2013/14 Financial Year*

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# FINANCIAL REPORT 1<sup>ST</sup> HALF OF 2013/14

## KEY FIGURES

from 1 October 2013 to 31 March 2014

### Key figures of the MVV Energie Group

Euro million	1 Oct 2013 to 31 Mar 2014	1 Oct 2012 to 31 Mar 2013	% change
<b>Sales and earnings</b>			
Sales excluding energy taxes	2 103	2 231	-6
Adjusted EBITDA <sup>1,2</sup>	233	261	-11
Adjusted EBIT <sup>1,2</sup>	154	180	-14
Adjusted EBT <sup>1,2</sup>	125	146	-14
Adjusted net income for period <sup>1,2</sup>	87	100	-13
Adjusted net income for period after minority interests <sup>1,2</sup>	73	78	-6
Adjusted earnings per share <sup>1,2</sup> (Euro)	1.10	1.19	-8
<b>Cash flow</b>			
Cash flow from operating activities	63	-5	—
Cash flow from operating activities per share (Euro)	1.06	-0.09	—
<b>Capital structure</b>			
Adjusted total assets (at 31 Mar 2014/30 Sep 2013) <sup>3</sup>	4 161	4 037	+3
Adjusted equity (at 31 Mar 2014/30 Sep 2013) <sup>2,3</sup>	1 400	1 391	+1
Adjusted equity ratio (at 31 Mar 2014/30 Sep 2013) <sup>2,3</sup>	33.6%	34.5%	-3
Net financial debt	1 275	1 111	+15
<b>Investments</b>			
Total investments	166	164	+1
of which growth investments	123	133	-8
of which investments in existing business	43	31	+39
<b>Employees</b>			
Number of employees (at 31 Mar 2014/31 Mar 2013)	5 406	5 462	-1
Full-time equivalents (at 31 Mar 2014/31 Mar 2013) <sup>4</sup>	4 728	4 804	-2

1 excluding non-operating measurement items for financial derivatives, excluding structural adjustment for part-time early retirement, excluding restructuring expenses and including interest income from finance leases

2 figures for previous year and/or 30 September 2013 adjusted. Details in ► *Business Performance on Page 11*

3 excluding non-operating measurement items for financial derivatives

4 proportionate inclusion of Ingolstadt subgroup

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Financial Calendar, Imprint

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### 2<sup>nd</sup> Quarter of 2013/14 at a Glance

1 January to 31 March 2014

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► The Annual General Meeting of MVV Energie AG held on 14 March 2014 approved the proposal submitted by the Executive and Supervisory Boards to pay an unchanged dividend of Euro 0.90 per share for the 2012/13 financial year, and thus once again to distribute a total dividend of Euro 59.3 million.

► The technical security management in place at MVV Energie AG, its grid company Netrion GmbH and the water supply association Zweckverband Wasserversorgung Kurpfalz were subject to a renewed audit and certified in February 2014. The relevant specialist associations confirmed once again that the three companies are highly competent and reliable when it comes to dealing with electricity, heating energy, gas and water.

► Our Energieversorgung Offenbach AG (EVO) subsidiary already generates half of its electricity from renewable energies. EVO is building above all on wind power. Its fourth wind farm, located on Hungerberg close to Kirchheimbolanden in Rheinland-Pfalz, was connected to the grid in February 2014. Overall, EVO now has 38 wind turbines with a combined capacity of around 95 MW<sub>e</sub>.

► MVV Energie will be developing a decentralised energy management system in cooperation with the technology company Intel. This move was announced by the two companies in March 2014.

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## LETTER FROM CEO

*Dear Shareholders,  
Dear Ladies and Gentlemen,*

The development in renewable energies reflects the far-reaching transformation in the German energy system. In 2013, around 24 % of Germany's gross electricity volumes were already generated from renewable energy sources. These have thus assumed the leading role in the electricity market – and their share is set to rise further to between 40 % and 45 % by 2025. Despite this growth, which is backed by politicians and society alike, renewable energies alone will be unable to safeguard a secure and reliable supply of energy in the foreseeable future. Flexible, conventional generation and storage capacities and reserve power plants will still be needed to offset fluctuations in electricity generation volumes from wind and solar power. Not only that, transmission and distribution grids have to be expanded and converted to facilitate the intelligent acceptance and distribution to customers of the growing electricity volumes generated on a decentralised basis.

What is needed is a market system in which both renewable, but volatile, as well as conventional energies, and here especially highly efficient combined heat and power generation, can be operated in a way that makes both macroeconomic and microeconomic sense. With the Amendment to the German Renewable Energies Act (EEG) planned to take effect on 1 August 2014, the Federal Government is steering the expansion in renewable energies along sensible economic and ecological lines and has thus set course for greater cost efficiency and competition.

By making targeted investments in forward-looking projects and developing innovative products and services, MVV Energie is seizing the opportunities offered by the fundamental conversion in the energy system. This way, we are creating a basis for sustainable, profitable growth at our Group. Two examples from the quarter under report illustrate the successful implementation of this forward-looking strategy. Since February 2014, our second biomethane plant in Kroppenstedt, Sachsen-Anhalt, has been feeding biomethane into the public natural gas grid. The fourth wind farm at our Energieversorgung Offenbach AG (EVO) subsidiary, located on Hungerberg close to Kirchheimbolanden in Rheinland-Pfalz, was also linked up to the grid in February 2014. We have thus further strengthened our wind power portfolio.

Alongside the tough economic framework, our business performance in the 1<sup>st</sup> half of 2013/14 was also adversely affected by the unusually mild winter. Operating earnings (adjusted EBIT) fell year-on-year by Euro 26 million to Euro 154 million. For the 2013/14 financial year as a whole, we are still upholding our forecast of generating adjusted EBIT of between Euro 170 million and Euro 185 million. Given weather conditions to date, however, earnings in the lower third of this range are to be expected. At the same time, thanks to the investments we are making in our future we expect our adjusted EBIT to increase once again in the 2014/15 financial year already.

Yours faithfully,



Dr. Georg Müller, CEO

## MVV ENERGIE AG SHARE

### Rally in German lead index comes to a halt

Following the new all-time high at 9 794 points in mid-January 2014, the record performance in the DAX then came to a halt. The stock market correction was triggered by currency turbulences in several emerging economies and by the Crimean conflict between Russia and the West. Financial markets then recovered by the end of the period under report. The global economy is expected to stabilise and the US Federal Reserve plans to gradually phase out its policy of extremely cheap money. Not only that, base rates have also remained low and shares currently offer higher returns than other forms of capital investment. The DAX closed at 9 743 points at the end of March 2014. Despite very great volatility, the lead index nevertheless rose by 22.6 % compared with its closing balance on 31 March 2013 (7 795 points).

Subject to geopolitical risks, capital market experts are mostly positive in their assessment of the outlook for global stock markets in 2014 as a whole.

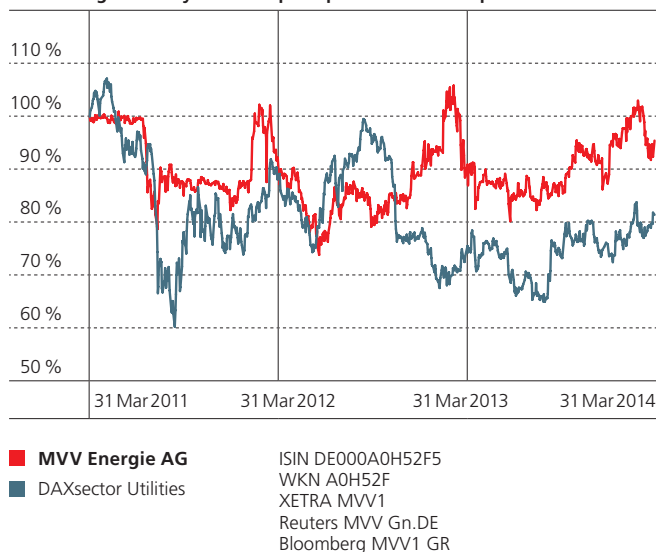
### MVV Energie's share price performance

The MVV Energie AG share was listed at Euro 23.50 on 31 March 2014. This corresponds to an increase of 3.9 % compared with the same date in the previous year (Euro 22.62). Including the distribution of the dividend of Euro 0.90 per share in March 2014, our share price rose year-on-year by 7.9 %. In the share price performance chart below we have included the dividend payments made in 2012, 2013 and 2014. While our share price declined by 4.6 % over this three-year period, the DAXsector Utilities – the sector index for the energy industry – fell by 18.6 %. We comment on the difficult underlying framework in the energy market, a factor also apparent in the share price performance of energy companies, in the chapter ► *Business Report on Page 6*.

### Market capitalisation and trading volumes rise

Due to the increase in our share price by around 4 %, the market capitalisation of MVV Energie also grew to Euro 1 549 million as of 31 March 2014 (previous year: Euro 1 491 million). The 12.2 % free float share was valued at around Euro 190 million (previous year: around Euro 182 million). In the joint index statistics compiled for the MDAX and SDAX, the MVV Energie AG share was ranked 91<sup>st</sup> at the survey date (previous year: 81<sup>st</sup>). This ranking is based on the free float market capitalisation as of 31 March 2014. In terms of its stock market turnover, our share was ranked 122<sup>nd</sup> in the index statistics (previous year: 114<sup>th</sup>).

MVV Energie AG: 3-year share price performance comparison



Overall, around 349 000 MVV Energie AG shares were traded across all German stock markets in the months from January to March 2014. This corresponds to a 2.8 % increase compared with the previous year's period. As in the previous year's period, the equivalent value of trading volumes amounted to around Euro 9 million. Approximately 58 % of stock market trading with our share was performed in XETRA trading.

### Annual General Meeting accepts proposals

The Annual General Meeting on 14 March 2014 approved the proposals submitted by the Executive and Supervisory Boards with large majorities for all agenda items. Among other items, our shareholders approved the payment of a dividend of Euro 0.90 per share, and thus analogous to the previous year. Based on the closing price for the 2012/13 financial year, this corresponds to a dividend yield of 4.0 %. Overall, our 2014 Annual General Meeting was attended by around 1 200 visitors. The shareholders present represented 89.7 % of our share capital.

## GROUP FUNDAMENTALS

### BUSINESS MODEL

The publicly listed MVV Energie Group is one of Germany's leading energy companies. Our Group is characterised by its municipal and regional roots. With 97 companies, we have business operations at locations including Mannheim, Kiel, Offenbach, Ingolstadt and Köthen, as well as in the Czech Republic and the UK.

The MVV Energie Group's business fields are structured along the entire value chain. We thus cover electricity and heating energy generation, water production, energy trading, the distribution of electricity, district heating, gas and water via proprietary grid companies and the sale and marketing of innovative products on the energy market. As an energy-related services provider, we also offer advisory and contracting services to industrial and commercial customers and provide the infrastructure for several industrial parks.

Furthermore, we have great competence in planning, building and operating energy from waste and biomass power plants, as well as in developing wind power projects.

### OBJECTIVES AND STRATEGIES

#### We have clear, long-term objectives

Our objectives have a long-term horizon. By generating profitable growth, we aim to sustainably increase the value of the MVV Energie Group. As "Energiser of the Future", we intend to remain one of Germany's leading energy companies in 2020 as well.

To this end, we acted early to compile our sustainability-based MVV 2020 corporate strategy that we are now consistently implementing. The coalition agreement and the contents of the forthcoming Amendment to the German Renewable Energies Act (EEG) have affirmed our corporate strategy. We are focusing on expanding renewable energies, combined heat and power generation, environmentally-friendly district heating, generating energy from waste and boosting energy efficiency.

We will exploit the economic opportunities presented by the far-reaching transformation in the energy system in a targeted manner. The basis here is our extensive investment programme. Since 2009, we have implemented or reached binding decisions for more than two thirds of our planned total investments of Euro 3 billion.

#### Investments in future growth

We are further expanding our **RENEWABLE ENERGIES** generation portfolio and thus strengthening our core competencies in the fields of project development and asset management.

We are relying in particular on **ONSHORE WIND TURBINES** – a proven, economically viable technology that involves fewer risks and substantially lower costs than offshore wind farms. The fourth wind farm at our Energieversorgung Offenbach AG (EVO) subsidiary, in this case located on Hungerberg close to Kirchheimbolanden in Rheinland-Pfalz, was connected to the grid in February 2014. At the balance sheet date on 31 March 2014, our Group thus had onshore wind turbines with a total installed capacity of around 174 MW<sub>e</sub>.

Bio-natural gas is one of the most versatile forms of renewable energy. It can be used both to supply electricity and heating energy and as a fuel for natural gas vehicles and is also capable of storage. Purified bio-natural gas is used in the heating energy supply in cases where heating energy turnover cannot be generated from biomass power plants on location. These good prospects are the reason why we are making targeted investments in **BIOMETHANE PROJECTS**. Our first biomethane plant, located in Klein Wanzleben, Sachsen-Anhalt, began operating in 2012. A second plant in nearby Kroppenstedt has been in operation since the 2<sup>nd</sup> quarter of 2013/14. Both plants have the capacity to generate around 63 million kWh of biomethane a year and to feed this into the gas grid.

The MVV Energie Group is one of Germany's largest plant operators in the **GENERATION OF ENERGY FROM WASTE AND BIOMASS**. Given that the German waste and biomass markets currently no longer offer any growth potential, we are also investing in other European countries, provided that these investments meet our profitability requirements.

We are building a waste-fired combined heat and power (CHP) plant in Plymouth in the south west of the UK (total investment: Euro 250 million) and a biomass power plant with CHP capability at Ridham Dock, a port location to the east of London (total investment: Euro 140 million). We are thus demonstrating our longstanding experience with these technologies and our competence and expertise in planning, financing, building and operating energy from waste and biomass plants in the UK as well. Both power plants will commence operations in 2015 and will then make sustainably positive earnings contributions.

MVV Energie is one of the largest players in the German and Czech district heating markets. At our locations in Mannheim, Kiel, Offenburg, Ingolstadt and the Czech Republic we are consistently investing in the further expansion of **DISTRICT HEATING WITH COMBINED HEAT AND POWER GENERATION**. These measures also include building Germany's highest-capacity district heating storage facility (total investment: Euro 27 million) on the site of the large power plant in Mannheim (Grosskraftwerk Mannheim AG – GKM). Operations here were launched in the winter of 2013/14. This has enabled us to secure the district heating supply in Mannheim and the Rhine/Neckar metropolitan region. Not only that, the GKM power plant can now react more flexibly to fluctuations in solar and wind power feed-in volumes.

By offering customised **ENERGY-RELATED SERVICES**, our MVV Enamic GmbH subsidiary is building on its core competencies. It is focusing on comprehensive energy efficiency services and contracting services for industrial, commercial and real estate customers, infrastructure at industrial parks and national and international consulting services.

In our **SALES** activities, our aim remains that of acquiring new customers and promoting the long-term retention of existing customers by offering innovative sales products and high-quality customer service.

With our successful Electricity/Gas Energy Fund product, we provide smaller and medium-sized industrial and commercial customers as well with inexpensive access to structured procurement.

The direct marketing of electricity from renewable energy sources within the market premium model facilitates the market integration of renewable energies. We currently have renewable energies power plants with a capacity of 2 500 MW under contract. Photovoltaics systems contribute more than 1 300 MW to this total. MVV Energie has now become the market leader in the direct marketing of electricity from photovoltaics systems. We still see good opportunities for expanding our position in this growing market.

Our minute reserve pool offers customers with proprietary electricity generation or emergency power systems the opportunity to participate in the balancing energy market and thus to generate additional revenues. Since the beginning of the 2013/14 financial year, we have marketed minute reserve capacity nationwide across all four control areas. From mid-2014, we will begin marketing secondary balancing energy capacity, starting in the TransnetBW control area.

## RESEARCH AND DEVELOPMENT

### Fuel cell heating appliances approaching marketability

The "Callux – Practical Trials for House Fuel Cell" project has made great progress. Together with well-known energy suppliers and heating appliance manufacturers, MVV Energie is taking part in this project to develop high-efficiency natural gas-powered fuel cell heating appliances. The project is being promoted by the Federal Ministry of Transport and Digital Infrastructure (BMVI). In the course of the project we have gained valuable operating experience and are positive in our assessment of the development in the technology on its way towards marketability. Its technical reliability has improved. Not only that, substantial cost savings for appliances and servicing and high levels of customer satisfaction have been achieved as the project has progressed. The expertise we have accumulated in working with this high-efficiency, environmentally-friendly natural gas technology in the Callux project will form the basis for the further development of innovative products.

### Initial conclusions from Smart Grid Integration project

We can draw positive interim conclusions at the end of the first year of the three-year "Smart Grid Integration" (SGI) project promoted by the Federal Ministry of Education and Research (BMBF) as part of the "Model Cluster Electro-Mobility South-West". From the perspective of a grid operator, we aim to optimise the integration of electric vehicles in low-voltage grids. In a first stage, we have performed detailed evaluations of future charging requirements and of grid support potential by reference to real operational profiles. In the next stage, we are compiling concepts for the user-friendly coordination and management of charging procedures supported by information and communications technology. In the longer term, the findings of the SGI project will assist us in avoiding critical situations in our distribution grids and in making even more effective use of electricity from renewable energy sources. The project is due to run until the end of 2015.

## BUSINESS REPORT

### BUSINESS FRAMEWORK

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#### Energy Policy and Regulation

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In the 1<sup>st</sup> calendar quarter of 2014, the Federal Government further elaborated the reform of the renewable energies market design already announced in the coalition agreement. At its conference at the end of January 2014, the Federal Cabinet adopted a keynote paper that has now been specified in greater detail in the ministry draft of the Amendment to the German Renewable Energies Act (EEG). The ministry draft sets out a number of far-reaching measures that we assess in different ways in terms of their longer-term implications for the energy market.

Direct marketing with a floating market premium, previously an option for EEG plants, is to be gradually made mandatory for all larger-scale new plants. Following completion of a pilot project, by 2017 the level of compensation should no longer be set by legislators, but rather determined in competitive auctions. We assess this kind of requirement positively. We already had this option investigated in a survey we commissioned and published in 2013.

Concerning the expansion in onshore wind power, an expansion corridor of 2.4 GW to 2.6 GW a year is to be set for the first time, in this case in conjunction with a "flexible cap". Similar to the system already in place for photovoltaics technology, this should gradually reduce feed-in compensation while also facilitating further expansion. Furthermore, feed-in compensation is to be basically reduced, above all for windy locations such as those close to the coast in particular. From our perspective, the planned cuts in compensation are reasonable overall. Any further reduction could nevertheless severely threaten the further expansion in wind power.

By contrast, we view the planned extension in the compression model for offshore wind power as inconsistent. While the Federal Government plans to reduce the expansion targets for this still highly risky, expensive technology, it nevertheless also intends to uphold a comparatively high volume of subsidies.

Substantial cuts are foreseen in the subsidies provided to new plants generating electricity from biogas or biomethane. This will lead to more difficult market conditions for plants basing their generation on regenerative resources.

Furthermore, exceptional cases in the EEG allocation are to be restructured, thus distributing the costs incurred to expand generation from renewable energies more broadly.

Overall, the measures proposed will lead to significantly greater cost efficiency and competition in the expansion of generation from renewable energies. MVV Energie explicitly welcomes this development. In the next step, the key focus has to be on rapidly implementing the EEG-Amendment. To achieve this, however, it will be necessary to clarify a number of outstanding matters. The criteria relevant for partial exemption from payment of the EEG allocation within the so-called green electricity privilege, for example, have to date been based on the calendar year. Abolition of this exemption within the financial year, as currently planned, would create great expense for companies. MVV Energie is therefore calling for this exemption to be abolished at the end of 2014. The pilot project for the introduction of competitive auctions is to be performed with open-space photovoltaics systems. In our opinion, the experience gained with these systems is only transferable to a very limited extent to other technologies. From a technological perspective, we believe it would make more sense to implement the pilot project using onshore wind power.

#### Second regulatory period for gas and electricity

The second regulatory period for gas, in which the permissible revenue caps for grid fees are officially set, has already been underway since the beginning of 2013. No official assessment notices have yet been received. For electricity, grid operators were notified at the end of 2013 of the preliminary efficiency figure for the second regulatory period beginning on 1 January 2014. Here too, however, the official assessment notices are still outstanding. The efficiency figures plays a significant role when it comes to setting the revenue cap.

The Federal Network Agency is required to submit a report containing an evaluation and proposals for the further structuring of incentive regulation to the Federal Ministry of Economics and Energy by 31 December 2014. In this context, several of the MVV Energie Group's grid operators have participated in additional data surveys of their investment behaviour and economic situation.

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#### Macroeconomic and Energy Industry Developments

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German economic output showed only moderate growth in the 2013 calendar year. Gross domestic product (GDP) grew by 0.4 % compared with the previous year. The Economic Barometer at the German Institute for Economic Research (DIW) showed robust growth of 0.7 % in January to March 2014 compared with the final quarter of the 2013 calendar year. Information about the developments expected in 2014 as a whole can be found in the chapter

► *Outlook from Page 16 onwards.*



According to estimates compiled by the Association of the German Energy and Water Industries (BDEW), the share of total electricity generation volumes in Germany attributable to renewable energies rose to around 24 % in 2013, equivalent to a 5.8 % increase compared with 2012. The share of total electricity generation from natural gas declined to 10.5 %. This was due on the one hand to the increasing use of renewable energies and on the other hand to ongoing high price differentials between natural gas and hard coal. Based on BDEW estimates, the mild weather conditions led to a 1 % reduction in electricity consumption in Germany in the 1<sup>st</sup> calendar quarter of 2014 compared with the previous year. Due to weather conditions, natural gas consumption also fell by 8 %.

Energy prices reduced in the period from January to March 2014 compared with the previous year's quarter. The price of Brent crude oil for supply in the following month (front month) was listed at US\$ 107.87 per barrel in the 1<sup>st</sup> calendar quarter of 2014, and thus US\$ 4.77 per barrel lower on average than in the equivalent period in the previous year. The average natural gas price in the NetConnect Germany market region for the following supply year declined over the same period by Euro 1.28/MWh to Euro 25.64/MWh. The average coal price per tonne for supply in the following year fell by US\$ 14.21 compared with the previous year's quarter (January to March 2013) and amounted to US\$ 81.35 in the 1<sup>st</sup> calendar quarter of 2014. The front year electricity price was listed at an average of Euro 36.11/MWh in this period, Euro 6.06/MWh lower than in the previous year's quarter. The price of emission rights per tonne has risen, amounting to an average of Euro 5.93 in the 1<sup>st</sup> calendar quarter of 2014 and thus Euro 1.16 higher than in the previous year's period.

## Weather Conditions

The MVV Energie Group's business performance is significantly influenced by weather conditions in the winter months. We use the degree day figure as an indicator of our customers' temperature-based heating energy consumption. Low outdoor temperatures lead to higher degree day figures, with these in turn being accompanied by higher heating energy requirements at our customers.

Measured in terms of degree day figures across all of the MVV Energie Group's locations, it was around 17 % warmer, with the usual regional variations, in the 1<sup>st</sup> half of our 2013/14 financial year (October 2013 to March 2014) than in the 1<sup>st</sup> half of 2012/13. Overall, degree day figures for the 2<sup>nd</sup> quarter of 2013/14 (January to March 2014) were 22 % lower than the figures for the previous year's quarter.

## Impact of Business Framework on Business Performance

Unusually mild weather conditions in the period under report led to reductions in district heating and gas turnover in the end customer business on both half-year and quarterly levels compared with the equivalent periods in the previous year.

The energy policy framework and developments in the energy sector impact directly on the course of business at the MVV Energie Group. The specific structure of the new market design for renewable energies, and in particular the implementation of the EEG-Amendment, is of key importance for our Group. Not least in view of this, we are participating actively in discussions with politicians, the authorities and energy industry associations.

## EMPLOYEES

As of 31 March 2014, the MVV Energie Group had a total workforce of 5 406 employees, and thus 56 employees fewer than at the same date in the previous year. Among other factors, this reduction was due to the sale of a shareholding in the Czech Republic in September 2013. The Group had a total of 4 844 employees in Germany at the balance sheet date on 31 March 2014, and thus 16 employees more than one year earlier. Outside Germany, the MVV Energie Group had a total of 72 employees fewer at the reporting date than at the previous year's reporting date (previous year: 634). Of the total of 562 employees abroad, 540 were employed at the Czech subgroup and 22 at our British subsidiary MVV Environment Devonport Limited, which boosted its operating team with new employees as of 1 February 2014.

Compared with the previous quarter's reporting date (31 December 2013), the MVV Energie Group's total workforce reduced overall by 5 employees – 16 employees fewer in Germany and 11 employees more in other countries.

### Personnel figures (headcount) at balance sheet date on 31 March

	2013/14	2012/13	+/- change
MVV Energie AG	1 435	1 437	-2
Fully consolidated shareholdings	3 666	3 738	-72
MVV Energie AG with fully consolidated shareholdings	<b>5 101</b>	<b>5 175</b>	<b>-74</b>
Proportionately consolidated shareholdings	305	287	+ 18
<b>MVV Energie Group<sup>1</sup></b>	<b>5 406</b>	<b>5 462</b>	<b>-56</b>

<sup>1</sup> including 306 trainees (previous year: 306)

## BUSINESS PERFORMANCE

### Earnings Performance of MVV Energie Group

#### Sales performance

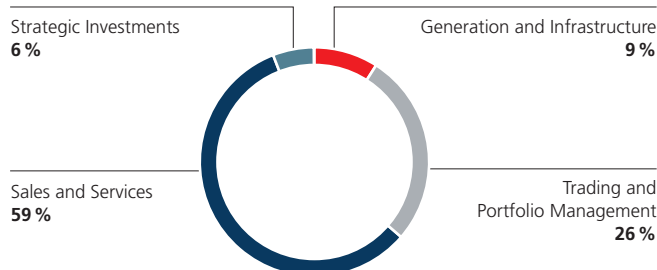
Excluding energy taxes, the **SALES** of the MVV Energie Group fell year-on-year by Euro 128 million (–6 %) to Euro 2 103 million in the 1<sup>st</sup> half of 2013/14 (1 October 2013 to 31 March 2014). While our sales for the 1<sup>st</sup> quarter of 2013/14 showed only a slight reduction of Euro 9 million (–1 %) compared with the previous year's quarter, in the 2<sup>nd</sup> quarter of 2013/14 we witnessed a downturn in sales by Euro 119 million (–10 %). This was chiefly due to mild weather conditions and competition-related volume losses. Not only that, sales were also adversely affected by falling waste and electricity prices. These negative factors were only partly offset by higher sales from electricity generated from renewable energies and from directly marketing renewable energies for third parties via the market premium model. Of consolidated sales for the 1<sup>st</sup> half of 2013/14, 97 % were attributable to the domestic business and 3 % to the international business.

Alongside the sales performance by reporting segment, the table below also presents the sales performance of our core products of electricity, heating energy, gas and water.

#### Sales at the MVV Energie Group excluding energy taxes 1<sup>st</sup> half, 1 October to 31 March

Euro million	2013/14	2012/13	% change
Generation and Infrastructure	193	188	+3
Trading and Portfolio Management	538	617	–13
Sales and Services	1 244	1 261	–1
Strategic Investments	126	163	–23
Other Activities	2	2	0
<b>Total</b>	<b>2 103</b>	<b>2 231</b>	–6
of which electricity sales	1 138	1 157	–2
of which heating energy sales	259	299	–13
of which gas sales	505	572	–12
of which water sales	47	48	–2

#### Sales at the MVV Energie Group excluding energy taxes by reporting segment, 1<sup>st</sup> half of 2013/14



Driven mainly by the expansion in our wind power portfolio, sales in the Generation and Infrastructure reporting segment developed positively.

The fall in sales in the Trading and Portfolio Management reporting segment was due above all to lower electricity trading volumes. Higher gas trading volumes achieved in our portfolio management activities were insufficient to compensate for this downturn.

In Sales and Services, our strongest reporting segment in terms of sales, we managed to limit the negative impact of mild weather conditions and tougher competition by maintaining our success in directly marketing renewable energies for third parties within the market premium model and by implementing sales-effective price adjustments. In particular, higher sales from our direct marketing activities were able to compensate in part for the weather-related downturn in volumes in the district heating and gas businesses with end customers. The market and management premiums are recognised as sales in this reporting segment provided that a corresponding settlement procedure has been agreed with the customer. We use direct marketing both for group-internal renewable energies plants and for a growing number of external customers who have chosen MVV Energie as their direct marketing service partner.

The reduction in sales in the Strategic Investments reporting segment was attributable on the one hand to lower electricity and gas volumes at Stadtwerke Ingolstadt and on the other hand to the sale of a Czech company at the end of the 2012/13 financial year.

## Renewable energies generation volumes

Driven above all by significantly higher electricity feed-in volumes from our wind turbines, which surged by 70 % compared with the previous year's half-year period, our renewable energies electricity generation volumes (including the biogenic share of waste and refuse-derived fuels) increased by 27 % to 479 million kWh. Alongside the seven wind farms we took over from Iberdrola Deutschland GmbH as of 1 January 2013, volumes also benefited from higher electricity feed-in volumes from new wind turbines at Energieversorgung Offenbach AG. In the course of the 2012/13 financial year, this subsidiary gradually connected three wind turbines at its Dirlammen location to the grid. These were followed in the 2<sup>nd</sup> quarter of 2013/14 by ten wind turbines on Hungerberg close to Kirchheimbolanden in Rheinland-Pfalz.

The following overview presents our electricity generation volumes from renewable energies in the 1<sup>st</sup> half of 2013/14. The generation of electricity using hydropower and photovoltaics only plays a subordinate role at our Group. In view of this, we only compile this data on a year-end basis and will publish it in our 2013/14 Annual Report.

### Electricity generation from renewable energies and biogenic share of waste/RDF at the MVV Energie Group in Germany 1<sup>st</sup> half, 1 October to 31 March

kWh million	2013/14	2012/13	% change
Biomass plants	158	152	+4
of which biomass power plants	154	148	+4
of which biomass CHP plants	4	4	0
Biogas plants	9	9	0
<b>Subtotal for biomass</b>	<b>167</b>	<b>161</b>	<b>+4</b>
Biogenic share of waste/RDF	123	105	+17
Wind power	189	111	+70
<b>Total</b>	<b>479</b>	<b>377</b>	<b>+27</b>

Electricity generation volumes at biomass power plants grew year-on-year by 4 % in the 1<sup>st</sup> half of 2013/14. This increase largely resulted from our plant in Mannheim. Electricity generation volumes from the incineration of waste and refuse-derived fuels (biogenic share) rose by 17 %. This in turn was largely due to our energy from waste plant in Leuna contributing higher volumes once again in the half-year under report, having generated less electricity in the previous year's period on account of turbine damage.

Our second biomethane plant in Kroppenstedt has fed its first volumes of biomethane into the public gas grid since February 2014. Overall, our two plants in Sachsen-Anhalt produced 35 million kWh of biomethane in the half-year under report (previous year: 29 million kWh). These feed-in volumes are not included in the above table, as the figures presented refer exclusively to electricity generation volumes.

## Development in turnover

As in previous years, we report on the development in our turnover on a product-oriented basis. We allocate the electricity, heating energy, gas and water volumes sold to our reporting segments in line with their respective value creation stage.

### Electricity turnover at the MVV Energie Group 1<sup>st</sup> half, 1 October to 31 March

kWh million	2013/14	2012/13	% change
Generation and Infrastructure	87	50	+74
Trading and Portfolio Management	6 499	7 651	-15
Sales and Services	5 475	5 264	+4
Strategic Investments	240	363	-34
<b>Total</b>	<b>12 301</b>	<b>13 328</b>	<b>-8</b>

Electricity turnover decreased by 8 % compared with the 1<sup>st</sup> half of 2012/13. This reduction was chiefly due to lower electricity trading volumes at MVV Trading GmbH in the Trading and Portfolio Management reporting segment and to competition-related turnover losses in the sales business and at Strategic Investments.

The Generation and Infrastructure reporting segment contains the electricity generation volumes at our wind farms that are marketed to third parties (external turnover) and electricity generation volumes in the environmental energy business. The higher electricity turnover in the period under report particularly reflects the expansion in our wind power portfolio.

Electricity generation volumes from our wind power portfolio that are fed into the public grid are marketed by the wind farm operators on the one hand to third parties (external sales) and on the other hand increasingly via group-internal direct marketing contract partners. These partners include the sales departments at MVV Energie AG and Energieversorgung Offenbach AG.

MVV Energie AG manages the direct marketing business for renewable energies within the market premium model via MVV Trading GmbH on the spot market of the European Energy Exchange (EEX). The direct marketing business had a total volume of around 1 802 million kWh in the 1<sup>st</sup> half of 2013/14. The 15 % reduction in electricity turnover in the Trading and Portfolio Management reporting segment resulted from lower electricity trading volumes.

Electricity turnover grew by 4 % in the Sales and Services reporting segment. This increase was driven above all by higher electricity turnover with industrial and commercial customers/secondary distributors at our Mannheim subgroup. On the one hand, this made up for the reduction in turnover with private and business customers in particular due to increasingly tough competition. On the other hand, the industrial park business also reported lower sales volumes with services customers. Due to seasonal factors, the volume of electricity supplied by the industrial power plants depends on the volume of process steam required by industrial customers. Steam volumes not required are converted into electricity.

Electricity turnover in the Strategic Investments reporting segment fell by 34 %. This resulted in particular from lower sales volumes at Stadtwerke Ingolstadt.

**Heating energy turnover at the MVV Energie Group  
1<sup>st</sup> half, 1 October to 31 March**

kWh million	2013/14	2012/13	% change
Generation and Infrastructure	216	235	-8
Trading and Portfolio Management	—	—	—
Sales and Services <sup>1</sup>	3 667	4 400	-17
Strategic Investments	677	941	-28
<b>Total</b>	<b>4 560</b>	<b>5 576</b>	<b>-18</b>

<sup>1</sup> correction in previous year's figure

Mild weather conditions in the half-year under report are reflected in the Group's heating energy turnover, which dropped year-on-year by 18 %. The weather-related downturn in district heating volumes is particularly apparent in the Sales and Services and Strategic Investments reporting segments. The figure for the Generation and Infrastructure reporting segment was affected by lower volumes of steam supplied by MVV Umwelt GmbH to industrial customers.

**Gas turnover at the MVV Energie Group  
1<sup>st</sup> half, 1 October to 31 March**

kWh million	2013/14	2012/13	% change
Generation and Infrastructure	35	29	+21
Trading and Portfolio Management	9 509	8 064	+18
Sales and Services	4 255	5 180	-18
Strategic Investments	715	931	-23
<b>Total</b>	<b>14 514</b>	<b>14 204</b>	<b>+2</b>

Driven mainly by more active gas portfolio management at our MVV Trading GmbH subsidiary, we managed to increase our gas turnover by 2 % in the 1<sup>st</sup> half of 2013/14. These higher gas trading volumes more than offset the weather-related downturn in volumes in the end customer business and led to growth of 18 % in the Trading and Portfolio Management reporting segment.

The Generation and Infrastructure reporting segment includes the gas turnover at our two biomethane plants in Klein Wanzleben and Kroppenstedt. Both plants feed biomethane into the public gas grid.

Mild weather conditions, with lower gas turnover at all locations, and competition-related volume losses led to an 18 % reduction in sales volumes in the Sales and Services reporting segment and a 23 % reduction in volumes in the Strategic Investments reporting segment.

**Water turnover at the MVV Energie Group  
1<sup>st</sup> half, 1 October to 31 March**

m <sup>3</sup> million	2013/14	2012/13	% change
Generation and Infrastructure	—	—	—
Trading and Portfolio Management	—	—	—
Sales and Services	22.0	22.3	-1
Strategic Investments	0.5	0.7	-29
<b>Total</b>	<b>22.5</b>	<b>23.0</b>	<b>-2</b>

At 22.5 million m<sup>3</sup>, water turnover at the MVV Energie Group virtually matched the previous year's figure.

**Combustible waste delivered at the MVV Energie Group  
1<sup>st</sup> half, 1 October to 31 March**

tonnes 000s	2013/14	2012/13	% change
Generation and Infrastructure	781	760	+3
Trading and Portfolio Management	—	—	—
Sales and Services	78	76	+3
Strategic Investments	70	81	-14
<b>Total</b>	<b>929</b>	<b>917</b>	<b>+1</b>

The volume of waste and timber delivered grew year-on-year by 1 % in the half-year under report. The volume of combustible waste delivered to the Generation and Infrastructure reporting segment, which accounts for 84 % of total volumes delivered, rose by 3 %. With its materials flow management, MVV Umwelt Ressourcen GmbH manages capacity utilisation rates at the energy from waste plants at our Mannheim and Leuna locations and at our biomass power plants fired with waste timber in Mannheim and Königs Wusterhausen. These plants are also included in the Generation and Infrastructure reporting segment.

The reduction in the Strategic Investments reporting segment resulted from lower volumes delivered at the Czech subgroup.

### Development in further key items in the income statement

The International Accounting Standards Board (IASB) and the International Financial Interpretations Committee (IFRIC) have amended and newly adopted some standards and interpretations requiring mandatory application for the first time in the 2013/14 financial year. Among others, MVV Energie AG has applied IAS 19 “Employee Benefits” as revised by the IASB in June 2011 for the first time since 1 October 2013. This amendment requires retrospective implementation. The comparative figures have thus been adjusted accordingly. Since MVV Energie AG has recognised all of its actuarial gains and losses in other comprehensive income (OCI) within equity since the past financial year already, the discontinuation of the respective option in the revised standard has had no implications for the consolidated financial statements. Further information about the amendments can be found under ► *Notes to Interim Consolidated Financial Statements from Page 23 onwards.*

**COST OF MATERIALS** fell year-on-year by Euro 75 million to Euro 1.68 billion in the 1<sup>st</sup> half of 2013/14. This was mainly due to mild weather conditions which, by analogy with the reduction in sales, led to lower district heating and gas procurement volumes. This factor was countered by higher expenses for the procurement of CO<sub>2</sub> emission rights.

At Euro 168 million, **EMPLOYEE BENEFIT EXPENSES** slightly exceeded the previous year’s figure of Euro 166 million in the 1<sup>st</sup> half of 2013/14. The cost savings resulting from reduced personnel totals at the Czech subgroup were offset in particular by the year-on-year impact of collectively agreed pay increases. Further details about the development in personnel totals can be found on ► *Page 7.*

Excluding IAS 39 items, **OTHER OPERATING INCOME** rose year-on-year by Euro 6 million to Euro 47 million in the 1<sup>st</sup> half of 2013/14. This increase resulted above all from the reversal of impairments for trade receivables.

**OTHER OPERATING EXPENSES**, also excluding IAS 39 measurement items, reduced year-on-year by Euro 24 million to Euro 87 million in the half-year under report. This in turn was chiefly due to structural changes in the recognition of individual expense items.

In the income statement, the IAS 39 measurement items are included under other operating income and other operating expenses. Their net balance resulted in a positive net measurement item of Euro 14 million in the 1<sup>st</sup> half of 2013/14, contrasting with a negative net measurement item of Euro –2 million in the previous year. The IAS 39 items reflect the development in market prices on the commodities and energy markets. As of 31 March 2014, market prices were higher than when the respective hedging transactions were concluded. IAS 39 measurement has no impact on payments, neither does it affect the key figures relevant for group management purposes or the dividend.

**DEPRECIATION** decreased year-on-year by Euro 2 million to Euro 79 million. This development was due on the one hand to asset disposals. On the other hand, a large share of the investments we have already made involves assets that are still in construction and therefore not yet subject to depreciation.

### Reconciliation with adjusted EBIT

For our value-based internal management we refer to adjusted EBIT. To calculate this key operating earnings figure before interest and taxes on income we eliminate the following items:

- positive and negative items resulting from the fair value measurement of financial derivatives required by IAS 39 as of the reporting date on 31 March 2014, amounting to a net balance of Euro 14 million
- positive and negative items resulting from the fair value measurement of financial derivatives required by IAS 39 as of the reporting date on 31 March 2013, amounting to a net balance of Euro –2 million
- items of Euro 1 million resulting both in the half-year under report and in the previous year’s period from the adjusted accounting treatment of the provision for part-time early retirement (on account of the amendment to IAS 19 “Employee Benefits”).

The amendment to IAS 19 “Employee Benefits” also resulted in an increase in the restructuring expenses reported in the income statement in the previous year’s comparative period from Euro –7 million to Euro –11 million. We have also eliminated this item.

We add the interest income from finance leases reported below EBIT in the income statement to our adjusted EBIT. This income is attributable to contracting projects and forms part of our operating business.

In the following table we show how we reconcile the EBIT reported in the income statement for the 1<sup>st</sup> half of 2013/14 with the more meaningful adjusted EBIT figure.

**Reconciliation of EBIT (income statement) with adjusted EBIT  
1<sup>st</sup> half, 1 October to 31 March**

Euro million	2013/14	2012/13	+/- change
EBIT as reported in income statement <sup>1</sup>	165	186	-21
Financial derivatives measurement items	-14	+2	-16
Structural adjustment for part-time early retirement <sup>1</sup>	+1	+1	0
Restructuring expenses <sup>1</sup>	—	-11	+11
Interest income from finance leases	+2	+2	0
<b>Adjusted EBIT</b>	<b>154</b>	<b>180</b>	<b>-26</b>

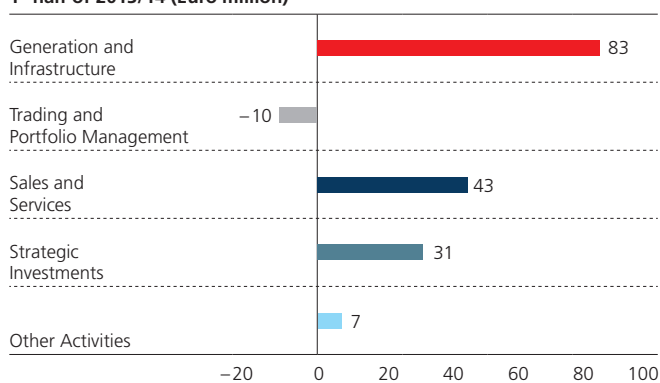
<sup>1</sup> previous year's figures adjusted

The following table presents the development in earnings contributions from individual reporting segments.

**Adjusted EBIT of the MVV Energie Group  
1<sup>st</sup> half, 1 October to 31 March**

Euro million	2013/14	2012/13	+/- change
Generation and Infrastructure	83	85	-2
Trading and Portfolio Management	-10	6	-16
Sales and Services	43	54	-11
Strategic Investments	31	32	-1
Other Activities	7	3	+4
	<b>154</b>	<b>180</b>	<b>-26</b>

**Adjusted EBIT of the MVV Energie Group by reporting segment  
1<sup>st</sup> half of 2013/14 (Euro million)**



**ADJUSTED EBIT** decreased year-on-year by Euro 26 million to Euro 154 million in the 1<sup>st</sup> half of 2013/14. This development resulted from the difficult energy industry framework and unusually mild weather conditions in the period under report.

The persistently low margin achieved from generating electricity from hard coal (clean dark spread) impacted negatively on earnings at the Trading and Portfolio Management reporting segment. Earnings have been further adversely affected by the fact that CO<sub>2</sub> emission certificates, previously allocated free of charge, have had to be auctioned in full since January 2013. Furthermore, lower waste prices have also been in force at our Mannheim location since January 2013 and are reflected in earnings at our Umwelt subgroup.

Year-on-year, the **ADJUSTED FINANCIAL RESULT** improved from Euro -33 million to Euro -29 million in the period under report. The improvement in the net balance of financing expenses and financing income in the 1<sup>st</sup> half of 2013/14 chiefly resulted from lower financing expenses.

Net of the adjusted financial result, **ADJUSTED EBT** for the 1<sup>st</sup> half of 2013/14 amounted to Euro 125 million (previous year: Euro 146 million). The tax rate applied to adjusted EBT, which we base on the tax rate expected for the 2013/14 financial year as a whole, amounts to 29.9% (previous year: 31.6%).

Adjusted taxes on income amounted to Euro 37 million in the period under report (previous year: Euro 46 million). Net of these taxes, we can report **ADJUSTED NET INCOME FOR THE PERIOD** of Euro 87 million for the 1<sup>st</sup> half of 2013/14 (previous year: Euro 100 million).

Net of the adjusted share of earnings attributable to minority interests, which due to the reduction in earnings at the Energieversorgung Offenbach and Stadtwerke Kiel subgroups fell from Euro 22 million in the 1<sup>st</sup> half of 2012/13 to Euro 14 million, the MVV Energie Group generated **ADJUSTED NET INCOME FOR THE PERIOD AFTER MINORITY INTERESTS** of Euro 73 million in the half-year under report (previous year: Euro 78 million). Calculated on this basis, **ADJUSTED EARNINGS PER SHARE** amounted to Euro 1.10 in the period under report (previous year: Euro 1.19). The number of shares remained unchanged at 65.9 million.

## Net Asset and Financial Position

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have amended and newly adopted some standards and interpretations. We have presented the amended standards under ► *Notes to Interim Consolidated Financial Statements from Page 23 onwards*.

At Euro 4.41 billion, **TOTAL ASSETS** at the MVV Energie Group as of 31 March 2014 were Euro 173 million (+ 4 %) higher than the equivalent figure as of 30 September 2013.

On the asset side, **NON-CURRENT ASSETS** rose to Euro 3.04 billion, up Euro 10 million compared with 30 September 2013. Property, plant and equipment grew by Euro 51 million to Euro 2.53 billion and thus accounted for around 57 % of total assets.

Non-current other receivables and assets decreased by Euro 43 million. This was principally due to lower market prices and the resultant reduction in the fair values of energy trading transactions recognised under IAS 39. Non-current other financial assets reduced by Euro 14 million. This in turn was mainly due to the expiry of contracting agreements and associated sales of leasing assets.

**CURRENT ASSETS** rose to Euro 1.37 billion, up Euro 163 million compared with 30 September 2013, and thus accounted for a 31 % share of total assets. The 14 % increase in current assets was driven above all by higher trade receivables.

The increase in trade receivables to Euro 578 million, up Euro 117 million compared with 30 September 2013, was due to seasonal factors. Customer instalments received in the winter months are insufficient to offset higher heating energy turnover in this period. Past experience shows that the volume of receivables gradually reduces in the further course of the financial year. Trade receivables fell Euro 114 million short of the figure for 31 March 2013 (Euro 692 million). In particular, this reflects the impact of mild weather conditions in the 1<sup>st</sup> half of 2013/14.

Current other receivables and assets rose to Euro 356 million, up Euro 105 million compared with 30 September 2013. This development was caused on the one hand by the higher market valuation of energy trading transactions recognised under IAS 39 and on the other hand by the more active management of our gas portfolio. Receivables for security deposits to reduce counterparty risk amounted to Euro 79 million as of 31 March 2014, as against Euro 70 million as of 30 September 2013. At Euro 359 million, cash and cash equivalents were Euro 59 million lower as of 31 March 2014 than on 30 September 2013. This reduction was chiefly due to the payment of the dividend for the 2012/13 financial year.

On the liabilities side, the **EQUITY** of the MVV Energie Group, which including non-controlling interests amounted to Euro 1.32 billion, was virtually unchanged compared with 30 September 2013 (Euro 1.30 billion).

For group management purposes, we adjust our consolidated balance sheet to eliminate cumulative IAS 39 measurement items. We reduce the asset side by the positive fair values of derivatives and allocable deferred taxes. These amounted to Euro 251 million as of 31 March 2014, as against Euro 202 million as of 30 September 2013. On the capital side, we eliminate negative fair values and allocable deferred taxes from liabilities. As of 31 March 2014, these amounted to Euro 328 million, compared with Euro 290 million as of 30 September 2013. We eliminate the resultant net balance from equity. This totalled Euro 77 million as of 31 March 2014, as against Euro 88 million on 30 September 2013. Calculated on this adjusted basis, adjusted equity amounted to Euro 1.40 billion as of 31 March 2014, compared with Euro 1.39 billion as of 30 September 2013. As a percentage of the adjusted total assets of Euro 4.16 billion (30 September 2013: Euro 4.04 billion), the adjusted equity ratio amounted to 33.6 % as of 31 March 2014, compared with 34.5 % as of 30 September 2013.

Compared with 30 September 2013 (Euro 1.75 billion), **NON-CURRENT DEBT** decreased by Euro 50 million to Euro 1.70 billion. This reduction was attributable to non-current other liabilities, which dropped by Euro 74 million. This in turn was due above all to lower market prices and the resultant reduction in the fair values of energy trading transactions recognised under IAS 39.

**CURRENT DEBT** rose to Euro 1.39 billion, up Euro 203 million compared with 30 September 2013. While current other provisions declined by Euro 38 million and trade payables by Euro 11 million, current financial debt rose by Euro 96 million and current other liabilities by Euro 140 million. The rise in current financial debt resulted from the taking up of loans to finance project investments. The increase in current other liabilities resulted from two factors – higher market prices and the resultant increase in the fair values of energy trading transactions recognised under IAS 39 and higher liabilities due to more active management of the gas portfolio. As was also the case as of 30 September 2013, the current other liabilities reported as of 31 March 2014 include security deposits to reduce counterparty risk (margins) at an amount of Euro 1 million.

## Investments

The MVV Energie Group invested a total of Euro 166 million in the 1<sup>st</sup> half of 2013/14. Of total investments, Euro 123 million (previous year: Euro 133 million) were channelled into growth investments and Euro 43 million (previous year: Euro 31 million) into investments in our existing business, i.e. into modernising our plants and grids.

Our key investment focuses are in the Generation and Infrastructure reporting segment. Our largest investment projects currently include the construction of the energy from waste plant in Plymouth and the biomass power plant at Ridham Dock in the environmental energy business and the expansion and concentration of our district heating grids, especially at the Mannheim location.

### Investments of the MVV Energie Group<sup>1</sup> 1<sup>st</sup> half, 1 October to 31 March

Euro million	2013/14	2012/13	+/- change
Generation and Infrastructure	138	141	-3
Trading and Portfolio Management	9	3	+6
Sales and Services	6	5	+1
Strategic Investments	6	9	-3
Other Activities	7	6	+1
<b>Total</b>	<b>166</b>	<b>164</b>	<b>+2</b>
of which growth investments	123	133	-10
of which investments in existing business	43	31	+12

<sup>1</sup> previous year's figures adjusted

## Financial position and cash flow

Given increased borrowing to finance investments, current and non-current debt rose to Euro 1.63 billion as of 31 March 2014, equivalent to an increase of Euro 105 million compared with 30 September 2013. Net financial debt (current and non-current financial debt less cash and cash equivalents) increased by Euro 164 million compared with 30 September 2013 to Euro 1.27 billion as of 31 March 2014.

Year-on-year, the **CASH FLOW BEFORE WORKING CAPITAL AND TAXES** reduced by Euro 45 million to Euro 235 million in the 1<sup>st</sup> half of 2013/14. This was mainly attributable to the net income for the period before taxes on income. Following the elimination of IAS 39 measurement items within other non-cash income and expenses, this item fell short of the result for the 1<sup>st</sup> half of 2012/13.

The **CASH FLOW FROM OPERATING ACTIVITIES** improved significantly from Euro -5 million in the previous year's period to Euro 63 million in the 1<sup>st</sup> half of 2013/14. This development was driven above all by the lower volume of working capital.

Year-on-year, the **CASH FLOW FROM INVESTING ACTIVITIES** decreased by Euro 23 million to Euro -126 million. This was in turn due to higher payments for investments in renewable energies.

Compared with the previous year's period, the **CASH FLOW FROM FINANCING ACTIVITIES** dropped by Euro 80 million to Euro 5 million. This development was largely attributable to a lower volume of net new borrowing compared with the 1<sup>st</sup> half of 2012/13.

In its ► *Cash Flow Statement on Page 22*, the MVV Energie Group reported cash and cash equivalents of Euro 359 million as of 31 March 2014. This key figure thus fell only Euro 2 million short of the previous year's figure.

## Professional financial management

The MVV Energie AG parent company manages a cash pool for itself and 23 further companies within our Group. In this capacity, it procures and secures both its own liquidity and financing funds for the shareholdings included in the cash pool. Capital required for investments is provided in the form of shareholder loans. One particular challenge relates to financing large-scale investment projects, such as the construction of the energy from waste plant with combined heat and power generation in Plymouth and the biomass power plant in Ridham Dock. Given these large investments in the UK, whose overall financing we have secured on a long-term basis, the development in the euro/sterling exchange rate is becoming an increasingly important factor for our group earnings.

MVV Energie AG and the other companies within our Group have an adequate volume of bilateral credit lines.



## OPPORTUNITY AND RISK REPORT

We have a group-wide risk management system in place to manage opportunities and risks at our group of companies. We aggregate events with the potential to significantly affect our budgeted adjusted EBIT either positively or negatively into an opportunity/risk profile. We monitor the largest individual risks continuously and especially closely to enable us to act early to introduce suitable countermeasures. Compared with the information presented in the 2012/13 Annual Report, the risk categories and factors with the potential to significantly influence our earnings have remained unchanged.

The margin from our conventional electricity generation (clean dark spread) remains persistently low, while price and competitive pressures in the electricity and gas markets remain consistently high. This situation harbours risks for our company, and that on both procurement and sales markets. We are nevertheless exploiting the opportunities presented by directly marketing electricity from renewable energies within the market premium model.

Weather conditions determine our heating energy and gas turnover in the heating period in particular. As a result, our operating business earnings are significantly influenced by weather conditions. Overall, it was notably milder than expected in the 1<sup>st</sup> half of 2013/14; temperatures were higher than planned in both the 1<sup>st</sup> and 2<sup>nd</sup> quarters of 2013/14. Wind power production was consistent with expectations.

Further major factors for our earnings performance are stable operations and the scheduled progress of construction work at our plants. No significant unplanned downtime was reported in the 1<sup>st</sup> half of 2013/14. All our construction projects progressed in line with their respective schedules.

Information about the energy policy framework can be found on ► *Page 6 of this report*. Based on the coalition agreement, we do not expect new energy policy decisions to give rise to any risks that could affect the 2013/14 financial year. We are looking very closely at how the specific conditions for a new market system are being put in place, particular in terms of the reform of the German Renewable Energies Act (EEG). We also continue to contribute to the relevant discussions in order to seize any opportunities arising.

The Executive Board assessment of our overall risk situation in the 1<sup>st</sup> half of 2013/14 did not identify any indications that the company's continued existence could be threatened by existing or future risks.

## EVENTS AFTER BALANCE SHEET DATE

Other than the factors outlined below, there were no material changes in the underlying framework for our business between the balance sheet date on 31 March 2014 and the preparation of the interim consolidated financial statements for the 1<sup>st</sup> half of 2013/14.

### Federal Cabinet approves EEG-Amendment

The Federal Cabinet approved the Amendment to the German Renewable Energies Act (EEG) on 8 April 2014. The legislation is due to be adopted by the Federal Parliament before the summer recess to allow it to come into effect on 1 August 2014. An assessment of the ministry draft for the EEG-Amendment can be found in the chapter ► *Business Framework on Page 6*.

### Sale of SECURA Energie

On 17 April 2014, MVV Energie AG signed an agreement to sell its SECURA Energie GmbH subsidiary to LichtBlick SE. This will enable MVV Energie to focus more closely on new business models. Subject to approval by cartel authorities, the sale of SECURA Energie to LichtBlick is expected to be completed in summer 2014.

### EnBW acquires MVV Energie AG shares previously held by Barclays

Barclays Plc, London, UK, held MVV Energie AG shares on behalf of EnBW Energie Baden-Württemberg AG (EnBW) since 2007 already. EnBW notified us pursuant to § 21 (1) of the German Securities Trading Act (WpHG) that it formally acquired this 7.43 % stake on 16 April 2014. EnBW has thus formally executed the rights of access to these shares acquired via a swap transaction. With this acquisition, EnBW's shareholding in MVV Energie AG has risen from 15.05 % to 22.48 %. Barclays Plc simultaneously notified us pursuant to § 21 (1) of the German Securities Trading Act (WpHG) that its shareholding reduced to 0.0015 % on 16 April 2014, thus falling short of the 5 % and 3 % notification thresholds.

### MVV Energie not to participate in new power plant in Kiel

On 2 May 2014, MVV Energie announced that it would not be participating in the planned construction of the new gas-fired combined heat and power plant in Kiel. The total investment of around Euro 300 million required to build the plant does not fit in with our Group's overall portfolio. As a next step, talks are to be held between MVV Energie AG and the state capital city of Kiel – the two shareholders in Stadtwerke Kiel – in order to find a mutually acceptable solution.

## OUTLOOK

### Executive Board forecast business performance

The fundamental transformation in the energy system in Germany presents MVV Energie not only with challenges, but also offers opportunities that we intend to seize. By investing in our future and developing innovative products, we have acted early to set course for sustainable, profitable growth.

### Future macroeconomic developments

In its forecast issued in March 2014, the German Institute for Economic Research in Berlin (DIW Berlin) predicts that the German economy will maintain its upturn. For 2014, the experts expect gross domestic product to grow by 1.8%. They expect growth momentum to come above all from positive developments in the domestic economy and a revival in capital expenditure. The economic researchers nevertheless see the risk of setbacks that could impact on German exports should there be any intensification in the turbulence on financial markets in emerging economies or in the political conflict between Ukraine and Russia.

### Future sector developments

The German energy industry framework will be shaped in particular by the forthcoming Amendment to the German Renewable Energies Act (EEG) and its implementation, as well as by further measures in the fields of supply security, grids and combined heat and power generation. This framework will play a key role in determining the future economic situation at energy companies.

The main aspects of the EEG-Amendment involve slowing down further electricity price increases, distributing the costs of transforming the energy system more fairly, managing the expansion in renewable energies more tactically and promoting the market integration of renewable energies. We have reported on the contents of the ministry draft for the EEG-Amendment in the chapter ► *Business Framework on Page 6.*

### Consistent implementation of our strategy

Our corporate strategy has been affirmed by the energy policy objectives of the Grand Coalition – expanding renewable energies, enhancing energy efficiency, expanding combined heat and power generation, environmentally-friendly district heating and the generation of energy from waste. Details of our forward-looking group strategy can be found in the chapter ► *Objectives and Strategies on Pages 4 and 5.*

### Future markets, products and services

In expanding renewable energies, we are concentrating in particular on **ONSHORE WIND POWER** and intend to focus more closely on developing proprietary new wind farm projects. Given the right economic terms, takeovers of existing wind farms also remain an option.

In our **BIOMETHANE BUSINESS**, the biomethane plant in Klein Wanzleben, Sachsen-Anhalt, has been joined by a second plant in nearby Kroppenstedt, where operations began in the quarter under report. We intend to review project opportunities in future as well.

We are further expanding our use of **DISTRICT HEATING WITH COMBINED HEAT AND POWER GENERATION** at our locations in Mannheim, Kiel, Offenbach and Ingolstadt and at individual locations in the Czech Republic and are increasing the density of our grids. We launched operations at the new district heating storage facility on the site of the large power plant in Mannheim (Grosskraftwerk Mannheim AG – GKM) in winter 2013/14. Construction work on the state-of-the-art, energy-efficient Block 9 at the GKM plant is making visible progress. As planned, this will replace the older Blocks 3 and 4 from 2015, thus securing the regional electricity and heating energy supply in the long term.

Business developments at our **KIEL SUBGROUP** will be shaped in particular by the planned phasing out and final decommissioning of the 40 year-old joint power plant (Gemeinschaftskraftwerk Kiel – GKK), a joint venture between E.ON Kraftwerke GmbH and Stadtwerke Kiel, and by the planned development of a follow-up generation solution. Together with the existing heating energy plants at Stadtwerke Kiel, this should secure future district heating needs and also supply electricity by way of combined heat and power generation.

Thanks to its stable framework, the **BRITISH MARKET** offers promising growth opportunities. Construction work is progressing at our waste-fired combined heat and power plant in Plymouth. The same is true for the construction of the biomass power plant at the British port location of Ridham Dock, which we will also be equipping with CHP capability. Both power plants will commence operations in 2015.

In cooperation with Semardel, a French public-private company, our MVV Umwelt GmbH subsidiary will be participating selectively in future in tenders for operations management at energy from waste plants in **FRANCE**. To this end, MVV Umwelt GmbH and Semardel are currently founding a joint subsidiary.

**DECENTRALISED CONCEPTS** and **ENERGY SAVING AND ENERGY EFFICIENCY SOLUTIONS** are gaining in significance for energy-intensive industrial and commercial companies. In conjunction with growing cost pressure at energy-intensive companies, the conversion in the energy system with a key focus on energy efficiency harbours opportunities for our MVV Enamic GmbH subsidiary. As an energy-related service provider, this company has longstanding experience in offering efficiency and contracting solutions.

**COMPETITION FOR CONCESSIONS** is consistently on the increase. We are playing an active role here and applying for newly tendered attractive concessions. We aim to retain and successfully continue our existing partnerships with municipalities.

### Future research and development activities

MVV Energie is working together with the German subsidiary of the US technology company Intel to develop a decentralised energy management system. Renewable energies are set to assume the leading role in the future energy system. The energy supply will therefore become more decentralised and will have to be managed more smartly and flexibly. MVV Energie already successfully took part in the "Model City Mannheim" e-energy project supported by the Federal Government. In large-scale field trials, this project tested components of a smart, decentralised energy system. In their joint project, MVV Energie and Intel will press ahead with developing smart solutions capable of pooling various smart home functions, such as cable TV, internet, home security and energy management, in a single device.

### Expected earnings position

The MVV Energie Group is unable to escape the difficult regulatory and economic framework for the energy industry in Germany. This will continue to affect the development in our earnings situation in the 2013/14 financial year as well.

The most important special factors include the transformation in the German energy system and forthcoming energy policy changes, ongoing volatility on the energy markets and in particular the development in the clean dark spread.

### Expected sales performance

From a current perspective, we expect the **SALES (EXCLUDING ENERGY TAXES) OF THE MVV ENERGIE GROUP** for the current financial year to approximately match the previous year's figure of Euro 4.0 billion. Given current market developments and the mild weather conditions in the 1<sup>st</sup> half of 2013/14, we will not meet the sales target stated in our 2012/13 Annual Report and in our financial report for the 1<sup>st</sup> quarter of 2013/14, namely of increasing our sales by between 5 % and 10 % compared with the previous year. Assuming normal weather conditions, we expect to generate sales growth in the following 2014/15 financial year.

Our growth investments will impact in particular on our **GENERATION AND INFRASTRUCTURE REPORTING SEGMENT**. The launch of operations at our second biomethane plant in Kroppenstedt will lead to higher sales in the 2013/14 financial year. The two plants currently under construction in the UK will commence operations on schedule in 2015. This will sustainably increase sales from the 2014/15 financial year onwards. We expect to see a slight decline in sales in the energy from waste business in Germany in the 2013/14 financial year. The waste incineration contracts with the cities of Mannheim and Heidelberg and the Rhine/Neckar district newly concluded as of 1 January 2013 will have their first full-year impact in the current financial year. This factor will be exacerbated by the low level of electricity prices.

The sales performance of the **TRADING AND PORTFOLIO MANAGEMENT REPORTING SEGMENT** will be held back by persistently low electricity prices on the spot and futures market of the European Energy Exchange (EEX). Due to ongoing low price levels, we do not expect to see any growth in our electricity trading business compared with the sales reported for the 2012/13 financial year.

In **SALES AND SERVICES**, our strongest reporting segment in terms of sales, we will further expand the direct marketing of electricity from renewable energies plants within the market premium model and our nationwide sales business. For the 2013/14 financial year, we expect sales in our district heating and gas businesses with end customers to fall short of the previous year's figures. Based on weather conditions to date, sales volumes are not expected to match the figures reported for the 2012/13 financial year, which was characterised by a cold and long heating period.

### Expected earnings performance

The fundamental transformation in the German energy system and difficult underlying conditions have placed a substantial burden on earnings at all energy industry companies. These factors will also have a more marked impact on our annual earnings for 2013/14 than in the previous year. Generation margins at our conventional power plants have been adversely affected in particular by the consistent decline in electricity prices on wholesale markets in the past years, a development which continued in the 1<sup>st</sup> half of 2013/14. Volumes now have to be marketed in full at the low level of electricity prices and spreads.

The margins achieved from generating electricity from hard coal (clean dark spread) are chiefly determined by wholesale market electricity prices and by coal procurement expenses, including the euro/US dollar exchange rate and CO<sub>2</sub> emission right prices. The resultant negative impact in the 2013/14 financial year has been exacerbated by the fact that CO<sub>2</sub> rights, previously allocated free of charge, have had to be auctioned in full since January 2013. The charges arising as a result will impact above all on earnings in our **TRADING AND PORTFOLIO MANAGEMENT REPORTING SEGMENT**.

The development in electricity prices is also leaving its mark on operating earnings at our MVV Umwelt subgroup. We can limit the impact of volatile prices by marketing the predominant share of electricity volumes generated at our combined heat and power plants in close liaison with MVV Trading GmbH. Other than this, the earnings performance of our MVV Umwelt subgroup is also determined by waste revenues and operating and maintenance costs. Earnings at the MVV Umwelt subgroup are included in the figures for the **GENERATION AND INFRASTRUCTURE REPORTING SEGMENT**. Alongside the performance of the MVV Umwelt subgroup, earnings at this reporting segment are also influenced by the regulatory climate in the grid business and by the additional costs resulting from the implementation of legal requirements.

Alongside weather conditions and competitive factors, operating earnings in the **SALES AND SERVICES REPORTING SEGMENT** are also determined by growth in the direct marketing business for electricity generated from renewable energies within the market premium model and in the nationwide electricity and gas sales business.

It is already apparent today that our earnings for the 2013/14 financial year will be adversely affected, and substantially so, by the ongoing low clean dark spread and low wholesale electricity prices, the costs of CO<sub>2</sub> emission rights previously allocated free of charge, low waste prices and start-up costs for our growth investments. At the end of the 1<sup>st</sup> half of 2013/14 we are upholding the earnings forecast already communicated in the 2012/13 Annual Report and the financial report for the 1<sup>st</sup> quarter of 2013/14. Accordingly, we expect the **ADJUSTED EBIT OF THE MVV ENERGIE GROUP** for the 2013/14 financial year to amount to between Euro 170 million and Euro 185 million. Given weather conditions to date, however, earnings in the lower third of this range can be expected. To achieve this target range, we are countering charges on our earnings with consistent cost savings and efficiency enhancements. Our forward-looking investments will have a positive impact in the form of rising earnings contributions, albeit following a certain time-lag. We already expect our adjusted EBIT for the 2014/15 financial year to increase compared with the 2013/14 financial year. This will be driven in particular by the launch of operations at the energy from waste plant in Plymouth and the biomass power plant at Ridham Dock.

### Investments and future net asset and financial position

The MVV Energie Group has no difficulty in covering its liquidity requirements. Our high adjusted equity ratio of 33.6 % provides a strong foundation for maintaining a high pace for our planned investments in the 2013/14 financial year and for obtaining a balanced mix of financing for these investments. Investments in our existing business are predominantly funded from depreciation. For growth projects, we draw on the operating cash flow and optimised project-specific financing facilities. Moreover, we pool structurally similar projects with comparable terms. We take up the necessary funds on the capital market or draw on our strong supply of liquid resources. We are monitoring other sources of financing, such as the bond market, as alternatives to the bank market. As guidelines for our debt-financed growth we have defined various key figures and also comply with these. This way, we continue to ensure an implicit rating on investment grade level for the MVV Energie Group.

### Future opportunities and risks

We listed the risk categories relevant to our business in the chapter on opportunities and risks in our 2012/13 Annual Report. There were no changes in these categories in the 1<sup>st</sup> half of 2013/14. Our earnings are regularly influenced by incalculable factors, such as weather conditions. Uncertainties arise in particular in connection with our large-scale investment projects. Like with any major construction project, despite high-quality project management unscheduled delays may arise through to completion. Once operations are launched at our projects in Plymouth and Ridham Dock in the UK, the development in the euro/sterling exchange rate may become a more significant factor for our future company earnings. The conversion in the German energy system presents us with both opportunities and risks for our medium and long-term profitable growth.

From a current perspective, there are no indications of any risks that could endanger the company's continued existence in the course of the 2013/14 financial year or beyond.

## INCOME STATEMENT

from 1 October 2013 to 31 March 2014

### Income statement of the MVV Energie Group

Euro 000s	1 Jan 2014 to 31 Mar 2014	1 Jan 2013 to 31 Mar 2013	1 Oct 2013 to 31 Mar 2014	1 Oct 2012 to 31 Mar 2013	Notes
Sales	1 083 695	1 204 525	2 212 583	2 343 923	
less electricity and natural gas taxes	54 238	55 360	109 698	112 855	
<b>Sales less electricity and natural gas taxes</b>	<b>1 029 457</b>	<b>1 149 165</b>	<b>2 102 885</b>	<b>2 231 068</b>	1
Changes in inventories	-1 470	2 615	-48	3 639	
Own work capitalised	4 094	2 816	7 290	5 392	
Other operating income	69 031	50 294	235 768	269 637	2
Cost of materials	838 716	911 185	1 679 145	1 754 428	
Employee benefit expenses <sup>1</sup>	84 198	81 762	167 920	165 585	3
Other operating expenses	75 019	78 596	261 569	341 310	2
Income from associates	3 057	3 408	6 465	6 405	4
Other income from shareholdings	—	—	364	1 302	
<b>EBITDA<sup>2</sup></b>	<b>106 236</b>	<b>136 755</b>	<b>244 090</b>	<b>256 120</b>	
Depreciation	38 587	41 527	78 712	81 190	
<b>EBITA</b>	<b>67 649</b>	<b>95 228</b>	<b>165 378</b>	<b>174 930</b>	
Restructuring expenses <sup>1</sup>	—	—	—	-11 251	5
<b>EBIT</b>	<b>67 649</b>	<b>95 228</b>	<b>165 378</b>	<b>186 181</b>	
of which result of IAS 39 derivative measurement	-7 184	5 221	14 472	-1 472	
of which EBIT before result of IAS 39 derivative measurement	74 833	90 007	150 906	187 653	
Financing income	3 294	3 200	5 772	5 553	6
Financing expenses <sup>1</sup>	19 544	21 361	34 580	38 899	6
<b>EBT</b>	<b>51 399</b>	<b>77 067</b>	<b>136 570</b>	<b>152 835</b>	
Taxes on income <sup>1</sup>	15 357	24 264	40 929	48 250	7
<b>Net income for period</b>	<b>36 042</b>	<b>52 803</b>	<b>95 641</b>	<b>104 585</b>	
of which non-controlling interests <sup>1</sup>	9 508	15 578	18 731	26 489	
<b>of which earnings attributable to MVV Energie AG shareholders (net income for period after minority interests)</b>	<b>26 534</b>	<b>37 225</b>	<b>76 910</b>	<b>78 096</b>	
<b>Basic and diluted earnings per share (Euro)</b>	<b>0.40</b>	<b>0.56</b>	<b>1.17</b>	<b>1.18</b>	8

1 previous year's figures adjusted. Further details can be found under ► Accounting policies

2 before restructuring

## STATEMENT OF COMPREHENSIVE INCOME

from 1 October 2013 to 31 March 2014

### Statement of income and expenses recognised in group equity of the MVV Energie Group

Euro 000s	1 Jan 2014 to 31 Mar 2014	1 Jan 2013 to 31 Mar 2013	1 Oct 2013 to 31 Mar 2014	1 Oct 2012 to 31 Mar 2013
<b>Net income for period</b>	<b>36 042</b>	<b>52 803</b>	<b>95 641</b>	<b>104 585</b>
Cash flow hedges	-6 039	-8 619	3 010	-21 068
Currency translation differences	-984	456	-7 269	1 071
<b>Items that may be subsequently reclassified to profit or loss</b>	<b>-7 023</b>	<b>-8 163</b>	<b>-4 259</b>	<b>-19 997</b>
Actuarial gains and losses	—	—	—	—
Share of comprehensive income attributable to associates (at equity)	—	—	—	—
<b>Items that will not be reclassified to profit or loss</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total comprehensive income</b>	<b>29 019</b>	<b>44 640</b>	<b>91 382</b>	<b>84 588</b>
Non-controlling interests <sup>1</sup>	8 503	14 042	18 462	21 906
<b>Total comprehensive income attributable to MVV Energie AG shareholders</b>	<b>20 516</b>	<b>30 598</b>	<b>72 920</b>	<b>62 682</b>

1 previous year's figures adjusted. Further details can be found under ► Accounting policies

## BALANCE SHEET

### at 31 March 2014

#### Balance sheet of the MVV Energie Group

Euro 000s	31 Mar 2014	30 Sep 2013	1 Oct 2012	Notes
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	261 162	253 834	255 950	
Property, plant and equipment <sup>1</sup>	2 527 811	2 476 895	2 266 525	9
Investment property	289	294	305	
Associates	81 225	74 698	102 493	
Other financial assets	72 605	86 762	97 519	10
Other receivables and assets	74 172	117 374	140 222	11
Deferred tax assets	24 896	22 346	16 564	12
	<b>3 042 160</b>	<b>3 032 203</b>	<b>2 879 578</b>	
<b>Current assets</b>				
Inventories <sup>1</sup>	47 455	49 804	48 275	13
Trade receivables	577 752	461 128	474 896	14
Other receivables and assets	356 332	251 365	267 860	11
Tax receivables	27 453	23 983	20 389	
Securities	1 577	1 949	1 990	
Cash and cash equivalents	358 806	418 242	378 368	15
Assets held for sale	—	—	7 225	
	<b>1 369 375</b>	<b>1 206 471</b>	<b>1 199 003</b>	
	<b>4 411 535</b>	<b>4 238 674</b>	<b>4 078 581</b>	
<b>Equity and liabilities</b>				
<b>Equity</b>				17
Share capital	168 721	168 721	168 721	
Capital reserve	455 241	455 241	455 241	
Accumulated net income <sup>1</sup>	564 571	546 968	523 171	16
Accumulated other comprehensive income	-78 410	-74 420	-48 024	
<b>Capital of the MVV Energie Group</b>	<b>1 110 123</b>	<b>1 096 510</b>	<b>1 099 109</b>	
Non-controlling interests <sup>1</sup>	212 500	206 344	209 478	
	<b>1 322 623</b>	<b>1 302 854</b>	<b>1 308 587</b>	
<b>Non-current debt</b>				
Provisions <sup>1</sup>	153 196	145 895	137 716	18
Financial debt	1 122 342	1 113 856	1 212 801	19
Other liabilities	281 327	355 341	398 001	20
Deferred tax liabilities <sup>1</sup>	144 274	136 153	127 551	12
	<b>1 701 139</b>	<b>1 751 245</b>	<b>1 876 069</b>	
<b>Current debt</b>				
Other provisions <sup>1</sup>	65 367	103 641	99 513	18
Tax provisions	22 907	8 073	14 302	
Financial debt	511 126	415 070	193 288	19
Trade payables	380 271	390 969	336 583	
Other liabilities	406 940	266 633	249 933	20
Tax liabilities	1 162	189	306	
	<b>1 387 773</b>	<b>1 184 575</b>	<b>893 925</b>	
	<b>4 411 535</b>	<b>4 238 674</b>	<b>4 078 581</b>	

<sup>1</sup> previous year's figures adjusted. Further details can be found under ► Accounting policies

## STATEMENT OF CHANGES IN EQUITY

### from 1 October 2013 to 31 March 2014

#### Statement of changes in equity of the MVV Energie Group

Euro 000s	Equity contributed		Equity generated				Capital of MVV Energie Group	Non-controlling interests	Total capital
	Share capital of MVV Energie AG	Capital reserve of MVV Energie AG	Accumulated net income	Currency translation differences	Fair value measurement of financial instruments	Accumulated other comprehensive income			
<b>Balance at 1 Oct 2012<sup>1</sup></b>	<b>168 721</b>	<b>455 241</b>	<b>523 171</b>	<b>15 957</b>	<b>-58 925</b>	<b>-5 056</b>	<b>1 099 109</b>	<b>209 478</b>	<b>1 308 587</b>
Other income and expenses recognised in equity	—	—	—	1 329	-16 743	—	-15 414	-4 583	-19 997
Result of business operations <sup>1</sup>	—	—	78 096	—	—	—	78 096	26 489	104 585
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>78 096</b>	<b>1 329</b>	<b>-16 743</b>	<b>—</b>	<b>62 682</b>	<b>21 906</b>	<b>84 588</b>
Dividends paid	—	—	-59 316	—	—	—	-59 316	-18 318	-77 634
Capital increase/reduction at subsidiaries	—	—	—	—	—	—	—	2 876	2 876
Change in scope of consolidation	—	—	3 342	—	972	—	4 314	-5 800	-1 486
<b>Balance at 31 Mar 2013<sup>1</sup></b>	<b>168 721</b>	<b>455 241</b>	<b>545 293</b>	<b>17 286</b>	<b>-74 696</b>	<b>-5 056</b>	<b>1 106 789</b>	<b>210 142</b>	<b>1 316 931</b>
<b>Balance at 1 Oct 2013<sup>1</sup></b>	<b>168 721</b>	<b>455 241</b>	<b>546 968</b>	<b>16 860</b>	<b>-51 368</b>	<b>-39 912</b>	<b>1 096 510</b>	<b>206 344</b>	<b>1 302 854</b>
Other income and expenses recognised in equity	—	—	—	-6 887	2 897	—	-3 990	-269	-4 259
Result of business operations	—	—	76 910	—	—	—	76 910	18 731	95 641
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>76 910</b>	<b>-6 887</b>	<b>2 897</b>	<b>—</b>	<b>72 920</b>	<b>18 462</b>	<b>91 382</b>
Dividends paid	—	—	-59 316	—	—	—	-59 316	-18 862	-78 178
Capital increase/reduction at subsidiaries	—	—	—	—	—	—	—	6 565	6 565
Change in scope of consolidation	—	—	9	—	—	—	9	-9	—
<b>Balance at 31 Mar 2014</b>	<b>168 721</b>	<b>455 241</b>	<b>564 571</b>	<b>9 973</b>	<b>-48 471</b>	<b>-39 912</b>	<b>1 110 123</b>	<b>212 500</b>	<b>1 322 623</b>

<sup>1</sup> previous year's figures adjusted. Further details can be found under ► Accounting policies

## CASH FLOW STATEMENT

### from 1 October 2013 to 31 March 2014

#### Cash flow statement of the MVV Energie Group

Euro 000s	1 Oct 2013 to 31 Mar 2014	1 Oct 2012 to 31 Mar 2013
Net income for period before taxes on income <sup>1</sup>	136 570	152 835
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	78 712	81 190
Net financial result <sup>1</sup>	28 808	33 346
Interest received	3 553	4 354
Change in non-current provisions <sup>1</sup>	8 688	1 765
Other non-cash income and expenses <sup>1</sup>	- 19 343	6 491
Result of disposal of non-current assets	- 2 238	34
<b>Cash flow before working capital and taxes</b>	<b>234 750</b>	<b>280 015</b>
Change in other assets <sup>1</sup>	- 310 513	- 511 978
Change in other liabilities <sup>1</sup>	201 928	289 324
Change in current provisions <sup>1</sup>	- 38 603	- 31 995
Income taxes paid	- 24 741	- 30 429
<b>Cash flow from operating activities</b>	<b>62 821</b>	<b>- 5 063</b>
Payments for investments in intangible assets, property, plant and equipment and investment property <sup>1</sup>	- 162 650	- 98 897
Proceeds from disposals of intangible assets, property, plant and equipment and investment property	17 361	1 973
Proceeds from subsidy payments	8 096	4 443
Proceeds from sale of other financial assets	14 139	2 658
Payments for acquisition of fully and proportionately consolidated companies	—	- 11 388
Payments for other financial assets	- 3 048	- 2 177
<b>Cash flow from investing activities</b>	<b>- 126 102</b>	<b>- 103 388</b>
Proceeds from taking up of loans	193 303	261 496
Payments for redemption of loans	- 84 664	- 64 487
Dividends paid	- 59 316	- 59 316
Dividends paid to non-controlling interests	- 18 862	- 18 318
Change due to change in capital at minority shareholders	6 558	- 2 926
Interest paid	- 32 351	- 31 555
<b>Cash flow from financing activities</b>	<b>4 668</b>	<b>84 894</b>
Cash-effective changes in cash and cash equivalents	- 58 613	- 23 557
Change in cash and cash equivalents due to currency translation	- 871	- 2 414
Change in cash and cash equivalents due to changes in scope of consolidation	48	8 468
Cash and cash equivalents at 1 October 2013 (2012)	418 242	378 368
<b>Cash and cash equivalents at 31 March 2014 (2013)</b>	<b>358 806</b>	<b>360 865</b>
<b>Cash flow – aggregate presentation</b>		
<b>Cash and cash equivalents at 1 October 2013 (2012)</b>	<b>418 242</b>	<b>378 368</b>
Cash flow from operating activities	62 821	- 5 063
Cash flow from investing activities	- 126 102	- 103 388
Cash flow from financing activities	4 668	84 894
Change in cash and cash equivalents due to currency translation	- 871	- 2 414
Change in cash and cash equivalents due to changes in scope of consolidation	48	8 468
<b>Cash and cash equivalents at 31 March 2014 (2013)</b>	<b>358 806</b>	<b>360 865</b>

<sup>1</sup> previous year's figures adjusted. Further details can be found under ► *Accounting policies*



## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

from 1 October 2013 to 31 March 2014

### Information about the company

MVV Energie AG has its legal domicile in Mannheim, Germany. It is the parent company of the MVV Energie Group and acts as an energy distribution company and service provider in its value creation stages of Generation and Infrastructure, Trading and Portfolio Management, Sales and Services and Strategic Investments.

These condensed interim consolidated financial statements were prepared by the Executive Board on 12 May 2014. Neither the condensed interim consolidated financial statements nor the interim group management report were subject to any audit review requirement.

### Accounting policies

The condensed interim consolidated financial statements for the period from 1 October 2013 to 31 March 2014 have been prepared in accordance with IFRS accounting requirements as adopted by the EU, and in particular with IAS 34 "Interim Financial Reporting". These interim consolidated financial statements do not include all notes and disclosures required of a complete set of annual financial statements and should therefore be read in conjunction with the consolidated financial statements as of 30 September 2013. No application has been made of published standards and interpretations not yet requiring mandatory application.

Apart from the new requirements outlined below, the accounting policies applied in the interim consolidated financial statements as of 31 March 2014 are therefore consistent with those applied in the consolidated financial statements as of 30 September 2013.

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have amended and newly adopted some standards and interpretations. These are presented in the following table.

Standards applied		EU endorsement	Application date <sup>1</sup>
Improvement Project 2009–11: Improvements to International Financial Reporting Standards (IFRS), 2009–2011 cycle		27 Mar 2013	1 Jan 2013
IAS 19	Employee Benefits	5 Jun 2012	1 Jan 2013
IFRS 13	Fair Value Measurement	11 Dec 2012	1 Jan 2013
IFRS 7	Financial Instruments – Disclosures: Offsetting Financial Assets and Financial Liabilities	13 Dec 2012	1 Jan 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	11 Dec 2012	1 Jan 2013
IFRS 1	First-time Adoption of International Financial Reporting Standards – Government Loans	4 Mar 2013	1 Jan 2013
IFRS 1	First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	11 Dec 2012	1 Jan 2013
IAS 12	Income Taxes, Deferred Taxes: Recovery of Underlying Assets	11 Dec 2012	1 Jan 2013

<sup>1</sup> applicable in financial years beginning on or after the date stated

The implications of the relevant applicable standards and interpretations for the condensed interim consolidated financial statements of the MVV Energie Group are explained in greater detail below:

The Improvement Project 2009–11 has led to amendments to the following IFRSs: IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34. With the exception of application of IAS 16, these have not resulted in any material amendments in the consolidated financial statements of the MVV Energie Group. Due to the clarification in IAS 16, spare parts, standby equipment and servicing equipment at the MVV Energie Group are recognised no longer as inventories, but rather as property, plant and equipment in cases where they are used in the process of producing goods and services and are expected to be used for more than a year. As this involves an amendment to the method of recognition, the reclassification has been applied retrospectively.

MVV Energie AG has applied IAS 19 "Employee Benefits" as revised by the IASB in June 2011 for the first time since 1 October 2013. Among other aspects, the amendments have resulted in the abolition of the option previously provided for when recognising actuarial gains and losses and in an adjustment to the definition of termination benefits. Furthermore, the amendments also introduce a new method of calculating the return on plan assets and require extended note disclosure obligations.

The amendment to the definition of termination benefits means that the top-up payments committed in the context of part-time early retirement agreements are now accrued by instalment over the relevant number of active service years of the prospective beneficiaries of such agreements. Such payments now have to be recognised as other long-term employee benefits.

As MVV Energie AG has recognised its actuarial gains and losses in full under other comprehensive income (OCI) since the past financial year already, the abolition of the respective option has no implications for the consolidated financial statements. The MVV Energie Group also does not have any plan assets, as a result of which this amendment too does not have any implications for the consolidated financial statements.

The new standard IFRS 13 “Fair Value Measurement” regulates both the calculation of fair value and the relevant note disclosures. These provisions require application across all other standards. The amendments require prospective application. The extended requirements concerning the calculation of fair value have led to a slight adjustment in the balance sheet values of assets and liabilities recognised at fair value.

The amendments to IFRS 7 relate to disclosures on the offsetting of financial assets and financial liabilities. The resultant changes will be apparent in the note disclosures on derivative financial instruments in the consolidated financial statements in the 2013/14 Annual Report.

The preparation of the interim consolidated financial statements in some cases required the use of assumptions and estimates which impacted on the values stated for assets, liabilities, income and expenses thereby reported. Actual figures could in individual cases deviate at a later point in time from the assumptions and estimates. Resultant amendments would have a corresponding impact on earnings upon more accurate information becoming available.

### Changes in scope of consolidation

Alongside MVV Energie AG, all material German and foreign subsidiaries in which MVV Energie AG directly or indirectly holds a majority of the voting rights are included in the interim consolidated financial statements of the MVV Energie Group. The relevant control concept requires the parent company to exercise a controlling influence for a company to be fully consolidated. This is the case for all fully consolidated companies. Material associates are recognised using the equity method, while material joint ventures are proportionately consolidated.

The number of companies included is presented in the following table:

#### Scope of consolidation

	Companies fully consolidated	Companies recognised at equity	Companies proportionately consolidated
30 Sep 2013	80	12	3
Additions	1	1	—
<b>31 Mar 2014</b>	<b>81</b>	<b>13</b>	<b>3</b>

The newly founded company IGS Netze GmbH, Gersthofen, took over the grid business in Gersthofen from MVV Enamic Gersthofen GmbH, Gersthofen, and has been included in the consolidated financial statements for the first time in the 1<sup>st</sup> half of 2013/14.

The company Naturenergie Main-Kinzig GmbH, Gelnhausen, was newly founded in the 1<sup>st</sup> half of 2013/14 and has been recognised using the equity method. Of the shares in this company, 50 % are held by Cerventus Naturenergie GmbH, Offenbach am Main.

Stadtwerke Ingolstadt Energie GmbH, Ingolstadt, acquired 41 % of the shares in the two Aachen-based companies Windpark Oberwesel II GmbH & Co. KG and Windpark Oberwesel III GmbH & Co. KG. Both companies have been recognised under other shareholdings.

MVV Windenergie Beteiligungs GmbH, Mannheim, acquired 6.91 % of the shares in Umspannwerk Nassau GmbH & Co. KG, Weikersheim, in the 2<sup>nd</sup> quarter of 2013/14. This company has been recognised under other shareholdings.

### Currency translation

Currency translation in the condensed interim consolidated financial statements has been based on the following exchange rates:

#### Currency translation

	Rate on reporting date		Average rate	
	31 Mar 2014	30 Sep 2013	1 Oct 2013 to 31 Mar 2014	1 Oct 2012 to 31 Mar 2013
1 Euro				
Czech crowns (CZK)	27.442	25.730	27.047	25.363
British pounds (GBP)	0.828	0.836	0.834	0.829

Source: European Central Bank

### Seasonal influences on business activities

The seasonal nature of business activities at the companies in the MVV Energie Group means that a higher level of sales and operating earnings is regularly generated in the first two quarters of the financial year than in the 3<sup>rd</sup> and 4<sup>th</sup> quarters. The results for the 1<sup>st</sup> half of 2013/14 were negatively affected by warmer weather conditions compared with the previous year.

## Notes to Income Statement

### 1 Sales

A depiction of sales broken down into their respective value creation stages has been provided in the segment report.

The reduction in sales in the 1<sup>st</sup> half of 2013/14 was chiefly due to warmer weather conditions and highly intense competition. Falling waste and electricity prices also left their mark. The downturn in sales was partly offset by the direct marketing of renewable energies for third parties within the market premium model.

Translated into group currency, sales at our foreign subsidiaries amounted to Euro 56 574 thousand. The comparative sales for the 1<sup>st</sup> half of 2012/13 still contain sales at Jablonecká teplárenská a realitní a.s., Jablonec nad Nisou, Czech Republic, a company which was deconsolidated at the end of the 2012/13 financial year.

### 2 Other operating income and other operating expenses

#### Other operating income

Euro 000s	1 Oct 2013 to 31 Mar 2014	1 Oct 2012 to 31 Mar 2013
Income from derivatives recognised under IAS 39	188 806	228 542
Reversal of impairments and receipts of retired receivables	10 883	5 008
Income from emission rights	9 285	11 202
Reversal of provisions	4 870	3 276
Income from sale of assets	2 685	204
Other	19 239	21 405
	<b>235 768</b>	<b>269 637</b>

#### Other operating expenses

Euro 000s	1 Oct 2013 to 31 Mar 2014	1 Oct 2012 to 31 Mar 2013
Expenses for derivatives recognised under IAS 39	174 334	230 013
Expenses for maintenance, repairs and IT services	8 764	7 520
Other	78 471	103 777
	<b>261 569</b>	<b>341 310</b>

The change in other operating income and other operating expenses is chiefly due to the recognition of derivatives measured under IAS 39. The measurement of these items under IAS 39 resulted in a positive net effect of Euro 14 472 thousand in the 1<sup>st</sup> half of 2013/14 (previous year: negative effect of Euro 1 471 thousand).

The income of Euro 10 883 thousand from the reversal of impairments and receipts of retired receivables (previous year: Euro 5 008 thousand) results from the settlement of a higher volume of impaired receivables.

### 3 Employee benefit expenses

The adjusted accounting treatment of the provision for part-time early retirement on account of the amendment to IAS 19 "Employee Benefits" resulted in an increase in the employee benefit expenses recognised for the previous year's comparative period by Euro 1 860 thousand.

### 4 Income from associates

The income of Euro 6 465 thousand from associates (previous year: Euro 6 405 thousand) is attributable to the subsequent measurement of associates at the MVV Energie Group.

### 5 Restructuring expenses

The adjusted accounting treatment of the provision for part-time early retirement on account of the amendment to IAS 19 "Employee Benefits" resulted in a change in the volume of restructuring expenses reported in the income statement for the previous year's comparative period from Euro –7 398 thousand to Euro –11 251 thousand.

### 6 Financing income and financing expenses

Financing income and financing expenses mainly involve interest on loans and finance leases, as well as IAS 39 measurement items.

Due to the adjusted accounting treatment of the provision for part-time early retirement on account of the amendment to IAS 19 "Employee Benefits", the financing expenses reported for the previous year's comparative period reduced by Euro 272 thousand.

### 7 Taxes on income

#### Taxes on income

Euro 000s	1 Oct 2013 to 31 Mar 2014	1 Oct 2012 to 31 Mar 2013
Taxes on income <sup>1</sup>	40 929	48 250
Effective tax rate in %	30.0	31.6

<sup>1</sup> previous year's figures adjusted.  
Further details can be found under ► Accounting policies

The tax rate amounted to 30.0 % in the period under report. Excluding IAS 39 items, the tax rate amounted to 29.9 %.

## 8 Earnings per share

### Earnings attributable to MVV Energie AG shareholders and earnings per share

	<b>1 Oct 2013 to 31 Mar 2014</b>	1 Oct 2012 to 31 Mar 2013
Earnings attributable to MVV Energie AG shareholders (Euro 000s) <sup>1</sup>	76 910	78 096
No. of shares in 000s (weighted average)	65 907	65 907
Earnings per share (Euro) <sup>1</sup>	1.17	1.18

<sup>1</sup> previous year's figures adjusted.  
Further details can be found under ► *Accounting policies*

It was not necessary to account for any dilution effects.

## Notes to Balance Sheet

### 9 Property, plant and equipment

Due to the amendment to IAS 16 "Property, Plant and Equipment" within the 2009–11 Improvement Project, technical equipment and machinery recognised as of 1 October 2012 increased by Euro 11 334 thousand. The increase in the 2012/13 financial year amounted to Euro 702 thousand.

### 10 Other financial assets

The reduction in other financial assets in the 1<sup>st</sup> half of 2013/14 is mainly attributable to the expiry of contracting agreements and resultant sales of leasing assets.

### 11 Other receivables and assets

The increase in other receivables and assets compared with 30 September 2013 is principally due to higher market prices and the resultant increase in the fair values of energy trading transactions recognised under IAS 39, as well as to higher receivables due to more active management of the gas portfolio.

### 12 Deferred taxes

The changes in deferred tax receivables and tax liabilities are primarily due to measurement items for energy trading transactions.

Due to the adjusted accounting treatment of the provision for part-time early retirement on account of the amendment to IAS 19 "Employee Benefits", the deferred tax liabilities recognised as of 1 October 2012 rose by Euro 3 545 thousand. The increase in the 2012/13 financial year amounted to Euro 181 thousand.

### 13 Inventories

Consistent with the amendment to IAS 16 "Property, Plant and Equipment", the raw materials and supplies recognised as of 1 October 2012 reduced by Euro 11 334 thousand. The reduction in inventories in the 2012/13 financial year amounted to Euro 702 thousand, thus corresponding to the increase in property, plant and equipment.

### 14 Trade receivables

The increase in trade receivables in the 1<sup>st</sup> half of 2013/14 largely corresponds to the customary seasonal course of business. Customer instalments received do not compensate in full for increased energy turnover during the winter months and thus lead to a seasonal rise in trade receivables.

### 15 Cash and cash equivalents

The reduction in cash and cash equivalents is chiefly attributable to the payment of the dividend for the 2012/13 financial year.

### 16 Dividends paid

The Annual General Meeting on 14 March 2014 approved the distribution of a dividend of Euro 0.90 per individual share, and thus unchanged on the previous year, for the 2012/13 financial year (total distribution: Euro 59 316 thousand). Furthermore, a total of Euro 18 862 thousand was distributed to minority shareholders on sub-group level.

### 17 Equity

Due to the adjusted accounting treatment of the provision for part-time early retirement on account of the amendment to IAS 19 "Employee Benefits", the equity recognised as of 1 October 2012 rose by Euro 8 222 thousand. The increase in the 2012/13 financial year amounted to Euro 401 thousand.

The currency translation differences recognised in accumulated other comprehensive income largely result from the marked change in the Czech crown exchange rate. This in turn was due to intervention on the part of the Czech central bank, which aims to achieve a target exchange rate of 27 crowns per euro in order to boost the Czech economy.

### 18 Provisions

Consistent with the amendment to IAS 19 "Employee Benefits", the provisions recognised as of 1 October 2012 reduced by Euro 11 767 thousand. The reduction in the 2012/13 financial year amounted to Euro 582 thousand.

## 19 Financial debt

The increase in financial debt is chiefly due to new borrowing for project investments.

## 20 Other liabilities

The increase in other liabilities is due on the one hand to higher market prices and the resultant increase in the fair values of energy trading transactions recognised under IAS 39 and on the other hand to higher liabilities due to the increasingly active management of the gas portfolio.

## 21 Contingent liabilities

There have been no material changes in contingent liabilities since 30 September 2013.

## 22 Segment report

### Income statement of the MVV Energie Group by segment from 1 October 2013 to 31 March 2014

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation and amortisation	Adjusted EBIT
Generation and Infrastructure	192 904	344 870	54 984	83 146
Trading and Portfolio Management	537 610	525 994	144	-10 025
Sales and Services	1 244 076	182 069	7 988	43 343
Strategic Investments	126 429	2 438	8 090	30 924
Other Activities	1 866	13 093	7 506	4 410
Consolidation	—	-1 068 464	—	2 175
	<b>2 102 885</b>	<b>—</b>	<b>78 712</b>	<b>153 973</b>

### Income statement of the MVV Energie Group by segment from 1 October 2012 to 31 March 2013

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation and amortisation	Adjusted EBIT <sup>1</sup>
Generation and Infrastructure	188 397	353 948	56 427	84 903
Trading and Portfolio Management	616 418	620 212	144	6 123
Sales and Services	1 261 354	213 591	8 409	54 285
Strategic Investments	163 197	4 583	8 546	31 418
Other Activities	1 702	12 172	7 664	2 908
Consolidation	—	-1 204 506	—	22
	<b>2 231 068</b>	<b>—</b>	<b>81 190</b>	<b>179 659</b>

<sup>1</sup> previous year's figures adjusted. Further details can be found under ► Accounting policies

External reporting is consistent with internal management structures. Units are grouped in such a way that the pooling of specialist competence under one roof forms the basis for stringent portfolio management at the Group. Business fields based on the respective value creation stages have been allocated to the reporting segments of Generation and Infrastructure, Trading and Portfolio Management, Sales and Services, Strategic Investments and Other Activities.

For analytical purposes, the business fields can be further broken down by subgroup and individual company with their products.

- The **GENERATION AND INFRASTRUCTURE** reporting segment comprises the conventional power plants, energy from waste plants and biomass power plants at the MVV Energie AG, Stadtwerke Kiel AG, Energieversorgung Offenbach AG and MVV Umwelt GmbH subgroups, as well as the waterworks and wind farm portfolio. Moreover, this segment also includes grid facilities for electricity, heating energy, gas and water and technical service units allocated to the grids business field for the grid-based distribution of electricity, heating energy, gas and water.
- The **TRADING AND PORTFOLIO MANAGEMENT** reporting segment includes energy procurement and portfolio management and the energy trading business at MVV Trading GmbH.
- The **SALES AND SERVICES** reporting segment consists of the retail business at the MVV Energie AG, Stadtwerke Kiel AG and Energieversorgung Offenbach AG subgroups. It includes supplies of electricity, heating energy, gas and water to end customers, as well as the energy-related services business at the MVV Enamic GmbH and Energieversorgung Offenbach AG subgroups.
- The **STRATEGIC INVESTMENTS** reporting segment consists of the Stadtwerke Ingolstadt GmbH and Köthen Energie GmbH subgroups in Germany and the MVV Energie CZ a.s. subgroup in the Czech Republic. The Ingolstadt subgroup is proportionately consolidated.
- The **OTHER ACTIVITIES** reporting segment consists in particular of the company Shared-Services-Center and of cross-divisional functions. Consolidation includes figures relating to transactions with other reporting segments that are eliminated for consolidation purposes.

Intercompany sales represent the volume of sales between segments. The transfer prices applied to transfers between the segments correspond to customary market terms. Segment sales are equivalent to the total of intercompany and external sales.

Of segment sales with external customers, 97.3 % were generated in Germany (previous year: 96.6 %). The regional breakdown of sales is based on the geographical location of the customers.

No individual customer of the MVV Energie Group accounts for or exceeds 10 % of the Group's total sales.

The income statement segment report presented in accordance with IFRS 8 is based on the segment earnings (adjusted EBIT) used for internal management reporting. The segment earnings of individual reporting segments do not include the results of non-operating IAS 39 measurement items for financial derivatives (Euro 14 472 thousand; 1<sup>st</sup> half of 2012/13: Euro –1 472 thousand). The figures also do not account for the restructuring result or structural

adjustments for part-time early retirement agreements. On segment level, the figures also do not include any income from shareholdings in fully and proportionately consolidated companies. These adjusted EBIT figures are supplemented by income from those finance leases that are part of our business model (especially contracting), which we therefore see as forming part of our operating earnings contributions.

Due to the adjusted accounting treatment of the provision for part-time early retirement upon the amendment to IAS 19 "Employee Benefits", the adjusted EBIT for the previous year's comparative period has reduced by Euro 778 thousand.

The reconciliation of EBIT (income statement) with adjusted EBIT is presented in the following table:

<b>Reconciliation of EBIT (income statement) with adjusted EBIT</b>			
Euro 000s	<b>1 Oct 2013 to 31 Mar 2014</b>	1 Oct 2012 to 31 Mar 2013	+/- change
EBIT as per income statement <sup>1</sup>	165 378	186 181	-20 803
Financial derivative measurement items	-14 472	1 472	-15 944
Structural adjustment for part-time early retirement <sup>1</sup>	1 257	1 082	175
Restructuring expenses <sup>1</sup>	—	-11 251	11 251
Interest income from finance leases	1 810	2 175	-365
<b>Adjusted EBIT</b>	<b>153 973</b>	<b>179 659</b>	<b>-25 686</b>

<sup>1</sup> previous year's figures adjusted.  
Further details can be found under ► Accounting policies

### 23 Cash flow statement

The 1<sup>st</sup> half of 2013/14 witnessed a reduction in the cash flow before working capital and taxes compared with the equivalent period in the previous year. This was due above all to net income before taxes on income, which fell short of the previous year's figure after elimination of other non-cash income and expenses.

By contrast, the cash flow from operating activities increased significantly in the 1<sup>st</sup> half of 2013/14, a development chiefly due to the improvement in working capital compared with the previous year's period.

Due above all to outlays for investments in renewable energies, the cash flow from investing activities was lower in the 1<sup>st</sup> half of 2013/14 than in the equivalent period in the previous year.

The cash flow from financing activities decreased compared with the 1<sup>st</sup> half of the previous year. This in turn was mainly due to a lower volume of net new borrowing.

## 24 Related party disclosures

Numerous contractually agreed legal relationships are in place between companies of the MVV Energie Group and the City of Mannheim and the companies controlled by the latter (electricity, gas, water and district heating supply agreements, as well as rental, leasing and service agreements). Furthermore, a concession agreement is in place between MVV Energie AG and the City of Mannheim.

All business relationships have been concluded on customary market terms and are basically analogous to the supply and service agreements concluded with third parties.

### Related party disclosures

Euro 000s	Goods and services provided				Receivables		Liabilities	
	Income		Expenses		31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
	1 Oct 2013 to 31 Mar 2014	1 Oct 2012 to 31 Mar 2013	1 Oct 2013 to 31 Mar 2014	1 Oct 2012 to 31 Mar 2013				
Abfallwirtschaft Mannheim	129	343	16	965	—	75	1	7
ABG Abfallbeseitigungsgesellschaft mbH	8	7 181	1 691	2 338	—	—	217	606
GBG Mannheimer Wohnungsbaugesellschaft mbH	10 358	10 596	48	64	1 141	835	—	—
m:con – mannheim:congress GmbH	1 877	1 918	174	174	6 857	5 699	—	—
MVV GmbH	45	151	—	5	26	16	—	—
MVV Verkehr GmbH	80	122	10	1	60	24	—	—
Rhein-Neckar-Verkehr GmbH	3 347	3 454	2	21	2 333	1 778	805	156
Stadtentwässerung Mannheim	2 476	585	1 461	117	256	140	12	12
City of Mannheim	10 104	8 022	10 680	10 191	1 660	839	12 643	4 164
Associates	25 166	32 204	123 764	120 863	11 883	11 383	10 928	31 921
Proportionately consolidated companies	14 739	32 126	3 184	4 806	5 437	4 692	1 705	1 569
Other related parties	8 502	5 301	830	1 688	1 426	1 728	359	432
	<b>76 831</b>	<b>102 003</b>	<b>141 860</b>	<b>141 233</b>	<b>31 079</b>	<b>27 209</b>	<b>26 670</b>	<b>38 867</b>

## 25 Events after balance sheet date

On 17 April 2014, MVV Energie AG signed an agreement to sell its subsidiary SECURA Energie GmbH to LichtBlick SE.

Mannheim, 12 May 2014

MVV Energie AG

Executive Board



Dr. Müller



Bekker



Dr. Dub



Klöpfer

## RESPONSIBILITY STATEMENT

“We affirm that, to the best of our knowledge, the interim consolidated financial statements give a true and fair picture of the net asset, financial and earnings position of the Group in accordance with the accounting principles applicable for interim reporting and the interim group management report provides a fair review of the development and performance of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group through to the end of the 2013/14 financial year.”

Mannheim, 12 May 2014

MVV Energie AG

Executive Board



Dr. Müller



Bekker



Dr. Dub



Klöpfer



## FINANCIAL CALENDAR

- **15 May 2014**  
Financial Report for 1<sup>st</sup> Half of 2013/14
- **15 May 2014**  
Analysts' Conference  
1<sup>st</sup> Half of 2013/14
- **15 August 2014**  
Financial Report for 1<sup>st</sup> Nine Months of 2013/14
- **11 December 2014**  
Annual Financial Report 2013/14 (Annual Report)
- **11 December 2014**  
Annual Results Press Conference and Analysts' Conference  
2013/14 Financial Year

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All financial reports of the MVV Energie Group can be downloaded from our internet sites. The German and English editions of the 2012/13 Annual Report can also be accessed in Flash format.

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

